

Tractebel Energia

GDF SUEZ

Sustainability Report 2010

GRI

FS

The art of renewal is in our hands

We generate energy for life. Our role in society is to produce energy for sustainable development, respecting the environment and the diverse social realities we engage with, while creating value and contributing to improve quality of life. This is symbolized by the hands engaged in the art of renewal. This art is practiced by our employees. It is through the daily work of more than 1,000 highly qualified professionals that we guarantee the continuity, quality and efficiency of our business and demonstrate our social and environmental principles. These are the hands responsible for the art of renewal.

This Report, which presents all the main information related to sustainability at Tractebel Energia is a means of paying special homage to our professionals. Some of their comments about their daily activities at Tractebel Energia, selected through an internal contest, are presented throughout this publication.

Enjoy it.



... Falling here, standing up there,
but always going my way
like a stubborn blind man.
Even so, I'm somebody.
I'm the Discoverer of Nature.
I'm the Argonaut of true sensations.
I bring a new Universe to the Universe
because I bring the Universe to itself...

Fernando Pessoa – The Keeper of Flocks, XLVI – 1914

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Mission, Vision and Values

2010 Highlights

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Consolidated Social Balance Sheet

GRI Index

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The miracle of energy

"I see and am part of
The waters that move the turbines
It is the miracle of energy
Employees realized accomplishments
With work and audacity
Clean energy for the country
Development of a people
A happier nation
Certifications are the result
Of consolidated work
Safety, environment and quality
For sustainability."

Anderson Gibathe
Environment - Salto Santiago

Mission, Vision and Values

GRI: 4.8



Salto Osório Hydroelectric Power Plant



Client visits to plants



Cana Brava Hydroelectric Power Plant

Mission

Generating energy for life.

Vision

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

Values

Professionalism

Sense of partnership

Teamwork

Creation of Value

Respect for the environment

Ethics

2010 Highlights

GRI: EC1

Indicators

Indicators	2010	2009	2008	10/09 Chg.
Economic indicators (R$ million)				
Gross operating revenue	4,586.1	3,886.3	3,793.3[1]	+18.0%
Net operating revenue	4,100.4	3,496.7	3,400.3[1]	+17.3%
EBITDA[2]	2,611.5	2,201.7[1]	2,176.6[3]	+18.6%
EBITDA margin (%)	63.7	63.0[1]	64.0[3]	+0.7 p.p.
Service income – EBIT[4]	2,150.2	1,777.0[1]	1,911.1[3]	+21.0%
Financial result	(428.8)	(239.8)	(320.7)	+78.8%
Net income	1,211.6	1,090.9[5]	1,115.2[3]	+11.1%
Financial indicators (R$ million)				
Total assets	12,850.3	10,934.4[1]	9,712.4[1,3]	+17.5%
Shareholders' equity	5,072.7	4,449.0[1]	3,900.2[1,3]	+14.0%
Investments[6]	2,208.0	269.4	2,012.1	+719.6%
Adjusted net debt[7]	3,361.3	2,160.0	2,558.6	+55.6%
Shares				
Number of shares ('000)	652,742	652,742	652,742	0.0%
Net earnings per share (R$)	1.8562	1.6712	1.7084	+11.1%
Average share price – (R$)[8]	22.78	19.33	20.99	+17.8%
Distribution of dividends (R$ million)	664.4	623.9	756.3	+6.5%
Market				
Contracted power sales (GWh)	33,838	30,911	30,661	+9.5%
Contracted power sales (average MW)[9]	3,863	3,529	3,491	+9.5%
Workforce				
Number	1,033	990	941	+4.3%

[1] Considers accounting adjustments or reclassification.
[2] EBITDA = operating income + financial income + depreciation and amortization.
[3] Adoption of International Financial Reporting Standards (IFRS) not factored into this amount.
[4] EBIT = operating income + financial income.
[5] Considers accounting adjustments or reclassifications. If calculated under Brazilian Generally Accepted Accounting Principles (BRGAAP), effective prior to 2010, net income would have been R$1,134.4, as reported at that time. See Note 2 to the Financial Statements.
[6] Does not include interest incurred on construction.
[7] Adjusted net debt = gross debt - cash and cash equivalents.
[8] Simple average of closing prices, excluding adjustments for dividend payments.
[9] 2008 was a leap year, which impacts that calculation of average MW sold.

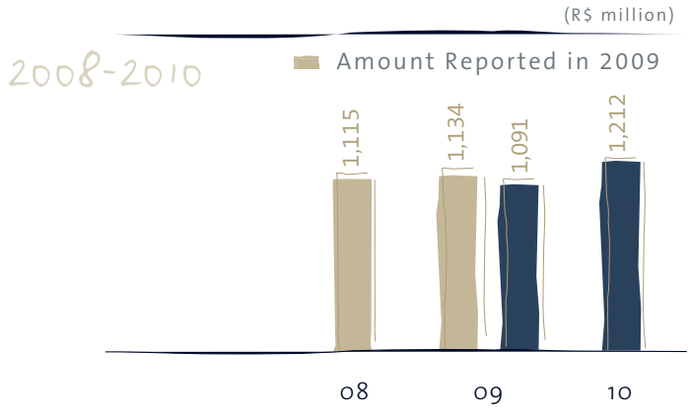


Teamwork

"At Tractebel Energia, teamwork is not just a concept, but a practice incorporated in daily activities; it is what makes us different and allows us to overcome challenges and obtain excellent results. And this was what allowed us, in 2010, to meet our goal of (simultaneous) technical upgrades of the Company's main systems and related modules. Here, 1+1 is definitely always more than 2."

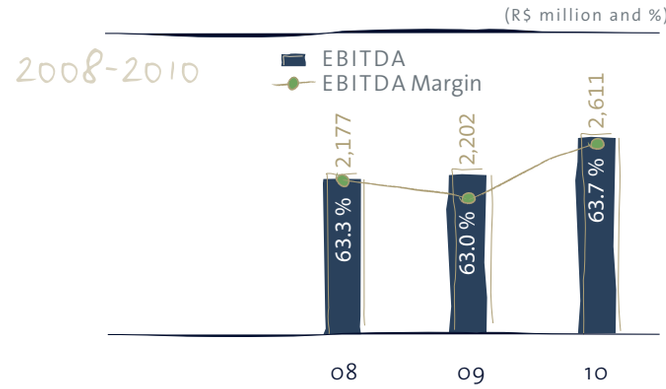
Luciana Moura Nabarrete
Telecommunications and Information Systems

Net Income*

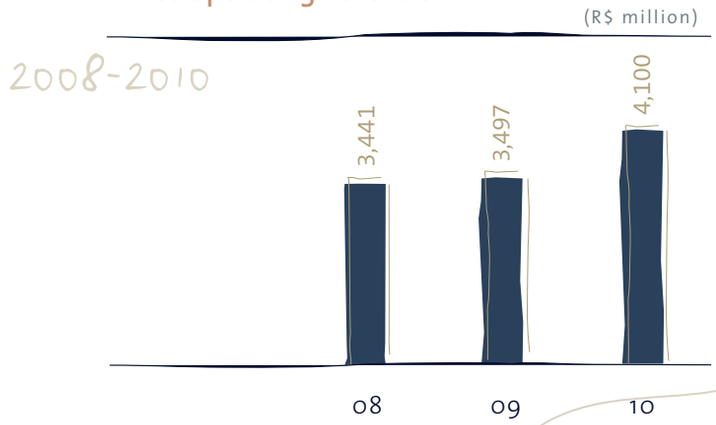


* The 2009 reported amount was subject to accounting reclassification due to the adoption of the new accounting procedures issued by the Brazilian Accounting Prounouncements Committee (CPC) and international accounting standards under IFRS.

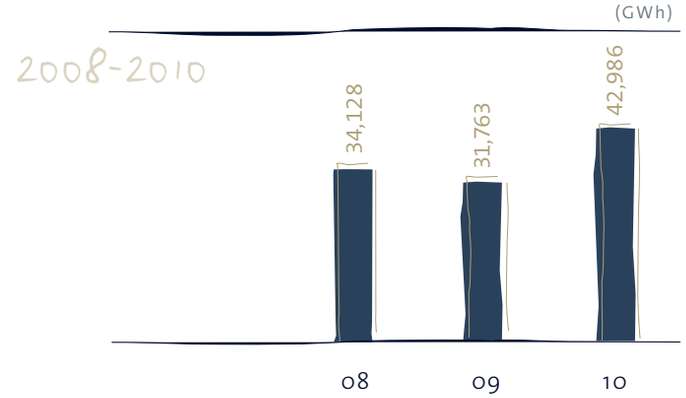
EBITDA and EBITDA Margin



Net Operating Revenue



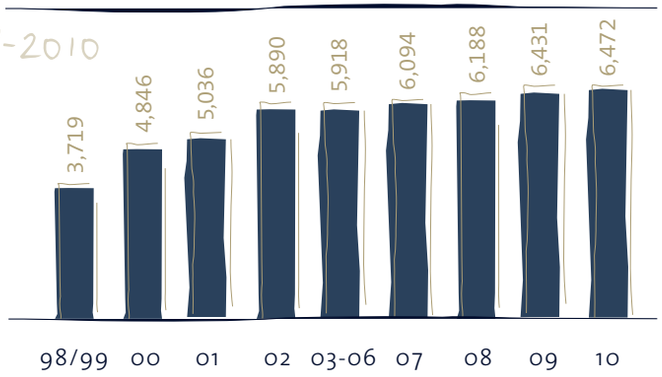
Power Production



Evolution of Own Installed Capacity

(MW)

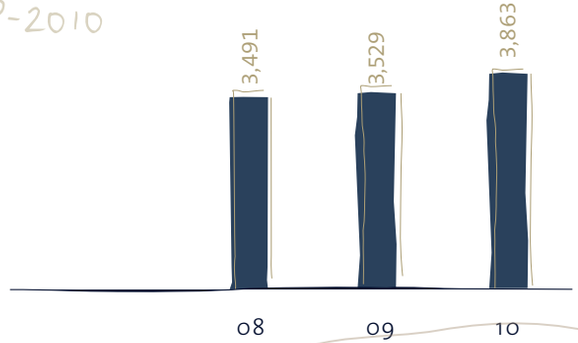
1998-2010



Contracted Power Sales

(Average MW)

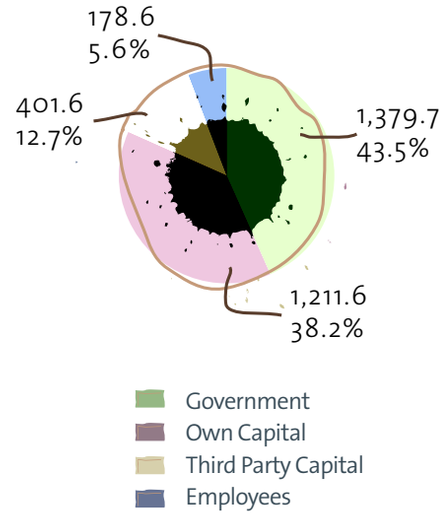
2008-2010



Distribution of Added Value

(R$ million)

2010



Message from the Management

GRI: 1.1

2010 proved to be another period of expansion for Tractebel Energia, as demonstrated by the 17.3% increase in net revenue and the 18.6% rise in operating income, culminating in an 11.1% increase in net income, which totaled just over R$1.2 billion. In addition, throughout the year, the Company reaffirmed its constant pursuit of better management of the triple bottom line – economic and financial, social and environmental results.

In terms of operations, we enjoyed record instantaneous generation of 7,074 MW, representing a capacity factor of 93.8%. Also in 2010, Tractebel Energia reached an uptime ratio of 98.3%, excluding scheduled stoppages, as a result of the efficiency of the operating and maintenance programs adopted. In total, Tractebel Energia produced 42,986 GWh (4,907 average MW) at the 21 operating plants in its generating complex.

In addition to these projects, the Company incorporated into its portfolio a stake in Estreito Hydroelectric Power Plant – one of the largest generation projects under construction in Brazil, with 1,087 MW. Tractebel Energia acquired 100% of the common shares issued by SUEZ Energia Renovável S.A., a special purpose entity created by our controlling shareholder, GDF SUEZ, which holds 40.07% of Consórcio Estreito Energia, responsible for Estreito Hydroelectric Power Plant. Construction of the plant is nearing completion and the first turbines will come on stream in 2011. This will add 436 MW to the Company's total installed capacity, representing an expansion of approximately 7%. Following the acquisition, Tractebel Energia raised R$308.5 million in supplementary financing from the Brazilian National Development Bank (BNDES) that will help increase the profitability of the project.

In October 2010, we announced a new model for transferring and incorporating assets between Tractebel Energia and GDF SUEZ to make this process more transparent. Among other measures, the model provides for the creation of a Special Independent Committee for Related Party Transactions. This non-permanent committee will be composed of three or five members chosen by the Board of Directors, the majority of whom shall always be independent members, complemented by Tractebel Energia executive officers. The Committee's task will be to negotiate with the controlling shareholder on behalf of the Company the terms of each transaction, including the price of the assets, to ensure that the amount adequately reflects the division of risks and the added value of the project. The Board of Directors will evaluate the Committee's decisions, which must be ratified by the General Shareholders' Meeting. This initiative represents an improved corporate governance model that will contribute to Tractebel Energia's sustainable growth, with increased independence and transparency in these types of operations. The terms of Tractebel Energia's acquisition of the 50.1% held by our controller in Energia Sustentável do Brasil, responsible for the development of Jirau Hydroelectric Power Plant, will be established under the new model. Located in northern Brazil, the project has a total installed capacity of 3,450 MW.

Passo Fundo Hydroelectric Power Plant



GRI
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The Company's growth has been accompanied by the progressive improvement in its social and environmental management. Estreito Hydroelectric Power Plant is being implemented in compliance with the Equator Principles, international guidelines that ensure the social and environmental responsibility of the project. This concern with sustainability permeates all of Tractebel Energia's operations and was made even more explicit with the launch of Tractebel Energia Sustainable Management Policy in 2010, which addresses quality, the environment, occupational health and safety and social responsibility.

Under this policy, we concluded the implementation of the Occupational Health and Safety Management System, which was certified by Bureau Veritas Certification (BVC) in accordance with OHSAS 18001 standards for 15 plants. Of these, 13 were recertified and two – São Salvador and Ponte de Pedra Hydroelectric Power Plants – were certified according to the NBR ISO 9001 and NBR ISO 14001 standards. For social responsibility, the Company opted to postpone the NBR ISO 16001 certification process so as to also incorporate the additional recommendations of the international ISO 26000 standard published on November 1, 2010.

The continuous improvement of financial and operating management also gave rise to major achievements in 2010. The operating generating complex was expanded when Areia Branca Small Hydroelectric Power Plant (SHP) and the biomass-fired Ibitiúva Bioenergética plant came on stream. The Company implemented a successful trading strategy, selling 418 average MW for delivery between 2011 and 2015 and increasing the client base. In addition, Tractebel Energia had its corporate ratings upgraded.

The market recognized the improved governance and commercial, operating and financial results. Tractebel Energia's stock became one of the highlights of the power sector, with appreciation of 27.5% over 2010, excluding dividend distribution, bringing the Company's market value to R$17.9 billion.

These and other achievements presented in this Report would not have been possible without our workforce, currently composed of more than 1,000 employees. We count on qualified professionals who join experience, entrepreneurship and competence to put Tractebel Energia's values into practice and realize our strategy and corporate goals. Thus, it is fair to say that this publication, focused on reporting the Company's results, is also a way of paying tribute to all its employees. The concept "The art of renewal is in our hands" reflects their constant pursuit of improved quality of life for society as a whole, without losing sight of the need to respect the environment. With their hands, they change for the better the various communities with which we interact.

We are also grateful to our shareholders, clients and suppliers for their partnership and dedication, and to society as a whole for its confidence in our services and attitudes.

Aware that growth implies greater responsibility and new challenges, we are enthusiastic about Brazil's prospects for economic development, which will contribute to the continuity of our expansion cycle. Tractebel Energia reaffirms its commitment to sustainable, responsible growth, always combined with deep respect for people, the environment and institutions. This is how we generate energy for life.



Manoel Arlindo Zaroni Torres
Chief Executive Officer



Maurício Stolle Bähr
Chairman of the Board of Directors

About the Sustainability Report

GRI: 2.9 | GRI: 3.1 | GRI: 3.2 | GRI: 3.3
GRI: 3.5 | GRI: 3.6 | GRI: 3.7 | GRI: 3.9
GRI: 3.10 | GRI: 4.14 | GRI: 4.17



Itá Hydroelectric Power Plant

This Report, our fourth consecutive report in accordance with the Global Reporting Initiative (GRI) guidelines, presents Tractebel Energia's economic, social and environmental management and performance for the 2010 fiscal year. It is an annual account with complete, transparent information. In addition, it serves as a means of dialogue between the Company and its stakeholders.

The Report was prepared with the participation of representatives from several Tractebel Energia teams, including the Sustainability Committee. This involvement has been fundamental to defining topics and compiling data to be reported, given its importance for the business and stakeholders.

In addition to the Company's employees, other stakeholders were consulted prior to elaborating this Report. Through an electronic questionnaire, they identified the topics that they would like to see addressed. Thus, we were able to identify the topics of greatest interest and importance to various stakeholders, increasing the relevance of the information in this Report.

Level reached by Tractebel Energia 2010 Sustainability Report

Application level of GRI guidelines

		C	C+	B	B+	A	A+
Mandatory	Self Declared		With External Assurance		With External Assurance		With External Assurance
Optional	Third Party Checked		With External Assurance		With External Assurance		With External Assurance
Optional	GRI Checked		With External Assurance		With External Assurance		GRI REPORT GRI CHECKED

GRI provides an international standard for preparing sustainability reports that seeks to stimulate presentation of transparent and internationally comparable information regarding sustainability performance over the years and among organizations in all sectors.

To learn more about GRI, log on to www.globalreporting.org.

For the third consecutive year, Tractebel Energia's Sustainability Report was classified as A+, which means that the publication reached the most comprehensive level of compliance with GRI guidelines (A) and was externally verified by independent auditors (+).

The reported data cover Tractebel Energia, all its subsidiaries and its stakes in consortia.

Stakeholders Consulted

Employees and their representatives	Tractebel Energia and outsourced employees, as well as unions
Community	Residents of the communities surrounding the Company's plants and headquarters
Media	Journalists and media vehicles (television, radio, newspapers, magazines and websites)
Clients	Power traders, distributors, free customers[1] and generators
Suppliers	Equipment, material and service providers
Government	Administrative agencies (federal, state and local) and industry regulators
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
Industry companies	Partners and competitors

[1] Clients that can choose their power supplier rather than being bound to the power distributor to which they are connected.

Topics of interest to stakeholders

- Direct economic impacts
- General environmental management
- Child labor
- Corruption
- Occupational Health and Safety

The results of this survey indicated five priority topics that are detailed throughout the Report. Among last year's priority topics, only Occupational Health and Safety remained. This, like the other topics, is addressed with a description of the Company's initiatives for creating value and opportunities, in addition to minimizing negative impacts and risks.

In relation to the 2009 Report, the biggest change was the presentation of GRI indicators addressed in each subchapter to facilitate readers' identification of topics of interest. The complete index is again presented at the end of the Report.


1
Company
Profile

01. Company Profile

GRI: 2.2 | GRI: 2.3 | GRI: 2.4 | GRI: 2.6 | GRI: EU6
GRI: 2.7 | GRI: 2.8 | GRI: 3.8 | GRI: 4.8 | GRI: EU1

> **"The Company's mission is "generating energy for life" with a vision of being, in a sustainable way, the best energy company in Brazil."**

TRACTEBEL ENERGIA

The focus of Tractebel Energia, Brazil's largest private sector generating company, is to implement and operate power plants and to trade electric energy in the country. Headquartered in Florianópolis, Santa Catarina State, the Company has plants installed in Brazil's five regions. Of the 21 in its generating complex, 15 plants are NBR ISO 9001, NBR ISO 14001 and OHSAS 18001 certified. The remaining plants operate according to the same management standards, which has brought the Company to post operating indicators that are international benchmarks.

Controlled by GDF SUEZ, a world industry leader, Tractebel Energia is one of the group's two main assets, with a market value of R$17.9 billion at the end of 2010. Its client base is composed of power traders, distributors and free customers.

The Company's mission is "generating energy for life" , and the vision, "in a sustainable way, to be the best energy company in Brazil." Its values are professionalism, sense of partnership, teamwork, creation of value, respect for the environment and ethics.

THE COMPANY

In 2010, the Company published the Tractebel Energia Sustainable Management Policy (referred to as the "Sustainable Management Policy" in this Report), which details guidelines for quality, the environment, occupational health and safety, stakeholder communication and relationships regarding its operations and social and environmental responsibility management. The Sustainable Management Policy also guarantees legal compliance and adoption of the Company's principles and values in power generation.

Qualified and experienced staff of 1,033 employees

Diversified generating complex with 21 plants nationwide, fired by various energy sources

Solid parent company (GDF SUEZ), the world's largest independent energy producer, which operates in energy, water and waste management



Parent Company

"GDF SUEZ Raid is an annual sporting event sponsored by the parent company. Like in the corporate world, organization, cooperation, knowledge, strategy, planning and drive to overcome challenges are requirements for winning. And what I thought would be fun was one of the biggest achievements of my life. To have participated in the 2010 edition, which joined 60 Group companies with approximately 1,700 people from 22 countries together with seven friends from Tractebel Energia was without a doubt something I will never forget."

Carlos Cesar Schmitt da Luz
Documentation, Supply
and General Services

SHAREHOLDING, CORPORATE AND ORGANIZATIONAL STRUCTURE

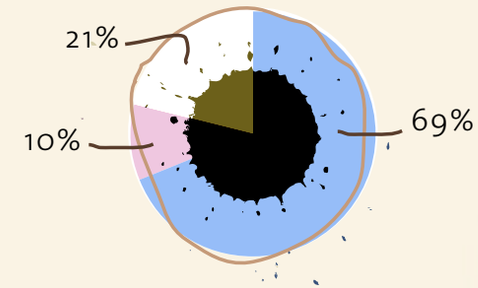
Tractebel Energia is controlled by GDF SUEZ Energy Latin America Participações, which holds 68.71% of the Company's capital stock and is a subsidiary of the Franco-Belgian group GDF SUEZ (www.gdfsuez.com), an international leader in energy, water, waste and natural gas management and the world's largest power generator.

With approximately 220 thousand employees around the world, GDF SUEZ seeks their permanent integration. An example of this is Raid, an annual sporting event organized for the past 19 years that combines adventure activities such as canoeing, climbing and mountain biking, promoting team work in the quest for achievement.

Shareholding Structure

On 12/31/2010

2010



On December 31, 2010, Tractebel Energia's capital stock amounted to R$2,445.8 million, represented by 652,742,192 common shares. The Company has more than 15 thousand shareholders in 43 countries, with shares listed on the Novo Mercado of the São Paulo Stock, Commodities and Futures Exchange BM&FBovespa under the TBLE3 ticker symbol and Level I American Depositary Receipts (ADRs) traded on the over-the-counter (OTC) market of the New York Stock Exchange - NYSE Euronext under the TBLEY ticker symbol, where each ADR corresponds to one common share.

Considering its first-level subsidiaries, Tractebel Energia has direct or indirect control of the following companies: Companhia Energética São Salvador, Lages Bioenergética Ltda., Tractebel Energias Complementares Participações Ltda. and Tractebel Energia Comercializadora Ltda. Tractebel Energia Comercializadora is responsible for mediating and operationalizing purchases, sales, imports and exports of power on the free market.

The Company also holds 2.82% of Machadinho Energética S.A. (Maesa) and 19.28% in the operating consortium of Machadinho HPP. In addition, with a 48.75% share, Tractebel Energia has shared control of Itá Energética S.A. (Itasa), a company that holds 60.5% of Consórcio Itá. This consortium is the holder of the operating rights to Itá HPP, in which Tractebel Energia also directly holds 39.5%. With its share of Itasa and its direct holdings in the consortium, the Company holds approximately 70% of the Plant.

The shared control of Itasa is governed by a shareholders' agreement and decisions of common interest at Consórcio Itá are made by a management committee composed of four members, two of whom represent Tractebel Energia, as per the Consortium Charter.

The Company also indirectly holds 40.07% of Consórcio Estreito Energia (Ceste) through Companhia Energética Estreito, the new corporate name of SUEZ Energia Renovável, and 87.99% of Ibitiúva Bioenergética through Tractebel Energias Complementares.

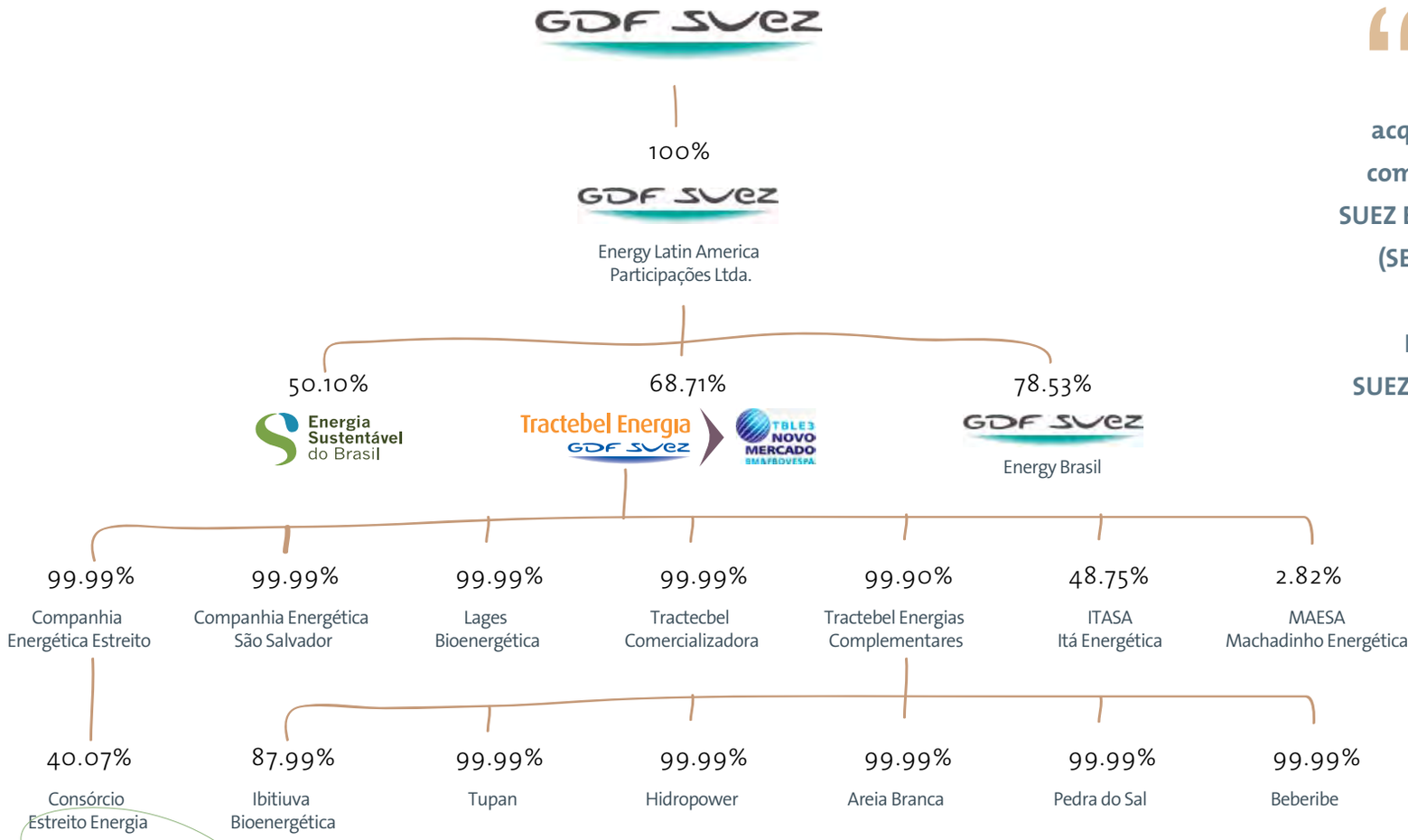


Machadinho Hydroelectric Power Plant

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Corporate Structure

On 12/31/2010



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



Expansion of the generating complex – Jirau

"Together with other GDF SUEZ group employees, I participate in a two-year technology transfer program, monitoring the manufacture, in China, of 18 turbines and generators of Jirau Hydroelectric Power Plant with the manufacturer and its suppliers. Is Brazil's first importation of large hydraulic units, an experience that contributed to the professional qualification and cultural enrichment of all involved."

Guilherme Gorga Azambuja
Maintenance and Services – Rio Uruguai

GENERATING COMPLEX

The installed capacity of Tractebel Energia's generating complex is 6,472.0 MW, accounting for approximately 6.6% of Brazil's total installed capacity. The complex is composed of 21 plants operated by the Company, eight of which are hydroelectric power plants, six thermoelectric and seven complementary plants: two biomass, two wind and three Small Hydroelectric Power Plants (SHPs).

However, the total installed capacity operated by Tractebel Energia is 7,543.0 MW, as other investors hold stakes in the consortia of three of these plants: Itá HPP, Machadinho HPP and Ibitiúva Bioenergética TPP.

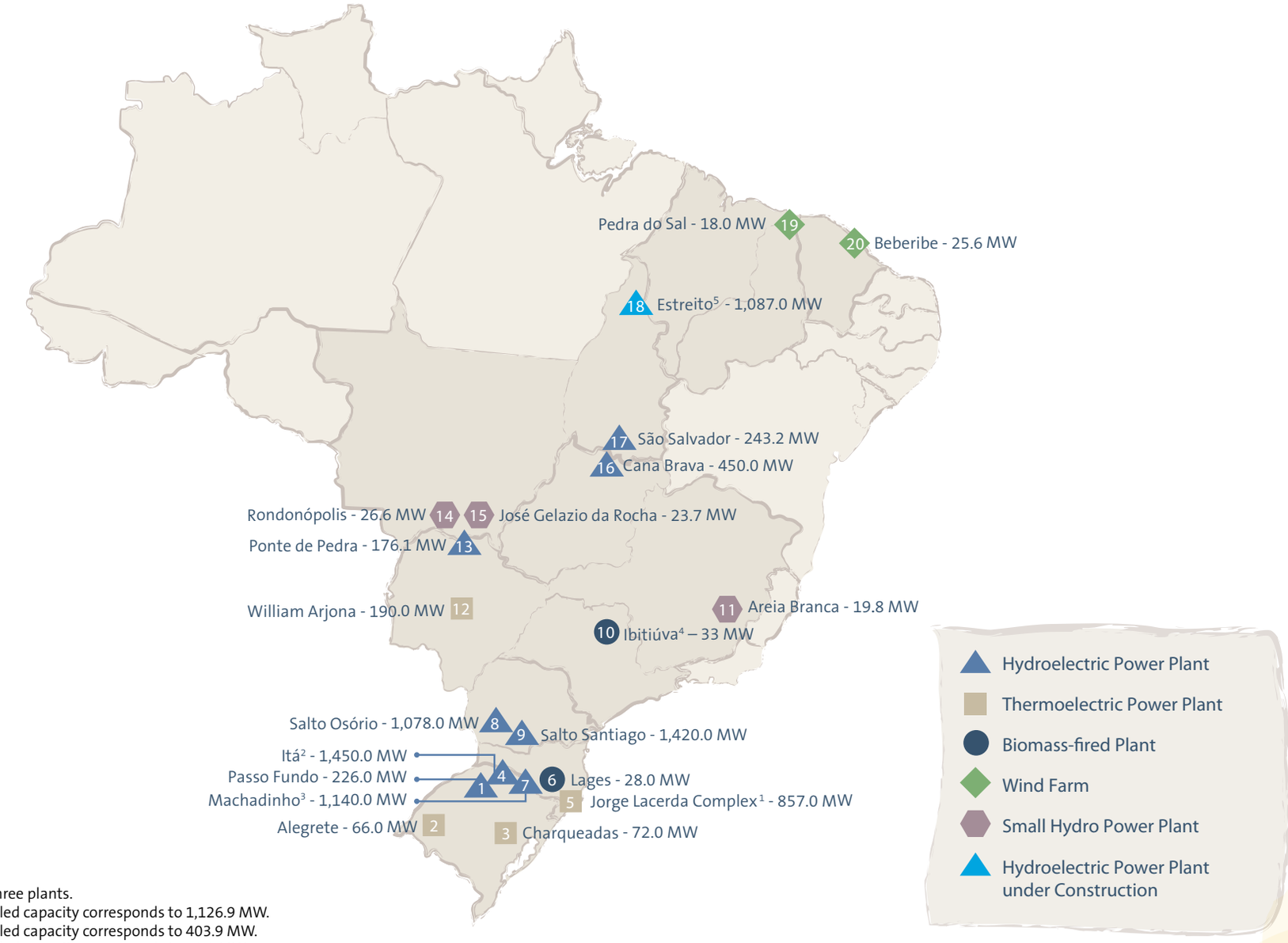
In addition to operating plants, Estreito and Jirau hydroelectric power plants are under construction and will add 2,164.1 MW to the Company's installed capacity, for a total of 4,537.0 MW operated by Tractebel Energia. This difference is due to the existence of other partners in Consórcio Estreito Energia (Ceste) and in the special purpose company Energia Sustentável do Brasil (ESBR), which are developing the projects. Estreito is slated to come on stream in 2011 and Jirau, 2012. In Jirau, the share of GDF SUEZ Energy Latin America (50.1% of ESBR) should be transferred to Tractebel Energia, although not before the end of 2011. This process will be carried out with the involvement of the new Special Independent Committee for Related Party Transactions according to the transfer model created to give greater transparency to negotiations and operations.

"In 2010, the construction of Areia Branca SHP and the sugarcane bagasse-fired Ibitiúva Bioenergética TPP was concluded and these plants came on stream, adding 52.8 MW to Tractebel Energia's total installed capacity."

Areia Branca Small Hydroelectric Power Plant



Generating complex and installed capacity



[1] Complex composed of three plants.
[2] Tractebel Energia's installed capacity corresponds to 1,126.9 MW.
[3] Tractebel Energia's installed capacity corresponds to 403.9 MW.
[4] Tractebel Energia's installed capacity corresponds to 18.3 MW.
[5] Tractebel Energia's installed capacity corresponds to 435.6 MW.

GENERATING COMPLEX – SOUTHERN REGION

01. Passo Fundo Hydroelectric Power Plant
Operational launch: 1973
Location: Entre Rios do Sul, Rio Grande do Sul State - 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

02. Alegrete Thermoelectric Power Plant
Operational launch: 1968
Location: Alegrete, Rio Grande do Sul State
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

03. Charqueadas Thermoelectric Power Plant
Operational launch: 1962
Location: Charqueadas, Rio Grande do Sul State
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

04. Itá Hydroelectric Power Plant
Operational launch: 2000
Location: between Itá, Santa Catarina State and Aratiba, Rio Grande do Sul State - Uruguay River
Total installed capacity: 1,450.0 MW – five generation units of 290.0 MW
Tractebel Energia's installed capacity: 1,126.9 MW
Tractebel Energia's commercial capacity: 544.2 average MW
Concession term: 2030 – granted to Consórcio Itá, composed of Tractebel Energia (69.05%), Companhia Siderúrgica Nacional (29.5%) and Cimento Itambé (1.5%)
Certifications: NBR ISO 9001 and NBR ISO 14001

05. Jorge Lacerda Thermoelectric Complex (three plants)
Operational launch: 1965
Location: Capivari de Baixo, Santa Catarina State
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

06. Lages Cogeneration Unit
Operational launch: 2003
Location: Lages, Santa Catarina State
Energy source: Biomass – wood chips (from logging companies' timber waste)
Installed capacity: 28.0 MW – one generation unit
Commercial capacity: 25.0 average MW
Term of authorization: 2032
Certifications: NBR ISO 9001 and NBR ISO 14001

07. Machadinho Hydroelectric Power Plant
Operational launch: 2002
Location: between Piratuba, Santa Catarina State and Maximiliano de Almeida, Rio Grande do Sul State – Pelotas River
Total installed capacity: 1,140.0 MW – three generation units of 380.0 MW
Tractebel Energia's installed capacity: 403.9 MW
Tractebel Energia's commercial capacity: 147.2 average MW
Concession term: 2032 – granted to Consórcio Machadinho, composed of Machadinho Energética S.A. (80.72%) and Tractebel Energia (19.28%)
Certifications: NBR ISO 9001 and NBR ISO 14001

08. Salto Osório Hydroelectric Power Plant
Operational launch: 1975
Location: between São Jorge d'Oeste and Quedas do Iguaçu, Paraná State – Iguaçu River
Installed capacity: 1,078.0 MW – four generation 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

09. Salto Santiago Hydroelectric Power Plant
Operational launch: 1980
Location: between Rio Bonito do Iguaçu and Saudade do Iguaçu, Parana State – Iguaçu River
Installed capacity: 1,420.0 MW – four generation units of 355.0 MW
Commercial capacity: 723.0 average MW
Concession term: 2028
Certifications: NBR ISO 9001 and NBR ISO 14001



Jorge Lacerda Thermoelectric Complex

GENERATING COMPLEX – SOUTHEASTERN REGION

10. Ibitiúva Bionergética Thermoelectric Power Plant

Operational launch: 2010
Location: Pitangueiras, São Paulo State
Energy source: biomass - sugarcane bagasse
Total installed capacity: 33.0 MW – one generation unit
Tractebel Energia's installed capacity: 18.3 MW
Tractebel Energia's commercial capacity: 11.1 MW
Term of authorization: 2030 – granted to Consórcio Andrade, composed of Ibitiúva Bioenergética S.A. (subsidiary of Tractebel Energia, with 88.0%), which holds 72.9%, and Andrade Açúcar e Álcool S.A. (subsidiary of Açúcar Guarani S.A.) with 27.1% of its capital. Thus, the Company holds approximately 64.1% of the project.
Certifications: the plant operates according to the same procedures as certified plants, for posterior obtention of NBR ISO 9001 and NBR ISO 14001 certification



Ibitiúva Bionergética Thermoelectric Power Plant

11. Areia Branca Small Hydroelectric Power Plant

Operational launch: 2010
Location: between Caratinga and Ipanema, 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: the plant operates according to the same procedures as certified plants, for posterior obtention of NBR ISO 9001 and NBR ISO 14001 certification

GENERATING COMPLEX – MIDWESTERN REGION

12. William Arjona Thermoelectric Power Plant

Operational launch: 1999
Location: Campo Grande, Mato Grosso do Sul State
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

Operational launch: 2005
Location: between Itiquira, Mato Grosso State and Sonora, Mato Grosso do Sul State – Correntes River
Installed capacity: 176.1 MW – three generation units of 58.7 MW
Commercial capacity: 131.6 average MW
Concession term: 2035
Certifications: NBR ISO 9001 and NBR ISO 14001

14. Rondópolis Small Hydroelectric Power Plant

Operational launch: 2007
Location: Rondópolis, Mato Grosso State - 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: the plant operates according to the same procedures as certified plants, for posterior obtention of NBR ISO 9001 and NBR ISO 14001 certification

Ponte de Pedra Hydroelectric Power Plant



15. José Gelazio da Rocha Small Hydroelectric Power Plant

Operational launch: 2007
Location: Rondópolis, Mato Grosso State - 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: the plant operates according to the same procedures as certified plants, for posterior obtention of NBR ISO 9001 and NBR ISO 14001 certification

16. Cana Brava Hydroelectric Power Plant

Operational launch: 2002
Location: between Cavalcante, Minaçu and Colinas do Sul, Goiás State – 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

GENERATING COMPLEX – NORTHERN REGION

17. São Salvador Hydroelectric Power Plant

Operational launch: 2009
Location: between São Salvador and Paranã, 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

São Salvador Hydroelectric Power Plant





Generating complex - São Salvador: PAC, certifications and a landmark in the Brazilian history

"The plane that just took off in Brazil is bound for progress. It transports the first PAC (Growth Acceleration Program) project in the power sector: São Salvador HPP, which received in 2010 ISO 9001, 14001 and 18001 certification. I feel personally and professionally fulfilled to have contributed to this mark of respect for the environment that is recorded in Brazilian history."

