Local Conference Call

Tractebel Energia

1Q13 Earnings

April 30, 2013

Operator: Good morning. This is the Tractebel Energia conference call. All participants are connected only as listeners and later the question and answer session will be open, when instructions will be provided for participation. If you need help from an operator during the conference call, simply press "pound zero". Please keep in mind that this conference call is being recorded.

I now give the floor to Mr. Antonio Previtali, Investor Relations Manager at Tractebel Energia. Please proceed, Mr. Previtali.

Mr. Antonio Previtali: Good morning, ladies and gentlemen. Welcome to the Tractebel Energia conference call, where we will discuss the 1Q13 results.

This presentation will be accompanied by slides and it will be simultaneously transmitted over the Internet, at www.tractebelenergia.com.br, in the Investor section. There, you can also obtain a copy of the presentation and of the release of Company results.

Before proceeding, I want to clarify that any statements that may be made during this conference call related to Company business perspectives should be viewed as projections, dependent on the country's economic situation, on the electric sector's performance and regulation as well as on other variables and, therefore, are subject to change.

With us today we have Manoel Zaroni Torres, CEO, who will comment on Tractebel's performance in the first quarter of 2013 and Elio Wolff, Market Relations Manager at GDF SUEZ Energy Latin America, who will bring us up to date about the installation of the Jirau Hydroelectric Plant. Right after that, they will answer questions that you might have.

I now give the floor to Zaroni. Please, continue.

Mr. Manoel Zaroni Torres: Good morning everyone. Let's go straight to the first quarter highlights, slide 4, which shows the main financial and operational indicators. Let me say, when we compare the net sales revenues for the first quarter of 2013 with the first quarter of 2012, we observe a growth of 20.6%,

TRACTEBEL ENERGIA S.A. Rua Paschoal Apóstolo Pítsica, 5064 - CEP 88025-255
Florianópolis - Santa Catarina - Brasil
Fone/Phone: +55 (48) 3221-7221 - Fax: +55 (48) 3221-7166 - www.tractebelenergia.com.br -
ri@tractebelenergia.com.br

and that is easy to evaluate: we sold more energy and there was also our energy allocation strategy. You will recall that last year we were short in the first semester, we were exposed; and this year we were sellers. So this increase in revenues is basically due to the results in the CCEE plus more sales.

Ebitda increased 22.2%; Ebitda margin remained stable at around 62%; net profits totaled R$ 425 million for a growth of 29.8%; energy sold in average MW grew 7%; the average sales price increased 5.2%, basically as a result of contract corrections; and average production, which is not important, but it grew as well due to high thermal generation (I say average production is not important because I think immediately of hydraulic, of hydroelectric because of the ERM), but it grew 11%.

One highlight was that the company broke the instantaneous power generation record, producing 7,757 MW the last time. In March, March 21 to be more precise, the Estreito plant, in which it has 40.07% of total production, began operating with total power of 1087 MW. The eighth unit started up in March.

The Board of Directors approved the acquisition of CLWP Brasil (which we call Kiefel), owner of the specific purpose company that includes the Campo Largo Wind Power Complex projects, in the state of Bahia, on the plateau, the project has an installed capacity around 206 MW, which can be expanded by 150 MW. These projects obviously we will start when we have the destination of energy or through auctions or through special sale consumers.

Recently, on April 25, the Fitch Agency reaffirmed our international rating at BBB, as well as the long-term domestic rating of the second issue of debentures at AAA (bra), with a stable perspective.

On slide 6, which shows the company structure, there are no major changes. The only relevant change you can see is that MAESA is gone. The Machadinho consortium was Tractebel and MAESA and MAESA has several partners there besides Tractebel. Besides Tractebel, we also have Votorantim, Camargo Corrêa and others. MAESA was dissolved so the consortium became a consortium among Machadinho partners. So that is the basic comment about that.

Slide 7 shows our growth, our portfolio, and here I only remind you that we only have 17% of thermal plants in our portfolio, which in these times of high spot (price for settlement of differences) can be relevant, can make the difference in our company results.

