Tractebel Energia

GDF SUEZ

Management Report and Financial Statements for the years ended 2012 and 2011

Financial and Investor Relations Executive Board

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

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Dear Shareholders,

The Management of Tractebel Energia S.A. ("Tractebel Energia" or the "Company") is pleased to submit for your appreciation its Management Report and corresponding Financial Statements, together with the Independent Auditors' and Fiscal Council Reports, for the fiscal year ended on December 31, 2012. The information herein is presented in millions of reais on a consolidated basis, except as otherwise indicated, according to the generally accepted accounting principles in Brazil.

Message from the Management

For Tractebel Energia, 2012 was another year of achievement despite external crises, slower Brazilian growth and regulatory setbacks. The Company's net revenue increased 3.6% over 2011 to R$1.5 billion, while its stock was up 18.9% excluding remuneration, compared to the electric power index's 11.7% decline and the Ibovespa Index's 7.4% appreciation.

The top credit rating agencies elevated the Company's risk ratings to AAA in local currency and BBB for international currency.

By offering a solid structure of guarantees, Tractebel Energia was able to finance through the Brazilian National Development Bank (BNDES) the Trairi Wind Farm Complex in Ceará State, the first wind farms producing energy exclusively for free consumers. On another front, measures to prepare the Company to acquire GDF SUEZ's stake in the Jirau Hydroelectric Power Plant were completed in 2012. These measures, under implementation since 2011, include expanding credit lines that were capped under revised covenants and rationalizing the Company's debt. Additionally, Tractebel Energia was listed on the BM&FBovespa's Corporate Sustainability Index (ISE) for the eighth consecutive year.

Another important factor in these achievements is the credibility and solidity of our parent company, GDF SUEZ, which in 2012 consolidated its position as the world's largest independent power company with more than 118 GW of installed capacity by acquiring International Power.

Throughout its history, Tractebel Energia has been consistent in its strategy to reach nationwide coverage, diversifying both its energy matrix and participation in different regional markets. The Company applies and disseminates its values, Sustainable Management Policy and corporate governance system in all regions in which it operates. This translates into successful implementation and operation of power plants that, in some cases, are thousands of kilometers from the Company's headquarters and each other in regions with different cultures that have differing local labor training requirements.

With 97.3% assured energy and seven of eight generating units fully operational, on October 17 the Estreito Hydroelectric Power Plant was inaugurated on the border between Tocantins and Maranhão states. Tractebel Energia owns 40.07% of the project and is the consortium leader. Brazilian President Dilma Rousseff and GDF SUEZ Chief Executive Officer Gerard Mestrallet both participated in the inauguration ceremony. Including Estreito's full capacity, the Company operates a capacity of 8,630 MW, while its proprietary capacity – excluding the stakes of other consortium members in some plants - totals 6,909 MW.

Estreito was not only a major feat of engineering, it also represents a milestone in economic and social development of the 12 neighboring communities it impacts; in addition to the 33 official programs, the project allowed for voluntary programs implemented by consortium partners that brought concrete benefits to the local communities.

Despite some licensing setbacks that have already been resolved, the implementation of wind farms in the Brazilian Northeast remain on track. The success of our expansion strategy focused on renewable energy has been gaining recognition: the aforementioned Trairi Wind Farm was included in the United Nations' Clean Development Mechanism.

Another important initiative to improve prospects for renewable energy is the research and development project under development in partnership with other institutions to build a solar energy complex to be connected to the National Interconnected System (SIN) with a peak capacity of 3.0 MW.

Excluding scheduled stoppages, the total uptime ratio of our 22 operating power plant reached 96.9% in 2012, down 1.4 percentage points over the 98.3% registered in 2011 and 2010, primarily due to limitations of a generating unit at the Salto Santiago Hydroelectric Power Plant, the failure of one of the William Arjona Thermoelectric Power Plant's transformers and an issue containing the flow of the Tocantins River at the Estreito Hydroelectric Power Plant prior to inauguration. Even so, the Company broke its instantaneous generation record, reaching 7,562.0 MW or 89.0% of its total operated capacity on October 18. Tractebel Energia also achieved its highest wind power generation on record: an average of 19.3 average MW, 46.6% more than in 2011 and corresponding to a capacity factor of 44.3%.

The Company has been investing in efficiency gains at its generating units. In 2012, the Salto Santiago, Passo Fundo and Ponte de Pedra hydroelectric power plants began a process of modernization and revitalization. In addition, improvements were made to Jorge Lacerda Thermoelectric Complex's generating units to reduce fuel consumption, bringing environmental benefits as well.

All of the Company's operators were recertified by the Brazilian Power System Operator (ONS) and two maintenance audits done in May and November of 2012 confirmed the NBR ISO 9001, NBR ISO 14001 and OHSAS 18001 certifications obtained by 15 power plants in 2010. Together, these plants represent around 90% of Tractebel Energia's operated capacity.

Three achievements illustrate the Company's positive commercial performance in 2012: net revenues from sales increased 13.5% over 2011 to R$4.9 billion - another record; 31 clients were added to our diversified portfolio; and a survey of all of Tractebel Energia's 114 clients, from the oldest the newest gained in 2012, revealed a 95% customer satisfaction rate.

As in previous years, we also earned major recognition. In Human Resources, in its second time participating, Tractebel Energia was re-elected one of the best 150 companies to work for in Brazil by the *Você S.A./Exame* magazine ranking. Also for the second consecutive year, for the quality of its financial statements, the Company received the Brazilian Association of Energy Sector Accountants - Abraconee Award in the Large Companies category. In the Latin American ranking of *Institutional Investor* magazine, Tractebel Energy took the top spot in "Best Investor Relations" according to the opinion of market analysts. The Entre Rios do Sul Cultural Center in Rio Grande do Sul State, inaugurated in 2011 with Tractebel Energia's sponsorship, won the 8th Annual Brazil Environmental Award from the American Chamber of Commerce, in the Social and Environmental Responsibility category.

Finally, the "Health Children, Healthy Future" volunteer program, which has benefitted approximately 15 thousand children at 197 Estreito-area schools and improved health indicators, won the XI LIF Sustainability Award from the France-Brazil Chamber of Commerce.

In 2012, the September 11 promulgation of Provisional Measure no. 579 was particularly relevant to the power sector, as it proposed reduced energy rates, government investment and early renewal of concession contracts expiring between 2015 and 2017. Tractebel Energia's concessions are not covered by the measure as its first concession expiry is in 2028. The Company believes that the government's goal of reducing electricity costs is positive as it increases industry competitiveness. On the other hand, investments maturing in the long-term require regulatory stability, a feature of the Brazilian power sector since the tariff reduction model was implemented in 2004. The provisional measure has, at least temporarily, cast doubt on this stability in the eyes of industry analysts and investors, as demonstrated by the impacts on power sector stocks after its publication. As a result, one of the challenges for the sector in 2013 will be to reestablish a regulatory environment that can ensure electricity supply according to the country's needs in a scenario of reduced tariffs and greater competition.

Tractebel Energia will also reach new milestones in 2013. The Trairi Wind Power Complex in Ceará State will be completed, adding 115 MW to the generating complex, while the Company remains firm in its decision to continue expansion, especially through renewable sources such as hydro, wind, biomass and solar energy. Tractebel Energia will also open three new cultural centers under the same self-management concept as the Entre Rios do Sul center, in Alto Bela Vista and Capivari de Baixo, Santa Catarina State and Quedas do Iguaçu, Paraná State.

Another major event that will take place in 2013 is the possible transfer of GDF SUEZ's stake in the 3,750 MW Jirau Hydroelectric Power Plant to Tractebel Energia. In 2012, GDF SUEZ acquired the stake of a partner and now holds 60% of the project. The Independent Committee for Related Party Transactions will be installed to ensure appropriate transparency and confidence to the process.

We are grateful to our clients, shareholders, suppliers, employees, partners, our neighboring communities and the institutions we do business with for giving us the opportunity to earn their confidence. It is with them that we share the merit for our achievements in 2012 and we reaffirm our commitment to unflagging effort to make 2013 another year of achievement to maintain Tractebel Energia's history of success.

Maurício Stolle Bähr
Chairman of the Board of Directors

Manoel Arlindo Zaroni Torres
Chief Executive Officer

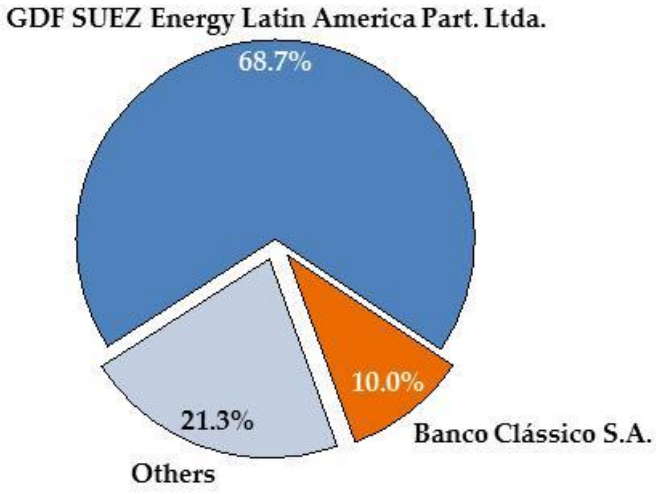
1_Institutional Profile

Since 1998, Tractebel Energia has generated and traded energy by implementing and operating power plants. Headquartered in Florianópolis, Santa Catarina State and operating nationwide, the Company is the largest private generator in Brazil.

Tractebel Energia's capital stock of R$2,445.8 million is composed of 652,742,192 common shares regularly traded under the TBLE3 ticker symbol on the BM&FBovespa's Novo Mercado. Tractebel also has a Level 1 American Depositary Receipts (ADR) program, with the ADRs traded on the over-the-counter (OTC) market of the New York Stock Exchange (NYSE) under the TBLEY ticker symbol, where each ADR corresponds to one common share.

Tractebel is controlled by GDF SUEZ Energy Latin America Participações, which holds 68.7% of the Company's capital stock and is a subsidiary of the Franco-Belgian group GDF SUEZ, the world's largest independent power generator with installed capacity exceeding 118 GW, operating throughout the energy value chain from exploration and production to transportation, distribution and trading in electricity and natural gas.

Shareholding Control
as of December 31, 2012



1.1_Generating Complex

With proprietary installed capacity of 6,909 MW, Tractebel Energia's generating complex is composed of 22 plants, including hydroelectric, thermoelectric and complementary plants, that is, small hydroelectric, wind and biomass plants, in 12 Brazilian states across all five of the country's regions. The Company operates all of these plants and wholly owns 18 of them. Tractebel participates in the consortia that control the remaining four plants: Itá, Machadinho, Estreito and Ibitiúva Bioenergética. The total installed capacity of the 22 plants operated by Tractebel Energy is 8,630 MW.

To capitalize on its generating complex, the Company has concessions and authorizations from regulatory agencies, as follows:

Generating Complex and Installed Capacity of the Company's Assets under Concession and Authorization on December 31, 2012			
Power plants	**Location**	**Concession/ authorization expiration**	**Proprietary installed capacity (MW)**
Hydroelectric power plants			
Salto Santiago	Iguaçu River, Parana State	9/27/2028	1,420.0
Itá*	Uruguay River, Santa Catarina and Rio Grande do Sul states	10/16/2030	1,126.9
Salto Osório	Iguaçu River, Parana State	9/27/2028	1,078.0
Cana Brava	Tocantins River, Goiás State	9/27/2028	450.0
Estreito*	Tocantins River, Goiás and Maranhão state	11/26/2037	435.6
Machadinho*	Uruguay River, Santa Catarina and Rio Grande do Sul states	7/14/2032	403.9
São Salvador	Tocantins River, Tocantins State	4/22/2037	243.2
Passo Fundo	Passo Fundo River, Rio Grande do Sul State	9/27/2028	226.0
Ponte de Pedra	Rio Correntes, Mato Grosso State	9/30/2034	176.1
Total hydroelectric			**5,559.7**
Thermoelectric power plants			
Jorge Lacerda Thermoelectric Complex**	Capivari de Baixo, Santa Catarina State	9/27/2028	857.0
William Arjona	Campo Grande, Mato Grosso do Sul State	4/28/2029	190.0
Charquadas	Charqueadas, Rio Grande do Sul State	9/27/2028	72.0
Alegrete	Alegrete, Rio Grande do Sul State	9/27/2028	66.0
Total thermoelectric			**1,185.0**
Complementary power plants			
Lages	Lages, Santa Catarina State	10/29/2032	28.0
Rondonópolis	Ponte de Pedra River, Mato Grosso State	12/18/2032	26.6
Beberibe	Beberibe, Ceará State	8/3/2033	25.6
José Gelazio da Rocha	Ponte de Pedra River, Mato Grosso State	12/18/2032	23.7
Ibitiúva Bioenergética*	Pitangueiras, São Paulo State	4/4/2030	22.9
Areia Branca	Manhuaçu River, Minas Gerais State	5/2/2030	19.8
Pedra do Sal	Parnaíba, Piauí State	10/1/2032	18.0
Total complementary (biomass, wind and SHPP)			**164.6**
Total			**6,909.3**

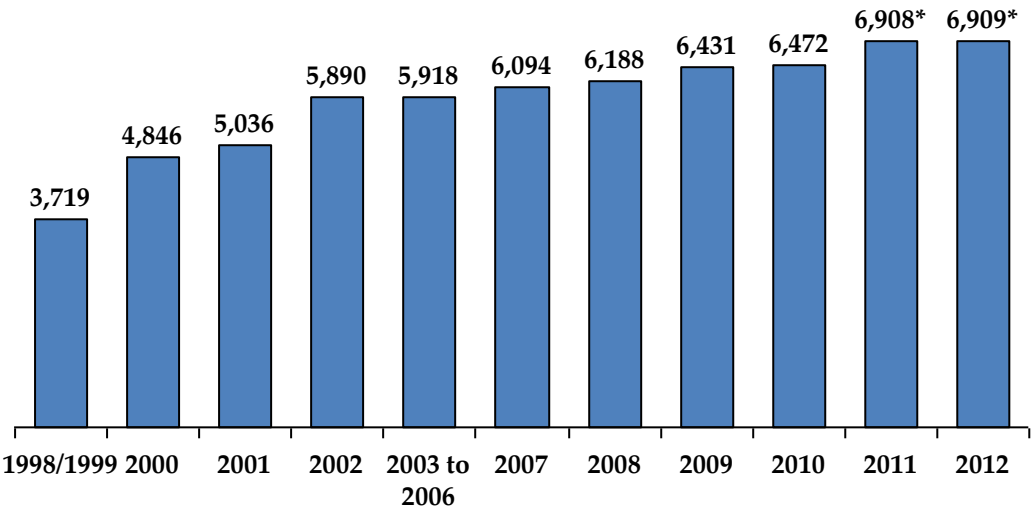
(*) Plants owned in consortium have the following total installed capacities: Itá, 1,450.0 MW; Estreito, 1,087 MW; Machadinho, 1,140 MW; and Ibitiúva, 33 MW. Therefore, total installed capacity of the 22 plants operated by Tractebel Energia is 8,630 MW.

(**) Thermoelectric Complex composed of three plants.

1.2_Expansion of the Generating Complex

Tractebel Energia has been consistent in its strategy to reach nationwide coverage, diversifying both its energy matrix and participation in different regional markets and remains firm in its decision to continue expansion, especially through renewable sources such as hydro, wind, biomass and solar energy.

Evolution of Proprietary Installed Capacity
MW



*** Considers the 2012 change in ownership in Ibitiúva Bioenergética and the complete ramp-up of Estreito HPP, which is scheduled for 1H13.**

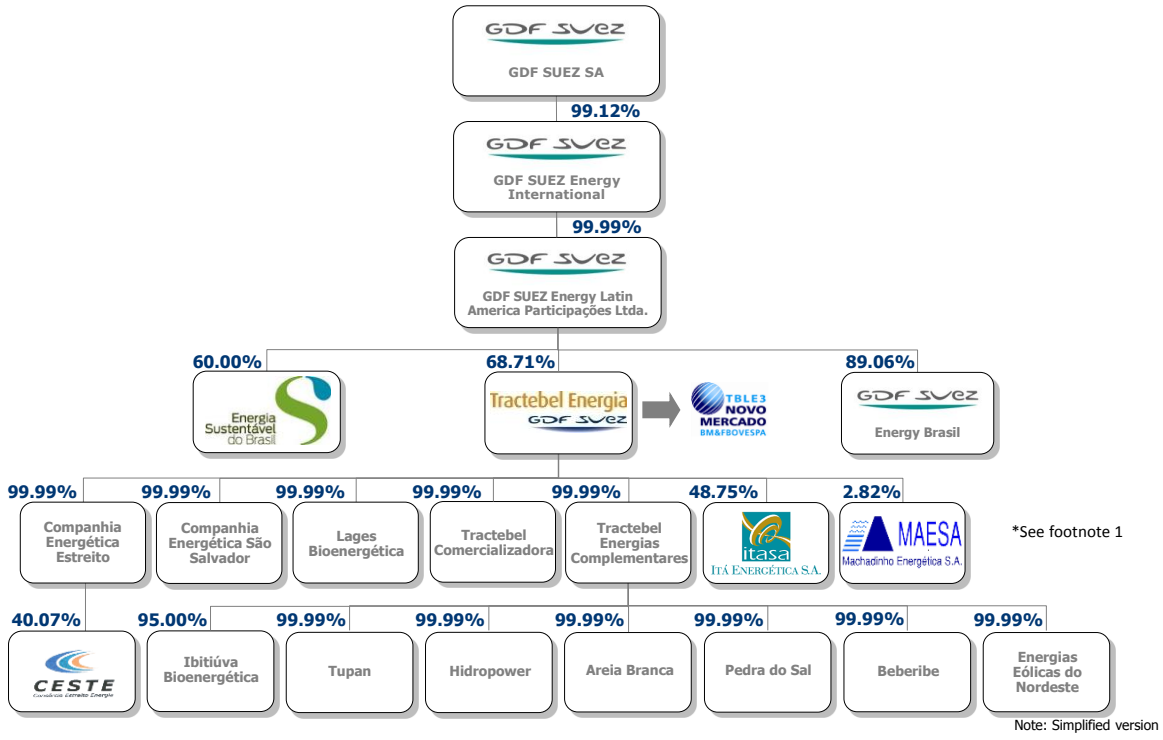
With 97.3% assured energy and seven of eight generating units fully operational, on October 17 the Estreito Hydroelectric Power Plant, of which Tractebel Energia owns 40.07%, was inaugurated on the border between Tocantins and Maranhão states. In addition, works for the Trairi Wind Farm, with installed capacity of 115 MW and located in Ceará State, remained on schedule in 2012 with conclusion slated for 2013.

2_Corporate Structure

Tractebel Energia has direct control of the following companies: Companhia Energética Estreito, Companhia Energética São Salvador, Lages Bioenergética Ltda., Tractebel Energias Complementares Participações Ltda. and Tractebel Energia Comercializadora Ltda. Tractebel Energia Comercializadora is responsible for intermediating and operationalizing purchases, sales, imports and exports of power on the free market.

The Company also holds the following stakes: (i) 2.82% in Machadinho Energética S.A. (Maesa)[1] and 19.28% in the Consórcio Machadinho, responsible for operating the Machadinho Hydroelectric Power Plant; (ii) 40.07% in the Consórcio Estreito Energia (Ceste), through the stake held by Companhia Energética Estreito, responsible for operating Estreito HPP; (iii) 72.90% in the Consórcio Andrade, responsible for operating Ibitiúva Bioenergética Thermoelectric Power Plant through the indirectly controlled company, Ibitiúva Bioenergética S.A., in which Tractebel Energias Complementares Participações Ltda. holds 95.00% in the capital stock.

Simplified Organization Chart as at December 31, 2012



In addition, with a stake of 48.75%, Tractebel Energia has joint control of Itá Energética S.A. (Itasa), a company which owns the Itá Hydroelectric Power Plan concession through its 60.5% stake in the Consórcio Itá. Tractebel Energia has a 39.5% direct stake in the Itá HPP.

[1] On December 4, 2012, the Board of Directors of Tractebel Energia approved the memorandum of understanding for the extinction of Maesa upon reversion of its equity to its shareholders proportionate to their respective holdings and the incorporationg of its assets into the Company. At the same time, an Extraordinary General Meeting was called for February of 2013 for deliberation on the matter.

Adding its share of Itasa and in the consortium, the Company owns 68.99% of the Itá Hydroelectric Power Plant. The shared control of Itasa is governed by a shareholders' agreement and decisions of common interest at the Consórcio Itá are made by a management committee composed of four members, two of which represent Tractebel Energia, as established in the Consortium Charter.

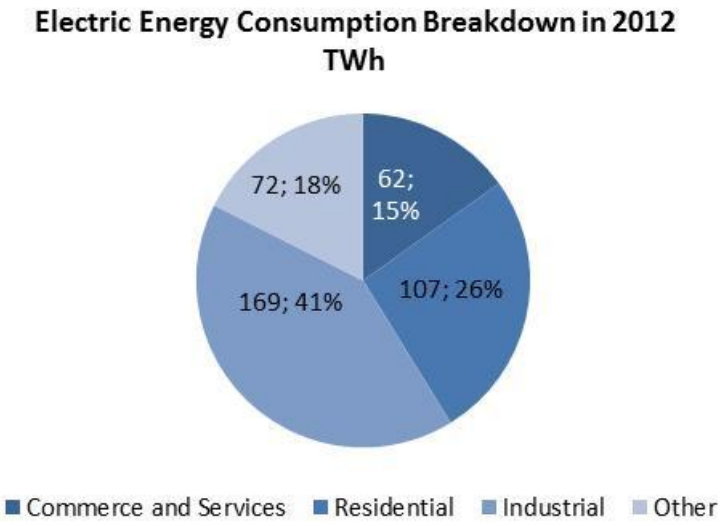
3_Macroeconomic Environment

In 2012, the Brazilian economy suffered a slowdown driven by a world economy that was still influenced by the Eurozone crises, in addition to government measures to adjust the country's economic growth strategy.
Among these measures are alterations to the foreign exchange policy to drive the real down against the dollar as a means of promoting exports and interest rate cuts to stimulate capital investments. Despite the dollar's 9.43% appreciation, closing the year at R$2.0447, exports did not rise as expected.

The combination of a falling real and increased commodity prices created inflationary pressures that diminished purchasing power, thereby reducing consumption for weaker industrial growth.
The Extended Consumer Price Index (IPCA) reached 5.8% in the year, down 0.7 p.p. as compared to 2011 while exceeding the government's target of 4.5% ± 2 p.p. by 1.3 p.p. Inflation above government and market expectations was driven by the crop failure in the Northern Hemisphere that caused a price hike in grains and derivative products. This increase was also related to the target overnight interest rate (Selic), which closed the year at 7.25%, down 3.75 p.p. over 2011 after 10 consecutive cuts by the Monetary Policy Committee (Copom) aimed at boosting Brazilian economic activity.
In this environment, according to the Focus report published by the Central Bank in the first week of 2013 GDP growth should reach 0.98%, continuing the slowdown as compared to 2.9% in 2011 and 7.5% in 2010.

4_Electric Energy Consumption

Brazilian electric energy consumption from January to November of 2012 increased by 3.6% year-on-year to 410 thousand GWh according to a report published by Energy Research Company (EPE) in the first week of 2013.



This growth above GDP was primarily driven by demand from the commerce and services and residential segments. Consumption in the commerce and services segment was up 7.8%, accounting for 15.1% of total consumption at 62 thousand GWh. For its part, the residential segment grew 4.8% over the previous year to 107 thousand GWh.

Industry consumption was up a slight 0.3% to 169 thousand GWh despite the 2.6% decline in production in the period shown by Brazilian Institute of Geography and Statistics (IBGE) data, suggesting reduced energy efficiency.

The "other" segment, primarily composed of rural and public consumers and accounting for the remainder of consumption, showed a 6.4% increase in consumption to 72 thousand GWh.

5_Operational Performance

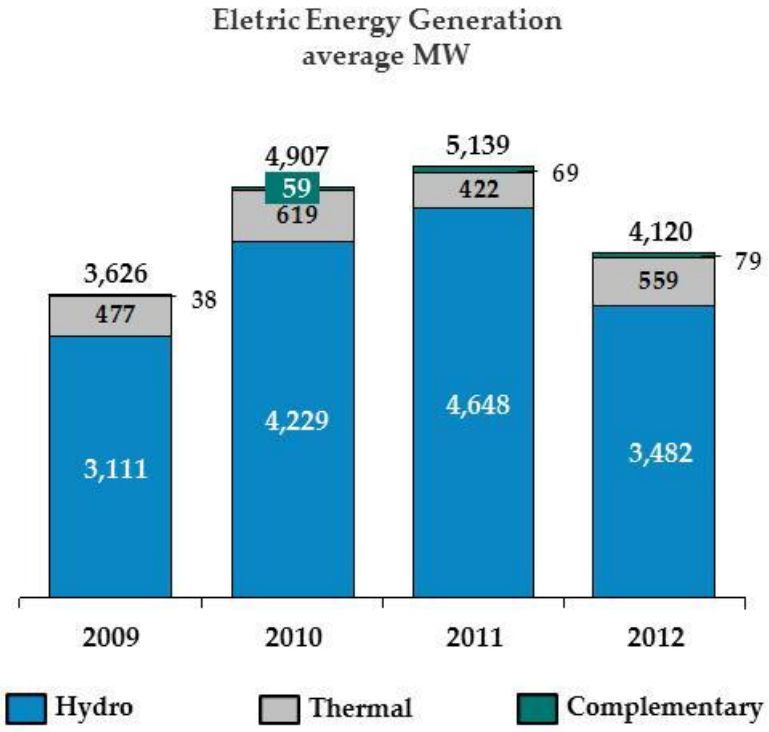
5.1_Uptime

In 2012, the plants operated by Tractebel achieved a 96.9% uptime ratio excluding scheduled stoppages, broken down as follows: 98.3% in hydroelectric generation, 89.0% in thermoelectric generation and 93.8% in complementary plants. Considering all stoppages, total uptime was 90.9%, being 94.1% for the hydroelectric plants, 72.7% for the thermoelectric plants and 87.2% for complementary plants.

5.2_Production

In 2012, Tractebel's total power production reached 36,193 GWh (4,120 average MW), falling 19.6% over 2011 generation, with 30,584 GWh (3,482 average MW) produced by hydroelectric plants, 4,961 GWh (559 average MW) from thermoelectric plants and 693 GWh (79 average MW) from complementary plants.

The decline is fundamentally the result of lesser rainfall in Southern Brazil and the stoppage at the Jorge Lacerda Complex's C Unit in the first half of 2012 for modernization and retrofitting. Hydrological conditions, especially in the Uruguay River basin, were responsible for a 24.9% reduction in hydroelectric generation as compared to 2011. Conversely, thermoelectric and complementary power plants generated 32.8% and 14.7% more than in the previous year, respectively. Wind farms performed particularly well, posting record annual generation of 19.3 average MW, up 46.6% over 2011 and corresponding to a capacity factor of 44.3%.

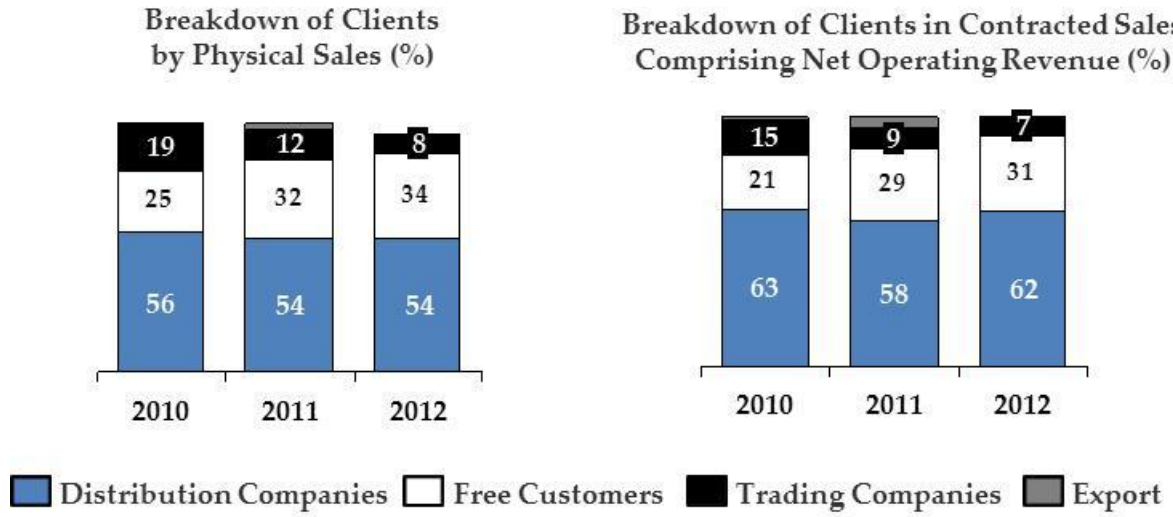


It is worth noting that the increase in hydroelectric generation does not necessarily result in an improvement in the Company's economic and financial performance. Likewise, the reduction in this type of generation does not necessarily imply deterioration in economic and financial performance. This characteristic reflects the use of the Energy Reallocation Mechanism (MRE), which dilutes the risks of hydroelectric generation among participants.
The increase in the Company's thermal generation mitigates exposure to the spot of Difference Settlement Price (PLD) while the opposite is also true, all other variables being equal.

5.3_Clients

In 2012, free consumers increased their participation in the Company's portfolio, accounting for 34.1% of physical sales and 30.5% of net revenue from sales, up 2.3 p.p. and 1.8 p.p. over 2011, respectively.

The increase of sales to distributors in the mix, as shown in the graphs below, reflects the operating start-up of the Estreito HPP, contracted in the regulatory environment for a term of 30 years beginning in January of 2012.

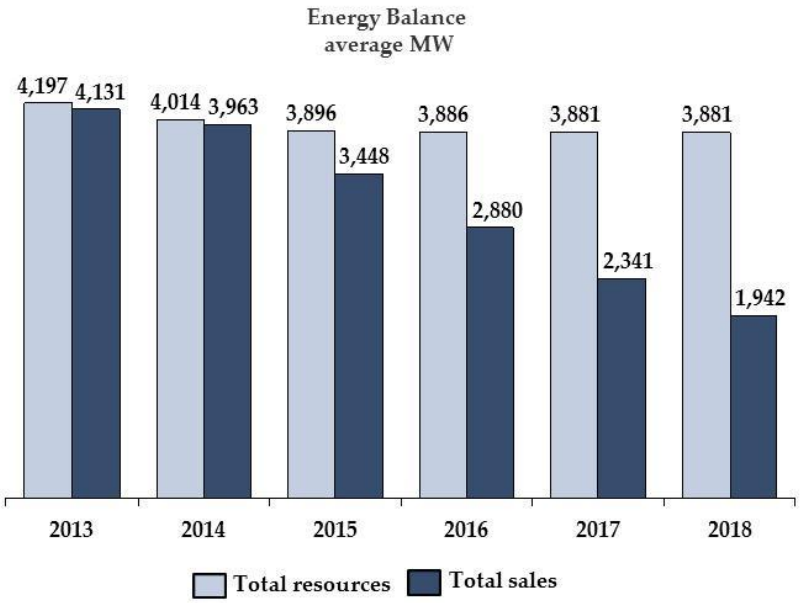


Over the past years, Tractebel Energia has maintained its position as Brazil's top private generator. The Brazilian electric industry is characterized by the dominance of state-owned companies, especially in electricity generation.

The Company's key competitors are Eletrobras, CESP, Cemig, Petrobras, Copel, AES Tietê, CPFL Energia, Duke Energy, Geração Paranapanema, Grupo Neoenergia and Energias do Brasil.

5.4_Energy Balance

According to data for proprietary commercial capacity and purchase and sale contracts in effect on December 31, 2012, Tractebel's energy balance demonstrates that the Company's current energy resources, including third-party acquisitions, is almost completely contracted through the end of 2014.



The Company trades a significant portion of its energy in the Regulated Contracting Environment (RCE) to distributors in public auctions and trading via the Alternative Energy Incentive Program (Proinfa), and the Free Contracting Environment (FCE) for direct sales to generators, traders and free consumers.

6_Economic and Financial Performance

6.1_Financial information and indicators

	2010	2011	2012	2012/2011 Chg.
Financial information (R$ million)				
Total assets	12,486.3	12,028.6	12,264.4	2.0%
Shareholders' equity	5,072.7	5,450.3	5,462.8	0.2%
Net revenue from sales	4,100.4	4,327.0	4,912.5	13.5%
Gross income	2,212.3	2,466.3	2,781.6	12.8%
Earnings from services - EBIT(1)	2,150.2	2,408.6	2,547.2	5.8%
Operating income	1,721.3	2,034.8	2,100.0	3.2%
Net income	1,211.6	1,448.1	1,499.9	3.6%
EBITDA(2)	2,611.5	2,909.7	3,108.4	6.8%
Financial indicators (R$ million)				
Total debt (loans, financing and debentures)	4,443.9	3,649.2	3,534.5	-3.1%
Cash and cash equivalents	1,082.6	781.8	1,180.0	50.9%
Net debt	3,361.3	2,867.4	2,354.6	-17.9%
ROCE(4) (%)	20.2	22.4	24.8	2.39 p.p.
Gross debt/EBITDA	1.7	1.3	1.1	-
Third-party capital over total assets (%)	59.4	54.7	55.5	0.8 p.p.
Operating margin (%)	42.0	47.0	42.7	-4.3 p.p.
Net margin (%)	29.5	33.5	30.5	-3.0 p.p.
Shares				
Net earnings per share (R$)	1.8562	2.2185	2.2979	3.6%
Average stock price(4) – ON (R$)	22.78	29.96	32.35	8.0%
Dividends per share (R$)	1.0178	2.1898	2.3691	8.2%

(1) EBIT = operating income + financial income;

(2) EBITDA = net income + income tax and social contribution + financial expenses, net + depreciation and amortization;

(3) ROCE (return on capital employed) = earnings from services/non-current assets.

(4) Simple average of closing prices, adjusted for dividends.

6.2_Net Revenue from Sales

In the year, net revenue from sales rose R$585.5 million or 13.5% from R$4,327.0 million in 2011 to R$4,912.5 million in 2012 due essentially to a combination of the following: (i) R$300.4 million - increase in the net average selling price; (ii) R$212.7 million – greater energy sales volume; (iii) R$210.3 million – growth in revenue from transactions conducted through the Energy Trading Board (CCEE); (iv) R$7.2 million – expanded sales of carbon credits and ash; and (v) R$145.1 million – reduction in energy exports.

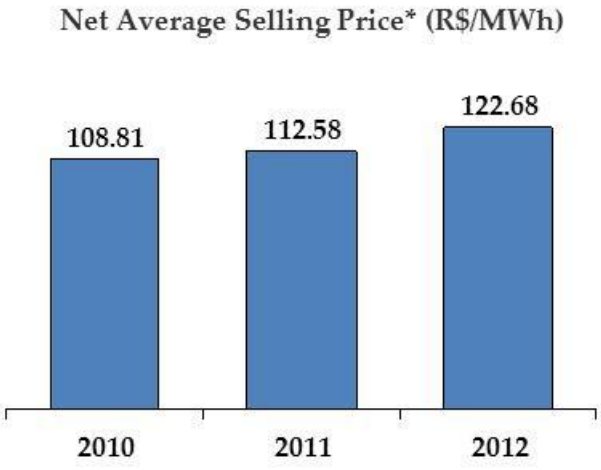


The commercial startup in 2012 of Estreito HPP generating units accounted for additional revenue of R$191.5 million in the year, which is considered in the breakdown above.

- **Net average selling price**

In 2012, the average energy selling price was R$132.66/MWh, 8.1% higher than the R$122.68/MWh practiced in 2011.

