

2009 Sustainability Report

Tractebel Energia
GDF SUEZ

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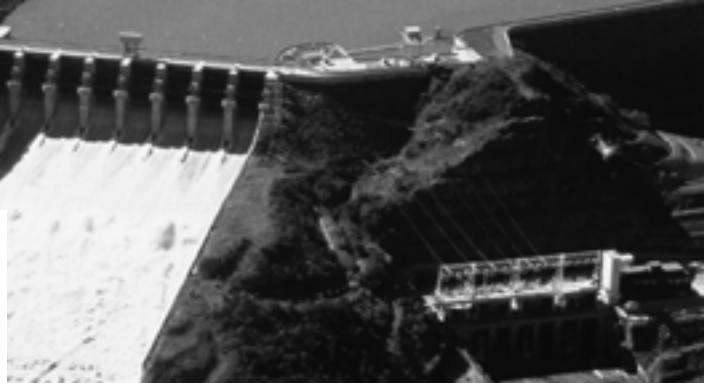
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Cover picture: Salto Osório Hydroelectric Power Plant

Vision, Mission and Values



Machadinho Hydroelectric Power Plant

VISION

In a sustainable way, to be the best energy company in Brazil.

MISSION

Generating energy for life.

VALUES

Professionalism
Sense of partnership
Team work
Creation of value
Respect for the environment
Ethics

Highlights



Cana Brava Hydroelectric Power Plant

Key indicators

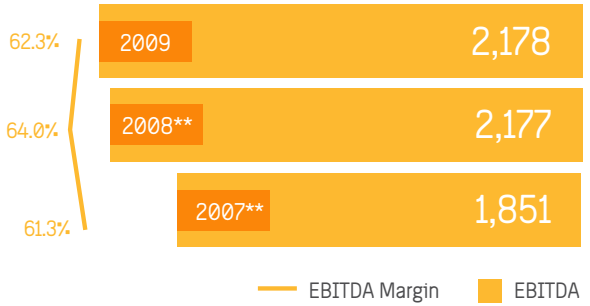
Indicators	2007	2008	2009	Change 09/08
Economic indicators (R$ million)				
Gross operating revenue	3,338.3[6]	3,793.3[6]	3,886.3	2.5%
Net operating revenue	3,017.0[6]	3,400.3[6]	3,496.7	2.8%
EBITDA[1]	1,850.7[6]	2,176.6[6]	2,177.7	0.1%
EBITDA margin (%)	61.3[6]	64.0[6]	62.3	-1.7 p.p.
Earnings from services - EBIT[2]	1,620.0[6]	1,910.2[6]	1,837.8	-3.8%
Financial result	(134.7)	(320.7)[6]	(239.8)	-25.2%
Net income	1,045.7	1,115.2	1,134.4	1.7%
Financial indicators (R$ million)				
Total assets	6,598.0	8,341.8	9,654.1	15.7%
Shareholders' equity	2,816.9	3,170.8	3,681.3	16.1%
Investments	379.4	1,488.9	323.6	-78.3%
Adjusted net debt[3]	1,019.1	2,558.6	2,160.0	-15.6%
Shares				
Number of shares ('000)	652,742	652,742	652,742	0.0%
Net earnings (loss) per share (R$)	1.6019	1.7084	1.7379	1.7%
Average stock price – ON (R$)[4]	20.32	20.99	19.33	-7.9%
Distribution of dividends (R$ million)	993.3	756.3	623.9	-17.5%
Market				
Energy sales (GWh)[5]	32,800	30,661	30,911	0.8%
Energy sales (average MW)	3,744	3,491	3,529	1.1%
Workforce				
Employees (number)	917	941	990	5.2%

[1] EBITDA: operating net income + financial result + depreciation and amortization.
[2] EBIT: operating net income + financial result.
[3] Adjusted net debt = gross debt – cash and cash equivalents.
[4] Simple average of closing quotes.
[5] 2008 was a leap year.
[6] Figures after account reclassification.

Net Income
(R$ million)



EBITDA* and EBITDA Margin
(R$ million and %)



* EBITDA: operating net income + financial result + depreciation and amortization.

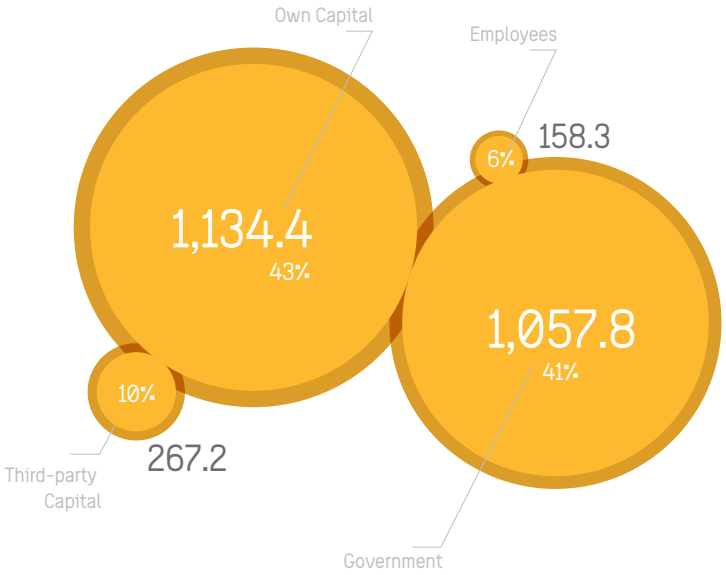
**2007 and 2008 figures after account reclassification.

Highlights



Itá Hydroelectric Power Plant

Value Added Breakdown
(R$ million and %)

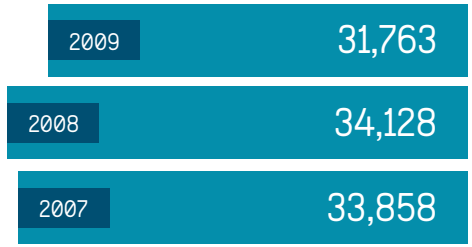


Net Operating Revenue
(R$ million)

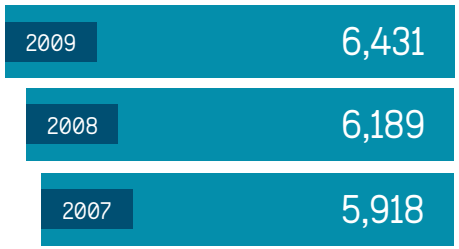


*2007 and 2008 figures after account reclassification.

Energy Production
(GWh)



Proprietary Installed Capacity
(MW)



Energy Sales
(average MW)





Jorge Lacerda Thermoelectric Complex

Message from Management

Tractebel Energia posted an excellent economic-financial performance during 2009 with a net income of R$ 1,134 million, exceeding by 1.7% the result for the preceding year. This represents a record value for the sixth consecutive year and all the more impressive in a year marked by the world crisis.

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

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

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

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

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

Among the Company's initiatives to the benefit of the environment and the community was the start of work on the Jorge Lacerda Environmental Park, a 50-hectare area adjacent to the Jorge Lacerda Thermoelectric Complex in the city of Capivari de Baixo in the south of the State of Santa Catarina. The park will be opened to the public in 2011 and will become an important option for educational and cultural leisure. It will include a lake, walking trails and cycle paths, a museum of the Complex, a forestry nursery and an acoustic shell. The park will also include sustainable features, such as the capture of rainwater and heated through the use of recycled plastic bottles, and sewage treatment using a system in which the vegetation cover itself feeds on the organic material, allowing the water to be reused. Ash waste from the Complex mixed with cement will be used in the construction of park buildings, walking trails and cycle ways - a solution which is being used in conjunction with the region's cement plants, substituting part of the conventional cement or fine sand for concrete blocks, also used in popular housing. The Park will also include a Cultural and Sustainability Center, with a 350-seat auditorium for artistic and cultural shows, music workshops, theatre, dance and digital inclusion instruction, an exhibition hall and a memorial in recognition of the Municipality and the Complex. All this ratification of Tractebel Energia's posture in promoting sustainable initiatives clearly encompassing the Company's three dimensions: environmental, social and economic.

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

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

Manoel Arlindo Zaroni Torres
Chief Executive Officer

Maurício Stolle Bähr
Chairman of the Board of Directors







About the Sustainability Report

Salto Osório Hydroelectric Power Plant

The Sustainability Report of Tractebel Energia S.A. ("Tractebel Energia", "Tractebel" or "the Company") presents information on its performance and management from an economic, social and environmental standpoint for fiscal year 2009. The information encompasses the activities of the Company and its subsidiaries.

The report is published annually, and this is the third consecutive edition based on the guidelines of the Global Reporting Initiative (GRI), an international standard for the preparation of sustainability reports. The objective of these guidelines is to provide transparent information and enable comparisons, at the international level, of the performance of sustainability over the years and among organizations in all industries.

In this light, and as a rendering of full accounts, the Report reached level A+ application level under GRI guidelines, which is the most comprehensive of the three levels (A, B and C), maintaining the level achieved in 2008.

During the preparation of this report, representatives of various teams at Tractebel, coordinated by the Investor Relations department, and including the Sustainability Committee, worked together to define and collect data for the report in accordance with the importance to the Company's business and to its stakeholders.

Application level of GRI guidelines

		C	C+	B	B+	A	A+
Mandatory	Self Declared		Report Externally Assured		Report Externally Assured		Report Externally Assured
Optional	Third Party Checked		Report Externally Assured		Report Externally Assured		Report Externally Assured
	GRI Checked		Report Externally Assured		Report Externally Assured		A+ GRI REPORT GRI CHECKED

As part of Tractebel's efforts to promote sustainable development and reduce environmental impacts, the 2009 Sustainability Report was printed in an abridged version with the main indicators of the year. The complete interactive versions in Portuguese and in English are available on the Company's **website** for download.

Involvement of stakeholders

In a multidisciplinary process before the drafting of the report, the Company conducted an electronic survey with its stakeholders about the topics to be addressed in order to ascertain the level of importance and interest of each topic to the various stakeholders, and consequently increase the significance of the information included in the report.

Stakeholders consulted

Stakeholders	
Employees and their representatives	Employees, outsourced workers and trade unions
Community	Populations living in areas surrounding the plants and head office
Media	Reporters and media vehicles (TV, radio, newspapers, magazines and websites)
Clients	Energy traders, distributors, free consumers and generators
Suppliers	Suppliers of equipment, materials and services
Government	Administrative agencies (federal, state and local) and regulatory agencies for the industry
Shareholders	Controlling shareholder (GDF SUEZ) and minority shareholders
Social, environmental and industry entities	NGOs, academic and research institutions, social organizations and trade associations
Financial institutions	Banks, financing agents and debenture holders
Sector companies	Partners and competitors

The results of the survey indicated five priority topics:

Biodiversity

Emissions, effluents and waste products

Initiatives to mitigate the environmental impacts of its products and services

Occupational health and safety

Community

These topics are presented throughout this report, as well as other initiatives and managerial actions developed to create value and opportunities and to mitigate impacts and risks to all our stakeholders.

Scope

The information in this report encompasses Tractebel Energia and its subsidiaries, as well as the Company's stakes in the consortiums Itá and Machadinho and in Machadinho Energética S.A. (Maesa).

The main change from the previous report was the adoption of GRI's Sector Supplement for the energy sector, which entailed the report of specific indicators, and the correlation between the GRI indicators and the commitments to the Global Compact (to which the Company adheres through its controller shareholder GDF SUEZ), which are presented in the GRI Index at the end of the report.

Itá Hydroelectric Power Plant





01 Company profile

Lages Cogeneration Unit

Tractebel Energia, the largest private-sector power generator in Brazil, has been installing and operating power plants and engaged in electricity trading since 1998.

The Company's head offices are located in Florianópolis, Santa Catarina state, and its stock is traded on the Novo Mercado, a special corporate governance segment of the BM&FBOVESPA S.A. - Securities, Commodities and Futures Exchange. Tractebel Energia is controlled by GDF SUEZ Energy Latin America Participações Ltda., a subsidiary of the Franco-Belgian group GDF SUEZ, which is one of the world's largest companies in the energy, water and waste management industries.

Tractebel has 19 plants (eight hydroelectric power plants, six thermoelectric power plants and five classified as complementary, i.e., biomass, small hydroelectric power plants and wind farms), of which two (Itá HPP and Machadinho HPP) are managed through consortiums with other companies. Of the total power of these plants, 82% is derived from renewable sources.

The installed capacity of the Company's generation complex is 6,431.0 MW, accounting for approximately 7% of Brazil's power consumption. Considering the stakes held by other investors in both consortia, the total installed capacity operated by Tractebel is 7,490.2 MW.

Another three plants are under construction: Estreito Hydroelectric Power Plant (1,087.0 MW) in Estreito, State of Tocantins; the Destilaria Andrade Thermoelectric Power Plant (33.0 MW) in Pitangueiras, São Paulo state and the Areia Branca Small Hydroelectric Power Plant (19.8 MW) located between the municipalities of Caratinga and Ipanema, in Minas Gerais state. Considering the energy corresponding to Tractebel's stake in these projects, a total of 473.8 MW will be added to the Company's installed capacity. In 2009, Tractebel was contracted by the Consórcio Estreito to operate and maintain the Estreito HPP, which will increase the total capacity operated by the Company, including those under construction mentioned above, by 1,139.8 MW. New projects for the sustainable expansion of the business are regularly analyzed.

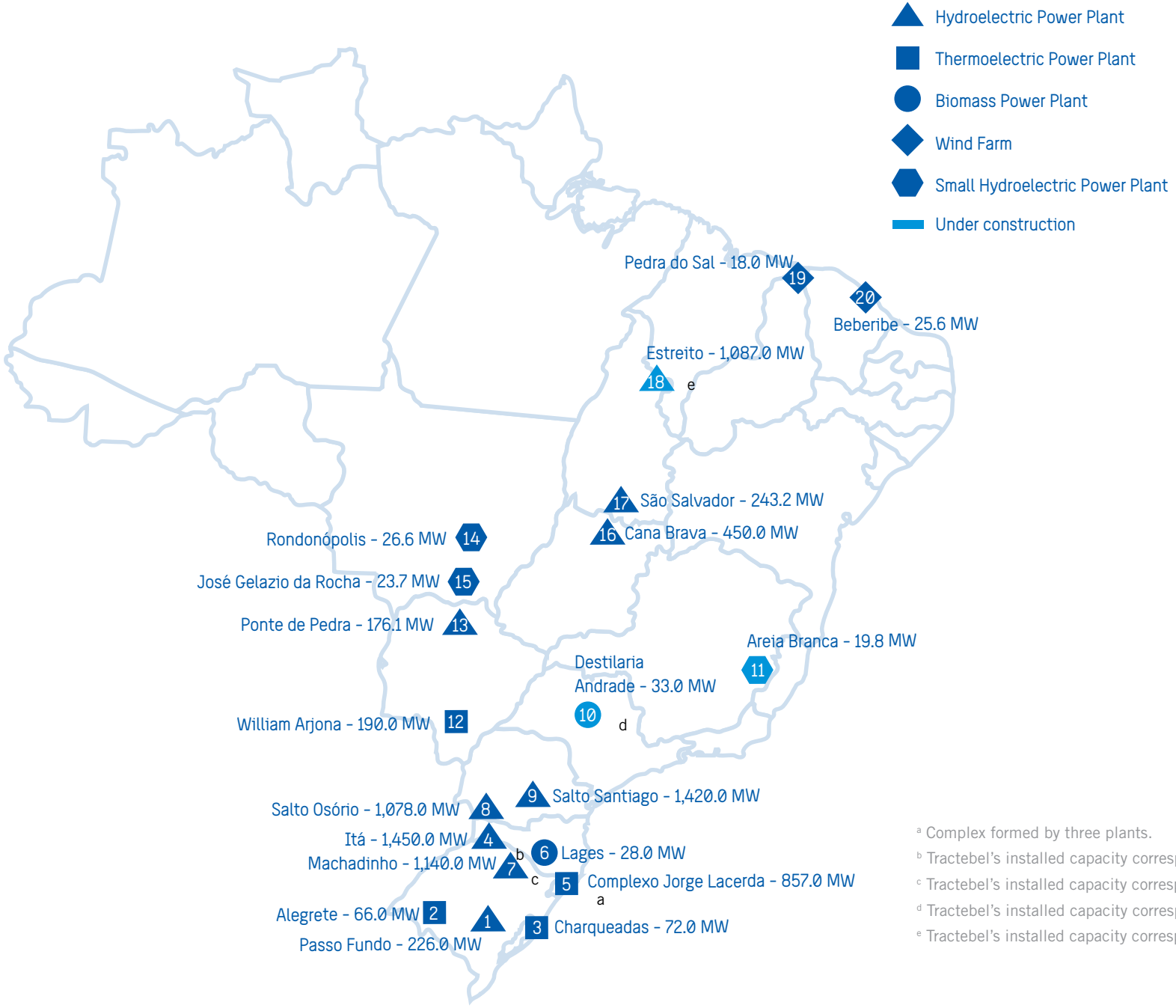
São Salvador Hydroelectric Power Plant



In 2009, the São Salvador Hydroelectric Power Plant entered into operations. Located on the Tocantins River in Tocantins state, the plant has an installed capacity of 243.2 MW and 148.5 average MW of assured energy, enough to supply a city of 1 million inhabitants.

With investment of some R$ 850 million, the project was the first in the industry to obtain financing from the Growth Acceleration Program (PAC) of the Brazilian Federal Government.

GENERATING COMPLEX AND INSTALLED CAPACITY



[a] Complex formed by three plants.
[b] Tractebel's installed capacity corresponds to 1,126.9 MW.
[c] Tractebel's installed capacity corresponds to 403.9 MW.
[d] Tractebel's installed capacity corresponds to 18.3 MW.
[e] Tractebel's installed capacity corresponds to 435.6 MW.

GENERATION COMPLEX – SOUTH REGION

1 Passo Fundo Hydroelectric Power Plant

The first hydroelectric power plant in our generation complex to enter into operation, Passo Fundo underwent extensive technological upgrades concluded in 2001

Operational launch: 1973
Location: Entre Rios do Sul, State of Rio Grande do Sul – Passo Fundo River
Installed capacity: 226.0 MW – two generation units of 113.0 MW
Commercial capacity: 119.0 average MW
Concession term: 2028
Certifications: NBR ISO 9001 and NBR ISO 14001

2 Alegrete Thermoelectric Power Plant

Strategically located, Alegrete assures the high quality supply of power to western Rio Grande do Sul state

Operational launch: 1968
Location: Alegrete, State of Rio Grande do Sul
Energy source: fuel oil
Installed capacity: 66.0 MW – two generation units of 33.0 MW
Commercial capacity: 21.1 average MW
Term of authorization: 2028
Certifications: NBR ISO 9001 and NBR ISO 14001

3 Charqueadas Thermoelectric Power Plant

Installed near the Porto Alegre metropolitan area. A major power consumption center, Charqueadas plays a strategic role in the event of deficits in hydroelectric generation capacity

Operational launch: 1962
Location: Charqueadas, State of Rio Grande do Sul
Energy source: coal
Installed capacity: 72.0 MW – four generation units of 18.0 MW
Commercial capacity: 45.7 average MW
Term of authorization: 2028
Certifications: NBR ISO 9001 and NBR ISO 14001

4 Itá Hydroelectric Power Plant

The first large hydroelectric power plant built by the private sector in Brazil, Itá has become a benchmark in terms of technology and social and environmental management

Operational launch: 2000
Location: between the municipalities of Itá, State of Santa Catarina and Aratiba, State of Rio Grande do Sul - Uruguai River
Total installed capacity: 1,450.0 MW – five generating units of 290.0 MW
Tractebel's installed capacity: 1,126.9 MW
Tractebel's commercial capacity: 544.2 average MW
Concession term: 2030 – granted to Tractebel and its subsidiary Itasa S.A., which together form the Consórcio Itá with 39.5% and 60.5% respectively. Itasa, in turn, is formed by Tractebel and Companhia Siderúrgica Nacional (CSN), both with 48.75% each, and by Cimento Itambé, with 2.5%
Certifications: NBR ISO 9001 and NBR ISO 14001

5 Jorge Lacerda Thermoelectric Complex (three plants)

South America's largest coal-fired generating complex, Jorge Lacerda plays a key role in supplying Brazil's South Region, especially during drought periods

Operational launch: 1965
Location: Capivari de Baixo, State of Santa Catarina
Energy source: coal
Installed capacity: 857.0 MW from three plants - Jorge Lacerda A, with two generation units of 50.0 MW and two of 66.0 MW; Jorge Lacerda B, with two generation units of 131.0 MW; and Jorge Lacerda C, with one generation unit of 363.0 MW
Commercial capacity: 649.9 average MW
Term of authorization: 2028
Certifications: NBR ISO 9001 and NBR ISO 14001

Jorge Lacerda
Thermoelectric Complex



Machadinho Hydroelectric Power Plant



GENERATION COMPLEX – SOUTH REGION

6 Lages Cogeneration Unit

One of the first thermoelectric power plants in Brazil registered by the Clean Development Mechanism (CDM) Committee. It uses wood chips for electric power and steam production. Estimated generation of 220,000 carbon credits per year by 2014
Operational launch: 2003
Location: Lages, State of Santa Catarina
Energy source: Biomass - wood chips (from logging companies' timber waste)
Installed capacity: 28.0 MW – one generation unit
Commercial capacity: 25.0 average MW
Operational authorization: 2032
Certifications: NBR ISO 9001 and NBR ISO 14001

7 Machadinho Hydroelectric Power Plant

Highlight in the Company's generation complex due to its excellent ratio of installed capacity to reservoir area. The plant's original design was changed to achieve this benefit
Operational launch: 2002
Location: between the municipalities of Piratuba, State of Santa Catarina and Maximiliano de Almeida, State of Rio Grande do Sul – Pelotas River
Total installed capacity: 1,140.0 MW – three generating units of 380.0 MW
Tractebel's installed capacity: 403.9 MW
Tractebel's commercial capacity: 147.2 average MW
Concession term: 2032 – granted to companies that form the Consórcio Machadinho, composed by Tractebel (19.28%) and the other consortium member companies of Machadinho Energética S.A.: Companhia Brasileira de Alumínio (CBA), Alcoa Alumínio, Valesul Alumínio, Votorantim Cimentos Brasil, Companhia Estadual de Geração e Transmissão de Energia Elétrica (CEEE – GT), Camargo Corrêa Cimentos and Departamento Municipal de Eletricidade de Poços de Caldas (DME –PC), which altogether hold an interest of 80.72% in the Consortium
Certifications: NBR ISO 9001 and NBR ISO 14001

8 Salto Osório Hydroelectric Power Plant

The plant has a social and environmental management program that includes reforestation with native species and surveys and studies on water quality and the fish species living in the reservoirs
Operational launch: 1975
Location: between the municipalities of Quedas do Iguaçu and São Jorge d'Oeste, both in Paraná state – Iguaçu River
Installed capacity: 1,078.0 MW – four generating units of 182.0 MW and two of 175.0 MW
Commercial capacity: 522.0 average MW
Concession term: 2028
Certifications: NBR ISO 9001 and NBR ISO 14001

9 Salto Santiago Hydroelectric Power Plant

The second largest plant in terms of installed capacity operated by the Company, it works as the remote operation center of the Cana Brava Hydroelectric Power Plant
Operational launch: 1980
Location: between the municipalities of Saudade do Iguaçu and Rio Bonito do Iguaçu, both in Paraná state – Iguaçu River
Installed capacity: 1,420.0 MW – four generating units of 355.0 MW
Commercial capacity: 723.0 average MW
Concession term: 2028
Certifications: NBR ISO 9001 and NBR ISO 14001

GENERATION COMPLEX – SOUTHEAST REGION

10 Destilaria Andrade Thermoelectric Power Plant

The plant, which is currently under construction, sold its energy at the first Auction of Alternative Energy Sources held in 2008, and will be the first plant in the Company's generation complex to use sugarcane bagasse as fuel

Operational launch: expected for 2010

Location: Pitangueiras, State of São Paulo

Energy source: biomass – sugarcane bagasse

Total installed capacity: 33.0 MW – one generation unit

Tractebel's installed capacity: 18.3 MW

Tractebel's commercial capacity: 11.1 MW

Term of authorization: 2025 – granted to the Consórcio Andrade, formed by Ibitiúva Bioenergética S.A. (a subsidiary of Tractebel Energia, which holds a 76.0% stake) and Andrade Açúcar e Álcool S.A. (a subsidiary of Açúcar Guarani S.A.), which hold stakes of 72.9% and 27.1%, respectively. Therefore, the Company holds a stake in the project of approximately 55%

Certifications: will enter into operation adopting the procedures of plants already certified in order to obtain NBR ISO 9001 and NBR ISO 14001 certifications

11 Areia Branca Small Hydroelectric Power Plant

Plant under construction, it will reinforce the Company's portfolio of complementary energy sources

Operational launch: expected for 2010

Location: between the municipalities of Caratinga and Ipanema, both in Minas Gerais state – Manhuaçu River

Installed capacity: 19.8 MW – two generation units of 9.9 MW

Commercial capacity: 11.1 average MW

Term of authorization: 2030

Certifications: operates adopting the procedures of plants already certified

GENERATION COMPLEX – MIDWEST REGION

12 William Arjona Thermoelectric Power Plant

First plant powered by natural gas in Brazil and the first to use the Brazil-Bolivia gas pipeline

Operational launch: 1999

Location: Campo Grande, State of Mato Grosso do Sul

Energy source: natural gas and diesel

Installed capacity: 190.0 MW – three generation units of 40.0 MW and two of 35.0 MW

Commercial capacity: 136.1 average MW

Term of authorization: 2029

Certifications: NBR ISO 9001 and NBR ISO 14001

13 Ponte de Pedra Hydroelectric Power Plant

The first plant in operation acquired by Tractebel (acquisition in 2008)

Operational launch: 2005

Location: between the municipalities of Sonora, State of Mato Grosso do Sul and Itiquira, State of Mato Grosso – Correntes River

Installed capacity: 176.1 MW – three generation units of 58.7 MW

Commercial capacity: 131.6 average MW

Concession term: 2035

Certifications: operates adopting the procedures of plants already certified in order to obtain NBR ISO 9001 and NBR ISO 14001 certifications

William Arjona
Thermoelectric Power Plant



Cana Brava
Hydroelectric Power Plant



GENERATION COMPLEX – MIDWEST REGION

14 Rondonópolis Small Hydroelectric Power Plant

Acquired in 2008, it was the Company's first investment in small hydroelectric power plants, together with the José Gelazio da Rocha plant, reinforcing the strategy of investing in energy from complementary sources
Operational launch: 2007
Location: Rondonópolis, State of Mato Grosso - Ponte de Pedra River
Installed capacity: 26.6 MW – three generation units of 8.9 MW
Commercial capacity: 14.0 average MW
Term of authorization: 2032
Certifications: operates adopting the procedures of plants already certified

15 José Gelazio da Rocha Small Hydroelectric Power Plant

Acquired in 2008, this plant is located near the Ponte de Pedra Hydroelectric Power Plant and the Rondonópolis Small Hydroelectric Power Plant, allowing for the capture of operational synergy
Operational launch: 2007
Location: Rondonópolis, State of Mato Grosso - Ponte de Pedra River
Installed capacity: 23.7 MW – three generation units of 7.9 MW
Commercial capacity: 11.9 average MW
Term of authorization: 2032
Certifications: operates adopting the procedures of plants already certified

16 Cana Brava Hydroelectric Power Plant

The first investment in energy by the GDF SUEZ Group in Brazil, prior to its acquisition of the controlling stake in Tractebel
Operational launch: 2002
Location: between the municipalities of Cavalcante, Minaçu and Colinas do Sul, State of Goiás – Tocantins River
Installed capacity: 450.0 MW – three generation units of 150.0 MW
Commercial capacity: 273.5 average MW
Concession term: 2033
Certifications: NBR ISO 9001 and NBR ISO 14001

GENERATION COMPLEX – NORTH REGION

17 São Salvador Hydroelectric Power Plant

Inaugurated in 2009, this was the first project to receive incentives from the government's economic stimulus program known as PAC (Programa de Aceleração do Crescimento – Growth Acceleration Program)
Operational launch: 2009
Location: between the Municipalities of São Salvador and Paraná, both in Tocantins state – Tocantins River
Installed capacity: 243.2 MW – two generation units of 121.6 MW
Commercial capacity: 148.5 average MW
Concession term: 2037
Certifications: NBR ISO 9001 and NBR ISO 14001 certifications expected for 2010

GENERATION COMPLEX – NORTHEAST REGION

18 Estreito Hydroelectric Power Plant

The plant, which is in an advanced stage of installation, will be operated by Tractebel as of its inauguration
Operational launch: slated for 2011
Location: between the municipalities of Estreito, State of Maranhão, and Palmeiras do Tocantins and Aguiarnópolis, both in Tocantins state – Tocantins River
Total installed capacity: 1,87.0 MW – eight generation units of 135.9 MW
Tractebel's installed capacity: 435.6 MW
Tractebel's commercial capacity: 256.9 average MW
Concession term: 2037 – granted to the Consórcio Estreito Energia (Ceste), formed by SUEZ Energia Renovável S.A. (SER) (40.1%), Vale (30.0%), Alcoa Alumínio (25.5%) and Camargo Corrêa (4.4%)
Certifications: operates adopting the procedures of plants already certified in order to obtain NBR ISO 9001 and NBR ISO 14001 certifications

GENERATION COMPLEX – NORTHEAST REGION

19 Pedra do Sal Wind Farm

As Beberibe, it was the first wind-powered plant developed by Tractebel
Operational launch: 2008
Location: Parnaíba, State of Piauí
Installed capacity: 18.0 MW – 20 wind turbines of 0.9 MW
Commercial capacity: 7.8 average MW
Concession term: 2032
Certifications: operates adopting the procedures of plants already certified in order to obtain NBR ISO 9001 and NBR ISO 14001 certifications

20 Beberibe Wind Farm

It is part of the Company's strategy to expand its generation complex through complementary sources
Operational launch: 2008
Location: Beberibe, State of Ceará
Installed capacity: 25.6 MW – 32 wind turbines of 0.8 MW
Commercial capacity: 9.8 average MW
Concession term: 2033
Certifications: operates adopting the procedures of plants already certified in order to obtain NBR ISO 9001 and NBR ISO 14001 certifications

Of the total installed capacity from Tractebel's 19 plants, 82% is from renewable energy sources

Beberibe Wind Farm



OWNERSHIP STRUCTURE AND CONTROL

On December 31, 2009, the Company's capital stock totaled R$ 2,445.8 million, composed of 652,742,192 common shares traded normally on the BM&FBOVESPA S.A. - Securities, Commodities and Futures Exchange, under the stock symbol TBLE3. Tractebel has a Level I American Depositary Receipts (ADR) program, with the ADRs traded on the U.S. over-the-counter market under the TBLEY symbol with a ratio of one ADR per one common share.

GDF SUEZ Energy Latin America Participações, which is part of the GDF SUEZ Group, holds a controlling stake in the Company, with 68.71% of its capital.

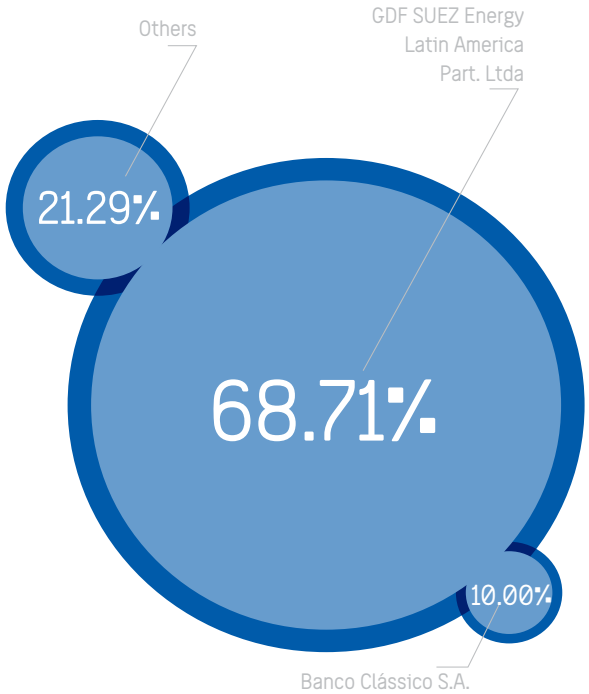
The Company's controlling shareholder, GDF SUEZ, is a French-Belgian group that focuses on the development of sustainable and innovative solutions for the energy, water and waste management industries.

With around 200,000 employees and total installed capacity of approximately 60,000 MW, the Group is the largest independent power producer worldwide.

For more information, go to: www.gdfsuez.com

Tractebel Energia, in turn, directly or indirectly holds controlling stakes in the following companies: Companhia Energética São Salvador, Lages Bioenergética Ltda., Seival Participações S.A., Ponte de Pedra Energética S.A., Tractebel Energia Complementares Participações Ltda., and Tractebel Energia Comercializadora Ltda., which intermediates and operates purchases, sales, imports and exports of electric power in the free market.

