In a country of diversities,
a unique Tractebel Energia



Tractebel Energia
GDF SUEZ

Sustainability Report 2012

In a country of diversities, a unique Tractebel Energia.

Immense, heterogeneous and unmatched, with rich biodiversity, myriad cultures, ethnicities and rhythms: this is Brazil - the country of the cavaquinho and berimbau, the viola and the tambourine, samba and Villa-Lobos. From Portinari to street art, from indigenous ritual to the skyscrapers of the metropolis, Brazil is the country of Carnival, Bossa Nova and soccer, as well as the largest economy in Latin America and the seventh largest in the world.

Tractebel Energia is proud to be part of such a country.

In 2012, the inauguration of the Estreito Hydroelectric Power Plant on the border of Maranhão and Tocantins states consolidated the Company's presence in all five regions of Brazil.

Tractebel Energia is advancing in its mission to generate energy for life, implementing projects that contribute to the country's economic, social and environmental development. With the same dedication and values since its founding in Southern Brazil, it currently operates plants in 12 states, always with the vision of being, in a sustainable way, the best energy company in Brazil.

Brazil is a country where one language is spoken with different accents, all of them pleasing to the ear, yet still only one language that adds to other features common to all parts of Brazil. It was with this perception that we opened each chapter of this 2012 Sustainability Report with what links those national hallmarks: Brazilianness. We drew our inspiration from Brazilian street art, which boasts internationally acclaimed artists.

Tractebel Energia, the largest private power generator in Brazil, is present nationwide, which is something we are proud to share. It is with this feeling that we invite you to read this Report of the events and accomplishments in 2012 that were important for Tractebel Energia and all its stakeholders.

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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.

2012 Highlights

Increase in Net Income

» Net income of R$1.5 billion, an increase of 3.6% over 2011.

Stock Appreciation

» 18.9% appreciation of shares traded on the BM&FBovespa, not including payout distribution.

Ratings Upgrade

» Ratings upgrade by Standard & Poor's and Fitch to AAA on the national scale and, according to Fitch, BBB on the international scale.

Financing for New CDM

» Through the Brazilian Development Bank (BNDES), Tractebel Energia was able to finance the Trairi Wind Farm Complex in Ceará State, the first wind farm producing power exclusively for free consumers, which was included in the United Nation's Clean Development Mechanism.

Eighth Consecutive Year on the ISE

» For the eighth consecutive year, the Company was included on BM&FBovespa's ISE – Corporate Sustainability Index.

GDF-SUEZ – World's Largest Independent Power Producer

» Acquisition of International Power (IPR) by GDF SUEZ, consolidating the Controller's position as the world's largest independent power producer.

Inauguration of Estreito Hydroelectric Power Plant

» Oficial inauguration of Estreito Hydroelectric Power Plant, with 97.3% assured energy and seven of eight generating units fully operational.

High Uptime Ratio

» Maintenance of high uptime ratio at 96.9% of the 22 plants in operation, excluding scheduled stoppages.

Record Instantaneous Generation

» New instantaneous generation record of 7,562 MW, equivalent to 89% of total capacity operated, in addition to the highest historical wind power generation at 19.3 average MW, corresponding to a capacity factor of 44.3%.

Increase of Net Sales

» Increase of 13.5% in net sales compared to 2011, totaling R$4.9 billion on December 31, 2012.

Sustainable Energy Seal

» Achievement of the Sustainable Energy Seal from the Acende Brasil Institute for the 22 plants operated by the Company, for the 2012-2013 period.

31 New Clients

» 31 new clients in a diversified portfolio and general satisfaction index of 95% according to a survey of all 114 customers.

Re-elected one of the 150 Best Companies to Work For

» For the second time, named one of the 150 best companies to work for in Brazil by *Você S.A./ Exame* magazine ranking.

First Place in the ABRACONEE Award

» Winner of the Abraconee prize from the Brazilian Association of Power Sector Accountants in the Large Companies category.

First Place in the *Institutional Investor* Magazine Ranking

» In the Latin American ranking of Institutional Investor magazine, Tractebel Energia took the top spot in *Best Investor Relations* according to the opinion of market analysts.

First Place in the Brasil Ambiental Award

» Together with the Community Development Association of Vila Alegre, the Company won first place in the 8th Annual Brasil Ambiental Award from the American Chamber of Commerce - Social and Environmental Responsibility.

XI LIF Award winner

» The *Healthy Children, Healthy Future* volunteer program developed by the GDF SUEZ Foundation in partnership with the Alcoa Institute with the support of Tractebel Energia and which has benefited approximately 15,000 children at 197 Estreito-area schools, won the XI LIF – Liberté, Égalité, Fraternité Award from the France-Brazil Chamber of Commerce.

EC1

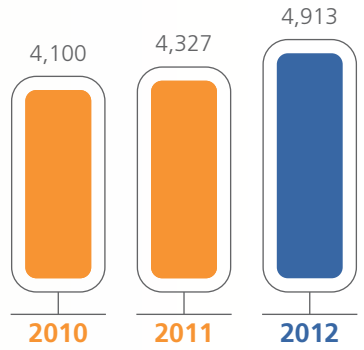
Key Indicators

Economic Scope	2010	2011	2012	2012/2011 Chg.
Financial information (R$ million)				
Total assets	12,486.3	12,028.6	12,264.4	2.0%
Shareholders' equity	5,072.7	5,450.3	5,462.8	0.2%
Net revenue from sales	4,100.4	4,327.0	4,912.5	13.5%
Gross income	2,212.3	2,466.3	2,781.6	12.8%
Earnings from services - EBIT [1]	2,150.2	2,408.6	2,547.2	5.8%
Operating income	1,721.3	2,034.8	2,100.0	3.2%
Net income	1,211.6	1,448.1	1,499.9	3.6%
EBITDA [2]	2,611.5	2,909.7	3,108.4	6.8%
Financial indicators (R$ million)				
Total debt (loans, financing and debentures)	4,443.9	3,649.2	3,534.5	-3.1%
Cash and cash equivalents	1,082.6	781.8	1,180.0	50.9%
Net debt	3,361.3	2,867.4	2,354.5	-17.9%
ROCE [3] (%)	20.2	22.4	24.8	2.4 p.p.
Gross debt/EBITDA	1.7	1.3	1.1	-
Third-party capital over total assets (%)	59.4	54.7	55.5	0.8 p.p.
Operating margin (%)	42.0	47.0	42.7	-4.3 p.p.
Net margin (%)	29.5	33.5	30.5	-3.0 p.p.
Shares				
Net earnings per share (R$)	1.8562	2.2185	2.2979	3.6%
Average share price [4] – ON (R$)	22.78	29.96	32.35	8.0%
Dividends per share (R$)	1.0178	2.1898	2.3691	8.2%

[1] EBIT = operating income + financial income.
[2] EBITDA = net income + income tax and social contribution + financial expenses, net + depreciation and amortization.
[3] ROCE (return on capital employed) = earnings from services/non-current assets.
[4] Simple average of closing prices, adjusted for dividends.

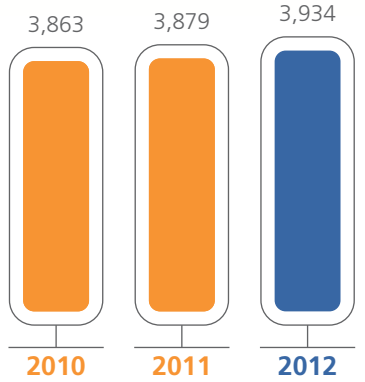
Net Revenues from Sales

(R$ million)



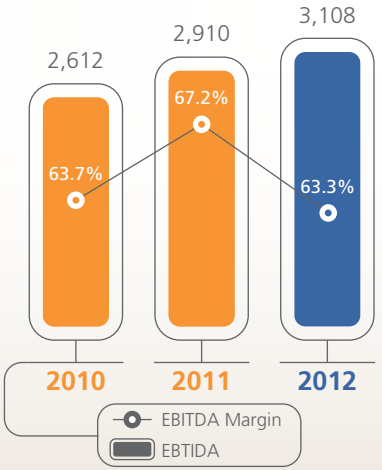
Sales Volume

(Avg. MW)



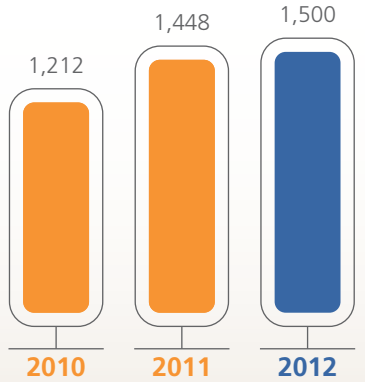
EBITDA and EBITDA Margin

(R$ million and %)



Net Income

(R$ million)



Environmental Scope

Indicators	2010	2011	2012	2012/11 Chg.
Native saplings planted and donated (thousands)	396	540	347	-35.7%
Recycled nonhazardous waste (%)	97.6	99.9	99.9	0
Power consumed per GJ generated (GJ)	0.012	0.018	0.026	+44.4%[1]
Surface Water consumption (m^3 million)	4.6	5.4	5.5	+1.8%
CO_2 emissions per MWh generated (tonnes of CO_2/MWh)	0.129	0.084	0.148	76.2%
Investments in improvements for environmental preservation (R$ million)	48.6	40.2	40.1	-0.2%

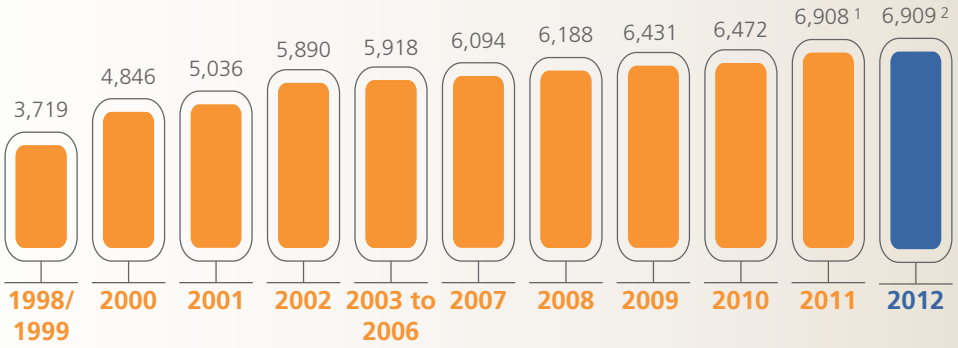
[1] Due to adverse hydrological conditions responsible for a reduction of 24.9% in hydroelectric generation, there was an increase of 32.8% in the generation of thermoelectric power plants, increasing the amount of power consumed.

Social Scope

Indicadores	2010	2011	2012	2012/11 Chg.
Voluntary investments in social projects (R$ million)	9.8	10.2	13.1	+28.4%
Visits to plants	45,400	41,931	46,931	+11.9%
Number of direct employees	1,033	1,084	1,082	-0.2%
Number of outsourced professionals	680	907	827	-8.8%
Investment in training and professional development (R$ million)	3.7	3.3	4.0	+21.2%
Total training hours	91,523	80,445	78,916	-1.9%
No. of occupational and transportation-related accidents – employees	9	7	2	71.4%

Proprietary Installed Capacity

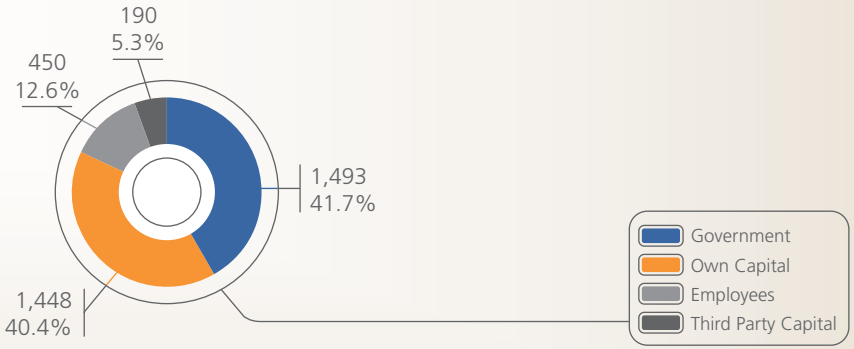
(MW)



[1] Considers the complete motorization of the Estreito Hydroelectric Power Plant.
[2] Considers increased stake in Ibitiúva Energética in 2012.

Distribution of Added Value

(R$ million and %)



Message from the Management



Maurício Stolle Bähr
Chairman of the Board of Directors



Manoel Arlindo Zaroni Torres
Chief Executive Officer

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

The top credit rating agencies elevated the Company's risk ratings to AAA on a local scale and BBB on a international scale.

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

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

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

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

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

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

Another important initiative to improve prospects for renewable energy is the research and development project under development in partnership with other institutions to build a solar energy complex to be connected to the National Interconnected System (SIN) with a peak capacity of 3 MW.

Excluding scheduled stoppages, the total uptime ratio of our 22 operating power plant reached 96.9% in 2012, down 1.4 percentage points over the 98.3% registered in 2011 and 2010, primarily due to limitations of a generating unit at the Salto Santiago Hydroelectric Power Plant, the failure of one of the William Arjona Thermoelectric Power Plant's transformers and an issue containing the flow of the Tocantins River at the Estreito Hydroelectric Power Plant prior to inauguration. Even so, the Company broke its instantaneous generation record, reaching 7,562 MW or 89% of its total operated capacity on October 18. Tractebel Energia also achieved its highest wind power generation on record: 19.3 average MW, 46.6% more than in 2011 and corresponding to a capacity factor of 44.3%.

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

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

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

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

Finally, the *Healthy Children, Healthy Future* volunteer program, which has benefited approximately 15,000 children at 197 Estreito-area schools and improved health indicators, won the XI LIF – Liberté, Égalité, Fraternité Award from the France-Brazil Chamber of Commerce.

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

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

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

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

3.1 3.2 3.3 3.5
3.7 3.9 4.14 4.17

About the Sustainability Report

This Sustainability Report presents the management and performance of Tractebel Energia and its subsidiaries during 2012, taking into consideration corporate governance, economic, social and environmental aspects, as well as detailing Tractebel Energia's profile.

The Report was elaborated by the sixth consecutive year according to the Global Reporting Initiative (GRI) guidelines, the international standard for sustainability reports. The report model adopted establishes quality principles guided by balance, comparability, accuracy, timeliness, transparency and reliability. GRI guidelines stimulate the presentation of 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.

The publication's objective is to deliver complete, transparent accountability in 2012, in addition to being a communication channel between the Company and its stakeholders.

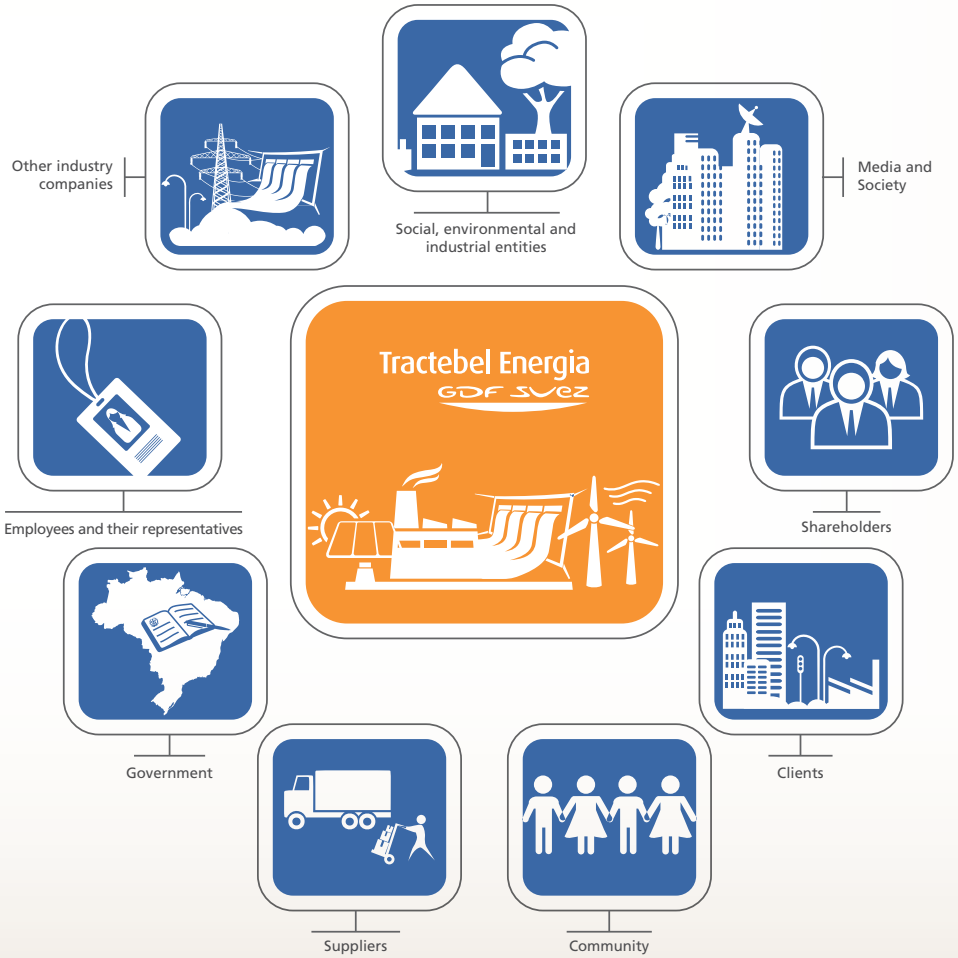
The Report was developed by a multidisciplinary team composed of representatives of various Tractebel Energia areas, including the Sustainability Committee. This involvement helps to identify the main themes for the Company and present complete information on each of them.

Additionally, Tractebel Energia surveys its stakeholders before the Report is elaborated through an electronic survey regarding the subjects considered most significant and that should be addressed in more detail in the publication. For the elaboration of the 2012 Sustainability Report, seeking greater participation of its stakeholders, Tractebel Energia market analysts and investors were consulted by phone.

The subjects of greatest interest to stakeholders, according to the consultation, were:

- Economic performance;
- Indirect economic impacts;
- Main environmental impacts of the Company's services;
- General environmental management;
- Job creation; and
- Community.

Consulted Stakeholders



Application Level of GRI Guidelines

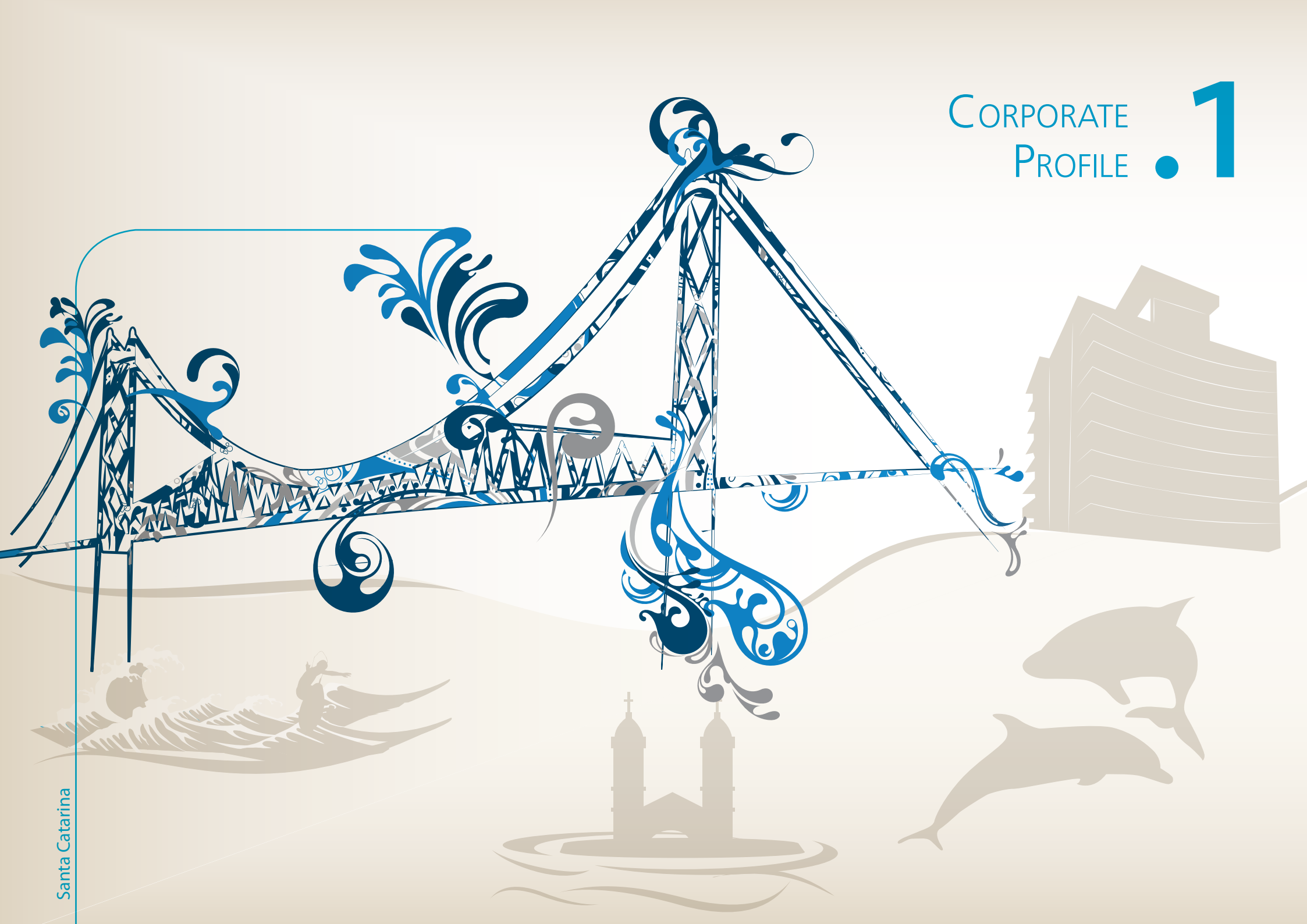
The Tractebel Energia Sustainability Report was rated A+ according to GRI guidelines for the fifth consecutive year. That means that the publication reached the most comprehensive level of compliance with GRI guidelines (A) and was externally verified by independent auditors (+).

		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		✓

Integrated Report

Besides the Sustainability Report, Tractebel Energia publishes the Management Report, in compliance with Article 133 of Law no. 6,404/1976. Considering the proposal for integrated report by the International Integrated Reporting Committee, supported by BM&FBovespa and several other institutions and expected to be globally deployed in the coming years, this Sustainability Report incorporates information from the Management Report and Financial Statements of Tractebel Energia for the 2012 and 2011 fiscal years.

Corporate Profile .1



Santa Catarina

1. Corporate Profile

2.2 2.3 2.4 2.6 2.7 2.8 2.9 3.8 3.10 EU1

1.1. Tractebel Energia

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

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

Tractebel is controlled by GDF SUEZ Energy Latin America Participações Ltda, which holds 68.71% of the Company's capital stock and is a subsidiary of the Franco-Belgian group GDF SUEZ, the world's largest power generator with an installed capacity of over 118 GW and operating throughout the power value chain, both in exploration and production as well as in transportation, distribution and trading of electricity and natural gas.

1.2. Corporate Structure

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

The Company operates as a consortium member in some power generation projects, with the following interests:

» 2.82% in Machadinho Energética S.A. (Maesa) and 19.28% in Consórcio Machadinho, responsible for the Machadinho Hydroeletric Power Plant (HPP);

» At the Estreito HPP, operated by Companhia Energética Estreito, Tractebel Energia holds 40.07% of Consórcio Estreito Energia (Ceste); and

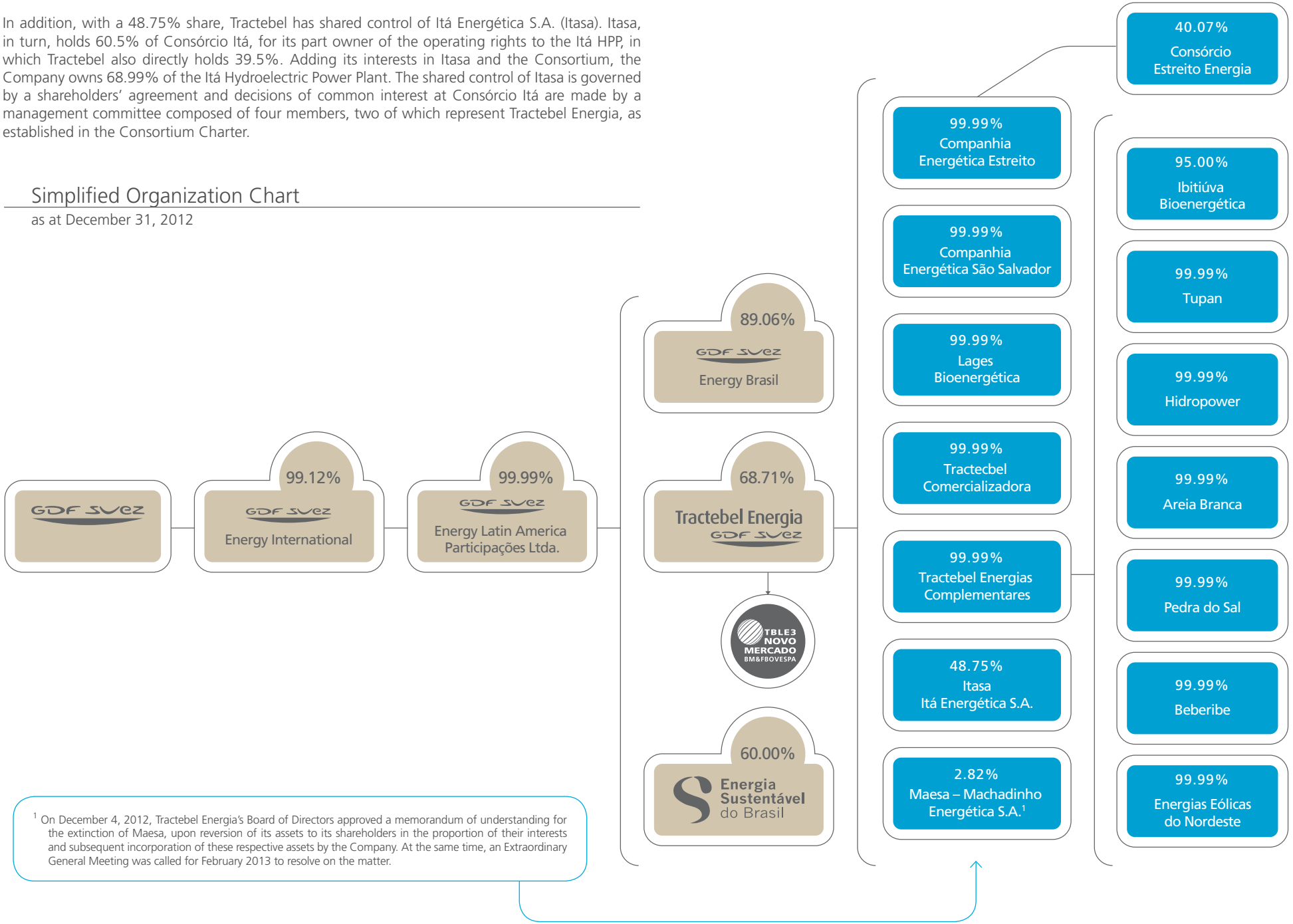
» 72.90% in Consórcio Andrade, responsible for the operation of the Ibitiúva Bioenergética Thermoelectric Power Plant, through indirect subsidiary Ibitiúva Bioenergética S.A., of which Tractebel Energias Complementares Participações Ltda. holds 95% of the share capital.



In addition, with a 48.75% share, Tractebel has shared control of Itá Energética S.A. (Itasa). Itasa, in turn, holds 60.5% of Consórcio Itá, for its part owner of the operating rights to the Itá HPP, in which Tractebel also directly holds 39.5%. Adding its interests in Itasa and the Consortium, the Company owns 68.99% of the Itá Hydroelectric Power Plant. The shared control of Itasa is governed by a shareholders' agreement and decisions of common interest at Consórcio Itá are made by a management committee composed of four members, two of which represent Tractebel Energia, as established in the Consortium Charter.

Simplified Organization Chart

as at December 31, 2012

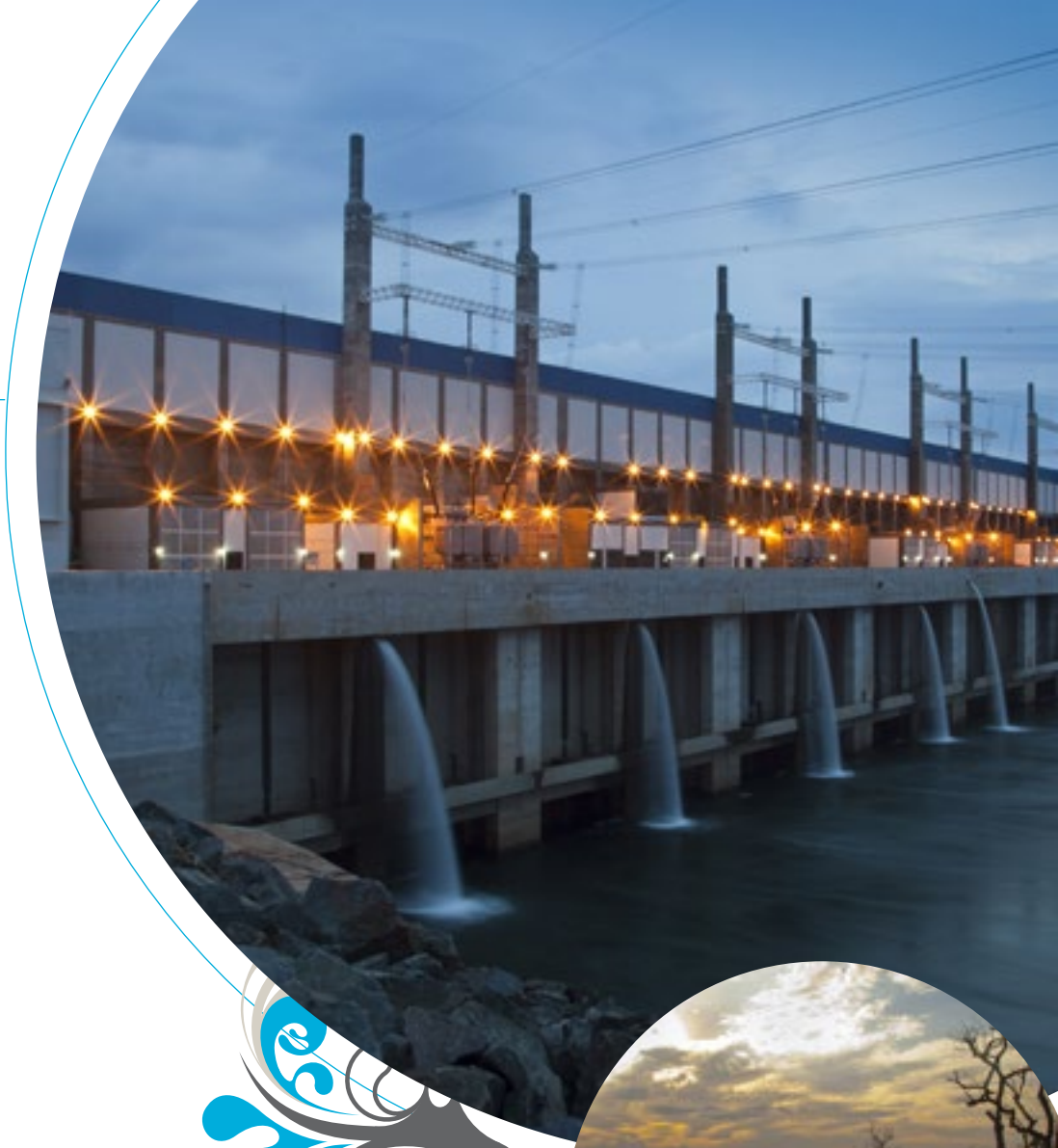


[1] On December 4, 2012, Tractebel Energia's Board of Directors approved a memorandum of understanding for the extinction of Maesa, upon reversion of its assets to its shareholders in the proportion of their interests and subsequent incorporation of these respective assets by the Company. At the same time, an Extraordinary General Meeting was called for February 2013 to resolve on the matter.

1.3. Generating complex

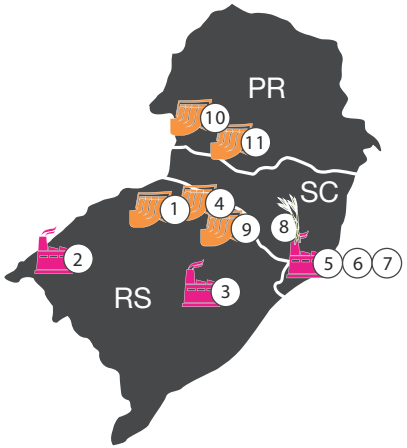
Considering the full capacity of the Estreito HPP, Tractebel Energia has proprietary installed capacity of 6,909 MW in a generating complex composed of 22 plants, including hydroelectric, thermoelectric and complementary plants, that is, small hydroelectric, wind and biomass plants, in 12 Brazilian states across all five of the country's regions. The Company operates all of these plants and wholly owns 18 of them. Tractebel participates in the consortia that control the remaining four plants: Itá, Machadinho, Estreito and Ibitiúva Bioenergética. The total installed capacity of the 22 plants operated by Tractebel Energia is 8,630 MW. The key figures for these plants are presented on the next page, by region.

On October 17, the Estreito HPP was officially inaugurated, with seven of its eight generating units fully operational (and 97.3% assured energy). The operational startup of the eighth generating unit was postponed to the first half of 2013 as, on September 23, the circuit breaker of the main unit required replacement.





GENERATION COMPLEX – SOUTHERN REGION



- Hydroelectric Power Plant
- Thermoelectric Power Plant
- Biomass Plant
- Wind Farm
- Small Hydroelectric Power Plant



1 - PASSO FUNDO HPP
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 14001 and BS OHSAS 18001

2 – 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
Concession term: 2028
Certifications: NBR ISO 9001 and 14001 and BS OHSAS 18001

3 – 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
Concession term: 2028
Certifications: NBR ISO 9001 and 14001 and BS OHSAS 18001

4 – ITÁ HPP
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 Installed Capacity: 1,126.9 MW
Tractebel commercial capacity: 544.2 average MW
Concession term: 2030 – conceded to Consórcio Itá, composed of Tractebel (69.0%), Companhia Siderúrgica Nacional (29.5%) and Cimento Itambé (1.5%)
Certifications: NBR ISO 9001 and 14001 and BS OHSAS 18001

5, 6 AND 7 – JORGE LACERDA THERMOELECTRIC COMPLEX PLANTS (UTLA, UTLB AND UTLC)
Operational launch: 1965
Location: Capivari de Baixo, Santa Catarina State
Energy source: coal
Installed Capacity:
- » UTLA two generation units of 50.0 MW and two of 66.0 MW;
- » UTLB: two units of 131.0 MW;
- » UTLC: one unit of 363.0 MW.

