# TRACTEBEL ENERGIA reports EBITDA of R$ 440.8 million in 2Q08, an increase of 13.7% year-on-year

## Payout of 95% for 1H08: R$ 580.3 million

Florianópolis, SC, August 13, 2008 – Tractebel Energia S.A. (Tractebel) - Bovespa: TBLE3, ADR: TBLEY -, the largest private sector electricity generating company in Brazil, announces earnings for the second quarter 2008 (2Q08). 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.

## HIGHLIGHTS

• Net consolidated operating revenue in 2Q08 reached R$ 772.9 million, 5.6% higher than 2Q07, reflecting an increase in the average price of energy sold.

• The average sales contract price in 2Q08, net of deductions, was R$ 102.0/MWh, 16.2% more than the average price for the same period last year of R$ 87.8/MWh. This result largely reflected higher average prices charged to energy trading companies and free consumers.

• EBITDA reached R$ 440.8 million in the period, representing an EBITDA margin of 57.0%, with increases of 13.7% and 4.0 p.p. compared with the values posted in 2Q07, respectively.

• Net income for the quarter was R$ 219.3 million, equivalent to R$ 0.34 per share.

• With the formalities for the acquisition of the Ponte de Pedra Hydroelectric Power Plant concluded in April, a further 176 MW was added to the Company's installed capacity.

• On May 15, 2008, Tractebel Energia made its third promissory note issue of R$ 400.0 million with a 360-day maturity at a cost of 103.5% of the interbank deposit (DI) rate.

• On July 9, 2008, Tractebel Energia announced the acquisition of two small hydroelectric power plants (SHPs or PCHs, in Portuguese). Once the operation is fully concluded, the Company will add another 50.3 MW to the installed capacity of its generating complex.

• The Company's Board of Directors has approved the distribution of R$ 580.3 million (95% payout) in interim dividends based on results for 6M08, corresponding to R$ 0.8890167318 per share. Payment will be made on October 27, 2008.

2Q08

**For immediate release**


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**Conference Call and Webcast**
On 08/15/08: at 09:00 a.m. in Portuguese
at 11:00 a.m. in English
(both ET)

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 | Quarter | | | Accumulated | | |
|---|---|---|---|---|---|---|
| In Millions of Reais | 2Q08 | 2Q07 | Chg. | 1H08 | 1H07 | Chg. |
| Gross operating revenue | 856.2 | 812.5 | 5.4% | 1,915.3 | 1,573.9 | 21.7% |
| Net operating revenue (NOR) | 772.9 | 731.7 | 5.6% | 1,724.5 | 1,407.2 | 22.5% |
| Result from service (EBIT) | 373.6 | 328.1 | 13.9% | 1,005.3 | 721.6 | 39.3% |
| EBITDA (1) | 440.8 | 387.8 | 13.7% | 1,132.1 | 838.9 | 34.9% |
| EBITDA / NOR - (%) | 57.0 | 53.0 | 4.0 p.p. | 65.6 | 59.6 | 6.0 p.p. |
| Net income | 219.3 | 229.5 | -4.5% | 610.8 | 471.6 | 29.5% |
| Net debt | 1,992.2 | 1,200.0 | 66.0% | 1,992.2 | 1,200.0 | 66.0% |
| Energy sold (avg MW) | 3,430 | 3,738 | -8.2% | 3,470 | 3,686 | -5.9% |
| Number of employees | 928 | 904 | 2.7% | 928 | 904 | 2.7% |

**(1)** EBITDA represents: operating results + financial results + depreciation and amortization + amortization of goodwill.

## OPERATING PERFORMANCE

### Generating Complex

Tractebel Energia, the largest private sector electricity generator in Brazil, operates a generating complex with a 7,203 MW capacity made up of 16 plants (nine hydro and seven thermoelectric plants), 14 of which are wholly owned by the Company and two (the Itá and Machadinho plants) operated through consortia with other companies. The acquisition on July 8, 2008 of two small hydroelectric power plants, José Gelazio da Rocha and Rondonópolis is currently at the approval stage by the regulatory authorities. More details can be found in the "Subsequent Events" section, on page 10.

**Tractebel Energia's Generating Complex**

| Power plants | Hydro/ | Location | Installed Capactity (MW) | |
|---|---|---|---|---|
| | Thermal | | Total | Tractebel's portion |
| Salto Santiago | Hydro | Iguaçu River (PR) | 1,420 | 1,420 |
| Salto Osório | Hydro | Iguaçu River (PR) | 1,078 | 1,078 |
| Passo Fundo | Hydro | Passo Fundo River (RS) | 226 | 226 |
| Itá | Hydro | Uruguai River (SC and RS) | 1,450 | 1,127 |
| Machadinho | Hydro | Uruguai River (SC and RS) | 1,140 | 404 |
| Cana Brava | Hydro | Tocantins River (GO) | 450 | 450 |
| Ponte de Pedra | Hydro | Correntes River (MT) | 176 | 176 |
| SHP José Gelazio da Rocha* | Hydro | Ponte de Pedra Creek (MT) | 24 | 24 |
| SHP Rondonópolis* | Hydro | Ponte de Pedra Creek (MT) | 27 | 27 |
| **Total - Hydro** | | | **5,990** | **4,931** |
| Complexo Jorge Lacerda ** | 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** | | | **7,203** | **6,144** |

(*) Acquisition subject to approval by ANEEL and Eletrobrás

(**) Complex comprised of 3 power plants.

### Projects under Construction

**New Projects**

| Power plants | Hydro/ | Location | Installed Capactity (MW) | |
|---|---|---|---|---|
| | Thermal | | Total | Tractebel's portion |
| São Salvador | Hydro | Tocantins River (TO) | 243 | 243 |
| Estreito * | Hydro | Tocantins River (TO/MA) | 1.087 | 435 |
| **Total** | | | **1.330** | **678** |

(*) Project to be transferred from SUEZ Energy South America - SESA in the 2nd half 2008.

**São Salvador.** In 2Q07 Tractebel Energia acquired the total common and preferred shares issued by Company Energética São Salvador – CESS and owned by SUEZ Energy South America Participações Ltda. – SESA, representing 99.99% of the voting capital and 99.99% of the total capital of CESS. This company is the owner of the São Salvador hydroelectric concession, which has an installed capacity of 243.2 MW and 148.5 average MW of assured energy.

