

FUNDAÇÃO GETULIO VARGAS
ESCOLA DE ECONOMIA DE SÃO PAULO

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**IS ENTERPRISE VALUE AFFECTED BY POLITICAL NOMINATIONS FOR A
REGULATORY AGENCY'S PRESIDENCY?**

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Área de concentração: Finanças

Orientador: Prof. PhD João de Mendonça Mergulhão

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DEDICATÓRIA

Para meus pais, Gisberto e Silvia, que me deram os princípios que levarei pra vida toda.

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Abstract

Economists have argued that regulation is the appropriate approach to maintain output in its economically efficient level in a natural monopoly, and that can be achieved by submitting these companies to regulatory agencies' decisions.

The autonomous agencies are, however, not free in an absolute sense, and it is important to ask what the priorities of the new administration are. One answer is that it is designed to give leeway and powers of discretion to unbiased professionals with expertise in their field. In practice, however, professional experts might often be politically motivated.

The objective of this study is to investigate whether political nominations to the presidency of regulatory agencies, rather than technical appointments, affect the level of regulatory risk. In order to achieve this purpose, an event study was performed, where the regulatory risk in a political nomination will be compared to a technical nomination, in terms of abnormal return.

Key words: Regulatory Risk, Regulated Companies, Political Influence

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1. INTRODUCTION

A natural monopoly is a special type of monopoly, which is caused by increasing returns of scale. In this case, antitrust policy may not be appropriate, because with increasing returns, one large firm can produce at lower costs than several smaller firms, therefore breaking them up into smaller firms will lead to cost increases, and consequently a hike in prices.

In these cases, economists have argued that regulation is the appropriate policy, and the ideal form of regulation for a monopoly would be to force it to set its price equal to its marginal cost. Forced to price as if it were a price taker, the monopolist firm should find it profitable to increase output to the economically efficient level. Regulation is not only associated with natural monopolies, for which a normative rationale exists. Many other economic activities attract state intervention, in the form of price-fixing and entry control, turning life more complicated than theory.

The autonomous agencies are, notwithstanding, not free in an absolute sense, and it is important to ask what the priorities of the new administration are. One answer is that it is designed to give leeway and powers of discretion to unbiased professionals with expertise in their field. In practice, however, professional experts might often be politically motivated. This is called regulatory capture.

Regulatory capture occurs mainly because an industry might have the greatest financial interest in the regulatory activity and is more likely to be motivated to influence the regulatory body than dispersed individual consumers, each of whom have little particular incentive to try to influence regulators. This is a risk to which an agency is exposed by its nature; however it may be right to think that it is increased when the staff of the regulatory agency is composed by professionals that cannot understand the full effects of their decisions, as may occur when the regulatory agency's staff is formed by non-technical people (hereinafter referred to as a "Political Nomination").

Thus, the objective of this study is to investigate whether political nominations to the presidency of a given regulatory agency, rather than a technical appointment to that office, affect the company's enterprise value. In order to achieve this purpose, an event study will be performed, where the regulatory risk in a Political Nomination will be compared to a Technical Nomination, in terms of abnormal return.

It is expected that a Political Nomination has a positive impact in the companies' enterprise value, due to the regulatory capture that can be easier to occur, at least market agents may expected it to be.

This study is divided as follows. Section 2 presents the bibliographic review, describing the relevant literature about regulatory capture and its impact on the regulated companies. Section 3 introduces the event study methodology, while Section 4 describes the data used in this work. Section 5, in turn, presents the results, before concluding the work in Section 6.

2. BACKGROUND LITERATURE

Stigler (1971) advocated an economic theory of how the regulation of business comes to be. This included, among other topics, the regulation of monopolies. The starting point of Stigler was the observation that, as a rule, regulation is acquired by the industry and is designed and operated for its benefits.

An additional piece of data was that regulation was not only observed in association with natural monopolies, for which a normative rationale exists. Many other economic activities attract state intervention, in the form of price-fixing and entry control. In order to account for these observations, an economic theory of regulation has to specify the determinants of supply and demand for regulation.

The demand for regulation would be connected primarily to two features of the group of beneficiaries. First, whether the beneficiary group is large and, second, whether the group has large stakes in regulation. Excessive group size could obstruct successful organization of the beneficiary group. In the other hand, large stakes could mobilize group members and give them an incentive to demand regulation.

On the supply side, one would have to pay attention to the creator of regulation, regulatory agency or politicians, which responds to political pressures. Stigler viewed politicians as potential suppliers of regulation who pursue selfish objectives, among which one should count the desire to augment their power.

If power depends on both money and votes, the costs of regulation could include its potential to bring unpopularity to the politician that promotes it. However, Stigler counted one factor that could mitigate this cost: the fact that very many voters that are only marginally affected by regulation would have poor incentives to be well informed about the regulation in question.

Peltzman (1976) offered three distinct formal set-ups, the second of which focuses on price-entry regulation. The model comprises three classes of players: a politician who holds the coercive power of state, an undefined quantity of producers, and an undefined quantity of consumers.

The politician wants to maximize his “majority” or “power”, which is a function of the price paid by the consumers and the profits of producers. And the politician’s majority decreases with higher prices to consumers, but that increases with the profits of producers.

The politician then chooses the price he will allow producers to charge in order to maximize his majority. The official will set the price to gain consumers votes until the marginal vote gain equals the marginal power loss from dissatisfying producers.

The model predicts that regulation will typically entails less than 100 per cent producer protection, but less than perfect protection of consumers against market power. The political price will usually lie between pure monopoly and competitive (which economists argue that maximizes social welfare) prices.

Another concern when talking about regulatory agencies is revolving doors. The fact that many regulators come from industry, or end up there, has long been thought to be a source of bias in regulatory decisions.

The channels through which industry employment may affect regulatory performance are multiple. An important distinction is whether such employment is held before or after regulatory involvement. Coming from industry may induce regulators to make pro-industry decisions because of the regulator having “socialized” in an industry environment.

The possibility of post-regulatory employment is different: regulators may bias their decisions in order to enhance their chance of future employment in the industry. An explicit quid pro quo may exist, whereby lenient regulation is rewarded with future employment in the industry.

Che (1995) considers a hierarchical agency model *à la* Tirole (1986) and provides three different approaches.

In the first, it is assumed that regulators may invest in human capital during their tenure. Two forms of capital are available: “technical” capital and “lobbying” capital. The first type of capital reduces the marginal cost of monitoring the firm, but the second does not. An important question arises under this treatment, what is the primary drive behind firms employing former regulators: expertise or lobbying potential?

The second treatment considers the possibility that regulators may want to be aggressive in order to signal their expertise. More able individuals, when acting as regulators, will more

often obtain information about the firm that can be used to justify harsher regulation. And as ability is not readily observable, the firm may understand the harshness as an indication of ability.

The third case is when Che allows for explicit collusion between the firm and the regulator. Collusion happens when because the regulator may inhibit the tightest regulatory policy that the state of nature requires to reach the firm. In the three approaches is easy to see the different resulting outcomes in terms of regulation.

3. REGULATORY AGENCIES IN BRAZIL

Anatel (National Telecommunications Agency): It is administratively and financially independent and it is not subject to any government agency. Anatel has the authority to issue permits, regulate and supervise, and should adopt the necessary measures to meet the interests of the citizens. It is the agency's responsibility to regulate telephone rates and observe the obligations of companies in the fulfillment of contracts. Anatel also develops, manages and maintains the basic Plans of Distribution Channels (radio frequencies).

National Agency for Oil, Natural Gas and Biofuels (ANP): Linked to the Ministry of Mines and Energy, it also establishes the rules for the activities that integrate the petroleum and natural gas industries to the biofuel industry in Brazil. ANP promotes bids and contracts with dealers in the exploration, development and production of oil and natural gas.

ANEEL (National Electric Energy Agency): Regulates and supervises the generation, transmission, distribution and sale of electricity. Linked to the Ministry of Mines and Energy, it also cares for the complaints from agents and consumers besides being a mediator of conflicts of interest among agents in the electricity sector and between these and consumers.

National Health Agency (ANS): linked to the Ministry of Health, the ANS promotes the public interest in private health insurance, regulates health plan premium increases, among other duties.

National Health Surveillance Agency (ANVISA): It has administrative independence and financial autonomy, although it is under the Ministry of Health. The agency protects the health of the population by carrying out the sanitary control of production and sales of products. ANVISA also controls ports, airports and borders and deals with international affairs regarding health surveillance.

ANA (National Water Agency): Even though it is organized under the Ministry of Environment, it has administrative and financial autonomy. The agency implements and coordinates the management of water resources in Brazil, regulates access to water and is responsible for promoting the sustainable use of this natural resource in order to benefit not only the current generation, but also future ones.

National Cinema Agency (Ancine): It is a special entity and, therefore, it has administrative and financial independence. Linked to the Ministry of Culture, the agency's main objective is

to promote the production, distribution and exhibition of films and video phonographic material. In addition, it regulates and supervises the industries that operate in these areas.

National Agency for Waterway Transportation (Antaq): It is linked to the Ministry of Transport, and it has financial and administrative autonomy. The agency implements, in its area of operation, the policies formulated by the ministry and the National Council for Integration of Transport Policies (Conit). In addition, it regulates, supervises and monitors the services provided in the segment of water transportation and exploitation of port infrastructure and waterway carried out third parties.

