Local Conference Call

Tractebel Energia

Results for the Fourth Quarter and Year 2014

March 31, 2015

Operator:
Good morning! This is the conference call of Tractebel Energia, which will discuss the results for the fourth quarter of 2014. All participants are connected only as listeners, and the session of questions and answers will be opened later, when you will receive instructions for participation. If you need the help of an operator during the conference call, please dial *0 (star zero). As a reminder, this conference call is being recorded. This presentation is accompanied by slides and will be simultaneously broadcast over the Internet through the website www.tractebelenergia.com.br in the Investor section. In it, you can also obtain a copy of the company's presentation and earnings release. Before proceeding, I would like to clarify that any statements that may be made during this conference call regarding the prospects of the company's business should be treated as estimates, regardless of the country's economic situation, performance, and regulation of the electricity sector, as well as other variables, and are, therefore, subject to change.

We have with us today Mr. Eduardo Sattamini, Chief Financial and Investor Relations Officer of Tractebel Energia, who will be talking about Tractebel's performance in the fourth quarter of 2014, and Ms. Anamélia Medeiros, Market Relationship Manager of GDF Suez Energy Latin America, who will be giving an update on the implementation of the Jirau Hydropower Plant. Soon after reconsiderations, we will open the session of questions and answers. I pass the floor to Mr. Eduardo Sattamini. Please, Mr. Eduardo, you may begin**.**

Eduardo Sattamini – Chief Financial and Investor Relations Officer:
Good morning, everyone! First, I would like to apologize for the little delay. Technology tends to play tricks on us. The connection with the conference was lost and it took us a while to retrieve it. Let us proceed to slide 4, where we can see the company's financial highlights for the fourth quarter and the year 2014.

You can see that the recovery announced by us to occur in the 3rd and 4th quarter really took place and the company recovered most of its earnings. Our results by the 2nd quarter were roughly R$380 million reais and the company ended the year with R$1.383 million in net earnings. This shows the recovery and allocation strategy for the 2nd half, which maintaining the Difference Settlement Prices at high levels allowed the company to recover its results.

Let us talk about the revenues. Over the course of the year, they had a very high increase at 16.2%, particularly due to the increase in the Company's average price, at around 6.6%, there was also an increase of 186 avg. MW in the Company sales volume. Short-term market operations also contribute for a more aggressive seasoning, turning short or long in certain months, as it works as a trading company. It also leverages the Company's sales, sometimes allowing sales to grow more than other financial indicators, such as EBITDA and Net Profit.

EBITDA did not keep up this year and had a 4.8% reduction, in particular due to the situation regarding hydrology, in which we suffered from the GSF effect. The Global Scaling Factor is an indicator of the energy deficit. A score lower than 1 indicates that all power plants from MRE generated less than the sum of their commercial capacity. For that reason, we had last year a GSF rate of about 0.906, that is, a deficit of roughly 9.4%, which reflected the company's need to purchase energy to replenish its contracts. In other words, we did not have 9.4% of the Company's uncontracted energy and were required to purchase energy on the market at certain times to cover this position.

Our margin from 2013 to 2014 was also reduced due to this GSF and the high price paid to replenish this energy. It should be reminded that the PLD average last year was higher than R$650.00 MW/hour, which prompted a decrease in our margin from 54.6% in 2013 to 44.7% in 2014.

Net Income fell by 3.7%, from R$1.437 million to R$1.383 million in 2014. In terms of energy sold, we had a small increase of 186 average MW, from 4,046 average MW to 4,232 average MW in 2014. Net sales price grew by 6.6%, as we mentioned before, going from R$ 140.00 MW/hour to R$149.2 MW/hour. The company's production was well above that of the last year but is not necessary translated into revenue. We have a very good turnout levels, but the energy system, MRE as a whole, does not operate the same way. We are required to transfer energy according to the equalization rate. For that reason, we had greater production due to the South higher turnout levels in 2014 compared to 2013. That, however, does not necessarily mean results.