Kairo Pablo Neto de Jesus
Maintenance and Services – Cana Brava

Pedra do Sal Wind Farm



GENERATING COMPLEX – NORTHEASTERN REGION

18. Estreito Hydroelectric Power Plant (under construction)

Operational launch: scheduled for 2011
Location: between Estreito, Maranhão State and Aguiarnópolis and Palmeiras do Tocantins, Tocantins State – Tocantins River
Total installed capacity: 1,087.0 MW – eight generation units of 135.9 MW
Tractebel Energia's installed capacity: 435.6 MW
Tractebel Energia's commercial capacity: 256.9 average MW
Concession term: 2037 – granted to Consórcio Estreito Energia (Ceste), composed of Companhia Energética Estreito (40.1%), Vale (30.0%), Alcoa Alumínio (25.5%) and Camargo Corrêa (4.4%)
Certifications: the plant will begin operations adopting the same procedures as certified plants according to NBR ISO 9001, NBR ISO 14001, and OHSAS 18001, as well as the rules and requirements of Consórcio Ceste

19. Pedra do Sal Wind Farm

Operational launch: 2008
Location: Parnaíba, Piauí State
Installed capacity: 18.0 MW – 20 wind turbines of 0.9 MW
Commercial capacity: 7.8 average MW
Term of authorization: 2032
Certifications: the plant operates according to the same procedures as certified plants, for posterior obtention of NBR ISO 9001 and NBR ISO 14001 certification

20. Beberibe Wind Farm

Operational launch: 2008
Location: Beberibe, Ceará State
Installed capacity: 25.6 MW – 32 wind turbines of 0.8 MW
Commercial capacity: 9.8 average MW
Term of authorization: 2033
Certifications: the plant operates according to the same procedures as certified plants, for posterior obtention of NBR ISO 9001 and NBR ISO 14001 certification

Beberibe Wind Farm





2 Corporate Governance

02. Corporate Governance

GRI: 4.1 | GRI: 4.3 | GRI: 4.4 | GRI: 4.5 | GRI: 4.6
GRI: 4.7 | GRI: 4.8 | GRI: 4.9 | GRI: 4.10

> **"Tractebel Energia conducts business considering Corporate Governance best practices through experienced management and its commitment to transparency and objective accountability."**

CORPORATE GOVERNANCE PRACTICES

Tractebel Energia manages its business in accordance with corporate governance best practices and maintains a permanent commitment to transparent management and accountability to all stakeholders.

As a reflection of the best practices adopted as part of this commitment, the Company's shares are traded on the BM&FBovespa's Novo Mercado, a segment comprising the stocks of companies that adopt corporate governance practices beyond those required by Brazilian law.

Client visits to plants



Corporate Governance Principles



Control

The Company has an Internal Control System that was implemented to comply with the U.S. Sarbanes-Oxley (SOX) law. This law was designed to require publicly-traded companies to create reliable mechanisms for auditing and information security to guarantee the veracity of the content of financial reports. This system is tested annually and certified by the Management. The audit of legal compliance, as well as all the results presented by the Company, is carried out by Deloitte Touche Tohmatsu, which exclusively provides external auditing services.

Ethics

Like GDF SUEZ, Tractebel Energia holds ethics as a fundamental value that permeates all of its actions. The Company has a Code of Ethics that orients all of its employees and partners regarding practices appropriate to ethical professional and business behavior.

Distributed to all employees and published on the intranet and the Company's website, the Code is regularly the subject of training and awareness programs developed by the Ethics Committee of Tractebel Energia to ensure its understanding and application.

Management

To guarantee balanced management in compliance with the values of Tractebel Energia and its controlling shareholder, the Company has consolidated manuals, codes and policies. These documents present the guidelines to be followed and applied across the Company's management areas.

In addition, six management rules address responsibility limits and signatures, organization and operation of senior management bodies, purchasing, facilities access and security, payments, and travel.

Transparency

Tractebel Energia adopted a disclosure policy that meets the transparency rules and requirements of financial market regulatory bodies such as the Brazilian Central Bank, the Brazilian Securities and Exchange Commission (CVM) and the BM&FBovespa. The Company communicates material facts in accordance with CVM Instruction no. 358/02, which requires disclosure of information regarding the business so as to give investors adequate time to make decisions regarding their investments.

Tractebel Energia posts on its website quarterly and annual performance reports, announcements to the market, earnings releases, policies and practices, and other institutional information. Financial statements are published annually in widely-circulated newspapers and are also available on the website. The *Boas Novas* newspaper for external stakeholders and sent to all employees, the internal *Conexão* newsletter and electronic bulletins that circulate internally are complementary communication vehicles for corporate information.

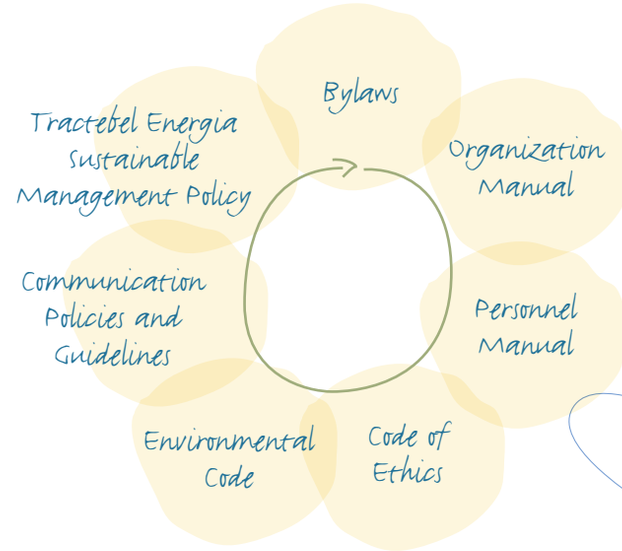
Conflict of interests and corruption

Tractebel Energia's Code of Ethics details the duties of all employees to avoid conflicts of personal and corporate interests, specifying the main situations in which a conflict of interest may arise and how they can be avoided or eliminated.

Specifically with regard to corruption, which the Company disapproves of in all its forms, employees are constantly instructed to not offer or receive direct or indirect benefits such as money, favors, trips and services, among others.

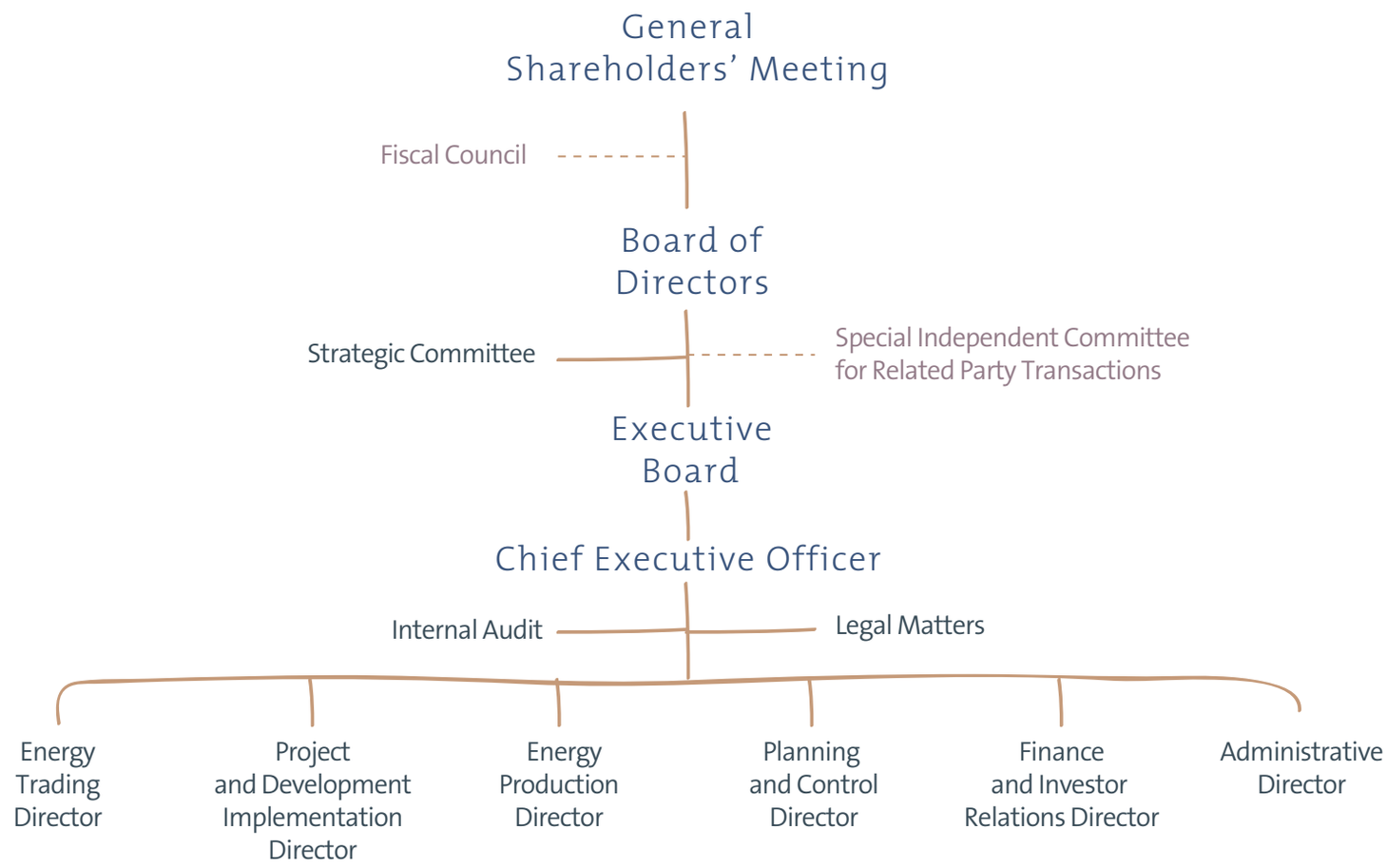
The Ethics Committee is responsible for analyzing possible cases of corruption and conflicts of interest and establishing measures to be taken.

Management policies and guidelines



MANAGEMENT

Management Structure



Board of Directors

Tractebel Energia's Board of Directors establishes the general guidelines of the business, approves the annual budget, elects and removes executive officers and defines the duties of each.

The Company values the participation of minority shareholders on the Board and dedicates space at general shareholders' meeting so that they can make recommendations and give their opinions regarding decision making.

- Nine sitting members, two of whom represent minority shareholders and one, employees. There are alternates for all positions.
- Two-year term of office, re-election permitted.
- Current board elected in April of 2010 to serve until 2012.

Board of Directors (2010-2012)

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[1]	Luiz Antônio Barbosa
Member	Dirk Beeuwsaert
Member[2]	José Pais Rangel
Member	Alain Janssens
Member[2]	Antonio Alberto Gouvêa Vieira

[1]Employee representative
[2]Minority shareholder representative

Fiscal Council

Tractebel Energia's Fiscal Council is responsible for overseeing the management and analyzing the financial statements.

- Non-permanent body instituted at shareholder request.
- Composed of three members but may have a maximum of five, with one nominated by minority shareholders.
- One-year term of office.

Fiscal Council

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

Board of Executive Officers

Tractebel Energia's Board of Executive Officers carries out the decisions and guidance of the Company's Board of Directors. It is responsible for representing the Company, as well as for its general management.

- Seven members elected by the Board of Directors.
- Three-year term of office, re-election allowed.
- All members of the Company's Executive Board were re-elected in 2010.



Executive Officers (2010-2013)

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

Committees

To increase efficiency and maintain conduct in line with the precepts of sustainable development, Tractebel Energia has eight committees related to specific aspects of its business. These committees are composed of representatives of various areas of the Company.

- **Energy Committee:** constantly monitors the power market and establishes the Company's power trading strategy, including trading prices and quantities, risk management of the portfolio and creation of new products, to take advantage of market opportunities.
- **Risk Management Committee:** Identifies and classifies risks, determines control procedures and establishes related targets and guidelines for managing and treating the risk.
- **Financial Committee:** recommends policies for allocating funds and contracting derivatives, prepayments and advancing or postponing receivables. Assesses macroeconomic conditions and their impacts on the Company's financial policy.
- **Tax Committee:** assesses tax aspects of the Company's projects, discusses and interprets the application of tax legislation, analyzes related risks, and debates and recommends measures to be taken during the course of administrative or legal claims.
- **Ethics Committee:** discloses, applies and updates Tractebel Energia's Code of Ethics, rules on cases involving more serious violations and resolves questions of interpretation.
- **Innovation Committee:** develops initiatives that stimulate innovation among employees and add value to the Company, in addition to receiving and evaluating proposals, making recommendations to the Executive Board regarding the allocation of funds for selected initiatives, as well as ways to reward those responsible for the proposals.
- **Sustainability Committee:** proposes and supports the development of targets and initiatives focused on social and environmental responsibility, contributing to consolidating Tractebel Energia as a transparent, sustainable company that seeks to reconcile the different interests of its stakeholders.
- **Strategic Committee:** supports the Board of Directors and Executive Board in addressing strategic matters and decision making, such as with the selection and monitoring of generating complex expansion projects and trends in the power sector.



Alegrete Thermoelectric Power Plant

In addition to these business committees, at the end of 2010 Tractebel Energia instituted the Special Independent Committee for Related Party Transactions. Subordinate to the Board of Directors, the new committee seeks to meet shareholder and market demands for greater transparency in the model for transferring control of plants developed by GDF SUEZ to Tractebel Energia.

This non-permanent Committee will be instated whenever there is a transaction involving parties related to the Company and will be composed of a majority of independent members of the Board of Directors. This Committee negotiates the terms of these transactions and presents its recommendations to the Board to ensure defense of the interests of the Company and its shareholders, optimizing the return on these operations.

The Committee was created in 2010 as part of a model that seeks to meet the demands of shareholders and the market for greater transparency in the transfer of control of plants developed by GDF SUEZ and incorporated by Tractebel Energia. For more information regarding the Committee and the new model established, please refer to the Company's Management presentation, available on our website in the Investors section.

Management Compensation

The Annual Shareholders' Meeting establishes the overall and annual compensation of the managers according to their responsibilities and market practices. The Board of Directors distributes the compensation fixed 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 and partly variable (bonuses and profit sharing) based on achievement of targets linked to the Company's objectives. In 2010, the overall compensation of the Board of Directors and Executive Board was R$14,560,000.00.

Itá Hydroelectric Power Plant



GRI
FS

3 Strategy and Competitive Advantages



03. Strategy And Competitive Advantages

GRI: 1.2 | GRI: EU6 | GRI: EU7

STRATEGY

The Company aims to be a benchmark in the power industry, maintaining its position as Brazil's largest private-sector power generator. For this, it strategically plans its business based on the three pillars below.

Sustainable growth with financial discipline

Tractebel Energia seeks growth based on the precepts of sustainable development. From an economic standpoint, the Company's goal is to increase revenues based on better future power prices and expansion of its generating complex, which is predicated on obtaining an adequate return on investment. In addition, its strong financial position, with low debt and strong cash generation, enables continuous expansion through participation in new projects and potential acquisitions.

Efficient client portfolio

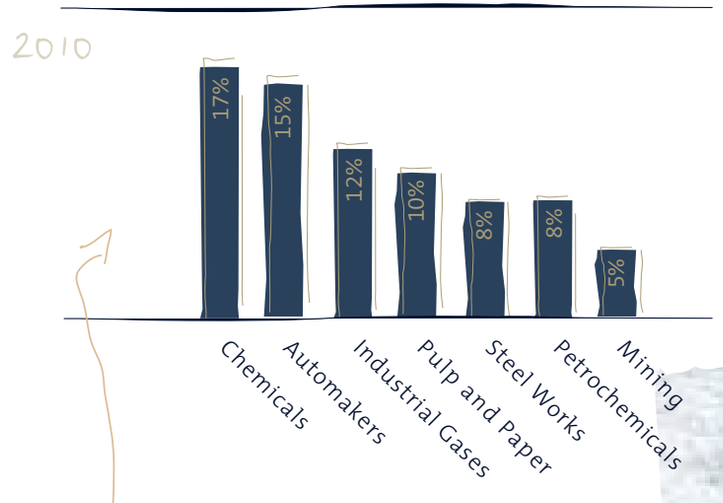
Tractebel Energia optimizes its client portfolio by focusing on the balance between the regulated environment and free customers (clients that can choose their power supplier which is not necessarily the power distributor to which they are connected). Tractebel Energia is very flexible in serving this base and develops initiatives and programs to build their loyalty, in addition to providing several services focusing on energy efficiency at its clients' industrial facilities.

The Company has also invested in diversification of the sectors of its free customers as a means of diluting risk. An efficient credit analysis process and flexibility in the composition of contracted power sales resulted in zero default in the segment.

Operating efficiency

Tractebel Energia seeks to develop technological and professional excellence to achieve solid operating performance and progress in productivity indicators that are reflected in continued improvement of operating margins. In recent years, the Company maintained its uptime ratio, excluding scheduled preventive maintenance stoppages, at above 97%, reaching 98.3% in 2010. These indicators demonstrate that Tractebel Energia is always prepared to meet unexpected demands and take advantage of market opportunities, in addition to strengthening its future commercial capacity.

Breakdown of Sales to Free Customers: 965 average MW





Efficiency

"Although Tractebel Energia already had a culture of operating efficiency, in 2010 it redoubled its efforts to identify initiatives that could be included in EFFICIO – the Group's operating efficiency program – with collaboration from the Controller. 11 initiatives were chosen, with gains topping R$100 million by 2014. But the biggest gain was emblematic: the Company showed that it doesn't sit on its laurels, even with consistent, solid performance."

Neloir Paludo
Financial Control and Planning

COMPETITIVE ADVANTAGES

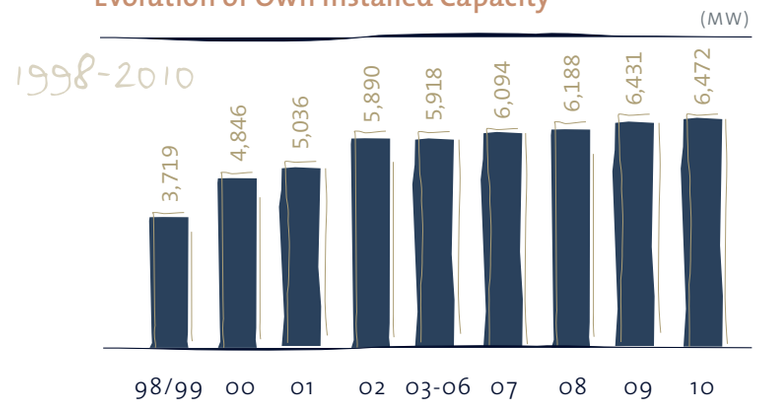
The Company's strategy is sustained by its differentiators and competitive advantages, fundamental to the business, that determine Tractebel Energia's profile and drive its growth and continuity.

Growth potential

Due to its strong cash generation and the financial solidity of its controlling shareholder, in 12 years of operations as a private company, Tractebel Energia has expanded its installed capacity by 74%, adding 2,753 MW to its portfolio with investments that total R$11.1 billion[1]. Even with these investments, in the same period the Company approved the distribution of R$7.8 billion[1] in dividends to its shareholders.

[1] Amounts adjusted by the General market Price Index (IGP-M).

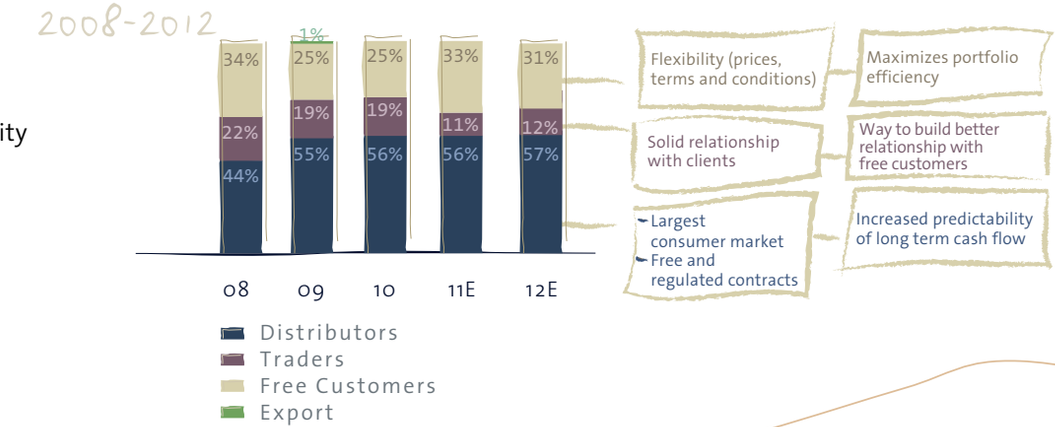
Evolution of Own Installed Capacity



Power contracting profile

The Company sells its commercial capacity to distributors, traders and free customers. Thus, it is able to optimize the use of its power resources, improving the profitability of its portfolio as a whole.

Contracted Power by Client



Innovation in large-scale supply for free customers

Tractebel Energia was a pioneer in the Brazilian power sector, focusing on systematic service to free customers, developing loyalty policies for this segment and the know-how necessary for contract management.

Experienced management committed to corporate governance best practices

The Company's management and leadership are composed of professionals with broad experience and qualifications. They are prepared to innovate and develop strategies, anticipating the evolutions and continuous transformations of power industry regulations with solutions. In addition, Tractebel Energia is committed to transparent management and adheres to the corporate governance best practices required by the BM&FBovespa's Novo Mercado, on which its stock is listed.

Balanced distribution of dividends

The Company's profit distribution policy establishes semiannual payments of at least 55% of adjusted net income, a rate above the 30% provided in its Bylaws, which is already greater than the 25% required by the Brazilian Corporation Law. In 2010, 55% of adjusted net income for the fiscal year was distributed as dividends and interest on shareholders' equity. This percentage is defined according to the Company's financial situation, its prospects and strategies, as well as macroeconomic conditions.

Controlling shareholder with a long history in Brazil and the power industry

With more than 50 years of operation in Brazil, GDF SUEZ is one of the world's largest groups in the power, water, waste and natural gas management industries. Tractebel Energia's installed capacity corresponds to approximately 10% of GDF SUEZ's generation capacity worldwide.

Balance in serving all stakeholders

In all aspects of its operations, Tractebel Energia seeks to balance the various demands, interests and expectations of its stakeholders to generate value and increase corporate sustainability.



Corporate goals

"Tractebel Energia has a corporate planning system based on goals that guide the Company's activities each year and in the long term. The results of the annual goals have been evaluated since 1998. In 2010, we created a tool called Strategic Map, that allows us to monitor the goals to be met each year in the planning period, as well as measure and evaluate if they are on track for the mid- and long-terms."

Cristiane Scholz Faisca Cardoso
Financial Control and Planning

4 Intangible Assets



04. Intangible Assets

The Company's intangible assets can be identified as unique characteristics that differentiate it, directly influencing its relationships with stakeholders.

Tractebel Energia identifies its intangible assets and works to develop them in line with its values, which helps augment the strength of these assets as a competitive advantage.

IMAGE

Corporate image is an important asset for Tractebel Energia as the product it supplies is an essential good for society. In addition, the Company is a leader among private generators in Brazil, which increases its responsibility to preserve a strong, respected image.

Tractebel Energia's image is chiefly built of how it performs its role in society, in addition to how it relates to stakeholders and discloses its actions and results.

To monitor its institutional image and brand perception while keeping these aligned with the essence of its corporate culture, the Company conducts organizational climate studies with its employees every two years, as well as customer satisfaction surveys and opinion polls in the communities where it operates.

INNOVATION

Because it operates in an industry characterized by continuous technological evolution and a culture of sustainability, the Company sees innovation as an asset essential to its business. This posture is aligned with the culture of innovation of its controlling shareholder, GDF SUEZ.

The Company constantly develops new technologies, projects, products and services to meet the expectations and needs of its clients, improve operating efficiency, minimize environmental impacts and increase value generation.

HUMAN CAPITAL

Tractebel Energia's professionals embody its values, abilities and competitive advantages. To maintain the high quality of its human capital and intellectual assets, Tractebel Energia works hard to attract, develop and retain talent with initiatives, programs and policies related to human resources management.



"To monitor the development of my youngest daughter, I have participated in the Association of Parents and Friends of the Handicapped (APAE) since 2004. In my first year in management, when I received the balance sheet from the previous year, I learned about Tractebel Energia's effective participation through agreements and donations. I was even prouder to be a part of this company."

João Henrique Freitas da Fonseca
Maintenance and Services – Itá

5 Risk Management



05. Risk Management

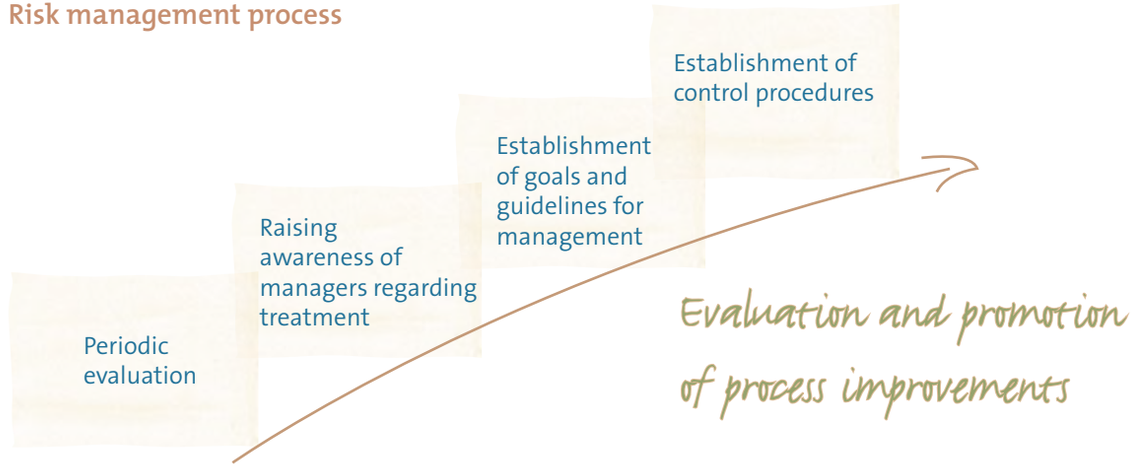
GRI: 1.2 | GRI: 4.11 | GRI: EU6



Salto Osório Hydroelectric Power Plant

Tractebel Energia constantly monitors and manages its business risks, not only to mitigate them but also to be prepared to manage and minimize their impacts. The Company's risk management process is overseen by the Risk Management Committee, coordinated by the Planning and Control Director and composed of representatives from the Financial Planning and Control, Regulatory and Market Affairs, Power Supply Planning and Control, Finance, Energy Trading, Internal Aud, Project Planning and Logistics, Thermoelectric Generation and Hydroelectric Generation divisions.

Risk management process



In accordance with the principle of precaution, Tractebel Energia focuses on risk analysis, classifying risks according to the probability of their occurrence, significance (or severity) and degree of control. Based on this analysis, an action plan is developed for each risk, together with any associated opportunities, as the case may be, to compose the Business Risk and Opportunities Matrix.

Approved by the Executive Board and forwarded to the Controlling Shareholder and Board of Directors, the matrix includes a description of the risk, its evolution, designation of the person responsible for its management and mitigation strategies.



Risk and process management

"A sustainable company should periodically review its processes, analyze risks involved and test controls established to certify that operations occur correctly and in compliance with legislation, protecting shareholders' assets. At Tractebel Energia, we do this through our GDF SUEZ Internal Control Program (INCOME)."

Paulo César Reibnitz
Internal Audit

The main risks to Tractebel Energia's business are:

- **Market Risk:** The supply and demand of power can differ from estimates in the Business Plan in terms of volume and price.
- **Regulatory risk:** adverse developments in power industry regulations.
- **Tax risk:** adverse changes in tax legislation.
- **Economic risk:** changes in economic variables, such as interest and foreign exchange rates, commodities prices, economic growth and inflation.
- **Breach of contract risk:** failure to comply with the provisions of power sale agreements.
- **Social and environmental risk of operating plants:** adverse changes in environmental regulations and the activities of organized social movements regarding operating plants.
- **New projects' development and implementation risks:** events during the development and implementation of projects that result in delays in the construction schedule or in additional costs for the plant's implementation or operation.
- **Power unavailability risk:** unavailability of assured energy at the Company's plants and power purchased for resale.
- **Large claims risk:** accidents and disasters of major proportions due to natural, human or operational causes.
- **Human resources risk:** unavailability of operational personnel (expansion and replacement of current employees), increased costs due to competition for human resources and on-the-job accidents.
- **Information technology risk:** unavailability and insecurity of information resources.

6 Economic Management



06. Economic Management

GRI: 3.10 | GRI: 3.11 | GRI: EU2 | GRI: EU8 | GRI: EU11 | GRI: EU14 | GRI: EU30

MACROECONOMIC SCENARIO

In 2010, the Brazilian economy, like other emerging economies, resumed growth after the international financial crisis of 2008 and 2009, posting record results for some indicators. Gross domestic product (GDP), for example, grew 7.5% according to the Brazilian Institute of Geography and Statistics (IBGE), the highest growth rate since 1986.

In this booming economy, job creation reached a record high: approximately 2.5 million according to the General Registry of the Employed and Unemployed (Caged). Unemployment fell below 6%, the lowest in 8 years. New jobs were also reflected in the 16.4% increase in consumers seeking credit in 2010, according to a Serasa Experian study.

In this situation, the consequent increase in consumption was accompanied by higher treasury-bill interest (Selic) rates in the first half to contain inflation. The Selic rate remained stable in the second half, closing 2010 at 10.75% p.a. For its part, inflation as measured by the Extended Consumer Price Index (IPCA) reached 5.91% in 2010, up 1.60 p.p. over the 2009 rate of 4.31% according to data from the IBGE. Inflation was driven by, among other factors, increased consumption stimulated by the anti-crisis financial policy, government expenditures and higher food prices as crops suffered periods of heavy rainfall in 2010. The year closed with inflation above the midpoint of the government's target range, 4.5%, but still within the tolerance level of plus or minus two percentage points.

Brazil's economic and capital market recovery also intensified foreign capital inflows. By the end of the year, the dollar had depreciated 4.42% against the real to R$1.666, falling below R$1.70 for the first time since the floating exchange rate was adopted in 1999. The BM&FBovespa Index (Ibovespa) was up just 1.04% in the year, closing the final trading day at 69,305 points. The market was influenced by volatility of commodity exporters' stocks in the period.

The balance of trade presented a US$20.3 billion surplus, down 19.8% compared to the previous year according to data from the Ministry of Development, Industry and Foreign Trade. On the other hand, direct foreign investment reached a record high in Brazil at US$48.5 billion according to the Brazilian Central Bank.

For the coming years, national projects like the Growth Acceleration Program 2 (PAC 2), the 2014 World Cup and the 2016 Olympics have created expectations for expansion of the consumer market with a consequential increase in production and economic growth. However, in the short term, some inflation control mechanisms may be intensified.

> **"Resumed economic growth in 2010 generates expectations for expansion in the coming years, driven by major national projects like the World Cup and the Olympics."**



Development of the complementary energy market

"I had the opportunity to follow the process of assembly and commissioning of Ibitiúva Bioenergética Thermoelectric Power Plant, the Company's first project to use sugarcane bagasse as fuel. I am very proud to be a part of this pioneering project together with this qualified team that opens new doors for the complementary energy market."

Mario Wilson Cusatis
Operations - William Arjona

BRAZIL'S POWER SECTOR

Generation capacity

According to the National Power Agency (Aneel), at the end of 2010, 2,337 power plants were in operation in Brazil, for a total installed capacity of approximately 113 thousand MW, up 6.3% over the previous year.

Power consumption

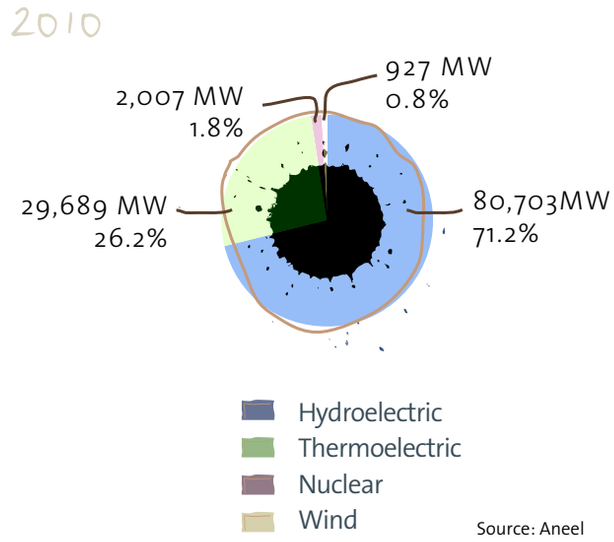
The supply and demand of the national power system has been growing year after year. During 2010, the domestic monthly power load on the National Interconnected System (SIN) was 56,777 average MW, growing 8.3% as compared to the 52,223 average MW consumed in 2009.

This expansion can be explained by the recovery of economic activities after the 2008/2009 financial crisis. It is also related to higher household income, together with record high temperatures in the summer months.

Data from the Energy Research Bureau (EPE) shows that in 2010, residential and commercial power consumption grew 6.3% and 5.9%, respectively, while industrial consumption presented an increase of 10.6%

The National Interconnected System (SIN) connects most operating plants across Brazil with areas of power demand through high-capacity transmission lines. With this grid, thermoelectric plants are generally activated when this kind of power becomes cheaper than the value of the water stored in the reservoirs of hydroelectric plants.

Generating Complex by Energy Source in Brazil



Source: Aneel

Power auctions

Considering all the auctions for existing power contracts[1] carried out under current regulations implemented in 2004, 19,987 average MW were contracted at an average price[2] of R$87.91/MWh. In the new power auctions, 21,834 average MW were contracted at an average price of R$130.17/MWh. In the auctions focused on reserve power, 1,746 average MW were contracted at an average price of R$156.94/MWh.

The concession auction for Belo Monte HPP was held in 2010. The winning consortium sold 3,200 average MW in the Regulated Contracting Environment (RCE), corresponding to 70% of the plant's power, at R$80.91/MWh. By the time it is fully on stream, which will occur in January of 2019 according to the concession contract, the plant will have an installed capacity of 11,233 MW.

Two A-5 auctions were held this year. In the first, 327 average MW at an average price of R$102.20/MWh were sold, while in the second, 968 average MW at an average price of R$67.73/MWh were sold.

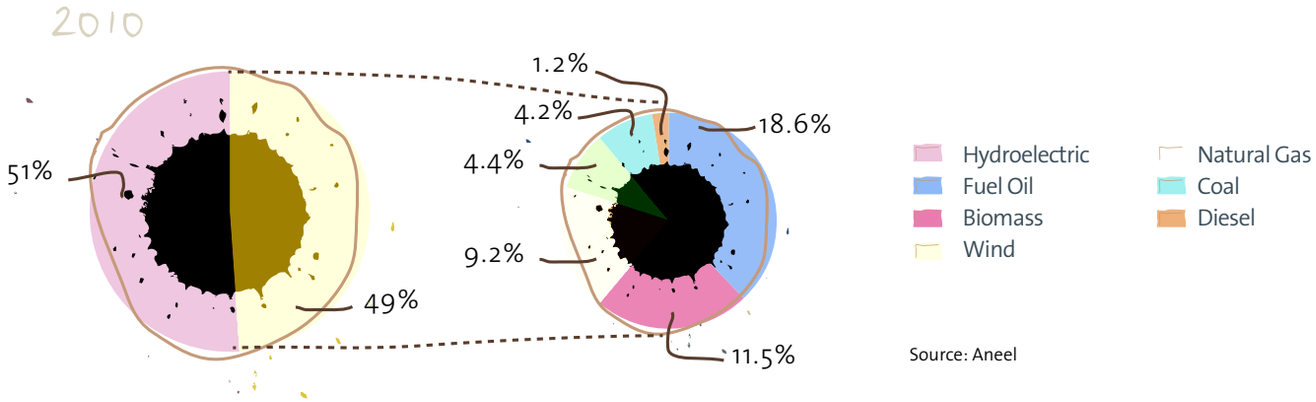
The 2nd Alternative Power Auction was held simultaneously with the 3rd Reserve Power Auction, selling 714 average MW at an average price of R$139.17/MWh and 445 average MW at an average price of R$131.62/MWh, respectively.

