



Tel.: +55 (41) 3112-2170
Fax.: +55 (41) 3112-2177
www.bdobrazil.com.br

BDO Auditores Independentes
Al. Doutor Carlos de Carvalho, 655
Edifício New Port - 10º andar
Curitiba - PR - Brasil
80430-180

(Convenience translation into English from the original previously issued in Portuguese)
INDEPENDENT AUDITORS' REPORT

To the management and controllers of
Itaipu Binacional
Foz do Iguaçu - PR

1. We have audited the accompanying balance sheets of Itaipu Binacional (Brazilian and Paraguayan bi-national entity, the "Entity") as of 31 December 2009 and 2008 and the related statements of income, and changes in financial position for the years then ended, all expressed in US dollars and prepared under the responsibility of the Entity's management in accordance with specific provisions included in the Treaty of 26 April 1973 (mentioned in note 2). Our responsibility is to express an opinion on these financial statements.
2. Our audits were conducted in accordance with auditing standards applicable in Brazil and Paraguay, which require that we perform our audit to obtain reasonable assurance that the financial statements are fairly stated in all material respects, and comprised: (a) planning of the work, taking into consideration the significance of the balances, volume of transactions, and the accounting and internal control systems of the Entity, (b) checking, on a test basis, the evidence and records that support the amounts and accounting information disclosed, and (c) evaluating the significant accounting practices and estimates adopted by management, as well as the presentation of the financial statements taken as a whole.
3. In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ITAIPU Binacional as of 31 December 2009 and 2008, the results of its operations and the changes in its financial position for the years then ended, in accordance with specific provisions included in the Treaty of 26 April 1973 (mentioned in note 2) and set forth on the chart of accounts and standards approved by the Board of Directors of Itaipu Binacional for the preparation of accounting records. These accounting standards differ, in some material respects, from the accounting practices adopted in Brazil and Paraguay, as described in note 2 (i) to (iii).



Tel.: +55 (41) 3112-2170
Fax.: +55 (41) 3112-2177
www.bdobrazil.com.br

BDO Auditores Independentes
Al. Doutor Carlos de Carvalho, 655
Edifício New Port - 10º andar
Curitiba - PR - Brasil
80430-180

(Convenience translation into English from the original previously issued in Portuguese)
INDEPENDENT AUDITORS' REPORT

To the management and controllers of
Itaipu Binacional
Foz do Iguaçu - PR

4. Our audits were conducted with the purpose of issuing an opinion on the financial statements referred to in the first paragraph, taken as whole. The statements of cash flows, value added and core business accounts for the years ended 31 December 2009 and 2008, included in exhibits I, II, III and attachment I and presented to provide supplementary information about the Entity, are not required as an integral part of the financial statements. These statements were subjected to the same auditing procedures described in the second paragraph and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.
5. The accompanying financial statements have been translated into English for the convenience of readers outside Brazil.

Curitiba, 26 February 2009.

Asunción, 26 February 2010.

Marcello Palamartchuk
Engagement Partner
BDO Auditores Independentes

Natalio Rubinsztein
Engagement Partner
BDO Rubinsztein & Guillén

Consortium of BDO Auditores Independentes and BDO Rubinsztein & Guillén

(Convenience translation into English from the original previously issued in Portuguese)



BALANCE SHEETS AS OF 31 DECEMBER 2009 AND 2008

(In US dollars - US\$ 1.00)

	<u>2009</u>	<u>2008</u>
<u>A S S E T S</u>		
CURRENT ASSETS		
Cash and cash equivalents	514.324.709	172.081.961
Accounts receivable for services rendered	761.752.518	762.406.149
Stockroom supplies	6.778.804	6.263.746
Obligations and loans receivable	745.206	743.050
Accounts receivable - sundry	10.079.156	11.010.854
	<u>1.293.680.393</u>	<u>952.505.760</u>
NON-CURRENT ASSETS		
LONG-TERM ASSETS		
Accounts receivable for services rendered	41.138.334	55.206.856
Escrow deposits	5.859.612	4.643.283
Obligations and loans receivable	138.810.435	159.839.018
	<u>185.808.381</u>	<u>219.689.157</u>
INCOME (LOSSES) AVAILABLE FOR OFFSET		
Prior years	1.425.153.144	2.307.020.087
Current year	(596.334.885)	(881.866.943)
	<u>828.818.259</u>	<u>1.425.153.144</u>
PERMANENT ASSETS		
Property, plant and equipment		
Assets and facilities in use	16.885.914.998	16.876.405.202
Construction in progress	514.553.887	575.873.936
	<u>17.400.468.885</u>	<u>17.452.279.138</u>
Intangible assets	<u>15.393.664</u>	<u>10.990.891</u>
	<u>17.415.862.549</u>	<u>17.463.270.029</u>
TOTAL ASSETS	<u>19.724.169.582</u>	<u>20.060.618.090</u>

The accompanying notes are an integral part of these financial statements.

(Convenience translation into English from the original previously issued in Portuguese)



BALANCE SHEETS AS OF 31 DECEMBER 2009 AND 2008

(In US dollars - US\$ 1.00)

LIABILITIES

	<u>2009</u>	<u>2008</u>
CURRENT LIABILITIES		
Loans and financing	1.059.179.040	838.762.081
Payments and reimbursements	408.590.056	444.470.099
Building contractors, suppliers and others	55.862.834	38.865.908
Accrued liabilities	191.154.014	122.268.275
Salaries and social charges	47.559.939	40.279.742
Provisions for contractual guarantees	2.524.675	2.191.783
	<u>1.764.870.558</u>	<u>1.486.837.888</u>
NON-CURRENT LIABILITIES		
LONG-TERM LIABILITIES		
Loans and financing	16.832.867.713	17.864.640.017
Accrued liabilities	1.026.431.311	609.140.185
	<u>17.859.299.024</u>	<u>18.473.780.202</u>
SHAREHOLDERS' EQUITY		
Share capital		
Centrais Eléctricas Brasileiras S.A.	50.000.000	50.000.000
Administración Nacional de Electricidad	50.000.000	50.000.000
	<u>100.000.000</u>	<u>100.000.000</u>
TOTAL LIABILITIES	<u>19.724.169.582</u>	<u>20.060.618.090</u>

The accompanying notes are an integral part of these financial statements.

(Convenience translation into English from the original previously issued in Portuguese)



STATEMENT OF INCOME
FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008
(In US dollars - US\$ 1.00)

	<u>2009</u>	<u>2008</u>
OPERATING REVENUES		
ELECTRICITY SOLD TO FINAL CONSUMERS		
Centrais Elétricas Brasileiras S.A.	3.105.211.592	3.044.937.312
Administración Nacional de Electricidad	185.800.408	157.246.488
	<u>3.291.012.000</u>	<u>3.202.183.800</u>
PAYMENT FOR TRANSFER OF POWER RIGHTS		
Centrais Elétricas Brasileiras S.A.	94.622.572	101.217.204
REIMBURSEMENT OF COSTS - EXCESS POWER SOLD TO THE OTHER CONTRACTING PARTY		
Centrais Elétricas Brasileiras S.A.	78.986.996	97.987.136
Administración Nacional de Electricidad	17.647.234	22.414.868
	<u>96.634.230</u>	<u>120.402.004</u>
	3.482.268.802	3.423.803.008
OPERATING EXPENSES		
PAYMENTS AND REIMBURSEMENTS		
Power owned by each contracting party		
Capital earnings	42.812.560	45.272.776
Royalties	360.170.740	382.625.338
Reimbursement of administrative and supervision charges	27.705.441	29.432.718
Payment for transfer of power rights	94.622.572	101.217.204
	<u>525.311.313</u>	<u>558.548.036</u>
Excess power sold to the other contracting party		
Royalties	77.318.928	96.435.812
Reimbursement of administrative and supervision charges	5.947.609	7.418.140
Payment for transfer of power rights	13.367.693	16.548.052
	<u>96.634.230</u>	<u>120.402.004</u>
	621.945.543	678.950.040
OTHER OPERATING EXPENSES		
Personnel	394.817.562	416.575.854
Actuarial liabilities	353.852.808	(2.976.027)
Materials	10.633.440	12.414.056
Third-party services	76.531.199	102.446.827
Other operating expenses	127.116.975	59.370.978
Contingency Provisions	144.881.282	50.213.268
	<u>1.107.833.266</u>	<u>638.044.956</u>
	1.729.778.809	1.316.994.996
RESULT OF OPERATIONS	1.752.489.993	2.106.808.012
OTHER REVENUES/EXPENSES		
Sundry revenues	7.092.413	3.435.660
Sundry expenses	(4.991.020)	(2.678.123)
	<u>2.101.393</u>	<u>757.537</u>
FINANCIAL REVENUES		
Financial investment earnings	32.947.463	18.497.606
Late payment charges on energy bills	25.193	54.078
Other financial (expenses) revenues	(13.369.564)	40.131.186
	<u>19.603.092</u>	<u>58.682.870</u>
FINANCIAL EXPENSES		
Non-capitalizable finance charges	1.221.379.726	1.275.205.982
Monetary variations	(43.520.133)	8.807.103
Other financial expenses	-	368.391
	<u>1.177.859.593</u>	<u>1.284.381.476</u>
FINANCIAL LOSS	(1.158.256.501)	(1.225.698.606)
NET INCOME	596.334.885	881.866.943

The accompanying notes are an integral part of these financial statements.

