Tractebel Energia

GDF SUEZ

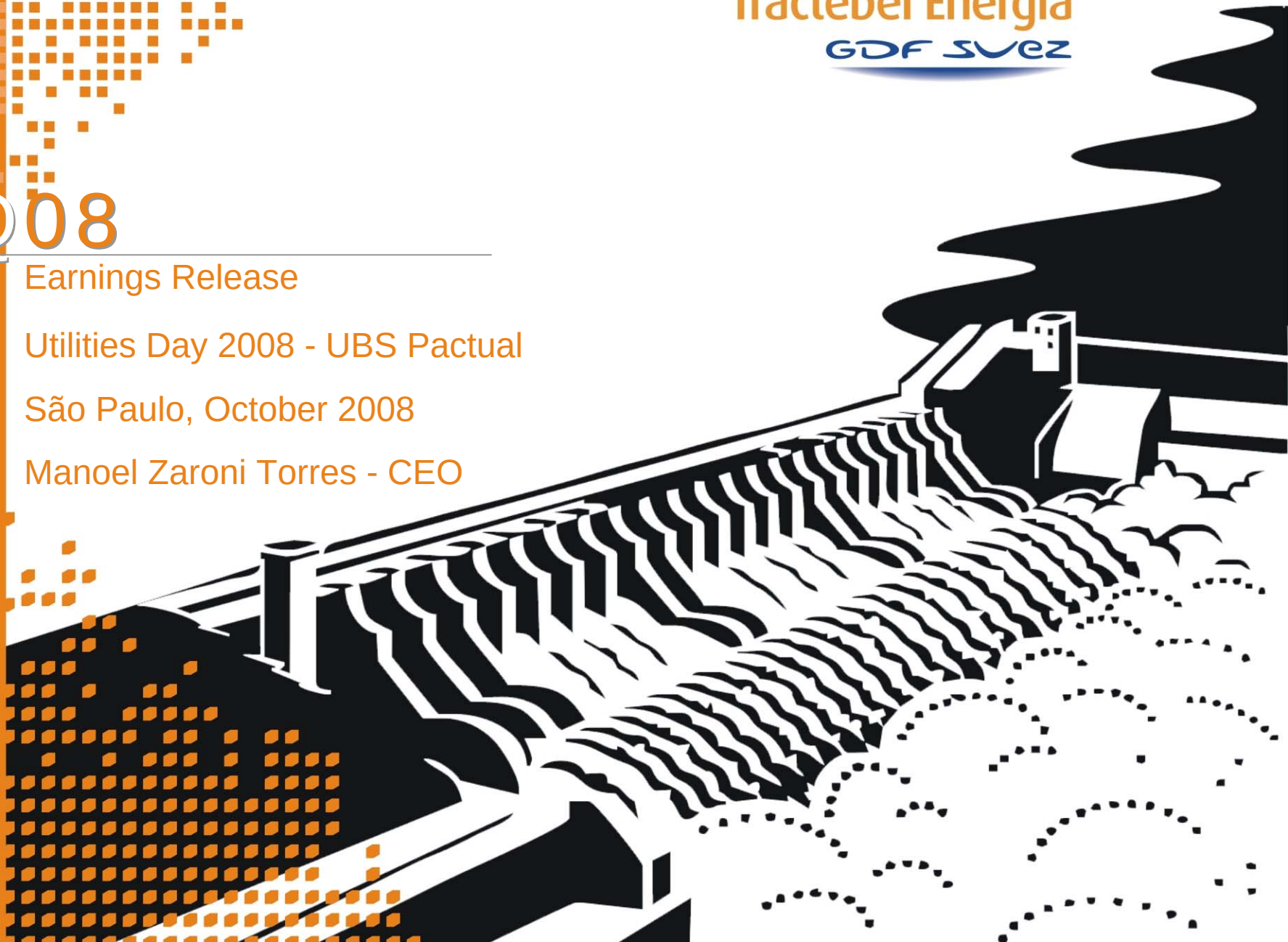
2Q08

Earnings Release

Utilities Day 2008 - UBS Pactual

São Paulo, October 2008

Manoel Zaroni Torres - CEO



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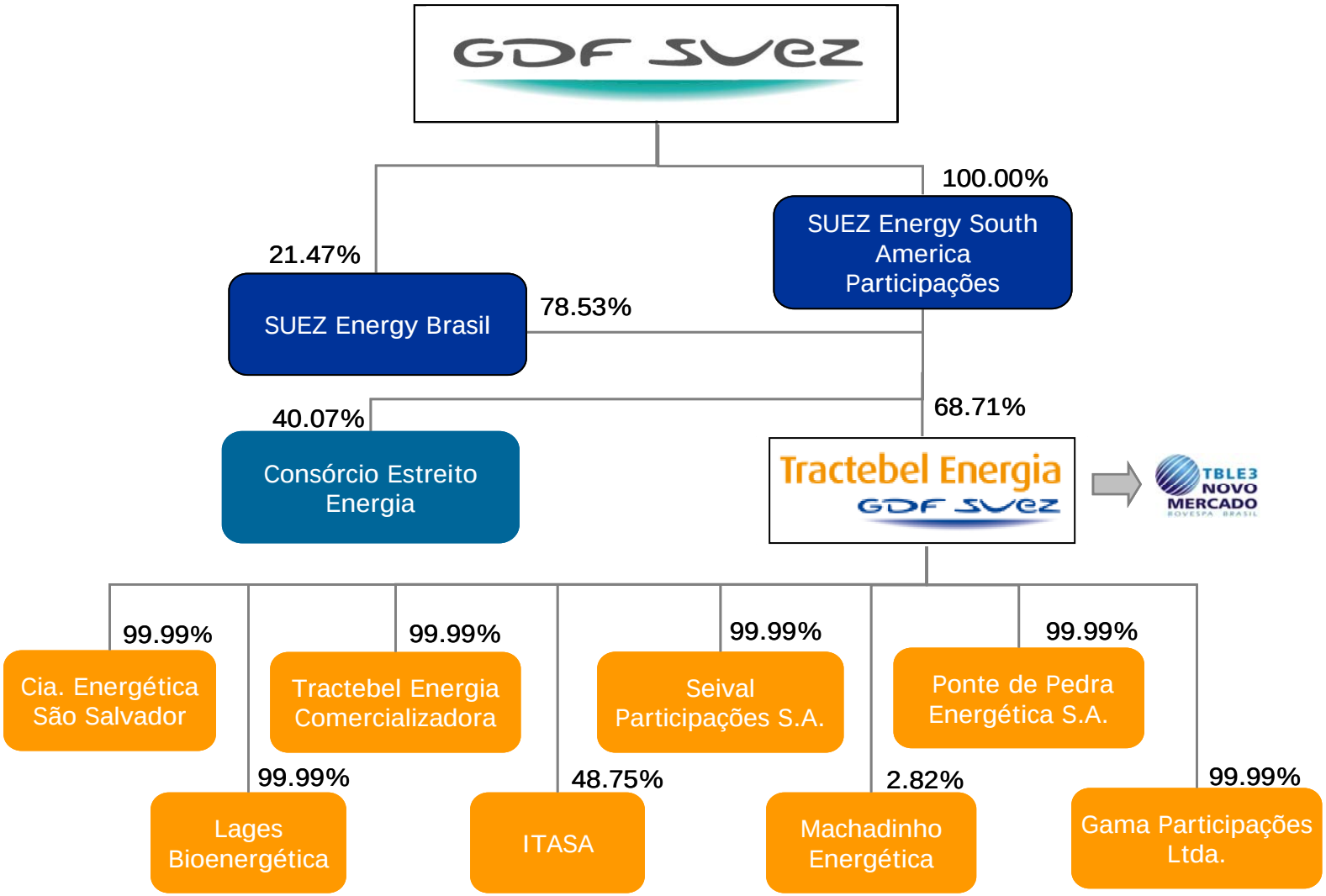
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Market Share, Assets and Sales