For this acquisition, Tractebel paid SESA R$ 304.0 million cash in local currency, to which will be added a further R$ 18.0 million should the starting date for payments relative to the use of public good charge (UBP) coincide with the beginning of the supply of electricity originally scheduled for 2011 in the Regulated Market Electricity Commercialization Contracts – CCEARs.

In October 2006 CESS sold this energy through the 3rd New Energy Auction to distributors that participate in the Regulated Contracting Environment – ACR, for a 30-year period, beginning January 2011. Commercial operations are expected to begin in the first quarter of 2009.

**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. The project is controlled by the Consórcio Estreito, composed of SESA, which holds a stake of 40.1%, Company Vale do Rio Doce with 30.0%, Alcoa Alumínio with 25.5% and Camargo Corrêa Energia with 4.4%.

In the new energy auction held on October 16, 2007, SESA sold 256 average MW output from this scheme at a price of R$ 126.57/MWh, deliveries to begin from 2012. Construction work is running to plan and the transfer of the project to Tractebel Energia is forecast to take place by the second half of 2008.

## Uptime Operating

In 2Q08, the plants operated by Tractebel Energia recorded 98.7% uptime (excluding scheduled stoppages), 99.7% in the case of hydro generation and 93.6% for thermal generation.

## Production

2Q08 electric energy production at the power plants operated by Tractebel Energia reached 6,247 GWh (2,860 average MW ), a decline of 30.7% compared with 2Q07. Of the total generated, the hydro plants accounted for 4,923 GWh (2,254 average MW ), and the thermoelectric power plants for 1,323 GWh (606 average MW), a reduction of 39.2% at the hydro plants and an increase of 43.0% at the thermoelectric plants, on a year on year basis.

In the light of atypical drought conditions in the area of the Southeast/Midwest Subsystem in 1Q08, the National Electricity System Operator (ONS) ramped up the transfer of energy from the South Region to that Subsystem. Consequently, the early part of the second quarter was characterized by low water in the reservoirs in the south of the country, requiring levels to be restored over the period. This in turn obliged the ONS to program reduced dispatch requirements to Tractebel Energia's plants. In June, increased rainfall helped the recovery in reservoir water volumes, resulting in the Company's reporting its second highest monthly output for the year from its hydroelectric generation facilities.

Again in the second quarter 2008 and precisely in the month of June, the Jorge Lacerda A Thermoelectric Plant (UTLA) broke its monthly generation record for the second time in the year, indicative of positive results of recent maintenance work on upgrading the plant's generating units.

It is worth noting in passing, that the increase or reduction in the Company's hydroelectric generation does not necessarily result in an improvement or a deterioration in its economic and financial performance in a given period analyzed. This is due to the Energy Reallocation Mechanism (MRE), which dilutes the risks of hydroelectric generation among the MRE's participants.

It is also fair to say that the increase in the Company's thermal generation mitigates exposure to the spot price (PLD), the opposite also being the case, where all other variables are unchanged.

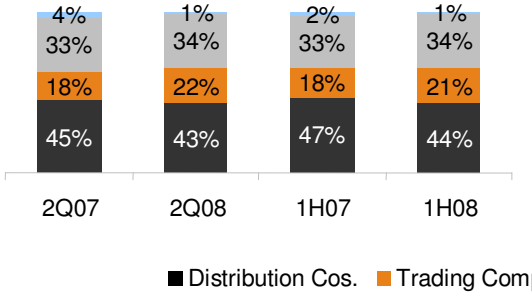
## Customers

Tractebel Energia has a well-diversified customer portfolio, serving energy distribution concessionaires, trading companies and free customers (large industrial consumers) through flexible contracts both in terms of duration and volume.

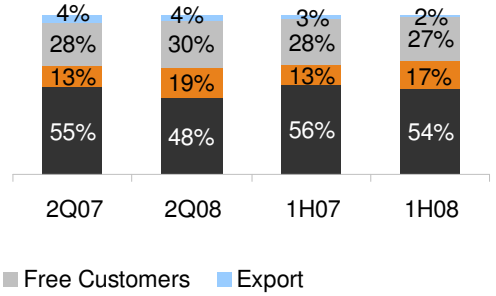
The Company actively pursues a policy of enhancing consumer loyalty by providing tailor-made services, thus permitting the adaptation of energy purchases to the production processes of each customer.

In 2Q08, the participation of free customers in the Company's portfolio reached 33.8% of physical sales and 29.6% of gross operating revenue. This represented an increase of 0.6 p.p. and 1.8 p.p., respectively, in relation to the same period last year.

**Breakdown of Customers by Physical Sales**




**Breakdown of Customers by Gross Revenues**




■ Distribution Cos. ■ Trading Companies ■ Free Customers ■ Export

## 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 indicate a potential increase in prices.

Based on data of assured energy and contracts in force on June 30, 2008, Tractebel Energia's energy balance shows that the Company 's current resources, including acquisitions from third parties, is almost entirely contracted through 2010.

**Energy Balance**

| | (avg MW) | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | Auction Gross Price (R$/MWh) | Reference Date | Gross Price Adjusted as of March 31, 2008 (R$/MWh) |
|---|---|---|---|---|---|---|---|---|---|---|
| | Own Resources | 3,116 | 3,317 | 3,352 | 3,539 | 3,576 | 3,576 | | | |
| + | Purchases for Resale | 484 | 476 | 618 | 278 | 161 | 265 | | | |
| = | Total Resources (A) | 3,600 | 3,793 | 3,970 | 3,817 | 3,737 | 3,841 | | | |
| | Government Auction Sales* | 160 | 1,034 | 1,234 | 1,382 | 1,638 | 1,638 | | | |
| | 2004-EE-2007-08 | 10 | 10 | 10 | 10 | 10 | 10 | 70.9 | Dec-04 | 79.7 |
| | 2005-EE-2008-08 | 150 | 150 | 150 | 150 | 150 | 150 | 81.6 | Apr-05 | 90.0 |
| | 2005-EE-2009-08 | - | 381 | 381 | 381 | 381 | 381 | 94.0 | Oct-05 | 105.9 |
| | 2005-NE-2010-30 | - | - | 200 | 200 | 200 | 200 | 115.1 | Dec-05 | 128.5 |
| | 2006-NE-2009-30 | - | 493 | 493 | 493 | 493 | 493 | 128.4 | Jun-06 | 140.9 |
| | 2006-NE-2011-30 | - | - | - | 148 | 148 | 148 | 135.0 | Nov-06 | 147.3 |
| | 2007-NE-2012-30 | - | - | - | - | 256 | 256 | 126.6 | Jun-07 | 134.6 |
| + | Bilateral Sales | 3,420 | 2,720 | 2,581 | 1,743 | 1,507 | 1,244 | | | |
| = | Total Sales (B) | 3,580 | 3,754 | 3,815 | 3,125 | 3,145 | 2,882 | | | |
| | **Balance (A - B)** | **20** | **39** | **155** | **692** | **592** | **959** | | | |
| | Sales average **net** price (R$/MWh)*1: | 96.7 | 97.4 | 101.2 | | | | | | |
| | Purchases average **net** price (R$/MWh)*2: | 73.7 | 88.4 | 98.5 | | | | | | |

