Translation of the local conference call

Tractebel Energia

Fourth quarter and 2015 results

February 24, 2016

Good morning! This is the conference call of Tractebel Energia, where we will discuss the fourth quarter and 2015 results. All participants are connected only as listeners, and the questions and answers session will be opened later, when all instruction for participation will be provided. 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 broadcasted over the Internet through website www.tractebelenergia.com.br on Investor section. There you can also obtain a copy of the company's presentation and earnings release. Before proceeding, I would like to clarify that any statements made during this conference call regarding the prospects of the company's business should be treated as estimates, dependent on the country's economic situation, and on the electricity sector performance and regulations, as well as other variables, and are, therefore, subject to change. We have with us today Mr. Eduardo Sattamini, CFO and Investor Relations Officer at Tractebel Energia, and Mr. Rafael Bósio, Investor Relations Manager, who will be talking about Tractebel Energia's performance in the fourth quarter and in 2015, as well as Mrs. Anamélia Medeiros, ENGIE Energy Latin America Market Relationship Manager, who will be giving an update on the implementation of the Jirau Hydropower Plant. Following that, they will be answering the participants' questions. Now I pass the floor to Mr. Eduardo Sattamini. Please, Mr. Sattamini, you may begin.

Sattamini: Good morning, everyone! Once again, it is a great pleasure to be here with you to comment on the results for the year 2015. Let us start with slide number 4, to discuss the Company's main financial and operating indicators. Net sales revenue increased slightly between 2014 and 2015, reaching 0.6%; it is an indicator of decrease in sales volume, with a total of 121 MW on average, as well as an average price increase. There was a trade-off between them. The sales volume drop effectively contributed to a reduction in GSF exposure. The revenue increased from R$ 6,472 million to R$ 6,512 million in 2015. The service result – EBIT – increased 8.7%, from R$ 2,303 million to R$ 2,503 million. Cost reduction, particularly in the short-term market operations, was a highlight, with R$ 972 million less expense in CCEE. We had a higher power purchase, of R$ 507 million, one of the reasons for the reduction in this exposure in the short-term market. The EBITDA margin increased year on year, 3.1 percentage points – a reasonable improvement. Today, we no longer have margin levels of 60%, as our trading activity – energy purchase and sale – had a sufficient increase. Lower trading margins have an impact on the Company's overall margin. Our net income grew by 8.5%. The main highlight here is the financial expenditure due the various concessions payable. To give you an idea, we had 10.7% IPCA, compared to 6.4% in 2014. IGPM, another index relating to our concessions payable, had a 10.5% variation over the year 2015. In 2014, it had a 3.7% variation. We had a drop in electricity production in 2015, mainly due to the reduction of inflows in the south of the country, where most of our hydropower plants are concentrated. As previously mentioned, the energy sold, the total contracts volume in 2015 was lower than in 2014. Nevertheless, this was part of our strategy to reduce the

contracted energy, in order to protect part of the GSF exposure, as well as the low hydrology, also observed in 2015. The average selling price – which, as we said, contributed to the average net revenue and the result – rose from an average of R$ 149.2, in 2014, to R$ 171.37, in 2015 – an increase of roughly 15%. The number of employees fell. We are in a process of gradual dismissal of people who are retiring and have a voluntary dismissal plan in progress; at a certain point we had to duplicate functions. Throughout 2016, we will still have some reduction in the number of employees, due to the voluntary dismissal plan, which is part of the Company's retirement program.

The highlights on Page 5 show our permanence in the Corporate Sustainability Index for the 11th consecutive year. We are one of the 10 member companies of the index since its inception. In December 2015, the Company's international rating was downgraded from BBB to BBB-, with a negative outlook, due to the lowering of Brazil's rating. Simultaneously, however, Fitch reaffirmed our national long-term rating as AAA, with a stable outlook. On the next page, we will talk about Standard & Poor's rating. In order to align the Company's visual identity, the parent company began using the ENGIE brand, its global brand. Another highlight: ANEEL granted the consent to the accession of hydrological risk renegotiation. We will deepen the adhesion conditions to the hydrological risk renegotiation later in the presentation. The Company also won second place in the 17th ABRASCA award for Best Annual Report, being one of the companies awarded the honorable mention for its economic and financial analysis.

