**International Conference Call**
**Tractebel Energia**
**3rd Quarter 2009 earnings Results**
**November 6, 2009**

**Operator:** Good morning. This is the conference call of Tractebel Energia. All participants are connected in a listen-only mode and later on we are going to have a Q&A session when we are going to give instructions for participation. If you need help of an operator during the conference call please press star zero (*0). You should be reminded that this conference call is being recorded.

Now I give the word to Mr. Rafael Bosio, Investor Relations Analyst of Tractebel Energia. Please Mr. Rafael, you may proceed.

**Mr. Rafael Bosio:** Good morning ladies and gentlemen. You are most welcome to Tractebel Energia conference call where we are going to discuss the earnings release of 3Q09.

This presentation with slides is going to be simultaneously broadcast over the Internet in the website www.tractebelenergia.com.br in the Investors section. There you can also have a copy of the earnings release of the Company.

Before proceeding I would like to clarify that any statements made during this conference call regarding business prospects of the Company should be regarded as forward-looking statements, depending on economic scenario of the Country, on the performance and regulations of the electric industry in addition to other variables and therefore they are subject to changes.

Here today in Florianópolis with us we have Mr. Antonio Previtali Jr., Investor Relations Manager. First Mr. Previtali will talk about Tractebel Energia's performance in 3Q09. Right afterwards he is going to answer any possible questions.

Now I give the floor to Mr. Antonio Previtali. Please you may proceed.

**Mr. Antonio Previtali:** Good morning everyone. Thank you very much for your interest in Tractebel Energia and for your participation in this conference call. Before anything, our President, Mr. Manoel Zaroni, could not participate in this conference call with you and so he asked me to apologize for his absence from this conference call.

Our presentation, as usual, is going to be based on the presentation - and I apologize for the redundancy – which you may find at the Company's website and on our investor relations website

We are going to start on page 4 of our presentation where we have the highlights of the 3Q09. The first bullet you have there talks about the operating efficiency. Because of the intense rains that we have had in Brazil especially in the South region of the Country in the past quarter, Tractebel has had conditions of setting its overall monthly record generation. We have generated 5,595 average MW of energy, especially in August.

As to this item I would like to make a few additional clarifications, but before that I am going to go through all bullets and then we are going to see more details further ahead as we see the corresponding slides.

The second bullet on slide number 4 is about the increase in the average net sales price that was 9% higher in relation to the same quarter last year. Gross revenues amounted to R$ 887 million. It was 4.3% higher year on year and the accrued revenue in the first three quarters has amounted to R$ 2,583 million.

The next bullet is about the EBITDA, which has reached R$ 573 million in this quarter and was 10% higher than 3Q08 and the accrued for the year amounts to R$ 1.569 million. We are going to explain during this presentation why we have had a 4% rise in net revenues for a 10% increase in EBITDA.

Net income, shown in the next bullet, has recorded R$ 286 million, a 25% increase year on year. The accrued net income totaled R$ 783 million. Here we have the opportunity of making a comment about the guidance that we have been giving since the beginning of the year when we said that in spite of the different strategies of seasonality - and that has different results during the quarter - our expectance not just in terms of profit, but also in terms of net income and EBITDA for 2009 is very similar to our results in 2008.

The accrued net income of these nine months is also very close to the year to date of 2008 and we are keeping our guidance. I think that by the end of 2009 we are going to get very close to our guidance. It is going to be very similar to the full results of 2008.

And lastly the fact that the Company announced the record of interest on shareholders' equity of R$ 194 million. .I want to reinforce the guidance of 55% for the whole year, although with this amount of R$ 194 million plus the dividends of R$ 348 million for 1H09, we will reach 69% payout for the first three quarters of 2009.

Now going back to the first bullet and then I am going to get the opportunity to provide a clarification that I find necessary. In spite of all the efforts that we have been making over the past years, there is still a share of the market that usually relates financial performance of Tractebel to its hydroelectric generation, so the hydrology of the period.

I would like to remind that the revenues of the Company come basically from sales contracts that it has signed or from PLD (spot price) when there is a part of our commercial capacity in case of hydro power plants that was not contracted. So this is regardless of the level of generation that is determined by ONS. In fact, the fact that we produce energy or not has a reflex on costs and usually in the case of hydro power plants this reflex is minor and I am going to try to explain to you why.

When a power plant generates power it needs to pay a financial compensation for the use of hydraulic resources - that is royalties – of about R$ 5.00/MWh; whereas if it does not generate power it has to pay a special fee for use which today is about R$ 8.00 for the hydroelectric generating agent that generated instead of the company that did not generate.

So although there is a large relative difference from R$ 8.00 to R$ 5.00 which is 60%, when you consider that the energy is being sold to consumers at R$ 110.00, R$ 120.00, R$ 130.00/MWh the impact of you generating or not is not really relevant. So I would like the market to remember better this concept

Although Tractebel had a weaker first quarter and hydrology was very weak in the South, where the largest power plants of Tractebel are, and the result in third quarter was much stronger and hydrology was also very favorable, this was just a coincidence. The driver for the result comes from seasonality, the fact that we allocated more energy on a given month than in others, because this energy leads us to short and long positions that are settled at PLD (spot price). Again, this does not have a significant impact along the year, but there are maybe considerable fluctuations on the results depending on the quarter.

