TRACTEBEL ENERGIA announces a record EBITDA of R$ 513.0 million in 3Q07

Net income reaches R$ 272.9 million in the period

Florianópolis, SC, Brazil, November 8, 2007 – Tractebel Energia S.A. (Bovespa: TBLE3, ADR: TBLEY)), the largest private sector electricity generating company in Brazil, announces the earnings for the third quarter and nine month period ending September 30, 2007 (3Q07 and 9M07). 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 revenue for 3Q07 amounted to R$ 854.4 million, 23.0% above the 3Q06, reflecting the increase in exports to Argentina in addition to higher volumes and prices for contracting energy.

• The average sales contract price in 3Q07, net of deductions, was 17.9% higher than the 3Q06, leveraged by the more robust export business. Excluding the exports, the average sales price was 8.9% higher than the average for the same period in 2006.

• The Company recorded successive monthly records in July (3,575 GWh or 4,805 average MW) and August (3,662 GWh or 4,922 average MW), surpassing the record set in June 2007 of 3,445 GWh or 4,785 average MW.

• EBITDA reached a record R$ 513.0 million in the period, equivalent to an increase of 16.1% compared to R$ 441.9 million in 3Q06, again reflecting higher exports and improved prices and volumes for contracting energy.

• Net income for the period was R$ 272.9 million, corresponding to R$ 0.42 per share, a year-over-year improvement for the period of 5.9%. Net income reached R$ 744.6 million for the accumulated 9M07 period.

• On October 25, 2007, Tractebel Energia paid out interest on shareholders' equity of R$ 88.0 million, and interim dividends of R$ 360.1 million, both based on first semester 2007 net income.

• On September 25, 2007, Tractebel Energia was honored with the Transparency Trophy on the occasion of the 11th ANEFAC – FIPECAFI – SERASA Award for the Company's clear, precise and transparent 2006 financial statements.

3Q07

For immediate release

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

Marc Verstraete
Finance and IR Director
marc@tractebelenergia.com.br

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

Conference Call and Webcast
On 11/12/07: at 07:00 a.m. in Portuguese
at 09:00 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	3Q07	3Q06	Chg.	9M07	9M06	Chg.
Gross operating revenue	928.7	772.1	20.3%	2,502.5	2,209.9	13.2%
Net operating revenue (NOR)	854.4	694.8	23.0%	2,261.6	1,990.6	13.6%
Result from service (EBIT)	455.3	389.8	16.8%	1,180.2	1,102.1	7.1%
EBITDA (1)	513.0	441.9	16.1%	1,351.9	1,258.2	7.4%
EBITDA / NOR - (%)	60.0	63.6	-3.6 p.p.	59.8	63.2	-3.4 p.p.
Net income	272.9	257.8	5.9%	744.6	790.3	-5.8%
Net debt	877.2	876.2	0.1%	877.2	876.2	0.1%
Energy sold (avg MW)	3,903	3,782	3.2%	3,759	3,682	2.1%
Number of employees	911	906	0.6%	911	906	0.6%

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



OPERATING PERFORMANCE

Generating Complex

Tractebel Energia is the largest private sector electricity generating company in Brazil and operates a 6,977 MW capacity complex, made up of 13 plants (six hydroelectric and seven thermoelectric power plants), of which 11 are wholly owned by the Company and two (the Itá and Machadinho hydro plants) are operated in consortium with other companies.

Tractebel Energia's Generating Complex

Power plants	Hydro/ Thermal	Location	Installed Capactity (MW)	
			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	1,090
Machadinho *	Hydro	Uruguai River (SC and RS)	1,140	404
Cana Brava	Hydro	Tocantins River (GO)	450	450
Total - Hydro			**5,764**	**4,668**
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			**6,977**	**5,881**

(*) Considering the addition of 21.4 MW regarding the acquisition of stake in MAESA.

(**) Complex comprised of 3 power plants.

Projects under Construction

New Projects

Power plants	Hydro/ Thermal	Location	Installed Capactity (MW)	
			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 transfered from SUEZ Energy South America - SESA in the 1st half 2008.

São Salvador. In 2Q07 Tractebel Energia S.A. acquired the total common and preferred shares issued by Companhia 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. CESS also signed a contract in October with the consortium construction contractor for work to begin. 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%, Companhia 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. Its transfer to Tractebel Energia is envisaged for the first semester of 2008.

São João. Tractebel Energia has set up a partnership with a subsidiary of Dedini Agro Group for the development of the São João project, a sugar-cane-fired power plant. Later on Dedini was acquired by the Spanish group Abengoa, who eventually opted to cease the mentioned partnership. Tractebel Energia will now have the right to compensation by way of indemnification. The project had sold 23 average MW from 2010 in the 1st Auction of Alternative Energy Sources promoted by ANEEL (the Brazilian Electricity Energy Agency) in June 2007. Dedini remains legally committed to the installation of the project and to the delivery of the energy. Tractebel Energia continues to pursue the development of new thermoelectric power plants powered by sugar-cane biomass.

Uptime Operating

In 3Q07, the 13 plants operated by Tractebel Energia recorded 98.6% uptime, excluding scheduled stoppages, 99.8% in hydroelectric generation and 93.0% in thermoelectric generation.

With this quarterly performance, uptime for the accumulated nine months of 2007 was 97.9%, excluding scheduled stoppages. Including all programmed stoppages, global uptime was 94.4%, 96.2% in the case of hydro and 85.6% for thermoelectric generation.

