TRACTEBEL ENERGIA S.A.
A PUBLICLY TRADED COMPANY –
CORPORATE TAXPAYER REGISTRATION (CNPJ) 02.474.103/0001-19
NIRE 4230002438-4

MANAGEMENT PROPOSAL FOR THE ANNUAL GENERAL SHAREHOLDERS' MEETING TO BE HELD ON APRIL 5, 2011 IN COMPLIANCE WITH CVM INSTRUCTION 481 DATED DECEMBER 17, 2009 (CVM Instruction 481/09).

Pursuant to article 9 of CVM Instruction 481/09 the Company shall supply, no later than 1 (one) month before the date set for the Annual General Shareholders' Meeting, the following documents and information:

- **Management Report and Accounting Statements (Subsections I and II of Article 9 of CVM Instruction 481/09)**
  The Management Report and the Complete Annual Accounting Statements were filed with the Brazilian Security and Exchange Commission - CVM and with BM&FBovespa on February 4, 2011 and were published in the Official Gazette of the State of Santa Catarina, and in the *Notícias do Dia* newspapers on February 24, 2011. These documents are also available on the Company's website: www.tractebelenergia.com.br

- **Management comments on the Company's financial situation, pursuant to item 10 of the reference form (Subsection III of Article 9 of CVM Instruction 481/09)**
  Management's comments on the Company's financial situation are available in Attachment I of this Proposal.

- **Independent Auditor's Report (Subsection IV of Article 9 of CVM Instruction 481/09)**
  The Independent Auditor's Report is included in the Company's Management Report and in the Accounting Statements.

- **Fiscal Council's expert opinion, including dissident votes, as the case may be**
  The Fiscal Council's expert opinion is included in the Company's Management Report and Accounting Statements. We emphasize herewith that there were no dissident votes.

- **Paragraph 1 of Article 9 - Subsection I – Standard Financial Statements Form - DFP**
  The Company submitted the DFP form on February 4, 2011, on the same date that the Management Report and the Complete Annual Accounting Statements were submitted.

- **Paragraph 1 of Article 9 - Subsection II – Proposal for the allocation of net profits for the fiscal year containing, at least, information listed in Attachment 9-1-II of CVM Instruction 481/09.**
  Information relative to attachment 9-1-II of CVM Instruction 481/09 is available in Attachment II of this Proposal.

- **Paragraph 1 of article 9 - Subsection III – Fiscal Council's expert opinion, if available.**
  The Company has not installed and Audit Committee.

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Attachment I

Article 9 CVM Instruction 480/09 – Subsection III – Management Comments on the Company's financial situation, pursuant to item 10 of the reference form:

10. Comments of the Executive Board

10.1. The Executive Board shall comment on:

a. General financial and equity situation

The Company's financial and equity situation is favorable, demonstrating:

- Growing and consistent profit generation. Net income for fiscal year 2010 was R$ 1,212 million, representing a growing value for the seventh consecutive year.
- Strong operating cash flow generation. EBITDA (Net Earnings plus Depreciation, Amortization and Net Financial Expenses) for 2010 amounted to R$ 2.612 million.
- A low level of debt reflecting the Company's potential to capitalize on growth opportunities. The total debt-to-EBITDA ratio, at December 31, 2010, was 1.7 times and the net debt-to-EBITDA ratio was 1.3 times.
- A decrease in the level of default due to client portfolio diversification and a strict credit analysis process.
- High level of contracted commercial capacity for the next 4-5 years.
- Leadership maintained in the private sector for electric power production, being responsible for about 6.4% of Brazilian installed capacity (source = National Electricity System Operator – ONS). Sustained growth due to the Company's strategy of evaluating risks and opportunities in the market led to an increase in the Company's installed capacity from 3,719 MW to 6,472 MW over the 12 years it has been operating in Brazil.
- Remuneration to shareholders without depleting the Company's capital. The minimum dividends paid from 2005 to 2007, for 2008 and for 2009 and 2010, amounted to, respectively, 95%, 68% and 55% of the fiscal year net income, reflecting a distribution strategy compatible with the Company's investment plan.
- Continued to be a component of BM&FBOVESPA's Corporate Sustainability Stock Index (ISE) as announced at the end of 2010. The Company has been a component of this stock index since its inception.

b. Capital structure and possibility of stock/quota redemption:

Structure of capital

*The Executive Board understands that the Company's capital structure is adequate to its operations and that its financial leverage is comfortable.

*The Company's business generates large operating cash flows, especially due a high margin as a result of the capital-intensive characteristic of electric power production and due to tight cost/expenses controls overseen by the Company's Management.

*Tractebel Energia ended 2010 with net debt of R$ 3,360 million: total gross debt of R$ 4,443 million was partially offset by its balance of cash and cash equivalents totaling R$ 1,083 million. Long-term debt corresponds to 75% of the total debt and the degree of operating leverage at 40% (net debt / net debt + shareholders' equity) ensures that the Company's liquidity is a comfortable one.

*The Company's shareholder's equity at December 31, 2010 amounted to R$ 5,073 million with a positive variation of 14.0% in relation to the end of 2009, due to (i) fiscal year net earnings of R$ 1,212 million; (ii) payment of R$ 82 million in complementary dividends relative to 2009; and (iii) the allocation of part of the net income for 2010 to the distribution of interim dividends and interest on shareholders' equity in the amount of R$ 506 million.

Possibility of stock redemption

The Company's Management has no intention of redeeming stock in the light of the need to use funds so generated for the necessary investments for at least maintaining its market share in the robust scenario of increasing consumer demand expected in Brazil over the next few years.

(i) event of stock redemption

There is no possibility of redemption of the Company's shares beyond those legally permitted.

(ii) calculation formula of redemption value

There is no possibility of redemption of the Company's shares beyond those legally permitted.

c. Payment capacity of financial commitments

The Company's Management, after analyzing performance and cash flow generation indicators, understands that the Company is in a favorable position, under a normal market situation, to honor its current short- and medium-term commitments, as well as to continue expanding its investments. The Company's Management understands that, under normal market conditions, the Company generates sufficient cash to allow it to comfortably honor all existing long-term commitments.

The Company's total debt / EBITDA ratio at the end of 2010 was 1.7 times and the EBITDA / financial expenses ratio was 4.7 times.

The Company's risk classification (brAA+ from Standard & Poor's and AA + (bra) from Fitch Ratings) is among the best for the electricity sector.

d. Funding sources for working capital and investments in non-current assets

In addition to using part of its cash generation, the principal source of financing for the Company's investment projects is the National Economic and Social Development Bank (BNDES), either directly or through On-lending Agents. These financial institutions usually offer interest rates and repayment tenors compatible with returns from energy generation projects.

Should the project not be eligible for financing from the BNDES, the Company can resort to other sources of incentive funding, for example the Constitutional Fund for Financing the Northeast (FNE), Constitutional Fund for Financing the Midwest (FCO) and the capital markets through the issue of promissory notes and / or debentures, or other sources of finance with a view to maintaining its adequate capital structure and liquidity. The Company constantly evaluates the alternatives for financing its operations.

e. Funding sources for working capital and investments in non-current assets intended to be used to cover liquidity shortfalls

The Company has working capital lines of credit formally approved by first-line financial institutions in the amount of approximately R$ 800 million. However, as at December 31, 2010, none had been drawn down.

Moreover, since the Company enjoys a Standard & Poor brAA+ credit rating and AA (bra) assigned by Fitch Ratings, it can rapidly access the capital markets to raise funds.

f) Level of debt and characteristics of such debt, also describing:

The principal information on debt is described in the following sub-items:

(i) key loan and financing agreements

Main conditions of the agreements for all the loans and financing to the Company and to companies it controls (Values in R$ million and dates US format – month/day/year):

Debts	Charges	Maturity	Principal + charges	Balance on 12.31.2010
Foreign currency				
Tractebel Energia S.A.				
National Treasury Secretariat	*Libor* + 1.075% p.a.	04/2024	Semi-annual	122
BNP Paribas *(Floating Rate Note)*	*Euribor* + 2.75% p.a.	11/2015	Monthly	92

Debt	Charges	Maturity	Principal + charges	Balance on 12.31.2010
Local currency				
Tractebel Energia S.A				
Eletrobras	12% p.a.	04/2011	Monthly	11
BNDES	TJLP + 4% p.a. [a]	04/2013	Monthly	35
Banco do Brasil S.A.	8.14% p.a. [c]	12/2011	Monthly	4
Itá Energética S.A.				
BNDES	TJLP + 4% p.a. [a]	09/2013	Monthly	34[d]
On-lending Banks (BNDES) [b]	TJLP + 3.85% p.a. [a]	09/2013	Monthly	42[d]
Lages Bioenergética Ltda.				
BRDE	TJLP + 2.25% p.a. [a]	08/2012	Monthly	11
Companhia Energética São Salvador				
BNDES	TJLP + 2.7% p.a. [a]	10/2023	Monthly	206
Banks (BNDES on-lending) [b]	TJLP + 3.25% p.a. [a]	10/2023	Monthly	416
Companhia Energética Estreito				
BNDES	TJLP + 1.89% p.a. [a]	09/2029	Monthly	796
BNDES (Social Credit)	TJLP	06/2018	Monthly	8
On-lending Banks (BNDES) [b]	TJLP + 2.95% p.a. [a]	09/2029	Monthly	604
Tupan Energia Elétrica S.A.				
Caixa Econômica Federal	TJLP + 3.5% p.a. [a]	12/2019	Monthly	52
Hidropower Energia S.A.				
Banco do Brasil	8.08% p.a. [c]	10/2017	Monthly	27
Hidrelétrica Areia Branca S.A.				
BNDES	TJLP + 2,5% p.a. [a]	06/2024	Monthly	64
Eólica Beberibe S.A.				
BNDES	TJLP + 3.5% p.a. [a]	12/2023	Monthly	100
Eólica Pedra do Sal S.A.				
BNDES	TJLP + 1.92% p.a. [a]	12/2023	Monthly	69
Ibitiúva Bioenergética S.A.				
BNDES (Sub-credit B)	4.5% p.a.	01/2020	Monthly	36
BNDES (Sub-credit A and C)	TJLP + 2.05% p.a[a]	01/2021	Monthly	29

[a] The amount corresponding to the portion of the TJLP that exceeds 6% p.a. will be capitalized and included in the principal of the financing.

[b] BNDES on-lending banks are Itaú Unibanco , Banco Bradesco S.A., Banco Santander (Brasil) S.A. and Banco Votorantim S.A.

[c] Fixed rate already considering a fulfillment bonus of 15% for payment at maturity.

[d] Corresponds to the Company's 48.75% stake in Itasa

Additional information on agreements with the most relevant values, entered into by the Company and the companies it controls:

The balances on December 31, 2010 of the agreements listed below can be found under f(i) shown above.

a) Agreements of Acknowledgement and Consolidation of Debt - STN

On April 28, 1997, the Company entered into an "Agreement of Acknowledgement and Consolidation of Debt" with the Federal Government, whereby the Company acknowledged a debt of R$ 202 million, equivalent to US$ 199 million on August 1, 1996. This debt refers to external commitments resulting from medium- and long-term loan agreements entered into with foreign creditors and which were not deposited with the Central Bank of Brazil pursuant to National Monetary Council (CMN) resolutions, including installments due after December 31, 1993, which were subject to be exchanged for bonus issued by the Federal Government, pursuant to the respective CMN resolutions.

Monetary restatement and interest at variable rates accrues on the total acknowledged debt, in accordance with the provisions set forth in the acknowledgement agreement, and are calculated on the daily outstanding balances previously restated according to the type of bonus. Additionally, the outstanding amounts incur other charges such as an administration fee to the bank where the guarantee funds described below are deposited.

The Company shall amortize the principal owed pursuant to this agreement in April and October of each year, in line with the maturities defined for each type of bonus as provided for in the acknowledgement agreement. Interest is payable semi-annually and the final installment is due together with the last principal installment of the respective bonus, on April 15, 2024. To guarantee the commitments assumed pursuant to the debt acknowledgement agreement, the Company (i) has established a cash security deposit, discount bonus and par bonus equivalent to US$ 6 million and US$ 8 million, respectively; and (ii) assigned and transferred to the Federal Government credits to its current account generated by deposits against its own receivables, up to the limit sufficient to cover the payment of installments and other charges owed by the Company at each maturity date, pursuant to the debt acknowledgement agreement.

Floating Rate Notes – BNP Paribas

On November 29, 1999, the Company issued in the international market the equivalent of Euros 40 million of Floating Rate Notes which mature on November 30, 2007, under a private placement. Citibank N.A. London was the issuing and paying agent. These Notes are remunerated at Euro Libor rate plus a spread of 7% per annum on the outstanding principal in November of each year, being that the last installment was to be paid together with the principal at the end of the operation, maturing November 30, 2007. On this date, the Notes were renegotiated: maturity dates were extended for eight years and interest, paid on an annual basis, was set to accrue at the Euro Libor rate plus a spread of 2.75% per annum upon the outstanding principal. The payment of the principal will be made in a single installment maturing in November 2015.

Eletrobrás

On September 16, 1991, the Company entered into an R$ 128 million Financing Agreement with Eletrobrás for the construction of the Itá Hydroelectric Power Plant. Interest at a rate of 10% per annum is accrued to the principal, payment of principal and interest to be effected in 120 monthly installments, the last installment maturing in April, 2011. As a guarantee for fulfilling this financing agreement, the Company (i) granted to Eletrobrás the right to collect the Company's own receivables (amounts overdue and not paid to the Company); and (ii) issued to Eletrobrás promissory notes for the installments due under the terms of the agreement.

d) Financing Agreements with the BNDES

Tractebel Energia: As a result of the incorporation of Companhia Energética Meridional ("CEM") on March 23, 2008, existing guarantees in favor of the BNDES were replaced by a Letter of Guarantee from Itaú-Unibanco engaged by the Company in December 2007 in the amount of R$ 157 million, valid up to October 15, 2013. The Company as CEM's successor in its rights and obligations, acknowledged and assumed the debt in the amount of R$ 155 million on the base-date of January 15, 2008.

The remaining BNDES finance was contracted on a Project Finance basis. As a result, the following Specific Purpose Companies were formed for the implementation of the respective hydroelectric power plants.

Itá Energética S.A. (Itasa): On March 6, 2001, the jointly-owned subsidiary Itasa entered into R$ 542 million financing agreement with BNDES and with BNDES's On-lending banks Itaú-Unibanco, Bradesco, Banco Safra and Banco Votorantim, for the construction of the Itá Hydroelectric Power Plant. As a guarantee of the finance agreement obligations, Itasa: (a) pledged Emerging Concession Rights to operate the Itá Hydroelectric Power Plant; (b) pledged Credit Rights resulting from the Electricity Purchase Agreements entered into with its shareholders; (c) agreed to maintain a reserve account in an amount equivalent to three months of debt (substituted by a bank guarantee), and three months of the plant's contractual operation and maintenance expenses. In addition to these guarantees, the partners pledged the entirety of Itasa's shares to the BNDES and to the BNDES On-lending Banks.

Companhia Energética São Salvador (CESS): On March 19, 2007, the wholly-owned subsidiary CESS entered into financing agreements in the total amount of R$ 570 million, with BNDES and BNDES On-lending Banks Itaú-Unibanco, Bradesco, Banco Santander and Banco Votorantim for the construction of the São Salvador Hydroelectric Power Plant. As a guarantee for the finance agreement obligations, CESS: (a) pledged the Emerging Concession Rights to operate the São Salvador Hydroelectric Power Plant; (b) agreed to maintain a centralized credit rights account to receive CESS receivables; and (c) pledged to maintain a Reserve Account in an amount equivalent to three months of the cost of servicing the debt, plus an amount equivalent to three months of payments for the Project Operation and Maintenance Agreement. In addition to these guarantees, the partners guaranteed the entirety of the shares issued by CESS as collateral to BNDES and BNDES's On-lending Banks.

Companhia Energética Estreito (CEE): On March 11, 2008, the subsidiary, SUEZ Energia Renovável S.A (previously denominated CEE) signed a financing agreement with the BNDES and the On-lending Banks, Itaú Unibanco, Bradesco and Votorantim in the amount of R$ 1,358

million. As a guarantee for the finance agreement obligations signed with the BNDES and the On-lending Banks, CEE: (a) pledged the Emerging Concession Rights to operate the São Salvador Hydroelectric Power Plant; (b) agreed to maintain a centralized credit rights account to receive CEE receivables; and (c) pledged to maintain a Reserve Account in an amount equivalent to three months of the cost of servicing the debt, plus an amount equivalent to three months of payments for the Project Operation and Maintenance Agreement. In addition to these guarantees, Tractebel Energia offered a letter of guarantee and pledged the dividends to be paid by Tractebel Energia to its controlling company GDF SUEZ Latin America Participações Ltda.

