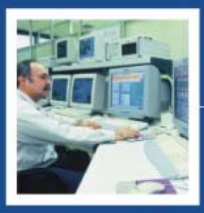
Tractebel Energia
SUEZ





2Q06

TRACTEBEL ENERGIA announces net income of R$ 189 million and EBITDA of R$ 416 million in the second quarter of 2006

Florianópolis (SC), August 11 2006 – Tractebel Energia S.A. (Bovespa: TBLE3), the largest private electricity generating company in Brazil, today announces earnings for the second quarter ending June 30 2006 (2Q06). 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 Reais, except where otherwise indicated.

For immediate release

Additional information may be obteined by contacting the Investor Relations Area:

Marc Verstraete
Finance and
Investor Relations Director
marc@tractebelenergia.com.br

Antonio Previtali Jr.
Investor Relations Manager
previtali@tractebelenergia.com.br
Tel: (48) 3221-7221

Visit our website:

www.tractebelenergia.com.br

Highlights

- Tractebel Energia reported a net income of R$ 188.8 million in 2Q06, equivalent to earnings per share of R$ 0.29. In the first half of the year (1H06), net income was R$ 532.6 million. Based on the net income for the first semester, the Board of Directors has approved the credit of interest on own capital in the amount of R$ 114.0 million and a distribution of interim dividends worth R$ 324.0 million.
- EBITDA increased by 14.8% in relation to the second quarter 2005 (2Q05) and 6.7% compared with the first quarter 2006 (1Q06), reaching R$ 416.3 million, equivalent to an EBITDA margin of 62.6%.
- Consolidated net revenue totaled R$ 665.3 million, 17.5% more than the same period in 2005, reflecting the combined impact of volume and contracted energy prices.
- On June 28 2006 at the new energy auction, the Company was the leading hydroelectricity power seller, negotiating 493 aMW (average MW) to be generated by the Itá and Cana Brava plants at an average price of R$ 128.35/MWh.
- Lages Cogen Powerplant is the first one in Brazil, burning wood-industry residues, to be certified by United Nations' Clean Development Mechanism (CDM) Executive Board. Now it is among the 172 projects worldwide which are able to negotiate carbon credits.

Summary of economic and operational indicators

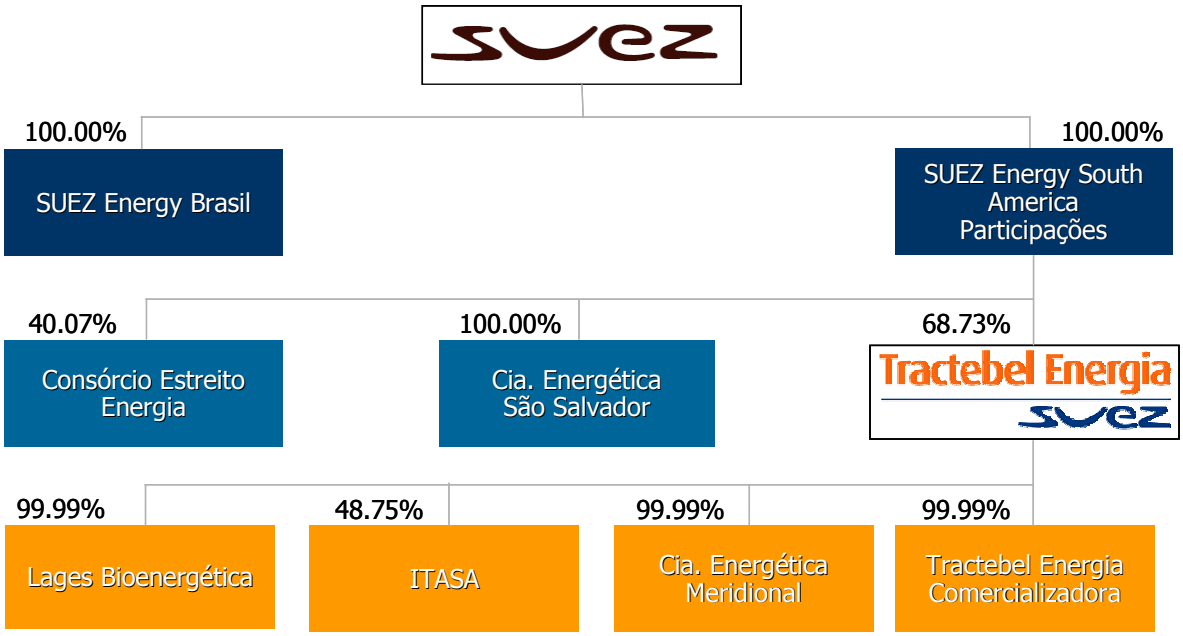
Tractebel - Consolidated	Quarter			Accumulated		
In Millions of Reais	2Q06	2Q05	Chg.	1H06	1H05	Chg.
Gross operating revenue	754.4	646.1	16.8%	1,462.4	1,318.0	11.0%
Net operating revenue	665.3	566.0	17.5%	1,295.8	1,155.6	12.1%
Result from service (EBIT)	364.3	309.9	17.6%	712.3	625.1	13.9%
EBITDA (1)	416.3	362.6	14.8%	816.3	730.6	11.7%
EBITDA / NOR - %	62.6%	64.1%	-1.5 p.p.	63.0%	63.2%	-0.2 p.p.
Net income	188.8	220.5	-14.4%	532.6	392.7	35.6%
Net debt	1,091.6	1,357.4	-19.6%	1,091.6	1,357.4	-19.6%
Energy sold (GWh)	8,305	7,328	13.3%	15,727	15,173	3.7%
Number of employees	906	890	1.8%	906	890	1.8%

(1) EBITDA represents: net income + financial results + non-operating results + social contribution tax and income tax + depreciation and amortization + amortization of goodwill.