I am going to give you an example about hydrology. We used to have a projection for the natural affluent energy which represents the amount of water in the reservoirs that will make it possible to generate electric power that was 148% in relation to the long-term average for the month of September in the southeast submarket. That is, we had an expectation of almost 50% more water in this month in the southeast. In September, however, we have had 181%. In the South numbers are even more impressive: although the storage capacity in the South is relatively smaller than the Southeast, the natural affluent energy projected for

September in the South was 105% of the long-term average; however, we have had 255%.

This makes the hydroelectric system to be at excellent conditions especially if we consider that we are about to start the rain season in the Southeast which really rules out the risk of a blackout, for 2010. Today the situation of the reservoirs is 70% of the maximum storage level, whereas we have a curve of aversion to risk of 30%. So we are at a very favorable situation.

In the Southeast the discrepancy is even higher. The curve of aversion to risk is 13% this month and our reservoirs have 95% of their total storage capacity. So the situation is very favorable for 2010 and I would like to close this slide asking those of you to reconsider if you do not yet understand the dissociation between hydroelectric production and the results of Tractebel.

And then moving on the presentation I think that we can go to page 8. Between pages 4 and 7 there have been no variations worthwhile mentioning in relation to the materials that have been distributed in the second quarter of 2009.

On page 8 you can see the sales breakdown of Tractebel. There has been a change, a small change in relation to the amounts that were announced in 2Q09. Especially for 2009 we have 25% of this volume sold to free customers, which is 1 p.p. smaller than the one we had last quarter. This percentage point was actually transferred to the trade companies which were responsible for 18% and currently corresponds to 19% of the volume sold.

And in 2010 there is also a slight adjustment. There has been an increase of 1 p.p. for free customers, in orange here, and the consequent reduction of 1 p.p. for distribution companies, the blue part of the chart.

So there has been a significant reduction in the sales for free customers from 2008 to 2009 (34% of the portfolio to 25% of the portfolio) that corresponds to a reduction of 26% sales for free customers. And this quarter we are confirming that trend that we had already been seeing since late last year, but mainly since the first quarter of this year in which, at least in terms of the free customer base of Tractebel Energia, half of this 26% reduction is due to a drop in consumption by customers. So having the same customer base we have seen a drop of about 12% to 13% in consumption.

The other half of this reduction relates to the beginning of supply of the contracts that we have signed with the pool of distributors totaling 874 average MW. So naturally we had to save, we had to direct parts of those contracts to free

consumers that were expiring along 2008 to this new reality. So we are having a larger share of our portfolio that is formed by distributors.

Moving to slide number 9, the data broken down among those 25% sold to distributors and how it is broken down by industries. We are very segmented to prevent any risk concentration.

Looking at EPE consolidated data up to September 2009 we see a gradual increase in consumption throughout the year. Considering the accumulated until September for the whole Brazil, the energy consumption was 2.4% lower than 2008, although in September most specifically this reduction amounts to only 0.7%.

If we look at the two main segments of the electric industry - the industrial that amounts for 40% of the consumption and the residential for 20% of consumption - we will see that year to date consolidated figures for residentials have increased 5.9%, whereas in September the increase was 7.6%, i.e., even the residential sector is having a better performance throughout 2009. Industrial consumption on the other hand has seen a 10.3% reduction accumulated for Brazil. In September that drop amounted to 6.1%. So also in the industrial sector we see a recovery.

When we look at the data for Southeast region of Brazil year to date the industrial customers had a reduction in consumption of 12.4%, the exact same figure as reduction for industrial consumers of Tractebel. So our portfolio of free customers seems to have a very close relationship with the industrial portfolio of the Southeast region as a whole.

Also regarding the industrial consumers of the Southeast that had a reduction of 12.4% year-to-date, in September this reduction amounted to 7% only. There is an expectation that until the end of this year this reduction of 12.4% in consumption will be closer to or similar to the figure found for 2008, especially for those who are expecting a higher consumption for Christmas in 2009.

From page 9 let us move on to page 11, where I would like to quickly comment on the changes that took place in the energy market in Brazil last quarter. On the left side these two blue bar graphs are showing the difference between demand and supply. There has been no major change when compared to what we presented in the second quarter of this year.

I would like to remind you that 75% of Brazil's installed capacity comes from hydroelectric power plants. It shows how important rainfall is. This importance is even higher on a daily basis when you consider that the historical average of Brazil is that 90% of consumption is supplied by hydroelectric power plants. In 2009,

given the exceptionally good rainfall, hydraulic generation has been accounting for 94% of consumption until September.

It is important to remember that the blue bars that show the difference between supply and demand, on the supply side it takes into account assured energy of the plants. This assured energy, which has a load factor of about 55% for Brazil, is strongly dependent on rainfall and this is why in 2001, although we have an excess of supply of 7 (thousand) average MW, after going through three very low rainfall summers we had rationing periods.

The message of this chart is the following: if the rainfall keeps to the average on the long-term, our expectation is good for the next years, especially for 2010; otherwise we must rely on other sources of energy, either renewable or thermoelectric.