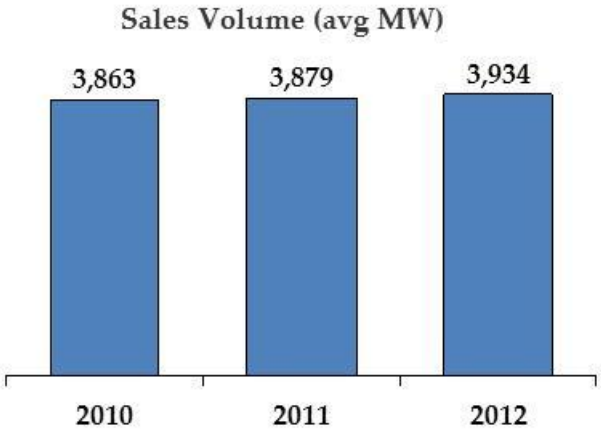
Price hikes were largely due to the monetary restatement of existing sales contracts as well as the higher prices practiced for new contracts, particularly those covering sales to trading companies.



- **Sales volume**

In 2012, the energy sales volume reached 34,559 GWh (3,934 average MW), an increase of 575 GWh (55 average MW) or 1.7% over the 33,984 GWh (3,879 average MW) registered in 2011. Excluding energy exports, which fell from 824 GWh (94 average MW) in 2011 to 26 GWh (3 average MW) in 2012, the energy sales volume increased 1,373 GWh (156 average MW) or 4.1% in the year. Of this variation, 1,299 GW (147 average MW) resulted from the commercial startup of the Estreito HPP generating units.

The increase in the energy sales volume, excluding exports, was a reflection of the following: (i) expansion of 1,653 GWh (188 average MW) in the wholesale supply of energy to distributors; (ii) increase of 984 GWh (112 average MW) in energy sales to free consumers; and (iii) decrease of 1,264 GWh (144 average MW) in sales to trading companies.



During the course of 2011 and 2012 and at the behest of certain free consumers, the Company has transferred some sales contracts originally signed with these consumers to trading companies pertaining to the same economic group. In addition, the Company signed new contracts with other trading companies that also allocate purchased energy to units in the same group. These transactions reflect client initiatives to improve management of their energy purchases and allocations within their industrial units.

However, in order to achieve a more realistic analysis in terms of the evolution of sales to free consumers, in 2012 the Company began to classify sales to those trading companies that allocate purchased energy exclusively to their production units as sales to free consumers and no longer as sales to trading companies. In this respect, the amount reclassified in 2011 was 678 GWh (77 average MW), equivalent to R$82.5 million.

6.3_Comments on Changes in Net Revenue from Sales by Account Type

a) Wholesale market for electric energy

In 2012, revenue from electric energy wholesales totaled R$3,182.8 million, up R$324.2 million or 11.3% over 2011's R$ 2,858.6 million. This improvement is explained by the following variations: (i) R$168.1 million – 6.5% increase in the net average selling price to distribution companies; (ii) R$56.8 million – 17.0% higher electric energy price in sales to trading companies; (iii) R$230.7 million – an increase of 1,653 GWh (188 average MW) or 9.1% in sales volume to distribution companies; and (iv) R$131.4 million – a reduction of 1,264 GWh (144 average MW) in sales to trading companies.

The increase in sales to distributors is largely due to the initial deliveries of electric energy from the Estreito HPP in the regulated contracting environment as from January 1, 2012. The year also saw a reduction in volume traded through bilateral contracts signed prior to electric energy auctions in the regulated environment.

During 2011, energy generated by Estreito HPP was sold largely to free customers.

b) Retail market for electric energy

In the year, revenue from retail sales of electric energy grew 15.6% from R$1,209.4 million in 2011 to R$1,398.4 million in 2012. This improvement is related to the following: (i) R$113.4 million – a 984 GWh (112 average MW) increase in the amount of energy sold; and (ii) R$75.6 million - a 6.0% rise in the net average selling price for electric energy.

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

In 2012, revenue from transactions through the CCEE grew R$210.3 million from R$88.0 million in 2011 to R$298.3 million in 2012. Details of these operations and respective variations can be found below under "Details of CCEE Operations."

d) Electric energy exports

In 2012, net revenue from these transactions was R$8.0 million, down R$145.1 million in relation to the R$153.1 million reported in 2011. The decline reflects both lower demand, especially from Argentina, as well as the operation in the order of merit of the Company's thermoelectric units to meet the electric energy requirements of the National Interconnected System (SIN).

6.4_Costs of Electric Energy and Services

Costs of electric energy and services reached R$2,130.9 million in 2012, up 14.5% or R$270.3 million over the R$1,860.6 million reported in 2011. These changes are largely due to the behavior of key components, as follows:

a) **Electric energy purchased for resale:** increase of R$191.6 million, corresponding to 1,341 GWh (153 average MW) as compared to 2011, driven by the Company's plan to purchase short and medium term energy to create new retail supply products over three, four and five years, and to a lesser degree, the annual restatement in the prices of existing contracts.
b) **Transactions channeled through the CCEE:** increase of R$31.5 million in the year. More details are described in the specific item below.
c) **Fuel for production of electric energy:** as compared to 2011, these costs fell R$69.1 million in 2012, reflecting the combination of the following factors: (i) a decline of R$84.2 million in the consumption of proprietary coal due to lower energy exports; and (ii) an increase of R$15.1 million in the consumption of biomass, natural gas and diesel oil due to the increase in generation from the thermoelectric plants.
d) **Charges for the use of and connection to the electricity grid:** increase of R$42.8 million in the year, chiefly derived from the readjustment of the Tariff for the Use of the Transmission System (TUST) and the commercial startup of three new generating units at the Estreito HPP.

e) **Financial compensation for the use of water resources (royalties):** reduction of R$47.4 million in relation to the previous year as a result of the combination of the following: (i) reduced hydroelectric generation due to drought conditions in Brazil; (ii) the annual tariff readjustment; and (iii) the startup of the new generating units at the Estreito HPP.

f) **Personnel:** an increase of R$18.7 million over 2011, largely due to the annual readjustment in compensation and in employee benefits and additional provisions related to further members of the work force adhering to the Voluntary Layoff Program (PDV).

g) **Third party services and material:** an increase of R$19.9 million in the year, basically due to greater demand for generating unit maintenance and conservation services and, to a lesser extent, environmental consulting and engineering services. At the end of 2012, the Company incurred extraordinary maintenance costs at the thermoelectric units, particularly the Jorge Lacerda Thermoelectric Complex and the Alegrete TPP deriving from generation to satisfy SIN requirements as a result of the reduced supply of hydroelectricity to the Brazilian grid.

h) **Depreciation and amortization:** up R$63.4 million in the year, mainly due to the startup new Estreito HPP generating units.

i) **Other costs:** an increase of R$18.9 million in the year, mainly resulting from the extraordinary adjustment in taxes on energy purchases in the first quarter of 2012.

6.5_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 bill as a receivable or a payable. This therefore requires an entry to either an income or an expense account. In this context it is worth pointing out that due to adaptations to the Company's portfolio management strategy, changes have been taking place in the billing profile in the past few years. Such fluctuations complicate the direct comparison of the elements comprising each billing in the two years - the reason for including this specific topic, allowing us to analyze the oscillations of the principal elements involved in spite of allocation being either to income or expenses according to the credit or debit nature of the billing to which they relate.

Generally speaking, these elements are income or expense items arising from, for example: (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 thermoelectric plants' order of merit; and (v), naturally, exposure (a short or long position in the monthly accounts) which will be settled at the spot price (PLD).

For 2012, the net result from CCEE transactions was positive at R$244.8 million, representing growth of R$178.8 million in relation to the similarly positive result of R$66.0 million reported in 2011.

This improved performance was largely due to a combination of the following: (i) an increase in the long position with the CCEE; (ii) increased revenue from secondary electric energy, almost fully offset by costs arising from the reduction in hydroelectric generation in the last few months of 2012, as mentioned above; (iii) a more negative result due to thermoelectric exposure, despite the fact that the exposure volume in 2012 was less than in the preceding year; and (iv) a decline in the positive result from the MRE.

It should be noted that the significant increases in average PLD for the South and Southeast/Mid-West submarkets, rising from R$29.55/MWh in 2011 to R$166.77/MWh in 2012, had significant positive impacts on results due to the Company's long position at the CCEE and secondary electric energy, in addition to the negative impact of the greater exposure to thermoelectricity and costs associated with reduced hydroelectricity generation.

6.6_General and Administrative Expenses

General and administrative expenses were R$170.0 million in 2012, R$12.9 million greater than 2011's R$157.1 million. Excluding the Company's extraordinary donation in the amount of R$5.3 million in 2012, these expenses increased R$7.6 million in the year, mainly due to: (i) an increase of R$9.1 million in payroll expenses due to the annual readjustment in compensation and in employee benefits and additional provisions related to further members of the work force adhering to the Voluntary Layoff Program (PDV); (ii) a R$3.9 million rise in expenses and provisions for consulting services and legal fees; (iii) a reduction of R$3.3 million in depreciation and amortization expenses reflecting the termination of the useful life of certain assets; and (iv) a R$1.4 million decline in rental expenses.

6.7_Constitution and Reversal of Operating Provisions, Net

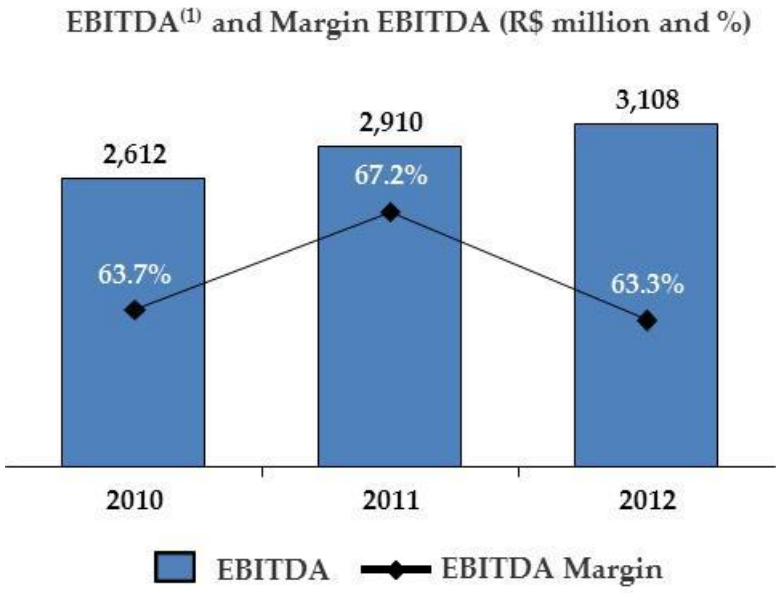
In 2012, the Company reported net expenses from operating provisions of R$29.0 million, whereas in the previous year it recognized net revenue from the reversal of provisions in the amount of R$97.0 million, for a negative variation of R$126.0 million in the year. The provisions recognized in 2012 correspond in large part to (i) civil and tax contingencies of R$12.6 million; and (ii) a provision for a non-recurring loss resulting from the incorporation of an asset, to be realized by the Company, in the amount of R$15.7 million. The most significant reversals recognized in 2011 were: (i) a non-recurring actuarial liability at an additional R$76.9 million; and (ii) civil, labor and tax contingencies in the net amount of R$13.1 million.

6.8_Other Operating Revenues (Expenses), Net

In 2012, this line registered a net expense of R$16.7 million, in large part due to the loss on the write-off of fixed assets and penalties assumed with suppliers, while 2011 was net revenue of R$19.1 million, due to a combination of the following: (i) non-recurring gain on the sale of an investment worth R$15.4 million; (ii) a one-off gain of R$8.8 million in a suit regarding PIS and Cofins; and (iii) the loss on the write-off of a fixed asset in the amount of R$5.1 million. These combined impacts had a negative impact of R$35.8 million in the year.

6.9_EBITDA and EBITDA Margin

In 2012, the Company reported EBITDA of R$3,108.4 million, up 6.8% over the R$2,909.7 million in 2011, whereas EBITDA margin fell 3.9 p.p. from 67.2% in 2011 to 63.3% in 2012.
Excluding the annual non-recurring effects already mentioned totaling R$101.1 million in 2011 - R$76.9 million regarding the reversal of a provision, R$8.8 million from suit ruled in favor of the Company, and R$15.4 million from the sale of an investment in 2011 and R$15.7 million in 2012 due to a provision - EBITDA increased 11.2%. On the other hand, EBITDA margin fell from 64.9% in 2011 to 63.6% in 2011, mainly due to a combination of the following: (i) greater electric energy purchases for resale; and (ii) an increase in the positive result for operations conducted through the CCEE, partially offsetting the factor described in item (i).



(1) EBITDA represents: net income + income tax and social contribution + financial expenses, net + depreciation and amortization.

The table below shows the reconciliation of net income and EBITDA:

(in thousands of R$)	2010	2011	2012	Change 2012/2011
Net income	1,211,649	1,448,106	1,499,923	3.6%
(+) Income tax and social contribution	509,661	586,682	600,077	2.3%
(+) Financial result	428,842	373,810	447,238	19.6%
(+) Depreciation and amortization	561,174	501,099	561,174	12.0%
EBITDA	**2,711,326**	**2,909,697**	**3,108,412**	**17.5%**

6.10_Financial Result

Financial income: financial income fell R$45.5 million from R$133.7 million in 2011 to R$88.2 million in 2012. This variation is largely explained by the following reductions: (i) R$28.0 million in capital gains; (ii) R$7.1 million in interest on tax credits; (iii) R$2.5 million in interest on energy accounts; (iv) R$2.8 million primarily from the recovery of marketable securities held at an institution wound up by the Central Bank; and (v) R$5.1 million in other financial income.

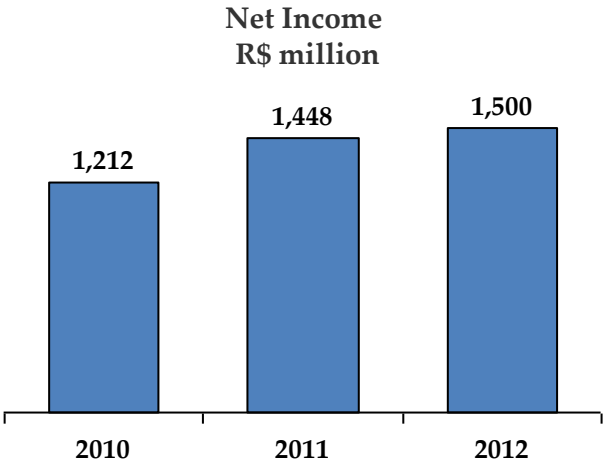
Financial expenses: financial expenses rose R$27.9 million from R$507.5 million in 2011 to R$535.4 million in 2012 as a result of: (i) R$14.8 million in interest; (ii) R$3.5 million in foreign exchange variation; and (iii) R$9.6 million in monetary restatement.

6.11_Income Tax and Social Contribution

Income Tax and Social Contribution expenses increased R$13.4 million in the year, from R$586.7 million in 2011 to R$600.1 million in 2012. This expansion is chiefly derived from the increase in pre-tax income and credit from interest on equity paid. The effective income tax rates in 2011 and 2012 were 28.8% and 28.6%, respectively.

6.12_Net Income

Net income for 2012 was R$1,499.9 million, 3.6% or R$51.8 million higher than the R$1,448.1 million reported in 2011.

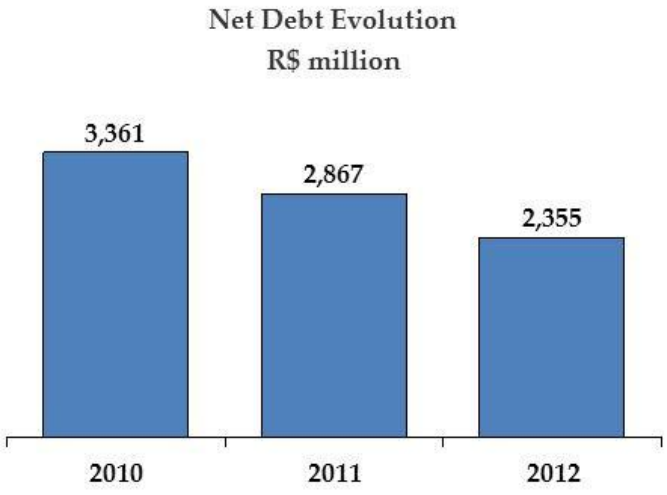


Excluding non-recurring effects, namely, the reversal of the provision, the positive impact of a suit ruled in favor of the Company, and divestments in the total amount of R$66.8 million in 2011, as well as the R$10.3 million provision in 2012, the Company's net income would have increased 9.3% or R$128.9 million over the previous year.

This increase was primarily the result of the combination of the following, as mentioned throughout this report: (i) an increase in average net selling prices and the amount of electric energy sold; (ii) better results due to the commercial startup of three new generating units at the Estreito HPP; (iii) higher costs of electric energy purchased for resale; (iv) increased provisions for contingencies; (v) a reduction in financial income; ann (vi) decreased electric energy exports.

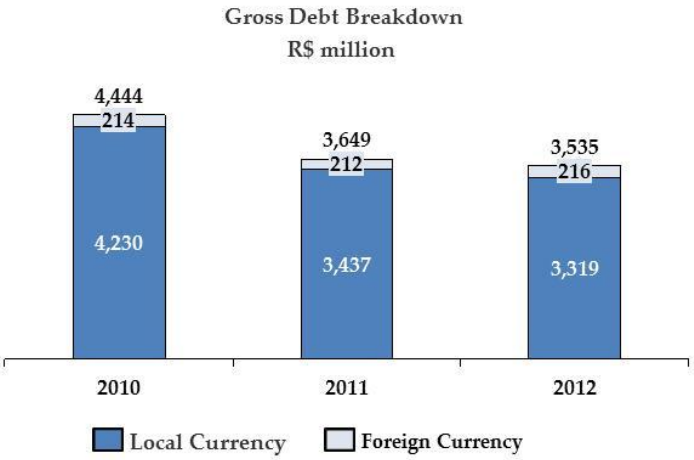
Of the net income for the fiscal year, the Company proposed to its shareholders the distribution of R$1,546.4 million as dividends and interest on equity, equal to R$2.3690660666 per share or 100% of the distributable adjusted net income.

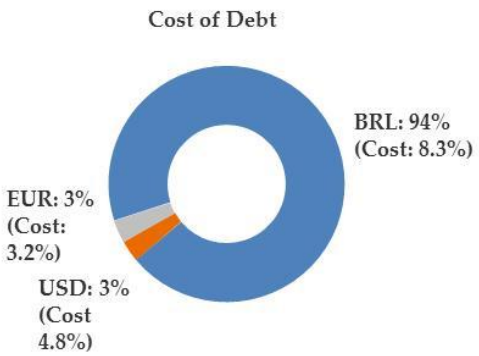
6.13_Debt



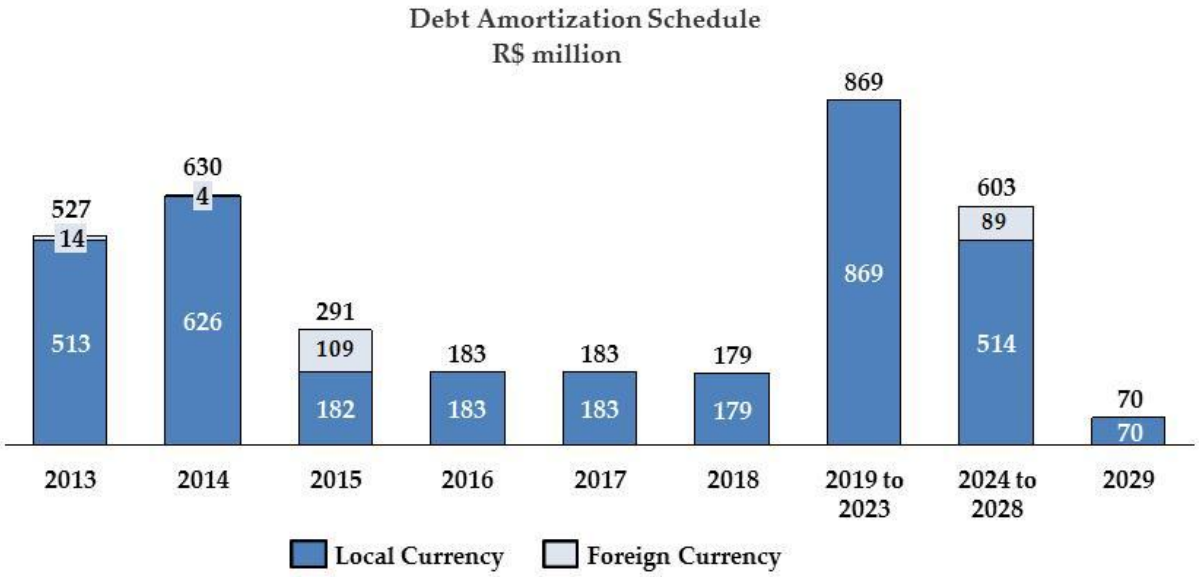
As of December 31, 2012, the Company's net debt (total debt less cash and cash equivalents) was R$2,354.6 million, 17.9% lower than the R$2,867.4 million on December 31, 2011.

Total consolidated gross debt, represented principally by loans, debentures and financing, was R$3,534.5 million, down 3.1% compared to the position on December 31, 2011. Of total debt outstanding at the end of the period, 6.1% was foreign currency denominated (5.8% at the end of 2011) and this portion is not hedged due to its extended amortization schedule.





The decrease in the Company's debt is chiefly related to a combination of the following factors occurred in 2012: (i) drawdown from the Brazilian National Development Bank (BNDES) and its financial agents in the total amount of R$244.3 million to meet investment requirements for the Estreito HPP; (ii) the generation of R$308.9 million in charges to be paid together with monetary and currency restatement; and (iii) amortizations of loans, financing and debentures in the amount of R$667.8 million.



6.14_Cost of Capital

Customarily, the capital invested by Tractebel Energia in business expansion is composed of about one third of own capital and roughly two-thirds of third-party capital. Whenever necessary, the Company retains part of its earnings to maintain this ratio. The portion derived from third-party capital is primarily derived from financing through industry credit lines, especially from the Brazilian National Development Bank (BNDES), with rates below the market. Most of these funds are indexed to the long-term interest rate (TJLP) rate, with 76% of the total debt in domestic currency on December 31, 2012. The remaining funds are derived from other loan agreements with variable market rates. For the year ended on December 31, 2012, the total cost of the Company's debt with third-parties was about 8%, considering national currency (cost of 8.3%) and foreign currency (cost of 4.0%).

The cost of equity is presumably higher than the cost of external capital and, in the Company's case, it takes into account the Risk-free Rate, the "Brazil Risk" and the Market Risk Premium, in addition to the Unleveraged Beta, which varies in accordance to the market, the historical series and stock liquidity on the Exchange. Considering the requirement for an adequate rate of return, the Company seeks to provide satisfactory compensation for investments made with own capital.

7_Capital Expenditures

7.1_Maintenance, Renovation and Expansion of the Generating Complex

To execute its expansion plan, Tractebel Energia invested R$272.6 million in 2012, R$160.1 million of which was allocated to works on the Estreito HPP and R$112.5 million to the Trairi, Guajiru, Mundaú, Fleixeiras and Porto do Delta wind farms under construction in Northeastern Brazil.

In addition, to maintain the high uptime ratio at its plants, the Company invested R$81.0 million in maintenance and renovation.

Thus, total investments for 2012 were R$353.6 million.

7.2_Research and Development

For almost 15 years, Tractebel Energia has maintained a Research and Development (R&D) program to find sustainable solutions to add value to its operations and interact with local research and education institutions and foundations, providing training, technological innovation and professional development in the regions where it operates. The program complies with current legislation and the resolutions of the National Electric Power Agency (Aneel) for R&D that establish minimum investments of 1% of the Company's annual net operating revenue.

Investments in R&D continually bring improvements to Tractebel Energia's generating complex and services, in addition to seeking new, feasible sources of renewable energy, improving environmental management, minimizing impacts and promoting sustainable development.

Tractebel Energia invested R$28.6 million in its R&D program in 2012. In compliance with current legislation, these funds were allocated as follows:

- R$10.0 million was invested in Company-proposed projects approved by Aneel;
- R$6.2 million was passed through to the Ministry of Mines and Energy (MME) to fund the Energy Research Company (EPE); and
- R$12.4 million was allocated to the National Scientific and Technological Development Fund (FNDCT).

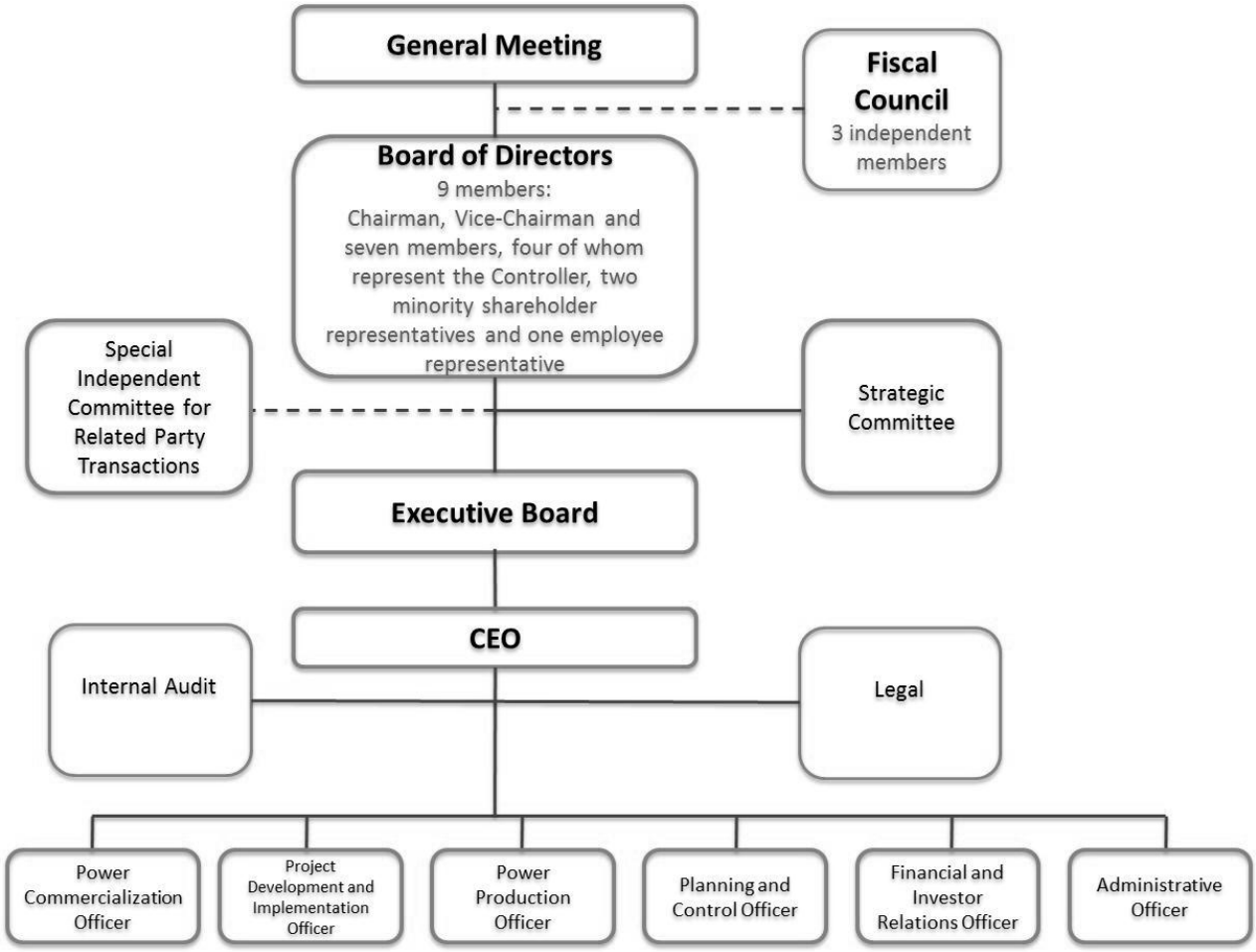
8_Corporate Governance

Corporate governance, which guides Tractebel Energia's business management and corporate sustainability, follows market best practices and is based on the foundations of transparency and a permanent commitment to accountability and equality to all stakeholders.

The Company is listed on the BM&FBovespa's highest corporate governance listing segment, the Novo Mercado for companies that exceed requirements under Brazilian legislation, and for the eighth consecutive year was included on the exchange's Corporate Sustainability Index (ISE), composed of stocks from companies with exceptional sustainability practices.

The chart below shows the organization of the company's management as of December 31, 2012.

Tractebel Energia Management as of December 31, 2012



In addition to the Strategic Committee, composed of members of the Board of Directors and representatives of the Controller, and the ad-hoc Special Independent Committee for Transactions with Related Parties, both of which are included in the chart above, seven other committees composed of multidisciplinary teams focusing on strategic issues support planning and decision making: the Energy, Risk Management, Tax Management, Sustainability, Ethics, Innovation and Finance committees.

8.1_Internal Control

The Company's Internal Control System is based on the U.S. Sarbanes-Oxley (SOX) law, which establishes an international standard of audit and security standards to ensure the reliability of financial reports published by publicly—held companies. The system is constantly updated and each year, subject to test and certification by the Management. Its results and compliance with the law are verified by external auditors.
The Company has an internal audit structure to ensure the efficacy of its processes, rules and governance practices, in addition to a Fiscal Council instated with three members, one of whom represents minority shareholders. The Company does not have an Audit Committee.

8.2_Shareholder Rights

To provide equal protection to all of its shareholders, according to current legislation and corporate governance best practices, the Company ensures the following rights to all Tractebel Energia shareholders:

- vote in the Annual and Extraordinary Shareholders Meetings and make recommendations and provide guidance to the Board of Directors in relation to decision-making;
- receive dividends, participate in profit or other distributions to shareholders (preference rights in the subscription of shares, convertible debentures or subscription bonuses);
- oversee Tractebel Energia's management, as per the Bylaws and withdraw from the Company in the events provided for by the Brazilian corporate law; and
- receive a minimum 100% of the price paid per common share held by the controlling block, in accordance with the Novo Mercado regulations, in public tender offerings in the event of sale of the Company's control.

Furthermore, the Company is a member of the Market Arbitration Chamber, as per the arbitration clause in its Bylaws.

8.3_Disclosure Policy

As part of its commitment to transparency and equal access to information by all shareholders, Tractebel Energia has a disclosure policy that complies with all rules and requirements of financial market regulators such as the Brazilian Central Bank, the Brazilian Securities and Exchange Commission (CVM) and the BM&FBovespa. Furthermore, the Company publishes material facts as per CVM Instruction no. 358/02, which requires disclosure of important business information such as to provide investors with appropriate time to make investment decisions. The materials disclosed by the Company include:

- Quarterly Information (ITR);
- Earnings releases and presentations;
- Financial Statements;
- Notices to the Market;
- Notices to Shareholders;
- Material Facts; and
- an annual Sustainability Report.

8.4_Ethics

Ethics guides all of the Company's activities. This value is shared with all employees and stakeholders via the Tractebel Energia Code of Ethics. The Code is an integral part of all contracts executed with the Company and is provided in print to employees, together with a folder including the Ethical Conduct Guide, which includes guidelines on how to respond to possible ethical dilemmas. The Code of Ethics is also available on Tractebel Energia's website (www.tractebelenergia.com.br).

8.5_Board of Directors Internal Charter

The Board of Directors Internal Charter establishes the practices, principles and responsibilities expected of the Company's board members to facilitate their work as representatives of all shareholders in defending the interests of Tractebel Energia. Thus, the Charter seeks to ensure that each member makes an effective contribution in line with the Company's values, vision and mission, in addition to the standards of ethics and integrity that are expected of them. The document is available on the Company's website.

8.6_Capital Markets

Since its listing on the BM&FBovespa's Novo Mercado, Tractebel Energia has been included in the Special Corporate Governance Index (IGC) and the Special Tag Along Stock Index (ITAG), which are composed of companies offering minority shareholders greater protection in the event of a takeover. Its stock is also listed on the BM&FBovespa's Corporate Sustainability Index (ISE), a portfolio of companies with a recognized commitment to corporate responsibility, as well as the Electric Power Index (IEE), which is an industry index composed of publicly-held companies in the electric power industry with the highest market values.

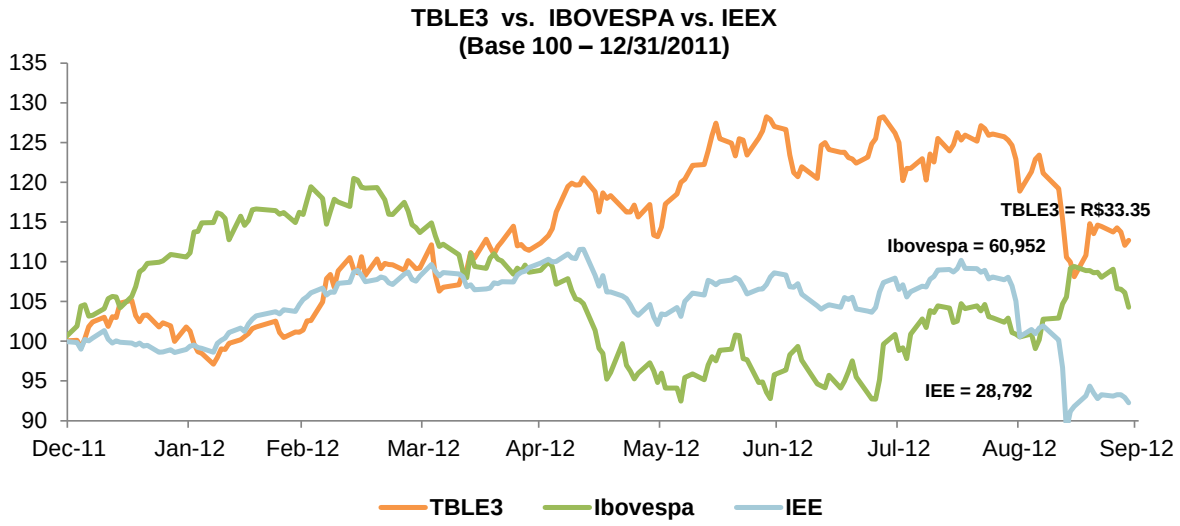
Tractebel Energia's common shares are traded on the BM&FBovespa under the ticker symbol TBLE3. The Company also has a Level 1 American Depositary Receipts (ADR) program, with the ADRs traded on the over-the-counter (OTC) market of the New York Stock Exchange (NYSE) under the TBLEY ticker symbol, where each ADR corresponds to one common share.

9.1_Share Performance

In 2012, the electric power industry experienced a period of turbulence after the publication of Provisional Measure (MP) 579 by the federal government. This MP means to reduce electricity rates and anticipate renewals for concessions expiring from 2015 to 2017. In this scenario, the Electric Power Index (IEE) fell 11.7% even as the Ibovespa was up 7.4% over its close on December 31, 2011.

The Company's stock, however, was up 18.9% in the same period, despite the losses seen shortly after the promulgation of MP 579. After an intensive communications campaign to clarify that its concessions will only begin to expire in 2028 and therefore are not affected by the MP, Tractebel Energia saw its stock price recover.

The Company's stock ended the year at R$33.35, giving Tractebel Energia a market value of R$ 21.8 billion.



9.2_Investor Relations

Tractebel Energia seeks to maintain a solid and close relationship with its current and potential investors based on the principles of transparency, objectivity and availability. In addition to a continual flow of published information on relevant events and its quarterly results, the Company also has an investor relations department and a dedicated investor relations website. This strategy helps the Company understand the demands and expectations of investors to better serve them.

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 meetings and conference calls with institutional investors, market analysts and specialized media, as well as the Inside Tractebel program.

