
VI. 4. – ON THE AUDITORS' AND ECONOMISTS' REPORT – THESE ANALISTS ARE TRULLY INDEPENDENT. SEE APPENDIX 45-B FOR THE DOCUMENTAL PROOF

DOCUMENTAL PROOF OF LIABILITIES UNDENIABLE EXISTANCE THAT WAS VOLUNTARILY HIDDEN BY THE CONTROLLER PARTNER WITH THE COVERAGE OF AUDITING COMPANIES, CUSTODIANS, WARRANTORS, ADRs ISSUERS, RATING AGENCIES, INVESTMENT ANALISTS, DIRECTORS AND STAFF OF THE BRAZILIAN SECURITIES AND EXCHANGE COMMISSION (CVM), MANAGEMENT COUNCIL MEMBERS, LAWYERS, ACCOUNTANTS WHO (ALL OF THEM) DIRECTLY OR INDIRECTLY FOLLOWED, TOOK PART OF OR BENEFITED FROM THE MANAGEMENT DECISIONS AND BUSINESSES OF THE COMPANIES INVOLVED WITH AND PART OF THE HOLDING GROUP ELETROBRAS.

MORE THAN 20 BILLION US DOLLARS IN ILLEGAL CAPITAL APPROPRIATION, ILLEGAL DIVIDENDS APPROPRIATION, ILLEGAL RESERVES APPROPRIATION, AND THE ILLEGAL APPROPRIATION OF VALUES PROVISIONED TO DEBENTURES HOLDERS.

THE ACTIONS AND MANAGEMENT OF ELETROBRAS CONTROLLER PARTNER CONTAMINES ALL THE OTHER DEFENDANTS THAT SUPPORTED OR BENEFITED FROM THE MANAGEMENT ACTIONS AND THE FINANCIAL MANAGEMENT OF ELETROBRAS AS WELL AS ITS INPUNITY, INVESTMENTS WITH (CURRENCY) RESERVES BELONGING TO THIRD PARTIES THAT HAVE BEEN FRAUDED BY “CONFLICT OF INTERESTS”, EVIL INTERLOCKING DIRECTORATE¹, WATERED STOCK², EVIL TAG ALONG, THE OMISSION OF LIABILITIES, ARTIFICIAL MAXIMAZATION OF ASSETS THROUGH THE PRACTICE OF STOCK MATCHED SWAPS, HYPER DUMPING³, DUMPING, CARTEL, AND CHINESE WALL⁴ RULES VIOLATION, FROM THE USE OF CAPITAL RESERVES BELONGING TO THIRD PARTIES THESE RESERVES ARE DEPOSITED AT THE FGTS (BRAZILIAN WORKERS NATIONAL WELFARE GOVERNMENT FUND), BESIDES PUBLIC RESERVES FROM BNDES AND BNDESPAR (DEVELOPMENT BANKS).

AT THE END OF THIS CHAPTER ONE CAN FIND THE DOCUMENTS ANALISED BY THE AUDITORS, ON THESE DOCUMENTS ONE CAN FIND THE PROOF THAT THE CONTROLLER PARTNER OF ELETROBRAS AND THE BNDES MUST REFUND/REINBUSE THE ILLEGAL APPROPRIATIONS OF CAPITAL AND DIVIDENDS BELONGING TO THIRD PARTIES TO NOT LESS THAN 9% OF THE TOTAL OF ORDINARY AND PREFERRED SHARES OF THE ELETROBRAS HOLDING, IN FAVOR OF THE MINORITARY STOCK HOLDERS, BEING THE SAME APPLICABLE TO THE SUBSIDIARY COMPANIES CONTROLLED BY ELETROBRAS.

Below follows the untouched transcription of the AUDITORS REPORT produced by auditors, economists and investment analysts who are truly independent.

Within the mentioned report one can find the proofs on the companies own records (minutes of general shareholders meetings, balance sheets and financial statements) that demonstrate the illegal use by the controller partner of cash reserves, of the companies capital and of dividends to minority shareholders.

This report points out on the company's own documents billionaire illegal advance payments on the capital and dividends made in favor of the controller partner and the development bank BNDES, to the detriment of the other shareholders and in violation of many items of the national and international legislation under which the company has been.

The frauds and illegalities reported were also hidden by the CITIGROUP bank, JP MORGAN bank, the shareholders of ELETROBRAS that together with other partners, mainly the 4 big national and international banks responsible for the issuing, custody and warranty of the ADRs of ELETROBRAS (as mentioned on the Chapter VI herein).

Thus it is important to state clearly that not only the Brazilian securities and exchange commission (CVM) but also the Brazilian Central Bank (BACEN) and the 9 auditing companies that are pointed out as defendants and that are responsible, from the point of view of civil law and criminal law, for the acts, businesses and fraudulent management practiced inside ELETROBRAS and – most likely – inside the other BUSINESS GROUPS, BANKS, PENSION FUNDS, WELFARE FUNDS MANANAGED AND FINANCES, directly of indirectly, by the controller partner of ELETROBRAS (APPENDIX 02).

¹ ibidem nota 7

² ibidem nota 31

³ ibidem nota 11

⁴ ibidem nota 71

The partners, shareholders and board of directors of the companies that are part of the ELETROBRAS GROUP are also responsible from the point of view of civil and criminal law and from the point of view of management best practices.

It is fundamental to reinforce the importance of reading the AUDITORS REPORT at the [APPENDIX 45-B](#).

VI. 4. – a) THE CONTENT OF THE AUDITING REPORT, APPENDIX 45-B, BASED UPON THE OWN ELETROBRAS DOCUMENTS

- REPORT PRODUCED BY INTERNATIONAL ANALISTS AND AUDITORS FROM “SAND” AUDITING AND ACCOUNTANCY

Before beginning the analysis of the Auditors Report of the International Auditing company herein, [APPENDIX 45-B](#), it is relevant to register the following “EXPLANATION NOTE”:

GENERAL NOTES ABOUT COMPULSORY LOAN

There are many references in the minutes of the Shareholders’ Assemblies as well as Accounting records of ELETROBRÁS that refer to the “compulsory loan” and the conversions of these “loans”. The references to this “loan” were recorded because the controller partner of ELETROBRÁS in order to make the payment of capital took advantage of its dominant position and put personal priorities in the first place to the detriment of the interest of the people with whom this company has the State Juridical Relationship (tax) called “compulsory loan”.

This juridical relationship – that has the characteristics of taxation – cannot in any way be taken for a shareholders’ relationship, established between a shareholder and a public company.

ELETROBRÁS does not possess the same power and qualities that its shareholder has in relation to power to establish taxations of any kind. Furthermore, none of the qualities of the hundreds of Eletrobras’ partners is transferred to the company.

ELETROBRÁS is a public company and it is under the rulings of private law, having in its boards shareholders that are persons and companies under private law and public law, from Brazil and from abroad, just like any other public company that trades shares at BOVESPA and NYSE.

The auditing observations are fundamental because most part of the money that Eletrobrás’ controller partner used as reserves for the payment of capital came from the World Bank loans or from “compulsory loans” (most of it) that is a kind of taxation that simply charged people and companies in some kind of extra-judicial and corporate relationship.

These credits, in most cases, were transferred to the company ELETROBRÁS as “Reserve Funds”. The controller partner - **using its power and impunity** - for each Real in payment of capital (unit of nowadays Brazilian Currency) ELETROBRÁS received one Real in Debentures.

Even though these debentures (issued by ELETROBRÁS, to the bearer and convertible in shares) have been transferred to third parties, in order to pay the controller partner’s own debts, this controller partner has illegally determined that ELETROBRÁS did NOT pay any of them, exactly because this controller partner transferred the reserves (the amount of these credits originated in the lack of payment) to “Capital Reserves” and later converted these reserves in shares belonging to itself (the controller partner). This procedure is totally inadequate and illegal, and the accomplishment of these absurd orders of the controller partner was not only carried out but also covered and undisclosed by the auditing companies, warrantors and the regulating agency equivalent to the US SEC, named in Brazil as CVM.

With these operations, the controller partner made that each REAL (nowadays Brazilian currency) in payment of capital was worth 2 REAIS, duplicating, illegally, its participation in this company and/or hiding the operation in which reserves were stolen from the companies cashier, the same had happened in an operation announced at the end of August 2008, when ELETROBRÁS agreed to pay more than one and a half billion dollars to the bank controlled by the same controller partner that controls ELETROBRAS itself : BNDES. The justification given by ELETROBRÁS for this payment was “dividends” that had not been distributed, despite the fact that no other shareholder or creditor of ELETROBRÁS has received dividends for more than two decades, and, worst of all, the controller partner of ELETROBRÁS, and its bank BNDES, **are not creditors of ELETROBRÁS, but DEBTORS of more than 20 billion dollars, as you can verify proven in this report.** [APPENDIX 45-B](#).

Below follows the *ipsis literis* transcription of the truly independent auditors and investment analyst report Index.

INDEX - ACCORDING TO THE AUDITORS REPORT APPENDIX 45-B

1) INTRODUCTION

- 1.1 - Laws and Regulations
- 1.2 - Audit Companies

2) CONVERSION IN STOCKS

- 2.1 – Conversion item Index
 - 2.1.1 – 1st Conversion
 - 2.1.2 – 2nd Conversion
 - 2.1.3 – 3rd Conversion
 - 2.1.4 – 4th Conversion
 - 2.1.5 – Additional Information

3) DIVIDENDS

- 3.1 – Individual Registers Index - Dividends
- 3.2 – Dividends Comments

4) COMPULSORY LOAN

- 4.1 - General Notes about the Compulsory Loan
- 4.2 – Exaction and Obligations Issue

5) SPREADSHEETS

- 5.1 – Stockholders Composition
- 5.2 – Capital Evolution
- 5.3 – Dividends Paid or Offered

6) ACCURED VALUES RESUME

- 6.1 – Share to be Returned by Majority Shareholder
- 6.2 – Credits – Minority Shareholders' Participation
- 6.3 – Amounts to be returned by the majority shareholder
- 6.4 – Undistributed Dividends
- 6.5 – Total Values Accurate

7) NOTES

8) PROFESSIONAL RESUMES

VI. 4. – b) INTRODUCTION TO THE COMMENTS ON THE AUDITORS REPORT AS AT THE APPENDIX 45-B – AUDITORS REPORT

The auditors' work has the purpose of showing the results of a research and studies done through June 19th, 2008 until August 29th, 2008, getting the base the balance sheet and the registers of the company Eletrobras S/A.

The DATE collected and showed in the format of items, indicate the evolution of the company and its economic and financial development along the period of time since his birth in July 1962, and August 2008.

Its historical register show us ELETROBRAS was deeply deceitful for management, direction and politics changes, once it was the responsible for supporting and to improving the growth of energy supply to Brazil.

At this presentation it is evident the dimension of the purpose that is to provide energy to Brazil, but also put on evidence, the continued manner who the majority shareholder disrespected the regulations about profits division, capital improvement, transparency and conflict of interest and the evident covering by the auditing companies and overseeing entities.

Within this report we have indicated several situations, according to what is being exposed here, in which absurdly the capital and profits destinations were lower than what is regulated by law or at the company statute, or in the way the dividends were transformed in participation just in favor of the majority shareholder (and its companies outside ELETROBRAS) in detriment to the minority ones.

We would call the attention to the quality of the material put in our hands so as to do this work for the customer, Dr. Edison Freitas de Siqueira and his staff. All kinds of difficulties were on the way of Dr. Edison Freitas de Siqueira assistants that crossed barriers to get the information, which should be public and with fully available access. Material without which this work could not have been possible done.

In order to identify the responsibility of the professionals who wrote the Report/Assessment at the **APPENDIX 45-B** follows the qualification of the Accountancy Auditor and the Economist Auditor and Investment Analyst who coordinated the job:

David Pokorski
Accountant
CRCRS 42.294/RS

Ari Rui Mattos
Economist
Core 3.209/RS

VI. 4. – c) ON THE COMMENTS – STRICTO SENSU – ON THE AUDITORS’ REPORT IN RELATION TO THE LEGISLATION INDICATED BY THE AUDITORS THEMSELVES

On the list below there is the legal basis for the research, according to the **ITEM 1.1** of the Auditors’ Report **APPENDIX 45-B**:

Act/Bill	Date
2944	08/11/56
3890-A	25/04/61
4156	28/11/62
4428	1964
4357	1964
4364	22/07/64
4400	31/08/64
4676	16/06/65
5073	18/08/66
5665	20/05/71
5875	11/05/73
6404	15/12/76
6419	02/06/77
7181	20/12/83
Decree	Date
54936	04/11/64
71311	03/11/72
81668	1978
82343	28/03/78
98899	30/01/90
Decree-Act	Date
54145	1964
644	23/06/69
1512	28/12/76
1521	26/01/77
1678	22/02/79
5875	11/05/73

VI. 4. – d) ON THE COMMENTS – STRICTO SENSU – ON THE AUDITORS’ REPORT IN RELATION TO THE INDEPENDENT AUDITING COMPANIES THAT VALIDATED THE ACTIONS OF THE ELETROBRAS GROUP – ITEM 1.2 OF THE AUDITORS’ REPORT AND APPENDIX 45-B

The international and national auditing companies identified as responsible for the assessment of the accountancy records and the reports to the securities market in relation to the holding, subsidiaries and companies controlled by the ELETROBRAS GROUP, considering their legal and professional duties, have never communicated to the market the billionaire illegalities and the absence of overseeing that is herein denounced.

These evidences were obtained from the DATE that is on the Financial Statements of ELETROBRÁS (**APPENDIX 46**).

On the auditors’ report the auditing companies hired by the ELETROBRAS GROUP – in one way or another, for their action or voluntary omission, indolence, neglect, malpractice, criminal negligence, that unexplainably always approved without any restriction all the management acts and the policies to the minority shareholders in relation to the issuing, convertibility of the debentures/bearer bonds convertible into stock, the unpaid bonds and bonds that were not converted into stock, as well as the non-payment of dividends to shareholders for almost two decades, and also the unjustified and manipulated appropriation and increase of the company’s capital always to the harm and to the detriment of the minority shareholders interest and debentures holders/bearer bonds holders that were due and unpaid.

The implication of this assertion reaches international auditing companies; many of them are headquartered in the USA.

ELETROBRAS trades its bonds in the New York Stock Exchange – NYSE and at the São Paulo Stock Market – BOVESPA, so this company's auditing firms, directors, members of the Management Council, fiduciary agents and issuers for the ADRs, custodians, lawyers, accountants, risk and investment analysts – among other professionals are responsible from the civil law point of view and from the criminal law point of view for their acts and omissions before the USA's justice and, also for having the same responsibility before justice and Police or Overseeing of the Federative Republic of Brazil.

The documents of The ELETROBRAS GROUP, its subsidiary companies and the companies controlled by ELETROBRAS are registered and made public so as to be in compliance with the legislation of two governments, two distinct courts of law.

The extensive documentation that registers the permanent practice of many frauds inside the ELETROBRAS GROUP, certifying the permanent practice of a great number of frauds inside the ELETROBRAS GROUP. Because these frauds were never denounced to the market and to the investors, specially to the minority shareholders and the Brazilian and North American overseeing agencies, this omission involves figures over 20 billion.

So as to locate each of these frauds all you need is to examine in detail the Balance Sheets, Minutes from the Shareholders Meetings and other public documents that may be obtained in the Courts of Law of the Brazilian Justice, in the Commercial Notaries, Public Notaries and Estate Notaries, not to mention the Brazilian Securities and Exchange Commission (CVM), whose directors are chosen, hired and kept in the job or fired by the controller partner of the ELETROBRÁS GROUP – as it has been described in the flowchart within the [APPENDIX 02](#).

VI. 4. – e) ON THE CRITICISM FROM THE – TRULY INDEPENDENT – AUDITORS IN RELATION TO THE DOCUMENTS AND ACCOUNTANCY REGISTRATIONS FROM THE ELETROBRÁS GROUP – APPENDIX 45 - B

So as to accomplish the intention of turning public the information gathered during the investigations, which had a technical approach to the matter, on the next pages you will find the transcription and critique to the Auditors' Report, that was written by international experts on the documents and registries from the companies part of the ELETROBRAS GROUP.

- The ELETROBRAS GROUP was chosen as a sample case, because it acknowledged involvement in frauds against shareholders and against the whole securities market, in values superior to 20 billion dollars.
- This documental and auditing conclusion incriminates in a definitive way all directors, presidents, members of the management council, auditors and accountants besides the controller partner that occupied management positions in the companies part of the GROUP ELETROBRÁS in the last three decades, and in a greater proportion in the last 6 years.
- The concrete proof of the crimes is stronger against the people that represent the controller partner of the GROUP ELETROBRAS and the directors of the banks BNDES, BNDESPAR who structured, coordinated and financed all the other defendants herein listed.
- The common ground that blemishes all defendants are the three mentioned entities – BNDES, BNDESPAR and the CONTROLLER PARTNER OF THE ELETROBRAS GROUP, as well as their directors, auditors, lawyers, accountants, the proofs are properly summarized in the [APPENDIX 02](#) herein.

