

## COPEL – Conference Call

### 3Q10 Results

November 10, 2010 – 4:30 p.m. (Brasilia time)

#### SLIDE 1

**Operator:** Good afternoon and thank you for waiting. Welcome to the conference call to present the results of Companhia Paranaense de Energia (COPEL) in the third quarter of 2010.

We would like to inform you that all participants will be in a listen-only mode during the company's presentation, after which we will start a question and answer session, when further instructions will be given. Should any participant need assistance during the conference call, please press \*0 to reach an operator.

#### SLIDE 2

Before continuing, we would like to clarify that statements made during this conference call regarding COPEL's business outlook, or its operating and financial projections and goals, constitute the executive board's beliefs and assumptions and are formed by information currently available. They involve risks, uncertainties and assumptions because they relate to future events and therefore depend on future events that may or may not occur. Investors should understand that general economic conditions, industry conditions and other operating factors may affect COPEL's future performance, and may lead to results that differ substantially from those expressed in such forward-looking statements.

We now turn the presentation to Mr. **Ronald Thadeu Ravedutti**, CEO, who will present some of COPEL's operating and financial highlights. Also here with us is Mr. **Rafael Iatauro**, CFO, and Investor Relations and Share Control Officer.

#### SLIDE 3

**Mr. Ravedutti:** Good afternoon, everyone. It is a great pleasure to speak with you once again, this time to present COPEL's results for the third quarter of 2010.

This presentation, which is also being simultaneously streamed on our website at [www.copel.com/ri](http://www.copel.com/ri), includes a brief summary of the financial results and includes some of this quarter's main events. At the end of the presentation, we will be available to take any questions you may have.

## SLIDE 4

In the third quarter of 2010, COPEL posted net operating revenue 14% higher than the same period in 2009, on account of:

- 1º) the growth in energy sales, notably in the captive market, which registered a 6.1% increase in the quarter;
- 2º) the tariff adjustment applied as of June 24, 2010 to all consumers, with immediate perceived effect of 2.46%; and
- 3º) the end of the policy on tariff discount for consumers who paid their bills promptly; and
- 4º) the increase in rental revenue from the Araucária thermal power plant due to the increased operations in the third quarter of 2010.

## SLIDE 5

COPEL's expenses increased 12% in the third quarter of 2010 compared with the same period in 2009, primarily due to:

- 1º) the increase in electricity purchased for resale on account of the higher cost of energy acquisition at the auctions conducted by the Electric Energy Trading Chamber (CCEE) and Proinfa;
- 2º) the 56% increase in the "materials and supplies" account due to the higher purchases of material for the power system, construction, as well as for vehicle fuel and parts;
- 3º) the increase in "third-party services", reflecting the higher spending on power grid maintenance, authorized agents, as well as data processing and transmission; and
- 4º) the increase in "provisions and reversals" due to the higher allocation for tax and labor provisions in the quarter and to the constitution of higher provisions for doubtful accounts.

It is worth mentioning that in the third quarter of 2010, the "personnel" account came to R\$ 178.0 million, slightly lower than in the third quarter last year, basically due to the voluntary resignation programs. There are still around 130 employees to leave the company by the year-end.

## SLIDE 6

COPEL's consolidated net income in the third quarter of 2010 came to R\$316 million, 11% up year over year and the best result in recent quarters. Net income in the first nine months of 2010 was R\$ 676 million. Return on equity reached 3.5% in the third quarter, and EBITDA was R\$489 million, with an EBITDA margin of 30.4% on net operating revenue.

Till September 2010, EBITDA had reached R\$ 1 billion and 44 million, with margin of 23%.

## SLIDE 7

Slide 7 shows COPEL's debt profile on September 30, 2010. Total debt came to almost R\$1 billion and 800 million. Debt to equity ratio was around 20%.

In September, COPEL Distribuição obtained a working capital loan of R\$ 350 million from Banco do Brasil for a five-year term.

I wish to mention that in September 2010, Fitch Ratings raised COPEL's ratings – the national long-term corporate rating and the 4<sup>th</sup> debenture issue rating were raised from AA to AA+, with a stable outlook.

## SLIDE 8

Regarding our investment program, till September, we invested R\$701 million, or 52% of the amount earmarked for the year.

Of this total, R\$451 million were invested in distribution projects, R\$51 million in telecommunications and R\$198 million in COPEL Geração e Transmissão, of which R\$138 million were invested in the Mauá hydroelectric plant.

## SLIDE 9

Finally, I would like to comment on the main events in the third quarter of 2010.

In the previous conference call, we had commented on COPEL's achievements in the transmission and new energy auctions held in recent months.

The concession to build and operate the Colíder Plant, the first of five hydroelectric plants planned by the Ministry of Mines and Energy to be built along the Teles Pires river in the Tapajós river basin, was won by COPEL at an auction in July.

The plant is expected to go operational in December 2014.

In the coming days, teams from the companies contracted will start working on the preliminary social and environmental studies in the area where the plant will be built.

## SLIDE 10

COPEL is starting the construction of the small hydroelectric plant (SHP) Cavernoso II. The 19MW project will entail an investment of around R\$ 107 million, with production scheduled for the end of 2012. On August 26, an auction of renewal energy sources was held, in which 70% of the energy from this SHP was sold for R\$ 146.99/MWh through 30 year contracts.

## SLIDE 11

On September 30, 2010, COPEL introduced Brazil's first electric taxi and also inaugurated the first electric station for recharging the car's batteries. The cost per kilometer run with an electric car is equivalent to 20% of a car running on gasoline, in addition to requiring less maintenance, given that its mechanics are simple, it does not pollute and does not produce noise. The taxi operates normally at the Afonso Pena international airport in São José dos Pinhais in the metropolitan region of Curitiba.

That basically represents COPEL's performance in the third quarter of 2010. I would like to thank you for your attention, and remind you that we are available for any clarifications you may need on the results presented in the quarter.

Thank you.

## QUESTIONS SESSION

**Operator:** We will now begin the question and answer session. Instructions.

Q&A SESSION

**Operator:** If there are no further questions at this time, we will turn the conference call over to Mr. **Ronald Ravedutti** for his closing remarks.

WRAP-UP

**Mr. Ravedutti:** I would once again like to express my satisfaction for being here talking with you. It was a pleasure to hold this conference call and once again I thank all of you for your participation and interest. Also, feel free to contact our Investor Relations Department, which is always ready to assist you. Thank you very much.

**Operator:** Ladies and gentlemen, this concludes COPEL's conference call for the results of the third quarter of 2010. Thank you all for your participation.