Inside Tractebel is a program under which capital market professionals can visit the Company's installations, usually a plant in operation or under construction. As part of the program, in 2012 Tractebel received 77 visitors at its new headquarters, where it moved in the second half of 2011.

10_Human Resources

Tractebel Energia's Human Resource management is based on the following principles: (i) recognition and motivation; (ii) development; and (iii) health and well-being.

To retain talent, the Company pays wages compatible with the market that include salary and variable compensation as a function of individual goal achievement and annual corporate results. Its benefits package is among the most complete on the market and employees also enjoy a private supplementary retirement plan.

Tractebel Energia values its organizational climate and seeks to create a participative environment of mutual trust, sharing its achievement and developing professional training and continuing education, health, recreation and well-being programs. In 2012, the organizational climate survey showed 74% favorability among employees and, participating for the second time in the *Você S.A.* and *Exame* magazine ranking, the Company was once again named one of the best 150 companies to work for in Brazil.

At the close of 2012, the Company had 1,082 employees composed of 150 women and 932 men. Of these, 41.2% had college degrees and 44.7% associate's degrees. Throughout the year the Company admitted 61 new hires with 63 terminations.

10.1_Development

In 2012, Tractebel Energia invested R$4.0 million in training, classes and talks to develop, update and train its employees, with an average of 75.1 hours of training per employee.

10.2_Labor Relations

The right to free association is unconditionally guaranteed to Tractebel Energia employees. In line with International Labor Organization (ILO) guidelines, the Company negotiates and signs collective bargaining agreements with the unions representing its employees. These agreements address annual pay raises, supplemental retirement plans, health and safety, among other issues.

10.3_Occupational Health and Safety

As established in the Tractebel Energia Sustainable Management Policy, available on the Company's website, as regards Occupational Health and Safety (OHS), the Company prioritizes physical and psychological integrity, professionalism, training and skills, in addition to accident and disease prevention by raising awareness, monitoring and controlling dangers and risks in its processes, equipment and work environments, continually improving its OHS management and performance.

To improve its processes, equipment and work environment, in 2012, Tractebel Energia invested R$4.4 million on safety, health and quality of life programs. Since 2010, 15 of the Company's 22 plants have been OHSAS 18001 certified. The certification is valid for three years and was maintained in 2012 after audits done in May and November.

Tractebel Energia also sponsors campaigns for better health among its employees, including on-the-job exercise and tips for leading a healthy lifestyle, in addition to supporting the recovery from addiction.

Moreover, the Company identifies the health profile of its employees to create programs focused on healthy habits and better quality of life. Each year, all employees are invited to have a full medical check-up and individual health plans with goals related to test results are developed together with each employee.

10.4_Compensation and Benefits

Tractebel Energia compensates its employees according to best market practices with periodic monitoring through salary surveys, and has a policy of salary equality irrespective of gender and ethnicity.

Variable compensation is composed of payment under the Profit Sharing Program (PLR) and a managerial bonus, both of which are based on achievement of individual targets and business objectives. In 2012, R$22.8 million was distributed to employees as profit sharing relative to the results of the preceding fiscal year.

As part of the employee benefits package, the Company contributes with 50% of the payments to the Fundo de Aposentadoria PREVIG – Sociedade de Previdência Complementar retirement fund with membership of 1,653 employees and ex-employees. In 2012, Tractebel Energia contributed R$30.5 million to the Fund. For retired former employees and current Tractebel Energia employees from Eletrosul, the Company also sponsors a private retirement plan with Fundação Eletrosul de Previdência e Assistência Social (ELOS), to which it contributed R$25.0 million in 2012.

All Company employees and their dependents receive restorative healthcare, which includes medical, dental, pharmaceutical, psychological, speech therapy and nutritional assistance. Benefits provided by Tractebel Energia include:

- health insurance;
- group life insurance;
- disability coverage;
- maternity[2] and paternity leave;
- day care assistance for female employees;
- food vouchers;
- transportation vouchers;
- private retirement plans; and
- assistance for persons with disabilities.

11_ Social and Environmental Responsibility

Tractebel Energia's management is based on a commitment to operational excellence in harmony with sustainable development. Building a culture of social and environmental responsibility linked to economic development is a perennial concern for the Company, which relies on the collaboration between the Sustainability Committee and operating divisions to achieve this goal. The focus of these efforts is not restricted to internal stakeholders, but is extended to all of the Company's stakeholders.

[2] The Company voluntarily adhered to extended maternity leave of 180 days.

11.1_Environmental Management

As a fundamental part of the Company's identity and values, the Tractebel Energia Sustainable Management Policy ensures environmental conservation and that all operations are guided by the Environmental Code, which, like the Policy, is available on the Company's website.
Also according to the Sustainable Management Policy, the Company has a research and development program and evaluates the impact of its activities to support continued improvement in pollution prevention and control, emergency management and sustainable use of renewable and nonrenewable natural resources. The Company constantly seeks to minimize the environmental impacts of its activities, prioritizing renewable energy sources and diversifying its energy matrix.
All plants operated by Tractebel Energia have the necessary operating licenses and 15 are NBR ISO 14001 certified. The remaining plants operate according to the same management standards, ensuring environmental quality.

11.1.1_Clean Development Mechanism (CDM)

The Lages Cogeneration Unit (UCLA), located in Santa Catarina State, produces energy from wood chips, which allows it to minimize disposal of this waste and subsequent methane emissions – a gas with Global Warming Potential (GWP) 21 times higher than carbon dioxide. Therefore, UCLA is registered with the United Nations' Framework Convention on Climate Change as an activity that meets the Clean Development Mechanism (CDM) requirements and is qualified to generate carbon credits as established by the Kyoto Protocol, for sale by subsidiary Lages Bioenergética. In 2012, 443,651 Certified Emission Reductions (CERs) were issued as a result of UCLA's inclusion in the CDM.
Also in 2012, five wind farm projects under development, including one in Piauí State and four under construction in Ceará State, were included in the UN's CDM. The renewable energy generated by these wind farms will be able to substitute thermoelectric generation from fossil fuels, thereby reducing greenhouse gas emissions by approximately 230,000 tonnes of CO_2 per year.

11.2_Social Management

Through initiatives to generate economic results, social advances and environmental conservation, Tractebel Energia seeks to permanently and effectively contribute to improving living conditions in the communities where it operates.

For this, the Company maintains its Tractebel Energia Corporate Social Responsibility Programs: three programs developed and structured to support pro-active, effective sustainable development for local communities. Initiatives carried out under these programs are additional to those implemented as part of legal obligations. These programs are focused on cultural development, environmental recovery and social responsibility, the latter targeting underprivileged children and adolescents, in addition to initiatives for job training and job and income creation.

11.3_Certifications and Legal Compliance

As previously mentioned, Tractebel Energia's full generating complex operates with all necessary environmental authorizations and licenses required by the respective authorities.

While 15 of its operating plants are NBR ISO 9001:2000 – Quality Management System, NBR ISO 14001:2004 – Environmental Management Systems, and OHSAS 18001 – Occupational Health and Safety certified, all 22 plants are operated according to the Tractebel Energia Sustainable Management Policy, which in turn is part of the Company's Integrated Management System (SIG).

12_Social Balance Sheet

1. BASIS	R$ thousand	R$ thousand
Net Revenue from Sales	4,912,499	4,326,951
Operating Income	2,100,000	2,034,788
Gross Payroll	135,147	117,126

2. INTERNAL SOCIAL INDICATORS	R$ thousand	% of Gross Payroll	% of Net Revenue	R$ thousand	% of Gross Payroll	% of Net Revenue
Food	10,420	7.71	0.21	9,512	8.12	0.22
Mandatory social taxes	44,673	33.06	0.91	41,296	35.26	0.95
Private pension plan	40,427	29.91	0.82	40,340	34.44	0.93
Health	9,471	7.01	0.19	8,748	7.47	0.20
Occupational health and safety	5,519	4.08	0.11	3,826	3.27	0.09
Education	481	0.36	0.01	411	0.35	0.01
Professional training and development	7,551	5.59	0.15	4,275	3.65	0.10
Daycare and daycare stipends	161	0.12	-	127	0.11	-
Profit sharing/bonus	32,073	23.73	0.65	31,481	26.88	0.73
Other benefits	4,545	3.36	0.09	6,141	5.24	0.14
TOTAL INTERNAL SOCIAL INDICATORS	**155,321**	**114.93**	**3.16**	**146,157**	**124.79**	**3.38**

3. EXTERNAL SOCIAL INDICATORS	R$ thousand	% of Operating Income	% of Net Income	R$ thousand	% of Operating Income	% of Net Income
Education	2,320	0.11	0.05	1,431	0.07	0.03
Culture	8,797	0.42	0.18	9,216	0.45	0.21
Sports	675	0.50	0.03	7	0.01	0.00
Other	5,561	0.26	0.11	4,638	0.23	0.11
Total contributions to society	17,353	0.83	0.35	15,292	0.75	0.35
Taxation (except social charges)	1,146,119	54.58	23.33	1,074,898	52.83	24.84
TOTAL EXTERNAL SOCIAL INDICATORS	**1,163,472**	**55.40**	**23.68**	**1,090,190**	**53.58**	**25.20**

4. ENVIRONMENTAL INDICATORS	R$ thousand	% of Operating Income	% of Net Income	R$ thousand	% of Operating Income	% of Net Income
Investments related to the Company's operations	26,286	1.25	0.54	21,621	1.06	0.50
Investments related to current projects	30,026	1.43	0.61	55,757	2.74	1.29
TOTAL ENVIRONMENTAL INVESTMENTS	**56,312**	**2.68**	**1.15**	**77,378**	**3.80**	**1.79**

5. WORKFORCE INDICATORS	Number	Number
Number of employees at the end of the year	1,082	1,084
Number of employees admitted over the year	61	108
Number of outsourced employees	827	907
Number of interns	10	54
Number of employees over 45	460	443
Number of female employees	150	139
% of female executive officers and managers	0.00%	3.70%
Number of African-Brazilian employees	There is no formal statement by employees on skin color , which makes it impossible to answer these indicators	There is no formal statement by employees on skin color , which makes it impossible to answer these indicators
% of African-Brazilian executive officers and managers	There is no formal statement by employees on skin color , which makes it impossible to answer these indicators	There is no formal statement by employees on skin color , which makes it impossible to answer these indicators
Number of disabled persons of persons with special needs	24	9

6. RELEVANT INFORMATION RELATED TO CORPORATE CITIZENSHIP		2012			Targets 2013	
Largest compensation over smallest compensation ratio in the Company			19.82			Undefined
Total number of work related accidents		Tractebel Energia: 0 Service Providers: 8			0	
Social and environmental projects undertaken by the Company were determined by:	( ) executive officers	(x) executive officers and managers + Sustainability Committee	( ) all employees	( ) executive officers	(x) executive officers and managers + Sustainability Committee	( ) all employees
Occupational health and safety standards were determined by:	(x) executive officers and	( ) all employees	( ) all + Cipa	(x) executive officers and	( ) all employees	( ) all + Cipa
Regarding freedom of association, right to collective bargaining and internal representation of employees, the Company:	( ) has no involvement	(x) follows ILO rules	( ) fosters and follows ILO rules	(x) has no involvement	( ) follows ILO rules	( ) fosters and follows ILO rules
Private pension plan includes:	( ) executive officers	( ) executive officers and managers	(x) all employees	( ) executive officers	( ) executive officers and managers	(x) all employees
Profit sharing plan includes:	( ) executive officers	( ) executive officers and managers	(x) all employees	( ) executive officers	( ) executive officers and managers	(x) all employees
For supplier selection, they should follow the same ethical, social responsibility and environmental protection standards adopted by the Company:	( ) this is not a relevant consideration	( ) they are suggested	(x) they are required	( ) this is not a relevant consideration	( ) they are suggested	(x) they are required
Regarding employee participation in volunteer work, the Company:	( ) has no involvement	(x) supports initiatives	( ) organizes and provides incentives	( ) has no involvement	(x) supports initiatives	( ) organizes and provides incentives
Total consumer complaints	None for the Company	At Procon Not Applicable	Legal None	Company Undefined	Procon Undefined	Legal Undefined ND
Total added value distribution (R$ thousand):		**R$ 3,647,170**			**Undefined**	
Distribution of Added Value (DAV):	42.70% government 41.12% shareholders	10.25% third parites	5.93% employees 0% retained	UD% government UD% shareholders	UD% third parties	UD% employees UD% retained

7 - OTHER INFORMATION	2012	2011
Water consumption	5,528,889 m^3	5,330,988 m^3
Electricity consumption	937.2 GWh	794.7 GWh
Annual waste generation	1,519,488.5 t	1,191,475.3 t
Annual recyclable waste generation	1,518,749.4 t	1,169,986.1 t

12.1_Additional Information

12.1.1_Child, Forced and Slave Labor and Anti-discrimination Policy

Under absolutely no circumstance does Tractebel Energia permit the use of child, forced or slave labor and reserves the right not to contract services or maintain commercial relationships with organizations that make use of this labor. Furthermore, the Company will report to the authorities any cases it becomes aware of.

One of Tractebel Energia's fundamental ethical principles is respect. With regards to human rights, the Company is constantly alert to sensitive situations that could compromise the execution of its activities, such as its relationship with relocated communities.

Each Tractebel Energia employee should be vigilant in non-discrimination, both in word and deed, particularly with regards to age, gender, ethnicity, social or cultural origins, religion, political and union opinion, personal choices, individual peculiarities or physical disability.

All of these principles and standards of conduct expected from employees, suppliers and partners are available in the Tractebel Energia Code of Conduct, which has been broadly published to all stakeholders on the Company's website.

12.1.2_Volunteerism

The Company sponsors Junior Achievement and the Volunteers in Action Institute.

12.1.3_Person Responsible for Social Information and Contact

The secretary of the Sustainability Committee if responsible for social information and can be contacted at mariocsb@tble.com.br.

13_Independent Auditors

Pursuant to Article 2 of Brazilian Securities and Exchange Commission (CVM) Instruction 381/03, Tractebel Energia declares that the external auditors, KPMG Auditores Independentes, for the Company and its subsidiaries did not render any services unrelated to the independent audit in 2012.

14_Managemenet Declaration

Pursuant to Article 25, paragraph 1, sub-items V and VI of CVM Instruction 480/2009, the Management declares that it has reviewed and discussed and agrees with the Financial Statements contained in this Report and with the opinions expressed in the report of the Independent Auditors.

15_Acknowledgement

Tractebel Energia would like to thank its employees, clients, suppliers, partners, shareholders, financial institutions, government entities, regulatory bodies and other stakeholders who have contributed to building the Company's history of success.

The Management

TRACTEBEL ENERGIA S.A.

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

BALANCE SHEETS AS OF DECEMBER 31, 2012 AND 2011
(In thousands of reais)

ASSETS

	Note	Parent company		Consolidated	
		12.31.2012	12.31.2011	12.31.2012	12.31.2011
CURRENT ASSETS					
Cash and cash equivalents	4	736,317	567,119	1,179,976	781,808
Trade accounts receivable	5	413,001	410,903	622,916	542,149
Dividends receivable from subsidiaries		37,026	7,946	-	-
Inventories	6	42,317	38,883	45,374	42,837
Taxes and social contributions recoverable	7	305	1,987	64,749	64,294
Restricted deposits	8	-	32,159	1,309	38,923
Other current assets		63,347	51,746	70,981	56,197
		1,292,313	**1,110,743**	**1,985,305**	**1,526,208**
NON-CURRENT ASSETS					
Long-term assets					
Taxes and social contributions recoverable	7	13,814	16,099	128,185	162,007
Amounts receivable for sale of asset	9	86,886	86,886	86,886	86,886
Deferred income tax and social contribution	22	-	-	16,992	23,930
Restricted deposits	8	-	-	103,310	90,567
Judicial deposits	10	108,616	104,059	110,411	105,832
Other noncurrent assets		20,033	38,586	40,742	51,433
		229,349	**245,630**	**486,526**	**520,655**
Investments	11	**2,763,992**	**2,551,112**	**-**	**-**
Property, plant and equipment	12	**4,742,243**	**5,048,182**	**9,683,085**	**9,885,151**
Intangible assets	13	**10,965**	**15,852**	**109,500**	**96,549**
		7,746,549	**7,860,776**	**10,279,111**	**10,502,355**
TOTAL		**9,038,862**	**8,971,519**	**12,264,416**	**12,028,563**

See the accompanying notes to the financial statements.

TRACTEBEL ENERGIA S.A.

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

BALANCE SHEETS AS OF DECEMBER 31, 2012 AND 2011
(In thousands of reais)

LIABILITIES AND SHAREHOLDERS' EQUITY

	Note	Parent company		Consolidated	
		12.31.2012	12.31.2011	12.31.2012	12.31.2011
CURRENT LIABILITIES					
Suppliers	14	127,546	219,640	219,328	234,336
Dividends and interest on own capital	24	247,292	220,767	247,591	221,025
Loans and financing	15	163,006	41,364	357,043	233,924
Debentures	16	170,042	183,540	170,042	183,540
Concessions payable	17	3,129	2,643	48,800	45,688
Taxes and social contributions payable	18	362,975	304,483	416,076	352,009
Provision for remuneration and other charges	19	61,400	53,031	61,785	53,710
Tax, civil and labor provisions	20	28,439	7,640	29,170	8,615
Obligations with retirement benefits	21	32,368	36,045	32,368	36,045
Other current liabilities		84,245	61,658	108,470	103,806
		1,280,442	**1,130,811**	**1,690,673**	**1,472,698**
NON-CURRENT LIABILITIES					
Loans and financing	15	487,972	629,681	2,848,912	2,923,882
Debentures	16	158,548	307,854	158,548	307,854
Concessions payable	17	964,758	825,730	1,380,126	1,220,264
Tax, civil and labor provisions	20	139,004	124,123	145,550	132,591
Obligations with retirement benefits	21	274,607	300,964	274,607	300,964
Deferred income tax and social contribution	22	163,370	165,482	179,127	166,539
Other noncurrent liabilities		109,984	38,893	124,033	53,513
		2,298,243	**2,392,727**	**5,110,903**	**5,105,607**
SHAREHOLDERS' EQUITY					
Capital	23	2,445,766	2,445,766	2,445,766	2,445,766
Capital reserve	23	91,695	91,695	91,695	91,695
Equity evaluation adjustments	23	582,656	648,363	582,656	648,363
Profit reserves	23	2,340,060	2,262,157	2,340,060	2,262,157
		5,460,177	**5,447,981**	**5,460,177**	**5,447,981**
Interest of non-controlling shareholder	23	-	-	2,663	2,277
		5,460,177	**5,447,981**	**5,462,840**	**5,450,258**
TOTAL		**9,038,862**	**8,971,519**	**12,264,416**	**12,028,563**

See the accompanying notes to the financial statements.

TRACTEBEL ENERGIA S.A.

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

STATEMENTS OF INCOME FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

(Amounts expressed in thousands of reais, unless otherwise indicated)

	Note	Parent company		Consolidated	
		12.31.2012	12.31.2011	12.31.2012	12.31.2011
NET SALES	25	**3,497,685**	**3,540,143**	**4,912,499**	**4,326,951**
Cost of energy sold and services provided					
Electrical energy purchased for resale		(205,682)	(385,878)	(663,591)	(471,932)
Transactions within CCEE		(48,002)	(20,543)	(53,470)	(22,022)
Charges for the use of and connection to the power grid		(265,678)	(244,460)	(329,949)	(287,161)
Cost of electric energy production	26	(785,315)	(861,795)	(1,057,783)	(1,056,861)
Cost of services rendered	26	(26,141)	(22,647)	(26,141)	(22,647)
		(1,330,818)	**(1,535,323)**	**(2,130,934)**	**(1,860,623)**
GROSS INCOME		**2,166,867**	**2,004,820**	**2,781,565**	**2,466,328**
Operating income (expenses)					
Sales expenses	26	(12,881)	(13,330)	(18,597)	(16,826)
Administrative and general expenses	26	(158,502)	(145,498)	(170,017)	(157,060)
(Formation) reversal of operating provisions	27	(26,998)	104,078	(29,009)	97,035
Other operating income (expenses), net		(13,662)	15,861	(16,704)	19,121
		(212,043)	**(38,889)**	**(234,327)**	**(57,730)**
Equity in the earnings of subsidiaries					
Equity in net (income) losses of subsidiaries	11	263,541	186,690	-	-
Amortization of goodwill	11	(3,712)	(1,843)	-	-
		259,829	**184,847**	**-**	**-**
INCOME BEFORE FINANCIAL INCOME (LOSS) AND TAXES		**2,214,653**	**2,150,778**	**2,547,238**	**2,408,598**
Financial income (loss)					
Financial income	28	58,152	103,919	88,185	133,672
Financial expenses	28	(301,820)	(324,767)	(535,423)	(507,482)
		(243,668)	**(220,848)**	**(447,238)**	**(373,810)**
INCOME BEFORE INCOME TAXES		**1,970,985**	**1,929,930**	**2,100,000**	**2,034,788**
Income tax and social contribution					
Current	29	(473,600)	(463,244)	(580,551)	(563,125)
Deferred	29	2,112	(19,050)	(19,526)	(23,557)
NET INCOME FOR THE YEAR		**1,499,497**	**1,447,636**	**1,499,923**	**1,448,106**
INCOME ATTRIBUTABLE TO:					
Shareholders of Tractebel Energia		**1,499,497**	**1,447,636**	**1,499,497**	**1,447,636**
Non-controlling shareholder		**-**	**-**	**426**	**470**
		1,499,497	**1,447,636**	**1,499,923**	**1,448,106**
BASIC AND DILUTED EARNINGS PER SHARE - IN REAIS		**2.30**	**2.22**	**2.30**	**2.22**

See the accompanying notes to the financial statements.

TRACTEBEL ENERGIA S.A.

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

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

(In thousands of reais)

	Note	Capital	Capital reserve	Equity evaluation adjustments	Earnings reserves			Proposed interim dividends	Retained earnings (loss)	Shareholders' equity – Parent company	Non-controlling interest	Consolidated shareholders' equity
					Legal reserve	Tax incentive reserve	Earnings retention reserve					
BALANCE AT 12.31.2010		**2,445,766**	**91,695**	**708,190**	**422,556**	**16,827**	**1,229,380**	**158,270**	**-**	**5,072,684**	**-**	**5,072,684**
Transaction with non-controlling shareholder		-	-	-	-	-	-	-	(2,065)	**(2,065)**	2,065	**-**
2010 Dividends Paid		-	-	-	-	-	-	(158,270)	-	**(158,270)**	-	**(158,270)**
Adjustment to fair value, of property, plant and equipment, net of taxes	23	-	-	(59,827)	-	-	-	-	59,827	**-**	-	**-**
Net income for the year		-	-	-	-	-	-	-	1,447,636	**1,447,636**	470	**1,448,106**
Destinations as proposed in the General Meeting:												
- Legal reserve	23	-	-	-	66,597	-	-	-	(66,597)	**-**	-	**-**
- Tax incentive reserve	23	-	-	-	-	9,455	-	-	(9,455)	**-**	-	**-**
- Dividends	24	-	-	-	-	-	-	517,342	(1,175,356)	**(658,014)**	(258)	**(658,272)**
- Interest on own capital credited	24								(253,990)	**(253,990)**		**(253,990)**
BALANCE AT 12.31.2011		**2,445,766**	**91,695**	**648,363**	**489,153**	**26,282**	**1,229,380**	**517,342**	**-**	**5,447,981**	**2,277**	**5,450,258**
2011 Dividends Paid		-	-	-	-	-	-	(517,342)	-	**(517,342)**	-	**(517,342)**
Adjustment to fair value, of property, plant and equipment, net of taxes		-	-	(65,707)	-	-	-	-	65,707	**-**	-	**-**
Net income for the year		-	-	-	-	-	-	-	1,499,497	**1,499,497**	426	**1,499,923**
Destinations as proposed in the General Meeting::									-	**-**	-	**-**
- Tax incentive reserve	23	-	-	-	-	18,816	-	-	(18,816)	**-**	-	**-**
- Dividends	24	-	-	-	-	-	-	576,429	(1,270,188)	**(693,759)**	(40)	**(693,799)**
- Interest on own capital credited	24								(276,200)	**(276,200)**		**(276,200)**
BALANCE AT 12.31.2012		**2,445,766**	**91,695**	**582,656**	**489,153**	**45,098**	**1,229,380**	**576,429**	**-**	**5,460,177**	**2,663**	**5,462,840**

See the accompanying notes to the financial statements.

TRACTEBEL ENERGIA S.A.

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

STATEMENTS OF CASH FLOW (INDIRECT METHOD) FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

(In thousands of reais)

	Parent company		Consolidated	
	12.31.2012	**12.31.2011**	**12.31.2012**	**12.31.2011**
Cash flow from operating activities				
Income before taxes	1,970,985	1,929,930	2,100,000	2,034,788
Adjustments to reconcile income before taxes to the cash generated in operational activities				
Equity in subsidiaries	(259,829)	(184,847)	-	-
Depreciation and amortization	373,679	368,330	561,174	501,099
Monetary and exchange variance	102,250	84,933	124,471	109,468
Interests	168,338	192,433	360,005	340,336
Constitution (reversal) of operating provision, net	28,530	(99,950)	31,099	(92,985)
Other	10,479	(5,754)	10,569	6,395
Adjusted income	**2,394,432**	**2,285,075**	**3,187,318**	**2,899,101**
Decrease (increase) in assets				
Trade accounts receivable	(4,925)	34,399	(82,404)	(9,846)
Taxes and social contributions recoverable	18,168	899	63,998	35,625
Inventories	(3,434)	4,158	(2,537)	3,195
Judicial and restricted deposits:	36,735	79,434	42,628	83,653
Asset available for sale	-	-	-	23,057
Other assets	(12,335)	(5,934)	(11,309)	(5,934)
Increase (decrease) in liabilities				
Suppliers	304	35,837	63,234	(24,808)
Research and development obligations	6,747	(342)	9,135	2,098
Post-employment benefits	(27,387)	(23,766)	(27,387)	(23,766)
Advances from clients	(117)	(3)	(26,572)	(33,461)
Other liabilities	(10,689)	(24,439)	(18,221)	(28,812)
Cash generated by operations	**2,397,499**	**2,385,318**	**3,197,883**	**2,920,102**
Payment of income and social contribution taxes	(462,958)	(526,703)	(565,939)	(598,664)
Payment of interest on loans, financing and debentures	(86,900)	(151,837)	(272,638)	(267,764)
Net cash generated in operational activities	**1,847,641**	**1,706,778**	**2,359,306**	**2,053,674**

Continues on the next page

Continued

	Parent company		Consolidated	
	12.31.2012	**12.31.2011**	**12.31.2012**	**12.31.2011**
Investment activities				
Capital increase in subsidiaries	(141,434)	(107,874)	-	-
Additions in property, plant and equipment	(67,895)	(91,410)	(306,704)	(347,321)
Additions in intangible assets	(2,516)	(3,722)	(28,284)	(13,757)
Dividends received from subsidiaries	159,303	30,531	-	-
Restitution of capital of subsidiary	-	24,816	-	-
Net cash from investment activities	**(52,542)**	**(147,659)**	**(334,988)**	**(361,078)**
Financing activities				
Loans and financing obtained	-	430,000	244,262	502,799
Loans, financing, debentures paid	(209,492)	(1,213,831)	(395,200)	(1,418,390)
Concession payments made	(2,724)	(2,528)	(49,053)	(44,443)
Dividends and interest on own capital paid	(1,421,110)	(1,002,366)	(1,421,110)	(1,002,366)
Related party credits	7,425	608	-	-
Collateral and restricted deposits in service of the debt	-	-	(5,049)	(30,968)
Net cash from financing activities	**(1,625,901)**	**(1,788,117)**	**(1,626,150)**	**(1,993,368)**
Increase (decrease) in cash and cash equivalents	**169,198**	**(228,998)**	**398,168**	**(300,772)**
Conciliation of cash and cash equivalents				
Opening balance	567,119	796,117	781,808	1,082,580
Closing balance	736,317	567,119	1,179,976	781,808
Increase (decrease) in cash and cash equivalents	**169,198**	**(228,998)**	**398,168**	**(300,772)**

The further Information about the transactions that do not affect cash or cash equivalents is shown in Note 35 – Information complementary to the Cash Flow.

See the accompanying notes to the financial statements.

TRACTEBEL ENERGIA S.A.

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

STATEMENTS OF ADDED VALUE FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(In thousands of reais)

	Parent company		Consolidated	
	12.31.2012	12.31.2011	12.31.2012	12.31.2011
GENERATION OF ADDED VALUE				
Gross sales	3,863,329	3,908,292	5,489,792	4,848,480
Income related to the construction of assets	-	-	290,271	300,315
Allowance for doubtful accounts	(2,665)	(6,043)	(2,937)	(6,180)
Other	(13,662)	15,861	(16,704)	19,121
	3,847,002	**3,918,110**	**5,760,422**	**5,161,736**
(–) Inputs				
Electricity purchased for resale	(205,682)	(385,878)	(663,591)	(471,932)
Transactions within CCEE	(48,002)	(20,543)	(53,470)	(22,022)
Charges for the use of and connection to the power grid	(265,678)	(244,460)	(329,949)	(287,161)
Fuel for the production of energy	(27,143)	(100,375)	(39,659)	(108,799)
Outsourced services	(143,003)	(128,742)	(175,571)	(157,328)
Materials	(28,124)	(23,214)	(30,903)	(26,450)
Insurance	(10,445)	(8,259)	(13,703)	(10,017)
(Constitution) reversal of operating provisions	(24,333)	110,121	(26,072)	103,215
Expenses with plant constructions	-	-	(256,430)	(199,282)
Other	(36,986)	(31,029)	(50,915)	(32,887)
	(789,396)	**(832,379)**	**(1,640,263)**	**(1,212,663)**
GROSS ADDED VALUE	**3,057,606**	**3,085,731**	**4,120,159**	**3,949,073**
Depreciation and amortization	(373,679)	(368,330)	(561,174)	(501,099)
NET ADDED VALUE GENERATED	**2,683,927**	**2,717,401**	**3,558,985**	**3,447,974**
ADDED VALUE RECEIVED IN TRANSFER				
Financial income	58,152	103,919	88,185	133,672
Equity subsidiaries	259,829	184,847	-	-
ADDED VALUE TO DISTRIBUTE	**3,001,908**	**3,006,167**	**3,647,170**	**3,581,646**

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Continued

DISTRIBUTION OF ADDED VALUE

	Parent company				Consolidated			
	12.31.2012	**%**	**12.31.2011**	**%**	**12.31.2012**	**%**	**12.31.2011**	**%**
Remuneration:								
Labor								
Remuneration and charges	135,395	4.51	118,104	3.93	139,508	3.82	121,173	3.38
Benefits	43,156	1.44	37,546	1.25	43,645	1.20	37,922	1.06
Profit sharing	22,841	0.76	22,329	0.74	22,841	0.63	22,329	0.62
FGTS	9,724	0.32	8,695	0.29	10,145	0.28	8,910	0.25
	211,116	**7.03**	**186,674**	**6.21**	**216,139**	**5.93**	**190,334**	**5.31**
Government								
Federal taxes	817,975	27.25	816,081	27.14	1,094,512	30.01	1,010,818	28.23
State taxes	23,288	0.78	34,849	1.16	84,613	2.32	94,886	2.65
Municipal taxes	1,948	0.06	2,312	0.08	2,128	0.06	2,513	0.07
Sectorial charges	135,609	4.52	182,750	6.08	168,984	4.63	213,258	5.95
Charges on concessions to pay	142,238	4.74	109,876	3.66	207,072	5.68	171,694	4.79
	1,121,058	**37.35**	**1,145,868**	**38.12**	**1,557,309**	**42.70**	**1,493,169**	**41.69**
Third-party capital								
Interest and monetary variation	140,779	4.69	197,483	6.57	304,122	8.34	314,813	8.79
Capitalized interest	-	-	-	-	33,841	0.93	101,033	2.82
Rentals	11,555	0.38	12,978	0.43	13,999	0.38	15,713	0.44
Other financial expenses	17,903	0.60	15,528	0.52	21,837	0.60	18,478	0.52
	170,237	**5.67**	**225,989**	**7.52**	**373,799**	**10.25**	**450,037**	**12.57**
Own capital								
Legal reserve	-	-	66,597	2.22	-	-	66,597	1.86
Tax incentive reserve	18,816	0.63	9,455	0.31	18,816	0.52	9,455	0.26
Adjustment of valuation at fair value	(65,707)	(2.19)	(59,827)	(1.99)	(65,707)	(1.80)	(59,827)	(1.67)
Interest on own capital	276,200	9.20	253,990	8.44	276,200	7.57	253,990	7.09
Dividends	1,270,188	42.31	1,175,356	39.10	1,270,188	34.82	1,175,356	32.82
Non-controlling interest	-	-	2,065	0.07	426	0.01	2,535	0.07
	1,499,497	**49.95**	**1,447,636**	**48.15**	**1,499,923**	**41.12**	**1,448,106**	**40.43**
	3,001,908	**100.00**	**3,006,167**	**100.00**	**3,647,170**	**100.00**	**3,581,646**	**100.00**

See the accompanying notes to the financial statements.

TRACTEBEL ENERGIA S.A.

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

NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2012 AND 2011

(In thousands of Reais or other currencies, unless otherwise indicated)

1. – OPERATIONS

Tractebel Energia S.A. ("Company", "Tractebel Energia" or "TBLE") is an independent utility concessionaire and publicly-held corporation with its head office established in the Municipality of Florianópolis, State of Santa Catarina, Brazil. The Company and its subsidiaries are 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 shares are listed and traded on the New Market of the São Paulo Stock Exchange (BM&FBOVESPA) under the code TBLE3. In addition, Tractebel Energia also trades American Depositary Receipts (ADR) Level I, on the North American counter market, under the code TBLEY, based on a ratio of one ADR for each ordinary share.

The company is controlled by GDF SUEZ Energy Latin America Participações Ltda. (GSELA), a company established in Brazil and controlled by International Power S.A. (the current name of SUEZ-Tractebel S.A.), with head office in Belgium. International Power S.A. is under IPR's control, headquartered in United Kingdom, integrating the GDF SUEZ economic group, headquartered in France.

Tractebel Energia is the largest private company in electrical energy generation in Brazil, responsible for about 6.3%[3] of the country's installed capacity at the end of 2012. The Company's installed capacity on 12.31.2012, including its shares in consortium for electrical energy generation, and after seven of eight generating units in Estreito Hydroelectric Power Plant (Estreito HPP) started their commercial operations is 6,854.8 MW. Out of this total, 80.3% came from hydroelectric sources, 17.3% from thermoelectric sources, and 2.4% from complementary sources of energy – Small Hydroelectric Power Plants (PCHs), wind energy sources, and also generation from biomass. The total energy guaranteed for commercialization purposes, at 12.31.2012, is 3,804.9 average MW.

The generation complex currently in operation, of the Company, consists of nine hydroelectric power plants, six thermoelectrical power plants[4], three small hydroelectric power plants, two of wind sources and two with generation from biomass.

The main events related to the Company activities, occurred in the year 2012, are summarized as follows:

[3] Non-financial information provided herein, such as MW, average MW, installed capacity, among others, is not examined by the independent auditors.