Slide 5 shows us more highlights for the year 2014. In the 4th quarter, in late November, the Company won Auction A-5, with 3 projects: the Pampa Sul project, the Campo Largo 1 project, and the Ferrari project. We sold a total 386.9 average MW of energy.

Also, we announced that Phase 1 of Campo Largo 1 was composed of 11 parks, 6 of which were sold in a regulated market through Auction A-5 and the remaining 5 had their construction commenced, being intended for the free market. Part of the energy from those parks is already being sold. For that reason, these projects will ensure a

12.7% growth in the Company's installed capacity, which shows that the company returned to grow through the auctions in the regulated market, showing that the price level will now be compatible with the risk and return levels required by the investor. It should be reminded that we were not successful in government auctions for a few years, particularly because the environment did not present attractive returns for this type of risk.

Another highlight from the 4th quarter of last year: for the tenth consecutive year, Tractebel's shares have been part of the ISE – the Corporate Sustainability Index of BM&FBovespa –, of which the company has been part since its inception in 2005. In December 2014, Standard & Poor's reiterated the company's Triple A rating, in the national scale, which shows that, despite the negative hydrological environment, the Company remains solid, with finances in order. In the Board of Directors meeting was approved the distribution of 55% of its payout for the year 2014, indicating an additional payment relating to the results for 2014 at R$172 million, implying R$ 0.2636 and plenty of decimals per share.

Let us proceed to slide 6. The structure of the Company suffered no changes. We remained a part of the Suez Group, our parent company, with a 68.71% interest on Tractebel Energia, and we are a part of the New Market. As was said before, we have been included in the ISE since its inception 10 years ago and returned to iBovespa in January 2014, having completed one year since our return in January 2015.

Slide 7 shows our portfolio composition, particularly based on hydropower, with a growth in complementary sources, which include wind farms, biomass, and small hydropower plant. A few states have been stagnant in terms of electricity, but this should change thanks to the opportunity presented by the Pampa Sul project, which should be named Miroel Wolowski in the future. We have a growth policy with financial discipline, which characterized moments during which we failed to grow in capacity. We did not make investments to earn market share. We made them to generate profitability for our shareholders.

Slide 8 shows our leadership among private generators. We are the largest private company in the electricity industry, with 5.7% of the current installed capacity. We are by far the largest player among private companies and intend to remain in this position. We have achieved growth of roughly 2.3 GW as you can see on the chart on the left side. This 2.3 GW is basically composed of Pampa, with 340 MW, Campo Largo with 327 MW, Santa Mônica with 97 MW, Ferrari with 15 MW, and Jirau with 1,500 MW. That is to say, Jirau is seen as a project with a potential to be acquired from the parent company, based on the transfer system you already familiar with.

Slide 9 shows the balanced portfolio on free customers and traders. We should note that the company sought to sell its existing energy from plants that had not been recently built and had access to the regulated market through auctions, in the free market. That is because the opportunity to sell in the regulated market always appeared immediately prior to the need to deliver energy, thereby generating an uncertainty about the Company's cash flow. The Company thus preferred a higher degree of predictability regarding it. For that reason, there was a continual search for early energy sales to the free market. With the recent change in the regulations, with the possibility of A-2 auctions, this ability to sell in the regulated market, with a little more predictability, is perhaps present. We do not know how this will operate from now, but there is the possibility, perhaps, of selling existing energy in the regulated market, provided that the price is competitive.

On slide 10, we address to the diversification of our free customer portfolio. The Company seeks a diversification among the various segments of the economy in order to avoid specific risks to a given sector and has, as I mentioned, a major emphasis on free customers. We have grown in this market – in 2014, we had approximately 1,900 average MW sold and this year, our sales portfolio for free customers is of roughly 2,100 aMW, 2,095 aMW, totaling a growth of approximately 200 aMW from 2014 to 2015.

