Report
DYNAMO 68
4.2010

Estreito

Recently, CVM (Brazilian SEC) issued a statement about an important and controversial theme. Motivated by a request from a market participant, the CVM board has ruled that a controlling shareholder cannot vote on a shareholders' meeting to decide if a subsidiary can celebrate a bilateral agreement with a related party, when the controlling shareholder is the counterparty.

This decision is an important milestone in the discussion of conflicts of interest in Brazilian companies. A consultation involving a deal by Tractebel Energia was the motivator behind CVM's ruling. Over the past few years, we have had multiple opportunities to interact with Tractebel and discuss this subject. The purpose of this report is to narrate this story.

Tractebel is a spin-off of Eletrosul, a subsidiary of Eletrobrás. In September 1998, Suez Energy Internacional acquired Gerasul (the company's name at the time) in a privatization auction. Suez Internacional inherited Tractebel's listed status, but in practice never treated the company as a publicly traded entity. This was a typical example of the reality of various Brazilian companies prior to last decade's IPO boom: lack of interest on capital markets, poor disclosure, and low stock liquidity. Later on, Suez decided to change the strategic direction of its subsidiary and, in December 2005, made Tractebel a true listed company. In that year, Tractebel was listed under the Novo Mercado´s rules through a secondary equity offering, which boosted its free float. The company started a more ongoing dialogue with investors, improved reporting quality and disclosure standards. As a result, stock liquidity has increased 17x.

Dynamo participated in Tractebel's 're-IPO', and since then we have maintained a close relationship with company's management. In other reports, we have commented on the rationale for investing in Tractebel. This is not the focus of this report, but it is worth highlighting the main arguments. Tractebel is the major private player in Brazil's power generation segment. The company is recognized by its operating excellence (low production cost and high availability rates) and commercial savvy (diversified client portfolio coupled with an accurate reading of market cycles). Tractebel's activity seems simple: produce and sell energy. But the intricacies of Brazil's electric sector regulatory framework complicate the business, imposing difficulties to those who attempt to in deep analyze and understand its operations and results.

In the next four paragraphs, we briefly describe some of those intricacies and illustrate how Tractebel has performed in a complex business environment. Since this is not the main purpose of the report, readers may skip ahead without losing the central argument.

In the Brazilian energy model, all demand must be 100% under contract and all supply must have physical ballast. Tractebel's energy supply ballast is composed of a mix of hydro and thermal generation. The company was a pioneer in the Brazilian free energy market and today is able to offer a portfolio of flexible, customized, modular products to more than 100 industrial customers.

For structural reasons, the country's spot energy price is usually low[1]. Therefore, most of the time, thermal power plants are not dispatched and Tractebel sells energy at market prices around R$115/MWh, while acquires thermal substitution energy in the spot market for an average of approximately R$20/MWh, consistently booking an arbitrage profit. When the spot price is high, often following a period of dry weather, thermal power plants are dispatched, almost automatically reducing the company's short term market exposure. When its thermal plants are dispatched to service the national integrated system (SIN), Tractebel is also reimbursed for using national coal as a fuel source, making its effective operational cost lower than the one declared by its plants.

In addition, hydro power generation companies have the prerogative to change their monthly exposure in the energy commercialization chamber (CCEE), a

1 Simply put, that is a consequence of the methodology to calculate the PLD (price for short term settlements, or spot price). The stochastic model used to calculate the PLD takes into account, among other parameters, hydrological inflows based on hydro power plants historic production. Historically, in an environment with reservoirs with large storage capacity, the available energy, on average, was consistently above the system's load, bringing down short term prices. In recent years, since marginal energy supply comes mainly from hydro plants with much smaller dams and thermal power plants, the system's storage capacity has been rapidly reducing. This factor, combined with a more conservative dispatch criteria by the national system operator (ONS), based on a risk aversion curve (CAR), has increased PLD volatility and created an upward trend for this price.

mechanism known as "seasonalization". In practice, this means that agents who can more accurately predict PLD fluctuations can achieve extraordinary gains – above the revenue conventionally established in commercial contracts – further mitigating their exposure to thermal substitution energy. Brazil's national power grid also faces limitations in transmission capacity and fuel availability, often causing thermal power plants to be dispatched out-of-merit. In this case, Tractebel also is entitle to receive a reimbursement for utilizing national coal, while simultaneously reducing its exposure to the PLD.

