Tractebel Energia

SUEZ

EARNINGS RELEASE 1Q08

May 2008

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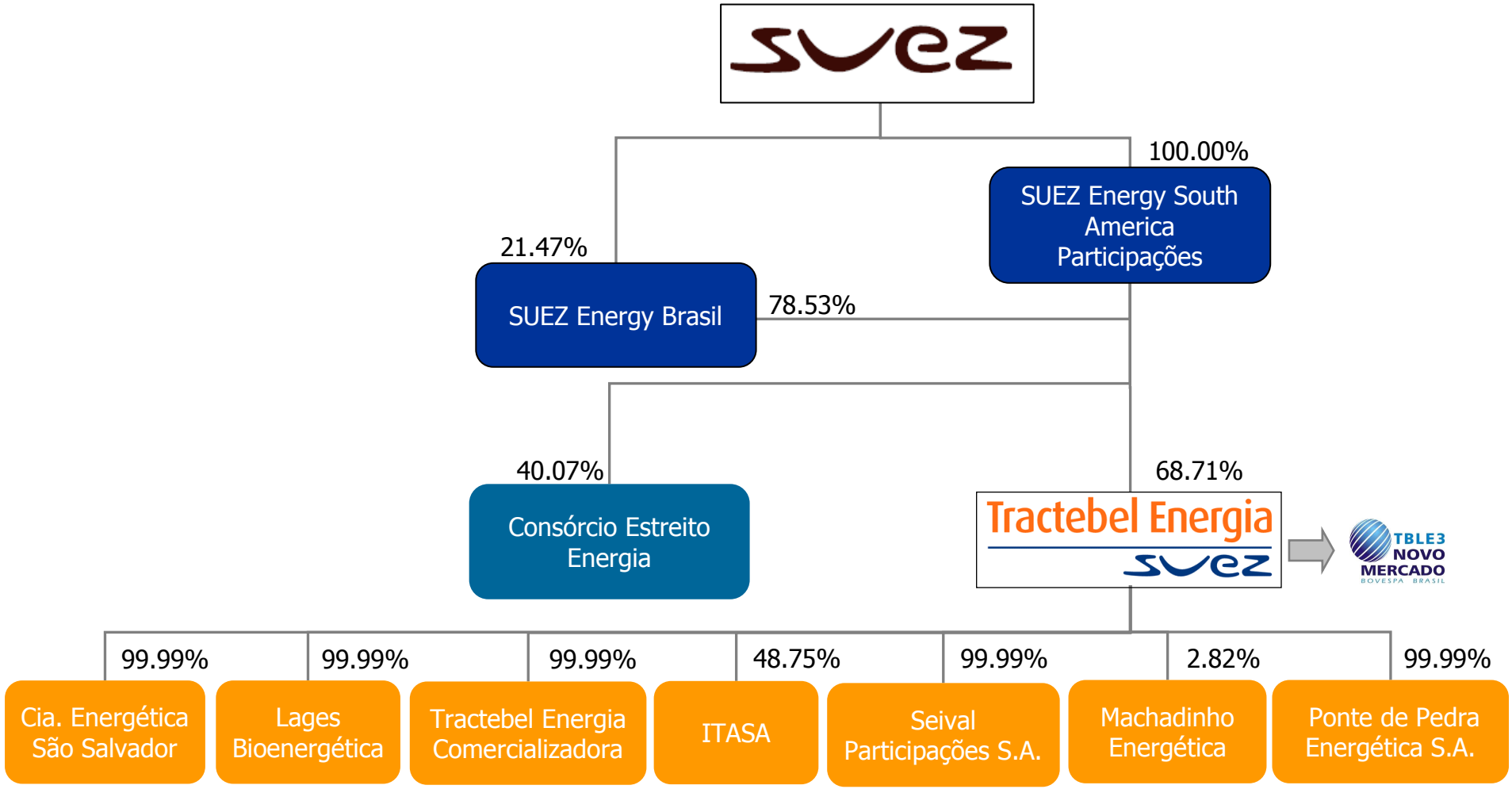
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Market Share, Assets and Sales

Shareholding Structure



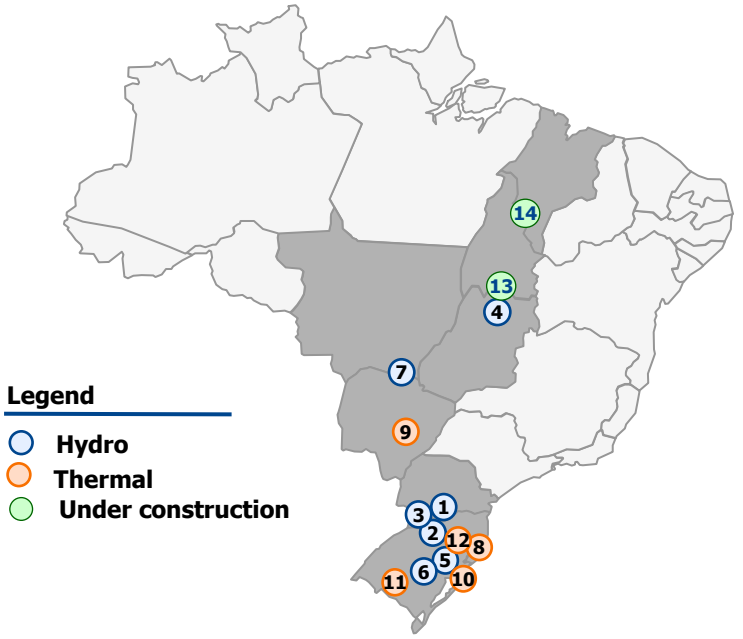
Asset Overview

Balanced portfolio (80% hydro and 20% thermal), with strategic location and 6,094 MW of installed capacity in 14 plants operated by Tractebel Energia.

Hydro Power Plants	Installed Capacity (MW)	Commercial Capacity (aMW)[1]
1 Salto Santiago	1,420	723
2 Itá	1,127[2]	544[2]
3 Salto Osório	1,078	522
4 Cana Brava	450	274
5 Machadinho	404[2]	147[2]
6 Passo Fundo	226	119
7 Ponte de Pedra	176	131
Total	**4,881**	**2,460**

Thermal Power Plants	Installed Capacity (MW)	Commercial Capacity (aMW)[1]
8 Jorge Lacerda Complex[3]	857	650
9 William Arjona	190	136
10 Charqueadas	72	46
11 Alegrete	66	21
12 Lages	28	25
Total	**1,213**	**878**

Power Plants Under Construction	Installed Capacity (MW)	Commercial Capacity (aMW)[1]
13 São Salvador (Hydro)	243	148
14 Estreito (Hydro)[4]	435[2]	257[2]
Total	**678**	**405**