On slide 6, we continue with the highlights. The Company was acknowledged for the second consecutive year as the leading

institution in the ranking of the most ethical companies in Brazil, by the Brazilian Institute for Ethics in Business. This is a consequence of our ethical performance, our long-term sustainability vision, and our long-term commitment to the country and the stakeholders. In November, the Company sold 9.2 average MW of solar energy, to be generated by the Assú 5 Photovoltaic Station. This sale was made in the second reserve energy auction of 2015, at R$ 302.99/MWh. That was the marginal value, being the highest sale value of that auction. The energy was sold for a 20-year term, and delivery will commence in 2018. During yesterday's meeting, the Board of Directors approved the proposed profit allocation to be ratified by the AGO, considering a capital increase of R$ 290.5 million and distribution of supplementary dividends of R$ 209 million; R$ 0.3210 per share.

Subsequently, in February 2016, Standard & Poor's downgraded the Company's AAA rating to AA, that is, there was a 2-point drop on the national scale, and these ratings were affirmed by the Standard & Poor's in December. This downgrade was due to the downgrade of the country's sovereign rating to AAA-. Although we remain one level above the sovereign rating in local currency, there was a disagreement regarding our methodology so we decided to remove the rating, leaving only Fitch as the company providing the rating service to the Company.

On slide 7, we see that there is no change with respect to shareholding control of the Company. We have already mentioned the logo change. With respect to the various subsidiaries of the Company, as we mentioned a few times, this is due to the need to encapsulate projects for project plans and be able to provide their guarantees, in addition to

issues associated to the development of small plant with connection benefits and differentiated taxation.

On slide 8, we mention our balanced portfolio of assets with a strategic location. We have a national presence. It is important to keep in mind that we started as an energy generation company in the south – former Gerasul, a spin-off of Eletrosul – in 1998. With 3,719 MW installed, we currently have 7,044 MW – an 89% increase since the privatization. Our matrix is still mostly hydropower. We have some thermal power and coal, inherited from the time of privatization, and we are growing in the complementary energy segment, consisting of wind, solar, biomass and small hydropower plants.

On slide 9, we present our leading position among private generators, with 7 GW already installed. We also have an acquired growth, or to be acquired in the near future, of over 2.3 GW, coming mainly from plants under construction in Pampa, Campo Largo, and Santa Mônica, in addition to 1,500 MW installed, which would be the Parent Company's equity interest in Jirau Hydropower Plant, whose transfer should be discussed at some point this year. We will talk a little further about it because we hope that, this year, with the operation of a large number of turbines and the completion of the construction risk, we will begin to have more favorable risk conditions to join the transaction. This is certainly at the discretion of the Parent Company, but we imagine that it is an appropriate time to be dealing with this matter.

On slide 10, we address our balanced portfolio. The Company continually attempts to separate free market and regulated market. As regulated contracts expire, we seek good choices, be them in the regulated market, through specific auctions, or in the free market, offering energy to industrial companies. We have a very strong energy

sales activity to free customers and currently are, perhaps, the largest energy trading company in the free market.

On slide 11, we show our diversification of free customers, given its growing importance in our portfolio. We seek to diversify various segments of the economy, as well as the specific risk of a given industry. To operate in this market, we have a credit policy that has ensured zero default. As we have always said, during crises, we have a certain level of default, but it is not the case when we have good assurance mechanisms and robust contracts to deal with this kind of default.

