INTERNATIONAL CONFERENCE CALL
TRACTEBEL ENERGIA S.A.
SECOND QUARTER 2010 EARNINGS
AUGUST 16, 2010

Operator: Good morning. This is Tractebel Energia's teleconference. All participants are connected in listen-only mode and later on we are going to open the Q&A session when further instructions are going to be provided. Should you need the help of an operator during the conference call just press star zero (*0). We remind you that this conference call is being recorded.

I am going to turn it over now to Mr. Antonio Previtali, Investor Relations Manager for Tractebel.

Mr. Antonio Previtali (Tractebel): Good morning ladies and gentlemen, welcome to Tractebel Energia conference call, where we are going to discuss the results of 2Q10. This presentation as well as its slides is going to be webcasted at www.tractebelenergia.com.br, at the investor section. There you will also have a copy of the Company's earnings results.

Before proceeding I would like to clarify that any statements made during this teleconference relative to the Company's business outlooks should be treated as forward looking statements and depends on the country's economic situation, the performance of the electric sector and other variables, and therefore are subject to change.

With us is Mr. Eduardo Sattamini, Financial Director and Investor Relations Director and that will talk about the performance of the 2Q10, then we are going to have the Q&A session. Please Mr. Sattamini, you may go on.

Mr. Eduardo Sattamini (Tractebel): Good morning, everyone. Well, I am going to start talking about the highlights of the quarter and then Previtali is going to talk about our results, and then we are going to be open for questions and answers

So we are going to start with slide number 4, where we show the main financial and operational numbers. We had substantial increase in our net operating revenue, of 15.4%. Basically, we are talking about energy for resale and the new plants. Also, this result was impacted by the high flow in our plants, generating a high level of electric energy, which impacted in the settlement at Electric Energy Commercialization Chamber.

Also we had a non-recurrent event, an inversion of a court decision, the IN 468, that dealt with PIS Cofins in long-term contracts, and as a result, we had a growth in our EBITDA margin over net operating revenue, going from 63.1% to 64.4%.

As a negative point, we had a maintenance of high inflation indexes in the second quarter: we had the variation of 2.84% in IGPM in this quarter, which had a negative impact in our net expenses, mainly in the way that we account for our concessions, which had a negative impact, then, in our net income that grew only by 3.1%, but still a very good result.

As for energy sold, our average MW, we had an increase of 13.3%. Average price of energy contracts dropped by 0.4%, especially because of a short-term contract with commercialization companies, result of our strategy to maintain our reserve to support the flexibility of the existing contracts and face or cope with worse times.

Well, the main highlights were: we broke the instantaneous generation records, with a capacity factor of 93.1%, and 7,019 MW; in the end of May, we started operations at Ibituiva Bioenergética with 33 MW; we had an increase in our ratings, both by Standard & Poor's and Fitch, being a AA+ in both companies; we approved a dividend pay-out of R$ 286.1 million, which accounts for 55% of net income, keeping our promise, then, of maintaining a dividend pay-out at this level.

And it is important to highlight that the Company, together with its parent company, will hold a meeting with the investors and capital market professionals to disclose initiatives in its governance to be applied to related-parties transactions. This is going to be at Intercontinental Hotel, in São Paulo, on October 1st, 9:00 am.

So, Previtali, I am going to turn it over to you, and then we are going to be open for questions.

Mr. Previtali (Tractebel): Ok, moving on, we have, in page 5, our organization chart, basically, no changes as compared to what we showed in the previous quarter. Eventually, in the next quarters, we might have a rearrangement due to the alteration that is involving International Power and GDF SUEZ International. This new company that is to be called New International Power is going to be controlled by GDF SUEZ, about 70% share.

On page 6, we show the location and the main characteristics of our plants, the only change, compared to the slide we showed you in the previous quarter, was the inclusion of the Ibitiuva thermal plant. It was under construction and now it is up in operation, and then it is located in the light-green chart in the left. With that,

Tractebel has an installed capacity of 6.469 MW, through 21 plants operated by the Company, of which 82% in terms of capacity of generation associated to renewable energy. This capacity represents an expansion of 74% since 1998.

