

# Investor Day

## Manoel Arlindo Zaroni Torres - CEO

### Management with Focus on Sustainability

### Florianópolis – September 2012

Tractebel Energia | GDF SUEZ - Todos os Direitos Reservados

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# 2012 Tractebel Investor Day - agenda

1. Manoel Arlindo Zaroni Torres / CEO
   Management with Focus on Sustainability

2. Luciano Flávio Andriani / Administrative Officer
   Dimensions: Employees and Communities

3. José Carlos Cauduro Minuzzo / Energy Production Officer
   Dimensions: Efficiency and Socio-Environmental Responsibility

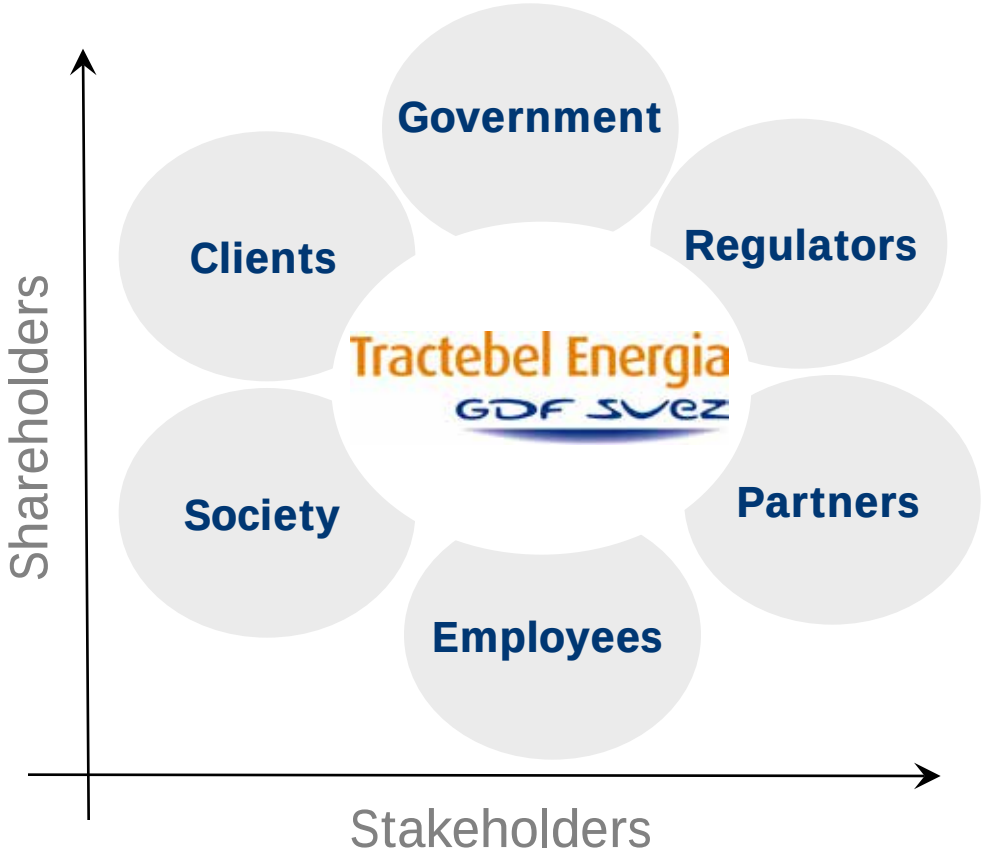
4. Edson Luiz da Silva / Planning and Control Officer
   Dimensions: Regulation and Strategic Management

5. Marco Antônio Amaral Sureck / Energy Commercialization Officer
   Dimension: Client

6. José Luiz Jansson Laydner / Projects Development and Implementation Officer
   Dimension: Growth

7. Eduardo Antonio Gori Sattamini / Finance and Investor Relations Officer
   Dimension: Financial Market

# Sustainable profitability and development






balance of interests

To reconcile economic growth, social development and environmental protection (to control the impacts, to create value for shareholders and society)

# Competitive advantages

**STRATEGIC INDUSTRY**

✓ Defensive profile in times of crisis

✓ Attractive funding conditions

**PREMIUM RATING**

✓ "brAA+" by S&P and "AAA(bra)" by Fitch – Debentures and Corporate rated in long-term national scale

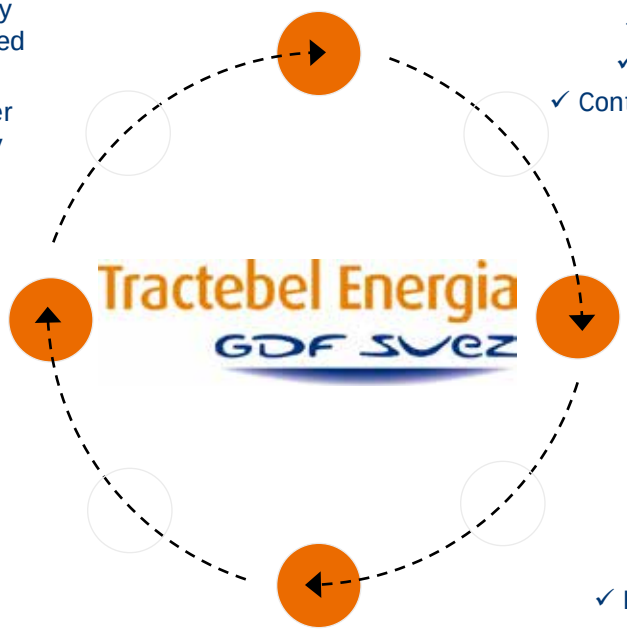
✓ In local and foreign currency issuer default ratings (IDRs) "BBB(bra)" by Fitch

**INDUSTRY LEADERSHIP**

✓ Largest private generator

✓ Market cap: R$ 24.2 billion

✓ 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

**CLEAR COMMERCIAL STRATEGY**

✓ Heavy contracting in the next years

✓ Diversified portfolio between free customers (over different industries) and regulated ones (distribution companies)

**STABLE FINANCIAL PERFORMANCE**

✓ Strong cash flow

✓ Average EBITDA margin at 60% +

✓ Consistent net income

**CASH FLOW PREDICABILITY**

✓ Inflation-indexed contracts

✓ Hydro basis, complemented by thermal and wind

**HIGH OPERATIONAL PERFORMANCE**

✓ Benchmark indexes of availability

✓ ISO 9001 (quality management) and 14001 (environment management) certified plants



# Investor Day

## Luciano Flávio Andriani - Administrative Officer

### Sustainability: “human resources and communities” dimensions

### Florianópolis - September 2012

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- **Corporate management**
- Human resources
- Strategic planning and management of performance
- Relationship with the community

# Management

**Vision:**

In a sustainable way, to be the best energy company in Brazil

**Mission:**

Generating energy for life

**Values:**

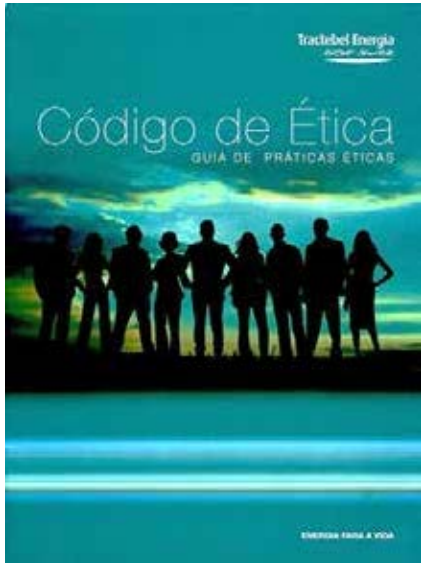
Professionalism – Sense of partnership – Teamwork – Creation of value –

Respect for the environment - Ethics



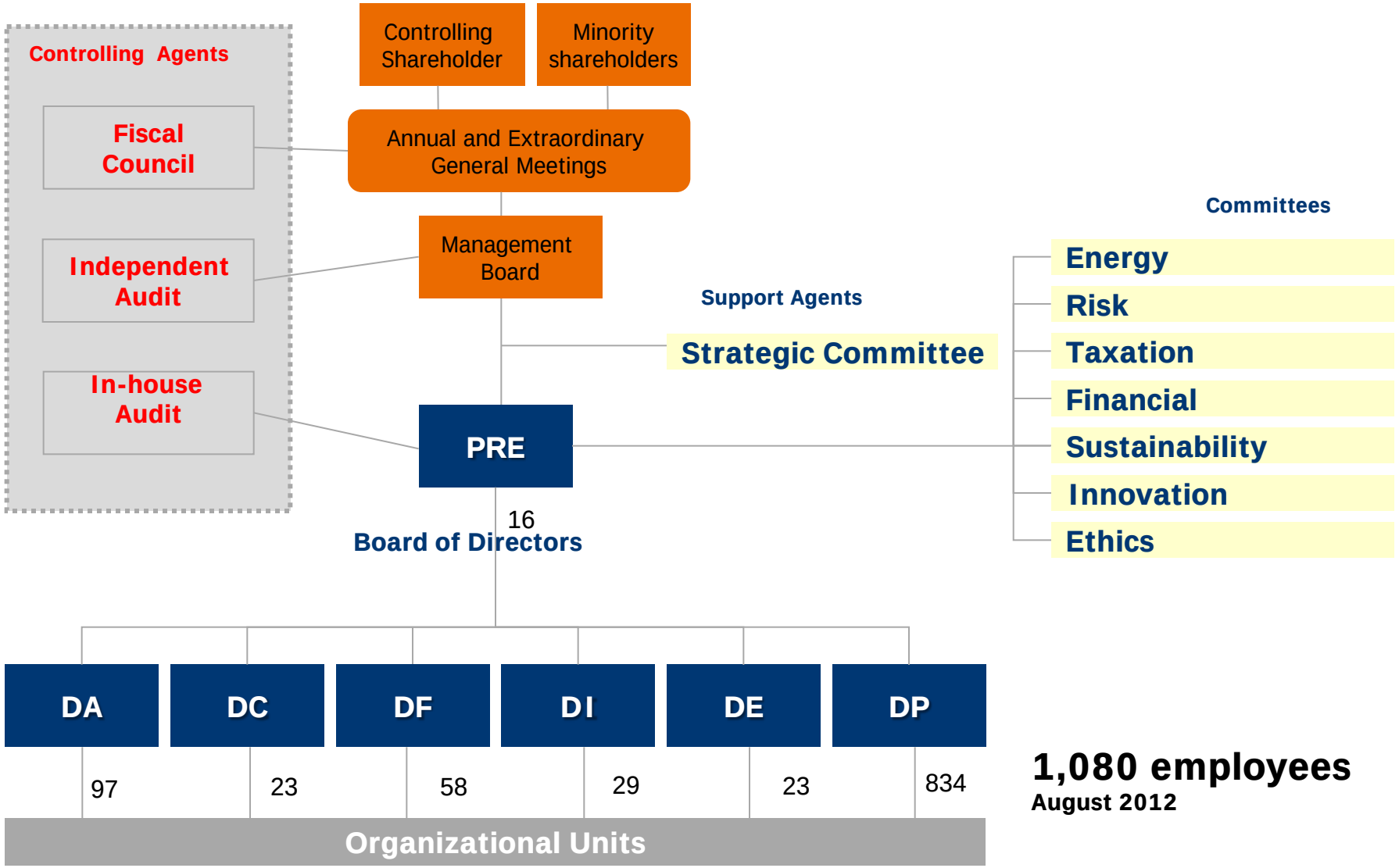









# Corporate governance




**1,080 employees**
**August 2012**

# Management

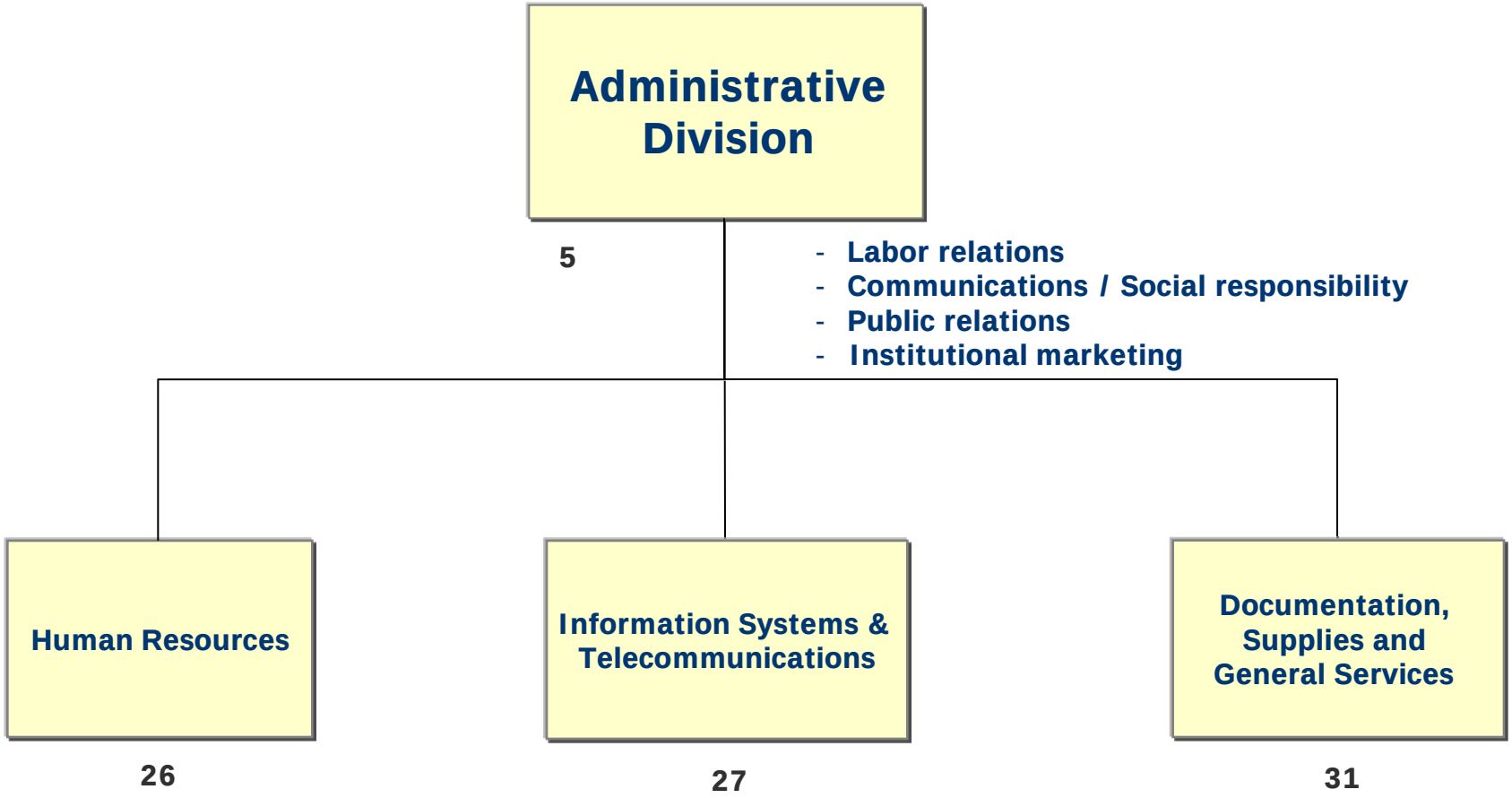
## Principles

- Limited number of hierarchical levels
- Outsourcing
- Fighting excess of bureaucracy
- Focus on results, meritocracy
- Fair remuneration, transparency, equality of opportunity
- Balance between the various interests

## Challenges

- To track the market dynamics
- Expansion of the businesses
- New technologies
- Maintenance of Corporate Culture (2,520 km distance between the plants)
- Sustainable development
- To have clear standards in all activities
- To have a shared vision

# Administrative Division Structure




**Total number of employees ⇒ 97**

- Corporate management
- **Human resources**
- Strategic planning and management of performance
- Relationship with the community

# HR challenges

- Attract, retain and motivate the people necessary for the business
- Manage the succession process (guarantee maintenance of knowledge)
- Involve the employees in the organizational strategies (strengthen levels of confidence and commitment)
- Disseminate the culture and values in the various regions in which the Company operates

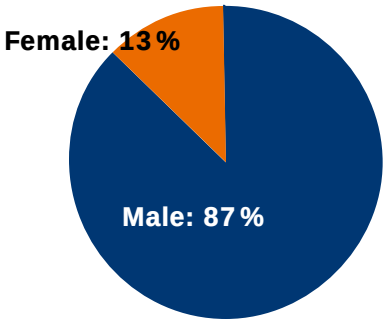
# HR targets 2012

| | |
|---|---|
| Succession program | • Selection process for young talents<br>• Appraisal of managers and potential managers<br>• Admission of disabled employees and 40 voluntary layoff program vacancies |
| Management of organizational climate | • Obtain external recognition<br>• Undertake organizational climate survey<br>• Action for strengthening values |
| Health & security | • OHSAS 18001: prepare Estreito HPP<br>• Wind farms: adjust to the standards<br>• New head office: itemize the risks and adjust to the norms<br>• FR (accident frequency) < 3.2/ SR (severity accident) < 0.072/ zero fatal accident |
| Improvement of processes | • Frequency system<br>• Reduction in labor-related lawsuits<br>• Revision of HR portal |

# 1,084 employees - profile

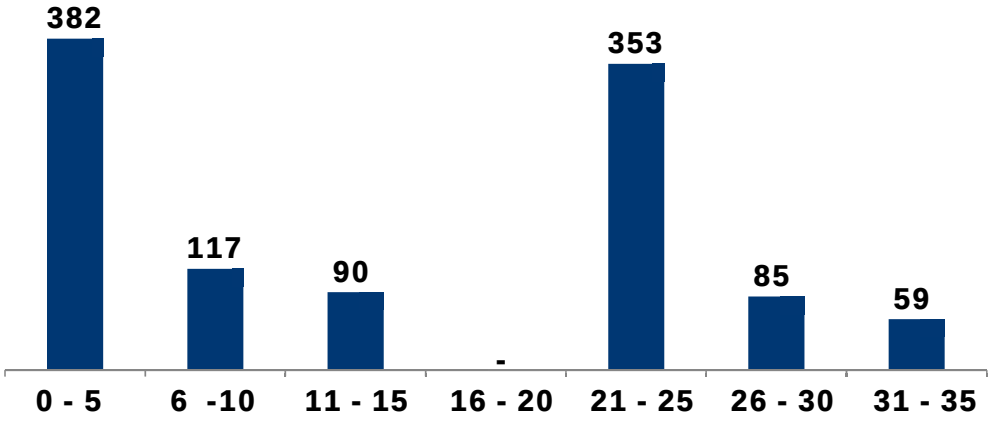
43% staff renewal post privatization + 6% hired in the year of privatization.

## Gender

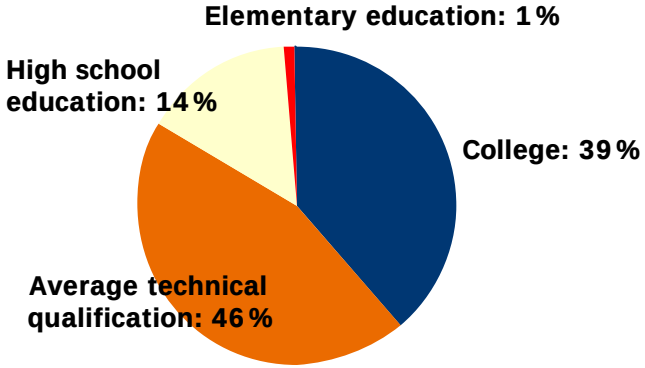



Head office: 33% women

## Years of service in the Company (average: 13.66 years)

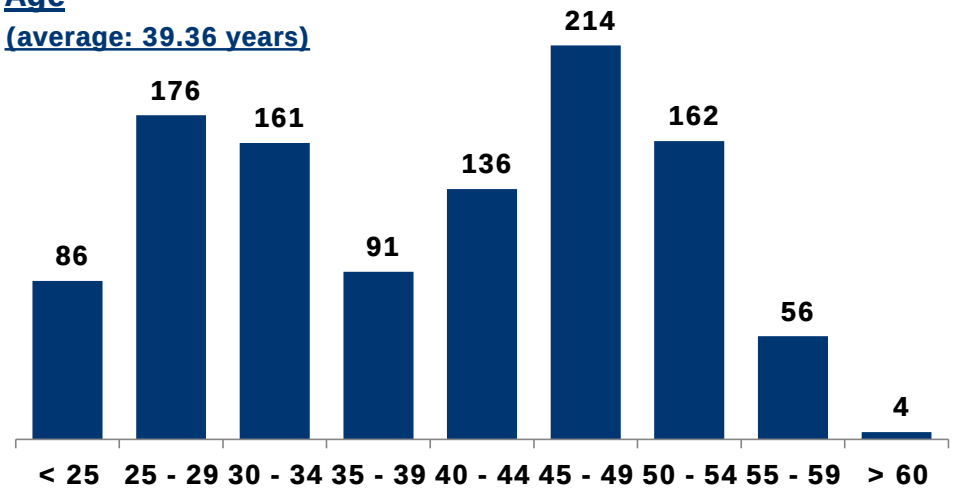



## Education

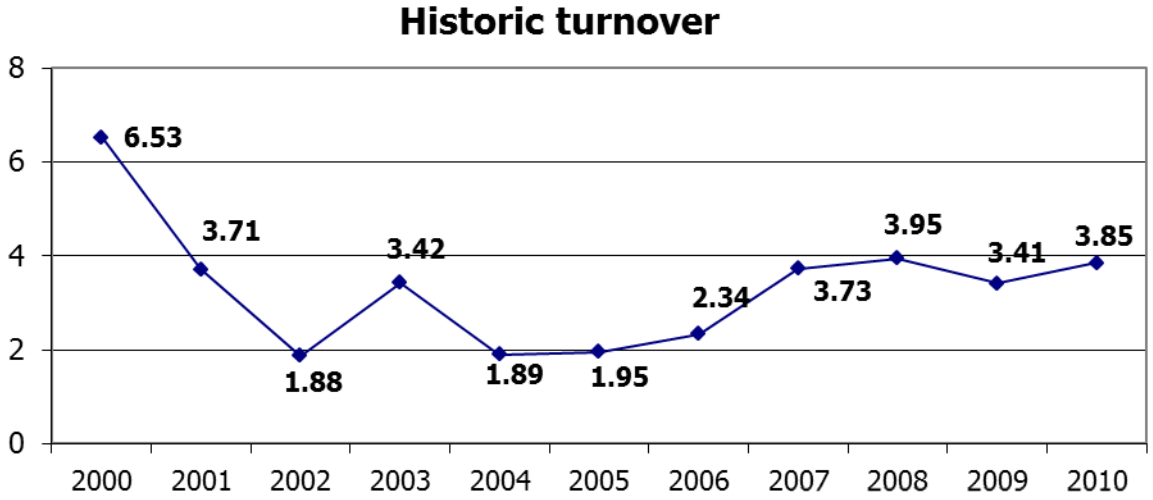



Baseline: Dec/2011

## Age (average: 39.36 years)



# Company turnover




Turnover a little higher immediately post privatization and another increase with the launch of a voluntary layoff program (PDV) in 2007.

Turnover 2011:
Tractebel Energia 7.9%
Energy market 9.1%
General market 21.4%

*(source: Pesquisa Brasileira Benchmarking 2012 base 2011).*

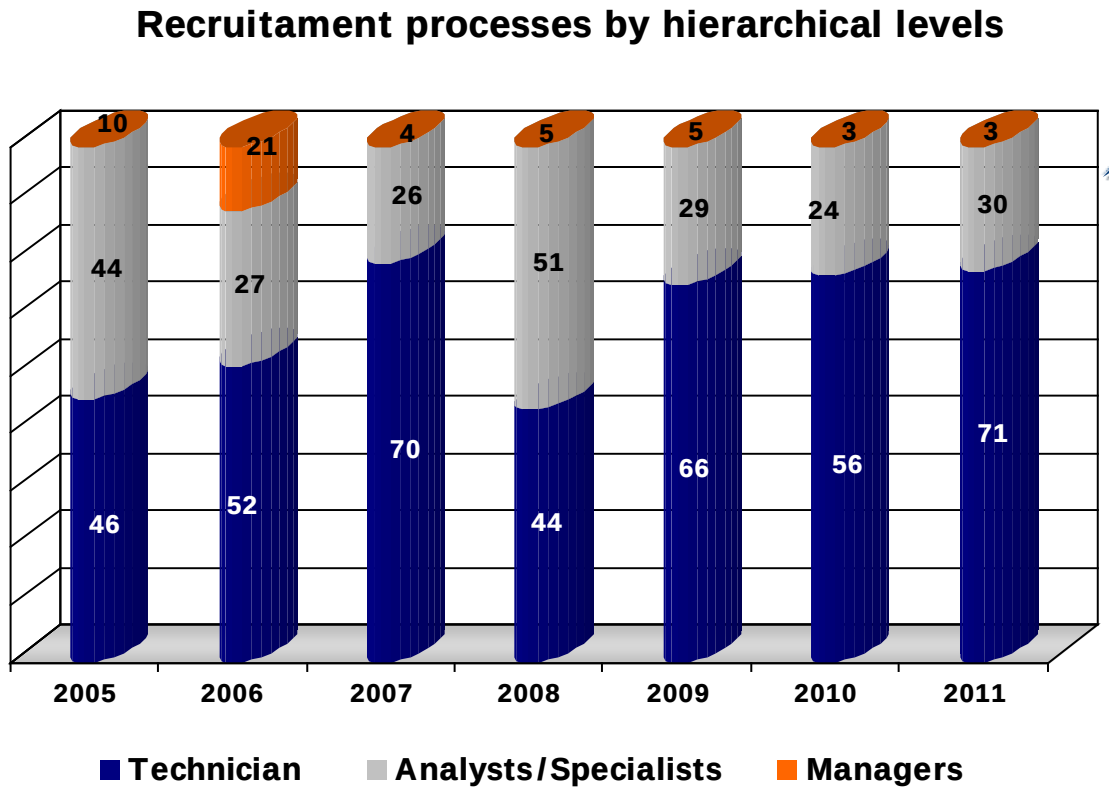


# Recruitment and selection

- Appraisal of professionals
- Interns program
- Young talents program
- Temporary labor
- Junior apprentices program

Nearly 20 thousand resumés in our database

# Recruitament and selection




Greater concentration of hiring at the base of structure in the last three years.

# Remuneration and benefits

- To offer standards of annual compensation **competitive** in relation to the domestic market

  - Participation in nationwide market salary surveys
  - Partnership with HayGroup and other consultancies: Towers, Wisdom, Mercer

Brazilian Electricity Industry - Jun/11

- Average Compensation Brazil R$1,588.00
- Av. Comp. Brazilian Elect. Ind. R$4,864.00
- Generation segment R$5,275.00
- TBLE O&M (Eng. and Tec.) R$5,641.07

TBLE – Aug/12
Highest: R$ 30,382.81
Lowest: R$ 1,579.30

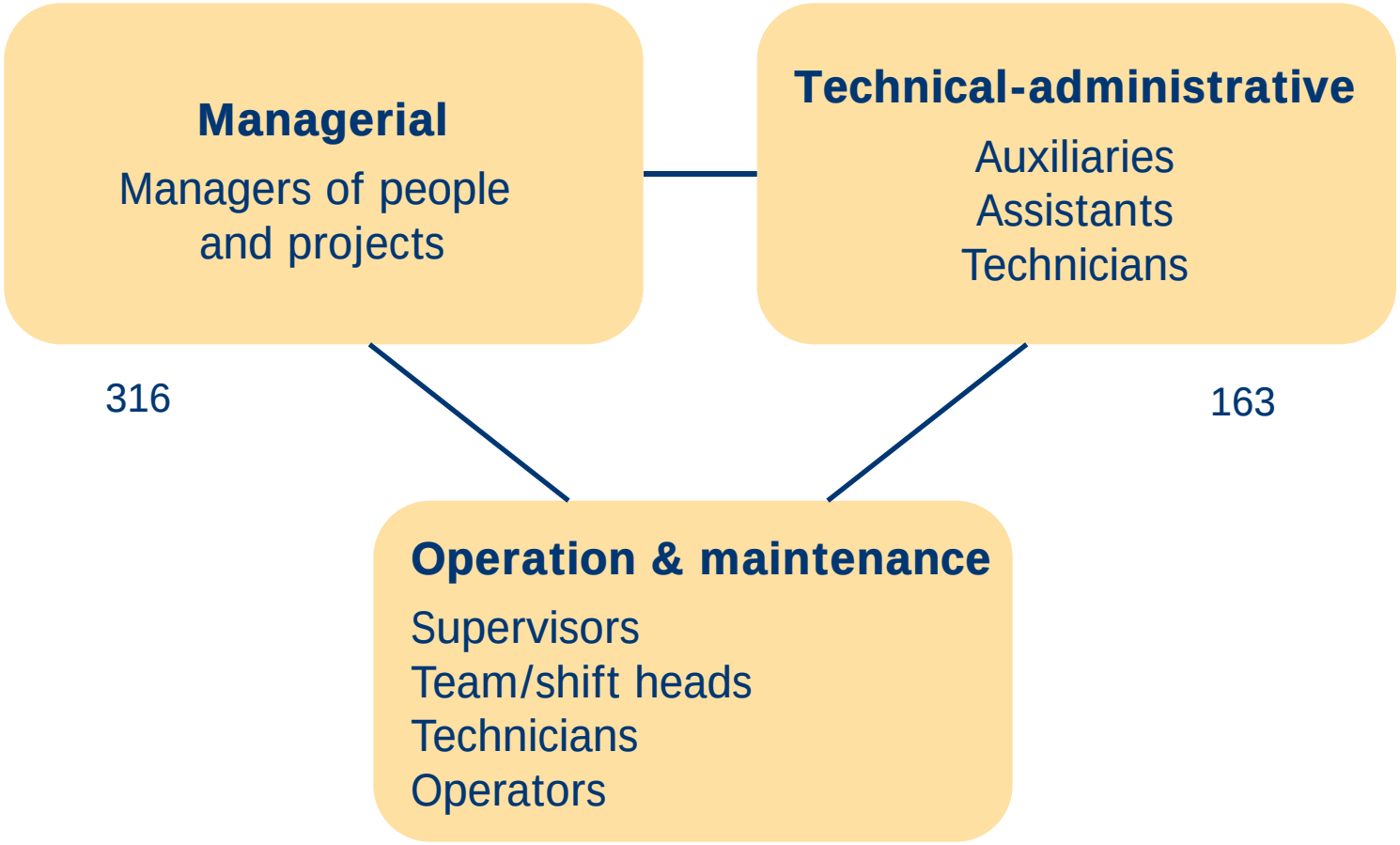
- Apply the **meritocracy** concept

  • **Criteria for** administration of fixed compensation established on the basis of the Career and Compensation Plan - PCR