Shareholding Structure



Cana Brava Hydroelectric Power Plant



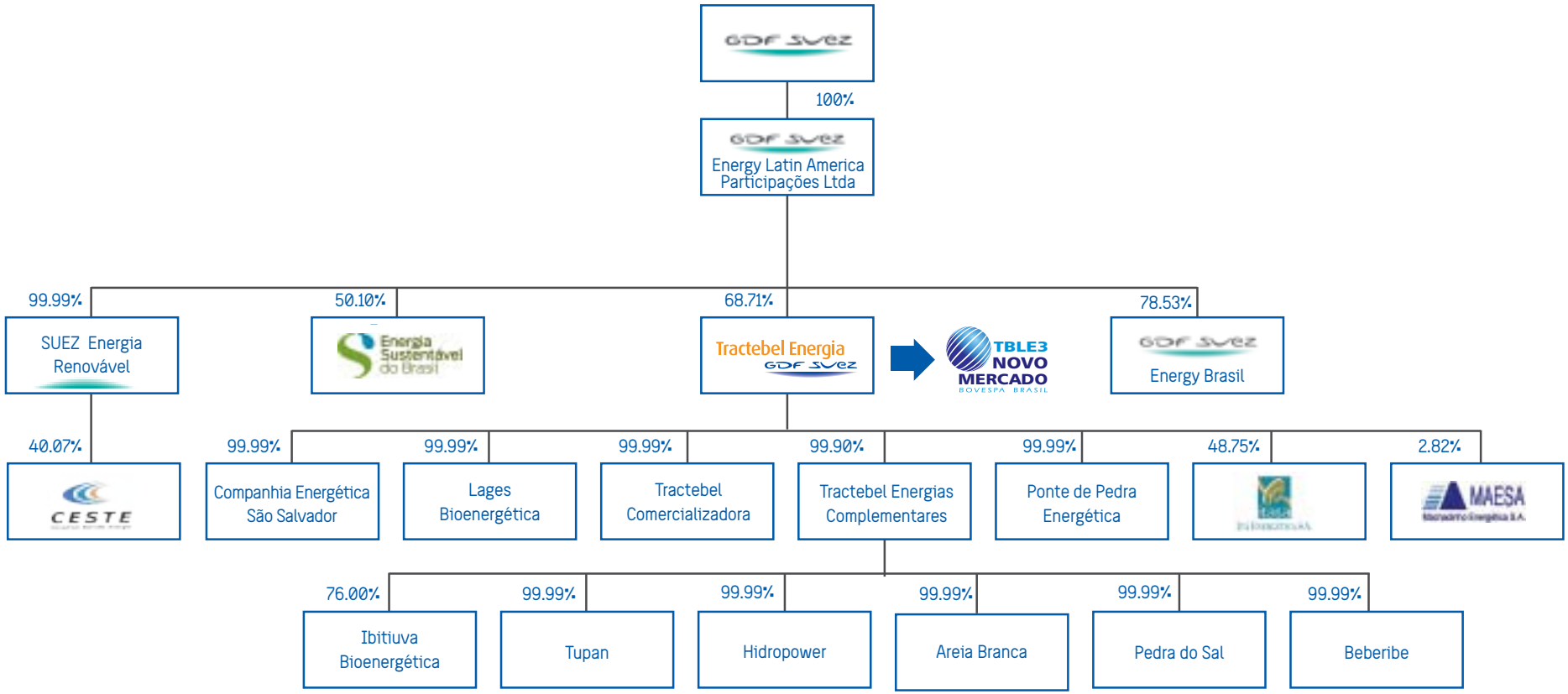
The Company also holds a 2.82% stake in Machadinho Energética S.A. (Maesa) and a 19.28% stake in the consortium operating the Machadinho Hydroelectric Power Plant.

In addition, with a stake of 48.75%, Tractebel holds shared control of Itá Energética S.A. (Itasa), a company that holds, in conjunction with Tractebel, the concession to run the Itá Hydroelectric Power Plant, and which holds a stake of 60.5% in the Consórcio Itá, which is responsible for the project's construction. Together with the direct stake of 39.5% it holds in the Consortium, the Company holds a total stake of approximately 70% in the Plant.

The shared control of Itasa is governed by a shareholders' agreement, while the decisions of common interest to the Consórcio Itá are taken by a management committee composed of four members, two of whom are representatives of Tractebel Energia.

On June 17, 2009, Tractebel Energias Complementares Participações Ltda. (former Gama Participações Ltda.), the wholly-owned subsidiary of the Company, concluded the acquisition of 99.99% of the capital of the companies Hidropower Energia S.A., Tupan Energia Elétrica S.A., Eólica Beberibe S.A., Eólica Pedra do Sal S.A., Hidrelétrica Areia Branca S.A. and Econergy Brasil Serviços Corporativos Ltda. The process to acquire these companies began in 2008.

Corporate structure chart



*Simplified structure

02 Corporate governance



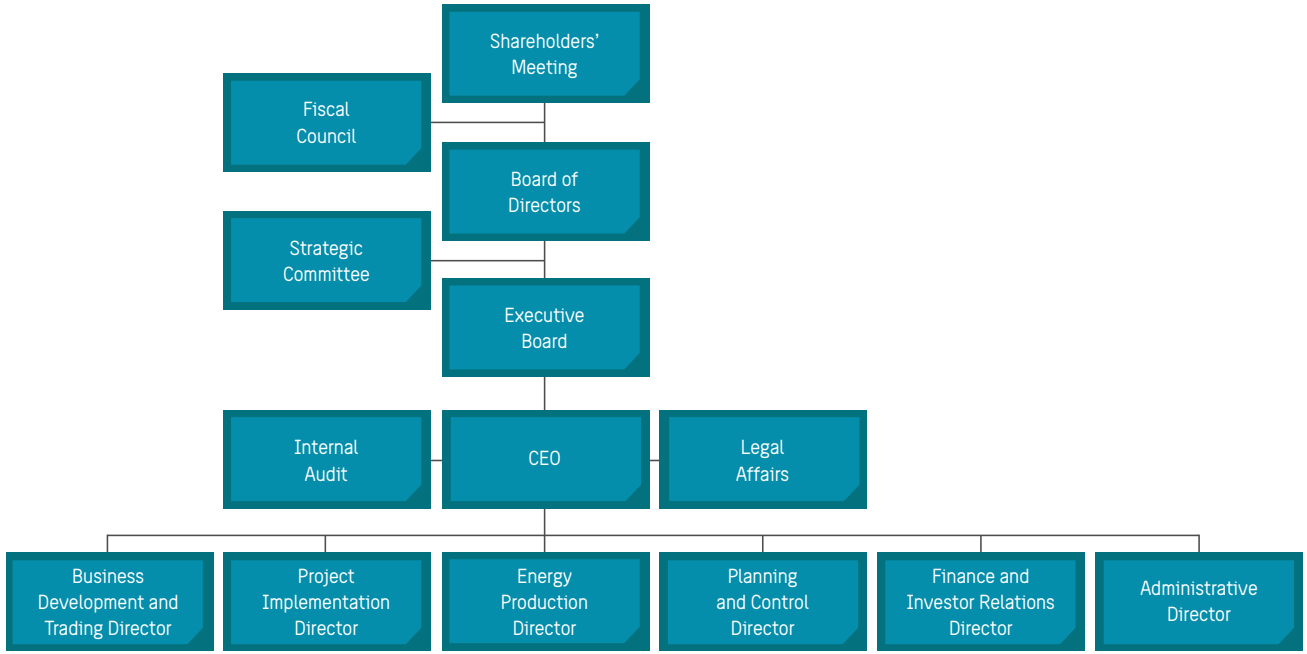
Jorge Lacerda Thermoelectric Complex

In the conducting of its business, the Company adopts corporate governance best practices and is committed to accountability and transparent management. Tractebel Energia's stock is traded on the Novo Mercado of the BM&FBOVESPA S.A. - Securities, Commodities and Futures Exchange, a special listing segment composed of stocks of companies that adopt corporate governance practices in addition to those required by Brazilian law.

MANAGEMENT

The Company's administration is composed of various organs with shared and complementary responsibilities, with the objective of perpetuating the solid development of the business and creating value for all of its stakeholders.

General Organization Chart



Alegrete Thermoelectric Power Plant



Board of Directors

The main duties of the Board of Directors are to establish the general guidelines of the Company's business, approve the annual budget, as well as elect, remove from office and determine the duties of the Executive Officers.

The Board is composed of nine members and nine alternate members, two of whom are independent and one of whom is a representative elected by the employees. With the exception of the latter, all members are elected by the shareholders in a General Meeting for a two-year term of office, and are eligible for reelection. In the Meetings, minority shareholders may give recommendations and support the Board in its decisions.

The current Directors were reelected in 2008, with a term of office expiring in April 2010. The Company's CEO is a member of the Board of Directors, but does not serve as its Chairman.

In 2009, Alain Janssens became a member of the Board of Directors, filling the position previously held by alternate member José Carlos Cauduro Minuzzo.

Board of Directors (2008-2010)

Position	Members
Chairman	Maurício Stolle Bähr
Vice-Chairman	Jan Franciscus María Flachet
Member and CEO	Manoel Arlindo Zaroni Torres
Member	Victor-Frank de Paula Rosa Paranhos
Member	Luiz Antônio Barbosa
Member	Dirk Beeuwsaert
Member	José Pais Rangel
Member	Luiz Leonardo Cantidiano Varnieri Ribeiro
Member	Alain Janssens

Board of Executive Officers

Tractebel's Board of Executive Officers is responsible for the general administration and representation of the Company, in addition to fulfilling the duties determined by the Board of Directors. The Board has seven members, who are elected by the Board of Directors for a three-year term of office and are eligible for reelection.

In 2009, Eduardo Antonio Gori Sattamini was elected Finance and Investor Relations Director, a position until then held cumulatively by CEO Manoel Arlindo Zaroni Torres. The Business Development and Trading Director was elected in November 2008, and the other Officers on May 10, 2007.

Executive Officers (2008-2010)

Position	Members
Chief Executive Officer	Manoel Arlindo Zaroni Torres
Energy Production Director	José Carlos Cauduro Minuzzo
Administrative Director	Luciano Flávio Andriani
Planning and Control Director	Marco Antônio Amaral Sureck
Project Implementation Director	Miroel Makiolke Wolowski
Business Development and Trading Director	José Luiz Jansson Laydner
Finance and Investor Relations Director	Eduardo Antonio Gori Sattamini

Fiscal Council

Tractebel's Fiscal Council is a non-permanent body that is convened upon request of the shareholders. It is responsible for monitoring the performance of Management and analyzing the financial statements, and is composed of a minimum of three and a maximum of five members, one of which is appointed by minority shareholders. The Council is currently formed by three members and three alternate members, who were elected in April 2009 for a one-year term of office.

Position	Members
Chairman	Paulo de Resende Salgado
Member	Manoel Eduardo Lima Lopes
Member	Carlos Guerreiro Pinto

Committees

To execute its activities more efficiently and sustainably, Tractebel has eight committees that are related to specific areas of its business. The committees are composed of representatives of various areas of the Company.

• Energy Committee: monitors the electricity market and establishes the Company's power trading strategy, including purchase and sale prices and limits on the amounts of energy involved in contracts that could become part of the Company's portfolio.

• Risk Management Committee: identifies and classifies events that pose risks to Tractebel's business, according to their probability and significance, and determines the control procedures, targets and guidelines for their management while raising awareness regarding the Company's risk treatment.

• Financial Committee: submits to the Board of Executive Officers policies for allocating funds, making prepayments and advancing or postponing receivables. When necessary, it recommends transactions to restructure liabilities and to raise funds.

• Tax Planning Committee: decides, through interpretation of tax legislation, in which cases or circumstances Tractebel should file administrative or legal claims. It also presents suggestions on opportunities to obtain tax savings on the Company's new projects.

• Ethics Committee: responsible for disclosing, applying, and updating Tractebel's Code of Ethics. Duties include deciding cases involving more serious violations and resolving questions regarding interpretation of the Code.

• Innovation Committee: promotes innovations that add value to the Company. The Committee receives and evaluates proposals, making recommendations to the Executive Officers regarding the allocation of funds to the initiatives selected, as well as actions to reward the persons responsible for the proposals.

• Sustainability Committee: helps consolidate Tractebel as a transparent and sustainable Company that seeks to conciliate the interests of all its stakeholders. Develops initiatives focused on improvements in the environmental, cultural and social spheres in the regions where its operations are located.

• Strategic Committee: advisory body to the Board of Directors and Board of Executive Officers, it deals with the Company's strategic issues, including the selection and monitoring of expansion projects for its generation complex and trends in the electric power industry. Its initiatives are subject to approval by the Board of Directors.

Auditor

The auditing of the internal control systems regarding compliance with the Sarbanes-Oxley Act (SOX), as well as all results presented by the Company, is performed by Deloitte Touche Tohmatsu, which provides only external auditing services to the Company.

Eight multidisciplinary committees related to specific business areas help the Company execute its activities more efficiently and sustainably

Tractebel's internal control structure complies with the Sarbanes-Oxley Act (SOX), the U.S. legislation for publicly traded companies that oversees the creation of reliable auditing and information security mechanisms to assure the veracity of financial reports.

Management compensation

The overall and annual compensation of the Management is established by the Annual Shareholders' Meeting, based on responsibilities and market practices. The Board of Directors determines the distribution of the compensation set forth by the Shareholders' Meeting among its members and the members of the Executive Board.

The compensation of the Board of Directors is fixed, while that of the Executive Officers is partly fixed (60%) and partly variable (40%), the latter based on the achievement of targets linked to the Company's objectives. In 2009, the overall compensation of the Board of Directors and Executive Board was R$ 10,257,358.34.

CODE OF ETHICS

The conduct of Tractebel's employees and partners is based on its Code of Ethics, which reaffirms its corporate values, clarifies ethical behavior issues and establishes principles to be followed in the relationship with the Company's stakeholders.

Tractebel's Ethic Committee continuously develops training and awareness initiatives to assure adequate understanding of the Code of Ethics by all stakeholders, especially its employees.

Aligned with the values and principles of GDF SUEZ, the document is distributed to all employees and disclosed on the Company's Intranet and website.

Conflicts of interest

The Company's Code of Ethics describes the responsibility of all employees to avoid conflicts between personal interests and those of the Company, listing the main situations in which conflicts may take place and which attitudes should be taken to avoid or eliminate them.

Corruption

Tractebel rejects all forms of corruption. In this context, its ethical principles instruct employees not to offer or receive direct or indirect benefits, including money, favors, trips and services. The Ethics Committee is responsible for analyzing potential cases of corruption and to determine the measures to be adopted.

MANAGEMENT POLICIES AND GUIDELINES

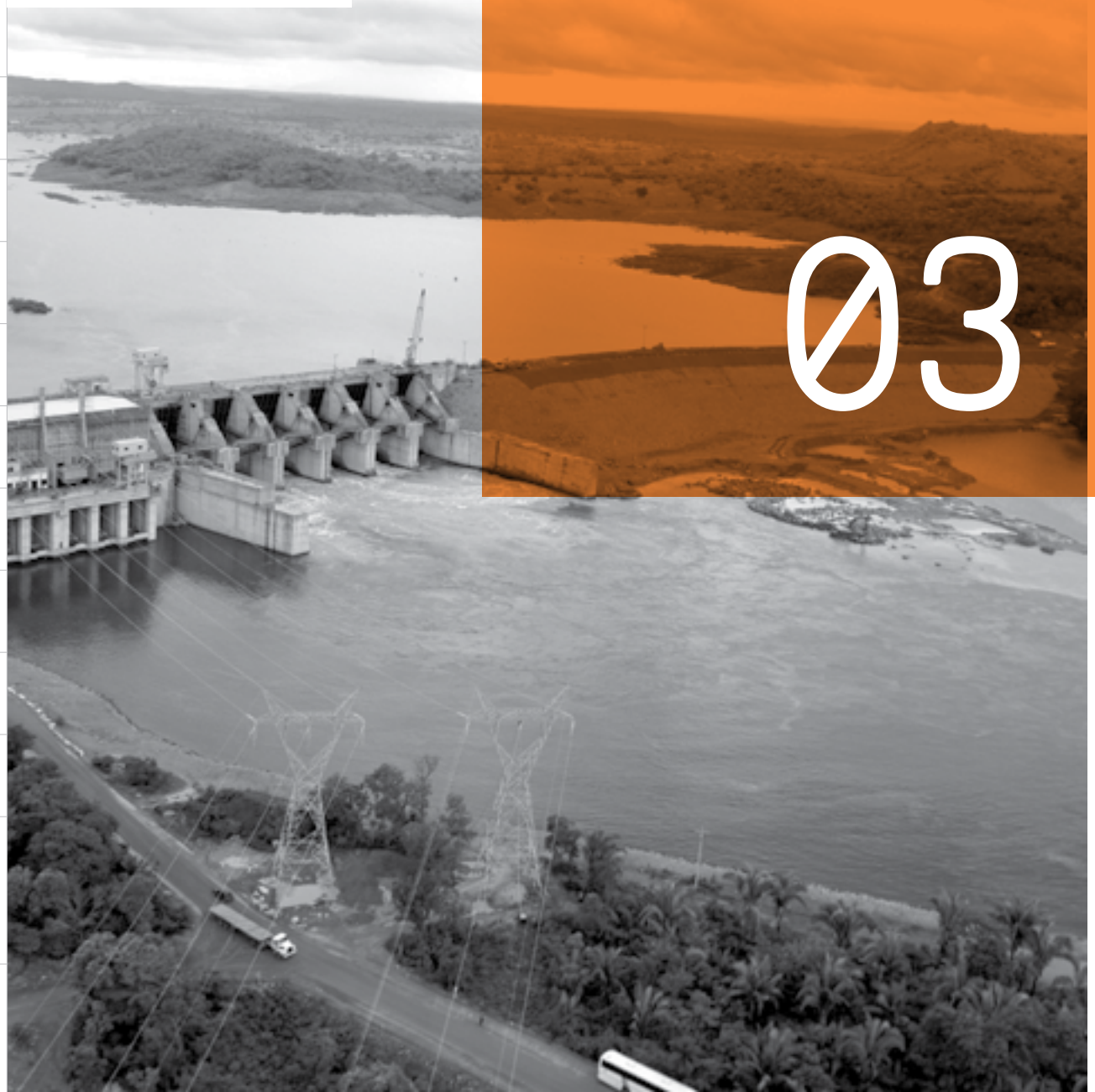
The management policies and guidelines are set forth in the Company's Bylaws, Organizational Manual, Personnel Manual, Code of Ethics, Environmental Code and corporate communications guidelines. In addition, six administrative management rules address the limits of powers and signatures, the organization and functioning of the senior management bodies, procurement, access and safety at facilities, payments and travel.

Information disclosure

Tractebel's Policy for the Disclosure of Material Information and the Trading of Shares complies with the transparency rules and the requirements of financial market regulators, such as the Central Bank of Brazil, the Securities and Exchange Commission of Brazil (CVM), and the BM&FBOVESPA S.A. The Company discloses material facts in accordance with CVM Instruction 358/02, which requires the disclosure of information on the business in order to provide adequate time for investors to take investment decisions.

Performance reports (quarterly and annual), notices to the market, earnings releases, Tractebel's policies and practices, as well as other information on the Company, are available on its website. The financial statements are published annually in wide circulation newspapers, and are also made available on the internet.

Corporate information is also disclosed in the newspaper Boas Novas, which targets the external public, in the internal newspaper Conexão and in internal electronic newsletters.



03 Strategy and competitive advantages

São Salvador Hydroelectric Power Plant

STRATEGY

The Company aims to be a benchmark in the power industry, maintaining its position as Brazil's largest private-sector power generator. It creates value for shareholders, clients, employees and society, while maintaining a solid financial position and long-term vision, by adopting the following strategies.

Growth with financial discipline

Tractebel seeks revenue growth based on improved future energy prices and the expansion of its generation complex, which is dependent on obtaining an adequate return on investment. The Company opted to have a part of its energy availability not contracted as of 2011, when industry forecasts point to a potential increase in prices. In addition, its strong financial position, with low debt and strong cash generation, enables continuous expansion with participation in new projects and potential acquisitions.

Maximizing the efficiency of the client portfolio

The Company pursues the optimization of the client portfolio, based on the free consumer segment (clients that can choose from which supplier they buy electricity). On this front, Tractebel promotes initiatives that include developing a comprehensive client loyalty program and offering various services aimed at the efficient use of energy at its client's industrial units.

Operating efficiency

Tractebel also seeks a solid operational performance and improving productivity indicators, which support continuous expansion in operating margins. In recent years, the Company maintained its uptime rate at above 97% (98.9% in 2009), excluding the scheduled stoppages considered in preventive maintenance plans, which makes it possible to meet unexpected demand.

COMPETITIVE ADVANTAGES

Tractebel's differentials and competitive advantages assure the Company's good performance and support its strategy.

Growth potential

Tractebel has been presenting a continuous growth, with its installed capacity increasing by 66% in the first decade of operations. With a solid financial position and with the support from its controlling shareholder, GDF SUEZ (which plans to continue investing in Brazil), Tractebel reaffirms its commitment to grow in the coming years.

Adequate energy contracting profile

The Company pursues a balanced level of contracting by allocating energy between distributors and free consumers. The agreements signed with distributors, which feature longer terms, assure the stability of cash generation. The flexibility of contractual conditions, especially concerning terms and volumes, optimizes the use of the Company's energy resources, in turn increasing the profitability of the overall portfolio.

The Company's energy availability is composed of the commercial capacity of the hydroelectric and thermoelectric power plants, of those plants classified as complementary (i.e., wind farms, biomass plants and small hydroelectric power plants) and of energy purchased for resale. Virtually all this availability is fully contracted until 2010, at competitive prices. For the long-term, the Company carries out constant analyses of market scenarios and conditions.

Innovation in the large-scale supply for free consumers

The first Brazilian company in the industry to focus on energy sales to free consumers and on developing loyalty policies for this segment, Tractebel has developed the know-how required to manage its agreements, which imparts greater efficiency to its customer management.

Experienced Management committed to corporate governance best practices

In addition to having its stock listed on the Novo Mercado segment of the BM&FBovepsa, Tractebel has an experienced Management with the ability to innovate and anticipate solutions in response to the continuous evolution and transformations in the regulatory framework of the power industry.

Balanced distribution of dividends

Tractebel adopts a policy of distributing shareholders' payments corresponding to a minimum of 55% of adjusted net income through semiannual distributions, which exceeds the 30% provided for by its Bylaws. For the 2009 fiscal year, the payout amounted to 55% of the net income.

Controlling shareholder with vast experience in Brazil and in the power industry

With over 50 years of operations in Brazil, GDF SUEZ is one of the world's largest groups in the electric power, water and waste management sectors. Tractebel's installed capacity accounts for approximately 10% of GDF SUEZ's generation capacity worldwide.

Balance in serving all stakeholders

In all its activities and initiatives, Tractebel takes into account the legitimate interests of all its stakeholders with the objective of balancing their various demands and in turn creating the conditions for the Company's sustainability over the long-term.

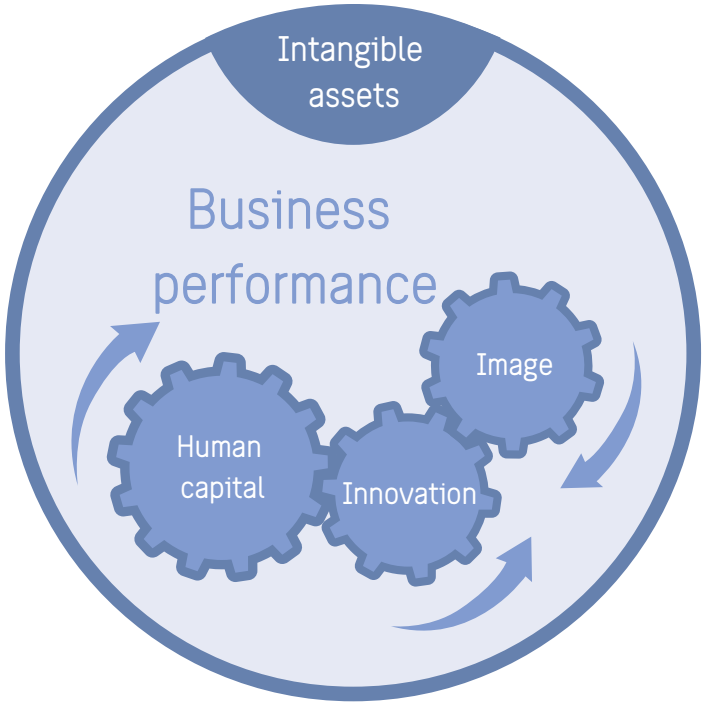


04 Intangible assets

Sunset near the Salto Santiago and Salto Osório plants

The conducting of Tractebel's business is interrelated to the management of its intangible assets, which are unique characteristics that create value for its stakeholders and differentiate the Company, resulting in the continuous improvement of its activities and performance.

In this context, the Company identifies, evaluates, develops and aligns its intangible assets with its guiding principles. Three main assets, described below, are managed and monitored in order to maintain them as competitive advantages.





Itá Hydroelectric Power Plant

IMAGE

Tractebel seeks to maintain a solid and well respected image that is compatible with its philosophy and culture and with the conducting of its businesses.

To maintain the public's perception of its brand aligned with its essence, the Company regularly monitors its corporate image by conducting organizational climate surveys with employees (biennially), customer satisfaction surveys and opinion surveys in the surrounding communities.

Association with the message "Energy for life" reinforces the concept of sustainable development as a guide for all dimensions of the Company's operations, and consequently for all relationships with its stakeholders.

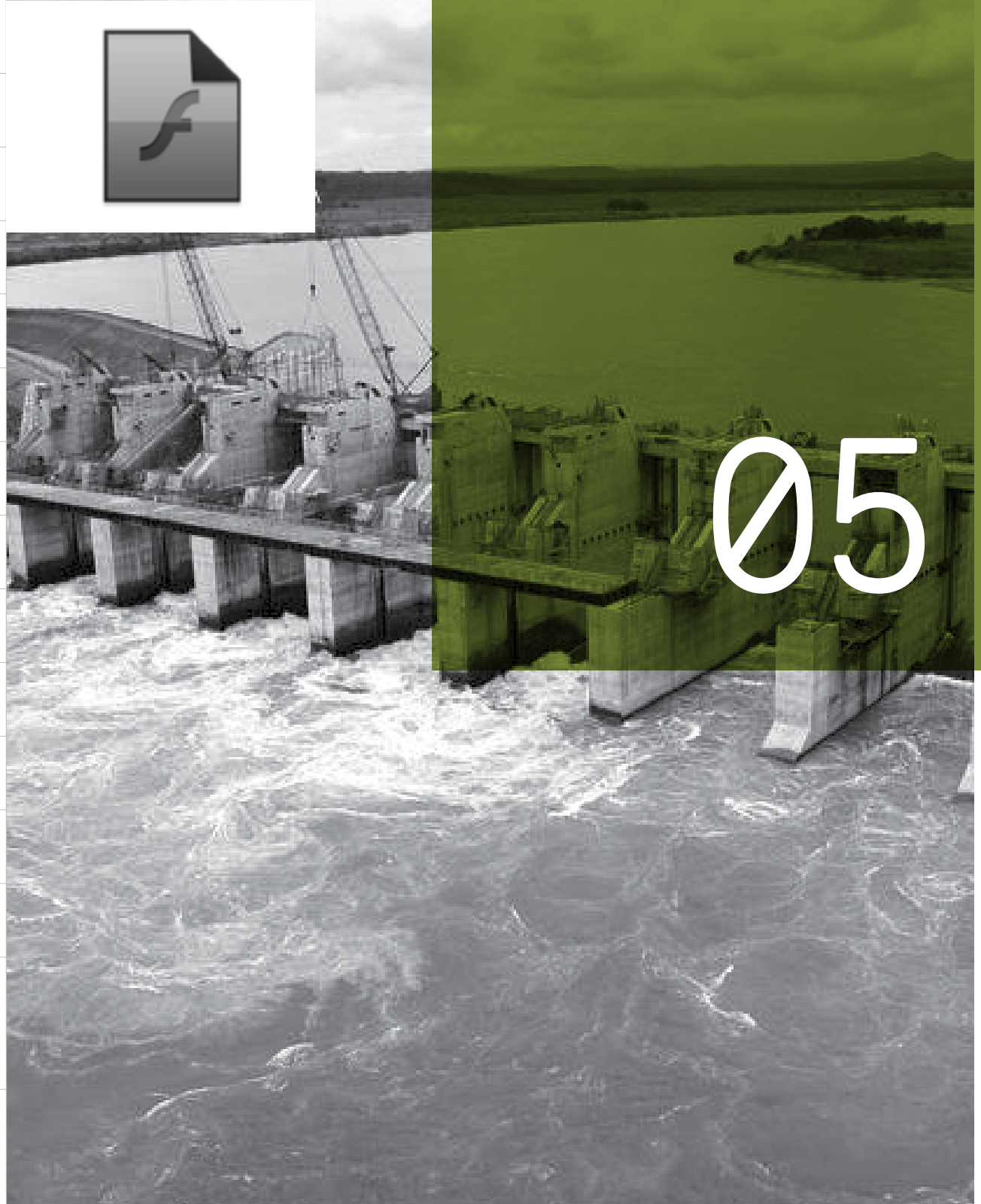
INNOVATION

Aligned with GDF SUEZ's strong culture of innovation, Tractebel seeks to satisfy its clients' needs and expectations by constantly developing customized products and services that are reliable and have the lowest possible impact on the environment.

The Innovation Committee, through its innovation program "Inove!", receives, evaluates, selects and awards innovative ideas presented by employees. Since its launch in 2007, the 70 projects received, of which 11 were selected, helped drive the continuous improvement and development of solutions that generate cost reductions, competitive advantages and new products with higher value added.

HUMAN CAPITAL

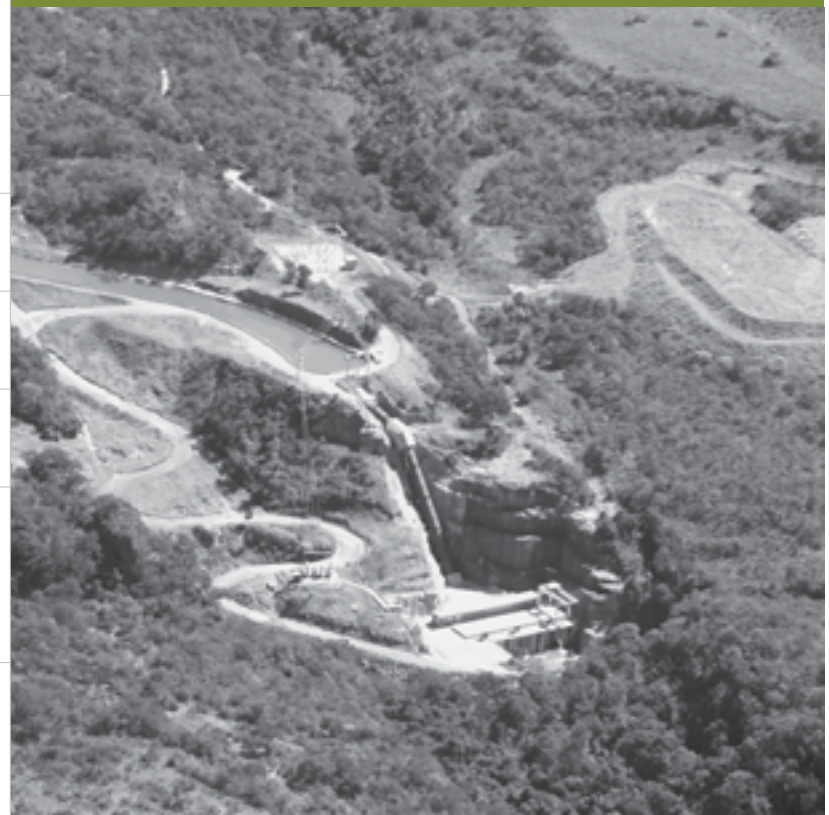
The quality of the Company's human and intellectual capital are maintained and developed by the attraction of new talents and through policies and initiatives that assure stability, retention and motivation of the teams over the long-term. In addition to these initiatives, Tractebel develops a succession program to identify and develop the qualifications required to hold key positions in the Company.



05 Business risk management

Estreito Hydroelectric Power Plant

Rondonópolis Small Hydroelectric Power Plant



Tractebel manages its business risks through a process that includes periodic evaluations, raising awareness among managers of the involved areas on how to address risks, establishing targets and guidelines for its management, promoting and suggesting improvements in evaluation processes and classifying and defining control procedures.

The Risk Management Committee, which is coordinated by the Planning and Control Director and composed by representatives of the areas Financial Planning and Control, Regulatoty and Market Affairs, Energy Supply Planning and Control, Finance, Tractebel Energia Trading, Internal Auditing, Project Planning and Logistics and Hydroeletric Generation, participates in the risk assessment process.

In accordance with the principle of precaution, each risk identified is classified according to the probability of its occurrence, its significance (or severity) and its degree of control. This analysis supports the development of an action plan for each specific risk, together with the associated potential opportunities.

The business risks and opportunities matrix is approved by the Executive Board and subsequently submitted to the Controlling Shareholder and presented to the Board of Directors. The matrix encompasses the description of the risk, the designation of the person responsible for its management, the mitigation strategies and the evolution of the risk.

The main risks to Tractebel's business are listed below:

• Market risk: the supply and demand of electric power can differ from estimates in terms of volume and price.

• Regulatory risk: adverse developments in regulations for the electric power industry.

• Tax risk: adverse changes in tax legislation.

• Risk of economic factors: changes in economic variables, such as interest and foreign exchange rates, commodity prices, economic growth and inflation.

• Risk of contract breach: failure to comply with the provisions of power sale agreements.

• Social and environmental risk of plants in operation: adverse changes in environmental regulations and the activities of organized social movements regarding the plants in operation.

• Risks to the development and implementation of new projects: the occurrence of events during the development and implementation of projects that result in delays in the construction timetable or in additional costs for the plant's implementation or operation.

• Risk of energy unavailability: unavailability of the assured energy, physical assurance and energy of reference as well as of the energy purchased for resale.

• Risk of large claims: accidents and disasters of major proportions due to natural, human or occupational causes.



06 Economic management

Beberibe Wind Farm

MACROECONOMIC SCENARIO

Brazil ended 2009 with negative GDP growth of 0.2%, according to the Brazilian Geography and Statistics Institute (IBGE), reflecting the contraction observed in the first half of the year as a result of the international economic crisis. In spite of the negative growth in the period, the economy resumed positive growth by midyear, despite the continuation of the international crisis.

Inflation measured by the IPCA inflation index remained within the target set by the government, closing the year at 4.3%, down 1.6 percentage points (p.p.) from 5.9% in 2008.

The Central Bank cut the benchmark Selic rate during 2009, which ended the year at its lowest level in the period, at 8.75% per annum (p.a.), down 5 (p.p.) from 2008 and falling back below the 10% mark surpassed in 2007.

For the exchange rate, the U.S. dollar depreciated significantly against the Brazilian real, reflecting the currency's depreciation against major currencies and the large inflow of dollars associated with the resumption of foreign investment flows into Brazil. The U.S. dollar closed 2009 at R$ 1.74, a depreciation of 25.3% against the real in the period, representing the currency's sharpest depreciation since the real became Brazil's official currency.

