GDF SUEZ

Energy France Business line

Henri Ducré
Key business figures*
Leading positions in gas and electricity in France

1st gas supplier
2nd producer and supplier of electricity
1st player in the maintenance of individual boilers

5.6 GW** of installed power capacity (70% renewable energy)
27 TWh of generation output

289 TWh of gas sales
31 TWh of electricity sales

10.4*** million gas customers
0.4*** million electricity customers
1.5*** million boiler maintenance contracts

c. 10,000 employees

* 2007 Proforma figures GDF SUEZ, consolidated data
** 2007 Proforma figures GDF SUEZ, 100% of installed capacity
*** Data at 30 September 2008
## Key financial figures

*Unaudited proforma data*

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>H1 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td>12,368</td>
<td>7,572</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>366</td>
<td>508</td>
</tr>
<tr>
<td><strong>Current operating income</strong></td>
<td>105</td>
<td>342</td>
</tr>
<tr>
<td><strong>Capex</strong></td>
<td>873</td>
<td>376</td>
</tr>
<tr>
<td><strong>Maintenance capex</strong></td>
<td>137</td>
<td>54</td>
</tr>
<tr>
<td><strong>Development and financial capex</strong></td>
<td>736</td>
<td>322</td>
</tr>
</tbody>
</table>
Main assets
Strong commercial presence

Large contract portfolios
- 10.7 million gas sites as of 30 September 2008 (of which 10.1 million residential customers)
  - Market share of roughly 85% in the Corporate market and around 95% in the Residential market
- 0.5 million electricity sites as of 30 September 2008 (of which 0.3 million residential customers)
- 1.5 million boiler maintenance contracts

Well-known brands

Residential customers

Industrial & commercial customers

Local communities

Domestic energy services
Main assets

A flexible power generation portfolio, mainly based on renewable sources and with low CO₂ emissions

6,000 MW of installed capacity
at 30 September 2008

- **CCGT** 790 MW
- **WIND** 330 MW
- **HYDRO** 3,710 MW
- **NUCLEAR** 1,100 MW

1,740 MW under construction

- **CCGT** 1,340 MW
- **WIND** 400 MW

**1st player** in wind energy in France
with an estimated 10% of the French market (Maïa Eolis, La Compagnie du Vent, Erelia, Eoliennes de la Haute Lys, Nass&Wind, CN’air, Great)

**2nd player** in hydroelectricity
with more than 25% of France’s hydroelectricity production (CNR and SHEM)

* Not including the 555 MW nuclear release contract with EDF until 2022
Integrated and optimized electricity portfolio management

- **Long position in electricity**
  Production x1.5 greater than volumes sold to BtoB and BtoC customers

- **Common balance perimeter on the French grid**
  making it possible to benefit from opportunities created by a diversified and balanced asset portfolio

- **Efficient coordination with BEEI in Europe**
  particularly on hedging decisions and identification of internal balances

A strong value creation dynamic
Several gas tariffs in France

Former Public Service Contract framework

**Public distribution tariffs** (2007 revenues of €8.9bn)

- Residential and commercial customers, boilers in buildings, small industry
- Ministerial decision (Energy and Economy) after consultation with the CRE (French Energy Regulation Commission)

**Subscription tariffs** (2007 revenues of €0.7bn)

- Industry, large building boilers and heating systems
- After consultation with the CRE, tariffs drawn up by the company come into effect unless otherwise instructed by ministers

**“Market offerings”**

(2007 revenues of €1.3bn)

- Other non-regulated sales freely priced by the company

### Change in tariffs in 2008

<table>
<thead>
<tr>
<th>Date</th>
<th>PD (1)</th>
<th>Subscription</th>
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<tbody>
<tr>
<td>January 2008</td>
<td>4.0%</td>
<td>11.6%</td>
</tr>
<tr>
<td>April 2008</td>
<td>5.5%</td>
<td>8.0%</td>
</tr>
<tr>
<td>July - August 2008</td>
<td>5.0%</td>
<td>12.6%</td>
</tr>
<tr>
<td>October 2008</td>
<td>-</td>
<td>11.8%</td>
</tr>
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</table>

(1) Based on the B1 tariff for heating customers
Focus on the public distribution pricing formula

The Public Service Contract includes a pricing formula used to determine the evolution of the average selling price of gas under public distribution. It does not set out the allocation of costs per tariff.