Shareholding Structure



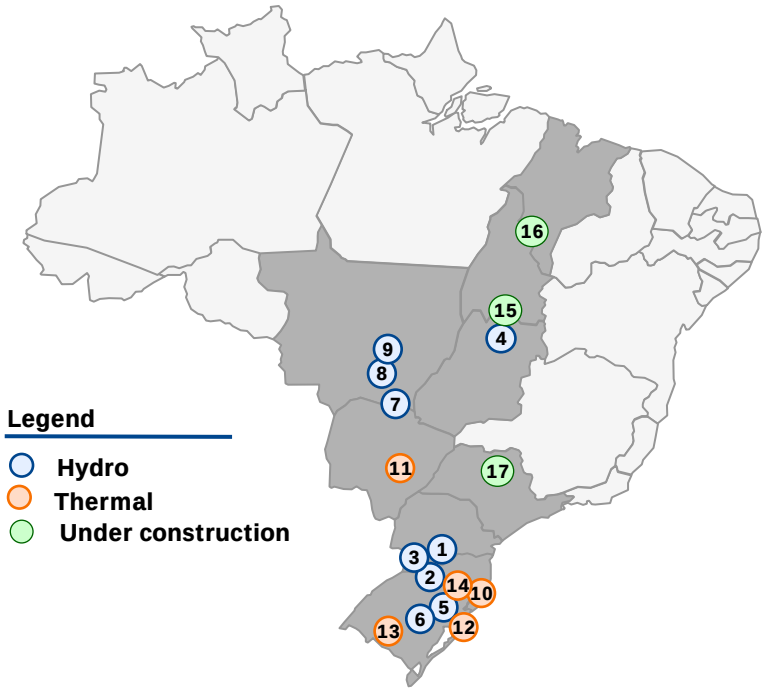
Asset Overview

Balanced portfolio (80% hydro and 20% thermal), with strategic location and 6,144 MW of installed capacity in 16 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
8 José Gelazio da Rocha[3]	24	11
9 Rondonópolis[3]	27	14
Total	**4,931**	**2,460**

Thermal Power Plants	Installed Capacity (MW)	Commercial Capacity (aMW)[1]
10 Jorge Lacerda Complex[4]	857	650
11 William Arjona	190	136
12 Charqueadas	72	46
13 Alegrete	66	21
14 Lages	28	25
Total	**1,213**	**878**

Power Plants Under Construction	Installed Capacity (MW)	Commercial Capacity (aMW)[1]
15 São Salvador (Hydro)	243	148
16 Estreito (Hydro)[5]	435[2]	257[2]
17 Andrade (Thermal)	18[2]	11[2]
Total	**696**	**416**

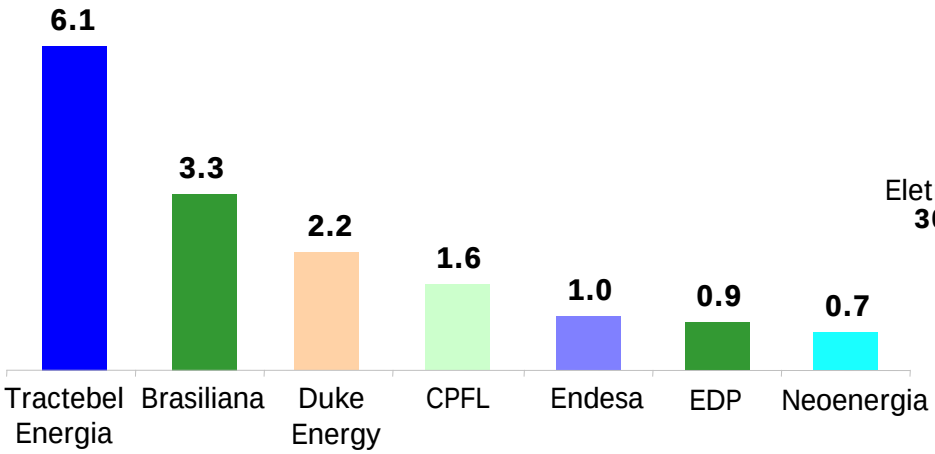


Notes: [1] Figures following specific legislation.
[2] Portion owned by Tractebel Energia.
[3] Transaction subject to competent entities' approval.
[4] Complex comprised of 3 power plants.
[5] Project to be transferred from SUEZ in 2H08.

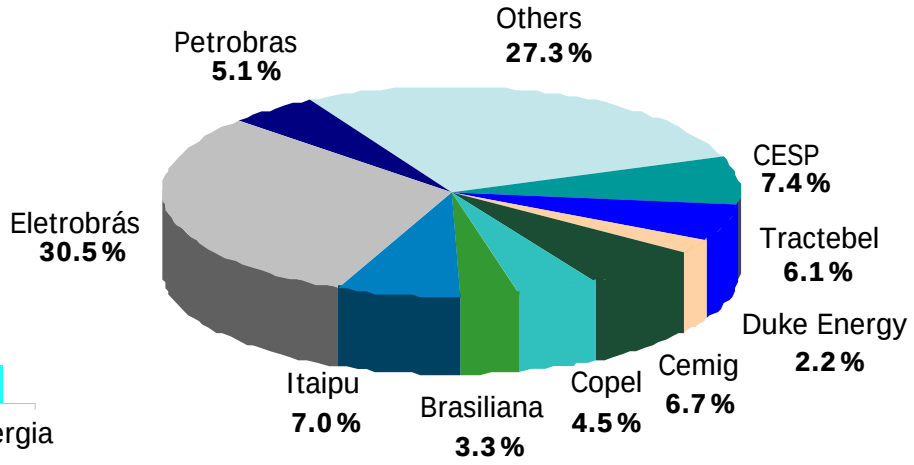
Leading Position in the Generation Sector

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

Private Sector – Installed Capacity (GW)



Brazil – Installed Capacity[1,2]



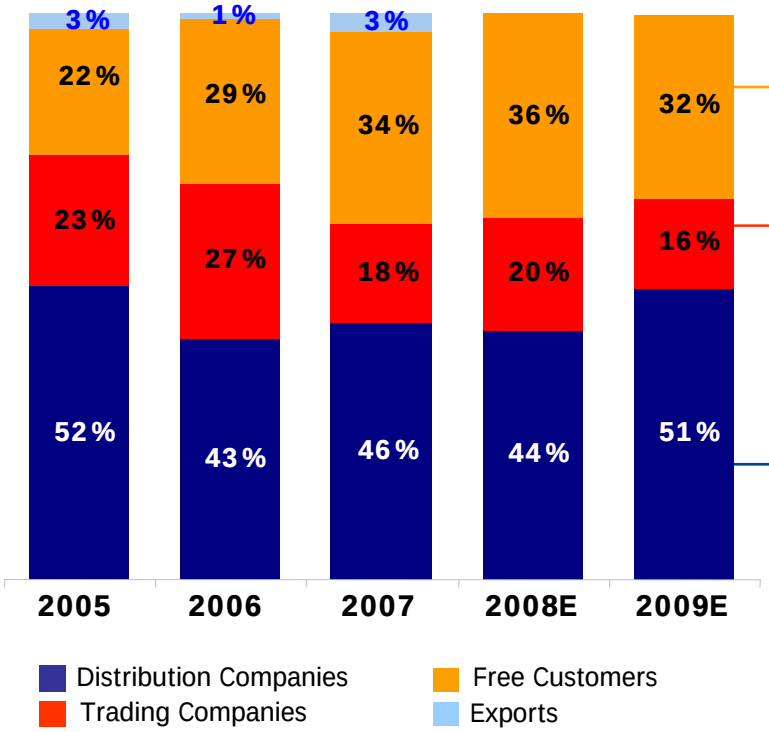
Source: ANEEL and Companies' websites.

