Tractebel Energia
GDF SUEZ



Management Proposal for the Annual General Meeting
to be held on April 17, 2013

MANAGEMENT PROPOSAL FOR THE ANNUAL GENERAL SHAREHOLDERS' MEETING TO BE HELD ON APRIL 17, 2013 IN COMPLIANCE WITH CVM INSTRUCTION 481 OF 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 of the Annual General Meeting (AGO), the following documents and information:

- **Management Report and Accounting Statements (Subsections I and II of Article 9 of CVM Instruction 481/09)**

  The Complete Annual Accounting Statements, which include the Management Report, were filed with the Brazilian Security and Exchange Commission - CVM and with BM&FBovespa on February 7, 2013 and published in the Official Gazette of the State of Santa Catarina, and *Diário Catarinese* and *Notícias do Dia* newspapers on February 28, 2013. These documents are also available on the Company's website: www.tractebelenergia.com.br, the CVM website: (www.cvm.gov.br) and BM&FBOVESPA website (www.bmfbovespa.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 Annex 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 Complete Annual Accounting Statements.

- **Fiscal Council's opinion, including dissident votes, if any (Subsection V of Article 9 ICVM 481/09)**

  The Fiscal Council's opinion is included in the Company's Complete Annual Accounting Statements. We emphasize herewith that there were no dissident votes.

- **Standard Account Statements (DFP) Form (Paragraph 1 of Article 9 - Subsection I)**

  The Company submitted the DFP form on February 7, 2013, on the same date that the Management Report and the Complete Annual Accounting Statements were submitted. This document can be found on the CVM (www.cvm.gov.br) and BM&FBovespa (www.bmfbovespa.com.br) websites.

- **Proposal for the allocation of net profits of the fiscal year containing, at least, information listed in Annex 9-1-II of CVM Instruction 481/09 (Paragraph 1 of Article 9 - Subsection II)**

  Information relative to Annex 9-1-II of CVM Instruction 481/09 is available in Annex II of this Proposal.

- **Report of the Audit Committee, if any (Paragraph 1 of Article 9 - Subsection III)**

  The Company has no Audit Committee.

- Data relative to candidates designated or supported by the Company's Management or controlling shareholders for the election of members of the Administrative and Fiscal Council of the Company, according to the requirements in items 12.6 to 12.10 of the Reference Form of CVM Instruction 480/09, are presented in Annex III of this Proposal; and
- Information regarding the remuneration to administrators, based on item 13 of the Reference Form are presented in Annex IV of this Proposal.

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Annex 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 Comments of the Executive Board on

a. General financial and equity situation

Consolidated information for the fiscal year ending on December 31, 2012

The consolidated net income and EBTIDA increased 3.6% and 6.8%, respectively, when compared to the results achieved in 2011, confirming again the Company's operational efficiency.

In addition, the Company's hydroelectric power generation had 24.9% reduction in 2012, due to unfavorable hydrological conditions in the country. Such reduction did not necessarily result in deterioration of economic and financial result, as the Company participates in the Energy Reallocation Mechanism (MRE), where it shares the hydroelectric power generation risks with other agents. Such conditions required increased production of the thermoelectric power complex in the country, with the Company's generation of this type of energy increasing 32.8%.

Both unfavorable hydrology and increased production of thermoelectric power plants made the short-term market prices increase in late 2012, resulting in the average price R$ 137,22 higher than in 2011. This price increase was one of the factors that contributed to the Company's increased net income with the short-term market operations.

The factors below supported the Company's favorable financial and equity conditions in 2012:

- Growing and consistent generation of profit - In 2012, the Company once again had consistent growth of profits, even with the continuous scenario of global economic crisis, small growth of Brazilian economy, variations of short-term market prices and regulatory changes established by the Federal Government. The consolidated net income for fiscal year 2012 was R$ 1,499 million, representing an increase for the ninth consecutive year.

- Strong operating cash flow. Consolidated EBITDA, according to the concept of operating result plus depreciation, amortization and net financial expenses, reached R$ 3,108 million in 2012. EBTIDA margin reached 63.3%.
- Low level of debt – This condition favors maximization of growth opportunities for the Company. Total debt/EBITDA ratio on December 31, 2012 was 1.14 times and the net debt / EBITDA ratio on the same date was 0.76 times.
- Expansion of possible credit lines – The Company increased the contractual commitment (covenant) related to the 2nd issue of debentures from 2.5 to 3.5 times the gross debt / EBITDA ratio, preparing for the acquisition of Jirau Hydroelectric Power Plant from its controller GDF SUEZ.
- Funding of wind power projects of Trairi Complex – The Company, with a solid structure of guarantees, obtained from BNDES funds for the first wind power projects, whose sales were allocated exclusively to the free market, in the total amount of R$ 358 million, equivalent to 75% of total investments.
- Improvement in risk rating – The capability to fulfill financial commitments was again increased by first-line risk rating agencies. On April 27, 2012, Fitch Ratings increased the Company's international rating from "BBB-" to "BBB", as well as the national long-term rating and for the 2nd issue of debentures from "AA+(bra)" to "AAA(bra)", both with stable perspectives. On September 27, 2012, Standard & Poor's increased the Company's long-term corporate credit rating, on national scale, from 'brAA+' to 'brAAA', with stable perspective, and reaffirmed the Company's short-term corporate credit rating 'brA-1'.
- Reduced level of delinquency among the Company's clients due to the diversification of client portfolio and strict credit analysis.
- Sustained growth – In August 2012, Estreito Hydroelectric Power Plant reached 97.3% of its total assured energy, with its 7th generation unit start-up, contributing to R$ 191 million increase in the Company's net income.
- Remuneration to shareholders without depleting the Company's capital and aligned with the strategies and the investment plans of the Company. In 2012, dividends proposed again corresponded to 100% of the net income available for distribution.

- Continued to be a component of BM&FBOVESPA's Corporate Sustainability Stock Index (ISE). The Company has been a component of this stock index since its inception in 2005.
- Appreciation of the Company's stock quotation value – On December 31, 2012, the Company's stock value increased 18.9% - not including profits – while Ibovespa increased 7.4%. It should be noted that the stocks that comprise the electrical sector index decreased 11.7%, particularly due to regulatory alterations established by the Federal Government, which had no direct impact on the Company.

Consolidated information for fiscal year ending December 31, 2011

The main factors below supported the Company's favorable financial and equity conditions in 2011:

- Growing and consistent generation of profit. In 2011, the Company kept its history of exceeding results, even with the scenario of global political and economic crisis, changes and uncertainties. The consolidated net income for fiscal year 2011 was R$ 1,448 million.
- Strong operating cash flow. Consolidated EBITDA in 2011 reached R$ 2,910 million. EBTIDA margin reached 67.2%.
- Low level of debt - Total debt/EBITDA ratio on December 31, 2011 was 1.25 times and the net debt / EBITDA ratio on the same date was 0.99 times.
- Risk rating as per Fitch Ratings was "BBB-" on a global scale ("Investment Grade") and "AA+" on a national scale, and as per Standard & Poor's, brAA+ on a national scale with positive outlook.
- Reduced level of delinquency among clients.
- Sustained growth – In 2011, the four first from total eight generation units of Estreito Hydroelectric Power Plant started commercial operations, contributing to R$ 87 million increase in the Company's net income.

- Remuneration to shareholders without depleting the Company's capital and aligned with the strategies and the investment plans of the Company. In 2011, dividends corresponded to 100% of the net income available for distribution.
- Continued to be a component of BM&FBOVESPA's Corporate Sustainability Stock Index (ISE).
- The Company's stocks, listed in the New Market of BM&FBOVESPA, had appreciation of 16.2%, versus 18.1% reduction of Ibovespa.

Consolidated information for fiscal year ending December 31, 2010

The Company's financial and equity situation for fiscal year 2010 was very favorable, demonstrating:

- Growing and consistent profit generation. Net income for fiscal year 2010 was R$ 1,212 million, representing a growing value over the years.
- Strong operating cash generation. EBITDA for 2010 amounted to R$ 2,612 million.
- A low level of debt. The total debt-to-EBITDA and net debt-to-EBITDA ratios on December 31, 2010 were 1.7 times and 1.29 times, respectively.
- Reduced level of delinquency among clients.
- High level of contracted commercial capacity over the short to medium term.
- Remuneration to shareholders without depleting the Company's capital. The dividends distributed relative to 2010 correspond to 55% of the net income available for distribution, aligned with the distribution strategy and compatible with the investment plans of the Company.
- Continued to be a component of BM&FBOVESPA's Corporate Sustainability Stock Index (ISE).

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

Capital Structure

The Management understands that the Company has a capital structure with a low financial leverage allowing the execution of a growth strategy over the next few years.

The Company's business generates large operating cash flows, especially due to a high margin resulting from the capital-intensive characteristic of the electric power production and due to tight cost/expense controls introduced by the Company's Management.

The main components of the Company's capital structure are presented below:

Amounts in R$ million	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Gross Debt [1]	3,535	3,649	4,444
(-) Cash and cash equivalents	(1,180)	(782)	(1,083)
Net debt	2,355	2,867	3,361
Long-term debt (% of total debt)	85.1%	88.6%	75.4%
Shareholders' equity	5,463	5,450	5,073
Leverage [2]	30.1%	34.5%	39.9%
Breakdown of capital structure:			
- Own capital (shareholders equity/ total liabilities)	44.5%	45.3%	40.6%
- Third party capital (current and non-current liabilities / total liabilities)	55.5%	54.7%	59.4%

The Company has comfortable liquidity thanks to reduced debt levels and low leverage.

Possibility of stock redemption

The Company's Management has no intention of redeeming stock. The Company continues to pursue a strategy of new investments for at least maintaining its market share in a scenario of increasing energy consumption demand, expected in Brazil for the next few years.

(i) event of stock redemption

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

(ii) formula for redemption value calculation

Likewise, there is no possibility of redemption of the Company's shares beyond those legally permitted options.

c. Payment capability of financial commitments assumed

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

Total debt/EBITDA ratio on December 31, 2012 was 1.14 times (1.25 times in 2011 and 1.70 times in 2010) and the EBITDA/financial expenses ratio was 5.81 times (5.73 times in 2011 and 4.85 times in 2010).

[1] Includes loans, financing and debentures.
[2] Net Debt/(Net Debt + Shareholders' Equity)

The Company's risk rating is conducted by two rating agencies: Standard & Poor's and Fitch Ratings.

In April 2012, Fitch Ratings increased the Company's international rating from 'BBB-' to 'BBB' and the national long-term rating and for the 2nd issue of debentures from 'AA+(bra)' to 'AAA(bra), both with stable perspective. This revision was encouraged by the following highlights, described in the report generated by this agency: (i) high and predictable operating cash generation; (ii) solid free cash flow, despite high dividends; (iii) solid credit metrics; (iv) the benefit of long-term energy sales contracts; (v) the strong position in terms of liquidity and financial flexibility; and (vi) the ambitious investment plan with project risks partially mitigated. As a result, the Company's ratings are among the best in the sector.

Likewise, on September 27, 2012, Standard & Poor's increased the Company's long-term corporate credit rating, on national scale, from 'brAA+' to 'brAAA', with stable perspective. On the same day, the agency also reaffirmed the Company's short-term corporate credit rating 'brA-1'. According to this agency's report, the increase in ratings reflects the expectation that the possible acquisition of Jirau Hydroelectric Power Plant in 2013 will also allow the Company to have an intermediate financial risk profile, with total debt/EBITDA ratio below 4 times, even if the acquisition of Jirau is 100% funded by debt.

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

In addition to using part of its cash generation, the main 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 investment 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 funds with a view to maintaining its adequate capital structure and liquidity. The Company constantly evaluates alternative sources to fund its operations.

In the last 3 (three) fiscal years, the Company's main sources of funding to its projects were BNDES and On-lending Agents. In these contracts, in general, there is a "standard" relation to obtain these credit lines, which is around 30% of own capital and 70% of items that can be funded.

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

Management does not foresee any situation of liquidity shortfall, the Company having credit lines (working capital, long-term finance and bank sureties) formally approved by first class financial institutions in the amount of about R$ 3.3 billion (R$ 3.7 billion in 2011).

In addition, the Company has high credit ratings, according to the risk rating agencies, and can quickly access the capital markets in case it needs financial resources.

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

The main information on debt with Financial Institutions is described as follows:

(i) loan and financing agreements

Main conditions of loan and financing agreements established until Dec. 31, 2012

	Payment conditions			
Companies / Banks	**Interest**	**Maturity**	**Principal and interest**	**Balance (R$ million)**
Domestic currency				
Tractebel Energia				
Bank of America Merrill Lynch	98% of CDI	July 2014	Principal: July 2013, Jan. and July 2014	435
Controlled Companies				
Itasa				
BNDES	TJLP + 4% p.a. [a]	Sept. 2013	Monthly	9
Banks (BNDES on-lending)[b]	TJLP + 3.85% p.a.[a]	Sept. 2013	Monthly	11

	Payment conditions			
Companies / Banks	**Interest**	**Maturity**	**Principal and interest**	**Balance (R$ million)**
CEE				
BNDES	TJLP + 1.89% p.a.[a]	Sept. 2029	Monthly	892
BNDES – Social Credit [e]	TJLP	June 2018	Monthly	21
Banks (BNDES on-lending) [b]	TJLP + 2.95% p.a.[a]	Sept. 2029	Monthly	606
CESS				
BNDES	TJLP + 2.7% p.a.[a]	Oct. 2023	Monthly	174
Banks (BNDES on-lending)[b]	TJLP + 3.25% p.a.[a]	Oct. 2023	Monthly	351
Hidropower (Banco do Brasil)	8.08% p.a. [c]	Oct. 2017	Monthly	19
Areia Branca (BNDES)	TJLP + 2.5% p.a.[a]	June 2024	Monthly	55
Ibitiúva				
BNDES (Sub-credit A and C)	TJLP + 2.05% p.a.[a]	Jan. 2021	Monthly	29
BNDES (Sub-credit B) [d]	4.5% p.a.	Jan. 2020	Monthly	30
Beberibe (BNDES)	TJLP + 3.5% p.a. [a]	Dec. 2023	Monthly	91
Pedra do Sal (BNDES)	TJLP + 1.92% p.a.[a]	Dec. 2023	Monthly	62
Mundaú (BNDES)	TJLP + 2.51% [a]	July 2029	Monthly, after Aug. 2013 [f]	46
Guajiru (BNDES)	TJLP + 2.51% [a]	July 2029	Monthly, after Aug. 2013 [f]	56
Fleixeiras I (BNDES)	TJLP + 2.51% [a]	July 2029	Monthly, after Aug. 2013 [f]	56
Trairí (BNDES)	TJLP + 2.51% [a]	July 2029	Monthly, after Aug. 2013 [f]	47
Foreign currency				
STN	*Libor* + 1.075% p.a.	April 2024	Semiannual	104
BNP Paribas (Floating Rate Note)	*Euribor* + 2.75% p.a.	Nov. 2015	Annual	112

[a] The amount corresponding to the portion of the TJLP that exceeds 6% p.a. is capitalized and included in the principal amount of the financing.
[b] The Banks are: Itaú Unibanco, Bradesco, Santander and Votorantim.
[c] Fixed rate already including performance bonus of 15% for payment by maturity date.
[d] Credit for financing machinery and equipment of Ibitiúva HPP.
[e] Credit exclusively for financing social and environmental projects at the Estreito facility.
[f] For funding wind power projects in Ceará, the amortization of principal value and interest payment will start in August 2013.

Additional information on loan and financing agreements with the most relevant values, established by the Company and its controlled companies

The balances on December 31, 2012 of the agreements listed below are in item f (i) presented above.

- Tractebel Energia

Bank of America Merrill Lynch

In July 2011, the Company established a loan agreement with the Bank of America Merrill Lynch in the original amount of US$ 274 million (equivalent to R$ 430 million).

In order to hedge future cash flows in their entirety against the oscillations in the US dollar, the Company contracted a swap operation with the Brazilian subsidiary of the same institution which granted a loan for R$ 430 million, through which it will maintain an asset position, corresponding to the variation in the US dollar plus interest of 2.6236% p.a. and a liability position equivalent to 98% of the Interbank Deposit Certificate (CDI).

The financial institution that granted the loan guarantees the payment of all cash flows arising from the swap operation should its Brazilian subsidiary eventually fail to honor agreed obligations. Maturity of principal plus amortization of interest on the loan and on the swap will have the same date.

the Company has the right to settle principal and financial charges for the loan and the swap operation on a net basis and, if required, it will do so simultaneously on the respective expiry dates in accordance with the agreements.

Hence, the financial instruments and their respective financial charges are deemed as a single financial instrument and are shown on a net basis in the balance sheet and in the Company's results, reflecting in a more appropriate manner the amounts and the indication of future cash flows as well as the risks to which this cash flow will be exposed.

Consequently, the effect on the Company's financial result arising from the contracting of the said financial instruments will be equivalent to 98% of the CDI.

National Treasury Department (STN)

In April 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, subject to exchange for bonds issued by the Federal Government, pursuant to the respective CMN resolutions.

To guarantee the commitments assumed pursuant to the debt acknowledgement agreement, the Company (i) has established sureties in cash, discount bonds and par bonds equivalent to US$ 22 million and US$ 16 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.

BNP Paribas (Floating Rate Notes)

In November 1999, the Company issued in the international market 40 million euros in Floating Rate Notes ("Notes"), which mature in November 2007, under a private placement. Citibank N.A. London was the issuing and paying agent. These Notes were renegotiated on the date of their original expiry, with a new repayment tenor of eight years with remuneration at the EuroLibor rate, plus a spread of 2.75% p.a. on pending principal amount, payable annually. No guarantees were offered for this loan.

- Controlled companies

The following financing were established with the BNDES and On-lending Banks using the Project Finance model. For this purpose, Specific Purpose Companies (SPCs) were established to implement the respective hydroelectric projects.

Itasa

In March 2001, the controlled company jointly with Itasa entered into a R$ 542 million financing agreement with BNDES and with BNDES On-lending banks: Itaú-Unibanco, Bradesco, Safra and Votorantim, for the construction of the Itá Hydroelectric Power Plant. Advance liquidation of such financing occurred on February 7, 2013, in the total amount of R$ 37 million, R$ 18 million of which corresponding to the Company's share in this controlled company.

Companhia Energética Estreito (CEE)

In March 2008, subsidiary CEE signed a financing agreement with the BNDES and the On-lending Banks: Itaú Unibanco, Bradesco and Votorantim in the original amount of R$ 1,358 million for the construction of the Estreito Hydroelectric Power Plant.

Companhia Energética São Salvador (CESS)

In March 2007, wholly-owned subsidiary CESS entered into a financing agreements in the total amount of R$ 570 million, with BNDES and BNDES On-lending Banks: Itaú-Unibanco, Bradesco, Santander and Votorantim for the construction of the São Salvador Hydroelectric Power Plant

Mundaú, Guajiru, Fleixeiras I and Trairí

In May 2012, indirect controlled companies Mundaú, Guajiru, Fleixeiras I and Trairí signed a financing agreement with the BNDES for the implementation of their wind power units in Trairí Complex, in the State of Ceará. The total amount financed was R$ 358 million, R$ 205 million of which withdrawn until December 2012.

- Guarantees

Loan agreement with the Bank of America Merrill Lynch

For such loan, a promissory note in the amount of US$ 274 million was made, corresponding to R$ 559 million on December 31, 2012, for the Bank Of America N.A.

Loan agreements with the above mentioned BNDES and BNDES On-lending Banks

Contractual guarantees are: (a) pledge of emergent concession rights; (b) pledge of credit rights resulting from the power purchase agreements; (c) agreement to maintain a reserve account in an amount equivalent to three months of debt service or bank guarantee; (d) reserve account corresponding to three months of the plant's contractual operation and maintenance expenses applicable to the plants that engage third parties for the execution of these activities; and (e) surety of total shares.

Besides these guarantees, in the case of CEE, there is also a pledge on dividends to be paid by Tractebel Energia to its controlled company, GSELA.

Financing of wind power projects: (a) chattel mortgage of assets and equipment; (b) total shares representing the capital stock of the controlled companies; (c) receivables and reserve account; and (d) corporate guarantee of Tractebel Energia.

(ii) other long-term relationships with financial institutions

These relationships are represented by debentures issued by the Company. On December 31, 2012, the Company had the following issue of debentures:

	Payment conditions				
Issues	**Remuneration**	**Interest/monetary restatement**	**Principal**	**Quantity**	**Balance in R$ million**
2nd Issue Single Series	IPCA + 7% p.a.	Annually, on May 15	3 installments on May 15, 2012, 2013 and 2014	35,000	329

The 2nd issue debentures carry no guarantee. In 2012, the Company made an advance liquidation of debentures related to Cana Brava issue – Single Series, in the amount of R$ 8 million, and made the payment related to the 1st installment of 2nd issue, in the amount of R$ 184 million.