* 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 06/30/08.
*2: Purchase net price, considering benefits from PIS/COFINS credits, as of 06/30/08.

Note: The balance refers to the settlement point. It considers the energy generated by the projects São Salvador and Estreito, which start of operations are scheduled for 1Q09 and 3Q10, respectively, besides that from Ponte de Pedra HPP from May 2008 on. It also takes into consideration the energy from SHP Rondonópolis and José Gelazio da Rocha from January 2009 on, wich is contracted under PROINFA Program.

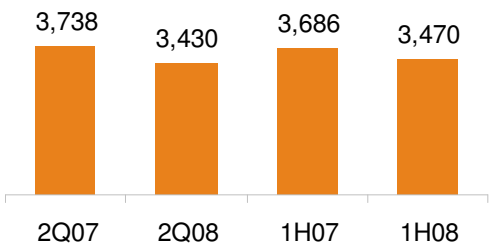
# ECONOMIC AND FINANCIAL PERFORMANCE

## Gross Operating Revenue

Gross operating revenue in 2Q08 was R$ 856.2 million, 5.4% higher than the R$ 812.5 million reported for 2Q07, primarily reflecting a combination of the following factors: (i) the increase of 16.2% in the average price of energy sold; and (ii) the fall of 8.2% in energy volumes sold, largely due to the reduction in the physical guarantee of certain thermoelectric power plants as per ANEEL Order 303/2004. Energy sales were also adversely impacted by the lapsing of ANEEL's (the Brazilian Electricity Energy Agency) authorization allowing the Company not to be exposed to spot price (PLD) at the 300 MW of imported energy under the contract signed with Companhia de Interconexão Energética (CIEN).

Consolidated sales fell from 8,163 GWh (3,738 average MW) in 2Q07 to 7,490 GWh (3,430 average MW ) in 2Q08.

**Sales Volume - aMW**




**Wholesale Market for Electric Energy**

Revenue from sales to the wholesale market reached R$ 599,9 million, 2.8% more than the R$ 583.8 million posted in 2Q07. This result reflected the combination of the reduction in energy sold to the distributing companies due to the termination of contracts and the reduction in contracted volume, with the growth in sales to trading companies of part of the energy no longer under contract to the distributors.

Quarterly revenue from energy exports was R$ 30.2 million, 13.0% less than the R$ 34.7 million recorded for the same period in 2007, despite a 85.4% reduction in exported volumes – 21 average MW in 2Q08 versus 141 average MW in 2Q07.

Worthy of mention is that in the quarter under review, there was an increase of R$ 25.4 million in wholesale business from energy sold by Ponte de Pedra Energética S.A. (PPESA) acquired by the Company on April 29, 2008.

**Retail Market for Electric Energy**

The retail, or supply, sales (those to free consumers) registered an increase of 12.2% compared with the same period in 2007, increasing from R$ 225.9 million to R$ 253.4 million, reflecting the ongoing effort on the part of the Company to adjust its portfolio of free consumers. The increase is largely due to the increase in the price for contracting energy – a trend currently common in this market as a whole.

## Deductions from Operating Revenue

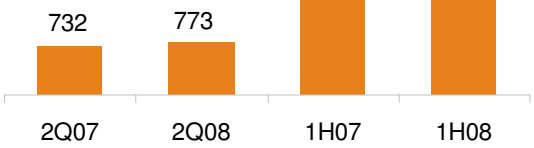
In 2Q08, these deductions grew 2.9% compared with the same quarter in 2007, rising from R$ 80.9 million to R$ 83.2 million.

## Net Operating Revenue

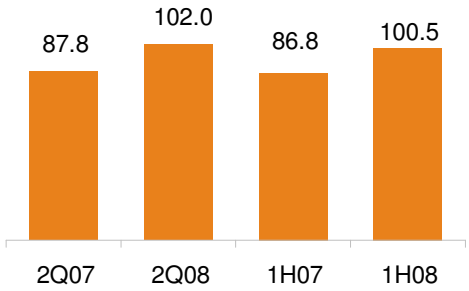
In 2Q08, net operating revenue reported an improvement of 5.6% compared with the same quarter in 2007, increasing from R$ 731.7 million to R$ 772.9 million. Growth was due to the reasons already enumerated – an increase in the average price of energy sold combined with a reduced supply of electricity available for commercialization.

The average price of energy sales, net of deductions on gross revenue, amounted to R$ 102.0/MWh in 2Q08, 16.2% up on the price prevailing in 2Q07, which was R$ 87.8/MWh. This increase is due in large part to a surge in average prices practiced with the trading companies and free consumers.

**Net Operating Revenue - R$ million**




**Average Net Price - R$/MWh**




## Costs of Electric Energy and Services

Costs amounted to R$ 300.4 million in 2Q08, down 5.3% compared to the R$ 317.4 million reported in 2Q07. These results reflect principally the following elements:

- **Electric power purchased for resale:** an increase of R$ 37.9 million in 2Q08 basically due to the combined impact of: (i) the higher price of long-term purchase contracts recently signed that are replacing expiring ones; and (ii) the lower price out of short-term contracts – where price is strongly correlated to the spot price (PLD), lower in 2Q08 than in 2Q07 for the Southeast/Midwest submarket.

