Tractebel Energia

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Generating Energy for Life

Earnings Release – 2Q07

August 14, 2007

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Market Share, Assets and Sales

Asset Overview

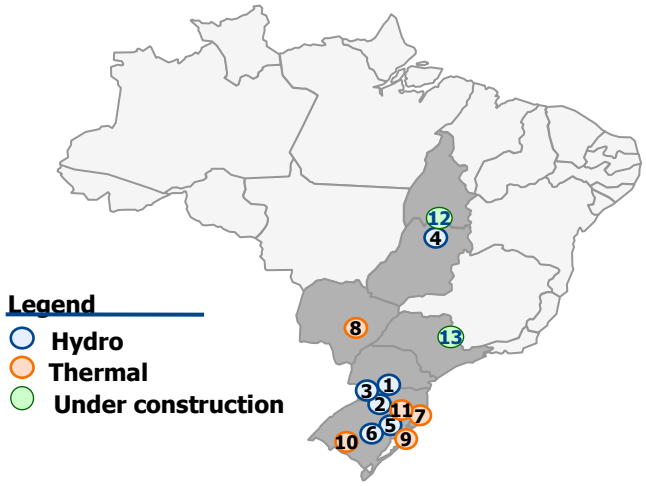
Balanced installed capacity portfolio (72% hydro and 28% thermal), strategic location and 3,183 MW of assured energy from 13 plants fully operated by Tractebel Energia.

Hydro Power Plants	Installed Capacity (MW)	Assured Energy (aMW)
1 Salto Santiago	1,420	723
2 Itá	1,090[1]	513[1]
3 Salto Osório	1,078	522
4 Cana Brava	450	273
5 Machadinho	404[1]	147[1]
6 Passo Fundo	226	119
Total	**4,668**	**2,297**

Thermal Power Plants	Installed Capacity (MW)	Assured Energy (aMW)
7 Jorge Lacerda Complex[2]	857	598
8 William Arjona	190	177
9 Charqueadas	72	45
10 Alegrete	66	41
11 Lages	28	25
Total	**1,213**	**886**

Power Plants Under Construction	Installed Capacity (MW)	Assured Energy (aMW)
12 São Salvador (Hydro)	243	148
13 São João (Thermal)	70	23[1]
Total	**313**	**171**

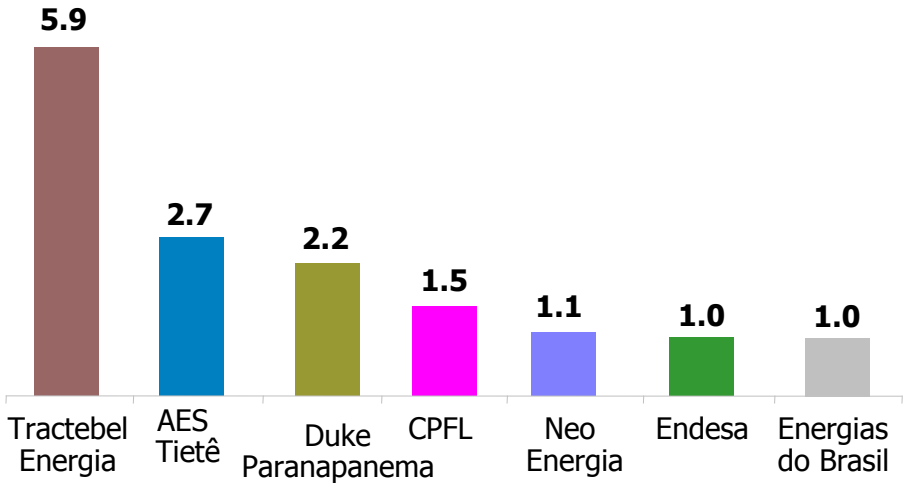
Notes: [1] Portion owned by Tractebel Energia.
[2] Complex comprised of 3 power plants.



