Operator:

Good afternoon. Welcome to Light's 4Q14 Earnings Conference Call. Today we have with us Mr. Paulo Roberto Ribeiro Pinto, CEO and Mr. Joao Batista Zolini Carneiro, CFO and Investor Relations Officer. Today's live webcast and presentation may be accessed through Light's website at ri.light.com.br. We would like to inform you that this event is recorded and all participants will be in listen-only mode. After that we will have a Q&A session when more instructions will be given. Should any participant need assistance during this call, please press *0 to reach an operator.

Before proceeding, let me mention that forward-looking statements are based on the beliefs and assumptions of Light management and on information currently available to the company. They involve risks, and uncertainties because they relate to future events, and therefore, depend on circumstances that may or may not occur. Investors should understand that general economic conditions, industry conditions and other operating factors could also affect the future results of Light and could cause results to differ materially from those expressed in such forward-looking statements.

Now I will turn the conference to Mr. Paulo Pinto, who will begin the conference. Sir, you may proceed. Mr. Paulo Pinto, you may proceed.

Paulo Roberto Ribeiro Pinto:

Well, we would like to apologize, we had a little problem. I was mentioning the difficulties of the year 2014. Basically, as a result of rainfall, and also we are working with the deficit superior to the EBITDA generated by the distribution company, a situation that is very delicate especially due to the responsibilities of Light with the Olympics, investments during the Olympics to ensure and guarantee and actually will guarantee a better quality and service during the Olympics when the financial company as a whole signaled this picture that we see here. We had not only the financial measures adopted by the governments, loans, also funds from the national territory and BNDES.

Thus, for 2015, we have still some outstanding items from November and December. Now, they will be considered and paid in March and I think that helped a lot the Company's results was the CVA, these non-financial results, which contributed for us, and also another point, the registration of the CVA in 2014.

And this with a consensus between auditors, Embracon, our Brazilian SEC, the CVM, we were able to register due to the competence of the CVA, but also in the first year when this happened to bring the CVA of 2013 and recording it in results, in net profit. So this allowed like to have positive results, and as I said before, CVA contributed strongly for this.

Now talking about Light’s 2014 Income Statment, you can see that our EBITDA had a very important role of operational measures, in spite of the difficult times. We focused a lot on the quality of the services to the client. Of course, there is a lot to do yet for the future, but in comparison with previous years, operational performance of Light was the highlight in 2014. You can see there are two fundamental points. One, commercial losses, non-technical losses. We began the year with 45% in low-tension, then we had an enormous peak in January 2014, we had a peak and we closed with 41%, 40.9% in December, as a result of a great effort because of the agreement we made in November 2013 for a non-tariff revenues.

A very important factor, which also resulted from a lot of work concentrated and focused is DEC, not FEC, but DEC, the number of hours of interruption for consumers, we closed last year 18 average hours on average in terms of interruptions. And we had a goal that we would have to reach at least 16, now we have 12 average hours and this shows the efforts, including investments and also preventive maintenance and the dedication of Light's team. We will not stop; we have more ambitious goals for 2015-2016, for this cycle that goes until 2018. It's important to say that all of this involves management since 2013 after the tariff review.

We had times that required special attention, we created projects outside the company's structure through a project office, and losses and DIC other topics too are part of this new structure with focus on management and the Board of Directors does a follow-up on a weekly basis. We do a follow-up of each project on a weekly basis and we look at the next steps. And so, this is the main part of our meeting.

As I said, right after the review of 2013, this had bought very important results. Also tariff reviews were a success for our results tariff review in 2013 based on a project coordinated by the project office, which have this focus, this intensive focus to improve results. And as we have treated important issues like reviews, indicators, operational indicators, also focused on quality.

Another issue in 2014, we looked at satisfaction index published by ANEEL, we are still below the average of the Southeast of the country, but we had a very significant improvement, which is a result of all of these initiatives aiming at improving the quality for the client, adequate service to our clients, to our consumers and this especially in the distribution.

