International Conference Call
Tractebel Energia
2nd Quarter 2012 Earnings Results
July 27, 2012

Operator: Good morning. This is Tractebel Energia conference call where we will discuss the earnings from 2Q12. All participants are connected only as listeners and later on we will open the Q&A session when the instructions for participation will be given. In case it is necessary to have the help from an operator during the teleconference just press star zero. We should remember that this teleconference is being recorded.

This presentation followed by slides will be simultaneously transmitted through the Internet through the website www.tractebelenergia.com.br investor relations section. A slide presentation of the company's earnings release is also available on the website.

Before proceeding I would like to clarify that all statements that may be given during this teleconference regarding the business outlook of the company should be treated as forecasts, depending on the country's macroeconomic conditions, on the performance and the regulation of the electric sector besides other variables and therefore they are likely to be changed.

With us we have Mr. Ricardo Tadeu Martins, Vice President of Apimec São Paulo; Mr. Eduardo Antonio Gori Sattamini, Finance and Investor Relations Director; Mr. Antonio Previtali Jr., Investor Relations Manager and Mr. Elio Wolff, Market Relations Manager of IPR GDF Suez Energy Latin America.

Now I will turn over to Mr. Martins. Please go ahead.

Mr. Ricardo Tadeu Martins: Good morning everyone. I would like to thank you all for your presence and participation of this meeting of Tractebel Energia S.A. and we feel much honored to have this teleconference.

I see that we have a wonderful audience: analysts and interested investors. So for those who are having contact with Tractebel for the first time I would like to highlight that Tractebel is part of the New Market and it is part of the corporate index.

In the head table we have the Financial Director and Relations with Investors Mr. Eduardo Sattamini and Investor Relations Manager Antonio Previtali and Market Relations Manager Mr. Elio Wolff. I would like to ask you all to put your phones in mute mode in order to avoid any interference in the presentation.

Now I would like to pass the floor to Mr. Sattamini so that he can begin his presentation.

Mr. Eduardo Antonio Gori Sattamini: Thank you, good morning everyone and it is very nice to talk to a full audience, it is a great pleasure to be here. We are going to talk about the earnings for 2Q12. For those who are listening us through the conference call we are going to begin on page 2. We have the net operating income 12.9% above the same quarter of 2011.

Some positive aspects in the short term operation at CCEE that have contributed with a good amount, we have an increase in the average price of 8.9%; we have a reduction in exports - in 2Q12 there was no exports on the part of Tractebel Energia, while in the same period of last year we had exported 56 million to Argentina and Uruguay increasing the income of that period.

We had a slight increase in the volumes less exports of 15 million. Now we are going to give you further details when we are going to evaluate the operating income.

As regards Ebitda it went up 7.5% impacted mostly by the same items that impacted the net operating income but with a smaller value due to the sales of energy bought for resale, and this increases our cost and will decrease the operating margin of the company represented by the Ebitda on the net revenue and this quarter was 56… against 68.2% in the same quarter last year.

Now talking about from Ebitda to net profit the main effect that was suffered in 2Q12 was the inflation. Just to give you an idea, we had 2.51% inflation according to IGPM against 0.7% in the same quarter last year. For the next semester our financial expenses… excuse me but we are having some interference in the transmission… and then they have suffered this inflationary impact thus increasing our expenses.

And we had a foreign exchange variation compared every quarter… last quarter we had a negative variation of 4% against the foreign exchange change of this quarter of 11%, that is a 15% difference between the two quarters and this will also impact the low inventory of foreign debt that we have - long-term debt inherited from the privatization era and it is the result of the 80s. So they are the so-called Brady bonds. So we still have some commitments towards the Treasury and the Treasury towards the international creditors.

As regards the contract of energy sold we had a slight reduction. If we take into account exports last year and if we disregard exports we had a slight increase of energy sold and a very curious element, and that is nice to remember, is that we had an energy production much lower than 2Q11 and 2Q12 we had 3029 MW average against 4468 in 2Q11.

The curious aspect is that there is no major correlation between production and earnings of the company because most of our energy we… comes through the energy allocation mechanism, the pool of the hydroelectric power. For example one produces on behalf of the other and there is a transfer rate which is very low and therefore our lower production was a poor water result with droughts and loss of production, it did not have a dramatic impact on the company precisely because we have this mechanism of exchanging energy among the hydroelectric power plants.

So just a warning signal: the presentation is on the website. We have not distributed to you here because we want to decrease the use of paper, because we used to hand out and they would end up in the garbage cans. But you can see it on the Internet and it is easy to access.

Yesterday we had a meeting of the board of directors and it is very hard for us in a short period of time to make available the presentation to all with a good quality. Sorry for the interruption.