The complexity of Brazil's electricity system, frequently patched by an enormous quantity of regulatory production, has enabled Tractebel's management to develop a robust business model, allowing the company to explore opportunities in regulation to mitigate risks and expand margins. Experience in Brazil has demonstrated that the combination of a centralized energy supply model, with confusing energy planning, in a sector still dominated by estate owned companies, can generate attractive opportunities for more nimble and focused private players. Tractebel has been obtaining good results in this environment. For example, when the company was privatized in 1998, it represented around 15% of the value of Eletrobrás' power generation assets. Today, Tractebel's market cap corresponds to 65% of that of Eletrobrás. Since privatization, Tractebel's shares have appreciated by IGP-M + 22% p.a. or 30% p.a. in USD terms.

Let's turn back now to the report's main theme. At the time of Tractebel's equity offering, we pointed out that Suez Group's way of doing business could make some investors uneasy. In some of the countries where the Group operates, it has a practice of develop the large new projects of power generation in a company different from the operating one. Under that business model, a fully-owned Suez subsidiary is responsible for participating in the public bidding process, obtaining licenses and authorizations, forming consortiums, negotiating building contracts, acquiring equipment, and securing financing. Only after those initial steps are completed, the project is finally transferred to the operating company – in this case, Tractebel.

The rationale behind this structure is that the Suez Group can use its size, track record, experience and network to achieve economies of scale in equipment, design and engineering contracts, negotiate better financing terms – since it can offer stronger guarantees; and is able to more easily absorb the risks inherent to the initial, and usually critical, stages of a greenfield project[2]. The problem of this model is that it generates an obvious conflict of interest when the Suez Group transfers an asset from a fully-owned subsidiary to a listed company, where there are minority investors (the case of Tractebel).

Suez has never tried to hide this issue, which was mentioned in Tractebel's IPO prospectus as a risk factor. When the management of Tractebel faces questions about this conflict, they usually attempt to give a positive spin to the subject: they trust their relationship with the controlling shareholder and consider the "father-like" support of the Suez Group a privilege.

In May 1999, Tractebel experienced the first asset transfer from its parent company – a controlling stake in Companhia Energética Meridional (CEM), owner of the Cana Brava hydro power plant, which CEM acquired in a March 1998 privatization auction (even before Tractebel was acquired by Suez). Financing contracts with the IDB and BNDES were in place and the company's 273.5 MW of assured energy at Tocantins river were completely free from any commercial obligation. Total estimated capex was around R$530 million. At the time, CEM's shareholders equity, equal to its contributed capital, was R$58.4 million and Tractebel acquired the project paying R$3.2 million in goodwill. In other words, Tractebel paid a 5.5% premium over book value and 0.6% over the total value of the project, based on a DCF analysis elaborated by an independent specialist and a 14% discount rate. From a capital market's perspective, the episode had little repercussion, since the premium paid was immaterial and the company had limited sell-side coverage at the time.

The next test for the asset transfer model ocurred in June 2007, when Tractebel acquired all shares of Companhia Energética São Salvador (CESS) from Suez Energy South America. CESS owns a concession for the São Salvador power plant and has a thirty-year contract to sell all of its assured energy (148.5 MW) to power distributors that participate in the Regulated Contract Environment (Ambiente de Contratação Regulada). At the time, Tractebel paid R$304 million for the power plant, including R$35 million in goodwill, justified by a DCF analysis. The acquisition price represented a 13% premium over investments made by Suez until that date and amounted to around 4% of the project's total capex, estimated at R$866 million. The market concluded that the premium paid was reasonable and the deal did not generate too much echo among analysts and investors.

