



## Press Release

### ISA Capital do Brasil S.A. Launches Tender Offer and Consent Solicitation via HSBC

**SAO, PAULO, BRAZIL, February 8, 2010**– ISA CAPITAL DO BRASIL S.A (the “Company”), a stock corporation (*sociedade por ações*) organized under the laws of Brazil, today announced that it has commenced a tender offer to purchase for cash (the “Offer to Purchase”) all of its outstanding U.S.\$354,000,000 of aggregate principal amount of 8.800% Senior Notes due 2017 (the “Notes”), under and subject to the terms and conditions set forth in the Offer to Purchase and Consent Solicitation Statement dated February 8, 2010. The Company is also soliciting consents (the “Consent Solicitation”) from holders of the Notes (the “Holders”) for certain amendments that would, among other things, eliminate substantially all of the restrictive covenants (the “Proposed Amendments”) contained in the indenture, dated as of January 29, 2007, as amended and supplemented by the first supplemental indenture dated January 30, 2008 and the second indenture supplement dated November 4, 2009 under which the Notes were issued (the “Indenture”). Adoption of the proposed amendments requires the consent of holders of not less than fifty percent (50%) in aggregate principal amount of the outstanding Notes (excluding any Notes owned by the Company or by any person directly or indirectly controlling or controlled by or under direct or indirect common control with the Company).

The Offer to Purchase and Consent Solicitation will expire at 5:00 p.m., New York City time, on March 8, 2010, unless extended (such date and time, as the same may be extended, the “Expiration Date”). Subject to the terms and conditions of the Offer to Purchase and Consent Solicitation Statement, the right to receive the Consent Payment (as defined below) by delivering valid Consents (as defined below) will expire at 5:00 p.m., New York City time, on February 24, 2010 unless extended (such date and time, as the same may be extended, the “Consent Date”). The right to withdraw tendered Notes and the right to revoke Consents will expire on the Consent Date (except under certain limited circumstances in which the terms of the Offer to Purchase and Consent Solicitation are materially modified or as otherwise required by law). Holders that wish to receive both the Tender Consideration (as defined below) and the Consent Payment (as defined below) must validly tender (and not subsequently validly withdraw) their Notes at or prior to the Consent Date. **The terms and conditions of the Offer to Purchase and Consent Solicitation may be amended and the Expiration Date and Consent Date may be extended by the Company in its sole discretion.**

The Total Consideration (as defined below) for each US\$1,000 principal amount of Notes validly tendered and not validly withdrawn pursuant to the Offer to Purchase and delivery of consents (which are not subsequently revoked) pursuant to the Consent Solicitation on or prior to the Consent Date shall be equal to U.S.\$1,117.50. The total consideration (the “Total Consideration”) includes a consent payment of U.S.\$35.00 in respect of each U.S.\$1,000 principal amount of Notes tendered (the “Consent Payment”).

Holders who validly tender (and do not subsequently validly withdraw) their Notes on or prior to the Consent Date will be eligible to receive the Total Consideration. Holders who validly tender their Notes after the Consent Date, but on or prior to the Expiration Date, will be eligible to receive an amount equal to the Total Consideration less the Consent Payment (the “Tender Consideration”). In either case, all Holders who validly tender their Notes will receive accrued and unpaid interest up to, but not including, the payment date. The payment date will be as promptly after the Expiration Date and acceptance by the Company of validly tendered Notes as practicable.

Holders who tender their Notes must deliver the related consents (the “Consents”) to the Proposed Amendments.

