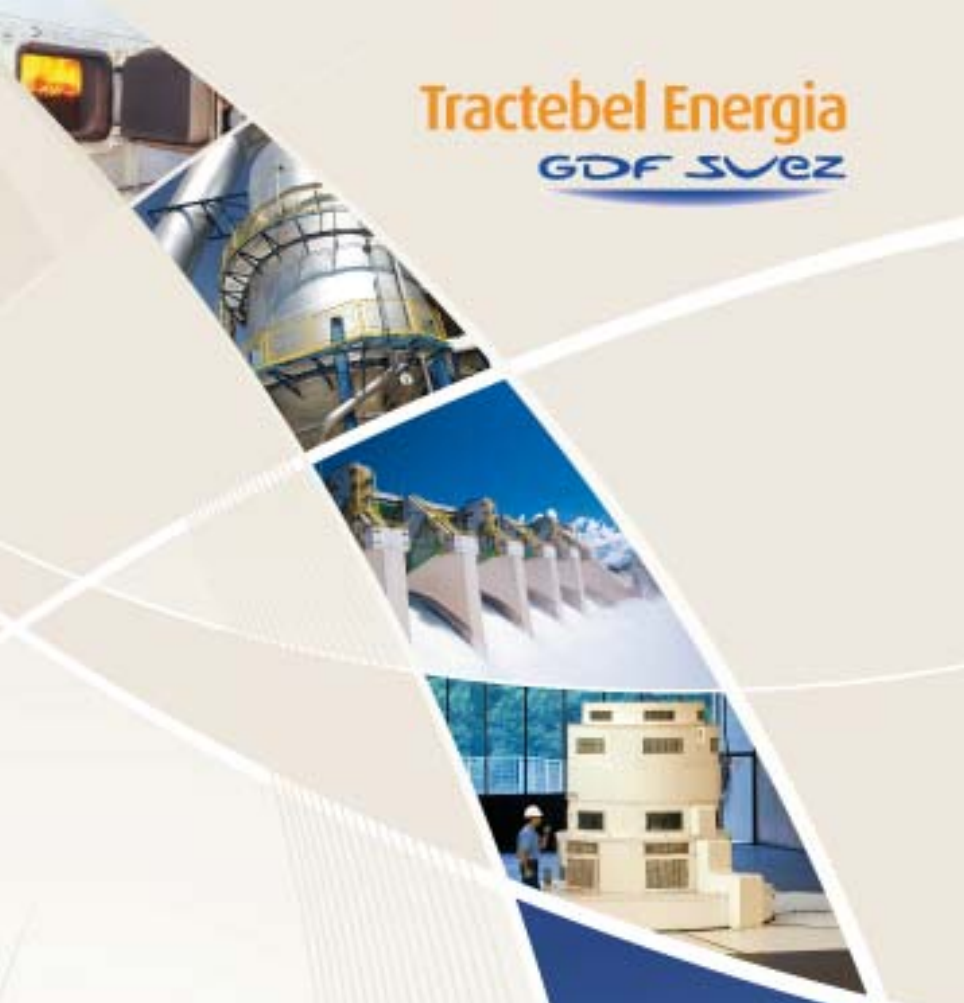
Tractebel Energia
GDF SUEZ





Financial Statements for Fiscal Years 2010 and 2009

Financial and Investor Relations Area

CNPJ Nº 02.474.103/0001-19
NIRE Nº 42 3 0002438-4

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

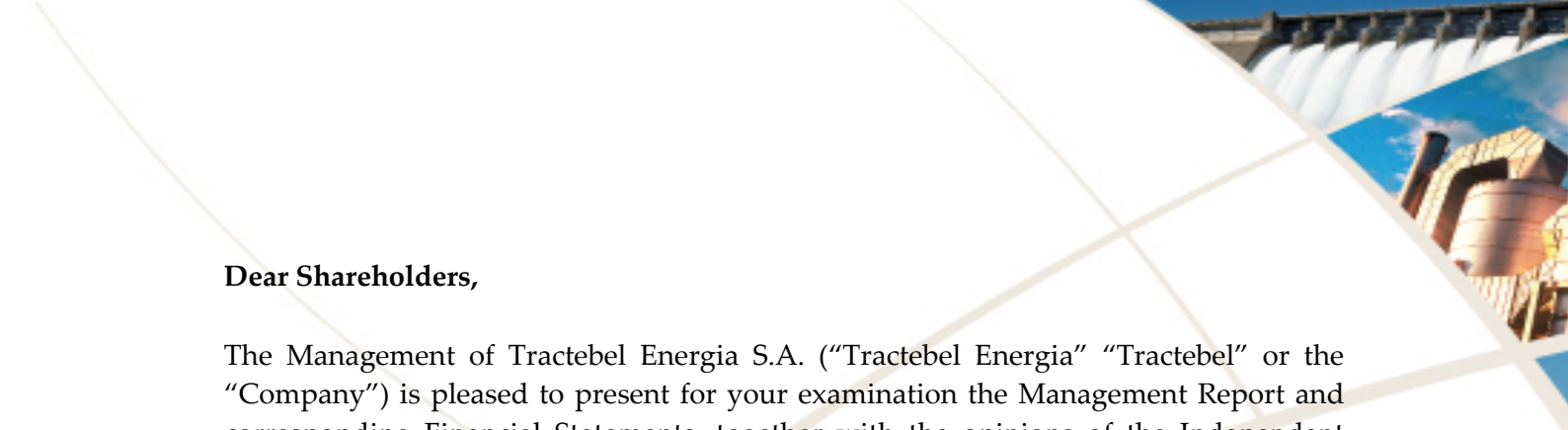
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Dear Shareholders,

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, 2010. Information is shown in millions of reais and on a consolidated basis except when specified to the contrary and in accordance with generally accepted accounting practices in Brazil.

Message from the Management

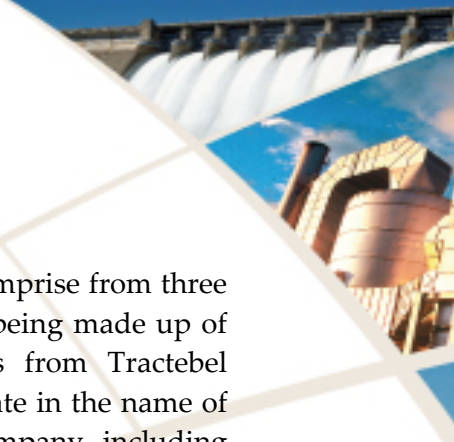
The year proved to be one more period of expansion for Tractebel Energia, the Company reporting an 11.1% increase in net income totaling R$ 1.212 billion, and once again bearing witness to the continuous search for improving management in the three areas of sustainability – economic-financial, social and environmental –, in order to permanently enhance the creation of value for all our stakeholders.

On the operational front, we broke our instantaneous generation record, producing 7,074 MW, representing a capacity factor of 93.8%. We also registered 98.3% of uptime during the year, discounting scheduled stoppages, reflecting the efficiency of the maintenance programs used at our generator complex.

Total output for the year was 42,986 GWh (4,907 average MW) produced from 21 operating plants making up our generator complex, installed capacity increasing to 6,472 MW with the startup of the Ibitiúva Bioenergética Thermoelectric Power Plant (33 MW total capacity) fired from sugarcane bagasse, and the Areia Branca Small Hydroelectric Power Plant (20 MW).

In addition, we incorporated the stake in the Estreito Hydroelectric Power Plant – one of the largest generation projects under construction in Brazil with an installed capacity of 1,087 MW - through our controlling company GDF SUEZ, acquiring the total of the common shares issued by SUEZ Energia Renovável S.A., holder of 40.07% in the Estreito Energia Consortium, and responsible for the installation of the project. Work on the plant is nearing completion and the first turbines are scheduled to come on stream before the end of 2011. This will add a further 436 MW to our installed capacity, representing an expansion of about 7% of the total. Following this incorporation, we raised a further R$ 308.5 million in supplementary financing which will contribute to an increase in returns from the Estreito operation.

In October, we announced a new model to ensure that the process of transfer and incorporation of assets between Tractebel Energia and its controlling company is even more transparent. This involved among other measures the establishment of a Special Independent Committee for Transactions with Related Parties.



The Committee, which will not be installed permanently and will comprise from three to five members of the Board of Directors, the majority in all cases being made up of independent directors and complemented by executive directors from Tractebel Energia. The task of the Related Parties Committee will be to negotiate in the name of the Company the terms of each transaction with the controlling company, including the price to be paid for the assets. The objective is to ensure that a given value adequately reflects the division of the risks involved plus the additional value accruing from the project. The Committee's decisions will be examined by the Board of Directors and subsequently ratified by the General Shareholders' Meeting.

This initiative represents a refinement in the governance model which will contribute to the sustainable growth of Tractebel Energia, as well as greater independence and transparency in the negotiations, reflecting best corporate governance practices.

The acquisition of the 50.1% stake which our controlling company holds in Energia Sustentável do Brasil, responsible for the development of the Jirau Hydroelectric Power Plant, located in the north of Brazil with a total estimated capacity of 3,450 MW, is to be conducted on the basis of this upgraded model

Growth in all areas of the Company has been accompanied by the progressive improvement in our socio-environmental management. Estreito, for example, is seen as a project which is a model in socio-environmental responsibility. In 2010, we concluded the implementation of our Occupational Health and Safety Management System involving the adaptation of our processes and policies over two years and certified in accordance with OHSAS 18001 standards. It is through this initiative that we are seeking to continuously improve occupational health and safety performance as well as developing initiatives involving key aspects in these areas for ensuring evolution in the quality of life of our employees.

Tractebel Energia seeks to adopt the role of multiplier of best practices and to disseminate the culture and the value of sustainability to all its stakeholders. In 2010, we launched the Policy for Sustainable Management. This supports and complements our various existing policies in all areas of the business, the relative values and principles being extended to our stakeholders. In addition, the Company's suppliers are assessed on their socio-environmental management while supplier contracts require adjustment to the guidelines established in our Code of Ethics and Environmental Policy for ensuring compliance along the entire value chain.



Our achievements during 2010 are the result of the work of more than 1,000 qualified professionals who with their experience, entrepreneurship and competence practice our values and transform our strategy and objectives into a reality. Among these achievements was the continuous improvement in our financial and operational management, examples being the skillful allocation of assured energy, the enlargement of our generating complex, a successful commercialization strategy – in particular the sale of a considerable volume of energy for delivery over the coming years and the increase in the customer base –, the increase in our corporate ratings, besides several other good results which will be discussed in the course of this Report. Our employees are responsible for transforming our plan into practices and efficiency, our principles and values into culture and initiatives, and more than this, our energy into value and development for all our stakeholders.

It is with satisfaction that we acknowledge market recognition for the evolution in our governance and our commercial, operational and financial results. This directly impacted share performance with Tractebel Energia being one of the highlights of the electricity sector with an accumulated appreciation of 27.5% during the year, discounting the impact of profits distribution, and closing the year with a price of R$ 27.45 – equivalent to a market capitalization of R$ 17.9 billion.

We are convinced that this is the way to achieve continuity of the business on a socially and environmentally long-lasting basis and to the creation of economic value. We wish to thank our clients, shareholders, employees, suppliers and society for their efforts, dedication and confidence during one more successful year.

Manoel Arlindo Zaroni Torres
Chief Executive Officer

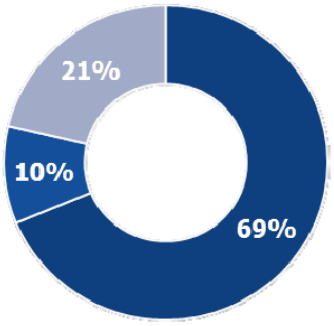
Maurício Stolle Bähr
Chairman of the Board of Directors

1_Institutional Profile

Tractebel Energia operates in the generation and commercialization of electric energy through the installation of power plants and is the largest private sector generating company in Brazil.

The Company has its headquarters in Florianópolis, Santa Catarina and has been active in the electricity segment since 1998. On December 31, 2010, 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 Novo Mercado of BM&FBovespa S.A. – Equities, Commodities and Futures 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 and is a subsidiary of the Franco-Belgian group, GDF SUEZ, one of the world leaders in energy, water and waste management.

Shareholding Control
as at December 31, 2010



1.1_Generator Complex

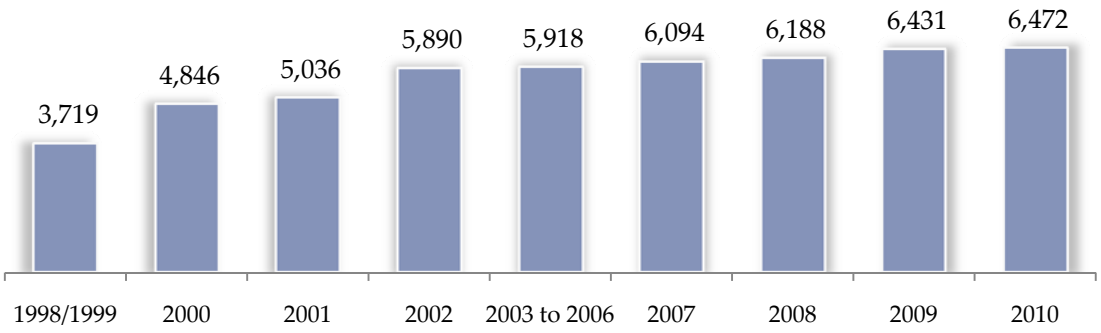
The Company's generating complex has a total proprietary installed capacity of 6,472.0 MW and is made up of 21 plants, 18 of them wholly owned by Tractebel. Six of these are hydro power plants, six thermal and six complementary – one biomass-fired, two wind farms and three small hydroelectric power plants (SPPs). The Itá and Machadinho hydroelectric power plants and the Ibitiúva Bioenergética Thermal Plant, which is bio-mass fired are operated through consortia with other companies. Since these plants are operated by Tractebel Energia, total installed capacity operated by the Company is equivalent to 7,543.0 MW.

2_Expansion of the Generating Complex

In 2010, two new plants came into operation: Areia Branca SPP (MG) with an installed capacity of 19.8 MW and the Ibitiúva Bioenergética Thermoelectric Plant (SP), which generates energy from sugarcane bagasse and has an installed capacity of 33.0 MW.

In addition, the Estreito and Jirau hydro plants are under construction and should add a further 2,164.1 MW in own installed capacity or 4,537.0 MW capacity operated by the Company. The difference reflects other partners in the Estreito Energia Consortium (Ceste) and in the special purpose company, Energia Sustentável do Brasil (ESBR) which is developing the projects. The startup of operations at Estreito is scheduled for 2011 and Jirau for 2012. In the latter, GDF SUEZ Energy Latin America's (50.1% of ESBR) stake is expected to be transferred to Tractebel Energia, although not before the end of 2011. This operation will be conducted through the new Special Independent Committee for Transactions with Related Parties in line with the transfer model created to bring greater transparency to bear in negotiations and transfer of assets between related companies.

Evolution of own installed capacity (MW)



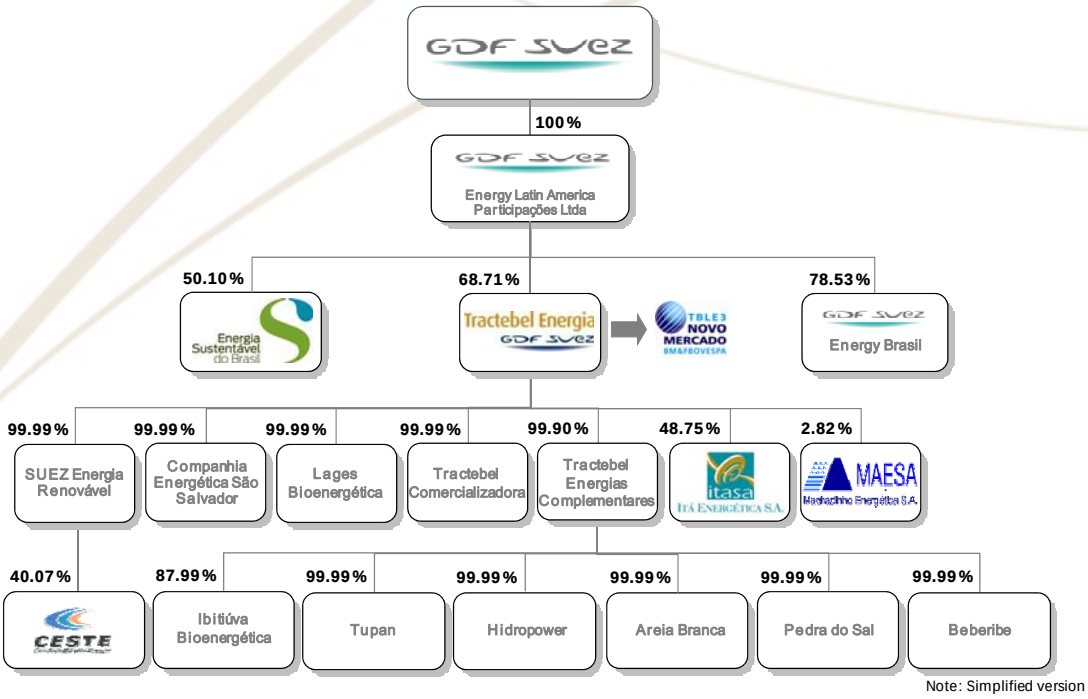
2.1_Corporate Structure

Tractebel Energia has a direct or indirect controlling stake in the following companies: Companhia Energética São Salvador, Lages Bioenergética Ltda., SUEZ Energia Renovável S.A., Tractebel Energias Complementares Participações Ltda., and Tractebel Energia Comercializadora Ltda., the latter intermediating and operating purchases, sales, imports and exports of electricity in the free market.

On **October 19, 2010**, Tractebel Energia S.A. acquired the total (99.99%) common shares issued by **SUEZ Energia Renovável S.A. (SER)**, responsible for the implementation of the Estreito HPP held by GDF SUEZ Energy Latin America Participações Ltda.

The Company also has a 2.82% stake in Machadinho Energética S.A. (Maesa), 19.28% in the operating consortium of the Machadinho HPP, 39.50% in the Itá Consortium, 40.07% in the Estreito Energia Consortium (Ceste) through the stake held by SUEZ Energia Renovável, and 87.99% in Ibitiúva Bioenergética, through the stake held by Tractebel Energias Complementares.

Breakdown of Corporate Structure
as at December 31, 2010



Note: Simplified version

In addition, with a stake of 48.75%, Tractebel has joint control of Itá Energética S.A. (Itasa), a company which holds the concession in consortium with Tractebel itself for operating the Itá Hydroelectric Power Plant and which in turn has 60.50% of the Itá Consortium, responsible for the construction of the project. Together with the direct stake of 39.50% which it has in the Consortium, the Company holds approximately 70% of the Plant. The shared control of Itasa is governed by a shareholders' agreement while decisions of common interest to the Itá Consortium are taken by a management committee of four members, two of which are representatives of Tractebel.

3_Macroeconomic Environment

In 2010, the Brazilian economy, like other developing countries, reported a scenario of recovering growth following the world financial meltdown during 2008 and 2009, reporting records for a series of different economic indicators. Growth in Gross Domestic Product for example should report close to 7.5% according to the Focus survey published by the Central Bank in January 2011. If this is confirmed then the increase would be the highest since 1986.

With the economy booming, job creation was a record – approximately 2.5 million according to the General Register of Employed and Unemployed (Caged). Unemployment fell below 6.7%, the lowest level in eight years. The increase in the number of jobs also reflected in the expansion of 16.4% in the number of consumers that sought credit facilities in 2010 according to a Serasa Experian survey.

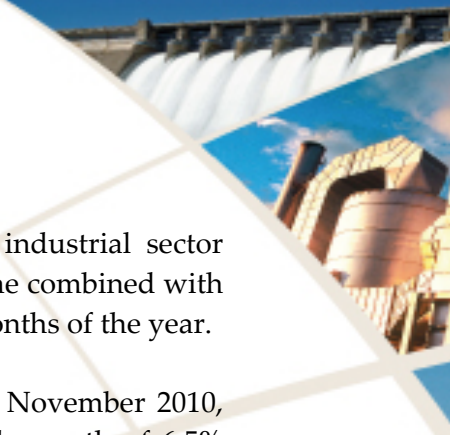
Set against this background, the consequent expansion in consumption was accompanied by a rising cycle in the basic rate of interest (Selic) in the first half of the year with the aim of damping inflation. The Selic rate held steady in the second half ending 2010 at an annual rate of 10.75%. Inflation measured by the Amplified Consumer Price Index (IPCA), in turn, reached 5.91% in 2010, 1.60 p.p. more than the rate in 2009 of 4.31%, according to data published by the Brazilian Government Statistics Office (Instituto Brasileiro de Geografia e Estatística - IBGE). This figure was driven by food prices due to periods of heavy rainfall in 2010 which impacted sector production. The result is above the central point of the band established for inflation by the government of 4.5%, but within the tolerance level of 2 percentage points above or below this figure.

The recovery in the Brazilian economy and the capital markets also intensified the inflow of dollars and the Real strengthened against the USDollar during the year by 4.42% to R$ 1.666 - for the first time closing below the R$ 1.70 mark since the floating exchange rate was introduced in 1999. The Ibovespa, the BM&FBovespa benchmark stock index, closed up on the last trading day of the year at 69,304.81 points, recording an appreciation of only 1.04% for the year as a whole, impacted by high volatility in the share prices of commodity exporters during the period.

Data for the trade balance from the Ministry for Development, Industry and Foreign Trade reported a surplus of US$ 20.3 billion, a reduction of 19.8% compared with the preceding year. On the other hand, Foreign Direct Investment (FDI) into Brazil was US$ 48.5 billion according to Central Bank figures.
For the next few years, the prospects are for growth with a growing demand for labor as domestic projects such as the second Growth Acceleration Plan (PAC 2), the "My House, My Life" housing program, and infrastructure requirements for the World Soccer Championship in 2014 and the Olympic Games in 2016 proceed apace. All should contribute to the expansion in the consumer market and consequently in the production and the economy as a whole.

4_Electric Energy Consumption

During 2010, the domestic energy consumption of the National Interconnected System (SIN) was 56,777 average MW, an expansion of 8.3% compared with 52,223 average MW consumed in 2009. This was the largest load ever to be processed by the SIN.



This expansion principally reflects the recovery in growth of the industrial sector following the 2008/2009 financial crisis and the improvement in income combined with high temperatures, above the seasonal average during the first few months of the year.

Energy Research Company (EPE) data reveals that from January to November 2010, electricity consumption for residential and commercial use reported growth of 6.5% and 6.2%, respectively, while industrial consumption posted the highest rate of expansion: 11.0%.

5_Operational Performance

5.1_ Uptime Operating

In 2010, the plants operated by Tractebel reached the level of 98.3% of uptime operating, excluding scheduled stoppages, and breaking down as follows: 99.5% for hydro generation, 92.5% for thermal generation and 93.9% considering the complementary plants, the latter being SHPs, wind farms and biomass-fired thermal plants. If all stoppages are taken into consideration then total uptime was 94.3%, being 95.9% for the hydro plants, 87.3% for the thermoelectric plants and 85.2% for the complementary operations.

5.2_Production

In 2010, Tractebel broke its all time instantaneous generation record for the plants it operates at 12 noon on October 8 with 7,073.6 MW, equivalent to a capacity factor of 93.8%.

Total electric energy production reached 42,986 GWh (4,907 average MW), of which 37,047 GWh (4,229 average MW) was generated by the hydroelectric plants, 5,421 GWh (619 average MW) by the thermal plants and 518 GWh (59 average MW) by those plants classified as complementary. There was a significant year-on-year increase in total output of 35.3%, representing a new record which in large part can be attributed to a period of favorable rainfall throughout Brazil. The increase in generation at the hydro plants was 35.9%; at the thermal electric plants, 29.8%; and at the complementary plants, 55.1%, this increase partly explained by the startup of the Areia Branca SHP and the Ibitiúva Bioenergética Thermoelectric Plant. Tractebel's total generation for the year exceeded the previous record set in 2008 by 23.8%.

It is worth noting that the increase in hydro generation does not necessarily result in an improvement in the Company's economic and financial performance. Likewise, the reduction in this type of generation does not as such imply deterioration in economic and financial performance. This characteristic reflects the use of the Energy Reallocation Mechanism (MRE), which dilutes the risks of hydroelectric generation among the Mechanism's participants.

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

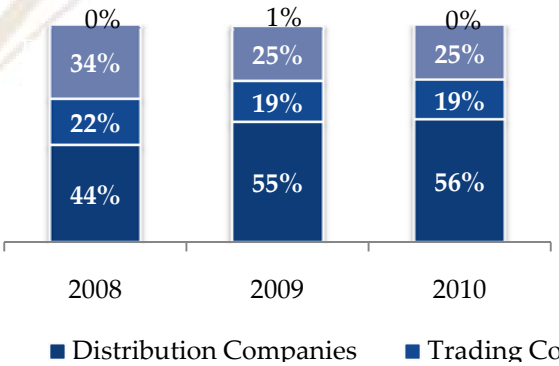
5.3_Clients

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 clients) 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 sectors of the economy.

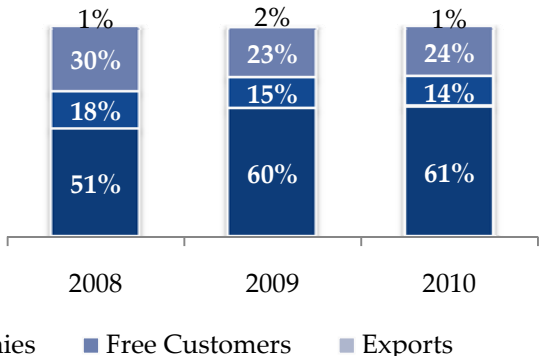
By maintaining a close relationship with its clients, the Company is able to detect their needs, thereby developing tailor-made products and services which in turn enhance consumer loyalty.

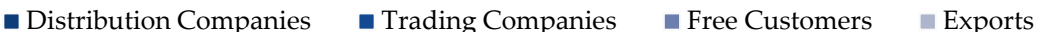
Free clients as a percentage of physical sales remained stable at 25.0% at the end of 2010. The contribution of these customers to total gross operating revenue saw a 0.3 p.p. increase to 23.6% in 2010.

Breakdown of Customers by Physical Sales



Breakdown of Customers by Phisical Sales Comprising Gross Operating Revenue



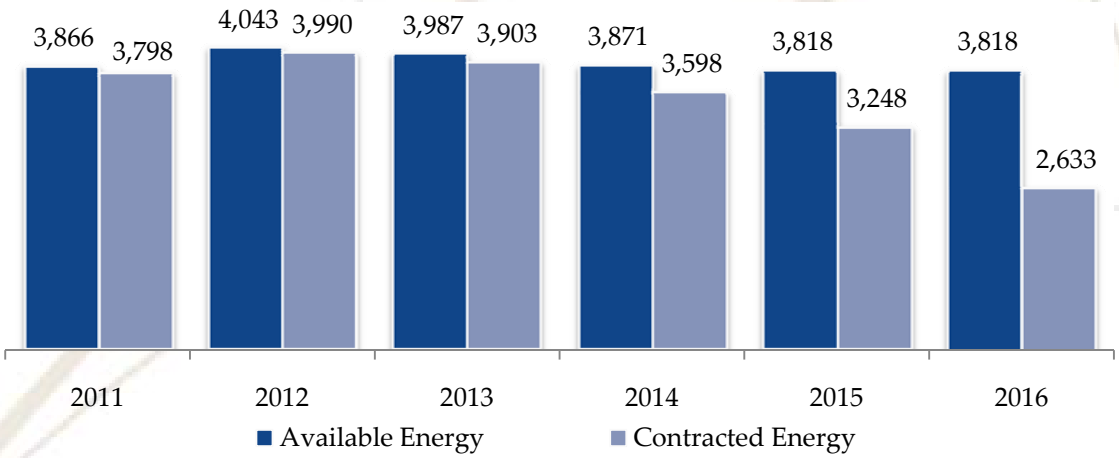


5.4_ Energy Balance

The Company adopts a commercialization strategy which entails the sale of available energy for a given year in such a way as to spread the risk of being exposed to the spot prices (PLD) for that year. Sales are made when windows of opportunity appear and the market shows a greater propensity towards purchasing.

Based on data for proprietary commercial capacity and purchase contracts in force on December 31, 2010, 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 2013.

Energy Balance (average MW)



6_ Adoption of new accounting procedures and Economic-Financial Performance

6.1_ Adoption of the new accounting procedures issued by the Brazilian Accounting Pronouncements Committee (CPC) and international accounting practices in accordance with International Financial Reporting Standards (IFRS)

As from January 1, 2010 and retroactively from January 1, 2009 (opening balance sheet) the Company has adopted all the procedures issued by the CPC applicable to its operations and which are consistent with international financial accounting practices - IFRS. As such, certain account balances for fiscal year 2009 and previously disclosed, were restated to reflect changes following the adoption of new procedures and to allow year-on-year comparisons for the periods under review.

The restated results for these procedures which have impacted Company results for the fiscal years ending December 31, 2010 and December 31, 2009 were as follows:

(In million of R$)	2010	2009
Net income prior to the adoption of the new practices	**1,219.6**	**1,134.4**
Adjustments:		
- Depreciation of fair value adjustment of fixed assets	(86.2)	(84.8)
- Registration of a gain and reversal of an actuarial loss regarding liabilities for post-employment benefits	75.3	24.0
- Deferred Income Tax and Social Contribution of the above adjustments	3.7	20.7
- Other adjustment	(0.8)	(3.4)
	(8.0)	(43.5)
Net income after new accounting	**1,211.6**	**1,090.9**

Considerations on the restated results above are as follows:

Depreciation of fair value adjustment of fixed assets

In alignment with CPC 27 procedures and the interpretation of ICPC 10, the Company adopted fair value as a cost attributed to its fixed assets which had previously been shown at book value and substantially below their fair value. This procedure was given strong support by ICPC 10 (Clarifications on CPC 27 and CPC 28) and represents the adoption of best corporate governance practice in the preparation of financial statements. The restatement to the fair value of the asset, net of deferred income tax and social contribution of R$ 821.0 million on January 2009 is offset by the net equity account denominated "Adjustment for equity valuation". The adoption of this procedure will result in the increase in the Company's depreciation during the useful life of assets adjusted to their fair value. The said adjustment, net of deferred income tax and social contribution will not affect the basis of calculating income tax and social contribution or the conditions for dividend distribution.

Constitution of gain and reversal of actuarial loss on liabilities with post-employment benefits

Pursuant to previous accounting practices in CVM Instruction 371/00, the accumulated actuarial losses of less than 10% of the present value of the defined benefits liability ("corridor methodology") were not recognized in the Company's results but disclosed in the Explanatory Notes and the losses in excess of the corridor limit registered in the result for the average remaining life expectancy of benefit plan members. This procedure has not been modified by the new accounting practice established in CPC 33. However, according to the exemption in CPC 37 R1 (Initial Adoption of the International Accounting Standards), the Company has recognized actuarial losses in its opening balance sheet up to then not recorded in the liabilities and having retained earnings as an offsetting entry in the net equity account in the amount of R$ 103.4 million. The Company has chosen to maintain the corridor approach for recognizing actuarial gains and losses as from the date of the initial adoption of the accounting procedures. This has meant the reversal of an actuarial loss of R$ 24.0 million in 2009 and into a gain of R$ 75.3 million in 2010.

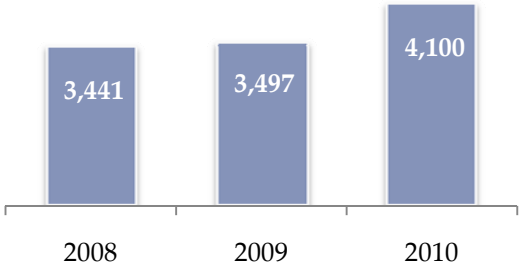
6.2_ Economic and Financial Performance

6.2.1_ Revenues

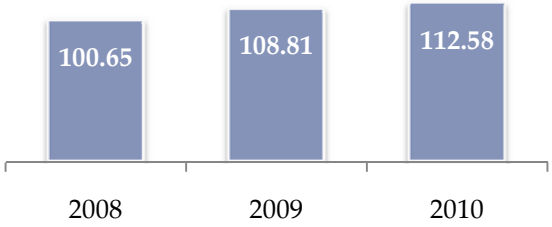
Net Operating Revenue

For the fiscal year 2010, this item recorded a total of R$ 4,100.4 million, 17.3% up on the R$ 3,496.7 million reported in 2009. The variation seen between periods is directly related to the evolution in gross operating revenue and deductions on operating revenue as described below.

Net Revenue (R$ million)



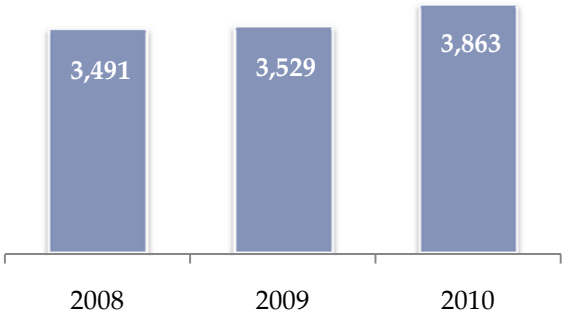
Average Net Sales Price* (R$/MWh)



*Net of Sales Taxes and Export

The average energy sales price, excluding exports and net of deductions on gross operating revenue increased by 3.5% from R$ 108.81/MWh in 2009 to R$ 112.58/MWh in 2010.

Sales Volume (avg MW)



In the 2010 fiscal year, energy sales volume reached 33,838 GWh (3,863 average MW), a rise of 9.5% in relation to 2009, when sales volume recorded 30,911 GWh (3,529 average MW).



Gross Operating Revenue

The Company's fiscal year 2010 gross operating revenue was R$ 4,586.1 million against R$ 3,886.3 million in 2009. This 18.0% improvement reflects the following factors:

(i) an increase of R$ 222.3 million in revenue as a result of transactions conducted through the Energy Trading Board (CCEE) as described under a specific heading in this report;

(ii) an increase of R$ 327.0 million due to the rise of 9.5% in energy sales volumes;

(iii) a growth of R$ 132.4 million due to the 3.7% rise in the average price of energy sold;

(iv) the startup in commercial operations of new plants resulting in additional sales of 638 GWh (73 average MW) and operating revenue of R$ 81.2 million;

(v) a decline of R$ 30.6 million in energy exports; and

(vi) a reduction of R$ 35.0 million due to recognition of non-recurring revenue in the fourth quarter of 2009 with respect to the indemnification received due to loss of revenue from the delay in concluding work on the São Salvador HPP.

Revenues from electric energy operations

a) Wholesale market for electric energy

Revenue from the wholesale supply of energy, namely energy sales to distributors and traders, reached R$ 3,238.7 million, 14.5% higher than R$ 2,828.3 million recorded in 2009. The variation reflects the following increases: (i) of R$ 259.1 million due to a hike in sales volume of 1,906 GWh (218 average MW) to distributors, substantially a reflection of the inception of contracts in the regulated market; (ii) of R$ 48.1 million or 500 GWh (57 average MW) to trading companies; and (iii) of R$ 102.3 million due to the increase of 4.3% in average sales prices to distributors.

b) Retail market for electric energy

Retail market sales revenue (sales to free consumers) reported a year-on-year improvement of 15.0% increasing from R$ 878.8 million reported in 2009 to R$ 1,011.0 million in 2010 and largely reflecting: (i) the increase in the average sales price of 5.5%, resulting in additional revenue of R$ 50.0 million; and (ii) the growth in annual energy sales volume of 688 GWh (79 average MW), for the same reason as mentioned above and representing revenue growth of R$ 80.0 million.

c) Transactions channeled through the Electricity Trading Board (CCEE)

For the full fiscal year 2010, revenue reached R$ 287.4 million, a growth of R$ 222.3 million compared with R$ 65.1 million in fiscal year 2009.

Further explanations on these operations and changes can be found below under "Details of CCEE operations".

d) Exports of electric energy

During fiscal year 2010, revenues from energy exports to Argentina and Uruguay were R$ 30.1 million, against R$ 60.7 million in 2009.

Deductions from Operating Revenue

In the full fiscal year 2010, deductions were R$ 485.8 million, a growth of 24.7% in relation to the preceding year which was R$ 389.6 million. These deductions corresponded to 10.7% and 10.2% of gross operating revenue, respectively, and reflect. the increase in PIS and Cofins charges due to the change introduced for levying these charges from a cumulative method (rate of 3.65%) to a non-cumulative method (rate of 9.25%, but with the right to a tax credit on certain acquisitions) on revenue from contracts which expired in the period under analysis but signed prior to changes in levying methodology.

6.2.2_ Costs of Electric Energy and Services

Fiscal year 2010 costs grew 20.5% from R$ 1,567.3 million in 2009 to R$ 1,888.1 million in 2010. This variation is fundamentally due to the trend in the principal cost components as follows:

- **Electric power purchased for resale**: an increase of R$ 282.1 million in the year essentially due to the increase of 2,429 GWh (277 average MW) in energy purchases, allowing the Company to sell a 30-year product through the so-called "botox" energy auction at attractive prices, deliveries to begin in 2010, and to meet other energy sales commitments. A large number of the purchase contracts was signed some years ago – and therefore bear no relation to spot market prices (PLD).

- **Transactions channeled through the Energy Trading Board (CCEE)**: Costs with these transactions between fiscal years 2009 and 2010 fell R$ 118.0 million as described under a specific item below.

- **Fuel expenses for generation:** increase of R$ 23.5 million in the year as compared with 2009 due to a rise of R$ 36.6 million in natural gas consumption at the William Arjona TPP and the increase of R$ 5.3 million in the cost of biomass for generation requirements at the Lages Co-generation Plant, as well as the reduction of R$ 19.3 million in thermal coal consumption used in generation for export of electric energy.