National Transportation Agency (ANTT): It is linked to the Ministry of Transport, and it has financial and administrative autonomy. The agency is responsible for providing regulation for rail and road transportation. It concedes permits for the exploration of the infrastructure related to public and regular transportation of passengers in roads and railways. Moreover, the ANTT authorizes the transportation of passengers carried by tour companies under the scheme of chartering, international transportation of cargo, operation of terminals and multi modal transport (integrated transport that uses various means).

National Civil Aviation Agency (ANAC): Regulates and oversees the activities of the aviation sector. It is the responsibility of this independent agency, under the Ministry of Defense, to ensure air transport safety, quality of services and respect to consumer rights, and define the limit of airport landing fees, storage and shipment, charged by the managers of Brazilian airports to the airlines and passengers.

Due to the low number of publicly traded companies in Brazil and to include only firms subject to regulation by each agency, this study analyzes only the following regulatory agencies: ANATEL, ANEEL, ANVISA, ANS and ANAC.

1. THE EVENT STUDY METHODOLOGY

Initially, using a dummy variable, the events will be segregated into two types, namely: political nominations and technical nominations. This segregation will be made by analyzing the curriculum vitae of each nomination. It will be considered a Technical Nomination if the appointed has a strong academic background; used to be a consultant for important supranational agencies (such as United Nations, World Bank, International Monetary Fund, among others); already worked at the regulatory agency; is a gazetted government employee; or used to work in a technical position in the government for several governors. Otherwise it will be considered a Political nomination.¹

Table 1: Regulatory Agency, Nomination to be President of the Agency, Date of Nomination and Type of Nomination

Regulatory Agency	Nomination	Event Date	If Political = 1
Anatel	Elifas Chaves Gurgel do Amaral	11/01/2005	0
Anatel	Luiz Guilherme Schymura de Oliveira	08/04/2002	0
Anatel	Pedro Jaime Ziller de Araújo	03/12/2003	1
Anatel	Plínio Aguiar Júnior	10/11/2005	0
Anatel	Renato Navarro Guerreiro	16/07/1997	0
Anatel	Ronaldo Mota Sardenberg	12/02/2007	1
ANEEL	José Mario Abdo	06/10/1997	0
ANEEL	Jerson Kelman	06/12/2004	0
ANEEL	Nelson José Hübner Moreira	18/12/2008	0
ANAC	Milton Zuanazzi	27/09/2005	1
ANAC	Denise Abreu	16/08/2007	1
ANAC	Solange Paiva Vieira	05/12/2007	0
ANAC	Carlos Eduardo Magalhães da Silveira Pellegrino	06/05/2010	0
ANAC	Marcelo Pacheco dos Guarany	16/05/2011	0
ANS	Januário Montone	30/12/1999	1
ANS	Fausto Pereira dos Santos	10/12/2003	0
ANS	Mauricio Ceschin	09/03/2010	1
ANVISA	Dirceu Brás Aparecido Barbano	10/01/2011	0
ANVISA	Dirceu Raposo de Mello	28/06/2008	0
ANVISA	Cláudio Maierovitch Pessanha Henriques	11/04/2002	0
ANVISA	Gonzalo Vecina Neto	26/01/1999	0

¹ Attached is curriculum of each nominated as well as the criteria to classify them.

After segregating the events, it is necessary to identify the time where the event took place. In the website of each regulatory agency, one can verify the date of the nomination, but the effect on the stock prices will be detected not by the time of fruition, but during the days after the nomination's announcement. To that effect, we have been able to identify the date of the announcement of the respective nominations through news articles found on the internet.

In the event study, we will try to examine the return behavior for a sample of firms experiencing a common type of event (e.g., a political or technical nomination), via estimating dummy variable regressions over the combined sample and event windows, where the event window residuals become dummied out with the zero-one variables. The dummy variable coefficients correspond to the abnormal returns.

The abnormal return is the actual ex-post return of the security over the event window minus the normal return of the firm over the event window. The normal return is defined as the return that would be expected if the event did not take place. The 16-day window covers the announcement day and the five business days before and ten business days after the announcement day. This is necessary to better capture market responses for transactions that occurred either after the close of trading on the day of the announcement or those transactions that occurred the day before their official announcement.

If the announcement is made after market closing time the reaction is delayed. On the other hand information might leak prior to event day. For each sample security i , the return on the security for time period t relative to the event, R_{it} , is:

$$R_{it} - R_f = K_{it} + \sum_{T=t1}^{t2} \gamma_{it} D_{it} + e_{it}$$

Where:

R_{it} is the actual return;

R_f is the risk-free interest rate;

K_{it} is the “normal” return and is represented by the market return in excess to the risk-free rate;

D_{it} are the dummies variables; and

e_{it} is the error term.

For the CAR, its test statistic is computed and compared to its assumed distribution under the null hypothesis, that mean abnormal performance equals zero. The null hypothesis is rejected if the test statistic exceeds a critical value, in this case corresponding to the 5% tail region.

The test statistic is a random variable because abnormal returns are measured with error. Two factors contribute to this error. First, predictions about securities' unconditional expected returns are imprecise. Second, individual firms' realized returns at the time of an event are affected for reasons unrelated to the event, and this component of abnormal return does not average to literally zero.

For the CAR shown above, a standard test statistic is the CAR divided by an estimate of its standard deviation, and it is given by:

$$t = \frac{CAR(t_1, t_2)}{[\sigma^2(t_1, t_2)]^{1/2}}$$

Where,

$$\sigma^2(t_1, t_2) = L\sigma^2(AR_t)$$

And $\sigma^2(AR_t)$ is the variance of the one-period mean abnormal return.

2. SAMPLE DESCRIPTION

The data that I use can be grouped in three set of variables: the equity prices, the market portfolio and the risk free rate.

The equity prices are obtained directly from Bloomberg. For the market portfolios, I considered the Bovespa Index (Ibovespa) obtained from Bloomberg (ticker IBOV INDEX). It is the most important market portfolio of the country and is the predominant benchmark for much of the local equity mutual funds. It comprises the most traded and liquid stocks in the Bolsa de Valores de São Paulo and its composition is updated every quarter.

All the returns had been daily and continuously calculated, that is, it was used the natural logarithm of the ratio stock price in day t / stock price in day $t-1$ adjusted for the income, including dividends and splits. The daily return of the SELIC was adopted as a proxy for the risk free rate of return. As a proxy for the market portfolio the index of the São Paulo stock exchange (BOVESPA) was adopted and all the accounting data had been obtained in the Economatica data set.

The following tables present descriptive statistics for all stocks used in this study, in annual basis:

Table 2: Descriptive statistics of the stocks of the companies subjected to the regulation of ANATEL – Mean return, median return, standard deviation of the returns and regulatory agency

Companies	Mean	Median	Standard Deviation	Regulatory Agency
EMBRATEL PARTICIPACOES S.A.	-13,3%	-12,0%	42,4%	ANATEL
INEPAR TELECOMUNICAÇÕES S.A.	-8,4%	-13,6%	45,5%	ANATEL
LF TEL S.A.	-13,0%	-13,2%	0,2%	ANATEL
NET SERVICOS DE COMUNICACAO S.A.	-7,8%	-13,2%	51,1%	ANATEL
TELE NORTE CELULAR PARTICIPACOES S.A.	-12,0%	-12,4%	38,9%	ANATEL
TELEC BRASILEIRAS S.A. TELEBRAS	67,9%	-13,1%	240,8%	ANATEL
TELEFÔNICA BRASIL S.A	-3,9%	-13,1%	26,7%	ANATEL
TIM PARTICIPACOES S.A.	3,9%	-13,1%	41,3%	ANATEL
Average	1,7%	-13,0%	60,9%	8 companies

Table 3: Descriptive statistics of the stocks of the companies subjected to the regulation of ANEEL – Mean return, median return, standard deviation of the returns and regulatory agency