  • **Performance** appraisal system

  • Management of **variable remuneration** linked to performance

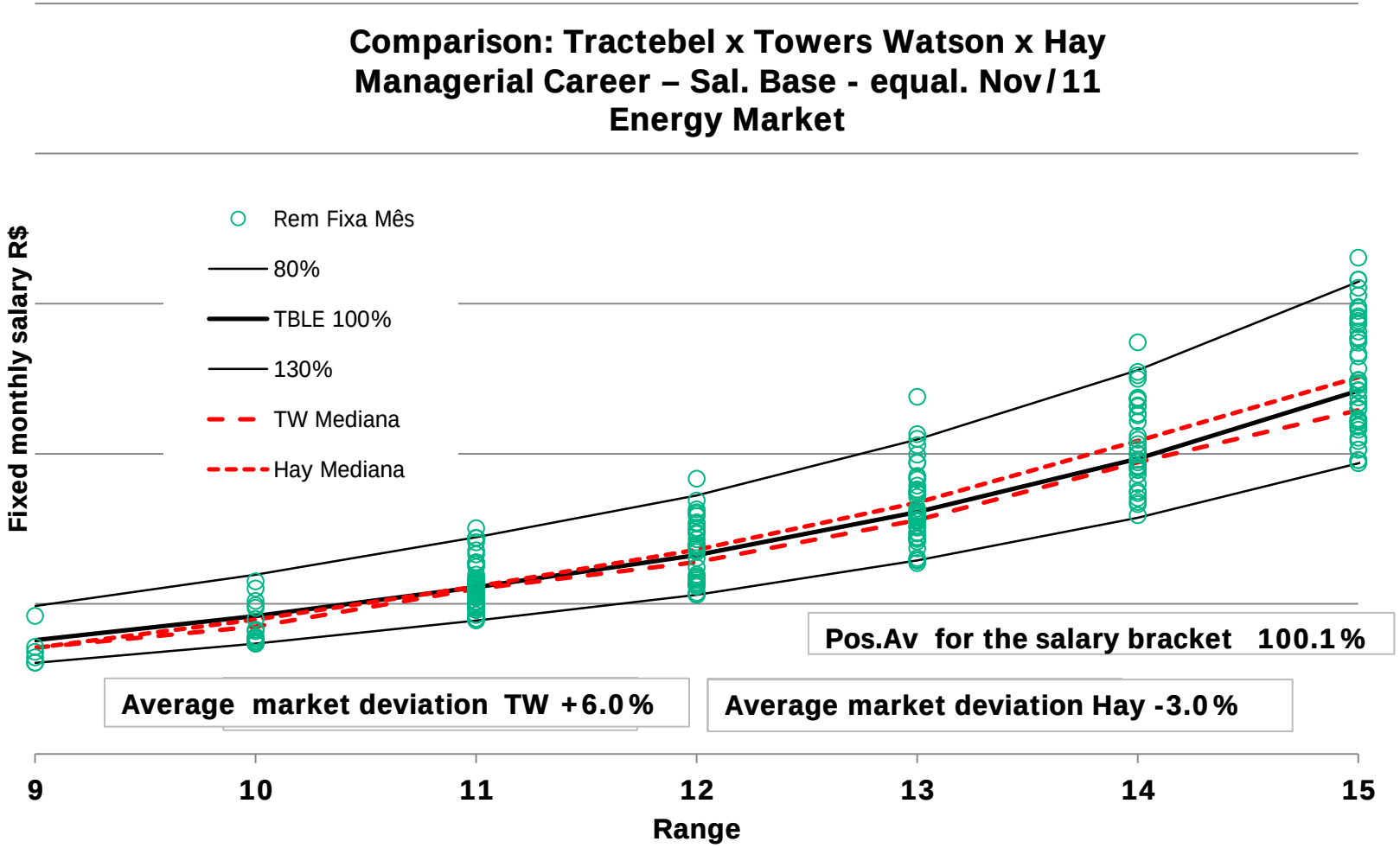
# Careers




Trained – 52 in O&M and 37 in managerial career

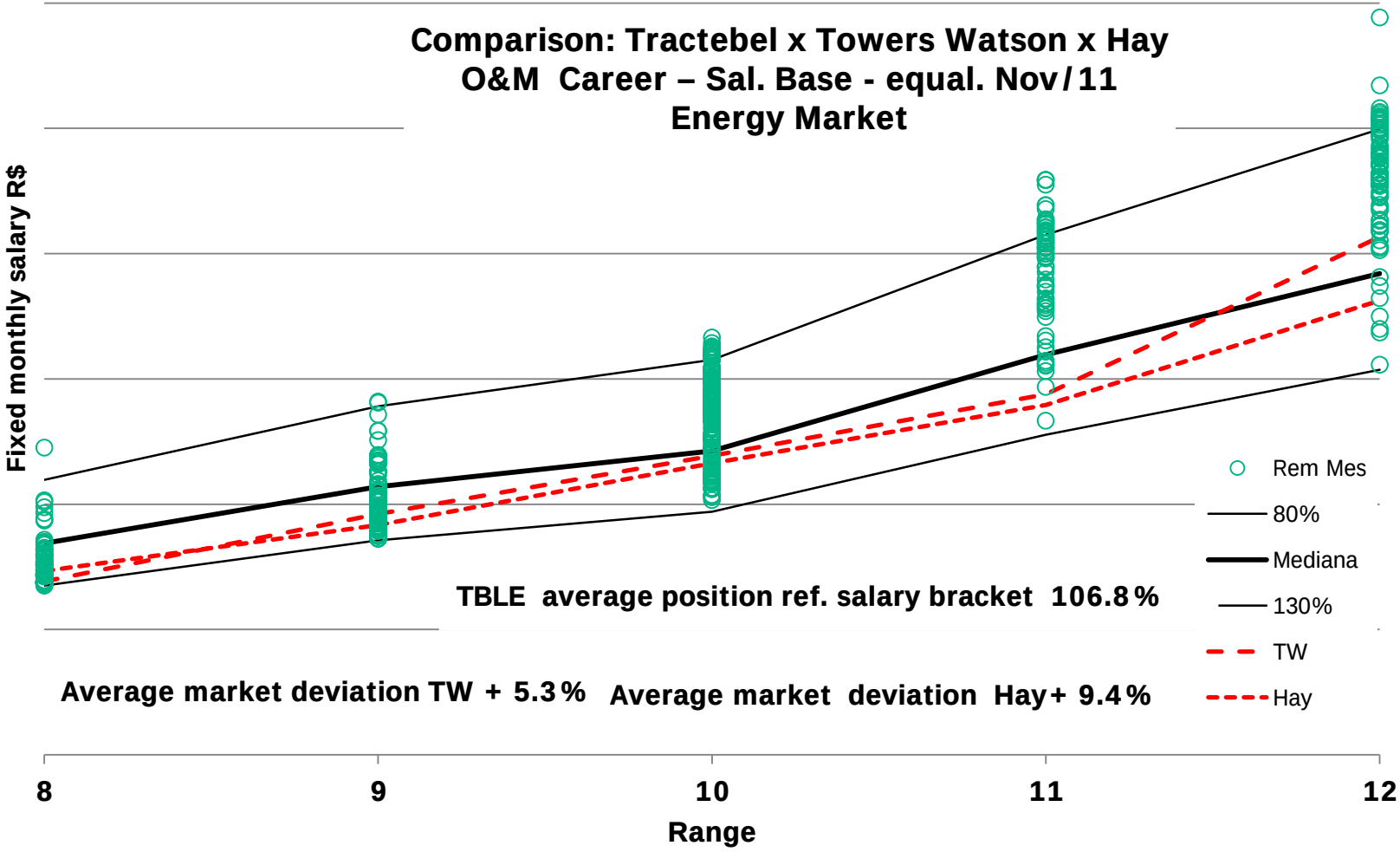
# Salary surveys

## Managerial Career



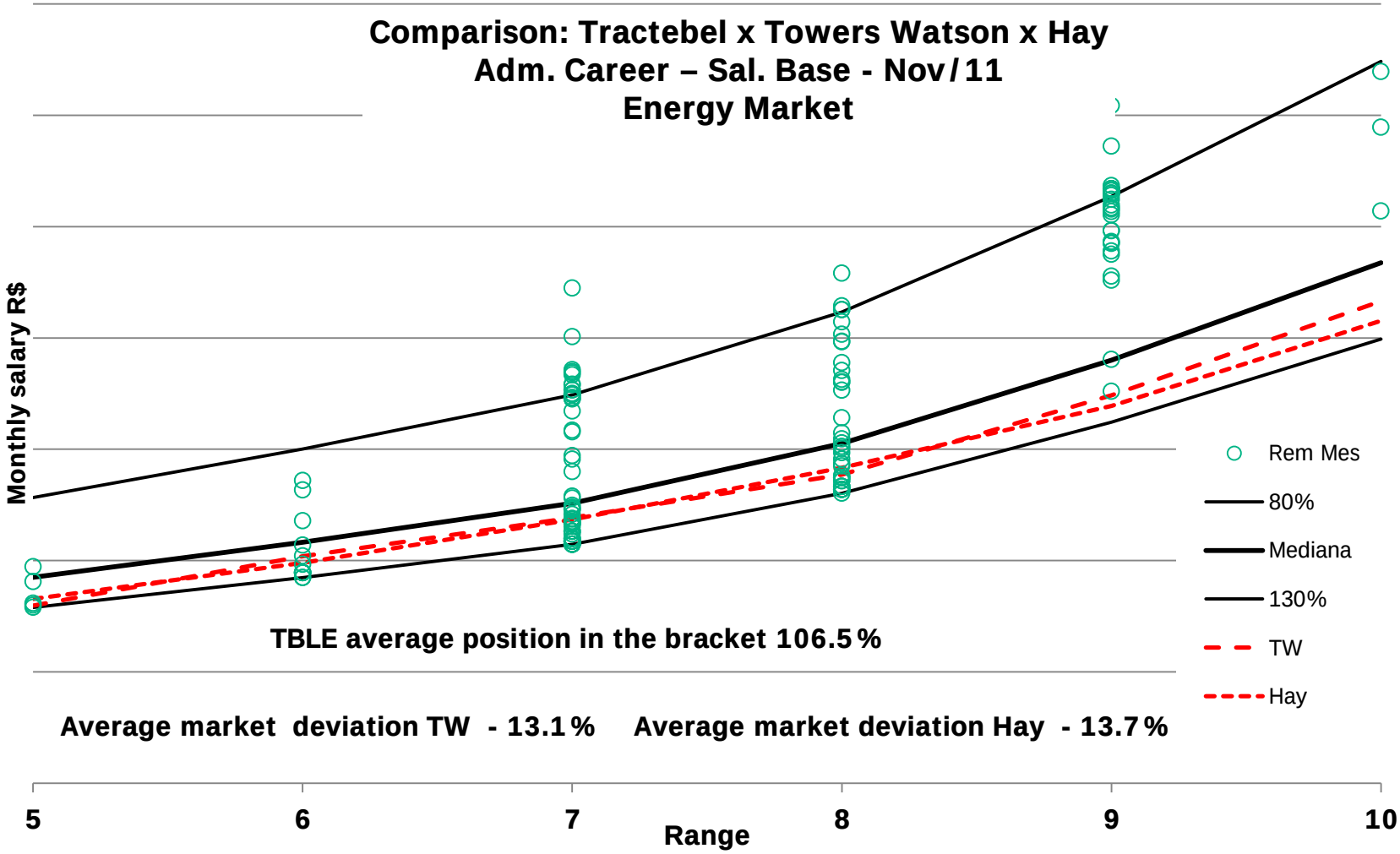
# Salary surveys

## O&M Career



# Salary surveys

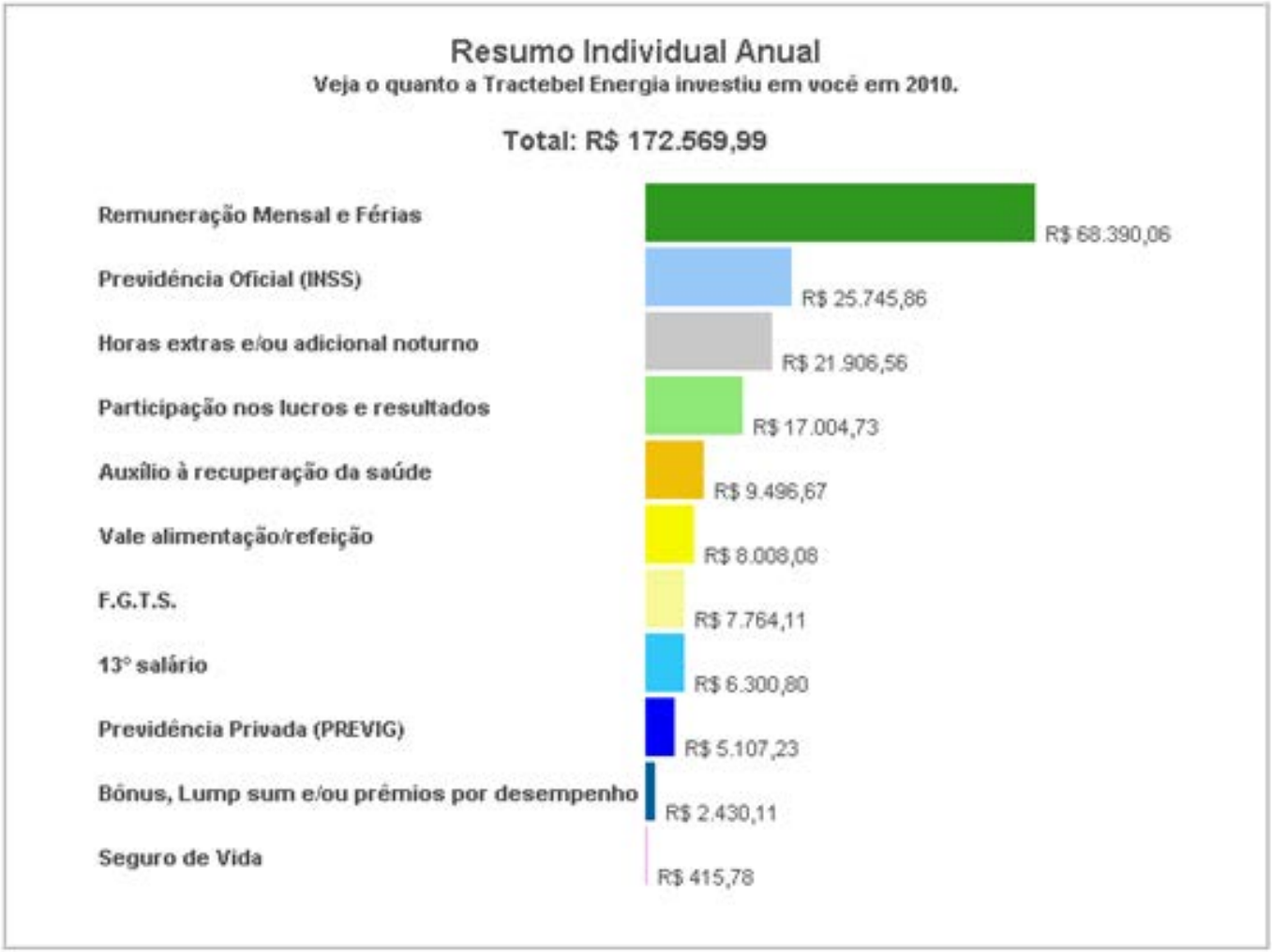
## Administrative Career



# Variable compensation

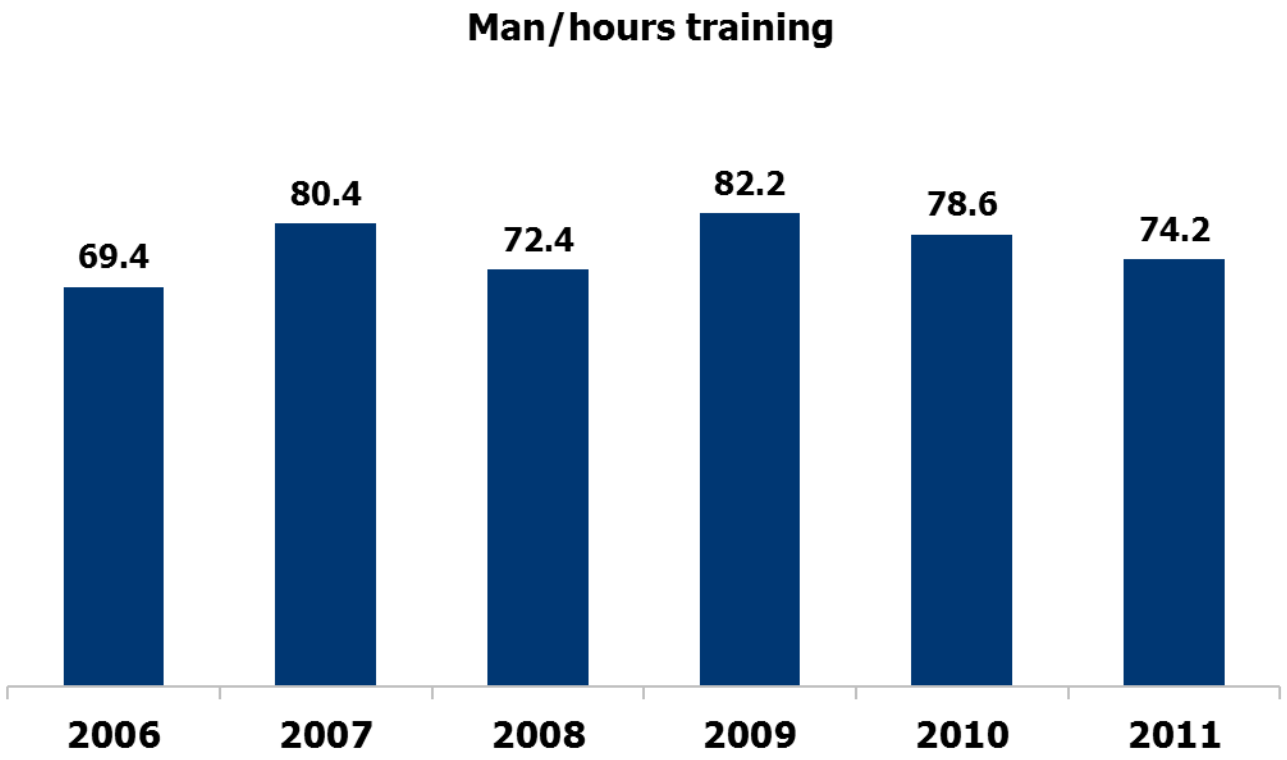
| PLR (profit/results sharing) | MANAGERIAL BONUS | SPECIAL BONUS |
|---|---|---|
| Linked to corporate results, negotiated with the Labor Unions (Legally Required), paid to the employees with open-ended labor contracts **according to performance appraisal.** | The value of this compensation varies according to the impact of the **targets for the OU** on the Company's results and the meeting of **individual targets**. It is paid to employees with open-ended labor contracts | Additional amount granted on meeting **special targets** negotiated with Company's management. |
| **Scope**: All employees<br>**Value to be distributed:** Approved by the shareholders<br>**Basis for Calculation**: Employee compensation (December) | **Scope**: Employees with managerial careers<br>**Value to be distributed**: Approved by Senior Management.<br>**Basis for Calculation:** Total annual compensation | |
| Average paid in 2011: 3.19 salaries | Average paid in 2011: 0.99 salaries | |

# Individual Compensation Breakdown Report




** A Tractebel Energia investe ainda na saúde e qualidade de vida dos empregados, através de um check up anual diferenciado e Ações do Programa Geravida que hoje representa um valor de R$ 1.846,00 por empregado.*

# T&D trackrecord



# Health and quality of life program

Geravida

- Management of **health** – annual check-up, individual health plan
- Management of **quality of life**:
  - Retirement preparation program
  - Physical activity: physical conditioning programs, workplace gymnastics, incentive to sport
  - Nutrition: Healthy Food Program, adjustment of industrial restaurants
  - Stress control: massage, lectures, recreational rooms, chorus
  - Chemical dependency: Program for Treatment and Prevention
  - Integration events

# 150 best companies 2012 survey - principal results

| General score | 79.7% |
|---|---|
| TBLE working environment (employee perception) | 81.7% |
| TBLE policies and practices (FIA/USP and EXAME evaluation) | 75.1% |
| The employees identify themselves with the company | 92.7% |
| Satisfied and motivated employees | 82.9% |
| Employees approve their leaders | 77.7% |



# In-house communication

- ‘Conexão’ in-house newspaper
- Corporate portal
- E-mails
- In-house communication partners
- Knowing Our Business Program
- Time of service recognition program
- New employee induction program


Jornal Interno
Conexão
Tractebel Energia
GDF SUEZ
Jornal dos empregados da TRACTEBEL ENERGIA
Ano 3 - Número 6
Abril 2008
NossosDESTAQUES
Pág. 03 UTAL 4 reativada
Pág. 06 Avaliação de Desempenho tem melhorias
Pág. 08 Clima na U.O. PLP se destaca
Pág. 09 Olha quem chegou!
É possível produzir uma melancia quadrada
Todo problema é terreno fértil para uma boa idéia. Veja em nosso Portal mais um exemplo e mãos à obra. Inove você também!
inove!
Especial Tractebel Energia 10 anos
TBLE é destaque em Saúde e Segurança do Trabalho na América Latina
Página 04
Você está de parabéns!
O Comitê de Inovação avaliou sua proposta e irá apresentar os resultados alcançados para a Diretoria Executiva.
Comitê de Inovação Tractebel Energia
GDF SUEZ
inove!
Programa Tractebel Energia de Incentivo à Inovação
Prestigie!
Estamos preparand
especial para as ma
e também para a min
nossas mamãe
Dia: 09/05 - Hora: 15:30h
Tractebel Energia
GDF SUEZ
Bem-Vindo
horizon
Meu Portal
Portal RH
Comunicação
Documentação
Suprimentos
Corporativo
Finanças
Operação
Comercialização
Sistemas
Busca
Portal RH
Minhas Informações
Minha Carreira
Meus Benefícios
Meu Bem Estar
Minha Equipe
Busca de Usuários
RH Notícias
Nossa Cultura
Manuais de RH
Gestão do Clima 2007/8
Gestão do Clima 2006/8
Fale com RH
Álbum de Fotos
Tractebel Energia | Portal RH
Valorizamos o SERHUMANO
Minhas Informações
Minha Carreira
Minha Equipe
Meu Bem Estar
Meus Benefícios
Gestor de Desempenho e Metas
Minha Remuneração
Conheça os aniversariantes do mês!
Calendário
Geral
Notícias

# HR – individual access




Voltar

# Labor law

## Principal objectives:

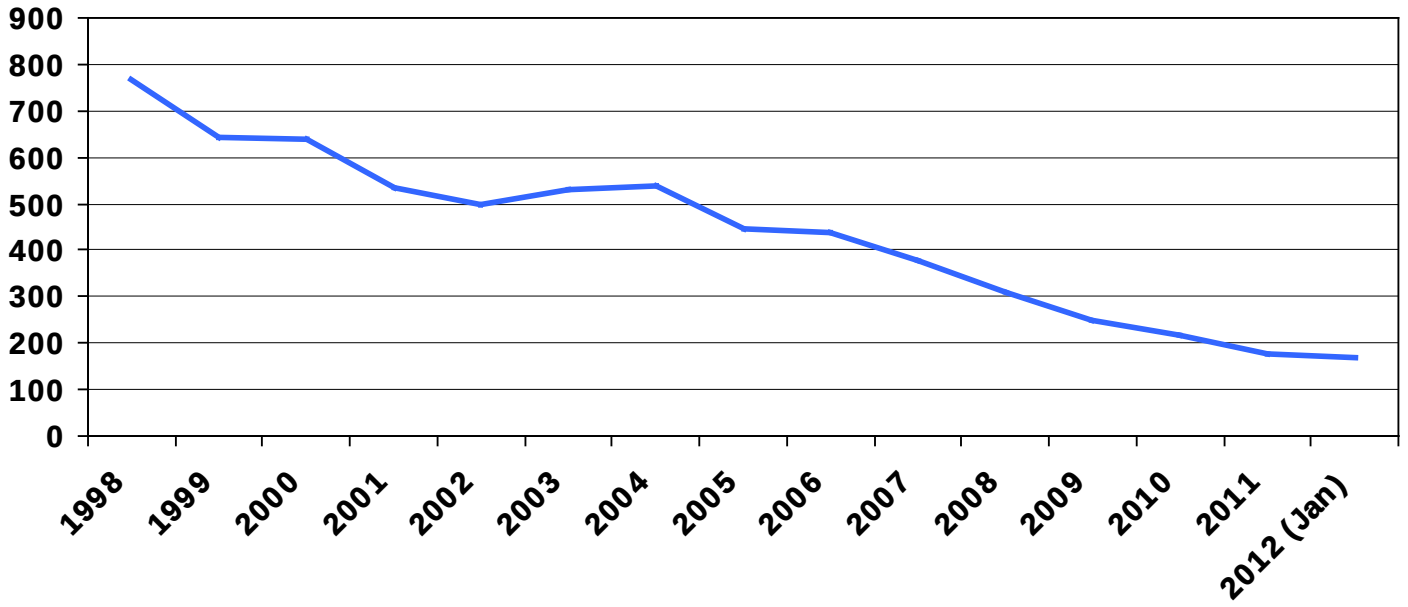
- Employment relationship
- Joint and several responsibility
- Reflection of labor actions on ELOS/PREVIG
- FGTS discrepancies
- Indemnification – workplace accident or sickness
- Overtime

# Labor law

Lawsuits (position as at January 25, 2012)

Total number of pending labor actions: **167**

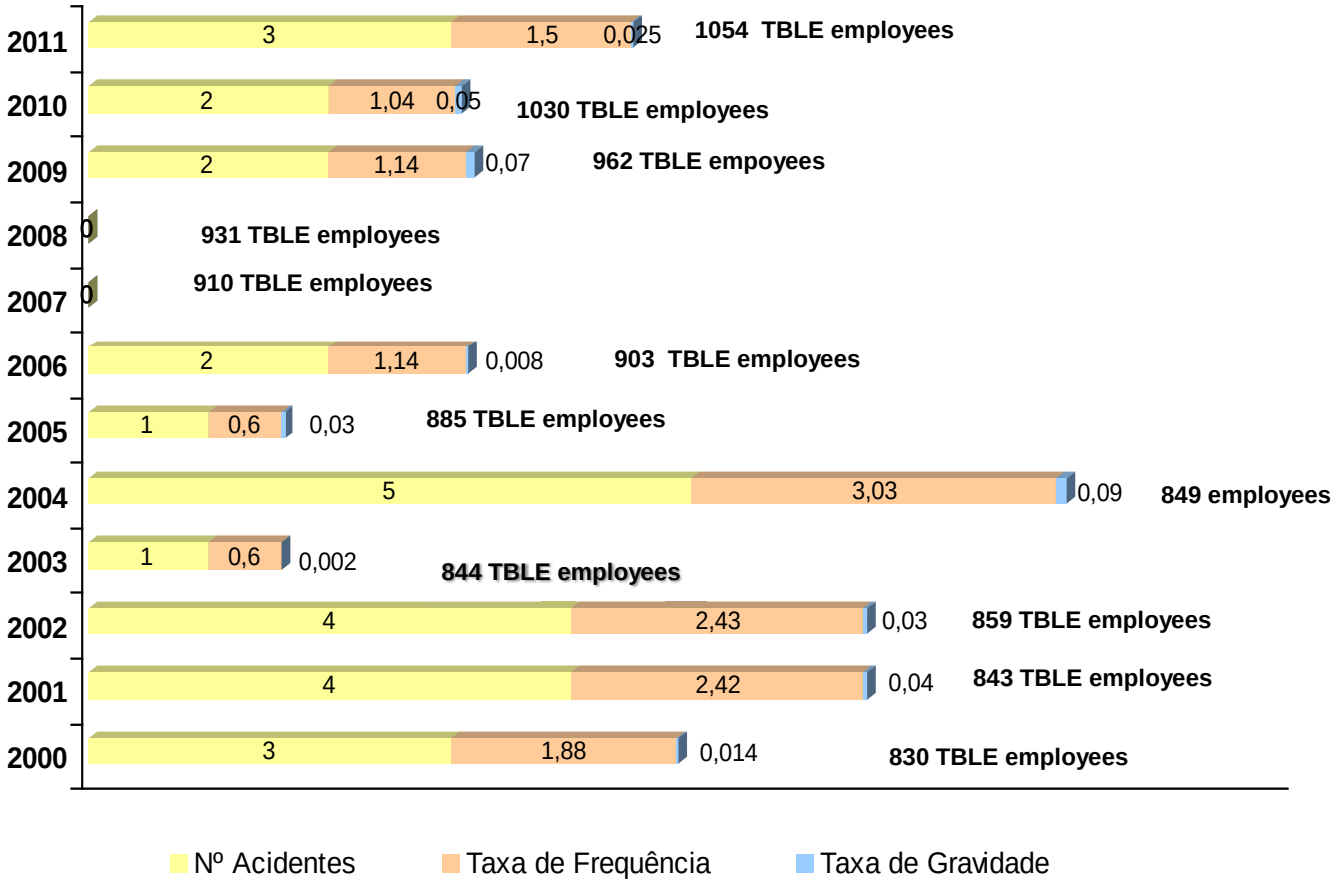
Labor liability: R$ 39,508 thosand (**R$ 10,442 thousand**)



# Occupational safety

- Certified under BS OHSAS 18001 Norm: occupational health and safety management since October 2010
- Management performance is tracked by the Board of Directors through critical analysis meetings, being monitored and evaluated by the in-house and external auditors
- The Company establishes annually a business objective involving employees and outsourced workers for FR (frequency accident rate with time off work) and SR (severity rate) and zero fatal accidents

# Occupational safety




Indicators

***Tractebel Energia's target takes into account all employees (TBLE employees + Outsourced workers)**

The number of employees considers the annual average for the year of TBLE's effective employees

Accident Frequency Rate = (number of accidents X 1,000,000)/ number of hours worked

Serious Accident Rate = (number of DAYS LOST X 1000) / number of hours worked

**NOTE: The graph refers only to data for Tractebel Energia**

Frequency accident rate: average for the energy market – 2.31, general market average: 3.93.