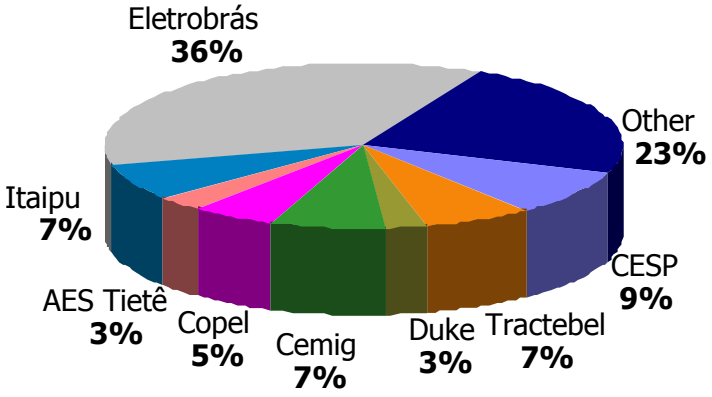
Leading Position in the Generation Sector

Tractebel Energia is the largest private player in the Brazilian generating market...

Private Sector – Installed Capacity (GW)



Brazil – Installed Capacity[1,2]



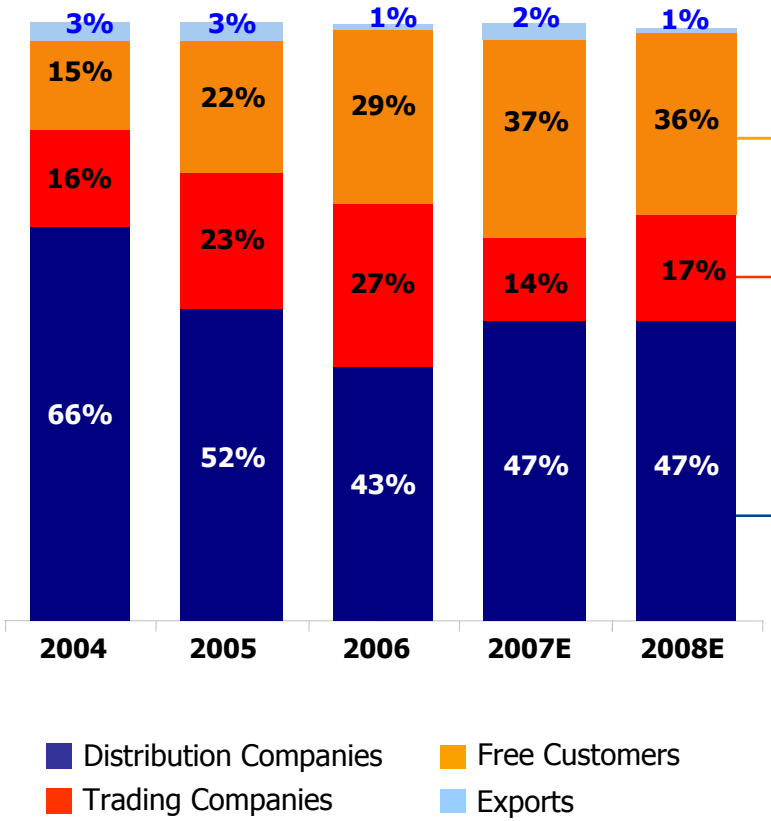
Source: ANEEL and Companies' websites.

Notes:
[1] Amount corresponding to SIN – National Interlinked System.
[2] Includes only the Brazilian part of Itaipu.

...and is well positioned to play a consolidating role.

Client Portfolio Management

Client Breakdown (based on contracted energy)



First to consistently serve the free market...

- Flexibility (prices, terms and conditions) → Maximizes portfolio's efficiency
- Solid client relationship → Liason with some free customers
- Largest consumer market
- Regulated and unregulated contracts → Long-term cash flow predictability

...to maximize portfolio's efficiency.



