Tractebel Energia
GDF SUEZ



# Results Presentation – 4Q13 and 12M13

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# Highlights, Shareholding Structure, Market Share, Assets and Sales

# Performance highlights

- Main financial and operational indexes:

| (in million of R$) | 4Q13 | 4Q12 | Chg. | 12M13 | 12M12 | Chg. |
|---|---|---|---|---|---|---|
| Net Revenue from Sales (NRS) | 1,488.0 | 1,267.4 | 17.4% | 5,568.7 | 4,912.5 | 13.4% |
| EBITDA[1] | 645.2 | 760.1[2] | -15.1% | 3.042,6 | 3,100.5[2] | -1.9% |
| EBITDA / NRS - (%) | 43.4 | 60.0[2] | -16.6 p.p. | 54.6 | 63.1[2] | -8.5 p.p. |
| Net Income | 286.3 | 431.5[2] | -33.6% | 1,436.7 | 1,490.9[2] | -3.6% |
| Energy Sold (avg. MW) | 4,061 | 4,109 | -1.2% | 4,046 | 3,934 | 2.8% |
| Average Price of Energy Contracts (R$/MWh)[3] | 144.1 | 136.2 | 5.8% | 140.0 | 132.7 | 5.5% |
| Production (avg. MW) | 6,265 | 4,396 | 42.5% | 5,176 | 4,120 | 25.3% |

[1] EBITDA represents: operational results + financial results + depreciation and amortization + impairment.
[2] Adjustment due to change in accounting practice.
[3] Net of taxes and exports.

# Performance highlights (cont'd)

- Approved the distribution of **complementary dividends** for fiscal year 2013 for the amount of **R$ 461.8 million** (R$ 0.7074583705 per share). **For the fiscal year as a whole**, total dividends **reached R$ 1,474.2 million**, equivalent to R$ 2.2584046518 per share or **100% of net adjusted distributable income.**

- With the **start up in commercial operations** of the Trairi and Guajiru wind farms, located in the municipality of Trairi, state of Ceará, Tractebel added a further **55.4 MW** installed capacity to its generating complex.

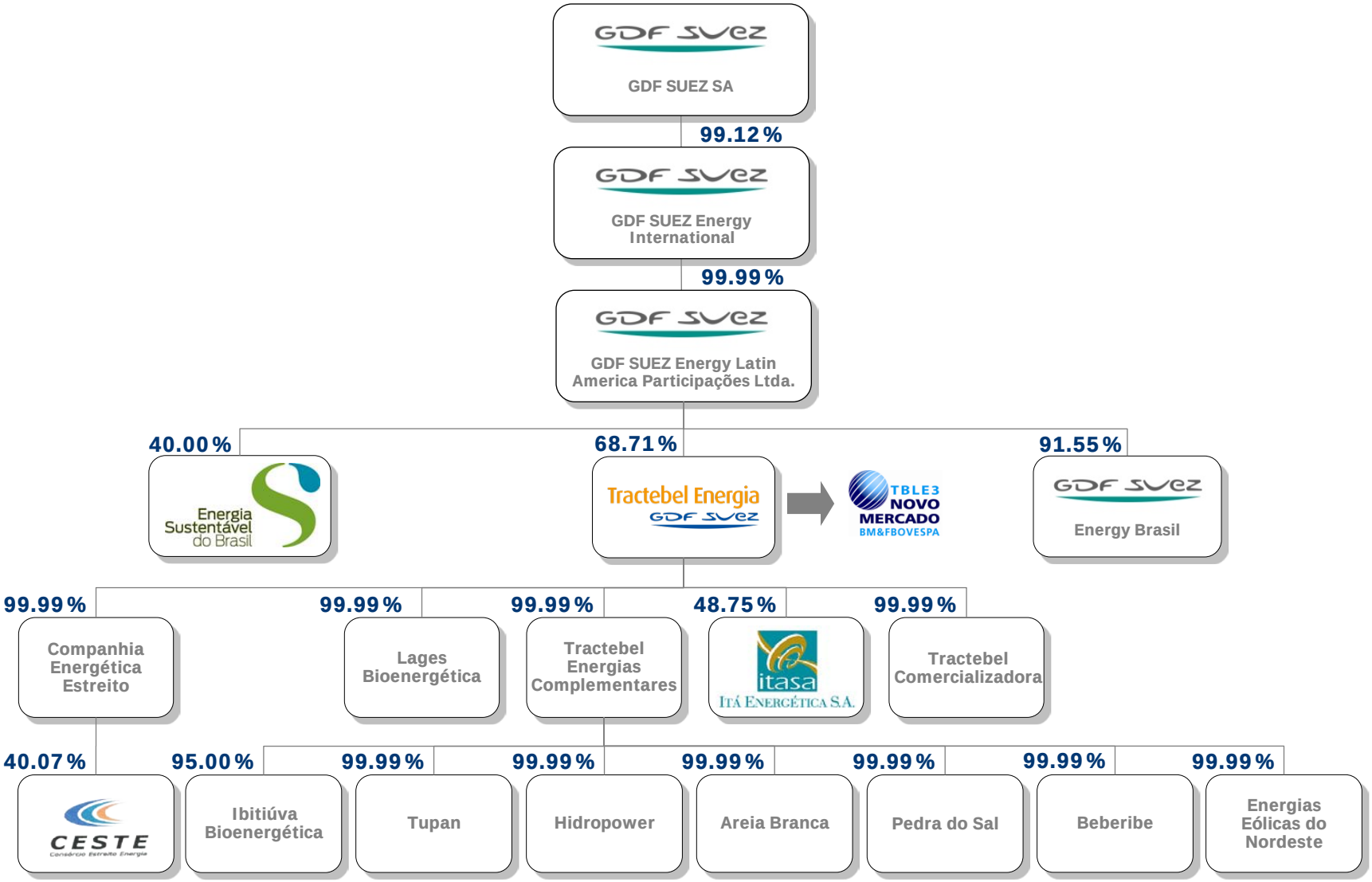
- The Company's Board of Directors approved the **acquisition of Ferrari Termoelétrica S.A.** This is an energy co-generation **sugar cane biomass-fired** plant with an installed capacity of **65.5 MW** and commercial capacity of **23.2 average MW**.

- An Extraordinary General Meeting held on December 30, 2013 approved the **incorporation of Companhia Energética São Salvador (CESS)** by Tractebel Energia. The operation reduced the Company's organizational structure, decreased costs, rationalized and optimized investments, among other benefits, thus creating shareholder value.

- For the ninth consecutive year, Tractebel Energia shares are constituent of the **Corporate Sustainability Index (ISE)** of the BM&FBovespa, of which it forms part since it was created in 2005.

- Subsequent event: on January 6, 2014, the Company's shares **were included as a component of the Ibovespa Stock Index.**

# Tractebel is controlled by GDF SUEZ, world leader in energy

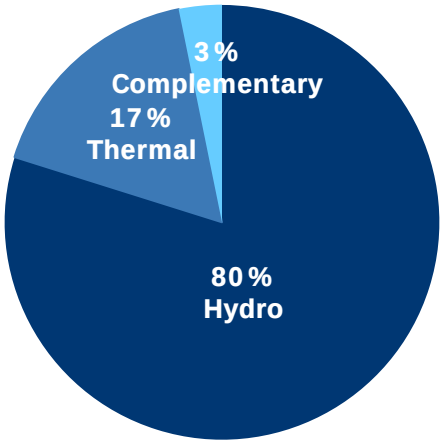


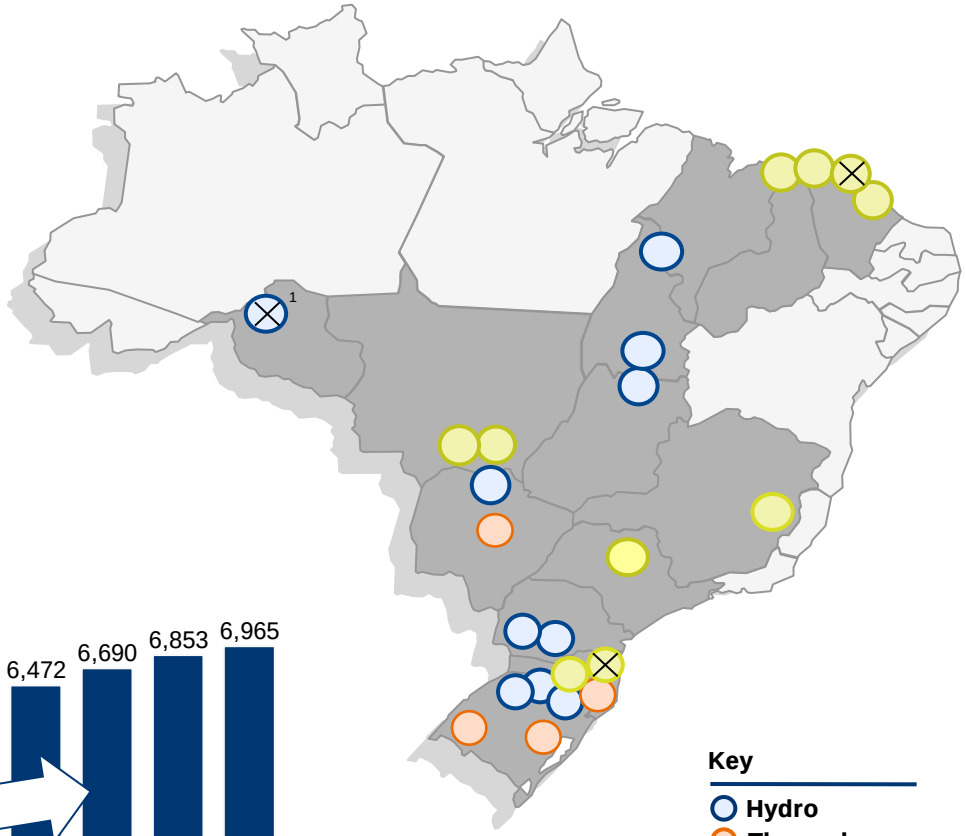

Note: Companhia Energética São Salvador was merged into Tractebel Energia, being the transaction approved at a shareholders' meeting held on December 30, 2013.

Simplified version

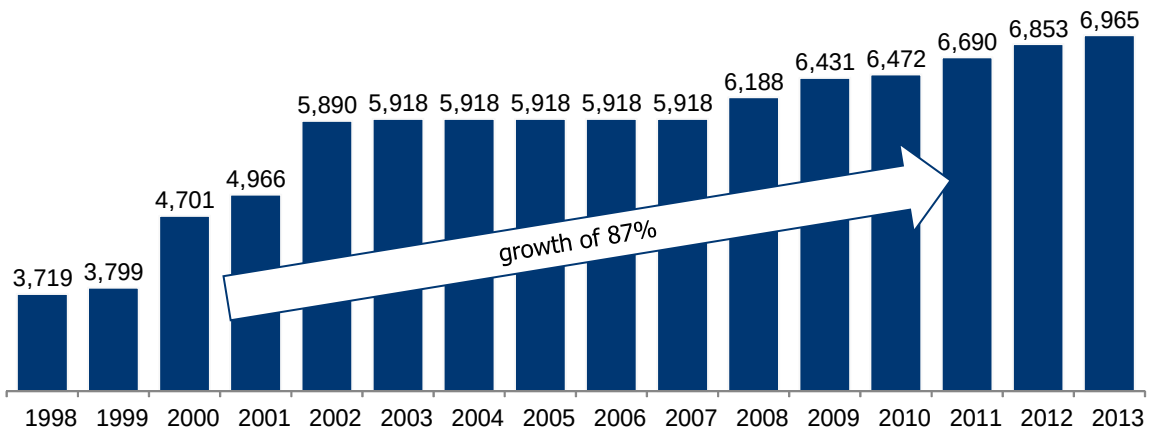
# Diversified portfolio of assets, with strategic location

Proprietary installed capacity of 6,964.7 MW from 24 plants operated by Tractebel Energia in a diversified portfolio.




**Tractebel Installed Capacity**

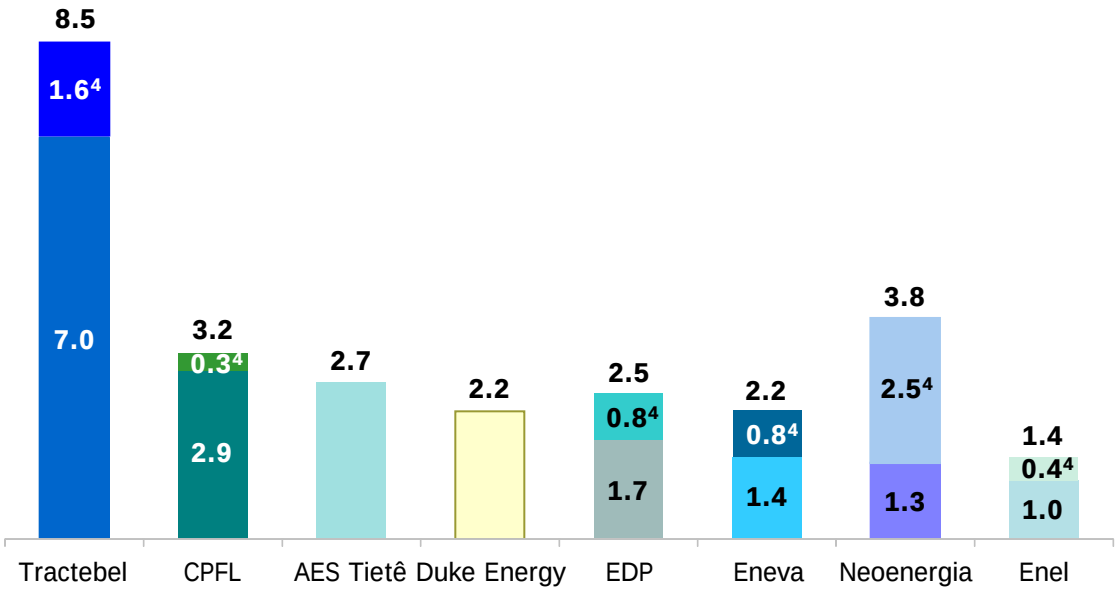



Note:
[1] GDF SUEZ owns a 40.0% stake in Jirau HPP which is foreseen to be transferred to Tractebel Energia.

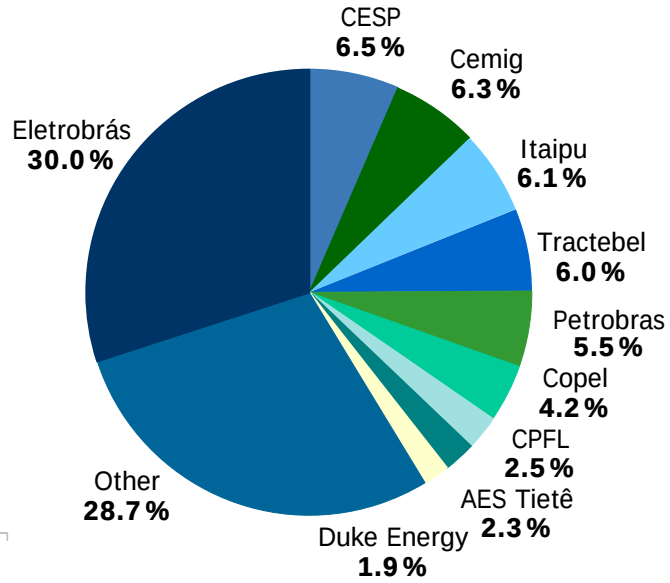
# Leading position in the generation sector

Tractebel Energia is the largest private player in the Brazilian generating market...

**Private Sector – Installed Capacity[1] (GW)**




**Brazil – Existing Installed Capacity[2,3]**



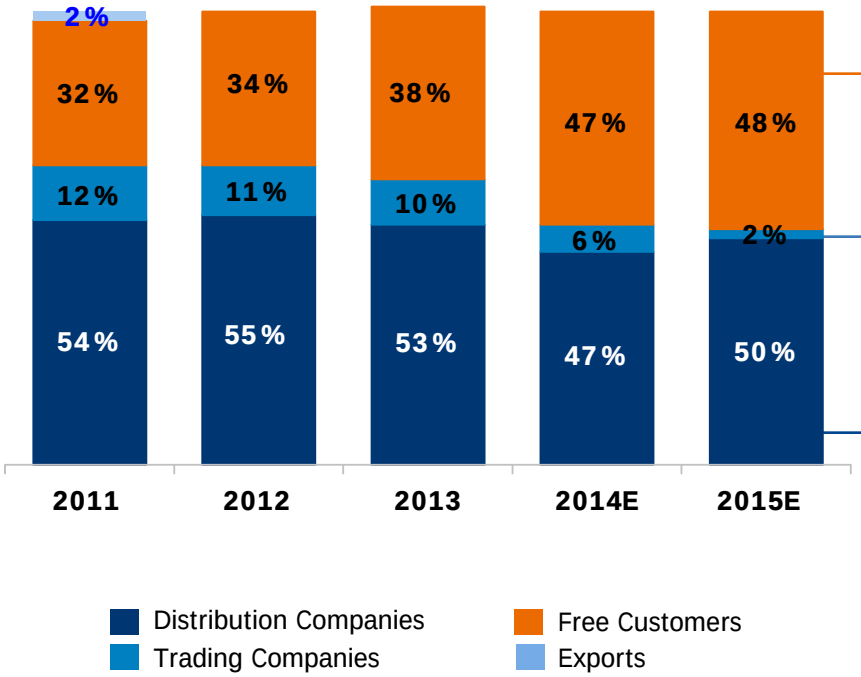

Source: Aneel , Companies' websites and in-house studies.

Notes:
[1] Apparent sum-related errors are a result from rounding of addends.
[2] Amount corresponding to SIN – National Interlinked System.
[3] Includes only the Brazilian part of Itaipu.
[4] Installed capacity under construction based on information from Aneel, ONS and internal study. For Tractebel, the figure includes its parent company's stake (40.0%) in Jirau HPP.

...and is well positioned to capture business opportunities.

# Diversified portfolio among free customers, distribution and trading companies

**Client Breakdown (based on contracted energy)[1]**




First to consistently serve the free market...