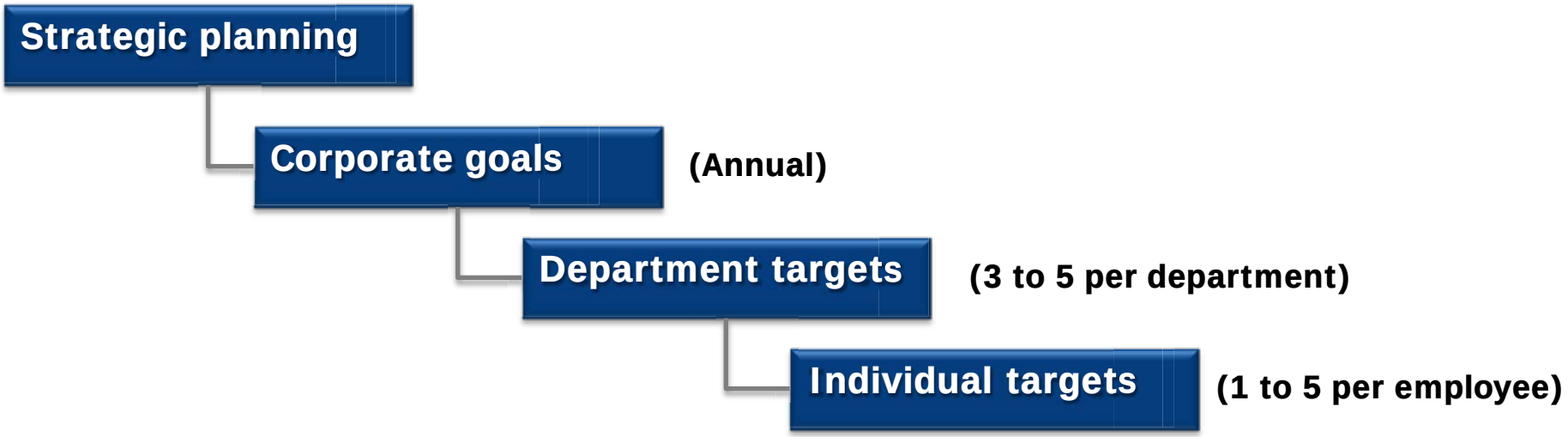
*(source: Pesquisa Brasileira Benchmarking 2012 base line 2011).*

- Corporate management
- Human resources
- **Strategic planning and management of performance**
- Relationship with the community

# Management of performance

- **Annual performance appraisal ➔ attitudes (all) and targets (managerial career employees)**
- **Monitoring performance ➔ feedback**
- **Direct impact on payment of variable compensation**

# Corporate planning and management of performance




- Performance appraisal
  - Results for the individual targets
  - Appraisal of attitudes
- Impact on variable compensation

# Training & development

Managerial career

- focus on results
- focus of the client
- empowerment
- cooperation
- communication
- entrepreneurial attitude
- vision

Other employees

- specific skills and technical know-how

## Tools

- School formation program
- Technical training
- Languages program
- Behavioral development
- 360º survey of competencies
- Evaluation of potential
- Development of leadership
- Succession program
- Individual development plan

- Corporate management
- Human resources
- Strategic planning and management of performance
- **Relationship with the community**

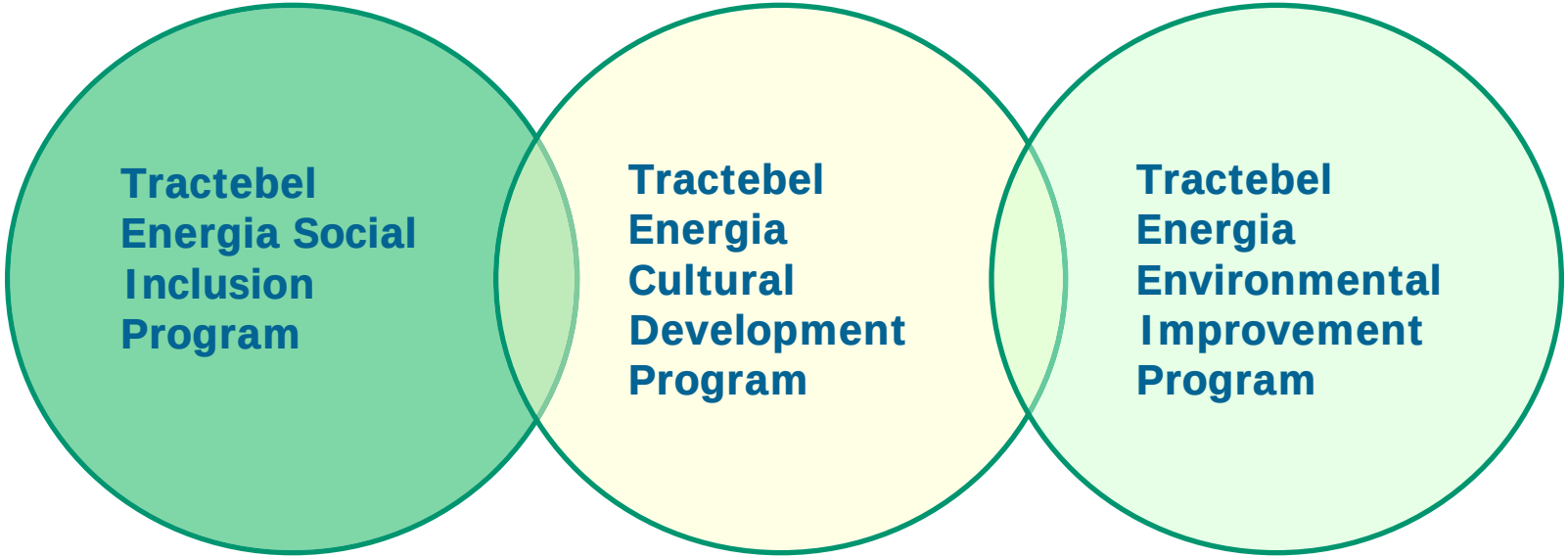
# Commitments to society

- Fair competitive practices, combating fraud and corruption
- Social inclusion
- Health and safety
- Respect for the environment
- Rejection of child/ forced/discriminatory labor practices
- Respect for people
- Decent salaries
- Ethical and transparent relationship
- Partnerships with the community
- Sharing of values and sustainable practices




"To identify suppliers and partners adopting the same attitudes"

# Three programs in the Company's operational areas




Focus: infancy and adolescence, education, qualification, job and income creation

Focus: enhancing and fostering the local culture

Focus: environmental education, restoration of areas, ecological awareness and rationalization in use of natural resources

# Environmental Improvement Program - examples

- Casa Familiar Rural – classes in environmental education and management in the municipality of Chopinzinho - PR
- Preservation of 25 headwater springs in the Tubarão River basin - SC
- Preservation of 25 springs in the vicinity of Machadinho HPP in conjunction with the Consórcio Machadinho – SC / RS
- 5 forestry nurseries – Annual production of 450 thousand native tree seedlings (300 thousand planted by Tractebel Energia – the rest donated to the community)





# Cultural Development Program - examples

## Rouanet Law:





- Symphony Orchestra in the Communities Project - SC
- International Puppet Theater Festival - SC
- Bibliotherapy – reading for Charity Hospital patients
- Bolshoi Ballet
- Fritz Plaumman Documentary
- School Orchestra Project - SC
- Rural Cinema Festival – Audiovisual Law – Piratuba - SC
- Isnard Azevedo Theater Festival – Florianópolis - SC
- Sponsorship of the Brazilian Symphony Orchestra, Rio de Janeiro RJ
- Sponsorship of the Aliança Francesa International Music Festival - SC
- Sponsorship of the Infant Cinema Exhibition, Florianópolis - SC
- Sponsorship of Restauration of Florianópolis Cathedral - SC
- Project for restoring the Polidoro Santiago palacete in Laguna - SC

# Social Responsibility Program - examples

**Junior Achievement**

Entrepreneurship and awareness for sustainablity



**Junior Apprentice Program**



**Volunteers in Action Institute**

Volunteers online



**Catarinense Forum**

For the end of infant-juvenile violence and sexual abuse



**Company Citizen Award, ADVB - SC**

Good social responsibility practices



# Socio-environmental and fiscal responsibility – 2011

| Activity | Value* (R$ thousand) |
|---|---|
| Installation of Estreito – reservoir and socio-environmental programs - Tractebel Energia portion | 106,360 |
| Estreito Social Investment Program - Tractebel Energia portion | 22,090 |
| Operating plants environmental programs | 21,328 |
| Social Responsibility Programs – own resources | 2,188 |
| Donations and sponsorships for incentivized initiatives under the Fund for Infancy and Adolescence and Rouanet Law | 7,810 |
| Consolidated Federal, State and Municipal taxes | 1,108,217 |
| Financial compensation for Use of Hydraulic Resources Tractebel Energia portion | 159,209 |

* Accumulated during the year, without monetary restatement

# Culture and Sustainability Center



# Culture and Sustainability Culture Center



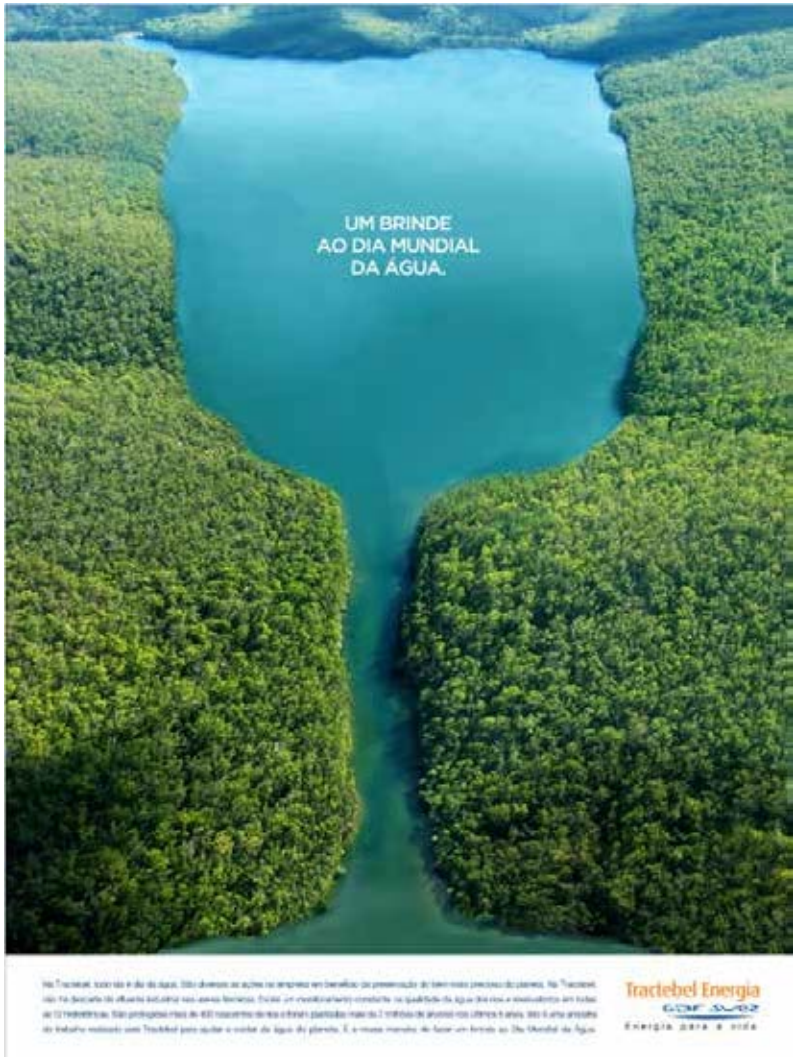






# Institutional communication





# Investor Day

## José Carlos Cauduro Minuzzo - Energy Production Officer

### Sustainability: “operational efficiency and socioenvironmental” dimensions

Florianópolis – September 2012

Tractebel Energia | GDF SUEZ - Todos os Direitos Reservados

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- **Tractebel Energia's Plants**
- Work philosophy
- Compliance with Aneel and ONS requirements
- Performance indicators
- Environment and community

# Tractebel Energia's Plants – operated capacity

Rondonópolis SHP
26.6 MW



São Salvador HPP
243.2 MW



Cana Brava HPP
450 MW



Estreito HPP
1.087 MW



Pedra do Sal Wind Farm
18 MW



J. Gelazio da Rocha SHP
23.7 MW



Ponte de Pedra HPP
176.1 MW



Salto Osório HPP
1.078 MW



Salto Santiago HPP
1,420 MW



Itá HPP
1,450 MW



Alegrete TPP
66 MW



Passo Fundo HPP
226 MW



Charqueadas TPP
72 MW



Machadinho HPP
1,140 MW



Jorge Lacerda TPP A, B and C
857 MW



Lages Cogen Unit
28 MW



Beberibe Wind Farm
25.6 MW



Areia Branca Wind Farm
20 MW

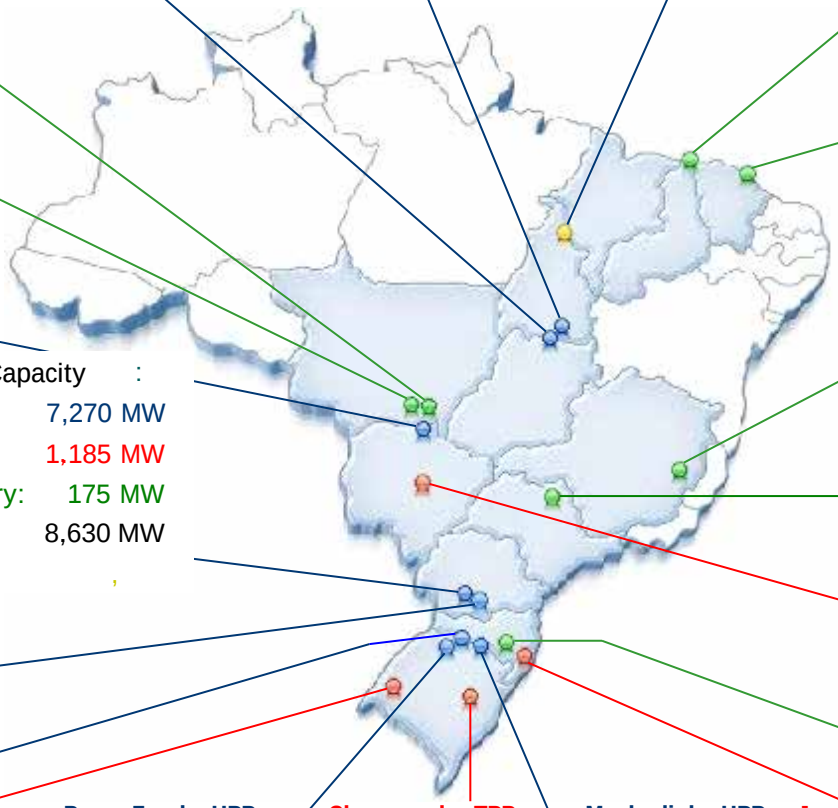


Ibitiuva TPP
30 MW



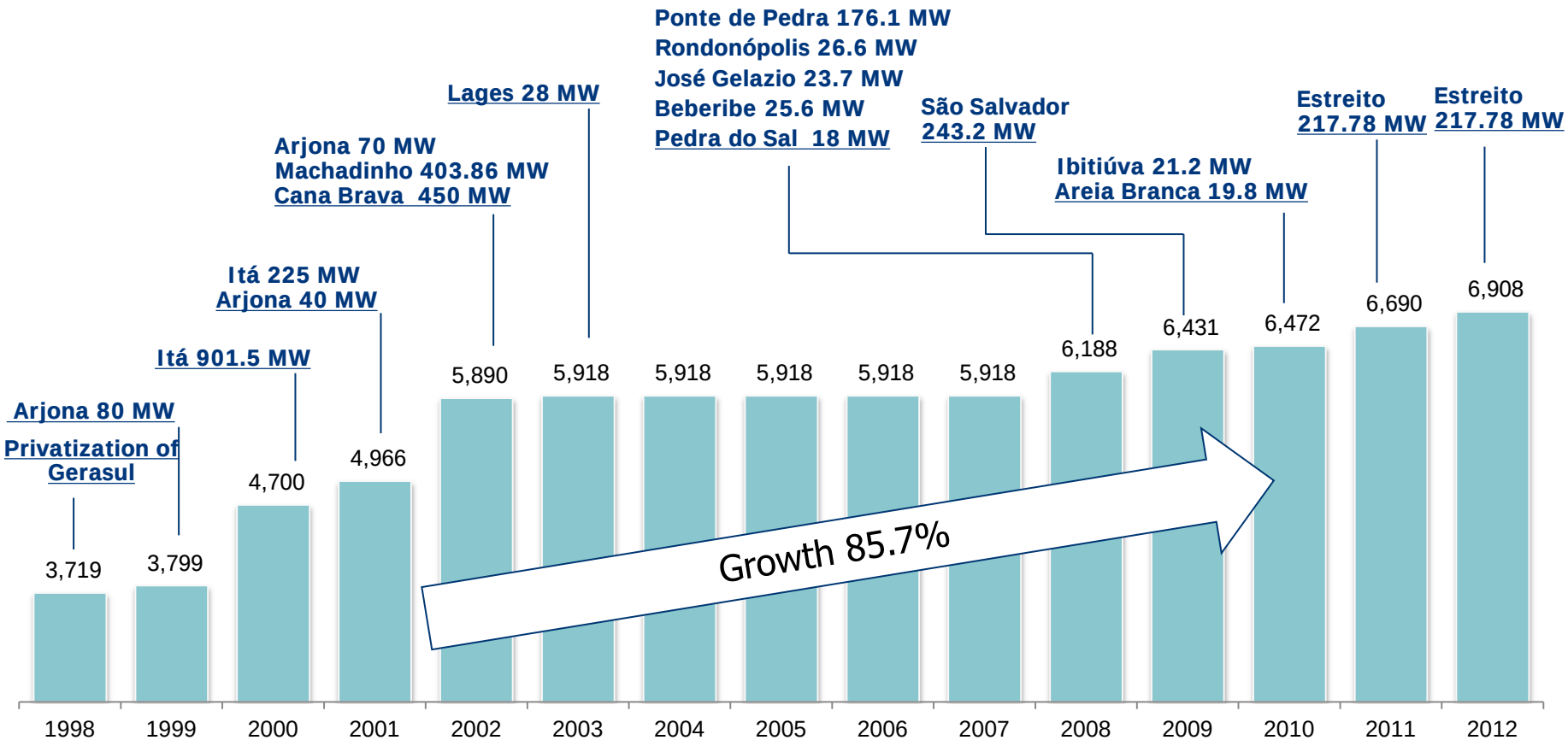
William Arjona TPP
190 MW





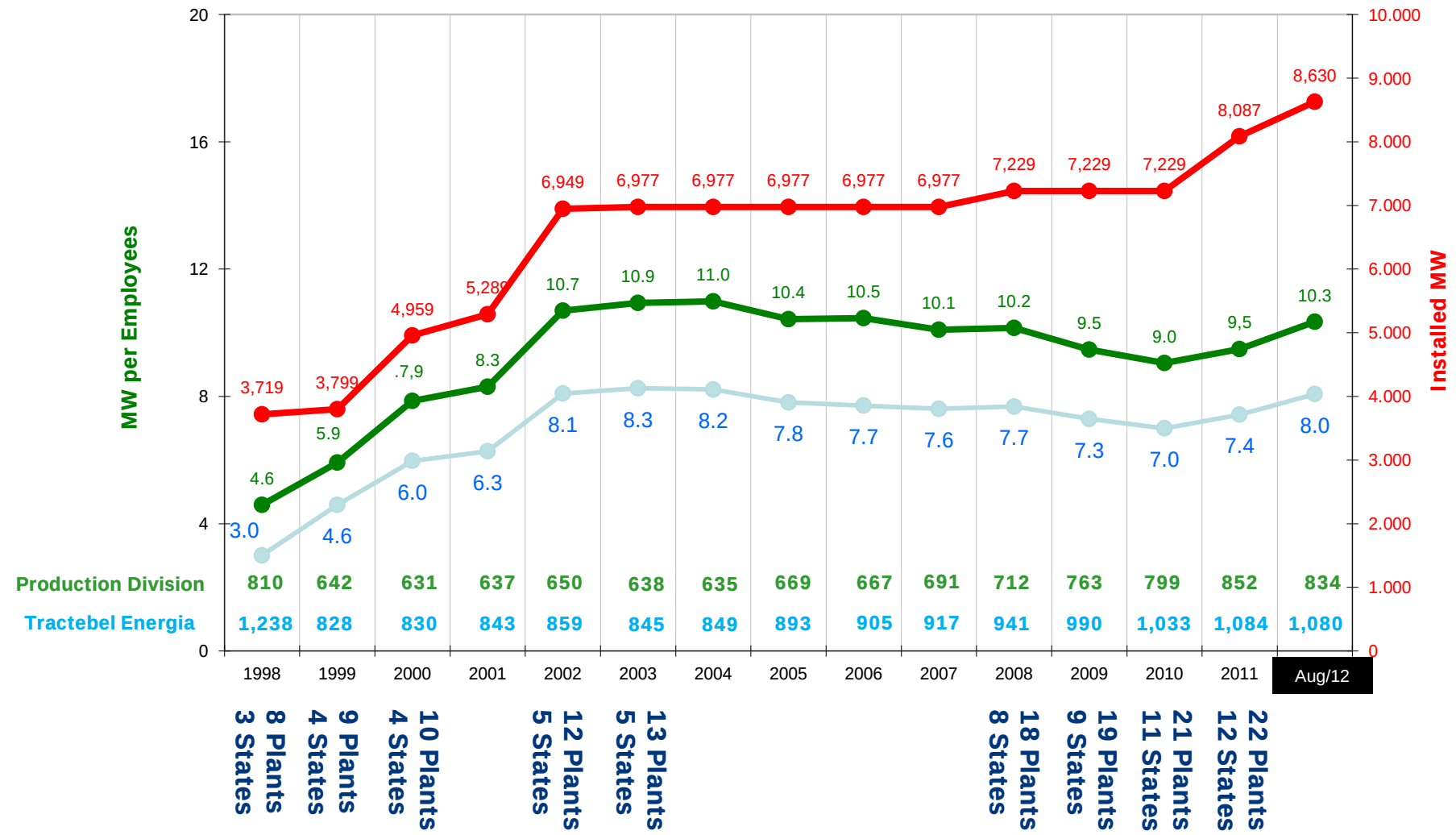
| Installed Capacity | : |
|---|---|
| Hydraulic: | 7,270 MW |
| Thermal | 1,185 MW |
| Complementary: | 175 MW |
| Total: | 8,630 MW |

# Tractebel Energia installed capacity (1998 – 2012)



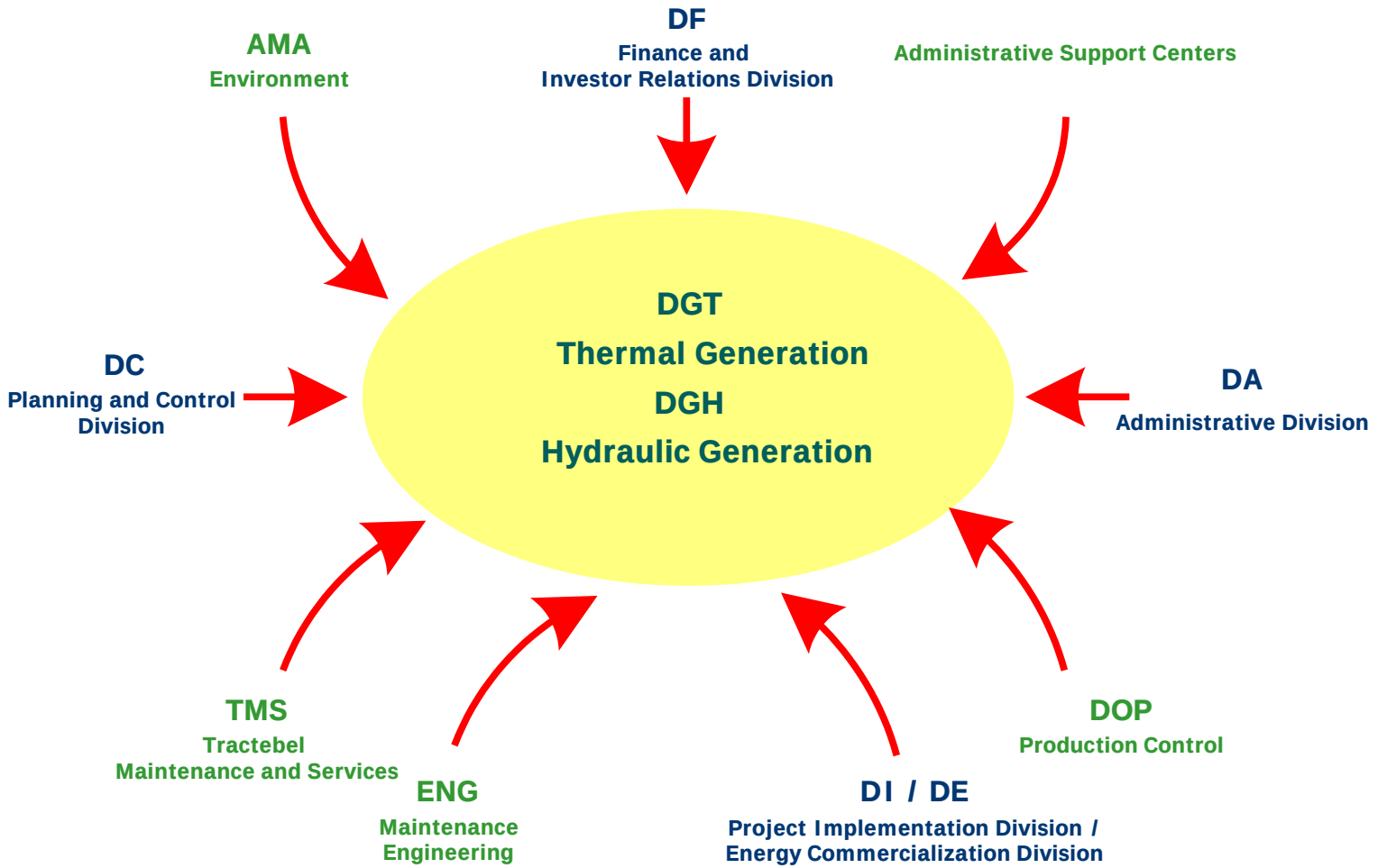

Note:
- Considers only the part pertaining to TBLE.
- In the period from 2003 to 2006, the electricity sector was subject to regulatory changes.
- Differently from the criteria used by IR, the graph takes into account entry of the generator units of a plant on the respective year.

# Installed capacity by employee of Production Division, TBLE



- Tractebel Energia's Plants
- **Work philosophy**
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# Work philosophy – Production Division




Matrix-based Organization

# Work philosophy – Production Division

## Assumptions considered in the definition of the Production Division's organization structure:

- 22 plants (9 hydros, 3 SHPs, 2 wind farms, 2 biomass, 1 natural gas, 1 heavy oil and 4 mineral coal) distributed in 12 states (RS, SC, PR, SP, MG, MT, MS, GO, MA, TO, CE and PI)
- Focus of the structure on the Company's core business: hydro generation, thermal, complementary energies (SHP, cogeneration and wind)
- Centralized management / decentralized execution / regional
- Centralized corporate policies at the Company's head office
- Flexible structure (proprietary or outsourced O&M, thermal and hydro together or separate), with a view to adjusting it to the needs of each area

# Work philosophy – Production Division

## Assumptions considered in the definition of the Production Division structure:

- Expansion via the Regional Offices Model (modular format)
- Optimization of human resources, equipment, tools and materials
- Maximum autonomy for the O&M areas within their limits of competency
- O&M engineering with a focus on analysis, studies and planning
- Uniformity of procedures between the PD areas and the Company's corporate areas
- Work is conducted on a matrix basis between the PD area and the Company's areas

# Work philosophy – Production Division

## Assumptions considered in the definition of Production Division:

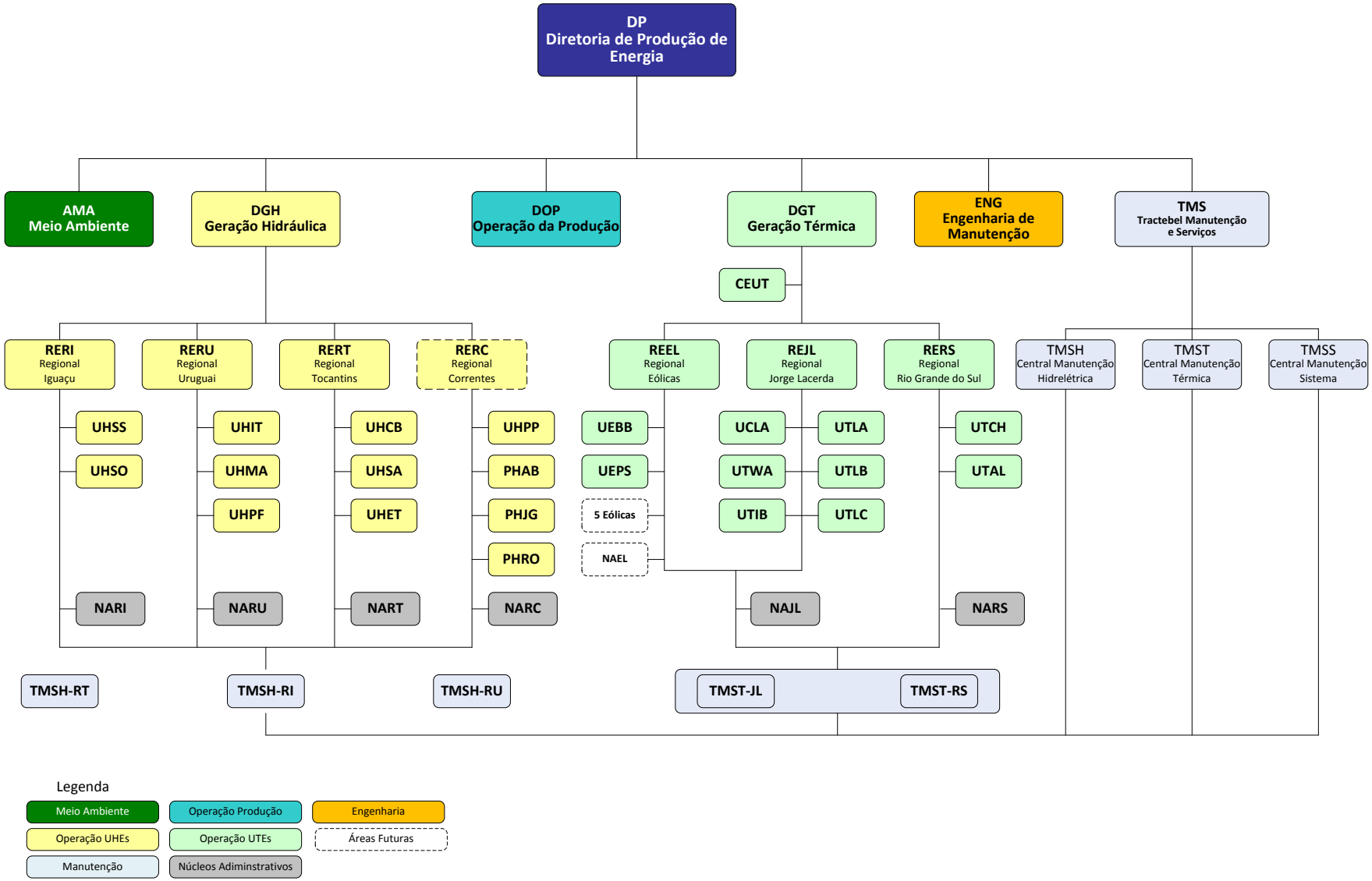
- SIG system (Integrated Quality Management System, Environment, Social Responsibility, Occupational Health and Security) should add value to the production business

- O&M management uses the following information systems:
  - ERP – Enterprise Resource Planning (Oracle)
  - Maximo (maintenance management system – IBM)
  - SAU – Plant Monitoring System (operating information system developed inhouse)