CORPORATE PROFILE

Tractebel Energia is the largest private sector electricity generating company in Brazil. It is made up of a generating complex of 13 hydroelectric and thermoelectric power plants located in the states of Paraná, Santa Catarina, Rio Grande do Sul, Mato Grosso do Sul and Goiás, with a installed capacity of 5,860 MW. Tractebel Energia is controlled by the SUEZ Group.

% of total capital – June 30, 2006



Lages Bioenergética Ltda.: constituted in 2002, this subsidiary operates as an independent energy producer through the Lages thermoelectric power plant, located in the municipality of Lages (SC). This is a co-generating plant with a 28 MW steam turbo-generator, which produces energy from timber waste (biomass) as a fuel. The concession period for construction and operating the plant expires in October 2032.

Itá Energética S.A. - ITASA: holds the concession for operating the Itá Hydroelectric Plant together with Companhia Siderúrgica Nacional-CSN and Companhia de Cimento Itambé. The plant is located on the Uruguai River, between the municipalities of Itá (SC) and Aratiba (RS) and has an installed capacity of 1,450 MW with five sets of generators, each having an output of 290 MW. The concession period for the construction and commercial operating of the plant expires in October 2030.

Cia. Energética Meridional-CEM: holds the concession for the Cana Brava Hydroelectric Plant sited on the Tocantins River, northern region of the state of Goiás with an installed capacity of 450 MW. The concession period for construction and commercial operating of the plant expires in August 2033.

Tractebel Energia Comercializadora Ltda.: constituted in October 2000 with its corporate objective being the commercialization of electricity in the unregulated market, including buying, selling, importing and exporting electricity as well as the intermediation of any of these operations and the practice and concluding of transactions arising from these activities.

Capital Stock

On June 30 2006, the Company's capital stock was R$ 2,445.8 million, representing 652,742,192 common shares with no par value. The breakdown of corporate ownership of the Company is as follows:

Breakdown of Capital	%
SUEZ Energy South America Part. Ltda.	68.73
Banco Clássico	10.00
BNDESPAR	2.80
Federal Government	1.90
Other	16.57
	100.00

OPERATING PERFORMANCE

Generating Complex

The Company continues to rank as the largest private generating company in Brazil and operates 6,977 MW of installed capacity, made up of six hydroelectric and seven thermoelectric power plants, of which 11 are wholly owned by Tractebel Energia S.A and two (the Itá and Machadinho hydro plants) operated by a consortia of companies, of which Tractebel Energia is a member.

Tractebel Energia's generating complex

Power plants	Hydro/ Thermal	Location	Installed Capactity (MW)	
			Total	Tractebel's portion
Salto Santiago	Hydro	Rio Iguaçu (PR)	1,420	1,420
Salto Osório	Hydro	Rio Iguaçu (PR)	1,078	1,078
Passo Fundo	Hydro	Rio Passo Fundo (RS)	226	226
Itá	Hydro	Rio Uruguai (SC and RS)	1,450	1,090
Machadinho	Hydro	Rio Uruguai (SC and RS)	1,140	383
Cana Brava	Hydro	Rio Tocantins (GO)	450	450
Total - Hydro			**5,764**	**4,647**
Jorge Lacerda Complex *	Thermal	Capivari de Baixo (SC)	857	857
Charqueadas	Thermal	Charqueadas (RS)	72	72
Alegrete	Thermal	Alegrete (RS)	66	66
William Arjona	Thermal	Campo Grande (MS)	190	190
Lages	Thermal	Lages (SC)	28	28
Total - Thermal			**1,213**	**1,213**
Total			**6,977**	**5,860**

(*) Complex comprised of 3 power plants.

Production

In the second quarter of 2006, Tractebel Energias's plants reported power production of 4,951 GWh. Compared with 2Q05, this represented an increase of 10.0% in thermoelectric generation, amounting to 1,466 GWh, against a reduction of 28.5% for hydroelectric power generation at 3,485 GWh. Joint energy generation from thermal and hydro sources reported an overall reduction of 20.2% compared with 2Q06. This was a reflection of the severe drought affecting southern Brazil, leading the National Electricity System Operator (ONS) to reduce the deliveries by the hydro plants and increase the deliveries by the thermoelectric generators located in the South. At the same time, there was an increase in energy transfers from the Southeast to the South.

In 1H06, total electric energy production amounted to 10,981 GWh, being 8,156 GWh from the hydro plants and 2,825 GWh from thermal sources. Once more due to the drought in the south of the country, overall generation volume for the semester was down by 14.3% compared with the same period in 2005. These volumes include the total output from the Itá and Machadinho plants, the only ones in the overall generating complex that are not wholly owned by the Company.

In 2Q06, Tractebel Energia's 13 plants operated at 99.0% uptime, ignoring scheduled maintenance. Taking all stoppages into account, global uptime was 95.3%, 96.0% in the case of hydro generation and 91.6% for the thermoelectric plants.

The Company reported 1H06 uptime of 99.0%, factoring out programmed stoppages. Considering all stoppages, global uptime was 96.2%, being 97.2% for the hydro plants and 91.6% for the thermoelectric plants.

Energy Balance

At the new energy auction on June 28 2006, Tractebel Energia was the leading seller of hydro power. The Company sold 493 average MW from the Itá and Cana Brava plants for 30 years starting in 2009 at an average price of R$ 128.35/MWh, higher therefore than the average auction price (R$ 126.80/MWh).

The following table, incorporating energy sales from the latest auction, shows the Company's energy balance for the next few years.