(ii) other long-term relationships with financial institutions

These relationships are represented by debentures issued by the Company and by the companies it controls.

Main conditions of debentures issued by the Company and companies it controls (Values in R$ - dates US format – month/day/year)

	Payment Conditions				
Issues	**Remuneration**	**Interest/monetary restatement**	**Principal**	**Quantity**	**Balance on 12.31.2010**
Tractebel Energia					
1st Issue - 1st Series	IGP-M + 9.29% p.a.	Annually on 05.02	Single installment on 05.02.11	14,000	160
2nd Issue Single Serie	IPCA + 7% p.a.	Annually on 05.15	3 installments on 05.15.2012,13 &14	35,000	438
3rd Issue SingleSerie	117% of CDI	Semi-annually on 04.01 and 10.01	Single installment on 04.01.2011	60,000	618
4th Issue SingleSerie	110% do CDI	Semi-annually on 05.05 and 11.05	5 installments from 11.05.2011 to 2015	400	405
Cana Brava 1st Issue Single Series	TJLP + 4% p.a. (*)	Semi-annually on 04.01 and 10.01, until 04.01.2013	Semi-annual, varying from 4.7027% on 04.01.08 to 7.5737% on 04.01.2013	7,773	40
Itasa					
1st Issue - 1stand 2nd Series	IGP-M + 9.4% p.a.	Annually on 12.01 (1ª series) and 06.01 (2nd series)	7 equal installments on 12.01 (1st series) and 06.01 (2nd series) for each year, until 12.01.2013 (1st series), and 06.01.2013 (2nd series)	8,400	26

(*) The amount corresponding to the part of the TJLP that exceeds 6% p.a. will be converted to capital and added to the par value of the debentures.

(iii) degree of debt subordination

The Company has no subordinated debt.

(iv) eventual restrictions imposed on the Company, particularly in relation to debt limits and in contracting new debt, distribution of dividends, disposal of assets, issuance of new securities and the sale of corporate control

The Company is subject to the following covenants (indices and financial limits) established in its loan and financing and debenture agreements:

a) Loans and financing:

Debt	Covenants
Tractebel Energia (BNDES)	Shareholders' Equity / Total Assets ≥ 30%
CESS (BNDES and On-Lending Banks)	Debt Service Coverage Ratio ≥ 1.3
Lages (BRDE)	(Current Liabilities + Long-Term Liabilities) / Total Assets ≤ 66%
Itasa (BNDES and Financial agents)	Shareholders' Equity / Total Assets ≥ 40%
Hidropower (Banco do Brasil)	(i) Shareholders' Equity / Total Assets ≥ 0.35 (ii) Current Assets / Current Liabilities ≥ 1.20 (iii) EBITDA Margin (EBITDA / NOR) ≥ 0.80 (iv) EBITDA / Financial Expenses ≥ 2.70 (v) Total Financial Debt/ EBITDA ≤ 4.0 (vi) Debt Service Coverage Ratio ≥ 1.3
Tupan (CEF)	(i) Shareholders' equity / Total Liabilities ≥ 21% (ii) Capital Stock / Property, Plants and Equipment ≥ 21% (iii) Debt Service Coverage Ratio ≥ 1.3
Pedra do Sal (BNDES)	Debt Service Coverage Ratio ≥ 1.3
Beberibe (BNDES)	Debt Service Coverage Ratio ≥ 1.3
Areia Branca (BNDES)	Debt Service Coverage Ratio ≥ 1.2
Ibitiúva (BNDES)	(i) Debt Service Coverage Ratio ≥ 1.3 (ii) General Debt Ratio ≥ 0.80
CEE (BNDES and On-lending Banks)	Debt Service Coverage Ratio ≥ 1.2

Loans contracted with the BNDES are formalized by entering into financing agreements under which lines of credit are opened, and are subject to "Provisions Applicable to BNDES Agreements". Pursuant to the "Provisions Applicable to BNDES Agreements", in addition to the financial covenants included in the table above, BNDES's borrowers, including the Company, cannot, without prior BNDES authorization, (i) give preference to other credits, (ii) amortize stock; (iii) issue debentures; (iv) issue participation certificates; (v) take on new debt, (except when expressly stipulated in writing set forth in the "Provisions Applicable to BNDES Agreements"); and (vi) sell or encumber property, plant and equipment.

Covenants for Companhia Energética Estreito shall be required as of October 2011, when the amortization of financing agreed with the BNDES and On-lending Banks is to begin.

The Company is complying with the financial covenants established in the financing agreements, with the exception of financial ratios applicable to Hidropower Energia S.A., as described below.

Hidropower has restrictive clauses in its financing agreements which require that certain financial ratios be maintained, among them current liquidity, debt-service coverage and EBITDA margin. When such ratios are not met and after being officially notified by the Financial Agent, Hidropower must cover any shortfall.

Due to structural questions, Hidropower's current liabilities are above the level initially allowed by the financing agreement, which negatively affects both the current liquidity and debt-service coverage ratios. However, management believes that the agreement clause, which would trigger prepayment, will be honored since Hidropower's controlling company, Tractebel Energia, has stated formally that it is negotiating to rectify this situation with the Bank and, if necessary, make a capital injection into Hidropower to satisfy the covenant irregularity.

The Company has a waiver issued by the Banco do Brasil, to exercised by December 31, 2009 and is negotiating the issue of the same document to mature on December 31, 2010. Hidropower's debt totaled R$ 27 million on December 31, 2010, an amount less than defined as triggering a prepayment of other debts of the Company.

a) Debentures

Debt	Covenants
Tractebel Energia	
1st, 2nd, 3rd e 4th Issues	(i) EBITDA/Consolidated Financial Expenses ≥ 2.0 (ii) Consolidated Debt/EBITDA ≤ 2.5 [(a)]
Cana Brava - 1st Issue (Single Series)	Shareholders' equity / Total Assets ≥ 30%
Itasa	
BNDES and Financial agents – 1st Issue	Shareholders' Equity / Total Assets ≥ 40%

(a) For 3rd and 4th Debenture Issues, the covenant mentioned in (i) may reach 3.5 should there be new investments/acquisitions, in which case the maturity of any new debt contracted by the Company shall only be due at a date after the maturity date of these issues.

In addition to the financial covenants described above and pursuant to the deeds of issue of the Company's debentures, the Company must comply with restrictions, to be described shortly, subject to the penalty of having to liquidate the debenture debt before maturity, according to the terms and specific conditions set forth in the respective deeds of issue: (i) alteration in the Company's direct or indirect shareholder control; (ii) the sale, ineffectiveness or prolonged interruption of operation or any other form of disposal, by the Company, of property, plant and equipment representing, individually or collectively, 25% of the Company's capacity for generating electrical energy and which certifiably affect the Company's financial-economic capacity; and (iii) the Company being in default with respect to any pecuniary obligation in relation to debentures, payment of dividends, interest on shareholders' equity or any other profit sharing foreseen in the Bylaws, with the exception of payment of the minimum mandatory dividend pursuant to the provisions of the Brazilian Corporate Law.

The Company is complying with the financial covenants and restrictions described above as set forth in the documents regarding the issue of debentures.

g. limits for use of the contracted loans

By way of its indirect controlled company, Ibitiúva Bioenergética S.A. (Ibitiúva) and the BNDES, the Company has financing from the BNDES in the amount of R$ 82 million divided into 4 sub credits: (i) Sub-credit A, for R$ 34 million, to be employed for the implementation of a plant and a substation; (ii) Sub-credit B, for R$ 37 million, for the purchase of Brazilian-made machinery and equipment; (iii) Sub-credit C, for R$ 8 million, to be used for the implementation of a transmission system restricted to the plant and an interconnection with the existing electric energy network; and (iv) Sub-credit D, for R$ 3 million, to be used in the payment of the last installment of the EPC agreement. Of this total, R$ 63 million was drawn down during 2010 and the remainder is forecasted to be released up to the end of the contractual period of June 2011.

In November 2010, a supplementary financial agreement was signed between the controlled company SUEZ Energia Renovável S.A. (the former denomination of Companhia Energética Estreito) and the BNDES and On-lending Banks amounting R$ 308 million for the continued implementation of the Plant. The first drawdown of R$ 208 million took place in November itself and the remaining R$ 100 million is scheduled for drawing before the end of the first semester 2011.

h. significant changes in each item of the financial statements

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

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

(In million of R$)	2010	2009
Net income prior to the adoption of the new practices	**1,220**	**1,134**
Adjustments:		
- Depreciation of fair value adjustment of fixed assets	(86)	(85)
- Registration of a gain and reversal of an actuarial loss regarding liabilities for post-employment benefits	75.3	24
- Deferred Income Tax and Social Contribution of the above adjustments	3.7	21
- Other adjustments	(0.8)	(3)
	(8.0)	(43)
Net income after new accounting	**1,212**	**1,091**

Considerations on the restated results above are as follows:

Depreciation of fair value adjustment of fixed assets

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

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

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

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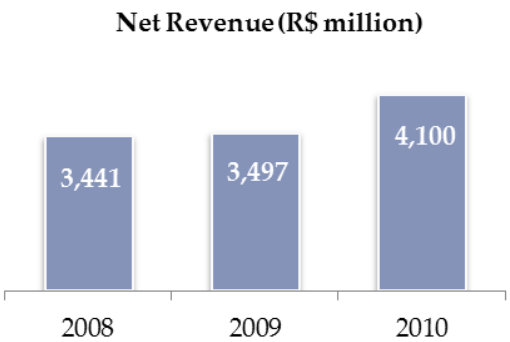
h.1) Comparative analysis between results ending December 31, 2010 and 2009 prepared according to IFRS and CPC

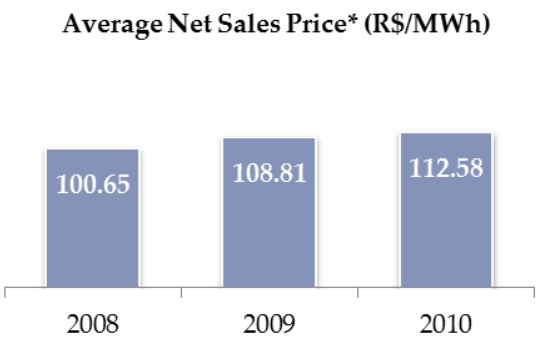
In R$ Million	December 31st 2010	% of revenues	2009	% of revenues	2009/2010 (%)
NET REVENUES FROM SALES	**4,100**	**100**	**3,497**	**100**	**17.2**
ENERGY SALES COSTS					
Electric power purchased for resale	(674)	16.4	(392)	11.2	71.9
Transactions channeled through the CCEE	(6)	0.1	(124)	3.5	(95.2)
Charges for the use of and connection to the electricity grid	(269)	6.6	(263)	7.5	2.3
Costs of electric energy production	(921)	22.5	(774)	22.2	19.0
Costs of services rendered	(18)	0.4	(15)	0.4	20.0
	(1,888)	**46.0**	**(1,568)**	**44.8**	**20.4**
GROSS INCOME	**2,212**	**54.0**	**1,929**	**55.2**	**14.7**
OPERATING INCOME (EXPENSES)					
Selling expenses	(14)	0.3	(15)	0.4	(6.7)
General and administrative expenses	(160)	3.9	(144)	4.1	11.1
Constitution of operating provisions, net	66	-1.6	(7)	0.2	-
Favorable ruling on lawsuit	46	1.1	9	0.3	411.1
Other operating income (expenses), net	-	-	5	0.1	-
	(62)	**1.5**	**(152)**	**4.3**	**(59.2)**
Service Income	**2,150**	**52.4**	**1,777**	**50.8**	**21.0**
Net Financial Result					
Financial income	131	3.2	87	2.5	50.6
Financial expenses	(560)	13.7	(327)	9.4	71.3
	(429)	**10.5**	**(240)**	**6.9**	**78.8**
INCOME BEFORE TAXES	**1,721**	**42.0**	**1,537**	**44.0**	**12.0**
Income tax and social contribution	(509)	12.4	(446)	12.8	14.1
NET INCOME FOR THE PERIOD	**1,212**	**29.6**	**1,091**	**31.2**	**11.1**
NET INCOME PER SHARE	**1.85**	**-**	**1.67**	**-**	
EBITDA[1]	**2,612**	**63.7**	**2,202**	**63.0**	**18.6**

(*) The 2008 results do not consider the adoption of IFRS.

Net Operating Revenue

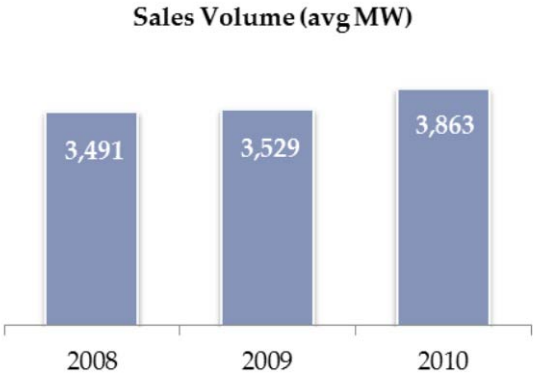
For the fiscal year 2010, this item recorded a total of R$ 4,100 million, 17.3% up on the R$ 3,497 million reported in 2009. The variation seen between periods is directly related to the evolution in gross operating revenue and deductions on operating revenue as described below.





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

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



Gross Operating Revenue

The Company's fiscal year 2010 gross operating revenue was R$ 4,586 million against R$ 3,886 million in 2009. This 18.0% improvement reflects the following factors: (i) an increase of R$ 222 million in revenue as a result of transactions conducted through the Electricity Energy Trading Board (CCEE) as described under a specific heading in this report; (ii) an increase of R$ 327 million due to the rise of 9.5% in energy sales volumes; (iii) a growth of R$ 133 million due to the 3.7% rise in the average price of energy sold; (iv) the startup in commercial operations of new plants resulting in additional sales of 638 GWh (73 average MW) and operating revenue of R$ 81 million; (v) a decline of R$ 31 million in energy exports; and (vi) a reduction of R$ 35 million due to recognition of non-recurring revenue in the fourth quarter of 2009 with respect to the indemnification received due to loss of revenue from the delay in concluding work on the São Salvador HPP.

Deductions from Operating Revenue

In the full fiscal year 2010, deductions were R$ 486 million, a growth of 24.7% in relation to the preceding year which was R$ 389 million. These deductions corresponded to 10.7% and 10.2% of gross operating revenue, respectively, and reflect. the increase in PIS and Cofins charges due to the change introduced for levying these charges from a cumulative method (rate of 3.65%) to a non-cumulative method (rate of 9.25%, but with the right to a tax credit on certain acquisitions) on revenue from contracts which expired in the period under analysis but signed prior to changes in levying methodology.

Costs of Electric Energy Sales and Services

Fiscal year 2010 costs grew 20.5% from R$ 1,568 million in 2009 to R$ 1,888 million in 2010. This variation is fundamentally due to the trend in the principal cost components as follows:

- **Electric power purchased for resale:** an increase of R$ 282 million in the year essentially due to the increase of 2,429 GWh (277 average MW) in energy purchases, allowing the

Company to sell a 30-year product through the so-called "botox" energy auction at attractive prices, deliveries to begin in 2010, and to meet other energy sales commitments. A large number of the purchase contracts was signed some years ago – and therefore bear no relation to spot market prices (PLD).

- **Transactions channeled through the Electricity Energy Trading Board (CCEE)**: Costs with these transactions between fiscal years 2009 and 2010 fell R$ 118 million as described under a specific item below.
- **Charges for the use of and connection to the electricity grid:** growth of R$ 6 million due to the combination of startup in commercial operations of new plants together with the reduction in the Tariff for Use of the Transmission System (TUST) in July 2010, the result of a transmission company tariff review.

Costs of Electric Energy Production

The increase of R$ 147 million reflects the following:

- **Fuel expenses for generation:** increase of R$ 23 million in the year as compared with 2009 due to a rise of R$ 36 million in natural gas consumption at the William Arjona TPP and the increase of R$ 5 million in the cost of biomass for generation requirements at the Lages Co-generation Plant, as well as the reduction of R$ 19 million in thermal coal consumption used in generation for export of electric energy.
- **Financial compensation for use of water resources:** on a comparative fiscal year basis, there was an increase of R$ 42 million, reflecting the annual tariff readjustment and the significant increase in dispatch from the hydro plants.
- **Personnel:** increase of R$ 17 million for the fiscal year as a whole due to the annual salary readjustment for employees as well as the need for expanding the payroll to meet growth in the Company's generator complex requirements.
- **Third party services:** increase of R$ 23 million in large part due to stronger demand for scheduled and executed maintenance and conservation services at the generator units during 2010.
- **Depreciation and amortization:** increase of R$ 33.6 million compared with the same period 2009, principally due to the depreciation resulting from the startup in commercial operations at the Areia Branca, Ibitiúva and São Salvador plants.

