International Conference Call
Tractebel Energia
1st Quarter 2012 Earnings Results
May 7, 2012

Operator: Good afternoon. This is Tractebel Energia's conference call. All participants are connected only as listeners and later on we will open the Q&A session when instructions for participation will be given. In case it is necessary to have a help from any operator during the teleconference just press star zero. We should remember that this teleconference is being recorded.

I would now like to turn the conference over to Mr. Antonio Previtali, Tractebel's Investor Relations Manager. Please Mr. Previtali go ahead.

Mr. Antonio Previtali: Good afternoon ladies and gentlemen. You are most welcome to the conference call of Tractebel Energia to announce the results of the 1Q12. This presentation along with its slides will be simultaneously webcast on the website www.tractebelenergia.com.br in the investor relations section. Over there you can also have a copy of the presentation and the earnings release of the company.

Before proceeding I would like to clarify that any forward-looking statements made during this conference call regarding the business outlook of the company should be regarded as forecasts depending on the country's macro economic conditions, performance and regulation of the electric industry in addition to other variables and therefore they are subject to changes.

Today with us we have Mr. Eduardo Sattamini, Finance and Investor Relations Officer who will talk about the performance of Tractebel Energia in 1Q12 and Mr. Elio Wolff, Market Relations for IPR GDF Suez Energy Latin America who will present an update on the development of Jirau hydropower plant. Afterwards you are going to have a Q&A session.

Now I would like to turn it over to Mr. Sattamini. Please Sattamini.

Mr. Eduardo Sattamini: Good morning everyone, this is 1Q12. It was quite smooth, there were not any relevant changes and we are going to go straight to slide number 4 with the quarter highlights, especially the financial highlights.

We had a net revenue of 18.8%. This was the variation in relation to the same quarter of last year, still as a reflex of the price increase because inflation. We also had a price adjustment to compensate this variation of R$ 73 million quarter on quarter representing an 8% increase.

We also had the operations in the Chamber of Electric Power (CCEE), R$ 42 million, contributing to the increase in net revenue and we have also had a small increase in volumes. Our Ebitda went up by 3.2% - it did not have the same performance on the net revenue - especially because of increase in the energy account for resale which increased 77 million quarter on quarter.

We have also had an increase in connection expenses especially with regards to the operation of Estreito turbines. The margin as a result of the increase in trading activity went down by 67.7% to 61.9% in 1Q12 compared to last year and so we have had a final reflex in the net income of 7.4% increase comparing the same quarters. Of course 1Q usually is a quarter in which our performance is slightly weaker as compared to the other quarters in a year because we have a seasonal strategy through which we try to capture the benefits and opportunities to buy energy at lower prices in the spot market.

And so the prices, as we mentioned before, went up by 8% above the inflation thereby showing that even though the market is weak the new contracts are being renewed at slightly greater prices than those that are maturing now that were assigned five or six years ago.

In terms of production we have had a smaller production as a result basically of the lower affluence in the power plants of the company that most of them are in the South. There is a severe drought in the south in the first months of the year and the prices in the spot market are affected.

As a operational highlight, we have had the fifth machine in Estreito started operating in March and thereby we got 85.2% of the energy assured. In a subsequent event, we received a AAA rating by Fitch which took place in the last week of April.

Now on slide number 5 you can see the organization structure of our company. Maybe what is important here is to talk about the offer for the acquisition of minority shareholders from IPR done by GDF Suez. This offer has been accepted at 418 pence per share and this somehow will prevent us to give you a positive vision on some aspects and you are going to see this in Mr. Wolff's presentation. By takeover code we are restricted to disclose new news or material information.

Now going to page 6, we are reinforcing our growth. We are company that has been growing along the years steadily through the implementation on new projects especially in the area of renewable, hydropower plants and complementaries and these two sources account for 83% of our total capacity complemented 17% by thermal power plants. We also make an effort to become a national company presenting good results.