In the case of IASC, which is the Index for Customer Satisfaction, which is a survey guided by ANEEL, we had an important growth in relation to 2013 equivalent to 10 p.p. As I said, it's still below the average of the Southeast, but an excellent evolution and this makes our team enthusiastic and really helps them, motivates them, fosters them to continue working on this. So the results close to R$660 million, it represents R$662.8 million in 2014, net profit shows the evolution of these actions, and the contribution of the tariff review and also accounting principles that we're using, allowing us to record CVA. So, apart from EBITDA, we had more significant impacts, financial cost, income tax and the profit R$662.8 million.

So, this was the result of great efforts maintaining all the cash at adequate levels, we did this. So, also on intraday follow-up of the cash situation of the company, also follow-up of the exchange rates, also collections also improved significantly. As a result of our focus, you can see that we had a significant increase in these numbers and we have a good collection also we see this in the basis. We have the installations, also installation of police installations and the state government is making investments to have even better service and results.

So, also the issue of losses, we always commented, our concession cannot be compared to any other in the country. The situation, we have a situation of losses that is very pertinent to Rio de Janeiro, especially where our concession is.

Although we have a third of the cities of the state, we have a greater concentration of this bad habit. This idea that some should not pay for electricity, we know that this involves a lot of work. We have to change the culture and also use technology to stop losses. But it is a problem that is important and does not depend only on our Company. The theft of energy, also this problem we know exists in water. And we see this in the society. This is a topic that requires actions from society, from the government, and not only as we see in 2014, this was the year when we lost R$250 million in EBITDA. As you know, there was a significant reduction in EBITDA. It went from 9% to 7% after the review.

And in the case of Light, we see the numbers in 2013, and we began 2014 with less R$250 million in EBITDA. We know that the Company's leverage is growing in comparison to this EBITDA, that is R$250 million short.

Also, we worked a lot on security, safety. We have a program to increase awareness of all the employees of the Company in order to protect our employees. This has been something where we have dedicated a lot of effort, safety, training 12,000 people, including outsourced, also people's motivation.

We have also worked on the proud and people being proud of working at Light. And thus, people must truly dedicate themselves. It is important that behind this, we also do our part, the feeling of the employees in relation to the Company should be present on a day-to-day basis. This has worked very well with employees being proud of working for Light.

Now also the issue of results and seeing the vision for 2015, you can see that it is different from the policy that we had for many years. The distribution is 50% of the profit. Now, we made a proposal to the Management Council, they will send this to the Assembly to distribute 25% of the net profit. This is a measure, we are being cautious because of the expectations in relation to 2015. The Company is being very prudent and the Council understood that this was the right thing to do. And at this time being cautious is very important. In a situation like this one, cash is the most precious thing in the company, so we must have a robust cash situation.

Now talking about 2015, we can look at the scenarios involving rainfall. We see optimism. Of course, we want things to turn out well for the country, but with the data that we have now at the end of the rainfall period, the results are not that good especially at distribution companies. Of course, there is an impact from generation companies and also the rainfall risk, but the distribution companies are close to the markets, close to clients and with the great concern and they are working and the time when we have significant increases in the price, in the tariff.

In November according to the normal price increase, 19% and now another 35%. So, if we join both 50% increase in tariff in a very short period of time. So, there is a concern from the impact resulting from these tariffs. We need the consumer to pay. We will manage very well, we will continue to decrease our losses in this environment and we need the billing to result in collections because the taxes, ICMS tax for example, which is the largest tax will be paid according to billing, according to turnover, and not according to collections.

So, we will continue to reduce our losses, improve our quality. We will focus also on collections. We will have a greater turnover, as I mentioned, this happened on the second, and thus ensure the cash position of the Company. So, investments will be able to continue, especially the investments linked to the Olympics. Right now, we are working in an intensive way for the Olympics, Copa das Confederações soccer games. And so, we know that now the most important event will be the Olympics.

