Tractebel Energia announces net income of R$ 329.5 million in the quarter, a 7.4% increase on 1Q11

Florianópolis (SC), May 4, 2012 – 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 2012 (1Q12). 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 real, except where otherwise indicated.

HIGHLIGHTS

1Q12

● The Company posted net income of R$ 329.5 million, 7.4% up in relation to 1Q11 (R$ 0.5048 per share).

● EBITDA was R$ 714.4 million in 1Q12, a growth of 3.2% against 1Q11 and equivalent to an EBITDA margin of 61.9%, a decline of 5.8 p.p. due to a higher volume of commercialized energy.

● Net revenue from sales amounted to R$ 1,153.5 million in the first three months of 2012, 12.8% higher than 1Q11.

● In 1Q12, consolidated sales were practically unchanged at 8,421 GWh, a growth of 0.9%, or 3,856 average MW, a reduction of 0.2% compared with 1Q11. The absence of the usual matching proportionality between the GWh and MW reflects the fact that 2012 is a leap year.

● The average price of contracted energy, net of taxes and exports, was R$ 129.6/MWh in 1Q12, corresponding to an increase of 8.0% above the figure reported for the same quarter in 2011, value of which was R$ 120.1 /MWh.

● The fifth of the eight generating units of the Estreito Hydro Plant went into commercial operation on March 2, 2012. Located on the Tocantins River, the plant will have a total installed capacity of 1,087 MW, of which 40.07% are assigned to the Company. With the start-up of Generating Unit 5, 85.2% of the Plant's assured energy will be available to the Company.

For immediate release

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

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Conference call and webcast:
On 05/07/2012 at 10:00 a.m. (EDT) in Portuguese – simultaneous translation into English.

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

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Summary of Economic and Operational Indicators

Tractebel - Consolidated			
(in millions of R$)	**1Q12**	**1Q11**	**Chg.**
Net Revenue from Sales (NRS)	1,153.5	1,022.1	12.8%
Result from Service (EBIT)	580.3	573.9	1.1%
EBITDA (1)	714.4	692.5	3.2%
EBITDA / NRS - (%)	61.9	67.7	-5.8 p.p.
Net Income	329.5	307.0	7.4%
Net Debt	2,974.5	3,259.3	-8.7%
Energy Sold (avg MW)	3,856	3,865	-0.2%
Average Net Sales Price (R$/MWh) (2)	129.62	120.07	8.0%
Number of Employees	1,068	1,045	2.2%

(1) EBITDA represents: operating results + financial results + depreciation and amortization.
(2) Net of taxes and exports.

OPERATING PERFORMANCE

Generating Complex

The largest private sector electricity generator in Brazil, Tractebel Energia will have, after the entry into operation of all the Estreito HPP's generating units, an installed capacity of 6,908 MW and will operate a generating complex with installed capacity of 8,630 MW. Five generating units of Estreito HPP have already begun operations and the total ramp-up of the plant is scheduled for the course of 2012. Thus, the generating complex comprises 22 plants (nine hydro, six thermal and seven complementary energy source plants - biomass, small hydro – SHP – and wind-powered), 18 of which are wholly owned by the Company and four - the Itá, Machadinho and Estreito hydro power plants and the biomass Ibitiúva Bioenergética - jointly-owned through consortia with other companies.

Tractebel Energia's Generating Complex

Power Plants	Source	Location	Installed Capacity (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
Estreito*	Hydro	Tocantins River (TO/MA)	1,087.0	435.6
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			**7,270.3**	**5,559.7**
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**
Ibitiúva Bioenergética	Biomass	Pitangueiras (SP)	33.0	21.2
Lages	Biomass	Lages (SC)	28.0	28.0
Rondonópolis	SHP	Ribeirão Ponte de Pedra (MT)	26.6	26.6
Beberibe	Wind Farm	Beberibe (CE)	25.6	25.6
José Gelazio da Rocha	SHP	Ribeirão Ponte de Pedra (MT)	23.7	23.7
Areia Branca	SHP	Rio Manhuaçu (MG)	19.8	19.8
Pedra do Sal	Wind Farm	Parnaíba (PI)	18.0	18.0
Total - Complementary			**174.7**	**162.9**
Total			**8,630.0**	**6,907.6**

(*) The complete plant ramp-up is scheduled for the course of 2012.
(**) Complex comprised of 3 power plants.

Estreito. The Estreito Hydroelectric Power Plant (Estreito HPP), located 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. Tractebel controls Companhia Energética Estreito, which has a 40.07% stake in the Consórcio Estreito Energia, the latter responsible for the implementation of the Plant. The other partners are Vale, with 30.00%; Alcoa Alumínio, with 25.49%; and Intercement Brasil S.A. – a subsidiary of the Camargo Corrêa group, with 4.44%.

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$ 155.07/MWh, the price referenced to March 31, 2012, with deliveries beginning in 2012 for a period of 30 years. The following table shows the impact of the ramp-up in the commercial capacity of the Plant.

Estreito's Ramp-Up (Average MW) – Tractebel's Share

Unity	Assured Energy	Accumulated Assured Energy		Operating Date
	MW	MW	%	
Generating Unit 1	52.01	52.01	20.2%	04/29/11
Generating Unit 2	51.69	103.71	40.4%	07/02/11
Generating Unit 3	50.80	154.51	60.1%	09/30/11
Generating Unit 4	38.38	192.88	75.1%	12/23/11
Generating Unit 5	25.99	218.87	85.2%	03/02/12
Generating Unit 6	18.50	237.37	92.4%	-
Generating Unit 7	12.51	249.88	97.3%	-
Generating Unit 8	7.00	256.88	100.0%	-

Projects under Construction

New Projects

Power plants	Source	Location	Installed Capacity (MW)	
			Total	Group's portion
Jirau	Hydro	Madeira River (RO)	3,750.0	1,878.8
Porto do Delta and Trairi Complex*	Wind Farm	Parnaíba (PI) and Trairi (CE)	145.4	145.4
Total			**3,895.4**	**2,024.2**

(*) Trairi Complex is comprised of the Mundaú, Fleixeiras I, Trairi and Guajiru power plants.