Let us go back to our presentation on page 5 where we talk about the quarter highlights. The first highlight is that we had… six of the eight generating units came into commercial operation on May 29 at the Estreito HPP. With that we assured 6… 92.4 of assured energy. The seventh generating unit started its tests last week and it will come into commercial operation scheduled for the beginning of August, therefore next week.

We generated the first kilowatt hour coming from our breakwater prototype in the Pecém Port in the State of Ceará. This is a project conducted with the R&D program from Aneel and it enjoys a partnership of Coppe and UFRJ - it is the technological frontier that the company is pursuing. We are looking for new sources and the company is ready to profit from the opportunities that arrive with new technologies.

The third highlight is the approval by the Board of Directors of the distribution of 693.8 million, 100% of the payout, the adjusted income, as interim dividends. This result for the six months in 2012. The Board of Directors will define… the ex date is on August 13 and this represents R$ 1.06 per share within the company's policy of not retaining any unused cash.

People may ask us but the idea is that we said we would decrease dividends because of the Jirau issue; but as we have not started the process we will continue generating cash - the company is a cash generating company - and it would not make any sense to retain any cash at this point in time and not to pay out to our shareholders.

The fourth highlight was the upgrade of the company's rating by Fitch Ratings. The company starts being a AAA company in Brazil in the local scale and starts having a BBB pure on the international level, that is one grade above the investment grade, that is the company over the last few years is trying to adopt the best communication with the rating agency with a greater transparency and this has been recognized by these agencies and constantly we have been improving our risk rating vis-à-vis the rating agencies.

We have the Standard and Poor's Rating going to conduct an evaluation in September and our expectation is that the understanding of Standard and Poor's is that our company will merit the highest rating at the local level.

And the next highlight that in fact is an invitation to you gentlemen and ladies as regards our sustainability report, for the first time we are going to have a fully online report using views, info graphic resources and making the reading of a sustainability report that sometimes is boring but important to all of you to be more pleasant. So this is really an invitation to all of you to visit our website and to read our sustainability report.

Now moving to page 6 we have the control structure and the main change here is the acquisition by minority shareholders of minority interest that was held by International Power by GDF Suez that happened in the end of June. Now GDF Suez has an indirect interest in Tractebel that is higher, 78.7%... 68.7% in Tractebel Energia, which decreases a bit the paperwork determined by UKLA, which is the CVM in England. There are some requirements that are lowered in terms of information flow regarding that agency and the same organizational structure.

Now moving to page 7 talking about the new portfolio of the company, it is quite a balanced portfolio with a mix that is very similar to the national mix in terms of the share of the hydroelectric… hydro power plants, 81%, 17% thermal and 2% of complementary energy. This is a mix that protects the company from hydrology movements. When we have poor hydrology these thermal plants are coming to operation and that allows for an offset of variations in hydrology - and many analysts have found this interesting in the last quarter.

Here we also show our growth capacity and the rationale for growth is the following: our growth is based on opportunities and not for the sake of growing only. We seek a profitable growing… A profitable growth and when the market is profitable enough to make our projects feasible according to our criteria, when it is not met then we do not grow.

You can see that there are times in which the installed capacity of the company has remained the same and we resumed our growth when the profitability and return conditions were favorable in the market.

Now moving to slide 8 we have a leading positioning in the generation sector. We are the largest private company in the industry as a pure generating company and we are a major player in Brazil also being compared to state-owned, government-owned or mixed companies. And we are looking for opportunities of acquisition and consolidation in the marketplace, which requires a large period of negotiations - and sometimes do not work as recently.

On page 9 we talk about our portfolio of customers. We have a quite balanced portfolio between trading companies, distribution companies and free customers and the regulated market because we had a PPA of the contract of energy sale of Estreito power plant. The Estreito plant we believe that the total assured energy that is held by the company in the regulated market in the botox auctions.

It is also important to remember that we have a major focus on the free market because we understand that this is a market that will generate the best opportunities for sale and profitability in the existing energy.

On page 10 since there is… the company focuses on free customers we talk about our exposure in this market. We seek diversification in the various industries… segments of the industry and trade in order not to concentrate too much on one specific industry and therefore suffer the risks of that industry.

We have had a very low default rate. We have also had… have a credit policy that is quite strict in which we assess the credit and we are very strict when granting credit to customers and therefore we have a very low default rate - actually it is a zero rate. We never ended the year with a customer… a defaulting customer.

For example today there is default in the regulated market because of Celpa's judicial recovery process, but we are looking for an industry solution to ensure the stability of the industry. In our conversations with Aneel and the Ministry of… Energy we are looking for this negotiation so that we are not considered a bad debtor because we had the condition to sell to them.

When we enter an auction we never know who is going to be the final purchaser of that energy. At the end of the auction when we sold a certain amount of energy we have a number of companies and since we could not choose the risk we should not bear the default of these customers. And the government has been sensitized regarding that and I believe there is going to be an evolution of the regulations and we will have to find a solution for this case.