On page 13 let us talk a bit about the behavior of Tractebel energy sales on the third quarter. On the left side of the page the dark blue bar chart shows non-contracted energy, the difference between the available energy and all the sales so far. On next page I will detail that a bit more when I'll comment that we did make some long term sales of energy on the third quarter, different from second quarter.

On the right side of the slide you see the yearend figures for the various years and the message is: as we advance in time the uncontracted energy for that year is gradually reduced. As an example, the energy to be contracted for 2012 at the end of 2006 we still had 38% to be contracted; by the end of 2007 that dropped to 17.9%; and at the end of 2008 that dropped to 9.2%. As you can see on the right, on September 30$^{th}$ it had been reduced even further to 8.5% of the total energy available.

Now moving on to slide 14, we have the main changes regarding the position of June 30$^{th}$ this year. We see a small reduction in purchases for resale from 24 MW to 2008, 29 MW for 2010 and 50 MW for 2011 basically due to a review of estimates regarding consumption behavior. Going down on the chart we can see there has been no reduction on sales in auctions conducted by the Government; but there have been changes on bilateral sales, basically sales to free consumers.

In 2009 the bilateral sales is showing a reduction of 58 average MW for 2009 as a result of the review of estimates of consumption for the industry; but Tractebel reduction of consumption for free consumers is pretty much aligned with the reduction we had projected a year ago, we said it was going to be 10% and it is 12%.

In the following years we also see for bilateral sales an increase of 14 MW for 2010; 126 MW for 2011; 128 MW for 2012; 130 MW for 2013 and another 123 MW for 2014, so on average 125 average MW for the years between 2011 and 2014. This situation is quite different from that we had in the second quarter; we see signs of a return of free consumers to purchase energy in the long run

Sales for these free consumers for 2011 on are about R$ 130/MWh and sales as of 2012 on have an average price of R$ 135/MWh. I would like to remind you that these prices include PIS/COFINS tax, but not ICMS tax, because ICMS varies from state to state. This allows us to see that the market is returning, free consumers need to contract more energy for the future needs as compared to their vision until the first half of this year.

I would like to remind you that these prices take into account only the energy that was effectively contracted; therefore this balance, the energy that still has not been sold, does not contaminate these prices, right?

Another comment I would like to make on this, some people still confuse a bit, the average price for the three years - 2009 to 2011 - are a bit higher than the sales price. I remind you that the average purchase price applies to a basis that goes from 350 to 600 average MW, as you can see above the table, whereas the average sales price goes from 3,600 until 4,000 average megawatts. That is the first thing I would like to comment on.

And the second comment is that in order to allow the sales of products on a 30-year term we had to make purchases years ago in order to be able to fulfill those long-term agreements. These agreements have considerably short terms, 3 to 4 years and within this 3 to 4 year period this average purchase price contaminates a bit this purchase average price. But I can assure you that for the following years of course this situation of having an average purchase price higher than average sales price, especially if we are talking about the same basis for the two accounts, it cannot be sustained.

Now let me talk about the growth. On page 16 we'll give an update on the Estreito Project. As expected, in the third quarter there has been a deviation of the Tocantins River. On page 16 we have a recent picture. If you compare it to the picture shown in the second quarter presentation you will see this is quite different. In the previous picture the river course was different, was closer to the structure here on the left of the picture. Today as you can see now the river course is going through the spillway.

Beside the spillway you will see a more arid area, which is the result of the placement of a cofferdam and in the center of the picture the place where we

started to build the dam. On the right side of the picture there is a structure that is the powerhouse of this plant that will house the eight turbines of the Estreito power plant. We confirm that this project will be transferred until the end of this year, and we expect it to occur in December .The schedule for construction is aligned with our expectations.

On slide 17; we are still talking about projects. We talk about the two smaller projects under construction: Andrade, a biomass plant with sugarcane bagasse that is being built in the interior of São Paulo State. Construction schedule is on schedule and we expect it to be in operation until May next year. On the right side we have SHP Areia Branca, which also is on schedule for construction, expected to be in operation until the end of this year.

Now let's talk about the financial performance. On page 19 we see graphs showing the evolution of net revenues, EBITDA and net income not only for the recent years but also as a comparison of the respective performances between the 3Q09 and 3Q08.

Starting with net revenues. Net revenues were 4.3% higher YoY. A bit ahead I will break down the gross operating revenue and not the net operating revenue for you to have a better idea, but I can anticipate that despite having gross operating revenue that increased 3.4%, the net operating revenue increased by 4.3%. This discrepancy is a result of the lower incidence of ICMS given the reduction of the weight of free customers in the portfolio.

When we sell energy to distribution and trading companies, prices include PIS/ COFINS taxes and when we sell energy to free customers, in addition to those taxes the prices also includes ICMS. Since we had a reduction in sales to free customers year on year, naturally ICMS has a lower weight in the deductions of the gross operating revenue.

On the same page we also see that despite having had an increase of 4.3% in the gross operating revenue, our EBITDA increased by 10.1%. This difference is based on the fact that we had a significant reduction in the purchase of energy for resale. We'll discuss this a bit further.