VI. 4. – f) DATE COPIED FROM THE AUDITORS' REPORT (TRULY INDEPENDENT AUDITORS) AS ATTACHED WITHIN THE APPENDIX 45 - B

AUDITING COMPANY	YEAR
Not Identified	1964
Not Identified	1965
Boucinhas & Campos	1966 to 1967
Boucinhas & Campos	1968
Not Identified	1969
Not Identified	1970
Not Identified	1971
Boucinhas, Campos, Coopers & Lybrand Ltda.	1972 to 1975
Boucinhas, Campos & Claro S/C.	1976 to 1985
Arthur Andersen S/C	1986 to 1987
Price Waterhouse	1988 to 1989
Not Identified	1990
Directa Auditores S/C	1991 to 1993
Boucinhas & Campos S/C	1994 to 1996
Price Waterhouse	1997 to 1998
Price Waterhouse Coopers	1999 to 2002
BDO Trevisan Auditores Independentes	2002 to 2005
Standard & Poors	2006
BDO Trevisan Auditores Independentes	2006 to 2007

Information on the auditing companies hired by Eletrobras in the last fiscal year:

CGTEE	Deloitte Touche Tohmatsu
Chesf	Boucinhas & Campos S/C
Eletronorte	BDO Trevisan Auditores Independentes
Eletronuclear	HLB Audilink e Cia
Eletrosul	Horwath Tufani, Reis & Soares
Furnas	HLB Audilink e Cia
Itaipu	BDO Trevisan Auditores Independentes
Lightpar	Russel Bedford Brasil

VI. 4. – g) NOTE ON THE AUDITING COMPANIES APPENDIX 45-B

It is not the scope of this work the evaluation or comparison of results with the one developed by the independent public accounting companies which through the years rendered services to Eletrobrás.

However it is necessary to point out that, especially after the fiscal year of 1979 as of there were not payment of dividends or there were partial withholdings of them, not even qualified reports were issued.

At most, there were comments agreeing with the resolution of the shareholders' meetings opposing to Instruction CVM 308 on 05/14/99, article 25, c, exemplified by the same instruction in its article 37.

<p><i>Art. 25 - No exercício de suas atividades no âmbito do mercado de valores mobiliários, o auditor independente deverá, adicionalmente:</i></p> <p><i>I Verificar:</i></p> <p><i>(...)</i></p> <p><i>c. se as destinação do resultado da entidade estão de acordo com as disposições da lei societária, com o seu estatuto social e com as normas emanadas da CVM (...);</i></p>	<p><i>Article 25 – In the exercise of its activities in the securities market, the independent auditor must, additionally:</i></p> <p><i>I Verify:</i></p> <p><i>(...)</i></p> <p><i>c.if the destinations of result from the entity are in accordance with the dispositions from the public company's act, the company's bylaws and the rulings published by the Brazilian Securities and Exchange Commission (CVM)(...);</i></p>
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<p>Art. 37 - Constitui infração grave, para o efeito do disposto no § 3º do art. 11 da Lei nº 6.385/76, o descumprimento do disposto nos arts. 20, 22, 23, 25, 31, 32, 33 e nos incisos II e III do art. 35 desta Instrução.</p>	<p>Article 37 – Grave crime is constituted by infringing what has been stated on the Articles 20,22,23,25,31,32,33 in the items II and III of the herein rule, for the effectiveness of what has been stated in the paragraph 3rd of the Article 11 on the Act number 6385/76.</p>
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In the Ordinary Shareholders Meeting (AGO) number 31, on 04/25/91, the controlling shareholder disclosed a MATERIAL FACT to the market, and had not it been the majority shareholder **pronouncement, and with the demand that it would be reported in minute, that it had been publicly published a bigger value of dividends than the one proposed in assembly, without further material fact, is a serious matter that causes distortions in the national capital market. Furthermore, it did not set forth a note or qualification from the auditors.**

VI. 15. 1. – h) HISTORY ON THE STOCK CONVERSION OF THE DEBENTURES/BONDS RELATED TO THE COMPULSORY LOAN – ANALYSIS OF THE FIRST ISSUING AND THE FIRST CONVERSION ACCORDING TO THE ITEM 2.1.1 ON THE AUDITORS REPORT – APPENDIX 45-B

USD 2.4 BILLION in unexplained differences that were appropriated by ELETROBRAS’ controller partner, validated and covered by the omission from auditors, custodians, accountants, lawyers, investment analysts and rating agencies, mainly, with the permission of the Brazilian securities and exchange commission (CVM) and the Central Bank of Brazil.

IN REFERENCE TO THE FIRST CONVERSION OF THE CREDITS GENERATED BY THE DEBENTURES RELATED TO THE “COMPULSORY LOAN”:

The debentures/bearer bonds, after having been delivered to ELETROBRAS’ controller partner, as the exact payment for the increase of capital, which were used by the controller partner itself – after the issuing – immediately after they started to be publicly traded by the same controller partner, as currency for the personal debts of this controller partner.

This juridical relationship established between ELETROBRAS’ controller partner and its personal creditors – from outside the company or the company’s debts – is a *Personalissima* juridical relationship (i.e. a juridical relationship that does not go beyond the person itself, not belonging or being shared by any other person) that only interests to ELETROBRAS, as a company, when the new holders of these debentures come to the public company to obtain the shares promised to the holders of the referred to bonds.

Thus the nature of this juridical relationship is PRIVATE – established between the company and the debentures holders, established exactly by the bond issued by the company, as it was decided and approved in a General Ordinary and Extraordinary Eletrobras Shareholders Meeting.

In the case of the referred to issuing of bonds, this issuing **was authorized by the GENERAL SHAREHOLDERS MEETING (AGE) number 71 on March 29th 1988**, based upon the DECREE-ACT number 1512/76, ACT 95790/88. On those it was determined ELETROBRAS’ capital increase to the amount of Cz\$ 111 billion (Brazilian currency of that time), with a clause of inalienability for pre-established terms.

The coverage period for conversion lapsed starting from the loan collection of the compulsory loan, from 1978 until 1985.

1978 : Cz\$ 10 billion
 1979 : Cz\$ 12 billion
 1980 : Cz\$ 13 billion
 Subtotal Cz\$ 35 billion, or 32 %
 With a restraint on alienation for a year

1981 : Cz\$ 16 billion
 1982 : Cz\$ 17 billion
 Subtotal Cz\$ 33 billion, or 30 % With a restraint on alienation for two years

1983 : Cz\$ 17 billion
 1984 : Cz\$ 13 billion

1985 : Cz\$ 13 billion

Subtotal Cz\$ 43 billion or 38 % With a restraint on alienation for three years

Conversion proposal general total: Cz\$ 111 billion

The verified amount to conversion of preferred B shares from the compulsory loan was Cz\$ 110,694,743,485.91 (a hundred and ten billion, six hundred and ninety-four million, seven hundred and forty-three thousand, four hundred and eighty-five cruzados and ninety-one cents), according to AGE n° 72 (AGE stands for General Shareholders Meeting). On Dec. 31, 1987, the account balance of the COMPULSORY LOAN on the short-term liability had the amount of Cz\$ 192,026,595,000.00.

VI. 4. – i) IN RELATION TO THE GENERAL SHAREHOLDERS MEETING (AGE) 72 ON APRIL 20TH 1988 – CONVERSION OF CAPITAL RESERVE EXCLUSIVELY IN FAVOR OF THE CONTROLLER PARTNER – ACCOUNTING AND PATRIMONIAL CRIME

On the General Shareholders Meeting number 72 there was the voting, decision and approval for the conversion of the “Accounting Account RESERVE” to the share capital.

This conversion resulted in the issuing of 16,783,864 (sixteen million seven hundred eighty three thousand eight hundred sixty four) PREFERRED SHARES CLASS B, representing the nominal and historical value – on April 20th 1988 – of Cz\$ 55,966,969,378.48 (fifty five billion nine hundred sixty six million nine hundred sixty nine thousand three hundred seventy eight cruzados and forty eight cents). The value of each share conversion was Cz\$ 3,334.57 (three thousand three hundred thirty four and fifty seven cents).

It was also registered on the minutes of this meeting the CAPITAL RESERVE, it was a surplus from the conversion, on the historical value of Cz\$ 54,259,211,216.48 (fifty four billion two hundred fifty-nine million two hundred and eleven thousands two hundred and sixteen cruzados and forty eight cents).

From this operation results what we call “**surplus from the conversion difference**”, for not making a whole number of a share, Cz\$ 468,562,890.95 (four hundred sixty eight million, five hundred and sixty two thousand, eight hundred ninety cruzados and ninety five cents).

Conversion basis price, patrimonial value according to balance sheet from Dec 31st, 1987.

$$\text{(PATRIMONIAL VALUE/NO.OF SHARES)} = (687,506,709,000/104,684,973) = \text{CZ\$ } 6,567.39 \text{ PER SHARE}$$

(capital/total no. shares) = (341,614,124,000/104,684,973) = Cz\$ 3,263.26 **this being the proper value for conversion and not Cz\$ 3,334.57, as it was done/paid.**

1978/1980	= 5,293,944	Preferred B shares
1981/1982	= 5,020,410	ditto
1983/1985	= 6,469,510	ditto

As the conversions from the credits subtracted from the reserves destined to cover the payment of the debentures and the conversion of these debentures given to the controller partner of ELETROBRAS, as the compensation for the increase of the social capital that was made with the reserves obtained in a Particular Loan (from the controller partner and not from the company), this loan was taken in a compulsory manner from the taxpayers; the controller partner – in its own benefit and to the detriment of the other shareholders of the company – also issued, besides the class A preferred shares, class B preferred shares and ordinary shares with voting rights.

These conversions changed illegally the share basis of the company.

THE SAMPLE ANALYZED (SHAREHOLDERS MEETING ON APRIL 4TH 1988) IS VERY MEANINGFUL, BECAUSE THE CONVERSION OF COMPULSORY LOAN CREDITS INTO PREFERRED B SHARES, THE COMPANY'S SHAREHOLDING BASIS WAS INCREASED IN MORE THAN A HUNDRED THOUSAND NEW SHAREHOLDERS.

All of these more than a hundred thousand shareholders kept their shareholding position diluted.

Let us analyze: the value not made into ownership shares deriving from this conversion, Cz\$ 54,259,211,216.48 (fifty four billion two hundred and fifty nine million two hundred and eleven thousand two hundred and sixteen cruzados and forty eight cents) was credited to the Capital Reserve account. From this moment on, at each capital increase, all of the other shareholders, including those who had not paid compulsory loan and that owned the majority of the capital, at that time having a percentage of 99.84% have been benefited.

Until today, supplementary conversions have not been made/paid or even mentioned on explanatory notes at meetings, or anywhere else at all.

Since the majority of the shareholders have, apart from the control, the power to legislate one shall conclude that what the shareholder is entitled to, after paying compulsory loan over the years, did not mean a thing when the time came to make the conversion of the shares.

The difference between the compulsory loan's accounting balance and the value which was actually converted is of Cz\$ 136,059,625,622.52 (192,026,595,000 – 55,966,969,378) if we add the amount of Cz\$ 54,259,211,216.48; which was taken to the CAPITAL RESERVE account, we can say, therefore, that the only beneficiary on the conversion was the majority shareholder who had 99.84% of the shares.

NOW WE CAN SEE WHAT THE “COMPULSORY LOAN” PAYERS DID NOT RECEIVE ON THE CONVERSION INTO PREFERRED SHARES B.

If the new shareholders had been paid what they were entitled to, they would have had at least more 16,271,727 preferred B shares, which went to the capital reserve account. By increasing the capital with this account, the minority shareholders' capital becomes even more diluted.

STILL RELATIVELY TO THE CONVERSION MADE IN THE FORM ESTABLISHED IN THE GENERAL STOCKHOLDERS MEETING (A.G.E.) NUMBER 72, IT IS RELEVANT TO CLARIFY THAT THIS DECISION TRIGGERED THE “ILLEGAL CAPITAL APPROPRIATION MADE IN FAVOR AND TO THE ORDER OF THE CONTROLLER PARTNER” RESULTING IN VALUES LISTED BELOW THAT WERE NEVER CONVERTED IN THE BENEFIT OF THE OTHER SHAREHOLDERS.

IT IS IMPORTANT TO BRING ATTENTION TO THE FACT THAT THE BRAZILIAN LAW, AS WELL AS THE LEGISLATION THAT REGULATES THE EUROPEAN AND NORTH AMERICAN STOCK MARKETS, GRANT TO THE BEARERS OF PREFERRED SHARES THE PREFERENCE FOR RECEIVING THE DIVIDENDS, THIS QUALITY IS TRANSFERRED TO THE HOLDERS OF DEBENTURES/BEARER BONDS THAT ARE CONVERTIBLE IN PREFERRED SHARES, STARTING FROM THE DUE DATE.

However there is a difference in the issuing, in fact there is a vanishing amount when the company does not make the mandatory conversion of the debentures/bearer bonds from the first issuing, on September 31st 2008 this updated amount is R\$ 3,736,143,001.68 (three billion seven hundred and thirty six million one hundred forty three thousand and 1 Reais, and sixty eight cents), value that was not added to the social capital in name of the minority shareholders.

In US dollars this represents – in an exact mathematics – USD 2,394,963,462.61 (two billion three hundred and ninety four million nine hundred and sixty three thousand four hundred and sixty two US dollars and sixty one cents).

VI. 4. – j) DEBENTURES/BEARER BONDS – ANALYSIS OF THE SECOND ISSUING AND CONVERSION – ACCORDING TO THE ITEM 2.1.2 OF THE AUDITORS REPORT IN THE APPENDIX 45-B

USD 177.7 BILLION the unexplained difference and illegally appropriated capital by the controller partner of ELETROBRAS, with the permission, validation and omission from auditing companies, fiduciary agents, accountants, lawyers, investment analysts and rating agencies, mainly the permission from the Brazilian securities and exchange commission (CVM) and the Central Bank of Brazil.

1) **The second conversion of compulsory loan credits into DEBENTURES/BEARER BONDS** and the credits from those into “LONG TERM LIABILITIES PROVISIONS”, and these – after the payment and non-convertibility of the debentures into share – in “RESERVES” that were immediately (and illegally) converted in capital taken by the controller partner in favor of the BANK BNDES, represented an increase in the shareholding position that harmed the minority shareholders, creditors of dividends and debentures holders, who were victims of a actual stealing of capital.

This issuing was voted, decided and authorized (approved) in the General Shareholders Meeting number 80 on January 30th 1990.

On the same Shareholders Meeting it was decided the increase in the ELETROBRAS capital to an amount up to NCz\$ 5,800 million, without any inalienability clause, becoming a patrimonial value on December 31st 1989.

This conversion and issuing refers to the fiscal period in which happened the collection of the compulsory loan of 1986 and 1987 and that were corrected until December 31st 1989.

On the financial statement on December 31st 1989 it is registered that the residual amount from these conversions (that were not paid and transferred) was illegally transferred to the account RESERVE and, later on, became increase of social capital in favor of the controller partner.

THIS ILLEGAL APPROPRIATION AMOUNTED, AT THE TIME IT WAS DONE, THE VALUE OF CZ\$ 14,298,149,000.00 (FOURTEEN BILLION TWO HUNDRED NINETY EIGHT MILLION ONE HUNDRED FORTY NINE THOUSAND CRUZADOS), CORRESPONDING TO THE STEALING OF 158.748.970 (ONE HUNDRED FIFTY EIGHT MILLION SEVEN HUNDRED FORTY EIGHT THOUSAND NINE HUNDRED SEVENTY) ORDINARY AND PREFERRED SHARES OF THE TYPES A AND B, THESE SHARES BELONG TO THE DEBENTURES HOLDERS SINCE THEIR ISSUING.

VI. 4. – k) ON THE CONVERSION OF DEBETURES ALLOWED IN A VOTING AND DECISION IN THE SHAREHOLDERS MEETING NUMBER 82 ON APRIL 26TH 1990 – AS AT THE ITEMS 2.1.2 and 2.1.3 OF THE AUDITORS REPORT IN THE APPENDIX 45 – B:

Not adding dividends, agreement/contractual interest, legal interest, other interest inflation updating, monetary correction the stealing of the shares amounted to the historical value of USD 177.6 MILLION.

In the referred ELETROBRAS General Shareholders Meeting the conversion of the debentures/bearer bonds owned by the controller partners was voted and decided, these bonds were given in payment of a company`s loan to the own company`s controller partner, this controller partner had taken this loan from the taxpayers in a mandatory/compulsory way.

THE DENBETURES, AT THAT TIME, HELD BY THIRD PARTIES, WERE CONVERTED IN PREFERRED SHARES TYPE B ADDED TO THE SOCIAL CAPITAL OF ELETROBRAS S/A IN FAVOR OF THE CONTROLLER PARTNER AND NOT IN FAVOR OF THE DEBENTURES HOLDERS WHO HAD THE LEGITIMATE RIGHT FOR THESE SHARES THAT WERE STOLEN FROM THEM.