We saw this increase in prices in terms 35% that was approved as of March. So, all of Light only this money, this extra money from the raise in tariffs does not stay with Light, we simply pass on the cost that we have to the consumers. So, we receive and pay and then we expect to collect in order to cover the cost of the operation. So nothing, none of these increases stay in the Company, but it is up to Light to collect from the clients, as I said and for this we will have to make a great effort to avoid delinquency or keep it at adequate levels, delinquency.

Now, we have collections, loss reduction, we also have investments, many of them linked as I said to the Olympics. We want to maintain our generation facilities. We have concentration of the producing areas, and the first goal, the first fiscal goal will have to be shown and reached in August this year, 39.92% in August. Our agency will audit us and they will look at our commitments. This due to the tariff review. So, this is a good degree of complexity that we will have.

So, loss reduction, we will work on loss reduction and also continue our efforts to guarantee collections without losing our capacity to invest because of this important event as I mentioned. Later on we can talk more about 2015, but I believe that as an introduction, I have to talk about the main points.

I would like to pass the floor to our Director, Joao Batista Zolini Carneiro. He will talk more about the results of 2014. Thank you.

Joao Batista Zolini Carneiro:

Good afternoon. So, I would like to thank for the introduction. We can look at page two. All the points were covered on page two. Now we can go on to page three and we will go into more detail about these points already mentioned. On slide number three, we have energy consumption, comparing quarter with quarter, 2.5% growth, in the last four quarters we have a 5.7% increase. It is important to see the temperature, this is very important in the Company's market. We have a very good market, but normally, this also puts pressure on our losses indicator. We will talk more about this throughout this conference call.

On page four, we have growth on an annual basis. Here we see the growth 3% in the average of the last four years, the growth of 4.9%. Now, we would like to say that our market has a small participation in the industrial segment, very concentrated on residential, commercial and free consumers. For them we sell and we charge only the cost of our distribution system.

Here on page five, we have breakdown of this market growth between the quarters. The growth of residential was of 4.9%, a large growth in the commercial segment 6% industrial, reflecting the current conditions in the country, we see a drop of 7.9% in industrial, although there we have a lot of the free consumers and global growth of 2.5% if we consider only the captive markets the growth 5.2% from this quarter to the previous, the last quarter last year.

Slide number six, we have growth of the market by segments. On an annual basis, in the residential area 7.7% growth, commercial 4.9% growth, industrial once again a drop of 6.6% in relation to the previous year and also 3% in the total market in the captive markets, also 5.4%. Reminding you, the growth in the residential sector, more than half of this has to do with our loss recovery program. So collecting amounts past due and also new clients.

On page seven, we have the percentage of collection. We see a small drop, although these percentages from 2013 are influenced by the reduction in the tariff that happened at the beginning of the year. So, this rate, as mentioned in 2014 considered the mechanical effects of the reduction of the tariff. So, here in large clients, it is still above 100% sometimes a difference for example clients that did not pay the bills in the

previous year and now are paying on time. Also public sector very good 96.5% and total 98%, which is a record for the Company, 98%. Also, here we had 2.9% in 2012, PCLD/ROB. So, here we have also the effect of bad debt 1.8% 2013; 2014, 1.3. So record percentages showing in total a drop of 0.5 p.p
. This is due to the improvements in collections in the Company.

Slide number eight, yes, we talked about DEC and FEC. Last year, we had a DEC equivalent. So disconnections 18.4 and now here this had a drop. We had an internal goal of 14 hours and now we were able to reduce another 4 hours apart from our goal. And this as a result of hard work done in this area. In FEC, we're going to 6.56 disconnections. These were those that were -- where electricity was interrupted. We're below the limits established by the regulators 6.84 and here we have also 12 in DEC. So at this rhythm, we will reach even better results in a short period. The compensation in DIC/FIC, the disbursements concerning these fees for disconnection we've reduced our expenses from R$48.6 million in 2013 to R$33.9 million in 2014. So we see savings and this results in cash of about R$15 million for the company.