Electricity Energy Trading Board – Details of CCEE Operations

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

Generically speaking, these elements are income or expense items arising for example from: (i) the application of the Energy Reallocation Mechanism (MRE); (ii) the so-called "sub-market risk"; (iii) dispatch triggered by the Risk Aversion Curve (CAR); (iv) the application of System Service Charges (ESS), resulting in dispatch which diverges from the thermal plants order of

merit; and (v), naturally, exposure (a short or long position in the monthly accounts) which in turn will be settled at the spot price.

In 2010, the Company reported net operating revenue from transactions conducted through the CCEE of R$ 281 million against a net expense in 2009 of R$ 59 million - that is a positive variation in the result for CCEE transactions of R$ 340 million.

The improved results largely reflect the following factors:

I. MRE (Energy Reallocation Mechanism) - increase of R$ 78 million, representing the difference between a net expense of R$ 16 million in 2009 and a net income of R$ 62 million in 2010. This variation was the consequence of greater generation from the Company's hydroelectric power plants during fiscal year 2010 when compared with 2009. This increase in revenue was partially offset by higher expenses from royalties as described under the item "Financial compensation for use of water resources"; and

II. Other transactions executed through the CCEE – the positive result of R$ 262 million between comparative fiscal years largely reflects the success of the strategy of optimizing the allocation of generation resources by the Company and the greater generation from thermoelectric power plants during the period.

Gross profit

In fiscal year 2010, the Company reported gross profits of R$ 2,212 million, 14.7 % more than reported in 2009, a reflection of the variations explained in sub-items "Net operating revenue" and "Costs of energy sales".

Operating Income (Expenses)

General and Administrative Expenses

General and administrative expenses rose R$ 16 million, or 11.3%, from R$ 144 million in 2009 to R$ 160 million in 2010, due essentially to a combination of the following variations: (i) an increase in staff and management expenses due to the annual readjustment in compensation; (ii) reduction in the demand for consultancy services and in welfare contributions and donations.

Constitution (Reversals) of Operational Provisions, Net

There was a reversal of net operating provisions of R$ 73 million between comparative years largely due to the recognition of actuarial gains offset against a reduction in liabilities relative to post-employment benefits of R$ 75 million. This reflects the adoption of international (IFRS) and Brazilian (CPC) accounting procedures.

Court Action Found in Favor of the Company

In 2010, the Company recognized non-recurring revenue of R$ 46 million due to a court action – ruled in its favor and for which there is no appeal - on the right to calculate PIS and Cofins using the cumulative methodology on revenue arising from contracts signed prior to the change in the legislation to the non-cumulative methodology. Meanwhile in the 2009 fiscal year, the Company recorded a non-recurring gain of R$ 9 million following a legal agreement for rescinding the construction contract for building the São João biomass plant.

Service Income

In fiscal year 2010, the result from the service was R$ 2,150 million, 21.0% higher than 2009, the result of the variations described above in the sub-items "Gross Profit" and "Operating Income (Expenses)".

Financial Result

Financial income

In 2010 this revenue was R$ 131 million, R$ 44 million up on the R$ 87 million for 2009 substantially a reflection of higher interest rates on these financial investments, largely the Selic basic rate of interest.

Financial Expenses

Expenses rose by R$ 233 million from R$ 327 million in 2009 to R$ 560 million in 2010. This variation reflects a combination of the following factors: (i) an increase of R$ 66 million in interest on debt, principally due to the initial recognition of interest on debt of the companies whose plants have recently gone into commercial operation, (ii) growth of R$ 121 million in monetary restatement on debt and financing largely due to the oscillations in the IGP-M applicable to concession charges payable; (iii) decrease of R$ 62 million in the foreign exchange rate gain on currency loans by virtue of the variation in the US dollar and the Euro against the Real; and (iv) a reduction of R$ 23.2 million in charges on the Company's actuarial liabilities.

Income Tax (IR) and Social Contribution (CSLL)

In fiscal year 2010, IR and CSLL expenses reached R$ 509 million, R$ 63 million up in relation to this item in 2009 when the amount recorded was R$ 446 million. The income similarly corresponds to the growth in pre-tax earnings.

Net Income

Again reflecting comments made in the course of this report, in the fiscal year 2010, net income reached R$ 1,212 million, 11.1% better than the R$ 1,091 million posted for the 2009 fiscal year. This result represents an all-time record for the Company, the seventh consecutive one.

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

EBITDA and EBITDA Margin

Reflecting factors already described above in 2010, EBITDA reached R$ 2,612 million, 18.6% higher in relation to 2009 when this item was R$ 2,202 million. EBITDA margin for 2010 and 2009 was 63.7% and 63.0%, respectively.

Reconciliation between net income and EBITDA[1]

In R$ million	**12.31.2010**	**12.31.2009**
Net income for the fiscal year	1,212	1,091
Depreciation and Amortization	462	425
Net Financial Result	429	240
Income Tax and Social Contribution	509	446
EBITDA[1]	**2,612**	**2,202**
EBITDA Margin (%)[2]	**63.7%**	**63.0%**

[1] EBITDA, as calculated by the Company, equals net earnings before income tax and social contribution, net of financial expenses and depreciation and amortization expenses. EBITDA is not a measure of financial performance according to the "Accounting Practices Adopted in Brazil" neither should it be considered individually as an alternative to or a substitution for net income as an indicator of operating performance, or an alternative to cash flow as an indicator of liquidity.

Since financial expenses, financial income, income taxes, social contribution taxes and depreciation and amortization are not taken into consideration in its calculation, EBITDA acts as a general economic performance indicator. Consequently, EBITDA is a very significant tool to periodically compare operating performance and a basis for management to take decisions. EBITDA permits a better understanding not only of financial performance, but also of the capacity to comply with borrowing obligations and to raise funds for capital expenditures and working capital. EBITDA, however, has limitations that impair it as a measure of profitability since it does not address certain business costs that could significantly affect profitability, such as financial expenses, taxes, depreciation, capital expenditures and associated expenses.

[2] EBITDA divided by Net Operating Revenue.

Comparative analysis between the results relative to the fiscal years ending on December 31 2009 and 2008

As previously mentioned according to the accounting pronouncements , the initial adoption of the IFRS and CPC standards issued in 2009 have been applied retroactively to the fiscal year 2009. Since the retroactive application did not cover 2008, the comparative analysis for these years is impaired and for this reason is not shown in this document. The analysis between the two years prior to the adoption of the new practices may be verified in the Reference Form and the Annual Report for the fiscal year ending December 31, 2009.

Tractebel Energia
GDF SUEZ

h.2) Comparative analysis between the balance sheets of December 31, 2010, December 31, 2009 and January 01, 2009 (January 31, 2008) in accordance with IFRS and CPC (Brazilian Accounting Pronouncements Committee)

	ASSETS							
In R$ Million	12/31/2010	%	12/31/2009	%	1/1/2009	%	12/31/2009 *versus* 12/31/2010 (%)	01/01/2009 *versus* 12/31/2009 (%)
CURRENT ASSETS								
Cash and cash equivalents	1,083	8.4	1,255	11.5	420	4.3	(13.7)	198.8
Accounts receivables from clients	531	4.1	435	4.0	388	4.0	22.1	12.1
Asset kept for sale	23	0.2	-	-	-	-	-	-
Taxes and social contributon	92	0.7	73	0.7	27	0.3	26.0	170.4
Warehouse	46	0.4	45	0.4	59	0.6	2.2	(23.7)
Pledges and restricted deposits	82	0.6	33	0.3	1	-	148.5	3,200.0
Disposal of assets	-	-	-	-	17	0.2	-	-
Other credits	50	0.4	32	0.3	32	0.3	56.3	-
	1,907	**14.8**	**1,873**	**17.2**	**944**	**9.7**	**1.8**	**98.4**
Non Current Assets								
Long Term Assets								
Taxes and social contributon to offset	220	1.7	74	0.7	107	1.1	197.3	(30.8)
Pledges and restricted deposits	51	0.4	64	0.6	25	0.3	(20.3)	156.0
Disposal of assets	87	0.7	87	0.8	69	0.7	-	26.1
Deposits in court	134	1.0	217	2.0	208	2.1	(38.2)	4.3
Deferred assets	328	2.6	311	2.8	307	3.2	5.5	1.3
Other credits	52	0.3	53	0.5	49	0.5	(1.9)	8.2
	872	**6.7**	**806**	**7.4**	**765**	**7.9**	**8.2**	**5.4**
Property, Plant and Equipment	**9,976**	**77.8**	**8,137**	**74.3**	**7,882**	**81.2**	**22.6**	**3.2**
Intangible	**95**	**0.7**	**118**	**1.1**	**126**	**1.2**	**(19.5)**	**(6.3)**
	10,943	**85.2**	**9,061**	**82.8**	**8,773**	**90.3**	**20.8**	**2.9**
TOTAL	**12,850**	**100.0**	**10,934**	**100.0**	**9,717**	**100.0**	**17.5**	**12.5**

	LIABILITIES AND SHAREHOLDERS' EQUITY							
In R$ Million	12/31/2010	%	12/31/2009	%	1/1/2009	%	12/31/2009 *versus* 12/31/2010 (%)	01/01/2009 *versus* 12/31/2009 (%)
Current Liabilities								
Suppliers	269	2.1	246	2.2	212	2.2	9.3	16.0
Dividends and interest on shareholder´s equity	190	1.5	170	1.6	155	1.6	11.8	9.7
Loans, financing and debentures	1,094	8.5	348	3.2	733	7.5	214.4	(52.5)
Taxes, fees and contributions	458	3.6	412	3.8	404	4.2	11.2	2.0
Estimated obligations	55	0.4	41	0.4	38	0.4	34.1	7.9
Research and development (R&D) program obligations	15	0.1	48	0.4	60	0.6	(68.8)	(20.0)
Concessions payable	42	0.3	37	0.3	2	-	13.5	1,750.0
Post-employment benefits	26	0.2	26	0.2	22	0.2	-	18.2
Related-party	-	-	-	-	221	2.3	-	-
Other obligations	111	0.9	78	0.7	65	0.7	42.3	20.0
	2,260	**17.6**	**1,406**	**12.8**	**1,912**	**19.7**	**60.7**	**(26.5)**
Non Current Liabilities								
Loans, financing and debentures	3,349	26.1	3,067	28.1	2,246	23.1	9.2	36.6
Research and development (R&D) program obligations	41	0.3	-	-	-	-	-	-
Concessions payable	1,093	8.5	920	8.4	557	5.7	18.8	65.2
Post-employment benefits	409	3.2	492	4.5	479	4.9	(16.9)	2.7
Deferred fiscal liabilities	446	3.5	460	4.2	481	5.0	(3.0)	(4.4)
Other obligations	179	1.4	140	1.3	142	1.5	27.9	(1.4)
	5,517	**43.0**	**5,079**	**46.5**	**3,905**	**40.2**	**8.6**	**30.1**
Shareholders' Equity								
Share capital	2,446	19.0	2,446	22.4	2,446	25.2	-	-
Capital reserves	92	0.7	92	0.8	92	0.9	-	-
Fixed asset valuation	708	5.5	765	7.0	821	8.4	(7.5)	(6.8)
Profit reserves	1,827	14.2	1,146	10.5	541	5.6	59.4	111.8
Shareholders' Equity Total	**5,073**	**39.4**	**4,449**	**40.7**	**3,900**	**40.1**	**14.0**	**14.1**
TOTAL	**12,850**	**100.0**	**10,934**	**100.0**	**9,717**	**100.0**	**17.5**	**12.5**

Comparison of balance sheets as of December 31, 2010 and December 31, 2009

Current Assets

Cash and cash equivalents

The reduction is largely due to a combination of the following factors: (i) resources arising from the operating activities of R$ 1,680 million; (ii) investment in fixed assets of R$ 296 million; (iii) acquisition of SUEZ Energia Renovável S.A. (formerly denominated Companhia Energética Estreito) in the amount of R$ 792 million, net of cash and cash equivalents of the acquired company; (iv) amortization of R$ 478 million in loans, financing and debentures; (v) funding of R$ 277 million for financing the plants; and (vi) distribution of dividends and interest on shareholders' equity of R$ 536 million.

Accounts receivable from clients

Growth is basically due to the increase in energy sale prices and the values receivable from the sales of the companies which began operations during 2010.

Asset held for sale

This asset is the result of the Company's intention to sell the Seival Project, constituted by the companies Seival Participações S.A. and Usina Termelétrica Seival Ltda. (Seival Thermoelectric Power Plant). This holds the rights, including Aneel authorizations and the installation license, to build and operate a coal-fired thermoelectric power plant in Candiota (RS) with an installed capacity of up to 540 MW. The Company signed a sale agreement for the Project and the finalization of this is dependent on compliance with the contractual conditions precedent, including the prior agreement of Aneel and the effective transfer of the shares.

Taxes and social contributions

The increase was largely due to the recognition of the PIS/Cofins credit as the result of a court ruling in the Company's favor with no right of appeal with respect to the illegality of the application of Normative Instruction 468/2004. These credits will be used to offset future federal taxes due from the Company following authorization for such from the Brazilian Internal Revenue Service.

Inventory

The balances stand at the same level for the two comparable balance sheets.

Pledges and restricted deposits

Growth is due to the greater need for compulsory deposits guaranteeing the settlement of transactions conducted within the scope of the Electric Electricity Energy Trading Board (CCEE), due to the greater volume of transactions undertaken in this market.

Others

The rise in this item was basically a reflection of the higher volume of values receivable for the sale of assets and services rendered to third parties.

Non-current assets

Long term assets

Taxes and social contributions

The increase is largely the result of the inclusion in the consolidated balance sheet of PIS and Cofins credits on the acquisition of fixed assets in the amount of R$ 121 million, from Companhia Energética Estreito, acquired in 2010.

Pledges and restricted deposits

The reduction is largely due to the combination as follows: (i) constitution of a reserve account in guarantee for service payments on financing with the BNDES and On-lending Banks, amortization of which began in 2010; and (ii) redemption following pre-payment of financing for Ponte de Pedra Energética S.A..

Court deposits

The decrease corresponds, principally to the redemption of R$ 108 million arising from a ruling in favor of the Company with no right of appeal with respect to the illegality of the application of Normative Instruction 468/2004.

Property, Plant and Equipment

The variation is largely due to: (i) inclusion in the consolidated balance sheet of R$ 1,941 million relative to the Companhia Energética Estreito asset acquired in August 2010; (ii) acquisitions of assets amounting to R$ 353 million, of which R$ 37 million corresponds to the Ibitiúva Bioenergética Thermoelectric power plant, R$ 224 million to the Estreito Hydroelectric power plant, following its acquisition, and R$ 92 million in work to maintain the reliability and security of the generation system of the Company's plants; (iii) depreciation and amortization of R$ 450 million; and (iv) R$ 5 million in write-offs.

Current Liabilities

Suppliers

Growth is substantially due to increased energy purchase transactions in the amount of R$ 27 million.

Dividends and interest on shareholders' equity

The increase is the result of the higher interest on shareholders' equity credit in December 2010 in comparison with the same month in 2009.

Loans, financing and debentures

The increase reflects the following factors: (i) transfer of non-current liabilities of R$ 1,200 million, due largely to debentures maturing in the first half of 2011; (ii) financial charges of R$ 295 million; and (iii) payments of principal and interest of R$ 749 million.

Taxes, fees and contributions

The increase stems largely from higher income tax and social contribution in 2010 due to higher pre-tax earnings in that year.

Obligations with program for Research & Development

The reduction is essentially due to transfer of values to non-current liabilities in the light of the outlook for the use of the resources.

Concessions payable

The increase is principally due to a combination of the transfer from non-current liabilities amounting to R$ 39 million and payments made during the fiscal year of R$ 37 million

Others

Growth occurred basically due to the receipt of advance payment from a client for the delivery of energy in 2011.

Non-current liabilities

Loans, financing and debentures

The increase can be ascribed to the following factors: (i) financing from the BNDES and On-lending Banks for investment in the construction of plants in the amount of R$ 277 million; (ii) inclusion in the consolidated balance sheet of R$ 1,161 million relative to the acquisition of Companhia Energética Estreito in August 2010; (iii) transfer to current liabilities of R$ 1,200 million of debt maturing in 2011; (iv) financial overheads of R$ 60 million; and (v) currency translation losses of R$ 14 million.

Obligations with program for Research & Development

An increase of R$ 41 million arising fundamentally from the transfer of values from the current liabilities.

Concessions payable

The increase stems from the following: (i) inclusion in the consolidated balance sheet of R$ 31 million with respect to the concession right of the Estreito Hydroelectric power plant, acquired in August 2010; (ii) interest and monetary restatement of R$ 180 million; (iii) transfer to current liabilities of R$ 39 million.