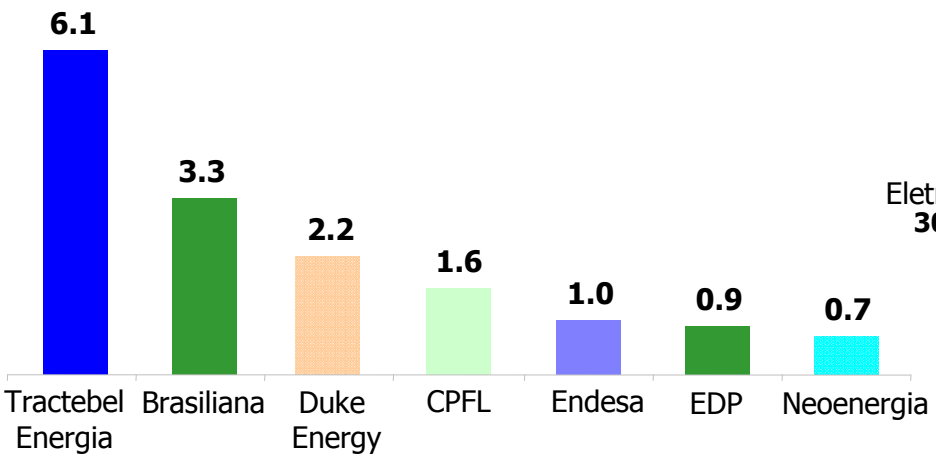


Notes: [1] Figures following specific legislation.
[2] Portion owned by Tractebel Energia.
[3] Complex comprised of 3 power plants.
[4] Project to be transferred from SUEZ in 1H08.

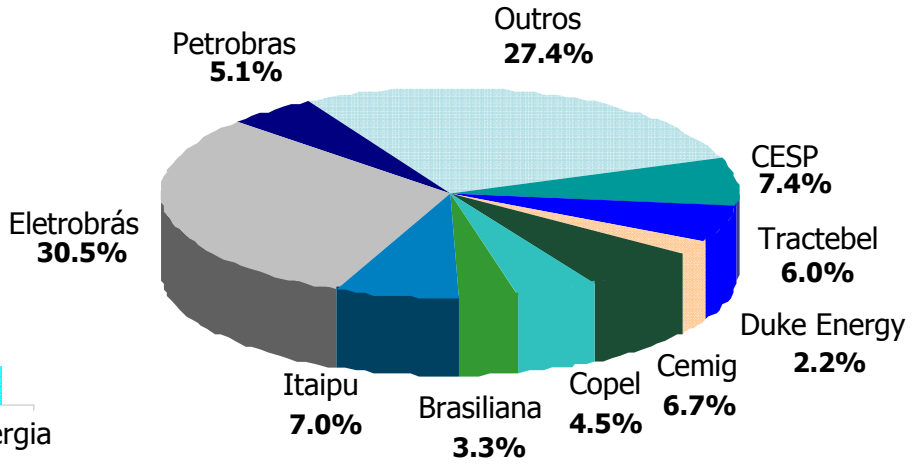
Leading Position in the Generation Sector

Tractebel Energia is the largest private player in the Brazilian generating market...

Private Sector – Installed Capacity (GW)



Brazil – Installed Capacity[1,2]



Source: ANEEL and Companies' websites.

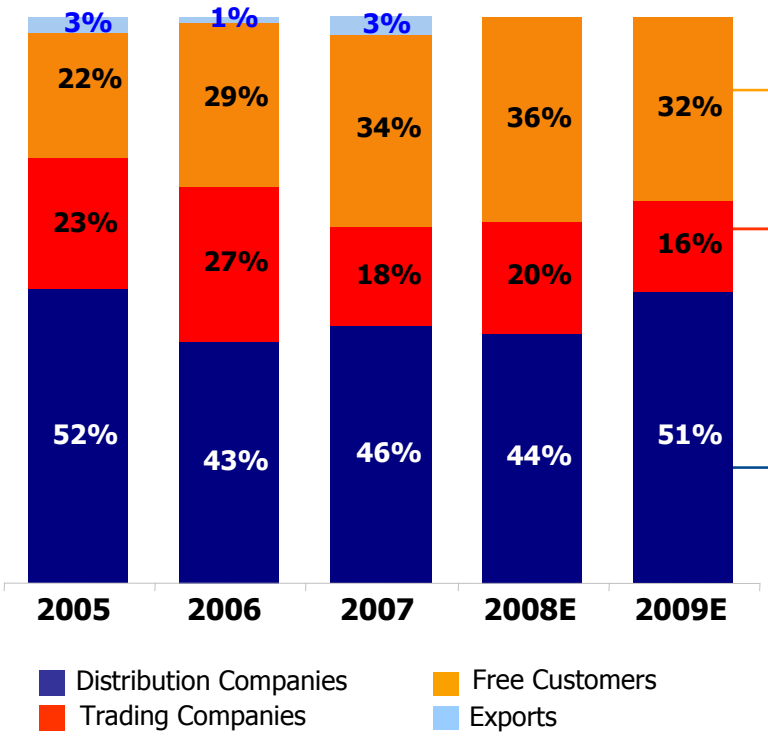
Notes:
[1] Amount corresponding to SIN – National Interlinked System.
[2] Includes only the Brazilian part of Itaipu.

...and is well positioned to play a consolidating role.

Client Portfolio Management

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Client Breakdown (based on contracted energy)



First to consistently serve the free market...

- Flexibility (prices, terms and conditions) → Maximizes portfolio's efficiency
- Solid client relationship → Liason with some free customers
- Largest consumer market
- Regulated and unregulated contracts → Long-term cash flow predictability

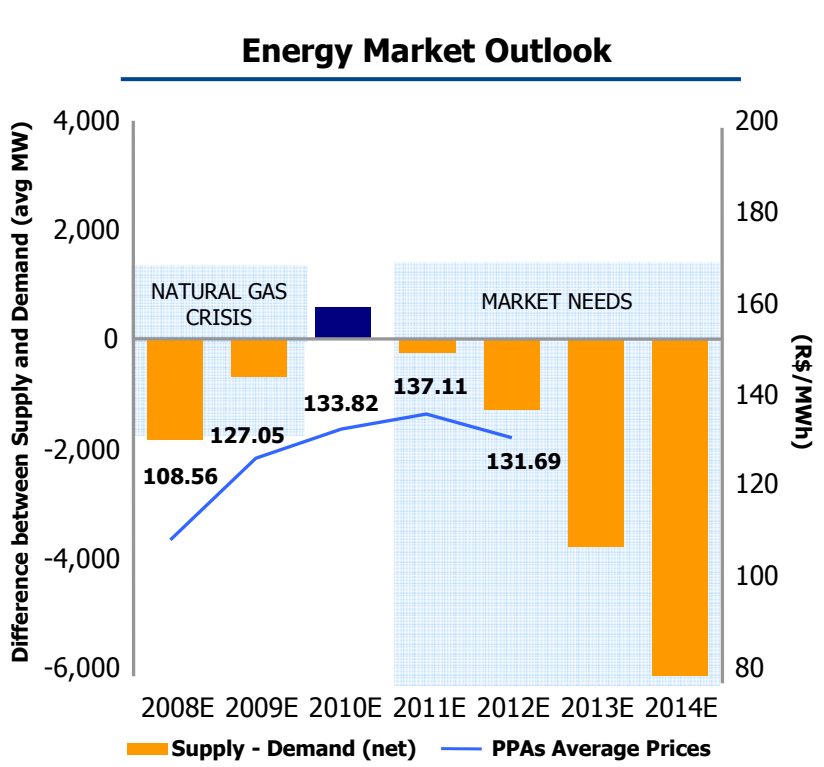
...to maximize portfolio's efficiency.