[4] The Jorge Lacerda Thermoelectric complex is composed of 3 plants.

a) Start of commercial operation of units 5 to 7 of the Estreito Hydroelectric Power Plant

The start of commercial operation of the 5th, 6th and 7th generating units occured in March, May and August 2012, respectively, adding an average of 57 MW to the volume of energy ensured for commercialization by the Company. With the new units in operation, the Estreito HPP achieved 87.5% of its total installed capacity, and 97.3% of its commercial capacity. The start of commercial operation of the last generation unit is estimated for the first semester of 2013.

b) Covenant for the 2nd issue of debentures by Tractebel Energia

On 05.10.2012, the General Meeting of 2nd issue debenture holders approved the elevation of the Company covenant from 2.5 times to 3.5 times on the ratio "Gross debt / EBITDA".

c) Implementation of wind farm projects

The Company is in implementation phase of four wind energy projects in the state of Ceará, with a total installed capacity of 115.4 MW and a commercial capacity of 58.2 average MW. The initial investment estimated was R$ 476,060 and the start of commercial operation it is expected for the second semester of 2013. The project is being financed through funds from the Brazilian National Bank for Economic and Social Development (BNDES), for a total of R$ 358,000, of which R$ 204,920 were released in 2012.

d) Provisional Measure N° 579

On 09.11.2012, PM 579 was issued and later enacted into Law no. 12,783/2013, regarding electrical energy generation, transmission and distribution concessions, and reduction of the sector's charges in order to reduce tariffs.

According to new legislation, electrical energy concessions granted before the enactment of the Concessions Law (Law 8,987/95) not yet submitted to bidding can be renewed only once, for up to 30 years, provided that concessionaires accept compensation through tariffs only, to cover operation and maintenance costs (O&M), charges, taxes, and, as applicable, transmission and distribution expenses. In addition, some sector charges would be eliminated or reduced from the cost of energy, becoming maintained through resources from the National Treasury, including that related to the Energy Development Account, which is used for the reimbursement of the cost of mineral coal which is used for themoelectricity.

Company's generation assets have not been directly impacted by new legislation, regarding concession renewals, since they were acquired through bidding processes after publication of Law 8,987/95.

e) Raising of the capacity to honor financial commitments (*rating)*

Standard & Poor's agency increased, on 9.27.2012, the Company's long-term corporate credit rating, considering Brazil national scale, from 'brAA+' to 'brAAA', with the expectation of stability. On this same date, the agency has also confirmed the corporate credit rating of brA-1 in the short term.

f) Acquisition of the Santa Mônica wind energy project

On 10.22.2012, the Company signed a contract for the acquisition of the Santa Monica wind farm project, in the State of Ceará, Brazil. The total value of the acquisition operation was R$ 6,648. The project consists of two units with an installed capacity of 58.8 MW and commercial capacity averaging 26.5 average MW. The aforementioned project is now going through internal studies considering its implementation.

2. – PRESENTATION OF FINANCIAL STATEMENTS

a) Preparation basis

The financial statements were elaborated considering the historical costs based on value, adjusted to reflect the fair value of certain financial instruments, when applicable.

The Company is presenting one package, containing the following financial statements:

Consolidated financial statements

The consolidated financial statements, identified as "Consolidated," are presented, simultaneously, in compliance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), which are in accordance with Brazilian accounting practices. These standards include the rules of Brazilian Corporation Law, in addition to the pronouncements, interpretations and orientations issued by the Accounting Pronouncements Committee (CPC), approved by the Brazilian Securities Commission (CVM) and also, when applicable, the regulations of the Brazilian electrical sector regulator, Aneel.

Individual financial statements

The individual financial statements of Tractebel Energia, identified as "Parent company", were prepared in accordance with the accounting practices adopted in Brazil, which were in agreement with the IFRS standards, except in relation to the assessment of investments in controlled and joint controlled subsidiaries which, by Brazilian law, are assessed by the equity method and, according to IFRS, should be measured and presented at the acquisition cost or at fair value.

There are no differences between shareholders' equity and income statement of the parent company and consolidated which are included, respectively, in the consolidated and individual financial statements, prepared in accordance with the accounting practices previously mentioned.

b) Functional currency and presentation currency

The financial statements, individual and consolidated, are presented in Brazilian Reais, the functional currency used by the Company. The transactions in foreign currency were translated into Brazilian Reais at the exchange rate of the date on which the financial statements were closed.

c) Business segment

The Company manages its business as one operating segment, composed of the generation and commercialization of electrical energy generated by its assets or acquired through near and long-term agreements. This segment concentrated 99.5% of net revenue from consolidated sales in the years ending on 31 December 2012 and 2011.

d) Income statement of discontinued operations and comprehensive income

In the presented years, the Company did not have any discontinue in its normal business that would require the disclosure of discontinued operations, and neither carried out transactions that would lead to comprehensive income and, hence, require the specific presentation of "Statement of comprehensive income".

e) Net earnings per share – basic and diluted

There is no difference between the net earnings per share – basic and diluted – as there was no issue of shares in the presented years.

f) Statements of added value

This statement is not part of the consolidated financial statements, according to international financial reporting standards (IFRS), being presented to comply with the CPC requirements according to the standard.

g) Use of estimates

In the financial statements elaboration is necessary that the Company´s management rely on estimates when recording certain transactions that affect its assets and liabilities, revenues and expenses, as well the disclosure of financial statements information. To make these estimates, the management uses the best information available on the date on which the financial statements were prepared, and also the experience of past and/or current events, also taking into account the assumptions regarding future events.

The financial statements include estimates relating mainly to the following items: (i) the usable life of fixed assets, which reference is established by Aneel; (ii) provisions to cover tax, civil and labor risks; (iii) definition of the discount rates used for the calculation of the present values of assets and liabilities; (iv) assumptions used for the definition of discount rates and the mortality table for the calculation of the obligations with retirement benefits; and (v) calculation of the fair value of the financial instruments.

h) Reclassification of accounting balances

In the year of 2012, the Company started presenting the accounts related to taxes payables and deferred taxes liabilities, net of the corresponding assets accounts, when the respective taxes are related to the same tax institutions and when the Board of the Company intends to settle them at net value.

To ensure comparability between the financial statements as published, the balanced formerly included under the "Taxes and social contributions recoverable" and "Deferred Income tax and social contribution assets" categories, on 12.31.2011, for respective amounts of R$ 85,429 and R$ 239,935 (R$ 62,633 and R$ 288,413 on 12.31.2010), in the Parent company, and R$ 86,498 and R$ 240,607 (R$ 64,695 and R$ 299,259 on 12.31.2010), in the consolidated accounts, it was reclassified in the categories of "Taxes and social contributions payable" and "Deferred Income and tax social contribution liabilities", respectively. Further details are presented in the explanatory notes related to the accounts as previously mentioned, namely Notes 7, 18 and 22.

i) Approval of financial statements

The financial statements as here presented have been approved at the Board of Directors meeting held on 02.07.2013.

j) Consolidation basis

The consolidated financial statements include information of Tractebel Energia and its subsidiaries and joint controlled subsidiaries, with their accounting practices being consistent with those adopted by Tractebel Energia. The companies consolidated with Tractebel Energia are the following:

	Interest in the paid-up and voting capital (%)	
Controlled and jointly controlled subsidiaries	**12.31.2012**	**12.31.2011**
Itá Energética S.A. (Itasa)	48.75	48.75
Companhia Energética Estreito (CEE)	99.99	99.99
Companhia Energética São Salvador (CESS)	99.99	99.99
Lages Bioenergética Ltda. (Lages)	99.99	99.99
Tractebel Energia Comercializadora Ltda. (TBLC)	99.99	99.99
Tractebel Energias Complementares Participações Ltda. (TBLP)	99.99	99.99
Tupan Energia Elétrica Ltda. (Tupan)	99.99	99.99
Hidropower Energia S.A. (Hidropower)	99.99	99.99
Hidrelétrica Areia Branca S.A. (Areia Branca)	99.99	99.99
Eólica Beberibe S.A. (Beberibe)	99.99	99.99
Eólica Pedra do Sal S.A. (Pedra do Sal)	99.99	99.99
Ibitiúva Bioenergética S.A. (Ibitiúva)	95.00	95.00
Eólica Porto das Barcas S.A. (Porto das Barcas)	99.99	99.99
Energias Eólicas do Nordeste S.A. (EEN)	99.99	99.99
Central Eólica Mundaú S.A. (Mundaú)	99.99	99.99
Central Eólica Guajiru S.A. (Guajiru)	99.99	99.99
Central Eólica Fleixeiras I S.A. (Fleixeiras I)	99.99	99.99
Central Eólica Trairí S.A. (Trairí)	99.99	99.99

The Company concentrates the allocation of their financial investments in the Energy Fixed Income Investment Fund, which is an exclusive investment fund of the Company and which is fully consolidated in its financial statements.

Itasa, a jointly controlled subsidiary, is consolidated in a proportion of 48.75% of balance sheet and income statement.

The consolidation of the balance sheet accounts and income statement occurs with the sum of assets, liabilities, and consolidated income statement, according to their respective accounting natures, adjusted through the elimination of transactions made between the consolidated companies.

The interest of the non-controlling shareholder in the equity and in the net income of the subsidiary, as fully consolidated, is presented segregated in the balance sheet and in the consolidated income statement, respectively in the lines identified as "Interest of non-controlling shareholder" and "Income attributable to non-controlling shareholder".

3. SUMMARY OF THE MAIN ACCOUNTING PRACTICES

The main accounting practices adopted by the Company have been applied in a consistently between the years presented, in the Parent company and consolidated financial statements.

a) Financial assets

a.1) Cash and cash equivalents

Are maintained with the purpose of meeting short term cash commitments, and consists of cash, bank deposits, and short-term marketable securities with immediate liquidity, without any significant risk of change of market value.

Financial investments are classified as financial assets held for trading, due to the intention of withdrawing in the short term, being registered at acquisition cost and measured at the fair value on the financial statements date. The fair value variation is recorded in the profit or loss when obtained.

a.2) Accounts receivable

These are initially recorded at sale value and then at the amortised cost, deducted from the Allowance for doubtful accounts. Allowance for doubtful accounts is calculated based on an individual analysis of the clients in default and established at an amount considered sufficient to cover possible risks of losses.

a.3) Restricted deposits

These are maintained to meet legal and contractual requirements. Initially they are accounted for at the value deposited, and then they are measured at the fair value on the date of the financial statements. The fair value variation is recognized in the profit or loss when they are obtained.

b) Inventories

Consist of raw materials for energy generation (mineral coal, fuel oil and biomass), consumables and supplies, and are assessed at the lower value between the average weighted cost of acquisition and the realization value.

c) Judicial deposits

Are initially registered at the total amount deposited, plus any interest obtained until the date of the financial statements.

d) Investments

The Company has investments in controlled entities and also interest in a jointly controlled subsidiary.

d.1) Investments in directly or indirect subsidiaries

Permanent investments in controlled subsidiaries are those that the company has, directly or indirectly, most voting rights, has the control and the power to establish the financial and operational policies, to obtain the benefits of their activities.

These investments are evaluated using the equity method in the Parent company financial statements, and fully consolidated at Tractebel Energia for purposes of presentation of the consolidated financial statements.

d.2) Goodwill (concession rights) on acquisition of investments

At the Parent company, the difference between the amounts paid on acquisition of control and the value of the shareholders' equity of the invested Company is presented as investment. The economic grounds of this difference (Goodwill) correspond to the rights over concessions or authorizations for the use of a public asset by the acquired companies.

In the consolidated financial statements, the Company adopted the directions established in the IFRS 3 - Business combination, a standard consistent with CPC 15 – Business combination. As a result of the adoption of these standards regarding the net assets of the company which control was acquired at their respective fair value on the date of acquisition, with no Goodwill – an acquisition cost higher than the fair value of the net assets – based on the concepts established in the CPC standard.

d.3) Investments in jointly controlled subsidiaries

Jointly controlled subsidiaries are those where control is jointly exercised by the Company and by one or more partners, a situation in which the decisions about financial and operational strategic policies related to the activities of the entity require the approval of all the parties that share control.

These investments are recognized by the equity method in the financial statements of the Parent company, and consolidated by the proportional method in the consolidated accounts.

d.4) Jointly controlled operations.

The Company has jointly controlled operations through consortiums. The assets, liabilities, revenues and expenses related to these operations are accounted directly on the financial statements of the Company, therefore is not necessary to implement any procedures for the consolidation of these operations.

e) Property, plant and equipment

e.1) Measurement

The assets that compound the property, plant and equipment are recorded at acquisition or construction cost. The interests and other financial charges, and inflationary effects arising from the financing obtained from third parties effectively applied to the constructions in progress, are calculated as the cost of the respective fixed asset. The assets, or set of assets, that had accounting values significantly different from their fair values on the date of adoption of new accounting practices, on 01.01.2009, started to have their fair value taken as deemed cost. These costs are deducted from the accumulated depreciation and losses through impairment of the asset, when applicable.

The components of certain assets that are regularly replaced during the economic usable life of the asset are recognized as separate assets and then depreciated for the expected period for the substitution. The costs incurred in small regular maintenance activities and also routine activities are recognized in the profit or loss, when incurred.

In the consolidated financial statements, the adjustments to the fair value, related to the value of the concessions or authorizations for public assets, allocated in the balance sheet of acquisition of investments, are registered according to the terms established in the standards related to business combination, which allow the recognition of the fair value of the concession or authorization, and generation unit as a single asset, intangible or fixed, when these assets could not be sold or transferred separately. The Company decided to recognize the fair value of these concessions and authorizations, for the use of the public asset as one single asset within the group of fixed assets, which are being depreciated on the extension of the respective contracts for concession or authorization.

e.2) Depreciation

Depreciation is calculated by the linear method, based on the annual rates established by Aneel, which are practiced by the companies of the Brazilian electrical sector and represent the estimated usable life of the assets, limited to the period of concession or authorization of the power plants, when applicable, based on the accounting balances recorded in the registration units that make up these arrangement. The average annual depreciation rates of the assets held by the Company are presented in Note 12 – Property, Plant and Equipment.

The depreciation method used during the phase of implementation of the plants, whose commercial operation of the generator units are started during many months, is that of "units produced". Using this method, the costs with reservoirs, dams, engine rooms and machines, as incurred up to the commencement of operation of each generator unit, are depreciated proportionally to the assured energy that each generator unit add to commercial capacity. After the last unit enters to operation, the total cost of the asset in operation shall be depreciated by the linear method, based on the usable lives as established by Aneel. The Management of the Company understands that this method is the method that best reflects the relationship between depreciation costs and the generation of income resulting from the operation of the assets.

f) Intangible assets

It is registered at acquisition cost or at the fair value of the intangibles acquired in a business combination, deducted from the accumulated amortization calculated by the linear method. The intangibles of the Company have usable lives that are well defined based on commercial contracts or contracts of concession and authorization.

g) Assessment of the recovery value of property, plant and equipment and intangible assets – Impairment

The Company regularly appraises the assets that compound the property, plant and equipment and also the intangible assets, in order to identify evidences that could lead to impairment losses from the respective units generating cash or intangibles, or also when events or significant change indicate that their book values may not be recoverable. If identified that the book value of the asset exceeds its recoverable value, then this loss is recognized in the profit or loss of the year.

The recoverable value of an asset is the larger value between its current value in use and the sale fair value, net of necessary costs to sell the asset. The value in use corresponds to the discounted cash flows – before tax – generated by the use of the asset during its usable life.

h) Financial liabilities and equity instruments

The instruments of the debt and equity are considered financial liabilities or equity according to the nature of the contractual agreement and also the respective definitions.

h.1) Financial liabilities

- Loans, financing and debentures

These are initially accounted for at fair value, net of any transaction costs incurred, and subsequently measured at the amortised cost using the effective interest rate method.

– Concessions payable

Considering that the contractual amount are recorded at future prices, the instalments to be paid throughout time for the concessions are initially recorded at the present value and then at the amortised cost based on the rate used for discounts at present value.

In order to accurately reflect in shareholders' equity the granted onerous concession and the related obligation, amounts corresponding to concessions are recorded in property, plant and equipment against liabilities. During the construction of the power plants, the adjustment of liabilities based on the discount rate and monetary variation is capitalized in the property, plant and equipment and, as of the commercial start-up date, recognized directly in the profit or loss.

h.2) Equity instruments

The equity instruments issued by the Company are recognized in the equity when the funds are received, net of any direct costs incurred in its issue.

i) Provisions

Are recognized when there is a present obligation resulting from a past event, in which there shall probably be an outflow of resources for the settlement and that this obligation can be reasonable estimated. The updating of the provision through time is recognized in the item of financial expenses.

The contingent liabilities which have been assessed as possible and remote risk of loss are not recorded, but disclosed in the explanatory note, when necessary.

j) Obligations with retirement benefits

Are recognized at present value of the obligations estimated, arising from the pension plans with retirement defined benefits, net of the total value of the assets that guarantee the plan.

The present value of the commitments is calculated based on an actuarial appraisal elaborated annually by independent actuarial, based on the Projected Credit Unit Method. The method considers each period of employment as a generator of an additional benefit unit, and the units are accumulated to build up the final estimated obligation.

The accumulated gains and losses, calculated annually, within the limit of 10% of the present value of the obligation of defined benefits ("corridor") are not recognized in the liabilities or in the profit or loss of the Company at the end of each year, the moment when they have originated. Gains and losses which have exceeded the corridor limit are recognised in the profit r loss for the average remaining lifetime of the participants in the benefits plan.

Due to the adoption of this method, the actuarial gains and losses calculated at the time of the annual actuarial assessments are not presented in the "Statement of Comprehensive income".

k) Current and deferred income tax and social contribution

Current income Tax and Social Contribution are individually calculated in the group´s entity according to the rates in force in the financial statement period.

The Company uses the Transition Tax Regime (*Regime Tributário de Transição* - RTT) in the calculation of the taxes, which does not consider the changes to corporation law (Law 11,638/07) for the establishment of the tax base. Income Tax and Social Contributions on the temporary differences generated by the adoption of the new corporation law have been registered as deferred taxes.

The Government subsidy related to the tax benefit of reduction of income tax, granted by the Amazon Development Department (*Superintendência de Desenvolvimento da Amazônia* - Sudam), for the Ponte de Pedra power plant, in the subvention region, is recognized in the tax incentive reserve, in shareholders' equity.

The deferred income tax and social contribution are calculated with the application of the effective rates forecasted for the years in which there is an expectation of realizing or demanding temporary differences (differences between the book value of liabilities and assets and their tax base), the tax losses, and the negative bases of social contributions. These are fully presented in the non-current group, regardless of the expectations of realization and demandability of the amounts that give rise to them.

The taxes and social contributions, current and deferred, are presented offset under assets or liabilities, when these same taxes correspond to the same tax authorities and when there is the intention to settle them at the net value.

l) Other assets and liabilities current and non-current

Other assets are recorded at acquisition cost, deducted from the impairment provision, when applicable. Other obligations are recorded at the known or calculable values with the addition, when applicable, of the corresponding interest and monetary readjustments incurred.

m) Distribution of dividends and interest on own capital

The dividends and interest on own capital are recognized as liabilities in the following cases: (i) interim dividends – when approved by the Board of Directors; (ii) interest on own capital – on the date when credit is paid to the shareholders; and (iii) additional dividends as proposed at the end of the year – on approval at a General Meeting (AGO).

The Company By-laws of Tractebel Energia includes the payment of dividends amounting to at least 30% of the annual net income, adjusted according to the Law. These dividends are provisioned at the end of the year, only if the interim dividends paid and also the interest on own capital credited during the year are less than the mandatory minimum.

The credits of interest on own capital are initially recorded as financial expenses for tax purposes and, at the same time, transferred from this same category against shareholders' equity, as they are assigned to the mandatory minimum dividends. The tax benefits that they have generated are maintained in the profit or loss of the year.

The Company has adopted the accounting practice of disclosing the dividends received from controlled companies in the investment activity for the Statements of Cash Flow.

n) Present value adjustment

The assets and liabilities arising from long-term operations are adjusted at present value based on discount rates practiced on the market on the date of the transaction.

o) Related party transactions

Intercompany loans contracts are updated according to the contractual interests and the transactions for the purchase and selling energy and services are carried out under conditions and agreed duration between the parties and registered according to contractual terms and conditions.

p) Service and energy revenue recognition

Revenue is measured at the fair value against received or trade receivable, deducted from taxes and possible discounts. Revenue from energy and services sales is recognized when: (i) it is probable that the economic benefits associated with the transactions flow to the Company; (ii) the revenue amount can be reliable measured; (iii) the risks and benefits related to the sale have been transferred to the buyer; (iv) the costs incurred, or still to be incurred, related to the transaction can be reliable measured; and (v) the Company has no longer the control and the responsibility over the energy sold.

q) Leasing contracts

Leasing contracts are considered as financial when the terms of the lease transfer substantially the risks and rewards of the property to the lessee. The Company, according to its assessment, does not have any operations involving financial leasing. All the leasing transactions are considered operational, where the contractual amounts are registered in the profit or loss, while the contract remains valid.

r) Application of judgments and critical accounting practices

Critical accounting practices are those important to present the financial conditions and also the results, and require more difficult, subjective or complex judgments made by management, often as a result of the need of making estimates that have an impact on questions that are inherently uncertain. As the number of variables and assumptions that affect the possible future solution of such uncertainties increases, these judgments become even more subjective and more complex.

In the preparation of financial statements, the Company adopted certain assumptions arising from the historical experience and other factors which are considered reasonable and relevant. Even though these estimates and assumptions are reviewed by the Company in the normal course of business, the statement of its financial conditions and the results of the operations often require the use of judgments in relation to the book value of its assets and liabilities.

Effective results can be different from those estimated due to variables, assumptions or different conditions. In order to provide understanding of how the Company prepares its judgments about future events, including variables and assumptions used in the estimates, comments are included about each critical accounting practice as described below:

- Obligations with retirement benefits

The Company recognizes its obligations in relation to benefits plans for employees and related costs, net of plan assets, adopting the following practices: (i) the obligations arising from the pension benefit plans are established by actuarial means using the projected credit unit method.

The discount rate used for the calculation of the present value of the obligations is defined on the date of the financial statement, based on the interest rates on Federal Government papers with maturities similar to those expected for the payment of the future forecasted commitments; and (ii) the assets of the pension plan are assessed at market value on the date of the financial statements.

In actuarial calculations, the actuarial consultants also use subjective factors, such as mortality tables and forecasts of salary growth, resignation, and staff turnover.

The actuarial assumptions used by the Company may be materially different from the real results, due to changes in the economic or market conditions, regulatory events, court decisions, or shorter or longer life periods of the participants. However, the Company and its actuaries use assumptions consistent with the internal and external analysis carried out for the definition of the estimates used.

- Useful life of property, plant and equipment

The Company hereby recognizes the depreciation of its property, plant and equipment, based on the annual rates established by Aneel, which are practiced by the companies of the Brazilian electrical sector and represent the estimated usable lives of the different assets – limited to the time frame for concession or authorization of the power plants, when applicable. However, the real usable lives may vary based on the technological updates made to each unit. The useful lives of fixed assets also affect the impairment tests on the cost of long-term assets, when these are necessary.

- Long-term assets impairment test

There are specific rules for test the long-term assets impairment, particularly property, plant and equipment. At the end of the year, the Company conducts an analysis to determine if there is any evidence that the total value of the long-term assets shall not be recoverable. If this evidence is identified, then the Company proceeds the impairment test.

The process of reviewing recovery of the assets is subjective and requires significant judgments through the execution of analyses. On 12.31.2012, the Company, based on the assessments, did not identify any need to establish any impairment provisions of long-term assets.

- Tax, civil and labor provisions

It is defined based on an appraisal and a qualification of the risks for which the probability of a loss is considered as probable. This appraisal is supported by the judgment made by management, together with its legal advisors, considering cases of jurisprudence, decisions taken at lower and higher levels, the experience of the management and legal advisors, and other applicable aspects.

s) Current accounting pronouncements

During the year of 2012, only the amendment made to IAS 12 (Deferred Taxes: realization of corresponding assets) had its term of validity started in this year. The aforementioned change in the standard did not lead to any effect on the financial statements of the Company.

The standards issued by the IASB and which have not yet taken effect, and which had not being early adopted by the Company, are the following. According to the evaluation made by the Company, only the change in the IAS 19 (Employee Benefits), the mandatory adoption is from 01.01.2013, will result in an impact on the balance sheet of the Company on the adoption date.

Adoption as from 1 January 2013

- IAS 27 (Separate financial statements) – addresses issues related to investments in controlled companies, companies with shared control or associated companies, when an entity prepares separate financial statements.

- IAS 28 (Investment in Associates and Joint Ventures) – it is related to the recording of investments in associated companies, and also establishes the requirements for the application of the equity method for the accounting of investments in associated companies and also in companies with shared control.

- IFRS 10 (Consolidated Financial Statements) – establishes the principles for the presentation and preparation of consolidated financial statements when one entity controls one or more companies.

- IFRS 11 (Joint Arrangements) – addresses aspects in relation to the definition of the accounting treatment of Joint Ventures and Joint Operations. This standard also restrict the use of proportional consolidation to the companies with joint operations, only requiring the equity method for companies with shared control. The characteristics and the economic essence of the interest of the Company in the business and operations of Itasa justify a joint operation with other entities. This way, there shall be no effect on the balance sheet and on the consolidated accounts of the Company with the adoption of new accounting practices.

- IFRS 12 (Disclosure of Interest in Other Entities) – it is related to the disclosure of the nature and the risks associated to the interests held in controlled companies, jointly controlled companies and associated companies. The Company assesses that the application of this standard shall lead to a greater package of information to be supplied, especially in relation to judgments and significant assumptions used to establish the nature and type of joint arrangements, the equity structure, the inherent risks, and also the consequences of changes to interest.

- IFRS 13 (Fair Value Measurement) – defines the concept of fair value and also establishes, together in one single standard, the aspects of measurement of fair value and the requirements of disclosure connected therewith, reducing the complexity, enhancing the consistency of application, and also enhancing comparability of the information presented in the financial statements.

- IAS 19 (Employee Benefits) – the review of the standard eliminates the "corridor" approach which allows the deferring of the recognition of the actuarial gains or losses in the profit or loss. According to the reviewed IAS 19, the actuarial gains or losses annually assessed by the actuaries shall be accounted for in the category "Other comprehensive income", in the shareholder equity. Until 12.31.2012, the Company had been adopting the "corridor" method for the recognition of the actuarial gains or losses within the profit or loss. As from 01.01.2013, with the extinction of this method, the actuarial gains and losses that were not recorded by the Company shall be accounted for as liabilities, in a counter entry to Shareholders' Equity. On 12.31.2012, the total amount referring to not recognized actuarial gains amount R$ 59,714 (R$ 39,411 net of tax), which shall be considered on 01.01.2013, resulting in the reduction of liabilities and also in the increase of the shareholders' equity of the Company.

- IAS 1 (Presentation of Items of Other Comprehensive Income) – addresses issues related to the disclosure of items of other comprehensive income and also sets the need to segregate the items that can and cannot be potentially reclassified to the accounting result, when certain conditions are met.

- IFRIC 20 (Stripping Cost in the Production Phase of a Surface Mine) – refers to an accounting procedure related to the removal of unusable materials from an open-cast mine, for access to the mineral resources.

- IFRS 1 (Government Loans) – adds an exception to the retrospective application of international standards.

Adoption as from 01.01.2014

- Changes to IFRS 10 (Consolidated Financial Statements), IFRS 12 (Disclosure of Interest in Other Entities) and IAS 27 (Separate Financial Statements) - define the concept of an investment entity and introduce exemption in the consolidation of the aforementioned entities, whose adoption shall be mandatory as from 01.01.2014.

- IFRS 9 (Financial Instruments) – has the objective of replacing the standard IAS 39 (Financial Instruments) – addresses the rules for accounting and measurement, throughout the three phases, its adoption shall be mandatory on 01.01.2015.

The Company is currently conducting an assessment if the effects arising from the application of the aforementioned standards can affect its financial statements.

4. – CASH AND CASH EQUIVALENTS

	Parent company		Consolidated	
	12.31.2012	12.31.2011	12.31.2012	12.31.2011
Cash and bank deposits	**3,207**	**960**	**13,832**	**5,274**
Marketable securities:				
Citibank - Exclusive investment fund				
Repurchase transactions with federal public bonds				
National Treasury Notes (NTN – B)	-	563,011	-	735,639
National Treasury Letter (LTN)	728,976	-	1,126,254	-
	728,976	**563,011**	**1,126,254**	**735,639**
- Financial institutions [5]				
Certificates of Bank Deposit (CDB)	4,134	3,148	12,744	18,559
Repurchase agreements with debentures	-	-	27,146	22,336
	4,134	**3,148**	**39,890**	**40,895**
Total of marketable securities	**733,110**	**566,159**	**1,166,144**	**776,534**
	736,317	**567,119**	**1,179,976**	**781,808**

The marketable securities of the Company are held for the payment of short-term cash commitments, and are structured, substantially, through a concentration of the funds in an Exclusive Fixed Income Investment Fund (FIE), which may have its quotas redeemed at any moment, without any loss of earnings.

The committed operations carried out within the scope of the FIE refer to transactions involving the sale of papers with a commitment to repurchase, taken on by the seller, together with a commitment to resale taken on by the buyer. These transactions have immediate liquidity and are remunerated by the Selic rate and are backed by federal government bonds.

The average profitability of the Fund in 2012 and 2011 was 100.5% and 100.2% of the CDI (the reference rate of Interbank Deposit Certificates), respectively.

CDBs and agreements with debentures may be traded at any time, without loss of earnings.

[5] Banks: Safra, Itaú Unibanco, Itaú BBA, Banco do Brasil, Votorantim and Bradesco.

5. – TRADE ACCOUNTS RECEIVABLE

a) Breakdown

	Parent company		Consolidated	
	12.31.2012	12.31.2011	12.31.2012	12.31.2011
Current				
Concessionaires	253,084	247,788	369,657	319,930
Trading companies	135,532	124,038	64,279	51,395
Free consumers	20,972	21,836	185,741	151,841
Others	-	740	-	740
Transactions within CCEE [6]				
- Current	9,456	19,879	9,691	21,758
- Extraordinary Tariff Recovery (RTE)	2,665	2,665	2,665	2,665
- Agents with lawsuits or in default	122,574	122,574	122,574	122,574
	544,283	**539,520**	**754,607**	**670,903**
Allowance for doubtful accounts	(131,282)	(128,617)	(131,691)	(128,754)
	413,001	**410,903**	**622,916**	**542,149**

The average collection period to receive the amounts mentioned on the sale invoices for the sale of energy is 25 days, as from the first day of the month immediately subsequent to the sale.

b) Allowance for doubtful accounts

Breakdown

	Parent company		Consolidated	
	12.31.2012	12.31.2011	12.31.2012	12.31.2011
Trading Companies	6,043	6,043	6,452	6,180
RTE	2,665	-	2,665	-
Agents with lawsuits or in default	122,574	122,574	122,574	122,574
	131,282	**128,617**	**131,691**	**128,754**

The provisions on the balance of the "Agents with lawsuits or in default" account, totalling R$ 122,574, is made up of the following values:

(i) R$ 110,498 – corresponds to credits from transactions made within the scope of the Retail Market for Electrical Energy (MAE), now CCEE, between September 2000 and September 2002, which were not received due to certain debtor agents having taken Court action, disagreeing with the interpretation given by that organization, in relation to the provisions of the General Agreement of the Electrical Segment. The provision was established due to doubts in relation to the realization of the values regarding the aforementioned transactions.

[6] Câmara de Comercialização de Energia Elétrica (CCEE - Electrical Energy Trading Chamber).

(ii) R$ 12,076 – refers, substantially, to debts by defaulting agents in the first financial settlement made by MAE, on 12.30.2002, regarding the transactions made within the scope of that market. Such amounts are being the objects of bilateral negotiations for a long time. However, due to uncertainties regarding payment, the Company has set some cash aside as allowance for doubtful accounts, regardless of any legal action applicable to the case.

c) Breakdown of accounts receivable by maturity

	Parent company		Consolidated	
	12.31.2012	**12.31.2011**	**12.31.2012**	**12.31.2011**
Overdue up to 30 days	9,252	9,397	9,401	10,475
Overdue more than 91 days:				
- With provision constituted	131,282	128,617	131,691	128,754
- Without provision constituted	1,143	3,405	1,160	3,688
	132,425	**132,022**	**132,851**	**132,442**
	141,677	**141,419**	**142,252**	**142,917**

The Company has not constituted allowance for doubtful debts in cases of amounts which have been overdue less than 30 days, or even for part of the amounts overdue more than 90 days, due to the expectation of receiving the mentioned amount.

d) Agreement with clients in default

In February 2012, certain distribution company, member of the National Interconnected System, filed a request for court recovery. The amounts to receive, accredited by the Company and its controlled companies in this process, totaled to R$ 7,360. In September 2012, the Creditors' Meeting approved the Legal Recovery Plan of distributors, which provides for paying this debt in 60 equal installments, from January 2013.

Considering that above-mentioned agreement did not provide for the levy of interest on amounts receivable, the Company adjusted it to present value based on discount rate of 7.5% p.a., compatible with the nature, term and risks related to the transaction. The amounts related to adjustments at present value, recorded in the year 2012, totalled R$ 712 and R$ 1,295 respectively, in the Parent Company and in the consolidated financial statements.

As a result of the agreement, the values of R$ 2,616 and R$ 4,758, for the Parent company and the consolidated financial statements, respectively, whose expectation of receiving is over than twelve months, was reclassified to non-current assets.

6. – INVENTORIES

	Parent company		Consolidated	
	12.31.2012	**12.31.2011**	**12.31.2012**	**12.31.2011**
Inputs for energy production	6,211	3,739	6,917	6,312
Supplies	31,927	29,249	34,041	30,534
Advances to suppliers	623	3,501	623	3,501
Other	3,556	2,394	3,793	2,490
	42,317	**38,883**	**45,374**	**42,837**

7. – TAXES AND SOCIAL CONTRIBUTIONS TO RECOVERABLE

	Parent company		Consolidated	
	12.31.2012	12.31.2011	12.31.2012	12.31.2011
Current				
PIS [7] and Cofins[8]	-	-	54,799	60,698
Income and social contribution taxes	-	-	9,451	1,463
ICMS[9]	-	-	194	146
INSS [10]	305	1,987	305	1,987
	305	**1,987**	**64,749**	**64,294**
Non-current				
PIS and COFINS	1,131	4,639	106,831	137,832
Income and social contribution taxes	-	-	5,766	9,756
ICMS	12,683	11,460	15,581	14,413
INSS	-	-	7	6
	13,814	**16,099**	**128,185**	**162,007**

The balance of PIS and Cofins tax credits refers to the acquisition of construction machinery and expenditure to construction of buildings to implement electrical energy generation projects.

The credits for the acquisitions of machines and equipment may be offset in the same month of their recognition, while those coming from expenses with constructions of buildings are being offset on a monthly basis, in a proportion of 1/24.

As mentioned in Note 18 – Taxes and social contributions payable, some of the taxes to be recovered, which until 12.31.2011 had been presented as assets, were reclassified to the "Taxes and social contributions payable" account.

[7]Social Integration Program
[8]Contribution for social security funding
[9]Value-added tax on sales and services for Communication and Transport
[10]Instituto Nacional do Seguro Social

8. – RESTRICTED DEPOSITS

	Parent company	Consolidated	
	12.31.2011	12.31.2012	12.31.2011
Current			
Reserve account – Transactions in CCEE			
Investment Funds	32,159	-	32,159
CDB and repurchase agreements with debentures	-	1,309	6,764
	32,159	**1,309**	**38,923**
Non-current			
Reserve account – Debt service			
Investment Funds	-	101,431	86,025
CDB	-	1,879	4,542
	-	**103,310**	**90,567**

The reserve account for transactions in CCEE is destinated to ensure the financial settlement of the operations of purchase and sale of electrical energy within the scope of CCEE, in line with the rules of that market. The total guarantee amount for each period corresponds to the level of exposure of the Company to this market.

The reserve account for debt service aims to guarantee the payment of debt services with the financing banks, essentially BNDES and the intermediary banks.

The average profitability of the associated deposits in 2012 and 2011 was 98.1% and 98.5% of the CDI, respectively.