- Flexibility (prices, terms and conditions) → Maximizes portfolio's efficiency
- Solid client relationship → Liaison with some free customers
- Largest consumer market
- Regulated and unregulated contracts → Long-term cash flow predictability

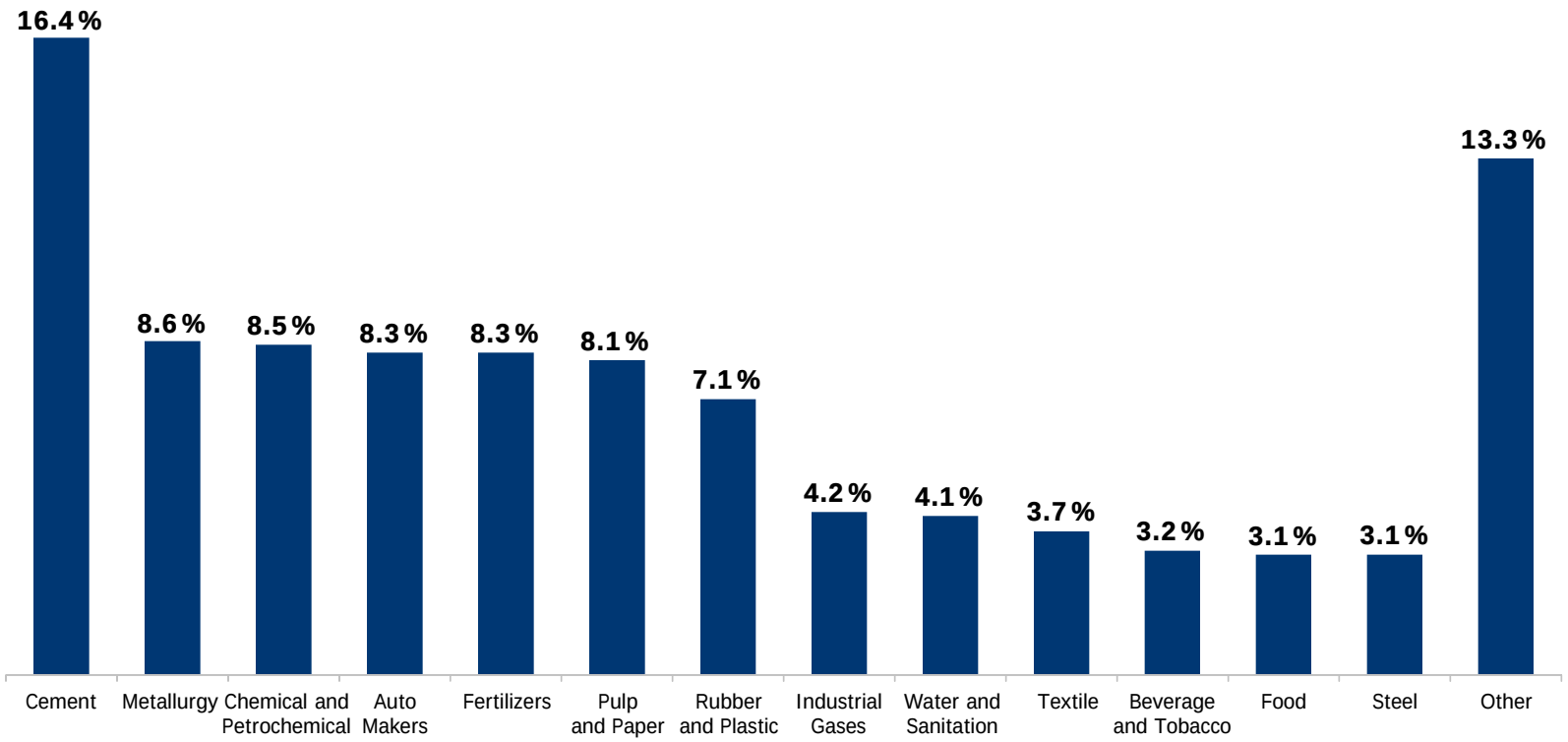
...to maximize portfolio's efficiency.

Note:
[1] The figures have been reclassified. Effective in the 3Q12, the Company is now showing sales to the trading companies which allocate purchased energy exclusively to their production units as sales to free consumers and no longer to trading companies.

# Diversification also within the free customers portfolio

Free customer industry diversification and a strict credit assessment policy allow for a zero default reality.

**Free customers total sales volume for 2014:**
**1,930 average MW**



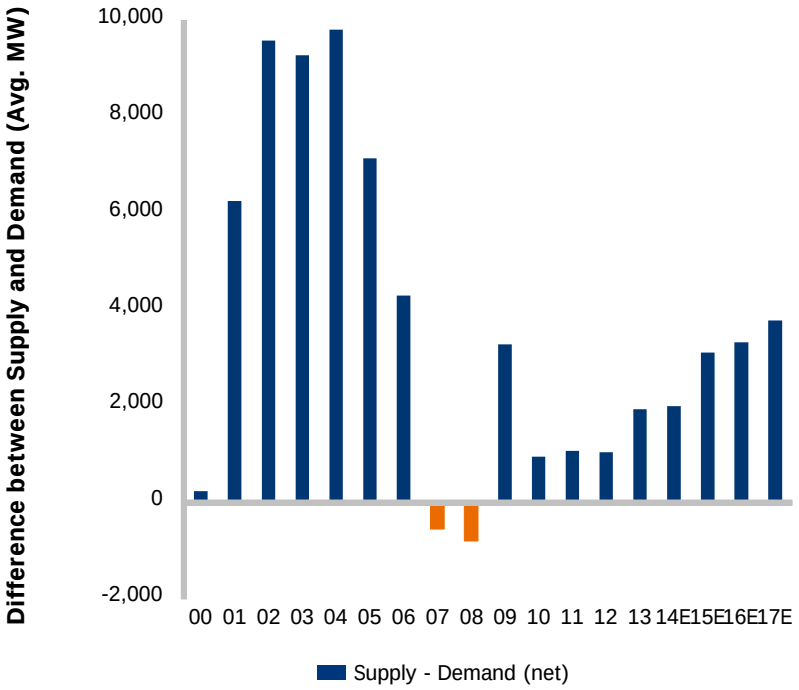

Source: Internal study based on IBGE's classification.

# Energy Market in Brazil

# New profile of income distribution has contributed for increase demand for electric energy

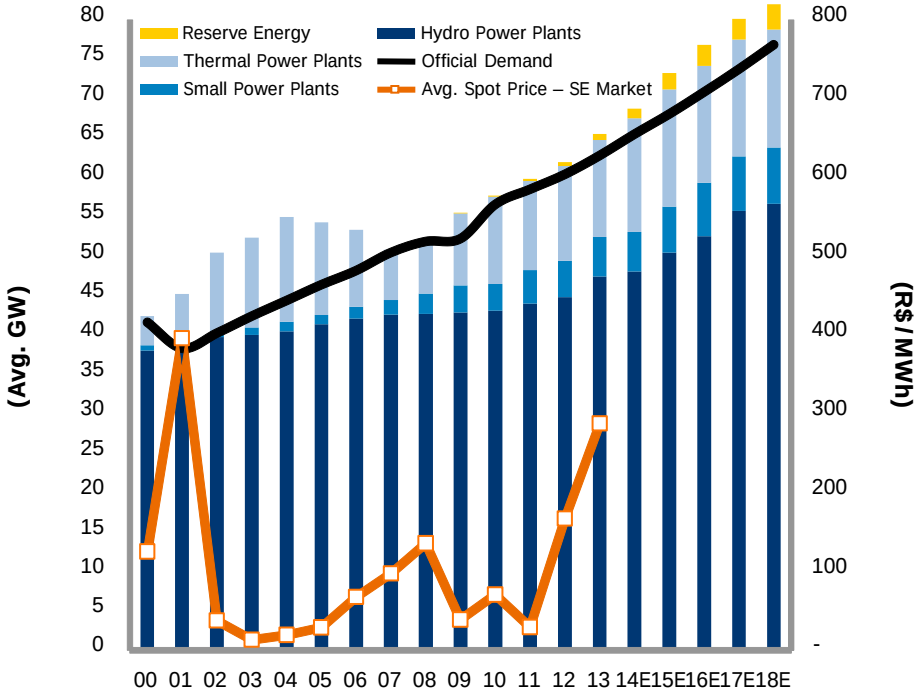
On top of income distribution reshaping, the increased thermal role, the delay in the implementation of greenfield projects, the preference for building low storage dams and the adoption of risk aversion procedures – as the change in PLD's calculation – may increase future energy prices.

## Energy Market Outlook




Source: Tractebel Energia's internal study based on ONS' Operations Monthly Program of January 2014.

## Supply Distribution by Source




Source: Internal study based on information provided by Aneel and ONS.

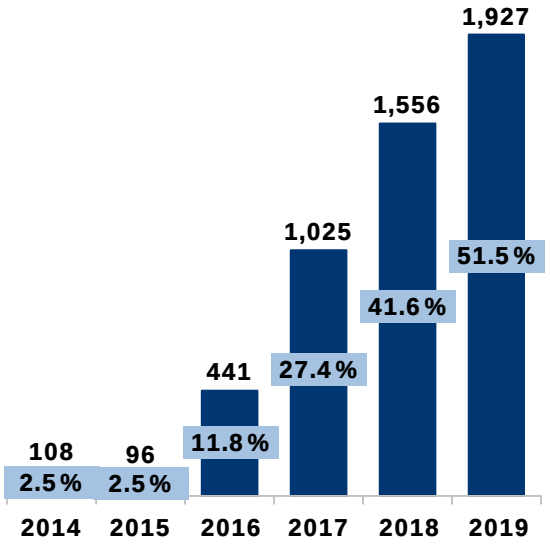
# Sales Strategy

# The energy for delivery in the medium term is almost fully contracted

Tractebel's commercial strategy considers, among others aspects, the gradual sale of future availability. As the time goes by, the Company is able to better foresee the market conditions in a given year ahead and, as a result, to finetune the amount of uncontracted energy.

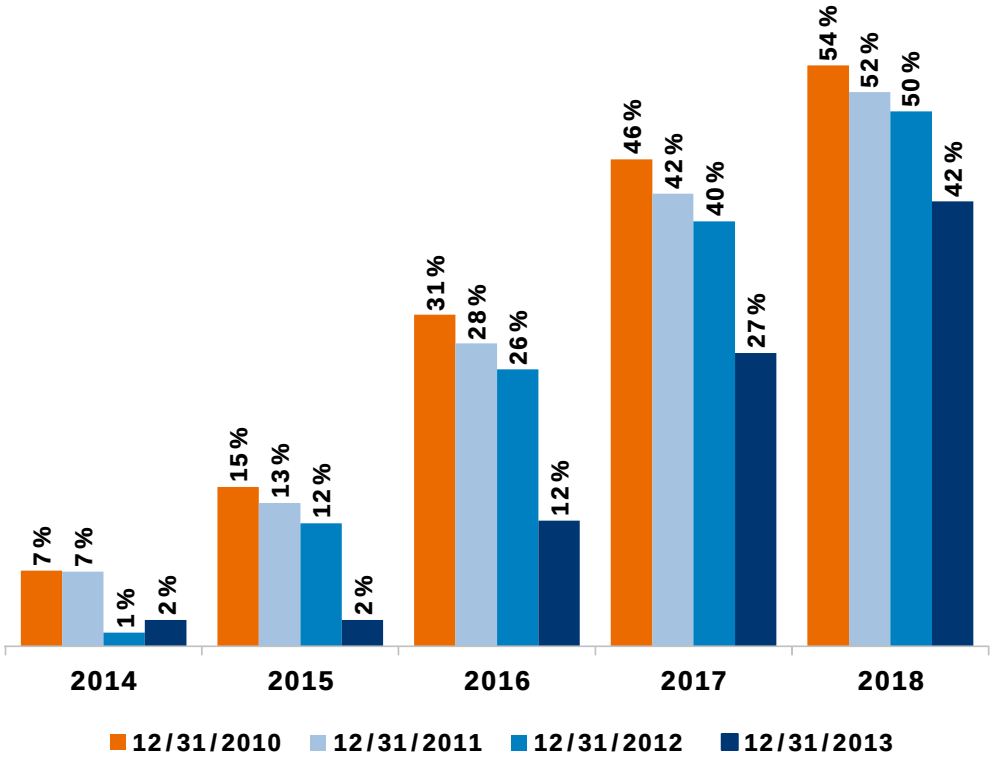
**Tractebel Energia's Uncontracted Energy[1]**

(average MW)




Note:
[1] Percentage of total resources.

**Tractebel: Uncontracted Energy Compared to the Availability of a Given Year**



# Energy balance

As of December 31, 2013

| (in average MW) | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | Auction **Gross** Price (R$/MWh) | Reference Date | **Gross** Price Adjusted as of December 31, 2013 (R$/MWh) |
|---|---|---|---|---|---|---|---|---|---|
| Own Resources | 3,506 | 3,511 | 3,505 | 3,520 | 3,543 | 3,543 | | | |
| + Purchases for Resale | 824 | 367 | 245 | 220 | 200 | 200 | | | |
| **= Total Resources (A)** | **4,330** | **3,878** | **3,750** | **3,740** | **3,743** | **3,743** | | | |
| Government Auction Sales* | 1,661 | 1,651 | 1,508 | 1,155 | 1,155 | 1,155 | | | |
| 2004-EE-2007-08 | 10 | 0 | - | - | - | - | 70.9 | Dec-04 | 109.7 |
| 2005-EE-2008-08 | 143 | 143 | 0 | - | - | - | 81.6 | Apr-05 | 122.5 |
| 2005-EE-2009-08 | 353 | 353 | 353 | 0 | - | - | 94.0 | Oct-05 | 138.5 |
| 2005-NE-2010-30 | 200 | 200 | 200 | 200 | 200 | 200 | 115.1 | Dec-05 | 168.1 |
| 2006-NE-2009-30 | 493 | 493 | 493 | 493 | 493 | 493 | 128.4 | Jun-06 | 184.4 |
| 2006-NE-2011-30 | 148 | 148 | 148 | 148 | 148 | 148 | 135.0 | Nov-06 | 192.8 |
| 2007-NE-2012-30 | 256 | 256 | 256 | 256 | 256 | 256 | 126.6 | Jun-07 | 173.4 |
| Proinfa | 44 | 44 | 44 | 44 | 44 | 44 | 147.8 | Jun-04 | 261.1 |
| 1st Reserve Energy Auction | 14 | 14 | 14 | 14 | 14 | 14 | 158.1 | Aug-08 | 202.5 |
| + Bilateral Sales | 2,561 | 2,131 | 1,801 | 1,560 | 1,032 | 661 | | | |
| **= Total Sales (B)** | **4,222** | **3,782** | **3,309** | **2,715** | **2,187** | **1,816** | | | |
| **Balance (A - B)** | **108** | **96** | **441** | **1,025** | **1,556** | **1,927** | | | |
| Sales Average Price (R$/MWh) **(Net)***[1]: | 140.1 | 139.5 | 140.1 | | | | | | |
| Purchases Average Price (R$/MWh) **(Net)***[2]: | 131.3 | 139.9 | 148.4 | | | | | | |

* XXXX-YY-WWW-ZZ, where:
XXXX -> year of auction
YY -> EE = existing energy or NE = new energy
WWWW -> year of delivery start
ZZ -> supply contract duration (in years)

*1: Sales price is net of ICMS and taxes over revenue (PIS/Cofins, R&D), as of 12/31/13, i.e. future inflation is not considered.

*2: Purchase net price, considering benefits from PIS/Cofins credits, as of 12/31/13, i.e. future inflation is not considered.

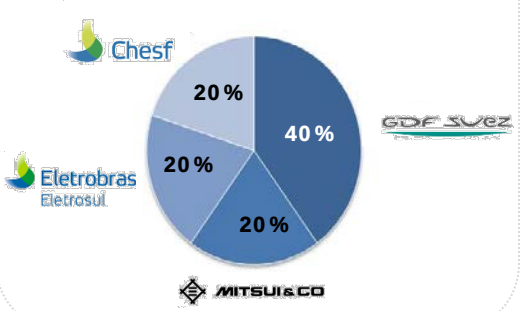
Note:
The balance refers to the settlement point.
The average prices are considered simply estimates and are based on financial planning revisions, not capturing volume changes, which are updated quarterly.

# Expansion

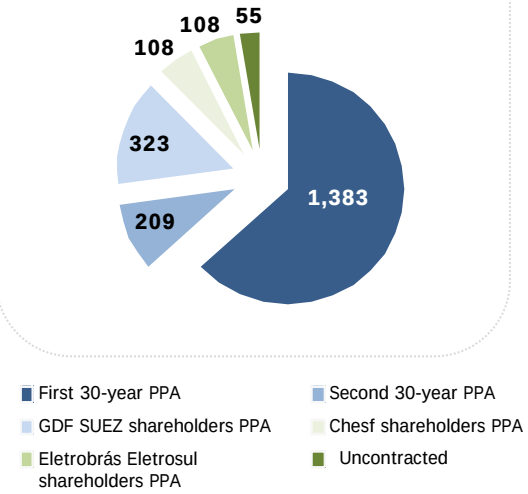
# Hydro Project under construction: Jirau – project update

- **3,750 MW project – 40.0% GDF SUEZ**
  - under construction: 50 units x 75 MW each
  - assured energy: 2,185 aMW
- **73% contracted under 30-year PPAs - indexed by inflation. Start of PPAs subject to ongoing discussions on force majeure recognition with the regulator (Aneel)**
- **Project CAPEX of R$ 17.4 billion (December 2013)[1]**
- **Balance of energy available to be sold by the shareholders**
- **Financing conditions**
  - BNDES total financing – R$ 9.5 billion (initial R$ 7.2 billion + R$ 2.3 billion)
    - ✓ interest rate: TJLP + spread
    - ✓ amortization: 20 years
    - ✓ grace period postponed until September 2014
  - TJLP at 5.0%
  - spread: from 2.1% to 2.6%
  - 100% of the debt is financed by BNDES, from which 50% is indirectly financed through a syndicate of banks

**ESBR shareholders**




**ESBR PPA's portfolio aMW (2016 view)**




**Note:**

[1] CAPEX to completion, including inflation up to December 2013, not thereafter. It includes the receipt of certain tax credits (PIS/Cofins), excludes interest during construction (100% capitalized and not paid). Also includes over R$ 1 billion of socio-environmental programs.

# Hydro Project under construction: Jirau – project update

## ❑ Project status

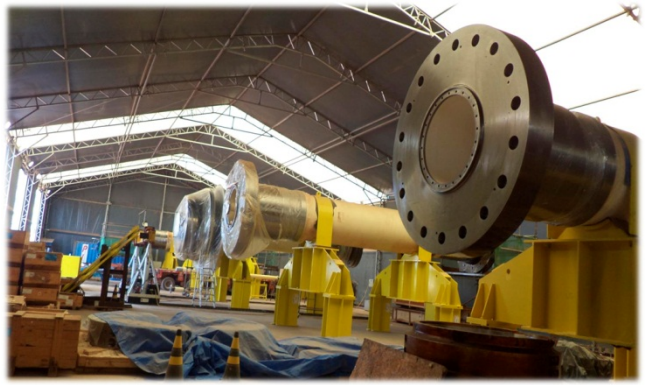
- ➢ COD of the 2nd and 3rd generating units granted in February 2014
- ➢ 1 more unit was synchronized to the grid in February 2014, amounting to 4 units connected to National Interlinked System (SIN)
- ➢ 2 additional units already being tested
- ➢ first of the two 600 kV transmission line is operational since November 2013
- ➢ 90%+ overall project progress, including 95%+ on civil works

## ❑ Partnership with Mitsui

- ➢ financial closing of the transaction set on January 16, 2014, following the approval by BNDES and commercial lenders

## ❑ Options to create additional value

- ➢ additional assured energy and other forms of compensation proposed by the regulator, potentially available[1]
- ➢ additional long term tax incentives in the region
- ➢ MME has approved Jirau HPP as a priority project with the purpose of issuing infrastructure debentures, thus creating other funding possibilities



Pre-assembling warehouse of right bank – turbine shafts



Assembly area 1 of right bank power house – distributors

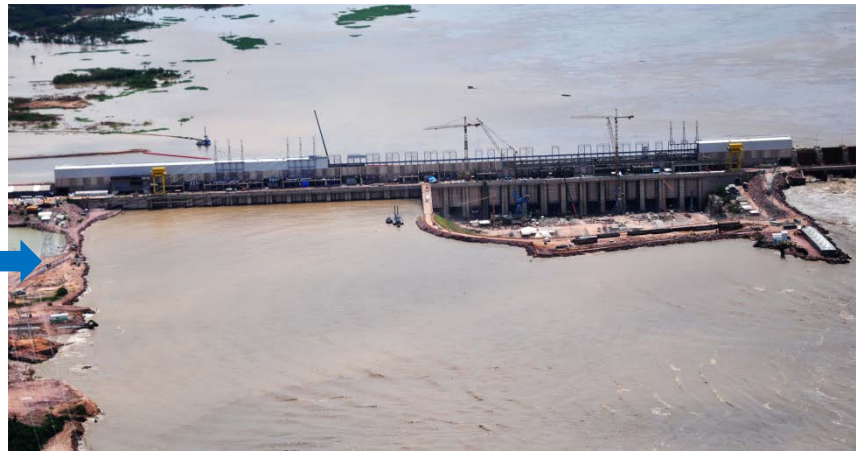
**Note:**

[1] Aneel reverted the decision to grant a minimum of 24.3 aMW but proposed the discussion of further compensations.