On page 7, we have on the left, a comparison of Tractebel and the main private players in energy generation in the country. We had a small adjustment in Tractebel that went from 6.4 GW to 6.5 GW. If we consider Girau and Estreito with more 2.2 GW of installed capacity, Tractebel should be 8.6 GW, not 8.7 GW as the sum would make us believe. This is just rounding the numbers.

On the right, we have the comparison not only with private players but also state-owned players. And again, Tractebel has a stake in terms of installed capacity in the market of 6.6%, nationwide.

Next, on page 8, also no major change in terms of client breakdown, not only in 2010 but also in 2011. I think the main message in this slide is that we are going to observe a reduction of the amount sold to free customers from 2010 to 2011, a consequent increase in free customers, and that, in our view, has a relation to the fact that free customers today feel more comfortable to contact, directly, generating companies, not feeling the need of the support that they have been finding in commercialization companies. I think the maturity of the market makes free customers to come to us directly more often.

Going on, on page 9, we do not have any major alteration in the sales breakdown to free customers. So that portion in orange that we saw on slide 8, for 2010, is broken down here on page 9. So we have a policy of dilute risks throughout the different industries in the economy, we continue with zero-level of default rates, so we again have very healthy results for the Company.

Ok, now we are going to talk about the energy market in Brazil. The first slide with information is on page 11. To the left, you can see the energy markets of Brazil as a whole, the vertical bars in blue show the difference between supply and demand and the orange line shows the average price of contracts signed under the regulated environment.

Brazil continues to have a supply volume not much different in terms of reserve volumes from what it has been showing most recently, which gives us the comfort that, at least until 2012, we are going to have no problems with supply and demand, taking into consideration the level of rainfall that we are going to have in the following years.

To the right, we updated this chart that shows supply distribution by source. So, we have in black a line that shows the country's demand, official demand, past and future, and the bases show the different offers that have, the different supplies. So, if we go back to 2002, 2001, let's start with 2002, because that

started with the rationing of energy, but basically, our demand was met with hydroelectric power plants, and as major hydroelectric power plants started operation and did not have the capacity of storage that was impasse with their capacity to provide energy, then we started to have a need for other sources of generation not to jeopardize the supply of the country.

And this is what we are going to be seeing from now on, a new supply based on electric power plants, yes, hydro power plants, but also other sources that will guarantee that we are going to have a reliable system. In 2010 is no different, we see the need of thermal power plants to help to cater to this demand.

Next block of our presentation has to do with the sales strategy, and on page 13, on the left hand side, we see the un-contracted energy of Tractebel Energia. Here we have very good news: the market was a bit restless in the last two or three quarters because of the fact that Tractebel had not been able to sell this energy, and in 2Q10, what Sattamini and myself and the area of investor relations had thought would be the case, that is the psychological effect of having short-term prices, which are higher, made free consumers negotiate, or be willing to negotiate, and also the demand and higher consumptions, especially in the industrial sector, until August, and this is not firm data, but consolidated until July, there was a two-digit growth relative to the same period of 2009, and this, of course, makes those who want to buy energy apprehensive. So the figures of Tractebel now show a reduction in the un-contracted energy.

In 2011, in 1Q10, we had 263 MW of un-contracted energy, which are now 171 MW that is 4.4%. In 2012, in 1Q10 we had 281 average MW, 7.2% of the capacity which was un-contracted, and now we have 189 MW that is 4.8% to be contracted.

For 2013, in 1Q10, 2010 we had 414 MW un-contracted, 10.6% of the total, which is now 284 MW on average that is 7.3%. For 2014, there was a more significant decline, from 269 average MW in 1Q10, to 641 MW now, and a reduction in relative terms of 22.5% in 1Q this year to 16.6% of the total of our availability now, and for 2015, a reduction from 1.054 MW in 1Q10 to 887 MW at the end of 2Q of this year, a reduction from 27.6% to 23.2%.

