TRACTEBEL ENERGIA S. A.

FINANCIAL STATEMENTS FOR FISCAL YEARS 2009 AND 2008

FINANCIAL AND INVESTOR RELATIONS AREA

Corporate Tax Register (CNPJ) Number 02.474.103/0001-19
Company Registry (NIRE) Number 42 3 0002438-4

Address: Rua Antônio Dib Mussi, 366 – Centro – Florianópolis – SC – CEP 88015-110

Dear Shareholders,

The Management of Tractebel Energia S.A. ("Tractebel Energia" "Tractebel" or the "Company") is pleased to present for your examination the Management Report and corresponding Financial Statements, together with the opinions of the Independent Auditors and Fiscal Council for the fiscal year ending December 31, 2009. Information is shown in millions of Reais and on a consolidated basis expect when specified to the contrary and in accordance with generally accepted accounting practices in Brazil.

Message from the Management

Tractebel Energia posted an excellent economic-financial performance during 2009 with a net income of R$ 1,134 million, exceeding by 2% the result for the preceding year. This represents a record value for the sixth consecutive year and all the more impressive in a year marked by the world crisis.

It was also a year which saw the consolidation of our second expansion cycle. Since the beginning of its activities, the Company has maintained leadership of electric energy generation in the private sector, testimony to the success of its strategy in evaluating market risks and opportunities. The first expansion cycle terminated in 2003, when we reached a growth of 58% of the original proprietary installed capacity. Following our debut into the northern region of Brazil with the start-up of the São Salvador Hydroelectric Plant in late 2009, our capacity increased to 6,431 MW, a 73% rise over the course of eleven years. At the end of one more year of arduous work, we see a company emerging of unquestionable soundness, representing a generating complex of 19 plants, equivalent to approximately 7% of the National Interconnected System.

Another key factor along our path of responsible expansion in 2009 was the acquisition of a 40.07% stake in the Estreito Hydroelectric Plant, under construction along the state divide between Tocantins and Maranhão, and with the risks inherent to the installation of a major hydroelectric scheme already neutralized. This plant will add a further 1,087 MW to Brazilian installed generating capacity, of which 436 MW will be incorporated into Tractebel Energia's proprietary capacity. The Company will be responsible for plant operations and maintenance.

The year was also one of new records in the production area. In August, the Company reached a monthly record of electric energy generation: 4,028,231 MWh, or 5,414 average MW. All the plants in our portfolio including the wind farms, small hydroelectric plants –SHPs and São Salvador contributed to this achievement. Another record was broken on December 9 when the plants operated by the Company reached a maximum instantaneous output of 6,807 MW, equivalent to a capacity factor of 90.9% of the total 7,490 MW which we operate. In the year, the plant complex uptime ratio discounting scheduled stoppages, reached 98.9%, the highest in our history. These records are indicative of the Company's capacity to promptly and reliably meet demand and thus make a contribution to the Brazilian recovery from the crisis.

It is important to note that this same crisis, which had an impact on activity in some leading industrial sectors in Brazil leading to a reduction in demand from free market customers, did not affect our Company with the same intensity. If, on the one hand, the strategy of flexibilizing the contracts with this segment provoked a reduction in sales, on the other hand, it meant that we acquired smaller volumes from third parties to replenish our resources and thus maintaining a balanced portfolio.

In one more demonstration of our commitment to sustainability, in 2009 we began the process of obtaining OHSAS 18001 and NBR 16001 standards certification, respectively for Health and Occupational Safety and Social Responsibility at 14 plants: the same 13 that are already ISO 9001 certified for Quality and 14001 for the Environment, plus São Salvador. The goal is to obtain these new certifications in 2010, simultaneously with the renewal of those already in existence and issued in 2007 with a three-year validity. Thereafter, the Company intends to apply for certification for the remaining plants in its generating complex, namely those recently acquired or operational, so increasingly creating value for our stakeholders. Indeed, Tractebel Energia's commitment with sustainability has been instrumental in our continued listing in BM&FBovespa's Corporate Sustainability Stock Index, of which we are pleased to have been a component uninterruptedly since the index was launched in 2005.

Among the Company's initiatives to the benefit of the environment and the community was the start of work on the Jorge Lacerda Environmental Park, a 50-hectare area adjacent to the Jorge Lacerda Thermoelectric Complex in the city of Capivari de Baixo in the south of the state of Santa Catarina. The park will be opened to the public in 2011 and will become an important option for educational and cultural leisure. It will include a lake, walking trails and cycle paths, a Complex museum, a forestry nursery and an acoustic shell. The park will also include sustainable features, such as the capture of rainwater and heated through the use of recycled plastic bottles, and sewage treatment using a system in which the vegetation cover itself feeds on the organic material, allowing the water to be reused. Ash waste from the Complex mixed with cement will be used in the construction of park buildings, walking trails and cycle ways – a solution which is being used in conjunction with the region's cement plants, substituting part of the conventional cement or fine sand for concrete blocks, also used in popular housing. The Park will also include a Cultural and Sustainability Center, with a 340-seat auditorium for artistic and cultural shows, music workshops, theater, dance and digital inclusion instruction, an exhibition hall and a memorial in recognition of the municipality and the Complex. Management of this leisure, education and cultural center will be the responsibility of an autonomous association made up of regional representatives. All this is ratification of Tractebel Energia's posture in promoting sustainable initiatives clearly encompassing the Company's three dimensions: environmental, social and economic.

We see 2010 as one more year in the consolidation of our second expansion cycle, with the inauguration of the biomass-fired Destilaria Andrade plant with a 33 MW capacity and located in the state of São Paulo, and the Areia Branca SHP of 20 MW in the state of Minas Gerais. These events will mean our Company establishes a footprint in all five regions of Brazil. In addition to Estreito, we expect to take a 50.1% stake in the Jirau Hydroelectric Plant with 3,450 MW of capacity to be incorporated in our generating complex before the end of the current cycle. With this, Tractebel Energia will reach a proprietary capacity of 8,633 MW, an increase of 132% compared with 1998 when the Company was constituted.

We are convinced that in this way the preservation of the environment can be achieved increasingly effectively, creating more value for society and our shareholders to whom, together with our employees, customers, suppliers and all those that interact with our activities we would like to thank for their dedication, support and confidence.

Manoel Arlindo Zaroni Torres
Chief Executive Officer

Maurício Stolle Bähr
Chairman of the Board of Directors

1_Institutional Profile

The largest private sector electric energy generating company in Brazil, Tractebel Energia has been operating for more than ten years in the building and operating of power plants and the commercialization of electricity.

With registered offices in the city of Florianópolis, state of Santa Catarina, the Company's shares trade on BM&FBovespa S.A. – Bolsa de Valores, Mercadorias e Futuros Exchange's Novo Mercado. Tractebel Energia is controlled by GDF SUEZ Energy Latin America Participações Ltda., in turn a subsidiary of the Franco-Belgian group, GDF SUEZ, one of the largest in the world in the area of energy, water and waste management.

The Company's generating complex has a total installed generating capacity of 6,431 MW, which represents approximately 7% of the installed capacity of the National Interconnected System (SIN). This capacity, 82% from renewable resources, is generated by 19 plants, eight of them hydro, six thermal and five, complementary – one, biomass-fired, two, Small Hydroelectric Plants (SHPs) and two wind farms. In 2009, Tractebel Energia generated about 8% of the SIN's total output.

Of these, 17 plants are fully controlled by Tractebel Energia and in two, the Itá and Machadinho hydro plants, the Company participates as a member of consortia. Bearing in mind stakes held by other investors, total installed capacity of the generating complex operated by Tractebel Energia is 7,490 MW.

2_Expansion of the Generating Complex

In 2009, operations began at the São Salvador Hydroelectric Plant located on the Tocantins River (TO). With 243 MW of installed capacity and 148 average MW of assured energy, the plant produces enough to supply a city with a population of about one million.

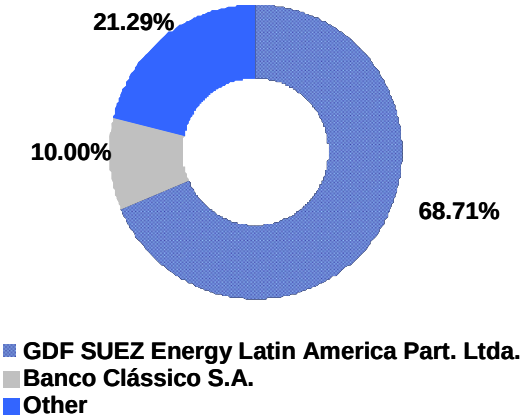
A further three plants are currently under construction – Estreito Hydroelectric Plant (1,087 MW) in Estreito (TO), the Destilaria Andrade Thermoelectric Plant (33 MW) in Pitangueiras (SP) and Areia Branca SHP (20 MW) in Caratinga (MG). A further 474 MW will be added to the Company's installed proprietary capacity based on Tractebel Energia's stakes in these projects

In December 2009, the Estreito Consortium contracted Tractebel Energia for the operation and maintenance of the plant of the same name, thus raising total capacity to be operated by the Company by 1,140 MW once the project is complete. New projects are examined on an ongoing basis with a view to the sustainable expansion of the business.

2.1_Shareholding Control

On December 31 2009, the Company's capital stock amounted to R$ 2,445.8 million, represented by 652,742,192 common shares which are regularly traded on the BM&FBovespa S.A. - Bolsa de Valores, Mercadorias e Futuros Exchange under the TBLE3 symbol. The Company has a Level I ADR (American Depositary Receipts) Program, trading on the US over-the-counter market under the TBLEY symbol, the ratio being one ADR for each common share.

GDF SUEZ Energy Latin America Participações Ltda. holds a controlling stake of 68.71% in the Company's capital.



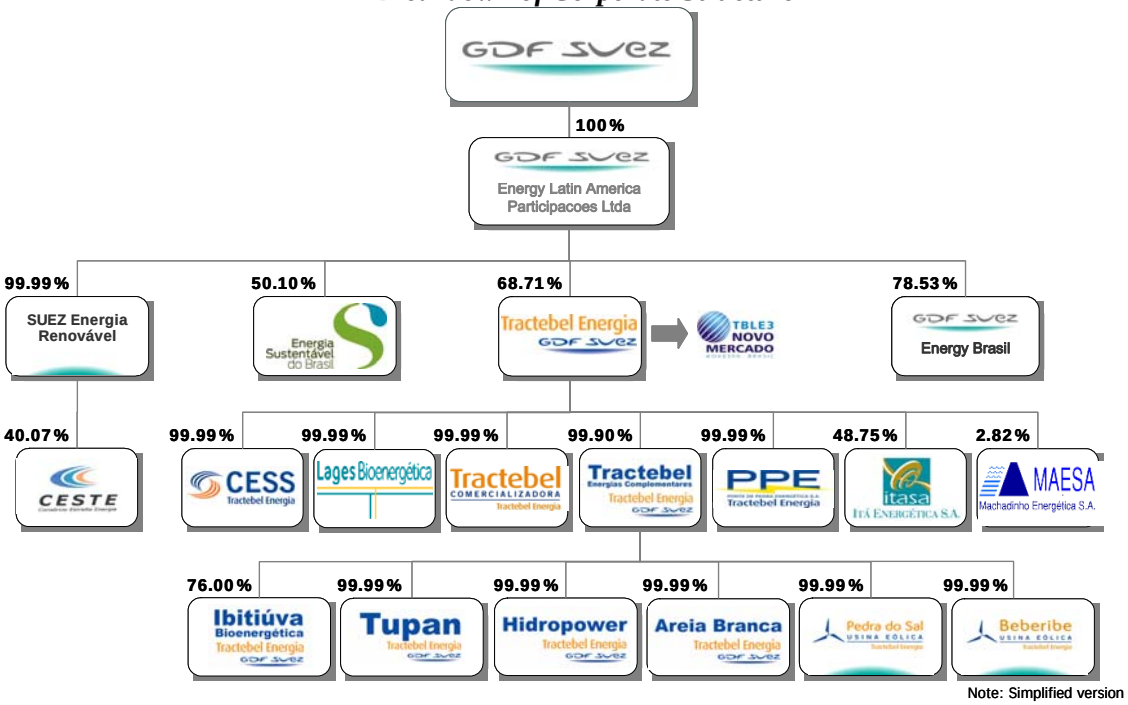
2.2_Corporate Structure

Tractebel Energia has a direct or indirect controlling stake in the following companies: Companhia Energética São Salvador; Lages Bioenergética Ltda.; Seival Participações S.A.; Ponte de Pedra Energética S.A.; Tractebel Energias Complementares Participações Ltda.; and Tractebel Energia Comercializadora Ltda., which intermediates and operates purchases, sales, imports and exports of electricity in the free market.

The Company also has a 2.82% stake in Machadinho Energética S.A. (Maesa) and 19.28% in the Machadinho Hydroelectric Power Plant (HPP) operating consortium.

In addition, Tractebel has shared control of the Itá HPP operating concessionaire, Itá Energética S.A. (Itasa) – with a stake of 48.5% - and a further stake of 39.5% in the Itá Consortium, responsible for the construction of the project. This translates into a 70% overall stake in the Itá Hydro Plant.

Breakdown of Corporate Structure



Acquisitions of Subsidiaries

On June 17, 2009 Tractebel Energias Complementares Participações Ltda. (TBLP), formerly denominated Gama Participações Ltda., a wholly owned subsidiary of the Company, concluded the acquisition of 99.99% of the capital stock of Hidropower Energia S.A., Tupan Energia Elétrica S.A., Eólica Beberibe S.A., Eólica Pedra do Sal S.A., Hidrelétrica Areia Branca S.A. and Econergy Brasil Serviços Corporativos Ltda.

On December 21, 2009, Tractebel Energia's Board of Directors unanimously approved the acquisition of 99.99% of the common shares of SUEZ Energia Renovável S.A. (SER) held by GSELA. SER holds a 40.07% stake in the Estreito Energia Consortium, constituted on November 5, 2002 for the installation and operation of Estreito HPP. The acquisition will require ratification by an Extraordinary General Meeting to be called for this purpose, once the necessary approvals have been obtained for the conclusion of the transaction.

3_Economic Environment

The Brazilian economy ended 2009 reporting 0.26% decline in GDP according to Central Bank of Brazil forecasts at the end of the year – the result of the recessionary climate prevailing in the first half with the worsening of the international economic crisis. Despite the negative GDP figure, a recovery in growth began at the beginning of the second half, contrary to the North American, Eurozone and Japanese economies which had reported sharp falls since the outset of the crisis.

Inflation measured by the Amplified National Consumer Price Index (IPCA) remained inside the band target established by the government, closing the year at 4.3%, 1.7 p.p. less than 2008 when the result was 5.9%.

During the year, the Central Bank cut interest rates on several occasions, the Selic basic rate closing the year at its lowest level of 8.75% per annum. This represented a decline of 5 percentage points in relation to 2008 and a return to single digits for the first time since 2007.

In relation to currency movements, the US Dollar weakened sharply against the Real in line with the currency's depreciation on the international markets as well as the substantial inflows of dollars following renewed interest in Brazil on the part of foreign investors. The US currency ended the year at R$ 1.74 corresponding to a devaluation of 25.3% against the Real, the most accentuated movement in favor of the domestic currency since its implementation as the official currency of Brazil.

The Brazilian aggregate balance of payments in 2009 reported a surplus of US$ 46.6 billion, a significant increase to the US$ 2.97 billion recorded in 2008. The result is made up of transactions in current account – in deficit by US$ 24.3 billion in the period -, by the capital and financial account – positive in US$ 70.5 billion – and by the errors and omissions account which amounted to US$ 0.4 billion.

The Brazilian trade balance posted a surplus of US$ 24.62 billion in 2009, the smallest since 2002 and 1.4% less than reported in 2008 when this amount totaled US$ 24.96 billion. This result is a reflection of the global downturn which adversely affected both exports and imports. Exports fell 22.2% in 2009 on a daily average comparative basis and totaling US$ 152.25 billion, while imports fell 25.3%, amounting to US$ 127.64 billion.

Currency flows in Brazil, encompassing financial and commercial results, closed the year on a positive note with an inflow of US$ 28.7 billion, the best since 2007 while in 2008, the balance was a negative US$ 983 million. The recovery largely reflects a stronger domestic financial market driven by a more robust Brazilian economy.

4_Electric Energy Consumption

Energy Research Company (EPE) data reveals Brazilian electricity consumption of 388,204 GWh in 2009, a year on year decline of 1.1% and the outcome of the economic crisis and the consequent lower demand for energy from industry.

The first half of the year reported a fall of 2.7% in total consumption compared with the same period in 2008. During the second half there was a slow and gradual recovery in the economy, leading to a growth of 0.3% in energy consumption when compared with the same period in the preceding year.

For the year as a whole, industrial consumption fell 8.0% compared with 2008, while residential and commercial consumption was up 6.2% and 6.1%, respectively.

5_Operational Performance

5.1_ Uptime Operating

In 2009 the plants operated by Tractebel Energia achieved a level of 98.9% of uptime operating, ignoring scheduled stoppages, this representing an all-time record for Company. This value breaks down as follows: 99.5% at the hydroelectric plants, 96.8% at the thermal plants and 92.7% for the complementary plants – namely the SHPs, wind farms and biomass-fired.
When all stoppages are taken into consideration, the aggregate uptime was 95.1%; 96.5% in the case of hydro generation, 88.6% for thermal and 89.1% for electricity generated from complementary sources.

5.2_Production

In 2009 total electric energy production reached 31,763 GWh (3,626 average MW), being 27,251 GWh (3,111 average MW) from hydro plants, 4,178 GWh (477 average MW) from thermal plants and 334 GWh (38 average MW) from the complementary facilities. In relation to 2008, there was a fall in total generation of 5.7%, attributed to a severe drought which affected southern Brazil in the first half of the year.

Hydroelectric generation was 3.4% less; thermal generation 22.8% down; and complementary sources more than 500% greater, albeit in this case any comparison is distorted by the considerable number of these plants brought on stream during and after 2008.

As Tractebel's installed hydroelectric capacity represents approximately 80% of the total, and the largest hydro plants are all situated in the south of the country, the relationship between the hydrological conditions in this region and company production levels is immediately apparent.

It is worth noting that the increase or decrease in hydroelectric generation does not necessarily result in an improvement or deterioration in the Company's economic and financial performance. This is due to the Energy Reallocation Mechanism (MRE), which dilutes the risks of hydroelectric generation among its participants.

The increase in the Company's thermal generation mitigates exposure to the spot price (PLD), the opposite also being true, all other variables remaining the same.

5.3_Clients

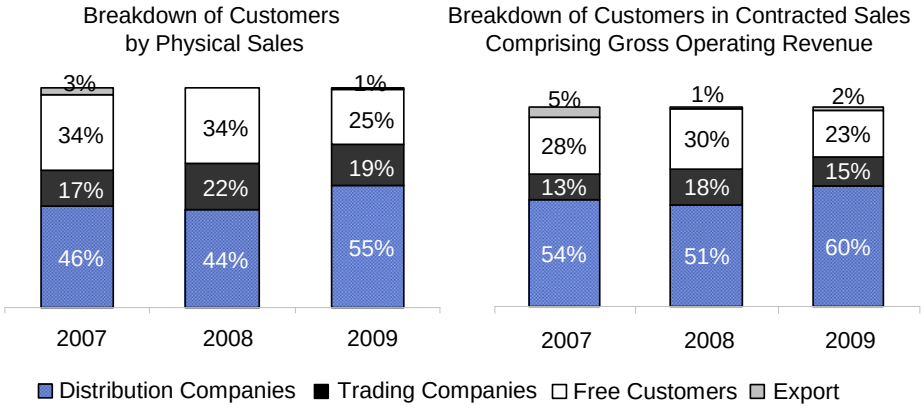
Tractebel Energia has a well-diversified customer portfolio, serving energy distribution concessionaires through Government-organized electric energy auctions, and also trading companies and free consumers (mostly large industrial consumers) mainly served through flexible contracts both in terms of duration and volume.

In addition, the Company's strategy is to diversify its sales between the different segments of the economy in the free consumer segment.

The Company enjoys a close relationship with its customers by monitoring their requirements and developing tailor-made products and services specifically to meet their demands and enhance loyalty.

At the end of 2009, Tractebel Energia had a customer base of more than 140 names. During the fiscal year, free customers represented 25.1% of the Company's physical sales portfolio and 23.3% gross operating revenue in relation contracted sales – representing a decline of 8.8 p.p. and 7.1 p.p., respectively, compared with the preceding year.

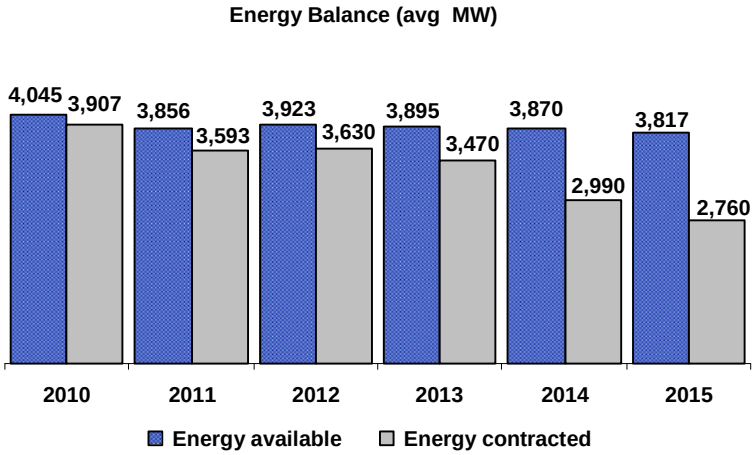
The reduction of the order of 23.8% in sales volume to free customers is a reflection almost equally of the termination of contracts, the sale of the energy related to these contracts being shifted to the distribution companies – due to the startup in the supply of 874 average MW to the disco pool – and the impact of the world economic crisis on free customer energy consumption.



5.4_ Energy Balance

The Company has opted to maintain part of its available energy on a non-contracted basis as from 2011, when forecasts for the sector point to a potential increase in prices.

Based on data for proprietary commercial capacity and purchase contracts in force in December 31 2009, Tractebel Energia's energy balance shows that the Company's current energy output, including that of acquisitions from third parties, is almost entirely contracted through to the end of 2010.



6_Economic-Financial Performance

In 2009 Tractebel Energia posted an excellent economic-financial performance despite the adverse economic scenario described above.

The change in accounting treatment applied in 2009 to energy submarket swap contracts, which have been netted out and included in the gross operating revenue item, and to the charges for use of and connection to the electricity grid – now shown in the costs of electric energy and services item – and no longer under selling expenses – , have determined the reclassification of values of some accounting items. In order to allow analysis between comparative periods, the values for 2008 and 2007 shown below already take into account reclassifications.

6.1_Principal Indicators

The following information is shown in millions of Reais and on a consolidated basis, except when otherwise stated and in accordance with generally accepted accounting principles in Brazil.

Management discussion of economic-financial performance and the results of the operations should be read in conjunction with the Account Statements.

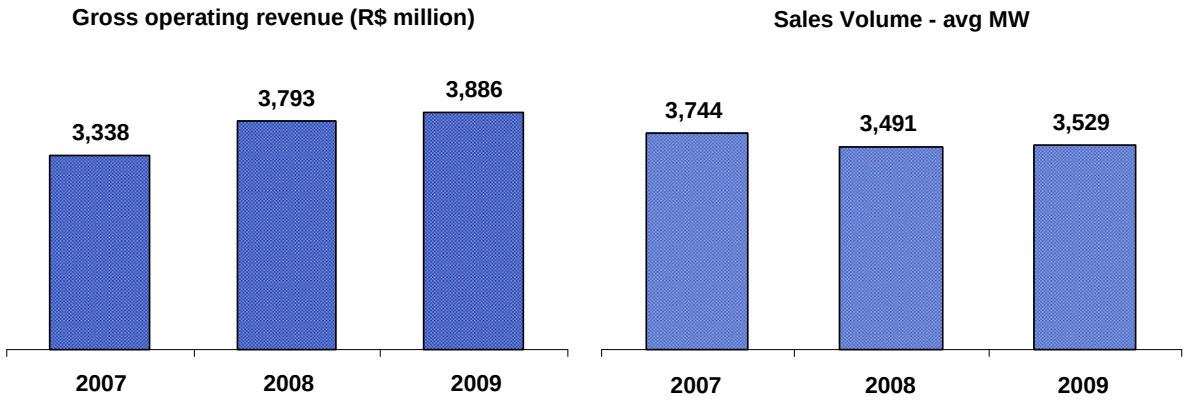
	2007	2008	2009	Change 2009/2008
Economic Indicators (R$ million)				
Gross operating revenue	3,338.3	3,793.3	3,886.3	2.5%
Net operating revenue	3,017.0	3,400.3	3,496.7	2.8%
EBITDA[1]	1,850.7	2,176.6	2,177.7	0.1%
EBITDA margin(%)	61.3	64.0	62.3	-1.7 p.p.
Service income – EBIT[2]	1,620.0	1,910.2	1,837.8	-3.8%
Financial result	(134.7)	(320.7)	(239.8)	-25.2%
Net income	1,045.7	1,115.2	1,134.4	1.7%
Financial Indicators (R$ million)				
Total assets	6,598.0	8,341.8	9,654.1	15.7%
Shareholders' equity	2,816.9	3,170.8	3,681.3	16.1%
Investiments	379.4	1,488.9	323.6	-78.3%
Net debt[3]	1,019.1	2,558.6	2,160.0	-15.6%
Shares				
Number of shares (thousand)	652,742	652,742	652,742	0.0%
Net income per share (R$)	1.6019	1.7084	1.7379	1.7%
Average share price (R$)[4]	20.32	20.99	19.33	-7.9%
Dividend distribution (R$ million)	993.0	756.0	623.9	-17.5%
Market				
Energy sales (GWh)	32,800	30,661	30,911	0.8%
Energy sales (average MW)	3,744	3,491[5]	3,529	1.1%
Workforce				
Number of employees	917	941	990	5.2%

(1) EBITDA represents: operating profit + financial result + depreciation and amortization.
(2) EBIT represents: operating profit + financial result
(3) Net debt = gross debt – cash and cash equivalents.
(4) Simple average of closing prices.
(5) 2008 was a leap year, which influences the calculation of average MW sold.

6.2_Gross Operating Revenue

In fiscal year 2009, gross operating revenue reached R$ 3,886.3 million, 2.5% more than the R$ 3,793.3 million reported in 2008. This result is largely explained as follows: (i) reduction of R$ 230.9 million in revenues from transactions conducted through the CCEE, as described under a specific item below; (ii) increase of R$ 26.3 million in revenue from exports to Argentina and Uruguay; (iii) a gain of R$ 35.0 million following the agreement with the São Salvador Consortium for indemnification of losses and damages resulting from delays in concluding work on the São Salvador plant; and (iv) an increase of R$ 264.7 million due to a rise in average selling price of 7.7% from R$ 112.46/MWh to R$ 121.11/MWh, (discounting export prices which are volatile and distort average price analysis), the impact of which also already builds in the changes in the make-up of the Company's sales portfolio, resulting in the reduced volumes sold through bilateral contracts to distributors, trading companies and free customers and in the corresponding increase in sales volumes to the disco pool in the auctions where energy deliveries must begin on January 1, 2009. On the other hand, it is worth pointing out that the increase in revenue from sales by companies acquired or which began commercial operations during or after 2008 was R$ 131.1 million, including in this value the indemnity payment mentioned in item (iii) above.

For the accumulated period 2009, the quantity of electric energy sold reached 30,911 GWh (3,529 average MW), 0.8% more than the 30,661 GWh (3,491 average MW) in 2008.



6.2.1_Wholesale Market for Electric Energy

Accumulated 2009 sales revenue to the wholesale energy market, that is originating from the sale to entities which are not free consumers, reached R$ 2,828.3 million, 18.7% higher than the preceding year, when the figure for this same item was R$ 2,383.1 million, the result largely of the following: (i) growth in sales of R$ 68.3 million by companies acquired or which entered into operation during or after 2008; (ii) increase in sales to distributors of R$ 428.1 million (equivalent to 3,251 GWh – 371 average MW), by virtue of a combination of sales to the disco pool with the termination of bilateral contracts not renewed with some of them; (iii) decline in sales to trading companies of R$ 93.6 million (corresponding to a 974 GWh – 112 average MW), driven by the need to meet the change in the composition of the sales portfolio; and (iv) an increase in the average sales prices to the discos and trading companies of 5.0%, resulting in an increase in revenue of R$ 42.8 million.

6.2.2_Retail Market for Electric Energy

Annual revenue from retail sales of energy (sales to free consumers) was R$ 878.8 million, a decrease of 17.1% when compared with the R$ 1,059.5 million in 2008, the consequence of a combination of the following: (i) a fall in sales volume following the termination of contracts and the reduction in contracted quantities due to the world crisis which resulted in a drop in sales of R$ 298.7 million (corresponding to 2,639 GWh – 301 average MW); and (ii) an increase in average sales prices of 11.1%, equivalent to a growth in revenue of R$ 118.1 million. It is worth noting that this fall was offset by the increase in sales to the disco pool as already mentioned.

6.2.3_ Transactions Channeled through the Energy Trading Board (CCEE)

For the accumulated annual period in 2009, revenue amounted to R$ 65.1 million, substantially down on 2008 when the figure for this item was R$ 296.0 million. Further explanations on these operations can be found in the item "Details of operations conducted through the CCEE".

6.2.3_ Exports of Electric Energy

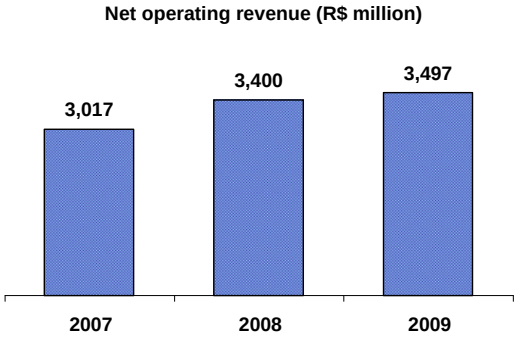
In fiscal year 2009, revenue generated from exports to Argentina and Uruguay reported R$ 60.7 million, an increase over the R$ 34.4 million posted in fiscal year 2008.

6.3_Deductions from Operating Revenue

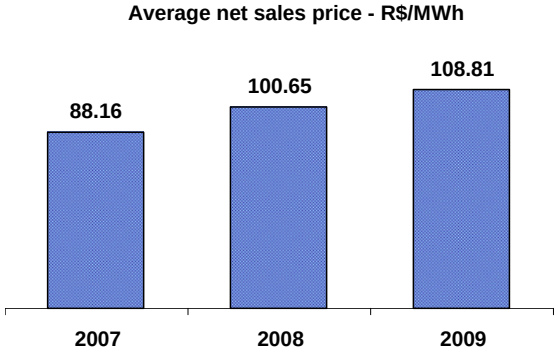
In 2009, deductions reached R$ 389.6 million, a slight reduction from R$ 393.1 million registered in 2008 and corresponding respectively to 10.2% and 10.5% of gross revenues, excluding exports on which no PIS, Cofins and ICMS are levied. The variation in balances is justified basically due to (i) the increase in PIS and Cofins in the amount of R$ 32.6 million due to a change from the cumulative system of calculation (rate of 3.65%) used to levy these charges, to a non-cumulative system (rate of 9.25%, but with the right to a tax break on certain transactions) on contracts with pre-determined prices concluded during 2008 and 2009; (ii) by a fall in the ICMS sales tax in the amount of R$ 37.0 million, due to a decline in the sales volume to industrial consumers, transactions on which ICMS taxes are levied.

6.4_ Net Operating Revenue

In fiscal year 2009, net operating revenue reported a value of R$ 3,496.7 million, 2.8% more than 2008 when this same item was R$ 3,400.3 million. The increase is directly related to the fluctuation in gross operating revenue and deductions from operating revenue as mentioned above.



For the accumulated fiscal year, the average price increased from R$ 100.65/MWh in 2008 to R$ 108.81/MWh in 2009, representing growth of 8.1%. These increases reflect the readjustment of the prices of existing contracts and the prices of the new contracts, principally those with free consumers and with the disco pool, as mentioned above.



* Average price of energy sales, net of exports and deductions from operating revenue.

6.5_ Cost of Electric Energy and Services

In fiscal year 2009, costs increased 5.4% compared with 2008, reaching R$ 1,463.3 million and R$ 1,388.3 million, respectively. These variations reflect by and large tendencies in the following cost components:

• **Electric energy purchased for resale:** there was a reduction of R$ 53.7 million, for the same reasons as mentioned under the item "Retail market for electric energy", and due to the lower sales volume to trading companies in the light of the less attractive average spot prices (PLD) prevailing during 2009, R$ 38.74/MWh against R$ 135.29/MWh in 2008, the fall in purchased volume being 1,325 GWh (151 average MW) and the increase in purchase price, 19.1%. A considerable part of this purchased volume was contracted some years ago therefore bearing no relation with the lower average spot price in 2009, thus enabling the Company to sell a 30-year product in the so-called "botox" energy auction with respective delivery beginning 2009.

• **Transactions channeled through the Energy Trading Board - CCEE:** a reduction of R$ 79.0 million in 2009 as commented below under a specific item.

• **Charges for the use of and connection to the electricity network:** increase of R$ 27.5 million in 2009, principally due to the impact of the charges mentioned above due from new acquisitions or those companies going into operations during and after 2008.