Let us move on to slide 13. You can see on the graph to the left a large increase in available energy. The supply should be greater than the demand in the coming years, mainly due to the decline in demand, caused by the decreased economic activity, as well as frustration in consumption regarding the increase in captive market price. This has had an effect on short-term prices. Currently, with the exception of the Northeast, our PLD is at a minimum level, which is also affecting the longer-term contracting market. Despite having no reference, the spot market exerts some influence on the contracting market. When the contract is increased too much – as was the case in the last two years, during which the spot market had very high prices – we were able to hire the longer-term, at prices above the long-term average. Now, with the spot market with lower prices, there is an understanding that we should lower long-term contracts.

On slide 15, we show our position in uncontracted energy, on the bottom left, with a small amount of energy in 2016, with 149 MW in uncontracted energy. It should be reminded that the uncontracted energy takes into account our business capacity, that is, it includes the

assured energy of our hydropower plants, as well as the thermal power plants, which are not necessarily dispatched in a low-price environment in the spot market. If they are not dispatched, they obviously have an inflexibility to ensure, as in the case of coal-fired thermal power plants, consumption and maintenance of the coal activity in the south of the country. There is, however, a flexible part, at 50% of the capacity of these plants, which are not dispatched in a low-price environment in the spot market and we need to purchase. Therefore, we would currently have roughly 200 MW that are being purchased, on average for the year, at low spot prices. Regarding the medium- and long-term contracts, our energy is almost entirely contracted for the next three years, considering a thermal power replacement, at around 375 average MW, with a little more energy released starting from 2019 and 2020. It is a normal situation. Those operating in the free market are aware that the average term for the contracts is 5 years. This would represent, in the free market, a renewal of roughly 20% per year. The graph on the right shows that very clearly. The energy for the year 2016 at the end of 2012, as shown in the first bar, was 26%. That was the descontracted energy for 2016 in late 2012. The energy was contracted over the years. This shows that today's energy – 22% for 2019 and 34% for 2020 – will reflect the normality of the Company's sales activities. We will be renewing contracts with customers as they fall due, capturing new customers. That energy will then be sold. It should be highlighted that we are seeking the best price windows to sell. The Company's commercial activity in the past 2 years took advantage of pressure from the high spot market prices, with a longer-term view. We signed contracts seeking to achieve the highest contracting level. In periods of lower

price, we tend to have a lower contracting level, acting with little more trading operations to fulfill maturing contracts, guaranteeing some of the energy to be sold in a period of more attractive prices. That is the Company's strategy.

Slide 16 shows the Company's energy balance position, with quantities and price. This slide is intended for those seeking information to devise a financial modeling. We provide no guidance for results, of course. We should point out here that we have an average sales price lower than the average purchase price. It should be reminded that this refers to much smaller quantities. In case of purchasing, we have 816 average MW for 2016, with total sales accounting for 4,365 average MW. These prices occurred because, at certain times, we had to buy at a high price and sell at a slightly higher price, to make a margin, which is reflected in this price range.

Slide 17 addresses the hydrological risk renegotiation. We had a result of R$ 223 million in this agreement for the transfer of the hydrological risk, represented by an expense reimbursement of R$ 263 million in CCEE, minus the annual risk premium of R$ 40 million, which was deducted from these credits. We began protecting our regulated contracts that might be fulfilling this GSF agreement in an amount of 1,344.5 average MW, with hydro capacity of 2,881 average MW, without considering the losses. Considering the losses, this amount should fall by roughly 2.5-3%. This refers to covering half of the Company's total hydrologic risk. Regarding the renegotiation of the hydrological risk and the choice of products, the Company made an assessment in its market expansion vision, its future vision of prices in the spot market, the contracting prices, and the future hydrological

situation. We assessed different scenarios and conducted a present-value assessment to decide on the best product for each plant.

Now we will move on to expansion, on slide 19, and pass the floor to Anamélia, who will be talking about the Jirau Project.