(ii.i) – Concessions payable

Besides loans, financing and debentures, the Company has financial liabilities relative to concessions for Public Asset Use (UBP) for electric power generation in the following power plants: Cana Brava, Ponte de Pedra, São Salvador and Estreito. The characteristics of business and contracts reflect the conditions and the parties' intention to fully execute such agreements.

The contractual values are established using current values based on discount rates used on the liability date. The discount rate used in concessions payable for Cana Brava, São Salvador and Estreito was 10% p.a. and the discount rate used in Ponte de Pedra was 8.28% p.a.

Alterations to the UBP concession contract for Estreito HPP

In early 2012, as required by the Company, Aneel approved the alteration to the update index used in the concession contract for Estreito HPP from IGP-M to IPCA, to balance the liability with the update index of energy sale prices of this power plant within the Regulated Contract Environment (ACR).

In addition, due to the increase in this power plant's physical guarantee from 584.9 MWa to 641.08 MWa, the annual installment of UBP has also been corrected.

The original values, updated according to the annual variation of IGP-M (Cana Brava and Ponte de Pedra) and IPCA (Estreito and São Salvador), presented below, will be paid in monthly installments equivalent to 1/12 (one twelfth) of the respective annual values.

	Values in R$ million			
	Original value		**Updated values**	
Power plants and years of payment	**Annual Payment**	**Total Payment**	**Annual Payment**	**Total Payment**
Cana Brava HPP				
Until July 31, 2023	1	7	2	25
From Aug. 1st, 2023 to July 31st, 2033	61	613	211	2.106
		620		**2.131**
Ponte de Pedra HPP				
Until Sept. 30, 2019	0,2	1	0,6	4
From Oct. 1st, 2019 to Sept. 30th, 2020	16	16	49	49
From Oct. 1st, 2020 to Sept, 30, 2034	31	43	94	1.322
		453		**1.375**
São Salvador HPP				
Until April 30th, 2037	20	**488**	44	**1.088**
Estreito HPP				
Until Dec. 31, 2037	2	**49**	4	**109**

The current value of the liability relative to the concessions mentioned above, recorded in the balance of Dec. 31, 2012, is R$ 1,429 million, that is: R$ 509 million to Cana Brava, R$ 459 million to Ponte de Pedra, R$ 420 million to São Salvador and R$ 41 million to Estreito.

(ii.ii) – Other current and non-current liabilities

The other liabilities of the Company are the following: taxes and social contributions payable, dividends and interests on own capital, suppliers, provisions to remuneration and charges, taxation, civil and labor provisions, obligations of retirement benefits and other obligations.

In brief, the group of debts with financial institutions (loans, financing and debentures) of concessions payable and other current and non-current liabilities result in the total amount of R$ 6,801 million, as informed in item 3.7 of this form.

(iii) degree of debt subordination

The Company has no subordinated debt policy for the liabilities presented in the accounting statements and, thus, in case of a judicial recovery, the Company will observe Law 11.101/05 to constitute the order of preference in a global creditor contest.

(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 sale of corporate control

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

a) Loans and financing

Debt	Covenants
Controlling Company	
Bank of America Merrill Lynch	EBITDA[3] / consolidated financial expenses ≥ 2.0 Consolidated debt/EBITDA ≤ 3.5
Controlled Companies	
- BNDES and BNDES On-Lending Banks - Itasa	Shareholders' equity / total assets ≥ 40%
- CESS, Beberibe and Pedra do Sal	Debt service coverage ratio ≥ 1.3
- CEE and Areia Branca	Debt service coverage ratio[4] ≥ 1.2

[3] EBITDA: Operating profit – financial result – depreciation and amortization.
[4] Debt service coverage ratio: Cash generation from the activity /debt service

Debt	Covenants
BNDES - Ibitiúva	(i) General debt ratio ≤ 0.80 (ii) Debt service coverage ratio ≥ 1.3
Banco do Brasil – Hidropower	(i) Shareholders' equity / total assets ≥ 0.35 (ii) EBITDA Margin[5] (EBITDA/NOR) ≥ 0.80 (iii) EBITDA/ financial expenses ≥ 2.70 (iv) Total financial debt / EBITDA ≤ 4.0 (v) Current assets / current liabilities ≥ 1.2 (vi) Debt service coverage ratio ≥ 1.3

The Company is in compliance with the financial commitments established in the loan and financing agreements mentioned above. Tractebel Energia, as the controlling company and guarantor of CEE financing from BNDES, has to observe the following financial index: Consolidated debt/EBITDA ≤ 3.5. As mentioned before, the Company has the same financial commitment established in a loan contact with the Bank Of America Merrill Lynch.

Regarding the wind power projects of Trairi Wind Power Complex, the financial commitment will correspond to the "Debt service coverage ratio ≥ 1.3" and will be required only after the beginning of the commercial operation of each wind power unit.

Loans contracted with the BNDES are formalized by entering into financing agreements under which lines of credit are created and are subject to provisions applicable to BNDES agreements.

Pursuant to the provisions applicable to BNDES agreements, in addition to the financial covenants described in the table above, BNDES's borrowers may not, without prior BNDES authorization: (i) give preference to other credits, (ii) amortize stock; (iii) issue debentures; (iv) issue participation certificates; (v) assume new debts, considering the exceptions stipulated in writing in the provisions applicable to BNDES agreements; (vi) sell or encumber property, plant and equipment; and (vii) payout dividends in excess of the minimum mandatory dividends, in the case of some controlled companies. The Company has fulfilled its financial commitments established in loan and financing agreements.

b) Debentures

Debt – Tractebel Energia	Covenants
2nd issue	(i) EBITDA/Consolidated Financial Expenses ≥ 2.0 (ii) Consolidated Debt/EBITDA ≤ 3.5

In addition to the financial covenants described above and pursuant to the deeds of issue of the debentures, the Company must adhere to the restrictions described as follows, subject to a fine of having to liquidate the debentures before maturity in the event of: (i) alteration to the Company's direct or indirect shareholder control; (ii) sale, ineffectiveness or prolonged interruption of operations or any other form of disposal, by the Company, of property, plant and equipment representing, individually or collectively, 25% of the Company's capacity to generate electrical

[5] EBITDA Margin: EBITDA / Net operating revenues (NOR)

energy and which surely affect the Company's financial and economic capacity; and (iii) payment of dividends, interest on shareholders' equity or any other profit sharing pursuant to the Bylaws, with the exception of payment of the minimum mandatory dividend pursuant to the provisions of Brazilian corporate law, should the Company be in default with the payment of any pecuniary liability with respect to the debentures.

The Company is in full compliance with the financial covenants and restrictions describe above.

g. utilization limits of already contracted financing

Controlled company CEE has made a supplementary loan from BNDES BNDES and BNDES On-lending Banks for the construction of Estreito HPP, in the amount of R$ 308 million, and R$ 8 million of this amount still remain to be drawn. According to the Company, such resources may be released by June 2013.

Regarding the loan from BNDES for the construction of wind power units for Trairi Complex, the amount of R$ 153 million – from total R$ 358 million of the loan - still remains to be drawn. Such resources may be released during the fiscal year 2013.

h. significant changes in each item of the account statements

On January 1st, 2010, the Company adopted all the procedures issued by the Brazilian Accounting Pronouncements Committee (CPC) applicable to its operations and which are consistent with international financial accounting practices (International Financial Reporting Standards – IFRS).

Reclassification of accounting balances:

In 2012, the Company started to present the net accounts related to the taxes payable and deferred taxes, of the corresponding active accounts, when those taxes are related to the same tax entities and when the Company's Management show its intention to liquidate it using the net value.

To keep the comparability between balances, those balances presented before under "Recoverable taxes and social contributions" and "Income tax and social contribution asset", on Dec. 31, 2011, in the amounts of R$ 85 million and R$ 240 million, respectively (R$ 63 million and R$ 288 million on Dec. 31, 2010, respectively), for the controlling company, and R$ 86 million and R$ 241 million (R$ 65 million and R$ 299 million on Dec. 31, 2010), in the consolidated values, were reclassified and placed under "Taxes and social contributions payable" and "Income tax and social contribution liability", respectively.

h.1) Comparative analysis between the results for the fiscal years ending on December 31, 2012 and 2011, according to IFRS and CPC:

	December 31				
Amounts in R$ million	**2012**	**% of revenue**	**2011**	**% of revenue**	**2012 *versus* 2011 (%)**
NET OPERATING REVENUE FROM SALES	**4.913**	**100**	**4,327**	**100**	**13.5**
Cost of energy sold and services provided					
Electricity purchased for resale	(664)	13.5	(472)	10.9	40.7
Transactions through CCEE	(53)	1.1	(22)	0.5	140.9
Charges for use of electricity and connection to grid	(330)	6.7	(287)	6.6	15.0
Cost of electricity production	(1,058)	21.6	(1,057)	24.5	0.1
Cost of services provided	(26)	0.5	(23)	0.5	13.0
	(2,131)	**43.4**	**(1,861)**	**43.0**	**14.5**
GROSS PROFIT	**2,782**	**56.6**	**2.466**	**57.0**	**12.8**
Operating revenues (expenses)					
Sales expenses	(19)	0.4	(17)	0.4	11.8
General and administrative expenses	(170)	3.5	(157)	3.6	8.3
Reversal of operating revenues	(29)	0.5	97	(2.3)	(129.9)
Other operating revenues (expenses), net	(17)	0.4	20	(0.4)	(185.0)
	(235)	**4.8**	**(57)**	**1.3**	**312.3**
PROFIT BEFORE FINANCIAL RESULT AND TAXES	**2,547**	**51.8**	**2,409**	**55.7**	**5.7**
Financial result					
Financial incomes	88	(1.7)	133	(3.0)	(33.8)
Financial costs	(535)	10.9	(508)	11.7	5.3
	(447)	**9.1**	**(375)**	**8.7**	**19.2**
INCOME BEFORE TAXES ON PROFIT	**2,100**	**42.7**	**2,034**	**47.0**	**3.2**
Income tax and social contribution	(600)	12.2	(586)	13.5	2.3
NET INCOME OF THE FISCAL YEAR	**1,500**	**30.5**	**1,448**	**33.5**	**3.6**
NET EARNINGS PER SHARE – BASIC AND DILUTED – IN REAL CURRENCY	**2.30**		**2.22**	**-**	
EBITDA	**3,108**	**63.3**	**2,910**	**67.2**	**6.8**

Net Operating Revenues (from Sales)

An increase was seen in net operating revenues, from R$ 586 million, or 13.5%, to R$ 4,327 million in 2011 to R$ 4,913 million in 2012. Such increase is essentially due to the following factors: (i) R$ 301 million – increase in the average net sale price; (ii) R$ 213 million – increase in the amount of energy sold; (iii) R$ 210 million – increase in the revenue from operations conducted through the Energy Trading Board (CCEE); (iv) R$ 7 million – increase in carbon credit sales; (v) R$ 145 million – reduction in energy exportation.

The startups in 2012 of generation units of Estreito HPP brought an additional revenue of R$ 191 million, an amount already considered in the segmentation mentioned in the paragraph above.

- Net average sale price

In 2012, the costs of energy sales and services amounted to R$ 132.66/MWh, or 8.1% higher than the value of R$ 122.68/MWh in 2011.

Price increases reflect the application of monetary restatement on existing contracts as well as the higher prices practiced for new sales agreements with free consumers and energy traders.

- Sales volume

In 2012, sales volume reached 34,559 GWh (3,934 MWa), 575 GWh (55 MWa) or 1.7% increase in relation to 33,984 GWh (3,879 MWa) achieved in 2011. Ignoring energy exports, which reduced from 824 GWh (94 MWa) in 2011 to 26 GWh (3 MWa) in 2012, the energy sales amount increased 1,373 GWh (156 MWa), or 4.1%, when compared to the previous year. From such increase, 1,299 GWh (147 MWa) were the result of startup of Estreito HPP units.

The increase in the energy sales volume, not considering energy exports, was the result of the following: (i) expansion of 1,653 GWh (188 MWa) in the wholesale supply of energy to distributors; (ii) increase of 984 GWh (112 MWa) in the energy sold to free consumers; and (iii) reduction of 1,264 GWh (144 MWa) in sales to trade companies.

The Company, in 2011 and 2012, as requested by certain free consumers, transferred some contracts previously established with them to trade companies belonging to the same economic group of the Company. In addition, the Company established new contracts with trade companies that also transfer the energy acquired exclusively to industrial units of the same group. These actions have been encouraged by the initiative of clients to improve the management of energy acquisitions and allocation within its industrial units.

However, when seeking a more realistic analysis on the sales progress to free consumers, the Company, in 2012, started to state the sales to trade companies that transfer the energy to their production units as sales to free consumers, and not to trade companies anymore. The amount reclassified in 2011 was 678 GWh (77 MWa), equivalent to R$ 83 million.

Costs of electric energy sales and services provided

In 2012, the costs of energy sales and services amounted to R$ 2,131 million, 14.5% or R$ 270 million, more than the amount of R$ 1,861 million reached in 2011. This variation reflects the behavior of the following main components:

- Electric energy purchased for resale*:* increase of R$ 192 million, corresponding to 1,341 GWh (153 MWa) in 2012 when compared to 2011, encouraged by the Company's plan of buying short- and medium-term energy for the creation of new products to be provided within three, four and five years and, in a small proportion, by the annual price correction of existing contracts.

- Transactions channeled through the CCEE: between fiscal years 2011 and 2012, costs increased for these transactions by R$ 31 million. Further details are in item 10.2.a. (i)- "Details of the operations conducted through the CCEE" of this document.

- Charges for use of and connection to the electricity grid*:* increase of R$ 43 million in 2012 versus 2011, particularly reflecting the annual correction of the Transmission System Use Tariff (TUST) and the startup of three generation units of Estreito HPP.

- Cost of production of electric energy and services provided: increase of R$ 4 million in 2012 versus 2011, basically due to the following factors:

- **Fuels for the production of electric energy:** when comparing 2012 to 2011, these costs reduced R$ 69 million, reflecting the effects of the following: (i) R$ 84 million reduction in the consumption of coal, due to reduced energy exportation; and (ii) R$ 15 million increase in the consumption of biomass, natural gas and diesel fuel, due to the increased generation in thermoelectric power plants.
- **Financial compensation for use of water resources:** reduction of R$ 48 million in 2012 versus 2011, due to the following combined factors: (i) lower hydroelectric power generation due to the dry weather in the country; (ii) annual tariff correction; and (iii) startup of new units of Estreito HPP.
- **Personnel:** increase of R$ 19 million in 2012 versus 2011, especially due to the annual salary increase and benefits to employees and additional provisions related to new adhesions to the Voluntary Dismissal Program (PDV).
- **Material and outsourced services:** increase of R$ 20 million in 2012 versus 2011, basically due to higher demand for maintenance and conservation services at the generation units and, to a lesser extent, environmental and engineering consultancy services. In late 2012, the Company incurred extraordinary maintenance costs for the thermoelectric units, especially Jorge Lacerda Thermoelectric Complex and Alegrete Thermoelectric Power Plant, which had to generate energy to fulfill the needs of the National Integrated System as a result of the reduced hydroelectric power generation of the Brazilian energy system.
- **Depreciation and amortization:** increase of R$ 63 million when compared to 2011, especially due to the startup of the new generation units of Estreito HPP.
- **Other costs**: increase of R$ 19 million in 2012 versus 2011, due to the extraordinary increase of taxes on energy acquisition made in the first quarter of 2012.

Gross income

In 2012, the Company's gross income was R$ 2,782 million, 12.8% more than in 2011, which reflects the variations explained under "Net operating revenues" and "Cost of electric energy sales and services provided".

Operating Revenues (Expenses)

- General and administrative expenses

In 2012, general and administrative expenses were R$ 170 million, an increase of R$ 13 million when compared to R$ 157 million in 2011. Not considering the extraordinary donation made by the Company of R$ 5 million in 2012, these expenses increased R$ 8 million in 2012 versus 2011, especially due to the following variations: (i) increase of R$ 9 million in expenses with staff, due to annual salary increase and benefits to employees and additional provisions related to new adhesions to the Voluntary Dismissal Program (PDV); (ii) increase of R$ 4 million in the expenses and consultancy service and lawyer fees; (iii) reduction of R$ 3 million in depreciation and amortization caused by the end of life of certain assets; and (iv) reduction of R$ 2 million from rent rates.

- Reversal of operating revenues, net

In 2012, the Company presented R$ 29 million from net reversal of operating revenues, while the net income related to the reversal of operating revenues was R$ 97 million in 2011; thus a negative result of R$ 126 million when comparing both years. The main income obtained in 2012 are particularly due to: (i) amounts from civil and tax nature of R$ 13 million; and (ii) amount for non-recurring loss resulting from the effects of an asset incorporation, to be performed by the Company, in the amount of R$ 16 million. The most relevant reversals in 2011 were: (i) non-recurring actuarial liability in additional amount of R$ 77 million; and (ii) amounts from civil, labor and tax nature in the net value of R$ 13 million.

- Other operating revenues (expenses), net

In 2012, a net expense of R$ 17 million was recognized mostly related to the loss from fixed assets and fines with suppliers, while in 2011 this net income was R$ 20 million, due to the following: (i) non-recurring gain from investment alienation, in the amount of R$ 15 million; (ii) extraordinary gain from a court action related to PIS and Cofins of R$ 9 million; and (iii) loss of fixed asset in the amount of R$ 5 million. The impact mentioned above was due to the negative result of R$ 37 million, obtained when comparing both years.

Profit before the financial result and taxes (Service Income)

In 2012, service income was R$ 2,547 million, an increase of R$ 138 million or 5.7% in relation to R$ 2,409 million reported in 2011, resulting from the variations described above under "Gross income" and "Operating Revenues (Expenses)".

Financial result

- Financial income

In 2011, financial income had a reduction of R$ 45 million, from R$ 133 million in 2011 to R$ 88 million in 2012. The variation is due to the following reductions: (i) R$ 28 million from income of financial investments; (ii) R$ 7 million from interest on tax credits; (iii) R$ 2 million from interests on electricity bills; (iv) R$ 3 million basically from the recovery of values from financial investments of an institution settled by the Central Bank; and (v) R$ 5 million from other financial income.

- Financial expenses

Financial expenses increased from R$ 508 million in 2011 to R$ 535 million in 2012, that is, R$ 27 million, resulting from the following increases: (i) R$ 15 million in interests; (ii) R$ 3 million from exchange rate variation; and (iii) R$ 9 million in monetary variation.

Income Tax (IR) and Social Contribution on Net Income (CSLL)

IR and CSLL expenses increased from R$ 586 million in 2011 to R$ 600 million in 2012, i.e., an increase of R$ 14 million. This progress is a result of the increase in profit before taxes and credit from interests on own capital. The effective percentages of taxes on profit in 2011 and 2012 were 28.8% and 28.6%, respectively.

Net Income of the fiscal year

In 2012, net income reached R$ 1,500 million, an increase of 3.6%, or R$ 52 million, when compared to R$ 1,448 million reached in 2011. Not considering non-recurring effects – the provision of R$ 10 million in 2012 and the reversal of income and gains from the court action and investment alienation, totaling R$ 67 million in 2011 –, the income when comparing 2012 to 2011 had an increase of R$ 129 million, or 9.3%.

Such growth was particularly due to the following factors already mentioned in this report: (i) increase in the average net sale price and in the amount of energy sales; (ii) positive result following the startup of three new generation units of Estreito HPP; (iii) increase of expenses with the acquisition of energy for resale; (iv) increased contingency amounts; (v) reduction of financial income; and (vi) reduction in energy exports.

EBITDA and EBITDA Margin

In 2012, EBITDA reached R$ 3,108 million, 6.8% higher than the amount of R$ 2,910 million reached in 2011, while the EBITDA margin had a 3.9% reduction, from 67.2 in 2011 to 63.3% in 2012.

EBITDA increased 11.2%, not considering the annual non-recurring effects – total R$ 101 million in 2011 (R$ 77 million from reversal of income, R$ 9 million from gains of a court action and R$ 15 million from investment alienation); and R$ 16 million in 2012 from provisions. On the other hand the EBTIDA margin had a 64.9% reduction, from 64.9% in 2011 to 63.6% in 2012. Such reduction in the EBITDA margin was especially due to the following factors: (i) increase in energy acquisition for resale; and (ii) increase in the positive result of CCEE transactions, which partially compensated for the factor described in item (i).