A third transfer took place in December 2009, when Tractebel's board of directors unanimously approved the acquisition of GDF Suez Energy Latin America's[3] stake in the Estreito consortium, a hydro power

2 Suez usually gives two other arguments, which we consider more flimsy, to justify this business model: i) a private company brings advantages (agility and flexibility) to project development; ii) Suez has absorbed, at its own risk, the cost of several projects that were analyzed but not offered (transferred) to Tractebel.

3 A merger between Gaz de France and Suez was announced in July 22, 2008 - forming GDF Suez. Therefore, from this point on we will refer to the company as GDF Suez.

project in the Tocantins river. Once more, in addition to the concession contract, the consortium had already sold all of the power plant's assured energy for a period of thirty years. Tractebel paid a total of R$604.3 million. Up to that point, GDF Suez had invested R$324 million in the project, which adjusted by the CDI (Brazilian basic interest rate remuneration) would amount to R$380 million. The premium paid was again justified by a DCF-based valuation, prepared by a financial institution.

The market did the math and concluded that Tractebel was paying an 86.5% premium over capex (at cost), and 60% over CDI-adjusted capex, or approximately 12.4% of total adjusted investment, which amounted to R$1,810 million. This time, the news did not sit well. Analysts, anchored in past transactions, expected a maximum "fee" of up to 4% of total capex. In addition, two ingredients contributed to the growing disappointment. First, budgeted capex was increased at the same moment the transfer was announced (the market was working with a guidance of R$1,350 million). Investors were skeptical about the unexpected increase in capex, coinciding with an asset transfer. Second, GDF Suez owns 50.1% of the Jirau hydro power plant project and has indicated that it intends to transfer this stake to Tractebel at the appropriate time. Jirau is a project of 1,975 MW in firm energy and R$11.4 billion estimated capex, with significant execution and performance risks: an endeavor in the Amazon basin, with investments that represent roughly half of Tractebel's size, dependent on energy transmission infrastructure, being built with an engineering solution that has never been implemented in Brazil, with some of its financing needs still being negotiated and 30% of its total energy not yet under contract. Recently, the consortium that owns the project has offered part of this energy in the free market and did not find any takers at the required prices.

The announcement of Estreito transfer triggered immediate negative reactions. Analysts objected to the transfer value and lack of transparency in the process, insinuating that GDF Suez received an abusive compensation. Looking at the context, the premium paid in the asset transfer reached alarming proportions, following a path of extravagant growth: from R$3 million, to R$30 million, to almost R$300 million. The latent conflict of interests came alive vigorously. A precedent was set and Jirau started to be seen as an imminent risk. Estreito exposed the potential problems of an ambiguous structure, breaking the dam that refrained a fragile equilibrium between a comfort (accommodation) with the past and worries about the future.

Tractebel appeared surprised with the market's negative reaction. In its defense, the company argued that the transaction created value for Tractebel shareholders, based on the valuation prepared by an independent specialist and unanimously approved by the company's independent board members. The return achieved by GDF Suez was justifiable because of the project numerous risks, which were solely bore by the controlling shareholder during the 7.5 years since the public auction, when Suez acquired Estreito. The market continued to question the transaction, directing its complaints to Tractebel's controlling shareholder, itself a listed company. GDF Suez vowed to carefully analyze the issue and mobilized a task force.