- **Transactions channeled through the Energy Trading Board - CCEE:** a reduction of R$ 63.9 million in 2Q08 principally due to the combination of the following factors: (i) a decrease of R$ 80.2 million in 2Q08, mostly due to lower exposure to CCEE business, in turn due to higher dispatch levels by the ONS from the Company's thermoelectric plants during the quarter under review according to guidelines stipulated by the Electric Power Monitoring System Committee (CMSE), and the recouping of related fuel expenditures through the System Service Charges (ESS); and (ii) an increase of R$ 10.8 million in Energy Reallocation Mechanism (MRE) expenses due to low reservoir levels in the Southern Region where the majority of the Company's hydroelectric plants are located.

- **Fuel Expenses:** an increase of R$ 3.1 million, due principally to the following combination of factors: (i) growth of R$ 30.1 million in the consumption of diesel fuel at the William Arjona Thermoelectric Power Plant (UTWA) and the Alegrete Thermoelectric Power Plant (UTAL), again in the light of low reservoir levels, these costs being fully recouped through the ESS; and the export of energy through UTAL; and (ii) a reduction of R$ 25.4 million in the cost of coal, the fuel used in the generation of power for export in 2Q07.

- **Financial compensation for the use of water resources:** a reduction of R$ 11.4 million, reflecting a decrease in hydro generation due to low reservoir levels in southern Brazil in 2Q08.

- **Depreciation and Amortization:** a growth of R$ 6.8 million basically due to the incorporation of depreciation expenses on PPESA's assets.

- **Payroll:** a growth of R$ 5.1 million between the two comparative periods, largely reflecting the annual salary readjustment and increased employee participation in results as well as additional payroll overheads of R$ 1.9 million with the incorporation of PPESA.

- **Third Party Services**: an increase of R$ 4.9 million year on year, principally due to the hiring of outsourced labor for improvements at the resettlement sites of the Cana Brava Hydroelectric Power Plant (UHCB) and for the maintenance of Itá Hydroelectric Power Plant's (UHIT) substation equipment. There was also an additional outlay of R$ 1.5 million with the incorporation of PPESA.

## Selling Expenses

Selling expenses are principally made up of charges for the use of, and connection to, the electricity grid system and totaled R$ 59.0 million in 2Q08, 6.0% more than the figure of R$ 55.7 million in 2Q07. The increase basically reflects the higher charges for use of and connection to the grid system following tariff readjustments.

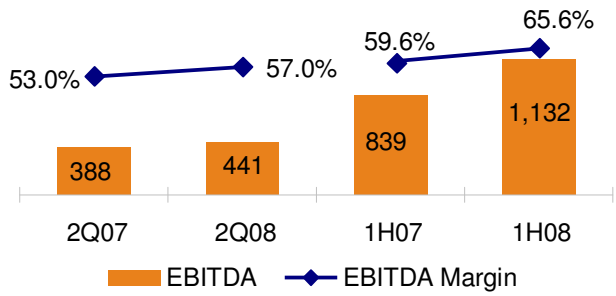
## General and Administrative Expenses

General and administrative expenses increased 25.1% from R$ 32.9 million in 2Q07 to R$ 41.1 million in 2Q08, in large part due to annual salary increases and the greater participation of employees in profits as well as heavier demand for third party services related largely to consultancy overheads and expenses for the Company's 3rd Promissory Note Issue.

## EBITDA and EBITDA Margin

In the light of the foregoing comments, 2Q08 EBITDA reached R$ 440.8 million, 13.7% higher than the R$ 387.8 million posted in the second quarter of 2007. For the quarter under review EBITDA margin was 57.0% against 53.0% in 2Q07.

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




## Financial Result

**Financial income:** in 2Q08, financial income reported a year on year increase of R$ 10.9 million, principally in the light of the following factors: (i) an increase of R$ 4.3 million in income from financial investments, reflecting a greater amount of cash available for application in the money markets during the period; (ii) an increase of R$ 3.9 million in monetary restatement on receivables due, in large part, to the variation in the IGP-M; and (iii) an increase of R$ 1.9 million in energy receivables principally on revenues accruing from CCEE business transacted in the deregulated environment in 1T08.

**Financial expenses:** financial expenses increased R$ 26.7 million compared with 2T07 in the light of the following variables: (i) an increase of R$ 8.7 million in interest on loans, financing and debentures, basically due to the negotiation of a loan in the form of the issue of Promissory Notes, and also financing costs incurred by PPESA of R$ 4.7 million; (ii) an increase of R$ 32.6 million due to monetary restatement on concession charges payable and other debt, in this case, principally the issue of debentures in June 2007 indexed to the IPCA; an increase in IGP-M and the incorporation of a R$ 11.5 million monetary restatement liability on a concession charge payable by PPESA; and (iii) a growth of R$ 17.1 million in income from currency variation on loans and financing, net of the result for the FX hedge existing in 2Q07, due to the higher appreciation of the Real against the basket of currencies comprising Company debt.

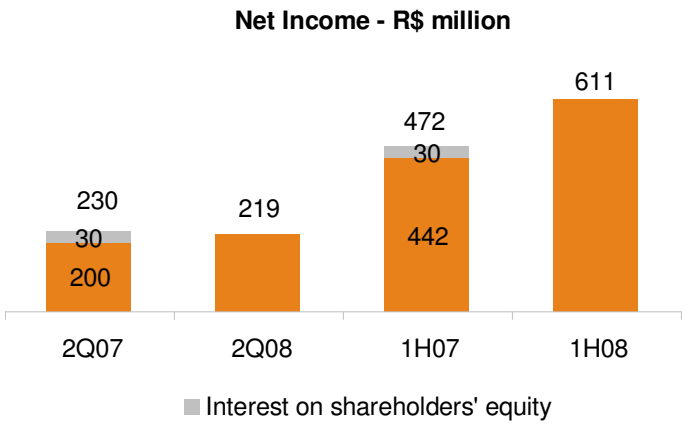
## Income Tax and Social Contribution

The growth of R$ 39.6 million in 2Q08 in relation to the same period 2007 is due largely to the crediting of interest on shareholders' equity in 2Q07 for R$ 88.0 million, representing a saving of R$ 29.9 million in income and social contribution expenditure. The Company credited no interest on shareholders' equity during the quarter under review.