Reconciliation between net income and EBITDA

Amounts in R$ million	**Dec. 31, 2012**	**Dec. 2011**
Net income for the fiscal year	1,500	1,448
(+) Income tax and social contribution	600	586
(+) Financial expenses, net	447	374
(+) Depreciation and amortization	561	502
EBITDA	**3,108**	**2,910**
EBITDA Margin (%)	**63.3%**	**67.2%**

The Company's EBITDA follows the directions established in CVM Instruction 527/2012, which rules the publication of this non-accounting indicator. EBITDA is not a measurement of financial performance, according to the "International Accounting Practices and Practices Adopted in Brazil", neither should it be considered in isolation or as an alternative to net income or as a measure of operating performance or as an alternative to operating cash flows, or as a measure of liquidity.

As the calculation of EBITDA does not consider financial expenses and income, income tax and social contribution and depreciation and amortization, EBITDA acts as an indicator of economic performance in general. Consequently, EBITDA acts as a significant tool to periodically compare the operating performance and be used to make administrative decisions. EBITDA allows to better understand the financial performance and the capability to fulfill liabilities and obtain funds for capital expenditures and working capital. However, EBITDA has limitations which restrict its use as a measure of profits since it does not take into consideration certain costs which could significantly affect profits, such as financial expenses, taxes, depreciation, capital expenditures and other related charges.

Comparative analysis between results of fiscal years ending on December 31, 2011 and 2010, elaborated according to IFRS and CPC:

	December 31				
Amounts in R$ million	**2011**	**% of revenue**	**2010**	**% of revenue**	**2011 *versus* 2010 (%)**
NET OPERATING REVENUE FROM SALES	**4,327**	**100**	**4.100**	**100**	**5.5**
Cost of energy sold and services provided					
Electricity purchased for resale	(472)	10.9	(674)	16.4	(30.0)
Transactions through CCEE	(22)	0.5	(6)	0.1	266.7
Charges for use of electricity and connection to grid	(287)	6.6	(269)	6.6	6.7
Cost of electricity production	(1,057)	24.5	(921)	22.5	14.8
Cost of services provided	(23)	0.5	(18)	0.4	27.8
	(1,861)	**43.0**	**(1,888)**	**46.0**	**(1.4)**
GROSS PROFIT	**2,466**	**57.0**	**2,212**	**54.0**	**11.5**
Operating revenues (expenses)					
Sales expenses	(17)	0.4	(14)	0.3	21.4
General and administrative expenses	(157)	3.6	(160)	3.9	(1.9)
Reversal of operating revenues	97	(2.3)	66	(1.6)	47.0
Gains from court actions	9	(0.2)	46	(1.1)	(80.4)
Other operating revenues (expenses), net	11	(0.2)	-	-	-
	(57)	**1.3**	**(62)**	**1.5**	**(8.1)**
PROFIT BEFORE FINANCIAL RESULT AND TAXES	**2,409**	**55.7**	**2,150**	**52.4**	**12.0**
Financial result					
Financial incomes	133	(3.0)	131	(3.2)	1.5
Financial costs	(508)	11.7	(560)	13.7	(9.3)
	(375)	**8.7**	**(429)**	**10.5**	**(12.6)**
INCOME BEFORE TAXES ON PROFIT	**2,034**	**47.0**	**1,721**	**42.0**	**18.2**
Income tax and social contribution	(586)	13.5	(509)	12.4	15.1
NET INCOME OF THE FISCAL YEAR	**1,448**	**33.5**	**1,212**	**29.6**	**19.5**
NET EARNINGS PER SHARE – BASIC AND DILUTED – IN REAL CURRENCY	**2.22**	**-**	**1.85**	**-**	
EBITDA	**2,910**	**67.2**	**2,612**	**63.7**	**11.4**

Net Operating Revenues

In 2011, net operating revenue was R$ 4,327 million, 5.5%, or R$ 227 million higher than the R$ 4,100 million reported in 2010. This increase was especially due to the following factors: (i) growth of R$ 331 million due to an increase in the average sale price as well as an increase of R$ 123 million in energy exports to Argentina and Uruguay; (ii) increase of R$ 87 million as a result of the startup of Estreito HPP, as explained in item 10.2.a. (i) – "Detailing of the operations conducted through the CCEE"; (iii) decline of R$ 172 million due to the reduction in transactions conducted through the Energy Trading Board (CCEE); and (iv) reduction of R$ 146 million due to reduced sales volume, which is linked with reduced energy purchase for resale.

- Net average sale price

The average energy sale price, excluding exports and net deductions from gross operating revenues, was R$ 122.68/MWh in 2011, an increase of 9.0% when compared to R$ 112.58/MWh in 2010. Price increases reflect the application of monetary restatement on existing contracts as well as the higher prices practiced for new sales agreements with free consumers and energy trade companies.

- Sales volume

In 2011, sales volume reached 33,984 GWh (3,879 MWa), 0.4% greater than the 33,838 GWh (3,863 MWa) sold in the preceding year. Ignoring energy exports, which jumped from 135 GWh (15 MWa) in 2010 to 824 GWh (94 MWa) in 2011, a year-on-year reduction of 1.6% was reported in sales volume. This decline reflects the association of the following factors: (i) reduction of 751 GWh (86 MWa) in the wholesale supply of energy to distributors, reflecting (i.i) the expiry of bilateral agreements signed prior to the auctions under the Regulated Contracting Environment (ACR); (i.ii) the beginning of wholesale supplies under the ACR of energy from São Salvador Hydroelectric Power Plant (São Salvador HPP); and (i.iii) higher energy demand in existing contracts; (ii) decrease of 1,470 GWh (168 MWa) in sales to trade companies; and (iii) increase of 1,678 GWh (192 MWa) in volumes sold to free consumers.

Costs of electric energy sales and services provided

In 2011, the costs of energy sales and services amounted to R$ 1,861 million, 1.4% or R$ 27 million less than the R$ 1,888 million registered in 2010. This variation is particularly due to the following factors:

-Electric energy purchased for resale: decline of R$ 202 million, equivalent to 1,883 GWh (215 MWa) in 2011, when compared with 2010 due to the expiry of power purchasing agreements and lower number of new agreements. Average prices remained practically stable when comparing both years. The reduction in purchase amount was partially offset with the startup of Estreito HPP units, which resulted in additional annual energy for sale of 676 GWh (115 MWa).

-Transactions channeled through the CCEE: Between fiscal years 2010 and 2011, costs from these transactions increased by R$ 16 million. Further details are in item 10.2.a. (i) – "Details of the operations conducted through the CCEE" of this document.

- Charges for use of and connection to the electricity grid: increase of R$ 18 million in 2011 when compared to 2010, a result of the increase in the Transmission System Use Tariff (TUST), due to the transmission companies' new price and the initial collection of TUST following the startup of Estreito HPP units.

- Cost of electric energy production and services provided: increase of R$ 141 million in 2011 when compared to 2010, essentially due to the following factors:

- **Fuels for the production of electric energy:** when comparing 2011 and 2010, these costs increased R$ 48 million, especially due to the following factors: (i) increase of R$ 78 million in the cost of coal used in the generation of energy for export; (ii) a decline of R$ 29 million in natural gas costs for the same reason as mentioned above; and (iii) a decline of R$ 2 million in the consumption of biomass.
- **Financial compensation for use of water resources:** growth of R$ 26 million between 2011 and 2010, the result of the increase in hydroelectric generation, higher annual tariffs and the application of such tariff to generated energy following startup of Estreito HPP units.

- **Personnel:** increase of R$ 12 million when comparing 2011 and 2010, mostly due to the annual salary increase to employees and, to a lesser extent, increase in the number of employees, in line with the increase in the Company's business.
- **Material and outsourced services:** when comparing 2011 and 2010, increase of R$ 13 million mainly due to higher demand for maintenance and conservation services at the generator units and, to a lesser extent, environmental and engineering consultancy services at the generation units.
- **Depreciation and amortization:** an increase of R$ 40 million when compared to 2010, especially due to the startup of Estreito HPP units and the conclusion of the modernization work at specific plants.

Gross income

In 2011, the Company's gross income was R$ 2,466 million, an increase of 11.5 % when compared to 2010, reflecting the changes explained under "Net operating revenues" and "Cost of electric energy sales and services provided".

Operating Income (Expenses)

- General and administrative expenses

In 2011, general and administrative expenses were R$ 157 million, a decrease of R$ 3 million, or 1.8% in relation to the R$ 160 million reported in 2010. This variation is particularly due to a reversion in provisions of R$ 7 million for consultancy services that will not be collected by the service provider, as well as increase of R$ 5 million in personnel and material expenses.

- Reversal of operating provisions, net

In 2011, the increase in the reversal of provisions, net of fresh allowances, was R$ 31 million, a result of combined factors, as follows: (i) reversal of R$ 18 million due to a court decision ruled in favor of the Company, in a lawsuit related to the alleged failure to collect social security charges on certain amounts in remuneration to employees, and correction of values related to provisions for tax, administrative and social security risks; (ii) reversal of R$ 17 million from the judicial agreement signed with some of the plaintiffs in an action in which they claimed increase of the social security ceiling to correct retirement payments made by the private pension fund sponsored by the Company; (iii) reversal of R$ 12 million of an actuarial provision for the payment of retirement benefits; (iv) complementary provision of R$ 6 million for an action relative to the settlement of transactions pending since the period when electricity was subject to rationing; (v) creation of a provision for doubtful debts of R$ 6 million on receivables from a trader excluded from the CCEE due to delinquency.

- Court actions found in favor of the company

In 2010, the Company recognized a non-recurring revenue of R$ 46 million due to a court action - ruled in its favor - claiming the right to change the method to calculate PIS and Cofins from the cumulative methodology on revenue arising from contracts signed prior to the change in the legislation, to the non-cumulative methodology. In 2011, the Company recognized the complement of the gain mentioned for the amount of R$ 9 million

Service income

In 2011, service income was R$ 2,409 million, 12.0% higher than the R$ 2,150 million reported in 2010, resulting from the variations described above in sub-items "Gross income" and "Operating Income (Expenses)".

Financial Result

- Financial income

In 2011, financial income increased from R$ 131 million to R$ 133 million, increase of R$ 2 million. The variation is due to the following: (i) recognition of interest of R$ 12 million, relative to the restatement of a PIS and Cofins credit from a court decision in favor of the Company; (ii) a decline of R$ 3 million in income from financial investments; (iii) reduction of R$ 3 million in the monetary restatement on deposits held in court escrow accounts; and (iv) reduction of R$ 3 million in charges on accounts receivable.

- Financial Expenses

Financial expenses declined from R$ 560 million in 2010 to R$ 508 million in 2011, a reduction of R$ 52 million. This decline is due to the following: (i) reduction of R$ 40 million in interest on debts due to amortization and prepayment of debts partially replaced with loans at lower interest rates than previously contracted rates; (ii) reduction of R$ 29 million in monetary variation on debts, a consequence of the repayment of debentures indexed to inflation rates as well as reduction in inflation rates; (iii) reduction of R$ 6 million in charges on the Company's actuarial liabilities; (iv) increase of R$ 33 million in expenses with foreign exchange variation on debts in foreign currency; and (v) growth of R$ 13 million in interest on concessions payable. In addition to these effects, in 2010, the Company recognized a non-recurring loss of R$ 20 million due to a court action against the tax amnesty claimed by the Company for interests and fines on Social Contribution on Net Income pending payments, repayable in installments, whose amount had not be provisioned, as the Company had received favorable decisions in previous instances.

Income Tax (IR) and Social Contribution on Net Income (CSLL)

IR and CSLL expenses increased from R$ 509 million in 2010 to R$ 586 million in 2011, a growth of R$ 77.0 million. Such increase was mainly due to an increase in earnings before taxes, minus the credit for interest on shareholders equity, regarding the last quarters of each year.

Net Income

As a result of the effects mentioned in this document, in 2011, net income reached R$ 1,448 million, an increase of R$ 236 million, or 19.5%, over net earnings of R$ 1,212 million achieved in 2010. Increased profits were especially due to the following main factors: (i) increase in the average net sale price; (ii) increase in energy exports during the year; (iii) positive results following the startup of Estreito HPP; (iv) reduction in energy purchase for resale; (v) reduction in the positive result of transactions negotiated through the CCEE; (vi) non-recurring gain from a court action, (vii) increase in reversions of operating provisions; (viii) decrease in net financial expenses; and (ix) lower IR and CSLL on profits due to increased credit value of interests on shareholders' equity

EBITDA and EBITDA Margin

Reflecting the impacts mentioned above, EBITDA in 2011 reached R$ 2,910 million, an increase of 11.4% in relation to the value reported in 2010 of R$ 2,612 million. EBITDA margins in 2011 and 2010 were 67.2% and 63.7%, respectively.

Reconciliation between net income and EBITDA

Amounts in R$ million	**Dec. 31, 2011**	**Dec. 31, 2010**
Net income for the fiscal year	1,448	1,212
(+) Income tax and social contribution	586	509
(+) Financial expenses, net	374	429
(+) Depreciation and amortization	502	462
EBITDA	**2,910**	**2,612**
EBITDA Margin (%)	**67.2%**	**63,7%**

The Company's EBITDA follows the directions established in CVM Instruction 527/2012, which rules the publication of this non-accounting indicator (see additional notes after the table of reconciliation between net income and EBITDA in the analysis of results comparing 2012 and 2011).

h.2) Comparative analysis between the balance sheets of December 31, 2012, December 31, 2011 and December 31, 2010), according to IFRS and CPC (the Brazilian Accounting Pronouncements Committee):

In 2012, the Company started to present the net accounts related to the taxes payable and deferred taxes, of the corresponding active accounts, when those taxes are related to the same tax entities and when the Company's Management show its intention to liquidate it using the net value.

To keep the comparability between balances, those balances presented before under "Recoverable taxes and social contributions" and "Income tax and social contribution asset", on Dec. 31, 2011, in the amounts of R$ 85 million and R$ 241 million, respectively (R$ 63 million and R$ 288 million on Dec. 31, 2010, respectively), for the controlling company, and R$ 86 million and R$ 241 million (R$ 65 million and R$ 299 million on Dec. 31, 2010), in the consolidated values, were reclassified and placed under "Taxes and social contributions payable" and "Income tax and social contribution liability", respectively.

	ASSETS							
Amounts in R$ million	Dec. 31, 2012	%	Dec. 31, 2011	%	Dec. 31, 2010	%	Dec. 31, 2012 *versus* Dec. 31, 2011 (%)	Dec. 31, 2011 *versus* Dec. 31, 2010 (%)
CURRENT ASSETS								
Cash and cash equivalent	1,180	9.6	782	6.5	1,083	8.7	50.9	(27.8)
Accounts receivable from clients	623	5.1	542	4.5	531	4.3	14.9	2.1
Inventory	45	0.4	43	0.4	46	0.4	4.7	(6.5)
Recoverable taxes and social contributions	65	0.5	64	0.5	27	0.2	1.6	137.0
Assets available for sale	-	-	-	-	23	0.2		-
Pledges and escrow deposits	1	-	39	0.3	82	0.7	(97.4)	(52.4)
Other current assets	71	0.6	56	0.5	50	0.3	26.8	12.0
	1,985	**16.2**	**1,526**	**12.7**	**1,842**	**14.8**	**30.1**	**(17.2)**
NON-CURRENT ASSETS		-		-				
Long-Term Assets								
Recoverable taxes and social contributions	128	1.0	162	1.3	220	1.8	(21.0)	(26.4)
Amount receivable from asset s	87	0.7	87	0.7	87	0.7	-	-
Deferred income tax and social contribution	17	0.1	24	0.2	29	0.2	(29.2)	(17.2)
Pledges and escrow deposits	103	0.8	91	0.8	51	0.4	13.2	78.4
Court escrow deposits	111	0.9	106	0.9	134	1.1	4.7	(20.9)
Other non-current assets	41	0.2	51	0.4	52	0.4	(19.6)	(1.9)
	487	**3.7**	**521**	**4.3**	**573**	**4.6**	**(6.5)**	**(9.1)**
Fixed assets	**9,683**	**79.2**	**9,885**	**82.2**	**9,976**	**79.8**	**(2.0)**	**(0.9)**
Intangible assets	**109**	**0.9**	**96**	**0.8**	**95**	**0.8**	**13.5**	**1.1**
	10,279	**83.8**	**10,502**	**87.3**	**10,644**	**85.2**	**(2.1)**	**2.5**
TOTAL	**12,264**	**100.0**	**12,028**	**100.0**	**12,486**	**100.0**	**2.0**	**(3.7)**

	LIABILITIES AND SHAREHOLDERS' EQUITY							
Amounts in R$ million	Dec. 31, 2012	%	Dec. 31, 2011	%	Dec. 31, 2010	%	Dec. 31, 2012 *versus* Dec. 31, 2011 (%)	Dec. 31, 2011 *versus* Dec. 31, 2010 (%)
CURRENT LIABILITIES								
Suppliers	219	1.8	234	1.9	269	2.2	(6.4)	(13.0)
Dividends and interest on shareholders' equity	248	2.0	221	1.8	190	1.5	12.2	16.3
Loans, financing and debentures	527	4.3	417	3.5	1,094	8.8	26.4	(61.9)
Concessions payable	49	0.4	46	0.4	42	0.3	6.5	9.5
Taxes and social contributions payable	416	3.4	352	2.9	393	3.1	18.2	(10.4)
Labor obligations	62	0.5	54	0.4	55	0.4	14.8	(1.8)
Provision for tax, civil and labor risks	29	0.2	9	0.1	11	0.1	222.2	(18.2)
Retirement benefit obligations	32	0.3	36	0.3	26	0.2	(11.1)	38.5
Other current liabilities	108	0.9	103	0.9	115	1.0	4.9	(10.4)
	1,690	**13.8**	**1.472**	**12.2**	**2,195**	**17.6**	**14.8**	**(32.9)**
NON-CURRENT LIABILITIES								
Loans, financing and debentures	3,007	24.5	3,232	26.9	3,349	26.8	(7.0)	(3.5)
Concessions payable	1,380	11.3	1,220	10.1	1,093	8.8	13.1	11.6
Provision for tax, civil and labor risks	146	1.2	133	1.1	143	1.1	9.8	(7.0)
Retirement benefit obligations	275	2.2	301	2.5	409	3.3	(8.6)	(26.4)
Deferred income tax and social contribution	179	1.5	167	1.5	147	1.2	7.2	13.6
Other non-current liabilities	124	1.0	53	0.4	77	0.6	134.0	(31.2)
	5,111	**41,7**	**5,106**	**42.5**	**5,218**	**41.8**	**0.1**	**(2.1)**
SHAREHOLDERS' EQUITY								
Capital stock	2,446	19.9	2,446	20.3	2,446	19.6	-	-
Capital reserves	92	0.8	92	0.8	92	0.7	-	-
Adjustments in asset evaluation	582	4.7	648	5.4	708	5.7	(10.2)	(8.5)
Profit reserves	2,340	19.1	2,262	18.8	1,827	14.6	3.4	23.8
	5,460		**5,448**		**5,073**			
Minority shareholders	3	-	2	-	-	-	-	-
	5,463	**44.5**	**5,450**	**45.3**	**5,073**	**40.6**	**0.2**	**15.3**
TOTAL	**12,264**	**100.0**	**12,028**	**100.0**	**12,486**	**100.0**	**2.0**	**(3.7)**

Comments on significant variations between the balance sheets of December 31, 2012 and December 31, 2011

Current Assets

Cash and cash equivalent

The increase of R$ 398 million was particularly due to the following factors: (i) resources of R$ 2,359 million from the operating activities; (ii) financing of R$ 244 million for the construction of wind power units of the Trairi Wind Power Complex and construction of Estreito HPP; (iii) allocation of R$ 335 million to fixed assets e intangible assets; (iv) amortization of R$ 395 million from loans, financing and debentures; (v) payments of concessions payable in the amount of R$ 49 million; and (vi) payment of dividends and interest on shareholders' capital of R$ 1,421 million.

Accounts receivable from clients

The increase of R$ 81 million is basically due to the increase in the average energy sale price and the amounts payable from the energy sold by Estreito HPP, whose startup was in January 2012.

Pledges and escrow deposits

The reduction of R$ 38 million reflects a decline in guarantee deposits in transactions made through the CCEE, due to the Company's reduced exposure in the operations made in this market.

Other current assets

The increase of R$ 15 million is due to a greater amount in advance to suppliers and amounts receivable from asset alienation and services provided to third parties.

Non-Current Assets

Pledges and escrow deposits

Recoverable taxes and social contributions

The reduction of R$ 34 million is mostly due to the following: (i) creation of PIS and Cofins credits on the acquisition of machines and equipment and, to a lesser extent, on expenditures with plant constructions, and (ii) the transfer of a portion of these credits to current assets eligible for offset in the following year.