(Convenience translation into English from the original previously issued in Portuguese)



STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008
(In US dollars - US\$ 1.00)

	<u>2009</u>	<u>2008</u>
SOURCES OF FUNDS		
Provided by operations		
Net income	596.334.885	881.866.943
Noncash items		
Long-term monetary variations - loans	13.664.749	(8.085.459)
Long-term monetary variations - accrued liabilities	56.490.408	(46.937.549)
Write-off of property, plant and equipment - chattels	4.568.730	1.448.403
Write-off of property, plant and equipment - decommissioning	-	322.019
	<u>671.058.772</u>	<u>828.614.357</u>
From third parties		
Increase in long-term liabilities	521.728.759	36.374.310
Transfer from current to long-term liabilities	41.535.875	10.256.617
Transfer from long-term to current assets	15.149.904	13.002.412
Decrease in long-term assets	32.432.299	14.649.410
Received funds - loans	10.177.362	7.593.563
	<u>621.024.199</u>	<u>81.876.312</u>
TOTAL SOURCES OF FUNDS	<u>1.292.082.971</u>	<u>910.490.669</u>
APPLICATIONS OF FUNDS		
Investments in property, plant and equipment and intangible assets	40.650.385	37.876.483
Increase in long-term assets	13.701.427	43.871.124
	<u>54.351.812</u>	<u>81.747.607</u>
Transfer from long-term to current liabilities - loans	1.055.614.415	836.005.149
Transfer from long-term to current liabilities - accrued liabilities	118.974.781	48.203.156
	<u>1.174.589.196</u>	<u>884.208.305</u>
TOTAL APPLICATIONS OF FUNDS	<u>1.228.941.008</u>	<u>965.955.912</u>
INCREASE (DECREASE) IN WORKING CAPITAL	<u>63.141.963</u>	<u>(55.465.243)</u>
Statement of changes in working capital		
Working capital - end of year		
Current assets - end of year	1.293.680.393	952.505.760
Current liabilities - end of year	(1.764.870.558)	(1.486.837.888)
	<u>(471.190.165)</u>	<u>(534.332.128)</u>
Working capital - beginning of year	<u>(534.332.128)</u>	<u>(478.866.885)</u>
Increase (decrease) in working capital	<u>63.141.963</u>	<u>(55.465.243)</u>

The accompanying notes are an integral part of these financial statements.



(Convenience translation into English from the original previously issued in Portuguese)

NOTES TO THE FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2009 AND 2008

(Amounts in US dollars)

1. THE ENTITY

ITAIPU (the “Entity”) is a bi-national entity created and ruled by the Treaty signed on 26 April 1973 by the Federative Republic of Brazil (BR) and the Republic of Paraguay (PY), referred to herein as Contracting Parties. Its share capital belongs in equal parts to Centrais Elétricas Brasileiras S.A. - ELETROBRÁS and Administración Nacional de Electricidad - ANDE, also referred to herein as Contracting Parties, under equal rights and obligations.

The head offices of ITAIPU BINACIONAL are located in Brasília - capital of Brazil and in Asunción - capital of Paraguay, enjoying tax full exemption in both countries, pursuant to the signed treaty.

The purpose of the Entity is to make use of the water resources of Parana river between Guaira and the mouth of Iguazu River, which belong as a condominium to both countries, by constructing and operating a hydroelectric power plant with total available capacity of 12.6 million kW. It generates electricity with social and environmental responsibility, fostering the economic, tourist and technological sustained development in Brazil and Paraguay.

ITAIPU BINACIONAL officially started its activities on 17 May 1974 and the hydroelectric power plant was opened on 25 October 1984, when two generating units started operating on a test basis. 18 units have been in operation since May 1991. In November 2006 the generating unit called 9A was installed and in April 2007 one more generating unit, called 18A, was installed, thus completing the installation of the generating units of the hydroelectric power plant. The finished hydroelectric power plant has 20 generating units installed, of which 18 are available for simultaneous operation and two backup units.

On 13 November 2000 ITAIPU BINACIONAL signed a turnkey agreement with the companies that make up CEITAIPU - Consórcio Empresarial Itaipu whereby they will install two new generating units called 9A and 18A totalling US\$184.6 million, less capitalizable charges. Payments were made for work finished by the consortium companies in addition to other payments in the amount of US\$201.5 million (2008 - US\$201.1 million).

Funds allocated to this investment totalled US\$211 million, including the capitalization of interest during the construction period. They were provided by ELETROBRÁS, under financing agreement No. ECF 1628/97 and amendments No. A/2002, B/2005, C/2006, and D/2007.



ITAIPU is regulated by the rules set forth by the Treaty and Attachments, as mentioned below, and its management bodies comprise a Board of Directors and an Executive Board made up of an equal number of members from each country.

- Attachment “A” - ITAIPU BINACIONAL’s By-laws.
- Attachment “B” - General description of the facilities for the production of electricity and supportive constructions.
- Attachment “C” - ITAIPU’s financial and electricity service bases.

2. BASIS OF PRESENTATION

The financial statements of ITAIPU BINACIONAL comprise the following: Balance Sheet, Statement of Income, Statement of Changes in Financial Position and notes to the financial statements, as established in the Entity’s by-laws.

As supplemental information, we present the Statement of Value-Added, the Statement of Cash Flow and the Statement of Core Business Accounts, exhibits I, II, II and attachment I, notes to the Statement of Core Business Accounts.

The financial statements and supplementary information have been prepared in accordance with accounting practices adopted in Brazil and Paraguay and specific provisions established on the Treaty, its attachments and other official acts.

The main provisions that differ from accounting practices adopted in these countries are:

- (I) Depreciation of property, plant and equipment is not calculated, as mentioned in note 4(b).
- (II) Retained earnings are not part of the Shareholders’ Equity, being appropriated to the caption Income (loss) Available for Offset in Assets (note 11).
- (III) Equity capital earnings does not take into consideration the realization of income and is recorded as operating expenses in the statement of income (note 15); and
- (V) The Statement of Changes in Financial Position is part of the Entity’s financial statements, and the Statements of Cash Flows and of Value Added are presented as supplementary information.

The financial statements are part of the Entity’s Annual Report

Also aiming the convergence of Brazilian accounting practices towards international accounting practices and international reporting standards, the Entity tested its assets for impairment, but did not identify losses.



3. RELATIONS WITH INDEPENDENT AUDITORS

ITAIPU BINACIONAL informs that it has hired the consortium formed by BDO Auditores Independientes - BDO Rubinsztein & Guillén to render services of external audit of financial statements and that it has no other contract in effect with this consortium or with any one of its companies.

4. SUMMARY OF SIGNIFICANT ACCOUNTING PRACTICES

The following accounting practices were adopted to record the Entity's business and financial transactions and prepare its financial statements:

a) Reporting currency

The US dollar is the currency which the Entity uses to record its transactions and present its financial statements, as established in Attachment "A" of the Treaty.

The business and financial transactions conducted in various currencies have their amounts converted into US dollars at the closing market rates disclosed by the Central Banks of Brazil and Paraguay, according to the following criteria:

- Permanent assets and other costs - at the rates of the day prior to that when costs were incurred.
- Capital - at the rates in effect on the dates it is paid in.
- Loans and financing - adjusted in the original currency using the contractual rates and converted into the reporting currency at the exchange rate adopted for the last business day of each month of the calendar year.
- Other asset and liability balances - converted at the rates adopted for the last business day of each month of the calendar year.

Operating revenues from electricity service agreements are calculated and recorded in US dollars and the amounts of the related invoices are received in Brazilian reais or Paraguayan guaranis at the rates in effect on the day before that of receipt.

Capital earnings, royalties, reimbursement of administrative and supervision charges and the payment for transfer of power rights, which are part of the operating expenses, are calculated and recorded in US dollars and paid in Brazilian reais or Paraguayan guaranis at the rates in effect on the day before that of payment.

Operating expenses, financial expenses and sundry expenses, as well as financial revenues and sundry revenues, are translated at the rates of the day prior to that when they were incurred.



b) Permanent assets

Investments in construction works regarding acquisition, building, assembly and engineering, including general administrative expenses, finance charges levied on funds from third parties, pre-operating expenses incurred with hiring and training of personnel during construction period, and administrative expenses apportionment are accounted for at historical cost.