Despite the reduction in the rate of IPI federal VAT tax for certain sectors, industrial production decreased by 7.4% in the year, reflecting the economic crisis that reduced output in 23 of the 27 sectors. All categories registered downturns: capital goods (-17.4%), intermediate goods (-8.8%), consumer durables (-6.4%), semi- and non-durable goods (-1.6%).

Accompanying industrial production, employment contracted by 5.3% and manufacturing payrolls decreased by 2.8% from 2008, according to the IBGE.

The overall result of Brazil's balance of payments in 2009 was a surplus of US$ 46.6 billion, up sharply from the surplus of US$ 2.97 billion in 2008. This result included the current account, which in 2009 registered a deficit of US$ 24.3 billion, the capital account, which registered a surplus of US$ 70.5 billion, and the errors and omissions account, which totaled US$ 0.4 billion.

Brazil registered a trade surplus of US$ 24.62 billion in 2009, the lowest surplus since 2002 and down 1.4% from the surplus of US$ 24.96 billion in 2008. The lower surplus reflects the deceleration in the world economy, which led to lower exports and imports. In 2009, exports contracted by 22.2% from 2008 to US$ 152.25 billion, comparing the daily average, while imports fell 25.3% to US$ 127.64 billion.

Foreign exchange flows, considering both financial and trade amounts, registered net inflow of US$ 28.7 billion in the year, the highest level since 2007. In 2008, Brazil registered net foreign exchange outflow of US$ 983 million. This recovery primarily reflects the recovery in local financial markets driven by the recovery in the domestic economy.

BRAZIL'S POWER INDUSTRY

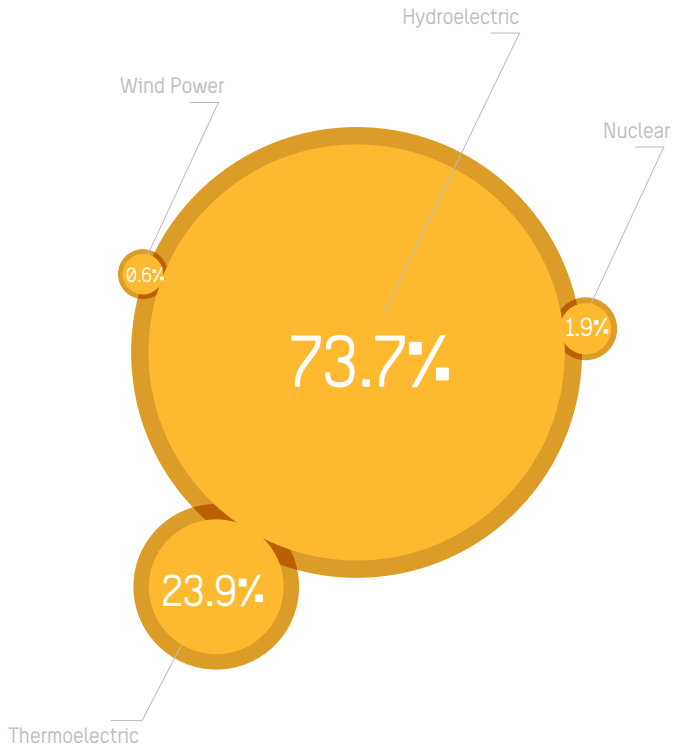
Generation capacity

According to the National Electric Power Agency (Aneel), in 2009 there were 2,181 electricity generation units operating in Brazil, representing an installed capacity of roughly 107,000 MW.

Hydroelectric power plants accounted for 73.7% of total installed capacity, comprising 165 Hydroelectric Power Plants (HPP), 356 Small Hydroelectric Power Plants (SHP) and 307 Hydroelectric Generation Units (HGUs). Of the remainder, 1,314 Thermoelectric Power Plants (TPP) accounted for 23.9%, two Thermonuclear Power Plants (TNP) accounted for 1.9% and 36 wind farms were responsible for 0.6%.

With the exception of the isolated systems in the North Region, the plants in operation are in large part connected to one another and to electricity demand points through high-voltage transmission lines, which constitutes the National Interconnected System (SIN). This transmission network enables thermoelectric power plants to be used only when this type of energy is cheaper than the value of the water stored in the reservoirs.

Installed Capacity in Brazil
(base 107 thousand MW)



Areia Branca Small Hydroelectric Power Plant



Electricity consumption

Adversely affected by the economic crisis and consequently by the contraction in demand from manufacturers, in 2009 electricity consumption in Brazil decreased 1.1% from 2008 to 388,204 GWh, according to Energy Research Agency (EPE).

Total energy consumption in the first six months of 2009 contracted 2.7% from the same period in 2008, while in the last six months of the year the slow and gradual economic recovery led to a slight increase in electricity consumption of 0.3% compared to the same period of 2008.

Industrial consumption fell 8.0% from 2008, while residential and commercial consumption increased by 6.2% and 6.1%, respectively.

Energy auctions

Considering all the auctions of existing energy[6] held under the current regulatory framework, implemented in 2004, 19,889 average MW of energy were contracted at the average price[7] of R$ 83.54/MWh. Meanwhile, in the new energy auctions, 16,625 average MW were contracted at the average price[7] of R$ 136.46/MWh. In the auctions of reserve energy (2008 and 2009), 1,301 average MW were contracted at the average price of R$ 156.37/MWh.

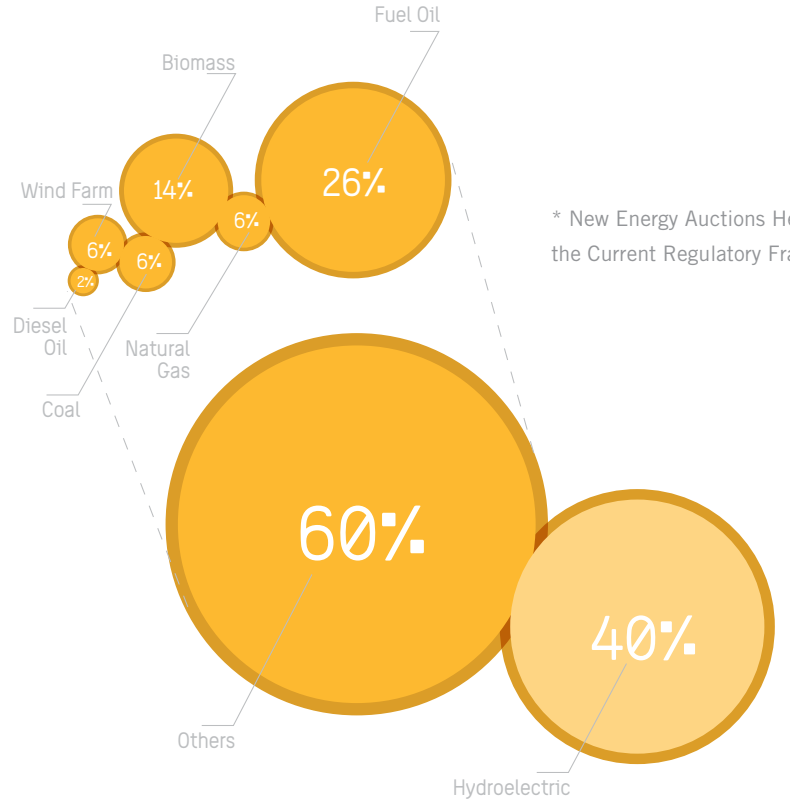
In 2009 the 2nd Reserve Auction took place, which was exclusive for wind farms. At that auction, 753 average MW was contracted at the average price of R$ 148.39/MWh. The installed capacity of the plants contracted at this auction totaled 1,806 MW. Also in 2009, the 8th New Energy Auction was held, at which 11 average MW were contracted at the average price of R$ 144.50/MWh. The A-5 Auction, which was scheduled for late 2009, was cancelled due to difficulties in obtaining the environmental licenses for the plants participating in the auction.

Within the current regulatory framework, the installed capacity to be added to the SIN over the coming years amounts to 29,776 MW, of which 40% is from hydroelectric power plants and 60% from thermoelectric and wind plants, with a prominence of plants fired by fuel oil, as shown in the chart below.

[6] Excludes amounts from adjustment auctions.

[7] Prices are as of January 2010.

Installed Capacity to Be Added to the Interconnected System (SIN)*



* New Energy Auctions Held Under the Current Regulatory Framework

OPERATIONAL AND ECONOMIC-FINANCIAL PERFORMANCE

Operating performance

Energy production

In 2009, the electric power generated by the plants operated by Tractebel totaled 31,763 GWh (3,626 average MW), down 5.7% from 2008. This reduction was caused by the strong drought that affected Brazil's South Region in the first half of the year, since Tractebel's hydroelectric power plants represent 80% of its installed capacity and its largest hydroelectric power plants are located in this region.

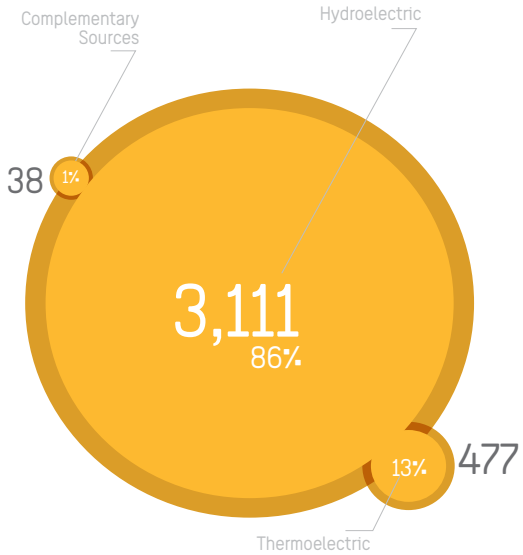
Of the total energy produced, 27,251 GWh (3,111 average MW) was generated by hydroelectric power plants, 3.4% lower than in 2008. Thermoelectric power plants generated 4,178 GWh (477 average MW), down 22.8% from a year earlier. Another 334 GWh (38 average MW) were generated by complementary source plants, representing an increase of over 500%. Note that in this case the comparison basis is impaired by the fact that four plants of this kind began operations during and after 2008.

It is worth noting that the increase in hydroelectric generation does not necessarily result in improvement in the Company's economic and financial performance in any given period analyzed. Likewise, the reduction in hydroelectric generation does not necessarily result in deterioration in the Company's results. This characteristic is due to the Energy Reallocation Mechanism (MRE), which dilutes the risks of hydroelectric generation among its participants.

An increase in the Company's thermoelectric generation reduces its exposure to the spot or Difference Settlement Price (PLD), with the inverse also true (with all other variables equal).

Electric Power Generation in 2009

(average MW and % of total generation)



Charqueadas Hydroelectric Power Plant



Uptime

The uptime of the plants operated by Tractebel, excluding scheduled stoppages, increased 0.2 p.p. from 2008 to 98.9%. The level represents a record high for the Company and is composed of the uptime rates of 99.5% for hydroelectric power plants, 96.8% for thermoelectric power plants and 92.7% for complementary source plants (small hydroelectric plants, wind farms and biomass-fired plants).

Considering all stoppages, total uptime was 95.1%, from which 96.5% of hydro plants, 88.6% of thermal plants and 89.1% for complementary plants.

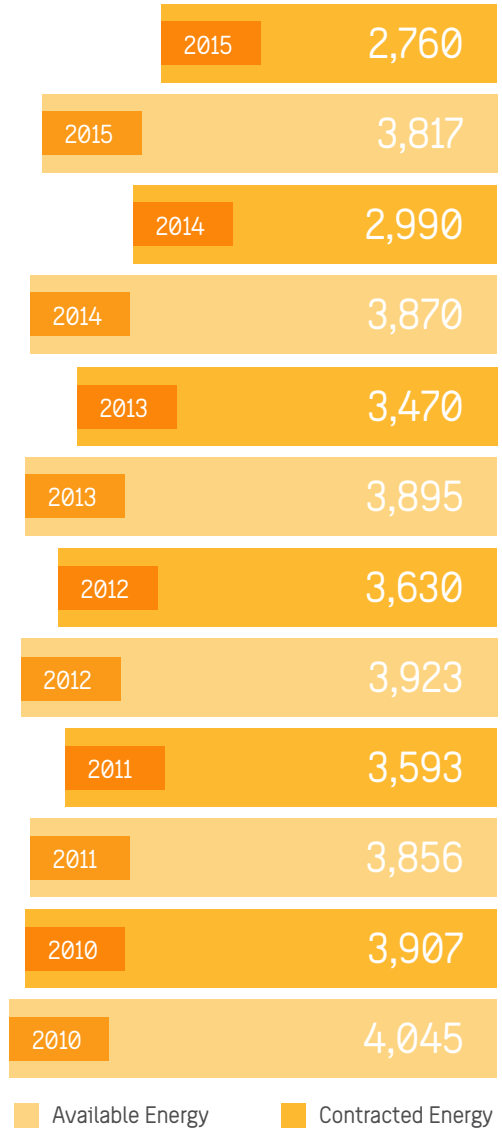
Based on data for commercial capacity and purchase and sale contracts in force on December 31, 2009, Tractebel Energia's energy balance shows that the Company's current availability, including purchases from third parties, is almost entirely contracted in 2010. In view of industry forecasts, which point to potential increases in energy prices, the Company has opted to maintain part of its available energy uncontracted as of 2011.

Lages Cogeneration Unit



The uptime of the plants operated by Tractebel, excluding scheduled stoppages, was a record 98.9% in 2009

Energy Balance
(average MW)



Economic-financial performance

Tractebel reported an excellent financial performance in 2009, despite the adverse macroeconomic scenario previously described.

The change in accounting treatment applied in 2009 to energy submarket swap contracts, which began to be presented in net amounts under the item “gross operating revenue”, and to charges for use of the electricity network and connections, which are now presented in the item “costs with electricity and services” instead of in the item “selling expenses”, as previously, resulted in the reclassification of the amounts in certain lines. To enable comparison between the periods, the 2008 figures presented below already include these reclassifications.

Gross operating revenue

In fiscal year 2009, gross operating revenue was R$ 3,886.3 million, up 2.5 % from R$ 3,793.3 million in 2008. This increase was driven primarily by the following factors: (i) reduction of R$ 230.9 million in revenue from transactions with the Electric Power Commercialization Chamber (CCEE), as described ahead in a specific item; (ii) increase of R$ 26.3 million in revenue from energy exports to Argentina and Uruguay; (iii) gain of R$ 35.0 million from the agreement with the Consórcio São Salvador for indemnification of losses and damages resulting from delays in the conclusion of the works in the São Salvador plant; and (iv) increase of R$ 264.7 million from an increase in the average sales price of 7.7%, from R$ 112.46/MWh to R$ 121.11/MWh (excluding exports, whose prices are volatile and distort average price analysis). This impact already includes changes in the composition of the Company’s sales portfolio, resulting in lower volumes through bilateral contracts with distributors, trading companies and free consumers, and a subsequent increase in sales volume to the pool of distributors at auctions for supply starting on January 1, 2009.

Note that the increase in revenue from energy sales of companies acquired or that launched operations during or after 2008 was R$ 131.1 million, which includes the indemnification mentioned in item (iii) above.

In 2009, power sales totaled 30,911 GWh (3,529 average MW), figure 0.8% higher than the 30,661 GWh (3,491 average MW) sold in 2008.

Contracted Energy Sales (average MW)



Destilaria Andrade Thermoelectric Power Plant



Electricity wholesale market

Revenue from sales to the wholesale energy market in 2009 was R$ 2,828.3 million, 18.7% higher than the R$ 2,383.1 million recorded in the prior year. This difference was due to: (i) growth in sales of R$ 68.3 million from companies acquired or that began operations during or after 2008; (ii) increase in sales to distributors of R$ 428.1 million (equivalent to 3,251 GWh – 371 average MW), driven by the combination of sales to the pool of distributors with the expiration of bilateral contracts that were not renewed in certain cases; (iii) decline in sales to trading companies of R$ 93.6 million (corresponding to 974 GWh – 112 average MW), driven by the need to meet the change already cited in the composition of the sales portfolio; and (iv) increase of 5.0% in the average sales price for distributors and trading companies, resulting in a revenue increase of R$ 42.8 million.

Electricity retail market

Revenue from retail energy sales (sales to free consumers) in 2009 was R$ 878.8 million, down 17.1% from R$ 1,059.5 million in 2008. This was due to the drop of R$ 298.7 million in sales volume (corresponding to 2,639 GWh – 301 average MW), which is explained by the expiration of contracts and the reduction in amounts contracted due to the global crisis, and by the increase of 11.1% in the average sales price, for a revenue increase of R$ 118.1 million.

Note that this reduction in sales to free consumers was offset by higher sales to the pool of distributors, as previously mentioned.

Transactions channeled through the Electric Power Commercialization Chamber (CCEE)

In 2009, revenue was R$ 65.1 million, down significantly from 2008 (R$ 296.0 million). More details on these operations can be found in the item “details on CCEE transactions”.

Electricity exports

Revenue from exports to Argentina and Uruguay in 2009 was R$ 60.7 million, up 76.5% from R$ 34.4 million in 2008.

Deductions from operating revenue

In 2009, deductions totaled R$ 389.6 million, down slightly from R$ 393.1 million registered in 2008, corresponding to 10.2% and 10.5% of gross revenue in the periods, respectively, excluding exports, which are not subject to PIS, Cofins and ICMS taxes. The variation in these balances is mainly due to (i) the increase of R$ 32.6 million in the PIS and Cofins taxes due to the change from a cumulative system (rate of 3.65%) to a non-cumulative system (rate of 9.25%, though with the right to credits for certain transactions) for contracts with pre-established prices executed during 2008 and 2009; and (ii) the reduction of R$ 37.0 million in ICMS tax, due to the lower volume of sales to industrial consumers, which are subject to ICMS tax.

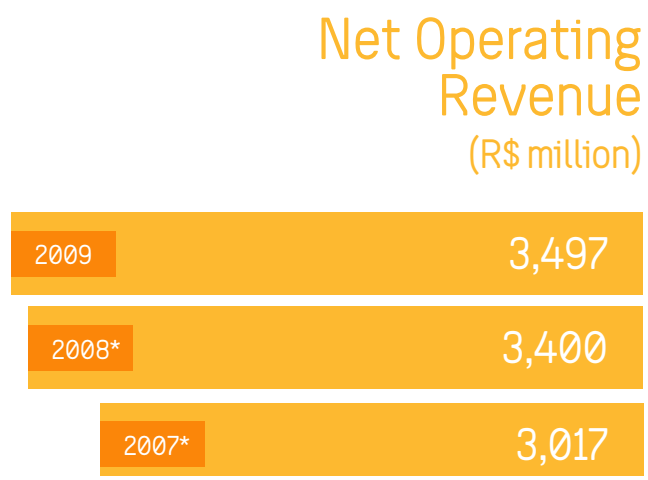
Passo Fundo Hydroelectric Power Plant



Net operating revenue

In fiscal year 2009, net operating revenue was R$ 3,496.7 million, up 2.8% from R$ 3,400.3 million in 2008. The increase is directly related to the trend in gross operating revenue and in deductions from operating revenue, as mentioned before.

In the year, the average sales price, net of exports and deductions from operating revenue, increased 8.1% to R$ 108.81/MWh in 2009, from R$ 100.65/MWh in 2008. These increases reflect the readjustment of prices in existing contracts and the prices established in new contracts, principally those with free consumers and with the pool of distributors.



*2007 and 2008 figures after account reclassification.

Costs with electricity and services

In 2009, costs rose 5.4% to R$ 1,463.3 million, compared with R$ 1,388.3 million in 2008. This variation basically reflects the behavior of the following cost components:

• **Electric power purchased for resale:** reduction of R$ 53.7 million, as mentioned in the item "electricity retail market", due to the less attractive average spot prices in 2009 (R$ 38.74/MWh versus R$ 135.29/MWh in 2008), which led to lower sales volume to trading companies, with a reduction of 1,325 GWh (151 average MW) in purchase volume and an increase of 19.1% in the electricity purchase price. A large portion of this volume purchased was contracted in prior years, bearing no relation to the lower spot price in 2009, and enabled the Company to sell a 30-year product in the so-called "botox" energy auction with respective delivery beginning in 2009.

• **Transactions under the CCEE:** increase of R$ 79.0 million in 2009, as detailed next in specific item.

• **Fuel for electricity generation:** reduction of R$ 66.4 million, mainly reflecting the combination of the following factors: (i) lower consumption of diesel oil at the William Arjona and Alegrete plants, which represented R$ 92.4 million in 2008 and an insignificant amount in 2009, due to (i.i) the dispatch of these plants by the Brazilian National Electric System Operator (ONS) in order to maintain the security of the energy grid and due to the low level of water inflow in certain periods of 2008 (these costs were offset by the increase in revenue from transactions channeled through the CCEE, as described in specific item), and (i.ii) the export of energy to Argentina and Uruguay through the Alegrete TPP; (ii) consumption of coal at the Jorge Lacerda Thermoelectric Complex for generating power for export, representing R$ 31.9 million in 2009, versus an insignificant amount in 2008; and (iii) reduction of R$ 5.6 million due to adjustments in the cost of biomass used to generate energy at the Lages Cogeneration Unit.

• **Charges for use of electricity network and connection:** increase of R$ 27.5 million in 2009, basically due to charges incurred by the companies acquired or that started operations during and after 2008.

• **Financial compensation for use of water resources:** reduction of R$ 1.6 million, principally due to the combination of the lower volume of hydroelectric generation due to the drought in Brazil's South Region in the second quarter of the year and to the annual tariff adjustment.

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

• **Personnel:** increase of R$ 4.1 million, due to the adjustment in wages and benefits.

• **Materials and third-party services:** growth of R$ 8.6 million in 2009, mainly due to expenses with materials and third-party services incurred by companies acquired or that began operations during or after 2008.

Details of CCEE transactions

In CCEE operations, the various monthly credit or debit entries for the account of a member of the Chamber are summarized in a single invoice as a receivable or a payable, with their entry under the revenue or expense line. In view of the adjustments to the strategy for managing the Company's portfolio, in recent years we observed a change in the invoice profile, which makes it difficult to directly compare the components of each invoice in the two years (2008 and 2009), which led to the creation of this section. This makes it possible to analyze the fluctuations in the main components regardless of whether they were allocated under revenue or expenses, based on whether the respective invoice was receivable or payable.

In general, these components are revenue or expense items originating from, for example, (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 (CAR); (iv) the application of System Service Charges (ESS), resulting in dispatch that diverges from the order of merit for thermoelectric power plants; and (v), naturally, the exposure (net short or long position in the monthly accounts) that consequently will be settled at the spot price (PLD).

In 2009, the net result was an expense of R$ 58.9 million, compared with net revenue of R$ 251.1 million in 2008, corresponding to a negative variation in the result of R$ 310.0 million between the two years analyzed. This variation was mainly due to the following:

I. Deterioration of R$ 26.5 million in the net result of the Energy Reallocation Mechanism (MRE), which went from revenue of R$ 12.3 million in 2008 to an expense of R$ 14.2 million in 2009, due to the reduction of 3.4% in hydroelectric generation in 2009 caused by the lower rainfall in relation to 2008. Part of this increase in expenses was offset by lower royalty payments, as described in the item "financial compensation for use of water resources". The explanation for the positive balance of R$ 238.8 million for the result from CCEE operations in 2008 and the negative balance of R$ 44.7 million in 2009 is provided in items II and III, respectively, that follow;

II. During 2008, spot prices (PLD) fluctuated sharply. An opportune strategy for allocating the annual assured energy from the hydroelectric power plants in general allowed the Company to be long in the months when spot prices were high, while short positions coincided with months when spot prices were low. The effects of the combination of monthly results were principally responsible for the R$ 238.8 million in item I; and

III. With the combination of low and less volatile spot prices and the lesser need for out-of-merit generation, in 2009 the Company reduced its thermal generation by 22.8%, as commented in the item "energy production". This led to higher short positions or lower long positions at the CCEE, depending on the particular month. Spot prices not only were lower but presented lower standard deviation over the course of 2009, reducing the potential for gains (and losses) due to the allocation strategy cited earlier. In addition, short positions were more significant in the months when spot prices were slightly higher. These impacts were the main reasons for the negative R$ 44.7 million mentioned in item I.

General and administrative expenses

General and administrative expenses in 2009 increased slightly, from R$ 162.3 million to R$ 162.9 million, mainly due to: (i) the increase in payroll expenses of R$ 5.1 million due to the annual adjustment in wages and benefits; (ii) reduction of R$ 2.8 million in expenses with contributions and donations; and (iii) decline of R$ 1.8 million in depreciation and amortization expenses.

Other operating provisions

In 2009, those expenses were R$ 30.9 million, R$ 26.9 million higher than the R$ 4.0 million in 2008. This variation reflects principally the following factors: (i) a provision for civil contingencies of R$ 30.4 million in large part relating to claims for a review of retirement benefits by the private pension foundations sponsored by the Company; (ii) R$ 20.4 million increase in the annual provision for post-employment benefits; and (iii) reversal in the provision for labor and tax contingencies of R$ 23.3 million, due to the favorable judicial rulings and agreements involving lawsuits.

Recovery of PIS and Cofins taxes and favorable rulings on lawsuits

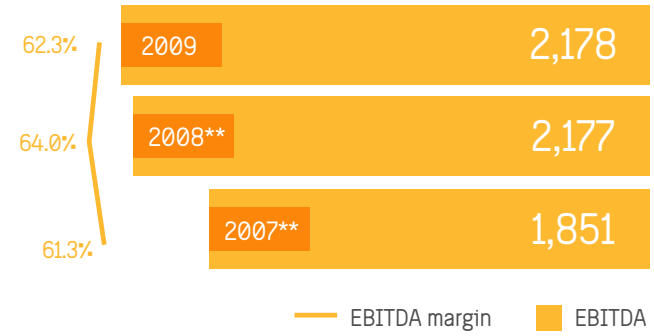
In fiscal year 2008, the Company recognized non-recurring gains of R$ 76.4 million from the reimbursement of PIS and Cofins taxes improperly levied in prior periods. This amount mainly represents the taxes paid on amounts with respect to the recovery of the consumption of fossil fuels acquired with resources from the Fuel Consumption Account (CCC) and the Energy Development Account (CDE), which, in accordance with the National Electric Power Agency (Aneel) directive, ceased to be recognized as operating revenue in November 2005 and began to be recognized in a rectifying account for the cost of electricity production.

In fiscal year 2009, the Company recorded a non-recurring gain of R$ 8.4 million resulting from a judicial agreement related to the rescission of the construction contract for the biomass-fueled São João plant.

EBITDA and EBITDA margin

In fiscal year 2009, EBITDA was R$ 2,177.7 million, up slightly from R$ 2,176.6 million registered in 2008. EBITDA margin in 2009 was 62.3%, versus 64.0% in 2008.

EBITDA* and EBITDA margin
(R$ million and %)



* EBITDA: operating net income + financial result + depreciation and amortization.

**2007 and 2008 figures after account reclassification.

Reconciliation of operating income with EBITDA

(in R$ '000)	2007	2008	2009	Change 2009/2008
Operating income	1,485,338	1,589,520	1,598,011	0.5%
(+/-) Financial result	129,482	320,676	239,789	-25.2%
(+) Depreciation and amortization	235,866	266,381	339,912	27.6%
EBITDA	**1,850,686**	**2,176,577**	**2,177,712**	**0.1%**

Financial result

Financial income

In 2009, financial income was R$ 86.9 million, down R$ 36.3 million from R$ 123.1 million in 2008, basically reflecting: (i) a decline of R$ 23.2 million in income from financial investments due to the lower interest rates practiced in 2009 in order to stimulate consumption and mitigate the impacts of the global crisis; (ii) a decline in monetary restatement on court escrow deposit accounts of R$ 4.3 million, basically reflecting the lower Selic interest rate between the two periods; and (iii) reduction of R$ 8.8 million in monetary restatement on long-term receivables due to the suspension of the restatement of receivables.

Financial expenses

In fiscal year 2009, financial expenses decreased by R$ 117.1 million to R$ 326.7 million, from R$ 443.8 million in 2008, largely due to the combination of the following impacts: (i) an unrealized foreign exchange gain of R$ 157.9 million on loans and financing resulting from the devaluation of the U.S. dollar and the euro against the Brazilian real; (ii) an increase of R$ 92.6 million in charges on debt liabilities, essentially the charges of R$ 54.4 million related to the debts of the companies acquired or that entered into operations during or after 2008, the charges of R$ 50.1 million on the 3rd and 4th debentures issue, and the reduction of R$ 8.7 million in charges on promissory notes settled in 2009; (iii) a reduction of R$ 76.8 million in monetary restatement of debt, basically reflecting the lower variation in the IGP-M and IPCA inflation indexes in 2009 in relation to 2008; and (iv) a loss of R$ 18.6 million in yields on the U.S. Treasury bonds used as collateral for the loan from the National Treasury Secretariat (STN).

Income tax and social contribution

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

Net income

In fiscal year 2009, the Company reported net income of R$ 1,134.4 million, a record for the sixth consecutive year and up 1.7% from R$ 1,115.2 million registered in 2008, representing R$ 1.737895 of earnings per share.

Excluding the impacts, net of tax, of the non-recurring indemnity of R$ 5.5 million recognized in 2009 due to the rescission of the construction agreement for the São João plant and of the non-recurring revenue of R$ 50.4 million recognized in 2008 related to the recovery of PIS and Cofins improperly collected in prior years, the net income in 2009 was 6.0% higher than in the preceding fiscal year.

Net income was R$ 1,134.4 million in 2009, a record high for the sixth straight year and 1.7% higher than in 2008

Net Income
(R$ million)



Pedra do Sal Wind Farm





Ponte de Pedra Hydroelectric Power Plant

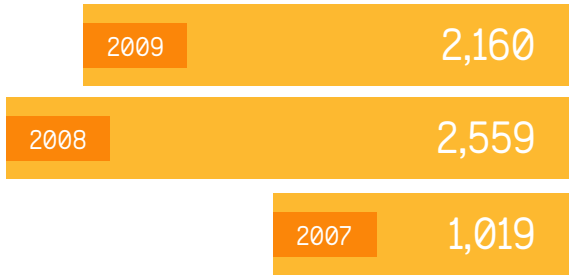
Debt

On December 31, 2009, the Company recorded net debt (total debt less cash and cash equivalents) of R$ 2,160.0 million, down 15.6% from R$ 2,558.6 million on December 31, 2008, due to the higher volume of resources outstanding at year-end 2009 resulting from the drawing of R$ 400.0 million relating to the fourth debentures issue commented on hereafter.

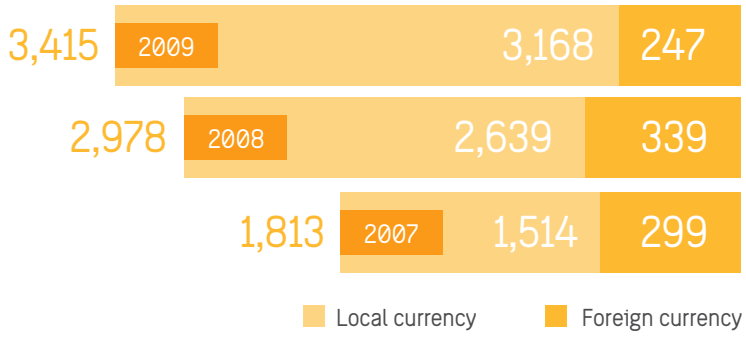
Total consolidated gross debt, represented principally by loans, debentures and financing lines, totaled R$ 3,414.6 million on December 31, 2009, up 14.6% from the position on December 31, 2008. Of the total debt at the end of the period, 7.2% was denominated in foreign currency (11.4% at year-end 2008), with this portion not subjected to hedging.

The growth in Tractebel Energia's debt is related principally to the combination of the following factors: (i) the cumulative drawdown of R$ 96.3 million during the year from the Brazilian Economic and Social Development Bank (BNDES) and its financial agents for investments in the São Salvador HPP, Areia Branca SHP and Pedra do Sal Wind Farm (Pedra do Sal settled the bridge loan with ABN Amro Real using BNDES funds); (ii) the third debenture issue of R$ 600.0 million made in the second quarter of 2009, which was used to settle the fourth issue of promissory notes of R$ 300.0 million made in February 2009, and a portion of the R$ 400.0 million relating to the third issue of promissory notes made on May 20, 2008 and due on May 15, 2009; (iii) the fourth debenture issue of R$ 400.0 million made in the fourth quarter of 2009, which was used to acquire SUEZ Energia Renovável S.A. (SER), to reduce debt costs and lengthen the debt maturity profile and to bolster working capital for the Company's business activities; (iv) currency variation gain of R$ 77.7 million; and (v) the combination of charges on amortizations of loans and financing in 2009, for net amortizations in the period of R$ 182.9 million.