Deferred income tax and social contribution - assets

The reduction of R$ 7 million was mainly due to offset of profits with tax loss and negative result of social contributions.

Pledges and escrow deposits

The increase of R$ 12 million was mainly to complement the guarantee deposit for Estreito HPP financing.

Court escrow deposits

The increase of R$ 5 million is especially due to the correction of deposited amounts, new deposits and redemptions made in 2012.

Fixed assets

The reduction of R$ 202 million is particularly due to the following: (i) acquisition of assets in the amount of R$ 354 million, R$ 113 million of this amount for the wind power units of Trairi Complex, R$ 177 million for Estreito HPP and R$ 64 million allocated to work made to keep the reliability and safety of the generation system of the Company's plants; (ii) depreciation of R$ 546 million; and (iii) R$ 10 million write-off.

acquisition of assets amounting to R$ 398 million, of which R$ 252 million corresponds to values invested in the construction of Estreito HPP, R$ 100 million in work for maintaining the reliability and safety of the generation system of the Company's plants and R$ 46 million in the Trairí Wind Farm project; (ii) depreciation of R$ 488 million; and (iii) the writing off of R$ 6 million

Intangible assets

The increase of R$ 13 million was particularly due to the Company's recognition of Estreito HPP operation license rights, corresponding to the expenses required to have and keep the operation licenses of this power plant.

Current Liabilities

Suppliers

The reduction of R$ 15 million is particularly due to the following: (i) reclassification of a portion of obligations with charges of electricity use and electricity purchased for non-current liabilities; and (ii) increase in the balance of suppliers of fixed assets and CCEE transactions.

Dividends and interest on shareholders' equity

The increase of R$ 27 million is due to higher credit for interest on shareholders' equity in December 2012 in relation to December 2011.

Loans, financing and debentures

The increase of R$ 110 million was due to the following factors: (i) transfer of R$ 528 million from non-current liabilities, especially to payments related to the loan from the Bank of America Merrill Lynch and 2nd issue debentures, whose due dates are in 2013; (ii) financial charges of R$ 249 million; and (iii) payments of principal and interest of R$ 667 million.

Concessions payable

The increase of R$ 3 million is mainly due to the transfer from non-current liabilities in the amount of R$ 52 million and payments totaling R$ 49 million in 2012.

Taxes and social contributions payable

The increase of R$ 64 million is mostly due to increase in income tax and social contribution in 2012 when compared to 2011.

Labor obligations

The increase of R$ 8 million was basically due to increase in the provisions for the Voluntary Dismissal Program (PDV) to fulfill new adhesion to the program.

Provision for tax, civil and labor risks

The increase of R$ 20 million is mainly related to transfer from non-current liabilities due to expenses to liquidate provisions for 2013.

Non-Current Liabilities

Loans, financing and debentures

The reduction of R$ 225 million is due to the following factors: (i) transfer to current liabilities of R$ 528 million of debts whose due dates are in 2013; (ii) BNDES funds in the amount of R$ 244 million received for the construction of wind power units of Trairi Comple and Estreito HPP; and (iii) financial charges of R$ 59 million.

Concessions payable

The increase of R$ 160 million is due to the following: (i) interest and monetary variation of R$ 209 million; (ii) transfer of R$ 52 million to current liabilities; and (iii) correction in the values of Estreito HPP concession of R$ 3 million.

Provision for tax, civil and labor risks

The increase of R$ 13 million is mainly related to the following: (i) creation of new provisions in the amount of R$ 30 million; (ii) correction of existing provisions, in the amount of R$ 16 million; and (iii) transfer of R$ 33 million to current liabilities especially for provisions for liquidation in 2013;

Retirement benefit obligations

The reduction of R$ 26 million is especially due to the following: (i) interest on actuarial liability, net earnings of assets under the Plans, in the amount of R$ 10 million; (ii) sponsor's contribution of R$ 32 million; and (iv) recognition of liability reversal due to the actuarial gain of R$ 8 million.

Deferred income tax and social contributions - liabilities

The increase of R$ 12 million is basically due to the following: (i) creation of deferred taxes on earnings with the swap operation related to funds from the Bank of America Merrill Lynch and on accelerated depreciation from certain expenses with construction and acquisition of assets; and (ii) reversal resulting from the depreciation in the correction of values of fixed assets recognized when adopting the technical statements of IFRS and CPC.

Others

The increase of R$ 71 million is basically due to the transfer of obligations related to charges of electricity use and purchase, with expected long-term liquidation.

Shareholders' Equity

The increase of R$ 13 million was due to the following: (i) net profit of R$ 1,500 million in 2012; (ii) payment of dividends related to 2011 in the amount of R$ 517 million; and (iii) interim dividends and interest on equity capital of R$ 970 million in 2012.

Comments on significant variations between the balance sheets of December 31, 2011 and December 31, 2010

Current Assets

Cash and cash equivalent

The reduction is essentially due to the following factors: (i) resources of R$ 2,054 million from operating activities; (ii) allocation of R$ 347 million to fixed assets; (iii) amortization of R$ 1,418 million of loans, financing and debentures; (iv) funds of R$ 503 million in loans and financing used mainly in early payment of the Company's 4th debenture issue and the construction of Estreito HPP; and (v) payment of dividends and interest on equity capital of R$ 1,002 million.

Accounts receivable from clients

The increase of R$ 11 million is basically due to the higher average energy sale price when comparing 2011 to 2010.

Recoverable taxes and social contributions

The increase of R$ 37 million is mostly due to the transfer of values from non-current assets due to a reduction in the legal deadline to offset PIS and Cofins.

Assets available for sale

In 2011, the sale process of Seival Thermoelectric Power Plant stocks was concluded, and due amounts were received.

Pledges and escrow deposits

The reduction of R$ 43 million reflects a decline in guarantee deposits in transactions made through the CCEE, due to the Company's reduced exposure in the operations made in this market.

Non-Current Assets

Pledges and escrow deposits

Recoverable taxes and social contributions

The reduction of R$ 58 million is mostly due to the following: the transfer of a portion of these credits to current assets and the creation of PIS and Cofins credits on the acquisition of machines and equipment and on expenditures with plant constructions.

Deferred income taxes and social contribution - assets

The reduction of R$ 5 million is basically due to higher amount of accelerated depreciation of a certain controlled company in the period; thus, reducing the amount stated as net deferred tax assets.

Pledges and escrow deposits

The increase of R$ 40 million is mostly due to the creation of a financial reserve to guarantee the payment of charges related to the funds obtained for the construction of Estreito HPP.

Court escrow deposits

The reduction of R$ 28 million is particularly due to the redemption relative to an attached financial investment contracted to reduce the costs of a bank surety regarding a court action challenging the value of the Transmission System Use Tariff (TUST) charged to the Ponte de Pedra HPP.

Fixed assets

The reduction of R$ 91 million is mostly due to the following operations: (i) acquisition of assets in the amount of R$ 398 million, R$ 252 million of which corresponding to values invested in the construction of Estreito HPP, R$ 100 million in work to maintain the reliability and safety of the generation system of the Company's plants, and R$ 46 million in the Trairí Wind Power project; (ii) depreciation of R$ 488 million; and (iii) R$ 6 million write-off.

Current Liabilities

Suppliers

The reduction of R$ 35 million is mainly due to a decline in the balance of suppliers of fixed assets in the amount of R$ 19 million, a reflection of progress in the construction work at Estreito HPP and a decline in the balance of suppliers of electric energy purchased for resale, in the amount of R$ 16 million.

Dividends and interest on shareholders' equity

The increase of R$ 31 million is due to a higher interest credit on shareholders' equity in December 2011 in relation to December 2010.

Loans, financing and debentures

The reduction of R$ 677 million occurred due to the following factors: (i) transfer of non-current liabilities of R$ 756 million; (iii) appropriation of interest and monetary and exchange variations in the amount of R$ 253 million; and (iii) payments of principal and interest in the total amount of R$ 1,686 million.

Concessions payable

The increase of R$ 4 million is particularly due to the transfer of non-current liabilities in the amount of R$ 48 million, as well as payments made during the fiscal year in the amount of R$ 44 million.

Taxes and social contributions payable

The reduction of R$ 41 million is basically due to the combination of a greater anticipation of income tax (IR) and social contribution (CSLL) in 2011 versus 2010, and higher IR and CSLL payable on 2011 profit in relation to 2010.

Retirement benefit obligations

The increase of R$ 10 million is due to the increase in the estimated value of actuarial liability liquidation in 2012.

Others

The reduction of R$ 12 million was basically due to a combination of the following: reduced balance of client advances and increased balance of financial offsets payable as a result of the use of water resources.

Non-Current Liabilities

Loans, financing and debentures

The reduction of R$ 117 million reflects the combination of the following factors: (i) a loan contracted with the Bank of America Merrill Lynch in the amount of R$ 439 million; (ii) R$ 64 million from BNDES mostly to fund the construction of the Estreito HPP; (iii) appropriation of interest and monetary variations in the amount of R$ 120 million; (iv) foreign exchange rate loss of R$ 16 million; (v) transfer of R$ 756 million to current liabilities of a portion of debt to become due 2012.

Concessions payable

The increase of R$ 127 million is due to the appropriation of interest and monetary variation in the amount of R$ 175 million and the transfer of R$ 48 million to current liabilities.

Provision for tax, civil and labor risks

The reduction of R$ 10 million is essentially due to: (i) creation of new provisions in the amount of R$ 27 million; (ii) correction of existing provisions, in the amount of R$ 16 million; (iii) reclassification of balance to fixed assets in the amount of R$ 8 million; and (iv) transfer of R$ 45 million to current liabilities especially for provisions for liquidation in 2012 and provisions paid in 2011.

Retirement benefit obligations

The reduction of R$ 108 million is especially due to the following: (i) interest on actuarial liability, net earnings of assets under the Plans, in the amount of R$ 19 million; (ii) sponsor's contribution of R$ 35 million; and (iv) recognition of liability reduction due to the actuarial gain of R$ 82 million.

Deferred income tax and social contributions - liabilities

The increase of R$ 20 million is basically due to the reduction resulting from the depreciation in the correction of values of fixed assets recognized when adopting the technical statements of IFRS and CPC, and the effects from the lower provisions for retirement benefit obligations.

Shareholders' Equity

The increase of R$ 377 million was mainly due to the following: (i) net profit of R$ 1,448 million in 2011; (ii) allocation of R$ 912 million to payments of interim dividends and interest on equity capital; and (iii) payment of dividends related to 2010 in the amount of R$ 158 million.

10.2 Comments of the executive directors on:

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

(i) description of any important components of revenue

The Company's net operating revenue is constituted as follows:

	December 31							
Amounts in R$ million	Dec. 31, 2012	%	Dec. 31, 2011 (Reclassified)	%	Dec. 31, 2010	%	Dec. 31, 2012 *versus* Dec. 31, 2011 (%)	Dec. 31, 2011 *versus* Dec. 31, 2010 (%)
NET OPERATING REVENUE								
Wholesale supply of electricity	3,183	64.7	2,859	66.1	2,980	72.7	11.3	(4.1)
Retail supply of electricity	1,399	28.5	1,209	27.9	817	19.9	15.7	48.0
Transactions through CCEE	298	6.1	88	2.0	260	6.3	238.6	(66.2)
Electricity exportation	8	0.2	153	3.5	30	0.7	(94.8)	410.0
Other revenues	25	0.5	18	0.5	13	0.4	38.9	38.5
	4,913	**100.0**	**4,327**	**100.0**	**4,100**	**100.0**	**13.5**	**5.5**

The Company, in 2011 and 2012, as requested by certain free consumers, transferred some contracts previously established with them to trade companies belonging to the same economic group of the Company. In addition, the Company established new contracts with trade companies that also transfer the energy acquired exclusively to industrial units of the same group. These actions have been encouraged by the initiative of clients to improve the management of energy acquisitions and allocation within its industrial units.

However, when seeking a more realistic analysis on the sales progress to free consumers, the Company, in 2012, started to state the sales to trade companies that transfer the energy to their production units as sales to free consumers, and not to trade companies anymore. The amount reclassified under Wholesale supply of electricity and Retail supply of electricity was R$ 82 million in 2011.

Comparative analysis of the significant variations in the components of net operating revenues between the fiscal years ending December 31, 2012 and December 31, 2011

Wholesale supply of electricity

In 2012, the revenue from the wholesale supply of electricity reached R$ 3,183 million, an increase of R$ 324 million, or 11.3%, in relation to the revenue of R$ 2,859 million achieved in 2011. This increase is due to the following variations: (i) R$ 168 million – 6.5% increase in the average net sale prices to distribution companies; (ii) R$ 57 million – 17.0% increase in the price of energy sold to trade companies; (iii) R$ 231 million – increase of 1,653 GWh (188 MWa), or 9.1%, in sales volume to distribution companies; and (iv) R$ 132 million – reduction of 1,264 GWh (144 MWa) in sales volume to trade companies.

The increase in sales to distribution companies is particularly due to the Estreito HPP supply under the regulated contracting environment to distribution companies, starting on January 1st, 2012. Also in 2012, a reduction was observed in the amount traded with bilateral agreements signed before energy auctions under the regulated environment.

In 2011, the energy generated by Estreito HPP was mostly sold to free consumers.

Retail supply of electricity

In 2012, the revenue from retail supply of electricity reached R$ 1,399 million, 15.6% more than the revenue of R$ 1,209 million reported in 2011. Such increase is related to the following: (i) R$ 114 million – increase of 984 GWh (112 MWa) in the amount of energy sales; and (ii) R$ 76 million – increase of 6% in the average net sale price.

Transactions conducted through CCEE

In 2012, the revenue from transactions conducted through CCEE had an increase of R$ 210 million, from R$ 88 million reported in 2011 to R$ 298 million reported in 2012. See below more details about these operations and variations.

The various monthly credit or debit entries to the account of a CCEE member are summarized in a single bill receivable or payable. Therefore, it should be stated either as income or expense. In this context, it should be noted that, due to adjustments in the Company's portfolio management strategy, there has been a change in the profile of bills in the past few years. Such change makes it difficult to establish a direct comparison of the elements comprising each bill of the two years under review – and that explains the inclusion of this topic in this document.

Thus, it allows to analyze the oscillations of the main elements, regarding their allocation either as income or expense, according to the credit or debit nature of the bill to which they are related.

Generally 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) the dispatch triggered by the Risk Aversion Curve (RAC); (iv) the application of System Service Charges (ESS), resulting from the dispatch, which diverges from the thermal plants' order of merit; and (v), naturally, the exposure (energy sold or acquired in monthly accounts) which, in turn, will be settled at the spot price (PLD).

In 2012, the Company reported a positive net operating result through CCEE (revenue minus expenses) of R$ 245 million, an increase of R$ 179 million in relation to the result – also positive - of R$ 66 million reported in 2011.

This increase is especially due to the following: (i) intensification of the sales position with CCEE; (ii) increase in revenue from secondary energy, almost fully compensated by the costs from reduced hydroelectric power generation in the last months of 2012, as mentioned before; (iii) increase in the negative result due to thermoelectric exposure, although such exposure was smaller in 2012 than in 2011; and (iv) reduction in the positive result with MRE.

It should be noted that the considerable increases of average PLD of South and Southeast/Midwest sub-markets, from R$ 29.55/MWh in 2011 to R$ 166.77/MWh in 2012, significantly contributed to positive impact on the results after the intensification of the sales position with CCEE and increase in revenue from secondary energy, as well as to negative impact resulting from increases in the thermoelectric exposure and costs resulting from reduced hydroelectric power generation.

Electricity exportation

In 2012, the net revenue from electricity exportation was R$ 8 million, a reduction of R$ 145 million in relation to the amount of R$ 153 million reported in 2011. This reduction was due to lower demand, especially of Argentina, and the fact that the Company's thermoelectric units operate following an order of merit to fulfill the energy needs of the country. It should be noted that the export volume from each plant within the Brazilian Electrical System is established by the National Electrical System Operator (ONS), based on the plant availability and lowest price reported by each plant.

Comparative analysis of the significant variations in the components of net operating revenues between the fiscal years ending December 31, 2011 and December 31, 2010

Wholesale supply of electricity

The revenue from the wholesale market for energy – resulting from sales to distribution and trade companies - reached R$ 2,859 million in 2011, 4.1% below the R$ 2,980 million reported in 2010. This decline reflects the following main factors: (i) a reduction of 751 GWh (86 MWa) in sales to distribution companies, equivalent to R$ 99 million, due to the expiry of contracts signed prior to ACR auctions, the start of São Salvador HPP energy supply under the ACR and the increase in energy sales; (ii) reduction of 2,148 GWh (168 MWa) in the amount sold to trade companies, corresponding to R$ 197 million, mostly due to non-renewal of expired contracts; and (iii) increase of R$ 137 million and R$ 38 million, due to increases of 5.7% and 8.4% in the average net sale prices to distribution and trade companies, respectively, a result of price correction according to inflation indexes and sales at average prices higher than those previously used.

Retail supply of electricity

The revenue from the retail supply of electricity – that revenue from sales to free consumers - increased 48%, from R$ 817 million in 2010 to R$ 1,209 million in 2011. This increase is due to the following: (i) increase of R$ 147 million due to a 15.8% increase in the average net sale price; and (ii) additional sales of 2,357 GWh (269 MWa), or R$ 245 million, the result of new sales contracts and increased consumption of industrial clients, thus absorbing a portion of the energy freed up from expiring contracts with distribution and trade companies, as discussed under "Wholesale supply of electricity".

Transactions conducted through CCEE

In 2011, net operating income from transactions conducted through the CCEE was R$ 88 million, a reduction of R$ 172 million in relation to the R$ 260 million reported in 2010. See below more details about these operations and variations.

The various monthly credit or debit entries to the account of a CCEE member are summarized in a single bill receivable or payable. Therefore, it should be stated either as income or expense.

In 2011, the Company reported a positive net operating result of R$ 66 million (revenue of R$ 88 million and expense of R$ 22 million) versus R$ 254 million (revenue of R$ 260 million and expense of R$ 6 million) reported in 2010; thus, a reduction of R$ 188 million between the years under review.

The reduction in the net positive result between the two fiscal years is mostly due to the following factors: (i) intensification of the sales position with CCEE especially due to the increase in thermoelectric exposure, the result of a lower demand from the grid for this source of energy, partially offset; (ii) greater volume of secondary energy – hydroelectric power generation above the average assured energy for the system; and (iii) increase in the revenue from MRE due to larger volumes of hydroelectric power generation.

The impacts mentioned in (i) and (ii) were attenuated by the reduction in the average spot prices of South and Southeast/Midwest sub-markets. The latter recorded averages of R$ 69.99/MWh in 2010 and R$ 29.55/MWh in 2011.

Electricity exportation

Exports of energy to Argentina and Uruguay in 2011 reached R$ 153 million, an increase of R$ 123 million in relation to 2010 when total company exports were R$ 30 million.

(ii) factors that materially affected the operating results

The factors that materially affected the Company's operating results in 2012, 2011 and 2010 are presented below. Further information on these factors are detailed in 10.1. h and 10.2. a (i) above.

Fiscal Year 2012 - (i) increase in the average net sale price and energy sales; (ii) increase resulting from the startup of three new units of Estreito HPP; (iii) reduction in the amount of enery export volume reported in 2012; (iv) increase of costs incurred with energy purchased for resale; (v) increase of positive result in transactions conducted through CCEE; (vi) increase of operating provisions; and (vii) increase of net financial expenses due to lower income from financial investments and higher interest and monetary and exchange variations on debts.

Fiscal Year 2011 - (i) increase in the average net price for domestic sale and export of energy; (ii) positive result after the startup of Estreito HPP; (iii) reduction in energy purchase for resale; (iv) reduction in the positive result from transactions conducted through CCEE; (v) increase in the reversal of operating provisions; and (vi) decrease in interest and monetary restatement on loans and financing due to debt amortization; (vii) increase of costs with the exchange variation on debts due to depreciation of real currency in relation to currencies used in currency-denominated loans.

Fiscal Year 2010 - (i) increase in the amount and average net price of energy sold; (ii) increase of the positive result from transactions conducted through CCEE; (iii) results obtained with the startup of new plants; (iv) increase in energy purchase for resale; (v) negative impact on the financial result due to increase in inflation indexes and lower gain with foreign exchange variation; and (vi) increase in the actuarial gain related to the amortization of the surplus to the limit of 10% of total liability of the Retirement Plans ("corridor methodology"), in accordance with the system provided in accounting standards.

b. Variations in revenue attributable to price changes, 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 mostly the National Amplified Consumer Price Index (IPCA) and the General Market Price Index (IGP-M) indices. The Company's revenue is not exposed to exchange rate risk, and it was not affected by the introduction of new products and services.
Variations in the Company's revenue due to price changes, inflation, and changes in volume are explained in item 10.2.a (i).

