

Q4 2009 Earnings Call

Company Participants

- Arlindo Magno de Oliveira, IR
- Astrogildo Fraguglia Quental, Chief Financial IR
- Unidentified Speaker, Unknown

Other Participants

- Katia Cortes, Media
- Marcio Prado, Analyst
- Marcos Severine, Analyst
- Monica Araujo, Analyst
- Unidentified Participant, Analyst

Presentation

Unidentified Speaker

Good morning, this is the Centrais Electricas Brasileiras SA, Eletrobras results conference call for the Fourth Quarter of 2009. All participants are connected only as listeners. But later we will open for a Q&A session for which you will be instructed on how to participate. (Operator Instructions) It's important to remember that this conference call is being recorded.

Before proceeding I would like to clarify that some statements during this conference are reflectives [ph] of Eletrobras' projections, they are (inaudible) of the Director of the Company as well as the information's which are currently available. They involve risks and uncertainties, known risks and uncertainties include. But are not limited to general economic. And regulated. Investors should understand that general economic conditions of the industry and other operating factors may in fact influence future developments and the results may be different from the statement.

And now I would like to pass the floor to Mr. Astrogildo Fraguglia Quental, Chief Financial Investor Relations of Eletrobras. Please Mr. Quental you may proceed.

Astrogildo Fraguglia Quental

Good morning, everyone. Eletrobras once more is here to report the results to investors for the year 2009 which has been closed and approved by our Board of Directors. I'm here with Mr. Arlindo Castinero [ph] who is also [ph] Investor Relations known by people.

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And also I would like to introduce to you our new Director, Armando Casado de Araujo, who is here sitting by me. He's been working for here for 30 years at Eletronorte and he has helped me previously at Eletronorte and Eletrobras. He was an advisor replacing the Director sometimes and yesterday the Board acknowledged for personal reasons, based on requests from me.

And Jenton Linka [ph] leaves the Company. So the Board from (inaudible) has approved the nomination of Pedro Borski [ph] a Distribution Director and President of the Company [ph] -- distributor Company for Eletrobras and also Director of Electrobras and Mr. Armando Casado who has also been nominated for this directorship.

Having said that and considering the knowledge of the market from the known numbers the consolidations of our balance sheet regarding the results of the last line BRL170 million which is our profit. In the balance sheet it does cite our position of the year. That has been followed up by the quarters [ph], especially because of the devaluation of the dollar which harmed our figures due to some economic loss in the future in 2003 [ph] regarding Itaipu credit and it harms us in around BRL4 million negative.

The analysts was talking about this in our figures before that reflected and that's why we have these results a lot lower than what we expected. And also, remember in 2008 when we had the result of over BRL6 million, it was the opposite that happened to the dollar in Itaipu account.

Anyhow we showed (inaudible) the Board yesterday, what would be the result if the exchange rate had been more stable. We also showed yesterday the cash flow of the Company, that despite of the balance sheet figures, our cash flow generation for the system as a number as a whole was BRL3 million/BRL5 million [ph] on average which shows that the Company is healthy and it's following the right path.

I would like to stress here our results, three relevant points that helped to get to these results in a positive way and also three points in a negative way. Then talk about the proposal of dividends that was sent. As a positive effect of the balance the (inaudible) average of the isolated system which has been passed in June and it's going to be enforced as of July. So we had -- it was enforced to have 111 [ph] around BRL400 million [ph] and recognizing this right that's been regulated and it's been acknowledged for the concession of the North area.

We had a reversion of Eletronorte power play that had been taken [ph] in 2008; that we couldn't be able to recover our assets. But actually we showed this last year, because the system is interconnected. The generation of some oil [ph] plus, from Eletronorte and also UNO [ph] in their interconnected system led us to recalculate. And it took us to reverse this, because we understand that this energy is considered recoverable. So then the revenue can get to around BRL600 [ph] million. So we got lower to this reversion.

And the last point that was talked a lot in the past months, our Company in Hidro Eletrica do Sao [ph] where we have a significant participation in the GIT and we have 4% or 5% of Eletrobras participation. We -- head of our (inaudible), when we managed to consolidate

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the rights to those from the Law 8631/93 [ph] that equalized the system of Brazilian electrical system -- the de-equalization [ph], sorry.