Production

3Q07 electric energy production at the power plants operated by Tractebel Energia was 9,968 GWh (4,564 average MW), a growth of 103.9% compared with 3Q06. Of the total generated, thermoelectric plants were responsible for 1,608 GWh (736 average MW) and hydroelectric plants, 8,360 GWh (3,828 average MW), representing stability in output from the thermoelectric plants and a significant year-over-year jump in output of 153.2% with respect to the hydro plants.

In the accumulated nine-month period (9M07), total electricity production reached 24,074 GWh (3,674 average MW), 20,696 GWh (3,159 average MW) from the hydroelectric plants and 3,378 GWh (516 average MW) from thermoelectric sources. Global generation for this period recorded a growth of 51.2% in relation to the same period in 2006, principally due to the significantly improved hydrological conditions, thus benefiting the output from the hydroelectric plants this year compared with 2006. Generation from the thermoelectric plants was also enhanced by exports to Argentina and Uruguay. Tractebel Energia's performance resulted in two consecutive monthly records for the Company in July (3,575 GWh or 4,805 average MW) and August (3,662 GWh or 4,922 average MW), surpassing the previous record in June 2007, which was 3,445 GWh or 4,785 average MW. This data includes total production from the Itá and Machadinho plants, the only ones in the Company's generating complex that are not wholly owned.

Overall, the outstanding feature of these numbers is that despite additional load demand culminating in the successive monthly records already mentioned, total plant uptime at Tractebel Energia remained steady at a level of 95%, the same as the preceding quarter. This would have been 98.6% if we consider only unplanned stoppages, thus showing the high degree of reliability of the plants in spite of the intensity of the requirements made on the electricity system.

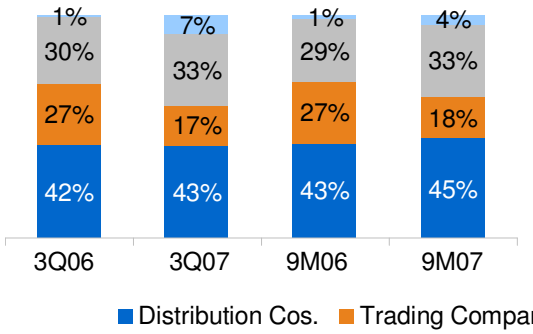
Customers

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.

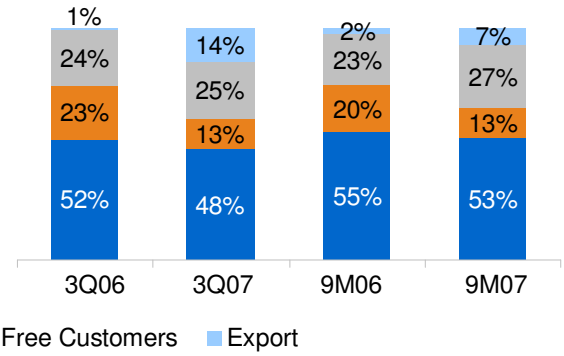
The Company actively pursues a policy of enhancing consumer loyalty by providing tailor-made services permitting the adaptation of energy purchases to the production processes of each customer.

The significant increase in demand from Argentina caused a considerable rise in exports in the Company's portfolio in the period, reaching 13.5% of the gross operating revenue and 7.4% of the physical sales, an increase of 12.4 p.p. and 6.9 p.p., respectively, in comparison with 3Q06.

Breakdown of Clients by Physical Sales



Breakdown of Clients 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 2010, when forecasts for the sector indicate a potential increase in prices.

Based on data of assured energy and contracts in force on September 30, 2007, Tractebel Energia's energy balance shows that the Company 's current resources, including acquisitions from third parties, is almost entirely contracted through 2009.

Energy Balance

	(avg MW)	2007	2008	2009	2010	2011	2012	Auction Price (R$/MWh)	Reference Date	Price Adjusted as of Sept 30, 2007 (R$/MWh)
	Own Resources	3,189	3,009	3,143	3,178	3,365	3,402			
+	Purchases for Resale	508	417	467	598	217	130			
=	Total Resources (A)	3,697	3,426	3,610	3,776	3,582	3,532			
	Government Auction Sales*	10	160	1,034	1,234	1,382	1,638			
	2004-EE-08	10	10	10	10	10	10	70.9	Dec-04	78.3
	2005-EE-08	-	150	150	150	150	150	81.6	Apr-05	89.2
	2005-EE-08	-	-	381	381	381	381	94.0	Oct-05	100.8
	2005-NE-30	-	-	-	200	200	200	115.1	Dec-05	122.3
	2006-NE-30	-	-	493	493	493	493	128.4	Jun-06	134.0
	2006-NE-30	-	-	-	-	148	148	135.0	Nov-06	140.2
	2007-NE-30	-	-	-	-	-	256	126.6	Jun-07	128.1
+	Bilateral Sales	3,677	3,220	2,490	2,213	1,343	1,241			
=	Total Sales (B)	3,687	3,380	3,524	3,447	2,725	2,879			
	Balance (A - B)	**10**	**46**	**86**	**329**	**857**	**653**			
	Sales Average Price (R$/MWh)*1:	85.7	89.5	90.3						
	Purchases Average Price (R$/MWh)*2:	51.2	70.6	85.0						

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

*1: Sales price is net of ICMS and taxes over revenues (PIS/COFINS, R&D).

*2: Purchase net price, considering benefits from PIS/COFINS credits.