On slide 12, we can make some comments on the market situation, where we can see is an increasing reliance on the thermal power sector. The chart on the right shows demand "cutting" supply in a much higher level, on the thermal power bar, in orange. This characteristic has been shown in the system since 2013, where we can identify that even with an inflow energy nearing 100% of the LTA (long term average), the system is not served solely by hydropower. A system almost fully served by hydropower plants would require a year with an extremely favorable hydrology. This evidently causes a pressure for higher energy prices and higher volatility in short-term prices. In terms of market balance, which is shown on the chart on left side of the slide, we can see that there is a theoretical structural leftover, which depends on the timeliness of the projects and also the inflow observed. This year, for example, there is a deficiency in delivery and we have consumed reservoirs over the past months.

Slide 14 specifically addresses the Company's position for the short and long term. The chart on the left side shows a position rather uncomfortable for 2015, but still slightly better than the previous quarter, with a 99 aMW of uncontracted energy. We can include in this portfolio the thermal power excess, as we have generated quite plenty of thermal power. Our thermal commercial capacity is lower than the marked capacity. It is always produced a slightly higher energy than the marked capacity which is also liquidated in the PLD. There is also the William Arjona plant, which is not included in

the energy balance due to the lack of definition regarding gas supply, which accounts for about 130 MW. This set, in a certain way, absorbs potential effects of the GSF that we may have, albeit not entirely. The year 2016 shows us in a slightly more comfortable position, with 397 aMW. In 2017, we begin to have larger quantities, characterizing the normality of our operations. We always have a growing energy volume for more distant years thanks to our trading characteristics. Our contracts are commercialized ranging between four, six years and, as they mature, we renew them, and this has to be carried out gradually. This allows us to capture price increases and account for abrupt price drops in given years. We are aware that there is a price cycle, which we believe can be amortized through this form of trading.

Slide 15 shows our energy balance which is made so that analysts may model the Company's figures for the future. Maybe the most important information here is the sale of energy from the new projects in an A-5 auction, supply beginning in 2019. Were included 295 MW for Pampa, 10 MW for Ferrari and 83 MW for Campo Largo, totaling 388 MW of energy sold. We also note that there is a sale activity. The Company keeps selling energy at compelling prices, selling about 50 MW in the last quarter alone.

As regards the expansion, which is shown on slide 17, I would like to ask Anamélia, who is here with us, to talk a little about Jirau, and I will return later to talk about Tractebel Energia's projects.

Anamélia Medeiros – Market Relationship Manager of GDF Suez Energy Latin America:
First of all, good morning, everyone! Thank you for being here. I would be giving an update on the Jirau project, as usual. It is a well-known project on the market, with 3,750 MW of installed capacity, 40% of which belong to GDF Suez. It has 50 units in total, with 75 MW each, and a total guaranteed energy of 2,185 aMW. Seventy-three percent of this guaranteed energy was contracted through long-term PPAs, indexed to inflation, and the leftover of the available energy was traded with the shareholders, namely, 60% for GDF Suez, 20% for Chesf, and 20% for Eletrosul. We still await the discussions, and the final decision regarding the exclusion of responsibility is a situation that has been extending for a few years. However, we are waiting and keep negotiating and presenting our proposals based on the new guidelines and the expert report.

The financing conditions for the project comprise R$ 9.5 billion from BNDES, CJLT interest rate plus spread, 20-year amortization, and spread between 2.1% and 2.6%.

Slide 18 gives us some good news. The project currently has 26 units in commercial operation, that is, 1,950 MW of installed capacity being injected into the system, plus two synchronized units, which are already connected to the system, thus increasing

this capacity to 2,100 MW. Another four units are in the testing phase, which shows that we are advancing a lot compared to the last income statement. We have included twelve additional units in the Plant, which allows us to announce that full commercial capacity will be reached by the 2nd quarter of 2015, with the startup of the 33rd unit. The plant, in general, has presented good operating performance, including at full capacity, with good operating flexibility at different flow rates. Currently, the 26 units are operating normally, dispatching and contributing a lot to the national interconnected system. Business obligations regarding the regulated market, arising from Auction A-5, were met in November 2014, and we currently have a physical progress exceeding 95%. The first phase of the left bank has been completed, and we have disclosed in the latest calls the options for creation of additional value, in addition to a review of hydraulic losses based on the new methodology, which may result in additional energy gains. There are other forms of compensation that may be discussed with ANEEL in due course, such as the upstream curve optimization. In addition, we have additional long-term tax incentives in the region, thus enabling the project.