So our power plants were before more concentrated in the south of the country and they started spreading them throughout the country and today we operate in more than 16 different states.

On page 7 we talk about our leadership as a private generator. We are the leading private generator in Brazil with 8.9 GW installed considering the acquisition of Jirau. Today our installed capacity is 6.9 GW - it is more than twice as much as the second runner up, the closest one to us, thereby showing that we have a sound position and well-established leadership.

On slide number 8 we are here reinforcing our action in the free market. In 2012 we are going to have 43% of our energy sold in the free market. We have had a slight increase in the percentage in distribution companies especially as a result of the entry of Estreito PPAs, which are contracts in a regulated environment. It is important for us to have a focus on the free market as an alternative to sell this energy in A-1 auction, where the competition with state-held companies is very strong.

On slide number 9 we are talking about our diversification. Today we try to diversify in different segments in the industry so that we do not concentrate risks on a single industry. Our credit policy is very restricted with a solid guarantee system to deal with default and protect us against that. Because of this strict process of credit assessment this process has been very good and we have a close to zero default.

On slide number 11 you can see the market outlook. And our vision for prices is that we have resumption in Brazil's growth. Brazil somehow detached in terms of expectations for growth from European countries, even though we have had a reduction in our growth because of the slowdown in China - but this growth will drive prices in the market and demand for energy.

And probably we are going to experience higher prices because of the increase of the share of thermal power, delay in implementation of new projects, the preference of small hydropower plants with small storage capacity and procedures in terms of risk aversion, which might affect prices.

If you look at the chart on the left you will see that there is an excess supply. We have mentioned it already and our team identified it in late 2010 when we speed up the contracting to avoid sales in the market with excess surplus. We can see that we got good prices at that time. In the next slides, we can see our future uncontracted energy if we compare what we showed the last quarter and this quarter in terms of excess volume, on the left, you will be able to see that you can very clearly see the delay in some projects.

In terms of 2012 if you look at the chart of last quarter we have something like 400 MW average that are late; in 2013 more than 2000 MW that are late and this will lead to the fact that we will not have such high surpluses as we used to have in the past and this will affect prices in the medium and short term. And in terms of demand, as we said, this demand is related to thermal offer and this will impact and increase the dispatch of thermal power and thereby also affecting average prices.

Now on slide number 13 we will continue talking about marketing strategies or commercial strategies. On the left you can clearly see the amount of energy that is available for sale (uncontracted energy), is very small until 2015 and then after that it is slightly greater and this provides as the possibility of combining with the Jirau project which we will talk more about further ahead.

The combination of Jirau and the uncontracted energy may provide an advantage to the two companies. This is why we resumed the options contract for the purchase of energy, which we had approved in the related party committee last year.

And speaking a little bit about the sales strategy, our idea at Tractebel is always to take advantage of Windows of opportunity and sell energy when the market is a demand market.

And as regards our energy balance on page 14 there is no major change. This is a tool for analysts to make their projections and in a certain way in the previous slide we have conveyed our position regarding uncontracted energy.

As regards growth the Estreito project the fifth unit started up working in March, the sixth one will begin to work in mid June. In this slide I would like to highlight a few have a look on the slide of 4Q11 the price for the sale of CCR was R$ 159/MWh and on this slide it is 155. It doesn't mean a deflation; it is just a way we calculated the price for distributors, since these contracts include pay for contracts with different distributors and the dates are different.

We have been adjusting those prices as if it were a single contract until the date of our presentation; but what happens is when the CCARs are in effect would have to calculate according to the average of contracts. Some have been increased above inflation and therefore when the contracts with distributors are subject to adjustment in April and then in July and then in October we will probably see increases above the inflation from December until the date of this value - because we will take 12 months of variation to readjust the contracts.

And on page 17 you have an update in Estreito. With unit 5 we achieved 85.2% of assured energy and as the machines start working the individual contribution

of the units will decrease. Only 18.5 MW average for the sixth machine and then 12.5 for the seventh and then 7 MW of contribution for the eighth machine.