Now moving to page 12 we discuss the balance, the overall balance of the marketplace in terms of purchases and sales. On the left when compared to previous quarters we have witnessed a delay in projects and the energy surplus

is reducing, it reduced. In 2012 from last quarter to this quarter we had a reduction of 400 MW; for 2013 a reduction of 2000 MW from last quarter to this quarter and we have seen many delays and subsequent delays in the projects causing this excess energy not to take place.

There are two aspects about this; although today the market is not worse because the growth of the demand has been not as high as predicted because the industry is not growing so much, otherwise we would have had a shortage of energy in the marketplace.

Now moving to slide 14 a specific condition of Tractebel Energia's portfolio. On the left we see a chart of uncontracted energy. You may notice that the level of uncontracted energy is quite low; in the following years it starts to increase by a substantial amount; as of 2016 we have work to sell future energy contracts but the market is not here prepared for this.

And the market slowly starts to increase its prices and we have a better opportunity. Prices have increased from a bit higher than 100/MWh and we believe that the continuity of this process and the subsequent delays in the increase of the demand and the decrease in the theoretical surplus, all of that will cause the condition to change.

So our idea is to change energy when the opportunity windows for better prices arise. We continue our operations but trying to make the best at the best price moments.

On slide 15 we have the energy balance more in detail. Usually we do not discuss this in this conference call because this is much more an open tool for evaluation and modeling rather than for earnings release. We may answer any specific questions you may have regarding this but we do not discuss it in details.

Now let us move to slide 17 when we now talk about the growth projects and growth prospects for the company. The first project is Estreito. As I have said this is on a regular development according to the schedule. It is about to start, we are now finishing the construction of the plant in this year and the eighth unit is scheduled for the end of October. Of course the construction will not end because some reservoir constructions as well as our commitments to the community will continue to develop; but the major investment ends this year, 2012.

I would like to remind you that the energy was totally sold at the auction of 2007 to start to be provided in 2012. The updated price is 158/MWh… R$ 158.4/MWh. We are now reaching 2.4 with the sixth unit now in August 97.3…

And the next project that we have in the pipeline is Estreito project. It is currently being developed by GDF Suez and it is expected to be transferred to Tractebel within the asset transfer process which had its new governance defined in October 2010 and will go through the related parties committee with a specific governance and I will now ask Elio to talk about this project specifically.

Mr. Elio Wolff: Good morning everyone, thank you very much Sattamini. Once again I am going to talk about the update of the Estreito project. You know the capacity is 3750 MW, 50.1% owned by GDF. Assured energy 2185 MW and there is a remaining volume and we are waiting for the authorities to approve. I am going to talk about the volume later on.

Of this assured energy, 2185, 73% has been contracted. The first one starts in January 2013 and the second PPA in March 2014, 209 MW. The first PPA that is updated for June 88.4/MWh, the second PPA is R$ 106.5/MWh. Both are indexed to inflation, IPCA. The uncontracted energy there is not much new. As regards the uncontracted energy we are still working in that area.

Capex always bear in mind the last Capex we informed you in December 2011, 15.1, and we selected through the parametric and it went up to 15.2 in 2012 and 0.2 billion in relation to remedial actions as regards the event we had in March 2012.

Another important aspect is the obtention of carbon credits. It is always important to highlight that the CDM is in its final validation phase, which is one of the most important stages for the registration between the UNFCCC. After that we can trade the credits. We are working in this area to obtain the approval by the end of this year.

Now the commercial operation date anticipated… units early in 2013. The first one will be in January - this is our forecast - and in slide 19 we also show some possibilities. Some have been materialized to create added value. First I mentioned the additional assured energy of about 90 megawatts hour and this is being discussed but we are waiting for a definition.

Another important aspect is that the project can enjoy some tax benefit from SUDAM which will give us a discount in the income tax rate.

And the last point which is very important is the financing. Two important points: we have advanced discussions with BNDES to obtain an additional credit line that will be recently publicized and we hope it is confirmed.

And another important aspect of the discussion with BNDES it will adjust some parameters as regards the advancement of the project and will bring it to the current situation.

Another positive aspect, recently we had a reduction in the TJLP. In the case of Jirau this benefit is very specific: it went from 6 to 5.5%. The debt is 7.2 billion and a reduction of the long-term interest rate and the additional financing that we will obtain and we hope that this rate, you must have seen in the press, the long-term interest rate will be reduced even further, thus benefiting more projects.

Slide 21 we have some update in terms of pictures. Pictures of the spillway; the right and left margin… for those who are following up on the project you can see the quick progress of the construction works and it will enter into operation in January 2013. It is very important for it to move ahead fast so that we can follow the schedule.