Post-employment benefits

The reduction is due essentially to the following: (i) interest on technical reserves of R$ 120 million; (ii) income from the Plan assets of R$ 95 million; (iii) contribution from sponsor and retirement plan members of R$ 31 million; and (iv) recognition of the reduction of liabilities due to the actuarial gain of R$ 75 million with respect to amortization of the excess over the limit of 10% on the total liability of the Plans ("corridor methodology"), pursuant to the system envisaged in Technical Pronouncement CPC 33 –Post-Employment Benefits.

Shareholders' Equity

Growth was the result of earnings recorded on December 31, 2010 of R$ 1,212 million and the allocation of R$ 506 million of these profits for distribution as dividends and interest on shareholders' equity and for the payment of R$ 82 million of dividends relative to 2009.

Comparative analysis between the balance sheets of December 31, 2009 and January 1, 2009 (December 31, 2008)

Current assets

Cash and cash equivalents

The increase was largely due to the combination of the following factors: (i) resources arising from operating activities of R$ 1,416 million; (ii) investment of R$ 316 million in fixed assets; (iii) raising of third party funds, net of debt amortization, of R$ 236 million; and (iv) pay-out of dividends and interest on shareholders' equity of R$ 495 million.

Accounts receivable from clients

Growth is largely due to the increase in contracted energy sale prices and to values receivable from the sales of companies acquired or which went into operation in 2009.

Taxes and social contributions

The increase reflected by and large the transfer from long term assets of PIS and Cofins credits on the acquisition of plant, property and equipment due to the entry into operation of the São Salvador Hydroelectric power plant and consequently, the right to begin offsetting these credits.

Inventory

Reduction is due to lower raw material and inputs inventory for producing electric energy.

Pledges and restricted deposits

Growth is due to an increase in compulsory deposits guaranteeing the settlement of transactions conducted within the scope of the Electric Electricity Energy Trading Board (CCEE), due to the greater volume of transactions undertaken in this market.

Sale of an asset

The principal reason for the reduction was the transfer to long-term assets of the values receivable on the sale of the Jacuí Project and reflecting the change in outlook for realizing the credit due to debtor default.

Others

The values remained unchanged for the two periods.

Non-current assets

Long-term assets

Taxes and social contributions

The reduction of R$ 33 million mainly reflects the transfer to current asses of PIS and Cofins credits on the acquisition of plant, property and equipment as previously mentioned.

Pledges and restricted deposits

Growth basically reflects the constitution of a reserve account for guaranteeing payment of financing services due to the BNDES and On-lending Banks for the São Salvador Hydroelectric power plant in favor of the BNDES.

Sale of an asset

The principal reason for the reduction was the transfer to long-term assets of the values receivable on the sale of the Jacuí Project and reflecting the change in outlook for settling the credit due to debtor default.

Court deposits

The values remain in line for comparable years, the small variation reflecting a combination of monetary restatement, additional deposits and the writing down of redeemed values or drawn by the beneficiaries.

Property, Plant and Equipment

The variation reflects the following: (i) acquisitions amounting to R$ 669 million, of which R$ 456 million corresponds to the São Salvador Hydroelectric Power Plant, including the concession right of R$ 352 million, R$ 52 million destined for work on the Ibitiúva Bioenergética Thermoelectric Power Plant, R$ 35 million for construction work on the Areia Branca Small Hydroelectric power plant and R$ 111 million for work on maintaining the reliability and safety of the generation system of the Company's plants; (ii) depreciation and amortization of R$ 412 million; and (iii) R$ 2 million in write-offs.

Current liabilities

Suppliers

Growth is principally due (i) to higher overheads for use of the electricity network due to the startup of the São Salvador Hydroelectric Power Plant and price increases; and (ii) the increase in the supply of materials and services due to the construction of the Ibitiúva Bioenergética Thermoelectric Power Plant and the Areia Branca Small Hydroelectric power plant.

Dividends and interest on shareholders' equity

The variation in outstanding balances relates to the amount payable relative to the interest on the shareholders' equity credit, on December 31, 2009 the amount payable being R$ 166 million and on January 1, 2009, R$ 151 million, both values net of income tax.

Loans, financing and debentures

The reduction was due to the following factors: (i) issue of promissory notes amounting to R$ 309 million, subsequently liquidated with resources from the Company's third debenture issue; (ii) transfer from non-current liabilities of R$ 303 million; (iii) financial overheads of R$ 206 million; and (iv) payment of interest and amortization of R$ 1,203 million.

Taxes, fees and contributions

Values remained at the same level, that is approximately R$ 400 million.

Concessions payable

The increase is due to the registration of the amount of R$ 38 million with respect to concession rights payable for the São Salvador Hydroelectric Power Plant, the transfer from long-term liabilities of R$ 12 million and payments of R$ 15 million.

Related parties

On January 1, 2009 the outstanding balance of R$ 221 million relates to the value paid to the connected company SESA BidCo Ltd. for the acquisition of the Areia Branca, Beberibe, Pedra do Sal and Econergy Brasil Serviços Corporativos companies.

Others

The growth is basically due to financial offset accounts for the use of hydrological resources, employee compensation obligations and provision for contingencies.

Non-current liabilities

Loans, financing and debentures

The increase is comprised of the following factors: (i) borrowed funds and the issuance of debentures in the amount of R$ 1,096 million; (ii) the transfer to current liabilities of R$ 303 million; (iii) financial charges of R$ 99 million; and (iv) a currency translation variation gain of R$ 70 million.

Concessions payable

The increase is due to the booking of R$ 314 million related to the São Salvador Hydroelectric Power Plant concession rights, to interest and monetary restatement of R$ 61 million and to the transfer of R$ 12 million to current liabilities.

Post-employment benefits

The growth is due to the following: (i) interest on technical reserves of R$ 129 million; (ii) income from plan assets of R$ 82 million; and (iii) sponsor contributions of R$ 30 million.

Shareholders' Equity

The increase resulted from net income for the fiscal year ending December 31, 2009 of R$ 1,091 million and from the allocation of R$ 542 million of this net income as dividends and interest on shareholders' equity.

10.2 Comments of the directors on:

a. Results of the Company's operations, especially:

i. a description of any important components of revenue

	December 31st							
In R$ Million	**2010**	**%**	**2009**	**%**	**2008**	**%**	**2009/2010 (%)**	**2008/2009 (%)**
GROSS OPERATING REVENUE								
Electricity supply	3,239	70.6	2,828	72.8	2,383	62.8	14.5	18.7
Electricity sales	1,011	22.0	879	22.6	1,060	27.9	15.0	(17.1)
Transactions conducted through the CCEE	287	6.3	65	1.7	296	7.8	341.5	(78.0)
Electric energy exports	30	0.7	61	1.6	34	0.9	(50.8)	79.4
Other revenues	19	0.4	53	1.3	20	0.6	(64.2)	165.0
	4,586	**100.0**	**3,886**	**100.0**	**3,793**	**100**	**18.0**	**2.5**

Comparative analysis of the components of operating revenue between fiscal years ending December 31, 2010 and December 31, 2009

Wholesale market for electric energy

Revenue from the wholesale supply of electric energy, namely revenue originating from sales to distributors and trading companies, reached R$ 3,239 million in 2010, 14.5% up on the R$ 2,828 million reported in 2009. The variation reflects the following factors: (i) increase of R$ 259 million due to higher sales volume of 1,906 GWh (218 average MW) to distributors, largely reflecting the initiation of contracts to the regulated market; (ii) R$ 48.1 million or 500 GWh (57 average MW) to trading companies; and (iii) R$ 102 million due to the increase of 4.3% in the average sales prices to distributors.

Retail market for electric energy

With respect to revenue from the retail supply of electric energy (sales to free consumers), there was a 15.0% year-on-year improvement from R$ 879 million to R$ 1,011 million. The main factors at play were: (i) the increase in the average sales price of 5.5%, resulting in additional revenue of R$ 50 million; and (ii) the growth in annual energy sales volume of 688 GWh (79 average MW), following increased industrial demand on the back of the post crisis recovery and representing revenue growth of R$ 80 million.

Transactions within the CCEE environment

For the full fiscal year 2010, revenue reached R$ 287 million, a growth of R$ 222 million in relation to the R$ 65 million reported in 2009.

Further explanations on these operations can be found in the item 10.1. h) i ("Details of CCEE operations").

Exports of electric energy

In fiscal year 2010, revenue from electricity exports to Argentina and Uruguay was R$ 30 million, against R$ 61 million reported in 2009, a reflection of the reduced demand from these countries in 2010.

Others

A reduction of R$ 34 million, largely as a result of the recognition in 2009 of the R$ 35 million gains due to the agreement with the São Salvador Consortium to compensate loss of revenue due to the delay in concluding work on the São Salvador Hydroelectric Power Plant.

Comparative analysis of the components of operating revenue between fiscal years ending December 31, 2009 and December 31, 2010

Wholesale market for electric energy

In fiscal year 2009, revenue from electric energy sold to agents other than free consumers equaled R$ 2,828 million, 18.7% higher than the R$ 2,383 million recorded in the previous year. This increase was principally due to the following: (i) increase of R$ 68 million in sales of companies acquired or of those that began operations during or after 2008; (ii) increase of R$ 428 million (equivalent to 3,251 GWh – 371 average MW) in energy supplied to distribution concessionaires as a result of the combination of sales to the pool of distribution concessionaires with the expiration of bilateral agreements that were not renewed with some of them; (iii) decrease of R$ 94 million (equivalent to 974 GWh – 112 average MW) in sales to distributors and trading companies as a result of the need to respond to the change in the composition of the Company's sales portfolio; and (iv) increase of 5% in the average sales price to distribution concessionaires and trading companies, resulting in a growth in revenues of R$ 43 million.

Retail market for electrical energy

Annual revenue in 2009 from the retail market in electric energy (sale to free consumers) was R$ 879 million, which represented a decrease of 17.1% when compared to 2008 revenues of R$ 1,060 million. This reduction was a consequence of a combination of the following: (i) decrease in sales volume resulting from the expiration of agreements and a reduction of the amounts contracted due to the global crisis, causing lower sales of R$ 299 million (equivalent to 2,639 GWh – 301 average MW); and (ii) increase of 11.1% in the average sales price, giving rise to a R$ 118 million in incremental revenue. It should be noted that the aforementioned decrease was offset by the increase in sales to the pool of distribution concessionaires, as previously described.

Transactions channeled through the Electricity Energy Trading Board (CCEE)

Revenue in fiscal year 2009 was R$ 65 million, substantially lower than 2008 revenue of R$ 296 million. Additional explanations regarding these operations can be found in item 10.1. h) i ("Details of the CCEE operations").

Electrical energy exports

Revenue from exports to Argentina and Uruguay in fiscal year 2009 reached R$ 61 million, higher than the R$ 34 million obtained in 2008 due to the demand for energy in these countries.

Other

An increase of R$ 33 million over fiscal year 2008, from R$ 20 million to R$ 53 million, due substantially to recognizing a gain of R$ 35 million resulting from the agreement with the São Salvador Consortium to offset the delays in the conclusion of the São Salvador Hydroelectric Power Plant.

(ii) factors which materially affected operating results

The factors which materially affected the Company's results in 2010, 2009 and 2008 were as follows:

Fiscal Year 2010 - (i) net revenue reported from transactions conducted within the CCEE environment was R$ 252 million; (ii) a negative impact of R$ 128 million on the financial result due to the large variation in the IGP-M and IPCA inflation indices, as applied principally on concession liabilities; (iii) recognition of an actuarial gain of R$ 75 million with respect to the amortization of the excess over the limit of 10% of the total liabilities of the Plans ("corridor methodology"), according to the method pursuant to the Technical Pronouncement CPC 33 – Employment Benefits; (iv) additional depreciation of R$ 89 million on the fair value of the cost attributed to the fixed assets as a result of the initial adoption of CPC 27 – Property, Plant and Equipment and ICPC 10 – Clarifications to CPC 27 and CPC 28.

Fiscal year 2009 – increase of 8.1% in the average net sales price of energy and R$ 80 million of positive currency variation on loans and financing.

Fiscal year 2008 – (i) 14.2% increase in the average net sales price; (ii) reduction of 6.5% in the quantity of energy sold; (iii) net revenue of R$ 251 million from transactions channeled through the CCEE; (iv) consumption of R$ 92 million of diesel oil due energy dispatch from the plants as determined by the National Electricity System Operator (ONS) and intended to maintain the security of the country's electric energy system and due to the low water levels evidenced during certain times of the year (these costs were offset by the increase in CCEE revenue mentioned above) and from the energy exports to Argentina and Uruguay; (iv) revenue arising from the recovery of R$ 76 million from PIS and Cofins credits; and (v) a negative currency translation effect on loans and financing of R$ 78 million.

b. ***Variations in revenue attributable to price modifications, foreign exchange rates, inflation, changes in volumes and the introduction of new products and services***

The Company's sales revenue is based on agreements with price readjustment clauses, using to for the most part, the National Amplified Consumer Price Index (IPCA) and the General Market Price Index (IGP-M) indices. The Company's revenue is not exposed to currency risk, and it was not affected by the introduction of new products and services.

Variations in the Company's revenue due to price modifications, inflation, and changes in volume are explained in item 10.2 (a) (i).

c. ***Impact of inflation, of price variations of its principal inputs and products, of foreign exchange and interest rates on the Company's operating results and on its financial results***

c.1) Impact of inflation and price variations on the costs of electrical energy sales

Electrical energy purchased for re-sale – the long-term agreements have price readjustment clauses, most commonly using the IGP-M and IPCA indices.

Fuel for the production of electrical energy – the price of natural gas consumed in the William Arjona Thermoelectric Power Plant is denominated in the Brazilian Reals equivalent of U.S. dollars, and readjusted annually by the variation in the Producer Price Index (PPI), a United States Department of Labor indicator for commodities for industrial use. Coal prices that are not reimbursable from the Energy Development Account (CDE), are negotiated when contracted or when the agreement is renewed, and employ indices whose principal parameters are based on the National Consumer Price Index (INPC) and specific sectoral indices, most of which are published by the Getúlio Vargas Foundation (FGV).

Charges for the use of the electrical network and connection – these are calculated by multiplying the use of the network, in KW, by the tariff established annually by Aneel, based on the proportional distribution of total connection and transmission costs measured for the entire system, and on the readjustment indices established in the transmission and connection agreements in force – the majority of these indices being either the IGPM or IPCA.

Financial compensation for the use of hydrological resources – the value corresponds to 6.75% of the quantity of electrical energy produced based on an Annual Reference Tariff (TAR) established by Aneel according to the distribution concessionaires' cost of acquiring energy and reviewed every 4 years.

Impacts of foreign exchange, of inflation and of interest rates on the Company's financial results

Currency exposure

The value of loans expressed in currency as at December 31, 2009 was R$ 214 million, corresponding to 4.7% of the company's debt, of which 2.6% was indexed to the US dollar and 2.1% to the Euro. Debt maturities are distributed over a long-term horizon with a concentration between 2015 and 2024.

As a result of currency variation, the Company's financial results in fiscal year 2010 were positively impacted in the amount of R$ 15 million and equal to approximately 0.9% of the year's operating result, substantially reduce in relation to the currency variation during the year.

As a result of the low level of currency debt and the long-term maturities of the loans, the risk of any significant impact on the Company's financial result and cash position is relatively small.

Exposure to floating interest rate and index risk

The Company is exposed to floating interest rates and indices related to variations of the Libor, Euribor, TJLP, DI rate, IGP-M and IPCA. The table below shows the composition of the debt by interest rate and index, net of deposited guarantee, and the respective percentages related to the total of these debts, as follows:

Floating interest rates and indices	Loans, financing and debentures (In R$ million)	%	Concessions payable (In R$ million)	%
Libor	11	0.25	-	-
Euribor	92	2.16	-	-
TJLP	2,505	58.87	-	-
CDI	1,023	24.04	-	-
IPCA	438	10.30	380	33.46
IGP-M	186	4.38	755	66.54
Total	**4,255**	**100.00**	**1,135**	**100.00**

The impact of interest payments and monetary restatement on the Company's financial result in fiscal year 2010 was R$ 399 million and R$ 126 million, respectively.

10.3 Directors' comments on the relevant effects that the events below have caused, or are expected to cause, on the Company's financial statements and on its results:

a. Introduction or sale of an operational segment

There was no introduction or sale of a new operational segment that has had or will have any relevant effects on the Company.

b. Constitution, acquisition or sale of corporate shareholdings

The important information related to the acquisition, incorporation or sale of corporate stakes by the Company in fiscal years 2010, 2009 and 2008 is as follows:

b.1) Events relative to fiscal year ending December 31, 2010

Sale of the Seival Project

In November 2010, the Company signed an agreement to sell the totality of the shares that it held in the capital stock of Seival Participações S.A., a Special Purpose Company, holder of 99.99% of the capital stock of Usina Termelétrica Seival Ltda. This company holds the rights, including Aneel authorizations and the installation license, to build and operate a coal-fired thermoelectric power plant in Candiota (RS) with an installed capacity of up to 540 MW. Up to the date of sale, the company had not seen any operational activity.