Note: The balance considers the energy generated by the projects São Salvador and Estreito, which start of operations are scheduled for 1Q09 and 3Q10, respectively. From 2Q07 on the resume of the energy proceeding from the contract with CIEN was disregarded.

ECONOMIC AND FINANCIAL PERFORMANCE

Gross Operating Revenue

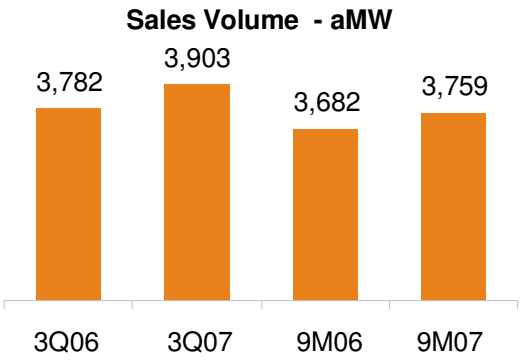
As from January 2007, revenue from the supply of electric energy has been recognized net of ICMS, in the case this sales tax applies to a special regime known as tax replacement on interstate sales operations. Up to December 31, 2006 this tax had been incorporated in the account group "Deductions from operating revenue". In order to facilitate comparative analysis between the periods under review, gross operating revenue and deductions from operating revenue for 3Q06 were reclassified, the figures changing from R$ 787.1 million and R$ 92.2 million to R$ 772.1 million and R$ 77.2 million. In the 9M06 period, the values for the same account groups were changed respectively from R$ 2,249.4 million and R$ 258.8 million to R$ 2,209.9 million and R$ 219.3 million.

Gross operating revenue in 3Q07 was R$ 928.7 million, 20.3% higher than for the same period in 2006, when this item reported R$ 772.1 million, principally a reflection of the substantial exports to Argentina and to a lesser extent the increase in quantity and average price of energy sold.

During the quarter, exports to Argentina and Uruguay reached R$ 125.7 million, against R$ 8.2 million in the same period in 2006. This increase reflected larger energy deliveries to meet strong demand from Argentina.

Sales to the wholesale market reached R$ 687.6 million, 17.4% higher than recorded in 3Q06, when the figure was R$ 585.8 million. Sales to free customers amounted to R$ 235.0 million, equivalent to a growth of 27.9% over the R$ 183.8 million for the same quarter in 2006 – symptomatic of the Company's efforts to expand this portfolio.

Consolidated sales in 3Q07 totaled 8,618 GWh (3,903 average MW), an increase of 3.2% compared with 8,352 GWh (3,782 average MW) sold in the same period in 2006. The average sales contract price was 16.3% up on the average price of energy sold in 3Q06.



Excluding exports to Argentina and Uruguay, sales in 3Q07 amounted to 7,979 GWh (3,614 average MW), a decline of 3.9% against the same quarter 2006, when sales amounted to 8,307 GWh (3,672 average MW).

Deductions from Operating Revenue

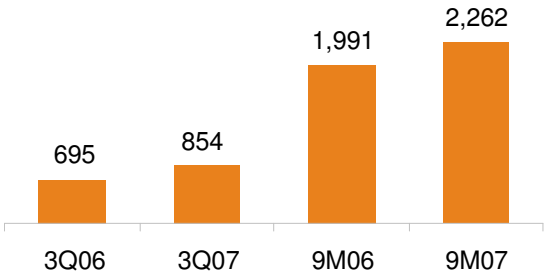
Deductions from gross operating revenue – principally sales taxes – recorded a decline of 3.8% between the comparative periods, falling from R$ 77.3 million in 3Q06 to R$ 74.3 million in 3Q07. This decrease is due to the alteration in the organization structure of the Tractebel Energia Comercializadora Ltda subsidiary in June 2007, when ICMS sales tax charged on electricity supply sales to free customers in São Paulo, in the amount of R$ 11.0 million, previously recorded as "ICMS deducted from revenue", began to be collected on a tax replacement basis and deducted directly from revenue from supply of electricity.

Net Operating Revenue

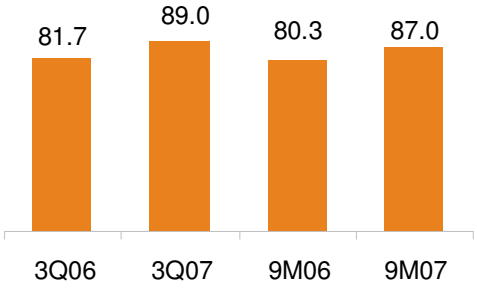
In 3Q07, net operating revenue showed an improvement of 23.0% compared with the same quarter of 2006, and reflecting an increase from R$ 694.8 million to R$ 854.4 million. This growth stemmed largely from the increase in gross operating revenue as has already been commented above.

Average sales price, net of deductions from gross operating revenue (ICMS, PIS COFINS and resources to research and development – R&D), reached R$ 96.94/MWh in 3Q07, 17.9% higher than the price in 3Q06. However, disregarding exports to Argentina and Uruguay, the average sales price in 3Q07 was R$ 88.95/MWh, 8.9% higher than in the same quarter of 2006.

Net Operating Revenue - R$ million



Average Sales Price - R$/MWh



Note:
Figures are net of deductions and exclude exports.

Costs of Electric Energy and Services

Costs reached R$ 309.5 million in 3Q07, representing a growth of 3.1% over the R$ 300.1 million in 3Q06. This was mainly a reflection of the following elements:

- **Third party energy purchases:** a reduction of R$ 17.5 million due to lower energy purchases from third parties for resale.