TRACTEBEL ENERGIA S.A. Rua Paschoal Apóstolo Pítsica, 5064 - CEP 88025-255
Florianópolis - Santa Catarina - Brasil
Fone/Phone: +55 (48) 3221-7221 - Fax: +55 (48) 3221-7166 - www.tractebelenergia.com.br -
ri@tractebelenergia.com.br

Slide 9 shows we are achieving our goal. We wanted to have sold 50% in the regulated market and 50% in the free market, and we are getting there. In 2013, our estimate is shown here, 51% in the regulated market and 8% with energy traders and 41% in the free market, which we have focused on a lot.

Slide 10 shows our portfolio from the buyer's perspective, that is, we reached 1,710 average MW, a mark we had never been able to reach, and in reality we are thus getting ready, selling a lot of energy, preparing for when Jirau was transferred to us so we could have a consumer space, have a big client base.

You can see, we have good distribution here from the market of industries that buy energy from us, thus mitigating the consumption oscillation risk from the industrial side and also the risk of default, because we, from the quality of our credit analysis, we have been successful; we don't have anyone in default.

On slide 12, the energy market, I call your attention to the left side, if you compare that the supply and demand ratio, it goes, for this year and for coming years, it decreased as a result of delays in transmission lines, our own generation delays, cancellations of some projects, like Bertin, delays in Jirau, delays in Santo Antonio, due to lines and other things. So it got a little tighter, structurally.

The right side shows a price increase this year as a result – here, this is still in 12 – but we can go, you all know, the first quarter was marked by high spot prices due to unfavorable hydrology and after April, regulatory measures to compensate thermal generation out-of-order-merit, which contributed, and starting in May, now, it already entered in the Super CAR model, which was implemented based on the model, which also contributed towards an increase in the spot price, which in a way, in the long term, isn't all that bad; it's good for the generator. But when it is done in the middle of the year, it is very unpleasant to have a regulatory change after the game has already begun.

On slide 14, we continue with our strategy of always selling, regardless of the spot price. Of course, we try to find the best conditions for selling, but we try to continuously be in the market, always selling. We are practically 100% contracted until 2015 with just 10% in 2015, and you can see on the right of the slide that every year our long-term contracting keeps increasing. So the amount of non-contracted energy keeps decreasing in a reserve stairway, as if you were going down the stairs from left to right.

Slide 15 shows more details about our energy balance and about prices. So here we have our own resources with a slight increase. That is basically due to Estreito's last machine kicking in – no, sorry, a confusion here, 2013/2014 –

TRACTEBEL ENERGIA S.A. Rua Paschoal Apóstolo Pítsica, 5064 - CEP 88025-255
Florianópolis - Santa Catarina - Brasil
Fone/Phone: +55 (48) 3221-7221 - Fax: +55 (48) 3221-7166 - www.tractebelenergia.com.br -
ri@tractebelenergia.com.br

2013, 3,606 average MW, buy 549 MW, it normally keeps decreasing, that's how it is. We also keep buying. We have the regulated contracts here that you already know, with the updated prices until March 31 on the right, a very relevant portfolio. In 2015, these R$ 103, R$ 115/MWh contracts end and we hope to obtain better prices for this energy.

Bilateral sales, 2,458 average MW, this includes power traders, industries and a little leftover from the RGE contract which we still have, bilateral, before this model and the total sales, 4,118 MW, just 37 MW left over, structurally, in 2013. Average sales price of R$ 137/Mwh, average purchase price of R$ 124/MWh, referring to the 549 MW purchased.

Now, I would like to give the floor to Elio so he can talk a little about the Jirau project, so he can update you on what is going on.

Mr. Elio Wolff: Thank you Zaroni, good morning everyone, once again we are going to talk a little about the Jirau project, to bring you up to date. We are here on slide 17. First, some basic characteristics of the project, already known capacity of 3,750 MW, assured energy of 2,185 average MW, nearly 73% of which is already contracted for thirty years with distributors.