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

Client Breakdown (based on contracted energy)



First to consistently serve the free market...

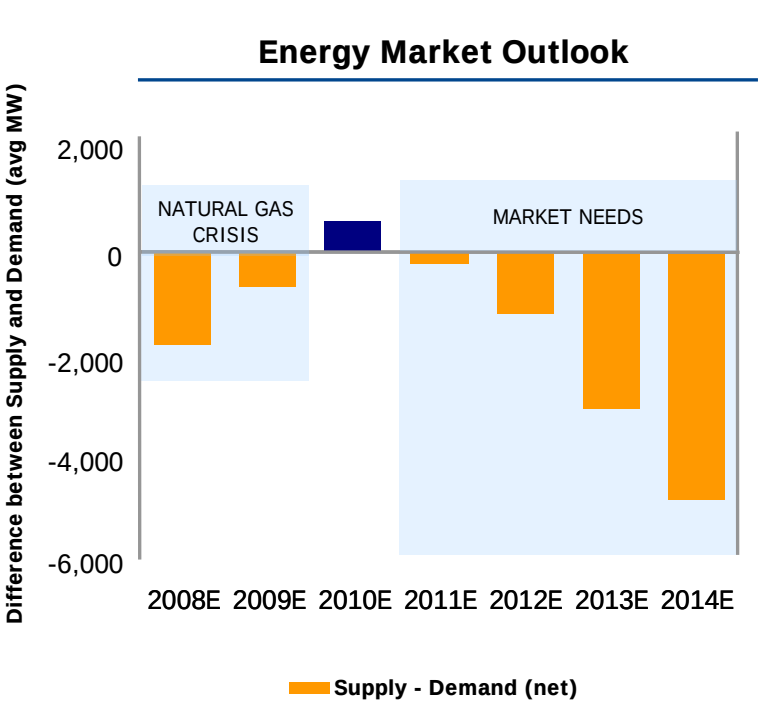
- Flexibility (prices, terms and conditions) → Maximizes portfolio's efficiency
- Solid client relationship → Liason with some free customers
- Largest consumer market
- Regulated and unregulated contracts → Long-term cash flow predictability

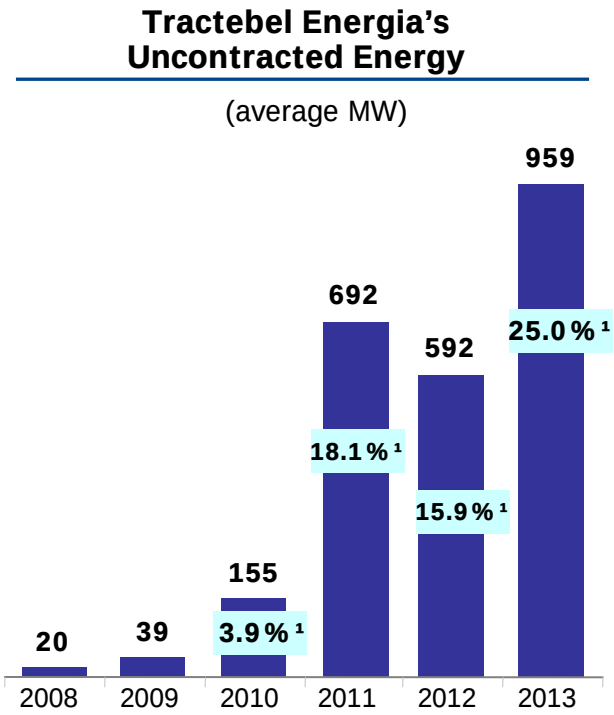
...to maximize portfolio's efficiency.

Strategy

Uncontracted Profile Benefits from Expected Higher Prices

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





Source: Tractebel Energia's internal study based on ONS' Operations Monthly Program of July 2008 and on SFG/ANEEL's report of July 2008. Includes the results of the 7th New Energy Auction.

Nota:
¹ Percentage of Total Resources.

Energy Balance

As of June 30, 2008

	(in average MW)	2008	2009	2010	2011	2012	2013	Auction **Gross** Price (R$/MWh)	Reference Date	**Gross** Price Adjusted as of Jun 30, 2008 (R$/MWh)
	Own Resources	3,116	3,317	3,352	3,539	3,576	3,576			
+	Purchases for Resale	484	476	618	278	161	265			
=	Total Resources (A)	3,600	3,793	3,970	3,817	3,737	3,841			
	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	79.7
	2005-EE-2008-08	150	150	150	150	150	150	81.6	Apr-05	90.0
	2005-EE-2009-08	-	381	381	381	381	381	94.0	Oct-05	105.9
	2005-NE-2010-30	-	-	200	200	200	200	115.1	Dec-05	128.5
	2006-NE-2009-30	-	493	493	493	493	493	128.4	Jun-06	140.9
	2006-NE-2011-30	-	-	-	148	148	148	135.0	Nov-06	147.3
	2007-NE-2012-30	-	-	-	-	256	256	126.6	Jun-07	134.6
+	Bilateral Sales	3,420	2,720	2,581	1,743	1,507	1,244			
=	Total Sales (B)	3,580	3,754	3,815	3,125	3,145	2,882			
	Balance (A - B)	20	39	155	692	592	959			
	Sales Average Price (R$/MWh) **(Net)**[*1]:	96.7	97.4	101.2						
	Purchases Average Price (R$/MWh) **(Net)**[*2]:	73.7	88.4	98.5						

* 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 06/30/08.
*2: Purchase **net** price, considering benefits from PIS/COFINS credits, as of 06/30/08.

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 HPP from May 2008 on. It also considers the energy generated at the SHPs Rondonópolis and José Gelazio da Rocha, as from January 2009, and sold under PROINFA.

Growth

Acquisition of Power Plant: 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$mm):	635.5
Net Debt (R$mm):	294.2
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.

Acquisition of Small Power Plants: Rondonópolis and José G. da Rocha

Tractebel Energia has acquired Rondonópolis and José Gelazio da Rocha SHPs, both in Rondonópolis (state of Mato Grosso), adding 50.3 MW of installed capacity to its portfolio

Project Description

José Gelazio da Rocha SHP	
Installed Capacity:	23.7 MW
Assegured Energy :	11.9 MW
Ownership:	99.9%
Start of operations:	2007





Rondonópolis SHP	
Installed Capacity:	26.6 MW
Assured Energy:	14.0 MW
Ownership:	99.9%
Start of operations:	2007



The energy produced at these plants is sold until 2027 under a 20-year PPA contract with Eletrobrás, under PROINFA, for R$ 153.3/MWh.

Project under Construction I: 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







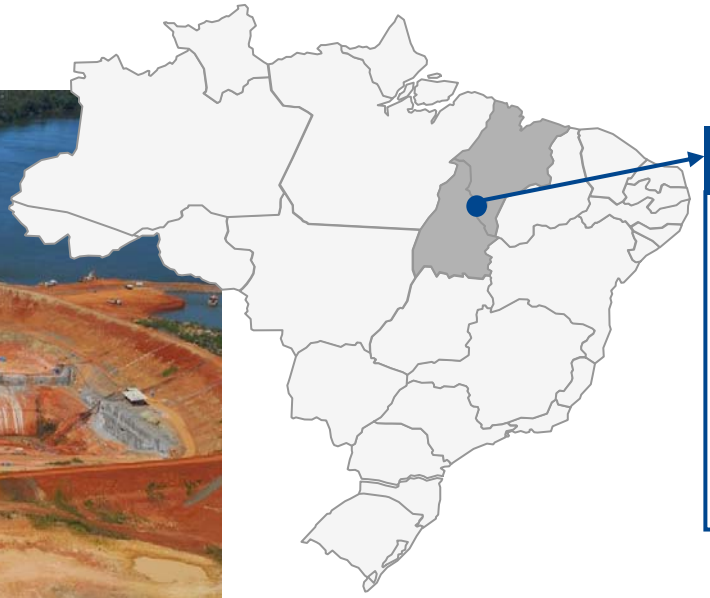
The sale of 148 MW occurred at the new energy auction held in October 2006, for a 30-year period, as from 2011.