THE WORST ASPECT IS THAT THESE DEBENTURES HOLDERS WERE CREDITORS NOT ONLY OF THE SHARES BUT ALSO OF THE DIVIDENDS, FROM THE DUE DATE ON.

THE ILLEGAL APPROPRIATION OF THE SHARES HEREIN DESCRIBED OCCURRED UNDER THE FOLLOWING CONDITIONS:

On December 31st 1989 the value of the unconverted difference of the DEBENTURES/BEARER BONDS amounted to Cr\$ 5,576,413,243.21 (five billion five hundred seventy six million four hundred thirteen thousand two hundred forty three and twenty one cents of Cruzeiros).

This amount was improperly calculated under the order of the controller partner and validated by the auditing companies, fiduciary agents and the Brazilian securities and exchange commission (CVM) and the shares were issued in compliance to a legal determination of the herein Acts and Decrees 4.486.747 (four million four hundred eighty six thousand seven hundred forty seven) preferred shares type B were issued with the value of Cr\$ 2,262,397,307.28 (two billion two hundred sixty two million three hundred ninety seven thousand three hundred seven Cruzeiros and twenty eight cents) and added to the company`s capital to the account CAPITAL RESERVE, its total amount was Cr\$ 3.258.858.948.51 (three billion two hundred fifty eight million eight hundred and fifty eight thousand nine hundred and eight Cruzeiros and fifty one cents) equivalent to 6.462.912 (six million four hundred and sixty two thousand nine hundred and twelve) unconverted shares.

The residual value of Cr\$ 55,156,987.42 (fifty five million one hundred fifty six nine hundred eighty seven Cruzeiros and forty two cents) was used as payment in shares that were not whole numbers of shares (equivalent to 104,386 Preferred shares type B).

THE MATHEMATICAL CONCLUSION IS THAT THE SHAREHOLDERS – WHOSE POSITION IS DERIVATED FROM THE CONVERTIBILITY RIGHT FOR THE DEBENTURES/BEARER BONDS (JURIDICAL RELATIONSHIP THAT ESTABLISHES OBLIGATION AND OF A PERSONALÍSSIMA NATURE - ON ONE SIDE THERE IS A HOLDER OF THE CREDIT BOND, ON THE OTHER SIDE, AS DEBTOR THERE IS A PUBLIC COMPANY) DID NOT RECEIVE MORE THAN 6.462.912 (SIX MILLION, FOUR HUNDRED AND SIXTY TWO THOUSAND AND NINE HUNDRED AND TWELVE) PREFERRED SHARES B ON THE SENCOND CONVERSION, NOT CONSIDERING THE FRACTIONS

Besides the continuous illegal appropriation of capital reserves belonging to third parties, which represents inadequate and improper acquisition of social capital, in shares, and, they were issued in favor of the controller partner in the account CAPITAL RESERVE, in order to justify later improper increases in the social capital, in a proportional way since that date.

The following financial result happened:

The updated value of what was destined to the CAPITAL RESERVE account is \$ 321.083.327,03 (three hundred and twenty one million, eight hundred and three thousand, three hundred and twenty seven cents), which is equivalent to a majority shareholder's position for preferred shares B on April 26th 1990, at that time it was 86.87% (eighty seven point eighty six percent) of these shares, in US dollars it is **USD 177.659.290,60 (one hundred and seventy seven million six hundred and fifty nine thousand two hundred and ninety dollars and sixty cents).**

As time went by the right of the minority shareholders becomes more and more harmed, as many other shareholders also became part of the company.

Technically the reimbursement derivates from the percentage mentioned in before (86.87%); and it is very clear that this harm was of total for the minority shareholders.

VI. 4. – I) DEBENTURES/BEARER BONDS – ANALYSIS OF THE THIRD ISSUING AND THE THIRD CONVERSION – AS ON THE ITEM 2.1.3 OF THE AUDITORS REPORT APPENDIX 45 - B

USD 2.02 BILLION illegally appropriated/acquired in the form of unexplained residual values taken by the controller partner of ELETROBRAS, with the permission, validation of fiduciary agents, accountants, lawyers, investment analysts, the omission of audit companies and fiduciary agents and, mainly, the agreement of the Brazilian securities and exchange commission (CVM) and the Central Bank of Brazil.

I) At the General Shareholders Meeting (AGE) number 140 on April 28th, 2005 **it was voted and decided the 3rd conversion of debentures/bearer bonds owned by the controller partner and given (by the controller partner) in payment to a compulsory loan that the controller partner itself took mandatorily from the Brazilian taxpayers** in the collection period from 1988 to 2004, the adjusted/updated amount, until the shareholders' meeting, is of R\$ 3.542.074.905,85 (three billion, five hundred forty-two million, seventy-four thousand, nine hundred five reais and eighty-five cents). Compulsory loan's balance account on December 31st 2004 amounted to R\$ 3.616.678.000,00 (three billion, six hundred sixteen million, six hundred seventy-eight thousand reais) and a share capital of R\$ 20.785.195.909,48 (twenty billion, seven hundred million, one hundred eighty-five thousand, nine hundred nine reais and forty-eight cents). Total shareholding position was 537.502.520.880 (five hundred thirty-seven billion, five hundred two million, five hundred twenty thousand, eight hundred eighty) A and B preferred shares. Net worth is R\$ 69.873.809.000,00 (sixty-nine billion, eight hundred seventy-three million, eight hundred nine thousand reais).

II) At AGE N° 143 on 06/30/05 the conversion was ratified under the following conditions:

Issue of 27.246.730.045 (twenty-seven billion, two hundred forty-six million, seven hundred thirty thousand, forty-five) B preferred shares at R\$ 1.053.629.703,82 (one billion, fifty-three million, six hundred twenty-nine thousand, seven hundred three and eighty-two cents). An amount of **R\$ 2.488.445.202,03 (two billion, four hundred eighty-eight million, four hundred forty-five thousand, two hundred two reais and three cents) remained, and it was taken to the capital reserve account for future capitalization of all shareholders, and by each ownership shares, especially those who did not pay compulsory loan, that is, the Federal Government, evidently.**

III) Operations' Financial Chart:

R\$ 21.838.825.613,30	New capital	
R\$ 20.785.195.909,48	Share Capital 31/12/04	
R\$ 1.053.629.703,82	Ratified Conversion	
R\$ 3.542.074.905,85	Compulsory Loan 12/31/04	
R\$ 2.488.445.202,03	Capital Reserve	
27.246.730.045	Converted Shares	
63.850.287.231	Unconverted Shares	2.488.445.202,03
R\$ 0,130	Patrimonial Value	
R\$ 0,039	Share value for conversion	
R\$ 69.873.809.000	Net Worth	
R\$ 537.502.520.880	Number of shares	

In order to understand the dilution occurred in the shareholder's converted capital, we point that, in order to be fair, the amount taken to the CAPITAL RESERVE and transformed into shares, would be equivalent to a total amount of approximately 63.850.287.231 (sixty-three billion, eight hundred fifty million, two hundred eighty-seven thousand, two hundred thirty-one) new B preferred shares.

This amount, when included in capital increase or dividends distribution, according to law 6404/76 art. 200 items II e V and others, makes the preferred B and A shares suffer a dilution in behalf of the majority (ON and PNB of the Federal Government). This happens because of the Federal Government's and its associates' (BNDESPAR and CEF) majority interest in the capital of ELETROBRÁS, which legislates to the detriment of the minority shareholders.

Transcription of the original for Law 6404/76 art. 200 items II e V in the language it was written and translated into English:

*Art. 200. As reservas de capital somente poderão ser utilizadas para:
(...)
II - resgate, reembolso ou compra de ações;
(...)
V - pagamento de dividendo a ações preferenciais, quando essa vantagem lhes for assegurada (artigo 17, § 5º).*

*Article 200. The capital reserves can only be used for:
(...)
II - rescue, reimbursement or purchasing of shares;
(...)
V - payment of the dividends from preferred shares, when this advantage is defined (article 17, paragraph 5th).*

This happens because of the Federal Government's and its associates' (BNDESPAR and CEF) majority interest in the capital of ELETROBRÁS, which legislates to the detriment of the minority shareholders, fact that is not questioned by Brazilian securities and exchange commission exactly because the controller partner of ELETROBRAS, the BNDESPAR and the bank CAIXA ECONOMICA FEDERAL is the one to chose, hire, keep in the job and fire the board members of the Brazilian securities and exchange commission (CVM) that should oversee this controller partner ([APPENDIX 02](#))

This "conflict of interests" and the accountancy irregularities made inside the ELETROBRAS GROUP generated the following financial operation's result, in relation to the third issuing of ELETROBRAS debentures and their conversion:

The indexed value destined to CAPITAL RESERVE is R\$ 3.751.146.997,11 (three billion, seven hundred fifty-one million, one hundred forty-six thousand, nine hundred ninety-seven reais and eleven cents), a sum which is equivalent to the Other B preferred, which, at that time, represented 84,24% (eighty-four and twenty-four one-hundredths percent) out of the total of this kind of share, **R\$ 3,159,966,230.37** (three billion, one hundred fifty-nine million, nine hundred sixty-six thousand, two-hundred thirty reais and thirty-seven cents), in dollars, **US\$ 2,025,619,378.44** (two billion, twenty-five million, six hundred nineteen thousand, three hundred seventy-eight dollars and forty-four cents).

VI. 4. – m) THE 4TH ADDITIONAL CONVERSION OF DEBENTURES ISSUED FOR THE PAYMENT OF THE CAPITAL INCREASE MADE BY THE CONTROLLER PARTNER OF ELETROBRAS, THIS CAPITAL INCREASE WAS MADE BY THE CONTROLLER PARTNER WITH THE MONEY COLLECTED FROM THE BRAZILIAN TAXPAYERS IN THE FORM OF A “COMPULSORY LOAN”

At the General Shareholders Meeting (AGE) number 151 on April 30th 2008 it was authorized by the Board of Directors the issue of B preferred shares on a total amount of R\$ 202.374.761,75 (two hundred two million, three hundred seventy-four thousand, seven hundred sixty-one reais and seventy-five cents), considering R\$ 70,795 (seventy reais and seven hundred ninety-five one-hundred reais) as patrimonial value on December 31st 2007, which represented, on this date, 2.858.588 (two million, eight hundred fifty-eight thousand, five hundred eighty-eight) class B preferred shares, resultant from the balance account in the Balance Sheet from December 31st 2007.

<p>AT THIS SMALLER CONVERSION THE CRITERIA USED FOR THE PREVIOUS CONVERSIONS WAS NOT THE SAME.</p>

Up to now there was no registry of this capital increase made by this conversion.

VI. 4. – n) ADDITIONAL INFORMATION – AS AT THE ITEM 2.1.4 OF THE AUDITORS REPORT IN THE APPENDIX 45-B

Managements’ statements regarding Compulsory Loan over these years have been through several changes, in order to reduce the participation of the minority shareholders and consumers who paid compulsory loan.

Below, it is listed some of these examples:

1st) page 97, note 28 - Financial Statements Published in April de 2008.

2nd) page 98, note 26 - Financial Statements Published in April de 2007.

3rd) page 79, note 21- Financial Statements Published in April de 2006.

4th) page 67, note 22 - Financial Statements Published in April de 2005.

5th) page 71, note 21 - Financial Statements published DOU (Official Federal Gazette) on 04/14/04.

6th) page 75, note 6 - Financial Statements published DOU (Official Federal Gazette) on 04/19/06.

7th) page 545, note 7 - Financial Statements published DOU (Official Federal Gazette) on 02/08/78.

8th) page 842, note 5- Financial Statements Published DOU (Official Federal Gazette) on 02/17/76.

9th) In two shareholders’ meetings, **AGE N° 7 page 10**, and **AGE n° 10 page 10**, the company suggests **unequivocally** that the tax resources for electric light had been automatically **subscribed** when paid.

VI. 4. – o) THE UNPAYMENT OF DIVIDENDS TO SHAREHOLDERS AND HOLDERS OF DUE DEBENTURES/BEARER BONDS THAT WERE NOT PAID AND THAT GENERATED A INADEQUATE DISTRIBUTION OF SHARES ILLEGALLY CONVERTED IN FAVOR OF THE CONTROLLER PARTNER AND OF THE PARTNER NAMED BNDES – AS ON THE ITEMS 3 and 3.1 OF THE AUDITORS REPORT APPENDIX 45-B

In several minutes of the ELEBROBRAS SHAREHOLDERS MEETING it is expressly deliberated NOT TO PAY – FOR MORE THAN TWO DECADES – THE DIVIDENDS OWNED TO THE MINORITY ELETROBRAS SHAREHOLDERS.

THESE REGISTRIES – NOT TO PAY THE DIVIDENDS TO MINORITY SHAREHOLDERS – ARE ON THE MINUTES FOR THE SHAREHOLDERS MEETINGS LISTED BELOW. SO IT IS NOT IMPOSSIBLE TO EXPLAIN THE FACT THAT NOT ONE AUDIT COMPANY, THE BRAZILIAN SECURITIES AND EXCHANGE COMMISSION, NOR THE FIDUCIARY AGENTS, EVER REVEALED TO THE MARKET THE KIND OF CRIME HAPPENING INSIDE ELETROBRAS, A CRIME THAT INVOLVED BILLIONS OF DOLLARS.

IT BECOMES EVEN HARDER TO EXPLAIN WHEN IT HAS BEEN RECORDED (ON SEVERAL MINUTES OF SHAREHOLDERS MEETINGS, ON FINANCIAL STATEMENTS, ON BALANCE SHEETS, ON ACCOUNTANCY BOOKS BELONGING TO ELETROBRAS) THE ORDER OF THE CONTROLLER PARTNER NO TO PAY THE DIVIDENDS TO THE MINORITY SHAREHOLDERS AND THE ILLEGAL PAYMENT OF DIVIDENDS TO THE BANK BNDES, TO THE INVESTMENT FUND BNDESPAR AND TO THE CONTROLLER PARTNER, BESIDES SEVERAL APPROPRIATIONS AND ADVANCE PAYMENTS ON THE CAPITAL, IMPOSSIBLE TO BE MADE BECAUSE THERE IS (AND THERE WAS) UNDISTRIBUTED DIVIDENDS THAT CONSTITUTE A DEBIT.

The minutes of the Shareholders Meetings is a unquestionable documental proof against the controller partner of ELETROBRAS, against the Controller Partner of BNDES, against the controller partner of BNDESPAR, against the Brazilian Securities and Exchange Commission (CVM), against auditors, audit companies, accountants, lawyers, legal counsels, board members, members of the management council connected to the companies part of the GROUP ELETROBRAS.

So as to make it easier for the research, besides the AUDITORS` REPORT at the [APPENDIX 45-B](#), it is also in attach the whole contend of all the minutes of ELETROBRAS Shareholders` Meeting carried out at ELETROBRAS since its establishment – [APPENDIX 45-A](#).

VI. 4. – p) WHOLE CONTEND OF THE ORDINARY AND EXTRAORDINARY ELETROBRAS SHAREHOLDERS` MEETINGS – AS AT THE ITEM 3.1.1 OF THE AUDITORS` REPORT IN THE APPENDIX 45-B

BELOW GOES THE LIST FOR THE MINUTES OF SHAREHOLDERS MEETINGS COLLECTED AS A SAMPLE OF THE DOCUMENTAL PROOF FOR THE HEREIN MENTIONED FRAUDS:

- 3.1.1 - Minute AGO 18 (April/22nd/1980)
- 3.1.2 - Minute AGO 20 (April/30th/1982)
- 3.1.3 - Minute AGO 23 (March/18th/1985)
- 3.1.4 - Minute AGO 24 (April/17th/1985)
- 3.1.5 - Minute AGO 25 (April/2nd/1986)
- 3.1.6 - Minute AGO 31 (April/25th/1991)
- 3.1.7 - Minute AGO 34 (April/27th/1994)
- 3.1.8 - Minute AGO 35 (April/26th/1995)
- 3.1.9 - Minute AGO 38 (April/3rd/1998)
- 3.1.10 - Minute AGO 39 (April/6th/1999)
- 3.1.11 - Minute AGE 58 (October/23rd/1983)
- 3.1.12 - Minute AGE 70 (January/21st/1988)
- 3.1.13 - Minute AGE 73 (September/29th/1988)
- 3.1.14 - Minute AGE 87 (November/21st/1990)

VI. 4. – q) ANALYSIS OF THE SHAREHOLDERS` DECISIONS REGISTERED ON MINUTES OF THE MEETINGS NUMBER 18 (APRIL 22ND 1980) – AS ON THE ITEM 3.1.1 OF THE AUDITORS` REPORT AT THE APPENDIX 45 - B

3.3 BILLION CRUZEIROS – HISTORICAL VALUE ON APRIL 22ND 1980

Ordinary Shareholders Meeting (AGO) number 18 on April 22nd 1980, registered **THE ILLEGAL DISTRIBUTION (STEALING) OF DIVIDENDS NOT DISTRIBUTED TO THE ACCOUNT "ADVANCE FOR FEDERAL UNION'S SHARE PARTICIPATION "**, referring to the year 1978, amounting to Cr 3.069.023.944,00 (three billion, sixty-nine million, twenty-three thousand and nine hundred and forty and four cruzeiros) under Decree

Law 82.343 of 28/03/78 and Decree Law 1521, 26.01.77, **CONTRARY TO ARTICLES 17, 201, 202 AND 203 OF THE LAW 6404/76.**

There is only one account balances registered in advance for the capital increase, and this account will appear in the ELP (Demandable the Long Term) from the year 1981, with a balance of Cr\$ 76,341,126,000.00 (seventy-six billion , Three hundred and forty-one million, one hundred and twenty-six thousand cruzeiros).