The contracts are indexed by the IPCA (indexed to inflation) and we have the first PPA already starting in the second quarter. This will probably be linked to plant COD (commercial operation date); that is what we are working on. The price for this contract is around R$ 93/MWh, and the second PPA, which begins in March 2014, already with the updated price for March 2013, of around R$ 112/MWh.

As is also already known, the Jirau energy balance for ESBR is contracted with its shareholders, and in the case of GDF SUEZ, we have a PPA for 60% of this non-contracted energy. This volume in 2016 – and this is shown in the graph to the bottom right, the bottom right corner – this volume in 2016 reaches 323 average MW for GDF SUEZ.

Capex, this is an update, the updated Capex for March 2013 is around R$ 16.3 billion, and that looking at December, a mix of inflation and change in scope and cost increases, so now the Capex is effectively R$ 16.3 billion in March 2013.

Good news in relation to the CDM: we won the second phase of the United Nations analysis process, which is the next to the last phase; in other words, we move on to the last one now, which we expect to conclude by the end of the second quarter, so after that moment, we will be in conditions to sell that carbon credit. This carbon credit already begins, it already has projected revenue in

TRACTEBEL ENERGIA S.A. Rua Paschoal Apóstolo Pítsica, 5064 - CEP 88025-255
Florianópolis - Santa Catarina - Brasil
Fone/Phone: +55 (48) 3221-7221 - Fax: +55 (48) 3221-7166 - www.tractebelenergia.com.br -
ri@tractebelenergia.com.br

2014 and when it reaches full capacity we are expecting something around 6 million tons.

Other points, additional options for creating value: additional energy is a point still under discussion; the matter of fiscal incentives in the region is another valid point for the project, and a novelty: the Ministry of Mines and Energy recently approved Jirau as a priority for issuing infrastructure debentures. This is a point that is being evaluated by shareholders and by ESBR and as we get some update we will inform you.

Moving on now to slide 18, some additional updates of the project and also some photos. Filling of the reservoir began along the left bank, with the objective of commercial operations. These commercial operations are already projected for the end of the second quarter of 2013. Commissioning has already begun and then we can look at the photos. We clearly see the photo of the gallery, already practically ready; the control building has an indoor and outdoor view of the control building and there is the spillway. So, I think it is easier to visualize project evolution with the photos.

In relation to financing, also no news. Volume of R$ 9.5 billion at LTIR + spread (spread ranging between 2.1% and 2.6%).

Moving on to slide 19, again some illustration about the project. The matter of the collection substation, and the unit 29, which should be one of the first units to start operations, already has the chamber closed. We can see here, the photo, and the bottom, in the photos on the bottom, the powerhouse on the left bank, and on the right bank already well advanced, ready for starting operations in the second quarter.

Exactly, Zaroni reminded me here, in the photo of the powerhouse on the left bank, it already has the filling, so it is effectively ready to start operations in the second quarter. We are already expecting to announce the start of commercial operations.

I give the floor back to Zaroni so he can continue the presentation.

Mr. Manoel: Thank you Elio. Let's talk a little now on slide 20, about the construction project of the Trairi Wind Power Complex. There are four wind power plants totaling 115.4 average MW, sorry, MW of installed power of renewable energy with projected operation, which was in the first semester of 2013, and soon we will comment on that.

TRACTEBEL ENERGIA S.A. Rua Paschoal Apóstolo Pítsica, 5064 - CEP 88025-255
Florianópolis - Santa Catarina - Brasil
Fone/Phone: +55 (48) 3221-7221 - Fax: +55 (48) 3221-7166 - www.tractebelenergia.com.br - ri@tractebelenergia.com.br

Commercial capacity of 62.5 average MW, investment of R$ 490 million. Siemens is the manufacturer of the wind generators, the towers. This project suffered a slight delay on our part, but some of the towers are already assembled and it should go from now to the end of the year, with the line ready. The problem is the connection in the basic network, which is a little late, but we expect to have something up and running already in the second semester. Capex is within budget; we did not have any surprises.