Still on the same page, although we had an increase of 10% in EBITDA, we had almost a 25% increase in net income explained by the reduction of financial expenses. All companies that had debt in foreign currency were favored by the exchange variance in debt.

On page 20 we are going to explain what happens in terms of the gross operating revenue, also year on year. In the lower part of the slide you are seeing a

breakdown of the drivers that lead to an increase in the gross operating revenues. The first one is the sales volume. Within the sales volume obviously I am excluding the effects of exports – there is a special item to the right - and new companies, the companies that were not part in third quarter of 2008 are now part of the consolidated data of the Company and this is also a special item. Once we exclude those in terms of sales volume, we have had a reduction of approximately R$ 2 million, which is something quite interesting if we consider that there has been a 94 average MW reduction in sales and there has been a corresponding reduction of only R$ 2.4 million. If you do the math this is more or less R$ 11/MWh.

So how did we get to a number that is so surprising? That's because in this reduction of 94 average MW there is a composition of an increase of 369 average MW to distributors at the average price of R$ 133/MWh and a reduction of 463 average MW sold to free customers at lower prices: R$ 112/MWh for free consumers and R$ 96/MWh for the trading companies. So this is the explanation why we have had a financial reduction that has been small if compared to the reduction in the energy volume.

The next item shows a reduction of 35 million in CCEE. This is an interesting fact that took place here, which is in CCEE in this quarter we were more "long", than in the 3Q08; however spot prices, which are the prices which settle the differences in CCEE, have had an atypical behavior on the 3Q09 and the average spot price was R$ 21, whereas in the 3Q08 was R$ 107/MWh - that is it is 5x smaller. So for these results to remain unchanged, we should have had a "long" exposure in CCEE that was 5x greater. Of course we did not have that much, but this is the explanation why we were more focused on the long-term and we have had a CCEE income that was R$ 35 million lower than the third quarter last year.

The next item on this slide is about a R$ 35 million increase in average sales price considering the same energy base on this case, which corresponds to an increase of approximately 8% in the price of contracts. The next item, R$ 36 million. These R$ 36 million increase in revenues are related to new companies, to the companies that started operating or that have been acquired after 3Q08 and this is São Salvador and the two wind power plants, Beberibe and Pedra do Sal.

The next item is the increase of about R$ 10 million in exports to Argentina and Uruguay. These exports have had an average price of R$ 192/MWh. And the two remaining items - both of them were reductions - the sale of carbon credits, we sold approximately R$ 10 million in 3Q08 and about R$ 2 million this quarter, generating a net negative number of R$ 8 million and other of R$ 3 million. This is how we explain the evolution of the gross operating revenues.

Still in this slide I would like to draw your attention to a comment that is interesting when we are talking about a new analysis further ahead. On the top of this line we break down the data showing the share of each one of the quarters in terms of the gross operating revenue of the whole year. So you can see that in 2009 the gross operating revenue for each one of the three quarters has had a quite similar behavior and the revenues have been quite similar quarter on quarter.

Now on slide 21 we are going to explain the evolution of EBITDA. The impacts of revenue have already been mentioned; so all we have to say here, to mention, is the impact on the expenses. The impact of the expenses is especially due to a reduction of the purchase of energy to be resold. So that activity that we always do of buying energy to resell we reduced it in 218 average MW on 3Q09 in relation to 3Q08. The cause for this reduction naturally has been the drop in sales to free customers. So if there was not so much market we did not have so much appetite or were not so interested in buying this type of energy in the market, although spot prices were low.

And also a 15% increase in the prices of purchase contracts. This might generate some surprise because in 3Q09 we have had spot prices that were considerably lower than spot prices in 3Q08 and you are all aware that there is a strong correlation of the average prices of short-term contracts and spot prices. What happens is that we bought energy a few years, as I mentioned a few minutes ago, so that we could sell longer-term products. So those purchases are not related to low spot prices we see now on this quarter

And I reinforce: the situation that we bought energy at a higher price than spot price has a limited impact because we bought this energy only for the first years of contracts that are good for 30 years. In this manner the contamination of the margin of marketing will not last very long and will not affect significantly Tractebel's performance.

Here I draw your attention to the top of the slide, to a behavior that is considerably different in terms of the share of quarterly EBITDA in relation to the total of the year. If for the gross operating revenue the EBITDA was very similar quarter on quarter, for EBITDA this is not true, because in EBITDA we already see that behavior of long and short exposure in CCEE, which naturally leads the quarterly EBITDA to have a more volatile behavior than when we were just assessing revenues.

On page 22 we'll comment on the other items to give a more overall explanation for the variations in the period. So once we have explained EBITDA we should mention in a more generic term the financial performance. So what happened in this quarter? There has been an improvement of R$ 45 million that was a result of

a drop of R$ 19 million in revenues and a R$ 64 million reduction in financial expenses.

As to revenues, the main causes that have led to this R$ 19 million drop were a reduction of R$ 9 million in the income of financial investments, and the explanation is that in 3Q09 we have had a smaller volume of funds invested as compared to 3Q08, and a second component for this drop in revenues is a R$ 9 million reduction in interest and in monetary variation of accounts receivable. The explanation is that some of the customers delayed paying their invoices. So Tractebel is not interested in having default customers, but some customers paid their bills late or they cannot pay their bills on the due date and this is what we are talking about. There has been a reduction in those average times for payment by customers.