Companies	Mean	Median	Standard Deviation	Regulatory Agency
AES ELPA S.A.	5,3%	-14,0%	41,9%	ANEEL
AES TIETÊ S.A.	13,6%	-13,6%	28,0%	ANEEL
AFLUENTE GERAÇÃO DE ENERGIA ELÉTRICA S.A	-15,5%	-13,2%	14,4%	ANEEL
AFLUENTE TRANSMISSÃO DE ENERGIA ELÉTRICA	-13,0%	-13,2%	0,2%	ANEEL
AMPLA ENERGIA E SERVICOS S.A.	12,1%	-13,6%	46,8%	ANEEL
CENTRAIS ELET BRAS S.A. - ELETROBRAS	2,1%	-12,8%	34,6%	ANEEL
CENTRAIS ELET DE SANTA CATARINA S.A.	8,4%	-13,5%	31,6%	ANEEL
CENTRAIS ELET DO PARA S.A. - CELPA	-9,4%	-13,2%	14,3%	ANEEL
CENTRAIS ELET MATOGROSSENSES S.A.- CEMAT	0,6%	-13,5%	36,2%	ANEEL
CESP - CIA ENERGETICA DE SAO PAULO	-8,0%	-13,6%	11,5%	ANEEL
CIA CELG DE PARTICIPACOES - CELGP	-13,0%	-13,2%	0,2%	ANEEL
CIA ELETRICIDADE EST. DA BAHIA - COELBA	0,1%	-13,1%	19,8%	ANEEL
CIA ENERGÉTICA DE BRASILIA	-11,2%	-12,8%	19,3%	ANEEL
CIA ENERGETICA DE MINAS GERAIS - CEMIG	5,3%	-13,2%	30,1%	ANEEL
CIA ENERGÉTICA DE PERNAMBUCO - CELPE	5,4%	-13,2%	15,6%	ANEEL
CIA ENERGÉTICA DO CEARÁ - COELCE	-4,7%	-13,6%	24,9%	ANEEL
CIA ENERGETICA DO MARANHAO - CEMAR	-13,0%	-13,2%	0,2%	ANEEL
CIA ENERGÉTICA DO RIO GDE NORTE - COSERN	-7,8%	-13,2%	12,8%	ANEEL
CIA ESTADUAL DE DISTRIB ENER ELET-CEEE-D	-13,0%	-13,2%	0,2%	ANEEL
CIA ESTADUAL GER.TRANS.ENER.ELET-CEEE-GT	-13,0%	-13,2%	0,2%	ANEEL
CIA PARANAENSE DE ENERGIA - COPEL	0,2%	-12,8%	32,2%	ANEEL
CPFL ENERGIA S.A.	-10,4%	-14,0%	13,6%	ANEEL
CTEEP - CIA TRANSMISSÃO ENERGIA ELÉTRICA	31,8%	-12,0%	39,3%	ANEEL
DUKE ENERGY INT. GER. PARANAPANEMA S.A.	4,0%	-12,4%	19,4%	ANEEL
ELECTRO ACO ALTONA S.A.	10,0%	-13,6%	35,6%	ANEEL
ELEKEIROZ S.A.	10,5%	-13,6%	35,3%	ANEEL
ELEKTRO - ELETRICIDADE E SERVIÇOS S.A.	17,5%	-13,2%	38,2%	ANEEL
ELETROBRÁS PARTICIPAÇÕES S.A. - ELETROPA	22,2%	-12,0%	40,6%	ANEEL
ELETROPAULO METROP. ELET. SÃO PAULO S.A.	-10,8%	-13,6%	8,7%	ANEEL
ENERGISA S.A.	-13,9%	-13,5%	8,4%	ANEEL
EQUATORIAL ENERGIA S.A.	-13,0%	-13,2%	0,2%	ANEEL
LIGHT S.A.	-7,4%	-13,7%	17,8%	ANEEL
MARAMBAIA ENERGIA RENOVAVEL S.A.	-13,7%	-13,2%	15,7%	ANEEL
REDE ENERGIA S.A.	13,0%	-13,3%	32,5%	ANEEL
REDENTOR ENERGIA S.A.	-13,0%	-13,2%	0,2%	ANEEL
TRACTEBEL ENERGIA S.A.	3,4%	-13,2%	35,9%	ANEEL
TRANSMISSORA ALIANÇA DE ENERGIA ELÉTRICA	-13,0%	-13,2%	0,2%	ANEEL
Average	-1,4%	-13,2%	20,5%	37 companies

Table 4: Descriptive statistics of the stocks of the companies subjected to the regulation of ANAC – Mean return, median return, standard deviation of the returns and regulatory agency

Companies	Mean	Median	Standard Deviation	Regulatory Agency
EMBRAER S.A.	-0,6%	-12,4%	30,9%	ANAC
GOLL4 BS Equity	-5,0%	-14,0%	19,9%	ANAC
Average	-2,8%	-13,2%	25,4%	2 companies

Table 5: Descriptive statistics of the stocks of the companies subjected to the regulation of ANS – Mean return, median return, standard deviation of the returns and regulatory agency

Companies	Mean	Median	Standard Deviation	Regulatory Agency
AMIL PARTICIPACOES S.A.	-12,0%	-13,2%	4,0%	ANS
BHG S.A. - BRAZIL HOSPITALITY GROUP	-12,9%	-13,2%	5,5%	ANS
DIAGNOSTICOS DA AMERICA S.A.	-8,4%	-14,0%	17,4%	ANS
DIMED S.A. DISTRIBUIDORA DE MEDICAMENTOS	-3,7%	-13,2%	22,6%	ANS
HYPERMARCAS S.A.	-13,0%	-13,2%	0,2%	ANS
ODONTOPREV S.A.	-10,6%	-13,6%	8,3%	ANS
PROFARMA DISTRIB PROD FARMACEUTICOS S.A.	-11,2%	-13,6%	10,1%	ANS
QUALICORP S.A.	-13,0%	-13,2%	0,2%	ANS
RAIA DROGASIL S.A.	-13,1%	-13,3%	12,8%	ANS
Average	-10,9%	-13,4%	9,0%	9 companies

Table 6: Descriptive statistics of the stocks of the companies subjected to the regulation of ANVISA – Mean return, median return, standard deviation of the returns and regulatory agency

Companies	Mean	Median	Standard Deviation	Regulatory Agency
BRF - BRASIL FOODS S.A.	5,2%	-13,2%	29,0%	ANVISA
CAFE SOLUVEL BRASILIA S.A.	31,0%	-13,7%	58,1%	ANVISA
CIA BEBIDAS DAS AMERICAS - AMBEV	2,0%	-12,0%	24,5%	ANVISA
CIA BRASILEIRA DE DISTRIBUIÇÃO	-4,8%	-13,2%	26,7%	ANVISA
CIA CACIQUE DE CAFÉ SOLÚVEL	-7,4%	-13,2%	15,2%	ANVISA
FERTILIZANTES HERINGER S.A.	-11,0%	-13,5%	10,4%	ANVISA
HYPERMARCAS S.A.	-13,0%	-13,2%	0,2%	ANVISA
INTERNATIONAL MEAL COMPANY HOLDINGS S.A.	-13,0%	-13,2%	0,2%	ANVISA
JBS S.A.	-12,8%	-13,5%	11,3%	ANVISA
JHSF PARTICIPACOES S.A.	-12,4%	-13,5%	11,7%	ANVISA
MARFRIG ALIMENTOS S/A	-11,9%	-13,3%	10,5%	ANVISA
MINERVA S.A.	-15,7%	-13,2%	7,6%	ANVISA
RASIP AGRO PASTORIL S.A.	16,8%	-13,6%	50,0%	ANVISA
SOUZA CRUZ S.A.	-1,1%	-12,4%	26,9%	ANVISA
VANGUARDA AGRO S.A.	-14,6%	-13,6%	12,6%	ANVISA
Average	-4,2%	-13,2%	19,7%	15 companies

The following graphs present the stock returns histogram segregated by their respective each regulatory agency:

Figure 1: Histogram of the return of the stocks from the companies regulated by ANAC

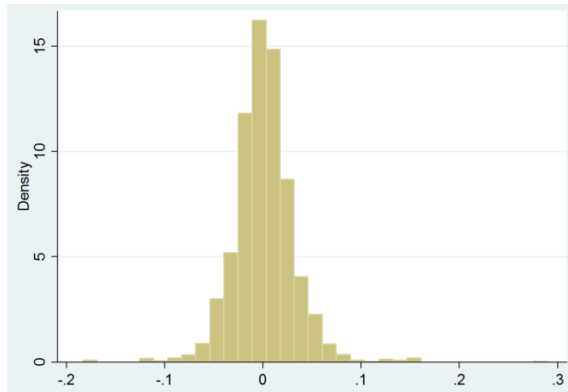


Figure 2: Histogram of the return of the stocks from the companies regulated by ANATEL

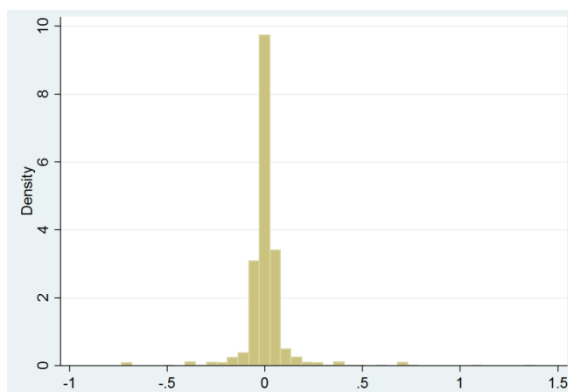


Figure 3: Histogram of the return of the stocks from the companies regulated by ANEEL

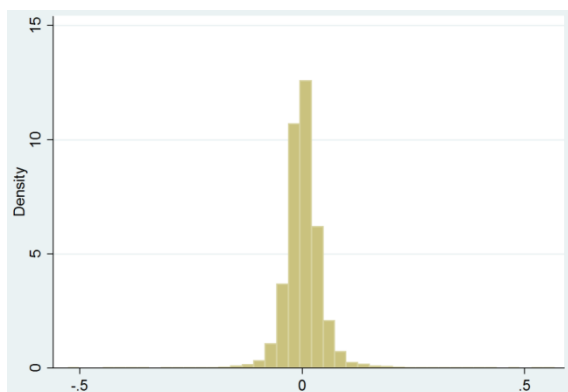


Figure 4: Histogram of the return of the stocks from the companies regulated by ANS