I am now going to move on to financial performance. So here, on slide 22, we see a comparison of net revenue, where it is growing every year (9.5% per year) and in relation to the first quarter of 2012, it went from R$ 1,153 billion to R$ 1,391 billion, for an average growth of 20.6% this quarter.

Ebitda grew 22.2% this quarter, also growing at an average annual rate of 9%. It grew from R$ 712 million to R$ 871 million, as I said, this is the result of the difference – I do not advise you to keep comparing semesters because as you know energy allocation is annual, and you can have one semester where you were exposed because you were selling and so these variations can be very big.

The very expressive net result, R$ 425 million in the quarter, about a 30% increase compared to the first quarter of last year, which was R$ 327 million. I advise you to not multiply this sum by 4 because you could be making a very big mistake.

Slide 23 shows the evolution of net sales income. On top, we have revenue per quarter to show there are differences. In the case of this year, you can see, for example, that in 2008 we had 28%; in 2012, 23%; and, this year, we are probably going to have another sum higher than that, higher than 23%. So, this here is not comparable, so to say.

Net revenue, basically its growth from R$ 1,153 billion to R$ 1,391 billion, occurred with R$ 105 million at the CCEE, the average sales price increased R$ 66 million, sales volume R$ 57 million and other values R$ 10 million, resulting in this growth of 20%.

Ebitda is a consequence of revenue. In reality, we only separated CCEE growth; revenue of R$ 82 million and other operations that encompass the higher sales price, the greatest volume was R$ 77 million. We went from R$ 712 million to R$ 871 million.

And the net profits also went from R$ 327 million, grew R$ 54 million in the CCEE, plus R$ 52 million from operations and the financial result is a little

TRACTEBEL ENERGIA S.A. Rua Paschoal Apóstolo Pítsica, 5064 - CEP 88025-255
Florianópolis - Santa Catarina - Brasil
Fone/Phone: +55 (48) 3221-7221 - Fax: +55 (48) 3221-7166 - www.tractebelenergia.com.br - ri@tractebelenergia.com.br

smaller than for the other quarter, giving a net profit of R$ 425 million in the first quarter.

In relation to indebtedness, on slide 26, it remains low in comparison to our Ebitda (1.5x the Ebitda for the past twelve months), 6% in foreign currency and our generation of cash could be around 0.74 of our operations with our debt. Removing the sum in cash on March 31, our net debt is R$ 2,815 million. Reinforcing, total debt over average Ebitda for twelve months is 1.1x and it is a very low sum if you consider this a covenant.

Debt evolution, we went from R$ 2.3 billion, payment of dividends/interest on shareholders' equity of R$ 573 million, payment of income taxes in the first quarter which we always pay in January, R$ 401 million, working capital change of R$ 155 million, investments of R$ 142 million (basically the rest of Estreito and the wind power project), net accrued interest from revenue and from cash of R$ 54 million and the rest are small sums plus our operational cash, let's say, from the result of our energy sales, elevating our debt to R$ 2.8 billion.

Well, the composition of debt remains the same; you are probably tired of seeing that. It is basically in domestic currency and at the cost of LTIR at 72% (LTIR + spread) and the maturation profile is quite comfortable for Tractebel, in terms of payments, totaling R$ 400 million, R$ 467 million in 2013 and another R$ 630 million in 2014, and we are probably going to have high debt in the near future, with some acquisition.

In the investment area, we are on slide 29, for 2013, we have estimated to continue investing these R$ 153 million, basically in wind power (Trairi Complex) and the R$ 543 million are R$ 237 million in O&M (Maintenance), R$ 66 million for Estreito, R$ 218 million is our equity in Trairi and R$ 20 million Campo Largo, the acquisition of these projects in Bahia. That is for 2013.

For 2014, we have shifted R$ 511 million, which we had retained for Jirau's transfer, since Jirau's transfer should only occur in 2014. That is a reserve, let's say, and the rest excluding the R$ 17 million for Estreito, these R$ 238 million of our equity, is for O&M (Maintenance) operations.