Project under Construction II: Estreito

Currently, the controlling shareholder is constructing a new plant that will be transferred to Tractebel Energia in 2H08, 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.

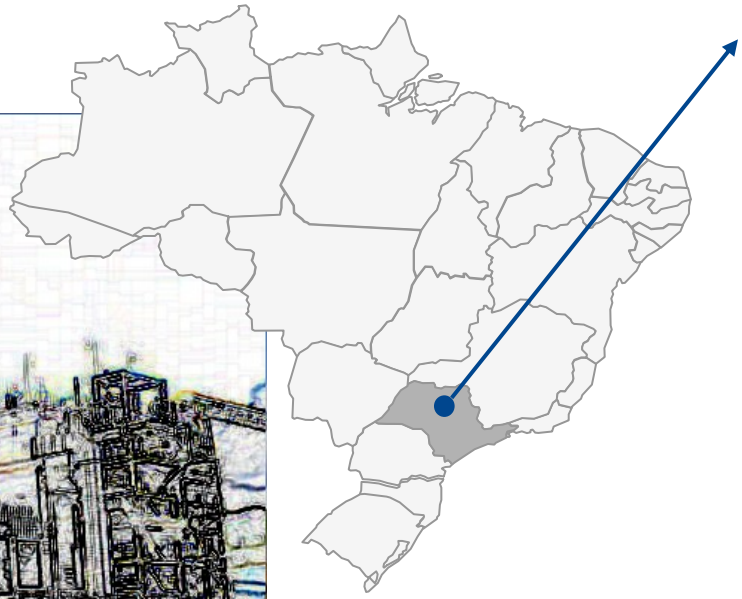
The energy to be generated by the Estreito Hydro power plant was sold at the new energy auction held in October 2007, for a 30-year period, as from 2012.

Project under Construction III: Andrade

In partnership with Açúcar Guarani, a sugar and ethanol producer, Tractebel Energia is building a 33 MW installed capacity sugar cane bagasse-fueled power plant.

Project Description





TPP Andrade	
Installed Capacity:	33 MW
Assured Energy:	20 MW
TBLE stake:	53%
Investment (R$mm)[1]:	95
Start of construction:	2008
Start of operation:	2010

Note:
[1] Tractebel's share.

The energy to be generated by TPP Andrade was sold at R$ 158.11/MWh at the 1st Reserve Energy Auction, in August of 2008, for a 15 year-term starting in 2010.

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 Sources

Tractebel Energia is expected to acquire three power plants from Econergy International PLC, a company recently bought by GDF SUEZ.

Beberibe Wind Farm



Installed Capacity:	25.6 MW
Commercial Capacity[1]:	9.2 MW
Load Factor:	38%
Investment (R$mm):	153
Start of operation:	2008

Areia Branca SHP



Installed Capacity:	19.8 MW
Commercial Capacity[1]:	10.4 MW
Load Factor:	52%
Investment (R$mm):	95
Start of operation[2]:	2008

Pedra do Sal Wind Farm



Installed Capacity :	18.0 MW
Commercial Capacity:	7.6 MW
Load Factor:	43%
Investment (R$mm):	104
Start of operation:	2008

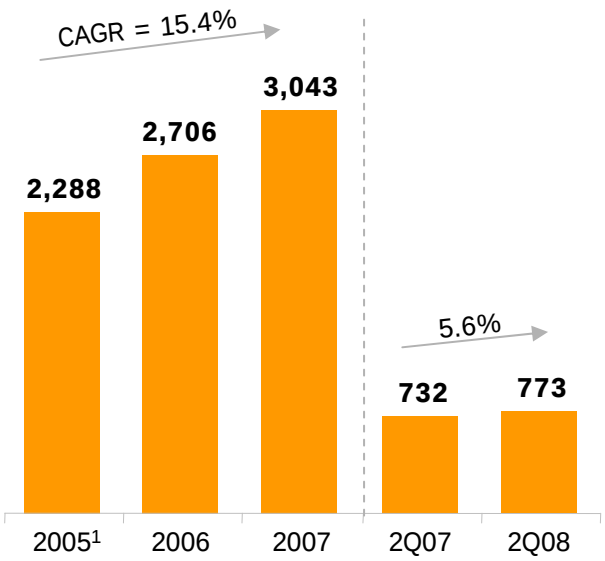
Notes:
[1] Energy contracted with Eletrobrás, through PROINFA.
[2] Submitted to the approval of MME.

Financial Performance

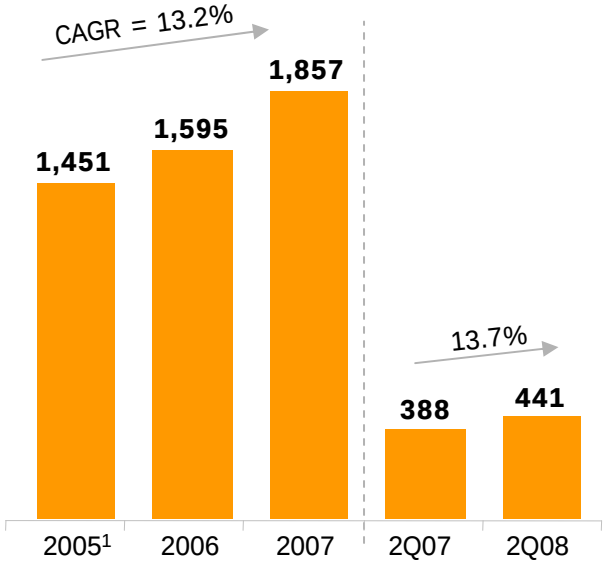
Net Revenues and EBITDA

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)



EBITDA (R$ million)

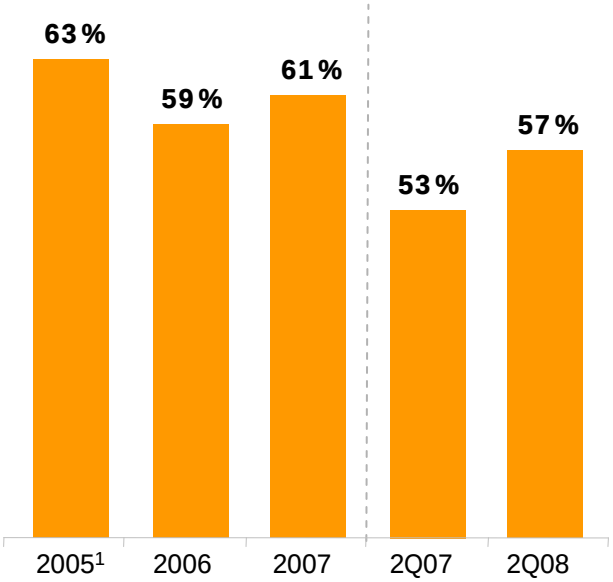


Note:
[1] Considering new accounting procedures.