Slide number nine, here we see the evolution of the losses. As our Chairman said, at the end of 2012 we have 42%, then actually in December 2013, 42.2% in terms of the non-technical losses, this year's the temperature of the first quarter when you look at January, we got to 54% and this really caused problems on our efforts to reach a lower level. As of the third quarter, when we have the effect of temperature the reduction was 0.5% every quarter and at the end of the year, we have 40.9 p.p. of non-technical losses, very close to the goal of ANEEL that you can see for August 2015, their goal was 39.92%.

Now, most of our efforts to fight losses has to do with the installation of electronic meters. Here we see the fantastic number of electronic meters installed. In 2014, 190,000 electronic meters were installed as a result of our new contract with a manufacturer, who is producing 200,000 per year and also the resources that we obtained after the tariff review to accelerate this program to fight losses.

So, in the number of meters, you'll see 14% -- 44%, so reaching this number of meters, of these 142 in shantytowns and the others outside the so-called risk areas. On the next slide, we have the results of our efforts to fight losses in the APZs. We show that the APZs that had losses of 50%, now, in December, this dropped to 20%, 20% in APZs. The collection rate, which was 89%, here went up to 97.1, the collection rates. The number of APZs we went from 26 in 2013 to 37 in 2014, evolution of APZs.

If you look at the next page, you have the result by APZ for each one, where we have measurements. And we see that in the older ones, we reached 10% in losses and collection now close to 98%. Now also the new APZs, if you look at this individually, you will see that the program has been very successful.

On the next page, we have net revenue quarter and compared to the other quarter, we see the evolution. We see here, what it means the effect of recording the CVA, 20 million in CVA. As the CEO said, part of this accumulated in 2013. Now, with the correct way of recording this or posting this in accounting, so CVA now is being recorded in this way in net revenue. If we compare the year after year the growth is 24%. If you remove revenue from construction and CVA, we see a growth of revenue 10.1% growth. So increase in the market and also the tariff review, the increase in prices. Also, here we see 83% coming from distribution; generation contributes with approximately 7% in net revenue, and sale and services revenue of 10.2% year to date.

Now on the next slide number 13, we have the cost, details of the costs. You can see a growth in non-manageable distribution cost. This represented 66.9%, 67% of our cost comes directly to us, then we see here manageable cost distribution, 18.2%. So, on these costs, we can work on below the numbers of the agency, the regulation agency and generation and sale 14.9% of the costs.

Now if we were to isolate personnel services of the distribution company, we see in the last quarter a reduction of 10.7%, in the year 2.7% comparing 2014 with 2013. And this is due to our efforts in reducing costs. If we look at the table below, we can see the evolution here, the reductions in PCLD, you see a 21% reduction per year, PCLD contingencies. We have a small rise this year. These are non-recurring factors; this number really fluctuates a lot, but compensated by the improvements in other factors including PMSO.

In the next slide, page 14 we have details of the tariff review. The CEO mentioned the percentages of this year, including the variation of ranges. For example, we have green, yellow and red ranges. So we see here the numbers. This 22%, 14.54% came from CDE usage as we call it, 3.47% from CDE Energy, also P&D, R&D, 0.22%, Itaipu 6.37% in this readjustment, this review; and contracts in the regulated area 2.12%.

And the price where we can see the reduction here, the difference depends on the climate and we have now red, yellow and red ranges. Final readjustment 22.48%, this includes residential and the B Group 21% impact. And on the table below, we see the ranges R$15 per megawatt hour. Now the new price is R$25, but in practice we are using the red range. Since January it was R$30, and now as of March 2nd, R$55 per megawatt hour, the red. So, these ranges we see and this amount, these numbers, we will have to wait one month for these amounts to come into the Company's cash.

Next, page 15 EBITDA by segment, here we see adjusted EBITDA. We would like to say that CVA is attributed according to the year. So 2014, we don't have CVA, but we have the amount that should have been recorded. And also here in 2013, so EBITDA would go from 1 billion in 2013 or a reduction of 1,332 million 2014 reflecting also the -- we see the effects of the review here.

Here on the right, we have the contribution in the graph, we see here generation, distribution with 70% in generating EBITDA and the generation 30% reminding you that we are working to increase the participation of generation with the new projects that we have under construction.