The selling price was R$ 38 million, of which R$ 24 million was paid up front. A further R$ 14 million will be paid following compliance with the conditions precedent established in the agreement, including the prior authorization of Aneel and the effective transfer of the shares. The sale will result in a capital gain of R$ 15 million. This will be recognized in the results when all the conditions mentioned above have been met.

The Company continues the development of other coal-fired thermoelectric power plant projects in the Candiota region and in line with its growth strategy in the Brazilian electric energy sector.

Acquisition of SUEZ Energia Renovável (SER), the former denomination of Companhia Energética Estreito (CEE)

In August 2010, all the conditions precedent established in the Purchase Agreement signed in December 2009 were met, namely the approval of Aneel, BNDES and the financing banks. In the same month following ratification of the transaction at the Extraordinary General Meeting

(EGM) of October 19, 2010, on a unanimous vote of the minority shareholders, the Company concluded the acquisition of the common shares of CEE owned by its controlling company, GDF SUEZ Latin America Participações Ltda.

CEE is the owner of a 40.07% stake in the Estreito Energia Consortium, established to support the installation and operation for the harnessing of hydroelectricity at Estreito, the power plant having an installed capacity of 1,087 MW. The other consortium members of Ceste are Companhia Vale do Rio Doce (30%), Estreito Energia S.A. – Alcoa Group (25.49%) and Camargo Corrêa Geração de Energia S.A. (4.44%), the consortium leader being CEE.

At the 5th New Energy Auction, Tractebel Energia sold 256 average MW for a 30-year period beginning January 1, 2012 and proportional to its stake in Ceste. Energy was sold to the electricity distribution concessionaires which are participants in the Regulated Contracting Environment (ACR).

The total acquisition cost of R$ 799 million is made up of: (i) R$ 604 million corresponding to the original value on the agreement signature date; (ii) R$ 25 million with respect to monetary restatement according to the IPCA and interest at 6% per annum pro-rata temporis until the acquisition date; and (iii) R$ 170 million relative to advances for a future capital increase applied in the construction of the Plant, restated at the IPCA and with interest of 6% per annum pro-rata temporis, to be collected by GSELA between the agreement signature date and the acquisition date.

The original price of R$ 604 million was set on the basis of an economic-financial evaluation prepared by a highly reputable and specialized Financial Institution based on the discounted cash flow methodology.

Incorporation of Ponte de Pedra Energética S.A. (PPESA) by Energia América do Sul Ltda. (EAS) and EAS by Tractebel Energia S.A.

The Company's Board of Directors approved the proposal for incorporation of PPESA by its controlling company EAS, and the incorporation of the latter also by its controlling company, Tractebel Energia S.A., pursuant to the Protocols for Incorporation and Instruments of Justification for Incorporation. The purpose of the incorporation was to reduce the current organizational structure, cutting costs, increasing shareholder value, rationalizing and optimizing investments and facilitating the unification, standardization and rationalization of the general management of the businesses of the companies involved. An Extraordinary General Meeting of December 30, 2010 approved the respective incorporations.

b.2) Events relative to the fiscal year ending December 31, 2009

Acquisition of wind farm energy generating projects

In November 2009, the Company acquired companies that possessed wind farm generated energy projects in the state of Ceará with an installed capacity of 121.9 MW. Some of these projects were qualified to participate in the energy auction promoted by Aneel in December 2010, although no energy was contracted due to the low bids offered by competitors at the auction. The Company's expectation is to enroll the projects in future government auctions or to arrange for the sale of energy to the free market for renewable energy.

b.3) Events relative to the fiscal year ending December 31, 2008

Incorporation of CEM

In March 2008, Tractebel Energia incorporated its wholly-owned subsidiary CEM for the principal purpose of simplifying the group's corporate structure, reducing costs and increasing shareholder value.

Acquisition of shareholder control of PPESA

In April 2008 the Company concluded the acquisition of the entire capital stock of PPESA. PPESA holds the Ponte de Pedra Hydroelectric Power Plant concession with a value of R$ 613 million. The purchase provided an increase of 176.1 MW in installed capacity and 131.6 average MW in the Company's consolidated assured energy.

Constitution of Ibitiúva Bioenergética S.A.

In August 2008 the Andrade Consortium, comprised of Ibitiúva, an indirectly controlled company, and Andrade Açucar e Álcool S.A., controlled by Áçucar Guarani S.A., sold 20 average MW of electrical energy at the 1st Reserve Energy Auction, promoted by Aneel, at a price of R$ 158.11/MW (R$ 167.17 in values restated for December 31, 2009 values). The Company holds a 76.0% indirect stake in Ibitiúva and 71.17% in the Andrade Consortium. Work is expected to be concluded in April 2010 and the total investment for the construction of this power plant is estimated at R$ 120 million. A total of R$ 59 million had already been invested as at December 31, 2009.

Acquisition of shareholder control of Tupan and Hidropower

In December 2008, the Company concluded the acquisition of the entire capital stock of Tupan and Hidropower for R$ 241 million. Tupan holds the authorization to exploit the Randonópolis Small Hydroelectric Plant with an installed capacity of 26.6 MW and 14 average MW of guaranteed energy, and Hidropower to exploit the Engenheiro José Gelazio da Rocha Small Hydroelectric Plant with an installed capacity of 23.7 MW and 11.9 average MW of guaranteed energy.

Acquisition of shareholder control of Beberibe, Pedra do Sal and Areia Branca

In December 2008, the Company acquired the entire capital stock of Beberibe for R$ 101 million, of Pedra do Sal for R$ 52 million and of Areia Branca for R$ 47 million, equaling a total investment of R$ 200 million. Beberibe holds the authorization to exploit the Beberibe Wind Farm with an installed capacity of 25.60 MW; Pedra do Sal to exploit the Pedra do Sal Wind Farm with an installed capacity of 17.85 MW; and Areia Branca, the authorization to exploit the Areia Branca Small Hydroelectric Plant with an installed capacity of 19.80 MW and 10.9 average MW of assured energy.

These investments were purchased from SESA BidCo Ltd., a corporation constituted and existing under the laws of the Isle of Man and controlled and managed by the GDF SUEZ group, of which Tractebel is a component part.

c. Unusual events or operations

The principal unusual events which impacted the Company's results were as follows:

Fiscal year 2010 – the Company recognized non-recurring revenue of R$ 46 million due to a court litigation in its favor, not subject to appeal, on the right to calculate PIS and Cofins using the cumulative methodology on revenue arising from contracts signed prior to the change in the legislation to the non-cumulative methodology.

Fiscal year 2009 – non-recurring revenue of R$ 9 million was recognized as a consequence of a court agreement with respect to the rescission to construct the biomass-fired São João plant.

Fiscal year 2008 – the Company recognized non-recurring income of R$ 76 million related to the recovery of PIS and Cofins taxes paid on amounts related to the recovery of consumption of fossil fuel acquired with funds from the Fuel Consumption Account (CCC) and from the Energy Development Account (CDE). The latter funds, in accordance with a directive from Aneel, had ceased to be recognized as revenue as of November 2005, and had been booked since that time to an electric energy production cost rectifying account.

10.4 Comments of the directors on:

a. Significant changes in accounting practices

First adoption of Law 11,638/07 and of Provisional Measure 449/08

The Company has adopted the provisions of Law 11.638/07, which amended, revoked and introduced new provisions in the Brazilian Corporate Law 6.404/76. This legislation aims principally to update Brazilian company law permitting the convergence of the accounting practices adopted in Brazil with those contained in the international accounting standards.

The Company has also adopted Provisional Measure 449/08, converted to Law 11.941/09, which introduced some amendments to company legislation, Law 6.404/76, and instituted the Tax Transition Regime (RTT) for verification of real profit. This Regime made possible fiscal neutrality for the biennial 2008/2009 period with respect to accounting adjustments as a result of the adoption of the amendments to Law 11.638/07 for companies not adhering to the RTT. The same will apply until the law disciplining the taxation effects of the new accounting methods and criteria come into force.

The transition date used for the application of Law 11.638/07 and Provisional Measure 449/08 was January 1, 2008, pursuant to the option in CVM Decision 565/08.

The modifications introduced by this legislation have been characterized as a change in accounting practices, although as permitted the CVM's decision, the adjustments which impact the result are to be effected against retained profits on the transition date, without any retrospective impact on the account statements.

First adoption of international accounting practices (International Financial Reporting Standards - IFRS) and the Accounting Pronouncements Committee - CPC

The consolidated accounting information for 2010 has been prepared in conformity with the IFRS issued by the International Accounting Standards Board (IASB) and is in turn in line with the accounting practices adopted in Brazil (BRGAAP).

During 2009 and 2010, the CVM approved various Pronouncements, Interpretations and Technical Orientations issued by the CPC, amending certain accounting practices previously adopted in Brazil, to come into effect as from January 1, 2010, retroactive to January 1 2009 ("transition date") for comparison purposes. The accounting information relative to the fiscal year ending December 31, 2010 has already incorporated the adoption of these norms. The information corresponding to the year ending December 31, 2009 and the opening outstanding balances as of January 1, 2009 have been adjusted and reclassified to allow for the introduction of the new procedures and make the account information comparable between periods.

The individual account statements of the controlling company have been prepared in accordance with the accounting practices adopted in Brazil which provide for the use of the equity income method for recording investments in controlled companies and in controlled companies as a whole in the individual account statements in accordance with the prevailing Brazilian legislation.

For this reason, these individual account statements are not deemed to be fully in conformity with the IFRS, which require the evaluation of these investments in separate statements of the controlling company at fair value or at cost.

There is no difference between shareholders' equity and the consolidated result in the consolidated account statements prepared in line with the IFRS and the accounting practices adopted in Brazil, and the shareholders' equity and the result for the controlling company, included in the individual financial statements prepared in accordance with accounting practices adopted in Brazil.

b. Significant effects of the amendments on accounting practices

Fiscal Year 2008 – the effects on shareholders equity on October 1, 2008 (December 31, 2007) resulting from the first adoption of Law 11.638/07 and Provisional Measure 449/08 are the result of the writing off of deferred expenditures in the amount of R$ 7 million (R$ 5 million net of tax), in the consolidated balance sheet, given that reclassification to fixed or intangible assets was not possible.

Fiscal Year 2009 – there were no impacts arising from amendments to the accounting practices applicable to fiscal year 2009.

Fiscal Year 2010 – the pronouncements, the application of which affected the Company's accounting information on December 31, 2010, on December 31, 2009 and the first adoption date (January 1, 2009) are show below.

CPC 15 – Business combination: the Pronouncement's objective is to increase the relevance, reliability and comparability of the information that the entity provides in its account statements on business combinations (an operation or event through which a purchaser obtains control of one or more businesses) and on their effects. To this end, this pronouncement establishes principles and requirements so that the purchaser: (i) recognizes and measures the identifiable assets acquired, the liabilities assumed and the corporate stakes of non-controlling entities in the acquired asset; (ii) recognizes and measures the premium reflecting future returns (goodwill) from the business combination or gain accruing from a favorable purchase; and (iii)

determines the information that must be disclosed for allowing the users of the account statements to assess the nature and the financial effects of the business combination.

For the purposes of preparing the account statements, the Company has anticipated the adoption of the rules established in IFRS 3 (*Business combination*), an accounting standard which is consistent with CPC 15, for the business combinations included within the scope of this accounting pronouncement, adopted by the Company from January 1 2008. Up to this date, the business combinations were booked in accordance with the accounting practices previously adopted pursuant to the rules established by CVM Instruction 247/96. The Company opted for the exemption pursuant to CPC 37 R1 (First Adoption of the International Accounting Standards) and did not adopt the requirements of CPC 15 retroactively to January 1, 2008.

CPC 25 - Provisions, Contingent Liabilities and Contingent Assets: the purpose of this Accounting Pronouncement is to establish that criteria for recognition and the bases for measurement appropriate to provisions and contingent liabilities and assets are applied and that sufficient information is disclosed in the explanatory notes to allow users to understand their nature, opportunity and value.

The values of court deposits related to taxation, civil and labor provisions previously shown in the balance sheet in a reducing account for the respective provision, in the liabilities, pursuant to CVM Decision 489/05, revoked by the adoption of CPC 25, are now shown in the Company's assets.

CPC 26 – Presentation of Financial Statements: this Accounting Pronouncement is to define the basis for the presentation of the account statements and to assure their comparability, not only in respect of the preceding periods for the same entity but also the account statements for other entities. In this scenario, this Accounting Pronouncement establishes general requirements for showing the account statements, guidelines for their structure and the minimum requirements for their content.

Deferred income tax and social contribution for which the expectation is for realization to take place in the following twelve months to the presentation of the account statements were previously recorded in the current assets, pursuant to CVM Instruction 371/2002. Pursuant to CPC 26, these deferred taxes are now to be recognized in full in the Company's long-term assets

CPC 27 – Property, Plant and Equipment: this Accounting Pronouncement is to establish the accounting treatment for property, plant and equipment to ensure that the users of the account statements are able to discern the information on the investment of the entity in its fixed assets as well as related changes. The principal points to be considered in booking the property, plant and equipment are the recognition of the assets, the determination of their book and depreciation values and losses for devaluation to be recognized in relation to these items.

Pursuant to the guidance in the accounting pronouncements on the subject, the Company adopted fair value as attributed cost for the valuation of the fixed assets of its plants where book value showed a value substantially higher or lower than fair value. This procedure was strongly supported by the CPC and the CVM through the ICPC 10 (Clarifications on CPC 27 and CPC 28) and it is the Company's understanding that such procedure represents the adoption of best corporate governance practices in the preparation of account statements. The adjustment to fair value of the asset, net of deferred income tax and social contribution, was offset against the shareholders' equity account denominated "Adjustments in equity value".

The depreciation on the said adjustment will not impact the base for calculating income tax and social contribution or the calculation base for dividend distribution. The Company has maintained the useful life of its assets adopted up to now since this is estimated and defined by Aneel, practiced by the industry and accepted by the market as adequate - this procedure being supported by OCPC 05 (Guidance on Concession Contracts).

CPC 30 - Revenue: the Accounting Pronouncement's objective is to establish the accounting treatment for revenue generated from certain types of transactions and events and to determine when to recognize it. The revenue is recognized when it is probable that the future economic benefits will flow to the entity and these benefits can be reliably measured.

According to the accounting practices previously adopted, the Company's revenue shown in the income statement segregated gross operating revenue, deductions from gross operating revenue and net operating revenue. CPC 30 establishes that for disclosure purposes in the income statement, revenue should include only gross inflow of economic benefits already received and to be received by the entity when originating from its own activities. The quantities collected on behalf of third parties such as sales taxes and resources for research and development as determined by Aneel, are not economic benefits which flow to the entity and do not result in an increase in shareholders' equity; therefore, they should not be shown as revenue. In addition as called for by the CPC, the Company must publish an explanatory note reconciling the gross revenue for fiscal purposes and the revenue reported in the income statement (see Note 38).

CPC 33 – Post-employment Benefits: this Accounting Pronouncement establishes the booking and disclosure of benefits granted to the employees. For this purpose, the Accounting Pronouncement requires that the entity recognize: (i) a liability when the employee has rendered the service in exchange for benefits to be paid in the future; and (ii) an expense when the entity uses the economic benefit as a result of the service received from the employee in exchange for benefits to this employee.

Pursuant to previous accounting practices enshrined in CVM Instruction 371/00, the accumulated actuarial losses within a limit of 10% of the present value of the defined benefits liability ("corridor methodology") were not recognized in the Company's results but disclosed in the Explanatory Notes and the losses in excess of this corridor limit were recognized in the result for the average remaining life of benefit plan members. This procedure has not been modified by the new accounting practice established in CPC 33. However, according to the exemption in CPC 37 R1 (First Adoption of the International Accounting Standards), the actuarial losses within the corridor limit and therefore not registered in the liabilities, were recorded by the Company's in its opening balance as an offset to the retained earnings account in the shareholders' equity. The Company has chosen to maintain the corridor approach for recognizing in its result for actuarial gains and losses as from the first adoption date.

***Interpretation of the Accounting Pronouncements Committee (ICPC) 08 – Accounting for the Payment of Proposed Dividends*:** the Accounting Pronouncement provides that the value of the dividends for an amount above the established mandatory minimum, not approved at the general shareholders' meeting, must be shown and highlighted in the shareholders' equity. Under the previous accounting practices these complementary dividends were deducted from shareholders' equity and recognized in the Company's liabilities.

