Tractebel Energia reports first quarter 2010 earnings: growth of 22.2% in EBITDA and 6.3% in net income

Florianópolis, Brazil, May 13, 2010 – Tractebel Energia S.A. ("Tractebel Energia", "Tractebel", or "the Company") – BM&FBovespa: TBLE3, ADR: TBLEY -, the largest private sector electricity generating company in Brazil, announces earnings for the first quarter 2010 (1Q10). The information in this release is shown on a consolidated basis and in accordance with Brazilian accounting principles and practices. The values are expressed in Brazilian Reais (R$), except where otherwise indicated.

HIGHLIGHTS

● The Company posted a net income of R$ 248.7 million (R$ 0.3810 per share) in the 1st quarter 2010, a 6.3% improvement in relation to the R$ 233.9 million reported in 1Q09.

● EBITDA reached R$ 573.2 million in 1Q10, exceeding by 22.2% the R$ 469.3 million recorded in the same quarter 2009. The EBITDA margin in the period under review was 60.6%, a 6.0 p.p. growth against the 54.6% for 1Q09.

● Consolidated net operating revenue in 1Q10 totaled R$ 945.5 million, 9.9% more than registered in the first quarter of 2009.

● Consolidated sales in the 1st quarter 2010 totaled 3,869 average MW, a volume 7.8% up on 1Q09, when the same item posted 3,588 average MW.

● The average price of energy sales contracts, net of exports and deductions from gross operating revenue, reached R$ 111.67/MWh in 1Q10, 4.3% higher than 1Q09, when the average price was R$ 107.05 /MWh.

● The Areia Branca Small Hydroelectric Plant situated on the Manhuaçu River in the municipal district of Ipanema, state of Minas Gerais, began commercial operations on March 10, 2010. This SHP has added a further 19.8 MW to Tractebel's installed capacity.

1Q10

For immediate release

Additional information may be obtained by contacting the Investor Relations dept.:

Eduardo Sattamini
Finance and IR Director
sattamini@tractebelenergia.com.br

Antonio Previtali Jr.
IR Manager
previtali@tractebelenergia.com.br
Phone: + 55 48 3221-7221

Conference call and webcast
On 05/14/2010: at 10:00 a.m. (EST) in Portuguese – simultaneous translation into English.

Further details on Upcoming Events section, available on page 13.

Visit our website
www.tractebelenergia.com.br

Summary of Economic and Operational Indicators

Tractebel - Consolidated			
(in millions of R$)	**1Q10**	**1Q09**	**Chg.**
Gross Operating Revenue	1,057.0	954.6	10.7%
Net Operating Revenue (NOR)	945.5	860.3	9.9%
Result from Service (EBIT)	480.4	386.5	24.3%
EBITDA (1)	573.2	469.3	22.2%
EBITDA / NOR - (%)	60.6	54.6	6.0 p.p.
Net Income	248.7	233.9	6.3%
Net Debt	2,381.2	2,801.8	-15.0%
Energy Sold (avg MW)	3,869	3,588	7.8%
Number of Employees	1,007	948	6.2%

(1) EBITDA represents: operating results + financial results + depreciation and amortization

OPERATING PERFORMANCE

Generating Complex

The largest private sector electricity generator in Brazil, Tractebel Energia has an installed capacity of 6,451 MW and operates a 7,510 MW generating complex made up of 20 plants (eight hydro, six thermal and six complementary energy source plants - biomass, small hydro and wind-powered), 18 of which are wholly owned by the Company and two - the Itá and Machadinho plants - jointly-owned through consortia with other companies.

Tractebel Energia's Generating Complex

Power Plants	Source	Location	Installed Capactity (MW)	
			Total	Tractebel's Portion
Itá	Hydro	Uruguai River (SC and RS)	1,450.0	1,126.9
Salto Santiago	Hydro	Iguaçu River (PR)	1,420.0	1,420.0
Machadinho	Hydro	Uruguai River (SC and RS)	1,140.0	403.9
Salto Osório	Hydro	Iguaçu River (PR)	1,078.0	1,078.0
Cana Brava	Hydro	Tocantins River (GO)	450.0	450.0
Passo Fundo	Hydro	Passo Fundo River (RS)	226.0	226.0
São Salvador	Hydro	Tocantins River (TO)	243.2	243.2
Ponte de Pedra	Hydro	Correntes River (MT)	176.1	176.1
Total - Hydro			**6,183.3**	**5,124.1**
Jorge Lacerda Complex*	Thermal	Capivari de Baixo (SC)	857.0	857.0
William Arjona	Thermal	Campo Grande (MS)	190.0	190.0
Charqueadas	Thermal	Charqueadas (RS)	72.0	72.0
Alegrete	Thermal	Alegrete (RS)	66.0	66.0
Total - Thermal			**1,185.0**	**1,185.0**
Lages	Biomass	Lages (SC)	28.0	28.0
Rondonópolis	SHP	Ponte de Pedra Creek (MT)	26.6	26.6
Beberibe	Wind Farm	Beberibe (CE)	25.6	25.6
José Gelazio da Rocha	SHP	Ponte de Pedra Creek (MT)	23.7	23.7
Areia Branca	SHP	Manhuaçu River (MG)	19.8	19.8
Pedra do Sal	Wind Farm	Parnaíba (PI)	18.0	18.0
Total - Complementary			**141.7**	**141.7**
Total			**7,510.0**	**6,450.8**

(*) Complex comprised of 3 power plants.

Projects under Construction

New Projects

Power plants	Source	Location	Installed Capactity (MW)	
			Total	Tractebel's portion
Jirau	Hydro	Madeira River (RO)	3,450.0	1,728.5
Estreito	Hydro	Tocantins River (TO/MA)	1,087.0	435.6
Destilaria Andrade	Biomass	Pitangueiras (SP)	33.0	18.3
Total			**4,570.0**	**2,182.4**

Estreito. The Estreito Hydroelectric Power Plant, under construction on the Tocantins River on the boundary between the states of Tocantins and Maranhão, is one of the largest generation projects in Brazil and will have an installed capacity of 1,087 MW. On December 21, 2009, Tractebel Energia's Board of Directors unanimously approved the acquisition of all the common shares of SUEZ Energia Renovável S.A (SER), which holds a 40.07% stake in the Consórcio Estreito Energia, the project's controlling shareholder. The other members in the consortium are Vale with 30.00%; Alcoa Alumínio with 25.49%; and Camargo Corrêa Energia, with 4.44%. Once the necessary approvals for the conclusion of the transaction have been obtained, an Extraordinary General Meeting will have to be called for ratification purposes.