Well, in terms of financial expenses we have had a R$ 64 million reduction and the breakdown of that reduction is the following: we have had an increase of R$ 16 million that has been the result of an increment of debt of the companies we have acquired or that started operating after 3Q08 and also the effect of the debentures that we issued in April this year. The debentures totaled R$ 600 million that were used to pay some mature bonds at that time.

The second item that explains the reduction in financial expenses was the reduction in expenses because of the gain of R$ 61 million in exchange variation in debt due to the appreciation of the Real against other currencies that compose the foreign currency debt. It is a small amount that varies from 9% to 10%. The intention is to reduce that percentage for the new contracts, all new debt be made in Reais, but despite not being a very significant amount, only 10%, it gave rise to a gain of R$ 61 million.

And finally a reduction of R$ 20 million on the expenses with monetary variation on debt regarding the smaller variation of IGP-M and IPCA on this quarter in relation to the same period of 2008. So this explains the significant increase of 25% in net income between the two quarters.

We continue our presentation on page 23. A few reminders regarding the quarterly financial drivers. In the driver on the top and on the left, we show the energy sold. I ask you to be very careful on interpreting energy sold because a larger amount of energy sold is not necessarily translated in greater income in the electric industry. I wouldn't even say in revenue, in EBITDA, because part of this remuneration comes via CCEE, which may create a debt.

The explanation is as follows: imagine that a generating company has a commercial capacity of 100 units of electric power. If he sells 70 he will receive 70

at a contract price and the 30 left will be received at PLD (spot price). If the PLD (spot price) exceeds the average sales price of that 70 units it will be a better deal not to sell anything and to be totally exposed on PLD (spot price). Of course that it is a very risky situation. We do not recommend anyone to follow that; but in terms of results analysis it is important to remember that.

On the top center graph we see that 8% increase in the average sales price of energy sold - that is net of exports. Export average prices are always very high and they can contaminate the result. We also reduce the PIS/COFINS and ICMS effect.

Also on this page the last thing I would like to emphasize regards the EBITDA margin. We had a considerable increase in our EBITDA margin for the third quarter this year when compared to 2008 of 4 p.p. Such increase reflects a reduction of energy purchased to resell. This trading activity has much lower margin than hydroelectric or thermoelectric energy sales. As we reduced these trading activities, it is natural that global margin has increased, which explains the increase in EBITDA margin.

On page 24 I would like to comment on the development of the indebtedness of the Company. The vertical bars show the total debt of Tractebel. You can see that at the end of 3Q09 only 9% of our debt was in foreign currency; the other 91% was in local currency. There has been an increase of R$ 472 million in our gross debt for September 30$^{th}$ 2009 when compared to the same data of the year before. On the net debt, we ended September 30$^{th}$ 2009 at R$ 2.610 billion and there has been an increase of R$ 840 million basically due to new financing, the debentures that were issued in this period.

Despite this increase in indebtedness the Company has a very low leverage, 1.5x leverage if we consider the total debt over EBITDA. If we consider the net debt this figure falls to 1.3x or 1.4x and it is important to mention that this graph does not include the issue of the R$ 400 million on debentures announced yesterday and it refers to the figures on September 30$^{th}$, 09.

After that I would like to invite you to take a look on slide 26 about the maturity for Tractebel's debt. Debentures issued and amounting to R$ 400 million that was announced yesterday approved at the Board meeting of yesterday is being carried out through a restricted offer. We were able to obtain a very competitive interest rate considering the current scenario, 110% base of CDI for a six year-term.

That would allow us to increase the debt profile and reduce its costs. You can notice that in 4Q09 and in 2010 we have approximately R$ 500 million in amortization and debt maturity. We were able to obtain those funds at very competitive rates which will allow us to reduce the debt services. For other periods

the condition is pretty normal. We continue with that large payment in 2011, R$ 938 million, which coincide with the maturity of the issuance that we did in April in the amount of R$ 600 million.

On page 27, we have the Capex for the Company for the next years and a comparison of this Capex with EBITDA and net income. There has been no significant change in comparison with the Capex announced on the second quarter this year. I would like to remind you that most of this Capex is associated to Estreito; besides that we have our maintenance Capex. We also have a balance for São Salvador; a bit left for Econergy assets: the two eolic power plants and the SHP Areia Branca and also for Andrade thermal power plant.

These figures do not include a potential premium in the purchase of the 40% that GDF Suez holds in the Estreito Project.

On page 28 of the presentation I would like to talk about dividends. The Board has approved the payment of R$ 194 million in interest on shareholders' equity. The share will be ex dividend on November 18th and we didn't define the payment date. With the payment of these R$ 194 million we will reach R$ 542 million paid or rather approved for the year of 2009.

If we divide these R$ 542 million for the adjusted accrued net income there would be a 69% payout ratio. I would like to emphasize again the plan to pay close to 55%, which is our guidance for the last months regarding the payout for 2009.