Net Debt (R$ million)



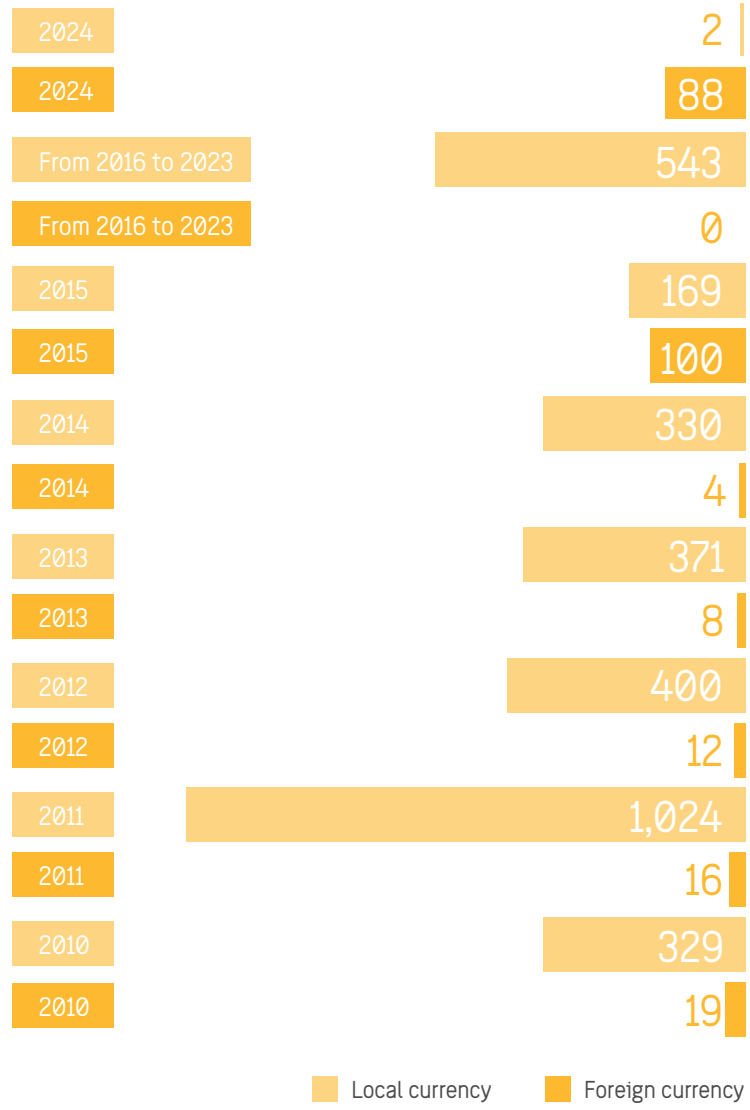
Gross Debt Breakdown (R$ million)



José Gelazio da Rocha Small Hydroelectric Power Plant



Debt Maturity Schedule
(R$ million)



Capital expenditures on the maintenance, modernization and expansion of the generation complex

To meet its expansion plan, Tractebel invested R$ 198.2 million in 2009, which was used for the construction of the São Salvador HPP, Areia Branca SHP, Pedra do Sal Wind Farm and Destilaria Andrade TPP. In addition, R$ 3.5 million were invested in the Seival TPP project and R$ 3.0 million to acquire wind power generation projects.

Another R$ 118.9 million were invested in maintenance and modernization projects in 2009 in order to maintain the high level of plant uptime. These investments totaled R$ 323.6 million in 2009, down 78.3% from the R$ 1,488.9 million invested in the prior year, due to the acquisition of six plants in that period.

Research and development

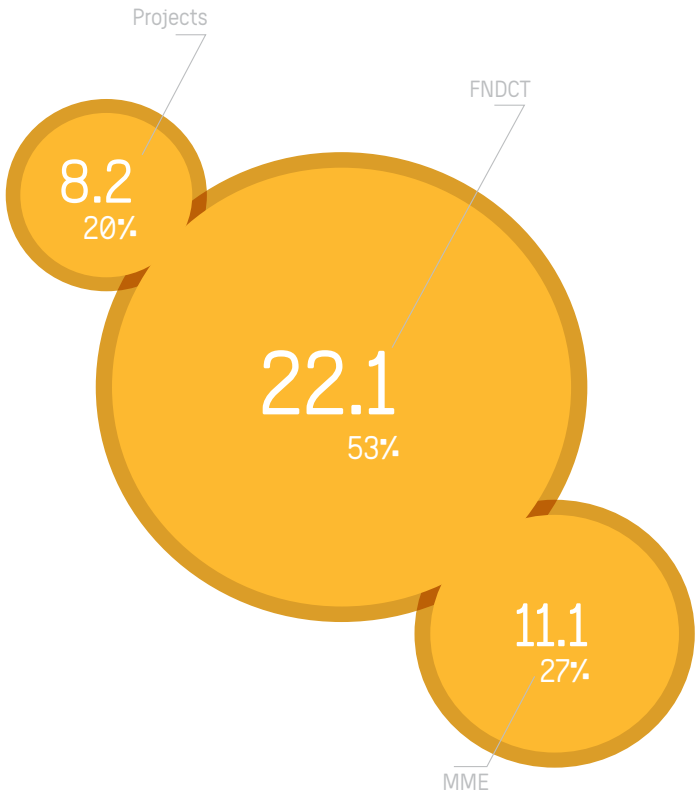
Since 1999, Tractebel has conducted its Research and Development Program annually, which complies with Aneel requirements and serves to identify sustainable solutions for its operations and for interacting with local academic and research institutions and foundations. The Program is regulated by Federal Law 9,991/2000, which establishes minimum investment of 1% of annual net operating revenue.

In 2009, Tractebel invested R$ 41.4 million in various projects and in contributions to the Ministry of Mines and Energy (MME) and the National Scientific and Technological Development Fund (FNDCT).



William Arjona Thermoelectric Power Plant

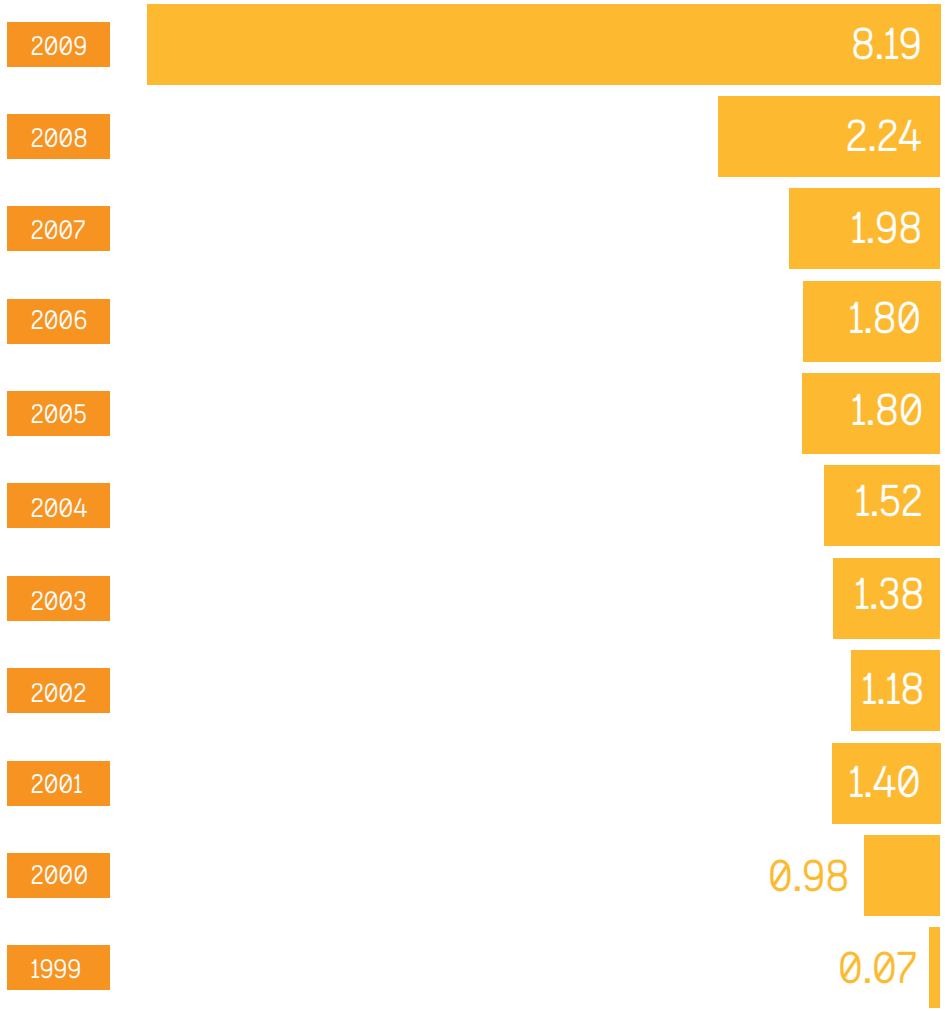
Investments in R&D in 2009
(R$ million and %)





Salto Santiago Hydroelectric Power Plant

Investments in R&D
(R$ million)



Tractebel also has a balance of R$ 41.8 million already provisioned to invest in R&D projects, of which R$ 27.0 million is committed to technological research projects in progress. Around 30 projects are being analyzed for investment of the remaining balance.

The projects carried out in 2009 under the scope of the Research and Development Program include the following areas:

- Alternative power generation sources.
- Thermoelectric generation.
- Management of basins and reservoirs.
- Environment.
- Energy efficiency.
- Operation of power systems.
- Supervision, control and protection of power systems.

The Company also invests regularly in technological improvements, especially in its generation complex and information technology systems, since it believes that technological and scientific development is essential for maintaining the high quality standards of its services.

One of the criteria adopted for selecting and executing Tractebel's R&D is to prioritize partnerships with educational and research institutions located near the Company's facilities, which contributes to the development and qualification of professionals in various regions of Brazil and to the development of innovative technologies. These partner institutions include the Universidade Federal de Santa Catarina (UFSC) and the Alberto Luiz Coimbra Institute of PostGraduate Studies and Research in Engineering (COPPE) of the Universidade Federal do Rio de Janeiro (UFRJ).

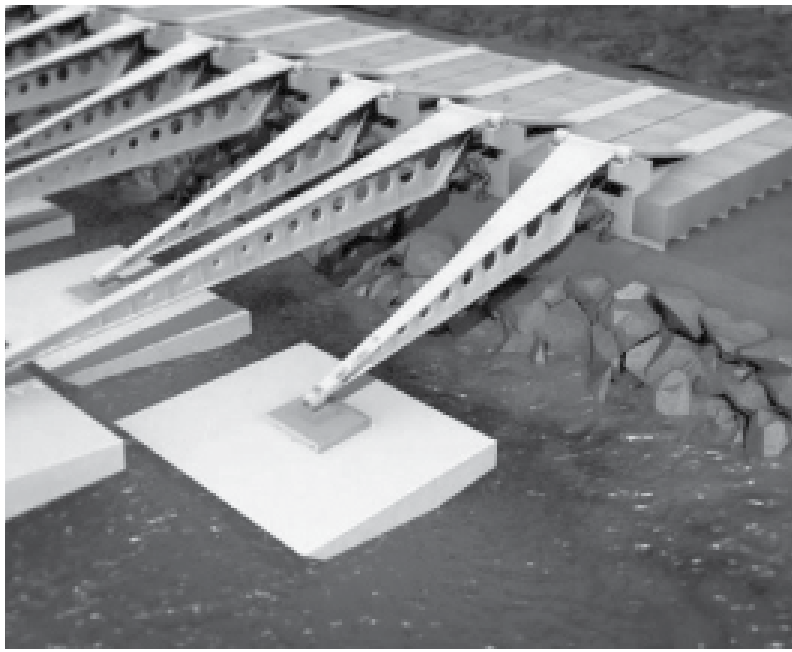
Itá Hydroelectric Power Plant



In addition to the projects in progress from previous years, the following research projects were initiated in 2009:

Project	Objective
Real Time Management System for the Control, Performance Evaluation and Optimization of Energy Generation at the Itá HPP	Development and implementation of a real time management system for the control, performance evaluation and optimization of energy generation at the Itá HPP, including a database of information related to efficiency, water losses, weighted averages, etc. Execution period: 30 months Entities involved: UFSC and M&D Monitoração e Diagnose LTDA.
Installation of an Onshore Wave Converter Prototype in Sea Conditions in Brazil's Northeast.	Installation of the first prototype in South America capable of converting wave energy into electricity. Execution period: 36 months Entities involved: COPPE/UFRJ
Robotic System with Four Degrees of Freedom for the Lining and Manufacture via Soldering of Boiler Tubes and Associated Soldering Technologies – Preliminary Production Series	Improve the prototypes developed in the R&D projects involving: robotic system with four degrees of automated movement, compact soldering source and associated soldering technologies for use on boilers for thermoelectric power plants. Execution period: 24 months Entities involved: UFSC and SPS - Soluções para Soldagem LTDA.
Use of Rice Straw in Co-Firing Process with Pulverized Coal	Use of rice straw as a fuel complementing coal in Tractebel's thermoelectric power plants, identifying the operational conditions for use of co-firing technology (bi-fuel) and the logistics for collecting and transporting the biomass. Execution period: 18 months Entities involved: UFSC
Use of Fly and Bottom Ashes in the Production of Self-Compacting High-Performance Concrete for Use in Construction and Maintenance Works.	Obtaining a high-performance material from the use of bottom and fly ashes produced at thermoelectric power plants for use in construction and maintenance work. Execution period: 24 months Entities involved: UFSC

Prototype of the onshore wave power converter



Rice straw in co-firing process with pulverized coal



For information on how to participate in the Program, applicable legislation, projects concluded and in progress, awards received, etc., please visit the Company's website and click on the link Research and Development.

Capital markets

Tractebel stock is listed on Novo Mercado special corporate governance segment of the BM&FBOVESPA S.A. - Securities, Commodities and Futures Exchange under the stock symbol TBLE3. The stock is a component of the Special Corporate Governance Index (IGC), the Special Tag-Along Stock Index (ITAG), the Electric Power Index (IEE) and since the launch of the index in 2005, and therefore for the fifth consecutive year, the Corporate Sustainability Index (ISE).

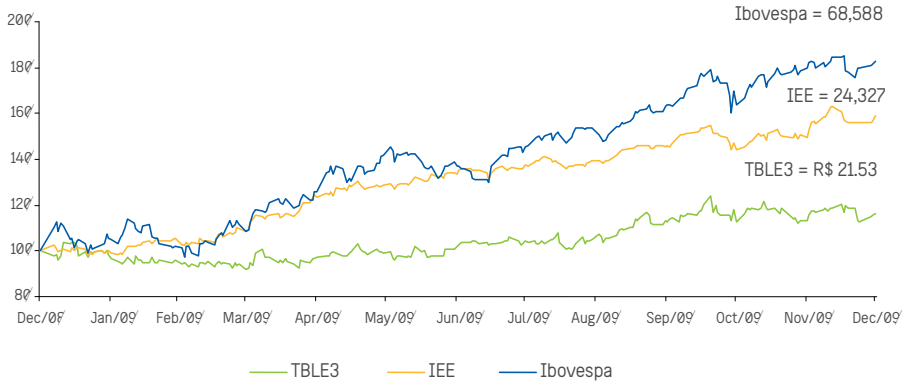
Tractebel also has a Level I American Depositary Receipt program, with the ADRs traded on the U.S. Over-The-Counter (OTC) market under the symbol TBLEY, with a ratio of one ADR per one common share.

With the recovery in the Brazilian economy, the Ibovespa rebounded and ended 2009 with a gain of 82.7%, offsetting the decline of 41.2% in the prior year and accompanying the appreciation of 59.1% in the IEE, which in 2008 fell 11.6%.

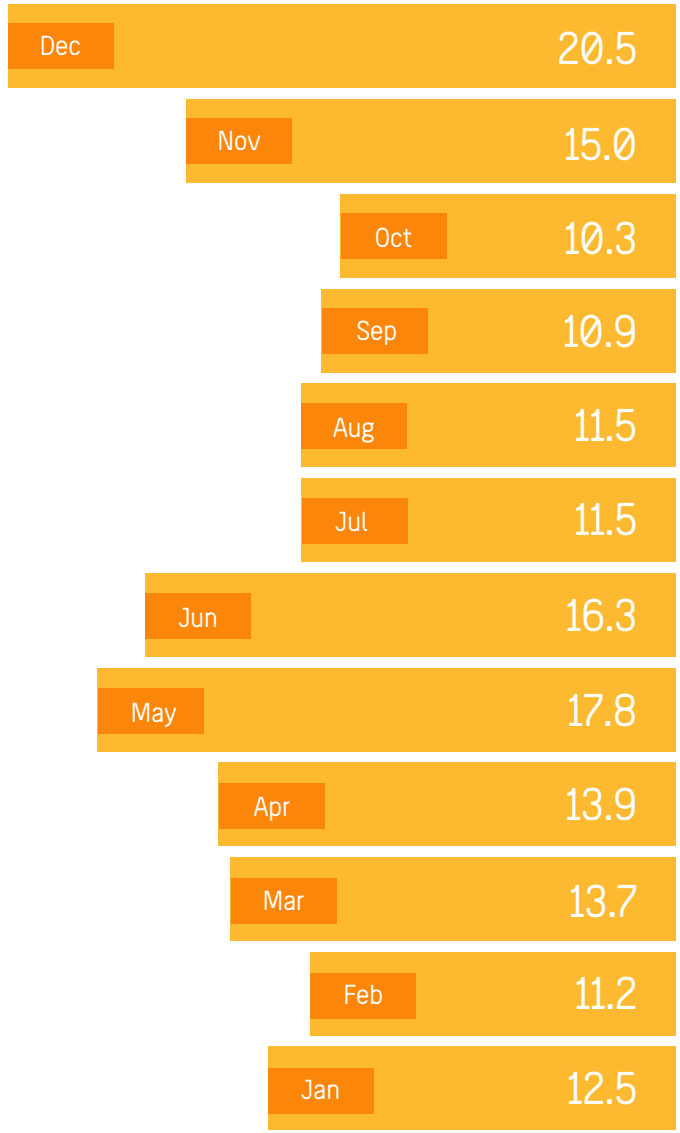
On December 31, 2009, Tractebel stock was quoted at R$ 21.53/share, for a gain of 16.1% compared to December 31, 2008, representing a market capitalization of R$ 14.1 billion.

The Company's stock was traded in 100% of the trading sessions on the BM&FBOVESPA in 2009, with average daily trading volume of R$ 13.6 million.

TBLE3 vs. IBOVESPA vs. IEE
(Base 100 - 12/31/2008)



Average Daily Trading Volume for TBLE3 in 2009
(R$ million)



Corporate Sustainability Index (ISE)

In 2009, Tractebel stock was selected to compose the Corporate Sustainability Index (ISE) of the BM&FBOVESPA for the fifth consecutive year, since the index was first launched in 2005.

The portfolio includes the stocks of companies committed to better practices of sustainability, which are evaluated based on their economic efficiency, social and environmental responsibility and corporate governance. The ISE has become a benchmark for socially responsible investment and serves as a guide for good practices in Brazil's business environment.

The 34 companies in the portfolio were selected among the 51 companies that responded to the questionnaire sent to the 137 issuers of the 150 most liquid stocks on the BM&FBOVESPA.

Shareholder payments

In 2009, the Company's Board of Directors approved the distribution of R$ 623.9 million as shareholder payments, of which R$ 348.0 million corresponded to dividends, R$ 194.0 million to interest on shareholders' equity and R$ 81.9 million to complementary dividends. These amounts corresponded to 55% of net income in the fiscal year and earnings per share of R$ 0.9558426155.

The minimum mandatory dividend established in the Company's Bylaws is 30% of net income in the fiscal year adjusted in accordance with Brazilian Corporation Law. The Company has also approved a dividend payment policy that envisages semiannual distribution and the intention to declare and pay dividends and/or interest on shareholders' equity of at least 55% of net income, adjusted in accordance with legislation. The amount of these contributions varies in accordance with the Company's financial condition, its prospects and strategies, as well as macroeconomic conditions.

Shareholder rights

Holders of common shares issued by the Company are entitled to vote in Annual and Extraordinary Shareholders Meetings, receive dividends, participate in distributions of net income or other distributions to shareholders (preemptive rights in the subscription of shares, convertible debentures or stock warrants), monitor Tractebel's management in accordance with the Bylaws and withdraw from the Company in the situations provided for by Brazilian Corporation Law. In accordance with the regulations of the Novo Mercado, common shares may be included in public offerings in the event of sale of the Company's control, with shareholders receiving at minimum 100% of the price paid per common share held by the controlling block. In addition, the Company is committed to arbitration via the Market Arbitration Chamber, in accordance with a commitment clause of its Bylaws.

Composition of ISE index (December 2009 – November 2010)
- 43 stocks from 34 companies.
- 15 sectors.
- R$ 730 billion in market capitalization (32.21% of total market cap of listed companies) on November 24, 2009.



Salto Santiago Hydroelectric Power Plant

The ratings assigned to Tractebel's third debentures issue in 2009 confirm the Company's solidity and transparency

Issue of Debentures

In 2007, Tractebel's Board of Directors authorized the First Program for Public Distribution of Debentures in the amount of R$ 1.5 billion, and the simultaneous second issue of debentures, totaling 35,000 debentures and amounting to R$ 350 million.

The program is effective for seven years, expiring on May 15, 2014. The debentures are adjusted by the IPCA index and are entitled to interest of up to 7% p.a., paid annually.

In March 2009, the Company requested at the Securities and Exchange Commission of Brazil (CVM) the registration of the third issue of debentures, which is the second under the scope of the Company's First Program for Public Distribution of Debentures.

The issue comprised 60,000 book-entry, non-convertible unsecured debentures in a single series, at the nominal unit value of R$ 10,000, for a total of R$ 600 million. The remuneration rate established in the bookbuilding process on April 17, 2009, was 117% of the CDI overnight rate. Interest is due semiannually and the principal will be amortized in a single installment on April 1, 2011.

In December 2009, the Company filed at the CVM a registration for the fourth issue of debentures in a limited offering, in accordance with CVM Instruction 476/09.

The issue comprised 400 book-entry, non-convertible unsecured debentures in a single series, at the nominal unit value of R$ 1 million, for a total of R$ 400 million. The remuneration rate is 110% of the CDI rate. Interest is due semiannually on May 5 and November 5 from 2010 to 2015. The debentures will be amortized as of the 24th month from the issue date, inclusive, on an annual basis, in the proportion of 1/5 the nominal unit value, with the first amortization to be paid on November 5, 2011 and the last on the maturity date, i.e., November 5, 2015.

Ratings

Tractebel is periodically evaluated by two credit rating agencies: Standard & Poor's and FitchRatings. In 2009, Standard & Poor's maintained the Company's rating assigned in the prior year of brAA stable and brAA for the first and second debentures issues, and also assigned a rating of brAA for its third debentures issue (all on the national scale).

In 2007, Fitch Ratings assigned Tractebel's first and second debenture issues a long-term national rating of AA(bra) stable, which was maintained in 2009, and also assigned its third debentures issue a long-term national rating of AA(bra) stable. These ratings attest to the Company's solid situation and transparency.



07 Environmental management

The project "Recovery of Riparian Forest at the Itá Hydroelectric Power Plant", winner of the 2009 Fritz Müller Award

ENVIRONMENTAL POLICY

Tractebel Energia's Environmental Policy assures a balance between environmental preservation and development of the Company's operations. The document, which is available on Tractebel's website, guides the environmental management and establishes guidelines and practices to be observed in the Company's operations in order to mitigate environmental impacts and promote the sustainable use of natural resources.

In addition to having its own Environmental Code, Tractebel is a signatory to the Social and Environmental Code of Ethics of Instituto Acende Brasil, a document the Company helped draft. The Code presents a set of principles for the construction and operation of plants, respecting the social, environmental and economic aspects, with the aim of promoting transparency and sustainability in the power sector.

Commitments of the Environmental Policy

Commitment	The respect for the environment is a key component of the Company's identity and values.
Understanding	Studies of the impacts of Tractebel's activities on the environment are conducted to ensure the preservation of natural resources and the control of environmental risks, acting primarily in a preventive way.
Technical training	Research and development programs are carried out to continually improve the Company's methods and processes, in accordance with the needs of its clients, the society and complying with the changes in the environmental legislation.
Sharing	All of the Company's environmental goals and results are disclosed to its employees, clients, shareholders, partners and environmental agencies, maintaining open dialogue channels with the public opinion.

Principles of the Social and Environmental Code of Ethics

I – Reduction and control of environmental impacts.
II – Conservation of biodiversity and natural resources.
III – Respect for communities.
IV – Education and health as elements of social change.
V – Transparency and dialogue.

ENVIRONMENTAL MANAGEMENT SYSTEM

Each of Tractebel's plants holds the environmental authorizations and licenses required by regulatory bodies, from the feasibility study phase to the implementation and operation of the projects. The Company's environmental management strives to protect the quality of the physical environment and biodiversity of ten reservoirs and surrounding areas and of six thermoelectric plants, one biomass-fired power plant and two wind farms.

To perform adequate environmental management, Tractebel has an integrated system that considers quality and the environment. In 2009, the Company began expanding this system to include the management of social responsibility and occupational health and safety.

The system includes procedures, tools and environmental programs for risk control and the identification of opportunities for operational improvements in processes and services. In addition, it assures that power generation operations are conducted with adequate environmental precautions and complying with the legal requirements applicable to all plants and the specific aspects of each project, which may vary according to the geographic location, the concession terms and the inputs used.

The communications related to quality and the environment received from stakeholders are also included in and managed by the system so they may be duly followed up and responded.

This system, known by the acronym SIG, is certified in accordance with NBR ISO 9001-2000 and NBR ISO 14001-2004 in the plants in operation, with the exception of the five plants acquired or implemented as of 2008: Ponte de Pedra Hydroelectric Power Plant, Rondonópolis Small Hydroelectric Power Plant, José Gelazio da Rocha Small Hydroelectric Power Plant, and the Beberibe and Pedra do Sal wind farms.

Guidelines of the Integrated Quality and Environmental Management System

Operational	Maximize energy generation, in accordance with the planning of the Brazilian National Electric System Operator (ONS), while preserving environmental conditions and assuring site security.
Environmental	Generate energy in accordance with safety standards and with rational use and preservation of natural resources, prevent pollution and control environmental risks, acting primarily in a preventive way.
Assets	Strictly use the areas required for the projects and reallocate the remaining areas for social and environmental use, while identifying and preventing its irregular use.
Relationship with society	Participate in the life of the communities located in the project's area of influence, seeking to identify and meet their expectations, making available open and permanent communication mechanisms.

Environmental legislation and requirements

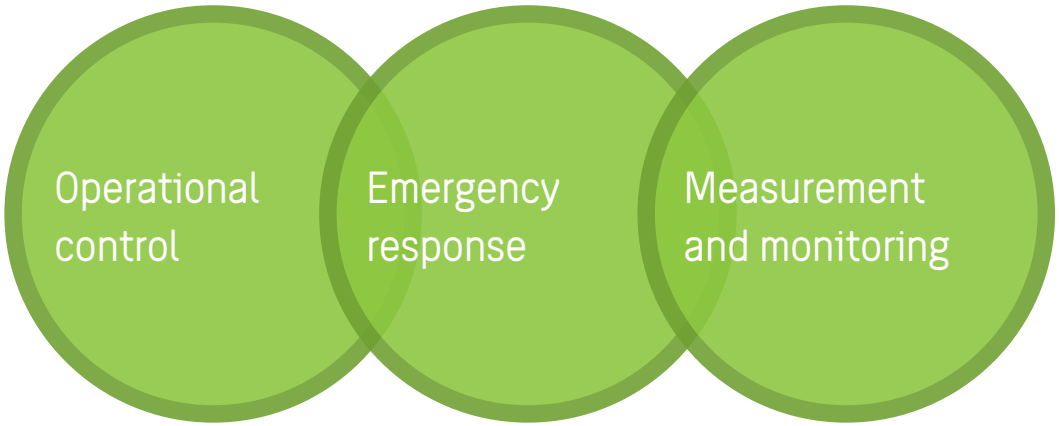
One focus of Tractebel's environmental management is to guarantee compliance with all legal environmental requirements applicable to its activities. Therefore, the Company identifies, updates and evaluates these requirements periodically with the aim of developing initiatives to maintain or achieve the legal standards and voluntary commitments undertaken by the Company.

In this way, Tractebel strives to meet the conditions established by the applicable environmental licenses in the three phases of projects: Preliminary Environmental License (assessment of the project's feasibility), Environmental Construction License and Environmental Operating License.

Environmental aspects and impacts

The SIG system establishes procedures for identifying the environmental aspects of its activities, products and services in order to pick those with the potential for generating significant environmental impacts.

Management of environmental aspects and impacts



When activities with impacts are identified, operational controls to prevent or mitigate these impacts are established by determining criteria and procedures for their execution, in accordance with the Environmental Policy and the Company's objectives and goals in the area.

Operational controls can also be established through physical structures that prevent damage to the environment, such as containment basins in fuel reservoirs to prevent leaks. These physical structures undergo regular preventive maintenance to assure their effective operation in the event of potential emergencies. This operational control is complemented by inspections and tests during work shifts in order to avoid situations that result in significant environmental impacts.

Potential emergency situations involving environmental aspects are identified by the Environmental Emergency Response Plans, which establish the intervention measures necessary to avoid impacts to the environment. Whenever necessary, the plans are revised, analyzed and tested to guarantee their effectiveness during potential real emergency situations.

Tractebel's Environmental Monitoring Plans include the monitoring of activities that may be changed during its execution and that are directly related to significant environmental issues and impacts.

Seedlings produced at the nursery of the Cana Brava Hydroelectric Power Plant



ENVIRONMENTAL MANAGEMENT OBJECTIVES, TARGETS AND PROGRAMS

With the aim of mitigating the impacts of its activities on the environment, Tractebel periodically defines its environmental objectives, in accordance with its Environmental Policy, which includes establishing Environmental Management Programs that provide detailed information on initiatives, persons responsible and execution time periods.

Target achieved
Target not achieved
Target in progress

Environmental targets – hydroelectric power plants

Situation		2009	2010
Waste			
Machadinho Cana Brava		Reduction in 2009 of 5% of the waste generation from the average in 2006, 2007 and 2008.	The target remains in place based on the 2009 inventory.
Salto Osório Salto Santiago		Substitution of equipment containing mercury at the plants by December 2009.	The target remains in place with conclusion estimated for December 2010 (Salto Santiago).
Water and effluents			
Machadinho Cana Brava		Reduction of the concentration of oils and fats in the effluents drained into the plant's sump wells to 50% of the maximum allowed by law by January 2010.	The target remains in place with conclusion revised to January 2011 (Cana Brava).
Itá		Construction of room for cleaning parts from the machine shop by July 2009.	-
Cana Brava		Reduction in 2009 of 3% in treated water consumption, based on the average consumption in 2006, 2007 and 2008.	The target remains in place with conclusion revised to 2010. The adoption of per-capita consumption as a parameter for monitoring and meeting the target is being analyzed.
		In 2009, the number of plant employees increased with new hires, which enabled meeting the target, since this aspect had not been included in its formulation.	
Salto Osório		Implementation by December 2009 of a system to reuse percolating water from the inspection galleries.	The target remains in place with conclusion revised to April 2010.
		In view of the delay in the delivery phase of the executive project for implementing the system, conclusion is expected for April 2010.	
Reforestation and environmental recovery			
Cana Brava		Recovery of the concession areas with the planting of 100,000 seedlings of native species to the cerrado biome by April 2012.	The target remains for 2012. By February 2010, 14,515 seedlings had been planted.
Passo Fundo		Replanting of the reservoir islands with 60,000 seedlings of native species.	-
Salto Santiago		Recovery of degraded areas in the former worksite by December 2009.	The target remains in place with conclusion revised to December 2010.
		The target was extended to 2010 in order to enable full recovery of the soil of the former worksite with the use of wood material from the reservoir as substrate for the vegetation.	
Visits to plants			
Cana Brava		Obtention in 2009 (based on the 2008 results) an increase of 5% in the total number of visitors to the plant and participants in the environmental awareness lectures organized by the Company in the municipalities affected by the reservoir.	The target remains in place based on the 2009 results.
		In 2009, the number of visitors and participants in lectures grew by more than 180% in relation to the 531 recorded in 2008. A total of 1,508 people were involved, including 1,218 visitors and 290 participants in the awareness lectures.	
Machadinho		Serve annually 6,000 people through the Environmental Education Program in the surrounding municipalities.	The target is being revised to expand the Program's scope in 2010.
		The goal of reaching 6,000 people was achieved through the development of the Environmental Education Program in 2009 by the Environmental Dissemination Center (CDA), contracted by the Consórcio Machadinho.	
Salto Osório Salto Santiago		Receive at each plant at least 1,800 visitors per year, including schools, associations and universities.	The target remains in place.
		In 2009, the Salto Santiago Hydroelectric Power Plant received 3,942 visitors from 144 entities and the Salto Osório Hydroelectric Power Plant received 3,281 visitors from 132 entities.	

(continued)

Environmental targets – hydroelectric power plants			
Situation		**2009**	**2010**
Social and environmental development in operating areas			
	Itá Machadinho Passo Fundo Salto Santiago Salto Osório Cana Brava	Participation in the Hydrographic Basin Committees in the area of influence of the plants.	The target remains in place.
	Passo Fundo	Implement ten initiatives targeting the social and environmental needs of the population living near the reservoir by December 2009.	