# Hydro Project under construction: Jirau – project update



Power house – right bank – downstream view (Oct/2013)



Power house – right bank – downstream view (Jan/2014)



Power house – left bank – downstream view (Sep/2013)



Power house – left bank – downstream view (Jan/2014)

# Wind projects under construction: Trairi Wind Complex

The construction of the two remaining wind farms is on the way in the State of Ceará. The full complex will total 115.4 MW (63.9 aMW) from non-conventional renewables and an investment of R$ 540 million[1].

## Project Details

**Fleixeiras I Wind Farm – 30.0 MW**

- 13 wind generators
- status:
  - wind generators assembly: completed on December 18, 2013. One wind generator is to start commissioning soon
  - transmission lines: concluded
  - first unit SIN synchronism on December 10, 2013
  - COD: January 28, 2014 (subsequent event)





**Mundaú Wind Farm – 30.0 MW**

- 13 wind generators
- status:
  - wind generators assembly: 70% concluded
  - transmission lines: 90% concluded
  - expected COD: 1Q14

The output from the Complex has been sold to the free market and the start-up of Guajiru and Trairi Wind Farms occurred on October 28 and November 22, 2013, respectively.

Note:
[1] Approximate updated value.

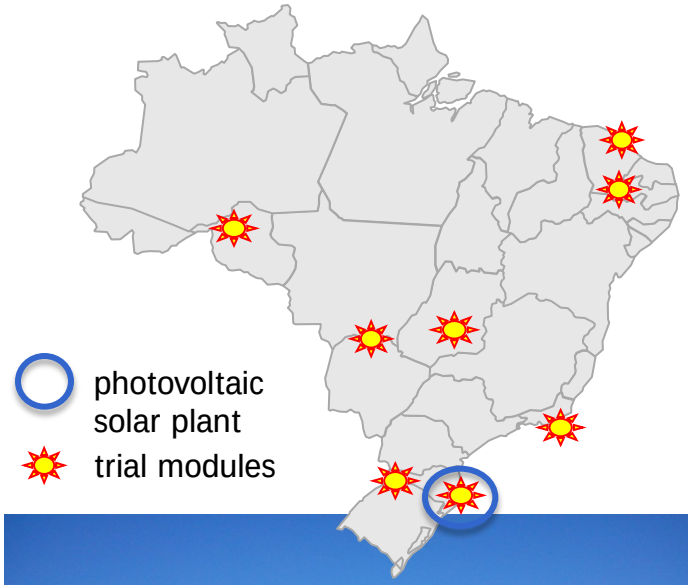
# Solar project under construction: Cidade Azul Photovoltaic Solar Plant

**Photovoltaic Solar Project**

- installed capacity of the photovoltaic solar plant: 3 MWp
- installation of trial modules (70 kWp each), set in locations with diverse regional climate conditions, besides of Brazil's largest-to-be photovoltaic solar plant
- expected investment: R$ 56.3 million
- goal: to assess the solar generation potential in Brazil, its complementarity with another power sources and identify the most appropriate technologies matching the climate conditions for several regions
- partnership with Federal University of Santa Catarina's Photovoltaic Research Group and other institutions
- developed under the Aneel's Technological Research and Development Program for the Electric Energy Sector

**Project status**

- trial modules
  - ✓ trial modules constructed: (1) Southern Coast TM – Capivari de Baixo/SC; (2) Southern Inland TM – Aratiba/RS; (3) Mid-Western TM - Itiquira/MT; (4) Northern TM - Porto Velho/RO
- photovoltaic power plant
  - ✓ start of metallic structures assembly and 19 thousand photovoltaic modules under conclusion
  - ✓ electrical installations in progress
  - ✓ distribution access authorization was issued by Celesc





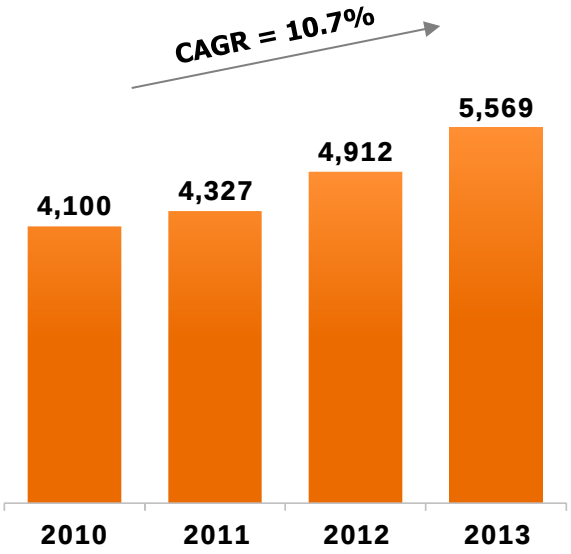

Trial module in Capivari de Baixo (SC)

# Financial Performance

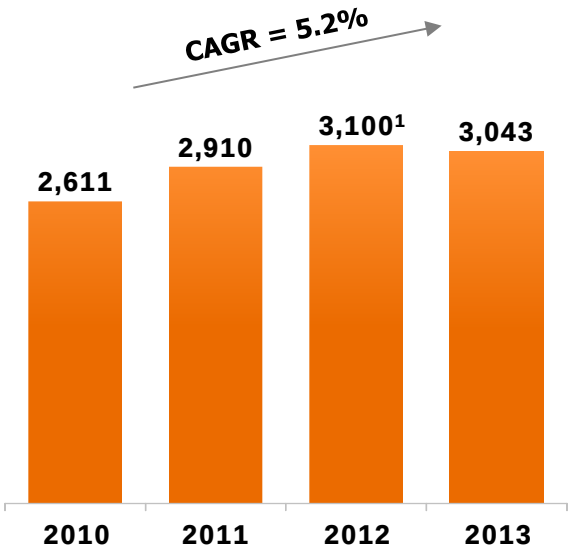
# Solid financial performance

Efficient management of its client portfolio and focus on contracting strategies have paved the way for a substantial top line growth of both revenue and EBITDA over the years. Consistent net income has supported the Company's investment plan.

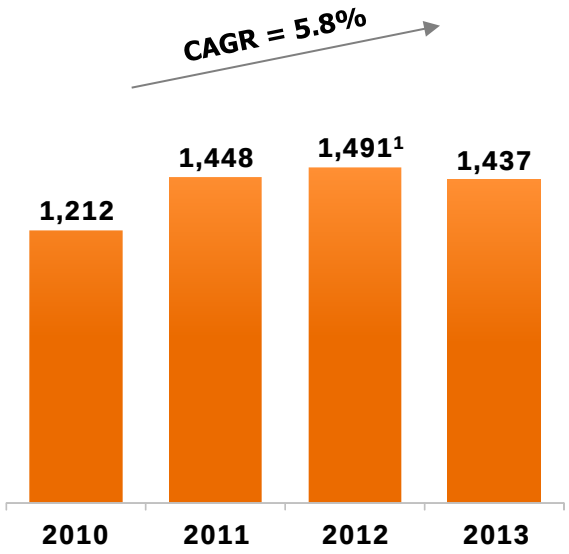
**Net Revenue (R$ million)**




**EBITDA (R$ million)**

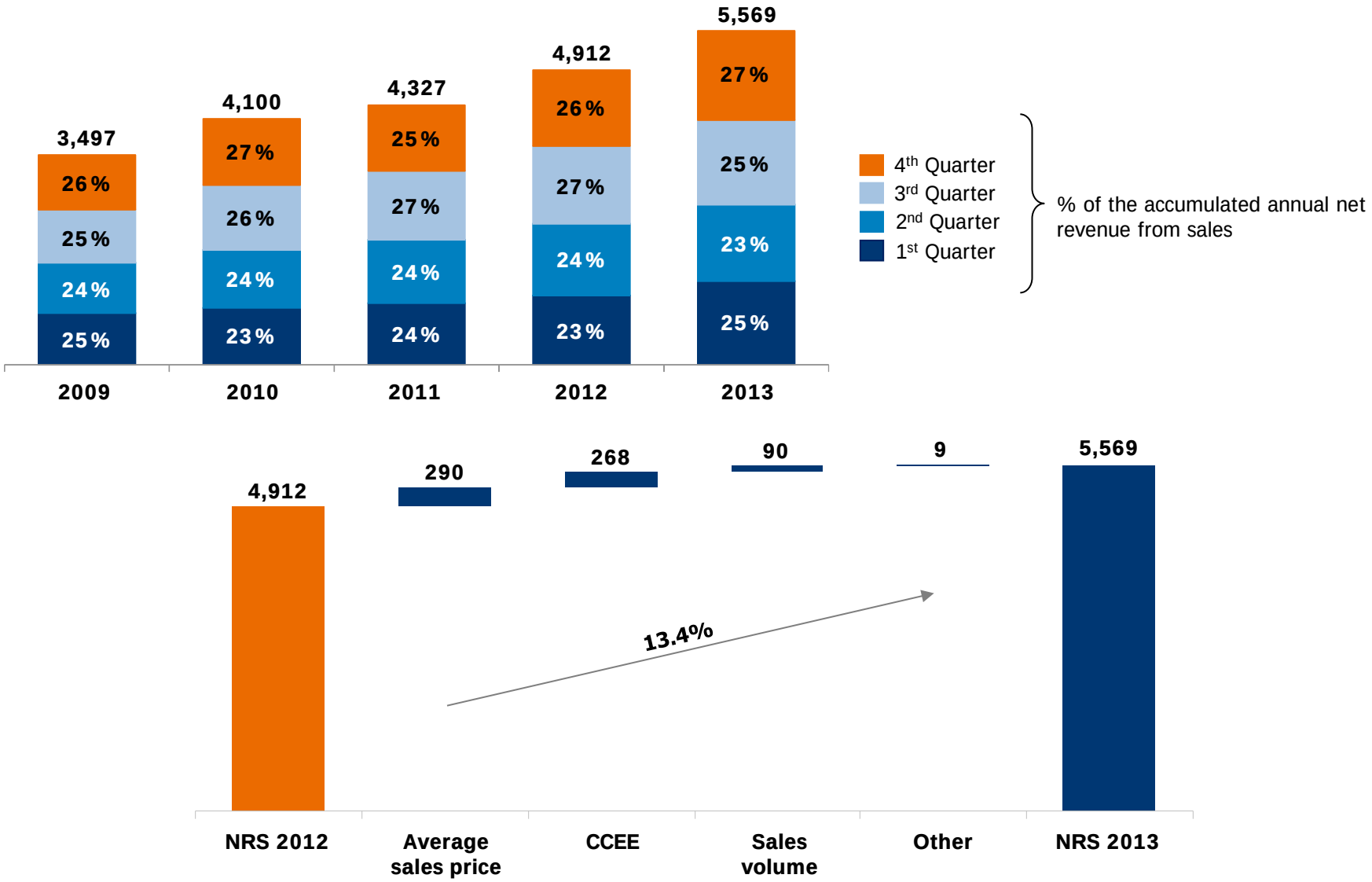



**Net Income (R$ million)**

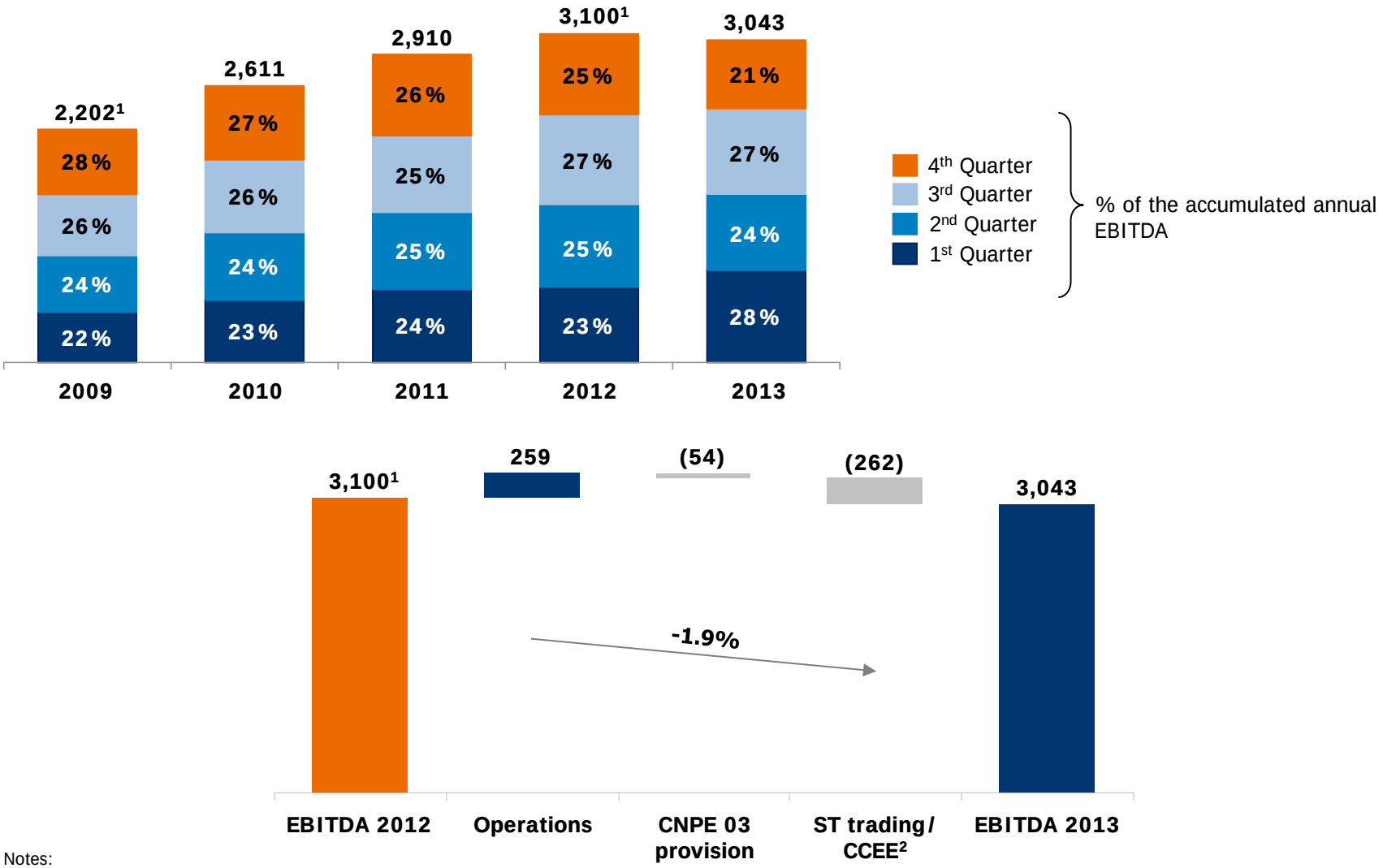



Note:
[1] Adjustment due to change in accounting practice.

# Net revenue from sales change (R$ million)

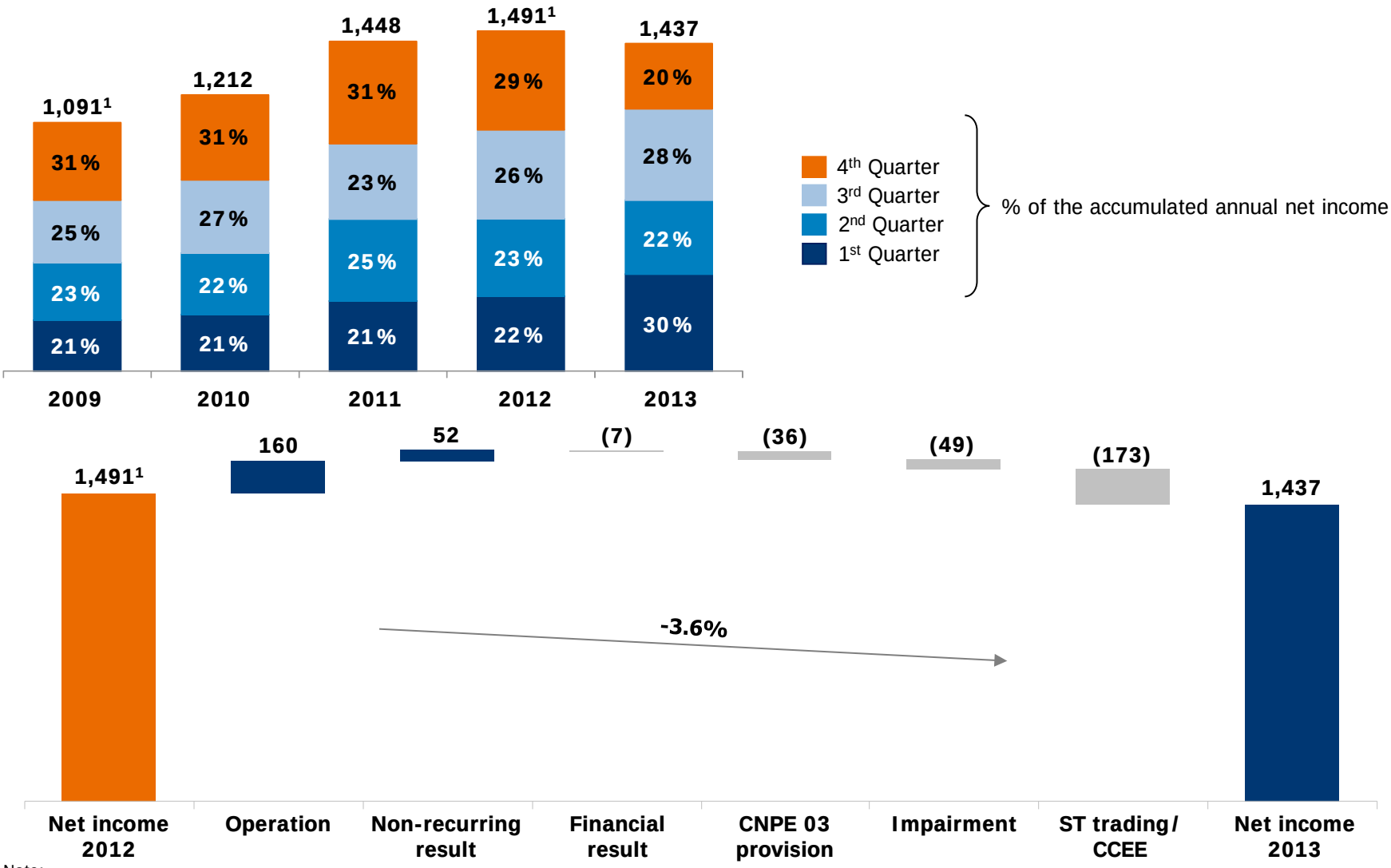


# EBITDA change (R$ million)




Notes:
[1] Adjustment due to change in accounting practice.
[2] Considers the combined effect of changes in revenue and expenses.