9. – AMOUNTS RECEIVABLE FOR SALE OF ASSET

In this item are recorded the receivables from Jacuí Elétrica S.A. (Eleja) relating to the sale of the Jacuí thermoelectric arrangement. The balance of R$ 86,886 presented in the balance sheet of the Parent company and Consolidated financial statements on 12.31.2012 and 12.31.2011, corresponds to the present value of the installments that the Company had as receivables in July 2009, the month that the Company started a process of foreclosure of the contract, due to the fact that Eleja had suspended payments of installments due, starting in February 2009. The Company, as from this date, prudently decided to stop the recognition of interest and monetary variation on the outstanding payments to be received.

The action of execution filed against Eleja allowed the Company to seize assets of the Jacuí project, which had been provided as guarantee. The seizure has been converted into a pledge and the assets in guarantee were appraised by a court expert for a future transfer. The cost of the appraisal of the pledged goods in November 2011 was R$ 116,492.

The Company still awaits a court approval for its request for transferring the ownership of the pledged assets already appraised in order to determine which ones will be sold and which ones will remain in the Company.

As of 12.31.2012, the nominal value of the unsettled contractual installments, restated by the contractual index, the General Price Index for Domestic Availability (IGP-DI) amounts to R$ 126,576 (R$ 116,172 as of 12.31.2011). Total debt amount, including fines and contract charges, exceeds experts' appraisal amount, making the Company request, in March 2012, a boost to the attachment, which is awaiting court decision.

In July 2012, Eleja filed a request to annul actions executed until then. The Company became aware of this request and, on the same month, challenged Eleja's request.

The Company, also prudently, does not intend to recognize the adjustment of the accounts receivable at market values of the assets, as previously mentioned, until there is the final result of the Court action taken.

10. – JUDICIAL DEPOSITS

a) Breakdown

	Parent company		Consolidated	
	12.31.2012	**12.31.2011**	**12.31.2012**	**12.31.2011**
Tax	90,488	91,202	90,952	91,652
Civil	14,490	9,727	15,506	10,725
Labor	3,638	3,130	3,953	3,455
	108,616	**104,059**	**110,411**	**105,832**

The amounts deposited are linked to lawsuits being conducted in court and in administrative levels. Out of the total amount registered on12.31.2012, R$ 39,368 (R$ 40,627 on 12.31.2011) are directly related to the provisions set aside for possible risks.

In July 2012, the Company received the deferral of the request for survey of Court deposits related to the PIS and Cofins process on contracts for the sale of energy with a pre-set price, within the scope of Normative Instruction No. 658/06 of the Brazilian Inland Revenue (*Receita Federal do Brasil).* However, in August 2012, the Federal Government requested the suspension of the order of issuance of a permit, to make it possible to examine the situation of the contracts linked to the court decision. The total of these deposits amount R$ 45,571 on 12.31.2012, in the Parent company and in the consolidated financial statements.

b) Changes

	Parent company				Consolidated			
	Tax	Civil	Labor	Total	Tax	Civil	Labor	Total
Balance at 12.31.2010	**84,720**	**40,996**	**5,599**	**131,315**	**85,075**	**42,485**	**5,904**	**133,464**
Additions	78	10,674	717	11,469	159	11,631	811	12,601
Adjustments	9,727	1,055	255	11,037	9,741	1,055	255	11,051
Write-offs and redemptions	(3,323)	(42,998)	(3,441)	(49,762)	(3,323)	(44,446)	(3,515)	(51,284)
Balance at 12.31.2011	**91,202**	**9,727**	**3,130**	**104,059**	**91,652**	**10,725**	**3,455**	**105,832**
Additions	-	5,652	779	6,431	-	13,669	808	14,477
Adjustments	7,751	-	181	7,932	7,765	315	181	8,261
Write-offs and redemptions	(8,465)	(889)	(452)	(9,806)	(8,465)	(9,203)	(491)	(18,159)
Balance at 12.31.2012	**90,488**	**14,490**	**3,638**	**108,616**	**90,952**	**15,506**	**3,953**	**110,411**

11. – INVESTMENTS

a) Breakdown

	Parent company	
	12.31.2012	12.31.2011
Investments in subsidiaries:		
Assessed by the equity method		
Equity in net (income) losses of subsidiaries	2,649,730	2,433,138
"Goodwill" (concession rights)	114,262	117,974
	2,763,992	**2,551,112**

b) Assessed by the equity method

b.1) Changes in investments

	Itasa	CEE	CESS	Lages	TBLC	TBLP	Other	Total
Balance at 12.31.2010	**291,743**	**868,509**	**351,733**	**71,193**	**65,431**	**514,067**	**270**	**2,162,946**
Capital increase	-	-	-	-	-	107,874	-	107,874
Equity in net (income) losses of subsidiaries	26,280	46,899	9,042	3,005	102,823	(1,359)	-	186,690
Write-off/ classification	-	-	-	-	-	(2,361)	(269)	(2,630)
Dividends	(6,742)	-	-	(15,000)	-	-	-	(21,742)
Balance at 12.31.2011	**311,281**	**915,408**	**360,775**	**59,198**	**168,254**	**618,221**	**1**	**2,433,138**
Capital increase	-	46,999	-	-	-	94,435	-	141,434
Equity in net (income) losses of subsidiaries	32,631	41,319	17,241	7,280	145,307	19,763	-	263,541
Dividends	(14,109)	(20,359)	(1,636)	(7,280)	(144,999)	-	-	(188,383)
Balance at 12.31.2012	**329,803**	**983,367**	**376,380**	**59,198**	**168,562**	**732,419**	**1**	**2,649,730**

Additional information

Base date 12.31.2012	Itasa	CEE	CESS	Lages	TBLC	TBLP
Assets	769,992	2,691,577	1,341,435	69,884	382,324	1,241,041
Liabilities	93,469	1,708,210	965,055	10,686	213,762	505,959
Shareholders' equity	676,523	983,367	376,380	59,198	168,562	735,082
Net income	217,497	332,852	214,565	44,408	1,841,842	111,505
Net income for the year 2012	66,935	41,319	17,241	7,280	145,307	20,189
Capital	499,899	918,013	360,789	30,530	4,200	734,764
Interest in total and voting capital (%)	48.75	99.99	99.99	99.99	99.99	99.99

b.2) "Goodwill" (concession rights) – Parent company

Changes

	CEE	CESS	Total
Balance at 12.31.2010	**86,448**	**33,369**	**119,817**
Amortization	(576)	(1,267)	(1,843)
Balance at 12.31.2011	**85,872**	**32,102**	**117,974**
Amortization	(2,446)	(1,266)	(3,712)
Balance at 12.31.2012	**83,426**	**30,836**	**114,262**

The amount for goodwill/concession right paid in the acquisitions of the subsidiaries was defined with a basis on the present value of the cash flow projections obtained through economic and financial evaluations and resulted from the acquisition of the concession granted by Aneel for use of public assets in the generation of electrical energy.

The asset is being amortized over the periods of the concession contract, according to its defined useful life, since the economic benefits arising from the acquisitions of these investments will occur over the course of the concession period.

b.3) Information on direct subsidiaries

- Itá Energética S.A. (Itasa) – jointly controlled subsidiary

Itasa and Tractebel Energia are the companies which have the exploration rights over the Itá Hydroelectric Power Plant (Itá HPP), situated on the Uruguay River, on the border of the Brazilian States of Rio Grande do Sul and Santa Catarina, by means of a consortium in which Itasa has a 60.5% share and Tractebel has 39.5%. In the terms of the Consortium Contract, Itasa has the right to a quantity of energy equivalent to 60.5% of 668 MW on average, of energy as guaranteed by this power plant with an average of 720 MW. The other 52 average MW (720 average MW - 668 average MW) of energy guaranteed by this development are harnessed directly by Tractebel Energy.

Tractebel Energia and the Brazilian National Steel Company (*Companhia Siderúrgica Nacional* - CSN) have joint control over Itasa, both with a 48.75% share in the voting and paid-up capital of the corporate society. The main groups, namely assets, liabilities, income statement and cash flow of Itasa, as shown below, were consolidated in Tractebel Energia, at a proportion corresponding to its interest in the capital of this Company.

BALANCE SHEET	12.31.2012	12.31.2011
ASSETS		
Current assets	90,730	81,729
Non-current assets		
Long-term assets	38,412	44,239
Property, plant and equipment	640,842	675,349
Intangible assets	8	18
TOTAL ASSETS	**769,992**	**801,335**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities	87,660	100,175
Non-current liabilities	5,809	62,637
Shareholders' equity	676,523	638,523
TOTAL LIABILITIES	**769,992**	**801,335**

STATEMENT OF INCOME FOR THE YEAR	12.31.2012	12.31.2011
NET SALES	**217,497**	**242,913**
COSTS OF ENERGY SOLD	**(109,821)**	**(120,277)**
GROSS INCOME	**107,676**	**122,636**
OPERATING INCOME (EXPENSES)		
Administrative and general expenses	(5,177)	(15,023)
Other operating income (expenses), net	143	(13,668)
INCOME BEFORE FINANCIAL INCOME (LOSS) AND TAXES	**102,642**	**93,945**
Financial expenses, net	**(1,746)**	**(12,275)**
INCOME BEFORE INCOME TAXES	**100,896**	**81,670**
Income and social contribution taxes	(33,961)	(27,762)
NET INCOME FOR THE YEAR	**66,935**	**53,908**

- Companhia Energética Estreito (CEE)

CEE has a 40.07% share in the Estreito Energia Consortium (Ceste), which was created for the implementation and exploitation of the Estreito HPP, situated on the Tocantins River, between the Brazilian States of Tocantins and Maranhão. The other consortium members are Vale (*Companhia Vale do Rio Doce*), Estreito Energia SA (Alcoa Group) and Intercement Brasil S.A. (Camargo Corrêa Group), with respective shares of 30%, 25.49% and 4.44%. The leadership of the consortium is in the hands of CEE.

During the year 2012, another three of the eight generator units started commercial operation. Thus, the Estreito hydroelectric power plant reached 951.14 MW, or 87.5%, of its installed capacity and 623.61 average MW, or 97.3%, of its total assured energy to be commercialized. In 2011, a total of 543.5 MW of installed capacity and 192.8 MW of average guaranteed energy started operation, corresponding respectively to 50% and 75.1%. All that remains still to take place is the commencement of operation of the eighth unit, which has been forecast for the first semester of 2013.

- Companhia Energética São Salvador (CESS)

CESS has all the concession rights for the São Salvador Hydroelectric Power Plant, on the Tocantins River, in the Brazilian State of Tocantins, with a minimum installed energy of 243.2 MW and guaranteed energy of 148.5 average MW.

- Lages Bioenergética Ltda. (Lages)

Lages is a thermoelectric power plant which makes use of a steam turbogenerator of 28 MW, which consumes wood residue as fuel, and is situated in the Municipality of Lages, State of Santa Catarina, Brazil. The plant has the registration at the Executive Committee of the Clean Development Mechanism (CDM) of the United Nations Organization (UNO), to negotiate carbon credits, to use wood residue in the joint generation of electricity.

Tractebel Energia Comercializadora Ltda. (TBLC)

TBLC has the main objective of commercialization of electrical energy in free and regulated markets, including purchase, sale, import and export of electrical energy, as also the intermediation of any of these operations, and practice and celebration of commercial acts arising from such activities. Sales to the industrial clients of the Company are normally made by TBLC.

Tractebel Energias Complementares Participações Ltda. (TBLP)

TBLP is a holding company with the objective of participating in the capital of other corporate societies and also concentrating the projects related to complementary energy of the Company. Some financial information for the year ending on 12.31.2012 for the subsidiaries of TBLP, as follows.

	Tupan	Hidropower	Areia Branca	Beberibe	Pedra do Sal	Ibitiúva	EEN	Porto das Barcas
Capital	80,379	33,393	84,160	60,230	33,133	36,576	148,530	4,302
Adjusted Assets	166,101	140,442	143,416	188,179	119,058	122,802	354,301	4,500
Adjusted Liabilities	10,117	21,492	56,150	94,175	63,414	69,547	207,301	25
Shareholders' equity	155,984	118,950	87,266	94,004	55,644	53,255	147,000	4,475
Net result	14,761	13,812	15,614	26,050	19,866	21,402	-	-
Net income (loss)	1,414	3,087	592	2,262	5,383	8,518	(844)	155
Interest in total and voting capital (%)	99.99	99.99	99.99	99.99	99.99	95.00	99.99	99.99

The financial Information above, when applicable, considers the fair value adjustment of the balance for acquisitions in businesses combination. These adjustments to the consolidated balance sheet correspond to the fair value adjustments of the authorizations for the exploitation of the hydraulic and wind energy potential. This was registered as if it was only one asset, within the group of property, plant and equipment, as the authorizations and the power plants could not be sold or transferred separately.

- Energias Eólicas do Nordeste S.A. (EEN)

EEN is a holding company which was established to control the acquired companies for the construction of the wind farms of the Trairi Project, in the state of Ceará. The companies that are controlled by EEN are the following:

		Capacity	
Company	**Plant**	**Installed (MW)**	**Commercial (average MW)**
Mundaú	Central Eólica Mundaú	30.0	14.5
Guajiru	Central Eólica Guajiru	30.0	16.3
Fleixeiras	Central Eólica Fleixeiras I	30.0	15.2
Trairi	Central Eólica Trairí	25.4	12.2
		115.4	**58.2**

The wind farms have their construction well under way and are expected to be completed in the second semester of 2013. The total investments initially forecasted amount R$ 476,060, of which R$ 358,000 are financed by BNDES funding.

The energy to be generated by the wind farms in the Trairi Project has been sold in the Free Trading Environment (*Ambiente de Comercialização Livre* - ACL), in medium to long term contracts, through the subsidiary TBLC.

In November 2012, these projects were registered by the United Nations within the scope of the Clean Development Mechanism, allowing the trading of carbon credits, which has not yet occurred.

12. - PROPERTY, PLANT AND EQUIPMENT

a) Breakdown

		Parent company			
		12.31.2012			12.31.2011
	Average rate of depreciation %	Adjusted cost	Accumulated depreciation	Net amount	Net amount
In service					
Reservoirs, dams and ducts	2.73	4,406,702	(2,247,251)	2,159,451	2,283,077
Buildings and improvements	3.05	1,278,994	(735,366)	543,628	580,294
Machinery and equipment	4.28	5,559,332	(3,557,390)	2,001,942	2,111,418
Vehicles	14.29	1,729	(1,305)	424	496
Furniture and fixtures	6.25	8,485	(3,748)	4,737	4,547
Special obligations		(13,275)	-	(13,275)	(13,535)
		11,241,967	**(6,545,060)**	**4,696,907**	**4,966,297**
In progress					
Buildings and improvements		16,501	-	16,501	12,625
Machinery and equipment		20,452	-	20,452	63,210
Advances to suppliers		7,242	-	7,242	3,407
Acquisitions to be apportioned		1,141	-	1,141	2,643
		45,336	**-**	**45,336**	**81,885**
		11,287,303	**(6,545,060)**	**4,742,243**	**5,048,182**

		Consolidated			
		12.31.2012			12.31.2011
	Average rate of depreciation %	Adjusted cost	Accumulated depreciation	Net amount	Net amount
In service					
Reservoirs, dams and ducts	3.00	6,822,542	(2,463,664)	4,358,878	4,550,425
Buildings and improvements	3.26	1,747,448	(807,473)	939,975	991,768
Machinery and equipment	4.18	7,555,435	(3,862,620)	3,692,815	3,720,407
Vehicles	14.29	2,081	(1,609)	472	524
Furniture and fixtures	6.25	9,487	(4,139)	5,348	5,584
Special obligations		(13,400)	-	(13,400)	(13,660)
		16,123,593	**(7,139,505)**	**8,984,088**	**9,255,048**
In progress					
Reservoirs, dams and ducts		13,517	-	13,517	10,892
Buildings and improvements		43,852	-	43,852	12,836
Machinery and equipment		123,189	-	123,189	182,187
Advances to suppliers		132,630	-	132,630	106,980
Acquisitions to be apportioned		385,809	-	385,809	317,208
		698,997	**-**	**698,997**	**630,103**
		16,822,590	**(7,139,505)**	**9,683,085**	**9,885,151**

b) Changes in property, plant and equipment

	Parent company						
	Reservoirs, dams and ducts	Buildings and improvements	Machinery and equipments	Other	Constructions in progress	Special obligations	Total
Balance at 12.31.2010	**2,422,496**	**595,343**	**2,227,806**	**3,462**	**76,386**	**(10,223)**	**5,315,270**
Additions	-	-	-	-	96,918	(3,312)	93,606
Reclassification	-	-	-	-	5,699	-	5,699
Transfers	(21,437)	19,306	93,875	5,374	(97,118)	-	-
Write-offs	-	-	(5,388)	(16)	-	-	(5,404)
Depreciation	(117,982)	(34,355)	(204,875)	(3,777)	-	-	(360,989)
Balance at 12.31.2011	**2,283,077**	**580,294**	**2,111,418**	**5,043**	**81,885**	**(13,535)**	**5,048,182**
Additions	-	-	-	-	70,556	260	70,816
Transfers	(6,419)	(941)	113,769	696	(107,105)	-	-
Write-offs	(235)	-	(10,211)	(33)	-	-	(10,479)
Depreciation	(116,972)	(35,725)	(213,034)	(545)	-	-	(366,276)
Balance at 12.31.2012	**2,159,451**	**543,628**	**2,001,942**	**5,161**	**45,336**	**(13,275)**	**4,742,243**

	Consolidated						
	Reservoirs, dams and ducts	Buildings and improvements	Machinery and equipments	Other	Constructions in progress	Special obligations	Total
Balance at 12.31.2010	**3,268,782**	**986,857**	**3,470,028**	**4,578**	**2,256,112**	**(10,348)**	**9,976,009**
Additions	-	-	-	-	400,847	(3,312)	397,535
Reclassification	-	-	-	-	5,699	-	5,699
Transfers	1,445,395	55,338	526,394	5,428	(2,032,555)	-	-
Write-offs	-	-	(5,585)	(16)	-	-	(5,601)
Depreciation	(163,752)	(50,427)	(270,430)	(3,882)	-	-	(488,491)
Balance at 12.31.2011	**4,550,425**	**991,768**	**3,720,407**	**6,108**	**630,103**	**(13,660)**	**9,885,151**
Additions	-	-	-	-	354,108	260	354,368
Transfers	9,981	1,622	273,249	362	(285,214)	-	-
Write-offs	(235)	-	(10,301)	(33)	-	-	(10,569)
Depreciation	(201,293)	(53,415)	(290,540)	(617)	-	-	(545,865)
Balance at 12.31.2012	**4,358,878**	**939,975**	**3,692,815**	**5,820**	**698,997**	**(13,400)**	**9,683,085**

c) Breakdown of property, plant and equipment in consolidated services, by group of power plants

		Consolidated			
		12.31.2012			12.31.2011
	Average rate of depreciation %	Adjusted cost	Accumulated depreciation	Net amount	Net amount
In service					
Hydroelectric power plants	3.16	12,740,803	(4,997,670)	7,743,133	7,978,593
Thermoelectric power plants	5.62	2,671,071	(1,999,880)	671,191	678,471
Biomass power plants	5.20	180,046	(44,080)	135,966	142,366
PCH	4.31	300,507	(52,278)	248,229	259,640
Wind farms	4.55	231,166	(45,597)	185,569	195,978
		16,123,593	**(7,139,505)**	**8,984,088**	**9,255,048**

d) Depreciation

The useful lifes set by Aneel, which correspond to the estimated usable life of assets, for the main groups of assets which make up the generator parks of the Company, are the following:

	Depreciation (% p.a.)	Average useful life (years)
Reservoirs and dams	2.00	50
Buildings and improvements	4.00	25
Generators	3.33	30
Boilers	4.00	25
Hydraulic Turbines	3.33	30
Engine Rooms	2.00	50
Wind Turbines (aerogeneration)	5.00	20
General Equipment	6.25	16

As mentioned below, the depreciation of the values corresponding to the initial investments for the construction of reservoirs and dams and engine rooms, with a time frame which is longer than that of the concessions, is limited to the respective concession time frames.

In early 2012, Aneel issued a Normative Resolution establishing new annual depreciation rates for certain assets linked to the concession and authorization for the generation of electrical energy, applicable from 01.01.2012. The adoption of new rates did not result in a significant effect on the expenses of depreciation of Company assets.

Depreciation of the assets which are part of the Original Project of the Power Plants

The Company, solely based on Law n° 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 is not expected to be granted by the Granting Power.

Therefore, the Company, as of 01.01.2007, has depreciated said assets at the rates determined by Aneel, which are limited to the concession term, even though the agreements and the law provide for the possibility of renewal of concession or authorization.

Also according to the aforesaid legislation, additional investments made to ensure the continuity and currency of the services conceded shall be compensated by the conceding power at the end of the time frame for concessions and authorizations, which means that they are being depreciated according to the depreciation rates established by Aneel.

e) Fair value adjustment of Property, plant and equipment

In compliance with the guidance set out in CPC 27 (Property, Plant and Equipment) and ICPC 10 (Clarifications about CPC 27 and CPC 28 – Properties for Investment), on 01.01.2009, first time adoption date of international standards and the CPC, the Company has used the fair value as the deemed cost of the fixed assets of the power plants whose book values were substantially different from their respective fair values.

The fair value adjustment of property, plant and equipment, net of deferred income tax and social contribution, has as its counterpart the "Equity evaluation adjustments", in shareholders' equity. The depreciation on the aforementioned adjustment shall not lead to any effect on the base of calculation of income tax and social contributions or on the base of distribution of dividends.

Balances of property, plant and equipment on 12.31.2012 and 12.31.2011 compound the fair value adjustment net of depreciation, of R$ 882,769 and R$ 982,326, respectively. The depreciation of fair value adjustments in the years ending 12.31.2012 and 12.31.2011 amount R$ 90,515 and R$ 86,595 respectively.

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

The Company, for the purpose of preparing the consolidated information, considered as reference to record the onerous concessions and authorizations granted by the Federal Union for the use of public assets to generate electrical energy, contracted or acquired in a business combination, the IFRS 3 - Business Combination Application Guide, which enables the recognition of the fair value of the concession and the property, plant and equipment as a single asset in the financial statements, when these assets can no longer 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 procedure was being adopted by the Company before the requirement to adopt the IFRS and CPC, on 01.01.2009, and was maintained for the transactions that occurred after this date, so that the consistency of the procedures was preserved.

The balance of these concessions and authorizations for the use of public assets for the generation of energy, in the property, plant and equipment, on 12.31.2012 and 12.31.2011, amount R$ 554,920 and R$ 589,727, respectively, at the Parent company, and R$ 1,094,647 and R$ 1,142,403, respectively, in the consolidated.

g) Appropriation of financial interests

The financial interests linked to financing and concessions to be paid, are accounted for in property, plant and equipment in progress during the period of construction of the power plants. The capitalized interests in the consolidated property, plant and equipment, for the years of 2012 and 2011, amount R$ 33,841 and R$ 101,033 respectively.

h) Assets Impairment

The Company periodically evaluates the property, plant and equipment assets aiming to identify evidence of impairment, or when events or significant changes indicate that the book value may not be recoverable. If it is identified that the book value of the asset exceeds its recoverable value, then this loss is accounted for in the profit or loss. There are no identified indications that could lead to the reduction of the recoverable value of the assets of the Company.

i) Regulatory agency concessions and authorizations

- Concessions for hydroelectric electrical energy generation

Concessions	Concession holder	Installed capacity (MW)	Date of minutes	Expiration
Salto Santiago HPP	Tractebel Energia	1,420	09.28.1998	09.27.2028
Salto Osório HPP	Tractebel Energia	1,078	09.28.1998	09.27.2028
Passo Fundo HPP	Tractebel Energia	226	09.28.1998	09.27.2028
Itá HPP	Tractebel Energia/Itasa	1,450	12.28.1995	10.16.2030
Machadinho HPP	Tractebel Energia	1,140	07.15.1997	07.14.2032
Cana Brava HPP	Tractebel Energia	450	08.27.1998	08.26.2033
Ponte de Pedra HPP	Tractebel Energia	176	10.01.1999	09.30.2034
São Salvador HPP	CESS	243	04.23.2002	04.22.2037
Estreito HPP	Ceste	1,087	11.26.2002	11.26.2037

The Company has, directly and indirectly, in power plants Itá, Machadinho and Estreito, the equivalent to 1,126.9 MW, 403.9 MW and 435.6 MW, respectively, of the plants' installed capacity, which correspond to their shareholding interest and/or interest in consortium.

- Authorizations for thermal and wind generation and small hydroelectric power plants

Authorizations	Authorization holder	Installed capacity (MW)	Date of minutes	Expiration
Thermal power plants (UTE)				
Thermal power complex Jorge Lacerda	Tractebel Energia	857	09.28.1998	09.27.2028
UTE Charqueadas	Tractebel Energia	72	09.28.1998	09.27.2028
UTE Alegrete	Tractebel Energia	66	09.28.1998	09.27.2028
UTE William Arjona	Tractebel Energia	190	06.02.2000	04.28.2029
Co-generation Unit Lages	Lages	28	10.30.2002	10.29.2032
UTE Ibitiúva Bioenergética	Consórcio	33	04.05.2000	04.04.2030
Small Hydro Power Plants (PCH)				
PCH Areia Branca	Areia Branca	20	05.03.2000	05.02.2030
PCH Rondonópolis	Tupan	27	12.19.2002	12.18.2032
PCH Engenheiro José Gelazio da Rocha	Hidropower	24	12.19.2002	12.18.2032
Wind plants (EOL) in operation				
EOL Pedra do Sal	Pedra do Sal	18	10.02.2002	10.01.2032
EOL Beberibe	Beberibe	26	08.04.2003	08.03.2033
Wind plants (EOL) Project				
EOL Trairi (under construction)	Trairí	25	09.20.2011	08.27.2041
EOL Guajiru (under construction)	Guajiru	30	09.20.2011	08.27.2041
EOL Mundaú (under construction)	Mundaú	30	09.20.2011	08.27.2041
EOL Fleixeiras I (under construction)	Fleixeiras I	30	09.20.2011	08.27.2041
EOL Porto das Barcas (under study)	Porto das Barcas	30	08.30.2011	07.09.2041

The Company has 22.9 MW of the installed capacity of Ibitiúva Bioenergética Power Plant, which corresponds to its shareholding interest and interest in consortium.

[11] Consortium members are the indirect subsidiary Ibitiúva Bioenergética S.A. (72.90%) and Andrade Açúcar e Álcool (27.10%).

j) Unavailability of assets

Pursuant to article 63 and 64 of Decree N° 41,019, of 02.26.1957, the assets and facilities used in the production, transmission, distribution and sale of electrical energy are linked to those services and cannot be removed, sold, assigned or pledged in mortgage guarantee without the previous and express authorization of the ANEEL. ANEEL Resolution n° 20/99, regulates the release of assets from the concessions of the Public Electrical Energy Service, granting prior authorization to release the property and other fixed assets not usable by the concession when they are destined for sale, and also determining that the sales proceeds less respective charges be deposited in a restricted bank account to be invested in the concession.

k) Federal Union assets used by the Company

The Company has the possession and operates UTE Alegrete, comprised of two generating units with total capacity of 66 MW and a residential village of 15 houses located in the municipality of Alegrete (Rio Grande do Sul State), owned by the Federal Union and granted under regime of special use.

13. – INTANGIBLE ASSETS

a) Breakdown

		Parent company			
		12.31.2012			12.31.2011
	Amortization period	Adjusted cost	Accumulated amortization	Total	Total
Right to use	Up to 2034	28,134	(17,888)	**10,246**	**10,824**
Goodwill merged from CEM[12]	Up to 02.2013	44,578	(43,859)	**719**	**5,028**
		72,712	**(61,747)**	**10,965**	**15,852**

		Consolidated			
		12.31.2012			12.31.2011
	Amortization period	Adjusted cost	Accumulated amortization	Total	Total
Right to use	Up to 2037	36,005	(19,009)	**16,996**	**14,292**
Electrical energy purchase right	2013 to 2023	64,561	-	**64,561**	**64,561**
Operating License	2013 to 2014	22,243	(7,687)	**14,556**	**-**
Trairi Project Rights	2013 to 2041	12,668	-	**12,668**	**12,668**
Goodwill merged from CEM	Up to 02.2013	44,578	(43,859)	**719**	**5,028**
		180,055	**(70,555)**	**109,500**	**96,549**

[12] Companhia Energética Meridional, subsidiary merged by the Company in 2008.

Description of main intangible assets

Rights of use derive mainly from expenses with transmission lines' right of way and software licenses. While electrical energy purchase right refers to the acquisition of rights on electrical energy purchase contracts.

Rights on operation licenses correspond to costs necessary to obtain and maintain Estreito HPP operation license.

Rights of Projeto Trairi derive from basic environmental projects' fair value, electrical energy generation certification, wind measurements, previous environmental licenses and lease contracts acquired in business combination.

b) Changes

	Parent company	Consolidated
Balance at 12.31. 2010	**19,471**	**95,521**
Additions	3,722	13,757
Transfer to property, plant and equipment	-	(121)
Amortization	(7,341)	(12,608)
Balance at 12.31.2011	**15,852**	**96,549**
Additions	2,516	28,284
Transfer to property, plant and equipment	-	(24)
Amortization	(7,403)	(15,309)
Balance at 12.31.2012	**10,965**	**109,500**

c) Impairment of assets

The Company periodically evaluates the existence of events that may lead to intangible assets impairment losses, and no indications of impairment was identified.

14. – SUPPLIERS

	Parent company		Consolidated	
	12.31.2012	12.31.2011	12.31.2012	12.31.2011
Current				
Charges for the use of and connection to the power grid	36,423	93,500	44,413	98,979
Electrical energy purchased	17,277	98,408	62,984	87,970
Transactions within CCEE	29,678	371	32,974	689
Materials and services	29,768	24,424	39,166	32,494
Fossil fuels and biomass	9,579	1,037	9,579	873
Suppliers of property, plant and equipment	4,821	1,900	30,212	13,331
	127,546	**219,640**	**219,328**	**234,336**

As of 12.31.2012, the Company has no overdue values related to its operating activity with its assets and rights' suppliers and service providers.

15. – LOANS AND FINANCING

a) Breakdown

	Parent company					
	12.31.2012			12.31.2011		
	Current	Non-current	Total	Current	Non-current	Total
Local currency						
Bank of America Merrill Lynch	143,333	286,667	430,000	-	430,000	430,000
BNDES	-	-	-	14,965	4,988	19,953
Interests	5,372	-	5,372	8,886	-	8,886
	148,705	**286,667**	**435,372**	**23,851**	**434,988**	**458,839**
Foreign currency						
STN[13]	8,876	93,692	102,568	12,374	97,605	109,979
BNP Paribas (Floating Rate Note)	-	107,613	107,613	-	97,088	97,088
Interests	5,425	-	5,425	5,139	-	5,139
	14,301	**201,305**	**215,606**	**17,513**	**194,693**	**212,206**
	163,006	**487,972**	**650,978**	**41,364**	**629,681**	**671,045**

	Consolidated					
	12.31.2012			12.31.2011		
	Current	Non-current	Total	Current	Non-current	Total
Local currency						
Bank of America Merrill Lynch	143,333	286,667	430,000	-	430,000	430,000
BNDES	103,047	1,459,830	1,562,877	106,829	1,319,263	1,426,092
Banks (Transfer BNDES)	79,165	885,907	965,072	82,910	960,757	1,043,667
Banco do Brasil	3,966	15,203	19,169	3,966	19,169	23,135
BRDE	-	-	-	4,556	-	4,556
Interests	13,231	-	13,231	18,150	-	18,150
	342,742	**2,647,607**	**2,990,349**	**216,411**	**2,729,189**	**2,945,600**
Foreign currency						
STN	8,876	93,692	102,568	12,374	97,605	109,979
BNP Paribas (Floating Rate Note)	-	107,613	107,613	-	97,088	97,088
Interests	5,425	-	5,425	5,139	-	5,139
	14,301	**201,305**	**215,606**	**17,513**	**194,693**	**212,206**
	357,043	**2,848,912**	**3,205,955**	**233,924**	**2,923,882**	**3,157,806**

[13] National Treasury Department, net of deposited guarantees.

b) Changes in loans and financings

	Parent company			Consolidated		
	Current	Non-current	Total	Current	Non-current	Total
Balance at 12.31.2010	**49,577**	**213,417**	**262,994**	**189,414**	**2,567,145**	**2,756,559**
Additions	-	430,000	430,000	-	502,799	502,799
Transfers	26,001	(26,001)	-	256,485	(256,485)	-
Interest in profit or loss	36,489	-	36,489	150,186	879	151,065
Capitalized Interests	-	-	-	-	97,279	97,279
Guarantee remuneration	-	(3,996)	(3,996)	-	(3,996)	(3,996)
Exchange variation	1,915	16,261	18,176	1,915	16,261	18,176
Amortization of principal	(44,557)	-	(44,557)	(222,615)	-	(222,615)
Amortization of interests	(28,061)	-	(28,061)	(141,461)	-	(141,461)
Balance at 12.31.2011	**41,364**	**629,681**	**671,045**	**233,924**	**2,923,882**	**3,157,806**
Additions	-	-	-	-	244,262	244,262
Transfers	156,761	(156,761)	-	366,997	(366,997)	-
Interest in profit or loss	49,043	-	49,043	211,730	312	212,042
Capitalized Interests	-	-	-	-	32,401	32,401
Guarantee remuneration	-	(4,992)	(4,992)	-	(4,992)	(4,992)
Exchange variation	1,427	20,044	21,471	1,427	20,044	21,471
Amortization of principal	(32,706)	-	(32,706)	(218,414)	-	(218,414)
Amortization of interests	(52,883)	-	(52,883)	(238,621)	-	(238,621)
Balance at 12.31.2012	**163,006**	**487,972**	**650,978**	**357,043**	**2,848,912**	**3,205,955**

Financing releases during 2012

BNDES approved a credit facility of R$ 358,000 for the implementation of Projeto Trairi - Mundaú, Fleixeiras I, Trairí and Guajiru wind farms. Until 12.31.2012, the Company had received the total amount of R$ 204,920.