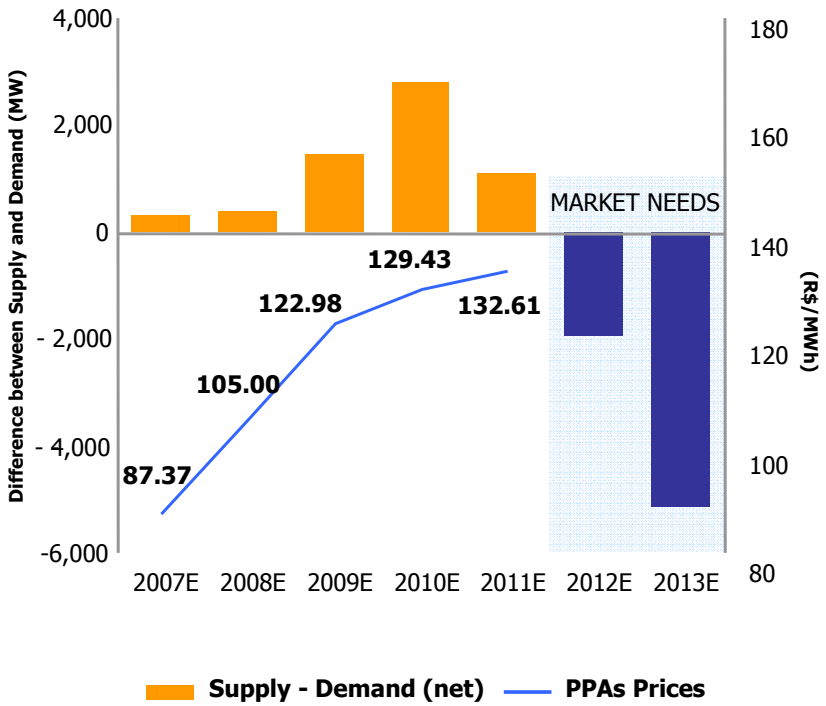
Strategy

Uncontracted Profile Benefits from Expected Higher Prices

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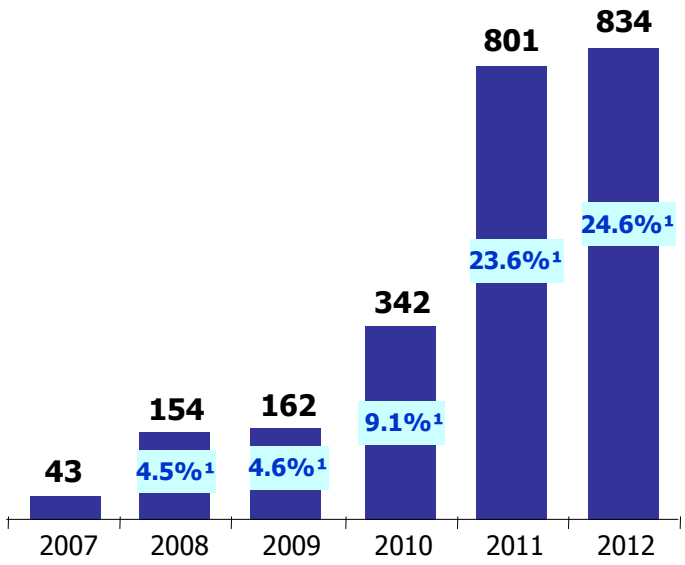
Scenario of supply and demand indicates potential raise of energy prices.

Energy Market Outlook



Tractebel Energia's Uncontracted Energy

(avg MW)



Note:
¹ Percentage of Total Resources.

Source: Physical guaranty 2007-2011 – EPE, presented to the ONS's Board of Directors in May 2007, added with the 4th New Energy Auction and 1st Alternative Energy Auction's results.

Note: Prices are based on the average price of both existing and new energy auctions starting supply in that given year weighted by the volume transacted (base: Jun/2007).

Energy Balance

As of June 30, 2007

	(avg MW)	2007	2008	2009	2010	2011	2012	Auction Price (R$/MWh)	Date	Price Adjusted as of Jun 30, 2007 (R$/MWh)
	Own Resources	3,189	3,008	3,146	3,175	3,175	3,175			
+	Purchases for Resale	508	417	409	556	217	130			
=	Total Resources (A)	3,697	3,426	3,555	3,731	3,392	3,305			
	Government Auction Sales*	10	160	1,034	1,257	1,405	1,405			
	2004-EE-08	10	10	10	10	10	10	70.9	Dec-04	78.9
	2005-EE-08	-	150	150	150	150	150	81.6	Apr-05	88.4
	2005-EE-08	-	-	381	381	381	381	94.0	Oct-05	99.9
	2005-NE-30	-	-	-	200	200	200	115.1	Dec-05	121.2
	2006-NE-30	-	-	493	493	493	493	128.4	Jun-06	132.8
	2006-NE-30	-	-	-	-	148	148	135.0	Nov-06	138.9
	2007-NE-15	-	-	-	23	23	23	141.2	Jun-07	141.2
+	Bilateral Sales	3,644	3,111	2,359	2,132	1,186	1,066			
=	Total Sales (B)	3,654	3,271	3,393	3,389	2,591	2,471			
	Balance (A - B)	43	154	162	342	801	834			