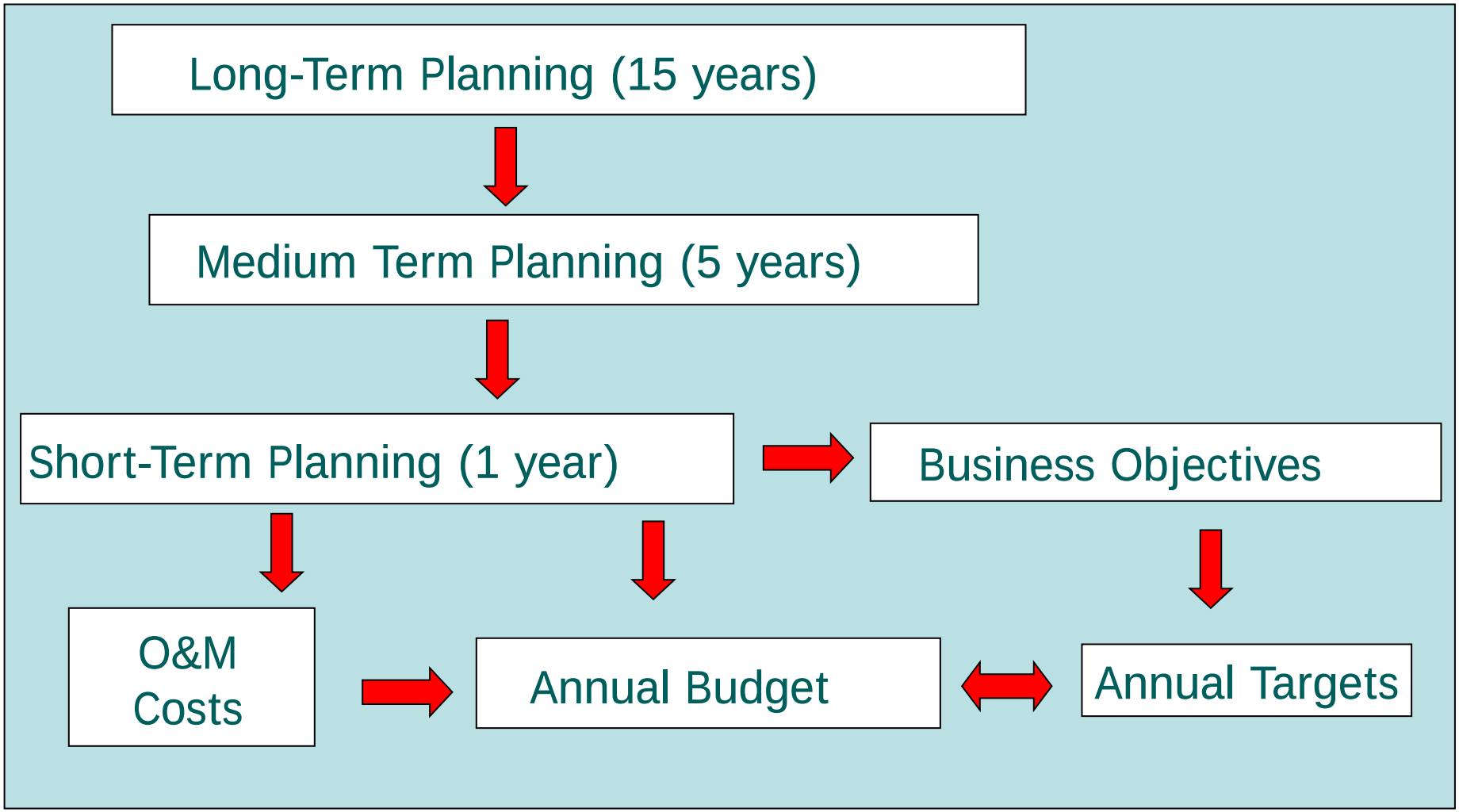
- Management of contracts and procurement handled directly by the production areas (decentralized), except for imports

- Contracting of services deemed non-strategic

# Organization structure of the Production Division

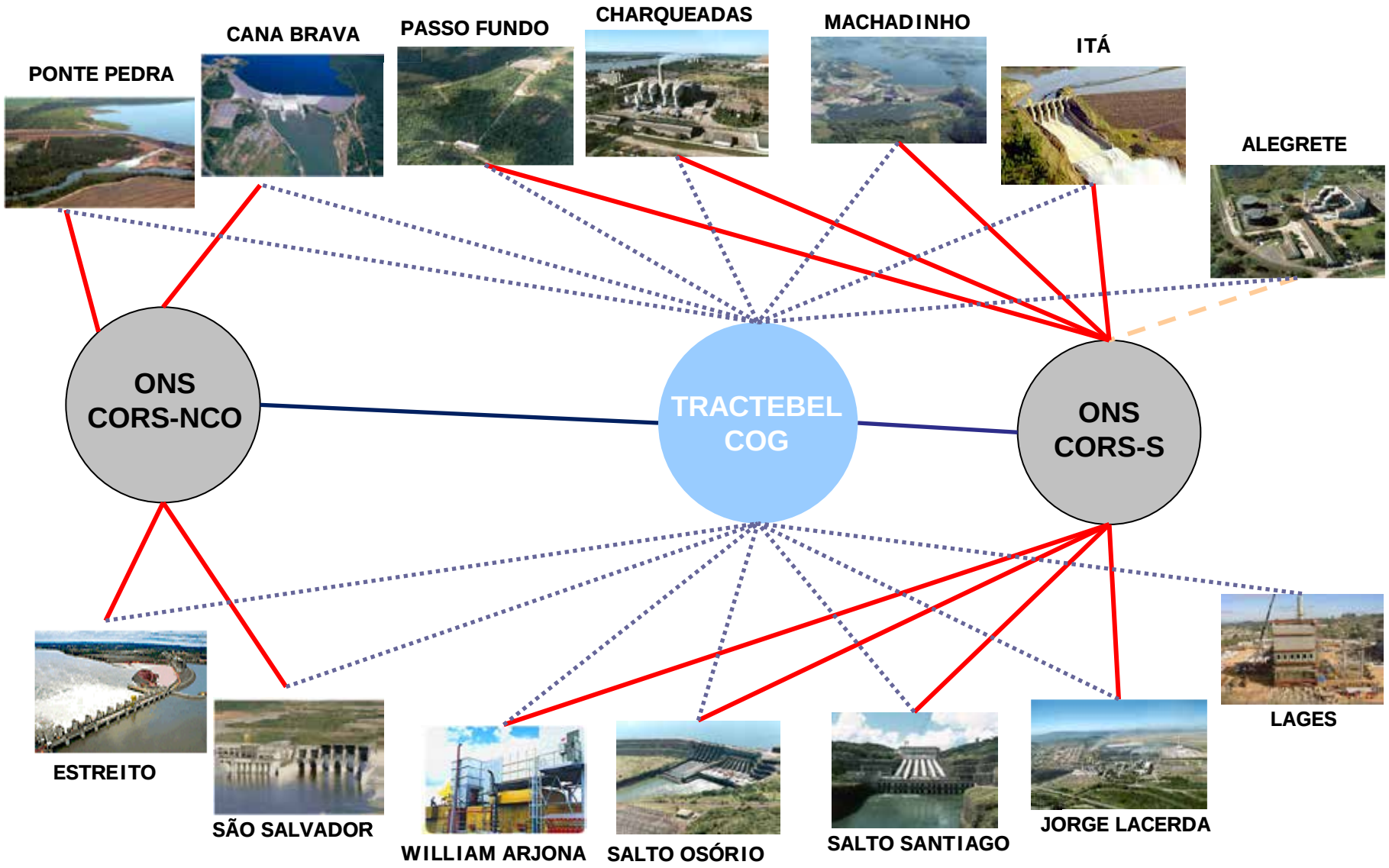


# Planning of O&M X budget – Tractebel's plants



- Tractebel Energia's Plants
- Work Philosophy
- **Compliance with Aneel and ONS requirements**
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# Compliance with Aneel and ONS requirements – Tractebel plant operation, supervision and measurement



# Compliance with Aneel and ONS requirements

## Tractebel Energia operates its plants in accordance with:

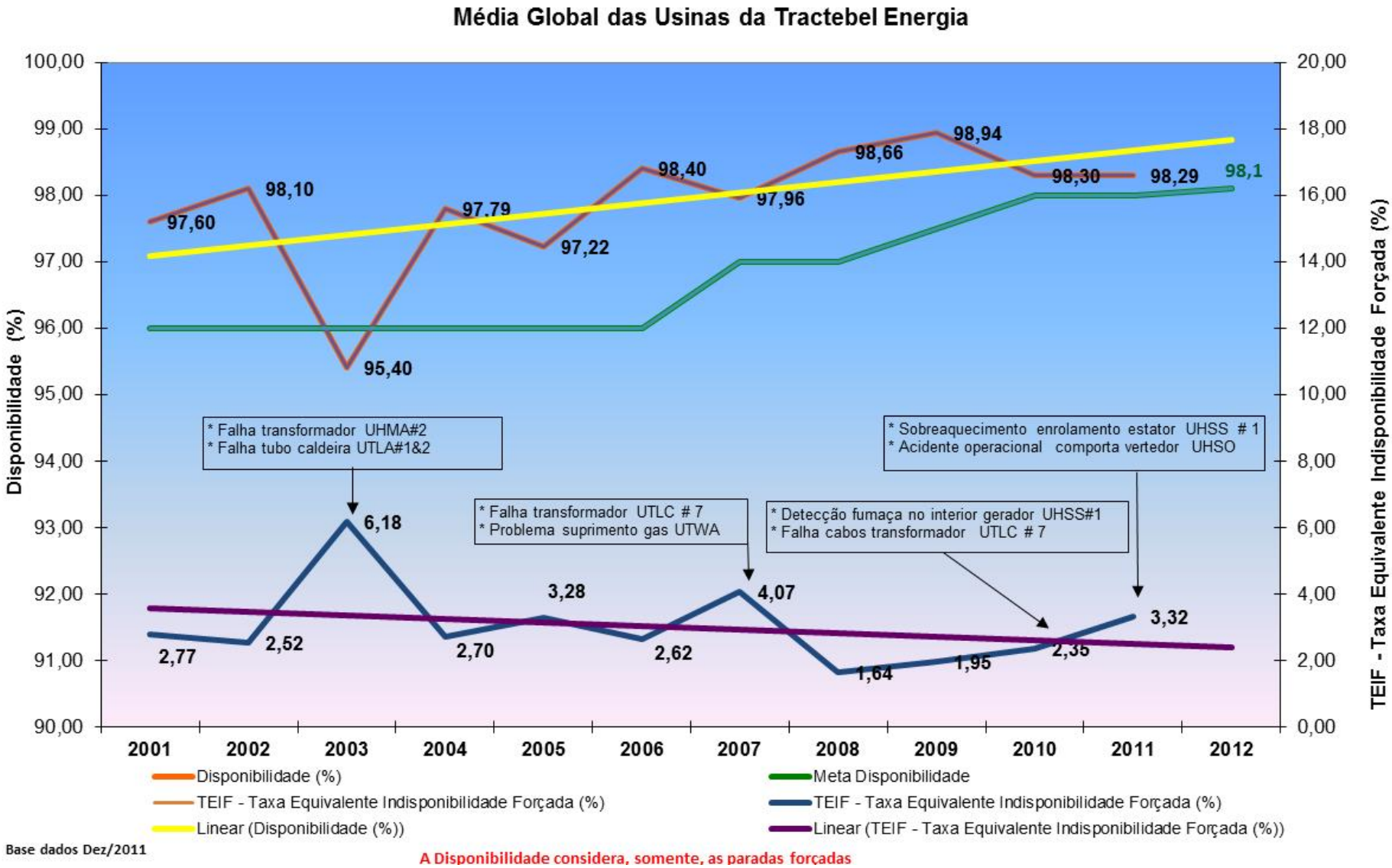
- ONS normative and operative instructions
- Network procedures prepared by the ONS and approved by Aneel (establish procedures and requirements for real time planning, programming and operation of the plants for meeting demands of the National Interconnected System)
- Undertakings enshrined in the Aneel Concession Agreements
- The remaining prevailing norms, regulations and laws for the Brazilian electricity sector
- Certification of the operators every 3 years (technical competency and physical and mental health)

# Compliance with Aneel and ONS requirements

- Plants directly connected with ONS Operation Centers
- ONS dispatches plants directly and communicates with the operators in real time
- Tractebel Energia's COG/DOP supervises, measures generation and programs interventions in the plant generator units

- Tractebel Energia's Plants
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# Performance indicators 2001 – 2011




Base dados Dez/2011

A Disponibilidade considera, somente, as paradas forçadas

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# Environment – Tractebel Energia

**Respect for the environment / TBLE policy:**

- Tractebel Energia should contribute to the improvement of the quality of life in a sustainable manner, preserving our environment. Respect for the environment is at the heart of our strategy and our policy

# Environment – Tractebel's plants

## Air quality control – Jorge Lacerda Complex, Lages Cogeneration Unit and Ibitiúva TPP

- Improvement in the efficiency of the electrostatic precipitators – Jorge Lacerda A, B and C Thermal Power Plants – reduction in emissions of particulate material > 63%
- Control of emissions of particulate materials at the Lages Cogeneration Unit and Ibitiúva TPP

## Air quality control – Charqueadas Thermal Power Plant

- Bag filter – 99.95% efficiency

  Emissions of particulate material – reduction of 400 mg/$Nm^3$ to less than 80 mg/$Nm^3$
- Gas desulfurization

  Emissions of $SO_2$ – first coal-fired plant in Brazil adopting control for slashing $SO_2$ emissions (>90% reduction achieved)

# Environment – Tractebel's plants

**Annual reduction of water consumption – Jorge Lacerda Thermoelectric Complex**

- Withdrawal of 14.5 million $m^3$ of water avoided annually (switch from a open cycle to a closed water cycle)
- Water Percolation Harnessing System at the Itá Hydro Power Plant, Machadinho Hydro Power Plant and Salto Osório Hydro Power Plant
- Reduction in the use of chemical products in the treatment of drinking water at the plants

# Environment – Tractebel's plants

## Environmental preservation – Jorge Lacerda Thermoelectric Complex

- Revamping/unification of the Jorge Lacerda A and B Thermal Power Plants Moist Ash Transportation System

## Environmental restoration – Jorge Lacerda Thermoelectric Complex

- Modernization of the Jorge Lacerda A, B and C Thermal Power Plants coal yard (waterproofing)
- Environmental restoration of the ex-CAEEB yard (Companhia Auxiliar de Empresas Elétricas Brasileiras) (Environmental Park)
- Environmental restoration of the Banhado da Estiva dos Pregos
- Environmental restoration of CSN coal (dust) yard

# Environment – 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 de 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: 1.1 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 de Riacho, Morro de 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.

***R$ 15 milhões***
*é o valor investido pela Tractebel Energia em parques ambientais do Brasil, a maioria devido a concessões ambientais para construção de empreendimentos.*

### 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 EPCOPEF (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 receber os visitantes e usuários. Administrado pela OSCIP Associação Jorge Lacerda, que está sendo formada pela Tractebel Energia, Unisul, Fucap, Aenuel 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.

# Environment – Tractebel Energia

## Project for Restoring and Protecting Headwater Springs




- 25 springs restored in the vicinity of the Jorge Lacerda Thermoelectric Complex (benefiting 24 properties)



- 118 springs in the Chopinzinho region, neighboring municipality to the Salto Osório HPP (benefiting 128 families and 2 community centers)



- 27 springs (in progress) in the municipality of Machadinho, region of the Machadinho HPP (benefiting 25 property owners)

# Environment – Tractebel Energia's Plants

Forest nurseries

Jorge Lacerda Thermoelectric Complex, Salto Osório Hydro Power Plant, Itá Hydro Power Plant, Passo Fundo Hydro Power Plant, Cana Brava Hydro Power Plant and São Salvador Hydro Power Plant.



- Production capacity of 450 thousand seedlings/year
- Planting of 300 thousand seedlings/year
- Planting of shoreline reservoir strip
- Free distribution of seedlings to the community
- Conservation/reproduction of species in danger of extinction

# Tractebel Energia – society

**Social initiatives:**

Culture and Sustainability Center

- Entre Rios do Sul – Passo Fundo Hydro Power Plant (operating since Jul/11)
- Quedas do Iguaçu – Salto Osório Hydro Power Plant (scheduled for May/13)
- Alto Bela Vista – Itá Hydro Power Plant (scheduled for Mar/13)
- Capivari de Baixo – Jorge Lacerda Thermoelectric Complex (scheduled for Jun/13)

# Tractebel Energia – society

- **Agroflorestal Cambona IV System Project**

**Machadinho Hydro Power Plant**

**80 producers benefited**





# Tractebel Energia – society

- **Plant Visiting Program (2011):**

  Itá Hydro Power Plant ~ 10,000/year

  Jorge Lacerda Thermoelectric Complex ~ 11,000/year

  Salto Osório and Salto Santiago HPPs ~ 4,500/year

  Machadinho Hydro Power Plant ~ 10,000/year

  Passo Fundo Hydro Power Plant ~ 1,500/year

  Ponte Pedra Hydro Power Plant ~ 250/year

  São Salvador Hydro Power Plant ~ 200/year

  Lages Cogeneration Unit ~ 900/year

  Cana Brava Hydro Power Plant ~ 1,500/year

  Charqueadas Thermal Power Plant ~ 650/year

- **Approximately 40 thousand visitors per year**

# Certification of Tractebel Energia's plants

## Certification of the Integrated Management System - SIG pursuant to NBR ISO and BS OHSAS Norms

- 15 plants certified according to the ANBT NBR ISO 9001:2008, ABNT NBR ISO 14001:2004 and BS OHSAS 18001:2007 norms
- Scope: Itá Hydro Power Plant, Machadinho Hydro Power Plant, Passo Fundo Hydro Power Plant, Salto Osório Hydro Power Plant, Salto Santiago Hydro Power Plant, Cana Brava Hydro Power Plant, São Salvador Hydro Power Plant, Ponte de Pedra Hydro Power Plant, Jorge Lacerda Thermal Power Plant (Jorge Lacerda A, B and C thermal power plants), Charqueadas Thermal Power Plant, Alegrete Thermal Power Plant, William Arjona Thermal Power Plant and the Lages Cogeneration Unit, in the activities of Operation, Maintenance, Environment, Utilities, Administration, Occupational Health and Security, Corporate Support Systems to the Plants by DRH and the Supply Chain of DPS (Documentation, Supplies and General Services)





# Investor Day

## Edson Luiz da Silva - Planning and Control Officer

### Sustainability: “regulation and strategic management” dimensions

Florianópolis – September 2012

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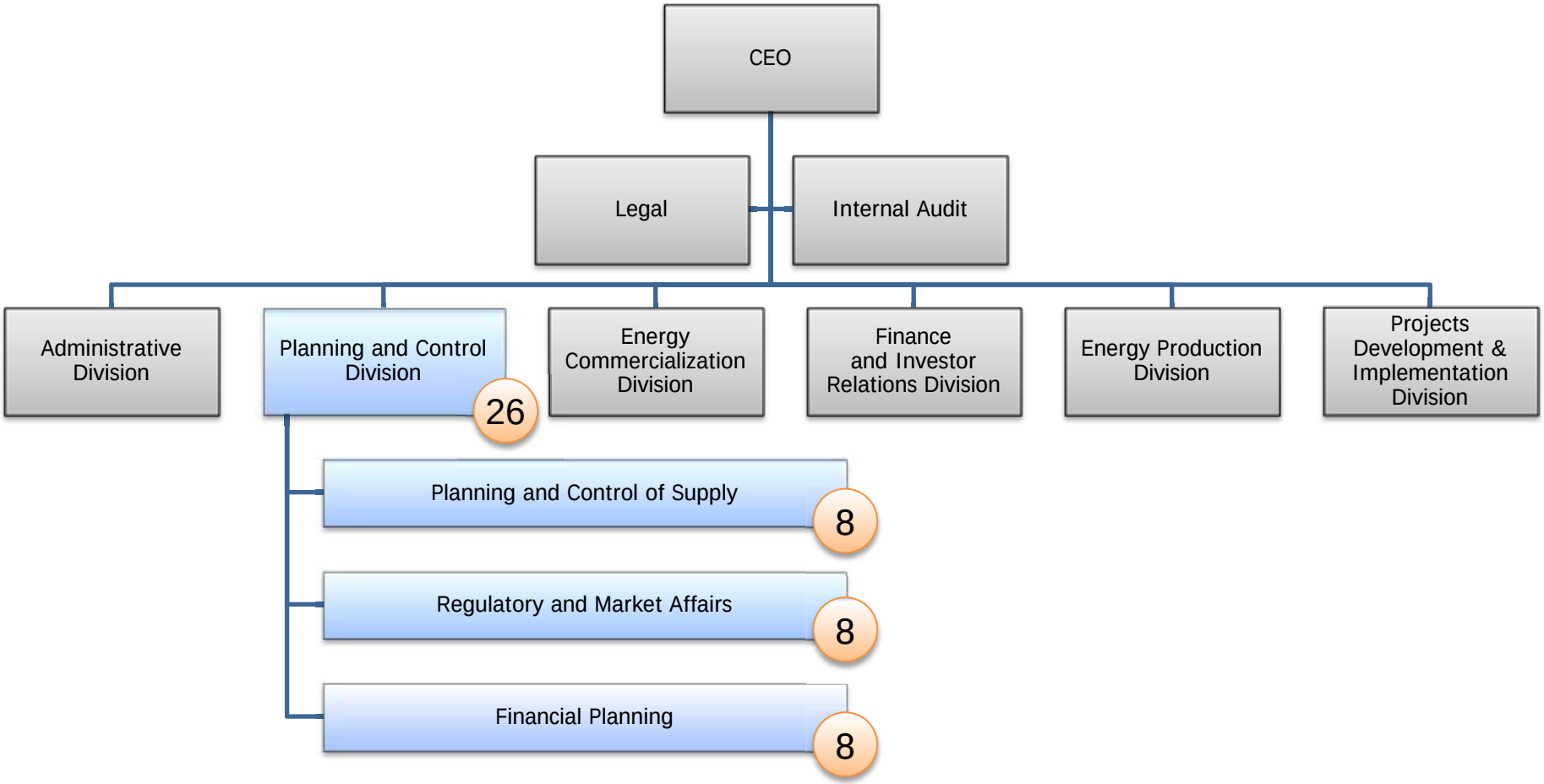
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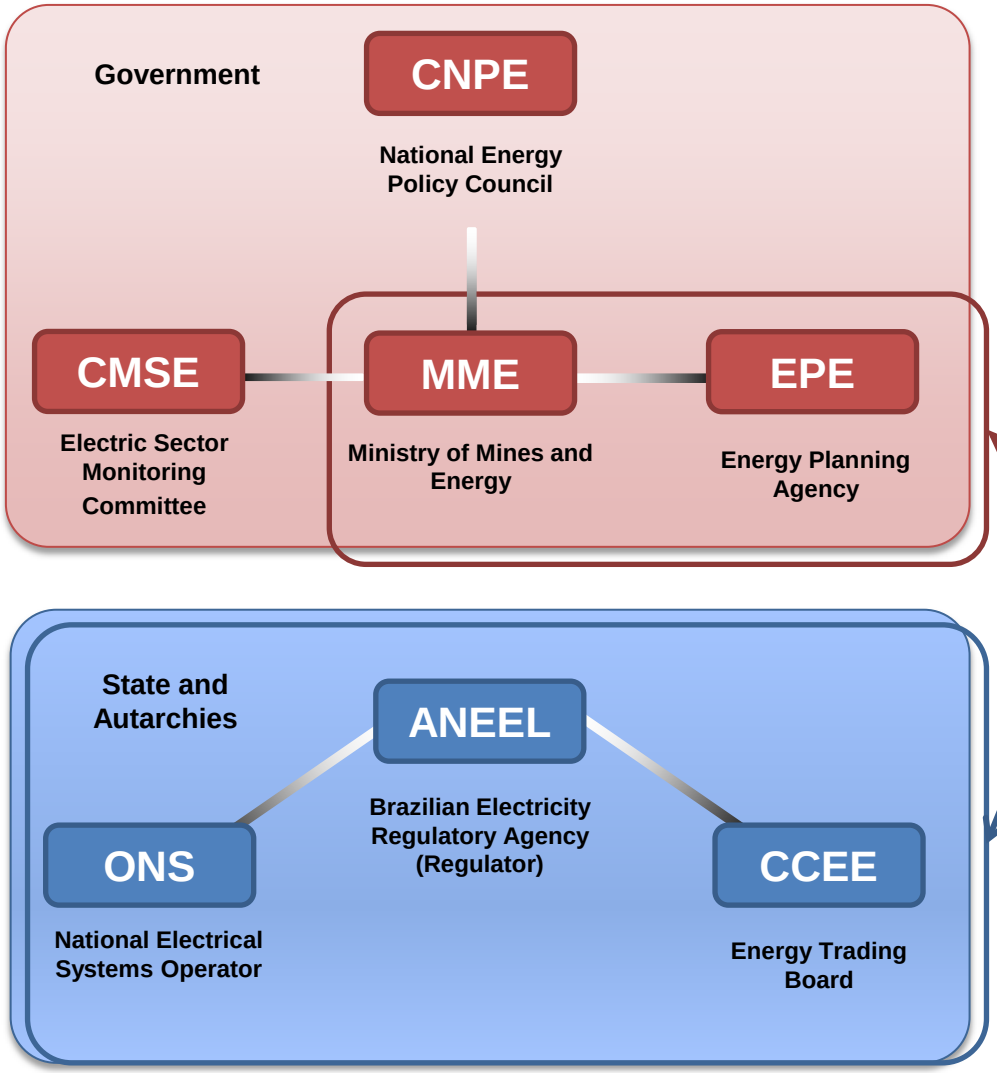
- **Planning and Control Division Structure**
- Relations with Regulator and Operator
- Regulatory risks
- Scenarios of supply and demand
- Price scenarios

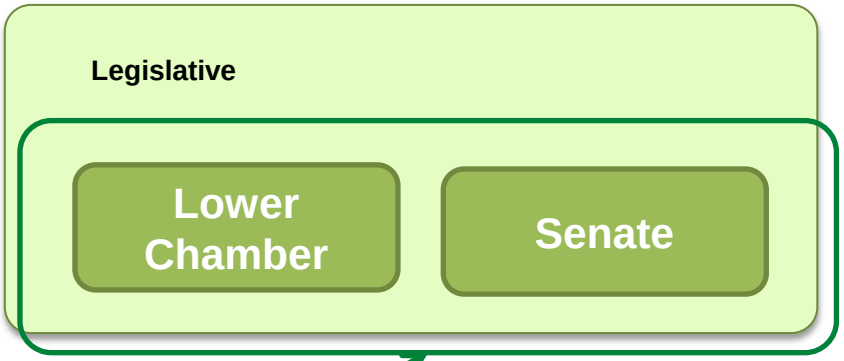
# Planning and Control Division



- Planning and Control Division Structure
- **Relations with Regulator and Operator**
- Regulatory risks
- Scenarios of supply and demand
- Price scenarios

# Relations with Regulator and Operator




- Tractebel relates with several federal and state government bodies
- Depending on circumstances, operates directly or through sector associations: ABRACEEL (trading companies), APINE (independent producers), ABRAGE (large generators)

- Planning and Control Division Structure
- Relations with Regulator and Operator
- **Regulatory risks**
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# MP 579/2012 (1/2)

Purpose

- Reduction in the cost of electricity to consumers through the reduction in sector charges, contributions from the federal government and extension of generation, transmission and distribution concessions
- The benefit from the extension of generation concessions will be felt directly by captive consumers only, while the other benefits will be extended to the free market
- The impact of the reduction in tariffs will be felt as from 2013

Framework

- The G, T and D concessions, granted prior to the publication of Law 8.987/95 and not put out to tender bid, will be extended for 30 years conditional on the concessionaires accepting remuneration exclusively via tariffs for covering costs of O&M, charges, taxes and, when the case, use of the transmission and distribution network
- Sector charges will be eliminated or reduced. Use of these charges will be maintained through injections from the Treasury
    - Reimbursement of mineral coal used for thermoelectricity remains in place via CDE

# MP 579/2012 (2/2)

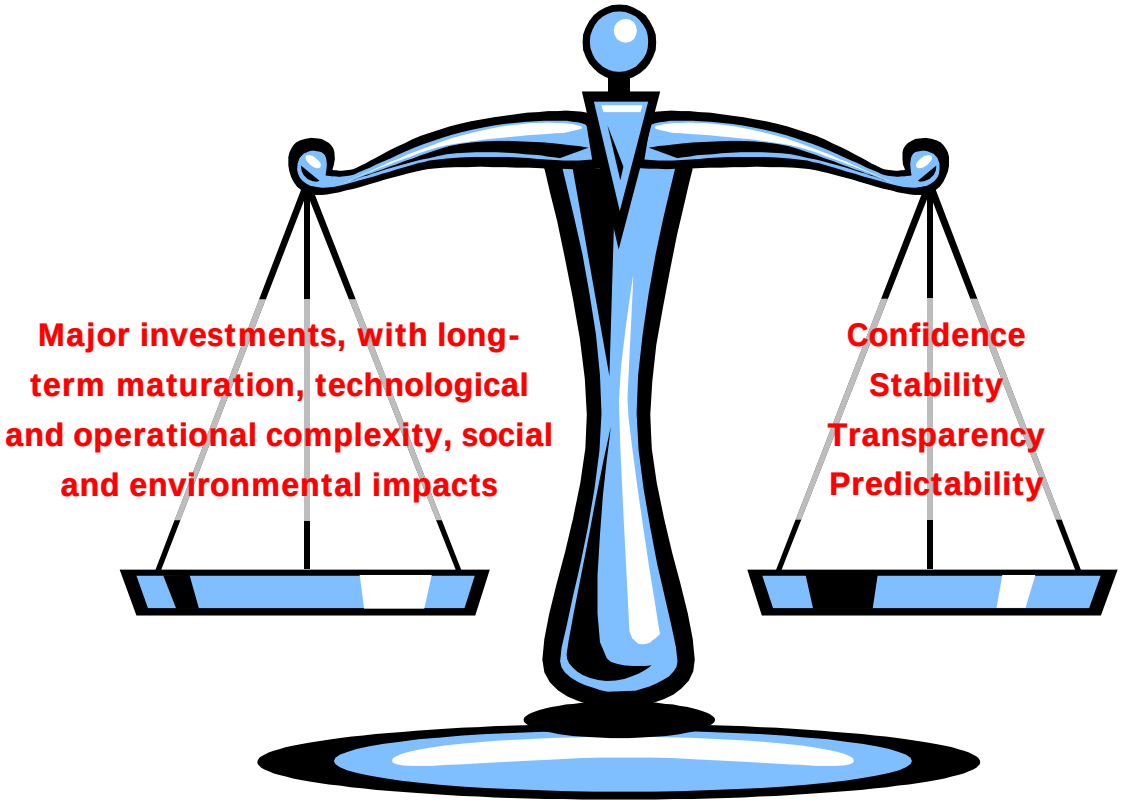
- Energy from the extended hydro concessions will be directed exclusively to the regulated contracting environment through quotas
  - In the distribution of quotas, ANEEL will seek balance in the reduction of tariffs to the final consumer
  - The average expected reduction is R$ 18/MWh
  - With this reduction, the tariffs of some distributors may once again be attractive to major industries, with some free consumers migrating back to the regulated contracting environment
- Expected reduction of charges applicable equally to regulated and free contracting environments is approximately R$ 18/MWh
- The reduction of charges in transmission is expected to be between R$ 6/MWh and R$ 12/MWh
- The reduction of charges in distribution is expected to be low since the discos have already been subject to a substantial reduction in WACC for the 3rd tariff revision cycle

# Rules for contracting energy

- End of ex-post contracting (MME Administrative Rule 455/2012)
  - Could mean some operational problems but adds greater security to market operations and induces long-term contracting
  - Benefits from disclosing prices are debatable
    - Customized contracts (each one of a distinctive nature) and time of negotiation, may lead to a comparison of products which are different one from the other
- Need for rules for commercialization of surplus energy from the bilateral free consumer agreements
  - Reduces risks of over-contracting  of the consumers
  - Is an incentive for long-term contracting and expansion of the generator complex
- Need to improve CCEE's (Energy Trading Board's) financial guarantees
  - Bilateralization of the impacts of financial default
  - Increase in the security of the operations for all agents