And with this we had the insured remuneration around 10% that had any assured return. And this law had some issues regarding its liquidity. The important question here was solved [ph] in '93 with around with \$25,000 billion, back then it was \$1 to BRL1. But it was outstanding, the question of this company in Hidro do Sao [ph] was the old concession in Hidro Eletrica do Sao [ph], the employees, it hadn't been acknowledged so far.

Then we had this law suit filed and only now we could get it rights granted. And as equivalent we managed, considering that Eletrobras would have almost BRL1.2 [ph] billion of this credit, which would be equivalent number. Then our talk with our independent audit after a lot of discussions, we considered there the concession of the Company, Hidro Eletrica do Sao in 2015. We -- they accepted us to record at least a further sum, 2015 -- from 2010 to 2015 which is the period this is our right.

This concession was granted to us; it's our right. And this is going to be granted and it's going to be evaluated and -- so we don't know how long it's going to be. But we have this right. And so we consider at reversion that the worst case scenario that the concession wouldn't be renewed, saying the conservative side, if the concession is not renewed. But at least we'll have this right that was granted. It would have to be calculated from 2010 to 2015. And in this calculation -- when we do the finance calculation we would get to a net amount, around BRL700 million. So these are the three most positive effects in our balance sheet, in our results that would impact our results.

Another issue that also influenced, we also have three here that rolls out, the positive ones. The first one is the actual roll of (inaudible) and how they (inaudible) the 2007 results that was raised when we had the provisional reversion around BRL1.2 million [ph] after a lot of discussion with our Brazilian SEC [ph], also the issue involving Furnas, Eletronuclear which was done in December. And the document was signed, that creates a benefit for the benefit of (inaudible) -- for the employees of (inaudible) in Alto Rio.

Our understanding's that this benefit, when it comes [ph] to the previous question would take us to different figure [ph] that's lower of BRL1.2 billion [ph]. So we are returning and Furnas' results we can explain why it resulted negative, this event [ph]. And you know ahead from our controlled companies, Furnas has a negative result due to this reason of (inaudible).

I would also like to talk a little bit about the distribution companies that had results. Basically the same as from 2008, showing that our recovery is ongoing and we still have a lot of outstanding issues that we need to solve. Not only the trials 111 [ph]. But also capitalization of Eletrobras and its controlled companies. And remember the capitalization that Eletrobras did last year was only done as of December last year. So all the financial expenses that we had from the companies we held [ph] was influenced by 2009.

The distribution companies had a lot of expenses, technology [ph] as well. And the companies that had the biggest impact. So distribution companies still had to be

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recovered to be recorded; that we talked a lot about with our auditors, regards to around BRL200 million and because of methodology was not acknowledged at the Company but at the whole holding level, to complement the result of our Company.

I'd like to remember that we have, in the distribution companies something that have to do with taxes and the companies in Amazonas. Amazonas in this year it managed to show that they had a provision of BRL600 [ph] million from ICMS which is a Brazilian tax, which was forecasted as a provision and because the ANEEL, the Government agency had a different understanding, had something, a lawsuit, because a lot of companies were filing suits against ANEEL, which is the regulatory agency in Brazil. There was a law that was backed up. So it's 10.833 [ph] the number of the law.

For those who probably know, they say that this staff tax from oil could be covered by CCA [ph]. It was like a step-ways approach in regards to 2009. And these rights on this ICMS tax law, we created some doubt and we in dispute -- and the regulatory industry understood there was a right for the companies. But also since this would be a right to the consumers as well. So then you can understand the technique for the CCC's [ph] calculation.

So ANEEL answered [ph] the law saying that this amount, BRL600 [ph] million, had to be returned. So Amazonas company put this in its provision and the (inaudible) continued. But now after it was ruled at first instance [ph], we managed that ANEEL would have official statement on this. It said that the forum and others, you had to record this in its results. But all the procedure, all so very conservative but also understood some price what are -- it's going to be a reason for appeal from ANEEL. So it was considering the provision of the holding.

So Eletrobras is also recording, just to be on a conservative way. So it's got some Amazonas and we recorded this number at Eletrobras Holding. So we've redone our calculation, this positive and negative effect, they rule each other out. So the provision that I talked really briefly; they almost had a no result on the results of Eletrobras.

I would also like to say from the controlled companies that Eletronorte after -- over 30 years, it's profitable again. So it's a Company that we were looking for a balance. We had a good account lowering [ph] and then we managed to have this raising. And today it's a company that is being profitable. Last year with a reversion of some oil [ph], it managed to get a profit of around BRL200 million.

