Tractebel Energia approves interest on equity of R$ 276.2 million. Net income grows 18.1% compared with 3Q11

Florianópolis, Brazil, October 25, 2012 – Tractebel Energia S.A. ("Tractebel Energia", "Tractebel", or "the Company") – BM&FBOVESPA: TBLE3, ADR: TBLEY, the largest private sector electricity generating company in Brazil, announces earnings for the third quarter and nine month period ending September 30, 2012 (3Q12 and 9M12). The information in this release is shown on a consolidated basis and in accordance with Brazilian accounting principles and practices. The values are expressed in Brazilian Reais (R$), except where otherwise indicated.

HIGHLIGHTS

3Q12

- The Company recorded a net income of R$ 392.3 million (R$ 0.6010 per share) in the period under review, an 18.1% improvement on the reported amount for 3Q11.
- EBITDA reported a year-on-year increase of 17.5% to reach R$ 852.0 million, equivalent to an EBITDA margin of 65.7%, 2.7 p.p. higher than the margin for the same quarter 2011, largely due to an increase in the positive result of transactions conducted on the CCEE.
- Net revenue from sales reported growth of 12.7% compared with 3Q11, totaling R$ 1,297.3 million.
- Excluding energy exports of 514 GWh (233 average MW) and 26 GWh (12 average MW) in the third quarter of 2011 and 2012 respectively, the quantity of energy sold increased from 8,234 GWh (3,729 average MW) in 3Q11 to 8,779 GWh (3,976 average MW) in 3Q12, a growth of 6.6%, or 545 GWh (247 average MW), between the compared periods.
- The average contracted energy price excluding taxes and exports was R$ 132.77/MWh in 3Q12, 6.2% more than the R$ 125.07/MWh in 3Q11.
- The seventh of the eight generating units at the Estreito Hydroelectric Power Plant went into commercial operation on August 9. Located on the Tocantins River, the plant will have a total installed capacity of 1,087 MW, of which 40.07% is assigned to the Company. With the start-up of Generating Unit 7, 97.3% of the Plant's assured energy will be available to the Company.
- Tractebel surpassed its own instantaneous generation record by producing 7,409.2 MW at 9:50 p.m. on September 13, representing a capacity factor of 87.2%. The record reflected the high degree of uptime availability of the Company's plants to the electricity grid - which reported high levels of demand – and the entry into commercial operation of new generating units at Estreito HPP.
- The Company's Board of Directors approved the distribution of R$ 276.2 million in the form of interest on shareholders' equity with respect to the period from January 1 to December 31, 2012, corresponding to R$ 0. 4231379607 per share.
- For the second time in its second participation, Tractebel Energia was elected as one of the 150 companies making up the 2012 Você S/A Guide – The Best Companies For You To Work For.
- In a press release of September 27, Standard & Poor's increased the Company's Long-Term Corporate Credit Rating on the Brazil National Scale from 'brAA+' to 'brAAA', with a stable outlook.

For immediate release

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

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Conference call and webcast:
On 10/26/2012 at 09:00 a.m. (ET) in Portuguese – simultaneous translation into English.

Further details on Upcoming Events section, available on page 14.

Visit our website
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Índice de Ações com Governança Corporativa Diferenciada IGC

Índice de Ações com Tag Along Diferenciado ITAG

Índice de Sustentabilidade Empresarial ISE 2012

Summary of Economic and Operational Indicators

Tractebel - Consolidated						
(in millions of R$)	3Q12	3Q11	Chg.	9M12	9M11	Chg.
Net Revenue from Sales (NRS)	1,297.3	1,150.7	12.7%	3,645.1	3,230.7	12.8%
Result from Service (EBIT)	712.9	596.3	19.6%	1,933.9	1,775.0	9.0%
EBITDA (1)	852.0	725.3	17.5%	2,346.3	2,143.3	9.5%
EBITDA / NRS - (%)	65.7	63.0	2.7 p.p.	64.4	66.3	-1.9 p.p.
Net Income	392.3	332.3	18.1%	1,066.2	998.0	6.8%
Net Debt	3,009.0	2,635.5	14.2%	3,009.0	2,635.5	14.2%
Energy Sold (avg MW)	3,988	3,962	0.7%	3,876	3,906	-0.8%
Average Net Sales Price (R$/MWh) (2)	132.77	125.07	6.2%	131.40	122.14	7.6%
Number of Employees	1,080	1,086	-0.6%	1,080	1,086	-0.6%

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

ELECTRIC SECTOR REGULATION

Provisional Measure 579

Provisional Measure 579 (MP 579), published on September 11, 2012, covers electric energy generation, transmission and distribution concessions as well as the reduction in sector charges with a view to achieving tariff moderation. In accordance with MP 579, the electric energy concessions granted prior to the publication of the Concessions Law (Law 8.987/95) and not put out to tender, may be renewed on a once only basis for a term of up to thirty years. This is conditional on concessionaires accepting remuneration via tariff for recovering operational and maintenance (O&M) costs, charges, taxes and where the case, the use of the transmission and distribution networks. Some sector charges will be eliminated or reduced, the use of these charges being maintained through capital injections from the Treasury. Reimbursement via CDE of the costs of mineral coal used at thermoelectric plants is maintained.

Tractebel Energia's generation assets have not suffered any direct impact from MP 579 in relation to the renewal of the concessions since these were acquired through bidding processes after the publication of Law 8.987/95.

OPERATING PERFORMANCE

Generating Complex

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

Tractebel Energia's Generating Complex

Power Plants	Source	Location	Installed Capacity (MW)		Concession/Authorization original term expiration date
			Total	Tractebel's Share	
Itá	Hydro	Uruguai River (SC and RS)	1,450.0	1,126.9	16/Oct/2030
Salto Santiago	Hydro	Iguaçu River (PR)	1,420.0	1,420.0	27/Sep/2028
Machadinho	Hydro	Uruguai River (SC and RS)	1,140.0	403.9	14/Jul/2032
Estreito*	Hydro	Tocantins River (TO/MA)	1,087.0	435.6	26/Nov/2037
Salto Osório	Hydro	Iguaçu River (PR)	1,078.0	1,078.0	27/Sep/2028
Cana Brava	Hydro	Tocantins River (GO)	450.0	450.0	26/Aug/2033
Passo Fundo	Hydro	Passo Fundo River (RS)	226.0	226.0	27/Sep/2028
São Salvador	Hydro	Tocantins River (TO)	243.2	243.2	22/Apr/2037
Ponte de Pedra	Hydro	Correntes River (MT)	176.1	176.1	30/Sep/2034
Total - Hydro			**7,270.3**	**5,559.7**	
Jorge Lacerda Complex**	Thermal	Capivari de Baixo (SC)	857.0	857.0	27/Sep/2028
William Arjona	Thermal	Campo Grande (MS)	190.0	190.0	28/Apr/2029
Charqueadas	Thermal	Charqueadas (RS)	72.0	72.0	27/Sep/2028
Alegrete	Thermal	Alegrete (RS)	66.0	66.0	27/Sep/2028
Total - Thermal			**1,185.0**	**1,185.0**	
Ibitiúva Bioenergética	Biomass	Pitangueiras (SP)	33.0	21.2	04/Apr/2030
Lages	Biomass	Lages (SC)	28.0	28.0	29/Oct/2032
Rondonópolis	SHP	Ribeirão Ponte de Pedra (MT)	26.6	26.6	18/Dec/2032
Beberibe	Wind Farm	Beberibe (CE)	25.6	25.6	03/Aug/2033
José Gelazio da Rocha	SHP	Ribeirão Ponte de Pedra (MT)	23.7	23.7	18/Dec/2032
Areia Branca	SHP	Rio Manhuaçu (MG)	19.8	19.8	02/May/2030
Pedra do Sal	Wind Farm	Parnaíba (PI)	18.0	18.0	01/Oct/2032
Total - Complementary			**174.7**	**162.9**	
Total			**8,630.0**	**6,907.6**	