Statement of the adjustments and reclassifications arising from the adoption of the new accounting practices

In R$ million	01.01.2009 (12.31.2008)			12.31.2009			
	Assets	Liabilities	Shareholders' Equity	Assets	Liabilities	Shareholders' Equity	Net Income
Balance prior to adoption of the new practices	**8,342**	**5,171**	**3,171**	**9,654**	**5,973**	**3,681**	**1,134**
Adjustments and reclassifications:							
Current Assets							
Deferred fiscal assets	(15)	-		(16)	-	-	-
Long-terms assets							
Court deposits	47	-		49	-	-	-
Deferred fiscal assets	99	-	84	88	-	72	-
Property, plant and equipment	1,244	-	1,244	1,159	-	1,159	-
Current liabilities							
Dividends and interest on shareholders' equity	-	-		-	(82)	82	-
Long-term liabilities							
Provision for tax, civil and labor risks	-	47		-	49	-	-
Post-employment benefits	-	157	(157)	-	133	(133)	-
Deferred fiscal liabilities	-	442	(442)	-	412	(412)	-
Costs of sale of energy							
Depreciation	-	-		-	-	-	(84)
Operating revenues (expenses)							
Reversal of operating provisions	-	-		-	-	-	24
Deferred IT and SC	-	-		-	-	-	17
	1,375	646	729	1,280	512	768	(43)
Balance following adoption of the new practices	**9,717**	**5,817**	**3,900**	**10,934**	**6,485**	**4,449**	**1,091**

c. Reservations and emphatic statements in the independent auditor's report

There are neither reservations nor emphatic statements in the Company's independent auditor's report for the fiscal years 2008 to 2010.

10.5 Critical accounting policies adopted by the Company, dwelling especially on accounting estimates conducted by the management regarding matters that are uncertain and relevant to the description of the financial situation and of the results, which require subjective or complex judgment, such as: provisions, contingencies, revenue accruals, tax credits, assets usable over the long-term, useful life of long-term assets, pension plans, foreign currency conversion adjustments, costs of environmental recovery, criteria for testing the recovery of assets and financial instruments

Use of estimates

In the preparation of account statements, management must base its estimates on the registration of certain transactions which affect its assets, liabilities, revenues and expenses as well as the disclosure of information in its account statements. To prepare these estimates, management uses the best available information on the date of preparation of the financial statements, as well as experience with past and/or current events, also considering the assumptions relative to future events. The account statements include therefore, estimates relative principally to the useful life of the fixed asset, guidelines for which are decided by Aneel, to the evaluation of recoverability of assets, to the registration of the provisions for credits of doubtful liquidation, to the provisions necessary to cover eventual tax, civil and labor risks, to the assumptions used in the definition of discount rates, return on assets and mortality rate for calculation of post-employment benefits, and to the determination of fair value of financial instruments and for estimates used in the calculation of the sensitivity analysis.

Principal judgments and sources of uncertainties in the estimates

Critical accounting practices are those that are vitally important to demonstrate the financial condition and the results and require more difficult, subjective or complex judgments on the part of management, frequently as a result of the need to make estimates that have an impact on questions which are inherently uncertain. As the number of variables and assumptions which affect the possible future solution of these uncertainties increases, these judgments become more subjective and complex. In the preparation of the account statements, the Company has adopted certain assumptions as a result of historical experience and other factors which it deems as reasonable and relevant. Even if these estimates and assumptions are reviewed by the Company in the ordinary course of the businesses, the statement of its financial condition and the results of the operations frequently requires the use of judgment as to the effects of questions inherently uncertain as to the accounting value of its assets and liabilities. The real results can be distinct from the estimates for different variables, assumptions or conditions. We include comments with respect to each critical accounting practice below in order to provide an understanding of how the Company reaches its judgments on future events:

- ***Deferred income tax and social contribution***

Deferred income tax and social contribution are generated by temporary differences between the book value of the assets and liabilities and their respective fiscal values and the fiscal losses and negative social contribution bases. The amounts of deferred income tax assets are revised at the end of each fiscal year for evaluating if such are to be realized against future taxable profits based on the forecasts for taxable results, supported by technical feasibility studies to be submitted to the management bodies of the Companies. Deferred fiscal assets and liabilities are calculated using the tax rates applicable on the taxable profit in the years that these temporary differences are to be realized. The future taxable profit can be greater or less than the estimates considered at the time of definition of the need to register and the amount to be registered of the fiscal asset.

- ***Post-employment benefits***

The Company recognizes its obligation to employee benefits plans and the related costs, net of the plan assets, adopting the following practices: (i) the cost of obligations with post-employment benefits is determined actuarially using the projected unit credit method. The discount rate used for calculating the future benefits obligation is an estimate of the interest rate on the date of the balance sheet, on high quality fixed income investments with maturities that coincide with the expected maturities of the obligations; (ii) the assets of the pension plan are evaluated at market value.

In the actuarial calculations, the actuarial consultants also use subjective factors such as mortality rates, salary growth forecasts, employment termination and rotativity.

The actuarial assumptions used by the Company can be materially different from the real results due to changes in the economic and market conditions, regulatory events, judicial decisions or long or shorter life spans of the plan members. However, the Company and its actuaries have used assumptions consistent with the internal and external analyses conducted to define the estimates used.

- ***Useful life of property, plant and equipment***

The Company recognizes the depreciation of its fixed assets based on the annual rates established by Aneel, practiced by the industry and accepted by the market as adequate, limited to the concession term of the Plants, when applicable. However, the useful real lives can vary based on the technological modernization of each unit. The useful lives of the fixed assets also affect the tests for the recovery of the costs of the long duration assets when necessary.

- ***Test for reduction of the recoverable value of the assets of long duration***

There are specific rules for evaluating the recoverability of assets with a long duration, especially property, plant and equipment. On the date of the closing of the fiscal year, the Company undertakes an analysis to determine if there is evidence that the amount of the long duration assets is not recoverable. If such evidence is identified, the amount recoverable of the assets is estimated by the Company.

The recoverable amount of an asset is determined by the larger of the following: (i) its fair value less estimated costs of sale; and (ii) its value in use. The value in use is measured on the basis of the discounted cash flows discounted as a factor of the continuous use of an asset until the end of its useful life.

When the book value of an asset exceeds the recoverable amount, the Company recognizes a reduction in the balance in the account registers of these assets, when applicable.

The process of revision of asset recoverability is subjective and requires significant judgments through the basis of analysis. On December 31, 2010, the Company's analyses did not identify the need to constitute any provision for the recovery of long-duration assets.

- ***Provision for taxation, civil and labor risks***

Is defined on the basis of evaluation and qualification of the risks where the loss is considered probable. This evaluation is supported by judgment on the part of the management together with its legal advisers considering case law, rulings handed down by lower and higher counts, the track record of agreements and decisions, the experience of the management and of the legal advisers as well as other applicable aspects.

10.6 Internal controls adopted to assure the elaboration of reliable financial statements:

a. ***Degree of efficiency of such controls, indicating any eventual flaws and measures adopted to correct them***

The Company meets the corporate governance standards of the Novo Mercado and considers its internal controls adequate considering the type of activity and volume of transactions in which it is engaged.

Additionally, considering the complexity of activities and technological innovations, the Company's management is directing its best efforts to deepen, revise and continually improve its processes and in the implementation of new tools for revision and internal controls. Beginning in 2006, the Company formally reviews and tests its internal controls system, initially to meet the requirements of the Sarbanes-Oxley Law and currently, to conform to a specific program implemented by its main controller, the GDF SUEZ group. Eventual flaws detected in the internal control systems are registered and corrected in action plans, the implementation of which is verified by the independent auditors.

b. **Flaws and recommendations on internal controls in the independent auditor's report**

The flaws and recommendations on internal controls reported by the independent auditors are analyzed by the CEO and by the CFO and Investor Relations Officer during the annual meeting for certifying the Company's internal controls program. The action plans for the necessary corrections are registered and their implementation is verified by independent auditors. No significant flaws relative to the fiscal year 2010 which could result in relevant impact to the Company were reported by the independent auditors.

10.7 Comments of the executive directors in the event the Company has made a public offering

a. How the funds obtained from the offering were employed.

The Company's use of the resources resulting from the public offerings of debentures in the years 2008, 2009 and 2010 were as follows:

3rd Debentures Issue (April 2009) in the amount of R$ 600 million: The funds obtained by way of a public offering were used to: (i) fully liquidate the Company's fourth issue of promissory notes amounting to R$ 300 million, issued by the Company in April 2009 and (ii) payment of a portion of the debt represented by R$ 400 million of the third issue of promissory notes, issued by the Company in May 2008 and matured in May, 2009.

4th Debentures Issue (December 2009) in the amount of R$ 400 million: The funds obtained by way of a public offering, under restricted placement efforts, were employed to acquire SUEZ Energia Renovável S.A. – SER (former denomination of Companhia Energética Estreito – CEE) which holds participation in the Estreito Energia Consortium, to reduce costs and lengthen debt maturities as well as reinforcing working capital for conducting normal Company business.

b. If there were any relevant deviations regarding the effective application of funds and the proposals for allocation of funds disclosed in the respective distribution prospectuses

There were no deviations regarding the effective application of funds and the proposal for the Company's debenture issues.

c) In the event deviations have occurred, the reasons for such

Not applicable.

10.8. Description by the executive directors of relevant items not apparent in the Company's financial statements

a) ***Assets and liabilities held directly or indirectly by the Company, which do not appear in balance sheet (off-balance sheet items)***

Information provided under item 10.9 below.

10.9 Comments of the directors in relation to each one of the items not apparent in the financial statements as mentioned in item 10.8

a. how these items change or could change the revenues, expenses, operating result, financial expenses and other items in the Company's financial statements

b. nature and purpose of the operation

c. nature and amount of the obligations and the rights generated in favor of the Company as a result of the operation

Below we provide the information required under item 10.8 above covering the three questions together.

i. operating lease in assets and liabilities

The company has eight leasing agreements for land used for the installation and building of the wind power turbines, substation and transmission installations associated with wind farms. The agreements expire between 2032 and 2042 and payments are made up of fixed and variable installments, the latter due as from the startup date of each one of the projects. In 2010, the total expense was R$ 1.6 million (R$ 0.9 million in December 31 2009). In December 31 2010, the remaining balance of estimated minimum future payments is R$ 29 million (R$ 31 million as at December 31, 2009).

ii. receivables portfolios written off for which the entity continues to bear risks and responsibilities, indicating the respective liabilities

Not applicable.

iii. future purchase agreements for products or services

Bilateral Electric Energy Purchase Agreements

The table below presents the Company's energy balance up to 2016 as of the baseline date of December 31 2010, considering assured energy and the purchase agreements in effect, as follows:

Energy Balance

(avg MW)	2011	2012	2013	2014	2015	2016	Auction Gross Price (R$/MWh)	Reference Date	Gross price adjusted as of 12/31/2010 (R$/MWh)
Own Resources	3,467	3,617	3,617	3,617	3,617	3,617			
+ Purchases for Resale	399	426	370	254	201	201			
= Total Resources (A)	3,866	4,043	3,987	3,871	3,818	3,818			
Regulated Sales*	1,446	1,701	1,702	1,702	1,692	1,541			
2004-EE-2007-08	10	10	10	10	-	-	70.9	Dec-04	91.8
2005-EE-2008-08	150	150	150	150	150	-	81.6	Apr-05	102.6
2005-EE-2009-08	381	381	381	381	381	381	94.0	Oct-05	116.0
2005-NE-2010-30	200	200	200	200	200	200	115.1	Dec-05	140.7
2006-NE-2009-30	493	493	493	493	493	493	128.4	Jun-06	154.4
2006-NE-2011-30	148	148	148	148	148	148	135.0	Nov-06	166.3
2007-NE-2012-30	-	256	256	256	256	256	126.6	Jun-07	149.7
Proinfa	53	52	53	53	53	52	147.8	Jun-04	199.2
1st Reserve Energy Auction	11	11	11	11	11	11	158.1	Aug-08	169.7
+ Bilateral Sales	2,352	2,289	2,201	1,896	1,556	1,092			
= Total Sales (B)	3,798	3,990	3,903	3,598	3,248	2,633			
Balance (A - B)	**68**	**53**	**84**	**273**	**570**	**1,185**			
Sales average **net** price (R$/MWh)*1:	120.6	121.5	121.5						
Purchases average **net** price (R$/MWh)*2:	120.0	117.3	117.4						

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

*1: Sales price is net of ICMS and taxes over revenues (PIS/Cofins, R&D), as of 12/31/10.
*2: Purchase net price, considering benefits from PIS/Cofins credits, as of 12/31/10.

Note: The balance refers to the settlement point. It considers the energy generated by the Estreito, which start of operations is scheduled for 1Q11.

Connection Agreements

The Company maintains a connection agreement with transmission and distribution companies in effect up to the date the concessions to the Company's energy generating units expire. The annual cost of connection is R$ 12 million. At December 31, 2010 the balance remaining of agreements up to the date the concession expires was R$ 249 million (R$ 237 million on December 31 2009).

Transmission and distribution network usage agreement

The Company has entered into an agreement with the National Electricity System Operator (ONS) and with distributors (for the plants which are not directly connected to the basic network) for the Use of the Transmission and Basic Network System. The majority of the agreements are valid up to the date the concessions or authorizations of the Company's generating units expire. The annual cost for using the transmission and distribution system is R$ 257 million. On December 31, 2010, the outstanding balance of the agreements was R$ 5,802 million (R$ 6,105 million on December 31, 2009).

Natural gas purchase agreement

On November 11, 2000 Tractebel Energia and MSGÁS (Companhia de Gás do Mato Grosso do Sul) entered into an agreement for regulating the supply of gas to the William Arjona thermoelectric power plant (UTWA). The supply of raw material to MSGÁS is, in its turn, regulated by the agreement signed between that concessionaire and Petrobras, and occurs through the distribution branch connected to GASBOL.

In February, 2006 Petrobras conditioned the renewal of its agreement with MSGÁS to an increase in prices over those that were in effect, which was unacceptable to Tractebel Energia. The parties being unable to reach an agreement and in the face of a threat to interrupt the supply of gas to the William Arjona thermoelectric power plant, the Company filed for a court order with the objective of securing continuity in the supply of the fuel. On November 21, 2009 a writ of prevention was issued and the supply of gas as well as the continuity of the agreement over an additional five years from that date was guaranteed.

The current price, in local currency, is made-up of three portions, being that one is relative to the supply of gas, another to transportation and the third is related to the distributor's margin. This price is adjusted annually in May according to the Producer Price Index (PPI), a US federal government indicator for commodities employed in industrial uses.

The quantity contracted with MSGÁS is up to 1.350.000 cubic meters per day and, in the event the William Arjona thermoelectric power plant does not require this consumption, the Company is obligated to pay the amount regarding the distributor's margin, as per values established in agreement.

The maximum monthly cost to the Company should the total volume mentioned above be consumed is R$ 11 million. The minimum monthly cost, relative to the distributor's margin, is R$ 7 million. On December 31 2010, the minimum value payable under the agreement up to November 2014 is R$ 28 million.

iv. unfinished construction agreements

The Company has the following construction agreements in progress for the installation of new plants.

- ***São Salvador Hydroelectric Power Plant:*** agreement with the São Salvador Consortium for complementary work on the São Salvador Hydroelectric Power Plant. The outstanding balance on December 31, 2010 was R$ 11 million (R$ 20 million on December 31, 2009).
- ***Ibitiúva Bioenergética Thermoelectric Power Plant:*** agreement with Areva Koblitz S.A. for the construction of the plant. The amount still payable on December 31, 2010 was R$ 4 million (R$ 38 million on December 31 2009).
- ***Estreito Hydroelectric Power Plant:*** the Estreito Consortium in which the Company has a 40.01% stake, has agreements relating to the installation of the Estreito Hydroelectric Power Plant, the outstanding balance of which on December 31 2010 was R$ 410 million (own and third party capital), of which R$ 164 million corresponds to the Company's responsibility.

v. Future financing receipts agreements

Not applicable.

b) Other items not apparent in the financial statements

There are no other key items which are not apparent in the Company's financial statements.