- **Charges for the use of and connection to the electricity grid:** growth of R$ 6.1 million due to the combination of startup in commercial operations of new plants together with the reduction in the Tariff for Use of the Transmission System (TUST) in July 2010, the result of a transmission company tariff review.

- **Financial compensation for use of water resources:** on a comparative fiscal year basis, there was an increase of R$ 41.7 million, reflecting the annual tariff readjustment and the significant increase in dispatch from the hydro plants.

- **Personnel:** increase of R$ 17.0 million for the fiscal year as a whole due to the annual salary readjustment for employees as well as the need for expanding the payroll to meet growth in the Company's generator complex requirements.

- **Third party services:** increase of R$ 23.6 million in large part due to stronger demand for scheduled and executed maintenance and conservation services at the generator units during 2010.

- **Depreciation and amortization:** increase of R$ 33.6 million compared with the same period 2009, principally due to the depreciation resulting from the startup in commercial operations at the Areia Branca, Ibitiúva and São Salvador plants.

6.2.3_Energy Trading Board – 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. This topic will allow the analysis of 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 from: (i) the application of the Energy Reallocation Mechanism (MRE); (ii) the so-called "sub-market risk"; (iii) dispatch triggered by 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 (a short or long position in the monthly accounts) which in turn will be settled at the spot price.

In 2010, the Company reported net operating revenue from transactions conducted through the CCEE of R$ 281.5 million against a net expense in 2009 of R$ 58.9 million - that is a positive variation in the result for CCEE transactions of R$ 340.4 million.

The improved results largely reflect the following factors:

I. MRE (Energy Reallocation Mechanism) - increase of R$ 78.2 million, representing the difference between a net expense of R$ 15.6 million in 2009 and a net income of R$ 62.6 million in 2010. This variation was the consequence of greater generation from the Company's hydroelectric power plants during fiscal year 2010 when compared with 2009. This increase in revenue was partially offset by higher expenses from royalties as described under the item "Financial compensation for use of water resources"; and

II. Other transactions executed through the CCEE – the positive result of R$ 262.2 million between comparative fiscal years largely reflects the success of the strategy of optimizing the allocation of generation resources by the Company (approximately R$ 128 million) and the greater generation from thermoelectric plants during the period.

6.2.4_ General and Administrative Expenses

General and administrative expenses rose R$ 16.2 million, or 11.3%, from R$ 143.7 million in 2009 to R$ 159.9 million in 2010, due essentially to a combination of the following variations: (i) an increase in staff and management expenses due to the annual readjustment in compensation; (ii) reduction in the demand for consultancy services and in welfare contributions and donations.

6.2.5_ Constitution (Reversals) of Operational Provisions, Net

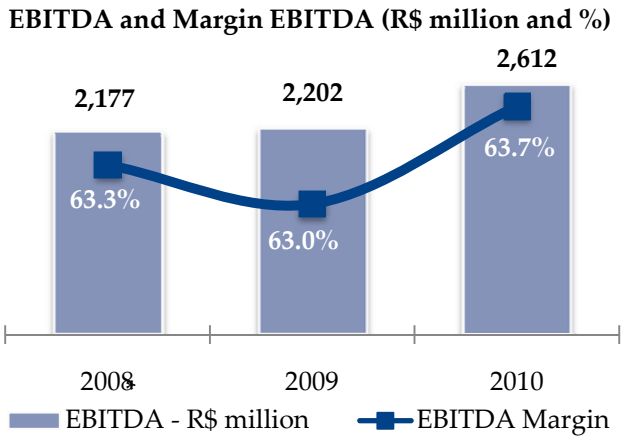
There was a reversal of net operating provisions of R$ 73.4 million between comparative years largely due to the recognition of actuarial gains offset against a reduction in liabilities relative to post-employment benefits of R$ 75.3 million. This reflects the adoption of international (IFRS) and Brazilian (CPC) accounting procedures as explained above.

6.2.6_ Court Action Found in Favor of the Company

In 2010, the Company recognized non-recurring revenue of R$ 45.8 million due to a court action – ruled in its favor and for which there is no appeal - on the right to calculate PIS and Cofins using the cumulative methodology on revenue arising from contracts signed prior to the change in the legislation to the non-cumulative methodology. Meanwhile in the 2009 fiscal year, the Company recorded a non-recurring gain of R$ 8.4 million following a legal agreement for rescinding the construction contract for building the São João biomass plant.

6.2.7_ EBITDA and EBITDA Margin

Reflecting factors already described above in 2010, EBITDA reached R$ 2,611.5 million, 18.6% higher in relation to 2009 when this item was R$ 2,201.7 million. EBITDA margin for 2010 and 2009 was 63.7% and 63.0%, respectively.



* The value does not take the IFRS into account.

The reconciliation of the operating income with EBITDA is shown in the table below:

(values in R$ th)	2008	2009	2010	Change 2010/2009
Operating income	1,589,520	1,537,207	1,721,310	12.0%
(+/-) Financial Expenses	320,676	239,789	428,842	78.8%
(+) Depreciation and Amortization	266,381	424,714	461,325	8.6%
EBITDA	**2,176,577**	**2,201,710**	**2,611,477**	**18.6%**

6.2.8_ Financial Result

Financial income: in 2010 this revenue was R$ 130.6 million, R$ 43.7 million up on the R$ 86.9 million for 2009 substantially a reflection of higher interest rates on these financial investments, largely the Selic basic rate of interest.

Financial Expenses: expenses rose by R$ 232.8 million from R$ 326.7 million in 2009 to R$ 559.5 million in 2010. This variation reflects a combination of the following factors: (i) an increase of R$ 66.1 million in interest on debt, principally due to the initial recognition of interest on debt of the companies whose plants have recently gone into commercial operation, (ii) growth of R$ 120.7 million in monetary restatement on debt and financing largely due to the oscillations in the IGP-M applicable to concession charges payable; (iii) decrease of R$ 62.4 million in the foreign exchange rate gain on currency loans by virtue of the variation in the US dollar and the Euro against the Real; and (iv) a reduction of R$ 23.2 million in charges on the Company's actuarial liabilities.

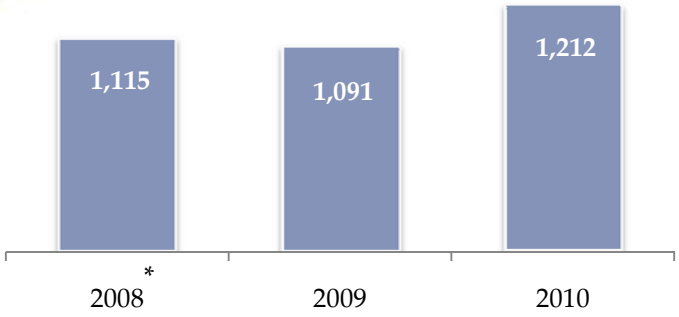
6.2.9_ Income Tax (IR) and Social Contribution (CSLL)

In fiscal year 2010, IR and CSLL expenses reached R$ 509.7 million, R$ 63.4 million up in relation to this item in 2009 when the amount recorded was R$ 446.3 million. The income similarly corresponds to the growth in pre-tax earnings.

6.2.10_ Net Income

Again reflecting comments made in the course of this report, in the fiscal year 2010, net income reached R$ 1,211.6 million, 11.1% better than the R$ 1,090.9 million posted for the 2009 fiscal year. This result represents an all-time record for the Company, the seventh consecutive one.

Net Income (R$ million)



* The value does not take the IFRS into account.

Of net income recorded for the fiscal year, the Company distributed R$ 664.4 million to its shareholders in dividends and interest on equity capital, equivalent to R$ 1.0178134249 per share or 55.0% of distributable net adjusted income.

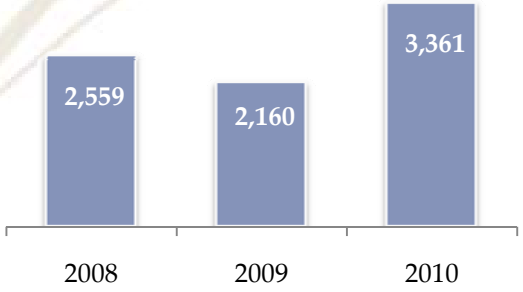
6.2.11_ Debt

As of December 31, 2010, the Company's net debt (total debt less cash and cash equivalents) was R$ 3,361.3 million, 55.6% higher than R$ 2,160.0 million registered for December 31, 2009.

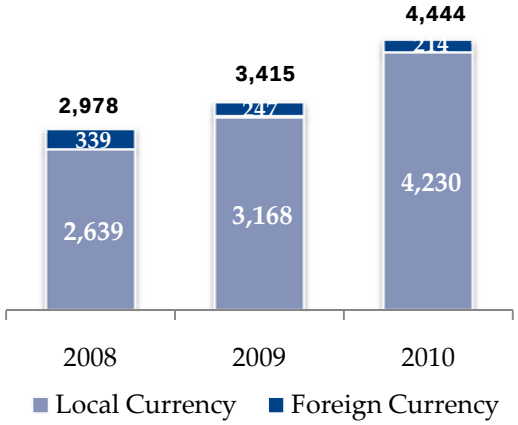
Total consolidated gross debt – represented principally by loans, debentures and financing - totaled R$ 4,443.9 million on December 31, 2010, an increase of 30.1% compared to the position on December 31, 2009. Of total debt outstanding at the end of the period, 4.8% was foreign currency denominated (7.2% at the end of the fourth quarter 2009), this portion being unhedged.

Growth in Company debt is related principally to a combination of the following factors: (i) drawdown from the National Economic and Social Development Bank - BNDES and its financial agents in the total accumulated amount of R$ 63.5 million between the comparative periods for meeting capital expenditure requirements at Ibitiúva Bioenergética TPP; (ii) as from the third quarter 2010, consolidation into the Company's balance sheet of financing of SUEZ Energia Renovável S.A. obtained from the BNDES and its financial agents for use in the construction of the Estreito HPP, amounting to R$ 1,374.4 million; (iii) R$ 344.4 million in charges incurred and to be paid and monetary and currency restatement, between the comparative periods; and (iv) amortization of loans, financing and debentures amounting to R$ 748.5 million between the fourth quarters 2009 and 2010.

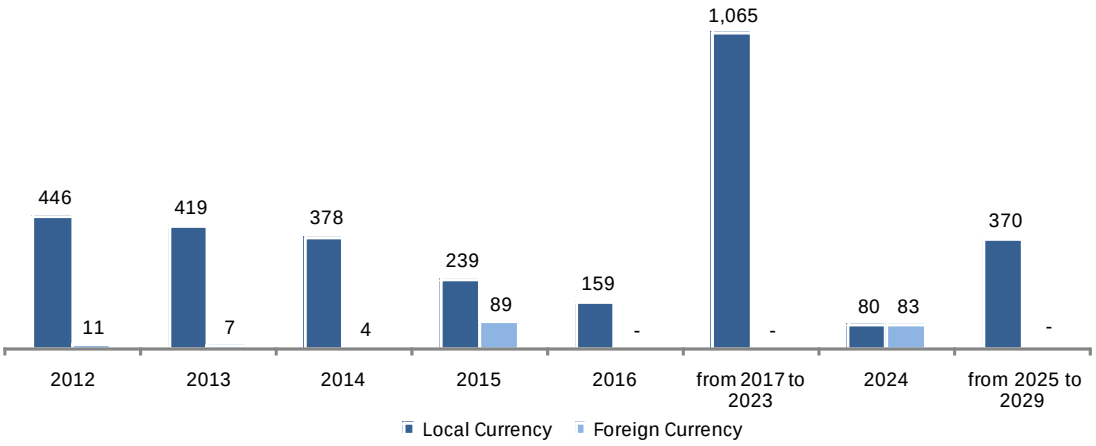
Performance of net debt (R$ million)



Composition of Total Debt (R$ million)



Maturity Term Loans (R$ million)



7_Capital Expenditures

7.1_Maintenance, Modernization and Expansion of the Generating Complex

During the year, in line with the generating complex expansion plan, Tractebel invested R$ 2,118.8 million in the construction of new plants, being: (i) R$ 2,061.9 million for the Estreito HPP – a value which contemplates the cost of acquisition of the project and investments undertaken post-acquisition; (ii) R$ 36.0 million invested in Ibitiúva Bioenergética TPP; (iii) R$ 10.7 million in work on Areia Branca SHP; and (iv) R$ 10.2 million in complementary work on the São Salvador Hydroelectric Power Plant.

In addition, R$ 89.2 million was dedicated to maintenance and modernization work at the generator complex to ensure a continuing high level of plant uptime.

In 2010, the Company invested a total of R$ 2,208.0 million in construction and maintenance of the generator complex, this value excluding capitalization of interest during the construction phase of the new projects.

7.2_Research and Development

Since 1999, Tractebel has had a Research and Development Program (R&D), the principal objectives of which are to:

- comply with the legislation and ANEEL (the Electric Energy Regulatory Agency) resolutions for R&D;
- train and develop competencies for research and technological innovation at the research centers and universities in the regions where Tractebel has a presence;
- develop innovative technologies that create value-added to the Company's product and services; and to
- Apply and disseminate the results of R&D projects to the market in order to encourage development.

One of the underlying objectives in the selection and execution of the R&D projects is to prioritize partnerships with teaching and research institutes in areas where the Company has a presence on the ground. This contributes to the formation and training of professionals in these regions as well as to the development of new technologies and innovative products.

Tractebel's ongoing investments in technological upgrading with particular focus on the generator complex and information systems, seeks to add value to its products and services and in so doing, enhance the Company's competitive edge. In addition to these investments, R&D funding is dedicated to the reduction of environmental impacts, control and reduction in atmospheric emissions, in research into the biodiversity and in the development of new sources of renewable energy generation so guaranteeing the sustainability of Tractebel and the expected return to its investors.

In 2010, the Company allocated a total of R$ 31.1 million to the R&D program, of which R$ 6.4 million to the Ministry of Mines and Energy (MME) for funding the Energy Research Company (EPE), R$ 12.7 million to the National Scientific and Technological Development Fund (FNDCT) and R$ 12.0 million invested directly in R&D projects selected and managed by Tractebel.

The 2011, R&D program has a budget of R$ 52.1 million for investment in projects. Of this amount, R$ 15.9 million is already committed to technological research in progress, about R$ 28 million will be invested in projects approved in 2010, already in the contracting phase, and more than R$ 10 million is to be destined for projects still being assessed. Among the projects in progress, of particular note is the generation of energy from the surface motion of ocean waves - to be implemented at Pecém Port (CE).

The Company's website, www.tractebelenergia.com.br should be accessed for more information on the R&D Program, pertinent legislation, projects concluded and in progress, awards received, among others.

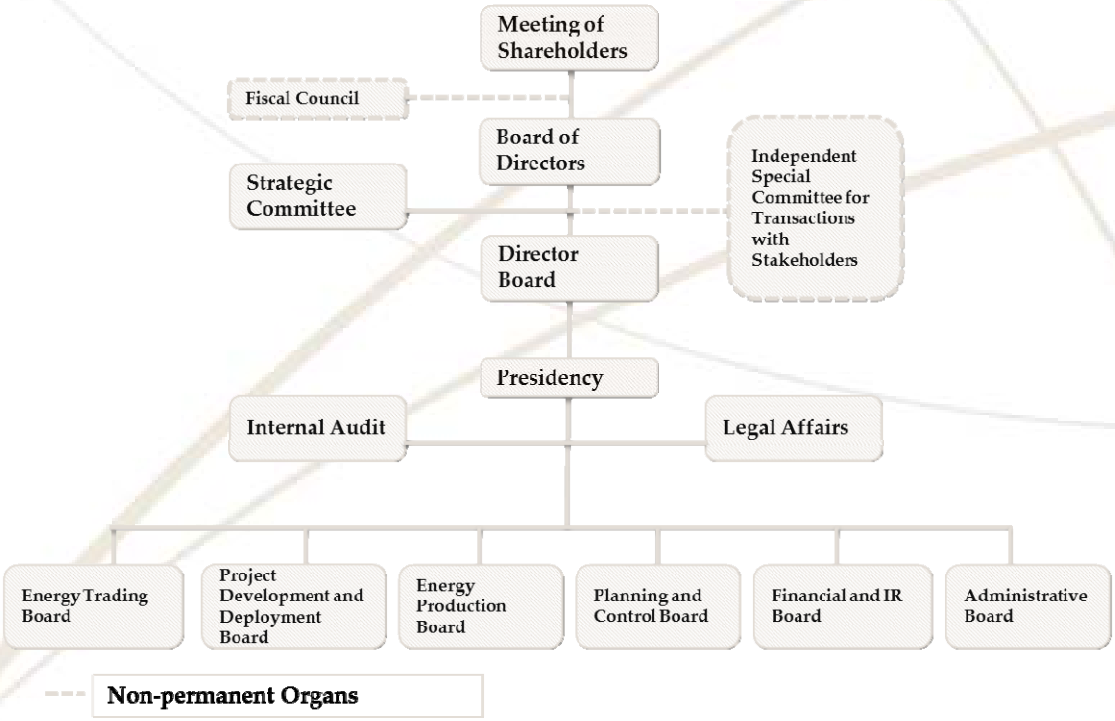
8_Corporate Governance

Tractebel manages its businesses in accordance with best corporate governance practices. It is permanently committed to conducting its management transparently and accountable to all stakeholders.

As a reflection of the good practices adopted for complying with this commitment, the Company's shares are listed on BM&FBovespa's Novo Mercado, a segment comprising the shares of companies adopting additional corporate governance practices that go beyond those required by the Brazilian legislation.

The Company's Internal Controls System 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. This Internal Controls System is tested annually and certified by the Board.

The Company's management structure is made up of various bodies which share responsibilities and are mutually complementary in order to ensure development, longevity and consistent growth of the business.



Board of Directors

- 9 effective members (9 alternates), of which 2 are independent and 1 an employees' representative
- A 2-year mandate, reelection permitted
- Current Board members elected in April 2010 with a mandate to 2012

Management Board

- 7 members elected by the Board of Directors
- A 3-year mandate, reelection permitted
- All members of the Management Board were reelected in 2010

Fiscal Council

- A non-permanent body, installation being at the behest of the shareholders
- Made up of 3 members, but if necessary up to a maximum of 5, 1 being appointed by the minority shareholders
- One-year mandate
- Current members elected in April 2010

Tractebel also has eight committees related to different aspects of the business as part of the process of constantly increasing the Company's efficiency and keeping it focused on sustainable development. These bodies are made up of members from various areas of the Company and comprise committees for Energy, Risk Management, Finance, Tax Planning, Ethics, Innovation, Sustainability and Strategy, the latter manned exclusively by members of the Board of Directors.

In addition to these business committees, at the end of 2010, Tractebel instituted the Special Independent Committee for Transactions with Related Parties, subordinated to the Board of Directors. This Committee is designed to meet the requirements of the market and shareholders for greater transparency in the model for transferring control of the plants, initially the responsibility of GDF SUEZ but later absorbed by Tractebel. The Related Party Transactions Committee will be installed whenever a transaction involving parties related to the Company occurs and will be made up of a majority of independent Board members.

8.1_ Shareholders' Rights

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

- a vote in ordinary and extraordinary general meetings and to make recommendations and provide guidance to the Board of Directors in the decision making process;
- receive dividends and to participate in the distribution of profits and other distributions to shareholders (preemptive rights in the subscription of shares, debentures convertible into shares or subscription bonuses);
- oversee the Company's management pursuant to the Bylaws and withdraw from the Company in the light of events envisaged in the Corporate Law.
- in line with Novo Mercado listing regulations, receive at least 100% of the price paid for a common share pertaining to the controlling block in the event of a public offering of shares following the decision to sell a controlling stake in the Company.

8.2_Disclosure Policy

Tractebel Energia's has implemented a disclosure policy which meets the rules on transparency and the requirements of the financial market regulators such as the Central Bank, the Brazilian Securities and Exchange Commission (CVM) and BM&FBovespa. The Company discloses material facts in line with CVM Instruction 358/02 which requires the release of corporate data on business dealings to be made public to investors in sufficient time to allow investment decisions to be made.

Disclosure of quarterly and annual results, announcements to the market, earnings releases, Company policies and practices, and other institutional information are all to be found in the Investor Relations website.

8.3_Ethics

In line with the values of GDF SUEZ, Tractebel places great importance on ethics as an essential and indispensable principle in the conduct of its employees and partners and with all the stakeholders with which it interacts. To this end, the Company has a Code of Ethics which provides guidance on the corporate values to be observed as well as clarifying questions of ethical behavior.

The Code is distributed to all employees and disseminated through the Intranet and the Company's website. It is constantly the theme of formation and awareness initiatives developed by the Ethics Committee to ensure that all have an adequate knowledge of the publication.

8.4_ Board of Directors Internal Charter

Since 2007, Tractebel has in place a Board of Directors Internal Charter designed to ensure the efficacy of the contribution of each Director in line with the standards of values, ethics and integrity which it is expected of each one. The document is available in the Company site.

9_Capital Markets

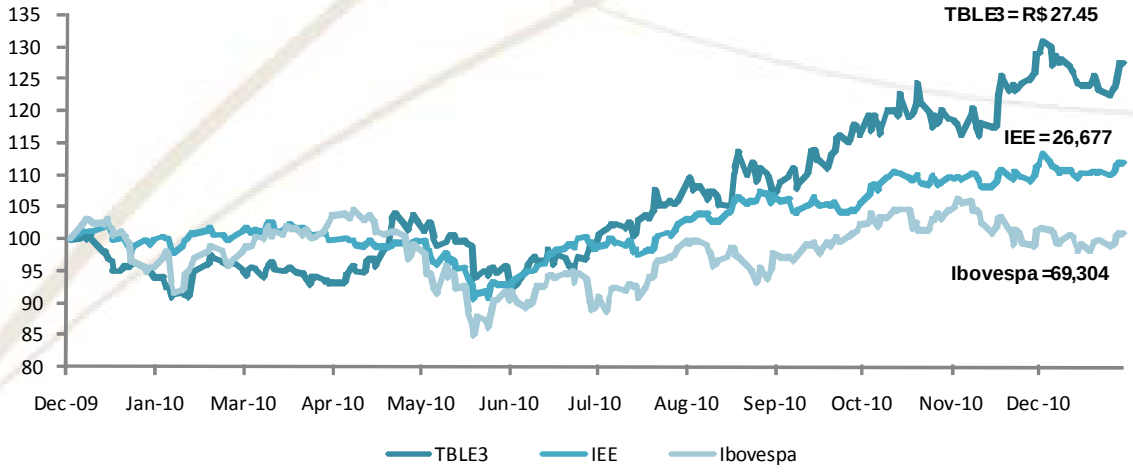
Tractebel Energia's common shares are listed on BM&FBovespa's Novo Mercado under the TBLE3 symbol. The shares are a component part of the Special Corporate Governance Index (IGC), the Special Tag Along Stock Index (ITAG) and the Electric Energy Stock Index (IEE). Since the index's inception in 2006, the Company's shares have been selected for the sixth consecutive year to comprise the Corporate Sustainability Stock Index (ISE). This index is made up of shares of companies committed to the best practices of sustainability based on the criteria of economic efficiency, socio-environmental responsibility and corporate governance.
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.

Following a significant recovery which saw an appreciation of 82.7% in 2009 – after a sharp sell-off in 2008 -, in 2010, the Bovespa's benchmark stock index – Ibovespa remained practically unchanged with a variation of just 1.04%, closing the year at 69,304 points, influenced principally by the weak performance of shares with considerable weighting in the index as well as by the presidential elections in Brazil.

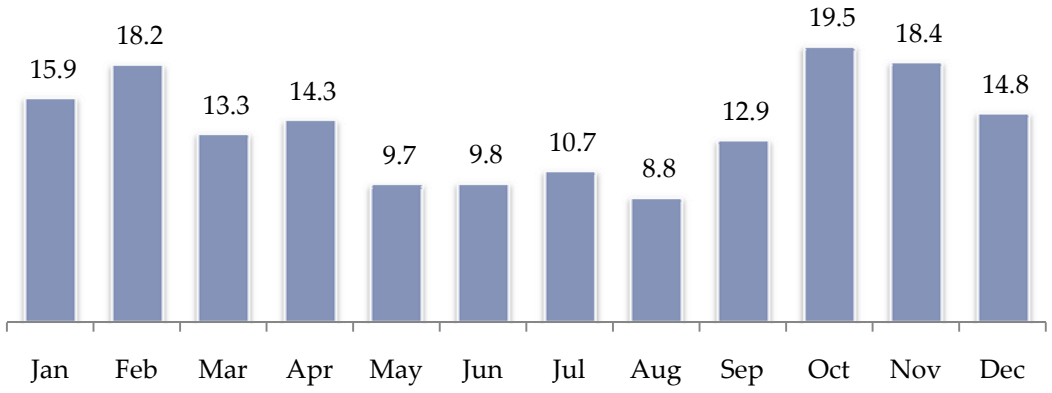
The Electric Energy Stock Index (IEE), in turn, reported an improvement of 8.5% to 26,677 points. Tractebel's stock performance was one of the highlights of the electricity sector with an increase of 27.5% during 2010, excluding distributed profits, closing at R$ 27.45/ share on December 31, 2010.

The Company's market capitalization reached R$ 17.9 billion on the back of the sharp rally in the shares during the course of the year. This reflected an increase in investor confidence in management and the potential for growth following consistently good results and continual upgrading in corporate governance practices and transparency. The creation of a Special Independent Committee for Transactions with Related Parties is an example of good practices adopted by Tractebel, the purpose of which is to assess, negotiate and recommend operations and businesses involving a related party as described under the Corporate Governance heading.

TBLE3 vs. IBOVESPA vs. IEE



Average Daily Volume (R$ million)



9.1_Investor Relations

Tractebel is committed to transparency and for this reason maintains a close, constant and objective relationship with its investors by offering them various channels of communication and a specific area in the Company's website.

The Investor Relations Department is responsible for responding to 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's human resource policies and guidelines are based on three pillars: (i) recognition and motivation; (ii) development; and (iii) health and well-being.

These guidelines are designed for the identification, hiring and retention of talents, as well as guaranteeing the maintenance of a good organizational climate, opportunities for development, promotion of occupational health and safety and compensation and benefits in line with the best practices in the market.

At the end of 2010, Tractebel has a payroll of 1,033, during the year hiring 82 and terminating 39. Of the total workforce, 897 are men and 136 women, 38.7% with a college education and 44.3 % with secondary school diplomas.

10.1_Development

The Company runs several training programs, courses and lectures to ensure the professional development of its employees and to ensure that its workforce is technically current and qualified. Such an approach is instrumental in ensuring the implementation of business strategies over the medium and long-term. In 2010, Tractebel invested R$ 3.4 million in courses and training programs, totaling an average of 88.6 hours per employee.

Every two years, Tractebel conducts an organizational climate survey to assess the performance of its human resource management and to strengthen the relationship of trust between the employees and the Company. The most recent survey in 2009 showed a satisfaction rating with the working environment of 70%, an increase of 4 p.p. in relation to the preceding survey and 10 p.p. above the average for the market as a whole.

Tractebel has a Succession Program, processes for hiring new employees and a voluntary severance program linked to the preparation of successors with termination dates set by the Company to ensure that its workforce is always trained and able to meet the demands of its businesses.

10.2_Labor Relations

Collective labor agreements are signed annually in accordance with International Labor Organization (ILO) guidelines which cover all Tractebel's employees. These agreements include themes such as salary readjustment, private pension plans and fringe benefits, occupational health and safety, protective equipment, training and education for the Internal Accident Prevention Commissions - CIPAs.

10.3_Occupational Health and Safety

Tractebel's occupational health and safety management involves all employees and outsourced workers. Its aim is to guarantee occupational safety and to foster an improvement in the health and quality of life of the entire workforce, propagating a preventive culture and a goal of zero workplace accidents.

In 2010, the Company's Occupational Health and Safety Management System were certified in accordance with the OHSAS (Occupational Health and Safety Assessment Series) standard. This reflected improvements made to management tools thus permitting control and enhancement of occupational health and safety.

During the year, the following health and safety goals among the Company's employees were achieved: an accident frequency rate of 1.04 and a serious accident rate of 0.05 out of a total of 1,915,119 hours of exposure to risk over the period. The zero fatal accident goal was not reached: at the end of 2010, one fatality was recorded among employees due to a commuting accident.

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 and to implement actions and initiatives to promote their health and quality of life. 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.

10.4_Compensation and Benefits

Tractebel compensates its employees on the basis of best market practices with periodic monitoring through salary surveys and pursues a policy of salary equality irrespective of gender and ethnicity. Variable compensation reflects the individual performance appraisal and the participation of the employee's area in the Company's profits. In 2010, R$ 16.7 million was paid out to employees as participation in the results of the preceding fiscal year.

All Tractebel's employees and their dependents are entitled to restorative healthcare covering the medical, dental, pharmaceutical, speech therapy and nutritional areas.

In addition, the Company also offers various other benefits such as group life insurance, assistance for incapacity and invalidity, maternity and paternity leave, day-care for female employees, food and travel vouchers, and private pension plan and welfare services for those with special needs.

Tractebel also participates in the Fundo de Aposentadoria Previg – Sociedade de Previdência Complementar to which 99% of Tractebel's employees make a 50% contribution (the Company contributes the other 50%). In 2010, the Company made a R$ 9.0 million contribution to Previg. Tractebel also sponsors the Fundação Eletrosul de Previdência e Assistência Social (ELOS) pension plan which totaled 2,188 members in 2010 and to which a contribution of R$ 28.0 million was made.

10.5_Social Report

Tractebel Energia Consolidated	2010	2009
1. CALCULATION BASE	**R$ th.**	**R$ th.**
Net Revenue	4,100,381	3,496,677
Operating Result	1,721,310	1,537,207
Gross Payroll	109,289	97,564

	2010			2009		
2. INTERNAL SOCIAL INDICATORS	**R$ th.**	**% of Gross Payroll**	**% of Net Revenues**	**R$ th.**	**% of Gross Payroll**	**% of Net Revenues**
Nutrition	8,164	7.47	0.20	7.997	8.20	0.23
Mandatory Payroll Taxes	35,907	32.86	0.88	31,447	32.23	0.90
Private Pension Plan	33,785	35.93	1.00	35,722	35.21	0.96
Healthcare and Occupational Health and Safety	12,971	11.87	0.32	11,631	11.92	0.33
Education	3,430	3.14	0.08	2,562	2.63	0.07
Profit/Income Sharing	18,733	17.14	0.46	17,010	17.43	0.49
Other Benefits	7,116	6.51	0.17	6,602	6.77	0.19
TOTAL INTERNAL SOCIAL INDICATORS	**120,106**	**114.92**	**3.11**	**112,971**	**114.39**	**3.17**

3. EXTERNAL SOCIAL INDICATORS	**R$ th.**	**% of Operating Results**	**% of Net Revenue**	**R$ th.**	**% of Operating Results**	**% of Net Income**
Education	1,632	0.09	0.04	1,592	0.10	0.05
Culture	7,062	0.41	0.17	2,296	0.15	0.07
Others	4,850	0.28	0.12	5,513	0.36	0.16
Total contributions to society	13,544	0.79	0.33	9,401	0.61	0.27
Taxes (excluding mandatory payroll taxes)	984,909	57.22	24.02	840,703	54.69	24.04
TOTAL EXTERNAL SOCIAL INDICATORS	**998,453**	**58.79**	**24.68**	**850,104**	**55.91**	**24.59**

	2010			2009		
4. ENVIRONMENTAL INDICATORS	**R$ th.**	**% of Operating Results**	**% of Net Revenue**	**R$ th.**	**% of Operating Results**	**% of Net Revenue**
Related to Company operations	17,505	1.02	0.43	13,689	0.89	0.39
Related to projects in progress	22,452	1.30	0.55	53,462	3.48	1.53
TOTAL INVESTMENTS IN THE ENVIRONMENT	**39,957**	**2.32**	**0.98**	**67,151**	**4.37**	**1.92**

	2010	2009
5. EMPLOYEE INDICATORS	**Quantity**	**Quantity**
Employees at the end of the period	1,033	990
Employees hired during the period	82	82
Outsourced employees	3,012	729
Interns	77	71
Employees over 45	438	362
Women working in the company	136	129
% of supervisory positions held by women	3.7%	3.7%
Afro-Brazilian employees working in the company	There is no formal declaration on the part of the employees as to race thus not permitting a reply to these indicators	There is no formal declaration on the part of the employees as to race thus not permitting a reply to these indicators
% of supervisory positions held by Afro-Brazilians	There is no formal declaration on the part of the employees as to race thus not permitting a reply to these indicators	There is no formal declaration on the part of the employees as to race thus not permitting a reply to these indicators
People with handicaps or special needs	9	10

6. RELEVANT INFORMATION REGARDING CORPORATE RESPONSIBILITY	2010			Goals 2011		
Ratio of highest to lowest compensation in the Company	2.9			Not Decided		
Total number of work-related accidents	9			0		
Company-sponsored social and environmental projects were decided by:	( ) senior m'gement	(x) senior m'gement, middle m'gement + Sustain-ability Committee	( ) all employees	( ) senior m'gement	(x) senior m'gement, middle m'gement + Sustain-ability Committee	( ) all employees
Security and health standards in the workplace were set by:	(x) senior m'gement, middle m'gement	( ) all employees	( ) all + Cipa	(x) senior m'gement, middle m'gement	( ) all employees)	( ) all + Cipa
As to labor union freedom, the right to collective bargaining and internal representation of the employees, the company:	( ) does not get involved	(x) adheres to ILO norms	( ) encourages and adheres to ILO norms	(x) will not get involved	( ) will adhere to ILO norms	( ) will encourage and adhere to ILO norms
The private pension plan covers:	( ) senior m'gement	( ) senior m'gement, middle m'gement	(x) all employees	( ) senior m'gement	( ) senior m'gement, middle m'gement	(x) all employees
Profit/income sharing program covers:	( ) senior m'gement	( ) senior m'gement, middle m'gement	(x) all employees	( ) senior m'gement	( ) senior m'gement, middle m'gement	(x) all employees
In the selection of suppliers, the standards of ethics and social/environmental responsibility used by the Company:	( ) are not taken into consideration	( ) are suggested	(x) are required	( ) will not be taken into consid-eration	( ) will be suggested	(x) will be required
With respect to volunteer work by employees, the Company:	( ) does not get involved	(x) supports it	( ) sponsors and encourages it	( ) will not get involved	(x) will support it	( ) will sponsor and encourage it
Total added value to be distributed (in th. R$):	**R$ 3,171,494**			**ND**		
Distribution of Value Added (DVA):	43.50% government 5.63% employees 38.21% shareholders 12.66% third parties 0% retained			ND% government ND% employees ND% shareholders ND% third parties ND% retained		

7. OTHER INFORMATION
ND



11_Socio-environmental Responsibility

Tractebel conducts its businesses on the basis of a commitment to operational excellence in harmony with sustainable development, maintaining a balance between economic growth, the creation of value for all its stakeholders and the preservation of the environment.

In the light of this objective, in 2010, the Company implemented its Sustainable Management Policy which is based on its Mission, Vision and Values and establishes its management guidelines for the dimensions of Quality, Environment, Occupational Health and Safety and Social Responsibility. The policy can be accessed from the website.

Tractebel has an integrated management system to ensure that this policy is practiced and applied on a daily basis in all its operations. The system contemplates quality, the environment, social responsibility and occupational health and safety based on 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 these 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.

The Company's Sustainability Committee is responsible for the development of a proactive culture of socio-environmental responsibility and ensures the transparency of actions and the ethical use of invested resources. Additionally, the Committee seeks to reconcile the interests of the various stakeholders who interact with the Company and internally promotes awareness of the sustainable development concept.

11.1_Environmental Management

Tractebel's environmental management respects the equilibrium between its operations and environmental preservation in order to reduce the impact on the ecosystem and to foster the sustainable use of natural resources based on the principles and guidelines established in the corporate Environmental Policy.

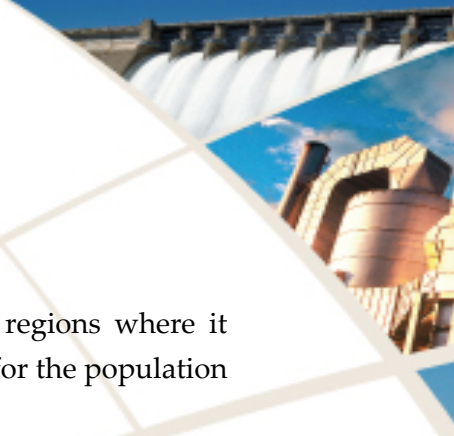
For this purpose, the Company's environmental strategy employs programs and tools which allow it to identify and manage the impacts resulting from its activities, and in so doing, minimize them through operational improvements and risk control. Operations are performed in accordance with the Integrated 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.
Examples of specific management initiatives and the alignment to the realities of each plant are the distinctive actions taken for hydro and thermal plants. In the case of the hydroelectric plants, measures are taken to mitigate or compensate the impacts arising from the building and operation of plant reservoirs. In turn, in the case of thermoelectric plants, the focus is on air quality, the volume and quality of liquid effluent and solid waste and on the rational use of natural resources.

11.1.1_Clean Development Mechanism (CDM)

Since the Lages Co-generation Unit generates electricity from woodworking industry waste in the region, methane gas emissions are avoided. Methane gas emissions from the natural decomposition of wood contributes more intensively to the greenhouse gas effect than the gases arising from their combustion in the electricity generating process – more especially carbon dioxide (CO2).

For this reason, the 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.

In this context, emissions of gas which the plant operation avoids are computed and recognized globally as carbon credits which can be sold. By the end of 2010, 800 thousand Certified Emissions Reductions (CERs) had already been commercialized.



11.2_ Social Management

Tractebel aims to add value to the life of the communities in the regions where it operates for fostering local development and better living conditions for the population through sustainability projects.