Sales Average Price (R$/MWh)**:	101.7	106.3
Purchases Average Price (R$/MWh)**:	74.8	89.3

* XXXX-YY-ZZ, where:
XXXX ⇨ year of auction
YY ⇨ EE = existing energy or NE = new energy
ZZ ⇨ supply contract duration (in years)

** Prices adjusted as of June 30, 2007.

Note: 1) The balance considers the energy generated by the projects São Salvador and São João, which start of operations are scheduled for 1Q09 and April 2009, respectively.
2) From 2Q07 on the resume of the energy proceeding from the contract with CIEN was disregarded.



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Growth

Growth of Installed Capacity: Project under Construction - I

São Salvador hydro power plant started construction in 3Q06.

Project Description

São Salvador Hydro Plant	
Installed Capacity:	243 MW
Assured Energy:	148 MW
Investment (R$ mm):	866
Start of construction:	2006
Start of operations:	2009



The sale of 148 MW occurred at the new energy auction held in October 2006, for a 30-year period, as from 2011.



Growth of Installed Capacity: Project under Construction - II

Tractebel Energia sold 23 average MW of energy at the 1st Alternative Energy Sources Auction, held in June 2007, …

- The plant will be built in São João da Boa Vista, State of São Paulo;
- Shareholding structure: 63% of Tractebel Energia, 37% of Dedini Açúcar e Álcool;
- Installed capacity: 70 MW;
- Fuel: sugar cane bagasse;
- Capex: approx. R$ 192 MM, being 2/3 financed by BNDES;
- Price of energy sold at the auction: R$ 141.16/MWh;
- Start of operation: 2009

… energy to be generated by São João cogen plant.

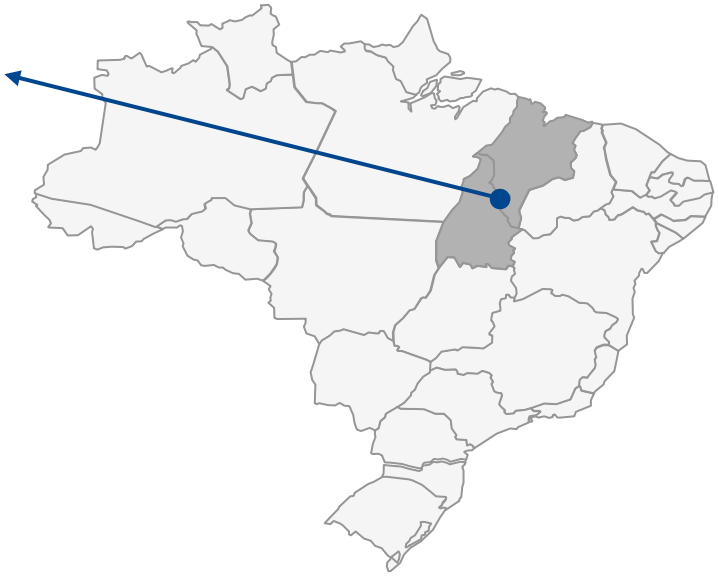
Growth of Installed Capacity: Project Under Development

Currently, the controlling shareholder is developing a new project that will be transferred to Tractebel Energia.

Project Description

Estreito Hydro Plant	
Installed Capacity:	1,087 MW
Assured Energy:	585 MW
Ownership:	40.1%
Investment (R$mm)[1]:	1,250
Start of construction[2]:	2007
Start of operations[2]:	2010
End of construction[2]:	2011

Notes:
[1] Estimated Tractebel Energia's investment in the project.
[2] Tractebel Energia's estimates.



- Site works already installed.
- Civil works under negotiations.
- Sale of energy at next new energy auction expected for 2H07.

The Estreito project will add 435 MW of installed capacity to Tractebel Energia and give flexibility to participate in the next new energy auctions.

Greenfield, Coal-Fired Project Under Development

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- Coal-fired plant:



- Candiota reserve, located in southern Brazil, offers the most abundant coal and also at the lowest price per BTU in Brazil.
- A 340 MW greenfield project is being developed to deliver energy as from 2012. The energy will be sold to the Brazilian or Uruguayan electricity market.
- TIC of around US$ 850MM.

