GDF SUEZ

Tractebel Energia
GDF SUEZ



Business Day
São Paulo – October 1, 2010

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The speakers today



Jan Flachet



Maurício Bähr



Manoel Zaroni



Eduardo Sattamini



Elio Wolff



Antonio Previtali Jr.

Agenda

Tractebel Energia update

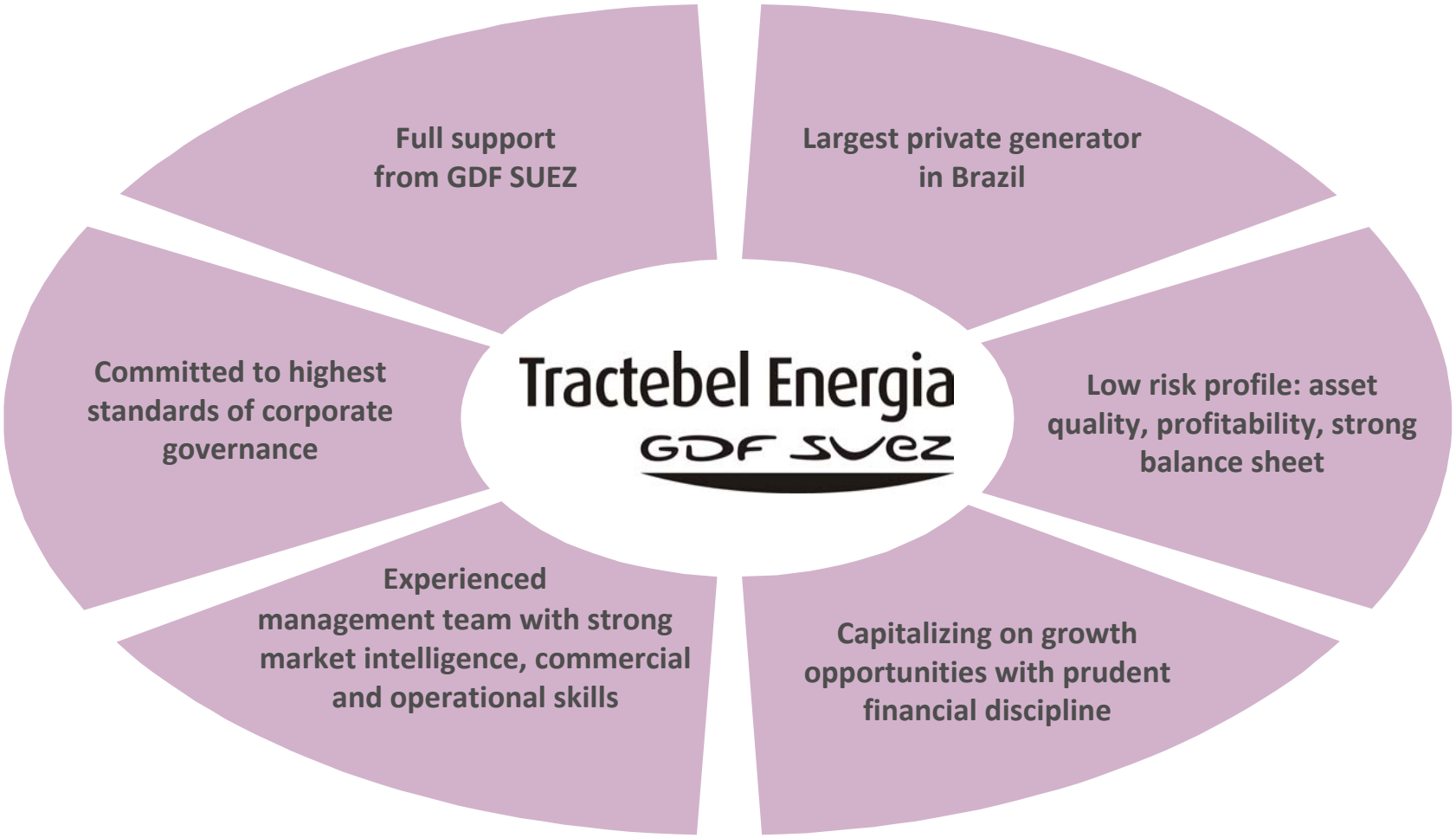
The role of the transfer model

Implications post Estreito transfer announcement

The model going forward

Jirau: an update

Company highlights: Tractebel Energia



Key milestones of Tractebel Energia

✓ Major transformation since acquisition in September 1998...