On the next page, a graph of EBITDA from last year to this year. Here, we have adjusted EBITDA by CVA. And this is a view that is less contaminated by DEC and FEC and we see the reduction from 14.1%, you can see here 1,551 to 1,332. Then we have, if we include CVA, we have a growth of 6.6% year after year. And here, you will also see the growth of revenue and also the non-manageable costs, which include the purchase of energy.

So, one thing canceled the other. You can see the difference, you can see R$20 million here from PMSO, other revenues, operational drop of R$130 million, also here equity equivalents we had a company where we have 23% participation and now we have a participation of 15.9%. This had an impact of asset equivalents.

Here on the next page, net profit comparing the years. So, we have a reduction of 39% due to CVA net results. If we consider CVA, there is an increase of 12.9% in the Company's profits from R$587 million to R$663 million. And the impact is due to the growth of EBITDA. And this includes the effects of CVA as mentioned before with an improvement in cost.

And here, financial results. Here, we have the evolution of debt, so we received 2 billion in 2014 for working capital and investments. These loans -- so we began with a deficit of 2.4 here, the number is 2.4 billion. And with the coverage done by the government and other mechanisms that resulted in November, December, and also new loans in March. So in a certain way, we received this coverage, although also we had a large CVA, most of it is included in the tariffs and we hope in the next few months to collect these amounts until November.

So, here, R$2 billion in loans, but at the end of the year, we have two debentures that will mature, one from Light and the other Light Energia. So, since this is included in the tariffs, we believe it would be prudent in the current scenario to pay off these debentures. Also, normal amortizations of BNDES, the National Development Bank, here the debt, R$500 million postponed to 2015 and December 2014, 6.1. And here 3.70, our net debt in relation to EBITDA, here at 3.70. This strategy is to reduce our debt level using resources from cash generation to reduce gradually this debt.

If you look at the cost in real terms and nominal terms, you see a growth actual cost, 79% of our debt is indexed to the CDI Index, and TJLP we have loans from the National Development Bank, BNDES and non-hedged in foreign currency only 0.5%. We have 20% of the total in foreign currency, but it is hedged with swap operations in order to avoid this exchange rate risk.

On page 19, the last slide, we have the investments of the year. So here 1,054 were in line. We had a lot of discipline in CAPEX. Now in terms of electrical assets, we invested R$746 million and this shows more revenue is here in the blue parts. We had an expectation here, one, we had higher labor taxes, we have to, we offset this with our work fighting losses.

The other investments for example, we were counting with the Itaocara Investment, unfortunately the 2014 auction was not a success due to its low price ceiling. We are optimistic that in another auction at the end of April, Itaocara will be auctioned and Light has conditions to be the winner in this auction and continue with this project of this power plant.

Vinicius, Credit Suisse:

Good afternoon. I would like to go back to a point that I mentioned in other calls concerning the growth of the total losses. For example, if we look at the total market, and then looking only at non-technical losses that dropped. When you look at -- when you compare the year, you see the captive markets rising. Why do you have this difference between non-technical losses dropping? But it's being compensated by technical losses. The way we see it, the money that you lose is going up although you are making efforts to reduce non-technical losses, but the technical losses are going up?

Paulo Roberto Ribeiro Pinto:

Thank you for your question. This question, we received the same question in other calls. Yes, there is a growth in technical losses and it is due to the increase in load. As we mentioned at the beginning of the year, we had a very high temperature and technical losses, vary according to the load. When we have a strong increase in load, we have also higher losses. And we have seen this until December 2014 and the 1Q15, we will have the effects of this from the beginning of 2014.

You are right when you say that losses are on the rise, although non-technical losses have dropped. You're right, it's the effect of temperature, affecting technical losses and affecting total losses. Later on we can estimate the impact of this, but if we hadn't made an effort to reduce non-technical losses, we would have had even higher losses without this compensation.