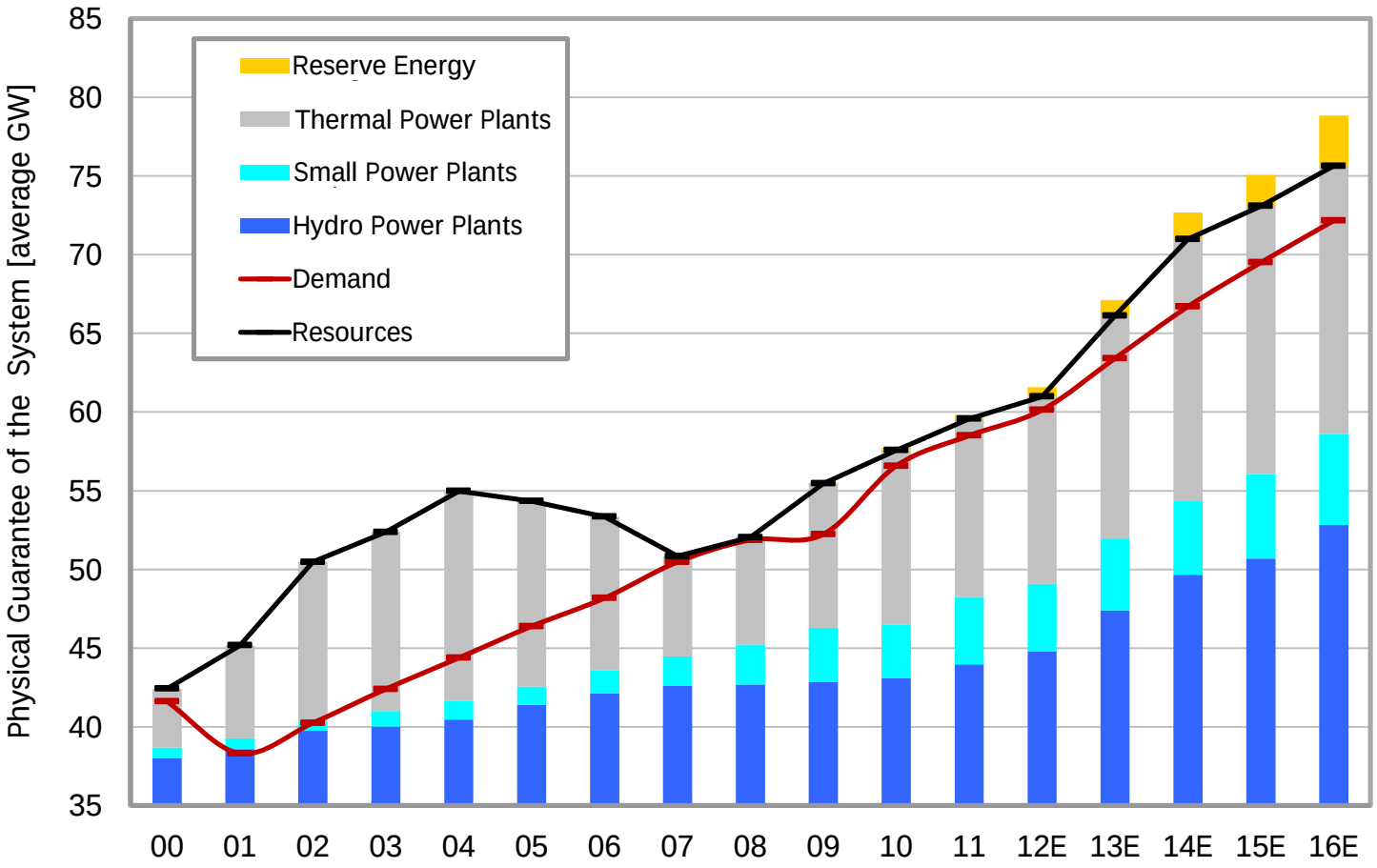
# Regulatory and institutional stability

The more secure the investment environment, the fewer the risks that are priced in and the lesser the cost of energy



- Planning and Control Division Structure
- Relations with Regulator and Operator
- Regulatory risks
- **Scenarios of supply and demand**
- Price scenarios

# Scenarios of supply and demand




**Points to note:**

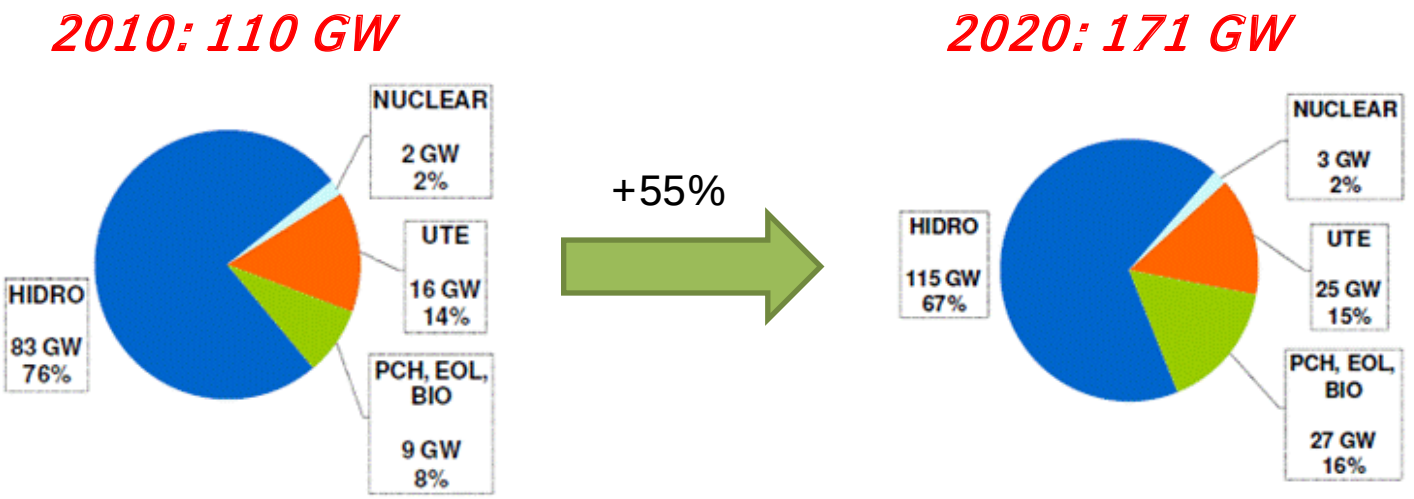
- Resources include plants where construction has yet to begin
- The balance is contingent on the entry into commercial operation of the Madeira River plants
- Systematic surplus does not imply oversupply to the free market

# Scenarios of supply and demand



- The balance between supply and demand is unstable, given a set of influencing factors:
  - Demand forecast
  - Startup in commercial operations of generation projects
  - Startup of commercial operations of the basic grid installations (transmission lines and substations)
  - Projection of generation from the small plants (SHPs, wind, biomass)

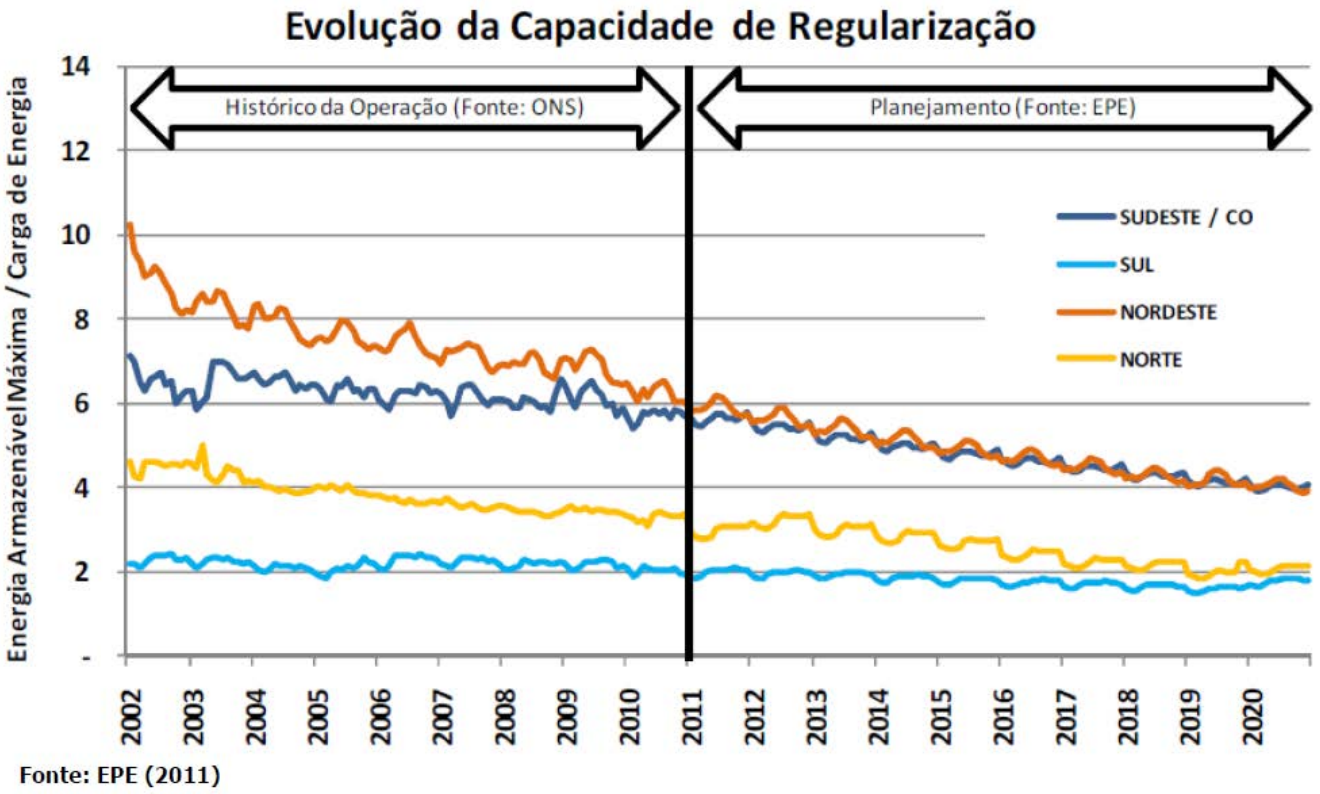
# Supply characteristics




*Source: EPE – Ten Year Expansion Plan*

- Total renewable sources will remain at 83%
  - Priority for alternative sources: SHP, wind, biomass: from 9 GW (8%) to 27 GW (16%)
  - Participation of the major hydros will decline from 76% to 67%, despite 32 GW absolute growth
- There is expansion in the thermoelectric area but this is based on natural gas and with no coal-fired TPPs forecast
- Investments of about R$ 190 bi
  - New plants: R$ 100 bi
  - 55% for large hydros and 45% alternative sources

# Expansion based on run-of-river hydros



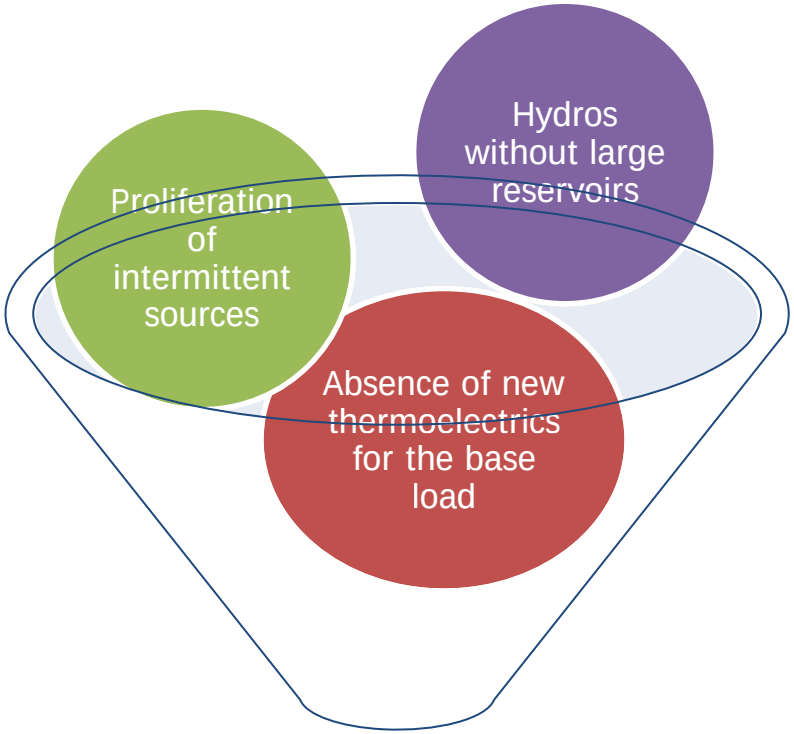
Fonte: EPE (2011)

Water storage in the rainy season will be insufficient to meet demand during the dry season:

Construction of more thermoelectrics to meet demand

Are we incorporating correctly all costs from reduction of storage reservoir?

# Impact on the system and on PLD (spot prices)

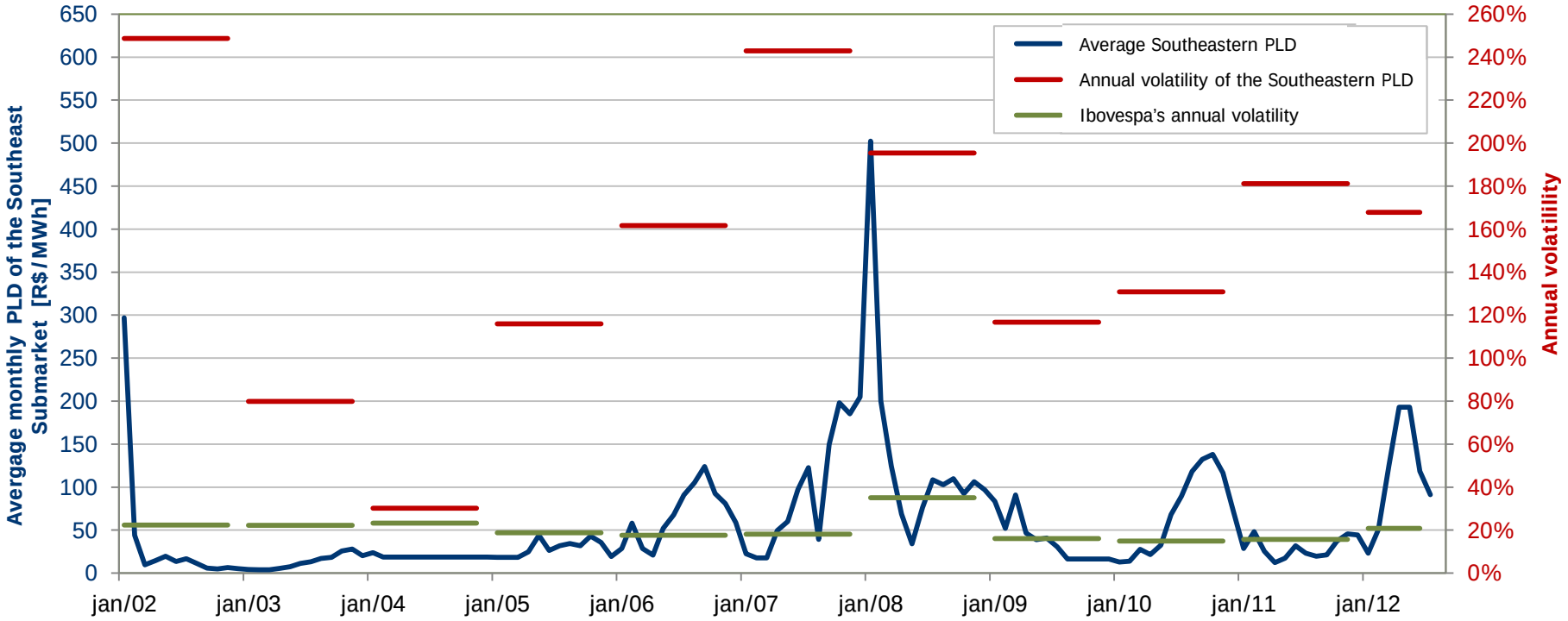



Operation of the system becomes a more challenging one and with more volatile prices

- Extreme dependence on thermal energy dispatch during the dry season
- Difficulty in momentarily meeting demand during the day
- Thermolectric dispatch more intense: more volatility and higher PLD (spot price)

# Price volatility

PLD volatility(*) is much higher than that of Ibovespa...



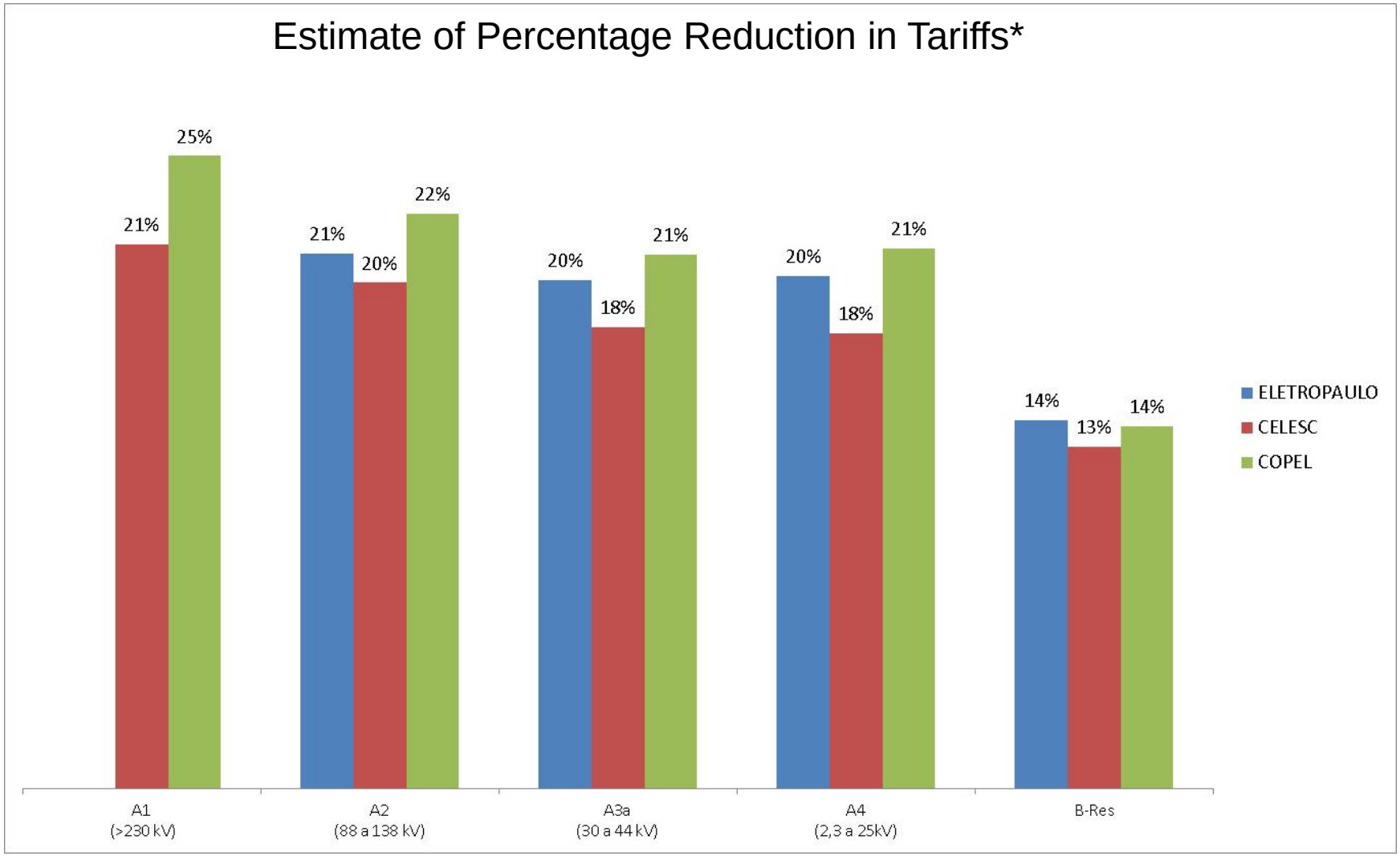

... but volatility is not a problem per se:

The consumers with medium and long-term bilateral contracts do not perceive risk since the exposure to the PLD is absorbed by the seller

** Annualized volatility is the standard deviation of the logarithmic returns, adjusted by the number of annual observations*

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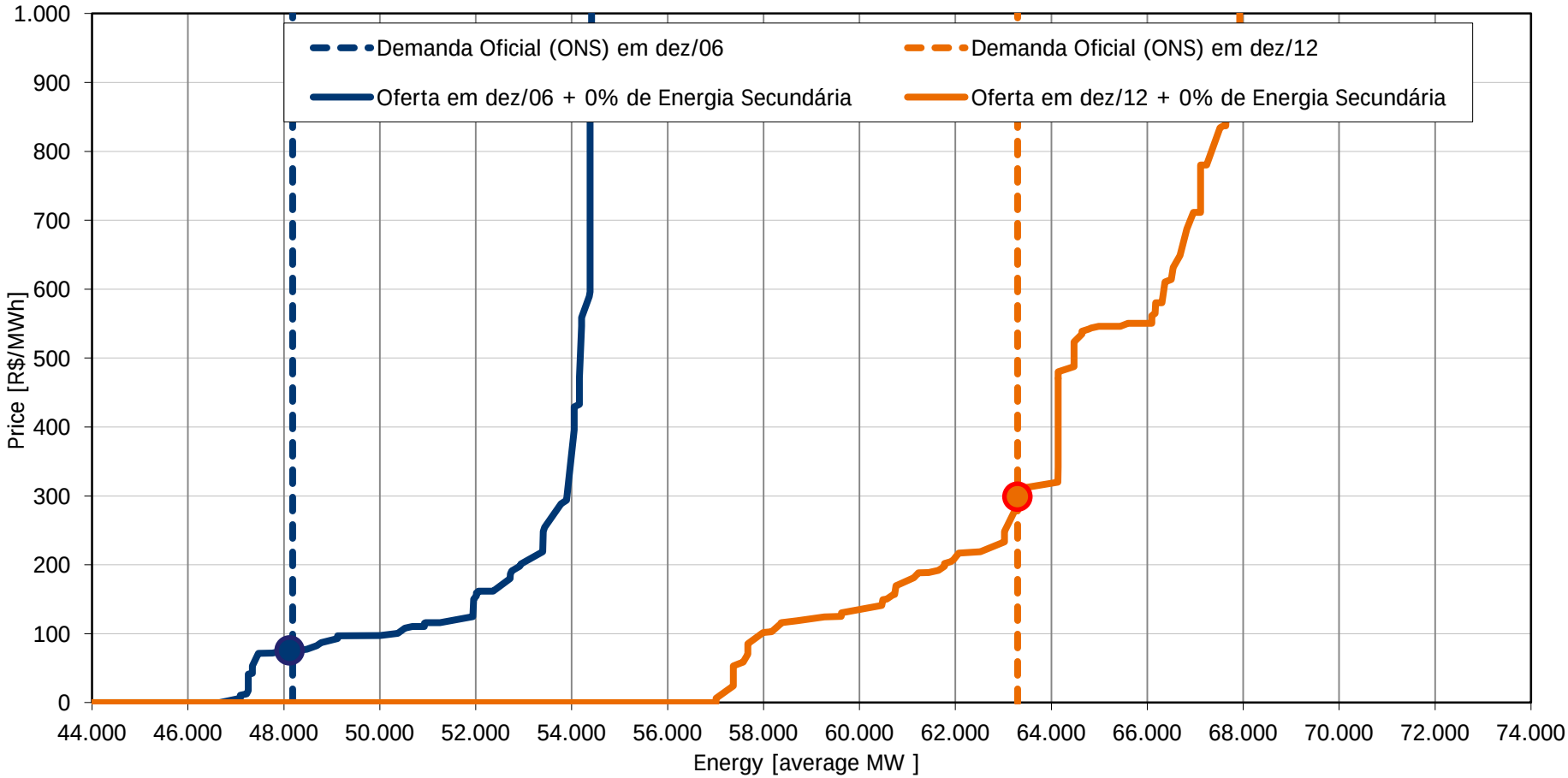
# Regulated market: efects of MP 579/2012




** Based on the end tariff for the captive consumer: includes energy, wire, charges and taxes*

*Tractebel Estimate*

# Spot price: how were we six years ago?

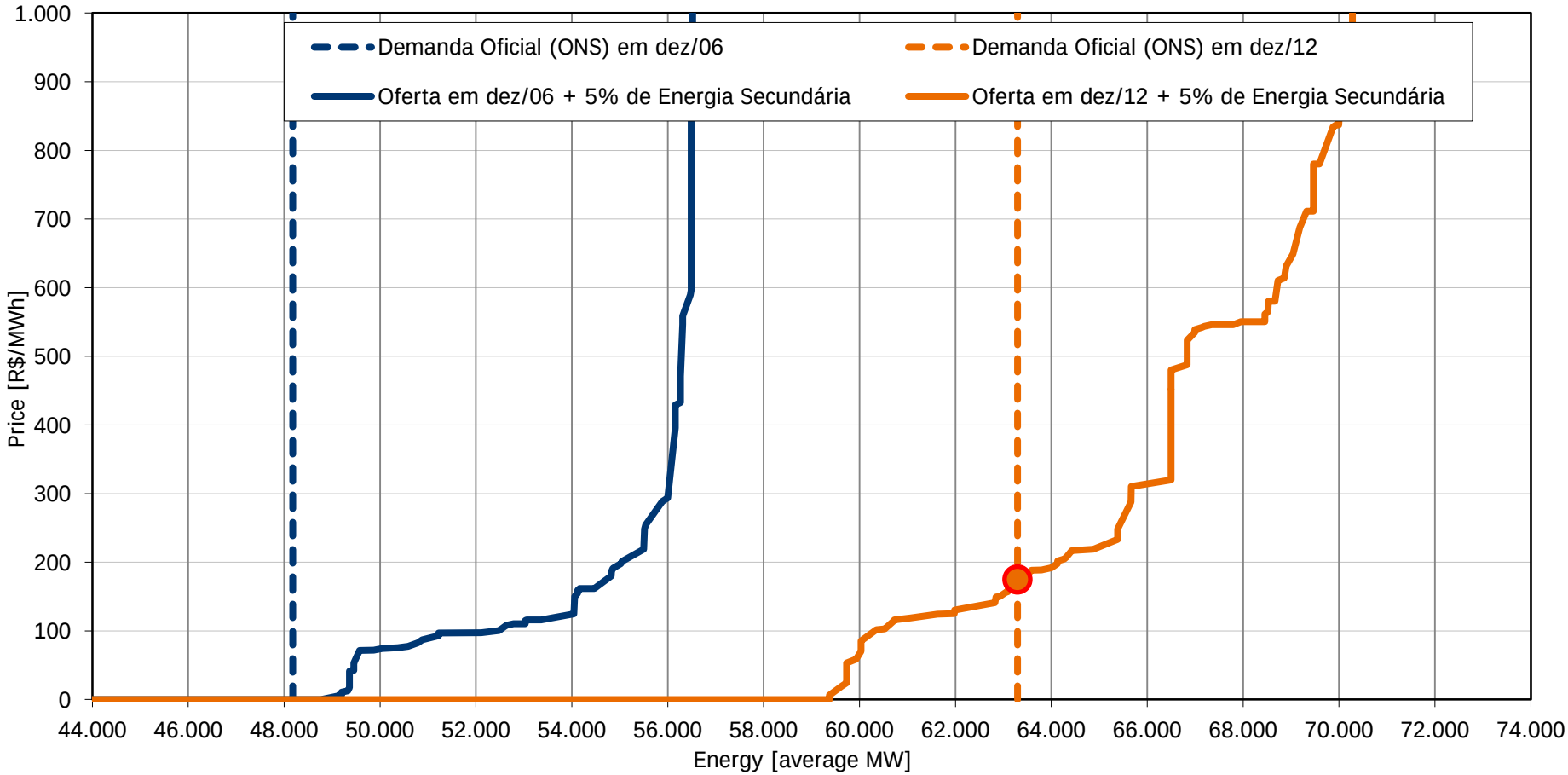



Observations:

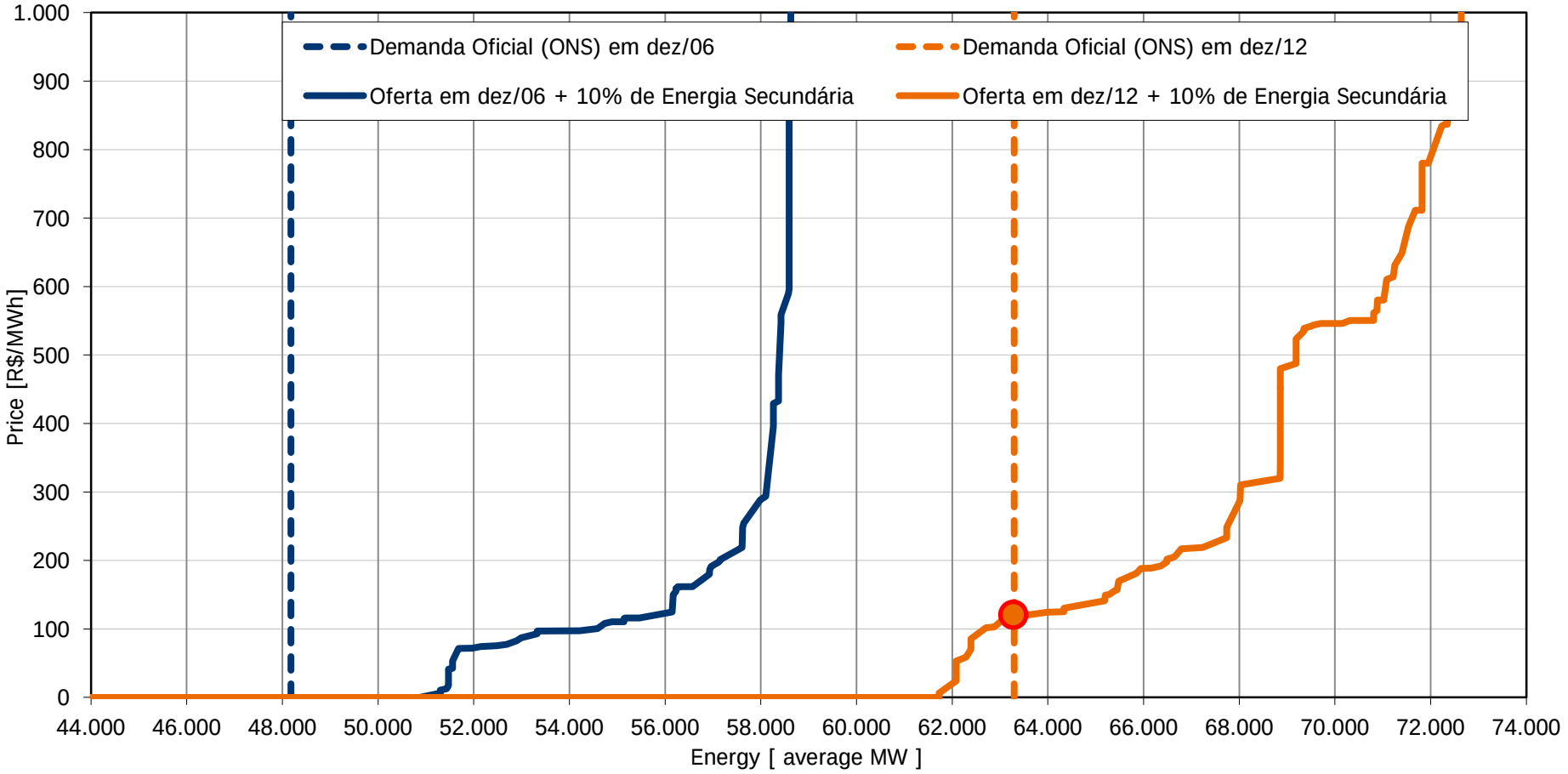
* Prices shown are only indicative, CMO also depending on operational aspects
* Biofuels plants today declare CVU for oil-fired operations due to the lack of gas

Based on current prices

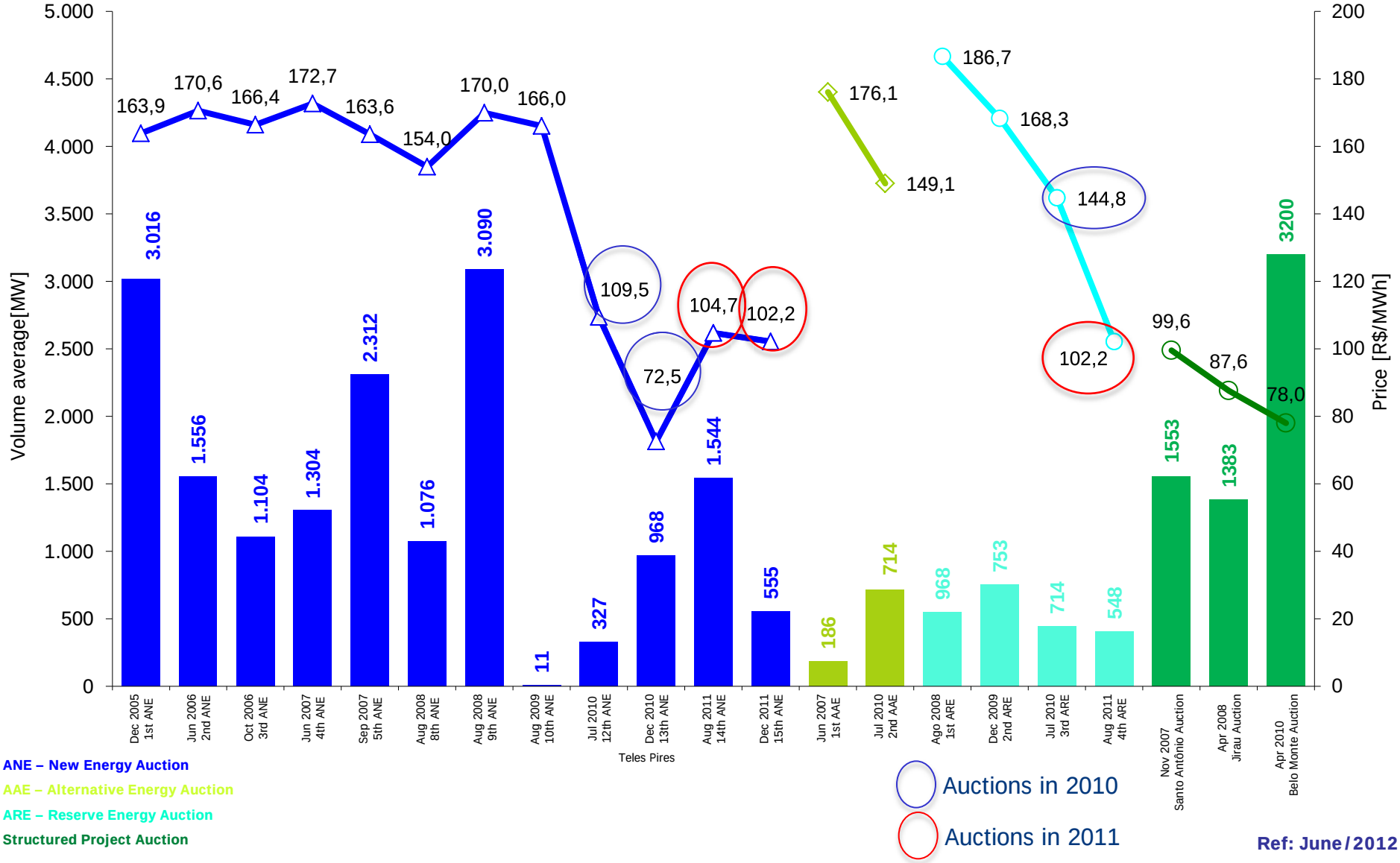
# Spot price: how were we six years ago?