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

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

Electrical energy purchased for resale – Medium- and long-term agreements have price readjustment clauses, most commonly using the IGP-M and IPCA indexes. Short-term agreements have prices defined through bilateral negotiations, many of them are using spot price (PLD) of CCEE. The average impact related to price correction using inflation indexes in 2012 was around R$ 29 million and around R$ 10 million in 2011 and 2010.

Fuel for the production of electrical energy - The price of natural gas consumed in William Arjona Thermoelectric Power Plant is defined in US dollars, equivalent in reais (Brazilian currency), and corrected annually using the Producer Price Index (PPI) variation, an indicator of the United States Department of Labor applied to commodities for industrial use. Coal prices that are not reimbursable by the Energy Development Account (CDE) are negotiated when contracted or when the agreement is renewed, and their indexes are parametric formulas whose main components are the National Consumer Price Index (INPC) and specific sectorial indexes, most of which are published by the Fundação Getúlio Vargas (FGV). The correction indexes did not result in relevant impact on the Company's costs, which was considerably affected by the variation of amounts consumed in 2012, 2011 and 2010.

Charges for the use of the electrical network and connection - These are calculated by multiplying the system use, 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 correction indexes used in transmission and connection agreements in force – mostly IGPM or IPCA. The effect of variation of these inflation indicators on the Company's costs was around R$ 14 million, R$ 11 million and R$ 6 million in 2012, 2011 and 2010, respectively.

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 company's energy acquisition cost, corrected every four years. The TAR in force in 2012 had a 6.64% increase in relation to the rate used in 2011, which generated an impact on the Company's cost of around R$ 8 million. In 2011 and 2010, the effects resulting from increases of 5.63% and 4.16% were R$ 8 million and 4 million, respectively.

c.2) Impacts of foreign exchange, inflation and interest rates on the Company's financial results

Currency exposure

The value of loans determined by the variation of US dollar and euro on December 31, 2012 was R$ 215 million (R$ 212 million on Dec. 31, 2011 and R$ 214 million on Dec. 31, 2010), corresponding to 6.1% (5.8 on Dec. 31, 2011 and 4.7% on Dec. 31, 2010) of the consolidated total amount of the Company's loans, financing and debentures. The debts in euro loans are due in 2015 and the debts in US dollar are due in 2024.

Due to the foreign exchange variation in 2012, the Company's financial result had a negative impact of R$ 21 million (R$ 18 million in 2011 and a positive impact of R$ 15 million in 2010), that is, approximately 1.0% of the Company's operating profit reported in 2012 (0.9% in 2011 and 2010).

Due to the low level of currency-denominated debt and its long-term maturity profile, the risk of significant impacts on the Company's financial result and cash is relatively low.

Exposure to floating interest rate and index risk

The Company is exposed to floating interest rates and indexes related to variations of the TJLP, CDI, IPCA and IGP-M. The impact of interest and monetary variation on the Company's financial result reported in 2012, 2011 and 2010 are presented below:

(Amounts in R$ million)	Loans, financing and debentures	Concessions payable	Total
Fiscal year ending on Dec. 31, 2012			
- Interest	236	121	357
- Monetary variation	19	86	105
Fiscal year ending on Dec. 31, 2011			
- Interest	239	105	344
- Monetary variation	35	67	102
Fiscal year ending on Dec. 31, 2010			
- Interest	278	92	370
- Monetary variation	43	88	131

10.3 Comments of the directors on existing or expected impacts caused by the events below on the Company's financial statements and results

a. Introduction or sale of an operational segment

In 2011, four generation units of the Estreito Hydroelectric Power Plant began their commercial operations and, in 2012, three other units started operating commercially. The eighth unit shall start operating in the first half of 2013.

Net operating revenue generated by these units was R$ 87 million. The effects on EBITDA and net income from the startup in operations at Estreito HPP was R$ 66 million and R$ 13 million, respectively. According to the completion schedule for Estreito HPP, all generator units should be operational by the end of the third quarter 2012

The contribution of this HPP corresponds to an increase in the Company's net operating revenue of R$ 191 million in 2012 (R$ 87 million in 2011), with EBITDA of R$ 119 million (R$ 66 million in 2011). On the other hand, the Company's net profit had a negative impact in 2012 of R$ 5 million (in 2011, a positive impact of R$ 13 million), particularly due to impacts on the financial result of this subsidiary.

b. Constitution, acquisition or sale of share participation

The main information regarding the acquisition, incorporation and sale of the Company's share in 2012, 2011 and 2010 are presented below:

b.1) Events related to the fiscal year ending on December 31, 2012

Trairi Complex– update of 2011 information

In May 2012, BNDES granted a loan of R$ 358 million for the implementation of four wind power unit within Trairi Complex, in Ceará; and R$ 205 million of this amount were withdrawn until December 2012. The installed capacity and the commercial capacity of the complex are 115.4 MW and 58.2 MWa, respectively. Its startup may occur in the second half of 2013, when the power plants will start to generate cash and operating results. The Company does not publish projections of project results, but only projects of investments, as indicated in item 11 Projections of this document.

Acquisition of Santa Mônica wind power generation project

In October 2012, TBLP, a subsidiary of the Company, signed a contract of R$ 7 million, for the acquisition of Santa Mônica wind power generation project, located in Ceará, near the wind power generation units of Trairi Complex.

This project includes two power plants of total installed capacity of 58.8 MW and commercial capacity of 26.5 MWa. The implementation date of this project has not been defined yet.

Acquisition of Campo Largo wind power generation projects

The Company, through its subsidiary TBLP, signed in January 2013, a contract of R$ 23 million, for the acquisition of total capital stock of CLWP Brasil Ltda. (CLWP), which will be fully paid provided that specific conditions established in the contract are fulfilled. CLWP owns seven wind power generation projects, located in the municipalities of Umburanas and Sento Sé, in the State of Bahia, whose combined installed capacity is around 206 MW and estimated commercial capacity is 105 MWa.

Prior controllers of CLWP are also developing, in the same region, wind power generation projects, whose installed capacity is over 150 MW. The Company has a purchase option regarding these projects in the amount R$ 16 million, with environmental license required, already in an advanced stage of approval.

Acquisition of Flecheiras wind power generation project

In Febuary 2013, the Company acquired Flecheiras wind power generation project, located in the State of Ceará, also near other units being constructed by the Company. The installed capacity and the commercial capacity of the project are 18.9 MW and 8.9 MWa, respectively. This acquisition cost R$ 1 million.

All projects acquired in 2012 and in early 2013 mentioned above are still undergoing evaluation studies for their implementation. The amounts paid correspond substantially to basic environmental projects, energy generation certificate, wind measurement, preliminary environmental licenses and lease contracts.

b.2) Events related to the fiscal year ending on December 31, 2011

Conclusion of the Seival Project sale

In June 2011, the Company concluded the process started in 2010 to sell all shares that it held in the capital stock of Seival Participações S.A., after fulfilling all conditions previously established in the sale agreement, which included the prior approval of Aneel and the approval of the Administrative Council for Economic Defense (CADE).

Seival held 99.99% of the capital stock of Usina Termelétrica Seival Ltda., the company that holds the rights, including Aneel authorizations and installation license, to build and operate a coal-fired thermoelectric power plant in Candiota (RS), whose installed capacity is max. 540 MW. Until the sale date, the company had not conducted any operating activity.

The total corrected sale value was R$ 39 million, thus resulting in a capital gain of R$ 15 million recognized in the Company's result.

The Company keeps developing other coal-fired thermoelectric power plant projects in the region of Candiota (RS), according to its growth strategy in the Brazilian electric energy sector.

Wind energy generation projects –Trairi Complex and Delta Port

In March 2011, the Company's Board of Directors approved the installation of five wind energy generation projects for the sale of electricity in the free market, four in the State of Ceará (CE) – Trairi Complex - and one in the State of Piauí (PI) – Delta Port. The installed capacity of the projects totaled 145.4 MW, with total estimated investment of R$ 625 million. A significant portion of the commercial capacity from these plants was sold to free consumers through medium and long-term power purchasing agreements.

Regarding the Delta Port, whose installed capacity is 30 MW, the Company awaits the installation license approval.

b.3) Events related to the fiscal year ending on December 31, 2010

Acquisition of Companhia Energética Estreito (CEE), formerly named SUEZ Energia Renovável (SER)

In August 2010, the Company fulfilled all conditions previously established in the Purchase and Sale Agreement signed in December 2009, i.e., the approval of Aneel, BNDES and On-lending Banks. In the same month, following the ratification of this transaction at the Extraordinary General Meeting (EGM) held on October 19, 2010, with the unanimous decision of minority shareholders, the Company concluded the acquisition of common shares of CEE owned by its controlling company, GDF SUEZ Latin America Participações Ltda.

CEE owns 40.07% of the Estreito Energia Consortium (Ceste), established to support the installation and exploration of Estreito hydroelectric utilization; the power plant has installed capacity of 1,087 MW and assured energy of 641.08 MWa. The other consortium members of Ceste are: Companhia Vale do Rio Doce (30%), Estreito Energia S.A. – Alcoa Group (25.49%) and Intercement Brasil S.A. – an entity that belongs to the Camargo Corrêa Group - (4.44%), and the consortium leader is CEE.

At the 5th New Energy Auction, the Company sold 256 MWa (for 30 years - beginning on January 1, 2012) to electricity distribution companies that participate in the Regulated Contracting Environment (ACR). The amount of energy sold is proportional to the Company's stake in Ceste.

The total acquisition cost of R$ 799 million was established including the following: (i) R$ 604 million corresponding to the original value on the agreement signature date; (ii) R$ 25 million related to monetary variation, according to the IPCA and annual interest of 6% *pro-rata temporis* until the acquisition date; and (iii) R$ 170 million related to advances for a future capital increase and allocated to the Plant construction, corrected using the IPCA and with annual 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 defined on the basis of an economic-financial evaluation made by a highly reputable and specialized financial institution, based on the discounted cash flow method.

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

On October 30, the Extraordinary General Meeting approved the 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 administration of businesses of companies involved.

c. Unusual events or operations

The main unusual events that impacted the Company's results were:

Fiscal Year 2012 – recognition of provision to cover the loss resulting from asset incorporation effects, in the amount of R$ 16 million, and net expense in the amount of R$ 17 million, related to the loss of fixed assets that were replaced and fines assumed with suppliers.

Fiscal Year 2011 – the complement to a court action ruled in favor of the Company in 2010 of R$ 9 million was recognized and a loss of fixed assets in the amount of R$ 5 million, the result of the replacement of assets and gain of R$ 15 million due to investment alienation (item 10.3 – b2).

Fiscal year 2010 – the Company recognized non-recurring revenue of R$ 46 million due to a court action 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, related to the process identified as IN 468 informed in item 4.3 of this Reference Form.

10.4 Comments of the directors on:

a. Significant changes in accounting practices

Initial adoption of International Financial Reporting Standards (IFRS) and the Accounting Pronouncements Committee (CPC)

Fiscal Year 2012:

In 2012, only the amendment to IAS 12 (Deferred taxes: realization of corresponding assets) came into effect. This change in the standard did not impact the Company's financial statements.

Regarding those standards issued by IASB that have not come into effect and that have not been adopted by the Company, the Company's evaluation is that only the alteration to IAS 19 (Employee benefits), whose adoption is mandatory after January 1st, 2013, will result in impact on the Company's balance sheet on the date of its adoption, as explained below:

Revision of IAS 19 (Employee benefits) – the revision eliminates the "corridor" approach that allows to defer the recognition of actuarial gains and losses in the result. According to revised IAS 19, actuarial gains or losses annually evaluated by actuaries shall be recognized under "Other comprehensive results", under shareholders' equity. Until December 31, 2012, the Company adopted the "corridor" method to recognize actuarial gains and losses in its results. On January 1, 2013, due to the elimination of this method, actuarial gains and losses not recorded by the Company will be recognized as its liabilities, in contrast to shareholders' equity. On December 31, 2012, the amount related to non-recognized actuarial gain was R$ 60 million (R$ 39 million after taxes), which will be recorded on January 1st, 2013, resulting in reduced liability and increased shareholders' equity of the Company.

Another important fact is that IFRS 11 (Agreements with joint control) has come into effect. The standard addresses aspects related to the definition of the accounting method to entities with joint control and joint operations, eliminating the use of proportional consolidation to companies with joint operations, and it will not affect the Company in terms of investment in its subsidiary – Itasa -, since the economic characteristics of the Company's participation in Itasa business and operations justify a joint operation with other entities. Thus, no impact will occur on the balance sheet and consolidated result of the Company due to the adoption of this new accounting method.

Fiscal Year 2011:

The new IFRS and CPC standards and amendments to existing standards and the interpretation of standards, that became effective on January 1st, 2011, did not result in any impact on the Company's account statements.

Fiscal Year 2010:

The consolidated accounting information published in 2010 and after that was prepared observing the IFRS, issued by the International Accounting Standards Board (IASB), which is aligned with the generally accepted accounting practices adopted in Brazil, based on the pronouncements issued by the CPC and approved by the CVM.

In 2009 and 2010, the CVM approved various Pronouncements, Interpretations and Technical Guidance issued by the CPC, amending specific accounting practices previously adopted in Brazil, that came into effect on January 1st, 2010, retroactive to January 1st, 2009 ("transition date") for comparison purposes, which already included the adoption of such standards.

b. Significant effects of amendments on accounting practices

Fiscal Years 2012 and 2011

There was no significant impact due to changes in accounting practices in 2012 and 2011.

Fiscal Year 2010

In 2010, the Company adopted, for the first time, the IFRS and the CPC pronouncements and adjusted the opening balance on January 1st, 2009, to allow the comparability between figures, as determined in the standards. The pronouncements that affected the Company's accounting information after their adoption are presented below.

CPC 15 – Business combination: the purpose of this Pronouncement is to increase the relevance, reliability and comparability of the information that the entity provides in its accounting statements relative to business combinations (an operation or event through which a purchaser obtains control of one or more businesses) and 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 participations of non-controlling entities in the acquired asset; (ii) recognizes and measures the premium reflecting future returns (goodwill) from business combination or gain from a profitable purchase; and (iii) determines the information that should be disclosed to allow users of the accounting statements to assess the nature and the financial effects of business combination.

For the purposes of preparing the accounting statements, the Company has anticipated the adoption of the rules established in IFRS 3 (Business combination), an accounting standard consistent with CPC 15, for business combinations included in the scope of this accounting pronouncement, adopted by the Company on January 1st, 2008. Until this date, business combinations were reported observing the accounting practices previously adopted, pursuant to the rules established by CVM Instruction 247/96.

The Company opted for the exemption determined in CPC 37 R1 (First Adoption of International Accounting Standards) and did not observe the requirements of CPC 15 retroactively to January 1st, 2008.

CPC 25 - Provisions, Contingent Liabilities and Contingent Assets: the purpose of this accounting Pronouncement is to enforce the use of criteria for the recognition and bases of measurement proper to provisions and contingent liabilities and assets, and that sufficient information is disclosed in the explanatory notes, allowing users to understand its nature, opportunity and value.

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

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

Deferred income tax and social contribution, whose realization shall take place in the twelve months following the presentation of the accounting statements, were previously recorded under current assets, pursuant to CVM Instruction 371/2002. Pursuant to CPC 26, these deferred taxes are now recognized under the Company's non-current assets.

CPC 27 – Fixed assets: the purpose of this Accounting Pronouncement is to establish the accounting method for fixed assets, to enable users of the accounting statements to distinguish the information about investments of the entity in its fixed assets and related changes. The main points to be considered when reporting fixed assets are: the recognition of the assets, the determination of their accounting values and the depreciation values and losses due to devaluation to be recognized in relation to these items.

Pursuant to the guidance in the accounting pronouncements regarding the subject, the Company had adopted a fair value as the attributed cost of the fixed assets of its plants, which presented accounting values substantially higher or lower than the 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 the Company understands that such procedure represents the adoption of best corporate governance practices for the preparation of accounting statements.

The adjustment to fair value of the asset, after deferred income tax and social contribution, was offset by the shareholders' equity account named "Adjustments in equity value". The depreciation on such adjustment will not impact the calculation base for income tax and social contribution or the calculation base for dividend distribution.

The Company has maintained the useful life of its assets adopted so far, since it is estimated and defined by Aneel, adopted by the industry and considered as proper by the market - this procedure being supported by OCPC 05 (Guidance on Concession Contracts).

CPC 30 - Revenues: the purpose of this Accounting Pronouncement is to establish the accounting method to report revenues from specific types of transactions and events and determine when to recognize such revenues. These revenues are recognized when probably involving future economic benefits that will flow to the entity and when these benefits can be reliably measured.

According to the accounting practices previously adopted, the Company's revenue reported in the accounting statements separated the gross operating revenue, deductions from gross operating revenue and net operating revenue.

CPC 30 establishes that, for reporting in the accounting statements, the revenue should include only gross entries of economic benefits already received and to be received by the entity when originated from its own activities.

The quantities collected by third parties, such as sales taxes and resources for research and development, as determined by Aneel, are not economic benefits that flow to the entity and do not result in an increase in shareholders' equity; therefore, they should not be reported as revenue.

Also according to the CPC, the Company shall publish an explanatory note reconciling the gross revenue for fiscal purposes and the revenue reported in the accounting statements.

CPC 33 – Post-employment Benefits: the purpose of this Accounting Pronouncement is to establish how to report the benefits granted to employees. For this purpose, the entity shall recognize: (i) a liability when the employee has rendered a 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 defined in CVM Instruction 371/00, the accumulated actuarial losses within a limit of 10% of the present value of the defined benefit liability ("corridor methodology"), were not recognized in the Company's results, but otherwise disclosed in Explanatory Notes.

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 changed 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), actuarial losses within the corridor limit and, therefore, not reported under liabilities, were recorded by the Company in its opening balance as an offset to the account of retained earnings in the shareholders' equity.

The Company has chosen to maintain the corridor approach for the recognition of its result for actuarial gains and losses reported as from the first adoption date. As mentioned before, on January 1st, 2013, this "corridor" approach will be discarded. Then, actuary, annual gains and losses will be recognized directly in the Company's shareholders' equity, under "Other comprehensive results".

Interpretation of the Accounting Pronouncements Committee (ICPC) 08 – Dividend Payment Proposal Accounting: this Accounting Pronouncement states that the value of the dividends in an amount above the minimum mandatory value established, not approved at a general shareholders' meeting, shall be reported and highlighted under the shareholders' equity. According to the previous accounting practices, these complementary dividends used to be deducted from shareholders' equity and recognized in the Company's liabilities.

c. Qualifications and emphases contained in the auditor's opinion

Fiscal Years 2012, 2011 and 2010

There are no qualifications in the independent auditor's report for the Company with respect to the Accounting Statements for the fiscal years ending on December 31, 2012, December 31, 2011 and December 31, 2010.

We present below the emphases made in the reports by the independent auditors for 2012, 2011 and 2010, following the adoption of the IFRS, pursuant to the requirements of IBRACON Technical Announcement 04/2010, applicable to individual accounting statements of all Companies that keep investments in controlled, affiliated and jointly controlled projects, evaluated by the equity income method.

"As described in explanatory note 2, the individual accounting statements were prepared observing the accounting practices adopted in Brazil. For Tractebel Energia S.A., these practices differ from the IFRS, applicable to separate accounting statements, only regarding the evaluation of investments in controlled and jointly controlled companies through the equity income method, while for the purposes of IFRS, such evaluation would be based on cost or fair value."

As mentioned in the aforesaid IBRACON Technical Announcement and according to Technical Pronouncement CPC 43(R1) "The Initial Adoption of the Technical Pronouncements", there should be no divergence between the consolidated shareholders' equity and the consolidated result in the consolidated accounting statements prepared in accordance with the accounting standards adopted in Brazil and those based on IFRS. Differences, if any, should be restricted to individual accounting statements due to the evaluation of the investments in controlled companies or jointly controlled projects, which, in accordance with the Brazilian legislation in force, shall be evaluated through the equity income method in individual accounting statements and through the maintenance of balances in the deferred items of these individual accounting statements, as permitted by Law 11.941, which amended the Corporate Law.