Environmental goals – thermoelectric power plants			
Situation		**2009**	**2010**
Noise			
	Charqueadas	Reduce the level of noise emissions to below 56 dB at 120 meters from the silencers and 72 dB at 10 meters from the silencers by September 2009.	The target remains in place with conclusion revised to September 2010.
	Jorge Lacerda	Reduction by December 2009 of noise emissions from the railcar vibrator when receiving coal, which is a responsibility of the Utility Center.	
		The program was concluded in 2009, with the enclosure of the railcar vibrator.	
	Lages	Maintain the noise level of critical equipment below 80 dB.	
		Noise emissions from the main sources of plants – primary and secondary ventilator, pneumatic pick and circulation pumps – are measured every four months. In the measurement made in October 2009, the only equipment that presented above-target noise was the circulation pump (82.6 dB). Initiatives are being implemented to correct this deviation.	
Visits to plants			
	Jorge Lacerda	Receive over 8,500 visitors in 2009.	
		In 2009, 10,436 people visited the Jorge Lacerda Thermoelectric Complex.	
	Lages	Receive 1,500 visitors in two years (2009 and 2010).	The target remains in place. In 2009, there were 693 visitors (46% of the target).
	Charqueadas	Receive 400 visitors by December 2009.	Target for 2010 being prepared.
		In 2009, there were 420 visitors.	
Water and effluents			
	Lages	Installation of the Effluent Treatment System of the Soot Treatment Station – maintain the emissions of DBO5 below 55 mg/l.	
		The Effluent Treatment Station Project was delivered and is in the process of being certified by the environmental foundation of Santa Catarina (Fatma).	
	Jorge Lacerda	Waterproofing of the coal yard by December 2009.	The target remains in place.
		The process was concluded in the coal yard at Jorge Lacerda A and should be concluded in the yards at Jorge Lacerda B and C in 2010, with approval of the environmental agency Fatma.	
	Jorge Lacerda	Adjust the ash system by implementing the closed cycle system by December 2010.	-

(continued)

Environmental goals – thermoelectric power plants			
Situation		**2009**	**2010**
Consumption of materials			
	Lages	Reduce annual specific consumption of NaOH to 0.75 Kg/m³ and of HCl to 0.80 Kg/m³ by December 2009.	The target remains in place with conclusion revised to December 2010.
	Alegrete	Reduce by 20% the consumption of acid and sodium carbonate in Kg/m³ by December 2009.	Since the Alegrete Thermoelectric Power Plant did not operate in 2009, the target was extended to the next period of operation.
	Charqueadas	Maintain specific coal consumption indicators below 1.50 ton/MWh.	The target remains in place.
Reforestation and environmental recovery			
	Lages	Installation of a vegetation wall around the biomass yard by December 2009.	
		The soil preparation, seedling planting and maintenance portions have already been concluded. The project's conclusion is pending only measurement of the initiatives made.	
	Charqueadas	Implementation of an urban tree planting project in the plant's area of influence by December 2009.	
		The target was altered to the planting of at least 5,000 seedlings in the plant's area of influence, resulting in the planting and distribution of 11,735 seedlings in the region.	
	Jorge Lacerda	Participate in the environmental recovery processes of degraded areas, in partnership with the state environmental agency Fatma.	
		Tractebel is participating, in partnership with Fatma, in the environmental recovery of the yard of the deactivated Companhia Auxiliar de Empresas Elétricas Brasileiras (CAEEB) and the fines basin of CSN.	
Emissions			
	Jorge Lacerda	Reach by the end of 2009 particulate matter emission indicators below 0.6 Kg/MWh.	In 2010 we will continue monitoring to guarantee the maintenance of a particulate matter emission index below 0.6 Kg/MWh.
	Lages	Maintain particulate matter emissions below 100 mg/Nm³ in the main boiler and 260 mg/Nm³ in the reserve boiler.	The target remains in place.
		The target was surpassed in 2009, when emissions reached 53.79mg/Nm³ in the main boiler. The reserve boiler did not operate in 2009.	
	Charqueadas	Reach by the end of 2009 a particulate matter emissions indicator below 80 mg/Nm³.	The target remains in place with conclusion revised to March 2010.
	Charqueadas	Reach by the end of 2009 an SO_2 emissions index below 400 mg/Nm³ at 6% of oxygen.	The target remains in place with conclusion revised to April 2010.
Social and environmental development in operating areas			
	Lages Charqueadas Alegrete	Participation in the Hydrographic Basin Committees in the areas of influence of plants.	The target remains in place.

INSTALLATION OF NEW PROJECTS

Prior to the installation of a plant, comprehensive social and environmental studies are conducted, which are submitted to public hearings and analysis of the appropriate agencies. In the environmental area, in the case of hydroelectric power plants, the studies include analyses of terrestrial and aquatic fauna and flora, water quality, impacts on ground water and erosion effects, among other factors.

In 2009, Tractebel had three new projects in the installation phase: São Salvador Hydroelectric Power Plant, Areia Branca Small Hydroelectric Power Plant and Destilaria Andrade Thermoelectric Power Plant.

SOCIAL AND ENVIRONMENTAL PROJECTS DEVELOPED AT PLANTS

- **Environment Week**

Jorge Lacerda Thermoelectric Complex and the Cana Brava, Itá, Machadinho and Passo Fundo Hydroelectric Power Plants

Every year Tractebel holds an Environment Week to improve integration with the community, promote environmental education and disclose its environmental programs and results. The more important events in 2009 are described below:

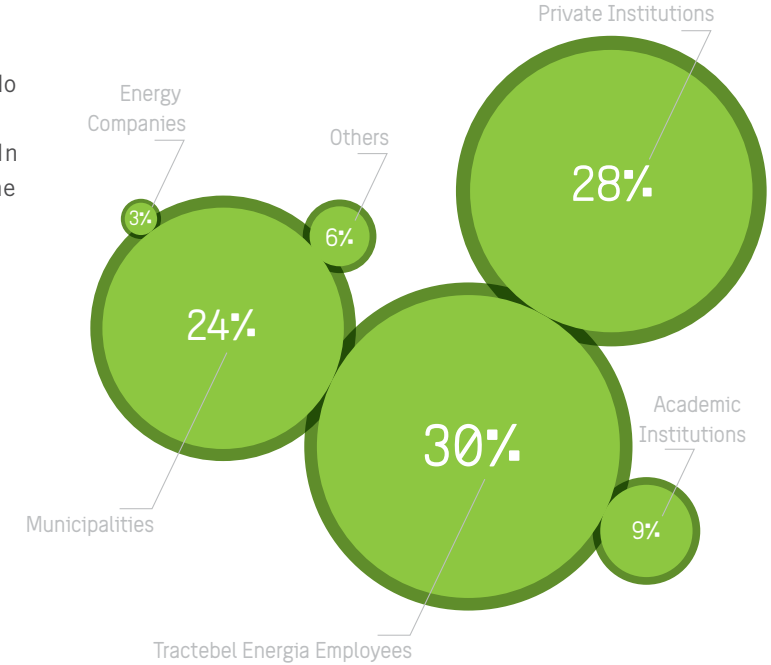
Environment Week at the Jorge Lacerda Thermoelectric Complex: Environment Week was held between November 9 and 13, 2009, in the Municipality of Capivari de Baixo, State of Santa Catarina, and included the following contest, lectures and presentations:

- Lecture by Tractebel's Sustainability Committee.
- Presentation of the play *O Sonho de Natanael.*
- Environmental Education Project *Horta Modelo* (Model Garden), with the exposition of orchids, bromeliads and ornamental plants and the distribution of seedlings.
- Environmental project contest involving schools in the Municipalities of Capivari de Baixo and Tubarão in Santa Catarina state, with the best projects presented receiving awards.

Internal Safety and Environmental Week at the Cana Brava Hydroelectric Power Plant: in the event held between August 24 and 28, 2009, the Cana Brava Hydroelectric Power Plant presented two topics relevant to its operations and organized events that included cultural, environmental preservation, health promotion and safety and environment awareness activities.

Semas 2009 - Environmental and Sustainability Week – Sustainability and Local Development: the event, which is carried out every year, was developed with a focus on the stakeholders of the Itá, Machadinho and Passo Fundo hydroelectric power plants, with 192 people attending. In its third edition, in 2009, the Company gave lectures and organized regional cultural presentations that addressed the topic of sustainability in a practical light in order to raise awareness among stakeholders, seeking a common path for the construction and application of concepts focused on local sustainability.

Origin of Participants in the 2009 Environmental and Sustainability Week (Semas)



• **Environmental Educators Training Program (PFEA)**
Machadinho HPP

Developed by Tractebel, the program targets educators who seek to improve their environmental knowledge and gain experience through practical and theoretical activities.

Administered in four modules, the program presents the tools required for gaining expertise on environmental topics, the fundamentals of environmental education, concepts of citizenship and their application to day-to-day life and the development of a teaching model with a dissertation. In 2009, approximately 30 participants concluded the program.

• **Jorge Lacerda Environmental Park**
Jorge Lacerda Thermoelectric Complex

In November 2009, Tractebel began work for the construction of the Jorge Lacerda Environmental Park, based on a project prepared by Universidade do Sul de Santa Catarina (Unisul).

With inauguration slated for 2011, the park is a volunteer initiative of Tractebel to offer the community a space for education, culture and leisure activities, which will include hiking trails, bike paths, a lake, an amphitheatre, a forest reserve, an acoustic bandshell for performances, and other options, on a total area of 500,000 m² (50 hectares) that was environmentally recovered by Tractebel and located adjacent to the Jorge Lacerda Thermoelectric Complex, in the City of Capivari de Baixo, in Santa Catarina state.

The Park features a Culture and Sustainability Center, with a 350-seat auditorium for artistic and cultural performances, as well as for music, theatre, dance and digital-inclusion workshops, and an area for exhibitions and registering the history of the Municipality and the Complex.

The park features sustainable mechanisms, such as rainwater capture, heating provided by recycled plastic bottles and sewage treatment through which special vegetation feeds off the organic matter and makes the water reusable. Ashes discharged by the Complex are mixed into cement and used in the construction of the buildings and hiking and bike paths, with this ash substituting part of the conventional cement or fine sand used to make concrete blocks. The park will be managed by an independent association composed of local representatives.

• **Environmental Dissemination Center (CDA)**
Itá HPP

The Center develops educational projects for the community, which include exhibitions, a library, a video library and photo archives that present social and environmental information about the region and the programs developed by the plant. Since the CDA began its operations, it has received 204,896 visitors.

• **Reforestation Program**
Salto Osório HPP and Salto Santiago HPP

The Reforestation Program envisages the planting of 577,000 seedlings in the areas surrounding these two plants by May 2010. At the close of 2009, 400,970 seedlings had already been planted.

• **Sunlight Collector Project**
Salto Osório HPP, Salto Santiago HPP and Itá HPP

Nine entities from the municipalities surrounding the Salto Osório and Salto Santiago hydroelectric power plants participate in the Sunlight Collector Project, with workshops held at the Itá Hydroelectric Power Plant in which instructions are given on how to assemble a heater powered by sunlight energy by using recycled materials, such as long-life packaging and PET bottles. In 2009, the project continued with the distribution of the materials needed for the manufacture and installation of heaters at the entities.



Model of the Jorge Lacerda Environmental Park

Reservoirs[8]

Itá Hydroelectric Power Plant

Location: between the Municipalities of Itá, State of Santa Catarina and Aratiba, State of Rio Grande do Sul
Reservoir area: 142 km²
Permanent Preservation Area: 22.56 km²
Local biodiversity: 27 species of mammal, 94 of bird, 31 of reptile, 11 of amphibian, 40 of fish and 60 of trees
Conservation Units: Fritz Plaumann State Park, State of Santa Catarina (7.41 km²); Teixeira Soares Municipal Park, State of Rio Grande do Sul (4.61 km²), and Severiano de Almeida Environmental Preservation Municipal Park, State of Rio Grande do Sul (0.15 km²)

Machadinho Hydroelectric Power Plant

Location: between the Municipalities of Piratuba, State of Santa Catarina and Maximiliano de Almeida, State of Rio Grande do Sul
Reservoir area: 79 km²
Permanent Preservation Area: 44.05 km²
Local biodiversity: 52 species of mammal, 192 of bird, 63 of fish, at least two relevant of reptile and 522 of flora
Conservation Units: Espigão Alto State Forest Park, State of Rio Grande do Sul, 13.33 km²

Cana Brava Hydroelectric Power Plant

Location: Municipality of Cavalcante, State of Goiás
Reservoir area: 139 km²
Permanent Preservation Area: 3.2 km²
Local biodiversity: 92 species of mammal, 304 of bird, 98 of reptile, 41 of amphibian, 77 of fish (Source: Systema Naturae Consultoria Ambiental Ltda)
Conservation Units: not measured

Passo Fundo Hydroelectric Power Plant

Location: Municipality of Entre Rios do Sul, State of Rio Grande do Sul
Reservoir area: 151 km²
Permanent Preservation Area: 4.11 km²
Local biodiversity: 18 species of mammal, 122 of bird, 14 of reptile, 10 of amphibian, 44 of fish and 20 of tree (Source: Plan of Use and Occupation of the Waters and Surrounding Area of the Passo Fundo Hydroelectric Power Plant Reservoir - PLUS)
Conservation Units: Rondinha State Park, with area of 10 km², and Sagrisa Municipal Reserve, with 4 km²

Salto Santiago Hydroelectric Power Plant

Location: between the Municipalities of Rio Bonito do Iguaçu and Saudade do Iguaçu, both in the State of Paraná
Reservoir area: 208 km²
Permanent Preservation Area: the legislation applicable when the Plant was installed did not require the acquisition of areas for the formation of Permanent Preservation Areas
Local biodiversity and Preservation Units: a survey of the biodiversity of the Plant's direct area of influence is in progress

Salto Osório Hydroelectric Power Plant

Location: between the Municipalities of São Jorge d'Oeste and Quedas do Iguaçu, both in the State of Paraná
Reservoir area: 55 km²
Permanent Preservation Area: the legislation applicable when the Plant was installed did not require the acquisition of areas for the formation of Permanent Preservation Areas
Local biodiversity and Preservation Units: a survey of the biodiversity of the plant's area of influence is in progress

Machadinho Hydroelectric Power Plant



[8] The item "regional biodiversity" described for each plant quantitatively presents the species diversity for a specific area. Unless the source is specified, the data on biodiversity was taken from the Environmental Impact Assessment (EIA) and on the Environmental Impact Report (RIMA) of each plant.

Ponte de Pedra Hydroelectric Power Plant

Location: between the Municipalities of Itiquira, State of Mato Grosso and Sonora, State of Mato Grosso do Sul
Reservoir area: 14.5 km²
Permanent Preservation Area: 7.8 km²
Local biodiversity: 80 species of mammal, 249 of bird, 58 of reptile, 17 of amphibian, and nine of invertebrate
Preservation Units: the plant's reservoir is adjacent to the Serra de Sonora State Park, with approximately 79 km²

José Gelazio da Rocha Small Hydroelectric Power Plant

Location: Rondonópolis, State of Mato Grosso
Reservoir area: 0.27 km²
Permanent Preservation Area: was not established by legislation for the area surrounding the Plant's reservoir
Local biodiversity: 80 species of mammal, 249 of bird, 58 of reptile, 17 of amphibian and nine of invertebrate species
Preservation Units: not measured

Rondonópolis Small Hydroelectric Power Plant

Location: Rondonópolis, State of Mato Grosso
Reservoir area: 0.024 km²
Permanent Preservation Area: was not established by legislation for the area surrounding the Plant's reservoir
Local biodiversity: 80 species of mammal, 249 of bird, 58 of reptile, 17 of amphibian and nine of invertebrate
Preservation Units: not measured

The reservoirs and their surrounding areas are protected by the environmental and property monitoring teams of Tractebel, which maintains cooperative agreements with the Environmental Police for environmental monitoring services.

Multiple uses of reservoirs

Tractebel has legal liability over its reservoirs through the concession to operate its hydroelectric power plants.

The Company promotes the multiple use of the area by the communities. Therefore, it establishes partnerships with municipalities for the creation of artificial beaches, fishing areas, power boating and other leisure activities, as well as irrigation systems for farming.

Tractebel seeks to establish a harmonious relationship with its surrounding communities and form partnerships in the use of these water resources and in the monitoring required to achieve and maintain the best environmental quality possible.

Environmental parks

Tractebel Energia finances and supports the implementation and maintenance of environment preservation parks in the surrounding areas of its reservoirs so as to offset the environmental impact from the implementation of the projects. One example is the Fritz Plaumann State Park, which was built in partnership with private companies, Environmental Foundation of Santa Catarina State (Fatma) and civil society, and enables the protection and public use of the most important remaining area of the Deciduous Seasonal Forest (Uruguay River Forest). A Civil Society Organization in the Public Interest (OSCIP) was created to manage the Park, which is responsible for its team and maintenance. Tractebel also participates in the OSCIP.

Fritz Plaumann State Park, located near the Itá Hydroelectric Power Plant



CONSOLIDATED ENVIRONMENTAL INDICATORS

Emissions

Tractebel's main atmospheric emissions are carbon dioxide (CO_2), sulphur dioxide (SO_2), nitrogen oxide (NOx) and particulate matter (PM), which derive from the generation process of the thermoelectric power plants. The Company has its own practices and processes that enable the control and reduction of these emissions, including:

- Electrostatic precipitators: retain over 98.5% of particulate matter emissions from the Jorge Lacerda Thermoelectric Complex plants.

- Installation of bag filters and a desulphurization system at the Charqueadas plant, which reduce the emissions of particulate matter and sulphur dioxide (SO_2) and which will begin operating in 2010.

- Sulphur control in coal and fuel oils: enables reductions in the formation of sulphur dioxide and its emission into the atmosphere.

- Reuse of waste: use of 100% of the fly ashes produced as raw material in the production of cement.

The following charts present the total emissions of the Charqueadas, Alegrete and William Arjona thermoelectric power plants, the Jorge Lacerda Thermoelectric Complex and the Lages Cogeneration Unit.



Jorge Lacerda Thermoelectric Complex

CO_2 Emissions (tonnes)

2009	4,555,492
2008	5,968,424
2007	5,680,482

NOx Emissions (tonnes)

2009	10,783
2008	13,219
2007	12,992

Particulate Matter Emissions (tonnes)

2009	2,511
2008	3,141
2007	3,636

SO_2 Emissions (tonnes)

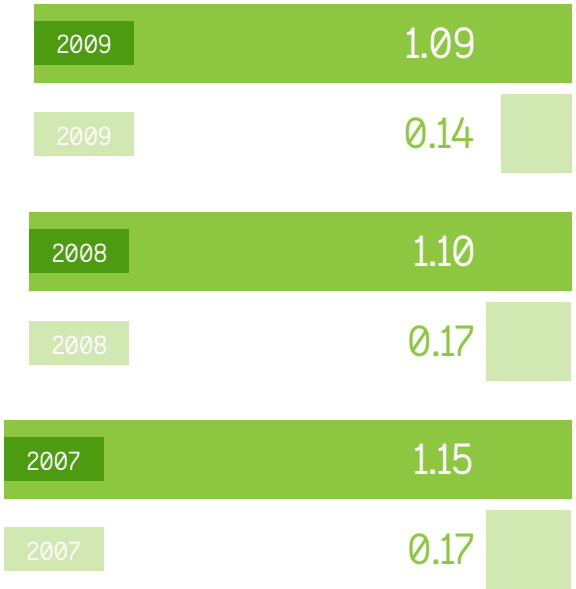
2009	95,911
2008	121,239
2007	116,260

In 2009, the Company's atmospheric emissions totaled 4,664,697 tonnes, a reduction of 23.6% compared to the previous year. This was due to the decrease of 22.8% in the production of energy by thermoelectric power plants and the technological operational improvements in its operations to mitigate emissions.

The evolution of the Company's emissions per MWh generated is presented in the following graphics:

CO_2 Emissions per MWh Generated

(tonnes of CO_2/MWh)



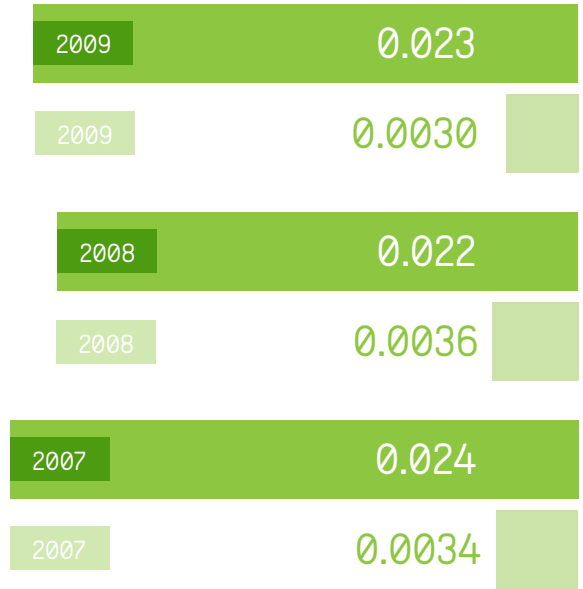
NOx Emissions per MWh Generated

(tonnes of CO_2/MWh)



SO_2 Emissions per MWh Generated

(tonnes of CO_2/MWh)



(*) Thermoelectric power plants – ratio of emissions caused by the combustion of fossil fuels at thermoelectric power plants and the energy of these plants

(**) All plants – ratio of emissions caused by the combustion of fossil fuels at thermoelectric power plants and the energy generated at all of Tractebel's plants

Clean Development Mechanism (CDM)

The Lages Cogeneration Unit, located in Santa Catarina state, uses wood chips from several logging companies to produce electricity and steam. By using these waste products that would have otherwise been disposed of in nature, the Plant helps prevent methane emissions – a gas with Global Warming Potential (GWP) 21 times higher than carbon dioxide – resulting from their decay.

The Clean Development Mechanism project for the Lages Cogeneration Unit envisages the generation of 150,000 to 220,000 Certified Emission Reductions (CERs, also known as carbon credits) per year for a decade, from November 2004 to October 2014.

As of December 31, 2009, 1.4 million CERs had already been sold. In 2006, 190,000 CERs were sold in the carbon credit market to companies and entities of the countries included in Annex 1 to the Kyoto Protocol (the countries that undertook reduction goals), which was repeated in 2008 and 2009, when 264,000 and 155,000 CERs were sold, respectively. In 2007, 750,000 CERs were sold to the Prototype Carbon Fund (PCF) in advance, which should be delivered in annual installments of 88,000 tonnes by 2013, with the last installment, of 134,000 tonnes, to be delivered in 2014. PCF is a fund for the purchase of carbon credits. It is managed by the World Bank and the purchase volume represents 60% of the total CERs to be issued in the future.

The Lages Cogeneration Unit is officially registered with the Executive Committee of the United Nations Framework Convention on Climate Change (UNFCCC) as an activity that meets the requirements of the Clean Development Mechanism (CDM) and is qualified for generating carbon credits, as established by the Kyoto Protocol, to be sold by Lages Bioenergética.

As of December 31, 2009, Tractebel had sold 1.4 million Certified Emission Reductions (CERs) in the carbon credit market

Lages Cogeneration Unit



Direct power consumption

Tractebel's production process uses the energy generated by its own plants. To generate 31,763 GWh (equivalent to 114 million GJ) of electric energy, the Company used 454.8 GWh (equivalent to 1.6 million GJ) in the operation of its plants in 2009.

The reduction in consumption is directly related to the lower total generation of energy by Tractebel's plants from one year to another one.

Regarding indirect energy consumption, the Company is analyzing and adopting measures to reduce the consumption of fossil fuels. Among these measures are the increased use of biofuel cars, prioritizing the use of ethanol in the vehicle fleet. It also holds conference calls in order to avoid transportation of employees, reducing the emission of greenhouse gases.

The use of fuels as a direct energy source is detailed in the item "fuels".



Ponte de Pedra Hydroelectric Power Plant

Water

The water quality of the reservoirs of hydroelectric power plants and of the rivers located near thermoelectric power plants is constantly monitored. This allows Tractebel to know the physical and chemical composition of its effluents, and consequently evaluate and readily meet the needs of corrective or preventive initiatives.

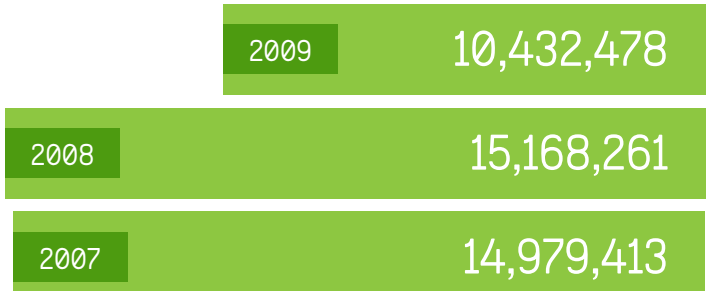
The Company adopts a series of control initiatives in its operations to avoid the contamination of effluents.

Jorge Lacerda Thermoelectric Complex



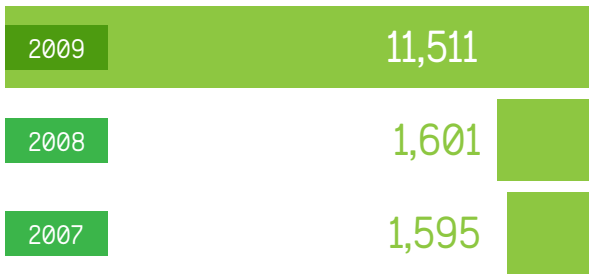
Surface Water Consumption

(m³)



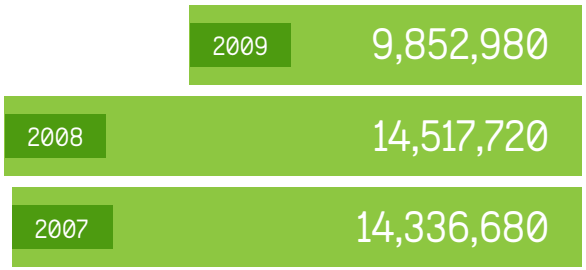
Ground Water Consumption*

(m³)



Discharge of Treated Water

(m³/year)



* The higher consumption of ground water is due to the incorporation of data related to the operation of the Ponte de Pedra Hydroelectric Power Plant, which uses groundwater for irrigation and for supplying the control building, while at the other plants the use is generally limited to cleaning services.

The higher consumption of ground water is due to the incorporation of data related to the operation of the Ponte de Pedra Hydroelectric Power Plant and the José Gelazio da Rocha and Rondonópolis small hydroelectric power plants as of 2009. Ponte de Pedra alone consumed 10,950 m³ of ground water in 2009, i.e., volume corresponding to 95% of the total. This high amount results from the fact that the plant uses ground water for irrigation applications and for supplying the entire control building and other facilities, while at the other plants the use is normally limited to cleaning services.

Thermoelectric power plants account for over 99% of water consumption and the liquid effluents produced by the Company, and most of its units have closed-circuit liquid effluent systems. The systems avoid the discharge of pollutants into rivers in the region and enable the reuse of water in various processes, reducing consumption by 50% on average.

In 2009, the interconnection of the ash extraction system in the Jorge Lacerda Thermoelectric Complex was concluded, which should reduce Tractebel industrial water consumption by around 95% as of 2010.

In the units where closed-circuit recirculation has not yet been implemented, effluents are treated using a physical and chemical process (sedimentation and neutralization) before they are released into the receiving bodies of water. In addition, containment basins in the fuel reservoirs prevent water pollution due to leaks.

At hydroelectric power plants, the oil-based lubricant systems for pumps and mineral drainage tanks are in the process of being substituted by water-based lubrication systems, eliminating the risk of oil spills or leaks. The process has already been concluded at the Machadinho Hydroelectric Power Plant.

The Passo Fundo, Machadinho, Cana Brava and Itá hydroelectric power plants have effluent control systems for the drainage wells that separate water from oil in the effluents generated in the machine shop. The aim is to reduce the concentration of oils and fats in effluents by 50% of the 20 mg/l level allowed by law. In 2009, with the exception of Cana Brava, the oil and fat concentration in effluents at the other plants stood below the established target.

Waste management

The Company's waste management process includes the preparation, temporary internal storage, transportation and final disposal of waste products.

Solid waste generated at the plants is separated and sent for recycling or other adequate final disposal. Fuel waste products (such as tank sludge, paint, etc.), which are considered hazardous, are sent for co-processing by the cement industry. Used lubricant oil is re-refined and transformed into basic oil, the main raw material for the manufacture of finished lubricants.

Hazardous waste

The management of hazardous waste complies with environmental licensing regulations and United Nations rules. Preventive measures to combat leaks are adopted, such as the use of safety labels on chemical products, the installation of containment barriers and adequate identification of vehicle loads. Companies contracted for this kind of transportation are duly licensed and authorized in Brazil. Hazardous waste is not imported or exported.

Destination of hazardous waste in 2009

Disposal method	Main types of waste product	Amount (tonnes)
Class I Industrial Landfill	Waste products or materials contaminated with oil, grease or chemical products, waste grease, materials such as asbestos or glasswool, batteries and chemical products	101.65
Co-processing	Waste products, water or materials contaminated with oil, grease and chemical products	85.23
Incineration (or use as fuel)	Healthcare waste products	0.019
Recycling	Water contaminated with oil, used lubricant oils, oil sludge and lamps	55.88
Reuse	Packaging of chemical products and industrial towels	11.88
Subtotal (hazardous waste transported) [1]		**254.66**
Waste stored locally	Waste products in general	68.71
Total hazardous waste		**323.37**

[1] All hazardous waste is transported to final destinations exclusively in Brazil.

In 2006, the Company created an Environmental Management Program for the Charqueadas Thermoelectric Power Plant with the aim of removing the remaining equipment containing the toxic chemical substance polychlorinated biphenil (PCB), especially askarel. In 2007, six capacitors were removed, and in the following year Tractebel concluded the Program and destined for incineration the last capacitor containing this type of product, which was conducted by a specialized company.

A similar program was developed in 2005 to evaluate and recover a specific area of the Salto Osório Hydroelectric Power Plant contaminated with askarel oil. The Company concluded the recovery in 2007, sending the waste contaminated with askarel for incineration by a specialized company and supervising the site to ensure the elimination of risks to the environment and to public health.

Nonhazardous waste

The main nonhazardous wastes generated by Tractebel are the ashes from the combustion process of coal-fired plants, as well as paper, plastic, glass and ferrous and non-ferrous metal scrap.

The ashes are divided into two types: fly ash, which is carried by the combustion gases and is retained in the electrostatic precipitators, and bottom ash, which remains at the bottom of the boiler. The former accounts for approximately 80% of the total volume of waste and is sold to the cement industry as raw material for pozzolanic cement, replacing the limestone in the composition of this product. Bottom ashes have high pH and are used as a neutralizer of soil acidity and in the recovery of coal waste deposits.

Bottom ashes from Charqueadas and Jorge Lacerda power plants are allocated to the recovery of areas degraded by coal. Part of the bottom ash from Charqueadas TPP returns to the mine pit and is used in the environmental recovery of the area from where the coal used in the plant was mined. The ash is also used as a base for asphalt paving of highways.

In 2009, 95.8% of nonhazardous waste was recycled, reused or used in the paving of highways and the recovery of degraded areas (mining pit). The total consumption of paper in Tractebel increased approximately 50%. However, 91.8% of the paper used in the Company, or 16 tonnes, was recycled. This represents a 11.7 p.p. increase in relation to recycled paper used in 2008.

Destination of nonhazardous waste in 2009

Disposal method	Main types of waste product	Amount (tonnes)
Class I Industrial Landfill	Heavy ash, construction debris, blasting slag, soldering waste, rubber and electronic waste and sludge from sewage treatment plants (ETA)	42,289.74
Landfill	Construction debris, common and organic waste and pruning of vegetation	370.31
Disposal	Pruning of vegetation, wood and construction debris	41.53
Compost	Organic waste	6.76
Co-processing	Wood, rubber scrap and polystyrene	110.41
Highway paving	Construction debris	0.02
Recycling	Fly ashes, refractory bricks, wood and plastics	891,806.17
Recovery of degraded area – mining pit	Bottom ashes and pruning of vegetation	76,655.00
Reuse	Construction debris and wood	0.05
Treatment / decontamination	Sewage sediment	127.66
Local storage	Waste products in general	39.03
Total		**1,011,446.68**

In 2009, 95.8% of the nonhazardous waste generated by the Company was recycled, reused or reconditioned

Fuels

The fuels used by Tractebel are derived from oil (diesel and fuel oil) and mineral coal, and are used by thermoelectric power plants for energy generation. The Lages Cogeneration Unit is powered by wood chips (biomass) supplied by logging companies and other manufacturers in the region.

Fuel consumption

Materials	2007	2008	2009
Coal (tonnes)	3,341,888	3,532,719	2,780,281
Fuel oil (m^3)	2,748	29,776	2,943
Diesel (m^3)	2,944	37,267	2,480
Natural gas (m^3)	23,563,014	0	0

Biodiversity

Tractebel develops stewardship and monitoring programs of the fauna, flora and ichthyofauna to guarantee biodiversity and the environmental conditions of the habitats required for the preservation and development of the species, before, during and after the construction of the reservoirs.

In 2009, the Salto Santiago and Salto Osório power plants collaborated with the Strategic Areas Program for Biodiversity Preservation of the State of Paraná. Tractebel's investment seeks to support the program in updating the mapping of forest coverage in Paraná state and the creation of a Conservation Unit in the Serra da Esperança region, in the same State.

Lake at the Passo Fundo Hydroelectric Power Plant



Fauna

• **Ecological corridors:** surveys and projects are developed at the plants for the creation and preservation of ecological corridors formed by species of local flora, with the objective of linking native vegetation formations that have became isolated due to human occupation, creating a path for animals to circulate and reproduce in an environment of biodiversity similar to that of their original habitat.

• **Preservation strips:** preservation strips are maintained on the borders of the reservoirs to support the development of fauna and flora of the region.

• **Rescuing and protecting fauna:** studies and rescues of animals in the region are made during the deforestation and formation of reservoirs.

• **Control of proliferation of potential outbreaks of health problems in populations:** studies on insects and snails that transmit diseases and on venomous animals are regularly conducted, which are accompanied by accident prevention programs.

Flora

• **Monitoring and protection of flora:** seeds and flowers are collected for analysis and cataloguing for subsequent production of seedlings in order to assure the continuity of the species in the region.

• **Production of seedlings of native species:** reforestation and recovery of the vegetation and of riparian vegetation in the areas surrounding the plants and local communities are made. In 2009, 273,900 seedlings were planted and another 154,700 were donated to government, community and non-governmental organizations. Since 2006, when the production of seedlings began, around 1.4 million seedlings have been planted or donated by Tractebel.

In 2009, the floristical and phytosociological study carried out during the installation of the São Salvador Hydroelectric Power Plant confirmed two new plant species until then unknown.

Ichthyofauna

• **Balance of ichthyofauna:** projects are developed for ichthyofauna to understand the dynamic balance that is created during the formation and maturity of the lakes and to adopt at each power plant the best stewardship to mitigating impacts on species.

• **Monitoring of migratory fish:** within the scope of the ichthyofauna program, Tractebel develops specific initiatives for migratory fish species, including monitoring of some species in the reservoirs by using chips that record their habits and life conditions with the aim of understanding and preserving native species.

• **Research and monitoring of the golden mussel:** the water from the basins where Tractebel operates is constantly analyzed so as to detect the existence of golden mussel species (*Limnoperna fortunei*). There is no record of the existence of this specie in the Company's reservoirs.

• **Restocking of rivers:** fry breeding of native species is stimulated to restock the reservoirs of hydroelectric power plants. Tractebel maintains an agreement with the Brazilian Environment and Renewable Natural Resources Institute (Ibama) for the restocking of the Uruguay River basin, and in a research project conducted jointly with the Freshwater Fish Farm and Biology Laboratory (Lapad) of the Universidade Federal de Santa Catarina (UFSC) it breeds in a laboratory the fry of species threatened with extinction, such as the *piracanjuba, dourado, curimbatá* and *piava*.

Costs and investments in environmental management

In 2009, Tractebel invested R$ 76.5 million in environmental protection improvements, implementation of cleaner technologies, emission control, environmental education and training, external certification, external environmental management services, personnel allocated to general environmental management activities and R&D projects related to environmental issues.