## Net Income

In 2Q08, the Company reported net income of R$ 219.3 million, 4.5% less than the R$ 229.5 million for the same quarter in 2007, again a reflection of the factors described above. Ignoring the reduction in income tax and social contribution totaling R$ 29.9 million with respect to interest on shareholders' equity, the net income in 2Q07 would be R$ 199.7 million, the result for 2Q08 thus being 9.8% higher.

In the 6M08 period, net income reached R$ 610.8 million, equivalent to a growth of 29.5% against the same period in 2007 when net income totaled R$ 471,6 million. Excluding the non-recurring effects totaling R$ 50.4 million in 1Q08, reflecting the recovery of PIS/COFINS taxes and of a further R$ 29.9 million in 2Q07 for income tax and social contribution on interest on shareholders' equity, earnings for the 6M08 and 6M07 periods would be R$ 560.4 million and R$ 441,7 million, respectively. This amounts to a 26.9% improvement in 2Q08 over the same period for the preceding year.

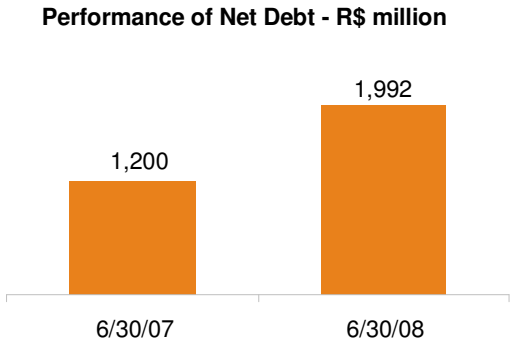


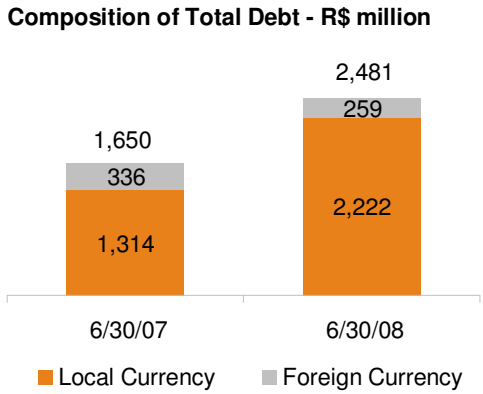

## Debt

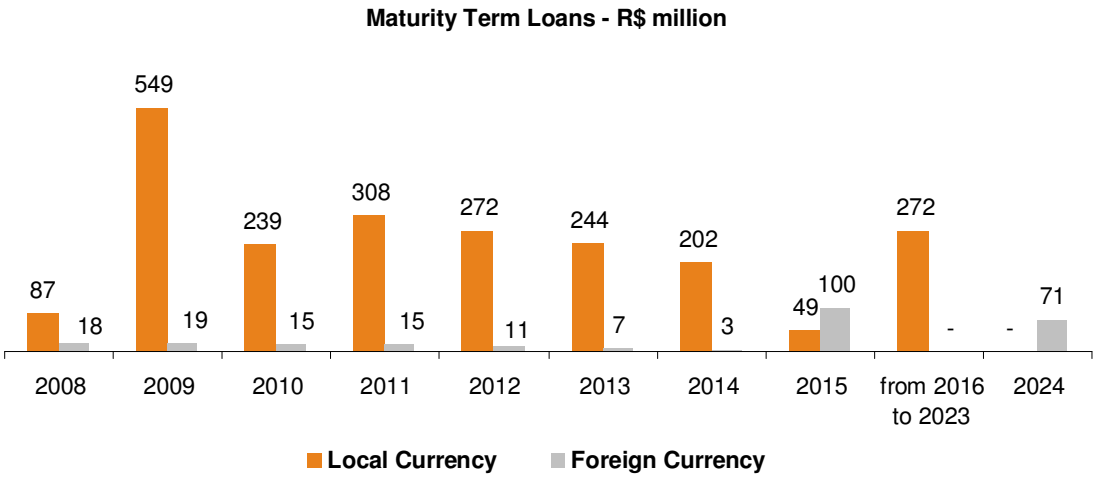
The Company's net debt as at June 30, 2008 (total debt less cash and cash equivalents and the result of swap operations in 2Q07) was R$ 1,992.2 million, compared to R$ 1,200.00 million as at June 30, 2007.

Total gross consolidated debt, mainly in the form of loans, debentures, promissory notes and financing, totaled R$ 2,480.5 million on June 30, 2008, a 50.4% increase compared to the position on June 30, 2007. Of the total debt at the end of the period, 10.4% was foreign currency denominated (20.4% at the end of 2Q07).

Growth in the Company's debt is mainly due to the following factors: (i) the issue of R$ 400.0 million in promissory notes in April 2008; (ii) the drawing down of R$ 61.8 million in lines from the National Social and Economic Development Bank - BNDES and its financial agents for capital expenditures at the São Salvador Hydroelectric Power Plant; and the (iii) assumption of R$ 294.2 million in loans taken by Ponte de Pedra Energética S.A., the acquisition of which was concluded in 2Q08.




## Capital Expenditures

During the quarter under review, the Company concluded the acquisition of the entire capital stock of Ponte de Pedra Energética S.A., the concessionaire for the Ponte de Pedra Hydroelectric Power Plant, representing investments of R$ 635.5 million, net of the acquired company's cash and cash equivalents at the acquisition date.

In addition, the Company allocated a further R$ 23.8 million to projects for plant maintenance and upgrading besides R$ 84.8 million to the construction of the São Salvador Hydroelectric Power Plant.

## Dividend Payout

At its meeting on August 13, 2008, Tractebel Energia's board of directors approved the distribution of interim dividends based on the financial statements raised on June 30, 2008 for a value of R$ 580.3 million (R$ 0.8890167318 per share), i.e., a 95% payout for the first half of 2008.

Payout will be effected on October 27, 2008.

## Subsequent Events

### Acquisition of Small Hydroelectric Power Plants

On July 9, 2008, the Company announced the signature of an agreement to acquire the entire capital stock of Tupan Energia Elétrica S.A. (Tupan) and Hidropower Energia S.A. (Hidropower).