So we're also improving the technical losses, especially this year. Yes, we will offset this. The growth is not continuous. It's something that is non-recurring and it should drop with the investments that we're making in new circuits, new substations, thus technical losses will be lower in the future.

Vinicius Canheu:

Okay. Let me see if I understood. So you can also fight technical losses with more investments in the network? So it's not something that is -- that you can't control.

Paulo Roberto Ribeiro Pinto:

Yes, we can fight it with investments in the network. For example, the large volume of substations that we will inaugurate will help very much in this. We will distribute better the load with new transformers. And thus, we will have a drop in technical losses. When you decrease the current, you will have less these losses, technical losses in the future.

Kaique Vasconcellos, Citibank:

Good morning, two questions. First, concerning the increase in the tariffs, the higher tariffs, do you expect an impact on low-tension losses you renegotiated covenants now, you closed 2014 with 3.7 times? Bearing in mind that the impact was stronger in the second quarter of 2014 and now in 2015, how are you preparing yourself to be within the limits this year?

Paulo Roberto Ribeiro Pinto:

Concerning losses, of course, it is a concern in relation to the impacts of the new tariffs, and also the collection of the Company and our goals concerning losses. There is a natural perception, I would say, that the system in Rio de Janeiro very well high temperatures, we have high temperatures. So, at the beginning of this year, we had high consumption and the perception of the consumer concerning the higher risk comes when they receive the bills.

We see in the newspapers, the perception is that when you add on also the taxes, yes, it becomes high, there is a concern, we are preparing ourselves not only are we guiding consumers, where we have a campaign, you must have seen since the beginning of January, we did this last year to guide consumers. We stopped during Christmas, now we're beginning the campaign again in February.

So, this is to increase awareness of our consumers concerning consumption and tariff reviews. We're willing to really try to avoid the situation that you mentioned from happening, and we have a goal with the regulating agency for August 2015 to not allow that the effects of this readjustments contaminates our efforts reach ANEEL, the regulating agency's goals.

Now concerning covenants what we have worked on in our strategic plan is to have three times net debt over EBITDA, this is the goal EBITDA. We had during the, we had a difficult year in terms of working capital. So at the end of the year, we had over 500 million. This is not in accordance with our guidance and although our covenants consider CVA, it is part of the calculation, but the working capital, the cash debt, we did not receive has a greater impact because its gross debt less cash.

Now, with the new ranges green, yellow and red, also with the tariff reviews that increases as of March, we will have a better cash generation, which really will improve indicators. Our goal is to 3x over EBITDA.

Kaique Vasconcellos:

Thank you.

Renato Campos, Banco Votorantim:

Good afternoon. Thank you for the call. What are the greatest concerns in the market concerning losses and how it would behave if we have a situation where we have to ration electricity? Your load may drop 5% and losses may not drop by the same amount.

Do you believe it is possible to renegotiate these numbers with the Regulating Agency ANEEL, also do you believe that ANEEL, the Regulating Agency would be willing to negotiate a loss in volume? In the case of we have rationing of electricity, I would like to know your vision concerning this?

Paulo Roberto Ribeiro Pinto:

Well, Renato, Paulo Roberto, concerning rationing of electricity, we understand that this is not the best path because you would have a significant reduction in billing, in turnover and it would be difficult to recover this by other means. And the distribution doesn't have the same dynamics when we ration electricity. There would be a difference between cost and revenue. And normally this affects the shareholders because they have an expectation concerning billing.

Now, so in this scenario, since there is a national trend to reduce consumption, losses are outside this process. They remain in this volume because rationing does not make those who are delinquent willing to pay, they will not be concerned in using electricity in a national rational way.

So, while our efforts will continue concerning these consumers that are delinquent and it will be difficult to have an understanding with ANEEL, the regulating agency because the losses will continue. Of course, I will have lower collections because the consumer contributes to help us pay if there is a reduction in billing, we have this impact. We will have to see this effect and how this could affect investments to fight losses.

Renato Campos:

The second question, I would like to know, you would lose market and this would impact your EBITDA if we have a rationing of electricity. In the case of rationing, you would have an unexpected raise in tariffs.