In addition, approximately R$ 360,000 were spent on liability insurance for environmental-related events resulting from sudden pollution events, such as spills.

These amounts also include initiatives involving training and environmental awareness of employees and the community in order to disseminate environmental protection and recovery practices.

Leaf of the tree species Acer found near the Machadinho Hydroelectric Power Plant





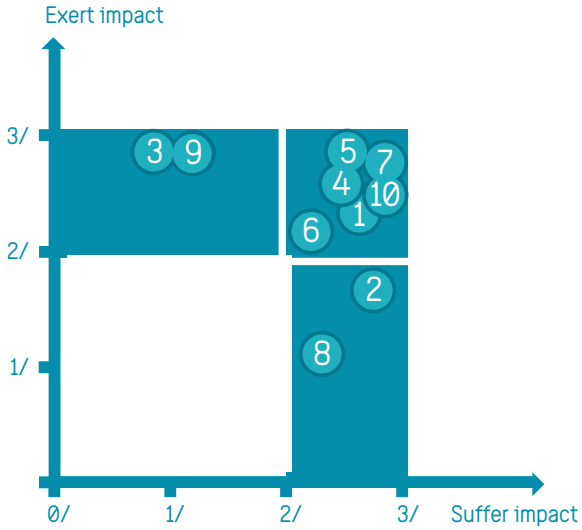
08 Social management

Cana Brava Hydroelectric Power Plant

The management of Tractebel is structured to assure successful and lasting integration of the three dimensions of sustainability. Therefore, the Company establishes long-term relationships with all publics that impact or are impacted by its operations.

These publics are defined as “stakeholders” by Brazilian Social Responsibility Norm NBR 16001 established by the Brazilian Technical Standards Association (ABNT) and are identified in this Report as such.

Stakeholders



1/ Employees and representatives

2/ Community

3/ Media

4/ Clients

5/ Suppliers

6/ Government

7/ Shareholders

8/ Social, environmental and electric industry entities

9/ Financial institutions

10/ Electric industry companies

In 2008, Tractebel organized a multidisciplinary workshop in which various areas of the Company participated with the objectives of identifying the stakeholders that impact or are impacted by its business and of assessing the degree of this impact. Scores were attributed to each stakeholder by the representatives from Tractebel’s areas based on a scale from 0 to 3 on the axes “exert impact” and “suffer impact”.

Prioritizing the treatment of issues of particular interest to its primary stakeholders, Tractebel conducted a consultation of those that obtained scores higher than 2 on at least one of the impact axes, as shown by the matrix on the left. As a result, the main demands of these stakeholders in terms of management and the relationship with the Company are presented in the specific sections of this chapter (stakeholders 1 to 7) or in excerpts distributed throughout this Report (stakeholders 8 to 10).

Passo Fundo Hydroelectric Power Plant



Tractebel develops various social management initiatives to mitigate risks and impacts and create value and opportunities for stakeholders. In addition, the decision-taking and planning of energy supply and the Company's infrastructure involve these stakeholders based on the following assumptions and guidelines:

• Demand and market opportunities are identified and dealt with in a transparent way jointly with the government, clients and shareholders.

• Communities are involved in the social, economic and environmental aspects related to the implementation and operation of a power plant in their city or region by participating in public hearings and surveys, local development forums and joint initiatives of social, economic and environmental development and the environmental improvement of the city or region.

• The Company's employees are constantly invited to know and participate in Tractebel's business (structure, operations of each organizational unit, new prospects under analysis and new projects) and they receive express invitations to bring new opportunities or potential clients.

• Society as a whole is constantly informed through the media of Tractebel's initiatives to contribute in a sustainable way to meeting their current and future energy supply needs.

Tractebel's management and initiatives involving the relationship with its stakeholders are highlighted below.

EMPLOYEES AND THEIR REPRESENTATIVES

The Company's fundamental assumption concerning the management of human resources is the implementation of initiatives that promote the development and well-being of its employees.

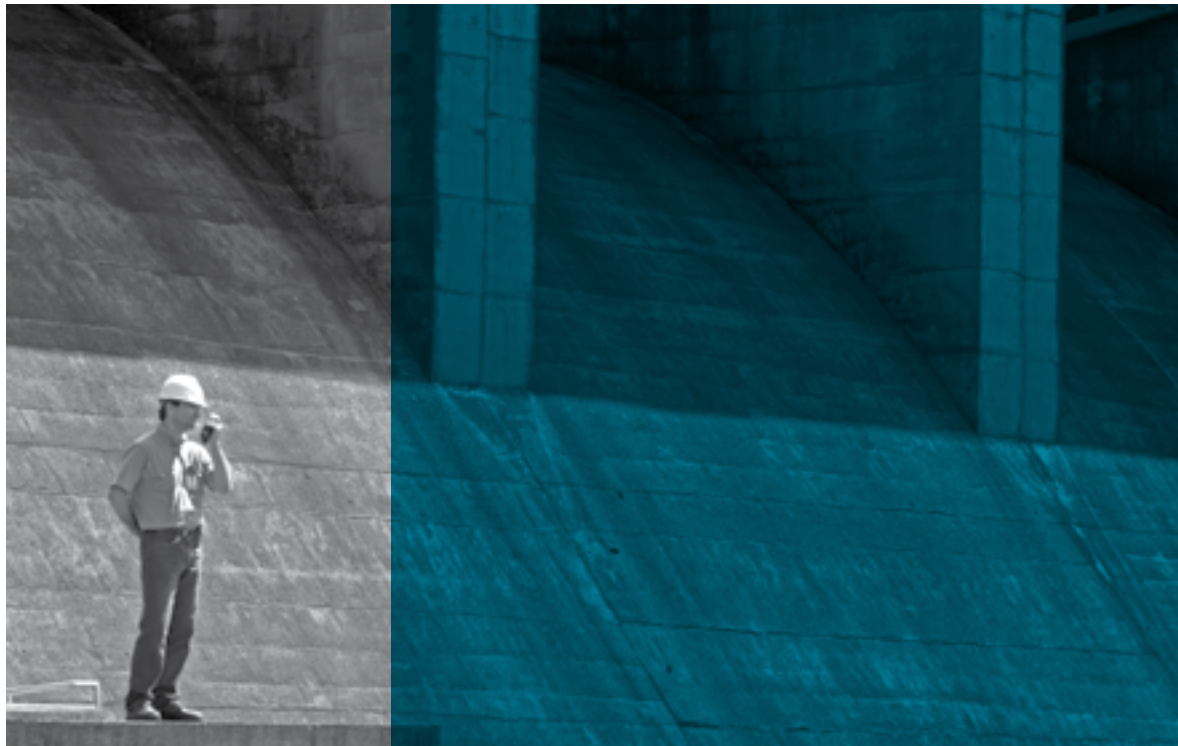
In 2009, the workforce included 1,119 professionals, 990 of whom were employees hired under the Consolidation of Labor Laws (CLT) regime, 71 interns and 58 trainees (students in vocational courses). In addition, during the year 729 professionals from the specialized firms contracted provided services to the Company.

With a presence in all regions of Brazil, Tractebel maintains partnerships with specialized entities for local recruiting and selection in order to promote job creation in the communities surrounding its plants.

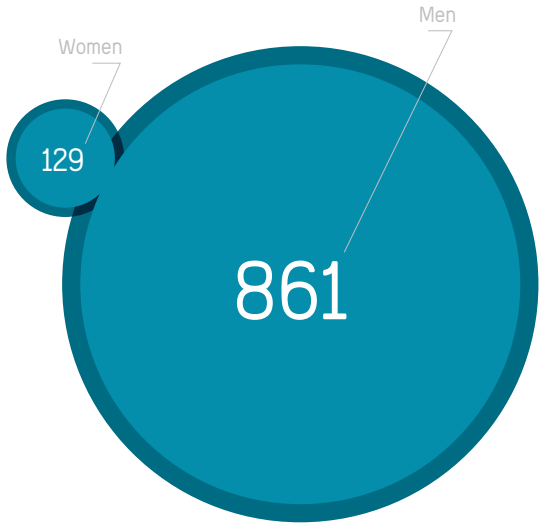
Workforce

State	2007	2008	2009
Santa Catarina	626	640	649
Rio Grande do Sul	153	158	162
Paraná	94	96	99
São Paulo	4	4	4
Mato Grosso do Sul	9	9	8
Goiás	31	34	52
Mato Grosso	-	-	5
Tocantins	-	-	11
Total	**917**	**941**	**990**
Dismissals	**34**	**36**	**33**
Hires	**46**	**61**	**82**

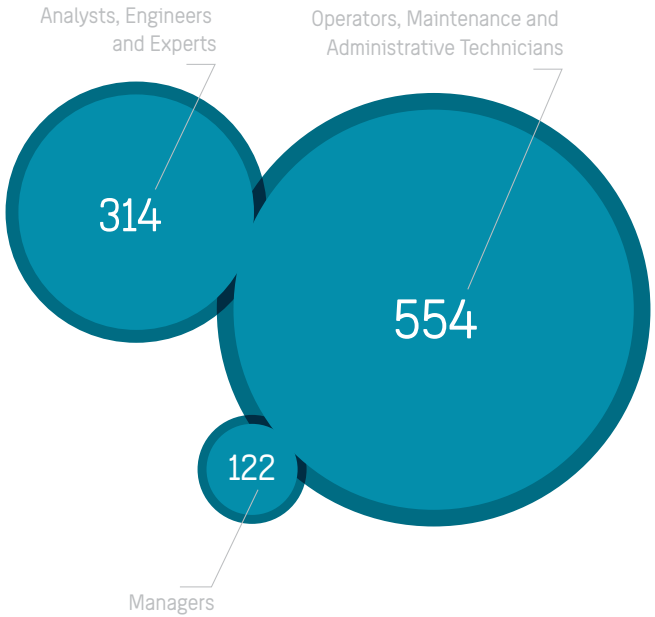
Passo Fundo Hydroelectric Power Plant



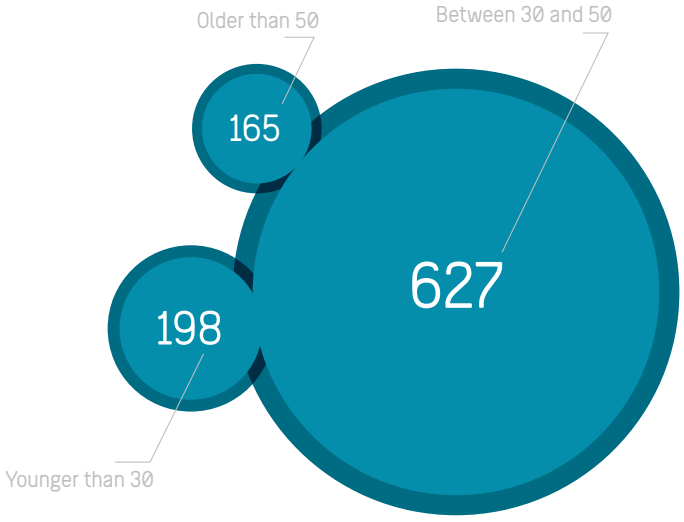
Employees by Gender



Employees by Occupation



Employees by Age



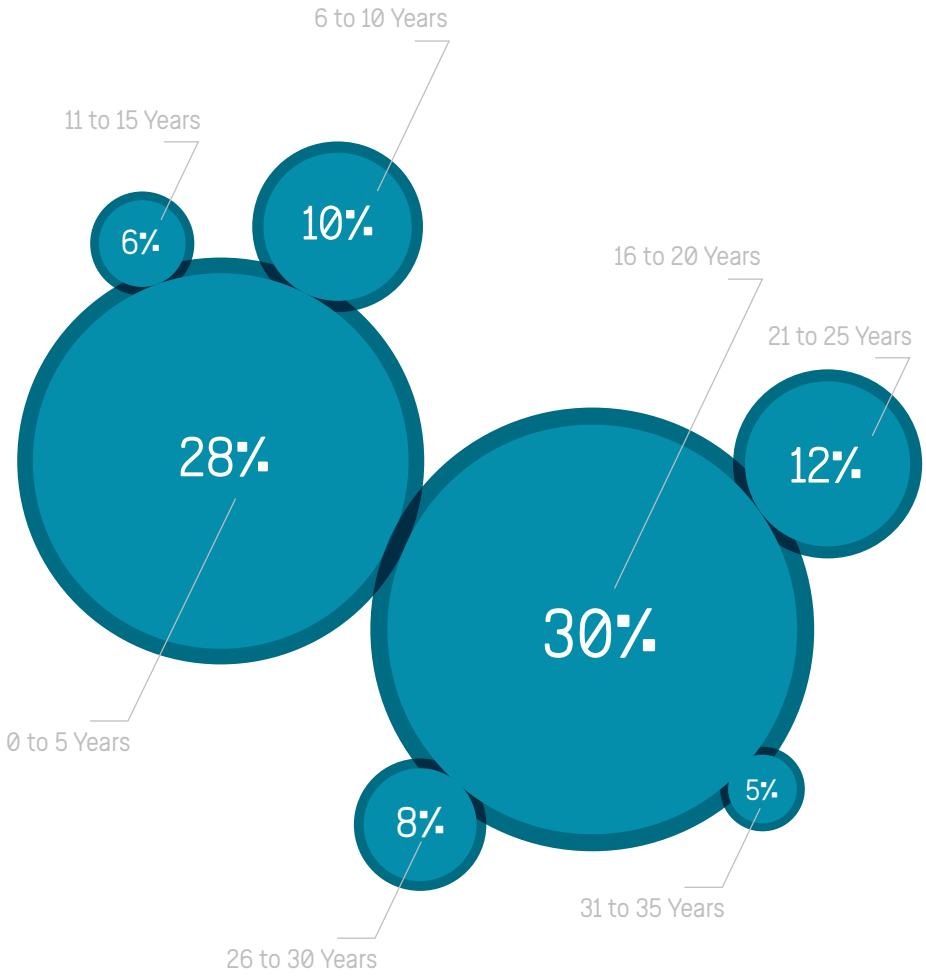
Machadinho Hydroelectric Power Plant



Cana Brava Hydroelectric Power Plant

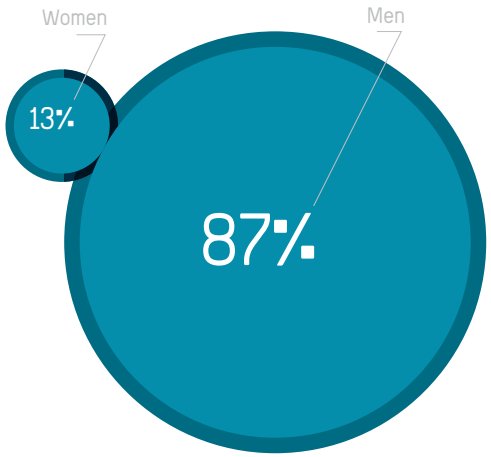


Employees by Length of Service*



*Employees' length of service is computed from their hiring by Eletrosul, and therefore, prior to privatization.

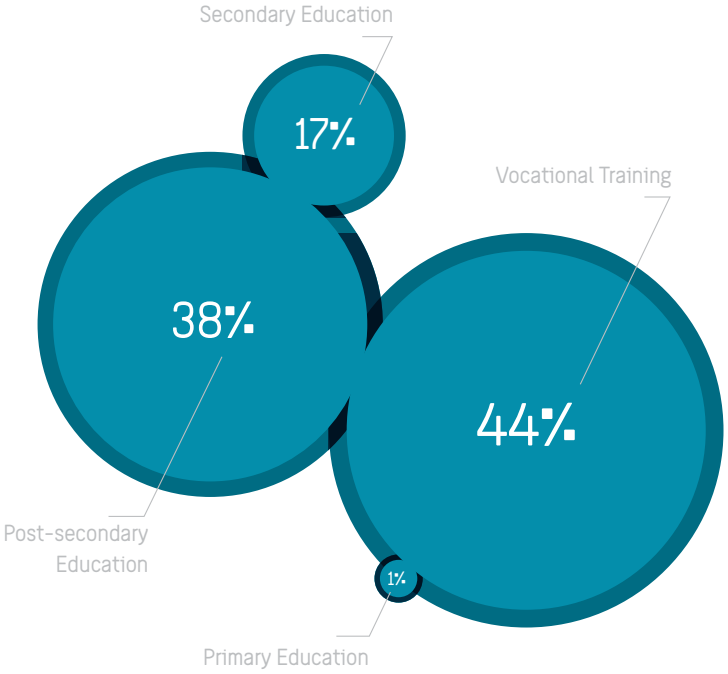
Breakdown by Gender on Boards and Committees



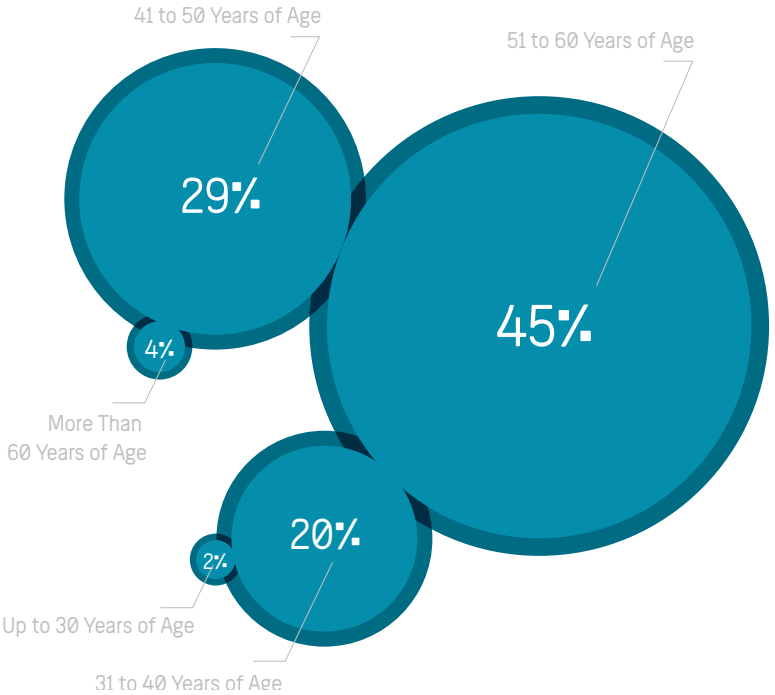


Machadinho Hydroelectric Power Plant

Education and Training



Breakdown by Age on Boards and Committees



The management policies and guidelines support the identification, hiring and retention of talent, and assure the maintenance of a good organizational climate, opportunities development, promotion of occupational health and safety, and compensation and benefits aligned with best market practices.

Human resources management policies and guidelines



Compensation and benefits

Tractebel adopts a strategy of equal pay for all genders and ethnic groups. Aligned with the market practices, its employees' fixed compensation is monitored through periodical salary surveys. In 2009, the lowest salary paid to an employee was 2.6 times higher than the current minimum wage. Meanwhile, variable compensation is based on individual performance and the department's share in the Company's profit.

Benefits to employees include the retirement plan Previg – Sociedade de Previdência Complementar, in which 99% of Tractebel's employees participate. Employees and the Company each contribute 50% to the plan. In 2009, Tractebel transferred R$ 24.6 million to Previg. Tractebel also sponsors a private retirement plan from Fundação Eletrosul de Previdência e Assistência Social (ELOS) and it transferred R$ 24.1 million to the fund in 2009, when there were 2,173 participants.

In 2009, the lowest salary paid by the Company to an employee was 2.6 times higher than the current minimum wage

Complementary benefits

Healthcare assistance (medical, dental, pharmaceutical, psychological, speech therapy and nutritional assistance) for employees and their dependents
Daycare assistance
Meal subsidy
Assistance for persons with disabilities
Group life insurance, with coverage for incapacity

Organizational climate survey

Every two years, Tractebel evaluates the performance of human resources management with the aim of strengthening the trust relationship between the Company and its employees. In 2009, when the last survey was conducted, the climate survey results showed a satisfaction index with the work environment of 70%, 4 p.p. higher than in the previous survey. This index is above the average of 60% in the general market.

Training and development

Tractebel structures and offers its employees a series of professional development initiatives with the aim of maintaining its workforce updated and qualified, guaranteeing the achievement of the medium- and long-term corporate strategies. The initiatives developed in 2009 include:

• Courses, training programs and lectures to 95% of the employees, aimed at boosting their professional development.

• Around R$ 2.4 million were invested in approximately 87 hours of training and development per employee in 2009 (total of 13,680 hours on undergraduate and graduate courses, 15,168 hours on occupational safety and 3,842 hours on behavior – ethics, human rights, leadership and communication).

• Tuition scholarships covering from 40% to 80% of the costs of 13 undergraduate and 11 graduate programs for 61 employees.

• Lectures on Tractebel's Code of Ethics to new employees through the Bem-Vindo Program and to the safety personnel on topics such as diversity, non discrimination and human rights.

Hours of training per employee in 2009

Position	Average hours
Managerial	80.1
Administrative	47.9
Technical-operational	133.5
General	**87.1**

Career management

Tractebel offers career self-management tools through evaluations and feedbacks, which enable improvements in relationships and processes. These tools include:

• Annual evaluation of the employees' performance, considering their goals and commitment to the Company's values.

• Skills mapping of employees every three years through a complete evaluation process, according to the 360° model, resulting in an Individual Development Plan (IDP) based on organizational skills.

• Development of support programs for the transition of employees in retirement or dismissal processes, such as pre-retirement planning, Voluntary Layoff Programs (VLP) with severance pay based on age and time of service, and career counseling. In 2009, 22% of Tractebel's employees were eligible for retirement in the following five years and 42% in the following ten years.

Cana Brava Hydroelectric Power Plant



Occupational health and safety

Occupational health and safety management is based on the preventive culture adopted by Tractebel, with the aim of guaranteeing safety and promoting improved health and quality of life for all its employees. These practices involve all employees and the target is to achieve a zero rate of occupational accidents. In 2009, R$ 1.7 million were invested in the area and 98% of the employees and service providers were trained on health and safety.

In this light, inspections, training and meetings are constantly developed by the health and safety committees, aiming at the awareness of employees and professionals from the specialized firms contracted.

The Company has nine Internal Occupational Accident Prevention Committees (CIPAs) composed of 74 employees, and seven groups of Specialized Service in Safety Engineering and Occupational Medicine (SEMST) formed by 13 employees. The members of these groups are appointed by management and by employees representing over 75% of the workforce.

Every year, the Internal Occupational Accident Prevention Week (Sipat) is held at every production unit and at Tractebel's headquarters in order to improve safety conditions in the various processes and work environments through education and greater awareness.

In 2009, Tractebel began installing the Health and Safety Management System to obtain, by year-end 2010, certification from the Occupational Health and Safety Assessment Series (OHSAS), a management tool that allows for the control and improvement of occupational health and safety.

Occupational health and safety indicators

Tractebel employees	2007	2008	2009
No. of occupational and transportation-related accidents (with or without leave)	3	4	12
No. of days lost – occupational accidents with leave	0	14	483
Rate of occupational disease	0	0	0
Frequency rate[1]	0.00	0.00	1.1
Severity rate[2]	0.00	0.00	0.08
Fatal accidents	0	0	0
Rate of absenteesm[3]	2,488	3,314	3,936

Outsourced employees	2007	2008	2009
No. of hours of risk exposure	3,222,363	3,309,534	3,352,827
No. of occupational accidents with leave	9	15	15
No. of occupational and transportation-related accidents (with or without leave)	54	32	41
No. of days lost - occupational accidents with leave	419	388	333
Frequency rate[3]	2.8	4.8	4.5
Severity rate[4]	0.11	0.12	0.08
Fatal accidents	0	1	0
Absenteeism	(6)	(6)	(6)

[1] The increase is due to a transportation-related accident without leave and seven occupational accidents without leave, with four of the latter resulting from an accident involving a vehicle that transported employees on the Company's service.
[2] The increase is due to two occupational accidents with leave of 117 days and two transportation-related accidents that resulted in 366 days lost.
[3] Number of occupational accidents with leave per million man hours of risk exposure.
[4] Number of days lost as a result of occupational accidents with leave per thousand man hours of risk exposure.
[5] Number of days with leave due to common illnesses not related to occupational hazards.
[6] Controlled by third-party companies.

The Company also invests in initiatives to promote the health and quality of life of its employees. In 2009, R$ 1.8 million were invested in programs such as:

• Annual medical check-ups and survey on the habits and attitudes of employees, with establishment of health improvement goals and disclosure on the intranet of the indicators obtained in the surveys for monitoring health over the long-term.

• Awareness efforts and incentives to promote healthy lifestyles, the practice of physical activities, workplace exercise, healthy eating habits and combating chemical dependence.

Union and labor relations

Tractebel maintains constant negotiations with all labor unions representing its employees. Every year, collective employment agreements are entered into in compliance with the guidelines of the International Labor Organization (ILO). All employees have the right to free association and are covered by these agreements.

The agreements involve issues such as pay raises, pension plans, benefits, health and safety, protective equipment, and training and education for the members of emergency brigades and the CIPAs.

The Company has not established any specific guidelines in its Code of Ethics or Personnel Manual for providing notice of operational changes.



Passo Fundo Hydroelectric Power Plant

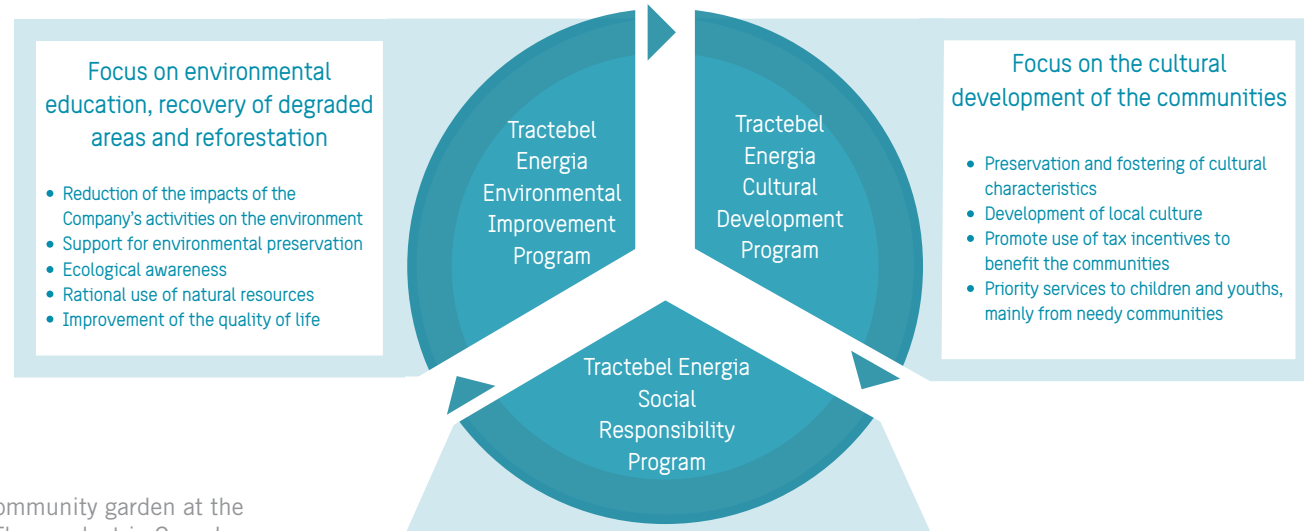
In 2009, the Company invested R$ 1.8 million in initiatives to promote the health and quality of life of its employees

COMMUNITY

Tractebel maintains a constant relationship and involvement with the communities of the regions where it operates, conducting and supporting sustainability projects aimed at local development.

The projects comply with the Tractebel Energia Sustainability Programs, which focus on environmental improvement, cultural development and social responsibility.

Tractebel Energia Sustainability Programs



Within the scope of these three programs, Tractebel develops initiatives jointly with local agents, sponsors and gives donations to entities and institutions representing the communities where it operates.

Community garden at the Jorge Lacerda Thermoelectric Complex



In 2009, the Company began installing the Social Responsibility Management System to obtain the social responsibility ABNT NBR 16001 certification by the end of 2010.

The certification guides the formulation and implementation of policies and objectives that consider legal requirements, ethical commitments and concern with the promotion of citizenship and sustainable development, in addition to transparency of activities.

In 2009, the Company sponsored over 200 projects from the over 750 requests made, for a total investment of more than R$ 5 million in funds from fiscal incentives and R$ 2 million in own funds. The criteria for selecting which applications and projects to support are based on budget aspects and on the operational scope of the three Sustainability Programs presented.

Some of the projects sponsored and developed in 2009 are described below:

• **Social diagnosis in the region of the Estreito Hydroelectric Power Plant:** during the transition phase of the transfer of the project from the controlling shareholder to Tractebel, the Company conducted jointly with the partner companies of the Consórcio Estreito a diagnosis to identify shortcomings and sustainable development opportunities in the 12 municipalities of the region of the hydroelectric power plant under construction. This was an independent project and was not related to the social, environmental and compensatory programs that are part of a plant's installation.

As of 2010, sustainable social projects and programs should start being implemented based on the resulting diagnosis, which will include the participation (including financing) of the Brazilian Economical and Social Development Bank (BNDES).

• **Local Development Fund of the Cana Brava region:** since May 2005, when the Inter-American Development Bank (IADB) loan for the implementation of the Cana Brava plant was fully paid in advance by the Company, Tractebel began the planning of a Local Development Fund in the region of the Cana Brava and Serra da Mesa hydroelectric power plants, the latter under the concession held by Furnas and CPFL.

The Fund seeks sustainable income generation in vulnerable communities in the region and will receive direct investment from Tractebel, Furnas, CPFL and the IADB in the amount of US$ 2.2 million (US$ 300,000 from Tractebel) and US$ 500,000 in non-financial assets from the Brazilian Service of Support for Micro and Small Enterprises (Sebrae). The Fund is coordinated by the Ministry of Mines and Energy (MME).

In addition to the companies participating in the Fund, SEBRAE and the IADB, its Deliberative Council enjoys the support of the Reservoir Affected Persons Movement (MAB) on equal terms, demonstrating an example of democratic and constructive coexistence between entrepreneurs and social movements.

In 2009, the funds were allocated to the development of local fishing and farming projects.

• **Child and Teenager Support Center:** the Company gives donations to aid 95 children enrolled in the Child and Teenager Support Center of the Municipality of Capivari de Baixo, State of Santa Catarina, in the region of the Jorge Lacerda Thermoelectric Complex. The Center is maintained through donations from several institutions in the Municipality.

• **Vocational program on power generation processes:** in partnership with the National Industrial Learning Service (Senai), Tractebel maintains in the region of the Jorge Lacerda Thermoelectric Complex a vocational program on power generation processes, offering reimbursement of 50% of monthly tuitions to students and 100% to its employees.

• **Juvenile Apprentice Agreement:** maintained by the Company with the Juvenile Welfare Commission of the City of Tubarão (Comissão do Bem-Estar do Menor de Tubarão), the agreement enables the training and hiring of teenagers from the cities of Capivari de Baixo and Tubarão, both in Santa Catarina state in the region surrounding the Jorge Lacerda Thermoelectric Complex. Since 2003, when Tractebel signed the agreement, the program has already trained 183 juveniles, who registered a high rate of employment in the local job market.

• **Junior Achievement Santa Catarina:** Tractebel supports the organization that develops youth entrepreneurship projects in public and private schools jointly with volunteer workers from the controlling companies.

• **Volunteers in Action Institute:** support for the website of onsite and online volunteering, in partnership with the website of the United Nations (UN).

• **Forum to End Violence and Child and Juvenile Sexual Exploitation of Santa Catarina:** the Company supports this initiative, which aims to raise awareness and funds to protect children and adolescents who have suffered abuse.

• **Environmental informative brochures:** the Company supports Santa Catarina's Environmental Military Police in the creation, production and distribution of informative brochures covering environmental issues of interest to the community, such as fauna, flora, saving water and recycling.

• **Bolshoi Ballet:** the Company is one of the sponsors of the Bolshoi Ballet school in Brazil, which is based in Joinville, State of Santa Catarina, and offers scholarships to children and teenagers from the entire country, contributing to their development and culture by teaching dance.

• **"Expedição Natureza – Tocantins" book:** through the tax incentive Rouanet Law, Tractebel sponsored the publication of this book, which features images and texts on the local nature, fauna and flora of the State of Tocantins.

• **Symphonic Orchestra in Communities:** the project involves mobile musical education in the municipalities of Santa Catarina to over 200 children and young adults aged from 10 to 24 from needy communities. Tractebel is a partner in the project and a sponsor of the Orchestra.

• **Children's Film Festival:** the Company sponsors a festival of short films for children produced in Brazil and shown for free to public school students in Florianópolis, State of Santa Catarina.

• **International French Music Festival:** Tractebel supports presentations of French musical and dance groups in the theaters and associations of the municipalities of the metropolitan region of Florianópolis, State of Santa Catarina.

Bromeliad species cultivated near the Jorge Lacerda Thermoelectric Complex



Institutional community participation

In addition to the projects already described, Tractebel participates in community events and in the development of initiatives in partnership with municipalities and other local institutions.

In parallel to these initiatives, the Company facilitates social coordination among the various sectors on topics of relevance to society in order to contribute to the development of and communication with its stakeholders. Its employees and/or directors participate in several forums, bodies and committees, including:

- Energy Research Agency (EPE).
- Brazilian Association of Electric Power Generation Companies (Abrage).
- Brazilian Association of Independent Electric Power Producers (Apine).
- Brazilian Association of Electric Power Concessionaires (ABCE).
- Electric Power Research Center (Cepel).
- Instituto Acende Brasil.
- Corporate Management Committee Foundation (COGE Foundation).
- Industrial Federation of Santa Catarina State (Fiesc).
- Federation and Centre of Industries of the State of Rio Grande do Sul (Fiergs/Ciergs).

In addition, as a tool to support the dialogue with and the engagement of its stakeholders, the Company develops a visiting program to the plants in order to provide information on the power generation process, showing in a simple and responsible way its respect for the environment and society. During the visits, the Company's technicians give students, representatives from government entities and NGOs and people from the community a guided tour, presenting the operations of the generation complex and its integration with the environment and society.

