SUEZ in Brazil: Perspectives and Strategies

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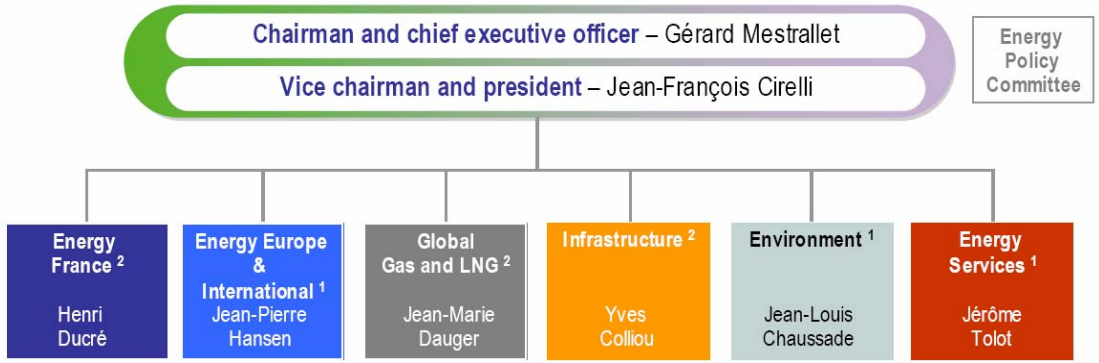
Merger of SUEZ with GDF (1/2)

The merger of SUEZ with GDF created a world leader in energy and the largest private company in Europe in public services sector. With a privileged position in natural gas and electricity, the new group GDF-SUEZ is:

- **Global leader** in liquefied natural gas (LNG)
- **63,500 MW** of installed capacity (target: **100,000 MW until 2013**)
- **Number one** gas transmission and distribution network operator in Europe
- Second largest storage and LNG terminal operator in Europe
- **196,500** employees
- In Latin America, present in Brazil (the largest private sector energy genco), Mexico, Chile, Argentina, Peru, Panama, Trinidad-Tobago and Colombia (soon)
- **Brazil** elected as one of the main investment focus

Merger of SUEZ with GDF (2/2)

The New Structure



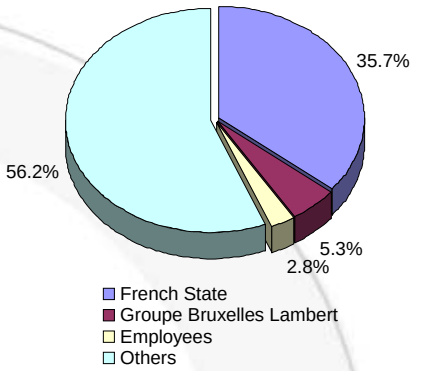
6 business units to meet the industrial challenges of the new group

(1) Reporting to Gérard Mestrallet
(2) Reporting to a Jean-François Cirelli

Management Committee with 6 Members

Chairman and chief executive officer	Gérard Mestrallet
Vice chairman and president	Jean-François Cirelli
Executive vice presidents	Yves Colliou Jean-Marie Dauger Jean-Pierre Hansen Gérard Lamarche

Breakdown of Capital



Main figures, 2007 (in Billion of Reais)

Revenues	**184,3**
EBITDA	**32,5**
Net Income	**13,9**
Net Debt	**39,2**
Market Value	**248,0**

Exchange Rate 2.48 BRL/EUR

The development strategy is supported by a capex of **€ 10 Bi** (**R$ 25 billion**) average per year between 2008 and 2010.