• **Fuel for the production of electric energy**: a decline of R$ 66.4 million largely reflecting the combination of the following factors: (i) consumption of diesel oil at the William Arjona and Alegrete plants amounting to R$ 92.4 million in 2008 and insignificant in 2009 by virtue of (i.i) energy dispatch from these plants by the National Electrical Systems Operator (ONS) for maintaining an energy safety net and due to the low level of water inflow during certain periods of 2008 (these costs were offset by the increase in revenue from operations conducted through the CCEE, as described in a specific item), and (i.ii) the export of energy to Argentina and Uruguay from the Alegrete Thermoelectric Power Plant (TPP); (ii) consumption of coal at the Jorge Lacerda Thermoelectric Complex for generating energy for export and amounting to R$ 31.9 million in 2009 against an insignificant amount in 2008; and (iii) a reduction of R$ 5.6 million due to adjustments in the costs of biomass used for generation at the Lages Co-generation Unit.

• **Financial compensation for the use of water resources:** a reduction of R$ 1.6 million principally due to the combination of lower volume in hydroelectricity generation in the context of drought conditions in southern Brazil in 2Q09, with the readjustment in the annual tariff.

• **Personnel:** an increase of R$ 4.1 million, a reflection of salary and fringe benefits increases.

• **Materials and third party services:** a growth of R$ 8,6 million in 2009 due mainly to material and third party expenses incurred by companies acquired or which began operations during or after 2008, respectively.

• **Depreciation and amortization:** an increase of R$ 75.3 million in 2009, largely due to the depreciation of assets of the companies acquired or which started operations during or after 2008.

6.6_Details of CCEE Operations

The various monthly credit or debit entries to the account of a member of the CCEE are summarized in a single billing as a receivable or a payable. This therefore requires an entry to either an income or an expenses account. In this context it is worth pointing out that due to adaptations to commercialization strategy, there have been changes in billing profile in the past few years. Such fluctuations complicate the direct comparison of the elements comprising each billing over the two-year period – the reason for including the present topic. In this way, we are able to analyze the oscillations in the principal elements, in spite of their allocation either to income or expenses according to the credit or debit nature of the billing to which they relate.

Generically speaking, these elements are income or expense items arising for example: (i) from the application of the Energy Reallocation Mechanism (MRE); (ii) the so-called "sub-market risk"; (iii) the dispatch due to the Risk Aversion Curve (CAR); (iv) the application of System Service Charges (ESS), resulting in dispatch which diverges from the thermal plants order of merit; and (v), naturally, exposure (short or long energy position in the monthly accounting) which, in turn, will be settled at the value of the spot price.

For the accumulated period in 2009, the net result was an expense of R$ 58.9 million against a net revenue in the preceding year of R$ 251.1 million, corresponding to a negative variation in the result of R$ 310.0 million for the two years under comparison. This variation arose principally due to the following:

I. there was a deterioration of R$ 26.5 million in the Energy Reallocation Mechanism (MRE) result, this being transformed from a net income of R$ 12.3 million in 2008 to a net expense of R$ 14.2 million in 2009, due to a reduction of 3.4% in hydro generation in 2009 caused by lower rainfall than in 2008. Part of this increase in expenses was offset by lower royalty payments as described in the item titled "Financial compensation for the use of water resources". The explanation for the positive balance of R$ 238.8 million in results from CCEE operations in 2008 and the negative balance of R$ 44.7 million in 2009 is given in II and III, respectively, as follows;

II. during 2008, there was a substantial variation in spot prices. An opportune strategy for allocating the annual assured energy from the hydro plants in general allowed the Company to be long in the months when spot prices were high, while short positions coincided with months when spot prices were low. The effects of the combination of monthly results were principally responsible for the R$ 238.8 million in item I; and

III. with a combination of low and less volatile spot prices, and a lesser need for out-of-merit generation, in 2009 the Company reduced its thermal generation by 22.8% as commented under the item "Production". This contributed to increase short positions or reduce long positions on the CCEE, depending on the particular month. In addition to being lower, spot prices reported a lower standard deviation during the course of 2009, reducing the potential for gains (and losses) due to the aforementioned strategy of allocation. In addition, short positions were more significant in the months when spot prices were slightly higher. These impacts are largely responsible for the negative R$ 44.7 million in item I.

6.7_ General and Administrative Expenses

In 2009, general and administrative expenses increased slightly from R$ 162.3 million to R$ 162.9 million, in large part due to the combination of the following: (i) a growth in payroll expenses of R$ 5.1 million due to higher annual wages and benefits; (ii) a reduction of R$ 2.8 million of expenses with contributions and donations; and (iii) a decline of R$ 1.8 million in depreciation and amortization expenses.

6.8_ Constitution of Operational Provisions

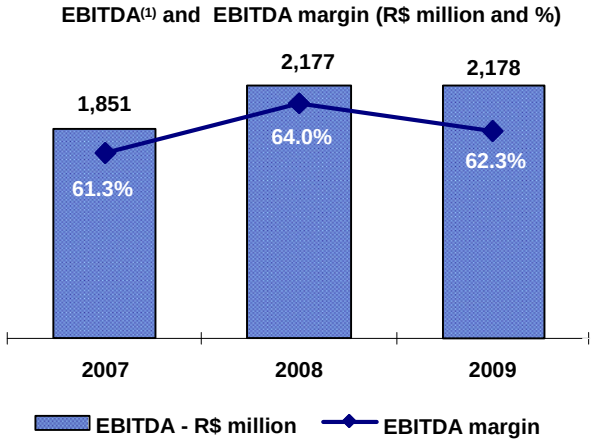
In 2009, expenses were R$ 30.9 million, R$ 26.9 million higher than the R$ 4.0 million in 2008. This variation reflects principally a combination of the following factors: (i) a provision for civil contingencies of R$ 30.4 million in large part relating to litigation involving a revision of retirement benefits by the private pension foundations sponsored by the Company; (ii) an increase in the annual provision for post-employment benefits of R$ 20.4 million; and (iii) the reversal of a provision for labor and tax contingencies of R$ 23.3 million due to the final decision with no right of appeal, and agreements reached in court actions.

6.9_ Recovery of PIS and Cofins and Favorable Outcome to Court Actions

In fiscal year 2008, the Company recognized non-recurring income of R$ 76.4 million relating to the reimbursement of PIS and Cofins charges improperly levied in previous fiscal periods. This amount refers largely to these charges paid on values with respect to the recovery of the consumption of fossil fuels purchased with resources from the Fuel Consumption Account (CCC) and from the Energy Development Account (CDE). In accordance with guidelines published in an Aneel ordinance, as from November 2005 these resources ceased to be recognized as operating revenue and were included in the financial statements as an electricity energy production cost rectifying account. In the fiscal year 2009, the Company recorded a non-recurring gain of R$ 8.4 million, the result of a judicial agreement with respect to the rescission of the contract for the construction of the biomass-fired São João plant.

6.10_EBITDA and EBITDA Margin

Reflecting the factors above, EBITDA was R$ 2,177.7 million in the fiscal year 2009, slightly higher than 2008 when this item reached R$ 2,176.6 million. The EBITDA margin recorded 62.3% in 2009 as against 64.0% in 2008.



(1) EBITDA represents: operating profits + financial result + depreciation and amortization.

We show the following table reconciling operating income with EBITDA:

(in thousands of R$)	2007	2008	2009	Change 2009/2008
Operating income	1,485,338	1,589,520	1,598,011	0.5%
(+/-) Financial Expenses	129,482	320,676	239,789	-25.2%
(+) Depreciation and Amortization	235,866	266,381	339,912	27.6%
EBITDA	**1,850,686**	**2,176,577**	**2,177,712**	**17.5%**

6.11_Financial Result

6.11.1_Financial Income

For the full fiscal year, this item reported income of R$ 86.9 million, R$ 36.3 less than the R$ 123.1 million in 2008, largely the result of: (i) a fall of R$ 23.2 million in income from financial investments due to lower market rates of interest in 2009, the result of government efforts to stimulate consumption and mitigate the impact of the world crisis; (ii) a decline in the variation of monetary restatement on court escrow deposit accounts in the amount of R$ 4.3 million, largely the result of the lower Selic basic rate of interest between comparative periods: and (iii) a reduction of R$ 8.8 million in monetary restatement on long term receivables due to the suspension of restatement of the face value of receivables.

6.11.2_Financial Expenses

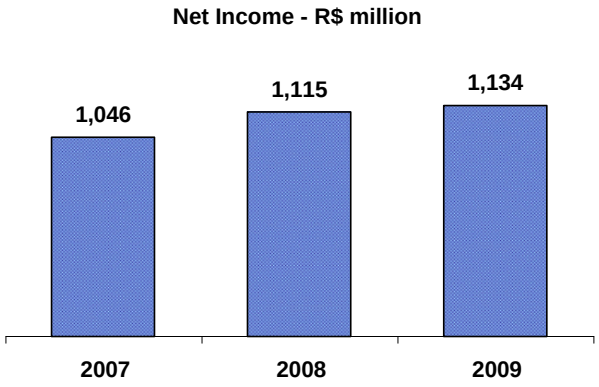
In fiscal year 2009, financial expenses fell R$ 117.1 million from R$ 443.8 million in 2008 to R$ 326.7 million in 2009 largely due to the combination of the effects of the following factors: (i) an unrealized gain of R$ 157.9 million on loans and financing due to the devaluation of the US dollar and euro against the Real; (ii) a growth in charges of R$ 92.6 million on debt liabilities, essentially charges of those companies acquired or which entered into operation during or after 2008, in the amount of R$ 54.4 million, and on the 3rd and 4th debenture issue amounting to R$ 50.1 million, and the reduction of R$ 8.7 million of charges on promissory notes settled in 2009; (iii) a reduction of R$ 76.8 million in monetary restatement on debts due in large part to a decline in the variation of the IGP-M and IPCA inflation indices in 2009 as opposed to 2008; and (iv) a loss of R$ 18.6 million on the remuneration of United States Treasury Bonds used as collateral for the loan from the National Treasury Secretariat (STN).

6.12_Income Tax and Social Contribution

This expense fell from R$ 474.4 million in fiscal year 2008 to R$ 463.7 million in fiscal year 2009, and corresponding to 29.8% and 29.0%, respectively of net income before income tax and social contribution.

6.13_Net Income

In fiscal year 2009, the Company reported a net income of R$ 1,134.4 million, 1.7% up on the net income of R$ 1,115.2 million recorded by the Company in 2008, and representing R$ 1.737895 per share. Excluding the impact, net of taxes, of the non-recurring indemnity already mentioned of R$ 5.5 million reported in 2009 and the revenue - also non-recurring - of R$ 50.4 million recognized in 2008 with respect to the recovery of PIS and Cofins improperly collected in preceding years, then the net income for the year under review would have been 6.0% higher in relation to the preceding fiscal period.



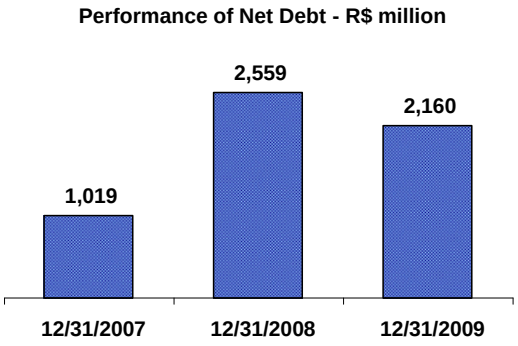
Of the net income reported in the fiscal year, the Company distributed R$ 623.9 million in the form of dividends and interest on shareholders' equity, equivalent to payout of 55.0%.

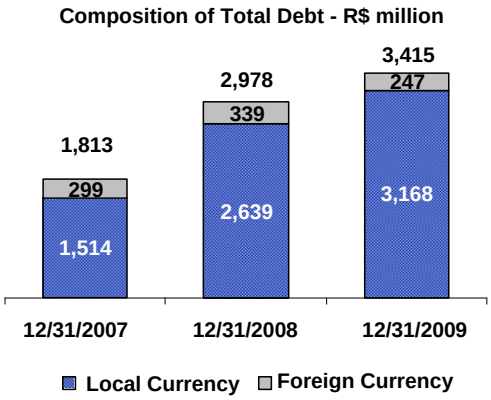
6.14_Debt

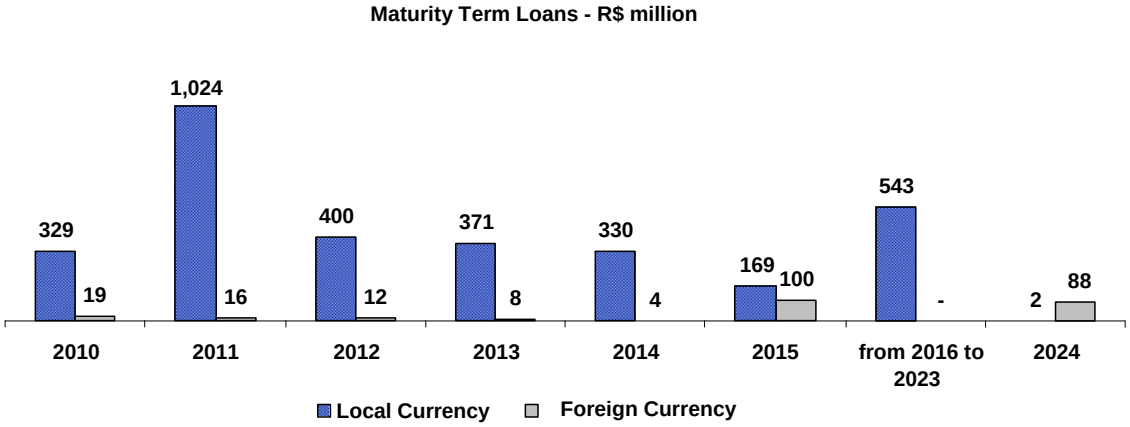
On December 31, 2009, the Company recorded net debt (total debt less cash and cash equivalents) of R$ 2,160.0 million, 15.6% down on the R$ 2,558.6 million posted on December 31 2008, due to the higher volume of marketable investments at the end of 2009, the result of the drawing of R$ 400.0 million relating to the 4th debenture issue commented below.

Total consolidated gross debt – represented principally by loans, debentures and financing - totaled R$ 3,414.6 million on December 31, 2009, a rise of 14.6% compared to the position on December 31, 2008. Of total debt at the end of the period, 7.2% was foreign currency denominated (11.4% at the end of 2008), this portion being unhedged.

The growth in Tractebel's debt is related principally to a combination of the following factors: (i) the drawdown of an accumulated total of R$ 96.3 million during the year from the National Economic and Social Development Bank - BNDES and its financial agents for investments in the São Salvador HPP, Areia Branca SHP and the Pedra do Sal Wind Farm (the bridging loan made to the Pedra do Sal project by ABN Amro Real was liquidated using the BNDES line); (ii) the third debenture issue of R$ 600.0 million, finalized in 2Q09 was used to settle promissory notes pertaining to the fourth issue amounting to R$ 300.0 million, drawn in February 2009, and a portion of the R$ 400.0 million relating to the promissory notes of the third issue, drawn on May 20 2008 and maturing on May15 2009; (iii) the fourth debenture issue of R$ 400.0 million drawn in 4Q09 and used in the acquisition of SUEZ Energia Renovável S.A., the reduction in costs and the lengthening of the debt maturity profile as well as the bolstering of working capital for the Company's business activities; (iv) positive currency variation of R$ 77.7 million; and (v) the combination of charges on amortizations of loans and financing in 2009, resulting in a net value of R$ 182.9 million in amortizations for the period as a whole.







7_Capital Expenditures

7.1_Maintenance, Modernization and Expansion of the Generating Complex

In 2009 Tractebel invested R$ 198.2 million in construction work on the São Salvador HPP, the Areia Branca SHP, the Pedra do Sal Wind Farm and the Destilaria Andrade TPP.

In addition, the Company invested R$ 3.5 million in the Seival TPP and R$ 3.0 million in the acquisition of wind power generation projects.

A further R$ 118.9 million was invested in projects for maintenance and modernization of company plants.

As a result, in 2009 investments amounted to R$ 323.2 million, 78.3% lower than the R$ 1.488.9 million reported in 2008, when the Company made substantial investments in the acquisition of six plants.
The investment plan for maintenance and capital expenditures already committed to the São Salvador HPP and the Destilaria Andrade TPP, the Areia Branca SHP and the Estreito HPP amounts to R$ 2,211.7 million in 2010, R$ 178.2 million in 2011 and R$ 113,0 million in 2012.

7.2_Research and Development

In line with Aneel requirements, Tractebel Energia undertakes an annual research and development program as part of the process of seeking sustainable solutions for its operations and interacting with teaching and local research institutions and foundations.

In 2009 a total of R$ 41.4 million was invested in various projects and contributions made to the Ministry of Mines and Energy (MME) and to the National Scientific and Development Fund (FNDCT).

The projects encompass the following areas of development and investment:

- alternative sources of electric energy generation;
- thermoelectric generation;
- river basin and reservoir management;
- environment;
- energy efficiency;
- operation of electric energy systems; and
- supervision, control and protection of electric energy systems.

In addition, the Company invests continuously in improvements in technology with an emphasis on its generating complex and information systems, in the knowledge that scientific and technological development is essential for the maintenance of the high standards of quality of its services.

Information on how to participate in the Program, the relevant legislation, projects undertaken and in progress, awards received, among others, can be found on the Company's website, www.tractebelenergia.com.br in the Research and Development link.

8_Corporate Governance

The Company's business is conducted using the best corporate governance practices combined with a commitment to accountability and management transparency. Tractebel Energia's shares are listed on the BM&FBovespa S.A. – Bolsa de Valores, Mercadorias e Futuros Exchange's Novo Mercado, a segment consisting of shares of companies which adopt additional corporate governance practices over and above those required by the Brazilian legislation.

The Company's internal control structure has been adjusted to the dictates of the US Sarbanes-Oxley Act (SOX) for listed companies and designed to create reliable audit mechanisms and security of information for ensuring the veracity of the content of financial statements.

The Company's Management Board is made up of nine effective members, one being a Chairman and one a Vice Chairman, a representative of the employees and two independent members. The Management Board comprises seven members elected by the Board of Directors for a three-year term of office, re-election being permitted.

The Fiscal Council in turn, is a non-permanent body, being installed at the behest of the shareholders. Currently it is made up of three members and three alternates, elected in May 2009 for a one-year term of office.

Tractebel Energia is also organized into supporting bodies contributing to specific areas of the business, in the execution of their activities in an efficient and sustainable manner and structured into eight committees, whose actions are subject to approval by the Board of Directors. The committees cover the areas of Energy, Risk Management, Finance, Tax Planning, Ethics, Innovation, Sustainability and Strategy.

8.1_ Shareholders' Rights

Each one of the Company's shares entitles the holder to:

- a vote in ordinary and extraordinary general meetings;
- receive a minimum dividend of 30% of adjusted net income as foreseen in the dividend policy, which additionally states an intention of paying in each calendar year dividends and/or interest on shareholders' equity in an amount of no less than 55% of the adjusted net income in semi-annual payouts;
- oversee the Company's management pursuant to the Bylaws;
- preemptive rights in the subscription of shares, debentures convertible into shares or subscription bonuses; and
- the right of withdrawal from the Company in the light of events envisaged in the Joint Stock Companies Law.

According to Novo Mercado listing regulations, common shares may be included in public share offerings should a controlling stake in the Company be sold, receiving at least 100% of the price paid per common share for the controlling block. In addition, it is binding on the Company to settle disputes through the Market's Arbitration Panel in accordance with an arbitration clause included in its Bylaws.

8.2_Policy for the Disclosure of Information

Tractebel Energia's Policy for the Disclosure of Information and Trading of Shares adheres to the rules on transparency and the requirements of the financial market regulators such as the Central Bank, the Securities and Exchange Commission (CVM) and BM&FBovespa. The Company discloses material facts in line with Instruction 358/02 of the CVM, which requires the release of corporate data on its business dealings to be made public to investors in sufficient time for decision-making. Disclosure of quarterly results, material facts, earnings releases, annual reports, documents filed with the CVM, company policies and practices, and other institutional information are all to be found in the Investor Relations website. (www.tractebelenergia.com.br).

8.3_Code of Ethics

Tractebel's Code of Ethics, currently in its second edition, reaffirms the corporate values and standards of conduct which the Company requires of its staff and partners. It clarifies issues of ethical behavior and defines the principles to be followed in the relationship with the stakeholders with which Tractebel interacts. Tractebel Energia's Ethics Committee continually adopts actions for formation and raising awareness in order to guarantee that there is adequate knowledge of the Code of Ethics among stakeholders in general and, principally, the employees.

The document is aligned to the values and principles of GDF SUEZ, and is distributed to all the employees. It is also disseminated through the Intranet and is available on the Company website (www.tractebelenergia.com.br).

8.4_ Board of Directors Internal Charter

Two years ago, Tractebel Energia prepared and implemented the Board of Directors Internal Charter, a document similar to one used by its parent company. The document is designed to ensure the efficacy of the contribution of each Director in line with the independent standards of values, ethics and integrity which it is expected each one should observe. The document is available in the Company site (www.tractebelenergia.com.br), "Corporate Governance" section, item "Codes and Policies".

9_Capital Markets

Tractebel Energia's common shares are listed on BM&FBovespa's Novo Mercado under the TBLE3 symbol. The shares are a component part of the Special Corporate Governance Index (IGC), the Special Tag Along Stock Index (ITAG) and the Electric Energy Stock Index (IEE). Since the index's inception in 2005, the Company's shares have been selected for the fifth consecutive year to comprise the Corporate Sustainability Stock Index (ISE).

The Company's Level I ADRs are traded on the US over-the-counter market (OTC) under the TBLEY symbol with a ratio of one ADR to one common share.

Early in 2009, there was deterioration in the international economic crisis, the banking sector and the money and capital markets suffering significant losses. Also affected by the crisis, although to a lesser degree than the North American and Eurozone economies, the Brazilian economy only began to show renewed signs of growth in the second half of the year.

Set against this scenario, the Ibovespa stock index reported a positive trend, closing 2009 with an appreciation of 82.7%, more than offsetting the decline of 41.2% in 2008. This was accompanied by an increase of 59.1% in the Electric Energy Stock Index (IEE), which had reported a decline of 11.6% in 2008. Tractebel Energia's shares closed 2009 16.1% higher.

The Company's securities were traded on all the days the BM&FBovespa was open for business in 2009, the average daily volume for the period being R$ 13.6 million.

9.1_Investor Relations

The Investor Relations Department is responsible to answer the requests of shareholders and investors – actual and potential – and for the disclosure of information on company performance. This is conducted through events such as those of the Association of Capital Markets' Analysts and Professionals (Apimec), in addition to conference calls and visits to generating plants as part of the Company's Inside Tractebel program. The Investor Relations area also is a constant presence at conferences and seminars run by the leading investment banks and brokerage houses, thus promoting the investing public's access to Company information. Contact channels with investors and market analysts can be made through the investor relations' website, by calling the department (telephone +55 48 3221-7221) and via face-to-face meetings.

10_Human Resources

Tractebel Energia structures and implements its human resources policies by providing a framework for guiding the Company's activities in the quest for an ethical working, fair and responsible environment which guarantees conditions of employment, development and recognition to its employees.

The Company invests continually in the development of programs of communication to enhance attitudes and behavior aligned to the organizational culture as a means of maintaining its corporate structure and sustaining its business strategy.

Every two years, the Company assesses the performance of human resources management in order to enhance the relation of trust between the employees and the Company. In 2009, the year in which the last organizational climate survey was conducted, the results revealed a level of satisfaction with the working environment of 70%, an increase of 11 p.p. since the inception of the process. This level is above the average for the market in general and specifically, the electricity sector which recorded satisfaction levels of 60%.

The Company operates a Succession Program to satisfy its need for specialized and qualified professionals required to provide the services it offers. The aim is to maintain a reservoir of updated and qualified employees relative to the latest sector requirements as well as for hiring new employees and managing a program of voluntary severance linked to the preparation of successors, with employment termination dates set by the Company.

Tractebel Energia ended 2009 having made 82 new hires and the rescinding the employment contracts of 33, a total payroll of 990, of which 861 were men and 129, women. Of this number, 38% had a college education and 44%, a completed a high school course.

Tractebel Energia is party to Collective Labor Agreements with the labor unions that represent the Company's employees as called for under International Labor Organization (ILO) guidelines. The agreements include themes such as salary readjustments, private pension plans and fringe benefits, occupational safety and health, protective equipment, training and education of members of the Internal Accident Prevention Commissions (CIPAs).

10.1_Ocupational Health and Safety

All Tractebel's operations are conducted in the context of occupational health and safety practices and programs both for the employees themselves as well as companies, providing outsourced services.

In 2009 the Company achieved all its occupational health and safety goals, with no fatal accidents. The accident frequency rate was 3.3 and the serious accident rate, 0.078 out of a total of 5,102,753 man hours worked during the year by the direct employees and those of outsourced companies.

The Company seeks to constantly upgrade its occupational health and safety policy as well as raise the awareness of the employees in an effort to improve these ratios. All employees undergo annual medical checkups. In addition each one has an individual health plan, which establishes targets for example, associated to weight and cholesterol levels based on the results of medical examinations.

10.2_Fringe Benefits

Tractebel Energia offers all employees and their dependents restorative healthcare covering the medical, dental, pharmaceutical, psychological, phono-audiological and nutritional requirements. In addition, the Company also offers group life insurance, assistance for incapacity and invalidity, maternity and paternity leave, day-care for female employees, nutrition and travel vouchers, private pension plan and welfare services for those with special needs.

The Company's private pension plan is managed by PREVIG – Sociedade de Previdência Complementar, contributions being made equally by employees and the Company. Out of the total payroll, 99.0% of the employees are members of the plan, the large majority signing up to the defined contribution version.

Through Fundação Eletrosul de Previdência e Assistência Social (ELOS), the Company also sponsors 2,167 Tractebel retirees for whom it is responsible and who opted not to join Tractebel Energia's PREVIG pension plan.

In 2009 the Company paid a total of R$ 48.6 million into the pension funds.

10.3_Training and Development

The Company runs a training and development program for providing its employees with opportunities for development and qualification, besides offering assistance in obtaining educational qualifications at different academic levels. In 2009, average annual employee training amounted to 81.4 hours/employee and more than R$ 137 thousand was offered as educational qualification-related grants.

Since 2000 the Tractebel Trainees program has been identifying, developing, training and investing in new talents, with 80 professionals having already graduated. Of these, 59 remain in various areas of the Company.

10.4_Compensation and Sharing in the Results

Tractebel Energia adheres to an equitable salary policy irrespective of gender or ethnic roots, aligned to market practices and monitored on the basis of periodic salary surveys.

The employees also receive an annual share in company results, proportional to compensation and individual performance and meeting pre-established targets. In 2009, R$ 14.6 million was distributed to the employees as their share in the results of the preceding fiscal year.

10.5_Social Balance

	2009	2008
1. BASIS OF CALCULATION	**R$ th.**	**R$ th.**
1.1 - Net Revenues	3,496,677	3,400,250
1.2 - Operating Result	1,598,011	1,589,520
1.3 - Gross Payroll	97,220	93,011

2. INTERNAL SOCIAL INDICATORS	**R$ th.**	**% of Gross Payroll**	**% of Net Revenues**	**R$ th.**	**% of Gross Payroll**	**% of Net Revenues**
2.1 - Nutrition	7,960	8.19	0.23	7,191	7.73	0.21
2.2 - Mandatory Payroll Taxes	31,444	32.34	0.90	29,517	31.73	0.87
2.3 - Private Pension Plan	34,934	35.93	1.00	32,745	35.21	0.96
2.4 - Healthcare	12,770	13.14	0.37	11,058	11.89	0.33
2.5 - Education	3,037	3.12	0.09	3,955	4.25	0.12
2.6 - Profit/Income Sharing	17,010	17.50	0.49	14,982	16.11	0.44
2.7 - Other Benefits	6,496	6.68	0.19	5,377	5.78	0.16
TOTAL (2.1 to 2.7)	**113,651**	**116.90**	**3.27**	**104,825**	**112.70**	**3.09**

3. EXTERNAL SOCIAL INDICATORS	**R$ th.**	**% of Operating Results**	**% of Net Revenues**	**R$ th.**	**% of Operating Results**	**% of Net Revenues**
3.1 - Taxes (excluding mandatory payroll taxes)	827,523	51.78	23.67	840,816	52.90	24.73
3.2 - Contribution to Society/Investiments in Social Inclusion	9,078	0.57	0.26	8,429	0.53	0.25
TOTAL (3.1 to 3.2)	**836,601**	**52.35**	**23.93**	**849,245**	**53.43**	**24.98**

4. ENVIRONMENTAL INDICATORS	**R$ th.**	**% of Operating Results**	**% of Net Revenues**	**R$ th.**	**% of Operating Results**	**% of Net Revenues**
4.1 - Related to Company operations	13,685	0.86	0.39	11,281	0.71	0.33
4.2 - Related to projects in process	53,462	3.35	1.53	38,331	2.41	1.13
TOTAL (4.1 to 4.2)	**67,147**	**4.21**	**1.92**	**49,612**	**3.12**	**1.46**

5. EMPLOYEE COMPOSITION INDICATORS	**Quantity**	**Quantity**
5.1 - Employees at the end of fiscal year	990	941
5.2 - Employees hired during the fiscal year	82	61
5.3 - Outsourced employees	729	2,235
5.4 - Interns	71	61
5.5 - Employees over 45 years age	362	382
5.6 - Women working in the Company	129	122
5.7 - % supervisory positions held by women	3.70%	3.70%
5.8 - Afro-Brazilian employees working at the Company	No formal statements by employees as to their ethnicity exist.	No formal statements by employees as to their ethnicity exist.

11_Socio-environmental Responsibility

Tractebel Energia's businesses are managed on the basis of a continuous commitment to the excellence of its operations and responsibility of its activities. The organizational culture and practices of the Company reflects this commitment through the balance between growth on the one hand and on the other, the sustainable and balanced development of the economic, social and environmental dimensions of all its stakeholders.

These premises are applied to the Company's socio-environmental management on the basis of four guidelines:

- **operational:** to maximize the generation of energy in accordance with the National Electrical Systems Operator's (ONS) plan, preserving environmental conditions and ensuring the safety of its generating assets;
- **environmental:** to generate energy in compliance with the standards of safety, rational use of natural resources and the preservation of public assets;
- **assets:** to use areas only strictly necessary for the projects, eventually reallocating remaining areas to social and environmental use, detecting and preventing any eventual irregularities in the way they are employed; and
- **relationship with society**: to participate in the life of the community situated in the areas of influence of the projects, seeking to identify and satisfy its expectations, installing the means for open and permanent communication.

Tractebel Energia's Sustainability Committee promotes and maintains the concept of sustainable development internally and reconciles the interests of the various stakeholders that interact with the Company. The Committee implements a proactive system of socio-environmental responsibility and assures the transparency of the actions and the ethical use of invested resources.

For the fifth year running, in 2009 Tractebel Energia was elected as a component of BM&FBovespa's Corporate Sustainability Stock Index (ISE) – a reflection of its commitment to sustainable development. The index consists of shares of companies with a recognized commitment to the practices of sustainability and those which show the best performance in relation to economic efficiency, communication and stakeholder relationships, socio-environmental responsibility and corporate governance. The Company has been part of the ISE since the latter's inception in 2005.

11.1_Environmental Management

The Company's environmental strategy employs programs and other tools which allow it to identify and manage the impacts resulting from its activities, and in so doing, seek to minimize them through operational improvements and risk control.

Operations are performed in accordance with the Integrated System for Management of Quality and the Environment providing support for the Company's operations, maintaining mechanisms and operational procedures tailored to each plant. This takes into account the specifics of the activities involved and the socio-environmental characteristics of each region.

In the case of the hydroelectric plants, Tractebel takes actions to mitigate or compensate the impacts arising from the building and operation of reservoirs. In turn, the thermoelectric plants focus on air quality, the volume and quality of liquid effluent and solid waste and on the use of natural resources.

In addition, all the Company's operations are aligned with its Code of Ethics and its Environmental Code, meeting the expectations of stakeholders, above all, the relevant environmental protection agencies.

Tractebel Energia's generating plants have international NBR ISO 9001:2000 and NBR ISO 14001:2004 certifications (with the exception of the Ponte de Pedra HPP, the Rondonópolis and José Gelazio da Rocha SHPs and the Beberibe and Pedra do Sal wind farms, all of which were incorporated in the Company's assets in 2008). These plants will now be audited for NBR 16001 (Social Responsibility) and OHSAS 18001 (Occupational Health and Safety) certification requisites at the end of 2010.

The Lages Co-generation Unit is officially registered with the United Nations Framework Convention on Climate Change as an activity which complies with the Clean Development Mechanism (CDM) and ratified to generate carbon credits under the Kyoto Protocol, selling them through Lages Bioenergética Ltda.

The resulting reduction in gas emissions is recognized globally in the form of carbon credits, eligible for trading. The plant originates carbon credits by generating energy from waste from the woodworking industries in the region, since the methane gas emissions liberated from the natural decomposition of the wood contributes more intensely to the greenhouse effect – particularly carbon dioxide - than the waste gases emitted from the generating plant.

Up to 2009, 1.2 million of Certified Emissions Reductions (CERs) had already been sold. In 2006 and 2008, respectively, 190 thousand and 270 thousand CERs were sold in the Carbon Credits market. In 2009, 750 thousand CERs were sold to the Prototype Carbon Fund (PCF). This latest sale is to be delivered in annual installments of 88 thousand tons by 2013, with the final installment of 134 thousand tons to be surrendered in 2014. The PCF is managed by the World Bank for the purchase of carbon credits and the volume of the purchase represents 40% of the total CERs to be issued going forward.

11.2_Social Management

The objective of the Company's social responsibility policy is to create value and development for the communities adjacent to the plants and serve as a guideline for initiatives in three major areas: social, environmental and cultural programs.