Energy balance as of June 30, 2006

	(aMW)	2006	2007	2008	2009	2010	2011	2012	Auction Price (R$/MWh)	Date	Price Corrected to June 30 2006 (R$/MWh)
	Own Resources	3,210	3,167	2,998	3,280	3,280	3,280	3,280			
+	Purchases for Resale	606	333	325	295	295	130	130			
=	Total Resources (A)	3,816	3,499	3,322	3,575	3,575	3,410	3,410			
	Government Auction Sales*	0	10	160	1,034	1,234	1,234	1,234			
	2004-EE-08		10	10	10	10	10	10	70.9	dez-04	76.1
	2005-EE-08			150	150	150	150	150	81.6	abr-05	85.2
	2005-EE-08				381	381	381	381	94.0	out-05	96.3
	2005-EN-30					200	200	200	115.1	dez-05	116.9
	2006-EN-30				493	493	493	493	128.4	jun-06	128.1
+	Bilateral Sales	3,780	3,488	3,110	2,330	2,132	1,186	881			
=	Total Sales (B)	3,780	3,498	3,270	3,364	3,366	2,420	2,115			
	Balance (A - B)	**36**	**1**	**52**	**212**	**209**	**991**	**1,296**			
	Sales Average Price (R$/MWh):	90.6	96.6								
	Purchases Average Price (R$/MWh):	56.5	75.5								

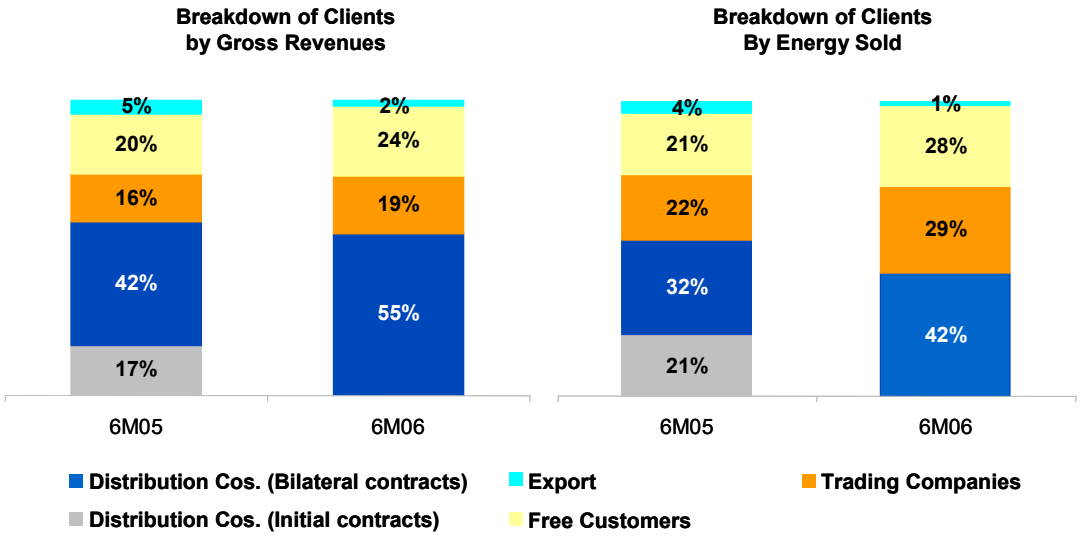
* XXXX-YY-ZZ, where:
XXXX --> year of auction
YY --> EE = existing energy or NE = new energy
ZZ --> supply contract duration (in years)

Customers

Tractebel Energia has a diversified customer portfolio, serving energy distribution concessionaires, trading companies and free consumers (industries) through contracts with flexible duration and volumes.

The Company actively pursues a policy of enhancing consumer loyalty by customizing energy purchases to the production characteristics of each consumer. In addition, energy audits are another service provided to selected customers for ensuring the optimization of power utilization.

The market share of industrial consumers in the Company's portfolio recorded a further increase, reaching 24% of the gross revenues and 28% of the physical sales in 1H06.



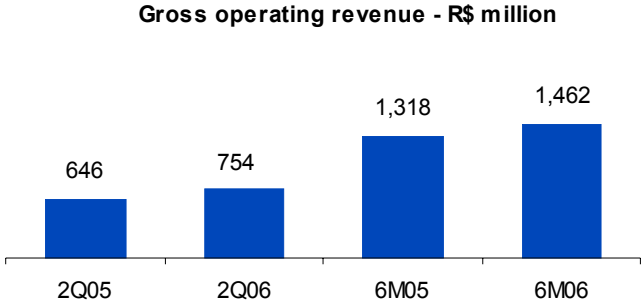
ECONOMIC AND FINANCIAL PERFORMANCE

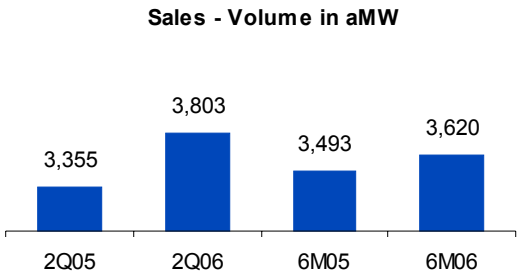
In the first quarter of 2006 following a directive from ANEEL (the National Electricity Regulatory Agency), the subsidy for fuel consumption costs through the intermediary of the CCC/CDE accounts, which had been booked to gross operating revenue, was transferred to a separate fuel cost rectifying account. The amounts of R$ 85.7 million and R$ 182.8 million shown in the operating revenue for 2Q05 and 1H05 respectively reported in the 2Q06 earnings results, were therefore reclassified to allow a better year-on-year comparative analysis of the two periods.

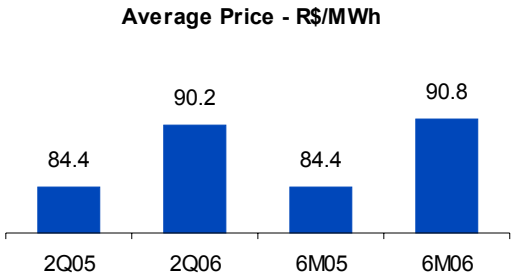
Gross Operating Revenue

Second quarter 2006 consolidated gross operating revenue was R$ 754.4 million, a growth of 16.8% compared with the same period in 2005. Revenue from the sale of energy to the wholesale market reached R$ 561.8 million and sales to final consumers (energy sales to the free unregulated market) were R$ 187.3 million, representing, respectively, a growth of 7.2% and 59.7% over the same period in 2005, indicative of the Company's successful development of the free consumer portfolio.