On the right hand side, this chart shows that it has been our practice to sell energy in gradual manner, trying to identify windows of opportunities, as we call them, when we see that consumers are more prone to acquiring energy.

On page 14, we have, with more detail, the availabilities and the position of the energy balance, as of June 30th.

Our own resources, the energy for sale from our own plants, with no change relative to the last position, purchase for resale, the energy we buy from third-

parties for resale, with no change relative to Q1. The first change is going to be found in bilateral sales, in 2011, there was a reduction by 92 MW because of the sales to free consumers, and this 92 MW are also the same volume sold for 2012; 130 MW were sold in Q2 for 2013; 228 MW were sold in Q2 for 2014; 130 MW were sold for 2013 and 167 MW were sold in Q2 for delivery in 2015. Therefore, we have the balance, that balance that I just mentioned in the previous slide, on slide 13.

In relation to the average sales price. There is a natural trend, in view of the updating of these prices, in time, and what we can say is that the sales made in Q2 were around R$125 per MW/h. It is important to stress that every negotiation has a different logic, the purchases have different interests, some need more flexibility, others need an upward strand in the prices, as others look for a flat curve, so this reference amount, this reference value has to be considered by you as something flexible in view of the characteristics of the delivery of this energy. Another issue in this negotiation is whether we have to carry out a diagnosis in the energy, looking for more efficiency in the consumption, if the contract includes a clause for renewal or not, and complying with our standards, the average term is more or less five years, five more or less one, in view of this flexibility that I commented before.

As regards the growth of Tractebel, on page 16, we have information about Estreito. There is a mistake here, we are saying that the approval of the operation was granted by ANEEL at the end of July, and we can now transfer the shares and call for the shareholders meeting in the 3Q10. Maybe the transfer yes, but the call for the general shareholders meeting is going to take place in the beginning of Q4, we believe this is going to take place in October this year.

We have a recent picture that shows that the construction is in a very advanced stage. And just to remind you, the share of the GDF SUEZ in this project, for 256 MW, was sold in October 2007, at the A-5 auction for a 30-year period, delivery as of October 2012, at a price as of June 30th of R$ 145.75 per MW/h.

Despite the obligation for delivering this energy to the pool of distributors, as of January 2012, we expect the plant to begin operating in 1Q2011. So anything that is generated in terms of energy until January 2012 is energy that can be sold to the free market, and 256 MW is also considered in our energy balance.

On page 17, we have information about Jirau, and unlike Estreito, the energy of Jirau is not included in our energy balance and the reason for that is that we need greater predictability on when the project is going to be transferred.

An estimate of today, based on our learning curve of other projects that were transferred so far, is that GDF SUEZ share, 50.1%, should be transferred to Tractebel by year end 2011, or beginning of 2012.

This photograph shows that concrete works are now on the way of the spillway, the installed capacity, considering 46 turbines of 3,450 MW, assured energy above 2,000 MW, this is the commercial capacity, and based on this, if we apply 50.1% we have the take of the GDF SUEZ group.

Mr. Eduardo Sattamini (Tractebel): Let us now talk about the financial performance of Tractebel. I am going to continue with the presentation. On slide 19, as you can see, we have been managing the portfolio very efficiently and we are creating more EBITDA and volume. But it is worth saying that, relative to 2Q09, we had a significant impact, good impact in terms of price and volume: the increase of the volume purchased for resale, which has an impact in our costs; an increase in affluence, which will also impact in our costs, as we have to pay higher royalties, when the volume of generation increases, so there is an improvement in the operating results, because of the higher revenue in the chamber of energy commercialization, and there was also more inflation and non-recurring events. I am going to speak about this in greater detail now.

On slide 20, growth of gross operating revenue. We had a 15.6% increase, in view of the energy we purchase for resale, which was R$ 88 million of the total of R$ 145 million we had in relation to 2Q09. Also the new plants started operating after 2Q09 and a small contribution for exports. We exported R$ 6 million in 2Q10 compared to R$ 5 million in the previous quarter. In the CCEE, we were net sellers, whereas in the previous quarter we had been net purchasers and this is going to have an impact in the EBITDA as you will be able to see in the next slide.