Under these three programs, projects and activities are implemented and supported in the areas of education, volunteer work, social inclusion, cultural development, social awareness, environmental improvement and education, creation of employment and income and entry to the labor market.

Since the beginning of the project for building its plants, the Company has undertaken socio-environmental impact studies in the local communities. The studies examine aspects involving the community's flora and fauna, culture and history and on this basis, propose programs for mitigating the impacts of plant construction. The programs have the potential to improve the quality of life of the affected population, preserving the environment, maintaining the local inhabitants' identity and heritage as well as building a lake in the area of the reservoir for developing the tourist industry and consequently, local businesses.

In the process of installing the plants, Tractebel Energia also holds meetings with community representatives. This assists in understanding the characteristics of the buildings in the affected area, facilitating improvements, deemed compensatory measures, which go beyond those required by law.

12_Independent Auditors

Pursuant to Article 2 of CVM Instruction 381/03, Tractebel Energia declares that the external auditors, Deloitte Touche Tohmatsu Auditores Independentes, for the Company and its subsidiaries did not render any services unrelated to the independent audit in 2009.

13_Acknowledgements

Tractebel Energia wishes to thank its employees, customers, suppliers, shareholders, financial institutions, government entities, regulatory organs and all those that contributed to the Company's performance in 2009.

The Management

TRACTEBEL ENERGIA S.A.

CORPORATE TAXPAYER'S ID (CNPJ) 02.474.103/0001-19 | CORPORATE REGISTRY ID (NIRE) 42 3 0002438-4

BALANCE SHEETS AS OF DECEMBER 31, 2009 AND 2008
(in thousands of Reais)

ASSETS

		Company		Consolidated	
	Note	2009	2008	2009	2008
CURRENT ASSETS					
Cash and cash equivalents	4	1,093,839	318,620	1,254,640	420,005
Consumers, concessionaires and permittees	5	354,676	371,041	435,292	387,579
Dividends receivable from subsidiaries		12,347	9,000	-	-
Sale of assets and rights	11	-	17,448	-	17,448
Tax receivables	6	15,255	17,069	72,920	27,035
Inventories	7	39,419	57,749	44,652	58,788
Collateral and restricted deposits	8	31,491	-	33,511	1,414
Deferred tax assets	9	15,310	13,642	15,896	14,488
Other		34,477	34,463	31,870	31,480
TOTAL CURRENT ASSETS		**1,596,814**	**839,032**	**1,888,781**	**958,237**
NON-CURRENT ASSETS					
Long-term assets					
Tax receivables	6	27,861	22,613	74,482	106,682
Collateral and restricted deposits	8	-	-	63,738	25,162
Judicial deposits	22	167,649	159,906	168,427	161,005
Sale of assets and rights	11	86,886	68,469	86,886	68,469
Deferred tax assets	9	211,059	201,673	223,265	208,431
Related parties	33	35,654	6,300	-	-
Other		4,888	1,613	21,685	18,040
		533,997	**460,574**	**638,483**	**587,789**
Investments	12	**2,012,093**	**1,604,629**	**33,783**	**30,812**
Property, plant and equipment	13	**3,310,823**	**3,414,337**	**6,978,033**	**6,638,263**
Intangibles	14	**18,238**	**19,840**	**115,062**	**126,715**
		5,341,154	**5,038,806**	**7,126,878**	**6,795,790**
TOTAL NON-CURRENT ASSETS		**5,875,151**	**5,499,380**	**7,765,361**	**7,383,579**
TOTAL		**7,471,965**	**6,338,412**	**9,654,142**	**8,341,816**

The accompanying notes are an integral part of these financial statements.

TRACTEBEL ENERGIA S.A.

CORPORATE TAXPAYER'S ID (CNPJ) 02.474.103/0001-19 | CORPORATE REGISTRY ID (NIRE) 42 3 0002438-4

BALANCE SHEETS AS OF DECEMBER 31, 2009 AND 2008

(in thousands of Reais)

LIABILITIES AND SHAREHOLDERS' EQUITY

		Company		Consolidated	
	Note	2009	2008	2009	2008
CURRENT LIABILITIES					
Suppliers	16	171,019	149,029	246,117	212,367
Dividends and interest on equity	27	251,422	154,497	251,422	154,497
Loans and financing	17	67,954	512,519	221,346	671,913
Debentures	18	117,340	50,111	126,407	60,591
Taxes payables	19	381,416	370,548	411,616	404,108
Labor liabilities	20	40,708	36,559	41,233	37,759
Research and development obligations	21	43,061	55,037	48,112	60,270
Provision for contingencies	22	12,580	10,140	12,677	10,262
Concession fees payable	23	1,857	1,873	37,419	2,343
Post-employment benefits	24	25,478	21,642	25,478	21,642
Related parties	33	-	-	-	221,306
Other		41,846	42,748	66,514	55,376
TOTAL CURRENT LIABILITIES		**1,154,681**	**1,404,703**	**1,488,341**	**1,912,434**
NON-CURRENT LIABILITIES					
Loans and financing	17	276,776	403,363	1,465,106	1,580,325
Debentures	18	1,577,213	632,984	1,601,783	665,744
Labor liabilities	20	4,547	5,648	4,547	5,648
Provision for contingencies	22	71,017	71,512	78,536	75,750
Concession fees payable	23	307,432	285,782	920,055	556,683
Post-employment benefits	24	358,952	321,800	358,952	321,800
Deferred tax liabilities	25	36,535	36,535	47,146	38,135
Other		3,545	5,297	8,409	14,509
TOTAL NON-CURRENT LIABILITIES		**2,636,017**	**1,762,921**	**4,484,534**	**3,258,594**
SHAREHOLDERS' EQUITY					
Capital stock	26	2,445,766	2,445,766	2,445,766	2,445,766
Capital reserves	26	91,695	91,695	91,695	91,695
Profit reserves	26	1,143,806	633,327	1,143,806	633,327
TOTAL SHAREHOLDERS' EQUITY		**3,681,267**	**3,170,788**	**3,681,267**	**3,170,788**
TOTAL		**7,471,965**	**6,338,412**	**9,654,142**	**8,341,816**

The accompanying notes are an integral part of these financial statements.

TRACTEBEL ENERGIA S.A.

CORPORATE TAXPAYER'S ID (CNPJ) 02.474.103/0001-19 | CORPORATE REGISTRY ID (NIRE) 42 3 0002438-4

INCOME STATEMENT
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
(in thousands of Reais)

	Note	Company		Consolidated	
		2009	2008	2009	2008
GROSS OPERATING REVENUE					
Electricity sales to distributors		2,746,652	2,361,026	2,828,342	2,383,081
Electricity sales to final consumers		232,785	383,042	878,846	1,059,455
Transactions within CCEE		58,696	285,520	65,075	295,971
Electricity export		60,661	34,395	60,661	34,395
Other revenues		21,147	23,931	53,395	20,421
		3,119,941	**3,087,914**	**3,886,319**	**3,793,323**
GROSS REVENUE DEDUCTIONS					
PIS and Cofins (Taxes on Revenues)		(230,570)	(194,057)	(294,039)	(261,355)
ICMS (State VAT)		(39,870)	(68,308)	(66,491)	(103,515)
ISS (Service Tax)		(395)	(357)	(464)	(373)
Research and development		(25,812)	(25,350)	(28,648)	(27,830)
		(296,647)	**(288,072)**	**(389,642)**	**(393,073)**
NET OPERATING REVENUE		**2,823,294**	**2,799,842**	**3,496,677**	**3,400,250**
COST OF ELECTRICITY AND SERVICES					
Electricity purchased for resale		(199,914)	(166,619)	(392,099)	(445,773)
Transactions within CCEE		(121,881)	(40,988)	(123,945)	(44,909)
Electricity network usage and connection charges		(217,027)	(205,160)	(263,029)	(235,556)
Electricity production cost	28	(512,471)	(558,923)	(674,146)	(650,948)
Cost of services	28	(10,114)	(11,077)	(10,114)	(11,077)
		(1,061,407)	**(982,767)**	**(1,463,333)**	**(1,388,263)**
GROSS INCOME		**1,761,887**	**1,817,075**	**2,033,344**	**2,011,987**
OPERATING REVENUES (EXPENSES)					
Selling expenses	28	(12,565)	(11,467)	(14,831)	(14,527)
General and administrative expenses	28	(150,001)	(145,517)	(162,896)	(162,319)
Reversal (recording) of operating provisions, net	29	(22,196)	813	(30,894)	(3,094)
Recovery of PIS and Cofins	30	-	76,431	-	76,431
Favorable decisions in court		8,392	2,595	8,392	2,595
Other operating revenues (expenses), net		4,858	(937)	4,685	(877)
		(171,512)	**(78,082)**	**(195,544)**	**(101,791)**
Service Income		**1,590,375**	**1,738,993**	**1,837,800**	**1,910,196**
Equity in the earnings of subsidiaries					
Equity in subsidiaries	12	104,553	54,698	-	-
Goodwill amortization	12	(2,710)	(3,031)	-	-
		101,843	**51,667**	**-**	**-**
Financial income					
Financial revenues	31	69,768	110,095	86,883	123,136
Financial expenses	31	(205,598)	(345,453)	(326,672)	(443,812)
		(135,830)	**(235,358)**	**(239,789)**	**(320,676)**
INCOME BEFORE TAXES		**1,556,388**	**1,555,302**	**1,598,011**	**1,589,520**
Income tax	10	(307,567)	(320,542)	(336,668)	(346,923)
Social contribution tax	10	(114,423)	(119,607)	(126,945)	(127,444)
NET INCOME FOR THE YEAR		**1,134,398**	**1,115,153**	**1,134,398**	**1,115,153**
NET INCOME PER SHARE IN R$		**1.74**	**1.71**	**-**	**-**

The accompanying notes are an integral part of these financial statements.

TRACTEBEL ENERGIA S.A.

CORPORATE TAXPAYER'S ID (CNPJ) 02.474.103/0001-19 | CORPORATE REGISTRY ID (NIRE) 42 3 0002438-4

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY – PARENT COMPANY
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
(in thousands of Reais)

	Note	Capital stock	Capital reserves	Profit Reserves		Retained earnings	Total
				Legal reserve	Retained earnings reserve		
BALANCES AS OF 12.31.2007		**2,445,766**	**91,695**	**249,496**	**29,896**	**-**	**2,816,853**
Effect of amendments to Law 11,638/07	2	-	-	-	(4,919)	-	**(4,919)**
Net income for the year		-	-	-	-	1,115,153	**1,115,153**
Profit allocation:							
- legal reserve	26	-	-	55,758	-	(55,758)	-
- dividends/interest on own capital – R$1.1586484519 per share	27	-	-	-	-	(756,299)	**(756,299)**
- retained earnings reserves	26	-	-	-	303,096	(303,096)	-
BALANCES AS OF 12.31.2008		**2,445,766**	**91,695**	**305,254**	**328,073**	**-**	**3,170,788**
Net income for the year		-	-	-	-	1,134,398	**1,134,398**
Management proposal of profit allocation:							
- legal reserve	26	-	-	56,720	-	(56,720)	-
- dividends/interest on own capital – R$0.9558426155 per share	27	-	-	-	-	(623,919)	**(623,919)**
- retained earnings reserves	26	-	-	-	453,759	(453,759)	-
BALANCES AS OF 12.31.2009		**2,445,766**	**91,695**	**361,974**	**781,832**	**-**	**3,681,267**

The accompanying notes are an integral part of these financial statements.

TRACTEBEL ENERGIA S.A.

CORPORATE TAXPAYER'S ID (CNPJ) 02.474.103/0001-19 | CORPORATE REGISTRY ID (NIRE) 42 3 0002438-4

STATEMENT OF CASH FLOW
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
(in thousands of Reais)

	Note	Company		Consolidated	
		2009	2008	2009	2008
Operating activities					
Net income for the year		1,134,398	1,115,153	1,134,398	1,115,153
Items not requiring outlay of cash:					
Depreciation and amortization	28	217,166	208,375	339,912	266,383
Equity in subsidiaries	12	(101,843)	(51,667)	-	-
Monetary and exchange variation, net		(82,542)	127,142	(82,364)	154,662
Net interest		62,339	80,672	146,311	147,461
Recording (reversal) of operating provision, net		35,970	(21,940)	46,098	(18,112)
Recovery of PIS and Cofins	30	-	(76,431)	-	(76,431)
Deferred income and social contribution taxes	10	(11,053)	(213)	(5,637)	(4,917)
Other		(2,986)	1,425	(2,794)	1,450
		1,251,449	**1,382,516**	**1,575,924**	**1,585,649**
Decrease (increase) in assets					
Consumers, concessionaires and permittees		16,365	(25,161)	(47,713)	(30,581)
Taxes and social contributions payable		1,969	25,363	(5,988)	26,511
Inventories		18,330	(8,273)	14,136	(8,705)
Collateral and restricted deposits		(18,124)	34,374	(62,798)	59,219
Sale of assets and rights		(6,476)	(7,013)	(6,476)	(7,323)
Fuel consumption account credits (CCC/CDE)		9,494	(10,757)	9,494	(10,757)
Other		1,564	213	(9,592)	(7,047)
		23,122	**8,746**	**(108,937)**	**21,317**
Increase (decrease) in liabilities					
Suppliers		21,990	(86,490)	33,749	(63,125)
Taxes and social contributions		(18,149)	140,450	(25,855)	99,452
Labor liabilities		3,024	6,667	2,345	4,742
Provision for contingencies		(9,524)	(8,767)	(9,519)	(7,235)
Post-employment benefits		(40,250)	(31,390)	(40,250)	(31,390)
Research and development obligations		(11,976)	9,992	(12,158)	11,302
Other		(7,354)	1,496	937	16,947
		(62,239)	**31,958**	**(50,751)**	**30,693**
Net cash from operating activities		**1,212,332**	**1,423,220**	**1,416,236**	**1,637,659**
Investment activities					
Increase in investments, net of cash and cash equivalents	12	(313,040)	(885,312)	(2,971)	(831,451)
Additions to property, plant and equipment		(110,238)	(69,923)	(315,563)	(401,700)
Investment in intangible assets	14	(3,603)	(607)	(4,621)	(65,331)
Dividends received from subsidiaries		4,071	64,402	-	-
Net cash used in investing activities		**(422,810)**	**(891,440)**	**(323,155)**	**(1,298,482)**
Financing activities					
Loans, financing and debentures		1,299,480	400,000	1,404,796	583,531
Payment of loans, financing and debentures		(789,897)	(103,476)	(946,795)	(187,011)
Cash and cash equivalents received from the merger of subsidiary		-	28,344	-	-
Related parties		(28,745)	-	(221,306)	-
Payment of dividends and interest on equity		(495,141)	(1,109,783)	(495,141)	(1,109,783)
Net cash used in financing activities		**(14,303)**	**(784,915)**	**(258,446)**	**(713,263)**
Total effects in cash and cash equivalents		**775,219**	**(253,135)**	**834,635**	**(374,086)**
Cash and cash equivalents					
Opening balance		318,620	571,755	420,005	794,091
Closing balance		1,093,839	318,620	1,254,640	420,005
		775,219	**(253,135)**	**834,635**	**(374,086)**

The accompanying notes are an integral part of these financial statements.

TRACTEBEL ENERGIA S.A.

CORPORATE TAXPAYER'S ID (CNPJ) 02.474.103/0001-19 | CORPORATE REGISTRY ID (NIRE) 42 3 0002438-4

STATEMENT OF VALUE ADDED
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
(in thousands of Reais)

	Note	Company		Consolidated	
		2009	2008	2009	2008
VALUE ADDED GENERATION					
Revenues from sales and services		3,119,941	3,087,914	3,886,319	3,793,323
Recovery of PIS and Cofins	30	-	76,431	-	76,431
Other		14,078	1,658	13,307	1,718
		3,134,019	**3,166,003**	**3,899,626**	**3,871,472**
(-) Input					
Materials	28	(21,453)	(21,042)	(23,300)	(22,733)
Outsourced services	28	(97,420)	(98,153)	(119,222)	(111,217)
Fuel for electricity production	28	(32,547)	(92,456)	(37,582)	(103,968)
Electricity purchased for resale		(199,914)	(166,619)	(392,099)	(445,773)
Transactions within CCEE		(121,881)	(40,988)	(123,945)	(44,909)
Electricity network usage charges		(217,027)	(205,160)	(263,029)	(235,556)
Insurances	28	(8,302)	(7,906)	(9,754)	(9,159)
Other		(50,272)	(24,235)	(59,988)	(33,372)
		(748,816)	**(656,559)**	**(1,028,919)**	**(1,006,687)**
GROSS VALUE ADDED		**2,385,203**	**2,509,444**	**2,870,707**	**2,864,785**
Depreciation and amortization	28	(217,166)	(208,375)	(339,912)	(266,383)
VALUE ADDED GENERATED, NET		**2,168,037**	**2,301,069**	**2,530,795**	**2,598,402**
VALUE ADDED RECEIVED IN TRANSFER					
Financial revenues	31	69,768	110,095	86,883	123,136
Equity in subsidiaries	12	101,843	51,667	-	-
VALUE ADDED TO DISTRIBUTE		**2,339,648**	**2,462,831**	**2,617,678**	**2,721,538**

To be continued

Continued

VALUE ADDED DISTRIBUTION

	Company				Consolidated			
	2009	**%**	**2008**	**%**	**2009**	**%**	**2008**	**%**
Compensation:								
Labor								
Payroll and charges	96,696	4.13	94,389	3.83	98,761	3.77	97,682	3.59
Benefits	35,014	1.50	30,731	1.25	35,213	1.35	30,889	1.13
FGTS (severance pay fund)	7,076	0.30	6,041	0.25	7,286	0.28	6,380	0.23
Profit sharing	16,929	0.72	14,905	0.61	17,010	0.65	14,982	0.55
	155,715	**6.65**	**146,066**	**5.94**	**158,270**	**6.05**	**149,933**	**5.50**
Government								
Federal taxes	687,701	29.40	663,026	26.92	793,973	30.33	766,468	28.17
State taxes	40,496	1.73	68,462	2.78	67,522	2.58	103,674	3.81
Municipal taxes	1,014	0.04	820	0.03	1,117	0.04	863	0.03
Sector charges	114,382	4.89	116,088	4.71	134,243	5.13	133,636	4.91
Charges on Aneel concession	23,498	1.00	42,785	1.74	60,990	2.33	83,371	3.06
	867,091	**37.06**	**891,181**	**36.18**	**1,057,845**	**40.41**	**1,088,012**	**39.98**
Third parties' capital								
Monetary/exchange charges and variations	162,904	6.96	292,106	11.86	243,760	9.31	343,427	12.62
Rentals	10,236	0.44	11,586	0.47	11,686	0.45	11,961	0.44
Other financial expenses	9,304	0.40	6,739	0.27	11,719	0.45	13,052	0.48
	182,444	**7.80**	**310,431**	**12.60**	**267,165**	**10.21**	**368,440**	**13.54**
Own capital								
Legal reserves	56,720	2.42	55,758	2.26	56,720	2.17	55,758	2.05
Interest on own capital	194,000	8.29	176,000	7.15	194,000	7.41	176,000	6.47
Dividends	429,919	18.37	580,299	23.56	429,919	16.42	580,299	21.32
Retained earnings	453,759	19.41	303,096	12.31	453,759	17.33	303,096	11.14
	1,134,398	**48.49**	**1,115,153**	**45.28**	**1,134,398**	**43.33**	**1,115,153**	**40.98**
	2,339,648	**100.00**	**2,462,831**	**100.00**	**2,617,678**	**100.00**	**2,721,538**	**100.00**

The accompanying notes are an integral part of these financial statements.

TRACTEBEL ENERGIA S.A.

CORPORATE TAXPAYER'S ID (CNPJ) 02.474.103/0001-19 | CORPORATE REGISTRY ID (NIRE) 42 3 0002438-4

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

1 – OPERATIONS

The Company is an independent utility concessionaire with its registered head office in the city of Florianópolis, State of Santa Catarina, engaged in the generation and sale of electricity, regulated by the National Electric Power Agency (Aneel), which is linked to the Ministry of Mines and Energy (MME).

The Company's installed capacity, including the interest in the consortium Itá and Machadinho increased to 6,431 MW, with São Salvador Hydroelectric Power Plant coming into commercial operation, 80% of which is derived from hydroelectric plants and 18% from thermoelectric power plants and 2% from alternative energy. The Company's electricity supply capacity, including the long-term purchase agreement entered into with subsidiary Itá Energética S.A. (Itasa), is 6,468 MW.

For 2010, the Company has, through its subsidiary Tractebel Energias Complementares Participações Ltda. (TBLP), former Gama Participações Ltda, two new projects under construction, which will add 38 MW to its generating facilities in 2010.

The main corporate events carried out in 2009 are summarized as follows:

a) Issuance of Securities

In March 2009, the Company carried out the 4th issuance of promissory notes in the amount of R$300,000, through restricted public distribution, of which were allocated for the payment of debts and to finance working capital.

In April 2009, the Company conducted the 3rd issuance of debentures, the second in the Company's Public Distribution Program scope, in the amount of R$600,000 were issued, whose funds were used for the full settlement of the promissory notes abovementioned and the partial payment of the debt represented by the promissory notes issued in May 2008 and due in May 2009.

In December 2009 the 4th issuance of debentures was carried out, in a restricted offer, in the amount of R$400,000. The funds raised in this issuance will be allocated to the acquisition of SUEZ Energia Renovável (SER), which holds an interest in the Estreito Consortium (see details below), cost reduction and debt rescheduling; and to increase the working capital for the Company to conduct its businesses.

More information on said issuances is presented in Notes 17 and 18.

b) Acquisition of wind energy generation projects

In November 2009, the Company acquired, through its wholly-owned subsidiary TBLP, companies that owned wind energy generation projects in the state of Ceará and whose installed capacity totals 121.9 MW. Some of these projects qualified in the reserve energy auction promoted by the Aneel in December, but their energy was not contracted due to the low bids placed in the auction. For further information, see note 12.b.2.

c) Acquisition of SUEZ Energia Renovável S.A. (SER)

On 12.21.2009 the Company entered into a Purchase and Sale Agreement for the entirety of the common shares issued by SER. SER holds a 40.07% interest in the Estreito Energia Consortium (Ceste), a consortium created for the implementation and exploration of the Estreito Hydropower Plant (UHE Estreito), which is currently under construction in the border between the states of Tocantins and Maranhão and has installed capacity of 1,087 MW. The amount to be paid in the acquisition will be of R$604,390, and the main conditions of this transaction can be found on Note 38.

Non-financial information provided herein, such as average MW, installed capacity, number of employees, etc., is not examined by the independent auditors.

2 – PRESENTATION OF THE FINANCIAL STATEMENTS

The financial statements was prepared pursuant to the accounting practices adopted in Brazil, in accordance with the Brazilian Corporation Law, in conjunction with the Accounting Pronouncement Committee (CPC) and the regulation of the Brazilian Securities and Exchange Commission (CVM) and, when applicable, the regulation of the Brazilian Electricity Regulatory Agency (Aneel). The amounts presented, texts and tables, are expressed in thousands (of reais and other currencies), except where otherwise indicated.

First-time adoption of the amendments to the accounting practices adopted in Brazil

The Company is adopting the provisions set forth by Law No. 11,638/07, which altered, revoked and added new provisions to the Brazilian Corporation Law (Law No. 6,404/76). Said law was designed primarily to update accounting practices as contemplated in Brazilian Corporate Law, so as to enable the convergence of the Brazilian accounting practices with accounting standards generally accepted in the international capital markets.

The Company is also adopting Provisional Measure 449/08, converted into Law No. 11,941/09, which was issued, introducing some changes to the corporate law, Law No. 6,404/76, and creating the Transition Tax Regime (RTT) for determining the taxable income. The RTT established, for the years 2008-2009, the possibility of tax neutrality on the accounting adjustments resulting from the adoption of the changes brought by Law No. 11,638/07 for the companies which haven't adhered to the RTT. This regime will be in force until a law governing the tax effects of the new accounting methods and criteria is created.

The transition date used to apply the provisions set forth by Law No. 11,638/07 and Provisional Measure 449/08 was 1.1.2008, as provided for in CVM Resolution 565/08.

Changes introduced by this law constitute a change in accounting practices; however, as set forth by the aforementioned CVM Resolution, all adjustments with an impact on income were made against retained earnings on the transition date, with no retroactive effect over the financial statements.

Effects on shareholders' equity as of 12.31.2008, resulting from the first-time adoption of Law No. 11,638/07 and Provisional Measure 449/08, resulted from the writing-off, in the consolidated, of deferred expenses in the amount of R$6,689 (R$4,919 net of tax effects), which could not be reclassified to property, plant and equipment or intangible assets.

Changes in Brazilian accounting practices applicable as of 2010

The enactment of Law No. 11,638/07 updated the Brazilian Corporate Law to enable the process of convergence of accounting practices adopted in Brazil with international accounting standards (IFRS). As a result, new accounting rules and technical pronouncements have been issued pursuant to the international accounting standards by CPC.

Up to the date of preparation of these financial statements, 26 new technical pronouncements (CPC) and 12 technical interpretations (ICPC), as described below, had been issued by CPC and approved by CVM Resolutions, to be mandatorily applied as of 2010 and retroactive to 2009 for comparability purposes. The Company did not early apply said pronouncements in 2009, as authorized by the CVM.

The technical pronouncements and interpretations issued in 2009 were:

CPC	Title
15	Business combination
18	Investment in subsidiary
19	Interest in joint ventures
20	Borrowing costs
21	Interim statements

CPC	Title
22	Information per segment
23	Accounting policies, changes in estimates, and error rectification
24	Subsequent event
25	Provisions, contingent liabilities and contingent assets
26	Presentation of the financial statements
27	Fixed assets
30	Revenues
32	Taxes on income
33	Benefits to employees
36	Consolidated financial statements
37	First-Time Adoption of the IFRS
38	Financial instruments: Recognition and measurement
39	Financial instruments: Presentation
40	Financial instruments: Disclosure
43	First-Time Adoption of Technical Pronouncements CPC 15 to 40

ICPC	Title
01	Concession Contracts
03	Additional aspects of leasing operations
07	Distribution of non-cash dividends
08	Accounting for the proposal for the payment of dividends
09	Individual Financial Statements, Separate Financial Statements, Consolidated Financial Statements, and Applying the Equity Method of Accounting
10	Clarifications on Technical pronouncements CPC 27 - Property, Plant and Equipment; and CPC 28 – Investment Property

The Company has analyzed the respective technical pronouncements and believes that except for technical interpretation ICPC 08, whose effects are addressed below, the remaining pronouncements shall not result in relevant impacts to its financial statements.

ICPC 08 says the amount of dividends above the minimum provided for by law and not approved at a meeting shall not be provisioned for, and shall be presented as a separate item under shareholders' equity. If this technical interpretation had been adopted for the year ended on 12.31.2009, current liabilities would be understated and equity would be overstated in the amount of R$81,913.

Consolidated financial statements

Intercompany balances, transactions and investments in investees are eliminated in consolidation, as well as balances of assets and liabilities and revenues and expenses resulting from operations among the consolidate companies.

The components of assets and liabilities, revenues and expenses of Itasa were consolidated in proportion to the Company’s interest in this investee’s capital stock, as it is joint-controlled.

Because the parent company’s interest in the other subsidiaries is of 99.99%, there was no effect in the non-controlling shareholding in the consolidated financial statements. Further information on the subsidiaries that have been consolidated can be found on Note 12.

The Company’s Board of Executive Officers authorized the completion of these Financial Statements at a meeting held on 02.22.2010.

Reclassifications

Energy sub-market swap contracts have been presented in net amounts under gross revenue since January 2009. As an attempt to facilitate the analysis between comparable periods, the items “Gross operating revenues” and “Electric energy purchased for resale” referring to 2008, in the consolidated result, have been reclassified, from R$3,834,117 to R$3,793,323 in “Gross operating revenues” and from R$486,567 to R$445,773 in “Electric energy purchased for resale”.

Transmission charges, which up to the year ended on 12.31.2008 had been recorded in the group of accounts named "Selling expenses, have been reclassified to "Electric energy and services costs". In order to keep consistent comparability for the years presented, the amounts referring to the year ended on 12.31.2008 have been reclassified.

3 – SUMMARY OF THE MAIN ACCOUNTING PRACTICES

a) Financial instruments - are classified as held for trading and held to maturity depending on the purpose of said instruments. Those held for trading are stated at fair value, with their effects recognized in income, and those held to maturity, they are measured at the acquisition cost plus income earned, less provision for adjusting to recoverable value, when applicable. The Company does not have instruments classified as available for sale, which should be stated at fair value, with their effects recognized in the assets valuation adjustment account, when applicable.

b) Cash and cash equivalents – cash equivalents are maintained with the purpose of covering short-term liabilities, and consist of cash balance, spot bank deposits, and highly liquid financial investments that are promptly convertible into an amount of cash subject to an insignificant risk of change in value. These are classified as financial instruments allocated to trading and are recorded at cost value plus income earned to the balance sheet date, which corresponds to the financial instrument's fair value.

c) Consumers, concessionaires and permittees – these are financial assets held to maturity, net of provision for adjustment to realizable value, if applicable..

d) Allowance for doubtful accounts – was recorded at an amount deemed sufficient by the Company's management to offset eventual losses in the realization of receivables from consumers, concessionaires and permittees and from other credits, based on individual analysis of existing credits.

e) Deferred income tax and social contribution (Deferred tax assets) - are calculated at the rate of 25% and 9%, respectively, valid on the balance sheet date, and they are recognized based on temporary differences. The segregation between current and non-current takes place according to the prospects for realization of the amounts that originate them. The subsidiary PPESA is partly exempt from income tax for the period of 10 years as from 2006, as it is located in an incentive area of the Amazon Development Superintendence.

f) Inventories - raw materials, inputs used in energy production and warehousing are recorded at weighted average cost of acquisition, not exceeding the market value. Advances to suppliers are recorded at cost.

g) Other assets – those subject to interests and exchange variation are financial instruments held to maturity and restated according to contract conditions up to the balance sheet date, while the remaining assets are recorded at acquisition cost. Both are net of provisions for impairment losses, if applicable..

h) Investments – investments in subsidiaries and in jointly-owned subsidiaries are measured by the equity method and the other investments are recognized at acquisition cost, which does not exceed the market value.

i) Property, plant and equipment – is recorded at the acquisition or construction cost, deducted from accumulated depreciation and impairment losses, if applicable. The depreciation is calculated by the straight-line method, based on the Aneel's annual rates, limited to the Plants' term of concession, when applicable, based on the accounting balances recorded at the Registration Units (UC) comprising the projects. The Company understands that such rates reflect the useful lives of its property, plant and equipment. The average annual depreciation rates ascertained by the Company and its subsidiaries are shown in Note 13-a.

Interest and other financial charges plus inflation effects from third-party financings effectively used in construction in progress are computed as cost of said property, plant and equipment. Up to 12.31.1998, interest on own capital related to construction in progress was capitalized, pursuant to the electric energy sector specific legislation.

j) Intangibles - those with a determined useful life are recorded at acquisition cost, net of accumulated amortization ascertained by the straight-line method. Those with an undetermined useful life, if applicable, are accounted for at cost and are not amortized. Both are submitted to impairment test on a yearly basis or whenever there is indication that the intangible asset might have lost value.

k) Impairment test – the Company periodically evaluates property, plant and equipment items and intangible assets as an attempt to identify impairment losses in these cash generating units or intangible assets, or when events or significant changes indicate the book value might not be recoverable. If the book value exceeds the recoverable value, this loss is recognized in the profit or loss for the period. The Company believes there is no indication that its cash generating units or intangible assets will not be recovered with future operations.

l) Loans, financing and debentures – are financial instruments held to maturity and are adjusted by the exchange rates or contractual indexes and by interest incurred until the balance sheet date, deducted from costs incurred in fund raising (refer to Note 17 and Note 18).

m) Other obligations – are recorded at known or determinable amounts plus, where applicable, the corresponding charges and monetary variations incurred.

n) Reserve for contingencies – are created through the evaluation and quantification of the risks related to tax, civil, labor matters, whose likelihood of loss is deemed probable. Said reserves are stated net of escrow deposits related to them. Said reserves are adjusted by the indexes or rates established by tax authorities, and legal counsel fees related to such reserves are recorded.

o) Post-employment benefits – are recorded based on actuarial evaluation by the Projected Unit Credit Method, complemented by amounts projected by actuarial evaluation and adjusted monthly according to contractual indexes for agreed to obligations (see Note 24).

p) Adjustment to present value – assets and liabilities from long- or short-term operations, in the event of material effects, are adjusted to present value based on market discount rates.

q) Income for the year – income and expenses are recorded in accordance with the accrual basis of accounting.

r) Recognition of inflation effects – only the effects of monetary variations on assets and liabilities indexed as a result of legal and contractual provisions are reflected. In compliance with Law No. 9249, of 12.26.1995, as of January 1996 the adjustment for inflation ended. Therefore, amounts corresponding to permanent assets and shareholders' equity are adjusted only through 12.31.1995.

s) Use of estimates – the preparation of the financial statements pursuant to the accounting practices adopted in Brazil requires that the Company's management resort to estimates when recording certain transactions that affect its assets, liabilities, income and expenses, as well as the disclosure of information in its financial statements. Actual results of these transactions and information may differ from those estimates. The main estimates related to the financial statements refer to the useful life of property, plant and equipment, impairment evaluation of assets, recording of allowance for doubtful accounts, reserve for contingencies and post-employment benefits, as well as to the presentation of their liabilities profile and realization of the respective deferred tax assets.