Revenues and reimbursements related to construction works and resulting from tax exemptions and benefits were accounted for during the construction period as cost reduction. As of the start of the plant's operations, these revenues and reimbursements were allocated to construction work cost and sundry revenues and as of the date the plant became fully operative they started to be recognized as sundry revenues.

The Company does not calculate depreciation of its facilities, as the revenue is calculated based on charges on liabilities, not being included in the "Cost of Electricity Service", according to Attachment C to the Treaty.

c) Operating revenues

Includes the amounts earned for rendering electricity services according to the contracted power to ELETROBRAS companies in Brazil and ANDE in Paraguay, pursuant to the letters of commitment and partnership signed to that end, as well as the reimbursement of the energy supplied in excess of the contracted power owned by Brazil.

The payment for transfer of power rights is charged to ELETROBRÁS and credited to the government of Paraguay for the transfer of the power Paraguay is entitled to.

d) Operating expenses

Includes operating expenses such as expenses incurred with operating, maintaining and managing the plant, and payments and reimbursements to the Contracting Parties included in Attachment C to the Treaty and beginning in fiscal year 2005 expenses incurred with social and environmental responsibility programmes, due to Reversal Notes No. 228/05 and No. 001/05 of 31 March 2005. Operating expenses are recognized on the accrual basis.

e) Financial revenues

Financial revenues include earnings on investments in bank institutions and late payment charges collected on payments of electricity service invoices in arrears, as well as interest accrued on the rescheduling of ANDE's debt related to the rendering of electricity services.

f) Financial expenses

Financial expenses comprise finance charges of loan and financing agreements, as well as net monetary variations that include monetary restatement and exchange variations arising from transactions established by contract conducted in Brazilian reais and Paraguayan guaranis and converted into the reporting currency, which is the US dollar as described in item "a" of this note, in addition to charges on payments and reimbursements and other financial expenses.



g) Sundry revenues / expenses

Sundry revenues (expenses) comprise revenues and expenses arising from the sale of scrap, unusable equipment, occupancy rates, sale of notice of a request for bid proposals, write-off of assets due to sales, wear and tear, obsolescence, donations and the like, as well as expenses incurred with obtaining them.

h) Pension Fund Administrators

Liabilities arising from actuarial obligations, of health-care and assistance nature, accounted for on an accrual basis for entities that provide post-employment benefits to their employees.

The financial positions of pension funds sponsored by the Entity in Brazil and Paraguay are stated in note 25. They were determined according to future contributions (cash basis), as required by the specific accounting principles followed by private pension plan entities.

l) Profit sharing

The Entity recognizes profit sharing payments on a cash basis, due to the uncertainty involving these payments.

5. EFFECTS OF INFLATION ON FINANCIAL STATEMENTS

The Entity conducts transactions in several currencies, especially Brazilian reais and Paraguayan guaranis, and they are stated in US dollars. The effects of the variations in the purchasing power of Brazilian reais and Paraguayan guaranis are reflected on financial statements according to the conversion criteria described in note 4 (a), to the extent of the variation of these currencies in relation to the US dollar rate in Brazil and Paraguay. The amounts accounted for in US dollars remain recorded at historical cost without reflecting any effect of the variation on their purchasing power.



(a) Inflation rates

	In percentage - %	
	2009	2008
Brazil:		
Amplified Consumer Price Index - IPCA Brazilian Institute for Geography and Statistics	4.3	5.9
General Price Index - IGP-DI Fundação Getúlio Vargas	-1.4	9.1
Paraguay:		
Consumer Price Index - IPC Central Bank of Paraguay	1.9	7.5
United States of America:		
Average of Good's and Consumer Price's Industrial Indexes	-5.1	6.8

(b) Exchange rates per US dollar

as of 31 December	Brazil		Paraguay	
	Rates in Brazilian reais (R\$)	Annual Variation - %	Rates in Paraguayan guaranis (Gs)	Annual Variation - %
2000	1.9554	9.3	3,555	6.7
2001	2.3204	18.7	4,660	31.1
2002	3.5333	52.3	7,200	54.5
2003	2.8892	(18.2)	6,100	(15.3)
2004	2.6544	(8.1)	6,240	2.3
2005	2.3407	(11.8)	6,150	(1.4)
2006	2.1380	(8.6)	5,210	(15.3)
2007	1.7713	(17.5)	4,910	(5.7)
2008	2.3370	31.9	4,970	1.2
2009	1.7412	(25.5)	4,630	(6.8)



6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the amounts in Brazilian reais and Paraguayan guaranis kept with banks and in cash. The equivalence in US dollars is as follows:

	US\$	
	2009	2008
Cash	20,298	19,426
Banks - Current accounts	76,855	4,982,628
Short-term investments		
In Brazil		
Caixa Econômica Federal - FIF Ideal RF	29,791	46,865
Caixa Econômica Federal - CDB (Certificates of bank deposit) Flex	64,600,010	4,336,660
Caixa Econômica Federal - TPF (Repurchased and reversed repurchased funds backed by federal government bonds)	25,693,426	28,072,823
Banco do Brasil - CDB DI	403,020,764	124,356,926
Banco do Brasil - Fixed Income R\$25 thousand	47,907	47,572
	493,391,898	156,860,846
In Paraguay		
Banco Regional	7,837,476	8,121,818
Banco do Brasil	201,146	120,286
Banco Nacional de Fomento	164,796	91,011
Banco Bilbao Vizcaya Argentaria - BBVA	3,490,378	1,588,487
Banco Amambay	1,764,614	148,671
Banco Continental	4,923,291	110,568
Banco HSBC	1,573,621	38,220
Interbanco	875,339	-
Sudameris Bank	4,997	-
	20,835,658	10,219,061
	514,227,556	167,079,907
TOTAL	514,324,709	172,081,961

7. ACCOUNTS RECEIVABLE FOR SERVICES RENDERED

Include receivables from the rendering of electricity services, whose invoices mature as follows: by the 20th day of the second month after generation, by the 30th day of the second month after generation and by the 10th day of the third month after generation. These invoices are issued in US dollars and payable in Brazilian reais or Paraguayan guaranis at the exchange rates in effect on the day before that of payment.



	US\$	
	<u>2009</u>	<u>2008</u>
Purchasing Entities		
Centrais Elétricas Brasileiras S.A. - ELETROBRÁS	701,964,636	715,121,693
Administración Nacional de Eletricidad - ANDE	<u>100,926,216</u>	<u>102,491,312</u>
TOTAL	<u>802,890,852</u>	<u>817,613,005</u>
(-) Long-term portions	<u>41,138,334</u>	<u>55,206,856</u>
Current portions	761,752,518	762,406,149

The amount of long-term accounts receivable refer to the renegotiation of ANDE's overdue invoices for the months from January 1999 to February 2001, which are being paid in 240 instalments from July 2002. Monthly interest and charges are levied on the principal, which are billed and received in the month itself.

8. STOCKROOM SUPPLIES

	US\$	
	<u>2009</u>	<u>2008</u>
Materials in deposit	6,579,433	6,122,161
Materials to be classified	<u>199,371</u>	<u>141,585</u>
TOTAL	<u>6,778,804</u>	<u>6,263,746</u>



9. OBLIGATIONS AND LOANS RECEIVABLE

Obligations and loans receivable basically comprise the guarantees maturing in April 2024 that are the Entity's rights. They are in an amount equivalent to the par and discount bonds that have been issued under the agreement for rescheduling Brazil's foreign debt, negotiated by Brazil's Federal Treasury through contract No. 80.

	US\$	
	2009	2008
Guarantee deposits CT- 80	126,663,543	147,035,066
Agreement substation ANDE	8,343,613	8,977,305
Recoverable taxes	4,345,544	4,384,396
Other	202,941	185,301
TOTAL	139,555,641	160,582,068
(-) Long-term portions	138,810,435	159,839,018
Current portions	745,206	743,050

10. ACCOUNTS RECEIVABLE - SUNDRY

	US\$	
	2009	2008
Advances to suppliers	7,017,459	6,275,733
Advances to personnel	1,173,481	961,964
Escrow deposits	5,859,612	4,643,283
Restricted deposits	187,218	1,277,296
Sundry debtors	1,534,691	2,215,804
Deactivations in progress (i)	166,307	280,057
TOTAL	15,938,768	15,654,137
(-) Long-term portions	5,859,612	4,643,283
Current portions	10,079,156	11,010,854

(i) Deactivations in progress correspond to the value of properties of the "A" and "B" villages available for sale.