As usual, on slide 19 I can show you a little of the physical progress of the work. As opposed to other times, we cannot see this progress very clearly, but we can see that the work is already well advanced. Here you can have a view of the right bank powerhouse, a downstream view in October 2014, and a downstream view in January 2015, with the cofferdam already flooded. Also, we can see that the left bank powerhouse, with a downstream view of the first and second phase. The first phase has been completed, with units in operation, and the second phase of the concrete placement already well advanced.

I give the floor to the director Mr. Sattamini so that he may talk about the expansion projects of Tractebel Energia.

Eduardo Sattamini – Chief Financial and Investor Relations Officer:
Let us proceed to slide 20, addressing the Pampa Sul project – the coal plant whose construction will be commencing this year, in the municipality of Candiota, Rio Grande do Sul. It will use coal from the reserve located in Candiota, to be provided through the postal system. We will be connecting it to the national interconnected system through already existing transmission lines and a short line under our responsibility to connect this line to the system. A total of 294.5 aMW was traded, in the amount of R$ 201.98 MW/hour, for a 25-year period starting on January 1. This will generated for the Company annual fixed revenue, as from 2019, of R$ 473.3 million. The work is expected to be completed in late 2018, and its commissioning for supply to the system is scheduled for 2019. It should be mentioned that this plant has 680 MW, with two phases, the first of which, with 340 MW, has been approved and sold. We also have

the possibility of providing another 340 MW for the system through new energy auctions in the future.

Page 21 shows the Campo Largo wind project. As we mentioned, part of the plants are intended for the regulated market and part for the free market. The regulated market portion comprises six parks, totaling 82.6 aMW, with energy sold at R$ 135.47 MW/hour and a total 20-year term, to be delivered as from January 2019. The complex is completed by another five parks with 148.5 MW of installed capacity and approximately 70 aMW. In the first phase of Campo Largo, a total of 326.7 MW will be installed, with 150 aMW. The six parks sold in the regulated auction should generate R$ 95.8 million in fixed revenue, and they rely on supply from the Alstom wind turbines, in an investment of approximately R$ 1.7 billion.

Let us proceed to page 22. The Santa Mônica wind complex comprises four new parks, located near the Trairi and making up an 8-park cluster in the same region. They are intended for the free marked and were approved last year, at the beginning of the construction period, with the aim of meeting the demand of the Company's special customers. The market for non-conventional renewable energy is growing and aims to meet customers that have the ability to reduce their transmission rates and can only buy from non-conventional renewable sources.

Page 23 addresses Ferrari, which is a project we acquired last year. It currently has an installed capacity of 65.5 MW and is operational with a 23.2 aMW for system supply. We are, however, expanding it and expect to add 15 MW of installed capacity, which should generate 12.4 aMW. The expansion of this plant should begin as from mid-2015, but we have already sold part of the plant's energy at the auction, which will also be integrated as of January 1, 2019, in a 25-year contract, with about R$ 202 MW/hour.

We also have a project pipeline, which can be seen on page 24. It includes the Santo Agostinho Wind Complex, with approximately 600 MW of installed capacity in Rio Grande do Norte, the 2nd phase of Campo Largo, with over 300 MW in Bahia, Thermal Power Plant Norte-Catarinense, with installed capacity of 600 MW and 400 aMW, natural gas operated (obviously that the matter of fuel must be equalized), and the 2nd phase of Pampa Sul. These are projects that tend to be implemented at a faster pace and are already mature. We also have many other projects in earlier development stages.

Let us now discuss the Company's financial performance in 2014.