On page 18 Elio is going to make some comments about the Jirau Project.

Mr. Elio Wolff: Thank you very much Eduardo, good morning to all. I am just going to stress what Eduardo said in view of the acquisition of minority shareholders and we will have two limit our comments about the Jirau project and other subjects. This is why we have last news this quarter but as the process comes towards its end the quiet period will end and we will be able to give you more news and interact more and meetings and calls like this one.

On slide 18 there is some relevant information, important updates about some facts. The first is the capacity, 3750 MW average. More than 70% of the energy has been contracted under PPAs: one for 2016 for 1383 MW average for R$ 88 in March 2012 and the second PPA starts on March 2014 and this has to do with the expansion of the plant. It is for 209 MW average for R$ 105/MW.

We very recently in March 2012 had a strike on the site. This strike took place in the first fortnight of March and was considered illegal, everybody is aware of that. The labor court found the strike illegal and that works are being resumed. Today we are working in for blown and that works continue. We are assessing any impacts that may have happened. This was a smaller strike. It began in the beginning of March and ended on March 15. We also had some problems with lodging, but this has been overcome and we are working at full capacity to reach commercial operation of the plant at the previously estimated date, late 2012, or early 2013.

And as regards the process to obtain carbon credits this is still under way. We should transfer the project to Tractebel Energia in early 2013 at most and we are also working on alternatives to increase the value of the project for additional insured energy for 19 MW average, additional tax incentives for the region and funding with BNDES which is being discussed. We will have news very shortly.

On slide 18 you see some pictures, some photographs on the right bank powerhouse and on the last bank powerhouse and this is what they had to say about Jirau. I would like to pass the word to Eduardo Sattamini.

Mr. Sattamini: On slide 19 we see our wind projects. These projects are being developed for selling energy in the free market. Of the five projects, four still under construction: these are the ones in Ceará. The fifth, Porto do Delta (Piauí), is having some licensing problems there. About the sale of energy 70% of the total of these five projects have been sold for midterm contracts and with the delays in this fifth project we can say that we have sold almost 100% of the energy.

So we estimate start building this new project by 2012 and beginning operation between 2013 and 2014. Until confirm the start building date, we will be limited regarding the supply of this type of energy. About the contracts, which are run for two to six years and in some years we will have nonconventional energy available for our special client market and for some years we will have no extra capacity. We can go to the market, we can purchase some nonconventional energy but to delay in this project is limiting us a little bit in terms of the flexibility to sell to these special clients.

We are going to move on to slide 21 when we talk about our financial performance. On the first slide, slide 21, you have an overview that shows how sound the performance of the company has been in the last few years. Last year we had our eighth consecutive record in terms of earnings and we expect that we should continue to have a better performance year on year.

Let us move to slide number 22 where I will give you more details about the net operating revenues and trends for net operating revenues. Most of the 12.8% growth in our net operating revenues comes from an increase in the average selling price which increased by 8%. It also comes from the new Estreito plant which contributed 59 million to this increase. We have 42 million came from the difference quarter on quarter. The CCEE and the total volume of that revenue in the CCEE was 58 million relative to 16 million in 2011. If we exclude Estreito we had a reduction by 42 million in volumes, on the other hand, including Estreito, we have got an increase by 16 million in volumes.

If we move to slide 23 we see the change in Ebitda. It goes from 692 to 714 million in 1Q12 relative to 1Q11. Estreito contributed 51 million, a 72% Ebitda margin; 38 million from the CCEE; and there was a reduction by 67 million in operations. This reduction on the contribution of operations has to do with the purchase of energy for resale to form products and to form a ballast that will allow us to work on the seasonalization. And also it has to do with an eventual backup of Estreito, which was made in early 2011, because last year we were unsure on when the turbines would start up working.