To this end, the Company maintains a relationship and constant involvement with these communities through the Tractebel Energia Sustainability Programs focused on environmental improvement, cultural development and social responsibility.

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.
This process of social management begins from the outset of the plant construction project with the execution of socio-environmental impact studies on the local communities in order to verify aspects of the flora and fauna, culture and history.

On this basis, programs for mitigating the impact of plant construction are proposed and for permitting improvements in the quality of life of the affected population, preserving the environment, restoring 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. Community representatives take part in the entire process, facilitating improvements deemed as compensatory measures which go beyond those required in law.

11.3_Certifications and Legal Conformity

All the Company's plants in the generator complex have the environmental authority and licenses required by the regulatory agencies. In addition, 15 plants currently in operation are certified according to the standards of NBR ISO 9001-2000 – Quality Management Systems, NBR ISO 14001-2004 – Environmental Management Systems - and OHSAS 18001 –Occupational Health and Safety Management System.

Rondonópolis SHP, José Gelazio da Rocha SHP,the Beberibe and Pedra do Sal wind farms, Areia Branca SHP and the Ibitiúva Bioenergética Thermoelectric Power Plant, acquired or commissioned during or after 2008, are still not certified although they adopt the same management systems standards as mentioned above.

These certifications reflect constant team work in search of excellence in processes and represent a major and continual gain in quality through the adoption of best practices in the management of quality, environment and occupational health and safety.

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 2010.

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 2010.

The Management

TRACTEBEL ENERGIA S.A.

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

STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2010
(in thousands of reais)

ASSETS

	Note	Company (BRGAAP)			Consolidated (IFRS and BRGAAP)		
		12.31.2010	12.31.2009	01.01.2009	12.31.2010	12.31.2009	01.01.2009
CURRENT ASSETS							
Cash and cash equivalents	4	796,117	1,093,839	318,620	1,082,580	1,254,640	420,005
Trade accounts receivable	5	446,165	354,676	371,041	531,106	435,292	387,579
Dividends from subsidiaries		6,525	12,347	9,000	-	-	-
Assets held for sale	6	23,856	-	-	23,057	-	-
Taxes and social contributions	7	62,633	15,255	17,069	91,818	72,920	27,035
Inventories	8	43,041	39,419	57,749	46,032	44,652	58,788
Collateral and restricted deposits	9	69,665	31,491	-	81,553	33,511	1,414
Sale of assets	10	-	-	17,448	-	-	17,448
Other credits		48,410	34,477	34,463	50,587	31,870	31,480
		1,496,412	**1,581,504**	**825,390**	**1,906,733**	**1,872,885**	**943,749**
NON-CURRENT ASSETS							
Long-term assets							
Taxes and social contributions	7	28,473	27,861	22,613	219,880	74,482	106,682
Collateral and restricted deposits	9	-	-	-	51,244	63,738	25,162
Sale of assets	10	86,886	86,886	68,469	86,886	86,886	68,469
Judicial deposits	11	131,315	193,482	189,043	133,464	217,309	207,933
Credits with subsidiaries	12	6,765	35,654	6,300	-	-	-
Deferred tax assets	13	288,413	279,873	280,378	328,240	311,330	307,567
Other credits		31,295	35,700	32,425	52,311	52,497	48,852
		573,147	**659,456**	**599,228**	**872,025**	**806,242**	**764,665**
Investments	15	**2,282,763**	**1,945,050**	**1,535,799**	**-**	**-**	**-**
Property, plant and equipment	16	**5,315,270**	**4,524,915**	**4,715,938**	**9,976,009**	**8,137,229**	**7,882,261**
Intangible assets	17	**19,471**	**18,238**	**19,840**	**95,521**	**118,033**	**126,715**
		8,190,651	**7,147,659**	**6,870,805**	**10,943,555**	**9,061,504**	**8,773,641**
TOTAL		**9,687,063**	**8,729,163**	**7,696,195**	**12,850,288**	**10,934,389**	**9,717,390**

The notes are an integral part of the accounting 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 FINANCIAL POSITION AS OF DECEMBER 31, 2010
(in thousands of reais)

LIABILITIES AND SHAREHOLDERS' EQUITY

		Company (BRGAAP)			Consolidated (IFRS and BRGAAP)		
	Note	12.31.2010	12.31.2009	01.01.2009	12.31.2010	12.31.2009	01.01.2009
CURRENT LIABILITIES							
Suppliers	18	174,086	171,019	149,029	268,851	246,117	212,367
Dividends and interest on equity	29	189,509	169,509	154,497	189,509	169,509	154,497
Loans and financing	19	49,577	67,954	512,519	189,414	221,346	671,913
Debentures	20	895,178	117,340	50,111	905,017	126,407	60,591
Taxes, fees and contributions	21	431,088	381,416	370,548	457,937	411,616	404,108
Labor liabilities	22	54,084	40,708	36,559	54,881	41,233	37,759
Research and development program obligations	23	11,995	43,061	55,037	14,991	48,112	60,270
Provision for tax, civil and labor risks	24	10,720	12,580	10,140	10,866	12,677	10,262
Concession fees payable	25	2,499	1,857	1,873	42,297	37,419	2,343
Post-employment benefits	26	25,939	25,478	21,642	25,939	25,478	21,642
Related parties	35	-	-	-	-	-	221,306
Other obligations		40,351	41,846	42,748	100,136	66,514	55,376
		1,885,026	**1,072,768**	**1,404,703**	**2,259,838**	**1,406,428**	**1,912,434**
NON-CURRENT LIABILITIES							
Loans and financing	19	213,417	276,776	403,363	2,567,145	1,465,106	1,580,325
Debentures	20	765,964	1,577,213	632,984	782,344	1,601,783	665,744
Research and development program obligations	23	40,622	-	-	41,260	-	-
Provision for tax, civil and labor risks	24	141,011	96,850	100,649	143,416	127,418	122,678
Concession fees payable	25	718,526	307,432	285,782	1,092,650	920,055	556,683
Post-employment benefits	26	409,452	491,657	478,503	409,452	491,657	478,503
Deferred tax liabilities	27	434,845	449,327	479,079	445,691	459,938	480,679
Other obligations		5,516	8,092	10,945	35,808	12,956	20,157
		2,729,353	**3,207,347**	**2,391,305**	**5,517,766**	**5,078,913**	**3,904,769**
SHAREHOLDERS' EQUITY							
Capital stock	28	2,445,766	2,445,766	2,445,766	2,445,766	2,445,766	2,445,766
Capital reserves	28	91,695	91,695	91,695	91,695	91,695	91,695
Assets valuation adjustments	28	708,190	765,069	821,039	708,190	765,069	821,039
Profit reserves	28	1,827,033	1,146,518	541,687	1,827,033	1,146,518	541,687
		5,072,684	**4,449,048**	**3,900,187**	**5,072,684**	**4,449,048**	**3,900,187**
TOTAL		**9,687,063**	**8,729,163**	**7,696,195**	**12,850,288**	**10,934,389**	**9,717,390**

The notes are an integral part of the accounting statements.

TRACTEBEL ENERGIA S.A.

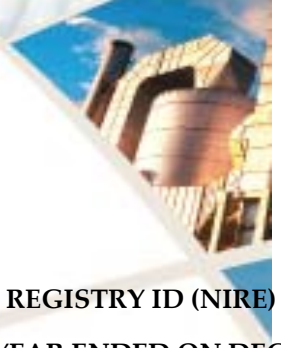
CORPORATE TAXPAYER'S ID (CNPJ) 02.474.103/0001-19 | CORPORATE REGISTRY ID (NIRE) 42 3 0002438-4

STATEMENT OF INCOME FOR THE YEAR ENDED ON DECEMBER 31, 2010
(in thousands of reais, except when indicated otherwise)

	Note	Company (BRGAAP)		Consolidated (IFRS and BRGAAP)	
		12.31.2010	12.31.2009	12.31.2010	12.31.2009
NET REVENUE FROM SALES	38	**3,141,168**	**2,823,294**	**4,100,381**	**3,496,677**
ENERGY SALE COST					
Electrical energy purchased for resale		(196,491)	(199,914)	(674,175)	(392,099)
Transactions within CCEE		(660)	(121,881)	(5,952)	(123,945)
Electric network usage and connection charges		(217,860)	(217,027)	(269,087)	(263,029)
Electrical energy production cost	30	(709,844)	(613,345)	(921,145)	(773,551)
Cost of services	30	(17,713)	(14,696)	(17,713)	(14,696)
		(1,142,568)	**(1,166,863)**	**(1,888,072)**	**(1,567,320)**
GROSS INCOME		**1,998,600**	**1,656,431**	**2,212,309**	**1,929,357**
OPERATING REVENUES (EXPENSES)					
Selling expenses	30	(13,390)	(12,565)	(14,363)	(14,831)
General and administrative expenses	30	(141,723)	(132,054)	(159,935)	(143,711)
Reversal (recording) of operating provisions	32	80,674	1,802	66,519	(6,896)
Gain in lawsuits	31	45,803	8,392	45,803	8,392
Other operating revenues (expenses)		1,063	4,858	(181)	4,685
		(27,573)	**(129,567)**	**(62,157)**	**(152,361)**
Service Income		**1,971,027**	**1,526,864**	**2,150,152**	**1,776,996**
Equity in the earnings of subsidiaries					
Equity in subsidiaries	15	(22,483)	106,340	-	-
Goodwill amortization / Concession rights	15	(2,411)	(2,710)	-	-
		(24,894)	**103,630**	**-**	**-**
Financial results					
Financial income	33	101,149	69,768	130,627	86,883
Financial expenses	33	(337,775)	(205,598)	(559,469)	(326,672)
		(236,626)	**(135,830)**	**(428,842)**	**(239,789)**
INCOME BEFORE TAXES		**1,709,507**	**1,494,664**	**1,721,310**	**1,537,207**
Income tax	14	(364,640)	(295,090)	(370,804)	(324,867)
Social contribution tax	14	(133,218)	(108,707)	(138,857)	(121,473)
NET INCOME FOR THE YEAR		**1,211,649**	**1,090,867**	**1,211,649**	**1,090,867**
BASIC AND DILUTED EARNINGS PER SHARE IN R$		**1.85**	**1.67**	**1.85**	**1.67**

The Company does not have other comprehensive income, reason why it is not presenting a statement related to such income.

The notes are an integral part of the accounting 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 FOR THE YEAR ENDED ON DECEMBER 31, 2010

(in thousands of reais, except when indicated otherwise)

	Note	Capital stock	Capital reserves	Assets valuation adjustments	Profit Reserves			Retained earnings	Total
					Legal reserve	Retained earnings reserve	Additional proposed dividend		
BALANCE AS OF 01.01.2009 PRIOR TO THE ADOPTION OF NEW PRACTICES		**2,445,766**	**91,695**	**-**	**305,254**	**328,073**	**-**	**-**	**3,170,788**
Adjustments from the adoption of new practices	2	-	-	821,039	-	-	-	(91,640)	729,399
Allocation of reserves		-	-	-	-	(91,640)	-	91,640	**-**
BALANCE AS OF 01.01.2009 AFTER THE ADOPTION OF NEW PRACTICES		**2,445,766**	**91,695**	**821,039**	**305,254**	**236,433**	**-**	**-**	**3,900,187**
Adjustment to fair value of property, plant and equipment		-	-	(55,970)	-	-	-	55,970	**-**
Net income for the year		-	-	-	-	-	-	1,090,867	**1,090,867**
Management proposal for profit allocation:									
- Legal reserve	29	-	-	-	56,720	-	-	(56,720)	**-**
- Dividends and interest on equity - R$ 0.9558426155 per share	29	-	-	-	-	-	-	(542,006)	**(542,006)**
- Additional dividends proposed - R$ 0.1254900014 per share	29	-	-	-	-	-	81,913	(81,913)	**-**
- Retained earnings reserves	28	-	-	-	-	453,759	-	(453,759)	**-**
- Transfer to retained earnings reserve		-	-	-	-	12,439	-	(12,439)	**-**
BALANCE AS OF 12.31.2009		**2,445,766**	**91,695**	**765,069**	**361,974**	**702,631**	**81,913**	**-**	**4,449,048**
Adjustment to fair value of property, plant and equipment		-	-	(56,879)	-	-	-	56,879	**-**
Net income for the year		-	-			-		1,211,649	**1,211,649**
Dividends paid		-	-	-	-	-	(81,913)	-	**(81,913)**
Management proposal of profit allocation:									
- Legal reserve	29	-	-	-	60,582	-	-	(60,582)	**-**
- Dividends and interest on equity - R$ 0.775344641 per share	29	-	-	-	-	-	-	(506,100)	**(506,100)**
- Additional proposed dividend - R$ 0.2424687839 per share	29	-	-	-	-	-	158,270	(158,270)	**-**
- Retained earnings reserve	28	-	-	-	-	543,576	-	(543,576)	**-**
BALANCE AS OF 12.31.2010		**2,445,766**	**91,695**	**708,190**	**422,556**	**1,246,207**	**158,270**	**-**	**5,072,684**

The notes are an integral part of the accounting 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 YEAR ENDED ON DECEMBER 31, 2010
(in thousands of reais)

	Note	Company (BRGAAP)		Consolidated (IFRS and BRGAAP)	
		12.31.2010	12.31.2009	12.31.2010	12.31.2009
Operating activities					
Net income for the year		1,211,649	1,090,867	1,211,649	1,090,867
Expenses (revenues) with no cash impact:					
Depreciation and amortization	30	314,194	304,675	461,325	424,714
Equity in subsidiaries	15	22,483	(106,340)	-	-
Monetary and exchange variation, net		45,518	(82,542)	98,753	(82,364)
Net interest		51,604	64,051	110,918	101,924
Recording (reversal) of operating provision, net		(71,734)	11,972	(57,704)	22,100
Deferred income and social contribution taxes	14	(6,960)	(29,246)	(22,523)	(22,910)
Other		1,388	(276)	5,174	(2,794)
		1,568,142	**1,253,161**	**1,807,592**	**1,531,537**
Decrease (increase) in assets					
Trade accounts receivable		(78,912)	16,365	(97,660)	(47,713)
Taxes and social contributions		(42,375)	2,226	(82,723)	(5,731)
Inventories		(3,621)	18,330	(1,351)	14,136
Collateral and restricted/judicial deposits		73,961	(18,124)	57,825	(53,626)
Other		(7,278)	4,583	(3,187)	(6,575)
		(58,225)	**23,380**	**(127,096)**	**(99,509)**
Increase (decrease) in liabilities					
Suppliers		(7)	21,990	(49,844)	14,951
Taxes, fees and contributions		15,892	(18,149)	51,073	(25,855)
Labor liabilities		13,365	3,024	12,784	2,345
Provision for tax, civil and labor risks		(4,676)	(9,524)	(4,393)	(10,538)
Post-employment benefits		(30,802)	(40,250)	(30,802)	(40,250)
Research and development obligations		5,972	(11,976)	8,140	(12,158)
Other		(3,765)	(5,491)	13,027	15,576
		(4,021)	**(60,376)**	**(15)**	**(55,929)**
Cash flow from operating activities		**1,505,896**	**1,216,165**	**1,680,481**	**1,376,099**
Investing activities					
Increase in investments, net of cash and cash equivalents from acquisitions	15	(1,182,485)	(313,040)	(791,889)	(2,971)
Additions to property, plant and equipment	16	(78,961)	(110,496)	(296,350)	(250,923)
Additions to intangible assets	17	(5,904)	(3,603)	(6,652)	(4,621)
Dividends received from subsidiaries		10,719	4,072	-	-
Cash flow from investing activities		**(1,256,631)**	**(423,067)**	**(1,094,891)**	**(258,515)**

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	Note	Company (BRGAAP) 12.31.2010	Company (BRGAAP) 12.31.2009	Consolidated (IFRS and BRGAAP) 12.31.2010	Consolidated (IFRS and BRGAAP) 12.31.2009
Financing activities					
Loans, financing and debentures	19/20	-	1,297,768	276,751	1,403,084
Payment of loans, financing and debentures	19/20	(141,617)	(789,897)	(477,849)	(946,796)
Payment of concession fees payable	25	(1,883)	(1,864)	(36,602)	(14,639)
Cash and cash equivalents received from the merger of subsidiary		100,322	-	-	-
Related parties		32,215	(28,745)	-	(221,306)
Payment of dividends and interest on equity		(536,024)	(495,141)	(536,024)	(495,141)
Collateral and restricted deposits		-	-	16,074	(8,151)
Cash flow from financing activities		**(546,987)**	**(17,879)**	**(757,650)**	**(282,949)**
Total change in cash and cash equivalents		**(297,722)**	**775,219**	**(172,060)**	**834,635**
Opening balance	4	1,093,839	318,620	1,254,640	420,005
Closing balance	4	796,117	1,093,839	1,082,580	1,254,640
Cash and cash equivalents		**(297,722)**	**775,219**	**(172,060)**	**834,635**

For additional information on this statement, see Note 39.

The notes are an integral part of the accounting statements.

TRACTEBEL ENERGIA S.A.

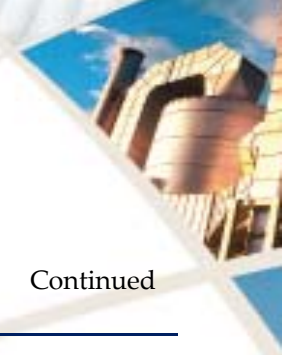
CORPORATE TAXPAYER'S ID (CNPJ) 02.474.103/0001-19 | CORPORATE REGISTRY ID (NIRE) 42 3 0002438-4

STATEMENT OF ADDED VALUE FOR THE YEAR ENDED ON DECEMBER 31, 2010
(in thousands of reais)

	Note	Company (BRGAAP)		Consolidated (*) (IFRS and BRGAAP)	
		12.31.2010	12.31.2009	12.31.2010	12.31.2009
ADDED VALUE GENERATION					
Gross revenues from sales	38	3,487,659	3,119,941	4,586,133	3,886,319
Revenues related to the construction of assets		-	-	305,213	494,892
Other		46,866	14,078	45,622	13,307
		3,534,525	**3,134,019**	**4,936,968**	**4,394,518**
(-) Input					
Material	30	(22,139)	(21,453)	(25,791)	(23,300)
Outsourced services	30	(114,766)	(97,420)	(143,120)	(119,222)
Fuel for energy production	30	(50,263)	(32,547)	(61,062)	(37,582)
Expenses on the construction of power plants		-	-	(270,519)	(448,792)
Electrical energy purchased for resale		(196,491)	(199,914)	(674,175)	(392,099)
Transactions within CCEE		(660)	(121,881)	(5,952)	(123,945)
Electricity network usage charges		(217,860)	(217,027)	(269,087)	(263,029)
Insurances	30	(8,023)	(8,302)	(10,285)	(9,754)
Reversal of operating provisions, net	32	80,674	1,802	66,519	(6,896)
Other		(33,897)	(28,411)	(41,304)	(25,876)
		(563,425)	**(725,153)**	**(1,434,776)**	**(1,450,495)**
GROSS ADDED VALUE		**2,971,100**	**2,408,866**	**3,502,192**	**2,944,023**
Depreciation and amortization	30	(314,194)	(304,675)	(461,325)	(424,714)
NET ADDED VALUE GENERATED		**2,656,906**	**2,104,191**	**3,040,867**	**2,519,309**
ADDED VALUE RECEIVED IN TRANSFER					
Financial revenues	33	101,149	69,768	130,627	86,883
Equity in subsidiaries	15	(24,894)	103,630	-	-
ADDED VALUE TO DISTRIBUTE		**2,733,161**	**2,277,589**	**3,171,494**	**2,606,192**

(*) The consolidated Statement of Added Value (DVA) is not part of the consolidated accounting statements in accordance with international financial reporting standards (IFRS).

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ADDED VALUE DISTRIBUTION

	Company (BRGAAP)				Consolidated (IFRS and BRGAAP)			
	12.31.2010	%	12.31.2009	%	12.31.2010	%	12.31.2009	%
Compensation:								
Labor								
Payroll and charges	116,755	4.26	96,696	4.25	118,684	3.74	98,761	3.79
Benefits	33,164	1.20	35,014	1.54	33,278	1.05	35,213	1.35
FGTS (severance pay fund)	7,738	0.28	7,076	0.31	7,874	0.25	7,286	0.28
Profit sharing	18,733	0.69	16,929	0.74	18,733	0.59	17,010	0.65
	176,390	**6.43**	**155,715**	**6.84**	**178,569**	**5.63**	**158,270**	**6.07**
Government								
Federal taxes	811,708	29.70	669,098	29.38	919,778	29.00	776,303	29.79
State taxes	52,939	1.94	40,496	1.78	93,693	2.95	67,522	2.59
Municipal taxes	1,132	0.04	1,014	0.04	1,493	0.05	1,117	0.04
Sector charges	156,332	5.72	114,382	5.02	184,853	5.83	134,243	5.15
Charges on ANEEL concession	66,298	2.43	23,498	1.03	179,889	5.67	60,990	2.34
	1,088,409	**39.83**	**848,488**	**37.25**	**1,379,706**	**43.50**	**1,040,175**	**39.91**
Third parties' capital								
Monetary/exchange charges and variations	237,157	8.68	162,979	7.15	342,182	10.79	242,107	9.29
Rentals	9,496	0.35	10,236	0.45	11,982	0.38	11,686	0.45
Capitalized financial charges	-	0.00	-	0.00	34,694	1.09	46,099	1.77
Other financial expenses	10,060	0.37	9,304	0.41	12,712	0.40	16,988	0.65
	256,713	**9.40**	**182,519**	**8.01**	**401,570**	**12.66**	**316,880**	**12.16**
Own capital								
Legal reserves	60,582	2.22	56,720	2.49	60,582	1.91	56,720	2.18
Interest on equity	220,000	8.05	194,000	8.52	220,000	6.94	194,000	7.44
Dividends	444,370	16.26	429,919	18.88	444,370	14.01	429,919	16.50
Retained earnings reserve	543,576	19.89	466,198	20.47	543,576	17.14	466,198	17.89
Adjustment to fair value of assets	(56,879)	(2.08)	(55,970)	(2.46)	(56,879)	(1.79)	(55,970)	(2.15)
	1,211,649	**44.34**	**1,090,867**	**47.90**	**1,211,649**	**38.21**	**1,090,867**	**41.86**
	2,733,161	**100.00**	**2,277,589**	**100.00**	**3,171,494**	**100.00**	**2,606,192**	**100.00**

The notes are an integral part of the accounting 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 ACCOUNTING STATEMENTS

(in thousands of Reais or other currencies, except when indicated otherwise)

1 – OPERATIONS

Tractebel Energia S.A. (Company or Tractebel) is a publicly-held corporation listed on the BM&FBovespa's New Market, an independent utility concessionaire with its registered head office in the city of Florianópolis, State of Santa Catarina. The Company is engaged in the generation and sale of electrical energy, regulated by the Brazilian Electricity Regulatory Agency (Aneel), which is linked to the Ministry of Mines and Energy (MME).

The Company is controlled by GDF SUEZ Energy Latin America Participações Ltda. (GSELA), a company established in Brazil under the control of SUEZ-Tractebel Sociètè Anonyme, headquartered in Brussels, Belgium, part of the GDF SUEZ group, headquartered in France.

The Company is the largest private company in the generation of electrical energy in Brasil[1], responsible for about 7% [1] of the energy generated in the country. The Company's installed capacity, including the interest in the consortium Itá and Machadinho is 6,472 MW [1], of which approximately 79% [1] is derived from hydroelectric power plants, 18% [1] from thermoelectric power plants and 3%[1] from alternative energy (Small Hydroelectric Power Plants - PCH, wind farms and biomass-fueled). The Company's assured energy for commercialization is average 3,554 MW[1].

The Company's generation complex comprises the following types of energy generating plants: 8 (eight) hydroelectric power plants, 6 (six) thermoelectric[2] power plants, 3 (three) small hydroelectric power plants, 2 (two) wind farms and 2 (two) biomass-fueled power plants.

The controlled operating companies and those under construction or the entities under common control (joint ventures) are listed in Note 15.

The Company's accounting statements are presented taking into account only one operating segment, that is, the generation and sale of electric energy generated and purchased through long-term agreements, which concentrates about 99.6% and 98.6%, respectively, of the Company's total revenue in 2010 and 2009.

The main corporate events carried out in 2010 are summarized as follows:

a) Startup of commercial operation of Areia Branca Small Hydroelectric Power Plant (PCH) and Ibitiúva Bioenergética Thermoelectric Power Plant (UTE)

The commercial operation of the Areia Branca Small Hydroelectric Power Plant (PCH) started in March 2010 and that of Ibitiúva Bioenergética Thermoelectric Power Plant (UTE) started in May of the same year, adding 19.8 MW and 21.2 MW, respectively, to the Company's installed capacity.

[1]Non-financial information provided herein, such as MW, average MW, installed capacity, number of employees, among others, is not examined by the independent auditors.
[2] Jorge Lacerda Thermoelectric Complex is composed of 3 power plants.

b) Acquisition of SUEZ Energia Renovável S.A.

In August 2010, after the fulfillment of all precedent conditions set forth in the Purchase Agreement executed in December 2009, the Company completed the acquisition of shares issued by SUEZ Energia Renovável (SER) held by its parent company GSELA. SER holds a 40.07% interest in the Estreito Energia Consortium (Ceste), a consortium created for the implementation and exploitation of the Estreito Hydroelectric Power Plant (UHE Estreito), which is currently under construction in the border between the states of Tocantins and Maranhão and will have a total installed capacity of 1,087 MW.

The commercial operation startup of the first turbine is scheduled for March 2011. The other seven turbines should start throughout 2011 and in the beginning of 2012. The total acquisition cost incurred by the Company was R$ 798,744. See Note 15 for further information on the transaction.

c) Sale of the Seival Project

In November 2010, the Company signed an agreement to sell all of the shares it held in Seival Participações S.A. (Seival), a Special Purpose Entity (SPE) with a 99.99% interest in the capital stock of Usina Termelétrica Seival Ltda. This company holds the rights, including ANEEL authorizations and the installation license, to implement and operate a coal-fueled thermoelectric power plant, in the city of Candiota, state of Rio Grande do Sul, with up to 540 MW installed capacity. Up to the sale date, the Company had not been operational.

The sale price was R$ 37,888, of which R$ 24,218 was paid in advance and R$ 13,670 will be paid after the fulfillment of the precedent conditions set forth in the agreement, including the prior consent by ANEEL and the effective transfer of shares.

The Company continues developing other coal-fueled thermoelectric projects in the Candiota region, in agreement with its growth strategy in the Brazilian electric sector.

d) Merger of Ponte de Pedra Energética S.A. and Energia América do Sul Ltda.

On December 30, 2010, the wholly-owned subsidiary Ponte de Pedra Energética (PPESA) was merged into its parent company Energia América do Sul Ltda. (EAS), and the latter was also merged into its parent company Tractebel Energia. The transaction was unanimously approved by the Extraordinary General Meeting held on said date, which also approved the Appraisal Reports of the merged shareholders' equity, measured at book value. For additional information, see Note 15.

2 – PRESENTATION OF THE ACCOUNTING STATEMENTS

The referred accounting statements were approved by the Board of Directors on February 4, 2011.

The accounting statements were prepared based on the historical cost as basis of value, except for certain financial instruments measured at their fair value when so required in the standards.

The Company is presenting the individual and the consolidated accounting statements of the parent company (Tractebel Energia). This procedure is required given that the Brazilian corporate legislation determines the disclosure of the individual accounting statements of entities that have investments in subsidiaries and jointly-owned subsidiaries, even when these entities disclose their consolidated statements.



The consolidated accounting statements were prepared in compliance with the International Financial Reporting Standards ("IFRS"), issued by the International Accounting Standards Board ("IASB"), which are in accordance with the accounting practices adopted in Brazil (BRGAAP).

The individual accounting statements of the parent company were prepared in accordance with the accounting practices adopted in Brazil, which set forth the application of the equity method for recording investments in subsidiaries and jointly-owned subsidiaries in the individual accounting statements, in compliance with the Brazilian legislation in force.

Therefore, these individual accounting statements are not considered as being entirely compliant with the IFRSs, for these require the valuation of these investments in the separate accounting statements of the parent company at its fair value or at cost.

There is no difference between the consolidated shareholders' equity and consolidated net income, recorded in the consolidated accounting statements prepared under IFRSs and the accounting practices adopted in Brazil, and the parent company's shareholders' equity and net income recorded in the individual accounting statements prepared in compliance with the Brazilian accounting practices. Therefore, the Company chose to present these consolidated and individual accounting statements together, side by side.

The accounting practices adopted in Brazil comprise the provisions of the Brazilian Corporate Legislation that encompass the provisions of Laws **11,638/07** and **11,941/09**, together with the pronouncements of the Accounting Pronouncements Committee (CPC) and the rules of the Brazilian Securities and Exchange Commission (CVM) and, when applicable, the regulations of the Brazilian Electricity Regulatory Agency (ANEEL).

CVM, during 2009 and 2010, approved several Pronouncements, Interpretations and Technical Guides issued by CPC, which changed certain accounting practices previously adopted in Brazil, effective as of January 1, 2010, retroactive to January 1, 2009 ("transition date"), for comparison purposes. The accounting statements referring to the year ended on December 31, 2010 already adopt these rules, and the statements related to the year ended on December 31, 2009 and the opening balance sheets drawn up on January 1, 2009 were adjusted and reclassified, so as to consider the application of these procedures and make possible the comparison of the accounting statements between the periods disclosed.

2.1. Description of adjustments and reclassifications resulting from the adoption of the new accounting practices

The pronouncements whose application affected the Company's accounting statements on the date of their adoption (January 1, 2009), on December 31, 2009 and on December 31, 2010, are presented below. The effects resulting from the application of these pronouncements are shown on the tables of item 2.2 below.

a) CPC 15 - Business combination: the Pronouncement aims at increasing the relevance, reliability and comparability of the information that companies provide in their accounting statements regarding business combinations (transaction or event through which an acquirer obtains control of one or more businesses) and their effects. For this purpose, this pronouncement sets forth principles and requirements as to the way the acquirer: (i) recognizes and measures the identifiable assets acquired, the liabilities assumed, and the minority shareholders' interest in the acquired entity; (ii) recognizes and measures goodwill in future earnings from business combination or the gain from an advantageous purchase; and (iii) determines the information that must be disclosed to enable users of accounting statements to assess the nature and financial effects of the business combination.

The Company, in order to prepare the consolidated accounting statements, chose to early adopt the rules established in IFRS 3 (Business combination), a pronouncement which is consistent with CPC 15, for business combinations included within the scope of said pronouncement made by the Company as from January 1, 2008. Up to that date, the business combinations were recorded in accordance with the accounting practices that were adopted before, according to the rules set forth by CVM Instruction 247/96. The Company opted for the exemption established in CPC 37 R1 (First-time Adoption of the International Accounting Standards) and did not adopt the CPC 15 requirements retroactively to January 1, 2008.

In August 2010, the Company acquired SUEZ Energia Renovável from its parent company GDF SUEZ Energy Latin America Participações Ltda. The price was established based on an appraisal made by a reputed bank, renowned for its specialization in this type of project. However, as the transaction was carried out between entities under common control, it would not be included within the scope of CPC 15 and there is no Pronouncement, Interpretation or specific Guidance that addresses transactions of this type. So, the Company analyzed this transaction based on CPC 23, which determines that in the absence of rules providing for a transaction, the entity must inquire and consider the applicability of the requirements and instructions in the Pronouncements, Interpretations and Guidances that deal with similar and related matters. Therefore, by analogy and taking into account the commercial substance of such acquisition, the Company decided to adopt CPC 15 for such transaction.

b) CPC 25 - Provisions, Contingent Liabilities and Contingent Assets: the purpose of this Pronouncement is to set forth the application of adequate recognition criteria and measurement basis to provisions and to contingent liabilities and assets and to determine the disclosure of sufficient information in the notes, so that users can understand their nature, opportunity and value.

The judicial deposit amounts related to tax, civil and labor provisions previously presented in the balance sheet in a contra account of the respective provision, in liabilities, pursuant to CVM Resolution 489/05, later revoked by the adoption of CPC 25, were then recorded in the Company's assets.

c) CPC 26 - Presentation of Financial Statements: this Pronouncement has the purpose of defining the basis for presentation of the accounting statements and of ensuring their comparability to the accounting statements of prior periods of the same entity as well as to the accounting statements of other entities. In this context, this Pronouncement sets forth general requirements for the presentation of the accounting statements, guidelines for their structure and the minimum requirements for their content.

The deferred income tax and social contribution, whose realization occurs in the twelve months following presentation of the accounting statements, were recorded in current assets, as provided for in CVM Instruction 371/2002. In compliance with CPC 26, these deferred taxes are now fully recognized in the Company's non-current assets.

d) CPC 27 - Property, Plant and Equipment: the purpose of the Pronouncement is to establish the accounting treatment for property, plant and equipment, so that users of the accounting statements may understand the information concerning the entity's investment in its property, plant and equipment and related changes. When accounting for property, plant and equipment, the main aspects to be considered are the recognition of the assets, the determination of their book value and the depreciation values and impairment losses to be recognized in relation thereto.

In compliance with the guidance set forth in the pronouncements regarding the matter, the Company adopted the fair value as deemed cost of property, plant and equipment of the Company's power plants whose book value was substantially lower or higher than their fair value. This procedure was strongly encouraged by the Accounting Pronouncements Committee (CPC) and the Brazilian Securities and Exchange Commission (CVM) through ICPC 10 (Clarifications on CPC 27 and CPC 28), and the Company understands that this technical interpretation represents the adoption of the best corporate governance practices in the preparation of the accounting statements. Adjustment to fair value of the asset, net of deferred income and social contribution taxes, had the shareholders' equity account called "Asset valuation adjustments" as a corresponding entry. The depreciation on this adjustment shall not affect the basis for calculation of income tax and social contribution or the basis for dividend distribution. The Company maintained the useful lives of its assets adopted so far, given that they are estimated and established by ANEEL, and used by the sector and accepted by the market as adequate, this procedure is supported by OCPC 05 (Guidance on Concession Agreements).

e) CPC 30 - Revenue: the purpose of the Pronouncement is to establish the accounting treatment of revenues from certain types of transactions and events, and determine when recognize them. Revenues are recognized when future economic benefits are most likely to be recorded in the entity and when they can be reliably measured.

According to the previously adopted accounting practices, the presentation of the Company's revenue in the income statement separated gross operating revenue, deductions on gross operating revenues and net operating revenue. The said CPC establishes that, for purposes of presentation in the income statement, revenue only include gross inflow of economic benefits received and receivable by the entity when originated from its own activities. Amounts collected from third parties, such as taxes on sales and funds allocated to research and development determined by Aneel, are not economic benefits flowing to the entity and do not result in an increase in shareholders' equity. Therefore, they should not be presented as revenue. Also according to the CPC, the Company should disclose in a Note the reconciliation between the gross revenue for tax purposes and the revenue presented in the income statement (see Note 38).

f) CPC 33 - Post-employment benefits: the purpose of this Pronouncement is to establish the recording and disclosure of benefits granted to employees. Accordingly, this Pronouncement requires the entity recognizes: (i) a liability, when an employee provided services in exchange for benefits payable in the future; and (ii) an expense, when the entity profits from services provided by an employee in exchange for granting benefits to this employee.

In compliance with the accounting practices previously set forth in CVM Rule 371/00, accumulated actuarial losses within the limit of 10% of the present value of defined-benefit obligations ("corridor") had not been recognized in the Company's income, but disclosed in a Note. Losses exceeding the corridor limit had been recognized in income during the average remaining life time of plan's beneficiaries. This procedure has not been modified by the new accounting practice set forth in CPC 33. However, pursuant to the exemption provided for in CPC 37 R1 (First-time Adoption of the International Accounting Standards), the actuarial losses not recorded in liabilities, for being within the "corridor" limit, were recorded by the Company in its opening balance sheet, as a corresponding entry to retained earnings, in shareholders' equity. The Company decided to maintain the approach of the "corridor" for recognizing in its income the actuarial gains and losses calculated from the date of first-time adoption.

g) Interpretation of the Accounting Pronouncements Committee (ICPC) 8 - Recording of the Dividend Payment Proposal: the Pronouncement sets forth that the amount of dividends above the minimum mandatory provided for by Law and not approved at a general meeting shall be recorded as a separate item under shareholders' equity. According to the former accounting practice, these additional dividends were deducted from shareholders' equity and recognized in the Company's liabilities.