In relation to the dividend policy, we have already shown that for the 2012 result. We have paid R$ 2.37/ share, a 100% payout for the dividend yield that stayed at 7.1%. Remembering that on May 14, we are going to start payment of interest on shareholders' equity related to 2012, a total of R$ 276 million, or R$ 0.423/ share.

TRACTEBEL ENERGIA S.A. Rua Paschoal Apóstolo Pítsica, 5064 - CEP 88025-255
Florianópolis - Santa Catarina - Brasil
Fone/Phone: +55 (48) 3221-7221 - Fax: +55 (48) 3221-7166 - www.tractebelenergia.com.br - ri@tractebelenergia.com.br

With that, I conclude my presentation and put myself at your disposal for any questions.

TRACTEBEL ENERGIA S.A. Rua Paschoal Apóstolo Pítsica, 5064 - CEP 88025-255
Florianópolis - Santa Catarina - Brasil
Fone/Phone: +55 (48) 3221-7221 - Fax: +55 (48) 3221-7166 - www.tractebelenergia.com.br - ri@tractebelenergia.com.br

Question and Answer Session

Operator: Ladies and gentlemen, we now begin the question and answers session. In order to ask a question, please dial star one, and to remove the question from the list, star two.

Our first question comes from Mr. Felipe Leal, Merrill Lynch.

Mr. Felipe Leal: Good morning everyone. I would like to know the company's perspective in relation to the matter of the apportionment of ESS (Electric System and Service Charges). Do you expect to have to incur that cost or is that a cost you expect to be passed on in regulated market contracts, or even in the free market contracts?

Mr. Manoel Zaroni Torres: First, we are convinced it is not owed, and that everything is being done to avoid increasing costs for the consumer and generators are footing the bill which they do not owe. But that is a regulatory decision and we will just try to protect against it, especially the delta spot price not being exposed, and certainly the cost, we are going to demand a price adjustment for energy sold, especially in regulated contracts.

Mr. Felipe: Right, thank you.

Operator: Excuse me, our next question comes from Mr. Vinícius Canheu, Credit Suisse.

Mr. Vinícius Canheu: Hi Zaroni, good morning to all. In relation to Felipe's question as well, you just commented that you intend to mainly protect against the delta spot price, but I would like to know if you have some estimate of how much that could cost monthly on the bases we see now from out-of-order-merit dispatches, how much this could represent, the allocation of ESS as well as the delta spot price for any given month that has already passed so we can have some idea of what the potential impact would be if it is not passed on or if this resolution effectively continues as it is today.

Mr. Manoel Zaroni Torres: It's like this: it is very difficult because, for example, this month of May they introduced the Super Car, which increases the spot price. So, since you are generating thermal plants at all the prices, when you increase the spot price you reduce the delta spot price, that is, it functions to the contrary because the cut-off point for whoever is going to undo it by merit, for whoever is being dispatched out-of-merit, changes.

TRACTEBEL ENERGIA S.A. Rua Paschoal Apóstolo Pítsica, 5064 - CEP 88025-255
Florianópolis - Santa Catarina - Brasil
Fone/Phone: +55 (48) 3221-7221 - Fax: +55 (48) 3221-7166 - www.tractebelenergia.com.br -
ri@tractebelenergia.com.br

You remember that the week before, the spot price was at R$ 128/MWh or something like that, or R$ 148/MWh, and the delta spot price was R$ 150/MWh. This week the spot price is at R$ 277/MWh, the delta spot price is at R$ 100/MWh. So you change the cut-off point. And it depends on exposure. Exposure is hard to evaluate mainly because this year it was done on a weekly basis so you even have exposure we did not foresee, which is the exposure at the end, beyond the end, and since thermal generates flat, when the load drops in the light load, for example, reduces hydraulic generation and your contract had a specific capacity factor and you are exposed and you don't even have how to protect yourself against that.

So, it is a series of arbitrations, let's say, that are causing considerable difficulty for us to protect ourselves against. But I can assure you that we have taken all the measures and we are going to try to protect ourselves to the maximum.