Complex total Installed Capacity: 857.0 MW
Complex commercial capacity: 649.9 average MW
Concession term: 2028
Certifications: NBR ISO 9001 and 14001 and BS OHSAS 18001

8 – 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
Operational authorization: 2032
Certifications: NBR ISO 9001 and 14001 and BS OHSAS 18001

9 – MACHADINHO HPP
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 Installed Capacity: 1,140.0 MW
Tractebel Energia commercial capacity: 147.2 average MW
Concession term: 2032 – conceded to Consórcio Machadinho, composed of Machadinho Energética S.A. (80.72%) and Tractebel Energia (19.28%)
Certifications: NBR ISO 9001 and 14001 and BS OHSAS 18001

10 – SALTO OSÓRIO HPP
Operational launch: 1975
Location: between São Jorge d'Oeste and Quedas do Iguaçu, Paraná State – Iguazu 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 14001 and BS OHSAS 18001

11 – SALTO SANTIAGO HPP
Operational launch: 1980
Location: between Rio Bonito do Iguaçu and Saudade do Iguaçu, Parana State – Iguazu 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 14001 and BS OHSAS 18001

GENERATION COMPLEX – SOUTHEASTERN REGION



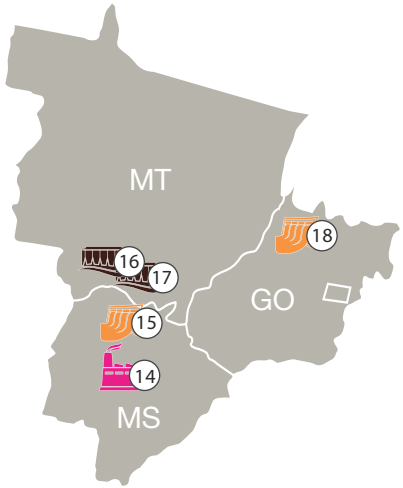
12 – IBITIÚVA BIONERGÉTICA THERMOELECTRIC POWER PLANT

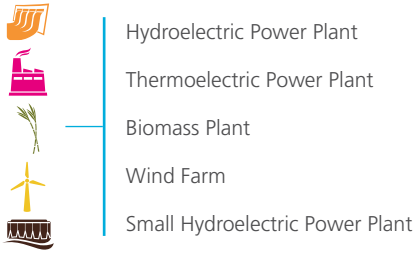
Operational launch: 2010
Location: Pitangueiras, São Paulo State
Energy source: biomass - sugarcane bagasse
Total Installed Capacity: 33.0 MW – one generation unit
Tractebel Installed Capacity: 22.9 MW
Tractebel Energia commercial capacity: 13.9 MW
Concession term: 2030 – conceded to Consórcio Andrade, with 69.3% of its capital

13 - 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
Concession term: 2030

GENERATION COMPLEX – MIDWESTERN REGION





14 – 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
Concession term: 2029
Certifications: NBR ISO 9001 and 14001 and BS OHSAS 18001

15 – PONTE DE PEDRA HPP

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 14001 and BS OHSAS 18001

16 – RONDÓPOLIS SMALL HYDROELECTRIC POWER PLANT

Operational launch: 2007
Location: Rondópolis, Mato Grosso State – Ribeirão Ponte de Pedra River
Installed Capacity: 26.7 MW – three generation units of 8.9 MW
Commercial capacity: 14.0 average MW
Concession term: 2032

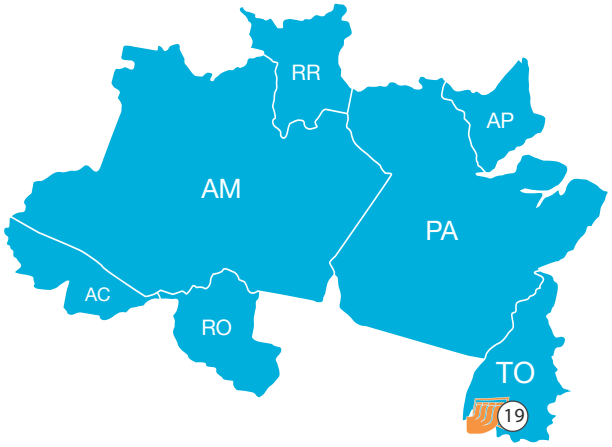
17 – JOSÉ GELAZIO DA ROCHA SMALL HYDROELECTRIC POWER PLANT

Operational launch: 2007
Location: Rondópolis, Mato Grosso State – Ribeirão Ponte de Pedra River
Installed Capacity: 23.7 MW – three generation units of 7.9 MW
Commercial capacity: 11.9 average MW
Concession term: 2032

18 – CANA BRAVA HPP

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 14001 and BS OHSAS 18001

GENERATION COMPLEX – NORTHERN REGION

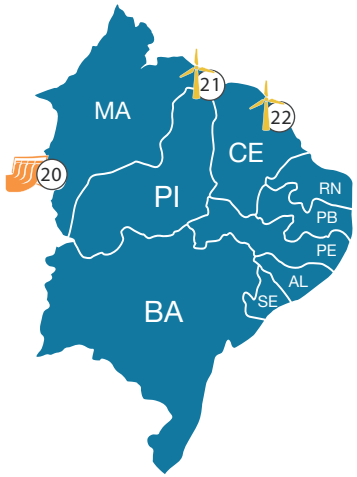


19 – SÃO SALVADOR HPP

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 14001 and BS OHSAS 18001



GENERATION COMPLEX – NORTHEASTERN REGION



20 – ESTREITO HPP

Operational launch: 2011 (at the end of 2012, seven of the eight generation units were in operation).
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 Installed Capacity: 435.6 MW
Tractebel Energia commercial capacity: 256.9 average MW
Concession term: 2037, conceded to Consórcio Estreito Energia (Ceste), composed of Tractebel Energia (40.1%), Vale (30.0%), Alcoa Alumínio (25.5%) and Camargo Corrêa (4.4%)

21 – 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
Concession term: 2032

22 - 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
Concession term: 2033



Hydroelectric Power Plant
Thermoelectric Power Plant
Biomass Plant
Wind Farm
Small Hydroelectric Power Plant



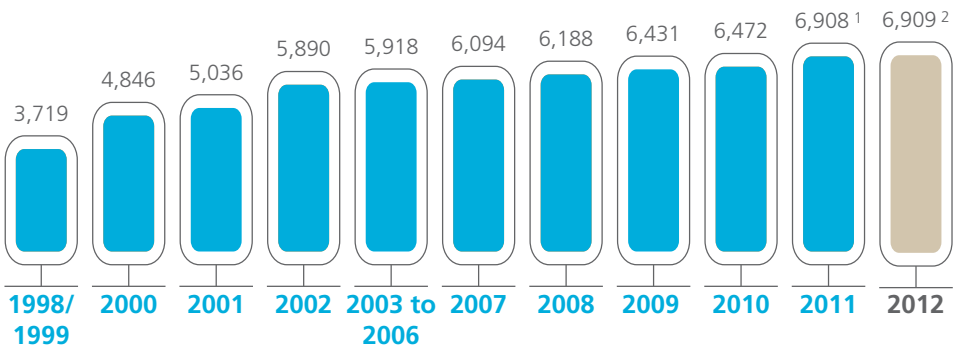
1.4. Expansion of the Generating complex

Throughout its history, Tractebel Energia has been implementing a consistent strategic expansion planning in all regions of Brazil, diversifying both its energy matrix and participation in different regional markets. The Company remains firm in its decision to continue expansion, especially through renewable sources such as hydro, wind, biomass and solar power.

In addition to the October 17 **inauguration of the Estreito HPP**, works on the Trairi Wind Farm Complex in Ceará State, with installed capacity of 115 MW, were ongoing in 2012 and are scheduled for completion in 2013. However, the Piauí State wind farm project will undergo a re-evaluation of its economic viability in 2013 due to licensing delays.

Proprietary Installed Capacity

(MW)



[1] Considers the complete motorization of the Estreito Hydroelectric Power Plant
[2] Considers increased stake in Ibitiúva Energética in 2012.

Corporate Governance .2



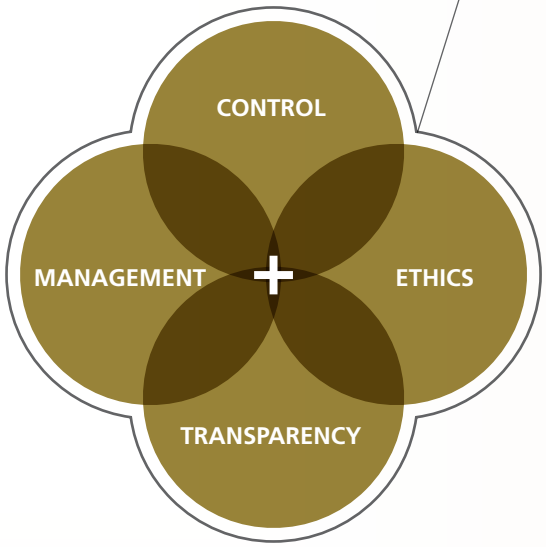
Rio Grande do Sul

2. Corporate Governance

4.1 4.3 4.5 4.6 4.7 4.8 4.9

2.1. Principles

CORPORATE GOVERNANCE PRINCIPLES



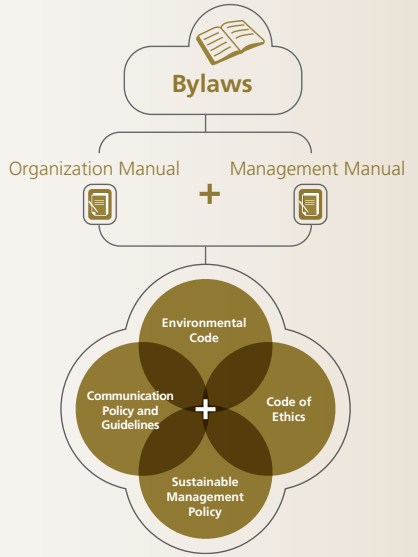
Tractebel Energia's corporate governance is regulated by the following principles:

ETHICS – Ethics guide all of the Company's activities. This value is shared with all employees and stakeholders via the Tractebel Energia Code of Ethical Conduct. A printed version of the Code is provided to employees, together with a folder including the Ethical Practices Guide, which includes guidelines on how to respond to possible ethical dilemmas. The Code of Ethical Conduct is also available on Tractebel Energia's website (www.tractebelenergia.com.br).

On June 26, 2012, the Ethics, Sustainability and Energy Seminar was held at the headquarters of Tractebel Energia. With lectures from the Ethos Institute, Ideal Institute (specialized in power from renewable sources), the Movimento Nós Podemos Santa Catarina (aligned with the UN Millennium Development Goals), Tractebel Energia and CRA consulting firm, the event attracted 81 people, including employees and representatives of suppliers, customers, service providers and community.

MANAGEMENT – Tractebel Energia's management is guided by values such as professionalism, sense of partnership, teamwork, creation of value, respect for the environment and ethics. The following diagram presents its policies and guidelines.

Management Policies and Guidelines



These documents are available on the Company's website and on the Intranet. All employees are instructed on its use and informed on of any changes to these guidelines.

TRANSPARENCY – Accountability and information with clarity and fairness to all stakeholders is a constant pursuit for Tractebel Energia, both in relation to the Company's activities, as well as its positions on issues of relevance to the power sector.

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

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

Corporate information is also disclosed in the (Boas Novas) newsletter for external stakeholders and also for employees in the internal (Conexão) newsletter and electronic bulletins for employees from the human resources area.

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

2.2. Novo Mercado

Tractebel Energia is listed on the Novo Mercado – the BM&FBovespa's highest level segment of governance practices, which exceeds those required by law.

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

» Vote in the Annual and Extraordinary General 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

» Receive a minimum 100% of the price paid per common share held by the controlling block, in accordance with the Novo Mercado regulations, in public tender offerings in the event of sale of the Company's control.

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



2.3. Corporate Sustainability Index

In addition, for the eighth consecutive year, the Company was included in the BM&FBovespa's ISE – Corporate Sustainability Index. The new portfolio, valid between January 7, 2013 and January 3, 2014, is composed of 51 stocks of 37 companies representing 16 economic sectors, with a market value equivalent to about 45% of the total of market capitalization of companies with shares traded on the BM&FBovespa[1].

8th

Consecutive Year

Índice de Sustentabilidade Empresarial ISE 2013

" ISE is a tool for benchmarking the performance of companies listed on the BM&FBovespa according to corporate sustainability based on economic efficiency, environmental balance, social justice and corporate governance. "

(Source: BM&FBovespa)

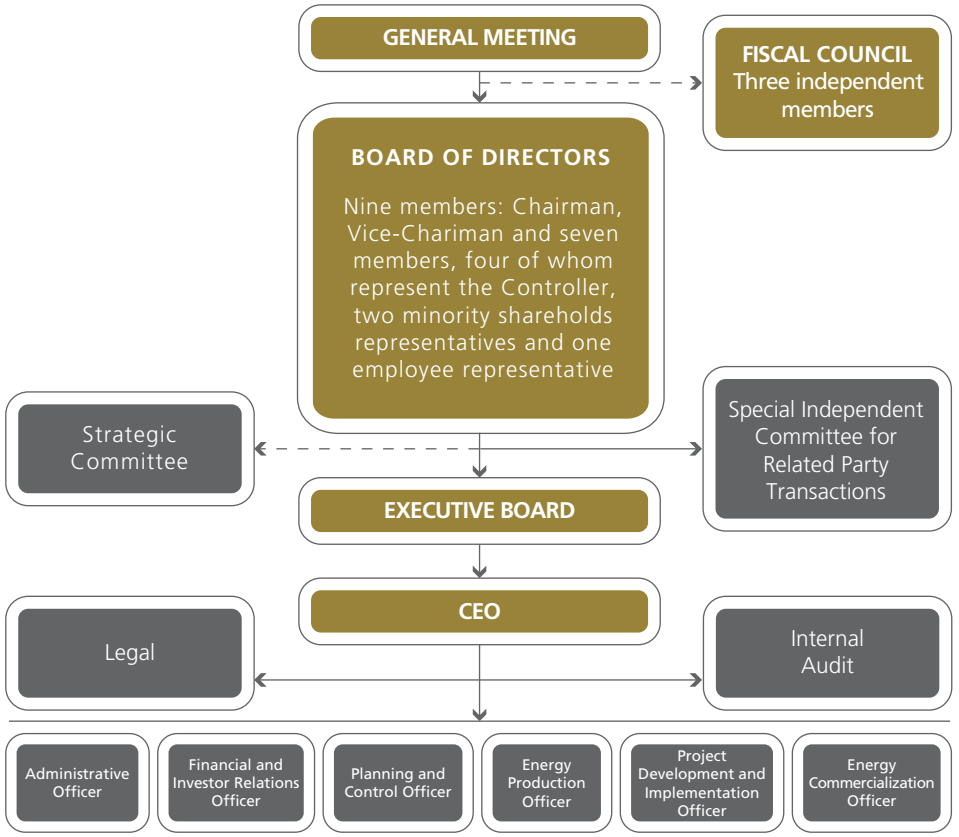
[1] As of November 26, 2012 – source: BM&FBovespa.

2.4. Management

2.4.1. Structure

Tractebel Energia Structure

December 31, 2012



2.4.2. Board of Directors

2.4.2.1. INTERNAL CHARTER

The Board of Directors' Internal Charter, available on the Company's website, establishes the practices, principles and responsibilities expected from the Company's board members. Thus, the Charter seeks to ensure that each member makes an effective contribution in line with the Company's values, vision and mission, in addition to the standards of ethics and integrity that are expected from them.

2.4.2.2. COMPOSITION

Tractebel Energia's Board of Directors is composed of nine sitting members, two of whom represent minority shareholders and one, employees. The term of office is two years with re-election allowed. The current members were elected at the 15th Annual General Meeting held on March 21, 2012. The Board's composition on December 31, 2012 is set out in the table, opposite.

Tractebel Energia Board of Directors

December 31, 2012

MEMBER	ALTERNATES
Maurício Stolle Bähr (Chairman)	Patrick Charles Clement Obyn
Jan Franciscus Maria Flachet (Vice Chairman)	Manuel François Colcombet
Manoel Arlindo Zaroni Torres [1]	André Aquino Fontenelle Canguçú
Guy Marie Numa Joseph Ghislain Richelle	Luiz Eduardo Simões Viana
Dirk Achiel Marc Beeuwsaert	Gil de Methodio Maranhão Neto
Philip Gotsall Cox	José Carlos Cauduro Minuzzo
Luiz Antônio Barbosa [2]	Roberto Henrique Tejada Vencato [5]
José Paes Rangel [3]	José João Abdalla Filho [6]
Luiz Leonardo Cantidiano Varnieri Ribeiro [4]	Antonio Alberto Gouvêa Vieira [7]

[1] Chief Executive Officer Tractebel Energia.
[2] Employee representative.
[3] Employee representative.
[4] Minority shareholder representatiave.
[5] Minority shareholder representatiave.
[6] Minority shareholder representatiave.
[7] Minority shareholder representatiave.

2.4.3. Board of Executive Officers

2.4.3.1. RESPONSIBILITIES

As set forth in the Company's Bylaws, available on its website, the responsibilities and powers of the Executive Board members are established by the Board of Directors.

2.4.3.2. COMPOSITION

In addition to the Chief Executive Officer, Tractebel Energia's Executive Board is composed of Power Production, Power Trading, Project Development and Implementation, Finance and Investor Relations, Planning and Control and Administrative officers. The term of office is three years and may be renewed. The Board's composition on December 31, 2012 is set out below.



Tractebel Energia Board of Directors

December 31, 2012

NAME	POSITION
1 - Manoel Arlindo Zaroni Torres	Chief Executive Officer
2 - José Carlos Cauduro Minuzzo	Energy Production Officer
3 - Luciano Flávio Andriani	Administrative Officer
4 - Marco Antônio Amaral Sureck	Energy Trading Officer
5 - José Luiz Jansson Laydner	Project Development and Implementation Officer
6 - Eduardo Antonio Gori Sattamini	Finance and Investor Relations Officer
7 - Edson Luiz da Silva	Planning and Control Officer

2.4.4. Fiscal Council

2.4.4.1. RESPONSIBILITIES

The Fiscal Council of Tractebel Energia is in charge of overseeing the Executive Board and analyzing the Company's Financial Statements.

2.4.4.2. COMPOSITION

As at December 31, 2012, the Fiscal Council was non-permanent, instated at the request of shareholders according to applicable legislation. It is composed of three to five sitting members and an equal number of alternates with a one year term, re-election allowed. The composition of the Fiscal Council on December 31, 2012 is set out below.

Tractebel Energia Fiscal Council

December 31, 2012

MEMBERS	ALTERNATES
Paulo de Resende Salgado (Chairman)	Flávio Marques Lisboa Campos
Manoel Eduardo Lima Lopes	Ailton Pinto Siqueira
Carlos Guerreiro Pinto	Manuel Eduardo Bouzan de Almeida



2.4.5. Management Compensation

2.4.5.1. POLICY

The policy for compensation of the management, composed of the Board of Directors, Executive Board and Fiscal Council, considers the required experience, complexity of activities and expected outcomes for each position.

2.4.5.2. CRITERIA

The total overall amount of the annual management compensation is defined by the Company's General Meeting and is broken down as follows:

(a) Board of Directors

The annual amount established for each Director is paid in 13 monthly installments. Any variable compensation, based on financial indicators, goals and operating results, including aspects relating to sustainability, may be included in the total amount approved by the General Meeting. The compensation of the chairman of the board is higher than that of other directors and the member of the Board of Directors elected by employees receives a bonus based on the number of monthly salaries paid to employees in the Profit Sharing Program.

(b) Executive Board

The compensation of the Executive Officers is composed of a fixed installment and a variable installment (bonus). The benefits offered by the Company include indirect compensation, such as healthcare, life insurance and supplementary retirement plans. The Executive Board's fixed compensation is based on market standards and is paid in 13 monthly installments and bonus amounts vary from 25% to 90% of the fixed annual compensation, in line with the executive's position, his or her challenges and established targets. This variable installment considers:

» Financial indicators, such as the Company's EBITDA growth, free cash flow and net income, as well as consolidation within the Controller, among others, which represent, on average, 40% of the annual bonus;

» Individual and operating indicators, such as fulfillment of targets, operating and/or financial results, including matters relating to sustainability, which represent, on average, 40% of the bonus; and

» Behavioral and managerial issues that represent, on average, 20% of the annual bonus.

Payment is made in the first half of the year following the end of the reference year and the annual value of the compensation of the Executive Board is established each year by the Company's General Meeting.

(c) Fiscal Council

Compensation for the members of the Fiscal Council is fully fixed, paid as pro-labore, and is established at the General Meeting that elects the respective members. The compensation cannot be less than 10% of the average monthly compensation of the Management, excluding benefits and variable compensation, for each member.

2.4.5.3. OVERALL COMPENSATION OF THE BOARD OF DIRECTORS AND EXECUTIVE BOARD IN 2012

The total compensation of the Board of Directors and the Executive Board amounted to approximately R$16.8 million in 2012, 63% of which was fixed compensation.

2.4.5.4. TOTAL COMPENSATION OF THE FISCAL COUNCIL IN 2012

The total amount paid to the Fiscal Council of Tractebel Energia in 2012 was R$351.7 thousand.

2.4.6. Committees

Tractebel Energia's governance structure includes committees that participate directly or indirectly in its decision-making processes. They are:

» Strategic Committee: an advisory committee, it supports the Board of Directors and Executive Board in addressing strategic matters, such as regulatory issues, generating complex expansion projects and trends in the power sector.

» Special Independent Committee for Related Party Transactions: being a non-permanent Committee subordinate to the Board of Directors, it is instated whenever there is a transaction involving parties related to the Company. It is composed of three to five members, the majority of which are independent members of the Board of Directors, to manage the terms of the transaction and give recommendations to the Board to ensure defense of the interests of the Company and its shareholders.

» Internal Committees: composed of professionals from different areas with specific functions related to the Company's management strategy. The seven committees of the current structure as at December 31, 2012 are shown below.

POWER COMMITTEE: evaluates the power market and businesses for Tractebel Energia; approves the Trading and Market Risk Management Policy; approves the transfer costs to be applied in operations; and validates the strategy for participating in power auctions and sales contracts.

RISK MANAGEMENT COMMITTEE: defines targets and guidelines for the process of corporate risk management; promotes and suggests continuous improvements for risk evaluation managed by the corporate divisions; and defines the Company's risk control procedures.

FINANCIAL COMMITTEE: evaluates the macroeconomic conditions and their impacts on the Company's financial strategies; recommends policies for fundraising, financial investments and derivatives; anticipation of payments or postponement of receipts; contracting of liability restructuring operations; approves the ranking of banks with which the Company will operate; identifies risks in asset/liability operation mismatches; and, if and whenever necessary, proposes hedge operations.

TAX PLANNING COMMITTEE: discusses and interprets the application of tax law; debates and recommends actions regarding administrative and legal disputes; gives suggestions for obtaining legal tax benefits relative to Tractebel Energia's operations; and takes part in the decisions on new projects, identifying the tax savings opportunities.

ETHICS COMMITTEE: permanently assesses the timeliness and relevance of the Code of Ethics of Tractebel Energia; responsible for disclosing, raising awareness, applying and updating Tractebel Energia's Code of Ethical Conduct, ruling on cases involving more serious violations; and resolving questions regarding its interpretation.

INNOVATION COMMITTEE: aims at creating an environment propitious for new ideas to be successfully explored, adding value to the Company; receives and evaluates proposals sent by employees and recommends the allocation of funds for the selected ideas to the Executive Board, as well as authorship recognition; and stimulates the participation of Tractebel in GDF SUEZ Innovation Trophies.

SUSTAINABILITY COMMITTEE: its permanent goal is to create a proactive system for the Company's social and environmental initiatives in the areas where it operates, raising stakeholder awareness on the subject; makes recommendations on social and environmental sustainability aspects of projects under development and implementation and presents and submits for approval, together with the Executive Board, the annual Tractebel Energia Sustainability Targets, involving the corporate divisions under its responsibilities.

As set forth in the Sustainability Committee's Internal Charter, published on the Company's website in 2012, the Committee now has 11 members, including the Independent Board Member and the employee representative. The Committee is coordinated by the Administrative Officer and, in addition to the Coordinator and Independent Member, has nine other members representing: supplies, new businesses, human resources, investor relations, corporate communications, the environment, hydroelectric generation, thermoelectric generation and power trading.

Strategy and Competitive Advantages • 3



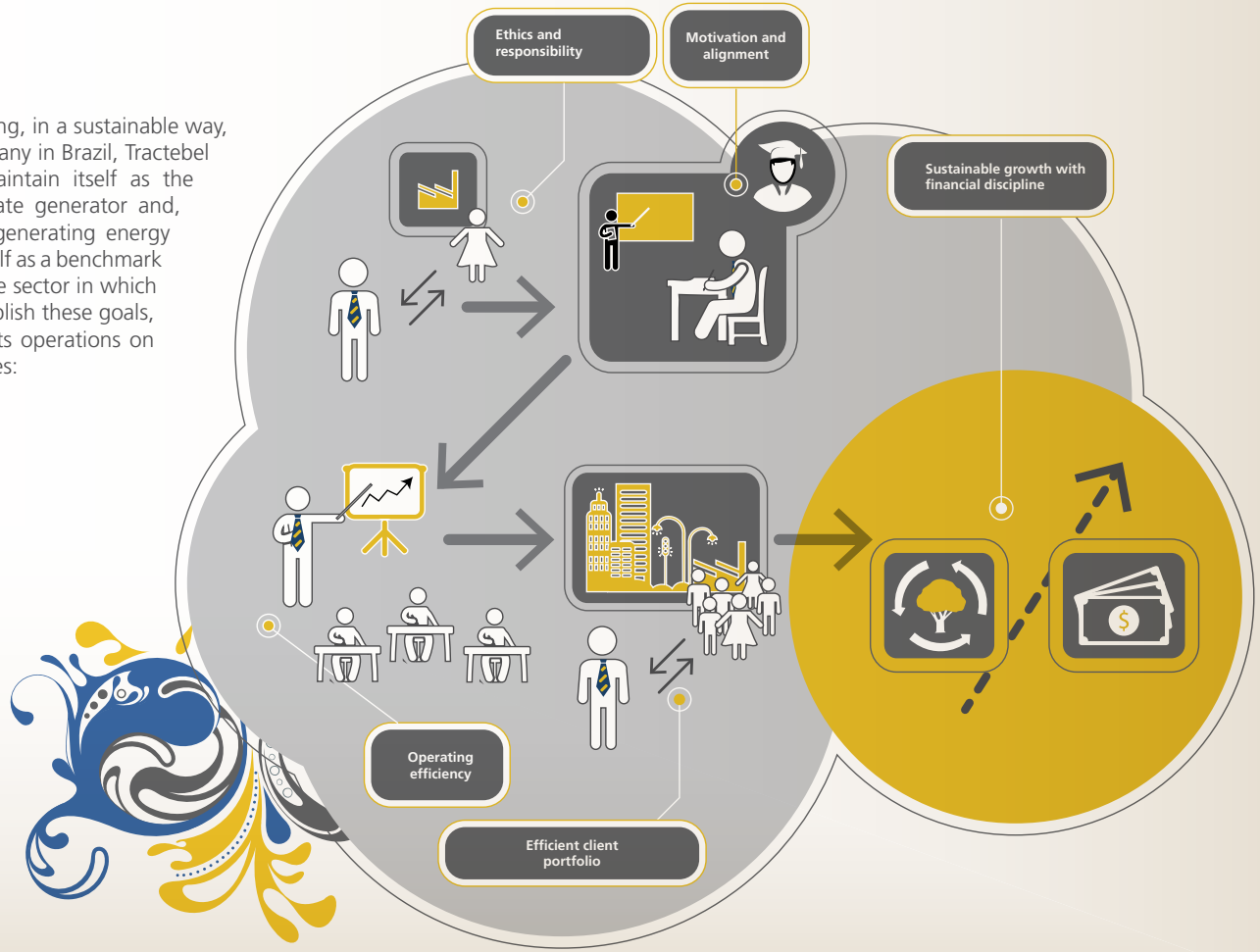
Minas Gerais

EU3 EU7

3. Strategy and Competitive Advantages

3.1. Strategy

With the vision of being, in a sustainable way, the best energy company in Brazil, Tractebel Energia strives to maintain itself as the country's largest private generator and, with the mission of generating energy for life, establishes itself as a benchmark for sustainability in the sector in which it operates. To accomplish these goals, the Company bases its operations on the following principles:



3.1.1. Ethics and Responsibility

The Company shares its ethical principles with all stakeholders with whom it interacts. Its Code of Ethics is available on the website and is distributed to all employees. The Tractebel Energia Sustainable Management Policy reaffirms its values, and its Social Responsibility dimension explicitly confirms ethics and integrity as elements of social management at Tractebel Energia.

3.1.2. Motivation and Alignment

The Company shares its values and seeks to establish a culture of trust and cohesion, coupled with proper training. Accordingly, throughout its history the Company has counted on the motivation and alignment of its employees to achieve business objectives.

3.1.3. Operating Efficiency

Tractebel Energia invests in Research and Development and modernization of its generating complex, with highly trained staff to operate and maintain its systems and equipment, as well as strategic, commercial, technical and administrative management of its business.

The Tractebel Energia Sustainable Management Policy encompasses Quality, the Environment, Occupational Health and Safety and Social Responsibility, which is implemented at all of the 22 plants it operates. Of these, 15 are certified according to the NBR ISO 9001, NBR ISO 14001 and OHSAS 18001 standards, accounting for 90% of the total capacity operated by the Company. In 2013, Tractebel Energia plans to recertify these plants.

3.1.4. Efficient Client Portfolio

Tractebel Energia has a strategic principle to form an efficient portfolio of clients based on the following principles:

» Portfolio diversification: Tractebel Energia's primary goal is to dilute risks with its client portfolio by serving different markets – the regulated market, composed of distributors, and the free market, composed of traders, free consumers (with demands greater than 3.0 MW), and special consumers (with demands greater than 0.5 MW). Diversification is evident in the different industrial sectors represented by free and special consumers (chemicals and petrochemicals, automobiles, mining, industrial gases, pulp and paper, supermarkets and others). Tractebel Energia is a pioneer in the systematic prospection of free clients. Another 31 new customers joined the company's portfolio and 21 contracts were renewed in 2012.

» Credit analysis: customer credit analysis allows Tractebel Energia to keep low default levels, at close to 0%.

» Supply guarantee: based on diversification in the generating complex, high uptime of the plants, strong cash flow, economic and financial solidity, command of regulations and market experience.

» Flexibility in negotiations: allows customized contracts for power supply to meet the specific needs of each client; and

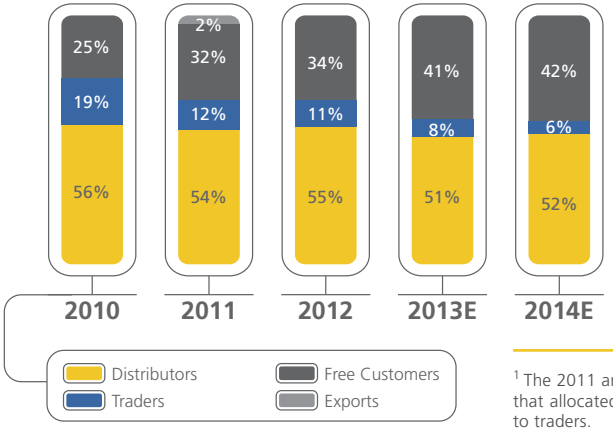
» Loyalty: formed from the alignment with the values, mission and vision of Tractebel Energia, contributing to the consolidation of lasting relationships.

3.1.5. Sustainable Growth with Financial Discipline

The Company's financial management is guided by discipline. Tractebel Energia sustainably grows its revenues through careful assessments of risk, return and investments involved in the development and implementation of new projects, as well as transactions in power trading, in which social and environmental factors are fundamental.

Tractebel Energia's client portfolio breakdown [1]

December 31, 2012



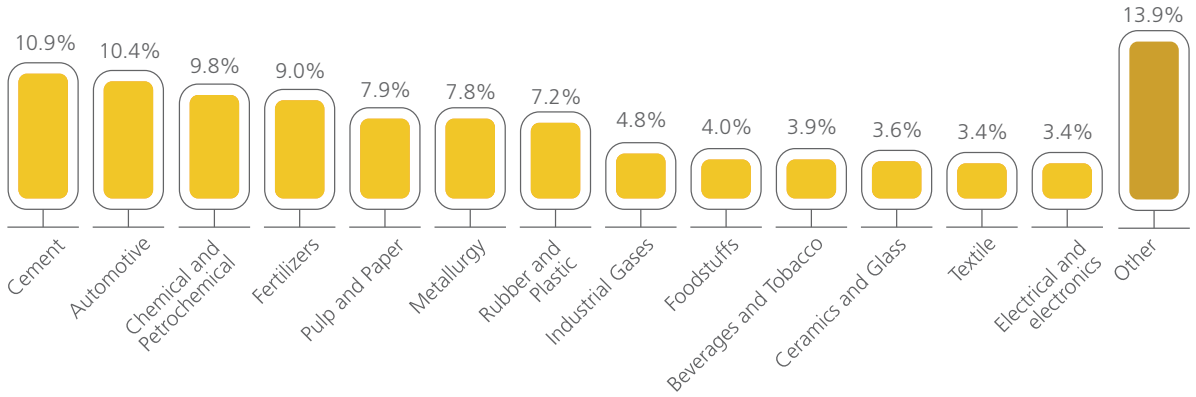
Innovation in the systematic prospecting of the free market...

- Flexibility (prices, terms and conditions). → Maximizes portfolio efficiency.
- Opportunities with shorter-term contracts. → Means of building better relationships with some free customers.
- Increased consumer market; Regulated and Free contracts. → Greater predictability of long-term cash flow.

...in order to minimize risks and maximize the efficiency of its client portfolio.

[1] The 2011 amounts were restated after accounting reclassification. As of 3Q12, the Company presents sales to traders that allocated purchased power exclusively to their production units as sales to free customers, and no longer as sales to traders.

Distribution of sales to free customers in 2013, by sector



Total Volume
1.740 Average MW

Note: Client segmentation is based on IBGE classification.

3.2. Competitive Advantages

3.2.1. Personnel and Management

In addition, Tractebel Energia's Management is composed of experienced executives committed to corporate governance best practices and its employees are prepared to combine their technical expertise with a strategic and managerial vision of the Company's business. A consistent talent retention program ensures a turnover compatible with the need to renew its workforce and a high level of internal satisfaction.

3.2.2. Synergy, Tradition and Corporate Growth Potential

Tractebel Energia is controlled by GDF SUEZ, the world's largest independent power producer, which has one of its investment priorities in Brazil.

From 1998 to 2012, the Company's proprietary installed capacity expanded 86%, from 3,719 MW in 1998 to 6,909 MW in 2012[1]. The part of this growth derived from new hydroelectric power plants was based on the business model that provides for the transfer of assets from the Controller to Tractebel Energia after mitigating the main implementation risks. To improve the transparency of this model, as from 2010, these transfers have involved evaluation of the Special Independent Committee for Related Party Transactions, the majority of which is composed of minority shareholder representatives on Tractebel Energia's Board of Directors.

3.2.3. Focus on Generation

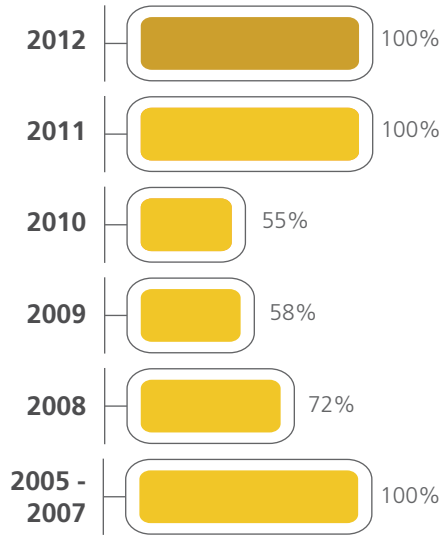
By focusing generation and not operating in power distribution or transmission, Tractebel Energia avoids possible conflicts of interest and, at the same time, maximizes the potential of its human capital in the exploration, evaluation and development of new business opportunities in this segment.

3.2.4. Payout

The payout criteria were enhanced in 2005, when the Company carried out its secondary public offering that resulted in its listing on the BM&FBovespa's Novo Mercado. The definition of the amount to be distributed depends on Tractebel Energia's financial condition and investment prospects, as well as macroeconomic conditions. The Company's Management is committed to a minimum payout of 55% of adjusted net income, above the 30% provided in its Bylaws, which for its part is already greater than the 25% provided by the Brazilian Corporation Law. In 2012, for the second consecutive year, the Company's payout reached 100%.



Payout Evolution



[1] Includes all generating units of the Estreito HPP.