- Evolved from a regional to a national player
- Migrated to the Novo Mercado listing segment

✓ ...delivering significant growth...

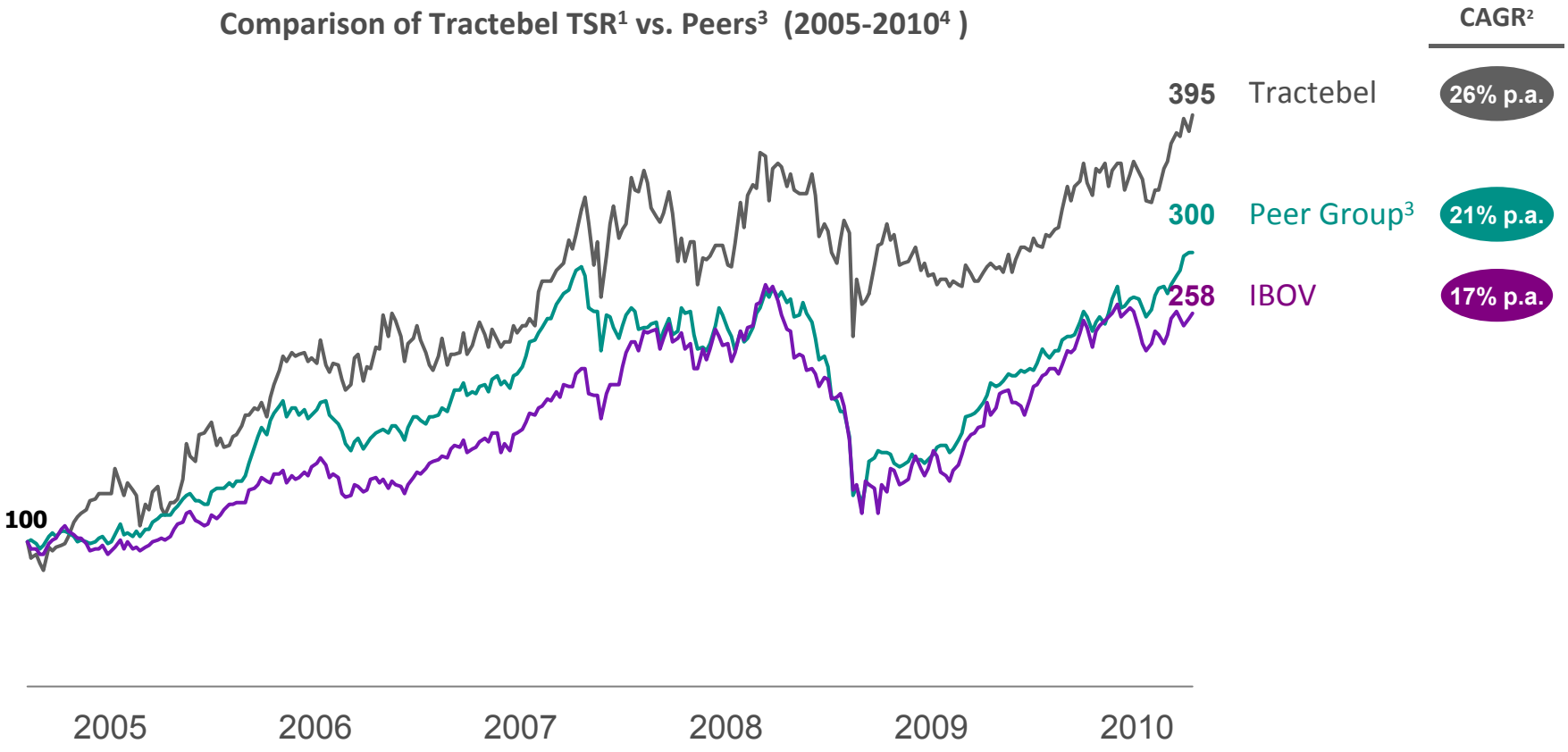
- Added 2,750 MW of capacity to the portfolio by investing R$ 4.6 billion[1]
- Average annual growth in revenues of 20.5% and 18.2% p.a. growth in EBITDA

✓ ... and return to shareholders

- Distributed R$ 5.9 billion in dividends and interest on equity (85% average payout)
- Generated a total shareholder return of 295% since 2005 (26% p.a.)