SUEZ in Brazil – History

- SUEZ is present in Brazil since 1996
- Since the acquisition of Tractebel Energia in 1998 (3,800 MW at that time), the company has increased its installed capacity through the following projects:

•	2000/Jun	Start of operation of Itá HPP (1,450 MW)
•	2001/May	Start of operation of William Arjona TPP (natural gas; 190 MW)
•	2002/May	Start of operation of Cana Brava HPP (450 MW)
•	2002/Sep	Start of operation of Machadinho HPP (1,140 MW)
•	2003/Dec	Start of operation of Lages Bioenergética TPP (28 MW + 25 ton/h steam)
•	2008/Apr	Acquisition of Ponte de Pedra HPP(176 MW)
•	2006/Jun	Start of the construction of São Salvador HPP (243 MW; operation in Jan/2009)
•	2007/Jun	Start of the construction of Estreito HPP (1.087 MW; operation in 2011)

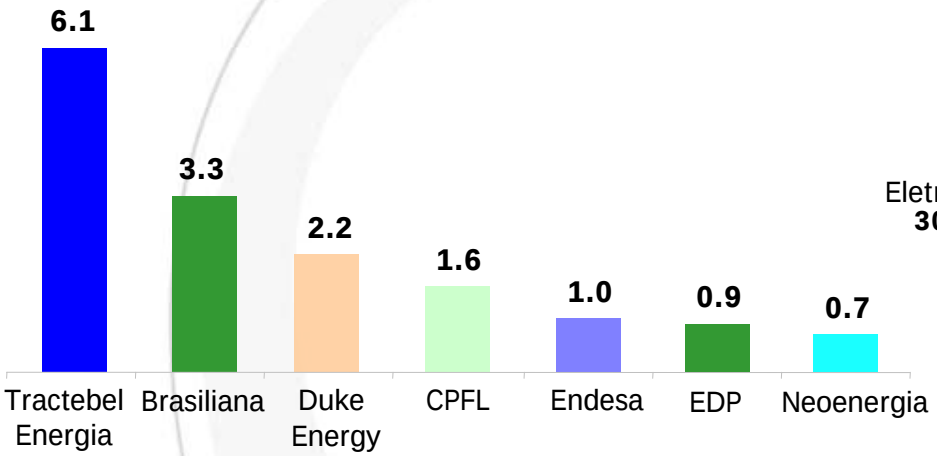
SUEZ in Brasil – Tractebel Energia S.A.

- Largest private sector energy producer in Brazil, with 6,094 MW of installed capacity (including only the 12 power plants in operation)
- More than 100 free clients
- 909 employees
- Diversified expertise – large hydro plants; coal, natural gas and oil fueled thermal plants; SHPs and biomass
- 80% of the installed capacity and over 90% of the energy generated in hydro power plants
- 100% of the plants are NBR ISO 9001 (quality management) and NBR ISO 14001 (environmental management) certified
- **Market value ~10 Billion dollars**

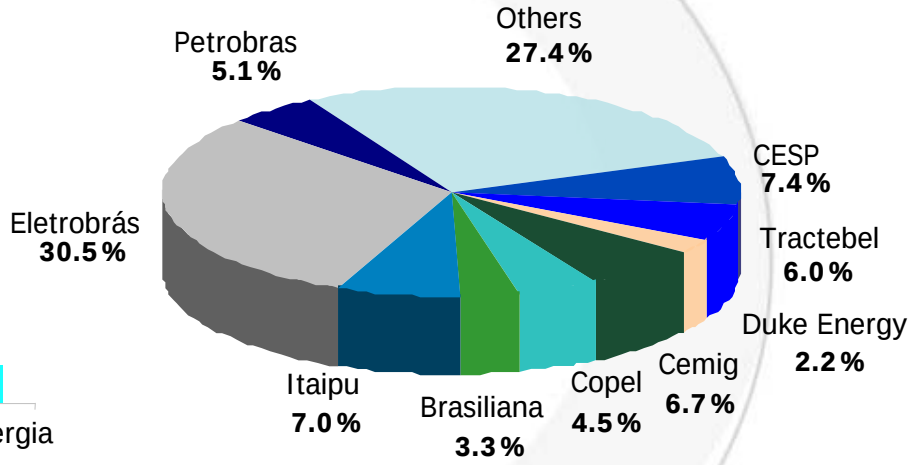
Leading Position in the Generation Sector

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.