Sales in 2Q06 amounted to 8,305 GWh (3,803 aMW), an increase of 13.3% compared with 7,328 GWh (3,355 aMW) in 2Q05. The average price of the Company's commercialization contracts reached R$ 90.24/MWh, 6.9% more than the average contracted energy sales price for the same period last year, which was approximately R$ 84.42/MWh.







Net Operating Revenue

Net operating revenue for 2Q06 amounted to R$ 665.3 million against R$ 566.0 million in 2Q05, a 17.5% increase.

Deductions from gross operating revenue grew 11.3% year-on-year, increasing from R$ 80.0 million in 2Q05 to R$ 89.1 million in 2Q06. This variation was principally due to a combination of the following factors:

- increase in gross operating revenue of 16.8%;
- as from June 2005, following a Court Injunction filed against the Brazilian Internal Revenue Service, the Company paid PIS (Employees' Profit Participation Scheme) and COFINS (Social Contribution on Turnover) levied on revenues from contracts signed prior to October 31 2003 with a term of more than one year at a pre-fixed price on the basis of a cumulative tax regime, applying a rate of 3.65%. Conversely, in April and May 2005, Tractebel Energia paid PIS and COFINS on the basis of a non-cumulative tax regime at a rate of 9.25% on these same contracts;
- in 2006, in view of changes made to accounting procedures for registering research and development expenditures, the percentage (1%) of Company revenue which must be allocated to this end is now being recognized in the accrual month and shown as a deduction against gross operating revenue.

Costs and General and Administrative Expenses

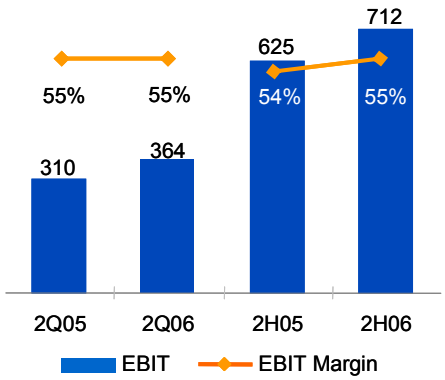
Total operating costs and expenses amounted to R$ 301.0 million in 2Q06, a year-on-year increase of 17.5%. This result reflects the following principal factors:

- **Purchased energy for resale**: an increase of R$ 55.4 million compared to the same period in 2005, largely reflecting the following: a) the need to meet higher sales volume; b) the need to replace the energy from the contract with CIEN, which has not generated in the period; c) average rise of Differences in Settlement Prices – PLD at the Energy Trading Board - CCEE, which resulted in the growth of energy costs involved in substituting thermally-generated energy; and d) the costs of the Energy Reallocation Mechanism – MRE were higher due to the Company's reduced generation activity as already commented in the Production item.
- **Fuel costs for generating electricity**: the growth of R$ 15.3 million compared with the same period in 2005 was the result of increased coal consumption used in thermal generation for electricity exports.
- **Charges for the use of the transmission and distribution network**: these expenses were R$ 12.9 million higher than in 2Q05 due to increased sales under bilateral contracts, replacing initial contracts not subject to transmission charges.
- **Payroll, material and third party services**: reported a fall of R$ 5.6 million compared to the same period in 2005, largely due to changes in accounting practices. As from 2006, expenditures relating to major maintenance activity have been recorded in the fixed assets account and are being depreciated over the maintenance cycle period. In 2Q05, this amounted to R$ 5.3 million.

Operating Result (EBIT)

Second quarter operating result (EBIT) was R$ 364.3 million, an increase of 17.6% compared to 2Q05.

EBIT (R$ million) and EBIT Margin (%)

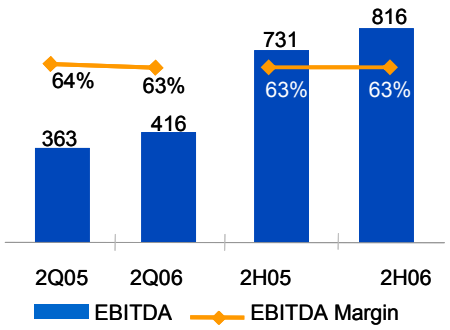


Note: EBIT Margin considers reclassified operating accounts pursuant to a recent directive from ANEEL, as described in the beginning of Economic and Financial Performance section.

EBITDA and EBITDA Margin

The EBITDA for the quarter was R$ 416.3 million, equivalent to an EBITDA margin of 62.6%, practically unchanged from 2Q05 and reflecting the factors already commented.

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



Note: EBITDA Margin considers reclassified operating accounts pursuant to a recent directive from ANEEL, as described in the beginning of Economic and Financial Performance section.

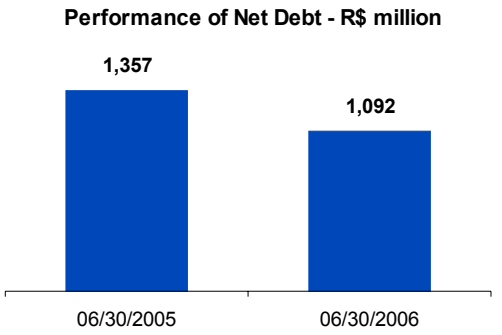
Financial Result

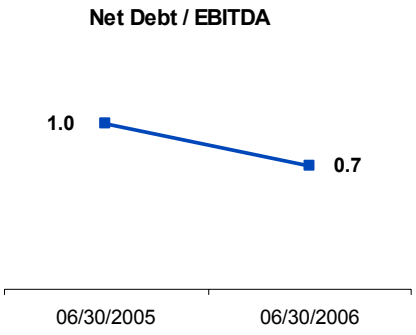
Net financial expenses were R$ 43.4 million, an increase of 32.9% against 2Q05. This variation is principally due to the following:

- an increase of R$ 43.7 million in foreign exchange variation expenses on loans and financing - net of losses on exchange rate hedge operations - in relation to 2Q05. It is worth mentioning that the Real reported an 13.5% appreciation against a basket of currencies in which the Company's debt is denominated in 2Q05, whereas the appreciation in 2Q06 was 1.6%;
- increase in financial revenue of R$ 19.0 million, basically due to an increase in the income from financial investments and non-recurring revenue recorded in 2Q06; and
- a reduction of R$ 14.0 million in interest expenses and monetary restatement on loans, financing and debentures, due particularly to the prepayment of financing from the Inter American Development Bank - IBD in May 2005.