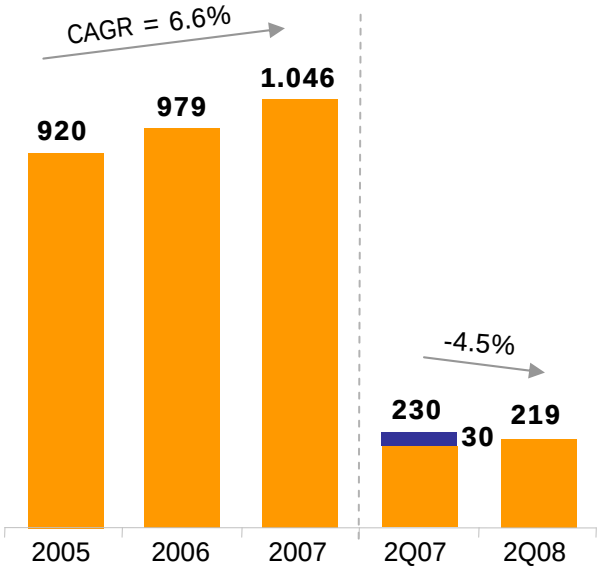
EBITDA Margin and Net Income

Consistent EBITDA margins and net income, ...

EBITDA Margin



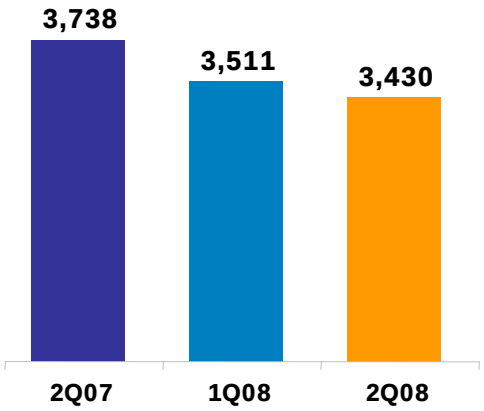
Net Income (R$ million)

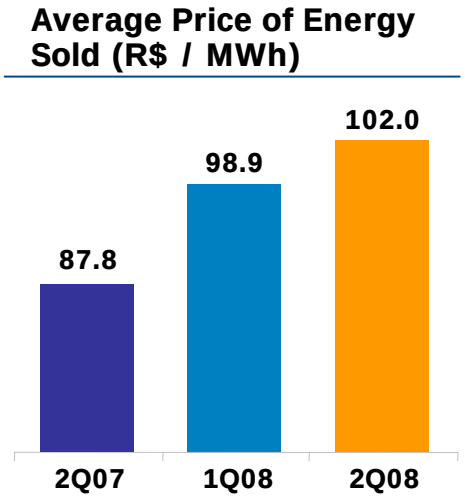


Note:
[1] Considering new accounting procedures.

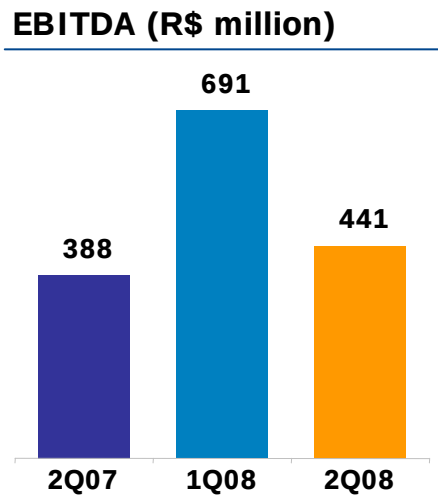
...allowing for a relevant dividend distribution.

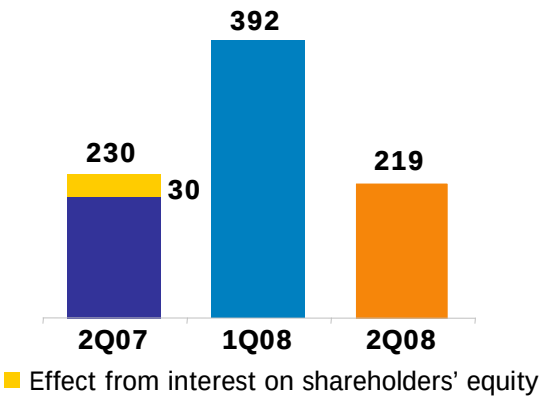
Financial Drivers





Note:
Figures are net of deductions.

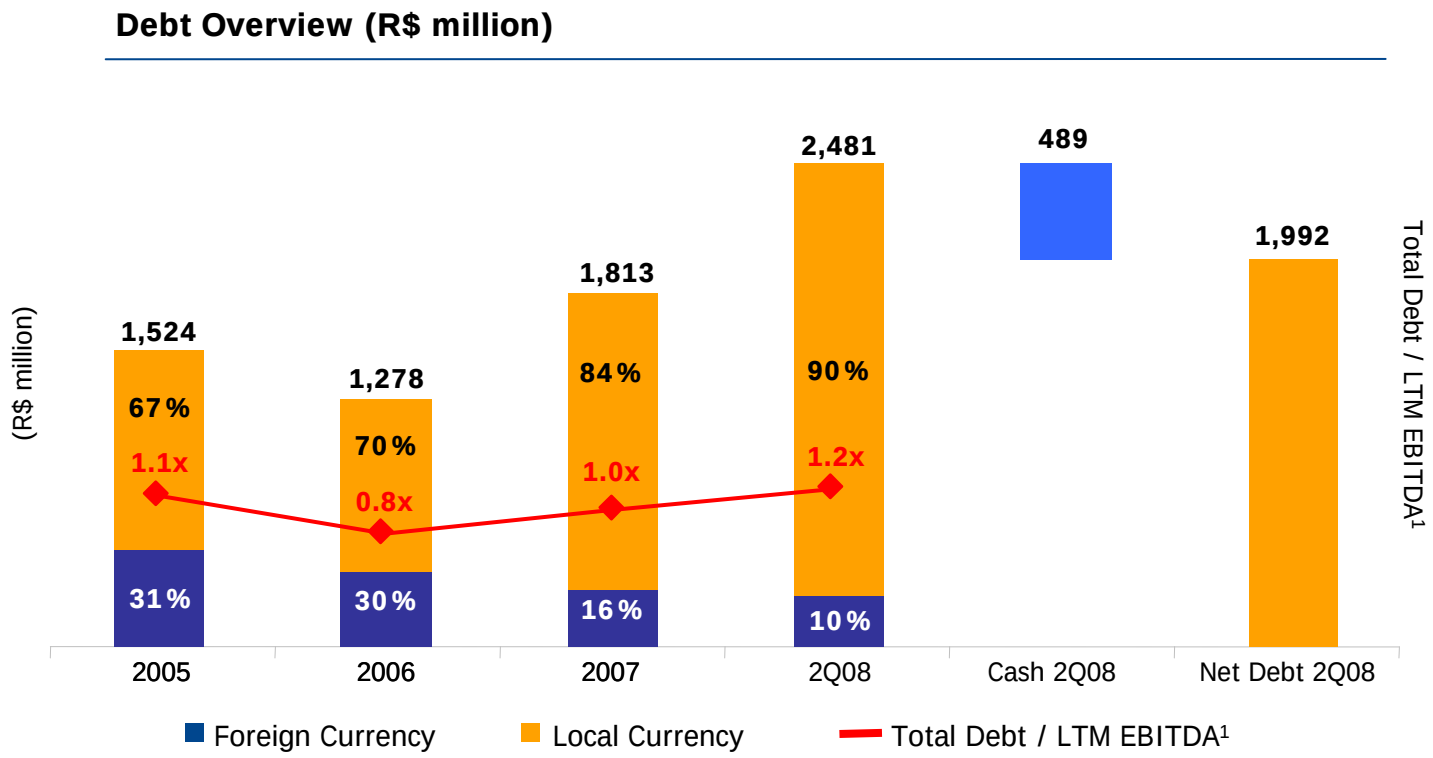




Indebtedness

Tractebel Energia
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Evolution of leverage and exposure to foreign currency:



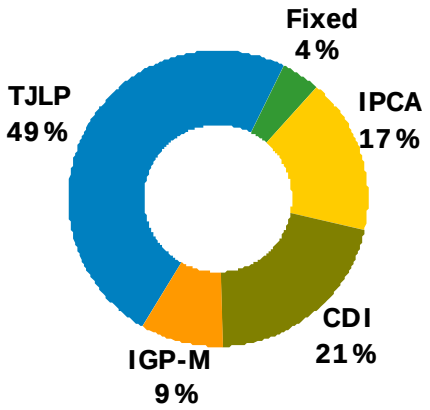
Note:
[1] LTM EBITDA = last twelve months EBITDA.