In the 9th Existing Power Auction, 98 average MW were sold at an average price of R$105.70/MWh.

Installed capacity to be added to the SIN in the next years is equal to 42,347 MW, in the proportion of 51% hydroelectric and 49% wind and thermoelectric power, among which the oil-fired plants are predominant.

[1]Adjustment auctions are not included in this amount.
[2]All prices in this section are relative to December 2010.

Installed Capacity to be Added to the SIN: 42,347 MW



Source: Aneel



Operations – zero disruptions

"At Machadinho hydroelectric plant, we had zero disruptions in 2010. To this I can add something better: on December 1, 2010, we broke our own and Tractebel Energia's record in the number of days without disruptions. We consider these excellent results the fruit of several competitive advantages: the excellent climate among the divisions, adequate review of rules and procedures, meticulous inspections and assertive operations in negotiations with the Plant, other divisions and the ONS."

Adir Flávio Sviderskei
Operations - Machadinho

OPERATING AND FINANCIAL PERFORMANCE

Operating performance

Uptime Operating

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

Production

Total electric energy production reached 42,986 GWh (4,907 average MW), of which 37,047 GWh (4,229 average MW) was generated by the hydroelectric plants, 5,421 GWh (619 average MW) by the thermal plants and 518 GWh (59 average MW) by those plants classified as complementary. There was a significant year-on-year increase in total output of 35.3%, representing a new record which in large part can be attributed to a period of favorable rainfall throughout Brazil. The increase in generation at the hydro plants was 35.9%; at the thermal electric plants, 29.8%; and at the complementary plants, 55.1%.

This increase is partly explained by the startup of Areia Branca SHP and Ibitiúva Bioenergética Thermoelectric Plant. Tractebel Energia's total generation for the year exceeded the previous record set in 2008 by 23.8%

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

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

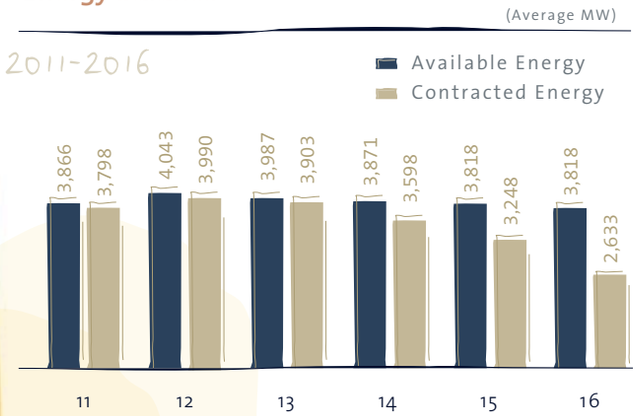
> **"In 2010, Tractebel Energia broke its instantaneous generation record at exactly 12:00 P.M. on October 8, with 7,073.6 MW, equal to a capacity factor of 93.8%."**

Energy Balance

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

Based on data for proprietary commercial capacity and purchase contracts in force on December 31, 2010, Tractebel Energia's energy balance shows that the Company's current energy output, including that of acquisitions from third parties, is almost entirely contracted through to 2013.

Energy Balance



Economic and financial performance

Due to the situation described before, Tractebel Energia presented excellent economic and financial results, which led to a record profit for the seventh consecutive year.

Due to Brazil's adoption of international accounting standards, we were required to restate some amounts from the 2009 fiscal year, which are detailed at the end of this chapter.

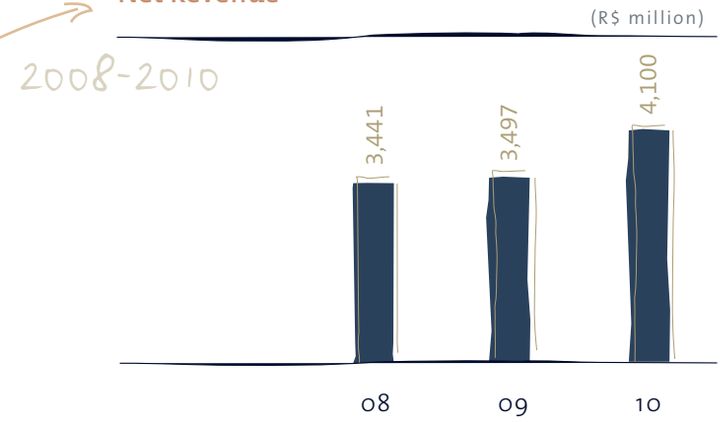
Net Operating Revenue

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

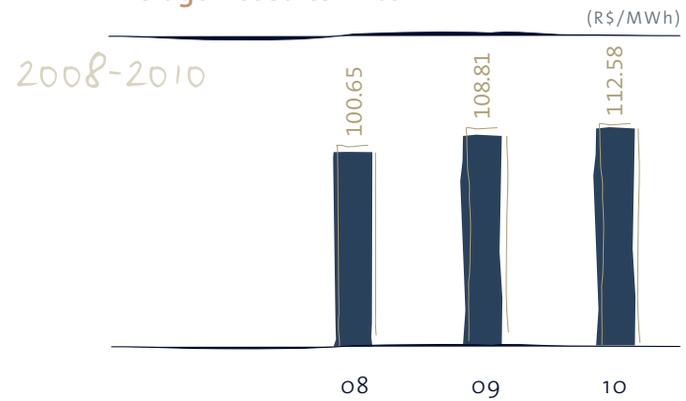
The average energy sales price, excluding exports and net of deductions on gross operating revenue increased by 3.5% from R$108.81/MWh in 2009 to R$112.58/MWh in 2010.

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

Net Revenue



Average Net Sales Price*



* Net of taxes and exports

Gross Operating Revenue

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

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

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

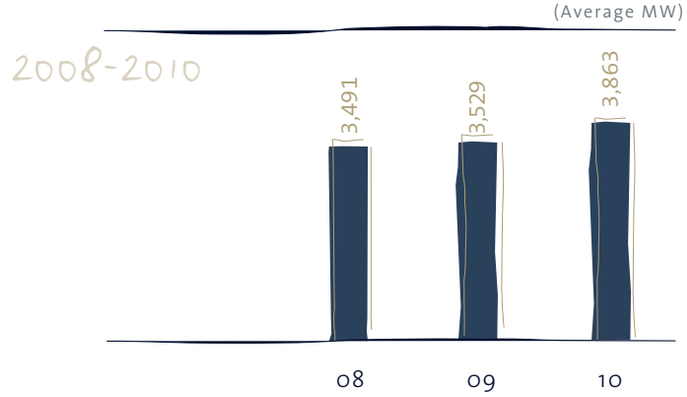
(iii) a growth of R$132.4 million due to the 3.7% rise in the average price of energy sold;

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

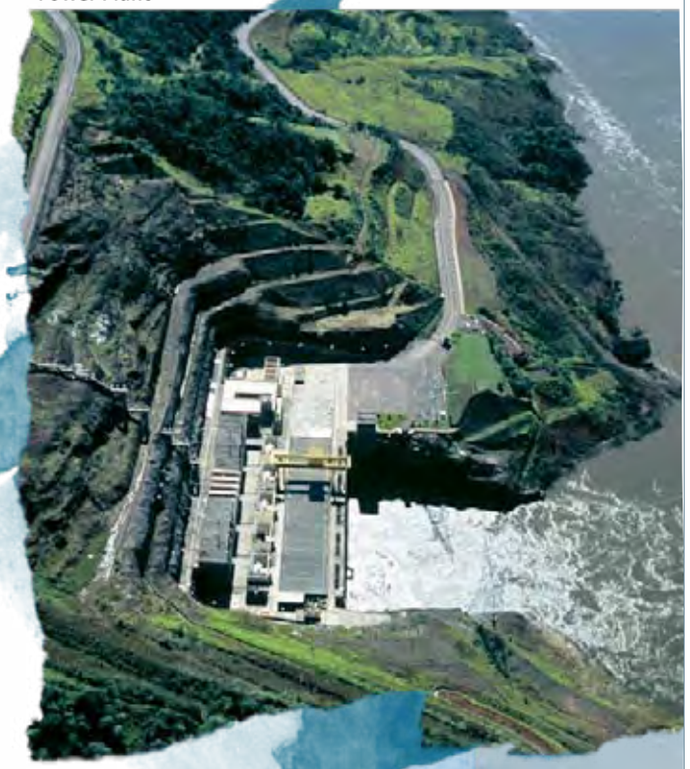
(v) a decline of R$30.6 million in energy exports; and

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

Controled Power Sales



Salto Osório Hydroelectric Power Plant



Revenues from electric energy operations

Wholesale market for electric energy

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

Retail market for electric energy

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

Transactions channeled through the Electricity Trading Board (CCEE)

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

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

Exports of electric energy

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

Deductions from Operating Revenue

In the full fiscal year 2010, deductions were R$485.8 million, a growth of 24.7% in relation to the preceding year, when the figure was R$389.6 million. These deductions corresponded to 10.7% and 10.2% of gross operating revenue in 2010 and 2009, respectively. They reflect the increase in Social Integration Program (PIS) and Contribution for the Financing of Social Security (Cofins) charges due to the change in levying these charges from a cumulative method (rate of 3.65%) to a non-cumulative method (rate of 9.25%, but with the right to a tax credit on certain acquisitions) on revenue from contracts which expired in the period under analysis but were signed prior to the change in levying methodology.



Increased sales to free customers and customers’ satisfaction

“Each year, we increase sales to free customers. In 2010, we sold 965 average MW, 79 more than in 2009. The best part is that this increase seems to come with increasing respect for what we do. In the 2010 satisfaction survey, Tractebel Energia obtained a 96.9% customer satisfaction index. I believe that we contribute to this with a simple, but important attitude: appreciate people.”

Kelly Andrey Vasel Reibnitz
Energy Trading

Costs of Electric Energy and Services

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

- **Electric power purchased for resale:** an increase of R$282.1 million in the year essentially due to the increase of 2,429 GWh (277 average MW) in energy purchases, allowing the Company to sell a 30-year product through the so-called "botox" energy auction at attractive prices, deliveries to begin in 2010, and to meet other energy sales commitments. A large number of the purchase contracts was signed some years ago – and therefore bear no relation to spot market prices (PLD).
- **Transactions channeled through the Energy Trading Board (CCEE):** costs with these transactions between fiscal years 2009 and 2010 fell R$118.0 million as described under a specific item ahead.
- **Fuel expenses:** increase of R$23.5 million in the year as compared with 2009 due to a rise of R$36.6 million in natural gas consumption at William Arjona TPP and the increase of R$5.3 million in the cost of biomass for generation requirements at Lages Cogeneration Plant, as well as the reduction of R$19.3 million in thermal coal consumption used in generation for export of electric energy.
- **Charges for the use of and connection to the electricity grid:** growth of R$6.1 million due to the combination of startup in commercial operations of new plants and the the reduction in the Tariff for Use of the Transmission System (TUST) in July 2010, the result of a transmission company tariff review.
- **Financial compensation for use of water resources:** on a comparative fiscal year basis, there was an increase of R$41.7 million, reflecting the annual tariff readjustment and the significant increase in dispatch from the hydro plants.
- **Personnel:** increase of R$17.0 million for the fiscal year as a whole due to the annual salary readjustment for employees as well as the need for expanding the payroll to meet growth in the Company's generating complex requirements.
- **Third party services:** increase of R$23.6 million in large part due to stronger demand for scheduled and executed maintenance and conservation services at the generator units during 2010.
- **Depreciation and amortization:** increase of R$33.6 million compared with the same period 2009, principally due to the depreciation resulting from the startup in commercial operations at Areia Branca, Ibitiúva and São Salvador plants.



Details of CCEE Operations

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

Generically speaking, these elements are income or expense items arising for example from: (i) the application of the Energy Reallocation Mechanism (MRE); (ii) the so-called "sub-market risk"; (iii) dispatch triggered by the Risk Aversion Curve (CAR); (iv) the application of System Service Charges (ESS), resulting in dispatch which diverges from the thermal plants order of merit; and (v), naturally, exposure (a short or long position in the monthly accounts) which in turn will be settled at the spot price.

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

The improved results largely reflect the following factors:

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

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

> **"The increased generation of Tractebel Energia's hydroelectric power plants in 2010 drove a R$340.4 million increase in CCEE transactions."**

General and Administrative Expenses

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

Constitution (Reversal) of Operating Provisions, Net

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



Surroundings of Itá Hydroelectric Power Plant

Court Action Found in Favor of the Company

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

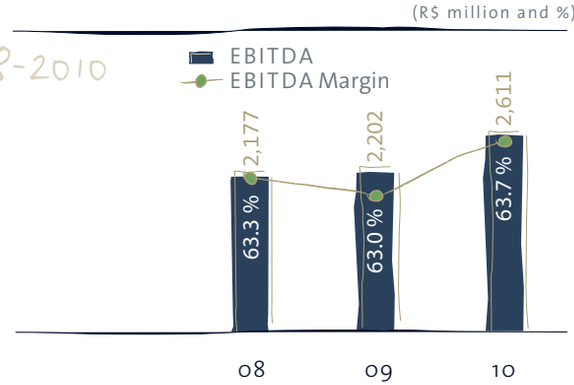
EBITDA and EBITDA Margin

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

EBITDA and EBITDA Margin

(R$ million and %)

2008-2010



Reconciliation of operating income with EBITDA

(R$ thousand)

	2010	2009	2008	2010/2009 % Chg.
Operating Income	1,721,310	1,537,207	1,589,520	12.0
(+/-) Financial Income	428,842	239,789	320,676	78.8
(+) Depreciation and Amortization	461,325	424,714	266,381	8.6
EBITDA	2,611,477	2,201,710	2,176,577	18.6

Financial Result

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

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

Income Tax (IR) and Social Contribution (CSLL)

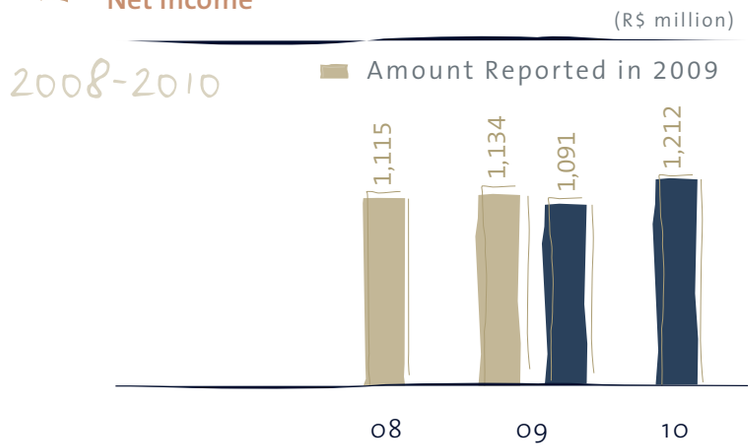
In fiscal year 2010, IR and CSLL expenses reached R$509.7 million, R$63.4 million up in relation to this item in 2009 when the amount recorded was R$446.3 million. The income corresponds to the growth in pre-tax earnings.

Net Income

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

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

Net Income*



* The 2009 amount reported that year was subject to accounting reclassification due to the adoption of the new accounting procedures issued by the Brazilian Accounting Prounouncements Committee (CPC) and international accounting standards under the International Financial Reporting Standards (IFRS).

Debt

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

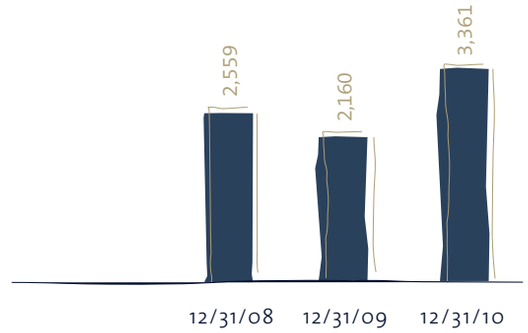
Total consolidated gross debt – represented principally by loans, debentures and financing - totaled R$4,443.9 million on December 31, 2010, an increase of 30.1% compared to the position on December 31, 2009. Of total debt outstanding at the end of the period, 4.8% was foreign currency denominated (7.2%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

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

Performance of Net Debt

(R$ million)

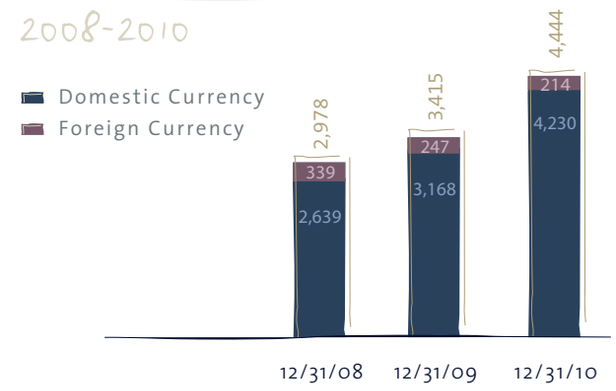
2008-2010



Composition of Total Debt

(R$ million)

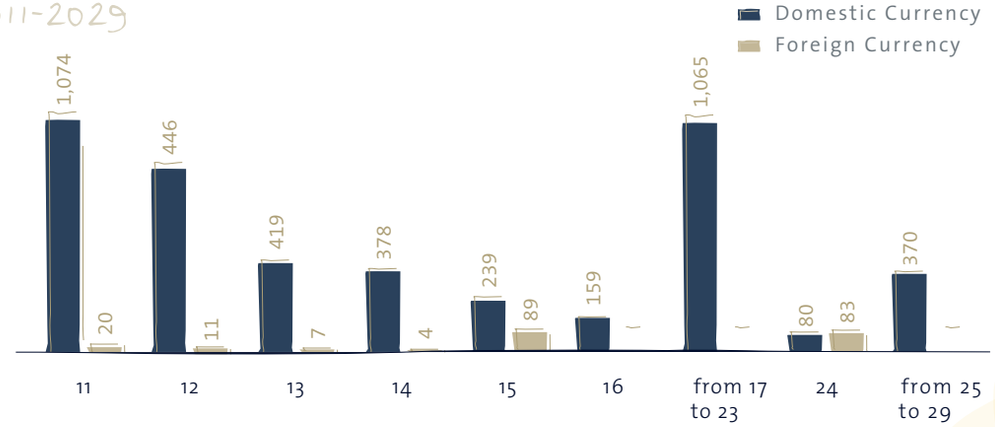
2008-2010



Maturity Term Loans

(R$ million)

2011-2029



Capital Expenditures

Maintenance, modernization and expansion of the generating complex

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

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

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

Analysis of the Company's total cost of capital

The funds used by Tractebel Energia for investments in expansion are derived from two distinct sources. Usually, about 1/3 of the amount comes from the Company's own capital and therefore, the Company has retained portions of its earnings.

The Company has obtained third party capital through sector-specific credit lines, preferably from BNDES with below-market rates as these funds are, for the most part, pegged to the federal long-term interest rate (TJLP) (59% of total debt in domestic currency on December 31, 2010). The remaining resources are derived from other loans with rates that vary according to the market. For the fiscal year ended December 31, 2010, the total cost of the Company's debt with third parties was approximately 10.1%, considering both domestic currency (cost of 10.4%) and foreign currency (cost of 4.6%).

The cost of own capital is, presumedly, greater than the cost of third party capital. In the Company's case, the cost of own capital takes into account the Risk Free Rate, the Brazil risk rate and the market risk premium (U.S. exchange), in addition to the unlevered beta, which varies according to the market, the historical series and the liquidity of the stock on the market.

Considering the demand for an adequate rate of return, the Company seeks to satisfactorily remunerate investments made with its own capital.



Jorge Lacerda Thermoelectric Complex

International Financial Reporting Standards (IFRS)

Adoption of the new accounting practices issued by the Brazilian Accounting Prounouncements Committee (CPC) and international accounting standards under the International Financial Reporting Standards (IFRS)

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

The amounts restated to reflect these changes that impacted Company's results for the fiscal years ending December 31, 2010 and December 31, 2009 were as follows:

(R$ million)

	2010	2009
Net income before adoption of IFRS	1,219.6	1,134.4
Adjustments:		
- Depreciation on fair value adjustment of fixed assets	(86.2)	(84.8)
- Constitution of gain and reversal of actuarial loss on liabilities with post-employment benefits	75.3	24.0
- Deferred income tax and social contribution on the adjustments above	3.7	20.7
- Other adjustments	(0.8)	(3.4)
	(8.0)	(43.5)
Net income after adoption of IFRS	1,211.6	1,090.9

Considerations for the restated results on the left are as follows:

Depreciation on fair value adjustment of fixed assets

In compliance with CPC 27 procedures and ICPC 10 Interpretation, the Company adopted fair value as a cost attributed to Tractebel Energia plants' fixed assets which previously had a book value substantially below fair value. This procedure was strongly supported by ICPC 10 (Clarifications on CPC 27 and CPC 28) and represents the adoption of corporate governance best practices in the preparation of financial statements. The assets' restatement to fair value, net of deferred income tax and social contribution of R$821.0 million on January 1, 2009 is offset by the shareholders' equity account denominated "Adjustment for equity valuation." The adoption of this procedure will result in the increase in the Company's depreciation during the useful life of assets adjusted to their fair value. This adjustment, net of deferred income tax and social contribution, will not affect the calculation basis of income tax and social contribution or the dividend distribution base.

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

According to to the previous accounting practices in CVM Instruction no. 371/00, accumulated actuarial losses of less than 10% of the present value of the defined benefits liability ("corridor methodology") were not recognized in the Company's results but disclosed in the Notes to the Financial Statements. In addition, losses in excess of the corridor limit have been registered in the result for the average remaining life expectancy of benefit plan members. This procedure has not been modified by the new accounting practice established in CPC 33. However, according to the exemption in CPC 37 R1 (Initial Adoption of the International Accounting Standards), the Company has recognized actuarial losses in its opening balance sheet that were until then not recorded in liabilities, with retained earnings as a contra entry in the shareholders' equity account, in the amount of R$103.4 million. The Company has chosen to maintain the corridor approach for recognizing actuarial gains and losses as from the date of the initial adoption of IFRS. This has meant the reversal of an actuarial loss of R$24.0 million in 2009 and in the recognition of an actuarial gain of R$75.3 million in 2010.

Research and Development (R&D)

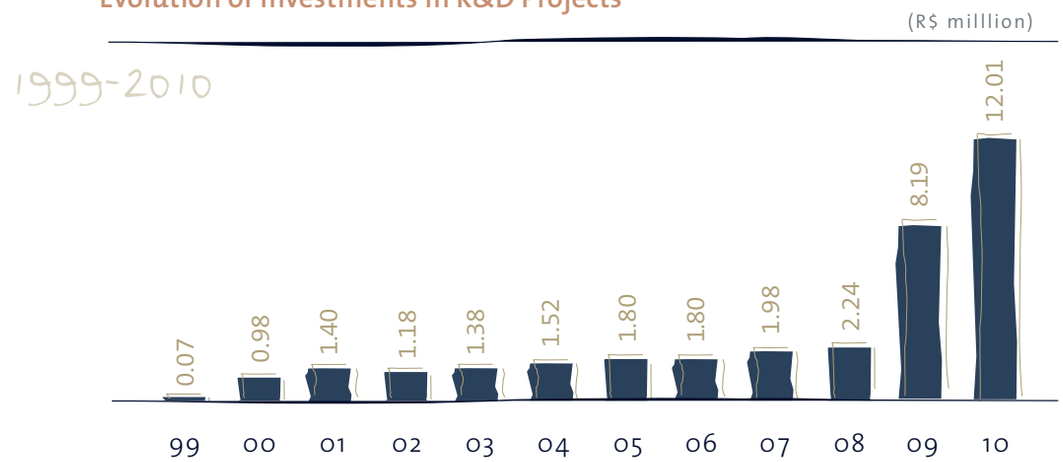
Since 1999, Tractebel Energia has had a Research and Development Program (R&D), the principal objectives of which are to:

» train and develop competencies for research and technological innovation at the research centers and universities in the regions where Tractebel Energia has a presence;
» develop innovative technologies that create value added to the Company's product and services; and to
» apply and disseminate the results of R&D projects to the market in order to encourage development.

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

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

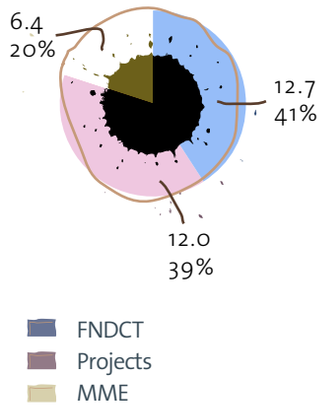
Evolution of Investments in R&D Projects



R&D Investments

(R$ million)

2010



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

The 2011 R&D program has a budget of R$48.8 million for investment in projects. Of this amount, R$15.9 million is already committed to technological research in progress and about R$28 million will be invested in projects approved in 2010, which are currently in the contracting phase. More than R$10 million will be invested in project proposals under evaluation.

Among the main projects that were concluded or in progress in 2010, are:

Concluded projects

Title	Objective
Analysis of Possible Use of Biomass from Sustainably-Managed Native Forests for Power Generation	Optimize sustainable forest production systems through the use of biomass in power generation. Entities involved: Universidade do Planalto Catarinense (Uniplac) and Agência de Desenvolvimento da Serra Catarinense (Ageserra)
Development of Ceramic Products with Bottom Ash from Coal used in Thermoelectric Plants	Formulation, processing and characterization of ceramic products obtained from coal bottom ash, contributing to sustainable development. Entities involved: Universidade Federal de Santa Catarina (UFSC)
Evaluation of Photovoltaic Solar Panel Systems in Buildings Connected to the Power Grid	Design, install, monitor and analyze the performance of three photovoltaic solar panel systems with 2 kilowatts-peak each, using thin-film photovoltaic technology in urban buildings connected to the power grid. Entities involved: Universidade Federal de Santa Catarina (UFSC)

Projects in progress

Title	Objective
Installation of an Onshore Wave Converter Prototype in Sea Conditions of the Brazilian Northeast	Installation of the first prototype in South America capable of converting wave energy into electricity. Execution period: 36 months, beginning in March of 2009 Entities involved: Coppe/RJ, Ceará Portos
Robotic System with Four Degrees of Freedom for Lining and Manufacture of Boiler Tubes and Associated Welding Technologies – Preliminary Production Series	Improve the prototypes developed in previous projects of the robotic manipulator with four automated displacement axes, a compact welding source, and associated welding technologies to be used in thermoelectric plant boilers. Execution period: 24 months, beginning in March of 2009 Entities involved: Universidade Federal de Santa Catarina (UFSC) and SPS – Soluções para Soldagem Ltda.
Use of Rice Straw in the Co-Firing Process with Pulverized Coal	Use of rice straw as a complementary fuel to coal in Tractebel Energia's thermoelectric plants, involving identifying the operational conditions for use of co-firing technology (bi-fuel) and the logistics for collecting and transporting biomass. Execution period: 32 months, beginning in March of 2009 Entities involved: Universidade Federal de Santa Catarina (UFSC)
Use of Fly and Bottom Ash in the Production of Self-Compacting High-Performance Concrete for Use in Construction and Maintenance Works	Obtaining high-performance material fom the use of fly and bottom ash produced at the thermoelectric plants for use in construction and maintenance works. Execution Period: 24 months Entities Involved: Universidade Federal de Santa Catarina (UFSC)

More information on Tractebel Energia's R&D Program, applicable legislation, projects completed and in progress and awards, among other things, is available on the Research and Development page of the Company's website.



Charqueadas Thermoelectric Power Plant



Cana Brava Hydroelectric Power Plant

CAPITAL MARKETS

Tractebel Energia in the market

Tractebel Energia's stock is traded on the BM&FBovespa's special corporate governance segment, Novo Mercado, under the TBLE3 ticker symbol, and is included in the Special Corporate Governance Index (IGC), Special Tag Along Index (ITAG) and Electric Power Index (IEE). Since it was created in 2005, and therefore for the sixth consecutive year, the stock is part of the Corporate Sustainability Index (ISE), developed by a Deliberative Council headed by the BM&FBovespa. This portfolio is composed the stocks of companies committed to sustainability best practices, evaluated based on their economic efficiency, social and environmental responsibility and corporate governance.

Tractebel Energia also runs a Level 1 American Depositary Receipts (ADR) program, with the ADRs traded on the over-the-counter (OTC) market of the New York Stock Exchange – NYSE Euronext under the TBLEY ticker symbol, where each ADR corresponds to one common share.

Due to the extent and comprehensiveness of the evaluation to which the companies on the index are subject, the ISE is a reference for socially responsible investment and promotes good practices in Brazilian business.

Composition of the ISE Portfolio

- 47 stocks of 38 companies, selected from among the 200 most liquid on the BM&FBovespa.
- 18 industries.
- R$1.2 trillion in market value (46.1% of the total market capitalization of companies listed on the exchange), on November 25, 2010.
- Effective from January 3 to December 29, 2011.

Performance

After significant recovery from the 2008 financial crisis with appreciation of 82.7% in 2009, the Bovespa Index (Ibovespa) remained practically stable with a variation of only 1.04% in 2010, closing the year at 69,305 points, mainly influenced by the weak performance of stocks with significant weight in the index and the presidential elections.

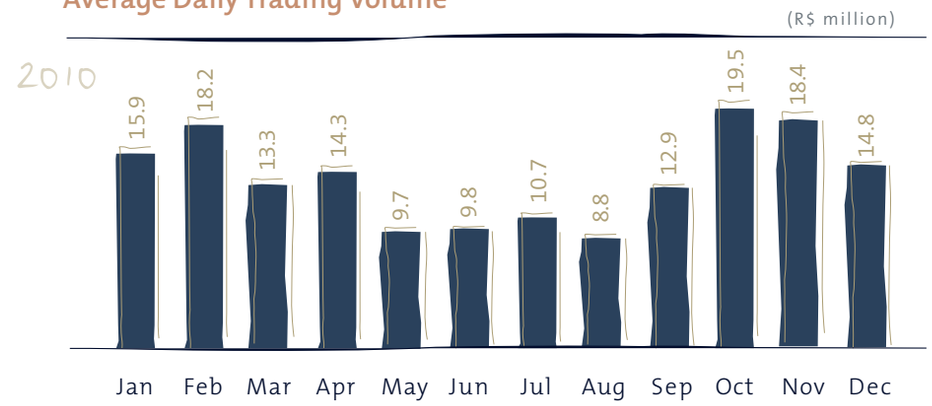
The Electric Power Index (IEE) appreciated 12.0%, reaching 27,243 points. Tractebel Energia's stock stood out among those in the power industry, appreciating 27.5% in 2010, excluding dividend payments, quoted at R$27.45/share on December 31, 2010.

The strong appreciation of the Company's stock made its market value rise to R$17.9 billion, reflecting investors' increased trust in the Company's management and growth potential due to the recurrent good results and the constant enhancement of corporate governance and transparency. An example of the good practices adopted by Tractebel Energia is the creation of the Special Independent Committee for Related Party Transactions, created to evaluate, negotiate and guide operations with related parties, as presented in the Corporate Governance chapter.

TBLE3 x IBOV x IEE Performance



Average Daily Trading Volume



Shareholder rights

All of the Company's shares are common, nominative shares and their holders are entitled to:

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

"In 2010, the payout reached R$664.4 million, representing 55% of the Company's adjusted net income and equal to R$1.0178134249 per share – being composed of R$444.4 million as dividends and R$220.0 million as interest on shareholders' equity."



Transparency

"In 2010, the Company and its parent company dedicated themselves to increasing the transparency of the transfer and incorporation of projects developed by GDF SUEZ. Approval of the change was obvious with the appreciation of Tractebel Energia's shares by 19.3% from August 12, when the new transfer model was announced, through the end of the year."

Rafael J. Caron Bósio
Investor Relations

Debenture issue

In May of 2005, the Company held its first debentures issue, composed of 20,000 simple, book-entry, non-convertible, unsecured debentures in two series, with a unit face value of R$10 thousand, totalling, on the issue date, R$200 million (R$60 million pegged to the Interbank Deposit Rate – CDI and R$140 million to the General Market Price Index - IGP-M). The established remuneration was 103.9% of the CDI and IGP-M + 9.29% p.a., with a semiannual coupon. The principal of the CDI series was amortized in a single payment on May 2, 2010 and the IGP-M series will be amortized, also in a single payment, on May 2, 2011.

In 2007, Tractebel Energia'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 debenture issue, totaling 35,000 debentures and amounting to R$350.0 million.

The debentures of the second issue mature in seven years on May 15, 2014; they are adjusted by the IPCA index and pay interest of up to 7% p.a.

In March of 2009, the Company held its third debenture issue, which is the second under the Company's First Program for Public Distribution of Debentures, comprising 60,000 book-entry, non-convertible unsecured debentures in a single series. These had a unit face value of R$10,000 and totaled R$600 million. The established remuneration rate was 117% of the CDI. Interest is due semiannually and the principal will be amortized in a single installment on April 1, 2011.

In December of 2009, the Company registered its most recent issue, the fourth debenture issue comprising 400 simple, book-entry, non-convertible, unsecured debentures in a single series. These had a unit face value of R$1 million and totaled R$400 million on the issue date. The established remuneration rate was 110% of the CDI. Interest is due semiannually, with installments paid 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, of the proportion of 1/5 of the unit face value. The first amortization is to be paid on November 5, 2011 and the last on the maturity date, i.e., November 5, 2015. As opposed to the previous issues, this issue was carried out according to CVM Instruction no. 476.

In 2010, the Company issued no debentures.



José Gelazio da Rocha Small Hydroelectric Power Plant

Ratings

Tractebel Energia is periodically evaluated by two credit rating agencies: Standard & Poor's and Fitch Ratings. In July 2010, both agencies upgraded the Company's ratings, in consideration of its solid financial profile, controlling shareholder's support, its high and predictable operating cash flow and low financial leverage.

Standard & Poor's raised the Company's rating on the Brazil National Scale, including the long-term corporate credit rating, from brAA to brAA+. It also raised the ratings of all three of the Company's debenture issues to brAA+.

Fitch Ratings raised the long-term national rating and the national rating of the debenture issues from AA(bra) to AA+(bra).

7 Environmental Management



07. Environmental Management

GRI: EC2 | GRI: EN1 | GRI: EN2 | GRI: EN3 | GRI: EN7 | GRI: EN8 | GRI: EN10 | GRI: EN11
GRI: EN12 | GRI: EN13 | GRI: EN14 | GRI: EN16 | GRI: EN18 | GRI: EN19 | GRI: EN20 | GRI: EN21
GRI: EN22 | GRI: EN24 | GRI: EN25 | GRI: EN29 | GRI: EN30 | GRI: EU5 | GRI: EU13 | GRI: EU21



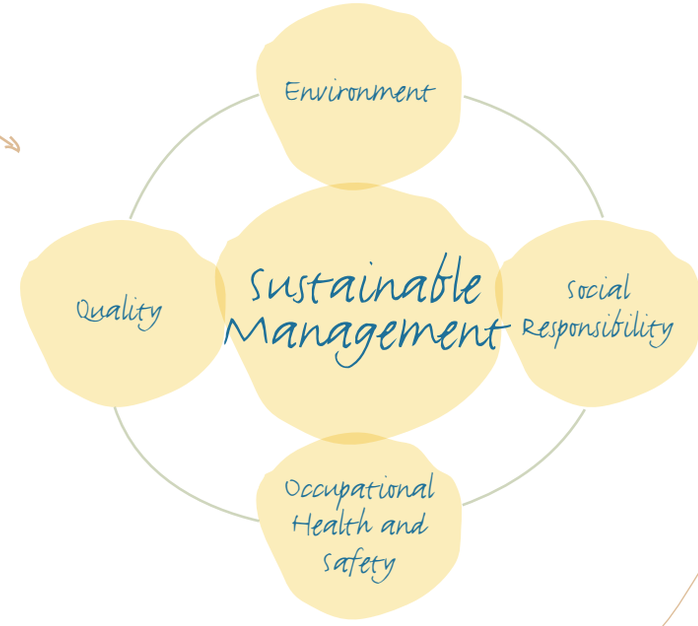
Pedra do Sal Wind Farm

PRINCIPLES AND ENVIRONMENTAL MANAGEMENT

Based on the principles and guidelines established in its Sustainable Management Policy, Tractebel Energia includes the balance between environmental conservation and the Company's operations in its environmental management so as to mitigate environmental impacts and promote the sustainable use of natural resources.

Environmental Management Policy

To ensure compliance with these guidelines and assure adequate environmental management, Tractebel Energia has an integrated management system that considers quality and the environment and that, in 2009, was expanded to include the social responsibility and occupational health and safety management. In this system, procedures, tools and environmental programs are the basis for risk control and the identification of opportunities for operating improvements in processes and services.



Thus, Tractebel Energia's Environmental Management Policy assures that power generation operations are conducted in compliance with the legal requirements applicable to all plants and those that are specific to each project.

Tractebel Energia is a signatory of and participated in the elaboration of the Acende Brasil Institute's Code of Social and Environmental Ethics. The code presents the following principles for the construction and operation of plants, respecting the triple bottom line:
I – Reduction and **control of negative impacts** on the environment.
II – **Conservation** of wildlife and natural resources.
III – **Respect** for communities.
IV – **Education and health** as elements of social change.
V – **Transparency and dialogue.**

Guidelines of the Integrated Quality, Environment, and Occupational Health and Safety Management System (SIG).

Operating	Maximize energy generation, in compliance with the planning of the National Power System Operator (ONS), conserving the environment and guaranteeing site safety.
Environmental	Generate energy in compliance with safety regulations and the rational use and preservation of natural resources, prevent pollution and control environmental risks, with preventive measures.
Heritage	Use only areas necessary to the projects, reallocate remaining areas for social and environmental use, detecting and preventing irregular use.
Relationship with society	Participate in community life in the regions where the plants are installed to identify and satisfy the communities' expectations, offering open, permanent communication mechanisms.
Occupational Health and Safety	Maintain the physical and emotional well-being of all employees through recognition, evaluation and control of existing dangers and risks, constantly improving processes, equipment and the work environment.