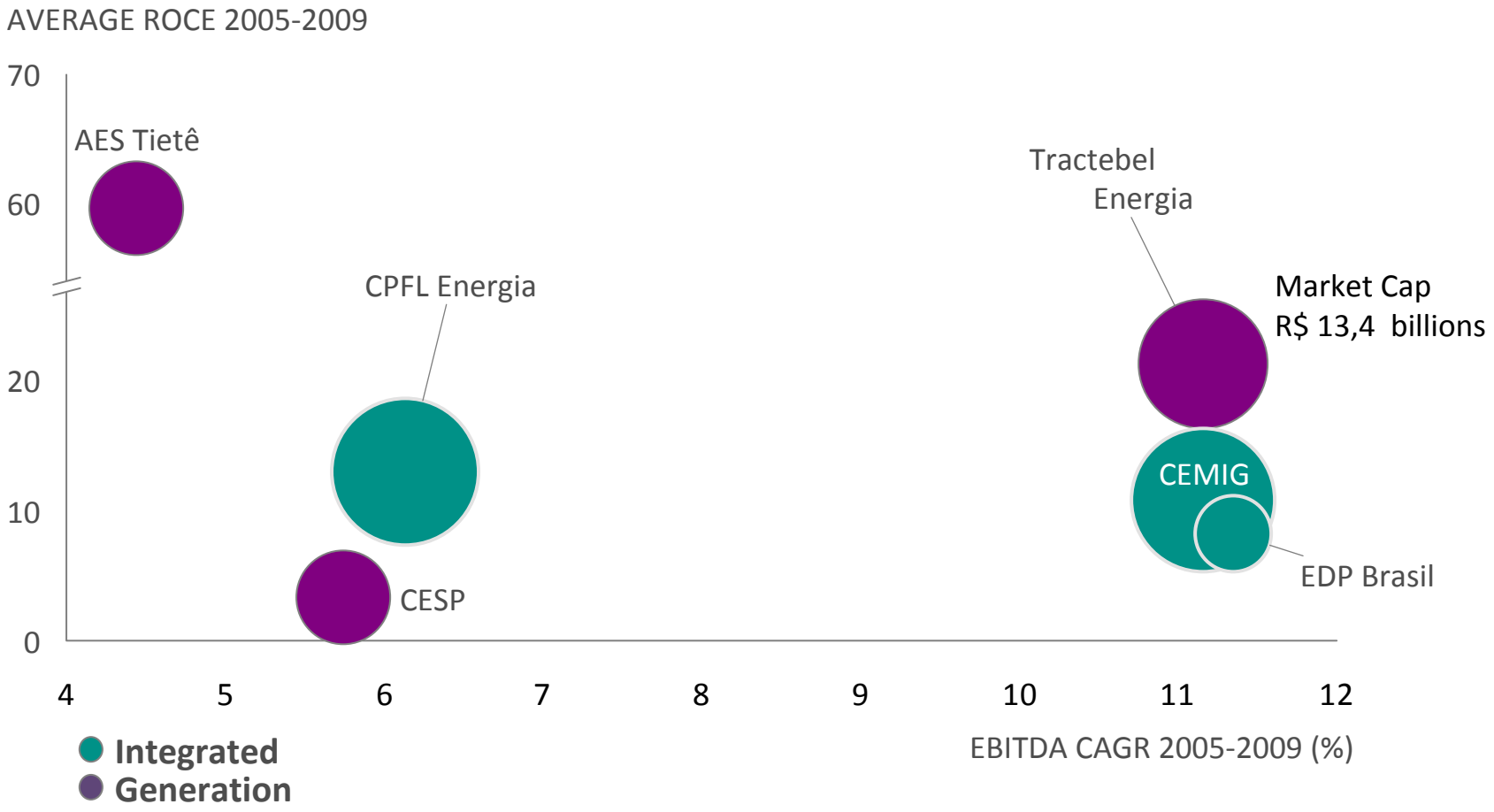
1. Capacity from Estreito and Jirau not included

Since 2005 TBLE TSR[1] has outperformed peer group and Bovespa ...