Tupan holds the concession (granted by ANEEL) to operate the Rondonópolis Small Hydroelectric Power Plant with 26.6 MW of installed capacity and in commercial operation since December 2007.

Hidropower holds the concession – also authorized by ANEEL – to operate the José Gelazio da Rocha Hydrolectric Power Plant with 23.7 MW of installed capacity and in commercial operation since February 2007.

Tractebel Energia acquired Tupan and Hidropower for R$ 203,937,192.22. The two companies have a total net debt of R$ 110,062,807.78.

The definitive conclusion of the operation is subject to certain conditions precedent, including the ratification by Tractebel Energia's Board of Directors and the authorization of ANEEL and Centrais Elétricas Brasileiras S.A. – Eletrobrás, with which all the energy generated from the two plants is contracted through PROINFA – Alternative Energy Sources Incentive Program.

### SESA BidCo Ltd. tender bid to acquired Econergy International PLC

On July 25, 2008, Tractebel Energia announced that SESA BidCo Ltd., a company under the control of the GDF SUEZ Group, of which the Company is a part, launched a tender bid to acquire 100% of Econergy International PLC's shares.

In Brazil, Econergy holds a controlling interest in the following companies: (i) Usina Eólica Econergy Beberibe S.A., the concession for operating the Beberibe Wind Farm with 25.60 MW of installed capacity; (ii) Hidrelétrica Areia Branca S.A. which holds the concession for operating the Areia Branca Small Hydroelectric Power Plant with 19.80 MW of installed capacity; and (iii) Econergy Pedra do Sal S.A., which holds the concession to operate the Pedra do Sal Wind Farm with 17.85 MW installed capacity. The concessions for all three operations have been granted by ANEEL and the energy generated from these assets is contracted with Eletrobrás through PROINFA.

The Company has given notice that at an opportune moment it could consider the acquisition of these assets, currently in a preoperational phase and which, when fully operational, could represent an approximately 1% growth in installed capacity. The eventual acquisition will comply with the best corporate governance practices associated with transactions between related parties.

## 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 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 Bovespa'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.

In 3Q07 the Management Board of Tractebel Energia 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 Bovespa'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 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 allows for the semi-annual payment of dividends and/or interest on shareholders' equity for an amount not less than 55% of the net adjusted income.

## CAPITAL MARKETS

Since its listing on Bovespa's Novo Mercado, Tractebel Energia 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.

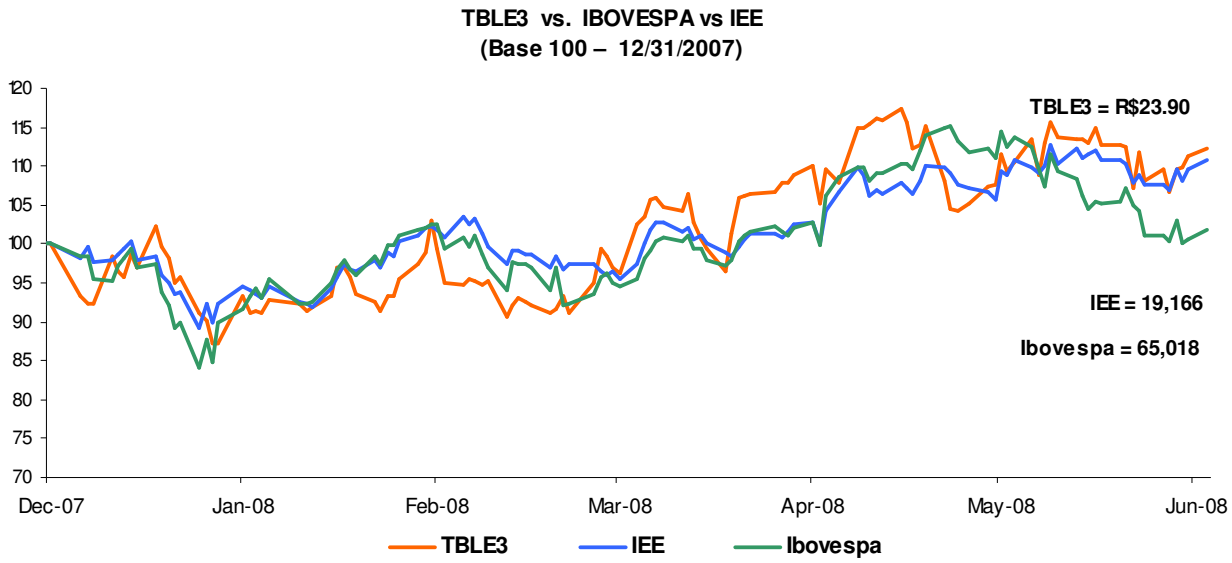
Tractebel Energia's common shares are traded on the São Paulo Stock Exchange under the TBLE3 symbol. The Company's Level I American Depositary Receipts (ADRs) are also traded on the US Over-The-Counter (OTC) market under the TBLEY symbol at a ratio of 1 ADR to every 5 common shares.

### Share Performance – TBLE3

Similar to the first quarter of the year, in 2Q08, Tractebel Energia's shares reported gains despite a negative scenario for the stock exchanges as a whole, appreciating by 12.2% for the accumulated first half, a performance notably better than the São Paulo Stock Exchange Stock Index's (Ibovespa) increase of 1.8%. The Company's performance also exceeded the IEE, the Electric Power Stock Index, which reported first half 2008 gains of 10.8%.

The Company's securities were traded on all the business days the São Paulo Stock Exchange – Bovespa was open for business in the first half of 2008. Average daily trading volume for the period was R$ 15.6 million.

On June 30, 2008, the Company's shares were priced at R$ 23.90/share, representing a market capitalization equivalent to R$ 15.6 billion.



## UPCOMING EVENTS

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

### Conference Call with Webcast (in Portuguese)

**Date:** August 15, 2008
**Time:** 9:00 a.m. (ET) / 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 15, 2008
**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), at the Investors section.

Replay available from August 15 to August 21, 2008. Access by calling (55 11) 4688-6312, code 363.