# Net income change (R$ million)

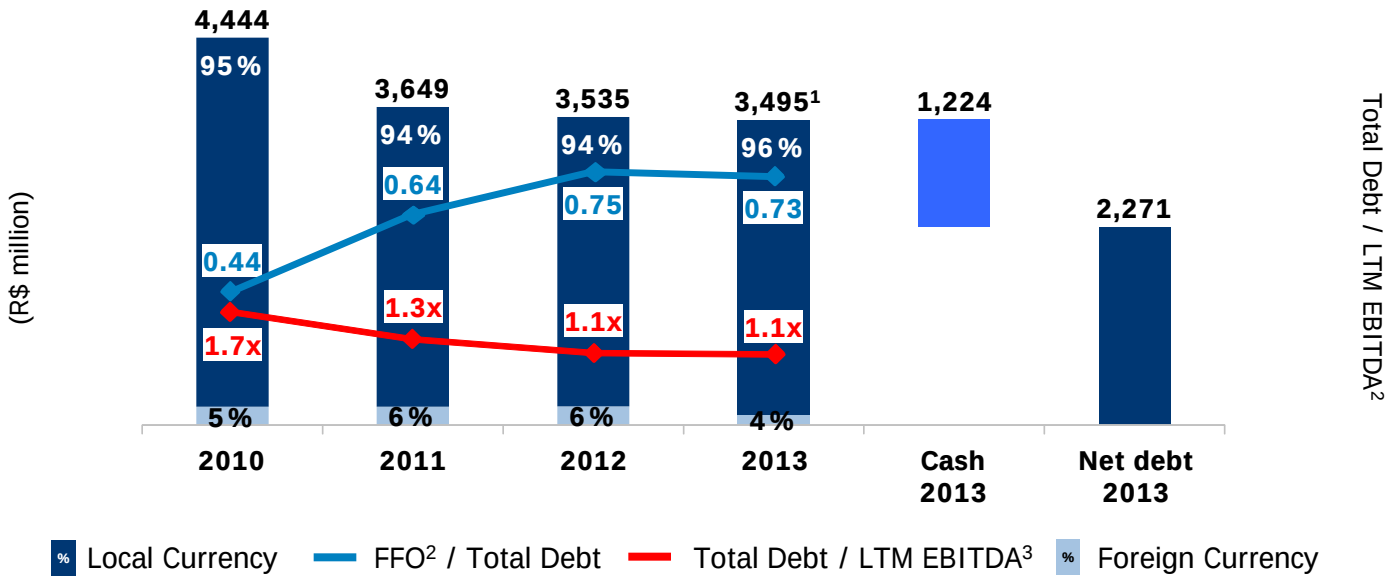



Note:
[1] Adjustment due to change in accounting practice.

# Limited indebtedness and low exposure to foreign exchange

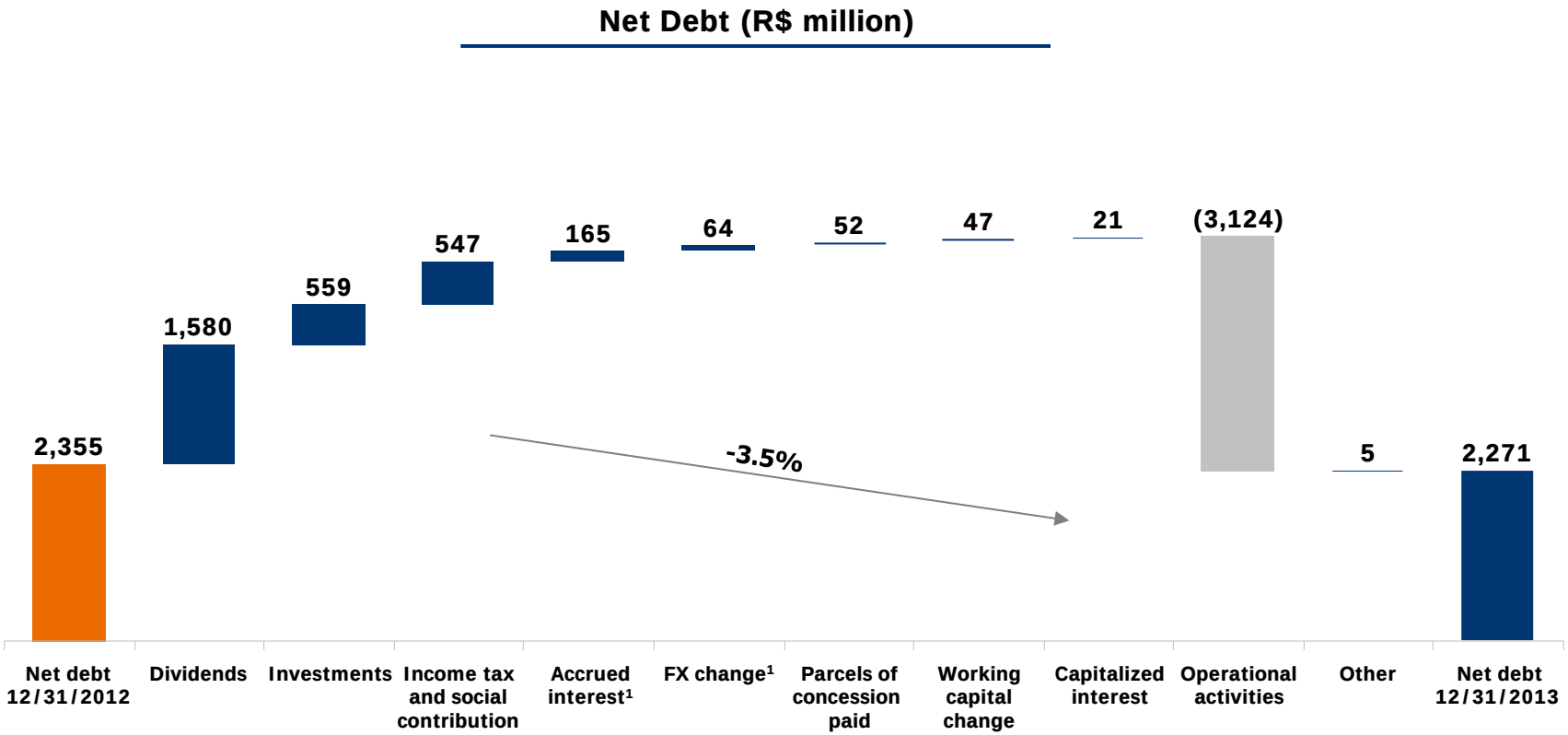
Low leverage enables Tractebel to benefit from growth opportunities.

**Debt Overview (R$ million)**




Note:
[1] The local currency portion includes a US$ 90.0 million debt with full swap for CDI.
[2] Funds from Operations. The figures for 2010 have been adjusted.
[3] LTM EBITDA = last-twelve-month EBITDA.

# Net debt change

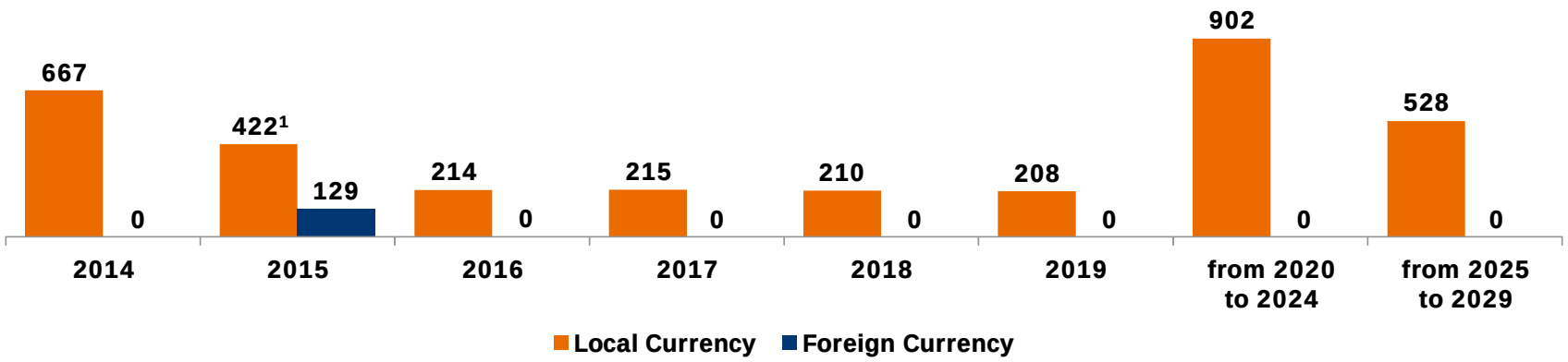



Note:
[1] The interests and FX change refer only to the Company's financial debt (loans, financing and debentures).

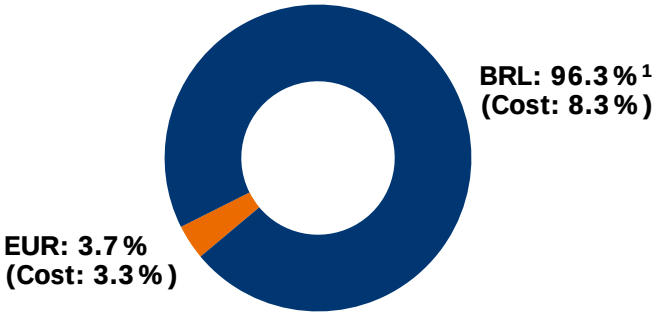
# Medium and long-term debt, with low costs and defensive indexes

Debt profile and strong cash generation reduce refinancing risk.

**Maturity Debt Schedule – R$ million**




**Cost of Debt**




**Composition of Debt**

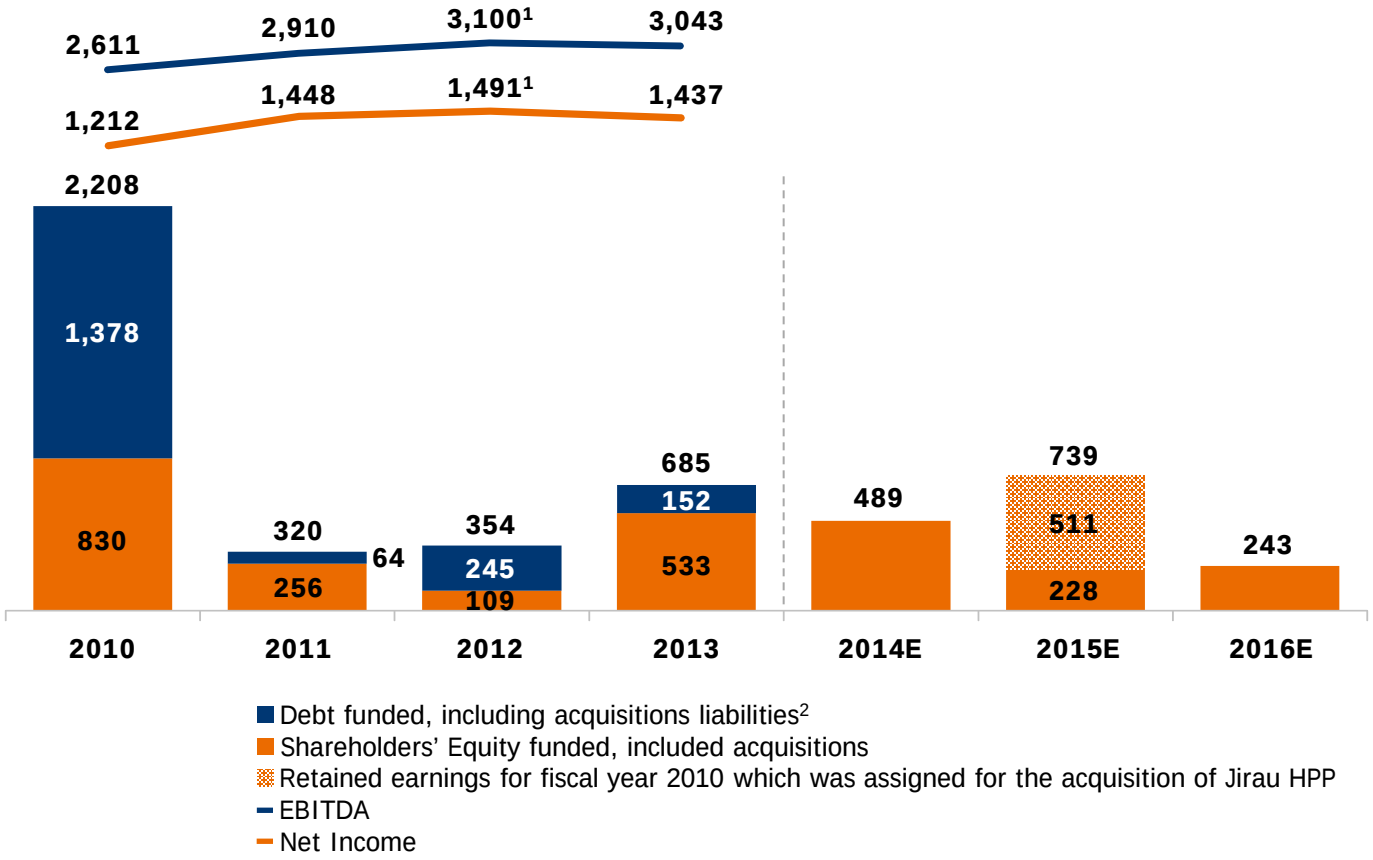
| Foreign Currency | |
|---|---|
| Floating | 100% |
| **Total** | **100%** |

| Local Currency | |
|---|---|
| Fixed | 2% |
| TJLP | 74% |
| CDI | 15% |
| IPCA | 9% |
| **Total** | **100%** |

Note:
[1] Includes debt of US$ 90.0 million with full swap for CDI.

# Expansion plan and maintenance CAPEX are supported by a high cash flow

**Accomplished / expected CAPEX and corresponding financing sources (R$ million)**

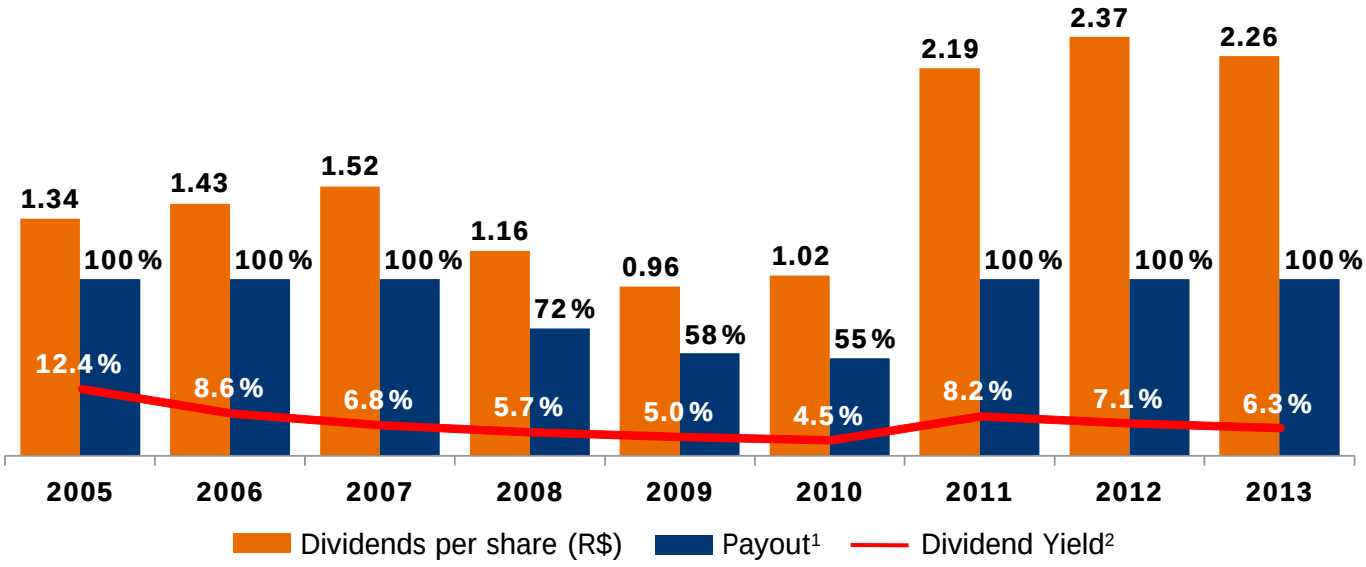



Note:
[1] Adjustment due to change in accounting practice.
[2] Does not consider interests incurred during the construction.

# Dividend policy

- By-law minimum payout: 30% of payable net income.
- Management commitment: minimum payout of 55% of payable net income.
- Credit frequency: semi-annual.

**Dividends (based on distributable net income)**



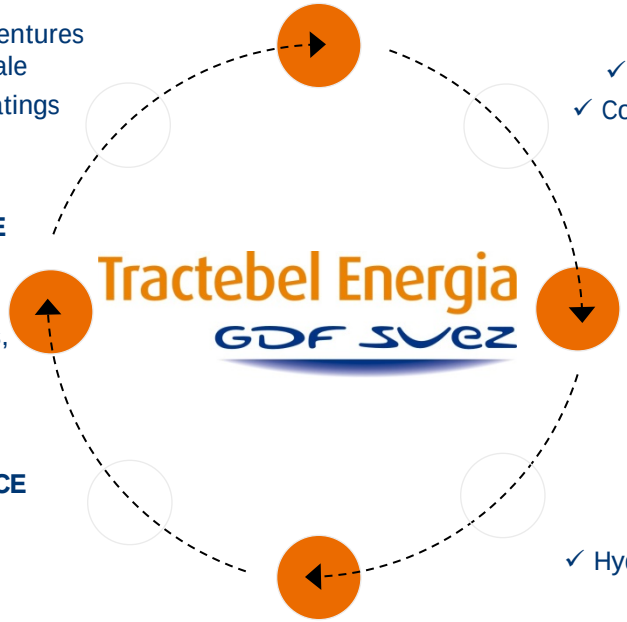

Notes:
[1] Considers the annual payable net income.
[2] Based on volume-weighted closing price of ON shares in the period.

# Competitive advantages

**STRATEGIC INDUSTRY**
- ✓ Defensive profile in times of crisis
- ✓ Attractive funding conditions

**PREMIUM RATING**
- ✓ "brAAA" by S&P and "AAA(bra)" by Fitch – Debentures and Corporate rated in long-term national scale
- ✓ In local and foreign currency issuer default ratings (IDRs) "BBB(bra)" by Fitch

**INDUSTRY LEADERSHIP**
- ✓ Largest private generator in Brazil
- ✓ Market cap: R$ 23.5 billion as at 12/31/13
- ✓ Controlled by GDF SUEZ, world leader in energy




**HIGH-CALIBER CORPORATE GOVERNANCE AND SUSTAINABILITY**
- ✓ Experienced executives
- ✓ Discipline track record in investment decisions, based on triple bottom line concepts
- ✓ First class controlling shareholder

**CLEAR COMMERCIAL STRATEGY**
- ✓ Heavily contracted in the next years
- ✓ Diversified portfolio between free customers (over different industries) and regulated ones (distribution companies)
- ✓ Benefits from windows of opportunities

**STABLE FINANCIAL PERFORMANCE**
- ✓ Strong cash flow
- ✓ High average EBITDA margin
- ✓ Consistent net income
- ✓ Low FX exposure
- ✓ Active financial management

**CASH FLOW PREDICABILITY**
- ✓ Inflation-indexed contracts
- ✓ Hydro basis, complemented by thermal and wind
- ✓ Long-term contracting strategy

**HIGH OPERATIONAL PERFORMANCE**
- ✓ Benchmark indexes of availability
- ✓ ISO 9001 (quality management) and 14001 (environment management) certified plants

# Contacts


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**GDF SUEZ Latin America (pre-transfer projects):**

**Anamélia Medeiros**
Market Relations Manager
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+55 21 3974 5400

# Attachment I
# Sustainable Development - Highlights

# Our product, our principles

- Tractebel **produces an input essential to life**
- **Its energy is present along the entire production chain** and corresponds to about 6% of Brazilian consumption
- In 2013, excluding scheduled stoppages, **plant uptime** was **97.4%**, surpassing 2012 (96.9%) in **0.5 p.p. (or 0.5%)**
- **83%** of the production come from **renewable sources** which are being prioritized in the Company's expansion
- Tractebel creates more than 2,000 jobs; of these **1,125** are **jobs with the Company** (December 31, 2013)

**Principles**

**Mission:** generating energy for life

**Vision:** in a sustainable way, to be the best energy company in Brazil

**Values:** professionalism, sense of partnership, teamwork, creation of value, respect for the environment and ethics

**Commitment to Sustainable Development:**
- To provide sustainable solutions from the economic, social and environmental points of view
- To control the impacts of the operations
- **To create value for shareholders and society**

# Commitments to society

- Adopt fair competitive practices
- Combat fraud and corruption
- Make social inclusion
- Implement health and safety practices
- Respect the environment
- Do not accept child or forced labor or discrimination
- Require the same attitudes from suppliers and partners
- Keep ethical and transparent relationship with stakeholders
- With all stakeholders:
  - ✓ Ethics and transparency
  - ✓ Share the Company values, principles and practices



Saiba +!

