

I Unibanco Energy Day

Energy Price Perspectives and Positioning of Tractebel Energia

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CEO

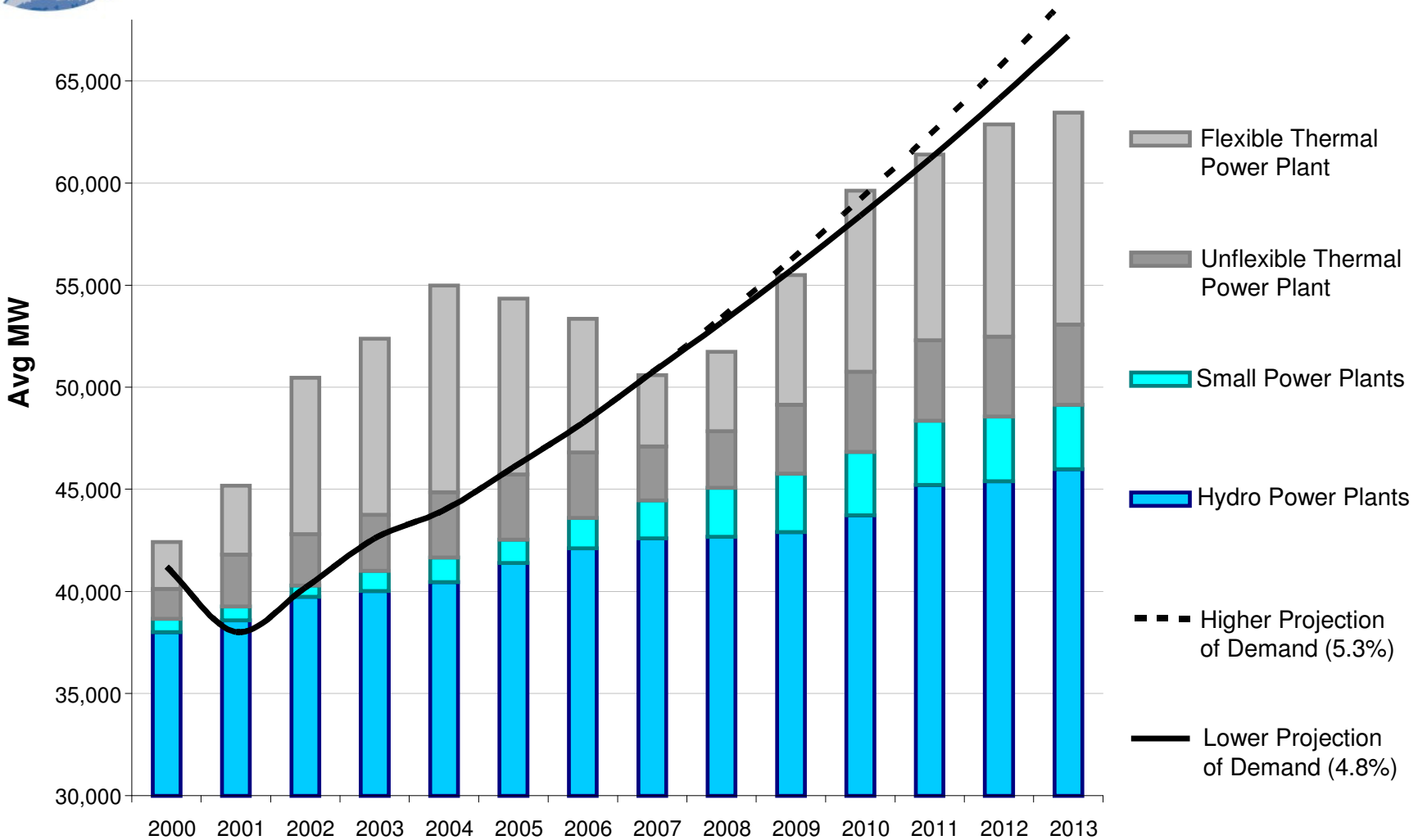
São Paulo, February 13, 2008



