Tractebel Energia

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UPGRADE OF RATINGS

Florianópolis, July 04 2006 - Tractebel Energia (traded on BOVESPA's Novo Mercado under the symbol TBLE3), the largest private sector electricity generator in Brazil, announces that Standard & Poor's Ratings Services has recently upgraded its corporate credit rating from brA+ to brAA, referring to the strong financial performance of the Company in the recent quarters.

S&P's upgrade was followed by Fitch Ratings, which also increased Tractebel Energia's rating from AA-(bra) to AA(bra).

According to Standard & Poors, the rating of Brazil's largest private generation company is supported by the high level of energy contracted until 2010 and the balance between its sales in the regulated (distributors in general) and competitive (free clients and traders) market. The company's generation units have adequate operational performance, with general availability above 90%, and a diversified generation portfolio, with relatively low hydrological risk.

Manoel Zaroni Torres, CEO of Tractebel Energia, is delighted with the upgrades: "It is the recognition by financial agents of Tractebel Energia's good performance and prospects, and it places the company in a comfortable situation to carry out investments, mainly with the hydroelectric power plants of Estreito and São Salvador".

Marc Verstraete
Finance and Investor Relations Director