Sr. Antônio Previtali (Tractebel): I'm going to complement Sattamini's explanation. In the new plants, where we had the R$ 31 million additional in the gross operating revenue, we had 139 average MW, additional MW; in the CCEE in addition to MRE, there was also a very strong generation from Tractebel, hydro generation was 283% higher than the generation in 2Q09. For those of you who don't remember, 1Q09 was a time of drought in the southern region and under the CCEE, the system as a whole, Tractebel's generation was very strong but the hydro system industry as a whole was also very strong and there was a secondary generation of 18%, so there was an increasing revenue because of this secondary generation and just to remind you, this is liquidated at spot price, which was not very high, at R$ 41 per MW/h at the average of the quarter. And here, in sales volume and sales average price, we had increment of R$ 88 million relative to 2Q09 and the energy purchased for resale accounted for 300 average MW relative to 2Q09 and as regarding prices, there was an increasing average price for distributors and for free consumers alike. But the sales to trading companies, because of the reasons Sattamini explained, the trading companies, because of the sales for the closing of the month, which were at the spot price

with a margin, these gave rise to a financial impact so when we had the average price, there was a reduction by 0.4% relative to 2Q09.

Mr. Eduardo Sattamini (Tractebel): Moving to EBITDA and its changes, there was an impact from CCEE, as Previtali just explained, but the important thing is that we were net sellers in 2Q10 with a volume of approximately R$ 26.6 million of net sales in 2Q10 compared to purchases in 2Q09 of R$ 34.9 million; R$ 61.5 million in terms of purchases and sales, and this gives us a net R$ 59 million after the PIS and Cofins tax reduction as regard the generation of EBITDA in 2Q10, as a result of the operations and transactions in the CCEE.

We also had a favorable ruling in a law suit which allowed us to have another R$ 46 million; this was the reversal of expenses with PIS and Cofins taxes in the long term contracts. We had a reduction in the operations; part of the gains from operations will be reflected in the CCEE in the new power plants. So actually this R$ 26 million are rose from the business we had in the 2Q09 and the new plants contributed with R$ 15 million to the generation of EBITDA and we now have an EBITDA of R$ 621 million in 2Q10.

As regard to net income change, the impact of CCEE decreased from R$ 59 million to R$ 39 million. We had our financial result, a negative financial result of R$ 28 million, because of the exchange rate variation and the inflation. And it's important to say that the impact of non-recurring effects on the net income was R$ 41 million, coming from the favorable ruling we already mentioned, we lost another ruling which had to do with a waiver of interest and monetary updating in the social contribution on that net income; This was in 1998, this suit was reversed and there was also a loss in 2Q09 of R$ 24 million, which was a remuneration of bonds guaranteed by a loan. So the effect in the result of this quarter was R$ 17 million, but when we compare it to the effect of 2Q09, the effect is positive on R$ 41 million.

Sr. Antônio Previtali (Tractebel): Another additional comment under the non-recurring effects is that this loss of R$ 3.3 million from a lawsuit, this was not provisioned for, because Tractebel had been successful in courts, in lower courts, so we thought we were going to win this lawsuit, but this is a decision that is not subject to appeals anymore.

And now moving to page 23, we have some flashes of some financial drivers always showing the quarter today, twelve months before and the previous quarter. I think that what it's interesting is an increase of the EBITDA margin in 1 percentage point compared to the 2Q09 and also the first set of information which regards energy sold. I always like to remind you all, that energy sold is naturally an important driver but it is not fundamental, and why not? Because we account for as energy sold that energy that is extrude for a commercial agreement, a contract, and eventually Tractebel has some energy that was not

sold, but was sold at spot prices and it is not part in the concept that we use as energy sold. However this energy sold at the spot market can generate even a better price, so we have to be cautious when we access the result of a company that generates energy, based only on energy sold.