The energy corresponding to the Company's stake in the project (256 average MW) was sold at the new energy auction on October 16, 2007 at R$ 141.40/MWh, the price referenced to December 31, 2009, with deliveries beginning in 2012 for a period of 30 years. The operations startup of Estreito Hydroelectric Power Plant is foreseen to the first quarter 2011.

Destilaria Andrade. The Destilaria Andrade Thermoelectric Power Plant, under construction in the municipal district of Pitangueiras, state of São Paulo, will have an installed capacity of 33 MW. It is to operate with sugarcane bagasse, a byproduct from Andrade Açúcar e Álcool S.A.'s (Guarani Group) sugar refining and ethanol distilling unit. The project is being developed by the Andrade Consortium, the component members of which are Ibitiúva Bioenergética S.A. (a subsidiary company of Tractebel Energia, with a 76.0% stake) with a 72.9% stake and Andrade Açúcar e Álcool S.A. (subsidiary of Açúcar Guarani S.A.) with the remaining 27.1% of the capital stock. Having said that, the Company owns around 55% of the project.

At the 1st Reserve Energy Auction, held on August 14, 2008, the Andrade Consortium sold 20 average MW of electricity at a historical price of R$ 158.11/MWh, for delivery from the current year for a period of 15 years. The Destilaria Andrade Thermoelectric Power Plant has the start of its commercial operation foreseen for the second quarter 2010.

Jirau. Energia Sustentável do Brasil is responsible for the construction, maintenance, operation and sale of energy to be generated by the Jirau Hydroelectric Power Plant, under construction in the city of Porto Velho, state of Rondônia. The company, comprising GDF SUEZ (50.1%), Eletrosul (20.0%), Chesf (20.0%) and Camargo Corrêa (9.9%), submitted the winning bid at the concession auction organized by the Brazilian Electric Energy Agency (Aneel) on May 19, 2008, offering the most competitive proposal for 70% of the energy to be produced by the plant for captive consumers supplied by electric energy distributors as from January 2013. The start of Jirau Hydroelectric Power Plant commercial operation is foreseen for May 2012 and the anticipation of the turbine rump up will make available a substantial volume of energy to be sold in the free market.

The plant is to have a capacity of 3,450 MW, operating 46 turbines, each with a 75 MW capacity, its assured energy being more than 2 thousand average MW and the respective concession to have a duration of 35 years. The installed capacity and assured energy of Jirau HPP may increase in the light of project modifications submitted to Aneel and the Ministry of Mines and Energy (MME). In line with the prevailing business model, it is envisaged that Tractebel Energia will acquire the stake in the project of its controlling company as soon as the principal development risks have been mitigated.

Uptime Operating

In 1Q10, the plants operated by Tractebel achieved a level of 98.3% uptime, excluding scheduled stoppages: 99.9% in hydroelectric generation, 91.2% in thermal and 84.3% for plants classified as complementary sources (SHPs, wind farms, and biomass-fired facilities).

Taking into account all scheduled stoppages, aggregate uptime in the first quarter was 96.4%: 98.8% for hydro plants, 85.2% for thermal plants and 83.1% in the case of complementary sources. This value is practically unchanged from the aggregate uptime recorded in the same period for the preceding year (96.8%), despite a more demanding operating scenario in 1Q10, a reflection of more favorable hydrological conditions than those prevailing in 1Q09.

Production

In 1Q10, electric energy output from the plants operated by Tractebel was 9,964 GWh (4,613 average MW), a growth of 44.0% in relation to 1Q09, when 6,920 GWh (3,204 average MW) was generated. Of total generation, the hydro plants were responsible for 8,815 GWh (4,081 average MW), thermoelectric plants for 1,049 GWh (486 average MW) and the plants powered by complementary sources, 99 GWh (46 average MW). In comparison with 1Q09, these results represent an increase of 51.3% with respect to the hydroelectric plants, 4.3% in relation to the thermal plants and 12.8% in the case of the plants operated from complementary energy sources.

The notable increase in first quarter generation is due to the excellent hydrological conditions this year in contrast to the drought which afflicted southern Brazil in 1Q09.

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

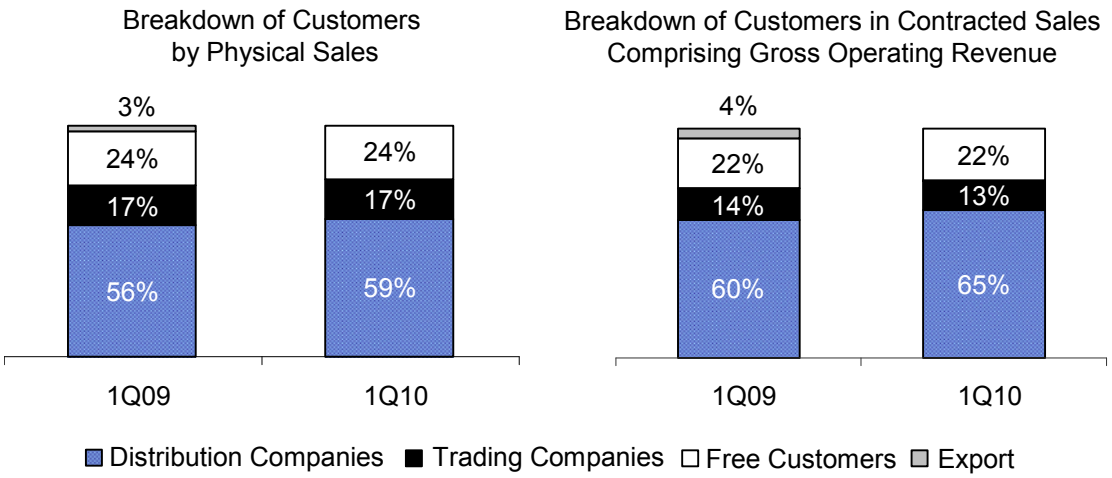
The increase in the Company's thermal generation mitigates exposure to the spot price (PLD), the opposite also being true, all other variables remaining unchanged.

Clients

Tractebel Energia has a well-diversified customer portfolio, serving energy distribution concessionaires through Government-organized electric energy auctions, and also trading companies and free consumers (mostly large industrial clients) mainly served through flexible contracts both in terms of duration and volume. In addition, the Company's strategy is to diversify its sales between the different segments of the economy in the free consumer segment.