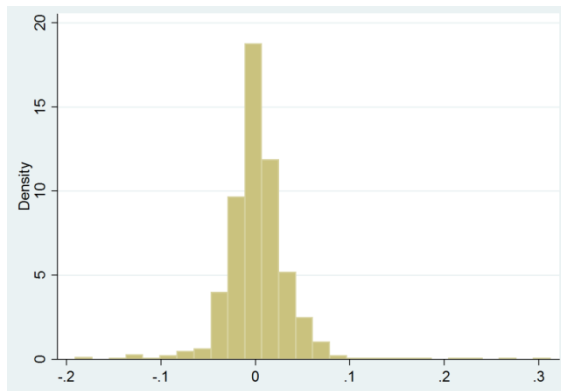
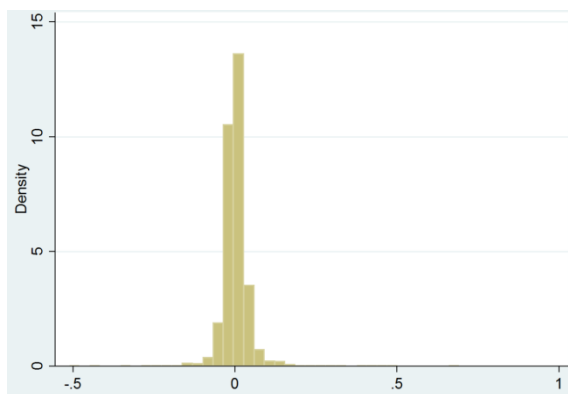


Figure 5: Histogram of the return of the stocks from the companies regulated by ANVISA



3. THE MODELS AND ITS RESULTS

Two studies were conducted to verify whether political nominations, in opposite to technical nominations, increase enterprise value of regulated companies.

The companies were segregated according to their respective regulatory agencies. In this case, five graphics are presented containing the cumulative abnormal returns and their confidence intervals.

Following is presented the cumulative abnormal returns and confidence intervals of nominations for presidency of ANAC.

Figure 6: Cumulative Abnormal Returns and Confidence Intervals of Political Nominations for Presidency of ANAC

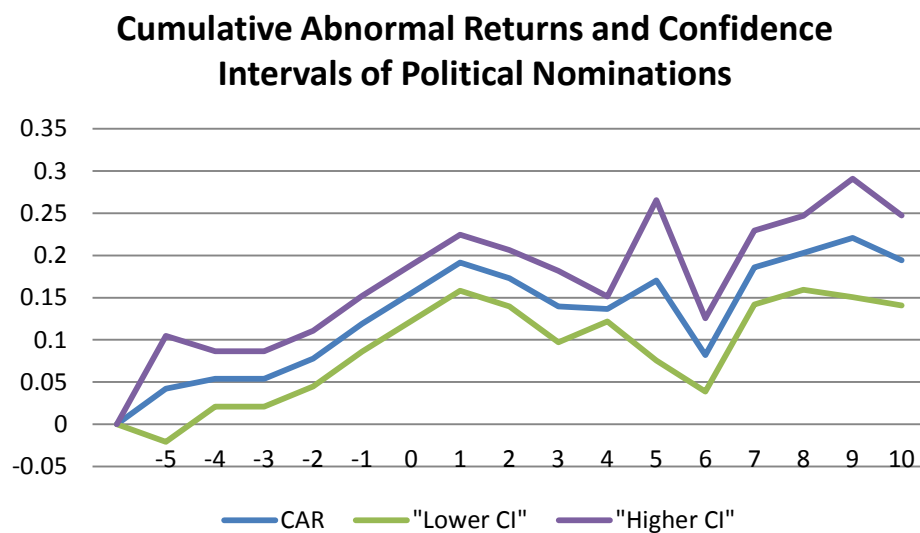
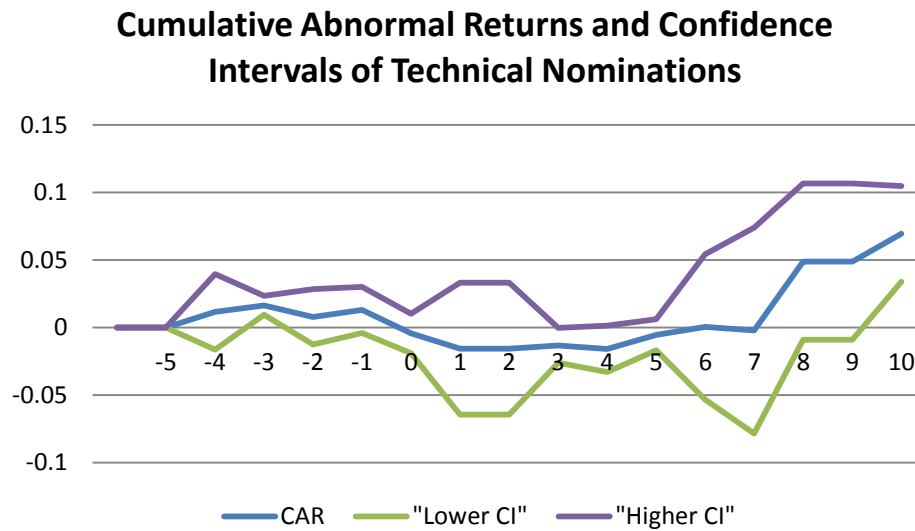


Figure 7: Cumulative Abnormal Returns and Confidence Intervals of Technical Nominations for Presidency of ANAC



For the group of companies regulated by ANAC, both Political and Technical nominations impact positively the return of the stocks of the companies. But as we can see, a political nomination has a greater positive impact than a technical nomination on the return of the stocks. This could be interpreted as consistent with the theory of regulatory capture.

Following is presented the cumulative abnormal returns and confidence intervals of nominations for presidency of ANATEL.

Figure 8: Cumulative Abnormal Returns and Confidence Intervals of Political Nominations for Presidency of ANATEL

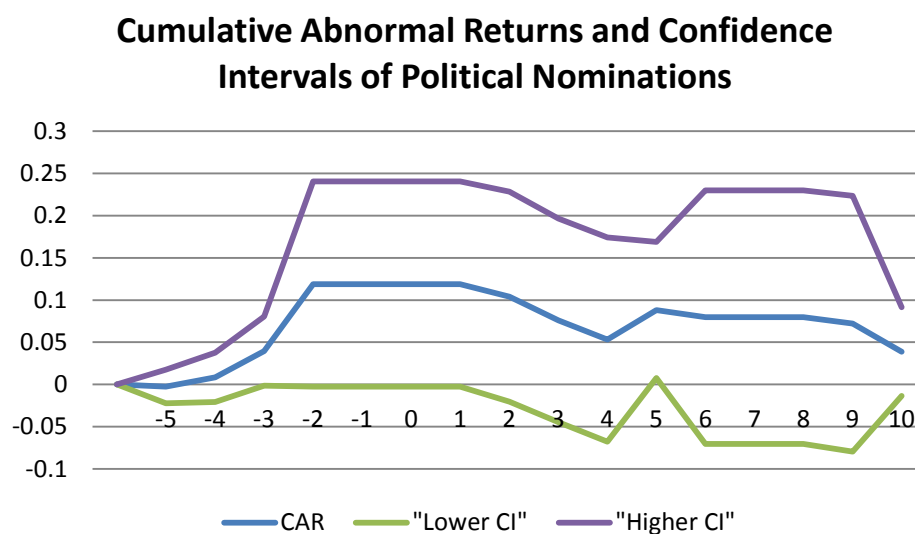
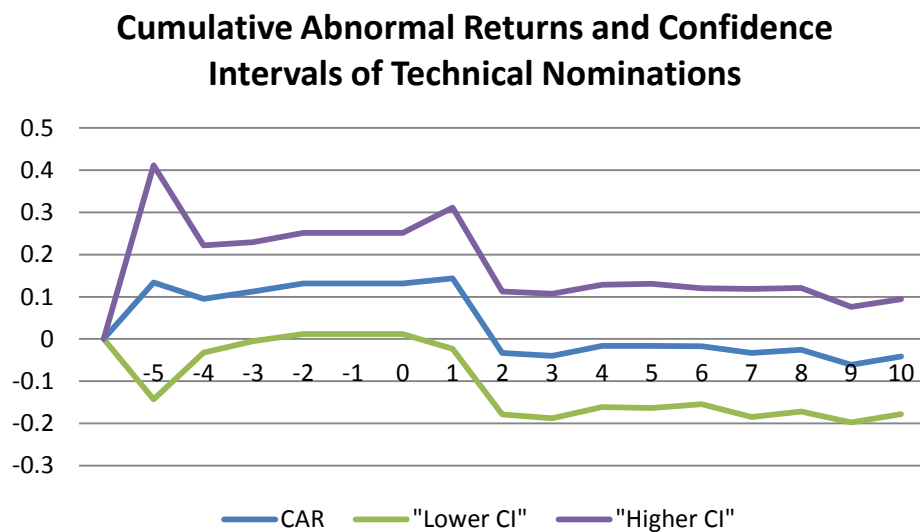