Until the financial year of 1980, this account appeared in PL (equity), as ELETROBRÁS's annual report published in DOU (Journal of the Union), of 14/04/1980, note 4, letter D "contributions which would, from UNION of budgetary credits, which until the previous year, were considered as part of RESERVES OF CAPITAL, were transferred to the long-term liabilities, under the Participation of the Union - Federal money.

As the explanatory notes, the financial statements of 31.12.81, footnote 6 ADVANCES TO INCREASE OF CAPITAL: "are basically formed by ELETROBRAS drawings of the FFE, where they are included, as reinforcement, the dividends reinvested by the Federal Union. According to Law No. 3890-A / 61, which authorized the establishment of the company, these resources can only be used for incorporation/payment of its registered capital by the Union.

In this case the destination of the reserve, under the explanatory notes to the balance, we can see that even money to LOST FUND , which have very clear rules that cannot be applied to anything that I have "return", the course of their assignment, were Part of increasing OF the participation of the majority stockholder.

VI. 4. - r) ANALYSIS OF THE SHAREHOLDERS' DECISIONS REGISTERED ON MINUTES OF THE MEETINGS NUMBER 20 (APRIL 30th 1982) – AS ON THE ITEM 3.1.2 OF THE AUDITORS' REPORT AT THE APPENDIX 45 -B

USD 527,809,108.78 million dollars in RESIDUAL AMOUNTS THAT WERE ILLEGALLY APPROPRIATED

General Shareholders' Meeting (AGO) n° 20 on April/30th/1982, the minutes recorded **THE ILLEGAL DIVIDENDS PAYMENT TO PIS/PASEP (GOVERNMENT'S SOCIAL WELFARE FUND) IN THE AMOUNT OF CR\$ 322,564,000.00 (THREE HUNDRED AND TWENTY-TWO THOUSAND, FIVE HUNDRED AND SIXTY-FOUR THOUSAND CRUZEIROS) AND THE HISTORICAL AMOUNT OF USD 554 MILLION, MORE THAN HALF A BILLION US DOLLARS** corresponding to much more than 5% of the dividends from the company that the Brazilian law grants to the government in payment of the PIS/PASEP in the balance sheets of December 31st 1981.

THE MENTIONED PAYMENT IS AND WAS ILLEGAL (CRIMINAL) BECAUSE IT WAS MADE TO THE DETRIMENT OF THE OTHER SHAREHOLDERS AND UNCONSIDERATE OF THE FACT THAT THERE ALREADY WAS UNPAID LIABILITIES FOR THESE RECORDED DIVIDENDS.

In the mentioned shareholders meeting it also calls the attention the ILLEGAL practice of authorizing the "reversal of unpaid dividends balance from 1980 in the amount of Cr\$ 6,128,715,000.00 (six billion, a hundred and twenty-eight million, seven hundred and fifteen thousand cruzeiros), on behalf of the majority partner, by transfer of this amount at first to the "Advance to the Federal Union's Share Participation" account.

This points out two different situations:

In the first case there is a hybrid figure, which is a standard, since it is not about taxes or duties, which demanded that all "government-owned companies" or "partly-owned-by-government corporations" destined 5% (five percent) of the total dividends or profits attributed to the Federal Union to the PIS/PASEP account.

This could not possibly be anything but "disguised profit distribution", a rather present element on the Brazilian income tax legislation and social contribution, in this case the story goes the other way round, punishment to whom gets part of the results to the detriment of the taxes calculation basis, or even to the detriment of other shareholders.

In the second example, by "reverting" the dividends' unpaid balance, **the majority partner "used" its dividend to the detriment of the company.** The minority shareholders, though, could not do anything, what led the dividend's unpaid money to remain until partially in the company's liabilities until the present moment.

What has been done with it (the dividends)?

This is the question that has never been answered by any AUDIT COMPANY, FIDUCIARY AGENTE or the Brazilian SECURITIES AND EXCHANGE COMMISSION (CVM), although it is the duty of CVM to give an answer.

As the overseeing entity was not interested in overseeing this situation, or making it public through a denunciation – or punishment – the answer to the question above is the following:

It was put in the “Advance to the Federal Union’s Share Participation” account, it means the majority shareholder converted a sum of money “to be paid”, in a “capital reserve”.

- This reserve, later, will be characteristically defined as stealing or illegal appropriation of shares of credits belonging to third parties, as time went by it was used to increase the company’s capital owned by the controller partner and its two banks BANDESPAR and BNDES, always contrarily to the rights of the other shareholders and the Brazilian law.

- As the reserve does not highlight entries made, there are no arguments left to deny that the amounts were not used, because if this was a company’s standard, instead of letting the unpaid dividends amounts in a specific account, these amounts would be put straight in a reserve that reached all of the shareholders.

SO THIS IS THE PROOF NOT ONLY FOR THE CRIME, BUT ALSO OF THE IMPROVEMENT OF THE CRIMINAL ACTIVITY.

Explanatory note about item 1(one):

Stock	Original Value (1)	Indexation % (2)	Interest (3)	Total (6)
Dividend (4)	322.564.000	14.346.015.577.076	26.508.610	43.335.912
Dividend (5)	6.128.715.000	14.346.015.577.076	503.663.515	823.382.209

1 – Amounts in Cr\$ (Cruzeiros – Brazilian currency at the time)

2 – From 04/20/1988 to 12/31/1995 IGPDI/FGV (100%), *pro rata* nominal on the first and last month. From Jan. 01, 1996 SELIC index (100%), full indexation on the first and the last month.

3 – 6% (six percent) per year.

4 – Amount transferred to PIS/PASEP

5 – Amount sent to the “Advance to the Federal Union’s Share Participation” account

6.1 – Amount transferred, on this date, from the majority partner’s dividend to PIS/PASEP R\$ 43,335,912.00 (forty-three million, three hundred and thirty-five thousand, nine hundred and twelve reais), in American dollars US\$ 27,779,431.27 (twenty-seven million, seven hundred and seventy-nine thousand, four hundred and thirty-one dollars and twenty-seven cents).

6.2 – Amount transferred, on this date, from the majority partner’s dividend to the “Advance to the Federal Union’s Share Participation” account, R\$ 823,382,209.00 (eight hundred and twenty-three million, three hundred and eighty-two thousand, two hundred and nine Reais – current Brazilian Currency), in American dollars US\$ 527,809,108.78 (five hundred and twenty-seven million, eight hundred and nine thousand, a hundred and eight dollars and seventy-eight cents).

VI. 4. – s) ANALYSIS OF THE SHAREHOLDERS’ DECISIONS REGISTERED ON THE MINUTES OF THE SHAREHOLDERS’ MEETING NUMBER 23 ON MARCH 18TH 1985 – AS ON THE ITEM 3.1.3 OF THE AUDITORS’ REPORT APPENDIX 45-B

USD 37,395,855.47 MILLION IN RESIDUAL AMOUNTS AND ILLEGAL APPROPRIATION OF THEM

AGO 23 on March 18th 1985, **equal dividends were declared to COMMON and B PREFERRED SHARES, on the amount of Cr\$ 2.65 (two cruzeiros and sixty-five cents) per share, in disagreement with Law 6404/76 in article 17, III, §, 1º item II (APPENDIX 63-A) and the company bylaw in chapter III, article 8, §4 (APPENDIX 43-B).**

Legislation is clear and logical when it points out to the existence of different classes of shares, which originate the power of decision at the company and thus get the smallest portion of revenue and the other class of share that does not have power of decision and therefore is the preferred one when it comes to the distribution of results and, according to the law and the principles of the company, is entitled to be paid at least 10% (ten percent) more than common shares are paid.

THIS IS HOW INTERESTS ARE BALANCED INSIDE THE COMPANY, AND IT IS BASED ON THESE PRINCIPLES THAT THE INVESTOR CHOOSES A CERTAIN CLASS OF SHARES.

The decision was taken by the majority shareholder, who by that time was the holder of a 100% (a hundred percent) of the common shares, which means the majority shareholder ruled the company on its own. From this decision came two figures which were interpreted the following way:

- **Return, by the majority shareholder, of the amount corresponding to the extra 10% (ten percent) paid to his own class share**, the updated value is R\$ 58,584,347.18 (fifty-five million, five hundred eighty-four thousand, three hundred forty-seven reais and eighteen cents), in American dollars, USD 37,395,855.47 (thirty-seven million, three hundred ninety-five thousand, eight hundred fifty-five dollars and forty-seven cents);
- **Payment to minority shareholders of the extra 10% (ten percent) on the value paid at the time**, which are corresponding to their class share, the updated value is R\$ 802,269.44 (eight hundred two thousand, two hundred sixty-nine reais and forty-four cents), in American dollars, USD 512,108.67 (five hundred twelve thousand, one hundred eight dollars and sixty-seven cents).

VI. 4. – t) ANALYSIS OF THE SHAREHOLDERS' DECISIONS REGISTERED ON THE MINUTES OF THE SHAREHOLDERS' MEETING NUMBER 24 ON APRIL 17TH 1985 – AS ON THE ITEM 3.1.3 OF THE AUDITORS' REPORT APPENDIX 45-B

USD 113 MILLION IN RESIDUAL AMOUNTS AND ILLEGAL APPROPRIATION OF THEM

Ordinary General Shareholders' Meeting (AGO) number 24, on April 17th 1985 – At this Stockholders' General Meeting it was **approved and ratified the transfer of undistributed dividends** from years 1982 and 1983 to the following shareholders: Federal Government and BNDES. These dividends were destined to the SHARE PARTICIPATION ADVANCE ACCOUNT.

Thus, at the AGO on April 17th 1985, the controller partner besides using the dividends improperly, approved the increase of capital – exclusively to its own benefit – this way committing two crimes, as the other partners and dividend creditors holding debentures, they not only did not participate of the capital advance payment proposed, voted and confirmed by the controller partner and its cooperators – auditors and the staff of the Brazilian securities and exchange commission (CVM).

The nominal value approved was Cr\$ 72,966,000,000.00 (seventy-two billion, nine hundred sixty-six million Cruzeiros – Brazilian currency in 1985) at that time.

The financial result of the illegal activities reaches the following amounts:

- Updated value destined by shareholder Federal Government of undistributed dividends from 1982 and 1983, **R\$ 96,538,970.70** (ninety-six million, five hundred thirty-eight thousand, nine hundred seventy reais and seventy cents), in American dollars, **USD 61,883,955.58** (sixty-one million, eight hundred eighty-three thousand, nine hundred fifty-five dollars and fifty-eight cents);
- **Updated value improperly destined to the shareholder BNDESPAR** of undistributed dividends from 1982 and 1983, R\$ 80,567,673.00 (eighty million, five hundred sixty-seven thousand, six hundred seventy-three reais), in American dollars, **USD 51,645,944.24** (fifty-one million, six hundred forty-five thousand, nine hundred forty-four dollars and twenty-four cents).

BOTH VALUES ADDED ONE TO THE OTHER REACH THE TOTAL OF USD 113 MILLION.

VI. 4. – u) ANALYSIS OF THE SHAREHOLDERS' DECISIONS REGISTERED ON THE MINUTES OF THE SHAREHOLDERS' MEETING NUMBER 25 ON APRIL 2ND 1986 – AS ON THE ITEM 3.1.5 OF THE AUDITORS' REPORT APPENDIX 45-B

USD 842,626.52 MILLION IN RESIDUAL AMOUNTS AND ILLEGAL APPROPRIATION OF THEM

At the **25th Ordinary General Shareholders' Meeting** February the 4th 1986, as mentioned on the Auditors' Report (**APPENDIX 45-B**), once more **equal dividends were declared to COMMON and B PREFERRED shares, on the amount of Cr\$ 7.57 (seven cruzeiros and fifty-seven cents – Brazilian currency at that time) per share, in disagreement with Law 6404/76 in article 17, III, §, 1º item II (APPENDIX 63-A) and the company bylaw in chapter III, article 8, §4 (APPENDIX 43-A).**

Legislation is clear and logical when it points out to the existence of different classes of shares, which originate the power of decision at the company and thus get the smallest portion of revenue and the other class of share that does not have power of decision and therefore is the preferred one when it comes to the distribution of results and, according to the law and the principles of the company, is entitled to be paid at least 10% (ten percent) more than common shares are paid.

THIS IS HOW INTERESTS ARE BALANCED INSIDE THE COMPANY, AND IT IS BASED ON THESE PRINCIPLES THAT THE INVESTOR CHOOSES A CERTAIN CLASS OF SHARES.

The decision was taken by the majority shareholder, who by that time was the holder of a 100% (a hundred percent) of the common shares, which means the majority shareholder ruled the company on its own. From this decision came two figures which were interpreted the following way:

- **Return, by the majority shareholder, of the amount corresponding to the extra 10% (ten percent) paid to his own class share**, the updated value is R\$ 91.616.464,62 (ninety-one million, six hundred sixteen thousand, four hundred sixty-four reais and sixty-two cents), in American dollars, US\$ 58.481.083,00 (fifty-eight million, four hundred eighty-one thousand, eighty-three dollars);
- **Payment to minority shareholders of the extra 10% (ten percent) on the value** paid at the time, which are corresponding to their class share, the updated value is R\$ 1.320.058,70 (one million, three hundred twenty thousand, fifty-eight reais and seventy cents), in American dollars, USD 842,626.52 (eight hundred thousand, six hundred twenty-six dollars and fifty-two cents).

VI. 4. – v) ANALYSIS OF THE SHAREHOLDERS' DECISIONS REGISTERED ON THE MINUTES OF THE SHAREHOLDERS' MEETING NUMBER 31 ON APRIL 31ST 1991 – AS ON THE ITEM 3.1.6 OF THE AUDITORS' REPORT APPENDIX 45-B

USD 17.800.000 MILLION IN RESIDUAL AMOUNTS AND ILLEGAL APPROPRIATION OF THEM

At the **31st Ordinary General Shareholders' Meeting (AGO) on April 25th 1991**- Share control is defended with the tenacious imposition that the most elementary responsibilities of a company established by the Public Company's regulation (Act n° 6.404/76) is constantly disrespected.

During this meeting the approval of the dividends' destination was pressingly contested by minority shareholders, including shareholder **CARLOS ALBERTO PEREIRA DA ROCHA**, who protested against the majority shareholder for "changing the structure of dividends distribution, which had been widely publicized, even with a material fact notice on Gazeta Mercantil newspaper on 03.08.91. There were also demonstrations against it from other minority shareholders such as **ANTONIO CARLOS BORGES CAMANHO** and **FERNANDO CESAR OLIVEIRA DE CARVALHO** concerning the imputation. They were not successful, however, because later on the dividends distribution of Cr\$ 0,50417646 was approved to common and preferred shareholders".

This decision goes against what Brazilian Act number 6404/76, the company's bylaw, and Instructions from the Brazilian securities and exchange commission (CVM) and by the Act number 6385/76 that regulates the Brazilian financial system and the securities market.

The press release published by the aforementioned newspaper so as to warn the shareholders, had the following excerpt: "a) dividends distribution.... net income tax already deducted: Class A preferred shares – Cr\$ 3.74 each share; Class B preferred shares – Cr\$ 2.80 each share; Common shares – Cr\$ 0.07 each share;"

The difference is shocking and it is amazing that the auditors who were present never acknowledged it, or wrote on an "explanatory note" on such a major variation of values.

It is also odd that regulatory bodies of the stock market have not punished or made an alert regarding this event, since it lives off information credibility.

This is serious, not only because of the financial amounts involved, but also because it happened by the time of the arrival of foreign investors who were avid to invest in Brazil, which makes us wonder whether it was only a matter of technical shortcoming or political arbitrariness convenience.

Based upon the mathematical analysis above on the mentioned decisions recorded in the minutes of the General Ordinary Shareholders` Meeting set forth the following financial results:

- Return, by the majority shareholder, of the amount corresponding to the extra 10% (ten percent) paid to his own class share, the updated value is R\$ 23,533,535.27 (twenty-three million, five hundred thirty-three thousand, five hundred thirty-five reais and twenty-seven cents), in American dollars US\$ 15,022,044.73 (fifteen million, twenty-two thousand, forty-four dollars and seventy-three cents); or
- Payment to minority shareholders of the extra 10% (ten percent) on the value paid at the time, which are corresponding to their class share, the updated value is R\$ 4,414,826.33 (four million, four hundred fourteen thousand, eight hundred twenty-six reais and thirty-three cents), in American dollars US\$ 2,818,094.17 (two million, eight hundred eighteen thousand, ninety-four dollars and seventeen cents).