4 – CASH AND CASH EQUIVALENTS

	Company		Consolidated	
	2009	2008	2009	2008
Cash and bank deposits cash	7,501	8,761	42,522	25,389
Citibank - Exclusive Investment Fund				
Repurchase agreement with Federal Government and Securities [1]				
National Treasury Notes (NTN – B)	1,085,336	258,434	1,188,297	313,385
Financial Treasury Bill (LFT)	-	25,473	-	30,890
National Treasury Bill (LTN)	-	13,201	-	16,008
	1,085,336	297,108	1,188,297	360,283
Treasury Bills (LFT)	-	12,751	-	15,463
	1,085,336	309,859	1,188,297	375,746
Financial Institutions [2]				
Bank Certificates of Deposit (CDB)	1,002	-	2,084	8,373
Purchase and sale commitments in debentures	-	-	21,737	10,497
	1,002	-	23,821	18,870
	1,093,839	**318,620**	**1,254,640**	**420,005**

[1] Sale of securities with repurchase commitments assumed by the seller, concurrent with the resale commitment assumed by the buyer. These transactions have immediate liquidity, yield by fixed interest rates and are backed by federal government securities.

[2] Banco Safra, Banco Itaú Unibanco Holding S.A, Banco do Brasil, Banco Votorantim, Banco Bradesco and Caixa Econômica Federal (CEF).

The Company structured its temporary cash investments to concentrate its funds in an exclusive, balanced investment fund, the shares of which can be redeemed at any time without impairing its yield. Said financial instrument is classified as held for trading, being measured at cost increased by earnings calculated up to the balance sheet date, which corresponds to its fair value.

Exclusive funds do not entail significant financial obligations, which are limited to asset management, investment transaction and audit fees, in addition to general and administrative expenses.

The Company's policy defines cash and cash equivalents as cash, demand deposits and financial investments with immediate liquidity, which are classified as allocated to trading.

Tractebel Energia S.A. (TBLE) had financial investments in Bank Deposit Certificates – CDB, in the amount of R$2,603, at Banco Santos, balance of which was fully provisioned for losses due to the adjudication of bankruptcy of the bank in 2005.

5 – CONSUMERS, CONCESSIONAIRES AND PERMITTEES

	Company				
	2009				2008
	Current	Past-due		Total	Total
		Up to 90 days	Over 90 days		
Current assets					
Concessionaries	187,986	-	-	187,986	179,973
Sellers	106,003	15,406	-	121,409	145,290
Free Consumers	21,327	166	183	21,676	36,848
Exports	-	-	740	740	740
Transactions within CCEE					
- Current	14,453	7,874	538	22,865	3,809
- Agents with lawsuits or in default	110,498	-	12,076	122,574	122,574
- Other	-	-	-	-	4,381
	124,951	7,874	12,614	145,439	130,764
	440,267	**23,446**	**13,537**	**477,250**	**493,615**
(-) Allowance for doubtful accounts	(110,498)	-	(12,076)	(122,574)	(122,574)
	329,769	**23,446**	**1,461**	**354,676**	**371,041**

Amounts receivable from sellers past-due up to 90 days correspond to outstanding invoices from wholly-owned subsidiary Tractebel Energia Comercializadora Ltda. (TBLC), which were settled in January 2010.

	Consolidated				
	2009				2008
	Current	Past-due		Total	Total
		Up to 90 days	Over 90 days		
Current assets					
Concessionaries	251.120	-	-	251.120	212.305
Sellers	62.733	-	-	62.733	62.298
Free Consumers	92.074	2.677	183	94.934	101.125
Exports	-	-	740	740	740
Transactions within CCEE					
- Current	15.277	8.078	542	23.897	4.862
- Agents with lawsuits or in default	110.498	-	13.944	124.442	124.442
- Other	-	-	-	-	4.381
	125.775	8.078	14.486	148.339	133.685
	531.702	**10.755**	**15.409**	**557.866**	**510.153**
(-)Allowance for doubtful accounts	(110.498)	-	(12.076)	(122.574)	(122.574)
	421.204	**10.755**	**3.333**	**435.292**	**387.579**

The average term for amounts related to electricity sale invoices is 25 days as from the billing date.

Agents with lawsuits or default

The allowance for doubtful debtors related to outstanding amounts was recognized due to the uncertainties as to the realization of receivables arising from transactions made within Wholesale Energy Market (MAE), current Electric Power Trade Chamber (CCEE) in the September 2000 to September 2002 period, whose debtor agents filed lawsuits because they disagreed with the interpretation adopted by MAE in connection with the Overall Agreement for the Electric Energy Sector.

Amounts past-due for more than 90 days, identified as "Agents with lawsuits or in default", refer substantially to transactions within MAE, related to debts of agents in default during the 1st settlement of the MAE, on 12.30.2002. Such amounts are under bilateral negotiations. However, due to uncertainties as to their credit, the Company maintains an allowance for doubtful accounts, in the amount of R$12,076, regardless of the actions applicable to the case.

6 – RECOVERABLE TAXES

	Company		Consolidated	
	2009	2008	2009	2008
Current				
ICMS (state VAT)	7,189	15,973	8,973	16,027
Income Tax	146	-	9,841	3,292
Social Contribution tax	-	-	5,514	1,226
Cofins (tax on revenue)	4,015	3,568	37,425	6,392
PIS (tax on revenue)	865	769	8,119	1,730
INSS (social security contribution)	3,040	2,419	3,048	4,028
	15,255	**22,729**	**72,920**	**32,695**
(-) Allowance for losses on ICMS credits	-	(5,660)	-	(5,660)
	15,255	**17,069**	**72,920**	**27,035**
Noncurrent				
ICMS (state VAT)	10,507	6,392	13,460	9,944
Cofins (tax on revenue)	11,685	8,215	47,564	74,370
PIS (tax on revenue)	2,563	1,809	10,352	16,171
INSS (social security contribution)	3,106	6,197	3,106	6,197
	27,861	**22,613**	**74,482**	**106,682**

The provision for losses on the realization of accrued ICMS credit was recognized due to the difficulties to offset all ICMS over the purchase of fuel for production of electricity in William Arjona Thermoelectric Power Plant, in the state of Mato Grosso do Sul, since the substantial part of the sale of electricity in that State occurred with deferred ICMS.

In 2008, Tractebel Energia received a Notice from the State Treasury of state of Mato Grosso do Sul informing that the Company would not be entitled to maintain ICMS accrued credits, claiming that electricity sales with deferred or not assessment of ICMS does not entitle to maintain tax credits. In that sense, the Company decided to write-off the balance of said credit, in the amount of R$34,478, and to allocate the respective provision in order to recover said balance. This year, the Company wroteoff the remaining balance of R$5,660 and the respective provision for losses due to the impossibility of recovering the credit.

PIS and Cofins recoverable amounts mainly refer to the option for using the right to credits on building constructions and purchases, acquisition of machines and equipment, pursuant to specific laws, credits which are offset in 24 and 48 months, respectively, from the beginning of commercial operation of the Plants.

7 – INVENTORIES

	Company		Consolidated	
	2009	2008	2009	2008
Raw materials and inputs for energy production	5,969	21,458	10,453	21,458
Supplies	22,190	20,111	22,904	20,800
Advances to suppliers	10,504	12,933	10,508	13,244
Other	756	3,247	787	3,286
	39,419	**57,749**	**44,652**	**58,788**

Supplies include materials necessary for the operation and maintenance of the Company's generating units. Advances to suppliers were substantially made for the acquisition of raw materials (coal) for the production of energy.

8 – COLLATERALS AND RESTRICTED DEPOSITS

	Company		Consolidated	
	2009	2008	2009	2008
Current				
Reserve account (CCEE)	31,491	-	33,511	1,414
Non-current				
Reserve account – debt service	-	-	63,738	25,162
	31,491	**-**	**97,249**	**26,576**

Reserve account (CCEE): Its purpose is to ensure the financial liquidity of electric energy purchase and sale in the CCEE, in conformity with that market's rules. These resources are invested in Bank Deposit Certificates (CDB) and in debentures repurchase and resale operations.

Reserve account (debt service): Pursuant to the requirements of agreements with funding agents, the Brazilian Development Bank (BNDES), the Brazilian BRDE development bank (Banco Regional de Desenvolvimento do Extremo Sul), Banco do Brasil (BB), and the Brazilian Savings Bank, the Company's subsidiaries keep restricted financial resources allocated to guarantee the payment of debt services. These resources are also invested in CDB and debentures repurchase and resale operations, and shall be held at a reserve account for the agreements' duration.

Investments in the reserve accounts mentioned above are made at eligible banks according to the Company's Financial Management Policy.

9 – DEFERRED TAX ASSETS

	Company				
	2009				2008
Type of credit	Tax basis	Income tax	Social contribution	Total	Total
Interest on property, plant and equipment in progress (RIC)	145,865	36,466	-	36,466	36,637
Post-employment benefits	263,890	65,972	23,750	89,722	72,255
Allowance for doubtful accounts	122,574	30,643	11,032	41,675	41,675
Reserve for contingencies	109,430	27,358	9,849	37,207	37,668
Provision for losses on ICMS credits	-	-	-	-	1,924
Supplementary depreciation of William. Arjona Thermoelectric Power Plant	18,508	4,627	1,666	6,293	7,429
Adjustment to present value of receivables	13,875	3,469	1,249	4,718	6,144
Incorporated goodwill	14,587	3,647	1,313	4,960	6,526
Other	15,673	3,919	1,409	5,328	5,057
		176,101	**50,268**	**226,369**	**215,315**
Classification of deferred tax assets:					
Current		12,227	3,083	15,310	13,642
Noncurrent		163,874	47,185	211,059	201,673
		176,101	**50,268**	**226,369**	**215,315**

Type of credit	Consolidated				
	2009				2008
	Tax basis	Income tax	Social contribution	Total	Total
Interest on property, plant and equipment in progress (RIC)	145,865	36,466	-	36,466	36,637
Post-employment benefits	263,890	65,972	23,750	89,722	72,255
Allowance for doubtful accounts	122,574	30,643	11,032	41,675	41,675
Reserve for contingencies	138,632	29,290	12,478	41,768	40,766
Provision for losses on ICMS credits	-	-	-	-	1,924
Supplementary depreciation of William. Arjona Thermoelectric Power Plant	18,508	4,627	1,666	6,293	7,429
Adjustment to present value of receivables	13,875	3,469	1,249	4,718	6,144
Incorporated goodwill	14,587	3,647	1,313	4,960	6,526
Other	67,651	7,473	6,086	13,559	9,563
		181,587	**57,574**	**239,161**	**222,919**
Classification of deferred tax assets:					
Current		12,658	3,238	15,896	14,488
Noncurrent		168,929	54,336	223,265	208,431
		181,587	**57,574**	**239,161**	**222,919**

Deferred tax assets deriving from temporary differences will be realized upon the payment of the provisions recognized or, where applicable, upon realization of accrued losses.

The estimated realization of deferred tax assets and their recovery through the generation of future taxable income is as follows:

	Company	Consolidated
Recorded deferred tax assets		
2010	15,310	15,896
2011	27,233	34,136
2012	26,249	27,488
2013	16,759	17,904
2014	26,357	27,488
2015 to 2016	72,205	73,167
2017 to 2019	42,256	43,082
	226,369	**239,161**
Unrecorded deferred tax assets		
2020	734	734
2021	734	734
2022	734	734
2023 to 2025	2,202	2,202
2026 to 2028	2,202	2,202
2029 and thereafter	1,686	1,686
	8,292	**8,292**
	234,661	**247,453**

The unrecorded deferred tax assets corresponds to RIC, whose realization is made proportionally to the depreciation of the underlying assets, which currently exceeds 10 years, resulting in unrecorded deferred tax assets, in compliance with CVM Rule 371/02, as of 06.27.2002.

10 – TAX RECONCILIATION

	Company			
	2009		2008	
	Income tax	Social contribution	Income tax	Social contribution
Income before taxes	**1,556,388**	**1,556,388**	**1,555,302**	**1,555,302**
Permanent Differences				
Goodwill amortization	2,710	2,710	3,031	-
Management bonuses and 13th salary	2,464	-	2,389	-
Donations	4,930	4,930	3,715	3,715
Equity in subsidiaries	(104,553)	(104,553)	(54,698)	(54,698)
Interest on own capital	(194,000)	(194,000)	(176,000)	(176,000)
Reversal of amortized goodwill in the merger of subsidiary	-	-	(23,032)	-
RIC	(14,655)	-	(14,655)	-
Other	(3,039)	(3,039)	1,613	414
Tax basis	**1,250,245**	**1,262,436**	**1,297,665**	**1,328,733**
Tax rates	25%	9%	25%	9%
Income and social contribution taxes	**(312,562)**	**(113,620)**	**(324,416)**	**(119,586)**
Tax Incentives	4,971	-	3,872	-
Other	24	(803)	2	(21)
Income and social contribution taxes - statement of income	**(307,567)**	**(114,423)**	**(320,542)**	**(119,607)**
Breakdown of taxes in the statement of income:				
Current	(315,649)	(117,394)	(320,699)	(119,663)
Deferred	8,082	2,971	157	56
	(307,567)	**(114,423)**	**(320,542)**	**(119,607)**

	Consolidated			
	2009		2008	
	Income tax	Social contribution	Income tax	Social contribution
Income before taxes	**1,598,011**	**1,598,011**	**1,589,520**	**1,589,520**
Permanent Differences				
Goodwill amortization	13,517	13,517	3,031	-
Management bonuses and 13th salary	2,612	-	2,537	-
Donations	5,012	5,012	7,265	7,265
Interest on own capital	(194,000)	(194,000)	(176,000)	(176,000)
Reversal of amortized goodwill in the merger of subsidiary	-	-	(23,032)	-
RIC (*)	(14,655)	-	(14,655)	-
Adjustment in subsidiary taxed based on deemed income	(17,487)	(14,778)	(4,835)	(3,263)
Other	(4,901)	(4,826)	15,408	11,734
Tax basis	**1,388,109**	**1,402,936**	**1,399,239**	**1,429,256**
Tax rates	25%	9%	25%	9%
Income and social contribution taxes	**(347,028)**	**(126,265)**	**(349,809)**	**(128,634)**
Adjustments to Income tax and social contribution of previous year	(2,123)	31	(1,695)	172
Tax Incentives	11,661	-	4,481	-
Other	822	(711)	100	1,018
Income and social contribution taxes - statement of income	**(336,668)**	**(126,945)**	**(346,923)**	**(127,444)**
Breakdown of taxes in the statement of income:				
Current	(341,891)	(127,359)	(348,875)	(130,409)
Deferred	5,223	414	1,952	2,965
	(336,668)	**(126,945)**	**(346,923)**	**(127,444)**

The subsidiary PPESA has a reduction of income tax and surcharges equivalent to 75% on exploration profits for the period of 10 years as from 2006, as it is located in an incentive area of the Sudam. Such reduction, amounting R$6,608 (R$3,894 in 2008), is presented in the tax incentives group, in the chart above.

11 – SALES OF ASSETS AND RIGHTS

	Company and Consolidated	
	2009	2008
Classification in the balance		
Current	-	17,448
Noncurrent	86,886	68,469
	86,886	**85,917**

The aforementioned amount corresponds to the accounting balance receivable from Elétrica Jacuí S.A. – Eleja related to the sale of Jacuí thermoelectric project, net of present value adjustment of R$13,875 (R$18,071 in 2008). Eleja is a special purpose entity (SPE) controlled by an owner of exploration rights of coal mines in the Jacuí project's region, which, pursuant to the agreement, assumed the responsibility for completing the project.

As a guarantee for the fulfillment of the contractual obligations, including the payment of the purchase price, Eleja granted Tractebel Energia liens on the rights, goods and machinery and mortgage on the properties and related accessories sold under the agreement entered into by the parties.

The terms of the agreement set forth that the sale amounts must be adjusted based on the IGP-DI (general price index – domestic supply) and received in 36 installments beginning with the commencement of operations of Jacuí Thermoelectric Power Plant or four years after the sale date. As contractual amounts are at future prices, the Company discounted the price to present value based on the discount rate of 10% p.a., a rate that meets the market requirements at the transaction date.

In 2008, the Company started a negotiation sales process of said credit to a company prospect interested in investing in Eleja. However, in 2Q09, the negotiations were ended without a completion.

As of February 2009, Eleja failed to pay the due monthly installments, whose accrued amount on 12.31.2009 was R$16,266. In July 2009, after many unsuccessful attempts so that Eleja resumed payments due, the Company concluded that it had no other option than to file for tax foreclosure of such credit.

Said tax foreclosure, as set forth in an agreement, was in an amount equivalent to the total debt, since Eleja's default results that all existing debt is automatically considered overdue and payable. Prudently, the Company stopped recognizing interest and inflation adjustments over the amounts receivable from Eleja as of July 2009. Additionally, in view of the uncertainty so as to the settlement term of the above referred credit, the Company reclassified the balance presented under current assets on 6.30.2009 to non-current assets. On 12.31.2009, the face value of the debt, restated by the IGP-DI, was R$100,253.

Should Eleja's default persists, the tax foreclosure allows to seize assets used as collateral to settle the overdue amounts. Currently, these assets that may be pledged have a market value that is enough to retrieve the recorded credit, and that is why the Company's Management did not deem necessary to record any provision for losses.

The execution proceeding is pending order in court and the Company's management is making every effort to have the summons delivered soon.

12 – INVESTMENTS

a) Breakdown

	Company		Consolidated	
	2009	2008	2009	2008
Investments in subsidiaries:				
Accounted for under the equity method				
Equity in subsidiaries	1,945,501	1,535,327	-	-
Goodwill	35,780	38,490	-	-
Accounted for at acquisition cost	28,796	28,796	31,767	28,796
Assets and rights for future use	1,895	1,895	1,895	1,895
Other Investments	121	121	121	121
	2,012,093	**1,604,629**	**33,783**	**30,812**

In accordance with the accounting practices adopted in Brazil, up to 12.31.2009, assets and liabilities recorded in the opening balance sheet of the entities acquired are acknowledged as an investment by the acquiring company, and goodwill ascertained in acquisitions correspond to the amount paid which exceeds the book value of the shareholders' equity of the entity acquired. This procedure was adopted by the Company in the individual balance sheets of Tractebel Energia and its subsidiaries, used as a vehicle to acquire companies.

In order to prepare the consolidated balance sheet, the Company considered that the goodwill paid in acquisitions is based on the exploration of the right to use a public asset, provided for in the concession agreements. This is recorded under property, plant and equipment, jointly with the amount of each concession considered part of these assets, when applicable, because this right is not separable, that is, it cannot be sold or transferred separately from the property, plant and equipment.

b) Investments in subsidiaries

b.1) Accounted for under the equity method

	2009				2008	
Companies	Batch of One thousand shares or quotas	Interest (%)	Net Income (Loss)	Shareholders' Equity	Net Income (Loss)	Shareholders' Equity
Itasa [1]	253,607	48.75	50,011	636,194	35,160	598,059
CEM [2]	-	-	-	-	11,122[*]	-
CESS [3]	309,289	99.99	18,610	324,801	(185)	270,474
Lages [4]	30,530	99.99	16,831	64,056	7,187	47,225
TBLC [5]	4,200	99.99	40,278	72,077	27,599	31,799
EAS [6]	645,270	99.99	14,655	653,481	(6,445)	638,826
TBLP [7]	509,010	99.90	(9,725)	497,632	(1,652)	235,170
Delta [8]	24,468	99.99	(475)	23,040	(68)	20,007
Lagoa Formosa [9]	270	99.99	(1)	269	-	270

[*] *Net income on 2.29.2008, reference date for the merger of Tractebel Energia.*
[1] *Itá Energética S.A. (Itasa).*
[2] *Companhia Energética Meridional (CEM), merged on 2.29.2008.*
[3] *Companhia Energética São Salvador (CESS), commercial operation started in August 2009.*
[4] *Lages Bioenergética Ltda. (Lages).*
[5] *Tractebel Energia Comercializadora Ltda. (TBLC).*
[6] *Energia América do Sul Ltda. (EAS), Specific Purpose Entity (SPE) used as tool for the acquisition of 99.99% of PPESA.*
[7] *Tractebel Energias Complementares Participações Ltda (TBLP), former Gama Participações Ltda, SPE used as tool for the acquisition of 99.99% of Tupan Energia Elétrica S.A. (Tupan), Hidropower Energia S.A. (Hidropower), Eólica Beberibe S.A. (Beberibe), Eólica Pedra do Sal S.A. (Pedra do Sal), Hidrelétrica Areia Branca S.A. (Areia Branca) and Econergy Brasil Serviços Corporativos Ltda. (EBSC), and for the interest in Ibitiúva Bioenergética S.A. (Ibitiúva).*
[8] *Delta Energética S.A. (Delta), SPE used as tool for the acquisition of Seival Participações S.A.*
[9] *Lagoa Formosa Bioenergética Ltda. (Lagoa Formosa).*

Changes in investments

Equity in subsidiaries

Subsidiaries	Balances as of 12.31.2007	Merger of subsidiary	Capital increase	Equity in subsidiaries	Dividends	Adjustment of Law 11,638/07	Balances as of 12.31.2008
Itasa	284,419	-	-	17,140	(7,500)	(2,505)	291,554
CEM	443,744	(454,866)	-	11,122	-	-	-
CESS	268,943	-	3,000	(185)	-	(1,284)	270,474
Lages	40,345	-	-	7,187	-	(307)	47,225
TBLC	4,200	-	-	27,599	-	-	31,799
EAS	1	-	645,270	(6,445)	-	-	638,826
TBLP	1	-	236,821	(1,652)	-	-	235,170
Delta	20,898	-	-	(68)	-	(823)	20,007
Lagoa Formosa	50	-	220	-	-	-	270
Other	1	-	1	-	-	-	2
	1,062,602	**(454,866)**	**885,312**	**54,698**	**(7,500)**	**(4,919)**	**1,535,327**

Subsidiaries	Balances as of 12.31.2008	Capital increase	Equity in subsidiaries	Dividends	Write-off	Balances as of 12.31.2009
Itasa	291,554	-	24,380	(5,790)	-	310,144
CESS	270,474	37,345	18,610	(1,628)	-	324,801
Lages	47,225	-	16,831	-	-	64,056
TBLC	31,799	-	40,278	-	-	72,077
EAS	638,826	-	14,655	-	-	653,481
TBLP	235,170	272,187	(9,725)	-	-	497,632
Delta	20,007	3,508	(475)	-	-	23,040
Lagoa Formosa	270	-	(1)	-	-	269
Other	2	-	-	-	(1)	1
	1,535,327	**313,040**	**104,553**	**(7,418)**	**(1)**	**1,945,501**

Goodwill – Company

Subsidiaries	Balances as of 12.31.2007	Merger of subsidiary	Amortization	Balances as of 12.31.2008	Amortization	Balances as of 12.31.2009
Itasa	5,721	-	(2,288)	3,433	(2,288)	1,145
CEM	22,289	(21,546)	(743)	-	-	-
CESS	35,057	-	-	35,057	(422)	34,635
	63,067	**(21,546)**	**(3,031)**	**38,490**	**(2,710)**	**35,780**

Goodwill amortization is based on the economic right to use a public asset, provided for in the concession agreements, pursuant to CVM Resolution 618/09. Goodwill at CESS will be amortized up to 04.22.2037, and goodwill at Itasa, up to 06.30.2010.

Information on subsidiaries

Tractebel Energia's simplified corporate structure is presented on the management report included in the complete financial statements.

1) Itá Energética S.A. (Itasa) - jointly-owned subsidiary

Itasa has as business purpose the exploitation of Itá Hydroelectric Power Plant, in a joint venture by means of a consortium, upon concession granted by the Federal Government through Aneel, with a 35-year term of effectiveness, as from 12.28.1995. The plant is located on the Uruguay River, on the border of Santa Catarina and Rio Grande do Sul States and has an installed capacity of 1,450 MW and average guaranteed energy of 720 MW. Under the Consortium Agreement, Itasa is entitled to 60.5% of average 668 MW.

Shares representing Itasa's Capital Stock are held by Tractebel Energia, Companhia Siderúrgica Nacional (CSN) and Companhia de Cimento Itambé, proportionally to 48.75%, 48.75% and 2.50%, respectively.

The main accounting groups under assets, liabilities and income of the jointly-owned subsidiary are shown below, and they have been consolidated in the financial statements being presented proportionally to the Company's investment in the subsidiary's Capital:

ASSETS	**2009**	**2008**
Current assets	79,207	60,077
Non-current assets		
Long-term assets	4,184	5,657
property, plant and equipment	857,427	899,114
Intangible assets	20,516	30,769
	882,127	935,540
TOTAL	**961,334**	**995,617**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities	117,447	117,628
Non-current liabilities	207,693	279,930
Shareholders' Equity	636,194	598,059
TOTAL	**961,334**	**995,617**
INCOME		
Gross operating revenues	251,953	233,150
Deductions from operational revenue	(25,500)	(23,659)
Net revenue from sales	**226,453**	**209,491**
COST OF ELECTRICITY PRODUCTION	**(93,432)**	**(90,849)**
GROSS INCOME	**133,021**	**118,642**
OPERATING REVENUES (EXPENSES)		
General and administrative expenses	(33,581)	(20,447)
Other revenues (expenses), net	1,658	(95)
	(31,923)	**(20,542)**
Income from services	**101,098**	**98,100**
Financial expenses, net	**(25,413)**	**(45,030)**
INCOME BEFORE TAXES	**75,685**	**53,070**
Income tax and social contribution	(25,674)	(17,910)
NET INCOME FOR THE YEAR	**50,011**	**35,160**

2) Merger of Subsidiary Companhia Energética Meridional (CEM)

On 3.28.2008, Tractebel Energia merged its wholly-owned subsidiary CEM, through the assignment of its net assets, on base date 2.29.2008, in the amount of R$454,866, based, at book value, on a specialists appraisal.

CEM held the concession of Cana Brava Hydroelectric Power Plant, located on the Tocantins River, north of the State of Goiás, with an installed capacity of 450 MW and average guaranteed energy of 273.4 MW. The concession to build and exploit the business venture is valid for 35 years, starting on 08.27.1998, and it was transferred to the Company after completion of the merger transaction.

3) Companhia Energética São Salvador (CESS)

CESS holds the concession of the São Salvador Hydropower Plant (UHSA), located in the Tocantins River, in the Municipalities of São Salvador do Tocantins and Paranã, in the State of Tocantins, with minimum installed capacity of 243.2 MW, and 148.5 average MW of assured power. The concession duration is of 35 years as of 4.23.2002, date of execution of the Concession Agreement.

In October 2006, at the 3rd Auction of New Energy, CESS sold, for a period of 30 years starting on January 2011, average 148 MW in contracts to energy distributing companies taking part in the Regulated Contracting Environment (ACR).

The first generating unit started its commercial operation on August 2009, and the second unit, by the end of November 2009.

4) Lages Bioenergética Ltda. (Lages)

Lages holds the authorization of Aneel to, through the Lages thermoelectric generation unit, located in the city of Lages, State of Santa Catarina, operate as an independent energy generator using a 28 MW steam turbo generator, which consumes wood waste as fuel. The authorization to build and operate the project is effective for 30 years, starting on 10.30.2002.

In 2006, the Cogeneration Plant was registered with the Executive Committee of the United Nations Clean Development Mechanism (CDM) for using wood waste to trade carbon credits.

5) Tractebel Energia Comercializadora Ltda. (TBLC)

The company's corporate purpose is the sale of electric energy in the free trading market, including the purchase, sale, import and export of electricity, as well as intermediation of any of these operations and entering into business transactions arising from these activities.

6) Energia América do Sul Ltda. (EAS)

EAS is a Company's wholly-owned subsidiary, who is the controlling shareholder of Ponte de Pedra Energética S.A. (PPESA). PPESA, on the other hand, holds the concession of Ponte de Pedra Hydroelectric Power Plant, a hydroelectric plant with installed capacity of 176.1 MW (average guaranteed energy of 131.6 MW), which is in a commercial operation since September 2005, located on the Correntes River in the State of Mato Grosso. It is also partly exempt from income tax for a 10-year period as from 2006, for it is located in an incentive area of Sudam – Amazon Development Superintendence.

Goodwill paid by EAS was based on the exploration of the right to use a public asset provided for in the concession agreement and, in the consolidated, it is recorded under property, plant and equipment together with the amount of each concession considered as part of this asset, because this is a non-separable right, that is, it cannot be sold or transferred separately from the property, plant and equipment. Goodwill will be amortized during the concession granted by the Aneel, which expires on 9.30.2034. The balance on 12.31.2009 was R$391,521, net of accumulated amortization in the amount of R$26,113.

7) Tractebel Energias Complementares Participações Ltda. (TBLP)

The corporate purpose of TBLP, previously named Gama Participações Ltda., is to hold interest in other companies' capital, and to carry out the alternative energy projects developed by its parent company Tractebel Energia.

Goodwill paid by TBLP in the acquisition of the companies listed below was based on the exploration of the right to use a public asset provided for in concession or authorization agreements and, in the consolidated, it is recorded under property, plant and equipment together with the amount of each concession considered as part of this asset, because this is a non-separable right, that is, it cannot be sold or transferred separately from the property, plant and equipment.

Below we provide information on TBLP's subsidiaries:

7.1) Tupan Energia Elétrica S.A. (Tupan)

Tupan holds an authorization granted by Aneel to explore Rondonópolis Small Hydroelectric Power Plant, with installed capacity of 26.6 MW, and it started operations in December 2007. The small hydroelectric plant is located in Rondonópolis, State of Mato Grosso, on the Ponte de Pedra River and has average guaranteed energy of 14 MW. Tupan has 118.36 GWh/year of energy contracted with Centrais Elétricas do Brasil S.A. (Eletrobrás), by means of the Incentive Program to Alternative Sources of Electric Energy (Proinfa), until 2027 at the price of R$159.20/MWh (at 12.31.2009).

Goodwill paid by TBLP will be amortized within the duration of the authorization granted by the Aneel, which expires on 12.18.2032. The balance on 12.31.2009 was R$86,991, net of accumulated amortization in the amount of R$3,796.

7.2) Hidropower Energia S.A. (Hidropower)

Hidropower is authorized by Aneel to explore Engenheiro José Gelazio da Rocha Small Hydroelectric Power Plant, with installed capacity of 23.7 MW, which started operations in February 2007. The small hydroelectric plant is located in Rondonópolis, State of Mato Grosso, on the Ponte de Pedra River and has average guaranteed energy of 11.9 MW. Hidropower has 100.49 GWh/year of energy contracted until 2027 with Eletrobrás, through Proinfa, at the price of R$159.20/MWh (at 12.31.2009).

Goodwill paid by TBLP will be amortized within the duration of the authorization granted by the Aneel, which expires on 12.18.2032. The balance on 12.31.2009 was R$79,517, net of accumulated amortization in the amount of R$3,470.

7.3) Eólica Beberibe S.A. (Beberibe)

Beberibe S.A. holds an authorization granted by Aneel to explore Beberibe Wind Farm, with installed capacity of 25.60 MW and average guaranteed energy of 9,8 MW. It is located in Beberibe, State of Ceará, and has 85.07 GWh/year of energy contracted for 20 years with Eletrobrás, through Proinfa, at the price of R$256.83/MWh (at 12.31.2009). The company started its commercial operation in September 2008.

Goodwill paid by TBLP will be amortized within the duration of the authorization granted by the Aneel, which expires on 8.3.2033. The balance on 12.31.2009 was R$48,877, net of accumulated amortization in the amount of R$2,073.

7.4) Eólica Pedra do Sal S.A. (Pedra do Sal)

Pedra do Sal S.A. holds an authorization granted by Aneel to explore Pedra do Sal Wind Farm, with installed capacity of 17.85 MW and average guaranteed energy of 8 MW. It is located in Parnaíba, State of Piauí, and has 66.29 GWh/year of energy contracted for 20 years with Eletrobrás, through Proinfa, at the price of R$243.96/MWh (at 12.31.2009). The company's commercial operation started in December 2008.

Goodwill paid by TBLP will be amortized within the duration of the authorization granted by the Aneel, which expires on 10.1.2032. The balance on 12.31.2009 was R$23,744, net of accumulated amortization in the amount of R$1,092.

7.5) Hidrelétrica Areia Branca S.A. (Areia Branca)

Areia Branca S.A. holds an authorization granted by Aneel to explore Areia Branca Small Hydroelectric Power Plant, with installed capacity of 19.80 MW. It is located in Caratinga, State of Minas Gerais, and has 90.84 GWh/year of energy contracted for 20 years with Eletrobrás, through Proinfa, at the price of R$159.51/MWh (at December 31, 2009). The commercial operation of the company is scheduled to start in the second quarter of 2010.

Goodwill paid by TBLP will be amortized within the duration of the authorization granted by the Aneel, which expires on 5.2.2030. The balance on 12.31.2009 was R$7,676, net of accumulated amortization in the amount of R$377.

7.6) Econergy Brasil Serviços Corporativos Ltda. (EBSC)

EBSC is a company that provides administrative and technology services to the aforementioned companies and was acquired in December 2008.

7.7) Ibitiúva Bioenergética S.A. (Ibitiúva)

Ibitiúva was created in 2008 to take part, through the Andrade Consortium, in the 1st Reserve Energy Auction promoted by Aneel.

Andrade Consortium, which is comprised of Ibitiúva and Andrade Açúcar e Álcool S.A., subsidiary of Açúcar Guarani S.A., sold 20 average MW of electric energy in said Auction for the restated price of R$167.17/MWh (at 12.31.2009), to be supplied for 15 years, as from 2010.

The electric energy sold will be produced by Destilaria Andrade Thermoelectric Power Plant, being built in the city of Pitangueiras, State of São Paulo. Destilaria Andrade will have an installed capacity of 33 MW and average guaranteed energy of 20 MW, and will use as fuel the bagasse resulting from sugarcane processing at the sugar and alcohol producing plant Andrade of Guarani Group. The estimated investment to build the Plant is R$120,000 with own funds and financing, which is close to conclusion, with BNDES.