So from our four controlled companies, Furnas with a problem of (inaudible) of the provision from (inaudible) was the one that had accounting losses. But the other companies, Eletronorte (inaudible) with the biggest profits in the system and also Eletrosul, which still reflects the activities of transition [ph] of the companies, like a fiscal income, as we consider on a daily basis.

But the companies which are recovering its assets less, as we've been telling the market; we've been meeting some of the investors, I'd like to say that we have a cash flow of around BRL3 billion to BRL5 billion in system. And because of these accounting results,

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which is more profited, we made a proposal for paying to the debts which was a proposal that was discussed and approved at the Board at the meeting.

So we consider that we have to pay 6% of the dividend, which is mandatory to the preferred action [ph] owners and this is calculated due to number of shares to the total [ph] share capital; so it's around BRL315 million [ph] as minimum dividend for the preferred share owners. If we would have to calculate a minimum dividend, which is (inaudible)%, this figure would get to BRL40 million to BRL50 million. We would be able to pay the preferred action stock owners.

So we'd like to consider as well that at the same line, Eletrobras generating [ph] cash flow and also having a look of this minority and majority the proposal to have autonomy of treatment of the two types of shares. And also so that we can pay some profit on own capital. So we would have paid our common and preferred share owners.

So we made a proposal, which would be over BRL700 million and to remember that the fact to compensate our [ph] credit, especially for the revenue office, the flow, what we're going to have to pay is not over BRL500 million. So this means that we are paying the preferred shareowner BRL215 million [ph] and for the common shareowners BRL190 million.

So when we start these figures were proposal and it was approved by the Board. Of course, the Board asked us to think about a (inaudible) next meeting, the governance of policy of dividend which is more strict, more consistent, because we're working under heavy influence of the exchange rates flotation so we need to have a more defined dividend policy. So this is something that is a homework for us.

But basically this is our important figures that I would like to tell you and I would like to open for questions.

Questions And Answers

Operator

(Operator Instructions) Mr. Di Marcos [ph] for Itau Securities.

Q - Marcos Severine {BIO 3322666 <GO>}

Good morning, everyone. And from what I understood from your results, you acknowledge partially the positive impact from MP, the Law 111 [ph], it's the revenue of BRL435 million regarding the refund of fuel and the average CRA. If I analyze this amount I get to BRL1,044 million. My question's for the year. First of all, I'd like to confirm the validity [ph] of these figures of around BRL1 billion only regarding the difference of expenses.

And another point here, from what I could understand you didn't acknowledge known input on ICMS on purchasing fuel. I have an estimate of around BRL500 million per year. From what I understand, you should be inputting this figure around the year 2010.

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And also, in your comments they say that you would like to recover BRL1.4 billion regarding this tax, ICMS. From the peso, you would have an extra BRL1.4 billion [ph], unless the positive effect for this result is a strong reduction of the expenses on the controlled companies.

So my question is in a sense of what can we expect as a level of scenario and exchange rate stable scenario; meaning 2010 all the positive influence of the Law 12111 and also recovering from the losses of Furnas with the (inaudible) which should be around BRL350 million, if I'm not mistaken. And also the reduction of the financial expenses of the controlled companies?

And my last question is, it seems [ph] that you are about to announce the aims of the controlled companies, I would like to know what's the commitment of the current management of the Government to reach this goal that will be released; can we actually believe of them? What kind of controls would be defined -- will be approved in the Board meeting. This is the question, thank you.

A - Astrogildo Fraguglia Quental

It's a very good question. I think we can -- I'm going to start from your last question from the operating goals and also talking about the management contract and also the -- our aims of -- corporate aims.

We talked about these on the Board last year. We approved late December along with the proposal of capitalization. At the same time that we -- just going back to clarify, we had -- we were aiming to capitalize, according to the studies we had last year. But at the same time that we had a capitalization, we also had the commitment of the dividends that we had to pay 100%. We had to return 100% of the dividend and also to fulfill the aims that we had. These are all things in the bylaws of the Company that will be changed for inclusion of these two topics.

We had a contract signed in December which was a starting. We also had an attachment to this contract, which was delivered to the Board Members, we could not have a formal presentation, because the results took the whole meeting. And then the end contract is released.

The position of the Company within these three months, to have an attachment. Why? Because in December we had some preliminary indicators and one of the main ones that goes in line with what was put by Marcos Severine [ph] is the expenses on the net operating revenue. This is probably the indicator that shows the reduction of the expenses.