The amount that should have been refunded for the shares that were not given back is not less than USD 17.800 MILLION (seventeen million eight hundred US dollars)

VI. 4. – x) ANALYSIS OF THE SHAREHOLDERS` DECISIONS REGISTERED ON THE MINUTES OF THE SHAREHOLDERS` MEETING NUMBER 34 ON APRIL 27th 1994 – AS ON THE ITEM 3.1.6 OF THE AUDITORS` REPORT APPENDIX 45-B

USD 22 MILLION IN RESIDUAL AMOUNTS AND ILLEGAL APPROPRIATION OF THEM

At the **Ordinary General Shareholders` Meeting (AGO) number 34 on April 27th 1994**, equal dividends were declared to COMMON and B PREFERRED shares, on the amount of Cr\$ 0.39743722 (thirty nine cents, seventy-four one-thousandths, thirty-seven one-millionths and twenty-two one-billionths) per share, in disagreement with Law 6404/76 in article 17, III, §, 1º item II (**APPENDIX 63-A**) and the company`s bylaw in chapter III, article 8, §4 (**APPENDIX 43-A**).

Legislation is clear and logical when it points out to the existence of different classes of shares, which originate the power of decision at the company and thus get the smallest portion of revenue and the other class of share that does not have power of decision and therefore is the preferred one when it comes to the distribution of results and, according to the law and the principles of the company, is entitled to be paid at least 10% (ten percent) more than common shares are paid.

THIS IS HOW INTERESTS ARE BALANCED INSIDE THE COMPANY, AND IT IS BASED ON THESE PRINCIPLES THAT THE INVESTOR OPTS FOR A CERTAIN CLASS OF SHARES.

The decision was taken by the majority shareholder, who by that time was the holder of a 100% (a hundred percent) of the common shares, which means the majority shareholder ruled the company on its own. From this decision came two figures which were interpreted the following way:

- Return, by the majority shareholder, of the amount corresponding to the extra 10% (ten percent) paid to his own class share, the updated value is R\$ 28,991,469.00 (twenty-eight million, nine hundred ninety-one thousand, four hundred sixty-nine reais), in American dollars, **USD 18,505,980.47** (eighteen million, five hundred five thousand, nine hundred eighty dollars and forty-seven cents);
- Payment to minority shareholders of the extra 10% (ten percent) on the value paid at the time, which are corresponding to their class share, the updated value is R\$ 5.440.307,61 (five million, four hundred forty thousand, three hundred seven reais and sixty-one cents), in American dollars, **USD 3,472,684.55** (three million, four hundred seventy-two thousand, six hundred eighty-four dollars, fifty-five cents).

THE TOTAL AMOUNT OF THE FRAUD AGAINST SHAREHOLDERS AND THE MARKET, IS SUPERIOR TO USD 22 MILLION.

VI. 4. – w) ANALYSIS OF THE SHAREHOLDERS` DECISIONS REGISTERED ON THE MINUTES OF THE SHAREHOLDERS` MEETING NUMBER 38 ON APRIL 3RD 1998 – AS ON THE ITEM 3.1.9 OF THE AUDITORS` REPORT APPENDIX 45-B

USD 263.3 IN RESIDUAL AMOUNTS AND THE ILLEGAL APPROPRIATION OF THEM

At the Ordinary General Shareholders` Meeting (AGO) number 38 on April 3rd 1998, equal dividends were declared to COMMON and B PREFERRED shares, on the amount of Cr\$ 2.76 (two cruzeiros and seventy-six cents) per share, in disagreement with Law 6404/76 in article 17, III, §, 1º item II (APPENDIX 63-A) and the company bylaw in chapter III, article 8, §4 (APPENDIX 43-A).

Legislation is clear and logical when it points out to the existence of different classes of shares, which originate the power of decision at the company and thus get the smallest portion of revenue and the other class of share that does not have power of decision and therefore is the preferred one when it comes to the distribution of results and, according to the law and the principles of the company, is entitled to be paid *at least* 10% (ten percent) more than common shares are paid.

THIS IS HOW INTERESTS ARE BALANCED INSIDE THE COMPANY, AND IT IS BASED ON THESE PRINCIPLES THAT THE INVESTOR OPTS FOR A CERTAIN CLASS OF SHARES.

The decision was taken by the majority shareholder, who by that time was the holder of a 100% (a hundred percent) of the common shares, which means the majority shareholder ruled the company on its own. From this decision came two figures which were interpreted the following way:

- Return, by the majority shareholder, of the amount corresponding to the extra 10% (ten percent) paid to his own class share, the updated value is R\$ 358,506,064.79 (three hundred fifty-eight million, five hundred six thousand, sixty-four reais and seventy-nine cents), in American dollars, **USD 228,843,396.39** (two hundred twenty-eight million, eight hundred forty-three thousand, three hundred ninety-six dollars and thirty-nine cents);
- Payment to minority shareholders of the extra 10% (ten percent) on the value paid at the time, which are corresponding to their class share, the updated value is R\$ 67.276.408,17 (sixty-seven million, two hundred seventy-six thousand, four hundred eight reais and seventeen cents), American dollars, **USD 42,944,215.61** (forty-two million, nine hundred forty-four thousand, two hundred fifteen dollars and sixty-one cents).

THUS, AT THIS SHAREHOLDERS` MEETING THE TOTAL AMOUNT OF THE FRAUD AGAINST THE MARKET AND THE SHAREHOLDERS IS OF USD 263.3 MILLION DOLLARS.

VI. 4. – y) ANALYSIS OF THE SHAREHOLDERS` DECISIONS REGISTERED ON THE MINUTES OF THE SHAREHOLDERS` MEETING NUMBER 39 ON APRIL 6TH 1999 – AS ON THE ITEM 3.1.10 OF THE AUDITORS` REPORT APPENDIX 45-B

USD 327 USD 263.3 IN RESIDUAL AMOUNTS AND THE ILLEGAL APPROPRIATION OF THEM

At the 39th Ordinary General Shareholders` Meeting (AGO) number on April 4th 1999, approved partial withholding of dividends, which was later confirmed by the Extraordinary Shareholders` Meeting (AGE) number 125 on December 21st 1999, in the amount of R\$ 428,435,000.00 (four hundred twenty-eight million, four hundred thirty-five thousand reais), plus an equivalent to the undistributed amount of ACCRUED INTEREST of R\$ 128,805,000.00 (one hundred twenty-eight million, eight hundred five thousand reais).

Due to these undistributed dividends shares of other companies controlled by ELETROBRÁS were offered to shareholders who showed interest, as an accord and satisfaction agreement.

Adding the two values that were improperly taken by ELETROBRÁS` controller partner, against the interest of the minority shareholders and the holders of debentures, the result is: USD 327 Million dollars.

USD 327 MILLION DOLLARS IN RESIDUAL AMOUNTS AND THE ILLEGAL APPROPRIATION OF THEM

At the **58th Extraordinary General Shareholders` Meeting (AGE) on October 4th, 1983** the controller partner, amazingly, **pays to itself (in favor of itself) using undistributed dividends from 1980 and 1981.**

IT IS A TYPICALLY CRIMINAL PRACTICE, THE CRIME OF INADEQUATE APPROPRIATION (STEALING), SIMPLY A “FRAUD AGAINST THE SHAREHOLDERS”.

The proportion of the payment was: **4,060,871,625 common shares and 29,440,386 preferred B shares, each of them costing Cr\$ 36.78 (thirty-six cruzeiros and seventy-eight cents).**

THIS IS A DRASTIC EXAMPLE OF ACCRUAL AND USE OF THE DIVIDENDS IN DETRIMENT OF THE MINORITY SHAREHOLDERS.

THE USE OF THE UNDISTRIBUTED DIVIDEND IN THIS CLASS IS RATHER CLEAR.

These figures must be updated according to the criteria applied for the period between April 20TH 1988 and December 31ST 1995 (IGPD/FGV – this is the acronym for the official annual interest rate) 100%, on an *pro-rata* (equally proportional) distribution from the first to the last month of the year. From January 1ST 1996, SELIC rate (this is the financial interest) (100%), whole correction on the first and the last months, all the inflation updates and corrections and the legal interest of 6% and 12% yearly.

The financial result to be refunded by the company and by the controller partner in favor of the minority shareholders and the holders of debentures/bearer bonds that are unconverted in shares since their due date amounts to R\$ 23,215 (twenty three billion two hundred and fifteen million reais – nowadays Brazilian currency), according to the sampling and studies carried out on part of ELETROBRAS accounting books and minutes of shareholders meetings.

IN THE CALCULATION THAT LED TO THIS NUMNBER IT WAS NOT CONSIDERED THE SHORT TERM LIABILITIES OF THE SHARES AND DIVIDENDS OWED TO THE HOLDERS OF ELETROBRAS DEBENUTURES/BEARER BONDS – EVEN IF STRANGELY – THE NORTH AMERICAN/CANADIAN COMPANY NAMED BRANDES, THAT CLAIMS TO HAVE 8.5% OF THE ORDINARY SHARES WITH THE RIGHT TO VOTE – [APPENDIX 62-A](#)

VI. 4. – a.1) [ANALYSIS OF THE SHAREHOLDERS' DECISIONS REGISTERED ON THE MINUTES OF THE ORDINARY SHAREHOLDERS' MEETING NUMBER 70 ON APRIL 21ST 1988 – AS ON THE ITEM 3.1.12 OF THE AUDITORS' REPORT \[APPENDIX 45-B\]\(#\)](#)

USD 1.6 BILLION DOLLARS IN RESIDUAL AMOUNTS AND THE ILLEGAL APPROPRIATION OF THEM

At the **70th Ordinary General Shareholders` Meeting (AGO) on April 21ST 1988**, it was voted, decided and recorded on the minutes the payment of capital by Federal Government of Cz\$ 11,000,000,000.00 (eleven billion cruzados – Brazilian currency at that time) **done with funds from dividends from previous fiscal years which were not distributed to the other shareholders.**

Similarly to other decisions, the majority shareholder adds, on its own benefit, to the capital increase amounts which were not paid to the other shareholders.

As in the criteria established in the rest of capital increases done at the company, use of the book value per share as at the date of the last balance sheet (June 6th 1987), that is, Cz\$ 3,799.12 (three thousand, seven hundred ninety-nine cruzados and twelve cents).

The financial result is the following:

The updated value of the destination to share capital, of unpaid dividends by majority shareholder, **R\$ 2,561,456,139.99** (two billion, five hundred sixty-one million, four hundred fifty-six thousand, one hundred thirty-nine reais and ninety-nine cents), in American dollars, **USD 1,641,959,064.09** (one billion, six hundred million, nine hundred fifty-nine thousand, sixty-four dollars and nine cents).

NOTE: INCLUDED IN THE AMOUNTS TO BE RETURNED BY THE MAJORITY SHAREHOLDER AND IN THE PARTICIPATION SPREADSHEET TO BE REFUNDED BY MAJORITY SHAREHOLDERS.

VI. 4. – b.1) ANALYSIS OF THE SHAREHOLDERS' DECISIONS REGISTERED ON THE MINUTES OF THE ORDINARY SHAREHOLDERS' MEETING NUMBER 73 ON APRIL 29TH 1988 – AS ON THE ITEM 3.1.13 OF THE AUDITORS' REPORT APPENDIX 45-B

USD 1.2 BILLION DOLLARS IN RESIDUAL AMOUNTS AND THE ILLEGAL APPROPRIATION OF THEM

At the 73rd Extraordinary General Shareholders' Meeting (AGE) on September 29th 1988 - **the shareholders Federal Government and CEF (Federal Savings and Loan Bank) and the controller partner illegally subscribe with minority shareholders unpaid dividends in years 1982,1983, 1984 and 1986.**

The controller partner of ELETRORBRAS, the **Brazilian Central Government** **acquired to itself dividends to the value of Cz\$ 38,112,605,236.01** (thirty eight billion, one hundred twelve million, six hundred five thousand, two hundred thirty-six cruzados and one cent).

The partner named CAIXA ECONÔMICA FEDERAL (Federal Brazilian Bank for Loans and Savings), **acquired to itself dividends to the amount of Cz\$ 284,298,211.02** (two hundred eighty-four million, two hundred ninety-eight thousand, two hundred eleven cruzados and two cents).

It is important to mention that shareholder CAIXA ECONOMICA FEDERAL is also defined as a controller partner of ELETRORBRAS.

So, the payments to capital made by one or the other partner that were made illegally, approved by a meeting and recorded on the minutes was to the detriment of the minority shareholders, that did not receive the herein mentioned dividends and that could not use the values that they had the right to, so as to increase their participation the company's capital.

THE SAME ESTRATEGY OF THE PREVIOUS SHAREHOLDERS MEETINGS WAS REPEATED ON THIS ONE: THE DIVIDENDS ARE NOT PAID AND THE MAJORITY SHAREHOLDER ACQUIRES TO ITSELF THESE VALUES FIRSTLY SENDING THEM TO A RESERVE ACCOUNT OR TO THE COMPANIES CAPITAL RESERVES.

The financial result is the following:

Updated value of the Brazilian Central Government's subscription made with unpaid dividends in previous fiscal years is **R\$ 1,828,557,139.46** (one billion, eight hundred twenty-eight million, five hundred fifty-seven thousand, one hundred thirty-nine reais and forty-six cents – nowadays Brazilian currency), **in US dollars, USD 1,172,152,012.47** (one billion, one hundred seventy-two million, one hundred fifty-two thousand, twelve dollars and forty-seven cents). Updated value of subscription made by shareholder CEF with unpaid dividends in previous fiscal years is R\$ 13,639,989.14 (thirteen million, six hundred thirty-nine thousand, nine hundred eighty-nine reais and fourteen cents), in American dollars, **USD 8,743,582.78** (eight million, seven hundred forty-three thousand, five hundred eighty-two dollars and seventy-eight cents).

VI. 4. – c.1) ANALYSIS OF THE SHAREHOLDERS' DECISIONS REGISTERED ON THE MINUTES OF THE ORDINARY SHAREHOLDERS' MEETING NUMBER 87 ON NOVEMBER 21ST 1990 – AS ON THE ITEM 3.1.14 OF THE AUDITORS' REPORT APPENDIX 45-B

USD 4.6 BILLION DOLLARS IN RESIDUAL AMOUNTS AND THE ILLEGAL APPROPRIATION OF THEM

At the 87th Extraordinary General Shareholders' Meeting (AGE) on November 21st 1987, on the minutes of this meeting it is stated that the Federal Government, as majority shareholder, pays out dividends to itself, from the **undistributed dividends special account in the year 1989**, as a "reversing entry", based upon the Extraordinary Shareholders' Meeting (AGE) on April 17th 1990 adjustment agreement, and the payment of dividends of year 1989 was not cancelled. This decision was taken with no legal grounds or technical support whatsoever.

The amount paid out is of a lesser amount to what was proposed as a minimum dividend, it did not make sense to withdraw from **Special Reserve for Undistributed Dividends** only what was entitled to the Federal Government, nevertheless, this is what happened.

The controller partner decided to pay to itself Cr\$ 162,912,848.90 (one hundred sixty-two million, nine hundred twelve thousand, eight hundred forty-eight cruzeiros and ninety-cents). This means **USD 4.6 BILLION** should be returned to the company and to the minority shareholders, considering the exchange rate of one US dollar for R\$ 1.68 (nowadays Brazilian Currency).

VI. 4. – d.1) THE DIVIDENDS – ON THE DISTRIBUTION OF DIVIDENDS – ACCORDING TO THE ITEM 3.2 OF THE AUDITORS REPORT APPENDIX 45 - B

On this item it is analyzed the distortion caused by the participation in the company's capital and in its results, by order of only person, that was the only shareholder when it was created and that remained a majority shareholder until the present date – creating several situations of “**conflict of interests**”.

It is important to mention that the auditing work made by the Auditors and Economists and written down on the REPORT (**APPENDIX 45-B**) at the APPENDIX 45-B, does not cover completely all the illegal acts committed by the controller partner of ELETROBRAS, which were also covered by the Brazilian securities and exchange commission (CVM), auditors, audit companies, fiduciary agents, among other ones involved directly or indirectly with companies and businesses linked to the ELETROBRAS GROUP and related to the CONTROLLER PARTNER and its banks BANCO BNDES and BNDESPAR.

There are so many management act that are totally against the rules of accountancy and the public companies rules that these crimes are of many types: company crimes, financial crimes and tax/fiscal crimes.

The worst about all of this is the fact that the sampling collected and examined on the APPENDIX 45-B does not cover 100% of the management decisions and acts of the ELETROBRAS GROUP, it covers only an important part of them, but still only a part of the whole contend.