Environmental aspects and impacts

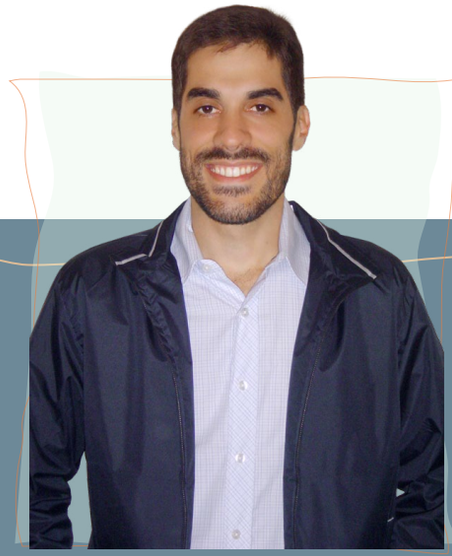
Environmental aspects and impacts caused by Tractebel Energia's activities, products and services are identified according to procedures defined by the SIG. They are then managed with a focus on prevention or mitigation based on processes and criteria of three management dimensions, according to the Environmental Management Policy and the Company's objectives and goals.

Environmental Aspects and Impacts Management

Operating Control
- Establishment of criteria and procedures.
- Implementation of physical control structures such as containing walls to prevent leaks, and water-oil separating systems, among others.

Emergency Service
- Identification of possible emergency situations and development of Environmental Emergency Service Plans that allow the necessary intervention at the right time to prevent or minimize negative environmental impacts.

Measuring and Monitoring
- Creation of Environmental Monitoring Plans to track activities that could generate significant impacts.



Certifications + ISE + GRI

"Sustainable development depends on sustainable companies. In our case, the market's recognition makes long reports unnecessary. In 2010, we were included in the BM&FBovespa's Corporate Sustainability Index for the 6th consecutive year, we obtained OHSAS 18001 certification and re-certification in ISO 9001 and 14001 for 98% of our total installed capacity, and have earned an A+ in the Sustainability Report."

Luis Guilherme de Oliveira Miranda
Environment

Certifications and legal compliance

The plants in the Company's generating complex have the environmental authorizations and licenses required by the responsible authorities and comply with the applicable conditions in the three project stages: Preliminary Environmental License (evaluation of the project's feasibility), Environmental License for Installation and Operating Environmental License.

Tractebel Energia constantly evaluates and adjusts its operations and procedures to meet legal requirements and its voluntary commitments.

Besides legal compliance, the Company's 15 largest plants, representing approximately 98.1% of its total installed capacity, are NBR ISO 9001-2008 and OHSAS 14001-2004 certified. These certifications reflect constant teamwork for process excellence and represent significant gains, with the adoption of best practices in quality, environmental and occupational health and safety management.

"In 2010, Tractebel received OHSAS 18001 certification for the first time as a result of two years of preparation of the Company's processes and policies in managing aspects related to Occupational Health and Safety."

ISO 9001
Quality Management Systems

International standard that establishes the requirements for improvement of internal processes, employee training, monitoring of the work environment and customer, employee and supplier satisfaction surveys in a continuous process of improvement of the quality management system.

ISO 14001
Environmental Management Systems

International standard that establishes the requirements for the Environmental Management of a project, focusing on the evaluation of environmental aspects and associated impacts, continuous improvement of the organization's performance in pollution prevention and control, compliance with environmental legislation and crisis management.

BS OHSAS 18001
Occupational Health and Safety Management Systems

International standard that establishes requirements related to Occupational Health and Safety Management, which allows better understanding of existing risks at an organization, focusing on their control in both normal and atypical situations. This standard is applicable to several sectors and economic activities, guiding organizations on how to promote continuous improvement of Occupational Health and Safety performance.



The only plants that remain uncertified - but that still operate within these standards - are those that were acquired or went on stream in or after 2008: Ponte de Pedra Hydroelectric Power Plant, Rondonópolis Small Hydroelectric Power Plant, José Gelazio da Rocha Small Hydroelectric Power Plant, Beberibe Wind Farm, Pedra do Sal Wind Farm, Areia Branca Small Hydroelectric Power Plant and Ibitiúva Bioenergética Thermoelectric Power Plant.

Certification Percentage
(NBR ISO 14001, NBR ISO 14001 and OHSAS 18001)

Installed capacity of Tractebel Energia-operated plants - MW	7,543
Installed capacity of Tractebel Energia-operated certified plants - MW	7,396
Total generation of Tractebel Energia-operated plants - MWh	42,985,688
Total generation of Tractebel Energia-operated certified plants - MWh	42,538,395
Percentage of NBR ISO 14001 Certification (power) - %	98.1
Percentage of NBR ISO 14001 Certification (generation) - %	99.0

Note: plants being established/planned were not considered.

ENVIRONMENTAL MANAGEMENT OBJECTIVES, TARGETS AND PROGRAMS

According to the principles of its Environmental Management Policy, Tractebel Energia periodically defines its environmental objectives and goals, which lead to Environmental Management Programs. The programs determine the initiatives to be developed, as well as the people responsible for their implementation and their execution periods. The aim is to improve the environmental performance of projects as they are carried out.

William Arjona Thermoelectric Power Plant



Surroundings of Jorge Lacerda Thermoelectric Complex

Objectives and targets

Target achieved

Target not achieved

Target in progress

Environmental targets - hydroelectric power plants

Situation	Plant	2010	Notes/comments	Next years
Social and environmental development in operating areas				
	Itá, Machadinho, Passo Fundo, Salto Santiago, Salto Osório and Cana Brava	Participate in the hydrographic basin committees in regions where plants are established.	The Company regularly takes part in events that foster the creation of committees in regions where these bodies have yet not been created.	Target remains in 2011.
	Passo Fundo	Implement and permanently sponsor Social, Environmental and Heritage Activity Center (Casap).	Casap was implemented and is operating.	
	Passo Fundo	Implement the Ecological Trail by March 2011, for permanent sponsorship.	The Ecological Trail is being implemented and is expected to be finished in March 2011.	
Waste				
	Cana Brava	In 2010, reduce waste generation by 5% over 2009.	Target not achieved due to the significant increase of personnel at the Plant (new employees). An action plan to achieve this target is in progress.	In 2011, keep annual waste generation stable at the 2010 inventory level, even with the restructuring of the Plant's personnel.
	São Salvador	In 2012, reduce annual waste generation by 5% over the 2010-2011 average waste inventories.	The 2010 inventory amounted to 1.9 tonnes of waste generated.	Valid target, to be achieved in 2012.
	Salto Santiago and Salto Osório	Replace equipment containing mercury by December 2010.		Target postponed to December 2011.

Environmental targets - hydroelectric power plants

Situation	Plant	2010	Notes/comments	Next years
	Salto Santiago and Salto Osório	Reduce annual waste generation by 5% over the 2008-2009 average waste inventories (except waste from unit reforms and special services).		
Water and effluents				
	Cana Brava	Reduce the concentration of oils and greases in the effluents drained into the Plant's sump wells to 50% of the maximum allowed by law by January 2011.		Maintain the concentration of oils and greases in the effluents (Draining System and Water/ Oil Separator of Transformers) drained into the Plant's sump wells at 50% of the maximum allowed by law by January 2012.
	São Salvador	Reduce the concentration of oils and greases in the effluents (Draining System and Water/ Oil Separator of Transformers) drained into the Plant's sump wells to 50% of the maximum allowed by law by January 2012.	Currently, the concentration of oils and greases is within the legal standard.	Valid target, to be achieved in 2012.
	Salto Santiago and Salto Osório	Reduce the discharge of oil from the draining well into the receving water body - Iguaçu River - to 25% of the amount allowed by law.		
	Cana Brava	In 2010, reduce treated water consumption by 3% based on the average treated water consumption in 2007, 2008 and 2009.	Target not achieved due to the significant increase in personnel at the Plant (new employees). An action plan is in progress to achieve this target.	In 2011, keep the same annual consumption of treated water in 2010, even with the expected personnel restructuring.
	Salto Osório	Implement a reuse system of percolating water from the dam's inspection gallery.		

Environmental targets - hydroelectric power plants

Situation	Plant	2010	Notes/comments	Next years
Visits to plants				
	São Salvador	Reach an annual increase of 5% in the number of people served by the Visits and Environmental Education Program, from 2011 to 2013.	In 2010, the Program had 85 visitors and 791 people who participated the environmental education lectures.	Valid goal from 2011 to 2013.
	Machadinho	Serve at least 6,000 visitors by December 2010.	In 2010, 7,598 people visited the Plant.	Target remains in 2011.
	Machadinho	Annually serve 10,000 people through the Environmental Education Program in the neighboring communities.	In 2010, total participants in the Program numbered 15,048.	Target remains in 2011.
	Cana Brava	Obtain a 5% increase over 2009 in the total number of visitors to the Plant and participants in the environmental awareness lectures organized by the Company in the communities affected by the reservoir.	In 2010, Cana Brava HPP had 1,498 visitors and 616 people who participated in the environmental education lectures.	In the period between 2011 and 2013, obtain an annual increase of 5% in Program participants.
	Salto Santiago and Salto Osório	Receive at each plant at least 2,000 visitors per year, including schools, associations and/ or universities.	In 2010, 3,210 people visited Salto Osório HPP and 4,228 visited Salto Santiago HPP.	
Reforestation and environmental recovery				
	Cana Brava	Rehabilitate the concession areas with the planting of 100,000 saplings of species native to the cerrado habitat by April 2012.	In 2010, 17,470 saplings were planted and 15,574 were donated.	Valid target, to be achieved in 2012.
	Machadinho	Rehabilitate the permanent conservation area with the planting of at least 15,000 native saplings in 2010.	In 2010, 29,585 saplings were planted in the region.	
	Machadinho	Rehabilitate the degraded areas at the former worksite with native vegetation by June 2011.	In 2010, the soil in these areas was prepared and in March 2011, planting will begin.	Valid target, to be achieved in 2011.
	Passo Fundo	Replant the reservoir islands with 40,000 saplings of native species in 2010.	In 2010, 24,635 saplings were planted.	Target expanded to 50,000 saplings in 2011.

Environmental targets - hydroelectric power plants

Situation	Plant	2010	Notes/comments	Next years
	Salto Santiago	Rehabilitate degraded areas at the former worksite by December 2010.	In 2010, 529,086 saplings were planted in a 353.23 hectare area.	Target postponed to December 2012.
	Salto Osório	Rehabilitate the permanent conservation area with the planting of at least 126,000 native saplings by the first half of 2010.	In 2010, 135,129 saplings were planted in a 106.9 hectare area.	
	Salto Santiago	Rehabilitate the riparian vegetation with the planting of at least 451,000 saplings of native species by December 2010.	In 2010, 461,398 saplings were planted in a 353.23 hectare area.	

Environmental targets - thermoelectric power plants

Situation	Plant	2010	Notes/comments	Next years
Social and environmental development in operating areas				
	Lages, Charqueadas and Alegrete	Participate in the hydrographic basin committee in regions where plants are installed.	The Company regularly takes part in events that foster the creation of committees in regions where these bodies have yet not been created.	Target remains in 2011.
	Jorge Lacerda	Participate in the environmental recovery processes of degraded areas, in partnership with the state environmental agency (Fatma).	Tractebel Energia is participating in the environmental recovery of the fines basin of CSN.	Target remains in 2011.
	Jorge Lacerda	Establish Jorge Lacerda Environmental Park in the defined term after the project is finished.		Target remains in 2011.
	Charqueadas	Implement a Community Communication System by March 2011.		

Environmental targets - thermoelectric power plants

Situation	Plant	2010	Notes/comments	Next years
Waste				
	William Arjona	Recycle 95% of the Plant's recyclable waste.	100% of the recyclable waste generated in 2010 was recycled.	Target remains in 2011.
Water and effluents				
	Lages	Install the Effluent Treatment System of the Soot Treatment Station and maintain the emissions of DBO5 below 55 mg/l.	Final system tests are expected in February 2011.	
	Jorge Lacerda	Waterproof the coal yards by June 2011.		The initial target of December 2009 was not achieved and was postponed with the environmental agency until June 2011.
	Jorge Lacerda	Adjust the ash system by implementing the closed cycle system by December 2010.		
Consumption of materials				
	Lages	Have 100% of the biomass suppliers in compliance with the current laws by September 2011.		
	Jorge Lacerda	Reduce the coal stock stored at Jorge Lacerda B and Jorge Lacerda C TPPs to a maximum of 600,000 tonnes by the end of 2010.		Target postponed to 2011.
	Lages	Reduce annual specific consumption of NaOH to 1.50 kg/m³ and of HCl to 1.30 kg/m³ by December 2010.	The target established in 2009 was reviewed during 2010 and the result achieved was the consumption of 0.79 kg/m³ of HCl and 0.81 kg/m³ of NaOH.	

Environmental targets - thermoelectric power plants

Situation	Plant	2010	Notes/comments	Next years
	Alegrete	Reduce the consumption of HCl and NaOH by 20% in kg/m³ by December 2010.	As the Plant did not operate in 2010, the target was extended to the next operating period of the Plant.	
	Charqueadas	Maintain specific coal consumption indicators below 1.50 tonne/MWh.	The target is expected to be achieved in March 2011.	
Emissions				
	Lages	Maintain particulate matter emissions below 100 mg/Nm³ in the main boiler and 260 mg/Nm³ in the reserve boiler.	In 2010, average emissions were 62.55 mg/Nm³ for the main boiler, and the back-up boiler did not operate during the year.	
	Charqueadas	Reach, by September 2010, an SO_2 emissions index below 400 mg/Nm³ at 6% of oxygen.		
	Charqueadas	Reach, by the end of 2010, a particulate matter emissions indicator below 80 mg/Nm³.		
Visits to plants				
	William Arjona	Receive about 150 visitors annually.	In 2010, 190 people visited the Plant.	
	Alegrete	Receive 150 visitors by December 2010.	In 2010, 453 people visited the Plant.	
	Lages	Receive 1,500 visitors in two years - 2009 to 2010.	In the defined period, 1,297 people visited the Plant.	
	Charqueadas	Receive at least 400 visitors by December 2010.	In 2010, 716 people visited the Plant.	
	Jorge Lacerda	Receive more than 10,000 visitors during 2010.	In 2010, 9,533 people visited the Plant.	

Environmental targets - thermoelectric power plants

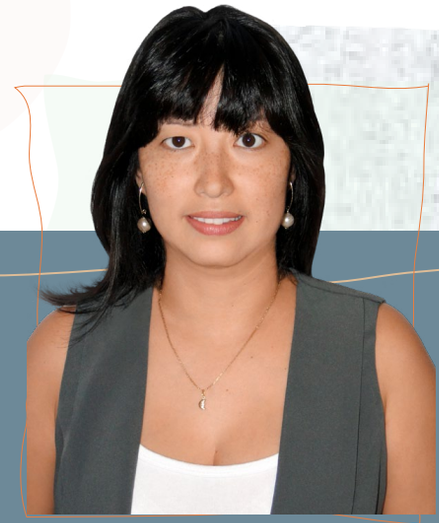
Situation	Plant	2010	Notes/comments	Next years
Reforestation and environmental recovery				
	Charqueadas	Plant at least 5,000 saplings in 2010.	The Company donated more than 5,000 saplings in the region, but it has no available area for planting.	Target reviewed focusing on the donation of 5,000 saplings in 2011.
	Alegrete	Plant at least 1,000 saplings in 2010.	Planting as proposed in the target through the Restoration Project of the Ibirapuitã River riparian vegetation in the Alegrete region.	
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 (night time measurements in line with NBR 10151) by December 2010.	To accomplish the target, the noise suppressors of the flash drum and the draining drums have been installed and are operating. The suppressors of the safety valves and the turbine ejectors have been installed. The equipment is currently being interconnected.	
	Lages	Maintain the noise level of critical equipment below 80 dB.		Target postponed to March 2011.

Environmental Projects and Programs Developed at Plants

(i) **Social and environmental studies for implementation of new projects:** developed to evaluate different aspects and possible social and environmental impacts before the implementation of new plants. They focus on terrestrial and aquatic wildlife, surface and groundwater, and erosion effects, among other factors. These studies are submitted to public hearings and analysis by the responsible agencies, in order to ensure to stakeholders compliance with all relevant aspects.

(ii) **Environmental and Sustainability Week (Semas):** held annually since 2007 and open to employees and the community, the event promotes environmental awareness, and in a broader sense, sustainability principles. The 2010 edition of Semas, organized by Itá, Machadinho and Passo Fundo hydroelectric power plants in partnership with Consórcio Machadinho and Consórcio Itá, was themed Biodiversity and Regional Development and had 165 participants among employees, clients, government representatives, non-profit organizations and members of other social groups.

(iii) **Internal Safety and Environmental Week (Sisma):** in 2010, for the second consecutive year, Tractebel Energia held Sisma at Cana Brava and São Salvador hydroelectric power plants, with the theme: "A week to share the spirit of prevention and conservation." The event, organized for employees and their families, saw participation from outsourced professionals and presented the Company's operations and environmental management, including health and safety such as dental health, home safety and prevention of sexually transmitted diseases (STDs), as well as cultural activities such as theater and music.



Implementation of projects – flora

"One of the initiatives in the implementation of São Salvador Plant, where I worked, joined the scientific community in a combined effort to generate knowledge about the wildlife of the region, through rescue, conservation and multiplication of native species. The project involved Embrapa and Associação Novo Caminho, a non-profit entity that serves underprivileged people in the region, resulting in environmental conservation and production of 150 thousand saplings."

Kaori Futatsugi
Project Planning and Logistics

(iv) **Sapling planting and donation program:** Implemented in the neighboring areas of the plants, this program aims to recover the vegetation of Permanent Preservation Areas by planting saplings. Donation of native species saplings helps train reforestation proponents in the area, as well as raising awareness on the importance of environmental conservation.

(v) **Spring conservation program:** through Salto Santiago HPP, in 2010 the Company implemented the *Água Boa* (Good Water) Program to develop initiatives for the conservation of 300 springs located on rural properties in and around Chopinzinho, Paraná State. In partnership with *Casa Familiar Rural* (Rural Family House), Chopinzinho's City Council on the Rights of Children and Adolescents, the City of Chopinzinho and the Chopinzinho Rotary Club, the program works to conserve regional water resources in terms of quality and quantity, generate and share environmental knowledge and assist with rural settlement.

Sapling planting and donation, per plant

Plant	Planted	Donated
HPPs		
ITÁ	16,394	7,286
MACHADINHO	29,585	270
PASSO FUNDO	23,595	16,523
SALTO SANTIAGO	89,337	15,680
SALTO OSÓRIO	17,470	15,574
CANA BRAVA	92,543	0
SÃO SALVADOR		
TPPs		
JORGE LACERDA	15,611	44,819
CHARQUEADAS	0	5,130
ALEGRETE	1,000	0
LAGES	0	6,000
	285,535	**111,282**



Lages Cogeneration Unit

(vi) **Wildlife conservation and environmental parks:**
as part of the environmental offsets for project implementation, through programs and partnerships, Tractebel Energia finances and supports the creation and maintenance of environmental conservation parks for wildlife conservation in the areas surrounding its reservoirs, among which are:

- **Strategic Areas for Wildlife Conservation in Paraná Program:** developed in a partnership with the Paraná State Environmental Institute (IAP), with the State Environmental Secretary (SEMA) and The Nature Conservancy (TNC), the Program aims to update the vegetation mapping of south-central Paraná State.

- **Serra da Esperança State Park:** Tractebel Energia signed an agreement that allocates R$5 million to the acquisition of Park areas located in Salto do São Francisco, Paraná State region.

  The agreement is part of the property regulation process of the conservation unit, which will have more than 6 thousand hectares and contribute to the preservation of the Environmental Protection Area (APA) in Serra da Esperança. This is home to the region's largest araucaria forests, as well as the headwaters of the São Francisco River.

- **Jorge Lacerda Environmental Park:** still under construction in Capivari de Baixo, Santa Catarina State, the Park aims to transform a degraded area into a model of conservation. The project is carried out by Tractebel Energia in a partnership with the Unisul Education, Research and Continuing Education Support Foundation (Faepesul), and the idea is to offer cultural events, environmental education, recreation, art workshops and audiovisual exibitions to the community.

  In 2010, Tractebel Energia completed construction of the portico and hiking trails. Simultaneously, it began works on the bike paths, the lake and the access roads. The facilities of the upcoming park were designed based on sustainable mechanisms, such as capturing rainwater, which is heated with equipment made of recycled material. Hiking and bike trails will be paved and buildings constructed with waste ash from the plants, replacing a large part of the conventional cement necessary for the works.

- **Fritz Plaumann State Park:** located in Concórdia, Santa Catarina State, Fritz Plaumann State Park was built in partnership with private companies, the Santa Catarina State Environmental Foundation (Fatma) and civic groups. It enables the protection and public use of the most important remaining deciduous forest, the Uruguay River Forest. The Park is managed by public interest civil society organization (OSCIP) responsible for maintenance of the Conservation Unit created for this purpose, in which Tractebel Energia is a participant.

- **Teixeira Soares Uruguay River Forest Municipal Park:** the 426.1-hectare Park, which is part of the environmental offsets of Itá HPP, is located in Marcelino Ramos, Rio Grande do Sul State and aims to increase conservation areas through environmental education and adaptation of ecological and rural tourism, among other development projects integrated with environmental conservation goals.

(vii) **Environmental Dissemination Center (CDA) of Itá Hydroelectric Power Plant:**
the Center, located in Itá, Santa Catarina State, develops several community-oriented educational projects such as thematic exhibits, a library with a video collection and photo archives with social and environmental information on the region and the programs implemented by the Plant. Since the CDA began activities, more than 200 thousand people have been assisted.

(viii) **Solar Collector Project:**
involves nine entities from the cities surrounding Salto Osório and Salto Santiago HPPs that are part of the Solar Collector project, which organizes workshops at Itá HPP. The workshops give instructions on how to assemble a solar-powered heater with recycled materials, such as milk cartons and PET bottles. In 2010, nine construction projects were developed, out of which seven were finished and two are in progress.

(ix) **Community Relations Project:**
the Company develops a series of initiatives to build stronger relationships with its neighboring communities, aiming to present its activities and teach environmental conservation and social development. Among these initiatives, some highlights are:

- **Visits to Plants and Social and Environmental Communication:** in a partnership with the Industry Social Service (SESI), the Company opens its doors to students and researchers for plant visits, during which it presents its operations and social and environmental programs. In 2010, Tractebel Energia's plants received more than 45 thousand visitors and more than 41 thousand participated in environmental education programs.

- **Lake Neighbors Project:** sponsored by Itá Hydroelectric Power Plant since 2007, the Project aims to bring the plant closer to the community, creating a permanent communication channel with which the Company seeks to understand and meet the community's demands.

- **Social, Environmental and Heritage Activity Center (Casap):** Passo Fundo Hydroelectric Power Plant has a Social, Environmental and Heritage Activity Center (Casap) that supports the environmental programs developed in its region. The programs focus on water quality, monitoring of fish, revegetation of the reservoir's islands and environmental education and stewardship, among other aspects.

Casap will also be an integral part of the activities to be carried out at Passo Fundo HPP's Ecological Trail. At the Center, concepts related to environmental conservation will be presented, in addition to general guidance for hiking on the trail, such as the proper waste disposal, eating on the trail, the average hike duration and safety. The center will also feature several educational panels with pictures that illustrate the locations of Passo Fundo HPP's structures, trail routes and the Plant's botanical garden.

- **Passo Fundo HPP Environmental Education Program:** the Environmental Education Program for the municipal schools near Passo Fundo HPP is geared toward students and the educational community, as well as the general public. It aims to teach sustainable development and inspire changes in habits, in addition to serving as a link between the Plant and the community. Thus, Tractebel Energia organizes lectures, workshops, distribution of educational/ informational material and seminars to explain how the Plant operates and environmental matters, mainly related to local characteristics.

- **Machadinho HPP 8th Grade Writing Contest:** Consórcio Machadinho organizes a writing contest for 8th grade students of Machadinho Hydroelectric Power Plant-area schools to inspire debate on cultural and environmental issues and register the impressions of students who visited the Plant.

  To orient participants, the Consortium offers writing workshops with teachers from several schools in the region. In 2010, 661 students representing various schools participated in the contest, an annual increase of 45%. Laptop computers were awarded to the three best entries, chosen by the judging panel composed of college professors responsible for evaluating essays for Universidade Federal de Santa Catarina (UFSC) and Universidade Estadual de Santa Catarina (Udesc) entrance exams.

- **Environmental Educators Training Program (PFEA):** aiming to train supporters of the environment, the PFEA is one of several environmental education programs sponsored by Consórcio Machadinho, in partnership with the government and the neighboring communities of Machadinho HPP. The Program was structured so that educators can enhance their knowledge on the subject and identify and analyze teaching tools that help to increase understanding.

  What makes PFEA different is that it assists educators in adapting what they learn to local needs. In 2010, ten teacher trainings were organized, totaling 116 training hours. Divided into four modules, the Program covers the fundamentals of environmental education through elaboration of lesson plans, discussing several issues and connecting them to good citizenship and everyday life.



Machadinho Hydroelectric Power Plant



Water springs - Salto Santiago

"Seeing clean water springing from between the rocks in a shady area, and the satisfaction of children and adolescents benefitted by the project of recovery of the springs in rural areas near Salto Santiago reservoir, I was sure that a sustainably and culturally acceptable system is possible through simple, but effective, actions."

Clovis Agripino Tosin da Silva
Environment – Salto Santiago

Reservoirs[1]

Tractebel Energia is legally responsible for its reservoirs and the surrounding areas, and has environmental and property monitoring teams, as well as cooperation agreements with the local Environmental Police for oversight.

Additionally, the Company promotes the multiple use of the areas by the communities, establishing partnerships with cities to create artificial beaches, fishing areas, boating and other leisure activities, as well as agricultural irrigation systems.

[1] The "local biodiversity" item listed for each plant quantifies the diversity of species in each area/region. Except when a source is specified, the biodiversity information was collected in the Environmental Impact Study (EIS) and the Environmental Impact Report (RIMA) of each plant.



Surroundings of Passo Fundo Hydroelectric Power Plant

RESERVOIR PROFILES

Itá Hydroelectric Power Plant

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

Machadinho Hydroelectric Power Plant

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



Machadinho Hydroelectric Power Plant

Cana Brava Hydroelectric Power Plant

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

Passo Fundo Hydroelectric Power Plant

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

Salto Santiago Hydroelectric Power Plant

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

Salto Osório Hydroelectric Power Plant

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

Ponte de Pedra Hydroelectric Power Plant

Location: between Itiquira, Mato Grosso State and Sonora, Mato Grosso do Sul State.
Reservoir area: 14.5 km².
Permanent Preservation Area: 7.8 km².
Local biodiversity: 80 species of mammals, 249 bird species, 58 reptile species, 17 amphibian species, and 9 invertebrate species.
Conservation 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, Mato Grosso State.
Reservoir area: 0.27 km².
Permanent Preservation Area: not required by legislation for the area surrounding the Plant's reservoir.
Local biodiversity: 80 species of mammals, 249 bird species, 58 reptile species, 17 amphibian species, and 9 invertebrate species.
Conservation Units: not measured.

Rondonópolis Small Hydroelectric Power Plant

Location: Rondonópolis, Mato Grosso State.
Reservoir area: 0.024 km².
Permanent Preservation Area: not required by legislation for the area surrounding the Plant's reservoir.
Local biodiversity: 80 species of mammals, 249 bird species, 58 reptile species, 17 amphibian species, and 9 invertebrate species.
Conservation Units: not measured.

São Salvador Hydroelectric Power Plant

Location: between São Salvador do Tocantins and Paranã, Tocantins State.
Reservoir area: 104 km².
Permanent Preservation Area: 47.53 km².
Local biodiversity: 26 species of mammals, 242 bird species, 38 fish species, 29 amphibian species and 209 fish species.
Conservation Units: not measured.

Estreito Hydroelectric Power Plant

Location: between Estreito, Maranhão State and Aguiarnópolis and Palmeiras do Tocantins, Tocantins State.
Reservoir area: 555.0 km².
Permanent Preservation Area: 125.0 km².
Local biodiversity: 2 species of aquatic mammals, 164 bird species, 21 reptile species, 38 amphibian species and 50 fish species.
Conservation Units: the Plant's reservoir is adjacent to the Natural Petrified Forest Monument Conservation Unit, with 356.3 km².

Context
The main atmospheric emissions from Tractebel Energia's plants resulting from thermoelectric power generation:
- carbon dioxide (CO_2)
- sulfur dioxide (SO_2)
- nitrous oxide (NOx)
- particulate matter (PM)

CONSOLIDATED ENVIRONMENTAL INDICATORS

Emissions

Management

The Company constantly monitors its emissions and, with this information, develops and applies several techniques, practices and processes to reduce them, such as:

- Use of electrostatic precipitators at Jorge Lacerda TPP, which retain over 98.5% of particulate matter emissions.

- Installation, in 2010, of bag filters and a desulfurization system at Charqueadas TPP, which reduces the emissions of particulate matter and sulphur dioxide (SO_2).

- Reduction in the formation and emission of sulphur dioxide by controlling the sulphur content of coal and fuel oils.

- Use of 100% of the fly ash produced as raw material in the production of cement.

- Implementation of a software system to estimate CO_2 emissions from air travel with the travel agency contracted for this purpose.

- Implementation of a conference call system at all plants and regional units to reduce travel and, consequently, greenhouse gas emissions.

- Hiring of specialized service providers to develop Tractebel Energia's complete greenhouse gas emissions inventory.

Indicators

In 2010, the Company's atmospheric emissions totaled 5,688,730 tonnes, growing 22.0% over 2009 due to the 29.8% increase in thermoelectric generation. Thus, emissions increased at a lower rate than power production, showing the efficiency of Tractebel Energia's initiatives and technological operating improvements to reduce emissions.

The following charts present the total emissions per MWh generated by Charqueadas, Alegrete, and William Arjona TPPs and Jorge Lacerda Thermoelectric Complex, as well as Lages Cogeneration Unit and Ibitiúva Bioenergética Thermoelectric Plant, which are biomass-fired (renewable sources wood chips and sugarcane bagasse, respectively).



Emissions

"In 1987, I participated in the assembly and commissioning of the electrostatic precipitators at Charqueadas TPP and now, in 2009 and 2010, I participated in their substitution for bag filters and assembly of the first desulfurizer in Latin America. I am proud to have been a part of these major achievements for Tractebel Energia."

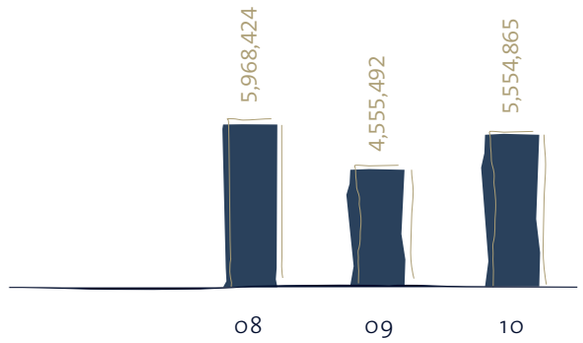
Claudiomar Pereira de Oliveira
Maintenance and Services – Charqueadas

GRI
FS

CO_2 Emissions

(tonne)

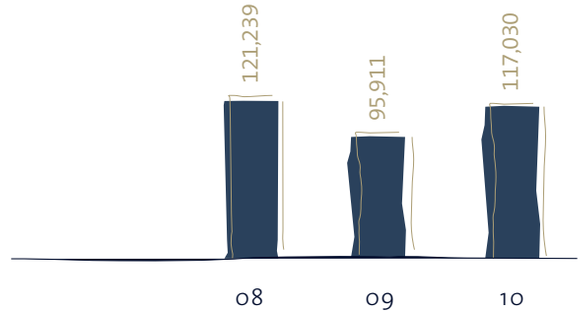
2008-2010



SO_2 Emissions

(tonne)

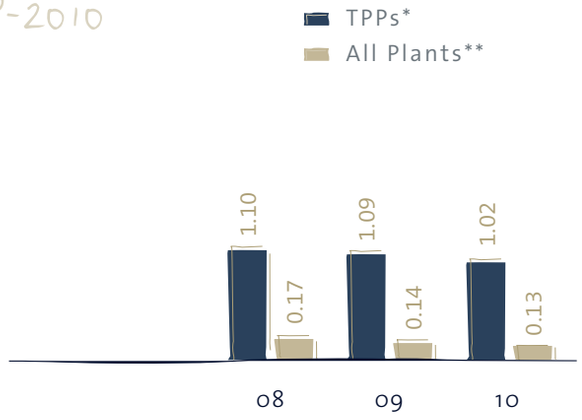
2008-2010



CO_2 Emissions per MWh Generated

(tonne of CO_2/MWh)

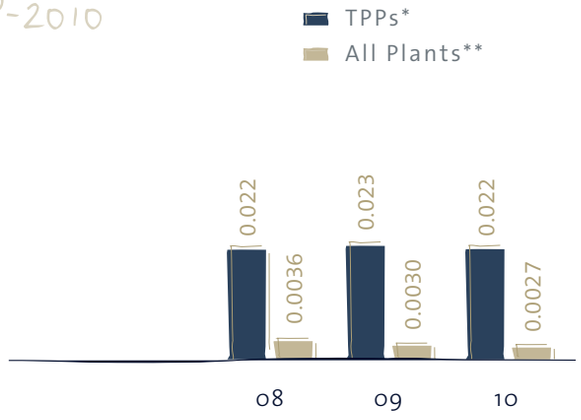
2008-2010



SO_2 Emissions per MWh Generated

(tonne of SO_2/MWh)

2008-2010



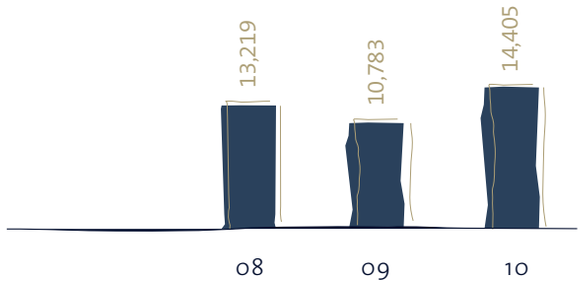
* Thermoelectric Power Plants – ratio of fossil fuel emissions from power generation at thermoelectric power plants and the respective power generated.

** All plants – ratio of fossil fuel emissions from power generation at thermoelectric power plants and sum of all power generated by Tractebel Energia (thermoelectric, hydroelectric and small hydroelectric power plants and wind farms).

NOx Emissions

(tonne)

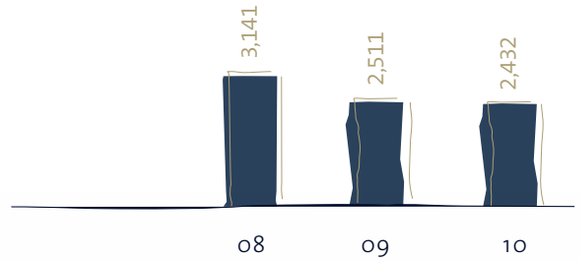
2008-2010



Particulate Matter Emissions

(tonne)

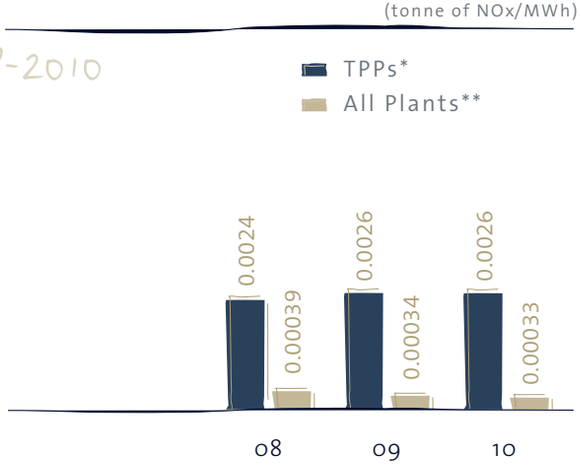
2008-2010



NOx Emissions per MWh Generated

(tonne of NOx/MWh)

2008-2010



* Thermoelectric Power Plants – ratio of fossil fuel emissions from power generation at thermoelectric power plants and the respective power generated.

** All plants – ratio of fossil fuel emissions from power generation at thermoelectric power plants and sum of all power generated by Tractebel Energia (thermoelectric, hydroelectric and small hydroelectric power plants and wind farms).



William Arjona Thermoelectric Power Plant

Clean Development Mechanism (CDM)

Lages Cogeneration Unit, in Santa Catarina State, produces power from wood chips from several logging companies. Using these waste products that would otherwise have 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 Plant, which is registered with the United Nations' Framework Convention on Climate Change as an activity that meets the Clean Development Mechanism (CDM) requirements, is qualified to generate carbon credits as established by the Kyoto Protocol, for sale by Lages Bioenergética.

Lages Cogeneration Unit Clean Development Mechanism

- Estimated generation of 200 thousand Certified Emissions Reductions (CER) per year for a decade, from November of 2004 to October of 2014.
- Three certifications by 2010, with issue of 800,394 CERs (277,768 CERs generated between November of 2004 and May of 2006, 274,958 CERs generated between June of 2006 and May of 2007, and 247,668 CERs generated between June of 2007 and May of 2008).
- Estimated future generation of 1,283,333 CERs from June of 2008 to October of 2014.
- All CERs issued were sold by the Company, totaling 784,387 CERs (2% of the total CERs issued are allocated to a specific United Nations (UN) - managed fund, that is, of the 800,394 CERs generated with the three abovementioned certifications, 16,007 CERs were allocated to the UN). In addition, Tractebel Energia sold part of its future CER generation, totaling more than 574,000 CERs that will be generated and delivered annually through 2014.





Waste – Thermoelectric Power Plants

"Donation of ashes from Lages Cogeneration Unit as natural fertilizer for farmers, orchards and reforestation in the region shows the sustainability of Tractebel Energia's plants. From a waste by-product of renewable energy generation (biomass), you get a natural, high quality fertilizer that has been transforming the lives of rural producers."

Márcio Daian Neves
Operations - Lages

Direct power consumption

Management

Tractebel Energia's production process uses the power generated by its own plants. Therefore, reduced consumption is directly related to lower total power generation or to improved energy efficiency. Direct energy consumption from fossil fuels, for its part, only occurs at thermoelectric plants, as presented in the item "fuels."