3.2.5. Appeal on the Capital Markets

Since joining the BM&FBovespa's Novo Mercado in 2005, the Company's shares have appreciated above the Ibovespa. Besides the competitive advantages already mentioned, several factors contribute to this performance, such as:

» Operation in a strategic sector with a defensive profile in times of crisis;

» Attractive funding conditions, with an excellent risk rating: the corporate and debentures rating in 2012 was classified as brAAA by Standard & Poor's and AAA(bra) by Fitch on the national scale, and BBB(bra) on a global scale by Fitch;

» Stable financial performance with strong cash flow, average EBITDA margin above 60%, consistent net income, low foreign exchange exposure and active financial management;

» As the sector leader, Tractebel Energia is the largest private generator in Brazil;

» Market value of R$21.8 billion on December 31, 2012;

» A clear business strategy with a high level of contracted power for the coming years and contracts indexed to inflation rate;

» Predictable cash flow; and

» Energetic matrix concentrated in **hydroelectric power**, diversification in thermoelectric and wind power.

INTANGIBLE ASSETS • 4



Mato Grosso

EU8

4. Intangible assets

4.1. Human Capital

The qualification of administrators, managers and specialists is crucial in the sector in which Tractebel Energia operates. In Human Resources, in its second time participating, in 2012 Tractebel Energia was named one of the 150 best companies to work for in Brazil by the *Você S.A./Exame* magazine ranking.





4.2. Innovation

In order to maintain its leadership in a sector strategic to the country and society, Tractebel Energia, like its parent company GDF SUEZ, considers innovation to be one of its most important assets and an integral part of its corporate culture. In addition to promoting a participative work environment that encourages consistent innovation, since 2007 the Company has sought to strengthen this culture with the Inove Program, which encourages and recognizes employees that stand out for their innovative behavior, similarly to the Innovation Trophies sponsored annually by GDF SUEZ. The Inove Program awards the best projects or initiatives implemented in five categories: Operation and Maintenance, Research and Development, Commercial and Business, Social and Environmental besides Management. All of Tractebel Energia's employees except divisional managers and Innovation Committee members may participate in the program.

In 2012, 47 projects were submitted on Tractebel Energia's Inove Program, 23 of which will undergo further evaluation and 24 of which correspond to actions that have already been implemented. Of these, 11 were selected according to the Innovation Committee's score and seven were approved by the Executive Board to receive the award. A total of R$100 thousand was awarded to prize winners.

4.3. Research & Development (R&D)

Law no. 9,991/2010 states that power generation, transmission and distribution companies allocate 1% of their annual net revenue to R&D, allowing companies to define the goals of their programs and submit their projects for approval by the National Agency of Electric Energy (Aneel). Tractebel Energia's R&D program focuses on:

- Teaching and developing skills for research and technological innovation in the regions where the Company operates;
- Developing innovative technologies that add value to the Company's products and services;
- Application and diffusion of R&D project results to promote development;
- Reducing environmental impacts, controlling and reducing emissions and biodiversity research; and
- Developing new renewable energy sources.

In 2012, Tractebel Energia invested R$28.6 million in its R&D program, which was allocated as follows:

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

The total investment in the 20 projects in progress - some in cooperation with other institutions - is about R$100 million.

R&D Projects in Progress

December 31, 2012

	ANEEL CODE	TITLE	GOALS	EXECUTOR	INVESTMENT (R$)	START	SCHEDULED FINISH
1	PD-0403-0001/2008	Greenhouse Gas Emissions Derived from Future Area São Salvador HPP.	Determine natural emissions of greenhouse gases (GHG) - carbon dioxide (CO_2), methane (CH_4) and nitrous oxide (N_20) - which interact with infrared radiation in the atmosphere, causing intensification of the greenhouse effect in the area of the São Salvador HPP during pre- and post-filling.	Coppe[1] - RJ	**2,929,752.34**	09/10/2008	05/09/2013
2	PD-0403-0002/2008	Installation of an Onshore Wave Converter Prototype in Sea Conditions of the Brazilian Northeast.	Development and implementation of an electricity converter from ocean waves. The prototype consists of two modules, each consisting of buoys, arms and pump fixed in existing breakwaters, which will contribute to a single set of turbines, generator and hyperbaric chamber to generate 50 kW of electricity.	Coppe - RJ	**17,097,857.87**	03/05/2009	07/04/2013
3	PD-0403-0003/2008	Real time Management System for Control, Performance Evaluation and Optimization of Power Production at the Itá HPP.	Development and implementation of a real time management system for control, performance evaluation and optimization of Power Production at the Itá HPP, including a database with information on hydraulic losses and output, and weighted averages, among others.	UFSC[2] / M&D[3]	**1,874,501.30**	05/01/2009	10/31/2013

[1] Coppe: Alberto Luiz Coimbra Graduate Institute of Engineering Research.
[2] UFSC: Federal University of Santa Catarina State.
[3] M&D Monitoração e Diagnose Ltda.

	ANEEL CODE	TITLE	GOALS	EXECUTOR	INVESTMENT (R$)	START	SCHEDULED FINISH
4	PD-0403-0005/2008	Use of Rice-straw in the Co-Firing Process with Pulverized Coal.	Determine, from the results of experimental tests and analysis, operational conditions for using Co-Firing technology in one of the plants at Jorge Lacerda Thermoelectric Complex, and logistics for collection and transportation of biomass.	UFSC	8,839,975.37	03/04/2009	10/03/2013
5*	PD-0403-0011/2010	Electric propulsion system for small boats using batteries and solar power.	Study, project and build small boats with electric propulsion systems, capturing photovoltaic solar power. The system is basically composed of batteries, photovoltaic panels, engines and three-phase inverters.	UFSC / Feesc[4] / Cebra[5]	1,746,641.80	08/09/2011	02/09/2014
6	PD-0403-0012/2010	Development of new Coatings via ARCO Thermal Spraying for Corrosion and Erosive Wear Protection in Air / Gas Heat Exchangers.	Study of the use and improvement of coating techniques, via ARCO thermal spraying on CORTEN-A steel tubes with high-quality materials consisting of series 300, 400 stainless steel and super alloys for increased resistance to corrosion and wear.	SATC[6]	716,405.00	02/02/2011	04/01/2013
7	PD-0403-0014/2010	Elevation of the water pH in the cooling systems as a method of controlling bio-incrustation at hydroelectric plants.	Development of control techniques for invading incrusting species, raising the pH of the water in the cooling system by injecting sodium hydroxide (NaOH).	Lactec[7]	1,005,472.80	05/30/2011	05/29/2014
8*	PD-0403-0015/2010	Development of an instrumented buoy for water quality monitoring – Boia Yara.	Development of a buoy prototype for measuring the water quality in reservoirs, with telemetry and intelligent sensors for traceability, legal support, reduced maintenance costs and data transmission.	Certi[8]	1,206,431.00	11/22/2011	11/21/2014
9*	PD-0403-0016/2010	Development of an online monitoring system of the water supply grid in hydroelectric power plant intakes.	Development of a monitoring system for supervising the physical integrity of the protection grid installed in the water intakes of the hydroelectric power plant. For detection, a network of fiber-optic sensors will be installed, integrated with an interrogator system of sensors multipoint analysis software.	CPqD[9]	1,648,040.00	11/17/2011	11/16/2013
10	PD-0403-0017/2011	Development and Implementation of Intelligent Micro-Networks - Strategies for Control System Integration and Energy Management.	Development of a modular system for management of generation and demand on Intelligent Micro-Networks. - Implementation of a pilot project at a 30 kW plant; - Preparation of technical and commercial dossier for application of the system to new power supply products/services to be offered on the Free Market.	Certi UFSC Supplier	2,319,190.00	04/16/2012	04/15/2014
11	PD-0403-0019/2011	Use of bottom ash from Tractebel Energia's thermoelectric plants for *"in-vitro"* production of a substrate for development of native forest and ornamental plants.	Develop an alternative culture environment for "*in-vitro*" production of plants such as orchids, bromeliads and other native plants, as well as substrate for ornamental and forest plants from the bottom ash from the Jorge Lacerda Thermoelectric Complex plants.	Unisul[10]	615,765.90	09/20/2011	03/19/2014
12	PD-0403-0020/2011	Development of forecast technologies for power generation at operating wind farms.	The project aims to develop a short-term forecast model for power generation at wind farms to be calibrated and validated at wind farms in operated by Tractebel Energia (Beberibe and Pedra do Sal).	UFSC	3,028,616.20	12/06/2011	12/05/2014
13	PD-0403-0021/2011	Nationalization of a complete protection relay for small plants.	Development of a national protection relay for generators, adopting the architecture as required by regulation IEC 61850 for power generation complexes.	Reason[11]	2,636,650.00	06/10/2011	06/09/2013

[4] Feesc: Santa Catarina Engineering Foundation.
[5] Cebra: Conversores Estáticos Brasileiros Ltda.
[6] SATC: Carbon Industry Beneficient Association of Santa Catarina State.
[7] Lactec: Institute of Technology for Development.
[8] Certi: Innovative Technology Leadership Center Foundation.
[9] CPqD: Telecommunications Research and Development Center.
[10] Unisul: Southern Santa Catarina State University.
[11] Reason: Reason Tecnologia S.A.

* Project in partnership with Itasa.

	ANEEL CODE	TITLE	GOALS	EXECUTOR	INVESTMENT (R$)	START	SCHEDULED FINISH
14	PD-0403-0022/2011	Influence of water addition during compression and fine particulate content on the mechanical behavior of rock fills in large triaxial equipment.	Main product: methodology for a) maximum content of fine particulates and b) addition or otherwise of water on rock fill compression with high particulate content. Secondary products: a) triaxial equipment optimized for different types of loading and b) crushing and screening infrastructure	UFSC / Leme Eng.	364,029.00	01/27/2012	01/26/2014
15	PD-0403-0023/2011	Development of technology for production of ceramics using bottom ash from burning biomass for power generation.	Production of bricks from bottom ash from burning biomass.	Udesc[12]	589,350.00	02/08/2012	02/07/2014
16	PD-0403-0024/2011	Direct osmosis process for the generation of power using salinity gradients.	Development of membranes and permeaters and construction of demonstrative equipment, on a laboratory scale that, with the circulation of currents with different salinities produces osmotic flow and power.	Coppe - RJ	1,692,943.00	02/14/2012	02/13/2014
17	PD-0403-0025/2011	Development of National Automated Technology for Coating and Manufacturing via Welding of Boiler Tubes and Associated Welding Technologies.	Development of an integrated system consisting of a robotic manipulator with five degrees of freedom and welding equipment for coating for recovery of boiler tubes (spiral type, horizontal welding) damaged by corrosion and erosion as well as to increase the useful life of new tubes.	UFSC	1,785,648.88	04/25/2012	04/24/2015
18	PD-0403-0026/2011	Technology for germplasm bank formation and production of native fish for restocking (repopulation) of Iguaçu River.	Technologies for germplasm bank formation to allow artificial production and repopulation of fish of the Iguaçu River. Involves capture of breeders, seminal characterization, conservation / cryopreservation of gametes and embryos, artificial reproduction, creation of youth/adult and stocking.	Unioeste[13]	1,829,800.00	02/28/2012	02/27/2016
19**	PE-0403-0027/2012	Implementation of photovoltaic solar plant (PV) of 3MWp and evaluation of technical and economic performance of PV generation in different climate conditions in the Brazilian energy matrix.	Installation of eight assessment modules with seven PV technologies and solarimetric stations in eight cities with different climates. Installation of 3MWp PV plant with three consolidated PV technologies. Technical, environmental, economic, regulatory, tax, legal and commercial evaluation in addition to Human Resources training.	UFSC	56,301,400.00	07/16/2012	07/15/2015
20	PD-0403-0028/2012	Temperature monitoring system in high power electric generators, employing distributed and quasi-distributed optical sensing techniques.	The proposed project consists of using fiber optic sensing techniques to develop a monitoring system for electricity generators to determine thermal balance, efficiency of the cooling system and failure prevention on galvanic insulation in the stator surface.	UTFPR - PB[14]	1,033,701.00	10/29/2012	10/28/2015
				TOTAL	**109,262,171.46**		

[12] Udesc: Santa Catarina State University
[13] Unioeste: Western Paraná State University
[14] UTFPR - PB: Federal Technological University of Paraná - Pato Branco

** Strategic project with 12 cooperating companies

4.4. Image

Tractebel Energia seeks to enhance its corporate image through the way it does business, which should add to operating efficiency transparency and dialogue, as well as the sharing and practice of its values. Permanent communication channels with stakeholders, surveys and consultations allow the Company to identify and evaluate expectations related to its operations, as well as the public's perception. In 2012, a study conducted with Tractebel Energia's clients presented 95% approval rate, with 70.8% of respondents considering the Company the number one best electricity supplier and 85.1% would recommend Tractebel as a supplier to another company.

Corporate Risk Management • 5



Piauí

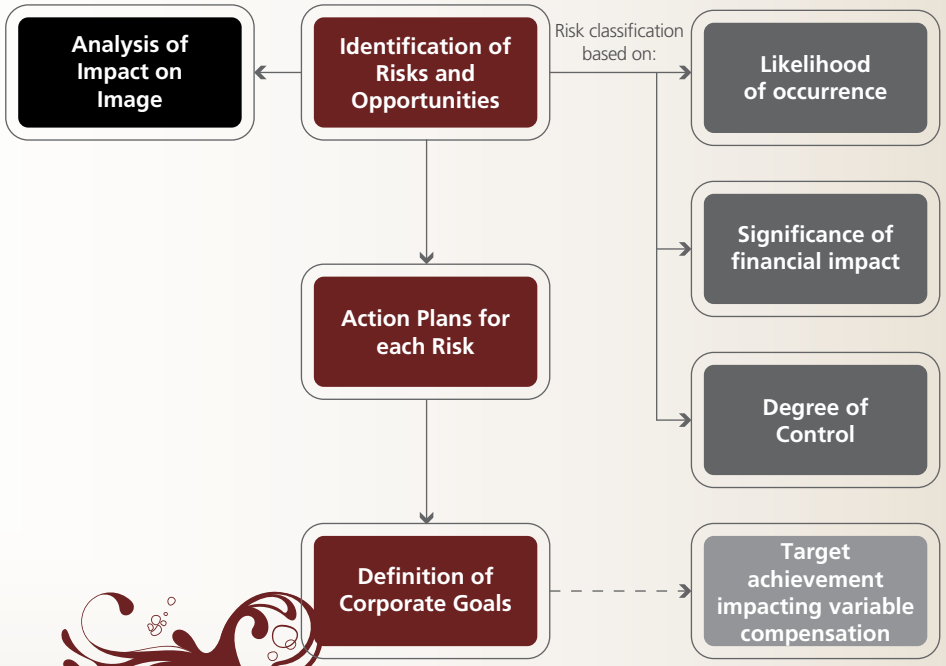
5. Corporate Risk Management

1.2 4.11 EU11 EU30

At Tractebel Energia, the analysis process of risks and corporate opportunities is systematic and dispersed throughout the Company. Risk analysis is an exercise involving employees, managers and directors, including the CEO besides the Risks Management Committee. The result is recorded in the Business Risks and Opportunities Matrix.

Therefore, risk analysis is much more than a requirement of the controlling shareholder or the market, becoming an efficient tool for strategic planning. Several action plans arising from risk analyses are transformed into business objectives and are monitored throughout the year. Following approval of these goals by the Management, targets are defined for employees who hold management positions, which receive variable compensation in connection with their achievement.

Risk Analysis





Business risk analysis involves the identification of risks and their classification as to the likelihood of occurrence, significance in terms of financial and image impacts and the degree of control. From this analysis, action plans are developed for each risk and any associated opportunities are identified.

Risks and opportunities are characterized by possible changes in relation to the Company's Medium-Term Financial Planning (PMT). Negative variations in relation to the PMT determine the risks and the positive variations, opportunities.

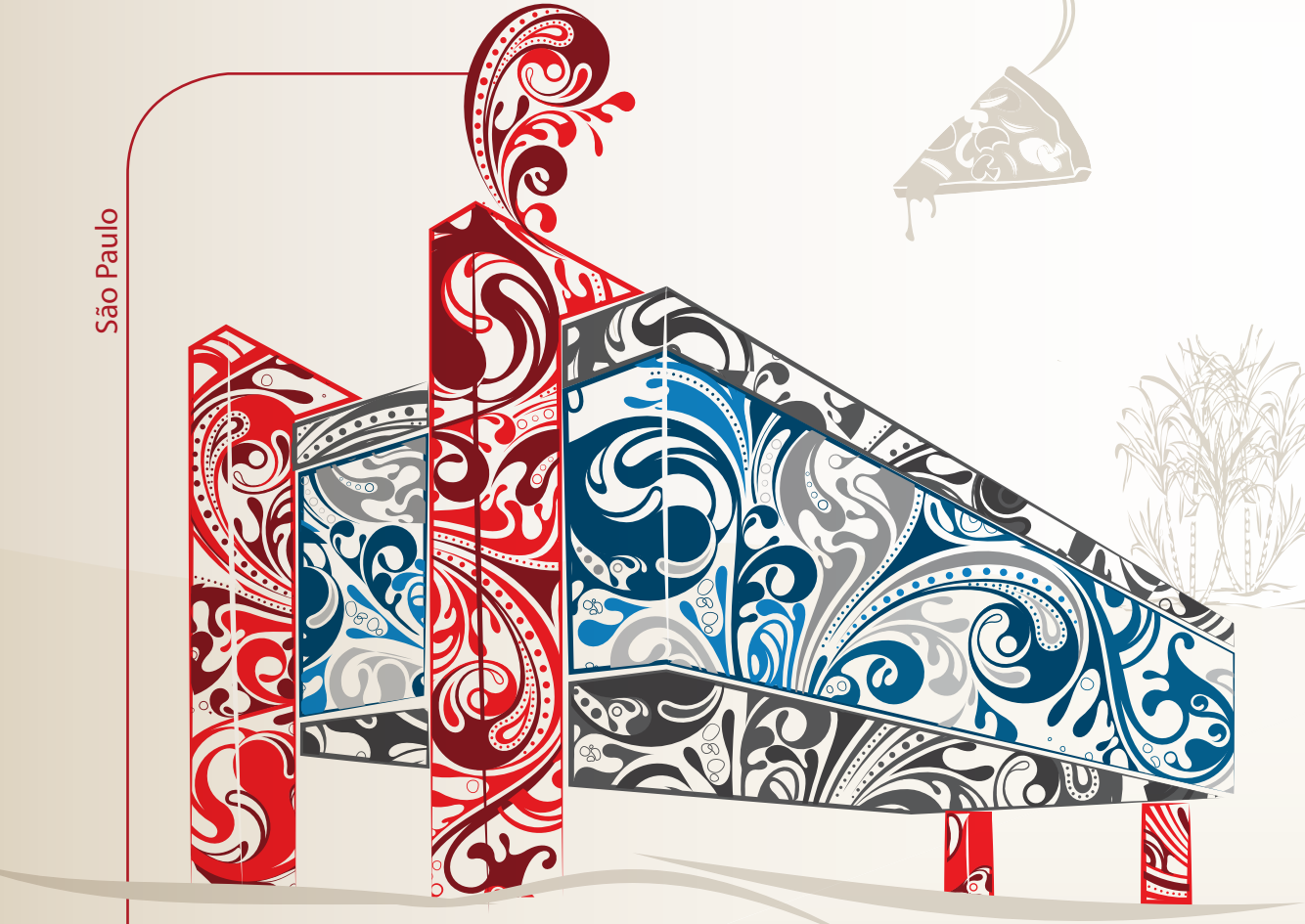
MAIN BUSINESS RISKS OF TRACTEBEL ENERGIA



- Market risk: power supply and demand may have a different outcome from that forecasted, with a consequent impact on volume and prices.
- Regulatory risk: adverse trend in electricity sector regulation.
- Tax risk: adverse moves in tax legislation and the operations of tax collection entities.
- Economic risk factors: changes in economic variables such as interest, foreign exchange rate, commodity prices, economic growth and inflation with an impact on the Company's businesses.
- Risk of breach of contract: failure to comply with provisions contained in power sales agreements signed by the Company and in the trading rules of the Energy Trading Board (CCEE).
- Social and environmental risk of operating plants: adverse trend in environmental regulations and in organized social movements in relation to the plants in operation.
- Risk in the development and implementation of new projects: delays in plant works schedules or additional costs of plant implementation or operational costs.
- Risk of power shortfall: shortfall of physical power at Tractebel Energia's own plants and of purchased power.
- Risk of force majeure: accidents and disasters of major proportions due to natural and human causes involving the implementation of projects, plant operation and management of the Company.
- Risk of human resources: labor shortfalls due to failure to hire and train in a timely manner to meet the Company's expansion needs and staff replacement; increase in labor costs due to competition for human resources as a result of economic growth and workplace accidents.
- Risk of Information Technology – IT: downtime and security failure of the IT resources may negatively impact Company's operations and image.

Economic Management .6

São Paulo



6. Economic Management

EU2 EU6

6.1. Macroeconomic and sectorial scenario

6.1.1. Brazilian economy

In 2012, the Brazilian economy suffered a slowdown driven by a world economy that was still influenced by the Eurozone crisis, in addition to government measures to adjust the country's economic growth strategy.

Among these measures are alterations to the foreign exchange policy to drive the Real down against the Dollar as a means of promoting exports and interest rate cuts to stimulate capital investments. Despite the Dollar's 9.43% appreciation, closing the year at R$2.0447, exports did not rise as expected.

The combination of the falling Real and increased commodity prices created inflationary pressures that diminished purchasing power, thereby reducing consumption for weaker industrial growth.

The Extended Consumer Price Index (IPCA) reached 5.8% in the year, down 0.7 p.p. as compared to 2011 while exceeding the government's target of 4.5% ± 2 p.p. by 1.3 p.p. Inflation above government and market expectations was driven by the crop failure in the Northern Hemisphere that caused a price hike in grains and derivative products.

This increase was also related to the target overnight interest rate (Selic), which closed the year at 7.25%, down 3.75 p.p. over 2011 after ten consecutive cuts by the Monetary Policy Committee (Copom) aimed at boosting Brazilian economic activity.

In this scenario, according to the Brazilian Institute of Geography and Statistics (IBGE), Gross Domestic Product (GDP) grew 0.9%, continuing the slowdown as compared to growth of 2.9% in 2011 and 7.5% in 2010.

6.1.2. Brazilian electric sector

6.1.2.1. INSTALLED CAPACITY

On December 31, 2012, 2,809 generating plants were in operation in Brazil with a total installed capacity of 121,104 GW, up 3,970 MW or 3.4% over the 117,134 recorded in December 2011[1].

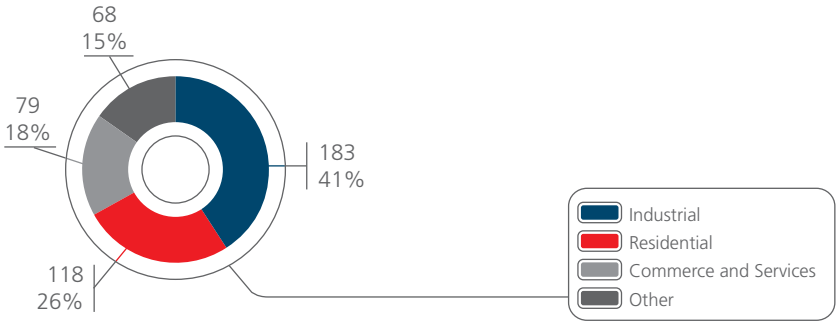
6.1.2.2. ELECTRIC POWER CONSUMPTION

According to the Energy Research Company (EPE), electricity consumption in Brazil in 2012 was 448,000 GWh, up 3.5% as compared to 2011.

[1] Source: Aneel, General Plant Summary.

Power Consumption Breakdown in 2012

('000 GWh and %)



The increase in consumption in the residential and commerce and services categories was the main driver of this growth above GDP. In the commerce and services category, consumption was up 7.9% to represent 17.7% of total consumption at 79,000 GWh. The residential segment, in turn, reached 118,000 GWh, up 5.0% compared to the previous year.

The industrial segment showed a slight decrease of 0.05% in consumption, totaling 183,000 GWh in 2012, while production fell 2.6% in the period, according to the IBGE.

The remaining consumption, distributed in the other segmentation, which involves mainly the rural and public segments, increased 6.2% to 68,000 GWh.

6.1.2.3. POWER AUCTIONS

a) Adjustment auctions

In 2012, there were three adjustment auctions:

» On March 29, 2012, the 12th Adjustment Auction, in which 13.5 average MW were sold wholesale in the South Submarket between June 1 and December 31, 2012, at an average price of R$142.46/MWh.

» On June 14, 2012, the 13th Adjustment Auction, in which 103.5 average MW were sold, divided into four products: six months wholesale to the Northeast Submarket at an average price of R$120.74/MWh; six months wholesale to the Southeast/Midwest Submarket at an average price of R$114.51/MWh; three months wholesale to the Northeast Submarket at an average price of R$128.04/MWh, and three months wholesale to the Southeast/Midwest Submarket at an average price of R$116.00/MWh.

» On September 27, 2012, the 14th Adjustment Auction, in which two products were sold: three months wholesale to the Northeast Submarket with 17.5 average MW sold at R$139.13/MWh, and three months wholesale to the Southeast/Midwest Submarket with 46.5 average MW sold at R$130.73/MWh.

b) New power auction

The 15th New Power Auction (Auction A-5, 2012) was held on December 14, 2012 with bids for new generation projects with power delivery in 2017. 150.6 average MW of hydroelectric power, contracted by quantity at an average price of R$93.46/MWh were auctioned. An additional 151.6 average MW of wind power via availability contracts at an average price of R$87.94/MWh were sold.

6.1.2.4. EXPANSION

According to the 2012-2021 Ten Year Plan prepared by the Energy Research Company (EPE), the installed capacity to be added to the National Interconnected System (SIN) in the period totals 65,910 MW (or 65.91 GW), with 54% from hydropower (including Small Hydroelectric Power Plants (SHPP), 22% from thermoelectric plants, including biomass power plants), 22% from wind power and 2% from nuclear power. In this planned capacity, approximately 40 GW will come from projects already

contracted - mainly from hydroelectric plants, with a total of 21 GW - and about 25 GW from new plants – mainly alternative sources, totaling 13 GW.

6.1.2.5. POWER SECTOR SUSTAINABILITY

The breakdown and the expansion of the Brazilian energy matrix in its technological, territorial, and environmental aspects, mainly in relation to hydropower, were part of a multi-institutional study titled *Contributions from Brazil to the Americas Regional Process* specially prepared for the sixth World Water Forum held in March 2012, in Marseille, France. In his chapter *Harmonize water and energy*, showing comprehensive and detailed information about the power sources available in the country, the document states that because it is renewable and abundant hydropower continues being the best option to meet the Brazil's growing needs. The report also noted that the Amazon Region currently has both the potential to meet these needs regarding the double challenge of preserving its rich biodiversity and overcoming regional social issues. As some of the primary means for the sustainability of prospective hydropower projects, the document highlights the legal framework existing in the country, technological innovation and constructive dialogue with society.

Another major event in 2012 was the tax cuts proposal by the federal government on electricity tariffs linked to the anticipation of the renewal of hydropower concessions expiring between 2015 and 2017 through the enactment of Provisional Measure 579 on September 11. Various sectors of society manifested themselves in this regard - for example, the Inter-Union Department of Statistics and Socioeconomic Studies (Dieese), which, in the Technical Note of October 23, noted that "The effects on public companies[2] must be evaluated by the government, considering that they have made major investments in the sector in recent years. The tariff reduction cannot bankrupt companies or it will compromise the very expansion of the sector, causing prices to rise in the future. "

Power supply and price are recurring issues. In the book organized by Carlos Alberto da Silva, is a speech dated December 20, 1945, by engineer Vidal Dias, keynote speaker at the graduation of the second class of engineers of the Itajubá[3] Mechanical and Electrical Institute. The book is called *Vidal Dias, one life, many stories*, and the passage of the speech mentioned that addresses both issues is reproduced below:

"I would like, however, that you not forget that the old call for cheap power is empty; it is not the price of power that brought us industrial progress among us, but rather the lack of power. Therefore it stands to reason that we need not cheap power, but abundant power – at a reasonable price, of course."

The Message from Management of this 2012 Sustainability Report is another opportunity where Tractebel Energia confirms in its firm decision to continue expansion, especially through renewable sources such as hydroelectric, wind, biomass and solar power. At the same time, the Company proposes as a challenge to the power sector, in 2013, to re-establish a regulatory environment that can guarantee the continuity of the power supply compatible with the country's needs.

[2] Of Provisional Measure 579.

[3] Currently Itajubá Federal University (Unifei).



6.2. Operating and Financial Performance

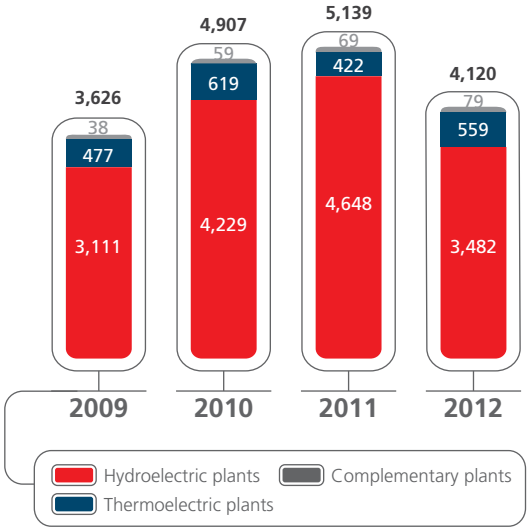
6.2.1. Operating Performance

6.2.1.1. UPTIME OPERATING

The uptime ratio of the **plants operated by Tractebel Energia** in 2012 was 96.9% (excluding scheduled stoppages), with 98.3% in hydroelectric generation, 89.0% in thermoelectric generation and 93.8% at the complementary plants (SHPPs, wind farms and biomass-fired plants). Considering all stoppages, total uptime in the year was 90.9%, being 94.1% for the hydroelectric plants, 72.7% for the thermoelectric plants and 87.2% for complementary plants.

Power Generation of Plants Operated by Tractebel Energia

(Average MW)



6.2.1.2. PRODUCTION AND ENERGY BALANCE

(a) Production

In the 12-month period, Tractebel Energia's total power production reached 36,193 GWh (4,120 average MW), with 30,584 GWh (3,482 average MW) produced by hydroelectric plants, 4,916 GWh (559 average MW) from thermoelectric plants and 693 GWh (79 average MW) from complementary plants. Compared to 2011, there was a decrease of 19.6% in total generation.

This decline over the previous year basically reflects unfavorable hydrological conditions in the south of Brazil and the stoppage at Jorge Lacerda TPP's C Unit for modernizing and repairs in the first half of 2012. Lower rainfall, principally in the Uruguay River basin, was responsible for a reduction in generation from the hydroelectric plants of 24.9% in relation to 2011. Conversely, the thermoelectric plants recorded an increase of 32.8% in output while generation from the plants using complementary power sources was 14.7% up in relation to 2011, the wind power plants reporting a particularly strong performance with their highest annual generation on record: 19.3 average MW, 46.6% more than in 2011, corresponding to a capacity factor of 44.3%.

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

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

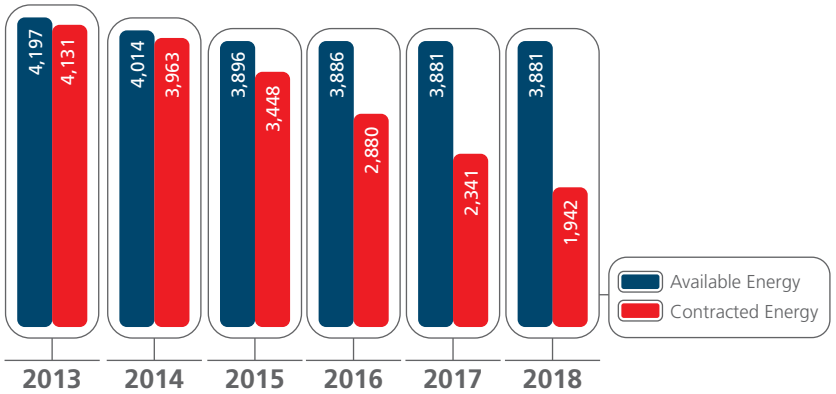


(b) Energy Balance

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

Energy Balance

(Average MW)



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

6.2.2. Economic and Financial Performance

6.2.2.1. NET REVENUE FROM SALES

In the year, net revenue from sales rose 13.5% or R$585.5 million, from R$4,327.0 million in 2011 to R$4,912.5 million in 2012 due essentially to a combination of the following:

- R$300.4 million - increase in the net average selling price;
- R$212.7 million – growth in the amount of power sold;
- R$210.3 million – growth in revenue from transactions conducted through the CCEE;
- R$7.2 million – growth in sales of carbon credits and ash; and
- R$145.1 million – reduction in power exports

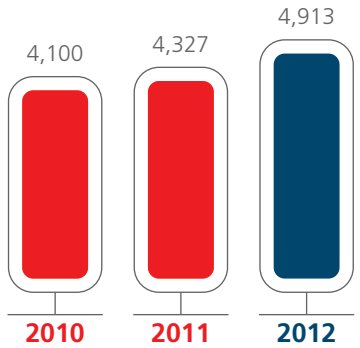
The startup of commercial operations during 2012 of generating units at Estreito HPP accounted for additional revenue of R$191.5 million in the year, amount already considered in the segmentation mentioned.

- **Net average selling price**

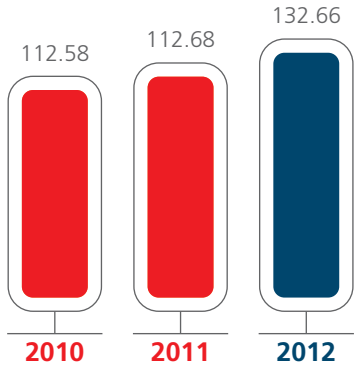
In 2012, the net average selling price of power was R$132.66/MWh, 8.1% higher than the R$122.68/MWh practiced during 2011.

The average price hike was largely due to the monetary restatement of existing sales contracts as well as the higher prices practiced for new contracts, particularly those covering sales to trading companies.

Net Revenues From Sales
(R$ million)



Net Average Selling Price [1]
(R$/MWh)



[1] Net of sales taxes and export.

» **Sales volume**

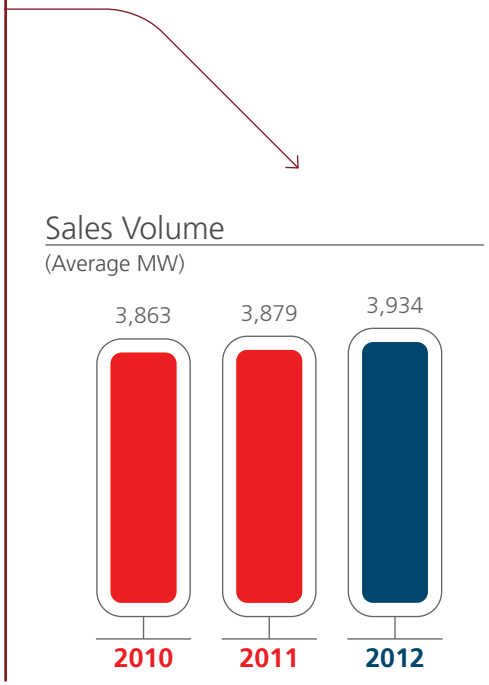
For 2012 as a whole, the amount of power sold was 34,559 GWh (3,934 average MW), 575 GWh (55 average MW) or 1.7% more than the 33,984 GWh (3,879 average MW) registered in 2011. Discounting power exports, which fell from 824 GWh (94 average MW) in 2011 to 26 GWh (3 average MW) in 2012, the power sales volume increased 1,373 GWh (156 average MW) or 4.1% in the year. Of this variation, 1,299 GWh (147 average MW) resulted from commercial operations of Estreito HPP generating units.

The increase in the amount of power sold, discounting exports, was a reflection of the following:

» Expansion of 1,653 GWh (188 average MW) in the wholesale supply of power to distributors;

» Expansion of 984 GWh (112 average MW) in power sales to free consumers; and

» A decrease of 1,264 GWh (144 average MW) in sales to trading companies.