Debt Composition

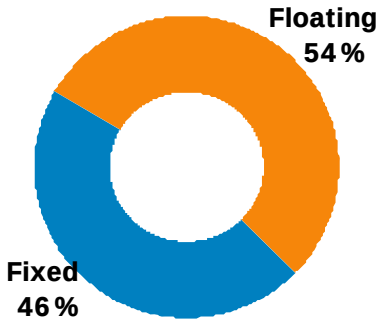
Not hedged

Cost of Debt, Local and Foreign Currencies

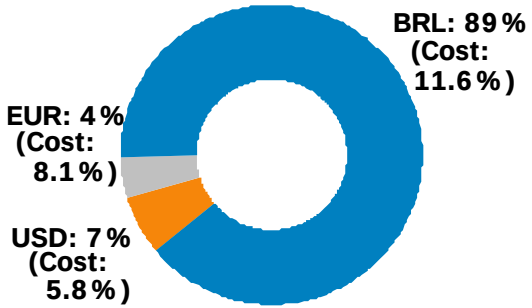
Local Currency



Foreign Currency

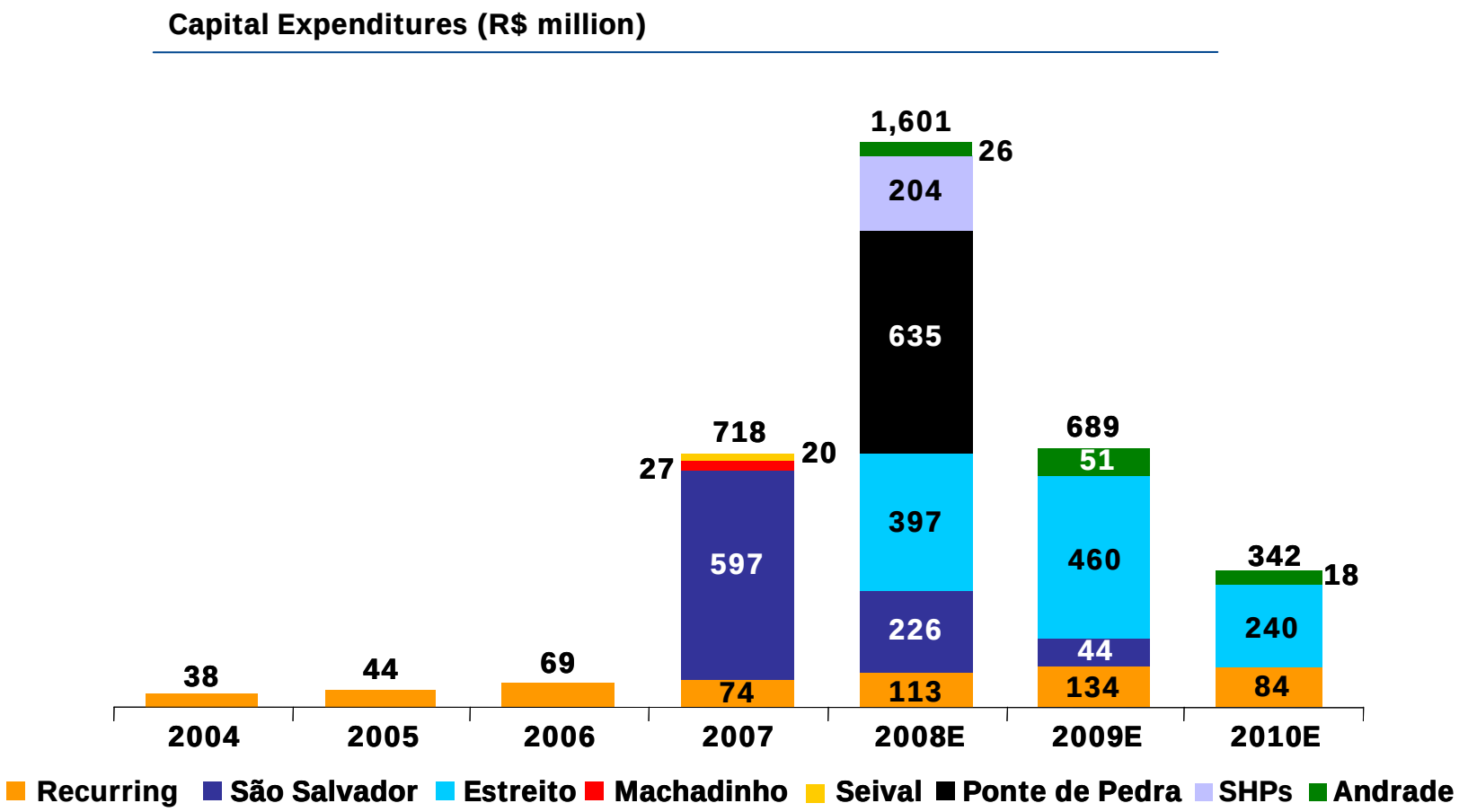


Cost of Debt



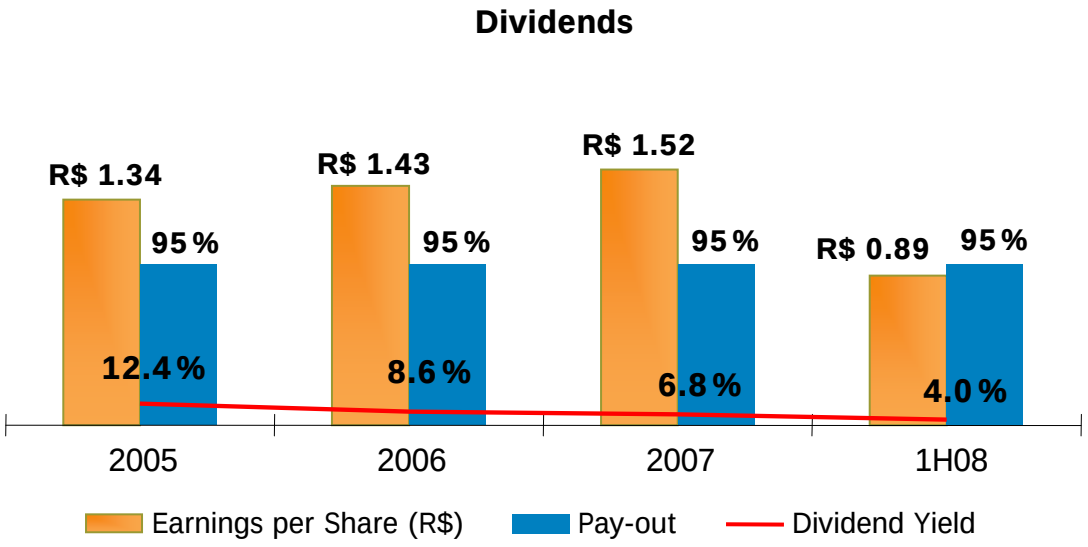
Tractebel Energia's Investment Plan

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



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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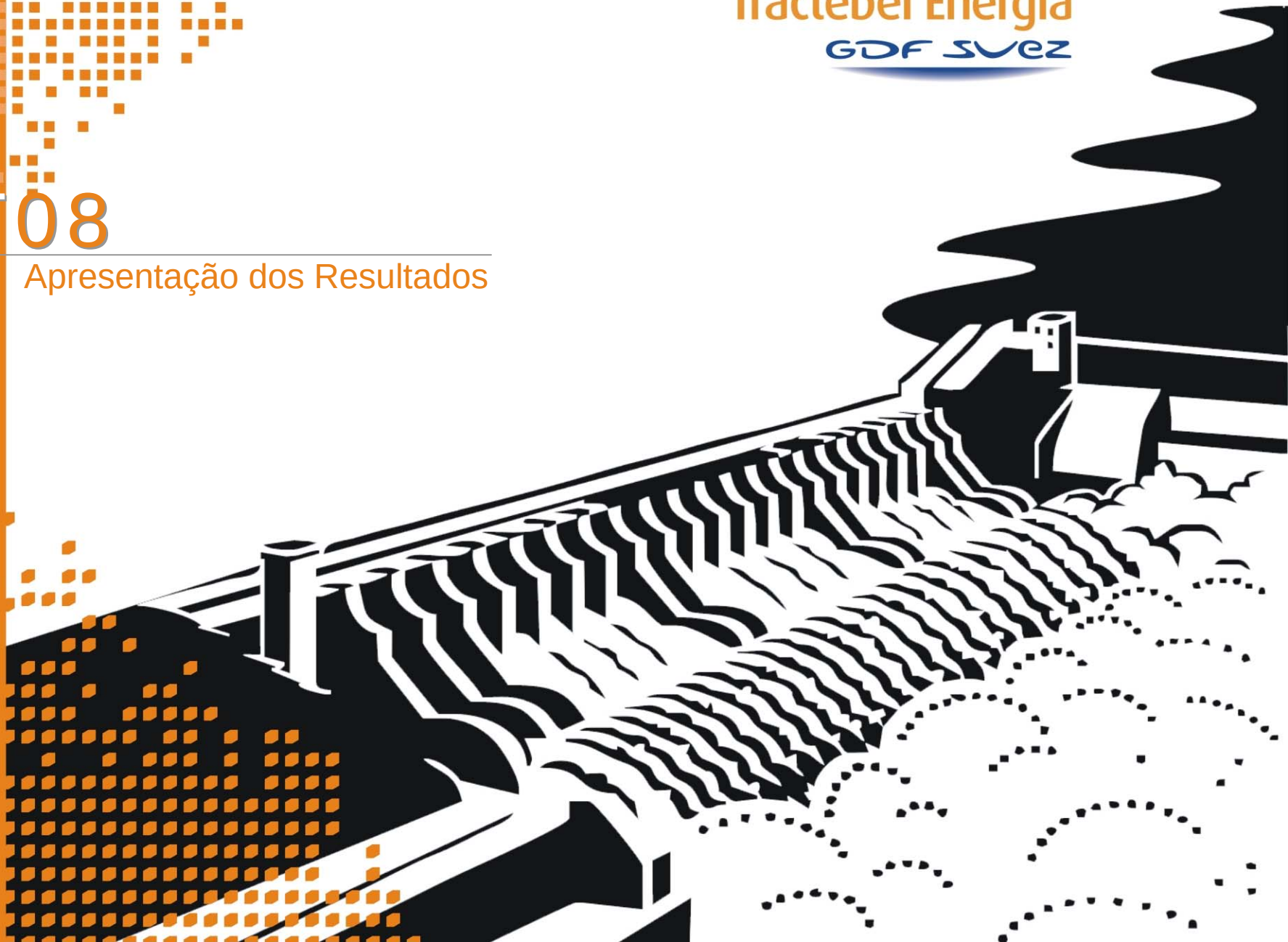