Anamélia: Good morning, everyone. It is a pleasure to be here again. I will be providing an update on the Jirau Project. As you all know, this project has 3,750 MW of installed capacity, 40% of which belong to ENGIE. Late last year, we had an increase in the project's assured energy, which reached 2,205 average MW. This increase was due to the revision of the plant's hydraulic losses. We thus had an additional 20.5 average MW in the assured energy portfolio of the project. Regarding the contracting of this energy, 72.2% of the assured energy, contracted through these 30-year PPAs, indexed to inflation, relative to Auctions A-3 and A-5, and 0.8% of the contracted energy through 3-year PPA, also indexed to inflation, relative to Auction A-1, held in December last year. The balance of available energy will be sold by Chesf and Eletrosul, and ENGIE holds 60% of this energy. In relation to responsibility exclusion, which we already have been discussing for over 2 years, a court order was obtained in the first instance, acknowledging 535 days of exclusion of Jirau's responsibility. However, the process remains open and under review in the second instance. Financing conditions have not changed since the last publication of results.

On slide 20, we see that the plant is already in its final stage of construction, with 41 units installed and operating normally. We have other 3 units, that is, is 225 MW in final assembly and conditioning phase. In July last year, we reached the total assured energy of the plant, and the full completion of the project is planned for the

beginning of the second half of 2016. As I said, we had 20.5 average MW granted by ANEEL in November last year, and we have been able to sell some of that energy – 18 average MW – at Auction A-1. Since October 2014, Jirau has been the plant with the greatest availability among the hydropower plants in the national interconnected system, thanks to the good performance at various flow levels. In This good performance has allowed us to have an open discussion with ANEEL regarding the increase in the plant's assured energy by authorizing the reservoir operation in a constant quota. We have a reservoir with a variable quota, which should be operated with a constant quota, resulting in increased assured energy for the project, in addition to the additional tax and long-term incentives in the region, like SUDAN incentive.

I now give the floor to Mr. Sattamini so that he may complement the discussion regarding the expansion.

Sattamini: Let us return to page 21 to comment on the Pampa Project under construction. The photos begin appearing here. We used to show a schematic drawing here, but I found it important to begin showing the actual work. Pampa is a plant with 340 MW installed capacity and commercial capacity of 294.5 average MW. The investment at the time of the Auction held in November 2014 was R$ 1.800 billion. Part of the equipment was purchased from international suppliers, in foreign currency, and fully hedged. This reflects on our balance sheet, and you can see that there is hedging for suppliers risk coverage, in the assets, which is ensuring the maintenance of the work costs. The average price of the time was also R$ 201.98/MWh. The ICB price will ensure fixed annual revenue of R$ 473.3 million. The

installation license was obtained on June 19, and the plant is already in the process of building the bases for installation of boilers.

Slide 22 shows Campo Largo project, also sold in Auction A-5, at which we sold 82.6 average MW. It is part of a set of 11 wind farms, 6 of which were sold at the auction and 5 are being built for sale in the free market. It should be reminded that we have purchased energy to capture A4 customers. These wind farms will provide the necessary energy so that we can continue supplying energy for these customers, within our normal marketing and service activity for the special customers market. This park is expected to commence operations in 2019. It is still not under construction, and its equipment has been contracted with hedge. Its constructions should start effectively only in 2017. This photo is less aggressive and shows the area where it will be installed.

Page 23 shows Santa Mônica Wind Complex. It was originally being sold to the free market. We take the opportunity on August 21 – when Auction A-3 was held – and sold 46 average MW at the total price of R$ 188.45/MWh. It was done for a period of 20 years, starting on January 1st, 2018. This complex is composed of 4 wind farms and is under construction. The operation should commence at some point in 2016. Slide 24 shows our first initiative more on a commercial scale. It does not comprise solar energy. We had a project – a small plant of 3 MW peak called Cidade Azul – but we started the 2nd reserve energy auction of 2015, sold a solar energy plant, as we have already mentioned, at the auction marginal price, with an installed capacity of 36.7 MW peak and commercial capacity of 9.2 average MW, which were sold, an investment of R$ 220 million, as of the auction date, construction should commence during 2017, and operations should start in 2018.