Construction works started on 4.27.2009 and have been developed at a fast pace in order to meet the implementation schedule, which estimates operations will begin in the second quarter of 2010.

7.8) Wind Energy Generation Projects

In August 2009, TBLP acquired, for R$2,998, companies that own wind energy generation projects of the so-called Trairí Project, whose installed capacity totals 121.9 MW. Five of these projects participated in the reserve energy auction promoted by the Aneel in December 2009, but their energy was not contracted.

The acquired projects have wind measurements, energy generation certification, preliminary environmental licenses, and leasing agreement. The basic and environmental impact projects, required for the implementation license, are currently being executed.

Goodwill paid by TBLP in the amount of R$2,971 is based on acquired rights and will be amortized within the duration of the authorizations, following the beginning of the trading operations of the companies.

The Company is currently analyzing the best alternative to make the implementation of the aforementioned projects viable..

8) Lagoa Formosa Bioenergética Ltda. (Lagoa Formosa)

The company is a wholly-owned subsidiary of Tractebel Energia and was established to build São João Cogeneration Plant, a sugarcane biomass-fired plant in a consortium with company Dedini Açúcar e Álcool Ltda. (Dedini), from the Dedini Agro Group.

In September 2007, Dedini was acquired by the Spanish group Abengoa, which decided to discontinue said partnership. However, Tractebel Energia would be entitled to a financial compensation for the breach of the agreement entered into by the parties. The project had sold 23 average MW, starting as from 2010, in the First Auction of Alternative Power Sources conducted by Aneel in June 2007, and the commitment to build and deliver lies with Dedini.

In 2008, the Company received part of the undisputed amount of the lawsuit related to a contractual fine in the amount of R$2,959 and the amount that the Company considers indemnifiable remains in dispute.

In November of the present year, a transaction instrument was executed between the Company and Abengoa following an execution action, formalizing an agreement pursuant to which Abengoa shall pay to Tractebel Energia the amount of R$10,000 in order to offset damages and loss of profit incurred. This has closed the litigation between the parties and this amount is recognized in the result of fiscal year 2009.

Lagoa Formosa has not carried out operating activities up to the present year.

9) Delta Energética S.A. (Delta)

Delta holds the controlling interest of Seival Participações S.A. (Seival), a specific purpose holding that owns 99.99% of the capital stock of Usina Termelétrica Seival Ltda (UTE Seival), headquartered in the city of Charqueadas (state of Rio Grande do Sul).

The acquisition of Seival primarily sought to add benefits to the development of the project for exporting electricity to Uruguay, since this company holds the rights (including Aneel's permit, preliminary authorization and property purchase option) to build and operate a coal-fired thermoelectric power plant in Candiota, State of Rio Grande do Sul, with installed power of up to 540 MW.

The acquisition price was R$23,813 and the difference between the amount paid and the book value of Seival was R$19,528, which will be amortized from the start of Seival's commercial operations.

In 2009, the Companies did not carry out operating activities.

b.2) Evaluated at Acquisition Cost

Machadinho Energética S.A. (Maesa)

The Company holds an investment of R$28,793 at Maesa, evaluated at acquisition cost and considering the fact that the Company does not hold the sole or joint control of this investment, which is equivalent to a corporate interest of 2.82%. Maesa is a specific purpose company created to contract the supply of goods and services necessary to implement the Machadinho Hydropower Plant (UHE Machadinho) and to obtain funding and the respective guarantees to build the entrepreneurship. The Machadinho Consortium is composed of Tractebel Energia S.A., in which Tractebel has an interest of 19.28%, and other consortium member companies, which altogether hold an interest of 80.72%.

13 – PROPERTY, PLANT AND EQUIPMENT

a) Breakdown

	Company				
	2009				2008
	Average depreciation rates	Adjusted cost	Accumulate depreciation/ amortization	Net	Net
In service					
Hydroelectric generation					
Salto Santiago plant	2.42	645,107	(534,962)	110,145	120,623
Salto Osório plant	2.68	333,147	(246,513)	86,634	93,194
Passo Fundo plant	2.35	121,064	(96,517)	24,547	26,085
Itá plant (consortium)	3.58	1,233,372	(308,935)	924,437	968,610
Machadinho plant (consortium)	3.18	179,851	(37,032)	142,819	149,148
Cana Brava plant	3.03	964,585	(192,280)	772,305	805,808
		3,477,126	**(1,416,239)**	**2,060,887**	**2,163,468**
Thermoelectric generation					
Jorge Lacerda Complex	4.69	2,556,432	(1,546,683)	1,009,749	1,074,101
Charqueadas Plant	8.34	63,119	(51,734)	11,385	8,000
Alegrete Plant	3.62	8,289	(7,403)	886	933
William Arjona Plant	4.31	174,706	(83,580)	91,126	95,260
		2,802,546	**(1,689,400)**	**1,113,146**	**1,178,294**
General equipment and other	10.00	**60,236**	**(25,517)**	**34,719**	**25,430**
		6,339,908	**(3,131,156)**	**3,208,752**	**3,367,192**
In progress					
Hydroelectric generation					
Salto Santiago plant		7,181	-	7,181	4,737
Salto Osório plant		4,148	-	4,148	1,465
Other plants (additional plants)		1,348	-	1,348	3,193
		12,677	**-**	**12,677**	**9,395**
Thermoelectric generation					
Jorge Lacerda Complex		41,510	-	41,510	21,447
Charqueadas Plant		52,571	-	52,571	21,998
Other Plants (additional plants)		601	-	601	236
		94,682	**-**	**94,682**	**43,681**
General and other equipment		**5,107**	**-**	**5,107**	**3,824**
		112,466	**-**	**112,466**	**56,900**
Total property, plant and equipment		**6,452,374**	**(3,131,156)**	**3,321,218**	**3,424,092**
Special obligations		**(10,395)**	**-**	**(10,395)**	**(9,755)**
		6,441,979	**(3,131,156)**	**3,310,823**	**3,414,337**

	Consolidated				
	2009				2008
	Average depreciation rates	Adjusted cost	Accumulate depreciation/ amortization	Net	Net
In service					
Hydroelectric generation					
Salto Santiago plant	2.42	645,107	(534,962)	110,145	120.623
Salto Osório plant	2.68	333,147	(246,513)	86,634	93.194
Passo Fundo plant	2.35	121,064	(96,517)	24,547	26.085
Itá plant (consortium)	3.58	1,777,400	(436,552)	1,340,848	1.405.332
São Salvador plant	3.62	1,276,151	(18,031)	1,258,120	-
Machadinho plant (consortium)	3.18	179,851	(37,032)	142,819	149.148
Cana Brava plant	3.03	964,585	(192,280)	772,305	805.808
Ponte de Pedra plant	3.66	1,187,747	(111,106)	1,076,641	1.121.642
PCH Rondonópolis	4.04	184,484	(10,432)	174,052	181.618
PCH Engenheiro José Gelazio da Rocha	3.80	156,011	(10,731)	145,280	151.360
		6,825,547	**(1,694,156)**	**5,131,391**	**4.054.810**
Thermoelectric generation					
Jorge Lacerda Complex	4.69	2,556,432	(1,546,683)	1,009,749	1.074.101
Charqueadas Plant	8.34	63,119	(51,734)	11,385	8.000
Alegrete Plant	3.62	8,289	(7,403)	886	933
Lages cogeneration unit	4.38	76,164	(18,275)	57,889	60.837
William Arjona Plant	4.31	174,706	(83,580)	91,126	95.260
		2,878,710	**(1,707,675)**	**1,171,035**	**1.239.131**
Eolian generation					
Beberibe plant	4.70	185,770	(11,732)	174,038	182.610
Pedra do Sal plant	4.08	118,610	(5,546)	113,064	-
		304,380	**(17,278)**	**287,102**	**182.610**
General equipment and other	10.00	**61,129**	**(25,678)**	**35,451**	**25.665**
		10,069,766	**(3,444,787)**	**6,624,979**	**5.502.216**
In progress					
Hydroelectric generation					
Salto Santiago plant		7,181	-	7,181	4,737
Salto Osório plant		4,148	-	4,148	1,465
São Salvador plant		49,805	-	49,805	870,081
PCH Areia Branca		133,518	-	133,518	98,586
Other plants (additional plants)		2,835	-	2,835	4,717
		197,487	**-**	**197,487**	**979,586**
Thermoelectric generation					
Jorge Lacerda Complex		41,510	-	41,510	21,447
Charqueadas Plant		52,571	-	52,571	21,998
Andrade Plant distillery		62,378	-	62,378	10,180
Other Plants (additional plants)		4,233	-	4,233	1,070
		160,692	**-**	**160,692**	**54,695**
Eolian generation - Pedra do Sal		**174**		**174**	**107,792**
General equipment and other		**5,221**	**-**	**5,221**	**3,854**
		363,574	**-**	**363,574**	**1,145,927**
Total property, plant and equipment		**10,433,340**	**(3,444,787)**	**6,988,553**	**6,648,143**
Special obligations		**(10,520)**	**-**	**(10,520)**	**(9,880)**
		10,422,820	**(3,444,787)**	**6,978,033**	**6,638,263**

b) Changes in property, plant and equipment

	Company			Consolidated		
	In service	In progress	Total	In service	In progress	Total
Balance as of 12.31.2007	**2,670,671**	**64,027**	**2,734,698**	**4,010,038**	**724,178**	**4,734,216**
Additions						
Salto Osório plant	-	12,354	12,354	-	12,354	12,354
Cana Brava plant	825,608	476	826,084	-	-	-
Ponte de Pedra plant	-	-	-	1,129,404	7,374	1,136,778
São Salvador plant	-	-	-	-	288,516	288,516
Rondonópolis plant	-	-	-	181,923	-	181,923
Eng. José Gelazio da Rocha plant	-	-	-	151,626	-	151,626
Areia Branca plant	-	-	-	-	98,586	98,586
Jorge Lacerda complex	-	23,467	23,467	-	23,467	23,467
Charqueadas Plant	-	20,007	20,007	-	20,007	20,007
Andrade Plant distillery	-	-	-	-	10,180	10,180
Beberibe plant	-	-	-	197,490	-	197,490
Pedra do Sal plant	-	-	-	-	107,815	107,815
Other plants	472	17,494	17,966	598	18,681	19,279
Transfer of deferred and intangible assets	-	-	-	3,196	255	3,451
Transfer of PIS and Cofins realizable credits (*)	-	-	-	(13,459)	(72,427)	(85,886)
Transfers	80,925	(80,925)	-	93,059	(93,059)	-
Depreciation	(207,467)	-	(207,467)	(248,627)	-	(248,627)
Write-offs	(3,017)	-	(3,017)	(3,032)	-	(3,032)
Balance as of 12.31.2008	**3,367,192**	**56,900**	**3,424,092**	**5,502,216**	**1,145,927**	**6,648,143**
Additions						
Salto Osório plant	-	3,563	3,563	-	3,563	3,563
Salto Santiago plant	-	7,490	7,490		7,490	7,490
São Salvador plant	-	-	-	-	455,875	455,875
Areia Branca plant	-	-	-	-	34,930	34,930
Jorge Lacerda complex	-	55,556	55,556	-	55,556	55,556
Charqueadas Plant	-	35,417	35,417	-	35,417	35,417
Andrade Plant distillery	-	-	-	-	52,199	52,199
Pedra do Sal plant	-	-	-	-	10,815	10,815
Other plants	-	8,469	8,469	-	13,370	13,370
Transfers	54,929	(54,929)	-	1,451,119	(1,451,119)	-
Depreciation	(211,961)	-	(211,961)	(326,756)	-	(326,756)
Write-offs	(1,408)	-	(1,408)	(1,600)	(449)	(2,049)
	3,208,752	**112,466**	**3,321,218**	**6,624,979**	**363,574**	**6,988,553**
Special obligations	(10,395)	-	(10,395)	(10,520)	-	(10,520)
Balance as of 12.31.2009	**3,198,357**	**112,466**	**3,310,823**	**6,614,459**	**363,574**	**6,978,033**

(*) *Transfer to current assets of PIS and Cofins credits on CESS's acquisitions of machinery and equipment and buildings, and their realization in the long term.*

As mentioned in Note 23, in 2009, the Company registered a concession in the São Salvador HPP. The remunerated granting of the concession and the corresponding liability upon the Federal Government were recorded at the concession's present value under property, plant and equipment in contra account to current and noncurrent liabilities.

c) Depreciation of assets comprising the Plants' Original Project

Law 8,987/95, of 2.13.2005, which provides for the concession and authorization regime for the rendering of public services, sets forth in its Article 36: *"The reversion, upon completion of the contractual term, shall take place with compensation of the installments of the investments related to revertible assets, not yet amortized or depreciated, which have been realized seeking to guarantee the continuity and updating of the service provided"*.

Decree 2003, of 9.10.1996, which provides for the production of electricity by independent producers and self-producers, sets forth in its Article 20 that "*At the end of the concession or authorization term, the assets and facilities related to the independent production and the self-production of electricity through hydroelectric plants shall become part of the Federal equity, by means of compensation of the investments not yet amortized"*.

Paragraph 1. For determining the compensation to be paid, the amount of subsequent investments, approved and realized, not established in the original project, and the depreciation ascertained through audit by the Concession Grantor, shall be taken into account.

Paragraph 2. In the case of thermoelectric power plants, compensation for realized investments shall not be payable; however, the independent producer or the self-producer is entitled to remove the facilities.

Considering the interpretation of the aforementioned laws (i.e., at the end of the concession term, a compensation of the residual value established in the Original Project shall not be granted by the Concession Grantor), the Company, as of 1.1.2007, has depreciated said assets at the rates determined by Aneel, limited to the concession term, even though the agreements and the law provide for the possibility that the concession is renewed.

d) Allocation of financial charges

Financial charges linked to CESS's and Areia Branca's financing, whose amounts in the consolidated for 2009 were R$41,175 and R$4,923, respectively, are being capitalized in property, plant and equipment in progress. In 2008, CESS' accrued amount was R$44,890.

e) Special obligations

They refer to obligations linked to the electric power utility service and represent amounts invested in the projects under concession, with Federal Government funds and donations not contingent upon any return for the benefit of the donor. Such obligations will be settled at the end of the related concessions, established by the Concession Grantor.

f) Asset impairment

The Company periodically evaluates the property, plant and equipment and intangible assets aiming to identify evidences leading to the impairment of these assets, or, when events or significant changes indicate that the book value may not be recoverable. Should the book value of the asset exceed the recoverable value, this loss is recognized in the result for the period. So far, there is no impairment found in the Company's assets.

g) Regulatory Body concessions and authorizations

The Company and its subsidiaries hold the following electricity concessions and authorizations:

	Holder of Concession or Authorization	Installed capacity MW	Granting date	Expiration
I – Concessions				
Salto Santiago plant	Company	1,420	9.28.1998	9.27.2028
Salto Osório plant	Company	1,078	9.28.1998	9.27.2028
Passo Fundo plant	Company	226	9.28.1998	9.27.2028
Itá plant	Company/Itasa	1,450	12.28.1995	10.16.2030
Machadinho plant	Company	1,140	7.15.1997	7.14.2032
Cana Brava plant	Company	450	8.27.1998	8.26.2033
Ponte de Pedra plant	PPESA	176	10.1.1999	9.30.2034
São Salvador plant	CESS	243	4.23.2002	4.22.2037
II–Authorizations				
Jorge Lacerda Complex	Company	857	9.28.1998	9.27.2028
Charqueadas plant	Company	72	9.28.1998	9.27.2028
Alegrete plant	Company	66	9.28.1998	9.27.2028
William Arjon plant	Company	190	6.2.2000	4.28.2029
Destilaria Andrade plant	Andrade Consortium	40	4.5.2000	4.4.2030
Lages cogeneration unit	Lages	28	10.30.2002	10.29.2032
Rondonópolis plant	Tupan	27	12.19.2002	12.18.2032
Eng. José Gelazio da Rocha plant	Hidropower	24	12.19.2002	12.18.2032
Areia Branca plant	Areia Branca	20	5.3.2000	2.5.2030
Pedra do Sal wind farm	Pedra do Sal	18	10.2.2002	10.1.2032
Beberibe wind farm	Beberibe	26	8.4.2003	8.3.2033

The concession related to Itá Hydroelectric Power Plant is shared with the jointly-owned subsidiary Itasa (see note 12-b.1) and the Company has 1,090 MW of the installed capacity. Regarding the concession of Machadinho Hydroelectric Power Plant, Tractebel Energia holds 404 MW of the total installed. The remaining interest belongs to other concessionaires taking part in the Machadinho Consortium (see note 12-b.2).

h) Restriction on assets

According to Articles 63 and 64 of Decree No. 41019, of 2.26.1957, assets and facilities used in the generation, transmission, distribution and sale of electric power are attached to such services and cannot be removed, disposed of or pledged as mortgage guarantees without the prior and express authorization of the Regulatory Agency. Resolution 20/99 of Aneel regulates the removal of restriction on assets of Electric Power Public Service concessions, granting previous authorization for the removal of restrictions on assets unserviceable to the concession, when meant for disposal, and further sets forth that the proceeds of disposals be deposited in a blocked bank account for investing in the concession.

i) Assets of the Federal Government used by the Company

The Company holds and operates Alegrete Thermoelectric Power Plant, composed of two generation units with a total capacity of 66 MW and a residential village with 15 houses, located in the city of Alegrete, State of Rio Grande do Sul, owned by the Federal Government and granted under special use.

14 – INTANGIBLE ASSETS

a) Breakdown

	Company					
	2009			2008		
	Adjusted cost	Accumulated amortization	Net	Adjusted cost	Accumulated amortization	Net
License	14,730	(10,138)	4,592	11,110	(9,225)	1,885
Goodwill merged from CEM	44,578	(30,932)	13,646	44,578	(26,623)	17,955
	59,308	**(41,070)**	**18,238**	**55,688**	**(35,848)**	**19,840**

	Consolidated					
	2009			2008		
	Adjusted cost	Accumulated amortization	Net	Adjusted cost	Accumulated amortization	Net
License	17,260	(11,058)	6,202	15,741	(9,475)	6,266
Electricity purchase right	64,561	-	64,561	64,561	-	64,561
Goodwill merged from CEM	44,578	(30,932)	13,646	44,578	(26,623)	17,955
Goodwill merged from Itasa	72,793	(61,668)	11,125	72,793	(54,388)	18,405
Seival Participações goodwill	19,528	-	19,528	19,528	-	19,528
	218,720	**(103,658)**	**115,062**	**217,201**	**(90,486)**	**126,715**

The license and electricity purchase right have established useful lives. The first is being accrued within five years and the second will be amortized during the effectiveness of the purchase agreement from 2013 to 2023.

Merged goodwill of CEM and Itasa also has a determined useful life and will be amortized up to February 2013 and December 2011 respectively. The amortization of goodwill paid by Seival Participações will take place from the start of the plant's commercial operation, whose date may not be estimated yet due to the phase of the project.

b) Changes

	Company	Consolidated
Balance as of 12.31.2007	**2,185**	**72,081**
Right to use - entry	607	770
Right to purchase energy - entry	-	64,561
Transfers from deferred assets and property, plant and equipment	-	7,059
Transfer of goodwill of the merger of CEM	17,956	-
Amortization	(908)	(17,756)
Balance as of 12.31.2008	**19,840**	**126,715**
Right to use - entry	3,603	4,621
Transfer to property, plant and equipment	-	(3,118)
Amortization	(5,205)	(13,156)
Balance as of 12.31.2009	**18,238**	**115,062**

15 – UNITS 4 AND 5 OF UTE WILLIAM ARJONA

Generating units 4 and 5 of the William Arjona Thermal Power Plant, with total capacity of 70 MW, used natural gas to generate electric energy and were implemented with the specific purpose of supplying the Comercializadora Brasileira de Energia Emergencial (CBEE), pursuant to the Electric Energy Supply Agreement executed on 1.10.2002, valid through 12.31.2004.

The Company's Management had considered the possibility of shutting down these generating units by the end of the agreement with the CBEE. In line with this possibility, the Company has amortized the economic value of these assets for the period of their utilization, reaching a residual value that is compatible with the estimated divestiture value.

On 10.26.2004, the Company's Management informed the Brazilian Ministry of Mines and Energy that after the end of the agreement with the CBEE, said generating units would be maintained and would be available for a centralized operation, according to the rules and procedures of the Brazilian Power System Operator (ONS), as of 1.1.2005 and under the same conditions of units 1, 2 and 3.

Therefore, the depreciation process for said units has not been interrupted. Concomitantly with the depreciation, the Company has been reversing the accelerated amortization recognized within the duration of the agreement with the CBEE.

The residual value of generating units 4 and 5 on 12.31.2009 and 2008 is R$33,134.

16 – SUPPLIERS

	Company		Consolidated	
	2009	2008	2009	2008
Electricity purchase	53,766	46,492	76,770	78,579
Transactions within CCEE	370	2,002	2,325	3,851
Electric network usage charges	69,742	64,196	76,502	67,852
Fossil fuels/biomass	630	-	798	145
Material and services	46,511	36,339	89,722	61,940
	171,019	**149,029**	**246,117**	**212,367**

17 – LOANS AND FINANCING

a) Breakdown

	Company					
	2009			2008		
	Current	Noncurrent	Total	Current	Noncurrent	Total
Foreign currency						
National Treasury, net of deposited guarantees	15,824	127,240	143,064	24,173	175,841	200,014
BNP Paribas (Floating Rate Note)	-	100,293	100,293	-	129,526	129,526
Deutsche Bank	-	-	-	4,490	-	4,490
Charges	3,060	-	3,060	4,568	-	4,568
	18,884	**227,533**	**246,417**	**33,231**	**305,367**	**338,598**
Domestic currency						
Eletrobrás	30,318	10,796	41,114	27,445	41,114	68,559
BNDES	14,965	34,917	49,882	14,947	49,823	64,770
Banco do Brasil	3,529	3,530	7,059	3,529	7,059	10,588
Promissory Notes	-	-	-	400,000	-	400,000
Charges	258	-	258	33,367	-	33,367
	49,070	**49,243**	**98,313**	**479,288**	**97,996**	**577,284**
	67,954	**276,776**	**344,730**	**512,519**	**403,363**	**915,882**

	Consolidated					
	2009			2008		
	Current	Noncurrent	Total	Current	Noncurrent	Total
Foreign currency						
National Treasury, net of deposited guarantees	15,824	127,240	143,064	24,173	175,841	200,014
BNP Paribas (Floating Rate Note)	-	100,293	100,293	-	129,526	129,526
Deutsche Bank	-	-	-	4,490	-	4,490
Charges	3,060	-	3,060	4,568	-	4,568
	18,884	**227,533**	**246,417**	**33,231**	**305,367**	**338,598**
Domestic currency						
Eletrobrás	30,318	10,796	41,114	27,445	41,114	68,559
BNDES	75,412	573,608	649,020	47,816	389,259	437,075
Financing agents (BNDES)	71,504	561,833	633,337	52,650	725,722	778,372
Banco do Brasil	7,495	30,630	38,125	7,495	38,125	45,620
BRDE	6,835	11,391	18,226	6,826	18,203	25,029
Caixa Econômica Federal (CEF)	5,479	49,315	54,794	5,157	51,574	56,731
Promissory Notes	-	-	-	400,000	-	400,000
ABN AMRO Real	-	-	-	55,026	-	55,026
Bradesco	-	-	-	829	-	829
Charges	5,419	-	5,419	35,438	10,961	46,399
	202,462	**1,237,573**	**1,440,035**	**638,682**	**1,274,958**	**1,913,640**
	221,346	**1,465,106**	**1,686,452**	**671,913**	**1,580,325**	**2,252,238**

In May 2008, the Company issued forty (40) Promissory Notes in the total amount of R$400,000, which expired and were redeemed in May 2009. The financial settlement was held using their own funds and the ones resulting from the Company's 3rd issue of common debentures, as mentioned in Note 18.

In March 2009, the Company concluded the restricted public distribution process, of the 4th Issuance of Promissory Trading Notes, held pursuant to provisions set forth by CVM Rule 400, in which 300 Promissory Notes totaling R$300,000 were issued, maturing in March 2010, whose coordinator was Banco Votorantim. Said Promissory Notes were paid in advance, in April 2009, with funds deriving from the Company's 3rd issue of common debentures, as described in Note 18.

b) Changes in loans and financing

	Company			Consolidated		
	Current	**Noncurrent**	**Total**	**Current**	**Noncurrent**	**Total**
Balance as of 12.31.2007	**71,255**	**345,302**	**416,557**	**121,024**	**970,731**	**1,091,755**
Additions	400,000	-	400,000	416,708	166,823	583,531
Merged into CEM	15,203	62,153	77,356	-	-	-
Acquired by PPESA	-	-	-	42,023	252,135	294,158
Acquired by TBLP (*)	-	-	-	54,488	225,025	279,513
Transfers	64,727	(64,727)	-	142,906	(142,906)	-
Charges	72,475	110	72,585	114,956	47,992	162,948
Exchange variation	10,879	69,364	80,243	11,275	69,364	80,639
Interest on deposited guarantees	-	(8,839)	(8,839)	-	(8,839)	(8,839)
Amortization	(122,020)	-	(122,020)	(231,467)	-	(231,467)
Balance as of 12.31.2008	**512,519**	**403,363**	**915,882**	**671,913**	**1,580,325**	**2,252,238**
Additions	300,000	-	300,000	309,000	96,316	405,316
Transfers	66,619	(66,619)	-	222,709	(222,709)	-
Charges	58,862	54	58,916	110,439	71,196	181,635
Exchange variation	(7,866)	(69,816)	(77,682)	(7,866)	(69,816)	(77,682)
Interest on deposited guarantees	-	9,794	9,794	-	9,794	9,794
Amortization	(862,180)	-	(862,180)	(1,084,849)	-	(1,084,849)
Balance as of 12.31.2009	**67,954**	**276,776**	**344,730**	**221,346**	**1,465,106**	**1,686,452**

(*) Refers to additions related to loans of subsidiaries Tupan, Hidropower, Pedra do Sal, Eólica Beberibe and Areia Branca, acquired by TBLP, a wholly-owned subsidiary of the Company.

c) Breakdown by foreign currency and local indices

	Company					
	2009			2008		
	Currency – in thousands	**Reais**	**%**	**Currency – in thousands**	**Reais**	**%**
Foreign currency						
US dollar (USD)	83,265	144,981	42.06	89,076	208,169	22.73
Euro (EUR)	40,456	101,436	29.42	40,279	130,429	14.24
		246,417	**71.48**		**338,598**	**36.97**
Local currency						
CDI		-	-		433,011	47.28
TJLP		50,093	14.53		65,045	7.10
Not indexed		48,220	13.99		79,228	8.65
		98,313	**28.52**		**577,284**	**63.03**
		344,730	**100.00**		**915,882**	**100.00**

	Consolidated					
	2009			2008		
	Currency – in thousands	Reais	%	Currency – in thousands	Reais	%
Foreign currency						
US dollar (USD)	83,265	144,981	8.60	89,076	208,169	9.24
Euro (EUR)	40,456	101,436	6.01	40,279	130,429	5.79
		246,417	**14.61**		**338,598**	**15.03**
Local currency						
CDI		-	-		488,866	21.71
TJLP		1,353,626	80.26		1,299,049	57.68
UMBNDES590 (*)		6,996	0.42		11,236	0.50
Not indexed		79,413	4.71		114,489	5.08
		1,440,035	**85.39**		**1,913,640**	**84.97**
		1,686,452	**100.00**		**2,252,238**	**100.00**

(*) *Index related to the currency basket calculated by BNDES.*

d) Changes in foreign currencies and indices

	(%)	
Currency – index	**2009**	**2008**
US dollar (USD)	(25.49)	31.94
Euro (EUR)	(22.57)	24.14
TJLP (long-term interest rate)	6.12	6.25
CDI	9.84	12.35
UMBNDES590	(25.66)	33.86

e) Maturity of loans and financing under noncurrent liabilities

	Company			Consolidated		
	Foreign currency	Local currency	Total	Foreign currency	Local currency	Total
2011	15,824	29,290	45,114	15,824	180,354	196,178
2012	11,710	14,965	26,675	11,710	163,751	175,461
2013	7,597	4,988	12,585	7,597	142,423	150,020
2014	3,673	-	3,673	3,673	117,050	120,723
2015	100,293	-	100,293	100,293	89,027	189,320
2016 to 2023	-	-	-	-	542,693	542,693
2024	88,436	-	88,436	88,436	2,275	90,711
	227,533	**49,243**	**276,776**	**227,533**	**1,237,573**	**1,465,106**

f) Contractual terms and conditions

	Charges	Payment conditions		
		Maturity	Charges	Principal
Foreign currency				
TBLE				
STN	Libor + 1.075% p.a.	4/2024	Semi-annual in April and October	
BNP Paribas (Floating Rate Note)	Euribor + 2.75% p.a.	11/2015	Annual in November	Lump-sum in Nov/2015
Local currency				
TBLE				
Eletrobrás	12% p.a.	4/2011	Monthly up to the maturity	
BNDES	TJLP + 4% p.a. [(a)]	4/2013	Monthly up to the maturity	
Banco do Brasil	8.14% p.a. [(d)]	12/2011	Monthly up to the maturity	
Itasa				
BNDES	TJLP + 4% p.a. [(a)]	9/2013	Monthly up to the maturity	
Financing agents (BNDES) [(b)]	TJLP + 3.85% p.a. [(a)]	9/2013	Monthly up to the maturity	
Lages				
BRDE	TJLP + 2.25% p.a. [(a)]	8/2012	Monthly up to the maturity	
CESS				
BNDES	TJLP + 2.7% p.a. [(a)]	10/2023	Monthly up to the maturity	
Financing agents (BNDES) [(b)]	TJLP + 3.25% p.a. [(a)]	10/2023	Monthly up to the maturity	
PPESA				
BNDES	TJLP + 5% p.a. [(a)]	4/2015	Monthly up to the maturity	
BNDES	UMBNDES + 5% + Variable Rate. [(c)]	4/2015	Monthly up to the maturity	
Financing agents (BNDES) [(b)]	TJLP + 4.5% p.a. [(a)]	4/2015	Monthly up to the maturity	
Tupan				
CEF	TJLP + 3.5% p.a. [(a)]	12/2019	Monthly up to the maturity	
Hidropower				
Banco do Brasil	8.08% p.a. [(d)]	10/2017	Monthly up to the maturity	
Areia Branca				
BNDES	TJLP + 2.5% p.a. [(a)]	6/2024	Monthly as of January 2010	
Beberibe				
BNDES	TJLP + 3.5% p.a. [(a)]	12/2023	Monthly as of January 2010	
Pedra do Sal				
BNDES	TJLP + 1.92% p.a. [(a)]	12/2023	Monthly as of January 2010	

[(a)] The amount corresponding to the TJLP installment that exceeds 6% p.a. is capitalized and merged into the financings' principal.

[(b)] The Funding Agents of the BNDES are Itaú Unibanco Holding S.A., Banco Bradesco, Banco Santander and Banco Votorantim.

[(c)] Quarterly variable rate, readjusted in January, April, July and October, based on the average weighted cost of all rates and expenses incurred by BNDES in the collection of resources in foreign currency.

[(d)] Fixed rate that includes a bonus of 15% for payments made up to the maturity date.

g) Guarantees

g.1) Tractebel Energia S.A.

Loans and financing in foreign currency

National Treasury: (a) Assignment and transfer to the Federal Government of the receivables, up to the limit sufficient to cover the payment of the installments and other charges at each maturity date; (b) pledged deposit amounting to R$76,470, as of 12.31.2009, which is stated as an offsetting account of the underlying financing.

There are no guarantees granted for the other loans and financing in foreign currency.

Loans and financing in local currency

Eletrobrás: (a) Powers of attorney granted to the creditor, in case of default, to transfer to its own name, the necessary amounts for the payment of the debt, from the bank account of the Company used to collect receivables; (b) promissory notes in the amount of the financing, linked to the contractual terms.

Banco do Brasil: (a) Assignment and transfer of receivables amounting to R$8,726, represented by sales of electricity or other funds with the same purpose; (b) pledged promissory note in the amount corresponding to the financing.

BNDES: Credit Facility Agreement and Debenture Subscription and Payment Agreement: As a result of the incorporation of CEM by Tractebel Energia on 3.28.2008, existing guarantees in both Contracts, were replaced by a Letter of Guarantee from Itaú Unibanco Holding S.A., in the amount of R$131,966, up to 10.15.2013.

g.2) Itasa

BNDES and BNDES Financing Agents: (a) Pledge of Concession-Related Rights to operate Itá Hydroelectric Power Plant; (b) Pledge of Receivables resulting from the Electricity Purchase and Sale Agreements entered into with its shareholders; (c) reserve account in an amount equivalent to three months of the BNDES debt (substituted by bank guarantee), and three months of Itá plant's contractual operation and maintenance expenses. In addition to these guarantees, the shareholders pledged all the shares of Itasa to the BNDES and the Financing Agen.

g.3) Lages Bioenergética Ltda.

BRDE: (a) Assignment of receivables from the Electricity Purchase and Sale Agreement entered into with Centrais Elétricas de Santa Catarina S.A. (Celesc), intermediated by the Company; (b) assignment of the Compensation Rights arising from the Steam and Biomass Purchase and Sale Agreements entered into with the companies Sofia Industrial e Exportadora Ltda. and Battistella Indústria e Comércio Ltda.; (c) assignment of Permit-Related Rights granted by Aneel to establish as Independent Producer of Electricity; (d) obligation to maintain a reserve account with a deposit equivalent to, on the average, four months of debt service.

g.4) Companhia Energética São Salvador

BNDES and BNDES Financing Agents: (a) pledge of Rights Related to the Concession for the operation of São Salvador Hydroelectric Power Plant; (b) centralized receivables account to receive CESS receivables; and (c) obligation to maintain a Reserve Account with a deposit equivalent to three months of debt service, plus an amount equivalent to three months of payment of the Project Operation and Maintenance Agreement.

g.5) Ponte de Pedra Energética S.A.