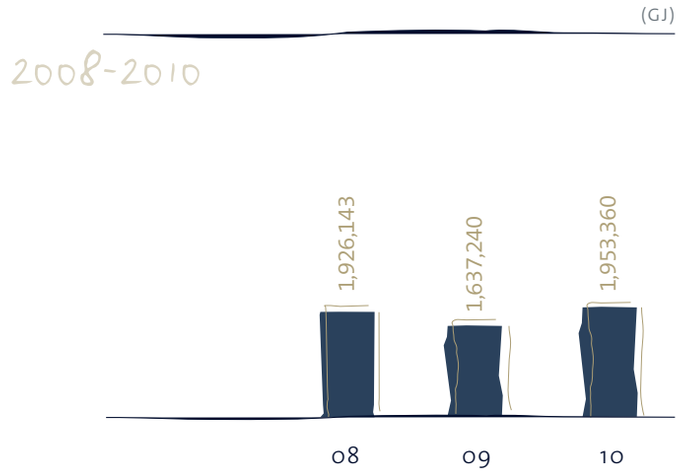
Fossil fuels are indirectly consumed, chiefly, in employee transportation. To reduce this indirect impact, the Company's energy consumption management initiatives focus on measures such as the increased use of biofuel-powered cars, prioritizing the use of ethanol in the vehicle fleet, and conference calls to reduce employee travel, minimizing greenhouse gas emissions.

Indicators

In 2010, Tractebel Energia used 542.6 GWh (equivalent to 1.9 million GJ) to operate its generating complex, producing 42,985.7 GWh (equivalent to 154.8 million GJ) of power.

At the thermoelectric plants, 476.2 GWh (1.7 million GJ) were consumed to generate 5,421.3 GWh (19.5 million GJ). The hydroelectric plants consumed 33.0 GWh (118.7 thousand GJ) in producing 37,046.9 GWh (133.4 million GJ) and at complementary plants (small hydroelectric power plants, wind farms and biomass-fired thermoelectric plants), 517.5 GWh (1.8 million GJ) were produced from 33.4 GWh (120.4 thousand GJ).

Power Consumption





Lages Cogeneration Unit

Water

Management

Most of the Company's thermoelectric units have closed-circuit effluent systems, which prevent discharge of pollutants into rivers and allow water reuse. In 2010, the closing of the bottom ash dragging system at Unit C of Jorge Lacerda Thermoelectric Complex was concluded. Since then, observers have noticed a decrease of total water consumption by an estimated 50% on average and around 95% of the industrial water of the Plant as compared to 2009. In the units where closed-circuit recirculation has not yet been implemented, effluents are treated via sedimentation and neutralization before they are discharged. In addition to these systems, containment basins in the fuel reservoirs prevent water pollution due to possible accidents with leaks.

The Company's standards are more rigorous than those established by law for reduction of oil and grease in the effluents of drainage wells at hydroelectric plants, and it trains its professionals to collect and analyse effluents to avoid contamination of bodies of water.

At Machadinho Hydroelectric Power Plant, the substitution of oil-based lubricant systems in pumps and drainage tanks for water-based lubrication systems has been concluded, eliminating the risk of oil spills or leaks. Passo Fundo, Machadinho, Cana Brava and Itá hydroelectric power plants control effluents in the drainage wells through a system that separates water from oil in the effluents generated in the power house.

In 2010, Tractebel Energia began implementation of the Dam Inspection Gallery Drainage Water Use System at Salto Osório HPP, reducing the use of chemical products in water treatment. This system has been in operation at Itá and Machadinho HPPs since 2007.

Context

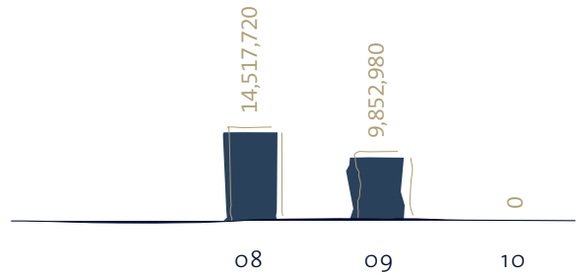
TPPs account for more than 99% of the Company's water consumption and effluents. At HPPs, Tractebel Energia constantly monitors the water quality of its reservoirs and surrounding rivers.

Indicators

Treated Water Discharge

(m³/year)

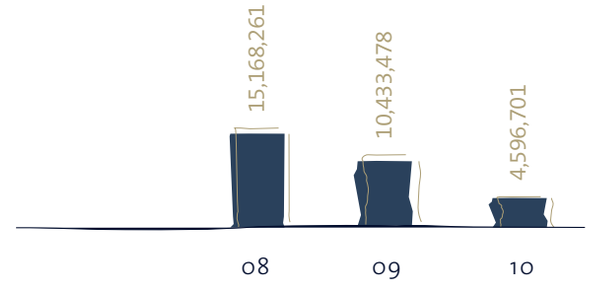
2008-2010



Surface Water Consumption

(m³)

2008-2010

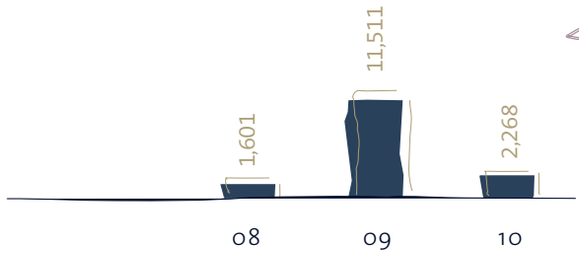


The significant decrease in total surface water consumption and the elimination of treated water discharge (effluents), are directly connected to the conclusion of the Continuous Bottom Ash Removal System at Jorge Lacerda Thermoelectric Complex, completely operating in a closed circuit (recirculation) since 2010, in line with the principles of water reuse.

Groundwater Consumption

(m³)

2008-2010



The significant decrease in groundwater consumption in 2010 as compared with 2009 is due to the enhancement of the measurement system at Ponte de Pedra Hydroelectric Power Plant. In 2009, this survey was based on consumption estimates of potable water per capita and for diverse use. The 2008 data did not include this plant.

Waste Management

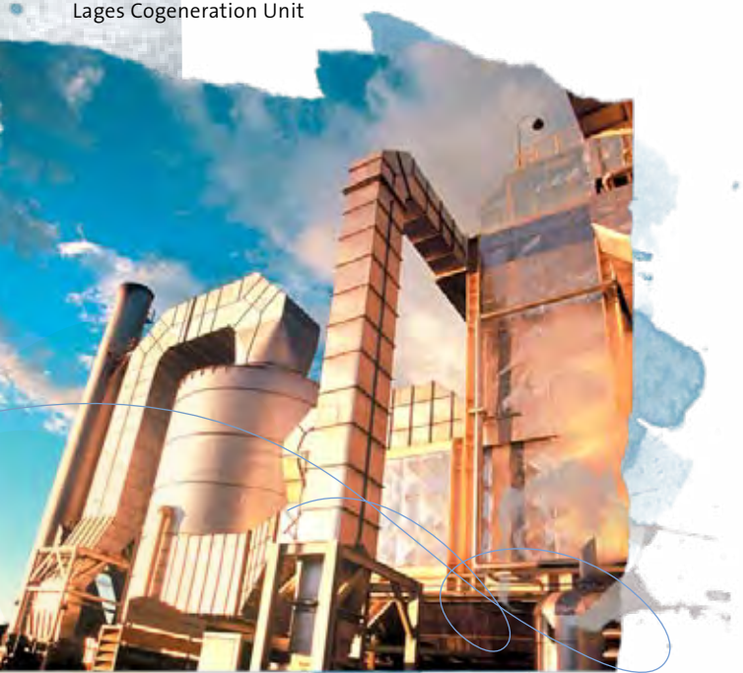
Hazardous Waste

Management

Hazardous waste management includes treatment, temporary internal storage, transportation and final disposal, in compliance with environmental licensing regulations, United Nations rules and other applicable requirements.

Tractebel Energia adopts preventive measures against leaks – such as the use of safety labels on chemical products, the installation of containment barriers and adequate vehicle signage – and contracts only companies that are duly licensed and authorized in Brazil for this kind of transportation.

Lages Cogeneration Unit



Context

The hazardous wastes produced by the Company's operations are fuel waste (tank sludge and paints, among others) and are sent for coprocessing by the cement industry. Lubricants are re-refined into basic oil, the main raw material for the manufacture of finished lubricant.



Waste – Hydroelectric Power Plants

"I work as a volunteer on the Erechim Rivers Revitalization Project, with the Eloverde team, to clean the bodies of water: removing solid waste (trash) deposited on the Tigre, Suzana and Dourado rivers. For me, this is very gratifying, because I think of the future generations that will be able to enjoy these beautiful rivers in Erechim, full of life."

Cacio do Nascimento
Maintenance and Services - Itá

Indicators

Hazardous waste disposal in 2010

Disposal method	Type of waste product	Amount (tonne)
Class I industrial landfill	Water contaminated with oil, disposable chemical product packaging, materials contaminated with oils, grease and chemical products, batteries, chemical products, paint waste, materials such as asbestos or glass wool, material with mercury, welding waste, resins, personal protection equipment (PPE), lightbulbs, gravel contaminated with oil, contaminated kerosene and solvents, printer cartridges and toners, sludge from the Water Treatment Stations (WTS), biohazardous waste, battery electrolites, acoustic foam and electronic waste	158.26
Co-processing	Oil or schist sludge, water contaminated with oil, disposable chemical product packaging, materials contaminated with oils, grease and chemical products, chemical products, paint waste, materials such as asbestos or glass wool, personal protection equipment (PPE), lightbulbs, gravel contaminated with oil, contaminated kerosene and solvents, printer cartridges and toners, reusable packing of chemical products, residual grease and used isolating oil	13.32
Incineration	Biohazardous waste – infectious materials, sharps and drugs	0.04
Recycling	Pesticide packaging, lightbulbs, used lubricant oil, battery elements, water contaminated with oil, materials contaminated with oil and grease, used isolating oil, kerosene and other contaminated solvents, and printer cartridges and toners	166.04
Reuse	Renewable industrial towels, reusable chemical product packaging and used lubricating oil	6.60
Treatment /decontamination	Biohazardous waste, lightbulbs, sludge and radioactive smoke detectors	68.89
	Local storage	61.18
	Total (hazardous waste adequately transported and disposed of)[1]	413.11

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

Nonhazardous Waste

Management

Tractebel Energia makes every effort to reclaim, reuse or recycle its nonhazardous waste to prevent the harmful environmental impacts of disposal and the extraction of new materials.

Fly ash, which accounts for approximately 86% of the total waste volume, is sold to the cement industry as raw material for pozzolanic cement, replacing limestone in the composition of this product.

Bottom ash is used as a base for asphalting highways and to neutralize the soil acidity in coal waste deposits. Bottom ashes from Charqueadas and Jorge Lacerda power plants are allocated to the recovery of areas degraded by coal mining. Part of the bottom ash from Charqueadas TPP is returned to the mine pit and used in the environmental recovery of the area.

Indicators

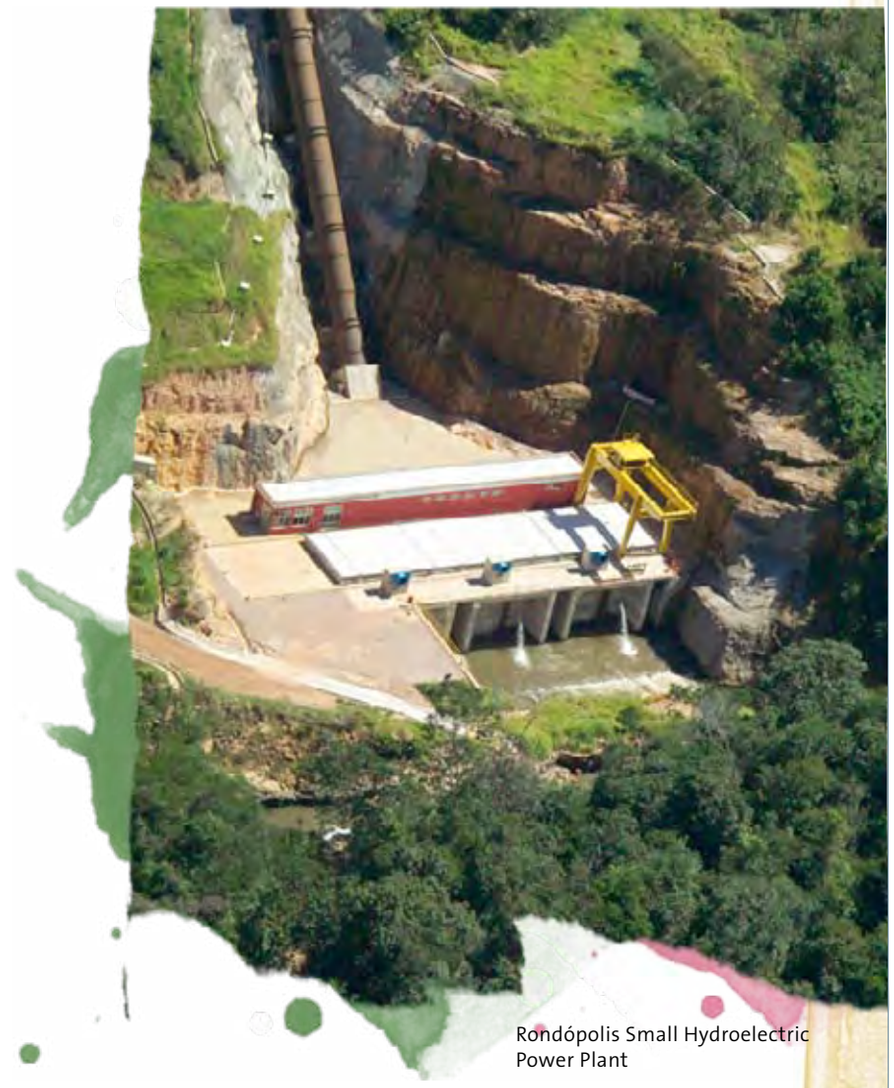
In 2010, 97.6% of nonhazardous waste was recycled, reused, composted, or used in highway paving and the recovery of degraded areas (mining pits).

The Company's total paper consumption was reduced by more than 50% as compared to 2009 and, of the 8.4 tonnes consumed, 8.1 tonnes (96.4%) were recycled paper. This represents a 4.6 p.p. increase in relation to recycled paper used in the previous year.

Context

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

Ash is divided into fly ash, which is carried in combustion gases and retained in electrostatic precipitators or bag filters, and bottom ash, which remains at the bottom of boilers.



Rondópolis Small Hydroelectric Power Plant

Nonhazardous waste disposal in 2010

Disposal method	Type of waste product	Amount (tonne)
Class I industrial landfill	Welding waste, rubber and electronic waste, acoustic foam, rock wool, bottom ash and firebricks[1]	35.05
Class II industrial landfill	Blasting slag, air-conditioning filters, rock wool, welding waste, rubber and electronic waste, glass, bottom ash, construction debris and styrofoam	29,851.70
Landfill	Air-conditioning filters, styrofoam, common and organic waste, paper and cardboard, plastic, glass, garden organics, wood and uncontaminated silica gel	124.14
Disposal	Garden organics and wood	33.69
Compost	Organic waste and wood	10.00
Co-processing	Wood, styrofoam, rubber scraps and paint waste	107.28
Highway paving	Construction debris	2.13
Recycling	Printer cartridge and toners, paper and cardboard, plastic, styrofoam, ferrous and non-ferrous metal scraps, glass, rubber and electronic waste, bottom ash, fly ash, wood, welding waste and firebricks	1,184,080.94
Recovery of degraded areas	Wood, bottom ash and garden organics	20,616.86
Reuse	Reusable chemical product packaging, wood and construction debris	0.44
Treatment /decontamination	Sewage sludge	41.54
Local storage	Bottom ash	174,303.38
Total		**1,234,903.76**

[1] This waste is disposed of in class I industrial landfills due to inadequate infrastructure in the areas surrounding some plants.

Fuel

Management

The Company continuously researches and studies renewable energy sources to minimize fossil fuel consumption, a non-renewable source with higher environmental impacts.

Besides wind power and hydroelectric generation, which accounts for the largest part of Tractebel Energia's portfolio, the Company has two biomass-fired thermoelectric plants, which, rather than using fossil fuel, are fed with wood chips (Lages Cogeneration Unit) and sugarcane bagasse (Ibitiúva Bioenergética Thermoelectric Power Plant). Thus, damaging environmental impacts are reduced as these generating units do not require extraction of non-renewable natural resources or waste disposal, in addition to reducing greenhouse gas emissions.

Context

The Company consumes fossil fuels (diesel and fuel oil), coal and natural gas in its thermoelectric plants and wood chips and sugarcane bagasse to produce energy at biomass-fired plants.

Indicators

In 2010, the Company consumed 17.4 thousand GWh (62.7 million GJ) in its thermoelectric plants.



Surroundings of Jorge Lacerda Thermoelectric Complex

Fuel consumption

Materials	2010	2009	2008
Coal (tonne)	3,344,524	2,751,989	3,532,719
Fuel oil (tonne)	4,590	2,943	29,776
Diesel (m^3)	3,067	2,480	37,267
Natural gas (m^3)	114,375,774	0	0

Biodiversity

Tractebel Energia continuously monitors the areas surrounding its reservoirs, developing wildlife conservation programs. Together with stewardship initiatives, these programs guarantee biodiversity and habitat preservation before, during and after construction of the reservoirs.

In addition, the Company supports Research and Development projects on the conservation of endangered species and environmental education initiatives to increase awareness of communities and society as a whole of the importance of environmental conservation.

Wildlife Monitoring Program of the Ponte de Pedra HPP Intake Channel

The Program consists of inspection of the intake channel twice daily, in the morning and in the evening. Carried out by biologists and environmental technicians, the inspection enables animal rescue and relocation to appropriate areas. From 2004 to 2010, 983 animals were rescued, of which 51.7% were reptiles (snakes and lizards) and 36.2% mammals (mainly wild rats). In 2010, 117 animals were rescued, of which 49.6% were small mammals and 32.5% were reptiles (snakes and lizards).

Fish

Through fish research projects, the Company seeks to understand the dynamic balance created during the formation and maturity of the lakes and to adopt stewardship practices at each plant to mitigate the impacts of this process on aquatic life. Among the main projects is the restocking of rivers by lab breeding the fry of native species. Through Consórcio Itá, Tractebel Energia maintains an agreement with the Brazilian Environment and Renewable Natural Resources Institute (Ibama) for restocking the Uruguay River basin and, in a research project conducted jointly with the Freshwater Fish Farm and Biology Laboratory (Lapad) of Universidade Federal de Santa Catarina (UFSC), it breeds endangered fish species such as the South American trout, dorado, flannel-mouthed characins and piava, among others.

Flora

Tractebel Energia monitors the plant life in the regions where it operates, collecting seeds and flowers for analysis, cataloguing and subsequent production of seedlings. Thus, it aims to assure the continuity of species native to the region by reforestation and the recovery of vegetation and riparian forests in the areas surrounding the plants and local communities.

In 2010, approximately 285,000 saplings were planted and another 111,000 donated to public agencies and NGOs. In the five years since the program was created, approximately 1.8 million saplings have been produced, planted and donated.

Fauna

During the construction of a hydroelectric plant, the Company studies and rescues animals in the region during deforestation and reservoir formation, and maintains preservation strips along the plant's borders to support the growth of local wildlife.

Species that are potentially dangerous to local populations, particularly insects and snails that transmit diseases and poisonous and venomous animals, are also monitored and controlled by studies and regular research. Tractebel Energia also sponsors accident prevention programs.

Expenditures and investments in environmental management

In 2010, Tractebel Energia invested R$48.6 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.

An additional R$562 thousand was spent on liability insurance for environment-related contingencies resulting from sudden pollution events such as spills, R$134 thousand on 639 hours of training and environmental awareness programs and R$232 thousand on the certification and recertification of plants.

8 Social Management



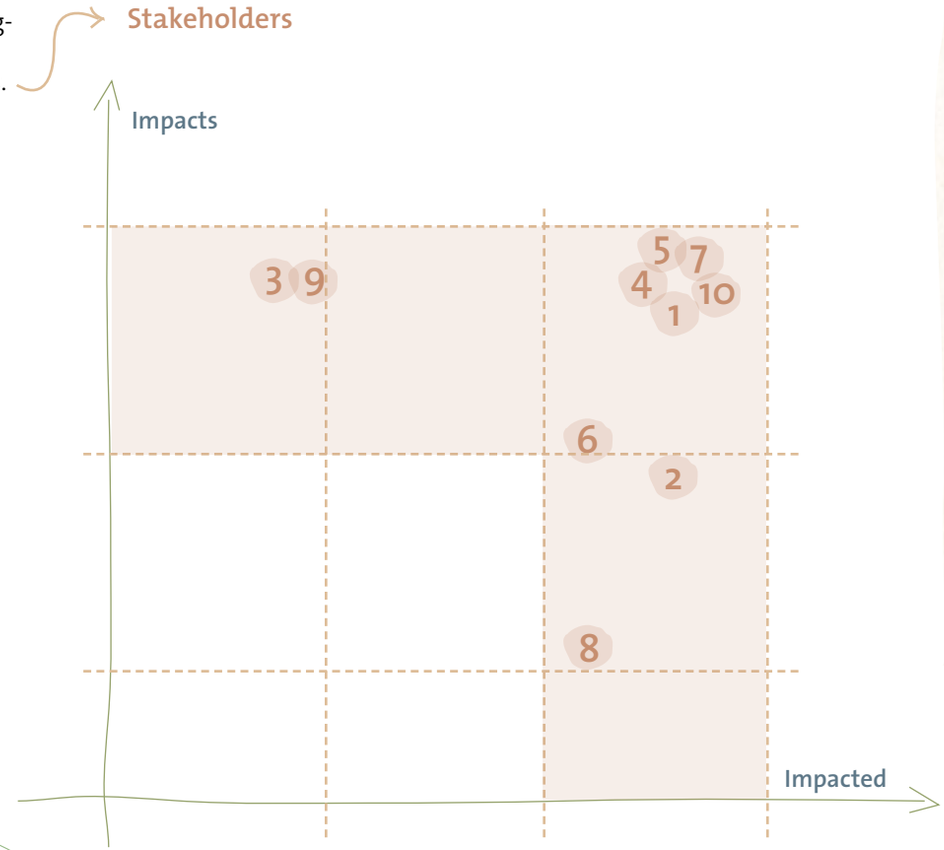
08. Social Management

GRI: 1.2	GRI: 2.7	GRI: 4.12	GRI: 4.13	GRI: 4.14	GRI: 4.15	GRI: 4.16	GRI: EC3	GRI: EC5	GRI: EC6	GRI: EC7
GRI: EC8	GRI: EC9	GRI: LA1	GRI: LA2	GRI: LA3	GRI: LA4	GRI: LA5	GRI: LA6	GRI: LA7	GRI: LA8	GRI: LA9
GRI: LA10	GRI: LA11	GRI: LA12	GRI: LA13	GRI: LA14	GRI: HR1	GRI: HR3	GRI: HR8	GRI: SO1	GRI: SO3	GRI: SO5
GRI: SO6	GRI: PR5	GRI: EU14	GRI: EU15	GRI: EU16	GRI: EU17	GRI: EU18	GRI: EU19	GRI: EU20	GRI: EU22	

Tractebel Energia seeks to develop successful and lasting integration with its stakeholders through the management of impacts and opportunities generated by the business in all three dimensions of sustainability.

Therefore, the Company establishes long-term relationships with all groups that impact or are impacted by its operations.

1. Employees and their representatives
2. Community
3. Media
4. Clients
5. Suppliers
6. Government
7. Shareholders
8. Social, environmental and industry groups
9. Financial institutions
10. Industry companies



In 2008, Tractebel Energia hosted a multidisciplinary workshop with several Company divisions to identify stakeholders that impact or are impacted by the business. The value attributed to each group by Tractebel Energia's representatives varies on a scale of 0 to 3 along the axes "impacts" and "impacted."

Prioritizing the topics of interest of its main stakeholders, Tractebel Energia consulted those with more than 2 points on at least one of the impact axes, as per the matrix at left. Thus, the main demands of these stakeholders regarding the Company's management and relationships are presented in specific sections within this chapter (stakeholders 1 to 7) or dispersed throughout this Report (stakeholders 8 to 10).

The Company's initiatives, as well as decision-making and planning of power supply and infrastructure, involve these stakeholders according to the following assumptions and guidelines:

» **Government, clients and shareholders:** transparency in communication with these stakeholders as pertains to identifying and managing demands, as well as market opportunities.

» **Communities:** public hearings and surveys for evaluation of the social, economic and environmental aspects related to the implementation and operation of a power plant in their city or region, in addition to participation in local development forums and joint social and economic development and environmental improvement initiatives.

» **Employees:** direct participation in Tractebel Energia's business – its structure, the operations of each organizational unit, new prospects under analysis and new projects.

» **Society:** information through the media on Tractebel Energia's initiatives to sustainably contribute to meeting their current and future power needs.

EMPLOYEES AND THEIR REPRESENTATIVES

Tractebel Energia's workforce is made up of qualified professionals - the majority of whom have broad experience - recruited from across the country, and whenever possible, from the communities where the Company operates. They are responsible for the Company's business routine and its consistent growth and value creation. It is for this reason that they are one of Tractebel Energia's main assets and distinctions. Through human resources management, the Company aims to promote their development, well-being and recognition.

"1,033 professionals put Tractebel Energia's strategy, culture and values into practice, guaranteeing joint development of the Company and all its stakeholders."

"In 2010, Tractebel Energia implemented its Sustainable Management Policy, based on its Mission, Vision and Values, establishing its management guidelines for Quality, Environment, Occupational Health and Safety and Social Responsibility."

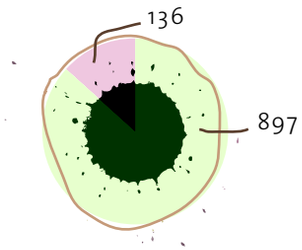
Distribution of employees by state

State	2010	2009	2008
Santa Catarina	670	649	640
Rio Grande do Sul	164	162	158
Paraná	102	99	96
São Paulo	2	4	4
Mato Grosso do Sul	10	8	9
Goiás	45	52	34
Mato Grosso	6	5	-
Tocantins	10	11	-
Maranhão	24	-	-
Total[1]	1,033[2]	990	941
Dismissals	39	33	36
Hires	82	82	61

[1] Total of own employees, hired under the Consolidated Labor Laws (CLT) regime.
[2] In addition, there are 77 interns, 55 trainees (students aged 15-18) and 680 professionals from specialized firms contracted to provide services to the Company during the year.

Employees by Gender

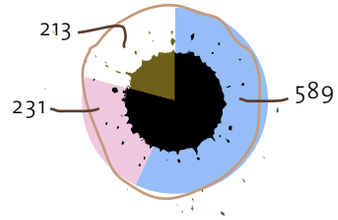
2010



Men
Women

Employees by Age

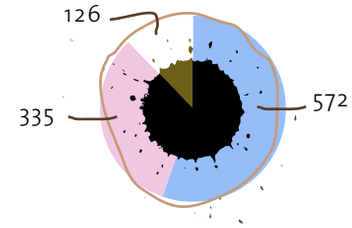
2010



30 to 50
More than 50
Less than 30

Employees by Occupation

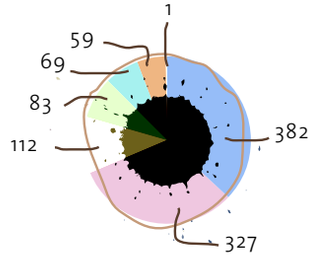
2010



Operators, Maintenance Technicians and Administrative Support
Analysts, Engineers and Specialists
Management

Employees by Years of Service*

2010

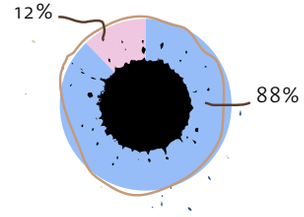


21 to 25
0 to 5
6 to 10
26 to 30
11 to 15
31 to 35
16 to 20

*Considering years of service at Eletrosul

Employees by Gender on Boards and Committes

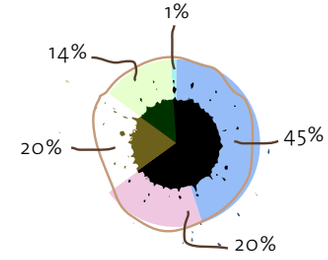
2010



Men
Women

Employees by Age on Boards and Committees

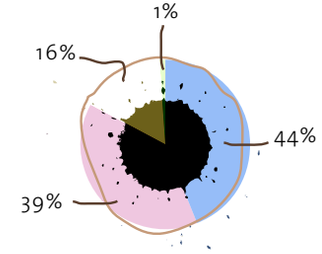
2010



50 to 59
40 to 49
30 to 39
60 or more
Up to 29

Employees by Education

2010



Vocational Training
Post-secondary Education
Secondary Education
Primary Education

The management policies and guidelines, which are based on three pillars, support the identification, hiring and retention of talent and assure the maintenance of a good organizational climate, opportunities for development, promotion of occupational health and safety, in addition to compensation and benefits aligned with best market practices.

Human resources management policies and guidelines

Recognition and motivation	Development	Health and well-being
Compensation and benefits	Training and development	Occupational Health and Safety
Climate survey	Career management	Quality of life

Complementary benefits

- Health insurance (medical, dental, pharmaceutical, psychological, speech therapy and nutritional assistance) for employees and their dependents.
- Daycare stipends.
- Meal vouchers.
- Assistance for persons with disabilities.
- Group life insurance, with coverage for permanent disability.

Compensation and benefits

Tractebel Energia compensates its employees based on best market practices, monitored through periodic salary surveys and maintains pay equity for both genders and all ethnic groups. Variable compensation is composed of profit sharing and management bonuses. Both are defined as a function of reaching individual targets and corporate goals, and employee performance as pertains to reaching goals and targets is evaluated annually.

Profit sharing is predicated on corporate results, as measured by EBITDA and net income in the period, in addition to reaching corporate targets and an evaluation regarding adherence to the organizational culture. These criteria are negotiated with unions and established in the collective bargaining agreement.

The management bonus is a way of compensating meeting of the individual targets of the Company's divisions. The amount distributed is proportional to the impact of the target on the corporate results and the level of difficulty involved in reaching that target.

In 2010, the lowest salary paid to an employee was 2.9 times higher than the current minimum wage.

Benefits to employees include the Previg – Sociedade de Previdência Complementar retirement plan, in which 99% of Tractebel Energia's employees participate. Employees and the Company each contribute 50% to the plan. In 2010, Tractebel Energia contributed R$19.3 million to Previg. Tractebel Energia also sponsors a private retirement plan with Fundação Eletrosul de Previdência e Assistência Social (ELOS), which totaled 2,188 participants in 2010, with R$28.0 million in Company contributions.

Organizational climate survey

Every two years, Tractebel Energia evaluates the performance of its human resource management with an organizational climate survey, aiming to strengthen the relationship of trust between the Company and its employees. In 2009, when the last survey was conducted, the rating of satisfaction with the work environment was 70%, 4 p.p. higher than in the previous survey and 10 p.p. higher than the average of the market in general.



Young Apprentice – organizer's vision

"The Young Apprentice Program has, to date, recruited approximately 700 youths between 15 and 18, 55 of which are in the current group. Despite the purpose of the Program being to prepare them for the labor market, some stand out so much that they are hired by the Company. Five are our employees. "

Cleusa Gomes Alves
Human Resources

Training and development

To ensure professional development and keep its workforce updated and qualified, the Company offers courses, training programs and lectures as means of ensuring the achievement of its medium- and long-term corporate goals. Around R$3.7 million was invested in 2010 in an average 88.6 hours of training and development per employee. This totaled 24,400 hours in technical courses, 19,360 hours in occupational safety, 664 hours in language courses and 47,099 hours in other types of training, such as behavior, ethics, human rights, leadership and communication.

The Company also offers scholarships of between 40% and 80% of tuition for eight undergraduate courses and five graduate courses. In 2010, Tractebel Energia granted scholarships to 45 employees.

Lectures on Tractebel Energia's Code of Ethics are offered through the Welcome Program, which is focused on new employees, and are made available to the Company's safety personnel as well. The lectures address topics such as diversity, non-discrimination and human rights. In 2010, the Sustainable Management Policy was shared with employees at the headquarters and the 15 plants that are OHSAS 18001, NBR ISO 9001 and NBR ISO 14001 certified and recertified with presentations at each location. The Policy was also shared with all other employees and service providers via internal and external communication vehicles, in addition to being published in newspapers in circulation where the Company operates and to being permanently available to all stakeholders on Tractebel Energia's website. Besides the guidelines, the policy includes information on how to contact the Sustainability and the Ethics committees.

Hours of training per employee in 2010

Position	Average hours
Managerial	43.2
Administrative	54.2
Technical-operational	164.5
General	88.6



Young Apprentice – participant's vision

"I am very proud of my history, because I joined this company when I was 16 through the Young Apprentice Program, which is a means of social inclusion for underprivileged youth. Today, I am 25 and have graduated college. Working at Tractebel Energia is a major achievement for me. "

Jefferson Pacheco Francisco
Accounting

Career management

Tractebel Energia's employees have access to career self-management tools offered by the Company through evaluations and feedback that help them improve their relationships and work processes.

All employees undergo annual performance evaluations that consider their achievement of goals and commitment to the Company's values. Moreover, every three years, employees are evaluated according to the 360° Feedback Model, which renders Individual Development Plans (IDP) based on organizational skills.

Tractebel Energia also maintains support programs for employee transitions into retirement and dismissal such as pre-retirement planning, Voluntary Layoff Programs (VLP) with severance pay based on time of service to the Company, and professional counseling. In 2010, 23% of Tractebel Energia's employees were eligible for retirement within the next five years and 43% in the next ten years. The Company has a succession plan to manage replacements and fill open posts.

Occupational Health and Safety

The Occupational Health and Safety management system developed by the Company is based on continuous improvement and aims to guarantee safety and promote improved health and quality of life for all its employees, service providers, suppliers and visitors. For this, it identifies and controls risks arising from processes, equipment and workplaces. All groups are instructed on the dangers and risks to which they may be exposed in each situation and the respective preventive and control measures to be taken.

In 2010, Tractebel Energia invested R$4.3 million in safety, health and quality of life. Investments in enhancing processes, equipment and work environments allowed the Company to obtain BS OHSAS 18001 (Occupational Safety and Health Management System) certification.

The Company has nine Internal Occupational Accident Prevention Committees (CIPAs), formed by members appointed by the management and employees. CIPAs are distributed among the administrative head office and the plants. At plants with less than 20 employees, there is an employee who is responsible for the same legal functions attributed to the Committees. Every year, an Internal Occupational Accident Prevention Week (Sipat) is held at the plants with CIPAs. The event addresses several related topics to increase employee awareness on routines and habits that create a safer, healthier environment. A total of 75 employees serve on the CIPAs or have been assigned to monitor compliance with safety standards.

There are an additional 31 professionals in the Occupational Health and Safety area, 18 of which are Tractebel Energia employees, with 13 service providers.

Occupational Health and Safety Indicators

	2010	2009	2008
TRACTEBEL ENERGIA EMPLOYEES			
No. of occupational and transportation-related accidents (with or without leave)	9	12	4
No. of days lost – occupational accidents with leave	91	117	14
Rate of occupational illness	0	0	0
Frequency rate	1.04	1.1	0.00
Severity rate	0.05	0.07	0.00
Fatal accidents	1[1]	0	0
Absenteeism	6,874	3,936	3,314
OUTSOURCED EMPLOYEES			
No. of hours of risk exposure	3,893,222	3,352,827	3,309,534
No. of occupational accidents with leave	9	15	16
No. of occupational and transportation-related accidents (with or without leave)	44	41	32
No. of days lost – occupational accidents with leave	78	279	388
Frequency rate	2.3	4.5	4.8
Severity rate	0.02	0.08	0.12
Fatal accidents	0	0	1
Absenteeism[2]	-	-	-

[1] Transportation-related accident.
[2] Controled by the contracted companies.

Parallel to the prevention of accidents and work-related illnesses, Tractebel Energia identifies the health profile of its employees and offers programs focused on health and quality of life, targeting the following:

a) Well-Being Management: initiatives related to encouraging the practice of sports, on-the-job exercise, healthy eating, stress management, treatment and prevention of addictions and service to people with special needs.

b) Health Management: the program is based on the annual check-up, divided in three stages: (i) laboratory and specific tests, (ii) questionnaires on health and lifestyle, and (iii) clinical consultation and determination of the individual health plan, an annual commitment by the employee regarding his or her own health.

In compliance with the NR-7 Regulatory Standard (Occupational Medicine), all employees are subject to annual exams. Tractebel Energia goes further by performing a series of exams and specific consultations to provide more complete and comprehensive data on the health of its employees.

All individual health information for the last five years - results of lab exams, surveys and the individual health plans - are available on the Corporate Portal for employees to follow their health histories.

In addition, the Company periodically carries out communication and preventive campaigns, such as flu vaccination and cancer prevention, as well as annual training for operators (first aid CPR and defibrillator) and events with speakers from the health area.
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Union and labor relations

All labor unions representing Tractebel Energia's employees maintain a constant dialog with the Company, which ensures all employees complete freedom of association and the right to collective bargaining.

Every year, collective bargaining agreements are signed, in compliance with the guidelines of the International Labor Organization (ILO). These agreements cover all Tractebel Energia employees and address matters such as pay raises, retirement plans, benefits, health and safety, safety equipment, and training and education for the members of emergency brigades and CIPAs.

The Company notifies its employees beforehand about operational changes. In accordance with union clauses, any change in the Employee Manual or in the Human Resources Management Rules, or changes to any other items included in the collective bargaining agreement, must be negotiated with the unions.