10.10 Principal elements of the Company's business plan:

a. Investments

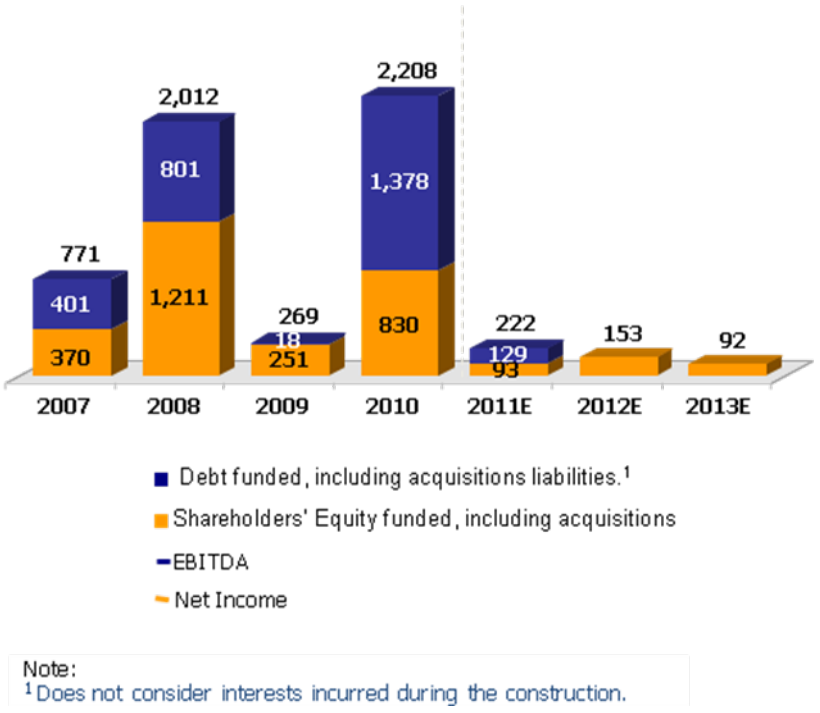
investments, including:

i. quantitative and qualitative description of the investments in progress and of forecasted investments

Investments in the maintenance, modernization and expansion of the generator complex

Investments undertaken in the period from 2008 to 2010 as well as forecast for the period from 2011 to 2013 as of the baseline date of December 31, 2010, are shown in the following chart:

Accomplished/expected CAPEX and corresponding financing sources (R$ million)



Note:
[1] Does not consider interests incurred during the construction.

In 2010, Tractebel invested R$ 2,208 million in the acquisition of the Estreito Hydroelectric Power Plant and in work on the São Salvador Hydroelectric Power Plant, the Areia Branca Small Electric Power Plant, Ibitiúva Bioenergética Thermoelectric Power Plant and the Estreito Plant itself as well as in the maintenance of the Company's generating complex. These initiatives are part of the Company's expansion and maintenance plan for the generator complex.

The principal projects forecast for 2011 are the following:

- additional investments in the Estreito Hydroelectric Power Plant; and
- modernization and maintenance of the Company's generator complex.

ii. sources of financing for investments

Sector projects generally finance approximately between 60% and 70% of total investments and the remainder is covered with own funds. The BNDES is the source of financing for the majority of the Company's projects.

iii. relevant divestments in progress and forecast

There are no relevant divestments in progress nor are any foreseen

b. acquisitions already announced of plant, equipment, patents or other assets are expected to influence the Company's production capacity

As widely announced to the market, the controlling company GDF SUEZ participates in the auctions and undertakes the construction of hydroelectric power projects, mitigates the principal risks and then transfers the projects to Tractebel Energia. The point at which the transfer takes place is determined by the state of the risk profile for each project.

In this context, GDF SUEZ is installing the Jirau Hydroelectric Power Plant, under construction in Porto Velho, state of Rondônia, with an installed capacity of 3,450 MW, and in which it holds a 50.1% stake, with commercial operations forecasted to begin in May 2012.

In line with the Group's business model in Brazil, Tractebel Energia's Related Parties Committee will negotiate the acquisition of the project with GDF SUEZ. For this reason the prospects are good that the Company will acquire its controlling company's stake in the project as soon as the principal development risks are mitigated, an event not expected before early 2012.

c. New products and services, stating: (i) description of previously disclosed research in progress; (ii) total amounts spent by the Company in research in the development of new products or services; (iii) previously disclosed projects in progress; and (iv) total amounts spent by the Company in the development of new products or services

Description of previously disclosed research in progress

Not applicable

v. Total amounts spent by the issuer for research in the development of new products or services

Not applicable.

vi. Previously disclosed projects in progress

Not applicable.

vii. Total amounts spent by the issuer in the development of new products or services

Not applicable.

10.11. Comment on other factors that have significantly affected operating performance and that have not been identified or commented on in the other items in this section

All other factors that have significantly affected operational performance have been identified or commented on in the other items.

Attachment II

Article 9, ICVM 481/09 – 1st paragraph, sub-section II – Proposal for allocating net income for the fiscal year, which contains, at least, the information indicated in attachment 9-1-II of ICVM 481/09:

Allocation of the fiscal year's net income

1) State the net income for the fiscal year	R$ 1,211.6 million
2.a) State the total amount of dividends, including interim dividends and interest on shareholders' equity previously declared	R$ 664.4 million
2.b) State the value-per-share of dividends, including interim dividends and interest on shareholders' equity previously declared	R$ 1.017813449 per common share
3) State the percentage of total dividends on net income for the fiscal year	55% of the net adjusted income
4) State the total amount and the value-per-share of dividends distributed based on prior fiscal year profits	Not applicable
5) State, after deducting interim dividends and interest on shareholders' equity:	
a) The gross amount of dividends and interest on shareholders' equity, segregated, per share according to type and class	R$ 158.3 million corresponding to R$ 0.2424687839 per common share
b) The manner in which and term over which dividends and interest on shareholders' equity are paid	To be approved at the Annual General Meeting to be held on April 29, 2011
c) Eventual application of monetary restatement or interest on dividends and interest on shareholders' equity	Not applicable
d) Date of notice of payment of dividends and interest on shareholders' equity for purposes of identifying shareholders with a right to receive them	The date for declaring payment will be set by the Annual General Meeting

6) In the event dividends and interest on shareholders' equity have been declared based on profits closed in semi-annual or shorter statements	
a) State the total amount of dividends or interest on shareholders' equity already declared	R$ 286.1 million (dividends) and R$ 220.0 million (interest on shareholders' equity)
b) State the date of the respective payments	Dividends paid on August 26, 2009 and Interest on Shareholders' equity credited in December, 2010, to be paid-out on a date to be determined by the Executive Board of the Company.
7) Supply a table showing a comparison for the following values per share according to type and class:	
a) Net income for the fiscal year and in the previous three fiscal years	2010 = R$ 1.8562434964 2009 = R$ 1.6712059256 2008 = R$ 1.708412658
b) Dividends and interest on shareholders' equity paid-out in the last three fiscal years	2010 = R$ 1.0178134249 2009 = R$ 0.9558426155 2008 = R$ 1.1586484519
8) In the event profits are allocated to the legal reserve	
a) Identify the amount allocated to the legal reserve	R$ 60.6 million
b) Indicate the basis for calculating the legal reserve	5% of the net income in the fiscal year.
9) In the event the Company possesses preferred shares with a right to minimum fixed dividends	Not applicable

10) Regarding the mandatory dividend	
a) Describe how it is calculated pursuant to the Bylaws	The Company's Bylaws determine that in each fiscal year a mandatory dividend of not less than 30% (thirty percent) of the adjusted net income, be paid-out. The decision on whether to apply the full result of the fiscal year shall be submitted to the General Meeting. - The Company shall raise a semi-annual balance sheet and the Board of Directors may determine that interim dividends be paid-out based on the same. - The Company may raise a balance sheet and pay-out interim dividends in shorter periods as long as the total amount of dividends paid-out in each semester of the fiscal year does not exceed the value of equity reserves, pursuant to the 1st paragraph of article 182 of Law 6.404 of December 15, 1976. - The Board of Directors may determine that intermediate dividends be paid-out against retained earnings or profit reserves verified in the most recent annual or semi-annual balance sheet. - The Company may credit or pay-out to shareholders interest on shareholders' equity at the discretion of the Board of Directors, observing the applicable legislation. The amounts paid-out or credited by the Company of interest on shareholders' equity may be included the mandatory dividend, pursuant to the applicable legislation. - Dividends may be claimed over a period of 3 (three) years, after which unclaimed dividends will revert to the Company.

b) State whether it is being fully paid	Yes

c) State the amount eventually withheld	Not applicable

11) In the event the mandatory dividend is being withheld due to the financial situation of the company	

a) State the amount withheld	Not applicable

b) Describe in detail the company's financial situation, including aspects related to analyses of liquidity, working shareholders' equity and positive cash-flows.	Not applicable
c) Justify the withholding of dividends	Not applicable
12) In the event the result is applied to a reserve for contingencies	
a) State the amount applied to the reserve	Not applicable
b) Identify the loss that is considered probable	Not applicable
c) Explain why the loss is considered probable	Not applicable
d) Justify the setting-up of the reserve	Not applicable
13) In the event the result is applied to an unrealized profits reserve	
a) State the amount applied to the unrealized profits reserve	Not applicable
b) State the nature of the unrealized profits that caused the reserve to be set-up	Not applicable
14) In the event the result is applied to statutory reserves	
a) Describe the statutory clauses that established the reserve	Not applicable
b) State the amount applied to the reserve	Not applicable
c) Describe how the amount was calculated	Not applicable

15) In the event profits were withheld as foreseen in the capital expenditures budget	
a) State the amount withheld	R$ 543,6 million
b) Supply a copy of the capital expenditures budget	Filed with the CVM and BM&FBOVESPA on February 4, 2011
16) In the event profits were applied to a tax incentives reserve	
a) State the amount applied to the reserve	Not applicable
b) Explain the nature of the application	Not applicable

Attachment III

Capital Expenditures Budget

Sources	In R$ million
- Retention of profits for the fiscal year (Article 196 of the Corporate Law)	486.7
- Retention of credits in retained earnings	56.9
- Constitution of the legal reserve	60.6
- Funding – Financing of projects	129.0
Total sources	**733.2**

Uses	In R$ million
-Work on Estreito Hydroelectric Power Plant	81.4
- Maintenance of the Production Facilities	122.5
- Work on the São Salvador Hydroelectric power plant	18.5
- Reserve for acquisition of stake in Jirau Hydroelectric Power Plant	510.8
Total Uses	**733.2**

Attachment IV

Information on the candidates nominated or supported by management or by the controlling shareholders for the elections of members of the Board of Directors and the Fiscal Council of the Company pursuant to the requirements contained in items 12.6 to 12.10 of the reference form pursuant to CVM Instruction 480/09

12.6 Members of management and members of the Fiscal Council

Fiscal Council (FC)

	Paulo de Resende Salgado	Carlos Guerreiro Pinto	Flávio Marques Lisboa Campos	Manoel Eduardo Bouzan de Almeida
Age	65	68	60	58
Profession	Economist	Administrator	Engineer	Accountant
CPF(tax register Nr.)	161.008.917-00	047.615.457-04	118.388.096-00	269.006.377-87
Position	President of FC	Effective Member	Alternate	Alternate
Date of Election	April 5 2011	April 5 2011	April 5 2011	April 5 .2011
Date of Taking Office	April 5 2011	April 5 2011	April 5 2011	April 5 2011
Term of Mandate	1 year	1year	1 year	1year
Other Posts	-	-	-	-
Elected by the Controlling Co.	Yes	Yes	Yes	Yes

12.7 Provide information mentioned in item "12.6" with respect to the members of the statutory committees as well as audit, risk, financial and compensation committees, even if these committees and structures are not of statutory nature

Not applicable.

12.8 Members of the Fiscal Council nominated by the controlling shareholder.

a. Résumé of the nominated Members of the Fiscal Council.

Effective Members

PAULO DE RESENDE SALGADO

Born in February 2, 1945, graduated in economic sciences from the Universidade Cândido Mendes. He has a post-graduate degree from the Fundação Getulio Vargas - FGV for Financial Executives, MBA/PDG - Management Development and Capital Markets Program-FGV-AID-USA. He held the positions of (i) Resident Vice President at Citibank; (ii) Head of Investments at Banco Econômico de Investimentos S.A.; Director of Underwriting and Privatization at Banco Nacional S.A., participating in the project for the privatization of LIGHT, CSN; (iii) Director of Nacional Energética S.A. and IVEN S.A; and (iv) Financial Director of Nacional Energética S.A. From January 1997 to the present, he has been Economic Consultant at Agenda Corretora de Câmbio e Valores Mobiliários Ltda.

CARLOS GUERREIRO PINTO
Born in 1942, graduated in Business Administration at Sociedade Unificada de Ensino Superior Augusto Motta (SUAM). Concluded the Financial Management Course at Training Centre of Citibank N.A. In addition, holds an MBA from Instituto de Pós-Graduação e Pesquisa em Administração of Universidade Federal do Rio de Janeiro (COPPEAD).

He was responsible for structuring the Open Market Area at Banco Nacional S.A., being also appointed Director of the Business Risk Area. In addition, he also held the position of CEO at Sinal Corretora de Valores.

Alternates

FLÁVIO MARQUES LISBOA CAMPOS
Born on November 17, 1950, he is a Civil Engineer who graduated in 1973 from the Escola de Engenharia Federal de Minas Gerais (UFMG). He has been Director-General and CEO at Leme Engenharia Ltda. since 2002, also holding the following positions at this company: 1994 to 2002 – Executive and Director-General; 1992 to 1994 – Business Development Director, where he coordinated all activities related to sales strategy, business prospecting and feasibility analysis, contract negotiation with clients and administration of development expenses; 1988 to 1992 – Technical Director, managing electricity generation and dams, electric systems and industrial projects, most notably involving technical supervision and elaboration of contracts for various projects; and, from 1976 to 1988 – worked in the technical area as Head of the hydraulic engineering sector and as a manager for several large projects. He worked as a civil engineer from 1972 to 1976 at Elektrowatt Ingenieros Consultores, Guatemala City, Guatemala, Elektrowatt Engineering Services, Zurich, Switzerland and Eletroprojetos S.A. – Estudos e Projetos de Engenharia. He currently sits on the Executive Board of ABDIB (Brazilian Infra-structure and Basic Industries Association) and is also member of the following boards: the Entrepreneurial Arbitrage Chamber - Brazil; the Industries Federation of the State of Minas Gerais' (FIEMG) Economic Policy Council; AMEC; the Council for the Brazilian Association of Engineering Consultants (ABCE); and the State Council for Minas Gerais Water Resources.

MANOEL EDUARDO BOUZAN DE ALMEIDA
Born on April 3, 1952, he holds a Bachelor's degree in Accounting, having graduated in 1978 from Faculdades Integradas Simonsen in Rio de Janeiro. He worked in the industrial sector from 1969 to June 1995 engaged in several administrative activities, reaching the position of administrative and accounting manager. In the second semester of 1995 he was hired as the accountant for Serra da Mesa S.A.'s Serra da Mesa energy project remaining in this position until June 1998, when he was transferred to the Tractebel Group, to the present working in the holding company as an accountant.

b. Legal and administrative convictions (including criminal) involving management and members of the Fiscal Council

The Controlling Shareholder has been notified by the candidates nominated by it to the positions of member of the Fiscal Council, that they have not been the object of *i)* any criminal conviction, *ii)* any conviction or sentencing in a CVM administrative process or *iii)* any legal or administrative decision not subject to appeal, that would effectively suspend or incapacitate a member from practicing any professional or commercial activity.

12.9 - Marital relationship, consensual union or kinship up to the second degree between:

a) Company´s management

There are no family ties such as the ones described above between any of the candidates nominated to the positions on the Fiscal Council and other members of the Company's management.

b) (i) Company´s management and (ii) management of directly or indirectly controlled companies of the Company

There are no family ties such as the ones described above between any of the candidates nominated to the positions of member on the Fiscal Council and the management of directly or indirectly controlled companies of the Company.

c) (i) Company´s management or that of directly or indirectly controlled companies of the Company and (ii) parties which have a direct or indirect controlling participation in the Company

There are no family ties such as the ones described above between any of the candidates nominated to the positions of member on the Fiscal Council and the shareholders which have a direct or indirect controlling participation in the Company.

d) (i) Company's management and (ii) management of companies which have a direct or indirect controlling participation in the Company

There are no family ties such as the ones described above between any of the candidates nominated to the positions on the Fiscal Council and the management of directly and indirectly controlling companies of the Company.

12.10 - Inform any relationship of subordination, service rendering or control, maintained in the last 3 fiscal years, between the Company's management and:

a) ***A company controlled directly or indirectly by the Company.***

None of the candidates nominated by the controlling company to the positions of member on the Fiscal Council has held executive positions in indirectly or directly controlled companies over the past three fiscal years,

b. Parties which have a direct or indirect controlling participation in the Company

None of the candidates nominated by the controlling company to the positions of member on the Fiscal Council has held executive positions indirectly or directly in a controlling company in the past three fiscal years,

c. **If relevant, suppliers, clients, debtors or creditors of the Company, of companies it controls or its controlling companies or entities controlled by any of these parties**

In the last 3 (three) fiscal years, there were no relations such as the ones described above between any of the candidates nominated by the controlling company to the positions on the Fiscal Council and any supplier, client, debtor or creditor of the Company, or companies it controls, its controlling company or entities controlled by any of these parties.