1. Total Shareholder Return; 2. Theoretical growth (2005-31August 2010)in value assuming that dividends and interests on capital are reinvested; 3. Peer Group TSR obtained using an arithmetic average of CESP, AES Tietê, Cemig, CPFL Energia, MPX and EDP Energia (Peers suggested by analysts) 4. Up to 31 August 2010
Note: TSR index is calculated with base 100 as of 31 December 2004
Source: Bloomberg, BCG Analysis

...consolidating TBLE position as one of the Top Brazilian utility companies



1. Return On Capital Employed=(EBIT x (1 – Tax Rate)/Capital Employed)
Note: ROCE and EBITDA CAGR in R$ and nominal terms
Source: Compustat, BCG Value Science, BCG Analysis

Continue to act on 3 strategic levers to seize the opportunities

Continuous improvement of operational efficiency

- A solid operational performance and productivity indices
- Evolution of operational margins

Optimal management of portfolio of energy

- Value the free client segment
- Improve average energy price contracted in the future

Grow maintaining financial discipline

- Increase base of generation assets, conditioned by adequate remuneration for its investments
- Acquisition model for hydro projects that ensures correct risk allocation

Well positioned to continue delivering strong results

Low cost operator with a majority hydro asset portfolio

Marketing strategy creates potential upsides to capture the high end of power market prices

Significant green-field and brown-field growth opportunities in the pipeline

- Constant screening of brown-field opportunities
- Bids in auctions for multiple energy sources
- Estreito entering COD in 1H2011 and Jirau with transfer negotiations expected by late 2011/early 2012

Recent ratings upgrades emphasize our financial strength and will flow directly to our bottom line

- Support from GDF SUEZ, transfer model and risk mitigation among key reasons for upgrade

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The transfer model

GDF SUEZ bids and develops hydro projects, mitigates key risks, and then transfers the projects to Tractebel Energia

Timing of transfer determined by context and risk characteristics of each project

✓ **Based on risk distribution put to use successfully in the past**

- **Clearly communicated in the secondary offering memorandum of 2005**

✓ **Used since 1998 and applied in the transfers of Cana Brava (450 MW) , São Salvador (243 MW) and Estreito (1,087 MW) hydro projects**

Transfer model serves stakeholders well

	GDF SUEZ	Tractebel Energia
Alignment of core skills and competencies	❑ Developer of hydro projects ❑ Dedicated and experienced development team ❑ Global experience leveraged in committees and processes ❑ Global M&A player	❑ Focused manager of generation assets ▪ Operational excellence ▪ Sales and marketing intelligence ▪ Portfolio management with financial discipline
Capital and income risk	❑ Larger balance sheet to absorb earnings swings, potential losses, timing issues ❑ World-wide project competition	❑ Acquires projects with major risks mitigated and with flexible terms and conditions ❑ More stable earnings
Potential returns	❑ Remuneration of risks assumed by development efforts	❑ Earns risk-adjusted returns above cost of capital of the project ❑ Keeps upside potential of the projects ❑ Immaterial mortality cost bearing ❑ Minimize time-to-profit
	Full support to one of the Group's largest international investments and growth drivers	**Unique equity story: access to growth while keeping a low risk profile**

GDF SUEZ has absorbed the costs to analyze and develop a number of projects that were not transferred to Tractebel Energia

More than 15 hydro projects totaling 20,000 MW

Several wind, thermal and biomass projects

- Projects developed by TBLE with support from GDF SUEZ on legal, finance and technical issues

Potential acquisitions of existing generation companies and projects

Projects were discontinued in various stages of development

Projects that were discontinued

Hydro

- Santa Isabel (1,087 MW)
- Peixe (452 MW)
- Serra do Facão (210 MW)
- Pedra do Cavalo(160 MW)
- Couto Magalhães (150 MW)
- Simplício (323 MW)
- Baguari (140 MW)
- Baixo Iguaçu (350 MW)
- Dardanelos (261 MW)
- Belo Monte (11,233 MW)
- Inambari (Peru – 1,355 MW)
- Santo Antonio (3,150 MW)
- Colider (300 MW)
- Several other (and small) hydro plants