2.2. Statement of adjustments and reclassifications resulting from the adoption of the new accounting practices

a) Opening balance sheet as of January 1, 2009:

	Company			Consolidated		
	Assets	Liabilities	Shareholders' equity	Assets	Liabilities	Shareholders' equity
Balance before adoption of new practices	**6,338,412**	**3,167,624**	**3,170,788**	**8,341,816**	**5,171,028**	**3,170,788**
Adjustments and reclassifications:						
Current assets						
Deferred tax assets	(13,642)	-	-	(14,488)	-	-
Non-current assets						
Judicial deposits	29,137	-	-	46,928	-	-
Deferred tax assets	78,705	-	65,063	99,136	-	84,648
Investment	(38,018)	-	(38,018)	-	-	-
Property, plant and equipment	1,301,601	-	1,301,601	1,243,998	-	1,243,998
Non-current liabilities						
Provision for tax, civil and labor risks	-	29,137	-	-	46,928	-
Post-employment benefits	-	156,703	(156,703)	-	156,703	(156,703)
Deferred tax liabilities	-	442,544	(442,544)	-	442,544	(442,544)
	1,357,783	628,384	729,399	1,375,574	646,175	729,399
Balance after adoption of new practices	**7,696,195**	**3,796,008**	**3,900,187**	**9,717,390**	**5,817,203**	**3,900,187**

b) Balance sheet as of 12.31.2009 and income (loss) for the year ended 12.31.2009:

	Company				Consolidated			
	Assets	Liabilities	Shareholders ' equity	Net income	Assets	Liabilities	Shareholders' equity	Net income
Balance before adoption of new practices	**7,471,965**	**3,790,698**	**3,681,267**	**1,134,398**	**9,654,142**	**5,972,875**	**3,681,267**	**1,134,398**
Adjustments and reclassifications:								
Current assets								
Deferred tax assets	(15,310)	-	-	-	(15,896)	-	-	-
Non-current assets								
Judicial deposits	25,833	-	-	-	48,882	-	-	-
Deferred tax assets	68,814	-	53,504	-	88,065	-	72,169	-
Investment	(36,231)	-	(36,231)	-		-		-
Property, plant and equipment	1,214,092	-	1,214,092	-	1,159,196	-	1,159,196	-
Current liabilities								
Dividend and interest on equity	-	(81,913)	81,913	-	-	(81,913)	81,913	-
Non-current liabilities								
Provision for tax, civil and labor risks	-	25,833	-	-	-	48,882	-	-
Post-employment benefits	-	132,705	(132,705)	-	-	132,705	(132,705)	-
Deferred tax liabilities	-	412,792	(412,792)	-	-	412,792	(412,792)	-
Energy sale cost								
Depreciation	-	-	-	(87,509)	-	-	-	(84,802)
Operating revenues (expenses)								
Reversal of operating provisions	-	-	-	23,998	-	-	-	23,998
Equity in subsidiaries	-	-	-	1,787	-	-	-	-
Deferred income tax and social contribution	-	-	-	18,193	-	-	-	17,273
	1,257,198	489,417	767,781	(43,531)	1,280,247	512,466	767,781	(43,531)
Balance after adoption of new practices	**8,729,163**	**4,280,115**	**4,449,048**	**1,090,867**	**10,934,389**	**6,485,341**	**4,449,048**	**1,090,867**

c) Cash flows as of December 31, 2009

	Company			Consolidated		
	Balance before new practices	Adjustments	Balance after new practices	Balance before new practices	Adjustments	Balance after new practices
Net income for the year	**1,134,398**	**(43,531)**	**1,090,867**	**1,134,398**	**(43,531)**	**1,090,867**
Expenses (revenues) with no cash impact						
Depreciation	217,166	87,509	304,675	339,912	84,802	424,714
Equity in subsidiaries	(104,553)	(1,787)	(106,340)	-	-	-
Reversal of operating provisions	35,970	(23,998)	11,972	46,098	(23,998)	22,100
Deferred income tax and social contribution	(11,053)	(18,193)	(29,246)	(5,637)	(17,273)	(22,910)
Total adjustments		**(43,531)-**			**(43,531)-**	

d) Supplementary information – Balance sheet as of December 31, 2010 and income (loss) for the year then ending:

As additional information, the Company presents the reconciliation between the balance sheet and the statement of income for December 31, 2010, prepared in accordance with the formerly adopted accounting practices and the new accounting practices under IFRS.

	Company				Consolidated			
	Assets	Liabilities	Shareholders' equity	Net income	Assets	Liabilities	Shareholders' equity	Net income
Balance before adoption of new practices	**8,500,578**	**4,105,839**	**4,394,739**	**1,219,572**	**11,663,803**	**7,269,064**	**4,394,739**	**1,219,572**
Adjustments and reclassifications:								
Judicial deposits	68,568	-	-	-	68,568	-	-	-
Deferred tax assets	27,156	-	27,156	-	44,902	-	44,902	-
Investment	(34,445)	-	(34,445)	-	-	-	-	-
Property, plant and equipment	1,125,206		1,125,206		1,073,015		1,073,015	-
Provision for tax, civil and labor risks	-	68,568	-	-	-	68,568	-	-
Post-employment benefits	-	57,401	(57,401)		-	57,401	(57,401)	-
Deferred tax liabilities	-	382,571	(382,571)		-	382,571	(382,571)	-
Depreciation	-	-	-	(88,886)	-	-	-	(86,180)
Reversal of operating provisions	-	-	-	75,304	-	-	-	75,304
Equity in subsidiaries	-	-	-	1,786	-	-	-	
Deferred income tax and social contribution	-	-	-	3,873	-	-	-	2,953
	1,186,485	508,540	677,945	(7,923)	1,186,485	508,540	677,945	(7,923)
Balance after adoption of new practices	**9,687,063**	**4,614,379**	**5,072,684**	**1,211,649**	**12,850,288**	**7,777,604**	**5,072,684**	**1,211,649**



2.3. New standards IFRS and interpretations of IFRIC (International Financial Reporting Interpretations Committee of IASB)

Some new IASB accounting procedures and IFRIC interpretations were published and/or reviewed and their adoption is optional or mandatory for the annual periods ending as of January 1, 2011. The Company's assessment of the impacts of these standards and interpretations are as follows:

IAS 32 – Classification of Rights Issues

In October 2009, IASB issued a review of standard IAS 32, which addresses contracts that will or may be settled in the entity's own equity instruments and establishes that rights, options or guarantees to acquire a fixed amount of any currency are equity instruments instead of derivatives, as established before.

The amendments to IAS 32 are effective for annual periods beginning on/after February 1, 2010. The Company understands that the changes to this standard will not affect its Consolidated Financial Statements.

IFRS 9 – Financial Instruments

On November 2009, IASB issued standard IFRS 9 with the purpose of replacing standard IAS 39 – Financial instruments: Recognition and measurement, according to the three-phase replacement schedule defined by IASB. This standard represents the first part of the first phase of the replacement schedule and addresses the classification and measurement of financial assets.

The standard IFRS 9 simplifies the measurement of financial assets and establishes two main categories: amortized cost and fair value. The classification basis depends on the entity's business model and on the contractual features of the financial assets' cash flow.

IFRS 9 is valid for annual periods beginning on/after January 1, 2013. The Company is assessing the effects from its application and any differences in relation to IAS 39.

IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments

On November 2009, IFRIC issued interpretation IFRIC 19, which addresses the issuance of equity instruments by an entity to its creditor aiming to settle financial liabilities.

The Interpretation IFRIC 19 is effective for annual periods beginning on/after July 1, 2010. The Company understands that the adoption of this interpretation will not affect its Consolidated Financial Statements.

IFRIC 14 – Prepayments of a Minimum Funding Requirement

On November 2009, IFRIC issued amendments to interpretation IFRIC 14, allowing prepayments to be recorded as assets when an entity is subject to minimum funding requirements.

The amendments to interpretation IFRIC 14 are effective for annual periods beginning on/after January 1, 2010. The Company understands that the changes to this interpretation will not affect its Consolidated Financial Statements.

IFRS improvements in 2010

On May 2010, IASB issued a review of standards IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 27, IAS 34 and of interpretation IFRIC 13.

The amendments to standard IFRS 1 added requirements related to the disclosure of accounting policies changes in the year of first adoption of IFRS, criteria for measurement at fair value, and included the use of deemed cost for operations subject to regulated prices.

The amendments to standard IFRS 3 are related to transition requirements for contingent consideration of business combinations preceding the 2008 revision of standard IFRS 3, to the measurement of non-controlling shareholders' interests, and to share-based payments unreplaced or voluntarily replaced in business combinations.

The amendments to standards IFRS 7 and IAS 1 correspond, respectively, to clarifications on the disclosure of financial instruments and related the presentation of an analysis of other comprehensive income by equity component, while the amendments to standard IAS 27 refer to the transition requirements for the amendments resulting from the review to standard IAS 27 in 2008.

The amendments to IAS 34 are related to requirements of disclosure of events and significant transactions and the changes to interpretation IFRIC 13 address the measurement at fair value of award credits in customer loyalty programmes.

The amendments to standard IFRS 3 are effective for annual periods beginning on/after July 1, 2010. The other amendments to standards will apply to annual periods beginning on/after January 1, 2011. The Company understands that the changes to the standards and to the interpretation will not affect its Consolidated Financial Statements.

IFRS 7 – Disclosures – Transfers of Financial Assets

In October 2010, IASB issued a review of standard IFRS 7 introducing disclosures that would allow the users of accounting statements to assess exposure risks arising from the transfer of financial assets and the effect of such risks on an entity's financial position, promoting transparency in the disclosure of these transactions, especially those involving securitization of financial assets.

The amendments to standard IFRS 7 are effective for annual periods beginning on/after July 1, 2010. The Company understands that the changes to this pronouncement will not affect its Consolidated Financial Statements.

IFRS 9 – Financial Instruments

In October 2010, IASB issued a review of standard IFRS 9 introducing requirements for classification and measurement of financial liabilities, representing the second part of the first phase of the replacement schedule of standard IAS 39.

Amendments to standard IFRS 9 will be applicable to annual periods beginning on/after January 1, 2013. The Company is assessing the effects from the application of this standard and any differences in relation to IAS 39.

IFRS 1 and IFRS 9 – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters

In December 2010, IASB issued a review of standard IFRS 1, establishing the characteristics of a severe hyperinflation and the adoption of fair value as deemed cost of all the assets and liabilities held by an entity up to the date when it ceased to be subject to severe hyperinflation. Furthermore, IASB amended standards IFRS 1 and IFRS 9 so as to remove the fixed dates as of when the IFRS first-time adopters should measure financial assets and liabilities at fair value, replacing these dates for the date of transition to IFRS.

The amendments to IFRS 1 and IFRS 9 standards are effective for annual periods beginning on/after July 1, 2011. As the IFRS is being adopted for the first time in the current year, the amendments to standards IFRS 1 and IFRS 9 will not affect the Company's Consolidated Financial Statements.

IAS 12 – Deferred Tax: Recovery of Underlying Assets

In December 2010, IASB issued a review of standard IAS 12 introducing a refutable assumption that investment properties measured at fair value, according to standard IAS 40, are fully recovered through sale and, as a result, deferred tax liabilities or deferred tax assets must be measured in order to reflect this condition. This assumption is refutable if the investment property is held with the purpose to consume substantially all inherent economic benefits over time.

The amendments to IAS 12 are effective for annual periods beginning on/after January 1, 2012. The Company understands that these amendments will not affect its Consolidated Financial Statements.

2.4. Consolidated accounting statements

The parent company's investments in subsidiaries are eliminated against the subsidiaries' capital stock, as well as assets and liabilities and revenues and expenses resulting from operations among the consolidated companies.

The components of assets and liabilities, revenues and expenses of Itasa are consolidated in proportion to the Company's interest in its 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 accounting statements. Further information on the subsidiaries that were consolidated can be verified on Note 15.



3 – SUMMARY OF THE MAIN ACCOUNTING PRACTICES

a) Financial assets

Financial assets are classified as held for trading and held to maturity, available for sale and loans and receivables, depending on the purpose of said instruments. Those held for trading are measured at fair value, with their effects recognized in income. Those held to maturity are measured at the acquisition cost, plus income earned, and less provision for impairment, when applicable. Loans and receivables are measured at the amortized cost value. The Company does not have instruments classified as available for sale, which should be measured at fair value, with their effects recognized in the assets valuation adjustment account, in shareholders' equity, when applicable.

a.1) Cash and cash equivalents

Cash and cash equivalents are maintained with the purpose to face short-term cash commitments and consist of cash balance, 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 held for trading and are recorded at cost value plus income earned up to the balance sheet date, adjusted to the fair value of the financial instrument. Interest and monetary restatement, as well as changes from fair value measurement, are recorded in income when incurred.

a.2) Trade accounts receivable

Trade accounts receivable are financial assets at cost value, less provision for impairment, when applicable. Provision for credit risk was calculated based on individual analysis of existing credits and recorded at an amount deemed sufficient by the Company's management to offset eventual losses.

a.3) Collaterals, restricted deposits and judicial deposits

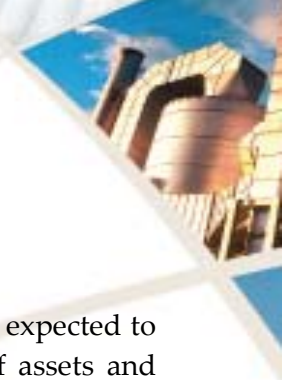
They are recorded to comply with legal and contractual requirements and, therefore, classified as held to maturity. They are measured at cost plus interest and monetary restatement, adjusted by provision for impairment, if applicable.

a.4) Impairment assessment of financial assets

Financial assets are assessed for impairment at the end of every year. Assets are deemed to be impaired when there is evidence that one or more events occurred after the initial recognition of the financial asset causing negative effects on the estimated future cash flow of the investment.

b) Inventories

They are recorded at the weighted average cost of acquisition not exceeding the market value.



c) Deferred tax asset (Deferred income and social contribution taxes)

They are calculated by applying the effective rates in the years when the assets are expected to be realized, on the temporary differences (differences between the book value of assets and liabilities and their tax basis), the tax loss carryforwards and the negative basis of social contribution. They are recognized when it is probable the existence of future taxable income, against which the deductible temporary difference may be used and the tax loss carryforwards may be offset. Deferred tax assets are fully recorded in non-current assets regardless of the expectation of realization of the amounts that originate them.

d) Investments in subsidiaries and jointly-owned subsidiaries (joint ventures)

Permanent investments in subsidiaries and jointly-owned subsidiaries are measured by the equity method by the parent company and are stated in consolidated form in the consolidated accounting statements.

The Company fully consolidated the accounting statements of Tractebel Energia and its subsidiaries. Control is characterized when a Company holds directly or indirectly most of the voting rights or has the power to determine the financial and operating policies in order to benefit from its activities.

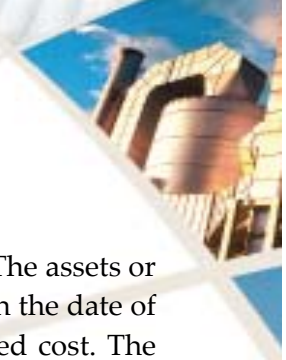
The Company holds a 99.99% stake in the capital of its subsidiaries. Accordingly, minority shareholders hold no interest in the shareholders' equity and income of its subsidiaries.

Jointly-owned subsidiaries are entities in which the control is exercised by the Company together with one or more partners and the decisions on strategic financial and operating policies require the approval of all parties sharing the control.

The investments in jointly-controlled companies are recognized by the equity method from the date the joint control is acquired or established. The Group records its interest in jointly-controlled entities in its consolidated accounting statements using the proportionate consolidation method.

In the parent company, the goodwill/rights of concession paid in the acquisition of the subsidiaries are recorded in investment.

In the consolidated, the Company opted for the early adoption of the rules set forth by IFRS 3 (Business Combination), standard which is consistent with CPC 15, in the business combinations included within the scope of this pronouncement, made as from January 1, 2008. According to these pronouncements, assets, liabilities and contingent liabilities of a subsidiary are measured at the respective fair value on the acquisition date. If the acquisition cost is higher than the fair value of the purchased identified net assets, the excess amount is recorded as goodwill. If the acquisition cost is lower than the fair value of the net assets identified, the difference verified is recorded as a gain in the statement of income. The acquisitions made by the Company after January 1, 2008 did not result in recording of goodwill in accordance with the aforementioned criteria.



e) Property, plant and equipment

Property, plant and equipment are recorded at the acquisition or construction cost. The assets or group of assets whose book value was substantially different from their fair value on the date of adoption of the new accounting practices started to have their fair value as deemed cost. The assets are deducted from the accumulated depreciation and impairment losses, if applicable. The depreciation is calculated by the straight-line method at the annual rates established by ANEEL, which are used by the industry and accepted by the *market as appropriate*, limited to the Plants' period of concession, when applicable, based on the book balances recorded in the Registration Units (UC) that comprise the enterprises. The average annual depreciation rates are stated in Note 16. Interest and other financial charges plus the inflation effects resulting from the financings obtained from third parties actually applied in the property, plant and equipment in progress are recorded as cost of the respective asset. In the consolidated, as mentioned in the Investment item above, due to the application of IFRS 3 (Business Combination), the adjustments to fair value recognized in the acquisition balance sheets, concerning the concessions and authorizations for use of the public asset, are recorded in compliance with the instructions set forth in the Manual for Application of IFRS 3 and CPC 15. These pronouncements allow the recognition of the concession fair value and of the generation unit fair value as a single asset, when these assets cannot be sold or transferred separately. The Company chose to recognize the fair value of these concessions as a single asset in the property, plant and equipment group, the amortization of which is being made in accordance with the concession or authorization agreements.

f) Intangible assets

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

g) Impairment test of property, plant and equipment and intangible assets

The Company periodically evaluates property, plant and equipment items and intangible assets as an attempt to identify evidences of 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 income for the period. The Company believes there is no indication that book values of its cash generating units or intangible assets will not be recovered with future operations.

h) Financial liabilities and equity instruments

Debt and equity instruments are classified as financial liabilities or equity according to the nature set forth in the agreement and the definitions of financial liabilities and equity instrument.



h.1) Financial liabilities

- Loans, financing and debentures

These are financial instruments held to maturity, stated at amortized cost and adjusted by the exchange rates or contractual indexes and by interest incurred until the balance sheet date. Funding costs were initially recorded as reduction in fair value previously recorded and the effective interest rate adjusted for purposes of appropriation of interest expenses, as required by CPC 20 – Borrowing Costs and by CPC 08 – Transaction Costs and Premiums from the Issue of Securities. (see Notes 19 and 20). The Company does not have derivative instruments.

- Concession fees payable

Concession fees payable are financial instruments held to maturity, recorded at amortized cost and restated by interest rates or by the indexes set forth in the agreement until the date of the balance sheet.

h.2) Equity instruments

An equity instrument is an agreement that evidences a residual interest in the assets of a company after all of its liabilities are deducted. Equity instruments issued by the Company are recognized when funds are received, net of the direct issuance costs.

i) Provisions for tax, civil and labor risks

These are recorded through the evaluation and quantification of the risks, whose likelihood of loss is deemed probable. Said reserves are adjusted by the indexes or rates established by tax authorities, and legal counsel fees related to such reserves are recorded.

j) Post-employment benefits

The present value of the actuarial liabilities with pension plans is provisioned based on an actuarial assessment annually prepared by independent actuaries, using the Projected Credit Unit Method, net of the plan's guarantor assets (see Note 26). Accumulated actuarial gains and losses, assessed every year, within the limit of 10% of the present value of defined-benefit obligation ("corridor") are not recognized in the Company's liabilities and income. Gains and losses exceeding the corridor limit are recognized in income during the average remaining life of the plan's beneficiaries. In the Projected Credit Unit Method each service period is considered a taxable event of an additional benefit unit, which is accumulated to calculate the final liability.

k) Other current and non-current assets and liabilities

Other assets are not recorded at acquisition cost, less the provision for impairment, when applicable. Other liabilities are recorded at known or determinable amounts plus, when applicable, the corresponding charges and monetary variations incurred.

l) 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 on the transaction date.



m) Transactions between related parties

Intercompany loan agreements are restated by the charges contracted and the transactions to purchase and sell electrical energy and services are carried out in conditions and terms agreed upon between the parties and recorded pursuant to the terms contracted.

n) Recognition of income related to the sale of electrical energy and services

Income is measured at the fair value of the received or receivable amount, minus taxes and eventual discounts. Income from the sale of electrical energy and services is recognized when the economic benefits of the transactions will probably flow to the Company; income can be measured with reliability; the risks and benefits related to the sale were transferred to the buyer; transaction costs incurred or to be incurred can be measured with reliability; and the Company does not hold interest and responsibility on the electrical energy sold.

o) Leasing agreements

Leasing agreements are classified as financial leasing when the terms of the leasing substantially transfer the risks and benefits of the ownership to the lessee. The Company does not hold financial leasing operations. The other leasing agreements are operating leasing, where the amounts contracted are recognized in the Company's income during the term of the contract.

p) Payment of dividends and interest on equity – these are recognized upon payment and credited (interest on equity) or approved by the Annual Shareholders' Meeting. The Company's Bylaws sets forth the payment of a minimum of 30% of Tractebel Energia's annual net income. Therefore, at the end of the year, when applicable, a provision for the payment of minimum dividend is recorded, even if the dividend has not been paid or credited during the year. The Company discloses the dividends received from subsidiaries in investing activities, in the Statement of Cash Flow.

q) Use of estimates

In the preparation of the accounting statements it is necessary that the Company's management rely on estimates when recording certain transactions that affect its assets, liabilities, income and expenses, as well as the disclosure of information in its accounting statements. The Management used the best information available on the preparation date of the accounting statements to make the estimates, as well as the experience gained from past and/or current events and also considered assumptions regarding future events. Therefore, the accounting statements include estimates on the useful life of property, plant and equipment, which are defined by Aneel, on asset impairment tests, on the recording of provisions for doubtful accounts, provisions required to cover possible tax, civil and labor losses, assumptions used to establish discounts, return on assets and mortality rates for the calculation of post-employment benefits and the determination of the fair value of financial instruments and estimates used in the sensitivity analysis, presented in Note 34.

r) Main judgments and source of uncertainties in the estimates -

Critical accounting practices are important to show the Company's financial condition and the results and require more difficult judgments by the Management, which are subjective or complex, usually as the result of the need to make estimates that affect issues that are inherently uncertain. As the number of variables and assumptions that affect the possible future solution of these uncertainties increase, judgments become even more subjective and complex. In the preparation of the accounting statements, the Company adopted certain assumptions that arise from historical experiences and other factors deemed as reasonable and relevant. Even though these estimates and assumptions are revised by the Company in the normal course of its activities, the statement of its financial condition and of the results of operations usually require the use of judgments as to the effects of issues that are inherently uncertain on the book value of its assets and liabilities. Real results may differ from those estimated using different variables, assumptions or conditions. In order to allow for the understanding on how the Company makes judgments on future events, including variables and assumptions used in the estimates, we included comments on each critical accounting practice described hereinafter:

r.1) Deferred income tax and social contribution

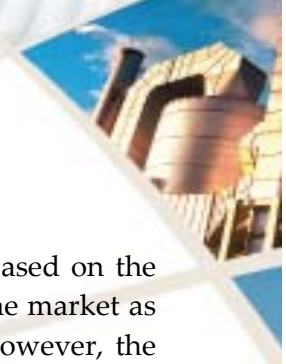
Deferred income tax and social contribution are generated by temporary differences between the book value of assets and liabilities and their respective tax values and the tax losses carryforwards and negative basis of social contribution. Deferred income tax assets are revised at the end of each year to assess if they will be realized through future taxable income, based on taxable income projections and on technical feasibility studies, submitted annually to the Company's Management. Deferred tax assets and liabilities are calculated using tax rates applicable to the taxable income in the years in which the temporary differences should be realized. Future taxable income can be higher or lower than the estimates used to establish the need to record the tax assets and the amount recorded.

r.2) Post-employment benefits

The Company recognizes its obligation to provide its employees with benefit plans and its related costs, net of the plan's assets, adopting the following practices: (i) the cost of obligations with post-employment benefits is determined on an actuarial basis using the projected credit unit method. The discount rate used to calculate the future benefit liability is an estimate of the interest rate on the balance sheet date, on high-quality equity investments, whose maturities are the same as the maturities of the liabilities; and (ii) the private pension plan assets are measured at market value;

Actuaries use subjective factors such as mortality rates, salary growth forecast, severance and turnover expectations in the actuarial calculations.

Actuarial assumption used by the Company can be materially different from actual results due to changes in economic and market conditions, regulatory events, court decisions, shorter of longer life period of participants. However, the Company and its actuaries used assumptions in line with internal and external analysis to establish the estimates used.



r.3) Useful life of property, plant and equipment

The Company recognizes the depreciation of its property, plant and equipment based on the annual rates set forth by Aneel, which are used by the industry and accepted by the market as adequate, limited to the term of the concession of the Plants, when applicable. However, the actual useful lives may vary based on the technologic update of each unit. The useful life of property, plant and equipment also affect impairment tests of assets with long useful lives, when necessary.

r.4) Impairment test of long-term assets

Impairment tests of long term assets have special rules, specially for property, plant and equipment. On the year's closing date the Company carries out an impairment test in long term assets. If there is indication of impairment, the recoverable amount of assets is estimated by the Company.

The recoverable value of an asset is determined by the higher amount between: (i) its fair value less the estimated sale cost and (ii) its value in use. The value in use is measured based on the discounted cash flows from the continuous use of an asset until the end of its useful life.

When the book value of an asset exceeds the recoverable value, the Company recognizes the reduction in the book balance of said assets, when applicable.

The process to revise the recoverability of an asset is subjective and requires significant judgments through the use of analysis. On December 31, 2010, based on its analysis, the Company did not identify the need to record any provision for the impairment of long term assets.

r.5) Provision for tax, civil and labor risks

This provision is based on the evaluation and qualification of risks whose probability of loss is deemed probable. This evaluation is grounded on the management judgment and the opinion of legal advisors, considering precedents, lower and higher court decisions, history of possible agreements and decisions, management and legal advisors experience, as well as other applicable aspects.

4 – CASH AND CASH EQUIVALENTS

	Company		
	12.31.2010	12.31.2009	01.01.2009
Cash and bank deposits in cash	**1,710**	**7,501**	**8,761**
Citibank - Exclusive Investment Fund			
Repurchase agreement with Federal Government Securities[3]			
National Treasury Notes (NTN – B)	741,573	1,085,336	258,434
Financial Treasury Bill (LFT)	-	-	38,224
National Treasury Bill (LTN)	50,812	-	13,201
	792,385	**1,085,336**	**309,859**
Financial Institutions[4]			
Bank Certificates of Deposit (CDB)	**2,022**	**1,002**	**-**
	796,117	**1,093,839**	**318,620**

	Consolidated		
	12.31.2010	12.31.2009	01.01.2009
Cash and bank deposits in cash	**8,882**	**42,522**	**25,389**
Citibank - Exclusive Investment Fund			
Repurchase agreement with Federal Government Securities			
National Treasury Notes (NTN – B)	934,407	1,188,297	313,385
Financial Treasury Bill (LFT)	-	-	46,353
National Treasury Bill (LTN)	64,025	-	16,008
	998,432	**1,188,297**	**375,746**
Financial Institutions[3]			
Bank Certificates of Deposit (CDB)	48,106	2,084	8,373
Purchase and sale commitments in debentures	27,160	21,737	10,497
	75,266	**23,821**	**18,870**
	1,082,580	**1,254,640**	**420,005**

The Company structured its financial investments to concentrate its funds in an exclusive equity investment fund, the shares of which can be redeemed at any time without impairing its yield.

Said fund had average yield of 100.2% of CDI (reference rate of interbank deposits) in 2010.

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.

Cash equivalents are maintained with the purpose of facing short-term cash commitments and are composed of cash balance, bank deposits in cash and financial investments with immediate liquidity in an amount subject to an irrelevant risk of change. They are classified as financial instruments allocated to trading and are recorded by cost value plus income calculated up to the balance sheet date, which corresponds to the fair value of financial instruments.

[3]Sale of securities with repurchase agreements assumed by the seller, concurrently with the resale commitment assumed by the buyer. These operations have immediate liquidity, pay interest at a fixed rate and are guaranteed by federal government securities.
[4]Banco Safra, Banco Itaú Unibanco Holding S.A. (Itaú), Banco do Brasil (BB) and Banco Votorantim.

5 – TRADE ACCOUNTS RECEIVABLE

	Company					
	12.31.2010				12.31.2009	01.01.2009
		Past-due				
	Current	Up to 90 days	Over 90 days	Total	Total	Total
Concessionaries	216,600	-	-	216,600	187,986	179,973
Sellers	98,109	27,573	-	125,682	121,409	145,290
Free Consumers	24,416	269	-	24,685	21,676	36,848
Exports	-	-	740	740	740	740
Transactions within CCEE [5]						
- Current	50,844	25,833	725	77,402	22,865	3,809
- Agents with lawsuits or in default	110,498	-	12,076	122,574	122,574	122,574
- Special Tariff Recovery (RTE) and other	-	102	954	1,056	-	4,381
	500,467	**53,777**	**14,495**	**568,739**	**477,250**	**493,615**
(-) Allowance for doubtful accounts	(110,498)	-	(12,076)	(122,574)	(122,574)	(122,574)
	389,969	**53,777**	**2,419**	**446,165**	**354,676**	**371,041**

	Consolidated					
	12.31.2010				12.31.2009	01.01.2009
		Past-due				
	Current	Up to 90 days	Over 90 days	Total	Total	Total
Concessionaries	271,921	-	-	271,921	251,120	212,305
Sellers	56,524	-	-	56,524	62,733	62,298
Free Consumers	116,372	5,416	-	121,788	94,934	101,125
Exports	-	-	740	740	740	740
Transactions within CCEE						
- Current	52,450	25,894	733	79,077	23,897	4,862
- Agents with lawsuits or in default	110,498	-	12,076	122,574	124,442	124,442
- Special Tariff Recovery (RTE) and other	-	102	954	1,056	-	4,381
	607,765	**31,412**	**14,503**	**653,680**	**557,866**	**510,153**
(-) Allowance for doubtful accounts	(110,498)	-	(12,076)	(122,574)	(122,574)	(122,574)
	497,267	**31,412**	**2,427**	**531,106**	**435,292**	**387,579**

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

[5] Electric Power Trade Chamber (CCEE)

Agents with lawsuits or in default

The allowance for doubtful accounts related to outstanding amounts, in the amount of R$ 110,498 identified as "Agents with lawsuits or in default", was recognized due to the uncertainties as to the realization of receivables arising from transactions made within Wholesale Energy Market (MAE), current CCEE in the September 2000 to September 2002 period, whose debtor agents filed lawsuits because they disagreed with the interpretation adopted by MAE related to the Overall Agreement for the Electric Energy Sector.

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

6 – ASSETS HELD FOR SALE

In November 2010, the Company entered into a purchase agreement to sell 100% of its interest in the capital stock of Seival Participações S.A., Special Purpose Entity holder of 99.99% of the capital stock of Usina Termelétrica Seival Ltda. This company holds the rights, including Aneel authorizations and installation licenses, to implement and explore a coal thermoelectric plant in the city of Candiota, state of Rio Grande do Sul, with an installed capacity of up to 540 MW. Until the date of the sale, the company did not execute any operating activity.

The selling price was R$ 37,888, of which R$ 24,218 were paid in advance and R$ 13,670 will be paid after the precedent conditions set forth in the agreement are fulfilled, including the previous consent by Aneel and the effective transfer of shares. The sale will result in a R$ 14,830 capital gain that shall be recorded in the income once the conditions abovementioned are met.

The Company continues to develop other mineral coal thermoelectric projects in the Candiota region, according to its growth strategy in the Brazilian Energy sector.

7 – TAXES AND SOCIAL CONTRIBUTION

	Company			Consolidated		
	12.31.2010	12.31.2009	01.01.2009	12.31.2010	12.31.2009	01.01.2009
Current						
ICMS (state VAT)[6]	4,178	7,189	15,973	4,855	8,973	16,027
Income Tax (IR)	4,719	146	-	14,895	9,841	3,292
Social Contribution tax (CS)	1,042	-	-	4,184	5,514	1,226
Cofins (tax on revenue)[7]	42,122	4,015	3,568	54,687	37,425	6,392
PIS (tax on revenue)[8]	9,518	865	769	12,135	8,119	1,730
INSS (social security contribution)[9]	1,054	3,040	2,419	1,062	3,048	4,028
	62,633	**15,255**	**22,729**	**91,818**	**72,920**	**32,695**
(-) Allowance for losses on ICMS credits	-	-	(5,660)	-	-	(5,660)
	62,633	**15,255**	**17,069**	**91,818**	**72,920**	**27,035**
Non-current						
ICMS (state VAT)	11,178	10,507	6,392	16,090	13,460	9,944
Cofins (tax on revenue)	11,147	11,685	8,215	164,293	47,564	74,370
PIS (tax on revenue)	2,448	2,563	1,809	35,797	10,352	16,171
INSS (social security contribution)	3,700	3,106	6,197	3,700	3,106	6,197
	28,473	**27,861**	**22,613**	**219,880**	**74,482**	**106,682**

In June 2010, the Company recognized the amount of R$ 45,803 in current assets, due to the favorable outcome of a lawsuit discussing the calculation of PIS/Cofins, which will be further offset with federal taxes owed by the Company.

PIS/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.

In August 2010, due to the acquisition of SUEZ Energia Renovável, the Company recognized the amount of R$ 78,504, related to PIS/Cofins credits from the same origins, as previously mentioned.

8 – INVENTORIES

	Company			Consolidated		
	12.31.2010	12.31.2009	01.01.2009	12.31.2010	12.31.2009	01.01.2009
Raw materials and inputs for energy production	11,161	5,969	21,458	12,346	10,453	21,458
Supplies	23,137	22,190	20,111	24,093	22,904	20,800
Advances to suppliers	6,205	10,504	12,933	6,205	10,508	13,244
Other	2,538	756	3,247	3,388	787	3,286
	43,041	**39,419**	**57,749**	**46,032**	**44,652**	**58,788**

[6]State VAT (ICMS)
[7]Contribution for Social Security Financing (Cofins)
[8]Social Integration Program (PIS)
[9]Brazilian Social Security Institute (INSS)

9 – COLLATERALS AND RESTRICTED DEPOSITS

	Company		Consolidated		
	12.31.2010	12.31.2009	12.31.2010	12.31.2009	01.01.2009
Current					
Reserve account - CCEE transactions					
CDB	-	30,433	81	31,249	1,172
Purchase and sale commitments in debentures	21,793	1,058	33,600	2,262	242
Investment funds	47,872	-	47,872	-	-
	69,665	**31,491**	**81,553**	**33,511**	**1,414**
Non-current					
Reserve account - debt services					
CDB	-	-	7,196	35,844	23,535
Purchase and sale commitments in debentures	-	-	1,965	-	1,627
Investment funds	-	-	42,083	27,894	-
	-	**-**	**51,244**	**63,738**	**25,162**

Reserve account - CCEE transactions: Its purpose is to ensure the financial settlement of electric energy purchase and sale in the context of CCEE, in conformity with that market's rules.

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, and the Brazilian Savings Bank (CEF), the Company's subsidiaries keep restricted financial resources allocated to guarantee the payment of debt services.

The financial instruments related to the reserve accounts are exclusively contracted to comply with legal requirements and those set forth in agreements, and, therefore, are classified as held to maturity and, consequently, are appraised by costs plus yield. The average yield of the collaterals and restricted deposits in 2010 was 100% of the CDI.

10 – SALE OF ASSETS

	Company and Consolidated		
	12.31.2010	12.31.2009	01.01.2009
Amounts receivable from Eleja			
Current	-	-	17,448
Non-current	86,886	86,886	68,469
	86,886	**86,886**	**85,917**

Balances above correspond to the book 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.

The terms of the agreement set forth that the sale amounts must be adjusted based on the IGP-DI (general price index – domestic supply). 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.

From February 2009, Eleja failed to pay the due monthly installments, whose historical amount on December 31, 2010 was R$ 50,862 (R$ 16,266 on December 31, 2009). 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 contract.

The tax foreclosure is conducted in an amount equivalent to the total debt, since Eleja's delinquency accelerated the maturity of all existing debt and is automatically considered overdue and payable.

The Company understands that the balance presented in the chart above reflects the best estimate of the fair value of this asset on those dates.

In view of the uncertainty so as to the settlement term of the above referred credit, the Company now presents amounts receivable under non-current assets. On 12.31.2010, the face value of the debt, restated by the IGP-DI, was R$ 106,228 (R$ 100,253 on 12.31.2009).

In the event of Eleja's default persists, the tax foreclosure allows to seize assets used as collateral in order to pay the Company's credits. Currently, these assets have already been pledged to 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 tax foreclosure filed against Eleja has been in progress in the court of Florianópolis (state of Santa Catarina), and the seizure of assets used as collateral was granted at the registry of deed and documents of Charqueadas (state of Rio Grande do Sul).

In May 2010, Eleja as execution debtor was summoned, but it did not reply. Therefore, next procedures will be the appointment of a curator and the conversion of seizure into levy of execution and, subsequently, the asset valuation by a qualified professional so that levied assets can be sold.

11 – JUDICIAL DEPOSITS

a) Breakdown:

	Company			Consolidated		
	12.31.2010	**12.31.2009**	**01.01.2009**	**12.31.2010**	**12.31.2009**	**01.01.2009**
Tax	84,720	178,108	171,935	85,075	178,212	172,030
Civil	40,996	6,574	5,015	42,485	30,297	23,810
Labor	5,599	8,800	12,093	5,904	8,800	12,093
	131,315	**193,482**	**189,043**	**133,464**	**217,309**	**207,933**

Refers to amounts from existing legal and administrative proceedings. From the deposit amount made on 12.31.2010, in the company and consolidated, R$ 68,568 are directly related to provisions for tax, civil and labor risks, as their likehood of loss is probable, as described in Note 24.

b) Changes:

	Company				Consolidated			
	Tax	Civil	Labor	Total	Tax	Civil	Labor	Total
Balance as of 01.01.2009	**171,935**	**5,015**	**12,093**	**189,043**	**172,030**	**23,810**	**12,093**	**207,933**
Additions	18	2,153	696	2,867	18	6,690	696	7,404
Adjustments	17,138	19	649	17,806	17,147	410	649	18,206
Write-offs and redemptions	(10,983)	(613)	(4,638)	(16,234)	(10,983)	(613)	(4,638)	(16,234)
Balance as of 12.31.2009	**178,108**	**6,574**	**8,800**	**193,482**	**178,212**	**30,297**	**8,800**	**217,309**
Additions	11,985	3,546	535	16,066	12,226	10,118	840	23,184
Acquisition of PPESA	-	31,311	-	31,311	-	-	-	-
Adjustments	13,056	41	401	13,498	13,066	2,576	401	16,043
Write-offs and redemptions	(118,429)	(476)	(4,137)	(123,042)	(118,429)	(506)	(4,137)	(123,072)
Balance as of 12.31.2010	**84,720**	**40,996**	**5,599**	**131,315**	**85,075**	**42,485**	**5,904**	**133,464**

In July 2010 the lawsuit claiming the unlawful application of Normative Instruction no. 468/2004 (IN 468/2004) became final and unappealable in favor of the Company, leading to a collection of deposits that were made up to 2006, resulting in the restated amount of R$ 108,578.