- **Transactions channeled through the Energy Trading Board - CCEE:** a reduction of R$ 51.0 million mainly due to the combination of the following factors: (i) a decrease of R$ 81.3 million, largely due to lower exposure to the CCEE in the light of impacts from the process of monthly allocation of annual assured energy from the hydroelectric power plants in 3Q07 compared with the same period in 2006; (ii) an increase of R$ 22.2 million, due to greater exposure to the CCEE, resulting from thermoelectric energy eventually destined for export. This cost increase from exposure was fully passed on to export prices and is reflected in energy sales revenue; (iii) an increase of R$ 12.0 million in revenue from the Energy Reallocation Mechanism (MRE) due to greater dispatch levels from hydroelectric power plants required by the National Electricity System Operator (ONS); and (iv) a reduction of R$ 14.5 million in sales revenue due to the reduced dispatch from the William Arjona Thermoelectric Plant following the upgrading of transmission lines in the Campo Grande (MS) area as from November 2006.

- **Fuel Expenses:** an increase of R$ 54.4 million, principally due to the combination of the following factors: (i) an increase in the consumption of coal worth R$ 69.6 million to attend the export of energy to Argentina; and (ii) the lower

consumption of natural gas at the William Arjona Thermoelectric Power Plant, amounting to R$ 15.3 million, due to minimal dispatches of energy from the plant.

- **Financial compensation for the use of hydrological resources:** growth of R$ 18.8 million due to the significant increase in the dispatch of energy from the hydroelectric plants required by the ONS as compared with the same quarter in 2006 when southern Brazil suffered a severe drought. This was partially offset by enhanced MRE revenue, as mentioned above.

- **Depreciation and amortization:** an increase of R$ 5.9 million due to reevaluation of the lifespan of certain hydroelectric plant assets.

Selling Expenses

Selling expenses are largely made up of overheads for the use of and connection to the electricity grid and totaled R$ 54.9 million in 3Q07, in line with what was recorded for the same period in 2006, when this item amounted to R$ 54.3 million.

General and Administrative Expenses

General and administrative expenses increased from R$ 27.9 million in 3Q06 to R$ 33.2 million in 3Q07, 18.9% higher, mainly due to the recognition of management bonuses as well as a provision for the Voluntary Severance Program (PDV), implemented by the Company. None of these factors were present in the same quarter in 2006. Provisions for profit sharing and expenses with services rendered by third parties also inflated this item.

Favorable Outcome to Legal Suit

In 3Q06, the Company recognized a gain of R$ 88.7 million following a final decision not subject to appeal with respect to the elimination of the calculation basis for PIS and COFINS contributions.

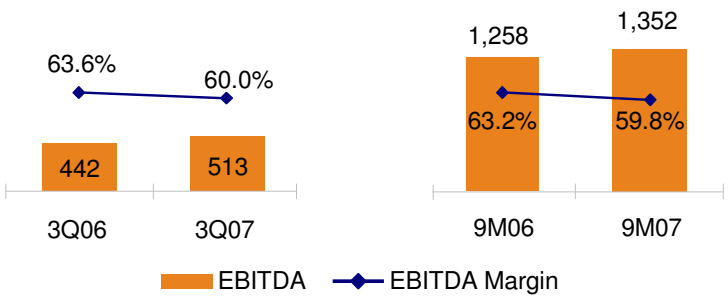
Refunding of the Additional Tariff

At the behest of ANEEL, in 3Q06, the Company recognized an expense of R$ 8.9 million relating to the obligatory refunding of an additional tariff, previously charged to customers for offsetting differences in PIS and COFINS levies due to alterations in the tax legislation.

EBITDA and EBITDA Margin

Reflecting the results of the above, 3Q07 EBITDA reached R$ 513.0 million, the largest amount ever reported by the Company and an increase of 16.1% in relation to 3Q06 (R$ 441.9 million). The EBITDA margin in 3Q06 was 63.6% as against 60.0% in 3Q07.

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



Financial Result

Financial income: an increase of R$ 2.7 million from R$ 26.0 million to R$ 28.7 million in 3Q07 compared with the same quarter in 2006 largely due to the increase of R$ 3.7 million in income from financial investments, the result of a larger volume of resources available for investment in 3Q07.

Financial expenses: a decrease from R$ 6.3 million in 3Q07, compared with the same period in 2006, falling from R$ 76.9 million to R$ 70.6 million, mainly due to a combination of the following factors: (i) an increase in foreign exchange gains on loans and financing, net of the currency hedge operation result for the amount of R$ 15.5 million, due to the depreciation of the basket of currencies comprising the corporate debt in relation to the Real; and (ii) an increase in interest expenses on loans, financing, debentures and the ANEEL concession, in the amount of R$ 7.2 million, principally the result of the issuance of debentures in 2T07, indexed to the IPCA, and to the greater variation in the IGP-M, in the quarter under review in relation to the same period for 2006.