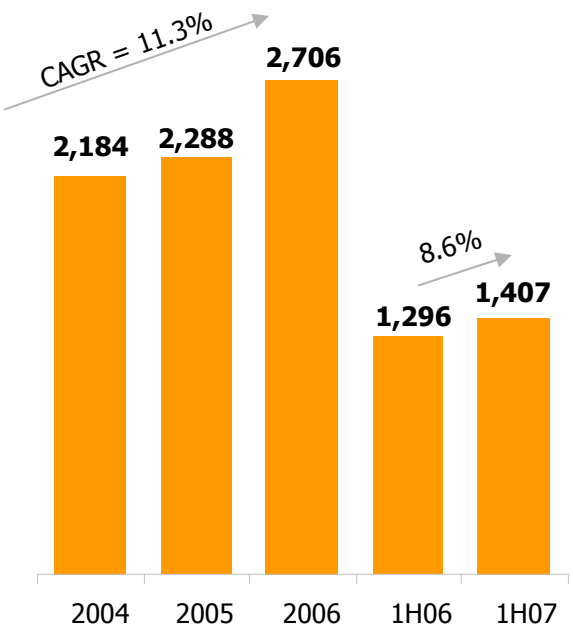


Financial Performance

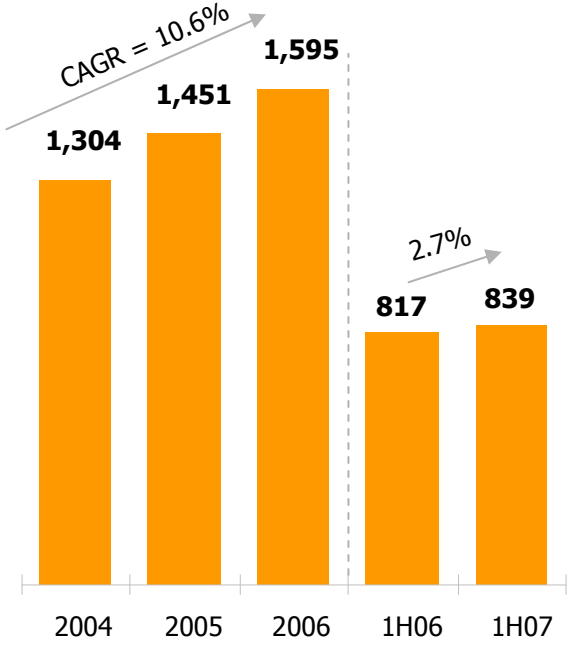
Net Revenues and EBITDA

Efficient management of its client portfolio and focus on contracting strategies have paved the way for a substantial top line growth of both revenues and EBITDA.

Net Revenues (R$ million)[1]



EBITDA (R$ million)[1]



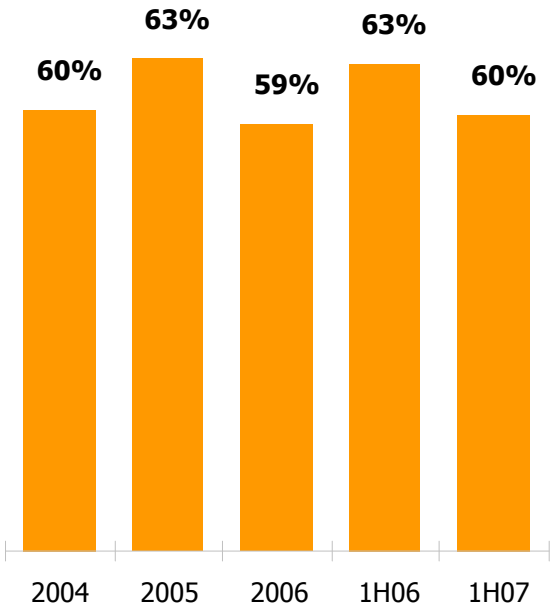
Note:
[1] Considering new accounting procedures.