So that concludes the slide presentation and I would like to now open the session for questions and answers. Thank you very much.

## Q&A session

**Operator:** Excuse me, ladies and gentlemen we are now going to pass to our Q&A session. To ask a question please press the star one (*1). To remove your question from the line press star two (*2). You should be reminded that this conference call is exclusive for investors and market analysts. We ask that any possible questions from journalists be sent to Tractebel Energia's press relations services. We would ask you to respect a limit of two questions per person.

Our first question comes from Mr. Marcus Severine from Itaú Corretora.

**Mr. Marcus Severine:** Good morning Previtali. Good morning Rafael. First of all congratulations for your performance. I have two questions to ask you, the first one regards these contracts to purchase energy that you did some time ago and that had higher prices to fulfill longer-term contracts. When are these contracts

effectively going to mature or to be finalized so that we may expect an improvement in margins?

And the second question regards the assets that you already have some interest on. Is there any possibility of buying the power plants of Machadinho, of you buying the interest of other shareholders? Thank you.

**Mr. Previtali:** Good morning Marcus, thank you very much for your questions. These contracts that we purchased so as to allow the sale of 30-year products they are about three, four years. So the effect of it is already included in the disclosure presented on the balance of energy.

As to the purchase of stakes from other investors in Itá and Machadinho, we have nothing more consistent with that regard. The Company reaffirms that it is completely focused on growth and if there is any opportunity for acquisitions we are going to assess, we are going to evaluate them all.

We might choose not to do anyone, but so far there is nothing concrete in terms of buying assets from third parties, also because it is the wish of the Company to have the operational control of the power plants it already operates. So depending on the asset, if we have a minority interest, buying more minority interest might not be of our interest.

**Mr. Severine:** Thank you. Just one last question: in the chart on page 11 for the energy market you talk about offer and consumption. Which is the GDP you are considering there?

**Mr. Previtali:** About 3.5.

**Mr. Severine:** 3.5? Well, that is quite low. OK. Thank you.

**Mr. Previtali:** 3.5 considering an elasticity factor of 1.2x, which might lead to 4.2, 4.5 in terms of increase in demand.

**Mr. Severine:** OK. Thank you.

**Mr. Previtali:** You're welcome.

**Operator:** Excuse me. Our next question comes from Mrs. Maria Carolina Carneiro from Santander.

**Mrs. Maria Carolina Carneiro:** Good afternoon everyone. I would like to go back to your energy balance to ask which your prospects are for next year. You have

mentioned that there has been a reduction in consumption expenses and that is why there is a decrease in energy bought to be resold of about 25MW, in around 3 or 4 years.

And at the same time you have signed these long-term contracts in the free market and I believe - and please correct me if I am wrong - that the time should be about 10 years at price levels at about R$ 130, R$ 135. So my question is do you already have more demand from free consumers or have you been seeing an improvement in demand from free consumers in general?

In that case, if you are seeing this price as a reasonable price for us to have in mind as a balanced price for the sales in the future.

**Mr. Previtali:** Thank you very much Maria Carolina for your question. As to the reduction in our purchases for resale I remind you that the numbers that we have here sometimes they are just what we expect, they are just estimates; and in the case of purchases for resale there are some contracts that are associated to purchase options. So I have the right to review those amounts if I am not interested in buying the whole lot. So this is the first point that I would like to comment on.

In your question you also asked me to confirm the 10-year time for these sale operations for free consumers. On average what we have been seeing are terms of four to five years, sometimes six but not more than that. This is very rare.

As to the change in the perception of free customers I think that the fact that we did not sell practically no average megawatt in the second quarter this year, and if I'm not wrong, neither on the 1Q09, and we also sold about 120 average MW, maybe 130 average MW on third quarter to be delivered as of 2011, this naturally shows that there is more concern of free consumers for the behavior of prices from now on.

And I think there is also more awareness of free consumers that this price, this short-term price might not last very long and manufacturers focused on its core business will not want to go into a very complex business as it is electric power business and try to benefit from something on the spot market. We have many examples, at least almost 10 examples, that those who tried to trade in the spot market and they were very much hurt. So I think that they are more aware of that.

So the price of R$ 130 or R$135 seems to be a reality, after all we sold 120 MW, 130 MW at that level and this confirms our expectation that long-term prices are very strongly correlated to margin expansion costs. Have I answered everything?

**Mrs. Carneiro:** Yes, thank you very much.

**Mr. Previtali:** Thank you.

**Operator:** Excuse me. Our next question comes from Mr. Pedro Manfredini from JP Morgan.

**Mr. Pedro Manfredini:** Good afternoon Previtali and Rafael. My question regards Tractebel's contracts with CIEN. I just would like to understand better why did Tractebel wait this long to effectively file a suit to recover amounts and what you do expect to win with this lawsuit? What do you expect from this lawsuit?

**Mr. Previtali:** Thank you very much Manfredini for your question and if you allow me I am going to make a very brief introduction for those who do not know about this issue.

Tractebel signed a contract to buy energy from CIEN, 300 average MW, and this contract in fact was a spare contract, so Tractebel would pay a flat fee for the availability on the line of these 300 MW and if necessary, if the interconnected Brazilian system needed, then the energy would flow through these lines. In addition to the payment for the installed capacity, for renting the installed capacity we would also pay for the energy, so R$/MW.