The Company actively pursues a policy of enhancing consumer loyalty by providing tailor-made services, thus permitting the adaptation of energy purchases to the production processes of each customer.

In comparison with 1Q09, the share of free consumers as a percentage of total physical sales in 1Q10 remained stable at 23.6%. The contribution of these consumers to total gross operating revenue relative to contracted sales reported a small increase from 21.9% in 1Q09 to 22.3% in 1Q10, a difference of 0.4 p.p.



OUTLOOK AND STRATEGY

The Company has opted to maintain part of its available energy on a non-contracted basis as from 2011, when forecasts for the sector point to a potential increase in prices.

Based on data of commercial capacity and contracts in force as of March 31, 2010, Tractebel Energia's energy balance shows that the Company's current resources, including acquisitions from third parties, is almost entirely contracted until the end of 2010.

Energy Balance

(avg MW)	2010	2011	2012	2013	2014	2015	Auction Gross Price (R$/MWh)	Reference Date	Gross price adjusted as of 03/31/2010 (R$/MWh)
Own Resources	3,365	3,504	3,617	3,617	3,617	3,617			
+ Purchases for Resale	651	352	306	278	253	200			
= Total Resources (A)	4,016	3,856	3,923	3,895	3,870	3,817			
Regulated Sales*	1,298	1,446	1,701	1,702	1,702	1,692			
2004-EE-2007-08	10	10	10	10	10	-	70.9	Dec-04	87.6
2005-EE-2008-08	150	150	150	150	150	150	81.6	Apr-05	98.0
2005-EE-2009-08	381	381	381	381	381	381	94.0	Oct-05	110.8
2005-NE-2010-30	200	200	200	200	200	200	115.1	Dec-05	134.3
2006-NE-2009-30	493	493	493	493	493	493	128.4	Jun-06	147.4
2006-NE-2011-30	-	148	148	148	148	148	135.0	Nov-06	160.3
2007-NE-2012-30	-	-	256	256	256	256	126.6	Jun-07	144.3
Proinfa	53	53	52	53	53	53	147.8	Jun-04	193.4
1st Reserve Energy Auction	11	11	11	11	11	11	158.1	Aug-08	170.6
+ Bilateral Sales	2,632	2,147	1,941	1,779	1,299	1,071			
= Total Sales (B)	3,930	3,593	3,642	3,481	3,001	2,763			
Balance (A - B)	**86**	**263**	**281**	**414**	**869**	**1,054**			
Sales average **net** price (R$/MWh)*1:	110.7	115.5	116.1						
Purchases average **net** price (R$/MWh)*2:	115.0	116.4	113.4						

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

*1: Sales price is net of ICMS and taxes over revenues (PIS/Cofins, R&D), as of 03/31/10.
*2: Purchase net price, considering benefits from PIS/Cofins credits, as of 03/31/10.

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

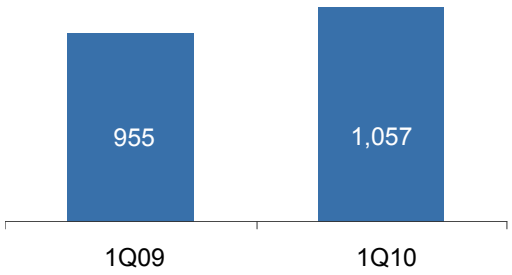
ECONOMIC AND FINANCIAL PERFORMANCE

Gross Operating Revenue

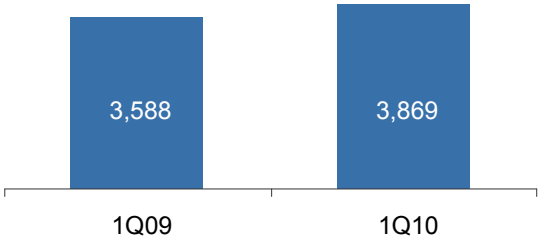
The Company reported gross operating revenue in 1Q10 of R$ 1,057.0 million, 10.7% higher than the same period in 2009 of R$ 954.6 million. This variation is essentially a combination of the following factors: (i) an increase of R$ 40.8 million due to 4.6% higher average sale prices (excluding exports), increasing from R$ 119.33/MWh in 1Q09 to R$ 124.77/MWh in 1Q10; (ii) a growth of R$ 12.4 million due to sales of the energy generated in advance in the São Salvador HPP, which began commercial operations in the second quarter of 2009; (iii) a decline of R$ 41.2 million in operating revenue from the export of electricity, no export business being conducted during the quarter under review; and (iv) an increase of R$ 89.6 million due to the increase of 670 GWh (310 average MW) of sales volume to distributors and free consumers, underscored by higher volumes of electric power purchased for resale.

Average sales volume in 1Q10 was 8,357 GWh (3,869 average MW), 7.8% greater than the 7,750 GWh (3,588 average MW) sold in the same period in 2009. Excluding energy exports in 1Q09 and sales of the energy generated in advance in the São Salvador HPP in 1Q10, the amount of energy sold would have increased by 8.9% from 7,546 GWh (3,494 average MW) in the first quarter of 2009 to 8,216 GWh (3,804 average MW) in 1Q10.

Gross Operating Revenue - R$ million



Sales Volume - avg MW



Principal Components of Gross Operating Revenue

Wholesale market for electric energy

Revenue from the wholesale market, namely sales to entities other than free consumers, reached R$ 810.2 million in 1Q10, 16.7% higher than the R$ 694.1 million recorded in 1Q09. This growth reflected the following salient factors: (i) growth of R$ 8.1 million as a result of the sales of the energy generated in advance in the São Salvador HPP to trading companies; (ii) an increase of 28.6 million due to a 5.5% increase in average prices of energy sold to distributors; and (iii) a growth of R$ 76.4 million (equivalent to 563 GWh – 261 average MW) due to both higher sales volume to distributors, the result of enhanced sales to the distributor pool with the beginning of retail supplies of 200 average MW - sold via auction held in 2005 and as well as distributor use of additional purchasing flexibility built into contractual terms. It should be pointed out that sales to trading companies in the periods under review did not show any significant variation.