Also according to IBRACON Technical Pronouncement, efforts were made to have the accounting statements prepared according to the accounting practices adopted in Brazil equal to those prepared according to international standards (IFRS). As the remaining differences mentioned above are punctual, the Brazilian Securities and Exchange Commission (CVM) has required an additional paragraph in the report of independent auditors to emphasize this matter, in cases where such a difference exists, to warn readers of accounting statements that these differences between the individual accounting statements prepared according to accounting practices adopted in Brazil and the separate accounting statements prepared according to IFRS are restricted to the evaluation of the investments in controlled and affiliated companies and in jointly controlled projects using the equity income method and to the maintenance of deferred items in individual accounting statements.

10.5 Critical accounting policies adopted by the Company, especially exploring accounting estimates made by the management regarding uncertain matters, relevant to the description of the financial situation and results, which require subjective or complex judgment, such as: provisions, contingencies, revenue recognition, tax credits, long-term assets, useful life of non-current assets, pension plans, foreign currency conversion adjustments, costs of environmental recovery, criteria for asset and financial instrument recovery tests

The critical accounting practices adopted by the Company are those considered relevant to demonstrate its financial condition and operating results, and require more difficult, complex and subjective judgments, leading the management to making estimates that have an impact on future or uncertain questions. In theory, the adoption of certain critical accounting policies and estimates requires the Company's management to be based on judgments regarding the impact of certain transactions that affect its assets, liabilities, revenues and expenses.

The conclusion of certain transactions that involve estimates and judgments made by the management can affect the Company's equity and financial condition, as well as its operating results, since effectively obtained values can significantly differ from judgments made by the Company. The main critical accounting policies and estimates used by the Company are presented below.

The critical accounting practices are those vitally important to demonstrate the financial condition and the results and require more difficult, subjective or complex judgments made by the management, frequently as a result of the need to make estimates that have an impact on inherently uncertain questions. As the number of variables and assumptions that affect the possible future solution of these uncertainties increases, these judgments become even more subjective and complex.

For the preparation of accounting statements, the Company has adopted certain assumptions as a result of its experience and other factors that it considers reasonable and relevant. Even if these estimates and assumptions are reviewed by the Company in the ordinary course of business, the statements of its financial condition and operating results frequently require judgments regarding the effects of inherently uncertain questions about the accounting value of its assets and liabilities.

Actual results can be different from estimates for different variables, assumptions or conditions. We have included comments regarding each critical accounting practice below to provide an understanding of how the Company reaches its judgments on future events, including variables and assumptions used in estimates, and some impacts related to changes in these estimates:

a) Retirement benefit obligations

The Company recognizes its obligation with employee benefit plans and related net costs of 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 in the calculation of current value of obligations is defined on the balance sheet date, based on the interest rates of the Federal Government bonds with maturity that coincides with the expected maturity for the payment of projected obligations; (ii) the assets of the pension plan are evaluated at market value on the balance sheet date.

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

The actuarial assumptions used by the Company can be materially different from the actual results due to changes in the economic and market conditions, regulatory events, judicial decisions or longer 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 that it employs.

b) Useful life of fixed assets

The Company recognizes the depreciation of its fixed assets, based on the annual rates established by Aneel, adopted by the industry and considered as proper by the market, limited to the concession or authorization term of its plants, when applicable. However, the actual useful life can vary based on the technological modernization of each unit. The useful life of fixed assets also affects the tests for the recovery of long-term asset costs, when required.

c) Test for the reduction of the recoverable value of long-term assets

There are specific rules to evaluate the recoverability of long-term assets, especially fixed assets. When closing the fiscal year, the Company performs one analysis to identify any evidence showing that the amount of long-term assets is not recoverable. If such evidence is identified, the Company proceeds to the test that will assess the asset recovery.

The asset recoverability revision process is subjective and requires significant judgments through analyses. Changes in these assumptions could make the Company recognize loses due to devaluation in future periods. On Dec. 31, 2012, the Company, based on its analyses, did not identify the need to create any provision for long-term asset recovery.

d) Provision for tax, civil and labor risks

It is defined through evaluation and qualification of risks where loss is considered probable. This evaluation is supported by judgments of management and its legal advisors, considering laws, decisions made by lower and higher courts, the track record of agreements and decisions, the experience of the management and legal advisors, as well as other applicable aspects.

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

a. Degree of efficiency of such controls, indicating any deficiency and measures to correct them

The Company observes the corporate governance standards of the Novo Mercado and considers its internal controls as adequate, considering the type of activity and volume of transactions it makes.

In addition, considering the complexity of activities and technological innovations, the Company's management is dedicating its best efforts to intensify, revise and continuously improve its processes and create new tools of revision and internal controls. Beginning in 2006, the Company has formally revised and tested its systems of internal controls, 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. Faults detected in the systems of internal controls are recorded and corrected with the implementation of action plans, and such implementation is monitored by independent auditors specifically hired for such purpose.

b. Deficiencies and recommendations regarding internal controls in the independent auditor's report

Deficiencies and recommendations about internal controls, reported by the independent auditors specifically hired for this purpose and not those in charge of conducting audits on the Company's accounting statements, are analyzed by the CEO and by the CFO and Investor Relations Officer during the annual meeting for the certification of the Company's internal controls program. Action plans for the necessary corrections are developed and their implementation is monitored by the independent auditors (follow-up). No significant deficiency was informed in the report of the independent auditors for fiscal years 2012, 2011 and 2010 which could result in significant impacts to the Company.

In addition, the (external) independent auditors in charge of the Company's Accounting Statements conduct tests of internal controls, which include the revision of some of the tests performed with the Company's internal controls program. No relevant deficiency was informed in the report of the independent auditors in charge of the Company's Accounting Statements for fiscal years 2011 and 2010. Until the archiving date of this document, the Letter of Recommendations relative to the audit on accounting statements related to the fiscal year ending on December 31, 2012 had not been issued.

10.7 Comments of the directors in case the Company has made any public offering for the distribution of securities

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

The Company did not have any resources resulting from public offerings for the distribution of securities in 2012, 2011 and 2010.

b) If any relevant deviations has occurred between the actual resource allocation and proposed fund allocation presented in prospects of such distribution

Not applicable.

c) The reasons for such deviations, if any

Not applicable.

10.8 Description made by the directors of relevant items not included in the Company's accounting 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 in item 10.9 below.

b. Other items not included in the accounting statements

Not applicable.

10.9 Comments of the directors about each item not included in the account statements, as mentioned in item 10.8

a. how these items change or may change revenues, expenses, operating results, financial expenses and other items of the Company's accounting statements;

b. nature and purpose of the operation

c. nature and amount of obligations assumed by the Company and rights generated to the Company as a result of the operation

We provide the required information below, as well as information required in item 10.8.

Operating lease, assets and liabilities

The Company, according to its classification, has no financial lease agreements, but only operating lease agreements. Such classification as operating lease agreements is based on the fact that the ownership of an asset cannot be transferred to the lessee at the agreement expiry, and there is no option to purchase the asset.

- Company's Head Office

The Company has signed an agreement to use the property for its new head office. This is a ten-year agreement, with the possibility of renewal, and the values agreed are corrected annually, according to the annual variation of the IPCA. On December 31, 2011, the historical nominal value of future commitments was R$ 37 million.

- Land for wind farms

The Company's wind power generation projects has lease agreements to use the land for the installation and construction of wind turbine towers, substations and related transmission facilities. The agreements have fixed and/or variable installments and they are corrected using inflation indexes or rates on gross operating revenue of the companies. The agreement terms are usually equivalent to the terms of power generation authorizations granted by Aneel.

The estimated future minimum payments, considering the nominal value on December 31, 2012, are:

Year	Amounts in R$ million
2013	2
2014 to 2017	10
2018 and after	34
	46

Accounts receivable written off, for which the entity still bears risks and responsibilities, indicating respective liabilities

Not applicable.

Future product and service purchase and sale agreements

- Bilateral Electric Energy Purchase and Sale Agreements

The following table shows the Company's energy balance using the base date of December 31, 2012, considering its assured energy and the purchase and sale agreements in effect in the following six years.

Energy Balance

in MWa	2013	2014	2015	2016	2017	2018	Auction Gross Price (R$/MWh)	Reference Date	Gross Price Adjusted To Dec. 31, 2012 (R$/MWh)
Own Resources	3,657	3,681	3,681	3,681	3,681	3,681			
+ Purchases for Resale	540	333	215	205	200	200			
Total Resources (A)	**4,197**	**4,014**	**3,896**	**3,886**	**3,881**	**3,881**			
Regulated Sales *	1,660	1,660	1,650	1,507	1,154	1.154			
2004-EE-2007-08	10	10	-	-	-	-	70.9	Dec. 04	103.1
2005-EE-2008-08	143	143	143	-	-	-	81.6	Apr. 05	115.2
2005-EE-2009-08	353	353	353	353	-	-	94.0	Oct. 05	130.3
2005-EN-2010-30	200	200	200	200	200	200	115.1	Dec. 05	157.9
2006-EN-2009-30	493	493	493	493	493	493	128.4	Jun. 06	173.3
2006-EN-2011-30	148	148	148	148	148	148	135.0	Nov. 06	181.2
2007-EN-2012-30	256	256	256	256	256	256	126.6	Jun. 07	162.6
Proinfa	44	44	44	44	44	44	147.8	Jun. 04	226.6
1st Reserve Energy Auction	13	13	13	13	13	13	158.1	Aug. 08	190.5
+ Bilateral Sales	2,471	2,303	1,798	1,373	1,187	788			
Total Sales (B)	**4,131**	**3,963**	**3,448**	**2,880**	**2,341**	**1,942**			
Balance (A - B)	**66**	**51**	**448**	**1,006**	**1,540**	**1,939**			

Average net sale price (R$/MWh) [1] : 133.1 133.0 132.6
Average net purchase price (R$/MWh) *2: 123.8 130.5 133.7

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

*1: Sales price after ICMS and taxes over revenues (PIS/Cofins, R&D), on Dec. 31, 2012, i.e., future inflation is not considered.
*2: Purchase net price, considering benefits from PIS/Cofins credits, on Dec. 31, 2012, i.e., future inflation is not considered.

- Connection Agreements

The Company has a connection agreement with Eletrosul Centrais Elétricas S.A. (Eletrosul), which will expire with the termination of concessions granted to the Company's generation units. In the case of Ponte de Pedra HPP, the Company has an agreement with Eletronorte. Controlled companies Beberibe and Pedra do Sal have a connection agreement with Companhia Energética do Ceará (Coelce) and Companhia Energética do Piauí, respectively.

On December 31, 2012, the amount of future commitments related to the connection agreements was R$ 244 million.

- Agreement for Use of the Transmission System (CUST)

The Company and controlled companies CESS, CEE and Itasa have agreements with the National Electricity System Operator (ONS) for the use of the transmission and the basic network system. In most cases, the agreements are valid until the termination of concessions or authorizations for the Company's generation units.

On December 31, 2012, the amount of the future commitments related to these agreements totaled R$ 6,801 million.

- Agreement for Use of the Distribution System (CUSD)

For plants not directly connected to the basic network system, agreements for use of the distribution systems are established with the energy distribution companies from the regions where these plants are implemented. In most cases, the agreements are valid until the termination of concessions or authorizations for the Company's generation units.

On December 31, 2012, the amount of the future commitments related to these agreements totaled R$ 334 million.

- Natural gas purchase agreement

In 2001, Tractebel Energia and MSGÁS entered into an agreement that regulates the supply of gas to William Arjona thermoelectric power plant (UTWA). The supply of gas to MSGÁS is, in its turn, regulated by the agreement signed between that concessionaire and Petrobras, and the supply is performed via distribution branch pipeline connected to GASBOL.

In 2006, Petrobras conditioned the renewal of its agreement with MSGÁS to a price increase that exceeded the values in effect at that time, and that was not acceptable 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 UTWA, the Company filed for a court order to insure the continuity in the supply of the fuel. This action awaits judgment of appeals made by both the Company and Petrobras, also to extend the agreement term, considering the period without gas supply.

In November 2009, the Company obtained, at the Superior Court of Justice (STJ), under a special appeal, a favorable temporary decision determining that MSGÁS and Petrobras should ensure the continuity of gas supply to William Arjona UTWA. Petrobras appealed against this decision, with pending judgment.

The gas supply kept in force until mid 2012, when Petrobras obtained a judicial suspension, which enabled gas interruption.

In late 2012, the STJ decided that the special appeal of Petrobras was not opportune, with cancelation of the judicial suspension and loss of effectiveness, already requested by the Company, with pending decision of the STJ.

In January 2013, the Company filed a request to the President of the STJ for the cancellation of the decision effectiveness that allowed Petrobras to interrupt in 2012 the gas supply to William Arjona UTWA.

This request was accepted by the STJ and it would be valid until a decision is made by the STJ regarding any other request of the Company addressing the cancellation of the effects of such special appeal made by Petrobras.

With this decision, the supply of gas to this plant was resumed, although the process regarding the gap in the gas price – claimed by Petrobras – remains in force, with pending decisions, as mentioned in the paragraph above. However, recently, Rapporteur and Minister of the process returned the right to Petrobras of not supplying gas until the final judgment of the case.

The current price, in local currency, is constituted of three parts: one relative to gas supply, one relative to gas transportation and one related to the distribution company's margin. This price is correctly annually, in May, according to the Producer Price Index (PPI), a US federal government indicator for commodities used for industrial purposes.

The quantity contracted from MSGÁS is up to 1,350,000 m^3/day and, if the plant does not use all this quantity, the Company has to pay the amount of the distributor's margin, observing the value established in the agreement.

The Company's maximum monthly cost - if the total volume is consumed - is R$ 14 million. The minimum annual cost relative to the distribution company's margin, if MSGÁS is in condition to supply, is R$ 9 million.

On December 31, 2011, the minimum value payable under the agreement until the estimated termination date, including the period under judgment, that is, December 26, 2013 and, if gas is available, is equivalent to the distribution company's margin.

- Carbon credits sales agreement – Certified Emission Reductions (CER)

Lages, a controlled company, has a carbon credit sale agreement with the Prototype Carbon Fund (PCF), whose volume represents about 40% of the estimated total CERs to be generated by 2014. The amount of CERs to be transferred annually to the PCF is 88,000 until 2013 and 134,000 by 2015. The balance on December 31, 2012 was 310,000 CERs, equivalent to R$ 6 million.

The wind farms of Trairí Project, still in construction, have been authorized to trade carbon credits in the Clean Development Mechanism supervised by the UNO. Until December 31, 2012, no agreement for carbon credit sale had been established.

- Unfinished construction agreements

The Company has the following construction agreements in progress for the implementation of new plants:

Estreito Hydroelectric Power Plant*:* the Estreito Consortium, in which the Company has 40.07% participation, as well as agreements for the implementation of the Estreito Hydroelectric Power Plant, whose balance on December 31, 2012 was R$ 266 million, R$ 106 million of which corresponding to the Company's participation in the consortium.

Trairi Wind Power Generation Complex: EEN and its controlled companies have agreements for the implementation of Trairi Wind Power Generation Complex. Future commitments relative to these agreements, on the base date of December 31, 2012, were R$ 317 million.

- Modernization of Passo Fundo and Salto Santiago Hydroelectric Power Plants

In December 2012, the Company signed a contract with Voith Hydro Ltda. for the modernization of Passo Fundo and Salto Santiago hydroelectric power plants. The total value of the contract is R$ 384 million, R$ 56 million of which for the modernization of Passo Fundo HPP, to be concluded by 2015, and R$ 328 million for the modernization of Salto Santiago HPP, which may be concluded by 2017.

- Future financing receipt agreements

The Company had, on December 31, 2012, R$ 213 million relative to future receipt related to loans for Trairi Wind Power Generation Complex and Estreito HPP.

b. Other items not included in the account statements

There are no other significant items that have not been included in the Company's accounting statements.

10.10 Main elements of the Company's business plan:

a. Investments, including:

i. Quantitative and qualitative description of investments in progress and forecasted investments

At the end of 2012, the Company had construction work in progress for the final phase of Estreito HPP and wind farms of Trairi Complex implemented in Ceará.

Total investments in Estreito HPP until December 31, 2012 were R$ 2,198 million: R$ 846 million of own capital (adding the acquisition value of R$ 799 million and own resources allocated in 2012, in the amount of R$ 47 million) and R$ 1,352 million funded by BNDES.

For the wind farms of Trairi Complex, total expenditures until December 31, 2012, amounted to R$ 169 million: R$ 135 million from investments with resources of the controlling company and R$ 34 million funded by BNDES. It should be noted that a considerable portion of the BNDES fund was received at the end of 2012 and will be allocated as the construction work is performed.

The investments made in 2012 and forecasted for 2013 to 2015, on the base date of December 31, 2012, are as follows:

Amounts in R$ million	Made in 2012	Forecasted for 2013	Forecasted for 2014	Forecasted for 2015
Funded with:				
- Third-party capital	245	205	-	-
- Own capital	109	989	203	169
	354	**1.194**	**203**	**169**

In 2012, the Company invested R$ 273 million in the construction of new plants (mentioned above): R$ 160 million in Estreito HPP and R$ 113 million in the wind farms in construction in the northeast region of the country.

In addition, in the same year, the Company invested R$ 81 million in maintenance and modernization projects for its generation complex, to maintain a high degree of plant uptime.

The values mentioned above do not include the capitalized interest on financing during the construction phase of the projects.

The main projects and investments forecasted for 2013 are: (i) the continuation of construction work of Trairi Complex wind farms; (ii) the acquisition of new wind power generation projects; (iii) financial reserve for the acquisition of the control of Energia Sustentável do Brasil, the company that holds 60% of Jirau HPP; and (iv) the continuation of the modernization and maintenance program of the Company's generation complex.

In addition, for 2014 and 2015, forecasted investments consider the continuity of long-term maintenance program for the existing plants and the modernization of Passo Fundo and Salto Santiago Plants.

ii. Sources of investment funds

Sector projects generally provide approximately between 60% and 70% of total investments and the remainder is covered with own funds. BNDES is the source of funds for most projects of the Company.

iii. Relevant divestments in progress and forecasted divestments

There are no relevant divestments in progress nor forecasted divestments to be made by the Company.

a. ***Acquisitions already announced of plants, equipment, patents or other assets that may materially influence the Company's production capacity***

According to the business model of GDF SUEZ Group in Brazil, controlling company GSELA participates in auctions and develops hydroelectric power projects, mitigates the main risks and then transfers the projects to Tractebel Energia. The point at which the transfer takes place is determined by the risk profile of each project.

In this context, GDF SUEZ, through controlled company Energia Sustentável do Brasil, is implementing the Jirau HPP, in construction in Porto Velho, in the State of Rondônia (RO), with installed nominal capacity of 3,750 MW – including the project of plant expansion to 50 generation units – where GDF SUEZ has 60% participation.

Also according to the business model, Tractebel Energia's Related Parties Committee will negotiate the acquisition from GDF SUEZ - GSELA. Thus, the project may be transferred to Tractebel Energia when the main development risks are mitigated.

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

i. description of research in progress already disclosed

Not applicable.

ii. total amounts spent by the Company in research for the development of new products or services

Not applicable.

iii. projects in progress already disclosed

Not applicable.

iv. total amounts spent by the Company in the development of new products or services

Not applicable.

It should be noted that Tractebel Energia, as a company of electricity generation, authorized to have independent production, is obliged to invest at least 1% annually of its adjusted net operating revenue in research and development in the electric energy sector.

These resources are allocated as follows: (i) 40% to the Fundo Nacional de Desenvolvimento Científico e Tecnológico – FNDCT (the National Scientific and Technological Development Fund); (ii) 40% to research and development projects conducted by the Company pursuant to Aneel regulations; and (iii) 20% to the Ministry of Mines and Energy (MME). R&D resources fund studies and research for the energy system expansion, as well as inventory and viability studies required for the utilization of hydroelectric generation potential.

At the end of 2012, the Company and its controlled companies had R$ 66 million available for investments in proprietary projects, R$ 56 million of which already allocated to projects in progress and the remainder still not linked to projects that require Aneel evaluation.

A considerable portion of the allocated amount is for a research and development project of photovoltaic power generation of 3MWp[6], in which the Company is the proponent, and that has other 11 companies from the electricity sector – named cooperating companies – and involves the Universidade Federal de Santa Catarina (UFSC), acting as the institution in charge of the execution. The estimated investment is around R$ 56 million, R$ 35 million of which will be funded by Tractebel Energia.

The Research and Development Program of Tractebel Energia is focused on technological innovation in the energy sector and the technical and scientific training of Brazilian researchers, including investment themes, such as: alternative sources of electricity generation, management of basins and reservoirs, environment, energetic maintenance and efficiency, among others.

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

There are no other factors that have significantly influenced the Company's operating performance and that have not been identified or commented in the other items.

[6] Watt-peak (Wp): measure of nominal power of a photovoltaic solar energy device.