11. INCOME (LOSSES) AVAILABLE FOR OFFSET

The accumulated amounts recorded in assets result mainly from loan and financing charges that were not covered by electricity rates in the period from 1985 to 1996. Beginning in 1997, with the renegotiation of debts and the withdrawal in 2007 of the Industrial Goods and Consumer Price Indexes used to adjust the contracts signed with Eletrobras and the Federal Treasury (assignment), the electricity rate composition projections (electricity service cost per unit) show that the Entity will have sufficient funds to fulfil its obligations.

12. PROPERTY, PLANT AND EQUIPMENT

Assets and facilities in use, which account for 97.0% of property, plant and equipment (2008 - 96.7%), represent the direct hydroelectric power plant construction costs and the costs to be allocated. These costs were originally classified as construction in progress and were transferred to the caption "in use", due to the physical and accounting determination of the asset items.

	US\$	
	2009	2008
ASSETS AND FACILITIES IN USE		
Production facilities	14,791,643,518	14,787,902,394
Transmission facilities	1,231,515,353	1,231,515,353
Other facilities	760,146,905	760,113,760
Chattels	102,609,222	96,873,695
Total assets and facilities in use	16,885,914,998	16,876,405,202
CONSTRUCTION IN PROGRESS		
9A and 18A generating units	201,480,267	201,111,679
Sundry property, plant and equipment	115,823,830	97,962,247
Advances for chattels	3,090,588	813,403
Materials for technical reserve	43,174,697	41,512,967
Finance charges	150,984,505	150,984,505
Accrued liabilities	-	83,489,135
Total construction in progress	514,553,887	575,873,936
TOTAL PROPERTY, PLANT AND EQUIPMENT	17,400,468,885	17,452,279,138

Construction in progress, in addition to the costs of the 9A and 18A units, considered as prepayments, considering its type of contract, also includes the project costs of the Construction Work Completion Programme - PCO and in the Complementary Investments Programme - PIC, among others.



The unitized costs of 9A and 18A generating units will be transferred from “Construction in progress” to “Assets and facilities in use” upon the issue of the final acceptance certificate - CAF, according to the 69th clause of contract No. 6128/2000, or when the guarantee period expires.

Accrued liabilities represent business litigation and dispute over assets directly related to the hydroelectric power plant’s construction cost, characterized as probable losses on the respective litigation by the Entity’s legal area (see note 17).

In 2009 some suits had their risk classification changed from probable to possible, and are no longer included in the provision for legal suits. The amount of US\$9,247,220, referring to the remaining legal suits, was reclassified to income (loss), according to accounting practices in effect.

The net changes in Property, plant and equipment in the amount of US\$(51,810,253) (2008 - US\$(68,299,061)) is composed as follows:

	US\$	
	2009	2008
Investments in the year		
9A and 18A generating units	368,588	27,287
Sundry investments	21,635,852	16,780,364
Chattels	12,581,442	16,360,684
	34,585,882	33,168,335
Financial additions		
Materials for technical reserve	1,661,730	1,337,109
	1,661,730	1,337,109
Financial deductions		
Accrued liabilities	(83,489,135)	(95,550,769)
Write-off of property, plant and equipment	(4,568,730)	(1,770,422)
Recovery of investment in substation ANDE	-	(5,483,314)
	(88,057,865)	(102,804,505)
Change in Property, plant and equipment	<u>(51,810,253)</u>	<u>(68,299,061)</u>

13. INTANGIBLE ASSETS

Intangible assets comprise the expenses inherent to the acquisition of assets lacking physical substance intended for the maintenance and management of the Entity.



	US\$	
	<u>2009</u>	<u>2008</u>
Easement strips	68,914	68,914
Software	<u>15,324,750</u>	<u>10,921,977</u>
TOTAL	<u>15,393,664</u>	<u>10,990,891</u>

14. LOANS AND FINANCING

Loans and financing in US dollars and other currencies, as shown below, are duly adjusted and include interest and other charges that mostly range from 4.1 to 9.5 (from 4.1 to 9.5 in 2008) percent annually, according to contract terms.

Centrais Elébricas Brasileiras S.A. - ELETROBRÁS and the Brazilian Federal Treasury signed on 29 December 1998 contracts No. 423/TN, 424/TN e 425/TN, for the assignment of part of the receivables that company had from the Entity.

As from 2007 the variation between the annual averages of the Industrial Goods and Consumer Price indexes, published by the magazine International Financial Statistics, used for the adjustment of the contracts entered into with Eletrobrás and the Federal Treasury (assignment), is no longer applied due to new Law No. 11.480, of 30 May 2007, ruled by decree No. 6265, of 22 November 2007, and by amendments No. ECF- 1480-A/2007, ECF-1627-A/2007 and 1628-A/2007, signed on 27 December 2007 with Centrais Elébricas Brasileiras S.A. - ELETROBRÁS.

On 31 May 2005, Brazilian Federal Treasury signed assignment agreement No. 235/05, whereby it assigns and transfers part of the receivables from Itaipu Binacional in the amount of US\$2,480 million to Empresa Gestora de Ativos - Emgea for capital increase. These amounts are originated from contracts No. 424/ TN and 425/ TN for the acknowledgement and renegotiation of debts and assignment of receivables established by an accord and satisfaction. In this fiscal year payments in the amount of US\$286,277,834 were made.

LOANS AND FINANCING CHART In US dollars- US\$ THOUSAND

Currency (3)	Interest rates	Contract amount		Debt as of 31 December - US\$ Thousand			Amortisation period			
		Total (in thousands)	Equivalent to US\$ Thousand(1)	2009		2008	Beginning	End	Instalment	
				Short term	Long term					
I - ELETRORÁS - Centrais Elétricas Brasileiras S.A.										
ECF - 1480/97										
Tranche B										
- Principal	US\$	7,5	10,250,481	10,250,481	544,877	5,582,032	6,463,036	2001	2023	Monthly
Tranche C										
- Principal	US\$	4,1	1,780,955	1,780,955	80,349	830,673	986,299	2007	2023	Monthly
ECF - 1627/97										
- Principal	US\$	7,5	181,577	181,577	10,036	114,178	131,436	1998	2023	Monthly
ECF - 1628/97										
- Principal	US\$	7,5	211,116	211,116	20,922	253,605	292,163	2007	2023	Monthly
CT - 2607/06										
- Principal	US\$	7,5	6,304	6,304	751	2,940	3,754	2009	2014	Monthly
CT - 2608/06										
- Principal	US\$	7,5	6,000	6,000	205	701	1,026	2009	2014	Monthly
CT - 2686/2008										
- Principal	US\$	7,5	29,584	29,584	-	7,600	2,699	2012	2021	Monthly
II - FEDERAL TREASURY										
CT-7493 - Brasil Investment Bonds (BIBS)	US\$	6,0	5,612	5,612	402	1,122	1,905	1999	2013	Half-yearly
CT-8092 - Foreign Debt Restructuring (DMLP)	US\$	(Note 2)	918,235	918,235	44,503	342,795	434,732	1997	2023	Half-yearly
CT-424/TN - Eletrobrás assignment (ECF-1480/97)										
Tranche B										
- Principal	US\$	7,5	-	-	80,689	2,387,476	2,546,157	2001	2023	Monthly
Tranche C										
- Principal	US\$	4,1	-	-	29,662	616,639	675,390	2007	2023	Monthly
CT-425/TN - Eletrobrás assignment (ECF-1480/97)										
Tranche B										
- Principal	US\$	7,5	-	-	178,586	5,282,129	5,633,548	2001	2023	Monthly
Tranche C										
- Principal	US\$	4,1	-	-	65,631	1,364,386	1,494,379	2007	2023	Monthly
III - Other contracts										
Fundação Itaipu BR de Previdência e Assistência Social - FIBRA										
CT - 7218/03 - Payment in kind	R\$	6,0	73,911	31,626	2,556	46,592	36,878	2004	2023	Monthly
Total loans and financing					1,059,179	16,832,868	18,703,402			

(1) Translated at the effective rate on release date and updated at balance sheet date.

(2) Interest rate
Half-yearly Libor, 6,0 and 8,0

(3) Symbols:
R\$ - Brazilian Reals
US\$ - US dollars



The schedule of payments of long-term loans and financing to ELETROBRÁS, Federal Treasury and other financial institutions establishes the following annual repayments:

<u>Year</u>	<u>US\$</u>
2011	961,925,691
2012	1,027,211,925
2013	1,093,411,910
2014	1,162,276,233
2015	1,234,985,748
2016 to 2023	<u>11,353,056,206</u>
Total	<u>16,832,867,713</u>

The following amounts related to interest and repayment due every year were settled to service the debt.