Let us move to page 24 about net income. It went from 307 million to 330 million comparing 1Q11 to 2012. We have had 26 million coming from financial results; 25 million coming from CCEE; 13 million coming from Estreito and the net revenue of Estreito dropped quite considerably because this is a new project with a high depreciation volume of 14 to 15 million and also financial costs amounting to 16 million and then the margin in terms of Ebitda, which was 51, translates when it becomes net to a contribution of net income in 13 million.

Now going to financial drivers usually we do not compare it quarter on quarter, we do not really like doing that and we are here seen the evolution of average

prices of energy comparing the 1Q11 to 1Q12 we had 8%, as previously said, comparing 4Q11 to 1Q12 we had 4.4%. So there is a positive price evolution.

About our debt on page 26, the most important is to keep our policy for the reduction of our debt as compared to our Ebitda generation reducing this ratio, trying to find more room for Jirau project. Today it is 1.2x Ebitda and in this manner we open space for the acquisition. It is important to emphasize that our most limited covenant is 2.5. In the last board meeting we approved the negotiation of this covenant with our shareholders. We are going to have a general shareholders' meeting on the 10th and we hope to be successful to approve it so that Tractebel has more flexibility once we acquire Jirau so as to structure the acquisition in the most convenient way optimizing our capital structure.

Obviously if the negotiation is not successful, this does not mean that we are not going to acquire, yes we are, but then we will rely on flexibility of payment or transfer given by controller. In the negotiation with shareholder it is easier for us to find a common ground because we know that if we do not do that we have other ways to adjust the acquisition.

What we are trying to find in this negotiation of covenant is to provide greater flexibility so that we may structure the acquisition without needing to use strategies that might delay or be not so good.

And then in the end of the quarter we got to 2,976 billion of net debt. Our income tax and social contribution we paid in the beginning of this year 394 million, our interest on own capital paid in February, 216 million. Then we had investments in new projects such as Estreito, in wind farms; we invested in maintenance, so this is maintenance Capex; we accrued interest rates; and then we have changes in the working capital, capitalized interest and we generated operational cash in 731 million. So our net debt went from 2.867 billion to 2.964 billion with an increase of 3.7% which is quite reasonable.

Now on page 28 where you can see the debt profile. In the first three years we have we have 362 million in 2012; 492 in 2013; and 602 million in 2014, which is fully compatible with our cash generation. We generate approximately 3 million Ebitda/year and so our coverage ratio for our debt is quite high but there is a slight concentration of operations that will take place along the coming years in terms of debt that will mature over the next three years.

Then we are fully unleveraged, only with the usual leverage for our long-term projects and this is affecting the increase in the share of the debt as you can see on the table on the lower part on the right-hand side and here you can see our rates and today how they are. Index today 71% is the TJLP and this index we

expect it to grow as after the acquisition of Jirau and with the growth of the company through the development of projects in the future.

We have had a reduction in the cost of debt comparing the last quarter of 2011 to 1Q12. About this quarter, we had a slight reduction from 9.2% to 9.1% in cost of national currency. In the cost of foreign currency it went down from 4.2% to 4.1% and the dollar cost has remained practically stable.

In terms of our Capex on page 29 we have had the slight displacement of wind farms. If you remember last year we had some problems in capturing with the embargo of our construction and it took us a while to approve and to prove to the judge that the entire environmental process had been done, we were compliant with everything and this is normal hindrances in our projects. But the project today is evolving normally. This led to a slight delay without a significant impact in our future energy impacts however; but it delayed slightly our investment. If you compare the quarters that has been a reduction this year.

So in 2012 we have Estreito, we complemented it is part of the cost; we have the wind power plant and they also have something related to maintenance for the refurbishment of Salto de Santiago power plant which will take place at the end of the year. In terms of Capex budget for 2013 we have a complement for the wind power plants and there is some expenses related to maintenance; the continuation of the renovation of the power plant Salto Osório. And to remember our capital investment in 2010 which will serve for cash generation and to pay the acquisition of Jirau. 2014 what you can see here is the value of investment in maintenance and maintenance Capex.