Debt

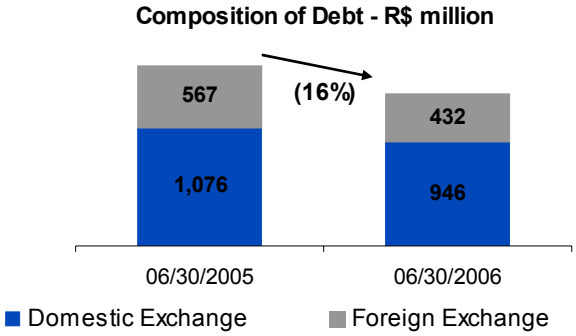
Company's net debt at the end of 2Q06 (total debt less cash and cash equivalents and swap results) was R$ 1,091.6 million, compared with R$ 1,357.4 million in 2Q05.





Gross consolidated debt including interest, mainly in the form of long-term loans and financing, totaled R$ 1,377.5 million on June 30 2006, a decline of 16.2% compared with the position on June 30 2005.

Approximately 31.3% of total debt as at June 30 2006 was currency denominated (34.5% in 2Q05), of which about 29% was hedged against foreign exchange fluctuations.

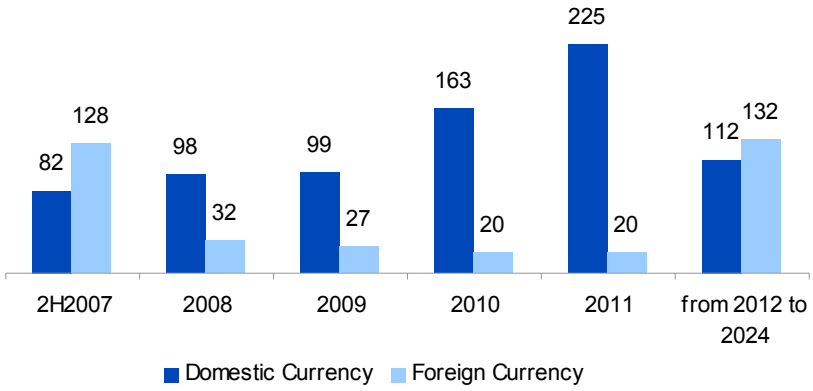


A detailed breakdown of loans, financing and debentures is shown below:

Loans, financing and debentures - R$ million

R$ million	06/30/2005			06/30/2006		
	Short Term	Long Term	Total	Short Term	Long Term	Total
Domestic Currency						
Eletrobrás	70	212	282	77	135	212
Financial Institutions	60	363	423	63	312	375
Debentures	26	346	372	27	332	359
Total	**155**	**921**	**1,076**	**167**	**779**	**946**
% of Domestic currency	59%	67%	65%	70%	68%	69%
Foreign Currency						
National Treasury Office	89	317	407	56	232	288
Financial Institutions	18	143	161	17	127	144
Total	**107**	**460**	**567**	**73**	**359**	**432**
% of Foreign currency	41%	33%	35%	30%	32%	31%
Total	**263**	**1,381**	**1,643**	**240**	**1,138**	**1,378**

Maturity of Long Term Loans, Financing and Debentures
R$ million



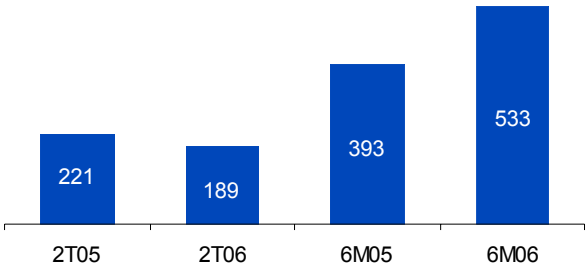
During the second quarter 2006, Tractebel Energia's corporate credit classification was upgraded by two important rating agencies: Standard & Poor's, which increased the Company's rating from brA+ to brAA, and Fitch Ratings, which announced an improved rating from AA-(bra) to AA(bra). In addition to recognizing the Company's excellent performance, the new risk classifications tend to reduce future financial costs, an indication of further improved growth prospects at Tractebel Energia.

Net Income

Tractebel Energia recorded a net income of R$ 188.8 million in 2Q06, compared to R$ 220.5 million in 2Q05. Excluding the effects of currency gains and reduced income tax and social contribution overheads – a reflection of payment of interest on shareholders' equity –, both for the period ending 2Q05, net income for that quarter would have been R$ 148.1 million. Bearing in mind these exclusions, the increase in net income for 2Q06 was 27.5%.

For the first half of 2006, net income reached R$ 532.6 million, representing a growth of 35.6% compared to the same period in 2005. Taking out from the 1H06 net income the effects both of the sale of the remaining stake in the Jacuí Project and of the currency gains, this figure would come down to R$ 416.8 million. Additionally, if excluded the effects on the 1H05 net income mentioned in the previous paragrafh,it would decrease to R$ 331.9 million. Being that, one can note an increase of 25.6% in the net income of 1H06 against 1H05.