Retail market for electric energy

Retail electric energy market (sales to free consumers), reported a 12.7% year-on-year growth from R$ 206.3 million in 1Q09 to 232.5 million in 1Q10, a result of the following key factors: (i) an increase of R$ 17.2 million (equivalent to 146 GWh – 68 average MW) in the light of the signature of new contracts and the increase in supplies to free consumers – a consequence of the recovery in industrial consumption due to the reduced impact of the world economic crisis - R$ 4.3 million of the increase representing the sales of the energy generated in advance in the São Salvador HPP to free consumers; and (ii) a growth of R$ 9.0 million due to an increase of 4.3% in average prices of energy sold.

Transactions channeled through the Energy Trading Board (CCEE)

In 1Q10, revenues under this item reported R$ 7.8 million while in 1Q09 they were R$ 9.8 million. Further explanations on these operations can be found in the item “Details of CCEE Operations”.

Exports of electric energy

In 1Q09, the Company recorded revenues on exports to Argentina of R$ 41.2 million, while in the quarter under review no energy was exported.

Deductions from Operating Revenue

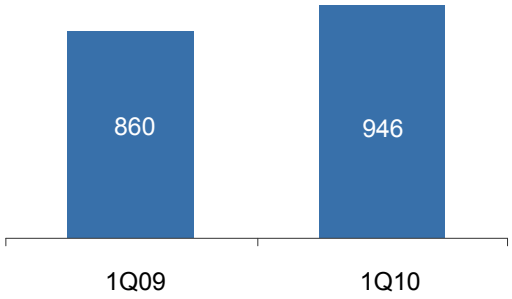
Deductions from operating revenue reported a year-on-year increase of 18.2% from R$ 94.4 million to R$ 111.5 million. These deductions represented 10.5% and 10.3% of gross operating revenue (net of exports) for the first quarter of 2010 and 2009, respectively. This increase is justified by a combination of the following: (i) an increase of R$ 10.8 million in PIS and Cofins due to a switch from the cumulative system (rate of 3.65%) used to levy these charges to a non-cumulative one (at a rate of 9.25%, but with the right to tax breaks on certain transactions) on those contracts with pre-fixed prices concluded during and after 1Q09; and (ii) a rise of R$ 6.1 million in ICMS sales tax due to increased sales volume to industrial consumers, transactions on which this tax is collected, and due to the termination of deferral rights on ICMS payments granted to certain consumers in the state of Santa Catarina.

Net Operating Revenue

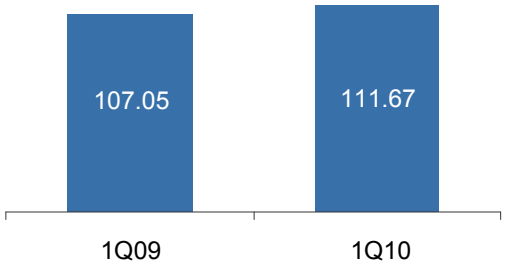
Net operating revenue in 1Q10 registered an increase of 9.9% compared with the same quarter in 2009, rising from R$ 860.3 million to R$ 945.5 million. The increase reported is directly related to the trend in gross operating revenue and deductions from operating revenue as mentioned above.

The average electric energy sales price, net of exports and deductions from operating revenue, reached R$ 111.67/MWh in 1Q10, 4.3% more than the price in 1Q09 of R$ 107.05/MWh. This increase reflects the readjustment of the prices of the existing contracts and the prices applicable to new contracts, principally those with free consumers and with the distributor pool as mentioned above.

Net Operating Revenue - R$ million



Average Net Sales Price - R$/MWh



Costs of Electric Energy and Services

Costs were R$ 425.4 million in 1Q10, 1.0% up on the R$ 421.1 million for the same quarter in 2009. This change is fundamentally due to trends in the principal cost components as follows:

- **Electric power purchased for resale:** an increase of R$ 76.2 million in 1Q10 due basically to the increase of 696 GWh (322 average MW) of electric energy purchased for resale, allowing the Company to sell a 30-year product in the so-called "botox" energy auction at attractive prices, deliveries to begin in 2010, and to meet energy sales commitments. A large number of these purchase contracts was signed some years ago – and therefore bearing no relation to spot prices (PLD).

- **Transactions channeled through the Energy Trading Board (CCEE):** a reduction of R$ 85.0 million, as commented under a specific item below.

- **Charges for the use of and connection to the electricity grid:** an increase of R$ 6.3 million in 1Q10 principally due to the startup of operations of the São Salvador HPP in the second quarter of 2009, and also the annual tariff adjustment.

- **Fuel Expenses:** a fall of R$ 21.3 million in 1Q10 mainly the result of lower coal consumption used for energy exports, no operations of this type being conducted during the quarter.

- **Financial compensation for the use of water resources:** a growth of R$ 11.9 million, reflecting the substantial increase in dispatch from the hydroelectric power plants in 1Q10 due to heavy rainfall in the period when compared with the same quarter in 2009. In the latter period, plant generation activities were restricted due to the unfavorable hydrological conditions as described under the "Production" item.

- **Depreciation and amortization:** an increase of R$ 10.0 million in 1Q10 compared with the same period in 2009, largely due to initial depreciation costs on the assets of the newly commissioned São Salvador HPP.

- **Personnel:** an increase of R$ 1.6 million in 1Q10, the result of an increase in headcount and adjustments in employee salaries and benefits.

- **Materials and third party services:** a growth of R$ 3.3 million in 1Q10 due to the increase in the contracting of maintenance services and conservation work on the Company's generating units.

Energy Trading Board – Details of CCEE Operations

The various monthly credit or debit entries to the account of a member of the CCEE are summarized in a single billing as a receivable or a payable. This therefore requires an entry to either an income or an expenses account. In this context it is worth pointing out that due to adaptations to commercialization strategy, there have been changes in billing profile in the past few years. Such fluctuations complicate the direct comparison of the elements comprising each billing over the two-year period – the

reason for including the present topic. In this way, we are able to analyze the oscillations in the principal elements in spite of their allocation either to income or expenses according to the credit or debit nature of the billing to which they relate.