But there is one thing we cannot protect against: let's say if everyone, because since whoever sells receives spot price and whoever buys pays spot price + delta, the market adjusts itself rapidly. The tendency in the end is for the revenue from delta spot price payment to become zero or close to that, it won't become zero because there are the distributors, but at the generator they will be very low, and so that will go to a general apportionment.

In the general apportionment, you imagine that Tractebel has 7% of the market, half is the load and half is the generator, that's 3.5% and 3.5% in a bill of R$ 600 million, R$ 800 million, that is our part of the bill.

Mr. Vinicius: Very good.

Mr. Manoel Zaroni Torres: That's R$ 20 million, R$ 30 million per month.

Mr. Vinicius: Very good, thank you.

Operator: Reminding you that to ask questions just dial "star 1".

Excuse me, our next question comes from Mr. Vinícius Canheu, Credit Suisse.

Mr. Vinicius: So, taking the opportunity to ask another question, in relation to the scenario of reservoirs, hydrology, dispatching for the rest of the year – I also know it is not at all easy to have an idea of what can happen - but I would like to know if you could provide the scenario the company believes most probable for the rest of the year. We saw that, even due to allocation issues, the GSF was very low in January, but then in February and March, it was closer to 1 again. Thinking of the exposure the company will have for the CCEE over the year,

TRACTEBEL ENERGIA S.A. Rua Paschoal Apóstolo Pítsica, 5064 - CEP 88025-255
Florianópolis - Santa Catarina - Brasil
Fone/Phone: +55 (48) 3221-7221 - Fax: +55 (48) 3221-7166 - www.tractebelenergia.com.br -
ri@tractebelenergia.com.br

could you comment on GSF potential over the year given the allocations we have already seen?

Mr. Manoel Zaroni Torres: Vinícius, here is the thing; it is very difficult to say because of the following: you do not know how hydrology will behave; you make simulations, create scenarios, but you don't know. For example, last year at this time we were enjoying excellent hydrology; it was even great in August; spot price was low and then, all of a sudden it rose unexpectedly. So, we do not know.

We had a very sharp improvement in April, and now we are going through a bad period, but it is hard for us to know what is what because this month we had the introduction of Super CAR, which also contributed to price increases.

So, we think the tendency at the end of the year is for the spot price to fall, because we will have the plants, transmission lines at Madeira, the plants at Madeira starting operations that will contribute with more energy in the market, especially in the summer.

So, that is more or less our perspective, but I wouldn't like… You have thermal generation, all the thermal generation which has GSF is a very bad symptom; it is a symptom you are in a near pre-rationing situation because, sorry, when you have very high thermal generation and you have secondary energy, this is a bad situation because you are contributing towards emptying a reservoir that is in an improper situation. So, this should remain in this threshold in this period now, in our opinion.

Mr. Vinicius: Ok, thanks.

Operator: Excuse me, our next question comes from Ms. Carolina Carneiro, Santander.

Ms. Carolina Carneiro: Good morning everyone. I would like you to comment a little about the expected generation auctions this year; what is your expectation in terms of competition, companies appetite and whether you have any specific interest in the auctions that should take place, especially for thermal and reserve energy. That's it.

Mr. Manoel Zaroni Torres: Carolina, we are always interested in the auctions and I think we can go to better prices, making us more competitive. Reserve energy auctions, I have already mentioned, we acquired some wind power projects and we are certainly going to participate with these projects. If we are going to be successful or not will depend on price.

TRACTEBEL ENERGIA S.A. Rua Paschoal Apóstolo Pítsica, 5064 - CEP 88025-255
Florianópolis - Santa Catarina - Brasil
Fone/Phone: +55 (48) 3221-7221 - Fax: +55 (48) 3221-7166 - www.tractebelenergia.com.br - ri@tractebelenergia.com.br

Thermal for us, we are a big coal energy producer in the South and we expect to be able to participate in the next auction that comes along, I don't know if it will be feasible still this year, but we have experience, knowledge, the group has knowledge to participate in this auction and we have interest, because in reality, we are willing. We have a significant generation of cash and we have the instructions from the group to grow, to try and grow here in the country.