On slide 21 at the top the powerhouse and in the bottom showing our commitment, the social and environmental commitments: the fish monitoring and the Nova Mutum Paraná, which was built by the Estreito project. 1600 homes were built and as you can see in the pictures we have supermarket, homes and an ice cream shop and we will organize a visit to the site shortly and you will be able to see how important are the electric power plants, important for the region and if you have the opportunity to visit the project it will be very interesting.

Now I will give the floor back to Mr. Sattamini.

Mr. Sattamini: Ok. Now let us talk about the projects that are being developed by Tractebel Energia. The next group of projects are the wind projects authorized by the company to be developed, more specifically for the sale in the free market. Out of the five projects that we have approved in the beginning of 2011 four of them are under construction. The four projects in Ceará, the Trairi Complex.

The Piauí project went through a more complex licensing process and the license was only granted on June 18, so it was separated from the others and so therefore Ceará will enter in operation in the first semester of 2013, according to schedule, while the Piauí project we are going to take… make an investment decision based on the opportunities.

We sold the energy of the four sites under construction to the free market and we are assessing the decision to continue with Piauí. It is ready to commence and can be directed to the free market or regulated market or a mix of both for free and regulated markets. We are considering the conditions within our business development area and the solution will be reached in the next few months.

Now we are going to move on to the financial performance. The first slide, 24, we show the history of earnings, of revenue, Ebitda and net profit. The idea is to show that we have sound earnings and they are very constant and this keeps

us… the company, this certainty to be able to continue with its organic growth. So this is the main purpose of the slide.

Slide 25 we talk more specifically about the elements that make up the net revenue from sales of 12.9%. There is a very important component of the short-term earnings at CCEE. We had a reasonable volume of secondary energy of the system as a whole, although in our quarter the lines suffered with the hydrology and that is what we mentioned about the energy reallocation mechanism. We have a high net income from sales and this… the spot price, the average spot price in 2Q12 was 164 if compared with the average PLD in 2Q11 of R$ 20 it was an eightfold increase in the price.

On the other hand we have the increase in expenses of MRE and the increase in the thermoelectric power. An important component was the increase in the average selling price as a result of inflation contributing with 75 million for the increase of the net operating revenue. We had the beginning of the Estreito PPA that contributed with 66 million in this quarter, within the plans. We had a reduction of the volume. If we disregard Estreito and the short-term operation we had a reduction of exports that did not take place as a result… in our company in 2Q12.

Now talking about the Ebitda the same components of the CCEE operations and a very interesting aspect: we had a reduction in our purchases at CCEE and therefore our Ebitda was greater than our income coming from CCEE from 101 to 107 of the net operating revenue for Ebitda. The Estreito generated 50 million more, in line with the margin of the hydroelectric project. The Ebitda margins between 50 and 70 we have 56 in Estreito.

And we had a negative contribution in the nonrecurring result. In 2Q11 we had the sale of the Seival project that generated 15 million of Ebitda for the company and when we compare quarter to quarter we did not have an operational sale of assets and so we had a reduction in the comparison between the quarters.

Exports we did not have any exports and in terms of operations 62 million is the effect when we exclude CCEE and Estreito we have a reduction in the company's operating margin.

Now going to the net income, in addition to the effects we have already mentioned we had monetary and foreign exchange variations. The foreign exchange variation was 15% between the two semesters and monetary of 1.8% impacting especially the inventory of concessions and debts payable.

Now moving on to slide 28 we talk about financial information. Comparing the quarters we usually do not encourage this comparison, because the quarters have variable results according to our allocation strategy. But in this case about

the financial drivers we had a reduction in the energy sold excluding exports; a price increase and a reduction in the margin as regards 2Q11 with an increase in the trading activity. But the data show the soundness of the company's financial results.

The slide 29 talking about the company's indebtedness. It follows today a decline. We can see that it is going down. The total indebtedness of the Company in 1Q 12 we had 3.6 billion and now we have 3.4 billion and we had the payment of the second issue of debentures in May and then we are reducing the total debt/Ebitda from… 2 million up to now, thus increasing… FFO total debt of 0.64 to 0.70.

And as we mentioned we are maintaining a part of our debt in foreign currency and due to the difficulty in hedging our long-term debt we had the option of not doing the hedging and this has an impact in the earnings; but in the long run it will be mitigated because a good deal of our income is indexed to IGPM and we have the wholesale price and they have some influence on the foreign exchange. Somehow in the long run we have a natural hedge of our contracts for this type of exposure.

So our net debt drops from 2.974 billion to 2.937 billion in 2Q, a reduction of 1.2% and we are going to see the slides on page 34 further details. Now when we look at net debt in the last quarter in this quarter we paid dividends in two installments, April and June, which referred to the additional dividends of 2011, 515 million; we had social contribution and net… and income paid and that is also used for part of our cash, income tax, investments and we have the monetary variance and what is important is the cash generation through operational activities of R$ 790 million, which shows the development of our net debt through the cash outflows and accounting components of 1.2.