Tractebel Energia
GDF SUEZ

Annex II

Article 9, ICVM 481/09 – 1st paragraph, sub-section II – Proposal for the allocation of net profits for the fiscal year containing, at least, information listed in Annex 9-1-II of CVM Instruction 481/09:

Allocation of net income for the fiscal year

1) State the net income of the fiscal year	R$ 1,499,5 million (controlling company)
2.a) State the total amount of dividends, including interim dividends and interest on shareholders' equity already reported	R$ 1,546.4 million
2.b) State the value per share of dividends, including interim dividends and interest on shareholders' equity already reported	R$ 2.3690660667 per common share
3) State the percentage on net income of the fiscal year	100% of the net corrected income available for distribution [7]
4) State the global amount and the value per share of dividends distributed, on the basis of profits from previous fiscal years	Not applicable
5) State, after deducting interim dividends and interest on shareholders' equity already reported:	
a) The gross amount of dividends and interest on shareholders' equity, segregated by share type and class	R$ 576.4 million, corresponding to R$ 0.8830904134 per common share. This amount refers to interim dividends of the 2nd half of 2012, approved at the RCA on Feb. 7, 2013

[7] Distributable net income refers to the net income of the fiscal year, deducted from tax incentives and corrected according to the asset valuation (attributed cost of fixed assets in the initial adoption of IFRS/CPC), reported in "Retained Profits" account.

b) The condition and deadline for the payment of dividends and interest on shareholders' equity	Dividends were approved at the RCA on Feb. 7, 2013 and they will be paid on a date to be defined by the Executive Board
c) Eventual application of monetary correction and interest on dividends and interest on shareholders' equity	Not applicable
d) Date of payment of dividends and interest on shareholders' equity to identify shareholders with the right to receive them	The date of payment will be defined by the Executive Board and informed via notice to shareholders

6) If the statement of dividends and interest on shareholders' equity has been based on profits reported in semiannual balance sheets or in shorter periods:

a) State the total amount of dividends or interest on shareholders' equity already reported	R$ 1,270.2 million of interim dividends, relative to the 1st and 2nd halves of 2012, and R$ 276.2 million credit of interest on shareholders' equity
b) State the date of the respective payments	The payment of interim dividends from the 1st half of 2012 was made on Sept. 27, 2012. The interest on shareholders equity and interim dividends from the 2nd half of 2012 will be paid on a date to be defined by the Executive Board and informed via notice to shareholders

7) Provide a comparative table showing the following values per share type and class:	
a) Net income of the fiscal year and from the previous three fiscal years	2012 = R$ 2.2972269586 2011 = R$ 2.2177768582 2010 = R$ 1.8562434964
b) Dividends and interest on shareholders' equity paid in the last three fiscal years	2012 = R$ 2.3690660667 2011 = R$ 2.1897556102 2010 = R$ 1.0178134249
8) In case of profits allocated to the legal reserve:	
a) Identify the amount allocated to the legal reserve	Not applicable, because the amount reached the legal limit of 20% on integral capital stock.
b) Indicate the legal reserve calculation method	Not applicable to fiscal year 2012; when applicable, it corresponded to 5% of the net profit of the year.
9) If the Company owns preferred shares with the right to minimum fixed dividends	Not applicable
10) Regarding the mandatory dividend	
a) Describe the calculation method 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 corrected net income, should be paid. The decision on whether to use the full result of the fiscal year shall be made at a General Meeting. - The Company will produce a semiannual balance sheet and the Board of Directors may determine whether interim dividends should be paid, based on such balance sheet.

	- The Company may produce a balance sheet and pay interim dividends in shorter periods, as long as the total amount of dividends paid 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 should be paid against retained earnings or profit reserves verified in the most recent annual or semiannual balance sheet. - The Company may credit or pay interest on shareholders' equity to shareholders at the discretion of the Board of Directors, observing the applicable legislation. The amounts of interest on shareholders' equity paid or credited by the Company may be included in the mandatory dividends, pursuant to the applicable legislation. - Dividends may be claimed over a period of 3 (three) years; after such period, unclaimed dividends will revert to the Company.

b) State whether it is being paid in full	Yes
c) State the amount withheld	Not applicable

11) In case the mandatory dividend is withheld due to the Company's financial situation

a) State the amount withheld	Not applicable
b) Describe in details the Company's financial situation, including aspects related to liquidity analysis, working capital and positive cash flows	Not applicable
c) Justify dividend withholding	Not applicable

12) In the event the result is allocated to a contingency reserve	
a) State the amount allocated to the reserve	Not applicable
b) Identify losses considered probable	Not applicable
c) Explain why such losses were considered probable	Not applicable
d) Justify the creation of such reserve	Not applicable
13) If the result is allocated to an unrealized profit reserve	
a) State the amount allocated to the unrealized profit reserve	Not applicable
b) State the nature of the unrealized profits that caused the reserve to be created	Not applicable
14) If the result is allocated to statutory reserves	
a) Describe the statutory clauses that have established the reserve	Not applicable
b) State the amount allocated to the reserve	Not applicable
c) Describe how the amount was calculated	Not applicable
15) If profits have been withheld as foreseen in the capital budget	
a) State the amount withheld	Not applicable
b) Provide a copy of the capital budget	Not applicable
16) If profits have been allocated to the tax incentive reserve	
a) State the amount allocated to the reserve	R$ 18.8 million

b) Explain the nature of allocation	The reserve is created with the allocation of a portion of the fiscal year result equivalent to the tax benefit granted by the Superintendence for the Development of the Amazon (Sudam). This benefit corresponds to reduction of 75% in the income tax calculated on profits from the operation of activities performed by the Ponte de Pedra HPP.

Annex III

Data relative to candidates designated or supported by the Company's Management or controlling shareholders for the election of members of the Administrative and Fiscal Council of the Company, according to the requirements in items 12.6 to 12.10 of the Reference Form of CVM Instruction 480/09

Data relative to candidates supported by the Company's controlling shareholders to replace members of the Administrative Council and constitute the Fiscal Council are presented as follows:

Tractebel Energia
GDF SUEZ

12.6 / 8 – Members and professional experience of the administrative and fiscal councils

Member Replacement - Administrative Council

Name	Age	Council	Election Date	Term
CPF (taxpayer ID) or Passport	Profession	Position	Takeover Date	Designated by Controlling Co.
Other functions performed in the Company				
Willem Frans Alfons Van Twembeke	47	Belongs to the Administrative Council only	17.04.2013	Until August 2014
EH959555	Engineer	22 - Administrative Council (Permanent)	17.04.2013	Yes
-				

Fiscal Council Members

Name	Age	Council	Election Date	Term
CPF (taxpayer ID) or Passport	Profession	Position	Takeover Date	Designated by Controlling Co.
Other functions performed in the Company				
Paulo de Resende Salgado	67	Fiscal Council	17.04.2013	Until August 2014
161.008.917-00	Economist	43 - F.C. (Permanent) Designated by the Controlling Co.	17.04.2013	Yes
-				
Carlos Guerreiro Pinto	70	Fiscal Council	17.04.2013	Until August 2014
047.615.457-04	Administrator	43 - F.C. (Permanent) Designated by the Controlling Co.	17.04.2013	Yes
-				
Flávio Marques Lisboa Campos	62	Fiscal Council	17.04.2013	Until August 2014
118.388.096-00	Engineer	46 - F.C. (Substitute) Designated by the Controlling Co.	17.04.2013	Yes
-				
Manoel Eduardo Bouzan de Almeida	60	Fiscal Council	17.04.2013	Until August 2014
269.006.377-87	Accountant	46 - F.C. (Substitute) Designated by the Controlling Co.	17.04.2013	Yes
-				

Willem Frans Alfons Van Twembeke - EH959555

Born on Aug. 22, 1965, master's degrees in Electromechanical Engineering at the Catholic University of Leuven (Belgium) and Engineering with Specialization in Nuclear Science at the Rensselaer Polytechnic Institute (NY, USA) and MBA at the Catholic University of Leuven (Belgium). Started at the Group in 1991, at Tractebel Energy Engineering. In 1997, was transferred to the South America, with different executive positions in Chile and Peru. From 2001 to 2004, was the CEO at Electroandina, in Chile, and from 2004 to 2006, was the CEO at EnerSur, Gás Natural de Lima y Callao and Suez Energy, in Peru. In 2006, returned to Brussels as the vice-managing director of negotiation and management of portfolio at Electrabel until January 2010, also in this period was the chairman of the administrative council of European Energy Portfolio Management (Netherlands), Electrabel Energeia Hellas (Greece) and GDF SUEZ Energy Trading Romania (Romania), a member of the administrative council of ACEA Electrabel Trading (Italy). In Latin America again, became the Operations Director at GDF SUEZ Energy Latin America (Chile) from February 2010 to April 2011, as well as the chairman of the administrative council of Gas Natural Licuado de Mejillones (Chile) and a member of the administrative council of ECL (Chile). Today, Willem is the CEO at GDFSUEZ Energy Asia (Thailand), as well as the chairman of the administrative council of Glow Energy (Thailand) and Uch Power Limited (Pakistan) and a member of the administrative council of Paiton Energy (Indonesia), PTT-NGD (Thailand) and Senoko Energy (Singapore).

Paulo de Resende Salgado - 161.008.917-00

Born on July 2, 1945, graduated in Economic Sciences at the Universidade Cândido Mendes do Rio de Janeiro, with post-graduate program in Financial Executives at Fundação Getulio Vargas (FGV), MBA in Managerial Development Program and Capital Market at FGV-AID-USA. Was Internal Vice President at Citibank, Investment Superintendent at Banco Econômico de Investimentos S.A., Underwriting and Privatization Director at Banco Nacional S.A., where he participated in the privatization project of Light and Companhia Siderúrgica Nacional (CSN). In addition, was the Director of Nacional Energética S.A. and IVEN S.A, and CFO at Nacional Energética S.A. and Economic Consultant of Agenda Corretora de Câmbio e Valores Mobiliários Ltda.

He confirms that has not been: i) criminally convicted; ii) convicted in any CVM administrative process; or iii) convicted after final decision, at legal or administrative level, which has prevent him from performing any professional or commercial activity.

Carlos Guerreiro Pinto - 047.615.457-04

Born on June 17, 1942, graduated in Business Administration at the Sociedade Unificada de Ensino Superior Augusto Motta (SUAM), with post-graduate program in Business Administration at the Institute of Business Administration Postgraduate and Research, at the Universidade Federal do Rio de Janeiro (COPPEAD), also concluded the Financial Management Program at the Training Center of Citibank N.A., with the certificate in Entrepreneurial Development at Fundação Dom Cabral. Was responsible for structuring the Open Market area of Banco Nacional, and the Director of the Business Risk area, as well as President at Sinal Corretora de Valores. Was the Fiscal Director, assigned by the National Regulatory Agency for Private Health Insurance and Plans (ANS), the agency that regulates the companies of private health plans, from March 2010 to November 2011, as an auditor at operators acting under the special system of Fiscal Management. Today, he is a Guest Consultant of Fundação Getúlio Vargas, proving consulting services in management at the State Institute of the Environment (INEA) and the State Secretariat of the Environment of Rio de Janeiro (SEA).

He confirms that has not been: i) criminally convicted; ii) convicted in any CVM administrative process; or iii) convicted after final decision, at legal or administrative level, which has prevent him from performing any professional or commercial activity.

Flávio Marques Lisboa Campos - 118.388.096-00

Born on November 17, 1950, a Civil Engineer, graduated in 1973 at the School of Engineering at the Universidade Federal de Minas Gerais (UFMG). Today, he is the Latin American CEO of Tractebel Engineering Latin America (Tractebel Engineering – GDF SUEZ Group). Was the Managing Director and CEO at Leme Engenharia Ltda. from 2002 to 2010, occupying the following positions at this company: 1994 to 2002 – Managing Director and CEO; 1992 to 1994 – Business Development Director, working in the coordination strategies of business marketing, prospecting and viability, contract negotiations with clients and management of development expenses; 1988 to 1992 – Technical Director, working in the areas of Electric Generation and Dams, Electrical Systems and Industrial Projects, with relevant technical supervision and production of contracts to several projects; and from 1976 to 1988 – working in the technical area as the Head of the Hydraulic Engineering Department and Manager of various large projects. Worked as a Civil Engineer from 1972 to 1976 at Elektrowatt Ingenieros Consultores, in Guatemala City, Guatemala, Elektrowatt Engineering Services, in Zurich, Switzerland, and Eletroprojetos S.A. – Estudos de Engenharia. Today, is a member of the Board of the Brazilian Association of Infrastructure and Basic Industries (ABDIB) and a member of the following councils: the Board of Sociedade Mineira de Engenheiros and the Board of the Brazilian Association of Engineering Consultants (ABCE).

He confirms that has not been: i) criminally convicted; ii) convicted in any CVM administrative process; or iii) convicted after final decision, at legal or administrative level, which has prevent him from performing any professional or commercial activity.

Manoel Eduardo Bouzan de Almeida - 269.006.377-87

Born on April 3, 1952, with bachelor's degree in Accounting Sciences, graduated in 1978 at Faculdades Integradas Simonsen, in Rio de Janeiro. Worked in industrial segments from 1969 to June 1995, occupying different administrative positions, including administrative and accounting manager. In the second half of 1995, was invited to be the accountant in the energy project of Serra da Mesa, from Serra da Mesa S.A., until June 1998, and then started at Grupo Tractebel (today GDF SUEZ), to work at the holding company as an accountant, where he remained until retirement, in late June 2011.

He confirms that has not been: i) criminally convicted; ii) convicted in any CVM administrative process; or iii) convicted after final decision, at legal or administrative level, which has prevent him from performing any professional or commercial activity.

12.7 Members of statutory committees and audit, financial and remuneration committees:

Not applicable.

12.9 Marital relationship, consensual union or kinship (max. second degree) involving the Company's administrators, controlled companies and shareholders:

a. Administrators of the Company

There is no case showing the relationships described above involving the professionals designated to be members of the Administrative Council and the Fiscal Council and other administrators of the Company.

b. (i) administrators of the Company and (ii) administrators of companies directly or indirectly controlled by the Company

There is no case showing the relationships described above involving the professionals designated to be members of the Administrative Council and the Fiscal Council and administrators of companies directly or indirectly controlled by the Company.

c. (i) administrators of the Company or administrators of companies directly or indirectly controlled by the Company and (ii) direct or indirect shareholders of the Company

There is no case showing the relationships described above involving the professionals designated to be members of the Administrative Council and the Fiscal Council and any direct or indirect shareholder of the Company.

d. (i) administrators of the Company and (ii) administrators of direct or indirect controlling companies of the Company

There is no case showing the relationships described above involving the professionals designated to be members of the Administrative Council and the Fiscal Council and any administrator of direct or indirect controlling companies of the Company.

12.10 Relations of subordination, service provision or control between the administrators (designated by the Controlling Shareholder) and controlled companies, controlling companies and others

a. Company directly or indirectly controlled by the Company

The professionals designated by the controlling company to replace one of the members of the Administrative Council and constitute the Fiscal Council have not performed any executive function in companies directly or indirectly controlled by the Company in the last 3 fiscal years.

b. Direct or indirect controlling company of the Company

The professionals designated to constitute the Fiscal Council have not performed any executive function in any direct or indirect controlling company of the Company in the last 3 fiscal years. The professionals designated to replace one of the members of the Administrative Council has occupied until January 2010 the position of general vice president of portfolio negotiation and management at Electrabel (Belgium).

c. *If relevant, suppliers, clients, debtors or creditors of the Company, its controlled or controlling companies or controlled companies of any of these people*

There has been no case in the last 3 (three) fiscal years showing any of the relationships described above involving any person designated by the controlling company to replace one of the members of the Administrative Council and to constitute the Fiscal Council.

Complementary Information:

In compliance with the new Novo Mercado Listing Regulations of BM&FBOVESPA, we declare, besides the information previously mentioned, that Mr. Willem Van Twembeke – designated to replace one of the members of the Administrative Council – has occupied, in companies or entities other than controlled or controlling companies of the Company, the following positions in the last 3 (three) years:

- Until January 2010 - Chairman of the Administrative Council of European Energy Portfolio Management (Netherlands), Electrabel Energeia Hellas (Greece) and GDF SUEZ Energy Trading Romania (Romania), member of the Administrative Council of ACEA Electrabel Trading (Italy).

- February 2010 to April 2011 - Operations Director at GDF SUEZ Energy Latin America (Chile); Chairman of the Administrative Council of Gás Natural Licuado de Mejillones (Chile); and member of the Administrative Council of ECL (Chile).

- May 2011 and later - CEO at GDFSUEZ Energy Asia (Thailand), and the Chairman of the Administrative Council of Glow Energy (Thailand) and Uch Power Limited (Pakistan) and member of the Administrative Council of Paiton Energy (Indonesia), PTT-NGD (Thailand) and Senoko Energy (Singapore).

Annex IV

Information regarding the remuneration to administrators based on item 13 of the Reference Form

13. REMUNERATION OF ADMINISTRATORS

13.1 Description of the remuneration policy or practice of the Administrative Council, the Statutory and Non-Statutory Management, the Fiscal Council, the Statutory Committees and the Audit, Risk, Financial and Remuneration Committees, addressing the following aspects:

a. Objectives of the remuneration policy or practice

The remuneration policy to members of the Administrative Council, Statutory Management and Fiscal Council is based on market policies, and its purpose is to attract and keep professionals that fulfill the Company's needs. It considers the knowledge required, complexity of activities and expected results of each position.

b. Elements of remuneration

(i) Description of remuneration elements and the objectives of each element

The value of the annual global remuneration of the administrators (members of the Administrative Council, Statutory Management and Fiscal Council) is annually defined at the General Shareholders' Meeting of the Company.

The remuneration elements are established by the Administrative Council, as follows:

Administrative Council

The annual value established to each member of the Administrative Council is paid in 13 monthly payments, and variable payment may be considered within the global amount approved at the General Shareholders' Meeting.

The remuneration to the Chairman of the Council is higher than that for the other members, and according to the results presented, and the Chairman receives a variable portion based on the results achieved by the Company, considering the financial indicators, goals and operating results. In addition, the member elected by the employees receives a bonus, whose calculation is based on the number of monthly remunerations paid to the employees as Profit or Result Sharing.

Statutory Management

The remuneration to the Management members has a fixed portion and a variable portion, and its annual value is approved at the General Shareholders' Meeting.

The benefits offered by the Company constitute the indirect remuneration, such as: health recovery support, life insurance and complementary pension plan.

The variable portion considers:

- financial indicators of the year (progress of the Company's EBTIDA, generation of free cash, net income of the Company, solidarity with the results of the controlling group, etc.), which represent, on average, 40% of the annual bonus,

- individual and operating indicators (goals achieved, industrial and/or financial results), which represent, on average, 40% of the annual bonus;

- behavioral and managerial aspects, which represent, on average, 20% of the annual bonus.

The bonus value may vary between 20% and 60% of the fixed annual remuneration, according to the executive position, challenges and goals established for this position. The payment is made in the first half of the following year, after the base year is ended.

Non-Statutory Management

The Company does not have a non-statutory Management.

Fiscal Council

The remuneration to members of the Fiscal Council is defined at the General Meeting of Shareholders that have elected such members, and cannot be less than 10% of the average monthly remuneration of the Directors, not including benefits and variable remuneration, paid to each member in office.

Committees

The Company has committees that participate directly or indirectly in the Company's decisions, and their members have no additional remuneration, except for the Head of the Strategic Committee, who receives a monthly additional remuneration, which is equal to the that for the members of the Administrative Council (and where the Head also participates as an Advisor).

- **Special Independent Committee for the Evaluation of Transactions with Related Parties**

For members of the Special Independent Committee for the Evaluation of Transactions with Related Parties, the Administrative Council may establish a complementary remuneration and grant other advantages and protections to them, to keep their independence and autonomy.

On April 27, 2011, at the 111th Administrative Council Meeting, this Committee was constituted to analyze a specific project, and the advisors involved received a bonus equivalent to a fixed monthly remuneration established for fiscal year 2011.

This committee was again constituted on May 4, 2012 to analyze a specific transaction, as mentioned in item 12.1 and, on the same day, it was dismantled after this matter was approved by the Administrative Council. In 2012, no payment was made as remuneration to the members of this Committee.

(ii) Proportion of each element in total remuneration

The remuneration to the Administrative Council is fixed to all its members, except for the Chairman of the Council and the Advisor elected by the Company's employees, who also receive variable remuneration. The variable remuneration to the Chairman of the Council can be up to 80% of the fixed remuneration, and the variable remuneration to the Advisor elected by the employees can be up to 40% of the fixed remuneration. The remuneration to the Administrative Council is totally fixed.