Paulo Roberto Ribeiro Pinto:

If we are rationing of electricity, if the methodology uses the following, cutting the load, we have substations where we have more losses. So, the treatment will bear in mind these areas in terms of the losses. Well, depending on the methodology, we may have high losses, high volumes and the greatest impacts will be on those consumers that pay their bills regularly.

Now, for example, we had in the past resources to balance the situation of the electricity company, but this would be for the formal part, the losses would continue to be our responsibility if there is a rationing of electricity. If we do not have this offset as we had in the past, Company's losses would be greater.

So, not only Light's EBITDA, but also our special obligations that are not included there. These would depend on specific situations, we would continue investing in fighting losses. We should look at this and if losses are very significant, of course the goals don't include the possibility of a reduction in the market for Light, neither EBITDA and neither the special obligations as we call them.

If you look at November 2013, the special obligations for this third cycle, R$750 million in prices of November. So if we have rationing of electricity, the reduction in the market will represent a reduction in billing and will impact the collections, and also special obligations for that year. And if things become truly relevant, we will have to talk to the Regulating Agency, ANEEL. Okay, is that clear?

Vinicius, UBS:

Good afternoon. Thank you for the call. Do you have a guidance of how much energy will be available for sale in 2015, 2016? Have you reserved more than 5% for hedging this year?

Luis Fernando de Almeida Guimaraes:

Good afternoon, Luis Fernando. Since last year we have been working with a higher hedge, especially due to PLD and the goal that we have for GSS. So, this year, beginning now we continue with 11%, 12% in terms for hedging.

Vinicius:

Thank you.

Luis Fernando de Almeida Guimaraes:

Next year 2016, I believe that during this year we will see if we should maintain this level. So we will have to see during 2015.

Vinicius:

Thank you.

Giuliano, Itau BBA:

Good afternoon. I have two questions. The first, how much is your reduction in demand in relation to last year? I'd like to understand more the impact of the increase in tariffs. For example, in the last quarter, where you reduced part of the PND to 1.3. And in this quarter, already had December with a tariff 20% higher. So if we analyze the 4Q and the last month December, could you talk about the impact in the tariff and the reduction in losses?

Paulo Roberto Ribeiro Pinto:

Giuliano, we had a tariff review on November 27^{th}, 19.73% increase. This went into force immediately and the bills with this new value were sent, the bills were sent in the beginning of December. So, in December, we had payments with the new tariff, but we did not see any reduction in consumption due to the higher prices. Collection as I said was record, including December and PDD. This takes time. No reduction, we didn't feel any effect of the price increase in collections in the 4Q.

And losses, our idea is to calculate –

Giuliano:

The increase in the tariffs if it will have an impact on the reduction of losses, do you an idea about this? And then also the 1Q?

Paulo Roberto Ribeiro Pinto:

Giuliano, these tariff increases, they are something new, so we do not have models. We have an internal work group to discuss this and we also hired Fundaçao Getulio Vargas to help us with consultancy looking at the consumers expenses to evaluate the impact on consumers. Any number would be guess work. We have no idea of this impact.

We know that we are fighting delinquency in an efficient way. We joke that Light has been in this business for many years fighting delinquency, the APZs are covering 25% of consumers in risk areas of the company to avoid losses, delinquency. So, there is no way to estimate the impact of this price increase in the market.

In terms of losses, this is an interesting topic. This reminds me of soccer sometimes. The solution is more complicated in this case. The great effort that we made in the tariff readjustment in November of 2013, the regulating agency, we talked to them and we said: don't compare us to anyone. Our situation is so delicate, so specific. We said to the regulating agency due to our concession that we deserve a different treatment, come and see for yourself. So I now created a work group, went to some risk areas with us, areas that have already been where the police has been acting to pacify. So, looking at people walking with arms in the streets and they understood the problems of access and thus they were able to understand in a better way our situation.