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

In 1Q10, the Company reported net revenue of 7.1 million from transactions conducted through the CCEE, while in the same period in 2009, there was a net expense of R$ 75.9 million, a year-on-year gain of R$ 83.0 million in the result between the comparable periods. This variation principally reflected:

I. an increase of R$ 23.4 million in the Energy Reallocation Mechanism (MRE) result, which was transformed from a net expense of R$ 5.2 million in 1Q09 to a net revenue of R$ 18.2 million in the quarter under review. This variation occurred due to the substantial increase in dispatch from the Company's hydroelectric power plants in 1Q10, due to heavy rainfall recorded in the period when compared with the same quarter in 2009, when hydroelectric generation was affected by the drought in southern Brazil. This improvement in revenues was partially offset by higher outlays in royalties, as described under the item "Financial compensation for the use of water resources"; and

II. other transactions executed through the CCEE recorded an improvement in results of R$ 59.6 million, a consequence primarily of a reduction in expenses arising from short positions. With respect to the latter, average spot prices were lower in 1Q10 at R$ 18.17/MWh than in 1Q09 when these same prices stood at R$ 75.53/MWh.

General and Administrative Expenses

General and administrative expenses rose R$ 2.0 million from R$ 36.8 million in 1Q09 to R$ 38.8 million in 1Q10, an increase of 5.6%, essentially due to the higher expenses with personnel and members of management, following a readjustment in annual salaries and benefits, as well as an increase in total headcount – including those who are in training for the operation and maintenance of the plants to come into operation in 2010 and 2011.

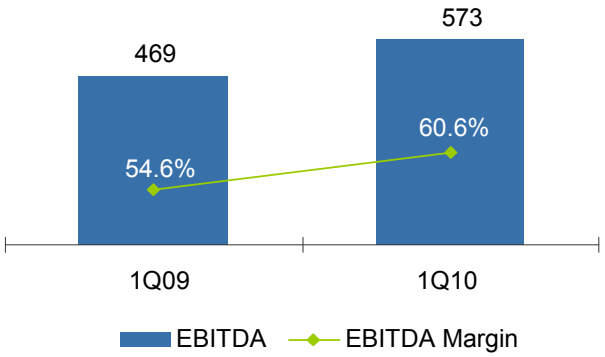
Operating Provisions

These expenses declined from R$ 13.7 million in 1Q09 to R$ 2.2 million in 1Q10, a reduction of R$ 11.5 million due to a combination of the following: (i) a decrease of R$ 15.4 million in civil provisions as a result of an allowance of R$ 16.5 million having already been set aside in 1Q09 to cover probable losses on the revision of retirement benefits; (ii) a reduction of R$ 5.2 million in the provision for covering post-employment benefits; and (iii) an increase of R$ 9.5 million in fiscal contingencies following the reversal of a provision in 1Q09 of R$ 8.3 million, due to a final court ruling on a legal suit with no right of appeal.

EBITDA and EBITDA Margin

Reflecting the impact of factors already commented, 1Q10 EBITDA was R$ 573.2 million, 22.2% higher when compared with 1Q09, when the Company reported an EBITDA of R$ 469.3 million. The EBITDA margin in 1Q10 was 60.6%, while in 1Q09 this was 54.6%.

EBITDA (1) (R$ million) and EBITDA Margin (%)



(1) EBITDA represents: operating profits + financial result + depreciation and amortization

In order to allow the reconciliation of the operating income with the EBITDA, we present the table below:

EBITDA (in thousands of R$)	1Q10	1Q09	Chg. %
Operating income	376,790	349,762	7.7
(+/-) Financial Expenses	103,586	36,768	181.7
(+) Depreciation and Amortization	92,834	82,737	12.2
Total	**573,210**	**469,267**	**22.2**

Financial Result

Financial income: increased by R$ 7.2 million in 1Q10 from R$ 21.2 million in 1Q09 to R$ 28.4 million, due to a higher volume of investible resources versus the comparable quarter in 2009.

Financial expenses: in 1Q10, these expenses were R$ 132.0 million, an increase of R$ 74.1 million compared with R$ 57.9 million in 1Q09, the result of a combination of the following factors: (i) an increase of R$ 20.3 million in debt servicing charges, a function in large part of interest payable on the concession and the financing of the São Salvador HPP, which began operations in the second quarter of 2009; (ii) growth of R$ 29.8 million in monetary restatement on debt due to the larger variation in inflation indices, and on the concession charges payable for the use of the São Salvador HPP; (iii) a rise of R$ 10.8 million on currency variation expenses on outstanding loans; (iv) a reduction of R$ 11.6 million in charges involving social taxes and contributions and on the Company's actuarial liabilities; and (v) recognition of revenue in 1Q09 of R$ 24.7 million for the adjustment in remuneration on bonds held as collateral for the loan granted by the National Treasury Secretariat (STN).

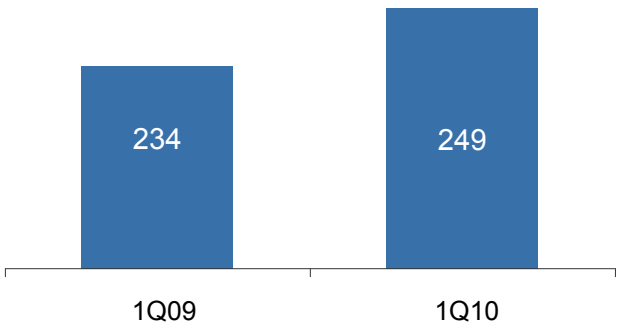
Income Tax and Social Contribution

Income tax and social contribution expenses in 1Q10 were R$ 128.1 million, R$ 12.2 million higher than the R$ 115.9 million reported for the same period in 2009. The variation is largely due to the increase in the pre-income tax and social contribution result.

Net Income

In 1Q10 net income was R$ 248.7 million, a 6.3% improvement over the same quarter in 2009 when this same item recorded a total of R$ 233.9 million.

Net Income - R$ million



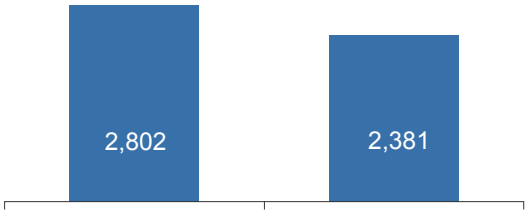
Debt

On March 31, 2010, the Company recorded net debt (total debt less cash and cash equivalents) of R$ 2,381.2 million, 15.0% down on the R$ 2,801.8 million posted on March 31, 2009, due to the decrease of total gross debt and the higher volume of resources outstanding at the end of 1Q10.