Ms. Carolina: Right, thank you.

Operator: Our next question comes from Mr. Felipe Leal, Merrill Lynch.

Mr. Felipe Leal: One more question, a follow-up, and take advantage of Elio's presence. Speaking of auctions for contracting the 27% of Jirau, are you interested in participating in the A-0 auction?

Mr. Elio: Look, at this moment, what we find fundamental, and what we are pursuing, is to reach commercial operations at the plant. We think it is a little premature to go around thinking about selling that energy, jumping ahead of ourselves, considering some possible adjustment in the timetable.

So, what we are focusing on nowadays is effectively to try and reach commercial operations. This should occur now in the second quarter. Everyone is working for that and logically the condition of the market is transient, helps a little, but we prefer to focus on the matter of the timetable.

And objectively, in relation to the auction, everything depends on price, depends on the condition and on the moment in which this auction occurs and on the price at which this auction is buying energy.

Mr. Felipe: Right, thank you.

Operator: Excuse me, our next question comes from Ms. Sandra Boente, HSBC.

Ms. Sandra Boente: Good morning everyone, thanks for the call and congratulations for the results. I had two questions, one also about the auction, if you are interested in buying any of the plants that will be leaving Cesp, especially Três Irmãos, or some that will be leaving Cesp or Cemig in the future.

And the other is what is your perspective regarding long-term prices? Especially in 2015, how do you view the contract market now, what is the demand in the contract market with free consumers? Are there parties interested in periods longer than one year? How do you see the longest term situation? Thank you.

TRACTEBEL ENERGIA S.A. Rua Paschoal Apóstolo Pítsica, 5064 - CEP 88025-255
Florianópolis - Santa Catarina - Brasil
Fone/Phone: +55 (48) 3221-7221 - Fax: +55 (48) 3221-7166 - www.tractebelenergia.com.br - ri@tractebelenergia.com.br

Mr. Manoel Zaroni Torres: Good morning Sandra. Something has already come out in the auctions of the plants that will sell quotas, but I think we are interested, I think we have a very efficient operation/maintenance, but that is another matter, you stop being a MWh production company, half commodity, half regulated, but you have a market, to be a service provider totally geared towards the regulation that is coming out on that; it is more restrictive than for the distributors and the transmission companies. So, I think it is still a little early. We are going to have to better evaluate whether to participate or not.

In relation to price for longer term contracts, that is very difficult. It is very affected psychologically by the spot price of the moment, but we need to look at the existing technologies, the sites that have it, what will be auctioned. We are working on something between R$ 115/MWh and R$ 130/MWh for 2015.

Ms. Sandra: Okay, R$ 115/MWh and R$ 120/MWh because one of the issues on that table there where you show the contracts and the average sales price, average purchase price, your average purchase price in 2015 is somewhere around R$ 137/MWh, which is still a little above your sales price.

So, do you think you will be able to change that situation into a positive spread for you? Do you think the prices will in reality remain at that level, sales price of R$ 115 R$ 120, could even have that negative spread it has today, or even greater?

Ms. Manoel Zaroni Torres: Sandra, sometimes, we are obliged to do that to comprise a longer term product. I just wanted to remind you that those R$ 136/MWh for purchase refer to 235 MW, whereas the sales price refers to 3,669 MW. So, in terms of volume, of the total, this difference is insignificant.

Ms. Sandra: Perfect, perfect, thank you.

Operator: Excuse me, our next question comes from Mr. Gabriel Laera, Itaú BBA.

Mr. Gabriel Laera: Hi Zaroni, hi everyone, thank you for this opportunity. I want to eliminate a quick doubt: I was checking the Chesf balance to get an idea of the ESBR consortium numbers – and I think it may even be better to direct it to Elio – and I raised we already have about R$ 13.7 billion in mobilized assets either formed or in formation, with a debt of around R$ 9.7 billion, R$ 9.1 billion, and an equity of around R$ 4.7 billion, and if we multiply that by 60%, in terms of equity, that is about R$ 2.8 billion. What are the alternatives for incorporating this asset taking into account that this bill of R$ 2.8 billion is a little high if we take a look at what we have in reserve, what would Tractebel have in reserve to pay for that?