On page 24, I am going to talk a bit about our indebtedness. The Company's indebtedness continues very low, if you compare our total debt to EBITDA of the past quarter, four quarters. By the end of June this year, Tractebel had a ratio of 1.3 times; indebtedness in foreign currency continues also very low, in 7%; and we can see that out of a total debt of R$ 3,065 billion, the Company in the end of the second quarter had a cash equivalent of R$ 861 million, so a net debt of R$ 2.2 billion in the end of June.

On page 25, we show the graphic showing how our net debt changed from the 1Q10 to the end of 2Q10: reduction due to operational activities of R$ 360 million and increase of R$ 250 million in dividends and interest on capital; these are the main amounts that we can see here.

On page 26, on the top part of the slide, we have our schedule for the maturity of our loans. We have set adjustments to 2010. In the presentation of the first quarter of 2010, we were including the amounts for 2010, the amounts of the second quarter, and now at the end of the second quarter, we have only the debts associated to the 2H10. Also, the cost of debt: 93%, in Brazilian Reais, with a cost of 10.9%; 3% in Euros, at a cost of 4%; 4% in Dollars at an average cost of 4.9%. And in the lower part, we have the indebtedness composition: the local currency has a much higher weight and here we have the TJLP with 40%, long term interest rate, which is used by BNDES in its financing and infrastructure projects.

On page 27, we have no changes in relation to our expectation of Capex for 2010 and the following years. Naturally most of the Capex of 2010 is connect to the transfer in Estreito of this portion that is funded with that we have an amount that is close to R$ 1 billion, associated to our debts with Estreito, and as I mentioned, no major changes compared to 1Q10.

Going to page 28, we have our dividend policy, once again, according to our by-law minimum payout, we have a payout every year of 30% of payable net income but the management has a commitment to have a minimum payout of 55%. We already met this commitment in the first half of 2010, and we have scheduled payments of twice a year. At RCA we had last week, we approved the payout of R$ 286.1 million which is R$ 0.438 per share as for the payout of dividends. This is going to happen on October 15th, and the shares are going to become ex-dividends as of October 1st. Once again I would like to reassure that we paid 55% of the net income of the first half of 2010 which totaled R$ 520.2 million.

On page 29, we informed you that Tractebel together with GDF SUEZ is going to hold a meeting with Investors and capital market professionals to announce initiatives in its governance with regards to transactions involving related parties. The date is going to be October 1st, 2010, starting at 9 a.m., Brazilian time. The place is going to be the Intercontinental Hotel at Alameda Santos, São Paulo and if you cannot attend to the meeting in person, you can have access to it either through audio conference or webcast. Here on the slide you have the data to access the conference. We wanted to have the meeting in August; however, we had some difficulties to find availability in the agenda of key executives, due to the fact that this process requires the attendance of these professionals. And in addition, as you all know we are going to have an energy auction on the 25th and 26th of renewable sources. Tractebel has some projects, we are going to take part in the auction and then we thought it would be better to postpone this meeting with investors and capital market professionals a little.

Well, basically this is what we wanted to tell you, and now we are going to open for your questions. Thank you very much.

Q&A session

Mrs. Carolina Carneiro (Santander): Good morning, everyone. Congratulations on your results. My question is about the participation of the Company in the auction in the end of the month of renewable energy. We saw in your meeting at the board that you could participate with five projects in this auction, we would like to confirm this information and also to hear your expectations about the auction, now that you have information about ceiling prices and what is your expectation with regards to the amount that are going to be purchased or hired by the government in this auction.

Mr. Eduardo Sattamini (Tractebel): Ok, Carolina. Thanks for your question. We have been working on the projects we already had in the end of last year. What we did was to improve the efficiency of those projects and gain time to negotiate with suppliers. So today we are in a position that I believe is very competitive, although ceiling prices are low, we believe that we are going to be successful with some of our five projects. As for the quantity, well there are some doubts about the position of the government. In fact that are two auctions, we are going to participate in the renewable energy auction with wind power plants. But then there is the alternative energy auction too, which can change the quantities of both auctions. So, this brings some doubts about the amounts that the government is stimulating from each energy source, and that's why we cannot really precise our expectations in terms of amounts for these two auctions.