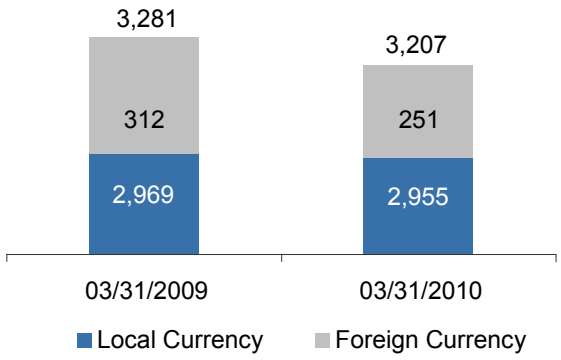
Total gross debt – represented principally by loans, debentures and financing - totaled R$ 3,206.6 million on March 31, 2010, a drop of 2.3% compared to the position on March 31, 2009. Of total debt outstandings at the end of the period, 7.8% was foreign currency denominated (9.5% at the end of 1Q09), this portion being unhedged.

The reduction in Tractebel's debt reflects a combination of factors as follows: (i) the drawdown of an accumulated total of R$ 88.1 million between periods from the National Economic and Social Development Bank (BNDES) and its financial agents for investments in the São Salvador HPP, Areia Branca SHP and the Pedra do Sal Wind Farm; (ii) the third debenture issue, of R$ 600.0 million, drawn in 2Q09, the value of which was used to settle promissory notes amounting to R$ 300.0 million, issued in February 2009, and part of the R$ 400.0 million relating to promissory notes issued on May 20, 2008 and maturing on May 15, 2009; (iii) the fourth debenture issue, of R$ 400.0 million, drawn in 4Q09 and used in the acquisition of SUEZ Energia Renovável S.A., the reduction in costs and the lengthening of the debt maturity profile as well as the reinforcement of working capital for the Company's business activities; and (iv) the combination of charges and amortizations on loans and financing, some already mentioned, resulting in a net value of R$ 1,159.9 million in amortizations during the period.

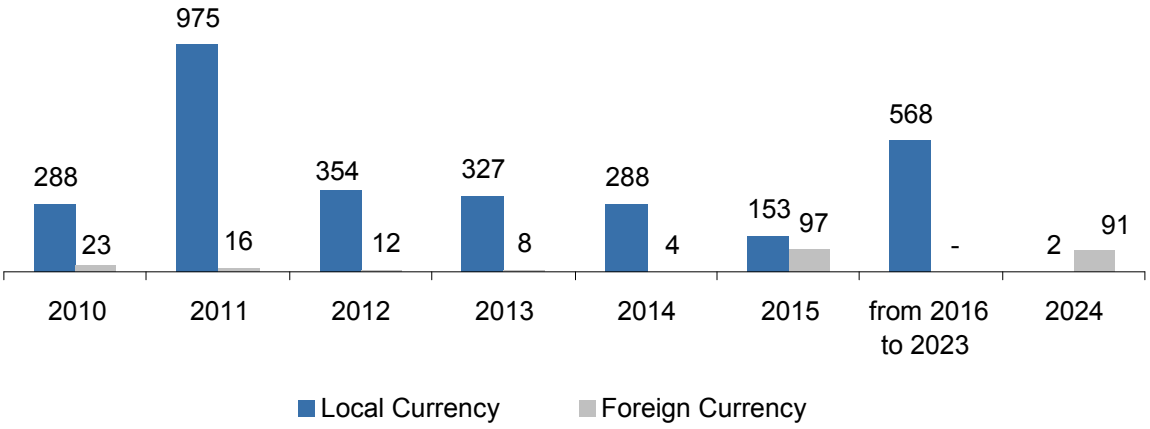
Performance of Net Debt - R$ million



Composition of Total Debt - R$ million



Maturity Term Loans - R$ million



Capital Expenditures

In the first quarter of 2010, Tractebel's capital expenditures totaled R$ 365.3 million, discriminated as follows.

Tractebel invested R$ 31.2 million in the construction of the Areia Branca SHP and the Destilaria Andrade TPP, and in complementary work on the São Salvador HPP.

The Company invested a further R$ 29.5 million in maintenance and modernization projects in order to maintain the high degree of plant uptime.

Additionally, the Company settled the first of two installments for the acquisition of SUEZ Energia Renovável S.A. (SER) amounting to R$ 304.6 million, restatement at IPCA+6% p.a already included in this amount.

SUBSEQUENT EVENTS

Payment of Complementary Dividends

Tractebel Energia's Annual General Meeting – AGM held on April 23, 2010 approved the allocation of net profits recorded in the fiscal year and the distribution of complementary dividends proposed by the Company's management and contemplated in the account statements for the fiscal year ending December 31, 2009.

Consequently, shareholders approved a payout of R$ 81.9 million on May 20, 2010 of dividends additional to the interim dividends paid and interest on shareholders' equity credited during fiscal year 2009, corresponding to R$ 0.1254900014 per share.

Interest on shareholders' equity in the gross amount of R$ 194.0 million, corresponding to R$ 0.2972076915 per common share pursuant to the Notice to Shareholders published on November 5, 2009, was also approved for payout on May 20, 2010, net of withholding tax at source.

As a result, total distribution of profits for fiscal year 2009 reached R$ 623.9 million, the equivalent of R$ 0.9558426155 per share and a payout of 55.0%.

SUSTAINABILITY: COMMITMENT AND CERTIFICATIONS

Tractebel Energia operates according to the principles of sustainable development, respecting the balance of environmental, social and economic dimensions in all its businesses. The guidelines that form the bedrock to the Company's plans for environmental management are contained in the Environmental Code, which governs compliance with environmental protection agency regulations as well as the interaction with the communities that live adjacent to the plants by cooperating to ensure improvement in their quality of life.

All Tractebel Energia plants are NBR ISO 9001 and NBR ISO 14001 certified, except from those acquired in 2008. The objective of NBR ISO 9001 certification is to improve internal procedures and upgrade company products and services. NBR ISO 14001 is a standard for governing environmental management systems, designed to reconcile environmental protection and prevention of pollution with the socio-economic growth of the companies.

Thanks to this permanent commitment, the Company remained listed in BM&FBovespa's (São Paulo Stock Exchange) Corporate Sustainability Stock Index (ISE), a portfolio of shares of companies considered sustainable over a long-term horizon and with an excellent performance in financial, social, environmental and corporate governance practice aspects.

The Management Board of Tractebel Energia has established a Sustainability Committee for enhancing the Company's operations as a partner and catalyst for economic, social and environmental development in the locations where it has a presence and in accordance with its values which are professionalism, sense of partnership, team work, creation of value, respect for the environment and ethics.