(*) The complete plant ramp-up is scheduled for the course of 2012.

(**) Complex comprised of 3 power plants.

Estreito. The Estreito Hydroelectric Power Plant (Estreito HPP), located on the Tocantins River on the boundary between the states of Tocantins and Maranhão, is one of the largest generation projects in Brazil and will have an installed capacity of 1,087 MW. Tractebel controls Companhia Energética Estreito, which has a 40.07% stake in the Consórcio Estreito Energia, the latter responsible for the implementation of the Plant. The other partners are Vale, with 30.00%; Alcoa Alumínio, with 25.49%; and Intercement Brasil S.A. – a subsidiary of the Camargo Corrêa group, with 4.44%.

The energy corresponding to the Company's stake in the project (256 average MW) was sold at the new energy auction on October 16, 2007 at R$ 161.91/MWh, the price referenced to September 30, 2012, with deliveries beginning in 2012 for a period of 30 years. The following table shows the impact of the ramp-up in the commercial capacity of the Plant.

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

Unity	Assured Energy	Accumulated Assured Energy		Operating Date
	MW	MW	%	
Generating Unit 1	52.01	52.01	20.2%	29-Apr-2011
Generating Unit 2	51.69	103.71	40.4%	2-Jul-2011
Generating Unit 3	50.80	154.51	60.1%	30-Sep-2011
Generating Unit 4	38.38	192.88	75.1%	23-Dec-2011
Generating Unit 5	25.99	218.87	85.2%	2-Mar-2012
Generating Unit 6	18.50	237.37	92.4%	29-May-2012
Generating Unit 7	12.51	249.88	97.3%	9-Aug-2012
Generating Unit 8	7.00	256.88	100.0%	-

Projects under Construction

New Projects

Power plants	Source	Location	Installed Capacity (MW)	
			Total	Group's Share
Jirau	Hydro	Madeira River (RO)	3,750.0	2,250.0
Porto do Delta and Trairi Complex*	Wind Farm	Parnaíba (PI) and Trairi (CE)	145.4	145.4
Total			**3,895.4**	**2,395.4**

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

Jirau. Energia Sustentável do Brasil (ESBR) is a Special Purpose Company responsible for the construction, maintenance, operation and sale of energy to be generated by the Jirau Hydroelectric Power Plant, under construction in the city of Porto Velho, state of Rondônia. ESBR submitted the winning bid at the 35-year concession auction organized by Aneel on May 19, 2008, offering the most competitive proposal for 70% of the energy to be produced by the Plant, at the time, based on a total of 44 generating units, a 3,300 MW installed capacity and 1,975.3 average MW of commercial capacity for captive customers supplied by electric energy distributors as from January 2013. At the A-3 energy auction held on August 17, 2011, ESBR sold a further 209.3 average MW for delivery in 2014 over a 30-year period, the result of increased expansion of the initial project to 50 generating units and 3,750 MW of installed capacity. Hence, the total commercial capacity has risen to 2,184.6 average MW. In addition, discussions are taking place with the licensing authority and the regulator as to the further ramping up of additional commercial capacity of approximately 90 average MW which can be added to the 2,184.6 average MW already approved. In line with the prevailing business model, it is envisaged that the plant will be transferred to Tractebel when the main development risks have been mitigated, an event which is expected to take place around the Plant's commercial operation date (COD). Tractebel announced in a material fact of October 1, 2012, GDF SUEZ acquired Camargo Corrêa's 9.9% stake in the capital of Jirau HPP. The price of the transaction was based on adjusted equity contributions by Camargo Corrêa in the project to the present. This acquisition is expected to be finalized in the fourth quarter of 2012 with ESBR's shareholding then being made up of GDF SUEZ (60.0%), Eletrosul (20.0%) and Chesf (20.0%). Additionally, a further loan of up to R$ 2.3 billion was announced for the project potentially increasing total financing available to R$ 9.5 billion.

Wind farms. In 2011, implementation activities of five wind farms started in Northeast Brazil – one in the state of Piauí and four in the state of Ceará – with a total installed capacity of 145.4 MW and representing an investment of R$ 625.6 million. Construction of the sites in the state of Ceará is in progress, Siemens being responsible for the supply and assembly of the 50 towers and wind turbines - model SWT 2.3-101 units, each with a capacity of 2.3 MW. All wind farms in the state of Ceará are scheduled to go into commercial operations by the first half of 2013. The Installation License (LI) for the wind farm in the state of Piauí was only granted on June 18, 2012.

Uptime Operating

In 3Q12, the plants operated by Tractebel Energia achieved a 96.8% uptime ratio, excluding scheduled stoppages, being 98.4% in hydroelectric generation, 87.5% in thermoelectric generation and 97.3% for the plants operating with complementary sources (SHPs, wind and biomass). This percentage is in line with the accumulated percentage for the year: 96.9%.

Production

In 3Q12, electric energy output from the plants operated by Tractebel was 11,193 GWh (5,069 average MW), a year-on-year reduction of 11.1% in relation to 3Q11. Out of total generation, the hydroelectric plants were responsible for 9,507 GWh (4,306 average MW), the thermoelectrics for 1,516 GWh (687 average MW) and the plants fired from complementary energy sources, for 170 GWh (77 average MW). The results point to a 16.5% reduction in relation to the hydro plants, albeit an increase of 44.0% in relation to the thermal plants. There was a 17.2% increase in energy output from complementary facilities.