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

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

6.2.3. Comments on variations in net revenue from sales, by type of account

6.2.3.1. WHOLESALE MARKET FOR ELECTRIC POWER

In the 12-month period of 2012, revenue from the wholesale supply of power reached R$3,182.8 million, up R$324.2 million or 11.3%, in relation to the revenue recorded in 2011, of R$2,858.6 million. This improvement is explained by the following variations:

» R$168.1 million – a growth of 6.5% in the net average selling price to distribution companies;

» R$56.8 million – an increase in the power selling price to trading companies of 17.0%;

» R$230.7 million – an increase of 1,653 GWh (188 average MW) or 9.1% in volume sold to distribution companies; and

» R$131.4 million – a reduction of 1,264 GWh (144 average MW) in sales to trading companies.

The increase in sales to distributors is largely due to the initial deliveries of power from the Estreito HPP in the regulated contracting environment as from January 1, 2012. In addition, during the year, there was a reduction in volume traded through bilateral contracts signed prior to power auctions in the regulated environment.

During 2011, power generated by the Estreito HPP was sold largely to free consumers.

6.2.3.2. RETAIL MARKET FOR ELECTRIC POWER

In the 12 months of 2012, revenue from the retail power market increased 15.6% over the R$1,209.4 million registered in 2011 to R$1,398.4 million. This improvement is related to the following:

» R$113.4 million – a growth of 984 GWh (112 average MW) in the amount of power sold; and

» R$75.6 million – a growth of 6.0% in the net average power selling price.

6.2.3.3. TRANSACTIONS CHANNELED THROUGH THE ENERGY TRADING BOARD (CCEE)

In the year, there was an increase of R$210.3 million in CCEE revenue, from R$88.0 million in 2011 to R$298.3 million in 2012. More detailed explanations on these operations and related variations can be found in *Energy Trading Board - Details of CCEE Operations*.

6.2.3.4. POWER EXPORTS

In the full year of 2012, net revenue from power exports was R$8.0 million, a reduction of R$145.1 million in relation to the R$153.1 million posted in 2011. The decline reflects both lower demand, principally from Argentina, as well as the operation in the order of merit of the Company's thermoelectric units to meet the Brazilian Interconnected Electricity System's (SIN) power requirements.





6.2.3.5. COSTS OF POWER SOLD AND SERVICES PROVIDED

In 2012, the costs of power sold and services provided reached R$2,130.9 million, 14.5%, or R$270.3 million higher than the R$1,860.6 million reported in 2011. These changes are largely due to a combination of the following factors:

a) Power purchased for resale: an increase of R$191.6 million, corresponding to 1,341 GWh (153 average MW) for the year 2012 in relation to 2011, driven by the Company's plan to purchase short and medium term power for the creation of new products for supply over three, four and five years and to a lesser degree, due to the annual restatement in the prices of existing products.

b) Transactions channeled through the CCEE: between fiscal years 2012 and 2011, the increase was R$31.5 million. Further details are available under *Energy Trading Board – Details of CCEE Operations*.

c) Fuels for power production: when comparing the two consecutive fiscal years, these costs fell R$69.1 million, reflecting a combination of the following factors:

» A decline of R$84.2 million in the consumption of proprietary coal due to lower power exports; and

» An increase of R$15.1 million in the consumption of biomass, natural gas and diesel oil due to the increase in generation by the thermoelectric plants.

d) Charges for the use of and connection to the electricity grid: an increase of R$42.8 million in 2012 in relation to 2011, mainly reflecting the effects of the Tariff for the Use of the Transmission System (TUST) and the startup of three new generating units at the Estreito HPP.

e) Financial compensation for the use of water resources (royalties): a reduction of R$47.4 million in the period as a result of a combination of the following:

» Lower levels of hydroelectric generation due to the drought conditions in Brazil;

» The annual tariff readjustment; and

» The startup of the new generating units at the Estreito HPP.

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

g) Third party services and material: an increase of R$19.9 million in 2012 compared to 2011, basically due to greater demand for generating unit maintenance and conservation services and, to a lesser degree, environmental consulting and engineering services. By the close of 2012, the Company had incurred extraordinary maintenance costs at the thermoelectric units, particularly the Jorge Lacerda Thermoelectric Complex and the Alegrete TPP to satisfy Brazilian Interconnected System (SIN) requirements given the reduction in the supply of hydroelectricity to the Brazilian grid.

h) Depreciation and amortization: an increase of R$63.4 million in the period, due primarily to the startup in operations of some Estreito HPP generating units.

i) Other costs: an increase of R$18.9 million in the year resulting from the extraordinary adjustment in taxation on power purchases in the first quarter of 2012.

6.2.3.6. ENERGY TRADING BOARD – DETAILS OF CCEE OPERATIONS

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

Generically speaking, these elements are income or expense items arising, for example, from:

» The application of the Energy Reallocation Mechanism (MRE);

» The so-called sub-market risk;

» Dispatch triggered by the Risk Aversion Curve (CAR);

» The application of System Service Charges (ESS), resulting in dispatch which diverges from the thermal plants order of merit; and

» Naturally, exposure (a short or long position in the monthly accounting), which will be settled at the spot price.

For the 12-month period of 2012, the net result from CCEE transactions was positive at R$244.8 million, representing growth of R$178.8 million in relation to the similarly positive result of R$66.0 million reported in 2011. This improved performance was largely due to a combination of the following:

» An increase in the long position on the CCEE;

» Increased revenue from secondary power, compensated almost entirely by costs arising from the reduction in hydroelectric generation in the last few months of 2012 as already mentioned;

» An increased negative result due to thermoelectric exposure despite the volume of exposure in 2012 being less than in the preceding year; and

» A decline in the positive result on the MRE.

It is worth pointing out that the significant increases in average PLD for the South and Southeast/Midwest submarkets, rising from R$29.55/MWh in 2011 to R$166.77/MWh in 2012, contributed significantly to the positive effects on results due to the Company's long position on the CCEE and secondary power as well as the negative impact arising from higher exposure to thermoelectricity and from costs associated with reduced hydroelectricity generation.

6.3. General and Administrative Expenses

For the year 2012 as a whole, general and administrative expenses were R$170.0 million, thus exceeding the R$157.1 million in 2011 by R$12.9 million. Excluding the extraordinary donation made by the Company in the amount of R$5.3 million, in 2012, these expenses reported an annual increase of R$7.6 million, the result principally of the following variations:

» An increase of R$9.1 million in payroll expenses due to the annual readjustment in compensation and in employee benefits and additional provisions with respect to further members of the work force adhering to the Voluntary Layoff Program (PDV);

» An increase of R$3.9 million in expenses and provisions for consulting services and attorney's fees;

» A reduction of R$3.3 million in depreciation and amortization expenses reflecting the termination of the useful life of certain assets; and

» A reduction of R$1.4 million in rental expenses.

6.3.1. Constitution and Reversal of Operating Provisions, Net

In 2012, the Company reported net expenses arising from operational provisions of R$29.0 million, whereas in the previous year it recognized net revenue with respect to the reversal of provisions of R$ 97.0 million, thus having a negative impact on the result between comparable years of R$126.0 million. The principal provisions recorded in 2012 correspond mainly to:

» Contingencies of a civil and tax nature amounting to R$12.6 million; and

» A provision for a non-recurring loss resulting from the incorporation of an asset, to be realized by the Company, in the amount of R$15.7 million.

The most significant reversals recognized in 2011 were:

» A non-recurring actuarial liability registered in the additional amount of R$76.9 million; and

» Contingencies of a civil, labor and tax nature in the net amount of R$13.1 million.

6.3.2. Other Operating Revenues (Expenses), Net

In 2012, a net expense of R$16.7 million was recognized in large part due to the loss on the write down of fixed assets and penalties assumed with suppliers, while in 2011, net revenue of R$19.1 million was registered, due to a combination of the following:

» Non-recurring gain in the sale of an investment worth R$15.4 million;

» An extraordinary gain in a court action with respect to PIS and Cofins of R$8.8 million; and

» The loss on the write down of a fixed asset in the amount of R$5.1 million.

These combined impacts had a negative effect of R$35.8 million on the 2012 result as compared to 2011.

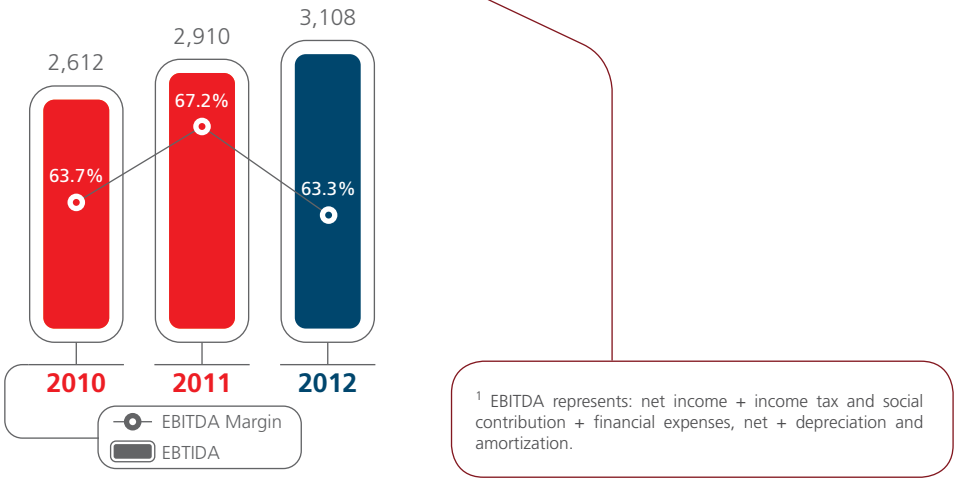
6.4. EBITDA and EBITDA Margin

In 2012, the Company reported EBITDA of R$3,108.4 million, 6.8% in excess of the previous year when this item recorded an amount of R$2,909.7 million, whereas the EBITDA margin dropped by 3.9 p.p. – 63.3% in 2012 and 67.2% in 2011.

Excluding the annual non-recurring effects – totaling R$101.1 million in 2011, being R$76.9 million with respect to the reversal of a provision, R$8.8 million arising from court action found in favor of the Company and R$15.4 million with respect to the sale of an investment; and R$15.7 million in 2012 due to a provision - EBITDA increased by 11.2%. On the other hand, the EBTIDA margin saw a reduction between the fiscal years 2011 and 2012 from 64.9% to 63.6%. The EBITDA margin fell principally due to a combination between an increase in the purchase of power for resale and an increase in the positive result from operations conducted through the CCEE, partially offsetting the increases purchases.

EBITDA [1] and EBITDA Margin

(R$ million and %)



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

To allow the reconciliation of net income to EBITDA, we set out the following table:

Reconciliation of Net Income to EBITDA

(R$ thousand)

	2010	2011	2012	Variation 2012/2011
Net Income	1,211,649	1,448,106	1,499,923	3.6%
(+) Income Tax and Social Contribution	509,661	586,682	600,077	2.3%
(+) Financial Expenses, Net	428,842	373,810	447,238	19.6%
(+) Depreciation and Amortization	461,325	501,099	561,174	12.0%
EBITDA	2,611,477	2,909,697	3,108,412	6.8%

6.5. Financial Result

Financial income: Comparing the two fiscal years as a whole, financial income fell R$45.5 million from R$133.7 million in 2011 to R$88.2 million in 2012. This variation is largely explained by the following reductions:

» R$28.0 million in income on financial investments;

» R$7.1 million in interest on tax credits;

» R$2.5 million in interest on power accounts;

» R$2.8 million due essentially to the recovery of financial investments from an institution wound up by the Central Bank; and

» R$5.1 million in other financial income.

Financial expenses: Financial expenses rose from R$507.5 million to R$535.4 million, an increase of R$27.9 million, resulting from the following increases:

» R$14.8 million in interest;

» R$3.5 million in currency variation; and

» R$9.6 million in monetary variation.

6.6. Income Tax and Social Contribution on Net Income

For the year as a whole, expenses with Income Tax and Social Contribution on Net Income rose from R$586.7 million in 2011, to R$600.1 million in 2012, representing growth of R$13.4 million. This evolution is above all a result of the increase in pre-tax profits and the credit of interest on shareholders' equity. The effective tax rates on profits for 2011 and 2012 were 28.8% and 28.6%, respectively.

6.7. Net Income

The net income for fiscal year 2012 was R$1,499.9 million, 3.6% or R$51.8 million higher than reported for fiscal year 2011, when the Company reported earnings of R$1,448.1 million. Discounting non-recurring effects – the provision for R$10.3 million in 2012 and the reversal of the provision and the positive impact of a court action found in favor of the Company and the sale of investments in the total amount of R$66.8 million, in 2011 – the Company reported an increase in net income of R$128.9 million or 9.3% relative to the preceding year.

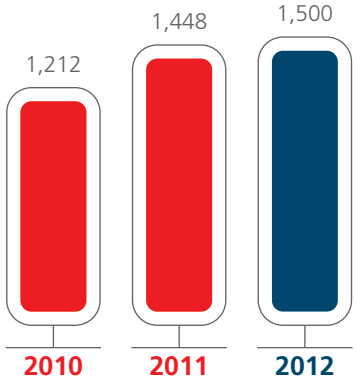
This growth was principally the result of the combination of the following factors, already mentioned in this report:

- An increase in average net selling price and the amount of power sold;
- An increase in results due to the commercial startup of three new generating units at the Estreito HPP;
- Higher costs of power purchased for resale;
- Increased provisions for contingencies;
- A reduction in financial income; and
- A reduction in power exports recorded in 2012.

For the year, the Company has proposed to its shareholders the distribution of R$1,546.4 million in the form of dividends and interest on equity, equivalent to R$2.37 per share or 100% of distributable net adjusted income.

Net Income

(R$ million)



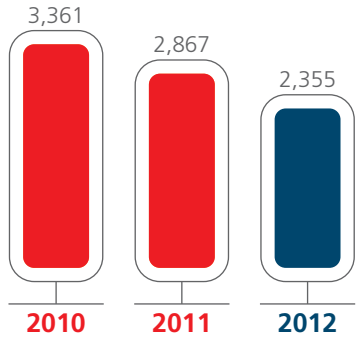
6.8. Debt

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

Total consolidated gross debt – represented principally by loans, debentures and financing – amounted to R$3,534.5 million, a decrease of 3.1% compared to the position on December 31, 2011. Of total debt outstanding at the end of the period, 6.1% was foreign currency denominated (5.8% at the end of 2011), this portion being unhedged is due to its long amortization profile.

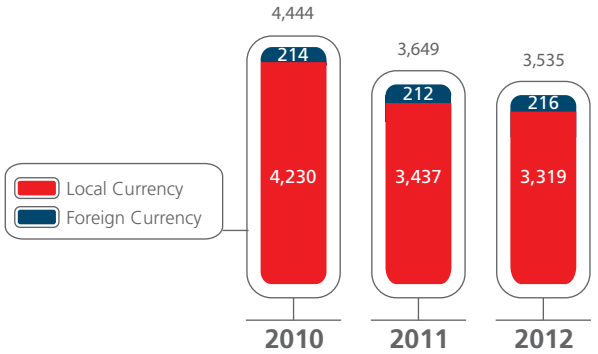
Net Debt Evolution

(R$ million)



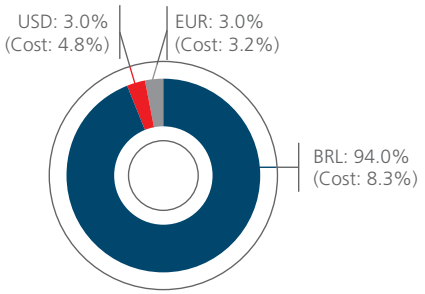
Total Debt Breakdown

(R$ million)



Debt Cost

(R$ million)



The reduction in Company's debt is related largely to a combination of the following events during 2012:

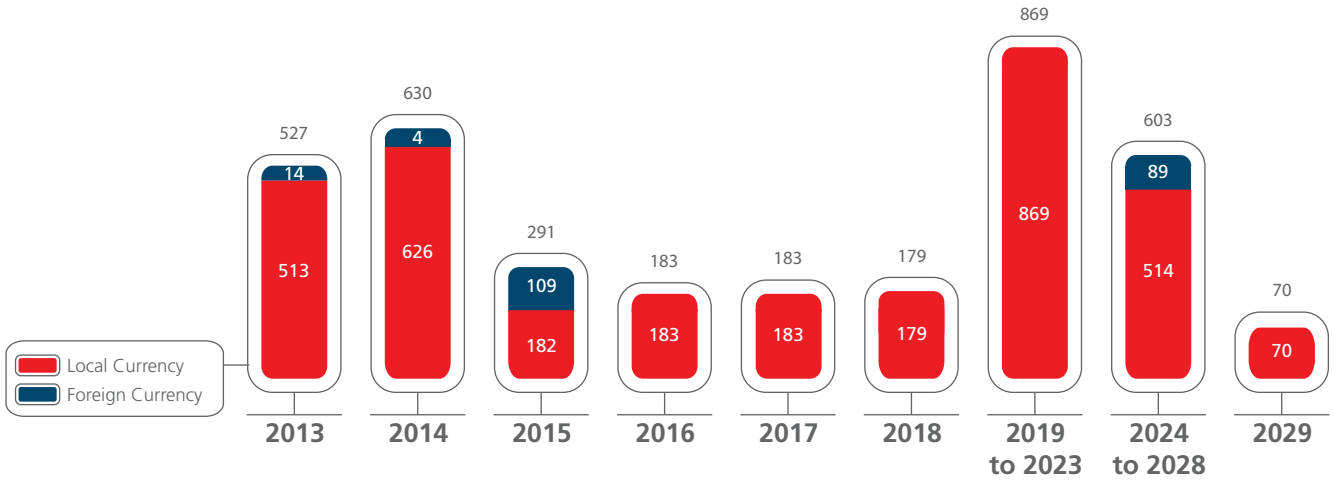
» Drawdown from the National Development Bank (BNDES) and its financial agents in the total accumulated amount of R$244.3 million to meet investment requirements at Estreito HPP;

» The generation of R$308.9 million in charges to be paid together with monetary and currency restatement; and

» Amortization of loans, financing and debentures worth R$667.8 million.

Amortization Schedule

(R$ million)



6.9. Cost of Capital

The usual capital formation invested by Tractebel Energia in the expansion of its business is about one-third own capital, for which, whenever necessary, the Company retains part of its net income, and two-thirds third party capital. In the portion derived from third party capital, the Company has obtained funding through sector facilities, preferably the National Development Bank (BNDES), at below-market rates. Most of these funds are linked to the Long-Term Interest Rate (TJLP) – 76% of the total debt in local currency on December 31, 2012. The remaining funds come from other loans with variable rates on the market. For the year ended December 31, 2012, the total cost of the Company's debt with third parties was approximately 8%, considering local currency (cost of 8.3%) and foreign currencies (cost of 4.0%).

The cost of own capital is presumably higher than the cost of third party capital and, in the case of the Company, takes into account the Risk Free Rate, the Brazil Risk Rate and Market Risk Premium, in addition to Beta unleveraged, which varies according to the market, historical performance and share liquidity on the Stock Exchange. Considering the requirement of an adequate rate of return, the Company seeks to satisfactorily compensate investments made with own capital.

6.10. Capital Expenditure

6.10.1. Maintenance, Renovation and Expansion of the Generating Complex

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

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

Thus, total capital expenditure for 2012 was R$353.6 million.



6.11. Capital Markets

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

Tractebel Energia's common shares are traded on the São Paulo Stock Exchange (BM&FBovespa) under the TBLE3 symbol. In addition, the Company's Level I American Depositary Receipts (ADRs) trade on the US Over-The-Counter OTC market under the TBLEY symbol at a ratio of one ADR for each common share.

6.11.1. Share Performance

In 2012, the electric power industry experienced a period of turbulence after the publication of Provisional Measure (MP) 579 by the federal government. This MP means to reduce electricity rates and anticipate renewals for concessions expiring from 2015 to 2017. In this scenario, the Electric Power Index (IEE) fell 11.7%, while the Bovespa Index increased 7.4% compared to that registered on December 31, 2011.

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

Tractebel Energia's shares closed 2012 at R$33.35 for market capitalization of R$21.8 billion.

TBLE3 x IBovespa x IEEX

(Base 100 on December 31, 2011)



RATINGS

In 2012, Standard & Poor's raised the Tractebel Energia's Long-Term Corporate Credit rating on the Brazil National Scale from brAA to brAA+. Fitch Ratings also raised the International Rating from BBB- to BBB and the Long-Term National Rating and the Second Debenture Issue from AA+(bra) to AAA(bra), both with a stable perspective.

OPERATION MANAGEMENT • 7



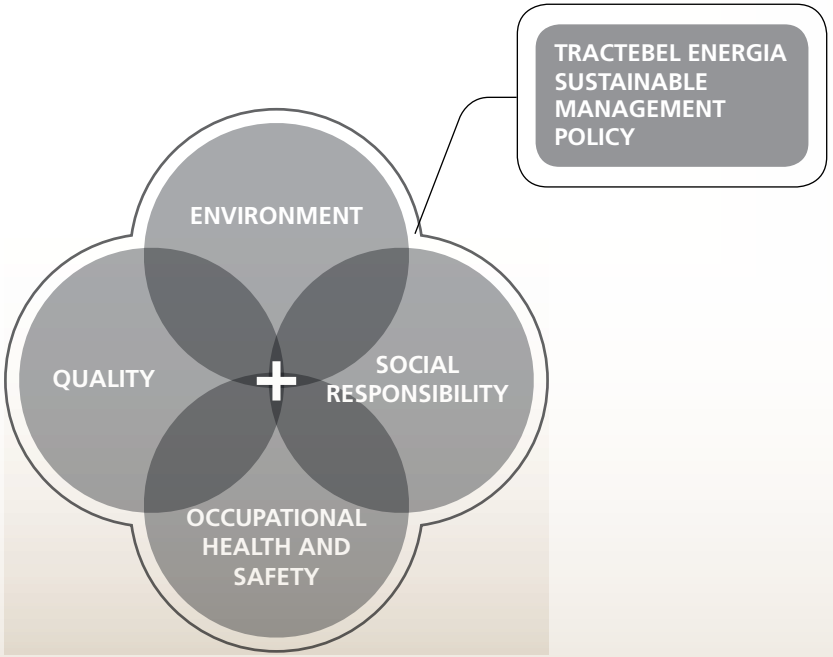
Tocantins

7. Operation management

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EN2 EN3 EN7 EN8 EN9 EN11 EN12 EN13 EN14 EN16 EN18 EN19
EN20 EN21 EN22 EN24 EN25 EN29 EN30 LA1 LA2 LA3 LA4 LA5
LA6 LA7 LA8 LA10 LA11 LA12 LA13 HR1 HR3 HR8 SO1 SO3
SO5 SO6 PR5 EU5 EU13 EU14 EU15 EU16 EU17 EU18 EU19 EU20
EU25

7.1. Sustainable Management Policy

The Tractebel Energia Sustainable Management Policy encompasses Quality, the Environment, Occupational Health and Safety and Social Responsibility. All 22 plants operated by the Company follow this Policy, which is available on www.tractebelenergia.com.br.



7.2. Integrated Quality, Environment, Social Responsibility, Occupational Health and Safety Management System (SIG)

The SIG encompasses the same dimensions at the Tractebel Energia Sustainable Management policy and is an operational management and continuous improvement tool. The System includes an Information Technology (IT) tool, Quality-Plan, software responsible for controlling documentation such as manuals, procedures, processes, registries, forms, labor instructions, legal requirements, timelines, audit programs, and communication with related parties, among others. This tool is available to all employees through the corporate IT system. The SIG is certified by Bureau Veritas Certification based on ANBT ISO 9001:2008, ABNT ISO 14001:2004 and BS OHSAS 18001:2007 standards.



7.3. Certifications

Of the 22 plants operated by Tractebel Energia, 15 are NBR ISO 9001:2008, NBR ISO 14001:2004 and BS OHSAS 18001:2007 certified. Together, these plants have an installed capacity of 7.4 GW, equal to 87% of the total operated by the Company[1]. In 2013, Tractebel Energia will seek renewal of these certifications for these plants. The Estreito HPP will also begin the process of certification.

The 22 plants operated by Tractebel Energia received the Sustainable Energy Seal from the Acende Brasil Institute. This seal certifies adhesion at various levels by power generation companies to principles and commitments established in the Acende Brasil Institute Social and Environmental Ethics Code. The evaluation, based on documents from 2011 and 2012 and assured by PricewaterhouseCoopers Auditores Independentes (PwC), took place in the last quarter of 2012. In this first edition, Tractebel Energia was the only Brazilian generator to earn the seal, valid for 2012 and 2013.

Percentage of Certification

2012[1]

Total Installed Capacity	8,494 MW
Total Installed Capacity of Certified Plants	7,396 MW
Total Power Generation	36,193,100.98 MWh
Power Generation at Certified Plants	31,408,383.97 MWh
Percentage of Certification (installed capacity)	87.1 %
Percentage of Certification (power generation)	86.8 %

[1] Excluding plants under implementation.

[1] The Generating Complex item of this report includes the technical specifications of the plants operated by Tractebel Energia, identifying those that are certified.

7.4. Quality Management

7.4.1. Guidelines

The fundamental requirements of quality management are liability, availability and safety of the electric system. These parameters are measured according to the plants' internal availability indicator and, for the hydroelectric plants, also by the failure rate. The uptime ratio calculation formula considers the reliability and safety of facilities relative to power supply, as unexpected emergency hours of unavailability of the generating units are included.

7.4.2. Targets

The corporate targets and goals for Quality Management established for 2012 are shown in the table below.

7.4.3. 2012 Highlights

- In May and October, Bureau Veritas Certification (BVC) performed two SIG maintenance audits according to ABNT NBR ISO 9001:2008 and maintained the certification of the original 15 plants, valid until November 28, 2013.
- Total production reached 36,193 GWh (4,120 average MW).
- New instantaneous generation: 7,562.0 MW or 89.0% of total capacity operating Tractebel Energia on October 18, 2012.
- Greatest historical wind power generation: 19.3 average MW, 46.6% more than in 2011 and equal to a capacity factor of 44.3%.
- Multi Protocol Label Switching (MPLS) telecommunications infrastructure implementation was concluded at Tractebel Energia, bringing gains to the Company's telecommunications management. In addition, Corporate information security, accessibility and recovery improvements were implemented through IT tools.

Quality Management – Targets and Results in 2012

Indicator	Target	Result	Evaluation
Annual internal uptime (all plants)	98.1%	96.9%[1]	[2]
ONS satisfaction[3]	≥ 90.0%	91.0%	

[1] Indicator corresponds to 98.8% of the established target.

[2] As mentioned in the Message from the Management, issues with limitations of one generating unit of the Salto Santiago HPP, the failure of one of the William Arjona TPP's transformers and an problem occured with containment of the flow of the Tocantins River at the Estreito Hydroelectric Power Plant prior to inauguration impacted these results.

[3] National Power System Operator (ONS). ONS is an operation and maintenance client of the generating complex operated by Tractebel Energia.

Met Partially met

7.5. Environmental Management

7.5.1. Guidelines

LEGAL COMPLIANCE - Compliance is a fundamental requirement for Tractebel Energia, which constantly monitors the evolution of laws, rules and resolutions regarding environmental management regulations. To fulfill legal requirements and its additional voluntary commitments, the Company evaluates and adjusts operations and procedures whenever necessary. All of the plants operated by Tractebel Energia have the necessary authorizations and environmental licensing required by current environmental legislation.

BALANCE - The Company seeks balance between its activities and environmental conservation, mitigating its impacts and promoting the rational use of natural resources, contributing to sustainable development.

ENVIRONMENTAL ASPECTS AND IMPACTS - Tractebel Energia identifies the aspects and environmental impacts from its activities, products and services, classifying them according to their respective significance levels, and establishes operational controls and specific management programs for minimizing negative impacts.

RESERVOIRS - Tractebel Energia is legally responsible for the reservoirs and surrounding areas of its HPPs, as well as Permanent Preservation Areas. To monitor them, Tractebel Energia has contracts with companies specializing in environmental and property monitoring, as well as cooperation agreements with the local Environmental Police for oversight. The multiple use of these areas by the communities is encouraged by the Company through partnerships with government agencies and other institutions for irrigation and creation artificial beaches, areas for fishing, boating and other kinds of leisure.





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 (7.4 km²); Teixeira Soares Municipal Park, Rio Grande do Sul State (4.6 km²), and Severiano de Almeida Environmental Preservation Park, Rio Grande do Sul State (0.2 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: 44.1 km²
Local Biodiversity: 52 species of mammals, 192 bird species, 63 fish species, 2 reptile species and 522 plant species
Conservation Units: Espigão Alto State Park, Rio Grande do Sul State, 13.3 km²

CANA BRAVA HYDROELECTRIC POWER PLANT
Location: between Cavalcante, Minaçu and Colinas do Sul, 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 and 77 reptile species
Conservation Units: there are no conservation units for this plant

PASSO FUNDO HYDROELECTRIC POWER PLANT
Location: Entre Rios do Sul, Rio Grande do Sul State
Reservoir Area: 151 km²
Permanent Preservation Area: 4.1 km²
Local Biodiversity: 18 species of mammals, 122 bird species, 14 reptile species, 10 amphibian species, 44 fish species and 20 plant species
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: 14 species of mammals, 302 bird species, 14 fish species, 39 amphibian species

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
Regional Biodiversity and Conservation Units: 13 species of mammals, 303 bird species, 9 amphibian species, 39 fish species

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: 0.3 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: Dom Osório Stoffel Park, (64.2 km²)

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: Dom Osório Stoffel Park, (64.2 km²)

AREIA BRANCA SMALL HYDROELECTRIC POWER PLANT
Location: Caratinga and Ipanema, Minas Gerais state
Reservoir Area: 1.4 km²
Permanent Preservation Area: 1.1 Km² at the plant's reservoir
Local Biodiversity: 17 species of mammals, 191 bird species, 16 reptile species and 20 amphibian species
Conservation Units: none in the area directly affected

SÃO SALVADOR HYDROELECTRIC POWER PLANT
Location: between São Salvador do Tocantins and Paranã, Tocantins State
Reservoir Area: 104 km²
Permanent Preservation Area: 47.5 km²
Local Biodiversity: 26 species of mammals, 242 bird species, 38 fish species, 29 amphibian species and 209 fish species
Conservation Units: Environmental Protection Area of the São Salvador do Tocantins, Paranã and Palmeirópolis Lake (145.3 km²)

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 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 Units, with 356.3 km²

7.5.2. Targets

Annual Corporate Targets include environmental management and continuous improvement that is transformed into goals for the responsible employees.

Environmental management targets are established for all certified plants. The targets are defined annually or according to specific demands as necessary, and deadlines, resources and those responsible for their achievement are defined according to the complexity of the matters involved and local or regional needs, without losing sight of corporate management.

In certain cases, according to the importance of the matter, corporate environmental targets are established, as was the case with the elimination of equipment and waste contaminated with PCB in 2008. In 2012, Tractebel Energia established the goal of increasing waste recovery company-wide by 10%. The table below shows the results achieved in 2012.

Environmental Targets – Hydroelectric Power Plants

Plant	Target	Observations/Comments	Situation	Next Years
		Social and Environmental Development in Operating Areas		
Itá, Machadinho, Passo Fundo, Salto Santiago, Salto Osório and Cana Brava	Participation in the Hydrographic Basin Committees in regions where plants are installed.	The Company regularly takes part in events of existing Committees and that foster the creation of Committees in where these bodies have yet not been created.		Target remains in 2013.
		Waste		
Cana Brava	In 2012, reduce annual waste generation by 5% based on the 2010 and 2011 inventories.	The 2010/2011 average was 11.3 tonnes. The 2012 inventory showed 19.7 tonnes. To calculate this target, the generation of 14.0 tonnes of waste from the battery bank is excluded as, in 2012, it had to be fully replaced. This has been justified by the Electrical Maintenance Division as necessary every ten years according to the Multi-year Maintenance Plan.		In 2013, reduce annual waste generation by 5% based on the 2010, 2011 and 2012 inventories, considering the 2012 exclusion.
São Salvador	In 2012, reduce annual waste generation by 5% based on the 2010 and 2011 inventories.	The 2010 inventory showed a total of 1.9 tonnes of waste. In 2011, this figure was 6.8 tonnes. The 2012 target was to generate a maximum of 4.17 tonnes of waste; the plant generated 4.22 tonnes.		In 2013, reduce annual waste generation by 5% based on the 2010, 2011 and 2012 inventories.
Salto Santiago and Salto Osório	Replace mercury-containing equipment by December 2012.	Substitution was iniciated but not concluded.		Target remains in 2013.
Salto Santiago and Salto Osório	In 2012, reduce annual waste generation by 5% based on the 2010 and 2011 inventories, not considering reconstructions, waste and special services.	Salto Osorio HPP: the 2010/2011 average was 59.6 tonnes and 2012 generation was 42 tonnes, reduction of 30%. Salto Santiago HPP: the 2012/2011 average was 77.5 tonnes and 2012 generation was 45 tonnes, reduction of 42%.		To be defined.
Ponte de Pedra	In 2012, reduce annual waste generation by 5% based on the 2010 inventory.	The 2012 target was to generate 5.86 tonnes and 4.87 tonnes were generated.		The target remains to continue reducing annual waste generation by 2.5% over 2010.
		Water and Effluents		
Cana Brava	Maintain the concentration of oils and greases in the effluents (Draining System and Water/Oil Separator of Transformers) at 10 mg/L (maximum).	The limit allowed by law is 20 mg/L. Some measurements were taken and showed a value higher than 10 mg/L.		Maintain the concentration of oils and greases in the effluents (Draining System and Water/Oil Separator of Transformers) at, at least, 50% of the maximum allowed by law by December 2013.

Met Not met

Environmental Targets – Hydroelectric Power Plants

Plant	Target	Observations/Comments	Situation	Next Years
Cana Brava	In 2012, maintain the same annual consumption of treated water, based on 2011 levels, even with the new restructuring of the workforce at the Plant (number of employees increasing).			Target remains in 2013.
São Salvador	Reduction of the concentration of oils and greases in the effluents (Draining System and Water/Oil Separator of Transformers) to at least 50% of the maximum allowed by law by January 2012.	The limit allowed by law is 20 mg/L. Some measurements were taken and showed a value higher than 10 mg/L.		Maintain the concentration of oils and greases in the effluents (Draining System and Water/Oil Separator of Transformers) at, at least, 50% of the maximum allowed by law by December 2013.
Salto Santiago and Salto Osório	Reduce oil discharged into the sump well - Iguaçu River – to up to 25% of the level permitted by law.	Target reached according to effluent analysis of the Sump Well.		Target remains in 2013.
Itá	Maintain the concentration of oils and greases in Itá HPP effluents below 50% of the legal limits.	Effluent analysis of the Sump Well indicates that this target was not met (the limit allowed is 20 mg/L).		Target remains in 2013.
Ponte de Pedra	Reduction of the concentration of oils and greases in the effluents (Draining System and Water/Oil Separator of Transformers) to at least 50% of the maximum allowed by law by December 2015, reducing levels by 10% each year.	Target of 10% reached in 2012 for the Draining System. For the Water/Oil Separator, the annual reduction was not met and a specific action plan is being created. The total target of 50% remains valid until 2015.		Target remains in 2013.
		Visits to Plants and Environmental Education		
Cana Brava	Increase visitors under the Visitation and Environmental Awareness Program by 5% each year from 2011 to 2013.	2011 results: 3,246. 2012 results: 4,243, (increase of 31%).		Target valid from 2011 to 2013.
São Salvador	Increase visitors under the Visitation and Environmental Awareness Program by 5% each year from 2011 to 2013.	2011 results: 1,074. 2012 results: 1,767, (increase of 65%).		Target valid from 2011 to 2013.
Machadinho	Receive at least 6,500 visitors by December 2012.	The Plant received a total of 7,228 visitors in 2012.		Target remains in 2013.