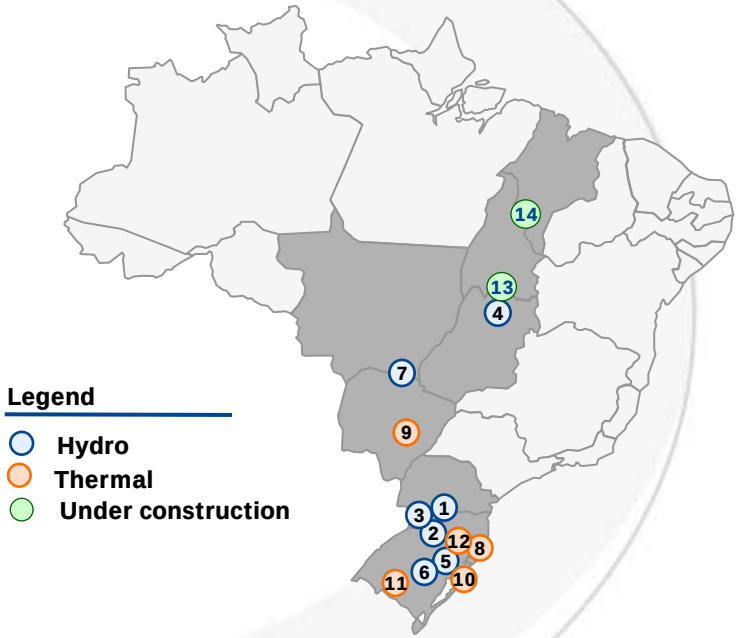
TBLE: Power plants in operation and under construction

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	
10 Charqueadas	72	
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.

Recent expansion: Ponte de Pedra

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.

Recent Expansion: São Salvador

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.