The Southern Region reported lower rainfall in 3Q12 compared with 3Q11, justifying the reduction in hydroelectricity generation in the preceding paragraph. This situation required a greater thermoelectric dispatch which in the case of Tractebel, translated into the 44.0% increase as mentioned above. Despite the unfavorable hydrological conditions in relation to 2011, Tractebel broke two production records in the quarter: instantaneous generation by producing 7,409.2 MW at 9:50 p.m. on September 13, representing a capacity factor of 87.2%; and the monthly generation in August at Salto Santiago HPP with a total of 973 GWh, representing a capacity factor of 92.1%. The commercial operations of the seventh generating unit at Estreito HPP have contributed to the latter result.

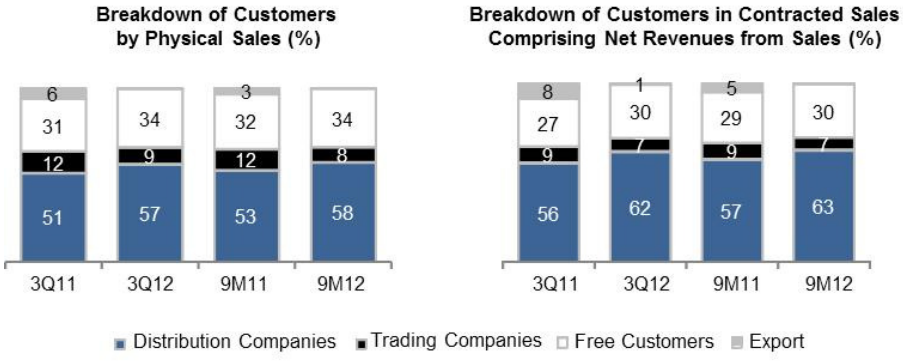
It is worth noting that the increase or reduction in hydro generation does not necessarily result in an improvement or deterioration in the Company's economic and financial performance. This characteristic reflects the use of the Energy Reallocation Mechanism (MRE), which dilutes the risks of hydroelectric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

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

Clients

In the third quarter of 2012, free customer participation in Tractebel Energia's portfolio was 33.8% of physical sales and 30.0% of net revenue from sales, representing 3.3 p.p. and 2.8 p.p., respectively in relation to 3Q11. The growth in the share of sales to distributors reflects the beginning of commercial operations at Estreito HPP – already apparent in the first half of 2012 - and contracted in the regulated environment for a 30-year period from January 2012.

The aforementioned variations take into account the reclassification due to the transfer of some contracts between the free consumer and trading companies of the same economic group as shown in the item "Sales volume" below.



STRATEGY

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

In line with data for proprietary commercial capacity and purchase and sale contracts in effect on September 30, 2012, Tractebel reported the following energy balance.

Energy Balance

	(avg MW)	2012	2013	2014	2015	2016	2017	Auction Gross Price (R$/MWh)	Reference Date	Gross price adjusted as of 09/30/2012 (R$/MWh)
	Own Resources	3,575	3,658	3,681	3,681	3,681	3,681			
+	Purchases for Resale	601	476	333	215	205	200			
=	Total Resources (A)	4,176	4,134	4,014	3,896	3,886	3,881			
	Regulated Sales*	1,669	1,669	1,669	1,659	1,513	1,154			
	2004-EE-2007-08	10	10	10	-	-	-	70.9	dez-04	102.1
	2005-EE-2008-08	146	146	146	146	-	-	81.6	abr-05	114.3
	2005-EE-2009-08	359	359	359	359	359	-	94.0	out-05	129.8
	2005-NE-2010-30	200	200	200	200	200	200	115.1	dez-05	156.9
	2006-NE-2009-30	493	493	493	493	493	493	128.4	jun-06	172.5
	2006-NE-2011-30	148	148	148	148	148	148	135.0	nov-06	179.8
	2007-NE-2012-30	256	256	256	256	256	256	126.6	jun-07	161.9
	Proinfa	44	44	44	44	44	44	147.8	jun-04	226.6
	1st Reserve Energy Auction	13	13	13	13	13	13	158.1	ago-08	190.5
+	Bilateral Sales	2,496	2,435	2,151	1,768	1,339	1,137			
=	Total Sales (B)	4,165	4,104	3,820	3,427	2,852	2,291			
	Balance (A - B)	**11**	**30**	**194**	**469**	**1,034**	**1,590**			
	Sales average **net** price (R$/MWh)*1:	129.4	130.2	130.1						
	Purchases average **net** price (R$/MWh)*2:	123.3	121.1	127.6						

* 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 09/30/12, i.e. future inflation is not considered.
*2: Purchase net price, considering benefits from PIS/Cofins credits, as of 09/30/12, i.e. future inflation is not considered.

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

Economic and Financial Performance

Net Revenue from Sales

In 3Q12, net revenue from sales reported growth of 12.7%, or R$ 146.6 million, when compared to the same period in the preceding year, increasing from R$ 1,150.7 million to R$ 1,297.3 million. The key factors contributing to this variation were as follows: (i) R$ 94.3 million – an increase due to transactions conducted within the scope of the Energy Trading Board (CCEE); (ii) R$ 75.2 million – growth in energy sales volume; (iii) R$ 63.5 million – increase in the average net selling price; and (iv) R$ 86.8 million – reduction in energy export revenue.

The increase in sales revenue of R$ 34.0 million from the entry into commercial operation of four more generating units at the Estreito HPP by the end of the quarter under review is included in the respective items mentioned above.

Net average selling price

The average selling price of contracted energy, net of taxes and contributions and ignoring exports, was R$ 132.77/MWh in 3Q12, 6.2% above the amount reported in the same quarter of 2011, the value for which was R$ 125.07/MWh.

- **Sales volume**

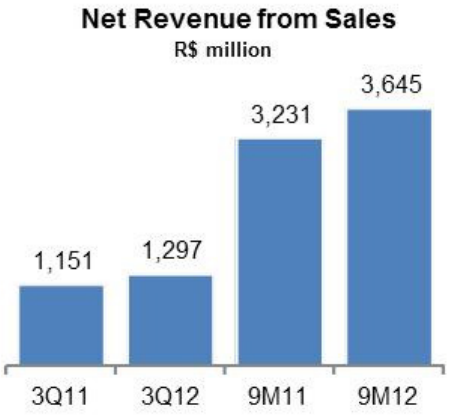
Excluding energy exports of 514 GWh (233 average MW) and 26 GWh (12 average MW) in the third quarter of 2011 and 2012, respectively, energy amounts sold increased from 8,234 GWh (3,729 average MW) in 3Q11 to 8,779 GWh (3,976 average MW) in 3Q12, representing growth of 6.6%, or 545 GWh (247 average MW), between the periods under analysis.