Met In progress Not met

Environmental Targets – Hydroelectric Power Plants

Plant	Target	Observations/Comments	Situation	Next Years
Machadinho	Receive 10,000 people each year for the Environmental Education Program in neighboring communities.	The program was executed by the Itá HPP Attending Center (CDA), and the visitors conducted by Machadinho HPP were not counted.		Target remains in 2013. The CDA will be considered in the accounting.
Passo Fundo	Visit at least 53 educational institutions in neighboring communities, serving at least 8,500 people by December 2012.	Talks were given at 53 schools, serving 11,773 people.		Target remains in 2013.
Itá	Receive at least 9,000 visitors by December 2012.	In 2012, total visitors reached 10,385.		Target remains in 2013.
Ponte de Pedra	From 2011 to 2014, obtain an annual increase of 50% in visitors based on 2012.	In 2012, 439 people visited Ponte de Pedra HPP (Target: 225).		The target will remain until 2014.
Salto Santiago	Receive at least 3,600 visitors each year, involving schools, associations, universities and the community in general.	In 2012, the Plant received 4,432 visitors.		To be defined.
Salto Osório	Receive at least 3,500 visitors each year, involving schools, associations, universities and the community in general.	In 2012, the Plant received 3,529 visitors.		To be defined.
		Reforestation, Environmental Recovery, Monitoring and Environmental Conservation		
Cana Brava	Recover concession areas with planting and donation of 100,000 saplings of species native to the Cerrado by April 2012.	In 2012, the planting and donation were 7,105 saplings. The result was bellow the target of 100,000 saplings, however it's possible to reach it in 2013.		Target revised and met in February 2013. Tractebel Energia will maintain the Nursery and seek partnerships to recover springs, Permanent Preservation Areas and Legal Reserves.
Passo Fundo	Recover vegetation on reservoir islands by planting 50,000 native species saplings in 2012.	54,790 saplings were planted in 2012.		To be defined.
Salto Santiago	Recover degraded areas of the former worksite by December 2012.	Recovery began in 2011 with removal of rocks, earthworks and fertilization. In 2012, native saplings were planted, perches installed, wood chipped and maintenance done. Work to be completed in 2013.		To be completed in 2013.
Salto Osório	Recover the area along the river with planting and donation of at least 17,000 native species saplings by December 2012.	In 2012, 250 saplings were planted and an additional 16,545 were donated, totaling 16,795 saplings (99% of the target).		To be completed in 2013.
Salto Santiago	Maintain the area along the river with planting and donation of at least 32,000 native species saplings by December 2012.	In 2012, 7,371 saplings were planted and an additional 27,651 were donated, totaling 35,022 saplings.		To be defined.
Passo Fundo, Itá, Machadinho	Permanently control irregular occupation of reservoir areas.	Then environmental and asset surveillance team regularly visits the reservoir areas of these Plants.		Target remains in 2013.
Passo Fundo, Itá, Machadinho, Salto Santiago, Salto Osório, Ponte de Pedra, Cana Brava and São Salvador	Maintain permanent actions for environmental monitoring at the reservoir and surrounding areas.	These Plants have several monitoring programs in place at their reservoirs such as, Water Quality, Fish, Bank Shelf, Climatology, Seismology, and Hydro-sedimentology, among others.		Target remains in 2013.
Ponte de Pedra	Implement the Sapling Production Nursery of the Ponte de Pedra HPP by September 2012, with expected production of 15,000 native saplings per year.	The nursery was concluded in September 2012 and is already producing saplings.		The target for 2013 is to produce 15,000 native saplings.

Met Not met

Environmental Targets – Thermoelectric Plants

Plant	Target	Observations/Comments	Situation	Next Years
Social and Environmental Development in operating Areas				
Lages, Charqueadas and Alegrete	Participation in the Hydrographic Basin Committees in regions where plants are installed.	The Company regularly takes part in events of existing Committees and that foster the creation of Committees in where these bodies have yet not been created.		Target remains in 2013.
Jorge Lacerda	Participate in the environmental recovery processes of degraded areas, in partnership with the state environmental agency (Environmental Foundation – Fatma).	Tractebel is participating in the environmental recovery of the fines basin of National Iron and Steel Industry (CSN).		Target remains in 2013.
Jorge Lacerda	Implement the Jorge Lacerda Environmental Park in the period defined after Project conclusion.	Park inauguration scheduled for November 2013.		Target remains in 2013.
Jorge Lacerda	Maintain the R&D Project – Use of Rice Straw in Firing Boilers at the Jorge Lacerda Complex.	In 2012, R$860,205.05 was invested in this project.		Target remains in 2013.
Material Consumption				
Lages	Have 100% of the biomass suppliers in line with the current laws, exclusively regarding environmental licensing, by December 2012.	The target was reached for all the suppliers that served in 2012.		Target remains in 2013.
Lages	Reduce annual specific consumption of Sodium Hydroxide (NaOH) to 1.40 Kg/m³ and of Hydrochloric Acid (HCl) to 1.20 Kg/m³ by December 2012.	The 2012 target was met for NaOH with specific consumption of 1.18 kg/m³ but the HCl limit was exceeded with specific consumption of 1.21 kg/m³. The proximity to the target was due to the quality of the water captured in April and May of 2012, with very high average conductivity.		Target remains in 2013.
Jorge Lacerda	Reduction of the coal stock stored at UTLB/UTLC to a maximum of 600,000 tonnes by the end of 2012.	Target remains with deadline extended to 2013.		Targer remains in 2013.
Charqueadas	Maintain specific consumption indices for coal below 1.50 t/MWh.	Revitalization of the Charqueadas TPP was concluded, with average specific consumption in 2012 of 1.42 t/MWh.		Target remains in 2013.
Charqueadas	Reduce by 20% the consumption of HCl and NaOH in Kg/m³ by June 2012.	This target was defined as part of the intention to change the process of using resin for reverse osmosis. As the project was not changed, the target was unviable.		Target will be revised.
Emissions				
Lages	Maintain particulate matter emissions below 100 mg/Nm³ in the main boiler and 260 mg/Nm³ in the reserve boiler.	In 2012 average emissions of 73.57 mg/Nm³ for the main boiler, and the back-up boiler did not operate during the year.		Target remains in 2013.
Visits to Plants				
William Arjona	Receive approximately 200 visitors per year.	218 visitors were received.		Target remains in 2013.
Alegrete	Receive 800 visitors by December 2012.	1,154 visitors were received.		To be defined.
Lages	Receive 1,000 visitors in 2012.	1,068 visitors were received.		Target remains in 2013.
Charqueadas	Receive at least 2,000 visitors by December 2012.	2,235 visitors were received.		To be defined.
Jorge Lacerda	Receive more than 11,000 visitors in 2011.	11,194 visitors were received.		Target remains in 2013.
Reforestation and Environmental Recovery				
William Arjona	Donation of at least 200 saplings in 2012.	The Company donated 300 saplings in the region where the Plant operates.		Target remains in 2013.
Charqueadas	Donation of at least 6,000 saplings in 2012.	The Company donated 6,144 saplings in the region where the Plant operates.		To be defined.
Alegrete	Donation of at least 1,400 saplings in 2012.	The Company donated 2,000 saplings in the region where the Plant operates.		To be defined.
Jorge Lacerda	Donation of at least 90,000 saplings in 2012.	The Company donated 87,984 saplings in the region where the Plant operates (98% of the target).		Target remains in 2013.
Noise				
Lages	Maintain noise levels of critical equipment below 80 dB.	In the community (outdoors), noise levels were between 41 - 53 dB(A), while ambient noise was between 43 and 46 dB(A).		Target remains in 2013.

Met | In progress | Not met

7.5.3. Consolidated Environmental Indicators

7.5.3.1. EMISSIONS

Management

Available on the Company's website, the Tractebel Energia Climate Change Policy establishes and confirms its commitment regarding this issue, such as prioritization of renewable sources in the expansion of its energetic matrix, investment in R&D projects regarding environmental conservation, climate change and renewable energy, as well as Tractebel Energia's role in promoting sustainable development.

Tractebel Energia has systems, equipment, techniques and processes to minimize GHG emissions, especially at its coal, fuel oil, and biomass fired thermoelectric plants, as shown by the examples below:



» Electrostatic precipitators at the **Jorge Lacerda TPP**, which retain over 98.5% of particulate matter emissions.

» Bag filters and a desulfurization system at the Charqueadas TPP, which reduces the emissions of particulate matter and sulfur dioxide (SO_2).

» Reduction in the formation and emission of sulfur dioxide by controlling the sulfur content of coal and fuel oils.

» Allocation of 100% of fly ash from burning coal to cement production, minimizing the use of limestone in this process and, in turn, reducing CO_2 emissions.

» Allocation of 100% of ash produced in biomass plants (wood and sugarcane bagasse) to forestry and farming, replacing artificial fertilizers and thereby reducing related CO_2 emissions.

Other means employed by Tractebel Energia to control and reduce GHG emissions include the implementation of software to estimate the CO_2 emissions from air travel, use of a conference call system to reduce transportation and, consequently, the emission of GHG.

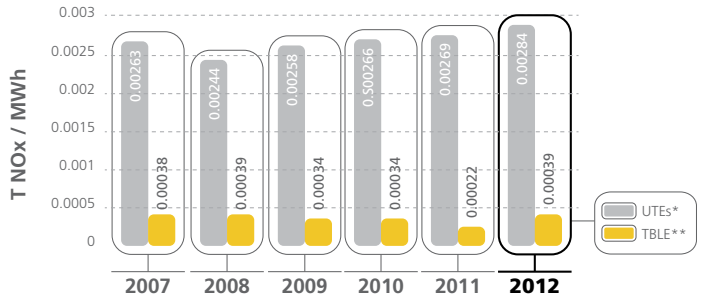
Since 2011, the Company has elaborated a GHG Emissions Inventory according to the methodology of the Brazilian GHG Protocol Program and submitting it to limited independent assurance. In 2012, the Company's second Inventory was elaborated, in compliance with one of the basic premises of the Tractebel Energia Climate Change Policy.

Indicators

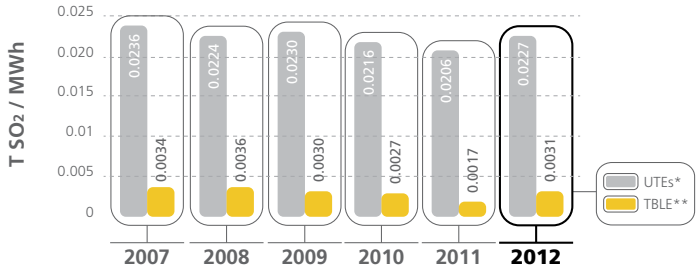
In 2012, the Company's atmospheric CO_2 emissions totaled 5,343,588 tonnes. This amount corresponds to a 29% increase over 2011 as a result of increased power generation at thermoelectric plants throughout 2012 due to less favorable hydrological conditions than those seen in the previous year.

The following charts present the total emissions per MWh generated by the thermoelectric plants operated by Tractebel Energia: Charqueadas, coal-fired; Alegrete, fuel oil-fired; William Arjona, natural gas; and Ibitiúva Bioenergética, sugarcane bagasse-fired; as well as the Jorge Lacerda Thermoelectric Complex, coal-fired; and the Lages Cogeneration Unit, biomass and wood chip-fired.

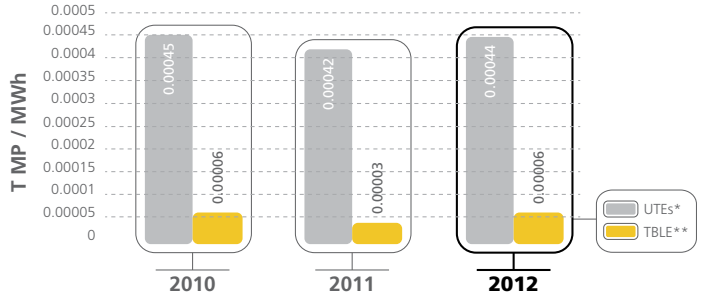
NO_x (Nitrogen Oxide) Emissions



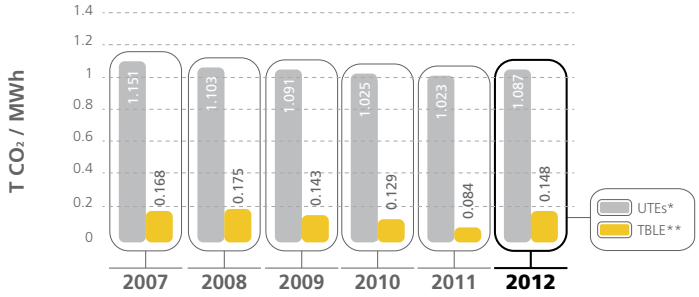
SO_2 Emissions



Particulate Matter Emissions



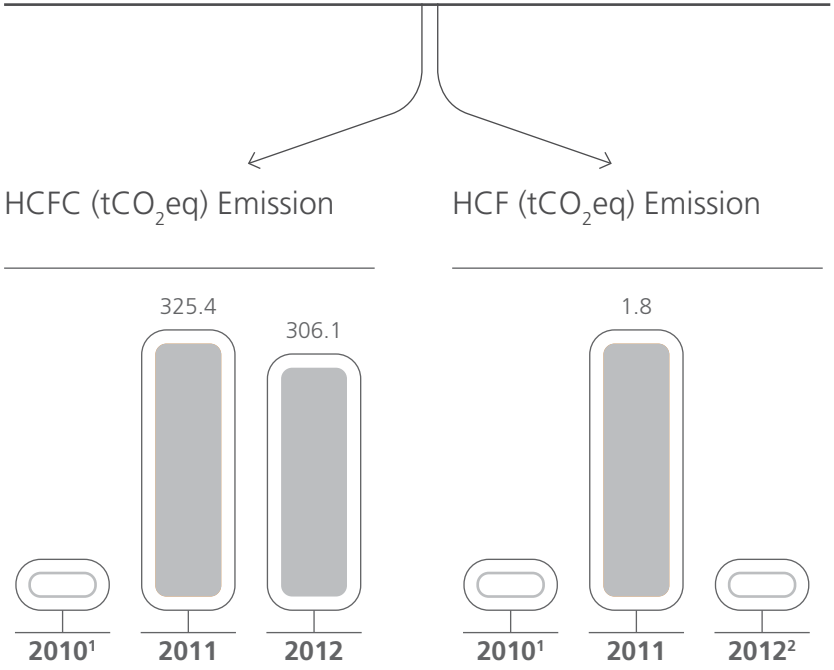
CO_2 Emissions



(*) UTEs – ratio between emissions from burning fossil fuels for power generation at thermoelectric plants and energy generated at these units

(**) TBLE – ratio between emissions from burning fossil fuels for power generation at thermoelectric plants and energy generated at all Tractebel Energia plants (including HPPs, TPPs, Wind Farms and SHPPs)

Tractebel Energia also monitors ozone-depleting gas emissions, known as Ozone-Depleting Substances (ODS), mainly found in air conditioners, refrigerators and drinking fountains. The following charts show emissions of two substances: hydrochlorofluorocarbons (HCFC) and hydrofluorocarbons (HFC), in tonnes of carbon equivalent (tCO_2eq).



[1] 2010 data, both for HCFC and HFC are not available.
[2] In 2012, there were not HFC emissions as this type of emission is not constant.



In 2012, with the approval of the fifth verification of the Clean Development Mechanism (CDM) Project of the **Lages Cogeneration Plant** relative to the period from June 1, 2009 to May 31, 2011, 443,651 Certified Emissions Reductions (CERs) were generated. Of this total, 8,873 were delivered to the Adaption Fund of the United Nations Framework Convention on Climate Change (UNFCCC) and 176,000 will be delivered to the World Bank's Prototype Carbon Fund, in both cases at a price of US$10.00/CER. The remaining 258,778 were allocated for sale on the CER market.

Also in 2012, Tractebel Energia elaborated the Execution Report of the Lages Methane Avoidance Project, the Lages CDM, relative to the period from 2011 to 2012, which reports project status with regards to issues foreseen upon approval by the UNFCCC, especially the estimated CER generation in this period. This document was approved by the World Bank, proving the fulfillment of sustainability commitments and the stewardship policy established by the institution for acquisition of CERs generated by the project.

The Company also registered four CDM projects with the UNFCCC, encompassing the Trairi Wind Farm in Ceará and the Porto do Delta[1] Project in Piauí . These projects can generate the respective carbon credits of:

(a) Trairi Wind Farm in Ceará:

- Trairi: 38,310 CERs per year;
- Guajiru: 50,695 CERs per year;
- Mundaú: 41,086 CERs per year; and
- Fleixeiras I: 45,876 CERs per year.

(b) Porto do Delta, Piauí Project: 53,004 CERs per year.

[1] The economic viability of this project will be re-evaluated in 2013

7.5.3.2. DIRECT POWER CONSUMPTION

Management

The power consumed in Tractebel Energia's production process is derived from its own generation. Therefore, reduced consumption is directly related to lower total power generation.

The Company continuously evaluates opportunities for greater energy efficiency to reduce power consumption. With this in mind, an internal power consumption group was created in 2012, primarily working to increase energy efficiency based on NBR ISO 50001 (Power Management Systems – Requirements with Guidance for Use). Initially, this group concentrated its activities on thermoelectric plants.

Indicators

In 2012, Tractebel used 937.2 GWh (equivalent to 3.4 million GJ) to operate its generating complex, producing 36,193.1 GWh (equivalent to 130.3 million GJ) of power. The table opposite shows the total power consumption and production by plant type.

Power Consumption and Production

2012

Type of Plant	Power consumption		Production	
	GWh	GJ	GWh	GJ
Thermoelectric Power Plants	511.2	1.8 million	4,915.8	17.7 million
Hydroelectric Power Plants	385.6	1.4 million	30,583.8	110.1 million
Complementary – SHPP, Wind and Biomass	40.4	145.5 thousand	693.5	2.5 million

Since 2004, the Company has offered its industrial clients the Tractebel Energia Energy Efficiency Diagnostic Program, the result of the customer loyalty policy and its focus on sustainable development. The program is free for these clients and seeks to help identify opportunities to reduce power consumption in their productive processes, reducing costs and increasing competitiveness, in addition to the reliability of the power system. In addition, any power saved as a result of the implementation of actions suggested in the Energy Efficiency Diagnosis can be sold to other clients, allowing for the expansion of the Company's free customer portfolio. Through December 2012, the Company invested R$8.3 million in this Program development.

7.5.3.3. WATER

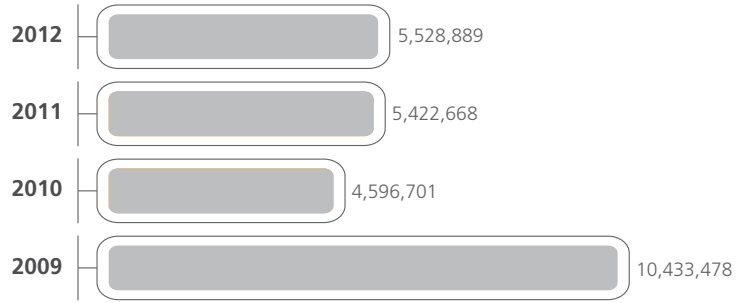
Management

The Company has closed-circuit effluent systems that prevent the discharge of pollutants into rivers and allow the reuse of water at the Jorge Lacerda and Charqueadas thermoelectric power plants. In the plants where closed-circuit recirculation has not yet been implemented (Alegrete, Ibitiúva Bioenergética and Lages), effluents are treated via physio-chemical sedimentation and neutralization before they are discharged. William Arjona does not capture water and therefore does not generate industrial effluents.

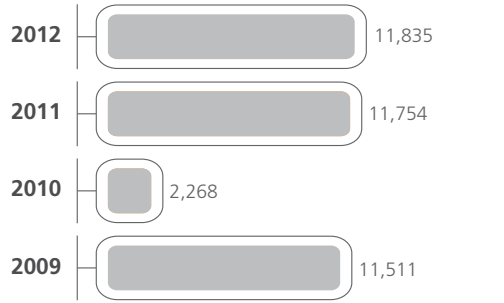
All of Tractebel Energia's thermoelectric plants have containment basins in their fuel reservoirs to prevent water pollution due to possible leaks. At the hydroelectric plants, the Company adopts standards that are stricter than those established by law for reduction of oil and grease in the effluents of drainage wells to avoid water contamination.The 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 machine shop.

Indicators

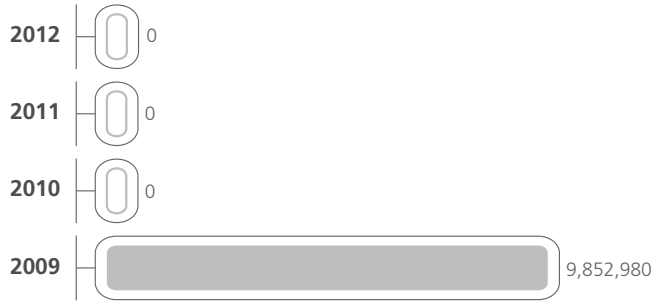
Surface Water Consumption (m^3)



Groundwater[1] Consumption (m^3)



Discharge of Treated Water (m^3/year)



[1] Groundwater: the low 2010 value was due to the failure of measurement equipment (hydrometers) at the Salto Santiago Hydroelectric Plant, which was replaced in 2011.

7.5.3.4. WASTE

7.5.3.4.1. HAZARDOUS WASTE

Management

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

Tractebel Energia also seeks to prevent leaks using safety labels on chemical products, installing containment barriers and adequate vehicle signage, in addition to only contracting companies that are duly licensed and authorized in Brazil for hazardous material transportation.

Indicators

Hazardous Waste Disposal

2012

Disposal Method	Type of Waste Product	Amount (t)
Class I Industrial Landfill	Water contaminated with oil, schist and oil sludge, oil sludge and paint sludge, gravel contaminated with oil, printer cartridges and toners, industrial batteries, contaminated packaging, waste grease, general lamps, materials contaminated with oils, grease, chemical products and mercury, materials containing glass wool, insulating oil, batteries, chemical products, contaminated kerosene and other solvents, welding waste, electronic waste, resins.	181.1
Autoclaving - Class II Industrial Landfill	Bio-hazardous waste.	0.015
Co-processing	Water contaminated with oil, oil sludge, paint sludge, materials contaminated with oils, grease and chemical products, printer cartridges, residual grease, kerosene and other solvents, welding waste, resins.	134.9
Incineration	Bio-hazardous waste – infectious, sharps and drugs.	0.011
Recycling	Water contaminated with oil, printer cartridges and toners, industrial batteries, pesticide packaging, light bulbs in general, lubricant and insulating oil, electronic waste.	18.3
Reuse	Returnable industrial towels, used lubricant oil, insulating oil.	57.3
Treatment / Decontamination	Bio-hazardous waste, light bulbs, sewage.	84.4
Local storage	Waste awaiting viable volume or under analysis for final disposal.	72.7
Total (hazardous waste adequately disposed of)[1]		**476.0**

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

7.5.3.4.2. NONHAZARDOUS WASTE

Management

Safely reusing or recycling non-hazardous waste is routine at Tractebel Energia. Ash from burning coal in thermoelectric power generation accounts for approximately 97.9% (66.6% light fly ash and 31.3% bottom ash) of the total volume of waste and can almost entirely be used by the cement industry as raw material for pozzolanic cement, replacing limestone in its composition. This waste can also be used to recover areas degraded by coal mining. Part of the bottom ash from the Charqueadas Thermoelectric Plant is returned to the mine pit and used in the environmental recovery of the mining area.

In 2012, 99.9% of nonhazardous waste was recycled or reused in composting processes, paving highways and in the recovery of degraded areas. The Company's total paper consumption increased by 48.4% over 2011 and, of the 14.2 tonnes consumed in 2012, 89.8% was recycled.

The Company has been campaigning to raise employee awareness regarding rational paper and plastic cup use, providing tips on proper disposal, in addition to address food scraps, highlighting the benefits of reuse. At the Tractebel Energia headquarters, in 2012 this campaign included snacks for employees and service providers made by conscientiously and appropriately using food peelings. From June to December of 2012, the headquarters saw an 89% increase in recycling.

Indicators

Disposal of Nonhazardous Waste

2012

Disposal Method	Type of Waste Product	Amount (t)
Controlled Landfill	Styrofoam, plastics, common and organic waste.	9.5
Class II Industrial Landfill	Building waste, blasting slag, air-conditioning filters, Styrofoam, rock wool, sewage sludge, wood, common waste, welding waste, non-contaminated solid waste, electric and electronic waste, glass.	264.1
Landfill	Building waste, air-conditioning filters, Styrofoam, rock wool, wood, acoustic insulation cover, plastic, common waste, organic waste, rubber.	144.0
Compost	Organic waste.	47.8
Co-processing	Wood, Styrofoam and rubber scraps.	0.2
Highway Paving	Construction debris.	2.5
Recycling	Bottom ash, fly ash, plaster, kitchen oil, paper and cardboard, plastic, rubber, metallic waste and glass.	1,501,562.4
Recovery of Degraded Areas	Garden organics and wood.	339.0
Reuse	Blasting slag, metallic waste, construction debris.	10.9
Treatment / Decontamination	Sewage sludge.	50.3
Use as fuel	Wood waste.	144.5
Total		**1,502,575.2**
Local storage	**Waste awaiting viable volume or under analysis for final disposal**	**50.9**

7.5.3.5. FUELS

Management

Tractebel Energia develops analyses, research and studies on power generation from renewable sources to minimize fossil fuel consumption. At the same time, diversification of the energetic matrix is important to ensuring power supply and the system security in the current context. Thus, in addition to hydrological sources, which account for the largest part of Tractebel Energia's portfolio, and wind, the Company has two biomass-fired thermoelectric plants that do not require fossil fuels as they burn wood chips (Lages Cogeneration Unit) and sugarcane bagasse (Ibitiúva Bioenergética Thermoelectric Plant).

In partnership with other institutions, Tractebel Energia also participates in a R&D project to implement a solar power complex to be connected to the National Interconnected System (SIN) with a peak capacity of 3.0 MW. The complex will be located near the Jorge Lacerda Thermoelectric Complex and the project includes technical evaluations for photovoltaic generation in various climate conditions in the Brazilian energy matrix. Therefore, eight evaluation modules with different photovoltaic power technologies and each peaking at 10 kW will be installed across Brazil.

In 2012, the R&D project presented under innovation in this Report, known as *Implementation of Onshore Wave Converter Prototypes in Northeastern Brazil Sea Conditions*, was executed and all established objectives were fulfilled. Two stages of operational tests were done and, in the second, the prototype generated 12.919 kWh continuously. In parallel, the Company is seeking partners to develop new versions of the prototype until economic viability is achieved.

Indicators

In 2012, the Company consumed 15.6 thousand GWh (56.3 million GJ) in fossil fuels at its thermoelectric plants. The increased fuel consumption over the previous year is directly related to the greater power generation by the thermoelectric plants in 2012.

As provided in the Tractebel Energia Climate Change Policy, the Company adopts measures such as preferential use of automobiles running on biofuels, especially ethanol, contracting mass transit services at most of its plants and holding tele- and video conferences as additional measures to reduce fossil fuel consumption.

Fossil Fuel Consumption

	2010	2011	2012
Coal (t)	3,344,524	2,348,564	3,325,265
Fuel Oil (t)	4,590	3,673	6,664
Diesel (m^3)	3,067	2,685	4,543
Natural Gas (m^3)	114,375,774	415,021	21,103,319

At the Lages Cogeneration Unit and the Ibitiúva TPP, both biomass-fired by wood chips and sugarcane bagasse, respectively, the environmental impact is minimized by reducing the need to extract non-renewable natural resources, as well as disposal of organic waste, reducing GHG emissions.





7.5.3.6. BIODIVERSITY

Tractebel Energia continuously monitors the areas surrounding the reservoirs under its responsibility, developing wildlife conservation programs. Together with stewardship initiatives, these programs provide the environmental conditions necessary for conservation and development of species before, during and after construction of the reservoirs. The Company also invests in R&D projects to protect endangered species and environmental education initiatives, in addition to supporting non-profit organizations and communicating with communities regarding the importance of environmental conservation.

FAUNA

Protection of native fauna is essential during the construction of a hydroelectric power plant. Before deforestation and reservoir formation, studies are carried out. During this process, animals are rescued and preservation strips are maintained around the reservoir, also helping maintain water quality. Species that are potentially dangerous to local populations, such as insects, snails that transmit diseases and venomous animals, are also monitored and controlled by studies and regular research.

FLORA

An integral part of the environmental programs developed by the Company is monitoring flora in the projects' areas of influence. This includes collection of seeds and flowers for study, cataloguing and seedling production as part of a constant effort to ensure the continuity of native species through reforestation and recovery of vegetation.

FISH

Tractebel Energia researches and monitors the dynamic balance established throughout the formation and maturity of reservoirs. Thus, at each plant specific stewardship practices are adopted to minimize impacts on species. Among the main projects is the restocking of rivers by lab breeding the fry of native species.

7.5.4. 2012 Highlights – Social and Environmental Projects Developed at Plants

EVENTS FOR EMPLOYEES AND SUPPLIERS

Internal Safety and Environment Week (Sisma 2012) - Involving the Cana Brava and São Salvador HPPs on the Tocantins River, the event targets internal stakeholders at the plants, including outsourced employees, partner companies and employee families. In 2012, seminars on the environmental initiatives of the plants, research and development projects and health, safety and family were held.

Sixth Environment and Sustainability Week (Semas 2012) - Held in partnership with the Machadinho and Itá consortia in Piratuba, Santa Catarina State in the region of the Machadinho, Itá and Passo Fundo HPPs. Focusing on sustainable regional development, Semas 2012 saw the participation of the Santa Catarina Industry Federation (Fiesc), which held a parallel event to publicize the Sustainability Plan for Santa Catarina Industry Competitiveness developed by the Neighboring Communities of the Itá HPP (Amulbi) and the Alto Uruguay Development Agency.

Environment Week at Ponte de Pedra HPP - Promoted in partnership with the Education, Culture and Recreation Secretary of the City of Sonora, Mato Grosso do Sul State, an area influenced by the Ponte de Pedra HPP. Among other activities, the event included a drawing contest with municipal and state schools that awarded regional students and teachers.



ENVIRONMENTAL EDUCATION

Essay and Drawing Contest - Held in the region of the Trairi Complex in Ceará State, the contest seeks to promote artistic and written production that incites debate on renewable energy in the school environment. A total of 13 local schools participated. The awards ceremony was held in December 2012, joining close to 2,000 people among community students and teachers.

Machadinho Hydroelectric Power Plan Essay Contest - In its sixth edition, 700 essays from 29 local schools participated. The initiative targets eighth grade students who visit the Plant, at which time they receive information regarding the environmental programs developed in the region of Consórcio Machadinho. In 2012, contestants were invited to write about the project's ten years of operation.

Ecological Trail of the Social and Environmental Activity and Heritage Center (Casap) of the Passo Fundo Hydroelectric Plant - Seeks to promote environmental education focusing on the conservation of natural resources and relationships with the community. In addition to Casap, the structure has a botanic garden, arboretum, interpretive trail through the forest and along the Passo Fundo River and lookout points. In 2012, 983 people visited, most of them students and teachers.

Environmental Educator Training Program (PFEA) - In 2012, the PFEA, implemented at the end of 2012 in the neighboring communities of the Itá HPP, graduated its fourth class. The Program was structured so that educators can enhance their knowledge on the environmental education and, with that, identify and analyze teaching tools that they can apply in daily activities.

Environmental Education Meeting (EDEA) - Held in October 2012 at the Entre Rios do Sul, Rio Grande do Sul Cultural Center, the event enjoyed participation by public administrators and representatives of local schools (principals, teachers and students). Programming included talks and an exhibit of projects from 48 schools selected during the *Educate, Participate and Transform in Environmental Education* workshop held prior to the event. The Meeting had 178 participants.

Visitation and Environmental Education Program - The Company maintains structured visitation programs for students, researches and tourists at its plants. In these visits, plan operation aspects are presented, especially social and environmental programs. The Program is complemented by presentations in schools and other community locations, focusing on environmental education. In 2012, more than 95,000 people took part in the Program.



Visitation and Environmental Education Program

participants in 2012

	Environmental Education Actions	Visits to Plants
Cana Brava Hydroelectric	2,945	1,298
Itá Hydroelectric Power Plant	18,175	10,385
Machadinho Hydroelectric	100	7,228
Passo Fundo Hydroelectric Power Plant	11,773	1,174
Ponte de Pedra Hydroelectric Power Plant	257	439
Salto Osório Hydroelectric Power Plant	682	3,529
Salto Santiago Hydroelectric Power Plant	862	4,432
São Salvador Hydroelectric Power Plant	1,208	559
Jorge Lacerta Thermoelectric Complex	11,545	11,194
Alegrete Thermoelectric Plant	-	1,154
Charqueadas Thermoelectric Plant	-	2,235
William Arjona Thermoelectric Plant	-	218
Areia Branca Small Hydroelectric Power Plant	30	59
Lages Cogeneration Unit	1,040	1,068
José Gelazio da Rocha Small Hydroelectric Power Plant	-	32
Rondonópolis Small Hydroelectric Power Plant	-	32
Beberibe Wind Farm	-	773
Pedra do Sal Wind Farm	-	1,122
TOTAL	**48,617**	**46,931**

ENVIRONMENTAL CONSERVATION INITIATIVES

Spring conservation - In the regions of influence of the Salto Santiago and Salto Osório HPPs, in 2012 Tractebel Energia participated in the fifth stage of the spring conservation project developed in partnership with the Rural Family House, an educational organization that offers activities both in the classroom and outdoors. In 2012, 182 springs were protected, reaching approximately 60% of the total scope of the project that involves rural students, directly benefitting 192 families. At the end of the year, the Company signed a new Technical Cooperation Agreement with the Rural Family House to extend initiatives to the city of Rio Bonito do Iguaçu, where the goal is to protect an additional 300 springs.

In the Machadinho HPP region, a project to protect 27 springs is underway and will directly benefit 22 families. This project includes initiatives to raise awareness among the regional communities.

Planting and donation of native species saplings - Throughout 2012, Tractebel Energia planted more than 150,000 saplings in the areas near its plants. Another 196,000 were donated to the community.

Forestry Restoration Program of the Passo Fundo HPP Reservoir Islands - The Program seeks the restoration of the islands in the reservoir by planting forest species native to the region. In 2012, 54,790 saplings were planted and produced by the Passo Fundo HPP botanic garden, from seeds collected from selected stock to ensure the genetic diversity of these species.

Implementation of a native sapling nursery at the Ponte de Pedra HPP - With this initiative, the Company now has six nurseries to produce native saplings distributed to different regions across Brazil, with a production capacity of approximately 480,000 per year.



Sapling Planting and Donation

2012

	Planted	Donated
Cana Brava Hydroelectric Power Plant	1,852	5,253
Itá Hydroelectric Power Plant	3,863	17,433
Machadinho Hydroelectric Power Plant	27,384	1,030
Passo Fundo Hydroelectric Power Plant	54,790	7,539
Ponte de Pedra Hydroelectric Power Plant	8,000	8
Salto Osório Hydroelectric Power Plant	250	16,545
Salto Santiago Hydroelectric Power Plant	7,371	27,651
São Salvador Hydroelectric Power Plant	180	13,011
Estreito Hydroelectric Power Plant[1]	25,458	10,143
Jorge Lacerda Thermoelectric Complex	3,552	87,984
Alegrete Thermoelectric Plant	-	2,000
Charqueadas Thermoelectric Plant	-	6,144
William Arjona Thermoelectric Plant	-	300
Areia Branca Small Hydroelectric Power Plant	15,000	65
Lages Cogeneration Unit	61	180
José Gelazio da Rocha Small Hydroelectric Power Plant	2,050	-
Rondonópolis Small Hydroelectric Power Plant	-	1,000
Beberibe Wind Farm	280	-
Pedra do Sal Wind Farm	103	-
Ibitiúva Bioenergética	-	200
TOTAL	**150,194**	**196,486**

[1] By Consórcio Estreito Energia (Ceste).

7.5.5. Expenditure and investments in environmental management

In 2012, the Company invested R$40.1 million in the following activities:

- General environmental management;
- Emissions control;
- Environmental education and training;
- Improvements for environmental conservation;
- Installation of greener technologies;
- External certifications; and
- Research and Development projects for environmental management.

An additional R$355,600 was spent on liability insurance for environment-related events resulting from sudden pollution events such as spills, and R$64,800 on 428 hours of training and environmental awareness activities.