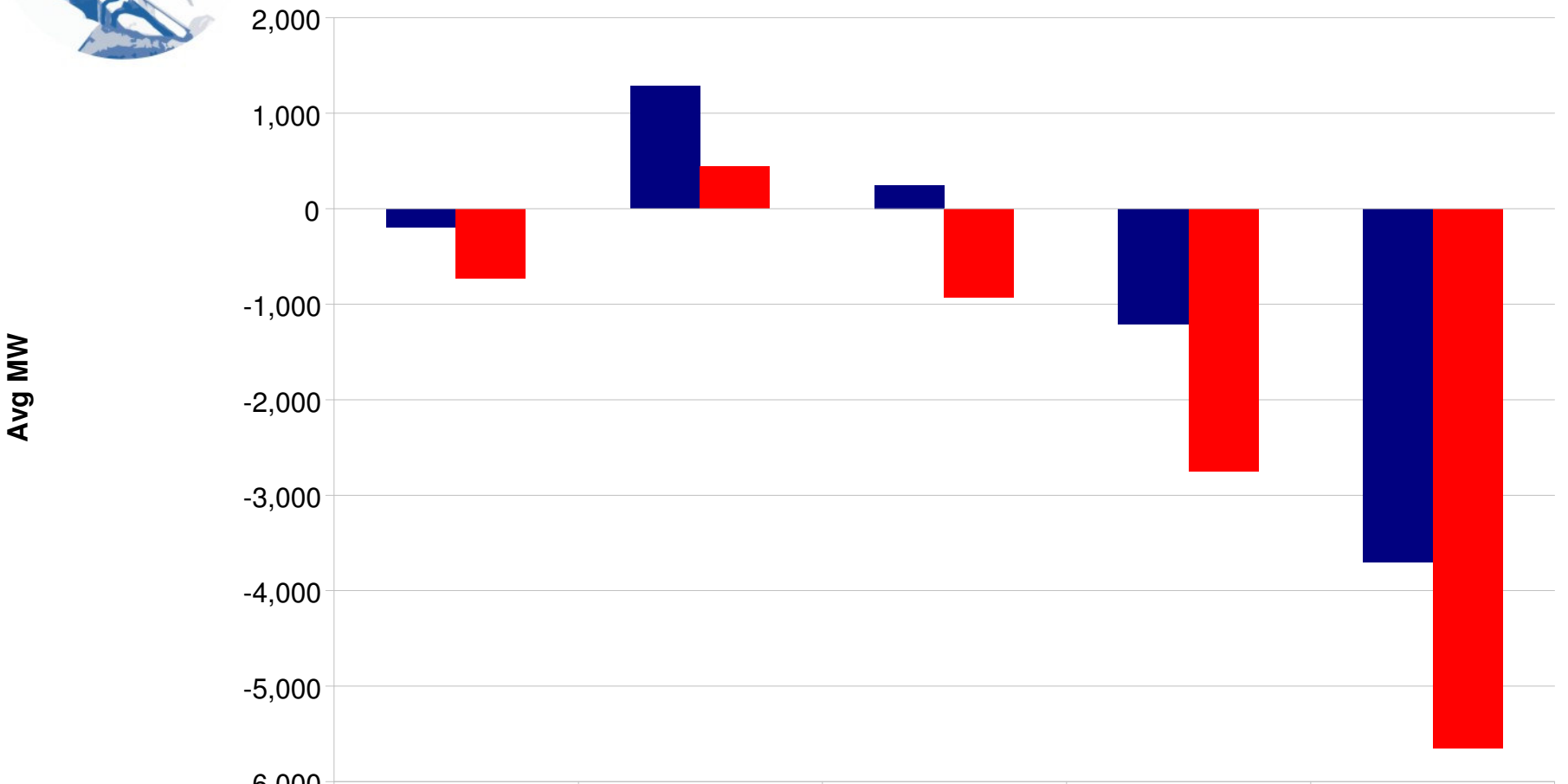
Agenda

- Energy Balance
- Perspectives for the Short and Medium Terms
- Perspectives for the Long Term
- Positioning of Tractebel Energia

Energy Balance – SIN (National Interlinked System)