We got a standard from the market. We got a parameter from the companies which -- the companies are the same sector as Eletrobras, like Copel, (inaudible), GIT [ph], regard these three as comparison. And we made a projection of 10 to 15. It's a projection only for the year. These numbers take into account the reduction. And also the search for better results of the expenses cost.

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And we are not going to release them if they're not approved. So it's something that we wanted to have approved. But the Board asked to assess it and also -- and give the feedback in April -- at the meeting that we have in April due to the figures. So it shows that we are following the path of governance. And also there are some other indicators, the financial indicators and operating technical indicators.

So anyhow, as an example I would like to mention these expenses indicators, also the level of investment that we made. And also the operating technicals that will be assessed according to the satisfaction in -- of that cluster [ph] Company. And they reflect some of the actions that we are taking within the Company.

Going back to the technical question that involves Furnas and Nuclear, actually we are going to acknowledge the question of the regularmentation [ph] that has not been carried out yet. Furnas has its rights recognized, because Furnas sold energy and how the fee from Angra 1 and 2 reflects the results and it's -- from Furnas. And this is going to be overcome by Furnas and we see around BRL300 million per year.

And going a little bit more to the tax line, ICMS the acknowledgement of the Law 1211 our 11 -- 12111. Our understanding is that the aim of this regulation, because we don't have the documentation [ph]. So we cannot mention numbers. But the objective of the law is. So then all the expense over which was done [ph] that you can approve effectively to say so and generating -- the environment -- the regulatory environment has a real price. So this difference would have to be covered by means of ICMS or taxes as a whole.

So the cost of production as a whole is being covered by what was mentioned. As I mentioned before, we don't have the figures from the early 2010. So along this first year of this law being enforced we should have a more detailed number.

Anything else?

Q - Marcos Severine {BIO 3322666 <GO>}

The question on the expenses -- financial expenses of the controlled [ph].

A - Astrogildo Fraguglia Quental

Yes perfect. We started this year for example, we had a lot of questions on our controlled Company. I talked about 100% of our dividend, because we're going to put that in the bylaws.

Q - Marcos Severine {BIO 3322666 <GO>}

As of 2010 or 2011?

A - Astrogildo Fraguglia Quental

Why? Because the decision was taken in December 2009 and be in force as of December 2009.

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Q - Marcos Severine {BIO 3322666 <GO>}

So what happened?

A - Astrogildo Fraguglia Quental

And this is, in theory, the result of 2010 which is going to be released next year, in one year. It's going to show all these results, the contracts of capitalization. And all that. So considering that we are -- for example, Furnas and Eletronorte they are except from the fact of the financial expenses.

So in terms of cash, we have cash flow that enables us to pay 100% of the dividend. So these financial expenses, to a lower level, it's going to lead to the instruction that I've just mentioned to pay 100% of the dividend this year. So we are receiving from our Company 100% of the dividends due to the reduction of our financial expenses.

Q - Marcos Severine {BIO 3322666 <GO>}

So I understand. So when I see Eletronorte you have in the results. And the finance expenses of around BRL1.4 million [ph] and then in (multiple speakers) --

A - Astrogildo Fraguglia Quental

So we had (inaudible) and Eletronorte. And this is remaining, apart from the development Bank. We have another -- we have a debt there -- the credit with the development Bank. And also Eletronorte also have a debt, which cannot be capitalized; and also Eletronorte to [ph] Eletrobras, which cannot be capitalized, an old negotiation from the Treasury department.

It was nice that you mentioned that because I can say something else about Eletronorte. Eletronorte, because it has tax credits from over BRL2 million, which were not considered to be used in the past, because they can [ph] be used. And in a way they're part of our profit. And the fiscal credit and the tax credit, you can use that along the year, 10% to 20% of what we can use.

If we had a profit of BRL300 million you can use 10% of that, like BRL30 million. So these tax credits that we have, in the case of Eletronorte and other companies that have tax credits, they're going to be used in this way. So for example, if I have BRL300 million in the results, of profit, I can use around BRL90 million actually because it's 30%.

Q - Marcos Severine {BIO 3322666 <GO>}

Okay perfect. Thank you very much.

Operator

Next question's from Katia from Bloomberg, Brazil. Please go ahead.