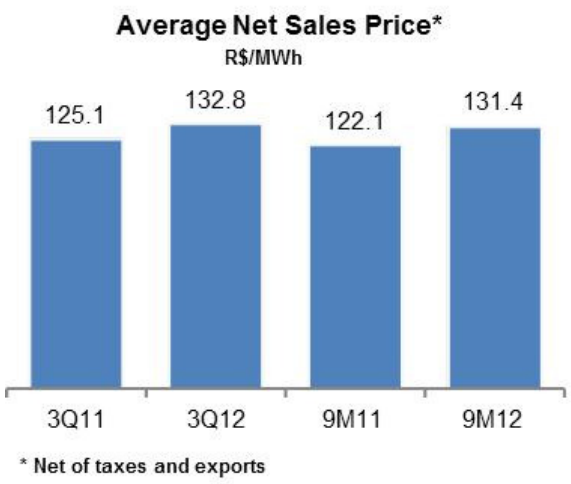
This variation is due to the following combination of events: (i) expansion of 475 GWh (215 average MW) in energy supply to distributors; (ii) increase of 307 GWh (139 average MW) in energy sold to free customers; and (iii) a decline of 237 GWh (107 average MW) in sales to trading companies.

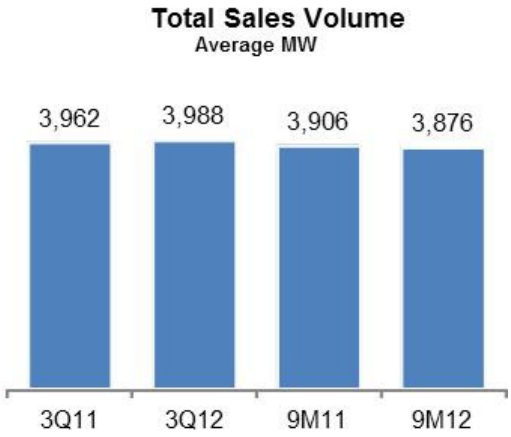
During the course of 2011 and 2012 and at the behest of certain free consumers, the Company has transferred some contracts previously signed with them to trading companies in the same economic group. In addition, the Company has signed fresh contracts with other trading companies which also allocated purchased energy to the industrial units of the same group. These actions reflect initiatives on the part of the clients to improve the management of their energy purchases and allocations of their industrial units as a whole.

However, in order to achieve a more realistic analysis as to the evolution in sales to free consumers, as from the quarter under review, the Company is now showing sales to those trading companies which allocate purchased energy exclusively to their production units as sales to free consumers and no longer to trading companies. In this respect, the amount reclassified in 3Q11 was 162 GWh (74 average MW).

In the light of the start-up in commercial operations of four additional Estreito HPP generating units, the sale of energy generated by the plant increased from 219 GWh (99 average MW) in 3Q11 to 539 GWh (244 average MW) in 3Q12, a growth of 320 GWh (145 average MW).







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

a) Wholesale market for electric energy

Sales revenue from the wholesale supply of energy – namely, revenue originating from sales to distributors and trading companies - reached R$ 813.6 million in 3Q12 (R$ 722.4 million in 3Q11), or a growth of 12.6% between the compared periods. The following factors contributed to this increase: (i) R$ 36.8 million – a rise of 5.6% in the average net selling price to distributors; (ii) R$ 10.6 million – a rise of 12.0% in the net selling price of energy to the trading companies; (iii) R$ 67.5 million – an increase of 475 GWh (215 average MW), or 10.5%, in sales volume to distributors; and (iv) R$ 23.7 million – a decrease of 237 GWh (107 average MW), or 22.4%, in the amount of energy sold to trading companies.

Growth in sales to distributors is due largely to the start in delivery of energy supplies from Estreito HPP in the regulated contracting environment to distributors as from January 1, 2012. Energy sales to this market in the quarter under review were 558 GWh (252 average MW), or R$ 80.6 million. In 3Q11, energy generated from Estreito HPP was sold to free consumers.

b) Retail market for electric energy

Sales revenue from the retail supply of energy – namely revenue from sales to free customers – increased year-on-year by 15.6% from R$ 304.5 million in 3Q11 to R$ 352.0 million in the quarter under review. The variation reflected a combination of the following events: (i) R$ 11.9 million – an increase of 3.7% in the average net selling price; and (ii) R$ 35.6 million – a growth of 307 GWh (139 average MW) or 11.5% in the amount of energy sold.

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

In 3Q12, revenue recorded from transactions conducted through the CCEE was R$ 117.3 million as against R$ 23.0 million for the same quarter in 2011, representing an evolution of R$ 94.3 million. More detailed explanations on these operations and related variations can be found below under the item "Details of CCEE operations".

d) Electric energy exports

Export revenue in the third quarter of 2012 was R$ 7.9 million, R$ 86.8 million lower than the revenue recorded in the same period for the preceding year, which was R$ 94.7 million. The decline occurred both due to falling export demand, principally from Argentina, and also due to the Company's thermal plants operating according to order of merit to meet the National Interconnected System's (SIN) energy needs.

It is worth mentioning in this context that energy export volume from each plant in the Brazilian Electricity System is set by the National Electrical Systems Operator (ONS) on the basis of plant availability and taking into consideration the lower declared costs of these same plants.

Costs of Electric Energy and Services

The costs of energy sales and services declined by 0.8%, or R$ 4.1 million, from R$ 528.4 million in 3Q11 to R$ 524.3 million in the quarter under review. This improvement was essentially the result of a combination of trends in the principal components involved:

a) **Electric power purchased for resale:** increase of R$ 30.5 million, equivalent to 214 GWh (97 average MW), in 3Q12 against the same quarter of 2011, due to the Company's plan to purchase short and medium-term energy for the creation of new products for supply over three, four and five years and to a lesser degree, due to the annual readjustment in the prices of existing agreements.

b) **Transactions channeled through the CCEE:** there were no significant variations in this item between the two compared periods, costs totaling about R$ 1 million in each quarter. Fuller details are to be found under the specific heading below.

c) **Fuel Expenses:** decline of R$ 54.0 million substantially due to the reduction in proprietary mineral coal used for the export of energy.

d) **Charges for the use of and connection to the electricity grid:** increase of R$ 8.4 million between the quarters under review, largely reflecting the annual readjustment in the Tariff for the Use of the Transmission System (TUST) and increased TUST due to the entry into commercial operation of four new generating units at Estreito HPP.

e) **Financial compensation for the use of water resources (royalties):** year-on-year decline of R$ 4.7 million, the result of a combination of the following events: (i) reduced hydroelectricity generation due to drought conditions in southern Brazil where part of the Company's generating complex is located; (ii) readjustment in the annual tariff; and (iii) the increase in royalty payments for the entry into operation of the generating units at Estreito HPP.

f) **Personnel:** an increase of R$ 3.6 million in 3Q12 in relation to the same quarter in 2011, mainly due to the annual readjustment in employee compensation and further additions to the Voluntary Layoff Program (PDV) in 3Q12.

g) **Third party services and material:** decrease of R$ 1.1 million between the quarters under analysis basically due to lower demand for maintenance and conservation services at the Company's generating plants.

h) **Depreciation and amortization:** increase of R$ 11.1 million in the quarter under review compared with 3Q11, principally due to the startup in commercial operations of the new generating units at Estreito HPP.

i) **Insurance**: increase of R$ 1.5 million in the cost of the premium following the renewal of the annual policy.