Page 26 shows the main financial aggregates in a multi-year view. We note that, although the revenue has grown at 14.4% per year since 2011, EBITDA and Net Income have fallen by 1.2% and 1.5% in the accumulated year, respectively. That is a result of

our difficulties in the industry in recent years, and we expect it to change as the hydrology is normalized and regulatory changes may help meet the interests of investors.

Slide 27 addresses the Net Revenue, about which we mentioned a few things at the beginning of the presentation. Net Revenue grew by 16.2%, from R$ 5.5 billion to R$ 6.5 billion, approximately. The increased average price of the Company's contracts, the increased sales volume, and short-term operations, particularly due to the PLD of roughly R$ 743MW/hours on average during the year, have leveraged the short-term operations. A key element here is the recovery of revenues in CCEE. And what is that? That is a component of recovery of the business losses by stoppage regarding the failure of the machines of Jorge Lacerda A and B, which occurred June last year, and since we have an insurance policy against business stoppage, we were entitled to receive a payment from the insurance to avoid losses in our balance. It should be noted that we reported approximately R$ 240 million in 2014, part in revenue, part in expense, part for recovery of revenues and part for recovery of expense, and of these R$ 240 million, we have received R$ 200 million in advance payments from the insurance company, which shows that the regulation of the claim is within our expectations. We expect to have our claim regulated and all funds received by the 2nd quarter. This record is a normal procedure, which aims to prevent discrepancies in the Company's figures late last year.

Slide 28 shows the EBITDA development, alongside its bridge, which shows a decrease from R$ 3,043 million to R$ 2,895 million. The main effects are the R$ 570 million operation. There was the issue of revenue and cost recovery, with R$ 243 million. As we said before, R$ 160 million were in revenue and R$ 83 million were in cost, which is a matter of insurance. Some major non-recurring effects are worth being mentioned too. We reversed the provision made last year for CNPE 03, we achieved successful results in Courts and the change in the perception of the companies' risk regarding CNPE 03. We also reversed the TUST provision. Another issue concerning the TUST of Ponte da Pedra. Early during the year, we also achieved a positive result regarding this initial issue, in which the attorneys changed the risk vision related to this issue. This also allowed us to reverse the value provided in previous years. We had R$ 55 million in the decay of an issue regarding collection from a company, which we kept it in our balance as a payment obligation. Civil Code provides for the expiration of this obligation once no claim had been made over past five years.

Those were non-recurring events and as a result, EBITDA drop could be 13.1% instead of 4.8%. That fact is mentioned in detail in our release. Also, as we said at the beginning of the presentation, the EBITDA chart by quarter shows that the 1st and 2nd quarters had a very small contribution, with 34% of the EBITDA, and recovery occurred in the 2nd semester, particularly due to our allocation strategy. It should be noted that

our difficulty regarding the quarter-over-quarter comparison, as it is affected by a series of factors that may distort this margin.

Page 29 talks about the development of the Company's Net Profit, which has dropped from R$ 1,437 billion to R$ 1,383 billion, a 3.7% reduction. Non-recurrent effects appear here too. The first block, totaling R$ 179 million, comprises the same effects that affected the EBITDA minus income tax. Compared to the previous year, we had R$ 48 million for the impairment of Charqueadas thermal power plant. We released the lost, the non-recoverable expense that was in the Charqueadas Plant's assets and we also have a positive factor, that is, the reversal of the expiration of credits for the same cause on the EBITDA, plus indexation of this cause, which affected solely the financial results. In addition to these non-recurring effects, we had others that occurred last year, which lowered the comparison between 2013 and 2014, as we had R$ 19 million after losing the lawsuit in 2013, which did not occur in 2014, obviously. There were also a gain in 2013 from advance payment of the debt with the National Treasury Secretariat, as mentioned in previous years, with R$ 32 million in net earnings. That is, if we compose all these non-recurring effects and recompose the results for 2013 and 2014, we would have a 17.7% reduction instead of 3.7%. It was a significant reduction, mainly derived from the hydrology and GSF impact.