You have areas where the theft of energy is a result of the economic situation in Rio de Janeiro things are little more complex in this. In Rio de Janeiro, some other, say, don't pay the electricity company, pay us. So we have been trying to solve this for 40 years and we're still working on it. There are times when we had success, then things get worse. And we were able to make significant progress with the new police forces, the UPPs. But we have to always sit down, review, see where we can improve. Now, I cannot really say that these things will not work. No, we are always looking for our opinions to improve. Our objective is one to reduce losses.

We're talking about R$2 billion in billing per year, so this is not something simple. Now, the effort is very great, the company has been trying to solve. We were able to diagnose the technology by itself is not the solution. So we have to be, we need the presence of professionals, technicians, monitoring is constant. For example, the manufacturers who made shielded meters, protected meters with linings that stop fraud, but on the other side, we have people trying to circumvent our efforts and technologies.

So I can't tell you that we have all the solutions, but we are focused definitely on reducing losses, looking for new and more ways to solve this issue. This we are doing and also we know that we are not going to solve a problem that is 40 years old in two years, but there is a strong willingness, the teams are working with determination, intensely. And we're open to suggestions. If you have any suggestion, any idea, any new idea, we are open. Now, we have great efforts, we have also made great efforts including management to solve this. Thank you.

Operator:

Thank you. Since there are no more questions, I will turn over to Mr. Paulo Pinto for closing remarks. Sir, you may proceed.

Paulo Roberto Ribeiro Pinto:

Well, for us it is a very rich conversation. With this conversation, we can understand what the market, the investors and the journalists, how they are seeing the work done by Light, the results, the delivery, the efforts, and all these clarifications are very rich.

So once again, I would like to say that we are here, we are available to clarify any other points through our Investor Relations area. So, please if you need more clarification, please talk to us, and we will always be open and willing to clarify. Be sure that we have great expectations for 2015. It's a year where the whole country will go through difficulties and we have to begin, we have to work well to begin well the year of 2016.

We have an enormous challenge ahead of us. We are a distribution company that is responsible for distribution in the city where we will have the Olympics, Rio de Janeiro. And the Olympics are an events of the whole country that will happen in Rio de Janeiro, so we have a great responsibility when we think of this event. So our work becomes even more important.

I would like to conclude, reminding you that I have a great concern, at the same time when we talk about very high rises in tariffs, we cannot associate this to future results. These significant increases in price new tariffs, the company doesn't keep this, we pay more than we pass these values on to consumers. And we have other considerations. And of the consolidated profit that we saw here R$663 million, we have R$150 million here, the difference is being maintained in reserves, capital reserves. And thus, we have these funds and we have investments. This is our concern with this challenge to continue the investments that we have for 2015.

Now in terms of results, when we look at the results of the distribution agents, distribution company, distribution represents 50% of this profit, R$663 million consolidated distribution here and the dividend that the distribution, the dividend, the contribution for the dividend is R$83 million. So this is important for us to understand and to stress these points because for example, you shouldn't think that Light had a profit of R$663 million and then paying only R$150 million in dividends. So the regulated activity, the part of the regulated activity is R$300 million.

There is a concern of the shareholders we know because of what we have ahead of us. And most important of all is the cuts in investments we went through. The Company adapted itself to the new reality, you know very well Light, Light System most of it is totally depreciated. We now have substitutions, investments 56,000 kilometers of wires, also underground wires.

Our underground wiring part of the downtown areas is from the '40s, Barra da Tijuca is more recent investment too, but the distribution company made investments R$1 billion a year, R$900 million a year and we had a significant cut in investment, so almost 30% cut in investments for 2015, R$760 million, thus adapting ourselves to the new reality to the new economic scenario, the Company's situation, the rainfall, maybe possibility of having to ration electricity, but none of this stops operations.

The investments for the Olympics are maintained and the essential investments for quality improvement are being maintained too. So I would like to close with this additional information and we're always available, please talk to us, if you need more clarifications at any time. We do not have to wait the results to ask questions. Thank you. And Light is available. Thank you.

Operator:

Thank you. The teleconference for the results of the 4Q14 will now end. Thank you.