Itá Hydroelectric Power Plant





Cana Brava Hydroelectric Power Plant

COMMUNITY

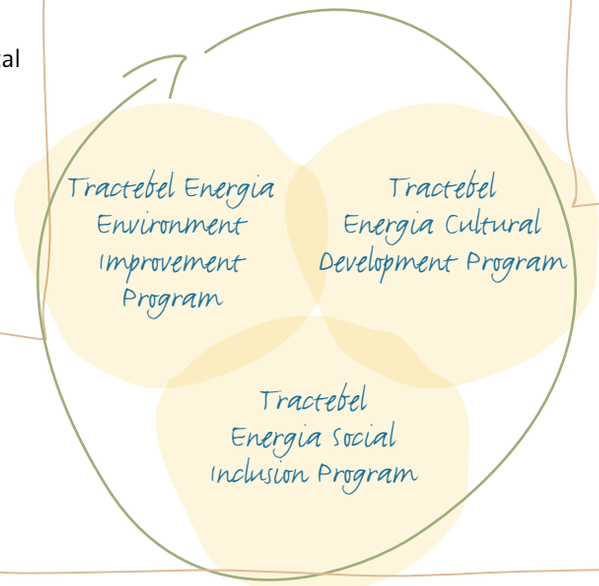
Tractebel Energia aims to effectively and proactively contribute to improving the quality of life in the communities where it operates. For example, the Company prioritizes hiring local staff and suppliers. The Company also works for the sustainable development of these communities with additional initiatives that may generate economic results, social advances and environmental conservation.

These initiatives are carried out in partnership with local representative agents, as well as through donations and sponsorships. Tractebel Energia Social Responsibility Programs orient the selection of projects and initiatives developed for the communities.

Tractebel Energia Social Responsibility Programs

Focus on environmental education, recovery of degraded areas and reforestation

» Reduction of the environmental impacts of the Company's activities.
» Ecological awareness.
» Rationalization of natural resource use.
» Improved quality of life.



Focus on cultural development of communities

» Preservation and appreciation of cultural characteristics of each region.
» Local cultural development.
» Promotion of the use of tax incentives to benefit communities.

Focus on improved quality of life of children and adolescents in underprivileged communities

» Childhood education.
» Partnerships in social services, health and justice (defense of the rights of children and adolescents).
» Professional training for youths.
» Awareness raising in communities to overcome extreme poverty and promote social inclusion of at-risk children.

In 2010, approximately R$7.8 million in funds from fiscal incentives and about R$2.0 million in Tractebel Energia's own funds were invested in more than 100 projects, selected from more than 800 requests made to the Company. The criteria for the selection are based on budget aspects and on the operational scope of Tractebel Energia's three Social Responsibility Programs.

Below are some of the main projects sponsored and developed by the Company in 2010:

a) **Tractebel Energia Cultural Development Program:**

» Entre Rios do Sul Culture and Sustainability Center, Rio Grande do Sul State, near Passo Fundo Hydroelectric Power Plant: the Center, which is currently under construction, will be managed by a local, completely autonomous association. Its architecture is based on the most modern sustainability techniques and meets all legal requirements related to accessibility and safety. Made for the surrounding community, it will feature an amphitheater, digital inclusion workshops, training classes, a library, museum and exhibit space. Tractebel Energia sponsors the Center with a R$1.6 million investment.
» Bolshoi School of Ballet in Joinvile, Santa Catarina State: R$200 thousand.
» Orchestra-School Project, implemented across Santa Catarina State: R$100 thousand.
» *Brasil Orgânico* (Organic Brazil) Documentary: R$70 thousand.
» Children's Film Festival in Florianópolis, Santa Catarina State: R$40 thousand.

b) **Tractebel Energia Environmental Improvement Program:**

» Project for the conservation of 300 springs located near Salto Santiago Hydroelectric Power Plant in Chopinzinho, Paraná State: R$108 thousand.
» Environmental Journalism Award sponsorship, in partnership with Fatma: R$70 thousand.
» Solar Boat Project (solar-powered boat) developed by electrical engineering students from Universidade Federal de Santa Catarina for national competition: R$50 thousand.

C) **Tractebel Energia Social Inclusion Programs:**

» Project for the protection of childhood and youth, Florianópolis, Santa Catarina State: R$150 thousand.
» Project Sentinel against Child Sexual Abuse, Florianópolis, Santa Catarina State: R$100 thousand.
» Project for preventing school drop-outs, statewide in Santa Catarina: R$35 thousand.
» Junior Achievement Santa Catarina: R$24 thousand.
» Running for Peace Marathon, focused on prevention of youth drug use, Florianópolis, Santa Catarina State: R$20 thousand.



School Project – development

"Manoel Rufino Francisco School, in the city of Tubarão, in an at-risk area, together with Tractebel Energia, is changing the local community. The mothers' crafts workshop and the presentations for families on behavior and employability brought people knowledge, hope and respect. To see them exhibit and sell their products is to see a new, dignified world open up to them."

Mario Cesar Ventura
Administrative - Jorge Lacerda

Institutional community participation

In addition to projects carried out in partnership with local institutions, Tractebel Energia participates in several organizations focused on issues relevant to society. In this way, it broadens its contribution to development and communication with its stakeholders. Its employees and/or management take part in several forums, bodies and committees, among which we can highlight:

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

An important tool developed by the Company to enhance dialogue with society and engagement of its stakeholders is the plant visitation program. Through this program, Tractebel Energia has the opportunity to present its projects to the communities, explaining the operating models of the generating complex and the Company's integration with the environment and society. During the visits, the Company's technicians guide students, government and NGO representatives and people from the community.

Visits to plants in 2010

Jorge Lacerda Thermoelectric Complex	9,533
Alegrete TPP	453
Charqueadas TPP	716
Lages Cogeneration Unit	604
William Arjona TPP	190
Passo Fundo HPP	-
Itá HPP	17,285
Machadinho HPP	7,598
Cana Brava HPP	1,498
Salto Santiago HPP	4,228
Salto Osório HPP	3,210
São Salvador HPP	85
Total	45,400



JLTC visits

"Jorge Lacerda Thermoelectric Complex Visitation Program has been growing year after year. In 2010, we received approximately 10,000 visitors. We were able to share our corporate values with them, and show the importance of Jorge Lacerda Complex in the production chain – extraction, transportation and production. We have also stressed our concern for the environment, especially in the garden and the Model Garden Environmental Education program."

Tânia Regina Saldanha do Amaral
Administrative - Jorge Lacerda

Implementation of new projects

Tractebel Energia's social and environmental policy seeks to mitigate negative social and environmental impacts on communities and create opportunities for development that take into account the cultural identity and characteristics of each region.

During the implementation of new projects, the Company applies the policy and performs, before construction has started, a social and economic survey that evaluates the social characteristics and main economic activities of the local population. After the survey is complete, the Company implements measures to mitigate impacts and create benefits for the community, such as new jobs, additional tax revenue, new economic opportunities and improved health, education, leisure, safety and sanitation infrastructure for the general population.

Initiatives developed during the installation of the plants[1]

Operating areas	Measures adopted
Housing Relocation of families who become the legal owners of the land or property where they are relocated	**Property-owning families** » Indemnification of undeveloped land and productive and non-productive improvements. » Rural or urban relocation. » Letter of credit for self-relocation. **Non-property owning families (with productive ties to the land and economic dependence)** » Indemnification of productive and non-productive improvements. » Collective relocation. » Relocation to remaining areas. » Letter of credit for self-relocation.
Infrastructure	» Home building. » Basic sanitation. » 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 potential, and monitoring of vocational classes and state and federal development and income programs.

[1] Initiatives vary according to the project, the needs and structure of local communities.

Estreito Hydroelectric Power Plant

During the establishment of Estreito HPP in 2010, in addition to the project's social and environmental requirements, the Sustainable Local Development Program, also known as ISE - Social Investment in the Surroundings of Estreito Hydroelectric Power Plant - was started with BNDES and other members of Consórcio Estreito. With the aim of promoting sustainable development of the region, in 2010, R$18 million of a total of R$76.6 million budgeted was invested. Initiatives include training of public administrators and teaching youths and adults to read, in addition to various projects and activities related to health, education and sanitation. More than 130 projects will be carried out, going above and beyond the obligations imposed by environmental licensing. Below are some of the initiatives developed in the region of Estreito Hydroelectric Power Plant:

Relocation of Families and Indemnifications: a total of 2,400 properties were indemnified and 1,010 families were relocated – 146 of them as collective rural resettlements, 42 as collective urban resettlements and 822 as self-resettlement through letters of credit.

Agreements: Mutual Commitment Agreements (AMC) were executed, encompassing a total of R$20.5 million invested in safety, health, education, sanitation and social initiatives in 2010. Several construction works were executed, such as the renovation and building of police stations, acquisition of cars for the Civil and Military Police, building and rennovation of hospitals and health centers, acquisition of ambulances, building and renovation of municipal and state schools and building of homes for the elderly and community councils. Urban masterplans were also drafted, among other support and maintenance actions for public institutions aiming to serve the local population and people migrating to the region due to the project.

Social Communication: four Information Centers were established, and from January 2007 to December 2010 they provided 17,316 local residents with information regarding the Company's projects, in addition to a Mobile Information Center that traveled 74,578 km and served 11,617 people. A Migrant Service Center was also created; it served and provided guidance to 1,922 people who had arrived in the region looking for jobs.

Environmental Education and Citizenship: the Environmental Education Center offered workshops, training, exhibits and educational lectures on the environment for more than 13 thousand participants. Complementing these initiatives, the Social Power Plant Project was implemented, bringing citizenship, dental health and treatment, gynecology, leisure activities and basic nutrition courses to 12 neighboring cities. In addition, the Sanitation and Nutrition Project, created by the NGO INMED Brasil, which already serves about 15 thousand school-aged children in the region, is being implemented.

Support for Indigenous Communities: Tractebel Energia signed an agreement with the National Indigenous Foundation (Funai) regarding a plan to support the indigenous populations directly impacted by the project, with planned investments of R$16 million divided into 11 installments over ten years.



Surroundings of Itá Hydroelectric Power Plant

MEDIA

The Company's relationship with the media is based on the Communication Policies and Guidelines of Tractebel Energia, which are constantly updated and approved by the Executive Board. This policy establishes that information should be made available to the media in an ethical, fast and transparent manner.

The Company's spokesperson is the CEO, who may partially delegate this duty to other officers and managers.

CLIENTS

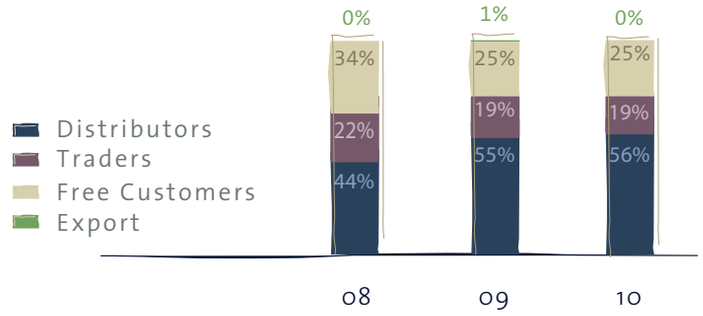
Tractebel Energia's portfolio is diversified, comprising sales to distributors through government power auctions, as well as traders and free customers (especially large industrial consumers), who are served by agreements with flexible volumes and durations. In the free customers segment, the Company also used the diversification strategy, distributing sales among various industries.

The participation of free customers in physical sales remained stable at 25.0% at the end of 2010. On the other hand, their contribution to gross income from contracted sales increased 0.3 p.p., reaching 23.6% in 2010.

> **In 2010, the Company gained 21 new clients and renewed contracts with another 13, 5 of which increased the quantity of contracted energy.**

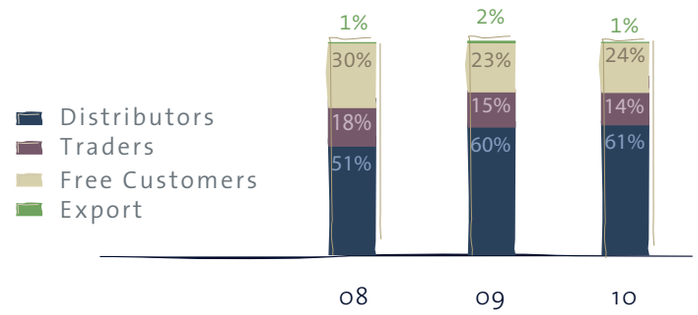
Phyiscal Sales by Client

2008-2010



Contracted Sales in Gross Operating Revenue by Client

2008-2010





Client energy efficiency program

"I am proud of participating in the Industrial Client Energy Efficiency Program, which promotes optimization of power consumption at factories, contributing to increasing their competitiveness, conservation of natural resources, energy security and sustainable development."

Sayonara Mariluza Tapparo Xavier
Energy Trading

Tractebel Energia maintains close relationships with its clients to identify their needs and expectations and anticipate the development of unique products, services and customized solutions to build loyalty.

The Company has a team of professionals who are responsible for post-sales service and rapid resolution of any problems, in addition to regular customer surveys through independent consultants. This survey aims to detect potential areas for improvement and opportunities for developing new products and services.

Tractebel Energia's most recent customer survey was carried out in 2010 and showed growing satisfaction, reflecting improvements to the Company's commercial management. The total satisfaction index reached 96.9%: 23.9% of clients said they were satisfied and 73%, very satisfied.

As part of the client management program, Tractebel Energia organizes technical seminars and visits to plants to present its operations. In addition, the Company's website provides an exclusive channel for these stakeholders with updated information on contracted supply and the power market in general, monitoring of the quality of power consumed and monthly bills. Tractebel Energia's information security policy and procedures ensure that all client information and data is kept strictly confidential.

SUPPLIERS

Coal suppliers to Jorge Lacerda and Charqueadas TPPs are subject to environmental performance evaluations that require, as an indispensable criterion for contract maintenance, NBR ISO 14001 certification, which establishes guidelines for environmental management of production.

Tractebel Energia seeks to develop solid relationship with its suppliers, fostering the adoption of socially and environmentally responsible practices in its supply chain. Thus, its supplier management applies a methodology for training and evaluation of the supplier's performance and commitments to social responsibility, human rights, occupational health and safety and the environment.

According to this methodology, the contracting process identifies partners that pursue sustainable practices that are aligned with the principles established in Tractebel Energia's Code of Ethics and Environmental Code. These are documents that suppliers must acknowledge as part of their agreements with the Company. In addition, all of Tractebel Energia's supply agreements have specific provisions that forbid the use of child labor and forced labor by any supplier or service provider.

After the first evaluation of sustainable practices, purchasing is done through a module that registers estimate proposals and process procedures for the purchaser to evaluate, compare and select the offer that best meets the Company's requirements.



Sustainable standard contracts

"To reinforce Tractebel Energia's social responsibility, we elaborated sustainable standard contracts. All the contract models have mandatory clauses that expressly prohibit child and slave labor, guarantee labor rights and ensure compliance with occupational health and safety standards, as well as the Environmental Code and Tractebel Energia Sustainable Management Policy."

Cristina Riggenbach
Legal Matters

Local development

The process of contracting suppliers is also aligned with the Company's objective of stimulating sustainable development in the communities where it operates. Thus, Tractebel seeks to meet its objectives by contracting local suppliers, especially for long-term services (over 12 months).

In 2010, considering all of its production units, the Company maintained outsourced service agreements with 59 companies that use local workforces – equivalent to 40% of the total and R$36.0 million – for maintenance, environmental, utilities, security, janitorial, IT and infrastructure services.

Also as part of the local development project, employees and dependents of outsourced service providers are offered a permanent benefit program. The costs related to the project, which includes health and dental plans, are included in the total value of the Company's agreements, benefiting over 1,500 people.

> **"The process of contracting suppliers is also aligned to the Company's objective of stimulating sustainable development in the communities where it operates."**

GOVERNMENT

Tractebel Energia has an institutional relationship with the government at all levels, but has no formal policy for participating in drafting public policies or lobbying. On the other hand, in line with the goal of fostering social development, in addition to formal institutional relationships, the Company maintains a permanent constructive dialogue with all levels of government. Through this dialogue, Tractebel Energia performs its role as a relevant organization in the debate on public policies and participates in the development of issues related to its business.

This relationship is promoted through the Company's participation in committees and on boards linked to state and municipal governments in the regions where it operates that debate topics such as the rational use of water resources, the importance of basic sanitation and several other aspects relevant to economic, financial, social and environmental development.

In addition, Tractebel Energia's employees and their representatives also maintain solid relationships with professional associations, regulatory and normative bodies and non-profit organizations.

Participation in committees and boards

- National Electric Power Agency (Aneel)
- Brazilian Association of Electric Power Concessionaires (ABCE)
- Brazilian Association of Power Generation Companies (Abrage)
- Brazilian Association of Maintenance (Abraman)
- Brazilian Association of Independent Electric Power Producers (Apine)
- Power Cogeneration Association of São Paulo (Cogen)
- Apuaê-Inhadava Hydrographic Basin
- Energy Trading Board (CCEE)
- Electric Power Research Center (Cepel)
- Regional Electric Integration Commission (CIER)
- National Nuclear Power Commission (CNEN)
- Brazilian National Committee of Power Production and Transmission (Cigre)
- Infrastructure Board (Coinfra)
- Energy Research Bureau (EPE)
- Santa Catarina State Federation of Industry (Fiesc)
- Rio Grande do Sul State Federation and Center for Industry (Fiergs)
- Corporate Management Committee Foundation (Funcoge)
- ACENDE Brasil Institute
- Ministry of Development, Industry and Foreign Trade (MDIC)
- National Power System Operator (ONS)
- World Energy Council – Brazilian Committee (CBCME)



Ibitiúva Bionergética Thermoelectric Power Plant

Support for political parties

Tractebel Energia supports political parties or candidates for offices in the Legislative Branch in strict compliance with the legislation applicable to campaign donations. These contributions are approved by Company's Ethics Committee and are made public through the internet on the website of the Superior Electoral Court (TSE). In 2010, Tractebel Energia donated R$7.0 million to candidates or political parties.

SHAREHOLDERS

Tractebel Energia is committed to transparency and thus maintains regular, constant and objective contact with its investors, through the various communication channels it provides. On the Company's website, a specific area provides data on performance and all other information that may furnish the necessary basis for investment decision making. Among them are material facts, announcements to the market, the Company's quarterly performance reports and the Sustainability Report, which is published annually.

In addition, the Company's Investor Relations (IR) department holds quarterly conference calls to present results as well as meetings with investors and investment analysts, such as Capital Market Professionals and Investors Association (Apimec) meetings. It also regularly participates in the conferences and seminars organized by leading investment banks. Thus, it aims to provide the access to the corporate information required by investors. In 2010, the IR team participated in 54 meetings promoted by capital market bodies in Brazil and abroad.

Analyst and investor visits to Tractebel Energia's plants are also part of the communication and investor relations program. In 2010, the Company sponsored a visit to Ibitiúva Bioenergética Thermoelectric Power Plant in Pitangueiras, São Paulo State, which was attended by about 50 analysts from several institutions.

9 Awards and Acknowledgements



09. Awards and Acknowledgements

GRI: 2.10

In 2010, Tractebel Energia's management, projects and communication were acknowledged by the following awards:

Transparency Award (Anefac)

Recognized for the transparency of its financial statements, selected from among more than 700 balance sheets evaluated in 2010 and chosen as one of 20 finalists of the 14th edition of the Award.

The Best of Dinheiro Magazine – special edition of Isto É Dinheiro magazine

The Company earned the top spot in the "power industry" ranking in Human Resources Management, 2nd place in Financial Sustainability and 2nd place in Corporate Governance.

2010 Ecology Expression Award

Tractebel Energia received the Green Wave award in Production Inputs Conservation - Energy at the 18th Ecology Expression Awards for the "Tractebel Energia Efficiency Diagnosis for Industrial Clients Program and its Contribution to the Reduction of Greenhouse Gas Emissions". The Program was created in 2004 as the result of the client loyalty policy. It focuses on sustainable development and is offered free of charge to free market consumers. Through September of 2010, the Company had R$4.2 million invested in this Program, with an average cost of R$235 thousand per diagnosis.

6th Environmental Brazil Award

In a partnership with Consórcio Itá, Fatma and Ecopef (the co-managing team of the Fritz Plaumann Park), Tractebel Energia won the prize awarded by the American Chamber of Commerce in the Forests category. The Company and its partners were awarded for the implementation, management and operation of Fritz Plaumann State Park, with the development of an innovative management model for protected areas in order to facilitate the protection and public use of natural resources. By fostering the creation of a public interest civil society organization (Oscip), training young adults in the community to participate in the park management through Ecopef (co-managing team of Fritz Plaumann Park), Consórcio Itá went far beyond its legal obligations, ensuring the sustainability of the project.

12th Abrasca Award for Annual Reports

Tractebel Energia's 2009 Sustainability Report took fourth place, selected from among more than 30 participating publicly-held companies, recognized for the quality, transparency and objectivity of the information provided by the publication. In addition, the Company received an honorable mention in the "Risk Management" category.

Consolidated Social Balance Sheet

Tractebel Energia

	2010	2009
1. Basis	**R$ thousand**	**R$ thousand**
Net revenue	4,100,381	3,496,677
Operating income	1,721,310	1,537,207
Gross payroll	109,289	97,564

2.Internal social indicators	R$ thousand	% of gross payroll	% of net revenue	R$ thousand	% of gross payroll	% of net revenue
Food	8,164	7.47	0.20	7,997	8.20	0.23
Mandatory social taxes	35,907	32.86	0.88	31,447	32.23	0.90
Private pension plan	33,785	35.93	1.00	35,722	35.21	0.96
Occupational health and safety	12,971	11.87	0.32	11,631	11.92	0.33
Education	3,430	3.14	0.08	2,562	2.63	0.07
Profit sharing	18,733	17.14	0.46	17,010	17.43	0.49
Other benefits	7,116	6.51	0.17	6,602	6.77	0.19
Total internal social indicators	**120,106**	**114.92**	**3.11**	**112,971**	**114.39**	**3.17**

3.External social indicators	R$ thousand	% of operating income	% of net revenue	R$ thousand	% of operating income	% of net revenue
Education	1,632	0.09	0.04	1,592	0.10	0.05
Culture	7,062	0.41	0.17	2,296	0.15	0.07
Other	4,850	0.28	0.12	5,513	0.36	0.16
Total contributions to society	13,544	0.79	0.33	9,401	0.61	0.27
Taxation (except social charges)	984,909	57.22	24.02	840,703	54.69	24.04
Total external social indicators	**998,453**	**58.79**	**24.68**	**850,104**	**55.91**	**24.59**

The internal social indicators established in the iBase model on health, training and professional development and nursery-assistence are consolidated in the items safety and health at work, education and others, respectively.
The external social indicators of the iBase model which were not subject to investments by the Company were not listed in the social assessment.

	2010			2009		
4. Environmental indicators	R$ thousand	% of operating income	% of net revenue	R$ thousand	% of operating income	% of net revenue
Investments related to the Company's production/operation	17,505	1.02	0.43	13,689	0.89	0.39
Investments in external programs/ projects	22,452	1.30	0.55	53,462	3.48	1.53
Total environmenal investments	**39,957**	**2.32**	**0.98**	**67,151**	**4.37**	**1.92**

5. Workforce indicators	Number	Number
Number of employees at the end of the year	1,033	990
Number of employees admitted over the year	82	82
Number of outsourced employees	3,012	729
Number of interns	77	71
Number of employees over 45	438	362
Number of female employees	136	129
% of female executive officers and managers	3.7%	3.7%
Number of African-Brazilian employees	There is no formal statement by employees on skin color, thus making it impossible to answer these indicators	There is no formal statement by employees on skin color, thus making it impossible to answer these indicators
%of African-Brazilian executive officers and managers	There is no formal statement by employees on skin color, thus making it impossible to answer these indicators	There is no formal statement by employees on skin color, thus making it impossible to answer these indicators
Number of disable persons or persons with special needs	9	10

The internal social indicators established in the iBase model on health, training and professional development and nursery-assistence are consolidated in the items safety and health at work, education and others, respectively.
The external social indicators of the iBase model which were not subject to investments by the Company were not listed in the social assessment.

	2010			2011 goals		
6. Relevant information related to corporate citizenship						
Largest compensation over smallest compensation ratio in the Company			17.96			Not defined
Total number of work related accidents			9			0
Social and environmental projects undertaken by the Company were determined by:	( ) executive officers	(x) executive officers and managers + Sustainability Committee	( ) all employees	( ) executive officers	(x) executive officers and managers + Sustainability Committee	( ) all employees
Occupational health and safety standards were determined by:	(x) executive officers and managers	( ) all employees	( ) all employees	(x) executive officers and managers	( ) all employees	( ) all employees
Regarding freedom of association, right to collective bargaining and internal representation of employees, the Company:	( ) has no involvement	(x) follows ILO rules	( ) fosters and follows ILO rules	( ) has no involvement	(x) follows ILO rules	( ) fosters and follows ILO rules
Private pension plan includes:	( ) executive officers	( ) executive officers and managers	(x) all employees	( ) executive officers	( ) executive officers and managers	(x) all employees
Profit sharing plan includes:	( ) executive officers	( ) executive officers and managers	(x) all employees	( ) executive officers	( ) executive officers and managers	(x) all employees
For supplier selection, they should follow the same ethical, social responsibility and environmental protection standards adopted by the Company:	( ) this is not a relevant consideration	( ) they are suggested	(x) they are required	( ) this is not a relevant consideration	( ) they are suggested	(x) they are required
Regarding employee participation in volunteer work, the Company:	( ) has no involvement	(x) supports initiatives	( ) organizes and provides incentives	( ) has no involvement	(x) supports initiatives	( ) organizes and provides incentives
Total value added distribution (R$ thousand):			**R$3,171,494**			**Not defined**
Value Added Distribution (VAD):	43.50% government 5.63% employees 38.21% shareholders 12.66% third parties 0% retained			ND% government ND% employees ND% shareholders ND% third parties ND% retained		

7. Other information
Not defined

The internal social indicators established in the iBase model on health, training and professional development and nursery-assistence are consolidated in the items safety and health at work, education and others, respectively.
The external social indicators of the iBase model which were not subject to investments by the Company were not listed in the social assessment.

GRI Index

Profile

1. Strategy and analysis

		Reporting	Reference (pg.) / Direct response	Information not reported	Reason not reported	Explanation
1.1	Statement from the most senior decision-maker of the organization on the sustainability relevance for the organization	Complete	8 and 9			
1.2	Description of key impacts, risks and opportunities	Complete	32 and 34, 38 and 39, 107 and 108			

2. Organizational profile

		Reporting	Reference (pg.) / Direct response	Information not reported	Reason not reported	Explanation
2.1	Name of the organization	Complete	Tractebel Energia S.A.			
2.2	Primary brands, products and/or services	Complete	13 to 22			
2.3	Operational structure	Complete	13 to 22			
2.4	Location of organization's headquarters	Complete	13			
2.5	Number of countries where the organization operates	Complete	Tractebel's operations are located in Brazil.			
2.6	Type and nature of ownership and legal form	Complete	17 to 22			
2.7	Markets served	Complete	17 to 22, 109 and 110			
2.8	Scale of the organization	Complete	13 to 22			
2.9	Significant changes during the reporting period	Complete	10 and 11 and 13 to 17			
2.10	Awards received in the reporting period	Complete	114			

3. Report parameters

		Reporting	Reference (pg.) / Direct response	Information not reported	Reason not reported	Explanation
3.1	Reporting period	Complete	10			
3.2	Date of most recent previous report	Complete	10			
3.3	Reporting cycle	Complete	10			
3.4	Contact point	Complete	138			

3. Report parameters

		Reporting	Reference (pg.) / Direct response	Information not reported	Reason not reported	Explanation
3.5	Process for defining report content	Complete	10 and 11			
3.6	Boundary of the report	Complete	Reported data covers Tractebel's operations nationwide, as well as those of its subsidiaries and its shares in consortia.			
3.7	Statement on any specific limitations on the scope or boundary of the report	Complete	10 and 11			
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations and other entities	Complete	14 to 16			
3.9	Data measurement techniques	Complete	10 and 11			Possible changes in analysis basis and data checking are properly indicated throughout the text.
3.10	Explanation on the effect of any re-statements of information provided in earlier reports	Complete	11 and 53			
3.11	Significant changes from previous reporting periods in the scope, boundary or methods applied in the report	Complete	53			
3.12	Table identifying the location of information in the report	Complete	118 to 135			
3.13	External data verification	Complete	137			The outsourced verification of Tractebel Energia's report is audited by PricewaterhouseCoopers.

4. Governance, commitment and engagement

		Reporting	Reference (pg.) / Direct response	Information not reported	Reason not reported	Explanation
4.1	Governance structure	Complete	24 a 30			
4.2	Indicate whether the Chair of the highest governance body is also an executive officer	Complete	The Chairman does not hold a position as Executive Director.			

4. Governance, commitment and engagement

		Reporting	Reference (pg.) / Direct response	Information not reported	Reason not reported	Explanation
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 nonexecutive members	Complete	27			
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	Complete	27			In addition to minority shareholders, employees also have access to the Board of Directors through the CEO.
4.5	Linkage between compensation for members of the highest governance body, senior managers and executives, including the organization's performance	Complete	30			
4.6	Process in place for the highest governance body to ensure conflicts of interest are avoided	Complete	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	Complete	26 to 30			
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	Complete	4, 12 and 25			
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance	Complete	24 to 30			
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	Complete	There is no performance self-evaluation on the economic, environmental or social dimensions formalized in the Board of Directors. However, as it considers this evaluation as a good practice, the adoption of a model that considers self-evaluation is under analysis.			
4.11	Explanation of whether and how the precautionary principle is addressed by the organization	Complete	38			

4. Governance, commitment and engagement

		Reporting	Reference (pg.) / Direct response	Information not reported	Reason not reported	Explanation
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	Complete	104 to 108, 111 and 112			
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	Complete	112			
4.14	List of stakeholders groups engaged by the organization	Complete	10, 97 and 98			
4.15	Basis for identification and selection of stakeholders with whom to engage	Complete	97 and 98			
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Complete	97			As part of the Sustainability Report elaboration process, the Company annually engages and consults its stakeholders with simultaneous online survey for all stakeholders.
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics	Complete	10			

5. Economic performance

		Reporting	Reference (pg.) / Direct response	Information not reported	Reason not reported	Explanation
	Information on economic management	Complete	33 and 34 and 100 to 111			
Aspect	Economic performance	Complete	33 and 34			
EC1	Direct economic value generated and distributed	Complete	7			
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	Complete	86			
EC3	Coverage of the organization's defined benefit plan obligations	Complete	100			

5. Economic performance

		Reporting	Reference (pg.) / Direct response	Information not reported	Reason not reported	Explanation
EC4	Financial assistance received from government	Complete	Ponte de Pedra Hydroelectric Power Plant has partial income tax exemption for 10 years, from 2006 on, as it is located within Sudam's limits (Amazon Region Development Authority).			
Aspect	Market presence	Complete	108 to 111			
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation	Partial	100	The indicator is presented as an average, instead of by operating unit.	Confidential information	
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	Complete	111			
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation	Partial	102	Does not include breakdown of locally recruited managers.	Not material	The Company does not disclose the breakdown by function of the locally recruited employees.
Aspect	Indirect economic impacts	Complete	104 to 108			
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	Complete	104 to 108			
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts	Complete	107 and 108			

6. Environment

		Reporting	Reference (pg.) / Direct response	Information not reported	Reason not reported	Explanation
	Information on environmental management COM	Complete	63 to 95			
Aspect	Material	Complete	92 and 94			
EN1 COM	Materials used by weight or volume	Complete	94			

6. Environment

		Reporting	Reference (pg.) / Direct response	Information not reported	Reason not reported	Explanation
EN2	Percentage of used materials from recycling	Complete	92			Paper is the only recycled material used by the Company.
Aspect	Energy	Partial	87			
EN3	Direct energy consumption listed as primary energy source	Complete	87	Amount of saved energy due to conservation and efficiency improvements.	Not available	In 2010 the Company started a survey on its atmospheric emissions, which will include indirect power consumption and the evolution and reduction of consumption due to improved conservation and efficiency.
EN4	Indirect energy consumption listed as primary source	Not reported			Not applicable	The Company's main consumption at plants is power from the very facilities, that being, it has no indirect power consumption (from external sources).
EN5	Energy saved due to conservation and efficiency improvements	Not reported			Not available	In 2010 the Company started a survey on its atmospheric emissions, which will include indirect power consumption and the evolution and reduction of consumption due to improved 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	Not reported			Not applicable	
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	Complete	87			
Aspect	Water	Partial	88 and 89			
EN8[COM]	Total water withdrawal by source	Complete	88 and 89			
EN9	Water sources significantly affected by withdrawal of water	Not reported			Not applicable	The Company's withdrawal of water in these cases does not fit the criteria of significant withdrawals.
EN10	Percentage and total volume of water recycled and reused	Complete	88			

6. Environment

		Reporting	Reference (pg.) / Direct response	Information not reported	Reason not reported	Explanation	
Aspect	Biodiversity	Partial	81, 82 and 85	Number of species on IUCN's Red List and in national habitat conservation lists in areas affected by operations.	Non-material	The Company surveyed all the species of the areas surrounding its reservoirs, but there is not a consolidated number of how many of these species are part of the national conservation lists.	
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Complete	81, 82 and 95				
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	Complete	95				
EN13	Habitats protected or restored	Complete	81, 82 and 95				
EN14[COM]	Strategies, current actions, and future plans for managing impacts on biodiversity	Complete	81, 82 and 95				
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 reported		Number of species on IUCN's Red List and in national habitat conservation lists in areas affected by operations.	Non-material	The Company surveyed all the species of the areas surrounding its reservoirs, but there is not a consolidated number of how many of these species are part of the national conservation lists.	
Aspect	Emissions, effluents and waste	Partial	83 to 85 and 88 to 93	Other relevant greenhouse gases emissions	Not available	Measurements do not cover the business' indirect emissions, but the Company plans to monitor them in the mid-term and started monitoring and surveying for its greenhouse gas emissions inventory.	To be reported in 2013
EN16[COM]	Total direct and indirect greenhouse gas emissions by weight	Complete	83 to 85				

6. Environment

		Reporting	Reference (pg.) / Direct response	Information not reported	Reason not reported	Explanation
EN17	Other relevant indirect greenhouse gas emissions by weight	Not reported			Not available	Measurements do not cover the business' indirect emissions, but the Company plans to monitor them in the mid-term and started monitoring and surveying for its greenhouse gas emissions inventory. To be reported in 2013
EN18^{COM}	Initiatives to reduce greenhouse gas emissions and reductions achieved	Complete	83			
EN19	Emissions of ozone-depleting substances by weight	Complete	84 and 85			
EN20^{COM}	NOx, SOx, and other significant air emissions by type and weight	Complete	84 and 85			
EN21^{COM}	Total water discharge by quality and destination	Complete	88 and 89			
EN22^{COM}	Total weight of waste by type and disposal method	Complete	90 to 93			
EN23	Total number and volume of significant spills	Complete	No significant spill was recorded in 2010.			
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	Complete	90 and 91			
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	Complete	81 and 82			The Company's discharges in these cases do not fit the GRI's criteria.
Aspect	Products and services	Not reported			Not applicable	Does not apply to the Company's products and services.
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	Not reported			Not applicable	Does not apply to the Company's products and services.
EN27	Percentage of products sold and their packaging materials that are reclaimed by category	Not reported			Not applicable	Does not apply to the Company's products and services.

6. Environment

		Reporting	Reference (pg.) / Direct response	Information not reported	Reason not reported	Explanation
Aspect	Conformity	Complete	EN28 Indicator in the GRI Index.			
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Complete	The Company was not significantly fined due to the non-compliance of the environmental regulations in 2010.			
Aspect	Transportation	Complete	87			
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	Complete	87			The Company has procedures to monitor the levels of black smoke from diesel-fueled vehicles used by the suppliers to notify them in the event of noncompliance with the legal/ regulatory standards. In addition, to avoid oil, fuel and chemical spills, Tractebel Energia has preventive and containment operating procedures in place, in addition to Emergency Assistance Plans (PAE).
Aspect	General	Complete	95			
EN30	Total environmental protection expenditures and investments by type	Complete	95			

7. Social: labor practices and decent work

		Reporting	Reference (pg.) / Direct response	Information not reported	Reason not reported	Explanation	
	Information on social management	Complete	96 to 112				
Aspect	Employment	Complete	98 to 103				
LA1^{COM}	Total workforce by employment type, employment contract, and region	Partial	98	Other types of contract, besides those based on the Labor Laws, are not broken down by region.	Not available	The Company only displays the breakdown of employees hired under the Labor Laws.	To be reported in 2012
LA2^{COM}	Total number and rate of employee turnover by age group, gender, and region	Partial	98 and 99	The turnover breakdown by age, gender and region is not included.	Not available	The Company only displays the total number of employees broken down by diversity indicators.	To be reported in 2012

7. Social: labor practices and decent work

		Reporting	Reference (pg.) / Direct response	Information not reported	Reason not reported	Explanation
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	Complete	111			All Tractebel Energia employees work full time.
Aspect	Relations between employees and governance	Complete	103			
LA4^{COM}	Percentage of employees covered by collective bargaining agreements.	Complete	103			
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements	Complete	103			The Company gives prior notice to its employees on a case by case basis, although there is not an established minimum period.
Aspect	Work Safety and Health	Complete	102 and 103			
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	Complete	102			These committees represent more than 75% of employees.
LA7^{COM}	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region	Complete	102			
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	Complete	103			
LA9	Health and safety topics covered in formal agreements with trade unions	Complete	103			
Aspect	Training and education	Complete	101 and 102			
LA10	Average hours of training per year per employee by employee category.	Complete	101			
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Complete	102			

7. Social: labor practices and decent work

		Reporting	Reference (pg.) / Direct response	Information not reported	Reason not reported	Explanation
LA12	Percentage of employees receiving regular performance and career development reviews	Complete	102			
Aspect	Opportunity diversity and equality	Complete	99			
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	Partial	99	No breakdown by race.	Non-material	There is no formal statement from the employees on their race, which makes this data impossible to be reported.
LA14	Ratio of basic salary of men to women by employee category	Not reported			Not applicable	Tractebel holds no distinction between the basic salary of men and women in no functional category.