Let us proceed to page 30 to talk a little about indebtedness. Our gross debt is a little bigger due to our decision late last year to take up the 4131 operations, which are external loans swapped with CDI. We have had short-term financing for this type of operation. Since the company has very good credit, being rated as Triple A, we can capture it in terms ranging from one to three years, below the CDI. Our four small operations totaled $ 280 million in the fourth quarter, all below the CDI, ranging between 96% and 99% of CDI. It is good that we do that. We were concerned about the performance for 2015 and were interested in beginning the year with a more strong cash flow. So, although the total debt grew since the previous quarter, we had a reduction in net debt. Net debt for the 3rd quarter was R$ 2,580 billion and dropped by R$ 342 million, reaching R$ 2,238 billion. It is also important to show that the Net Debt/EBITDA indicator, in orange, lies at 1.7x, 1.8x the EBITDA, despite a significant reduction in EBITDA since last year. 4.8%, in nominal terms, is a substantial reduction.

Slide 31 shows the net debt composition and its development. It went from R$ 2,580 to R$ 2,238 billion, as was mentioned before. The key elements were payments of dividends, income tax and social contribution, investments, and a series of elements that contributed to this 3.3% net debt reduction.

On slide 32, we can see that the profile and composition of this debt is 100% related to the local currency. We have loans in foreign currency but they are swapped to CDI by the same counterparts that made the loans to us. Therefore, the hedge is in fact

perfect, allowing us to say that the debt is in reais, the local currency. We have a comfortable profile despite a few exceptions, such as the short-term operations of 2014, to mature in 2016. The year 2016 is probably a more adequate moment, as the market is calmer in terms of tax adjustments etc., so that we may extend the profile of this debt through the collection of long-term resources and for investments that will be made. It should be noted that one of the reasons for us to take the fund at the end of the year was the need to fulfill, in 2015, the first commitments of the new projects we were awarded. We have the obligation of building to deliver energy as from 2019. In the composition of local currency debt, we had an increase in the CDI-dependent portion, indexed to CDI, and a reduction in the TJLP portion. These are the two more significant movements. We had a small increase in the IPCA portion, which was basically composed by the infrastructure debenture which was captured December last year. It was 10-year issue, to be paid to investors in "unhedged" NTNB. In other words, we will be paying at the same cost as the Treasure, without any spread.

Slide 33 shows our investment expectations, our CAPEX. In 2014, we had R$ 619 million in investments, mostly related to the acquisition of Ferrari last year, as well as the CAPEX portion for operation and maintenance. Some plants are undergoing a modernization phase which should meet any operating needs, given the Corona effect in a few generators, but also aiming operational improvement. For example, a work that is being conducted in Salto Santiago will enable an increase of 24.5 aMW at the Plant after termination. As the turbines are modernized, each will contribute with a small portion. In total, the Plant will increase its capacity by 24.5 aMW. So, the higher investments to be made in 2015, 2016 and 2017, in O&M, at around R$ 300 million, comprise not only traditional CAPEX maintenance investments to be made, including replacement of pumps, heat exchanges and normal items that have a shorter life span than the plant as a whole, but also investments in machinery such as generators and turbines, providing benefits such as increased revenues, financial capacity. The expectation for 2015 is R$ 963 million CAPEX, with R$ 380 million in O&M. We have investments in Pampa Sul, at roughly R$ 360 million, Santa Mônica, to be completed in 2016, R$ 250 million to be invested in 2015, Ferrari and Campo Largo with slightly lower values, at roughly R$ 40 million each. In 2016, we will continue with normal investments, including Pampa Sul, Campo Largo, Santa Mônica, and the expected profit portion of 2010, reverted for the acquisition of Jirau 2016. If GDF Suez brings the project for discussion at the Board of Directors of the Company, forming the Related Parties Committee, which should evidently happen, after the exclusion of responsibility issue is well addressed.