Financing agents	<u>US\$</u>	
	<u>2009</u>	<u>2008</u>
Eletrobrás		
Principal	441,721,333	409,894,468
Charges	<u>526,877,025</u>	<u>553,345,640</u>
	<u>968,598,358</u>	<u>963,240,108</u>
Federal Treasury - Assignment		
Principal	344,265,426	318,889,016
Charges	<u>669,144,462</u>	<u>691,109,173</u>
	<u>1,013,409,888</u>	<u>1,009,998,189</u>
Foreign Debt Restructuring		
Principal	46,778,083	52,490,028
Charges	<u>23,359,714</u>	<u>28,872,846</u>
	<u>70,137,797</u>	<u>81,362,874</u>



Fibra

Principal
Charges

2,100,585	2,026,139
<u>3,035,752</u>	<u>4,005,704</u>
5,136,337	6,031,843

Total

<u>2,057,282,380</u>	<u>2,060,633,014</u>
-----------------------------	-----------------------------

15. PAYMENTS AND REIMBURSEMENTS

Payments and reimbursements represent amounts due to the Brazilian and Paraguayan governments, as well as to ELETROBRÁS and ANDE.

	US\$					
	2009			2008		
	Brazil	Paraguay	Total	Brazil	Paraguay	Total
Royalties						
Principal	18,365,523	18,365,523	36,731,046	19,101,286	19,101,286	38,202,572
US dollar adjustment	119,857,983	119,857,983	239,715,966	131,966,530	131,966,530	263,933,060
Subtotal	<u>138,223,506</u>	<u>138,223,506</u>	<u>276,447,012</u>	<u>151,067,816</u>	<u>151,067,816</u>	<u>302,135,632</u>
Payment for transfer of power rights						
Principal	-	8,847,285	8,847,285	-	9,152,291	9,152,291
US dollar adjustment	-	59,132,269	59,132,269	-	64,852,850	64,852,850
Subtotal	<u>-</u>	<u>67,979,554</u>	<u>67,979,554</u>	<u>-</u>	<u>74,005,141</u>	<u>74,005,141</u>
Reimbursement of administrative and supervision charges						
Principal	1,412,732	1,412,732	2,825,464	1,469,330	1,469,330	2,938,660
US dollar adjustment	9,219,845	9,219,845	18,439,690	10,151,271	10,151,271	20,302,542
Subtotal	<u>10,632,577</u>	<u>10,632,577</u>	<u>21,265,154</u>	<u>11,620,601</u>	<u>11,620,601</u>	<u>23,241,202</u>



Capital earnings

Principal	6,000,000	6,000,000	12,000,000	6,000,000	6,000,000	12,000,000
Adjustment of earnings	15,449,168	15,449,168	30,898,336	16,544,062	16,544,062	33,088,124
Subtotal	21,449,168	21,449,168	42,898,336	22,544,062	22,544,062	45,088,124

Total	170,305,251	238,284,805	408,590,056	185,232,479	259,237,620	444,470,099
--------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------

The annual US dollar adjustment on royalties, the reimbursement of administrative and supervision charges and the payment for transfer of power rights are settled in twelve instalments from March of the year subsequent to the fiscal year ended. The adjustment of annual capital earnings corresponding to ELETROBRÁS and ANDE is made in a lump sum, on the last business day of the month subsequent to that when the final calculation of the capital earning adjustment is made. These amounts will necessarily be offset against debts of ELETROBRÁS and ANDE to ITAIPU and may be prepaid if cash is available.

16. SUPPLIERS AND OTHERS

	US\$	
	2009	2008
Suppliers	45,644,572	28,556,837
IRRF (Withholding Income Tax)	8,636,510	9,083,642
Other	1,581,752	1,225,429
TOTAL	55,862,834	38,865,908

17. ACCRUED LIABILITIES

The Entity is involved in various labour, business, and assets legal disputes that are at various stages.

The provisions referring to these legal suits are recognized in periodically adjusted amounts to represent the best estimate of future disbursement according to the risk of probable loss, supported by reports and opinions issued by our legal department. Escrow deposits directly linked to the provisions for contingencies are recorded under liabilities according to the accounting practices in effect.

The Entity is also party to labour, business, and asset proceedings in the amount of US\$154,092,238 (2008 - US\$9,113,109), classified as “possible” according to the risk of loss. Given that the Entity expects a favourable decision on these proceedings, no provision has been recognized.



Accrued liabilities are as follows:

	US\$					
	2009			2008		
	Brazil	Paraguay	Total	Brazil	Paraguay	Total
Current						
Labour	82,317,924	1,788,652	84,106,576	16,307,659	956,531	17,264,190
Voluntary termination plan	325,744	-	325,744	1,895,168	-	1,895,168
Labour indemnities	-	10,320,005	10,320,005	-	6,810,243	6,810,243
Actuarial	-	-	-	-	-	-
Business and assets	136,270,084	-	136,270,084	125,318,751	-	125,318,751
(-) Escrow deposits	(39,868,395)	-	(39,868,395)	(29,020,077)	-	(29,020,077)
Subtotal	179,045,357	12,108,657	191,154,014	114,501,501	7,766,774	122,268,275
Long-term						
Labour	97,726,368	25,418,837	123,145,205	43,346,705	22,941,074	66,287,779
(-) Escrow deposits	(29,229,397)	-	(29,229,397)	(17,255,121)	-	(17,255,121)
Voluntary termination plan	67,377	-	67,377	94,656	-	94,656
Labour indemnities	-	198,769,474	198,769,474	-	170,686,668	170,686,668
Actuarial	255,162,571	469,729,442	724,892,013	160,001,705	145,596,701	305,598,406
Business and assets	9,247,220	-	9,247,220	83,489,135	-	83,489,135
(-) Escrow deposits	(3,409,107)	-	(3,409,107)	(2,510,327)	-	(2,510,327)
Other	1,337,710	1,610,816	2,948,526	1,250,073	1,498,916	2,748,989
Subtotal	330,902,742	695,528,569	1,026,431,311	268,416,826	340,723,359	609,140,185
Total	509,948,099	707,637,226	1,217,585,325	382,918,327	348,490,133	731,408,460

In May 2005, top management approved the “Voluntary Termination Plan” - PDI, and in December 2007, the “Permanent Voluntary Termination Plan” - PPDV, with the purpose of renovating and adapting the staff in Brazil considering the hydroelectric power plant’s current operations and the Entity’s strategic purposes. Until the current year, the amount of US\$29,415,817 was paid resulting from the terminations made through the programmes mentioned.



As mentioned in note 4 (h), actuarial liabilities arising from post-employment benefits, including exchange rate gains (losses) were adjusted in the amount of US\$419,293,607 (2008 - US\$(52,155,808)).

The actuary made the following basic assumptions to calculate these liabilities:

- Annual average inflation rate considered: 4.0% annually, for both institutions;
- Discount rate: inflation rate + 6% of annual real interest, for both institutions;
- Projected real cost increase: Inflation rate + 2% annually for the Brazilian institution, and inflation rate +3% annually for the Paraguayan institution.
- Mortality table for people in general: AT-2000 adjusted by 10% for the Brazilian institution, and AT-83 for the Paraguayan institution.
- Disabled mortality table: AT-83 adjusted by 10% for the Brazilian institution, and the average between IAPB-55 and AT-83 for the Paraguayan institution.
- Disability table: LIGHT AVERAGE for both institutions.

The results concerning the plan actuarial health care are fully recognized in the liabilities of the sponsor, these amounts are updated annually based on actuarial advice, as shown below:

STATEMENT OF THE CALCULATIONS OF NET ASSETS FOR THE HEALTH CARE PLANS (PAMHO) SPONSORED BY ITAIPU BINACIONAL AMOUNTS IN US\$				
DESCRIPTION	FIBRA		CAJA	
	2009	2008	2009	2008
[A] = Fair value of the plan's assets	-0-	- 0 -	-0-	- 0 -
[B1] = Present value of actuarial liabilities with receivables already past due *1	(159,784,591)	(97,377,117)	(161,490,375)	(86,026,026)
[B2] = Present value of actuarial liabilities with receivables falling due *1	(95,377,980)	(62,624,588)	(118,829,792)	(59,570,675)
[B] = [B1] + [B2] = Present value of actuarial obligation with receivables already past due and receivables falling due (total actuarial liabilities) *1	(255,162,571)	(160,001,705)	(280,320,167)	(145,596,701)

[C1] = Portion of the present amount of the initial actuarial obligation with receivables already past due, arising from past service, to be recognized in future years *2	-	-	-	-
[C2] = Portion of the present amount of the initial actuarial obligation with receivables falling due, arising from past service, to be recognized in future years * 2	-	-	-	-
[C3] = Portion of the present amount of the total actuarial obligation (receivables already past due and falling due), arising from gains/losses, to be recognized in future years *2	-	-	-	-
[C] = [C1] + [C2] + [C3] = Total portion of the present amount of the total actuarial obligation (receivables already past due and falling due), to be recognized in future years	-	-	-	-
[D] = [B] + [C] = Amount of the net actuarial obligation	(255,162,571)	(160,001,705)	(280,320,167)	(145,596,701)
[E] = [A] + [D] = Net Assets	(255,162,571)	(160,001,705)	(280,320,167)	(145,596,701)

*1: Evaluated according to the Projected Unit Credit method

*2: Every recognition is total and immediate.