Mrs. Carolina Carneiro (Santander): Ok, thank you very much. Can I ask you just another question? You gave us lots of data related to the contract that you

recently close with bilateral purchases with an average price of about R$ 125 per MW/h. I would like you to tell us about your expectations of the free market as a whole, if you see that as an isolated move of different players or if in the second half you are going to have a market more heated as a whole, and if the price is right producible from now on.

Mr. Eduardo Sattamini (Tractebel): We have been feeling that there has been growing interests in the market. We always say there is a very important psychological factor. In fact, free consumers have a need for energy when they see prices in the short term grow, they are much more likely to buy energy and this is something that we believe is going to continue, I think that in this third quarter we are even going to sell more.

Mrs. Carolina Carneiro (Santander): Thank you very much.

Mr. Eduardo Sattamini (Tractebel): Well, that obviously will reflect on prices.

Mrs. Carolina Carneiro (Santander): Thank you very much.

Mr. Vinicius Canheu (Credit Suisse): Good morning, Sattamini, Previtali. Thanks for this call. I have two questions. The first has to do with this contract about terms and prices and for the new contracts, do you have a specific concentration in a sector of the economy or have you diversified among different industries? And my second question has to do with the A-5 auction, where the power of the three plants was sold, the group didn't even make a bid for the projects, for the plants if I'm not mistaken. If this is the case, can you give us more elements for being absent to this auction? Thank you.

Mr. Eduardo Sattamini (Tractebel): As regard to the first question, we have maintained the strategy: we have diversified among different industries in our portfolio. This is a risk management mechanism that we had in place; we don't want to concentrate risk in a specific industry. There was diversification in different industries. As regard to the second question, about A-5, GDF SUEZ didn't deposit any guarantee for the auctions. What we have been seen in these recent auctions is that there is a great appetite on the part of players for new contracts, new works, new plants with different drivers which are not the drivers that motivate private investors. We saw the auction of Belo Monte, with companies from the Government, with the engineering companies participating, and in the A-5 auction that took place in June the profile was about the same, the players were the same: state owned companies and construction companies. They are driven by different things there are not the same things that motivate private investors to invest in electricity. That's why we were absent.

Mr. Vinicius Canheu (Credit Suisse): Just for me to understand this last point better, so you have a doubt relative to the return that ceiling price would bring to

the group? Or did you think it was too competitive so it was better even not to deposit any guarantees?

Mr. Eduardo Sattamini (Tractebel): I think the first is the most likely scenario.

Mr. Vinicius Canheu (Credit Suisse): Thank you.

Mr. Sergio Tamashiro (Banco Safra): Good morning, Sattamini, Previtali, everyone. I'd like to know a bit more about your disclosure on the first of October now with the coming of the International Power, are you going to have the disclosure according to the policy of both companies? And also if International Power has the same policy of international investments. You always say that GDF is the one that makes investments throughout the world; it is first through GDF and then you have to transfer. Is that a policy for International Power, as well, or is there a possibility of change? And also, Previtali, you have mentioned that this is a joint disclosure of Tractebel and GDF, are you going to have members of International Power as well? And the second question is about the purchasing of energy in the long term. You said that the things are getting better but recently AES Tietê confirmed that it is no longer going to have the amendments of its energy complex with Eletropaulo. Has this decision affected the long time energy market because you have more room for operation, you have a surplus?

Mr. Antonio Previtali (Tractebel): Well, as for the first question about our meeting in October, International Power does not generate any impact, so we haven't had any change in direct or indirect control. In fact, GDF SUEZ created means between the control of GDF SUEZ Paris and GDF SUEZ Brazil. GDF SUEZ Latin America has the control of Tractebel and it is going to remain so. And GDF SUEZ International continues to be the parent company of Tractebel Energia. So we don't expect any change in the management and behavior of our parent company. So there is no impact of this operation on what is going to be announced on October 1st. Likewise, there might be executive from International Power in the meeting because they are members of GDF SUEZ International. So, I think that's the best answer I can give you. As for the decision of AES Tietê and the surplus in the market, I think that we have some structure surplus but that is not much more. The energy of AES Tietê is going to leave the captive market and it is going to the free market, perhaps, or even staying in the captive market, that depends on the decisions of AES Tietê itself. We factually haven't felt any increase of competition or a change in the competition scenario because of this. This is not something that we have been feeling in terms of changes of market due to AES Tietê's decision.