Tractebel Energia
GDF SUEZ

Attachment V

Information with respect to management compensation based on item 13 of the said reference form

13. MANAGEMENT COMPENSATION

13.1 Description of the compensation policy or practice of the Board of Directors, Statutory Executive Board/ non-Statutory Executive Board, of the Fiscal Council, of the statutory committees and of the Audit, Risk, Financial and Compensation committees, covering the following aspects:

a. Objectives of the compensation policy or practice

The compensation policy for the Board of Directors, Executive Board and Fiscal Council is based on market practices and aims at attracting and retaining professionals who are compatible with the Company's needs. The policy considers required knowledge, the complexity of the activities and the results expected from each position.

b. Composition of the compensation

(i) Description of the elements of the compensation and the objectives of each one

The aggregate total of the annual compensation paid to management (members of the Board of Directors, Executive Board and Fiscal Council) is defined annually at the Annual General Shareholders' Meeting.

Its composition is determined by the Board of Directors, as follows:

Board of Directors

The annual amount of compensation established for each Board Director is paid in 13 monthly installments, and eventual variable portions may be considered within the aggregate amount approved by the General Meeting.

Statutory Executive Board

Compensation for members of the Executive Board is composed of a fixed and variable portion, and the aggregate annual amount is established in the General Shareholders' Meeting.

The benefits offered by the Company, such as medical health plan, life insurance, complementary pension plan comprise indirect compensation,

Non-Statutory Executive Board

The company does not have a Non-Statutory Executive Board.

Fiscal Council

Fees (pro-labore) paid to members of the Fiscal Council is stipulated by the General Shareholders' Meeting of the Company which elects them and, for each effective member, cannot be less than 10% of the average compensation paid to Executive Board Members, excluding benefits and variable compensation.

Committees

The Company has committees which participate directly or indirectly in its decision-making

process, and there is no additional compensation for their members with the exception of the Head of the Strategy Committee.

(ii) Proportion of each element in total compensation

Compensation to the Board of Directors is usually composed approximately of 85% fixed and 15% variable. Compensation to the Fiscal Council is entirely fixed.

The fixed portion of compensation to the Statutory Executive Board members is based on market values and is paid in 13 monthly installments. The variable portion is targeted to reach, on average, 50% of the annual compensation of the members of the Executive Board.

(iii) Methodology for calculating and readjusting each of the elements of the compensation

The value of the fixed installments is defined according to market practices for positions similar in nature and responsibility. In the same manner, the variable portion is established considering market practices for each position and is paid taking into consideration the results achieved by the Company, such as net profit, EBITDA, accomplishment of specific, previously negotiated objectives and managerial and behavioral aspects.

(iv) Reasons justifying the composition of the compensation

The compensation policy for the Board of Directors, Executive Board and Fiscal Council is based on market practices and aims at attracting and retaining professionals who are compatible with the Company's needs.

c. ***Main performance indicators taken into consideration in determining each compensation element***

In establishing management compensation in relation to the market, quantitative and qualitative indicators, degree of contribution to the results, overall performance and experience are all taken into account.

d. ***How compensation is structured to reflect the evolution of performance indicators***

Fixed compensation (pro-labore) and the benefits are not altered during the fiscal year as they are set for each year within the limits approved at the General Meeting. Variable compensation is directly related to the results achieved for corporate and individual performance.

e. ***How the compensation policy or practices align with the Company's interests in the short, medium and long-term***

The Company's planning system is divided into business objectives and the evaluation of these objectives is the basis for setting variable compensation, committing the members of management to meeting short, medium and long-term results

f. ***Existence of compensation supported by subsidiary companies, controlled companies or direct or indirect controlling entities***

Not applicable to the Company.

g. ***Existence of any compensation or benefit earmarked to the holding of a specific corporate event, such as sale of the corporate control of the Company***

Not applicable to the Company.

13.2 Compensation recognized in the results for the past 3 fiscal years and forecast for the current fiscal year for the Board of Directors, Statutory Executive Board and the Fiscal Council [i]:

Board of Directors (Values in R$ thousands)	2008	2009	2010
Number of compensated members	16	17	17
Fixed annual compensation	3,132	3,193	3,434
Pro-labore	3,132	3,193	3,434
Direct and indirect benefits	-	-	-
Compensation for participating in committees	-	-	-
Others	-	-	-
Variable annual compensation	352	521	431
Bonuses	352	521	431
Sharing in the results	-	-	
Compensation for participating in meetings	-	-	-
Commissions	-	-	-
Other	-	-	-
Post-employment benefits	-	-	-
Benefits due to termination of position	-	-	-
Stock option-based compensation			
Total Compensation of the Board of Directors	-	-	-
	3,484	**3,714**	**3,865**

Statutory Executive Board (Values in R$ thousands)	2008	2009	2010
Number of compensated members	6	6	7
Fixed annual compensation	4,282	5,230	6,120
Pro-labore	4,025	4,910	5,831
Direct and indirect benefits	257	320	289
Compensation for participating in committees	-	-	-
Other	-	-	-
Variable annual compensation	1,932	2,197	4,392
Bonuses	1,932	2,197	4,392*
Sharing in the results	-	-	-
Compensation for participating in meetings	-	-	-
Commissions	-	-	-
Others	-	-	-
Post-employment benefits	587	670	602
Benefits due to termination of position	-	-	-
Share-based compensation	-	-	-
Total Compensation of the Statutory Executive Board	**6,801**	**8,097**	**11,114**

* Up to the fiscal year ending December 31 2009, the Company did not set aside a provision for part of the bonus for the Statutory Executive Board. As from 2010, the Company has begun making full provision for the bonus payable to the Statutory Executive Board. In addition, in 2010 the Company has recognized, the portion of the bonus paid relative to fiscal year 2009 for which no provision was made in that year as already mentioned. The variation shown in the expenses with the bonus between fiscal years 2009 and 2010 is justified by these two procedures.

Fiscal Council (Values in R$ thousands)	2008	2009	2010
Number of compensated members	3	3	3
Fixed annual compensation	228	248	308
Pro-labor	228	248	308
Direct and indirect benefits	-	-	-
Compensation for participating in committees	-	-	-
Other	-	-	-
Variable annual compensation	-	-	-
Bonuses	-	-	-
Sharing in the results	-	-	-
Compensation for participating in meetings	-	-	-
Commissions	-	-	-
Other	-	-	-
Post-employment benefits	-	-	-
Benefits due to termination of position	-	-	-
Share-based compensation	-	-	-
Total Compensation of the Fiscal Council	**228**	**248**	**308**
Total Compensation (Councils and Statutory Executive Board)	**10,513**	**12,059**	**15,288**

Forecast for Fiscal Year 2011

The Board of Director's proposal to be examined at the General Shareholders' Meeting is to set the aggregate amount of compensation of the Board of Directors, Fiscal Council, other councils and Statutory Executive Board at up to R$ 18 million. After approval of the General Meeting, to be held on April 5, 2011, the distribution of this limit among the management bodies will be confirmed as follows.

Board of Directors (Values in R$ thousands)	Forecast 2011
Number of compensated members	17
Fixed annual compensation	3,778
Pro-labore	3,778
Direct and indirect benefits	-
Compensation for participating in committees	-
Other	-
Variable annual compensation	474
Bonuses	474
Sharing in the results	-
Compensation for participating in meetings	-
Commissions	-
Other	-
Post-employment benefits	-
Benefits due to termination of position	-
Share-based compensation	-
Total Compensation of the Board of Directors	**4,252**

Statutory Executive Board (Values in R$ thousands)	Forecast 2011
Number of compensated members	7
Fixed annual compensation	6,732
Pro-labore	6,414
Direct and indirect benefits	318
Compensation for participating in committees	-
Other	-
Annual variable compensation	4,832
Bonuses	4,832
Sharing in the results	-
Compensation for participating in meetings	-
Commissions	-
Other	-
Post-employment benefits	662
Benefits due to termination of position	-
Share-based compensation	-
Total Compensation of Statutory Executive Board	**12,226**

Fiscal Council (Values in R$ thousands)	Forecast 2011
Number of members compensated	3
Fixed annual compensation	339
Pro-labore	339
Direct and indirect benefits	-
Compensation for participating in committees	-
Other	-
Annual Variable Compensation	-
Bonuses	-
Sharing in the results	-
Compensation for participating in meetings	-
Commissions	-
Other	-
Post-employment benefits	-
Benefits due to termination of position	-
Share-based compensation	-
Total Compensation of Fiscal Council	**339**
Total Compensation (BofD/F.Council and Statutory Executive Board)	**16,817**

13.3 With respect to variable compensation for the past 3 fiscal years and the forecast for the current fiscal year:

Eventual variable compensation to the Board of Directors may be included in the aggregate amount approved by the General Meeting. The members of the Fiscal Council do not enjoy variable compensation. Information regarding the members of the Statutory Executive Board is presented in the table below:

Fiscal Year ending December 31 2010

Statutory Executive Board (Values in R$ thousands)	2008	2009	2010
Number of compensated members	6	6	7
Bonuses			
Forecasted minimum amount in the compensation plan	-	-	-
Forecasted maximum amount in the compensation plan	2,012	2,455	2,479
Forecasted amount in the compensation plan should targets be reached	2,012	2,455	2,479
Amount effectively recognized in the result	1,932	2,197	4,392 *
Participation in the result			
Forecasted minimum amount in the compensation plan	-	-	-
Forecasted maximum amount in the compensation plan	-	-	-
Forecasted amount in the compensation plan should targets be reached	-	-	-
Amount effectively recognized in the result	-	-	-

* Up to the fiscal year ending December 31 2009, the Company did not set aside a provision for part of the bonus for the Statutory Executive Board. As from 2010, the Company has begun making full provision for the bonus payable to the Statutory Executive Board. In addition, in 2010 the Company has recognized, the portion of the bonus paid relative to fiscal year 2009 for which no provision was made in that year as already mentioned. The variation shown in the expenses with the bonus between fiscal years 2009 and 2010 is justified by these two procedures.

Forecast for Fiscal Year 2011

Statutory Executive Board (Values in R$ thousands)	Forecast 2011
Number of compensated members	7
Bonuses	
Forecasted minimum amount in the compensation plan	-
Forecasted maximum amount in the compensation plan	2,800
Forecasted amount in the compensation plan should targets be reached	2,800
Participation in the result	
Forecasted minimum amount in the compensation plan	-
Forecasted maximum amount in the compensation plan	-
Forecasted amount in the compensation plan should targets be reached	-
Amount effectively recognized in the result	-

13.4 Regarding the share-based compensation plan in effect for the Board of Directors and for the Statutory Executive Board during the last fiscal year and forecasted for the current fiscal year:

Not applicable to the Company.

a. General terms and conditions
b. Principal plan objectives
c. Way in which the plan contributes to these objectives
d. How does the plan fit in the overall compensation plan of the Company
e. How does the plan align to the interests of management and the Company over the short, medium and long-term
f. Maximum number of shares included
g. Maximum number of stock option grants
h. Conditions for share acquisitions
i. Criteria for setting acquisition or strike price
j. Criteria for setting the exercising period
k. Method of settlement
l. Restrictions on transfer of the shares
m. Criteria and events which, when verified, will occasion suspension, alteration or extinguishment of the plan
n. Effects of the release of members of management from the Company's statutory/non-statutory bodies on their rights as enshrined in the share-based compensation plan

13.5 Quantity of shares or quotas directly and indirectly held, in Brazil or overseas, and of other securities convertible into shares or quotas, issued by the Company, its direct or indirect controlling entities, companies it controls or under common control by members of the Board of Directors, Statutory Executive Board and the Fiscal Council, grouped according to the management body on the closing date of the last fiscal year.[ii]

The Company does not offer an incentive share or quota-based program. However, without detriment or connection to its results, the management of the Company as well as its employees may participate in programs established by the Controlling Group, the amounts for which do not represent a significant percentage in terms of annual compensation.

On December 31 2010, the members of the Board of Directors and the Executive Board held 139,589 shares issued by Tractebel Energia, distributed as follows.

Shareholder	Shares	(%)
Board of Directors	121,603	0.018630
Executive Board	17,986	0.0027550
Fiscal Council	-	-
Total	**139,589**	**0.021385**

13.6 Regarding share-based compensation to the Board of Directors and to the Statutory Executive Board booked to the results for the last 3 fiscal years and forecasted for the current fiscal year

Not applicable to the Company.

13.7. Regarding exercisable stock options of the Board of Directors and the Statutory Executive Board at the close of the last fiscal year

Not applicable to the Company.

13.8. Regarding exercised options and delivered shares relative to share-based compensation of the Board of Directors and the Statutory Executive Board in the last 3 fiscal years

Not applicable to the Company.

13.9. Summarized description of the information required to comprehend the data disclosed in items 13.6 to 13.8, such as an explanation of the method employed for pricing shares and stock options

Not applicable to the Company.

13.10. Regarding pension plans in effect and granted to the members of the Board of Directors and to the statutory executive boards

Board of Directors (Values in R$ thousands)	
Number of members	1
Name of the Plan	CD Plan
Number of managers who are eligible for retirement	1
Conditions for early retirement	-
Updated value of accumulated contributions to the pension plan up to the closing of the last fiscal year, discounting the portion made directly by the members of management	74
Total accumulated amount of the contributions paid to the plan over the last fiscal year, after discounting the portion made directly by the members of management	10
If early withdrawals are possible and under what conditions	Not applicable

Statutory Executive Board (Values in R$ thousands)	
Number of members	7
Name of the Plan	CD Pan
Number of managers who are eligible for retirement	4
Conditions for early retirement	1
Updated value of accumulated contributions to the pension plan up to the closing of the last fiscal year, discounting the portion made directly by the members of management	3,190
Total accumulated amount of the contributions paid to the plan over the last fiscal year, after discounting the portion made directly by the members of management	397
If early withdrawals are possible and under what conditions	Not applicable

13.11 Average Compensation of Members of Management

Fiscal year ending December 31 2010 (Values in R$ thousands)			
	Board of Directors	**Executive Board**	**Fiscal Council**
Number of compensated members	17	7	3
Individual highest compensation amount	913	1,870	86
Individual lowest compensation amount	84	528	86
Average individual compensation amount	168	831	86

Fiscal year ending December 31 2009 (Values in R$ thousands)			
	Board of Directors	**Executive Board**	**Fiscal Council**
Number of compensated members	17	6	3
Individual highest compensation amount	941	2,071	82
Individual lowest compensation amount	80	487	82
Average individual compensation amount	175	891	82

Fiscal year ending December 31 2008 (Values in R$ thousands)			
	Board of Directors	**Executive Board**	**Fiscal Council**
Number of compensated members	16	6	3
Individual highest compensation amount	796	1,665	76
Individual lowest compensation amount	74	329	76
Average individual compensation amount	164	800	76

The amounts shown in the tables above do not include mandatory social charges applicable on compensation.

13.12 Contractual arrangements, insurance policies or other instruments that create mechanisms to compensate or indemnify members of management in the event of dismissal or retirement, stating the financial consequences to the Company

The Company has no contractual arrangements, insurance policies or other instruments that create mechanisms to compensate or indemnify management in the event of dismissal or retirement.

13.13 With regards to the last three fiscal years, state the percentage of total compensation recognized in the Company's results with respect to members of the Board of Directors, Statutory Executive Board and the Fiscal Council, that were parties related to direct or indirect controlling entities, as defined in the relative accounting rules

The total compensation of the members of the Board of Directors who have work contracts connected to the direct or indirect controlling entities of the Company corresponds to 74%, 73% and 64% of the total for 2010, 2009 and 2008, respectively. There are no members of the Executive Board or Fiscal Council who can be considered as parties related to the Company's controllers.

13.14 With regards to the last three fiscal years, indicate amounts recognized in the Company's results as compensation to members of the Board of Directors, Statutory Executive Board or Fiscal Council, grouped by management body, for any reason other than the position they occupy, as for example, commissions and consulting or advisory services rendered

No amounts were recognized in the Company's results as compensation to members of the Board of Directors, Statutory Executive Board or Fiscal Council, grouped by management body, for any reason other than the position they occupy.

13.15 In relation to the three last fiscal years, indicate amounts recognized in the results of direct or indirect controllers, of companies under common control and controlled by the Company, as compensation for members of the Board of Directors, Statutory Executive Board or Fiscal Council, grouped by management body, specifying under which title these amounts were credited to these individuals

Tractebel Energia has members on its Board of Directors and Statutory Executive Board who sit on the Board of Directors and Statutory Executive Board of the controlled company jointly with Itá Energética S.A.. The amounts recognized in the result of the aforementioned controlled company relative to the payment of the compensation of these Members of Management are as follows:

(Values in RS thousand)	2008	2009	2010
Board of Directors of Tractebel Energia			
Number of compensated members	4	4	4
Amount	888*	480	422
Statutory Executive Board of Tractebel Energia			
Number of compensated members	2	2	2
Amount	171	180	222
Total	**1.059**	**660**	**644**

* In 2008, a delayed payment was made to a Director.

13.16 Other information which the Company deems relevant

There is no other information deemed relevant on this item"13".