No exercício de 2009 houve o reconhecimento integral do deficit atuarial relativo ao plano previdenciário da fundação Caja Paraguaya de Jubilaciones y Pensiones del personal de Itaipu Binacional - CAJUBI, com base no parecer atuarial, conforme demonstrado abaixo:

DEMONSTRATIVO DO DÉFICIT ATUARIAL RELATIVO AO PLANO PREVIDENCIÁRIO DO TIPO BENEFÍCIO DEFINIDO DA CAJUBI PATROCIADO PELA ITAIPU BINACIONAL	
VALORE EM US\$	
DESCRIÇÃO	2009
Reservas Matemáticas	493.438.647
Patrimônia Líquido	<u>304.029.372</u>
Superávit (Déficit) atuarial	(189.409.275)



18. SALARIES AND SOCIAL CHARGES

	US\$	
	<u>2009</u>	<u>2008</u>
Pension fund administrators	7,263,178	6,388,303
Salaries and social charges payable	7,169,803	8,854,359
Provision for vacation pay and charges	<u>33,126,958</u>	<u>25,037,080</u>
TOTAL	<u>47,559,939</u>	<u>40,279,742</u>

19. SHARE CAPITAL

According to the provisions of the Treaty and its Attachment "A" - by-laws, share capital, totalling US\$ 100 million since 13 August 1973, date when the treaty was ratified, is divided in equal and non-transferable parts between Centrais Elétricas Brasileiras S.A. - ELETROBRÁS and Administración Nacional de Electricidad - ANDE.

20. OPERATING REVENUES

Decree No. 4.550 of 27 December 2002 establishes that from 2003 the sole seller in Brazil of all electricity generated by Itaipu will be Centrais Elétricas Brasileiras - ELETROBRÁS. In Paraguay the purchaser Administración Nacional de Electricidad - ANDE sells Itaipu electricity.

Revenue from electricity supply contracts totalled US\$3,291,012,000 in 2009 (US\$3,202,183,800 in 2008), which corresponds to sales of 145,620 (**) megawatts of contracted power in the year (145,620 megawatts in 2008).

The rate adopted in 2009 was US\$/kW 22.60 (in 2008, US\$/kW 21.99). Since the beginning of 2008, it is available to the Purchasers 18 generating units.

The power provided to the Purchasers totalled 91,239 GWh in 2009 (94,345 GWh in 2008).



Purchasers – US\$ Thousand

	Purchasers – US\$ Thousand					
	2009			2008		
	Brazil Eletrobrás	Paraguay Ande	Total	Brazil Eletrobrás	Paraguay Ande	Total
Electricity supply	3,105,212	185,800	3,291,012	3,044,937	157,247	3,202,184
Payment for transfer of power rights	94,622	-	94,622	101,217	-	101,217
Reimbursement of costs - excess power sold to the other contracting party	78,987	17,648	96,635	97,987	22,415	120,402
Total	3,278,821	203,448	3,482,269	3,244,141	179,662	3,423,803
Contracted power – MW(**)	11,500	635	12,135	11,545	590	12,135
Power owned by each contracting party – GWh(*)(**)	71,205	3,929	75,134	71,678	3,662	75,340
Provided power – GWh(**)	83,891	7,348	91,239	86,585	7,760	94,345

(*) Annual electricity supply plan, calculated by CADOP - Committee for the Management and Operation of ITAIPU's Electricity Service Purchase and Sale Contracts.

(**) Information on contracted power, power owned by each contracting party and provided power were not audited.

21. OPERATING EXPENSES - Payments and Reimbursements

Payments and reimbursements included in Attachment "C" to the Treaty, due in 2009 and 2008 to the Contracting Parties, as well as to ELETROBRÁS and ANDE.

	US\$					
	2009			2008		
	Brazil	Paraguay	Total	Brazil	Paraguay	Total
Capital earnings						
Principal	6,000,000	6,000,000	12,000,000	6,000,000	6,000,000	12,000,000
Adjustment of earnings	15,406,280	15,406,280	30,812,560	16,636,388	16,636,388	33,272,776
Subtotal	21,406,280	21,406,280	42,812,560	22,636,388	22,636,388	45,272,776



Royalties						
Principal	118,610,782	118,610,782	237,221,564	122,647,881	122,647,881	245,295,762
US dollar adjustment	100,134,052	100,134,052	200,268,104	116,882,694	116,882,694	233,765,388
Subtotal	218,744,834	218,744,834	437,489,668	239,530,575	239,530,575	479,061,150
Reimbursement of administrative and supervision charges						
Principal	9,123,906	9,123,906	18,247,812	9,434,452	9,434,452	18,868,904
US dollar adjustment	7,702,619	7,702,619	15,405,238	8,990,977	8,990,977	17,981,954
Subtotal	16,826,525	16,826,525	33,653,050	18,425,429	18,425,429	36,850,858
Payment for transfer of power rights						
Principal	-	58,555,414	58,555,414	-	60,300,748	60,300,748
US dollar adjustment	-	49,434,851	49,434,851	-	57,464,508	57,464,508
Subtotal	-	107,990,265	107,990,265	-	117,765,256	117,765,256
Total	256,977,639	364,967,904	621,945,543	280,592,392	398,357,648	678,950,040

Payments and reimbursements, as well as the adjustment of capital earnings and of the US dollar are calculated as described in Attachment "C" to the Treaty (see notes to the Statements of Core Business Accounts - Attachment I).

22. OPERATING EXPENSES - Other Operating Expenses

Other operating expenses consist of all expenses incurred with operating the enterprise and represent all operating, maintenance, and administration expenses, including personnel, social security, material and service expenses, as well as the costs of social and environmental nature.

23. OTHER REVENUES / EXPENSES

These arise from the sale of scrap, unusable equipment, occupancy rates, contractual fines, donations, write-off of assets, bank expenses, discounts granted, and the like, as shown below:

	US\$	
	2009	2008
Sundry revenues		
Sales	222,501	410,545
Occupancy rate	1,669,966	2,335,515
Other	5,199,946	689,600
	7,092,413	3,435,660



Sundry expenses

Write-off of assets and facilities	(4,568,730)	(1,770,422)
Financial expenses	(396,792)	(865,337)
Other	(25,498)	(42,364)
	<u>(4,991,020)</u>	<u>(2,678,123)</u>
	<u>2,101,393</u>	<u>757,537</u>

24. FINANCIAL EXPENSES - Monetary variations

Exchange rate gains (losses) reflect the effects of inflation on financial statements (Note 5), which have an impact on balance sheet accounts, to the extent of the variation of these currencies in relation to the US dollar exchange rate against the Brazilian real ((25.5%) in 2009 and 31.9% in 2008) and the Paraguayan guaranis ((6.8%) in 2009 and 1.2% in 2008).

	<u>US\$</u>	
	<u>2009</u>	<u>2008</u>
<u>Loans and financing</u>		
F I B R A	14,369,947	(8,484,796)
<u>Other exchange rate gains (losses)</u>		
Current assets	(105,396,243)	56,264,817
Long-term assets	(819,448)	442,527
Current liabilities	(7,483,653)	7,014,977
Long-term liabilities	56,490,408	(46,937,549)
Other accounts	(681,144)	507,127
	<u>(57,890,080)</u>	<u>17,291,899</u>
TOTAL EXCHANGES RATE GAINS (LOSSES)	<u>(43,520,133)</u>	<u>8,807,103</u>



25. PENSION PLAN AND OTHER BENEFITS TO EMPLOYEES

The Entity sponsors a pension plan for its employees administered in Brazil by FIBRA - Fundação Itaipu BR de Previdência e Assistência Social, and in Paraguay by CAJUBI - Paraguaya de Jubilaciones y Pensiones del personal de Itaipu Binacional.

Contributions are made both by the sponsor and beneficiaries, according to an actuarial study prepared by an independent actuary, according to legislation prevailing in Brazil and Paraguay with the purpose of providing funds sufficient to cover future obligations related to non-vested defined benefits.

Pension fund numbers are converted at the exchange rates of 31 December 2009 and 2008, according to Note 5 (b).