BNDES released R$ 40,055 of the credit related to Estreito HPP construction financing, and the amount of R$ 8,122 remained pending release.

c) Breakdown per type of foreign currency and domestic indices

	Parent company				Consolidated			
	12.31.2012	%	12.31.2011	%	12.31.2012	%	12.31.2011	%
Local currency								
CDI	435,372	66.88	438,801	65.39	435,372	13.58	438,801	13.90
TJLP	-	-	20,038	2.99	2,505,785	78.16	2,449,427	77.57
Not indexed	-	-	-	-	49,192	1.53	57,372	1.81
	435,372	**66.88**	**458,839**	**68.38**	**2,990,349**	**93.27**	**2,945,600**	**93.28**
Foreign currency								
US dollar	104,260	16.02	111,737	16.65	104,260	3.25	111,737	3.54
Euro	111,346	17.10	100,469	14.97	111,346	3.48	100,469	3.18
	215,606	**33.12**	**212,206**	**31.62**	**215,606**	**6.73**	**212,206**	**6.72**
	650,978	**100.00**	**671,045**	**100.00**	**3,205,955**	**100.00**	**3,157,806**	**100.00**

d) Interest rates and foreign currency variation

	2012	2011
CDI	8.40%	11.60%
TJLP [14]	5.75%	6.00%
US dollar	8.94%	12.58%
Euro	10.73%	9.25%

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

	Parent company			Consolidated		
	Local currency	Foreign currency	Total	Local currency	Foreign currency	Total
2014	286,667	4,313	290,980	467,658	4,313	471,971
2015	-	107,613	107,613	181,813	107,613	289,426
2016	-	-	-	182,710	-	182,710
2017	-	-	-	183,038	-	183,038
2018	-	-	-	178,899	-	178,899
2019 to 2023	-	-	-	868,908	-	868,908
2024 to 2028	-	89,379	89,379	514,149	89,379	603,528
2029	-	-	-	70,432	-	70,432
	286,667	**201,305**	**487,972**	**2,647,607**	**201,305**	**2,848,912**

[14] TJLP (long-term interest rate) was reduced from 6% to 5.5% beginning as of July 2012.

f) Contracted conditions

Companies / Banks	Interest	Payment conditions		Balance at 12.31.2012
		Expiration	Principal ans interests	
Local currency				
Parent company				
Bank of America Merrill Lynch	98% of CDI	07.2014	Principal: 07.2013, 01.2014 and 07.2014	435,372
Subsidiaries				
Itasa				
BNDES	TJLP + 4% p.a.[a]	09.2013	Monthly	9,130
Banks (BNDES transfer) [b]	TJLP + 3.85% p.a. [a]	09.2013	Monthly	11,324
CEE				
BNDES	TJLP + 1.89% p.a. [a]	09.2029	Monthly	892,353
BNDES – Social Credit [e]	TJLP	06.2018	Monthly	20,755
Banks (BNDES transfer) [b]	TJLP + 2.95% p.a. [a]	09.2029	Monthly	605,447
CESS				
BNDES	TJLP + 2,7% a.a. [a]	10.2023	Monthly	173,893
Banks (BNDES transfer) [b]	TJLP + 3.25% p.a. [a]	10.2023	Monthly	351,212
Hidropower (Banco do Brasil)	8.08% p.a. [c]	10.2017	Monthly	19,335
Areia Branca (BNDES)	TJLP + 2,5% a.a. [a]	06.2024	Monthly	54,522
Ibitiúva				
BNDES (A and C sub-credit)	TJLP + 2.05% p.a. [a]	01.2021	Monthly	28,985
BNDES - Subcredit B [b]	4.5% a.a.	01.2020	Monthly	29,857
Beberibe (BNDES)	TJLP + 3,5% a.a. [a]	12.2023	Monthly	91,381
Pedra do Sal (BNDES)	TJLP + 1.92% p.a. [a]	12.2023	Monthly	61,974
Mundaú (BNDES)	TJLP + 2.51% [a]	07.2029	Monthly, after 08.2013 [f]	45,387
Guajiru (BNDES)	TJLP + 2.51% [a]	07.2029	Monthly, after 08.2013 [f]	55,714
Fleixeiras I (BNDES)	TJLP + 2.51% [a]	07.2029	Monthly, after 08.2013 [f]	56,223
Trairí (BNDES)	TJLP + 2.51% [a]	07.2029	Monthly, after 08.2013 [f]	47,485
Foreign currency				
STN	Libor + 1.075% p.a.	04.2024	Semester	104,260
BNP Paribas (Floating Rate Note)	*Euribor* + 2.75%p.a.	11.2015	Annual	111,346

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

[b] Banks are as follows: Itaú Unibanco, Bradesco, Santander and Votorantim.

[c] Fixed rate already considering 15% discount for timely payment.

[d] Loan for financing Ibitiúva power plant machinery and equipment.

[e] Loan for financing social and environmental projects of the Estreito project.

[f] For Ceará State Wind projects financing, principal amortization and interest payment will start in August 2013.

Loan from Bank of America Merrill Lynch

In July 2011, the Company contracted a loan from Bank of America Merrill Lynch in the amount of US$ 273,537, equivalent to R$ 430,000.

The contracting of a swap transaction with its Brazilian subsidiary is part of negotiations with Bank of America Merrill Lynch to hedge entire future cash flows against US dollar fluctuations, in the amount of R$ 430,000, through which it will maintain long position corresponding to dollar variation plus interest of 2.6236% p.a. and short position equivalent to 98% of CDI.

The financial institution that granted the loan guarantees the payment of all the cash flows arising from the swap operation if its Brazilian subsidiary ever fails to honor the contracted obligations. The maturity of the principal and the amortization of interest on the loan and on the swap will occur on exactly the same dates.

The Company is entitled to settle the principal and the financial interests of the loan and of the swap operation on a net basis, if necessary, and will perform these settlements simultaneously on their respective due dates.

Accordingly, the financial instruments and their respective charges are considered a single synthetic financial instrument and are being presented on a net basis in the balance sheet and in the profit or loss of the Company, reflecting in a more appropriate manner the amounts and the indication of future cash flows, as well as the market and liquidity risks to which this cash flow will be exposed.

Consequently, the effect on the Company's financial income resulting from the contracting of the aforesaid financial instruments will be equivalent to 98% of the CDI.

g) Guarantees

g.1) Parent company

- Domestic Currency - Bank Of America Merrill Lynch: promissory note of US$ 273,537, corresponding to R$ 558,973 as of 12.31.2012, in favor of Bank of America N.A.

- Foreign currency - STN: (a) assignment and transfer of receivables to the Federal Union up to the limit sufficient to pay installments and other charges due on each maturity; (b) security deposit of R$ 82,842 as of 12.31.2012 (R$ 70,562 as of 12.31.2011), which is presented in the rectifying account of the corresponding financing, as it will be mandatorily used to amortize principal on contract maturity. There are no guarantees granted to other foreign currency loans and financing of the Company.

g.2) Subsidiaries

BNDES and Banks (BNDES onlending)

- Financing of hydroelectric projects: (a) pledge of rights deriving from concession; (b) pledge of credit rights deriving from electrical energy purchase and sale contracts; (c) reserve account at amount equivalent to three months of debt service or bank guarantee; (d) reserve account at amount equivalent to three months of operating and maintenance contract expenses applicable to plants that contract third parties' services to execute these activities; and (e) security deposit for total shares.

In addition to these guarantees, in the contract with CEE, there is the guarantee for the pledge of dividends to be paid by Tractebel Energia to its parent company, GSELA.

- Financing of Small Hydroelectric, Biomass and Wind Farm Projects: (a) pledge of assets and equipment, (b) total shares representing subsidiaries' capital; (c) receivables and reserve account; and (d) Tractebel Energia corporate collateral signature.

Banco do Brasil: (a) total shares representing capital; (b) receivables and reserve account; and (c) Tractebel Energia corporate collateral signature.

h) Contract commitments (*covenants*)

The Company assumed the following commitments in its loan and financing contracts:

Debt	*Covenants*
Parent company	
Bank of America Merrill Lynch	EBITDA[15] /consolidated financial expenses ≥ 2.0 Consolidated debt/EBITDA ≤ 3.5
Subsidiaries	
BNDES and Banks (BNDES transfer) - Itasa	Shareholders' equity / total assets ≥ 40%
BNDES and Banks (BNDES transfer) - CEE and Areia Branca	Debt service coverage rate[16] ≥ 1.2
BNDES and Banks (BNDES transfer) - CESS, Beberibe and Pedra do Sal	Debt service coverage rate ≥ 1.3
BNDES – Ibitiúva	(i) General Indebtedness Rate ≤ 0.80 (ii) Debt service coverage rate ≥ 1.3
Banco do Brasil – Hidropower	(i) Shareholders' equity/ total assets ≥ 0.35 (ii) EBITDA margin[17] (EBITDA/ROL) ≥ 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 coverage rate ≥ 1.3

[15]EBITDA: Operating income – financial income – depreciation and amortization.
[16]Debt service coverage rate: Activity cash generation/ Debt service
[17] EBITDA Margin: EBITDA / Net operating revenue(ROL)

Financial commitments established in loan and financing contracts are being complied by the Company. Covenants of Mundaú, Guajiru, Fleixeiras I and Trairí wind farms financing will be required only after each plant starts operations and will correspond to a "Debt service coverage rate " ≥ 1.3.

16. – DEBENTURES

a) Breakdown

	Parent company and Consolidated					
	12.31.2012			12.31.2011		
	Current	Non-current	Total	Current	Non-current	Total
2nd Issuance - single series	156,825	158,548	315,373	149,046	299,328	448,374
Cana Brava – single series	-	-	-	15,880	8,526	24,406
Interest	13,217	-	13,217	18,614	-	18,614
	170,042	**158,548**	**328,590**	**183,540**	**307,854**	**491,394**

b) Changes in debentures

	Parent company			Consolidated		
	Current	Non-current	Total	Current	Non-current	Total
Balance at 12.31.2010	**895,178**	**765,964**	**1,661,142**	**905,017**	**782,344**	**1,687,361**
Transfers	484,054	(484,054)	-	500,434	(500,434)	-
Interests generated	87,387	2,509	89,896	89,109	2,509	91,618
Monetary variations	9,971	23,435	33,406	11,058	23,435	34,493
Amortization of principal	(1,169,274)	-	(1,169,274)	(1,195,775)	-	(1,195,775)
Amortization of interests	(123,776)	-	(123,776)	(126,303)	-	(126,303)
Balance at 12.31.2011	**183,540**	**307,854**	**491,394**	**183,540**	**307,854**	**491,394**
Transfers	160,909	(160,909)	-	160,909	(160,909)	-
Interests generated	28,705	126	28,831	28,705	126	28,831
Monetary variations	7,691	11,477	19,168	7,691	11,477	19,168
Amortization of principal	(176,786)	-	(176,786)	(176,786)	-	(176,786)
Amortization of interests	(34,017)	-	(34,017)	(34,017)	-	(34,017)
Balance at 12.31.2012	**170,042**	**158,548**	**328,590**	**170,042**	**158,548**	**328,590**

Change of contract commitment (*covenant)* of the 2nd issuance of debentures

On 5.10.2012 the General Meeting of Debenture Holders (AGD) approved the increase of its financial covenant established in the its 2nd issue, from 2.5 times to 3.5 times on the "gross debt / EBITDA" ratio: This alteration resulted in the payment of a premium of R$ 1,076, equivalent to 0.22% of the nominal value of these debentures.

c) Conditions contracted

			Payment conditions		
	Quantity	Remuneration	Interest/monetary change	Principal	Guarantee
2nd Issuance - single series	35,000	IPCA [18] + 7% p.a.	Annually on 05.15	3 installments on 05.2012/13/14	Without guarantee

In 2012 and 2011, IPCA varied 5.84% and 6.5%, respectively. Debenture covenants - EBITDA / consolidated financial expenses ≥ 2.0 and Consolidated debt/ EBITDA ≤ 3.5 – are being complied by the Company.

17. – CONCESSIONS PAYABLE

	Parent company		Consolidated	
	12.31.2012	12.31.2011	12.31.2012	12.31.2011
Cana Brava hydroelectric power plant	508,629	432,721	508,629	432,721
Ponte de Pedra hydroelectric power plant	459,258	395,652	459,258	395,652
São Salvador hydroelectric power plant	-	-	419,712	401,132
Estreito hydroelectric power plant	-	-	41,327	36,447
	967,887	**828,373**	**1,428,926**	**1,265,952**
Classifying in the balance sheet				
Current liabilities	3,129	2,643	48,800	45,688
Non-current liabilities	964,758	825,730	1,380,126	1,220,264
	967,887	**828,373**	**1,428,926**	**1,265,952**

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

Considering that contractual amounts are stated at future prices, the Company adjusted them to present value based on reference discount rates on the date the obligation assumed, as follows: Cana Brava, São Salvador and Estreito - 10% p.a. and Ponte de Pedra - 8,28% p.a.

[18] National Amplified Consumer Price Index (IPCA)

Contract for Concession of Use of the Public Assets (UBP) of Estreito HPP

In response to the Company's request, Aneel approved in 2012 the alteration of the monetary variation index of the contract from IGP-M to IPCA with the objective of equalizing the obligation with the monetary variation index of the electricity prices performed in the Regulated Contracting Environment (ACR).

Moreover, due to the increase in the plant's assured energy output from 584.9 average MW to 641.08 average MW, the annual installment of UBP to be paid by the subsidiary Companhia Energética Estreito (CEE) rose from R$ 3,819 to R$ 4,186. The retroactive application of this change resulted in an additional payment of R$ 436 by UBP in 2012.

Original contracted amounts

Original amount, adjusted at annual IGP-M (Cana Brava and Ponte de Pedra) and IPCA (Estreito and São Salvador) variation, indicated below, are paid in monthly installments equivalent to 1/12 of respective annual amount.

	Original value		Restated amount	
Plants and payment years	**Annual Payment**	**Total payment**	**Annual Payment**	**Total payment**
Cana Brava hydroelectric plant				
Up to 07.31.2023	680	7,310	2,275	25,057
From 08.01.2023 to 07.31.2033	61,280	612,800	210,575	2,105,753
		620,110		**2,130,810**
Ponte de Pedra hydroelectric plant				
Up to 08.30.2019	200	1,350	604	4,093
From 10.01.2019 to 09.30.2020	16,200	16,200	49,154	49,154
From 10.01.2020 to 09.30.2034	31,109	435,531	94,392	1,321,483
		453,081		**1,374,730**
São Salvador hydroelectric plant				
Up to 04.30.2037	20,000	**488,333**	43,776	**1,088,139**
Estreito hydroelectric plant				
Up to 12.31.2037	1,966	**49,324**	4,302	**109,312**

a) Changes

	Parent company			Consolidated		
	Current	Non-current	Total	Current	Non-current	Total
Balance at 12.31.2010	**2,499**	**718,526**	**721,025**	**42,297**	**1,092,650**	**1,134,947**
Transfers	2,672	(2,672)	-	47,834	(47,834)	-
Interest in profit or loss	-	66,543	66,543	-	104,899	104,899
Capitalized interest	-	-	-	-	3,754	3,754
Monetary variations	-	43,333	43,333	-	66,795	66,795
Amortizations	(2,528)	-	(2,528)	(44,443)	-	(44,443)
Balance at 12.31.2011	**2,643**	**825,730**	**828,373**	**45,688**	**1,220,264**	**1,265,952**
Additions	-	-	-	-	3,515	3,515
Transfers	3,210	(3,210)	-	52,165	(52,165)	-
Interest in profit or loss	-	78,822	78,822	-	121,237	121,237
Capitalized interest	-	-	-	-	1,440	1,440
Monetary variations	-	63,416	63,416	-	85,835	85,835
Amortizations	(2,724)	-	(2,724)	(49,053)	-	(49,053)
Balance at 12.31.2012	**3,129**	**964,758**	**967,887**	**48,800**	**1,380,126**	**1,428,926**

b) Maturities of concessions payable presented in non-current liabilities

	Parent company	Consolidated
2014	2,556	44,850
2015	2,331	40,780
2016	2,126	37,071
2017	1,939	33,706
2018	1,769	30,649
2019 to 2023	209,311	318,768
2024 to 2028	453,900	521,839
2029 to 2033	277,950	320,121
2034 to 2037	12,876	32,342
	964,758	**1,380,126**

18. TAXES AND SOCIAL CONTRIBUTIONS PAYABLE

	Parent company		Consolidated	
	12.31.2012	12.31.2011	12.31.2012	12.30.2011
Federal				
Income and social contribution taxes	409,824	357,804	436,981	383,212
PIS and COFINS	18,648	19,142	22,661	22,192
INSS	3,597	3,663	4,277	4,228
Other	1,431	1,389	1,471	1,437
	433,500	**381,998**	**465,390**	**411,069**
(-) Federal taxes to offset	(75,541)	(78,079)	(76,431)	(78,832)
	357,959	**303,919**	**388,959**	**332,237**
State				
ICMS payable	6,110	7,443	27,457	26,584
(-) ICMS recoverable	(1,717)	(7,350)	(1,724)	(7,666)
	4,393	**93**	**25,733**	**18,918**
Municipal				
Service tax (ISS)	623	471	1,384	854
	362,975	**304,483**	**416,076**	**352,009**

In 2012, the Company started to present taxes payable net of recoverable taxes, when said taxes refer to the same tax entities and there is the exercisable right and the intention of the Company's management to settled them for the net amount. In order to maintain the comparison between presented balance sheets, balances previously presented under account "Taxes and social contributions recoverable", as of 12.31.2011, in the amount of R$ 85,429 in the parent company (R$ 86,498 in consolidated), were reclassified to caption "Taxes and social contributions payable".

Of the aforementioned federal tax balance to offset, R$ 69,326 correspond to PIS and Cofins credit recognized due to a final court decision in favor of the Company related to the application of Normative Instruction 468/2004. On 12.27.2012, the Company obtained a favorable decision from Revenue Service of Brazil for credit entitlement requests and is now able to proceed the offseting, which will occur in the beginning of 2013.

19. – PROVISION FOR REMUNERATIONS AND CHARGES

	Parent company		Consolidated	
	12.31.2012	12.31.2011	12.31.2012	12.31.2011
Current liabilities				
Provision for profit sharing and bonuses	35,311	34,303	35,311	34,303
Provision for vacation	18,606	15,744	18,991	16,423
Provision for voluntary termination expenses	7,069	2,783	7,069	2,783
Others	414	201	414	201
	61,400	**53,031**	**61,785**	**53,710**

Provision for profit sharing and manager bonus

To supplement fixed salary payment, the Company maintains a variable remuneration system, of annual periodicity, comprised of two programs: (i) Profit Sharing Program – applicable to all employees of the Company and linked to results obtained; and (ii) Manager Bonus Program – applicable to all employees classified as managers and linked to the results in their areas and individual performance.

20. – TAX, CIVIL AND LABOR PROVISIONS

Tax, civil and labor-related suits and claims which, according to the Company's legal counsel and management, that have probable risks of future disbursement, are provisioned in amounts considered sufficient to cover future disbursement to settle the respective liabilities.

a) Breakdown

	Parent company		Consolidated	
Probable risks:	**12.31.2012**	**12.31.2011**	**12.31.2012**	**12.31.2011**
Tax				
INSS	16,195	15,451	16,195	15,451
Other	4,767	2,418	6,533	2,418
	20,962	**17,869**	**22,728**	**17,869**
Civil				
Charge for using the transmission system	65,085	49,603	65,085	49,603
Contracts with suppliers	25,549	23,815	25,549	29,619
Retirement benefits	10,894	9,787	10,894	9,787
Environmental	7,873	7,069	7,873	7,069
Occupational disease and labor accident	4,785	4,407	4,785	4,407
Expropriations	15,298	3,620	15,298	3,620
Sundry lawsuits	7,203	4,597	11,275	8,236
	136,687	**102,898**	**140,759**	**112,341**
Labor	**9,794**	**10,996**	**11,233**	**10,996**
Total	**167,443**	**131,763**	**174,720**	**141,206**
Classification in the balance sheet				
Current liabilities	28,439	7,640	29,170	8,615
Non-current liabilities	139,004	124,123	145,550	132,591
	167,443	**131,763**	**174,720**	**141,206**

a.1) Probable tax risks

Social Security Charges (INSS)

Refers, substantially to a Tax Debt Assessment Notice (NFLD) received because the additional contribution to the Occupational Accident Insurance (SAT) was not paid from April 1999 to March 2004 since, allegedly, there was no proof of work environment risk. The Company says that this law does not support said notice for mentioned accrual periods and that the contribution additional could be charged only for employees entitled to special retirement, which is not the situation for the period under discussion.

The Company awaits the decision about the appeal it filed for this process. The amount recorded as provision as of 12.31.2012 is R$ 14,151 (R$ 13,428 as of 12.31.2011).

a.2) Probable civil risks

Transmission System Usage Tariff (TUST)

This lawsuit intends to adjust TUST paid by Ponte de Pedra HPP to the amount charged from other plant with similar characteristics. The Company records a provision for the difference between charged amounts and contracts a bank letter of guarantee for the disputed amount. In 2012, there were no changes to lawsuit progress, only the adjustment of amounts recorded as provision.

Contracts entered into with suppliers

- Companhia de Interconexão Energética (Cien): refers to the ordinary action for indemnity filed by Cien to obtain the right to receive the difference related to the application of a foreign exchange adjustment foreseen in the energy sale agreement, and its termination due to a supposed breach of a contractual clause.

Tractebel Energia presented an objection in March 2002 and, in September 2006, it was decided that Aneel should be included in the lawsuit as defendant, fact that would displace the competence from Ordinary Courts to Federal Courts.

After long proceeding, Ordinary Courts were determined as competent to judge the lawsuit. On 11.19.2012, a decision was issued declaring Cien request as groundless. Cien challenged this decision through a Motion of Clarification that was not accepted and filed an Appeal with the Court of Justice of Santa Catarina State (TJSC), which is awaiting the assignment of a reporter. As of 12.31.2012, amount related to this lawsuit was R$ 21,658 (R$ 19,754 as of 12.31.2011).

- **Energy supplier:** that lawsuit claims the collection of amounts calculated in the Energy Wholesale Market (currently Electrical Energy Trading Chamber - CCEE) during the energy rationing period from September 2000 to December 2002, of subsidiary Itasa. In December 2012, involved parties entered into a court agreement to conclude the lawsuit and send it to filing. Provision write-off value, corresponding to the interest of the Company in this company, was R$ 6,416.

Retirement benefit

It refers, substantially, to the lawsuit filed against Fundação Eletrosul de Previdência e Assistência Social (ELOS) and Eletrosul Centrais Elétricas S.A. (Eletrosul) through which members of the foundation that are lawsuit authors require that the option they exercised be declared as null or, alternatively, as ineffective, in order to limit contributions to the foundation to contribution salaries, which reduced their retirement benefits.

Lower court decision, confirmed by TJSC, is against Eletrosul and ELOS interest. In 2011, the Company signed agreements with most claimers. Amount estimated to cover risks related to the action of claimers that did not adhere to the agreement is R$ 10,545 as of 12.31.2012 (R$ 9,469 as of 12.31.2011).

Environmental

The Company is currently the defendant in thirteen environmental public civil lawsuits. These lawsuits are divided as follows: (i) three lawsuits whose object is the implementation of a two-door sluice gate, fish stairs and "stub up" – action to remove or pull away tree stubs and roots – of Salto Osório and Salto Santiago hydropower plants reservoirs; (ii) eight lawsuits require reforesting and the establishment of a Permanent Conservation Area (APP) of 100 meters around said hydroelectric power plant reservoirs; (iii) one lawsuit related to alleged damage caused by the filling out of Cana Brava Hydropower Plant reservoir; and (iv) one lawsuit related to the disposal of ashes by Charqueadas Thermoelectric Power Plant.

In two of the eight lawsuits related to APP implementation, decisions were issued convicting the Company to present a reforesting project and to implement an AAP of 100 meters around Salto Santiago hydropower plant. The Company filed an appeal against these decisions.

Occupational disease and labor accident

Correspond to lawsuits filed by former employees regarding mainly repetitive strain injury and possible damage to hearing capacity. Initial conviction estimates were not confirmed and the outcome of these lawsuits has been widely favorable to the Company. A provision is recognized for each lawsuit, considering probable future disbursements that the Company will have to do to close this lawsuit through agreement or conviction.

Expropriations

The growth of the accrued amount between 2011 and 2012 resulted substantially from the inflow of lawsuits filed by individuals and legal entities whose subject matter refers to expropriations of the areas affected by the reservoir of the hydroelectric power plants Cana Brava and Ponte de Pedra.

Sundry lawsuits

Derive mainly from lawsuits requiring rural resettlement or issuance of letter of credit, as well as indemnity lawsuits filed by individuals and legal entities that claim they were harmed by the Company's plant reservoirs flooded areas.

a.3) Probable labor risks

Refer to labor lawsuits in progress filed by former employees, unions or outsourced workers and related mainly to employment relationship, FGTS, overtime, pension plans supplement and sundry indemnities.

b) Change in provisions for probable risks

	Parent company			
	Tax	**Civil**	**Labor**	**Total**
Balance at 12.31.2010	**32,260**	**105,892**	**13,579**	**151,731**
Additions	-	9,620	1,892	11,512
Restatements	2,939	11,499	1,229	15,667
Payments	-	(15,056)	(2,511)	(17,567)
Reversals	(17,330)	(9,057)	(3,193)	(29,580)
Balance at 12.31.2011	**17,869**	**102,898**	**10,996**	**131,763**
Additions	2,348	23,193	745	26,286
Restatements	789	12,886	776	14,451
Payments	-	(733)	(1,203)	(1,936)
Reversals	(44)	(1,557)	(1,520)	(3,121)
Balance at 12.31.2012	**20,962**	**136,687**	**9,794**	**167,443**

	Consolidated			
	Tax	**Civil**	**Labor**	**Total**
Balance at 12.31.2010	**32,260**	**108,443**	**13,579**	**154,282**
Additions	-	24,760	1,892	26,652
Restatements	2,939	11,695	1,229	15,863
Payments	-	(15,065)	(2,511)	(17,576)
Reversals	(17,330)	(9,119)	(3,193)	(29,642)
Reclassification	-	(8,373)	-	(8,373)
Balance at 12.31.2011	**17,869**	**112,341**	**10,996**	**141,206**
Additions	4,112	24,093	2,184	30,389
Restatements	791	14,041	776	15,608
Payments	-	(7,334)	(1,203)	(8,537)
Reversals	(44)	(2,382)	(1,520)	(3,946)
Balance at 12.31.2012	**22,728**	**140,759**	**11,233**	**174,720**

c) Possible and remote risks

The Company is also a party to other lawsuits that, in the opinion of the legal advisors and Company's Management, do not represent a probable risk of future disbursement. The amounts related to those lawsuits, mentioned below, are not provisioned, and are only mentioned in the Notes.

	Parent company					
	12.31.2012			12.31.2011		
	Possible risk	Remote risk	Total	Possible risk	Remote risk	Total
Tax	115,740	554,796	670,536	461,053	530,830	991,883
Civil	15,143	412	15,555	9,631	371	10,002
Labor	6,774	27,829	34,603	10,940	15,407	26,347
	137,657	**583,037**	**720,694**	**481,624**	**546,608**	**1,028,232**

	Consolidated					
	12.31.2012			12.31.2011		
	Possible risk	Remote risk	Total	Possible risk	Remote risk	Total
Tax	163,999	557,582	721,581	499,551	530,830	1,030,381
Civil	38,696	1,456	40,152	12,237	1,351	13,588
Labor	6,824	30,200	37,024	10,940	15,407	26,347
	209,519	**589,238**	**798,757**	**522,728**	**547,588**	**1,070,316**

c.1) Possible tax risks

Main tax risks evaluated by the Company and its legal advisors as possible are as follows:

Voluntary revelation

The Brazilian National Tax Code (CTN) contains a mechanism that allows the payment of overdue taxes without the application of an late payment penalty, through "voluntary revelation", providing it is made before any administrative procedure or inspection measure. It so happens that the Internal Revenue Service of Brazil (RFB) has not been accepting payments after the deadline without the corresponding late payment penalty.

To guarantee its entitlement in this situation, the Company presents administrative, and when necessary, legal challenges. On 05.18.2012, RFB notified the Company of a Final Court Decision rendered by the Administrative Council of Tax Appeals (CARF), conferring a favorable decision for the Company, by unanimous vote.

The litigation involved the amount of R$ 495. Although the amount is not particularly significant, the decision is important as a new administrative precedent, which could waive the Judiciary's quest for assurance of the Company's legal entitlement in the new proceedings.

The amount of the notices restated on 12.31.2012 is R$ 55,502 (R$ 52,809 on 12.31.2011).

Value-added tax on sales and services for Communication and Transport (ICMS)

The Company and its subsidiary 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 to which the client is connected. After, the distribution company then sends this information to the CCEE, an entity responsible for adjusting said measurements, allowing for the recording of the electrical energy sold by the agent.

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

Regarding the two proceedings related to subsidiary TBLC, the Court of Taxes and Rates (CTR) reduced the amount and fine in one of the notices, and maintained the amounts in the other.

After this decision, TBLC filed a request for rectification and admissibility of the Special Appeal in both lawsuits. One of them had the request denied and the appeal rejected and the other is still awaiting the decision in the administrative sphere. As regards the lawsuit whose appeal in the administrative sphere was not accepted, TBLC awaits the Finance Department execution process to file a motion in courts.

There are two lawsuits against Tractebel Energia, and in one of them the amount and fine were reduced, but the State of São Paulo Finance Department appealed against the reduction. In view of this situation, the Company filed a request to rectify the court decision and a special appeal to obtain a fully favorable decision on the cancelling of enrollments described in the notice, which are awaiting court decision.

Despite the partial success of the Company's defenses, the Company's Management and its legal advisors understand that the total amounts are subject to appraisal mistakes and legal grounds, where the chance of success for these disputes is higher than the risk of losses.

The aforementioned assessment notices are being contested by the Company and its lawyers. The updated amount of the proceedings on 12.31.2012 is R$ 13,995 (R$ 13,628 on 12.31.2011), in the parent company, and R$ 52,902 (R$ 51,694 on 12.31.2011), consolidated.

Even if the tax assessment notices are partially upheld, the Company's management and legal counsel understand that the amount actually due would be less than 10% of that charged by the tax authorities, who adopted calculation criteria not supported by law, and therefore the aforementioned amount would be substantially reduced.

Compensation of negative basis in the succession and waiver of fines in voluntary confession

In June 2008, the Company obtained a favorable decision of the Judgment Office of Florianópolis, state of Santa Catarina, regarding the tax assessment notice issued by the Brazilian Federal Revenue Service, due to the use of the negative taxable basis of social contribution in the calendar year 2003, originated from a merger operations. In the notice, tax authorities demanded the payment of taxes settled in arrears by the Company, with no fine levied, by compensation 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 taxable basis of social contribution derive from the merger of a company held on 04.29.1998 and used after the amendment to the tax legislation introduced by Provisional Measure (PM) n° 2,158-35, of 2001, prohibiting the use of negative taxable basis from mergers, combinations or spin-offs of companies.

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

Regarding the settlement of overdue taxes, without levy of fine and with the use of tax credits, before any administrative procedure or enforcement measure, 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 Fiscal Resources Managerial Council (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 updated amount of this notice on 12.31.2012 is R$ 29,688 (R$ 28,524 on 12.31.2011).

c.2) Remote tax risks

Main tax risks evaluated by the Company and its legal advisors as remote are as follows:

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

On 12.30.2010 the Brazilian Federal Revenue Service issued a tax assessment notice, 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 n° 1,506/1976 of 12.23.1976, set forth important tax benefits to the Brazilian Electrical 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, DNAEE (National Department of Water and Electric Energy) issued Administrative Rule n° 250/1985, which changed the accounting criteria adopted until then and remuneration of construction in progress (interest of up to 10% p.a.), taking advantage of income tax exemption benefit as a result of Decree-law n° 1,506/1976, recorded until then in the income, started to receive two different accounting classifications: a) the portion referring to construction work financed with own capital started to be recorded in shareholders' equity and, therefore, had no effects on income statement in the period; and b) the portion referring to construction work financed by loans started to be recorded as a credit to deferred charges to be later amortized in income, statement concomitantly with contract amounts charged, also, in deferred charges. With that procedure, the amount of revenue that is tax exempt, arising from loan-based constructions, which was previously recorded in income statement upon tax calculation, started being recognized in income, with exclusion for determining taxable income, but only when: i) the asset under construction originating the income becomes operational or (ii) is written off.

This new accounting procedure took place until 12.31.1995, and was amended by Administrative Rule n° 526 of 11.22.1995, issued by the DNAEE, which, among other decisions, determined the transfer of balances existing in deferred charges regarding remuneration of to property, plant and equipment in progress, to property, plant and equipment, and eliminated the calculation and recording of the remuneration of property, plant and equipment in progress corresponding to the portion of the constructions made with borrowed capital and keeping the remuneration only on the portion of the constructions made with own capital.

The exemption guaranteed by that Decree-Law was revoked by Law n° 9,718 of 11.27.1998, causing the Company to suspend its calculation and recording as of 01.01.1999.

Accordingly, amounts of remuneration of to property, plant and equipment in progress that are being disallowed by tax authorities refer to previously deferred revenues, calculated under said decree-law, and, therefore, benefited by income tax exemption, which are being recognized in income during the operation of the power plants that originated them.

On 02.24.2012, the Company became aware of the Federal Revenue Judgment Office unanimous Decision considering the challenge valid, after the analysis of the merit. This decision will only become definitive after its confirmation by a higher administrative level, that is, CARF. In view of that decision, the Company started classifying the risk of an unfavorable outcome of the action as remote. The Council lawsuit reporter was drawn and will be the taxpayers' representative.

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. The updated amount of this notice on 12.31.2012 is R$ 374,090 (R$ 350,919 on 12.31.2011).

PIS and Cofins – Normative Instruction of the Brazilian Federal Revenue Office (IN 658/2006)

In July 2005, the Company filed for injuction against the requirements provided in regulatory Instruction n° 468/2004 (IN 468/2004), that the revenues arising from the contracts signed until 10.31.2003 to be submitted to non-cumulative taxation of PIS and Cofins as of the first price change the decharacterizing "predetermined price", concept provided for by the article 10 of Law n° 10,833/2003.

IN 468/2004 was revoked on 07.04.2006 by IN 658/2006, in light of the advent of article 109 of Law n° 11,196/2005, which established that the predetermined price would not be altered if the price readjustment occured is linked to the production cost or the variation of the index that would reflect the weighted variation of the costs of the inputs used. However, despite the change incorporated into IN 658/2006 resulting from the aforesaid law, the requirements challenged for the Company remained.

In October 2006, Federal Regional Court (TRF) guaranteed to the Company the right to collect PIS and Cofins contributions according to the cumulative tax regime, as provided for in Law n° 10,833/2003, without the illegal and unconstitutional restrictions of IN 468/2004, and permitted the Company to interrupt escrow deposits that had started in June 2005. However, TRF decision did not contemplate IN 658/2006, which led the Company to file a special appeal with STJ.

The Federal Government, in turn, lodged a special appeal vis-a-vis the decision of the Regional Federal Court, which was not accepted, reason whereby, in April 2010, it was formally certified the final and unappealable court decision was handed down by TRF in relation to IN 468/2004.

Due to this reason, in July 2010, the request for issuance of a court order to release the judicial deposits made in the period from June 2005 to June 2006, remaining pending the release of undue amounts collected prior to June 2005 and the deposits made in the period from July 2006 - month of publication of IN 658/2006 - to October 2006 - month of the decision of TRF. The restrictions on the repetition of undue payments and on the redemption of the judicial deposits were imposed by the Federal Revenue Service of Brazil under the argument that the Injunction in question had not become final.

Considering that the Special Appeal lodged by the Company was not known by STJ, due to absence of appellate interest, since TRF fully accepted the Company's request to continue in the cumulative tax system, such a proceeding became final in the month of June 2012, with no further claims involving the aforesaid Normative Instructions (468/2004 and 658/2006).

Once there is no discussions related to referred IN, after this decision, in June Company stopped to present the comparative schedule of provisions the amount of R$ 373,457, being presented as remote risk.

Regarding to the deposits made from July to October 2006, on 07.12.2012 was published the granting of the Company's request for waiver authorizing the issuance of a court order for release of such deposits since STJ has concluded that the concession of the order by TRF of the 4th Region, also encompasses the period ruled by IN 658/2006.

However, on 08.10.2012, Federal Government requested the suspension of the license issuance order to withdraw said judicial deposits and allow the review of contracts linked to court the decision. Required to express its position, the Company requested denial of Federal Union order, while the order for license issuance was maintained.

Against the decision that maintained this order, Federal Union filed a legal proceeding denominated "Bill of Review" and obtained an injunction; the matter will be reviewed upon appeal judgment, after the presentation of counter reasons. Deposit amount adjusted as of 12.31.2012 is R$ 45,659 (R$ 41,496 as of 12.31.2011).

The Company also filed on 09.11.2012, the request of proving the claim relating to the undue payment of the amounts deposited prior to June 2005, with the request deferred on 12.27.2012. As of 12.31.2012, adjusted amount is R$ 68,701 (R$ 66,009 on 12.31.2011) and will be offset in 2013.

Recovery of PIS and COFINS

In 1998, Law n° 9,718/98 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 of 1999 to November of 2002, for PIS, and February of 1999 to January of 2004, for Cofins.

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

In 2009, the Brazilian Federal Revenue Service notified the Company to collect the amount of R$ 135,982 referred to the period from April of 2004 to January of 2007, interest and fines already included, pleading that the "CCC subsidy" represents a billing and, therefore, it should be included in the calculation basis of PIS and Cofins for the mentioned period.