Let us proceed to slide 34, which is usually the last slide of our presentation. We will talk a little about the dividend policy, where it should be pointed out that our minimum statutory policy is 30%. We have a commitment with the market to pay off a minimum of 55%. This has been seen as an obligation, albeit not a formal one, and we

had been paying 100% of the dividends. But, due to the volatility and lack of definition of the hydrological issue for the year 2015, the hydrologic situation, investments this year and the current tax adjustments in the market, high rates, we chose cautiously not to make 100% of the payment, returning to 55%, which we consider the minimum justifiable rate for the shareholders, but this situation could be normalized and we could be able to pay back the 100% dividends, taking into account that, in times of growth, we reduced the payout a little. That was the presentation we had for you. We can now begin the questions and answers.

Operator:
*Ladies and gentlemen, we will now begin the section of questions and answers. To ask a question, please press star one (*1). To remove the question from the list, press star two (*2). For our first question, Marcos Severine from JPMorgan.*

Marcos Severine – JPMorgan:
Good morning, everyone. Good morning, Sattamini. My first question concerns the Pampa Project. You were successful in the latest auction, and we noted that ANEEL raised the ceiling price for several projects, including thermal power plants. A new ceiling price was announced yesterday at around R$ 281.00. If I am not mistaken, your fixed income for the latest auction was around R$ 170.00. So, taking into account the same variable we have a fixed income of around R$ 240.00 MW/hour, R$ 245.00 MW/hour if your variables Cop/Sec remain the same. This could mean a very interesting return scenario for you, since you have the 2nd phase of Pampa Sul. My question is: is there a significant difference in terms of Capex, as the R$ 1.8 billion indicated in the first phase? How do you predict the funding for this project for both phase 1 and phase 2 of Pampa Sul? Also, if I may, Sattamini, I would like to address the issue of the portfolio of projects. You have even more wind farms, totaling 900 MW? And we note that the government has increased the ceiling price to R$ 179.00 at the reserve auction. What is your appetite for the turbine market? I have noticed that it is very tight. Do you foresee any increase in CAPEX due to that? How do you foresee the performance for this auction? The third question concerns additional information you may have about this Norte-Catarinense Thermal Power Plant of 600 MW that you mentioned. So, have you got anything ready regarding fuel supply contracts? Do you believe that it could be possible to participate in this auction, or will this project take a little longer? Basically, could you participate in this auction now, or is this project going to be delayed? I ask because I have noticed that internal return rate, with a funding situation improving a lot, in my understanding, at least, this could be an opportunity for those with a project to develop them with a much higher TIR that noted in the past 10 years. These are the questions. Thank you!

Eduardo Sattamini – Chief Financial and Investor Relations Officer:

All right, let us try to answer it. First, regarding the issue of coal, you asked me if there is a significate CAPEX change, and I would say that the answer is yes. The Pampa project had approximately 50% of cost in foreign currency, reminding that we had a perfect hedge on the same day on which we won the auction. We heard the news at 10:30 am and closed the hedge at 2:30 pm for the entire imported portion, both for Pampa and Campo Largo. This was an extremely good decision based on the trajectory, but the U.S. dollar rose from R$ 2.50 to R$ 3.30, meaning an increase of about 30% in the price of the dollar. That would mean an increase of a minimum of 15% in exchange variation, which should be taken into account in the CAPEX. Cost is still undefined, so we do not know, the projects we won we know the BNDES posture. The operational policy has not changed but I am not sure if BNDES will be providing financing in the same proportions. So, these higher ceiling prices perhaps are not only related to the increase in CAPEX as a function of the imported components, as is the case of the thermal power plants and wind farms, but also the change of weighted capital cost. As you said, our portfolio has plenty of wind energy and the market for wind turbines is tighter. This transfers part of the margin to the wind turbine manufacturers, depending on the bargaining power of the counterpart. It should be reminded that we are a global player and are customers of the main suppliers not only of wind turbines worldwide, but also of hydro generators, thermal generators, such as Alstom. It has been present with us in several parts of the globe and in several energy sources. So, in a certain way, this may also provide a competitive advantage when negotiating for the equipment.