Net Income - R$ million



Capital Expenditures

During the quarter under review, capital expenditures were restricted to maintenance projects amounting to R$ 14.6 million. For 1H06 the figure totaled R$ 21.8 million.

In the light of the continual investments in maintenance and modernization of its generation complex, Tractebel Energia registered excellent efficiency and performance indicators. As with 1Q06, in 2Q06 the Company reported 99.0% uptime, excluding programmed stoppages.

Dividend Payment

On the basis of the financial statements for June 30 2006, the Board of Directors of Tractebel Energia, meeting on August 11 2006, approved the credit of interest on own capital in the amount of R$ 114.0 million (R$ 0.174648 per share), and the distribution of interim dividends worth R$ 324.0 million (R$ 0.496367 per share), thus corresponding to a payout of 82.2%.

Those amounts will be paid on a date to be defined by the Board of Executive Officers and announced by means of a Notice to Shareholders.

CAPITAL MARKETS

Tractebel Energia listing on Bovespa's *Novo Mercado*

Tractebel Energia has been listed on the Bovespa since May 1998 and on November 16 2005 adhered to Bovespa's Novo Mercado Regulations. The latter initiative is part of a sequence of measures taken during the year to further improve the Company's relationship with the capital markets.

During that year, Tractebel Energia became a component of the **IGC** - Special Corporate Governance Stock Index, the **ITAG** - Special Tag Along Stock Index, which incorporates those companies offering greater protection to minority shareholders in the event of the sale of a controlling stake, as well as the **ISE -** Corporate Sustainability Index comprising companies with a recognized commitment to social and corporate responsibility.

Tractebel Energia's shares are traded on the São Paulo Stock Exchange under the TBLE3 symbol. The Company's Level I American Depositary Receipts (ADRs) are also traded on the US OTC over-the-counter market under the TBLEY symbol at a ratio of 1 ADR to every 5 ordinary shares.

Corporate Governance

The consolidated rules governing the Regulations for a Novo Mercado listing, expand shareholders' rights, improve the quality of disclosure, and by determining the resolution of disputes through an Arbitration Panel, offer investors the security of a more agile and specialized alternative for the purpose.

At the Ordinary and Extraordinary General Meeting of April 26 2006, Tractebel Energia proposed to amend its Corporate Bylaws, aligning them to the regulations for the São Paulo Stock Exchange's Novo Mercado Listing. The Company's Board of Directors now consists of nine effective members, of which one is a representative of the employees and a further two are independent directors.

Tractebel Energia's dividend policy establishes a mandatory minimum dividend of 30% of the net income for the fiscal year, adjusted in accordance with Law 6,404/76. In addition, the policy determines the intention to pay dividends and/or interest on shareholders' equity semi-annually for an amount not less than 55% of the net adjusted income.

Despite the short period that the policy of greater approximation to the capital markets has been in place, the Company's initiatives have already been recognized: it was the winner of the Investor Relations Magazine Brazil Awards 2006, in the "Most Progress in Investor Relations" category, underlining Tractebel Energia's commitment to transparency and best corporate governance practice.

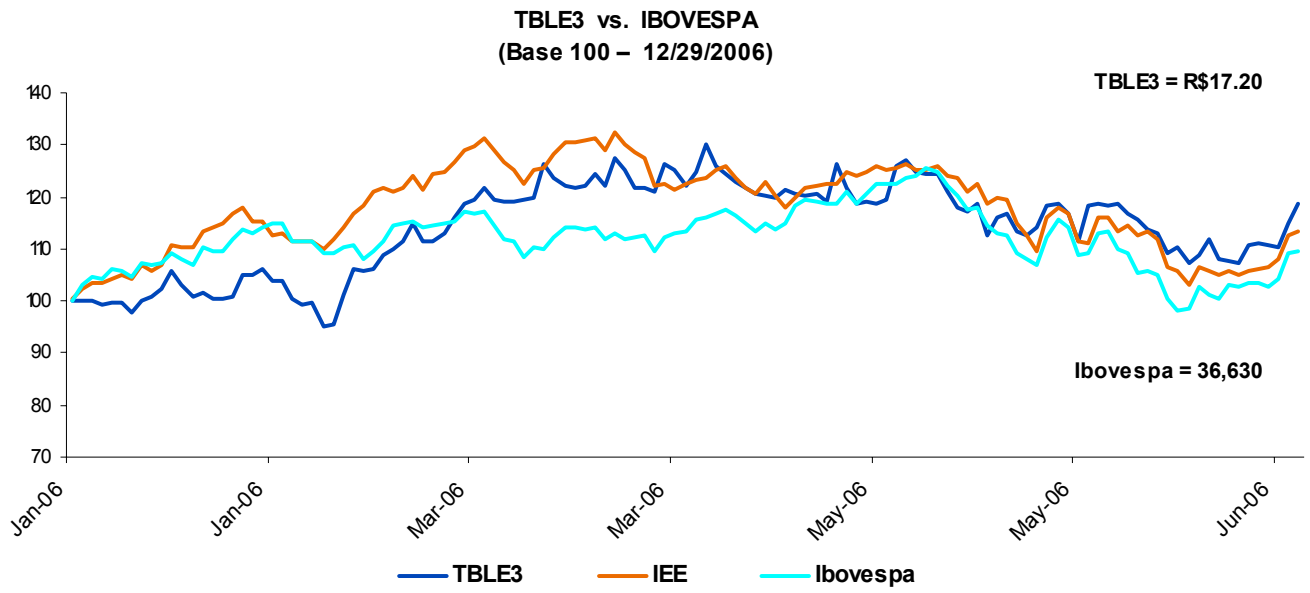
Share Performance – TBLE3

Tractebel Energia's (TBLE3) common shares reported a depreciation of 2.8% during 2Q06, while the Ibovespa, a stock index reflecting the performance 57 shares with the greatest market liquidity, fell 3.5% and the IEE – the Electric Power Index, which sweeps up the performance of shares in the Brazilian electricity sector as a whole, was also down 7.2%.