The AUDITORS`REPORT (APPENDIX 45-B) describe enough facts to justify the intervention of this HONORABLE COURT OF LAW, of the National General Attorney and of the market, as one cannot count on the impartiality of the Brazilian Securities and Exchange Commission (CVM)

Once more it is important to state that the CRIMES listed below have been practiced with the cooperation, omission, voluntary action, lack of caution, neglect, advantage on the benefits from the illegal activity taken by directors, members of the management council, accountants, lawyers, auditors, audit companies, fiduciary agents, CVM's staff and board among other people involved in the management actions and businesses of the ELETROBRAS GROUP, its controller partner and other banks, business groups, pension funds, official institutions directly or indirectly related by action or omission or for taking part in the results from the crimes that are financed and controlled by the controller partner.

VI. 4. – e.1) UNCOMPLETE LIST OF THE CRIMES

- (1) **Capital payments (stealing);**
- (2) **Illegal payment of dividends paid exclusively to the controller partner and to the banks owned by the controller partner, Pagamento to the detriment of the other shareholders and to the detriment of the company`s liabilities;**
- (3) **Several advance payments and capital increases, also paid contrarily to the Law as these payments did not preserve the rights of the “preferred shareholders” or the minority shareholders;**
- (4) **“*Stricto Sensu*” formal and material disrespect to the legal prohibition to the public companies to make the payment of dividend, capital advance payments and the formation of reservers for the partial increase of capital, while ther are unpaid dividends and liabilities to shareholders or holders of debentures.**

In the ELETROBRAS case the illegal actions are identified as typically being “**CRIMES**”.

These crimes are made worse because there is no comment on them from the auditors, of the Brazilian Securities and Exchange Commission (CVM) and the fiduciary agents. Not even the banks that invest billions of dollars on ELETROBRAS make any comment or warning on these illegal decisions and activities.

This accumulation of management illegalities indicate there is ARBITRARY, REPETITIVE and UNDISCLOSED criminal activity that is not being overseen by the market regulation entities; the clear intention

of the controller partner to only strengthen its own privileged position, at any cost or consequence, is also not overseen.

The evaluation and research about these criminal activities has not gone further because it is necessary the participation of this HONORABLE COURT OF LAW, the Brazilian Federal General Attorney, the Superior Electoral Court as well as the technicians and auditors from the US Securities and Exchange Commission (SEC), the auditors and technicians from the Basel Committee (BIS), the technicians and evaluators from the World Trade Organization (WTO), the technicians and agents from the FBI, the auditors from the PCAOB, so we can have access to all these documental proofs that are now being hidden by the POLITICAL, ECONOMIC and FINANCIAL CENTER OF POWER/DECISION described in the [APPENDIX 02](#). Without the participation of these authorities there is no “police control” powerful enough to overcome the institutional difficulties that prevent the free access to all these DATE and documents that may show everybody the real financial and criminal size of these activities in the Brazilian territory and foreign territory.

VI. 4. – f.1) **COLLECTION AND ISSUING OF THE BEARER BONDS/DEBENTURES – AS ON THE ITEM 4.1 OF THE AUDITORS REPORT, APPENDIX 45-B**

On this topic of the auditors’ report the issuing of BEARER BONDS/DEBENTURES⁵ given to the controller partner as payment for the increase in the company’s capital is evaluated accordingly to what was decided and voted on the Shareholders meeting.

The juridical importance of this fact is about the special circumstance involving the BEARER BONDS/DEBENTURES⁶ that ended up being used by the ELETROBRAS controller partner itself so as to pay (payment warranty) or informal “lending” in payment for a private loan that was mandatorily “taken” from taxpayers. This controller partner used its control position in the company to benefit itself in an operation in which the shares and dividends that should have been given to the holders of ELETROBRAS` BEARER BONDS/DEBENTURES were given or paid to them.

VI. 4. – g.1) **COMPULSORY LOAN – ACCORDING TO THE ITEM 4 OF THE AUDITORS REPORT – APPENDIX 45-B**

The so-called “compulsory loan”, that has been indicated under the name “compulsory loan” in many of the minutes of the shareholders meetings brings about four (4) juridical relationships:

First juridical relationship – between the company and its controller partner, its originated in the fact that the controller partner has increased its capital in the company using the money from the Compulsory Loan taken from the taxpayers;

Second juridical relationship – between the controller partner and the company – is about the issuing of DEBENTURES/BEARER BONDS convertible in preferred shares classes A and B, whose objective was to give these shares (as they ended up really being given) to the controller partner as payment for the increase in capital that was made with the reserves obtained from the so-called “compulsory loan” taken from the taxpayers;

Third juridical relationship – between ELETROBRAS` controller partner and others (private creditors from outside the company) – corresponds to the fact that the controller partner after having received the BEARER BONDS/DEBENTURES, even before the due date, gave these DEBENTURES to third parties as payment warranty for the “compulsory loan”, ending this way its own debt, a debt that did not belong to the company;

Fourth Juridical Relationship comes from the fact that new shareholders came into the company as owners of DEBENTURES/BEARER BONDS having the right for preferred shares A and B.

In the first place, these operations (the abovementioned “**juridical relationships**”) are extremely important for ELETROBRAS firstly because they are convertible in BEARER BONDS/DEBENTURES as stated on the minutes of the Shareholders Meetings – **thousands of preferred shares A and B, this fact alone changes the distribution of the company ownership (%) among the shareholders.**

⁵ ibidem nota 187

⁶ ibidem nota 187

In the second place, these conversions of bonds did not result in the adequate transferring of shares to the holders that had the right to receive them.

In the third place, these BEARER BONDS/DEBENTURES are subjected to composed remuneration since their issuing, interest from the agreement, losses, monetary correction, inflation correction, market “SELIC” interest rate, properly decided for on the Shareholders` Meetings.

In the fourth place, the conversions and the payment of bonds on the due date represented liabilities that amounted to billions of dollars. These liabilities were not recorded on balance sheets. When they were registered by the accountancy they were improperly registered as “Reserves” and after this, in an even more illegal action, they were converted in capital for the company in favor only of the controller partner and the partners named BNDES and BNDESPAR, which are banks that are also owned by the same controller partner of ELETROBRAS (**APPENDIX 02**).

It is worth emphasizing that the compulsory loan’s refunds system was expected to “receive interests as of the first day of the fiscal year following the one with the Government tax collection”, and its unadjusted refund as of July of the same year, which devoured the taxpayers’ receivables.

However, Eletrobrás had been considering, in the explanatory notes of its patrimonial and financial statements that compulsory loan had already been made subscribed by the taxpayers and that they are shareholders of the company.

In evident fraudulent activity the company later pronounced a statement saying that all obligations had already been collected and there were no more reasons for the conversion into shares, nonetheless they are valid.

In addition to this, regardless of a legal trial, the company also claimed in these same financial statements **that the obligations/bonds that were issued but not converted into preferred shares were considered lapsed for the creditors,** but valid to create rights in favor of the controller partner that took the shares and credits from the holders of debentures, transforming the value in “reserves” and, later, in “capital advance payments, exclusively in favor of the controller partner and its partners BNDES and BNDESPAR.

The FRAUD is so big that the results from it were also fraudulent.

The gains from the illegal appropriation scheme were also deviated in favor of the controller partners, bringing harm to the other shareholders.

Some were stolen on behalf of the company, and later, the company was stolen on behalf of some partners. Technical and factual interpretation from the Auditors` Report at the item 2.5.

It is also necessary to point out that many consumers exchanged their “electric bills” with embedded tax, for money at the subsidiaries’ cashiers and as we can clearly notice on the minutes of the Extraordinary General Shareholders Meeting (AGE) number 45 on June 5th 1978, page 2 “1.COMPLEMENTARY ISSUE OF OBLIGATIONS/BONDS in 1973”.

Finance Department studies, based upon the current balance of obligations/bonds regarding 1973 issues and individualized surveys with consumers at Exchange Stations (underlined by us), show the necessity of a complementary emission of obligations regarding the year of 1973, at the sum of Cr\$ 4.890.000,00 (four million, eight hundred ninety thousand cruzeiros)” and that these amounts, are never shown reducing the amounts of bonds/obligations` issuing.

By Decree Law number 1.512 on December 28th 1976, the obligations’ issued were banned from the compulsory loan, and exchanging them for “booked debts”. The collection in 1977, due to the law change, does not appear, for it is built-in in the year of 1978 accounting figures.

VI. 4. – h.1) CHART ON THE ISSUING OF BEARER BONDS/DEBENTURES – ACCORDING TO THE ITEM 4.2 ON THE AUDITORS' REPORT – APPENDIX 45-B**SO AS TO MAKE IT EASIER TO SEE THE VALUES AND AMOUNTS INVOLVED**

COMPULSORY LOAN ANNUAL COLLECTION			OBLIGATIONS/ BONDS ISSUES		
1964	Cr\$	32.494.633,00	1965	Cr\$	30.000.000,00
1965	Cr\$	97.955.535,00	1966	Cr\$	107.500.000,00
1966	Cr\$	163.682.085,00	1967	Cr\$	160.000.000,00
1967	NCr\$	135.245.922,00	1968	NCr\$	140.000.000,00
1968	NCr\$	200.536.911,00	1969	NCr\$	460.000.000,00
1969	NCr\$	267.510.000,00	1970	NCr\$	510.000.000,00
1970	Cr\$	510.000.000,00	1971	Cr\$	765.000.000,00
1971	Cr\$	727.597.503,00	1972	Cr\$	745.000.000,00
1972	Cr\$	745.000.000,00	1973	Cr\$	1.070.000.000,00
1973	Cr\$	1.070.000.000,00	1973	Cr\$	4.800.000,00
1974	Cr\$	1.400.064.911,66	1974	Cr\$	1.400.063.360,00
1975	Cr\$	2.241.441.450,17	1975	Cr\$	2.241.441.452,88
1976	Cr\$	3.293.699.097,81	1976	Cr\$	3.602.837.725,96
Amount	Cr\$	10.885.228.048,64		Cr\$	11.236.642.538,84
1978	Cr\$	7.362.404.000,00			
1979	Cr\$	11.248.647.000,00			
1980	Cr\$	21.883.922.000,00			
1981	Cr\$	44.491.129.000,00			
1982	Cr\$	99.119.004.000,00			
1983	Cr\$	185.168.320.000,00			
1984	Cr\$	642.364.459.000,00			
1985	Cr\$	Not identified			
1986	Cz\$	6.267.097.000,00			
1987	Cz\$	14.026.000,00			
1988	CZ\$	113.222.000,00			
1989	Ncz\$	1.366.467.000,00			
1990	Cr\$	37.003.981.000,00			
1991	Cr\$	223.015.537.000,00			
1992	Cr\$	2.602.087.000,00			
1993	CR\$	42.625.356.000,00			

VI. 4. – i.1) SHAREHOLDERS PERCENTAGE OF CAPITAL AND THE CAPITAL EVOLUTION OF ELETROBRAS – ACCORDING TO THE ITEM 5 ON THE AUDITORS – APPENDIX 45-B
TOTAL CAPITAL PARTICIPATION PERCENTAGE

SHAREHOLDER	1961	1968	1977	1982	1989	1993	1996	2001	2003	2007
Federal Gov.	100,00	99,77	99,66	91,67	53,93	47,53	48,23	52,45	52,45	46,38
BNDENPAR	-	-	-	8,02	21,90	21,14	19,04	12,82	12,30	11,84
FND	-	-	-	-	12,13	7,78	7,76	4,24	4,24	4,04
CEF	-	-	-	-	1,36	0,83	-	-	-	-
FGP	-	-	-	-	-	-	-	-	-	3,54
Others (< 1%)		0,23	0,34	0,31	10,68	22,72	24,97	30,49	31,01	34,20

SHAREHOLDERS QUANTITY AND PARTICIPATIONS (March 31st 2008)

Shareholder	Ordinary	%	Pref A	%	Pref. B	%	Total	%
Fed. Govnmt.	488.656.241	53,99	-	-	35.191.002	15,69	523.847.243	46,38
BNDENPAR	133.757.950	14,78	-	-	-	-	133.757.950	11,84
FND	45.621.589	5,04	-	-	-	-	45.621.589	4,04
FGP	40.000.000	4,42	-	-	-	-	40.000.000	3,54
Others (< 1%)	196.987.747	21,77	146.920	100,00	189.137.053	84,31	386.271.720	34,20
Total	905.023.527	100,00	146.920	100,00	224.328.055	100,00	1.129.498.502	100,00

CAPITAL EVOLUTION

		AMOUNT OF SHARES	VALUE
MINUTES N°	DATE	ORDINARY	
AGO 28	April 25th 1989	137.406.778	4.379.700.961,29
		PREF.A	
		36.730	1.170.731,30
		PREF.B	
		21.290.795	678.622.384,47
	Sub-total	158.734.303	5.059.494.077,06
		Illegal increase to the company's capital through the payment of Monetary Correction, there could not be increase of capital in favor of the controller partner because there was liability of unpaid dividends to shareholders. Ncz\$ 3.969 million.	

		AMOUNT OF SHARES	VALUE
MINUTES N°	DATE	ORDINARY	
AGE 79	21/dec/89	137.419.475	4.388.500.236,23
		PREF.A	
		36.730	1.170.731,30
		PREF.B	
		21.292.765	679.987.633,87
	Sub-total	158.748.970	Ncz\$ 5.069.658.601,40
		Increase in capital of 456,282 ordinary shares of "Nuclebras".	
		Ncz\$ 10.164.594,11	

		AMOUNT OF SHARES	VALUE
MINUTES Nº	DATE	ORDINARY	
AGO 29	17/april/90	137.419.475	69.292.198.535,96
		PREF.A	
		36.730	18.520.682,40
		PREF.B	
		21.292.765	10.736.633.215,63
	Sub-total	158.748.970	80.047.352.433,99
		Increase in the company's capital, monetary correction added Cr\$ 74.977.694	

		AMOUNT OF SHARES	VALUE
MINUTES Nº	DATE	ORDINARY	
AGE 82	26/april/90	137.419.475	69.292.198.535,96
		PREF.A	
		36.730	18.520.682,40
		PREF.B	
		25.779.512	12.999.030.522,91
	Sub-total	163.235.717	Cr\$ 82.309.749.741,27
		Increase of the capital, issue of 4.486.747 preferred shares, and illegal conversion of credits.	
		Compulsory Loan from 1986 and 1987, updated until Dec 31st 1989.	

		Amount of shares	VALUE
MINUTES Nº	DATE	ORDINARY	
AGE89/90	10/april/91	137.419.475	69.292.198.535,96
		PREF.A	
		36.730	18.520.682,40
		PREF.B	
		25.780.682	12.999.120.905,14
	Sub-total	163.236.887	82.309.840.123,50
		Increase of capital, issue of 1170 ordinary shares and 219 preferred shares B.	
		Conversion of 1 debenture.	

		AMOUNT OF SHARES	VALUE
MINUTES Nº	DATE	ORDINARY	
AGO 30	10/april/91	137.419.475	641.615.844.233,17
		PREF.A	
		36.730	171.493.523,45
		PREF.B	
		25.780.682	120.370.813.862,72
	SUB-TOTAL	163.236.887	762.158.151.619,34

UNFOLDING IN SHARES			
		AMOUNT OF SHARES	AMOUNT OF UNFOLDED SHARES
MINUTES N°	DATE	ORDINARY	
AGE 84	15/may/90	137.419.475	13.741.948.670
		PREF.A	
		36.730	3.673.000
		PREF.B	
		25.779.512	2.577.951.200
	SUB-TOTAL	163.235.717	Cr\$ 16.323.573.089
Unfolding of the amount of shares to the proportion of 99 for each owned share.			

		AMOUNT OF SHARES	VALUE
MINUTES N°	DATE	ORDINARY	
AGE 91	06/june/91	27.483.897.340	1.283.240.886.155,36
		PREF.A	
		7.346.000	342.989.476,10
		PREF.B	
		5.155.902.838	240.732.427.607,23
	SUB-TOTAL	32.647.146.178	1.524.316.303.238,68
Conversion of shares, for each owned share, multiply 99 and after one more bonus.			

