

RELEASE

Joint Press Release by SUEZ Energy and Tractebel Energia - Dec 16 New Energy Auction

Rio de Janeiro, December 16, 2005 - Suez Energy and Tractebel Energia participated as sellers in the new energy auction promoted by ANEEL on December 16, 2005

A total amount of 200 MW of assured energy from Ita and Machadinho hydro plants starting from January 2010 were sold through CCEE, the Brazilian energy commercialization chamber. The average price reached R$115.10/MWh.

Despite Suez's intention to sell energy from Sao Salvador and Estreito hydro plants as from 2009 and 2010 respectively, the closing prices were not enough to turn the both projects feasible for the time being. "We are aware that by contracting energy through this auction our revenues will be locked in for 30 years. Furthermore such revenues must cover the construction costs and the social and environmental programs as well as the financing costs and remunerate the shareholders. Yet it seems that the current level of uncertainty associated to these projects made us less competitive", pointed out Mauricio Bähr, CEO of Suez Energy Brasil.

And Mr. Bähr added: "We have some work to do until the next auction in order to solve some pending issues related to both Sao Salvador and Estreito. Among them lies UBP, for which no solution has been found so far. And that is the reason why Sao Salvador, even considering its installation license in place, could not reach the required competitiveness in this auction".

Tractebel Energia, according to its CEO, Manoel Zaroni, keeps track of its maximization of portfolio efficiency strategy, being the Company optimally contracted for the coming years. It can also sell its botox energy in the A-3 and A-5 new energy auction to take place in 2006 and 2007.

The free customers segment already represents around 25% of Tractebel Energia's physical sales and has much more room to grow.