Energy Trading Board – Details of CCEE Operations

The various monthly credit or debit entries to the account of a CCEE agent are summarized in a single billing as a receivable or a payable. This therefore requires an entry to either an income or an expenses account. In this context it is worth pointing out that due to adaptations to the Company's portfolio management strategy, changes have been taking place in the billing profile in the past few years. Such fluctuations complicate the direct comparison of the elements comprising each billing in the two years - the reason for including this specific topic, allowing us to analyze the oscillations of the principal elements involved in spite of allocation being either to income or expenses according to the credit or debit nature of the billing to which they relate.

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

In 3Q12, the Company recorded a net positive result – the difference between income and expenses, net of taxes and contributions – arising from transactions conducted on the CCEE in the amount of R$ 115.9 million (a positive result of R$ 22.2 million in 3Q11), an improvement therefore of R$ 93.7 million between the compared periods.

The increased performance was largely due to a combination of the following factors: (i) growth in the Company's long position on the CCEE; (ii) increased impacts of thermoelectric exposure although volume was slightly lower than 3Q11; (iii) increased revenue from secondary energy (energy which is obtained when overall hydroelectric energy generation exceeds the system's average assured energy) in spite of the decline in the volume of secondary energy in 3Q12 in relation to the same quarter in 2011; and (iv) a decline in the positive result on the MRE due to the reduced volume of hydroelectric generation resulting from the drought in southern Brazil.

It is worth pointing out that the significant increase from R$ 19.91/MWh in 3Q11 to R$ 131.08/MWh in 3Q12 for the average spot price (PLD) for the South and Southeast/Mid-West submarkets contributed to the increase in the positive result of the Company's long position on the CCEE as well as the position in secondary energy. However, the increase in PLD also added to the negative result from thermoelectric exposure.

General and Administrative Expenses

General and administrative expenses continued stable at R$ 41.3 million between compared quarters. When compared with 3Q11, expenses with personnel in the third quarter of 2012 increased by R$ 1.6 million and expenses with services and amortization declined by R$ 1.7 million.

Constitution (Reversals) of Operating Provisions, Net

Reversal of provisions, net of fresh ones, fell from R$ 18.4 million in the third quarter of 2011 to R$ 1.9 million in 3Q12. The variation was largely due to the reduction in the reversal of the provision for the payment of post-employment benefits due to the decrease in actuarial gain recognized in 3Q12.

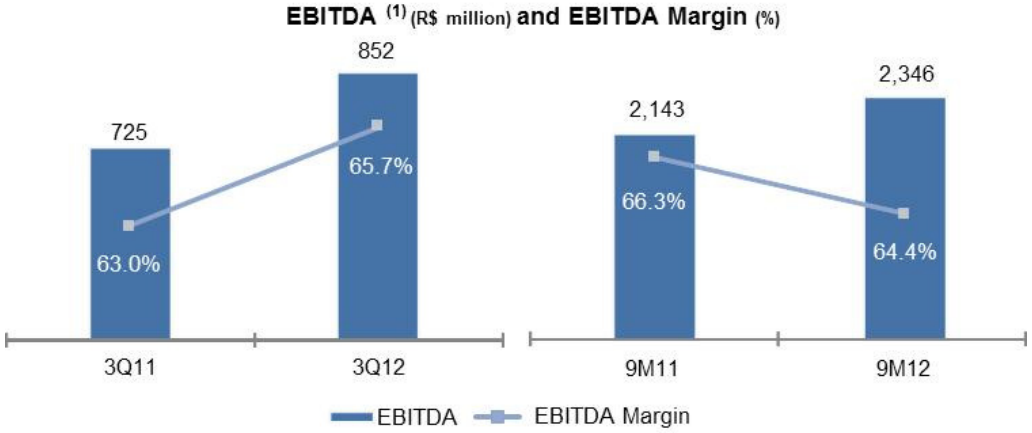
Other Operating Expenses, Net

The expenses increased by R$ 16.7 million principally due to increased write-offs during the quarter under review, following the substitution of machinery and equipment in the Company's generating complex.

EBITDA and EBITDA Margin

A reflection of the factors previously commented, EBITDA in 3Q12 reached R$ 852.0 million, 17.5% above the R$ 725.3 million reported in 3Q11. The EBITDA margin reached 65.7% against 63.0% in the same period in the preceding year.

The improvement in the EBITDA margin is mainly due to the increase in the positive result for transactions conducted within the scope of the CCEE.



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

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

(in thousand R$)	3Q12	3Q11	Chg. %	9M12	9M11	Chg. %
Operating income	586,000	494,892	18.4	1,594,191	1,485,807	7.3
(+/-) Financial Result	126,892	101,401	25.1	339,752	289,189	17.5
(+) Depreciation and Amortization	139,151	128,985	7.9	412,340	368,296	12.0
EBITDA	**852,043**	**725,278**	**17.5**	**2,346,283**	**2,143,292**	**9.5**

Service Income (Profit before the Financial Result and Tax on Earnings)

Incorporating the above-mentioned impacts, the result for service income increased from R$ 596.3 million in 3Q11 to 712.9 million in the quarter under analysis, an increase of R$ 116.6 million, or 19.6% between compared periods.

Financial Result

Financial income: in 3Q12, these revenues reached R$ 21.9 million, R$ 7.9 million less than the R$ 29.8 million recorded in the same quarter for 2011. The reduction was principally due to the lower volume of invested funds and the decline in interest rates practiced in the financial market.

Financial expenses: an increase of R$ 17.6 million between the quarters under review from R$ 131.2 million in 3Q11 to R$ 148.8 million in 3Q12. This variation was the result of the association of the following leading factors: (i) R$ 30.8 million – growth in monetary restatement on concessions payable principally due to the increase in IGP-M; (ii) R$ 4.8 million – growth of interest on concessions payable; and (iii) R$ 20.5 million – reduction in the variation of currency overheads due to the oscillation in exchange rates involving US dollar/euro and Brazilian real.