Now looking at page 31 you may see that a great part of our debt, 44%, is in local currency, our functional currency and this is our goal: we try to avoid as much as possible to make debt in foreign currency not to have a mismatch between revenues and expenses.

And the cost is quite reduced and it has been reduced consistently because we have a great part of our debt by TJLP. We had a 6% reduction… from 6% to 5.5 in this rate, which causes a substantial impact. We have 2.4 billion in debts with BNDES and each 0.5% causes us to save a lot in interest, R$ 2 million.

TJLP is the priority that for the Group in terms of development and growth. We went from 71% to 75% from last quarter to this quarter and as these other debts we have have funded acquisitions or the equity of some projects get reduced, this amount becomes more and more important.

Moving to slide 32, on slide 32 there have been no major changes when compared to last quarter. The wind farms and the finishing of Estreito's construction and maintenance Capex - we have two major maintenances of two major plants that are included here, Salto Santiago e Salto Osório. Salto Santiago with an operational improvement that we consider an increase in the assured energy. So this slide that has been no major changes in it.

Now let us move to slide 33. I would like to remind you all of our dividend policy. We have a minimum payout according to the bylaws of 30% and we have a commitment to the market of a minimum of 55% of payout. We have been doing that since 2005. And we also have a commitment to the market not to retain cash if there is no specific use for it. This is the main reason for us to pay 100% or have 100% payout. We have not yet started the analysis of Jirau and this will take some time due to the complexity of the project process and that is our dividend policy.

Well, this was our presentation. We also have our attachments as usual and now we are open for your questions.

Q&A Session

Mr. Martins: Thank you very much Sattamini. I would also like to thank those attending over the web. I would like to make two important comments: this is the second meeting of Tractebel with Apimec São Paulo and we have a webcast on the earnings release now which is quite important for us.

In the second meeting I would like to say that the company has been following its commitment to Apimec São Paulo. They have been with us for eight consecutive years and in February it was awarded the award of attendance, good attendance. It is very important not only because the company is available through its board of executives and board of directors, but also we feel that the entire team and management truly reflects this dynamic condition of the company. It is very important we had a chance of meeting other analysts and have a closer interaction with the company.

I would like to highlight the attendance of Elio Wolff, the investor relations manager or rather the market relations manager of IPR GDF Suez. Thank you for your presence.

And now I would like to open the session for the Q&A session. Please ask your questions on the microphone since we have a webcast as well. Please raise your hand and Andrea will take the microphone to you.

Ms. Elaine Friedman, Plural Capital: Hello good morning, thank you for your presentation. I am Elaine Friedman from Plural Capital and I would like to ask

you the increment in the price for settlement of differences. We know that some of its… results from the dispatched energy and what are the areas that were dispatched and how was that beneficial to the company considering the short-long strategy? That is the first part of my question in terms of sales a location of energy.

Mr. Sattamini: Would you like us to answer the first part or you would like to ask the second part?

Ms. Friedman: Please answer the first part and then I will ask the second.

Mr. Sattamini: Ok. We have one thermal plant which operated the whole semester, which is the most efficient one with the lowest informed operations… operational cost.

The dispatched thermal plants… we had dispatch is higher than last quarter and all of them were dispatched: Jorge Lacerda A and B, which are the other two of the Jorge Lacerda and Charqueada. We had also some dispatches in the William Arjona thermal plant in Mato Grosso.

And your question how that impacts our income, well, that decreases our thermal plants exposure. When I am not dispatched I have to go to the market to purchase energy to replace this generation that was not… when I have a dispatch, when I am dispatched I do not have to go to the market to purchase energy.

Ms. Friedman: Ok and what are your expectations for the second half of the year regarding price and this movement in the market?

Mr. Sattamini: Well in terms of the dispatch since Jorge Lacerda has not dispatched we have some coal amount we have to use because of the contract we have with the coal mines in the south of the country and have a volume of coal in stock to be dispatched and therefore we probably will have… a thermoelectric dispatch quite high in the second half.

The PLD price for settlement of differences what do we expect for the second half? Well we just started it with a high level of this price and we expect this level to remain until the beginning of the following year and we will observe that up to October, November.

This is an expectation; if you look at what happened in June, Joan was a month in which the rainfall was 40% higher than the historical average of other months of June and that may happen. So we have this forecast methodology but some indicators that we use for a very short-term strategy… but this is not sure, 100%

sure. But we do expect it to continue high, above R$ 100/MWh for the major part of the second half of the year.

Ms. Friedman: And if it remains high this would increase the dispatch of parts of your thermals, right?