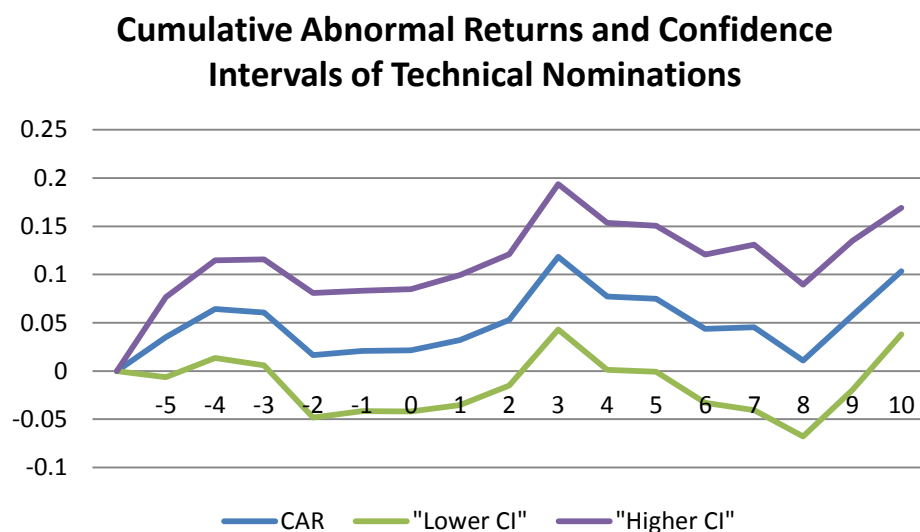
Figure 9: Cumulative Abnormal Returns and Confidence Intervals of Technical Nominations for Presidency of ANATEL



Considering only the companies regulated by ANATEL, we can observe that both types of nomination present an impact that is not statistically significant.

Following is presented the cumulative abnormal returns and confidence intervals of nominations for presidency of ANEEL.

Figure 10: Cumulative Abnormal Returns and Confidence Intervals of Technical Nominations for Presidency of ANEEL



- The cumulative abnormal returns attributed to political nominations was unavailable due to absent of those.

For the companies regulated by ANEEL, we can observe that a Technical nomination impact positively the return of the stocks of the companies. In this case we cannot conclude much, because we don't have Political Nominations to fully understand the impact of each nomination.

Following is presented the cumulative abnormal returns and confidence intervals of nominations for presidency of ANS.

Figure 11: Cumulative Abnormal Returns and Confidence Intervals of Political Nominations for Presidency of ANS

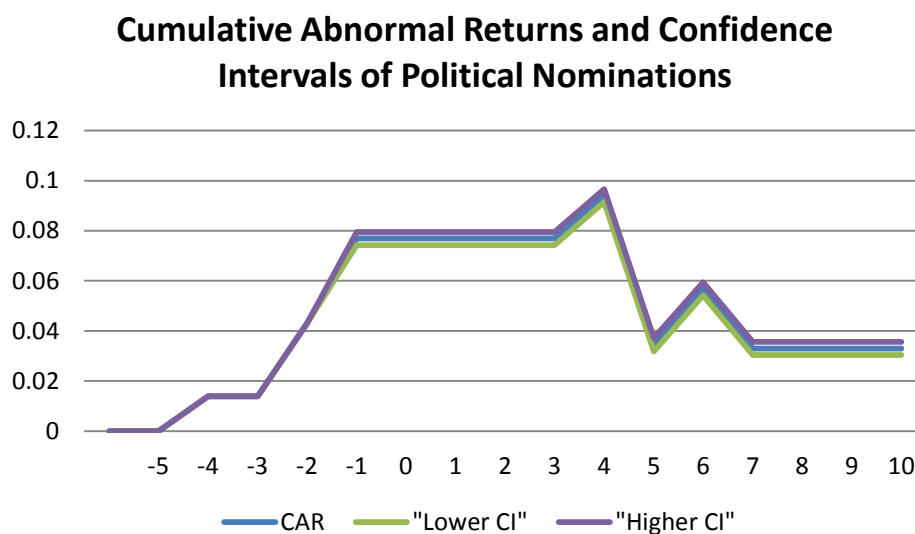
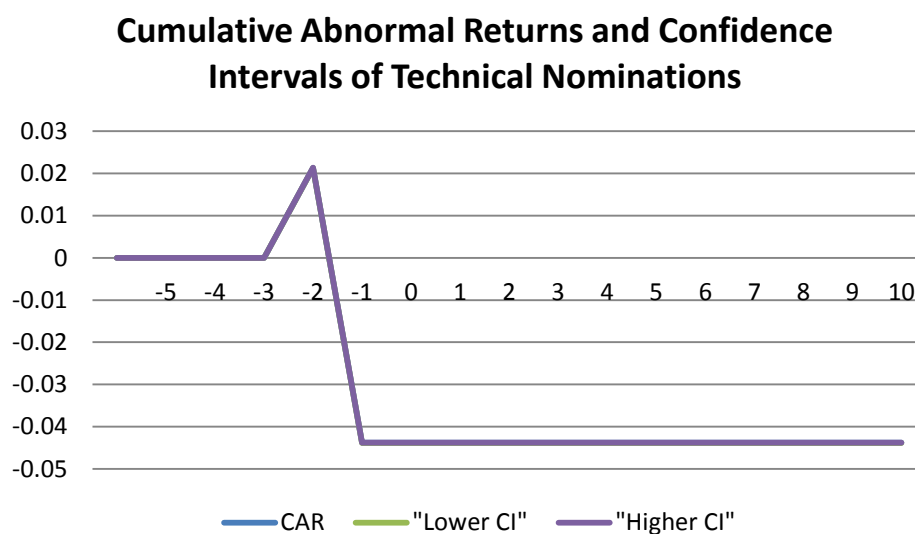


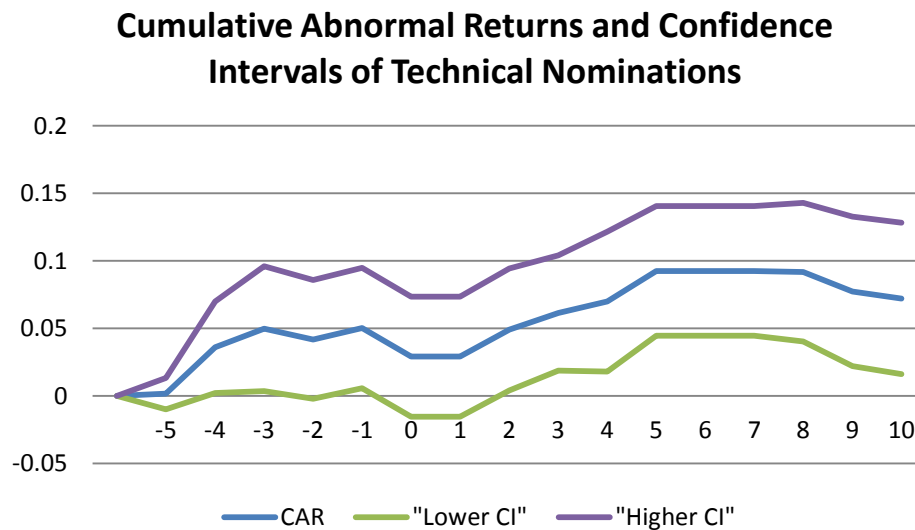
Figure 12: Cumulative Abnormal Returns and Confidence Intervals of Technical Nominations for Presidency of ANS



For the companies regulated by ANS, we can observe that a technical nomination has a mixed impact on the companies' returns, with a positive pre-event CAR and a negative post-event CAR, prevailing a negative impact when we consider the cumulative. In the case of a political nomination, we can observe that it impacts positively the return of the stocks of the companies. This could be interpreted as consistent with the theory of regulatory capture.

Following is presented the cumulative abnormal returns and confidence intervals of nominations for presidency of ANVISA.

Figure 13: Cumulative Abnormal Returns and Confidence Intervals of Technical Nominations for Presidency of ANVISA



- The cumulative abnormal returns attributed to political nominations was unavailable due to absent of those.

For the companies regulated by ANVISA, we can observe that a Technical nomination impact positively the return of the stocks of the companies. In this case we cannot conclude much, because we don't have Political Nominations to fully understand the impact of each nomination.

In the second study, due to the low liquidity of the Brazilian equity market, all firms subject to regulation, as well as all nominations, both technical and political, were considered in the model.

In this study, the CARs and their confidence intervals are presented below:

Following is presented the cumulative abnormal returns and confidence intervals of nominations for presidency of all regulatory agencies.