Jirau. Energia Sustentável do Brasil (ESBR), comprising IPR-GDF SUEZ (50.1%), Eletrosul (20.0%), Chesf (20.0%) and Camargo Corrêa (9.9%), is a Special Purpose Company 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. ESBR submitted the winning bid at the 35-year concession auction organized by Aneel on May 19, 2008, offering the most competitive proposal for 70% of the energy to be produced by the Plant, at the time, based on a total of 44 generating units, a 3,300 MW installed capacity and 1,975.3 average MW of commercial capacity for captive customers supplied by electric energy distributors as from January 2013. At the A-3 energy auction held on August 17, 2011, ESBR sold a further 209.3 average MW for delivery in 2014 over a 30-year period, the result of increased expansion of the initial project to 50 generating units and 3,750 MW of installed capacity. Hence, the total commercial capacity has risen to 2,184.6 average MW. In addition, discussions are taking place with the licensing authority and the regulator as to the further ramping up of additional commercial capacity of approximately 90 average MW which can be added to the 2,184.6 average MW already approved. In line with the prevailing business model, it is envisaged that the plant will be transferred to Tractebel when the main development risks have been mitigated, an event which is expected to take place around the Plant's commercial operation date (COD).

Wind farms. In 2011, the works for the construction of five wind farms started in Northeast Brazil – one in the state of Piauí and four in the state of Ceará – with a total installed capacity of 145.4 MW and representing an investment of R$ 625.6 million. Currently it is in development the civil construction works of the projects and equipment manufacture. Siemens is responsible for the supply and assembly of the 63 towers and wind turbines - model SWT 2.3-101 units, each with a capacity of 2.3 MW.

Uptime Operating

In 1Q12, the plants operated by Tractebel Energia achieved a 97.2% uptime ratio, excluding scheduled stoppages, being 98.0% in hydroelectric generation, 93.8% in thermoelectric generation and 91.9% for the plants operating complementary sources (SHPs, wind and biomass).

When all the scheduled stoppages are taken into account, the overall uptime in the first quarter 2012 was 89.0%, being 93.4% in hydro generation, 65.6% in thermal and 78.7% in generation from complementary sources. This amount is five percentage points down on the overall uptime in the same period for the preceding year (94.0%) - principally a reflection of the greater number of scheduled maintenance stoppages during the period at both thermal and hydro plants.

Production

In 1Q12, electric energy output from the plants operated by Tractebel was 8,677 GWh (3,973 average MW), a year-on-year reduction of 15.8% in relation to 1Q11 when 10,307 GWh (4.772 average MW) was generated. Of the total generation, hydroelectric plants were responsible for 7,702 GWh (3,526 average MW), the thermoelectric plants for 822 GWh (376 average MW) and the plants fired from complementary sources, for 154 GWh (71 average MW). Compared with 1Q11, these results

represented a reduction of 19.8% in relation to the hydro plants, an increase of 45.0% and 9.2% for the thermal and complementary plants, respectively. These numbers indicate that the reduction in the Company's generation in 1Q12 was concentrated on the hydroelectric complex due to a drastic reduction in rainfall, more particularly at the end of the period under review when compared with the high rainfall volume recorded in 1Q11. In the light of this scenario, the National Electrical Systems Operator (ONS) executed a high level of dispatch from the Company's thermoelectric plants in March, including the C Unit of the Jorge Lacerda Thermoelectric Complex (UTLC), which was going through a scheduled maintenance stoppage since January 13, 2012.

On March 2, the Estreito Hydro Power Plant's fifth generating unit began operations, increasing the Company's installed capacity by 135.9 MW. The three remaining units are expected to go into operation by the end of the year thus completing the Plant's installed capacity of 1,087 MW.

It is worth noting that the increase or reduction in hydro generation does not necessarily result in an improvement or deterioration in the Company's 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.

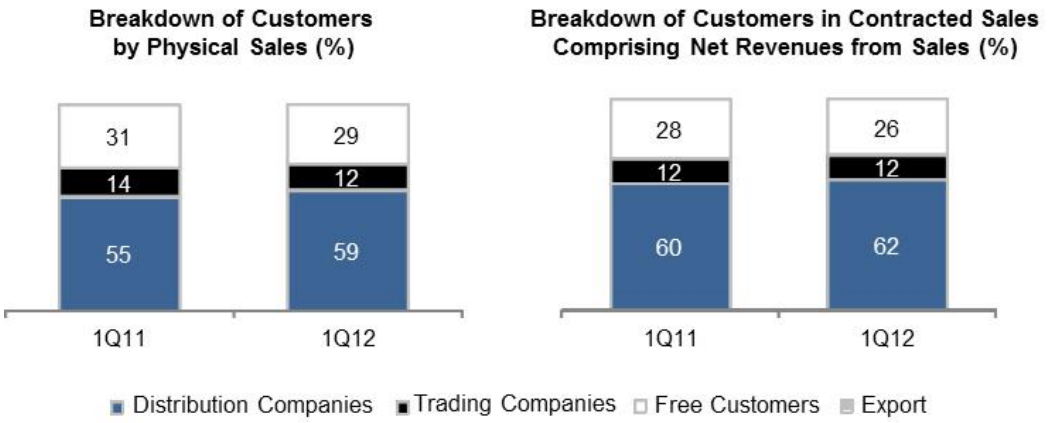
The increase in the Company's thermal generation mitigates exposure to the spot price (PLD), the opposite also being true, all other variables remaining unchanged.