Of the approximately R$10 million invested by the Company in R&D in 2012, R$6.8 million was allocated to environment-related projects.

7.6. Occupational Health and Safety Management (SST)

7.6.1. Guidelines

7.6.1.1. LEGAL COMPLIANCE

As well as Environmental Management, compliance with SST is a fundamental requirement for Tractebel Energia, which constantly monitors the evolution of laws, rules and resolutions regarding Occupational Health and Safety management. To fulfill legal requirements and its additional voluntary commitments, the Company evaluates and adjusts operations and procedures whenever necessary.



7.6.1.2. MANAGEMENT SYSTEM

Based on the principle of continuous improvement, the Tractebel Energia Occupational Health and Safety Management system aims to **guarantee safety** and promote improved health and quality of life for all its employees, service providers, suppliers and visitors. The system aims at identifying and controlling dangers and risks inherent to processes, equipment and workplaces. All groups are oriented regarding these dangers and risks, as well as respective measures for prevention and control.

There are ten Internal Occupational Accident Prevention Committees (CIPAs) distributed among the headquarters and plants and composed of members appointed by the management and employees. At plants with less than 20 employees, there is an employee who is responsible for the same legal functions attributed to the CIPAs. Plants with 20 or more employees have CIPAs and, each year, an Internal Occupational Accident Prevention Week (Sipat) is held. These events seek to raise employee awareness on and routines and habits that create a safer, healthier environment.

A total of 78 employees serve on the CIPAs or have been designated for complying with safety standards. There are an additional 33 professionals in the Occupational Health and Safety area, 19 of which are Tractebel employees, with 14 service providers. In 2012, 61% of the Company's employees were trained in Occupational Health and Safety.

Parallel to accident and work-related illness prevention, Tractebel identifies the health profile of its employees and offers programs focused on healthy habits, including:

» Well-Being Management: promotion of sports and physical activity in general, on-the-job exercise, healthy eating, stress management, treatment and prevention of addictions and service to people with special needs; and

» Health Management: based on an annual check-up, divided into three stages: laboratory and specific tests, questionnaires on health and lifestyle, and clinical consultation and definition of the Individual Health Plan, an annual, voluntary commitment by the employee regarding his or her own health.

In compliance with the NR-7 Regulatory Standard (Occupational Medicine), all employees are called for regular exams. Tractebel goes further by performing a series of complementary exams and specific consultations to provide more complete and comprehensive data on the health of 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, in a restricted area, for employees to follow their health histories. The Company also periodically holds communication and prevention campaigns, such as flu vaccinations and cancer prevention, as well as annual training for plant operators in first aid and events with speakers from the health area for employees and service providers.

7.6.2. Targets

The following table shows the corporate previously established targets and results as of December 31, 2012 according to the methodology of the Brazilian Technical Rule Association (ABNT).

SST[1] Targets and Results

2012

Indicator	Target	Result	Evaluation
Frequency Rate (TF)	TF < 3.2	TF = 1.28	
Severity Rate (TG)	TG < 0.072	TG = 0.00	
Fatal Accidents	0	0	

Met

[1] Calculated according ABNT methodology.

7.6.3 Indicators

According to legal requirements and additional commitments made by the Company, the table below shows the consolidated SST management indicators according to ABNT methodologies and, for 2012 and as applicable, Global Reporting Initiative (GRI) methodology as well.

Occupational Health and Safety Indicators

TRACTEBEL EMPLOYEES	2010	2011	2012 ABNT	2012 GRI
No. of occupational and transportation-related accidents (with or without leave)	9	7	2	2
No. of days lost – occupational accidents with leave	91	49	12	12
Rate of occupational disease	0	0	0	0
Frequency Rate (TF)	1.04	1.5	0	0
Severity Rate (TG)	0.05	0.025	0	0
Fatal accidents	1	0	0	0
Absenteeism (days)	6,874	6,253	5,478	-
Parameters under GRI methodology:				
- Injury Rate	-*	-*	-*	0.2
- Rate of days lost	-*	-*	-*	1.2
- Absenteeism rate (days)	-*	-*	-*	4,346
OUTSOURCED EMPLOYEES	**2010**	**2011**	**2012 ABNT**	**2012 GRI**
No. of hours of risk exposure	3,893,222	4,148,850	4,230,648	4,230,648
No. of occupational accidents with leave	9	13	8	8
No. of occupational and transportation-related accidents (with or without leave)	44	42	36	36
No. of days lost – occupational accidents with leave	78	339	350	350
Frequency Rate (TF)	2.3	3.13	1.89	-
Severity Rate (TG)	0.02	0.082	0.083	-
Fatal accidents	0	1	0	0
Absenteeism[1]	-	-	-	-
Parameters under GRI methodology:				
- Rate of occupational disease	-*	-*	-*	N/A
- Injury Rate	-*	-*	-*	1.7
- Rate of days lost	-*	-*	-*	18.7

* As of 2012, the calculation of this indicator was changed, rendering it uncomparablewith the previous years.
[1] Controlled by the contracted companies.

7.6.4. 2012 Highlights

» Maintenance of BS OHSAS 18001 certification.

» First Tractebel Energia Meeting of CIPA Chairmen and Vice-Chairmen and Safety Professionals held on October 30 and 31, 2012 to promote integration among all CIPAs and align health and safety actions to corporate goals.

» Development of a pilot video of escape routes for evacuation of the Tractebel Energia headquarters.

» Training of 61% of the Company's employees in Occupational Health and Safety in 2012.

» Eight International Occupational Accident Prevention Weeks (Sipats) held, addressing matters such as defensive driving and traffic safety, sexually transmitted diseases, drugs, smoking and stress.

» Implementation of the *Doctor's Note* Program – a virtual mural presented each quarter with health information.

» Campaigns on proper use of fire extinguishers, elevators, emergency numbers and escape routes - including a simulated evacuation exercise of the headquarters.

» Investment of R$6.2 million in Occupational Health and Safety in the year.

7.7. Social Management

7.7.1. Guidelines

7.7.1.1. LEGAL COMPLIANCE

Compliance is a basic requirement for Tractebel Energia, which constantly monitors the evolution of laws, rules and resolutions also regarding corporate social responsibility regulations. To fulfill legal requirements and its additional voluntary commitments, the Company evaluates and adjusts operations and procedures whenever necessary.

7.7.1.2. CONTINUOUS IMPROVEMENT

Guidelines, recommendations and indicators such as those used by the Global Reporting Initiative (GRI) and Ethos Institute, as well NBR ISO 26000 and guidelines of the BM&FBovespa's Corporate Sustainability Index (ISE) serve as references that complement the evolution of legislation on which the Company bases its continued improvement in social management.

7.7.2. Relationship with Stakeholders

With 22 plants across Brazil and operating in an industry essential for society, relationship with stakeholders is fundamental for Tractebel Energia, which cares to develop long-term relationships with all stakeholders.

The Company establishes and manages communication with its stakeholders through specific channels on the Company's website, with pages dedicated to investors, suppliers, employment candidates and the general public, and a Stakeholder Communication module of the Quality-Plan system, among others.

In implementing new projects such as the Trairi Wind Farm in Ceará State, communication programs for engagement of stakeholders are developed to:

» provide information on positive and negative aspects and effects of the project;
» identify the expectations of the local community; and
» meet the most significant community demands that are compatible with the Company's obligations and abilities.

For example, in the Trairi region, in 2013 Tractebel Energia will begin developing a Cultural Center along the same lines of that implemented in Entre Rios do Sul, Rio Grande do Sul State and those that will, in the same year, be inaugurated in Quedas do Iguaçu, Paraná State, and Capivari de Baixo and Alto Bela Vista, Santa Catarina State. Construction of the Trairi center should begin in 2014.

In launching the Tractebel Energia Sustainable Management Policy in 2010, the Company mapped the stakeholders in the communities where it operates. This mapping including analyses of positive and negative effects of the Company's activities on the communities and areas of influence of the projects and can be updated as needed. Also in 2010, the Policy was formally presented in person in these regions. This project complemented the multidisciplinary workshop held by Tractebel Energia in 2008 with the participation of employees from several Company divisions to evaluate the extent to which operations affect each type of stakeholder from a social, environmental and financial standpoint.

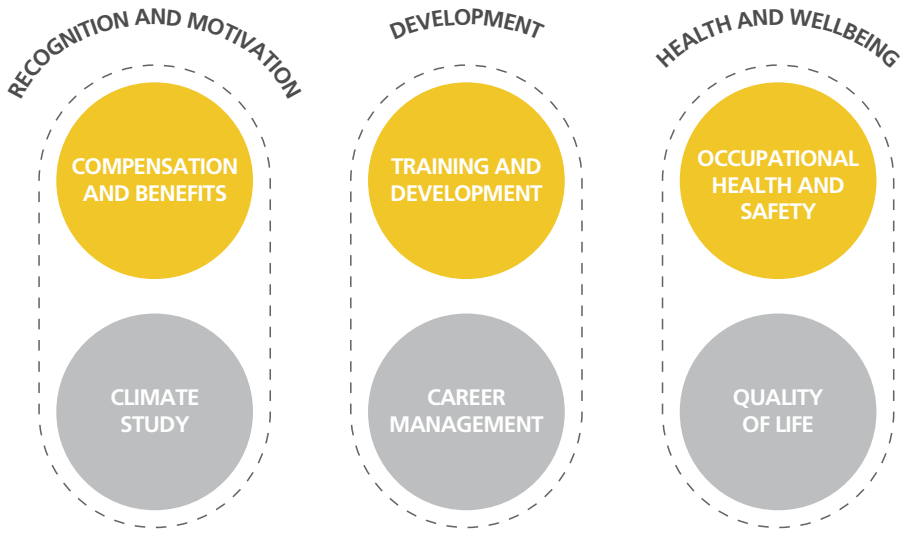
In 2012, these stakeholders were once again consulted (as mentioned in *About the Sustainability Report*) and their top demands regarding the Company's management and performance are presented throughout this Report.

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

» **Clients, shareholders and the government** – transparency in identifying and managing demands and 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 addition to participation in regional development forums and joint social and cultural development and environmental improvement initiatives.
» **Employees** – monitoring and direct participation in Tractebel Energia's business – its structure, operations of each organizational division, new prospects under analysis and new projects.
» **Society** – information through the media on Tractebel Energia's initiatives to contribute sustainably to meeting current and future power supply needs.

7.7.2.1. EMPLOYEES AND THEIR REPRESENTATIVES

Human Resources Management Pillars

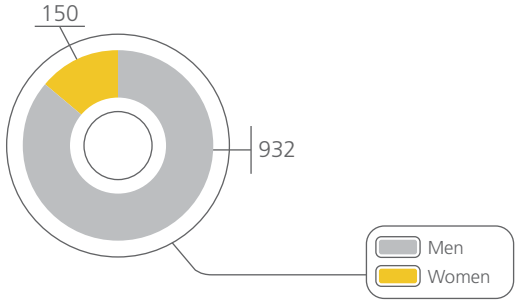


Tractebel Energia is in constant dialogue with its employees, seeking to expand mutual involvement and engagement. The Company strives to offer compensation in line with best market practices and has a special benefits program in place that includes a supplementary retirement plan. It also promotes Occupational Health and Safety and has career and individual development plans. These human resources actions were recognized in 2012 with a 74% favorability among employees according to the organizational climate survey and, participating for the second time in the *Você S.A./Exame* magazine ranking, being once again named one of the best 150 companies to work for in Brazil.

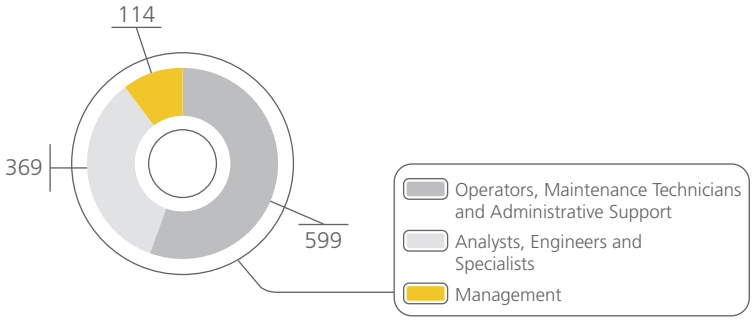
In 2012, Tractebel Energia held a workshop to strengthen its values across all divisions. In all, 14 groups from all regional operations participated in the workshop, totaling 584 employees or 54% of the Company's workforce. This event was another opportunity to share Tractebel Energia's organizational culture with its employees.

WORKFORCE PROFILE

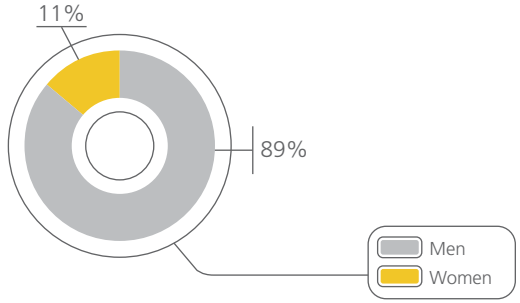
Employees by Gender



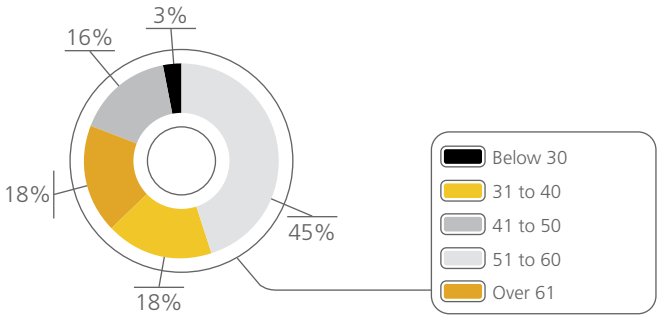
Employees by Occupation



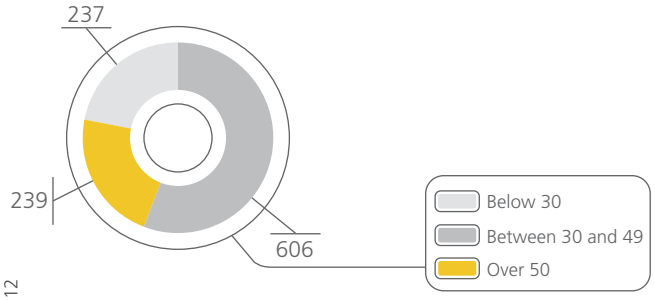
Employees by Gender on Boards and Committees



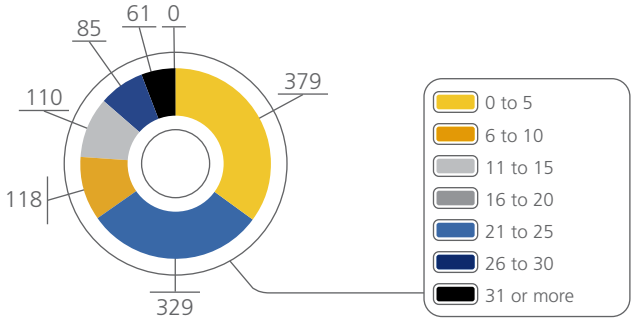
Employees by Age on Boards and Committees



Employees by Age

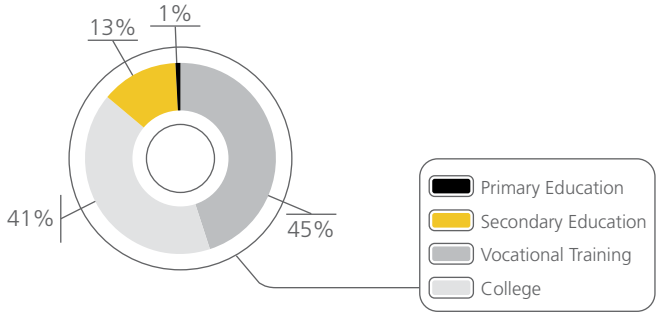


Employees by Years of Service[1]



[1] Considering years of service at Eletrosul.

Employees by Education



COLLECTIVE BARGAINING AGREEMENTS (ACT)

All employees are guaranteed the right of free association and are represented in their various professions and regions by three union entities: the Power Industry Worker's Union of Southern Brazil (Intersul), the Inter-Union, and Trade Association of Santa Catarina State Secretary Professionals (Sinsesc). The Company maintains a policy of open doors and full transparency with these organizations.

Collective bargaining agreements are signed with the unions every year in compliance with International Labor Organization (OIT) regulations and Brazilian law, cover 100% of employees and include wage adjustments for inflation, retirement plans, benefits, health and safety, among others. Any changes in the Management Manual or items in the Collective Bargaining Agreements are subject to prior negotiation with the unions.

COMPENSATION

Tractebel Energia periodically monitors the best market compensation practices through salary surveys and adopts a strategy of equal pay for all genders and ethnic groups. Compensation is both fixed and variable. Considering only salaries, in 2012 the lowest salary paid by Tractebel Energia was 2.72 times higher than the current minimum wage in Brazil. Variable compensation is composed of profit sharing and a management bonus. Based on criteria negotiated with the unions and established in the Collective Bargaining Agreement, payment of both profit sharing and management bonuses are based on the achievement of predetermined individual targets and business objectives. The management bonus is proportional to the target's impact on corporate results and to the relative level of difficulty, while profit sharing is predicated on corporate results, measured by EBITDA and net income.

BENEFITS

The Company's supplementary retirement plan consists basically of its participation in the Previg – Sociedade de Previdência Complementar private plan. Previg has 1,653 participants: 1,052 active, 553 assisted (dependents), 26 self-sponsored (retired participants who decided to continue contributing), and 22 in a defined proportional benefit regime. This fund is composed of 50% employee contributions and 50% Company contributions. In 2012, Tractebel Energia contributed R$30.5 million to Previg. Tractebel also sponsors a supplementary retirement plan with Fundação Eletrosul de Previdência e Assistência Social (ELOS), which totaled 2,185 participants in 2012, with R$25.0 million in Company contributions.

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; and
- Group life insurance, with coverage for permanent disability.

TRAINING AND DEVELOPMENT

Tractebel Energia's training and development plan is part of its short, mid and long term strategies. A total of R$4.0 million was invested in 2012 in 78,916 hours, including 51,939 hours on technical courses, 5,566 hours on occupational safety, 468 on language courses and 20,943 hours on other types of training, such as behavior, leadership and communication. Ethical matters such as respect for diversity and human rights, as well as combating corruption, are part of the new employee Welcome Program and are also addressed on occasions such as the release or disclosure of corporate policies and seminars on the Company's Code of Ethical Conduct.

The training and development plan includes scholarships, with the Company's contribution of 50% of the monthly tuition payments. In 2012, Tractebel Energia granted scholarships to 73 employees, being seven for technical courses, 42 for undergraduate courses and 24 for graduate courses.

CAREER MANAGEMENT

The Company offers career self-management tools, like evaluations and feedback that give employees a good opportunity for reflection and improvement, in addition to highlighting each employee's strengths. Each year, employees are evaluated on their individual performance and every three years, according to 360° Skill Mapping that includes self-evaluation and the evaluation of colleagues, subordinates (as the case may be), supervisors, and internal clients. This process results in the Individual Development Plan (PDI). In 2012, 374 Management Career employees were evaluated on skills determined by the Company. A Feedback Workshop was carried out after the evaluation process and employees were able to see their results and reflect on actions for their development.

Tractebel Energia offers support programs for the transition of employees in retirement or dismissal processes, including pre-retirement planning and Voluntary Layoff Programs (PDV). In 2012, 19% of the employees were eligible for retirement within the next five years and 20.2% in the next ten years. Tractebel Energia has a succession plan to manage replacements and fill open positions.

In 2012, 61 new professionals were added to Tractebel Energia's workforce, and 63 left the Company. Of these 63, 31 were admitted to other GDF SUEZ Group companies, stimulating mobility within the group.

Hours of Training per Employee

2012

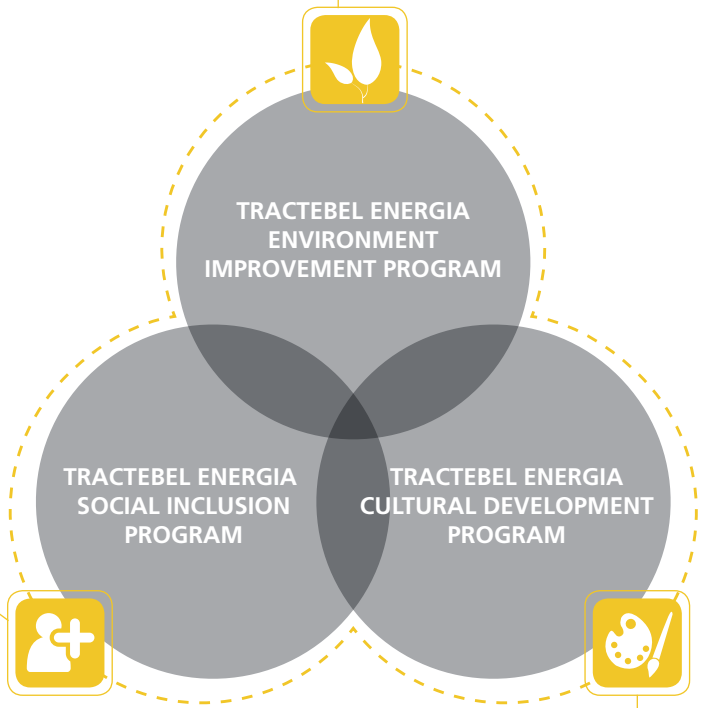
Position	Average hours
Management	70.6
Analysts, Engineers and Specialists	76.3
Operators, Maintenance Technicians and Administrative Support	74.5

7.7.2.2. COMMUNITY

The Company's permanent goal is to expand its integration and contribute to the sustainable development of the regions where it operates. To do so, the Company maintains an open relationship with communities and seeks partnerships with local organizations, such as universities and non-profit organizations, prioritizing the hiring and training of local professionals and suppliers. The Company has three Corporate Social Responsibility programs in place.

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;
- Quality of life improvement.



Focus on quality of life improvement for children and adolescents in vulnerable communities:

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

Focus on cultural development of communities:

- Preservation and appreciation of cultural features of each region;
- Local cultural development;
- Promotion of the use of tax incentives to benefit communities.

In this sense, one of Tractebel Energia's main initiatives in communities is sponsoring the implementation of cultural centers in the areas where it operates. These sponsorships are made of own funds or deducted from income tax in compliance with the Rouanet Law. The Cultural Center of the Environmental Park neighboring Jorge Lacerda Thermoelectric Complex, to be opened in 2013, is being built without tax incentives. For the Cultural Centers in Entre Rios do Sul, Rio Grande do Sul State, inaugurated in 2011, and the new Alto Bela Vista, Santa Catarina State, and Quedas do Iguaçu, Paraná State centers, tax deductible funds were used under the Rouanet Law. These two new centers will be opened in 2013 as well, the same year when the Conexão Cidadã Public Interest Civil Society Organization (Oscip) of Minaçu, Goiás State will submit the city's Cultural Center project to the Ministry of Culture. Like the other Centers, it will be sponsored by Tractebel Energia.

These projects end up becoming independent: local associations like Conexão Cidadã have members trained by experts in cultural project management hired by the Company and assume management of the culture centers, which then begin functioning independently from Tractebel Energia or the government.



Due to municipal elections, the inaugurations of the cultural centers of Alto Bela Vista and Quedas de Iguaçu, in addition to the Jorge Lacerda Environmental Park, scheduled for 2012, were postponed to 2013. This postponement is demonstrative of the autonomous management approach, independent from the Company or the government, which is key to the sustainability of these projects.

One example of that approach is the Entre Rios do Sul Cultural Center in Rio Grande do Sul State near the Passo Fundo Hydroelectric Power Plant. Inaugurated on July 7, 2011 and the winner in the Social and Environmental Responsibility category of the eighth Brasil Ambiental Award of the American Chamber of Commerce, it has become a center for culture, leisure, and professional training for the whole region.

7.7.2.3. MEDIA AND SOCIETY

Tractebel Energia's Communication Policies and Guidelines are the basis of its relationship with the media. Tractebel Energia's spokesperson is the CEO, who may partially delegate this duty to other officers and managers. Both in the implementation and operation of a plant and whenever required, requested or on its own initiative, the Company widely announces the project and holds consultations and public hearings for the presentation and discussion of social, economic and environmental impacts.

Tractebel Energia also develops campaigns and programs for environmental education, social communication and disclosure of subjects of interest to neighboring communities. Tractebel Energia relates to society via its website and its media vehicles, publishing material relevant to its activities and of public interest, such as material facts, legal publications, and educational campaigns for sustainability with which its brand is associated, in addition to advertisement and marketing.

7.7.2.4. CLIENTS

Tractebel Energia believes that its relationship with clients must be based on mutual trust, both in the regulated environment and in the free market. Particularly for free consumers, the flexibility and retention policy has allowed the maintenance, renewal and expansion of the mutually advantageous business. Tractebel Energia's website has a Business portal where updated information on the power market in general, contracted supply, and monthly bills can be found. Contract data is confidential.

The Company offers its clients the Energy Efficiency Diagnostic Program to identify and propose system and process improvements to reduce power consumption. It also has a plant visitation program specially dedicated to clients.

The Ethics, Sustainability and Energy Seminar was held at Tractebel Energia's headquarters on June 26, 2012 with the participation of different stakeholders, including clients. Whenever it can, the Company also participates in client events, including some sustainability meetings.

In 2012, 31 new clients were added to Tractebel Energia's portfolio. 89 clients participated in a survey of all the Company's 114 free and special clients, from the oldest to the newest; the survey found an overall satisfaction rate of 94.5%.

7.7.2.5. SUPPLIERS

Tractebel Energia strives to be a promoter of sustainable development. The Company has training programs and evaluates the performance of suppliers focusing on commitment and engagement with human rights, social responsibility, Occupational Health and Safety and the environment. One highlight in this regard is the Sustainable Partnerships Project, which trained 12 suppliers in sustainable corporate management in the region of the Jorge Lacerda Thermoelectric Complex in 2012.

Prices, terms, quality and other technical and commercial aspects are governed by administrative standards that establish procedures allowing the selection of those offers that best serve the Company's interests. In line with its policy of contributing to sustainable development in the regions where it operates, in 2012, the Company had 83 contracts with 67 companies that use local labor from each region, representing 36% of the total services budget. This represents R$52.9 million of a total of R$147.2 million for maintenance, environmental management, utilities, security, janitorial, IT and infrastructure services. The employees of companies contracted for more than two years enjoy a permanent benefit program that includes healthcare and dental plans. In 2012, Tractebel Energia invested R$1.5 million in this program.

7.7.2.6. GOVERNMENT

Tractebel Energia's relationship with the government at all levels mainly consists of legal and institutional compliance and commitments. Another form of relationship with governmental institutions is through specific purpose agreements targeting the sustainable development of the communities and regions in which Tractebel Energia operates. The Company also participates in the debate and development of issues related to its activities.

Tractebel Energia does not have a formal policy regarding lobbying and/or public policy activism, but it maintains dialogue with government agencies in line with the role of a major company with a national footprint and a public utility provider.

Support for political parties

Tractebel Energia's support for political parties or candidates to public office is in strict compliance with current legislation. Contributions are approved by the Company's Ethics Committee and are made public via internet on the website of the Supreme Electoral Court (TSE).

7.7.2.7. SHAREHOLDERS

Tractebel Energia's website has an Investor page with material facts, notices to shareholders, announcements to the market, the Company's quarterly reports and the Sustainability Report. The Company's Investor Relations department holds quarterly conference calls to present results as well as meetings with investors and investment analysts, such as Association of Capital Market Professionals and Investors (Apimec) meetings. It also regularly participates in conferences and seminars organized by leading investment banks and brokerage firms.

In 2012, Tractebel Energia participated in 29 events, in Brazil and abroad, promoted by capital market agents, meeting with 437 investors, considering repetitions and excluding Apimec meetings. *Inside Tractebel* is a program under which capital market professionals can visit the Company's installations, usually a plant in operation or under construction and, under this program, in 2012 Tractebel Energia received 77 visitors at its new headquarters, where it moved in the second half of 2011.



7.7.2.8. SOCIAL, ENVIRONMENTAL AND INDUSTRY ORGANIZATIONS

Tractebel Energia's employees and managers take part in forums and organizations addressing aspects or matters that are important for the power sector and society, including:

- National Electric Power Agency (Aneel);
- 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 River Basin;
- Electric Power Trading Chamber (CCEE);
- Electric Power Research Center (Cepel);
- Brazilian National Committee of Power Production and Transmission Cigré-Brasil;
- Infrastructure Board (Coinfra);
- Energy Research Agency (EPE);
- Industrial Federation of Santa Catarina State (Fiesc);
- Industrial Federation and Center of Rio Grande do Sul State (Fiergs/Ciergs);
- Corporate Management Committee Foundation (Funcoge);
- The Acende Brasil Institute;
- Brazilian Ministry of Development, Industry and Foreign Trade (MDIC);
- National Power System Operator (ONS);
- World Energy Council – Brazilian Committee (CBCME);
- Brazilian Association of Electric Power Trading Agents (Abraceel);
- International Hydropower Association (IHA);
- Brazilian Association of Mineral Coal (ABCM);
- São Paulo Stock, Commodities and Futures Exchange (BM&FBovespa);
- The Brazilian Corporate Governance Institute (IBGC);
- Brazilian Securities and Exchange Commission (CVM);
- The Brazilian Investor Relations Institute (IBRI); and
- Brazilian Association of Accountants for the Electricity Sector (Abraconee).

7.7.2.9. FINANCIAL INSTITUTIONS

In its operations as a major publicly-held company controlled by a group with strong global operations, Tractebel Energia relates with both public and private, national and international financial institutions.

7.7.2.10. OTHER INDUSTRY COMPANIES

Tractebel Energia's relationship with industry companies (generation, transmission, sellers and distributors) is based on its Code of Ethical Conduct. Tractebel Energia takes part in trade associations, sharing matters of common interest with other companies; and operates on consortia in some projects, like the Machadinho, Itá and Estreito hydroelectric power plants, and the Ibitiúva Bioenergética Biomass Plant.

7.7.3. Sustainability and Corporate Social Responsibility Targets

Each year, the Company establishes the Tractebel Energia Sustainability Targets that are then translated into actions with previously determined indicators. Set out opposite are the corporate social responsibility and sustainability targets and actions defined by the company for 2012. The relevant indicators and results obtained as of December 31, 2012 for the proposed actions are also described.

Target #1 – Expand The Company's Regional Presence Through Cultural Development Actions (Tractebel Energia Cultural Development Program)

Action	Indicators	Results
Complete construction works and inaugurate the Cultural Center of Alto Bela Vista, Santa Catarina State.	Completion of the construction works	
	Inauguration	
Complete implementation of the Jorge Lacerda Park Cultural Center in Santa Catarina State.	Completion of the construction works	
	Plan for Park inauguration	
Complete the implementation schedule of the Cultural Center in Quedas do Iguaçu, Paraná State.	Contracting of the construction works	
	Completion of the schedule	
Hold a cultural exhibition in Minaçu, Goiás State under the Rouanet Law and submit the city's Cultural Center project to the Ministry of Culture.	Cultural exhibition[1]	
	Completion of the Center project	
	Submission to the Ministry of Culture	
Develop a cultural project in Trairi, Ceará State.	Project design	
	Project execution	
Obtain the Ministry of Culture's approval for the cultural project for Itá, Santa Catarina State.	Submission to the Ministry of Culture	
	Ministry of Culture's approval	
Develop a culture project with the Novo Horizonte Association in Florianópolis, Santa Catarina State.	Viabilization of the proposal party	
	Project design	

Met | Partially met | Not met

[1] Renamed Festival Cultural de Minaçu (Minaçu Culture Festival), it was held from November 14 to 17, 2012, promoting local and regional cultural manifestations, disseminating the traditions and habits of the people of the Cerrado through plays and folklore presentations, free of charge and open to the public.

Target #2 – Develop / Implement Alternative Energy Projects for Resettled People and Communities (Tractebel Energia Social Responsibility Program)

Action	Indicators	Results
Implement six projects for voluntarily resettled people in Goiás and Tocantins states, including four in the region of the São Salvador HPP and two in the region of the Cana Brava HPP.	Project contracting	
	Project implementation	
Implement at least one project for health services in the region of the São Salvador HPP.	Project contracting	
	Implementation	
Develop two projects for a community of nearly 200 families neighboring the Company's headquarters in Florianópolis, Santa Catarina State.	Project design	
	Agreement on partnership	
	Executive Project	

Met | Partially met | Postponed

In 2012, Tractebel Energia established a partnership with the Institute for Alternative Power Development and Self-Sustainability (IDEAAS) to create and implement photovoltaic power systems for people that voluntarily resettled due to the construction of the Cana Brava and São Salvador hydroelectric power plants, in Goiás and Tocantins states, respectively, and who have chosen properties located in regions that are not yet supplied by power distribution networks. After assessing the operating efficiency of these projects, new systems may be implemented, including for community centers, in the regions of these and other plants, as well as of the Company's headquarters in Florianópolis, Santa Catarina State.

Target #3 – Carry out the Sustainability Education Program (Tractebel Energia Social Responsibility Program)

Action	Indicators	Results	Status
Develop campaigns for internal and external stakeholders.	An event with employees		
	Two Semas[1] in plant's regions with community participation		Semas Piratuba (Santa Catarina) held
	An event with suppliers		ESE[2] Seminar and Sustainable Partnerships Project
	An event with clients		Exceeded: ESE Seminar and client event
	An event with shareholders and investors		Inside Tractebel
Maintain Plant Visitation and Environmental Education Program.	Meet Divisional targets		See Environmental Management in this Report
Reach a total of at least 350,000 trees planted or donated.	Meet the target		See Environmental Management in this Report

[1] Environmental and Sustainability Week(s).
[2] Ethics, Sustainability, and Energy.

Target #4 – Develop Actions for Environmental Improvement in Addition to those Related to Licensing (Tractebel Energia Environmental Improvement Program)

Action	Indicators	Results	Status
Promote, using orientation materials and other initiatives, the creation of Private Natural Protection Reserves (RPPN) in the regions of the plants and headquarters.	Selection of the RPPN		Postponed for better evaluation of the new Forestry Code and potential partnerships
	Execution of the Statements of Commitment		
Continue the projects for the conservation of springs in the regions of the Salto Santiago and Machadinho HPPs.	Completion of the schedule		
Complete the Environmental Education Program associated with the project for preservation of Tubarão River springs in Santa Catarina State.	Reports from the Administrative Unit of the Jorge Lacerda Thermoelectric Complex		
Implement the stages of the Spring Conservation Program set forth for the year.	Report from the Environment Advising Team		

Met | Partially met | Postponed

7.7.4. 2012 Highlights

» First edition of the Sustainable Partnerships Project, which recorded improvement or maintenance of performance levels for 75% of suppliers after the project was carried out.

» Educational advertising campaign to promote ethical habits, like returning undue change and respecting traffic laws and reserved parking spots, in partnership with RBS TV.

» Addressing matters of sustainability and corporate social responsibility during visitations to the Tractebel Energia headquarters by students and professors of Londrina State University (Paraná State) and the Administration and Management School (ESAG) of the Santa Catarina State University. Also, the Sustainability Committee participated in events promoted by educational institutions in Santa Catarina state.

» Tractebel Energia's adhesion to Face Brasil[3] during its participation with GDF SUEZ in the Rio+20 Conference.

» Construction on the Alto Bela Vista, Santa Catarina State Cultural Center have been completed and its inauguration planned, as well as the openings of two additional cultural centers in 2013 in Capivari de Baixo, Santa Catarina State and Quedas do Iguaçu, Paraná State.

» Execution of the Minaçu Culture Festival in Goiás State as the first step in the development and implementation of the city's future Cultural Center.

» Record annual investment in cultural and social development of R$11 million. Most of these investments are made through the Rouanet Law for the incentive of culture and tax credits that increases the responsibility for proper use of this public source of investment.

[3] Fight Against Child Exploitation Foundation.

7.7.5. Expenditure and investments in social management

See the Consolidated Social Balance Sheet in this report.