Mr. Sattamini: Well my thermal plants have a variable cost per unit above R$ 100, which will ensure that the dispatch for most part will be our flexibility that we have at the thermal plants as I have already told you and if it goes up beyond the variable unit cost informed to the operator unit and there are… we have a short-term operating procedure and so we dispatch sales due to energy reasons outside the merit order. Sometimes we are requested the dispatch and that happens frequently in the southern plants we have in the South, the plants we have in the South.

Mr. Felipe Leal, Bank of America Merrill Lynch: Good morning, I am Felipe Leal from Bank of America Merrill Lynch. I have two questions, first the transmission line for the projects you are building what are the prospects for Estreito and the wind farms in the Northeast?

And the second question is also about Estreito. How are the preparations of Tractebel to start the negotiation process with the holding company? There is related parties; is that being structured? I would like to know how that going is.

Mr. Sattamini: First I will answer the wind farms. This is a concern we have. These transmission lines are delayed, this is no news and what we have been doing and studying our alternative ways to try to avoid any problem in outflow of energy from our wind farms. We have worked to try to find solutions that would be a backup strategy for these plants.

And we are a bit better than other companies that have entered this market and that have no transmission. The government is paying more attention to the situation, it is now putting more pressure on the company's host distribution lines are delayed and this is the case of Estreito.

Mr. Wolff: Well in the case of Estreito we know that the expectation of the entrepreneur in the line is November 2012, end of November, and if we look at the Aneel reports we see the same date. The ONS is more conservative because of the commissioning, commissioning terms for energy. So all this information makes us believe that this transmission line will be operational when we start the operation of Estreito.

Another important point to remind is… to the shareholders is that the transmission lot or batch is subdivided. The 2300 line the shareholders of this batch are the shareholders of Estreito and Santo Antonio, Furnas e Eletrosul.

Mr. Sattamini: As for the related party committee this process has not been started yet. The project has not been taken to the board, which is the first step. There is a need to take a proposal, to submit a proposal to Tractebel's board of directors and the Board of Directors would create a related party committee to start working.

This has not happened yet. GDF Suez is about to submit that but I think they are waiting for some aspects to be better defined in the process and therefore this process will take long and be complex because there will be a lot of analysis and discussions to come to an understanding. So this is one of the reasons that we know that cash will not be necessary in the next three months. Because this transfer will happen in 2013, sometime in 2013 depending on how the works progress and depending on when the proposal is submitted to the board.

Mr. Wolff: Can I complement that? It is also important to highlight the risks. There is a few important things to happen in the second half of the year in terms of the efficiency of operations; the investments in the reservoir; additional funding; everything you asked about the transmission line. All these things are important, are important factors that must come to reality in the second half of the year so we can make the transfer in the way we have announced. You know, when the risks or the main risks of the project are really mitigated.

Mr. Sattamini: An important point that Elio mentioned is the idea of the model is to have a transfer… for the transfer to take place when the risks are mitigated. If that are uncertainties we must mitigate the risks before making the transfers.

Mr. XXX, Goldman Sachs: I am from Goldman Sachs, I have two quick questions: first regarding dividends for the second half of the year. We have a larger term for the transfer of Estreito for 2013, we could think of a growth for the second half?

Mr. Sattamini: Well that is a possibility. We have not yet defined that because the timing for Estreito is not defined; but that is a possibility. One certainty I have: it will be between 55% and 100%.

Mr. XXX: Second question if you could advance if any energy is being exported in 3Q.

Mr. Sattamini: We have started to export some energy through Garabi if I am not mistaken and this export process has been interrupted in the week before dispatch to the domestic market. We were exporting but the operator has asked us to enter our short-term operating procedure which I mentioned in the first question and therefore we were no longer allowed to export. And now we are dispatched to the local, the domestic market.

Mr. XXX: Third question: we were talking about an increase in the insured energy to 90 MW average that has been asked to Aneel. Can we assume that that could happen in the second half of this year or most likely later, after the commissioning?

And then as for the funding from BNDES is that being considered? Do you consider obtaining these additional funds from the bank or not?

Mr. Wolff: For the additional amount of assured energy of course would have been working to obtain quickly these 90 MW we always mentioned, but that depends on the regulatory agency. It a perception at the moment; but we believe that that will be defined in the medium term and up to the end of this year, beginning of next year. But of course that depends on the government authorities.

As for the funding, funding we have advanced discussions with BNDES and I think it will be quicker. And of course the additional energy is also part of the discussion with BNDES. Probably that will take place shortly, we do not believe that will go to 2013.

Mr. Sattamini: I would just like to check: we are not receiving… We have received some questions over the web. I think it is important to give a chance to those people who are attending on the webcast to participate.