Q - Katia Cortes {BIO 4055948 <GO>}

Good afternoon. I would like to understand a little bit better this question on the change of dividend payment. Is it going to be a permanent change or just for now, for 2009, for this date of 2009 that was just released to be implemented in 2010?

And how do you see the trends of the share price if the differences from common to preferred tends to reduce since you made this change on how dividends are going to be paid? Thank you.

A - Astrogildo Fraguglia Quental

First I'm going to say something and then Arlindo [ph] is going to add to me. It's not the change of the policies of dividend, but [ph] we are paying dividends higher than the minimum. We've done this some other years. The minimum is 25% [ph]. But we have paid higher than that. And this year, because we had lower profit we decided to also pay common shares owners.

It's important to mention that our stockholders composition, 20% are preferred and 80% are common shares. It's not a difference in treatment. But also in figures since we're going to pay BRL200-and something [ph] for preferred; that's the same for the common shares. It's a way that we have to pay higher price like we've it was being done the other years. It's not actually a change. But it's keeping the same theme.

The Board has just asked us to work a little bit more on this dividend policy so then it's a little bit easier to understand.

On the shares in the market, Arlindo has an opinion here [ph].

A - Arlindo Magno de Oliveira {BIO 2125555 <GO>}

Well actually we hear leaving [ph] a new level of prices of Eletrobras shares. During one or two years we had the market very driven due to the dividend reserve. We also had payment and non-payment that would make the shares to fluctuate a lot. But now we eliminated this dividend reserve. So now we want to have a natural evolution of the prices of the shares due to the governance that Eletrobras is adopting for its shares.

So we have typical markets, like the American markets that likes common shares at lot more than the other one. So due to the trend of this, we have -- on the contrary the Brazilian and European market that would give around 6% dividend of the preferred shares. So we're going to see how it's going to be the spread behavior, ones with the right to vote and the other one with the right to dividend.

Q - Katia Cortes {BIO 4055948 <GO>}

Okay. Thank you very much.

A - Astrogildo Fraguglia Quental

Any other questions?

Operator

We have a question from Monica Araujo [ph] at Ativa Corretora.

Q - Monica Araujo {BIO 3027604 <GO>}

Good morning, everyone. My question is regarding the last statement on March 24, regarding the compulsory issue. Can you make any comments on that, please? Thank you.

A - Astrogildo Fraguglia Quental

(inaudible), could you please repeat the question, because we couldn't listen to that?

Q - Monica Araujo {BIO 3027604 <GO>}

Okay. So on March 24, there was a decision from a lawsuit regarding the compulsory correction of the period between 1988. So I'd like to understand this a little bit what was the size [ph], could you talk a little bit further about this?

A - Astrogildo Fraguglia Quental

Yes it's a good question, this question on the compulsory. We had not only an audit by price in our processes. And we have a lot of processes. And it's not a compliment. But we should -- they audited all the processes of compulsory [ph]. It was not only those above a certain number.

And considering the decision from the law that were assessed, the amount was assessed and audited. And also the number that we took to the provision, it's BRL1.3 billion. Actually, the result was a little bit lower. So I think it means that Eletrobras worked very well.

The last one, for 2010, we haven't assessed that yet. It's there in our Legal department. But apparently it's not impacting a lot. So it may be I could not talk a little bit more about it. But Arlindo and our new Director would commit you for the clarification as soon as we have this assessment.

Do we have another question?

Operator

From Sienna [ph] from Itau Bank.

Q - Unidentified Participant

Good morning, everyone. So regarding the goal [ph] contract, have you defined how this aim is going to reflect in the remuneration package of the executives? Are you thinking of increasing the installment of the variable remuneration, how it's going to work?

A - Astrogildo Fraguglia Quental

Well actually, at first, we are not covering this question of the executive remuneration, which is important. But we actually have this goal [ph] contract; it's more regarding financial indicators and technical from the Company.

So the question that involves this, let me see if I understood the question. If it's going to be some kind of punishment?

Q - Unidentified Participant

No, not as punishment. But what's the encouragement for management to reach their goals and to encourage the employees to get to these goals?

A - Astrogildo Fraguglia Quental

Well at first we haven't thought about this remuneration of our natural person [ph] of the management, because we have some limitations, unfortunately. But we are actually thinking of this in another level, of Eletrobras as a whole.