Clients

Tractebel Energia has a well-diversified customer portfolio, serving energy distribution companies through Government-organized electric energy auctions, and also trading companies and free customers (mostly large industrial clients) the latter being 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.

By maintaining a close relationship with its customers, the Company is able to identify their needs and, thus, develop customized products and services that enhance their loyalty.

Compared with 1Q11, the participation of free customers as a percentage of total physical sales of the Company in 1Q12 decreased 1.7 p.p. to 29.2%. The contribution of these customers to total net revenues from sales relative to contracted sales fell 1.6 p.p. from 28.0% in 1Q11 to 26.4% in 1Q12. The growth in the participation of sales to the distributors reflects the beginning of commercial operations at the Estreito HPP, which will supply the regulated contracting environment for a period of 30 years as from January 2012.



STRATEGY

The Company pursues a commercial strategy of gradual sales of future energy availability for any given year as a means of offsetting the risk of exposure to spot prices (Price for Settlement of Differences - PLD) for that particular year. Electric energy sales are made during windows of opportunity which open when the market shows a greater buying propensity.

In line with data for proprietary commercial capacity and purchase and sale contracts in effect on March 31, 2012, Tractebel reported the following energy balance.

Energy Balance

	(avg MW)	2012	2013	2014	2015	2016	2017	Auction Gross Price (R$/MWh)	Reference Date	Gross price adjusted as of 03/31/2012 (R$/MWh)
	Own Resources	3,575	3,658	3,681	3,681	3,681	3,681			
+	Purchases for Resale	601	411	316	215	205	200			
=	Total Resources (A)	4,176	4,069	3,997	3,896	3,886	3,881			
	Regulated Sales*	1,669	1,669	1,669	1,659	1,513	1,154			
	2004-EE-2007-08	10	10	10	-	-	-	70.9	Dec-04	98.1
	2005-EE-2008-08	146	146	146	146	-	-	81.6	Apr-05	109.7
	2005-EE-2009-08	359	359	359	359	359	-	94.0	Oct-05	123.9
	2005-NE-2010-30	200	200	200	200	200	200	115.1	Dec-05	150.3
	2006-NE-2009-30	493	493	493	493	493	493	128.4	Jun-06	164.8
	2006-NE-2011-30	148	148	148	148	148	148	135.0	Nov-06	172.5
	2007-NE-2012-30	256	256	256	256	256	256	126.6	Jun-07	155.1
	Proinfa	44	44	44	44	44	44	147.8	Jun-04	225.2
	1st Reserve Energy Auction	13	13	13	13	13	13	158.1	Aug-08	190.5
+	Bilateral Sales	2,485	2,386	2,067	1,728	1,303	1,121			
=	Total Sales (B)	4,154	4,055	3,736	3,387	2,816	2,275			
	Balance (A - B)	**22**	**14**	**261**	**509**	**1,070**	**1,606**			
	Sales average **net** price (R$/MWh)*1:	130.5	130.6	131.3						
	Purchases average **net** price (R$/MWh)*2:	121.9	125.3	127.0						

* 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 03/31/12, i.e. future inflation is not considered.
*2: Purchase net price, considering benefits from PIS/Cofins credits, as of 03/31/12, i.e. future inflation is not considered.

Note: The balance refers to the settlement point.
The average prices are considered simply estimates and are based on financial planning revisions, not considering contrated quantities, which are updated quarterly.

Economic and Financial Performance

Net Sales Revenue

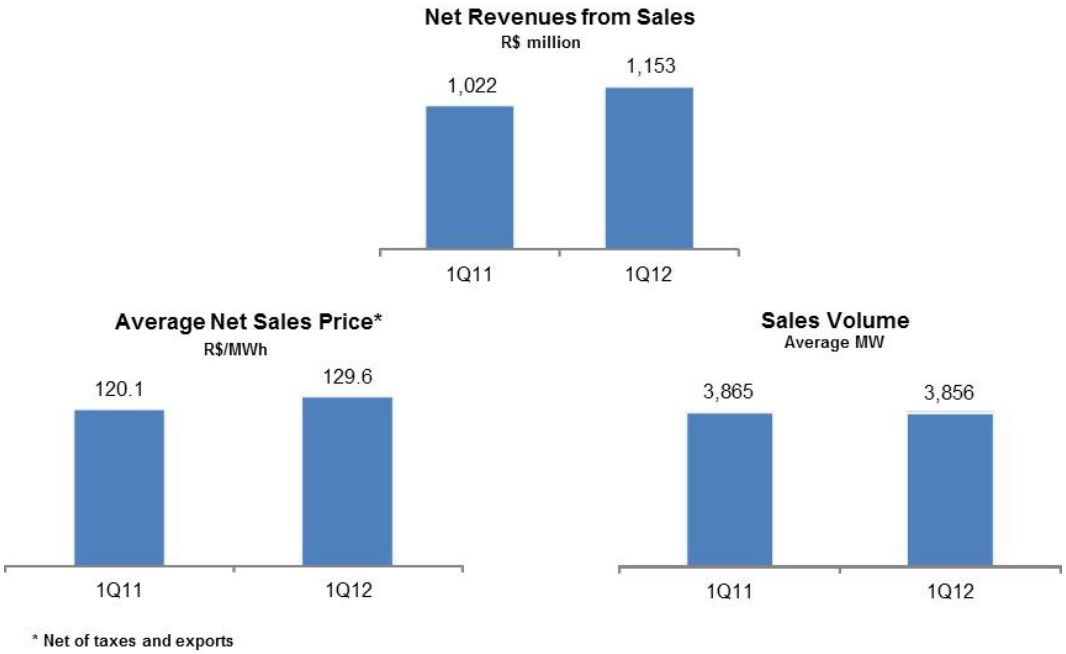
Net sales revenue in 1Q12 reported growth of 12.8%, or R$ 131.4 million, when compared with the same period in the previous year, increasing from R$ 1,022.1 million to R$ 1,153.5 million. The factors contributing to this increase in sales were as follows: (i) R$ 73.1 million due to an increase in average net selling price; (ii) R$ 42.2 million – resulting from operations conducted through the Energy Trading Board (CCEE); and (iii) R$ 16.1 million – an increase in energy sales volume. The increase in net sales revenue, due to the startup in commercial operations at the Estreito plant and already incorporated in the foregoing factors, was R$ 59.3 million.