Ms. XXX: We have a question from Gabriel Leara from BES Securities: dear sir's good morning. What is the expected schedule to start the study to transfer Estreito in ESBR Estreito project?

And what is Tractebel's perception on the impacts on energy pricing in the free market due to the canceling of Bertin's projects by Aneel?

Mr. Sattamini: First question I think that was somehow partly answered by several answers given. As Elio mentioned there are several stages that must be met by… several steps that must be met by GDF's special-purpose company in the second half that would give us more certainty as to the details of this project. We believe that once these issues have been sold GDF Suez will be more comfortable to make this transaction to Tractebel Energia.

So we believe that within the next three or four months we will have the beginning of the process in the board of directors and then the committee will be created and the consequence of that we will have to engage technical and financial advisors to give us the necessary support on that process. We will most likely have some market advisors to have a third-party opinion as to energy

prices. So there are several steps that will be met once the committee starts its operations.

As for the cancellation of Bertin project we have had... we have been frustrated several times because if the economy also suffers from the international crisis that will have no immediate impact; but as the economy starts growing again, when we hope that these stimuli given by the government to the economy will be successful shortly, as the reduction of interest rates, the reduction of charges on energy, and that will encourage the competitiveness of the domestic industry and increase consumption that will increase the demand for energy and therefore the market will be more under pressure to contract energy and maybe the net prices - net of taxes - will improve a bit and that will bring us positive results.

Before passing on to the second question from the Internet I would like to ask those who are connected through the telephone, they have to press star one.

And the second question that came from the Internet is from Mr. Andres XXX from Andres XXX Engineering: how do you see the renewal of the concessions as regards the free market?

What are the risks for the free market with the reduction of the prices for marketing, for trading for Tractebel?

Mr. Sattamini: Let us go by parts. We assume that the renewal of the concession was a decision made by the government. We do not know how it is going to be. Actually the government should look for some type of reduction and it will conducted on a case-by-case analysis and we are talking about 20% of the generation capacity with the renewal as of 2015, 2016, 2017.

Will this cause and effect? Yes; but we believe it will be a marginal effect. We cannot imagine that companies that were not prepared themselves and lost the concessions will have very depressed margins and will not be able to generate cash to make new investments and build new assets and that within 20 years they will not have the same problems they are having today.

So we imagine that the government will take measures seeking the reduction of the tariff; but the impact within the generation market will be reduced or mitigated.

As regards the other concessions we assume that there may be a greater reduction especially in the transmission area. When I talk about transmission 8% of the transmission, of the capacity of transmission of Brazil has its concessions in this spillway capacity as 2015, and they account for part of the tariff, but perhaps the government can take a more radical measure and perhaps with the same effect as the 20% of the generation area.

This may generate for the free market a benefit, because the transmission it influences all generating agents and distributors as well, whereas in the case of generation if you link this energy to the regulated market you are going to reach only the regulated customers. It may reflect on the free market due to the comparison option the free customer has of being on the free or on the regulated market.

Ms. XXX: I have another question from Mr. Marcelo from Oceana: the sale of a portion of energy from Estreito to the free market is it the prior condition for the transfer of the project to Tractebel?

Mr. Wolff: In fact if we… Until the end of the initial period of concession of the project 27% is an contracted and so it is a percentage that is a little higher in the beginning but as of 2016 it will change without counting on the additional contracted energy, and I will like to later on talking about that.

If there is a possibility of selling the 27% for 30 years certainly we are not going to have an amount to grow in terms of uncontracted. This is not a prior condition for the transfer. We assume it is going to be negotiated before the transfer as we feel more comfortable with the schedule and the energies sold. We will be far from thinking that 100% of the energy will be sold. It is not a prior, a precedent condition.

Mr. Sattamini: Along the lines of what Elio said, the contracts of energy with the free market usually last from four to six years. Recently they have been for shorter period due to the strategy of some buyers that bought in the short term to have lower prices.

So even if we had the seller's market when there is a lack of energy it would be very hard to sell long-term contracts. There will always be a risk exposure in terms of recontracting, contracting, which is a risk inherent to Tractebel and we are going through that. Tractebel has a percentage, a reasonable percentage in uncontracted energy and this is Tractebel's business and it knows how to do it. It is weighted in the return expected by the investors.

Elio has an additional comment.

Mr. Wolff: And if we see the amount of uncontracted energy in the long run are 300 MWh. Based on Tractebel's portfolio this is part of the business and activities and if we look at the timetable of uncontracted this is part of Tractebel's business and will be assimilated as other projects were also mainstreamed. We do not see much of a problem.

Ms. XXX: We would like to remind you, if you want to ask questions by phone press star one.

Márcio Brito from Jardim Botânico Investimentos: thank you Sattamini. In relation to Estreito how will it be at the end of the year devolution of the Capex and the total that contracted by Estreito?