CORPORATE GOVERNANCE

Tractebel Energia became a member of BM&FBovespa's Novo Mercado on November 16, 2005, underscoring the Company's commitment to best corporate governance practice.

The Bylaws have been adapted to comply with the new rules and procedures of the Novo Mercado's Listing Regulations. The Company's Board of Directors is now made up of nine members, one of which represents the employees and two who are independent directors. With the exception of the employees' representative, all are elected by a General Shareholders' Meeting. A non-permanent Fiscal Council, which is independent of management and the Company's outside auditors, is responsible for supervising management acts and examining and opining on the financial statements.

The Company has a Code of Ethics and maintains a structure of committees, advisory councils and formally responsible individuals for ethical issues, which are also monitored through organizational surveys.

In addition to Novo Mercado regulations, Tractebel Energia complies with the precepts of the Sarbanes-Oxley act, the purpose of which is to combat unethical conduct and make the financial statements more reliable.

Tractebel Energia's dividend policy establishes a minimum mandatory dividend of 30% of net income for the fiscal year, adjusted pursuant to Law 6,404/76. In addition, company policy determines the intention of paying in each calendar year dividends and/or interest on shareholders' equity for a value of not less than 55% of adjusted net income in the form of semi-annual payouts.

CAPITAL MARKETS

Since its listing on BM&FBovespa's Novo Mercado, Tractebel has become a component of the Special Corporate Governance Stock Index (**IGC**) and the Special Tag Along Stock Index (**ITAG**), incorporating those companies offering greater protection to minority shareholders in the event of the sale of a controlling stake. The Company's shares are also included in the Corporate Sustainability Stock Index (**ISE**), comprising companies with a recognized commitment to social and corporate responsibility, as well as the Electric Energy Stock Index (**IEE**), which is a sector index made up of the more significant listed companies in the industry.

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.

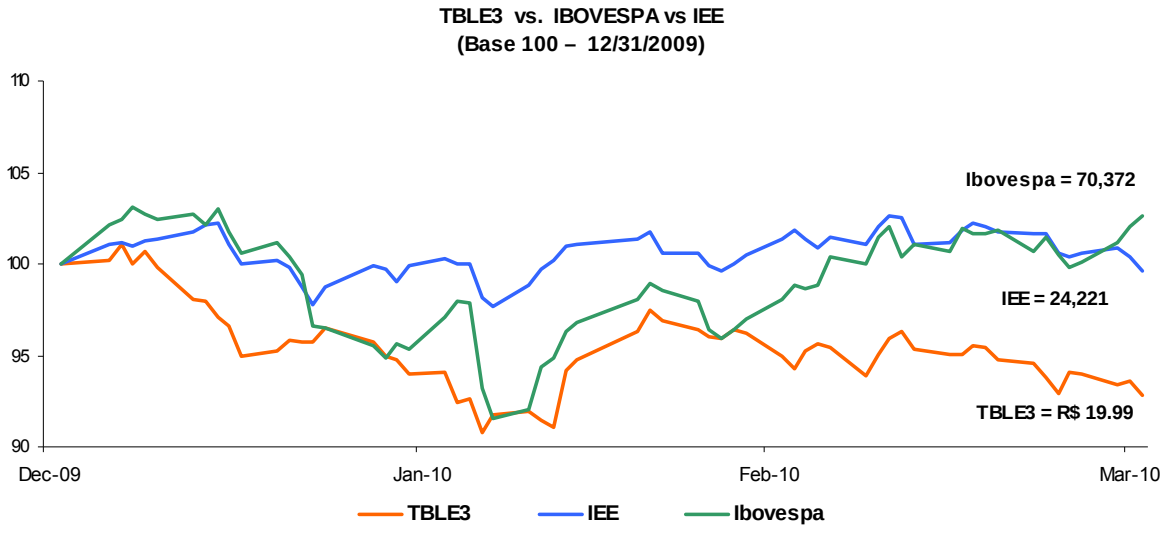
Share Performance – TBLE3

The recovery in commodity prices in the first quarter of 2010 was helped by positive indicators emerging from both the Chinese and the US economies. Bellwether Brazilian shares in the domestic market were driven by this recovery, the Ibovespa stock index accumulating an appreciation of 2.6% in the period, recouping the 4.7% decline reported in January 2010.

In 1Q10, Tractebel's shares and the IEE – Electric Energy Stock Index –, posted losses of 7.2% and 0.4%, respectively.

The Company's securities were traded on all the days the BM&FBovespa was open for business in 1Q10, posting an average daily volume of R$ 15.6 million, 25.8% higher than the R$ 12.4 million registered in 1Q09.

The Company's shares reported a closing price on March 31, 2010 of R$ 19.99/share, equivalent to a market capitalization of approximately R$ 13.0 billion.



UPCOMING EVENTS

Tractebel Energia will be holding the following events to discuss the earnings results:

Conference call and webcast
(in Portuguese - simultaneous translation into English)

Date: May 14, 2010
Time: 10:00 a.m. (EST) / 11:00 a.m. (Brasília time)
Telephones for connection:
Participants in Brazil: (55 11) 4688-6361
Participants in the USA: (1 888) 700-0802
Participants from other countries: (1 786) 924-6977
Access code: Tractebel

The links for access will be available on the Company's website (www.tractebelenergia.com.br), at the Investors section.

Replay available from May 14th to May 20, 2010. Access by dialing: (55 11) 4688-6312, code: 46670.

Disclaimer

This release contains information and opinions on future events subject to risks and uncertainties based on current forecasts, projections and tendencies of the Company's business. Innumerous factors can affect the estimates and suppositions on which these opinions are based. In view of these risks and uncertainties described herein, estimates and declarations with respect to future events contained in this material may not be become realities. In view of these restrictions, shareholders and investors should not take any decisions based on estimates, projections and declarations as to future events contained in this release.