In terms of our dividend policy we remind you that our minimum according to the bylaws is 30% and so the payout of 55% of cable net income has been the commitment of the management of the company considering all negotiations in terms of the transfer of Jirau and the way we do it. We will pay at least 55% and as it happened last year if the acquisition is late or we will do something that do not cause any pressures on the company's cash we may increase dividends.

Well basically this is all we had to announce in terms of 1Q12 and I think that we are open for questions and answers.

Q&A Session

Operator: Excuse me. Ladies and gentlemen we are now going to start our question-and-answer session. If you want to ask a question please press star one and if you want to take your question off the list please press star two.

You should be reminded that this conference call is exclusive for investors and market analysts. Any questions coming from journalists should be forwarded to

Tractebel Energia's breast services. Please be limited to two questions at a time. Excuse me. Just to remind you if you want to ask the question please press star one.

Excuse me. Our first question comes from Ms. Lilyanna Yang from UBS.

Ms. Lilyanna Yang: Thank you for the opportunity. What about the option of the purchase of energy of 30% from Jirau and how much will it determine when these assets can be bought by Tractebel?

Mr. Sattamini: Well Lilyanna the option is not 30% of the purchase of the energy from Jirau; the option is basically covering the two years of 2013 and 2014 when there is anticipation energy, energy that will be being generated in addition to the energy that has already been contracted in the regulated environment. So this option contract is the volume of energy for the years of 2013 and 2014.

I think the second answer that might answer your question is that if the 30% of the energy from Jirau will be fundamental for us to define the timing for the negotiation. Well actually this is to say that this non-definition for the sale of the energy from Jirau leads to greater uncertainty in terms of defining the final price. But whether this will be an impediment well, maybe not. We might need to create some sort of system to deal with this uncertainty.

The idea is for us to work with this within the related parties' board and so when we got to the proposal from our controller, GDF Suez, and we want to address that in the related parties in terms of how we are going to address this.

Ms. Yang: Just to clarify: so today you are still negotiating for the potential sale of this energy with the group or would you say that right now the price is not interesting for you in terms of selling the energy?

Mr. Sattamini: I do not understand your question; could you rephrase it?

Ms. Yang: Well, Jirau still has 30% that has not yet been sold. You are indicating that no really sure whether it will be sold as a part of the portfolio of the joint venture or as a part of Tractebel Energia in Jirau; is that right?

Mr. Sattamini: Yes yes, that is accurate. Obviously ESBR, the specific purpose company, is trying to find ways to sell this 30% in the free market; but if this energy is not sold at a time when we transferred to Tractebel Energia Tractebel might find it interesting to take it over especially that part of the energy that today is held by GSELA, in other words 50.1% owned by GDF Suez Latin America (GSELA).

Ms. Yang: Thank you very much.

Operator: Our next question comes from Mr. Sergio Tamashiro with Safra.

Mr. Sergio Tamashiro: Good morning to all. Just as regards Jirau I wanted to have a bit more color about it. My understanding is that transfer should not occur while the production did not start, otherwise you will not know how much surplus energy you will have; is that correct? Can it be decoupled?

Mr. Sattamini: You are on the right direction; but maybe you are missing the right point here. The idea is that it should be close to the commercial operation. This might take place before, one or two months before; but what is important for us is to have the visibility about the commercial operation. It might take place later, ok, Tamashiro. We might start operating in the related-party committee might not have been able yet to define with the controller the final conditions, what the final conditions will be.

That is the idea: the idea is to reduce uncertainty. There is uncertainty relating to the schedule and to reduce this uncertainty about the project we want that to be close to COD but not after the COD; it might be a bit before. These few months will not affect the whole thing but the concept is that transfer should take place very close to the commercial operation start up.