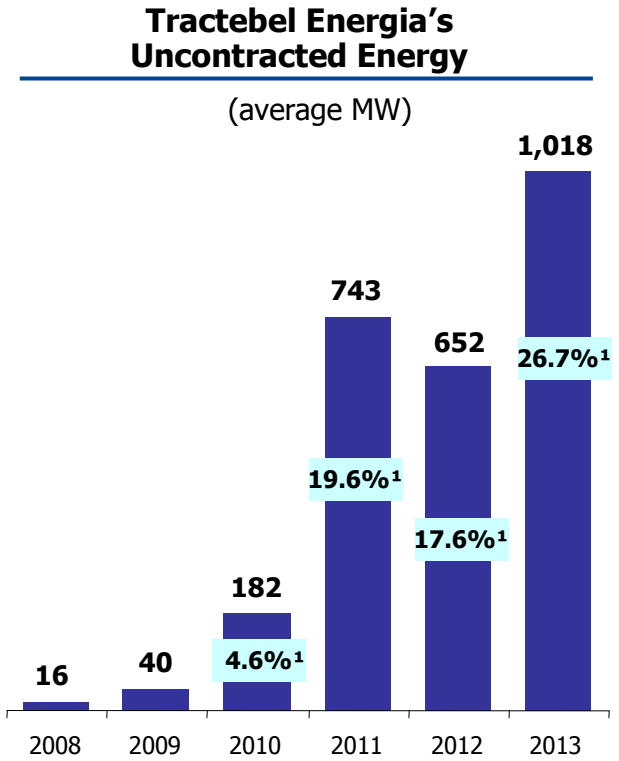
Strategy

Uncontracted Profile Benefits from Expected Higher Prices

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Scenario of supply and demand indicates potential raise of energy prices.





Nota:
¹ Percentage of Total Resources.

Source: Tractebel Energia's internal study based on ONS' Operations Monthly Program of February 2008 and on SFG/ANEEL's report of February 2008. Includes the results of the 6th New Energy Auction.

Note: Prices are based on the average prices of both existing and new energy auctions starting supply in that given year weighted by the volume transacted (base: March 2008).

Energy Balance

As of March 31, 2008

	(em MW médio)	2008	2009	2010	2011	2012	2013	Auction **Gross** Price (R$/MWh)	Reference Date	**Gross** Price Adjusted as of Mar 31, 2008 (R$/MWh)
	Own Resources	3,116	3,292	3,327	3,514	3,551	3,551			
+	Purchases for Resale	465	466	608	278	161	265			
=	Total Resources (A)	3,581	3,758	3,935	3,792	3,712	3,816			
	Government Auction Sales*	160	1,034	1,234	1,382	1,638	1,638			
	2004-EE-2007-08	10	10	10	10	10	10	70.9	Dec-04	79.0
	2005-EE-2008-08	150	150	150	150	150	150	81.6	Apr-05	88.5
	2005-EE-2009-08	-	381	381	381	381	381	94.0	Oct-05	103.7
	2005-NE-2010-30	-	-	200	200	200	200	115.1	Dec-05	125.9
	2006-NE-2009-30	0	493	493	493	493	493	128.4	Jun-06	138.0
	2006-NE-2011-30	-	-	-	148	148	148	135.0	Nov-06	144.3
	2007-NE-2012-30	-	-	-	-	256	256	126.6	Jun-07	131.9
+	Bilateral Sales	3,405	2,684	2,519	1,667	1,422	1,160			
=	Total Sales (B)	3,565	3,718	3,753	3,049	3,060	2,798			
	Balance (A - B)	16	40	182	743	652	1,018			
	Sales Average Price (R$/MWh) **(Net)**[*1]:	95.9	96.7	100.4						
	Purchases Average Price (R$/MWh) **(Net)**[*2]:	73.2	87.8	97.7						

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

*1: Sales price is net of ICMS and taxes over revenues (PIS/COFINS, R&D), as of 03/31/08.
*2: Purchase net price, considering benefits from PIS/COFINS credits, as of 03/31/08.

Note: The balance refers to the settlement point. It considers the energy generated by the projects São Salvador and Estreito, which start of operations are scheduled for 1Q09 and 3Q10, respectively, besides that from Ponte de Pedra hydro power plant from May 2008 on.

Growth

Growth of Installed Capacity: Purchase of Power Plant

Tractebel Energia has acquired Ponte de Pedra Hydro Power Plant from Impregilo (Italian engineering company) and Skanska (Swedish construction group).
The transaction was concluded in April 2008.

Project Description





Ponte de Pedra Hydro Plant	
Installed Capacity:	176.1 MW
Assured Energy:	131.6 MW
Ownership:	99.9%
Investment (R$mm):	592.0
Net Debt (R$mm):	274.4
Start of operations :	2005

The total output of the power plant is sold until 2025 under a 20-year PPA with Cemig, for BRL 116/MWh by 2008 year-end and BRL 109/MWh for the remaining period.

Growth of Installed Capacity: Project under Construction - I

São Salvador hydro power plant started construction in 3Q06.

Project Description

São Salvador Hydro Plant

Installed Capacity:	243 MW
Assured Energy:	148 MW
Investment (R$ mm):	866
Start of construction:	2006
Start of operations:	2009







The sale of 148 MW occurred at the new energy auction held in October 2006, for a 30-year period, as from 2011.

Growth of Installed Capacity: Project under Construction - II

Currently, the controlling shareholder is constructing a new plant that will be transferred to Tractebel Energia, adding 435 MW of installed capacity.

Project Description





Estreito Hydro Plant	
Installed Capacity:	1,087 MW
Assured Energy:	641 MW
Ownership:	40.1%
Investment (R$mm)[1]:	1,250
Start of construction:	2007
Start of operations[2]:	2010
End of construction[2]:	2011

Notes:
[1] Estimated Tractebel Energia's investment in the project.
[2] Tractebel Energia's estimates.

The energy to be generated by the Estreito Hydro power plant was sold at the new energy auction held in October 2007, for a 30-year period, as from 2012.