Our interaction with Tractebel, as shareholders of the company, has always been forthright and constructive. We have learned to admire the technical expertise of the local management and have always held GDF Suez CEO in Brazil (a long-time acquaintance) in high esteem. Naturally, the GDF Suez/Tractebel organizational structure became the main topic in our conversations with the company. Basically, our reaction was to suggest two ways of dealing with the problem:

i) Our preferred course of action was to bring to Tractebel the development team from GDF Suez in Brazil. After all, the team comprised around ten people and, therefore, there should not be significant issues with this reallocation. Currently, Tractebel can easily absorb the structure of GDF Suez in Brazil and the risks of developing new projects from day one. We understand that the strategy of using a separate vehicle could have some merits in Tractebel's early days. But now, Tractebel's scale and status as a company listed in Bovespa's highest corporate governance standards are incompatible with an outdated (to say the least) organizational structure. Unifying the investment vehicles would be the best solution to extinguish potential conflicts of interest, eliminate suspicions, and avoid tension among shareholders and distractions for the company's management. We had actually alerted Tractebel that this issue could end up bringing unnecessary difficulties. A possible formal complaint to CVM by other shareholders would be pertinent and have merits, risking a decision by the regulatory body that could leave Tractebel in an uncomfortable position – a ban on voting by those who have a deep understanding of the business (the controlling shareholders). Little did we know that a complaint had already been filed with CVM about the Estreito transfer;

ii) In case, for some reason we failed to envisage, it was not possible to integrate GDF Suez structure into Tractebel, we suggested that the controlling shareholder receive a deferred payment for the asset transfer, based on the contribution of the project to Tractebel's value. In other words, at the moment of the transfer, Tractebel would only pay Suez for disbursed capex adjusted by the opportunity cost of money. Afterward (five years later, for example), Suez would receive a performance fee, based on the project's results. We are aware of the technical difficulties of measuring in practice the NPV of each project. For that reason, we also recommended the company use the performance of Tractebel shares as a proxy of this contribution to value creation, since projects are usually discrete and relevant. The idea was based on the premise that the value of the project would be captured on Tractebel's share price. A longer time frame would mitigate the impact of exogenous factors - such as intrinsic market fluctuations; or non-recurring operating results like one-time gains/losses in energy trading. There would be additional benefits from paying GDF Suez with Tractebel shares: stronger interest alignment and a reduced possibility of the controlling shareholder gaming on Tractebel's share price.

Our suggestions did not result in any action by the company. In October 1st 2009, Tractebel invited analysts and investors to a public meeting, where it announced the criteria for future asset transfers among companies that are part of the group. The company announced the following directives:

i) GDF Suez will continue to develop hydro power projects and transfer them to Tractebel after key risks have been mitigated;

ii) Tractebel will constitute an independent committee to evaluate and negotiate transactions among related parties;

iii) Tractebel should hold, at least, 50% of the project's aggregated value and GDF Suez agrees to limit its return to a maximum of 12% of the project's total capex;

iv) GDF Suez Brazil will create a public relations team to enhance the transparency of its activities in the country, as well as the disclosure of ongoing projects.

Hence, GDF Suez decided to maintain the existing organizational structure, believing that CVM's and investors' demands would be met by the creation of an independent committee. Such a committee was inspired by CVM directive #35, which recommends that in M&A deals involving a parent company and a subsidiary, a special independent committee be created to negotiate and present its opinions to the board of directors.

Shortly after the announcement by GDF Suez, CVM published its decision about the Estreito transfer – as we mentioned, in response to a complaint made by a minority investor months before. Agreeing with the opinion of its technical department, the CVM board concluded that the creation of an independent committee was an interesting arrangement, a genuine advance in Tractebel's corporate governance which should give more weight to the opinion of minority shareholders in the decision process. However, the existence of an independent committee by itself was not sufficient, since, from CVM's perspective, such a committee would reduce the information and knowledge gap among shareholders, but would not solve the conflict of interest. The leading CVM representative, accompanied by three other directors, concluded that Tractebel's controlling shareholder should not have voted in the shareholders meeting that decided about the transfer of the Estreito project.