Tractebel Energia
GDF SUEZ

## Pacto Empresarial pela Integridade Contra a Corrupção

A Tractebel Energia ratificou, em julho, a sua concordância com o teor do Pacto Empresarial pela Integridade Contra a Corrupção, o qual a Empresa havia aderido em julho de 2011, tornando-se uma das signatárias deste importante movimento de mobilização nacional em favor da ética e da adoção de ações de combate à corrupção e às práticas ilícitas.

O Pacto, iniciativa do Instituto Ethos, em conjunto com outras organizações da sociedade civil, é um desdobramento de um dos princípios do Pacto Global da ONU e personifica o espírito de empresas brasileiras em reconhecer as leis e promover a integridade e a ética na gestão empresarial e no seu relacionamento com o poder público.

Dentre os principais compromissos formalizados no Pacto, destacam-se:

- Divulgação, orientação e respostas sobre princípios legais aplicáveis às atividades operacionais da Empresa.
- Vedação, em qualquer hipótese, da prática de suborno.
- Contribuição transparente e lícita em campanhas políticas.
- Averiguações abertas e transparentes.
- Atuação junto à cadeia produtiva.
- Propagação dos princípios deste Acordo entre os diversos públicos de abrangência da Empresa.

Com esse compromisso público, a Tractebel Energia reafirma sua conduta empresarial responsável na promoção e conscientização das práticas éticas nas relações empresariais, demonstrando o seu comprometimento com o desenvolvimento sustentável no Brasil.

Lembramos que a Tractebel Energia dispõe de um canal de comunicação eletrônico (comitedeetica@tractebelenergia.com.br) direto com Comitê de Ética, onde você pode contribuir com sugestões de uso de melhores práticas de gestão ética, obter orientações sobre eventuais dúvidas ou comunicar condutas inadequadas, sendo neste último item preservado o anonimato.

12/08/2013

Comitê de Ética

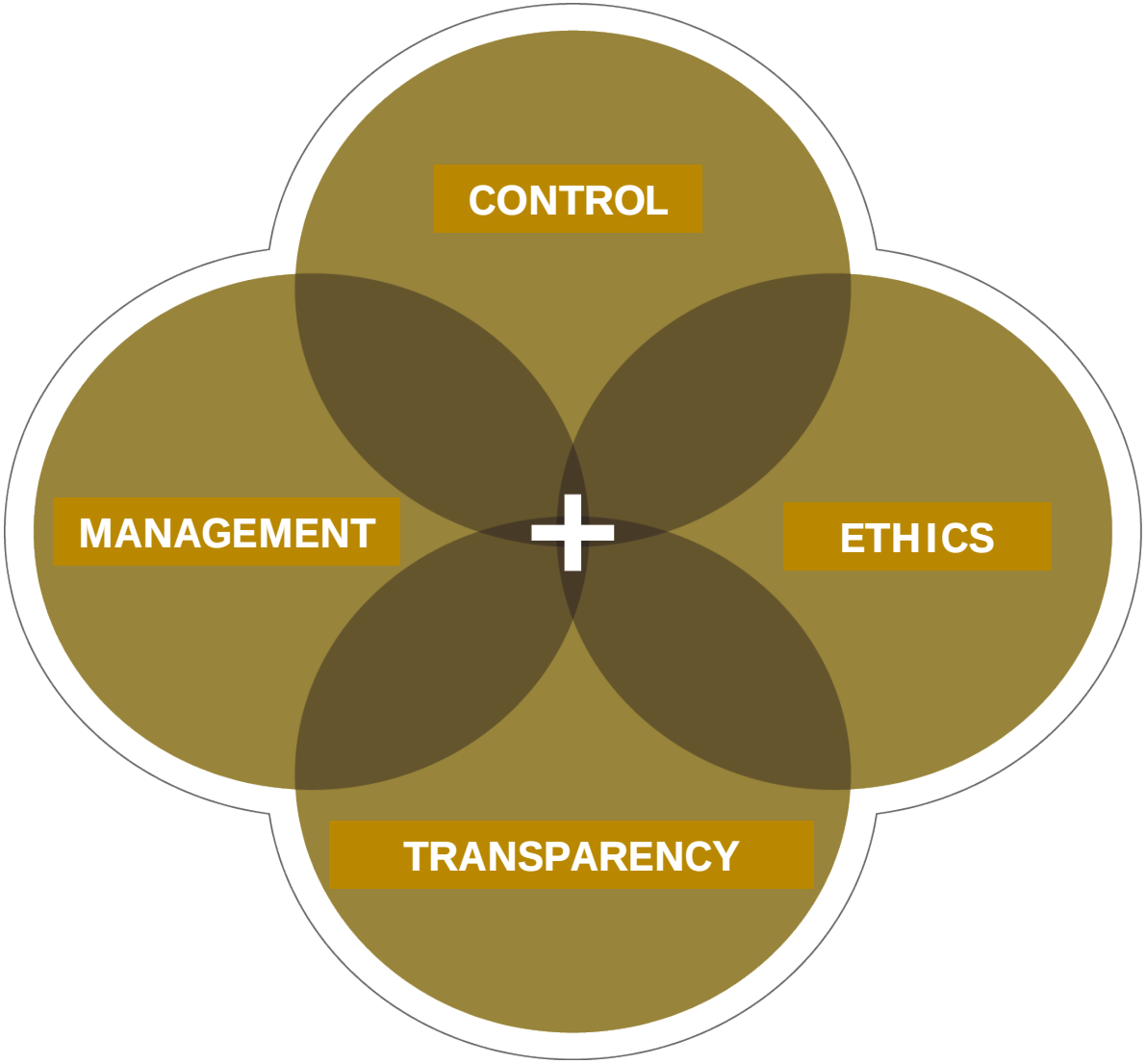
# Employees

- Sharing of the Company values, principles and sustainable practices
- Fair and competitive compensation, favorable benefits and healthcare plan
- Harmonious long-term co-existence: competence, development
- Health and safety: physical and mental integrity; prevention
- Incentives to quality of life
- The right to free association

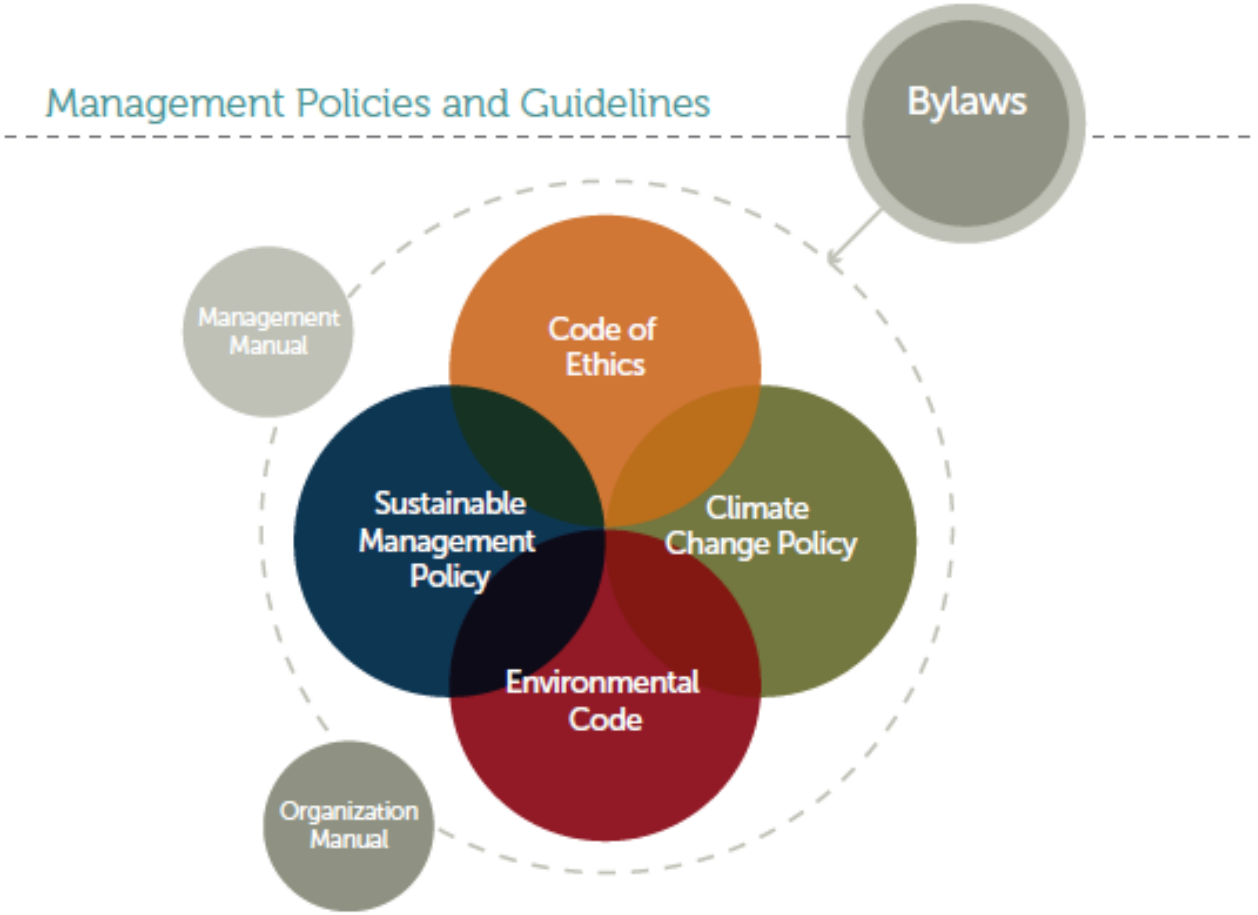
**Época Magazine Ranking – Editora Globo – 2013**: in the first participation, Tractebel Energia was chosen as one of the best companies to work for in Brazil

**Climate Organizational Management**: 70% of favorability in the last edition of the research (2012)

# Governance - principles



# Governance – policies and guidelines



# Production management



POLÍTICA TRACTEBEL ENERGIA
DE GESTÃO SUSTENTÁVEL

A Tractebel Energia, empresa de grande porte de geração de energia elétrica no território nacional, atua de forma compatível com a natureza da sua atividade na gestão dos impactos de seus processos de produção, minimizando os seus riscos ambientais, sociais e econômicos. Prioriza a prevenção e garante a melhoria contínua do desempenho na sua gestão, cumprindo a legislação aplicável e os requisitos subscritos pela companhia. Atenta às tendências do mercado e necessidades do seu negócio, com base em sua Missão, Visão e seus Valores Corporativos, estabelece esta política para as seguintes dimensões:

**Qualidade**
A Tractebel Energia se compromete a fornecer energia elétrica com qualidade e melhorar continuamente o seu processo produtivo de geração de energia elétrica, visando a satisfação do cliente, expressa pelos seus requisitos de confiabilidade, disponibilidade e segurança do sistema elétrico.

**Meio Ambiente**
O respeito ao meio ambiente é componente fundamental da identidade e dos valores da Tractebel Energia, e todas as suas ações são norteadas pelo seu Código de Meio Ambiente. A companhia desenvolve projetos de pesquisa e desenvolvimento e avalia o impacto das suas atividades, buscando a melhoria do seu desempenho na prevenção e controle da poluição, no gerenciamento das situações de emergência e no uso sustentável dos recursos naturais, renováveis e não-renováveis. A Tractebel Energia busca constantemente minimizar o impacto ambiental de suas atividades, priorizando as fontes renováveis de energia e diversificando sua matriz energética.

**Saúde e Segurança no Trabalho**
A Tractebel Energia prioriza a integridade física e psíquica das pessoas, o profissionalismo, a capacitação e a competência, bem como previne lesões e doenças por meio da conscientização, monitoramento e controle dos perigos e riscos identificados nos seus processos, equipamentos e ambientes de trabalho, melhorando continuamente a gestão e o desempenho da saúde e segurança no trabalho.

**Responsabilidade Social**
Com ética e integridade, transparência e diálogo com as partes interessadas, a Tractebel Energia busca a promoção do desenvolvimento sustentável, da melhoria da qualidade de vida e da inclusão social, com prioridade para a infância e adolescência, educação e valorização sociocultural das regiões onde atua.

A Tractebel Energia compartilha esta política com todas as partes interessadas.

Manoel Arlindo Zaroni Torres
Diretor-Presidente

Tractebel Energia
GDF SUEZ
Energia para a vida.

The Tractebel's Sustainable Management Policy incorporates:

- Quality
- Environment
- Occupational Health and Safety
- Social Responsibility

Tractebel Energia shares this Policy with all stakeholders.

Share with us your vision and perception on this Policy, Tractebel Energia's activities and respective impacts. Our contacts:

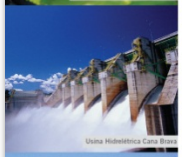
Sustainability Committee:
comitedesustentabilidade@tractebelenergia.com.br

Ethics Committee, with the option of sending an anonymous message:
http://www.tractebelenergia.com.br , selecting "Ethics Committee" in the menu "contacts", or letters to the following address:
Rua Paschoal Apóstolo Pítsica, 5064 – Agronômica – Florianópolis, SC – 88025-255 – Brazil

# Renewable sources and climate changing

## TRACTEBEL ENERGIA POLICY ABOUT CLIMATE CHANGING










A Tractebel Energia, em conformidade com sua Política de Gestão Sustentável, seu Código de Meio Ambiente e seu Código de Ética, alinhada com sua controladora e ciente da necessidade de ações efetivas contra o avanço das mudanças climáticas e seus efeitos, estabelece como política:

- Priorizar as fontes renováveis de energia na expansão da sua matriz energética, mantendo seu parque gerador constituído majoritariamente por hidroelétricas, eólicas e PCHs (pequenas centrais hidrelétricas).
- Investir em projetos de Pesquisa e Desenvolvimento relacionados à conservação do meio ambiente, às mudanças climáticas e às energias renováveis.
- Atuar como promotora do desenvolvimento sustentável, mantendo programa estruturado de sensibilização sobre o tema e apoiando iniciativas que busquem a sustentabilidade.
- Desenvolver projetos de Mecanismo de Desenvolvimento Limpo (MDL) previsto no Protocolo de Kyoto, a exemplo da Unidade de Cogeração Lages, que opera com resíduos de madeira.
- Realizar, periodicamente, Inventário de Emissões de Gases do Efeito Estufa da Companhia, segundo metodologias reconhecidas nacional e internacionalmente, para a melhoria contínua de suas ações e estratégias.
- Contribuir para a conservação da biodiversidade e fixação do carbono emitido para a atmosfera, por meio de ações como plantio de árvores e doação de mudas.
- Priorizar o uso de combustíveis renováveis nas frotas de veículos próprios e locados.
- Dar preferência à utilização de recursos de vídeo e teleconferência, reduzindo o número de viagens para reuniões, evitando assim a correspondente emissão de gases de efeito estufa.
- Destinar a cinza leve das usinas termelétricas a carvão para a fabricação de cimento, reduzindo as emissões de $CO_2$ pela substituição do calcário na indústria cimenteira.
- Destinar a cinza das usinas a biomassa para a agricultura, substituindo os insumos agrícolas convencionais, dentre eles o calcário.
- Promover o uso racional da energia elétrica, por meio de ações como o Programa de Diagnóstico de Eficiência Energética para clientes.

A Tractebel Energia ratifica seu compromisso em prover soluções sustentáveis em geração de energia.

A Tractebel Energia compartilha esta política com todas as partes interessadas.

Compartilhe conosco sua visão e percepção sobre esta política, as atividades e respectivos impactos da Tractebel Energia. Nossos contatos:

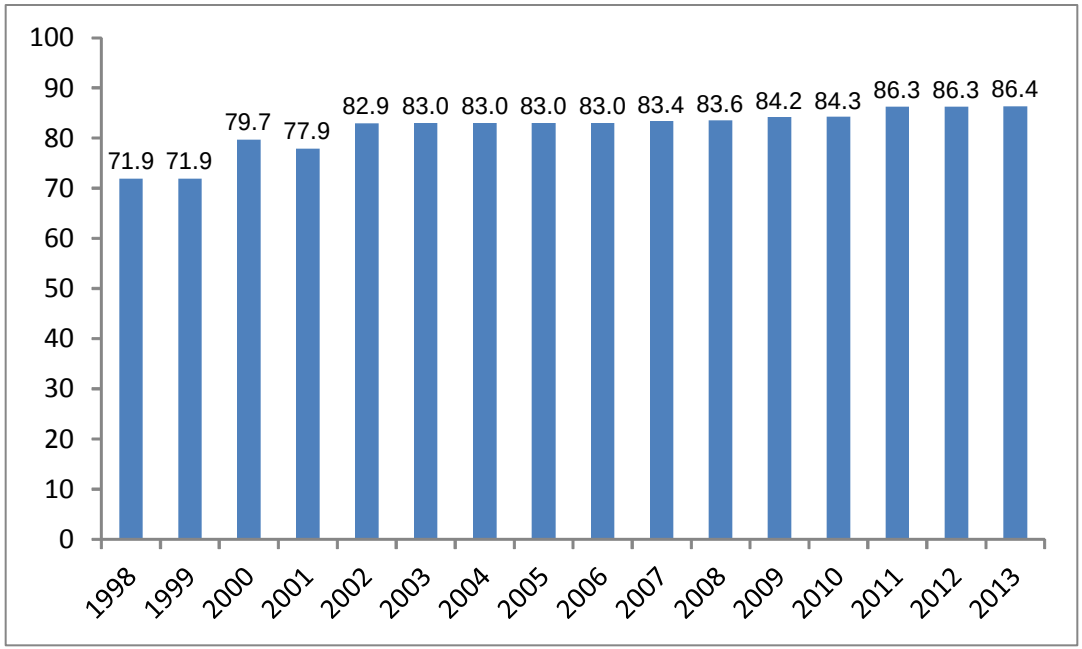
Comitê de Sustentabilidade:
comitedesustentabilidade@tractebelenergia.com.br.