EBITDA Margin and Net Income

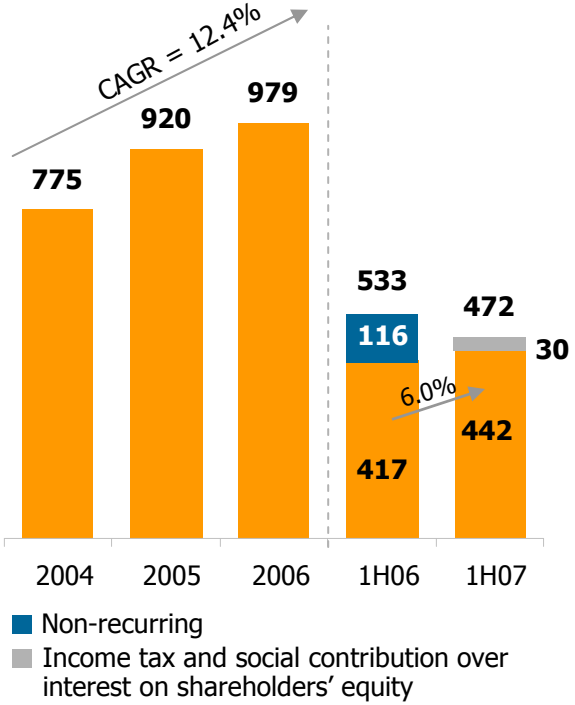
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Consistent EBITDA margins and net income, …

EBITDA Margin[1]



Net Income (R$ million)



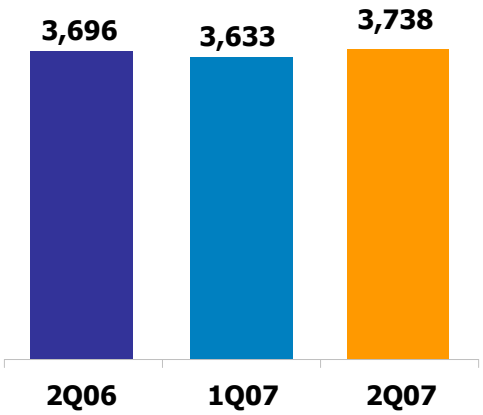
Note:
[1] Considering new accounting procedures.

…allowing for a relevant dividend distribution.

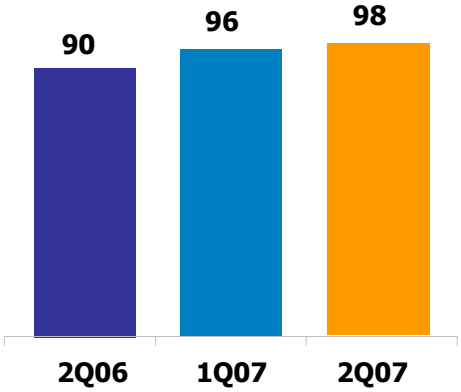
Financial Drivers

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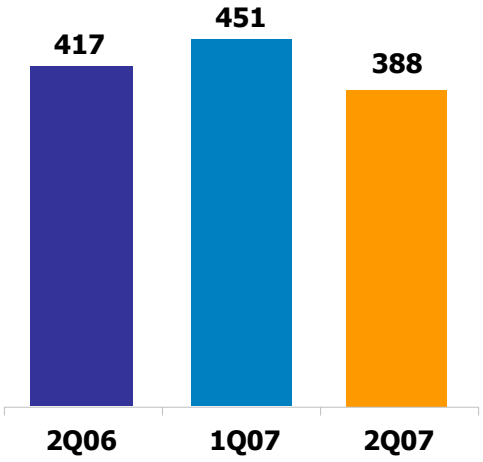
Energy Sold (Avg. MW)



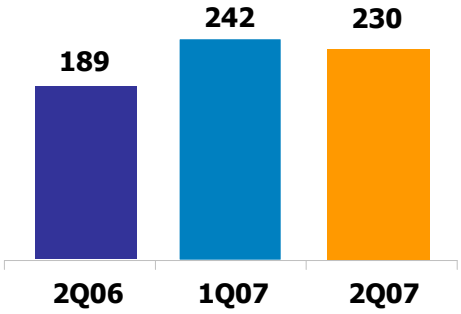
Average Price of Energy Sold (R$ / MWh)



EBITDA (R$ million)