### Meetings with Analysts

**Florianópolis**
**Date:** August 19, 2008
**Time:** 6:30 p.m. (Brasília time)
**Venue:** Mercure Itacorubi Hotel

**São Paulo**
**Date:** August 25, 2008
**Time:** 8:30 a.m. (Brasília time)
**Venue:** Renaissance Hotel

**Rio de Janeiro**
**Date:** August 25, 2008
**Time:** 6:00 p.m (Brasília time)
**Venue:** Pestana Hotel

**Porto Alegre**
**Date:** August 26, 2008
**Time:** 12:30 a.m. (Brasília time)
**Venue:** Deville Aeroporto Hotel

**Belo Horizonte**
**Date:** August 27, 2008
**Time:** 6:00 p.m. (Brasília time)
**Venue:** Mercure BH Lourdes Hotel

## 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

| Consolidated Balance Sheet | In Thousand Reais | |
|---|---|---|
| **Assets** | **30/06/2008** | **31/03/2008** |
| **Current Assets** | **983,573** | **1,528,830** |
| Cash and cash equivalents | 15,206 | 1,378 |
| Securities | 473,066 | 976,152 |
| Consumers, concessionaires and holder of permissions | 384,329 | 459,239 |
| Taxes and social contributon recoverable | 13,026 | 10,730 |
| Warehouse | 47,221 | 42,821 |
| Pledges and restricted deposits | 1,137 | 1,071 |
| Deferred assets | 13,444 | 15,071 |
| Advances to suppliers | 7,858 | 2,083 |
| Others | 28,286 | 20,285 |
| **Non Current Assets** | **6,652,212** | **5,368,171** |
| **Long Term Assets** | **502,738** | **482,613** |
| Concessionaires and holders of permission | 695 | 1,966 |
| Taxes and social contributon to offset | 25,839 | 25,094 |
| Pledges and restricted deposits | 26,403 | 6,500 |
| Deposits in court | 155,548 | 150,600 |
| Disposal of assets and rights | 78,190 | 84,793 |
| Deferred assets | 214,116 | 211,466 |
| Others | 1,947 | 2,194 |
| **Permanent Assets** | **6,149,474** | **4,885,558** |
| Investments | 30,812 | 30,812 |
| Property plant and equipment | 5,978,366 | 4,715,623 |
| Intangible | 90,815 | 86,981 |
| Deferred | 49,481 | 52,142 |
| **Total** | **7,635,785** | **6,897,001** |

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

| Consolidated Balance Sheet | In Thousand Reais | |
|---|---|---|
| **Liabilities** | **30/06/2008** | **31/03/2008** |
| **Current Liabilities** | **1,280,085** | **1,364,686** |
| Suppliers | 240,573 | 271,456 |
| Dividends and interest on shareholder´s equity | 2,875 | 532,997 |
| Loans and financing | 558,654 | 115,243 |
| Debentures | 29,589 | 72,250 |
| Taxes and social contribution | 282,342 | 210,308 |
| Estimated obligations | 38,694 | 38,490 |
| Research and development (R&D) program obligations | 56,453 | 51,331 |
| Provision for contingencies | 8,786 | 11,608 |
| Post-employment benefits | 21,719 | 20,647 |
| Others | 40,400 | 40,356 |
| **Non Current Liabilities** | **2,928,006** | **2,323,950** |
| **Long Term Liabilities** | **2,928,006** | **2,323,950** |
| Loans and financing | 1,217,597 | 956,231 |
| Debentures | 674,667 | 677,942 |
| Taxes and contributons payable in installments | 7,150 | 16,087 |
| Estimated obligations | 4,637 | 3,609 |
| Provision for contingencies | 77,541 | 72,433 |
| Concessions payable | 593,384 | 247,453 |
| Post-employment benefits | 314,733 | 311,931 |
| Deferred fiscal liabilities | 36,535 | 36,535 |
| Others | 1,762 | 1,729 |
| **Shareholders' Equity** | **3,427,694** | **3,208,365** |
| Share capital | 2,445,766 | 2,445,766 |
| Capital reserves | 91,695 | 91,695 |
| Surplus reserves | 279,392 | 279,392 |
| **Total** | **7,635,785** | **6,897,001** |

# ATTACHMENT III
## TRACTEBEL ENERGIA S.A.
## CONSOLIDATED INCOME STATEMENT

| In Thousand Reais | 2Q08 | 2Q07 | Chg. % | 6M08 | 6M07 | Chg. % |
|---|---|---|---|---|---|---|
| **Gross Operating Revenue** | **856,150** | **812,544** | **5.4** | **1,915,288** | **1,573,858** | **21.7** |
| **Deductions from operating revenue** | **(83,249)** | **(80,862)** | **3.0** | **(190,746)** | **(166,628)** | **14.5** |
| **Net Operating Revenue** | **772,901** | **731,682** | **5.6** | **1,724,542** | **1,407,230** | **22.5** |
| **Eletric Energy and Service Costs** | **(300,385)** | **(317,358)** | **-5.3** | **(606,158)** | **(519,387)** | **16.7** |
| Electric power purchased for resale | (108,342) | (70,447) | 53.8 | (214,873) | (110,377) | 94.7 |
| Transactions conducted through the CCEE | (27,235) | (91,160) | -70.1 | (42,414) | (138,376) | -69.3 |
| Fuel expenses | (32,726) | (29,669) | 10.3 | (92,547) | (39,189) | 136.2 |
| Financial compensation for use of water resources | (15,392) | (26,763) | -42.5 | (35,808) | (37,573) | -4.7 |
| Personnel | (27,152) | (21,862) | 24.2 | (49,331) | (42,147) | 17.0 |
| Depreciation and amortization | (63,858) | (57,012) | 12.0 | (120,794) | (111,911) | 7.9 |
| Costs of services rendered | (1,880) | (2,517) | -25.3 | (5,057) | (4,520) | 11.9 |
| Others | (23,800) | (17,928) | 32.8 | (45,334) | (35,294) | 28.4 |
| **Gross Income** | **472,516** | **414,324** | **14.0** | **1,118,384** | **887,843** | **26.0** |
| **Operating Expenses** | **(98,929)** | **(86,229)** | **14.7** | **(113,121)** | **(166,271)** | **-32.0** |
| Selling expenses | (59,014) | (55,654) | 6.0 | (115,467) | (106,155) | 8.8 |
| General and administrative expenses | (41,098) | (32,860) | 25.1 | (76,752) | (63,094) | 21.6 |
| Reversal of operational provisions, net | 1,183 | 2,285 | -48.2 | 2,667 | 2,978 | -10.4 |
| Favorable ruling on lawsuit | - | - | - | 76,431 | - | - |
| **Service Income** | **373,587** | **328,095** | **13.9** | **1,005,263** | **721,572** | **39.3** |
| **Net Financial Income (Expenses)** | **(41,890)** | **(26,057)** | **60.8** | **(84,764)** | **(52,543)** | **61.3** |
| Financial income | 32,799 | 21,895 | 49.8 | 63,263 | 45,253 | 39.8 |
| Financial expenses | (74,689) | (47,952) | 55.8 | (148,027) | (97,796) | 51.4 |
| **Operating Income** | **331,697** | **302,038** | **9.8** | **920,499** | **669,029** | **37.6** |
| Non-operating income (loss) | (720) | (414) | 73.9 | (1,784) | (1,116) | 59.9 |
| **Income Before Taxes** | **330,977** | **301,624** | **9.7** | **918,715** | **667,913** | **37.6** |
| Income tax | (83,187) | (52,854) | 57.4 | (225,561) | (143,256) | 57.5 |
| Social contribution | (28,461) | (19,223) | 48.1 | (82,313) | (53,008) | 55.3 |
| **Net Income for the Period** | **219,329** | **229,547** | **-4.5** | **610,841** | **471,649** | **29.5** |
| **EBITDA** | **440,839** | **387,805** | **13.7** | **1,132,050** | **838,878** | **34.9** |
| Net income per share | 0.3360 | 0.3517 | -4.5 | 0.9358 | 0.7226 | 29.5 |