The supply contract today involves imported panels, which are also fully hedged.

Page 25 addresses our projects pipeline, with over 73.3 MW peaks of photovoltaic plants to be marketed in the same region, in Rio Grande do Norte, under Assú Project. In Rio Grande do Norte, we also have 600 MW of installed capacity for Santo Agostinho wind farm complex, the second phase of Campo Largo, with over 300 MW of installed capacity, and the possibility, in Bahia, of the Alvorada voltaic complex near the region of Campo Largo. We also have a project that is less likely to be developed in the short term, depending on the gas solution, which is the TPP Norte Catarinense. We believe that, at some point, gas may become a little more important in the energy matrix. This project is being developed at a slightly slower pace, but as soon as it becomes necessary and feasible, we should accelerate the development and gas-based electricity offers in the south of the country.

Let us move on to slide 27, where we address the Company's financial performance. This year, we had a profit growth, moving from a R$ 1,383 million profit in 2014 to R$ 1,501 million in 2015. EBITDA also increased, after two years of decline due to the various crises, MP579, change in PLD, hydrologic risk etc. We thus resumed growth in our aggregate figures, mainly in terms of EBITDA and Net Income.

Slide 28 provides a more detailed assessment of the net revenue. We have already commented on the factors influencing it. We have little increase of the net revenue, due to the compensation of the average price increase following the smaller impact of PLD on the short-term operation. That is, with a smaller PLD, we had lower revenue in the CCEE. It should be reminded that revenue is positive when we are in credit and expensed as negative when we are in debt. When we are in

credit, the revenue is subject to a very high PLD. In 2014, the average PLD was R$ 670/MWh, compared to R$ 285 in 2015, so revenue was lower regardless of the volume. In addition, we had a larger volume of transactions and allocation in the short or long term in certain months, which caused an increase in these differences.

Slide 29 addresses EBITDA. It includes the main components such as in net revenue. We had a contribution in short-term operations, wherein despite the lower revenue, we had much lower expenses, due to the GSF agreement and a higher purchasing volume for resale, which is also reflected in the EBITDA through these R$ 506 million in extra expenses for resale. In all, we had a change in EBITDA of R$ 220 million going from R$ 2,895 million to R$ 3,115 million – an increase of 7.6%.

Slide 30 presents the net income evolution, which includes a component from EBITDA and financial components. We had a reduction in income tax and social contribution, mainly due to the reduction of an effective rate from 29% to 26%, following the utilization of interest on net equity relating to a higher TJLP for the year 2015, compared to 2014. We had a financial income of R$ 124 million lower, with greater spending and more indebtedness, but the main thing here is the impact of inflation acceleration. Inflation acceleration has a negative impact in the short term, on the issue of the burden of debts and concessions to pay. In the long term, however, given that most of our contracts is inflation-indexed, this will be reflected in the results of next years.

Slide 31 addresses indebtedness. We currently have very low indebtedness, with a net debt position of 0.4 times the EBITDA. In 2014, and during 2015, we took the initiative of taking funds through

Act 4,131, comprising foreign currency loans that we swapped to CDI at 96-99% of the CDI to get through 2015 without the need for new funding. We retained dividends to face the crisis. There is currently a credit crunch, very high interest rates, and increased spreads. The treasury is paying high interest rates, which decreases the appetite for securities even among companies the same rating and credit quality as we have, as the spread increases in nominal terms. For that reason, we now have very robust funds to face the period, with investments to be made this year, as will be shown further. If we have any ability to capture them, we will be able to face it with these funds. As the financing is set up, and projects being financed, such as Santa Mônica, to commence operation now, the financing from BNDES, still in final phase. We joined the line and, despite the good will of BNDES team, we are taking long to achieve the contract, so will be contracting financing when we are nearing commercial operation. This is an example of cases we need, a major investment program, in which we can rely on resources that we cannot submit to the market or the main source of financing, BNDES, which is also facing problems. Our net debt is thus R$ 1.215 million.