Income Tax and Social Contribution

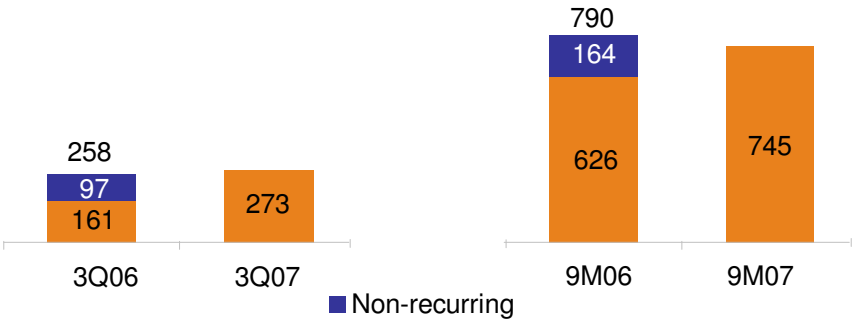
The growth of R$ 59.0 million reflects the fact that in 3Q06 the Company credited interest on shareholders' equity in the amount of R$ 114.0 million, resulting in a reduction of income tax and social contribution amounting to R$ 38.8 million. This figure was also inflated by growth in net income in 3Q07 compared with 3Q06.

Net Income

In 3Q07, reported net income was R$ 272.9 million, 5.9% higher than the R$ 257.8 million for the same period in 2006, reflecting the factors already mentioned. Particularly notable was that 3Q07 result was positively impacted by an after tax amount of R$ 85.7 million due to the results of exports of energy to Argentina and reduced transactions at the CCEE overheads, the later a consequence of the energy monthly allocation process as described under the "Transactions channeled through the Energy Trading Board - CCEE" item. In 3Q06, on the other hand, net income was positively influenced by the recognition of a legal decision with no right to further appeal found in favor of the Company, equivalent to R$ 58.5 million net of tax. Also in 3Q06, earnings were further boosted by the reduction in income tax and social contribution amounting to R$ 38.8 million as a result of the payout of interest on shareholders' equity.

In the 9M07 period, net income reached R$ 744.6 million, a decline of 5.8% in relation to the same period in 2006 when the figure was R$ 790.3 million. In this respect, it should be pointed out that while net income for the 9M07 period was positively influenced by R$ 37.6 million, net of taxes due to the result of energy exports to Argentina, in 9M06, the net income also received a R$ 164.6 million boost from the sale of the remaining stake in the Jacuí Project together with a further court action with no right of appeal ruled in the Company's favor.

Net Income - R$ million



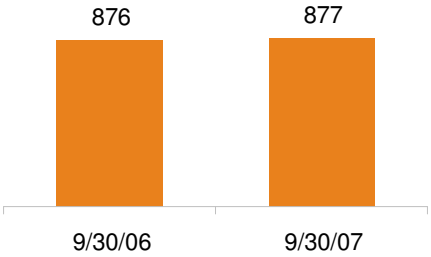
Debt

The Company's net debt as at September 30, 2007 (total debt less cash and cash equivalents and the result of swap operations) was R$ 877.2 million compared to R$ 876.2 million at the end of 3Q06.

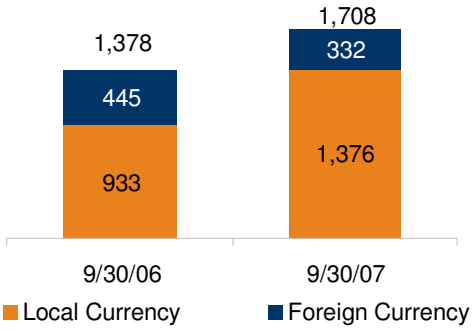
Total gross consolidated debt, mainly in the form of loans, debentures and financing, totaled R$ 1,708.4 million on September 30, 2007, a 24.0 % increase compared with the position as at September 30, 2006. Of the total debt at the end of the period, 19.4% was foreign currency denominated (32.3% at the end of 3Q06), of which 42.5 % was hedged against foreign exchange fluctuations in relation to the Real.

Growth in Company debt reflects the R$ 350.0 million debenture issue in 2Q07. This issue was four times oversubscribed and was placed in the market at IPCA plus 7% p.a., with a seven-year maturity.

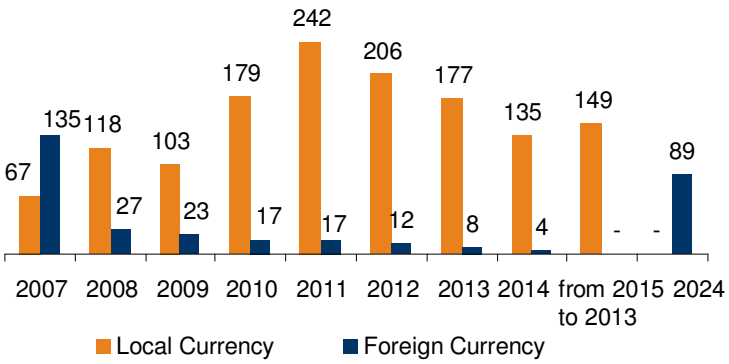
Performance of Net Debt - R$ million



Composition of Debt - R$ million



Maturity Term Loans - R$ million

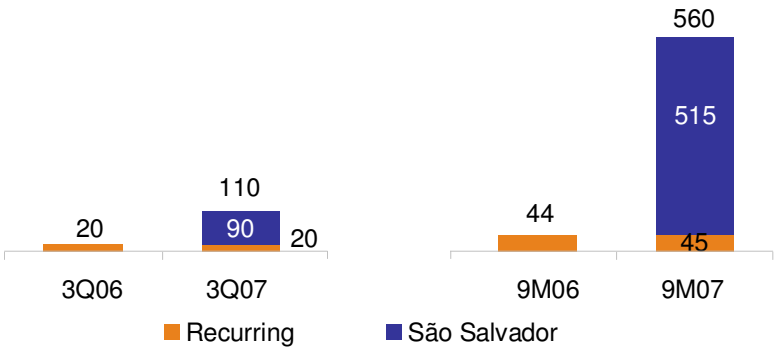


Capital Expenditures

As from the second quarter of this year, the Company has been investing in the construction of the São Salvador Hydroelectric Power Plant, with Brazilian Economic and Social Development Bank – BNDES funding. In the quarter under review, such investments totaled R$ 90.2 million. On top of that, an amount of R$ 20.0 million was allocated in 3Q07 to plant maintenance and upgrading, in line with investments of R$ 20.3 million for the same period in 2006.