- **Net average selling price**

The average selling price of contracted energy, net of taxes and exports was R$ 129.62/MWh in 1Q12, 8.0% above the amount reported in the same quarter 2011, the value for which was R$ 120.07/MWh.

- **Sales volume**

Sales volume in 1Q12 was 8,421 GWh, 0.9% higher than 8,349 GWh sold in the same period for 2011, despite a reduction of 3,865 average MW to 3,856 average MW, or 0.2%. The absence of the usual matching proportionality between the GWh and MW reflects the fact that 2012 is a leap year. This variation arose from the association of the following key factors: (i) evolution of 307 GWh (118 average MW) in the wholesale supply of energy to distribution companies; (ii) a reduction of 116 GWh (59 average MW) in energy sales to trading companies; and (iii) a decline of 119 GWh (68 average MW) of energy sold to the Company's free customers.



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

a) Wholesale market for electric energy

Sales revenue from the wholesale supply of energy, namely energy sales to distributors and trading companies, reached R$ 814.6 million in 1Q12 against R$ 721.4 million reported for the same quarter of 2011, a growth of 12.9% between comparative periods. The combination of factors contributing to this increase was as follows: (i) R$ 46.4 million – a rise of 7.4% average net selling price to the distribution companies; (ii) R$ 17.5 million – an increase of 15.9% in the average net selling price of energy to the trading companies; (iii) R$ 41.8 million – an increase of 328 GWh (150 average MW) in the amount of energy sold to the distribution companies; and (iv) R$ 12.5 million – a fall of 116 GWh (59 average MW) in energy volume sold to trading companies. Already factored in the foregoing factors, growth in sales to distributors following the startup of commercial operations at the Estreito HPP was R$ 59.3 million, equivalent to 426 GWh (195 average MW).

b) Retail market for electric energy

Revenue from sales to the retail market (sales to free customers) recorded a decline of 1.4% from R$ 281.0 million in 1Q11 to R$ 276.9 million in the same quarter of 2012. The variation reflected a combination of the following events: (i) R$ 13.2 million – a fall of 119 GWh (68 average MW) in the amount of energy sold; and (ii) R$ 9.1 million – an increase of 3.3% in the average net selling price.

c) Transactions channeled through the Energy Trading Board (CCEE)

In 1Q12, revenue recorded from transactions conducted through the CCEE was R$ 58.3 million as against R$ 16.1 million for the same quarter in 2011 representing an evolution of R$ 42.2 million. More detailed explanations on these operations and related variations can be found below under the item “Details of CCEE operations”.

Costs of Electric Energy and Services

The costs of energy sales rose 27.7%, or R$ 114.6 million, from R$ 414.4 million in 1Q11 to R$ 529.0 million in the quarter under analysis essentially due to variations in the following elements:

a) **Electric power purchased for resale:** increase of R$ 67.2 million, equivalent to 478 GWh (214 average MW) in 1Q12 against the same quarter 2011 due to the Company’s plan to purchase short and medium-term energy for the creation of new products for supply over three, four and five years.

b) **Transactions channeled through the CCEE:** there was an increase in these costs between the comparative quarters of R$ 3.9 million. Greater detail is given in the specific item below.

c) **Fuel Expenses:** fuel expenses increased only R$ 0.4 million between the periods.

d) **Charges for the use of and connection to the electricity grid:** increase of R$ 18.2 million in the quarter under review as against 1Q11, principally reflecting: (i) the annual adjustment in the Tariff for Use of the Transmission System (TUST), for account of the transmission companies' tariff review process; (ii) revision of contracted amounts; and (iii) the collection of TUST on Estreito HPP's initial commercial operations.

e) **Financial compensation for the use of water resources (royalties):** year-on-year decline of R$ 12.7 million, the result of a combination of the following events: (i) reduced hydroelectricity generation due to drought conditions in southern Brazil, where part of the Company's generating complex is located; (ii) readjustment in the annual tariff; and (iii) initial collection of royalties on generation from Estreito HPP.

f) **Personnel:** increase of R$ 6.4 million in 1Q12 against the same quarter 2011 due to a combination of the following factors: (i) increase in the headcount in line with the growth of the Company's businesses; (ii) annual readjustment in employee salaries; (iii) reversal of provisions of R$ 3.0 million in the first quarter of 2011 due to the liquidation of provisions in an amount lower than originally provisioned. Excluding this reversal, the increase in expenses with personnel would have been R$ 3.4 million, that is 9.8% against the same quarter in 2011.

g) **Third party services and material:** increase of R$ 3.9 million between the quarters under analysis due basically to higher demand for maintenance and conservation services at the Company's generating units and, to a lesser degree, environmental consultancy and engineering services.

h) **Depreciation and amortization:** increase of R$ 16.0 million in the quarter under review in relation to 1Q11, principally due to the startup in commercial operations at Estreito HPP.

i) **Other:** the increase arising from the recognition of a non-recurring adjustment of taxes payable on electric energy purchases of R$ 10.6 million.

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 including this specific topic, allowing us to analyze the oscillations of the principal elements involved in spite of 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: (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 accounting) which will be settled at the spot price.

In 1Q12, the Company recorded a net positive result – the difference between income and expenses – net of related taxes and contributions - arising out of transactions conducted on the CCEE of R$ 40.2 million against a net positive result of R$ 1.8 million posted in 1Q11 and therefore an improvement of R$ 38.4 million between comparable periods.