Thermal

- TCN
- Três Lagoas
- Uruguaiana
- Eletrobolt / Rio Gen
- Termogaúcha
- Piratininga

Other

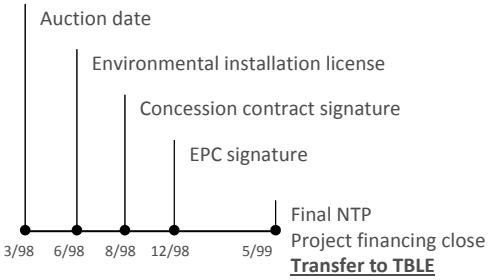
- Wind power plants
- Several Biomass projects
- Potential acquisitions of generation companies / projects

Note: All projects mentioned above were discontinued

In the last 12 years TBLE acquired 3 hydro projects from GDF SUEZ

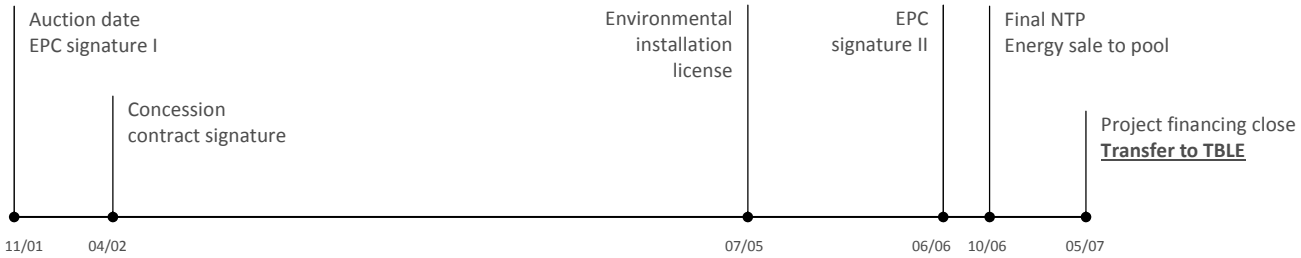
Cana Brava 450 MW

1.2



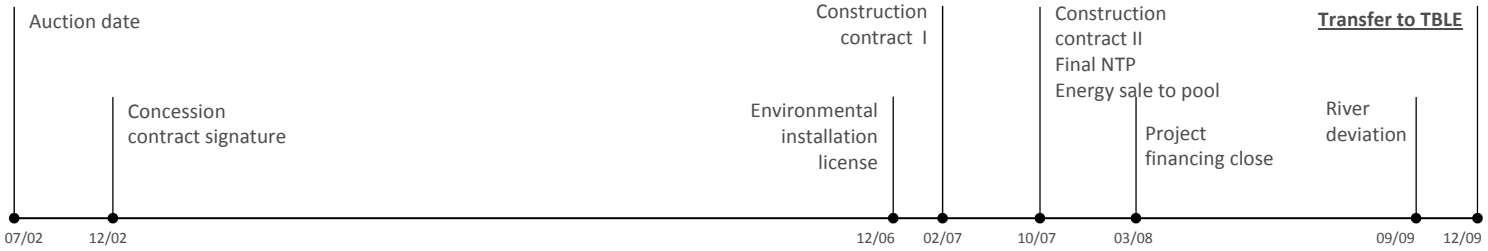
São Salvador 243 MW

5.6



Estreito 1,087 MW

7.5



Auction to transfer period



XX Years from auction to transfer

Each project had its own context and risk profile

	Cana Brava HPP (450 MW)	São Salvador HPP (243 MW)	Estreito HPP (1,087 MW)
Key risks and evolution of development related risks	❑ First private sector project ❑ Concession was granted before acquisiton of Gerasul ❑ Full EPC turn-key lump sum ❑ Commercialization risk assumed by TBLE	❑ EIA/RIMA pre-auction was cancelled ❑ Period of significant change in regulatory framework with GDF SUEZ bearing all related risks ❑ Successful implementation of UBP compensation mechanism (BOTOX) and commercialization in auction ❑ Concession Contract Amendment signed in April 2007, addressing project schedule, assured energy, grid connection and basic design ❑ Financing disbursement: Apr-07	❑ Period of significant change in regulatory framework with GDF SUEZ bearing all related risks ❑ There was no EPC ▪ Two contracts and the one related to civil works followed the unitary price concept ❑ One of the contractor had to leave the civil construction consortium ❑ GDF SUEZ assumed risks of capital market turbulence
	❑ Transfer occurred after EPC guaranteed	❑ Transfer occurred after energy commercialization (auction)	❑ Transfer occurred after river deviation

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Investor feedback post announcement of the transfer of Estreito

Low predictability and transparence of transfer process and transfer price

- Comparison to previous transfers made transfer price of Estreito appear high
- Inability to relate transfer price to metrics, process milestones and "quality" of project
- Questions on rationale of the transfer model

Lack of information on project development

- Communication of essential elements of development and process considered inadequate
- Element of "surprise" in transfer announcement

Governance processes being questioned in Related Party Transactions

- Independent valuation and process not sufficiently understood and thus not "convincing"
- TBLE and GDF SUEZ executives remuneration not aligned with TBLE´s interests

Source: Analyst reports and interviews with analysts and investors

Engaged independent advisors to evaluate the issue

BCG

BM&A
Barbosa, Müssnich & Aragão

ROTHSCHILD

Discover investor perceptions

Evaluate peer/competitor practices

Analyze models for value creation

Review local and international best practices associated with:

- Governance models