The discussion about the effect of conflicts of interest on voting rights is one of the most controversial themes in corporate theory and practice. CVM itself has already published diverging opinions about the subject[4]. One view that has been supported by the regulatory body is that the conflict can only be correctly verified after the fact, *a posteriori*, when it can be called a material conflict. Thus, according to this line of thought, shareholders themselves must decide about the existence of a conflict. The regulator should not preemptively assume that there is a conflict. On the other hand, in the case of Tractebel, the majority of CVM's representatives concluded that the "rule banning a vote by the controlling shareholder should go into effect before the company reaches a decision" [5]. In other words, the controlling shareholder cannot vote, since in this case one should assume beforehand, *a priori*, that there is a conflict of interest, in this called a formal conflict.

This is a controversial, subjective, theme that has been amply discussed and both sides have presented good arguments. Even here at Dynamo there is no consensus on the subject. The view that one should assume ahead of time that there is a conflict is favored by many of our colleagues, who perhaps are influenced by our experience as minority shareholder and the many clashes we have had over time with, let´s say, aggressive controlling shareholders. The main arguments to defend this view are: i) the existence of private benefits of the controlling shareholder; ii) the 'majority rule' would be violated by not assuming a conflict ahead of time[6]; iii) the social interest of the company would be compromised at the origin. As a consequence, the voting ban is a welcome prevention/protection. Others though, are receptive to claims that there could be

4 *We strongly recommend a reading of the votes by CVM directors in situations of conflict of interests. In addition to the Tractebel case (Proc. RJ2009/13179), we can recall TIM (PAS CVM n. TA/RJ2001/4977), TNLP/Previ (PAS CVM n. TA/RJ2002/1153) and Ambev (PAS CVM n. TA/RJ2004/5494).*

5 *Reasoning of CVM director Marcelo Trindade in the TIM case, mentioned by the leading CVM representative for the Tractebel case, Alexsandro Broedel Lopes.*

6 *"After all, the legitimacy of a shareholders meeting to decide matters pertaining to the company's interests presumes that the majority is capable of expressing what is best for the company, what, in cases of conflict of interests, can only be achieved if the controlling shareholder is prohibited from voting". Vote by CVM´s president Maria Helena dos Santos Fernandes de Santana in Tractebel case.*

huge information asymmetry among shareholders, that the good-faith should be a rule[7], that the voting power of the majority is legitimate, that there could be private benefits among minority shareholders, supporting the view that the vote is "a right for the minorities and an obligation for the controlling shareholders[8]", arguments usually remembered by those who defend the case that the conflict is material.

It is curious that in this episode GDF Suez avoided the simplest, most definitive and efficient solution, opting instead for a risky organizational maneuver that, in the end, proved to have little merit and was virtually ignored by the regulatory body[9]. In fact, starting from the principle that the conflict is "evident", a committee where the independent members are not specialists and the specialists are not independent does not seem to be the best channel to negotiate terms with the controlling shareholder. And, even if this committee worked properly, there would still be another dilemma: the attribution of responsibilities. If the committee is liable for its decisions, then its members – especially the non-specialists – will want to protect themselves, contracting D&O insurance, consulting and advisory services, asking for fairness opinions, etc. These measures would obviously bring costs to the company. Alternatively, if the responsibility falls to the board of directors and not the committee, the latter will have a much weaker fiduciary duty, becoming a mere advisor to the minority shareholders' vote.

In our conversations with the company, we did not argue that the decision about asset transfers should be submitted exclusively to a minority shareholders' vote. That is because we believe in the technical skills of Tractebel executives, counting on their ability to select the best projects for the company. In addition, in this case, the information asymmetry is significant. Each project is unique, with numerous technical details, not to mention the peculiarities of the Brazilian energy sector. We do not believe that leaving substantial investment decisions to non-specialist shareholders – abdicating from the experience of experts, even if they do their best to bridge the information asymmetry gap – is the best solution. This combination of factors led us to prefer, in this case, the qualified opinion of specialists over an exclusive vote by non-experts. We would be better off by delegating a technical decision to specialists, as long as they adequately represented the company's interests, without conflicts. Then again, we fully understand CVM's decision. The organizational structure of the Suez Group seems so outdated that the regulator had no alternative but to classify the transaction as an "open" and "evident" conflict of interest, applying *ipsis litteris* the interpretation of article 115 of Brazilian corporate law.