The increase in this result was principally due to the combination of the following factors: (i) reduction of the allocation of energy, principally in January 2012; (ii) lower thermoelectric exposure and, thus, short position on the CCEE to a lower degree; (iii) increase in revenue from secondary energy (energy which is obtained when hydroelectric energy generation exceeds the system's average assured energy); and (iv) negative impact on the MRE due to reduced volume of hydroelectric generation.

It is worth noting that the increase from R$ 32.83/MWh in 1Q11 to R$ 66.26/MWh in 1Q12 in the average spot price (PLD) for the South and Southeast/Midwest sub-markets, contributed to further increasing the negative impacts from the exposure to thermoelectric generation and the Company's short position with the CCEE and to growth in gains from secondary energy.

General and Administrative Expenses

The general and administrative expenses in the comparative quarters continued stable at R$ 38.3 million. The most significant change in the accounts comprising this group were as follows: (i) growth of R$ 2.6 million in payroll expenses due, above all, to the annual salary adjustment and the reversal of provisions in the first quarter of 2011 due to the liquidation of provisions for

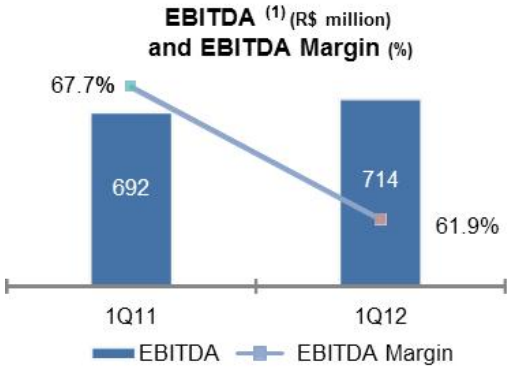
amounts lower than the allowance originally made; and (ii) reduction of R$ 2.2 million in indemnification to third parties with respect to court agreements reached in 1Q11.

Constitution (Reversals) of Operating Provisions, Net

This item posted a negative variation of R$ 12.5 million between the comparative quarters and was due to the following factors: (i) a decrease of R$ 18.6 million in the reversal of a provision for a post-employment benefit; and (ii) the constitution in 1Q11 of a provision for non-performing credits on values receivable from a trading company in the amount of R$ 5.9 million.

EBITDA and EBITDA Margin

A reflection of the factors previously commented, EBITDA in 1Q12 reached R$ 714.4 million, 3.2% above the R$ 692.5 million reported in 1Q11. The EBITDA margin reached 61.9% against 67.7% in the same period in the preceding year. The narrower margin is largely a result of the increase in energy purchase and sale operations, the margins on which are smaller than those obtained with sales of energy generated by the Company itself through medium and long-term operations.



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

To allow the reconciliation of the operating result with EBITDA, we show the following table:

(in thousand R$)	1Q12	1Q11	Chg. %
Operating income	494,508	465,449	6.2
(+/-) Financial Result	85,765	108,412	-20.9
(+) Depreciation and Amortization	134,088	118,631	13.0
EBITDA	**714,361**	**692,492**	**3.2**

Financial Result

Financial income: in 1Q12, these revenues reached R$ 23.3 million, R$ 16.4 million down on R$ 39.7 million reported in the same quarter of 2011. This variation reflected the following: (i) a decline of R$ 10.2 million in income from financial investments essentially due to lower invested amounts and, to a lesser degree, a decline in interest rates; and (ii) a reduction of R$ 3.6 million in charges on accounts receivable for energy.

Financial expenses: an year-on-year decrease of R$ 39.0 million from R$ 148.1 million in 1Q11 to R$ 109.1 million in 1Q12. This variation represented an association of the following key factors: (i) a reduction of R$ 18.9 million in monetary variation of concessions payable largely related to the smaller oscillation in the IPCA and IGP-M inflation indices in the comparative quarters; (ii) decrease of interest on loans, financing and debentures in the amount of R$ 11.5 million due to amortizations and prepayment of debt between the periods under review; (iii) reduction of R$ 8.8 million in monetary restatement on loans, financing and debentures due to the payment of debentures indexed to inflation indices; (iv) growth of R$ 3.7 million in interest on concessions payable; and (v) a positive change of R$ 4.6 million in the currency variation result for debt indexed to the US Dollar and the Euro.

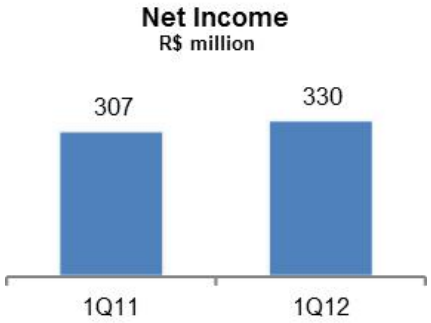
Income Tax and Social Contribution on Net Income

Income Tax and Social Contribution expenses in 1Q12 were R$ 165.0 million, R$ 6.5 million higher than in 1Q11 when the total was R$ 158.5 million. This variation reflects largely the trend in income before taxes. These expenses represented 33.4% and 34.0%, respectively of the pre-tax result in 1Q12 and 1Q11

Net Income

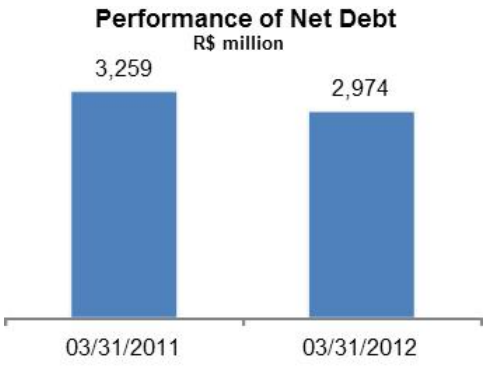
1Q12 net income reached R$ 329.5 million, 7.4% or R$ 22.5 million above the R$ 307.0 million reported for the same quarter in 2011, reflecting the effects previously commented.