ATTACHMENT I
TRACTEBEL ENERGIA S.A.
CONSOLIDATED BALANCE SHEET – ASSETS

(in thousands of R$)		
Assets	**3/31/2010**	**12/31/2009**
Current Assets	**1,434,488**	**1,888,781**
Cash and cash equivalents	825,309	1,254,640
Consumers, concessionaires and holder of permissions	463,921	435,292
Taxes and social contributon recoverable	51,596	72,920
Warehouse	39,758	44,652
Pledges and restricted deposits	3,260	33,511
Deferred assets	18,821	15,896
Others	31,823	31,870
Non Current Assets	**8,087,346**	**7,765,361**
Long Term Assets	**683,261**	**638,483**
Taxes and social contributon to offset	107,194	74,482
Pledges and restricted deposits	64,518	63,738
Deposits in court	166,651	168,427
Receivable on tangible assets disposal	86,886	86,886
Deferred assets	235,542	223,265
Others	22,470	21,685
Investments	**338,339**	**33,783**
Property plant and equipment	**6,953,149**	**6,978,033**
Intangible	**112,597**	**115,062**
Total	**9,521,834**	**9,654,142**

ATTACHMENT II
TRACTEBEL ENERGIA S.A.
CONSOLIDATED BALANCE SHEET – LIABILITIES

(in thousands of R$)		
Liabilities	**3/31/2010**	**12/31/2009**
Current Liabilities	**1,239,293**	**1,488,341**
Suppliers	265,538	246,117
Dividends and interest on shareholder´s equity	251,422	251,422
Loans and financing	178,941	221,346
Debentures	163,330	126,407
Taxes and social contribution	173,576	411,616
Estimated obligations	48,530	41,233
Research and development (R&D) program obligations	21,918	48,112
Concessions payable	37,883	37,419
Provision for contingencies	13,658	12,677
Post-employment benefits	25,361	25,478
Others	59,136	66,514
Non Current Liabilities	**4,352,572**	**4,484,534**
Loans and financing	1,252,759	1,465,106
Debentures	1,611,527	1,601,783
Estimated obligations	4,063	4,547
Obligations under the research and development program	30,700	-
Concessions payable	950,208	920,055
Provision for contingencies	78,834	78,536
Post-employment benefits	357,695	358,952
Deferred fiscal liabilities	50,551	47,146
Others	16,235	8,409
Shareholders' Equity	**3,929,969**	**3,681,267**
Share capital	2,445,766	2,445,766
Capital reserves	91,695	91,695
Profit reserves	1,143,806	1,143,806
Retained Earnings	248,702	-
Total	**9,521,834**	**9,654,142**

ATTACHMENT III
TRACTEBEL ENERGIA S.A.
CONSOLIDATED INCOME STATEMENT

(in thousands of R$)	1Q10	1Q09	Chg. %
Gross Operating Revenue	**1,057,028**	**954,625**	**10.7**
Deductions from operating revenue	**(111,504)**	**(94,369)**	**18.2**
Net Operating Revenue	**945,524**	**860,256**	**9.9**
Eletric Energy and Service Costs	**(425,446)**	**(421,139)**	**1.0**
Electric power purchased for resale	(174,926)	(98,755)	77.1
Transactions conducted through the CCEE	(702)	(85,748)	-99.2
Fuel expenses	(4,304)	(25,631)	-83.2
Charges for the use of and connection to the electricity grid	(68,596)	(62,289)	10.1
Financial compensation for use of water resources	(31,420)	(19,489)	61.2
Personnel	(28,288)	(26,695)	6.0
Material and third party services	(22,567)	(19,225)	17.4
Depreciation and amortization	(89,949)	(79,970)	12.5
Others	(4,694)	(3,337)	40.7
Gross Income	**520,078**	**439,117**	**18.4**
Operating Expenses	**(39,702)**	**(52,587)**	**-24.5**
Selling expenses	(3,416)	(3,912)	-12.7
General and administrative expenses	(38,812)	(36,764)	5.6
Constitution of operating provisions, net	(2,187)	(13,716)	-84.1
Other operating income (expenses), net	4,713	1,805	161.1
Service Income	**480,376**	**386,530**	**24.3**
Net Financial Income (Expenses)	**(103,586)**	**(36,768)**	**181.7**
Financial income	28,432	21,187	34.2
Financial expenses	(132,018)	(57,955)	127.8
Income Before Taxes	**376,790**	**349,762**	**7.7**
Income tax	(94,396)	(84,676)	11.5
Social contribution	(33,692)	(31,198)	8.0
Net Income for the Period	**248,702**	**233,888**	**6.3**
EBITDA	**573,210**	**469,267**	**22.2**
Net income per share	0.3810	0.3583	6.3

ATTACHMENT IV
TRACTEBEL ENERGIA S.A.
CONSOLIDATED STATEMENT OF CASH FLOW

(in thousands of R$)	1Q10	1Q09
Operating Activities		
Net income for the period	248,702	233,888
Expenses (revenues) that do not affect cash:		
Depreciation and amortization	92,834	82,737
Net monetary variations	30,360	(11,378)
Net interest	61,298	47,446
Operating provision, net	3,854	17,780
Deferred income tax and social contribution	(11,808)	(3,148)
Others	(5,397)	(1,693)
	419,843	365,632
Decrease (Increase) in Assets		
Consumers and concessionaires	(30,478)	(62,846)
Taxes and social contributions recoverable	(660)	(156)
Warehouse	4,895	6,833
Collateral and linked / judicial deposits	35,806	6,866
Others	2,855	2,101
	12,418	(47,202)
Increase (Decrease) in Liabilities		
Suppliers	20,349	57,266
Taxes and social contributions	(240,406)	(257,530)
Labor obligations	6,808	5,940
Provision for contingencies	(1,985)	(6,660)
Post-employment benefits	(7,607)	(8,841)
Research and development (R&D) program obligations	4,506	(14,548)
Others	(7,520)	(12,109)
	(225,855)	(236,482)
Funds from Operating Activities	**206,406**	**81,948**
Investments activities	**(365,273)**	**(73,238)**
Advance for acquisition of investments	(304,556)	-
Used in fixed assets	(60,191)	(73,125)
Used in intangibles	(526)	(113)
Financing activities	**(270,464)**	**50,210**
Financing and debentures	-	317,254
Payment of loans, financing and debentures	(261,217)	(37,515)
Payments to related Parties	-	(221,306)
Payments of concessions payable	(9,761)	(587)
Pledges and escrow deposits related to debt	514	(7,636)
Total Effects on Cash	**(429,331)**	**58,920**
Cash and cash equivalents		
Opening balance	1,254,640	420,005
Closing balance	825,309	478,925
	(429,331)	**58,920**
Payments made in the year	**-**	**-**
Interest on loans, financing and debentures	26,368	20,037
Income tax and social contribution	352,913	335,346