# Spot price: how were we six years ago?



# Result of New Energy Auctions




Ref: June/2012

# Upcoming Auctions: A-3 Auction (Oct 11, 2012)

- Price ceiling of R$ 112/MWh
- Registered projects

| PROJECT TYPE | Nº OF ENTRIES | SUPPLY(MW) |
|---|---|---|
| Natural gas-fired TPP | 26 | 10,343 |
| Biomass-fired TPP | 24 | 1,094 |
| Wind | 583 | 14,260 |
| Small Hydro Power Plant (SHP) | 27 | 420 |
| Hydro Power Plant | 3 | 941 |
| **Total** | **663** | **27,058** |

- Petrobras has announced that it will not supply gas, for this reason the thermoelectrics are not expected to classify for participation in the auction
- There is a surplus of energy in the Regulated Contracting Environment in 2015, consequently demand is expected to be very low, even to the point of there being zero declared demand

# Upcoming Auctions: A-5 Auction (Oct 25, 2012)

- Registered projects

| PROJECT TYPE | Nº OF ENTRIES | SUPPLY (MW) |
|---|---|---|
| Natural gas-fired TPP | 23 | 8,506 |
| Biomass-fired TPP | 12 | 713 |
| Wind | 508 | 12,547 |
| Small Hydro Power Plant (SHP) | 29 | 473 |
| Hydro Power Plant | 13 | 2,859 |
| **TOTAL** | **585** | **25,098** |

- Registered hydroelectrics – (reference prices established by the TCU in 2011)

| Power Plant | River / State | Installed Capacity (MW) | Physical Guarantee (MW avg) | Reference Price (R$/MWh) |
|---|---|---|---|---|
| Ribeiro Gonçalves | Parnaíba/PI | 113 | 85.9 | 86 |
| Sinop | Teles Pires/MT | 400 | 241.4 | 126 |
| Cachoeira Caldeirão | Araguari/AP | 219 | 133.1 | 101 |

- In 2012, TCU issued a new evaluation, suggesting a reduction from 2% to 5% in plant prices

Expectation ➔ how will the communication between the free and regulated contracting environments be with respect to prices

# Support slide - volatility definition

In finance, the return of an investment could be obtained by logarithmical change between two consecutives observations

$$u_t = ln(p_t) - ln(p_{t-1})$$

Volatility is standard deviation of returns:

$$\sigma = \sqrt{\frac{\sum(u_t - \bar{u})^2}{P}}$$

The annualized volatility is the adjustment of metrics volatility in the light of observation period

$\sigma_a = \sigma \cdot \sqrt{P}$ , with P = number of observation periods

(P = 52 for annual adjustment with weekly observations)



# Investor Day

## Marco Antônio Amaral Sureck - Energy Commercialization Officer

### Sustainability: “client” dimension

### Florianópolis - September 2012

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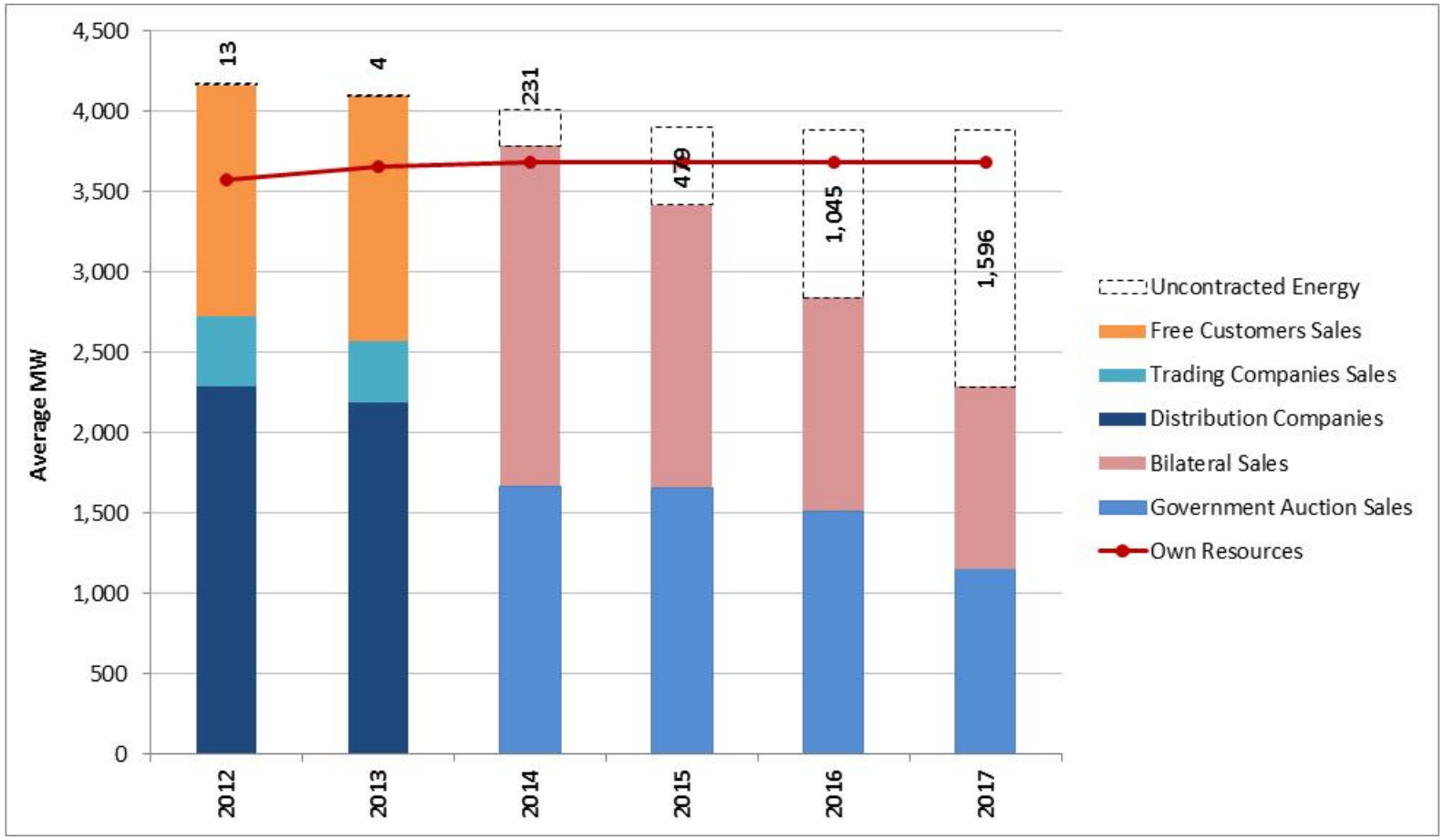
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This material includes forward-looking statements subject to risks and uncertainties, which are based on current expectations and projections about future events and trends that may affect the Company’s business. These statements include projections of economic growth and energy demand and supply, as well as information about competitive position, the regulatory environment, potential opportunities for growth and other matters. Several factors may adversely affect the estimates and assumptions on which these statements are based, many of which are beyond our control.

- **Energy balance**
- Commercial strategy
- Client portfolio
- Client relations and satisfaction
- Free customers
- Sales in 2012

# Evolution of the energy balance



- Energy balance
- **Commercial strategy**
- Client portfolio
- Client relations and satisfaction
- Free customers
- Sales in 2012

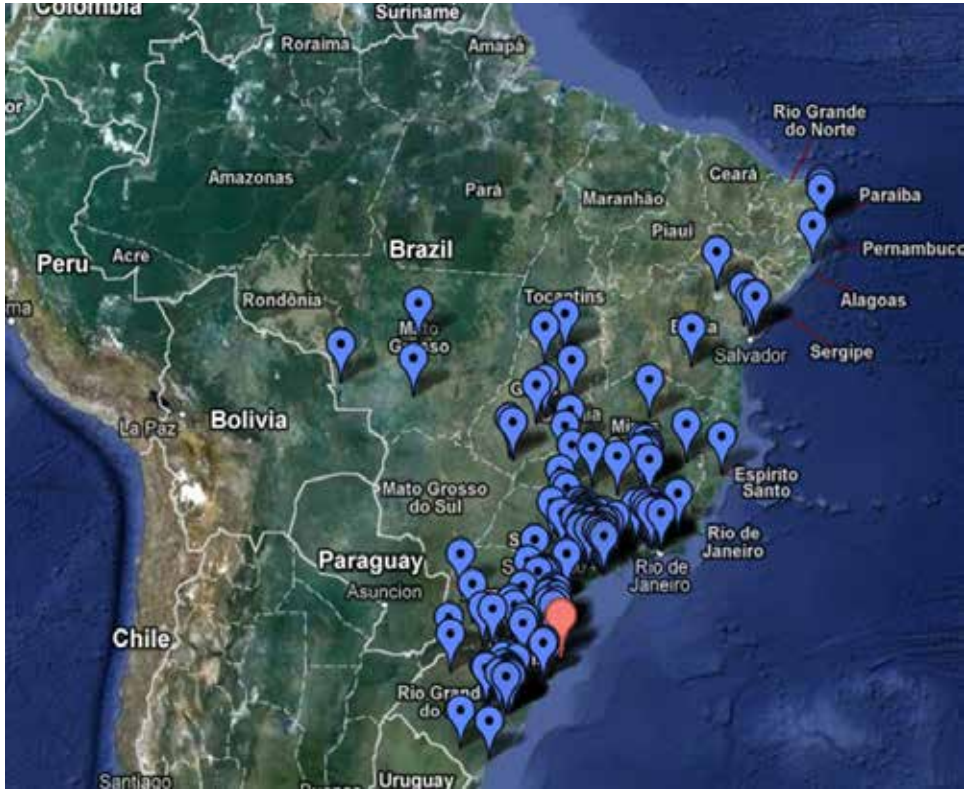
# Commercial strategy

- Long-term sales aiming at assuring adequate level of cash flow for the Company
- Expansion of the free customer portfolio with conventional and incentivized energy
- Focus on consumers which are well-placed in their markets and with a strong financial background
- Maintenance of a diversified portfolio in terms of industrial and commercial sectors served
- Avoiding concentration of great quantities of energy to few clients
- Supply concentrated on South and Southeast/Mid-West submarkets where the larger part of the company's generating activities are located. Recent expansion in generation in the Northeast has permitted commercial operations in this submarket as well

- Energy balance
- Commercial strategy
- **Client portfolio**
- Client relations and satisfaction
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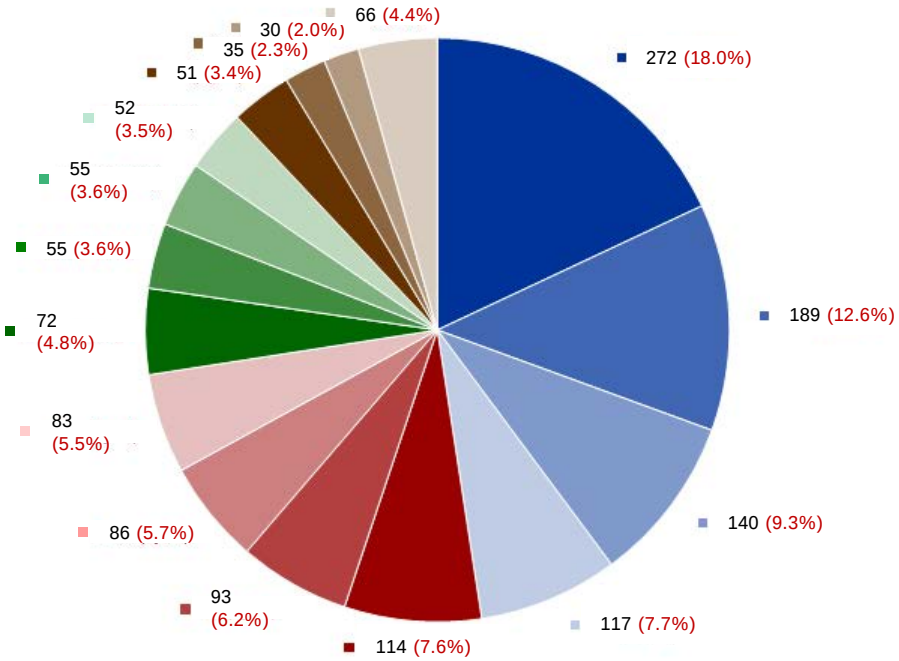
# Client portfolio

- At the privatization time, were only 6 clients
- Today we have agreements with:
  - 37 distributors
  - 17 traders
  - Free customers:
    - 137 companies pertaining to more than 100 different business groups
    - 235 industrial and commercial sites served
- 1,285 average MW contracted directly with free customers and 1,508 average MW when traders and free customers IPPs are included
- Supply to free customers in 14 states in 4 regions of Brazil:
  - Southeast (SP, RJ, MG, ES)
  - Mid-West (MS, MT, GO, DF)
  - South (RS, SC, PR)
  - Northeast (PB, BA, AL)

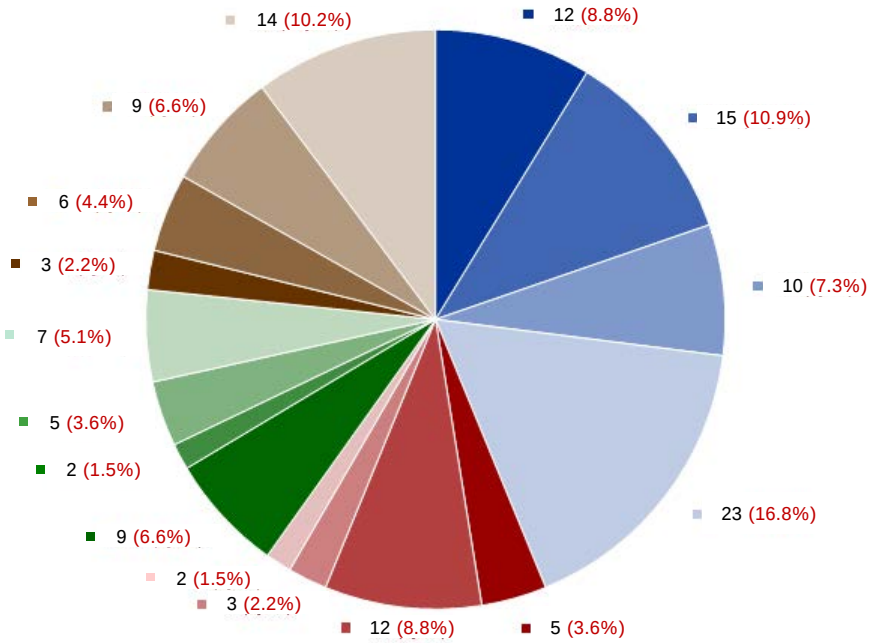


# Diversification of the free costumers portfolio

## Contracted Energy 2012 (average MW)




## Number of Companies




CERAMIC, CEMENT AND GLASS
CHEMICAL AND PETROCHEMICAL
METALLURGICAL
AUTO MAKERS
MINING
RUBBER AND PLASTIC
FERTILIZERS
INDUSTRIAL GASES
PULP AND PAPER
BEVERAGE AND TOBACCO
FOOD
ELECTRICAL-ELECTRONIC
STEEL
MACHINERY AND EQUIPMENT
CLOTHING
OTHER

Other: commerce; wood and furniture; transportation; agriculture, livestock and related activities; water and sanitation; edition, printing, information and communication

** Position in 12/30/2012 – Base: 1,508 average MW (free customers + traders and free customers IPP )*

- Energy balance
- Commercial strategy
- Client portfolio
- **Client relations and satisfaction**
- Free customers
- Sales in 2012

# Client relationship program

- Focus on improvement in client relationship and retention
- Exclusive team for management of agreements and client relationship
- Various relationship initiatives:
  - Plant visits (hydro schedule – Itá HPP; thermal schedule – CTJL and Lages Cogen Unit; wind farm schedule – Beberibe Wind Farm)
  - Organization and partnership of sector events

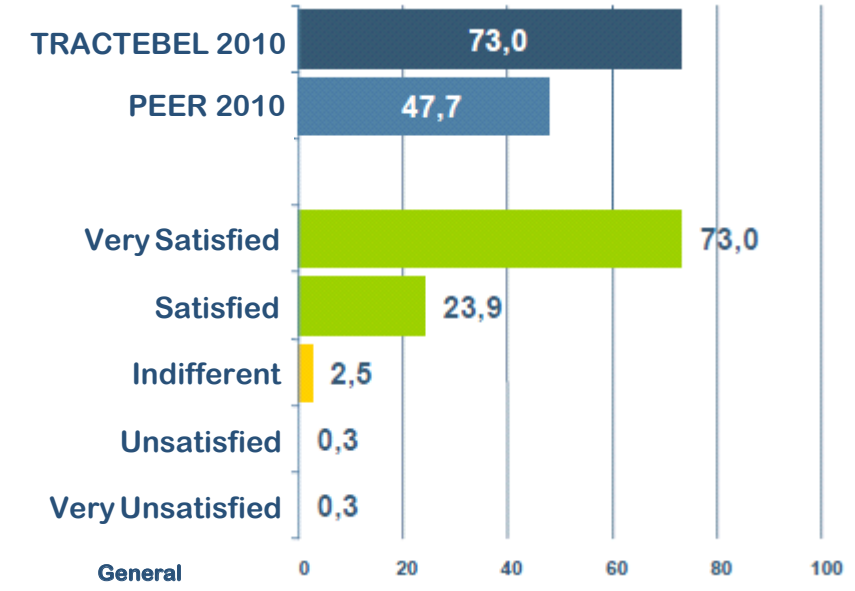





- Marketing experience: special events for integrating Tractebel senior management and the company's clients (Wine Experience, Democooking, institutional event at the end of the year)
- "Clients on Line": on-line communication channel with the clients
- Energy efficiency diagnosis: 25 industrial sites served since 2004. Program has helped in the negotiation of new agreements and in the retention of clients
- Satisfaction surveys: held on a biennial basis with all free clients. Next survey currently being conducted in Sep/12

# Satisfaction survey with the free clients

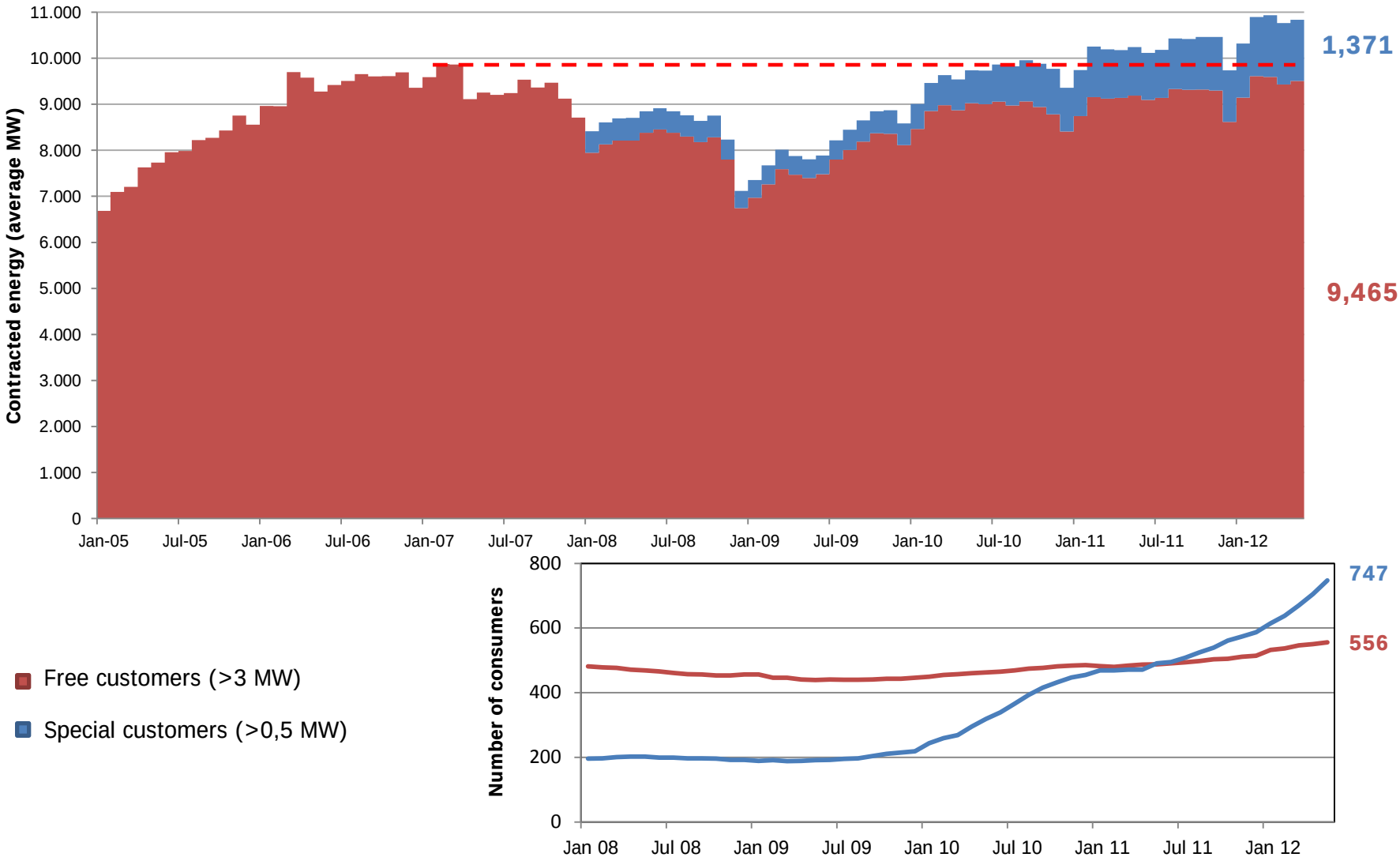
- First survey held in 2005
- From 2006, the survey was held every two years
- The purpose is to measure the level of satisfaction among the free clients in relation to different aspects such as: negotiation, customer support, products and services, etc.
- Surveys have been conducted by Carvalho & Mello consultancy
- Growth of satisfaction rate since 2005
- In 2010, 96.9% of our clients were very satisfied and satisfied
- 2012 survey currently being conducted (Sep/12)
- Evaluated the whole basis of free clients portfolio. In 2010, were 66 and in 2012, will be 116






- Energy balance
- Commercial strategy
- Client portfolio
- Client relations and satisfaction
- **Free customers**
- Sales in 2012

# Free market – Brazil (conventional and special)




** Source: CCEE – Position in 05/31/2012.*

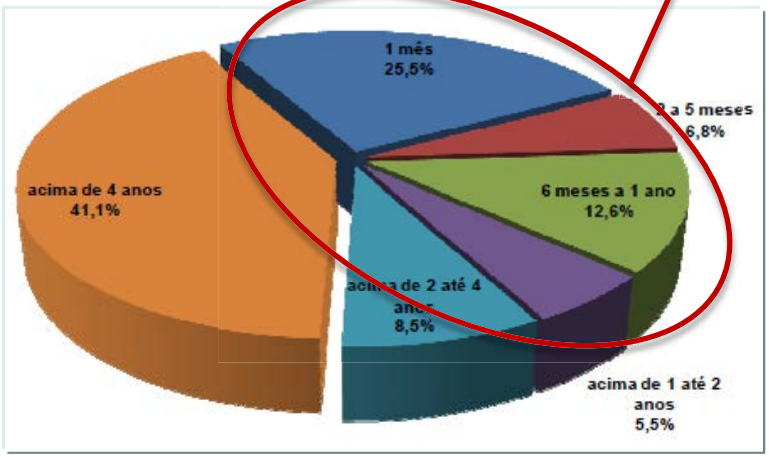
# Conventional and special customers – Brazil

- The number of free customers (>3 MW) has remained practically unchanged since 2008 with few potentially free companies still to migrate
- Large growth in the participation of special customers (>0.5 MW) in the free market since 2010
- Special customers have already contracted more than 1,300 average MW, representing about 12.7% of the free market and 2.4% of the total market
- Of the 1,303 consumers registered in the CCEE, 747 (57.3%) are special customers
- Even if the current criteria for eligibility is maintained, the special customer segment has a growth potential of about 10,000 average MW. The segment has become an opportunity for establishing the feasibility of alternative energy projects which have proved uncompetitive in regulated contracting environment auctions (wind farm, biomass, etc.)
- As a matter of strategy, Tractebel decided to increase its share in this segment in 2010 and today its portfolio has 26 clients of this type serving 67 industrial sites with a total contracted amount of about 65 average MW

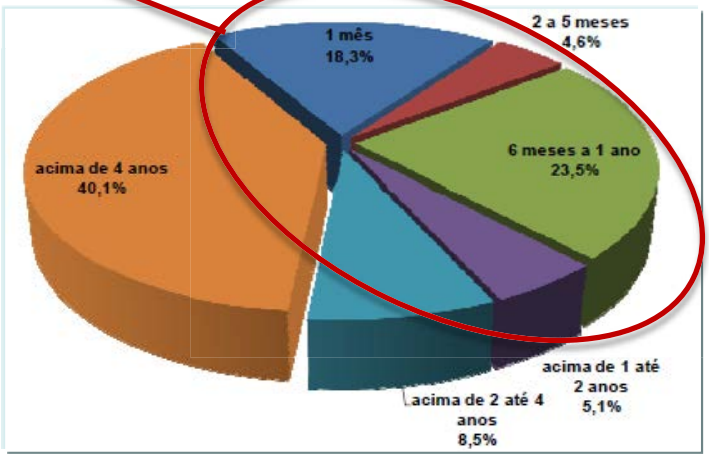
# Average term of the free market agreements – Brazil

**About 50 % is contracted for 2 years or less**

**NUMBER OF AGREEMENTS IN THE FREE MARKET**

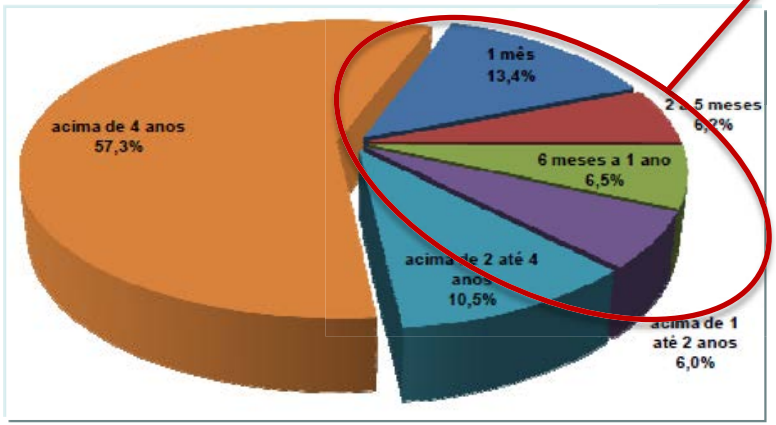



**VOLUME OF AGREEMENTS IN THE FREE MARKET**

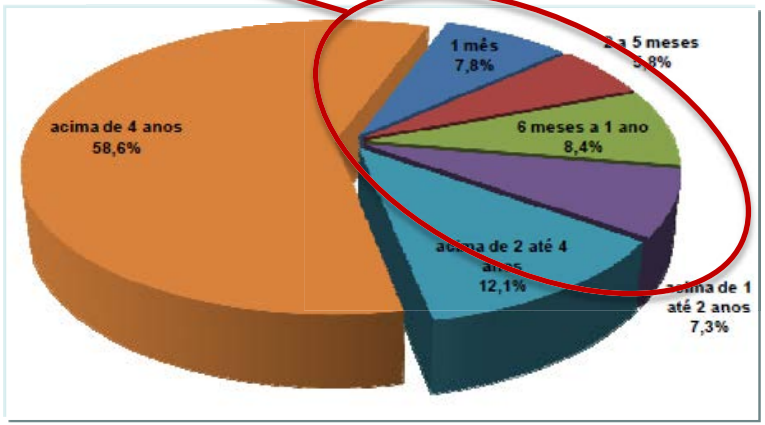



**About 30 % is agreed for 2 years or less**

**NUMBER OF AGREEMENTS WITH FREE CUSTOMERS**




**VOLUME OF AGREEMENTS WITH FREE CUSTOMERS**




** Source: CCEE – Position in 05/31/2012*

# Average agreement term of free market – Brazil

- In the last 2 years consumers are endeavoring to contract for lesser terms (1 to 3 years)
- This tendency was due to the uncertainties surrounding renewal of concessions, renewal of existing energy agreements and the recent government announcement on potential reductions in sector taxation and charges
- Consequently, this is also reflected – albeit to a lesser degree – in the average term of the agreements with Tractebel's free market customers:

| Year of Agreements Signature | Average Contracting Term (Years) |
|---|---|
| 2007 | 7.9 |
| 2008 | 7.1 |
| 2009 | 7.0 |
| 2010 | 5.3 |
| 2011 | 4.6 |
| 2012 | 3.8 |