In mid 2005, if I am not mistaken in May, ONS was suspicious of the supply capacity of that line, asked for a test and those 300 MW became 72 MW; so just overnight we were short in almost 230 MW and the results of the Company was very much impacted by that, because we had to buy that energy at spot prices and spot prices were unfavorable to us then. One year later ONS asked for another test to CIEN and then not even 72 MW were available anymore; those 72 MW became dust or nothing in mid 2006.

Now answering more specifically your question, I think that undoubtedly it is always more profitable to try to seek an amicable solution. We have had many attempts to solve the problem with CIEN along all these years and because of the delay or because they did not show very much interest to settle the issue, Tractebel had no other alternative but to file a lawsuit against CIEN. So how much do we expect to win with that lawsuit? This is a very difficult question to answer, because the way and the interpretation of the contract might lead to some questions. We could say that it is a considerable amount, but we prefer not to disclose our expectation in terms of those amounts. But it is a considerable amount.

**Mrs. Carneiro:** OK. Thank you very much.

**Mr. Previtali:** Thank you

**Operator:** Excuse me. Our next question comes from Mr. Felipe Leal from Merrill Lynch.

**Mr. Felipe Leal:** Good afternoon everyone. It is a question about thermal power plants; I saw that in the A-1 auction the availability of thermal power plants will be contracted. Do you see any opportunity to hire your thermal capacity or will your strategy not change now?

**Mr. Previtali:** We still do not have a position about this auction, Felipe. It is very new, very recent. I think our people are still assessing our participation.

**Mr. Leal:** So today your thermal capacity, is there anything related to old power contracts?

**Mr. Previtali:** When we sell energy through an auction for existing energy we are not related to the source, so in fact it is a mix, it is a combination there, maybe hydro-power plants and thermal power. So I cannot say much more about that.

Felipe, I am going to take the opportunity of your question to make a complementation, to complement Manfredini's question concerning CIEN. I answered his question in an incomplete manner. So at first that reduction of our energy availability from 300 MW to 72 MW caused a very strong impact in the Company's performance. We had to buy that energy at spot prices to honor our contracts. But this lack of availability continued to cause damage to Tractebel, because we had to keep on buying the energy in the market to comply with those contracts. At a certain moment we started not to consider that availability in our energy balance and we announced that to the market; but it certainly is still affecting our results.

**Operator:** Excuse me. Our next question comes from Mr. Sérgio Conti from Barclays.

**Mr. Sérgio Conti:** Good afternoon Previtali and Rafael. In the recent past we have seen companies with similar rating as Tractebel issuing debentures for two or three years in the market and as you mentioned Tractebel announced a restricted offering for six years, 110% of the CDI. I would like to understand a little better what are the main differences between a public offering and a restricted offering and what are the main advantages for Tractebel in making such option. Is it more related to costs, terms?

And my second question would still be regarding the offering, whether that placement will happen with related parties of Tractebel, i.e. with the controlling shareholder or to other if an open offering? Thank you.

**Mr. Previtali:** Thank you Sérgio. No, this offering is being conducted by Banco do Brasil and as you said in your question our goal is cost reduction and increasing of payment terms. The bank came to us, we believe that it was an attractive deal and we decided to make it. It is that simple.

**Mr. Conti:** Thank you very much.

**Mr. Previtali:** Thank you.

**Operator:** Our next question comes from Mr. Eduardo Figueiredo from Mauá Investimentos.

**Mr. Eduardo Figueiredo:** Good morning Previtali. I just would like to go back to CIEN; I would like to know whether there is any schedule. I know you had filed a suit recently; is there anything we can keep track on of this suit? Any timeframe?

**Mr. Previtali:** Thank you Eduardo for your question. No, unfortunately we cannot anticipate or provide any information right now. The speed of the solution will depend on our courts, process, you know? This is a variable we have no control over. As I said, we tried all amicable solutions and since we could not reach an agreement we had no other option but to file the suit; therefore we have no estimated timeframe to solve this issue.

**Mr. Figueiredo:** Thank you very much.

**Mr. Previtali:** Thank you.

**Operator:** Excuse me. Our next question comes from David Fajkarz from Raymond James.

**Mr. David Fajkarz:** Good afternoon. Previtali, I would like to know if you can comment on your view or of the Controlling Shareholder on the Belo Monte auction.

**Mr. Previtali:** Thank you for question David. Well, given the size of the project and naturally the enormous risk associated to construction, this is a typical project in which GDF Suez is a pioneer agent. They are able to advance the project, mitigate risks on every side until it becomes more palatable in terms of risks and therefore able to be transferred to Tractebel.

We still do not know exactly what GDF Suez is doing, neither regarding the consortium or their Capex expectations. I would say that we do not have better information than the market in general regarding the amount of the Capex within that range that varies from R$ 16 to R$ 30 billion.

But also based on a question I answered before I would say that given the focus on growth that we have now and that is supported by the Group we, as a group, are certainly looking more specifically at GDF Suez.