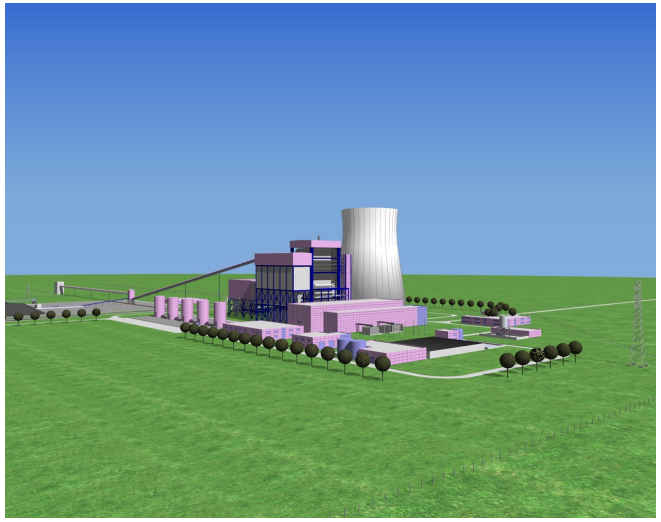
Seival: a Greenfield, Coal-Fired Project under Development

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- Coal-fired plant:

- Candiota reserve, located in southern Brazil, offers the most abundant coal and also at the lowest price per BTU in Brazil.
- A 340 MW greenfield project is being developed to deliver energy as from 2012. The energy will be sold to the Brazilian or Uruguayan electricity market.
- Tractebel Energia has acquired the control of SPC Seival Ltda., which holds the rights for constructing a thermal project of up to 540 MW in the region, what can speed up the development of the plant.
- TIC of around US$ 850 MM, including transmission line.

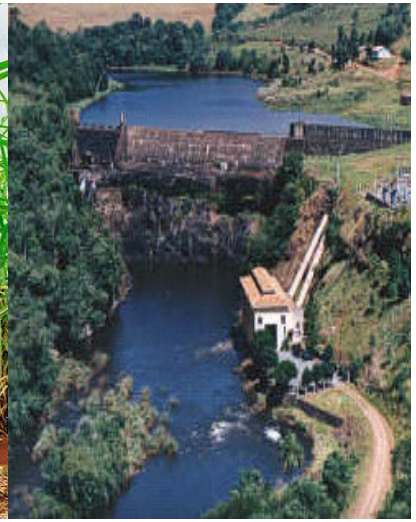




Other Projects: Alternative (Renewable) Energy Sources

Tractebel Energia has set a goal to develop in 2008 100 MW from alternative sources (Biomass, Wind or Small Hydro Power Plants).



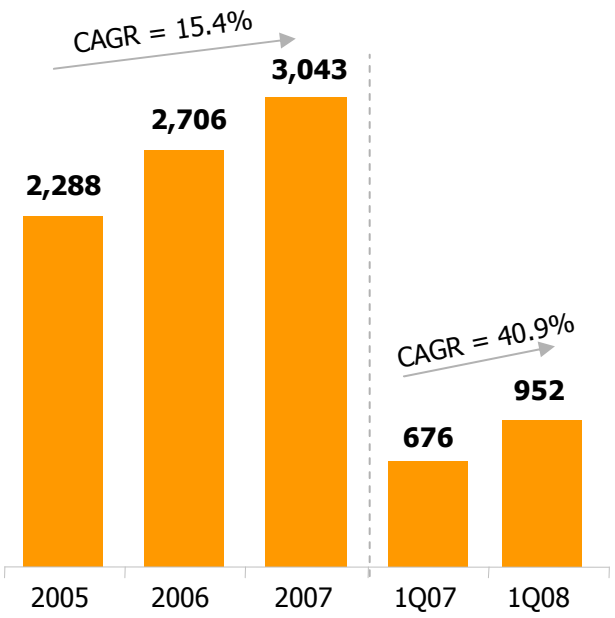



Financial Performance

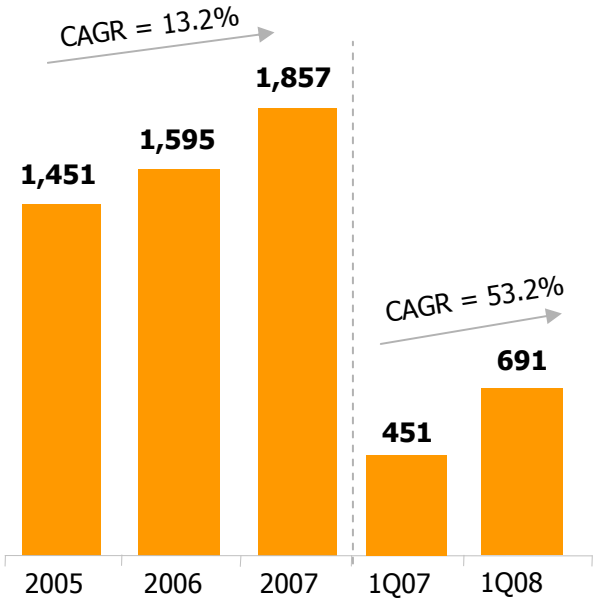
Net Revenues and EBITDA

Efficient management of its client portfolio and focus on contracting strategies have paved the way for a substantial top line growth of both revenues and EBITDA.

Net Revenues (R$ million)[1]



EBITDA (R$ million)[1]

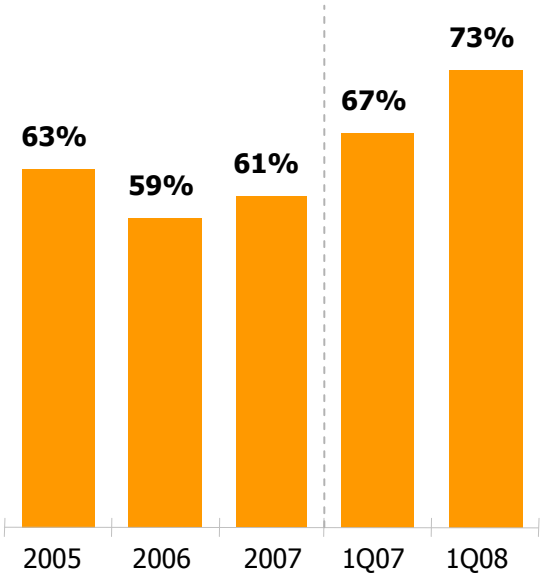


Note:
[1] Considering new accounting procedures.

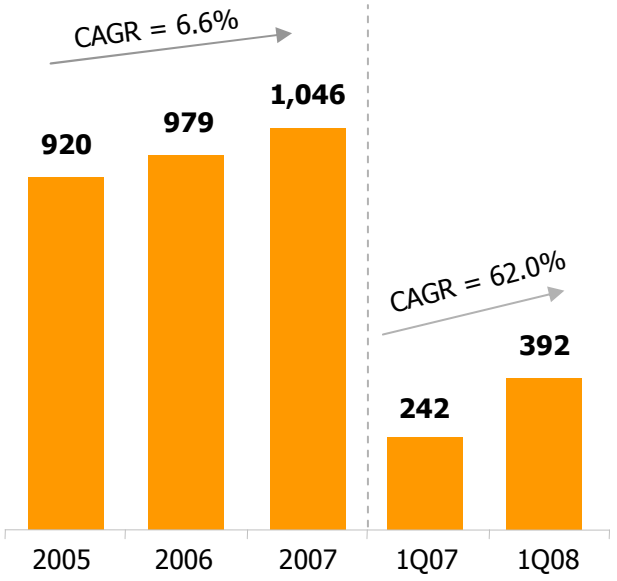
EBITDA Margin and Net Income

Consistent EBITDA margins and net income, ...