- With the recent government measures (definitions related to concessions and contracts renewal, prohibition of contracts registration ex-post) a change in this tendency is expected, with the return of long-term contracting

- Energy balance
- Commercial strategy
- Client portfolio
- Client relations and satisfaction
- Free customers
- **Sales in 2012**

# Energy sales in 2012 – Tractebel

- Up to August 2012, 35 new transactions involving conventional energy and 9 of incentivized energy had already been concluded
- Sale of conventional energy:
  - 17 transactions with new free clients
  - 10 renewal or extensions of transactions with free clients
  - 7 increased energy amounts of existing contracts with free clients
  - 1 agreement with a trader
- New business totaled 4,867 GWh sale of conventional energy through agreements with a supply term of between 1 and 7 years (average 3.6 years) – equivalent to 156.3 average MW
- Sale of incentivized energy:
  - 7 transactions with new free clients
  - 1 transaction with a company which is already a client in conventional energy
  - 1 contract with a trader
- New transactions totaled sales of 462 GWh of incentivized energy through contracts with a supply term varying from 2 to 5 years (3 years on average) – equivalent to 17.8 average MW



# Investor Day

## José Luiz Jansson Laydner - Project Development and Implementation Officer

### Sustainability: "growth" dimension

### Florianópolis - September 2012

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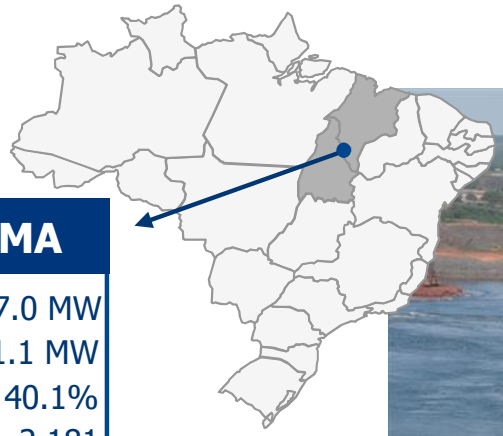
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- **Estreito HPP**
- Trairi Wind Farm Complex
- Porto do Delta
- Project development

# Project description and current status



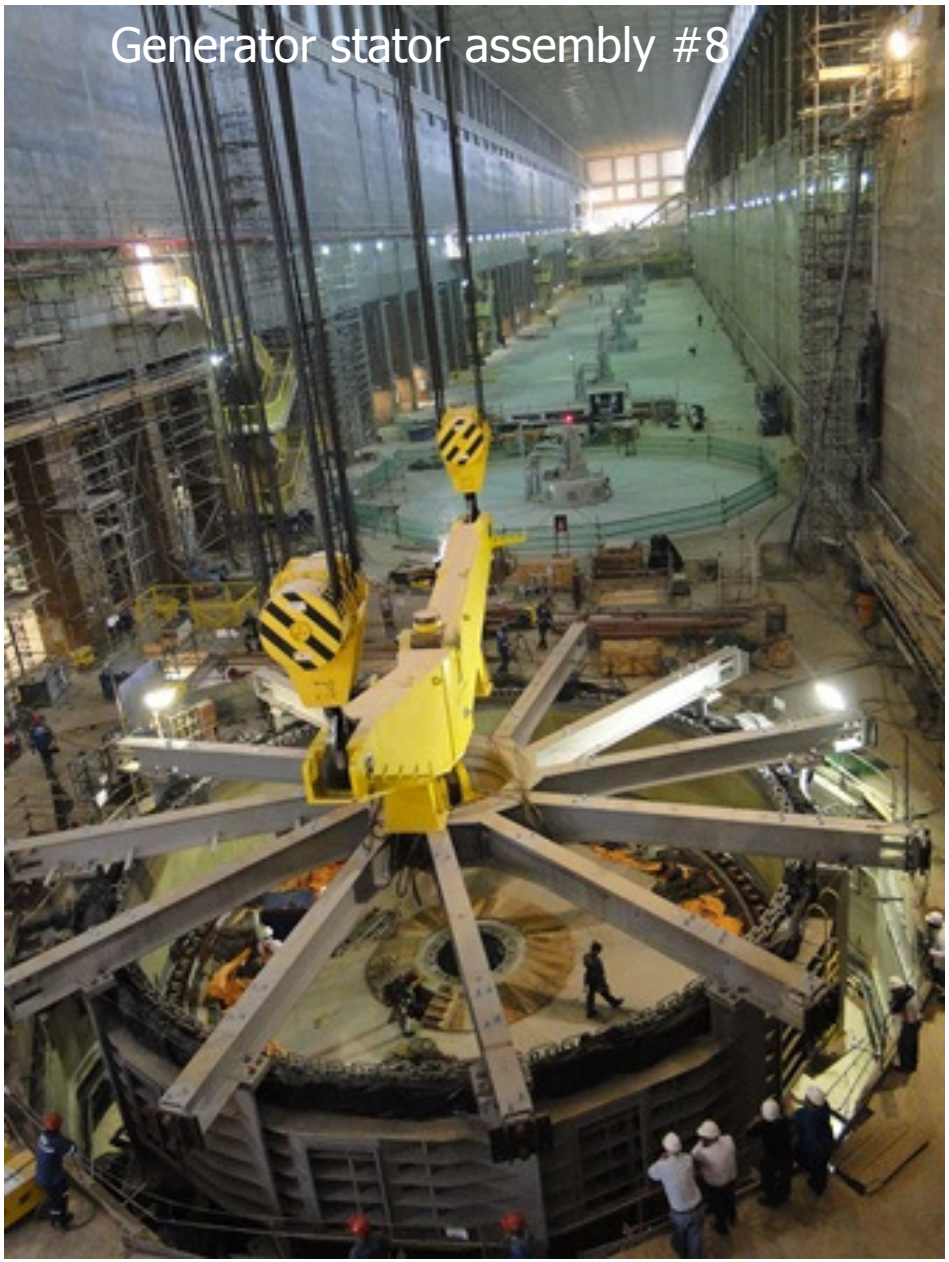
| Estreito HPP – TO/MA | |
|---|---|
| Installed Capacity: | 1,087.0 MW |
| Commercial Capacity: | 641.1 MW |
| Participation: | 40.1% |
| Total investment (R$mm): | 2,181 |
| Start of construction: | 2007 |
| Start-up of operation: | 2011 |



The assured energy corresponding to Tractebel's share in the operation, 256 MWm, was sold in the A-5 new energy auction in October 2007 for a 30 year period from 2012 at a price of R$ 158.4/MWh as of June 30, 2012.

Seven of the eight generating units have already gone into commercial operation. Commercial operations of the eighth unit should begin in October 2012.

# Project status




## Motorization and Commercial Capacity of Estreito (MW avg.) - Participation of Tractebel Energia

| Unit | Assured Energy | Accumulated Assured Energy | | Startup of Operation |
|---|---|---|---|---|
| Generator Unit 1 ✓ | 52.01 | 52.01 | (20.2%) | 04/29/2011 |
| Generator Unit 2 ✓ | 51.69 | 103.71 | (40,.4%) | 07/02/2011 |
| Generator Unit 3 ✓ | 50.80 | 154.51 | (60.1%) | 09/30/2011 |
| Generator Unit 4 ✓ | 38.38 | 192.88 | (75.1%) | 12/23/2011 |
| Generator Unit 5 ✓ | 25.99 | 218.87 | (85.2%) | 03/022012 |
| Generator Unit 6 ✓ | 18.50 | 237.37 | (92.4%) | 05/29/2012 |
| Generator Unit 7 ✓ | 12.51 | 249.88 | | 08/09/2012 |
| Generator Unit 8 | 7.00 | 256.88 | (100.0%) | - |

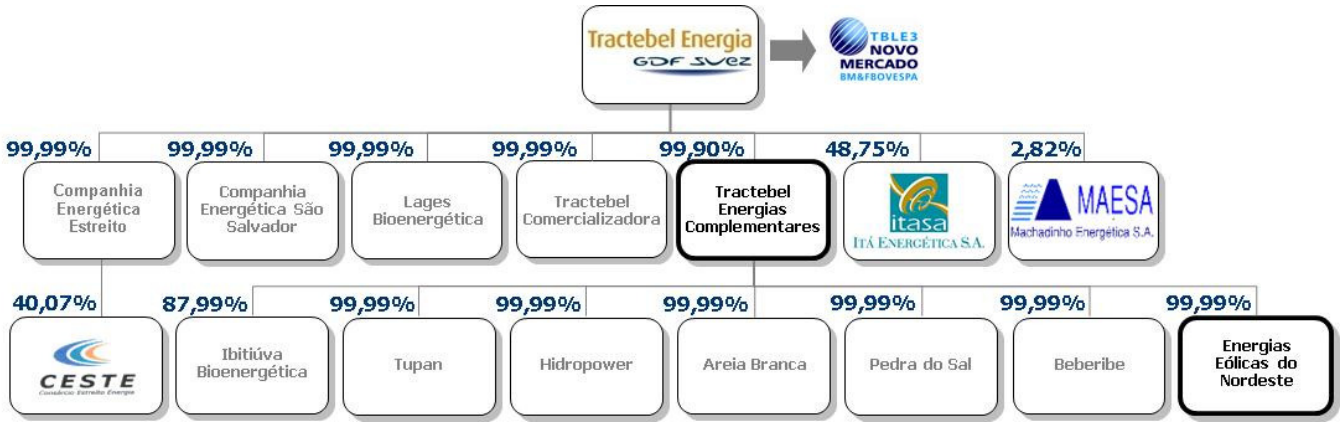


- Estreito HPP
- **Trairi Wind Farm Complex**
- Porto do Delta
- Project development

# Project characteristics

In December 2011, work began on the installation of four wind farms of the Trairí Wind Complex. Construction is in progress with operations expected to begin in 1H13.

| Trairi WC – CE | |
|---|---|
| Installed Capacity: | 115.4 MW |
| Commercial Capacity[1]: | 58.2 aMW |
| Investment (R$mm)[2]: | 490 |
| Start of construction: | 2011 |
| Start of operation: | 2013 |
| Supplier: | Siemens |




| | Mundáu | Fleixeiras I | Trairí | Guajirú | Total |
|---|---|---|---|---|---|
| Capacidade Instalada - MW | 30,0 | 30,0 | 25,4 | 30,0 | 115,4 |
| Aerogeradores | 13 | 13 | 11 | 13 | 50 |

In Jul/12, the financing agreement was signed with the BNDES for 358 MBRL.

Energy for these wind farms has been directed towards sales in the free market.

- About 2,400 GWh has already been sold in agreements maturing up to 2018 for 25 clients

All required licenses and authorizations have already been issued for the construction of the wind farms and transmission lines.

# Project characteristics




| | |
|---|---|
| Aerogeradores | Siemens |
| Eletromecânico | WEG |
| Civil | Cortez |
| Financiamento | BNDES |



# Civil works

- Earth moving concluded at all 4 wind farms
- Piling concluded at Trairí and Guajirú and in progress at Fleixeiras and Mundaú
- Concreting of the bases concluded in Trairí and in progress in Guajirú – concreting of the last base expected by mid-Nov/12

| Site | Construction start up | Completed |
|---|---|---|
| Trairí | 11/08/2011 | 69% |
| Guajirú | 01/11/2012 | 47% |
| Mundaú | 02/07/2012 | 30% |
| Fleixeiras | 04/23/2012 | 48% |



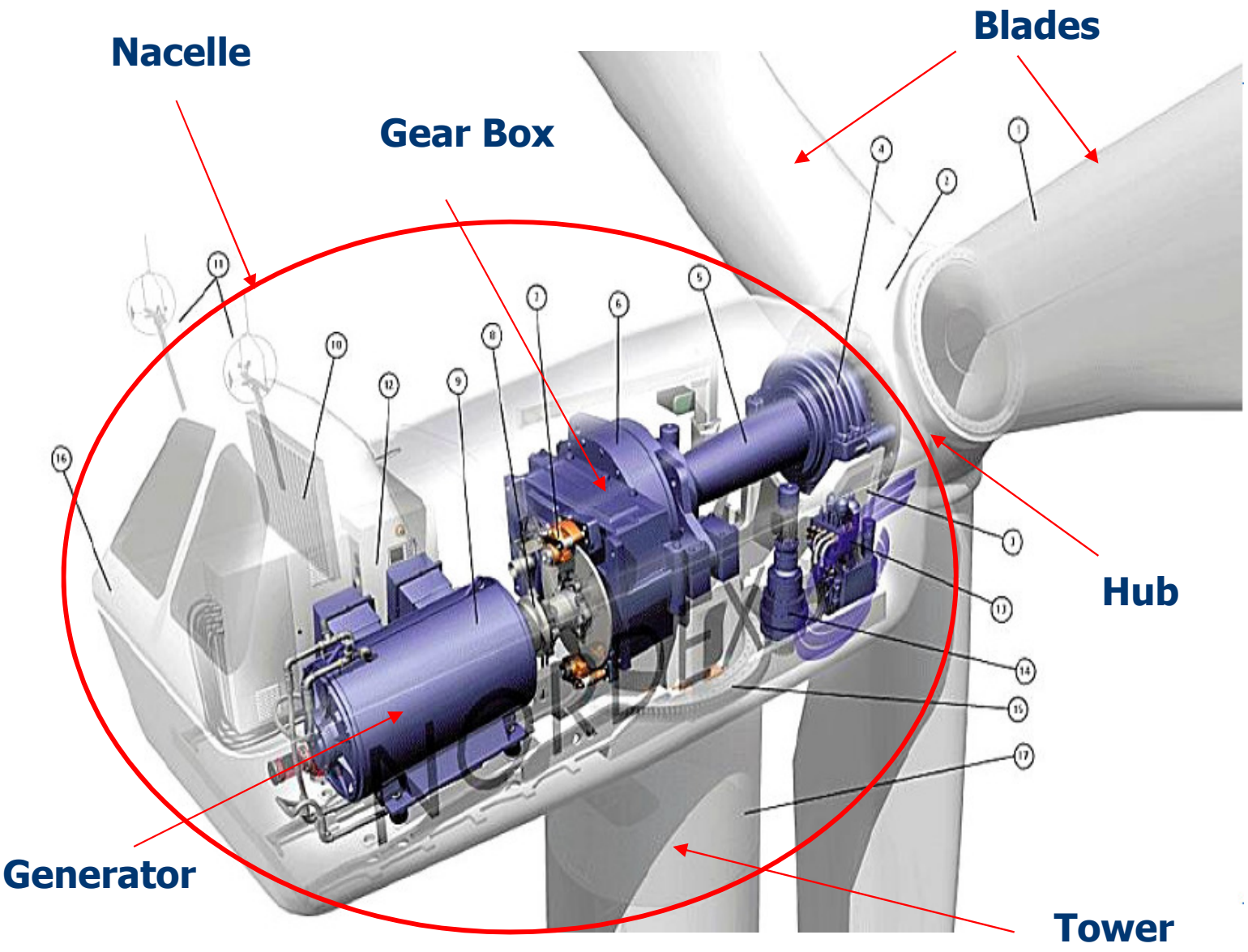





**Base**
39 t of reinforcing rods
420 m³ of concrete (50 trucks)

**Piles**
22 x 17 m

# Wind turbines



# Wind turbines

**Principal characteristics**

Model STW-2.3-101
Blade diameter = 101 m
Hub axis height = 80 m



**Nacelles**

- Quantity = 50
- Manufactured in Denmark (already completed)
- Dimensions = 11.4 x 3.5 x 3.7 m – Weight = 85 ton
- Arrived at the Port of Mucuripe in Aug-Sep/12
- Delivery on-site: Sep-Nov/12




**Hubs**

- Quantity = 50
- Manufactured in Brazil, Guarulhos (SP)
- Progress – 38 already manufactured, 36 cleared for transportation
- Dimensions = 4.4 x 4.4 x 4.1 m
- Weight = 32 tons
- Road transportation
- Delivery on-site: Sep-Nov/12

# Wind turbines

**Blades**

- Quantity = 150
- Manufactured in Brazil – Tecsis, Itú (SP)
- Progress = 150 manufactured, 111 cleared for transportation
- Dimensions = 49.7 x 3.1 x 2.0 m – Weight = 10 tons
- Maritime transportation – Port of Mucuripe
- Delivery on-site: Oct-Dec/12





# Wind turbines




**Towers**

- Quantity = 50
- Manufactured in Brazil, Trairi (CE)
  - "Mobile" plant already installed, manufacturing begun in Sep/12
- 11 segments – approximately 600 tons
- Delivery on site: Oct-Dec/12

| | |
|---|---|
| **Dimensões C x L (m):** | Tramo 1 – 20 x 4.45<br>Tramo 2 – 20 x 4.47<br>Tramo 3 – 20 x 3.90<br>Tramo 4 – 18 x 3.00 |
| **Pesos (kN):** | Tramo 1 ~ 450 kN por peça (4 peças)<br>Tramo 2 ~ 480 kN por peça (3 peças)<br>Tramo 3 ~ 580 kN por peça (2 peças)<br>Tramo 4 ~ 440 kN por peça (2 peças) |



- Estreito HPP
- Trairi Wind Farm Complex
- **Porto do Delta**
- Project development

# Project status

- Installation License (IL) was only issued on June 18, 2012
- Authorization from COMAR still pending but this approval is expected to be issued in the next few months
- Previous agreements were rescinded at the end of 2011
- Proposals were requested to potential suppliers for reevaluation of the project



**Porto do Delta WF – PI**

| | |
|---|---|
| Installed Capacity: | 30.0 MW |
| Commercial Capacity[1]: | 16.5 aMW |
| Investment (R$mm)[2]: | 136 |
| Start of construction: | 2012E |
| Start of operation: | 2013/14E |
| Number of wind generators: | 13 |

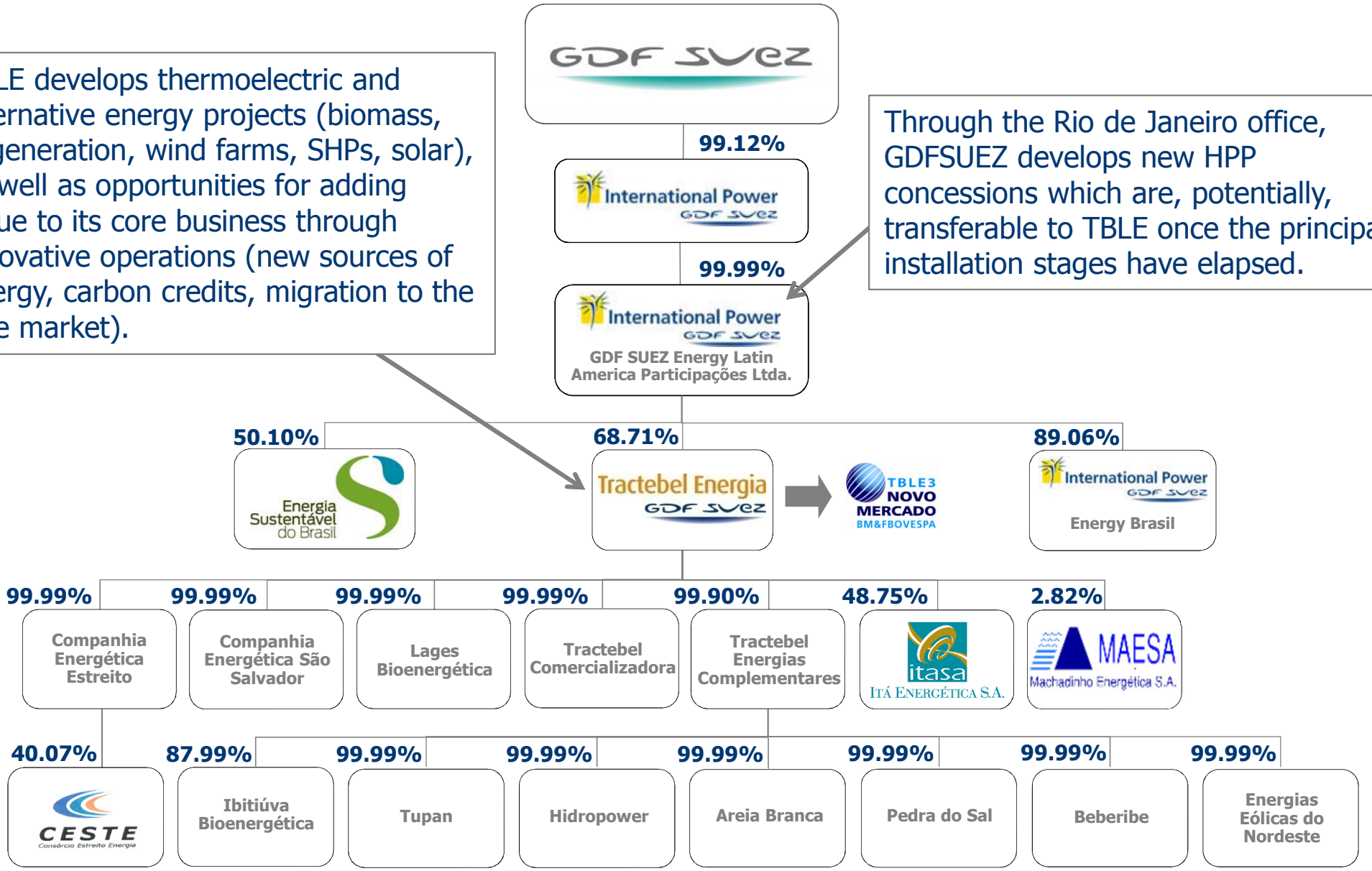
Picture of Pedra do Sal Wind Farm, just off Porto do Delta.

- Estreito HPP
- Trairi Wind Farm Complex
- Porto do Delta
- **Project development**

# Business development structure

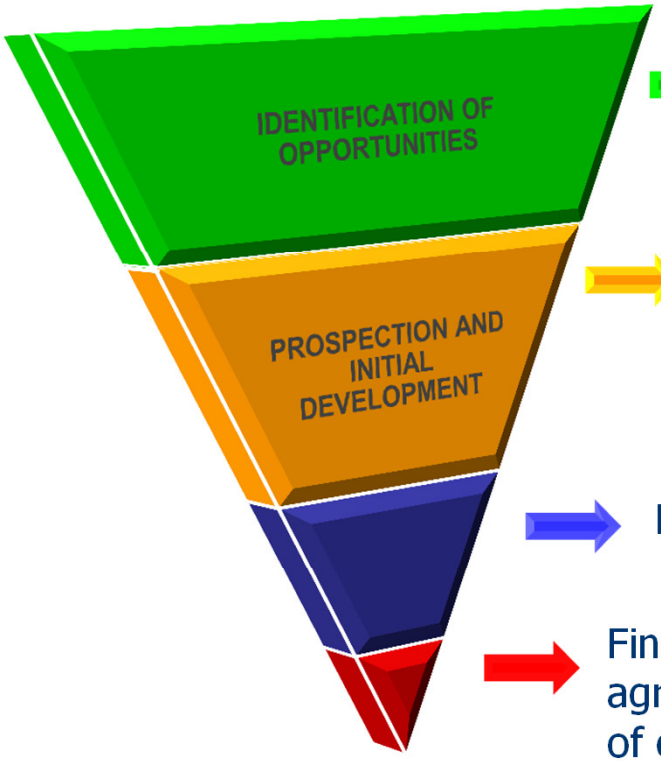
TBLE develops thermoelectric and alternative energy projects (biomass, cogeneration, wind farms, SHPs, solar), as well as opportunities for adding value to its core business through innovative operations (new sources of energy, carbon credits, migration to the free market).

Through the Rio de Janeiro office, GDFSUEZ develops new HPP concessions which are, potentially, transferable to TBLE once the principal installation stages have elapsed.




Note: Simplified version

# Business development process




Decision to prospect

Decision to develop

Decision to invest

Finalizing of the principal agreements and the beginning of construction

*CAREFUL SELECTION OF THE VARIOUS OPPORTUNITIES IDENTIFIED;*

*DEVELOPMENT OF MORE ATTRACTIVE PROJECTS;*

*APPROVED PROJECTS HAVE BEEN SUCCESSFULLY INSTALLED.*

**DEVELOPMENT** → **INSTALLATION** → **OPERATION**

# Development team

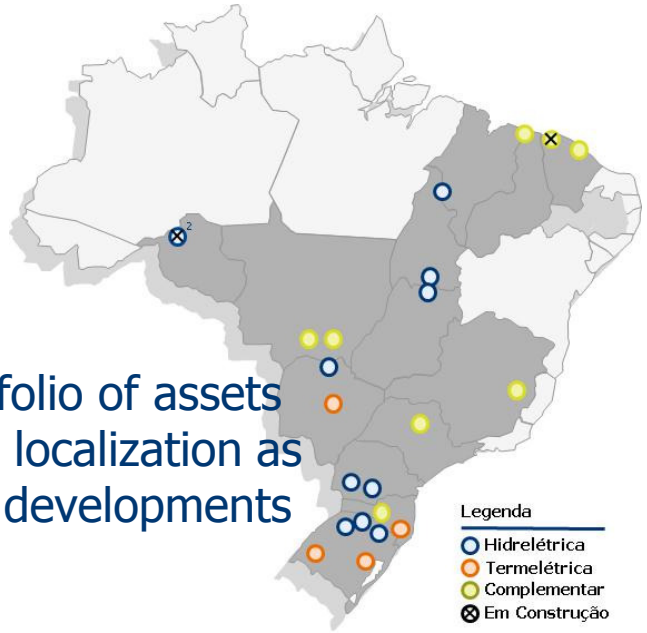
- Team of 10 exclusively dedicated business developers
- Operates on a matricial structure basis with TBLE's specialized areas (technical, financial, accounting, taxation, legal...)
- At the same time making it possible to:
  - Concentrate the conducting of the development process and the associated knowledge on one business developer focused on the results of the project
  - Maximize the contributions of the entire structure of specialists engaged in the operational progress of TBLE for the optimization and mitigation of risks associated to the project

Development Activities

1. Basic notions and project configuration
2. Authorizations and licenses
3. EPC
4. Fuel and utilities
5. O&M
6. Grid connection and use
7. Sale of power, steam and services
8. Equity
9. Financing
10. Carbon credits
11. Financial analysis

# Development strategy

Diversified portfolio of assets with a strategic localization as a base for new developments





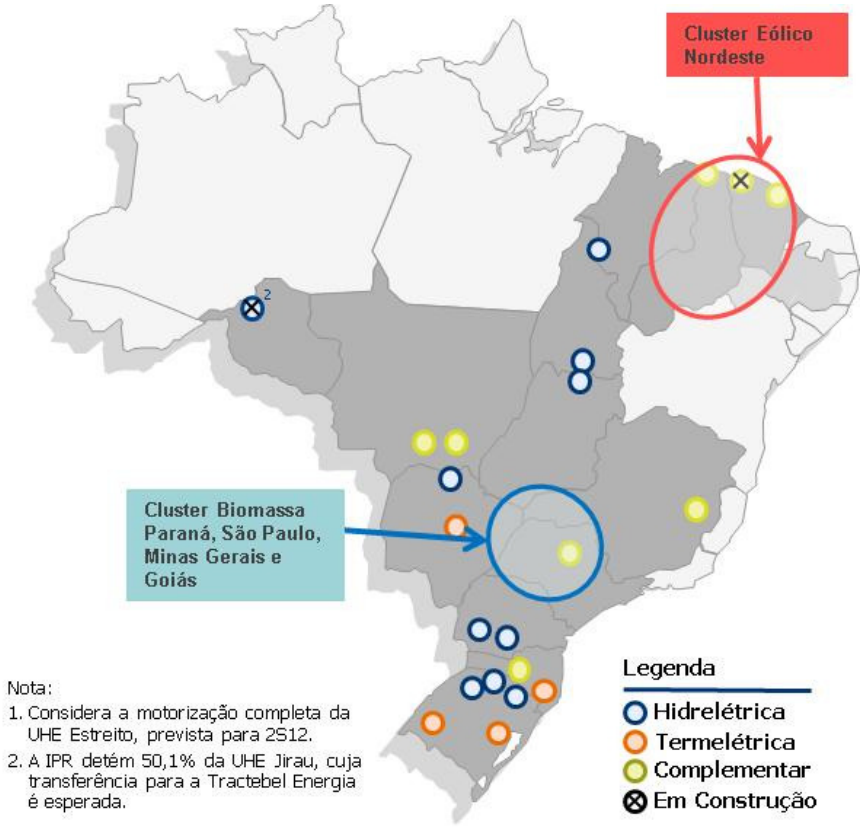


Expertise at all stages of a project (development, installation and operation) with systematized feedback for a continued process of upgrading

## Development strategy

To hold a pipeline of projects from different sources and at different phases of development in readiness to maximize the opportunities and favorable moments as they arise

# Development initiatives




**Thermoelectrics**

There is major potential for these sources, which will once more be a feature of future supply.

- Tractebel endeavors to hold projects in portfolio for use under a more favorable scenario

**Wind**

Developing blocks of plants in the same region thereby seeking synergies, such as, sharing connection to the SIN (the National Interconnected System), management, outsourced services, integration to the local communities, etc.

- Projects in development in NE/S

**Solar**

Developing sites for future harnessing of solar energy

**Biomass**

Partnership being negotiated in SE/Midwest

**Natural Gas and Mineral Coal**

Projects under development



# Investor Day

## Eduardo Antonio Gori Sattamini - Finance and Investor Relations Officer

### Sustainability: “financial market” dimension

### Florianópolis - September 2012

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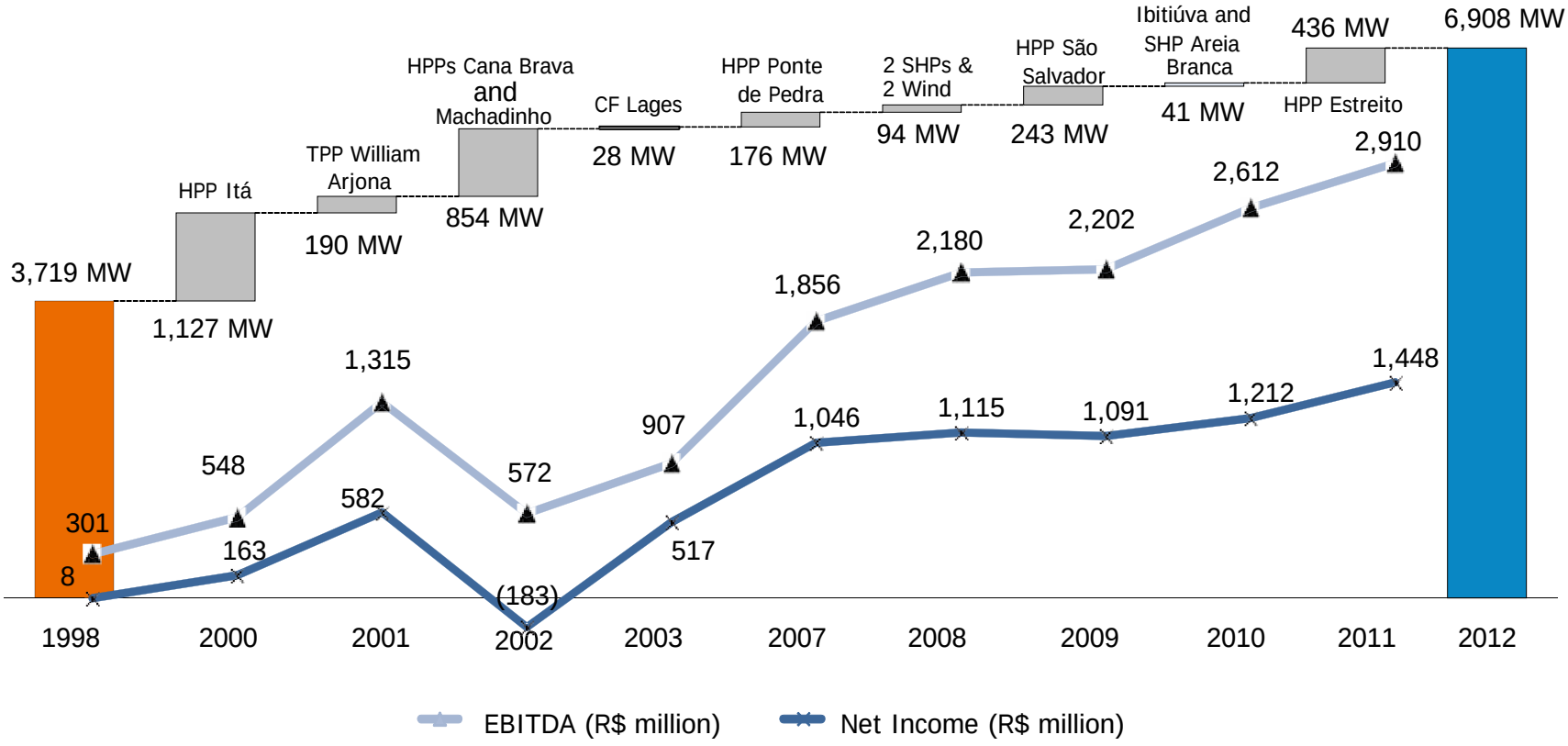
You should consult your own legal, regulatory, tax, business, investment, financial and accounting advisers to the extent that you deem necessary, and you must make your own investment, hedging or trading decision based upon your own judgment and advice from such advisers as you deem necessary and not upon any view expressed in this material.