The growth in net income was essentially due to a combination of the following factors already discussed during the course of this report: (i) increase in the average net selling price; (ii) positive results related to the beginning of commercial operations at Estreito HPP; (iii) a larger volume of power purchasing transactions of energy for resale; (iv) increase in the positive result for transactions conducted through the CCEE; (v) decrease in financial expenses; and (vi) negative impact on the constitution and reversal of operating provisions between the quarters under review.

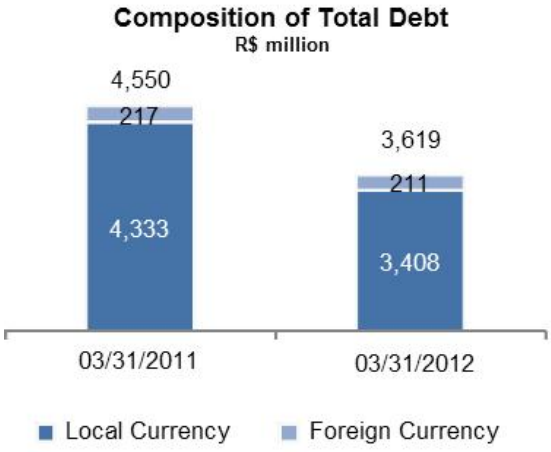


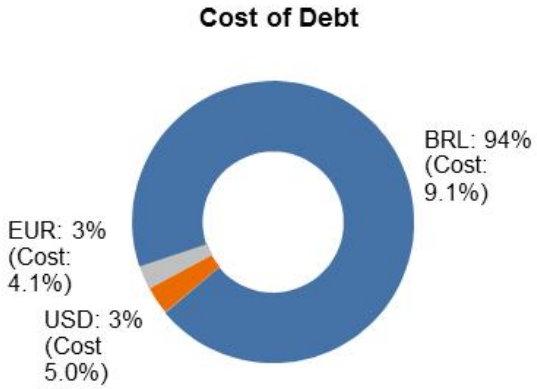
Debt

On March 31, 2012, the Company recorded net debt (total debt less cash and cash equivalents) of R$ 2,974.5 million, 8.7% lower than the R$ 3,259.3 million posted in 1Q11.

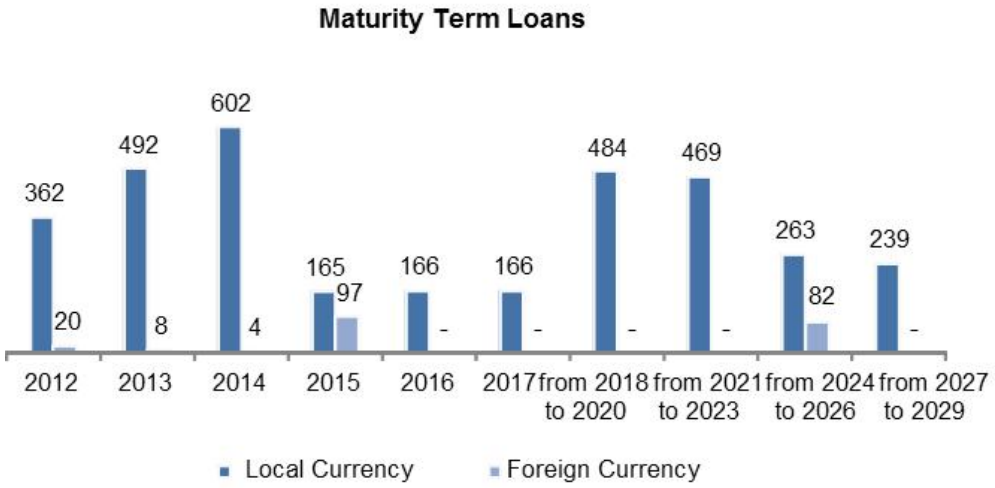


Total consolidated gross debt – represented principally by loans, debentures and financing – amounted to R$ 3,619.6 million, a decrease of 20.5% compared to the position on March 31, 2011. Of total debt outstanding at the end of the period, 5.8% were foreign currency denominated (4.8% in 1Q11), this portion being unhedged due to its long amortization profile.





The reduction in Company debt is related largely to a combination of the following events between 1Q11 and 1Q12: (i) drawdown from the National Economic and Social Development Bank (BNDES) and its financial agents in the total accumulated amount of R$ 18.8 million to meet investment requirements at Estreito HPP; (ii) the generation of R$ 349,1 million in charges to be paid together with monetary and currency restatement; (iii) contracting additional funding of R$ 430.0 million through a loan from the Bank of America Merrill Lynch; (iv) amortizations of debentures worth R$ 1,322.1 million; and (v) amortizations of loans and financing of R$ 406.5 million**.**



Capital Expenditures

In the first quarter 2012, the Company's investments amounted to R$ 99.9 million of which R$ 64.1 million was used in the construction of new plants and R$ 35.8 million for projects involving maintenance and modernization of the generator complex.

SUSTAINABILITY: COMMITMENT, CERTIFICATIONS AND PERFORMANCE

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 and after. 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.