In the case of the Norte-Catarinense Thermal Power Plant, the project has a key restriction relating to fuel supply and, for that reason, it is not included in the pipeline as a more concrete possibility. Today, we could have considered only the possibility of doing something in terms of LNG, but that would interfere in other matters, such as the regasification infrastructure and long-term LNG account contracts, which are things that still lack adequate treatment, or we still had not found the appropriate equation. We are evidently interested, as we are the largest energy player in the Atlantic basin, owners of terminals in several locations, and with a very interesting position to explore this possibility, but conditions need a better definition. We still have many uncertainties regarding the exploration of this infrastructure and a softening of the excessive market power of a strong gas player in the country, which often inhibit third-party initiatives for entry in this market.

Marcos Severine – JPMorgan:

Just to confirm, BNDES recently announced that it is providing 50% funding so my simulations considered 46% and more expensive infrastructure debentures. However, even so, the TIR difference between Pampa 1 and Pampa 2, this increase could be quite high. Thank you, Sattamini.

Eduardo Sattamini – Chief Financial and Investor Relations Officer:
You're welcome, Severine!

Operator:
For our next question, Vinícius Tsubone, from UBS.

Vinícius Tsubone – UBS:
Hello. Good morning. Thank you for the call! In the press release, you point out that you could perhaps release a higher amount of uncontracted energy to absorb bigger impacts with GSF deficits. What would this level be? Also, if possible, could you give us a sign regarding the allotment of energy over 2015? Thank you!

Eduardo Sattamini – Chief Financial and Investor Relations Officer:
The first question is hard to answer right now. It will dependent on how the government will be addressing GSF from now on. Reserves will be in accordance with the risk limitation in generators, and if there is none, it will also depend on the Company's perception of the risk for the following years, composition of the matrix, and risks. We usually leave growing amounts for future years, but with the current trend of permanent GSF rates, this reserve tends to grow. So, I gave you a half answer. I cannot give you a full answer because there are many variables that affect it. As for the second question, regarding allotment, that information is a business matter and we often do not share information regarding it. You will be able to notice our position during the year.

Vinícius Tsubone – UBS:
All right. Thank you!

Operator:
Remind you to ask questions, please press star 1 (*1). For our next question, Vinícius Canheu, from Credit Suisse:

Vinícius Canheu – Credit Suisse:
Hello, Sattamini. You already commented about growth during the call and all the opportunities for auctions this year, as well as Jirau, which should eventually be discussed. However, we also notice that there is a possibility for various other assets available on the market for M&A. Is there any appetite or balance for assets other than those in the auction or Jirau that are in the hands of other generation or other players with disposition to generate relating in the electricity sector in Brazil this year?

Eduardo Sattamini – Chief Financial and Investor Relations Officer:

Yes. You are aware that Tractebel and Suez look at brownfield opportunities in the new building market, the secondary assets appearing on the market. This year should be particularly fertile in terms of opportunities so something may indeed happen. I am not sure if we our position is too conservative, which causes us to be out-bidder by other competitors, but we do have appetite, and if the asset should have a justifiable return, then yes, we should buy it. It is a matter of finding space in the balance. We have low leverage and space in the balance to make the acquisition. And in case of very large acquisitions, we could convince our investor that it is a good opportunity for the Company, and that we can have some sort of capital increase.

Vinícius Canheu – Credit Suisse:
Okay, very good. Thank you!

Operator:
To ask questions, please press star 1 (*1). We are now closing the session of questions and answers. I would like to pass the floor to Mr. Sattamini for the final remarks. Mr. Eduardo, you may proceed, please.

Eduardo Sattamini – Chief Financial and Investor Relations Officer:
I would like to thank everyone for your presence. I hope that this year proves a little milder, that we may have a better hydrology, that our expectations do not become a letdown for 2016, and that we may somehow bring the message that the investors, in particular electricity investors, are investors in intensive capital asset investments and need to generate cash to make them profitable. I hope we can convey this message in a convincing way and that the government addresses the GSF in an adequate manner, keeping us with the motivation to invest in the country. Thank you, everyone!

Operator:
This is the end of the conference call of Tractebel Energia. Thank you everyone for your participation, have a good day, and thank you for using Chorus Call.