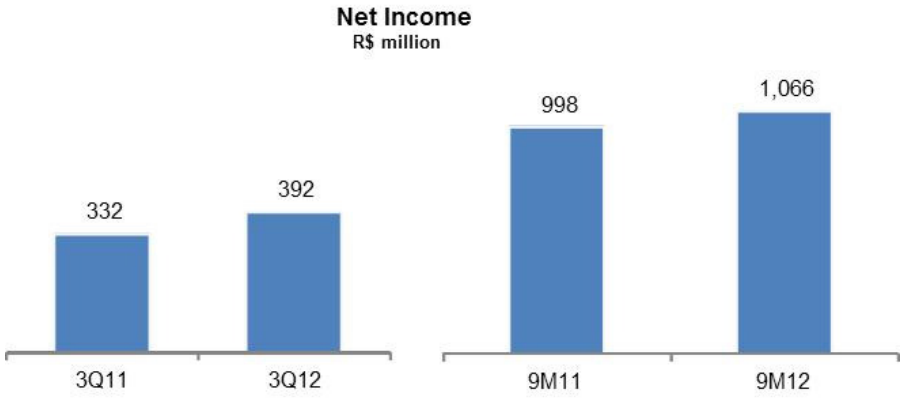
Income Tax and Social Contribution on Net Income

Income tax and social contribution overheads in 3Q12 were R$ 193.7 million, an increase of R$ 31.1 million over 3Q11 when the amount was R$ 162.6 million. Growth is consistent with the evolution of R$ 91.1 million in pre-tax profits. These expenses represented 33.0% and 32.9% of pre-tax profits in 3Q12 and 3Q11, respectively.

Net Income

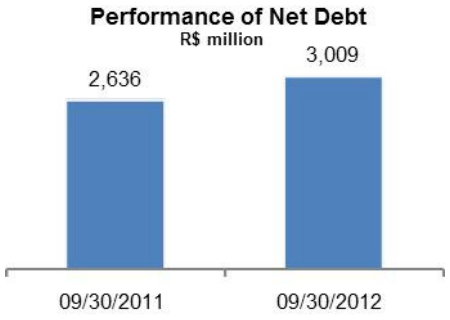
As a reflection of the impacts already discussed above, net income for 3Q12 reached R$ 392.3 million, 18.1% or R$ 60.0 million more than the R$ 332.2 million reported for the same quarter in the preceding year. The oscillation in net income is essentially the combination of the following aspects already discussed in this report: (i) an increase in average net selling prices; (ii) an increase in results due to the entry into commercial operation of four new generating units at Estreito HPP; (iii) an enhanced positive result from transactions conducted across the CCEE; (iv) an increase in power purchasing operations for resale; (v)

reduction in energy export volume; (vi) an increase in operating provisions and the writing-off of machinery and equipment from the Company's plants; and (vii) an increase in financial expenses.

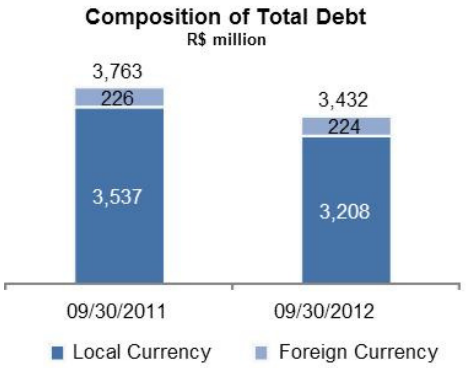


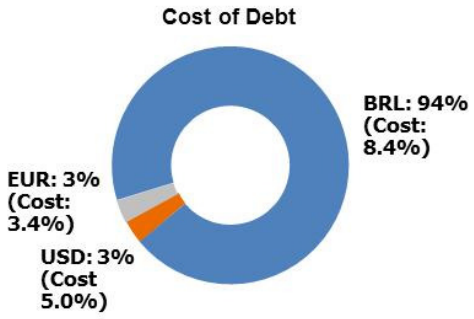
Debt

On 3Q12, the Company recorded net debt (total debt less cash and cash equivalents) of R$ 3,009.0 million, 14.2% higher than the R$ 2,635.5 million posted in 3Q11.

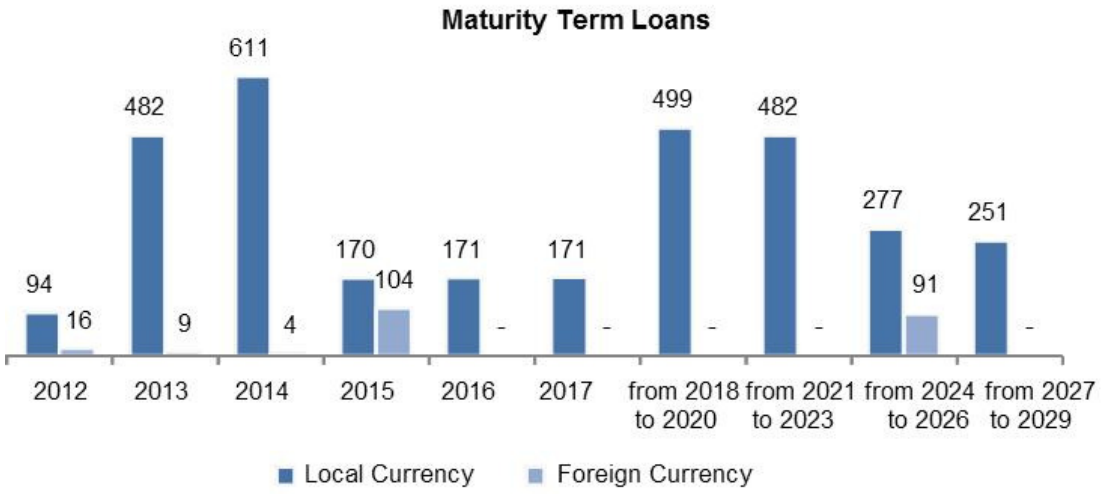


Total consolidated gross debt – represented principally by loans, financing and debentures– amounted to R$ 3,432.3 million, a decrease of 8.8% compared to the position on September 30, 2011. Of total debt outstanding at the end of the period, 6.5% were foreign currency denominated (6.0% in 3Q11), this portion being unhedged due to its long amortization profile.





The reduction in Company debt is related largely to a combination of the following events between 3Q11 and 3Q12: (i) drawdown from the National Economic and Social Development Bank (BNDES) and its financial agents in the total accumulated amount of R$ 70.5 million to meet investment requirements at Estreito HPP; (ii) the generation of R$ 323.7 million in charges to be paid together with monetary and currency restatement; and (iii) amortizations of loans, financing and debentures worth of R$ 725.0 million.



Capital Expenditures

In 3Q12, Tractebel Energia's investments amounted to R$ 64.8 million, of which R$ 12.2 million was allocated to projects for the maintenance and upgrading of the Company's generating complex, R$ 29.7 million for work on Estreito HPP and R$ 22.9 million located to the wind farms under construction in the northeast of Brazil.

Record of Interest on Shareholders' Equity

Tractebel Energia's Board of Directors approved, the record of interest on shareholders' equity relative to the period from January 1st to December 31, 2012, in the amount of R$ 276.2 million (R$ 0.4231379607 share).

The Company's shares will be traded ex-interest as from November 26, 2012. Distribution of profits will take place on a date to be fixed by the Board of Executive Officers and will be announced in a Notice to Shareholders.