Visits to plants in 2009

Jorge Lacerda Thermoelectric Complex	10,436
Alegrete Thermoelectric Power Plant	366
Charqueadas Thermoelectric Power Plant	420
Lages Cogeneration Unit	693
William Arjona Thermoelectric Power Plant	185
Passo Fundo Hydroelectric Power Plant	241
Itá Hydroelectric Power Plant	9,752
Machadinho Hydroelectric Power Plant	6,607
Cana Brava Hydroelectric Power Plant	1,218
Salto Santiago Hydroelectric Power Plant	3,942
Salto Osório Hydroelectric Power Plant	3,281
Ponte de Pedra Hydroelectric Power Plant	256
Total	**37,708**

Tractebel facilitates social coordination among the various sectors on topics of particular relevance to society

Installation of new projects

The installation of new projects complies with the Company's social and environmental policy, which seeks to mitigate social and environmental impacts on communities and create opportunities for development that take into account the cultural identity and characteristics of each region.

The policy provides for the social and economic survey and registration of the project area prior to the start of works through an evaluation of the social reality of the local population and the economic activities developed.

After this registration, Tractebel implements measures to mitigate impacts and create benefits for the community during the installation phase. These measures include the creation of jobs, additional tax revenue, new economic opportunities and the improvement of health, education, leisure, safety and sanitation infrastructure for the general population.

Initiatives developed during the installation of the plants [9]

Operating areas	Measures adopted
Housing	**Families owning property**
Relocation of families, who become the legal owners of the land or property where they are relocated	Indemnification of undeveloped land and productive and non-productive improvements
	Rural or urban relocation
	Letter of credit for self-relocation
	Families not owning property (with productive tie to land and economic dependence)
	Indemnification of productive and non-productive improvements
	Collective relocation
	Relocation to remaining areas
	Letter of credit for self-relocation
Infrastructure	Construction of houses
	Basic sanitation
	Electric power (specifically and exclusively in collective relocation areas)
Economic development	Economic assistance for the first production cycle
	Technical assistance for three years, which involves studies on sustainability of economic activities, diagnosis of local vocations and talents, and monitoring of vocational courses and state and federal development and income programs

[9] The initiatives taken vary in accordance with the project and the needs and structure of the local communities.

To install the São Salvador Hydroelectric Power Plant, which began operations in 2009, several initiatives were conducted for the indemnification and development of the communities affected by the project:

• Total or partial indemnification of 137 properties.

• Relocation of 120 families, 60 of which through letters of credit and 60 who were relocated to collective rural resettlements. Most of these families became landowners instead of owning part of or leasing properties, in addition to receiving economic assistance for the first production cycle and technical assistance, as mentioned in the table presented on page 87.

• By decision of the Company, financial aid was given to 41 families that began to occupy affected areas after the issue of the Installation License, which means they were not eligible to be resettled, in accordance with the requirements established jointly with the Federal and State Prosecutors' Office, the environmental protection agency Ibama and the association representing those affected. The assistance enabled them to invest in new economic activities.

• Investment of around R$ 7.0 million in agreements to improve the service infrastructure (health, safety, road infrastructure, basic sanitation and education) of the municipalities directly affected by the project.

MEDIA

Tractebel follows the rules established by the "Communication Policies and Guidelines of Tractebel Energia", which is constantly updated and approved by the Executive Board and which establishes that the Company's spokesperson is the CEO, who may partially delegate this duty to directors and managers. The document indicates that information should be made available to the media in an ethical, agile and transparent way.

CUSTOMERS

With operations in every region of Brazil, and engaged in the generation and trade of energy from diversified sources to supply energy to its clients, Tractebel maintains a close relationship with this public, identifying its needs and expectations and developing unique products and services.

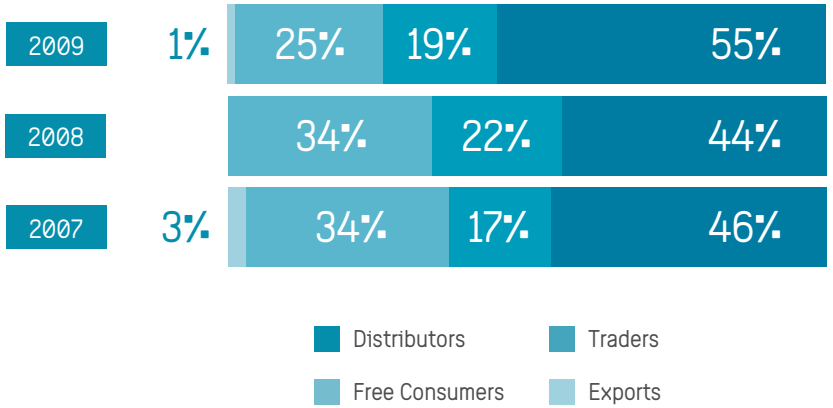
The Company has a team of professionals who are responsible for post-sale services and rapid resolution of eventual problems. The Company also conducts regular surveys with its clients through independent advisors to detect potential areas for improvement and opportunities for developing new products and services. The last survey was carried out in 2008 and another one is scheduled for 2010.

Technical seminars and visits to the generation plants are also carried out so that clients can obtain a better understanding of Tractebel's operations. The Company's website also makes available an exclusive channel for these stakeholders, with the aim of enhancing communication and publishing updated information on contracted supply and the energy market in general, in addition to enabling clients to monitor the quality of the energy consumed and their monthly bills. The Company's information security policy and procedures ensure that all information and data related to customers is maintained strictly confidential.

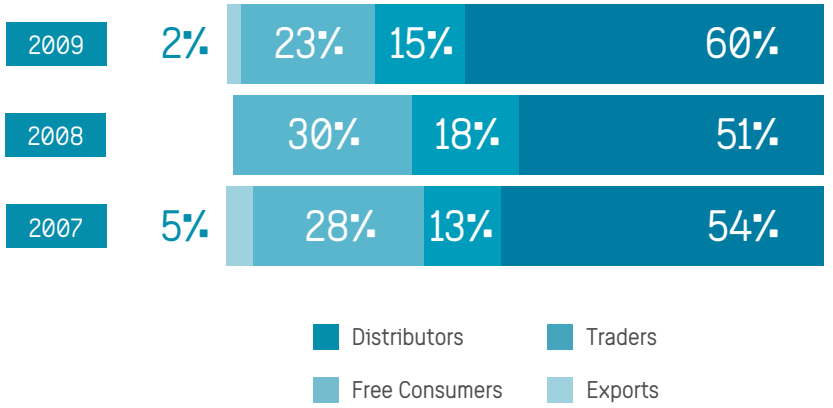
Tractebel's current client base comprise distributors, trading companies and free consumers, especially large industrial consumers from several sectors located in the South, Southwest and Midwest regions of Brazil.

At the end of 2009, free consumers represented 25.1% of the Company's physical sales portfolio. These clients are mainly from the pulp and paper, fertilizer, industrial gas, petrochemical, automotive and food industries.

Share of Clients in Physical Sales



Share of Clients in Contracted Sales that are Part of the Gross Operating Revenue



At the close of 2009, Tractebel had over 140 clients. Free consumers accounted for 25.1% of the Company's physical sales portfolio and 23.3% of gross operating revenue related to contracted sales, representing decreases of 8.8 p.p. and 7.1 p.p., respectively, compared to the preceding year.

The reduction of 23.8% in sales volume to free consumers in relation to 2008 is primarily due to the termination of contracts in which the energy was directed to distribution companies, due to the startup of supply of 874 average MW to the pool of distributors and the impact of the world economic crisis on these clients' production which led to a reduction in the energy consumption.

Machadinho Hydroelectric Power Plant



SUPPLIERS

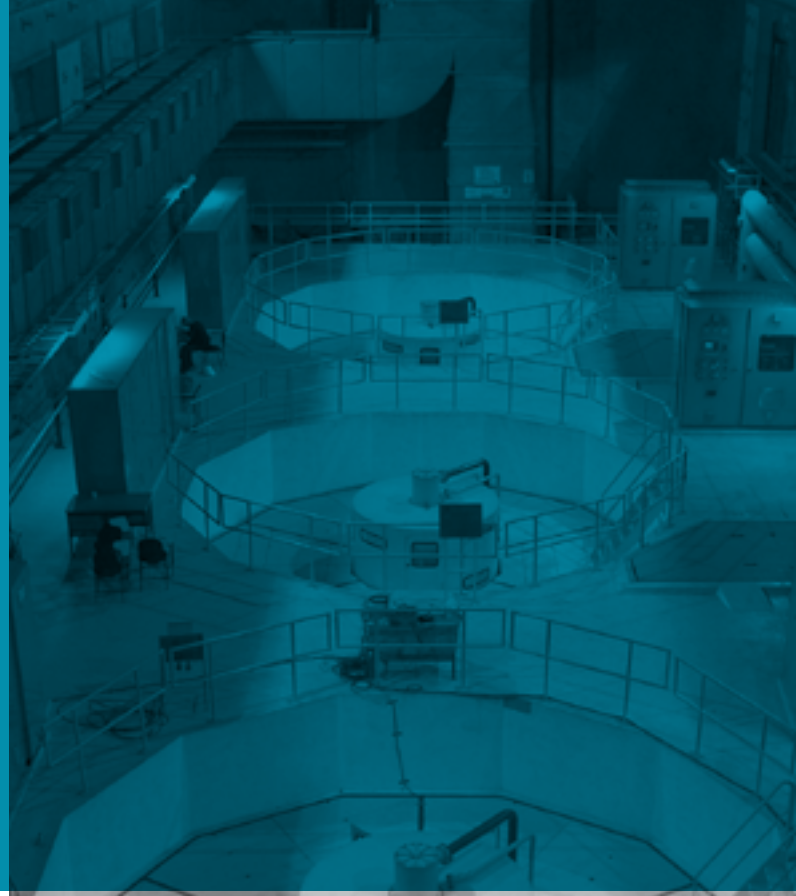
To value and foster the adoption of social and environmental responsibility practices throughout its supply chain, Tractebel's suppliers management is based on a methodology of training and evaluation of the supplier's performance and commitments to social responsibility, human rights, occupational health and safety and the environment.

To ensure compliance with the social responsibility criteria, the Company's Code of Ethics as well as all supply agreements have specific provisions that forbid the use of child labor and forced labor by any supplier or service provider.

The contracting process also complies with this criterion, which is guided by a policy of identification of partners that pursue sustainable practices, aligned with the principles envisaged in Tractebel's Code of Ethics and Environmental Code. With the aim of fostering the sustainable development of the communities where Tractebel is located, the Company seeks to meet its demand by contracting local suppliers, especially for long-term services (over 12 months).

In 2009, considering all its production units, the Company maintained outsourced service agreements with 62 companies that use local workforces for maintenance, environmental, utilities, monitoring, cleaning, IT and infrastructure services. These agreements amounted to approximately R$ 31.7 million, representing 25% of the total.

To improve quality of life in the communities surrounding its plants and operating areas, Tractebel implemented in 2009 a program of benefits to employees and dependents of outsourced service providers on a permanent basis, which includes health and dental plans. Aligned with the Company's Social Responsibility Program, the project invests over R$ 200,000 every month and benefits over 1,500 people.



Ponte de Pedra
Hydroelectric Power Plant



All acquisition processes are conducted in two modules that register the estimate proposals and process procedures. As a result, the purchaser may evaluate, compare and select the offer that best meets the Company's demand.

A mandatory requirement for maintaining contracts in the evaluations of the environmental performance of the coal suppliers used at the Jorge Lacerda and Charqueadas thermoelectric power plants is holding NBR ISO 14001 certification, which establishes guidelines for the environmental management of production processes.

GOVERNMENT

Tractebel maintains a constructive and constant dialogue with all levels of government in order to participate in the development of issues related to its business and to be recognized as an important representative in the debate in public policies.

This relationship is promoted through participation on committees and boards linked to state and municipal governments in specific operating areas, which debate themes such as the rational use of water resources and the importance of basic sanitation.

São Salvador Hydroelectric Power Plant



Participation on committees and boards

Paraná State Water Resources Board
National Water Resources Board - Hydrographic Basin Committees
Baixo Jacuí Hydrographic Basin
Ibicuí River Hydrographic Basin
Passo Fundo River Hydrographic Basin
Hydrographic Basin of the Apuaê and Inhandava Rivers
Peixe River Hydrographic Basin
Jacutinga River Hydrographic Basin
Hydrographic Basin of the Tubarão River and Lagunar Complex

The Company constantly seeks to join other committees in the areas where its plants are located, in order to participate actively in the development of the regions where it operates.

Its employees also participate in several committees and initiatives related to professional associations, regulatory and normative bodies and organized civil society movements. Given their experience and expertise, these individuals regularly participate in discussion forums and in the development of legislative instruments. Tractebel, however, does not have a formal policy for participating in the drafting of public policies and lobbies.

Political parties

The Company's Ethics Committee is responsible for approving the financial contributions of Tractebel to political parties or on behalf of candidates to offices in the Legislative Branch. These contributions occur in strict compliance with the legislation applicable to donations to electoral campaigns and are duly informed through the internet on the website of the Superior Electoral Court (TSE). In 2009, Tractebel did not give any financial contribution to candidates or political parties.

SHAREHOLDERS

Tractebel maintains regular contact with its investors, always guided by transparency and objectivity, and makes available various communication channels and a special area on its website that provides data on performance and helps this public take decisions.

Through its website and electronic mailings, the Company discloses material facts or notices to the market, and on an annual basis the year's performance is published in newspapers with national circulation and in the Sustainability Report.

To provide the access required by investors to information on the Company, the Investor Relations department holds quarterly conference calls to present results as well as meetings with investors and investment analysts, such as the meetings of the Capital Market Professionals and Investors Association (Apimec). It also organizes visits to the power plants and constantly participates in the conferences and seminars organized by leading investment banks.

In 2009, Tractebel organized a visit to the Beberibe Wind Farm, located in Beberibe, State of Ceará, with some 60 analysts and investors from various institutions participating. The Company also took part in 52 meetings promoted by capital market agents.

In 2009, Tractebel organized a visit to the Beberibe Wind Farm, with some 60 analysts from various institutions participating



Beberibe Wind Farm



09 Awards and acknowledgements

Bromeliad species in extinction (*Dyckia Distachya*) reproduced by the reforestation project at the Itá and Machadinho hydroelectric power plants

Agência Estado 2009 Top Performer Award
Tractebel was a finalist in the Agência Estado 2009 Top Performer Award (Destaque Agência Estado Empresas Award), which selects companies that presented the best performance in 2008 from the viewpoint of return to shareholders. The Company ranked seventh among the 300 companies evaluated.

Fritz Müller 2009 Award
In 2009, Tractebel received the Fritz Müller Award, which is sponsored by the Environmental Foundation of Santa Catarina State (Fatma), which acknowledges projects and good practices on the environmental front developed by public and private institutions in the state.

The projects "Reintroducing the *Dyckia Distachya* species in the Uruguay River Valley" and "Recovery of the Riparian Vegetation of the Itá Hydroelectric Power Plant" won in the category Recovery of Degraded Areas. The first project is a partnership with the Consórcio Itá, the Consórcio Machadinho, the Universidade Federal de Santa Catarina (UFSC) and Tractebel, and promotes reforestation of this bromeliad species in extinction and develops environmental education programs for this community. Meanwhile, the Recovery of the Riparian Vegetation of the Itá Hydroelectric Power Plant project is a partnership between the Consórcio Itá, UFSC and Tractebel, and aims to recover the biodiversity of riparian vegetation in the area surrounding the plant.

Ecology Expression Award
Tractebel received the Ecology Expression Award in the category "Recovery of Degraded Areas – Energy Sector" through the project "Recovery of Degraded Areas through the Use of Coal Ashes." The project was developed jointly with other companies and institutions and sought to recover around 260 hectares of areas degraded by the deposit of coal tailings located in the Municipality of Capivari de Baixo, State of Santa Catarina. Using an innovative methodology, these areas are being recovered by reusing tailings and using ashes from the burning of coal. The project, which has already received investments of around R$ 40 million, improves quality of life for some 100,000 people living in the region.

Impar Project
Tractebel ranked first in the category "Best Company Concerned with the Environment" in the 2009 awards sponsored by the IMPAR Project (Preferred Brand Indexes and Regional Affinity). The project is a partnership between RIC TV Record (Rede Independência de Comunicação) and the Brazilian Institute of Public Opinion and Statistics (Ibope), and indicated the brands with the highest recall, the favorite brands and the brands most respected by consumers in Santa Catarina state, based on a survey conducted by Ibope of 1,800 consumers.

In 2009, Tractebel received the Fritz Müller Award in the category Recovery of Degraded Areas, which is sponsored by the Environmental Foundation of Santa Catarina State (Fatma)

CONSOLIDATED SOCIAL BALANCE SHEET

1 - BASIS	2009 (THOUSAND REAIS)	2008 (THOUSAND REAIS)
Net revenue (NR)	3,496,677	3,400,250
Operating result (OR)	1,598,011	1,589,520
Gross payroll (GP)	97,220	93,011

2 - INTERNAL SOCIAL INDICATORS	AMOUNT (THOUSAND)	% OF GP	% OVER NR	AMOUNT (THOUSAND)	% OF GP	% OVER NR
Food	7,960	8.19%	0.23%	7,191	7.73%	0.21%
Mandatory social taxes	31,444	32.34%	0.90%	29,517	31.73%	0.87%
Private pension plan	34,934	35.93%	1.00%	32,745	35.21%	0.96%
Labor safety and medical care [1]	12,770	13.14%	0.37%	11,058	11.89%	0.33%
Education [2]	3,037	3.12%	0.09%	3,955	4.25%	0.12%
Culture	36	0.04%	0.00%	Amounts not available		
Daycare or daycare allowances	93	0.10%	0.00%	71	0.08%	0.00%
Profit sharing	17,010	17.50%	0.49%	14,982	16.11%	0.44%
Other	6,496	6.68%	0.19%	5,377	5.78%	0.16%
Total - Internal social indicators	113,780	117.03%	3.25%	104,896	112.78%	3.08%

3 - EXTERNAL SOCIAL INDICATORS	AMOUNT (THOUSAND)	% OF OR	% OVER NR	AMOUNT (THOUSAND)	% OF OR	% OVER NR
Education	Amounts not available			Amounts not available		
Culture	2,263	0.14%	0.06%	Amounts not available		
Health and sanitation	Amounts not available			Amounts not available		
Sports	Amounts not available			Amounts not available		
Food safety and fighting hunger	Amounts not available			Amounts not available		
Other	6,815	0.43%	0.19%	Amounts not available		
Total contributions to society	9,078	0.57%	0.26%	8,429	0.53%	0.25%
Taxation (excepting social taxes)	827,523	51.78%	23.67%	840,816	52.90%	24.73%
Total - External social indicators	836,601	52.35%	23.93%	849,245	53.43%	24.98%

4 - ENVIRONMENTAL INDICATORS	AMOUNT (THOUSAND)	% OF OR	% OVER NR	AMOUNT (THOUSAND)	% OF OR	% OVER NR
Investments related to Company's production/operation	13,685	0.86%	0.39%	11,281	0.71%	0.33%
Investments in external programs/projects	53,462	3.35%	1.53%	38,331	2.41%	1.13%
Total environmental investments	67,147	4.12%	1.92%	49,612	3.12%	1.46%
Regarding the definition of "annual goals" to minimize waste products and general consumption in production/operation and increase efficiency in the use of natural resources. the Company	( ) does not have goals (X) complies with 51 to 75% ( ) complies with 0 to 50% ( ) complies with 76 to 100%			( ) does not have goals (X) comply with 51 to 75% ( ) comply with 0 to 50% ( ) comply with 76 to 100%		

5 - WORKFORCE INDICATORS	2009	2008
Number of employees at the end of the year	990	941
Number of employees admitted over the year	82	61
Number of outsourced employees	729	2,235
Number of interns	71	61
Number of employees over age 45	362	382
Number of female employees	129	122
% of female executive officers and managers	3.70%	3.70%
Number of African-Brazilians employees	There is no formal statement by employees on skin color, which makes it impossible to answers these indicators	There is no formal statement by employees on skin color, which makes it impossible to answers these indicators
% of African-Brazilian executive officers and managers		
Number of disabled people or with special needs	10	10

6 - RELEVANT INFORMATION RELATED TO CORPORATE CITIZENSHIP	2009 (THOUSAND REAIS)			2010 GOALS		
Largest compensation over smallest compensation ratio (within the Company)	19.44			Goals not estabilished		
Number of work related accidents	12			0		
Social and environmental projects undertaken by the Company were determined by:	( ) executive officers	(X) executive officers and managers + Sustainability (members)	( ) all employees	( ) executive officers	(X) executive officers and managers + Sustainability (members)	) all employees
Safety and hazard free conditions standards at work are defined by:	(x) executive officers and managers	( ) all employees	( ) all employees + Cipa	(x) executive officers and managers	( ) all employees	( ) all employees + Cipa
Regarding union freedom, right to collective bargaining and internal representation of employees, the Company:	( ) has no involvement	(x) follows the rules of the ILO	( ) fosters and follows the rules of the ILO	( ) has no involvement	(x) follows the rules of the ILO	( ) fosters and follows the rules of the ILO
Private pension plan includes:	( ) executive officers	( ) executive officers and managers	(x) all employees	( ) executive officers	( ) executive officers and managers	(x) all employees
Profit sharing plan includes:	( ) executive officers	( ) executive officers and managers	(x) all employees	( ) executive officers	( ) executive officers and managers	(x) all employees
For suppliers selection, they should follow the same ethical, social responsibility and environmental protection standards adopted by the Company:	( ) this is not a relevant consideration	( ) they are advised	(X) they are required	( ) this is not relevant consideration	( ) they are advised	(X) they are required
Regarding employee participation in volunteer work, the Company:	( ) does not get involved	(X) supports initiatives	( ) organizes and provides incentives	( ) does not get involved	(X) supports initiatives	( ) organizes and provides incentives
Number of consumer complaints and comments:	in the Company 1	in Procon 0	in Courts 0	in the Company 0	in Procon 0	in Courts 0
% of complaints and criticisms received or solved:	in the Company 100%	in Procon 0%	in Courts 0%	in the Company 0%	in Procon 0%	in Courts 0%
Total added value distribution (in R$ thousand)	**In 2009: 2,617.7 million**			**In 2008 - R$ 2,721.5 million**		
Distribution of Added Value (DAV)	40.41% government 6.05 % employees 10.1 % third party capital 43.33 % own capital			39.98% government 13.54% third party capital 5.50% employees 40.98% own capital		

7 - OTHER INFORMATION
[1] **The amount includes occupational safety and healthcare.**
[2] **The amounts included in education also refer to professional training and development.**

GRI INDEX

	Content Index		
	GRI Indexes	**Page**	**Chapter**
PROFILE			
1. Strategy and Analysis			
1.1	Statement from the most senior decision-maker of the organization on the sustainability relevance for the organization	7	
1.2	Description of key impacts, risks and opportunities	26 to 31, 87 and 88	
2. Organizational Profile			
2.1	Name of the organization	8	
2.2	Primary brands, products and/or services	12 to 20	
2.3	Operational structure	12 to 20	
2.4	Location of organization's headquarters	12	
2.5	Number of countries where the organization operates		Tractebel's operations are located in Brazil
2.6	Type and nature of ownership and legal form	8, 19 and 20	
2.7	Markets served	13 to 18, 88 and 89	
2.8	Scale of the organization	12 to 20	
2.9	Significant changes during the reporting period	10 and 12	
2.10	Awards received in the reporting period	94	
REPORT PARAMETERS			
Report Profile			
3.1	Reporting period	8	
3.2	Date of most recent previous report	8	
3.3	Reporting cycle	8	
3.4	Contact point	109 and 110	
3.5	Process for defining report content	8 to 10	
3.6	Boundary of the report	10	
3.7	Statement on any specific limitations on the scope or boundary of the report	10	
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations and other entities	20	
3.9	Data measurement techniques	8 to 10	Potencial changes to data analysis and comparison bases are duly expressed and indicated in the text
3.10	Explanation on the effect of any re-statements of information provided in earlier reports	8 to 10	
3.11	Significant changes from previous reporting periods in the scope, boundary or methods applied in the report	8 to 10	

	GRI Indexes	Page	Chapter
GRI Summary			
3.12	Table identifying the location of information in the report	97	
3.13	External data verification	111	Tractebel adopts external verification of its report being audited by PricewaterhouseCoopers
GOVERNANCE, COMMITMENTS AND ENGAGEMENT			
Governance			
4.1	Governance structure	22 to 25	
4.2	Indicate whether the Chair of the highest governance body is also an executive officer	23	
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members	23	
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	23	
4.5	Linkage between compensation for members of the highest governance body, senior managers and executives, including the organization's performance	25	
4.6	Process in place for the highest governance body to ensure conflicts of interest are avoided	25	
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, social and environmental topics	23 and 24	
4.8	Internally developed statements of mission or values, codes of conduct and principles relevant to economic, environmental and social performance and the status of their implementation	3, 25 and 53	
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance	23 to 25	
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance		There are no self-assessment process regarding economic, environmental or social dimensions in the Board of Directors. However, once this assessment is considered good practice, the adoption of a model complying with self-assessment is being analyzed
4.11	Explanation of whether and how the precautionary principle is addressed by the organization	31	
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	83 to 88 and 91	

	GRI Indexes	Page	Chapter
4.13	Memberships in associations and/or national/international advocacy organizations in which the organization: has positions in governance bodies; participates in projects or committees; provides substantive funding beyond routine membership dues	83 to 88 and 91	
Approaches to stakeholder engagement			
4.14	List of stakeholders groups engaged by the organization	9	
4.15	Basis for identification and selection of stakeholders with whom to engage	9 and 74	
ECONOMIC			
Information on economic management		**27, 83 to 88 and 92**	
Aspect: Economic Performance			
EC1	Direct economic value generated and distributed	5	
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	31, 46 to 48 and 66	
EC3	Coverage of the organization's defined benefit plan obligations	79	
EC4	Financial assistance received from government		In 2009 Tractebel received a fiscal incentive to reduce income tax referring to revenues from the exploration of Ponte de Pedra Energética S.A. (R$ 6,608,018.61)
Aspect: Market Presence			
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation	79	
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	90	
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation	75	It does not include segregation by members of senior management hired from local community
Aspect: Indirect economic impacts			
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	86 to 88	
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts	83 to 88	

GRI Indexes		Page	Chapter
ENVIRONMENT			
Information on environmental management $_{COM}$		**52 to 72**	
Aspect: Material			
EN1$_{COM}$	Materials used by weight or volume	70	
EN2	Percentage of materials used that are recycled input materials	69	
Aspect: Energy			
EN3	Direct energy consumption listed as primary energy source	66	
EN4	Indirect energy consumption listed as primary source		It does not apply. The Company's main consumption at the plants in generated by them, that is, does not comprise indirect consumption (external source purchases)
EN5	Energy saved due to conservation and efficiency improvements		Not measured. The Company does not measure energy saved with improvements in conservation and efficiency
EN6	Initiatives to provide energy-efficiency or renewable energy based products and services, and reduction in energy requirements as a result of these initiatives		It does not apply
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	66	
Aspect: Water			
EN8$_{COM}$	Total water withdrawal by source	67 and 68	
EN9	Water sources significantly affected by withdrawal of water		It does not apply to Tractebel businesses
EN10	Percentage and total volume of water recycled and reused	68	
Aspect: Biodiversity			
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	61, 62, 70 and 71	
EN12$_{COM}$	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	70 and 71	
EN13	Habitats protected or restored	61, 62, 70 and 71	
EN14$_{COM}$	Strategies, current actions, and future plans for managing impacts on biodiversity	61, 62, 70 and 71	
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk		Not measured

COM: indicator with specific comment about the sector, as the sectorial appendix of GRI G3.

GRI Indexes		Page	Chapter
Aspect: Emissions, Effluents and Waste			
$EN16_{COM}$	Total direct and indirect greenhouse gas emissions by weight	63 and 64	
EN17	Other relevant indirect greenhouse gas emissions by weight		Not measured. Measurement does not encompass the business' indirect emissions, however, the Company intends to monitor them in the medium term
$EN18_{COM}$	Initiatives to reduce greenhouse gas emissions and reductions achieved	63	
EN19	Emissions of ozone-depleting substances by weight	63 and 64	
$EN20_{COM}$	NOx, SOx, and other significant air emissions by type and weight	63 and 64	
$EN21_{COM}$	Total water discharge by quality and destination	67	
$EN22_{COM}$	Total weight of waste by type and disposal method	68 and 69	
EN23	Total number and volume of significant spills	67 and 68	In 2010, no significant spill was registered
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	68 and 69	
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff	61 and 62	It does not apply. Wastes carried out by the Company in these cases does not comply with criteria defined by GRI
Aspect: Products and services			
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation		It does not apply to products and services offered by the Company
EN27	Percentage of products sold and their packaging materials that are reclaimed by category		It does not apply to products and services offered by the Company
Aspect: Conformity			
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	72	
Aspect: Transportation			
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	66	The Company has procedures to monitor the levels of black smoke from diesel-fueled vehicles used by the suppliers to to notify them in the event of noncompliance with the legal/regulatory standards. In addition, to avoid oil, fuel and chemical spills, Tractebel has preventive and containment operating procedures in place, in addition to Emergency Assistance Plans (PAE)
Aspect: General			
EN30	Total environmental protection expenditures and investments by type	72	

COM: indicator with specific comment about the sector, as the sectorial appendix of GRI G3.

GRI Indexes		Page	Chapter
LABOR PRACTICES AND DECENT WORK			
Information on social management		**73 to 92**	
Aspect: Employment			
$LA1_{COM}$	Total workforce by employment type, employment contract, and region	75	
$LA2_{COM}$	Total number and rate of employee turnover by age group, gender, and region	76 to 78	
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	79	Every employee at Tractebel work full-time
Aspect: Relations between Employees and Governance			
$LA4_{COM}$	Percentage of employees covered by collective bargaining agreements.	82	
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements	82	
Aspect: Work Safety and Health			
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	81	
$LA7_{COM}$	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region	81	
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	81 and 82	
LA9	Health and safety topics covered in formal agreements with trade unions	82	
Aspect: Training and Education			
LA10	Average hours of training per year per employee by employee category.	80	
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	80	
LA12	Percentage of employees receiving regular performance and career development reviews	80	
Aspect: Opportunity Diversity and Equality			
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity		There is no formal statement by the employees on their races, that is why we cannot list the number of African descents working in the company
LA14	Ratio of basic salary of men to women by employee category		It does not apply. Tractebel makes no distinction between the salary of men and women in any position

COM: indicator with specific comment about the sector, as the sectorial appendix of GRI G3.

GRI Indexes		Page	Chapter
HUMAN RIGHTS			
Information on social management		**25, 75 to 82 and 90**	
Aspect: Investment Practices and Purchase Processes			
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening	90	
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken		Every standard contract of the company have human right clauses (forbidding child labor and any type of forced work)
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	80	
Aspect: Non-Discrimination			
HR4	Total number of incidents of discrimination and actions taken		There were no discrimination cases recorded in the period of the report
Aspect: Freedom of Association and Collective Bargaining			
$HR5_{COM}$	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights		These types of operations have not been identified
Aspect: Child Labor			
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor		These types of operations have not been identified
Aspect: Forced Labor or Compulsory Labor			
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor		These types of operations have not been identified
Aspect: Security Practices			
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations	80	
Aspect: Indigenous Rights			
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken		These types of operations have not been identified

COM: indicator with specific comment about the sector, as the sectorial appendix of GRI G3.

GRI Indexes		Page	Chapter
SOCIETY			
Information on social management		**25 and 83 to 88**	
Aspect: Community			
$SO1_{COM}$	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting	83 to 88	
Aspect: Corruption			
SO2	Percentage and total number of business units analyzed for risks related to corruption		Business units have a system to control acquisition processes that also reduce corruption risks. However, they are not evaluated regarding risks related to corruption
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures	25 and 80	
SO4	Actions taken in response to incidents of corruption		These types of occurrences have not been identified
SO5	Public policy positions and participation in public policy development and lobbying	91	
Aspect: Public Politics			
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	91	
Aspect: Unfair Competition			
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes		These types of occurrences have not been identified
Aspect: Compliance			
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations		These types of occurrences have not been identified

COM: indicator with specific comment about the sector, as the sectorial appendix of GRI G3.

GRI Indexes		Page	Chapter
PRODUCT RESPONSIBILITY			
Information on social management		**88 and 89**	
Aspect: Client Health and Security			
$PR1_{COM}$	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures		It does not apply to the services offered by Tractebel. The products and services offered by the Company do not impact directly on health and safety of clients
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes		It does not apply to services offered by Tractebel
Aspect: Labeling of Products and Services			
PR3	Type of product and service information required by labeling procedures, and percentage of significant products and services subject to such information requirements		It does not apply to services offered by Tractebel. The products and services offered the Company are not subjected to the requirements of labeling procedures
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes		It does not apply to services offered by Tractebel
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	88 and 89	
Aspect: Marketing Communication			
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship		It does not apply. The Company did not join these types of programs in the period covered by the Report
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes		It does not apply
Aspect: Customer Privacy			
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data		These types of claims have not been recorded
Aspect: Compliance			
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services		Energy supply is regulated and inspected by Aneel (Brazilian Electricity Regulatory Agency). In 2008, the Company did not record any fine

COM: indicator with specific comment about the sector, as the sectorial appendix of GRI G3.