Comitê de Ética, com a opção de mensagem anônima:
www.tractebelenergia.com.br, selecionando "Comitê de Ética" no menu "contatos", ou cartas para o seguinte endereço: Rua Paschoal Apóstolo Pítsica, 5064 - Agronômica - Florianópolis - SC - 88025-255.

Manoel Arlindo Zaroni Torres
Diretor-Presidente

Tractebel Energia
GDF SUEZ
Energia para a vida.

## Renewable Energy per Operated Capacity (%)



# Research and development (R&D)

- Legal requirement (Aneel – minimum investment of 1% of net revenues from sales)
- Since 1999
- Objectives:
  - search sustainable solutions to aggregate value to operations
  - interact with institutions and foundations of local education and research
- Investment in 2013:
  - R$ 19.7 million into projects proposed by the Company to Aneel
  - R$ 6.2 million for MME, for EPE offsetting
  - R$ 12.8 million for the National Science and Technology Development Fund (FNDCT)

# Research and Development – examples

- Installation of a solar photovoltaic power plant (PV) of 3 MWp and evaluation of the technical and economic performance of PV generation under different climatic conditions in the Brazilian electricity matrix
  - installation of eight modules for trial purposes with seven PV technologies and solar radiation measurement stations in eight locations with different climatic conditions
  - installation of a 3 MWp PV plant with three PV consolidated technologies
  - technical, environmental, economic, regulatory, fiscal, legal and commercial evaluation
  - HR skills training
  - in partnership with UFSC and 12 companies in the electricity sector - conclusion in 2015
  - R$ 36 million investment from Tractebel Energia
- Development and certification of a 3.3 MW wind turbine
- A 3.3 AGW horizontal axis wind turbine with three rotor blades, 3.3 MW capacity, direct drive (gearless), permanent magnet synchronous generator, full power converter, rotor blade pitch control and a nacelle orientation system
  - in partnership with WEG, to be concluded in 2017
  - R$ 72 million investment from Tractebel Energia
- Project and construction of a prototype for burning rice straw in a mixture with coal
  - generation of electric energy at JLTC
  - study of collection logistics and biomass transportation
  - in partnership with UFSC; concluded
  - R$ 9 million investment from Tractebel Energia

# Hydropower plants



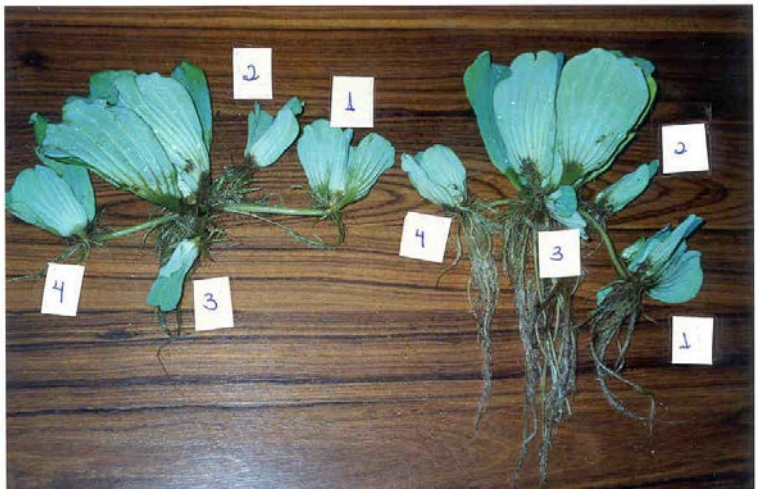


- Total installed capacity from hydroelectric power plants **operated** by Tractebel: **7,270 MW = 83.7%** of the total generating complex parque gerador operado

- Financial Compensation for the Use of Water Resources: **R$ 148.1 million in 2013, higher in 32.5%** referring to R$ 111.8 million paid in 2012

- Hydroelectric power plants also provide:
  - improvement in **infrastructure**
  - **archeological research and preservation**
  - **fauna, flora and ichthyofauna preservation and research**
  - **fish farming and fishing**
  - **environmental compensations**

# Environment control – hydro power plants











# Thermoelectric power plants







- Total installed capacity of the thermal plants in operation: **1,185 MW = 13.6%** of the total generating complex **operated** by the Company
- Represents a **strategic reserve for the Country** in addition to being an important factor for regional economic development. For example, the Jorge Lacerda Thermoelectric Complex (CTJL) with installed capacity of **857 MW** and located in the south of Santa Catarina State, supplies a broad production chain: creating **900 direct jobs and 5,700 indirect jobs**
- Modernization of fossil-fuel fired plants to reduce environmental products:
  - ✓ At CTJL, **electrostatic precipitators** have been installed **to collect more than 98% of the particulate material** produced through coal-burning activities
  - ✓ At the Charqueadas TPP in Rio Grande do Sul State:
    - **prior to delivery, the supplier** processes **the coal** to reduce the sulfur content to less than 1%
    - **bag filters** were installed, **reducing ash emissions by 99.95%,** and also a coal **combustion gases washer** with an **efficiency of more than 90% generating plaster as a byproduct**
    - **environmental monitoring stations** were also installed in the region for continuous observation and with online data transmission to the environmental protection agency
    - **steam is supplied to industry**
  - ✓ Both at Jorge Lacerda Complex and at Charqueadas TPP, the **ash from the coal burning is used as raw material in the cement industry**

# Environment control – thermoelectric power plants

Electrostatic precipitators => capture of 98%+ of light ashes





# Complementary energy sources

Tractebel Energia's installed capacity has reached **220 MW** (165 MW in 2012) of renewable energy sources - biomass, wind and SHPs -, equivalent to **3%** (2% in 2012) of the installed capacity operated by the Company's.

| Complementary Power Plants | Installed Capacity (MW) | Commercial Capacity (aMW) |
|---|---|---|
| 14 Lages (Biomass) | 28 | 25 |
| 15 Rondonópolis (SHP) | 27 | 10 |
| 16 Beberibe (Wind) | 25 | 8 |
| 17 José Gelazio da Rocha (SHP) | 24 | 9 |
| 18 Ibitiúva (Biomass) | 23 | 14 |
| 19 Areia Branca (SHP) | 20 | 11 |
| 20 Pedra do Sal (Wind) | 18 | 6 |
| **Total** | **165** | **83** |



+

## Trairi Wind Complex:

- under construction in Ceará State, two farms already operating (30 + 25.4 MW)
- in addition to the legal socio-environmental programs, investment of R$ 1.8 million in actions classified as priority for the sustainable development of the Municipality of Trairi, more especially the Canaã, Mundaú and Flecheiras districts which comprise the Complex's direct sphere of influence (BNDES – Social Sub-credit Social)



Lages Cogeneration Unit

- 28 MW
- fuel: timber waste
- Certified under the Clean Development Mechanism by the UN

# Visiting and environmental education program / donation and seedlings planting

In 2013:

- 100,686 visitors
- 257,110 seedlings







# Caring for the environment at the surroundings of all power plants

5 forest nurseries – production of 450 thousand seedlings per year



Water quality – monitoring wells





Biodiversity preservation







# Residual control











# Certifications

- In 2013, were recertified, for three more years, 15 plants according to NBR ISO 9001 (Quality), NBR ISO 14001 (Environment) and OHSAS 18001 (Occupational Health and Safety), corresponding to more than 85% of the total installed capacity operated by Tractebel Energia.



# Mais verde para o Brasil

## MATO GROSSO

### 1. Parque Nacional Chapada dos Guimarães
Localizado no planalto mato-grossense, entre os municípios de Chapada dos Guimarães e Cuiabá. Tipo de vegetação: cerrado. Área: 32.776 hectares, administrados pelo ICMBio. A participação nesse Parque será feita por meio da Usina Hidrelétrica São Salvador.

### 2. Parque Estadual da Serra Azul
Localizado no município de Barra do Garças. Tipo de vegetação: cerrado. Área: 11 mil hectares, administrados pela Secretaria de Estado do Meio Ambiente, SEMA (MT). A participação da geradora nesse Parque será feita por causa da Usina Hidrelétrica Ponte de Pedra.

### 3. Estação Ecológica da Serra das Araras
Localizada nos municípios de Porto Estrela (administração) e Cáceres. Tipo de vegetação: cerrado e matas ciliares. Área: 29.741 hectares, administrados pelo ICMBio. A participação nesse Parque esta sendo feita através da Usina Hidrelétrica São Salvador.

## MATO GROSSO DO SUL

### 4. Parque Estadual do Prosa e Parque das Nações Indígenas
Localizado na região central de Campo Grande, é considerado o maior parque urbano do mundo. Tipo de vegetação: cerrado. Área: 135 hectares. Administrado pelo IMASUL (Instituto de Meio Ambiente do Mato Grosso do Sul), a participação nesse Parque foi feita por meio da Usina Termelétrica William Arjona.

### 5. Parque Estadual Mata do Segredo
Localizado em Campo Grande. Tipo de vegetação: cerrado e matas ciliares. Área: 178 hectares, administrados pelo Ministério do Exército e pelo IMASUL. A Tractebel participa do Parque devido à Usina Termelétrica William Arjona.

### 6. Parque Estadual da Serra de Sonora
Localizado na divisa dos estados de Mato Grosso e Mato Grosso do Sul, no município de Sonora. Tipo de vegetação: cerrado e pantanal. Área: 7.913 hectares, administrados pelo IMASUL (Instituto de Meio Ambiente do Mato Grosso do Sul). A participação nesse Parque será feita através da Usina Hidrelétrica Ponte de Pedra.

## GOIÁS

### 7. Parque Estadual do Terra Ronca
Às margens da BR-020, na divisa dos municípios de Guarani de Goiás e São Domingos. Tipo de vegetação: cerrado, com matas de galeria (presença de cavernas). Área: 11 mil hectares, administrados pela Agência Ambiental de Goiás. A participação nesse Parque está sendo feita pela Usina Hidrelétrica Cana Brava, com aquisição de 17 propriedades, totalizando 252 hectares.

### 8. Parque Nacional das Emas
Localizado no extremo sudoeste do estado de Goiás, próximo às divisas com o Mato Grosso e Mato Grosso do Sul. Tipo de vegetação: cerrado. Área: 132 mil hectares, administrados pelo ICMBio. A participação nesse Parque será feita através da Usina Hidrelétrica São Salvador.



## MINAS GERAIS

### 9. Parque Nacional das Sempre Vivas
Localizado na Serra do Espinhaço, entre os municípios de Olhos d'Água, Diamantina, Buenópolis e Bocaiúva, em Minas Gerais. Tipo de vegetação: heterogênea, com a maior concentração do mundo da flor conhecida como sempre-viva, que deu nome ao parque. Área: 124.555 hectares, administrados pelo ICMBio. A participação nesse Parque esta sendo feita pela Usina Hidrelétrica São Salvador.

### 10. Parque Nacional da Serra do Cipó
Localizado na Serra do Espinhaço em terras que pertencem aos municípios mineiros de Jaboticatubas, Santana do Riacho, Morro do Pilar e Itambé do Mato Dentro. Tipo de vegetação: cerrado, matas de galeria (presença de cavernas) e campos rupestres (gramíneas de altitude). Área: 33.800 hectares, administrados pelo ICMBio. A participação nesse Parque esta sendo por meio da Usina Hidrelétrica São Salvador.

### 11. Parque Nacional da Serra da Canastra
Localizado na Serra da Canastra, entre os municípios de São Roque de Minas, Delfinópolis e Sacramento. Tipo de vegetação: cerrado, matas ciliares e campos rupestres (gramíneas de altitude). Área: 72 mil hectares, administrados pelo ICMBio. A participação nesse Parque está sendo feita pela Usina Hidrelétrica São Salvador.

## PARANÁ

### 12. Parque Estadual Serra da Esperança
Localizado na região de Salto do São Francisco, entre os municípios de Prudentópolis e Guarapuava. Tipo de vegetação: florestas subtropicais e matas de várzea, com áreas de recarga do Aqüífero Guarani. Área: 6 mil hectares, dentro dos 206 mil hectares da APA (Área de Proteção Ambiental) da Serra da Esperança, administrados pelo Instituto Ambiental do Paraná. A participação nesse Parque está sendo feita por meio das usinas hidrelétricas Salto Santiago e Salto Osório, onde a Tractebel Energia está adquirindo 1.700 hectares da APA da Serra da Esperança para doar ao Parque via convênio com o Governo do Estado.

*Tractebel Energia has invested **R$ 15 million** in environmental parks in Brazil, the majority reflecting environmental concessions for construction of projects.*

## SANTA CATARINA

### 13. Parque Estadual Fritz Plaumann
Localizado na cidade de Concórdia. Tipo de vegetação: florestas que recobriam originalmente o Alto Rio Uruguai em área catarinense. Área: 740 hectares, administrados pela ECOPEF (Equipe Gestora do Parque Fritz Plaumann), uma OSCIP conveniada com a FATMA (Fundação do Meio Ambiente de Santa Catarina). Criado em 2003, às margens do lago formado pela barragem da Usina Hidrelétrica Itá, pela FATMA-SC, com a participação do Consórcio Itá (formado pela Tractebel Energia, CSN e Cimento Itambé). Coube à Tractebel Energia e ao Consórcio Itá a aquisição das terras, a implantação da infra-estrutura e a operação nos primeiros anos.

### 14. Parque Nacional de São Joaquim
Localizado entre os municípios de Urubici e Bom Jardim da Serra. Tipo de vegetação: campos gerais, matas de araucárias (localizadas mais comumente nas encostas e nos vales) e floresta pluvial subtropical, que ocupa o fundo dos vales. Área: 50 mil hectares, administrados pelo ICMBio. A participação nesse Parque está sendo feita por meio da Usina Hidrelétrica Machadinho, pelo Consórcio Machadinho, onde a Tractebel Energia tem participação na composição acionária.

### 15. Parque Estadual da Serra do Tabuleiro
Localizado oficialmente no município de Palhoça, na Grande Florianópolis, abrange nove cidades, nove ilhas e parte do Sul da Ilha de Santa Catarina. Tipo de vegetação: florestas tropicais úmidas de folhas largas (mata atlântica), florestas tropicais de coníferas (floresta de araucária), restingas, campos de altitude e manguezais. Área: 87.405 hectares, administrados pelo ICMBio. A participação nesse Parque se deu pela Usina de Cogeração Lages.

### 16. Parque Ambiental Jorge Lacerda (SC)
Está sendo construído no município de Capivari de Baixo, ao lado do Complexo Jorge Lacerda, no Sul de Santa Catarina. Área: são 50 hectares disponibilizados pela Tractebel Energia, antes usados como depósito de carvão. É ali que estão sendo construídas pistas de caminhada, ciclovias, concha acústica, horto florestal, um lago, o Centro de Cultura e Sustentabilidade em meio a muito verde, com toda infraestrutura para recebe os visitantes e usuários. Administrado pela OSCIP Associação Jorge Lacerda, que está sendo formada pela Tractebel Energia, Unisul, Fucap, Amurel e Associação dos Funcionários da Tractebel Energia.

## RIO GRANDE DO SUL

### 17. Parque Natural Municipal Mata do Rio Uruguai Teixeira Soares
Localizado no município de Marcelino Ramos, distante 454 km da capital gaúcha Porto Alegre, na divisa do Rio Grande do Sul com Santa Catarina. Tipo de vegetação: floresta subtropical e mata atlântica. Área: 428,65 hectares, está em fase de implantação e é financiado pela Tractebel Energia e Consórcio Itá (formado pela Tractebel Energia, CSN e Cimento Itambé) na infraestrutura e manutenção. A participação nesse Parque está sendo feita por meio da Usina Hidrelétrica Itá.

### 18. Parque Florestal Estadual Espigão Alto
Localizado no município de Barracão, no Planalto Norte do Rio Grande do Sul, às margens do rio Uruguai. Tipo de vegetação: mata de araucárias e floresta do Alto Uruguai. Área: 1.331,9 hectares, administrados pela Secretaria do Meio Ambiente do RS. A participação nesse Parque está sendo feita pela Usina Hidrelétrica Machadinho, pelo Consórcio Machadinho, onde a Tractebel Energia tem participação na composição acionária.


Parque Ambiental Tractebel

# Tractebel Environmental Park

- Located in Capivari de Baixo, SC, adjacent to the Jorge Lacerda Thermoelectric Power Plant
- Opened in October 2013
- Total area of 35 hectares, 23 of which consists of reforestation with indigenous plants
- Hiking and cycle tracks, reception hall, exhibition hall, acoustic shell, canteen, theater...
- Benefits not only the approximately 100 thousand inhabitants in the neighboring cities of Capivari de Baixo and Tubarão, but the entire area covered by the Laguna Region Municipalities Association, comprising 18 municipalities and 350 thousand inhabitants
- Has received an average of 2 thousand visitors every weekend

# Sustainability Committee

Comprises 11 members from different areas, with the Coordinator (Administrative Officer) and the workers' representative in the Board of Directors, has as main objectives:

- proposing corporate sustainability goals and actions to the Executive Board, in line with the Company's commitment to sustainability and its values, vision and mission;
- contributing to:
  - the use of best Corporate Governance practice, particularly in its corporate sustainability aspects;
  - maintaining a balance between the interests of the various stakeholders in the company; and
  - creating a proactive outreach system for social and environmental issues in the communities where the Company operates.
- developing sustainability concepts and practices  awareness-building programs for internal and external audiences, assisting in the Company's actions as a supporter of sustainable development;
- proposing the development of power generation initiatives from renewable sources and actions to mitigate socio-environmental risks at new sites; and
- establishing the means, channels and other forms of ratifying and disseminating the Company's commitment to the principle of Sustainability, Sustainable Development and Ethics with the Executive Board and the Ethics Committee, in line with the Code of Ethics.

# Corporate Sustainability Index

Índice de Sustentabilidade Empresarial ISE 2014

- For the ninth consecutive year, Tractebel Energia is a component of BM&FBovespa's Corporate Sustainability Index (ISE)
- The current portfolio is made up of 51 shares from 40 companies, which represent 18 economic sectors with a total market capitalization of approximately R$ 1.14 trillion, equivalent to 47.2% of total market value of the companies with negotiated shares at BM&FBovespa (on November 26, 2013), and will be effective from January 6, 2014 to January 2, 2015
- Tractebel Energia has been an ISE integrant all over the years since its inception, in 2005. It is a relevant recognition of the Company's commitment to sustainable development and of a superior economical, socio-environmental and corporate governance performance

# Corporate social responsibility

• Covers our principles and practices for sustainable development, governance, competition, human resource management and relationship with all stakeholders

• Community interest actions:

→ developed in areas contiguous to the Company's plants and head office

→ programs and priorities:

• **Tractebel Energia Cultural Development Program**

Focus: emphasizing the importance of cultural roots and fostering cultural development as something of unquestionable value for society and its sustainability

•**Tractebel Energia Social Responsibility Program**

Focus: infancy and adolescence, education, qualification, creation of jobs and income raisings

• **Tractebel Energia Environmental Improvement Program**

Focus: environmental education, restoration of degraded areas and reforestation, support for preservation, ecological awareness and rationalization of the use of natural resources

# Cultural and Sustainability Centers Project

- Installed in the regions of the plants' sphere of influence
- Investment in an area in which the Government deems that the business initiative can make a contribution in a responsible and sustainable manner
- Resources with up to a 100% tax break under the Rouanet Law
- Autonomous management, independent of both Government and Company
- Three already in operation:
    - Entre Rios do Sul, RS with about 3,000 inhabitants
    - Alto Boa Vista, SC with approximately 2,000 inhabitants
    - Capivari de Baixo (Tractebel Environmental Park – proprietary resources)
- Two to be rolled out in 2014:
    - Quedas do Iguaçu, PR (~41,000 inhabitants)
    - Concórdia, SC (~68,000 inhabitants)
- Two for which construction will begin in 2014:
    - Minaçu, GO (~31,000 inhabitants)
    - Trairi, CE (~51,000 habitants)
- Under study: Estreito (MA), Saudades do Iguaçu (PR)...