Slide 32 shows its evolution. We had R$ 205 million in working capital variation, R$ 166 million in investment, R$ 79 million in income tax and social contribution, as well as hedging operations, and R$ 1.028 million in operational activities, contributing to the reduction in this net debt. Then net debt thus fell from R$ 1.683 million to R$ 1.215 million – a 27.8% decrease. This is the Company's preparation regarding the stressful situation of the economy and aiming to preserve its liquidity.

Page 33 addressees the debt profile and composition. It is a 64% debt, based on TJLP, with an average spread of 2%. Part of it is linked to the IPCA, especially the debenture launched to finance the modernization, released in late of 2014. We also have these shorter-term CDI operations, as shown on the slide to the left of the debt profile, reaching R$ 1 billion. The normal long-term financing is of R$ 270 million, comprising service amortizations for the long-term BNDES debt. In addition, in 2016, we had a debt maturity of 4,131 debts that were swapped to CDI.

Slide 34 shows the Company's investment program. As we already mentioned, we invested R$ 2.350 million this year, with R$ 500 million corresponding to the retention for Jirau. It is likely that the transaction started this year will not be completed, but these funds, retained in 2010, should be eventually allocated. We have R$ 1,800 million in funds provided primarily by third parties, as most own resources for these projects have already been injected, as you can see, in the year 2015. We had R$ 779 million in equity invested primarily in Santa Mônica, Pampa and part of Campo Largo, which have pending funds to be released by BNDES. Our project has roughly R$ 4 billion over the next two years, with R$ 3.950 million and almost R$ 2 billion for 2018, so we have an investment program of roughly R$ 6 billion for the next three years.

The Company's dividend policy has a statutory minimum dividend of 30%, we have a payout administration commitment of 55%, and payment of 3 profits per year. We pay interest on net equity and pay twice the dividend, usually around May, on a complementary basis regarding the previous year, and around October or November,

corresponding to the installment for the first half of the year. This year, we had a 3.7% dividend with a dividend per share of R$ 1.28.

This was the Company's presentation. We are now open for questions and answers.

Mediator: Ladies and gentlemen, we will now begin the questions and answers session. To ask a question, please press star one (*1). To remove the question from the list, press star two (*2). For our first question, Caroline Yamaguchi, from J.P. Morgan.

Caroline Yamaguchi: Good morning! Thank you for the question. Historically, the El Nino phenomenon is followed by its opposite, La Nina. I would like to know how that would affect the energy prices and thermal dispatch. Thank you!

Sattamini: One of the hardest things to predict is the weather. That may or may not happen. If there is a reversal, we have drier periods, with lower energy availability and higher short-term prices, causing an increase in the price. If that happens, we will be careful to position ourselves accordingly. We currently have difficulties in predicting the climate behavior in the coming months. We look at large trends with relatively reasonable degree of reliability in our internal study. However, in the longer term, we have difficulties to make predictions. It is possible, but I cannot guarantee that this will happen. I think no one can.

Caroline Yamaguchi: Great. Thank you.

Sattamini: You're welcome.

Moderator: For our next question, Carolina Carneiro, from Santander.

Carolina Carneiro: Good morning. Thank you for the call. I have 2 questions. First, I'd like you to comment on the growth expectation for this year. Is there any opportunity for attending auctions that may be of interest to Tractebel? Have you noted any acceleration in the M&A market? A few players and the Company have commented on that, but I would like to know your view on the M&A. The second question is in relation to the contracts and sales you closed, to give us an idea of the price level we can consider. We see a downward pressure trend now, but price levels are still lined up at least according to the levels we had seen in recent quarters, with the contracts you closed. Thank you.

