

## IR 20/12

### Decision on the Proposal for Early Extension of Concessions

Companhia Paranaense de Energia – COPEL, in compliance with CVM Rule 358/2002, hereby announces to the market that, at the 184<sup>th</sup> Extraordinary Shareholders' Meeting held on this date, the Company's shareholders, with the support of a recommendation of the Board of Directors issued at its 109<sup>th</sup> Extraordinary Meeting, have resolved as follows:

(i) TO REJECT the proposal of the granting authority for early extension of the power plants listed below, part of the ANEEL Concession Agreement 045/1999:

Hydroelectric Power Plants	Power (MW)	Assured Energy (Average MW)	Expiration of Concession
Gov. Pedro Viriato Parigot de Souza	260.0	109.0	07/07/2015
Mourão I	8.2	5.3	07/07/2015
Chopim I	2.0	1.5	07/07/2015
Rio dos Patos	1.7	1.0	02/14/2014

(ii) TO ACCEPT the proposal of the granting authority for early extension of the transmission assets, part of the ANEEL Concession Agreement 060/2001.

This decision took into consideration the cash generating capacity and the strategic dimension of these assets, in both cases preserving the company's value as much as possible.

The decision to not extend the aforementioned generation concessions is based on the added value the agreement represents when taking into consideration the cash flow generation capacity by comparing the current amounts of power compensation to those offered to extend those assets.

The decision to extend the transmission concession agreement aimed to maintain the perenity of COPEL's transmission business, given that it dilutes operating costs and allows the Company to retain the valuable transmission knowledge accumulated over the years, elements that give COPEL all the necessary conditions to continue to operate as a consolidating agent of this business segment in Brazil. This decision also took into consideration the change brought about by Provisional Measure (MP) 591 of November 29, 2012, which authorized the granting authority to pay an additional indemnification related to the assets of the Existing System Basic Network (RBSE) established prior to May 2000 and not yet depreciated. Considering the terms of MP 591, the Company estimates an additional indemnification of around R\$ 180 million, as of September 30, 2012 calculated according to IFRS rules.

The decision to accept the early extension of transmission concessions also contributes directly to reduce electricity prices in Brazil, showing COPEL's and the State of Paraná's permanent commitment towards increasing the country's competitiveness.

COPEL's management, aiming to mitigate the impacts of the MP 579 on the expected cash generation of the electricity concessions granted to the Company, believes that it is essential to implement a thorough cost optimization program.

Curitiba, November 30, 2012.

Sincerely,  
Ricardo Portugal Alves  
CFO and Investor Relations