# Some results of the Entre Rios do Sul Cultural Center

- Received about 25 thousand visitors since opening in July 2011
- Permitted an exchange of dance, theater and music companies as well as other artistic cultural expressions from several regions of Brazil and overseas – unlikely to have visited the city in the absence of the Cultural Center
- Reduction of crime rates in the municipality






# Capivari de Baixo (SC) Cultural and Sustainability Centre







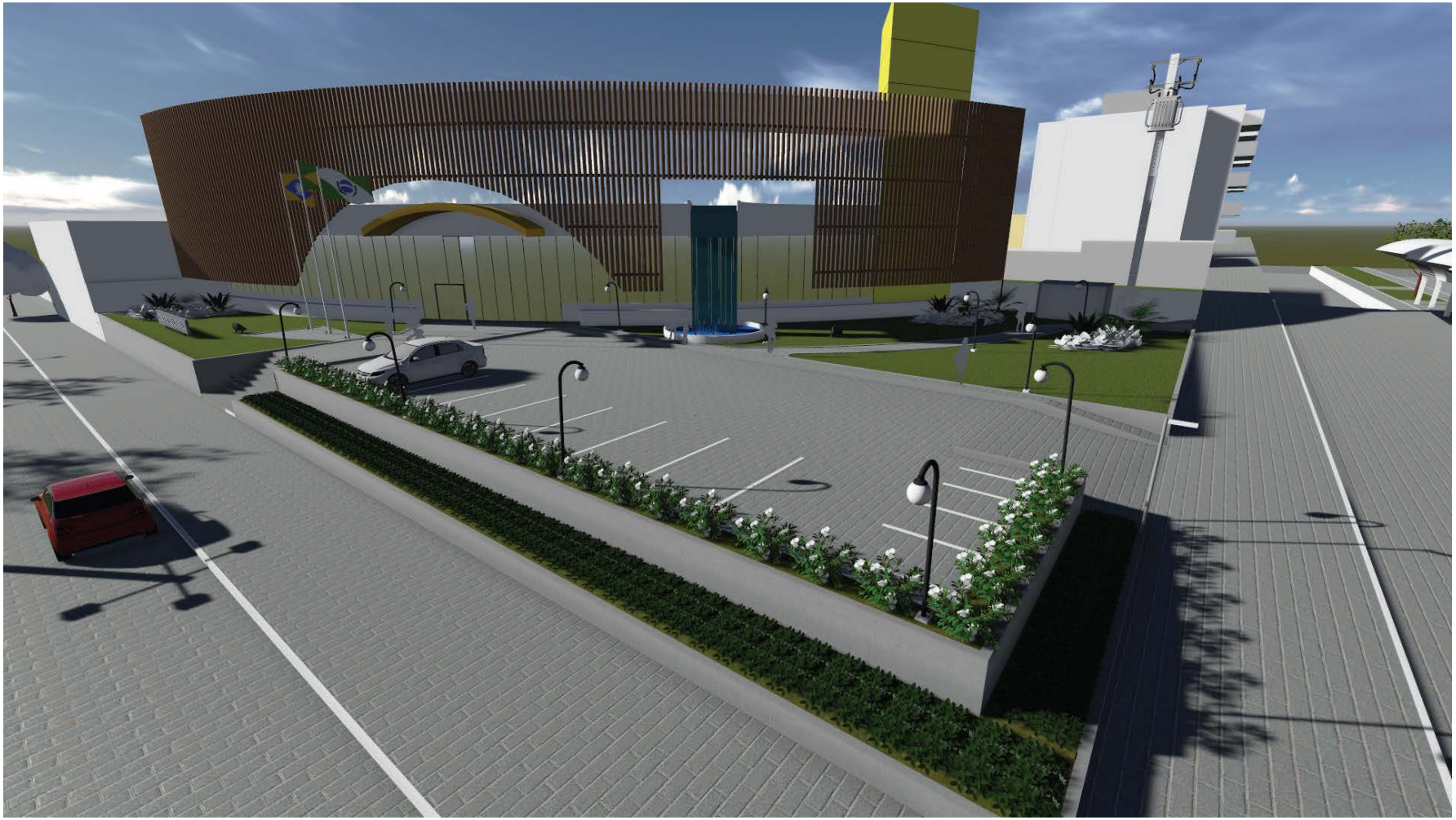



# Alto Bela Vista (SC) Cultural and Sustainability Centre






# Quedas do Iguaçu (PR) Cultural Centre



# Social Responsibility Program

**Junior Achievement**
Entrepreneurship and raising awareness for sustainability



**Young Apprentice Program**



**Volunteers in Action Institute (Volunteers on-line)**




**Santa Catarina Forum for the End of Violence and Infant and Juvenile Sexual Abuse**



**Solar collectors made by recycled material**



# Environmental Improvement Program

**Fountains preservation in Salto Osório and Salto Santiago Hydroelectric Power Plants regions (PR) – partnership with Casa Familiar Rural**

- **600 protected fountains**
- education and capacity
- familiar involvement
- sustainable agricultural production incentive
- improvement of child learning capacity








# Sustainability indicators

| Sustainability Indices[1] | | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Index** | **4Q13** | **4Q12** | **Change** | **2013** | **2012** | **Change** |
| Quality | Number of certified plants | 15 | 15 | - | 15 | 15 | - |
| | Generation plant uptime, except for scheduled stoppages (%) | 97.7 | 97.0 | 0.7 p.p. | 97.4 | 96.9 | 0.5 p.p. |
| | Generation plant uptime, including scheduled stoppages (%) | 91.9 | 92.4 | -0.5 p.p. | 92.3 | 90.9 | 1.4 p.p. |
| Environment | Number of licensed operating plants | 24 | 22 | 2 | 24 | 22 | 2 |
| | Saplings donated and planted (sum-total of planed and donated saplings)[2] | 63,065 | 95,601 | -34.0% | 257,110 | 311,038 | -17.3% |
| | Number of visitors at the plants | 25,862 | 25,661 | 0.8% | 100,686 | 93,600 | 7.6% |
| | CO2 Emissions (fossil fuel plants) (t/MWh) | 1.008 | 1.058 | -4.8% | 1.031 | 1.087 | -5.2% |
| | CO2 Emissions from the Tractebel Energia generation plant (t/MWh) | 0.125 | 0.166 | -24.5% | 0.143 | 0.148 | -3.2% |
| Occupational Heath and Safety and Social Responsibility | Number of employees | 1,125 | 1,082 | 4.0% | 1,125 | 1,082 | 4.0% |
| | Frequency Rate ("Taxa de Frequência" - TF), except for outsourced positions[3] | 0.000 | 0.000 | ⇔ | 0.980 | 0.000 | ⇧ |
| | Severity Rate ("Taxa de Gravidade" - TG), except for outsourced positions[4] | 0.000 | 0.000 | ⇔ | 0.000 | 0.000 | ⇔ |
| | Frequency Rate ("Taxa de Frequência" - TF), including outsourced positions[3] | 0.000 | 1.100 | ⇩ | 0.950 | 1.280 | ⇩ |
| | Severity Rate ("Taxa de Gravidade" - TG), including outsourced positions[4] | 0.000 | 0.000 | ⇔ | 0.006 | 0.000 | ⇧ |
| | Investments via Children and Teenagers Fund and Cultural Incentives Act (R$ thousands) | 5,094 | 4,101 | 24.2% | 12,121 | 12,040 | 0.7% |
| | Non-incentive investments, except for Estreito Social Investment (R$ thousands)[5] | 1,378 | 247 | 459.1% | 4,408 | 2,323 | 89.8% |

Notes: 1) Additional indices available from ITR (Tractebel website / Investor / CVM information).
2) Ceste not included.
3) TF = number of occupational accidents for every million hours of exposure to hazards.
4) TG = number of days lost due to occupational accidents for every one thousand hours of exposure to hazards.
5) Amounts relating to one-off initiatives executed in the regions within the plants' sphere of influence were included in the periods for 2013 and 4Q13 but not incorporated in the figures for 2012 and prior quarters in 2013.

# Socio-environmental and fiscal responsibility – 2013

| Activity | R$ thousand |
|---|---|
| Installation of the Trairi Wind Complex – compulsory socio-environmental programs | 5,280 |
| Installation of the Trairi Wind Complex – voluntary socio-environmental programs | 60 |
| Installation of the Trairi Wind Complex - BNDES – Social Sub-credit | 906 |
| Environmental programs at the plants in operations | 30,417 |
| Investment in Research and Development Programs (R&D) – projects | 19,700 |
| Pass-through to the Mining and Energy Ministry (MME) – cost of funding the Energy Research Company (EPE) | 6,200 |
| Pass-through to the National Scientific and Technological Development Fund (FNDCT) | 12,800 |
| Social Responsibility Programs – proprietary resources | 1,378 |
| Donations and sponsorships for incentivized actions – Infancy and Adolescence Fund and Rouanet Law | 5,094 |
| Consolidated Federal, State and Municipal taxes | 1,146,119 |
| Financial Compensation for the Use of Hydraulic Resources | 148,139 |

# Some examples of recognition received in 2013

- Brazilian Association of Listed Capital Companies (Abrasca):
  - best in the creation of value in the electric energy sector in the 2010-2012 period (13.3% value returned to its shareholders on average for the last three years)
  - Abrasca Best Annual Report Award: honorary mention in the Strategy item and fourth place in the ≥ R$ 3 billion net revenue category for the Sustainability Report 2012 (GRI guidelines)
- Editora Três' *Isto É Dinheiro* magazine – Best Company in the Brazilian Electric Energy Sector Trophy
- National Association of Executives in Financing, Administration and Accounting (Anefac) – Transparency Trophy (for the fourth time)
- Institutional Investor: Best CEO, Best CFO, Best Professional and Best IR Team for Latin America
- Editora Globo's *Época* magazine – in its first participation, selected as one of the best companies in which to work
- The Brazil-United States Chamber of Commerce Brazil Environmental Award: Tractebel was one of the winners in the Rational Use of Hydraulic Resources for the Tractebel Energia Headwaters Protection Program

# Attachment II
# Support Data

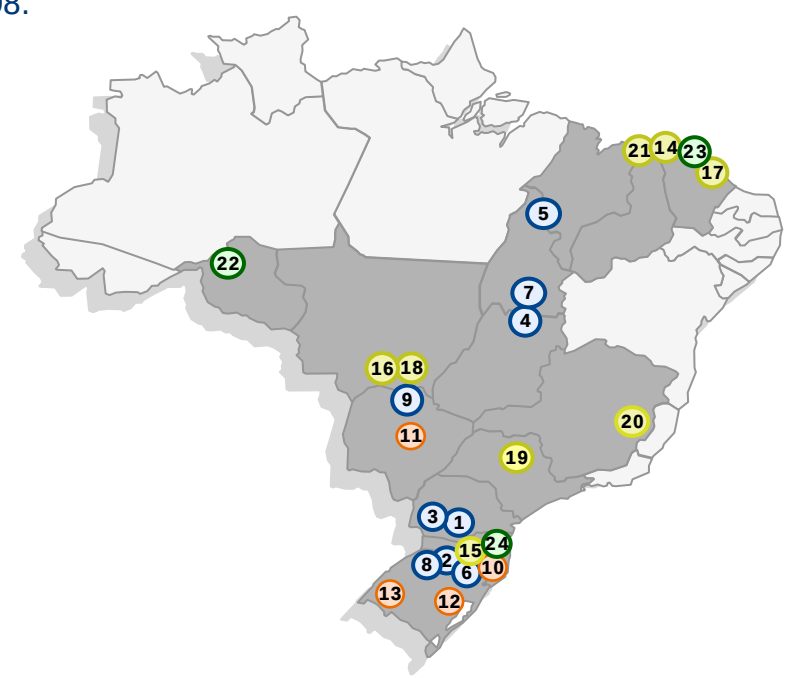
# Diversified portfolio of assets, with strategic location

Installed capacity of 6,964.7 MW from 24 plants operated by Tractebel Energia: 80% hydro, 17% thermal and 3% complementary. This capacity stands for a 87% increase since 1998.

| Hydro Power Plants | Installed Capacity (MW) | Commercial Capacity (MWm)[1] |
|---|---|---|
| 1 Salto Santiago | 1,420.0 | 723.0 |
| 2 Itá | 1,126.9[2] | 544.2[2] |
| 3 Salto Osório | 1,078.0 | 522.0 |
| 4 Cana Brava | 450.0 | 273.5 |
| 5 Estreito | 435.6[2] | 256.9[2] |
| 6 Machadinho | 403.9[2] | 147.2[2] |
| 7 São Salvador | 243.2 | 148.5 |
| 8 Passo Fundo | 226.0 | 119.0 |
| 9 Ponte de Pedra | 176.1 | 131.6 |
| **Total** | **5,559.7** | **2,865.9** |

| Thermal Power Plants | Installed Capacity (MW) | Commercial Capacity (MWm)[1] |
|---|---|---|
| 10 Jorge Lacerda Complex[3] | 857.0 | 649.9 |
| 11 William Arjona | 190.0 | 136.1 |
| 12 Charqueadas | 72.0 | 45.7 |
| 13 Alegrete | 66.0 | 0.0[4] |
| **Total** | **1,185.0** | **831.7** |

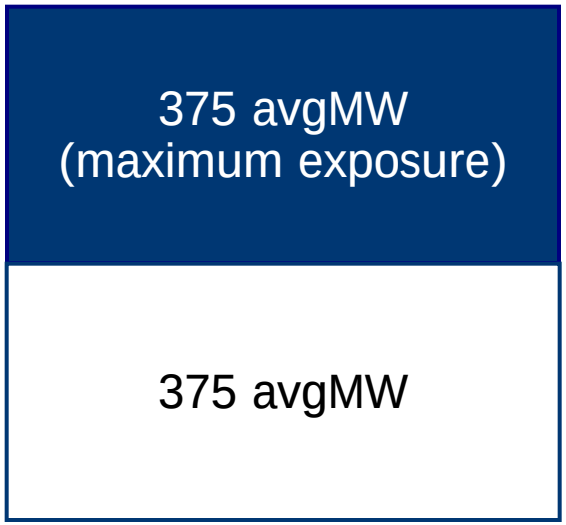
| Complementary Power Plants | Installed Capacity (MW) | Commercial Capacity (MWm)[1] |
|---|---|---|
| 14 Trairi Complex (Wind)[5] | 55.4 | 32.1 |
| 15 Lages (Biomass) | 28.0 | 25.0 |
| 16 Rondonópolis (SHP) | 26.6 | 10.1 |
| 17 Beberibe (Wind) | 25.6 | 7.8 |
| 18 José Gelazio da Rocha (SHP) | 23.7 | 9.2 |
| 19 Ibitiúva (Biomass) | 22.9[2] | 13.9[2] |
| 20 Areia Branca (SHP) | 19.8 | 11.1 |
| 21 Pedra do Sal (Wind) | 18.0 | 5.7 |
| **Total** | **220.0** | **114.9** |




| Power Plants Under Construction | Installed Capacity (MW) | Commercial Capacity (MWm)[1] |
|---|---|---|
| 22 Jirau (Hydro)[6] | 1,500.0 | 873.8 |
| 14 Trairi Complex (Wind) | 60.0 | 31.8 |
| 23 Cidade Azul (Solar) | 3.0 | 0.5 |
| **Total** | **1,563.0** | **906.1** |

Note: [1] Figures following specific legislation.
[2] Portion owned by Tractebel Energia.
[3] Complex comprised by 3 power plants.
[4] Plant under devolution process.
[5] Considers Wind Farms Trairi and Guajiru.
[6] The Parent Company's stake (40% of 3,750 MW) might to be transferred to Tractebel.
[7] Portion owned by the Parent Company, i.e., 40.0% of 3,750 MW total installed capacity.

# Thermal side: exposure to spot prices




→ Estimated commercial capacity (on a yearly basis)

→ Thermal substitution energy → purchase in spot market

→ Expected minimum dispatch due to an annual inflexibility (based on the purchase of some 230,000 tons of coal a month)

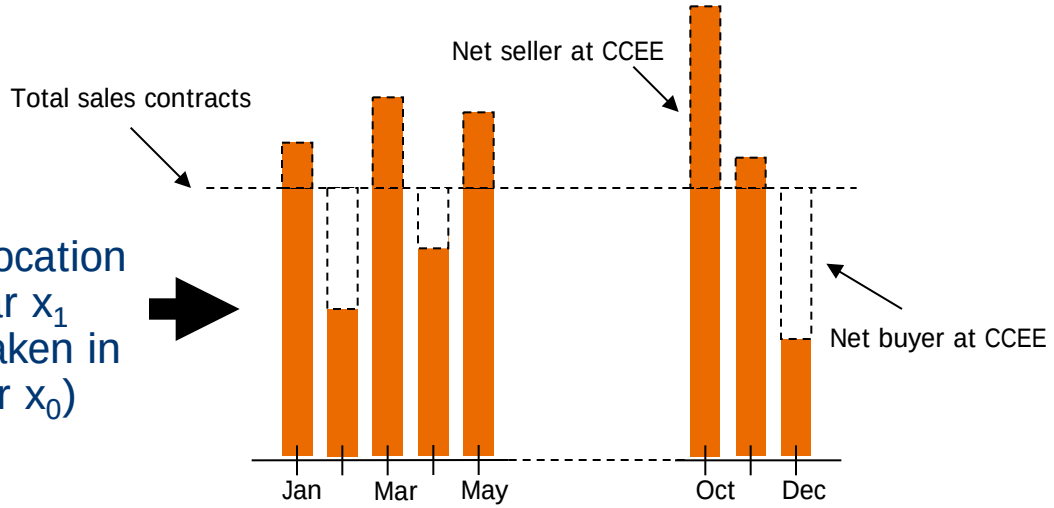
Notes: 1) Tractebel Energia has been fully contracted → purchase of thermal substitution energy.
2) On a monthly basis, inflexibility variations may occur.
3) Figures related to the Energy Trading Board (CCEE) settlement point.

# Hydro gencos monthly allocation of resources

How does the allocation of resources at CCEE (the energy trading board) over the months interfere with a hydro genco quarterly results?