- Investor Relations and Communications

Analyze recent advances in Brazilian company legislation

Market perception and sentiment

Investor Perceptions	Corporate Governance	Communication
❑Recognition that underlying logic of transfer model is sound and key element of TBLE's growth strategy	❑Compliant with Novo Mercado rules	❑Tractebel Energia communication frequent and transparent
YET:	**YET:**	**YET:**
❑Timing and pricing of transfer not well understood	❑Potential conflict of interest in transfer process	❑Gaps in communications processes in GDF SUEZ developed projects
❑Belief that model is "biased" towards GDF SUEZ	❑Evaluation process of transfer not credible	❑Content and timing of disclosures out of phase

Source: Interviews with independent Directors, Investors and Analysts; Analyst reports

Transfer model recognized by international ratings agencies as a key element to improve TBLE's risk profile

Fitch Ratings Agency upgrades Tractebel rating to '(AA+)bra'

... "Despite the inherent risk associated with construction of plants, Fitch views GDF SUEZ group's practice of developing projects and transferring them to Tractebel only after mitigating the principal risks as positive... "

Fitch 28/07/10

Standard & Poor's Agency upgrades Tractebel rating to 'brAA+'

..."We believe that, given the increasing importance of Tractebel Energia S.A. in the asset portfolio of GDF SUEZ, the support of the controlling shareholder has become more evident. This support has been proven in the manner in which GDF SUEZ has transferred generation assets of significance, mitigating the risks of the project."...

S&P 21/07/10

Note: Ratings news clippings free translation

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GDF SUEZ and Tractebel Energia are committed to the highest corporate governance standards

Tractebel Energia is listed on the Novo Mercado since 2005 and is in compliance with all governance requirements

- Free float above 25%
- Only voting shares issued
- Board of Directors include 3 independent members out of a total of 9, including the representative of the employees (minimum required 20%)
  - With individual terms of Board of Directors not more than 2 years
- Stringent standards of financial and non-financial disclosures
  - Winner of the 2010 ANEFAC-FIPECAFI-SERASA EXPERIAN Award for highest standards of transparence and accountability in disclosures

Tractebel Energia: a key investment for GDF SUEZ

- 68.7% stake worth US$ 5.9 billion at market prices in August 2010
- Tractebel Energia market cap represents more than 12% of GDF SUEZ's market cap in August 2010

Model going forward (I)

I GDF SUEZ to continue to develop hydro projects and to transfer them to Tractebel Energia once key risks are mitigated

- To ensure speed, competitiveness and flexibility, leverage on functional segregation and maintain risk profile

II Tractebel Energia to set up an Independent Committee for Related Party Transactions ("Independent Committee")