Total investments for 9M07 were R$ 560.1 million, a major increase over the R$ 43.7 million in 9M06, principally reflecting the above mentioned investments in the construction of the São Salvador Hydroelectric Power Plant.

CAPEX
R$ million



Payment of Dividends

On October 25, 2007, the Company paid out interest on shareholders' equity worth a total of R$ 88,000,000.00 for the period January 1st to June 30, 2007, equivalent to R$ 0.1348158600 per share, and interim dividends based on the financial statements raised on June 30, 2007 worth R$ 360,066,578.47, equivalent to R$ 0.5516214256 per share.

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. 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.

Tractebel Energia is the first of the leading generators in the Brazilian electricity sector with all its plants covered by these certifications, testifying to the quality of production and environmental responsibility.

Thanks to this permanent commitment, the Company continues to be a component of 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.

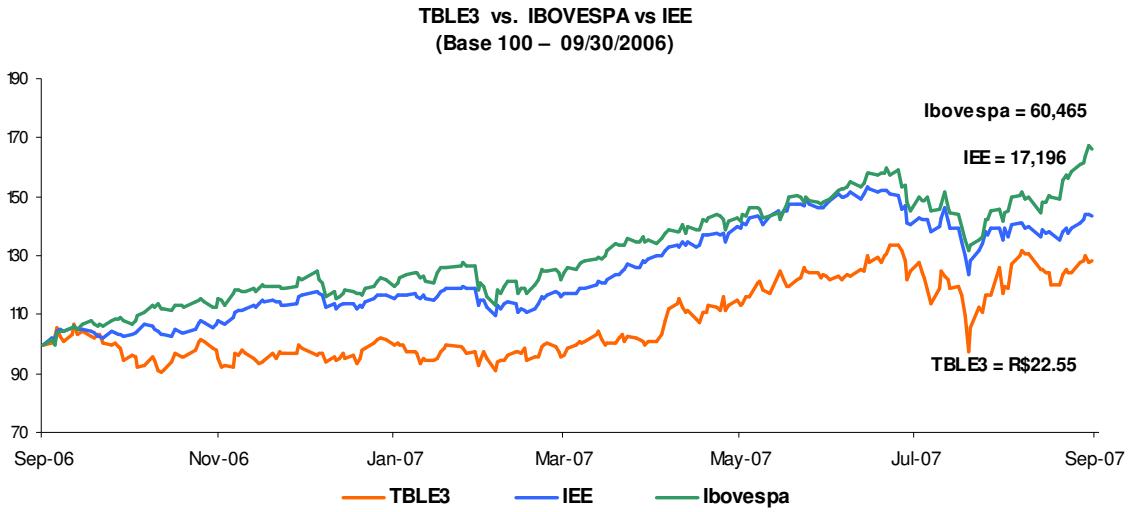
Tractebel Energia's common shares are traded on the São Paulo Stock Exchange under the TBLE3 symbol. The Company's Level I American Depositary Receipts (ADRs) are also traded on the US Over-The-Counter (OTC) market under the TBLEY symbol at a ratio of 1 ADR to every 5 common shares.

Share Performance – TBLE3

In 3Q07, TBLE3 appreciated 4.9%, while the Ibovespa, a stock index reflecting the performance of the most liquid securities in the market, increased 11.2%. The IEE, which represents the consolidated performance of the electricity sector's shares as a whole, depreciated 3.2%.

The Company's shares were traded on all the days the Stock Exchange was open for business, the average daily trading volume for the quarter being R$ 12.1 million, a 68.5% increase in volume compared with 3Q06.

On September 30, 2007 the Company's shares were quoted at R$ 22.55/share, representing market capitalization equivalent to R$ 14.7 billion.



SUBSEQUENT EVENTS

Acquisition of Seival Participações S.A.

On October 2, 2007, the Company announced the acquisition of the entire capital stock of Seival Participações S.A.

Seival is a special purpose company, holder of 99.99% of the capital stock of Usina Termelétrica Seival Ltda., with its registered offices in the city of Porto Alegre, RS.

The acquisition of Seival Participações represents further progress in the project for energy sales to Uruguay as from 2012. The company holds the rights (including ANEEL authorization, preliminary license and a purchase option on the asset) to install and operate a coal-fired thermoelectric power plant in Candiota, RS with an installed capacity of up to 540 MW.

Energy Auction

The Estreito Hydroelectric Power Plant, to be constructed by the Consórcio Estreito, in which the controlling company of Tractebel Energia, SESA, is the leader with a 40.1% stake, will have an installed capacity of 1,087 MW. The plant is sited on the Tocantins River which at that location forms the boundary between the states of Tocantins and Maranhão.

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, for a 30-year period. Its transfer to Tractebel Energia is envisaged for the first semester of 2008.