	US\$ thousand	
	2009	2008
FIBRA - Brazil		
Current value of the administrator's assets	994,608	656,953
Mathematical provisions (actuarial value of benefits):		
Vested benefits	563,625	371,613
Unvested benefits	366,390	247,926
Reserves to be amortized	(24,309)	(18,051)
	<u>905,706</u>	<u>601,488</u>
Surplus	<u>88,902</u>	<u>55,465</u>
	US\$ thousand	
	2009	2008
CAJUBI - Paraguay		
Current value of the administrator's assets	304,029	259,253
Mathematical reserves (actuarial value of benefits):		
Vested benefits	247,229	195,984
Unvested benefits	282,568	229,604
Reserves to be amortized	(24,946)	(22,521)
	<u>504,851</u>	<u>403,067</u>
Deficit	<u>(200,822)</u>	<u>(143,814)</u>



The mathematical provisions or reserves represent the present value of future actuarial benefits, less the present value of future contributions projected for the plan, all discounted at an annual interest rate of 10.24% per year (inflation + 6% per year).

As mentioned in Notes 4(h) and 17, since 2003 the Entity adopted the practice of recording in its books of account the liabilities arising from actuarial obligations related to future benefits to employees, whose amount is recorded under the caption “Accrued liabilities - actuarial”.

In the 801 th meeting of the Executive Directors of Itaipu Binational, which occurred on 07-08-2008, the President of Caja Jubilaciones Paraguaya de Pensiones y del personal de Itaipu - CAJUBI out the grounds that generate actuarial deficit in the reserve fund of the Foundation. Then the Board of Itaipu Binational expressed agreement on the creation of a working group to review the plan and costs of the Defined Benefit CAJUBI. To do so, through DET/GP/006/2009, from 20.02.2009, it created a Special Committee consisting of representatives from Itaipu, active participants, retired participants, pensioners and representatives of CAJUBI to suggest parametric reforms of the actuarial nature Board of Directors of Itaipu. As of 08/19/2009 the DET/GP/0026/2009 were placed on knowledge of the Directors Paraguayans conclusions and recommendations contained in the first report of said Commission, and until the close of financial year 2009, the final report has not been conclusively shown .

26. INSURANCE

The main property, plant and equipment in use are insured in accordance with an insurance policy approved by the Entity’s Board of Directors in 1992 to guarantee the following coverage:

- (a) All risks insurance for all assets installed at the hydroelectric power plant in the amount of US\$2,279,666,379.
- (b) Civil liability insurance for the hydroelectric power plant in the amount of US\$20,000,000.

As a supplemental coverage, the Entity has insurance necessary to cover other risks not directly related to the hydroelectric power plant. The policies are taken out according to the location of risk and market conditions of the country where they are located, such as: fire insurance for administrative facilities, vehicles - civil liability and hull insurance, vessels, personal accidents with tourists visiting Itaipu, international transport for imported material and group life insurance for its employees, as below:

Types	Coverage - in US\$
Fire	200,139,503
Vehicles - Civil Liability and Hull	Civil liability and hull - 16,196,919

Group Life	To the employee: 30 times their base salary, limited to 15 times the highest salary of Itaipu's salary table. To the spouse: 50% of coverage, limited to 5 times the highest salary of the table.
Personal accidents with tourists	Death / Disability / Medical and hospital expenses
International transport	Value of merchandise + freight
Vessels	Only the mandatory insurance - Personal damage caused by vessels or by their cargo.

27. FINANCIAL INSTRUMENTS

The estimated market values of the Entity's financial assets and liabilities are determined by means of information available in the market and suitable valuation methods. However, considerable judgment was required to interpret market information and estimate the most adequate market value. Therefore, the estimates presented below do not necessarily indicate the amounts that can be realised in the current trade market. The use of different market methodologies may have a material effect on estimated market values.

Financial instruments are managed by applying operational strategies, aiming at liquidity, profitability and security. The control policy consists of a permanent follow-up on contracted rates against the ones prevailing in the market. The Entity does not invest in derivatives or any other risk assets for speculation purposes.

a. Breakdown of balances

The account balances and market values of financial instruments included in the balance sheet as of 31 December 2009 are identified below:

Description	US\$	
	Book Value	Market value (unaudited)
Assets		
Cash and cash equivalents	97,153	97,153
Short-term investments	514,227,556	514,227,556
Accounts receivable for services rendered	761,752,518	761,752,518
Liabilities		
Loans and financing	17,892,046,753	17,892,046,753
Payments and reimbursements	408,590,056	408,590,056

b. Criteria, assumptions and limitations used in the calculation of market values

- Cash and cash equivalents and financial investments
The market values of balances of current accounts and financial investments held with banks approximate their carrying values.



- **Accounts receivable**
The market value of the balance of accounts receivable approximates its carrying value due to the short-term nature of the instruments.
- **Derivatives**
The Entity adopts the practice of eliminating market risks by avoiding exposure to exchange rate fluctuations in the short-term using instruments that allow control over such risks. In accordance with its financial policies, the Organization has not been conducting transactions involving financial instruments with speculative purposes. As of 31 December 2009, the Entity did not have any outstanding forward and/or swap contracts.

* * * * *

SUPPLEMENTARY INFORMATION
STATEMENT OF VALUE ADDED
FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008

(In US dollars - US\$ 1.00)

	<u>2009</u>	<u>2008</u>
Revenues		
Energy sales	3.291.012.000	3.202.183.800
Payment for transfer of power rights	94.622.572	101.217.204
Reimbursement of costs - excess power sold to the other contracting party	96.634.230	120.402.004
Sundry revenues and expenses	2.101.393	757.537
	<u>3.484.370.195</u>	<u>3.424.560.545</u>
(-) Input acquired from third parties		
Materials	10.633.440	12.414.056
Third-party services	76.531.199	102.446.827
Other operating expenses	271.998.257	109.584.246
	<u>359.162.896</u>	<u>224.445.129</u>
WEALTH CREATED	<u>3.125.207.299</u>	<u>3.200.115.416</u>
(+) Value added transferred		
Financial revenues	19.603.092	58.682.870
WEALTH DISTRIBUTED	<u>3.144.810.391</u>	<u>3.258.798.286</u>
WEALTH DISTRIBUTION		
Payment of employees/managers		
Personnel		
Nominal salary	114.970.994	110.445.723
Bonuses	96.955.279	107.509.429
Employee benefits	47.968.395	52.019.875
Post-employment benefits	353.852.808	(2.976.027)
Expense allowance	12.984.243	14.278.436
Social charges	1.964.735	(768.345)
Private pension plan	35.476.267	37.439.183
Labour damages	47.517.713	57.002.958
Workforce	222.544	1.748.581
	<u>711.912.978</u>	<u>376.699.813</u>
Governments		
INSS (social security contribution) / IPI (Federal VAT) / other	36.757.392	36.900.014
Royalties	360.170.740	382.625.338
Royalties - excess power sold to the other contracting party	77.318.928	96.435.812
Payment for transfer of power rights	94.622.572	101.217.204
Payment for transfer of power rights - excess power sold to the other contracting party	13.367.693	16.548.052
	<u>582.237.325</u>	<u>633.726.420</u>
Providers of debt		
Debt charges	1.221.379.726	1.275.205.982
Monetary variations	(43.520.133)	8.807.103
Other financial expenses	-	368.391
	<u>1.177.859.593</u>	<u>1.284.381.476</u>
Providers of equity capital		
Capital earnings	42.812.560	45.272.776
Reimbursement of administrative and supervision charges	27.705.441	29.432.718
Reimbursement of administrative and supervision charges - excess power sold to the	5.947.609	7.418.140
	<u>76.465.610</u>	<u>82.123.634</u>
Net income	<u>596.334.885</u>	<u>881.866.943</u>
WEALTH DISTRIBUTED	<u>3.144.810.391</u>	<u>3.258.798.286</u>

The accompanying notes are an integral part of these financial statements.

(Convenience translation into English from the original previously issued in Portuguese)



Exhibit II

SUPPLEMENTARY INFORMATION

STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008

(In US dollars - US\$ 1.00)

	2009	2008
OPERATING ACTIVITIES		
Net income	596.334.885	881.866.943
Income adjustments		
Write-off of property, plant and equipment - chattels	4.568.730	1.448.403
Decommissioning of facilities and plots of land	-	322.019
Monetary variations - loans	14.369.947	(8.484.796)
Monetary variations - accrued liabilities	56.490.408	(46.937.549)
Provisions recorded in liabilities		
Non-capitalizable finance charges	1.221.379.726	1.275.205.982
Accrued liabilities	521.728.759	36.374.310
Adjusted income	2.414.872.455	2.139.795.312
Changes in assets and liabilities		
Change in accounts receivable for services rendered	14.722.153	(3.792.014)
Change in stockroom supplies	(515.058)	438.301
Change in other receivables	20.741.796	(28.674.850)
Change in payments and reimbursements	(35.880.043)	57.567.844
Change in suppliers and others	17.329.818	9.181.311
Change in salaries and social charges	7.280.197	(2.034.796)
Payment of accrued liabilities	(8.553.167)	(9.012.474)
	15.125.696	23.673.322
Operating cash flow, net	2.429.998.151	2.163.468.634
INVESTING ACTIVITIES		
Purchases of property, plant and equipment and intangible assets	(40.650.385)	(37.876.483)
Cash and cash equivalents used in investing activities	(40.650.385)	(37.876.483)
FINANCING ACTIVITIES		
Loans and financing	10.177.362	7.593.563
Repayment of loans and financing	(834.865.427)	(783.299.651)
Payment of interest on loans and financing	(1.222.416.953)	(1.277.333.363)
Cash and cash equivalents used in financing activities	(2.047.105.018)	(2.053.039.451)
INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	342.242.748	72.552.700
Cash and cash equivalents at beginning of year	172.081.961	99.529.261
Cash and cash equivalents at end of year	514.324.709	172.081.961
Increase/Decrease in cash and cash equivalents	342.242.748	72.552.700

The accompanying notes are an integral part of these financial statements.