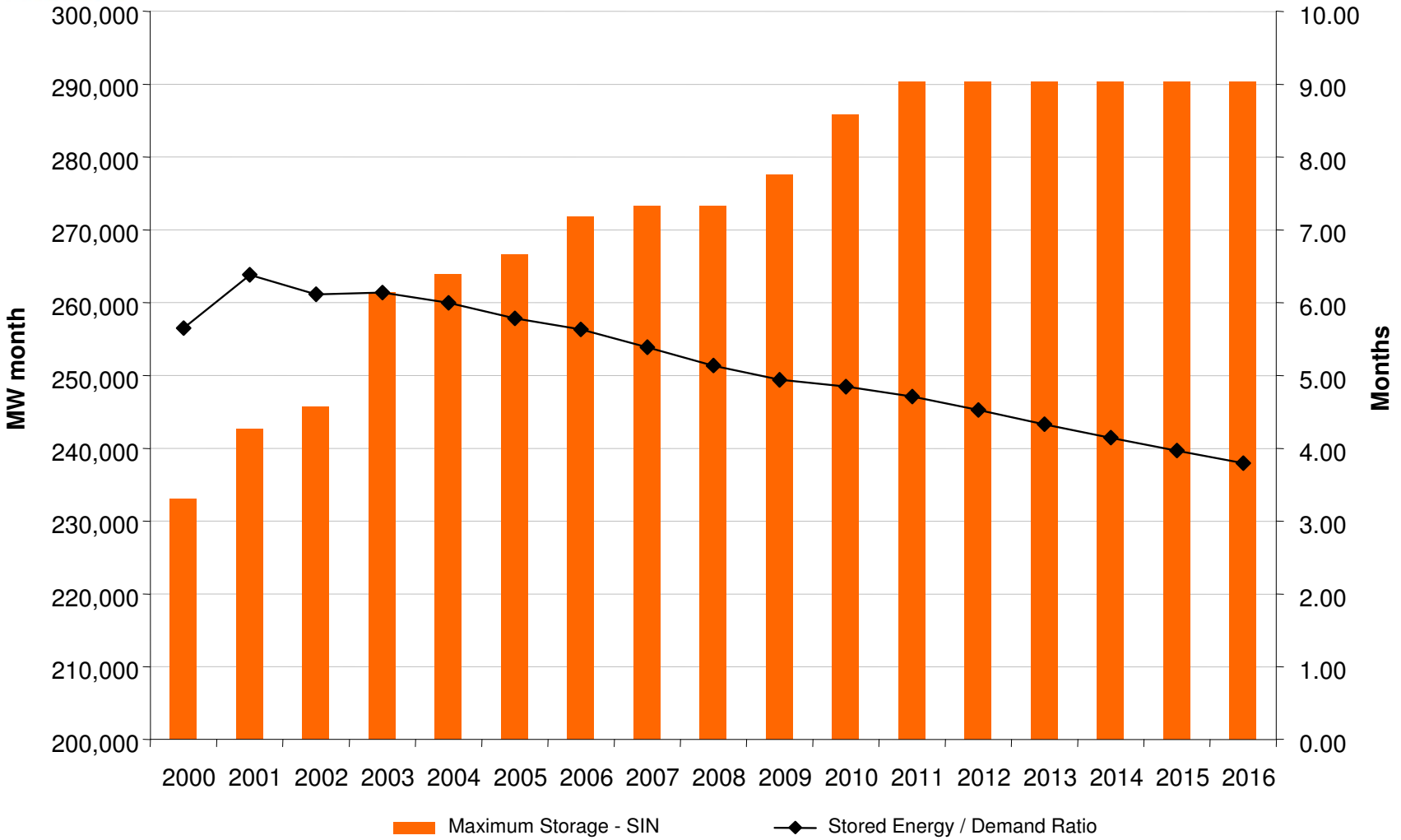


Structural Balance



	2009	2010	2011	2012	2013
Demand (4.8%)	-196	1,282	248	-1,210	-3,706
Demand (5.3%)	-729	442	-928	-2,755	-5,653

Regularization Capacity of the SIN





Natural Gas Supply

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- Petrobrás' Commitment Term is being accomplished
  - Generation higher than CT only with contingency in other gas markets
- Higher gas availability for the electricity sector* might come from...
  - The contingency of Petrobrás' internal consumption: 2.8 MM m^3/day
  - Restriction of part of the volume consumed above the contracts by Rio de Janeiro's gas concessionaires: 4.2 MM m^3/day
  - Restriction of volume consumed by vehicles: > 7.0 MM m^3/day
- Strategic Reserve of 14.0 MM m^3/day ➔ total thermal generation of 1,600 average MW