EBITDA Margin[1]



Net Income (R$ million)



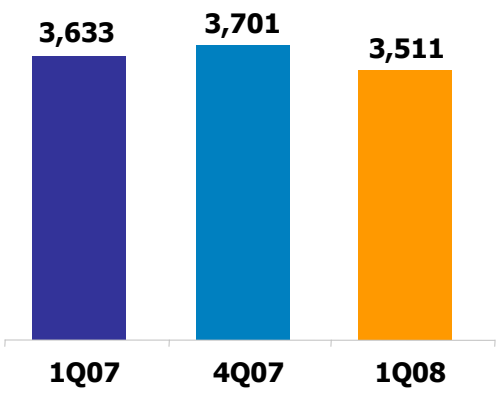
Note:
[1] Considering new accounting procedures.

...allowing for a relevant dividend distribution.

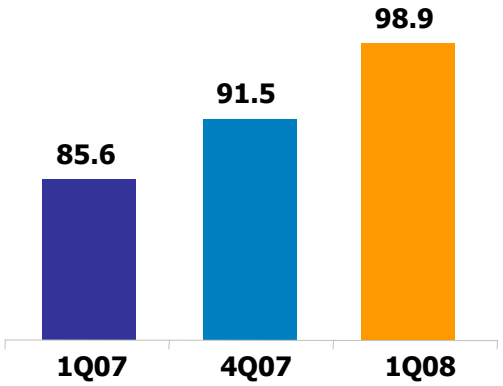
Financial Drivers

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Energy Sold (Avg. MW)

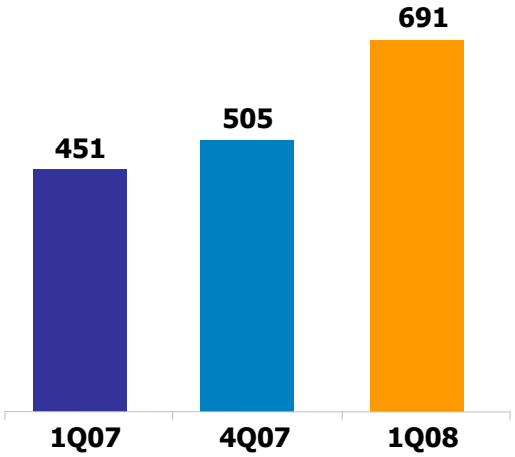


Average Price of Energy Sold (R$ / MWh)

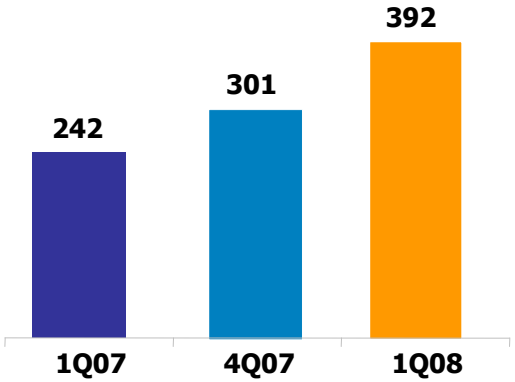


Note:
Figures are net of deductions and exclude exports.

EBITDA (R$ million)



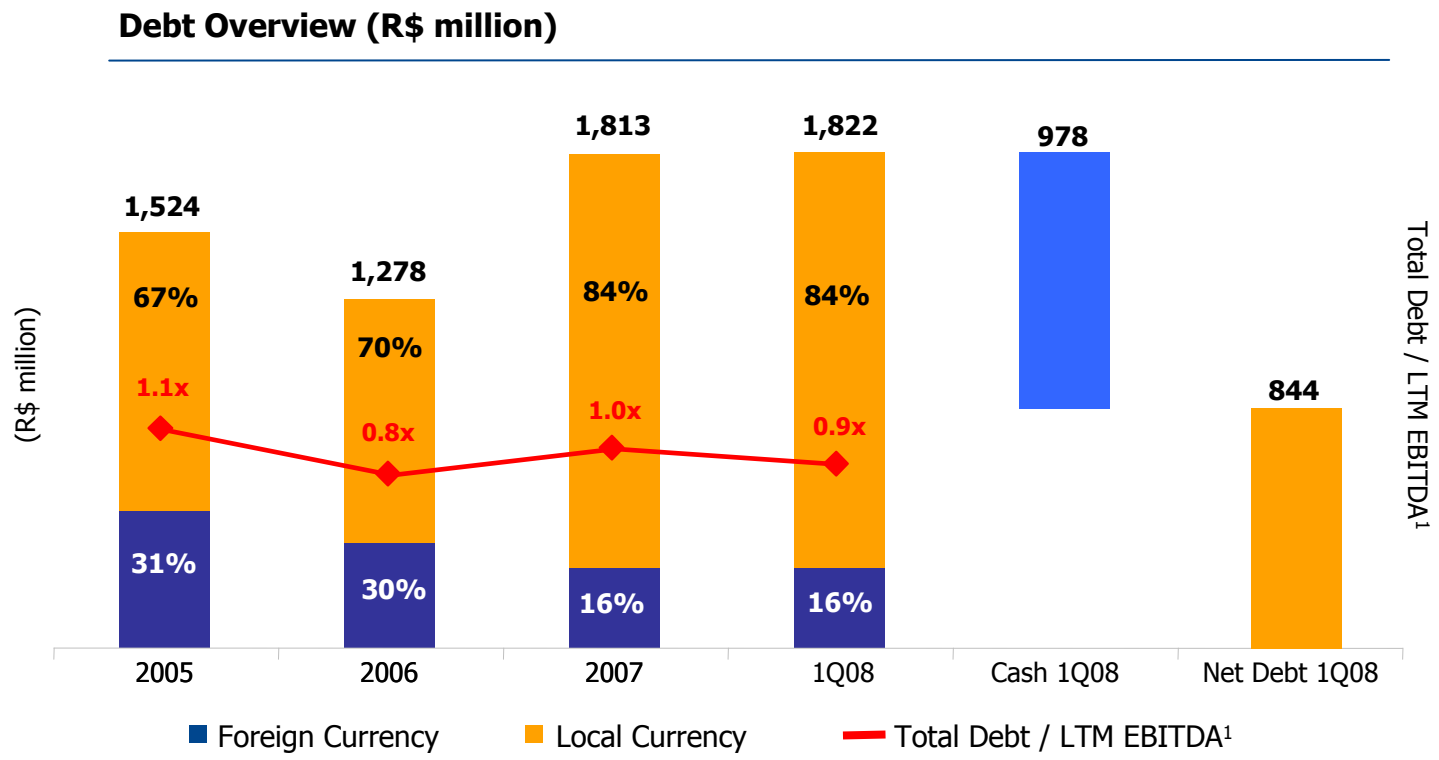
Net Income (R$ million)



Indebtedness

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Evolution of leverage and exposure to foreign currency:



Note:
[1] LTM EBITDA = last twelve months EBITDA.