Recent Expansion: Estreito

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

Project Description



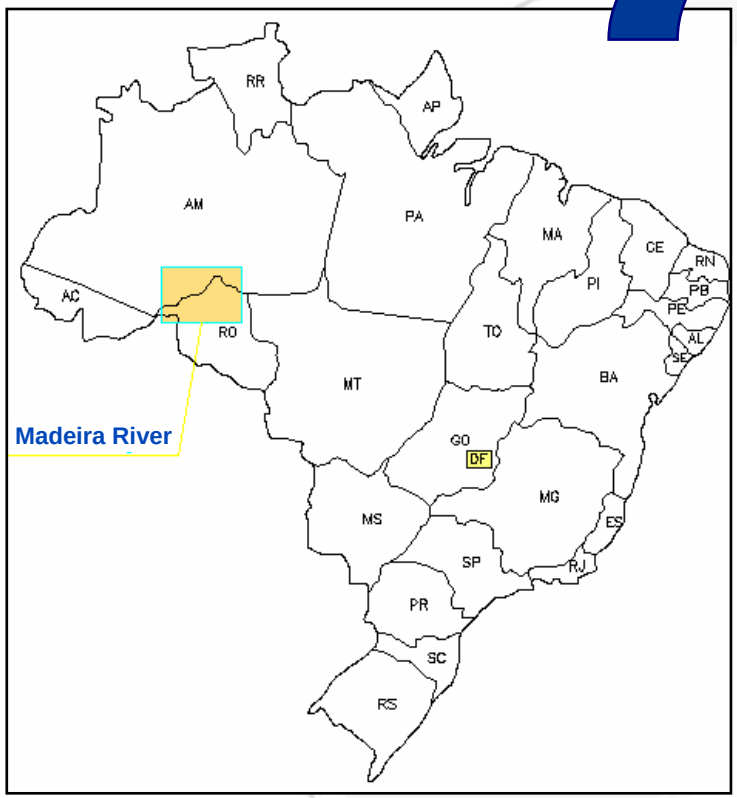


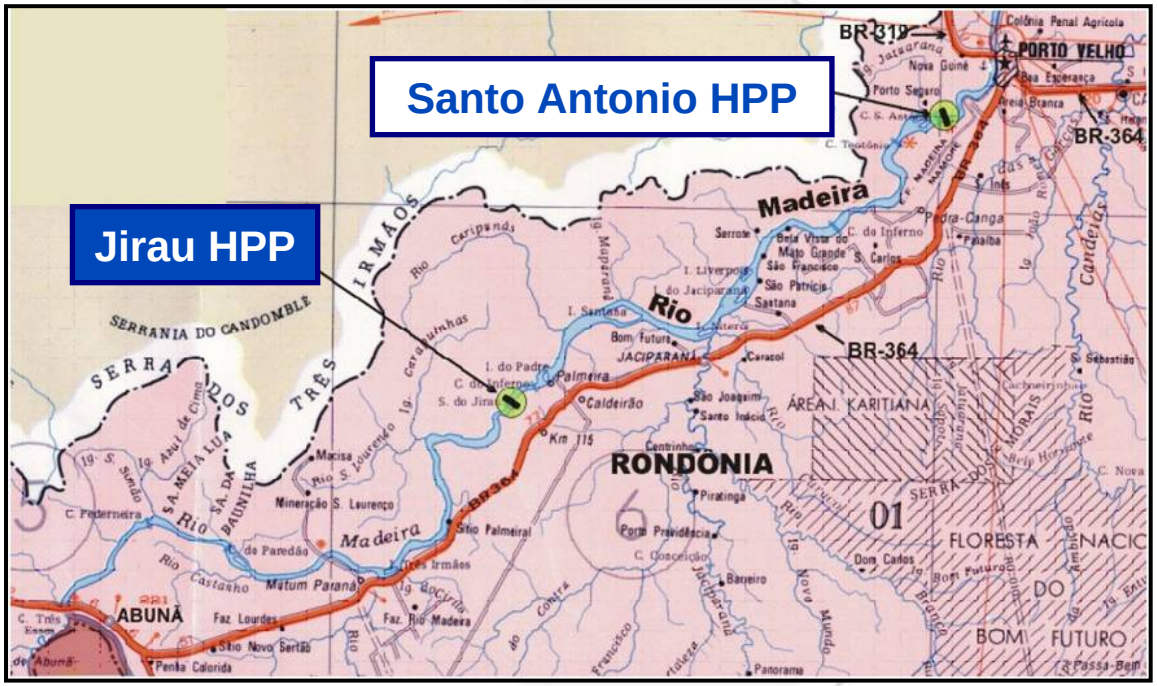
Estreito Hydro Plant	
Installed Capacity:	1,087 MW
Assured Energy:	641 MW
Ownership:	40.1%
Investment (R$mm)1:	1,250
Start of construction:	2007
Start of operations[2]:	2010
End of construction[2]:	2011

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.

Recent Expansion: Jirau (1/3)





Recent Expansion: Jirau (2/3)

- 35-year concession to construct, control, operate and commercialize the energy generated in Jirau HPP, located in Madeira River, state of Rondônia
- Future installed capacity of 3,300 MW (1,975.3 MW of assured energy)
- Auction won in May/2008 by Energia Sustentável do Brasil, composed of SUEZ (50.1%), Eletrosul (20.0%), Chesf (20.0%) and Camargo Correa (9.9%)
- The auction for the first concession at Madeira River (Santo Antônio HPP) was won in December/2007 by a group led by Odebrecht and Furnas
- Both projects count on important support from the Federal Government, since the energy to be generated by the power plants are essential to supply the demands of the energy system after 2013

Recent Expansion: Jirau (3/3)

- Very limited environmental impacts :
  - Power plant located 130 km from Porto Velho (400,000 inhabitants)
  - Small reservoir (258 Km^2; new flooded area of 135.5 Km^2)
  - Only 433 affected families
  - Environmental studies of excellent quality; participation of the local communities; NGOs and IBAMA (Brazilian Institute of Environment and Renewable Natural Resources) during the process positively contribute to the environmental licensing
  - None impact at the Amazon forest
  - Preliminary License (LI) already obtained; Installation License (LO) expected for 2008
- Power Sale and Purchase Agreements with the pool of distributors for 70% of the energy generation
  - The other 30% will be sold to free clients

Future Expansion: Seival

➢ Coal-fired plant under development by Tractebel Energia

- 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.