TRACTEBEL ENERGIA S.A. Rua Paschoal Apóstolo Pítsica, 5064 - CEP 88025-255
Florianópolis - Santa Catarina - Brasil
Fone/Phone: +55 (48) 3221-7221 - Fax: +55 (48) 3221-7166 - www.tractebelenergia.com.br - ri@tractebelenergia.com.br

Mr. Elio Wolf: Look, let me try to understand the math, but the project itself, I mean, the cost of the project today until the end of the works is budgeted at R$ 16.3 billion; that is the cost at the end of the works. Of course, a great part of that investment has already been made and now it is a matter of finalizing the assembly, commissioning and all that.

But if we start with the R$ 16 billion and we imagine that 60% of that is the take that will effectively be at some moment – probably in 2014 – transferred to Tractebel and then we can make, exchange some ideas with Zaroni, but Tractebel has a very low leveraging level, there are some ways to make this transaction, which we are still considering.

So this could be by means of debt, by means of incorporation, there are countless alternatives for making this transaction So, I think that nowadays Tractebel has the needed flexibility to make a correct decision, in an effective manner for making this acquisition.

Mr. Manoel Zaroni Torres: Gabriel, let's say there is going to be an acquisition, a real acquisition. If you pay book value, for example, it would be the R$ 2.8 billion you calculated, R$ 2.8 billion plus R$ 6 billion, if I did that with debt it practically doubles mine, doesn't even double, my total debt / Ebitda ratio it will be about 2 and a little, that is, it doesn't affect my covenants for the debentures.

Mr. Gabriel: No, no, my doubt isn't about whether it affects the covenant, it is just how this actually fits the plans of possibly participating in new auctions, looking forward, or how perhaps, even thinking about IFRS 11, an incorporation with a third party entering into a project could make it more digestible from a balance perspective and from the perspective of the feasibility of new movements, new projects.

Mr. Manoel Zaroni Torres: You're right, all in due time. We will certainly give this the best possible solution to create value for Tractebel, do it with equity, with debt, do it, find a partner, we will find something.

Mr. Gabriel: Perfect and just one last doubt: of these R$ 4.7 billion of contributed capital, isn't there any other contribution on the horizon, will the rest truly come strictly from debt: BNDES, infrastructure debentures, something like that?

Mr. Elio Wolf I don't think so. I think it will still be a mix of debt and own capital.

Mr. Gabriel: Thank you.

TRACTEBEL ENERGIA S.A. Rua Paschoal Apóstolo Pítsica, 5064 - CEP 88025-255
Florianópolis - Santa Catarina - Brasil
Fone/Phone: +55 (48) 3221-7221 - Fax: +55 (48) 3221-7166 - www.tractebelenergia.com.br - ri@tractebelenergia.com.br

Operator: We now conclude our question and answers sessions. I would like to pass the floor over to Mr. Manoel Zaroni Torres for his final remarks. Please proceed, Mr. Zaroni.

Mr. Manoel Zaroni Torres: I would like to thank the participants, especially those who asked questions, because they give us the opportunity to explain some situations and make available, me personally, our IR personnel, Sattamini, Previtali, Rafael, for any question that may arise in the future.

And to manifest our concern about the direction the Brazilian electric sector, in the regulatory part, is taking in the sense of interference and changing the rules in the middle of the game. That is what I would have, thank you.

Operator: The Tractebel conference call is now over. Thank you for your participation, have a good afternoon and thank you for using Chorus Call.

TRACTEBEL ENERGIA S.A. Rua Paschoal Apóstolo Pítsica, 5064 - CEP 88025-255
Florianópolis - Santa Catarina - Brasil
Fone/Phone: +55 (48) 3221-7221 - Fax: +55 (48) 3221-7166 - www.tractebelenergia.com.br - ri@tractebelenergia.com.br