UPCOMING EVENTS

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

Conference Call with Webcast (in Portuguese)

Date: November 12, 2007
Time: 07:00 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: November 12, 2007
Time: 09:00 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 November 12th to November 21, 2007. Access by calling (55 11) 4688-6225, code 323.

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 – ASSETS

Consolidated Balance Sheet	In Thousand Reais	
Assets	**9/30/2007**	**6/30/2007**
Current Assets	**1,351,725**	**957,810**
Cash and cash equivalents	78,545	19,315
Securities	776,644	452,258
Resources subject to payment of obligations	-	13,002
Consumers, concessionaires and holder of permissions	361,239	378,664
Taxes and social contributon recoverable	20,531	20,377
Warehouse	22,879	20,586
Pledges and restricted deposits	42,576	8,100
Deferred assets	21,190	19,741
Advances to suppliers	5,423	6,639
Others	22,698	19,128
Non Current Assets	**5,186,141**	**5,124,737**
Long Term Assets	**478,309**	**465,186**
Concessionaires and holders of permission	7,616	9,629
Taxes and social contributon to offset	15,920	13,963
Pledges and restricted deposits	31,832	30,908
Deposits in court	145,972	140,558
Disposal of assets and rights	76,924	72,945
Deferred assets	198,566	195,324
Others	1,479	1,859
Permanent Assets	**4,707,832**	**4,659,551**
Investments	96,065	97,252
Property plant and equipment	4,503,867	4,452,242
Intangible	76,056	76,786
Deferred	31,844	33,271
Total	**6,537,866**	**6,082,547**

ATTACHMENT II

TRACTEBEL ENERGIA S.A.

CONSOLIDATED BALANCE SHEET – LIABILITIES

Consolidated Balance Sheet	In Thousand Reais	
Liabilities	**9/30/2007**	**6/30/2007**
Current Liabilities	**1,433,133**	**958,014**
Suppliers	243,878	232,100
Dividends and interest on shareholder´s equity	438,296	78,250
Loans and financing	257,758	268,512
Debentures	48,876	29,529
Taxes and social contribution in installments	274,842	180,216
Estimated obligations	32,827	34,009
Derivatives	24,083	21,149
Research and development (R&D) program obligations	47,173	41,506
Provision for contingencies	9,348	8,545
Post-employment benefits	19,094	19,536
Others	36,958	44,662
Non Current Liabilities	**2,043,666**	**1,976,312**
Long Term Liabilities	**2,043,666**	**1,976,312**
Loans and financing	732,264	686,654
Debentures	669,456	665,654
Taxes and contributons payable in installments	9,477	7,251
Estimated obligations	1,724	1,054
Provision for contingencies	63,972	61,668
Concessions payable	221,927	213,673
Post-employment benefits	306,105	301,641
Deferred fiscal liabilities	36,535	36,535
Others	2,206	2,182
Shareholders' Equity	**3,061,067**	**3,148,221**
Share capital	2,445,766	2,445,766
Capital reserves	91,695	91,695
Surplus reserves	227,111	227,111
Retained Earnings	296,495	383,649
Total	**6,537,866**	**6,082,547**



ATTACHMENT III

TRACTEBEL ENERGIA S.A.

CONSOLIDATED INCOME STATEMENT

In Thousand Reais	3Q07	3Q06	Chg. %	9M07	9M06	Chg. %
Gross Operating Revenue	**928,674**	**772,091**	**20.3**	**2,502,532**	**2,209,941**	**13.2**
Deductions from operating revenue	**(74,314)**	**(77,254)**	**-3.8**	**(240,942)**	**(219,315)**	**9.9**
Net Revenue from Sales and Services	**854,360**	**694,837**	**23.0**	**2,261,590**	**1,990,626**	**13.6**
Eletric Energy and Service Costs	**(309,509)**	**(300,073)**	**3.1**	**(825,522)**	**(733,605)**	**12.5**
Personnel	(21,281)	(20,759)	2.5	(63,428)	(59,511)	6.6
Electric energy purchased from third-party	(70,103)	(87,649)	-20.0	(180,480)	(208,117)	-13.3
Transactions conducted through the CCEE	(35,364)	(86,352)	-59.0	(173,740)	(140,814)	23.4
Fuel expenses	(76,847)	(22,400)	243.1	(116,036)	(87,109)	33.2
Financial compensation for use of water resources	(26,386)	(7,587)	247.8	(63,959)	(27,459)	132.9
Depreciation and amortization	(55,359)	(49,421)	12.0	(163,896)	(148,219)	10.6
Costs of services rendered	(2,697)	(2,644)	2.0	(7,217)	(7,282)	-0.9
Others	(21,472)	(23,261)	-7.7	(56,766)	(55,094)	3.0
Gross Income	**544,851**	**394,764**	**38.0**	**1,436,068**	**1,257,021**	**14.2**
Operating Expenses	**(89,579)**	**(4,919)**	**1,721.1**	**(255,850)**	**(154,925)**	**65.1**
Selling expenses	(54,906)	(54,339)	1.0	(161,061)	(156,027)	3.2
General and administrative expenses	(33,202)	(27,926)	18.9	(96,296)	(92,028)	4.6
Reversal of operational provisions, net	(1,471)	(2,412)	-39.0	1,507	13,372	-88.7
Rebate on tariff add on	-	(8,929)	-	-	(8,929)	-
Favorable ruling on lawsuit	-	88,687	-	-	88,687	-
Service Income	**455,272**	**389,845**	**16.8**	**1,180,218**	**1,102,096**	**7.1**
Result of corporate participations	**(1,686)**	**(1,687)**	**-0.1**	**(5,060)**	**(4,760)**	**6.3**
Amortization of goodwill	(1,686)	(1,687)	-0.1	(5,060)	(5,060)	-
Equity income	-	-	-	-	300	-
Net Financial Income (Expenses)	**(41,839)**	**(50,880)**	**-17.8**	**(94,382)**	**(115,830)**	**-18.5**
Financial income	28,721	26,042	10.3	73,974	86,410	-14.4
Financial expenses	(70,560)	(76,922)	-8.3	(168,356)	(202,240)	-16.8
Operating Income	**411,747**	**337,278**	**22.1**	**1,080,776**	**981,506**	**10.1**
Non-operating income (loss)	(184)	135	-	(1,300)	17,269	-
Income Before Taxes	**411,563**	**337,413**	**22.0**	**1,079,476**	**998,775**	**8.1**
Income tax	(101,608)	(58,364)	74.1	(244,864)	(127,764)	91.7
Social contribution	(37,042)	(21,296)	73.9	(90,050)	(80,690)	11.6
Net Income for the Period	**272,913**	**257,753**	**5.9**	**744,562**	**790,321**	**-5.8**
EBITDA	**512,995**	**441,900**	**16.1**	**1,351,873**	**1,258,195**	**7.4**
Net income per share	0.4181	0.3949	5.9	1.1407	1.2108	-5.8