Figure 14: Cumulative Abnormal Returns and Confidence Intervals of Political Nominations for Presidency of all Regulatory Agencies

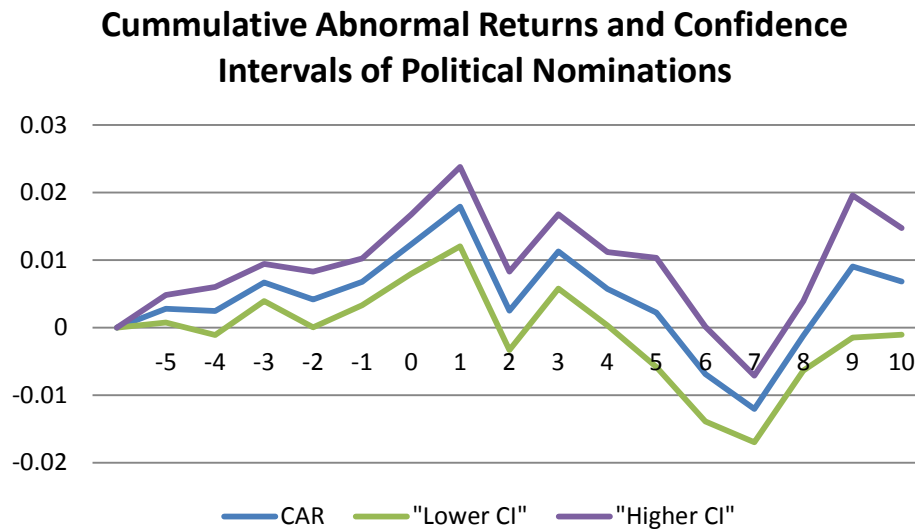
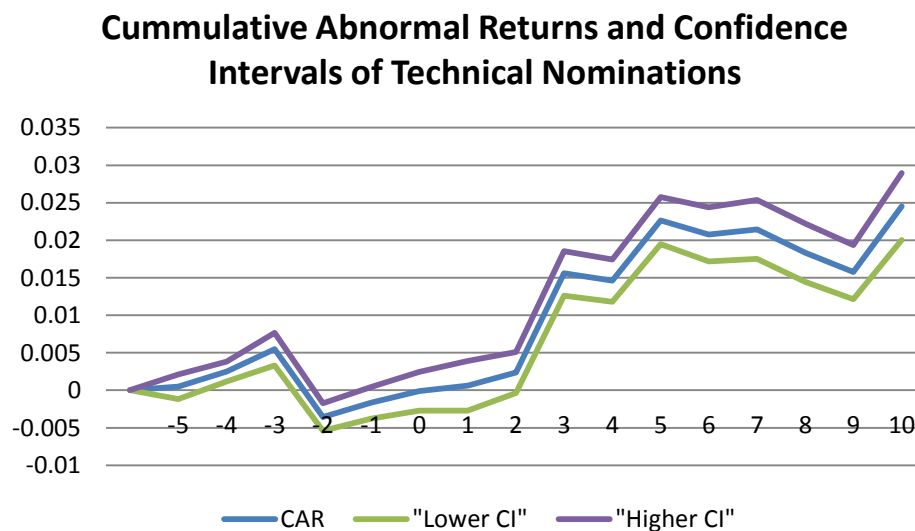


Figure 15: Cumulative Abnormal Returns and Confidence Intervals of Technical Nominations for Presidency of all Regulatory Agencies



As we can see, a Political Nomination in any given regulatory agency presents statistically equal to zero Cumulative Abnormal Returns, while a Technical Nomination presents mix results, with negative pre-event CARs and positive post-event CARs, prevailing a positive impact. As this study encompasses all companies subject to regulation and all nominations,

this could signal that a technical indication signals an improvement of the institutional system, therefore benefiting the whole economy.

4. CONCLUSIONS

As presented along this paper, political and technical nominations have different impacts on the return of the stocks of the companies depending on each regulatory agency its subject to. We can also observe that political nominations have a prevailing positive impact on the enterprise value of the companies, which could be interpreted as a result of the regulatory capture effect.

Although, when the whole sample of companies and nominations are considered together, seems that the evidence found at the first study no longer applies. In other words, technical nominations have a positive impact, in terms of stock returns, in all companies. This could signal that a technical indication signals an improvement of the institutional system, therefore benefiting the whole economy.

The results presented herein have to be interpreted carefully, due to the lack of sufficient data (few observations on regulatory agency's president nominations) and the criteria used to classify nominations (although the criteria has a positive side of being objective, further knowledge of each nomination and more subjectivity could modify the results).

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Attachment – Curriculum of the Regulatory Agencies' Presidents

Elifas Chaves Gurgel do Amaral - Appointment: Jan. 11, 2005

He was president of Anatel from Jun. 04, 2005 to Nov. 03, 2005 and was assigned to carry the burden of the eventual replacement of Chairman of the Board for the period from Oct. 1, 2005 to Apr. 5, 2005. Born in Fortaleza (CE). He holds a degree in Computer Engineering from the Military Institute of Engineering (IME) of Rio de Janeiro and a graduate degree in Computer Networking from the Catholic University of Brasília (UCB). Former Secretary of Electronic Communication Services of the Ministry of Communications between 2003 and 2004 was security consultant of the Bank of Northeastern Brazil. He was assistant manager of special projects at the Ministry of Defense, part of the team responsible for the operation of the System of Military Satellite Communications and the group that dealt with the use of the Fund for Universal Telecommunications Service in the Armed Forces. At the Ministry of Defense, Mr. Amaral headed the 1st Telematics Center Area, military organization responsible for telecommunications and information technology for the Military Command South in Porto Alegre (RS). He joined the Technical Committee responsible for the specification of electronic voting machines used since 1996 in elections. It was also representative of the Department of Informatics at the Commission of the Brazilian Army, responsible for the implementation of the Amazon Surveillance System (SIVAM).

Luiz Guilherme de Oliveira Schymura - Appointment: Apr. 8, 2002

Was president from May 2, 2002 to Jan. 7, 2004. Luiz Guilherme de Oliveira Schymura holds an electrical and systems engineering from PUC in Rio de Janeiro and a Master degree in Economics from the Graduate School of Economics at Fundação Getúlio Vargas. Concluded in 1989, a PhD in Economics, also from Fundação Getúlio Vargas, in 1990, the post-doctorate in economics in the United States, from The Wharton School of the University of Pennsylvania. From 1997 until being appointed advisor and president of Anatel, was director of FGV Consulting. Before he held, among other positions, the adviser of the Kolynos Brazil, World Bank consultant and editor of the Journal of Econometrics. He also participated as coordinator of several researches for the National Agency of Petroleum, Furnas and the Interamerican Development Bank (BID). From 1995 to 1999, he served as supervisor of master's theses and doctoral and also participated in bunker examiners. Resigned the office of councilor on Jan. 7, 2004. Mr Schymura's mandate would have ended on Nov. 04, 2005.

Pedro Jaime Ziller de Araújo - Appointment: Dec. 03, 2003

Was president of Anatel from Jul. 01, 2004 to Jan. 06, 2005. Is an electrical engineer graduated in 1969 from the Federal University of Minas Gerais (UFMG), with university extension PUC-RJ and UFMG. Worked in Telemig for 22 years, as manager of Systems Development, Planning and Control Advisor in the Directorate of Operations, Project Coordinator of Data Communication, Network Planning Manager of the Metropolitan Region of Belo Horizonte, project coordinator deployment data communication networks. It was also special advisor Systems Vice President of the company. In 2003, was sworn in as Secretary Ministry of Communications Telecommunications, remaining in office until the appointment to the FCC.

Pliny Junior Aguiar - Appointment: Nov. 10, 2005

President of ANATEL from Jul. 07, 2006 to Jun. 30, 2007. He was assigned to carry the burden of eventual replacement of Chairman of the Board for the period Sep. 06, 2005 to Jul. 06, 2006. Electronic engineer graduated from the Pontifical Catholic University of Rio de Janeiro (PUC-RJ) in 1967. Former director of the Department of Industry, Science and Technology Ministry of Communications between 1975 and 2002 worked in the deployment area data communication in long-term planning of the development area and the corporate quality program of Embratel. He was special adviser to the Minister of Communications from 1979 to 1985, working in the area of regulatory reporting. He was governor of the International Council for Computer Communication (ICCC) and was part of the international editorial board of the British publication Telecommunications Policy. He was a member of the Technical Board of the National Trade Confederation (CNC) and member-guest of the team that developed the technology of switching data at the Centre National d'Etudes des Télécommunications (body of France Telecom).

Renato Navarro Guerreiro - Appointment: Jul. 16, 1997

Electrical Engineer with specialization in Telecommunications from the Pontifical Catholic University of Rio de Janeiro (PUC-RJ).

Telecommunications Consultant and former President of the National Telecommunications Agency - ANATEL. Agency directed the most important period in the consolidation of the new telecommunications in Brazil.

He was Director of the Department of Rates, Secretary of Communications Services and Executive Secretary of the Ministry of Communications where he served on several occasions, the functions of Minister of State.

Worked in Telebrás for over 20 years, having held management positions in several areas. He was Technical Director, Chief Operating Officer and President.

Ronaldo Mota Sardenberg - Appointment: Feb. 12, 2007

Ronaldo Mota Sardenberg graduated from the National College of Law - University of Brazil (RJ). He served as Ambassador of Brazil in Moscow and Madrid. He was Permanent Representative of Brazil to the United Nations (UN) in New York. He led the Brazilian delegation to the UN Security Council. He was head of the Secretariat of Strategic Affairs of the Presidency of the Republic, Minister of State and Special Projects Special Minister of State for Science and Technology. Were also your responsibility to structure international cooperation and policies MCT nuclear and space and the presidency of the Interministerial Commission on Global Climate Change. Was president of Anatel's from Jul. 2, 2007 to Nov. 4, 2011.