Sattamini: Regarding the first question, on the auction, I believe that the demand is going to be very low because we had a significant drop in demand. Distributors have surpluses so I think we do not have much demand for A-3 or A-5. I believe that they may not be very attractive auctions for those who are desperate for growth and will be looking to offer lower prices. Therefore, it could be a competition. There will be a very large offer for a very low demand. I do not know if it will be a good auction. We will obviously position ourselves, as we have projects to participate and position ourselves. M&A, in its turn, has a very significant activity, with many companies expressing an interest in selling assets. We participate in them, but this will largely depend on the condition that we can offer, as well as the timing of things. There is no point in trying to speed up timing. We need quality information on the seller. We need to trust the decision and information provided so that we can make an offer that makes sense. Otherwise, it is very likely that the company fails to make the offer. Nobody makes an offer without knowing what they are buying. With respect to contracts, as we said, the short-term price has an influence on the contracting price,

mainly because 2016 has very low prices, implying a comfortable situation of supply and demand in 2017, affecting its prices. Prices thus fell substantially between last year and this year. The average price last year and the price we are trading today both fell substantially. This time, we are decreasing our selling momentum and focusing on serving our customers, but moderately. I would prefer not to talk about selling price levels because there are auctions taking place in the market and I might be interfering in them.

Carolina Carneiro: Absolutely. Thanks.

Sattamini: You're welcome.

Moderator: To ask questions, please press star 1. For our next question, Vinícius Tsuboni, from UBS.

Vinícius Tsuboni: Hi, good morning. Thanks for the call. Regarding the issue of M&A, given that Duke Paranapanema has stated that it intends to sell its assets in Latin America, would Tractebel be interested in these assets? Furthermore, regarding Petrobras' thermal plants, I would like to know if there was any change in the offering proposal that could cause Tractebel or ENGIE to be interested in buying these assets. Thank you.

Sattamini: Duke is a southeast asset that we have considered many times. It has an interesting appeal for the consumer market. I believe that we should consider it, although it has a great similarity with the assets that we have today. That is, it has concessions expiring close to our concessions, the issue of the concession regime, the issue of renewal, etc. I believe that we can look at them if they come to the market, but they are similar to our assets. They will not represent a distinctive profile that can reduce our risk or extend our operation. In

the case of thermal power plants of Petrobras, as we have already mentioned, we have to assess the quality of information. Our team has been looking at them, but the appetite will greatly depend on the conditions that we find there and quality of information we have. I think that will be it. That covers both points.

Vinícius Tsuboni: Okay, thank you.

Moderator: For our next question, Sérgio Tamashiro, from Haitong.

Sérgio Tamashiro: Good morning, Sattamini. Good day, Ana. Good morning, everyone. I have a few questions here. First, I would like you to give some clarification about the transfer of Jirau. Is it included in the CAPEX that you are announcing? In the comparison between the third quarter and the fourth quarter, your CAPEX for 2016 increased from 2.1 to 2.4, remaining at 1.6 in 2017. You have mentioned CAPEX for the acquisition cost of Jirau. In addition, could you give us more details on these exclusions? Are you adding some sort of put or compensation? Also, regarding the 300 MW contracted by ENGIE, will you be taking on this contract? How will this type contract be? You have also mentioned the portion of the debt, which is R$ 9.5 billion. Could you talk about the total CAPEX and about how much equity was applied?

Sattamini: Okay. You have asked many questions.

Sérgio Tamashiro: It is just one question.