ATTACHMENT IV

TRACTEBEL ENERGIA S.A.

CONSOLIDATED STATEMENT OF CASH FLOW

In thousands R$	3Q07	3Q06	9M07	9M06
Operating Activities				
Net income for the year	272,913	257,753	744,562	790,321
Expenses (revenues) that do not affect cash:				
Depreciation and amortization	57,723	52,055	171,655	156,099
Amortization of goodwill	1,686	1,687	5,060	5,060
Net monetary variations	(3,208)	7,794	(18,060)	(4,161)
Net interest	16,590	18,022	39,743	44,302
Estimated obligations with suppliers	-	8,861	-	8,861
Operating provision (reversion), net	9,026	6,829	17,804	(1,781)
Investiments of resources in R&D	8,575	6,683	22,731	29,381
Deferred income tax and social contribution	(4,690)	(2,730)	(9,915)	47,691
Result of writing off of permanent assetes	185	489	1,346	(16,645)
Others	203	788	(1,193)	7,837
	359,003	**358,231**	**973,733**	**1,066,965**
Decrease (Increase) in Assets				
Consumers and concessionaires	19,438	(18,679)	5,210	(17,092)
Resources subject to payment of obligations	13,002	(26,000)	21,643	(26,000)
Disposals, services in progress and expenditures to reimburse	(300)	533	8,268	3,068
Taxes and social contributions recoverable	(2,082)	(56,223)	4,003	(82,917)
Collateral and linked / judicial deposits	(35,105)	(27,996)	10,135	(69,245)
Warehouse	(2,293)	(11,935)	744	(9,425)
Pre-paid expenses	1,215	(2,769)	(2,402)	5,878
Others	(4,255)	857	(2,143)	5,326
	(10,380)	**(142,212)**	**45,458**	**(190,407)**
Increase (Decrease) in Liabilities				
Suppliers	11,779	29,375	6,483	81,679
Loans, financing and debentures	29,664	19,139	31,426	19,023
Taxes and social contributions	109,191	31,770	247,093	22,025
Estimated obligations	(5,016)	(8,156)	(11,056)	(6,339)
Provision for contingencies	(1,884)	(4,266)	(3,795)	(7,605)
Post-employment benefits	(6,873)	(7,153)	(22,015)	(23,338)
Research and development	(2,927)	-	(10,712)	-
Refunding of the additional tariff	(1,927)	14,588	(8,205)	14,588
Others	(4,625)	(3,240)	6,278	(17,021)
	127,382	**72,057**	**235,497**	**83,012**
Funds from Operating Activities	**476,005**	**288,076**	**1,254,688**	**959,570**
Investments activities	**(110,200)**	**(20,321)**	**(560,144)**	**(43,650)**
Used in fixed assets and deferred items	(109,700)	(20,321)	(226,851)	(43,650)
Investments in acquisitions, net of acquired cash and cash equivalents	(500)	-	(333,293)	-
Financing activities	**17,811**	**(57,019)**	**(119,515)**	**(727,393)**
Payment of loans, financing and debentures	(38,788)	(30,699)	(142,429)	(157,330)
Financing and debentures	69,720	-	529,134	-
Payment of swap adjusts	(684)	(10,078)	(4,261)	(56,122)
Payment of dividends and interest on shareholders' equity	(12,437)	(16,242)	(501,959)	(513,941)
Total Effects on Cash	**383,616**	**210,736**	**575,029**	**188,527**
Cash and cash equivalents				
Opening balance	471,573	286,928	280,160	309,137
Closing balance	855,189	497,664	855,189	497,664
	383,616	**210,736**	**575,029**	**188,527**
Payments made in the year				
Interest on loans, financing and debentures	11,604	14,339	73,600	87,581
Income tax and social contribution	33,522	21,656	128,320	127,415
Transactions that do not affect cash				
Offsetting of income tax and social contribution	12,200	289	12,332	962
Proposed dividends and interest on shareholders' equity credited	360,066	438,000	448,066	438,000
Adjustment for previous fiscal years	-	-	-	29,953