Tractebel Energia prioritizes the use of Rouanet Law resources in the implementation of autonomous cultural centers managed by associations in the regions where it operates. These community organizations are trained by the Company to manage cultural projects. Tax incentive resources are also invested to support plays and other initiatives that promote the arts and culture, adding social benefits whenever possible – such as the Joinville Bolshoi Ballet School in Santa Catarina, which trains young talent, usually from various underprivileged regions nationwide.



Awards and Acknowledgements • 8

8. Awards and Acknowledgements



» **Eighth Brasil Ambiental Award**, promoted by the American Chamber of Commerce. Together with the Vila Alegre Communitarian Development Association (Adecova), Tractebel Energia was awarded in the Social and Environmental Responsibility category for its work on the Entre Rios do Sul Cultural Center, in operation since July 7, 2011. Idealized by Tractebel Energia, the Center is the first cultural project of its magnitude in the region and also the first to be 100% sponsored under the Rouanet Law in a city with less than 100,000 inhabitants.

» **11th LIF – Liberté, Égalité, Fraternité Award**, from the France-Brazil Chamber of Commerce. Winner in the *Support to communities* category, the *Healthy Children, Healthy Future* program is an initiative of Consórcio Estreito Energia (Ceste) that supports nearly 15,000 children in 197 schools in the region of the Estreito hydroelectric power plant.

» **Certificate of Excellence** in Organizational Governance in the Expressão Sustainable Management Survey, promoted by Editora Expressão publishing company (southern region).

» **Social Responsibility Trophy** of the Santa Catarina State House of Representatives – Highlight in Santa Catarina – 2012 edition. The purpose of this award is to recognize and disseminate the effort of private companies in Santa Catarina State that include social responsibility in their management policies. Tractebel Energia was awarded in the *Large Company* category in the Industry segment.

» **National Sustainable Development and Socio-Environmental Responsibility Award**, promoted by the Biosfera Institute. The award was given to the Botanical Garden of the Cana Brava Hydroelectric Power Plant, which promotes social inclusion of a quilombola community in the plant's region and the conservation of native species of the Cerrado biome.

» **19th Expressão Ecology Award**, granted by Editora Expressão publishing company. Tractebel Energia won in two categories: Technological Innovation, with its project for the *Use of Percolation Water in the Itá, Machadinho and Salto Santiago Hydroelectric Power Plants instead of Water Treatment Stations*; and Conservation of Production Inputs – Water, with its project for the *Implementation of a Closed Cycle System for the Use of Water in the Extraction of Wet Ash at the Jorge Lacerda Thermoelectric Complex*.

» **Ranking of the 150 best companies to work for in Brazil** by *Você S/A – Exame* magazine ranking, published by Editora Abril publishing company. Tractebel Energia was included in the ranking for the second consecutive year and in the second time it participated in the survey.

» **In the Latin American ranking of *Institutional Investor* magazine, Tractebel Energia took the top spot in *Best Investor Relations* according to the opinion of market analysts.**



Consolidated Social Balance Sheet



Paraná

Consolidated Social Balance Sheet

Consolidated Social Balance Sheet - 2012

	2012			2011		
1. BASIS	**R$ thousand**			**R$ thousand**		
Net Revenue from Sales	4,912,499			4,326,951		
Operating Income	2,100,000			2,034,788		
Gross Payroll	135,147			117,126		
2. INTERNAL SOCIAL INDICATORS	**R$ thousand**	**% of Gross Payroll**	**% of Net Revenue**	**R$ thousand**	**% of Gross Payroll**	**% of Net Revenue**
Food	10,420	7.71	0.21	9,512	8.12	0.22
Mandatory social taxes	44,673	33.06	0.91	41,296	35.26	0.95
Private pension plan	40,427	29.91	0.82	40,340	34.44	0.93
Health	9,471	7.01	0.19	8,748	7.47	0.20
Occupational health and safety	5,519	4.08	0.11	3,826	3.27	0.09
Education	481	0.36	0.01	411	0.35	0.01
Professional training and development	7,551	5.59	0.15	4,275	3.65	0.10
Daycare and daycare stipends	161	0.12	-	127	0.11	-
Profit sharing/bonus	32,073	23.73	0.65	31,481	26.88	0.73
Other benefits	4,545	3.36	0.09	6,141	5.24	0.14
TOTAL INTERNAL SOCIAL INDICATORS	**155,321**	**114.93**	**3.16**	**146,157**	**124.79**	**3.38**
3. EXTERNAL SOCIAL INDICATORS	**R$ thousand**	**% of Operating Income**	**% of Net Income**	**R$ thousand**	**% of Operating Income**	**% of Net Income**
Education	2,320	0.11	0.05	1,431	0.07	0.03
Culture	8,797	0.42	0.18	9,216	0.45	0.21
Sports	675	0.50	0.03	7	0.01	0.00
Other	5,561	0.26	0.11	4,638	0.23	0.11
Total contributions to society	17,353	0.83	0.35	15,292	0.75	0.35
Taxation (except social charges)	1,146,119	54.58	23.33	1,074,898	52.83	24.84
TOTAL EXTERNAL SOCIAL INDICATORS	**1,163,472**	**55.40**	**23.68**	**1,090,190**	**53.58**	**25.20**
4. ENVIRONMENTAL INDICATORS	**R$ thousand**	**% of Operating Income**	**% of Net Income**	**R$ thousand**	**% of Operating Income**	**% of Net Income**
Investments related to the Company's operations	26,286	1.25	0.54	21,621	1.06	0.50
Investments related to current projects	30,026	1.43	0.61	55,757	2.74	1.29
TOTAL ENVIRONMENTAL INVESTMENTS	**56,312**	**2.68**	**1.15**	**77,378**	**3.80**	**1.79**

Consolidated Social Balance Sheet - 2012

5. WORKFORCE INDICATORS	2012 Number	2011 Number
Number of employees at the end of the year	1,082	1,084
Number of employees admitted over the year	61	108
Number of outsourced employees	827	907
Number of interns	10	54
Number of employees over 45	460	443
Number of female employees	150	139
% of female executive officers and managers	0.0%	3.7%
Number of African-Brazilian employees	There is no formal statement by employees on skin color, which makes it impossible to answer these indicators	There is no formal statement by employees on skin color, which makes it impossible to answer these indicators
% of African-Brazilian executive officers and managers	There is no formal statement by employees on skin color, which makes it impossible to answer these indicators	There is no formal statement by employees on skin color, which makes it impossible to answer these indicators
Number of disabled persons of persons with special needs	23	9

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

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

GRI Index



Maranhão

Profile

1. Strategy and Analysis

GRI Indicators		Report	Cross-reference (pg.) / Direct answer	Information Not Reported	Reason for Omission	Explanation
1,1	Statement from the most senior decision-maker of the organization.	Complete	8 and 9			
1,2	Description of key impacts, risks, and opportunities.	Complete	43 to 45 and 65 to 89			

2. Organizational Profile

GRI Indicators		Report	Cross-reference (pg.) / Direct answer	Information Not Reported	Reason for Omission	Explanation
2,1	Name of the organization.	Complete	Tractebel Energia S.A.			
2,2	Primary brands, products, and/or services.	Complete	13 to 19			
2,3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Complete	13 to 19			
2,4	Location of organization's headquarters.	Complete	13 to 19			
2,5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Complete	Tractebel Energia's operations are located in Brazil			
2,6	Nature of ownership and legal form.	Complete	13 to 19			
2,7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Complete	13 to 19			
2,8	Scale of the reporting organization.	Complete	13 to 19 and 108			
2,9	Significant changes during the reporting period regarding size, structure, or ownership.	Complete	13 to 19			
2,10	Awards received in the reporting period.	Complete	105			

3. Report Parameters

GRI Indicators		Report	Cross-reference (pg.) / Direct answer	Information Not Reported	Reason for Omission	Explanation
3,1	Reporting period (e.g., fiscal/calendar year) for information provided.	Complete	10 and 11			
3,2	Date of most recent previous report (if any).	Complete	10 and 11			
3,3	Reporting cycle (annual, biennial, etc.).	Complete	10 and 11			

3. Report Parameters (continued)

GRI Indicators		Report	Cross-reference (pg.) / Direct answer	Information Not Reported	Reason for Omission	Explanation
3,4	Contact point for questions regarding the report or its contents.	Complete	135			
3,5	Process for defining report content.	Complete	10 and 11			
3,6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	Complete	The reported information covers the operations of Tractebel Energia and all of its subsidiaries and companies in which is has stakes in consortia throughout Brazil. On page 14, we present a chart with all the Company's subsidiaries that are included in the scope of this report.			
3,7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	Complete	10 and 11			
3,8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	Complete	13 to 19			
3,9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	Complete	Possible changes in analysis basis and data checking are properly indicated throughout the text.			
3,10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such a re-statement (e.g., mergers/ acquisitions, change of base years/periods, nature of business, measurement methods).	Complete	13 to 19			
3,11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Complete	There were no significant changes in the scope, limits or measurement methods as compared to the previous year.			
3,12	Table identifying the location of the Standard Disclosures in the report.	Complete	109 to 129			
3,13	Policy and current practice with regard to seeking external assurance for the report.	Complete	132 and 133			

4. Governance, Commitments and Engagement

GRI Indicators		Report	Cross-reference (pg.) / Direct answer	Information Not Reported	Reason for Omission	Explanation
4,1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Complete	21 to 29			
4,2	Indicate whether the Chair of the highest governance body is also an executive officer.	Complete	The Chairman of the Board of Directors does not also serve as Chief Executive Officer.			
4,3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	Complete	21 to 29			
4,4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Complete	The Company values the participation of minority shareholders in the Board of Directors and dedicates time at general meetings for them to make recommendations and guide the body in decision making. 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 departure arrangements), and the organization's performance (including social and environmental performance).	Complete	21 to 29			
4,6	Processes in place for the highest governance body to ensure that conflicts of interest are avoided.	Complete	21 to 29			
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, environmental, and social topics.	Complete	21 to 29			
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 and 21 to 29			

4. Governance, Commitments and Engagement (continued)

GRI Indicators		Report	Cross-reference (pg.) / Direct answer	Information Not Reported	Reason for Omission	Explanation
4,9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	Complete	21 to 29			
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 formal self-performance evaluation process relative to the economic, environmental or social dimensions for the board of Directors. However, because it considers this a good practice the adoption of a model that includes self-evaluation is under analysis.			
4,11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Complete	43 to 45			
4,12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Complete	21 to 29			
4,13	Memberships in associations (such as industry 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; or * Views membership as strategic.	Complete	99			
4,14	List of stakeholder groups engaged by the organization.	Complete	10 to 11 and 89 to 99			
4,15	Basis for identification and selection of stakeholders with whom to engage.	Complete	In 2008, Tractebel held a multidisciplinary workshop with the participation of several Company divisions to identify stakeholders that impact or are impacted by its business and evaluated the degree of this impact. These stakeholders are invited to participate in the online consultation to establish material topics in the Report.			
4,16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Complete	As part of the process to elaborate the Sustainability Report, each year the Company carries out stakeholder engagement and consultation for all stakeholders with a simultaneous online survey.			
4,17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	Complete	10 and 11			

Economic

GRI Indicators		Report	Cross-reference (pg.) / Direct answer	Information Not Reported	Reason for Omission	Explanation
	Information about economic management	Complete	31 to 35 and 47 to 63			
Aspect	Economic Performance	Complete	7 and 47 to 63			
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Complete	See "Distribution of Added Value" on page 7.			
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Complete	68 to 86			
EC3	Coverage of the organization's defined benefit plan obligations.	Complete	93			
EC4	Significant financial assistance received from government.	Complete	No financial assistance was received in 2012.			
Aspect	Market Presence	Complete	91 to 100			
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	Partial	93	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	100			
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	Partial	91 to 94	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	89 to 103			
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Complete	95 and 96			
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Complete	89 to 103			

Environment

GRI Indicators		Report	Cross-reference (pg.) / Direct answer	Information Not Reported	Reason for Omission	Explanation	
	Information about environmental management	Complete	68 to 86				
Aspect	Materials	Complete	81				
$EN1_{COM}$	Materials used by weight or volume.	Complete	81				
EN2	Percentage of materials used that are recycled input materials.	Complete	81				
Aspect	Energy	Partial	77 and 81	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.	Target for 2014
EN3	Direct energy consumption by primary energy source.	Complete	77 and 81				
EN4	Indirect energy consumption by 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.	Target for 2014

Environment (continued)

GRI Indicators		Report	Cross-reference (pg.) / Direct answer	Information Not Reported	Reason for Omission	Explanation
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Not reported			Not applicable	
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Complete	77 and 81			
Aspect	Water	Complete	78			
EN8$_{COM}$	Total water withdrawal by source.	Complete	78			
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	Since the installation in 2010 of a closed-circuit bottom ash carrying extraction system at the Jorge Lacerda planted allowed for an estimated average reduction of 50% of total water consumption and approximately 95% in industrial water consumption at the Plant due to reuse of water.			
Aspect	Biodiversity	Partial	68, 69 and 82	Number of species on IUCN's Red List and in national habitat conservation lists in areas affected by operations.	Not 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	68 and 69			

Environment (continued)

GRI Indicators		Report	Cross-reference (pg.) / Direct answer	Information Not Reported	Reason for Omission	Explanation	
EN12$_{COM}$	Description of significant effects of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Complete	82				
EN13	Habitats protected or restored.	Complete	68 and 69				
EN14$_{COM}$	Strategies, current actions, and future plans for managing impacts on biodiversity.	Complete	82				
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.	Not 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	74 to 76 and 78 to 80	Other relevant greenhouse gas 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.	Target for 2014
EN16$_{COM}$	Total direct and indirect greenhouse gas emissions by weight.	Complete	74 to 76				
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.	Target for 2014
EN18$_{COM}$	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Complete	74 to 76				

Environment (continued)

GRI Indicators		Report	Cross-reference (pg.) / Direct answer	Information Not Reported	Reason for Omission	Explanation
EN19	Emissions of ozone-depleting substances by weight.	Complete	74 to 76			
EN20$_{COM}$	NOx, SOx, and other significant air emissions by type and weight.	Complete	74 to 76			
EN21$_{COM}$	Total water discharge by quality and destination.	Complete	78			
EN22$_{COM}$	Total weight of waste by type and disposal method.	Complete	79 and 80			
EN23	Total number and volume of significant spills.	Complete	The Company did not incur significant fines for noncompliance with environmental regulations in 2012.			
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	79 and 80			
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	68 and 69			
Aspecto	Products and Services	Not reported			Not applicable	Does not apply to the Company's products and services as they are not material nor do they use packaging.
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 as they are not material nor do they use packaging.

Environment (continued)

GRI Indicators		Report	Cross-reference (pg.) / Direct answer	Information Not Reported	Reason for Omission	Explanation
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	Not reported	119		Not applicable	Does not apply to the Company's products and services as they are not material nor do they use packaging.
Aspecto	Compliance	Complete				
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Complete	The Company did not incur significant fines for noncompliance with environmental regulations in 2012.			
Aspecto	Transport	Complete	81			
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	81			
Aspecto	Overall	Complete	86			
EN30	Total environmental protection expenditure and investments by type.	Complete	86			

Social: Labor Practices and Decent Work

GRI Indicators		Report	Cross-reference (pg.) / Direct answer	Information Not Reported	Reason for Omission	Explanation	
Aspect	Employment	Complete	91 to 93				
LA1$_{COM}$	Total workforce by employment type, employment contract, and region.	Complete	1,082 full time employees and 827 third party service providers.				
LA2$_{COM}$	Total number and rate of employee turnover by age group, gender and region.	Partial	91 and 92	The turnover breakdown by age, gender and region is not included.	Not available	The Company does not include this breakdown in its turnover rate.	Target for 2015
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Complete	93			All Tractebel Energia employees work full time.	
Aspect	Labor/Management Relations	Complete	93				
LA4$_{COM}$	Percentage of employees covered by collective bargaining agreements.	Complete	93				
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	Complete	The Company gives prior notice to its employees on a case by case basis, although there is not an established minimum period.				
Aspect	Occupational Health and Safety	Complete	86 to 89				
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	The committees described on page 87 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	88				
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Complete	86 to 89				
LA9	Health and safety topics covered in formal agreements with trade unions.	Complete	The collective bargaining agreements between Tractebel and unions cover issues like health and safety, use of protective equipment, training and education for first aid and fire brigades and for CIPAs.				

Social: Labor Practices and Decent Work (continued)

GRI Indicators		Report	Cross-reference (pg.) / Direct answer	Information Not Reported	Reason for Omission	Explanation
Aspect	Training and Education	Complete	94			
LA10	Average hours of training per year per employee by employee category.	Complete	94			
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Complete	94			
LA12	Percentage of employees receiving regular performance and career development reviews.	Complete	94			
Aspect	Diversity and Equal Opportunity	Complete	92			
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	92	No breakdown by race.	Not material	There is no formal statement from the employees on their race, which makes this data impossible tobe 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 any functional category.

Social: Human Rights

GRI Indicators		Report	Cross-reference (pg.) / Direct answer	Information Not Reported	Reason for Omission	Explanation	
	Information about social management	Complete	89 to 103				
Aspect	Investment and Procurement Practices	Complete	94 and 98				
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	Complete	98				
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	Partial	All of the Company's standard contracts have human rights clauses prohibiting child labor and any type of forced or slave labor.	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.	Target for 2014
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	94				
Aspect	Non-discrimination	Complete					
HR4	Total number of incidents of discrimination and actions taken.	Complete	No cases of discrimination were registered during the period covered by this report.				
Aspect	Freedom of Association and Collective Bargaining	Complete					
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	Such operations were not identified.				
Aspect	Child Labor	Complete					
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	Complete	Such operations were not identified.				
Aspect	Forced and Compulsory Labor	Complete					

Social: Human Rights (continued)

GRI Indicators		Report	Cross-reference (pg.) / Direct answer	Information Not Reported	Reason for Omission	Explanation
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	Such operations were not identified.			
Aspect	Security Practices	Complete	94			
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	Complete	94			
Aspect	Indigenous Rights	Complete				
HR9	Total number of incidents of violations involving the rights of indigenous people and actions taken.	Complete	Such operations were not identified.			

Social: Society

GRI Indicators		Report	Cross-reference (pg.) / Direct answer	Information Not Reported	Reason for Omission	Explanation
Aspect	Community	Complete	83 to 85, 95 and 96			
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	83 to 85, 95 and 96			
Aspect	Corruption	Complete	94			
SO2	Percentage and total number of business units analyzed for risks related to corruption.	Complete	The business units have purchasing process control systems that also help to reduce the risk of corruption. However, they do not evaluate risks related to corruption.			
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	Complete	94			

Social: Society (continued)

GRI Indicators		Report	Cross-reference (pg.) / Direct answer	Information Not Reported	Reason for Omission	Explanation
SO4	Actions taken in response to incidents of corruption.	Complete	No events of this type were registered.			
Aspect	Public Policy	Complete	98 and 99			
SO5	Public policy positions and participation in public policy development and lobbying.	Complete	99			
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	Complete	98			
Aspect	Anti-competitive Behavior	Complete				
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	Complete	No events of this type were registered.			
Aspect	Compliance	Complete				
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Complete	No events of this type were registered.			

Social: Product Responsibility

GRI Indicators		Report	Cross-reference (pg.) / Direct answer	Information Not Reported	Reason for Omission	Explanation
	Information about social management	Complete	97			
Aspect	Customer Health and Safety	Not reported			Not applicable	The products and services offered by the Company do not directly impact customer health and safety.

Social: Product Responsibility (continued)

GRI Indicators		Report	Cross-reference (pg.) / Direct answer	Information Not Reported	Reason for Omission	Explanation
PR1$_{COM}$	Lifecycle 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 are not subject to labeling requirements.
Aspect	Product and Service Labeling	Complete	97			
PR3	Type of product and service information required by 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 the results of surveys measuring customer satisfaction.	Complete	97			
Aspect	Marketing Communications	Not reported			Not applicable	The Company did not adhere to the programs in question during the period covered by the Report.
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.
Aspect	Customer Privacy	Complete				

Social: Product Responsibility (continued)

GRI Indicators		Report	Cross-reference (pg.) / Direct answer	Information Not Reported	Reason for Omission	Explanation
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Complete	No complaints of this type were registered.			
Aspect	Compliance	Complete				
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 overseen by the National Electric Power Agency (Aneel). In 2011, the Company was not penalized in any way.			

Sector Indicators: Electric Utilities

Organizational Profile

GRI Indicators		Report	Cross-reference (pg.) / Direct answer	Information Not Reported	Reason for Omission	Explanation
EU1	Installed capacity, broken down by primary energy source and by regulatory regime.	Complete	13 to 19			
EU2	Net energy output broken down by primary energy source and by regulatory regime.	Complete	47 to 63			
EU3	Number of residential, industrial, institutional and commercial customer accounts.	Complete	31 to 35			
EU4	Length of above and underground transmission and distribution lines by regulatory regime.	Not reported			Not applicable	Tractebel Energia's operations are restricted to power generation and do not involve the transmission and distribution of energy.
EU5	Allocation of CO_2 emissions allowances or equivalent, broken down by carbon trading framework.	Complete	76			

Economic

GRI Indicators		Report	Cross-reference (pg.) / Direct answer	Information Not Reported	Reason for Omission	Explanation
EU6	Management approach to ensure short and long-term electricity availability and reliability.	Complete	8, 9, 48 and 49			

Sector Indicators: Electric Utilities (continued)

GRI Indicators		Report	Cross-reference (pg.) / Direct answer	Information Not Reported	Reason for Omission	Explanation
EU7	Demand-side management programs including residential, commercial, institutional and industrial programs.	Complete	32 and 33			
EU8	Research and development activity and expenditure aimed at providing reliable electricity and promoting sustainable development.	Complete	39 to 41			
EU9	Provisions for decommissioning of nuclear power sites.	Not reported			Not applicable	Tractebel Energia does not operate nuclear power plants.
EU10	Planned capacity against projected electricity demand over the long term.	Not reported			Confidential information	Because it is strategic, Tractebel Energia does not disclose this information.
EU11	Average generation efficiency of thermal plants by energy source and by regulatory regime.	Complete	50 and 51			
EU12	Transmission and distribution losses as a percentage of 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.

Environmental

GRI Indicators		Report	Cross-reference (pg.) / Direct answer	Information Not Reported	Reason for Omission	Explanation
EU13	Biodiversity of offset habitats compared to the biodiversity of the affected areas.	Complete	68 to 73			

Social

GRI Indicators		Report	Cross-reference (pg.) / Direct answer	Information Not Reported	Reason for Omission	Explanation
EU14	Programs and processes to ensure the availability of a skilled workforce.	Complete	91 to 94			
EU15	Percentage of employees eligible to retire in the next five to ten years broken down by job category and region.	Partial	94	Is not separated by category and region.	Confidential information	Because it is strategic, Tractebel Energia does not disclose this information.
EU16	Policies and requirements regarding health and safety of employees and employees of contractors and subcontractors.	Complete	86 to 89			
EU17	Days worked by contractor and subcontractor employees involved in construction, operation and maintenance activities.	Partial	88	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 exposure are mostly done by outsourced employees. Target for 2014
EU18	Percentage of contractor and subcontractor employees that have undergone relevant health and safety training.	Complete	All employees and outsourced employees and training on health and safety, in accordance with BS OHSAS 18001 standard - Occupational Health and Safety Management System.			
EU19	Stakeholder participation in the decision making process relatedto energy planning and infrastructure development.	Complete	90			
EU20	Approach to managing the impacts of displacement.	Complete	It was not necessary to resettle communities in 2012 as the Company is not currently in any initial implementation phase of any plant.			
EU21	Contingency planning measures, disaster/emergency management plan and training programs, and recovery/ restoration plans.	Complete	95 and 96			

Social (continued)

GRI Indicators		Report	Cross-reference (pg.) / Direct answer	Information Not Reported	Reason for Omission	Explanation
EU22	Number of people physically or economically displaced and compensation.	Complete	It was not necessary to resettle communities in 2012 as the Company is not currently in any initial implementation phase of any plant.			
EU23	Programs, including those in partnership with government, to improve or maintain access to electricity and customer support 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 address language, cultural, low literacy and disability related barriers to accessing and safely using electricity and customer support services.	Not reported			Not applicable	Tractebel's performance is restricted to power generation, and does not relate to power transmission and distribution.
EU25	Number of injuries and fatalities to the public involving company assets, including legal judgments, settlements and pending legal cases of diseases.	Complete	87			
EU26	Percentage of population unserved in licensed distribution or service 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 disconnections for non-payment, broken down by duration of disconnection and by regulatory regime.	Not reported			Not applicable	Tractebel's performance is restricted to power generation, and does not relate to power transmission and distribution. Therefore, it does not have residential customers.
EU28	Power outage frequency.	Not reported			Not applicable	Tractebel's performance is restricted to power generation, and does not relate to power transmission and distribution.
EU29	Average power outage duration.	Not reported			Not applicable	Tractebel's performance is restricted to power generation, and does not relate to power transmission and distribution.
EU30	Average plant availability factor by energy source and by regulatory regime.	Complete	50			

Independent Auditors' Report



Mato Grosso do Sul

Independent Auditors' Report

Independent auditor's limited assurance report on the social and environmental information included in the Sustainability Report for 2012

To the Board of Directors
Tractebel Energia S.A.

Florianópolis- SC

INTRODUCTION

1. We have been engaged by Tractebel Energia S.A. ("Tractebel") to present our limited assurance report on the compilation of the social and environmental information included in the Sustainability Report for 2012 of Tractebel Energia S.A. for the year ended December 31, 2012.

RESPONSIBILITIES OF THE MANAGEMENT OF TRACTEBEL ENERGIA S.A.

2. The management of Tractebel is responsible for the preparation and fair presentation of the social and environmental information included in the Sustainability Report for 2012, in accordance with the criteria and guidelines of the Global Reporting Initiative (GRI-G3) and for such internal control as it determines is necessary to enable the preparation of information free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITOR'S RESPONSIBILITY

3. Our responsibility is to express a conclusion on the social and environmental information included in the Sustainability Report for 2012, based on our limited assurance engagement carried out in accordance with the Technical Communication CTO 01, "Issuance of an Assurance Report related to Sustainability and Social Responsibility", issued by the Federal Accounting Council (CFC), based on the Brazilian standard NBC TO 3000, "Assurance Engagements Other than Audit and Review", also issued by the CFC, which is equivalent to the international standard ISAE 3000, "Assurance engagements other than audits or reviews of historical financial information", issued by the International Auditing and Assurance Standards Board (IAASB). Those standards require that we comply with ethical requirements, including independence requirements, and perform our engagement to obtain limited assurance that the social and environmental information included in the Sustainability Report for 2012, taken as a whole, is free from material misstatement.

4. A limited assurance engagement conducted in accordance with the Brazilian standard NBC TO 3000 and ISAE 3000 mainly consists of making inquiries of management and other professionals of the entity involved in the preparation of the information, as well as applying analytical procedures to obtain evidence that allows us to issue a limited assurance conclusion on the information, taken as a whole. A limited assurance engagement also requires the performance of additional procedures when the independent auditor becomes aware of matters that lead him to believe that the social and environmental information taken as a whole might present significant misstatements.

5. The procedures selected are based on our understanding of the aspects related to the compilation and presentation of the social and environmental information included in the Sustainability Report for 2012, other circumstances of the engagement and our analysis of the areas in which significant misstatements might exist. The following procedures were adopted:
(a) planning the work, taking into consideration the materiality and the volume of quantitative and qualitative information and the operating and internal control systems that were used to prepare the information included in the Sustainability Report for 2012 of Tractebel;
(b) understanding the calculation methodology and the procedures adopted for the compilation of indicators through interviews with the managers in charge of the preparation of the information;
(c) interviews with the managers responsible for the information through visits to the administrative unit of Tractebel; and
(d) applying analytical procedures to quantitative information and making inquiries regarding the qualitative information and its correlation with the indicators disclosed in the social and environmental information included in the Sustainability Report for 2012.

6. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

SCOPE AND LIMITATIONS

7. The procedures applied in a limited assurance engagement are substantially less detailed than those applied in a reasonable assurance engagement, the objective of which is the issuance of an opinion on the social and environmental information included in the Sustainability Report for 2012. Consequently, we were not able to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement, the objective of which is the issue of an opinion. If we had performed an engagement with the objective of issuing an opinion, we might have identified other matters and possible misstatements in the social and environmental information included in the Sustainability Report for 2012. Therefore, we do not express an opinion on this information.

8. Non-financial data are subject to more inherent limitations than financial data, due to the nature and diversity of the methods used to determine, calculate and estimate these data. Qualitative interpretations of the relevance, materiality, and accuracy of the data are subject to individual assumptions and judgments. Furthermore, we did not consider in our engagement the data reported for prior years, nor future projections and goals.

CONCLUSION

9. Based on the procedures performed, described herein, no matter has come to our attention that causes us to believe that the social and environmental information included in the Sustainability Report for 2012 of Tractebel Energia S.A., for the year ended December 31, 2012, has not been compiled, in all material respects, in accordance with the criteria and guidelines of the Global Reporting Initiative (GRI-G3).

OTHER MATTERS

AUDIT OF THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2012

10. The financial statements of Tractebel, for the year ended December 31, 2012, were audited by other independent auditors, who issued their unqualified audit opinion on February 7, 2013. The social and environmental performance indicators based on accounting information and presented in the sustainability report of Tractebel were extracted from those financial statements, which were not subject to assurance procedures for the purposes of this review.

Florianópolis, April 29, 2013.

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5 "F" SC

Emerson Lima de Macedo
Contador CRC BA022047/O-1 "S" SC

Statement

GRI Application Level Check

GRI hereby states that **Tractebel Energia S.A.** has presented its report "Tractebel Energia 2012 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. For methodology, see www.globalreporting.org/SiteCollectionDocuments/ALCMethodology.pdf

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

Amsterdam, 15 May 2013

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative

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

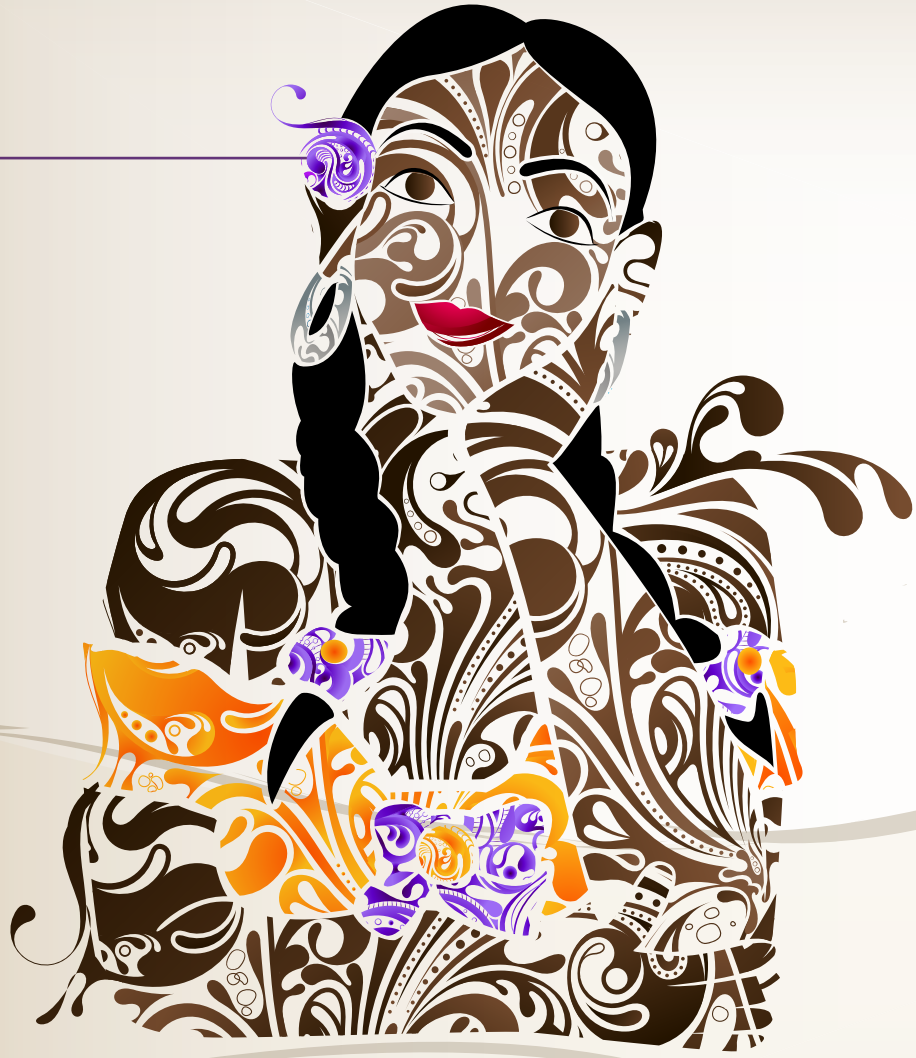
The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators 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 25 April 2013. GRI explicitly excludes the statement being applied to any later changes to such material.

Global Reporting Initiative™

A+ GRI REPORT GRI CHECKED

Corporate Information



Ceará

Corporate Information

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Financial Statements



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Balance Sheets

as of December 31, 2012 and 2011 (In thousands of reais)

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

See the accompanying notes to the financial statements.

(Continued)

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

See the accompanying notes to the financial statements.

Statements of Income

for the Years Ended December 31, 2012 and 2011 (Amounts expressed in thousands of reais, unless otherwise indicated)

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

See the accompanying notes to the financial statements.

Statements of Changes in Shareholders' Equity

for the Years Ended December 31, 2012 and 2011 (In thousands of reais)

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

See the accompanying notes to the financial statements.

Statements of Cash Flow (Indirect Method)

for the Years Ended December 31, 2012 and 2011 (In thousands of reais)

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

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(Continued)

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

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

Statements of Added Value

for the Years Ended December 31, 2012 and 2011 (In thousands of reais)

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

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(Continued)

Distribution of Added Value

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

See the accompanying notes to the financial statements.

Notes to the Financial Statements

as of December 31, 2012 and 2011 (In thousands of Reais or other currencies, unless otherwise indicated)

01. Operations

Tractebel Energia S.A. ("Company", "Tractebel Energia" or "TBLE") is an independent utility concessionaire and publicly-held corporation with its head office established in the Municipality of Florianópolis, State of Santa Catarina, Brazil. The Company and its subsidiaries are engaged in the generation and sale of electrical energy, regulated by the Brazilian Electricity Regulatory Agency (Aneel), which is linked to the Ministry of Mines and Energy (MME).

The Company shares are listed and traded on the New Market of the São Paulo Stock Exchange (BM&FBOVESPA) under the code TBLE3. In addition, Tractebel Energia also trades American Depositary Receipts (ADR) Level I, on the North American counter market, under the code TBLEY, based on a ratio of one ADR for each ordinary share.

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

Tractebel Energia is the largest private company in electrical energy generation in Brazil, responsible for about 6.3% [1] of the country's installed capacity at the end of 2012. The Company's installed capacity on 12.31.2012, including its shares in consortium for electrical energy generation, and after seven of eight generating units in Estreito Hydroelectric Power Plant (Estreito HPP) started their commercial operations is 6,854.8 MW. Out of this total, 80.3% came from hydroelectric sources, 17.3% from thermoelectric sources, and 2.4% from complementary sources of energy – Small Hydroelectric Power Plants (PCHs), wind energy sources, and also generation from biomass. The total energy guaranteed for commercialization purposes, at 12.31.2012, is 3,804.9 average MW.

The generation complex currently in operation, of the Company, consists of nine hydroelectric power plants, six thermoelectrical power plants [2], three small hydroelectric power plants, two of wind sources and two with generation from biomass.

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

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

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

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

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

c) Implementation of wind farm projects

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

d) Provisional Measure N° 579

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

According to new legislation, electrical energy concessions granted before the enactment of the Concessions Law (Law 8,987/95) not yet submitted to bidding can be renewed only once, for up to 30 years, provided that concessionaires accept compensation through tariffs only, to cover operation and maintenance costs (O&M), charges, taxes, and,

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

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

as applicable, transmission and distribution expenses. In addition, some sector charges would be eliminated or reduced from the cost of energy, becoming maintained through resources from the National Treasury, including that related to the Energy Development Account, which is used for the reimbursement of the cost of mineral coal which is used for themoelectricity.