Mr. Tamashiro: Ok. In the previous quarter you expected the COD for the second half of 2012 and I saw no mention to it; have you changed the schedule? What is it like?

Mr. Sattamini: There is no formal notice about that. This notice would be a new element and we cannot disclose it now because of the takeover code. But from what Elio said what happened in March this year was completely different of what happened in March last year. There was a smaller impact at a different stage of the works. So maybe the impact will not be significant - the impact of this strike that took place in March.

Mr. Tamashiro: And what about the guarantee of the 30% of assured energy that was not sold in the regulated market? This was given by GDF. What about these 30% that GDF guaranteed for R$ 130 if I am not wrong? Does it have to do only to the 50.1% that you have or does it relate to the total project?

Mr. Sattamini: I am going to answer this question from a conceptual point of view. The sponsors of the project have their proportional responsibility, ok?

Mr. Tamashiro: Good and lastly as regards the wind project that are lots of delays, I think you have reviewed the measurements. Has there been any significant change or what about those figures that you envisaged in the beginning? Have they been confirmed?

Mr. Sattamini: You are talking about the five projects that we are developing now?

Mr. Tamashiro: Yes, even those that are under way.

Mr. Sattamini: These projects have been in our portfolio for many years. We took these projects many times to the auction and we were never able to compete with those who sold him those auctions. Maybe we were not as aggressive, maybe we were too conservative. But these projects have a level of observation that is very long and then we decided to invest week considered some factors to correct the studies because of what we saw in those wind farms that had began to operate already.

There was a lot of talking in this 1Q about wind projects generating energy below their capacity factors in 2011. This was true and this is what we are seeing: 2011 was a year with very good hydrology and rain; there was no wind and I believe that these projects will perform better as from this year. The rainfall has been very low in the Northeast and the wind farms are generating a lot more than in the last three years. So the story that when it rains the wind does not blow it makes a lot of sense.

Mr. Tamashiro: As regards the price you talked about commercialization, 50% are commercialized. What about the spread of this nonconventional energy in your portfolio? What is the premium? You do not have the spot price and is there a difference in prices? Is there a premium?

Mr. Sattamini: The percentage is 70% of the five wind farms. Just for you to be sure about the figures we talked about, as regards prices since we have been selling that energy for some time that prices are in line with what we mentioned: a price way above the price of auctions and in line with the prices that free consumers were seeing in their distributors. The margin is very reasonable and the margin offsets the risk of recontracting in this project. Since we do not have 20-year PPAs, as it is the case in auctions and in the regulated energy reserve contracts, we have to have a margin that justifies the risk of a recontracting energy.

Mr. Tamashiro: And what about your portfolio? You talk about compensating risk; are you increasing prices relative to what you had in the previous quarter? Can you give us a little bit more color like the terms are becoming shorter, we are rising prices by 5% and…

Mr. Sattamini: Tamashiro I would really like to talk about it but in a certain way the information they give you also reaches my competitors. What I can say is that in a certain way the spot price is at higher prices have begun increase the

propensity of some players to get into longer contracts; I mean they are exposed and the fact that the spot price has gone up those consumers that are exposed to the PLD they can take it but they can see that they have to cover positions with very high volumes and with no perspective basically. The dry period is beginning and this is not going to be reversed in the short-term and so these consumers are a bit more weary about it.

Something also that is increasing the appetite for contracts - and these are the opportunities that look for when we say that we take advantage of windows of opportunity - is the delays in projects. We have been seeing, ONS and Aneel, reviewing the schedule of the start up of projects. We are not going to name any project here but Aneel recently canceled some and even the Jirau project. It was expected for May 2012 and we are talking now about the end of 2012.

Some other projects had problems with their machines; some had problems with the operational license; some have not been able to secure funding because they had a reasonable amount of energy in the free market and BNDES is looking for protection against exposure in the free market. So this is making those free consumers who were taking more exposure to the spot price they are now more concerned and they are looking for contracts and this is beginning to happen.