ANEEL

Jerson Kelman - Appointment: Dec. 14, 2004

CEO Group Light electricity distribution concessionaire in Rio de Janeiro, and another 30 counties, accounting for 4 million consumer units.

2005/2008 Director General of the National Agency of Electric Energy - ANEEL - (Decree of 12 January 2005).

2001 - 2004 CEO of the National Water Agency - ANA - (Decree of 20 December 2000).

1999/2000 Special Advisor to the Minister of State for Environment, dedicated to the design of the National Water Agency - ANA. (Decree of Jun. 1, 1999).

Participation in the Brazilian Delegation by the IBRD mission to discuss interconnection projects Watershed U.S.: Colorado Big Thompson and Windy Gap (Colorado River) and projects in California (California Water Project and Central Arizona Project).

1998 Member of the "board" of World Bank consultants ("Blue Ribbon Panel"), related to economic and financial equation of bi-national hydroelectric Yacyreta (Argentina and Paraguay).

Teacher Course Master of Business and Environment - MBE, COPPE-UFRJ.

1997/99 World Bank Consultant for the project PROAGUA, of establishing a politics of water management in the Northeast of Brazil.

Consultant to the Government of the State of Paraná to the implementation of the association of users Alto Iguacu.

Consultant to the Ministry of Environment, Water Resources and the Legal Amazon to regulations of Law 9433/97 ("Water Law").

Consultant Escelsa - Spirit Central Electric SA, from 1998: sanitation and water resources.

1995/97 Director of Hydrological Studies and Projects, Water Resources Board, the Foundation's State Superintendent of Rivers and Lakes - SERLA.

Technical direction component of macro-drainage-Rio Reconstruction Program: works in the basins of the Lowlands financed by the World Bank and Caixa Economica Federal (approx cost of the project. \$ 150 million). There were three types of works:

- (I) improving the flow capacity of rivers and canals;
- (li) construction of two dams to contain floods;
- (lii) removal of obstacles to the flow, mainly bridges badly scaled.

1995/96 Member of the Special Committee of the State Energy Matrix - CEME, established by Decree No. 21388 of Mar. 13, 1995, representing the Secretary of State for the Environment.

1993 Member of the Commission for Integrated Studies Basin of the Paraíba do Sul

Consultant to World Bank water projects in Peru.

1993/98 ISA Consultant - Interconexión Eléctrica SA, Medellin, Colombia.

Consultant to World Bank water projects in Ceará (PROURB), consisting of the construction of about 40 dams and 40 water mains to ensure water sustainability of rural towns.

1991/1993 Principal Consultant in Hydrology Project PARSEICA (IDB financing-American Development Bank) for electrical integration of the six countries of Central America: Panama, Costa Rica, Nicaragua, Honduras, El Salvador and Guatemala.

1988/92 Consultant for Pacific Gas and Electric Co. - San Francisco, California - Program Development BOSS - "Basin and Operation Optimization System".

1986/87 Senior Engineer at Pacific Gas and Electric Co. - San Francisco, California - Development of mathematical models for Generation Department and Operation Department.

1976 / ... Teacher COPPE / UFRJ

1976/1991 Researcher at the Research Center for Energy - CEPEL, Eletrobras.

1973/1976 Sponsored by CNPq Colorado State University (USA) - development of studies and research in the area of Stochastic Hydrology and Water Resources.

1973 Professor of Physics of the 1st and 2nd Researchers Course in Physical Education and Sports, sponsored by the Laboratory of Exercise Physiology, Institute of Biomedical Sciences at UFRJ.

Assistant Professor COPPE / UFRJ - (Graduate Studies in Engineering).

1972 Teaching Assistant COPPE / UFRJ. Research in Deterministic Hydrology (process modeling rain x flow).

1970/1973 Research Assistant COPPE / UFRJ.

Teacher of the course "Application of Computers to Hydraulics", for students in their final year of Civil Engineering at UFRJ, specializing in hydraulics.

1970/1971 Monitor Institute of Mathematics of the UFRJ Chair Numerical Calculus.

Intern at the Center for Studies Saturnino de Brito.

Consultant Hydrology CNEC.

1969/1970 Computer Programmer in Montreal Engenharia SA

1965 Assistant Office Probal Paints SA

José Mario Abdo - Appointment: 06/10/1997

Mr. JOSE MARIO MIRANDA ABDO has a BS in Electrical Engineering from the University of Brasilia (UNB) and in Business Administration from Central Unified Teaching of Brasília (CEUB). Is post graduate in electrical systems engineering from the University of Brasilia (UNB).

Before being appointed Director-General of ANEEL, exercised between June 1996 and November 1997, the position of Director of the National Department of Water and Power - DNAEE Agency of the Ministry of Mines and Energy. While in DNAEE, served as coordinator of the privatization of several distribution companies, including this list CEMIG / MG, COELBA / BA, COSERN / RN, CESP / ELETROPAULO and SP / SP. He was also a board member of Project RE-SEB - Brazilian Electric Sector Reform, between 1996 and 1997.

He served for 24 years as an engineer in the electricity sector companies, mainly in the areas of operation and maintenance of electrical systems in the South and Southeast (FURNAS - 1974-78) and engineering design (ELETRONORTE - 1978-81 and 1989-90).

Nelson Hubner José Moreira - Appointment: 18/12/2008

He is the current director general of the National Agency of Electric Energy (ANEEL), who took office on 13 March 2009, after approval by the Senate in January of the same year.

Nelson Hubner is an electrical engineer, graduated from Universidade Federal Fluminense (UFF) in 1978, with postgraduate studies in mathematics. In 2002 he was an advisor in the Department of Energy Policy MME after being Assistant Superintendent of Audit Services Electricity Aneel. In 2003, he was Chief of Staff of the then Minister of Mines and Energy, Dilma Rousseff. He was executive secretary of the Ministry for two years.

ANAC

Milton Zuanazzi - Appointment: 27/09/2005

He began his political career in PDT. In 1999, after the breakup of the alliance between the PT and PDT that Dutra was elected to the government of Rio Grande do Sul, joined the PT. [3] He was also Secretary of State for Tourism, Sport and Leisure, councilman in Porto Alegre and president of Companhia Riograndense de Telecomunicações (CRT).

From March 20, 2006 to October 31, 2007, he was the CEO of the National Civil Aviation Agency (ANAC), appointed by President Lula. Its mandate would be until 2011.

Solange Paiva Vieira - Appointment: 05/12/2007

In 1993, he entered through open tender, the National Bank for Economic and Social Development (BNDES). The technique worked in the areas of credit, and financial planning. He was manager of the credit department (a position he occupied when he was invited to the ANAC), manager of finance and international, and also advises the president, when Andrea Sandro Calabi was president from July 1999 to February 2000. When Calabi left, surprised colleagues by refusing to work with his replacement, Francisco Roberto André Gros, who was considered too liberal for her.

Carlos Eduardo Pellegrino - Appointment: 06/05/2010

Mr. Carlos Eduardo Magalhães da Silveira Pellegrino is a Brazilian citizen, officer-aviator for Air Force Academy - AFA (1983) degree in Systems Analysis from the Pontifical Catholic University of Rio de Janeiro - PUC / RJ (1989) and Electronic Engineering the Technological Institute of Aeronautics - ITA (1994). Masters in Aerospace Science from the University of the Air Force - UNIFA (2005). Extension courses of short and medium length complement formation indicated

Since 2008, Mr. Carlos Eduardo exercised his professional activities in ANAC, initially, from February to May 2008, as general manager and Prevention of Aeronautical Accidents Investigation and, thereafter, as Operational Safety Superintendent, responsible for operations, airworthiness and licenses. His academic and professional career highlights strong connection with the various sectors of aviation and aeronautics.

Marcelo Pacheco dos Guaranys – Appointment: 16/05/2011

Analyst Finance and Control Department of the Treasury of the Ministry of Finance since 2001, was appointed CEO ANAC on 11/07/2011 with a mandate until 11 July 2013. The term as director expires on 19/03/2016 ANAC. In previous term of 30/10/2007 to 19/03/2010, was Director of Economic Regulation of ANAC. Master in Public Law at the University of Brasilia-UNB (2010) and specialist in Economic Law and the Fundação Getúlio Vargas-FGV (2003). He graduated in Law from the University Center of Brasilia-UniCEUB (2001) and in Economics from the University of Brasilia-UNB (1999). He served as assistant coach of the Secretariat of Regional Development Assistance to the Department of Planning, Monitoring and Evaluation of the Ministry of National Integration (1999/2000) as an assistant coach (2000/2002), coordinator (2002/2003) and general coordinator (2003 / 2005) of the general Coordination of Public Services and Infrastructure Secretariat for Economic Monitoring of the Ministry of Finance and as general coordinator of Logistics and Transport in the same Department. He served as Advisor to the Office of the Secretary of the Secretariat for Economic Monitoring of the Ministry of Finance (05/2010 to 01/2011) and as Special Advisor to the Executive Secretary for Infrastructure Affairs of the House of the Presidency of the Republic (2011). Professor of Air Transport Regulation of postgraduate Law Regulating the Institute of Public Law Brasiliense-IDP (2011).