Annual Hydro Resources

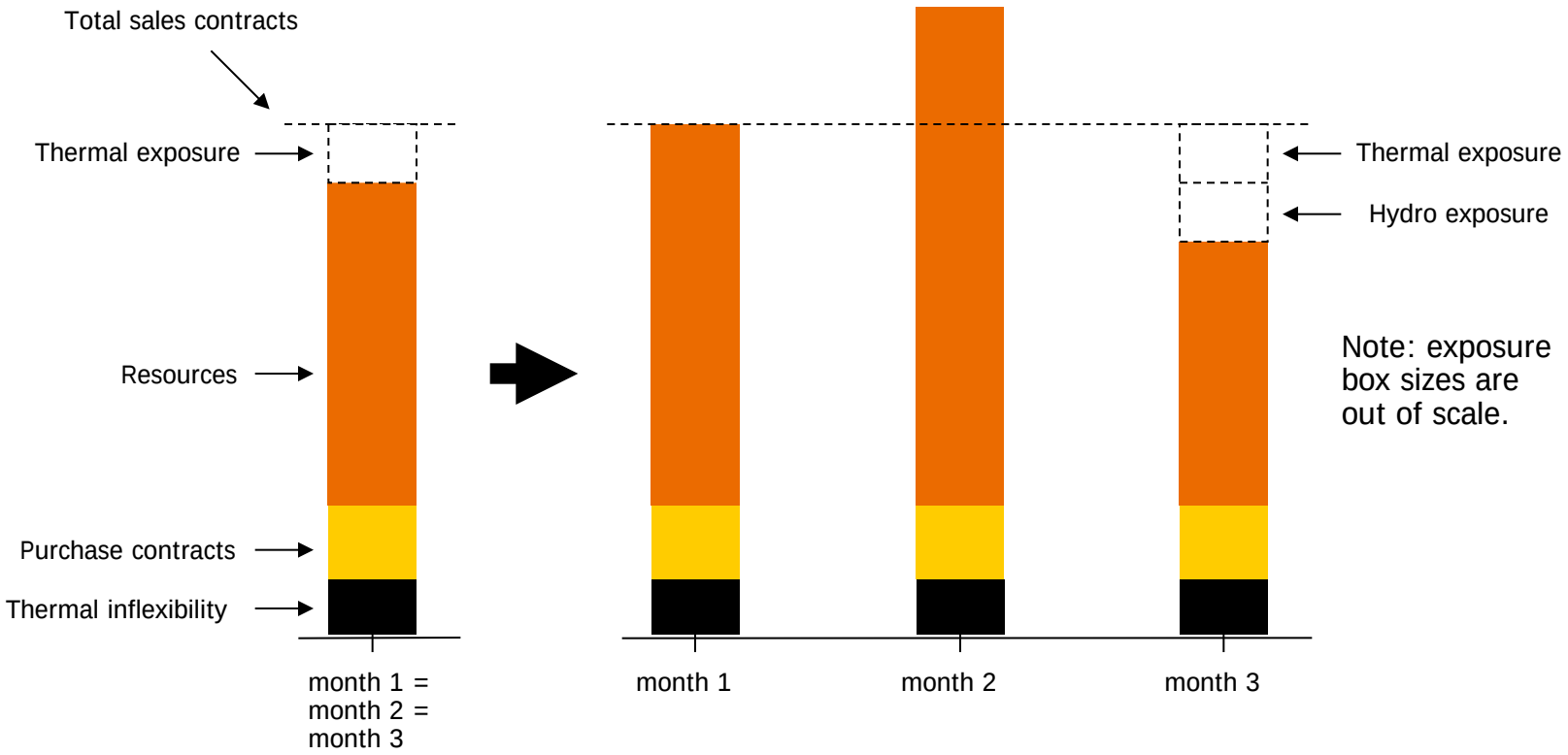
monthly allocation over year $x_1$ (decision taken in Dec. year $x_0$)



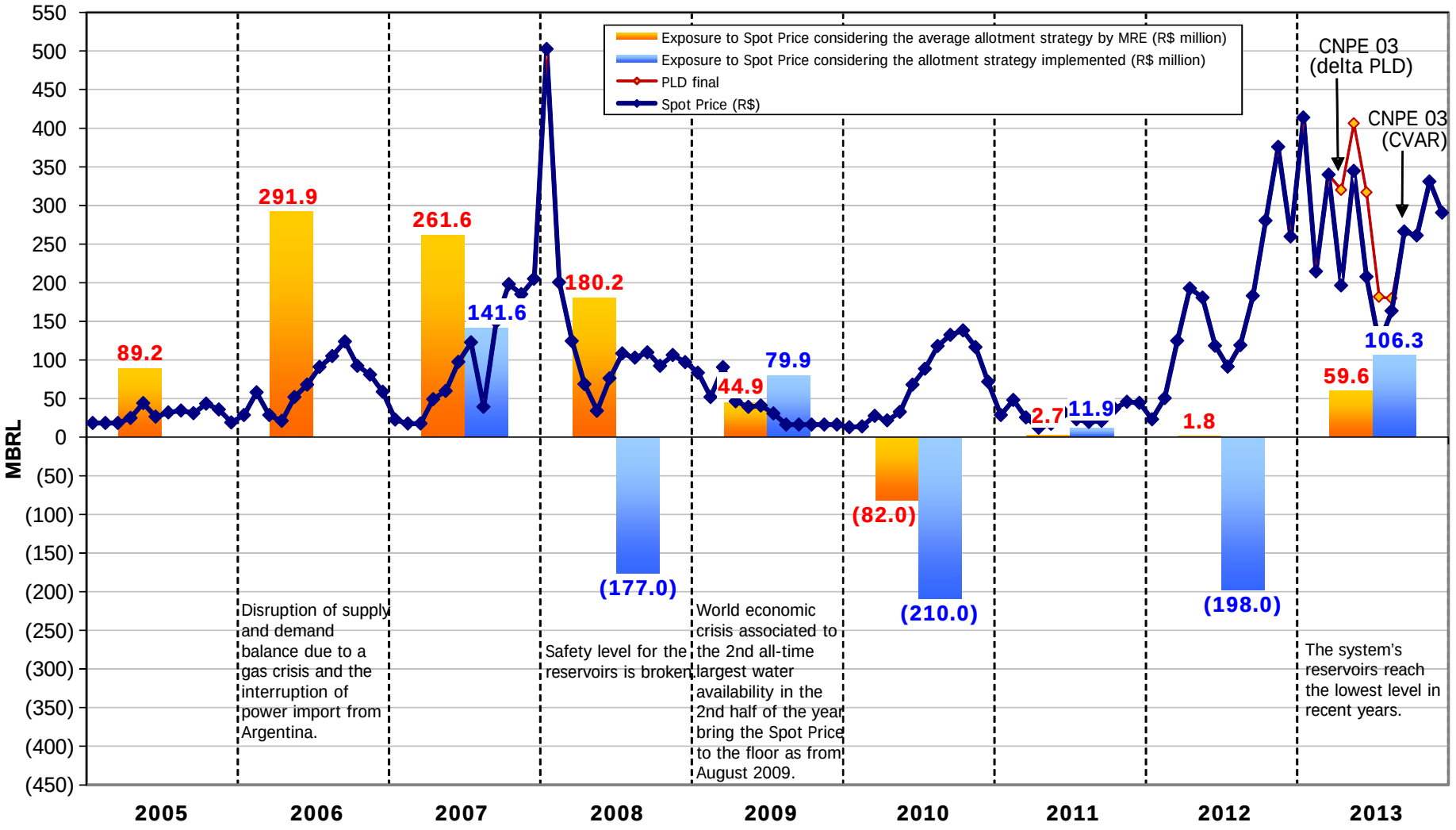

- Gencos can allocate their resources over the following year's months;
- Monthly fluctuations on sales is also a driver for exposure to spot price;
- Monthly energy differences are settled at spot price, i.e., PLD (Price for Settlement of Differences);
- As penalties apply for gencos with short positions considering the past twelve months, a "monthly closing" market is available for those gencos;
- The pricing for the "monthly closing" market is strongly linked to the spot price.

# Mechanisms to mitigate exposure from the thermal side

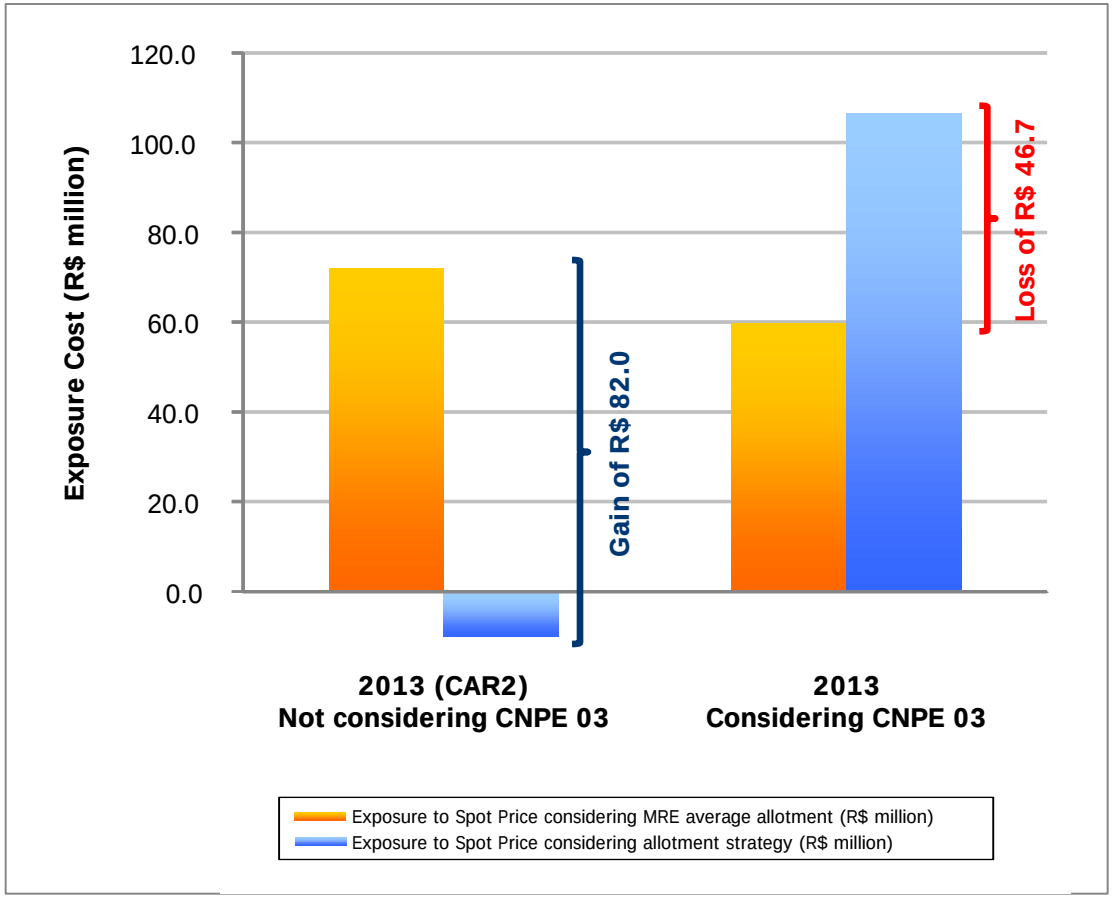
As a consequence of the two previous slides, an appropriate monthly allocation of the resources over the year can mitigate the exposure arising from the thermal substitution energy to be purchased at spot price. An example follows:



# Expenses: impacts of energy allotment (2007 thru 2013)



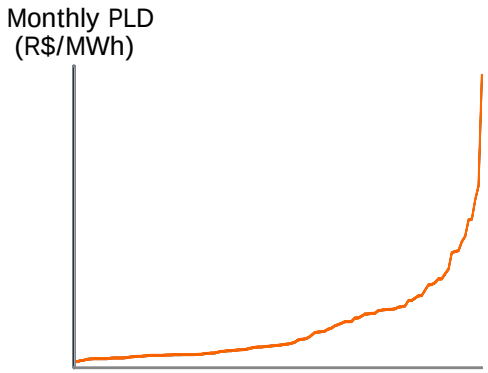
# Resolution CNPE 03/2013: impact on the energy allotment strategy for 2013



# Main drivers and distribution curve of spot prices

- Reservoir levels of hydro plants;
- Rainfall behavior;
- Forecast of demand for power;
- Current and future availability of power plants and transmission lines;
- Availability of natural gas.

**Permanence Curve***

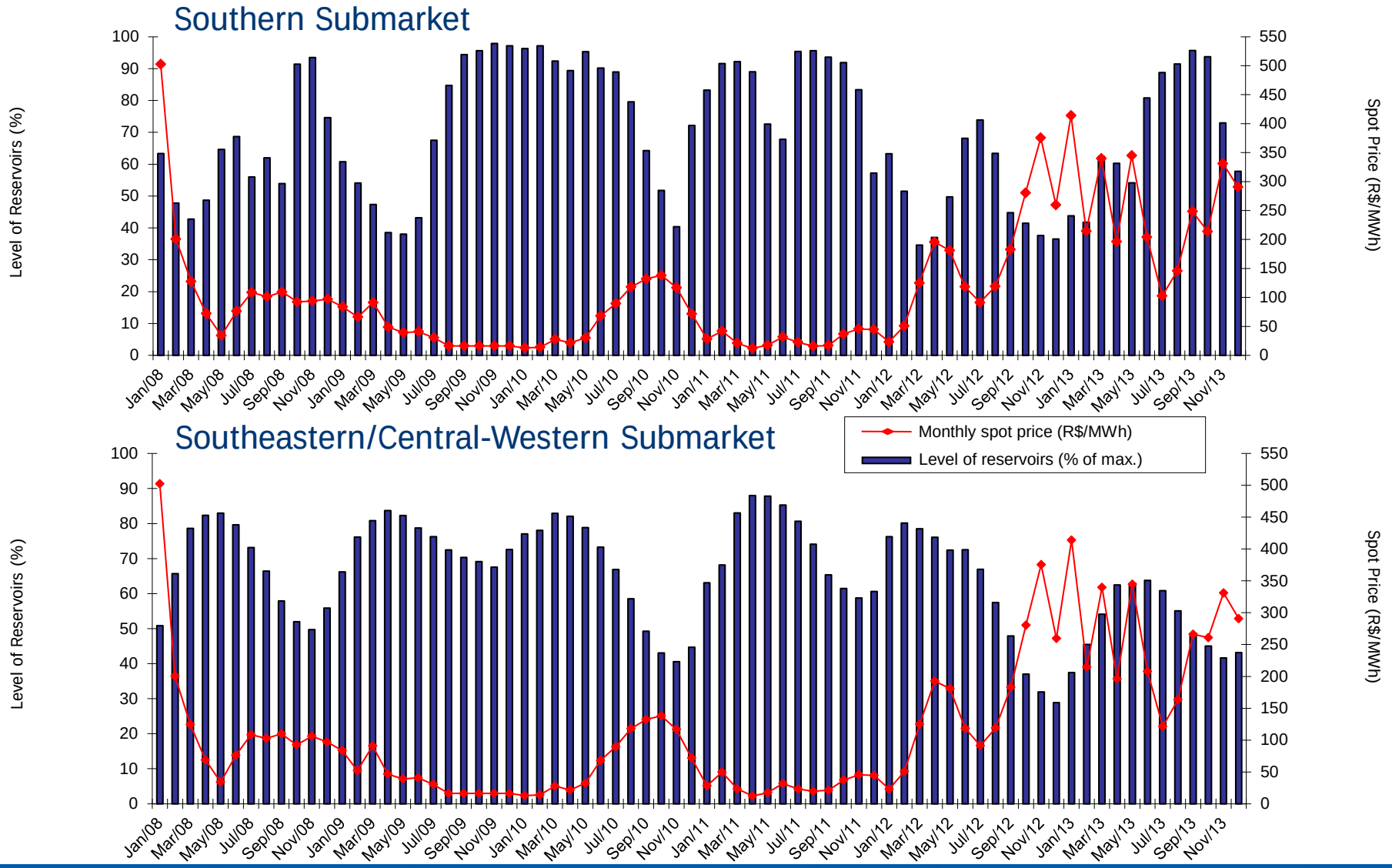



**Occurrence**

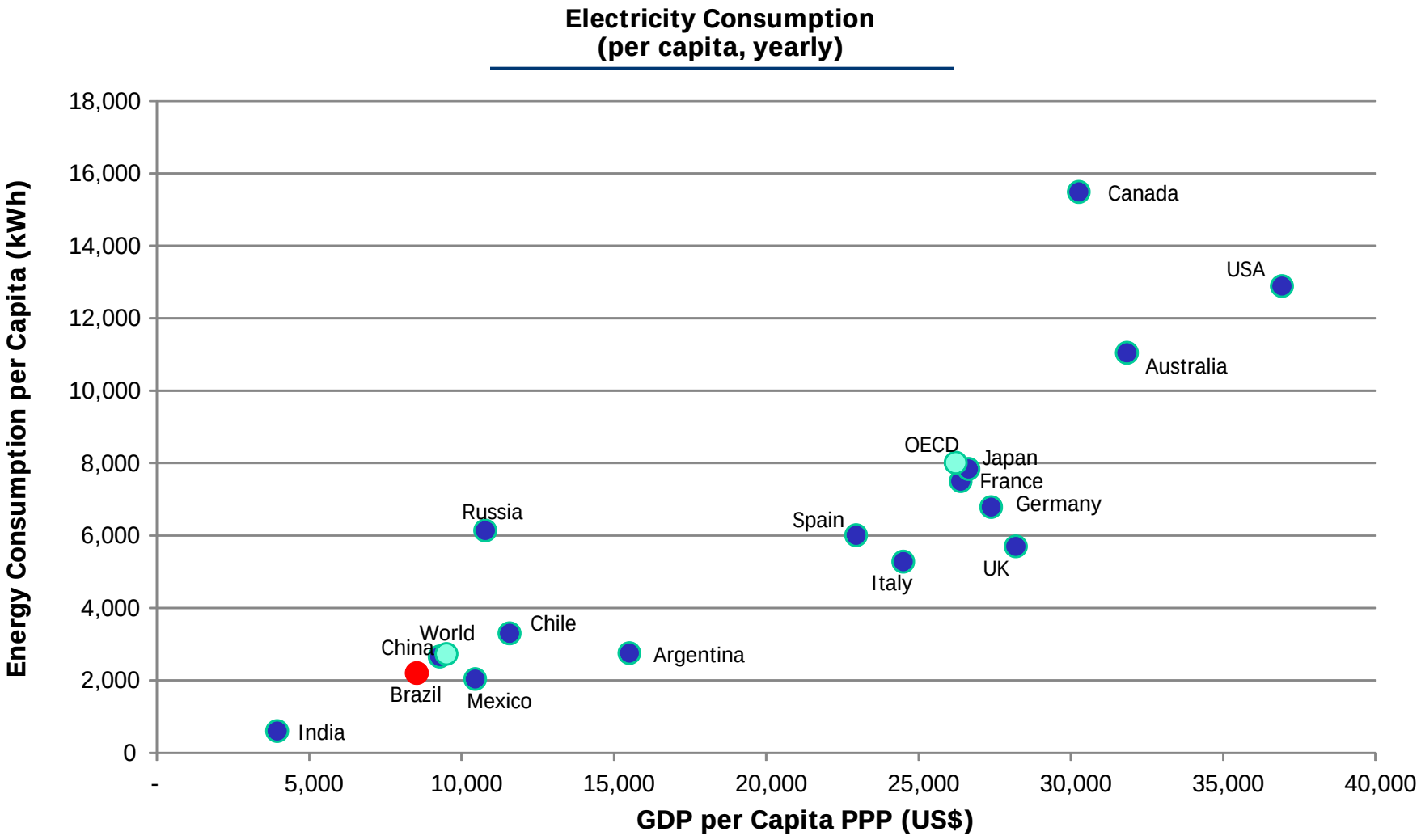
| Period | May/03-Dec/13 | Jan/11 - Dec/13 |
|---|---|---|
| Avg. PLD (in R$) | 58.25 | 134.10 |
| PLD Standard Dev. (in R$) | 106.64 | 125.19 |
| Monthly PLD > R$ 100.00 | 40% | 58% |
| Monthly PLD > R$ 150.00 | 22% | 47% |
| | | |

* Figures have been ordered from the lowest. Values adjusted by IPCA (inflation index).

# Correlation between reservoir levels and spot prices



# Electricity: large growth potential




Source: MME, Aug/2012 (consolidated information for 2009)