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

| In thousands R$ | 2Q08 | 2Q07 | 6M08 | 6M07 |
|---|---|---|---|---|
| **Operating Activities** | | | | |
| Net income for the period | 219,329 | 229,547 | 610,841 | 471,649 |
| Expenses (revenues) that do not affect cash: | | | | |
| Depreciation and amortization | 67,253 | 59,710 | 126,788 | 117,306 |
| Net monetary variations | 801 | (10,538) | 22,485 | (14,852) |
| Net interest | 19,640 | 15,155 | 25,938 | 23,154 |
| Favorable ruling on lawsuit | - | - | (76,431) | - |
| Operating provision (reversion), net | 1,475 | (1,018) | 2,667 | (767) |
| Deferred income tax and social contribution | (112) | 2,272 | (10,475) | (5,225) |
| Result of writing off of permanent assetes | 802 | 459 | 1,866 | 1,161 |
| Others | 122 | 52 | 244 | 104 |
| | 309,310 | 295,639 | 703,923 | 592,530 |
| **Decrease (Increase) in Assets** | | | | |
| Consumers and concessionaires | 88,925 | (23,623) | (31,815) | (14,228) |
| Resources subject to payment of obligations | - | (8,370) | - | 8,641 |
| Disposals, services in progress and expenditures to reimburse | 2,872 | 6,804 | 3,016 | 8,568 |
| Taxes and social contributions recoverable | 252 | 19,583 | (191) | 6,085 |
| Collateral and linked / judicial deposits | 4,291 | 27,994 | 55,189 | 45,240 |
| Warehouse | (4,425) | 2,389 | 2,847 | 3,037 |
| Pre-paid expenses | (5,610) | (4,966) | (3,621) | (3,617) |
| Others | 2,762 | (2,474) | 9,447 | 610 |
| | 89,067 | 17,337 | 34,872 | 54,336 |
| **Increase (Decrease) in Liabilities** | | | | |
| Suppliers | (31,182) | 63,727 | (82,058) | (5,296) |
| Loans, financing and debentures | (21,526) | (13,952) | 7,160 | 1,762 |
| Taxes and social contributions | 56,298 | 38,498 | 3,684 | 137,902 |
| Estimated obligations | (1,335) | 354 | 4,895 | 3,506 |
| Provision for contingencies | (4,581) | (1,870) | (2,778) | (1,894) |
| Post-employment benefits | (8,719) | (7,440) | (16,093) | (15,142) |
| Research and development | 2,728 | 4,259 | 7,485 | 6,371 |
| ANEEL Concession | (407) | (390) | (812) | (783) |
| Others | (1,420) | 11,632 | 4,002 | 5,391 |
| | (10,144) | 94,818 | (74,515) | 131,817 |
| **Funds from Operating Activities** | **388,233** | **407,794** | **664,280** | **778,683** |
| **Investments activities** | **(744,157)** | **(391,993)** | **(806,350)** | **(426,624)** |
| Acquisitions of CESS, net of acquired cash and cash equivalents | - | (280,680) | - | (280,680) |
| Acquisitions of stake in MAESA | - | - | - | (28,793) |
| Acquisitions of PPESA, net of acquired cash and cash equivalents | (635,507) | - | (635,507) | - |
| Used in fixed assets and deferred items | (108,605) | (111,251) | (153,864) | (116,194) |
| Used in intangibles | (45) | (62) | (16,979) | (957) |
| **Financing activities** | **(133,334)** | **(92,592)** | **(163,749)** | **(137,326)** |
| Payment of loans, financing and debentures | (67,450) | (59,220) | (97,865) | (103,641) |
| Financing and debentures | 464,238 | 459,414 | 464,238 | 459,414 |
| Payment of swap adjusts | - | (3,264) | - | (3,577) |
| Payment of dividends and interest on shareholders' equity | (530,122) | (489,522) | (530,122) | (489,522) |
| **Total Effects on Cash** | **(489,258)** | **(76,791)** | **(305,819)** | **214,733** |
| **Cash and cash equivalents** | | | | |
| Opening balance | 977,530 | 548,364 | 794,091 | 256,840 |
| Closing balance | 488,272 | 471,573 | 488,272 | 471,573 |
| | **(489,258)** | **(76,791)** | **(305,819)** | **214,733** |
| **Payments made in the year** | | | | |
| Interest on loans, financing and debentures | 69,692 | 49,131 | 79,936 | 61,996 |
| Income tax and social contribution | 46,789 | 41,574 | 282,716 | 94,798 |
| **Transactions that do not affect cash** | | | | |
| Offsetting of income tax and social contribution | 450 | - | 2,043 | 132 |
| Proposed dividends and interest on shareholders' equity credited | - | 88,000 | - | 88,000 |