The company also has pending judicial deposits of PIS/Cofins comprising the period from July to October, 2006 in the amount of R$ 38,832, restated on 12.31.2010, when the IN 658/2006 was already in force. The collection of said remaining deposits awaits the ruling on the special appeal with the Superior Court of Justice (STJ), with the purpose of maintaining the company subject to the cumulative regime of PIS/Cofins contributions on certain operations carried out previous to the change in the regime. (More information included in Note 24).

12 – CREDITS WITH SUBSIDIARIES

	Company		
	12.31.2010	12.31.2009	01.01.2009
Ibitiúva Bioenergética S.A.	6,260	35,654	-
Companhia Energética São Salvador	-	-	6,300
SUEZ Energia Renovável S.A.	505	-	-
	6,765	**35,654**	**6,300**

The intercompany loan agreement with indirect subsidiary Ibitiúva Bioenergética S.A. was executed for the works of the power plant whereas the funds from BNDES had not been released. The amounts are received as BNDES releases the funds from the financing. The remuneration of the agreement corresponds to 100% of the Selic rate.

13 – DEFERRED TAX ASSETS

Type of credit	Company					
	12.31.2010				12.31.2009	01.01.2009
	Tax basis	Income tax	Social contrib ...	Total	Total	Total
Interest on property, plant and equipment in progress (RIC)	164,393	41,098	-	41,098	44,850	48,421
Post-employment benefits	302,676	75,669	27,241	102,910	134,842	125,534
Allowance for doubtful accounts	122,574	30,643	11,032	41,675	41,675	41,675
Provision for tax, civil and labor risks	149,415	29,832	13,448	43,280	37,207	37,668
Accelerated depreciation of William. Arjona Thermoelectric Power Plant	15,167	3,792	1,365	5,157	6,293	7,429
Adjustment to present value of receivables	13,875	3,469	1,249	4,718	4,718	6,144
Incorporated goodwill	51,912	12,978	4,672	17,650	4,960	6,526
Other	97,388	23,161	8,764	31,925	5,328	6,981
		220,642	**67,771**	**288,413**	**279,873**	**280,378**

Type of credit	Consolidated					
	12.31.2010				12.31.2009	01.01.2009
	Tax basis	Income tax	Social contribution	Total	Total	Total
Interest on property, plant and equipment in progress (RIC)	164,393	41,098	-	41,098	44,850	48,421
Post-employment benefits	302,676	75,669	27,241	102,910	134,842	125,534
Allowance for doubtful accounts	122,574	30,643	11,032	41,675	41,675	41,675
Provision for tax, civil and labor risks	150,343	30,064	13,532	43,596	41,768	40,766
Accelerated depreciation of William. Arjona Thermoelectric Power Plant	15,167	3,792	1,365	5,157	6,293	7,429
Adjustment to present value of receivables	13,875	3,469	1,249	4,718	4,718	6,144
Adjustment to fair value of property, plant and equipment	52,190	13,048	4,697	17,745	18,665	19,585
Incorporated goodwill	51,912	12,978	4,672	17,650	4,960	6,526
Tax loss carryforwards and negative basis of social contribution	60,288	15,072	5,427	20,499	3,790	-
Other	101,117	24,093	9,099	33,192	9,769	11,487
		249,926	**78,314**	**328,240**	**311,330**	**307,567**

Deferred tax assets arising from temporary differences will be realized upon the payment of provisions made or, where applicable, upon realization of provisioned losses. Income and social contribution tax loss carryforwards will be realized through the generation of future taxable income of subsidiary that extraordinarily recorded losses.

The estimated realization of deferred tax assets and their recovery:

	Company	Consolidated
2011	22,554	24,405
2012	30,426	31,683
2013	28,732	29,972
2014	31,843	33,067
2015	19,583	22,490
2016 to 2018	103,354	93,649
2019 onwards	51,921	92,974
	288,413	**328,240**

14 – TAX RECONCILIATION

	Company			
	12.31.2010		12.31.2009	
	Income tax	Social contribution	Income tax	Social contribution
Income before taxes	**1,709,507**	**1,709,507**	**1,494,664**	**1,494,664**
Permanent Differences				
Goodwill amortization/ Concession rights	2,411	2,411	2,710	2,710
Management bonuses and 13th salary	5,025	-	2,464	-
Donations	8,489	8,489	4,930	4,930
Equity in subsidiaries	22,483	22,483	(106,340)	(106,340)
Interest on equity	(220,000)	(220,000)	(194,000)	(194,000)
Amortized goodwill in the merger of subsidiary	(41,931)	(41,931)	-	-
Other permanent differences	4,810	4,440	(4,090)	(3,039)
Tax Basis	**1,490,794**	**1,485,399**	**1,200,338**	**1,198,925**
Tax rates	25%	9%	25%	9%
Income and social contribution taxes	**(372,699)**	**(133,686)**	**(300,085)**	**(107,903)**
Tax rates	8,529	-	4,971	-
Other	(470)	468	24	(804)
Income and social contribution taxes - statement of income	**(364,640)**	**(133,218)**	**(295,090)**	**(108,707)**
Breakdown of taxes in the statement of income:				
Current	(368,764)	(136,054)	(315,649)	(117,394)
Deferred	4,124	2,836	20,559	8,687
	(364,640)	**(133,218)**	**(295,090)**	**(108,707)**

	Consolidated			
	12.31.2010		12.31.2009	
	Income tax	Social contribution	Income tax	Social contribution
Income before taxes	**1,721,310**	**1,721,310**	**1,537,207**	**1,537,207**
Permanent Differences				
Goodwill amortization/ concession right/ use of assets	29,530	29,530	13,517	13,517
Management bonuses and 13th salary	5,136	-	2,612	-
Donations	8,489	8,489	5,012	5,012
Interest on equity	(220,000)	(220,000)	(194,000)	(194,000)
Amortized goodwill in the merger of subsidiary	(41,931)	(41,931)	-	-
Differences in calculation basis for subsidiary taxed based on presumed profit	(3,591)	(1,137)	(17,487)	(14,778)
Other permanent differences	2,425	5,935	(5,952)	(4,826)
Tax basis	**1,501,368**	**1,502,196**	**1,340,909**	**1,342,132**
Tax rates	25%	9%	25%	9%
Income and social contribution taxes	**(375,342)**	**(135,198)**	**(335,228)**	**(120,792)**
Tax Incentives	11,315	-	11,661	-
Other	(6,777)	(3,659)	(1,300)	(681)
Income and social contribution taxes - statement of income	**(370,804)**	**(138,857)**	**(324,867)**	**(121,473)**
Breakdown of taxes in the statement of income:				
Current	(386,507)	(145,677)	(341,891)	(127,359)
Deferred	15,703	6,820	17,024	5,886
	(370,804)	**(138,857)**	**(324,867)**	**(121,473)**

The Ponte de Pedra project 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 (Sudam).

15 – INVESTMENTS

a) Breakdown

	Company		
	12.31.2010	12.31.2009	01.01.2009
Investments in subsidiaries:			
Accounted for under the equity method			
Equity in subsidiaries	2,162,946	1,909,270	1,497,309
Goodwill / Concession rights	119,817	35,780	38,490
	2,282,763	**1,945,050**	**1,535,799**

b) Accounted for under the equity method

Companies	31.12.2010		12.31.2009		01.01.2009	
	Batch of 1,000 shares or quotas	Interest (%)	Batch of 1,000 shares or quotas	Interest (%)	Batch of 1,000 shares or quotas	Interest (%)
Itá Energética S.A. (Itasa)	253,607	48.75	253,607	48,75	253.607	48.75
Cia Energética São Salvador (CESS)	360,789	99.99	309,289	99,99	271.943	99.99
Lages Bioenergética Ltda. (Lages)	30,530	99.99	30,530	99,99	30.530	99.99
Tractebel Energia Comercializadora Ltda. (TBLC)	4,200	99.99	4,200	99,99	4.200	99.99
Energia América do Sul Ltda. (EAS)	-	-	645,270	99,99	645.270	99.99
Tractebel Energias Complementares Participações Ltda. (TBLP)	532,455	99.99	509,010	99,99	1	99.90
SUEZ Energia Renovável S.A. (SER)	871,003	99.99	-	-	-	-
Delta Energética S.A. (Delta)	-	-	24,468	99,99	20.960	99.99

b.1) Financial information on subsidiaries

	Itasa	CESS	Lages	TBLC	EAS	TBLP	SER	Delta
01.01.2009								
Equity in subsidiaries	520,073	270,474	47,225	31,799	638,826	235,170	-	20,007
Total assets	919,723	919,625	79,680	186,188	1,146,455	780,805	-	20,007
12.31.2009								
Equity in subsidiaries	561,874	324,801	64,056	72,077	653,481	497,632	-	23,040
Net Income (losses)	53,677	18,610	16,831	40,278	14,655	(9,725)	-	(475)
Total assets	887,013	1,397,921	89,335	187,037	1,137,882	897,396	-	23,040
Net revenue	226,453	135,466	39,958	861,828	137,880	55,484	-	-
12.31.2010								
Equity in subsidiaries	598,445	351,733	71,193	65,431	-	514,067	868,509	-
Net Income (losses)	46,620	(24,568)	7,137	(6,646)	(13,811)	(7,010)	(348)	-
Total assets	852,035	1,385,165	84,226	259,985	-	934,031	2,336,439	-
Net revenue	222,597	145,881	35,353	983,339	141,523	74,845	-	-

b.2) Changes in investments

In the year of 2010:

Subsidiaries	Balances as of 12.31.2009	Capital increase	Acquisition	Merger	Write-off	Equity in subsidiaries	Dividends	Balances as of 12.31.2010
Itasa	273,913	-	-	-	-	22,727	(4,897)	291,743
CESS	324,801	51,500	-	-	-	(24,568)	-	351,733
Lages	64,056	-	-	-	-	7,137	-	71,193
TBLC	72,077	-	-		-	(6,646)	-	65,431
EAS	653,481	152,200	-	(791,870)	-	(13,811)	-	-
TBLP	497,632	23,445	-	-	-	(7,010)	-	514,067
SER	-	156,561	712,296	-	-	(348)	-	868,509
Delta (Seival)	23,040	35	-	-	(23,111)	36	-	-
Other	270	-	-	-	-	-	-	270
	1,909,270	**383,741**	**712,296**	**(791,870)**	**(23,111)**	**(22,483)**	**(4,897)**	**2,162,946**

In the year of 2009:

Subsidiaries	Balances as of 01.01.2009	Capital increase	Write-off	Equity in subsidiaries	Dividends	Balances as of 12.31.2009
Itasa	253,536	-	-	26,167	(5,790)	273,913
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 (Seival)	20,007	3,508	-	(475)	-	23,040
Other	272	-	(1)	(1)	-	270
	1,497,309	**313,040**	**(1)**	**106,340**	**(7,418)**	**1,909,270**

c) Goodwill/ Concession rights – Company

Subsidiaries	Itasa	CESS	SER	Total
Balance as of 01.01.2009	**3,433**	**35,057**	**-**	**38,490**
Amortization	(2,288)	(422)	-	(2,710)
Balance as of 12.31.2009	**1,145**	**34,635**	**-**	**35,780**
Amortization	(1,145)	(1,266)	-	(2,411)
Acquisition of SER	-	-	86,448	86,448
Balance as of 12.31.2010	**-**	**33,369**	**86,448**	**119,817**

Goodwill paid in the acquisition of subsidiaries is based on the present value of cash flow projections obtained from financial and economic appraisals and, arise from the concession or authorization by Aneel granting the right to use a public asset for energy generation.

The goodwill from the acquisition of CESS is being amortized during the term of the concession agreement, once economic benefits from investment acquisition will arise throughout the concession or authorization agreement's term; in addition the useful life of these assets is limited to the term of this agreement.

d) Acquisition of SUEZ Energia Renovável S.A.

In August 2010, after complying with all the precedent conditions set forth in the Purchase and Sale Agreement executed on December 2009, including the requirements from the Brazilian Antitrust Authority (CADE), Aneel, BNDES and other financing Banks were met. In December 2009, after the operation's unanimous approval by the minority shareholders at the Special Shareholders' Meeting of 10.19.2010, the Company completed the acquisition of common shares issued by SUEZ Energia Renovável S.A. (SER) owned by its parent company GDF SUEZ Energy Latin America Participações Ltda. (GSELA).

SER holds 40.07% of interest in the Estreito Energia consortium, created for the implementation and exploration of the Estreito Hydropower Project, which has installed capacity to generate 1,087 MW. 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 company sold at the 5º Auction of New Energy, for a period of 30 years starting on 01.01.2012, 256 average MW proportional to its interest in Ceste to energy distribution companies taking part in the Regulated Contracting Environment (ACR).

Total acquisition cost of R$ 798,744 is composed of: (i) R$ 604,390 corresponding to the original amount on the agreement date; (ii) R$ 24,619 referred to the IPCA monetary restatement and compensatory interest at the rate of 6% p.a. pro-rata temporis, up to the acquisition date; and (iii) R$ 169,735 related to advances for future capital increase applied in the construction of the Plant, restated by the IPCA and with compensatory interest at the rate of 6% p.a. pro-rata temporis, carried out by GSELA between the agreement date and the acquisition date.

The original price of R$ 604,390 was defined based on the financial and economic appraisal prepared by a renewed and specialized Financial Institution based on the discounted cash flow method.

The book value and fair value of assets and liabilities on the purchase date are described below:

	Book value	Fair value at Acquisition
Current assets	12,201	12,201
Non-current assets		
Long-term assets	83,854	83,854
Property, plant and equipment	1,854,128	1,940,576
Cost	1,819,942	1,819,942
Concession to use public assets	34,186	120,634
Intangible	1,860	1,860
Current liabilities	47,132	47,132
Non-current liabilities	1,192,615	1,192,615
Net assets	**712,296**	**798,744**
Purchase Price	**798,744**	**798,744**

The difference between amount paid and the book value of SER's shareholders' equity, on the date of acquisition, totaled R$ 86,448 and is registered in Tractebel Energia's balance sheet under investment account. This amount was defined based on present value of cash flow projections obtained from financial and economic appraisals and resulted from acquisition of concession rights granted by Aneel for the public use of assets for energy generation.

In the consolidated, as provided for in Note 16, the concession's adjustment to fair value is recorded in property, plant and equipment, given the fact that these assets are not separable and they cannot be sold or transferred separately from the property, plant and equipment.

e) Merger of Ponte de Pedra Energética S.A. into Energia América do Sul Ltda. and of Energia América do Sul Ltda. into Tractebel Energia S.A.

The Special Shareholders' Meeting of 12.30.2010 unanimously approved the merger of Ponte de Pedra S.A. (PPESA) into Energia América do Sul Ltda. (EAS) and of the latter into Tractebel Energia with the transfer of these companies' net assets on the reference date of 11.30.2010. The Meeting also approved the Appraisal Reports of merged net assets, appraised at book value.

The UHE Ponte de Pedra has installed capacity of 176.1 MW (average assured energy of 131.6 MW), and is commercially operational since September 2005 and is located in the Correntes River, in the state of Mato Grosso. The project is partly exempted from income tax for the period of 10 years, as of 2006, as it is located in an incentive area of the Sudam.

EAS' net assets on the date of the transaction, after the merger of PPESA into Tractebel Energia are described below:

	Book value	Fair value
Current assets	120,960	120,960
Non-current assets		
Long-term assets	38,394	63,112
Property, plant and equipment	969,079	1,021,451
Cost	483,998	483,998
Concession to use public assets	109,379	537,453
Goodwill (concession right or authorization)	375,702	-
Intangible assets	706	706
Current liabilities	6,029	6,034
Non-current liabilities	319,892	408,325
Net remaining assets	**803,218**	**791,870**

f) Information on Company's subsidiaries

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

f.1) 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 assured energy of 720 MW. Under the Consortium Agreement, Itasa is entitled to 60.5% of average 668 MW. The project's other 72 MW of assured energy are directly held by Tractebel Energia.

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 accounting statements being presented proportionally to the Company's investment in the subsidiary's capital stock:

BALANCE SHEET	12.31.2010	12.31.2009	01.01.2009
ASSETS			
Current assets	82,595	78,004	58,479
Non-current assets			
Long-term assets	48,847	43,674	49,522
Property, plant and equipment	710,326	744,819	780,953
Intangible assets	10,267	20,516	30,769
TOTAL ASSETS	**852,035**	**887,013**	**919,723**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities	113,697	117,446	117,628
Non-current liabilities	139,893	207,693	282,022
Shareholders' equity	598,445	561,874	520,073
TOTAL LIABILITIES	**852,035**	**887,013**	**919,723**

STATEMENT OF INCOME	12.31.2010	12.31.2009
NET REVENUE FROM SALES	**222,597**	**226,453**
COST OF ELECTRICAL ENERGY PRODUCTION	**(108,045)**	**(105,245)**
GROSS INCOME	**114,552**	**121,208**
OPERATING REVENUES (EXPENSES)		
General and administrative expenses	(19,190)	(16,215)
Other revenues (expenses), net	(736)	1,658
	(19,926)	**(14,557)**
Income from services	**94,626**	**106,651**
Financial expenses, net	**(23,938)**	**(25,413)**
INCOME BEFORE TAXES	**70,688**	**81,238**
Income tax and social contribution	(24,068)	(27,561)
NET INCOME FOR THE YEAR	**46,620**	**53,677**

f.2) CESS

CESS holds the concession of the São Salvador Hydropower Plant, located in the Tocantins River, in the Cities 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 energy. The concession duration is of 35 years as of 04.23.2002, signature date 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 distribution companies taking part in the Regulated Contracting Environment.

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

f.3) 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 the year of 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.

f.4) Tractebel Energia Comercializadora (TBLC)

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

f.5) Tractebel Energia Participações (TBLP)

The corporate purpose of TBLP is to hold interest in other companies' capital, and to carry out the alternative energy projects developed by its parent company Tractebel Energia. The company has the following investments at book value:

	Tupan[10]	Hidropower[11]	Beberibe[12]	Pedra do Sal[13]	Areia Branca[14]	Ibitiúva[15]	EBSC[16]	Other
01.01.2009								
Total assets	94,496	71,673	150,611	93,093	91,292	26,064	119	-
Shareholder's equity	33,360	32,036	49,384	32,892	38,848	22,796	(288)	-
12.31.2009								
Total assets	96,038	74,632	161,962	104,768	129,756	80,479	187	34
Shareholder's equity	34,091	37,777	51,453	30,028	62,101	31,128	12	34
Net Revenue	12,616	12,377	18,286	12,006	-	-	1,189	-
Net Income (losses)	731	4,624	(3,136)	(2,864)	(275)	440	300	-
12.31.2010								
Total assets	94,798	71,798	155,780	101,774	149,133	121,744	66	186
Shareholder's equity	34,379	38,323	53,564	30,601	74,701	42,058	66	182
Net Revenue	11,704	9,497	18,552	12,943	10,940	11,232	138	-
Net Income (losses)	288	1,711	2,111	573	(2,288)	3,229	54	(338)

[10] Tupan Energia Elétrica S.A.
[11] Hidropower Energia S.A.
[12] Eólica Beberibe S.A.
[13] Eólica Pedra do Sal S.A.
[14] Hidrelétrica Areia Branca S.A.
[15] Ibitiúva Bioenergética S.A.
[16] Econergy Brasil Serviços Corporativos Ltda.

Goodwill (Right to use public assets) – Company

Subsidiaries	Tupan	Hidropower	Beberibe	Pedra do Sal	Areia Branca	Trairí Project	Total
Balance as of 01.01.2009	**90,787**	**82,987**	**50,950**	**24,836**	**8,053**	**-**	**257,613**
Addition	-	-	-	-	-	2,971	2,971
Amortization	(3,796)	(3,470)	(2,073)	(1,092)	(377)	-	(10,808)
Balance as of 12.31.2009	**86,991**	**79,517**	**48,877**	**23,744**	**7,676**	**2,971**	**249,776**
Addition	-	-	-	-	-	162	162
Amortization	(3,796)	(3,714)	(2,073)	(1,092)	(520)	-	(11,195)
Balances as of 12.31.2010	**83,195**	**75,803**	**46,804**	**22,652**	**7,156**	**3,133**	**238,743**

The goodwill amounts paid by TBLP in the acquisitions of the abovementioned companies were defined based on the present value of cash flow projections obtained from financial and economic appraisals and arise from the acquisitions of use rights granted by Aneel for exploitation of hydroelectric potential for energy generation.

In the consolidated balance sheet theses amounts correspond to the adjustment to the fair value of authorizations granted for the exploitation of the hydroelectric potential, and were recorded as a single asset under the group of property, plant and equipment, pursuant to the Application Guide of CPC 15 – (Business Combination IFRS 3), allowing for the recognition of the fair value of the authorization and of the generation unit as single assets whenever these assets cannot be sold or transferred separately.

Goodwill are being amortized during the term of the authorization or concession agreements, since economic benefits from the acquisition of investments will be recognized throughout the concession or the authorization term, in addition the useful life of these assets is limited to the term of the agreements.

The main information on the subsidiaries of TBLP is described below:

f.5.1) Tupan

Tupan holds an authorization granted by Aneel to explore Rondonópolis Small Hydroelectric Power Plant, with installed capacity of 26.6 MW, and it is in commercial operation since December 2007. The small hydroelectric plant is located in Rondonópolis, State of Mato Grosso, on the Ponte de Pedra River and has average assured energy of 14 MW. Tupan originally has 118.36 GWh/year of energy contracted with Centrais Elétricas do Brasil S.A. (Eletrobras), by means of the Incentive Program to Alternative Sources of Electric Energy (Proinfa), until 2027 at the price of R$ 165.85/MWh (at 12.31.2010). The contracted amount is periodically adjusted based on the energy actually generated by the Plant.

f.5.2) Hidropower

Hidropower is authorized by Aneel to explore Engenheiro José Gelazio da Rocha Small Hydroelectric Power Plant, with installed capacity of 23.7 MW, in commercial operation since February 2007. The small hydroelectric plant is located in Rondonópolis, State of Mato Grosso, on the Ponte de Pedra River and has average assured energy of 11.9 MW. Hidropower has 100.49 GWh/year of energy contracted until 2027 with Eletrobras, through Proinfa, at the price of R$ 165.85/MWh (at 12.31.2010). The contracted amount is periodically adjusted based on the energy actually generated by the Plant.

f.5.3) Beberibe

Eólica Beberibe S.A. holds an authorization granted by Aneel to explore Beberibe Wind Farm, with installed capacity of 25.60 MW and average assured energy of 8 MW. It is located in Beberibe, State of Ceará, and has 85.07 GWh/year of energy contracted for 20 years with Eletrobras, through Proinfa, at the price of R$ 267.56/MWh (at 12.31.2010). The company started its commercial operation in September 2008.

f.5.4) Pedra do Sal

Eólica 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 assured 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 Eletrobras, through Proinfa, at the price of R$ 257.52/MWh (at 12.31.2010). The company's commercial operation started in December 2008.

f.5.5) Areia Branca S.A.

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$ 165.85/MWh (at 12.31.2010). The commercial operation of the company started in March 2010.

f.5.6) Ibitiúva

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

Andrade Consortium, which comprises 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$ 169.73/MWh (at 12.31.2010), to be supplied for 15 years, as from 2010.

The electric energy sold is produced by Ibitiúva Bioenergética Thermoelectric Power Plant, located in the city of Pitangueiras, State of São Paulo, it has an installed capacity of 33 MW and average assured energy of 20 MW, and uses as fuel the bagasse resulting from sugarcane processing at the sugar and alcohol producing plant Andrade of Guarani Group. The plant started commercial operation on May 2010.

f.5.8) Wind Energy Generation Projects

In August 2009, TBLP acquired, for R$ 2,998, some companies that own wind energy generation projects of the so-called Trairí Project, whose installed capacity totals 121.9 MW. The Company took part in five of these projects in the reserve energy auction promoted by the Aneel in December 2009, but the energy was not contracted in any of them because prices were lower than the minimum return required by the Company for Wind energy generation projects.

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.

f.5.9) Econergy Brasil Serviços Corporativos (EBSC)

EBSC provides administrative and technology services to the companies mentioned above and was acquired in December 2008.

16–PROPERTY, PLANT AND EQUIPMENT

a) Breakdown

	Company					
		12.31.2010			12.31.2009	01.01.2009
	Average depreciation rate %	Adjusted cost	Accumulated Depreciation	Net	Net	Net
In Service						
Reservoirs, dams and pipelines	3.00	4,396,469	(1,973,973)	2,422,496	1,860,955	1,974,579
Buildings and improvements	3.24	1,253,964	(658,621)	595,343	538,224	567,903
Machinery and equipment	4.40	5,422,306	(3,194,500)	2,227,806	2,020,606	2,123,841
Vehicle	20.00	1,645	(931)	714	364	261
Furniture and Fixtures	10.00	6,383	(3,635)	2,748	2,695	2,209
		11,080,767	**(5,831,660)**	**5,249,107**	**4,422,844**	**4,668,793**
In progress						
Buildings and improvements		5,054	-	5,054	6,354	2,504
Machinery and equipment		67,994	-	67,994	90,829	41,823
Others to be apportioned		3,338	-	3,338	15,283	12,573
		76,386	**-**	**76,386**	**112,466**	**56,900**
Special obligations		**(10,223)**	**-**	**(10,223)**	**(10,395)**	**(9,755)**
		11,146,930	**(5,831,660)**	**5,315,270**	**4,524,915**	**4,715,938**

	Consolidated					
		12.31.2010			12.31.2009	01.01.2009
	Average depreciation rate %	Adjusted cost	Accumulated Depreciation	Net	Net	Net
In Service						
Reservoirs, dams and pipelines	3.20	5,040,212	(1,771,430)	3,268,782	3,354,601	2,929,183
Buildings and improvements	3.37	1,532,408	(545,551)	986,857	1,011,279	917,851
Machinery and equipment	4.31	6,546,552	(3,076,524)	3,470,028	3,414,684	2,896,054
Vehicle	20.00	1,967	(1,212)	755	420	348
Furniture and Fixtures	10.00	5,965	(2,142)	3,823	3,191	2,778
		13,127,104	**(5,396,859)**	**7,730,245**	**7,784,175**	**6,746,214**
In progress						
Reservoirs, dams and pipelines		404,336	-	404,336	22,466	81,585
Buildings and improvements		475,204	-	475,204	39,578	374,591
Machinery and equipment		888,601	-	888,601	181,754	381,466
Advance to suppliers		70,626		70,626	76,073	72,988
Others to be apportioned		417,345	-	417,345	43,703	235,297
		2,256,112	**-**	**2,256,112**	**363,574**	**1,145,927**
Special obligations		(10,348)	-	(10,348)	(10,520)	(9,880)
		15,372,868	**(5,396,859)**	**9,976,009**	**8,137,229**	**7,882,261**

b) Changes in Property, Plant and Equipment

	Company						
	Balance on 12.31.2009	PPESA Merger	Additions	Transfers	Depreciation	Write-offs	Balance on 12.31.2010
In Service							
Reservoirs, dams and pipelines	1,860,955	655,125	-	230	(93,814)	-	2,422,496
Buildings and improvements	538,224	86,871	-	2,924	(32,675)	(1)	595,343
Machinery and equipment	2,020,606	278,267	-	111,551	(181,716)	(902)	2,227,806
Vehicle	364	3	-	460	(113)	-	714
Furniture and Fixtures	2,695	174	-	396	(499)	(18)	2,748
	4,422,844	**1,020,440**	**-**	**115,561**	**(308,817)**	**(921)**	**5,249,107**
In progress							
Buildings and improvements	6,354	780	2,567	(4,647)	-	-	5,054
Machinery and equipment	90,829	230	70,328	(93,393)	-	-	67,994
Others to be apportioned	15,283	1	5,575	(17,521)	-	-	3,338
	112,466	**1,011**	**78,470**	**(115,561)**	**-**	**-**	**76,386**
Special obligations	(10,395)	-	491	-	-	(319)	(10,223)
	4,524,915	**1,021,451**	**78,961**	**-**	**(308,817)**	**(1,240)**	**5,315,270**

	Company					
	Balance on 01.01.2009	Additions	Transfers	Depreciation	Write-offs	Balance on 12.31.2009
In Service						
Reservoirs, dams and pipelines	1,974,579	-	130	(113,754)	-	1,860,955
Buildings and improvements	567,903	-	1,020	(30,699)	-	538,224
Machinery and equipment	2,123,841	-	52,676	(154,508)	(1,403)	2,020,606
Vehicle	261	-	216	(113)	-	364
Furniture and Fixtures	2,209	-	888	(396)	(6)	2,695
	4,668,793	**-**	**54,930**	**(299,470)**	**(1,409)**	**4,422,844**
In progress						
Buildings and improvements	2,504	4,737	(887)	-	-	6,354
Machinery and equipment	41,823	101,891	(52,885)	-	-	90,829
Others to be apportioned	12,573	3,868	(1,158)	-	-	15,283
	56,900	**110,496**	**(54,930)**	**-**	**-**	**112,466**
Special obligations	(9,755)	-	-	-	(640)	(10,395)
	4,715,938	**110,496**	**-**	**(299,470)**	**(2,049)**	**4,524,915**

	Consolidated						
	Balance on 12.31.2009	SER Acquisition	Additions	Transfers	Depreciation	Write-offs	Balance on 12.31.2010
In Service							
Reservoirs, dams and pipelines	3,354,601	-	-	65,111	(150,930)	-	3,268,782
Buildings and improvements	1,011,279	-	-	28,639	(53,054)	(7)	986,857
Machinery and equipment	3,414,684	-	-	301,369	(244,816)	(1,209)	3,470,028
Vehicle	420	-	-	489	(144)	(10)	755
Furniture and Fixtures	3,191	-	-	1,272	(608)	(32)	3,823
	7,784,175	**-**	**-**	**396,880**	**(449,552)**	**(1,258)**	**7,730,245**
In progress							
Reservoirs, dams and pipelines	22,466	329,635	73,943	(18,316)	-	(3,392)	404,336
Buildings and improvements	39,578	455,442	17,355	(37,135)	-	(36)	475,204
Machinery and equipment	181,754	738,606	220,536	(252,295)	-	-	888,601
Advance to suppliers	76,073	-	29,205	(34,652)	-	-	70,626
Others to be apportioned	43,703	416,893	11,332	(54,482)	-	(101)	417,345
	363,574	**1,940,576**	**352,371**	**(396,880)**	**-**	**(3,529)**	**2,256,112**
Special obligations	(10,520)	-	491	-	-	(319)	(10,348)
	8,137,229	**1,940,576**	**352,862**	**-**	**(449,552)**	**(5,106)**	**9,976,009**

	Consolidated					
	Balance on 01.01.2009	Additions	Transfers	Depreciation	Write-offs	Balance on 12.31.2009
In Service						
Reservoirs, dams and pipelines	2,929,183	-	593,577	(168,159)	-	3,354,601
Buildings and improvements	917,851	-	136,657	(43,229)	-	1,011,279
Machinery and equipment	2,896,054	-	719,731	(199,518)	(1,583)	3,414,684
Vehicle	348	-	228	(156)	-	420
Furniture and Fixtures	2,778	-	899	(480)	(6)	3,191
	6,746,214	**-**	**1,451,092**	**(411,542)**	**(1,589)**	**7,784,175**
In progress						
Reservoirs, dams and pipelines	81,585	28,343	(87,462)	-	-	22,466
Buildings and improvements	374,591	38,415	(373,428)	-	-	39,578
Machinery and equipment	381,466	194,882	(394,594)	-	-	181,754
Advance to suppliers	72,988	4,048	(963)	-	-	76,073
Others to be apportioned	235,297	403,500	(594,645)	-	(449)	43,703
	1,145,927	**669,188**	**(1,451,092)**	**-**	**(449)**	**363,574**
Special obligations	(9,880)	-	-	-	(640)	(10,520)
	7,882,261	**669,188**	**-**	**(411,542)**	**(2,678)**	**8,137,229**

c) Adjustment to the fair value of property, plant and equipment

As mentioned in Note 2, pursuant to CPC 27 guidance (Property, Plant and Equipment) and ICPC 10 (Clarifications on CPC27 and CPC28), the Company adopted the fair value as the cost of property, plant and equipment of the Company's plants that had a book value substantially lower than or higher than its fair value.

Fair value was appraised by an independent engineering company specializing in asset valuation. The appraisal was based on the rules and procedures of the Brazilian Association of Technical Standards (ABNT) and the Brazilian Institute of Engineering Evaluations and Expert Evidence (IBAPE), as well as on the "Cost Quantification Method", "Comparative Method of Market Data", "Cost Method", "Ross-Heidecke Criteria", in addition to other guidelines set forth in the legislation.

The consolidated balance sheet in the first adoption (01.01.2009) was adjusted based on the Appraisal Report revised by the Company's management and totaled R$ 1,243,998. The balances of property, plant and equipment on 12.31.2010 and 12.31.2009 included the adjustment to fair value, net of depreciation, of R$ 1,073,015 and R$ 1,159,196, respectively. Depreciation on the adjustment to fair value of years ended on 12.31.2009 and 12.31.2010 was R$ 86,180 and R$ 87,509 respectively.

d) Record of the onerous concession contracted or acquired in a business combination

The onerous concessions and authorizations granted by the Federal Government for the use of public assets for the generation of hydroelectric Power, contracted or acquired in a business combination, due to the lack of specific accounting practices adopted in Brazil, had been recorded based on the best reference identified in the International Financial Reporting Standards (IFRS). The Company considered as reference for the recording of said transactions the IFRS 3 (Business Combination) Use Guide that allows for the recognition of the fair value of the concession and of the generation unit as a single asset, to be recognized in the accounting statements, when these assets cannot be sold or transferred separately. In accordance with this pronouncement, the Company recognized the onerous concession and the authorizations contracted or acquired in a business combination as a single asset in the property, plant and equipment group, broken-down by the nature of the assets proportionally to their cost of acquisition. This pronouncement had been adopted before the application of IFRS and CPC became mandatory (01.01.2009) and was maintained for transactions held after that date, in order to procedures to remain the same.

The balance of the concessions included in the consolidated property, plant and equipment in the opening balance sheet is R$ 1,260,580 and in the consolidated balance sheets of 12.31.2010 and 12.31.2009 is of R$ 1,205,286 and R$ 1,161,717, respectively.

e) Depreciation of assets comprising the Plants' Original Project

The Company, based on Law 8,987/95 and Decree 2,003/96, considers that 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. Therefore, the Company, as of January 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.

f) Allocation of financial charges

Financial charges of financings are capitalized in property, plant and equipment in progress during the construction of the power plants. Charges capitalized in consolidated property, plant and equipment in 2010 and 2009 were R$ 34,694 and R$ 46,099, respectively.

g) Assets 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 income for the period. So far, there is no impairment found in the Company's assets.

h) Regulatory Body concessions and authorizations

The Company and its subsidiaries hold the following concessions and authorizations for the electrical energy exploitation:

	Holder of Concession or Authorization	Installed capacity MW	Granting date	Expiration
Concessions				
Salto Santiago hydroelectric power plant	Company	1,420	09.28.1998	09.27.2028
Salto Osório hydroelectric power plant	Company	1,078	09.28.1998	09.27.2028
Passo Fundo hydroelectric power plant	Company	226	09.28.1998	09.27.2028
Itá hydroelectric power plant	Company /Itasa	1,450	12.28.1995	10.16.2030
Machadinho hydroelectric power plant	Company	1,140	07.15.1997	07.14.2032
Cana Brava hydroelectric power plant	Company	450	08.27.1998	08.26.2033
Ponte de Pedra hydroelectric power plant	PPESA	176	10.01.1999	09.30.2034
São Salvador hydroelectric power plant	CESS	243	04.23.2002	04.22.2037
Estreito hydroelectric power plant	Ceste [17]	1,087	11.26.2002	11.26.2037
Authorizations				
Jorge Lacerda thermoelectric complex	Company	857	09.28.1998	09.27.2028
Charqueadas thermoelectric power plant	Company	72	09.28.1998	09.27.2028
Alegrete thermoelectric power plant	Company	66	09.28.1998	09.27.2028
William Arjona thermoelectric power plant	Company	190	06.02.2000	04.28.2029
Ibitiúva Bioenergética thermoelectric power plant	Andrade Consortium	40	04.05.2000	04.04.2030
Lages cogeneration unit	Lages	28	10.30.2002	10.29.2032
Rondonópolis small hydroelectric power plant	Tupan	27	12.19.2002	12.18.2032
Eng. José Gelazio da Rocha small hydroelectric power plant	Hidropower	24	12.19.2002	12.18.2032
Areia Branca small hydroelectric power plant	Areia Branca	20	05.03.2000	05.02.2030
Pedra do Sal wind farm	Pedra do Sal	18	10.02.2002	10.01.2032
Beberibe wind farm	Beberibe	26	08.04.2003	08.03.2033

The Company owns direct and indirectly 1,090 MW and 404 MW of Itá and Machadinho Thermoelectric Power Plants installed capacity, respectively.

i) Restriction on assets

According to Articles 63 and 64 of Decree 41,019, of 02.26.1957, assets and facilities used in the generation, transmission, distribution and sale of electrical energy 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 Body. 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.

[17] SUEZ Energia Renovável S.A. (40.07%), Vale S.A. (30.00%), Estreito Energia S.A. (25.49%) and Camargo Correa Geração de Energia (4.44%).

h) 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.