		AMOUNT OF SHARES	VALUE
MINUTES N°	DATE	ORDINARY	
AGE 92	18/september/91	27.483.905.587	1.283.242.408.972,15
		PREF.A	
		7.346.000	342.989.476,10
		PREF.B	
		5.155.904.387	240.732.713.632,00
	SUB-TOTAL	32.647.155.974	1.524.318.112.079,88
		AMOUNT OF SHARES	VALUE

MINUTES N°	DATE	ORDINARY	
AGE 93/94	05/december/91	27.603.174.787	1.323.197.590.972,00
		PREF.A	
		7.346.000	342.989.476,10
		PREF.B	
		5.178.310.837	248.238.874.382,00
	SUB-TOTAL	32.788.831.624	1.571.779.454.829,88
		Debentures payment	
		AMOUNT OF SHARES	VALUE

MINUTES Nº	DATE	ORDINARY	
AGO 32	14/april/92	27.603.174.787	9.232.935.486.983,00
		PREF.A	
		7.346.000	2.463.504.957,06
		PREF.B	
		5.175.219.295	1.735.526.597.756
	SUB-TOTAL	32.714.535.098	10.970.925.589.696,00
<p>Register 32, with difference at stocks quantity and value of the balance at the capital account, Cr\$ 1.546.890.118.619,88 , is different from AGE Register before the year 1991.</p> <p>Stocks quantity as showed at the records: Common: 27.603.174.787, Pref A: 7.346.000 e Pref B: 5.178.310.837.</p>			

		AMOUNT OF SHARES	VALUE
MINUTES Nº	DATE	ORDINARY	
AGO 32	14/april/92	27.682.558.748	9.323.871.660.767,00
		PREF.A	
		7.346.000	2.474.235.197,82
		PREF.B	
		5.193.224.262	1.749.150.321.155
	SUB-TOTAL	32.883.129.010	11.075.496.217.119,90
<p>AGE 96 begins with incompatible capital residual as the value from the previous meeting.</p> <p>Probably made an "inside" adjustment of the difference before.</p>			

		AMOUNT OF SHARES	VALUE
MINUTES Nº	DATE	ORDINARY	
AGE 99	03/12/92	33.219.106.351	11.986.890.154.009,70
		PREF.A	
		7.346.000	2.474.235.197,82
		PREF.B	
		6.231.875.849	2.248.730.312.508,15
	SUB-TOTAL	39.458.328.200	14.238.094.701.715,70

		AMOUNT OF SHARES	VALUE
MINUTES Nº	DATE	ORDINARY	
AGO 33	03/12/92	33.219.106.351	120.147.528.423.025,00
		PREF.A	
		7.346.000	26.569.159.762,15
		PREF.B	
		6.231.875.849	22.539.573.243.936,80
	SUB-TOTAL	39.458.328.200	142.713.670.826.724,00
<p>Illegal increase to the company's capital through the payment of Monetary Correction, there could not be increase of capital in favor of the controller partner because there was liability of unpaid dividends to shareholders.</p>			

		AMOUNT OF SHARES	VALUE
MINUTES Nº	DATE	ORDINARY	
AGE 101	02/07/93	43.731.952.634	147.586.024.253.594,00
		PREF.A	
		7.346.000	26.569.159.762,15
		PREF.B	
		8.206.389.142	27.693.046.746.635,80
	SUB-TOTAL	51.945.687.776	175.305.640.159.992,00
		Debentures Conversion	

		AMOUNT OF SHARES	VALUE
MINUTES Nº	DATE	ORDINARY	
AGE 122	16/06/99	452.511.763.550	17.352.962.561,68
		PREF.A - 73.460.000	2.817.050,81
		PREF B - 84.917.297.330	3.256.416.296,99
	SUB-TOTAL	537.502.520.880	20.612.195.909,48
			VALUE Conversão
		Payment of R\$ 6,180,723,350.95 in excess of profit reserves until the first quarter of 1999 and even though there is no payment for the unpaid dividends what makes the whole payment operation illegal.	

		AMOUNT OF SHARES	VALUE
MINUTES Nº	DATE	ORDINARY	
AGE 139	16/05/03	452.511.763.550	17.498.607.525,29
		PREF.A	
		73.460.000	2.840.694,57
		PREF B	
		84.917.297.330	3.283.747.689,64
	SUB-TOTAL	537.502.520.880	20.785.195.909,50
			CONVERSION VALUE
		Payment of R\$ 173.000.000,00 using the accounting account "excess of profit reserve". The operation is illegal because it does not take in to consideration there are unpaid dividends to shareholders, as well as there are liabilities to the holders of debentures that are due and unpaid.	

		AMOUNT OF SHARES	VALUE
MINUTES Nº	DATE	ORDINARY	
AGE 143	30/06/05	452.511.763.550	17.498.607.525,29
		PREF.A	
	73460000	73.460.000	2.840.694,57
		PREF B	
		112.164.027.375	4.337.377.393,44
	SUB-TOTAL	564.749.250.925	21.838.825.613,30
			CONVERSION VALUE
		Compulsory loan conversion R\$ 1,053,629,703.82 preferred B stocks.	

		AMOUNT OF SHARES	VALUE	
MINUTES Nº	DATE	ORDINARY		
AGE 144	30/06/05	452.511.763.550	19.419.233.646,27	
		PREF.A		
		73.460.000	3.152.485,79	
		PREF B		
		112.164.027.375	4.813.442.720,72	
	SUB-TOTAL	564.749.250.925	24.235.828.852,78	
			CONVERSION VALUE	
		Reserves incorporation of R\$ 2.397.003.239,48 ; ratifies decision on the minutes of the AGO 45 and AGE 142.		

		AMOUNT OF SHARES	VALUE	
MINUTES Nº	DATE	ORDINARY		
AGO 48	30/04/08	905.023.527	19.419.233.646,27	
AGE 151	30/04/08			
		PREF.A		
		146.920	3.152.485,79	
		PREF B		
		227.186.643	5.015.817.482,47	
	SUB-TOTAL	1.132.357.090	24.438.203.614,53	US\$ 15.565.734.786,32
			CONVERSION VALUE	
		Illegal incorporation of credits registered as appropriated to the RESERVES account. The illegality comes from the origin and destination given to these credits. They should have been used for the payment of debentures/bonds still in the market. The most illegal of all is the fact that these reserves were converted inadequately in favor of the controller partner and in favor of BNDES, into Preferred Shares B, harming the other shareholders and holders of debentures.		
		IT ALL ABOUT THE STEALING OF THE COMPANY'S CAPITAL		
		R\$ 202374761,75.		
		Difference between the MINUTES, definitions of the bylaws do not match the Shareholders meetings' MINUTES		

VI. 4. – j.1) VALUES APROPRIATED BY THE MAJORITY PARTNER TO BE REFUNDED BY THE MAJORITY PARTNER – ACCORDING TO THE ITEM 6.3 ON THE AUDITORS' REPORT APPENDIX 45-B

MINUTES	DATE	UPDATED VALUE (R\$)	UPDATED VALUE (US\$)
AGO 18	22/april/80	1.858.071.776,31	1,183,485,207.84
AGO 20	30/ april /82	43.335.912,78	27,779,431.27
AGO 20	30/ april /82	823.382.209,69	527,809,108.78
AGO 24	17/ april /85	96.538.970,70	61,883,955.58
AGO 24	17/ april /85	80.567.673,00	51,645,944.24
AGO 25	02/ april /86	91.616.464,62	58,481,083.09
AGO 23	18/march/85	58.584.347,18	37,395,855.47
AGO 31	25/ april /91	23.533.535,27	15,022,044.73
AGO 34	27/ april /94	29.991.469,00	18,505,980.47
AGO 35	26/ april /95	69.443.314,72	44,327,406.31
AGO 38	03/ april /98	358.506.064,79	228,843,396,39
AGE 70	21/january/88	2.561.456.139,99	1,641,959,064.09
AGE 73	29/september/88	1.828.557.139,46	1,172,132,012.47
AGE 73	29/september/88	13.639.989,14	8,743,582.78
Total		7.937.225.006,65	5,078,014,073.51

VI. 4. – k.1) UNDISTRIBUTED DIVIDENDS – ACCORDING TO THE ITEM 6.4 OF THE AUDITORS' REPORT APPENDIX 45-B

Base date December
31st, 1979.

	UNPAID VALUE	UPDATED VALUE R\$	Interest 6% yearly (R\$)	Total R\$	Total US\$	MINUTES
1979	Cr\$ 7.213.546.429,08	1.983.105.661,17	3.401.356.726,52	5.384.462.387,69	3.451.578.453,65	18
1980	Cr\$ 2.730.910.000,00	356.868.919,36	569.324.882,69	926.193.802,05	593.713.975,67	19
1981	Cr\$ 13.882.833.000,00	928.651.396,29	1.481.353.752,32	2.410.005.148,61	1.544.875.095,26	20
1982	Cr\$ 9.741.388.000,00	326.534.386,37	501.284.705,48	827.819.091,85	530.653.264,01	21
1983	Cr\$ 17.010.336.000,00	183.413.432,04	270.565.381,16	453.978.813,20	291.012.059,74	22
1984	Cr\$ 115.377.826.000,00	384.562.212,46	544.219.624,33	928.781.836,79	595.372.972,30	24
1989	NCz\$ 162.912.848,90	89.948.831,04	100.307.938,08	190.256.769,12	121.959.467,38	29
1996	R\$ 458.592.000,00	1.413.518.121,60	982.630.680,87	2.396.148.802,47	1.535.992.822,10	37
1998	R\$ 428.435.000,00	1.117.786.915,00	642.913.773,94	1.760.700.688,94	1.128.654.287,78	39
Totais		6.784.389.875,33	8.493.957.465,39	15.278.347.340,72	9.793.812.397,90	

* The rate used is the IGPDI, until December 31st, 1995; from then on the SELIC rating is used for the monetary correction. The interest is 6% yearly.

* U.S. Dollar/Real exchange rate on July 31st, 2008 - R\$ 1.5666.

VI. 4. – l.1) TOTAL AMOUNTS RESEARCHED FOR THE VALUES – ACCORDING TO THE ITEM 6.5 OF THE AUDITORS' REPORT APPENDIX 45-B

MINUTES	ORDINARY SHARES	Shares Preferenciais
Shares to be returned to the Controller Partner	8,9232	3,5653
	Updated VALUE R\$	Updated VALUE US\$
Credits shared with the minority shareholders	1.825.228.743,86	1,162,566,078.89
Appropriated values to be returned by the majority shareholders	7.937.225.006,65	5,078,014,073.51
Undistributed dividends	15.278.347.340,72	9,793,812,397,90
Totals	25.040.801.091,23	16,034,392,550.30

The total VALUE represented by the item “CREDITS IN PARTICIPATION TO THE MINORITY”, which means that the total value of it should be distributed, remaining the value of **R\$ 23.215.572.347,37** (twenty three billion, two hundred fifteen million, five hundred seventy two thousand, three hundred forty seven reais and thirty seven cents) (**USD 14,871,826,471.41** - Fourteen billion, eight hundred seventy one million, eight hundred twenty six thousand, four hundred seventy one dollars and forty one cents) to be refunded.

VI. 4. – m.1) NOTES – ACCORDING TO THE ITEM 7 OF THE AUDITORS REPORT – APPENDIX 45-B

On December 31st, 2007 the patrimonial value of each share was **R\$ 70.79** (seventy reais and seventy-nine cents) on December 31st, 2006 it was **R\$ 68.91** (sixty eight reais and ninety-one cents) per group.

Eletrobras' shares, which are traded via ADRs Level I, are being traded in the proportion of 1(one) ADR to 500 (five hundred) shares, and in the Latin American Exchange Market in Euro (LATIBEX), in the same proportion of 500 shares.

Out of the total number of **shares held by minority stockholders, 64%** (sixty-four percent), that is, **247,205,522** (two hundred forty-seven million, two hundred five thousand, five hundred fifty-two) shares are owned by non-resident investors, 140,085,932 (one hundred forty million, eighty-five thousand, nine hundred thirty-two) of which are common shares, and 27 (twenty-seven) preferred A shares and 107,151,081 (one hundred seven million, one hundred fifty-one thousand, eighty-one) preferred B shares.

Out of the total of non-residents' share participation, 89,507,374 (eighty-nine million, five hundred seven thousand, three hundred seventy-four) common shares and 27,740,069 (twenty-seven million, seven hundred forty thousand, sixty-nine) preferred B shares are under custody, guaranteeing American Depository Receipts program – ADR, Level I.

Share capital value on December 31st 2007 was **R\$ 24,235,828 million** (twenty-four billion, two hundred thirty-five million, eight hundred twenty-eight reais) in no par value shares.

Class A preferred shares (subscribed until June 23rd 1969) have a minimum value of annual dividends distribution of 8% (eight percent) and Class B preferred shares (issued as of June 24th 1969) of a 6% (six percent) annual dividends distribution, calculated on each class of shares.

The total amount of shares held by minority shareholders is 386,271,720 (three hundred eighty-six million, two hundred seventy-one thousand, seven hundred twenty), all classes of shares included.

Adjustment/correction of unpaid dividends on the day of approval by shareholders' meeting, began to be adjusted by SELIC rate in the year 1997.

The acronym AGO stands for *Assembléia Geral Ordinária* (Ordinary General Shareholders' Meeting).

The acronym AGE stands for *Assembléia Geral Extraordinária* (Extraordinary General Shareholders' Meeting).

From April/20/1988 to Dec/31/1995, adjustment/correction was made based on IGPDI/FGV (100%), pro-rata nominal on the first and the last month. As of Jan/01/1996 the index was Selic (100%), full indexation on first and last month.

The interest rate is 6% (six percent) per year.

All values were last updated on July 31st 2008.

It is set forth on the Act number 6404 (that regulates the activities of public companies in Brazil) that all acts performed by the majority shareholder, whether at variance with the law or of bad faith, cannot result in a request for compensation or refund of amounts given to minority shareholders and/or preferred shareholders, for those are always regarded as acts in good faith.

The only document not included in this work was the Balance sheet for fiscal year 1985.

At AGE 20 minute, page 2 (two) was missing.

At AGE 59 minute, page 5 (five) was missing.

At AGE 151 minute, page 2 (two) was missing.

Eletrobrás finished the fiscal year of 2007 with risk analysis from the agency Standard & Poors, at BBB to trades into Brazil and BB+ to abroad trades.

It was hired the audit company Ernst & Young, to accurate the enterprise procedures in face of the Sarbanes-Oxley law, work to be developed in 2008.

Main Finance Agents of the operations:

- Dresdner Kleinwort Wasserstein (ADR's)
- CAF (Corporation Andina de Fomento – Sindicalized Loan
- Banco Bilbao Vizcaia Argentaria – Sindicalized Loan
- Banco Santander – Sindicalized Loan
- JP Morgan – ADR
- Banco Bradesco S/A – To Obligations in Brazil issues
- Citibank S/A – ADR

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THIS LIABILITY IS SUPERIOR TO 20 BILLION US DOLLARS, ACCORDING TO WHAT IS WRITTEN ON THE MENTIONED DOCUMENTS AND ON THE AUDITORS' REPORT (APPENDIX 45-B) PRODUCED BY TRULY INDEPENDENT ANALISTS AND AUDIT FIRMS

The seriousness of the omission in relation to the crimes herein described and the expression of these crimes is of utmost relevance because the controller partner of ELETROBRAS not only got the effective participation of its employees, lawyers, accountants and the board of companies that form the group of companies under the holding ELETROBRAS, but also got the amazing criminal achievement of inducing the Brazilian securities and exchange commission (CVM), Central Bank of Brazil, external accountants, auditors and external audit firms, fiduciary agents responsible for the issuing of shares and the banks responsible for the custody/warranty of the ELETROBRAS' ADRs issuing outside Brazil, to cooperate with the coverage and permission to the fraudulent practices.

All of them, indistinctively, have not analyzed or criticized any of the balance sheets, comments and notes to the balance sheets, financial statements or have demanded for the publishing of communications to the market and to the overseeing and regulation governmental institutions.

These public and private institutions, which are obliged by the Law to regulate and oversee the public companies, have never questioned the reasons for the debits registered in the minutes of the shareholders meetings (APPENDIX 45-A), the records and lawsuits in Brazilian Courts of Law (APPENDIX 62-C) also registered in the commercial association in Rio de Janeiro, the public notary of the Rio de Janeiro City and the Federal District (State of the Brazilian capital) public notary, as well as the records at the Brazilian securities and exchange commission (CVM). The flaws, frauds and omissions on these records have never been undisclosed to the market or caused any impact on the calculations of the company's profits, dividends, re-investments, company's capital increase, assets and liabilities value, net patrimony, quotes of shares and the company's market value.

It is AT LEAST; not taking into consideration the omission and involuntary action, a case of neglect, malpractice and imprudence.

As it has been proven on the documents issued by the Brazilian Courts of Law, in only four cities, among the thousands of cities in Brazil, on judicial certificates attached to the herein denunciation; these official documents from Brazilian courts of law prove the existence of more than 4,700 9 (four thousand seven hundred) executions from lawsuits against ELETROBRÁS, about one hundred of them are debt recollection and another hundred of them are charging for unpaid bonds (APPENDIX 62-C)

THE APPENDIX 62-C IS THE MATERIAL PROOF ABOUT THE BALANCE SHEET FRAUDS, THE VOLUNTARY OMMISION OF SHORT TERM LIABILITIES ON FINANCIAL STATEMENTS ISSUED BY THE

COMPANY, FACT THAT CHANCES THE CALCULATIONS OF COMPANY'S PATRIMONY VALUE AND THE LEVEL OF MARKET LIQUIDITY OF THE COMPANY, WHICH IS DIRECTLY CONNECTED TO THE QUOTES FOR THE SHARES OF THIS COMPANY.