ANS

Mauricio Ceschin - Appointment: 09/03/2010

Physician Gastroenterologist graduated from the Faculdade de Medicina de Santo Amaro / SP, Mauricio Ceschin specializes in Health Systems Administration, Marketing and Finance from Fundacao Getulio Vargas. He joined the ANS in November 2009, when he became Director of Development Sector. In April 2010, he started to accumulate the position of president.

In his professional life, there are the following experiences:

- CEO of Qualicorp;
- director and superintendent of Medial Group Health;
- consultant on projects in healthcare for large companies and agents of the health system;
- Superintendent's corporate Syrian-Lebanese Hospital in Sao Paulo.

Januário Montone – Appointment: 30/12/1999

Former president of the National Health Fund, Januário Montone, 49, worked with José Serra in the Ministry of Health and was the first chief executive of the National Health Agency (ANS) and president of the National Health Foundation (Funasa). In public administration for more than 20 years, directed the municipal administration and Human Resources of Campinas, in the presidencies of José Roberto Magalhães Teixeira, one of the founders of PSDB. Among his accomplishments stand out the modernization made in the administrative structure of the city government and the program of recovery of municipal employees. Since 2003 she has worked as a consultant in the health supplement.

Key positions:

President of National Health Agency (ANS), between 1999 and 2003.

President of the National Health Foundation (Funasa), joined the Brazil Immunobiological the Revolving Fund of the Pan American Health Organization - PAHO, and initiated the integration of Funasa the Unified Health System - SUS, accelerating the process of decentralization of units health and sanitation.

Undersecretary for Administrative Affairs at the Ministry of Health, during which accompanied the process of regulation of supplementary health care. He participated in the formulation of proposals that led to the creation of the National Health Surveillance Agency (ANVISA) and after ANS. The monitoring of drug prices was implemented in 1999 during the administration of Montone as Director of Administration and Finance Anvisa.

Secretary Municipal Administration and Human Resources of Campinas, in the two administrations Magalhães Teixeira, the Grass (elected in 1982 and 1992).

ANVISA

Dirceu Brás Aparecido Barbano – Appointment: 10/01/2011

Formed in Pharmaceutical Sciences at the Pontifical Catholic University of Campinas, in 1989, where he started his professional career as a teacher.

For 10 years the disciplines taught pharmacobotany and Pharmacognosy, besides acting in Supervision Internship in Hospital Pharmacy and Pharmaceutical Industries of students of

Pharmaceutical Sciences at PUC-Campinas. In 1991, he graduated Specialization Biofarmacognosia, the Faculty of Pharmaceutical Sciences, University of São Paulo - USP. In the same school, he attended the Master of Drugs and Medicines, in which, between 1993 and 1997, was completed a total of 68 credits, having been approved in qualifying, but has not completed the course.

In addition to teaching, were developed countless other professional activities, among which stand out the position of Director of the Federal Council of Pharmacy and director of the Regional Pharmacy Council of State of São Paulo, where he worked for four years, one as Vice President and the other three as President.

In 1996, reoriented its activities with the first professional experiences in the management of health services related to the Unified Health System (SUS). At the time assumed the role of coordinator of a multidisciplinary team to support the management of the University Hospital of PUC-Campinas. It was two and a half years of work that led to an irreversible qualification assistance, management and coordination of teaching, research and extension in the institution.

In 1998 and 1999, he served as Administrative Manager of Centro Infantil Boldrini Sunday, hospital treatment of hematological and oncological children, located in the city of Campinas.

Between 2001 and 2004, had his first experience in the direct management of the SUS, when he served as Municipal Secretary of Health Ibaté-SP. Besides the structure of the municipal health, with emphasis on implementation of family health strategy, highlight the municipalization of Health Surveillance and the creation of the Municipal Maternity Hospital and as milestones in its management.

In 2004, he was invited to serve on the Ministry of Health as General Coordinator of the Popular Pharmacy Program of Brazil in its creation and deployment phase. The program provided a model of public service delivery in the area of pharmaceutical care, coordinating the purchasing power of the government, knowledge of official laboratories and experiments Oswaldo Cruz Foundation.

In May 2005, to assume the position of Director of the Department of Pharmaceutical Care and Strategic Inputs, was appointed to the position of Deputy Secretary of Science, Technology and Strategic Inputs, remaining until April 2006. During this period, important projects were developed, among which can be highlighted the expansion of Brazil's Popular Pharmacy Program to private pharmacies, through the creation of co-payment system called "Here's Pharmacy People", the creation of the Brazilian Network Public Drug Production; revision of the Pharmaceutical Assistance funding and an initial review of the National List of Essential Drugs (RENAME).

From April 2006 to April 2007, at the invitation of Mayor Newton Lima Neto, São Carlos, SP, served as Municipal Secretary of Health of the city. At the time, the city administration has been geared towards expansion and qualification of primary care activities involving the family health strategy and health surveillance. Under his management, was conducted an intensive restructuring of the Municipal Sanitary whose responsibilities have expanded into more complex areas of production of goods and services. During this period, a strengthened partnership between the Federal University of São Carlos and the Municipality in order to install the medical school, focusing on Family and Community Medicine.

As Secretary of Health of St. Charles, built the relationship between the Federal University of São Carlos, University of São Paulo - São Carlos campus, the Brazilian Agricultural Research Corporation (Embrapa) and the Universidade Estadual Paulista (UNESP), with the objective of be a center for research, innovation and health care. Another highlight is the structuring of the portal Science, Technology and Innovation in São Carlos (CITESC) (<http://www.citesc.org.br>) and conducting a show of regional technology and innovation in health initiatives that represent an experience that can serve as a basis for a regionalized approach of the National Science and Technology in Health

In May 2007, he returned to the duties of Director of the Department of Pharmaceutical Services of the Department of Science, Technology and Strategic Inputs of the Ministry of Health, at the invitation of Minister Jose Gomes. In this new period in front of the Department of Pharmaceutical Services, are of greater relevance the following results: the expansion of the staff and funding for basic pharmaceutical care; reorganizing the organizational structure of the Department, the development of the Management System for Exceptional Drug and completion of Form Therapeutic National. Popular Pharmacy Program In Brazil, during his tenure was achieved the milestone of 2.3 million visits per month in 480 pharmacies of their own network and more than 5,500 private pharmacies accredited system of co-payment.

In October 2008 he was appointed to hold the office of Director of the National Agency for Sanitary Vigilance, a position he holds to date. In December of the same year was appointed to hold the office of the deputy CEO. In April 2011, he was elected to the position of CEO of ANVISA. In October 2011 was re-elected for the positions of Director and Chief Executive Officer of ANVISA.

Dirceu Raposo de Mello – Appointment: 28/06/2008

Dirceu Raposo is in Anvisa since 2004 when he was invited to the management of the area of drugs. Some months later, after hearings and approval by the Senate became part of the executive board and started as the director-chairman, replacing Claudio Maierovitch, who was reappointed to the position of director on June 28, after to be approved in the Senate hearings.

Specialist Hospital Administrator, Master in clinical pathology and a doctorate in clinical analysis, dr. Dirceu also served as professor of microbiology, immunology and legislation in various universities of São Paulo, having worked in the clinical laboratory industry for nearly 20 years.

Since entering the ANVISA, the pharmacist participated in important projects for the class, such as Project Pharmacovigilance - Notifying Pharmacies, in partnership with the CRF-SP and the latest resolution authorizing the fractionation of medicines in pharmacies.

The engagement in associations and unions in favor of the class, made dr. Dirceu was elected three times consecutively, president of CRF-SP. 98 to 2003, helped create Sectional, committees and campaigns by pharmaceutical appreciation society.

Claudio Maierovitch Pessanha Henriques – Appointment: 11/04/2002

Claudio Henriques has a specialization in Hospital Administration and Health Services in the Public Sector obtained in the "Hospital Administration Program Health and the Getulio Vargas Foundation and the Hospital das Clinicas, University of São Paulo School of Medicine "(1987) and a Master in Medicine in the area of concentration in Preventive Medicine (1992), reached the title with his dissertation on " The Sanitary Ports: Experience the Prevention of Cholera in Entry Port of Santos."

He engaged in the following activities: public health physician at the Center for Endemic Diseases and Epidemics Health Institute of Ministry of Health of São Paulo; Coordinator of the Center for Disease Control Secretariat Hygiene and Health and later Secretary of Health and Sanitation of the City of Santos. The nominee also conducted consulting work for the United Nations Program for Development - UNDP / Ministry of Health - National Epidemiology Center, in the area of evaluation of epidemiological surveillance services of the states. Since August 1999, is associate director of the National Health Surveillance Agency, responsible for the areas of health technologies, product technologies for health and blood and blood products.

Gonzalo Vecina Neto – Appointment: 26/01/1999

Dr. Gonzalo Vecina Neto, current President of ANVISA, the Brazilian Sanitary Surveillance Agency, is a physician specializing in Hospital Administration and Health Systems, Master of Business Administration from EAESP / FGV, Professor gazette School of Public Health, University of Sao Paulo since 1988. He held several important positions in the public and private, having served as Consultant of renowned international organizations such as PAHO, AUPHA, Kellogg Foundation, World Bank and FUNDAP.