I think that the fact that the spot price remains at higher levels there is going to be more demand for contracts.

Mr. Tamashiro: This is exactly what I needed, some direction.

Operator: Our next question comes from Ms. Sandra Boente from Deutsche Bank.

Ms. Sandra Boente: Thank you. I have a question about Jirau. Those R$ 17 million for the Capex as you mentioned for 1Q is this still the official Capex for the project or is there an update in that amount?

Mr. Wolff: The number we announced in December the Capex of 15.1 this is the information that is valid.

Ms. Boente: So still above 17 million now.

Mr. Wolff: The number is 15.1; so what are you referring to? What is your source? The Capex, the effective Capex as we announced in December, in December 31, 2011 was 15.1.

Ms. Boente: Yes but in the conference call of 1Q you were already talking about almost 17, were not you?

Mr. Wolff: No. The number is 15.1.

Mr. Sattamini: Maybe the confusion, Sandra, is because BNDES the funding is for 7.2 and not 17, and what we are trying to get is an increase in the facility of the BNDES in the total volume of loan which is being discussed today at BNDES. But the number has always been 15; there has never been any 17.

Operator: Next question comes from Mr. Henrique Peretti from UBS.

Mr. Henrique Peretti: Good morning. My question is about the wind farms. As far as I understand you have a contract with Tractebel Trading and in this manner you would be entitled to have the project finance from BNDES. If the plants are late what about the delivery of energy? What are you going to do about that?

The second question is to Elio. What about the expansion in Jirau? Are you going to participate in the A-3 if they have it? And also the other share that has not yet been contracted.

Mr. Sattamini: Well the delay we already included it in our energy balance, we accounted for it. So some purchases have been made to deal with this slight delay, to address it. Our contracts most of them will start in 2013 when the projects will already be in operation. So this balance is constantly being monitored by our people and any possible adjustments are being made or they have already been made.

Mr. Wolff: Now as to the question about Jirau, actually the expansion of 100% of the energy allocated to the expansion it has already been sold, these 209. So what to still have in terms of the expansion are the additional 90 MW average. So any participation in any auctions obviously depends on the Ministry and Aneel in terms of what they define in terms of this additional energy.

Mr. Peretti: These 90 MW can they go to the auction now? Is there any prospect?

Mr. Wolff: Well we think that is very soon it will be out, but not in a very short time, I don't know if these 90 MW will be out after or before the auction. It is a difficult answer for us to give.

Mr. Peretti: Just to clarify: the contract with Tractebel Trading can have a long-term contract to show to BNDES and would it facilitate the project finance?

Mr. Sattamini: Well it is not so simple. Yes we are in contact with the Trading source to ensure a flow; but we also have to show long-term contracts to ballast the financing. As I said, the BNDES is very resistant in relation to exposure in the open market, and required this financing that we present contracts on the open

market to ballast sufficient guarantee for the financing of 16 years that they are presenting.

So in this manner this has led us to take quite a long time, almost 12 months, discussing with BNDES. But we have come to the structure that is feasible. Yes we are in contact with the Trading but the Trading has to show direct contracts with free customers to back up and directing the energy of those projects to potentially serve those free customers.

It is not a simple structure; it is not something that you would imagine that any wind project developer could do because this is calling for the binding of our contracts portfolio for these projects. I do not know whether this is good or bad for the development of the free market for wind energy.

Mr. Peretti: Ok thank you very much.

Operator: To ask a question please press star one.

Since there are no further questions I would like to pass the floor again to Mr. Sattamini for his final remarks. You may proceed sir.

Mr. Sattamini: I would like to thank you very much again for attending or listening to the presentation. We know that it is a bit repetitive but to try to keep the same type of information on the slides so as not to confound analysts and investors and thank you very much for your questions.

Operator: The conference call of Tractebel Energia is now closed. We would like to thank you all for attending and have a nice day. Thank you.