BNDES and BNDES Financing Agents: (a) pledge of Rights Related to the Concession for the operation of Ponte de Pedra Hydroelectric Power Plant; (b) centralized receivables account to receive PPESA receivables; (c) obligation to maintain a Reserve Account with a deposit equivalent to three months of debt service, plus an amount equivalent to three months of payment of the Project Operation and Maintenance Agreement.

g.6) Tupan Energia Elétrica S.A.

Caixa Econômica Federal (CEF): (a) mortgage of land and properties; (b) conditional sale of equipment; (c) all shares representing the Capital Stock; and (d) Receivables and Reserve Account. The Company is negotiating the replacement of personal expenses issued by former partners, by means of a Corporate Guarantee Letter of Tractebel Energia S.A.

g.7) Hidropower Energia S.A.

Banco do Brasil: (a) all shares representing the Capital Stock; and (b) receivables and Reserve Account. The Company is negotiating the replacement of personal expenses issued by former partners, by means of a Corporate Guarantee Letter of Tractebel Energia S.A.

g.8) Eólica Beberibe S.A. and Hidrelétrica Areia Branca S.A.

BNDES: (a) conditional sale of assets and equipment; (b) all shares representing the Capital Stock; and (c) receivables and reserve account.

g.9) Eólica Pedra do Sal S.A.

BNDES: (a) conditional sale of assets and equipment; (b) all shares representing the Capital Stock; and (c) receivables and reserve account.

h) Covenant agreements

The Company has the following covenants provided for in its loans and financings agreements:

Debt	Covenants
TBLE	
BNDES	Shareholders' equity / total assets ≥ 30%
PPESA	
BNDES and Funding Agents	Debt service's coverage ratio ≥ 1.3
CESS	
BNDES and Funding Agents	Debt service's coverage ratio ≥ 1.3
Lages	
BRDE	(Current + non-current liabilities) / total assets ≤ 66%
Itasa	
BNDES and Funding Agents	Shareholders' equity / total assets ≥ 40%
Hidropower	
Banco do Brasil	(i) Shareholders' equity / total assets ≥ 0.35 (ii) EBITDA (*) Margin (EBITDA/Net Operating Revenue) ≥ 0.80 (iii) EBITDA (*) / financial expenses ≥ 2.70 (iv) Total financial debt / EBITDA (*) ≤ 4.0 (v) Current assets / current liabilities) ≥ 1.2 (vi) Debt service's coverage ratio ≥ 1.3
Tupan	
CEF	(i) Shareholders' equity / total assets ≥ 21% (ii) Debt service's coverage ratio ≥ 1.3 (iii) Capital stock / property, plant and equipment ≥ 21%

(*) EBITDA: *Operating profit - financial result - depreciation and amortization, pursuant to the Agreement.*

Companies Eólica Pedra do Sal S.A. and Eólica Beberibe S.A. will have covenants required as of 4.30.2010 and Hidrelétrica Areia Branca S.A., as of 6.30.2010.

Financial covenants established in loans and financing agreements are being executed by the Company, except for the described below.

Hidropower has restrictive clauses in its financing agreements which require maintenance of financial indexes, among which, current liquidity and debt service coverage. When such indexes are not reached, Hidropower, after being officially noticed by the Financial Agent, must proceed with the capital increasing in cash, in order to cover such deficit.

Hydropower's net current liabilities are above the level required by the financing agreement, which has a negative effect both on the liquidity ratio and on the debt service's coverage ratio, however, the Management does not consider that the Company will failure to comply with the agreement clause and the resulting pre-maturity of the debt, once its controlling company, Tractebel Energia, formally pronounced that it is negotiating its regularization with the bank and, if necessary, will capitalize the Company within the term set forth should the Company be informed by the Financial Agent. Up to the present moment, said notification, set forth in the agreement, has not been brought up.

18 – DEBENTURES

a) Breakdown

	2009			2008		
	Current	Noncurrent	Total	Current	Noncurrent	Total
Tractebel Energia S.A.						
1st Issue (1st Series)	-	139,817	139,817	9,141	140,000	149,141
1st Issue (2 nd Series)	59,976	-	59,976	-	60,000	60,000
2nd Issue (Single Series)	-	396,941	396,941	-	381,080	381,080
Cana Brava (Single Series)	13,124	38,842	51,966	11,917	51,904	63,821
3rd Issue (Single Series)	-	601,617	601,617	-	-	-
4th Issue (Single Series)	-	399,996	399,996	-	-	-
Charges	44,240	-	44,240	29,053	-	29,053
Total Company	**117,340**	**1,577,213**	**1,694,553**	**50,111**	**632,984**	**683,095**
Itasa (1st and 2nd Series)	8,055	24,570	32,625	9,154	32,760	41,914
Charges	1,012	-	1,012	1,326	-	1,326
Total Consolidated	**126,407**	**1,601,783**	**1,728,190**	**60,591**	**665,744**	**726,335**

In March 2009, the Company issued 60,000 simple debentures, book-entry, non convertible into shares of the issuing company, in a single tranche, of unsecured type, with unit par value of R$10, totaling R$600,000 on the issuance date. The remuneration rate set forth in the bookbuilding process on 4.17.2009 was 117% of CDI. Interest rates mature semiannually and the principal will be amortized in one lump sum on 4.1.2011.

The total settlement of the public offering of debentures took place on 4.28.2009 and the income from the offering was allocated to the full payment on this very date of the 4th issue of Promissory Notes issued in March 2009, and, also of part of the debt represented by 3rd issue Promissory Notes, issued in May 2008 and due on 5.15.2009.

Transaction costs incurred in funding through this issuance were R$5,242, which were initially recorded as fair value reduction, as required by CVM Resolution 556/08. Therefore, the effective interest rate of debentures for the purposes of appropriation of accounting interest expenses will be 118% of CDI.

In December 2009, the Company issued 400 simple unsecured book-entry debentures not convertible into shares of the issuer, in a single series, with unit par value of R$1,000, totaling R$400,000 on the issuance date. Remuneration reached 110% of the CDI. Interest rates mature on a semiannual basis, on May 5 and November 5, from 2010 to 2015. The debentures will be amortized as of the 24th month following the issuance date, inclusive, on a yearly basis, in the proportion of 1/5 of the Unit Par Value. The first amortization is on 11.5.2011, and the last is on the maturity date on 11.5.2015.

The offer was fully settled on 12.7.2009 and the funds raised through this issuance will be allocated to the future acquisition of SUEZ Energia Renovável (SER), to reduce costs and reschedule debts, and to increase the working capital for the Company to conduct its businesses.

The transaction costs incurred in the raising of funds through this issuance totaled R$3,479 and were accounted for as reduction of the initially recognized fair value. Therefore, the debentures' effective interest rate for purposes of appropriation of the accounting interest expense is 111% of the CDI.

b) Changes in debentures

	Company			Consolidated		
	Current	Noncurrent	Total	Current	Noncurrent	Total
Balance as of 12.31.2007	**32,138**	**560,302**	**592,440**	**56,560**	**664,919**	**721,479**
Merged into CEM	13,850	63,692	77,542	-	-	-
Transfers	29,272	(29,272)	-	37,462	(37,462)	-
Charges	55,266	114	55,380	61,453	139	61,592
Exchange variations	(1,843)	38,148	36,305	2,879	38,148	41,027
Amortization	(78,572)	-	(78,572)	(97,763)	-	(97,763)
Balance as of 12.31.2008	**50,111**	**632,984**	**683,095**	**60,591**	**665,744**	**726,335**
Additions	-	1,000,325	1,000,325	-	1,000,325	1,000,325
Transfers	73,120	(73,120)	-	81,310	(81,310)	-
Charges	102,299	1,745	104,044	105,930	1,745	107,675
Exchange variations	(2,643)	16,775	14,132	(3,322)	16,775	13,453
Amortization	(105,488)	-	(105,488)	(118,043)	-	(118,043)
Other	(59)	(1,496)	(1,555)	(59)	(1,496)	(1,555)
Balance as of 12.31.2009	**117,340**	**1,577,213**	**1,694,553**	**126,407**	**1,601,783**	**1,728,190**

c) Contractual terms and conditions

			Payment Conditions		
	Outstanding	Remuneration	Interest Rate/ Monetary Restatement	Principal	Collateral
TBLE					
1st Series	14,000	IGPM + 9.29% p.a.	Yearly on May 2	Single installment on 05.02.11	Unsecured
2nd Series	6,000	103.9% of CDI	Semiannual on May 2 and November 2	Single installment on 05.02.10	Unsecured
2nd Issuance Single Series	35,000	IPCA + 7% p.a.	Yearly on May 15	3 installments on 05.15.12, 05.15.13, and 05.15.14	Unsecured
3rd Issuance Single Series	60,000	117% of CDI	Semiannual on April 1 and October 1	Single installment on 04.01.2011	Unsecured
4th Issuance Single Series	400	110% of CDI	Semiannual on May 5 and November 5	5 installments on 11.05.11, 11.05.12, 11.05.13, 11.05.14, and 11.05.15	Unsecured
Cana Brava Single Series	7,773	TJLP + 4% p.a. (*)	Semiannual on April 1 and October 1, up to 04.01.2013	Semiannual, ranging from 4.7027% on 04.01.08 to 7.5737% on 04.01.13	Receivables from energy generation and trading
Itasa 1st and 2nd Series	8,400	IGPM + 9.4% p.a.	Yearly on 12.01 (1st series) and 06.01 (2nd series)	Seven equal installments on 12.01 (1st series) and 06.01 (2nd series) of each year, up to 12.01.13 (1st series) and 06.01.13 (2nd series)	Lien of the Credit Receivables of the energy sale agreements to its shareholders

(*) *The amount corresponding to the TJLP installment that exceeds 6% p.a. is capitalized and merged into the debentures' par value.*

d) Changes in indices

	(%)	
Index	**2009**	**2008**
TJLP	6.12	6.25
IGP-M	(1.71)	9.81
CDI	9.84	12.35
IPCA	3.93	5.89

e) Maturities of debentures stated in noncurrent liabilities

	Company	Consolidated
2011	835,192	843,382
2012	228,008	236,198
2013	220,974	229,164
2014	212,700	212,700
2015	80,339	80,339
	1,577,213	**1,601,783**

f) Covenants

Financing covenants set forth in debenture agreements are being executed by the Company:

Debt	Covenants
TBLE	
1st series, 2nd series, and 2nd, 3rd and 4th issuances (single series)	EBITDA(*) / Consolidated Financial Expenses ≥ 2.0
Cana Brava (single series)	Consolidated Debt/EBITDA(*) ≤ 2.5
	Shareholders' equity / total assets ≥ 30%
Itasa	
1st and 2nd Series	Shareholders' equity / total assets ≥ 40%

(*) *EBITDA: Operating profit - financial result - depreciation and amortization, pursuant to the Agreement.*

The Company has been fully complying with the financial covenants provided for in the debentures contracts.

19 – TAXES PAYABLE

	Company		Consolidated	
	2009	**2008**	**2009**	**2008**
Current				
Income tax	272,187	259,647	274,642	262,753
Social contribution tax	80,189	77,520	81,090	79,496
ICMS	6,823	15,567	30,090	33,456
PIS and Cofins	17,003	12,732	19,486	15,796
INSS	3,682	2,086	4,174	2,499
Other	1,532	2,996	2,134	10,108
	381,416	**370,548**	**411,616**	**404,108**

The Company has been paying income and social contribution taxes monthly based on the estimated taxable income, in accordance with prevailing legislation.

20 – LABOR LIABILITIES

	Parent Company			
	2009			2008
	Current	Non-current	Total	Total
Provision for vacation and charges	13,030	-	13,030	12,594
Provision for profit sharing and management bonus	23,424	-	23,424	21,552
Voluntary Resignation Bonus	3,703	3,561	7,264	6,367
Other	551	986	1,537	1,694
	40,708	**4,547**	**45,255**	**42,207**

Consolidated

The 2009 consolidated balance sheet includes the amount of R$525 (R$1,200 in 2008), referring to labor liabilities recorded under current liabilities in subsidiaries Itasa, CESS, PPESA and subsidiaries of TBLP.

21 – OBLIGATIONS WITH THE RESEARCH AND DEVELOPMENT PROGRAM (R&D)

	Company		Consolidated	
	2009	2008	2009	2008
FNDCT	826	12,640	975	13,907
MME	413	6,320	559	6,953
Projects	41,822	36,077	46,578	39,410
	43,061	**55,037**	**48,112**	**60,270**

Tractebel Energia, as an electric energy generating company authorized to independent production, is obliged to annually apply the amount of at least 1% of its net operating revenue in research and development in the electric energy sector.

These resources have the following destination: (i) 40% to FNDCT (Brazilian Fund of Scientific and Technological Development); (ii) 40% to research and development projects conducted by the Company, according to regulations established by Aneel; and (iii) 20% to MME, so as to cost the studies and researches for the expansion planning of the energy system, as well as of inventory and feasibility necessary to utilize the hydroelectric potential.

Of the consolidated balance of R$46,578 pending investment on 12.31.2009, R$27,023 have been allocated to ongoing research projects, and the remainder has not been allocated to projects filed with the Aneel yet.

Tractebel Energia's Research and Development Program seeks technological innovation for the energy industry and the technical-scientific qualification of Brazilian researchers, including topics for investment, such as: Alternative sources for electric energy generation, management of basins and reservoirs, the environment, energetic maintenance and efficiency, etc.

22 – RESERVES FOR CONTINGENCIES

The Company holds tax assessment notices and civil matters which are being challenged on an administrative basis, as well as legal proceedings, some of which, according to the Company's legal counsel, the likelihood of loss is considered probable. All these proceedings are accrued in amounts considered sufficient to cover related contingencies, as follows:

a) Breakdown

	Company					
	2009			2008		
	Gross reserve	Judicial deposit	Net reserve	Gross reserve	Judicial deposit	Net reserve
Tax						
Social contribution tax	107	-	107	15,152	(3,914)	11,238
INSS	27,461	(16,810)	10,651	29,358	(13,022)	16,336
	27,568	**(16,810)**	**10,758**	**44,510**	**(16,936)**	**27,574**
Civil						
Agreements with suppliers	22,179	-	22,179	18,931	-	18,931
Pension benefits	23,895	-	23,895	5,122	-	5,122
Occupational diseases and accidents	13,146	(1,297)	11,849	12,298	(1,272)	11,026
Environmental	3,823	-	3,823	3,472	-	3,472
Sundry lawsuits	2,763	(439)	2,324	5,057	(11)	5,046
	65,806	**(1,736)**	**64,070**	**44,880**	**(1,283)**	**43,597**
Labor	**16,056**	**(7,287)**	**8,769**	**21,399**	**(10,918)**	**10,481**
	109,430	**(25,833)**	**83,597**	**110,789**	**(29,137)**	**81,652**
Classification in balance sheet						
Current			12,580			10,140
Noncurrent			71,017			71,512
			83,597			**81,652**

	Consolidated					
	2009			2008		
	Gross reserve	Judicial deposit	Net reserve	Gross reserve	Judicial deposit	Net reserve
Tax						
Social contribution tax	107	-	107	15,152	(3,914)	11,238
INSS	27,461	(16,810)	10,651	29,358	(13,022)	16,336
	27,568	**(16,810)**	**10,758**	**44,510**	**(16,936)**	**27,574**
Civil						
Agreements with suppliers	22,179	-	22,179	18,931	-	18,931
Pension benefits	23,895	-	23,895	5,122	-	5,122
Occupational diseases and accidents	13,146	(1,297)	11,849	12,298	(1,272)	11,026
Transmission System Usage Tariff (TUST)	26,239	(23,049)	3,190	16,940	(16,771)	169
Environmental	3,823	-	3,823	3,472	-	3,472
Sundry lawsuits	7,189	(439)	6,750	10,267	(1,030)	9,237
	96,471	**(24,785)**	**71,686**	**67,030**	**(19,073)**	**47,957**
Labor	**16,056**	**(7,287)**	**8,769**	**21,399**	**(10,918)**	**10,481**
	140,095	**(48,882)**	**91,213**	**132,939**	**(46,927)**	**86,012**
Classification in balance sheet						
Current			12.677			10.262
Noncurrent			78.536			75.750
			91.213			**86.012**

Tax contingencies

Social Contribution on Net Income (CSLL)

On 12.31.2008, R$15,054 referred to a notice to tax assessment issued by the Brazilian Federal Revenue Service (RFB) because the Company offset a Negative CSLL Tax Basis for 1989 and 1990 in the Corporate Tax Return for 1996 and 1997. According to this notice's summary, the offsetting of the negative CSLL tax basis was not backed by the law until 1.1.1992.

The assessment by the Taxpayers Council referring to 1996 was unfavorable to the Company, followed by the respective cancellation by the Brazilian Federal Revenue Office on 1.26.2009. Consequently, the provision in the amount of R$8,243 and the court deposits were written-off in 2009.

With regard to the assessment for 1997, on 2.3.2009 the High Court of Appeals for Fiscal Matters declared the tax credit unenforceable, definitively cancelling its recording, due to the loss of the right to constitute a tax credit by the RFB. Therefore, the provision in the amount of R$6,959 was reversed in 2009 and the respective deposit will be redeemed after the Brazilian Federal Revenue Office releases it.

National Institute of Social Security (INSS)

Main contingencies related to INSS are the following:

The Company received a tax debt assessment notice (NFLD) for the nonpayment of the additional contribution for SAT (Occupational Accident Insurance) for the period from April 1999 to March 2004, due to the lack of evidence of the risk factor related to the work environment. The Company argues that there is no basis in the legislation referred to in the notice for the mentioned period, and that the additional contribution is payable if the employee is entitled to a special retirement benefit, which is not the case in said period. The Social Security Board of Appeals decided, based on the defense arguments filed by the Company, to convert the sentence into an inspection. In July 2009, the Brazilian Federal Revenue Service issued an Official Letter, informing that a partial amount of the notice was lapsed, reason for which a provision of R$4,721 was reversed. The remaining balance as of 12.31.2009 is R$15,039 (R$18,111 on 12.31.2008).

The Company also received a notification from the INSS because of the alleged nonpayment of social security charges on compensation paid to employees. The subject matter of the notification was challenged by the Company, which argued that the amounts paid under collective labor agreements were paid as indemnities. The lower court decision was favorable to the Company, and declared the tax assessment notice null and void and the INSS was sentenced to refund the deposits converted into revenue. The INSS filed an appeal against this decision with the Federal Court (TRF). The amount accrued as of 12.31.2009 is R$9,168 (R$8,308 on 12.31.2008).

Civil contingencies

Agreements with suppliers

The main contingency basically refers to an indemnity lawsuit filed by Companhia de Interconexão Energética (Cien), claiming the recognition of the right to receive the difference related to the exchange adjustment provided for in the electricity sale agreement, and the termination of such agreement due to an alleged breach of a clause by Tractebel Energia. The lawsuit was suspended on 4.23.2007 at the request of Cien, after the Company filed its defense arguments. On 6.16.2009, it was established the notification of Aneel with the purpose of acknowledging the interest of such regulatory agency in said lawsuit. On 8.25.2009, the Supreme Court, after hearing Aneel, decided that this is not obliged to participate in the lawsuit and returned the process to the State Justice, where it is concluded for judgment. The amount accrued as of 12.31.2009 is R$16,279 (R$15,045 on 12.31.2008).

Pension benefit

Refers to the lawsuit filed against Fundação Eletrosul de Previdência e Assistência Social (Elos) and Eletrosul Centrais Elétricas S.A. (Eletrosul), by means of which Elos parties require the annulment statement of contribution payroll limit or, alternately, that the options made by the ones that limited the payroll of its contribution be declared inefficient. The Company acts as a defendant's assistant, due to the partial spin-off of Eletrosul, with the creation of Centrais Geradoras do Sul do Brasil (Gerasul), former name of Tractebel Energia. A lower court decision, confirmed by the Appeals Court of the State of Santa Catarina in a Decision pending the judgment of embargoes, is against the interests of Elos and Eletrosul. As a result of aspects not considered before and of the Company's management's intention of maintaining the negotiations with the plaintiffs, in 2009 an additional provision for contingency was formed in the amount of R$16,740. The amount provisioned on as of 12.31.2009 is R$23,895 (R$5,122 on 12.31.2008).

Occupational diseases and accidents

Refer to lawsuits filed by former employees, mainly related to repetitive strain injuries and possible damages to hearing capacity. The initial forecasts of an adverse judgment have not been confirmed, and the results of these lawsuits have been extensively favorable to the Company. The provision is formed for each cause, considering the likely future disbursement the Company expects to have to make in order conclude the suit through an agreement or by an adverse judgment.

Transmission System Usage Tariff (Tust)

Refers to the suit filed by PPESA, wholly-owned subsidiary of Energia América do Sul Ltda, aimed at reducing the amount payable for the tust in the amount equivalent to that charged from Itiquira Hydroelectric Power Plant. From June 2006 to January 2007, PPESA started paying tust with a reduction and provisioning and depositing in an escrow deposit the difference between the amount charged and the amount paid. As of February 2007, PPESA substituted the judicial deposits for a letter of guarantee. With a view to reduce the guarantee cost, the Company pegged liquid assets to said guarantee, which are being presented in adjustment to this provision account.

Environmental

The Company has provisioned the amount of R$3,823 (R$3,472 on 12.31.2008) related to four environmental proceedings whose main objects deal mainly with reforestation of permanent preservation areas (APP) and damages caused by the construction of Cana Brava Hydroelectric Power Plant. Lawsuits are following their procedural steps.

Sundry lawsuits

Arise mainly from expropriations and indemnity lawsuits filed by individuals and legal entities whose properties were flooded by the plants' reservoirs.

Labor contingencies

Refer to ongoing labor lawsuits filed by former employees, unions and employees of outsourced companies mainly related to claims of recognition of employment relationships and reinstatement. Other labor lawsuits are related to claims of hazardous duty premium, overtime, salary equalization, commute hours, and FGTS (severance pay fund).

b) Change in provisions

	Company			
	Tax	**Civil**	**Labor**	**Gross reserve**
Balance at 12.31.2007	**39,929**	**46,558**	**20,018**	**106,505**
Additions	-	2,576	7,110	9,686
Adjustments	4,850	6,785	3,016	14,651
Payments	-	(1,123)	(7,645)	(8,768)
Reversals	(269)	(13,161)	(1,100)	(14,530)
Merger of subsidiary	-	3,245	-	3,245
Balance at 12.31.2008	**44,510**	**44,880**	**21,399**	**110,789**
Additions	181	17,358	2,453	19,992
Adjustments	3,224	4,921	1,976	10,121
Payments	(4,978)	(231)	(4,314)	(9,523)
Reversals	(15,369)	(1,122)	(5,458)	(21,949)
Balance at 12.31.2009	**27,568**	**65,806**	**16,056**	**109,430**

	Consolidated			
	Tax	**Civil**	**Labor**	**Gross reserve**
Balance at 12.31.2007	**39,929**	**52,694**	**20,018**	**112,641**
Additions	-	7,232	7,110	14,342
Additions related to PPESA	-	13,803	-	13,803
Adjustments	4,850	7,914	3,016	15,780
Payments	-	(1,123)	(7,645)	(8,768)
Reversals	(269)	(13,490)	(1,100)	(14,859)
Balance at 12.31.2008	**44,510**	**67,030**	**21,399**	**132,939**
Additions	181	24,546	2,453	27,180
Adjustments	3,224	7,304	1,976	12,504
Payments	(4,978)	(1,247)	(4,314)	(10,539)
Reversals	(15,369)	(1,162)	(5,458)	(21,989)
Balance at 12.31.2009	**27,568**	**96,471**	**16,056**	**140,095**

c) Contingencies of possible or remote risk

The Company is also a party to other lawsuits that, in the opinion of the legal counsel, based on their experience in similar cases, do not represent a probable risk and, therefore, have not been accrued but only disclosed in the explanatory notes. The amounts involved are detailed below:

	Company					
	2009					2008
	Possible risk	**Remote risk**	**Gross total**	**Judicial deposit**	**Net total**	**Net total**
Tax	424,060	169,834	593,894	(161,298)	432,596	233,687
Civil	23,200	9,785	32,985	(4,838)	28,147	33,038
Labor	8,944	15,621	24,565	(1,513)	23,052	22,238
	456,204	**195,240**	**651,444**	**(167,649)**	**483,795**	**288,963**

	Consolidated					
	2009					2008
	Possible risk	Remote risk	Gross total	Judicial deposit	Net total	Net total
Tax	424,164	169,834	593,998	(161,402)	432,596	233,687
Civil	38,670	9,793	48,463	(5,512)	42,951	47,762
Labor	8,944	15,621	24,565	(1,513)	23,052	22,238
	471,778	**195,248**	**667,026**	**(168,427)**	**498,599**	**303,687**

The Company has judicial deposits linked to reserves for possible and remote risks that are mostly required to guarantee sentence execution or appeals. These amounts are monetarily adjusted and stated in noncurrent assets.

Tax contingencies of possible risk

The main subjects of tax contingencies with possible risk are as follows:

PIS and Cofins

In July 2005, the Company filed for an Injunction against the Federal Revenue Service Director, since it understands that Federal Revenue Service Regulatory Instruction No. 468/2004 overrun the jurisdiction of the Legislative Power by giving a new concept to the term "predetermined price", provided for by article 10 of Law No. 10,833/2003. The Company understands that the acceptance of said term is already a common practice in the Brazilian Tax System and has been in use since the enactment of Decree Law No. 1,598/1977, meaning said Regulatory Instruction is illegal.

As a result, the Company paid PIS and Cofins on revenue from agreements entered into before October 31, 2003 for periods longer than one year and at a predetermined price, based on the cumulative taxation system provided for by the previous law for the November 2004 to May 2005 period in the amount of R$44,640, restated up to 12.31.2009. In the June 2005 to October 2006 period, the Company deposited the amounts it understood not to be due in an escrow deposit, amounting to R$140,504, restated up to 12.31.2009.

Due to the estimated favorable outcome at the 4th Region Federal Court, the Company suspended the deposits in November 2006. On 4.11.2007, the 4th Region Federal Court concluded the judgment of said injunction and unanimously recognized the illegality and unconstitutionality of Regulatory Instructions No. 468 and 658, both as regards the monetary adjustment clause and the economic and financial balance clauses in the Company's agreements.

On 7.6.2007, the Company received a tax delinquency notice for not having paid or reported in a Declaration of Federal Tax Debits and Credits (DCTF) the PIS and Cofins amounts related to November and December 2006. According to the Federal Revenue Service Office, the nonpayment or deposit of the amounts, even if challenged in courts, is not supported by the law. On 8.7.2007, the Company challenged the tax delinquency notice, arguing that the amounts are not payable, based on the same grounds of the injunction granted in July 2005.

According to the Company's legal counsel, the risk of an unfavorable outcome in the lawsuit is lower that the likelihood of a favorable outcome, and thus the Company is not accruing the unpaid amount since June 2005. The adjusted contingency of the Company and consolidated as of 12.31.2009, is R$345,911, R$205,407 net of the aforementioned escrow deposits (R$163,556 on 12.31.2008).

Corporate Income Tax (IRPJ) and Social Contribution on Net Income (CSLL)

The main tax assessment notices assessed as possible risks result from assessment notices issued by the Federal Revenue Service Office, because the Company offset credits against income and social contribution taxes payable by means of voluntary reporting, through a Electronic Refund or Reimbursement Request and Offset Declaration (PER/DCOMP), not subject to fines. Accordingly, the Federal Revenue Service partially approved the offset requests and the Company filed noncompliance notices, which are awaiting judgment. The Company argues that tax authorities cannot charge a penalty against a company that held tax credits and voluntarily reported its debts. The adjusted amount of the tax assessment as of 12.31.2009 is R$43,761 Company and consolidated (R$39,654 on 12.31.2008);

Corporate Income Tax (IRPJ) and Social Contribution on Net Income (CSLL) Offsetting

In 2009, the Company received an order for the non-ratification of PER/DCOMP, because it used undue or overpaid amounts for income tax and social contribution, ascertained through a monthly estimate, to offset the same taxes due in the same period of assessment. According to the RFB, the undue payment or overpayment could only be used to offset the IRPJ or CSLL due as of the year following the year of assessment.

Once the monthly overestimates had already been known by the Federal Government from the moment the Company paid the taxes, the Company understands it has the choice to use the overpayment by estimate for purposes of offsetting within the period of assessment. The contingency's amount restated on 12.31.2009, in the parent company and consolidated, is of R$1,457.

National Institute of Social Security (INSS)

The main notices classified as possible risks are as follows:

- Assessment notice related to the social security contribution collection notices on indemnities. The Company was partially considered not guilty at the administrative level and filed a lawsuit, in which it obtained a favorable decision at the lower court. Currently, the Company is awaiting judgment of the INSS appeal. As of 12.31.2009, the adjusted amount is R$3,910 (R$3,186 on 12.31.2008).
- Tax assessment notices resulting from the alleged joint liability of and transfer of liability from Eletrosul Centrais Elétricas S.A. (Eletrosul) to Tractebel Energia, in questionings related to the levy of social security charges on labor services provided by outsourced companies, until the spin-off of Eletrosul, and resulting establishment of Centrais Geradoras do Sul do Brasil S.A. (Gerasul), currently Tractebel Energia. In 2008, the Taxpayers Council collected the loss of contributions for certain notices, and the Company performed the write-off of said proceedings. Other notices with the same purpose are also pending judgment by the Council. On 12.31.2009, the adjusted amount is R$1,437 (R$1,627 on 12.31.2008).

Tax contingency of remote risk

PIS and Cofins recovery

In 1998, Law 9,718 was published, extending the PIS and Cofins calculation basis that, so far, only accrued on the companies' income.

The Company challenged in court the constitutionality of said Law, obtaining a favorable decision, which enabled its settling the contributions calculated on several revenues resulting from the income for the period assessed from February 1999 to November 2002, for PIS, and February 1999 to January 2004, for Cofins.

The main revenue calculated in the amount to offset regards the accounting item named "Fuel Consumption Account (CCC) subsidy revenue".

In 2009, the Brazilian Federal Revenue Service (RFB) notified the Company to collect the amount of R$135,982, interest and fines already included, referred to the period from April 2004 to January 2007, pleading that the "CCC subsidy" represents a billing and, therefore, it should be included in the calculation basis of PIS and Cofins for the period abovementioned. The total updated notification amount on 12.31.2009 is R$141,612.

At the evaluation of the Company's legal counsel, the arguments of the RFB do not proceed and can be easily contested, considering the concept attributed to the treatment of the "CCC subsidy", with the purpose of accounting fossil fuel consumed by those generating electricity, it mismatched the legal nature of the revenue. Thus, the Company is arranging a motion to deny the notification in the administrative scope and, if necessary, in the legal scope. Even if the "CCC subsidy" had the revenue nature, which it does not, it would not represent an "income" that was the only revenue subject to taxation by PIS and Cofins.

In fact, up to 2005, the fuel acquired with CCC/CDE funds were recorded due to its consume in the plants as "operational cost" in contra account to a "subsidy" revenue.

Aneel made amendments to the Accounting Booklet of the Electric Energy Public Service in order to change the concept that had been used improperly and, as of 2006, the accounting launch was determined as "operational cost" in contra account to an adjustment account to neutralize the result. Such amendment is strongly based on Technical Notes issued by said Agency.

In view of the abovementioned summary, the Management understands that the risk of loss in the process is remote.

Civil contingencies

Possible risk civil lawsuits refer basically to expropriations and indemnity lawsuits filed by individuals and legal entities that allege that their properties were flooded by the plants' reservoirs.

PPESA is a party to a tax assessment notice, in the administrative scope, issued by the Brazilian Institute of Renewable Resources (IBAMA) in the amount of R$11,944 on 12.31.2009 (R$10,800 on 12.31.2008), referring to supposed environmental damages caused by the Company when the plant's reservoir impounding. PPESA presented an administrative defense which is administrative appeal level before the Brazilian Environment Council (Conama).

Labor contingencies

Possible risk labor contingencies refer mainly to lawsuits filed by former employees claiming recognition of employment relationship, reinstatement and additional pension benefits.

23 – CONCESSION FEES PAYABLE

	Company		Consolidated	
	2009	2008	2009	2008
Cana Brava Plant	309,289	287,655	309,289	287,655
Ponte de Pedra Plant	-	-	289,335	271,371
São Salvador Plant	-	-	358,850	-
	309,289	**287,655**	**957,474**	**559,026**
Classification in balance sheet				
Current	1,857	1,873	37,419	2,343
Noncurrent	307,432	285,782	920,055	556,683
	309,289	**287,655**	**957,474**	**559,026**

In order to accurately reflect, in shareholders' equity, the concession fee and the related obligation to the Federal Government, the amounts of the concessions were registered in property, plant and equipment as a contra entry to current and noncurrent liabilities.

Considering that contractual amounts are stated at future prices, the Company discounted them to present value based on a discount rate of 10% p.a. to Cana Brava Hydroelectric Power Plant and São Salvador Hydroelectric Power Plant, as provided for in the corresponding bid notices for the concessions, and 8.28% p.a. to Ponte de Pedra Hydroelectric Power Plant, market rate on the date of the company acquisition.

Until startup of the Plants, the adjustment of liabilities based on the discount rate and monetary variation was capitalized in assets and, thereafter, recognized directly in the statement of income.