Sattamini: All right, let's see. Just remind me in case I forget anything. First, regarding the issue of timing and process, the timing when the controller wants to take it to the board, he still did not take. Our perception is that, as construction – which is one of the major risks of the project – approaches completion, it becomes one less risk to be

treated or mitigated through a contractual solution. This will be treated by the Related Party Committee in a separate analysis by the Parent Company, and the control of negotiations will be in the hands of the minority shareholders, who are the majority in this Related Party Committee. Those who participate alongside minority representatives, that is, the independent directors of the Company, are the professionals that show an interest in maintaining the Company's health, so looking and giving support to allow these counselors to have tools to perform the analysis, contract advisory services, perform technical analysis, etc. This process will take some time, remaining in the hands of the minority shareholders and being performed in a cautious manner. At this point, we are going to discuss the conditions of situations of diverging perceptions and the means to address them. One of the examples that you mentioned is regarding the issue of surplus and responsibility exclusion. If we have different views between one and the other, maybe we might have to apply a burning-out forecast or a carve-out that covers such different views. We will thus assume retention of part of the price, or a supply commitment, if it has a negative resolution. With these types of mechanisms, we expect to use them to address any such differences. You mentioned energy sales by ENGIE. It sold 300 average MW in the last auction, through our trading company, Geramamoré, at R$ 148.00/MWh. It was a wise decision, given our current market situation, with very low PLD. We sold it for three years and that was a way to reduce ENGIE's exposure. ENGIE made this decision last year, decreasing its exposure to the spot market price. You mentioned another element regarding CAPEX. Regarding the updated CAPEX, we now work with roughly R$ 20 billion, R$ 10 billion of which comprises debt and R$ 10 billion

comprises equity and the interest of ESBR. A relevant piece of information is that 40% of the equity accounts for a book value of R$ 4 billion. When performing an assessment of Tractebel Energia's cash projection and the working capital to absorb this asset, we always consider the book value. The transaction value depends on the discussions between the Parent Company and the Related Party Committee. Therefore, we do not know the precise figure, although we believe that it should be something close to book value, given that the project had some setbacks and costs over run, etc. On the one hand, we were able to achieve some positive results and additional energy, so there are some upsides to be captured. Have I answered everything, or am I forgetting something?

Sérgio Tamashiro: Just going back a little bit, about the increase in CAPEX from 2.1 to 2.4, was there any justification? Is that not related to Jirau?

Sattamini: No, it has nothing to do with that. I do not have the numbers now, but what you saw in the third quarter is most likely because of a few things. One thing is the postponement of certain investments. For example, a supplier may have failed to deliver certain parts or materials or failed to finish the phase of the work, so we do not pay it. We were expecting to pay, but did not. On the other hand, it could be increased in a given year because we were able to get a discount from the supplier for anticipating the supply. So they could be things of this magnitude – it has nothing to do with the Jirau.

Sérgio Tamashiro: All right. Regarding Jirau, we can see that it was a troubled project, with many delays and so forth. Now, considering as the next auctions for Tapajós, does the Parent Company ENGIE have that kind of appetite? Has it been a good lesson, generating value for

Jirau? Should we expect the same systematics for Tapajós? Or do you think that was a warning sight for the board, in which they will be restricted to smaller projects? What is the long-term strategy?

Sattamini: Look, I will use the benefit of having Anamélia here. She is ENGIE representative I will pass your question to her, if you do not mind.

Anamélia: Thank you for the question. ENGIE, as an industrial group, analyzes the opportunities that are emerging in the market, both from the standpoint of M&A and the Greenfield project. We have a vision of portfolio mainly dominated by hydropower, so we are interested in a greater diversification, looking for conventional energies based on projects that are more advanced in our analysis and our development processes, as outlined by Sattamini. Therefore, will consider it and participate in the consortium, but the final decision on the participation in this type of project will be taken by the board. I think it should to be made with caution and that we should learn from our overall experience.

Sérgio Tamashiro: Okay. Thank you.

Moderator: To ask questions, please press star 1. This concludes the session of questions and answers. I would like to pass the floor to Mr. Eduardo Sattamini so that he may make the final comments. Mr. Sattamini, you may proceed.

Sattamini: I would like to thank everyone for your presence. We had a large number of participants. Thank you for the questions and we will be talking to you until the completion of the first quarter, which, I hope, will have very positive results. Thank you everyone and have a nice day!

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