GRI Indexes		Page	Chapter
SECTORIAL INDICATORS - ELECTRICITY			
Organizational Profile			
EU1	Installed Capacity per energy source and regulatory regime	12 to 18	
EU2	Net energy production in accordance with primary energy source and regulatory regime	36	
EU3	Number of clients in residencies, industries and business		Tractebel client basis is comprised exclusively by industrial clients, representing seven sectors of the economy. Considering it is strategic information, the company does not provide the number of clients served
EU4	Extension of line transmission and surface and underground distribution per regulatory regime		It does not apply. The operation of Tractebel is restricted to power generation and does not involve the transmission and distribution of energy
EU5	Trade license of CO_2 emission	66	
Economic			
EU6	Planning to ensure the availability and safety of energy supply	12, 27 and 31	
EU7	Management Programs of demand comprising residential, commercial, institutional and industrial customers, among others	27	
EU8	Research and development activities with power to provide reliable energy and foster a sustainable development	46 to 48	
EU9	Initiatives to close nuclear power plants		It does not apply. Tractebel does not operate nuclear power plants
EU10	Planned capacity (VW) versus the projected demand		By considering it strategic, Tractebel does not provide this information
EU11	Average efficiency in the generation of thermoelectric power plants	37	
EU12	Loss percentage (efficiency) in transmission and distribution against total energy		It does not apply. The operation of Tractebel is restricted to power generation and does not involve the transmission and distribution of energy
Environment			
EU13	Biodiversity of recovered habitats	61, 62, 70 and 71	
Social			
EU14	Procedures to ensure retention and renovations of qualified workforce	47	
EU15	Percentage of employees able to retire over the next 5 to 10 years by work and region category	80	
EU16	Policies and criteria related to health and safety of the hired and outsourced employees	81 and 90	
EU17	Work days per hired and outsourced employees in construction, operation and maintenance of activities	81	Information based on worked hours per service provider
EU18	% of hired and outsourced trained at health and safety	81	
EU19	Participative Process of stakeholders in the elaboration and decision making process and planning of energy supply infrastructure	75	

	GRI Indexes	Page	Chapter
EU20	Impacts management of forced displacement	83 a 88	
EU21	Planning and initiatives of contingence in case of natural disasters/ emergencies	55	
EU22	Number of people displaced due to new projects or expansion		Information presented by number of families resettled during the implementation of the São Salvador Hydroelectric Power Plant in 2009
EU23	Programs for the improvement or maintenance of the access to electricity and services		It does not apply. The operation of Tractebel is restricted to power generation and does not involve the transmission and distribution of energy
EU24	Practices to approach barrier related to language, culture, and low literacy rate in order for the achievement and proper use of the electricity services		It does not apply. The operation of Tractebel is restricted to power generation and does not involve the transmission and distribution of energy
EU25	Number of accidents and casualties in the community, involving assets of the company		In 2009, there was no casualty or accident registered in the community involving assets of the company. Tractebel strictly controls and maintains the access t its facilities, in order to avoid said accidents
EU26	Percentage of non served population in urban and rural areas		It does not apply. The operation of Tractebel is restricted to power generation and does not involve the transmission and distribution of energy. Therefore, it is not responsible for serving the population
EU27	Number of residential disconnection of electricity for non-payment, divided by the period of disconnection		It does not apply. The operation of Tractebel is restricted to power generation and does not involve the transmission and distribution of energy. Therefore, it does not have residential clients
EU28	Frequency of energy interruption		It does not apply. The operation of Tractebel is restricted to power generation and does not involve the transmission and distribution of energy
EU29	Average period of energy interruption		It does not apply. The operation of Tractebel is restricted to power generation and does not involve the transmission and distribution of energy
EU30	Average availability of energy generation		

GRI Indicators vs. Global Compact Principles

Global Compact Principles	GRI Indicators
HUMAN RIGHTS	
Companies must:	
 support and respect the protection of internationally recognized human rights	HR1, HR2, HR3, HR8 and HR9
 ensure it is not a party to infringements of these rights	
LABOR	
Companies must:	
 support freedom of association and recognition of the right to collective bargaining	HR5, LA4 and LA9
 eliminate all forms of forced or compulsory labor	HR7
 abolish child labor	HR6
 eliminate discrimination in the workplace	HR4, LA13 and LA14

Global Compact Principles	GRI Indicators
ENVIRONMENT	
Companies must:	
 support a preventive approach to environmental challenges	1.1, 2.10, 4.8, 4.12, EC2, EN11, EN12, EN13, EN14, EN18, EU8 and EU13
 develop initiatives to promote greater environmental responsibility	1.1, 2.10, 4.8, 4.12, EN2, EN14, EU5, EU8 and EU13
 promote the development and dissemination of environment-friendly technologies	1.1, 2.10, 4.12, EN7, EN10, EN18, EN30, EU5 and EU8
ANTI-CORRUPTION	
Companies must:	
 tackle all forms of corruption, including extortion and bribery	SO2, SO3, SO4 and SO5

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Auditing of Sustainability Report
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(A free translation of the original in Portuguese)

INDEPENDENT AUDITORS' LIMITED ASSURANCE REPORT ON THE SUSTAINABILITY REPORT FOR 2009 OF TRACTEBEL ENERGIA S.A.

To the Board of Directors
Tractebel Energia S.A.

Introduction

We have been engaged to assure the Sustainability Report for 2009 of **Tractebel Energia S.A.**, prepared under the responsibility of the Company's management. This responsibility includes designing, implementing and maintaining internal control relevant to the proper preparation and presentation of the 2009 Sustainability Report. Our responsibility is to issue a limited assurance report on the non-financial information disclosed in the Sustainability Report for 2009 of **Tractebel Energia S.A.**.

Applied Procedures

Our limited assurance work was performed in accordance with Assurance Standards and Procedures NPO-01 issued by the Brazilian Institute of Independent Auditors (IBRACON) and comprised: (i) planning the work, taking into consideration the relevance and the volume of information presented in the Sustainability Report for 2009 of **Tractebel Energia S.A.**; (ii) obtaining an understanding of the internal controls; (iii) examining, on a test basis, evidence that supports the quantitative and qualitative data in the Sustainability Report; and (iv) interviewing the managers responsible for the information. These procedures were deemed sufficient to allow a limited level of assurance and, consequently, do not include all those required for issuing a broader assurance report, as set forth in Assurance Standards and Procedures NPO-01.

Scope and Limitations

The objective of our work was to verify and evaluate whether the social and environmental benchmarks included in the Sustainability Report for 2009 of **Tractebel Energia S.A**., with respect to the obtaining of qualitative information and measurement and calculation of quantitative information complies with the following criteria: (i) Brazilian Accounting Standards NBC T 15 - Social and Environmental Information; and (ii) guidelines for sustainability reports from the Global Reporting Initiative (GRI G3). Opinions, historical information, descriptive information and information resulting from subjective evaluations are not included in the scope of the work performed.

The financial statements of **Tractebel Energia S.A.**, for the year ended December 31, 2009, were audited by other independent auditors, who issued an unqualified opinion thereon dated February 22, 2010. The social and environmental benchmarks based on accounting information and presented in the Sustainability Report for 2009 of **Tractebel Energia S.A.** were obtained from these financial statements, which were not subject to assurance for the purposes of this review.

Conclusion

Based on our limited assurance work, we are not aware of any significant change that should be made to the information included in the Sustainability Report for 2009 of **Tractebel Energia S.A.** for the year ended December 31, 2009, for this information to be fairly presented, in all material respects, in accordance with the criteria utilized as described above (Scope and Limitations).

São Paulo, March 31, 2010

PricewaterhouseCoopers
Contadores Públicos Ltda.
CRC 2SP023173/O-4

Eliane Kihara
Contador CRC 1SP212496/O-5

CREDITS

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MZ Comunicação Corporativa Integrada

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Media and Community Department
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Relata Editorial
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MZ Design

Images
Tractebel Energia database
Archive of the Co-Management Team at the
Fritz Plaumann State Park (ECOPEF)



Tractebel Energia

GDF SUEZ

2009 Financial Statements



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Cover photo: Machadinho Hydroelectric Power Plant

BALANCE SHEETS
as of December 31, 2009 and 2008
(in thousands of reais)

ASSETS

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

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

BALANCE SHEETS
as of December 31, 2009 and 2008
(in thousands of reais)

LIABILITIES AND SHAREHOLDERS' EQUITY

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

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

INCOME STATEMENT
for the years ended December 31, 2009 and 2008
(in thousands of reais)

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

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY parent company
for the years ended December 31, 2009 and 2008
(in thousands of reais)

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

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

STATEMENT OF CASH FLOW
for the years ended December 31, 2009 and 2008
(in thousands of reais)

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

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

STATEMENT OF VALUE ADDED

for the years ended December 31, 2009 and 2008

(in thousands of reais)

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

To be continued

STATEMENT OF VALUE ADDED

for the years ended December 31, 2009 and 2008

(in thousands of reais)

VALUE ADDED DISTRIBUTION

Continued

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

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

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2009 and 2008
(in thousands of reais)

1 – OPERATIONS

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

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

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

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

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

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

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

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

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

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

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

2 – PRESENTATION OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

Changes in Brazilian accounting practices applicable as of 2010

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

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

The technical pronouncements and interpretations issued in 2009 were:

CPC	Title
15	Business combination
18	Investment in subsidiary
19	Interest in joint ventures
20	Borrowing costs
21	Interim statements
22	Information per segment
23	Accounting policies, changes in estimates, and error rectification
24	Subsequent event
25	Provisions, contingent liabilities and contingent assets
26	Presentation of the financial statements
27	Fixed assets
30	Revenues
32	Taxes on income
33	Benefits to employees
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ICPC	Title
01	Concession Contracts
03	Additional aspects of leasing operations
07	Distribution of non-cash dividends
08	Accounting for the proposal for the payment of dividends
09	Individual Financial Statements, Separate Financial Statements, Consolidated Financial Statements, and Applying the Equity Method of Accounting
10	Clarifications on Technical pronouncements CPC 27 - Property, Plant and Equipment; and CPC 28 – Investment Property

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

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

Consolidated financial statements

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

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

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

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

Reclassifications

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

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

3 – SUMMARY OF THE MAIN ACCOUNTING PRACTICES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4 – CASH AND CASH EQUIVALENTS

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

[1] Sale of securities with repurchase commitments assumed by the seller, concurrent with the resale commitment assumed by the buyer. These transactions have immediate liquidity, yield by fixed interest rates and are backed by federal government securities.
[2] Banco Safra, Banco Itaú Unibanco Holding S.A, Banco do Brasil, Banco Votorantim, Banco Bradesco and Caixa Econômica Federal (CEF).

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

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

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

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

5 – CONSUMERS, CONCESSIONAIRES AND PERMITTEES

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

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

	Consolidated				
	2009				2008
	Current	Past-due			
		Up to 90 days	Over 90 days	Total	Total
Current assets					
Concessionaries	251,120	-	-	251,120	212,305
Sellers	62,733	-	-	62,733	62,298
Free Consumers	92,074	2,677	183	94,934	101,125
Exports	-	-	740	740	740
Transactions within CCEE					
- Current	15,277	8,078	542	23,897	4,862
- Agents with lawsuits or in default	110,498	-	13,944	124,442	124,442
- Other	-	-	-	-	4,381
	125,775	8,078	14,486	148,339	133,685
	531,702	**10,755**	**15,409**	**557,866**	**510,153**
(-) Allowance for doubtful accounts	(110,498)	-	(12,076)	(122,574)	(122,574)
	421,204	**10,755**	**3,333**	**435,292**	**387,579**

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

Agents with lawsuits or default

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

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

6 – RECOVERABLE TAXES

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

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

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

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

7 – INVENTORIES

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

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

8 – COLLATERALS AND RESTRICTED DEPOSITS

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

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

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

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

9 – DEFERRED TAX ASSETS

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

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

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

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

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

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

10 – TAX RECONCILIATION

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

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

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

11 – SALES OF ASSETS AND RIGHTS

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

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

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

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

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

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

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

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

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

12 – INVESTMENTS

a) Breakdown

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

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

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

b) Investments in subsidiaries

b.1) Accounted for under the equity method

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

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

Changes in investments

Equity in subsidiaries

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

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

Goodwill – Company

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

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

Information on subsidiaries

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

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

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

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

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

ASSETS	2009	2008
Current assets	79,207	60,077
Non-current assets		
Long-term assets	4,184	5,657
Property, plant and equipment	857,427	899,114
Intangible assets	20,516	30,769
	882,127	935,540
TOTAL	**961,334**	**995,617**

LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities	117,447	117,628
Non-current liabilities	207,693	279,930
Shareholders' Equity	636,194	598,059
TOTAL	**961,334**	**995,617**

INCOME		
Gross operating revenues	251,953	233,150
Deductions from operational revenue	(25,500)	(23,659)
Net revenue from sales	**226,453**	**209,491**
COST OF ELECTRICITY PRODUCTION	**(93,432)**	**(90,849)**
GROSS INCOME	**133,021**	**118,642**
OPERATING REVENUES (EXPENSES)		
General and administrative expenses	(33,581)	(20,447)
Other revenues (expenses), net	1,658	(95)
	(31,923)	**(20,542)**
Income from services	**101,098**	**98,100**
Financial expenses, net	**(25,413)**	**(45,030)**
INCOME BEFORE TAXES	**75,685**	**53,070**
Income tax and social contribution	(25,674)	(17,910)
NET INCOME FOR THE YEAR	**50,011**	**35,160**

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

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

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

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

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

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

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

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

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

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

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

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

Below we provide information on TBLP's subsidiaries:

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

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

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

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

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

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

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

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

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

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

7.6) Econergy Brasil Serviços Corporativos Ltda. (EBSC)
EBSC is a company that provides administrative and technology services to the aforementioned companies and was acquired in December 2008.

7.7) Ibitiúva Bioenergética S.A. (Ibitiúva)
Ibitiúva was created in 2008 to take part, through the Andrade Consortium, in the 1st Reserve Energy Auction promoted by Aneel. Andrade Consortium, which is comprised of Ibitiúva and Andrade Açúcar e Álcool S.A., subsidiary of Açúcar Guarani S.A., sold 20 average MW of electric energy in said Auction for the restated price of R$167.17/MWh (at 12.31.2009), to be supplied for 15 years, as from 2010.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

b.2) Evaluated at Acquisition Cost

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

13 – PROPERTY, PLANT AND EQUIPMENT

a) Breakdown

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

	Consolidated				
		2009			2008
	Average depreciation rates	Adjusted cost	Accumulate depreciation/ amortization	Net	Net
In service					
Hydroelectric generation					
Salto Santiago plant	2.42	645,107	(534,962)	110,145	120,623
Salto Osório plant	2.68	333,147	(246,513)	86,634	93,194
Passo Fundo plant	2.35	121,064	(96,517)	24,547	26,085
Itá plant (consortium)	3.58	1,777,400	(436,552)	1,340,848	1,405,332
São Salvador plant	3.62	1,276,151	(18,031)	1,258,120	-
Machadinho plant (consortium)	3.18	179,851	(37,032)	142,819	149,148
Cana Brava plant	3.03	964,585	(192,280)	772,305	805,808
Ponte de Pedra plant	3.66	1,187,747	(111,106)	1,076,641	1,121,642
PCH Rondonópolis	4.04	184,484	(10,432)	174,052	181,618
PCH Engenheiro José Gelazio da Rocha	3.80	156,011	(10,731)	145,280	151,360
		6,825,547	**(1,694,156)**	**5,131,391**	**4,054,810**
Thermoelectric generation					
Jorge Lacerda Complex	4.69	2,556,432	(1,546,683)	1,009,749	1,074,101
Charqueadas Plant	8.34	63,119	(51,734)	11,385	8,000
Alegrete Plant	3.62	8,289	(7,403)	886	933
Lages cogeneration unit	4.38	76,164	(18,275)	57,889	60,837
William Arjona Plant	4.31	174,706	(83,580)	91,126	95,260
		2,878,710	**(1,707,675)**	**1,171,035**	**1,239,131**
Eolian generation					
Beberibe plant	4.70	185,770	(11,732)	174,038	182,610
Pedra do Sal plant	4.08	118,610	(5,546)	113,064	-
		304,380	**(17,278)**	**287,102**	**182,610**
General equipment and other	10.00	**61,129**	**(25,678)**	**35,451**	**25,665**
		10,069,766	**(3,444,787)**	**6,624,979**	**5,502,216**
In progress					
Hydroelectric generation					
Salto Santiago plant		7,181	-	7,181	4,737
Salto Osório plant		4,148	-	4,148	1,465
São Salvador plant		49,805	-	49,805	870,081
PCH Areia Branca		133,518	-	133,518	98,586
Other plants (additional plants)		2,835	-	2,835	4,717
		197,487	**-**	**197,487**	**979,586**
Thermoelectric generation					
Jorge Lacerda Complex		41,510	-	41,510	21,447
Charqueadas Plant		52,571	-	52,571	21,998
Andrade Plant distillery		62,378	-	62,378	10,180
Other Plants (additional plants)		4,233	-	4,233	1,070
		160,692	**-**	**160,692**	**54,695**
Eolian generation - Pedra do Sal		**174**		**174**	**107,792**
General equipment and other		**5,221**	**-**	**5,221**	**3,854**
		363,574	**-**	**363,574**	**1,145,927**
Total property, plant and equipment		**10,433,340**	**(3,444,787)**	**6,988,553**	**6,648,143**
Special obligations		**(10,520)**	**-**	**(10,520)**	**(9,880)**
		10,422,820	**(3,444,787)**	**6,978,033**	**6,638,263**

b) Changes in property, plant and equipment

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

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

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

c) Depreciation of assets comprising the Plants' Original Project

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

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

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

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

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

d) Allocation of financial charges

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

e) Special obligations

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

f) Asset impairment

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

g) Regulatory Body concessions and authorizations

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

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

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

h) Restriction on assets

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

i) Assets of the Federal Government used by the Company

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

14 – INTANGIBLE ASSETS

a) Breakdown

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

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

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

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

b) Changes

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

15 – UNITS 4 AND 5 OF UTE WILLIAM ARJONA

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

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

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

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

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

16 – SUPPLIERS

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

17 – LOANS AND FINANCING

a) Breakdown

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

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

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

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

b) Changes in loans and financing

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

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

c) Breakdown by foreign currency and local indices

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

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

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

d) Changes in foreign currencies and indices

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

e) Maturity of loans and financing under noncurrent liabilities

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

f) Contractual terms and conditions

		Payment conditions		
	Charges	Maturity	Charges	Principal
Foreign currency				
TBLE				
STN	Libor + 1.075% p.a.	4/2024	Semi-annual in April and October	
BNP Paribas (Floating Rate Note)	Euribor + 2.75% p.a.	11/2015	Annual in November	Lump-sum in Nov/2015
Local currency				
TBLE				
Eletrobrás	12% p.a.	4/2011	Monthly up to the maturity	
BNDES	TJLP + 4% p.a. [(a)]	4/2013	Monthly up to the maturity	
Banco do Brasil	8.14% p.a. [(d)]	12/2011	Monthly up to the maturity	
Itasa				
BNDES	TJLP + 4% p.a. [(a)]	9/2013	Monthly up to the maturity	
Financing agents (BNDES)[(b)]	TJLP + 3.85% p.a. [(a)]	9/2013	Monthly up to the maturity	
Lages				
BRDE	TJLP + 2.25% p.a. [(a)]	8/2012	Monthly up to the maturity	
CESS				
BNDES	TJLP + 2.7% p.a. [(a)]	10/2023	Monthly up to the maturity	
Financing agents (BNDES)[(b)]	TJLP + 3.25% p.a. [(a)]	10/2023	Monthly up to the maturity	
PPESA				
BNDES	TJLP + 5% p.a. [(a)]	4/2015	Monthly up to the maturity	
BNDES	UMBNDES + 5% + Variable Rate [(c)]	4/2015	Monthly up to the maturity	
Financing agents (BNDES)[(b)]	TJLP + 4.5% p.a. [(a)]	4/2015	Monthly up to the maturity	
Tupan				
CEF	TJLP + 3.5% p.a. [(a)]	12/2019	Monthly up to the maturity	
Hidropower				
Banco do Brasil	8.08% p.a. [(d)]	10/2017	Monthly up to the maturity	
Areia Branca				
BNDES	TJLP + 2.5% p.a. [(a)]	06/2024	Monthly as of January 2010	
Beberibe				
BNDES	TJLP + 3.5% p.a. [(a)]	12/2023	Monthly as of January 2010	
Pedra do Sal				
BNDES	TJLP + 1.92% p.a. [(a)]	12/2023	Monthly as of January 2010	

[(a)] The amount corresponding to the TJLP installment that exceeds 6% p.a. is capitalized and merged into the financings' principal.
[(b)] The Funding Agents of the BNDES are Itaú Unibanco Holding S.A., Banco Bradesco, Banco Santander and Banco Votorantim.
[(c)] Quarterly variable rate, readjusted in January, April, July and October, based on the average weighted cost of all rates and expenses incurred by BNDES in the collection of resources in foreign currency.
[(d)] Fixed rate that includes a bonus of 15% for payments made up to the maturity date.

g) Guarantees

g.1) Tractebel Energia S.A.

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

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

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

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

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

g.2) Itasa
BNDES and BNDES Financing Agents: (a) Pledge of Concession-Related Rights to operate Itá Hydroelectric Power Plant; (b) Pledge of Receivables resulting from the Electricity Purchase and Sale Agreements entered into with its shareholders; (c) reserve account in an amount equivalent to three months of the BNDES debt (substituted by bank guarantee), and three months of Itá plant's contractual operation and maintenance expenses. In addition to these guarantees, the shareholders pledged all the shares of Itasa to the BNDES and the Financing Agen.

g.3) Lages Bioenergética Ltda.
BRDE: (a) Assignment of receivables from the Electricity Purchase and Sale Agreement entered into with Centrais Elétricas de Santa Catarina S.A. (Celesc), intermediated by the Company; (b) assignment of the Compensation Rights arising from the Steam and Biomass Purchase and Sale Agreements entered into with the companies Sofia Industrial e Exportadora Ltda. and Battistella Indústria e Comércio Ltda.; (c) assignment of Permit-Related Rights granted by Aneel to establish as Independent Producer of Electricity; (d) obligation to maintain a reserve account with a deposit equivalent to, on the average, four months of debt service.

g.4) Companhia Energética São Salvador
BNDES and BNDES Financing Agents: (a) pledge of Rights Related to the Concession for the operation of São Salvador Hydroelectric Power Plant; (b) centralized receivables account to receive CESS receivables; and (c) obligation to maintain a Reserve Account with a deposit equivalent to three months of debt service, plus an amount equivalent to three months of payment of the Project Operation and Maintenance Agreement.

g.5) Ponte de Pedra Energética S.A.
BNDES and BNDES Financing Agents: (a) pledge of Rights Related to the Concession for the operation of Ponte de Pedra Hydroelectric Power Plant; (b) centralized receivables account to receive PPESA receivables; (c) obligation to maintain a Reserve Account with a deposit equivalent to three months of debt service, plus an amount equivalent to three months of payment of the Project Operation and Maintenance Agreement.

g.6) Tupan Energia Elétrica S.A.
Caixa Econômica Federal (CEF): (a) mortgage of land and properties; (b) conditional sale of equipment; (c) all shares representing the Capital Stock; and (d) Receivables and Reserve Account. The Company is negotiating the replacement of personal expenses issued by former partners, by means of a Corporate Guarantee Letter of Tractebel Energia S.A.

g.7) Hidropower Energia S.A.

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

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

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

g.9) Eólica Pedra do Sal S.A.

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

h) Covenant agreements

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

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

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

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

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

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

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

18 – DEBENTURES

a) Breakdown

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

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

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

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

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

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

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

b) Changes in debentures

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

c) Contractual terms and conditions

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

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

d) Changes in indices

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

e) Maturities of debentures stated in noncurrent liabilities

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

f) Covenants

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

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

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

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

19 – TAXES PAYABLE

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

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

20 – LABOR LIABILITIES

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

Consolidated

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

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

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

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

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

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

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

22 – RESERVES FOR CONTINGENCIES

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

a) Breakdown

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

	Consolidated					
	2009			2008		
	Gross reserve	Judicial deposit	Net reserve	Gross reserve	Judicial deposit	Net reserve
Tax						
Social contribution tax	107	-	107	15,152	(3,914)	11,238
INSS	27,461	(16,810)	10,651	29,358	(13,022)	16,336
	27,568	**(16,810)**	**10,758**	**44,510**	**(16,936)**	**27,574**
Civil						
Agreements with suppliers	22,179	-	22,179	18,931	-	18,931
Pension benefits	23,895	-	23,895	5,122	-	5,122
Occupational diseases and accidents	13,146	(1,297)	11,849	12,298	(1,272)	11,026
Transmission System Usage Tariff (TUST)	26,239	(23,049)	3,190	16,940	(16,771)	169
Environmental	3,823	-	3,823	3,472	-	3,472
Sundry lawsuits	7,189	(439)	6,750	10,267	(1,030)	9,237
	96,471	**(24,785)**	**71,686**	**67,030**	**(19,073)**	**47,957**
Labor	**16,056**	**(7,287)**	**8,769**	**21,399**	**(10,918)**	**10,481**
	140,095	**(48,882)**	**91,213**	**132,939**	**(46,927)**	**86,012**
Classification in balance sheet						
Current			12,677			10,262
Noncurrent			78,536			75,750
			91,213			**86,012**

Tax contingencies

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

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

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

National Institute of Social Security (INSS)
Main contingencies related to INSS are the following:

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

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

Civil contingencies

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

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

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

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

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

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

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

b) Change in provisions

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

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

c) Contingencies of possible or remote risk

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

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

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

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

Tax contingencies of possible risk

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

PIS and Cofins

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

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

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

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

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

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

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

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

National Institute of Social Security (INSS)
The main notices classified as possible risks are as follows:

» Assessment notice related to the social security contribution collection notices on indemnities. The Company was partially considered not guilty at the administrative level and filed a lawsuit, in which it obtained a favorable decision at the lower court. Currently, the Company is awaiting judgment of the INSS appeal. As of 12.31.2009, the adjusted amount is R$3,910 (R$3,186 on 12.31.2008).

» Tax assessment notices resulting from the alleged joint liability of and transfer of liability from Eletrosul Centrais Elétricas S.A. (Eletrosul) to Tractebel Energia, in questionings related to the levy of social security charges on labor services provided by outsourced companies, until the spin-off of Eletrosul, and resulting establishment of Centrais Geradoras do Sul do Brasil S.A. (Gerasul), currently Tractebel Energia.

In 2008, the Taxpayers Council collected the loss of contributions for certain notices, and the Company performed the write-off of said proceedings. Other notices with the same purpose are also pending judgment by the Council. On 12.31.2009, the adjusted amount is R$1,437 (R$1,627 on 12.31.2008).

Tax contingency of remote risk

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

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

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

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

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

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

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

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

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

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

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

23 – CONCESSION FEES PAYABLE

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

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

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

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

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

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

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

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

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

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

a) Change

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

b) Maturities of concession fees payable stated in noncurrent liabilities

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

24 – POST-EMPLOYMENT BENEFITS

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

a) Supplementary Pension Plant

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

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

a.1) Defined Benefit Plan

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Changes in post-employment benefits are summarized below:

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

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

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

a.2) Defined contribution plan

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

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

b) Confidentiality bonus

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

25 – DEFERRED TAX LIABILITIES

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

26 – SHAREHOLDERS' EQUITY

a) Authorized capital

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

b) Subscribed and paid-up capital

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

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

The Company's capital structure is as follows:

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

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

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

c) Breakdown of reserves

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

c.1) Capital reserve
It refers to the remuneration of own capital invested in property, plant and equipment in progress, calculated at 10% p.a. from 1.1.1986 to 12.31.1998, pursuant to specific laws of electric power industry. This reserve shall be used to absorb losses exceeding the accrued profits and profit reserves, and for incorporation to capital.

c.2) Legal reserve
From the net income for the year, five percent (5%) are applied, before any other allocation, in the recording of legal reserve, which shall not exceed twenty per cent (20%) of the capital. Said reserve can only be paid in to offset losses or increase capital.

c.3) Retained earnings reserve
The Company's Management, based on capital budget to be submitted to the Annual General Meeting, is proposing the constitution of profit retention reserve at the amount of R$453,759, with no prejudice to dividend distribution, to be invested mainly in the acquisition of the Estreito Hydropower Plant, in the construction of the Destilaria Andrade, Areia Branca, São Salvador and Estreito Plants, and in maintenance of the Company's generation estate.

27 – DIVIDENDS

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

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

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

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

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

	2009	2008
a) Calculation of minimum mandatory dividends		
Net income for the year	1,134,398	1,115,153
Constitution of legal reserve (5%)	(56,720)	(55,758)
Calculation basis	1,077,678	1,059,395
Minimum mandatory dividends (30%)	**323,303**	**317,819**
b) Dividends/interest on own capital proposed		
Interest on own capital, net of IRRF (withholding income tax)	166,019	151,402
Periodical dividends	348,006	580,299
Additional proposed dividends	81,913	-
Subtotal	595,938	731,701
IRRF of interest on own capital	27,981	24,598
Total	**623,919**	**756,299**
Dividends/interest on own capital before income tax withholding, per common share **(in R$1,00):**	0.9558426155	1.1586484519

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

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

28 – OPERATING EXPENSES DETAILED BY TYPE

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

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

29 – REVERSAL (RECORDING) OF OPERATING PROVISIONS, NET

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

30 – RECOVERY OF PIS AND COFINS

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

31 – FINANCIAL INCOME AND EXPENSES

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

32 – FINANCIAL INSTRUMENTS

a) Risk management

a.1) Market risk

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

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

a.1.1) Risks related to investments

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

a.1.2) Exposure to exchange risk

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

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

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

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

a.2) Credit risk
In long-term bilateral agreements entered into with distributors, the Company tries to minimize its credit risk with the use of a collateral mechanism involving receivables from its customers.

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

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

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

a.3) Hydrological risks
According to ONS data, most of the energy supply of SIN (Brazilian National Integrated System) was generated by Hydroelectric Power Plants (HPP). Since SIN operates in optimized dispatch system centralized by the ONS, each HPP, including the Company's HPPs, is subject to variations in the hydrological conditions verified, both in the geographical region in which they operate as in other regions in the Country. The hydroelectric generation represented approximately 80% of the total Installed Capacity of the Company's plants, which is equivalent to 5,124 MW. In the event of the occurrence of unfavorable hydrological conditions at SIN, jointly with the obligation of delivery of Guaranteed Energy, the Company may be exposed to the short-term energy market, which could affect the Company's future financial results.

a.4) Environmental risks
The activities in the energy sector may cause negative impacts and damages to the environment. Federal legislation imposes to those who directly or indirectly cause environmental degradation the duty to repair or indemnify the damages caused to the environment and third-parties affected, regardless of guilt. The federal legislation also sets forth the disregard of the polluting company's corporate entity, as well as personal liability of managers, in order to make feasible the refund of losses caused to the quality of the environment. As a consequence, partners and managers of the polluting company may be obliged to pay for environmental reparation costs. The Environmental Risks are mitigated by the Company by means of its Environmental Policy focused on the sustainable development of its business.

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

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

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

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

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

33 – RELATED-PARTY TRANSACTIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

Subsidiaries of Tractebel Energias Complementares Participações Ltda.

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

PPESA (Indirect Subsidiary)

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

GDF SUEZ Energy Latin America Participações Ltda. (GSELA)

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

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

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

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

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

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

Compensation of Management's key personnel

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

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

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

34 – GUARANTEES TO THIRD PARTIES

Itasa

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

Lages

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

CESS

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

PPESA

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

Beberibe, Pedra do Sal and Areia Branca

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

Tupan and Hidropower

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

35 – INSURANCE

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

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

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

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

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

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

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

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

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

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

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

36 – LONG-TERM AGREEMENTS

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

a) Connection Agreement

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

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

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

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

b) Transmission and Distribution Network Usage Agreement

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

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

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

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

c) Electricity Purchase and Sale Bilateral Agreements

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

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

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

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

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

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

d) Purchase of Electricity from Argentina

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

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

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

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

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

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

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

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

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

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

e) Purchase of Natural Gas

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

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

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

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

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

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

f) Leasing Agreements

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

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

The total minimum future payment for each period is:

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

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

The total minimum future payment for each period is:

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

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

The total minimum future payment for each period is:

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

g) Agreements for Destilaria Andrade Thermoelectric Power Plant construction

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

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

37 – ADDITIONAL INFORMATION TO THE CASH FLOW

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

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

38 – SUBSEQUENT EVENT

a) SUEZ Energia Renovável S.A. (SER)

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

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

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

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

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

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

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

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

a) Introduction

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

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

b) Reconciliation Procedures

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Pre-operating expenses

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

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

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

Capitalization on investment acquisition

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

Deferred income and social contribution taxes

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

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

STATEMENT OF THE COMPANY'S EXECUTIVE OFFICERS

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

Manoel Arlindo Zaroni Torres Chief Executive Officer	
Eduardo Antonio Gori Sattamini Finance and Investor Relations Officer	**José Luiz Jansson Laydner** Business Development and Commercialization Officer
Miroel Makiolke Wolowski Project Implementation Officer	**José Carlos Cauduro Minuzzo** Energy Production Officer
Marco Antonio Amaral Sureck Planning and Control Officer	**Luciano Flávio Andriani** Administrative Officer

Florianópolis, February 22, 2010

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

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

BOARD OF DIRECTORS

Maurício Stolle Bähr Chairman	**Jan Franciscus María Flachet** Vice-Chairman
Manoel Arlindo Zaroni Torres Board Member	**Victor-Frank de Paula Rosa Paranhos** Board Member
Dirk Beeuwsaert Board Member	**Alain François Marie Luoise Janssens** Board Member
Luiz Antônio Barbosa Board Member	**José Pais Rangel** Board Member
Luiz Leonardo Cantidiano Varnieri Ribeiro Board Member	

EXECUTIVE BOARD

Manoel Arlindo Zaroni Torres Chief Executive Officer	
Eduardo Antonio Gori Sattamini Finance and Investor Relations Officer	**José Luiz Jansson Laydner** Business Development and Commercialization Officer
Miroel Makiolke Wolowski Project Implementation Officer	**José Carlos Cauduro Minuzzo** Energy Production Officer
Marco Antonio Amaral Sureck Planning and Control Officer	**Luciano Flávio Andriani** Administrative Officer

ACCOUNTING DEPARTMENT

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

INDEPENDENT AUDITOR´S REPORT

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

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

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

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

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

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

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

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

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

FISCAL COUNCIL REPORT

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

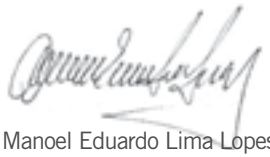
Rio de Janeiro, February 24, 2010.



Paulo de Resende Salgado
Chairman



Carlos Guerreiro Pinto
Fiscal Council Member



Manoel Eduardo Lima Lopes
Fiscal Council Member