- To be composed of majority independent members among the Board of Directors, and complemented by Executive Officers of Tractebel Energia
- Responsible for the negotiation of the transaction with GDF SUEZ and presenting the recommendations to the Board of Directors of Tractebel Energia

Model going forward (II)

III Tractebel Energia to continue to takeover only projects that are value accretive

- The Independent Committee to assess value accretion during negotiations, with Tractebel Energia retaining at least 50% of the project's upside
- Furthermore, GDF SUEZ has agreed to limit the amount received over and above its CDI adjusted equity contributions to 12% of the Total Capital Expenditure ("Cap")

IV Communications team to be created by GDF SUEZ (Brazil)

- Responsible for information on projects under construction by GDF SUEZ
- Co-presents project developments to Tractebel Energia's investors on a quarterly basis

Governance principles of the Independent Committee

In line with recommendations from CVM's Orientation Paper no. 35

Ad hoc for each transaction

Independent Committee to be composed of 3-5 members, from among the independent members of the Board of Directors and Executive Officers of Tractebel Energia, with a majority of independent members

- Independence of the members in accordance with Novo Mercado definition
- To be nominated by the Board of Directors of Tractebel Energia

Authorization to engage lawyers, financial advisors, technical consultants and other advisors to support in the negotiations

Profiles of the Independent Board Members

Luiz Antônio Barbosa Workers Representative	• **He has been Financial Director of the Electrical Workers' Labor Union for the South of the state of Santa Catarina – SINTRESC.**
Antonio Alberto Gouvêa Vieira Representing Minority Shareholders	• **Lawyer , Partner at Advocacia Gouvêa Vieira attorneys since 1978. He has been a member of the boards of directors and Advisory Councils of various companies.**
Luiz Leonardo Cantidiano Varnieri Ribeiro Alternate – Representing Minority Shareholders	• **Lawyer, Partner at Motta, Fernandes Rocha Advogados. He was a director of the Brazilian Securities and Exchange Commission, among other positions in capital markets and boards of companies.**
José Pais Rangel Representing Minority Shareholders (Banco Clássico)	• **Lawyer who since 1995 to the present has alternated between the posts of Vice President and Chief Executive Officer of Banco Clássico S.A., the position that he currently holds.**
Sergio Braga Ferreira Tavares Alternate – Representing Minority Shareholders (Banco Clássico)	• **Retired from the Banco Central do Brasil, Currently, holds the function of internal auditor for Banco Clássico S.A.**

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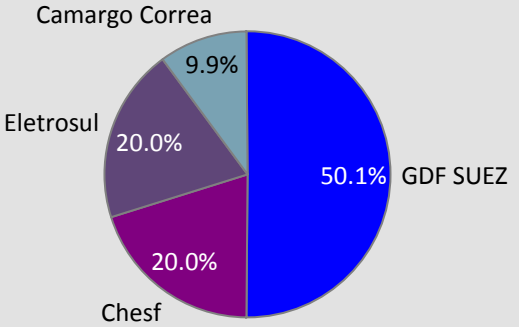
Jirau Hydro Power Plant: An update (I)

Project Data: Technical

Location:	Madeira River
Reservoir:	269 km2
Capacity:	3,300 MW + 150 MW (committed)
	+ 300 MW (under analysis)
Assured energy (avg):	1,975 MW (44 turbines[1])
Bulb turbines:	44+2(committed)
	+ 4 (under analysis)

1. Additional assured energy under analysis

The company: ESBR

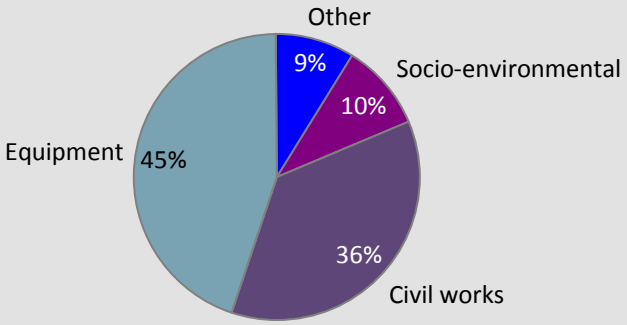


Shareholding

Relevant facts

CAPEX:	R$ 11.4 billion (as of Jun/10)
	R$ 3.5 billion hard cost already invested
BNDES current financing:	25 years term (20 years amortization)
	R$ 7.2 billion
	Grace period (1st credit line): Sep/12
	Average financing costs: TJLP + 2.35%
	Additional financing under discussion