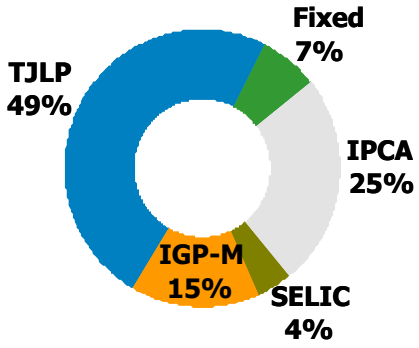
Debt Composition

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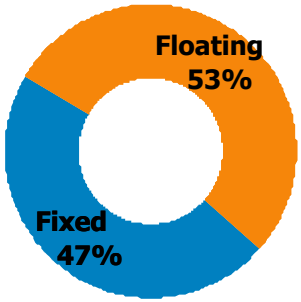
Not hedged

Cost of Debt, Local and Foreign Currencies

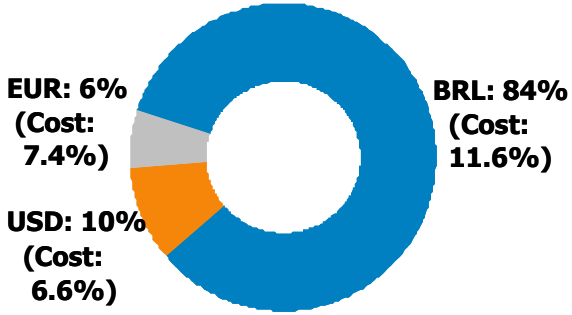
Local Currency



Foreign Currency



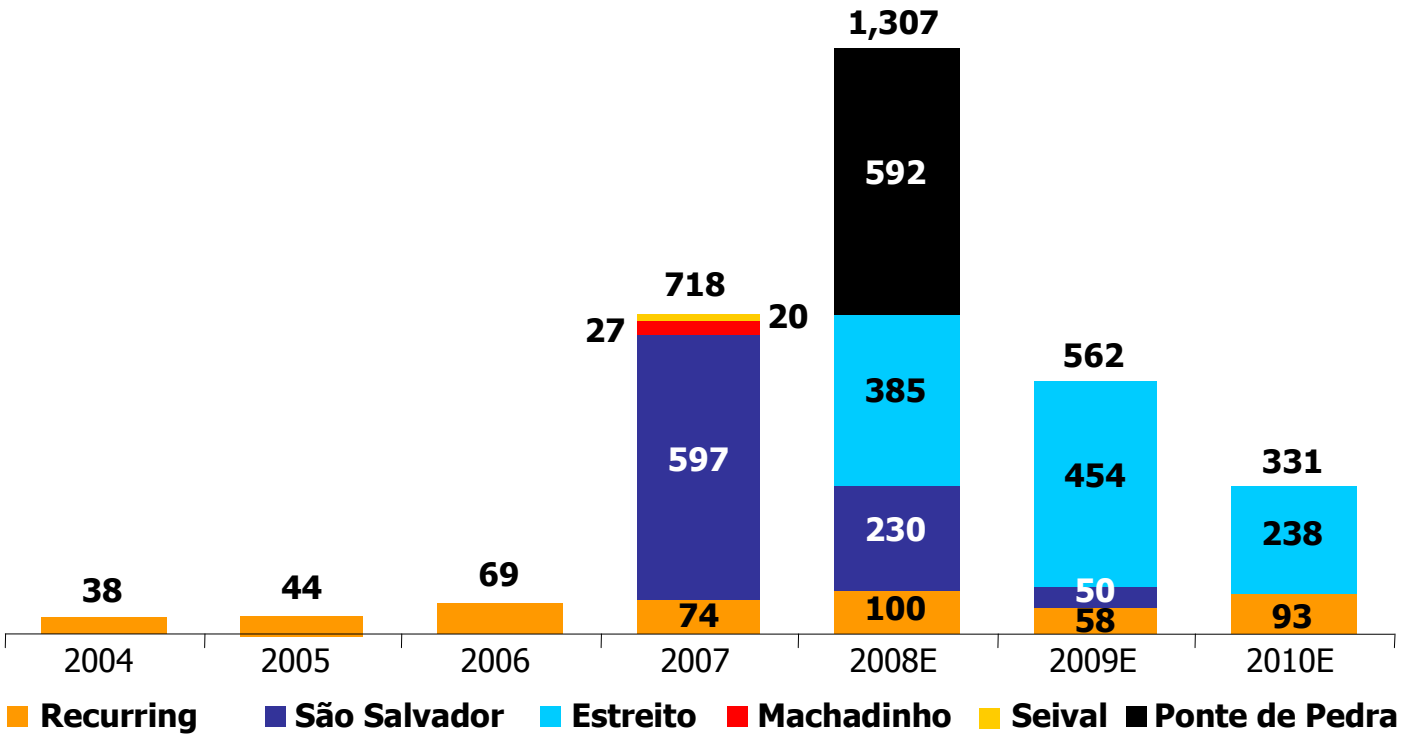
Cost of Debt



Tractebel Energia's Investment Plan

Low recurring investments and expansion capex are supported by a high cash flow generation.

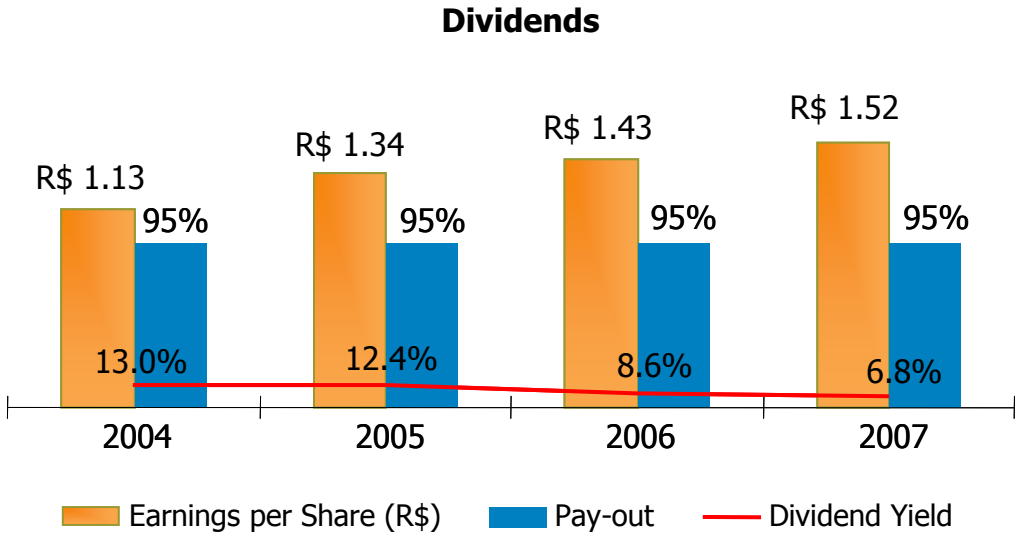
Capital Expenditures[1] (R$ million)



Note:
[1] Comprise equity and debt amounts.