In the Company's management and legal advisors, the arguments of the Federal Revenue Service 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 filing a motion to deny the notification at the administrative level and, if necessary, will do so in court. 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 Subsidy" and Energy Development Account (CDE) funds were recorded due to its consumption 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 aforementioned summary, the Management understands that the risk of loss in the process is remote. Lawsuit is awaiting a decision from the Judgment Office of Florianopolis. The update amount on 12.31.2012 is R$ 173,118 (R$ 163,273 on 12.31.2011).

21. – OBLIGATIONS WITH RETIREMENT BENEFITS

The Company, through PREVIG - Sociedade de Previdência Complementar, provides supplementary pension plans for its employees. PREVIG is a nonprofit closed pension entity, sponsored by the Company, as its Founder, and by other International Power/GDF-SUEZ Group companies in Brazil, which is part of the international group GDF SUEZ. The benefit plans managed by PREVIG are: Defined Contribution (CD) and Defined Benefit (BD), the latter closed for new adhesions.

The Company also sponsors the BD plan of Fundação Eletrosul de Previdência e Assistência Social (ELOS), also closed for new adhesions. Members of this plan are mainly retirees that started to enjoy benefits until December 23, 1997, date on which Eletrosul was spun-off, as well as members that opted for the deferred proportional benefit until then, and that did not migrate to PREVIG.

As of 12.31.2012, PREVIG had 456 (452 as of 12.31.2011) retirees and pensioners enjoying benefits, and ELOS had 2,185 (2,182 as of 12.31.2011).

Main characteristics of plans administered by the Company are as follows:

a) Defined benefit plan (BD)

BD plan uses the financial system for capitalization of retirements, pension plans and aid benefits. Benefit plan costs are covered by contributions made by members and sponsor, and the Company's contribution is twice the contribution of its employees. Benefits provided for in the BD plan are as follows:

- Retirement per length of work, disability and age supplement;
- Special retirement and former combatant retirement supplement;
- Pension supplement;
- Inmate pension supplement;
- Annual bonus; and
- Funeral allowance.

Currently, at PREVIG, this plan has 81 members (88 as of 12.31.2011), of which 27 are in the BD plan and 54 in the BSPS plan (as described below). While at ELOS, this plan has 4 members as of 12.31.2012 (6 as of 12.31.2011).

ELOS administrative expenses are proportionately assigned to each sponsor in accordance with its members' equity. In 2012, 48.11% of administrative expenses were paid by Tractebel Energia (49.64% in 2011) and the remaining amount by Eletrosul. The Company's responsibility value in 2012 was R$ 2,466 (R$ 2,108 in 2011).

The Company is also responsible for 100% of PREVIG's administrative expenses linked to the BD plan, which are limited to 15% of total respective social security revenues. In 2012, these expenses amounted to R$ 1,877 (R$ 1,660 in 2011).

Settled Proportional Supplementary Benefit Plan (BSPS)

The Company also maintains a defined contribution plan (CD) at PREVIG, denominated "Prevflex", which is being offered to all new employees since 2005. Tractebel Energia employees could choose to remain in the defined benefit (BD) plan or to transfer to "Prevflex" (CD).

However, members that comply with some pre-conditions established upon Previflex creation had the option of maintaining existing reserves in the BD plan up to that date and, from then on, making direct contributions to the CD plan. However, in case they chose to transfer their reserves directly to the CD plan, they were entitled to a special contribution, which was accepted by 94% of members. "BSPS" was closed for new adhesions.

a.1) Actuarial assumptions

Actuarial assumptions and economic hypothesis used to evaluate post-employment benefits are as follows:

Assumptions	12.31.2012	12.31.2011
Discount rate (p.a.)		
- BD (ELOS) and BD (PREVIG) benefit plans	9.00%	10.50%
- BSPS benefit plans	8.00%	9.75%
Assets expected return rate (p.a.)		
- BD (ELOS) and BD (PREVIG) benefit plans	11.00%	10.50%
- BSPS benefit plans	11.00%	12.00%
Estimated profitability	11.00%	11.00%
Future salary growth of active and self-sponsored member (p.a.)	5.20%	4.50%
Growth of the Company-sponsored plan benefits (p.a.)	5.20%	4.50%
Inflation	5.20%	4.50%
Capacity factor (Salaries and Benefits)	100%	100%

Assumptions	12.31.2012 and 12.31.2011
Mortality Table (assets)	AT 2000 (per sex)
Mortality table for invalids	RP 2000 *Disabled*
Table Disability	Watson Wyatt 1985 *Disability Class 1*
Turnover table	T-1 Service Table
% of members that are married on retirement date	90
Retirement age	First date in which they complete all grace periods
Age difference between participant and spouse	Wives are 4 years younger than husbands
SB-40 conversion factor	140%
Members entitled to conversion of special retirement into retirement per length of work (SB-40)that opted for conversion	100%

a.2) Statement of post-employment benefits per plan, net

						Classifying in the balance sheet	
	Plan ELOS BD	Plan PREVIG BD	PREVIG BSPS Plan	GC	Total	Current	Non-current
12.31.2011							
Present value of the obligations	1,027,245	235,951	45,775	2,217	1,311,188		
Fair value of assets	(852,865)	(241,772)	(45,171)	-	(1,139,808)		
Calculated liabilities (assets)	**174,380**	**(5,821)**	**604**	**2,217**	**171,380**		
Unrecognized gains (losses)	86,963	57,377	22,012	(723)	165,629		
Liabilities recorded on 12.31.2011	**261,343**	**51,556**	**22,616**	**1,494**	**337,009**	**36,045**	**300,964**
12.31.2012							
Present value of the obligations	1,300,358	311,843	66,181	2,661	1,681,043		
Fair value of assets	(1,065,255)	(312,548)	(55,979)	-	(1,433,782)		
Calculated liabilities (assets)	**235,103**	**(705)**	**10,202**	**2,661**	**247,261**		
Unrecognized gains (losses)	16,435	40,537	3,679	(937)	59,714		
Liabilities recorded on 12.31.2012	**251,538**	**39,832**	**13,881**	**1,724**	**306,975**	**32,368**	**274,607**

Sensitivity analysis prepared by actuaries show that, for every 0.1% of discount rate rise, actuarial liabilities increase approximately R$ 13,000.

In accordance with accounting practices currently adopted by the Company, accumulated actuarial losses that are within the limit of 10% of defined benefits obligation present value ("corridor") are not recognized in the Company's profit or loss upon annual actuarial evaluation. Losses that exceeded this corridor limit are recognized in the Company's profit or loss for the remaining average life time of the participants of the benefit plan.

In the balance sheet related to first-time adoption of IFRS and CPC, on 01.01.2009, actuarial losses that were not recorded as a result of being within "corridor" limits, according to exemption provided for in CPC 37 R1 – First-time Adoption of International Accounting Standards, were recognized by the Company as a supplement to its liability "Obligations with retirement benefits". In accordance with procedures related to the first-time adoption of IFRS and CPC, the liability supplement contra entry was the account "Retained Earnings", in shareholders' equity. Beginning as of that date, the Company opted to maintain the previously mentioned corridor approach to recognize actuarial gains and losses in its profit or loss.

However, beginning as of 01.01.2013, this practice will no longer be permitted in accordance with Brazilian and international accounting standards and, accordingly, unrecognized actuarial gains or losses, in the amount of R$ 59,714, will be recognized as a reduction to "Obligations with retirement benefits" liability, having Shareholders' equity increase as its contra entry. Beginning as of 01.01.2013, interest on assets and liabilities will be recognized on a net basis in financial income, and changes to annual actuarial evaluations will be recognized under account "Other comprehensive income".

Breakdown of obligations with retirement benefits

	Parent company and Consolidated					
	12.31.2012			12.31.2011		
	Current	Non-current	Total	Current	Non-current	Total
Obligations contracted						
Contract for the acknowledgment of past debts	20,921	98,017	118,938	18,646	111,870	130,516
Deficit not contracted						
Current contributions and coverage of costs	1,385	517	1,902	3,575	1,642	5,217
Deficit not contracted	10,062	116,359	126,421	13,824	21,823	35,647
Actuarial evaluation	**32,368**	**214,893**	**247,261**	**36,045**	**135,335**	**171,380**
Unrecognized actuarial gains (losses)	-	59,714	59,714	-	165,629	165,629
Recorded actuarial liability	**32,368**	**274,607**	**306,975**	**36,045**	**300,964**	**337,009**

Actuarial liability recognized in the balance sheet is partially covered by contracted obligations and/or obligations acknowledged through an instrument for the acknowledgment of debt and agreement entered into by the Company with respective Foundations.

Contracted debts are adjusted at the National Consumer Price Index (INPC) and bear interest of 6% p.a. Contracted amounts presented in non-current liabilities are expected to be realized as follows:

	ELOS	PREVIG	Total
2014	19,149	2,007	21,156
2015	3,484	1,812	5,296
2016	3,693	1,920	5,613
2017	3,914	2,036	5,950
2018	4,150	2,158	6,308
2019 to 2023	24,796	9,926	34,722
2024 to 2028	15,246	167	15,413
2029 to 2032	3,559	-	3,559
	77,991	**20,026**	**98,017**

Changes to "Obligations with retirement benefits", per plan, is summarized as follows:

	Plan ELOS BD	Plan PREVIG BD	Plan PREVIG BSPS	GC	Total
Liabilities recorded on 12.31.2010	**348,286**	**59,712**	**25,878**	**1,515**	**435,391**
Effects on income (loss) of 2011:					
Cost of current service	-	79	-	67	146
Cost of interest	98,088	22,563	3,852	191	124,694
Earnings expected from assets	(81,296)	(22,548)	(2,685)	-	(106,529)
Amortization of actuarial gains	(77,520)	(3,478)	(924)	40	(81,882)
Net gain in income	**(60,728)**	**(3,384)**	**243**	**298**	**(63,571)**
Contributions	-	(3,051)	(3,175)	(319)	(6,545)
Payment of obligations contracted	(26,215)	(1,721)	(330)	-	(28,266)
Liabilities recorded on 12.31.2011	**261,343**	**51,556**	**22,616**	**1,494**	**337,009**
Effects on income (loss) of 2012:					
Cost of current service	-	43	-	64	107
Cost of interest	103,468	23,879	3,391	190	130,928
Earnings expected from assets	(90,720)	(25,934)	(3,961)	-	(120,615)
Amortization of actuarial gains	-	(4,513)	(3,479)	43	(7,949)
Net loss in income	**12,748**	**(6,525)**	**(4,049)**	**297**	**2,471**
Contributions	-	(1,927)	(4,338)	(67)	(6,332)
Payment of obligations contracted	(22,553)	(3,272)	(348)	-	(26,173)
Liabilities recorded on 12.31.2012	**251,538**	**39,832**	**13,881**	**1,724**	**306,975**

Breakdown of net expenses to be recognized in the result throughout 2013, related to the defined benefit plan and to the confidentiality bonus is as follows:

	ELOS BD Plan	PREVIG BD plan	PREVIG BSPS Plan	GC	Total
Cost of current service	-	113	-	84	197
Interest on liabilities, net of assets	20,092	(1,025)	619	183	19,869
Net expense	**20,092**	**(912)**	**619**	**267**	**20,066**

Breakdown of plan assets per investment nature, as of December 31, 2012, is as follows.

	ELOS BD	PREVIG BD	PREVIG BSPS
Fixed income	88.11%	94.15%	72.44%
Variable income	7.35%	3.98%	-
Loans	2.23%	1.59%	27.56%
Real estate	1.55%	-	-
Other	0.76%	0.28%	-%
	100.00%	**100.00%**	**100.00%**
2012 profitability – assets' market value variations	34.18%	39.29%	16.71%
Estimated profitability for 2013	9%	9%	8%

Fixed income assets are mainly comprised of Federal Public Securities, substantially, National Treasury Notes (NTN).

Beginning as of 01.01.2013, in accordance with new accounting rules, estimated profitability will no longer be calculated based on plan assets' profitability, but based on discount rate used to evaluate actuarial liabilities present value, and will also start to be presented net of the Company's financial income.

a.3) Confidentiality bonus benefit

Comprises the payment of a bonus to employees of managerial careers at the time their employment relationship is terminated.

b) Defined contribution plan (CD)

In addition to the defined benefit plan, PREVIG manages the defined contribution plan whose benefits are supported by contributions of participants and the sponsoring entity. The Company's contribution corresponds to the same amount of its employees' basic contribution.

Administrative expenses for which the Company is responsible in 2012 were R$ 2,022 (R$ 2,613 in 2011).

22. DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION

Deferred income tax and social contribution assets and liabilities are presented on a net basis, as follows:

Description of credits	Parent company				
	12.31.2012				12.31.2011
	Calculation basis	IR	CS	Total	Total
Liabilities:					
Property, plant and equipment deemed cost (fair value)	929,558	232,390	83,660	316,050	350,826
Gain on swap transaction	125,952	31,488	11,336	42,824	-
Electrical Energy sale in MAE (current CCEE)	107,456	26,864	9,671	36,535	36,535
Fair value of concession payable	47,958	11,990	4,316	16,306	17,056
Subtotal		**302,732**	**108,983**	**411,715**	**404,417**
Assets:					
RIC[19]	138,265	34,566	-	34,566	38,205
Obligations with retirement benefits	187,828	46,957	16,905	63,862	69,591
Allowance for doubtful accounts	131,282	32,821	11,815	44,636	43,729
Tax, civil and labor provisions	165,128	41,282	14,862	56,144	44,012
Fair value adjustment with business combination.	84,747	21,187	7,627	28,814	26,511
Adjustment to present value of accounts receivable	14,526	3,632	1,307	4,939	4,718
Incentivized accelerated depreciation	8,596	2,149	774	2,923	4,021
Other	36,650	9,163	3,298	12,461	8,148
Subtotal		**191,757**	**56,588**	**248,345**	**238,935**
Total net		**110,975**	**52,395**	**163,370**	**165,482**

[19]Interest on property, plant and equipment in progress (RIC)

Description of credits	Consolidated				
	12.31.2012				12.31.2011
	Calculation basis	IR	CS	Total	Total
Liabilities:					
Property, plant and equipment deemed cost (fair value)	929,558	232,390	83,660	316,050	350,826
Gain on swap transaction	125,952	31,488	11,336	42,824	-
Electrical Energy sale in MAE (current CCEE)	107,456	26,864	9,671	36,535	36,535
Fair value of concession payable	47,958	11,990	4,316	16,306	17,056
Incentivized accelerated depreciation	109,312	27,328	9,838	37,166	18,282
Subtotal		**330,060**	**118,821**	**448,881**	**422,699**
Assets:					
RIC	138,265	34,566	-	34,566	38,205
Obligations with retirement benefits	187,828	46,957	16,905	63,862	69,591
Allowance for doubtful accounts	131,691	32,922	11,852	44,774	43,776
Tax, civil and labor provisions	167,146	41,787	15,043	56,830	46,823
Provision for loss in investments	15,662	3,916	1,410	5,326	-
Fair value adjustment with business combination.	84,747	21,187	7,627	28,814	26,511
Tax loss and negative social contribution basis	58,166	14,542	5,235	19,777	19,806
Fair value adjustment of fixed assets	46,867	11,717	4,218	15,935	16,820
Adjustment to present value of accounts receivable	14,939	3,735	1,345	5,080	4,718
Other	34,655	8,664	3,118	11,782	13,840
Subtotal		**219,993**	**66,753**	**286,746**	**280,090**
Total net		**110,067**	**52,068**	**162,135**	**142,609**
Classification in the balance sheet					
Liabilities		**122,562**	**56,565**	**179,127**	**166,539**
Assets		**(12,495)**	**(4,497)**	**(16,992)**	**(23,930)**
Total		**110,067**	**52,068**	**162,135**	**142,609**

In 2012 the Company presented the deferred tax liabilities net of assets, when the aforesaid taxes correspond to the same tax entities and there is the enforceable right and the intention of Company management to settle these at their net value. In order to maintain comparison between balance sheets, balance previously presented in account "Deferred income tax and social contribution assets", in the amount of R$ 239,935 for the parent company (R$ 240,607 for consolidated), as of 12.31.2011 was reclassified to caption "Deferred income tax and social contribution liabilities".

The Company did not recognize deferred income tax and social contribution assets on "goodwill" (difference between paid value and equity value) of subsidiaries CESS and CEE and net assets acquisitions due to uncertainties on their realization. Said deferred taxes on this "goodwill" would be R$ 41,312.

The horizon of realization of assets and of payment deadlines of liabilities was estimated as follows:

	Parent company		Consolidated	
	Assets	Liabilities	Assets	Liabilities
2013	31,471	28,742	36,856	28,742
2014	11,775	36,788	19,293	36,788
2015	35,992	49,358	44,429	49,358
2016	64,918	19,783	69,524	19,783
2017	18,008	19,772	19,071	19,772
2018 to 2020	37,929	99,294	40,832	99,543
2021 to 2023	22,156	63,870	24,934	67,471
2024 onwards	26,096	94,108	31,807	127,424
	248,345	**411,715**	**286,746**	**448,881**

23. – SHAREHOLDERS' EQUITY

a) Authorized capital stock

The Company is authorized to increase its capital stock up to the limit of R$ 5,000,000, by resolution of Board of Directors, 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 has no treasury shares and did not perform any purchase and sale transactions involving shares of its own issuance in 2012 and 2011.

b) Subscribed and paid-in capital

As of 12.31.2012 and 12.31.2011, the Company's fully subscribed and paid-in capital is R$ 2,445,766, represented by 652,742,192 registered common shares without par value. The book value of the share in reais, on 12.31.2012, is R$ 8.36 (R$ 8.35 for each share on 12.31.2011).

The Company's shareholders as of 12.31.2012 and 12.31.2011 are as follows:

Shareholders	% of capital
GDF SUEZ Energy Latin America Participações Ltda. (GSELA)	68.71
Banco Clássico S.A.	10.00
Other shareholders	21.29
	100.00

As of 12.31.2012 and 12.31.2011, the number of Company's shares held by the controlling shareholder GSELA was 448,512,633. On these same dates, Company management had 364,340 and 134,775 shares, respectively, while outstanding shares totaled 203,865,219 and 204,094,784, respectively.

c) Earnings reserves

Refers, substantially, to remuneration on capital applied to construction in progress, calculated at the rate of 10% p.a. from 1986 to 1998, according to an electrical sector specific law. This reserve may be used to absorb losses that exceed earnings retention reserve, and for incorporation to capital.

d) Profit reserves

– Legal reserve

Of net income for the year, 5% are allocated, before any other destination, to establish the legal reserve, which will not exceed 20% of the Company's capital. As the legal reserve balance reached the limit of 20% on capital during the year ended 12.31.2011, a legal reserve was not established on net income for 2012. Said reserve is intended to ensure capital integrity and may only be used to offset losses or increase capital.

- Tax incentive reserves

This reserve is established by allocating the portion of net income that is equivalent to tax benefit granted by Amazon Region Development Authority (Sudam). This benefit corresponds to a 75% reduction in income tax calculated on earnings from exploration of activities developed by Ponte de Pedra HPP.

- Earnings retention reserve

In previous years, this reserve was established based on capital budget and was intended to finance the implementation of plants, maintenance of production plants and possible acquisition of interest in Jirau Hydroelectric Power Plant.

e) Equity evaluation adjustments

As provided for in IAS 16 and CPC 27 - Property, plant and equipment and in conformity with guidelines contained in Technical Interpretation ICPC 10 - Interpretation on the first-time adoption to property, plant and equipment, the Company recognized the adjustment to fair value of property, plant and equipment on the date of first-time adoption of CPCs in 01.01.2009. Contra entry to said adjustment, net of deferred income tax and social contribution, was recognized under caption "Equity evaluation adjustments", in shareholders' equity. Realization of this reserve is recorded as a contra entry to account "Accumulated earnings" to the extent that depreciation of property, plant and equipment fair value adjustment is recognized in the Company's income. In 2012 and 2011, realization amounts were R$ 65,707 and R$ 59,827, respectively.

f) Non-controlling interest

Refers to 5% interest held by indirect subsidiary Ibitiúva Bioenergética non-controlling shareholder, in the amount of R$ 2,663, as of 12.31.2012 (R$ 2,065 as of 12.31.2011).

g) Proposed interim dividends

Proposed interim dividends on net income for the second semester of the year, in the amount of R$ 576,429, will be submitted to the Board of Directors' approval in a meeting to be held on 02.07.2013, and will be maintained in shareholders' equity until approval.

24. – DIVIDENDS

a) Calculation

	12.31.2012	12.31.2011
Adjusted dividend calculation basis		
Net income for the year	1,499,497	1,447,636
Formation of legal reserve	-	(66,597)
Tax incentive reserve	(18,816)	(9,455)
Transaction with minority shareholder	-	(2,065)
Earnings retention – valuation adjustments to equity	65,707	59,827
Net income for the year adjusted for dividends purposes	**1,546,388**	**1,429,346**
Proposed dividends / interest on capital		
Interim dividends for the first half of the year	693,759	658,014
Interest on capital, net of IRRF	236,534	217,340
Proposed interim dividends for the second half of the year	576,429	517,342
Subtotal	**1,506,722**	**1,392,696**
IRRF on interest on capital	39,666	36,650
Total annual dividends	**1,546,388**	**1,429,346**
Percentage of adjusted net income	**100%**	**100%**
Dividends and interest on capital before withheld income tax, per common share **(in Brazilian reais)**:	2.3690660667	2.1897556102

b) Dividend policy

Tractebel Energia dividends policy provides for a minimum mandatory dividend of 30% of net income for the year, adjusted pursuant to the terms of Law 6,404/76, and establishes the intention of paying, at every calendar year, dividends and/or interest on capital at an amount not lower than 55% of adjusted net income, in half-annual installments.

c) Performed distributions and proposal related to net income for 2012

c.1) Interim dividends related to the first semester

The Board of Directors, in a meeting held on 07.26.2012, approved the distribution on interim dividends, based on the financial statements drafted on 06.30.2012, in the amount of R$ 693,759, corresponding to R$ 1.0628376925 per share. Said dividends started to be paid on 09.27.2012.

c.2) Interest on own capital credits

In a meeting held on 10.25.2012, the Company's Board of Directors approved interest on own capital from January 1 to December 31, 2012 in the gross amount of R$ 276,200, corresponding to R$ 0.4231379607 per share.

Credits of the Company's interest on capital were recognized as of 12.31.2012 based on shareholding position on 11.23.2012. The Company's shares were negotiated ex-interest on capital beginning as of 11.26.2012.

Interest net of withheld income tax was charged to mandatory dividends and will be paid on a date to be subsequently defined by the Executive Board.

c.3) Proposed interim dividends

The Company is submitting to the Board of Directors' approval, in the meeting to be held on 02.07.2013, the proposal for payment of interim dividends on net income for the second semester of 2012, in the amount of R$ 576,429 (R$ 0.8830904134 per share).

In accordance with new accounting practices established in Technical Interpretation ICPC 08 – Bookkeeping of proposal for dividends payment, any amount of dividends that is higher than minimum mandatory value established by the law or other legal instrument, and that is not approved by shareholders' meeting or the competent body, must be presented and segregated in shareholders' equity. These dividends exceed minimum mandatory value and, therefore, were presented in the shareholders' equity account denominated "Proposed interim dividends" until approval by the Board of Directors or the shareholders' meeting.

The proposal for allocation of net income for the year ended 12.31.2012 will be ratified by the Company's shareholders' meeting.

25. – RECONCILIATION OF NET SALES REVENUE

In compliance with the requirements of CPC 30 - Revenues, the table below presents the reconciliation between gross operating income and net sales:

	Subsidiary		Consolidated	
	12.31.2012	12.31.2011	12.31.2012	12.31.2011
GROSS OPERATING INCOME				
Supply of electrical energy				
- Electrical energy distributors	2,043,924	2,037,340	3,135,311	2,692,518
- Electrical energy traders	1,396,786	1,328,413	355,885	441,667
Electrical energy supply (Free consumers)	198,752	263,431	1,632,605	1,439,898
Transactions within CCEE	170,909	90,853	325,300	96,749
Export of electrical energy	8,023	153,060	8,023	153,060
Other revenues	44,935	35,195	32,668	24,588
	3,863,329	**3,908,292**	**5,489,792**	**4,848,480**
DEDUCTIONS FROM OPERATING INCOME				
PIS and COFINS	(311,005)	(300,896)	(455,675)	(389,511)
ICMS	(22,331)	(34,217)	(82,775)	(94,177)
ISS	(1,313)	(1,246)	(1,313)	(1,246)
Research and development	(30,995)	(31,790)	(37,530)	(36,595)
	(365,644)	**(368,149)**	**(577,293)**	**(521,529)**
NET SALES REVENUE	**3,497,685**	**3,540,143**	**4,912,499**	**4,326,951**

As of 12.31.2012, the following customers held interest higher than 5% of the Company's consolidated net revenue: Celesc, Cemig Distribuição S.A. and Rio Grande Energia S.A. (RGE).

26. - DETAIL OF OPERATING EXPENSES BY NATURE

	Cost of Energy sold				Cost of services rendered	
	Parent company		Consolidated		Parent company and Consolidated	
	12.31.2012	12.31.2011	12.31.2012	12.31.2011	12.31.2012	12.31.2011
Personnel	145,979	131,649	149,306	133,789	18,212	15,027
Third party services	96,584	84,596	122,826	108,687	5,478	5,299
Material	24,878	19,122	27,646	22,314	925	666
Fuel for generation	27,143	100,375	39,659	108,799	-	-
Royalties[20]	89,223	136,479	111,838	159,209	-	-
Depreciation and amortization	362,619	358,974	550,086	486,663	-	-
Insurance	9,600	7,018	12,828	8,776	423	819
Fiscalization fee	11,167	10,295	13,525	11,947	-	-
Other	18,122	13,287	30,069	16,677	1,103	836
	785,315	**861,795**	**1,057,783**	**1,056,861**	**26,141**	**22,647**

[20] Compesation for the use of water resources (Royalties)

Personnel costs

Personnel expenses include, in addition to salaries and payroll charges, benefits such as health recovery aid, group life insurance, day care aid to female employees, meal voucher and transportation voucher, and pension plans, among others. The Company also offers courses and training to its employees.

Share-based payment

Tractebel Energia has no specific program of share-based payments. However, its indirect parent company GDF SUEZ, headquartered in France, maintains the following stock plans for some executives and employees: (i) Paris Stock Exchange (France) stock option plan, established based on main responsibilities developed by beneficiaries; and (ii) share-based performance award or bonus. It also offers the program for free granting of shares to all employees.

Stock option plans and the share-based performance award are valid for four or five years and their values are related to the achievement of certain financial indicators of GDF SUEZ. Due to global economic background, throughout the years, a reduction occurred in market value of these stock options and performance shares, which will possibly influence the exercise of options and the possibility of obtaining the benefit of performance shares on maturities.

These programs' costs are fully paid by GDF SUEZ, and Tractebel Energia is not responsible for any disbursement related to them.

As of 12.31.2012, market values of said programs are as follows:

	Programs up to 2011	2012 Program	Total
Call options for shares	7	2	9
Performance shares	643	529	1,172
Free shares	566	501	1,067
	1,216	**1,032**	**2,248**

Stock options market value was calculated based on "Bjerksund and Stensland (2002)" model for options whose acquisition date (*vesting date*) has already occurred, and the "Rubinstein (1990)" model for options whose acquisition date has not occurred yet.

Expenses with general and administrative sales:

	Sales				General and administrative			
	Parent company		Consolidated		Parent company		Consolidated	
	12.31.2012	12.31.2011	12.31.2012	12.31.2011	12.31.2012	12.31.2011	12.31.2012	12.31.2011
Personnel	10,405	9,160	10,405	9,160	52,885	46,257	54,819	47,893
Management	-	-	-	-	17,130	15,019	17,984	15,794
Third party services	1,602	3,891	5,692	5,731	39,339	34,956	41,575	37,611
Materials	65	63	68	63	2,256	3,363	2,264	3,407
Depreciation and amortization	-	-	-	-	11,060	9,356	11,088	14,436
Sectorial contributions	-	-	1,320	932	4,224	4,186	4,771	4,575
Rentals	227	214	239	236	3,552	4,872	4,108	5,500
Advertising and publicity	-	-	-	-	5,244	3,190	5,246	3,190
Compensation	-	-	-	-	3,094	7,766	3,094	7,766
PREVIG Contribution	-	-	-	-	8,414	3,206	8,414	3,206
Other	582	2	873	704	11,304	13,327	16,654	13,682
	12,881	**13,330**	**18,597**	**16,826**	**158,502**	**145,498**	**170,017**	**157,060**

27. – (CONSTITUTION) REVERSAL OF OPERATING PROVISIONS

	Parent company		Consolidated	
	12.31.2012	12.31.2011	12.31.2012	12.31.2011
Benefits retirement	12,571	89,470	12,571	89,470
Tax	(2,304)	14,391	(4,068)	14,391
Civil	(20,903)	2,994	(20,427)	(3,834)
Labor	1,978	2,583	1,756	2,583
Doubtful accounts	(2,665)	(6,043)	(2,937)	(6,180)
Investment loss	(15,662)	-	(15,662)	-
Others	(13)	683	(242)	605
	(26,998)	**104,078**	**(29,009)**	**97,035**

28. – FINANCIAL RESULT

	Parent company		Consolidated	
	12.31.2012	12.31.2011	12.31.2012	12.31.2011
Financial income				
Income from Marktable Securities	32,925	62,176	61,440	89,436
Interest on accounts receivable	14,372	22,654	15,364	23,917
Monetary variation on judicial deposits	7,932	9,982	8,261	9,996
Other financial income	2,923	9,107	3,120	10,323
	58,152	**103,919**	**88,185**	**133,672**
Financial expenses				
Interest on loans, financing and debentures, net	72,882	122,389	235,881	238,687
Interest on concessions payable	78,822	66,543	121,237	104,899
Interest on net actuarial liabilities	10,313	18,165	10,313	18,165
Interest on taxes	825	1,477	2,294	1,747
Monetary variation on loans, financing and debentures	19,168	33,640	19,168	34,727
Monetary variation on concessions payable	63,416	43,333	85,835	66,795
Monetary variation - Others	6,127	340	6,258	346
Exchange variation on debts	21,471	17,942	21,471	17,942
Other financial expenses	28,796	20,938	32,966	24,174
	301,820	**324,767**	**535,423**	**507,482**
Financial expenses, net	**243,668**	**220,848**	**447,238**	**373,810**

29. – TAX RECONCILIATION, IN THE INCOME STATEMENT

	Parent company			
	12.31.2012		12.31.2011	
	Income tax	Social contribution	Income tax	Social contribution
Income before taxes	**1,970,985**	**1,970,985**	**1,929,930**	**1,929,930**
Nominal rate	25%	9%	25%	9%
Expenses at nominal rates	**(492,746)**	**(177,389)**	**(482,482)**	**(173,694)**
Permanent differences:				
Equity in net (income) losses of subsidiaries	65,885	23,719	46,672	16,802
Interest on own capital	69,050	24,858	63,498	22,859
Tax incentives	20,341	-	10,856	-
Others	(4,450)	(756)	12,011	1,184
	(341,920)	**(129,568)**	**(349,445)**	**(132,849)**
Breakdown of taxes in the income statement:				
Current	(342,510)	(131,090)	(336,430)	(126,814)
Deferred	590	1,522	(13,015)	(6,035)
	(341,920)	**(129,568)**	**(349,445)**	**(132,849)**
Effective rate	**17.3%**	**6.6%**	**18.1%**	**6.9%**

	Consolidated			
	12.31.2012		12.31.2011	
	Income tax	Social contribution	Income tax	Social contribution
Income before taxes	**2,100,000**	**2,100,000**	**2,034,788**	**2,034,788**
Nominal rate	25%	9%	25%	9%
Expenses at nominal rates	**(525,000)**	**(189,000)**	**(508,697)**	**(183,131)**
Permanent differences:				
Interest on own capital	69,050	24,858	63,498	22,859
Tax incentives	20,341	-	10,856	-
Others	(497)	171	8,871	(938)
	(436,106)	**(163,971)**	**(425,472)**	**(161,210)**
Breakdown of taxes in the income statement:				
Current	(420,785)	(159,766)	(409,566)	(153,559)
Deferred	(15,321)	(4,205)	(15,906)	(7,651)
	(436,106)	**(163,971)**	**(425,472)**	**(161,210)**
Effective rate	**20.8%**	**7.8%**	**20.9%**	**7.9%**

30. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) Risk management

To conduct more efficiently risk evaluation and monitoring process in its business, the Company has the Risk Management Committee, which is responsible for: (i) internally promote the awareness on risk treatment; (ii) define goals and guidelines for its management; (iii) promote and suggest improvements in its evaluation processes; and (iv) classify and define control procedures.

The Company's business, the financial conditions and the results of operations may be adversely affected by any of the risk factors described below.

a.1) Market risk

The Company and its subsidiaries use financial instruments to hedge assets and liabilities, minimizing exposure to market risks, mainly in connection with interest rate, price indexes and currency fluctuations.

These risks are monitored by the Financial Committee that periodically evaluates the Company's exposure and propose operating strategies, control system and position and credit limits with other market partners. The Company does not carry out speculative financial transactions with derivatives or related to any other risk instrument.

In 2012, there was no change to the Company's exposure to market risks or to the management and measurement of such risks.

The Company's business, the financial conditions and the results of operations may be adversely affected by any of the risk factors (or both) described below.

- Risks related to financial investments

The Company adopts a conservative policy for fund investment, which is formalized and informed to the market in the website, inside document "Investment and Derivative Policy". The Company and its subsidiaries' financial investments follow the rule of allocating a minimum of 90% of funds to Federal Public Securities – as final purchase and/or repurchase and resale commitments – and a maximum of 10% of funds to Private Securities – acquisition of CDB's from eligible banks and repurchase and resale commitments backed by debentures issued by lease companies controlled by eligible banks.

The Company uses Fitch Ratings (Fitch), Moody's or Standard & Poor's (S&P) ratings to identify banks eligible to receive funds. They should comply with the following parameters: (i) Shareholders' equity of at least R$ 1 billion; and (ii) minimum rating equivalent to AA- (S&P and Fitch) or Aa3 (Moody's) in the domestic ambit.

The Company's available resources are allocated to a Fixed Income Exclusive Investment Fund whose policy is to allocate its equity to very low-risk assets. As of 12.31.2012, this fund had 100% of its portfolio in Brazilian government credit-risk assets, all of them with floating rates and daily liquidity, linked to Selic variation.

Following the Company's financial planning, this fund will be used in the short-term, substantially reducing the risk of any significant effects on earnings as a result of possible reduction in Brazilian economy's basic interest rate.

The "Investment and Derivatives Policy" imposes strong restrictions to the realization of derivative transactions and determines that exposures be continuously monitored in case this type of transaction is contracted. Swap transactions mentioned in note 15 – Loans and financing were carried out with the same counterparty of the loan, and for the exclusive purpose or hedging against foreign exchange and loan cash flow risks.

The main market risks to which the Company is exposed are as follows:

- Risk related to debts with floating interest rates

This risk is related to the possibility of the Company incurring losses as a result of fluctuations in interest rates applied to its liabilities, affecting its financial expenses. The Company and its subsidiaries are exposed to floating interest rates linked to TJLP, DI rate, *Libor*, *Euribor*, IGP-M and IPCA variations.

As regards floating interest rate risk, most of the Company's debts is linked to TJLP and this rate, despite being considered as a "floating" rate, remained at 6% over several years, which characterizes a *quasi*-fixed rate. In July 2012, this rate was reduced to 5.5% to stimulate production investments and Brazilian economic activity growth.

Regarding the risk of inflation acceleration, all prevailing electrical energy sale contracts have an inflation adjustment clause for the application of IGP-M or IPCA, which represents a natural long-term hedge for debts and obligations indexed at inflation rates and/or linked to inflation acceleration, which is the case of debts linked to CDI.