In the first semester 2006, share performance was positive reporting a gain of 18.9%, better than the 9.5% for the Ibovespa and the 13.5% for the IEE.

During the first semester 2006, the Company's shares traded every day the stock exchange was open for business. The average daily trading volume was R$ 8.6 million, volumes increasing particularly strongly from November 2005 following the conclusion of measures to formalize adhesion to a listing on Bovespa's Novo Mercado. Trading turnover was also boosted by the secondary share offering, which ramped up the free-float to 31.3%.

On June 30 2006, Tractebel Energia's shares reported a closing price of R$ 17.20/share, equivalent to a market capitalization of R$ 11.2 billion.



SUSTAINABILITY AND CLEAN DEVELOPMENT

Lages Cogen Power Plant has been certified by United Nations' Clean Development Mechanism (CDM) Executive Board, becoming the first one in Brazil and in the SUEZ Group that, burning wood-industry residues, is able to negotiate carbon credits.

Developed by Tractebel Energia, Lages thermal plant, further to turn wood waste into steam and energy, increases the quality of the energy supply and cuts costs. Additionally, the plant generates social, economical and environmental development, placing itself among 172 projects able to negotiate Certified Emission Reduction credits (CERs) worldwide.

In February 2005, with the implementation of the Kyoto Protocol, the commercialization of carbon credits was made official and took off. Today, this market is booming and moving the economies of developed and developing countries. To reach the final stage, Tractebel Energia had to meet all the demands established by different protocols and agencies, such the Kyoto Protocol, United Nations, Federal Government, independent auditors.

The power plant, which burns 15 thousand tons of wood residues per month, is able to negotiate 220 thousand tons of CO^2 a year.

UPCOMING EVENTS

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

Conference Call with Webcast (in Portuguese)

Date: August 14 2006
Time: 10:00 a.m. (Brasília time)
Telephones for connection:
Participants in Brazil: 11 4688.6301
Password for participants: Tractebel

Conference Call with Webcast (in English)

Date: August 14 2006
Time: 11:00 a.m. (ET) / 12:00 noon (Brasília time)
Telephones for connection:
Participants in Brazil: 55 11 4688.6301
Participants in USA: (1 800) 860.2442
Participants in other countries: (1 412) 858.4600
Password for participants: Tractebel

The links for access will be available on the Company's website (www.tractebelenergia.com.br), in the Investors section. Replay available from August 14 to August 22 2006. Access by calling 11 4688.6225, code 272.

Meeting with Investment Analysts - Apimec SP – São Paulo

Date: August 18 2006
Time: 8:30 a.m. (Brasília time)
Place: Hotel Renaissance – Al. Santos, 2233.

Meeting with Investment Analysts - Apimec SUL - Florianópolis

Date: August 29 2006
Time: 6:30 p.m. (Brasília time)
Place: Hotel Majestic – Av. Beira Mar Norte, 2746 - Centro

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 effect 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	In Thousand Reais	
ASSETS	**6/30/2006**	**3/31/2006**
Current Assets	**803,773**	**1,158,971**
Cash and Cash Equivalents	17,127	22,786
Securities	269,801	536,554
Consumers, concessionaires and holder of permissions	313,727	326,896
Warehouse	21,046	16,699
Advances to suppliers	4,015	4,080
Credits from consumption account - CCC/CDE	30,985	31,243
Disposal, services in progress and expenditure to reimburse	7,759	8,290
Taxes and social contributon recoverable	44,787	79,610
Deferred assets	19,375	54,964
Others	75,151	77,849
LongTerm Assets	**438,767**	**439,324**
Concessionaires and holders of permission	6,208	7,561
Disposal of assets and rights	63,470	90,789
Deferred assets	189,514	183,319
Pledges and restricted deposits	27,879	27,170
Deposits in court	119,937	94,857
Others	31,759	35,628
Permanent Assets	**4,374,569**	**4,415,073**
Investments	40,245	41,931
Property plant and equipment	4,294,947	4,331,462
Deferred	39,377	41,680
TOTAL ASSETS	**5,617,109**	**6,013,368**

Consolidated Balance Sheet	In Thousand Reais	
LIABILITIES	**6/30/2006**	**3/31/2006**
Current Liabilities	**642,271**	**1,190,651**
Suppliers	176,825	142,975
Dividends and interest on shareholder´s equity	3,192	495,487
Loans and financing	212,687	236,597
Debentures	27,339	41,328
Taxes and social contribution in installments	31,204	27,716
Provision for contingencies	14,166	24,037
Estimated obligations	60,080	57,366
Post-employment benefits	31,786	48,526
Derivatives	37,358	72,552
Others	47,634	44,067
Long-Term Lialities	**1,726,656**	**1,763,297**
Loans and financing	805,470	852,413
Debentures	332,005	339,755
Provision for contingencies	91,043	100,313
Concessions payable	187,332	183,826
Post-employment benefits	267,815	243,799
Others	42,991	43,191
Shareholders´ Equity	**3,248,182**	**3,059,420**
Share capital	2,445,766	2,445,766
Capital reserves	91,695	91,695
Surplus reserves	148,500	148,500
Accumulated income	562,221	373,459
TOTAL LIABILITIES	**5,617,109**	**6,013,368**

ATTACHMENT II

TRACTEBEL ENERGIA S.A.