SUSTAINABILITY: COMMITMENT, CERTIFICATIONS AND PERFORMANCE

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

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

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

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

Sustainability Indexes[1]			
Index	**3Q12**	**3Q11**	**Change**
Number of licenced power plants	22	22	-
Number of certified power plants	15	15	-
Generating complex uptime, excluding scheduled stoppages (%)	96.8	98.0	-1.2 p.p.
Generating complex uptime, considering all stoppages (%)	94.3	91.1	3.2 p.p.
Number of attendees at Power Plants Visit and Environmental Education Program	24,494	23,921	2.4%
Donation and seedling planting (planted and donated amount, not considering CESTE)	92,315	118,741	-22.3%
Frequency Rate (FR), not considering third parties services[2]	0.000	2.050	⇩
Severity Rate (SR), not considering third parties services[3]	0.000	0.016	⇩
Frequency Rate (FR), considering third parties[2]	1.630	2.550	-36.1%
Severity Rate (SR) , considering third parties[3]	0.000	0.050	⇩
Encouraged Investments by Childhood and Adolescence Fund and Rouanet Law (R$ thousand)	3,106	2,100	47.9%
Non Encouraged Investments, not considering Estreito Social Investment (R$ thousand)	1,258	506	148.8%

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

Recognition - Você S/A

In its second participation in the award, Tractebel was once again appointed to be a component of a group of 150 companies to be included in the 2012 Você S/A Guide - The Best Companies for You to Work For.

CORPORATE GOVERNANCE

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

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

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

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

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

CAPITAL MARKETS

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

Tractebel Energia's common shares are traded on the São Paulo Stock Exchange (BM&FBovespa) under the TBLE3 symbol. In addition, the Company's Level I American Depositary Receipts (ADRs) trade on the US Over-The-Counter OTC market under the TBLEY symbol at a ratio of one ADR for each common share.

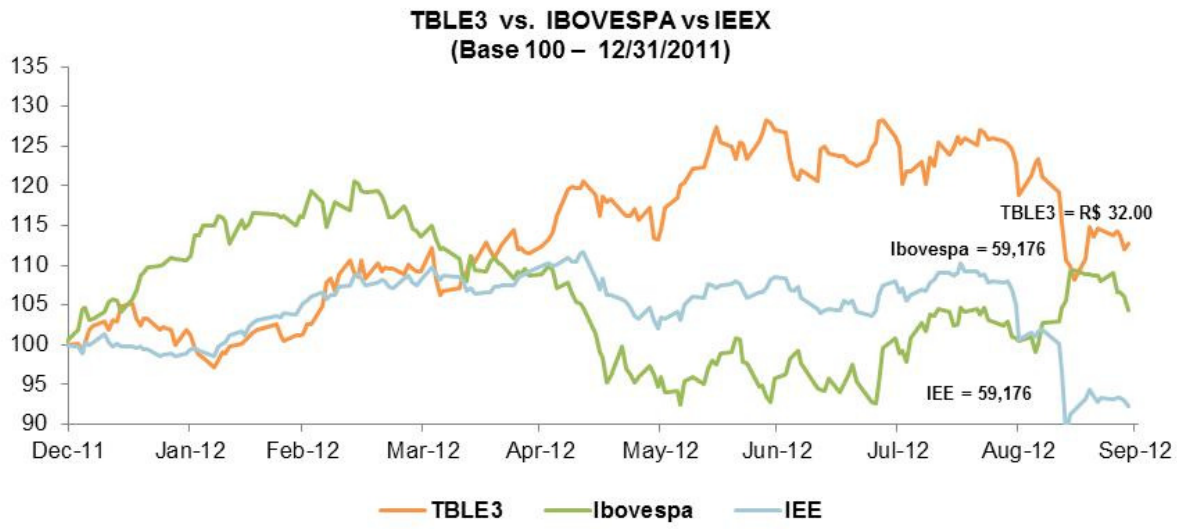
Share Performance – TBLE3

The third quarter of 2012 was marked by the efforts of the world's main central banks to stimulate global recovery. Stimulus measures in the US, China and the Eurozone allowed Ibovespa to report an 8.9 percent high during 3Q12. BM&FBovespa's main stock index was even able to show its third consecutive monthly increase in September.

Performance of Tractebel Energia stocks endured a negative impact from the measures the government announced with MP 579, although the Company is not directly affected by the Provisional Measure with respect to concession renewals. Tractebel Energia stocks dropped by 11.3% in 3Q12, a better performance than the IEE – the electric energy stock index –, which recorded a 15.0% drop.

The Company's securities were traded on all the days BM&FBovespa was open for business in the period. The significant increase in average daily trading volume reported in 1H12 continued in the third quarter at R$ 23.0 million, exceeding by 44.6% the volume of R$ 15.9 million posted in 3Q11. In the year, TBLE3 rose by 12.7% while the Ibovespa Index climbed 4.3% and the IEE declined 7.7 %.

At the close of business on September 30, 2012. Tractebel's shares were trading at R$ 32.0/share, corresponding to a market value of approximately R$ 20.9 billion.



UPCOMING EVENTS

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

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

Date: October 26, 2012
Time: 09:00 a.m. (ET) / 11:00 a.m. (Brasília Daylight Savings time)

Connection numbers:
Participants in Brazil: +55 11 4688-6361
Participants in the USA: +1 855 281-6021
Participants from other countries: +1 786 924-6977
Access code: Tractebel

A replay will be available from November 8th to 14, 2011. Access by dialing: +55 11 4688-6312, code: 6348548.

Webcast

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

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 become realities. In view of these restrictions, shareholders and investors should not take any decisions based on estimates, projections and declarations as to future events contained in this release.

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

(in thousands of R$)		
Assets	**9/30/2012**	**12/31/2011**
Current Assets	**1,278,393**	**1,526,208**
Cash and cash equivalents	423,336	781,808
Accounts receivables from clients	674,976	542,149
Taxes to recover	63,157	64,294
Inventory	41,526	42,837
Pledges and restricted deposits	10,470	38,923
Other credits	64,928	56,197
Non Current Assets	**10,348,325**	**10,502,355**
Long Term Assets	**518,994**	**520,655**
Taxes to recover	133,301	162,007
Pledges and restricted deposits	102,063	90,567
Deposits in court	120,290	105,832
Receivable on assets	86,886	86,886
Deferred income taxes and social contribution	19,456	23,930
Other credits	56,998	51,433
Property, Plant and Equipment	**9,734,435**	**9,885,151**
Intangible	**94,896**	**96,549**
Total	**11,626,718**	**12,028,563**