These lawsuits prove, unquestionably and publicly the short term liability superior to 12 billion dollars, including a protest declarations against ELETROBRAS whose plaintiff is a NORTH AMERICAN AND CANADIAN EQUITY FUND NAMED BRANDES ([APPENDIX 62-A](#))

These bi-nacional fund owns assets and manages assets for others at values over 100 billion dollars, its president is ranked as the 10th world's biggest fortunes. This fund has repeatedly presented reports that depict ELETROBRAS as an "investment grade" level company. Despite of this report produced by that praises ELETROBRAS, Brandes, surprisingly, files charges against ELETROBRAS, and a lawsuit asking for urgent measures and the payment of dividends from the 70s and 80s. Brandes owns ADRs issued by ELETROBRAS that guarantee the ownership of 8,5% of the company's capital in shares that have the right to vote. ([APPENDIX 62-A](#))

There is nothing abnormal or suspicious in the referred lawsuit but the claiming by BRANDES that ELETROBRAS has not paid dividends for over one decade to them, as shareholders. This liability reaches the impressive amount of 6 BILLION DOLLARS.

Despite of the billionaire figure, recent reports issued by BRANDES praise the financial performance of ELETROBRAS exactly during the decades in which BRANDES now claims not to have received adequately dividends from ELETROBRAS. BRANDES investment analysts wrote recommendations for the investment in the ELETROBRAS shares, testifying for the quality and good performance of the ELETROBRAS management ([APPENDIX 62-E](#)).

The most relevant issue at this point is the ambiguity that reveals at least a **suspicious** CONFLICT FO INTEREST.

THIS FACT REVEALS THE UNREAL VALUE ATTRIBUTED THE MARKET LIQUIDITY OF THE ASSETS FROM ELETROBRAS, THE FACE VALUE OF THE SHARES AND ADRS ARE IMPACTED BY THE AMOUNT OF PROFIT AND DIVIDENDS PAID DURING THE MOST RECENT DECADES, PRESSUMABLY FOR THIS REASON ELETROBRÁS HAS NOT BEEN GRANTED WITH THE LEVEL II FOR ITS ADRS AT THE NYSE.

In the USA, a country where the SECURITIES EXCHANGE ACT OF 1934 ([APPENDIX 49](#)) and the SARBANES-OXLEY ACT ([APPENDIX 50](#)) mention and prevent the referred to circumstances that not only impede the good rating of a company, but also attribute heavy imprisonment sentences and million dollars in fines for the people involved in such circumstances.

For these reason, this practice blemishes the whole management of all companies, investment and pension funds controlled by the same controller partner of ELETROBRAS ([APPENDIX 02](#)) that concentrates decision/management power of a disproportional size if considered the real capacity of each company involved. Only through the cartel type of association, evil interlocking directorate⁷ and hyper-dumping⁸ these companies go around the mentioned frauds and with the help of hyper structured operations these companies transform negative results in positive ones.

It is impossible not to compare the ELETROBRAS CASE with the ENRON case, even though the size of the North American scandal is much smaller and less complex than the frauds and crimes that are the main purpose for the actions of all the defendants in the herein denunciation.

There no shred of doubt that in the ENRON/ARTHUR ANDERSEN case, as it happens now, it was reported and proven that under the orders of a controller partner liabilities and loans were hidden and that this same controller partner received the credits (cash) from these loans and liabilities, and the money collected from the consumers of electric power, what is also a common point for these two cases.

This is the second fact that must be clarified through investigations carried out by the honorable Brazilian Supreme Federal Auditing Court (TCU), for the good of the Brazilian citizens, Brazilian and North-American companies, in the RES PUBLICA spirit of defense of the public interest and also in the defense of the national and international markets.

⁷ ibidem nota 7

⁸ ibidme nota 11

Hiding liabilities for ELETROBRAS, under the order of the controller partner's representatives, with the intention of converting the company's debt in reserves later transferred to the assets that belong to the controller partner, thus, increasing its own share of the company's capital!

These reserves came from the non-payment for the debentures issued by ELETROBRAS. These bonds are still traded and one can find them being negotiated according to the local market rules and in accordance to the resolution number 109 by the Central Bank of Brazil ([APPENDIX 63-C](#)).

Thus, appropriations made by the controller partner, using the reserves that should have paid for the bonds or the conversion of these bonds in shares from the company are typically characteristic of ILLEGAL ENRICHMENT ON THE COSTS OF OTHERS, besides being a fraud against the shareholders and the market. This operation, presumably, doubled the accounting value of the payments to the controller partner. ([APPENDIX 45-B](#))

Besides there is the unquestionable fact that the controller partner of ELETROBRAS ([APPENDIX 02](#)) used the company's reserves to pay its own debts. This procedure alone is illegal and conflicts to what is stated at the article 17 of the Brazilian Republic's Act number 7492/86 that defines and describes the crimes against the Brazilian national financial system.

BELOW IT IS TRANSCRIBED THE ORIGINAL TEXT OF THE ACT NUMBER 7492 IN PORTUGUESE AND THE TRANSLATION OF IT INTO ENGLISH.

O PRESIDENTE DA REPÚBLICA, faço saber que o Congresso Nacional decreta e eu sanciono a seguinte lei:

Art. 1º Considera-se instituição financeira, para efeito desta lei, a pessoa jurídica de direito público ou privado, que tenha como atividade principal ou acessória, cumulativamente ou não, a captação, intermediação ou aplicação de recursos financeiros (Vetado) de terceiros, em moeda nacional ou estrangeira, ou a custódia, emissão, distribuição, negociação, intermediação ou administração de valores mobiliários.

Parágrafo único. Equipara-se à instituição financeira: I – a pessoa jurídica que capte ou administre seguros, câmbio, consórcio, capitalização ou qualquer tipo de poupança, ou recursos de terceiros;

II - a pessoa natural que exerça quaisquer das atividades referidas neste artigo, ainda que de forma eventual.

DOS CRIMES CONTRA O SISTEMA FINANCEIRO NACIONAL

Art. 2º Imprimir, reproduzir ou, de qualquer modo, fabricar ou pôr em circulação, sem autorização escrita da sociedade emissora, certificado, cautela ou outro documento representativo de título ou VALUE mobiliário:

Pena – Reclusão, de 2 (dois) a 8 (oito) anos, e multa
Parágrafo único. Incorre na mesma pena quem imprime, fabrica, divulga, distribui ou faz distribuir prospecto ou material de propaganda relativo aos papéis referidos neste artigo.

Art. 3º Divulgar informação falsa ou prejudicialmente incompleta sobre instituição financeira:

Pena – Reclusão, de 2 (dois) a 6 (seis) anos, e multa
Art. 4º Gerir fraudulentamente instituição financeira :- Pena - Reclusão, de 3 (três) a 12 (doze) anos, e multa.

Parágrafo único. Se a gestão é temerária;
- Pena - Reclusão, de 2 (dois) a 8 (oito) anos, e multa.

THE PRESIDENT OF THE REPUBLIC, I know that the National Congress decrees and I sanctions the following law:

Article 1 is considered to be a financial institution for the purpose of this law, the private or public legal person, which has as main activity or secondary activity, cumulatively or not, the capture, or application intermediation of financial resources (vetoed) from third parties, national or foreign currency, or the custody, issuance, distribution, trading, brokerage or management of securities.

Single paragraph. Equivalent to the financial institution:

I - the legal person who captures or administers insurance, foreign exchange, consortium, or any type of capital savings, or reserves of others;

II - the natural person who performs any of the activities mentioned in this article, in any way.

CRIMES AGAINST THE NATIONAL FINANCIAL SYSTEM

Print Article 2, or reproduce in any way, manufactured or put into circulation without the written authorization of the issuing company, certificate, or other care representative document of title or security:

Penalty - imprisonment, for two (2) to 8 (eight) years and a fine.

Single paragraph. Incurs the same penalty who prints, manufactures, publishes, distributes or makes prospectus or distribute propaganda material on the roles mentioned in this article.

Article 3 adversely disseminate false or incomplete information about financial institution:

Penalty - imprisonment, for two (2) to 6 (six) years and a fine.

Article 4 fraudulently Manage financial institution:

Penalty - imprisonment, of three (3) to 12 (twelve) years and a fine. Single paragraph. If the administration is reckless:

Penalty - imprisonment, for two (2) to 8 (eight) years and fine

Art. 5º Apropriar-se, quaisquer das pessoas mencionadas no art. 25 desta lei, de dinheiro, título, valor ou qualquer outro bem móvel de que tem a posse, ou desviá-lo em proveito próprio ou alheio:

- Pena - Reclusão, de 2 (dois) a 6 (seis) anos, e multa.

Parágrafo único. Incorre na mesma pena qualquer das pessoas mencionadas no art. 25 desta lei, que negociar direito, título ou qualquer outro bem móvel ou imóvel de que tem a posse, sem autorização de quem de direito.

Art. 6º Induzir ou manter em erro, sócio, investidor ou repartição pública competente, relativamente a operação ou situação financeira, sonogando-lhe informação ou prestando-a falsamente:

- Pena - Reclusão, de 2 (dois) a 6 (seis) anos, e multa.

Art. 7º Emitir, oferecer ou negociar, de qualquer modo, título ou valores mobiliários:

I - falsos ou falsificados;

II - sem registro prévio de emissão junto à autoridade competente, em condições divergentes das constantes do registro ou irregularmente registrados;

III - sem lastro ou garantia suficientes, nos termos da legislação;

IV - sem autorização prévia da autoridade competente, quando legalmente exigida:

Pena - Reclusão, de 2 (dois) a 8 (oito) anos, e multa.

Art. 8º Exigir, em desacordo com legislação (Vetado), juro, comissão ou qualquer tipo de remuneração sobre operação de crédito ou de seguro, administração de fundo mútuo ou fiscal ou de consórcio, serviço de corretagem ou distribuição de títulos ou valores mobiliários:

Penas - Reclusão, de 1 (um) a 4 (quatro) anos, e multa.

Art. 9º Fraudar a fiscalização ou o investidor, inserindo ou fazendo inserir, em documento comprobatório de investimento em títulos ou valores mobiliários, declaração falsa ou diversa da que dele deveria constar:

- Pena - Reclusão, de 1 (um) a 5 (cinco) anos, e multa.

Art. 10. Fazer inserir elemento falso ou omitir elemento exigido pela legislação, em demonstrativos contábeis de instituição financeira, seguradora ou instituição integrante do sistema de distribuição de títulos de valores mobiliários:

Pena - Reclusão, de 1 (um) a 5 (cinco) anos, e multa.

Art. 11. Manter ou movimentar recurso ou valor paralelamente à contabilidade exigida pela legislação:

Pena - Reclusão, de 1 (um) a 5 (cinco) anos, e multa.

Art. 12. Deixar, o ex-administrador de instituição financeira, de apresentar, ao interventor, liquidante, ou síndico, nos prazos e condições estabelecidas em lei as

Art. 13. Desviar (Vetado) bem alcançado pela indisponibilidade legal resultante de intervenção, liquidação extrajudicial ou falência de instituição financeira

.- Pena - Reclusão, de 2 (dois) a 6 (seis) anos, e multa.

Parágrafo único. Na mesma pena incorra o interventor, o liquidante ou o síndico que se apropriar de bem abrangido pelo caput desta artigo, ou desviá-lo em proveito próprio ou alheio.

Article 5 have taken any of the persons mentioned in art. 25 of this law, the money title, value or any other movable property that has possession, or divert it for yourself or others:

Penalty - imprisonment, for two (2) to 6 (six) years and a fine.

Single paragraph. Incurs the same sentence any of the persons mentioned in art. 25 of this law, to negotiate right, title or any other movable or immovable property that has the possession, without lawful permission of anyone.

Article 6 Inducing or keep in error, partner, investor or government department responsible for operation or financial situation, not forwarding information or providing it falsely:

Penalty - imprisonment, for two (2) to 6 (six) years and a fine.

Article 7 issue, offer or negotiate in any way, securities or securities:

I - forged or falsified;

II - without prior registration with the issue of authority in different conditions of constant or improperly recorded the record;

III - no ballast or guarantee sufficient under the law;

IV - without prior authorization of the competent authority, when legally required:

Penalty - imprisonment, for two (2) to 8 (eight) years and a fine.

Article 8 require, at odds with legislation (vetoed), interest, commission or any type of transaction fee on credit transaction or insurance transaction, management of mutual fund or tax or consortium, brokerage service or distribution of securities or stock:

Penalty - imprisonment, one (1) to 4 (four) years and a fine.

Article 9 Circumvention of supervision or the investor, or by inserting insert in document certifying the investment in securities or securities, misrepresentation, or different from what it should contain:

Penalty - imprisonment, one (1) to 5 (five) years and a fine.

Article 10. Making false element or omitting element required by law, in financial statements of financial institution, insurer or institution of the system of distribution of securities of securities:

Penalty - imprisonment, one (1) to 5 (five) years and a fine.

Article 11. Maintain or move parallel to the use or value accounting required by the legislation:

Penalty - imprisonment, one (1) to 5 (five) years and a fine.

Article 12. Leave, the former director of financial institution, to submit to the intervener, liquidator or liquidator, under the terms and conditions established by law the information, documents or statements of responsibility:

Penalty - imprisonment, one (1) to 4 (four) years and a fine.

Article 13. Divert (vetoed) and reached the unavailability due to legal intervention, extrajudicial liquidation or bankruptcy of financial institution.

Penalty - imprisonment, for two (2) to 6 (six) years and a fine.

Single paragraph. In the same sentence incurs intervener, the liquidator or the liquidator to take ownership of property covered by the caput of this article, or divert it for yourself or others.

Art. 14. Apresentar, em liquidação extrajudicial, ou em falência de instituição financeira, declaração de crédito ou reclamação falsa, ou juntar a elas título falso ou simulado:

- Pena - Reclusão, de 2 (dois) a 8 (oito) anos, e multa. Parágrafo único. Na mesma pena incorre o ex-administrador ou falido que reconhecer, como verdadeiro, crédito que não o seja.

Art. 15. Manifestar-se falsamente o interventor, o liquidante ou o síndico, (Vetado) à respeito de assunto informações, declarações ou documentos de sua responsabilidade:

Pena – Reclusão, de 1 (um) a 4 (quatro) anos, e multa. relativo a intervenção, liquidação extrajudicial ou falência de instituição financeira:

- Pena – Reclusão, de 2 (dois) a 8 (oito) anos, e multa.

Art. 16. Fazer operar, sem a devida autorização, ou com autorização obtida mediante declaração (Vetado) falsa, instituição financeira, inclusive de distribuição de valores mobiliários ou de câmbio:

- Pena - Reclusão, de 1 (um) a 4 (quatro) anos, e multa.

Art. 17. Tomar ou receber, qualquer das pessoas mencionadas no art. 25 desta lei, direta ou indiretamente, empréstimo ou adiantamento, ou deferi-lo a controlador, a administrador, a membro do conselho estatutário, aos respectivos cônjuges, aos ascendentes ou descendentes, a parentes na linha colateral até o 2º grau, consanguíneos ou afins, ou a sociedade cujo controle seja por ela exercido, direta ou indiretamente, ou por qualquer dessas pessoas:

- Pena – Reclusão, de 2 (dois) a 6 (seis) anos, e multa.

Parágrafo único. Incorre na mesma pena quem:

I – em nome próprio, como controlador ou na condição de administrador da sociedade, conceder ou receber adiantamento de honorários, remuneração, salário ou qualquer outro pagamento, nas condições referidas neste artigo;

II - de forma disfarçada, promover a distribuição ou receber lucros de instituição financeira.

Article 14. Present in court settlement, or bankruptcy of financial institution, statement of claim or complaint false, or add to them under false or simulated:

Penalty - imprisonment, for two (2) to 8 (eight) years and a fine.

Single paragraph. In the same penalty incurs the former administrator or failed to recognize as true, that claim is not.

Article 15. The intervener, the liquidator or the liquidator, falsely manifest (vetoed) regarding the subject on the intervention, extrajudicial liquidation or bankruptcy of financial institution:

Penalty - imprisonment, for two (2) to 8 (eight) years and a fine.

Article 16. To operate, without proper authorization, or with the authorization obtained by declaration (vetoed), false financial institution, including the distribution of securities or exchange:

Penalty - imprisonment, one (1) to 4 (four) years and a fine.

Article 17. Take or receive any of the persons mentioned in art. 25 of this law, directly or indirectly, loan or advance, or deferral you controller, the administrator, board member of the Establishment, their spouses, the upward or downward, the collateral relatives on the line until the 2nd grade, or related consanguine or the company whose control is exercised by it, directly or indirectly, or by any of them:

Penalty - imprisonment, for two (2) to 6 (six) years and a fine.

Single paragraph. Who incurs the same penalty:

I - in his own name as a controller or administrator of the condition of society, give or receive advance payment of fees, remuneration, salary or other payment under the conditions mentioned in this article;

II - in a covert promote the distribution of profits or receiving financial institution.

All these management actions configure harm o the holders of debentures, minority shareholders and shareholders that do not have the right to vote at ELETROBRAS. This kind of impunity leads all investors to error and leads to error the whole stock market as these illegal actions are undisclosed. As it is undisclosed the auditors report that demonstrate liabilities of 20 billion dollars (**CHAPTER IX**) of the herein denunciation.

ELETROBRAS own internal memorandums by the board of directors expressly acknowledge part of this important amount in liabilities, and also order the payment of part of it in even more mysterious agreements (**APPENDIX 44-D**).