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

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

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

f) Acquisition of the Santa Mônica wind energy project

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

02. Presentation of Financial Statements

a) Preparation basis

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

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

Consolidated financial statements

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

Individual financial statements

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

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

b) Functional currency and presentation currency

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

c) Business segment

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

d) Income statement of discontinued operations and comprehensive income

In the presented years, the Company did not have any discontinue in its normal business that would require the disclosure of discontinued

operations, and neither carried out transactions that would lead to comprehensive income and, hence, require the specific presentation of "Statement of comprehensive income".

e) Net earnings per share – basic and diluted

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

f) Statements of added value

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

g) Use of estimates

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

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

h) Reclassification of accounting balances

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

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

i) Approval of financial statements

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

j) Consolidation basis

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

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

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

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

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

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

03. Summary of the Main Accounting Practices

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

a) Financial assets

a.1) Cash and cash equivalents

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

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

a.2) Accounts receivable

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

a.3) Restricted deposits

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

b) Inventories

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

c) Judicial deposits

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

d) Investments

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

d.1) Investments in directly or indirect subsidiaries

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

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

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

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

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

d.3) Investments in jointly controlled subsidiaries

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

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

d.4) Jointly controlled operations

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

e) Property, plant and equipment

e.1) Measurement

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

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

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

e.2) Depreciation

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

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

f) Intangible assets

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

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

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

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

h) Financial liabilities and equity instruments

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

h.1) Financial liabilities

- Loans, financing and debentures

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

– Concessions payable

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

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

h.2) Equity instruments

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

i) Provisions

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

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

j) Obligations with retirement benefits

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

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

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

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

k) Current and deferred income tax and social contribution

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

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

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

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

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

l) Other assets and liabilities current and non-current

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

m) Distribution of dividends and interest on own capital

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

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

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

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

n) Present value adjustment

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

o) Related party transactions

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

p) Service and energy revenue recognition

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

q) Leasing contracts

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

r) Application of judgments and critical accounting practices

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

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

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

- Obligations with retirement benefits

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

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

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

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

- Useful life of property, plant and equipment

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

- Long-term assets impairment test

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

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

- Tax, civil and labor provisions

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

s) Current accounting pronouncements

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

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

Adoption as from 1 January 2013

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

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

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

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

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

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

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

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

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

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

Adoption as from 01.01.2014

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

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

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

4. Cash and Cash Equivalents

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

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

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

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

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

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

05. Trade Accounts Receivable

a) Breakdown

	Parent company		Consolidated	
	12.31.2012	12.31.2011	12.31.2012	12.31.2011
Current				
Concessionaires	253,084	247,788	369,657	319,930
Trading companies	135,532	124,038	64,279	51,395
Free consumers	20,972	21,836	185,741	151,841
Others	-	740	-	740
Transactions within CCEE [4]				
- Current	9,456	19,879	9,691	21,758
- Extraordinary Tariff Recovery (RTE)	2,665	2,665	2,665	2,665
- Agents with lawsuits or in default	122,574	122,574	122,574	122,574
	544,283	**539,520**	**754,607**	**670,903**
Allowance for doubtful accounts	(131,282)	(128,617)	(131,691)	(128,754)
	413,001	**410,903**	**622,916**	**542,149**

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

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

b) Allowance for doubtful accounts

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

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

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

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

c) Breakdown of accounts receivable by maturity

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

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

d) Agreement with clients in default

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

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

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

06. Inventories

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

07. Taxes and Social Contributions to Recoverable

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

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

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

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

[5] Social Integration Program

[6] Contribution for social security funding

[7] Value-added tax on sales and services for Communication and Transport

[8] Instituto Nacional do Seguro Social

08. Restricted Deposits

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

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

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

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

09. Amounts Receivable for Sale of Asset

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

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

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

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

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

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

10. Judicial Deposits

a) Breakdown

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

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

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

b) Changes

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

11. Investments

a) Breakdown

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

b) Assessed by the equity method

b.1) Changes in investments

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

Additional information

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

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

Changes

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

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

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

b.3) Information on direct subsidiaries

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

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

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

BALANCE SHEET	12.31.2012	12.31.2011
ASSETS		
Current assets	90,730	81,729
Non-current assets		
Long-term assets	38,412	44,239
Property, plant and equipment	640,842	675,349
Intangible assets	8	18
TOTAL ASSETS	**769,992**	**801,335**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities	87,660	100,175
Non-current liabilities	5,809	62,637
Shareholders' equity	676,523	638,523
TOTAL LIABILITIES	**769,992**	**801,335**
STATEMENT OF INCOME FOR THE YEAR	**12.31.2012**	**12.31.2011**
NET SALES	**217,497**	**242,913**
COSTS OF ENERGY SOLD	**(109,821)**	**(120,277)**
GROSS INCOME	**107,676**	**122,636**
OPERATING INCOME (EXPENSES)		
Administrative and general expenses	(5,177)	(15,023)
Other operating income (expenses), net	143	(13,668)
INCOME BEFORE FINANCIAL INCOME (LOSS) AND TAXES	**102,642**	**93,945**
Financial expenses, net	**(1,746)**	**(12,275)**
INCOME BEFORE INCOME TAXES	**100,896**	**81,670**
Income and social contribution taxes	(33,961)	(27,762)
NET INCOME FOR THE YEAR	**66,935**	**53,908**

- Companhia Energética Estreito (CEE)

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

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

- Companhia Energética São Salvador (CESS)

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

- Lages Bioenergética Ltda. (Lages)

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

Tractebel Energia Comercializadora Ltda. (TBLC)

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

Tractebel Energias Complementares Participações Ltda. (TBLP)

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

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

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

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

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

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

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

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

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

12. Property, Plant and Equipment

a) Breakdown

		Parent company			
		12.31.2012			31.12.2011
	Average rate of depreciation %	Adjusted cost	Accumulated depreciation	Net amount	Net amount
In service					
Reservoirs, dams and ducts	2.73	4,406,702	(2,247,251)	2,159,451	2,283,077
Buildings and improvements	3.05	1,278,994	(735,366)	543,628	580,294
Machinery and equipment	4.28	5,559,332	(3,557,390)	2,001,942	2,111,418
Vehicles	14.29	1,729	(1,305)	424	496
Furniture and fixtures	6.25	8,485	(3,748)	4,737	4,547
Special obligations		(13,275)	-	(13,275)	(13,535)
		11,241,967	**(6,545,060)**	**4,696,907**	**4,966,297**
In progress					
Buildings and improvements		16,501	-	16,501	12,625
Machinery and equipment		20,452	-	20,452	63,210
Advances to suppliers		7,242	-	7,242	3,407
Acquisitions to be apportioned		1,141	-	1,141	2,643
		45,336	**-**	**45,336**	**81,885**
		11,287,303	**(6,545,060)**	**4,742,243**	**5,048,182**

	Average rate of depreciation %	Consolidated 12.31.2012 Adjusted cost	Accumulated depreciation	Net amount	31.12.2011 Net amount
In service					
Reservoirs, dams and ducts	3.00	6,822,542	(2,463,664)	4,358,878	4,550,425
Buildings and improvements	3.26	1,747,448	(807,473)	939,975	991,768
Machinery and equipment	4.18	7,555,435	(3,862,620)	3,692,815	3,720,407
Vehicles	14.29	2,081	(1,609)	472	524
Furniture and fixtures	6.25	9,487	(4,139)	5,348	5,584
Special obligations		(13,400)	-	(13,400)	(13,660)
		16,123,593	**(7,139,505)**	**8,984,088**	**9,255,048**
In progress					
Reservoirs, dams and ducts		13,517	-	13,517	10,892
Buildings and improvements		43,852	-	43,852	12,836
Machinery and equipment		123,189	-	123,189	182,187
Advances to suppliers		132,630	-	132,630	106,980
Acquisitions to be apportioned		385,809	-	385,809	317,208
		698,997	**-**	**698,997**	**630,103**
		16,822,590	**(7,139,505)**	**9,683,085**	**9,885,151**

b) Changes in property, plant and equipment

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

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

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

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

d) Depreciation

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

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

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

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

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

The Company, solely based on Law n° 8,987/95 and Decree 2,003/96, considers that at the end of the concession term, a compensation of the residual value established in the Original Project is not expected to be granted by the Granting Power.

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

Also according to the aforesaid legislation, additional investments made to ensure the continuity and currency of the services conceded shall be compensated by the

conceding power at the end of the time frame for concessions and authorizations, which means that they are being depreciated according to the depreciation rates established by Aneel.

e) Fair value adjustment of Property, plant and equipment

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

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

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

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

The Company, for the purpose of preparing the consolidated information, considered as reference to record the onerous concessions and authorizations granted by the Federal Union for the use of public assets to generate electrical energy, contracted or acquired in a business combination, the IFRS 3 - Business Combination Application Guide, which enables the recognition of the fair value of the concession and the property, plant and equipment as a single asset in the financial statements, when these assets can no longer be sold or transferred separately.

In accordance with this pronouncement, the Company recognized the onerous concession and the authorizations contracted or acquired in a business combination as a single asset in the property, plant and equipment group, broken-down by the nature of the assets proportionally to their cost of acquisition. This procedure was being adopted by the Company before the requirement to adopt the IFRS and CPC, on 01.01.2009, and was maintained for the transactions that occurred after this date, so that the consistency of the procedures was preserved.

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

g) Appropriation of financial interests

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

h) Assets Impairment

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

i) Regulatory agency concessions and authorizations

- Concessions for hydroelectric electrical energy generation

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

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

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

Authorizations	Authorization holder	Installed capacity (MW)	Date of minutes	Expiration
Thermal power plants (UTE)				
Thermal power complex Jorge Lacerda	Tractebel Energia	857	09.28.1998	09.27.2028
UTE Charqueadas	Tractebel Energia	72	09.28.1998	09.27.2028
UTE Alegrete	Tractebel Energia	66	09.28.1998	09.27.2028
UTE William Arjona	Tractebel Energia	190	06.02.2000	04.28.2029
Co-generation Unit Lages	Lages	28	10.30.2002	10.29.2032
UTE Ibitiúva Bioenergética	Consórcio Andrade[9]	33	04.05.2000	04.04.2030
Small Hydro Power Plants (PCH)				
PCH Areia Branca	Areia Branca	20	05.03.2000	05.02.2030
PCH Rondonópolis	Tupan	27	12.19.2002	12.18.2032
PCH Engenheiro José Gelazio da Rocha	Hidropower	24	12.19.2002	12.18.2032
Wind plants (EOL) in operation				
EOL Pedra do Sal	Pedra do Sal	18	10.02.2002	10.01.2032
EOL Beberibe	Beberibe	26	08.04.2003	08.03.2033
Wind plants (EOL) Project				
EOL Trairi (under construction)	Trairí	25	09.20.2011	08.27.2041
EOL Guajiru (under construction)	Guajiru	30	09.20.2011	08.27.2041
EOL Mundaú (under construction)	Mundaú	30	09.20.2011	08.27.2041
EOL Fleixeiras I (under construction)	Fleixeiras I	30	09.20.2011	08.27.2041
EOL Porto das Barcas (under study)	Porto das Barcas	30	08.30.2011	07.09.2041

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

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

j) Unavailability of assets

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

k) Federal Union assets used by the Company

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

13. Intangible Assets

a) Breakdown

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

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

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

Description of main intangible assets

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

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

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

b) Changes

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

c) Impairment of assets

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

14. Suppliers

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

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

15. Loans and Financing

a) Breakdown

	Parent company					
	12.31.2012			12.31.2011		
	Current	Non-current	Total	Current	Non-current	Total
Local currency						
Bank of America Merrill Lynch	143,333	286,667	430,000	-	430,000	430,000
BNDES	-	-	-	14,965	4,988	19,953
Interests	5,372	-	5,372	8,886	-	8,886
	148,705	**286,667**	**435,372**	**23,851**	**434,988**	**458,839**
Foreign currency						
STN [11]	8,876	93,692	102,568	12,374	97,605	109,979
BNP Paribas (Floating Rate Note)	-	107,613	107,613	-	97,088	97,088
Interests	5,425	-	5,425	5,139	-	5,139
	14,301	**201,305**	**215,606**	**17,513**	**194,693**	**212,206**
	163,006	**487,972**	**650,978**	**41,364**	**629,681**	**671,045**

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

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

b) Changes in loans and financings

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

Financing releases during 2012

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

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

c) Breakdown per type of foreign currency and domestic indices

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

d) Interest rates and foreign currency variation

	2012	2011
CDI	8.40%	11.60%
TJLP [12]	5.75%	6.00%
US dollar	8.94%	12.58%
Euro	10.73%	9.25%

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

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

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

f) Contracted conditions

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

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

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

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

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

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

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

Loan from Bank of America Merrill Lynch

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

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

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

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

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

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

g) Guarantees

g.1) Parent company

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

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

g.2) Subsidiaries

BNDES and Banks (BNDES onlending)

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

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

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

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

h) Contract commitments *(covenants)*

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

Debt	*Covenants*
Parent company	
Bank of America Merrill Lynch	EBITDA [13]/consolidated financial expenses ≥ 2.0 Consolidated debt/EBITDA ≤ 3.5
Subsidiaries	
BNDES and Banks (BNDES transfer) - Itasa	Shareholders' equity / total assets ≥ 40%
BNDES and Banks (BNDES transfer) - CEE and Areia Branca	Debt service coverage rate[14]≥ 1.2
BNDES and Banks (BNDES transfer) - CESS, Beberibe and Pedra do Sal	Debt service coverage rate ≥ 1.3
BNDES – Ibitiúva	(i) General Indebtedness Rate ≤ 0.80 (ii) Debt service coverage rate ≥ 1.3
Banco do Brasil – Hidropower	(i) Shareholders' equity/ total assets ≥ 0.35 (ii) EBITDA margin[15] (EBITDA/ROL) ≥ 0.80 (iii) EBITDA/ financial expenses ≥ 2.70 (iv) Total financial debt/ EBITDA ≤ 4.0 (v) Current assets / Current liabilities ≥ 1.2 (vi) Debt service coverage rate ≥ 1.3

[13] EBITDA: Operating income – financial income – depreciation and amortization.

[14] Debt service coverage rate: Activity cash generation/ Debt service

[15] EBITDA Margin: EBITDA / Net operating revenue(ROL)

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

16. Debentures

a) Breakdown

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

b) Changes in debentures

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

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

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

c) Conditions contracted

	Quantity	Remuneration	Payment conditions		Guarantee
			Interest/ monetary change	Principal	
2nd Issuance - single series	35,000	IPCA[16] + 7% p.a.	Annually on 05.15	3 installments on 05.2012/13/14	Without guarantee

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

[16] National Amplified Consumer Price Index (IPCA)

17. Concessions Payable

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

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

Considering that contractual amounts are stated at future prices, the Company adjusted them to present value based on reference discount rates on the date the obligation assumed, as follows: Cana Brava, São Salvador and Estreito - 10% p.a. and Ponte de Pedra - 8.28% p.a.

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

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

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

Original contracted amounts

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

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

a) Changes

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

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

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

18. Taxes And Social Contributions Payable

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

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

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

19. Provision for Remunerations and Charges

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

Provision for profit sharing and manager bonus

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

20. Tax, Civil and Labor Provisions

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

a) Breakdown

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

a.1) Probable tax risks

Social Security Charges (INSS)

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

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

a.2) Probable civil risks

Transmission System Usage Tariff (TUST)

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

Contracts entered into with suppliers

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

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

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

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

Retirement benefit

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

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

Environmental

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

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

Occupational disease and labor accident

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

Expropriations

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

Sundry lawsuits

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

a.3) Probable labor risks

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

b) Change in provisions for probable risks

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

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

c) Possible and remote risks

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

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

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

c.1) Possible tax risks

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

Voluntary revelation

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

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

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

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

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

The Company and its subsidiary TBLC were notified by the São Paulo State Revenue Office, claiming that the invoices of electrical energy sold to free consumers are issued in the month following the taxable event. The tax authority understands that this practice postpones for one month the collection of the tax due to the state.

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

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

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

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

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

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

The aforementioned assessment notices are being contested by the Company and

its lawyers. The updated amount of the proceedings on 12.31.2012 is R$ 13,995 (R$ 13,628 on 12.31.2011), in the parent company, and R$ 52,902 (R$ 51,694 on 12.31.2011), consolidated.

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

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

In June 2008, the Company obtained a favorable decision of the Judgment Office of Florianópolis, state of Santa Catarina, regarding the tax assessment notice issued by the Brazilian Federal Revenue Service, due to the use of the negative taxable basis of social contribution in the calendar year 2003, originated from a merger operations. In the notice, tax authorities demanded the payment of taxes settled in arrears by the Company, with no fine levied, by compensation existing tax credit payment as provided for in the charter of voluntary confession set forth in Article 138 of the National Tax Code (CTN).

Amounts related to the negative taxable basis of social contribution derive from the merger of a company held on 04.29.1998 and used after the amendment to the tax legislation introduced by Provisional Measure (PM) n° 2,158-35, of 2001, prohibiting the use of negative taxable basis from mergers, combinations or spin-offs of companies.

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

Regarding the settlement of overdue taxes, without levy of fine and with the use of tax credits, before any administrative procedure or enforcement measure, the Company understands that said situation complies with the charter of voluntary confession set forth in Article 138 of CTN. However, said understanding was not accepted by the Judgment Office of Florianópolis.

The lawsuit is pending decision of the First Panel of the 7th Chamber with mandatory appeal to Fiscal Resources Managerial Council (CARF), issued by the Brazilian Federal Revenue Service, and with voluntary appeal from the Company exclusively focusing on the non-levy of the delinquency charge. The updated amount of this notice on 12.31.2012 is R$ 29,688 (R$ 28,524 on 12.31.2011).

c.2) Remote tax risks

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

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

On 12.30.2010 the Brazilian Federal Revenue Service issued a tax assessment notice, arguing that in the calendar years of 2005, 2006 and 2007 the Company made unauthorized exclusions in the calculation of income tax and social contribution relating to RIC amounts.

Decree-law n° 1,506/1976 of 12.23.1976, set forth important tax benefits to the Brazilian Electrical Sector, exempting the RIC from income tax levied.

Therefore, property, plant and equipment in progress carried out with own capital or through loans bear interest rates of 10% p.a., plus the deferred charges pegged to the respective construction in progress, the counter entry of which was recorded in the income for the period, creating income exempt from income tax.

On 12.12.1985, DNAEE (National Department of Water and Electric Energy) issued Administrative Rule n° 250/1985, which changed the accounting criteria adopted until then and remuneration of construction in progress (interest of up to 10% p.a.), taking advantage of income tax exemption benefit as a result of Decree-law n° 1,506/1976, recorded until then in the income, started to receive two different accounting classifications: a) the portion referring to construction work financed with own capital started to be recorded in shareholders' equity and, therefore, had no effects on income statement in the period; and b) the portion referring to construction work financed by loans started to be recorded as a credit to deferred charges to be later amortized in income, statement concomitantly with contract amounts charged, also, in deferred charges. With that procedure, the amount of revenue that is tax exempt, arising from loan-based constructions, which was previously recorded in income statement upon tax calculation, started being recognized in income, with exclusion for determining taxable income, but only when: i) the asset under construction originating the income becomes operational or (ii) is written off.

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

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

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

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

The Company's Management and its legal advisors understand that the arguments used to challenge the tax credit entry provide an optimistic expectation of a favorable outcome for the claim. The updated amount of this notice on 12.31.2012 is R$ 374,090 (R$ 350,919 on 12.31.2011).

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

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

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

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

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

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

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

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

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

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

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

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

Recovery of PIS and COFINS

In 1998, Law n° 9,718/98 was published, extending the PIS and Cofins calculation basis that, so far, only levied on the companies' gross revenues.

The Company challenged in court the constitutionality of said Law, obtaining a favorable decision, which enabled its settling the contributions calculated on several revenues resulting from the gross revenues for the period assessed from February of 1999 to November of 2002, for PIS, and February of 1999 to January of 2004, for Cofins.

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

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

In the Company's management and legal advisors, the arguments of the Federal Revenue Service do not proceed and can be easily contested, considering the concept attributed to the treatment of the "CCC Subsidy", with the purpose of accounting fossil fuel consumed by those generating electrical energy, it mismatched the legal nature of the revenue. Thus, the Company is filing a motion to deny the notification at the administrative level and, if necessary, will do so in court. Even if the "CCC Subsidy" had the revenue nature, which it does not, it would not represent a "gross revenue" that was the only revenue subject to taxation by PIS and Cofins.

In fact, up to 2005, the fuel acquired with "CCC Subsidy" and Energy Development Account (CDE) funds were recorded due to its consumption in the plants as "operational cost" in contra account to a "Subsidy" revenue.

Aneel made amendments to the Accounting Manual of the Electric Energy Public Service in order to change the concept that had been used improperly and, as of 2006, the accounting entry was determined as "operational cost" in contra account to an adjustment account to neutralize the result. Such amendment is strongly based on Technical Notes issued by said Agency.

In view of the aforementioned summary, the Management understands that the risk of loss in the process is remote. Lawsuit is awaiting a decision from the Judgment Office of Florianopolis. The update amount on 12.31.2012 is R$ 173,118 (R$ 163,273 on 12.31.2011).

21. Obligations With Retirement Benefits

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

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

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

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

a) Defined benefit plan (BD)

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

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

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

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

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

Settled Proportional Supplementary Benefit Plan (BSPS)

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

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

a.1) Actuarial assumptions

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

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

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

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

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

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

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

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

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

Breakdown of obligations with retirement benefits

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

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

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

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

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

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

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

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

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

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

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

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

a.3) Confidentiality bonus benefit

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

b) Defined contribution plan (CD)

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

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

22. Deferred Income Tax and Social Contribution

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

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

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

Description of credits	Consolidated				
	12.31.2012				12.31.2011
	Calculation basis	IR	CS	Total	Total
Liabilities:					
Property, plant and equipment deemed cost (fair value)	929,558	232,390	83,660	316,050	350,826
Gain on swap transaction	125,952	31,488	11,336	42,824	-
Electrical Energy sale in MAE (current CCEE)	107,456	26,864	9,671	36,535	36,535
Fair value of concession payable	47,958	11,990	4,316	16,306	17,056
Incentivized accelerated depreciation	109,312	27,328	9,838	37,166	18,282
Subtotal		**330,060**	**118,821**	**48,881**	**422,699**
Assets:					
RIC	138,265	34,566	-	34,566	38,205
Obligations with retirement benefits	187,828	46,957	16,905	63,862	69,591
Allowance for doubtful accounts	131,691	32,922	11,852	44,774	43,776
Tax, civil and labor provisions	167,146	41,787	15,043	56,830	46,823
Provision for loss in investments	15,662	3,916	1,410	5,326	-
Fair value adjustment with business combination.	84,747	21,187	7,627	28,814	26,511
Tax loss and negative social contribution basis	58,166	14,542	5,235	19,777	19,806
Fair value adjustment of fixed assets	46,867	11,717	4,218	15,935	16,820
Adjustment to present value of accounts receivable	14,939	3,735	1,345	5,080	4,718
Other	34,655	8,664	3,118	11,782	13,840
Subtotal		**219,993**	**66,753**	**286,746**	**280,090**
Total net		**110,067**	**52,068**	**162,135**	**142,609**
Classification in the balance sheet					
Liabilities		**122,562**	**56,565**	**179,127**	**166,539**
Assets		**(12,495)**	**(4,497)**	**(16,992)**	**(23,930)**
Total		**110,067**	**52,068**	**162,135**	**142,609**

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

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

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

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

23. Shareholders' Equity

a) Authorized capital stock

The Company is authorized to increase its capital stock up to the limit of R$ 5,000,000, by resolution of Board of Directors, regardless of any amendment to its bylaws. Under the BM&FBOVESPA's New Market listing regulations, the Company cannot issue preferred shares or founder shares.

The Company has no treasury shares and did not perform any purchase and sale transactions involving shares of its own issuance in 2012 and 2011.

b) Subscribed and paid-in capital

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

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

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

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

c) Earnings reserves

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

d) Profit reserves

– Legal reserve

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

- Tax incentive reserves

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

- Earnings retention reserve

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

e) Equity evaluation adjustments

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

f) Non-controlling interest

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

g) Proposed interim dividends

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

24. Dividends

a) Calculation

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

b) Dividend policy

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

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

c.1) Interim dividends related to the first semester

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

c.2) Interest on own capital credits

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

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

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

c.3) Proposed interim dividends

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

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

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

25. Reconciliation Of Net Sales Revenue

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

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

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

26. Detail of Operating Expenses by Nature

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

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

Personnel costs

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

Share-based payment

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

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

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

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

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

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

Expenses with general and administrative sales:

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

27. (Constitution) Reversal of Operating Provisions

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

28. Financial Result

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

29. Tax Reconciliation, in the Income Statement

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

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

30. Financial Instruments and Risk Management

a) Risk management

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

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

a.1) Market risk

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

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

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

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

- Risks related to financial investments

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

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

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

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

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

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

- Risk related to debts with floating interest rates

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

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

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

- Risk related to debts denominated in foreign currency

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

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

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

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

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

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

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

(*) Changes to probable scenario.

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

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

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

a.2) Capital management risk

The Company manages its capital so as to maximize return to investors by optimizing the debt and equity balances, seeking to structure capital and maintaining indebtedness and debt coverage ratios that provide the return to investors.

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

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

a.3) Credit risk

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

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

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

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

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

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

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

a.4) Liquidity risk

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

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

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

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

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

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

b) Financial instruments by category

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

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

c) Market value of financial instruments

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

	Parent company				Consolidated			
	12.31.2012		12.31.2011		12.31.2012		12.31.2011	
	Book	Market	Book	Market	Book	Market	Book	Market
Loans and financing								
- In local currency	435,372	435,269	458,839	457,188	2,990,349	2,993,824	2,945,600	2,947,085
- In foreign currency	215,606	244,638	212,206	239,702	215,606	244,638	212,206	239,702
Debentures	328,590	340,460	491,394	493,908	328,590	340,460	491,394	493,908
Concessions payable	967,887	1,817,911	828,373	1,227,435	1,428,926	2,550,529	1,265,952	1,811,391
	1,947,455	**2,838,278**	**1,990,812**	**2,418,233**	**4,963,471**	**6,129,451**	**4,915,152**	**5,492,086**

31. Transactions With Related Parties

a) Amounts recognized in balance sheet accounts

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

b) Amounts recognized in profit or loss accounts

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

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

c) Future commitments

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

c.1) Electrical energy purchase and sale

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

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

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

c.2) Operation and maintenance

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

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

c.3) Administrative services

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

d) Guarantees

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

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

e) Sureties and guarantees

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

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

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

g) GDF SUEZ Energy Latin America Participações Ltda.

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

h) Remuneration of key management personnel

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

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

32. Insurance [19]

Operating risks and loss of profit

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

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

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

Engineering Risks

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

Other coverage

The Company also has insurance to cover national and international transportation risks, civil liability of the directors, officers and management, extended to its subsidiaries, as well as group life insurance for its officers and employees.

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

33. Long-Term Commitments

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

a) Contract for connection

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

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

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

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

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

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

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

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

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

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

	Average MW [20]					
Year	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
Own funds	3,657	3,681	3,681	3,681	3,681	3,681
Purchase for resale	540	333	215	205	200	200
Total availability	4,197	4,014	3,896	3,886	3,881	3,881
Contracted availability	4,131	3,963	3,448	2,880	2,341	1,942
Contracted %	98.43%	98.73%	88.50%	74.11%	60.32%	50.04%

[20] Average MW information is not reviewed by independent auditors

e) Purchase of electrical energy from Argentina

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

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

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

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

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

f) Purchase of natural gas;

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

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

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

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

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

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

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

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

g) Lease contracts

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

- Beberibe, Pedra do Sal and Projeto Trairi Wind Farms

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

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

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

h) Contracts for construction in progress

Estreito hydroelectric power plant

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

- Projeto Trairi wind plants

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

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

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

34. Specific Risks of the Electrical Energy Operating Activity

- Hydrological risks

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

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

– Environmental risks

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

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

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

- Social and labor risks

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

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

35. Additional Information to the Cash Flow

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

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

36. Subsequent Events

Financing contracts

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

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

Acquisition of wind projects

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

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

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

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

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

Proposed interim dividends

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

Declaration of the Company's Directors

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

Manoel Arlindo Zaroni Torres
Chief Executive Officer

Eduardo Antonio Gori Sattamini
CFO and Investor Relations Officer

Marco Antônio Amaral Sureck
Energy Commercialization Officer

José Luiz Jansson Laydner
Projects of Development and Implementation Officer

José Carlos Cauduro Minuzzo
Energy Production Officer

Edson Luiz da Silva
Planning and Control Officer

Luciano Flávio Andriani
Administrative Officer

Florianópolis, February 07, 2013

Board of Directors

Maurício Stolle Bähr
President

Jan Franciscus María Flachet
Vice-President

Manoel Arlindo Zaroni Torres
Board Member

Guy Marie Numa Joseph Ghislain Richelle
Board Member

Dirk Achiel Marc Beeuwsaert
Board Member

Philip Gotsall Cox
Board Member

Luiz Antônio Barbosa
Board Member

José Pais Rangel
Board Member

Luiz Leonardo Cantidiano Varnieri Ribeiro
Board Member

Board of Executive officers

Manoel Arlindo Zaroni Torres
Chief Executive Officer

Eduardo Antonio Gori Sattamini
CFO and Investor Relations Officer

Marco Antônio Amaral Sureck
Energy Commercialization Officer

José Luiz Jansson Laydner
Projects of Development and Implementation Officer

José Carlos Cauduro Minuzzo
Energy Production Officer

Edson Luiz da Silva
Planning and Control Officer

Luciano Flávio Andriani
Administrative Officer

Accounting Department

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

Independent Auditors Report

Type: not qualified



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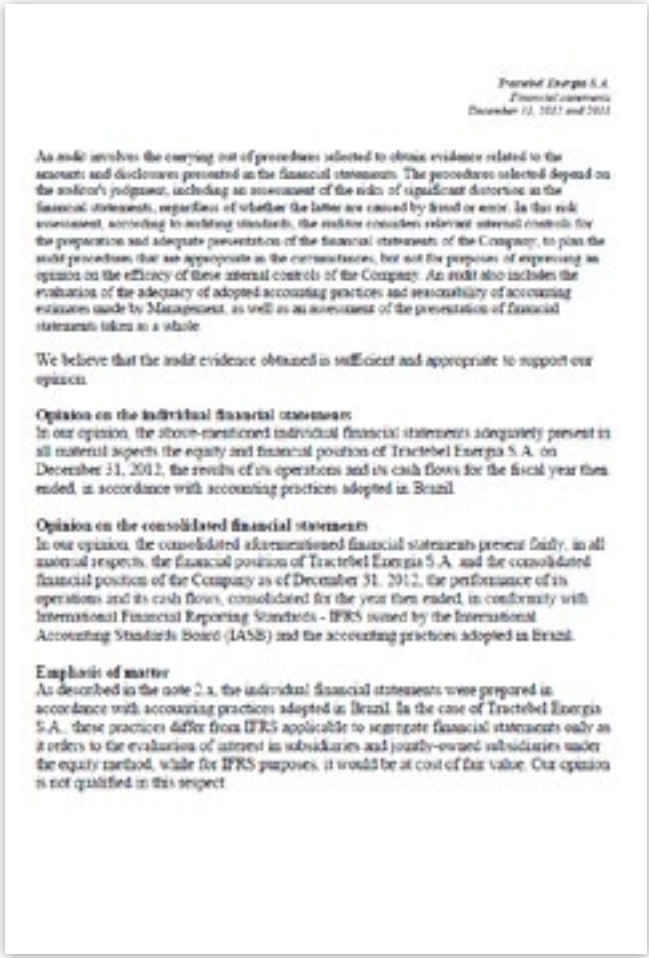
Independent auditors' report on the financial statements

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

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

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

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



Tractebel Energia S.A.
Financial statements
December 31, 2012 and 2011

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

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

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

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

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



Tractebel Energia S.A.
Financial statements
December 31, 2012 and 2011

Other matters

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

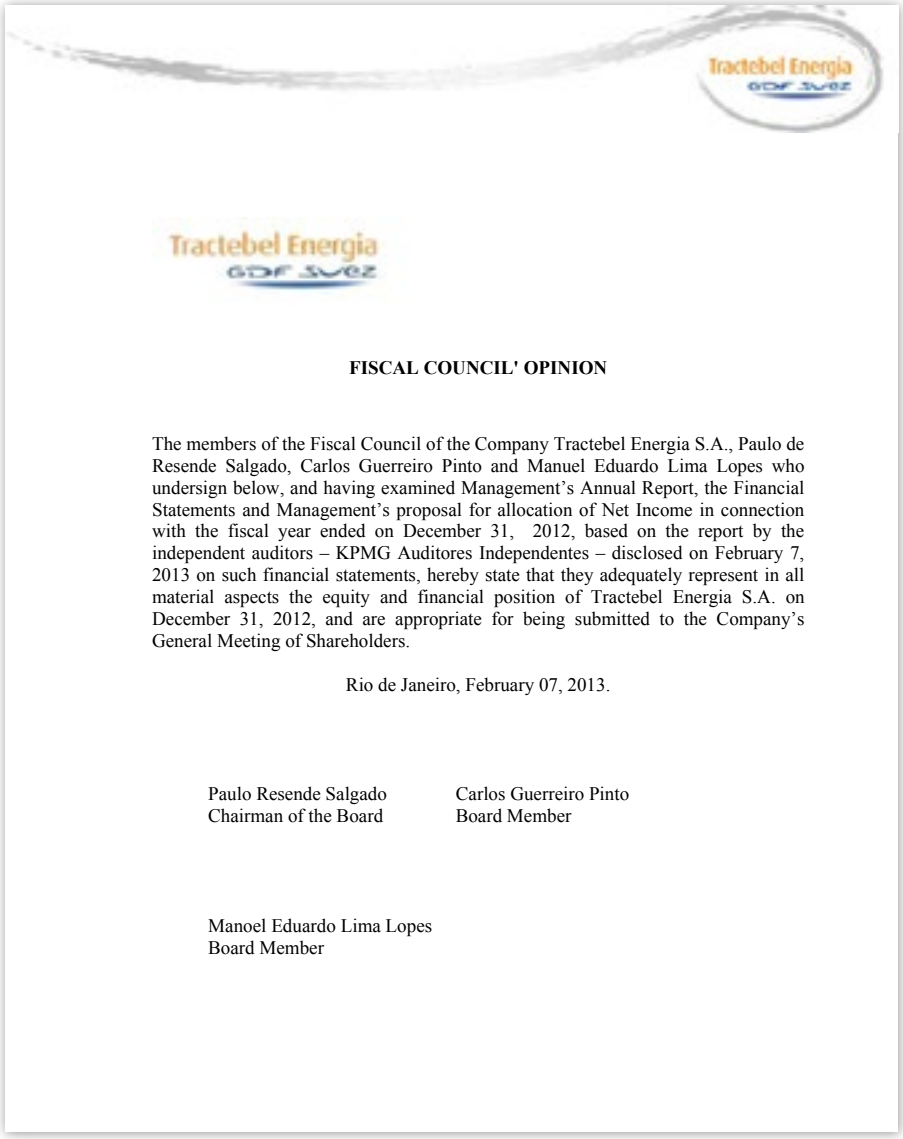
Amounts corresponding to the year ended December 31, 2011 presented for comparison purposes were previously audited by other independent auditors that issued a report dated February 07, 2012 which has not been changed.

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

Florianópolis, February 7, 2013

KPMG Auditores Independentes
CRC SC-000071/F-8

Claudio Henrique Domenconi Reis
Accountant CRC SC-034484/O-1



FISCAL COUNCIL' OPINION

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

Rio de Janeiro, February 07, 2013.

Paulo Resende Salgado
Chairman of the Board

Carlos Guerreiro Pinto
Board Member

Manoel Eduardo Lima Lopes
Board Member