The onerous concession of São Salvador Hydroelectric Power Plant (São Salvador Plant), belonging CESS subsidiary, was recognized in the second quarter of 2009. By means of the concession, the Company will pay to the Federal Government, through Aneel, the original amount of R$555,000, in monthly installments proportional to the annual readjusted amount. The payment was made on 9.15.2009 after the 1st generation unit of São Salvador Plant starts its commercial operation.

The Company has undertaken the obligation to pay the Federal Government the amounts shown below for the concession granted to operate Cana Brava, Ponte de Pedra and São Salvador Hydroelectric Power Plants, in monthly installments equivalent to one-twelfth (1/12) of the corresponding annual fees, adjusted based on the annual variation of the IGP-M (Cana Brava and Ponte de Pedra Hydroelectric Power Plants) and IPCA (São Salvador Hydroelectric Power Plants).

The historical and adjusted amounts as of 12.31.2009 are as follows:

Cana Brava HPP	**Historical amount**		**Adjusted amount**	
Year	**Annual**	**Total**	**Annual**	**Total**
From 1.1.2010 to 7.31.2023	680	9,237	1,857	25,219
From 8.1.2023 to 7.31.2033	61,280	612,800	167,311	1,673,105
		622,037		**1,698,324**

Ponte de Pedra HPP	**Historical amount**		**Adjusted amount**	
Year	**Annual**	**Total**	**Annual**	**Total**
From 1.1.2010 to 9.30.2019	200	1,950	483	4,712
From 10.1.2019 to 9.30.2020	16,200	16,200	39,148	39,148
From 10.1.2020 to 9.30.2034	31,109	435,531	75,176	1,052,468
		453,681		**1,096,328**

São Salvador HPP	**Historical amount**		**Adjusted amount**	
Year	**Annual**	**Total**	**Annual**	**Total**
From 1.1.2010 to 4.30.2037	19,820	**543,393**	37,081	**1,016,491**

a) Change

	Company			**Consolidated**		
	Current	**Noncurrent**	**Total**	**Current**	**Noncurrent**	**Total**
Balance as of 12.31.2007	-	-	-	**1,639**	**234,188**	**235,827**
Acquisition of PPESA	-	-	-	462	241,277	241,739
Merger of CEM	1,670	244,614	246,284	-	-	-
Transfers	1,617	(1,617)	-	2,153	(2,153)	-
Charges generated	-	20,305	20,305	-	37,854	37,854
Monetary variations	-	22,480	22,480	-	45,517	45,517
Amortization	(1,414)	-	(1,414)	(1,911)	-	(1,911)
Balance as of 12.31.2008	**1,873**	**285,782**	**287,655**	**2,343**	**556,683**	**559,026**
Transfers	1,848	(1,848)	-	11,633	(11,633)	-
CESS concessions	-	-	-	38,082	314,015	352,097
Charges generated	-	28,258	28,258	-	64,728	64,728
Monetary variations	-	(4,760)	(4,760)	-	(3,738)	(3,738)
Amortization	(1,864)	-	(1,864)	(14,639)	-	(14,639)
Balance as of 12.31.2009	**1,857**	**307,432**	**309,289**	**37,419**	**920,055**	**957,474**

b) Maturities of concession fees payable stated in noncurrent liabilities

	Company	Consolidated
2011	1,857	34,317
2012	1,857	31,365
2013	1,857	28,688
2014	1,857	26,254
2015	1,857	24,041
After 2016	298,147	775,390
	307,432	**920,055**

24 – POST-EMPLOYMENT BENEFITS

Post-employment benefits granted by the Company are as follows:

a) Supplementary Pension Plant

The Company, through PREVIG – Sociedade de Previdência Complementar, provides supplementary pension plans for its employees. PREVIG is a nonprofit closed pension entity governed by private law, sponsored by the Company, as Founder, and by other GDF-SUEZ Group companies.

The benefit plans managed by PREVIG are Defined Benefit and Defined Contribution plans. The Defined Benefit Plan is closed to new participants.

a.1) Defined Benefit Plan

The Defined Benefit plan has a capitalization system for pensions, survivors' pensions, and other benefits.

The Benefit Plan is funded by the contributions of participants and the sponsor. The Company's contribution corresponds to twice the contribution of its employees.

- Supplementation of pension for time of service, disability and age;
- Supplementation of special pension especial and pension for former combatant;
- Supplementation of pension;
- Supplementation of assistance in commitment to an institution; and
- Bereavement pay.

Prior to the constitution of PREVIG, the Defined Benefit Plan was managed by Fundação Eletrosul de Previdência e Assistência Social (Elos), sponsored by the Company and by Eletrosul, without solidarity between the sponsors. In October 2002, the SPC (Supplementary Pension Office) approved the termination of the Adherence Agreement with Elos and the total transfer of management of the benefit plan to PREVIG. In spite of said termination, in view of injunctions obtained by unions and Associação dos Aposentados da Eletrosul (Eletrosul's Pensioners Association), the participants entitled to benefits up to 12.23.1997, date of spin-off of Eletrosul, as well as for the participants who chose the Deferred Proportional Benefit up to that date, remained in the Benefit Plan managed by Elos, under the Company's responsibility, which pays 51.34% of the amount of Elos's administrative expenses (the remaining portion, of 48.66%, is financed by Eletrosul's Benefit Plan). The expenses are limited in 15% of said pension revenues of Elos bound to these participants, and the amount for which the Company is responsible in 2009 was R$1,938 (R$1,770 in 2008).

The Company, on 5.15.2007, executed agreements with Elos, Eletrosul, PREVIG and Associação de Aposentados da Eletrosul aiming at reestablishing the adherence with Elos, allowing participants to chose to stay in Elos or transfer to PREVIG. In both options the Company should sponsor the Plan.

The Company is also responsible for 100% of the amount of PREVIG's administrative expenses bound to this Benefit Plan, which are limited at 15% of the total of respective pension revenues. The amount of these expenses in 2009 was R$1,374 (R$1,273 in 2008).

Actuarial premises and assumptions used in the assessment of benefits are described as follows:

Premises	2009	2008
Discount rate (p.a.)	10.50%	10.25%
Rate of Return expected from assets (p.a.)	11.34%	10.50%
Future salary increase of active and self-sponsored participant (p.a.)	4.50%	5.00%
Growth of social security benefits and Plan sponsored by the Company (p.a.)	4.50%	5.00%
Inflation	4.50%	5.00%
Capacity factor (Payroll and Benefits)	100%	100%

Assumptions	2009 and 2008
Mortality Table (active)	AT 2000 (per gender)
Disabled Persons Mortality Table	RP 2000 Disabled
Disabled Persons Entry Table	Watson Wyatt 1985 Disability Class 1
Rotation Table	T-1 Service Table
Retirement Age	First date when all grace periods are completed
% of married active participants on retirement date	90
Age difference between participant and spouse	Wives are 4 years younger than husbands

Other Assumptions	2009 and 2008
Participants entitled to the conversion of special pension into pension for time of service (SB-40), who will chose the conversion	100%
SB-40 conversion factor	140%

The demonstrative of actuarial liability results from post-employment benefits recognized in the Company's balance sheet is as follows:

	Company and Consolidated					
	2009			2008		
	Retirement scheme	Confidentiality Benefit	Total	Retirement scheme	Confidentiality Benefit	Total
Present value of total actuarial liabilities, totally or partially secured	1,183,628	-	1,183,628	1,307,226	-	1,307,226
Fair value of assets	(869,149)	-	(869,149)	(808,818)	-	(808,818)
Present value of actuarial liabilities totally secured	-	1,795	1,795	-	1,737	1,737
Subtotal	314,479	1,795	316,274	498,408	1,737	500,145
Net value of actuarial losses not recognized in the balance sheet	69,482	(1,326)	68,156	(155,690)	(1,013)	(156,703)
Liabilities recognized in the balance sheet	**383,961**	**469**	**384,430**	**342,718**	**724**	**343,442**
Classification in the balance sheet						
Current			25,478			21,642
Non-current			358,952			321,800
			384,430			**343,442**

The amount of actuarial losses exceeding 10% of the present value of actuarial obligations, amounting to R$3,144, not recorded in the actuarial liabilities, will be recorded in the income, linearly, for the period of approximately 8.41 years, which corresponds to the average period of future contribution for employees participating in the plan. The amount of said loss to be recorded in the 2010 income will be R$374.

Part of the actuarial liabilities recognized in the balance sheet is covered by obligations contracted and/or recognized through a debt acknowledgement agreement and an agreement entered into by the Company and the pension plan entities. The breakdown of liabilities recognized in the financial statements is as follows:

	Company and Consolidated			
	2009			2008
	Current	Noncurrent	Total	Total
Contracted/recognized obligations				
Agreement of acknowledgement of past debts	19,722	100,289	120,011	130,617
Noncontracted actuarial liabilities				
Coverage of costs relating to conversion of special retirement into retirement for length of service (SB-40) and current contributions	2,133	3,124	5,257	4,138
Actuarial deficit and confidentiality bonus	3,623	255,539	259,162	208,687
Recorded actuarial liability	**25,478**	**358,952**	**384,430**	**343,442**

Contracted debts are adjusted based on the INPC disclosed by the Brazilian Geography and Statistics Institute (IBGE) and bear interest of 6% p.a. The contracted amounts stated in noncurrent liabilities are expected to be paid as follows:

	Elos	PREVIG	Total
2011	15,855	1,919	17,774
2012	13,129	1,955	15,084
2013	13,937	2,072	16,009
2014	14,794	1,682	16,476
2015	1,593	1,518	3,111
2016 to 2029	18,257	13,578	31,835
	77,565	**22,724**	**100,289**

Changes in post-employment benefits are summarized below:

	Pension plan	Confidentiality bonus	Total
Liabilities as of 12.31.2007	**327,764**	**1,019**	**328,783**
2008 expenses	45,120	230	45,350
Contributions	(30,166)	-	(30,166)
Benefits paid	-	(525)	(525)
Liabilities as of 12.31.2008	**342,718**	**724**	**343,442**
2009 expenses	71,983	276	72,259
Contributions	(30,740)	-	(30,740)
Benefits paid	-	(531)	(531)
Liabilities as of 12.31.2009	**383,961**	**469**	**384,430**

The amounts to be recognized in the statement of income from January to December 2010, related to the Defined Benefit Plan and the confidentiality bonus, are as follows:

	Pension plan	Confidentiality bonus	Total
Cost of current service	208	55	263
Cost of interest	119,478	155	119,633
Expected return on plan assets	(95,010)	-	(95,010)
Amortization of actuarial losses	276	98	374
Employees' contributions	(138)	-	(138)
	24,814	**308**	**25,122**

a.2) Defined contribution plan

In addition to the above-mentioned benefit plan, PREVIG started managing another plan, a Defined Contribution plan, closing the initial plan to new participants on 10.5.2004, the date when the new plan approval was communicated by the SPC.

In the Defined Contribution plan funding consists of basic contributions by the participants and the sponsor. The Company's basic contribution is equal to the basic contribution of its employees.

b) Confidentiality bonus

Consists of the payment of a bonus to managers when their employment relationship is terminated.

25 – DEFERRED TAX LIABILITIES

In the Parent Company, refers to deferred income tax and social contribution of R$36,535, calculated on the provision for sale of electricity within MAE, in the amount of R$107,456, corresponding to the period from September 2000 to September 2002. Considering that the amount of revenue is being challenged in court by agents that disagree with the interpretation adopted by MAE in the application of certain accounting rules, as provided for by an Aneel Resolution, in the event of a favorable outcome for these agents, both the revenue and the corresponding asset will no longer exist, and therefore it is being treated as a provision and deemed as temporary difference for tax purposes. In the consolidated, on 12.31.2009, includes an additional amount of R$10,611, primarily related to the difference between the deferred tax amount and the tax and book basis of subsidiary PPESA.

26 – SHAREHOLDERS' EQUITY

a) Authorized capital

The Company is authorized to increase its capital up to the limit of R$5,000,000, regardless of any amendment to its bylaws. Under the New Market Listing Regulations, the Company cannot issue preferred shares or founder shares. The Company does not hold treasury shares.

b) Subscribed and paid-up capital

The Company is a publicly-traded company incorporated in accordance with the Brazilian laws and listed in the New Market of the São Paulo Stock Exchange and the Futures and Commodities Exchange (BM&FBovespa S.A.).

As of 12.31.2008, the Company's fully subscribed and paid-up capital is R$2,445,766, represented by 652,742,192 registered common shares without par value. The book value per share as of 12.31.2008 is R$4.86 (R$4.32 per share as of 12.31.2007).

The Company's capital structure is as follows:

	% of Capital	
Shareholders	**2009**	**2008**
GDF SUEZ Energy Latin America Participações Ltda. (GSELA)	68.71	68.71
Banco Clássico S.A.	10.00	10.00
BNDES Participações S.A. (BNDESPAR)	2.45	2.13
Other	18.84	19.16
	100.00	**100.00**

The Company's number of outstanding shares is as follows:

	Total Company shares	Total shares held by Controlling Shareholder and Management	Total outstanding shares
Balance as of 12.31.2008	**652,742,192**	**448,808,713**	**203,933,479**
Rental of Management shares	-	69,050	(69,050)
Acquisition of new shares by the Management	-	10,000	(10,000)
Balance as of 12.31.2009	**652,742,192**	**448,887,763**	**203,854,429**

c) Breakdown of reserves

	2009	2008
Capital Reserve		
Remuneration of assets and rights constituted with own capital	**91,695**	**91,695**
Profit Reserve		
Legal reserve	361,974	305,254
Profit retention reserve	781,832	328,073
	1,143,806	**633,327**

c.1) Capital reserve

It refers to the remuneration of own capital invested in property, plant and equipment in progress, calculated at 10% p.a. from 1.1.1986 to 12.31.1998, pursuant to specific laws of electric power industry. This reserve shall be used to absorb losses exceeding the accrued profits and profit reserves, and for incorporation to capital.

c.2) Legal reserve

From the net income for the year, five percent (5%) are applied, before any other allocation, in the recording of legal reserve, which shall not exceed twenty per cent (20%) of the capital. Said reserve can only be paid in to offset losses or increase capital.

c.3) Retained earnings reserve

The Company's Management, based on capital budget to be submitted to the Annual General Meeting, is proposing the constitution of profit retention reserve at the amount of R$453,759, with no prejudice to dividend distribution, to be invested mainly in the acquisition of the Estreito Hydropower Plant, in the construction of the Destilaria Andrade, Areia Branca, São Salvador and Estreito Plants, and in maintenance of the Company's generation estate.

27 – DIVIDENDS

The Board of Directors, at a meeting held on 8.7.2008, approved the distribution of periodical dividends, based on the financial statements as of 6.30.2009, in the amount of R$348,006, corresponding to R$0.5331449226 per share, which were paid on 8.26.2008.

On 11.5.2008, the Company's Board of Directors approved the credit of interest on own capital at the amount of R$194,000, corresponding to R$0.2972076915 per share, based on the shareholding position of 11.17.2008 with payment date to be defined by the Company's Board of Executive Officers.

The amounts mentioned above, net of withholding income tax, are being imputed to dividends referring to 2009.

Interest on own capital was recorded in financial expenses and reverted in the same item, not being presented in the statement of income for the year, in view of the fact they do not produce effects in the operating income, but only in income tax and social contribution items.

Tractebel Energia's dividend policy establishes a minimum mandatory dividend of 30% of the net income for the year, adjusted pursuant to Law 6,404/76 and, in addition, determines the intention to pay, in each calendar year, dividends and/or interest on own capital at an amount not lower than 55% of net income, adjusted in semiannual distributions.

	2009	2008
a) Calculation of minimum mandatory dividends		
Net income for the year	1,134,398	1,115,153
Constitution of legal reserve (5%)	(56,720)	(55,758)
Calculation basis	1,077,678	1,059,395
Minimum mandatory dividends (30%)	**323,303**	**317,819**
b) Dividends/interest on own capital proposed		
Interest on own capital, net of IRRF (withholding income tax)	166,019	151,402
Periodical dividends	348,006	580,299
Additional proposed dividends	81,913	-
Subtotal	595,938	731,701
IRRF of interest on own capital	27,981	24,598
Total	**623,919**	**756,299**
Dividends/interest on own capital before income tax withholding, per common share **(in R$1.00)**:	0.9558426155	1.1586484519

The proposed additional dividends, in the amount of R$81,913, correspond to R$0.1254900014 per share, and will be paid after the resolution by the Annual General Meeting that approves the financial statements.

The allocation of the net income for the year, in the total amount of R$623,919 and equivalent to 55% of the net income for the year, was included in the financial statements assuming its approval by the Annual General Meeting.

28 – OPERATING EXPENSES DETAILED BY TYPE

	Company					
	2009					2008
	Cost		Expenses			
	Electricity Production	Services provided	Selling	General and administrative	Total	Total
Personnel	105,457	7,514	9,117	45,642	167,730	157,518
Management	-	-	-	12,059	12,059	10,513
Materials	18,978	241	28	2,206	21,453	21,042
Outsourced services	52,932	1,882	1,034	41,572	97,420	98,153
Fuel for electricity production	32,547	-	-	-	32,547	92,456
Financial Compensation for use of water resources	77,276	-	-	-	77,276	80,442
Depreciation and amortization	211,046	-	-	6,120	217,166	208,375
Insurance	7,460	429	-	413	8,302	7,906
Inspection fee	-	-	-	8,654	8,654	7,783
Contributions and donations	637	109	-	9,635	10,381	9,448
Sector contributions	-	-	2,438	202	2,640	2,514
Rent	4,594	72	204	5,366	10,236	11,586
Other	1,544	(133)	(256)	18,132	19,287	19,248
	512,471	**10,114**	**12,565**	**150,001**	**685,151**	**726,984**

	Consolidated					
	2009					2008
	Costs		Expenses			
	Electricity Production	Services provided	Selling	General and administrative	Total	Total
Personnel	106,607	7,514	9,117	46,818	170,056	161,331
Management	-	-	-	12,636	12,636	11,336
Materials	20,799	241	28	2,232	23,300	22,733
Outsourced services	70,547	1,882	1,236	45,557	119,222	111,217
Fuel for electricity production	37,582	-	-	-	37,582	103,968
Financial Compensation for use of water resources	91,900	-	-	-	91,900	93,551
Depreciation and amortization	328,764	-	-	11,148	339,912	266,383
Insurance	8,911	429	-	414	9,754	9,159
Inspection fee	-	-	-	9,892	9,892	8,778
Contributions and donations	759	109	-	9,835	10,703	12,656
Sector contributions	-	-	3,439	364	3,803	3,439
Rent	5,842	72	238	5,534	11,686	11,961
Other	2,435	(133)	773	18,466	21,541	22,359
	674,146	**10,114**	**14,831**	**162,896**	**861,987**	**838,871**

29 – REVERSAL (RECORDING) OF OPERATING PROVISIONS, NET

	Company		Consolidated	
	2009	2008	2009	2008
Post-employment benefits	18,524	(1,876)	18,524	(1,876)
Civil contingencies	20,926	(4,924)	29,027	(1,017)
Tax contingencies	(11,938)	4,605	(11,938)	4,605
Labor contingencies	(5,343)	1,382	(5,343)	1,382
Other	27	-	624	-
	22,196	**(813)**	**30,894**	**3,094**

30 – RECOVERY OF PIS AND Cofins

The Company recognized in the first quarter of 2008 non-recurring revenue of R$76,431, mainly related to the paid PIS and Cofins recovery on amounts related to the recovery of fossil fuel consumption acquired with CCC/CDE (Energy Development Account) funds which, as provided for by an Aneel Resolution are no longer recorded as revenue and are now stated as an offsetting account of the electricity production cost, as from November 2005.

31 – FINANCIAL INCOME AND EXPENSES

	Company		Consolidated	
	2009	2008	2009	2008
Financial income				
Income from temporary cash investments	38,057	65,315	53,587	76,839
Interest on receivables	9,285	9,964	10,646	10,731
Monetary variation on escrow deposits	15,180	19,081	15,190	19,518
Monetary variation on receivables and other	(948)	7,802	(945)	7,823
Other	8,194	7,933	8,405	8,225
	69,768	**110,095**	**86,883**	**123,136**
Financial expenses				
Loan charges	163,962	128,471	243,760	178,010
Payment of deposited guarantees (STN)	9,794	(8,839)	9,794	(8,839)
Charges on concessions payable	28,258	20,305	64,728	37,854
Charges on actuarial liabilities	47,797	43,341	47,797	43,341
Charges on taxes and social contribution	6,279	2,623	6,588	3,254
Monetary variation on debts	14,132	36,305	13,454	41,027
Monetary variation on concessions payable	(4,760)	22,480	(3,738)	45,517
Monetary variation – other	4,364	10,096	4,372	10,909
Exchange variation on debts	(77,682)	80,243	(77,682)	80,243
Other	13,454	10,428	17,599	12,496
	205,598	**345,453**	**326,672**	**443,812**
Financial expenses, net	**135,830**	**235,358**	**239,789**	**320,676**

32 – FINANCIAL INSTRUMENTS

a) Risk management

a.1) Market risk

The Company and its subsidiaries use financial instruments to hedge its assets and liabilities, minimizing exposure to market risks, especially in connection with interest rate, price indices and currency fluctuations. The Company did not enter into any derivative contracts to hedge these risks; however, they are monitored by the Financial Management Committee, which periodically assesses the Company's exposure and proposes operating strategies, control systems, position limits and credit limits with other partners in the market. The Company does not practice speculative investments in derivatives or any other risk assets.

Main market risks to which the Company is exposed are the following:

a.1.1) Risks related to investments

The Company adopts a conservative fund investment policy. Financial investments of the Company and its subsidiaries comply with the allocation of at least 60% of Government Securities (in the final purchase and/or repurchase agreement mode) and at most 40% of Private Securities (Bank Certificate Deposits – CDB acquisitions of eligible banks and yet repurchase agreements with debentures issued by leasing companies controlled by eligible banks), considering the consolidated of amounts invested by each company. The Company uses the classification of agencies Fitch Ratings, Moody's or Standard & Poors to identify eligible banks to receive these funds. Such banks meet the two following criteria: have Shareholders' Equity of at least R$1 billion and Rating of at least br A-.

a.1.2) Exposure to exchange risk

Loan installment related to foreign currency, in the amount of R$246,417, on 12.31.2009, corresponds to 5.5% of the Company's debt, of which 3.2% related to U.S. dollar and 2.3% to Euro, and debt maturities are distributed on a long term basis, focusing on the years of 2015 and 2024. Considering that the effect arising from the debt maturity is minimum on short and medium term basis and, due to the impossibility of making an effective hedge for the balance sheet since there is no forward curve on long term basis, the Company did not hold on December 31, 2009 any derivative instrument to protect its liabilities. For more details on the composition of foreign currency debt, refer to Note 17.

a.1.3) Exposure to the risk of interest rates and fluctuating indices

The Company and its subsidiaries are exposed to interests rates and fluctuating indices related to Libor, Euribor, TJLP, DI rate, UMBNDES, IGP-M and IPCA variations. The debt breakdown by interest rates and index, net of escrowed guarantees, and percentages related to the total amount of these debts is as follows:

Interest rates and fluctuating indices	Amount	%
TJLP	1,409,830	43.73
CDI	1,086,705	33.71
IPCA	414,584	12.86
IGP-M	181,376	5.63
Libor Dollar	22,805	0.71
Euribor	101,436	3.15
UMBNDES	6,996	0.21
	3,223,732	**100.00**

a.2) Credit risk

In long-term bilateral agreements entered into with distributors, the Company tries to minimize its credit risk with the use of a collateral mechanism involving receivables from its customers.

In transactions with industrial customers, also known as Free Consumers, in order to minimize the credit risk related to those business partners, the Company, through its credit area, carries out a previous credit analysis and establishes, together with the Credit Committee, the credit limits and collaterals to be required from the other parties.

In financial market transactions, the Company also has credit limits with financial institutions, which are regularly reviewed by its Financial Management Committee, based on an in-house evaluation and ratings disclosed by risk rating agencies.

As mentioned in Note 4, the Company has investments in an Exclusive Investment Fund. The amount of investments by financial institution is within the limits defined by the Company in its credit policies for financial institutions.

a.3) Hydrological risks

According to ONS data, most of the energy supply of SIN (Brazilian National Integrated System) was generated by Hydroelectric Power Plants (HPP). Since SIN operates in optimized dispatch system centralized by the ONS, each HPP, including the Company's HPPs, is subject to variations in the hydrological conditions verified, both in the geographical region in which they operate as in other regions in the Country. The hydroelectric generation represented approximately 80% of the total Installed Capacity of the Company's plants, which is equivalent to 5,124 MW. In the event of the occurrence of unfavorable hydrological conditions at SIN, jointly with the obligation of delivery of Guaranteed Energy, the Company may be exposed to the short-term energy market, which could affect the Company's future financial results.

a.4) Environmental risks

The activities in the energy sector may cause negative impacts and damages to the environment. Federal legislation imposes to those who directly or indirectly cause environmental degradation the duty to repair or indemnify the damages caused to the environment and third-parties affected, regardless of guilt. The federal legislation also sets forth the disregard of the polluting company's corporate entity, as well as personal liability of managers, in order to make feasible the refund of losses caused to the quality of the environment. As a consequence, partners and managers of the polluting company may be obliged to pay for environmental reparation costs. The Environmental Risks are mitigated by the Company by means of its Environmental Policy focused on the sustainable development of its business.

b) Market value

In transactions involving financial instruments, only in loans, financings and debentures significant differences between market and book values were found, mainly due to the fact that such financial instruments have quite extended repayment terms and differentiated costs as compared to the rates currently in force for similar agreements. To measure fair values, the Company's management used discounted future cash flows at rates deemed adequate for similar transactions or international market rates, when available.

	Company			
	2009		2008	
	Book value	Market value	Book value	Market value
Loan and financing in foreign currency	246,417	250,096	338,598	358,279
Loans and financing in local currency	98,313	99,078	577,284	579,271
Debentures	1,694,553	1,624,791	683,095	572,924
	2,039,283	**1,973,965**	**1,598,977**	**1,510,474**

	Consolidated			
	2009		2008	
	Book value	Market value	Book value	Market value
Loan and financing in foreign currency	246,417	250,096	338,598	358,279
Loans and financing in local currency	1,440,035	1,443,770	1,913,640	1,921,091
Debentures	1,728,190	1,658,428	726,335	616,164
	3,414,642	**3,352,294**	**2,978,573**	**2,895,534**

The Company has no derivative financial instruments. As a result of the history of the Real volatility against foreign currencies, below is a detailed analysis of the Company's foreign currency debt sensitivity, taking into consideration a basic scenario projected to 12.31.2010 and another two taking into consideration a 25% and 50% depreciation in relation to the basis scenario. The projection of the effects resulting from the application of these scenarios to the Company's financial result for 2010 would be as follows:

	Book value	Scenario projected	Scenario I 25% variation	Scenario II 50% variation
STN	144,981	24,047	66,304	108,561
BNP Paribas	101,436	13,863	42,688	71,512
	246,417	**37,910**	**108,992**	**180,073**

33 – RELATED-PARTY TRANSACTIONS

The Company has agreements with its subsidiaries, explained as follows:

Itasa

Electricity Purchase and Sale Agreements, with the purpose to regulate the purchase, by the Company, of 167 average MW and 61 average MW of energy owned by Itasa at Itá HPP, ruled by the applicable legislation and the market rules, effective up to 10.16.2030, annually restated by the IGP-M (General Market Price Index) and the Dollar variation plus the US inflation, respectively. The agreements' outstanding balance on 12.31.2009 is of R$2,265,465 and R$503,968, respectively.

Service Agreement of Itá Hydroelectric Power Plant Operation and Maintenance executed by the Company, within the scope of Itá Consortium, effective up to 10.16.2030, the amounts of which are annually restated by the IGP-M, and the outstanding balance on 12.31.2009 is of R$209,786.

Lages

Electricity Purchase and Sale Agreement, with the purpose to regulate the purchase, by the subsidiary, of up to 26 monthly average MW of electricity owned by the Company, effective up to 3.31.2017. The outstanding balance on 12.31.2009 is of approximately R$34,560.

Agreement effective for an undetermined period, the purpose of which is the provision of operating management services, in view of Lages not having its own staff. The remuneration provided for in the Agreement corresponds to R$180 per year, annually restated at the INPC.

Lages Cogeneration Unit Operation and Maintenance Agreement, to terminate on 3.31.2012, by means of which the Company undertakes to operate and perform the maintenance at the undertaking. The contractual amount is annually restated based on the variation of compensation defined at the Collective Bargaining Agreement of the Company's employees. The agreements' remaining balance on 12.31.2009 is of R$3,915.

TBLC

Agreement effective for an undetermined period, the purpose of which is the provision, by the Company, of management, planning, control and economic, accounting, tax, legal and financial management services of the subsidiary. The annual amount paid by TBLC is R$360, annually restated by the INPC variation.

Energy Purchase and Sale Agreements with the purpose to supply energy for TBLC to comply with its energy sale agreements, with the following characteristics:

a) 150 monthly average MW effective between 3.1.2008 and 3.1.2015, whose debit balance on 12.31.2009 is R$518,404

b) 190 monthly average MW effective between 1.1.2009 and 12.31.2016, whose debit balance on 12.31.2009 is R$782,781

CESS

Agreement effective for an undetermined period, the purpose of which is the provision, by the Company, of management, planning, control and economic, accounting, tax, legal and financial management services of the subsidiary. CESS pays annually the amount of R$192 and the readjustment is annual by the INPC variation.

Operation and Maintenance Agreement of São Salvador Hydroelectric Power Plant (UHSA), with termination on the financing end-date (10.15.2023), by means of which the Company undertakes to operate and perform the maintenance of the undertaking. The contractual amount is annually restated by the IGP-M variation and debit balance is R$51,305 on 12.31.2009.

SUEZ-Tractebel S.A. (Indirect Subsidiary)

On 4.17.2007, the Company executed an agreement with SUEZ-Tractebel S.A., its indirect controlling company, headquartered in Brussels, Belgium, the purpose of which is the provision of specific advisory services by that company. Contracting was approved by unanimous vote of the Company's minority shareholders, at the Extraordinary General Meeting held on 4.17.2007, and the controlling shareholder resigned the voting right. The term of the agreement is 36 months, subject to revalidation, by minority shareholders, every 12 months, at a Meeting called for such purpose, as occurred at the Extraordinary General Meetings held on 4.8.2008 and 4.14.2009. The value of fees during the effectiveness of the agreement is limited to the annual non-cumulative amount of 1,500,000.00 Euros. Services shall be executed and respective fees shall be submitted to the Company's Fiscal Council, which has one member elected by the minority shareholders. On 12.31.2009, the residual value corresponded to R$1,901.

Subsidiaries of Tractebel Energias Complementares Participações Ltda.

The Company entered into agreements effective for an undetermined period, the purpose of which is the provision of economic, accounting, tax, legal and financial management, planning, control and administration services of the following indirect subsidiaries, owned by Tractebel Energias Complementares Participações Ltda: Hidrelétrica Areia Branca S.A., Hidropower Energia S.A., Eólica Beberibe S.A., Eólica Pedra do Sal S.A., Tupan Energia Elétrica S.A. and Ibitiúva Bioenergética S.A. The annual amount of the group of companies is R$672, annually restated by INPC variation.

PPESA (Indirect Subsidiary)

The Company entered into an agreement effective for an undetermined period, the purpose of which is the provision of economic, accounting, tax, legal and financial management, planning, control and administration services of the indirect subsidiary. The annual amount is R$192 and it is annually restated by INPC variation.

GDF SUEZ Energy Latin America Participações Ltda. (GSELA)

The Company has a payable balance referring to interest on equity approved by the Board of Directors' Meeting held on 11.7.2009 and to other small amounts referring to service providing between the companies in the amount of R$57.

The amounts recorded in balance sheet and income statement accounts are as follows:

	Assets				Liabilities				
2009	Accounts receivable	Dividends	Loan	Total	Suppliers	Related parties	Dividends and Interest on Equity [c]	Other	Total
ITASA	2,315	5,790	-	8,105	6,296	-	-	11	6,307
LAGES	750	4,929	-	5,679	-	-	-	-	-
TBLC	66,319	-	-	66,319	-	-	-	-	-
PPESA	126	-	-	126	-	-	-	-	-
CESS	137	-	-	137	-	-	-	-	-
IBITIÚVA	22	-	35,654	35,676	-	-	-	-	-
AREIA BRANCA	284	-	-	284	-	-	-	-	-
SUEZ TRACTEBEL [a]	4	-	-	4	-	-	-	790	790
LEME [b]	-	-	-	-	125	-	-	-	125
GSELA	57	-	-	57	-	-	169,590	-	169,590
OTHER	113	-	-	113	-	-	-	117	117
TOTAL	**70,127**	**10,719**	**35,654**	**116,500**	**6,421**	**-**	**169,590**	**918**	**176,929**
2008	**102,517**	**9,000**	**9,966**	[*] **121,483**	**11,535**	**194,356** [d]	**102,793**	**661**	**309,345**

(*) Refers to loan with subsidiary CESS, consisting of R$3,666 recorded in current assets under "other", and R$6,300 under long-term assets at a specific account.