The fixed remuneration of the Statutory Management is established according to the market and its value is paid in 13 monthly payments. The variable payment may vary from 20% to 60% of the annual fixed remuneration.

The proportion of the values for fixed remuneration, variable remuneration and recognized benefits in relation to the total remuneration are represented by the rates below:

	2012	2011	2010 [(a)]
Administrative Council			
Fixed remuneration	88%	86%	89%
Variable remuneration	9%	12%	11%
Benefits	3%	2%	-
Fiscal Council			
Fixed remuneration	100%	100%	100%
Variable remuneration	-	-	-
Benefits	-	-	-
Statutory Management			
Fixed remuneration	54%	68%	55%
Variable remuneration	41%	26%	40%
Benefits	5%	6%	5%

(a) Note: In 2010, the Company recognized a portion of the bonus relative to 2009 that had not been paid before.

(iii) Calculation and correction of each remuneration element

The remuneration to the Company's administrators is periodically monitored via market analysis performed by high-level specialized consulting companies, to enable comparisons of the values paid to executives by companies of similar size and income, with greater participation of companies that operate in the Brazilian electricity sector, and analysis of the internal consistence within GDF SUEZ, the controlling group.

The values of fixed payments to the Statutory Management are established considering the market median salary found in the analyses mentioned above, according to the nature and responsibilities of each position.

Likewise, the variable portion is established observing the market practices to each position, and such payment considers the Company's financial and operating results, such as net profit, EBITDA, as well as the achievement of specific and previously negotiated goals, as well as managerial and behavioral aspects.

The remuneration of the administrators is corrected on an annual basis, in January, and considers the inflation rate from the prior fiscal year, since the last correction, as well as the market practices mentioned above.

(iv) Reasons that justify the remuneration elements

The remuneration policy to members of the Administrative Council, Statutory Management and Fiscal Council is based on market policies, and its purpose is to attract and keep professionals that fulfill the Company's needs.

The minimum value of the remuneration to the Fiscal Council is equivalent to 10% of the average remuneration of the Board of Directors. This Council does not have variable remuneration.

The remuneration of the Statutory Management is periodically monitored against market practices. Variable remuneration is closely related to the achievement of collective and individual goals, the Company's results and the solidary contribution of up to 10% of the controlling group's result.

The remuneration of the Administrative Council follows market standards to similar companies.

c. Main performance indicators that are taken into account when determining each remuneration element

When determining the remuneration to administrators in relation to market practices, quantitative and qualitative indicators are used, as well as the level of contribution to results, general performance and experience.

d. How remuneration is structured to reflect the performance indicators

The fixed remuneration and the benefits are established through market analyses and are not altered during the fiscal year, as they are defined for each year within the limits approved at the General Shareholders' Meeting.

The variable remuneration is directly related to the corporate and individual performance results, and it considers:

- financial indicators of the year (progress of the Company's EBTIDA, generation of free cash, net income of the Company, solidarity with the results of the controlling group, etc.), which represent, on average, 40% of the annual bonus,
- individual and operating indicators (goals achieved, industrial and/or financial results), which represent, on average, 40% of the annual bonus;
- behavioral and managerial aspects, which represent, on average, 20% of the annual bonus.

e. How the remuneration policy or practice is aligned with the Company's short-, medium- and long-term interests

The value of the annual variable remuneration to executives is dependent on the achievement of short-term goals of the Company.

For medium- and long-term goals, the Company has not established direct incentives to its executives. However, the controlling group of the Company offers an option to purchase the Group's stocks, in Paris, for preset values, as well as a program of stock donation in the future, if the results established to such donations are achieved.

In general, these free shares and purchase options do not have relevant values in relation to the annual remuneration to executives of the Company, as detailed in item 13.16 of this Reference Form.

f. Remuneration supported by subsidiaries, direct or indirect controlled or controlling companies

No payments are made by subsidiaries, and in cases of companies with joint control with partners that do not belong to the controlling group, when a remuneration is paid for participation in councils, the values perceived are returned to the Company. The Controlling Group does not make any payment to the Management of Tractebel Energia, except to those mentioned in "e", of corporate nature and to reinforce the sense of belonging to a global group.

g. Remuneration or benefit linked with the occurrence of a specific corporate event, such as disposal of shareholding control of the Company

Not applicable to the Company.

13.2 Total remuneration to the Administrative Council, Statutory Management and Fiscal Council[8]:

Total remuneration forecast for current fiscal year ending on December 31, 2013 – Annual Values in R$				
	Administrative Council	**Statutory Management**	**Fiscal Council**	**Total**
Quantity of members ("b")	**17.00**	**7.00**	**3.00**	**27.00**
Annual fixed remuneration	**4,351,088.24**	**6,861,390.01**	**378,003.60**	**11,590,481.85**
Salary or fixed remuneration	3,293,885.01	4,955,630.03	315,003.00	8,564,518.04
Direct and indirect benefits	-	518,183.57	-	518,183.57
Participations in committees	203,774.35	-	-	203,774.35
Others	853,428.88	1,387,576.41	63,000.60	2,304,005.89
Description of other fixed remunerations	Social charges	Social charges	Social charges	
Variable remuneration	**966,104.81**	**5,379,142.36**	**-**	**6,345,247.17**
Bonus	738,612.24	4,202,454.97	-	4,941,067.21
Result sharing	-	-	-	-
Participation in meetings	-	-	-	-
Commissions	-	-	-	-
Others	227,492.57	1,176,687.39	-	1,404,179.96
Description of other variable remunerations	Social charges	Social charges	-	-
Post-employment	**135,096.17**	**587,372.78**	**-**	**722,468.95**
Position elimination	-	-	-	-
Based on shares	-	-	-	-
Note	17 members the whole year	7 members the whole year	3 members the whole year	-
Total remuneration	**5,452,289.22**	**12,827,905.15**	**378,003.60**	**18,658,197.97**

[8] In 2010, the Company recognized a portion of the bonus relative to 2009 that had not been paid before.

Total remuneration of fiscal year ending on December 31, 2012 – Annual Values in R$				
	Administrative Council	**Statutory Management**	**Fiscal Council**	**Total**
Quantity of members ("b")	**17.00**	**7.00**	**3.00**	**27.00**
Annual fixed remuneration	**4,182,705.00**	**6,530,705.19**	**351,739.12**	**11,065,149.31**
Salary or fixed remuneration	3,186,271.82	4,744,042.54	293,115.93	8,223,430.29
Direct and indirect benefits	-	431,819.64	-	431,819.64
Participations in committees	175,723.41	-	-	175,723.41
Others	820,709.77	1,354,843.01	58,623.19	2,234,175.97
Description of other fixed remunerations	Social charges	Social charges	Social charges	
Variable remuneration	**431,390.22**	**4,957,760.54**		**5,389,150.76**
Bonus	329,805.98	3,880,467.00	-	4,210,272.98
Result sharing	-	-	-	-
Participation in meetings	-	-	-	-
Commissions	-	-	-	-
Others	101,584.24	1,077,293.54	-	1,178,877.78
Description of other variable remunerations	Social charges	Social charges	-	-
Post-employment	**126,258.10**	**548,946.52**	**-**	**675,204.62**
Position elimination	-	-	-	-
Based on shares	-	-	-	-
Note	17 members the whole year	7 members the whole year	3 members the whole year	-
Total remuneration	**4,740,353.32**	**12,037,412.25**	**351,739.12**	**17,129,504.69**

Total remuneration of fiscal year ending on December Dec. 31, 2011 - Annual Values in R$				
	Administrative Council	**Statutory Management**	**Fiscal Council**	**Total**
Quantity of members ("b")	**17.00**	**6.92**	**3.00**	**26.92**
Annual fixed remuneration	**3,571,462.29**	**7,199,493.87**	**329,133.96**	**11,100,090.12**
Salary or fixed remuneration	2,735,451.12	4,547,771.51	274,278.30	7,557,500.93
Direct and indirect benefits	-	556,279.77	-	556,279.77
Participations in committees	178,347.49	-	-	178,347.49
Others	657,663.68	2,095,442.59	54,855.66	2,807,961.93
Description of other fixed remunerations	Social charges	1,372,724.09 (social charges) and 722,718.50 (compensations)	Social charges	
Variable remuneration	**521,599.01**	**2,770,888.35**		**3,292,487.36**
Bonus	409,624.37	2,205,539.92	-	2,615,164.29
Result sharing	-	-	-	-
Participation in meetings	-	-	-	-
Commissions	-	-	-	-
Others	111,974.64	565,348.43	-	677,323.07
Description of other variable remunerations	Social charges	Social charges	-	-
Post-employment	**82,857.22**	**543,855.62**	**-**	**626,712.84**
Position elimination	-	-	-	-
Based on shares	-	-	-	-
Note	17 members the whole year	7 members in 11 months and 6 members in 1 month	3 members the whole year	-
Total remuneration	**4,175,918.52**	**10,514,237.84**	**329,133.96**	**15,019,290.32**

The number of members of each group was calculated as specified in CVM/SEP 03/2012 guidelines.

Total remuneration of fiscal year ending on December Dec. 31, 2010 - Annual Values in R$				
	Administrative Council	**Statutory Management**	**Fiscal Council**	**Total**
Quantity of members ("b")	**17.00**	**7.00**	**3.00**	**27.00**
Annual fixed remuneration	**3,434,233.09**	**6,120,017.32**	**308,227.68**	**9,862,478.09**
Salary or fixed remuneration	2,580,367.62	4,198,109.57	246,582.14	7,025,059.33
Direct and indirect benefits	-	289,309.58	-	289,309.58
Participations in committees	167,018.85	-	-	167,018.85
Others	686,846.62	1,632,598.17	61,645.54	2,381,090.33
Description of other fixed remunerations	Social charges	Social charges	Social charges	-
Variable remuneration	**431,144.13**	**4,392,489.00**	**-**	**4,823,683.13**
Bonus	344,915.30	3,162,592.08	-	3,507,507.38
Result sharing	-	-	-	-
Participation in meetings	-	-	-	-
Commissions	-	-	-	-
Others	86,228.83	1,229,896.92	-	1,316,125.75
Description of other variable remunerations	Social charges	Social charges	-	-
Post-employment	**-**	**601,809.46**	**-**	**601,809.46**
Position elimination	-	-	-	-
Based on shares	-	-	-	-
Note	17 members the whole year	7 members the whole year	3 members the whole year	
Total remuneration	**3,865,377,22**	**11,114,315.78**	**308,227.68**	**15,287,920.68**

13.3 Variable remuneration in the 3 last fiscal years and forecast for the current fiscal year:

Variable remunerations to the Administrative Council can be considered in the global amount approved at the General Shareholders' Meeting. No variable remuneration is paid to the members of the Fiscal Council. The information related to variable remuneration is presented below:

Forecast for Fiscal Year 2013

(Values in R$)	Administrative Council	Board of Directors
Number of members that receive remuneration	17.0	7.0
Bonus		
Minimum value forecasted in the remuneration plan	-	-
Maximum value forecasted in the remuneration plan	966,104.81	5,379,142.36
Value forecasted in the remuneration plan, if goals are achieved	966,104.81	3,430,695.00
Result Sharing		
Minimum value forecasted in the remuneration plan	-	-
Maximum value forecasted in the remuneration plan	-	-
Value forecasted in the remuneration plan, if goals were achieved	-	-
Value effectively recognized in the result	-	-

Variable remuneration recognized in the last 3 (three) fiscal years:

Statutory Management (in R$)	2012	2011	2010
Number of members that received remuneration	7	6.92	6
Bonus			
Minimum value forecasted in the remuneration plan	-	-	-
Maximum value forecasted in the remuneration plan	3,918,423.11	4,597,081.74	2,479,348.74
Value forecasted in the remuneration plan, if goals were achieved	1,959,211.56	2,159,848.16	2,479,348.74
Value effectively recognized in the result	4,957,760.54	2,770,888.35	4,392,489.00
Result Sharing			
Minimum value forecasted in the remuneration plan	-	-	-
Maximum value forecasted in the remuneration plan	-	-	-
Value forecasted in the remuneration plan, if goals were achieved	-	-	-
Value effectively recognized in the result	-	-	-

In 2010, the Company recognized a portion of the bonus relative to 2009 that had not been paid before.

The values above include social charges on remunerations.

Administrative Council (in R$)	2012	2011	2010
Number of members that received remuneration	17	17	17
Bonus			
Minimum value forecasted in the remuneration plan	-	-	-
Maximum value forecasted in the remuneration plan	766,968.16	715,380.71	669,952.52
Value forecasted in the remuneration plan, if goals were achieved	383,484.08	536,535.53	502,464.39
Value effectively recognized in the result	431,390.22	521,599.01	431,144.13
Result Sharing			
Minimum value forecasted in the remuneration plan	-	-	-
Maximum value forecasted in the remuneration plan	-	-	-
Value forecasted in the remuneration plan, if goals were achieved	-	-	-
Value effectively recognized in the result	-	-	-

The values above include social charges on remunerations.

13.4 Remuneration plan based on shares of the Administrative Council and the Statutory Management, in force in the last fiscal year and forecasted for the current fiscal year:

Until the date of submission of this Reference Form, the Company had not implemented any remuneration plan based on Tractebel Energia shares.

13.5 Quantity of shares or quotas, directly or indirectly held, in Brasil or abroad, and other securities convertible into shares or quotas, issued by the Company, its direct or indirect controlling companies, controlled companies or under joint control, by members of the Administrative Council, the Statutory Management or the Fiscal Council, separated by groups, on the closing date of last fiscal year

The Company has no incentive program based on Tractebel Energia quotas or shares. However, the Company's administrators and employees can participate, without charges and without connection to results, can participate in the program offered by the Controlling Group, whose values do not present a significant percentage in relation to the annual remuneration.

The members of the Administrative Council and the Board held, on December 31, 2012, 364,340 shares issued by Tractebel Energia, as indicated below:

Shareholder	Quantity of Shares	(%)
Administrative Council	364,340	0.055817
Board of Directors	-	-
Fiscal Council	-	-
Total	**364,340**	**0.055817**

According to CVM guidelines, when a member of the Board is also part of the Administrative Council, the securities are disclosed exclusively in the amount held by the members of the Administrative Council.

The price of the Company's share on December 31, 2012 was R$ 33.35 per share. **(See more information about item 13.5 in Table 13.16.)**

13.6 Remuneration based on shares recognized in the result of the 3 last fiscal years and forecasted for the current fiscal year, to members of the Administrative Council and the Statutory Management

Until the date of submission of this Reference Form, the Company had not implemented any remuneration plan based on Tractebel Energia shares.

13.7 Open options for the Administrative Council and the Statutory Management at the end of the last fiscal year

Until the date of submission of this Reference Form, the Company had not implemented any remuneration plan based on Tractebel Energia shares.

13.8 Options practiced and shares delivered relative to remuneration based on shares to the Administrative Council and the Statutory Management in the last 3 fiscal years

Until the date of submission of this Reference Form, the Company had not implemented any remuneration plan based on Tractebel Energia shares.

13.9 Brief description of the information required to understand data reported in items 13.6 to 13.8, such as explanations on the pricing method adopted for the value of shares and options

Until the date of submission of this Reference Form, the Company had not implemented any remuneration plan based on Tractebel Energia shares.

13.10 Pension plans in effect granted to members of the Administrative Council and the Statutory Management

(Values in R$)	Administrative Council	Statutory Management
Number of members	3	7
Plan name	CD Plan	CD Plan
Quantity of administrators with conditions to retire	2	5
Conditions of advance retirement	-	1
Corrected value of contributions accumulated in the pension plan until the end of the last fiscal year, minus the amount relative to contributions made directly by the administrators	1,050,503.20	4,889,201.61
Total accumulated value of contributions made during the last fiscal year, minus the amount relative to contributions made directly by the administrators	119,730.15	452,358.35
If advance redemption is possible, and the conditions for that	Not Applicable	Not Applicable

13.11 Average Remuneration of Administrators

	Administrative Council			Statutory Management			Fiscal Council		
(Values in R$)	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010	Dec. 31, 2012	Dec. 31, 2011	Dec. 31, 2010
Number of members	17.00	17.00	17.00	7	6.92	7.00	3.00	3.00	3.00
Highest remuneration	1,251,844.13	1,277,946.79	1,096,008.72	3,117,711.49	2,474,262.40	2,520,668.02	117,246.37	109,711.32	102,742.56
Lowest remuneration	114,357.85	107,008.45	100,211.36	953,659.43	917,887.30	675,442.12	117,246.37	109,711.32	102,742.56
Average remuneration	278,844.31	245,642.27	227,375.13	1,719,630.32	1,519,398.53	1,587,759.40	117,246.37	109,711.32	102,742.56

The values above include social charges on remunerations.

The members of the Board and the Councils identified with the highest and lowest remuneration perform functions of such positions in all 12 (twelve) months of the years.

13.12 Contractual arrangements, insurance policies or other instruments that define mechanisms of remuneration or compensation to administrators in case of dismissal or retirement and the financial consequences for the Company

The Company does not offer contractual arrangements, insurance policies or other instruments that define mechanisms of remuneration or compensation to administrators in case of dismissal or retirement.

13.13 Considering the 3 last fiscal years, show the total remuneration percentage of each group recognized in the Company's result related to members of the Administrative Council, the Statutory Management and the Fiscal Council that are related to direct or indirect controlling companies, as defined in the accounting rules that regulate this matter

The total remuneration to members of the Administrative Council who have employment contracts linked with direct and indirect controlling companies of the Company correspond to 69%, 66% and 74% in 2012, 2011 and 2010, respectively. In the group of the Board of Directors, the employment contract of the CEO was established with the controlling company. His remuneration is fully paid by Tractebel Energia and corresponds to 48%, 35% and 41% of the total remuneration to the Board of Directors in 2012, 2011 and 2010, respectively. The Fiscal Council has no members related to controlling companies of the Company.

13.14 Considering the 3 last fiscal years, show the values recognized in the Company's result as remuneration paid to members of the Administrative Council, the Statutory Management and the Fiscal Council, separated by groups, for any reason other than their regular functions; for instance: commissions and consulting or support services

No remuneration has been paid to members of the Administrative Council, the Statutory Management and the Fiscal Council, for any reason other than their regular functions.

13.15 Considering the 3 last fiscal years, show the values in the result of direct or indirect controlling companies, companies under joint control and controlled companies of the Company, recognized as remuneration to members of the Administrative Council, the Statutory Management and the Fiscal Council, separated by groups, specifying the titles of these professionals to which these values were allocated

Tractebel Energia has members of its Administrative Council and Board of Directors that are also members of the Administrative Council and Board of Directors of Itá Energética S.A. (Itasa), a company under joint control. The values recognized in the result of such controlled company relative to the remuneration of these Administrators, which are deducted from their annual bonus, are presented below:

(Values in R$)	2012	2011	2010
Administrative Council, Tractebel Energia			
Number of members that received remuneration	4	4	4
Value	638,400.00	596,400.00	541,800.00
Statutory Management, Tractebel Energia			
Number of members that received remuneration	3	3	3
Value	364,800.00	340,800.00	310,700.02
Total	**1,003,200.00**	**937,200.00**	**852,500.02**

The values received by the Directors of Tractebel Energia as members of the Administrative Council of Itasa are deducted from their annual bonus.

13.16 Other relevant information, according to the Company

The Controlling Group offers an option to purchase the Group's stocks of controlling company GDF SUEZ at the stock exchange of Paris, France, to its main executives worldwide, considering their main responsibilities, and performance shares or bonus, which can be granted to all employees, provided that the conditions established are observed.

The table below shows the average transfer of shares of the Controlling Group to members of the Board of Directors of the Company:

	2012 Plan	2011 Plan
b) Performance shares		
Quantity	3,214	2,256
Values in R$ on December 31, 2012	134,969.78	94,739.21
c) Free shares		
Quantity	35	25
Values in R$ on December 31, 2012	1,469.80	1,049.86

Notes:

- The value of GDF SUEZ share at the stock exchange of Paris, on December 31, 2012, closed at € 15.48 (€ 21.12 on December 31, 2011), that is, R$ 41.99 (R$ 51.45 on December 31, 2011).

- The number of performance shares is reduced, as certain financial indexes of controlling company GDF SUEZ were not reached. The shares are only transferred to the directors five years after they are issued, and the final quantity is dependent on the Controlling Group's financial results in this period.

- Free shares granted in one year will be available to the executive four years after they are granted and, if certain goals are not achieved, the number of shares may be reduced or even eliminated.

- In 2010, with the merger of GDF SUEZ with the International Power (IPR), no incentive was granted based on GDF SUEZ shares.