Mr. Eduardo Sattamini (Tractebel): Just to complement, Sergio, in 2016, and under the eyes of free consumers, if you use as basis our experience and our learning curve in Tractebel, it's a very remote period. So the making of decisions

for future purchases, generally does not take place so early, in terms of the likelihood of consumption for these consumers. This is not something that we really can identify as a trend especially a change of this eventual placement in the market of 1,300 MW.

Mr. Antonio Previtali (Tractebel): What we are saying is that the ones that are going to buy in 2016 are not going to decide to buy today. Just further on. AES will just start purchasing this energy in 2016. So today, this doesn't really impose any impact for the market.

Mr. Sergio Tamashiro (Banco Safra): Ok, I understood. Their energy, it is considered old energy, is that right? That is, it can only be used in the auctions of old energy, is that correct?

Mr. Eduardo Sattamini (Tractebel): Yes.

Mr. Sergio Tamashiro (Banco Safra): Ok, thank you very much.

Mr. Marco Severine (Itaú Securities): Good morning, Sattamini, Previtali. I would like to talk to you about the growth strategy. You have always invested heavily in hydro generation and in the last two year; you have invested in wind energy projects. My question has to do with this: in the last A-5 auction, we saw that the initial return of the project, without considering the competition, was between 12% and 13%. It was a leverage return, actual return, but when we see the competition and we see the discount, the return was below 10%. So my question has to do with this, in basis of this new scenario for returns, do you think it's aligned with the expectations of Tractebel and GDF? Or are these returns too low? And we shouldn't see this scenario hold that is Tractebel bidding in the next auctions. The second question has to do with other sources of energy. You have been investing heavily in wind energy, but apart from that, what can we expect in terms of growth? Do you have any plans for thermal in the south, in the southeast of the country, any additional projects, including biomass? I would like to understand this scenario. And the last question, on page 11, I saw your scenario for supply and demand of electricity and I want to understand the average GDP that you are considering. Is it 5%, 5.5%, 4%, 4.5%? How do you see that?

Mr. Eduardo Sattamini (Tractebel): As regards to Tractebel or GDF SUEZ bidding in new auctions, the decision is always made taking into account the creation of value for the shareholders. So when the minimum return is not achieved, whatever the source is, the decision is not to bid and distribute dividends. Of course if we cannot create value above the value expected by the shareholders we then distribute dividends and let them do as they please. It is a very simple answer, but it demonstrates the philosophy of the Company and its shareholders. Regarding other sources, we have wind energy and we have been looking at biomass, thermals as well, but always under the same philosophy. We

have to be ready to capture opportunities that add value for our shareholders; this is our philosophy. As regards to our projections for GDP growth, as Previtali said, this is the official demand curve. This is the demand we receive based on the monthly plan of operation and this is based on EPE and it is based on the same indicators. EPE is considering an average GDP growth in the next years of 5.5%.

Mr. Marco Severine (Itaú Securities): As regards the supply, you have 4,000 MW of wind or of fuel fire engines which are presentably the whole problems.

Mr. Eduardo Sattamini (Tractebel): Yes, this is the scenario considered by the ONS, the national system operator.

Mr. Marco Severine (Itaú Securities): Can we expect any review on the expectation of returns on the part of SUEZ? The macroeconomic scenario of the country has changed in the last few years, so the cost of capital has declined and can we then expect a reduction, I mean are you going to bid in the next auctions? Are you going to adjust the expectation of return?