- Risk related to debts denominated in foreign currency

Foreign exchange rate variation risk refers to the possibility of variation in foreign exchange rates, which affects financial result and the balance of liabilities indexed at foreign currency. The Company's policy to hedge against exchange rate variation risks seeks to achieve a low level of exposure for its liabilities denominated in foreign currency, which is permanently monitored by the Company's Financial Committee.

The Company's level of exposure to exchange rate variation has remained at very low levels in relation to its total indebtedness. Internal evaluation of risks and benefits led the Company to choose not to perform any foreign exchange hedge transaction for these debts.

As mentioned in Note 15 – Loans and Financing, the loan contracted from Bank of America Merrill Lynch, denominated in US dollars, is fully hedged by a swap transaction with the same Bank in Brazil, thus eliminating, for this transaction, any exposure of the Company to currency variation in relation to Brazilian real.

- Sensitivity analysis of the exposure to risks related to interest rates, floating rates and foreign currency quotation variation

For reference purposes and in compliance with CVM Instruction n° 475/08, a sensitivity analysis on its loans and financing, debentures and grants payable exposed to interest rate variation risks, floating rate risks and foreign currency quotation variation risks is presented below.

Probable scenario for 2013 was defined using the following assumptions available in the market (Source: Banco Central do Brasil Focus Report).

	Variation 2012	Scenario Probable	Sensitivity		
			Probable	Δ + 25%(*)	Δ + 50% (*)
Interest rate variation:					
- TJLP	5.50%	5.00%	-0.50 p.p.	1.25 p.p.	2.50 p.p.
- CDI	6.90%	7.25%	+0.35 p.p.	1.81 p.p.	3.63 p.p.
- IPCA	5.84%	5.53%	-0.31 p.p.	1.38 p.p.	2.77 p.p.
- IGP-M	7.82%	5.40%	-2.42 p.p.	1.35 p.p.	2.70 p.p.
Currency variation:					
- US dollar	2.04	2.09	+2.45%	2.61	3.14
- Euro	2.70	2.76	+2.22%	3.45	4.14

(*) Changes to probable scenario.

Probable sensitivity was calculated based on variation between indices related to 2012 and those estimated for the probable scenario. Other presented sensitivities were determined based on 25% and 50% variations on probable scenario. Additional effects on the Company's consolidated financial result, in case scenarios come true, are as follows:

	Balance at	Sensitivity		
Risks:	12.31.2012	Probable	Δ + 25%	Δ + 50%
Floating interest rates:				
Loans and financing				
- TJLP	2,505,785	11,983	(29,103)	(59,395)
- CDI	435,372	(1,189)	(6,368)	(12,784)
		10,794	**(35,471)**	**(72,179)**
Debentures				
- IPCA	328,590	**537**	**(2,395)**	**(4,789)**
Concessions payable				
- IGP-M	967,887	23,153	(13,629)	(27,258)
- IPCA	461,039	1,389	(6,189)	(12,379)
		24,542	**(19,818)**	**(39,637)**
Total		**35,873**	**(57,684)**	**(116,605)**
Foreign currency:				
- US dollar	104,260	(2,372)	(26,065)	(52,130)
- Euro	111,346	(2,534)	(27,836)	(55,673)
Total		**(4,906)**	**(53,901)**	**(107,803)**

Changes in floating rates Libor and Euribor, on 12.31.2012, were 0.13 p.p. and 0.26 p.p., respectively, and the balances of the loans connected to this interest rates for the same date are R$ 37,130 (net of the guarantees pegged to the Libor) and R$ 111,346, respectively. Possible variations in these rates would not result in significant impacts on the Company's financial results; accordingly, its effects were not presented in the sensitivity analysis above.

a.2) Capital management risk

The Company manages its capital so 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 provide the return to investors.

The Company's capital structure is formed by net indebtedness (loans, financing and debentures less cash and cash equivalents) and shareholders' equity, which includes capital reserves and accumulated earnings incorporated to earnings reserve.

Tractebel Energia and its subsidiaries have debts that stipulate a gross indebtedness maximum limit, calculated based on EBITDA. The most restrictive limit is the one that limits debts to 3.5 times EBITDA. The Company's management, through the Financial Officer and Investors Relations Officer, monitors, on a permanent basis, the Company's indebtedness level, which must be around twice EBITDA; however, it may rise or fall as a result of the Company's policy of acquiring new plants.

a.3) Credit risk

The Company's business relevant transactions that are exposed to credit risk are marketable securities and electrical energy sales.

In marketable securities transactions, as previously mentioned, the Company prioritizes investments in government bonds, and it also has a policy for determining credit limits to financial institutions, which is periodically reviewed by the Financial Committee based on internal criteria and on ratings disclosed by risk rating agencies.

In long-term contracts entered into with distributors, including Contracts for the Trading of Electrical Energy in the Regulated Environment (CCEAR), the Company minimizes its credit risk through a mechanism for the establishment of guarantees involving customers' receivables.

To minimize credit risk in the agreements to sell electrical energy to free consumers, sellers and generating companies, the Company requires bank guarantee and secured CDB. For counterparties that wish to present another type of guarantee, the Company, through its credit area, analyzes and establishes, in accordance with its Credit Analysis Policy, guarantees that should be required from these counterparties.

Credits of all customers are annually reviewed and their exposure to several economic sectors is evaluated, on a periodic basis, to maintain its portfolio diversification and decrease exposure to the specific sectorial risk.

The Company's history of losses resulting from difficulties of banks and customers to honor their obligations is practically null and void.

The Company is the guarantor of several contracts for its subsidiaries to ensure financing.

a.4) Liquidity risk

The management of the Company's liquidity risk is the responsibility of the Financial Committee, which manages fund raising requirements and short-, medium- and long-term liquidity by permanently monitoring estimated and realized cash flows.

The Company, in order to ensure the capacity to pay its obligations, uses a minimum cash policy that is annually reviewed based on cash projections and monthly monitored in the Financial Committee meetings. The Company's marketable securitities management focuses in short-term instruments, given priority to those with daily maturity, this way promoting maximum liquidity and honoring its payments.

The Company's cash generating feature and the low volatility in receipts and payment obligations throughout the months guarantee to the Company the stability of its flows, reducing their liquidity risk.

The following statement presents financial liabilities per estimated settlement period. Amounts were determined in accordance with estimated undiscounted cash flows, considering estimates of principal amortization and future interest payment, when applicable. For debts with floating interest rates, the amount was obtained based on interest curve at year end.

	Parent company				
	Up to 1 ano	From 2 to 3 years	From 4 to 5 years	Over 5 years	Total
Suppliers	127,546	104,184	-	-	231,730
Instruments at interest rates:					
- post-fixed					
Loans and financing	175,988	416,928	2,285	7,510	602,711
Debentures	178,829	169,600	-	-	348,429
- fixed					
Loans and financing	16,044	17,051	12,562	40,956	86,613
Concessions payable	3,268	5,887	5,887	3,490,498	3,505,540
	501,675	**713,650**	**20,734**	**3,538,964**	**4,775,023**

	Consolidated				
	Up to 1 ano	From 2 to 3 years	From 4 to 5 years	Over 5 years	Total
Suppliers	219,328	110,872	-	-	330,200
Instruments at interest rates:					
- post-fixed					
Loans and financing	503,076	1,081,475	619,736	2,247,165	4,451,452
Debentures	178,829	169,600	-	-	348,429
- fixed					
Loans and financing	26,703	37,149	30,002	50,310	144,164
Concessions payable	51,346	103,806	103,806	4,444,034	4,702,992
	979,282	**1,502,902**	**753,544**	**6,741,509**	**9,977,237**

b) Financial instruments by category

	Parent company		Consolidated	
	12.31.2012	12.31.2011	12.31.2012	12.31.2011
Financial assets				
Measured at fair value through profit or loss				
Marketable securities	733,110	566,159	1,166,144	776,534
Restricted deposits	-	32,159	104,619	129,490
Receivables and loans				
Cash and cash bank deposits	3,207	960	13,832	5,274
Trade accounts receivable	416,357	410,903	630,263	542,149
Amounts receivable for sale of asset	86,886	86,886	86,886	86,886
Receivables with subsidiary companies	37,026	14,927	-	-
	1,276,586	**1,111,994**	**2,001,744**	**1,540,333**
Financial liabilities				
Financial liabilities measured at amortized cost				
Suppliers	231,730	219,640	330,200	234,336
Loans and financing	650,978	671,045	3,205,955	3,157,806
Debentures	328,590	491,394	328,590	491,394
Concessions payable	967,887	828,373	1,428,926	1,265,952
	2,179,185	**2,210,452**	**5,293,671**	**5,149,488**

Financial investments substantially correspond to funds maintained in the exclusive investment fund. This instrument fair value is evaluated at quoted prices of public securities that comprise the fund in an active market (Level I).

c) Market value of financial instruments

In transactions involving financial instruments, differences were identified only between balance sheet amounts and respective market values, in loans and financing, debentures and concessions payable. These differences occurred mainly due to these instruments present long-term settlements and different costs in relation to interest rates currently used for similar contracts. For the determination of market values, discounted future cash flows were used at rates considered adequate for similar transactions.

	Parent company			
	12.31.2012		12.31.2011	
	Book	Market	Book	Market
Loans and financing				
- In local currency	435,372	435,269	458,839	457,188
- In foreign currency	215,606	244,638	212,206	239,702
Debentures	328,590	340,460	491,394	493,908
Concessions payable	967,887	1,817,911	828,373	1,227,435
	1,947,455	**2,838,278**	**1,990,812**	**2,418,233**

	Consolidated			
	12.31.2012		12.31.2011	
	Book	Market	Book	Market
Loans and financing				
- In local currency	2,990,349	2,993,824	2,945,600	2,947,085
- In foreign currency	215,606	244,638	212,206	239,702
Debentures	328,590	340,460	491,394	493,908
Concessions payable	1,428,926	2,550,529	1,265,952	1,811,391
	4,963,471	**6,129,451**	**4,915,152**	**5,492,086**

31. – TRANSACTIONS WITH RELATED PARTIES

a) Amounts recognized in balance sheet accounts

	ASSETS					LIABILITIES			
	Accounts receivable					Suppliers			
	Energy	Services	Others	Loans	Dividends receivable	Energy	Materials and services	Interest on own capital	Others
12.31.2012									
CEE	21,212	-	-	-	20,359	-	-	-	-
CESS	1,191	-	10	-	1,637	-	-	-	-
Lages	1,587	167	-	-	7,280	-	-	-	-
TBLC	106,209	-	-	-	-	-	-	-	-
Itasa	-	2,310	-	-	7,750	4,260	-	-	193
Ceste	-	1,316	-	-	-	-	-	-	-
GSELA	-	-		-	-	-	-	189,783	-
Others	-	-	454	-	-	-	101		-
	130,199	**3,793**	**464**	**-**	**37,026**	**4,260**	**101**	**189,783**	**193**
12.31.2011	**112,272**	**3,869**	**200**	**6,981**	**7,946**	**48,926**	**598**	**148,344**	**132**

b) Amounts recognized in profit or loss accounts

	PROFIT (LOSS)						
	Revenue			Cost	Expense		
	Supply of energy	Provision of O&M services	Provision of management services	Electrical energy purchase	Outsourced services	Financial income	Equity in the earnings of subsidiaries
12.31.2012							
CEE	701	-	-	-	-	2,252	41,319
CESS	9,039	1,062	228	-	-	-	17,241
Lages	12,889	2,031	207	-	-	-	7,280
TBLC	1,156,539	-	415	-	-	-	145,307
Itasa	-	13,835	-	121,156	-	-	32,631
TBLP	-	-	-	-	-	-	19,763
Ceste	-	16,137	-	-	-	-	-
TBLP subsidiaries	-	-	812	-	-	-	-
Leme	-	-	-	-	1,189	-	-
Others	-	-	205	-	57	444	-
	1,179,168	**33,065**	**1,867**	**121,156**	**1,246**	**2,696**	**263,541**
12.31.2011	**1,105,235**	**29,707**	**1,694**	**308,570**	**1,119**	**721**	**186,690**

The related party transactions performed by the Company are basically: (i) electrical energy purchase and sale agreements; (ii) operation of services and maintenance of electrical energy generation plants; (iii) rendering of administrative services; and (iv) guarantees granted to third parties. Details of most relevant transactions are as follows:

c) Future commitments

Main commitments contracted with related parties and whose recognition in profit or loss will occur in the future over contract periods, which are as follows:

c.1) Electrical energy purchase and sale

Contract	Average MW	Expiration	Annual adjustment rate	Adjustment base date	Future commitment (base date 12.31.2012)
Purchase:					
TBLE - Itasa	167	2030	IGP-M	January	1,304,022
TBLE - Itasa	61	2030	Dollar variation + USA Inflation	October	527,823
Sale:					
TBLE - TBLC	322	2015/2016	IPCA	March	817,454
TBLE - TBLC	950	2013	IGP-M	July	798,882
TBLE - Lages	16	2017	IGP-M	April	71,122
TBLE - CESS	5	2037	IPCA	January	157,809
TBLC - CEE	9	2041	IPCA	October	384,006
TBLC – Projeto Trairi	64	2032	IPCA	December	1,640,862

In accordance with the Company's commercial policy, sales to free consumers are conducted mainly through subsidiary TBLC, which buys electrical energy from the Company to comply with its contract commitments, need to buy energy from Tractebel Energia and other Group companies, when necessary.

Electrical energy generated by Trairi wind projects, which are under construction, will be traded in the Free Trade Market through subsidiary TBLC.

c.2) Operation and maintenance

Related party	Maturity	Annual adjustment rate	Future commitment (base date 12.31.2012)
Itasa	10.16.2030	IGP-M	204,771
Ceste	05.01.2025	INPC (80%) and IPCA (20%)	201,938
CESS	10.15.2023	IGP-M	11,501
Lages	03.31.2015	Salary adjustment	4,515

The Company uses the strategy of concentrating in Tractebel Energia the operation and maintenance of its subsidiaries' plants whenever they do not outsource these services. Practiced prices are based on Tractebel Energia costs with personnel directly involved in the execution of these activities.

c.3) Administrative services

Tractebel Energia provides those services necessary to the administrative activities of the direct and indirect subsidiaries. Contracted amounts are calculated based on subsidiaries' billing and annually adjusted at INPC; these contracts do not have defined maturity. The amount annually contracted from its subsidiaries is R$ 2,366.

d) Guarantees

The Company intermediates financial contracts entered into by its direct and indirect subsidiaries with BNDES, Banks (BNDES onlending) and other financial agents. The main guaranties are shown as follow:

Bank	Type of guarantee	Amount of the debt on 12.31.2012
BNDES and Banks (BNDES onlending)	Pledge deposit for total shares issued by the following subsidiaries: Itasa, CESS, CEE, Beberibe, Pedra do Sal, Areia Branca, Ibitiúva, Fleixeiras I, Guajiru, Mundaú and Trairí.	2,535,642
Banco do Brasil	Pledge deposit for total shares issued by indirect subsidiary Hidropower	19,335

e) Sureties and guarantees

The Company is the guarantor of energy purchase transactions for some subsidiaries, whose total value as of 12.31.2012 is R$ 146,256. Guarantee maturities are scheduled as follows R$ 58,432 in 2013, R$ 18,945 in 2014, R$ 17,084 in 2022 and R$ 51,796 in 2023.

f) Intercompany Loan - Ibitiúva and Andrade Açúcar e Álcool (Andrade)

Indirect subsidiary Ibitiúva has a loan contract with Andrade – its related party in Consórcio Andrade – for the acquisition of equipment, machinery and facilities, and the performance of construction work and services necessary to improve efficiency of sugar and alcohol plants production process. Loan remuneration corresponds to IPCA variation, and the contract ends in 2025. Remaining balance as of 12.31.2012 is R$ 16,534.

g) GDF SUEZ Energy Latin America Participações Ltda.

The Company has interest credit on capital payable to its subsidiary, in the amount of R$ 189,783, referring to the credit realized as of 12.31.2012.

h) Remuneration of key management personnel

The compensation, charges and benefits related to the Management's key personnel are presented as follows. The only long-term benefit granted by the Company is the retirement benefit. The management's compensation is not based on shares of Tractebel Energia.

	Parent company		Consolidated	
	12.31.2012	12.31.2011	12.31.2012	12.31.2011
Short term benefits and fees	8,832	8,352	9,547	8,997
Compensation	-	723	-	723
Management bonus	4,210	2,657	4,210	2,657
Post-employment benefits	675	627	675	627
Social charges	3,413	2,660	3,552	2,790
	17,130	**15,019**	**17,984**	**15,794**

32. – INSURANCE[21]

Operating risks and loss of profit

The Company takes part in the international insurance policy for property damage and business interruption - Property Damaged Business Interruption (PDBI) – of its Parent company GDF SUEZ insurance program. Insurance is valid up to 05.31.2013 and coverage value is R$ 18,535,102, as shown below.

	Consolidated	
Type of plant	Material	Loss of
Hydroelectric power plants	13,850,439	255,253
Thermoelectric power plants	2,926,501	973,874
Supplementary power plants (wind, biomass and PCH)	435,411	93,624
	17,212,351	**1,322,751**

Maximum combined limit to indemnify property damage and loss of profit is R$ 705,303, per event.

Engineering Risks

Ceste has insurance against engineering risk for Estreito HPP units that were not commercially operational during Tractebel Energia policy negotiation period. Total coverage for property damage is R$ 2,405, corresponding to R$ 964 related to the Company's interest in consortium.

[21]The adopted risk assumptions, in view of their nature, are not part of the scope of an audit of financial statements, and, consequently, were not analyzed by our independent auditors.

Other coverage

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.

33. – LONG-TERM COMMITMENTS

The Company has the following long-term commitments that are considered relevant:

a) Contract for connection

The Company has contract for connection with Eletrosul and Furnas Centrais Elétricas S.A. (Furnas) that is valid up to termination date of the Company's power plants concession. For Ponte de Pedra HPP, the Company has a contract with Centrais Elétricas do Norte do Brasil S.A. (Eletronorte). Subsidiaries Beberibe and Pedra do Sal have connection contracts with Companhia Energética do Ceará (Coelce) and Companhia Energética do Piauí (Cepisa), respectively.

As of 12.31.2012, value of future commitments deriving from connection contracts is R$ 244,100 (R$ 248,242 as of 12.31.2011).

b) Agreement for the Use of the Transmission System (CUST).

For the use of the transmission system and basic network, the Company and its subsidiaries CESS, CEE and Itasa maintain contracts with ONS. Contracts are normally valid up to the Company's power plants concessions or authorizations termination dates.

As of 12.31.2012, the value of future commitments deriving from these contracts totals R$ 6,801,279 (R$ 7,039,804 as of 12.31.2011).

c) Contract for the Usage of Distribution System (CUSD)

For plants that are not directly connected to the basic network, contracts for the use of the distribution system are maintained with electrical energy distributors of the regions where these plants are installed. Contracts are normally valid up to the Company's power plants concessions or authorizations termination dates.

As of 12.31.2012, the value of future commitments deriving from these contracts totals R$ 334,057 (R$ 429,471 as of 12.31.2011).

d) Bilateral contracts for purchase and sale of electrical energy;

According to data on guaranteed electrical energy and prevailing purchase and sale contracts, the Company's energy balance shows that current capacity has the following contracting levels for the next six years:

	Average MW [22]					
Year	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
Own funds	3,657	3,681	3,681	3,681	3,681	3,681
Purchase for resale	540	333	215	205	200	200
Total availability	4,197	4,014	3,896	3,886	3,881	3,881
Contracted availability	4,131	3,963	3,448	2,880	2,341	1,942
Contracted %	98.43%	98.73%	88.50%	74.11%	60.32%	50.04%

e) Purchase of electrical energy from Argentina

In May 1998, Tractebel Energia and Cien entered into a contract according to which Cien committed to provide to Tractebel Energia 300 MW of firm associated energy over a period of 20 years counted as of the beginning of Brazil and Argentina transmission system commercial operation, which occurred in June 2000.

In 2006, the Company was certain that Cien was not able to make contracted energy volume available, which led Aneel to publish the Regulatory Instruction reducing to "zero" physical guarantee values attributed to Cien to comply with the contract with Tractebel Energia. Reduction to "zero" would be valid until Cien proved availability existence, which did not occur.

In view of the necessity of solving this problem that has been going on for a long time without a concrete perspective of solution, Tractebel Energia, considering Cien's total non-compliance, resorted to the Courts to require contract rescission, payment of a proper fine and reimbursement of losses resulting from not receiving contracted energy.

Currently, it is not possible to estimate the amount involved in said lawsuit. All actions that are necessary to conduct Tractebel Energia commercial operation as well as to reestablish its portfolio balance have already been taken in the last years.

Lawsuit's progress is normal, and Tractebel Energia has expressed its opinion on considerations presented by Cien.

f) Purchase of natural gas;

In 2001, the Company entered into a contract for the acquisition of natural gas with Companhia de Gás do Mato Grosso do Sul (MSGÁS) over a period of five years, renewable for an equal period, to serve the beginning of Usina Termelétrica William Arjona (UTE William Arjona) commercial operation.

[22] Average MW information is not reviewed by independent auditors.

With termination of contract period, on 05.22.2006, the Company expressed its interest in renewing the agreement, but MSGÁS communicated that this renewal would depend on adjusting product price, according to determination of Petróleo Brasileiro S.A. (Petrobras), MSGÁS supplier and assenting party to the contract.

As proposed adjustment is not adequate to conditions established in the contract, the Company filed a lawsuit against Petrobras and MSGÁS to ensure gas supply continuity. This lawsuit is still awaiting the judgment of appeals, filed both by the Company and Petrobras, also to extend contract period referring to the time gas was not supplied.

In November 2009, the Company obtained a favorable temporary decision determining that MSGÁS and Petrobras should continue to supply gas to UTE William Arjona. This supply was in force until mid-2012 when Petrobras was permitted to suspend gas supply.

At the end of 2012, the Higher Court of Justice (STJ) issued a decision stating that the appeal filed by Petrobras was not presented on a timely basis, making suspension decision ineffective, condition already required by the Company, which is still awaiting STJ final decision.

In January 2013, the Company filed a request to STJ President requiring ineffectiveness of the decision that guaranteed Petrobras to suspend gas supply to UTE William Arjona in 2012.

This request was accepted by STJ and will be valid until STJ decides on another request of the Company addressing the extinction of the Injunction obtained by Petrobras in a special appeal.

With this new decision, gas supply to this plant was resumed, even though the proceeding on outdated gas price – alleged by Petrobras – is still in force and awaiting outcomes mentioned in prior paragraph.

g) Lease contracts

Lease contracts mentioned below were classified as operating leases as the ownership of assets may not be transferred to the lessee at the end of contract period and there is no asset purchase option; in addition, contracts do not satisfy the other conditions necessary to classify them as financial leases.

- Beberibe, Pedra do Sal and Projeto Trairi Wind Farms

The Company's wind projects have lease contracts for pieces of land used to install and build wind electrical energy generator towers and associated substation and transmission facilities. Contracts have fixed and/or variable installments and are adjusted at inflation rates or percentages on the companies' gross operating revenue. Contract periods are normally equivalent to periods of authorizations granted by Aneel for electrical energy generation.

In 2012, operating lease expenses in said companies were R$ 1,501 (R$ 1,691 in 2011). Estimated future minimum payments are as follows:

Year	Fair value
2013	1,864
2014 to 2017	9,527
2018 onwards	34,121
	45,512

h) Contracts for construction in progress

Estreito hydroelectric power plant

Consórcio Estreito Energia, in which CEE has interest of 40.07%, has contracts linked to the implementation of Estreito HPP, whose future commitments on base date 12.31.2012 total R$ 265,892 (R$ 176,406 as of 12.31.2011), of which R$ 106,543 (R$ 70,686) correspond to the Company's interest in the consortium.

- Projeto Trairi wind plants

EEN and its subsidiaries maintain contracts linked to the implementation of wind farms in Ceará State. Future commitments referring to these contracts on base date 12.31.2012 total R$ 316,572 (R$ 488,516 as of 12.31.2011).

i) Modernization of Passo Fundo and Salto Santiago Hydroelectric Power Plants

In December 2012, the Company signed a contract with Voith Hydro Ltda. for the modernization of Passo Fundo and Salto Santiago hydroelectric power plants. Total contract value is R$ 383,997, of which R$ 56,219 refer to the modernization of Passo Fundo HPP, which must be complete by 2015, and R$ 327,778 to the modernization of Salto Santiago HPP, which must be complete by 2017.

34. – SPECIFIC RISKS OF THE ELECTRICAL ENERGY OPERATING ACTIVITY

- Hydrological risks

Most of the National Interconnected System (SIN) electrical energy supply is generated by hydroelectric power plants. As SIN operates in an optimized dispatch system centralized by ONS, every hydroelectric power plant, including those of the Company, is subject to variations in hydrological conditions, both in the geographical region in which it operates and in other regions of the country.

Unfavorable hydrological conditions and the obligation of delivering guaranteed energy may expose the Company to the short-term electrical energy market, which could affect its future financial results. However, almost the totality of the Company's hydroelectric generation capacity is inserted into the Energy Reallocation Mechanism (MRE) that distributes the hydrological risk to all plants linked to MRE.

– Environmental risks

Electrical energy sector activities may cause negative impacts and damage to environment. Federal law imposes to the entity that directly or indirectly causes environmental degradation the obligation of repairing or indemnifying damage caused to environment and affected third parties, regardless of guilt.

The possibility of being required to pay environment recovery costs and environmental indemnities may result in adverse effects to the Company's business and income.

The Company's Environmental Policy ensures the balance between environmental conservation and the development of its activities, establishing operating guidelines and practices to be followed in order to reduce the impact to environment and maintaining focus on its business sustainable development.

- Social and labor risks

Seeking to minimize its activities' labor risks, the Company counts with human resources management policies and guidelines based on three pillars, namely: recognition and motivation, development, health and well-being. These guidelines give the basis for the identification and maintenance of a good organizational atmosphere and mitigate social and labor risks.

On an annual basis, collective labor agreements are signed in conformity with International Labor Organization (ILO) guidelines that encompass all Tractebel Energia employees and include themes such as labor, security and health benefits, protection equipment, training and education to paramedics and Internal Commissions for Accident Prevention (CIPA).

35. – ADDITIONAL INFORMATION TO THE CASH FLOW

During 2012 and 2011, we carried out the following transactions not involving cash and cash equivalents:

	Parent company		Consolidated	
	12.31.2012	12.31.2011	12.31.2012	12.31.2011
Offseting of income and social contribution taxes	14,772	3,312	16,650	8,928
Property, plant and equipment suppliers	4,821	1,900	36,900	13,331
Capitalized interest on financing and concessions payable	-	-	33,841	101,033
Proposed additional dividends and credited interest on capital	852,629	771,332	852,629	771,332
Dividends proposed receivable from subsidiaries	37,036	7,946	-	-

36. – SUBSEQUENT EVENTS

Financing contracts

In January 2013, the Company entered into a financing contract with the Nordic Investment Bank for the amount of R$ 142,702, corresponding to US$ 70,000, contemplating the following main conditions:

- Interest rates: IPCA + 3.55% p.a.
- Amortization Period: 10 years.
- Beginning of amortization: October 2015.
- Funding costs R$ 854, equivalent to US$ 420.
- Contract commitments (*covenants*): Parent company - Total Debt / EBITDA ≤ 3.5; Consolidated - Total Debt / EBITDA ≤ 4.5; and EBITDA / Financial expenses ≥ 2.0.
- Guarantees: there is no guarantee.

Acquisition of wind projects

In January 2013, the Company entered into a contract for the purchase of CLWP Brasil Ltda. (CLWP) total capital for R$ 22,638, which will be fully paid provided that certain contract conditions are met. This amount corresponds, substantially, to basic environmental projects fair value, electrical energy generation certification, wind measurement, previous environmental licenses and lease contracts.

CLWP is the holder of seven wind power generation projects located in the municipalities of Umburanas and Sento Sé, Bahia State, with joint installed energy of 206 MW.

CLWP previous controllers are also developing wind projects of over 150 MW in the same region, and the Company has a purchase option for these projects, in the amount of R$ 16,500, that depends on an environmental license that is well into the stage of approval.

In February 2013, the Company acquired Flecheiras wind project located in Ceará State that is close to other plants already being built by the Company. Estimated installed and commercial capacity for the project is an average of 18.9 MW and 8.9 MW, respectively. Acquisition value was R$ 850.

Above-mentioned projects are still being subject to internal studies to evaluate implementation.

Proposed interim dividends

In a meeting held on 02.07.2013, the Company's Board of Directors approved the proposal for interim dividends referring to income obtained in the second semester of 2012, in the amount of R$ 576,429, or R$ 0.8830904134 per share. The Company's shares will be traded ex-dividends beginning as of 02.20.2013 and payment initial date will be later defined by the Company's Executive Office.

DECLARATION OF THE COMPANY'S DIRECTORS

The Company's management declares that it has examined, discussed and reviewed all information contained in the Company's Financial Statements (individual and consolidated) and agrees with the opinion of the independent auditors of the Company, KPMG Auditores Independentes as presented in the Special Review Report of the Indedpendent Auditors.

Manoel Arlindo Zaroni Torres
Chief Executive Officer

Eduardo Antonio Gori Sattamini
CFO and Investor Relations Officer

Marco Antônio Amaral Sureck
Energy Commercialization Officer

José Luiz Jansson Laydner
Projects of Development and Implementation Officer

José Carlos Cauduro Minuzzo
Energy Production Officer

Edson Luiz da Silva
Planning and Control Officer

Luciano Flávio Andriani
Administrative Officer

Florianópolis, February 07, 2013

BOARD OF DIRECTORS

Maurício Stolle Bähr
President

Jan Franciscus María Flachet
Vice-President

Manoel Arlindo Zaroni Torres
Board Member

Guy Marie Numa Joseph Ghislain Richelle
Board Member

Dirk Achiel Marc Beeuwsaert
Board Member

Philip Gotsall Cox
Board Member

Luiz Antônio Barbosa
Board Member

José Pais Rangel
Board Member

Luiz Leonardo Cantidiano Varnieri Ribeiro
Board Member

BOARD OF EXECUTIVE OFFICERS

Manoel Arlindo Zaroni Torres
Chief Executive Officer

Eduardo Antonio Gori Sattamini
CFO and Investor Relations Officer

Marco Antônio Amaral Sureck
Energy Commercialization Officer

José Luiz Jansson Laydner
Projects of Development and Implementation Officer

José Carlos Cauduro Minuzzo
Energy Production Officer

Edson Luiz da Silva
Planning and Control Officer

Luciano Flávio Andriani
Administrative Officer

ACCOUNTING DEPARTMENT

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

Independent Auditors Report – Type: not qualified

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Independent auditors' report on the financial statements

To the Board Members and Directors of
Tractebel Energia S.A.
Florianópolis - SC

We have examined the individual and consolidated financial statements of Tractebel Energia S.A. ("Company"), identified as Parent Company and Consolidated, respectively, comprising the balance sheet as of December 31, 2012 and the related statements of income, changes in shareholders' equity and cash flows, for the year then ended, as well as the summary of the significant accounting practices and other explanatory notes.

Responsibility of management for the financial statements
The Company's management is responsible for the preparation and adequate presentation of the individual financial statements in accordance with the accounting practices adopted in Brazil and of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board - IASB, and in accordance with the accounting practices adopted in Brazil as well as for the internal controls that it deemed necessary to enable the preparation of these financial statements free of significant distortions, regardless of whether the latter were caused by fraud or error.

Responsibility of the Independent auditors
Our responsibility is to express an opinion on these financial statements based on our auditing, carried out in accordance with the Brazilian auditing and international accounting standards. These standards require the fulfillment of ethical requirements by the auditors and that the audit be planned and performed for the purpose of obtaining reasonable assurance that the financial statements are free of significant distortions.

KPMG Auditores Independentes, uma sociedade simples brasileira e firma-membro da rede KPMG de firmas-membro independentes e afiliadas à KPMG International Cooperative, uma cooperativa suíça.

KPMG Auditores Independentes is a Brazilian entity and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss cooperative.

An audit involves the carrying out of procedures selected to obtain evidence related to the amounts and disclosures presented in the financial statements. The procedures selected depend on the auditor's judgment, including an assessment of the risks of significant distortion in the financial statements, regardless of whether the latter are caused by fraud or error. In this risk assessment, according to auditing standards, the auditor considers relevant internal controls for the preparation and adequate presentation of the financial statements of the Company, to plan the audit procedures that are appropriate in the circumstances, but not for purposes of expressing an opinion on the efficacy of these internal controls of the Company. An audit also includes the evaluation of the adequacy of adopted accounting practices and reasonability of accounting estimates made by Management, as well as an assessment of the presentation of financial statements taken as a whole.

We believe that the audit evidence obtained is sufficient and appropriate to support our opinion.

Opinion on the individual financial statements
In our opinion, the above-mentioned individual financial statements adequately present in all material aspects the equity and financial position of Tractebel Energia S.A. on December 31, 2012, the results of its operations and its cash flows for the fiscal year then ended, in accordance with accounting practices adopted in Brazil.

Opinion on the consolidated financial statements
In our opinion, the consolidated aforementioned financial statements present fairly, in all material respects, the financial position of Tractebel Energia S.A. and the consolidated financial position of the Company as of December 31, 2012, the performance of its operations and its cash flows, consolidated for the year then ended, in conformity with International Financial Reporting Standards - IFRS issued by the International Accounting Standards Board (IASB) and the accounting practices adopted in Brazil.

Emphasis of matter
As described in the note 2.a, the individual financial statements were prepared in accordance with accounting practices adopted in Brazil. In the case of Tractebel Energia S.A., these practices differ from IFRS applicable to segregate financial statements only as it refers to the evaluation of interest in subsidiaries and jointly-owned subsidiaries under the equity method, while for IFRS purposes, it would be at cost of fair value. Our opinion is not qualified in this respect.

Other matters

Examination of the amounts corresponding to the previous year
As part of our examination of the financial statements of 2012, we also examined the reclassifications described in Note 2.h, which were made to change the financial statements of 2011. In our opinion, such reclassifications are appropriate and properly made. We were not hired to audit, review or apply any other procedures in regard to the financial statements of the Company for the year ended December 31, 2011 and, accordingly, we did not express an opinion or any type of assurance in regard to the financial statements for that year taken as a whole.

Amounts corresponding to the year ended December 31, 2011 presented for comparison purposes were previously audited by other independent auditors that issued a report dated February 07, 2012 which has not been changed.

Statements of added value
We have also examined the individual and consolidated statements of added value (DVA) for the year ended December 31, 2012, prepared under responsibility of Company's management, whose presentation is required by Brazilian Corporate Law for publicly-held companies and as supplementary information under IFRS that do not require the presentation of a statement of value added. These statements were submitted to the same audit procedures previously described and, in our opinion, these supplementary statements are adequately presented, in all material respects, in relation to the basic financial statements taken as a whole.

Florianópolis, February 7, 2013

KPMG Auditores Independentes
CRC SC-000071/F-8

Claudio Henrique Damasceno Reis
Accountant CRC SC-024494/O-1

FISCAL COUNCIL' OPINION

The members of the Fiscal Council of the Company Tractebel Energia S.A., Paulo de Resende Salgado, Carlos Guerreiro Pinto and Manuel Eduardo Lima Lopes who undersign below, and having examined Management's Annual Report, the Financial Statements and Management's proposal for allocation of Net Income in connection with the fiscal year ended on December 31, 2012, based on the report by the independent auditors – KPMG Auditores Independentes – disclosed on February 7, 2013 on such financial statements, hereby state that they adequately represent in all material aspects the equity and financial position of Tractebel Energia S.A. on December 31, 2012, and are appropriate for being submitted to the Company's General Meeting of Shareholders.

Rio de Janeiro, February 07, 2013.

Paulo Resende Salgado
Chairman of the Board

Carlos Guerreiro Pinto
Board Member

Manoel Eduardo Lima Lopes
Board Member