Future Expanssion in alternative sources

- The growth in alternative renewable sources (biomass, wind and SHPs) is one of the strategic guidelines of the group SUEZ
- Acquisition of Econergy (tender offer at AIM in London) in process to be finalized
  - ✓ 1 SHP and 2 wind farms complexes under construction in Brazil
- Tractebel Energia has set a goal to develop in 2008 100 MW from alternative sources (Biomass, Wind or Small Hydro Power Plants).
  - ✓ Acquisition of 2 SHPs (50 MW) recently announced
- Other projects being developed (Reserve Auction/biomass, etc.)



Future Expansion: possibilities

- The other growth perspectives of SUEZ in Brazil include:
  - ✓ Acquisition of generating assets in operation
  - ✓ Active development in new hydro projects to be auctioned
  - ✓ Potential partnerships for the development of coal and natural gas thermal power plants
  - ✓ Other opportune acquisitions

The perspectives of Brazil and the Brazilian electric power industry, together with the local experience and the financial capacity of SUEZ are extremely favorable to the growth of the Group in the Country

SUEZ in Brasil – Social Responsability



DECLARAÇÃO DE CONFORMIDADE LEGAL E SOCIOAMBIENTAL

O BVQI do Brasil Sociedade Certificadora foi contratado pela CESS - Companhia Energética São Salvador, uma empresa do Grupo Suez, para realizar uma auditoria documental independente, referente à fase de licenciamento prévio e de instalação da Usina Hidrelétrica de São Salvador (processo licitatório nº 04/2001 promovido pela Agência Nacional de Energia Elétrica - ANEEL, em 30/11/2001).

Este trabalho foi realizado nas dependências do BVQI, abrangendo o Estudo de Impacto Ambiental - EIA, o Relatório de Impacto Ambiental - RIMA, o Projeto Básico Ambiental - PBA, a Licença Prévia e de Instalação e suas Condicionantes, bem como os procedimentos internos, com a finalidade de avaliar e evidenciar se nos aspectos da socioeconomia (meio antrópico) presentes nestes documentos a empresa atendeu e assumiu compromissos baseados na legislação brasileira.

A metodologia empregada pelo BVQI baseou-se na análise documental, publicações e *sites* sobre a socioeconomia e o meio ambiente, entrevistas com funcionários diretamente ligados ao empreendimento, sempre se pautando na coleta de dados e evidências que pudessem garantir a avaliação da consistência das respectivas informações e a conformidade legal dos documentos apresentados para análise.

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Rio de Janeiro - RJ, 15 de outubro de 2006

Luiz Carlos da Silva Lima
Auditor Líder

Wellington Martins Mosqueira da Fonseca
Gerente de Desenvolvimento

Luiz Carlos Boschetti
Gerente Comercial - RJ

*"... CESS has followed the principles of the current Brazilian legislation as well as the parameter of BNDES, IADB and those stated at the "Equator Principles" for the programs detailed at the Basic Environmental Project... with a **social** and **ecologically balanced attitude** compromised with the future generations".*
(Bureau Veritas Certification)

SUEZ in Brazil – Sustainable Energy Project

PRINCIPLES

The companies that adhere to this Code respect the following Principles:

I. Reduction and control of impacts on the environment;

II. Conservation of biodiversity and natural resources;

III. Respect for the community;

IV. Education and health as elements of social transformation;

V. Transparency and dialogue.

Companies that sign the Socio-environmental Code of Ethics

Eletropaulo Sul Tietê Uruguaiana

CPFL ENERGIA

Duke Energy.

energias do brasil

IBERDROLA

REDE

SUEZ ENERGY INTERNATIONAL

Tractebel Energia SUEZ

CÓDIGO DE ÉTICA SOCIOAMBIENTAL

Princípios e Compromissos das Empresas Privadas de Geração de Energia Elétrica

ENERGIA SUSTENTÁVEL

This label will be adopted by the companies that adhere to the Socio-environmental Code of Ethics

Further information concerning the Socio-environmental Code of Ethics can be obtained from Instituto Acende Brasil.

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