Regarding social-environmental indicators, the following table presents the quarter highlights:

Sustainability Indexes[1]			
Index	**1Q12**	**1Q11**	**Change**
Number of licenced power plants	22	22	-
Number of certified power plants	15	15	-
Generating complex uptime, excluding scheduled stoppages (%)	97.2	98.5	-1.3 p.p.
Generating complex uptime, considering all stoppages (%)	89.0	94.0	-5.0 p.p.
Number of attendees at Power Plants Visit and Environmental Education Program	7,371	10,539	-30.1%
Donation and seedling planting (planted and donated amount, not considering CESTE)	33,138	87,170	-62.0%
Frequency Rate (FR), not considering third parties services[2]	0.000	0.000	⇔
Severity Rate (SR), not considering third parties services[3]	0.000	0.068	⇩
Frequency Rate (FR), considering third parties[2]	0.000	1.900	⇩
Severity Rate (SR) , considering third parties[3]	0.000	0.038	⇩
Childhood and Adolescence Fund and Rouanet Culture Incentive Law Investment (R$ million)	2.135	1.233	73.2%
Non Encouraged Investments, not considering Estreito Social Investment (R$ million)	0.433	0.342	26.6%

1) More indexes can be found in ITRs - Quarterly Information reports (www.tractebelenergia.com.br / investor / CVM files)
2) FR = number of labor accidents occurred per one million hours of risk exposure
3) SR = number of days lost with labor accidents occured per one thousand hours of risk exposure

CORPORATE GOVERNANCE

Tractebel Energia's bylaw has been permanently adapted to comply with the new rules and procedures of the BM&FBovespa's Novo Mercado Listing Regulations. The Company's Board of Directors is 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, the 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.

With respect to the asset transfer model and other transactions with related parties, Tractebel and its controlling shareholder understand that its existing corporate governance standards should be raised even further. Among the initiatives implemented stands out the creation, by means of adaptation to the Company's Bylaw, of the Special Independent Committee for Valuation of Transactions with Related Parties, a non-permanent body, which, when called, will be composed in its majority by independent directors of the Tractebel Energia's Board.

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

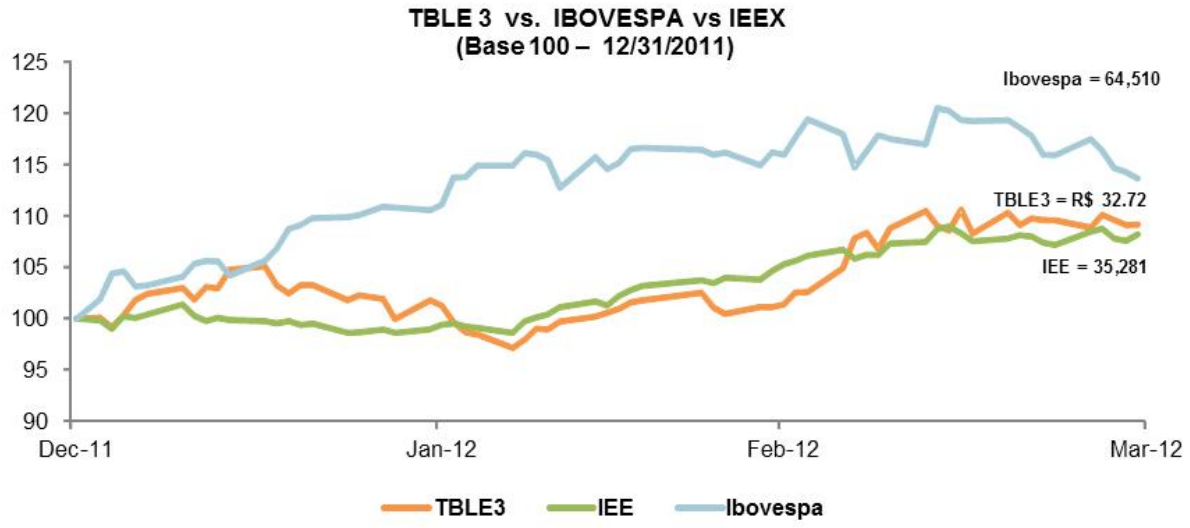
The Bovespa Stock Index (Ibovespa) rallied during the first quarter 2012, ending the period 13.7% higher, and compared with equal periods, the best performance since the first three months of 1999 when the index jumped by 16.7%. It was also the best performance since the third quarter 2009 if all quarters are taken into consideration.

In the view of market players, the rally during the quarter was a reflection of the reduction in the basic Selic rate which was cut to 9.75% in early March from 11% at the end of 2011, and strong capital inflows during the quarter. Equally, developments on the internatonal front saw a less turbulent scenario in Europe, stimulating an improvement in investor mood.

Tractebel Energia's shares recorded an appreciation of 9.2% in 1Q12, surpassing the 8.2% increase in the Electric Energy Stock Index (IEE).

The Company's securities were traded on all the days the BM&FBovespa was open for business in the period with an average daily trading volume of R$ 22.9 million, representing a significant increase (52.1%) compared with the R$ 15.0 million registered in 1Q11.

Tractebel shares closed the trading day on March 31, 2012 priced at R$ 32.72/share corresponding to a market capitalization for the Company of about R$ 21.4 billion.



UPCOMING EVENTS

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

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

Date: May 7, 2012
Time: 10:00 a.m. (EDT) / 11:00 (Brasília time)

Connection numbers:
Participants in Brazil: (11) 4688-6361
Participants in the USA: +1 888 700-0802
Participants from other countries: +1 786 924-6977
Access code: Tractebel

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

Replay will be available from May 7th to 13th, 2012. Access by dialing: (55 11) 4688-6312, code: 6189949#.