Mr. Eduardo Sattamini (Tractebel): The expectation of return is always established in a technical way. When the risk rates, or market rates decline, obviously, the return rates declines too. It's a technical decision. So if there is a reduction in the cost of capital, we can capture that and use this also in the required rate of return.

Mr. Marcelo Britto (Citigroup): Good morning, Sattamini, Previtali. My question is a bit more conceptual. In your plan, you have a bottleneck of transmission, you have surplus and then you have a deficit to 2015 and most of energy is going to be not under contract. That is probably going to lead a spot price that is higher and more volatile. It seems to me, that higher spot prices are more interesting to you because you have a higher part of your generation being sold at the spot market. Can you confirm that?

Mr. Eduardo Sattamini (Tractebel): Well, Marcelo, although Tractebel's major hydroelectric plants are located in the south of Brazil, some of them has the right of having the allocation of energy in other markets. That was an item or a possibility that was given to us during the concession of projects and so what I can say is that we do have some flexibility on this regard. Now, it's true, there is an expectation of a more volatile spot price in the future and I think that the chart that we have, on page 11, on the right hand side enables us to get to this conclusion, especially as we move onto the second half of each one of the years. Then it's harder that spot prices are much more volatile in the rain period which generally takes places from December of one year to April of the next year. Tractebel really does not like risks, as you know, we're a player that really wants to have contracts with certain anticipation and we do not want to let a higher

volume of the Company to be settled at the spot market because of this volatility. It may happen if you have a spot of R$ 600 per MW/hour, it's very good; but it can be a problem in your financial result, if you have to settle at floor prices. One of the things that we are accessing at Tractebel with a possible volatility of the spot prices is to think if we are going to continue to sell 100% of the assured energy from our thermal electric power, because there are plants with higher prices and these plants have a lower possibility of dispatch. And when you have sold this energy but you haven't generated it, the Company has to buy this energy at the spot price. And following the whole introduction we made, we might have more volatile spot prices. So what can happen is that we can have a seasonalization of prices. Again, the hydropower plants of the Company will have to have an additional expertise to cover this portion of thermal electric energy that was not sold. But what I really think is that the Company's Management does not want to leave the total energy of Tractebel uncontracted.

Mr. Marcelo Britto (Citigroup): But the structural deficit of the south has to do with the un-contract of 2014, 2015?

Mr. Eduardo Sattamini (Tractebel): I'm not sure.

Mr. Marcelo Britto (Citigroup): Ok. Thank you.

Mr. Gustavo Gattass (BTG Pactual): Good morning, Previtali and Sattamini. I have two brief questions. The first one, I don't know if I'm being too picky here but you mentioned that you set a meeting for October 1st and then you also mentioned that the general shareholder's meeting is going to take place on Q4. You said the conditions of Estreito wouldn't change, but I would like to ask that that again, is there any chance that the conditions of transfer of Estreito could change? This is my first question. And the second question is just to follow up on the discussion about the additional contract for this quarter; this contract is linked to an index factor that is the inflation being passed on to this contract or is anything changing there?

Mr. Eduardo Sattamini (Tractebel): Thank you for your questions. As regard to the scheduling of the general shareholder's meeting and the transfer of Estreito of course there is relation there. We are going to hold the meeting with you on October 1st and our intention is to explain how the process will continue. It won't have any impact on Estreito; Estreito is a legal and perfect act, but there is a relation in terms of demonstrating the responsibility of the controlling shareholder in that, they want to address the concerns and this of course will have an impact on the shareholder's meeting. We don't want to leave investors without explanations before we bring Estreito to the general shareholders' meeting. So there is a relationship but no new element is going to be applied to Estreito, it is a legal and perfect act. And as regard to the inflation index attached contract, yes, they do have such a clause.

Mr. Gustavo Gatass (BTG Pactual): Thank you very much.

Mr. Antonio Previtali (Tractebel): Thank you all for participating Sattamini, myself and our Investor Relation department are entirely available to take any questions or concerns you might have. Thank you very much, have a nice day.

Operator: Tractebel Energia's conference call is now closed. We thank you all for participating and have a nice day. Thank you.