The decision to become a listed company brings many, widely known, benefits: unlimited access to capital, liquidity to shareholders, professional and transparent management practices, enhanced potential to attract talented people, in addition to a more open environment, where the interests of stakeholders can be expressed and represented. Generally, through this regime of interaction, refinement of wills, richer and more democratic corporate decisions emerge, respecting these natural mechanisms of checks and balances.

For this dynamic to be productive, specific interests must be left aside. When particular views prevail, lopsided and maladapted decisions risk to sprout, deviating from this plural process of self-organization. In general, Occam's parsimony principle also applies to corporate governance: the simpler, the better. By insisting in a solution that preserved the status quo of an eccentric structure, GDF Suez brought unnecessary complexity and uncertainty to Tractebel's decision process. The controlling shareholder ended up losing an essential part of its power, the ability to vote in projects that are essential to the company. We went from an "excessive" and imposing presence of a strategic partner to its dangerous absence.

Rio de Janeiro, 17th December 2010.

7 *"In generic situations, I would rather suppose that people abide by the Law, are not betrayed by egoistical feelings because, as I said, good-faith is the rule, as a much as comply with the law and the innocence". Vote by director Luis Antônio Sampaio Campos in the TIM case.*

8 *Vote by director Eli Loria in the Tractebel case.*

9 *In the words of CVM's leading representative for the case: "And the company's proposal [the creation of an independent committee], in its current format, does not directly mitigate this conflict, since the mere presence of members of the company's management team, even though independent, does not assure that minority shareholders' interests will be protected when terms of a deal with the controlling shareholder are being negotiated".*

DYNAMO COUGAR x IBX x IBOVESPA
Performance up to September/2010 (in R$)

Period	Dynamo Cougar	IBX average	Ibovespa average
60 months	187,9%	120,1%	121,1%
36 months	48,0%	9,6%	14,6%
24 months	76,9%	36,6%	44,6%
12 months	36,5%	11,5%	12,7%
3 months	13,7%	12,4%	11,5%

NAV/Share on December 30th = R$ 285,157122726

DYNAMO COUGAR x FGV-100 x IBOVESPA
(Performance – Percentage Change in US$ dollars)