(*) Source: Presentation made by Petrobrás in 11/20/2007 during the extraordinary meeting of the Infrastructure Services Committee of the Federal Senate



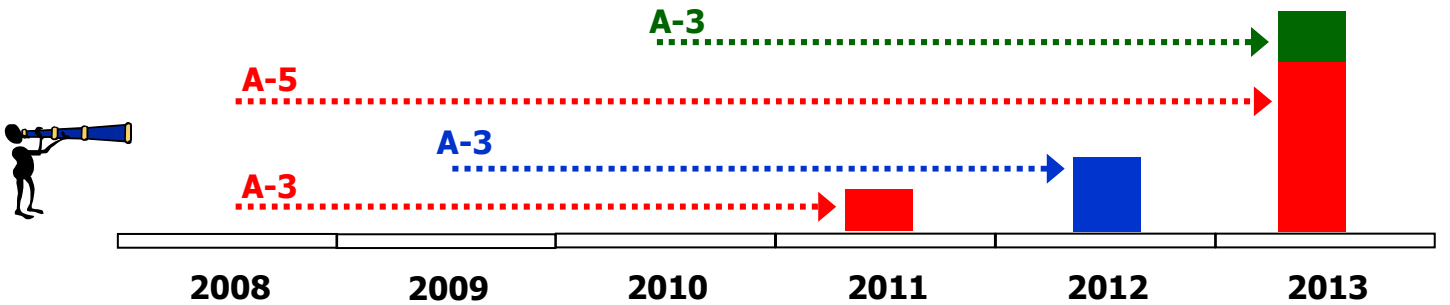
Perspectives for the Short and Medium Terms

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- **Short term**
  - The favorable hydrologic condition in 2007 eliminates the possibility of energy rationing in 2008
    - Tendency of high Spot Price (average values above the historical ones) and volatility intensification
    - Better use of energy based on price is the tendency
    - The structural deficit tends to intensify the better use of energy as consumers exposed to the Spot Price are subject to penalties – currently Spot Price (high)
- **Medium term**
  - Supply in 2009 depends on
    - the water availability
    - the supply of natural gas
    - the increase of demand
  - Tendency of high Spot Price and volatility intensification
    - Major participation of thermal power plants with high Unitary Variable Cost and minor regularization capacity of the system
  - Growth of the free market stops
    - Free customers without long term contracts migrate to ACR (Regulated Contracting Environment)

Perspectives for the Long Term

- Long Term



Need of Energy Contracting between 2011 and 2013*:

3,700 avg MW
to
4,500 avg MW

** The effective contracting depends on the commercial balance of the distributors*

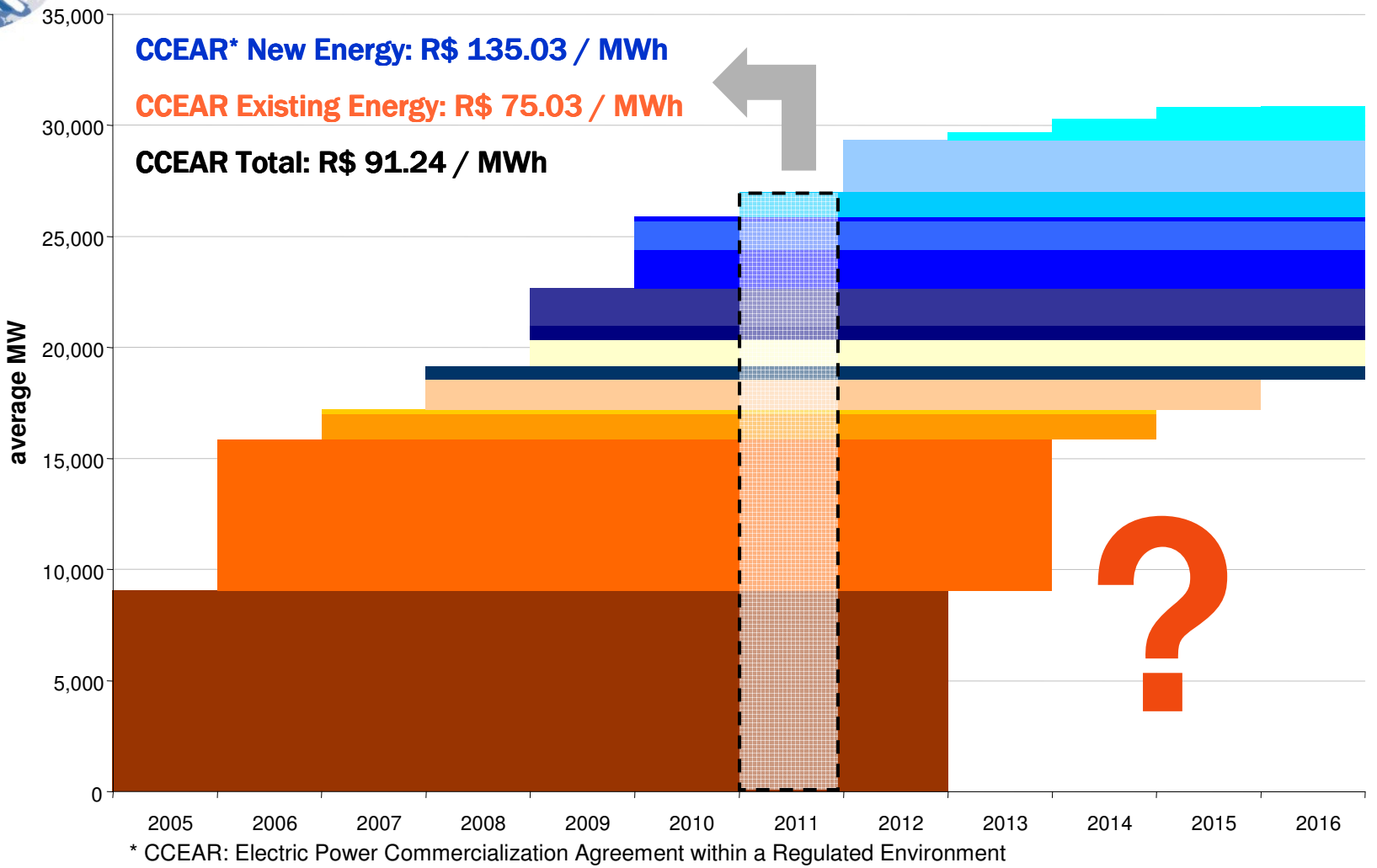


Perspectives for the Long Term

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- Long Term
  - Sources of supply
    - » There is no offer of relevant new hydro projects to be auctioned, except for the "structural ones"
    - » "Effective" entrance in operation of Rio Madeira and Angra 3 projects is expected for 2013 on
    - » Options
      - ➢ Biomass in the reserve energy auction for 2009 and 2010
      - ➢ For 2011 and 2012
      - ➢ Biomass, Fuel Oil, Coal, Gas, LNG for 2013
  - Important change in the energy matrix
    - » Thermal power participation next to 25% in 2013
    - » Short term prices tending to the long term marginal cost

Recontracting of Existing Energy



* CCEAR: Electric Power Commercialization Agreement within a Regulated Environment

Monetary Basis: December/2007

Positioning of Tractebel Energia/SUEZ

- 100% of São Salvador HPP ➔ 243 MW / 148 MWav
- 40% of Estreito HPP ➔ 435 MW / 234 MWav
- Acquisition of Ponte de Pedra HPP ➔ 176 MW / 132 MWav
- Acquisitions
  - Cesp
  - Brasiliana
- New Project
  - Jirau
  - Seival
  - Biomassa e PCHs







Conclusion

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- In the short and medium terms
  - Tightened offer compared to the demand
  - Trend of price increase in the short term with the perspective of surpassing the long term marginal cost
  - Great volatility of prices
  - Gas supply is vital
  - Part of thermal plants already contracted through ACR becomes reserve of energy with the contracting of reserve energy (biomass)
    - » Creation of EER (Reserve Energy Charge) to finance the reserve
  - Free market with no growth perspective
- In the long term
  - Increasing participation of thermal energy sources
  - Prices of short term tending to the marginal cost of long term



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Thank you!