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	**3/31/2012**	**12/31/2011**
Current Assets	**1,531,979**	**1,612,706**
Cash and cash equivalents	645,077	781,808
Accounts receivables from clients	595,343	542,149
Taxes to recover	153,495	150,792
Inventory	49,281	42,837
Pledges and restricted deposits	35,177	38,923
Other credits	53,606	56,197
Non Current Assets	**10,726,448**	**10,758,515**
Long Term Assets	**770,326**	**776,815**
Taxes to recover	152,606	162,007
Pledges and restricted deposits	92,715	90,567
Deposits in court	107,430	105,832
Receivable on assets	86,886	86,886
Deferred income taxes and social contribution	280,199	280,090
Other credits	50,490	51,433
Property, Plant and Equipment	**9,860,657**	**9,885,151**
Intangible	**95,465**	**96,549**
Total	**12,258,427**	**12,371,221**

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

(in thousands of R$)		
Liabilities	**3/31/2012**	**12/31/2011**
Current Liabilities	**1,662,008**	**1,559,196**
Suppliers	266,972	234,336
Dividends and interest on shareholder´s equity	522,143	221,025
Loans and financing	238,892	233,924
Debentures	194,338	183,540
Tax obligations	195,371	438,507
Labor Obligations	62,320	53,710
Research and development (R&D) obligations	20,333	19,390
Provision for tax, civil and labor risks	9,115	8,615
Concessions payable	46,588	45,688
Post-employment benefits	36,045	36,045
Other obligations	69,891	84,416
Non Current Liabilities	**5,333,981**	**5,361,767**
Loans and financing	2,873,854	2,923,882
Debentures	312,488	307,854
Research and development (R&D) program obligations	40,775	38,959
Provision for tax, civil and labor risks	141,469	132,591
Concessions payable	1,243,815	1,220,264
Post-employment benefits	291,150	300,964
Deferred income taxes and social contribution	419,178	422,699
Other obligations	11,252	14,554
Shareholders' Equity	**5,262,438**	**5,450,258**
Share capital	2,445,766	2,445,766
Capital reserves	91,695	91,695
Fixed asset valuation	634,159	648,363
Profit reserves	1,748,075	1,744,815
Additional proposed dividends	-	517,342
Retained Earnings	340,323	-
Minoritary shareholders share	2,420	2,277
Total	**12,258,427**	**12,371,221**

ATTACHMENT III
TRACTEBEL ENERGIA S.A.
CONSOLIDATED INCOME STATEMENT

(in thousands of R$)	1Q12	1Q11	Chg. %
Net Revenues from Sales	**1,153,467**	**1,022,129**	**12.8**
Energy Sales Costs	**(528,979)**	**(414,358)**	**27.7**
Electric power purchased for resale	(172,436)	(105,226)	63.9
Transactions channeled through the CCEE	(18,100)	(14,182)	27.6
Fuel expenses	(5,286)	(4,941)	7.0
Charges for the use of and connection to the electricity grid	(84,473)	(66,286)	27.4
Financial compensation for use of water resources	(25,473)	(38,208)	-33.3
Personnel	(37,850)	(31,470)	20.3
Materials and third party services	(35,138)	(31,259)	12.4
Depreciation and amortization	(131,281)	(115,335)	13.8
Others	(18,942)	(7,451)	154.2
Gross Income	**624,488**	**607,771**	**2.8**
Operating Income (Expenses)	**(44,215)**	**(33,910)**	**30.4**
Selling expenses	(3,903)	(4,856)	-19.6
General and administrative expenses	(38,330)	(38,303)	0.1
Constitution (Reversals) of Operating Provisions, Net	(2,463)	9,998	-124.6
Other operating income (expenses), net	481	(749)	-164.2
Service Income	**580,273**	**573,861**	**1.1**
Net Financial Result	**(85,765)**	**(108,412)**	**-20.9**
Financial income	23,303	39,685	-41.3
Financial expenses	(109,068)	(148,097)	-26.4
Income Before Taxes	**494,508**	**465,449**	**6.2**
Income tax	(120,644)	(115,859)	4.1
Social contribution	(44,342)	(42,636)	4.0
Net Income for the Period	**329,522**	**306,954**	**7.4**
EBITDA	**714,361**	**692,492**	**3.2**
Net income per share	0.5048	0.4703	7.4

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

(in thousands of R$)	1Q12	1Q11
Operating cash flow		
Net income before taxes	494,508	465,449
Adjustments to reconcile net income taxes and operating cash flow:		
Depreciation and amortization	134,088	118,631
Monetary and exchange rate variation	10,166	40,464
Interests	88,327	90,521
Reversal of operating provisions, net	3,365	(7,863)
Others	109	1,189
	730,563	708,391
Variation in Assets and Liabilities		
Accounts receivables from clients	(52,979)	20,630
Taxes to recover	11,726	(4,812)
Inventory	(6,444)	(5,692)
Pledges and linked / judicial deposits	5,417	56,185
Suppliers	24,271	(8,178)
Post-employment benefits	(8,771)	(9,736)
Research and development obligations	2,759	(3,841)
Advancement to clients	(6,596)	(3,915)
Others	(17,371)	5,006
	(47,988)	45,647
Cash from operating activities	**682,575**	**754,038**
Paid income tax and social contribution	(393,627)	(429,990)
Interest on loans, financing and debentures paid	(56,612)	(23,223)
Net cash from operating activities	**232,336**	**300,825**
Investments activities	**(91,842)**	**(96,812)**
Used in fixed assets	(91,000)	(94,322)
Used in intangibles	(842)	(2,490)
Financing activities	**(277,225)**	**4,372**
Loans, financing and debentures	-	54,007
Payment of loans, financing and debentures	(49,219)	(40,150)
Payments of concessions payable	(11,901)	(10,262)
Payment of dividends and interest on shareholders' equity	(216,224)	(3)
Pledges and deposits for funding	119	780
(Decrease) Increase in cash and cash equivalents	**(136,731)**	**208,385**
Cash and cash equivalents		
Opening balance	781,808	1,082,580
Closing balance	645,077	1,290,965
	(136,731)	**208,385**
Transactions that do not affect cash and cash equivalents		
Dividends and interest on shareholders' equity credited	517,342	158,270
Offsetting of income tax and social contribution	359	298
Supplier's of fixed assets	7,032	5,538
Capitalized interest on loans and concession	14,670	30,261