Of course Tractebel is involved; our technicians participate in the due diligence, we evaluate the assured energy as compared to the assured energy that is disclosed and we provide all technical support to GDF Suez. After all, we are the operating branch of them in Brazil.

But now we cannot answer the questions of the market that is anxious to know about the consortium, the Capex, the anticipated construction. There are too many open variables right now. It would be very premature on our part to make any comments right now.

**Mr. Fajkarz:** Thank you.

**Mr. Previtali:** Thank you.

**Operator:** Excuse me. Our next question comes from Pedro Medeiros from BTG Pactual.

**Mr. Pedro Medeiros:** Good afternoon Previtali. I have a very quick question: just to understand this movement, if we look at 2011 it seems that there would be an increase in contracted energy as compared to the data reported in the second quarter; but as compared to your average sales price it seems like these new contracts came at a lower price, R$ 104/MWh. So please tell us what happened to this contract. Is there any specificity in it that we are not considering? I would like to understand why the price is a bit lower.

**Mr. Previtali:** Thank you Pedro. Just a second, I will take a look on our table for second quarter of this year. Yes, it is a slightly lower.

Pedro, I cannot tell you for sure but I think it is possible that there is a group of contracts in which the customer decides not to pay a flat price adjusted according to IGPM rate. There is a group of contracts in which we provide for a gradual increase in prices always with some index of adjustment. Maybe this explains this slight reduction when compared to the figures we had.

**Mr. Medeiros:** Thank you.

**Operator:** Excuse me. Our next question comes from Mrs. Mariana Coelho from Itaú Corretora.

**Ms. Mariana Coelho:** Good afternoon everyone, Previtali, Rafael. I would just like a follow up on Estreito Project, whether your timing expectations remain for this year or if there have been any changes.

**Mr. Previtali:** Yes Mariana, our expectation continues and the transfer is expected to happen until the end of this year.

**Ms. Coelho:** Thank you.

**Operator:** Excuse me. Again, if you want to ask a question please press star one (*1).

Excuse me. Our next question comes from Mr. Marcus Severine from Itaú Corretora.

**Mr. Severine:** Hi Previtali. I am going to take advantage that there are no further questions. In terms of your seasonalization strategy what can we expect for the fourth quarter? And 2010? Maybe a repetition of the same strategy that you had this year, short along first half and long in the second? That is basically my question.

**Mr. Previtali:** Thank you Severine for your question. As to the fourth quarter, four quarter is part of the strategy for the whole year of 2009. The strategy was defined in late 2008, so now there is nothing else for us to do.

So my answer is that the result of fourth quarter will enable Tractebel to have a net income in 2009 that is very similar to 2008. This leads us to believe that in terms of seasonality there will be no significant variation in relation to 3Q09.

And then, again, this will enable us to have a conversion of 2009 profit in relation to 2008 profit, although in this year the performance of the manufacturing industry was very much affected.

**Mr. Severine:** Not just that, but last year in first quarter you had an extraordinary gain in the spot market above R$ 500 and the spot price this year is R$ 21 on average, so it is really amazing your performance.

**Mr. Previtali:** Yes, and even our internal challenges are increasingly bigger because of that. So on a given year we obtain or we manage to find something through which we can add value to the Company and then on the following year the results will be compared to that favorable performance.So Tractebel's employees are driven by constant challenges.

You said something very interesting: even considering the weak performance of the manufacturing industry as a whole this year, our Company is going to be very close to last year's performance considering that in 2008 we had a huge gain with the seasonality strategy, which will not happen in 2009. So this shows Tractebel's capacity to identify opportunities that can add value to shareholders.

As to our seasonality strategy for 2010 it is still too early. The amount of information that those responsible for decision-making will still need to deal with is huge and as this decision is to be made in the last days of December or maybe even on the first days of January, historically this decision is always made on the last minute.

So I would like to take advantage of your question to say that the Company has prepared itself along 2008 in terms of buying energy to have a quite flexible, seasonable scheme in 2010, whatever it is if we will have a long position in first quarter or a long position on fourth quarter.

So this is also an interesting fact if you consider Tractebel's results. So we could have had a better result exclusively for 2009, but we have given up part of those gains because we had to buy energy in the market, and not resell it, so that we could have a greater flexibility in 2010. I think that this shows a huge differential of the Company in expertise that has led to such consistent results and that is placing the Company at a situation, a very comfortable position in terms of consumption in the Country.

**Mr. Severine:** Thank you very much Previtali.

**Operator:** Excuse me. Again, if you want to ask a question please press star one (*1).

We are now closing our Q&A session. We would like now to give the floor to Mr. Antonio Previtali. Please Mr. Previtali you may proceed.

**Mr. Previtali:** Well, first of all thank you all very much for your participation in our conference call. I think it has been a very productive. We could explain and answer many of your questions.

I would like to say that we are all available and our Investor Relations Department is available, Rafael Bosio is available to answer your questions, he is here with me on this call. Ana Sayuri Machado too, Mariana Puricelli too, we will all be delighted to answer your questions and to give you answers as soon as possible. Thank you all very much and see you soon.

**Operator:** Tractebel Energia's conference call is now ended. We thank you all for your participation, have a nice day and thank you very much.

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