(Convenience translation into English from the original previously issued in Portuguese)



Exhibit III

SUPPLEMENTARY INFORMATION
STATEMENT OF CORE BUSINESS ACCOUNTS
FOR THE YEARS ENDED 31 DECEMBER 2009 AND 2008
(In US dollars - US\$ 1.00 and attachment I)

	<u>2009</u>	<u>2008</u>
REVENUES		
Revenues from electricity supply contracts		
Brazilian purchasing entity	3.105.211.592	3.044.937.312
Paraguayan purchasing entity	185.800.408	157.246.488
Payment for transfer of power rights	94.622.572	101.217.204
Reimbursement of costs - excess power sold to the other contracting party	96.634.230	120.402.004
	<u>3.482.268.802</u>	<u>3.423.803.008</u>
COST OF ELECTRICITY SERVICE		
Payments and reimbursements to ITAIPU contracting parties		
Power owned by each contracting party		
Capital earnings	42.812.560	45.272.776
Royalties	360.170.740	382.625.338
Reimbursement of administrative and supervision charges	27.705.441	29.432.718
Payment for transfer of power rights	94.622.572	101.217.204
	<u>525.311.313</u>	<u>558.548.036</u>
Excess power sold to the other contracting party		
Royalties	77.318.928	96.435.812
Reimbursement of administrative and supervision charges	5.947.609	7.418.140
Payment for transfer of power rights	13.367.693	16.548.052
	<u>96.634.230</u>	<u>120.402.004</u>
	<u>621.945,543</u>	<u>678.950,040</u>
Repayment of loans and financing	<u>834.865.427</u>	<u>783.299.651</u>
Finance charges of loans and financing	<u>1.222.416.953</u>	<u>1.277.333.363</u>
Core business expenses		
Personnel	363.796.532	396.040.921
Materials and equipment	32.380.420	30.490.840
Third-party services	84.247.028	115.626.717
Other core business expenses	211.360.810	132.840.724
	<u>691.784.790</u>	<u>674.999.202</u>
Total cost of electricity service	<u>3.371.012.713</u>	<u>3.414.582.256</u>
ANNUAL INCOME FROM CORE BUSINESS ACTIVITIES	<u>111.256.089</u>	<u>9.220.752</u>
Prior year balance	<u>(38.951.054)</u>	<u>(48.171.806)</u>
ACCUMULATED INCOME (LOSS) FROM CORE BUSINESS ACTIVITIES	<u>72.305.035</u>	<u>(38.951.054)</u>

The accompanying notes are an integral part of these financial statements.

(Convenience translation into English from the original previously issued in Portuguese)

NOTES TO THE STATEMENTS OF THE CORE BUSINESS ACCOUNTS

AS OF 31 DECEMBER 2009 AND 2008

Attachment “C” of the ITAIPU Treaty, Financial and Electricity Service Bases, establishes that the core business account consists of the annual balance between revenues and costs from and of electricity supply contracts, determined according to the criteria mentioned below:

a) Revenue

Revenue results from electricity supply contracts entered into pursuant to the letter of commitment signed with Centrais Elétricas Brasileiras S.A. - ELETROBRÁS in BRAZIL, and the letter of partnership signed with Administración Nacional de Electricidad - ANDE in PARAGUAY according to item IV of Attachment “C” of the Treaty. The annual revenue must be equal to the cost of electricity service.

The Board of Directors of ITAIPU BINACIONAL is in charge of setting the electricity service unit cost in accordance with the terms established on the signed documents.

b) Cost of electricity service

In accordance with item III of Attachment “C” of the ITAIPU Treaty and Reversal Notes No. 3 and 4 of 28 January 1986 and No. 10 of 13 November 2000 exchanged between the Ministry of Foreign Relations of BRAZIL and PARAGUAY, the cost of electricity service consists of the following:

- Payments and reimbursements of ITAIPU BINACIONAL Contracting Parties, as follows:

Capital earnings - calculated at the annual rate of 12% on the interest of Centrais Elétricas Brasileiras S.A. - ELETROBRÁS and Administración Nacional de Electricidad - ANDE in the paid-in capital. From January 2001 they started to be adjusted according to Reversal Note No. 10 of 13 November 2000.

Royalties - Calculated at the rate of 650 US dollars per gigawatt-hour generated and measured at the hydroelectric power plant. These royalties should not be lower than 18 million dollars annually and are to be paid to each Contracting Party at an equal percentage of 50%.



Reimbursement of administrative and supervision charges - Calculated at the rate of 50 US dollars per gigawatt-hour generated and measured at the hydroelectric power plant. These charges are due in equal parts to Centrais Elétricas Brasileiras S.A. - ELETROBRÁS and Administración Nacional de Electricidad - ANDE.

Payment for transfer of power rights - Calculated at the rate of 300 US dollars per gigawatt-hour transferred to the other Contracting Party.

Reversal Notes No. 3 and 4 both of 28 January 1986 and exchanged between the Ministry of Foreign Relations of BRAZIL and PARAGUAY, establish that the amount corresponding to the offset will be included only in the rate to be paid by the party that uses the transferred power.

The amounts of royalties, reimbursement of administrative and supervision charges and payment for transfer of power rights, calculated as mentioned above, were multiplied, beginning in 1992 by factor 4,00. Beginning in 2006, a note exchange agreement between the governments of Brazil and Paraguay established for item III 8 of Attachment "C" of the Treaty that payment for transfer of power rights shall be multiplied by factor 5.10 (five point ten) and remain constant, according to a formula established in Reversal Note No. 3, according to the following adjustment factors:

Year	Original factor (A)	Adjustment factor (* (B)	Adjusted factor (A x B)
1985	3.50	-	-
1986	3.50	-	-
1987	3.58	1.03161	3.69316
1988	3.66	1.07050	3.91803
1989	3.74	1.12344	4.20167
1990	3.82	1.17452	4.48667
1991	3.90	1.20367	4.69431
1992	4.00	1.22699	4.90796
1993	4.00	1.25442	5.01768
1994	4.00	1.27941	5.11764
1995	4.00	1.32219	5.28876
1996	4.00	1.35174	5.40696
1997	4.00	1.37073	5.48292
1998	4.00	1.36668	5.46672
1999	4.00	1.39071	5.56284
2000	4.00	1.45725	5.82900
2001	4.00	1.48488	5.93952
2002	4.00	1.48082	5.92328



Year	Original factor (A)	Adjustment factor (*) (B)	Adjusted factor (A x B)
2003	4.00	1.53284	6.13136
2004	4.00	1.59690	6.38760
2005	4.00	1.68959	6.75836
2006	4.00	1.76153	7.04610
2006	5.10	1.76153	8.98378
2007	4.00	1.81921	7.27684
2007	5.10	1.81921	9.27797
2008	4.00	1.94133	7.76534
2008	5.10	1.94133	9.90080
2009	4.00	1.84829	7.39316
2009	5.10	1.84829	9.42628

(*) Basis: annual average inflation rate reported in the United States of America using the Industrial Goods and Consumer Price index published on the International Financial Statistics magazine.

- Repayment of loans and financing: Refers to contractual obligations settled with companies and financial institutions in Brazil and other countries.
- Finance charges of loans and financing: Represent the charges that, in accordance with the debt renegotiation made with ELETROBRÁS are supported by the Entity's financial capacity. These charges, incurred to the balance sheet date, will be paid to financial companies and institutions in Brazil and abroad.
- Interest that is capitalized in the year and that is incorporated into the debt principal is not included. This interest will be allocated to the service cost only upon actual payment.
- Core business expenses: Consist of all expenses incurred with rendering electricity services including direct operating and maintenance costs, and also replacements caused by normal wear and tear of equipment, insurance, administration and overall costs.
- Accumulated income (loss) from core business activities: Includes the annual income or loss from core business activities, plus or less the prior year's balance.