17– INTANGIBLE ASSETS

a) Breakdown

	Company		
	Right to use	Goodwill merged from CEM[18]	Total
Restated cost	11,110	44,578	**55,688**
Accumulated amortization	(9,225)	(26,623)	**(35,848)**
Balance as of 01.01.2009	**1,885**	**17,955**	**19,840**
Restated cost	14,730	44,578	**59,308**
Accumulated amortization	(10,138)	(30,932)	**(41,070)**
Balance as of 12.31.2009	**4,592**	**13,646**	**18,238**
Restated cost	21,896	44,578	**66,474**
Accumulated amortization	(11,762)	(35,241)	**(47,003)**
Balance as of 12.31.2010	**10,134**	**9,337**	**19,471**

	Consolidated						
	Right to use	Electricity purchase right	Goodwill merged from CEM	Goodwill merged from Itasa	Goodwill from Seival Participações	Rights of Trairi project	Total
Restated cost	15,741	64,561	44,578	72,793	19,528	-	**217,201**
Accumulated amortization	(9,475)	-	(26,623)	(54,388)	-	-	**(90,486)**
Balance as of 01.01.2009	**6,266**	**64,561**	**17,955**	**18,405**	**19,528**	**-**	**126,715**
Restated cost	17,260	64,561	44,578	72,793	19,528	2,971	**221,691**
Accumulated amortization	(11,058)	-	(30,932)	(61,668)	-	-	**(103,658)**
Balance as of 12.31.2009	**6,202**	**64,561**	**13,646**	**11,125**	**19,528**	**2,971**	**118,033**
Restated cost	25,887	64,561	44,578	72,793	-	3,133	**210,952**
Accumulated amortization	(12,387)	-	(35,241)	(67,803)	-	-	**(115,431)**
Balance as of 12.31.2010	**13,500**	**64,561**	**9,337**	**4,990**	**-**	**3,133**	**95,521**

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

Merged goodwill of CEM and Itasa also has a finite useful life and will be amortized up to February 2013 and December 2011 respectively.

[18]Companhia Energética Meridional, wholy-owned subsidiary merged by the Company in 2008.

The rights of the Trairí Project are based on basic environmental projects, energy generation certifications, wind measurements, previous environmental licenses and lease agreements from the fair value of the assets acquired.

b) Changes

	Company	Consolidated
Balance as of 01.01.2009	**19,840**	**126,715**
Right to use	3,603	4,621
Rights of Trairí Project	-	2,971
Transfer to property, plant and equipment	-	(3,102)
Amortization	(5,205)	(13,172)
Balance as of 12.31.2009	**18,238**	**118,033**
Right to use	5,904	6,490
Rights of Trairí Project	-	162
Merger of PPESA	706	-
Right to use - acquisition of SER	-	1,860
Transfer to property, plant and equipment	-	277
Transfer of goodwill to current assets	-	(19,528)
Amortization	(5,377)	(11,773)
Balance as of 12.31.2010	**19,471**	**95,521**

Goodwill paid by Seival, along with investments, was transferred to the "Assets held for sale" account, in current assets, due to the advanced stage of the negotiation for company's sale, as mentioned in Note 6.

18– SUPPLIERS

	Company			Consolidated		
	12.31.2010	**12.31.2009**	**01.01.2009**	**12.31.2010**	**12.31.2009**	**01.01.2009**
Electric network usage charges	81,003	69,742	64,196	84,857	76,502	67,852
Electrical energy purchase	53,569	53,766	46,492	104,203	76,770	78,579
Transactions within CCEE	1,337	370	2,002	1,337	2,325	3,851
Material and services	34,686	46,511	36,339	77,528	89,722	61,940
Fossil fuels/biomass	3,491	630	-	926	798	145
	174,086	**171,019**	**149,029**	**268,851**	**246,117**	**212,367**

19– LOANS AND FINANCING

a) Breakdown

	Company								
	12.31.2010			12.31.2009			01.01.2009		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
Foreign currency									
National Treasury, net of deposited guarantees	15,425	104,500	119,925	15,824	127,240	143,064	24,173	175,841	200,014
BNP Paribas (Floating Rate Note)	-	88,964	88,964	-	100,293	100,293	-	129,526	129,526
Deutsche Bank	-	-	-	-	-	-	4,490	-	4,490
Charges	4,691	-	4,691	3,060	-	3,060	4,568	-	4,568
	20,116	**193,464**	**213,580**	**18,884**	**227,533**	**246,417**	**33,231**	**305,367**	**338,598**
Domestic currency									
Eletrobras	10,796	-	10,796	30,318	10,796	41,114	27,445	41,114	68,559
BNDES	14,965	19,953	34,918	14,965	34,917	49,882	14,947	49,823	64,770
Banco do Brasil	3,529	-	3,529	3,529	3,530	7,059	3,529	7,059	10,588
Promissory notes	-	-	-	-	-	-	400,000	-	400,000
Charges	171	-	171	258	-	258	33,367	-	33,367
	29,461	**19,953**	**49,414**	**49,070**	**49,243**	**98,313**	**479,288**	**97,996**	**577,284**
	49,577	**213,417**	**262,994**	**67,954**	**276,776**	**344,730**	**512,519**	**403,363**	**915,882**

	Consolidated								
	12.31.2010			12.31.2009			01.01.2009		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
Foreign currency									
National Treasury, net of deposited guarantees	15,425	104,500	119,925	15,824	127,240	143,064	24,173	175,841	200,014
BNP Paribas (Floating Rate Note)	-	88,964	88,964	-	100,293	100,293	-	129,526	129,526
Deutsche Bank	-	-	-	-	-	-	4,490	-	4,490
Charges	4,691	-	4,691	3,060	-	3,060	4,568	-	4,568
	20,116	**193,464**	**213,580**	**18,884**	**227,533**	**246,417**	**33,231**	**305,367**	**338,598**
Domestic currency									
Eletrobras	10,796	-	10,796	30,318	10,796	41,114	27,445	41,114	68,559
BNDES	73,064	1,297,836	1,370,900	75,412	573,608	649,020	47,816	389,259	437,075
BNDES financing agents	56,086	1,001,920	1,058,006	71,504	561,833	633,337	52,650	725,722	778,372
Banco do Brasil	7,495	23,135	30,630	7,495	30,630	38,125	7,495	38,125	45,620
BRDE	6,835	4,556	11,391	6,835	11,391	18,226	6,826	18,203	25,029
CEF	5,777	46,234	52,011	5,479	49,315	54,794	5,157	51,574	56,731
Promissory notes	-	-	-	-	-	-	400,000	-	400,000
Other banks	-	-	-	-	-	-	55,855	-	55,855
Charges	9,245	-	9,245	5,419	-	5,419	35,438	10,961	46,399
	169,298	**2,373,681**	**2,542,979**	**202,462**	**1,237,573**	**1,440,035**	**638,682**	**1,274,958**	**1,913,640**
	189,414	**2,567,145**	**2,756,559**	**221,346**	**1,465,106**	**1,686,452**	**671,913**	**1,580,325**	**2,252,238**

The main events in the year of 2010 were the following:

a) Prepayment of the BNDES financing and PPESA financing agents

In February 2010, subsidiary PPESA amortized in advance the full amount of its financing with the BNDES and financing agents. The amount of R$ 223,187 was amortized in advance because of the plan to merger PPESA into Tractebel Energy, to simplify its corporate structure, which was implemented in December 2010.

b) Financing of the Ibitiúva Bioenergética Thermal Thermoelectric Power Plant

In the year of 2010, subsidiary Usina Termelétrica Ibitiúva Bioenergética received R$ 63,452, from the total of R$ 82,469, of the financing contracted with the BNDES for the construction of the Ibitiúva Plant. The remaining amount is expected to be received in the first half of 2011.

c) Acquisition of SUEZ Energia Renovável S.A.

Due to the acquisition of SER on August 2010, the amount of R$ 1,160,521 was recognized in the Company's consolidated liabilities, related to the financing with the BNDES and other Banks (BNDES Onlending) for the construction of Estreito hydroelectric power plant. In November 2010, the Company contracted an additional financing to continue the implementation of the power plant, in the amount of R$ 308,547. The first release of R$ 207,935 was within the same month and the remaining installment of R$ 110,055 is forecast to be released in the first half of 2011.

b) Changes in loans and financing

	Company			Consolidated		
	Current	Non-current	Total	Current	Non-current	Total
Balance as of 01.01.2009	**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)	-
Interest	58,862	54	58,916	110,662	117,076	227,738
Capitalized interest	-	-	-	(223)	(45,880)	(46,103)
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 of principal	(770,432)	-	(770,432)	(918,719)	-	(918,719)
Amortization of interest	(91,748)	-	(91,748)	(166,130)	-	(166,130)
Balance as of 12.31.2009	**67,954**	**276,776**	**344,730**	**221,346**	**1,465,106**	**1,686,452**
Acquisition of SER	-	-	-	-	1,160,521	1,160,521
Additions	-	-	-	-	276,751	276,751
Transfers	44,861	(44,861)	-	352,659	(352,659)	-
Interest	22,777	-	22,777	126,070	64,630	190,700
Capitalized interest	-	-	-	(5,988)	(28,706)	(34,694)
Exchange variation	(779)	(14,551)	(15,330)	(779)	(14,551)	(15,330)
Interest on deposited guarantees	-	(3,947)	(3,947)	-	(3,947)	(3,947)
Amortization of principal	(64,458)	-	(64,458)	(390,131)	-	(390,131)
Amortization of interest	(20,778)	-	(20,778)	(113,763)	-	(113,763)
Balance as of 12.31.2010	**49,577**	**213,417**	**262,994**	**189,414**	**2,567,145**	**2,756,559**

c) Breakdown by foreign currency and local indices

	Company								
	12.31.2010			12.31.2009			01.01.2009		
	Currency	Reais	%	Currency	Reais	%	Currency	Reais	%
Foreign currency									
US dollar (USD)	71,946	121,747	46.29	83,265	144,981	42.06	89,076	208,169	22.73
Euro (EUR)	41,290	91,833	34.92	40,456	101,436	29.42	40,279	130,429	14.24
		213,580	**81.21**		**246,417**	**71.48**		**338,598**	**36.97**
Domestic currency									
CDI		-	-		-	-		433,011	47.28
TJLP		35,066	13.33		50,093	14.53		65,045	7.10
Not indexed		14,348	5.46		48,220	13.99		79,228	8.65
		49,414	**18.79**		**98,313**	**28.52**		**577,284**	**63.03**
		262,994	**100.00**		**344,730**	**100.00**		**915,882**	**100.00**

	Consolidated								
	12.31.2010			12.31.2009			01.01.2009		
	Currency	Reais	%	Currency	Reais	%	Currency	Reais	%
Foreign currency									
US dollar (USD)	71,946	121,747	4.42	83,265	144,981	8.60	89,076	208,169	9.24
Euro (EUR)	41,290	91,833	3.33	40,456	101,436	6.01	40,279	130,429	5.79
		213,580	**7.75**		**246,417**	**14.61**		**338,598**	**15.03**
Domestic currency									
CDI		-	-		-	-		488,866	21.71
TJLP		2,465,067	89.43		1,353,626	80.26		1,299,049	57.68
UMBNDES590		-	-		6,996	0.42		11,236	0.50
Not indexed		77,912	2.82		79,413	4.71		114,489	5.08
		2,542,979	**92.25**		**1,440,035**	**85.39**		**1,913,640**	**84.97**
		2,756,559	**100.00**		**1,686,452**	**100.00**		**2,252,238**	**100.00**

d) Changes in foreign currencies and indices

	(%)		
Currency – index	**12.31.2010**	**12.31.2009**	**01.01.2009**
US dollar (USD)	(2.81)	(25.49)	31.94
Euro (EUR)	(11.30)	(22.57)	24.14
TJLP	6.00	6.12	6.25
CDI	9.71	9.84	12.35
UMBNDES590	(3.76)	(25.66)	33.86

e) Maturity of loans and financing under non-current liabilities

	Company			Consolidated		
	Foreign currency	Local currency	Total	Foreign currency	Local currency	Total
2012	11,381	14,965	26,346	11,381	202,384	213,765
2013	7,383	4,988	12,371	7,383	181,832	189,215
2014	3,569	-	3,569	3,569	157,252	160,821
2015	88,964	-	88,964	88,964	158,106	247,070
2016	-	-	-	-	159,042	159,042
2017	-	-	-	-	159,419	159,419
2018	-	-	-	-	157,220	157,220
2019 to 2023	-	-	-	-	748,634	748,634
2024 to 2029	82,167	-	82,167	82,167	449,792	531,959
	193,464	**19,953**	**213,417**	**193,464**	**2,373,681**	**2,567,145**

f) Contractual conditions

		Payment conditions		
	Charges	Maturity	Principal and charges	Balance
Foreign currency				
TBLE				
STN	Libor + 1.075% p.a.	04.2024	Semi-annual	121,747
BNP Paribas (Floating Rate Note)	Euribor+ 2.75%p.a.	11.2015	Annual	91,833
Domestic currency				
TBLE				
Eletrobras	12% p.a.	04.2011	Monthly	10,796
Banco do Brasil	8.14% p.a. [c]	12.2011	Monthly	3,552
BNDES	TJLP + 4% p.a. [a]	04.2013	Monthly	35,066
Itasa				
BNDES	TJLP + 4% p.a. [a]	09.2013	Monthly	33,514
Banks (BNDES onlending) [b]	TJLP + 3.85% p.a. [a]	09.2013	Monthly	41,544
Lages (BRDE)	TJLP + 2.25% p.a. [a]	08.2012	Monthly	11,431
CESS				
BNDES	TJLP + 2.7% p.a. [a]	10.2023	Monthly	206,132
Banks (BNDES onlending) [b]	TJLP + 3.25% p.a. [a]	10.2023	Monthly	416,350
Tupan (CEF)	TJLP + 3.5% p.a. [a]	12.2019	Monthly	52,089
Hidropower (Banco do Brasil)	8.08% p.a. [c]	10.2017	Monthly	27,245
Beberibe (BNDES)	TJLP + 3.5% p.a. [a]	12.2023	Monthly	99,822
Pedra do Sal (BNDES)	TJLP + 1.92% p.a. [a]	12.2023	Monthly	68,599
Areia Branca (BNDES)	TJLP + 2.5% p.a. [a]	06.2024	Monthly	64,085
Ibitiúva				
BNDES (B subloan)	4.5% p.a.	01.2020	Monthly, after 02.2011	36,320
BNDES (A and C subloans)	TJLP + 2.05% p.a. [a]	01.2021	Monthly, after 02.2011	28,736
SER				
BNDES	TJLP + 1.89% p.a. [a]	09.2029	Monthly, after 10.2011	795,888
BNDES – Social Credit	TJLP	06.2018	Monthly, after 07.2012 [d]	7,617
Banks (BNDES onlending)[b]	TJLP + 2.95% p.a. [a]	09.2029	Monthly, after 10.2011	604,193

[a] The amount corresponding to the TJLP installment that exceeds 6% p.a. is capitalized and merged into the financings' principal.
[b] Banks (BNDES onlending) are Itaú S.A., Banco Bradesco, Banco Santander and Banco Votorantim.
[c] Fixed rate includes a bonus of 15% for payments made up to the maturity date.
[d] Interest will be paid quarterly in the period from 11.15.2010 and 06.15.2012.



g) Guarantees

g.1) Tractebel Energia S.A.

g.1.1) 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$ 60,420, as of 12.31.2010 (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.

g.1.2) Loans and financing in local currency

Eletrobras: (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 total financing, linked to the contractual terms.

Banco do Brasil: (a) assignment and transfer of receivables amounting to R$ 8,726 (as of 12.31.2010 and 12.31.2009), represented by sales of electrical energy or other funds with the same purpose; (b) pledged promissory note in the amount corresponding to the financing.

BNDES: letter of guarantee from Itaú Unibanco Holding S.A., in the amount of R$ 131,966 (as of 12.31.2010 and 12.31.2009), up to 10.15.2013.

g.2) Itasa

BNDES and Banks (BNDES onlending): (a) pledge of concession-related rights; (b) pledge of receivables resulting from the electrical energy 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 these creditors.

g.3) Lages

BRDE: (a) assignment of receivables from the electrical energy purchase and sale agreement entered into with Centrais Elétricas de Santa Catarina S.A. (Celesc); (b) assignment of authorization-related rights granted by Aneel to establish as Independent producer of electrical energy; (c) obligation to maintain a reserve account with a deposit equivalent to, on the average, four months of debt service.

g.4) CESS

BNDES and Banks (BNDES onlending): (a) pledge of rights related to the concession; (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) Tupan

Caixa Econômica Federal: (a) mortgage of land and properties; (b) conditional sale of equipment; (c) all shares representing the capital stock; (d) Receivables and reserve account; and (e) corporate guarantee of Tractebel Energia S.A.

g.6) Hidropower

Banco do Brasil: (a) all shares representing the capital stock; (b) receivables and reserve account; and (c) corporate guarantee of Tractebel Energia S.A.

g.7) Beberibe, Pedra do Sal and Areia Branca

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

g.8) Ibitiúva

BNDES: (a) conditional sale of assets and equipment; (b) all shares representing the capital stock; (c) receivables and reserve account; and (d) corporate guarantee of Tractebel Energia S.A.

g.9) SER

BNDES and Banks (BNDES Onlending): (a) pledge of rights from the concession; (b) credit rights account; (c) reserve account with a deposit in an amount equivalent to three months of debt service plus the amount of three months of the payment of the project's operation and maintenance agreement; (d) corporate guarantee letter of Tractebel Energia; and (e) pledge of dividends to be paid by the Company to GSELA.

h) Covenants

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

Debt	Covenants
TBLE (BNDES)	Shareholders' equity / total assets ≥ 30%
Itasa **(**BNDES and banks)	Shareholders' equity / total assets ≥ 40%
Lages (BRDE)	(Current + non-current liabilities) / total assets ≤ 66%
CESS (BNDES and banks)	Debt service's coverage ratio [19] ≥ 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%
Hidropower (Banco do Brasil)	(i) Shareholders' equity / total assets ≥ 0.35 (ii) EBITDA[20] 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

[19]Coverage ratio of debt service: Cash generation/debt service

[20] EBITDA margin: EBITDA (Operating income – financial income – depreciation and amortization, as set forth in the Agreement.)/ Net Operating revenue (ROL)

Debt	Covenants
Beberibe and Pedra do Sal (BNDES)	Debt service coverage ratio ≥ 1.3
Areia Branca (BNDES)	Debt service coverage ratio ≥ 1.2
Ibitiúva (BNDES)	(i) Overall Indebtedness Index ≥ 0.80 (ii) Debt service coverage ratio ≥ 1.3
SER (BNDES and banks)	Debt service coverage ratio ≥ 1.2

Financial covenants established in loan 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, debt service coverage and EBITDA margin. When such indexes are not reached, Hidropower, after being officially notified by the Financial Agent, must proceed with the deficit restructuring.

Due to structuring matters, Hydropower's current liabilities are above the level initially established when the contracting of the financing, which has a negative effect both on the liquidity ratio and on the debt service's coverage ratio. The Management does not consider that the Company will fail to comply with the agreement clause and the resulting pre-maturity of the debt, once its controlling company, Tractebel Energia, has formally pronounced that it is negotiating its regularization with the bank. If necessary, Hidropower will be capitalized for the regularization of the covenant breach.

The Company has a waiver issued by Banco do Brasil for the year ended 12.31.2009 and the issueance of the same document for the year ended 12.31.2010 is under negotiation. On 12.31.2010, Hidropower's debt totaled R$ 27,245, an amount lower than the amount set forth as an event of prepayment of the Company's other debts.

20 – DEBENTURES

a) Breakdown

	12.31.2010			12.31.2009			01.01.2009		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
Company									
1st Issue (1st Series)	150,558	-	150,558	-	139,817	139,817	9,141	140,000	149,141
1st Issue (2nd Series)	-	-	-	59,976	-	59,976	-	60,000	60,000
2nd Issue	-	420,668	420,668	-	396,941	396,941	-	381,080	381,080
3rd Issue	604,064	-	604,064	-	601,617	601,617	-	-	-
4th Issue	80,000	320,890	400,890	-	399,996	399,996	-	-	-
Cana Brava	14,437	24,406	38,843	13,124	38,842	51,966	11,917	51,904	63,821
Interest	46,119	-	46,119	44,240	-	44,240	29,053	-	29,053
Total Company	**895,178**	**765,964**	**1,661,142**	**117,340**	**1,577,213**	**1,694,553**	**50,111**	**632,984**	**683,095**
Itasa (1st and 2nd Series)	9,034	16,380	25,414	8,055	24,570	32,625	9,154	32,760	41,914
Interest	805	-	805	1,012	-	1,012	1,326	-	1,326
Total Consolidated	**905,017**	**782,344**	**1,687,361**	**126,407**	**1,601,783**	**1,728,190**	**60,591**	**665,744**	**726,335**

b) Changes in debentures

	Company			Consolidated		
	Current	Non-current	Total	Current	Non-current	Total
Balance as of 01.01.2009	**50,111**	**632,984**	**683,095**	**60,591**	**665,744**	**726,335**
Additions	-	997,768	997,768	-	997,768	997,768
Transfers	73,120	(73,120)	-	81,310	(81,310)	-
Interest	102,240	2,806	105,046	105,422	2,806	108,228
Exchange variations	(2,643)	16,775	14,132	(3,321)	16,775	13,454
Amortization of principal	(19,465)	-	(19,465)	(28,076)	-	(28,076)
Amortization of interest	(86,023)	-	(86,023)	(89,519)	-	(89,519)
Balance as of 12.31.2009	**117,340**	**1,577,213**	**1,694,553**	**126,407**	**1,601,783**	**1,728,190**
Transfers	839,509	(839,509)	-	847,699	(847,699)	-
Interest	152,804	5,093	157,897	155,947	5,093	161,040
Exchange variations	16,214	23,167	39,381	19,562	23,167	42,729
Amortization of principal	(77,159)	-	(77,159)	(87,718)	-	(87,718)
Amortization of interest	(153,530)	-	(153,530)	(156,880)	-	(156,880)
Balance as of 12.31.2010	**895,178**	**765,964**	**1,661,142**	**905,017**	**782,344**	**1,687,361**

c) Contractual conditions

			Payment Conditions		
	Number	Remuneration	Interest / Monetary Restatement	Principal	Guarantee
Company					
1st Issue – 1st series	14,000	IGPM + 9.29% p.a.	Yearly on 05.02	Single installment on 05.02.2011	No guarantee
2nd Issue - Single series	35,000	IPCA + 7% p.a.	Yearly on 05.15	3 installments on 05.15.2012/13/14	No guarantee
3rd Issue - Single series	60,000	117% of CDI	Semiannual on 04.01 and 10.01	Single installment on 04.01.2011	No guarantee
4th Issue - Single series	400	110% of CDI	Semiannual on 05.05 and 11.05	5 installments on 11.05.2011 to 2015	No guarantee
Cana Brava – Single series	7,773	TJLP + 4% p.a. [21]	Semiannual on 04.01 and 10.01, up to 04.01.13	Semiannual on 04.01 and 10.01, up to 04.01.13	Receivable from energy sale
Itasa – 1st and 2nd Series	8,400	IGPM + 9.4% p.a.	Yearly on 12.01 (1st series) and 06.01 (2nd series)	Yearly on 12.01 (1st series) and 06.01 (2nd series), up to 12.01.2013 (1st series) and 06.01.2013 (2nd series)	Pledge of credit rights

[21] The amount corresponding to the TJLP that exceeds 6% p.a. is capitalizaded and included in the face value of the debentures.

d) Changes in indices

	(%)		
Index	**12.31.2010**	**12.31.2009**	**01.01.2009**
TJLP	6.00	6.12	6.25
IGP-M	10.56	(1.71)	9.81
CDI	9.71	9.84	12.35
IPCA	5.25	3.93	5.89

e) Maturities of debentures stated in non-current liabilities

	Company	**Consolidated**
2012	235,234	243,424
2013	229,151	237,341
2014	220,877	220,877
2015	80,702	80,702
	765,964	**782,344**

f) Covenants

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

Debt	**Covenants**
Tractebel Energia:	
1st and 2nd Issues	EBITDA [22] /consolidated financial expenses ≥ 2.0 consolidated debt/EBITDA ≤ 2.5
3rd and 4th Issues	EBITDA /consolidated financial expenses ≥ 2.0 consolidated debt/EBITDA ≤ 3.5
Cana Brava (single series)	Shareholders' equity / total assets ≥ 30%
Itasa - 1st and 2nd Series	Shareholders' equity / total assets ≥ 40%

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

21– TAXES, FEES AND CONTRIBUTIONS

	Company			**Consolidated**		
	12.31.2010	**12.31.2009**	**01.01.2009**	**12.31.2010**	**12.31.2009**	**01.01.2009**
Income tax	305,174	272,187	259,647	307,026	274,642	262,753
Social contribution tax	89,004	80,189	77,520	91,006	81,090	79,496
ICMS	10,461	6,823	15,567	32,225	30,090	33,456
PIS and Cofins	20,082	17,003	12,732	21,212	19,486	15,796
INSS	4,593	3,682	2,086	3,960	4,174	2,499
Other	1,774	1,532	2,996	2,508	2,134	10,108
	431,088	**381,416**	**370,548**	**457,937**	**411,616**	**404,108**

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

[22] EBITDA: Operating income – financial income – depreciation and amortization, as set forth in the Agreement.

22– LABOR LIABILITIES

	Company			Consolidated		
	12.31.2010	12.31.2009	01.01.2009	12.31.2010	12.31.2009	01.01.2009
Current						
Provision for vacation and charges	13,918	13,030	12,594	14,679	13,555	13,039
Provision for profit sharing and management bonus	30,031	23,424	21,552	30,031	23,424	21,552
Voluntary Resignation Program	6,808	3,703	1,676	6,808	3,703	1,676
Other	3,327	551	737	3,363	551	1,492
	54,084	**40,708**	**36,559**	**54,881**	**41,233**	**37,759**

Provision for profit sharing and management bonus

To complement the payment of fixed salaries, the Company has a variable compensation system, annually paid and made up of two programs:

- The Employee Profit Sharing Program (PLR): applicable to all Company's employees and paid in accordance with the results achieved;
- Management Bonus Program (PBG): applicable to all employees who hold management positions, paid in accordance the area's results and individual performances.

Voluntary Resignation Program (PDV)

The Company implemented the PDV in 2007 and all of Company's employees are eligible to it, whose target public was retirees or those employees close to the age of retirement. Employees who adhered to the plan were entitled to a benefit paid as indemnification equal to 50% of the annual salary in the Company. Furthermore, they are also eligible to healthcare plan for a period of twelve (12) months, with the same coverage of the Company's current employees, which is also offered to the dependents of the beneficiary. The PDV provision is monthly recorded from the date the plan became effective, in May 2007, to the resignation date, for employees who adhered to the plan. The resignation limit set forth in the original plan was up to 04.30.2011.

23– OBLIGATIONS WITH RESEARCH AND DEVELOPMENT PROGRAM (P&D)

	Company			Consolidated		
	12.31.2010	12.31.2009	01.01.2009	12.31.2010	12.31.2009	01.01.2009
Current						
FNDCT	2,541	826	12,640	2,714	975	13,907
MME	1,270	413	6,320	1,356	559	6,953
Projects	8,184	41,822	36,077	10,921	46,578	39,410
	11,995	**43,061**	**55,037**	**14,991**	**48,112**	**60,270**
Non-current						
Projects	**40,622**	**-**	**-**	**41,260**	**-**	**-**

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 adjusted net operating revenue in research and development in the electric energy sector.

These funds 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 the Ministry of Mines and Energy (MME). R&D funds have the purpose of financing 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.

On 12.31.2010, the Company and its subsidiaries had R$ 52,181 to be invested in its own projects, of which R$ 15,873 have been allocated to ongoing 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, among others.

24 - PROVISION FOR TAX, CIVIL AND LABOR RISKS

The Company has 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 future disbursement to settle liabilities.

a) Breakdown

	Company			Consolidated		
	12.31.2010	12.31.2009	01.01.2009	12.31.2010	12.31.2009	01.01.2009
Probable tax risks						
INSS	29,827	27,461	29,358	29,827	27,461	29,358
Social Contribution	602	107	15,152	602	107	15,152
Other	1,831	-	-	1,831	-	-
	32,260	**27,568**	**44,510**	**32,260**	**27,568**	**44,510**
Probable civil risks						
Agreements with suppliers	22,288	22,179	18,931	22,288	22,179	18,931
Pension benefits	26,844	23,895	5,122	26,844	23,895	5,122
Occupational diseases and accidents	6,536	13,146	12,298	6,536	13,146	12,298
Transmission System Usage Tariff (TUST)	37,412	-	-	37,412	26,239	16,940
Environmental	6,317	3,823	3,472	6,317	3,823	3,472
Sundry lawsuits	6,495	2,763	5,057	9,046	7,189	10,268
	105,892	**65,806**	**44,880**	**108,443**	**96,471**	**67,031**
Probable labor risks	**13,579**	**16,056**	**21,399**	**13,579**	**16,056**	**21,399**
Total reserves for probable risk	**151,731**	**109,430**	**110,789**	**154,282**	**140,095**	**132,940**
Classification in balance sheet						
Current	10,720	12,580	10,140	10,866	12,677	10,262
Non-current	141,011	96,850	100,649	143,416	127,418	122,678
	151,731	**109,430**	**110,789**	**154,282**	**140,095**	**132,940**



Probable tax risks

National Institute of Social Security (INSS)

The main risks related to INSS are the following:

a) 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 denied our Appeal. The Company decided to file an injunction to discuss the matter and in October 2010 deposited in court the amount of R$ 11,946. On 12.31.2010 the balance was R$ 16,478 (R$ 15,039 on 12.31.2009 and R$ 18,111 on 01.01.2009).

b) 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. Due to the appeal filed by the National Treasury, the lawsuit awaits the Superior Court of Justice's judgment. On 12.31.2009, the provision was R$ 10,044 (R$ 9,168 on 12.31.2009 and R$ 8,308 on 01.01.2009).

Probable civil risks

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 electrical energy sale agreement, and the termination of such agreement due to an alleged breach of a clause by Tractebel Energia. The lawsuit was suspended on 04.23.2007 at the request of Cien, after the Company filed its defense arguments. On 05.12.2010 an order was issued referring to the Interlocutory Appeal filed at the Regional Federal Court of 4th Region, which did not have its supersedes request examined yet. Thus, the lower court judge ordered the Company to await for eventual ruling on supersedes to continue with the lawsuit. Therefore, decision on supersedes request prepared in the records of the Interlocutory Appeal is pending judgment, as to the inclusion of Aneel in the lawsuit as indispensable defendant. The amount provisioned on 12.31.2010 is R$ 17,959 (R$ 16,279 on 12.31.2009 and R$ 15,045 on 01.01.2009).

Pension benefit

Mainly 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 participants 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. Currently, parties are seeking for the execution of the agreement. The amount provisioned on 12.31.2010 is R$ 26,557 (R$ 23,895 on 12.31.2009 and R$ 5,122 on 01.01.2009).

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 recorded for each lawsuit, considering the likely future disbursement the Company expects to have to make in order to conclude the suit through an agreement or by an adverse judgment.

Transmission System Usage Tariff (TUST)

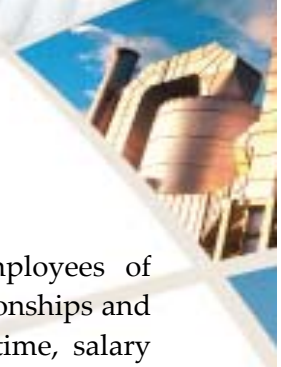
Refers to the suit filed by indirect subsidiary Ponte de Pedra Energética S.A. (PPESA), merged into the Company in December 2010, aimed at reducing the amount payable for the TUST in the amount equivalent to that charged from Itiquira Hydroelectric Power Plant. From June 2006 to January 2007, PPESA started paying TUST with a reduction and provisioning and depositing in a judicial account the difference between the amount charged and the amount paid. From February 2007, PPESA replaced the judicial deposits for a letter of guarantee. With a view to reduce the guarantee cost, the Company pegged financial investments to said guarantee.

Environmental

The Company has provisioned the amount of R$ 6,317 (R$ 3,823 on 12.31.2009) related to four environmental proceedings whose main objects deal with 3 lawsuits related to reforestation of permanent preservation areas (APP) in the surroundings of the reservoir of Salto Santiago Plant and in a lawsuit regarding alleged damaged caused from the fill up of the Cana Brava Plant's reservoir. Lawsuits are following their procedural steps.

Sundry lawsuits

Mainly injunctions claiming the rural resettlement or the issue of letter of credit and injunctions filed by individuals and legal entities that claim to be affected by flooded areas in the plants' reservoirs.



Probable labor risks

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 risk premium, overtime, salary equalization, commute hours, and FGTS (severance pay fund).

b) Changes in probable risks

	Company			
	Tax	Civil	Labor	Total
Balance as of 01.01.2009	**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 as of 12.31.2009	**27,568**	**65,806**	**16,056**	**109,430**
Additions	-	3,185	3,370	6,555
Adjustments	2,650	7,116	2,115	11,881
Payments	(31)	(1,522)	(3,123)	(4,676)
Merger of PPESA	2,315	40,113	-	42,428
Reversals	(242)	(8,806)	(4,839)	(13,887)
Balance as of 12.31.2010	**32,260**	**105,892**	**13,579**	**151,731**

	Consolidated			
	Tax	Civil	Labor	Total
Balance as of 01.01.2009	**44,510**	**67,031**	**21,399**	**132,940**
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)	(1,163)	(5,458)	(21,990)
Balance as of 12.31.2009	**27,568**	**96,471**	**16,056**	**140,095**
Additions	2,315	10,820	3,370	16,505
Adjustments	2,650	11,480	2,115	16,245
Payments	(31)	(1,522)	(3,123)	(4,676)
Reversals	(242)	(8,806)	(4,839)	(13,887)
Balance as of 12.31.2010	**32,260**	**108,443**	**13,579**	**154,282**

c) Possible and remote risks

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

	Company								
	12.31.2010			12.31.2009			01.01.2009		
	Possible risk	Remote risk	Total	Possible risk	Remote risk	Total	Possible risk	Remote risk	Total
Tax	408,986	478,882	887,868	424,060	169,834	593,894	359,909	28,165	388,074
Civil	14,459	466	14,925	23,200	9,785	32,985	26,459	10,600	37,059
Labor	8,288	20,331	28,619	8,944	15,621	24,565	11,962	11,774	23,736
	431,733	**499,679**	**931,412**	**456,204**	**195,240**	**651,444**	**398,330**	**50,539**	**448,869**

	Consolidated								
	12.31.2010			12.31.2009			01.01.2009		
	Possible risk	Remote risk	Total	Possible risk	Remote risk	Total	Possible risk	Remote risk	Total
Tax	435,710	478,882	914,592	424,164	169,834	593,998	360,004	28,165	388,169
Civil	17,205	485	17,690	38,670	9,793	48,463	41,431	11,356	52,787
Labor	8,288	20,331	28,619	8,944	15,621	24,565	11,962	11,774	23,736
	461,203	**499,698**	**960,901**	**471,778**	**195,248**	**667,026**	**413,397**	**51,295**	**464,692**

Possible tax risks

The main liabilities assessed by the Company and its legal advisors as possible risk are:

Corporate Income Tax and Social Contribution on Net Income

The main tax assessment notices assessed as possible risks result from tax assessment notices issued by the Federal Revenue Service, due to:

- Voluntary confession

The Company offset credits against income and social contribution taxes payable by means of voluntary confession, through an 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 restated amount of the notice on 12.31.2010, in the company and in the consolidated, is of R$ 47,946 (R$ 43,761 as of 12.31.2009 and R$ 39,654 as of 01.01.2009).

- Interest on property, plant and equipment in progress (RIC).

On 12.30.2010 the Federal Revenue Service issued a tax assessment notice amounting to R$ 322,652, arguing that in the calendar years of 2005, 2006 and 2007 the Company made unauthorized exclusions in the calculation of income tax and social contribution relating to RIC amounts.

Decree-law no. 1,506 of December 23, 1976, set forth important tax benefits to the Brazilian Electrical Power Sector, exempting the RIC from income tax levied.

Therefore, property, plant and equipment in progress carried out with own capital or through loans bear interest rates of 10% p.a., plus the deferred charges pegged to the respective construction in progress, the counter entry of which was recorded in the income for the period, creating income exempt from income tax.

On 12.12.1985 the National Department of Water and Electric Power (DNAEE) issued Ordinance no. 250/1985, aiming to change the accounting criteria used so far and the interest on property, plant and equipment in progress (interest of up to 10% p.a.), purpose of the benefit that exempts the income tax, band due to Decree-law no. 1,506/1976, now has two distinct accounting classifications: a) the portion of the construction executed with own capital is now recorded in shareholders' equity and, therefore, with no effect in the income for the period; and b) the portion of the construction executed using loans is now credited into deferred charges, which will then be amortized, jointly with the contract prices debited in deferred charges. Therefore, the exempted revenue, previously recorded in income statement upon its calculation now is deferred and recognized in income statement as creditor amortization, after the startup of the asset under construction which originated it, or eventually, by the write-off of respective asset, which is excluded for the purposes of calculating the taxable income.

The exemption guaranteed by that Decree-law was in effect for amounts calculated and registered up to 12.31.1998, and was revoked by Law no. 9,718 of 11.27.1998, causing the Company to suspend its calculation and recording as of 01.01.1996.

Thus, RIC amounts being disallowed by the tax authority were calculated and recorded as set forth by the Decree-law, which are, therefore, benefitting from income tax exemption.

The Company's Management and its legal advisors understand that the arguments used to challenge the tax credit entry provide an optimistic expectation of a favorable outcome for the claim.

- Off-set of negative basis in the succession and waiver of fines in voluntary confession

On 06.11.2008, the Company obtained a favorable decision of the Judgement Office of Florianópolis, regarding the tax assessment notice issued by the Brazilian Federal Revenue Service, due to the use of the negative basis of social contribution in the calendar year 2003, originated from merger operations. In the tax assessment notice, tax authorities demanded the payment of taxes settled in arrears by the Company, with no fine levied, by offsetting existing tax credit payment as provided for in the charter of voluntary confession set forth in Article 138 of the National Tax Code (CTN).