But there is an award regarding the controlled companies. When they reach their goal, they can receive something like -- for example, if you have some kind of investment that is being done, which is, for example, lowering costs, you can receive from hosting [ph] and those who are going to invest, to make the investment of Eletrobras and the partnerships, we give these companies with the very well performance, maybe they could invest more and also have better conditions and partnerships, as a direct or indirect encouragement in the way that we're going to try to benefit the companies that are reaching their aims.

Of course, this is a new process. This next meeting that we're going to have for the Board that's going to affect this contract, they might give us some more support at such time [ph]. But our line of thought is to encourage not the natural person but the legal person.

Operator

Next question comes from Marcio Prado from Santander Bank. Please.

Q - Marcio Prado {BIO 15398968 <GO>}

Good morning, everyone. Thank you for this conference call. I'd like to talk a little bit about the impact of the Law 12111 of this data that was reported in 2009. Astrogildo mentioned in the beginning of his presentation, that was around BRL400 million acknowledged in the Fourth Quarter regarding impact of the Law 12111, which have been accumulated since August 2009.

I would like to understand that, out of this BRL400 million, a part of the regularmentation [ph] is still missing. So that Eletrobras can acknowledge all the benefits from this law. I would like to understand a little bit more this figure BRL400 million; what does this include? These redefined impacts of this Law 12111 in three [ph] impacts; the first one being the difference on the fuel costs that Eletrobras has; the difference in ICMS, which is

the tax; and also the question of Furnas and Eletronuclear. I would like to understand, within this BRL400 million, these three impacts are covered. If they're not, then what is missing on regularmentation [ph] that's prevented Eletrobras acknowledge a higher profit in this result of 2009?

A - Unidentified Speaker

(inaudible) to say. Good morning, everyone. (inaudible) speaking. And regarding your questions, actually the Law 12111 is clear when it states that as from now, different from the past, which will cover just the cost of oil, of fuel, to have the participation of the cost of the oil, you would have to pay the equivalent hydraulic and the tax part.

And also, now the law, its main article states that it now covers all the production cost. And it implies in paying personal materials, third-party taxes, current expenses, all the costs, plus remuneration of the assets. And all the production costs, including fuel. And these production costs, the distribution company participates as a cost for all the production costs in average of energy in a regulated hiring.

Having said that, we calculated and assessed this figure. And regardless of the regularmentation [ph]. And we think the conditions that we have considered efficiency condition, which were considered and the adjustment -- and the results of this asset.

Q - Marcio Prado {BIO 15398968 <GO>}

Perfect. So if you could just -- actually the question remains that the regularmentation [ph] is outstanding? It's something from the Ministry or some kind of resolution? The part pending is from the Ministry not ANEEL. And this regularmentation is different. And anyway, from the premises that Eletrobras has adopted to get to this BRL400 million we could see some adjustment of this number, whether to lower or higher?

A - Unidentified Speaker

Yes. But we were very careful in having the production costs, considering all the efficiency of generation. For example, if one of the machines has performance of 200 liters per megawatt water, the conditions of this performance of the machine that was considered for this calculation. So we actually adopted a conservative calculation. So then we could assess these numbers and apart -- and despite the Law 12111 has been released in beginning of 2010, its effects actually were valid from July 29, which was a provisory [ph] measure.

Q - Marcio Prado {BIO 15398968 <GO>}

So this BRL400 million are also included in their own (inaudible) effect?

A - Unidentified Speaker

No. No.

Q - Marcio Prado {BIO 15398968 <GO>}

Okay. Thank you.

Operator

A question from (inaudible) from Reuters [ph].

Q - Unidentified Participant

So good morning everyone. I would like to talk a little bit about this control and the positive impact that control companies had in Eletronorte that haven't been profitable in 30 years, which was the first time there was profit in 30 years. So would you have the numbers from these controlled companies?

A - Astrogildo Fraguglia Quental

Well our controlled companies, we had Furnas with losses of BRL130 million, which was impacted specially for (inaudible) issue that we mentioned before. So I think (inaudible) BRL764 million [ph], Eletronorte BRL304 million [ph] also positive, because of some reversion that we mentioned and Eletronuclear BRL55 million [ph]. Eletronuclear also had a number lower to what it's usually.

Q - Unidentified Participant

This BRL55 million is positive, right?

A - Astrogildo Fraguglia Quental

Yes. In 2008 it was negative but then now, 2009, it's BRL55 million positive yes. And Eletrosul, BRL205 million positive; a small number. But it's very meaningful because there was a lowering [ph] in CGTE with minus BRL20 million and last year it was almost minus BRL200 million, because there was a lot of disposed energy. So it's actually concluding that coal thermal that we are working.