[a] SUEZ Tractebel S.A.
[b] Leme Engenharia Ltda
[c] Interest on equity.
[d] Amount referring to the acquisition of Econergy's companies by TBLP in 2008

2009	Income								
	Operating revenue				Electricity cost		Expenses		
		Service revenue							
	Electricity supply	Operation and maintenance	Management	Total	Electricity purchase	Fuels	General and administrative	Total	Income from earnings of subsidiaries
ITASA	-	11,164	-	11,164	125,421	-	-	125,421	24,380
LAGES	4,539	1,675	158	6,372	-	-	-	-	16,831
TBLC	534,570	-	225	534,795	-	10,474	-	10,474	40,278
EAS	-	-	-	-	-	-	-	-	14,655
CESS	51,278	-	304	51,582	-	-	-	-	18,610
DELTA	-	-	-	-	-	-	-	-	(475)
PPESA	-	-	113	113	-	-	-	-	-
TBLP	-	-	-	-	-	-	-	-	(9,725)
SUEZ TRACTEBEL	-	-	-	-	-	-	5,821	5,821	-
IBITIÚVA	-	-	140	140	-	-	-	-	-
OTHER	-	-	250	250	-	-	-	-	(1)
TOTAL	590,387	12,839	1,190	604,416	125,421	10,474	5,821	141,716	104,553
2008	413,177	12,882	685	426,744	166,379	10,654	5,389	182,422	54,698

Compensation of Management's key personnel

The compensation, the charges and benefits related to the Management's key personnel are presented as follows. The only long-term benefit is the pension (post-employment).

	Company		Consolidated	
	2009	2008	2009	2008
Short-term benefits and fees	6,751	5,911	7,233	6,595
Social charges	1,920	1,731	2,015	1,870
Managers' bonus and charges	2,718	2,284	2,718	2,284
Post-employment benefits	670	587	670	587
	12,059	10,513	12,636	11,336

The management's remuneration is not based on shares of Tractebel Energia.

34 – GUARANTEES TO THIRD PARTIES

Itasa

The Company and other shareholders of Itasa are intermediating parties to the agreements entered into between this investee, the BNDES and other financing agents, linked to the construction of Itá Hydroelectric Power Plant. The intermediating parties have pledged as collateral the total amount of shares issued by Itasa and held by them, until the final settlement of all obligations undertaken under these agreements. As of 12.31.2009, the debt is R$135,989 (R$172,731 on 12.31.2008).

Lages

The Company is the intermediating guarantor of the Fixed Credit Facility Agreement entered into by Lages and BRDE, and pledged as collateral its shares of the subsidiary, until the final settlement of all obligations undertaken under the agreement. As of 12.31.2009, the debt is R$18,290 (R$25,117 on 12.31.2008).

CESS

The Company is an intermediating party to the agreements entered into by this investee and the BNDES and other financing agents, linked to the construction of São Salvador Hydroelectric Power Plant. The intermediating party granted as collateral the total number of shares issued by CESS, that it holds, until the final settlement of all obligations undertaken under these agreements. As of 31.12.2009, the debt is R$670,994 (R$612,678 on 12.31.2008).

PPESA

Energia América do Sul Ltda, a wholly-owned subsidiary and parent company of PPESA is an intervening party in agreements executed between the investee and BNDES and other financing agents, related to the construction of Ponte de Pedra Hydroelectric Power Plant. The intervening party granted as collateral all shares issued by PPESA held by it, and the rights emerging from the concession and the electricity purchase and sale agreement with Companhia Energética de Minas Gerais (Cemig), until final settlement of all obligations undertaken in said agreements. The debt on 12.31.2009 is R$225,180 (R$270,043 on 12.31.2008).

Beberibe, Pedra do Sal and Areia Branca

In 2009, the Company became the intervening party to agreements executed between these indirect subsidiaries and the BNDES, bound, respectively, to Wind Power Plants Beberibe and Pedra do Sal and to the construction of the Small Hydropower Plant Areia Branca. The intervening party has assigned, as collateral, the totality of shares issued by Beberibe, Pedra do Sal and Areia Branca, held by its wholly-owned subsidiary Tractebel Energias Complementares Participações Ltda., up to the final settlement of all liabilities undertaken in these agreements. These companies' debt on 12.31.2009 was R$103,430, R$71,542 and R$63,860, respectively.

Tupan and Hidropower

The Company has been negotiating with the funding agents of these companies (the Brazilian Savings Bank and Banco do Brasil, respectively) for the replacement of the guarantees. After this process is completed, the Company will become the intervening party to the financing agreements of these indirect subsidiaries.

35 – INSURANCE

The Company has a comprehensive operating risk insurance policy with a declared amount for property damages of US$4,867,212, equivalent to R$8,474,789 on 12.31.2009 and with a declared amount for short-term loss of profits of US$140,761, equivalent to R$245,093 on 12.31.2009 and long-term loss of profits of US$166,167 equivalent to R$289,330 on 12.31.2009. The maximum combined material damage and loss of profits claim limit is US$250,000, equivalent to R$435,300 on 12.31.2009, per event.

In addition to this coverage, the Company has civil liability insurance policies with coverage of US$50,000, equivalent to R$87,060 as of 12.31.2009. Such policies include Itá Hydroelectric Power Plant, built and operated by means of a consortium with the jointly-owned subsidiary Itasa, Lages Co-generation Unit, Ponte de Pedra and São Salvador Hydroelectric Power Plants, Rondonópolis (Tupan), José Gelazio da Rocha (Hidropower) and Areia Branca Small Hydroelectric Power Plants and Pedra do Sal and Beberibe wind farms.

Insurances contracted related to the subsidiaries, on 12.31.2009, have the following main characteristics:

Lages: operating risk insurance with coverage of US$40,032 equivalent to R$69,704 on 12.31.2009.

CESS: operating risk policy with maximum claim limit of US$231,575 equivalent to R$403,218 on 12.31.2009.

Ponte de Pedra: Operating risks insurance with coverage in the amount of US$193,600, equivalent to R$337,096 on 12.31.2009; and loss of profit long-term insurance in the declared amount of US$13,242, equivalent to R$23,057 on 12.31.2009.

Tupan and Hidropower: operating risk insurances with amount for material damages of US$24,074, equivalent to R$41,918 on 12.31.2009, for each of the companies; loss of profit long-term insurance for Tupan in the declared amount of US$850, equivalent to R$1,480 on 12.31.2009; and loss of profit long-term insurance for Hidropower in the declared amount of US$792, equivalent to R$1,379 on 12.31.2009.

Pedra do Sal: operating risk insurance with amount for material damages of US$24,882, equivalent to a R$43.324 on 12.31.2009 and loss of profit long-term insurance for in the declared amount of US$6,878, equivalent to R$11,976 on 12.31.2009.

Beberibe: Operating risks insurance with material damage coverage in the amount of US$49,565, equivalent to R$86,302 on 12.31.2009; and loss of profit long-term insurance in the declared amount of US$6,763, equivalent to R$11,776 on 12.31.2009.

Ibitiúva: engineering risk insurances with maximum indemnity limit of R$100,576 and of civil liability with coverage amount of R$1,000.

In addition to these strategic insurance policies, the Company also has insurance to cover national and international transportation risks, civil liability of the directors, officers and management, extended to its subsidiaries, as well as group life insurance for its officers and employees.

36 – LONG-TERM AGREEMENTS

The Company has long-term commitments, the principal of which are as follows:

a) Connection Agreement

The Company entered into a Connection Agreement with Eletrosul and Furnas Centrais Elétricas S.A. (Furnas), effective until the termination date of the Company's generation units concession or the liquidation of the transmission company, whichever comes first.

Regarding the companies recently acquired, the Connection Usage Agreements are the following:

- Eólica Beberibe S.A.: Companhia Energética do Ceará (Coelce).
- Eólica Pedra do Sal S.A.: Companhia Energética do Piauí (Cepisa).

On 12.31.2009 the connection agreements' remaining balance amounts to R$237,124.

b) Transmission and Distribution Network Usage Agreement

In order to use the transmission system and basic network, the Company and its subsidiaries Ponte de Pedra Energética S.A. and Companhia Energética São Salvador have agreements with the ONS, and for plants which are not directly connected to the basic network, Distribution Usage Agreements are maintained, as follows:

- UTE Willian Arjona: Empresa Energética do Mato Grosso do Sul S.A. (Enersul).
- UTE Alegrete: AES Sul Distribuidora Gaúcha de Energia S.A. (AES Sul).
- UTE Jorge Lacerda A: Centrais Elétricas de Santa Catarina S.A. (Celesc).
- Tupan and Hidropower: Centrais Elétricas Matogrossenses S.A. (Cemat).
- Beberibe: Companhia Energética do Ceará (Coelce).
- Pedra do Sal: Companhia Energética do Piauí (Cepisa).

Most agreements are effective up to the termination date of the concessions or authorizations of the Company's generation units, or termination of transmitting and distributing companies, whichever occurs first.

On 12.31.2009 the agreements' remaining balance amounts to R$6,104,882.

c) Electricity Purchase and Sale Bilateral Agreements

According to effective guaranteed energy and purchase and sale agreements, the Company's energy balance sheet shows that current capacity has the following contracting levels:

Year	Average MW(*)				
	Own Resources	Purchases for resale	Total availability	Contracted availability	% Contracted
2010	3,365	680	4,045	3,907	96.59%
2011	3,504	352	3,856	3,593	93.18%
2012	3,617	306	3,923	3,630	92.53%
2013	3,617	278	3,895	3,470	89.09%
2014	3,617	253	3,870	2,990	77.26%
2015	3,617	200	3,817	2,760	72.31%

(*) *Information on average MW is not revised by the independent auditors.*

The Company's gross operating revenue, on 12.31.2009, broken down by nature of customers, is as follows:

	2009		2008	
	Value	%	Value	%
Distributors	2,272,501	58.47	1,763,889	46.50
Free consumers	878,846	22.62	1,059,455	27.93
Sellers	555,841	14.30	619,192	16.32
CCEE	65,075	1.67	295,971	7.80
Exports	60,661	1.56	34,395	0.91
Other	53,395	1.38	20,421	0.54
	3,886,319	**100.00**	**3,793,323**	**100.00**

Customers that on 12.31.2009 participated on a percentage higher than 5% at the Company's gross operating revenue were the following: Celesc, Rio Grande Energia S.A. (RGE), Cemig Distribuição S.A., CPFL Comercialização Brasil S.A. and Companhia Paulista de Força e Luz.

d) Purchase of Electricity from Argentina

In May 1998, Tractebel Energia and Cien entered into an Agreement, through which Cien undertook to supply Tractebel Energia 300 MW of firm power with associated energy, for a 20-year term, counted from the commercial start-up of the transmission system between Brazil and Argentina, on 6.21.2000.

As agreed, firm power and associated energy, which are subject matter of the agreement, should come from Argentina and made available by Cien through installations of electric power interconnections, built and operated by Cien, interconnecting both countries through the Garabi frequency converter station.

In March 2005, the Oversight Committee of the Electricity Sector (CMSE), concerned with the guarantee of electricity supply associated to international exchange, suggested Aneel to instruct the process of tests to prove if availability of power and electricity between Brazil and Argentina exists. Based on these test results, the amount ascribed to Cien for the compliance with the agreement with Tractebel Energia was reduced from 300 MW to approximately 72 MW.

Due to this fact, the Company understood that is was qualified as a breach of contract by Cien. Thus, the penalties set forth in the agreement are applicable. However, Cien neither paid any of the applicable penalties, nor sought to solve the event of default.

In this context, as a precaution, the Company has taken some measures, aiming to counteract possible commercial impacts, preserving its commitments and income, considering to carry out purchases, among others, that would offset the decrease of physical electric power guarantees related to the interconnections which are Cien's responsibility.

Concomitantly, the Company decided to assess, exceptionally, possible alternatives to solve matters concerning the agreement, and even prepared some proposals for Cien's appreciation. Unsuccessful efforts, negotiations did not go any further, since Cien rejected all the proposals presented.

Subsequently, on 6.20.2006, it was verified that Cien was not providing even the remaining 72 MW, which made Aneel issue a Normative Resolution to reduce the amounts of physical power guarantee from 72 MW to "zero" to comply with the agreement with Tractebel Energia. The reduction to "zero" would be valid until Cien could prove the availability exists, which has not happened.

It is also worth to highlight the negotiations carried out between Brazilian and Argentinean government, which resulted in the Agreement of Understanding among the countries, executed in December 2005, to establish special conditions for a "transition" period, up to 12.31.2008. Pursuant to this Agreement, as of 2009 full export conditions to Brazil would be reestablished which, so far, has not happened.

The Company also sought other mitigating actions, operating with Aneel and CCEE to adapt the matter of physical guarantee, and presenting to the Ministry of Mines and Energy (MME) contributions to the intermediation of agreements, to the redefinition of responsibilities or, in the limit, to the end of obligations.

Due to the need to solve such quarrel, which has been going on since 2005, without any perspective of solution, Tractebel Energia, in view of the total default of Cien, filed a lawsuit, mainly requiring the agreement termination, with the payment of due fine, and reimbursement of losses caused by not receiving the contracted electricity. At the moment, it is not possible to estimate any amount involved in said lawsuit. By now, all necessary measures to carry out Tractebel's commercial operations, as well as to rebalance its portfolio, were already taken previously in the past years.

e) Purchase of Natural Gas

The Company entered into a gas purchase agreement with Companhia de Gás do Mato Grosso do Sul (MSGÁS), effective for five years, starting 2001, the startup of William Arjona Thermoelectric Power Plant (UTWA), located in Campo Grande, State of Mato Grosso do Sul (MS), renewable for an additional five years.

With the expiration of the contract period, on 5.22.2006, the Company showed its interest to renew the agreement, however, MSGÁS communicated that the renewal would depend on the adjustment of the product price, as determined by Petróleo Brasileiro S.A. (Petrobras), the gas seller to MSGÁS and the consenting party in the contract.

In view of Petrobras' threat to cut gas supply to the plant, the Company filed for a Preparatory Writ of Prevention, with request for temporary restraining order, which was granted to assure the gas supply according to the terms of the agreement.

About this decision, Petrobras appealed to the Mato Grosso do Sul Court of Justice, which upheld the decision. Notwithstanding, it filed a special appeal with the Superior Court of Justice (STJ), where, at a Writ of Prevention, was granted the stay of the lawsuit, authorizing it, as of November 2007, to suspend the supply. As a result, the Company has bought power in the CCEE to supply the UTWA. When convenient and necessary, the Company has been operating with diesel oil as fuel, since the plant has this flexibility.

As a consequence of the filing of the Preparatory Writ of Prevention, the Company filed an Ordinary Appeal Lawsuit which was judged valid for the purpose of setting forth that purchase and sale agreements of natural gas entered into between the Company and MSGÁS, and between MSGÁS and Petrobras and its respective addendum may be renewed for a 5-year term, beginning on 5.23.2006. The period in which the gas supply was interrupted as a result of this litigation shall be added to the end of the agreement, which shall be ending proportionally to the term extended. Gas price and quantity shall be the ones contracted and restated as per Thermoelectric Power Plant Priority Program (PPT). Petrobras filed requests for clarification of this judgment, which were turned down, and filed an Appeal with the Legal Court of Mato Grosso do Sul, where it awaits a legal decision.

The Superior Court of Justice has recently dismissed the Writ of Prevention and Petrobras's Special Appeal due to lack of grounds. As a consequence, the Preparatory Writ of Prevention included an order for MSGÁS and Petrobras to keep on supplying gas to Arjona as of 11.26.2009.

f) Leasing Agreements

The leasing agreements listed below have been classified as "operating", because the ownership of the asset cannot be transferred to the lessee by the end of the agreement's duration, and because there is no option to purchase the asset.

f.1) Eólica Beberibe S.A.: has four land lease agreements used for the installation and edification of towers of wind turbines, substation and transmission stations associated. The effectiveness of agreements ranges from 5.17.2027 to 09.28.2032, and amounts are comprised of fixed and variable installments, corresponding to a percentage over gross revenue. Fixed installments are restated by IGPM, by the dollar variation and the inflation rate in the United States of America (USA), depending on each agreement. In 2009, the total expense was R$687.

The total minimum future payment for each period is:

2010	281
2011 to 2015	1,125
2016 and thereafter	11,997
	13,403

f.2) Eólica Pedra do Sal S.A.: has one lease agreement of the land where the generating complex is located, with maturity in 2029. The monthly paid amount contracted corresponds to a percentage over gross operating revenue. In 2009, the total expense was R$296.

The total minimum future payment for each period is:

2010	356
2011 to 2015	1,423
2016 and thereafter	5,011
	6,790

f.3) Wind energy generation projects acquired in 2009: The projects acquired by subsidiary TBLP have eight lease agreements for land used in the installation and construction of the wind generator towers, a substation and associated transmission facilities. The agreements' maturities range from 2032 to 2042, and payments are made every month in fixed and variable installments. Variable installments will be implemented as of the beginning of operations of each project.

The total minimum future payment for each period is:

2010	390
2011 to 2015	1,560
2016 and thereafter	8,701
	10,651

g) Agreements for Destilaria Andrade Thermoelectric Power Plant construction

Indirect subsidiary Ibitiúva executed an agreement with Areva Koblitz for engineering services, acquisition of equipment and construction of Destilaria Andrade Thermoelectric Power Plant, whose remaining amount on 12.31.2009 is R$38,142. The agreement is effective up to 06.01.2010.

Ibitiúva has also executed an agreement with Leme Engenharia Ltda, company belonging to the GDF SUEZ, for the control of quality of Destilaria Andrade Thermoelectric Power Plant project, at the remaining amount on 12.31.2009 of R$595, effective up to 4.1.2010.

37 – ADDITIONAL INFORMATION TO THE CASH FLOW

Transactions that do not involve the cash and payments made in the year are the following:

	Company		Consolidated	
	2009	**2008**	**2009**	**2008**
Payment in the year				
Interest from loans, financing and debentures	177,771	97,116	256,049	142,734
Income and social contribution taxes	422,486	282,774	468,486	351,353
Transactions not involving cash				
Record of São Salvador HPP concession	-	-	352,097	-
Dividends proposed and interest on own capital credited	275,913	176,000	275,913	176,000
Dividends proposed receivable from subsidiaries	7,418	4,041	-	-
Acquisition of companies by subsidiary TBLP	-	-	-	221,306
Effect of adjustments of Law 11,638/07	-	(4,919)	-	(4,919)

38 – SUBSEQUENT EVENT

a) SUEZ Energia Renovável S.A. (SER)

The Company has entered into a purchase and sale agreement for the entirety of the common shares issued by SER, a company controlled by GDF SUEZ Energy Latin America Participações Ltda. (GSELA). SER holds a 40.07% interest in the Estreito Energia Consortium (Ceste), created on 11.5.2002 for the implementation and exploration of the Estreito Hydropower Project (AHE Estreito), which has installed capacity to generate 1,087 MW and has 641.08 average MW of assured energy (assured energy will be reduced to 590.41 average MW after the beginning of the trading operations of Hydropower Plant Serra Quebrada, expected to happen in January 2017, according to data from the Energy Research Company - EPE). The other members of the Ceste consortium are Companhia Vale do Rio Doce – CVRD (30%), Estreito Energia S.A. (Alcoa Group - 25.49%) and Camargo Corrêa Geração de Energia S.A. (4.44%). The consortium's leader is SER. The concession of AHE Estreito is shared among the Ceste consortium members, to the proportion of their respective interest in the consortium. Investments made by GSELA on SER to the agreement's execution date total R$324,390.

Pursuant to article 256 paragraph 1 of the Brazilian Corporate Law, the appraisal of SER, for the base date of 9.30.2009, was made by Banco Santander (Brasil) S.A. in an appraisal report prepared based on the discounted cash flow method (Appraisal Report).

Based on the results of the appraisal report, the purchase price to be paid by Tractebel Energia to GSELA is R$604,390, of which (i) R$302,195 shall be paid within up to 30 days following the execution of the agreement, restated at the Broad Consumer Price Index (IPCA) plus 6% interest per annum on a *pro rata temporis* basis, from the present date to the date of its effective payment; and (ii) R$302,195 shall be paid (a) up to 7.31.2010, provided that the preliminary consents mentioned below are granted, or (b) in up to 10 working days following the granting of the last necessary preliminary consent if the consents have not been granted up to 07.31.2010, restated at the IPCA plus 6% interest per annum on a *pro rata temporis* basis, from the present date to the date of its effective payment. SER's equity value on 12.31.2009 is R$548,760. The first installment of R$304,556 of the restated amount was paid on 1.19.2010.

The acquisition will be submitted to ratification by the Shareholders' General Meeting of Tractebel Energia, pursuant to article 256, item II "b" of the Brazilian Corporate Law. The ratification of the acquisition will grant the preemptive right, pursuant to the Brazilian Corporate Law, to the shareholders registered to the present date on the Company's records and who dissent from the resolutions of the general meeting that shall be held to ratify the acquisition. Additional information on the preemptive right, such as net book value of the shares for purposes of reimbursement, deadlines and procedures to be adopted by the dissenting shareholders, will be provided in a timely manner, following the call for the general meeting that shall be held to ratify the acquisition.

The efficacy of the acquisition will be subject to the usual suspensive conditions for transactions of this nature, including, but not limited to, the approval of the acquisition by the Aneel, the approval of third parties, including the Brazilian Development Bank (BNDES) and other financial institutions that are creditors of SER, pursuant to the respective financing agreements entered into by SER. Therefore, the investment will be recognized by the Company after all suspensive conditions provided for the agreement have been addressed. The difference between the amount payable, which will correspond to the *fair value,* and the equity value on the date of the execution of the acquisition will be grounded on the right to use a public asset provided for in the concession agreement and it will be recorded under property, plant and equipment together with the amount of each concession to be considered as part of this asset, because this is a non-separable right, that is, it cannot be sold or transferred separately from the property, plant and equipment.

b) Pre-payment of the financing of Ponte de Pedra Energética S.A. (PPESA)

On 2.17.2010, PPESA, a wholly-owned and indirect subsidiary of the Company, early amortized the entirety of its financial indebtedness with the BNDES and onlending banks (Itaú BBA, Unibanco, Bradesco and Banco do Brasil). The early amortization in the amount of R$223,187 was an initiative of the Company in the scope of the plan to merge PPESA and its parent holding Energia América do Sul Ltda. into the Company, as an attempt to streamline its corporate structure.

39 – RECONCILIATION TO THE INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

a) Introduction

The Company prepared its financial statements according to the standards issued by the Brazilian Securities and Exchange Commission (CVM) including CVM Resolution number 565/08. The reconciliation note comparing net income and shareholder's equity under CVM standards with IFRS, as required by the São Paulo Stock Exchange (BOVESPA), does not constitute a complete presentation of the financial statements comprising, comparatively, the Balance Sheet, the Income Statements, the Statements of Changes in Shareholders' Equity and Cash Flows, and the explanatory notes as required by the International Financial Reporting Standards (IFRS).

The Company adopted IFRS 1 - "First Time Adoption of International Financial Reporting Standards" in order to determine the adjustments to the opening balances; the basis and options applied may change when the Company prepares its complete financial statements according to IFRS.

b) Reconciliation Procedures

December 31, 2007 was the first financial year end for which the IFRS reconciliation and accompanying notes was presented.

As required by IFRS 1, the opening balance reflects all of the pronouncements and interpretations of IFRS effective on 12.31.2007, except for the exemptions and exceptions allowed in the application of IFRS 1 for determining the measurement of the impacts on the opening balance.

The reconciliation of the differences between the shareholders' equity and the net income determined in accordance with the accounting practices adopted in Brazil and those determined by IFRS were drawn up based on the financial statements of the Company, prepared in accordance with accounting practices adopted in Brazil, as described in Note 2. The reconciliation of the shareholders' equity and the net income, as required by the São Paulo Stock Exchange (BOVESPA) in order to meet the Novo Mercado (New Market) listing requirements, does not represent a complete set of financial statements comprising a balance sheet, income statement, statement of changes in shareholders' equity and cash flow statement, presented on a comparative basis and with the respective explanatory notes, as required by IFRS.

	Shareholders' equity		Net income	
	12.31.2009	12.31.2008	2009	2008
Brazilian accounting practices	3,681,267	3,170,788	1,134,398	1,115,153
Monetary adjustment	184,099	203,037	(18,938)	(20,718)
Post-employment benefits	68,155	(156,703)	2,911	1,537
Foreign exchange variation and interest income	(63,371)	(66,136)	2,765	2,225
Capitalized financial charges	78,607	53,033	25,574	18,729
Borrowing costs	(12,099)	(12,584)	485	381
Pre-operating expenses	-	-	-	(4,053)
Capitalization on investment acquisition	15,432	13,974	1,458	1,455
Deferred income and social contribution taxes	(83,350)	658	(8,546)	(3,968)
	3,868,740	**3,206,067**	**1,140,107**	**1,110,741**

Monetary adjustment

In accordance with the standards issued by CVM, the Company did not recognize the Brazilian inflationary effects subsequent to 12.31.1995. On January 1, 1996, the net amount accounted for in respect of all non-monetary assets and liabilities became their historic cost. In accordance with IFRS (IAS 29 - Financial Reporting in Hyperinflationary Economies), Brazil was considered as being a hyperinflationary economy until 1997, and accordingly, for IFRS purposes, the Company continued to recognize inflation effects based on the IGPM index (general market price index).

The adjustment presented in the line item "Monetary adjustment" represents the inflationary effects on property, plant and equipment recognized in 1996 and 1997 for IFRS purposes, net of the effect of depreciation and write-offs on such monetary adjustment.

Post-employment benefits

As disclosed in Note 24, the Company accounts for post-employment benefits in accordance with CVM Resolution No. 371/2001, since December 31, 2001. Specifically, for the actuarial liability related to the defined benefit plan, the Company opted for the corridor methodology to recognize actuarial gains and losses.

For IFRS purposes, the Company adopted the exemption prescribed by IFRS 1 (First Time Adoption of International Financial Reporting Standards), under which all actuarial gains and losses related to the defined benefit plan, sponsored by the Company, were recognized on the IFRS transition date.

As permitted by IAS 19, the Company adopted a policy of recognizing actuarial gains and losses in the year in which they occurred in the shareholders' equity as other comprehensive income.

Consequently, the shareholders' equity adjustment shown in the line item "Post-employment benefits" represents the actuarial gain not recognized for CVM standards purposes, and recognized for IFRS purposes.

Foreign exchange variation and interest income

Based on the Local GAAP, the foreign exchange differences arising from foreign currency-denominated loans and financing and interest income from marketable securities resulted from third party fund were fully capitalized in the cost of property, plant and equipment under construction. For IFRS purposes, these exchange differences and interest income were capitalized up to the amount equivalent to the cost of a loan, if raised in Brazil (as required by IAS 23 – Borrowing costs).

Capitalized financial charges

According to IFRS, the Company's own capital used to finance subsidiaries' construction in progress was capitalized in subsidiaries' property, plant and equipment; such capitalization is based on the interest rates of the loans and financing obtained.

Borrowing costs

Under CVM standards, the borrowing costs of certain financing assumed for the construction of a hydroelectric project were capitalized in the underlying asset.

Under IFRS, these costs are considered financing costs and are amortized over the period of the financing.

Pre-operating expenses

Under the IFRS, pre-operating expenses not capitalized in property, plant and equipment are recognized directly in results when incurred.

Under CVM standards, the Company and its subsidiaries used to allocate to deferred charges pre-operating expenses that were not eligible for capitalization in property, plant and equipment.

As informed in the Note 2, the changes introduced by the Law 11.638/08 and the Provisional Measure 449/08 are characterized as a change in the accounting practice, however, as allowed by the CVM resolution 565/08, the adjustments affecting the results were made against retained earnings on the transition date (January 1, 2008). The only adjustment made by the Company as of that date was the write-offs of deferred expenses which eliminated this difference between the CVM and IFRS standards in the shareholders´ equity.

Capitalization on investment acquisition

The amount of deferred charges (goodwill) accounted for in respect of the acquisition of Itá Energética S.A. in 2001 was, as of January 1, 2008, reclassified to intangibles and was maintained under this caption for CVM standards. Under IFRS, the Company performed a purchase price valuation at the date of acquisition and included the amount in property, plant and equipment; the deferred charges' (up to December 31, 2007) and intangibles' amortization rates are higher than that of the depreciation rate of property, plant and equipment.

Deferred income and social contribution taxes

Represented by the effect of income and social contribution taxes on the accounting adjustments required to reconcile net income and shareholders' equity according to the standards issued by CVM to the IFRS. This amount includes the recognition of deferred tax credits for IFRS purposes on temporary differences in permanent assets which are realizable over a period in excess of 10 years and which were not recognized according to CVM standards purposes. The amounts of each adjustment are shown in the chart below:

	Shareholders' equity		Net income	
	12.31.2009	12.31.2008	2009	2008
Deferred taxes from reconciliation adjustments	(91,470)	(11,126)	(4,882)	(304)
Deferred taxes from temporary differences in permanent assets	8,120	11,784	(3,664)	(3,664)
	(83,350)	**658**	**(8,546)**	**(3,968)**

STATEMENT OF THE COMPANY'S EXECUTIVE OFFICERS

The Company's executive officers hereby declare they have examined, discussed and revised all information provided in the Company's Financial Statements (individual and consolidated), and that they agree with the opinion of the Company's independent auditors (Deloitte Touche Tohmatsu) referenced in the Independent Auditors' Report presented below.

Manoel Arlindo Zaroni Torres
Chief Executive Officer

Eduardo Antonio Gori Sattamini
Finance and Investor Relations Officer

José Luiz Jansson Laydner
Business Development and Commercialization Officer

Miroel Makiolke Wolowski
Project Implementation Officer

José Carlos Cauduro Minuzzo
Energy Production Officer

Marco Antonio Amaral Sureck
Planning and Control Officer

Luciano Flávio Andriani
Administrative Officer

Florianópolis, February 22, 2010

(*The list of signatures of the Financial Statements as of December 31, 2009 can be found on the next page)*

(List of signatures of the Financial Statements as of December 31, 2009, of Tractebel Energia S.A.)

BOARD OF DIRECTORS

Maurício Stolle Bähr
Chairman

Jan Franciscus María Flachet
Vice-Chairman

Manoel Arlindo Zaroni Torres
Board Member

Victor-Frank de Paula Rosa Paranhos
Board Member

Dirk Beeuwsaert
Board Member

Alain François Marie Luoise Janssens
Board Member

Luiz Antônio Barbosa
Board Member

José Pais Rangel
Board Member

Luiz Leonardo Cantidiano Varnieri Ribeiro
Board Member

EXECUTIVE BOARD

Manoel Arlindo Zaroni Torres
Chief Executive Officer

Eduardo Antonio Gori Sattamini
Finance and Investor Relations Officer

José Luiz Jansson Laydner
Business Development and Commercialization Officer

Miroel Makiolke Wolowski
Project Implementation Officer

José Carlos Cauduro Minuzzo
Energy Production Officer

Marco Antonio Amaral Sureck
Planning and Control Officer

Luciano Flávio Andriani
Administrative Officer

ACCOUNTING DEPARTMENT

Marcelo Cardoso Malta
Manager of Accounting Department
Accountant - CRC RJ 072259/O-5 T-SC

Tractebel Energia
GDF SUEZ

Deloitte.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Administration, Directors and Shareholders of
Tractebel Energia S.A.
Florianópolis – SC

1. We have audit the accompanying individual (Holding Company) and consolidated balance sheets of Tractebel Energia S.A. ("Company") and subsidiaries as of December 31, 2009 and 2008 and the related statements of income, changes in shareholders' equity (Holding Company), cash flows and value added, for the years then ended, all expressed in Brazilian reais and prepared under the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements.

2. Our audits were conducted in accordance with auditing standards in Brazil and comprised: (a) planning of the work, taking into consideration the significance of the balances, volume of transactions and the accounting and internal control systems of the Company and its subsidiaries; (b) checking, on a test basis, of the evidence and records that support the amounts and accounting information disclosed, (c) evaluating the significant accounting practices and estimates adopted by Management, as well as the presentation of the financial statements taken as a whole.

3. In our opinion, the financial statements referred to in paragraph 1 present fairly, in all material respects, the individual and consolidated financial positions of Tractebel Energia S.A. and subsidiaries as of December 31, 2009 and 2008, and the results of their operations, the changes in shareholders' equity, the cash flows and value added for the years then ended, in conformity with accounting practices adopted in Brazil.

4. Accounting practices adopted in Brazil vary in certain significant respects from the International Financial Reporting Standards ("IFRS"). Information relating to the nature and effect of such differences is presented in Note 39 to the financial statements. As described in the referred note, the reconciliation of net income and shareholders' equity for the years ended December 31, 2009 and 2008 between accounting practices adopted in Brazil and IFRS does not represent a first-time adoption of IFRS since the Company has not presented a full set of financial statements prepared in accordance with IFRS and has not disclosed an explicit and unreserved statement of compliance with IFRS; accordingly, in the event the Company fully adopts IFRS in the future, the opening shareholders' equity balance presented in such reconciliation may be different from that presented in Note 39.

5. The accompanying financial statements have been translated into English for the convenience of readers outside Brazil.

Rio de Janeiro, February 22, 2010 (except for note 39, for which the date is April 30, 2010)

DELOITTE TOUCHE TOHMATSU
Auditores Independentes
CRC 2SP 011.609/O-8 "F" SC

Paulo Roberto Marques Garrucho
Contador
CRC 1RJ 052.813/O-1 "S" SC

FISCAL COUNCIL REPORT

Members of the Fiscal Council of Tractebel Energia S.A., Paulo de Resende Salgado, Carlos Guerreiro Pinto and Manoel Eduardo Lima Lopes, signed below, after having examined the Management's Annual Report, including the Financial statements for 2009, and based on the report of independent auditors Deloitte Touche Tohmatsu on these Financial statements issued on February 22, 2010, stated that said document is pending approval at the Company's Shareholders' General Meeting.

Rio de Janeiro, February 24, 2010.

Paulo de Resende Salgado
Chairman

Carlos Guerreiro Pinto
Fiscal Council Member

Manoel Eduardo Lima Lopes
Fiscal Council Member