8. Social: human rights

		Reporting	Reference (pg.) / Direct response	Information not reported	Reason not reported	Explanation
	Information on social management	Complete	96 to 112			
Aspect	Investment practices and purchase processes	Partial	101, 110 and 111			
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening	Complete	110			
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	Partial	All the Company's standard contracts have human rights clauses (forbidding child labor and any kind of slave work).	Percentage of contracted companies that were evaluated on their human rights practices.	Not available	In loco evaluations are based on a random sample of the Company's contracts in order to verify the fulfillment of assumed commitments.
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	Complete	101			

To be reported in 2013

8. Social: human rights

		Reporting	Reference (pg.) / Direct response	Information not reported	Reason not reported	Explanation
Aspect	Non-discrimination	Complete	HR4 Indicator in the GRI Index.			
HR4	Total number of incidents of discrimination and actions taken	Complete	No discrimination cases were registered during the period covered by the report.			
Aspect	Freedom of association and collective bargaining	complete	HR5 Indicator in the GRI Index.			
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	Complete	No such operation were identified.			
Aspect	Child labor	Complete	HR6 Indicator in the GRI Index.			
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor	Complete	No such operation were identified.			
Aspect	Forced labor or compulsory labor	complete	HR7 Indicator in the GRI Index.			
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	Complete	No such operation were identified.			
Aspect	Security practices	complete	101			
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations	Complete	101			
Aspect	Indigenous rights	complete	HR9 Indicator in the GRI Index.			
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	Complete	No such operation were identified.			

9. Social: society

		Reporting	Reference (pg.) / Direct response	Information not reported	Reason not reported	Explanation
	Information on social management	Complete	96 to 112			
Aspect	Community	Complete	104 to 108			
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	Complete	104 to 108			

9. Social: society

		Reporting	Reference (pg.) / Direct response	Information not reported	Reason not reported	Explanation
Aspect	Corruption	Complete	25 and 101			
SO2	Percentage and total number of business units analyzed for risks related to corruption	Complete	The business units have an acquisition control system that also works to reduce the risk of corruption. However, there are no evaluations of these controls regarding corruption related risks.			
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures	Complete	25 and 101			
SO4	Actions taken in response to incidents of corruption	Complete	No such events were registered.			
Aspect	Public politics	Complete	111 and 112			
SO5	Public policy positions and participation in public policy development and lobbying	Complete	111 and 112			
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	Complete	112			
Aspect	Unfair competition	Complete	SO7 Indicator in the GRI Index.			
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	Complete	No such events were registered.			
Aspect	Compliance	Complete	SO8 Indicator in the GRI Index.			
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	Complete	No such events were registered.			

10. Social: product responsibility

		Reporting	Reference (pg.) / Direct response	Information not reported	Reason not reported	Explanation
	Information on social management	Complete	110			
Aspect	Client health and security	Not reported			Not applicable	The products and services offered by the Company do not directly impact customer health and safety.
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	Not reported			Not applicable	The products and services offered by the Company do not directly impact customer health and safety.
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	Not reported			Not applicable	The products and services offered by the Company do not directly impact customer health and safety.
Aspect	Labeling of products and services	Complete				
PR3	Type of product and service information required by labeling procedures, and percentage of significant products and services subject to such information requirements	Not reported			Not applicable	The products and services offered by the Company are not subject to labeling requirements.
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	Not reported			Not applicable	The products and services offered by the Company are not subject to labeling requirements.
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	Complete	110			
Aspect	Marketing communication	Not reported			Not applicable	The products and services offered by the Company are not subject to labeling requirements.
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	Not reported			Not applicable	The Company did not adhere to the programs in question during 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	Not reported			Not applicable	The Company did not adhere to the programs in question during the period covered by the Report.

10. Social: product responsibility

		Reporting	Reference (pg.) / Direct response	Information not reported	Reason not reported	Explanation
Aspect	Customer privacy	Complete	PR8 Indicator in the GRI Index.			
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Complete	Complaints of this type were not registered.			
Aspect	Compliance	Complete	PR9 Indicator in the GRI Index.			
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	Complete	Power supply is regulated and monitored by the National Electric Energy Agency (Aneel). In 2010, the Company did not register any penalization.			

11. Sector indicators: electricity

ORGANIZATIONAL PROFILE		Reporting	Reference (pg.) / Direct response	Information not reported	Reason not reported	Explanation
EU1	Installed Capacity per energy source and regulatory regime	Complete	17 to 22			
EU2	Net energy production in accordance with primary energy source and regulatory regime	Complete	44			
EU3	Number of clients in residencies, industries and business	Not reported			Confidential information	Tractebel Energia's client basis is comprised exclusively of industrial clients, representing seven sectors of the economy. Because this is strategic information, the company does not disclose the number of clients served.
EU4	Extension of line transmission and surface and underground distribution per regulatory regime	Not reported			Not applicable	Not applicable. Tractebel Energia's operations are restricted to power generation and do not involve the transmission and distribution of energy.
EU5	Trade license of CO_2 emission	Complete	86			

11. Sector indicators: electricity

ECONOMIC		Reporting	Reference (pg.) / Direct response	Information not reported	Reason not reported	Explanation
EU6	Planning to ensure the availability and safety of energy supply	Complete	13, 32, 33, 38 and 39			
EU7	Management Programs of demand comprising residential, commercial, institutional and industrial customers, among others	Complete	33			
EU8	Research and development activities with power to provide reliable energy and foster a sustainable development	Complete	55 to 57			
EU9	Initiatives to close nuclear power plants	Not reported			Not applicable	Tractebel Energia does not operate nuclear power plants.
EU10	Planned capacity (VW) versus the projected demand	Not reported			Confidential information	Because it is strategic, Tractebel Energia does not disclose this information.
EU11	Average efficiency in the generation of thermoelectric power plants	Complete	44			
EU12	Loss percentage (efficiency) in transmission and distribution against total energy	Not reported			Not applicable	Tractebel Energia's operations are restricted to power generation and do not involve the transmission and distribution of energy.
ENVIRONMENT		**Reporting**	**Reference (pg.) / Direct response**	**Information not reported**	**Reason not reported**	**Explanation**
EU13	Biodiversity of recovered habitats	Complete	81, 82 and 95			
SOCIAL		**Reporting**	**Reference (pg.) / Direct response**	**Information not reported**	**Reason not reported**	**Explanation**
EU14	Procedures to ensure retention and renovations of qualified workforce	Complete	54 and 98 to 103			
EU15	Percentage of employees able to retire over the next 5 to 10 years by work and region category	Partial	102	Is not separated by category and region.	Confidential information	The Company does not disclose the breakdown by category and region due to confidentiality.
EU16	Policies and criteria related to health and safety of the hired and outsourced employees	Complete	102 and 103		Not available	

11. Sector indicators: electricity

SOCIAL		Reporting	Reference (pg.) / Direct response	Information not reported	Reason not reported	Explanation
EU17	Work days per hired and outsourced employees in construction, operation and maintenance of activities	Partial	102	Does not display the days worked per employee, but outsourced ones in "risk exposure hours".	Not available	Construction, operation and maintenance services that involve risk exposition are mostly done by outsourced employees.
EU18	% of hired and outsourced trained at health and safety	Complete	102			All employees and outsourced employees and training on health and safety, in accordance with BS OHSAS 18001 standard - Work Health and Safety Management System.
EU19	Participative Process of stakeholders in the elaboration and decision making process and planning of energy supply infrastructure	Complete	98			
EU20	Impacts management of forced displacement	Complete	107 to 108			
EU21	Planning and initiatives of contingence in case of natural disasters/ emergencies	Complete	65			
EU22	Number of people displaced due to new projects or expansion	Complete	108			Information presented for each settled family.
EU23	Programs for the improvement or maintenance of the access to electricity and services	Not reported			Not applicable	Tractebel's performance is restricted to power generation, and does not relate to power transmission and distribution.
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	Not reported			Not applicable	Tractebel's performance is restricted to power generation, and does not relate to power transmission and distribution.

11. Sector indicators: electricity

SOCIAL		Reporting	Reference (pg.) / Direct response	Information not reported	Reason not reported	Explanation
EU25	Number of accidents and casualties in the community, involving assets of the company	Complete	In 2010, no accidents or deaths of community residents involving Company assets were registered. Tractebel Energia has strict controls and monitors access to its installations to avoid these accidents.			
EU26	Percentage of non served population in urban and rural areas	Not reported			Not applicable	Tractebel Energia's operations are restricted to power generation and do not involve the transmission and distribution of energy. Therefore, it is not responsible for customer service.
EU27	Number of residential disconnection of electricity for non-payment, divided by the period of disconnection	Not reported				Tractebel Energia's operations are restricted to power generation and do not involve the transmission and distribution of energy. Therefore, it does not have residential customers.
EU28	Frequency of energy interruption	Not reported				Tractebel Energia's operations are restricted to power generation and do not involve the transmission and distribution of energy.
EU29	Average period of energy interruption	Not reported			Not applicable	Tractebel Energia's operations are restricted to power generation and do not involve the transmission and distribution of energy.
EU30	Average availability of energy generation	Complete	44			

Global Reporting Initiative™

Statement
GRI Application Level Check

GRI hereby states that **Tractebel Energia S.A.** has presented its report "2010 Sustainability Report" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 5 June 2011

A+ GRI REPORT GRI CHECKED

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative

The "+" has been added to this Application Level because **Tractebel Energia S.A.** has submitted this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

The Global Reporting Initiative (GRI) is a network based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

***Disclaimer:** Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 23 May 2011. GRI explicitly excludes the statement being applied to any later changes to such material.*

External Assurance

(A free translation of the original in Portuguese)

Independent Auditor's Limited Assurance Report on Sustainability Report for 2010 of Tractebel Energia S.A.

To the Board of Directors

Introduction

We have been engaged to perform a limited assurance engagement on the Sustainability Report for 2010 of Tractebel Energia S.A. This report is the responsibility of the Company's management. This responsibility includes designing, implementing and maintaining internal control over the proper preparation and presentation of the Sustainability Report. Our responsibility is to provide a limited assurance report on the information disclosed in the Sustainability Report of Tractebel Energia S.A. for the year ended December 31, 2010.

Applied Procedures

Our limited assurance engagement was performed in accordance with the Brazilian Standard NBC TO 3000 "Assurance Engagements Other than Audit and Review", issued by the Federal Accounting Council (CFC). This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain limited assurance that no matter has come to our attention that leads us to believe that the Sustainability Report for 2010 of Tractebel Energia S.A. is not in accordance with the criteria described below (Scope and Limitations), in all material respects.

The procedures to obtain evidence in a limited assurance engagement are more restrictive than those in a reasonable assurance engagement; accordingly, the assurance level is lower than that which would be obtained in a reasonable assurance engagement. The procedures selected depend on the independent auditor's judgment, including the evaluation of risks that the Sustainability Report does not significantly meet the criteria defined below (Scope and limitations). Within the scope of our work, the procedures conducted included the following, among others: (i) planning the work, taking into consideration the materiality and the volume of information presented in the Sustainability Report for 2010 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. Therefore, the procedures applied were deemed sufficient to allow a level of limited assurance and, consequently, do not include all those required for issuing a broader assurance report, as set forth in said standard.

Scope and Limitations

The objective of our work was to evaluate whether the data included in the Sustainability Report for 2010 of Tractebel Energia S.A., with respect to obtaining qualitative information and measuring and calculating quantitative information, is presented in accordance with the criteria and 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, 2010, were audited by other independent auditors, who issued their unqualified audit opinion on February 4, 2011. The social and environmental performance indicators based on accounting information and presented in the Sustainability Report for 2010 of Tractebel Energia S.A. were extracted from these financial statements, which were not subject to assurance procedures for the purposes of this review.

Conclusion

Based on our limited assurance engagement, we are not aware of any significant modification that should be made to the information included in the Sustainability Report for 2010 of Tractebel Energia S.A., for the year ended December 31, 2010, for that information to be fairly presented, in all material respects, in accordance with the criteria used as described above (Scope and limitations).

São Paulo, March 25, 2011.

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

Manuel Luiz da Silva Araújo
Contador CRC 1RJ039600/O-7 "S" SP

Corporate information

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PUBLICATION OF LEGAL NOTICES

Official Gazette of the State of Santa Catarina
Notícias do Dia newspaper

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Depositary bank
In Brazil: Banco Itaú S.A.
In the U.S. (American Depositary Receipts):
The Bank of New York Mellon

Financial Statements Auditing
Deloitte Touche Tohmatsu

Sustainability Report Auditing
PricewaterhouseCoopers

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Financial Statements
for the fiscal year ended December 31, 2010

STATEMENT OF FINANCIAL

Position as of December 31, 2010

(in thousands of reais)

Assets

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

The notes are an integral part of the accounting statements.

STATEMENT OF FINANCIAL

Position as of December 31, 2010

(in thousands of reais)



Liabilities and Shareholders' Equity

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

The notes are an integral part of the accounting statements.

STATEMENT OF INCOME

For the year ended on December 31, 2010

(in thousands of reais, except when indicated otherwise)

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

The notes are an integral part of the accounting statements.

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended on December 31, 2010

(in thousands of reais, except when indicated otherwise)

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

The notes are an integral part of the accounting statements.

STATEMENT OF CASH FLOW

For the year ended on December 31, 2010

(in thousands of reais)

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

Continued on the next page

STATEMENT OF CASH FLOW (continued)

For the year ended on December 31, 2010

(in thousands of reais)

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

For additional information on this statement, see Note 39.

The notes are an integral part of the accounting statements.

STATEMENT OF ADDED VALUE

For the year ended on December 31, 2010

(in thousands of reais)

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

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

Continued on the next page

STATEMENT OF ADDED VALUE

(continued)

For the year ended on December 31, 2010

(in thousands of reais)

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

(*) A Demonstração do Valor Adicionado (DVA) consolidada não forma parte das demonstrações contábeis consolidadas de acordo com as normas internacionais de contabilidade (IFRS).

The notes are an integral part of the accounting statements.

Notes To The Accounting Statements

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

1. OPERATIONS

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

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

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

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

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

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

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

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

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

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

2. Jorge Lacerda Thermoelectric Complex is composed of 3 power plants.

b) Acquisition of SUEZ Energia Renovável S.A.

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

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

c) Sale of the Seival Project

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

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

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

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

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

2. PRESENTATION OF THE ACCOUNTING STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

In compliance with the guidance set forth in the pronouncements regarding the matter, the Company adopted the fair value as deemed cost of property, plant and equipment of the Company's power plants whose book value was substantially lower or higher than their fair value. This procedure was strongly encouraged by the Accounting Pronouncements Committee (CPC) and the Brazilian Securities and Exchange

Commission (CVM) through ICPC 10 (Clarifications on CPC 27 and CPC 28), and the Company understands that this technical interpretation represents the adoption of the best corporate governance practices in the preparation of the accounting statements. Adjustment to fair value of the asset, net of deferred income and social contribution taxes, had the shareholders' equity account called "Asset valuation adjustments" as a corresponding entry. The depreciation on this adjustment shall not affect the basis for calculation of income tax and social contribution or the basis for dividend distribution. The Company maintained the useful lives of its assets adopted so far, given that they are estimated and established by ANEEL, and used by the sector and accepted by the market as adequate, this procedure is supported by OCPC 05 (Guidance on Concession Agreements).

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

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

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

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

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

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

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

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

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

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

c) Cash flows as of December 31, 2009

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

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

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

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

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

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

IAS 32 – Classification of Rights Issues

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

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

IFRS 9 – Financial Instruments

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

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

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

IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments

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

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

IFRIC 14 – Prepayments of a Minimum Funding Requirement

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

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

IFRS improvements in 2010

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

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

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

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

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

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

IFRS 7 – Disclosures – Transfers of Financial Assets

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

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

IFRS 9 – Financial Instruments

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

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

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

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

The amendments to IFRS 1 and IFRS 9 standards are effective for annual periods beginning on/after July 1, 2011. As the IFRS is being adopted for the first time

in the current year, the amendments to standards IFRS 1 and IFRS 9 will not affect the Company's Consolidated Accounting Statements.

IAS 12 – Deferred Tax: Recovery of Underlying Assets

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

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

2.4. Consolidated accounting statements

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

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

Because the parent company's interest in the other subsidiaries is of 99.99%, there was no effect in the non-controlling shareholding in the consolidated accounting statements. Further information on the subsidiaries that were consolidated can be verified on Note 15.

3. SUMMARY OF THE MAIN ACCOUNTING PRACTICES

a) Financial assets

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

a.1) Cash and cash equivalents

Cash and cash equivalents are maintained with the purpose to face short-term cash commitments and consist of cash balance, bank deposits, and highly liquid financial investments that are promptly convertible into an amount of cash subject to an insignificant risk of change in value. These are classified as financial instruments held for trading and are recorded at cost value plus income earned up to the balance sheet date, adjusted to the fair value of the financial instrument. Interest and monetary restatement, as well as changes from fair value measurement, are recorded in income when incurred.

a.2) Trade accounts receivable

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

a.3) Collaterals, restricted deposits and judicial deposits

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

a.4) Impairment assessment of financial assets

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

b) Inventories

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

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

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

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

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

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

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

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

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

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

In the consolidated, the Company opted for the early adoption of the rules set forth by IFRS 3 (Business Combination), standard which is consistent with CPC 15, in the business combinations included within the scope of this pronouncement, made as from January 1, 2008. According to these pronouncements, assets, liabilities and contingent liabilities of a subsidiary are measured at the respective fair value on the acquisition date. If the acquisition cost is higher than the fair value of the purchased identified net assets, the

excess amount is recorded as goodwill. If the acquisition cost is lower than the fair value of the net assets identified, the difference verified is recorded as a gain in the statement of income. The acquisitions made by the Company after January 1, 2008 did not result in recording of goodwill in accordance with the aforementioned criteria.

e) Property, plant and equipment

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

f) Intangible assets

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

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

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

h) Financial liabilities and equity instruments

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

h.1) Financial liabilities

- Loans, financing and debentures

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

- Concession fees payable

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

h.2) Equity instruments

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

i) Provisions for tax, civil and labor risks

These are recorded through the evaluation and quantification of the risks, whose likelihood of loss is deemed

probable. Said reserves are adjusted by the indexes or rates established by tax authorities, and legal counsel fees related to such reserves are recorded.

j) Post-employment benefits

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

k) Other current and non-current assets and liabilities

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

l) Adjustment to present value

Assets and liabilities from long- or short-term operations, in the event of material effects, are adjusted to present value based on market discount rates on the transaction date.

m) Transactions between related parties

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

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

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

o) Leasing agreements

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

p) Payment of dividends and interest on equity – these are recognized upon payment and credited (interest on equity) or approved by the Annual Shareholders' Meeting. The

Company's Bylaws sets forth the payment of a minimum of 30% of Tractebel Energia's annual net income. Therefore, at the end of the year, when applicable, a provision for the payment of minimum dividend is recorded, even if the dividend has not been paid or credited during the year. The Company discloses the dividends received from subsidiaries in investing activities, in the Statement of Cash Flow.

q) Use of estimates

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

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

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

r.1) Deferred income tax and social contribution

Deferred income tax and social contribution are generated by temporary differences between the book value of assets and liabilities and their respective tax values and the tax losses carryforwards and negative basis of social contribution. Deferred income tax assets are revised at the end of each year to assess if they will be realized through future taxable income, based on taxable income projections and on technical feasibility studies, submitted annually to the Company's Management.

Deferred tax assets and liabilities are calculated using tax rates applicable to the taxable income in the years in which the temporary differences should be realized. Future taxable income can be higher or lower than the estimates used to establish the need to record the tax assets and the amount recorded.

r.2) Post-employment benefits

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

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

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

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

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

r.4) Impairment test of long-term assets

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

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

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

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

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

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

4. CASH AND CASH EQUIVALENTS

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

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

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

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

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

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

3. Sale of securities with repurchase agreements assumed by the seller, concurrently with the resale commitment assumed by the buyer. These operations have immediate liquidity, pay interest at a fixed rate and are guaranteed by federal government securities.

4. Banco Safra, Banco Itaú Unibanco Holding S.A. (Itaú), Banco do Brasil (BB) and Banco Votorantim.

5. TRADE ACCOUNTS RECEIVABLE

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

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

5. Electric Power Trade Chamber (CCEE)

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

Agents with lawsuits or in default

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

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

6. ASSETS HELD FOR SALE

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

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

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

7. TAXES AND SOCIAL CONTRIBUTION

	Company			Consolidated		
	12,31,2010	12,31,2009	01,01,2009	12,31,2010	12,31,2009	01,01,2009
Current						
ICMS (state VAT)[6]	4,178	7,189	15,973	4,855	8,973	16,027
Income Tax (IR)	4,719	146	-	14,895	9,841	3,292
Social Contribution tax (CS)	1,042	-	-	4,184	5,514	1,226
Cofins (tax on revenue)[7]	42,122	4,015	3,568	54,687	37,425	6,392
PIS (tax on revenue)[8]	9,518	865	769	12,135	8,119	1,730
INSS (social security contribution)[9]	1,054	3,040	2,419	1,062	3,048	4,028
	62,633	**15,255**	**22,729**	**91,818**	**72,920**	**32,695**
(-) Allowance for losses on ICMS credits	-	-	(5,660)	-	-	(5,660)
	62,633	**15,255**	**17,069**	**91,818**	**72,920**	**27,035**
Non-current						
ICMS (state VAT)	11,178	10,507	6,392	16,090	13,460	9,944
Cofins (tax on revenue)	11,147	11,685	8,215	164,293	47,564	74,370
PIS (tax on revenue)	2,448	2,563	1,809	35,797	10,352	16,171
INSS (social security contribution)	3,700	3,106	6,197	3,700	3,106	6,197
	28,473	**27,861**	**22,613**	**219,880**	**74,482**	**106,682**

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

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

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

6. State VAT (ICMS)

7. Contribution for Social Security Financing (Cofins)

8. Social Integration Program (PIS)

9. Brazilian Social Security Institute (INSS)

8. INVENTORIES

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

9. COLLATERALS AND RESTRICTED DEPOSITS

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

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

Reserve account - debt service: Pursuant to the requirements of agreements with funding agents, the Brazilian Development Bank (BNDES), the Brazilian BRDE development bank (Banco Regional de Desenvolvimento do Extremo Sul), Banco do Brasil, and the Brazilian Savings Bank (CEF), the Company's subsidiaries keep restricted financial resources allocated to guarantee the payment of debt services.

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

10. SALE OF ASSETS

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

Balances above correspond to the book balance receivable from Elétrica Jacuí S.A. (Eleja) related to the sale of Jacuí thermoelectric project, net of present value adjustment of R$ 13,875.

The terms of the agreement set forth that the sale amounts must be adjusted based on the IGP-DI (general price index – domestic supply). As contractual amounts are at future prices, the Company discounted the price to present value based on the discount rate of 10% p.a., a rate that meets the market requirements at the transaction date.

From February 2009, Eleja failed to pay the due monthly installments, whose historical amount on December 31, 2010 was R$ 50,862 (R$ 16,266 on December 31, 2009). In July 2009, after many unsuccessful attempts so that Eleja resumed payments due, the Company concluded that it had no other option than to file for tax foreclosure of such contract.

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

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

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

In the event of Eleja's default persists, the tax foreclosure allows to seize assets used as collateral in order to pay the Company's credits. Currently, these assets have already been pledged to have a market value that is enough to retrieve the recorded credit, and that is why the Company's Management did not deem necessary to record any provision for losses.

The tax foreclosure filed against Eleja has been in progress in the court of Florianópolis (state of Santa Catarina), and the seizure of assets used as collateral was granted at the registry of deed and documents of Charqueadas (state of Rio Grande do Sul).

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

11. JUDICIAL DEPOSITS

a) Breakdown:

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

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

b) Changes:

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

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

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

12. CREDITS WITH SUBSIDIARIES

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

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

13. DEFERRED TAX ASSETS

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

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

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

The estimated realization of deferred tax assets and their recovery:

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

14. TAX RECONCILIATION

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

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

Ponte de Pedra project is partly exempt from income tax for the period of 10 years as from 2006, as it is located in an incentive area of the Amazon Development Superintendence (Sudam).

15. INVESTMENTS

a) Breakdown:

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

b) Accounted for under the equity method

	12.31.2010		12.31.2009		01.01.2009	
Companies	Batch of 1,000 shares or quotas	Interest (%)	Batch of 1,000 shares or quotas	Interest (%)	Batch of 1,000 shares or quotas	Interest (%)
Itá Energética S.A. (Itasa)	253,607	48.75	253,607	48.75	253,607	48.75
Cia Energética São Salvador (CESS)	360,789	99.99	309,289	99.99	271,943	99.99
Lages Bioenergética Ltda. (Lages)	30,530	99.99	30,530	99.99	30,530	99.99
Tractebel Energia Comercializadora Ltda. (TBLC)	4,200	99.99	4,200	99.99	4,200	99.99
Energia América do Sul Ltda. (EAS)	-	-	645,270	99.99	645,270	99.99
Tractebel Energias Complementares Participações Ltda. (TBLP)	532,455	99.99	509,010	99.99	1	99.90
SUEZ Energia Renovável S.A. (SER)	871,003	99.99	-	-	-	-
Delta Energética S.A. (Delta)	-	-	24,468	99.99	20,960	99.99

b.1) Financial information on subsidiaries

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

b.2) Changes in investments
In the year of 2010:

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

In the year of 2009

Subsidiaries	Balances as of 01.01.2009	Capital increase	Write-off	Equity in subsidiaries	Dividends	Balances as of 12.31.2009
Itasa	253,536	-	-	26,167	(5,790)	273,913
CESS	270,474	37,345	-	18,610	(1,628)	324,801
Lages	47,225	-	-	16,831	-	64,056
TBLC	31,799	-	-	40,278	-	72,077
EAS	638,826	-	-	14,655	-	653,481
TBLP	235,170	272,187	-	(9,725)	-	497,632
Delta (Seival)	20,007	3,508	-	(475)	-	23,040
Outras	272	-	(1)	(1)	-	270
	1,497,309	**313,040**	**(1)**	**106,340**	**(7,418)**	**1,909,270**

c) Goodwill/ Concession rights – Company

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

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

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

d) Acquisition of SUEZ Energia Renovável S.A.

In August 2010, after complying with all the precedent conditions set forth in the Purchase and Sale Agreement executed on December 2009, in addition to complying with requirements from the Brazilian Antitrust Authority (CADE),

Aneel, BNDES and other financing Banks. In December 2009, after the operation's unanimous approval by the minority shareholders at the Special Shareholders' Meeting of 10.19.2010, the Company, finally, completed the acquisition of common shares issued by SUEZ Energia Renovável S.A. (SER) owned by its parent company GDF SUEZ Energy Latin America Participações Ltda. (GSELA).

SER holds 40.07% of interest in Consórcio Estreito Energia, created for the implementation and exploration of Estreito Hydropower Project, which has installed capacity to generate 1,087 MW. The other members of the Consórcio Ceste are Companhia Vale do Rio Doce – CVRD (30%), Estreito Energia S.A. (Alcoa Group - 25.49%) and Camargo Corrêa Geração de Energia S.A. (4.44%). The consortium's leader is SER.

The company sold at the 5º Auction of New Energy, for a period of 30 years starting on 01.01.2012, 256 average MW proportional to its interest in Ceste to energy distribution companies taking part in the Regulated Contracting Environment (ACR).

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

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

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

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

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

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

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

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

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

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

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

f) Information on Company's subsidiaries

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

f.1) Itasa - jointly-owned subsidiary

Itasa has as business purpose the exploitation of Itá Hydroelectric Power Plant, in a joint venture by means of a consortium, upon concession granted by the Federal Government through Aneel, with a 35-year term of effectiveness, as from 12.28.1995. The plant is located on the Uruguay River, on the border of Santa Catarina and Rio Grande do Sul States and has an installed capacity of 1,450 MW and average assured energy of 720 MW. Under the Consortium Agreement, Itasa is entitled to 60.5% of average 668 MW. The project's other 72 MW of assured energy are directly held by Tractebel Energia.

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

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

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

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

f.2) CESS

CESS holds the concession of São Salvador Hydropower Plant, located in the Tocantins River, in the Cities of São Salvador do Tocantins and Paranã, in the State of Tocantins, with minimum installed capacity of 243.2 MW, and 148.5 average MW of assured energy. The concession duration is of 35 years as of 04.23.2002, signature date of the Concession Agreement.

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

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

f.3) Lages

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

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

f.4) Tractebel Energia Comercializadora (TBLC)

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

f.5) Tractebel Energia Participações (TBLP)

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

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

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

Goodwill (Right to use public assets) – Company

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

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

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

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

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

f.5.1) Tupan

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

f.5.2) Hidropower

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

f.5.3) Beberibe

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

f.5.4) Pedra do Sal

Eólica Pedra do Sal S.A. holds an authorization granted by Aneel to explore Pedra do Sal Wind Farm, with installed capacity of 17.85 MW and average assured energy of 8 MW. It is located in Parnaíba, State of Piauí, and has 66.29 GWh/year of energy contracted for 20 years with Eletrobras, through Proinfa, at the price of R$ 257.52/MWh (at 12.31.2010). The company's commercial operation started in December 2008.

f.5.5) Areia Branca S.A.

Areia Branca S.A. holds an authorization granted by Aneel to explore Areia Branca Small Hydroelectric Power Plant, with installed capacity of 19.80 MW. It is located in Caratinga, State of Minas Gerais, and has 90.84 GWh/year of energy contracted for 20 years with Eletrobrás, through Proinfa, at the price of R$ 165.85/MWh (at 12.31.2010). The commercial operation of the company started in March 2010.

f.5.6) Ibitiúva

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

Consórcio Andrade, which comprises Ibitiúva and Andrade Açúcar e Álcool S.A., subsidiary of Açúcar Guarani S.A., sold 20 average MW of electric energy in said Auction for the restated price of R$ 169.73/MWh (at 12.31.2010), to be supplied for 15 years, as from 2010.

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

f.5.8) Wind Energy Generation Projects

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

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

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

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

f.5.9) Econergy Brasil Serviços Corporativos (EBSC)

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

16. PROPERTY, PLANT AND EQUIPMENT

a) Breakdown

		Company				
		12.31.2010			12.31.2009	01.01.2009
	Average depreciation rate %	Adjusted cost	Accumulated Depreciation	Net	Net	Net
In Service						
Reservoirs, dams and pipelines	3.00	4,396,469	(1,973,973)	2,422,496	1,860,955	1,974,579
Buildings and improvements	3.24	1,253,964	(658,621)	595,343	538,224	567,903
Machinery and equipment	4.40	5,422,306	(3,194,500)	2,227,806	2,020,606	2,123,841
Vehicle	20.00	1,645	(931)	714	364	261
Furniture and Fixtures	10.00	6,383	(3,635)	2,748	2,695	2,209
		11,080,767	**(5,831,660)**	**5,249,107**	**4,422,844**	**4,668,793**
In progress						
Buildings and improvements		5,054	-	5,054	6,354	2,504
Machinery and equipment		67,994	-	67,994	90,829	41,823
Others to be apportioned		3,338	-	3,338	15,283	12,573
		76,386	**-**	**76,386**	**112,466**	**56,900**
Special obligations		**(10,223)**	**-**	**(10,223)**	**(10,395)**	**(9,755)**
		11.146.930	**(5.831.660)**	**5.315.270**	**4.524.915**	**4.715.938**

		Consolidated				
		12.31.2010			12.31.2009	01.01.2009
	Average depreciation rate %	Adjusted cost	Accumulated Depreciation	Net	Net	Net
In Service						
Reservoirs, dams and pipelines	3.00	5,351,311	(2,082,529)	3,268,782	3,354,601	2,929,183
Buildings and improvements	3.37	1,687,696	(700,839)	986,857	1,011,279	917,851
Machinery and equipment	4.31	6,819,651	(3,349,623)	3,470,028	3,414,684	2,896,054
Vehicle	20.00	1,967	(1,212)	755	420	348
Furniture and Fixtures	10.00	7,709	(3,886)	3,823	3,191	2,778
		13,868,334	**(6,138,089)**	**7,730,245**	**7,784,175**	**6,746,214**
In progress						
Reservoirs, dams and pipelines		404,336	-	404,336	22,466	81,585
Buildings and improvements		475,204	-	475,204	39,578	374,591
Machinery and equipment		888,601	-	888,601	181,754	381,466
Advance to suppliers		487,971	-	487,971	119,776	308,285
Others to be apportioned		**2,256,112**	**-**	**2,256,112**	**363,574**	**1,145,927**
		(10,348)	-	(10,348)	(10,520)	(9,880)
Special obligations		**16,114,098**	**(6,138,089)**	**9,976,009**	**8,137,229**	**7,882,261**

b) Changes in Property, Plant and Equipment

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

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

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

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

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

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

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

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

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

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

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

e) Depreciation of assets comprising the Plants' Original Project

The Company, based on Law 8,987/95 and Decree 2,003/96, considers that at the end of the concession term, a compensation of the residual value established in the Original Project shall not be granted by the Concession Grantor. Therefore, the Company, as of January 1, 2007, has depreciated said assets at the rates determined by Aneel, limited to the concession term, even though the agreements and the law provide for the possibility that the concession is renewed.

f) Allocation of financial charges

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

g) Assets impairment

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

h) Regulatory Body concessions and authorizations

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

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

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

i) Restriction on assets

According to Articles 63 and 64 of Decree 41,019, of 02.26.1957, assets and facilities used in the generation, transmission, distribution and sale of electrical energy are attached to such services and cannot be removed, disposed of or pledged as mortgage guarantees without the prior and express authorization of the Regulatory Body. Resolution 20/99 of Aneel regulates the removal of restriction on assets of Electric Power Public Service concessions, granting previous authorization for the removal of restrictions on assets unserviceable to the concession, when meant for disposal, and further sets forth that the proceeds of disposals be deposited in a blocked bank account for investing in the concession.

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

h) Assets of the Federal Government used by the Company

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

17. INTANGIBLE ASSETS

a) Breakdown

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

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

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

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

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

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

b) Changes

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

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

18. SUPPLIERS

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

19. LOANS AND FINANCING

a) Breakdown

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

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

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

a) Prepayment of the BNDES financing and PPESA financing agents

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

b) Financing of Ibitiúva Bioenergética Thermal Thermoelectric Power Plant

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

c) Acquisition of SUEZ Energia Renovável S.A.

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

b) Changes in loans and financing

	Company			Consolidated		
	Current	Non-current	Total	Current	Non-current	Total
Balance as of 01.01.2009	**512,519**	**403,363**	**915,882**	**671,913**	**1,580,325**	**2,252,238**
Additions	300,000	-	300,000	309,000	96,316	405,316
Transfers	66,619	(66,619)	-	222,709	(222,709)	-
Interest	58,862	54	58,916	110,662	117,076	227,738
Capitalized interest	-	-	-	(223)	(45,880)	(46,103)
Exchange variation	(7,866)	(69,816)	(77,682)	(7,866)	(69,816)	(77,682)
Interest on deposited guarantees	-	9,794	9,794	-	9,794	9,794
Amortization of principal	(770,432)	-	(770,432)	(918,719)	-	(918,719)
Amortization of interest	(91,748)	-	(91,748)	(166,130)	-	(166,130)
Balance as of 12.31.2009	**67,954**	**276,776**	**344,730**	**221,346**	**1,465,106**	**1,686,452**
Acquisition of SER	-	-	-	-	1,160,521	1,160,521
Additions	-	-	-	-	276,751	276,751
Transfers	44,861	(44,861)	-	352,659	(352,659)	-
Interest	22,777	-	22,777	126,070	64,630	190,700
Capitalized interest	-	-	-	(5,988)	(28,706)	(34,694)
Exchange variation	(779)	(14,551)	(15,330)	(779)	(14,551)	(15,330)
Interest on deposited guarantees	-	(3,947)	(3,947)	-	(3,947)	(3,947)
Amortization of principal	(64,458)	-	(64,458)	(390,131)	-	(390,131)
Amortization of interest	(20,778)	-	(20,778)	(113,763)	-	(113,763)
Balance as of 12.31.2010	**49,577**	**213,417**	**262,994**	**189,414**	**2,567,145**	**2,756,559**

c) Breakdown by foreign currency and local indices

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

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

d) Changes in foreign currencies and indices

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

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

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

f) Contractual conditions

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

(a) The amount corresponding to the TJLP installment that exceeds 6% p.a. is capitalized and merged into the financings' principal.

(b) Banks (BNDES onlending) are Itaú S.A., Banco Bradesco, Banco Santander and Banco Votorantim.

(c) Fixed rate includes a bonus of 15% for payments made up to the maturity date.

(d) Interest will be paid quarterly in the period from 11.15.2010 and 06.15.2012.

g) Guarantees

g.1) Tractebel Energia S.A.

g.1.1) Loans and financing in foreign currency

National Treasury: (a) assignment and transfer to the Federal Government of the receivables, up to the limit sufficient to cover the payment of the installments and other charges at each maturity date; (b) pledged deposit amounting to R$ 60,420, as of 12.31.2010 (R$ 76,470 as of 12.31.2009), which is stated as an offsetting account of the underlying financing.

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

g.1.2) Loans and financing in local currency

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

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

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

g.2) Itasa

BNDES and Banks (BNDES onlending): (a) pledge of concession-related rights; (b) pledge of receivables resulting from the electrical energy purchase and sale agreements entered into with its shareholders; (c) reserve account in an amount equivalent to three months of the BNDES debt (substituted by bank guarantee), and three months of Itá plant's contractual operation and maintenance expenses. In addition to these guarantees, the shareholders pledged all the shares of Itasa to these creditors.

g.3) Lages

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

g.4) CESS

BNDES and Banks (BNDES onlending): (a) pledge of rights related to the concession; (b) centralized receivables account to receive CESS receivables; and (c) obligation to maintain a reserve account with a deposit equivalent to three months of debt service, plus an amount equivalent to three months of payment of the project operation and maintenance agreement.

g.5) Tupan

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

g.6) Hidropower

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

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

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

g.8) Ibitiúva

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

g.9) SER

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

h) Covenants

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

Debt	Covenants
TBLE (BNDES)	Shareholders' equity / total assets ≥ 30%
Itasa (BNDES and banks)	Shareholders' equity / total assets ≥ 40%
Lages (BRDE)	(Current + non-current liabilities) / total assets ≤ 66%
CESS (BNDES and banks)	Debt service's coverage ratio[19] ≥ 1.3
Tupan (CEF)	(i) Shareholders' equity / total assets ≥ 21% (ii) Debt service's coverage ratio ≥ 1.3 (iii) Capital stock / property, plant and equipment ≥ 21%
Hidropower (Banco do Brasil)	(i) Shareholders' equity / total assets ≥ 0.35 (ii) EBITDA[20] margin (EBITDA/net operating revenue) ≥ 0.80 (iii) EBITDA/ financial expenses ≥ 2.70 (iv) Total financial debt / EBITDA ≤ 4.0 (v) Current assets/ current liabilities ≥ 1.2 (vi) Debt service's coverage ratio ≥ 1.3
Beberibe e Pedra do Sal (BNDES)	Debt service coverage ratio ≥ 1.3
Areia Branca (BNDES)	Debt service coverage ratio ≥ 1.2
Ibitiúva (BNDES)	(i) Overall Indebtedness Index ≥ 0.80 (ii) Debt service coverage ratio ≥ 1.3
SER (BNDES and banks)	Debt service coverage ratio ≥ 1.2

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

Hidropower has restrictive clauses in its financing agreements which require maintenance of financial indexes, among which, current liquidity, debt service coverage and EBITDA margin. When such indexes are not reached, Hidropower, after being officially notified by the Financial Agent, must proceed with the deficit restructuring.