Q - Unidentified Participant

It's late. You were supposed to be in operation now.

A - Astrogildo Fraguglia Quental

It's going to be this year to improve the operating -- our performance of CGTE. So basically the (inaudible) from the controlled companies, these are the figures. The distribution company as a whole, we had damages of around BRL170 million in the six companies, which is --

Q - Unidentified Participant

You have six distribution companies?

A - Astrogildo Fraguglia Quental

Yes, Amazonas Energia, Eletrobras Distribution Acre, which is the former Eletroacre; Eletrobras Distribution Rondonia, the former Ceron; Eletrobras Distribution Piaui, the former Cepisa; Eletrobras Distribution Alagoas, the former CL; and also Eletrobras Distribution Roraima, the former Boa Vista Energia.

The only one that we didn't change the name is Eletrobras Amazonas Energia which is not distribution, because the Company also has generation, not only distribution. And also transmission. So after we interconnect, which should happen in 2012/2013, then we have to change the system in Amazonas.

Q - Unidentified Participant

And also one more question, you have an investment of BRL9 billion this year.

A - Astrogildo Fraguglia Quental

Yes. Including financial reversals, remember we have two different -- the direct investment and the investment through partnerships that are calculated within this BRL9 billion.

Q - Unidentified Participant

So you have to capitalize this money in the market?

A - Astrogildo Fraguglia Quental

It's a good question, we have a request for authorization of up to \$2 billion for 2010 and so we're going to capitalize in the global markets yes. And (inaudible) billion from the world banking for the distribution companies. So the program to recover distribution from Eletrobras, we have a program worth over \$700 million for distribution. But we should consider that the bank will provide \$500 million and the remainder is from the Company.

Q - Unidentified Participant

So these \$2 billion are you going to capitalize from the market?

A - Astrogildo Fraguglia Quental

Yes. Apart from this \$500 million, we have \$1.5 billion, because I already have \$500 million from the world bank. But this \$1.5 billion remaining is not approved. But it's authorized and I'm going to go either to domestic or international market, like we did yesterday -- last year.

Q - Unidentified Participant

So just a clarification, \$2 billion that you need, \$500 million is going to come from the world bank and \$1.5 billion you will decide how you're going to get that?

A - Astrogildo Fraguglia Quental

Yes. It should be bonuses [ph] abroad like we've done last year, also the development Brazilian bank, we might get some from them. But since we want to go abroad because

of the dollar. So we might actually prefer to get the capitalization in dollars.

Q - Unidentified Participant

So you asked the Brazilian [ph] Treasury department?

A - Astrogildo Fraguglia Quental

Yes. Yes, because we need to get -- capital we need for authorization for that.

Q - Unidentified Participant

Do you have a forecast of when it's going to be?

A - Astrogildo Fraguglia Quental

Well we expect that within the next one or two months. Yes, maybe in April we will have this answer.

Q - Unidentified Participant

Okay. Thank you very much.

Operator

Ladies and gentlemen. due to our time, the Q&A session is over and I would like to pass the floor to Mr. Astrogildo for his final remarks.

A - Astrogildo Fraguglia Quental

Thank you very much everyone. I believe that I would like to say as a final statement that Eletrobras is going its right path. It's going through a good moment. We are improving the governance as we've mentioned all the time.

We've been working towards improving Eletrobras system like we've done recently. So some of the main points of decision [ph] emission to be the best, clean energy company in the world.

We are very bold. But we understand that we are going to the right path, that these -- we're going to not only be the largest. But the best company; being very profitable, which is one of our objectives; and also this system that we did signify [ph] Eletrobras all linked through another logo [ph] like its being released on the 22nd. But having a single unit for Eletrobras Holding place for us holding -- defining partnerships at holding and giving a relevant role for the controlled companies.

I would like to say that we don't have any other (inaudible) other than having a very profitable system. And also we're going to institutional program of consulting that will review all the Eletrobras institutional. So this is our work that we're going to see it, going

to benefit [ph] from our next government. So Eletrobras is following its right path and I would like to thank everyone for our healthy relationship.

I would like to pass the floor to Arlindo Castinero [ph] who's going to talk about his point of view. Thank you, everyone and let's go ahead and see.

A - Unidentified Speaker

So the conference call is over, I would like to thank everyone for being here and have a good day. Thank you.

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