Dividend Policy

- By-law minimum payout: 30% of net income.
- Management Commitment: minimum payout of 55% of net income.
- Payment frequency: semi-annual.



Note:
[1] Based on volume-weighted market price of ON shares in the period.

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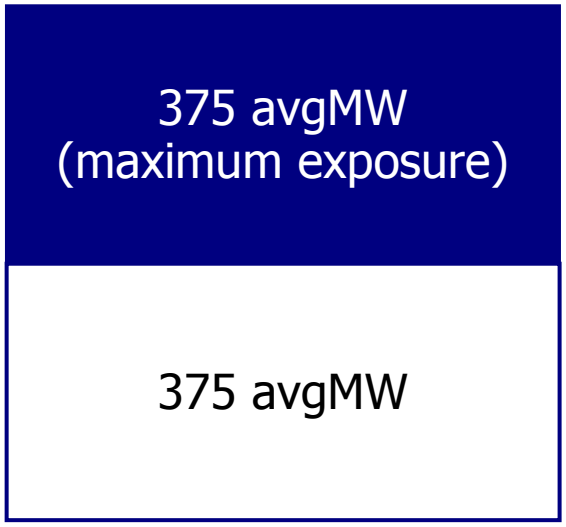
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Attachments

Exposure to Spot Price due to:

- Thermal Generation
- Hydro Monthly Allocation

Thermal Side: Exposure to Spot Prices



→ Estimated commercial capacity (on a yearly basis)

→ Thermal substitution energy → purchase in spot market

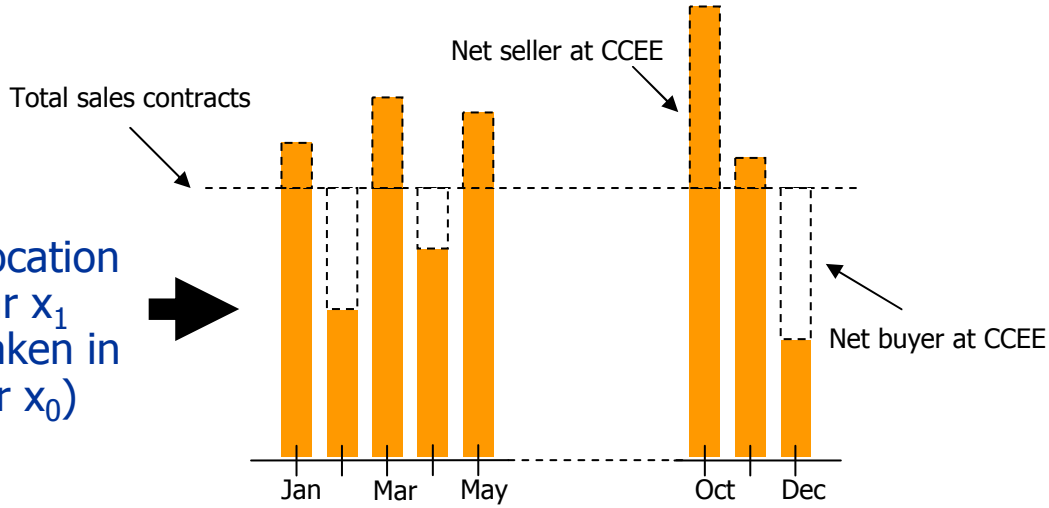
→ Expected minimum dispatch due to an annual inflexibility (based on the purchase of some 230,000 tons of coal a month)

Notes: 1) Tractebel Energia has been fully contracted → purchase of thermal substitution energy.
2) On a monthly basis, differences may occur.
3) Figures related to the Energy Trading Board (CCEE) settlement point.

Hydro Gencos Monthly Allocation of Resources

How does the allocation of resources at CCEE (the energy trading board) over the months interfere with a hydro genco quarterly results?

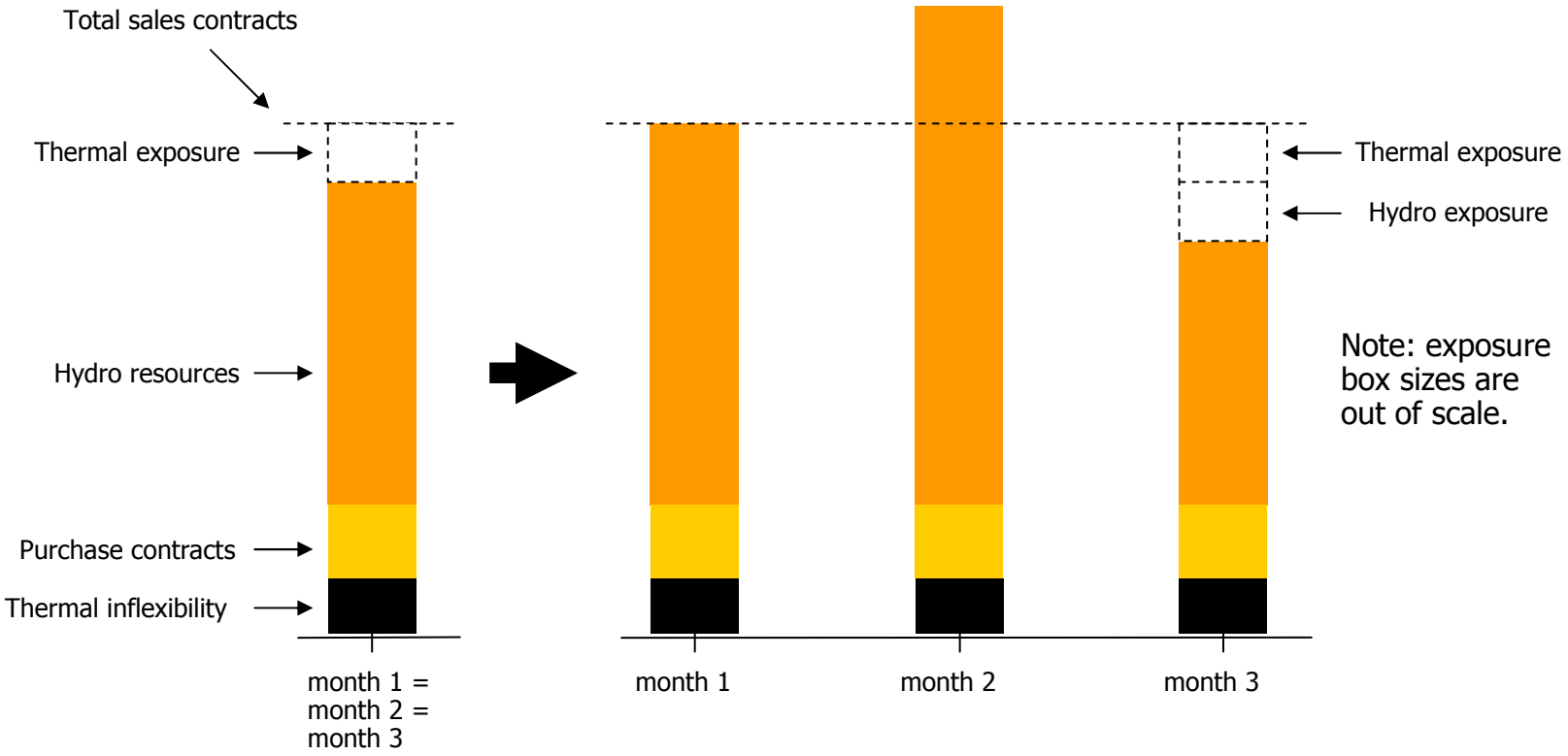
Annual Hydro Resources → monthly allocation over year x_1 (decision taken in Dec. year x_0) →