Amounts related to the negative basis of social contribution derive from the merger of a company held on 04.29.1998, which were used after the amendment to the tax legislation introduced by Provisional Measure (MP) 2,158-35, of 2001, prohibiting the use of negative basis from mergers, combinations or spin-offs of companies.



As the merger took place before said MP prohibited the use of taxes, when it was still possible to use the negative basis of social contribution from the former company, the Company understands that the new rule does not encompass the merger brought in effect, considering that the amounts were added to its equity, as successor company, ensuring the right to use said amounts. The Company's arguments were accepted by the Judgment Office.

Regarding the settlement of overdue taxes, without levy of fine, before any administrative procedure or enforcement measure, with the use of tax credits, the Company understands that said situation complies with the charter of Voluntary Confession set forth in Article 138 of CTN. However, said understanding was not accepted by the Judgment Office of Florianópolis.

The lawsuit is pending decision of the First Panel of the 7th Chamber with mandatory appeal to CARF, issued by the Brazilian Federal Revenue Service, and with voluntary appeal from the Company exclusively focusing on the non-levy of the delinquency charge. The restated amount of the tax assessment notice in the company and in the consolidated totaled R$ 23,928 on 12.31.2010 (R$ 21,839 on 12.31.2009 and R$ 19,791 on 01.01.2009).

- National Institute of Social Security (INSS)

Tax 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 12.31.2010, the restated amount is R$ 4,283 (R$ 3,910 on 12.31.2009 and R$ 3,186 on 01.01.2009).

- São Paulo State VAT (ICMS)

The Company and its subsidiary Tractebel Energia Comercializadora Ltda. (TBLC) were notified by the São Paulo State Revenue Office, claiming that the invoices of electrical energy sold to free consumers are issued in the month following the taxable event. The tax authority understands that this practice postpones for one month the collection of the tax due to the state.

The measurement of the electrical energy used by the client is carried out by the distribution company where the client is connected. After, the distribution company then sends this information to the Electrical Energy Trade Chamber, an entity responsible for adjusting said measurements, allowing for the recording of the energy sold by the agent.

The measurement is completed by the eighth day of the following month the supply. Therefore, only after this date the electrical energy consumed by the client is billed.

The mentioned tax assessment notice, amounting to R$ 26,510 at Tractebel Energia and R$ 9,210 at TBLC, is being challenged by the Company which, together with its lawyers, understands that the mentioned tax assessment notice should not suceed, reason why they understand that the possibility of a favorable court decision is higher than the risk of loss.

Even if the assessment notes are maintained, the Company's Management and its legal advisors understand that the amount effectively due is lower than 10% of that recorded by the tax authority, who did not ground its calculation criteria on the law.



Remote tax risks

The main liabilities assessed by the Company and its legal advisors as remote risk are:

- Recovery of PIS and Cofins

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

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 gross revenues 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 caption 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 12.31.2010 is R$ 157,529 (R$ 141,612 on 12.31.2009).

At the evaluation of the Company's legal advisors, 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 electrical energy, it mismatched the legal nature of the revenue. Thus, the Company is arranging a motion to deny the notification in the administrative level and, if necessary, in the court level. Even if the "CCC subsidy" had the revenue nature, which it does not, it would not represent a "gross revenue" 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 Manual of the Electric Energy Public Service in order to change the concept that had been used improperly and, as of 2006, the accounting entry 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. The lawsuit is pending judgment at the Brazilian Federal Revenue Service of Florianópolis, 4th Panel.

- PIS and Cofins – Regulatory Instruction of the Brazilian Federal Revenue Office 658/2006

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.

Further, Article 109 of Law no. 11,196/2005 authorized the maintenance of predetermined prices condition for agreements with price adjustment clauses that reflect production cost or the cost of inputs used.

Due to the abovementioned law, in July 2006 the Regulatory Instruction no. 658/2006 was issued, expressly revoking Regulatory Instruction no. 468/2004 and incorporating the idea that the price adjustment clause based on indexes that reflect the production cost or the cost of inputs used does not change the predetermined prices of the agreements.

In October 2006, the Regional Federal Court of the 4th Region judged the Company's appeal, guaranteeing the Company the right to collect PIS/Pasep and Cofins according to the cumulative taxation regime, as provided for in Article 10, XI, b of Law no. 10,833/2003, without the illegal and unconstitutional restrictions of Regulatory Instruction no. 468/2004.

According to the amendments brought by Law no. 11,196/2005 and the Regulatory Instruction no. 658/2006, and taking into account that such amendments were not considered in the judgment of the Regional Federal Court of the 4th Region, the Company filed a motion for clarification of judgment, so the Court would take note of the new law, thus avoiding filing a new remedy for this purpose.

However, the Court did not recognize these amendments under the argument that it would not be possible to apply the new legislation to the process given that it was not in effect at the time the injunction was filed.

Exclusively due to this decision, the Company filed a special motion to the Superior Court of Justice, which is pending judgment.

The Federal Government on the other hand, filed a special appeal in view of the judgment, seeking the amendment that recognizes the illegality of Regulatory Instruction no. 468/2004 by the Regional Federal Court of the 4th Region. The Federal Government's special motion was not accepted, reason why on 04.12.2010, the decision of the Regional Federal Court was formally deemed final and unappealable, guaranteeing the Company's right to tax income from agreements entered into before 10.31.2003, as set forth by Law no. 10,833/03, according to the cumulative regime of PIS/Pasep and Cofins, without the limitations imposed by Regulatory Instruction no. 468/2004.

Therefore, only the special appeal filed by the Company is pending judgment of the Superior Court of Justice, with the single purpose of removing the superseding rule contained in the Regulatory Instruction no. 658/2006, there being no other argumentation on the amounts unduly collected or deposited in court, supported by the Regulatory Instruction 468/2004, which was final and unappealable.

Therefore, in June 2010, the Company recognized court gain of R$ 45,803, relating to the amount unduly collected from November 2004 to May 2005, filing a Request for Proof of Claim due to the Court Decision deemed final and unapeallable.

In July 2010, the Court granted the request to inquire court deposits as set forth by the Regulatory Instruction IN 468/04, i.e., deposits made by July 2006. The issuance of a Judicial Order allowed the partial inquiry of the deposits, which amount to R$ 108,578.

The inquiry of deposits made, supported by Regulatory Instruction no. 658/2006, amounting to R$ 38,832, depends on the decision of the special motion by the Superior Court of Justice and the contingency of remote risk in the term of the abovementioned Regulatory Instruction 658 of July 2006, is R$ 312,933.

Possible civil risks

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.

Possible labor risks

Labor risks refer mainly to lawsuits filed by former employees claiming recognition of employment contract, readmittance and additional pension benefits.

25 – CONCESSION FEES PAYABLE

	Company			Consolidated		
	12.31.2010	12.31.2009	01.01.2009	12.31.2010	12.31.2009	01.01.2009
Cana Brava Power Plant	373,704	309,289	287,655	373,704	309,289	287,655
Ponte de Pedra Power Plant	347,321	-	-	347,321	289,335	271,371
São Salvador Power Plant	-	-	-	379,736	358,850	-
Estreito Power Plant	-	-	-	34,186	-	-
	721,025	**309,289**	**287,655**	**1,134,947**	**957,474**	**559,026**
Classification in balance sheet						
Current liabilities	2,499	1,857	1,873	42,297	37,419	2,343
Non-current liabilities	718,526	307,432	285,782	1,092,650	920,055	556,683
	721,025	**309,289**	**287,655**	**1,134,947**	**957,474**	**559,026**

The Company has onerous concession agreements with the Federal Government to use the public asset to generate electrical energy at the Cana Brava, Ponte de Pedra, São Salvador and Estreito power plants. The features of the businesses and the agreements show the condition and the intention of the parties to execute them in full.

In order to accurately reflect, in shareholders' equity, the granted onerous concession and the related obligation to the Federal Government, the amounts of the concessions were recorded in property, plant and equipment against liabilities (more information in Note 16).

Considering that contractual amounts are stated at future prices, the Company adjusted them to present value based on a reference discount rate on the date the obligation assumed. The discount rate to be used by concessions to pay Cana Brava, São Salvador and Estreito was 10% p.a. and 8.28% p.a. to Ponte de Pedra.

During the constructions of the Power Plants, the adjustment of liabilities based on the discount rate and monetary variation was capitalized in assets and, as of the start-up date, recognized directly in the statement of income.

Amounts contracted, monetarily restated by the annual IGP-M (Cana Brava, Ponte de Pedra and Estreito) and IPCA (São Salvador) variations, indicated below, will be paid in monthly installments of one twelfths (1/12) of the corresponding annual values.

	Original amount		Restated amount	
Power plants / Payment years	**Annual payment**	**Total payment**	**Annual payment**	**Total payment**
Cana Brava Power Plant				
From 01.01.2011 to 07.31.2023	680	8,557	1,985	24,977
From 08.01.2023 to 07.31.2033	61,280	612,800	178,875	1,788,751
		621,357		**1,813,728**
Ponte de Pedra Power Plant				
From 01.01.2011 to 09.30.2019	200	1,750	537	4,696
From 10.01.2019 to 09.30.2020	16,200	16,200	43,469	43,469
From 10.01.2020 to 09.30.2034	31,109	435,531	83,475	1,168,653
		453,481		**1,216,818**
São Salvador Power Plan				
From 01.01.2011 to 04.30.2037	20,000	**528,333**	38,914	**1,045,642**
Estreito Power Plant				
From 03.01.2011 to 12.31.2037	1,789	**47,992**	3,604	**96,715**

a) Change

	Company			Consolidated		
	Current	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Balance as of 01.01.2009	**1,873**	**285,782**	**287,655**	**2,343**	**556,683**	**559,026**
Acquisition of São Salvador	-	-	-	38,082	314,015	352,097
Transfers	1,848	(1,848)	-	11,633	(11,633)	-
Interest	-	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**
Acquisition of Estreito	-	-	-	2,831	31,355	34,186
Merger of Ponte de Pedra	514	346,807	347,321	-	-	-
Transfers	2,011	(2,011)	-	38,649	(38,649)	-
Interest	-	31,414	31,414	-	92,220	92,220
Monetary variations	-	34,884	34,884	-	87,669	87,669
Amortization	(1,883)	-	(1,883)	(36,602)	-	(36,602)
Balance as of 12.31.2010	**2,499**	**718,526**	**721,025**	**42,297**	**1,092,650**	**1,134,947**

b) Maturities of concession fees payable stated in non-current liabilities

	Company	Consolidated
2012	2,460	39,781
2013	2,424	36,352
2014	2,390	33,234
2015	2,359	30,399
2016	2,330	27,815
2017 to 2019	12,119	75,492
2020 to 2037	694,444	849,577
	718,526	**1,092,650**

26– POST-EMPLOYMENT BENEFITS

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 in Brazil. The benefit plans managed by PREVIG are Defined Benefit (BD), closed for new adhesions, and Defined Contribution (CD) plans.

The Company also sponsors Fundação Eletrosul de Previdência e Assistência Social (ELOS) for the following reason. Prior to the constitution of PREVIG, the BD plan was exclusively managed by ELOS and sponsored by Tractebel Energia and 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 responsibility of Tractebel Energia. On 05.15.2007, the Company executed agreements with ELOS, Eletrosul, PREVIG and Associação de Aposentados da Eletrosul aiming at reestablishing the adherence with ELOS, allowing beneficiaries to chose to stay in ELOS or transfer to PREVIG. In both options the Company should sponsor the Plan.

Plans managed by the Company have the following main characteristics:

a) Defined Benefit Plan (BD)

The BD 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. Benefits granted by the BD plan are:

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

ELOS' administrative expenses are proportionally apportioned to the equity of the participants. In the year of 2010, 50.7% of the administrative expenses were paid by Tractebel Energia and the remaining by Eletrosul. The Company was responsible for paying R$ 1,711 in 2010 (R$ 1,938 in 2009).

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 2010 was R$ 1,686 (R$ 1,374 in 2009).

a.1) Actuarial premises

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

Premises	**12.31.2010**	**12.31.2009**	**01.01.2009**
Discount rate (p.a.)	10.50%	10.50%	10.25%
Rate of Return expected from assets (p.a.)			
- BD (Elos) and BD (Previg) benefit plans	10.50%	11.34%	10.50%
- CD benefit plans (BSPS)	12.00%	11.34%	10.50%
Future salary increase of active and self-sponsored participant (p.a.)	4.50%	4.50%	5.00%
Growth of social security benefits and Plan sponsored by the Company (p.a.)	4.50%	4.50%	5.00%
Inflation	4.50%	4.50%	5.00%
Capacity factor (Payroll and Benefits)	100%	100%	100%

Assumptions	**12.31.2010, 12.31.2009 and 01.01.2009**
Mortality Table (active)	AT 2000 (per gender)
Disabled Persons Mortality Table	RP 2000 Disabled
Disabled Persons Entry Table	Watson Wyatt 1985 Disability Class 1
Turnover Table	T-1 Service Table
% of married active participants on retirement date	90
Retirement Age	First date when all grace periods are completed
Age difference between participant and spouse	Wives are 4 years younger than husbands
SB-40 conversion factor	140%
Participants entitled to the conversion of special pension into pension for time of service (SB-40), who will chose the conversion	100%

a.2) Statement of actuarial liabilities

The statement of actuarial liabilities from payment obligations of post-employment benefits recognized in the Company's balance sheet is shown below:

	Company and Consolidated						
	Present value of the obligations	Fair value of assets	Subtotal	Unrecognized gains (losses)	Liabilities recorded in the balance sheet	Classification in the balance sheet	
						Current	Non-current
Defined Benefit Plan	1,256,417	(782,648)	**473,769**	-	**473,769**		
BSPS Plan[23]	50,809	(26,170)	**24,639**	-	**24,639**		
GC Benefit[24]	1,737	-	**1,737**	-	**1,737**		
Total as of 01.01.2009	**1,308,963**	**(808,818)**	**500,145**	**-**	**500,145**	**21,642**	**478,503**
BD Plan	1,135,976	(839,357)	**296,619**	194,030	**490,649**		
BSPS Plan	47,652	(29,791)	**17,861**	7,218	**25,079**		
GC Benefit	1,795	-	**1,795**	(388)	**1,407**		
Total as of 12.31.2009	**1,185,423**	**(869,148)**	**316,275**	**200,860**	**517,135**	**25,478**	**491,657**
BD Plan	1,195,993	(1,019,909)	**176,084**	231,914	**407,998**		
BSPS Plan	50,957	(36,477)	**14,480**	11,398	**25,878**		
GC Benefit	2,206	-	**2,206**	(691)	**1,515**		
Total as of 12.31.2010	**1,249,156**	**(1,056,386)**	**192,770**	**242,621**	**435,391**	**25,939**	**409,452**

According to the prior accounting practices, set forth in CVM Rule 371/00, the accumulated actuarial losses within the limit of 10% of the present value of defined-benefit obligation ("corridor") were not recognized in the Company's income. Losses that exceed this corridor limit were recognized in the Company's income for the remaining average life time of the participants of the benefit plan. This procedure was not changed by the new accounting practice established by CPC 33. However, pursuant to the exemption set forth in CPC 37 R1 (First-Time Adoption of the International Accounting Standards), the Company recognized in the opening balance sheet (01.01.2009) actuarial losses that were not recorded in liabilities in counter entry to retained earnings, in shareholders' equity. The Company decided to maintain the corridor approach mentioned above to recognize actuarial gains and losses in its income, which were calculated as of the date of the first adoption.

[23] Proportional Paid-up Supplementary Benefit (BSPS)
[24] Confidentiality Bonus (GC)

The breakdown of the Company's post-employment benefits is presented below for the individual and consolidated accounting statements:

	Company and Consolidated								
	12.31.2010			12.31.2009			01.01.2009		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
Contracted and/or recognized liabilities									
Agreements of acknowledgement of past debts	20,111	111,981	132,092	19,722	100,289	120,011	17,756	112,861	130,617
Non-contracted actuarial liabilities									
Coverage of costs relating to SB-40[25] and current contributions	2,185	2,607	4,792	2,133	3,124	5,257	1,912	2,226	4,138
Actuarial deficit and confidentiality bonus	3,643	237,463	241,106	3,623	255,539	259,162	1,974	206,713	208,687
Actuarial gains	-	57,401	57,401	-	132,705	132,705	-	156,703	156,703
Recorded actuarial liabilities	**25,939**	**409,452**	**435,391**	**25,478**	**491,657**	**517,135**	**21,642**	**478,503**	**500,145**

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.

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 non-current liabilities are expected to be paid as follows:

	ELOS	PREVIG	Total
2012	14,836	2,073	16,909
2013	15,748	2,198	17,946
2014	16,715	1,784	18,499
2015	2,771	1,610	4,381
2016	2,937	1,707	4,644
2017 to 2029	36,902	12,700	49,602
	89,909	**22,072**	**111,981**

[25] SB-40 – Conversion of special retirement plans into retirement for length of service.

Changes in post-employment benefits are summarized below:

	BD plan	CD plan	GC	Total
Liabilities as of 01.01.2009	**473,769**	**24,639**	**1,737**	**500,145**
2009 expenses	45,739	2,321	201	48,261
Contributions	(28,860)	(1,880)	-	(30,740)
Benefits paid	-	-	(531)	(531)
Liabilities as of 12.31.2009	**490,648**	**25,080**	**1,407**	**517,135**
2010 expenses	22,910	1,904	308	25,122
Contributions	(30,951)	(491)	-	(31,442)
Benefits paid	-	-	(120)	(120)
Actuarial gain	(74,609)	(615)	(80)	(75,304)
Liabilities as of 12.31.2010	**407,998**	**25,878**	**1,515**	**435,391**

Net gains to be monthly recognized in the statement of income throughout 2011, related to the Defined Benefit Plan and the confidentiality bonus, are as follows:

	BD plan	CD plan	GC	Total
Cost of interest	(120,651)	(3,852)	(191)	(124,694)
Cost of current service	(79)	-	(67)	(146)
Expected return on plan assets	103,844	2,685	-	106,529
Amortization of actuarial losses	80,998	924	(40)	81,882
Net gain	**64,112**	**(243)**	**(298)**	**63,571**

The plan's assets are mainly invested in fixed income (85.8%) and variable income (10.6%). Other types of investment represent 3.6% of assets. The 2010 financial income corresponded to 30.2% of the Plans' financial assets. Fixed income assets mainly comprise Government Securities. In 2011, assets are expected to yield 10.6%.

a.2) Defined Contribution Plan (CD)

In addition to the abovementioned benefit plan, PREVIG manages the Defined Contribution plan (CD). 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.

In 2010, the Company paid R$ 2,474 (R$ 2,196 in 2009) as administrative expenses.

a.3) Confidentiality bonus benefit

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

27 – DEFERRED TAX LIABILITIES

	Company					
	12.31.2010				12.31.2009	01.01.2009
Type of credit	Tax basis	Income tax	Social contribution	Total	Total	Total
Provision for the sale of electrical energy	107,456	26,864	9,671	36,535	36,535	36,535
Fair value of property, plant and equipment	1,125,206	281,302	101,269	382,571	412,792	442,544
Fair value of concession of fees payable	52,372	11,026	4,713	15,739	-	-
	1,285,034	**319,192**	**115,653**	**434,845**	**449,327**	**479,079**

	Consolidated					
	12.31.2010				12.31.2009	01.01.2009
Type of credit	Tax basis	Income tax	Social contribution	Total	Total	Total
Provision for the sale of electrical energy	107,456	26,864	9,671	36,535	36,535	36,535
Fair value of property, plant and equipment	1,125,206	281,302	101,269	382,571	412,792	442,544
Fair value of concession of fees payable	52,372	11,026	4,713	15,739	9,011	-
Subsidized accelerated depreciation	31,900	7,975	2,871	10,846	-	-
Others	-	-	-	-	1,600	1,600
	1,316,934	**327,167**	**118,524**	**445,691**	**459,938**	**480,679**

Deferred income and social contribution taxes were calculated on the following transactions:

The provision for sale of electrical energy results from transactions carried out within Wholesale Electrical Energy Market (MAE), currently CCEE, 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 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. The Company has also recorded provision for losses on accounts receivable and, consequently, recognized deferred income and social contribution taxes on this provision.

The adjustment to fair value of property, plant and equipment corresponds to the difference between the book value and the appraisal value, due to the first-time adoption of Technical Pronouncement CPC 27 (Property, Plant and Equipment), in compliance with the guidelines of Technical Interpretation ICPC 10. For more information, see Note 2.

The adjustment to fair value of the concession payable arises from the application of CPC 15 – Business combination in the acquisition of subsidiary.

Subsidized accelerated depreciation corresponds to the accelerated depreciation of certain construction costs and the acquisition of assets from certain Company's power plants, as provided for in the tax legislation.

Deferred tax liabilities will be realized as follows:

	Company	Consolidated
2011	30,557	30,557
2012	32,223	32,223
2013	28,646	28,646
2014	22,418	22,418
2015	20,713	20,713
2016 to 2018	95,272	95,272
2019 onwards	205,016	215,862
	434,845	**445,691**

28 – SHAREHOLDERS' EQUITY

a) Authorized capital stock

The Company is authorized to increase its capital stock up to the limit of R$ 5,000,000, regardless of any amendment to its bylaws. Under the BM&FBOVESPA's 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

As of 12.31.2010, 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 12.31.2010 is R$ 7.77 (R$ 6.82 and R$ 5.98 per share as of 12.31.2009 and 01.01.2009, respectively).

Below is the Company's corporate chart on 12.31.2010 and 12.31.2009:

Shareholders	% of capital
GSELA	68.71
Banco Clássico S.A.	10.00
Other Shareholders	21.29
	100.00

The Company's number of outstanding shares is disclosed in the chart below:

	Company's shares	Shares of controlling shareholders and Management	Outstanding shares
Balance as of 01.01.2009	**652,742,192**	**448,808,713**	**203,933,479**
Redemption of Management shares rental	-	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**
Rental of Management shares	-	(241,650)	241,650
Acquisition of new shares by the Management	-	6,000	(6,000)
Shares of Board members elected on 04.23.2010	-	100	(100)
Balance as of 12.31.2010	**652,742,192**	**448,652,213**	**204,089,979**

c) Capital reserve

It refers to the interest of own capital invested in property, plant and equipment in progress, calculated at 10% p.a. from 01.01.1986 to 12.31.1998, pursuant to specific laws of electrical energy sector. This reserve shall be used to absorb losses exceeding the accrued profits and profit reserves, and for incorporation to the capital stock.

d) Legal reserve

From the net income for the year, five percent (5%) are invested, before any other allocation, in the recording of legal reserve, which shall not exceed twenty per cent (20%) of the Company's capital stock. Said reserve can only be used to offset losses or increase capital stock. The legal reserve recorded in 2009 was not changed by the adjustments introduced by to the first-time adoption of the CPCs.

e) Retained earnings reserve

The Company's Management, based on capital budget to be submitted to the Annual General Meeting, is proposing the constitution of a retained earnings and a retained earnings credits reserve in the total amount of R$ 543,756, with no prejudice to dividend distribution. Such capital budget sets forth investments mainly in the implementation of the Estreito Hydropower Plant, in maintenance of the generation estate, and in the acquisition of interest of Jirau Power Plant. The retained earnings retention reserve recognized in the year of 2009 was also not modified due to the first-time adoption of the CPCs.

f) Assets valuation adjustments

As provided for in CPC 27 (Property, plant and equipment) and in compliance with the guidelines of Technical Interpretation ICPC 10, the Company recognized the adjustment to fair value of property, plant and equipment on the date of the first-time adoption of the CPCs (01.01.2009). The corresponding entry to the abovementioned adjustment, net of deferred income and social contribution taxes, was recognized in "Assets valuation adjustments" account, in shareholders' equity. This caption is realized in the retained earnings account as the depreciation of the adjustment to fair value of property, plant and equipment is recognized in the Company's result.

29 – DIVIDENDS

	12.31.2010	12.31.2009 (after CPC adjustments)	12.31.2009 (prior to CPC adjustments)
a) Calculation of minimum mandatory dividends			
Net income for the year	1,211,649	1,090,867	1,134,398
Constitution of legal reserve (5%)	(60,582)	(54,543)	(56,720)
Calculation basis of minimum mandatory dividends	**1,151,067**	**1,036,324**	**1,077,678**
Minimum mandatory dividends (30%)	**345,320**	**310,897**	**323,303**
b) Adjusted calculation basis of dividends			
Net income for the year	1,211,649	1,090,867	1,134,398
Constitution of legal reserve (5%)	(60,582)	(54,543)	(56,720)
Realization of asset valuation adjustment	56,879	55,970	-
Adjusted net income for the year for purposes of dividends	**1,207,946**	**1,092,294**	**1,077,678**
c) Dividends/interest on equity proposed			
Periodical dividends	286,100	348,006	348,006
Interest on equity, net of IRRF (withholding income tax)	188,011	166,019	166,019
Additional proposed dividends	158,270	81,913	81,913
Subtotal	632,381	595,938	595,938
IRRF of interest on equity	31,989	27,981	27,981
Total	**664,370**	**623,919**	**623,919**
Dividends/interest on equity before withholding income tax, per common share **(in R$ 1.00)**:	1.0178134249	0.9558426155	0.9558426155

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 equity at an amount not lower than 55% of adjusted net income, in semiannual distributions.

On 11.05.2010, the Company's Board of Directors approved the credit of interest on equity at the amount of R$ 220,000, corresponding to R$ 0.3370396501 per share, based on the shareholding position of 11.18.2009 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 2010.

Interest on equity was recorded in financial expenses and reversed 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 captions.

On 02.04.2011, the Board of Directors approved the proposal to pay additional dividends, amounting to R$ 158,270 (R$ 0.2424687839 per share), relating to 2010. According to the new accounting practices established in the Technical Interpretation ICPC 08 (Recording of the dividend payment proposal), the value of dividends higher than the minimum mandatory established by Law or by another legal instrument, not approved on a general meeting, should be presented and stand out in shareholders' equity. These dividends are in excess to the minimum mandatory value and, therefore, were presented in the shareholders' equity account called "Proposed additional dividends".

30 – OPERATING EXPENSES DETAILED BY TYPE

	Company					
	12.31.2010					12.31.2009
	Costs		Expenses			
	Energy sold	Services provided	Selling	General and administrative	Total	Total
Personnel	123,535	12,383	9,323	44,132	189,373	167,730
Management	-	-	-	15,288	15,288	12,059
Materials	20,468	369	53	1,249	22,139	21,453
Outsourced services	70,082	4,141	3,796	36,747	114,766	97,420
Fuel for generation	50,263	-	-	-	50,263	32,547
Royalties [26]	111,268	-	-	-	111,268	77,276
Depreciation and amortization	307,529	-	-	6,665	314,194	304,675
Insurance	7,198	458	-	367	8,023	8,302
Inspection fee	9,379	-	-	-	9,379	8,654
Contributions and donations	1,196	-	-	12,037	13,233	10,381
Sector contributions	-	-	-	3,240	3,240	2,640
Rentals	4,919	290	215	4,072	9,496	10,236
Other	4,007	72	3	17,926	22,008	19,287
	709,844	**17,713**	**13,390**	**141,723**	**882,670**	**772,660**

	Consolidated					
	12.31.2010					12.31.2009
	Costs		Expenses			
	Energy sold	Services provided	Selling	General and administrative	Total	Total
Personnel	124,301	12,383	9,323	45,159	191,166	170,056
Management	-	-	-	16,001	16,001	12,636
Materials	24,093	369	53	1,276	25,791	23,300
Outsourced services	95,592	4,141	4,028	39,359	143,120	119,222
Fuel for generation	61,062	-	-	-	61,062	37,582
Royalties	133,548	-	-	-	133,548	91,900
Depreciation and amortization	447,213	-	-	14,112	461,325	424,714
Insurance	9,460	458	-	367	10,285	9,754
Inspection fee	11,250	-	-	-	11,250	9,892
Contributions and donations	2,098	-	-	12,074	14,172	10,703
Sector contributions	-	-	732	2,925	3,657	3,803
Rentals	7,244	290	222	4,226	11,982	11,686
Other	5,284	72	5	24,436	29,797	21,541
	921,145	**17,713**	**14,363**	**159,935**	**1,113,156**	**946,789**

[26] Financial compensation for the use of water resources (Royalties)

31 – GAIN IN LAWSUITS

As mentioned in Note 24, in the year of 2010, the Company recognized non-recurrent revenue of R$ 45,803, due to final and unappealable decision related to the lawsuit pleading the right of levying PIS and Cofins by the cumulative method over revenues deriving from agreements executed prior to the amendment to the law that regulated the non-cumulative system. In 2009, the Company recorded non-recurrent revenue of R$ 8,392 due to an agreement made after the termination of the São João biomass power plant construction agreement.

32– REVERSAL (RECORDING) OF OPERATING PROVISIONS

	Company		Consolidated	
	12.31.2010	12.31.2009	12.31.2010	12.31.2009
Post-employment benefits	77,901	4,943	77,901	4,943
Tax risks	(1,652)	11,938	(3,967)	11,938
Civil risks	28	(20,926)	(11,812)	(29,027)
Labor risks	2,476	5,343	2,476	5,343
Other	1,921	504	1,921	(93)
	80,674	**1,802**	**66,519**	**(6,896)**

Gains in caption "Post-employment benefits" in 2010 corresponds to the recognition of actuarial gains according to the rules established by CPC 33 (Post-employment benefits), as explained in Note 2.

33 – FINANCIAL INCOME AND EXPENSES

	Company		Consolidated	
	12.31.2010	12.31.2009	12.31.2010	12.31.2009
Financial income				
Income from financial investments	66,024	38,057	92,056	53,587
Interest on receivables	8,682	9,285	10,768	10,646
Monetary variation on judicial deposits	13,364	15,180	13,364	15,190
Monetary variation on other receivables	13,079	7,246	14,439	7,460
	101,149	**69,768**	**130,627**	**86,883**
Financial expenses				
Debt charges	180,674	163,962	282,352	243,760
Payment of deposited guarantees (STN)	(3,947)	9,794	(3,947)	9,794
Charges on concession fees payable	31,414	28,258	92,220	64,728
Charges on actuarial liabilities	24,623	47,797	24,623	47,797
Charges on taxes	20,656	6,279	21,082	6,588
Monetary variation on debts	39,381	14,132	42,729	13,454
Monetary variation on concession fees payable	34,884	(4,760)	87,669	(3,738)
Monetary variation – other	12,023	4,364	12,023	4,372
Exchange variation on debts	(15,330)	(77,682)	(15,330)	(77,682)
Other financial expenses	13,397	13,454	16,048	17,599
	337,775	**205,598**	**559,469**	**326,672**
Financial expenses, net	**236,626**	**135,830**	**428,842**	**239,789**

34 – FINANCIAL INSTRUMENTS

a) Financial instruments category

	Company			Consolidated		
	12.31.2010	12.31.2009	01.01.2009	12.31.2010	12.31.2009	01.01.2009
Financial assets:						
Receivables and loans:						
Cash and bank deposits in cash	1,710	7,501	8,761	8,882	42,522	25,389
Trade accounts receivable	446,165	354,676	371,041	531,106	435,292	387,579
Dividends from subsidiaries	6,525	12,347	9,000	-	-	-
Collateral and restricted deposits	69,665	31,491	-	132,797	97,249	26,576
Sales of assets and rights	86,886	86,886	85,917	86,886	86,886	85,917
Judicial deposits	131,315	193,482	189,043	133,464	217,309	207,933
Credits with subsidiaries	6,765	35,654	6,300	-	-	-
Assets held for sale	23,856	-	-	23,057	-	-
	772,887	**722,037**	**670,062**	**916,192**	**879,258**	**733,394**
Fair value through income						
Held for trading:						
Cash equivalents	794,407	1,086,338	309,859	1,073,698	1,212,118	394,616
Financial liabilities						
Financial liabilities measured at amortized cost:						
Suppliers	174,086	171,019	149,029	268,851	246,117	212,367
Loans, financing and debentures	1,924,136	2,039,283	1,598,977	4,443,920	3,414,642	2,978,573
Concession fees payable	721,025	309,289	287,655	1,134,947	957,474	559,026
	2,819,247	**2,519,591**	**2,035,661**	**5,847,718**	**4,618,233**	**3,749,966**

Cash equivalent corresponds substantially to financial investments held at the Exclusive investment funds. The fair value of this instrument is measured at the prices of Federal Government securities comprising the Fund in the active market (level 1).

b) Risk management

The Company's business, the financial conditions and the results of operations may be adversely affected by any of the risk factors described below. To carry out the risk assessment process more effectively, Tractebel Energia created the Risk Management Committee, which is in charge of raising awareness on how to treat risks, defining goals and guidelines to manage risks, fostering and suggesting improvements in the assessment process, rating and defining control procedures.

- Market risk

The Committee comprises a representative from the departments responsible for the financial planning, regulation and market, electrical energy supply planning, finance, trade, audit, project implementation and production of electrical energy. The Planning and Control Officer is responsible for the general coordination of the Committee.



The Company and its subsidiaries use financial instruments to hedge its assets and liabilities, minimizing exposure to market risks, mainly 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.

There were no changes in the Company's exposure to market risks or on the way the Company manage and measure these risks in the current year.

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

- Risks related to financial investments

The Company adopts a conservative fund investment policy, which is formalized and disclosed to the market through the Company's website, in the document "Investment and Derivatives Policy", which was updated on 10.18.2010 to comply with the current conditions of the financial market. Financial investments of the Company and its subsidiaries comply with the allocation of at least 90% of Government Securities (in the final purchase and/or repurchase agreement mode) and at most 10% of Private Securities (CDB acquisitions of eligible banks and also repurchase agreements with debentures issued by leasing companies controlled by eligible banks).

The Company uses the classification of agencies Fitch Ratings (Fitch), Moody's or Standard & Poors (S&P) 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 domestic scale Rating of at least AA- (S&P and Fitch) or Aa3 (Moody's).

The "Investment and Derivatives Policy" imposes strong restrictions to operations with derivatives and establishes continued follow up when contracting this type of operation. Currently, the Company has not contracted operations with derivatives.

- Foreign exchange risk

Loan installment related to foreign currency, in the amount of R$ 213,580, on December 31, 2010, corresponds to 4.7% of the Company's debt, of which 2.6% is in U.S. dollars and 2.1% in Euros. 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 12.31.2010 any derivative instrument to protect its liabilities. For more details on the composition of foreign currency debt, refer to Note 19.

- Interest rates and fluctuating indices risks

This risk is related to possible losses the Company may have from exchange rate fluctuation, which affect the Company's liabilities. The Company and its subsidiaries are exposed to interests rates and fluctuating indices related to Libor, Euribor, TJLP, DI rate, IGP-M and IPCA variations. The debt breakdown by interest rates and index, and percentages related to the total amount of these debts is as follows:

Interest rates and fluctuating indices	Loans, financing and debentures	%	Concession fees payable	%
Libor Dollar	10,474	0.25	-	-
Euribor	91,833	2.16	-	-
TJLP	2,504,856	58.87	-	-
CDI	1,023,034	24.04	-	-
IPCA	438,356	10.30	379,736	33.46
IGP-M	186,181	4.38	755,211	66.54
	4,254,734	**100.00**	**1,134,947**	**100.00**

On 12.31.2010, the Company did not have derivatives contracted to hedge these indices. However, the risks are monitored by the Financial Management Committee, which, periodically, assesses the Company's exposure and proposes strategies that should be adopted.

- Sensitivity analysis

Due to the volatility history of the real versus foreign currencies, interest rates and price indexes, the Company has prepared a sensitivity analysis for its debts, showing the eventual impacts on the 2011 results, based on the assumptions available in the market. The variations used to calculate the impact on the 2011 results were: dollar (+4%), euro (- 3%), TJLP (+6%), CDI (+11%), IPCA (+ 5%) and IGP-M (+7%).

	Impacts in the income
Foreign currency variation	1,818
Interest rate variation	483
Price index fluctuation	
Debentures	25,170
Concession fees payable	165,471

The IGPM-indexed debt (R$ 159,962) and the portion adjusted by the CDI (R$ 617,663) refer to the series of debentures maturing on 05.02.2011 and 04.30.2011, respectively. Consequently, the variation for these debts is calculated *pro-rata*.

The Company's funds are invested in an Exclusive Fixed Income Investment Fund, whose policy is to allocate the funds to very low-risk assets. As of 12.31.2010, the Fund's entire portfolio was invested in assets with credit risk from the Brazilian Government, with daily liquidity and floating interest rate, pegged to the variation of the Selic. These funds will be used in the short-term, substantially reducing the risk of any significant effects on the earnings due to an eventual decrease in the basic interest rate in the Brazilian economy.

Specifically regarding to the risk of an inflation speedup, it is worth noting that all the electrical energy sales agreements in force have an inflation adjustment clause – IGPM or IPCA, a long-term, natural hedge for debts and obligations adjusted by inflation and/or pegged to an inflation speedup - for the CDI.

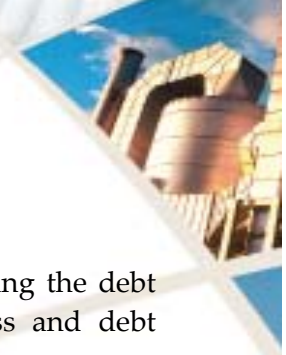
As per the floating interest rate risk, it is worth noting that most of its debts are pegged to the TJLP, which may become an even more important fact. Despite the fact that this is a "floating" rate, it has been stable at 6% for several years and, therefore, it could almost be considered a fixed rate.