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**The Company expressly reserves the right, in its sole discretion, to terminate the Offer to Purchase and Consent Solicitation and not accept for purchase any tendered Notes for any reason. The Company's obligation to accept for purchase any tendered Notes pursuant to the Offer to Purchase and Consent Solicitation is conditioned upon, among other things, Consents from Holders representing not less than fifty percent (50%) in aggregate principal amount of the outstanding Notes (excluding any Notes owned by the Company or by any person directly or indirectly controlling or controlled by or under direct or indirect common control with the Company) being obtained and certain other conditions. Full details of the terms and conditions of the Offer to Purchase and Consent Solicitation are included in the Offer to Purchase and Consent Solicitation Statement.**

Holders can obtain additional copies of the Offer to Purchase and Consent Solicitation Statement and related material from the Information, Tender and Consent Agent, Global Bondholder Services Corporation at (866) 873-6300 (toll free) or at (212) 430-3774 (call collect). The Company has retained HSBC Securities (USA) Inc. ("HSBC") to act as sole Dealer Manager and Solicitation Agent. Holders with questions about the Offer to Purchase and Consent Solicitation can contact HSBC's Liability Management Group at (888) HSBC-4LM (toll-free) or +1 (212) 525-5552 (collect) or via e-mail at [liability.management@hsbcib.com](mailto:liability.management@hsbcib.com).

The Offer to Purchase and Consent Solicitation are being made solely on the terms and conditions set forth in the Offer to Purchase and Consent Solicitation Statement. This communication is for informational purposes only and is qualified by reference to the Offer to Purchase and Consent Solicitation Statement. Under no circumstances shall this press release constitute an offer to buy or the solicitation of an offer to sell any securities of the Company. This press release also is not a solicitation of consents to the proposed amendments to the Indenture.

#### **About ISA Capital do Brasil S.A.**

The Company is a Brazilian stock corporation (*sociedade por ações*) formed on April 28, 2006 to participate in the sale by the government of the State of São Paulo of approximately 31.34 billion shares of CTEEP's common stock representing 50.10% of the CTEEP common stock and 21% of the CTEEP capital stock. As of the date of the Offer to Purchase and Consent Solicitation Statement, the Company owned approximately 89.4% of CTEEP's common stock and 37.5% of CTEEP's capital stock. The Company is a holding company and engages only in limited business activities. CTEEP is a Brazilian publicly-traded company engaged in the business of transmitting electricity from generation facilities to distribution networks and independent consumers. For more information, visit [www.isacapital.com.br](http://www.isacapital.com.br).

#### **Forward-Looking Statements**

Some of the statements made in this press release are forward looking in nature. These statements are based on management's current expectations or beliefs. These forward looking statements are not a guarantee of performance and are subject to a number of uncertainties and other factors, many of which are outside the Company's control, which could cause actual events to differ materially from those expressed or implied by the statements. Statements in this press release should be evaluated in light of these important factors. The Company is under no obligation to, and expressly disclaims any such obligation to, update or alter its forward-looking statements, whether as a result of new information, future events, or otherwise.

THE NOTES HAVE NOT BEEN REGISTERED, AND WILL NOT BE REGISTERED, UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR ANY OTHER APPLICABLE SECURITIES LAWS, AND THE NOTES MAY NOT BE OFFERED WITHIN THE



UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS, EXCEPT (1) TO QUALIFIED INSTITUTIONAL BUYERS AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT (“QIBs”), (2) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT OR (3) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULES 144 UNDER THE SECURITIES ACT (IF AVAILABLE).

THE OFFER TO PURCHASE AND CONSENT SOLICITATION STATEMENT MAY NOT BE DELIVERED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OR, U.S. PERSONS, EXCEPT TO (1) QIBs OR (2) DEALERS OR OTHER PROFESSIONAL FIDUCIARIES ORGANIZED, INCORPORATED OR (IF AN INDIVIDUAL) RESIDENT IN THE UNITED STATES HOLDING DISCRETIONARY ACCOUNTS OR SIMILAR ACCOUNTS (OTHER THAN AN ESTATE OR TRUST) FOR THE BENEFIT OR ACCOUNT OF NON-U.S. PERSONS.

THE OFFER TO PURCHASE AND CONSENT SOLICITATION IS NOT BEING MADE TO HOLDERS IN ANY JURISDICTION IN WHICH THE MAKING OF THE OFFER TO PURCHASE AND CONSENT SOLICITATION OR THE ACCEPTANCE OF THE TENDERED NOTES OR THE CONSENTS WOULD NOT BE IN COMPLIANCE WITH THE LAWS OF SUCH JURISDICTION.

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