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2T08

Apresentação dos Resultados

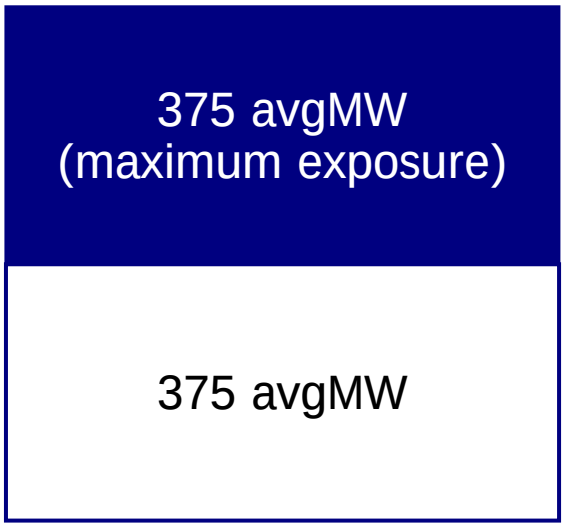


Attachments

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

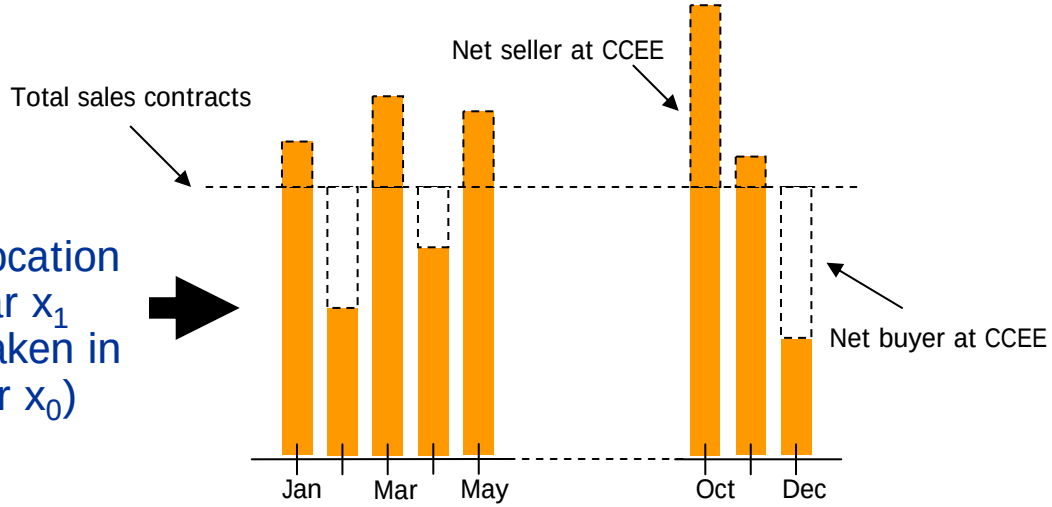
→ Expected minimum dispatch due to an annual inflexibility (based on the purchase of some 230,000 tons of coal a month)

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?