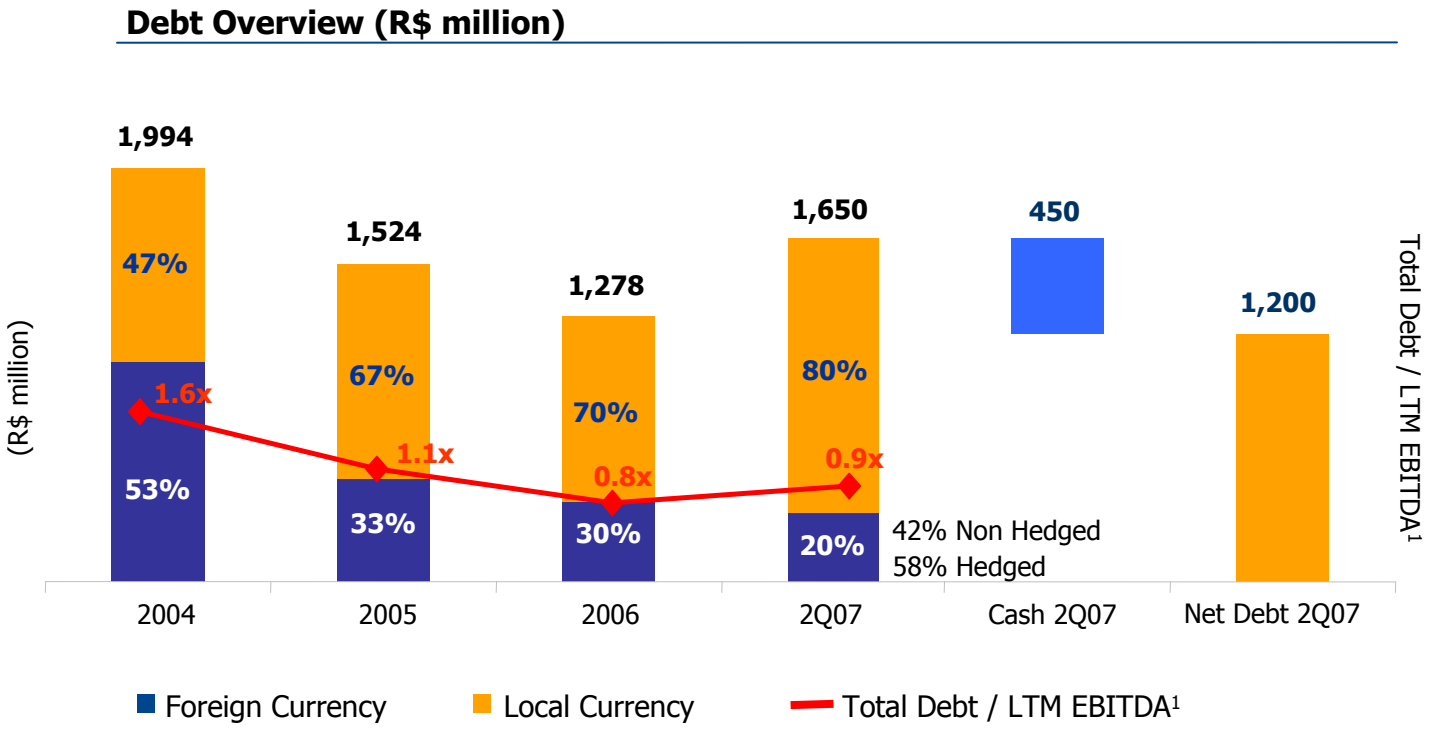


Net Income (R$ million)



Indebtedness

Evolution of leverage and exposure to foreign currency:

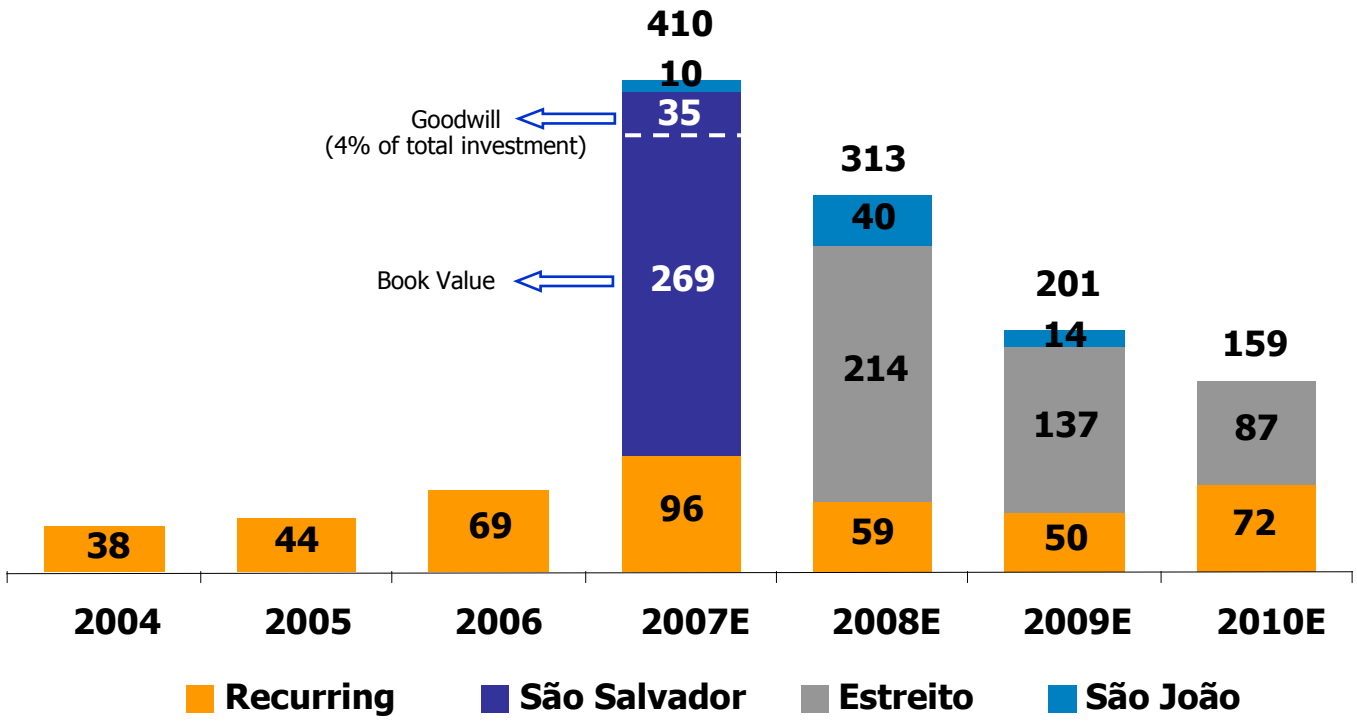


Note:
[1] LTM EBITDA = last twelve months EBITDA.

Tractebel Energia's Investment Plan

Low recurring investments and relatively low expansion capex, supported by high level of cash flow generation.

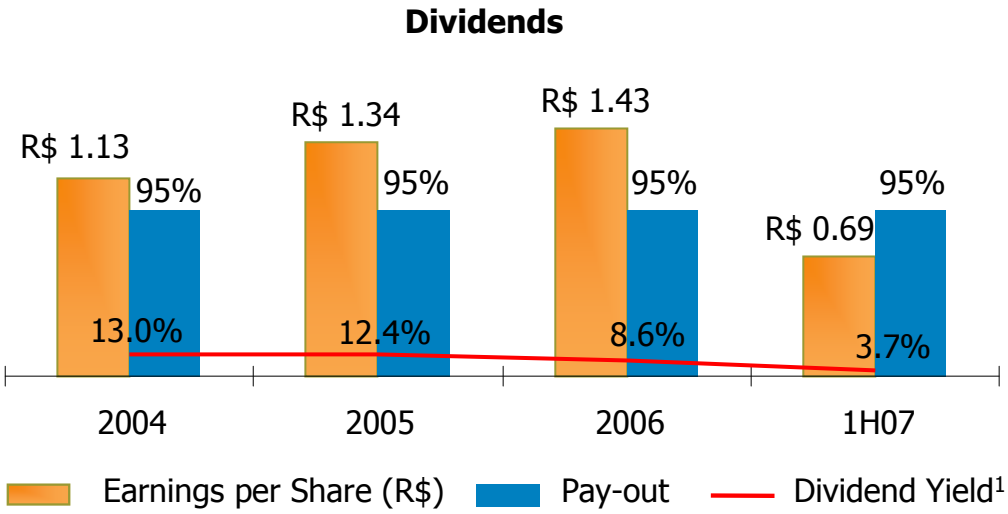
Capital Expenditures[1] (R$ million)



Note:
[1] Equity investment of Tractebel Energia.

Dividend Policy

- By-law minimum payout: 30% of net income.
- Management Commitment: minimum payout of 55% of net income.
- Payment frequency: semi-annual.



Note:
[1] Based on volume-weighted market price of ON shares in the period.



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