CAPEX breakdown



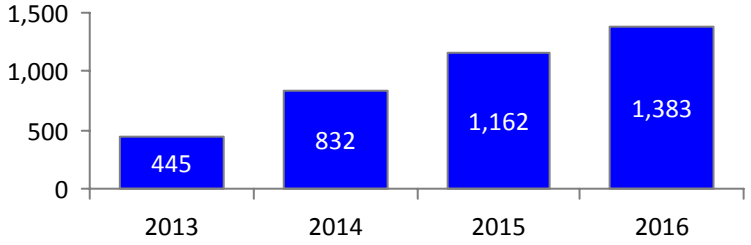
Jirau Hydro Power Plant: An update (II)

Energy commercialization

1. 30 Years Power Purchase Agreement(PPA)

- PPA price (indexed to IPCA): R$/MWh 71.37 (as of May/08) equivalent to R$/MWh 79.00 (as of Jun/10)
- 30 years PPA for 70% of the energy, from 2013 onwards
- After 2016 the energy amount under the PPA is flat until 2042

Average MW contracted

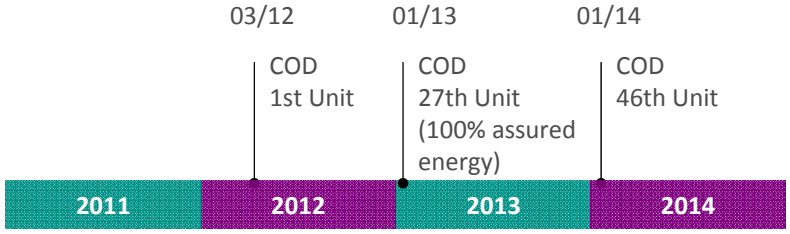


2. Free market - 1st energy auction

- Scheduled for the 20th of October, 2010
- Shareholders will not participate as buyers
- 5 products already defined (Table)
- Amount and minimum price to be defined on day of the auction

	Start	End
Product 1	01/07/2012	31/12/2012
Product 2	01/07/2012	31/12/2013
Product 3	01/01/2013	31/12/2013
Product 4	01/01/2013	31/12/2014
Product 5	01/01/2013	31/12/2018

Schedule



Jirau Hydro Power Plant: An update (III)

Key partners in the development phase

Turbines and Generators Dong Fang (18)	Transmission Line Toshiba	Hydromechanical and Lifting Bardella	Additional Equipment Siemens
Turb. and Gen. Alstom, Voith, Andritz(28)	Interface Eng. Concremat	Installation / Erection ENESA	Logistics Bertling
	GIS / SF-6 Hyosung	Energy for Construction Votorantim	Polo Jirau BS Construtora
Cement and Steel Votorantim	Civil Works Camargo Corrêa	Detailed Design THEMAG	Owners Engineering TBLE Engineering / LEME Engenharia

Jirau – Video

http://tractebel.investor-relations.com.br/videos/video_UHE_jirau.html

In summary...

- **Changes in governance practices reinforce the alignment of interests of Tractebel Energia's shareholders**
  - Consistent with best practices for related party transactions

- **The model going forward addresses concerns in terms of independence, predictability and transparence of related party transactions...**
  - Creation of an Independent Committee to negotiate with related parties
  - Continuous, coherent and clear communication on project development

- **...Enabling continued and sustained growth with appropriate risk profile and value accretion for Tractebel Energia and its shareholders**

Contacts

Eduardo Sattamini

Finance and Investor Relations Director

sattamini@tractebelenergia.com.br

Antonio Previtali Jr.

Investor Relations Manager

previtali@tractebelenergia.com.br

+55 (48) 3221 7221

Elio Wolff

Market Relations Manager - GDF SUEZ (Brazil)

elio.wolff@gdfsuezla.com

+55 (21) 3974 5400

www.tractebelenergia.com.br

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