- Hydro gencos can freely allocate their resources over the following year's months;
- Monthly fluctuations on sales is also a driver for exposure to spot price;
- Monthly energy differences are settled at spot price, i.e., PLD (Price for Settlement of Differences);
- As penalties apply for a net buyer, a "monthly closing" market is available for those gencos who need to cover up their position;
- The pricing for the "monthly closing" market is strongly linked to the spot price.

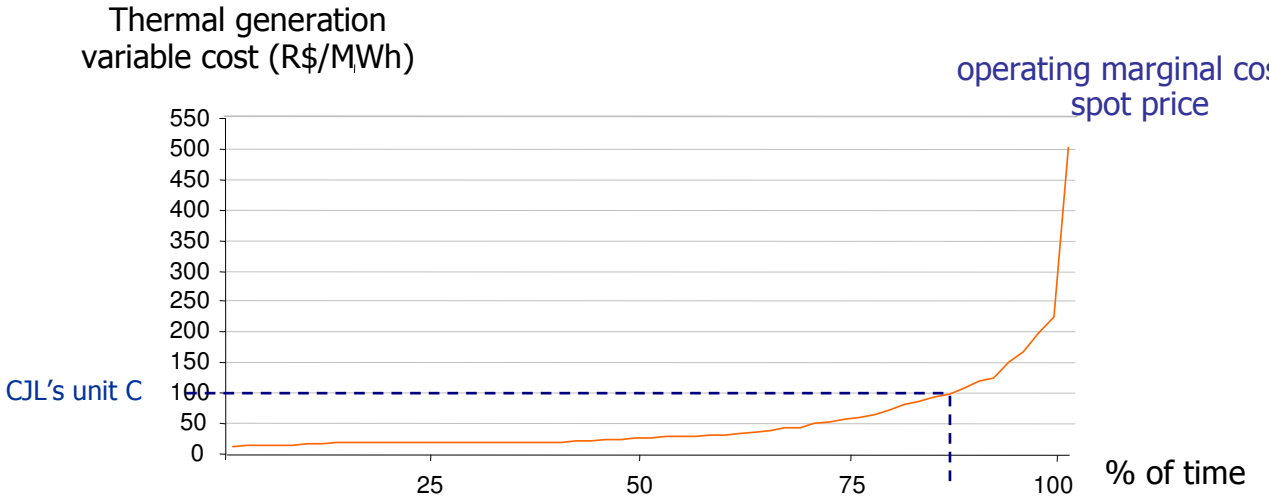
Mechanisms to Mitigate Exposure from the Thermal Side

As a consequence of the two previous slides, an appropriate monthly allocation of the hydro resources over the year can mitigate the exposure arising from the thermal substitution energy to be purchased at spot price. An example follows:



Main Drivers and Distribution Curve of Spot Prices

- Reservoir levels of hydro plants;
- Rainfall behavior;
- Forecast of demand for power;
- Current and future availability of power plants and transmission lines;
- Availability of natural gas.



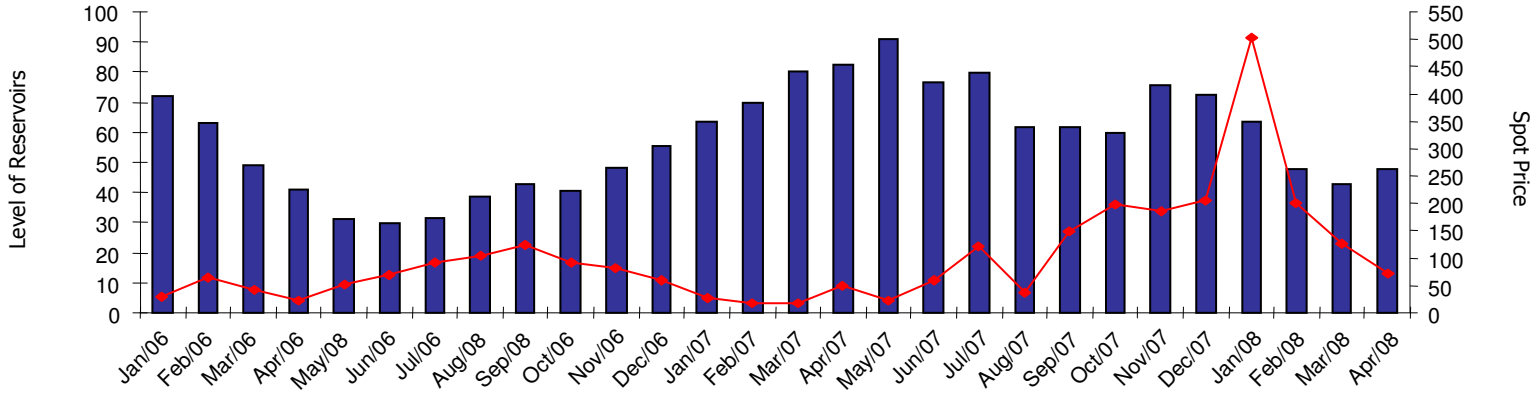
Note: spot market monthly prices for SE-CW submarket from May 2003 to April 2008.

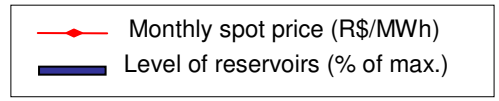
Conclusion: For almost 70% of the time the spot price is lower than R$50/MWh, and for 85% of the time it is lower than R$100/MWh.

Correlation between Reservoir Levels and Spot Prices

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Southern Submarket





Southeastern/Central-Western Submarket