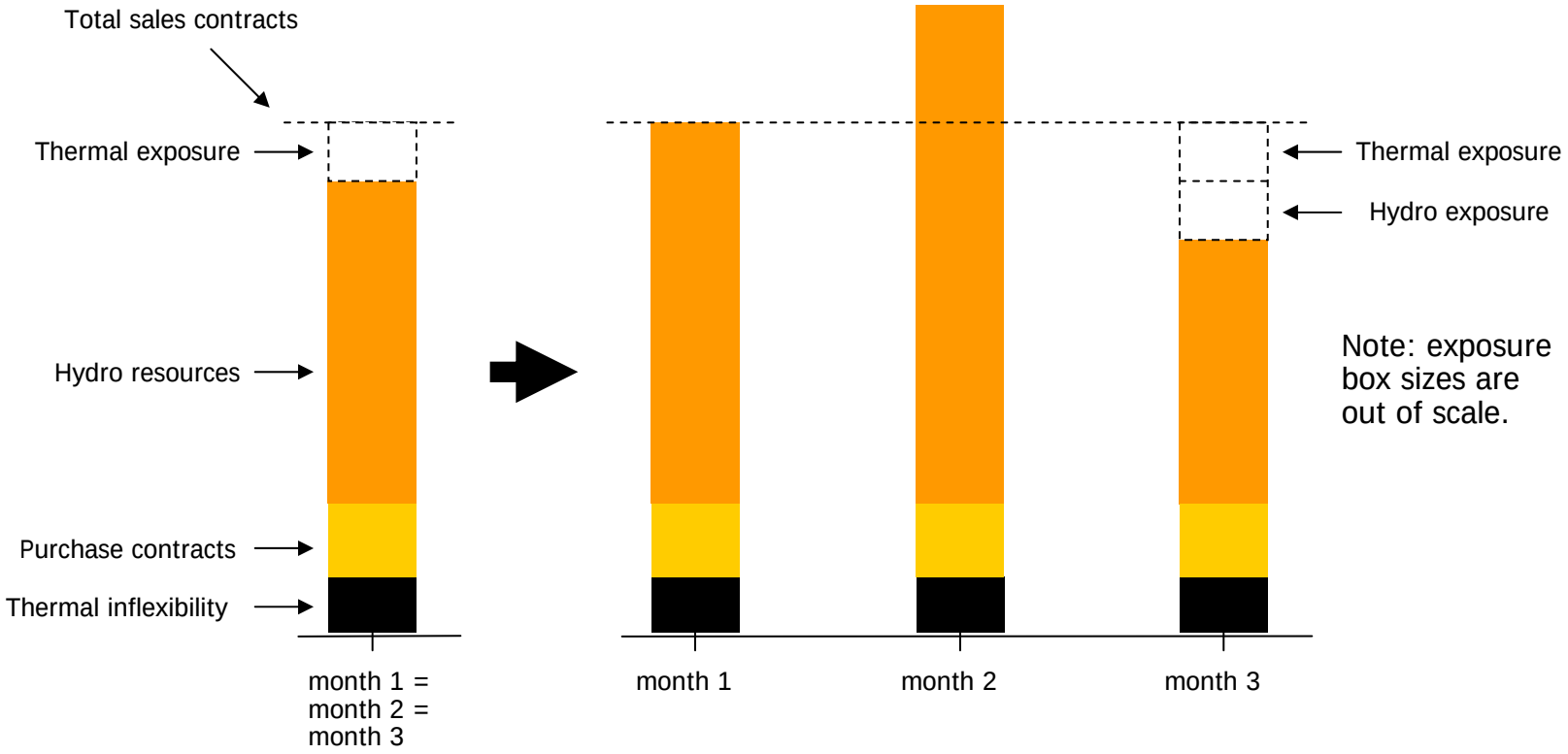
Annual Hydro Resources → monthly allocation over year x_1 (decision taken in Dec. year x_0) →



- 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.

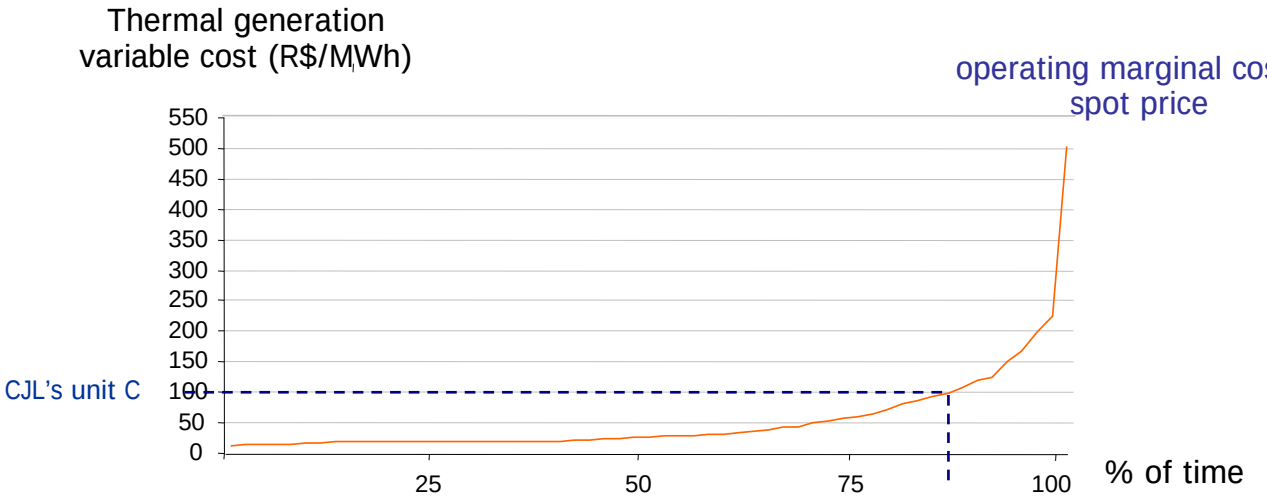
Mechanisms to Mitigate Exposure from the Thermal Side

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.



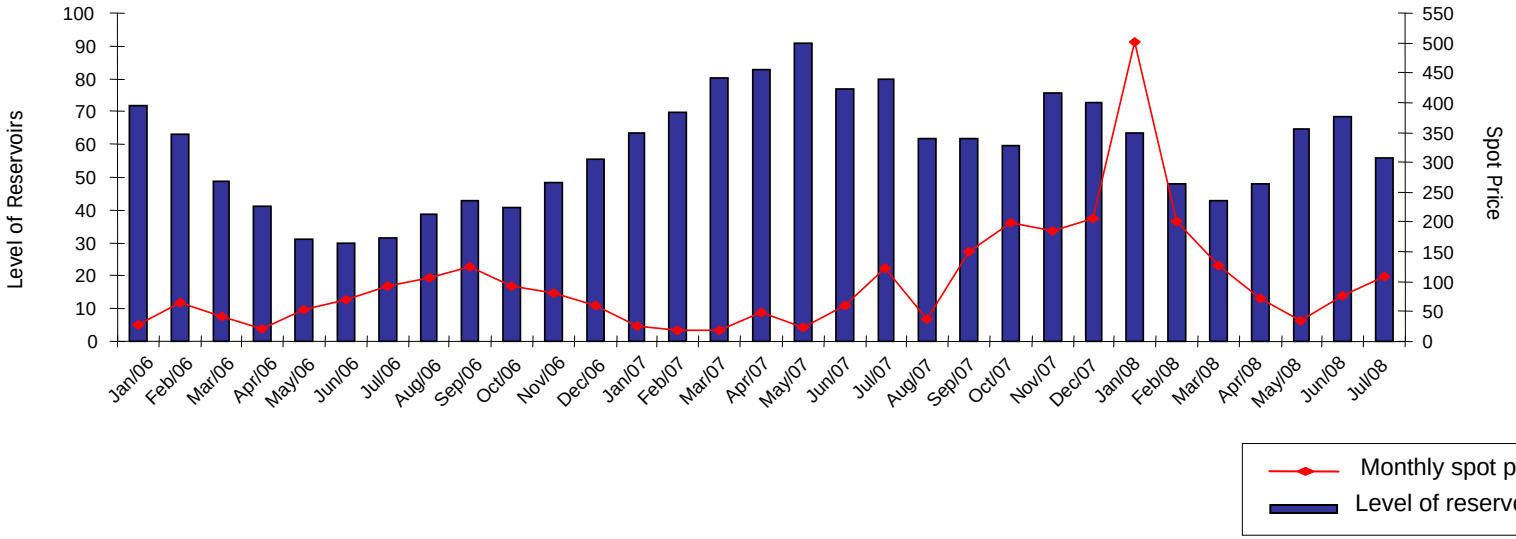
Note: spot market monthly prices for SE-CW submarket from May 2003 to July 2008.

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

Tractebel Energia
GDF SUEZ

Southern Submarket



Southeastern/Central-Western Submarket