Period	DYNAMO COUGAR*			FGV-100**			IBOVESPA***		
	Quarter	Year to Date	Since 01/09/93	Quarter	Year to Date	Since 01/09/93	Quarter	Year to Date	Since 01/09/93
1993	-	38,8%	38,8%	-	9,1%	9,1%	-	11,1%	11,1%
1994	-	245,6%	379,5%	-	165,3%	189,3%	-	58,6%	76,2%
1995	-	-3,6%	362,2%	-	-35,1%	87,9%	-	-13,5%	52,5%
1996	-	53,6%	609,8%	-	6,6%	100,3%	-	53,2%	133,6%
1997	-	-6,2%	565,5%	-	-4,1%	92,0%	-	34,4%	213,8%
1998	-	-19,1%	438,1%	-	-31,5%	31,5%	-	-38,4%	93,3%
1999	-	104,6%	1.001,2%	-	116,5%	184,7%	-	69,5%	227,6%
2000	-	3,0%	1.034,5%	-	-2,6%	177,2%	-	-18,1%	168,3%
2001	-	-6,4%	962,4%	-	-8,8%	152,7%	-	-24,0%	104,0%
2002	-	-7,9%	878,9%	-	-24,2%	91,7%	-	-46,0%	10,1%
2003	-	93,9%	1.798,5%	-	145,2%	369,9%	-	141,0%	165,4%
2004	-	64,4%	3.020,2%	-	45,0%	581,2%	-	28,2%	240,2%
1stQuar/05	-1,7%	-1,7%	2.967,4%	-1,7%	-1,7%	569,9%	1,1%	1,1%	243,8%
2ndQuar/05	5,4%	3,6%	3.133,2%	3,0%	1,3%	589,8%	7,5%	8,7%	269,6%
3rdQuar/05	32,3%	37,1%	4.178,3%	25,2%	26,8%	763,7%	31,6%	43,0%	386,5%
4thQuar/05	3,0%	41,2%	4.305,5%	3,1%	30,8%	790,7%	0,8%	44,1%	390,2%
1stQuar/06	23,3%	23,3%	5.332,9%	18,9%	18,9%	959,0%	22,5%	22,5%	500,5%
2ndQuar/06	-3,9%	18,5%	5.122,2%	-4,6%	13,4%	910,5%	-2,7%	19,2%	484,4%
3rdQuar/06	5,7%	25,3%	5.418,6%	2,6%	16,4%	937,2%	-1,0%	18,0%	478,4%
4thQuar/06	19,6%	49,8%	6.498,3%	23,0%	43,2%	1.175,8%	24,1%	46,4%	617,7%
1stQuar/07	9,7%	9,7%	7.136,3%	10,1%	10,1%	1.304,3%	6,7%	6,7%	665,8%
2ndQuar/07	29,3%	41,9%	9.259,4%	28,8%	41,8%	1.709,3%	27,2%	35,7%	874,1%
3rdQuar/07	7,5%	52,4%	9.957,6%	15,7%	64,1%	1.993,7%	16,4%	58,0%	1.033,7%
4thQuar/07	4,8%	59,7%	10.436,6%	2,6%	68,4%	2.048,7%	9,8%	73,4%	1.144,6%
1stQuar/08	-1,7%	-1,7%	10.253,1%	4,1%	4,1%	2.136,6%	-4,1%	-4,1%	1.094,1%
2ndQuar/08	16,4%	14,4%	11.950,7%	11,6%	16,1%	2.395,0%	17,9%	13,2%	1.308,3%
3rdQuar/08	-32,9%	-23,3%	7.983,4%	-36,3%	-26,0%	1.480,9%	-38,7%	-30,7%	763,2%
4thQuar/08	-31,1%	-47,1%	5.470,1%	-32,5%	-50,1%	973,3%	-35,9%	-55,5%	453,7%
1stQuar/09	8,1%	8,1%	5.919,9%	5,1%	5,1%	1.027,5%	10,6%	10,6%	512,5%
2ndQuar/09	44,7%	56,41%	8.612,4%	52,0%	59,6%	1.613,5%	48,8%	64,6%	811,6%
3rdQuar/09	29,4%	102,4%	11.175,9%	34,8%	115,2%	2.210,2%	30,9%	115,5%	1.093,2%
4thQuar/09	20,4%	143,7%	13.472,6%	17,0%	151,9%	2.603,3%	13,2%	144,0%	1.250,7%
1stQuar/10	-1,1%	-1,1%	13.318,6%	0,8%	0,8%	2.625,8%	-0,3%	-0,3%	1.255,7%
2°Quar/10	-0,4%	-1,5%	13.263,4%	-10,7%	-9,9%	2.355,3%	-12,3%	-11,9%	1.089,6%
3°Quar/10	20,9%	19,0%	16.054,8%	20,2%	8,3%	2.828,3%	18,6%	4,4%	1.310,7%

Average Net Asset Value for Dynamo Cougar (Last 36 months): R$ 988.521.534,00

(*) The Dynamo Cougar Fund figures are audited by Price Waterhouse and Coopers and returns net of all costs and fees, except for Adjustment of Performance Fee, if due.
(**) Index that includes 100 companies, but excludes banks and state-owned companies. (***) Ibovespa average.

Please visit our website if you would like to compare the performance of Dynamo funds to other indices:

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