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

(in thousands of R$)		
Liabilities	**9/30/2012**	**12/31/2011**
Current Liabilities	**1,434,909**	**1,472,698**
Suppliers	262,829	234,336
Dividends and interest on shareholder´s equity	11,074	221,025
Loans and financing	374,825	233,924
Debentures	179,531	183,540
Tax obligations	350,642	352,009
Labor Obligations	56,668	53,710
Research and development (R&D) obligations	21,030	19,390
Provision for tax, civil and labor risks	20,275	8,615
Concessions payable	48,448	45,688
Post-employment benefits	36,045	36,045
Other obligations	73,542	84,416
Non Current Liabilities	**4,886,456**	**5,105,607**
Loans and financing	2,722,188	2,923,882
Debentures	155,791	307,854
Research and development (R&D) program obligations	44,074	38,959
Provision for tax, civil and labor risks	141,826	132,591
Concessions payable	1,346,311	1,220,264
Post-employment benefits	274,554	300,964
Deferred income taxes and social contribution	195,541	166,539
Other obligations	6,171	14,554
Shareholders' Equity	**5,305,353**	**5,450,258**
Share capital	2,445,766	2,445,766
Capital reserves	91,695	91,695
Fixed asset valuation	598,467	648,363
Profit reserves	1,758,916	1,744,815
Additional proposed dividends	-	517,342
Retained Earnings	407,817	-
Minoritary shareholders share	2,692	2,277
Total	**11,626,718**	**12,028,563**

ATTACHMENT III
TRACTEBEL ENERGIA S.A.
CONSOLIDATED INCOME STATEMENT

(in thousands of R$)	3Q12	3Q11	Chg. %	9M12	9M11	Chg. %
Net Revenue from Sales	**1,297,250**	**1,150,691**	**12.7**	**3,645,089**	**3,230,663**	**12.8**
Energy Sales Costs	**(524,272)**	**(528,400)**	**-0.8**	**(1,561,505)**	**(1,391,642)**	**12.2**
Electric power purchased for resale	(162,077)	(131,621)	23.1	(500,677)	(347,437)	44.1
Transactions channeled through the CCEE	(1,406)	(810)	73.6	(21,230)	(21,762)	-2.4
Fuel expenses	(11,067)	(65,081)	-83.0	(31,436)	(104,828)	-70.0
Charges for the use of and connection to the electricity grid	(83,330)	(74,971)	11.1	(246,231)	(208,179)	18.3
Financial compensation for use of water resources	(39,118)	(43,831)	-10.8	(81,233)	(114,526)	-29.1
Personnel	(40,526)	(36,905)	9.8	(119,756)	(106,346)	12.6
Materials and third party services	(35,928)	(37,052)	-3.0	(112,298)	(101,826)	10.3
Depreciation and amortization	(136,379)	(125,269)	8.9	(404,057)	(357,836)	12.9
Others	(14,441)	(12,860)	12.3	(44,587)	(28,902)	54.3
Operating Income (Expenses)	**(60,086)**	**(25,998)**	**131.1**	**(149,641)**	**(64,025)**	**133.7**
Selling expenses	(4,675)	(3,797)	23.1	(13,288)	(12,401)	7.2
General and administrative expenses	(41,297)	(41,283)	0.0	(120,879)	(124,189)	-2.7
Gains arising from assets disposals	-	-	-	-	15,436	-
Constitution (Reversals) of Operating Provisions, Net	1,927	18,431	-89.5	1,234	57,174	-97.8
Other operating income (expenses), net	(16,041)	651	-	(16,708)	(45)	37,028.9
Service Income	**712,892**	**596,293**	**19.6**	**1,933,943**	**1,774,996**	**9.0**
Net Financial Result	**(126,892)**	**(101,401)**	**25.1**	**(339,752)**	**(289,189)**	**17.5**
Financial income	21,891	29,835	-26.6	69,262	92,081	-24.8
Financial expenses	(148,783)	(131,236)	13.4	(409,014)	(381,270)	7.3
Income Before Taxes	**586,000**	**494,892**	**18.4**	**1,594,191**	**1,485,807**	**7.3**
Income tax	(141,036)	(118,213)	19.3	(384,785)	(353,452)	8.9
Social contribution	(52,642)	(44,400)	18.6	(143,210)	(134,348)	6.6
Net Income for the Period	**392,322**	**332,279**	**18.1**	**1,066,196**	**998,007**	**6.8**
Net Income allocated to:						
Tractebel Energia's shareholders	392,176	332,279	18.0	1,065,781	998,007	6.8
Non-controlling shareholders	146	-	-	415	-	-
EBITDA	**852,043**	**725,278**	**17.5**	**2,346,283**	**2,143,292**	**9.5**
Net income per share	0.6010	0.5091	18.1	1.6334	1.5289	6.8

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

(in thousands of R$)	9M12	9M11
Operating cash flow		
Net income before taxes	1,594,191	1,485,807
Adjustments to reconcile net income taxes and operating cash flow:		
Depreciation and amortization	412,340	368,296
Monetary and exchange rate variation	100,821	85,823
Interests	273,606	256,954
Constitution (Reversals) of Operating Provisions, Net	(945)	(51,702)
Others	10,050	954
	2,390,063	2,146,132
Variation in Assets and Liabilities		
Accounts receivables from clients	(131,183)	(2,342)
Accounts receivables from Eletrobrás	5,934	(31,079)
Taxes to recover	41,720	26,344
Inventory	1,311	(1,288)
Pledges and linked / judicial deposits	21,800	112,049
Non-current assest for sale	-	23,057
Suppliers	22,591	57,146
Post-employment benefits	(20,923)	(27,931)
Research and development obligations	6,755	(403)
Advancement to clients	(23,181)	(40,875)
Others	4,946	(14,005)
	(70,230)	100,673
Cash from operating activities	**2,319,833**	**2,246,805**
Paid income tax and social contribution	(515,244)	(538,601)
Paid interests on loans, financing and debentures	(208,302)	(196,287)
Net cash from operating activities	**1,596,287**	**1,511,917**
Investments activities	**(244,669)**	**(263,870)**
Used in fixed assets	(240,481)	(260,044)
Used in intangibles	(4,188)	(3,826)
Financing activities	**(1,710,090)**	**(1,203,054)**
Financing	70,525	502,799
Payment of loans, financing and debentures	(317,620)	(1,290,806)
Payments of concessions payable	(36,454)	(31,039)
Payment of dividends and interest on shareholders' equity	(1,421,051)	(345,983)
Pledges and deposits for funding	(5,490)	(38,025)
Increase (decrease) in cash and cash equivalents	**(358,472)**	**44,993**
Cash and cash equivalents		
Opening balance	781,808	1,082,580
Closing balance	423,336	1,127,573
	(358,472)	**44,993**
Transactions that do not affect cash and cash equivalents		
Capitalized interest on loans and concession	29,404	81,748
Supplier's of fixed assets	12,298	30,132
Offsetting of income tax and social contribution	11,374	4,131
Supplement of HPP Estreito's concession payable	3,515	1,463