This material includes forward-looking statements subject to risks and uncertainties, which are based on current expectations and projections about future events and trends that may affect the Company’s business. These statements include projections of economic growth and energy demand and supply, as well as information about competitive position, the regulatory environment, potential opportunities for growth and other matters. Several factors may adversely affect the estimates and assumptions on which these statements are based, many of which are beyond our control.

- **Growth with financial discipline**
- Shareholders return
- CAPEX and dividends
- Credit profile improvement
- Indebtedness
- Jirau

# Growth with financial discipline

## Taking advantage of growth opportunities with strict financial discipline

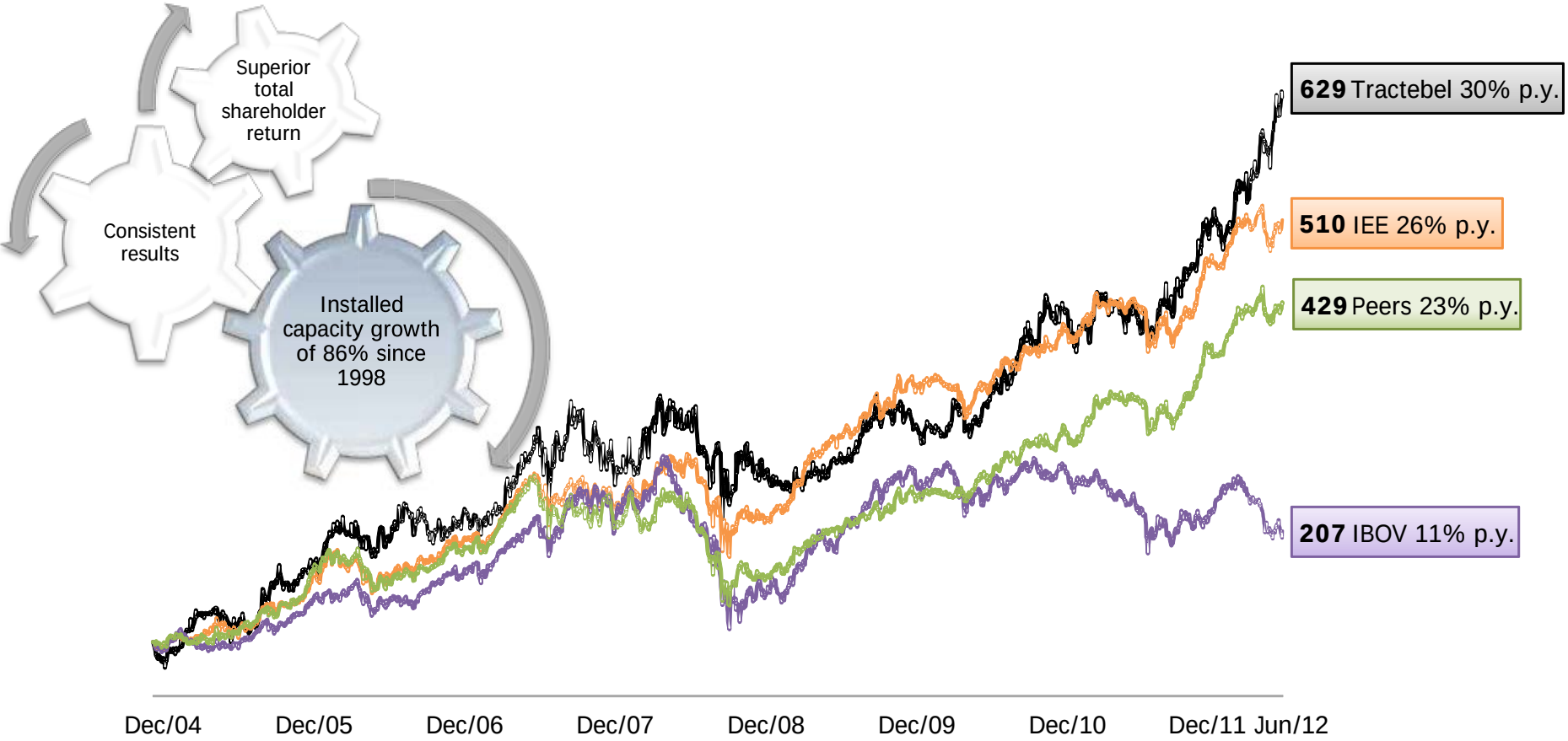



(1) (1) EBITDA represents: operational results + financial results + depreciation and amortization.
(2) Total installed capacity of a new power plant was considered in the year of entry into operation of the first of its generating units.
(3) As from 2009, EBITDA and net income were subject to accounting reclassification due to the adoption of the new procedures published by CPC and IFRS.

- Growth with financial discipline
- **Shareholders return**
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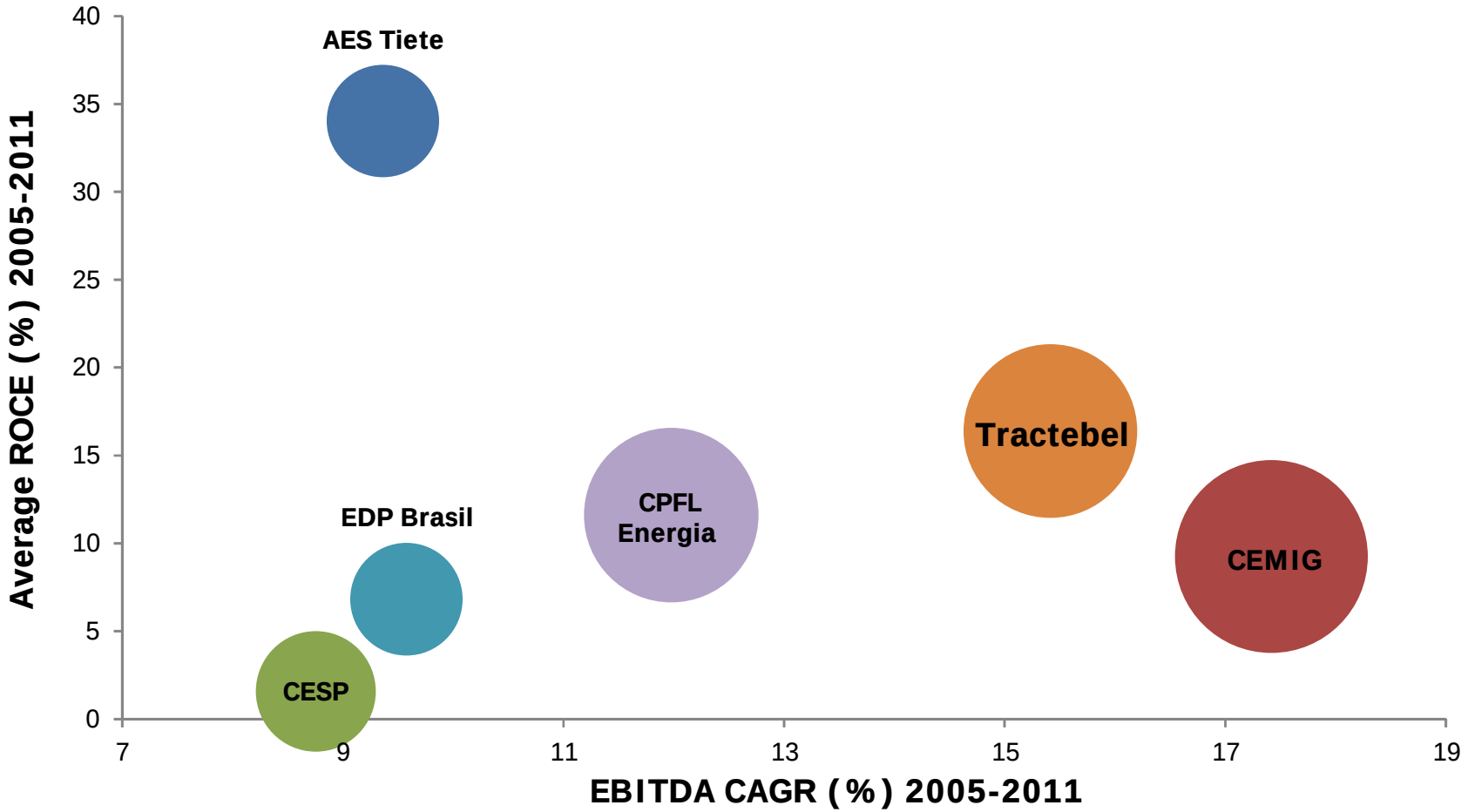
# Total shareholders return[1]: TBLE vs peers[2] vs IEE vs Ibov

Tractebel has been providing solid growth and strong value generation for shareholders




(1) Total shareholder return combines share price appreciation and dividends paid as from December 31, 2004.
(2) Peers: CESP, AES Tietê, Cemig, CPFL Energia, EDP (since Dec/04) and MPX (since Dec/07).
(3) Source: Economática.

# Differentiated return to shareholders: TBLE vs peers

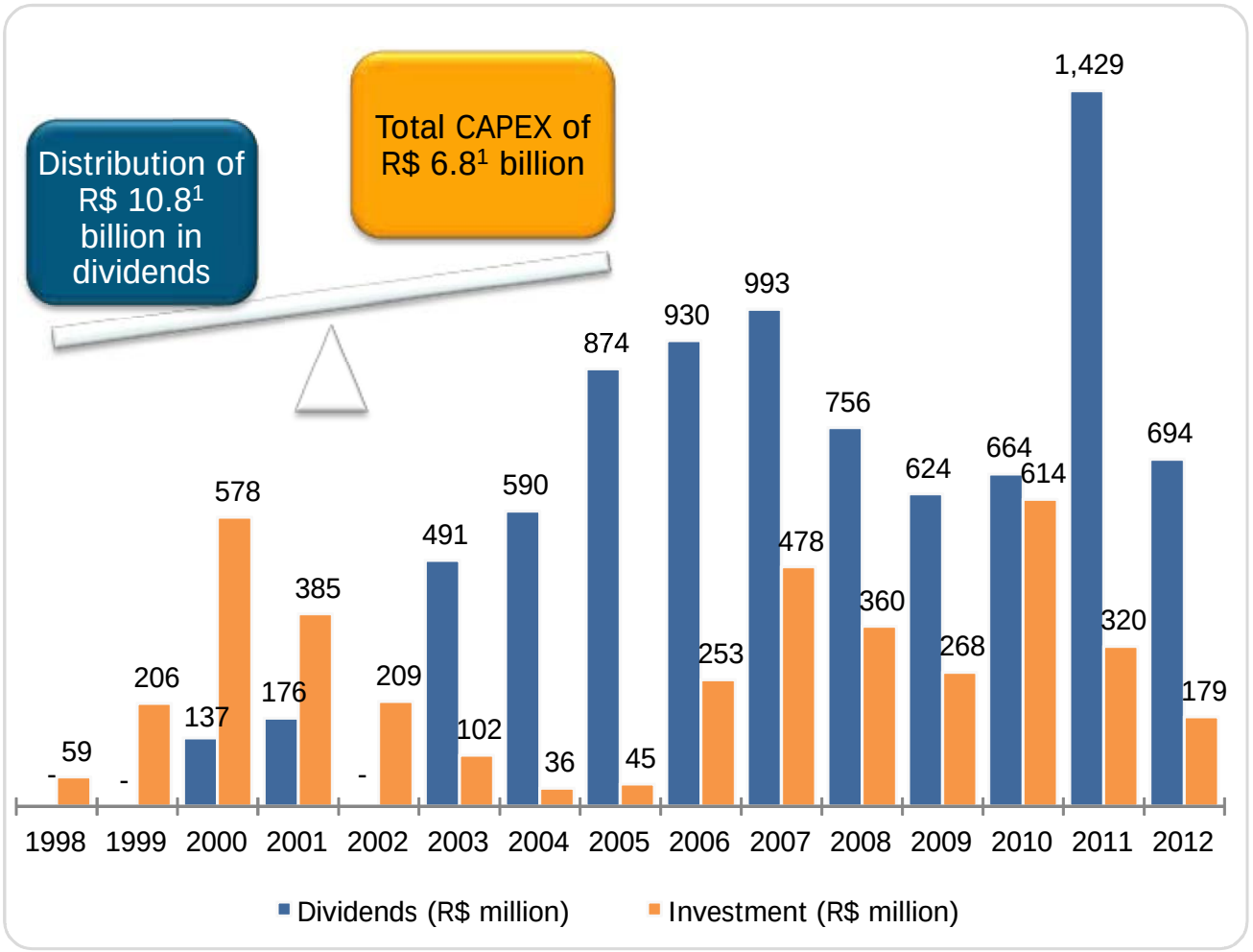



(1) ROCE (Return on Capital Employed) and EBITDA CAGR in nominal BRL.
(2) Ball size corresponds to market value in Jun/2012 (R$ 24.2 bi for Tractebel).
(3) Source: Economática.

- Growth with financial discipline
- Shareholders return
- **CAPEX and dividends**
- Credit profile improvement
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# CAPEX and dividends

In the absence of growth opportunities, the net income is distributed to shareholders

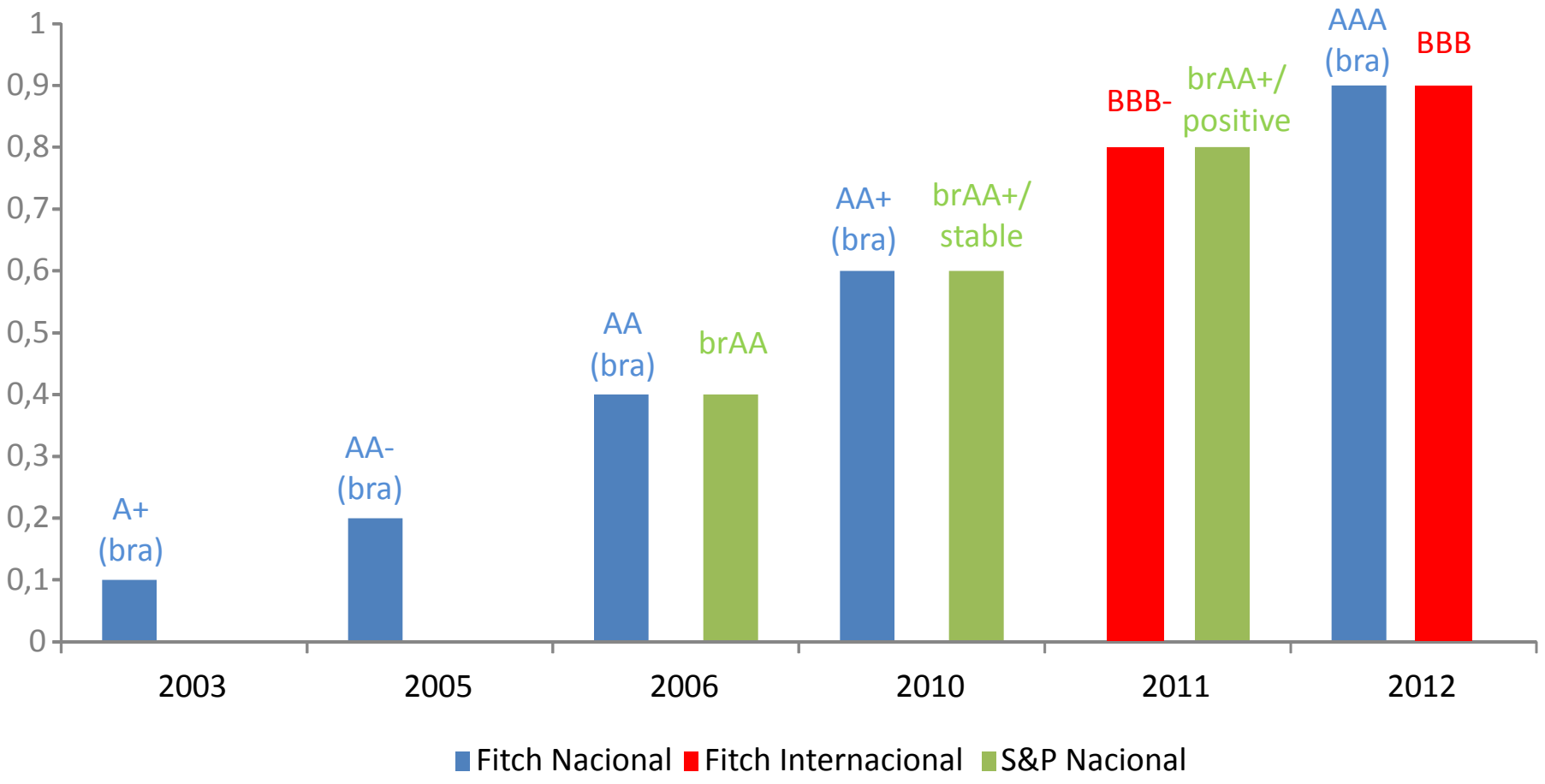



(1) Amounts adjusted by IGPM up to 06/30/2012.

- Growth with financial discipline
- Shareholders return
- CAPEX and dividends
- **Credit profile improvement**
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- Jirau

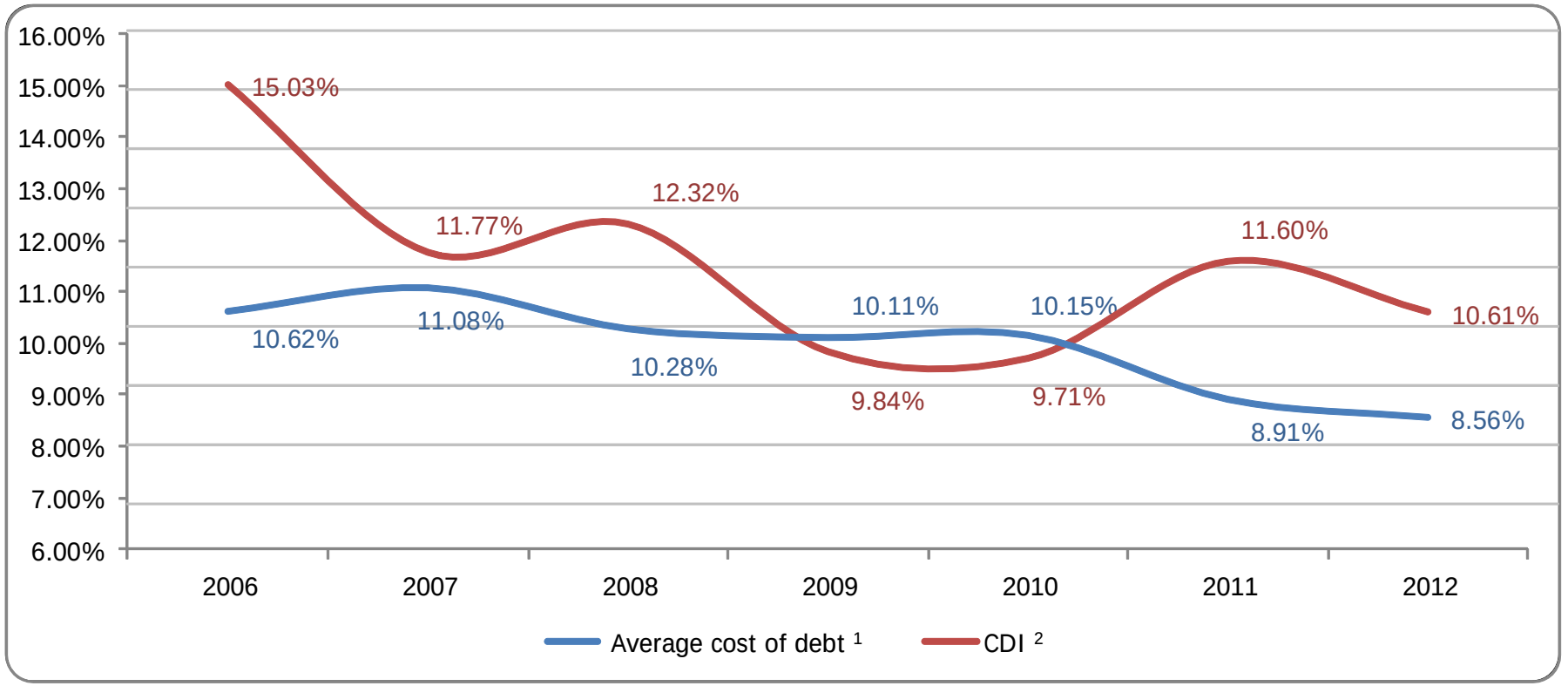
# Rating improvement

In 2011, Tractebel Energy receives for the first time an international rating



- Growth with financial discipline
- Shareholders return
- CAPEX and dividends
- Credit improvement
- **Indebtedness**
- Jirau

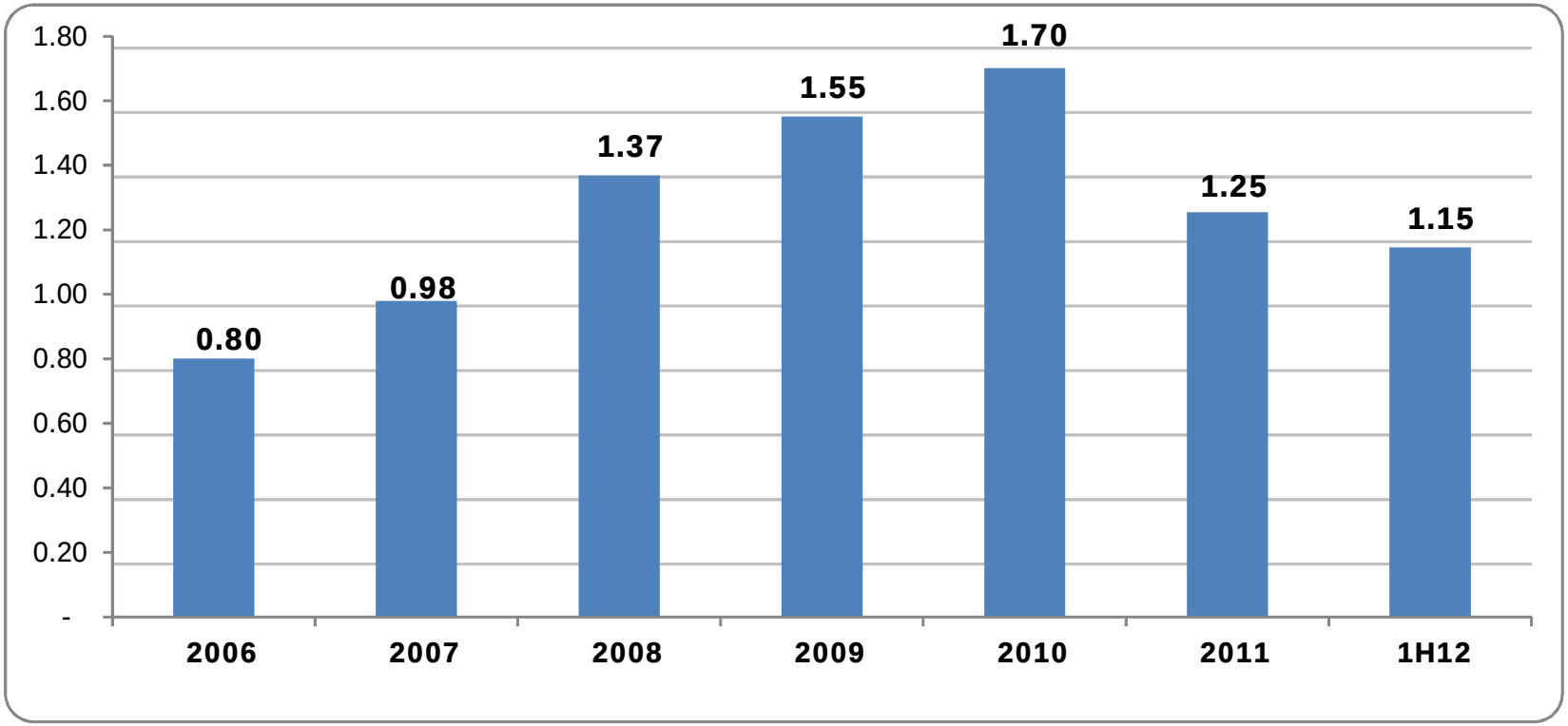
# Average cost of debt evolution




| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|---|---|
| Average cost of debt/ CDI (%) | 70.68% | 94.12% | 83.46% | 102.76% | 104.58% | 76.87% | 80.70% |

(1) For the average cost of debt was considered a weighted average of Jan to Jun/12. This average was then annualized until Dec/12.
(2) For the 2012 CDI 2012, the values performed until Jun/12 were considered. This value was then annualized until Dec/12.

# Financial strength: total debt/EBITDA

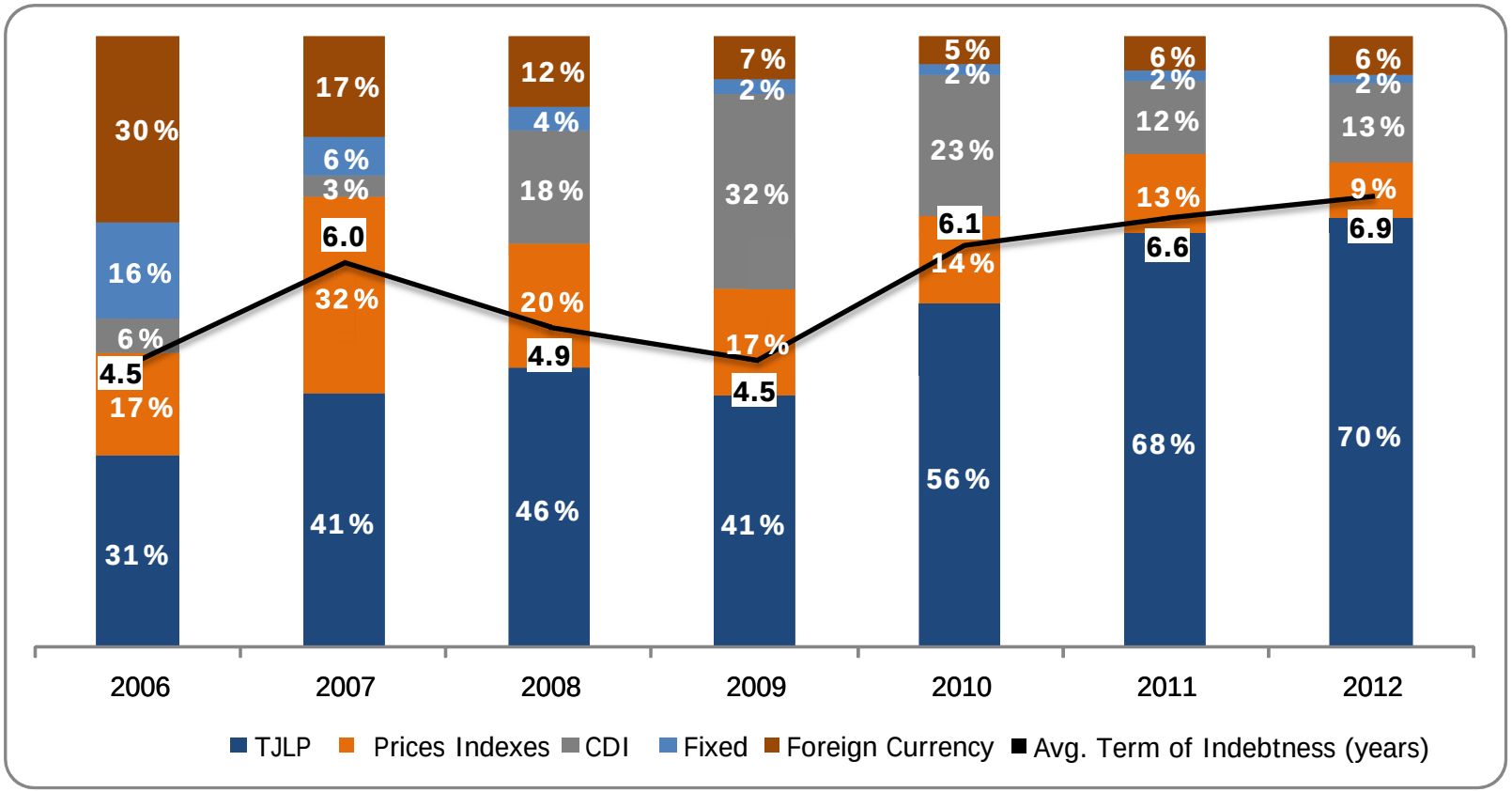



| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 1H12 |
|---|---|---|---|---|---|---|---|
| EBITDA | 1,595,011 | 1,850,686 | 2,176,577 | 2,201,710 | 2,611,477 | 2,909,697 | 2,985,923 |
| Total debt | 1,277,508 | 1,813,234 | 2,978,573 | 3,414,642 | 4,443,920 | 3,649,200 | 3,420,497 |

(1) 2012 EBITDA = last-twelve-month EBITDA

# Indebtedness

Increase share of TJLP, reduction of foreign currency and increasing avg. term of indebtness




(1) Fixed includes only local currency.
(2) Foreign currency includes debt nominated in US Dollars and Euro. Debt in Libor is fixed.

- Growth with financial discipline
- Shareholders return
- CAPEX and dividends
- Credit profile improvement
- Indebtedness
- **Jirau**

# Jirau

Model for the transfer of assets:

Tractebel Energia to set up an Independent Committee for Related Party Transactions ("Independent Committee")

- To be composed of a majority independent Board members in addition to Executive Officers of Tractebel Energia
- Responsible for the negotiation of the transaction with GDF SUEZ and presenting the recommendations to the Board of Directors of Tractebel Energia
- The Independent Committee to assess value accretion during negotiations assuring that Tractebel Energia will retain at least 50% of the project's upside
- Will be authorized to engage lawyers, financial advisors, technical consultants and other advisors to support negotiations
- Furthermore, GDF SUEZ has agreed to limit the amount received over and above its CDI adjusted equity contributions to 12% of the total capital expenditure ("cap")

Preparations for the transfer:

- Renegotiation of the covenants for the 2nd simple debenture issue
- Management of dividend distribution