



COMPANHIA PARANAENSE DE ENERGIA - COPEL

CGC 76.483.817/0001-20

Companhia de Capital Aberto - CVM 1431-1

RELEVANT NOTICE

COPEL REACHES AGREEMENT WITH PETROBRAS

Companhia Paranaense de Energia – Copel, under the terms of Instruction 358/2002 issued by the Brazilian Securities and Exchange Commission - CVM, announces to the market that, on March 6, 2006, in the city of Rio de Janeiro, reached an agreement regarding pending matters related to the gas contract for the Thermoelectric Plant of Araucária.

Details on this agreement were previously disclosed to the market on relevant notice dated February 24, 2006. The agreement comprises the signature of an Out-of-Court Agreement, a Letter of Consent to Transfer of Co-ownership and a Letter of Intent.

By the celebrated Out-of-Court Agreement, Copel Geração S/A, having Copel as guarantor, acknowledges the R\$ 150 million debt with Petrobras, to be paid in 60 monthly installments as from January 2010, being the amount readjusted by the Selic Rate (or any other rate that may substitute the Selic). As a result of this agreement, the Company will reverse the respective provisions.

Under the Letter of Consent, Petrobras has declared that it has no objections of any kind to the acquisition of El Paso quota in UEGA by Copel. This operation, which is being formalized between Copel and El Paso, will result in the increase of COPEL's stake in UEG Araucária, through the payment of US\$ 190 million, from the current 20% to 80%. Petrobras remains with 20% of the shares.

Through the Letter of Intent, Petrobras will exert their best effort to attend UEGA's operation fuel supply necessity, as from 2010, such fuel can be natural gas or any other alternative energizer.

The agreement settles, amicably, the existing conflicts regarding gas supply for the thermoelectric plant of Araucária.

Curitiba, March 7, 2006.

LUIZ ANTÔNIO ROSSAFA
Chief Corporate Management Officer
substituting the Chief Finance and Investor Relations Officer