Mr. Sattamini: Thank you for the question and I will pass on to Elio because GDF Suez is the one that is following up the project more closely. We say that at Tractebel we are going to begin the process. We obviously help and we somehow participate through the membership of Zaroni in the board of directors and we want the project to be successful, we have some participation but the day to day follow-up of the project is done by GDF Suez and we are going to be concerned with the project when it is proposed to us by the board of directors. I am not fully aware of the timetable and I will pass on to Elio to talk about that.

Mr. Wolff: As regards the Capex of the end of the year the Capex in June 2012 is 15.4 and this reflects the problems we had in March or any renegotiation we had with the builders. Obviously that is part has not been disbursed and we also accounted indexation until the end of the year, and the indexation depends on the evolution of the indicators. A good proxy of these parameters is the IGPM and it will all depend on how the IGPM will evolve until the end of the year and 2013.

Your question about the indebtedness, the project has 7.2 billion, the total cost is 15.4. If we see the ratio between debt and the cost it is a bit lagging behind and there is also the expansion, the additional financing that we are debating will come to contemplate the announced the expansion and also the increments resulting for the evolution of the indicators in the Capex, and this will be published as we obtain the final approval by BNDES - and obviously this will improve the ratio total cost and debt of the project.

Mr. Sattamini: When we said that we would also encourage the questions through the Internet it does not mean that the others should stop asking questions. But if you have no questions that is ok, too.

Ms. Elaine Friedman: Elaine Friedman from Plural again. I would like to talk a little bit about the wind projects. You mentioned that the intention is to sell this energy in the free market, but this year we have an expectation to have an auction in October. Do you have any intention to sell this energy in the October auction to have this mix between the free and captive markets?

Mr. Sattamini: Thank you Elaine. It is very nice to have an active participation by some members. Now you touched upon when we talked about the wind projects we have for complexes that are totally sold. They are sold for different periods between four and five years which are the contracts we have in the free market and some others are longer.

If the auctions take place and part of this energy in A-5, if we can find it as a new energy - I do not think we are going to succeed - and they will be part of this part of auction. But for sure the Piauí Porto das Barcas farm can be channeled to the regulated market in these auctions.

But what the problem we faced in the recent past we found players that have different motivations from the simple profitability of the project assuming high risks for the return that those prices that were being offered could bring.

So yes, we are going to consider that. If we do not have a direction to the free market of the fifth then the complex will be one of the options that we are going to use in the wind auctions. We also have other projects underway, we have negotiations with owners of complexes that we are considering establishing partnerships to expand our wind complex; but we will also be looking at the Piauí complex for the regulated market.

We can have a mix: we can sell part in the regulated market, parked in the free market, to have a mix finance by BNDES that is allowing us to deliver the market. We think that the expansion consumer market is a growing market. It has not been totally tapped; it requires more of a retail approach, they are small quantity and they require a faster sale structure, a more disseminated structure and we are looking at that closely.

Ok. So our presentation is coming to an end and I would like to thank Apimec for receiving us. It is always very positive to have a meeting with Apimec-SP and also to be able to talk about the webcast. In the year we had to stressing weeks when we did the Apimec rounds throughout Brazil and we decided to concentrate in the yearly earnings release all of these rounds and in the half yearly release to have something more concentrated and we selected Apimec to do that and to give the opportunity to people in other regions to be able to participate in the presentation and therefore I would like to thank Apimec for being our guinea pig in Brazil.

Mr. Martins: Thank you. On behalf of Apimec-SP and on behalf of our president Reginaldo I would like to thank for this opportunity not only to be here in the eighth consecutive year of meetings, but also to be the guinea pig as you said, to join all efforts to meet the interests of the interested parties, of investors and analysts, and also to be all here together taken advantage of the opportunity to interact with the board of directors of the company.

I would like to thank Previtali, Sattamini, for this opportunity as well as Elio and I hope to see you more regularly in our meetings. And I would like to remind you that we have some events scheduled for this year: in August we have the 22nd Apimec Conference where we have the topic of “Brazil in the long run and with a

very interesting participation of analysts and many topics will be debated for perfecting our market, our valuation models with several important topics. The conference will be between 30 and 31 August and I would like to count on your presence in this event.

I also would like to remind you of the form you have received. It is very important for you to give us your feedback since it is part of the recognition of the best meeting of companies that made available relevant information and transparent information to us.

Once again I would like to thank you all for your availability in terms of time, which lately is a very crucial aspect and now I will pass the floor to Sattamini so that he can make the closing remarks.

Mr. Sattamini: Once again I would like to thank you for your presence and also Ricardo and Reginaldo for the opportunity to be here with Apimec and the group of people who came here for our presentation. Have a nice day, thank you.

Operator: Tractebel's meeting is closed. We would like to thank you all for your participation and have a nice day.