- Liquidity risk

The Financial Management Committee is responsible for managing the Company's liquidity risk. The Committee also manages the needs to raise funds and to manage short-, medium- and long-term liquidity by permanently monitoring forecast and real cash flows. To guarantee the capacity to pay its obligations in a conservative way, the Company uses the policy of minimum cash, which is annually revised based on cash projections, and monthly monitored on the Committee's meetings. The management of financial investments focuses on short-term instruments, especially those with daily maturities, in order to provide maximum liquidity and cover the disbursements. The Company's cash generation feature and its low volatility for receivables and long-term obligations within the year, provide stable flows, thus reducing its liquidity risk.

	Company					
	Up to 1 month	**1 to 3 months**	**3 months to 1 year**	**1 to 5 years**	**Over 5 years**	**Total**
Instruments subject to interest rate:						
-floating rate						
Loans and financing and debentures	1,395	2,494	918,556	881,534	(1,818)	1,802,161
- fixed rates						
Loans and financing and debentures	2,982	6,122	14,197	18,336	83,984	125,621
Concession fees payable	209	416	1,897	12,400	3,075,416	3,090,338
	4,586	**9,032**	**934,650**	**912,270**	**3,157,582**	**5,018,120**

	Consolidated					
	Up to 1 month	**1 to 3 months**	**3 months to 1 year**	**1 to 5 years**	**Over 5 years**	**Total**
Instruments subject to interest rate:						
-floating rate						
Loans and financing and debentures	13,433	19,696	1,031,081	1,696,527	1,500,822	4,261,559
- fixed rates						
Loans and financing and debentures	3,457	7,531	20,218	58,385	99,760	189,351
Concession fees payable	3,423	7,144	33,873	185,252	4,003,003	4,232,695
	20,313	**34,371**	**1,085,172**	**1,940,164**	**5,603,585**	**8,683,605**



- Capital management risk

The Company manages its capital as to maximize return to investors by optimizing the debt and equity balances, seeking to structure capital and maintaining indebtedness and debt coverage ratios that optimize the return to investors.

The Company's capital structure comprises net debt (loans, financings and debentures, described in notes 19 and 20, minus cash and cash equivalents) and shareholders' equity, which includes capital, reserves and retained earnings.

The Company has debts that establish a maximum gross debt limit, calculated based on the EBITDA. The most restrictive of these debts limits at 2.5x EBITDA. Given the new liquidity scenario of the market and a better risk perception of the industry, in general, and of the Company, specifically, the recently contracted debts have limits of 3.5x EBITDA. The Company's Management, through the Financial and Investor Relations Office, monitors the Company's indebtedness level at around 2x EBITDA, which can, however, vary according to the policy for acquisition of the Company's new power plants.

- Credit risk

In long-term agreements entered into with distributors, including Energy Trading Agreements in the Regulated Environment (CCEAR), the Company minimizes its credit risk with the use of a collateral mechanism involving receivables from its customers.

To minimize credit risk in the agreements to sell electrical energy to free consumers, sellers and generating companies, as well as in former bilateral agreements with the distribution companies, the Company requires a bank guarantee. For the parties willing to present other types of guarantees, the Company, through its credit department, carries out a credit analysis and establishes the guarantees to be presented according to its credit policy. Additionally, the Company periodically evaluates its exposure to the different industries seeking portfolio diversification and reduction of its exposure to a specific industry risk.

In financial market investment transactions, the Company gives priority to investments in public securities, however, it also has a credit limit policy with financial institutions, which are regularly reviewed by its Financial Management committee, based on in-house criteria and ratings disclosed by risk rating agencies.

As previously mentioned, the Company has financial investments in an Exclusive Investment Fund. The amount of investments by financial institution is within the limits defined by the Company in its investments and derivatives policy for financial institutions.

The Company is guarantor in several agreements with its subsidiaries to guarantee financings (see Note 35) and does not have any type of guarantee, or credit guarantee, to protect this type of credit.

- Hydrological risks

According to the Brazilian Power System Operator (ONS) data, most of the energy supply of Brazilian National Integrated System (SIN) 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 and in other regions in the Country. The hydroelectric generation represented approximately 79% of the total installed capacity of the Company's power 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 assured energy, the Company may be exposed to the short-term energy market, which could affect its future financial results.

- Environmental risks

The activities in the energy sector may cause significant 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 payment of large amounts related to the environmental reparation costs and environmental compensations may cause the Company to postpone or make investments in different areas, which may adversely impact the Company. The Company's Environment Policy guarantees the balance between environmental conservation and the development of its activities establishing guidelines and practices that should be complied with, in order to reduce the impact on the environment and focus on the sustainable development of its business.

c) Fair value of financial instruments

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

	Company					
	12.31.2010		12.31.2009		01.01.2009	
	Book	Market	Book	Market	Book	Market
Loans and financing in foreign currency	213,580	211,784	246,417	250,096	338,598	358,279
Loans and financing in domestic currency	49,414	49,135	98,313	99,078	577,284	579,271
Debentures	1,661,142	1,557,388	1,694,553	1,624,791	683,095	572,924
Concession fees payable	721,025	1,024,567	309,289	460,011	287,655	368,573
	2,645,161	**2,842,874**	**2,348,572**	**2,433,976**	**1,886,632**	**1,879,047**

	Consolidated					
	12.31.2010		12.31.2009		01.01.2009	
	Book	Market	Book	Market	Book	Market
Loans and financing in foreign currency	213,580	211,784	246,417	250,096	338,598	358,279
Loans and financing in domestic currency	2,542,979	2,546,069	1,440,035	1,443,770	1,913,640	1,921,091
Debentures	1,687,361	1,583,608	1,728,190	1,658,428	726,335	616,164
Concession fees payable	1,134,947	1,558,491	957,474	1,264,775	559,026	1,032,273
	5,578,867	**5,899,952**	**4,372,116**	**4,617,069**	**3,537,599**	**3,927,807**

The amount of financial investments recorded in the accounting statements are close to the realization amounts given that the operations bear floating interest rates and have immediate liquidity.

- Additional sensitivity analysis of financial instruments, according to ICVM 475/08

The additional information on the Company's financial instruments required by CVM Rule no. 475/08, specifically those on the additional sensitivity analysis as required by the IFRS and the accounting practices adopted in Brazil, are shown below.

Due to the volatility history of the real versus foreign currencies, price indexes and interest rates, the Company prepared a sensitivity analysis that shows eventual impacts on its short-term result. The analysis took into consideration a basic scenario forecast for 2011, and two other scenarios that included a 25% and 50% variation on the basic premises. The base scenario was designed using the premises available in the market and takes into consideration the following variations for 2011: dollar - 4%, euro – (3%), TJLP - 6%, CDI - 11%, IPCA - 5% and IGP-M - 7%.

The projection of the effects resulting from the application of these scenarios to the Company's financial result for 2010 would be as follows:

	Balance 12.31.2010	Base scenario	Scenario I 25%	Scenario II 50%
Foreign currency variations	213,580	1,818	55,668	109,517
Interest rate variations	3,527,890	483	37,914	75,770
Price index fluctuations				
Debentures	598,318	25,170	114,071	233,220
Concession fees payable	1,134,947	165,471	180,553	195,363

The IGPM-indexed debt (R$ 159,962) and part of the debt adjusted by the CDI (R$ 617,663) refer to the series of debentures maturing on 05.02.2011 and 04.30.2011, respectively. Consequently, the base scenario for those debts was forecast for 04.30.2011, not 12.31.2011, as compared to the other indexes.

35 – TRANSACTIONS WITH RELATED PARTIES

The transactions with related parties carried out by the Company include agreements for the purchase and sale of electrical energy, the provision of administrative services and the operation and maintenance of power plants, in addition to guarantees granted to third parties. The details of the most important transactions are shown below.

a) Purchase and sale of electrical energy

Company	Volume (average MW)	Maturity	Annual restatement index	Balance as of 12.31.2010
Purchase:				
Itasa	167	10.16.2030	IGP-M	2,142,060
Itasa	61	10.16.2030	US dollar variation + North American inflation	462,329
Sale:				
TBLC	150	03.01.2015	IPCA	383,670
TBLC	190	12.31.2016	IPCA	699,716

Electrical energy contracted with Itasa corresponds to the electrical energy generated by the subsidiary and is sold by Tractebel Energia. Sale to free consumers is mostly carried out by wholly-owned subsidiary TBLC. TBLC purchases electrical energy in order to have electrical energy sufficient to meet its commitments, mainly those with industrial customers.

b) Operation and maintenance

Related party	Maturity	Annual restatement index	Balance on 12.31.2010
Itasa	10.16.2030	IGP-M	198,827
Ceste	04.28.2025	Mix of the IPCA and INPC indexes	197,191
CESS	10.15.2023	IGP-M	12,107
Lages	03.31.2012	Restatement index of the Collective Bargaining Agreement of Tractebel Energia	2,279

The Company's strategy is to centralize the operation and maintenance activities at Tractebel Energia, which also provides these services to its subsidiaries that do not outsource them.

c) Administrative services

Company	Maturity	Annual restatement index	Annual amount
Lages	Indefinite	INPC	190
TBLC	Indefinite	INPC	379
CESS	Indefinite	INPC	209
Areia Branca	Indefinite	INPC	78
Hidropower	Indefinite	INPC	81
Beberibe	Indefinite	INPC	111
Pedra do Sal	Indefinite	INPC	84
Tupan	Indefinite	INPC	96
Ibitiúva	Indefinite	INPC	253

Tractebel Energia provides those services necessary to the administrative activities of the subsidiaries.

Guarantees

The Companies is the intervening party in several loan agreements signed by its direct and indirect subsidiaries with the BNDES and other financial agents, granting a different type of guarantee to each agreement, as disclosed in the table below:

Company	Type of guarantee	Financing agent	Amount of debt
Itasa	Pledge of all shares issued and held by Itasa .	BNDES and Banks (BNDES onlending agents)	101,277
Lages	Pledge of the equity shares held by it.	BRDE	11,431
CESS	Pledge of all shares issued and held by CESS.	BNDES and Banks (BNDES onlending agents)	622,482
Beberibe	Pledge of all shares issued by Beberibe and held by its wholly-owned subsidiary TBLP.	BNDES	99,822
Pedra do Sal	Pledge of all shares issued by Pedra do Sal and held by its wholly-owned subsidiary TBLP.	BNDES	68,599
Areia Branca	Pledge of all shares issued by Areia Branca and held by its wholly-owned subsidiary TBLP.	BNDES	64,086
Tupan	Pledge of all shares issued by Tupan and held by its wholly-owned subsidiary TBLP.	CEF	52,089
Hidropower	Pledge of all shares issued by Hidropower and held by its wholly-owned subsidiary TBLP.	Banco do Brasil	27,245
Ibitiúva	Pledge of all shares issued by Ibitiúva and held by its wholly-owned subsidiary TBLP.	BNDES	65,055
SER	Pledge of all shares issued and held by SER.	BNDES and Banks (BNDES onlending agents)	1,407,698

d) Sureties and guarantees

The Company is the guarantor of subsidiaries CESS and TBLC on the following operations to purchase electrical energy:

Company	Beneficiaries	Maturity	Amount
CESS	Banco Bradesco S.A.	02.06.2011	23,100
CESS	ONS	07.26.2011	2,438
TBLC	Arcelormittal Brasil S.A.	01.03.2012	18,354
TBLC	Banco Bradesco S.A.	01.01.2011	6,010
TBLC	ECOM Energia Ltda.	02.28.2011	2,633
TBLC	Tradener S.A.	12.12.2011	8,811
TBLC	Vale Energia S.A.	03.02.2012	5,919

The Company is also the guarantor of subsidiary TBLC in operations to purchase electrical energy maturing on 12.31.2011, in the total amount of R$ 23,001 on 12.31.2010.

e) Advisory Services

SUEZ-Tractebel S.A. (Indirect Parent Company)

The Company executed an agreement with SUEZ-Tractebel S.A., its indirect parent company, headquartered in Brussels, Belgium, the purpose of which is the provision of specific advisory services in the management, operational, financial, accounting, legal, marketing and project development areas, as the Company deems necessary. The contract renewal was approved by unanimous vote of the Company's minority shareholders, at the Extraordinary General Meeting (AGE) held on 04.23.2010, and the controlling shareholder resigned the voting right. The term of the agreement is 3 (three) years, renewable every year. 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. The outstanding amount on 12.31.2010 is R$ 10,026.

f) Other transactions

GDF SUEZ Energy Latin America Participações Ltda. (GSELA)

The Company has a payable balance of R$ 129,186 related to interest on equity approved by the Board of Directors' Meeting held on 11.07.2009.

SUEZ Energy South America BidCo Ltda.

The balance of R$ 221,306 on 01.01.2009 presented on the chart below corresponds mainly to the balance payable from the acquisition of Beberibe and Pedra do Sal wind farms and Areia Branca Hydroelectric Power Plant.

g) Amounts recorded in balance sheet and income statement accounts:

	Assets				Liabilities				
12.31.2010	Accounts receivable	Dividends	Loan	Total	Suppliers	Related parties	Dividends and Interest on Equity	Other	Total
Itasa	2,017	4,897	-	6,917	5,741	-	-	31	5,772
Lages	606	-	-	606	-	-	-	-	-
TBLC	79,228	-	-	79,228	3,468	-	-	-	3,468
SER	-	-	505	505	-	-	-	-	-
CESS	4,588	1,628	-	6,262	-	-	-	-	-
Ibitiúva	2	-	6,260	6,262	-	-	-	-	-
Areia Branca	201	-	-	201	-	-	-	-	-
SUEZ Tractebel S.A.	-	-	-	-	2,211	-	-	-	2,211
GSELA	44	-	-	44	-	-	129,186	-	129,186
Ceste	286	-	-	286	-	-	-	-	-
Other	195	-	-	195	299	-	-	-	299
TOTAL	**87,167**	**6,525**	**6,765**	**100,457**	**11,719**	-	**129,186**	**31**	**140,936**
12.31.2009	**70,127**	**10,719**	**35,654**	**116,500**	**6,421**	-	**169,590**	**918**	**176,929**
01.01.2009	**102,517**	**9,000**	**9,966**	**121,483**	**11,535**	**221,306**	**102,793**	**661**	**336,295**

	Income									
	Operating revenue				Electricity cost		Expenses			
		Service revenue								
12.31.2010	Electricity supply	Operation and maintenance	Management	Total	Electricity purchase	Fuels	General and administrative	Financial	Total	Income from earnings of subsidiaries
Itasa	-	12,107	-	12,107	123,716	-	-	-	123,716	22,727
Lages	5,523	1,758	186	7,467	-	-	-	-	-	7,137
TBLC	318,733	-	371	319,104	-	12,439	-	-	12,439	(6,646)
EAS	-	-	-	-	-	-	-	-	-	(18,519)
CESS	-	2,870	204	3,074	-	-	-	-	-	(24,568)
PPESA	3,996	-	200	4,196	-	-	-	-	-	-
TBLP	-	-	-	-	-	-	-	-	-	(7,010)
SUEZ Tractebel S.A.	-	-	-	-	-	-	3,488	-	3,488	-
Ibitiúva	-	-	247	247	-	-	-	-	-	-
Ceste	-	2,514	-	2,514	-	-	57	-	57	-
GSELA	-	-	-	-	-	-	-	6,322	6,322	-
Other	-	-	442	442	-	-	1,131	-	1,131	388
TOTAL	**328,252**	**19,249**	**1,650**	**349,151**	**123,716**	**12,439**	**4,676**	**6,322**	**147,153**	**(26,491)**
12.31.2009	**590,387**	**12,839**	**1,190**	**604,419**	**125,421**	**10,474**	**5,821**	-	**141,716**	**106,340**
01.01.2009	**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 granted is the pension (post-employment).

	Company			Consolidated		
	12.31.2010	12.31.2009	01.01.2009	12.31.2010	12.31.2009	01.01.2009
Short-term benefits and fees	7,752	6,751	5,911	8,346	7,233	6,595
Social charges	2,110	1,920	1,731	2,229	2,015	1,870
Management bonus and charges	4,824	2,718	2,284	4,824	2,718	2,284
Post-employment benefits	602	670	587	602	670	587
	15,288	**12,059**	**10,513**	**16,001**	**12,636**	**11,336**

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

36– INSURANCES

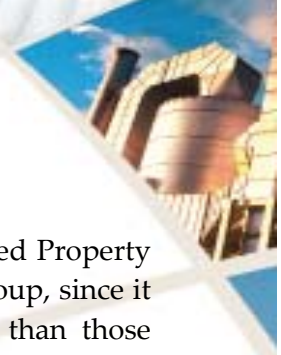
On 12.31.2010, Tractebel Energia has a comprehensive operating risk insurance policy with a declared amount for property damages of US$ 4,867,212 (R$ 8,105,855), and a declared amount for short-term loss of profits of US$ 378,352 (R$ 630,107). The maximum combined material damage and loss of profits claim limit is US$ 250,000, equivalent to R$ 416,350 per event.

Subsidiaries have insurance agreements with the following coverage characteristics and amounts on 12.31.2010:

	Operating risks		Loss of profits	
	US$	R$	US$	R$
Lages	40,032	66,669	8,027	13,368
CESS	231,575	385,665	19,605	32,650
Ponte de Pedra[27]	196,600	327,418	11,278	18,782
Tupan	24,074	40,093	3,410	5,679
Hidropower	24,074	40,093	3,628	6,042
Pedra do Sal	24,882	41,438	10,766	17,930
Beberibe	49,565	82,546	14,194	23,639
Ibitiúva	52,052	86,687	18,856	31,403

In addition to this coverage, the Company has civil liability insurance policies with coverage of R$ 87,215. Such policies include Itá and Machadinho Hydroelectric Power Plants, built and operated by means of a consortium with Lages Co-generation Unit, Ponte de Pedra and São Salvador Hydroelectric Power Plants, Rondonópolis (Tupan), Engenheiro José Gelazio da Rocha (Hidropower), Areia Branca Small Hydroelectric Power Plants, Ibitiúva thermoelectric power plant and Pedra do Sal and Beberibe wind farms.

[27]Ponte de Pedra was merged by the Company on 12.31.2010 and, therefore, it will no longer be co-insured and will became a unit insured by the Company.



From 2009/2010 cycle, the Company decided to adhere to the insurance policy called Property Damage and Business Interruption – PDBI, which is coordinated by Controlling Group, since it understands that business and coverage conditions show to be more favorable than those available on the domestic market and likely to be contracted by the Company.

On 05.31.2010, this insurance policy was renewed for the 2010/2011 cycle with a reduction of insurance rate of approximately 9% compared to the previous cycle. Due to favorable conditions provided by this global insurance policy, the Estreito Consortium, having as consortium members SUEZ Energia Renovável S.A. (40.07%), Vale (30%), Alcoa (25.49%) and Camargo Corrêa Geração de Energia (4.44%), requested the inclusion of Estreito hydroelectric power plant in said insurance policy, which will effectively occur as from Estreito HPP's start-up.

Estreito consortium currently has engineering risk insurance for material damage of R$ 2,404,630 and expected loss of profit of R$ 612,233.

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.

37 – LONG-TERM AGREEMENTS

The Company has the following main long-term commitments:

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. For the Ponte de Pedra Power Plant, the Company has an agreement with Centrais Elétricas do Norte do Brasil S.A. (Eletronorte).

Regarding subsidiaries, 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 12.31.2010 the connection agreements' remaining balance amounts to R$ 249,324 (R$ 237,124 on 12.31.2009).

b) Transmission and Distribution Network Usage Agreement (CUST and CUSD)

In order to use the transmission system and basic network, the Company and its subsidiaries CESS and Itasa have agreements with the ONS. For power plants which are not directly connected to the basic network, companies maintain distribution usage agreements, 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).
- Hidrelétrica Areia Branca S.A.: Cemig Distribuição S.A. (Cemig).
- UTE Ibitiúva Bioenergética: Companhia Paulista de Força e Luz (CPFL Paulista).

Most agreements are effective up to the termination date of the concessions or authorizations of the Company's generation units. On 12.31.2010 the agreements' remaining balance amounts to R$ 5,802,137 (R$ 6,104,882 on 12.31.2009).

c) Electrical energy purchase and sale bilateral agreements

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

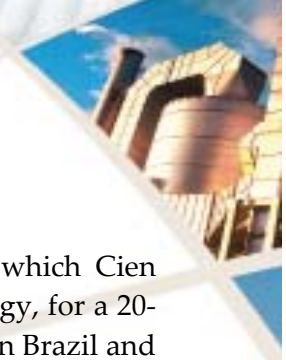
	Average MW[28]				
Year	Own Resources	Purchases for resale	Total availability	Contracted availability	% Contracted
2011	3,467	399	3,866	3,798	98.24%
2012	3,617	426	4,043	3,990	98.69%
2013	3,617	370	3,987	3,903	97.90%
2014	3,617	254	3,871	3,598	92.95%
2015	3,617	201	3,818	3,248	85.07%
2016	3,617	201	3,818	2,633	68.96%

The Company's gross operating revenue, on 12.31.2010, broken down by nature of customers, is as follows:

	12.31.2010		12.31.2009	
	Value	%	Value	%
Distributors	2,633,951	57.43	2,272,501	58.47
Free consumers	1,008,848	22.00	878,846	22.62
Sellers	604,941	13.19	555,841	14.30
CCEE	289,402	6.31	65,075	1.67
Exports	30,074	0.66	60,661	1.56
Other	18,917	0.41	53,395	1.38
	4,586,133	**100.00**	**3,886,319**	**100.00**

Customers that on 12.31.2010 participated on a percentage higher than 5% at the Company's net revenue were the following: Celesc, Rio Grande Energia S.A. (RGE), CPFL Comercialização Brasil S.A. and Companhia Paulista de Força e Luz.

[28] Information on average MW is not revised by the independent auditors.



d) Purchase of electrical energy 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 06.21.2000.

In 2006, it was verified that Cien was not able to provide the amount of energy contracted, which made Aneel issue a Normative Resolution to reduce the amounts of physical power guarantee 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.

Due to the need to solve such quarrel, which has been going on for many years, 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 electrical energy. 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.

The lawsuit is in its preliminary phase and Tractebel Energia answered Cien's reply in rebuttal filed on 05.26.2010.

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 in 2001, the startup of William Arjona Thermoelectric Power Plant (UTWA), renewable for an additional five years.

With the expiration of the contract period, on 05.22.2006, 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.

Petrobras filed a special appeal with the High 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 electrical energy in the CCEE to supply the energy sold by 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 agreement 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 05.23.2006. The period in which the gas supply was interrupted as a result of this litigation, up to November 2009, 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).

The High 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 Power Plant as of 11.26.2009.

Petrobras lodged an appeal in view of the decision rendered in the records of the lawsuit, which did not affect the gas supply. The Court of Justice of the State of Mato Grosso do Sul denied the appeal filed by Petrobras and maintained the decision in first court.

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, in addition to not meet the other conditions set forth in CPC 06 (Leasing) for its classification as financial leasing.

Eólica Beberibe has four land lease agreements used for the installation and edification of towers of wind turbines, substation and transmission associated stations. Agreements will end from May 2007 to September 2032, and amounts comprise fixed and variable installments, corresponding to a percentage over gross revenue of the subsidiary. 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.

Eólica Pedra do Sal 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 2010, the total leasing expense was R$ 1,176 (R$ 983 on 12.31.2009).

The total estimated minimum future payment is:

Year	Value
2011	614
2012 to 2016	3,068
2017 onwards	15,335
	19,017

Wind energy generation projects acquired in 2009: companies acquired by subsidiary Tractebel Energia Participações (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 will take place from 2032 to 2042, and payments are composed of fixed and variable installments. Variable installments will be collected as of the beginning of operations of each project. Total expenses for 2010 came to R$ 433.

The total estimated minimum future payment is:

Year	Value
2011	383
2012 to 2016	1,917
2017 onwards	7,918
	10,218

g) Construction agreements in progress

g.1) Ibitiúva Bioenergética Power Plant

Indirect subsidiary Ibitiúva signed an agreement with Areva Koblitz S.A. for engineering services, acquisition of equipment and construction of Ibitiúva Bioenergética Thermoelectric Power Plant, whose remaining amount on 12.31.2010 is R$ 3,373 (R$ 38,142 on 12.31.2009). The agreement is effective up to 12.31.2011.

g.2) São Salvador Hydroelectric Power Plant

Subsidiary CESS has an agreement with Consórcio São Salvador to provide engineering services, acquisition of equipment and construction of São Salvador Hydroelectric Power Plant. The amount to be realized on 12.31.2010 was R$ 10,581 (R$ 19,740 on 12.31.2009).

g.3) Estreito Hydroelectric Power Plant

Subsidiary Suez Energia Renovável has a 40.01% interest, and has agreements pegged to the implementation of Estreito Hydroelectric Power Plant, and the outstanding amount of R$ 410,285 on 12.31.2010 (own and third party capital), out of which R$ 164,401 correspond to the interest in SER.

38 – RECONCILIATION OF NET OPERATING REVENUE

In compliance with the requirements of CPC 30 (Revenues), below is the reconciliation between the gross revenue for tax purposes and the net revenue presented in the statement of income. According to the accounting practices previously adopted, the presentation of the Company's revenue in the statement of income separated gross operating revenue, deductions on gross operating revenue and net revenue. The new accounting practices establish that the Company shall only present net revenue on its statement of income, given that it represents gross additions of economic benefits received and receivable from the Company's activities.

	Note	Company		Consolidated	
		12.31.2010	12.31.2009	12.31.2010	12.31.2009
GROSS OPERATING REVENUE					
Electrical energy supply		2,867,270	2,746,652	3,238,743	2,828,342
Electrical energy provision		284,774	232,785	1,011,021	878,846
Transactions within CCEE		279,550	58,696	287,415	65,075
Electrical energy export		30,074	60,661	30,074	60,661
Other revenues		25,991	21,147	18,880	53,395
		3,487,659	**3,119,941**	**4,586,133**	**3,886,319**
OPERATING REVENUE DEDUCTIONS					
PIS and Cofins (Taxes on Revenue)		(263,558)	(230,570)	(358,410)	(294,039)
ICMS (State VAT)		(52,484)	(39,870)	(92,962)	(66,491)
ISS (Service Tax)		(653)	(395)	(661)	(464)
Research and Development		(29,796)	(25,812)	(33,719)	(28,648)
		(346,491)	**(296,647)**	**(485,752)**	**(389,642)**
NET OPERATING REVENUE		**3,141,168**	**2,823,294**	**4,100,381**	**3,496,677**

39 – ADDITIONAL INFORMATION TO THE CASH FLOW

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

	Company		Consolidated	
	12.31.2010	12.31.2009	12.31.2010	12.31.2009
Payment in the year				
Interest from loans, financing and debentures	174,308	177,771	270,643	255,644
Income and social contribution taxes	467,783	422,486	484,515	468,486
Transactions not involving cash				
Income and social contribution taxes offset	-	-	6,535	2,035
Property, plant and equipment suppliers	-	-	32,061	18,798
Record of concession fees payable	-	-	34,186	352,097
Dividends proposed and interest on equity credited	378,270	275,913	378,270	275,913
Dividends proposed receivable from subsidiaries	4,897	7,418	-	-

40 – EFFECTS OF THE ADOPTION OF IFRS AND CPC IN THE RESULT AND SHAREHOLDERS' EQUITY OF THE QUARTERS ENDED 2010 AND 2009 (UNAUDITED)

As allowed by the Brazilian Securities Commission (CVM), publicly-held companies can present their quarterly information (ITR) for 2010 according to the accounting rules in effect in 2009. The CVM however, required that companies adopting this option present again their quarterly information (ITR) for 2010, as compared to those of 2009, adjusted to the new 2010 rules, at least for the first quarter of 2011. Companies adopting this option were also required to present a note showing, for each quarter of 2010 and 2009, the effects on the result and on shareholders' equity due to the full adoption of the 2010 accounting rules.

"The quarterly information has been subject to special review procedures applied by the Company's independent auditors, according to the requirements of the CVM for the quarterly information (NPA 06 of IBRACON), including the adjustments made from the adoption of the new accounting practices and, therefore, have not been subject to audit procedures."

Reconciliation for the quarters ended on 03.31.2010 and 03.31.2009:

	Company				Consolidated			
	03.31.2010		03.31.2009		03.31.2010		03.31.2009	
	Shareholders' Equity	Net Income	Shareholders' Equity	Net Income	Shareholders' Equity	Net Income	Shareholders' Equity	Net Income
Balance prior to the adoption of the new practices	**3,929,969**	**248,702**	**3,404,676**	**233,888**	**3,929,969**	**248,702**	**3,404,676**	**233,888**
Adjustments and reclassifications:								
Deferred tax assets	46,918	-	62,173	-	65,353	-	81,528	-
Investment	(35,785)	-	(37,572)	-	-	-	-	-
Property, plant and equipment	1,191,870	-	1,279,724	-	1,137,650	-	1,222,797	-
Proposed additional dividends	81,913	-	-	-	81,913	-	-	-
Post-employment benefit	(113,879)	-	(150,704)	-	(113,879)	-	(150,704)	-
Deferred tax liabilities	(405,238)	-	(435,107)	-	(405,238)	-	(435,107)	-
Depreciation	-	(22,222)	-	(21,877)	-	(21,546)	-	(21,200)
Reversal of operating provisions	-	18,826	-	5,999	-	18,826	-	5,999
Equity in subsidiaries	-	446	-	447	-	-	-	-
Deferred Income and social contribution taxes	-	968	-	4,547	-	738		4,317
	765,799	(1,982)	718,514	(10,884)	765,799	(1,982)	718,514	(10,884)
Balance after the adoption of the new practices	**4,695,768**	**246,720**	**4,123,190**	**223,004**	**4,695,768**	**246,720**	**4,123,190**	**223,004**

Reconciliation for the quarters ended on 06.30.2010 and 06.30.2009

	Company				Consolidated			
	06.30.2010		06.30.2009		06.30.2010		06.30.2009	
	Shareholder s' Equity	Net Income	Shareholder s' Equity	Net Income	Shareholder s' Equity	Net Income	Shareholder s' Equity	Net Income
Balance prior to the adoption of the new practices	**4,201,450**	**520,183**	**3,667,939**	**497,151**	**4,201,450**	**520,183**	**3,667,939**	**497,151**
Adjustments and reclassifications								
Deferred tax assets	40,329	-	59,283	-	58,535	-	78,408	-
Investment	(35,338)	-	(37,125)	-	-	-	-	-
Property, plant and equipment	1,169,649	-	1,257,847	-	1,116,105	-	1,201,597	-
Post-employment benefit	(95,053)	-	(144,704)	-	(95,053)	-	(144,704)	-
Deferred tax liabilities	(397,681)	-	(427,668)	-	(397,681)	-	(427,668)	-
Depreciation	-	(44,443)	-	(43,754)	-	(43,090)	-	(42,401)
Reversal of operating provisions	-	37,652	-	11,999	-	37,652	-	11,999
Equity in subsidiaries	-	893	-	893	-	-	-	-
Deferred Income and social contribution taxes	-	1,936	-	9,096	-	1,476	-	8,636
	681,906	(3,962)	707,633	(21,766)	681,906	(3,962)	707,633	(21,766)
Balance after the adoption of the new practices	**4,883,356**	**516,221**	**4,375,572**	**475,385**	**4,883,356**	**516,221**	**4,375,572**	**475,385**

Reconciliation for the quarters ended on 09.30.2010 and 09.30.2009

	Company				Consolidated			
	09.30.2010		09.30.2009		09.30.2010		09.30.2009	
	Shareholder s' Equity	Net Income	Shareholder s' Equity	Net Income	Shareholder s' Equity	Net Income	Shareholder s' Equity	Net Income
Balance prior to the adoption of the new practices	**4,239,413**	**844,246**	**3,605,664**	**782,882**	**4,239,413**	**844,246**	**3,605,664**	**782,882**
Adjustments and reclassifications:								
Deferred tax assets	33,742	-	56,393	-	51,717	-	75,288	-
Investment	(34,892)	-	(36,678)	-	-	-	-	-
Property, plant and equipment	1,147,428	-	1,235,969	-	1,094,561	-	1,180,396	-
Post-employment benefit	(76,227)	-	(138,704)	-	(76,227)	-	(138,704)	-
Deferred tax liabilities	(390,126)	-	(420,229)	-	(390,126)	-	(420,229)	-
Depreciation	-	(66,664)	-	(65,632)	-	(64,635)	-	(63,602)
Reversal of operating provisions	-	56,478	-	17,999	-	56,478	-	17,999
Equity in subsidiaries	-	1,339	-	1,340	-	-	-	-
Deferred Income and social contribution taxes	-	2,904	-	13,645	-	2,214	-	12,955
	679,925	(5,943)	696,751	(32,648)	679,925	(5,943)	696,751	(32,648)
Balance after the adoption of the new practices	**4,919,338**	**838,303**	**4,302,415**	**750,234**	**4,919,338**	**838,303**	**4,302,415**	**750,234**

41 – SUBSEQUENT EVENT

On 02.04.2011, the Company informed its shareholders and the market, through a Material Fact, that the Boards of Directors of GDF SUEZ S.A., of which Tractebel Energia is an indirect subsidiary, and of International Power PLC (IP) announced that the combination of certain assets of GDF SUEZ ("Combination"), related to the international electricity activities of GDF SUEZ (outside of Europe) and certain assets in the United Kingdom and Turkey, including the indirect interest of GDF SUEZ in Tractebel Energia (collectively "International Electricity Assets of GDF SUEZ"), as one of the parties, and IP, as the other party, was carried out.

Within the context of the Combination, GDF SUEZ, by means of its subsidiary Electrabel and other subsidiaries, subscribed new shares issued by IP, representing 70% of the total and voting capital of IP (which became an indirect subsidiary of GDF SUEZ), to further pay them up through the transfer of GDF SUEZ's International Electricity Assets to IP.

The purpose of the Combination, among others, is to improve the strategic position of both IP and GDF SUEZ, by creating a world leader in the independent generation of electricity.

Notwithstanding, the Combination should not change or affect the structure of the Brazilian electricity market – taking into consideration that IP did not carry out any electricity generation, transmission or distribution activity or any other activity in Brazil or in any other location in Latin America. The Combination did not represent a transfer of Tractebel Energia's control, which remains an indirect subsidiary of GDF SUEZ.

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
Energy Commercialization Officer

Miroel Makiolke Wolowski
Project Development and Implementation Officer

José Carlos Cauduro Minuzzo
Energy Production Officer

Marco Antonio Amaral Sureck
Planning and Control Officer

Luciano Flávio Andriani
Administrative Officer

Florianópolis, February 4, 2011

(The list of signatures of the Financial Statements as of December 31, 2010 can be found on the next page)

(List of signatures of the Financial Statements as of December 31, 2010, 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 Achiel Marc Beeuwsaert
Board Member

Alain François Marie Luoise Janssens
Board Member

Luiz Antônio Barbosa
Board Member

José Pais Rangel
Board Member

Antonio Alberto Gouvêa Vieira
Board Member

EXECUTIVE BOARD

Manoel Arlindo Zaroni Torres
Chief Executive Officer

Eduardo Antonio Gori Sattamini
Finance and Investor Relations Officer

José Luiz Jansson Laydner
Energy Commercialization Officer

Miroel Makiolke Wolowski
Project Development and 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

Deloitte.

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying individual and consolidated financial statements of Tractebel Energia S.A. ("Company"), identified as Parent and Consolidated, respectively, which comprise the balance sheet as at December 31, 2010, and the income statement, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the individual financial statements in accordance with accounting practices adopted in Brazil and the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board - IASB, and in accordance with accounting practices adopted in Brazil, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Brazilian and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

A Deloitte refere se a uma ou mais Deloitte Touche Tohmatsu, uma verein (associação) estabelecida na Suíça, e sua rede de firmas-membro, sendo cada uma delas uma entidade independente e legalmente separada. Acesse www.deloitte.com/about para a descrição detalhada da estrutura legal da Deloitte Touche Tohmatsu e de suas firmas-membro.

Membro da
Deloitte Touche Tohmatsu

Opinion on the Individual Financial Statements

In our opinion, the individual financial statements present fairly, in all material respects, the financial position of Tractebel Energia S.A as at December 31, 2010, and its financial performance and its cash flows for the year then ended in accordance with accounting practices adopted in Brazil.

Opinion on the Consolidated Financial Statements

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Tractebel Energia S.A. as at December 31, 2010, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board – IASB and accounting practices adopted in Brazil.

Emphasis of Matter

We draw attention to Note 2 to the financial statements, which states that the individual financial statements have been prepared in accordance with accounting practices adopted in Brazil. In the case of Tractebel Energia S.A. these accounting practices differ from the IFRSs, applicable to separate financial statements, only with respect to the measurement of investments in subsidiaries, associates and joint ventures by the equity method of accounting, which, for purposes of IFRS would be measured at cost or fair value.

Other Matters

Statements of Value Added

We have also audited the individual and consolidated statements of value added ("DVA"), for the year ended December 31, 2010, the presentation of which is required by the Brazilian Corporate Law for publicly-traded companies, and as supplemental information for IFRS that does not require a presentation of DVA. These statements were subject to the same auditing procedures described above and, in our opinion, are fairly presented, in all material respects, in relation to the financial statements taken as a whole.

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

Rio de Janeiro, February 4, 2011

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

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

FISCAL COUNCIL REPORT

The undersigned Members of the Fiscal Council of Tractebel Energia S.A., Paulo de Resende Salgado, Carlos Guerreiro Pinto and Manoel Eduardo Lima Lopes, after having examined the Annual Management Report, the Financial Statements and Management Proposal regarding the Investment Plans and Dividend Distribution related to fiscal year 2010, and based on the report of the independent auditors Deloitte Touche Tohmatsu on these Financial Statements, issued on February 4, 2011, declare that they adequately state, in all material aspects, the equity and financial position of Tractebel Energia S.A. on December 31, 2010, and are in full conditions to be submitted to the Company's General Shareholders' Meeting.

Rio de Janeiro, February 4, 2011.

Paulo de Resende Salgado
Chairman

Carlos Guerreiro Pinto
Board Member

Manoel Eduardo Lima Lopes
Board Member