19. Coverage ratio of debt service: Cash generation/ debt service

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

20. DEBENTURES

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

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

a) Breakdown

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

b) Changes in debentures

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

c) Contractual conditions

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

d) Changes in indices

	(%)		
Index	12.31.2010	12.31.2009	01.01.2009
TJLP	6,00	6,12	6,25
IGP-M	10,56	(1,71)	9,81
CDI	9,71	9,84	12,35
IPCA	5,25	3,93	5,89

e) Maturities of debentures stated in non-current liabilities

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

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

f) Covenants

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

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

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

21. TAXES, FEES AND CONTRIBUTIONS

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

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

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

22. LABOR LIABILITIES

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

Provision for profit sharing and management bonus

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

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

Voluntary Resignation Program (PDV)

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

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

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

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

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

On 12.31.2010, the Company and its subsidiaries had R$ 52,181 to be invested in its own projects, of which R$ 15,873 have been allocated to ongoing projects, and the remainder has not been allocated to projects filed with the Aneel yet.

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

24. PROVISION FOR TAX, CIVIL AND LABOR RISKS

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

a) Breakdown

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

Probable tax risks

National Institute of Social Security (INSS)

The main risks related to INSS are the following:

a) The Company received a tax debt assessment notice (NFLD) for the nonpayment of the additional contribution for SAT (Occupational Accident Insurance) for the period from April 1999 to March 2004, due to the lack of evidence of the risk factor related to the work environment. The Company argues that there is no basis in the legislation referred to in the notice for the mentioned period, and that the additional contribution is payable if the employee is entitled to a special retirement benefit, which is not the case in said period. The Social Security Board of Appeals denied our Appeal. The Company decided to file an injunction to discuss the matter and in October 2010 deposited in court the amount of R$ 11,946. On 12.31.2010 the balance was R$ 16,478 (R$ 15,039 on 12.31.2009 and R$ 18,111 on 01.01.2009).

b) The Company also received a notification from the INSS because of the alleged nonpayment of social security charges on compensation paid to employees. The subject matter of the notification was challenged by the Company, which argued that the amounts paid under collective labor agreements were paid as indemnities. The lower court decision was favorable to the Company, and declared the tax assessment notice null and void and the INSS was sentenced to refund the deposits converted into revenue. Due to the appeal filed by the National Treasury, the lawsuit awaits the Superior Court of Justice's judgment. On 12.31.2009, the provision was R$ 10,044 (R$ 9,168 on 12.31.2009 and R$ 8,308 on 01.01.2009).

Probable civil risks

Agreements with suppliers

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

Pension benefit

Mainly refers to the lawsuit filed against Fundação Eletrosul de Previdência e Assistência Social (ELOS) and Eletrosul Centrais Elétricas S.A. (Eletrosul), by means of which ELOS participants require the annulment statement of contribution payroll limit or, alternately, that the options made by the ones that limited the payroll of its contribution be declared inefficient. The Company acts as a defendant's assistant, due to the partial spin-off of Eletrosul, with the creation of Centrais Geradoras do Sul do Brasil (Gerasul), former name of Tractebel Energia. A lower court decision, confirmed by the Appeals Court of the State of Santa Catarina in a Decision pending the judgment of embargoes, is against the interests of ELOS and Eletrosul. Currently, parties are seeking for the execution of the agreement. The amount provisioned on 12.31.2010 is R$ 26,557 (R$ 23,895 on 12.31.2009 and R$ 5,122 on 01.01.2009).

Occupational diseases and accidents

Refer to lawsuits filed by former employees, mainly related to repetitive strain injuries and possible damages to hearing capacity. The initial forecasts of an adverse judgment have not been confirmed, and the results of these lawsuits have been extensively favorable to the Company. The provision is recorded for each lawsuit, considering the likely future disbursement the Company expects to have to make in order to conclude the suit through an agreement or by an adverse judgment.

Transmission System Usage Tariff (TUST)

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

Environmental

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

Sundry lawsuits

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

Probable labor risks

Refer to ongoing labor lawsuits filed by former employees, unions and employees of outsourced companies mainly related to claims of recognition of employment relationships and reinstatement. Other labor lawsuits are related to claims of risk premium, overtime, salary equalization, commute hours, and FGTS (severance pay fund).

b) Changes in probable risks

	Company			
	Tax	Civil	Labor	Total
Balance as of 01.01.2009	**44,510**	**44,880**	**21,399**	**110,789**
Additions	181	17,358	2,453	19,992
Adjustments	3,224	4,921	1,976	10,121
Payments	(4,978)	(231)	(4,314)	(9,523)
Reversals	(15,369)	(1,122)	(5,458)	(21,949)
Balance as of 12.31.2009	**27,568**	**65,806**	**16,056**	**109,430**
Additions	-	3,185	3,370	6,555
Adjustments	2,650	7,116	2,115	11,881
Payments	(31)	(1,522)	(3,123)	(4,676)
Merger of PPESA	2,315	40,113	-	42,428
Reversals	(242)	(8,806)	(4,839)	(13,887)
Balance as of 12.31.2010	**32,260**	**105,892**	**13,579**	**151,731**

	Consolidated			
	Tax	Civil	Labor	Total
Balance as of 01.01.2009	**44,510**	**67,031**	**21,399**	**132,940**
Additions	181	24,546	2,453	27,180
Adjustments	3,224	7,304	1,976	12,504
Payments	(4,978)	(1,247)	(4,314)	(10,539)
Reversals	(15,369)	(1,163)	(5,458)	(21,990)
Balance as of 12.31.2009	**27,568**	**96,471**	**16,056**	**140,095**
Additions	2,315	10,820	3,370	16,505
Adjustments	2,650	11,480	2,115	16,245
Payments	(31)	(1,522)	(3,123)	(4,676)
Reversals	(242)	(8,806)	(4,839)	(13,887)
Balance as of 12.31.2010	**32,260**	**108,443**	**13,579**	**154,282**

c) Possible and remote risks

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

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

	Consolidated								
	12,31,2010			12,31,2009			01,01,2009		
	Possible risk	Remote risk	Total	Possible risk	Remote risk	Total	Possible risk	Remote risk	Total
Tax	435,710	478,882	914,592	424,164	169,834	593,998	360,004	28,165	388,169
Civil	17,205	485	17,690	38,670	9,793	48,463	41,431	11,356	52,787
Labor	8,288	20,331	28,619	8,944	15,621	24,565	11,962	11,774	23,736
	461,203	**499,698**	**960,901**	**471,778**	**195,248**	**667,026**	**413,397**	**51,295**	**464,692**

Possible tax risks

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

Corporate Income Tax and Social Contribution on Net Income

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

- Voluntary confession

The Company offset credits against income and social contribution taxes payable by means of voluntary confession, through an Electronic Refund or Reimbursement Request and Offset Declaration (PER/DCOMP), not subject to fines. Accordingly, the Federal Revenue Service partially approved the offset requests and the Company filed noncompliance notices, which are awaiting judgment. The Company argues that tax authorities cannot charge a penalty against a company that held tax credits and voluntarily reported its debts. The restated amount of the notice on 12.31.2010, in the company and in the consolidated, is of R$ 47,946 (R$ 43,761 as of 12.31.2009 and R$ 39,654 as of 01.01.2009).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- National Institute of Social Security (INSS)

Tax assessment notice related to the social security contribution collection notices on indemnities. The Company was partially considered not guilty at the administrative level and filed a lawsuit, in which it obtained a favorable decision at the lower court. Currently, the Company is awaiting judgment of the INSS appeal. As of 12.31.2010, the restated amount is R$ 4,283 (R$ 3,910 on 12.31.2009 and R$ 3,186 on 01.01.2009).

- São Paulo State VAT (ICMS)

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

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

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

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

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

Remote tax risks

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

- Recovery of PIS and Cofins

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

The Company challenged in court the constitutionality of said Law, obtaining a favorable decision, which enabled its settling the contributions calculated on several revenues resulting from the gross revenues for the period assessed from February 1999 to November 2002, for PIS, and February 1999 to January 2004, for Cofins.

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

In 2009, the Brazilian Federal Revenue Service (RFB) notified the Company to collect the amount of R$ 135,982, interest and fines already included, referred to the period from April 2004 to January 2007, pleading that the "CCC subsidy" represents a billing and, therefore, it should be included in the calculation basis of PIS and Cofins for the period abovementioned. The total updated notification amount on 12.31.2010 is R$ 157,529 (R$ 141,612 on 12.31.2009).

At the evaluation of the Company's legal advisors, the arguments of the RFB do not proceed and can be easily contested, considering the concept attributed to the treatment of the "CCC subsidy", with the purpose of accounting fossil fuel consumed by those generating electrical energy, it mismatched the legal nature of the revenue. Thus, the Company is arranging a motion to deny the notification in the administrative level and, if necessary, in the court level. Even if the "CCC subsidy" had the revenue nature, which it does not, it would not represent a "gross revenue" that was the only revenue subject to taxation by PIS and Cofins.

In fact, up to 2005, the fuel acquired with CCC/CDE funds were recorded due to its consume in the plants as "operational cost" in contra account to a "subsidy" revenue.

Aneel made amendments to the Accounting Manual of the Electric Energy Public Service in order to change the concept that had been used improperly and, as of 2006, the accounting entry was determined as "operational cost" in contra account to an adjustment account to neutralize the result. Such amendment is strongly based on Technical Notes issued by said Agency.

In view of the abovementioned summary, the Management understands that the risk of loss in the process is remote. The lawsuit is pending judgment at the Brazilian Federal Revenue Service of Florianópolis, 4th Panel.

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

In July 2005, the Company filed for an Injunction against the Federal Revenue Service Director, since it understands that Federal Revenue Service Regulatory Instruction No. 468/2004 overrun the jurisdiction of the Legislative Power by giving a new concept to the term "predetermined price", provided for by article 10 of Law No. 10,833/2003. The Company understands that the acceptance of said term is already a common practice in the Brazilian Tax System and has been in use since the enactment of Decree Law No. 1,598/1977, meaning said Regulatory Instruction is illegal.

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

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

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

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

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

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

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

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

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

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

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

Possible civil risks

Possible risk civil lawsuits refer basically to expropriations and indemnity lawsuits filed by individuals and legal entities that allege that their properties were flooded by the plants' reservoirs.

Possible labor risks

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

25. CONCESSION FEES PAYABLE

	Company			Consolidated		
	31.12.2010	31.12.2009	01.01.2009	31.12.2010	31.12.2009	01.01.2009
Cana Brava Power Plant	373,704	309,289	287,655	373,704	309,289	287,655
Ponte de Pedra Power Plant	347,321	-	-	347,321	289,335	271,371
São Salvador Power Plant	-	-	-	379,736	358,850	-
Estreito Power Plant	-	-	-	34,186	-	-
	721,025	**309,289**	**287,655**	**1,134,947**	**957,474**	**559,026**
Classification in balance sheet						
Current liabilities	2,499	1,857	1,873	42,297	37,419	2,343
Non-current liabilities	718,526	307,432	285,782	1,092,650	920,055	556,683
	721,025	**309,289**	**287,655**	**1,134,947**	**957,474**	**559,026**

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

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

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

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

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

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

a) Change

	Company			Consolidated		
	Current	Non-current	Total	Current	Non-current	Total
Balance as of 01.01.2009	**1,873**	**285,782**	**287,655**	**2,343**	**556,683**	**559,026**
Acquisition of São Salvador	-	-	-	38,082	314,015	352,097
Transfers	1,848	(1,848)	-	11,633	(11,633)	-
Interest	-	28,258	28,258	-	64,728	64,728
Monetary variations	-	(4,760)	(4,760)	-	(3,738)	(3,738)
Amortization	(1,864)	-	(1,864)	(14,639)	-	(14,639)
Balance as of 12.31.2009	**1,857**	**307,432**	**309,289**	**37,419**	**920,055**	**957,474**
Acquisition of Estreito	-	-	-	2,831	31,355	34,186
Merger of Ponte de Pedra	514	346,807	347,321	-	-	-
Transfers	2,011	(2,011)	-	38,649	(38,649)	-
Interest	-	31,414	31,414	-	92,220	92,220
Monetary variations	-	34,884	34,884	-	87,669	87,669
Amortization	(1,883)	-	(1,883)	(36,602)	-	(36,602)
Balance as of 12.31.2010	**2,499**	**718,526**	**721,025**	**42,297**	**1,092,650**	**1,134,947**

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

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

26. POST-EMPLOYMENT BENEFITS

The Company, through PREVIG – Sociedade de Previdência Complementar, provides supplementary pension plans for its employees. PREVIG is a nonprofit closed pension entity governed by private law, sponsored by the Company, as Founder, and by other GDF-SUEZ Group companies in Brazil. The benefit plans managed by PREVIG are Defined Benefit (BD), closed for new adhesions, and Defined Contribution (CD) plans.

The Company also sponsors Fundação Eletrosul de Previdência e Assistência Social (ELOS) for the following reason. Prior to the constitution of PREVIG, the BD plan was exclusively managed by ELOS and sponsored by Tractebel Energia and Eletrosul, without solidarity between the sponsors. In October 2002, the SPC (Supplementary Pension Office) approved the termination of the Adherence Agreement with ELOS and the total transfer of management of the benefit plan to PREVIG. In spite of said termination, in view of injunctions obtained by unions and Associação dos Aposentados da Eletrosul (Eletrosul's Pensioners Association), the participants entitled to benefits up to 12.23.1997, date of spin-off of Eletrosul, as well as for the participants who chose the deferred proportional benefit up to that date, remained in the benefit plan managed by ELOS, under the responsibility of Tractebel Energia. On 05.15.2007, the Company executed agreements with ELOS, Eletrosul, PREVIG and Associação de Aposentados da Eletrosul aiming at reestablishing the adherence with ELOS, allowing beneficiaries to chose to stay in ELOS or transfer to PREVIG. In both options the Company should sponsor the Plan.

Plans managed by the Company have the following main characteristics:

a) Defined Benefit Plan (BD)

The BD plan has a capitalization system for pensions, survivors' pensions, and other benefits.

The benefit plan is funded by the contributions of participants and the sponsor. The Company's contribution corresponds to twice the contribution of its employees.

Benefits granted by the BD plan are:

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

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

The Company is also responsible for 100% of the amount of PREVIG's administrative expenses bound to this Benefit Plan, which are limited at 15% of the total of respective pension revenues. The amount of these expenses in 2010 was R$ 1,686 (R$ 1,374 in 2009).

a.1) Actuarial premises

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

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

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

a.2) Statement of actuarial liabilities

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

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

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

23. Proportional Paid-up Supplementary Benefit (BSPS)

24. Confidentiality Bonus (GC)

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

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

Part of the actuarial liabilities recognized in the balance sheet is covered by obligations contracted and/or recognized through a debt acknowledgement agreement and an agreement entered into by the Company and the pension plan entities.

Contracted debts are adjusted based on the INPC disclosed by the Brazilian Geography and Statistics Institute (IBGE) and bear interest of 6% p.a. The contracted amounts stated in non-current liabilities are expected to be paid as follows:

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

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

Changes in post-employment benefits are summarized below:

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

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

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

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

a.2) Defined Contribution Plan (CD)

In addition to the abovementioned benefit plan, PREVIG manages the Defined Contribution plan (CD). In the Defined Contribution plan funding consists of basic contributions by the participants and the sponsor. The Company's basic contribution is equal to the basic contribution of its employees.

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

a.3) Confidentiality bonus benefit

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

a.4) Confidentiality Bonus

Consists of the payment of a severance bonus to management-level employees.

27. DEFERRED TAX LIABILITIES

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

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

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

The provision for sale of electrical energy results from transactions carried out within Wholesale Electrical Energy Market (MAE), currently CCEE, corresponding to the period from September 2000 to September 2002. Considering that the amount of revenue is being challenged in court by agents that disagree with the interpretation adopted by MAE in the application of certain accounting rules, as provided for by Aneel Resolution, in the event of a favorable outcome for these agents, both the revenue and the corresponding asset will no longer exist, and therefore it is being treated as a provision and deemed as temporary difference for tax purposes. The Company has also recorded provision for losses on accounts receivable and, consequently, recognized deferred income and social contribution taxes on this provision.

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

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

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

Deferred tax liabilities will be realized as follows:

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

28. SHAREHOLDERS' EQUITY

a) Authorized capital stock

The Company is authorized to increase its capital stock up to the limit of R$ 5,000,000, regardless of any amendment to its bylaws. Under the BM&FBOVESPA's New Market listing regulations, the Company cannot issue preferred shares or founder shares. The Company does not hold treasury shares.

b) Subscribed and paid-up capital

As of 12.31.2010, the Company's fully subscribed and paid-up capital is R$ 2,445,766, represented by 652,742,192 registered common shares without par value. The book value per share as of 12.31.2010 is R$ 7.77 (R$ 6.82 and R$ 5.98 per share as of 12.31.2009 and 01.01.2009, respectively).

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

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

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

	Company's shares	Shares of controlling shareholders and Management	Outstanding shares
Balance as of 01.01.2009	**652,742,192**	**448,808,713**	**203,933,479**
Redemption of Management shares rental	-	69,050	(69,050)
Acquisition of new shares by the Management	-	10,000	(10,000)
Balance as of 12.31.2009	**652,742,192**	**448,887,763**	**203,854,429**
Rental of Management shares	-	(241,650)	241,650
Acquisition of new shares by the Management	-	6,000	(6,000)
Shares of Board members elected on 04.23.2010	-	100	(100)
Balance as of 12.31.2010	**652,742,192**	**448,652,213**	**204,089,979**

c) Capital reserve

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

d) Legal reserve

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

e) Retained earnings reserve

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

f) Assets valuation adjustments

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

29. DIVIDENDS

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

Tractebel Energia's dividend policy establishes a minimum mandatory dividend of 30% of the net income for the year, adjusted pursuant to Law 6,404/76 and, in addition, determines the intention to pay, in each calendar year, dividends and/or interest on equity at an amount not lower than 55% of adjusted net income, in semiannual distributions.

On 11.05.2010, the Company's Board of Directors approved the credit of interest on equity at the amount of R$ 220,000, corresponding to R$ 0.3370396501

per share, based on the shareholding position of 11.18.2009 with payment date to be defined by the Company's Board of Executive Officers. The amounts mentioned above, net of withholding income tax, are being imputed to dividends referring to 2010.

Interest on equity was recorded in financial expenses and reversed in the same item, not being presented in the statement of income for the year, in view of the fact they do not produce effects in the operating income, but only in income tax and social contribution captions.

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

30. OPERATING EXPENSES DETAILED BY TYPE

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

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

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

31. GAIN IN LAWSUITS

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

32. REVERSAL (RECORDING) OF OPERATING PROVISIONS

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

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

33. FINANCIAL INCOME AND EXPENSES

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

34. FINANCIAL INSTRUMENTS

a) Financial instruments category

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

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

b) Risk management

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

- Market risk

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

The Company and its subsidiaries use financial instruments to hedge its assets and liabilities, minimizing exposure to market risks, mainly in connection with interest rate, price indices and currency fluctuations. The Company did not enter into any derivative contracts to hedge these risks; however, they are monitored by the Financial Management Committee, which periodically assesses the Company's exposure and proposes operating strategies, control systems, position limits and credit limits with other partners in the market. The Company does not practice speculative investments in derivatives or any other risk assets.

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

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

- Risks related to financial investments

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

The Company uses the classification of agencies Fitch Ratings (Fitch), Moody's or Standard & Poors (S&P) to identify eligible banks to receive these funds. Such banks meet the two following criteria: have Shareholders' Equity of at least R$ 1 billion and domestic scale Rating of at least AA- (S&P and Fitch) or Aa3 (Moody's).

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

- Foreign exchange risk

Loan installment related to foreign currency, in the amount of R$ 213,580, on December 31, 2010, corresponds to 4.7% of the Company's debt, of which 2.6% is in U.S. dollars and 2.1% in Euros. Debt maturities are distributed on a long term basis, focusing on the years of 2015 and 2024. Considering that the effect arising from the debt maturity is minimum on short and medium term basis and, due to the impossibility of making an effective hedge for the balance sheet since there is no forward curve on long term basis, the Company did not hold on 12.31.2010 any derivative instrument to protect its liabilities. For more details on the composition of foreign currency debt, refer to Note 19.

- Interest rates and fluctuating indices risks

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

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

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

- Sensitivity analysis

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

	Impacts in the income
Foreign currency variation	1,818
Interest rate variation	483
Price index fluctuation	
Debentures	25.170
Concession fees payable	165,471

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

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

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

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

- Liquidity risk

The Financial Management Committee is responsible for managing the

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

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

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

- Capital management risk

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

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

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

- Credit risk

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

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

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

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

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

- Hydrological risks

According to the Brazilian Power System Operator (ONS) data, most of the energy supply of Brazilian National Integrated System (SIN) was generated by Hydroelectric Power Plants (HPP). Since SIN operates in optimized dispatch system centralized by the ONS, each HPP, including the Company's HPPs, is subject to variations in the hydrological conditions verified, both in the geographical region in which they operate and in other regions in the Country. The hydroelectric generation

represented approximately 79% of the total installed capacity of the Company's power plants, which is equivalent to 5,124 MW. In the event of the occurrence of unfavorable hydrological conditions at SIN, jointly with the obligation of delivery of assured energy, the Company may be exposed to the short-term energy market, which could affect its future financial results.

- Environmental risks

The activities in the energy sector may cause significant negative impacts and damages to the environment. Federal legislation imposes to those who directly or indirectly cause environmental degradation the duty to repair or indemnify the damages caused to the environment and third-parties affected, regardless of guilt. The federal legislation also sets forth the disregard of the polluting company's corporate entity, as well as personal liability of managers, in order to make feasible the refund of losses caused to the quality of the environment. As a consequence, partners and managers of the polluting company may be obliged to pay for environmental reparation costs. The payment of large amounts related to the environmental reparation costs and environmental compensations may cause the Company to postpone or make investments in different areas, which may adversely impact the Company. The Company's Environment Policy guarantees the balance between environmental conservation and the development of its activities establishing guidelines and practices that should be complied with, in order to reduce the impact on the environment and focus on the sustainable development of its business.

c) Fair value of financial instruments

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

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

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

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

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

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

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

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

	Balance 12.31.2010	Base scenario	Scenario I 25%	Scenario II 50%
Variações na moeda estrangeira	213,580	1,818	55,668	109,517
Variações nas taxas de juros	3,527,890	483	37,914	75,770
Variações nos índices de preços				
Debêntures	598,318	25,170	114,071	233,220
Concessões a pagar	1,134,947	165,471	180,553	195,363

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

35. TRANSACTIONS WITH RELATED PARTIES

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

a) Purchase and sale of electrical energy

Company	Volume (average MW)	Maturity	Annual restatement index	Balance as of 12.31.2010
Purchase:				
Itasa	167	10. 16.2030	IGP-M	2,142,060
Itasa	61	10.16.2030	US dollar variation + North American inflation	462,329
Sale:				
TBLC	150	03.01.2015	IPCA	383,670
TBLC	190	12.31.2016	IPCA	699,716

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

b) Operation and maintenance

Related party	Maturity	Annual restatement index	Balance on 12.31.2010
Itasa	10.16.2030	IGP-M	198,827
Ceste	04.28.2025	Mix dos índices IPCA e INPC	197,191
CESS	10.15.2023	IGP-M	12,107
Lages	03.31.2012	Índice de reajuste do Acordo Coletivo de Trabalho da Tractebel Energia	2,279

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

c) Administrative services

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

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

Guarantees

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

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

d) Sureties and guarantees

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

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

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

e) Advisory Services

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

The Company executed an agreement with SUEZ-Tractebel S.A., its indirect parent company, headquartered in Brussels, Belgium, the purpose of which is the provision of specific advisory services in the management, operational, financial, accounting, legal, marketing and project development areas, as the Company deems necessary. The contract renewal was approved by unanimous vote of the Company's minority shareholders, at the Extraordinary General Meeting (AGE) held on 04.23.2010, and the controlling shareholder resigned the voting right. The term of the agreement is 3 (three) years, renewable every year. The value of fees during the effectiveness of the agreement is limited to the annual non-cumulative amount of 1,500,000.00 Euros. Services shall be executed and respective fees shall be submitted to the Company's Fiscal Council, which has one member elected by the minority shareholders. The outstanding amount on 12.31.2010 is R$ 10,026.

f) Other transactions

GDF SUEZ Energy Latin America Participações Ltda. (GSELA)

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

SUEZ Energy South America BidCo Ltda.

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

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

	Assets				Liabilities				
12.31.2010	Accounts receivable	Dividends	Loan	Total	Suppliers	Related parties	Dividends and Interest on Equity	Other	Total
Itasa	2,017	4,897	-	6,914	5,741	-	-	31	5,772
Lages	606	-	-	606	-	-	-	-	-
TBLC	79,228	-	-	79,228	3,468	-	-	-	3,468
SER	-	-	505	505	-	-	-	-	-
CESS	4,588	1,628	-	6,216	-	-	-	-	-
Ibitiúva	2	-	6,260	6,262	-	-	-	-	-
Areia Branca	201	-	-	201	-	-	-	-	-
SUEZ Tractebel S.A.	-	-	-	-	2,211	-	-	-	2,211
G SELA	44	-	-	44	-	-	129,186	-	129,186
Ceste	286	-	-	286	-	-	-	-	-
Outras	195	-	-	195	299	-	-	-	299
TOTAL	**87,167**	**6,525**	**6,765**	**100,457**	**11,719**	**-**	**129,186**	**31**	**140,936**
12.31.2009	**70,127**	**10,719**	**35,654**	**116,500**	**6,421**	**-**	**169,590**	**918**	**176,929**
01.01.2009	**102,517**	**9,000**	**9,966**	**121,483**	**11,535**	**221,306**	**102,793**	**661**	**336,295**

	Income									
	Operating revenue				Electricity cost		Expenses			
		Servie renenue								
12.31.2010	Electricity supply	Operation and maintenance	Management	Total	Electricity purchase	Fuels	General and administrative	Financial	Total	Income from earnings of subsidiaries
Itasa	-	12,107	-	12,107	123,716	-	-	-	123,716	22,727
Lages	5,523	1,758	186	7,467	-	-	-	-	-	7,137
TBLC	318,733	-	371	319,104	-	12,439	-	-	12,439	(6,646)
EAS	-	-	-	-	-	-	-	-	-	(13,811)
CESS	-	2,870	204	3,074	-	-	-	-	-	(24,568)
PPESA	3,996	-	200	4,196	-	-	-	-	-	-
TBLP	-	-	-	-	-	-	-	-	-	(7,010)
SUEZ Tractebel S.A.	-	-	-	-	-	-	3,488	-	3,488	-
Ibitiúva	-	-	247	247	-	-	-	-	-	-
Ceste	-	2,514	-	2,514	-	-	57	-	57	-
GSELA	-	-	-	-	-	-	-	6,322	6,322	-
Outras	-	-	442	442	-	-	1,131	-	1,131	(312)
TOTAL	**328,252**	**19,249**	**1,650**	**349,151**	**123,716**	**12,439**	**4,676**	**6,322**	**147,153**	**(22,483)**
31.12.2009	**590,387**	**12,839**	**1,190**	**604,416**	**125,421**	**10,474**	**5,821**	**-**	**141,716**	**106,340**
01.01.2009	**413,177**	**12,882**	**685**	**426,744**	**166,379**	**10,654**	**5,389**	**-**	**182,422**	**54,698**

Compensation of Management's key personnel

The compensation, the charges and benefits related to the Management's key personnel are presented as follows. The only long-term benefit granted is the pension (post-employment).

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

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



36. INSURANCES

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

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

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

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

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

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

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

The Company also has insurance to cover national and international transportation risks, civil liability of the directors, officers and management, extended to its subsidiaries, as well as group life insurance for its officers and employees.

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

37. LONG-TERM AGREEMENTS

The Company has the following main long-term commitments:

a) Connection agreement

The Company entered into a connection agreement with Eletrosul and Furnas Centrais Elétricas S.A. (Furnas), effective until the termination date of the Company's generation units' concession. For Ponte de Pedra Power Plant, the Company has an agreement with Centrais Elétricas do Norte do Brasil S.A. (Eletronorte).

Regarding subsidiaries, connection usage agreements are the following:

- Eólica Beberibe S.A.: Companhia Energética do Ceará (Coelce).

- Eólica Pedra do Sal S.A.: Companhia Energética do Piauí (Cepisa).

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

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

In order to use the transmission system and basic network, the Company and its subsidiaries CESS and Itasa have agreements with the ONS. For power plants which are not directly connected to the basic network, companies maintain distribution usage agreements, as follows:

- UTE Willian Arjona: Empresa Energética do Mato Grosso do Sul S.A. (Enersul).

- UTE Alegrete: AES Sul Distribuidora Gaúcha de Energia S.A. (AES Sul).

- UTE Jorge Lacerda A: Centrais Elétricas de Santa Catarina S.A. (Celesc).

- Tupan and Hidropower: Centrais Elétricas Matogrossenses S.A. (Cemat).

- Beberibe: Companhia Energética do Ceará (Coelce).

- Pedra do Sal: Companhia Energética do Piauí (Cepisa).

- Hidrelétrica Areia Branca S.A.: Cemig Distribuição S.A. (Cemig).

- UTE Ibitiúva Bioenergética: Companhia Paulista de Força e Luz (CPFL Paulista).

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

c) Electrical energy purchase and sale bilateral agreements

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

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

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

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

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

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

d) Purchase of electrical energy from Argentina

In May 1998, Tractebel Energia and Cien entered into an Agreement, through which Cien undertook to supply Tractebel Energia 300 MW of firm power with associated energy, for a 20-year term, counted from the commercial start-up of the transmission system between Brazil and Argentina, on 06.21.2000.

In 2006, it was verified that Cien was not able to provide the amount of energy contracted, which made Aneel issue a Normative Resolution to reduce the amounts of physical power guarantee to "zero" to comply with the agreement with Tractebel Energia. The reduction to "zero" would be valid until Cien could prove the availability exists, which has not happened.

Due to the need to solve such quarrel, which has been going on for many years, without any perspective of solution, Tractebel Energia, in view of the total default of Cien, filed a lawsuit, mainly requiring the agreement termination, with the payment of due fine, and reimbursement of losses caused by not receiving the contracted electrical energy. At the moment, it is not possible to estimate any amount involved in said lawsuit. By now, all necessary measures to carry out Tractebel Energia's commercial operations, as well as to rebalance its portfolio, were already taken previously in the past years.

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

e) Purchase of natural gas

The Company entered into a gas purchase agreement with Companhia de Gás do Mato Grosso do Sul (MSGÁS), effective for five years, starting in 2001, the startup of William Arjona Thermoelectric Power Plant (UTWA), renewable for an additional five years.

With the expiration of the contract period, on 05.22.2006, the Company showed its interest to renew the agreement, however, MSGÁS communicated that the renewal would depend on the adjustment of the product price, as determined by Petróleo Brasileiro S.A. (Petrobras), the gas seller to MSGÁS and the consenting party in the contract.

Petrobras filed a special appeal with the High Court of Justice (STJ), where, at a Writ of Prevention, was granted the stay of the lawsuit, authorizing it, as of November 2007, to suspend the supply. As a result, the Company has bought electrical energy in the CCEE to supply the energy sold by UTWA. When convenient and necessary, the Company has been operating with diesel oil as fuel, since the plant has this flexibility.

As a consequence of the filing of the Preparatory Writ of Prevention, the Company filed an Ordinary Appeal Lawsuit which was judged valid for the purpose of setting forth that purchase and sale agreement of natural gas entered into between the Company and MSGÁS, and between MSGÁS and Petrobras and its respective addendum may be renewed for a 5-year term, beginning on 05.23.2006. The period in which the gas supply was interrupted as a result of this litigation, up to November 2009, shall be added to the end of the agreement, which shall be ending proportionally to the term extended. Gas price and quantity shall be the ones contracted and restated as per Thermoelectric Power Plant Priority Program (PPT).

The High Court of Justice has recently dismissed the Writ of Prevention and Petrobras's Special Appeal due to lack of grounds. As a consequence, the Preparatory Writ of Prevention included an order for MSGÁS and Petrobras to keep on supplying gas to Arjona Power Plant as of 11.26.2009.

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

f) Leasing agreements

The leasing agreements listed below have been classified as "operating", because the ownership of the asset cannot be transferred to the lessee by the end of the agreement's duration, and because there is no option to purchase the asset, in addition to not meet the other conditions set forth in CPC 06 (Leasing) for its classification as financial leasing.

Eólica Beberibe has four land lease agreements used for the installation and edification of towers of wind turbines, substation and transmission associated stations. Agreements will end from May 2007 to September 2032, and amounts comprise fixed and variable installments, corresponding to a percentage over gross revenue of the subsidiary. Fixed installments are restated by IGPM, by the dollar variation and the inflation rate in the United States of America (USA), depending on each agreement.

Eólica Pedra do Sal has one lease agreement of the land where the generating complex is located, with maturity in 2029. The monthly paid amount contracted corresponds to a percentage over gross operating revenue.

In 2010, the total leasing expense was R$ 1,176 (R$ 983 on 12.31.2009).

The total estimated minimum future payment is:

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

Wind energy generation projects acquired in 2009: companies acquired by subsidiary Tractebel Energia Participações (TBLP) have eight lease agreements for land used in the installation and construction of the wind generator towers, a substation and associated transmission facilities. The agreements' maturities will take place from 2032 to 2042, and payments are composed of fixed and variable installments. Variable installments will be collected as of the beginning of operations of each project. Total expenses for 2010 came to R$ 433.

The total estimated minimum future payment is:

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

g) Construction agreements in progress

g.1) Ibitiúva Bioenergética Power Plant

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

g.2) São Salvador Hydroelectric Power Plant

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

g.3) Estreito Hydroelectric Power Plant

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

38. RECONCILIATION OF NET OPERATING REVENUE

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

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

39. ADDITIONAL INFORMATION TO THE CASH FLOW

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

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

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

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

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

Reconciliation for the quarters ended on 03.31.2010 and 03.31.2009:

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

Reconciliation for the quarters ended on 06.30.2010 and 06.30.2009

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

Reconciliation for the quarters ended on 09.30.2010 and 09.30.2009

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

41. SUBSEQUENT EVENT

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

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

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

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

STATEMENT OF THE COMPANY'S EXECUTIVE OFFICERS

The Company's executive officers hereby declare they have examined, discussed and revised all information provided in the Company's Accounting 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 Director

José Luiz Jansson Laydner
Energy Commercialization Director

Miroel Makiolke Wolowski
Project Development and Implementation Director

José Carlos Cauduro Minuzzo
Energy Production Director

Marco Antonio Amaral Sureck
Planning and Control Director

Luciano Flávio Andriani
Administrative Director

Florianópolis, February 4, 2011

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

(List of signatures of the Financial Statements as of December 31, 2010, of Tractebel Energia S.A.)

BOARD OF DIRECTORS

Maurício Stolle Bähr
Chairman

Jan Franciscus María Flachet
Vice-Chairman

Manoel Arlindo Zaroni Torres
Board Member

Victor-Frank de Paula Rosa Paranhos
Board Member

Dirk Achiel Marc Beeuwsaert
Board Member

Alain François Marie Luoise Janssens
Board Member

Luiz Antônio Barbosa
Board Member

José Pais Rangel
Board Member

Antonio Alberto Gouvêa Vieira
Board Member

EXECUTIVE BOARD

Manoel Arlindo Zaroni Torres
Chief Executive Officer

Eduardo Antonio Gori Sattamini
Finance and Investor Relations Director

José Luiz Jansson Laydner
Energy Commercialization Director

Miroel Makiolke Wolowski
Project Development and Implementation Director

José Carlos Cauduro Minuzzo
Energy Production Director

Marco Antonio Amaral Sureck
Planning and Control Director

Luciano Flávio Andriani
Administrative Director

ACCOUNTING DEPARTMENT

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

Deloitte.

INDEPENDENT AUDITOR'S REPORT

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

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion on the Individual Financial Statements

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

Opinion on the Consolidated Financial Statements

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

Emphasis of Matter

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

Other Matters

Statements of Value Added

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

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

Rio de Janeiro, February 4, 2011

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

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

Tractebel Energia
GDF SUEZ

FISCAL COUNCIL REPORT

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

Rio de Janeiro, February 4, 2011

Paulo de Resende Salgado
Chairman

Carlos Guerreiro Pinto
Board Member

Manoel Eduardo Lima Lopes
Board Member

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Credits

GENERAL COORDINATION
Tractebel Energia S.A.

GRI CONSULTING, WRITING, EDITING AND TRANSLATION
Ricca RI

REVISION
Communications Advisor
Investor Relations Department
Relata Editorial
Mario Correa de Sá e Benevides – Administrative Department – Sustainability Committee

DESIGN, LAYOUT AND GRAPHIC PRODUCTION
Ricca RI

IMAGES
Tractebel Energia database
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ILLUSTRATION - COVER
M. C. Escher (Drawing hands - 1948)

Tractebel Energia
GDF SUEZ

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