Income Statement - Consolidated

In Thousand Reais	2Q06	2Q05	Chg. %	1H06	1H05	Chg. %
Gross operating revenue	**754,408**	**646,071**	**16.8**	**1,462,372**	**1,317,952**	**11.0**
Supply of electric energy	561,766	524,050	7.2	1,110,110	1,085,198	2.3
Provision of electric energy	187,286	117,241	59.7	343,231	224,529	52.9
Other revenues	5,356	4,780	12.1	9,031	8,225	9.8
Deductions from operating revenue	**(89,059)**	**(80,047)**	**11.3**	**(166,583)**	**(162,393)**	**2.6**
Net revenue from sales and services	**665,349**	**566,024**	**17.5**	**1,295,789**	**1,155,559**	**12.1**
Costs and operating expenses	**(301,018)**	**(256,170)**	**17.5**	**(583,538)**	**(530,412)**	**10.0**
Electric energy purchased for resale	(99,444)	(44,085)	125.6	(174,930)	(110,011)	59.0
Fuel to produce energy	(40,261)	(24,945)	61.4	(64,709)	(55,265)	17.1
Third-party services	(17,454)	(20,294)	-14.0	(32,961)	(33,568)	-1.8
Financial compensation for use of water resources	(11,500)	(11,285)	1.9	(25,730)	(25,571)	0.6
Charges on the use of electric system	(49,720)	(36,754)	35.3	(98,791)	(81,522)	21.2
Personnel	(36,739)	(37,526)	-2.1	(62,955)	(60,625)	3.8
Material	(3,822)	(5,802)	-34.1	(7,248)	(9,784)	-25.9
Depreciation and amortization	(51,953)	(52,739)	-1.5	(104,025)	(105,497)	-1.4
Other	9,875	(22,740)	-	(12,189)	(48,569)	-74.9
Service income	**364,331**	**309,854**	**17.6**	**712,251**	**625,147**	**13.9**
Amortization of goodwill	(1,686)	(1,686)	0.0	(3,373)	(3,373)	0.0
Equity income on prior year adjustment	0	0	-	300	0	-
Net financial income (expenses)	**(43,384)**	**(32,648)**	**32.9**	**(64,950)**	**(87,240)**	**-25.6**
Financial income	**29,178**	**10,240**	**184.9**	**60,368**	**48,324**	**24.9**
Financial expenses	**(72,562)**	**(42,888)**	**69.2**	**(125,318)**	**(135,564)**	**-7.6**
Operating income	**319,261**	**275,520**	**15.9**	**644,228**	**534,534**	**20.5**
Non-operating income (loss)	(34,531)	(52)	-	17,134	(110)	-
Income before taxes	**284,730**	**275,468**	**3.4**	**661,362**	**534,424**	**23.8**
Social contribution	(25,622)	(14,768)	73.5	(59,394)	(37,874)	56.8
Income tax	(70,346)	(40,246)	74.8	(69,400)	(103,869)	-33.2
Net income for the period	**188,762**	**220,454**	**-14.4**	**532,568**	**392,681**	**35.6**
EBITDA	416,284	362,593	14.8	816,276	730,644	11.7
Net income per share	0	0	-14.7	1	1	36.7
EBITDA per share	0.64	0.56	14.3	1.25	1.12	11.6

ATTACHMENT III

TRACTEBEL ENERGIA S.A.

Statement of Cash Flow - Consolidated

In thousands R$	2Q06	2Q05	1H06	1H05
Operating activities				
Net income for the year	188,762	220,454	532,568	392,681
Expenses (Revenues) that do not affect cash:				
Depreciation and Amortization	51,960	52,748	104,044	105,516
Equity in the earnings of subsidiary companies	-	-	(300)	-
Amortization of goodwill	1,686	1,686	3,373	3,373
Net monetary variations	4,963	(30,280)	(4,787)	(11,846)
Net interest	5,943	19,322	25,051	30,254
Operating provision (reversion), net	(20,589)	(11,183)	(21,860)	(1,149)
Deferred income tax and social contribution	29,327	1,093	50,421	4,045
Income from the disposal of fixed assets	34,531	52	(17,134)	110
	296,583	**253,892**	**671,376**	**522,984**
Decrease (increase) in assets				
Consumers and concessionaires	20,917	38,865	(295)	(19,515)
Credits from the fuel consumption account – CCC/CDE	258	(7,430)	(432)	(3,511)
Taxes and social contributions recoverable	37,689	(10,883)	(26,694)	48,568
Warehouse	(4,352)	(2,647)	2,510	(2,650)
Others	6,527	(4,580)	19,882	688
	61,039	**13,325**	**(5,029)**	**23,580**
Increase (decrease) in liabilities				
Suppliers	28,329	(13,373)	50,188	4,821
Loans, financing and debentures	(17,980)	(5,757)	(116)	11,084
Taxes and social contributions	4,768	(4,166)	(9,745)	23,743
Estimated obligations	8,984	12,767	14,784	11,697
Post-Employment benefits	(7,209)	(8,667)	(16,155)	(17,425)
Others	5,063	900	10,011	(5,931)
	21,955	**(18,296)**	**48,967**	**27,989**
Net funds from operating activities	**379,577**	**248,921**	**715,314**	**574,553**
Investments activities	**(14,172)**	**(12,520)**	**(23,329)**	**(18,730)**
Used in fixed assets and deferred items	(14,172)	(12,520)	(23,329)	(18,730)
Financing activities	**(637,817)**	**(782,453)**	**(714,194)**	**(878,264)**
Payment of loans, financing and debentures	(85,206)	(395,240)	(126,631)	(435,813)
Financing and debentures	-	200,000	-	200,000
Payment of *swap* adjusts	(37,226)	(40,231)	(46,044)	(60,527)
Payment of dividends and interest on Shareholders' equity	(492,295)	(564,607)	(497,699)	(601,595)
Redemption of collateral and linked deposits	(23,090)	17,625	(43,820)	19,671
Total effects on cash	**(272,412)**	**(546,052)**	**(22,209)**	**(322,441)**
Cash and cash equivalents				
Opening balance	559,340	879,294	309,137	655,683
Closing balance	286,928	333,242	286,928	333,242
	(272,412)	**(546,052)**	**(22,209)**	**(322,441)**
Payments made in the year	**67,942**	**125,396**	**177,281**	**167,708**
Transactions that do not affect cash	**2,376**	**140,910**	**32,346**	**142,597**