The pricing formula comprises two terms:

- “m” represents supply costs at the French border on the basis of long-term contracts (including regasification) using a 6.1.3 formula, indexed to the €/$ exchange rate and international prices for oil products.
  - 6 ➔ calculated on a 6-month moving average
  - 1 ➔ 1 month between observation and application
  - 3 ➔ quarterly adjustments

- “k” represents costs excluding the cost of gas supply. k covers the entire gas chain in France.
  - Including a gross margin

<table>
<thead>
<tr>
<th>Breakdown of costs as of July 1, 2008</th>
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<tbody>
<tr>
<td>Marketing sales</td>
</tr>
<tr>
<td>Transmission</td>
</tr>
<tr>
<td>Distribution</td>
</tr>
<tr>
<td>Marketing sales*</td>
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<table>
<thead>
<tr>
<th>Gas price</th>
<th>57%</th>
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<tbody>
<tr>
<td>Transmission, Distribution and Storage</td>
<td>36%</td>
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* Including a gross margin
Regulated gas tariffs
An aggregate shortfall of €1,165m as of September 30, 2008

- Current tariffs notably do not take into account spikes in oil prices over the summer
- Unless prices are raised before year-end, the shortfall is likely to increase by €440m in Q4 2008
Regulated gas tariffs
A new PSC being discussed

The new Public Service Contract aims to:

- Set out new pricing arrangements, which should be confirmed by a government decree

- Take into account the context created by the full deregulation of energy markets and the inclusion of infrastructure prices in selling prices

- Validate gas supply costs by a new formula representative of our supply contracts
French energy markets opening up gradually

An even pace in the opening up of both markets

- **electricity**: 449,000 residential customers have switched to an alternative supplier
- **gas**: 274,000 residential customers have switched to an alternative supplier

Regulated tariffs still clearly dominate

- **electricity**: 97% of sites in all categories are still on regulated tariffs (including TarTAM, the transitory regulated market adjusted tariff)
- **gas**: 94% of sites in all categories are still on regulated tariffs

Source: network managers - Analysis: CRE - data at month-end
Create value for the Group by integrating upstream energy businesses (electricity) to downstream businesses

**ENERGY FRANCE BUSINESS LINE**
- BU Electricity production
- BU Energy management
- BU Supply of BtoB customers
- BU Supply of BtoC customers
- BU Energy services for individual customers

**Competitive and institutional environment in France**

<table>
<thead>
<tr>
<th>Business line</th>
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<tr>
<td>Energy Europe and International Business line</td>
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<td>Global Gas and LNG Business line</td>
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<tr>
<td>Energy Services Business line</td>
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<tr>
<td>Environment Business line</td>
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Three strategic objectives

- Build a substantial electricity generation portfolio, efficient and diversified
- Enhance customer base value
- Develop environment friendly domestic energy services and solutions
Three strategic objectives
Build a substantial electricity generation portfolio, efficient and diversified

Main drivers
- Wind energy projects
- CCGT projects
- Gain/renewal of hydroelectric concessions
- Hydroelectricity expertise around CNR
- Optimization of nuclear drawing rights
- Operational excellence

Projected breakdown of capacities in 2013

Main targets
- 10 GW of capacity in 2013
Three strategic objectives
Enhance customer base value

Main drivers

- Change in regulated gas and electricity tariffs
- Development on retail electricity
- Marketing and sales performance
- Quality of service and customer relations

Main targets

- Sustain our leadership in natural gas supply
- Electricity market share: 20% in the medium term, depending on market conditions
Three strategic objectives

Develop environment friendly domestic energy services and solutions

Main drivers

- Reinforcement and expansion of energy systems maintenance for customers
- Growth in the installation of energy-efficient systems in individual homes
- Development of an integrated offering (refurbishment+services+energy) in individual homes

Main targets

- Become leader in the installation of energy-efficient systems in individual homes
- Offer a range of solutions satisfying demand in the environment friendly domestic energy market
Capex plan focused on electricity generation portfolio growth

Natural gas-fired thermal power plants:
4 projects currently under development
  • Fos-sur-Mer: CyCoFos (480 MW) and CombiGolfe (425 MW) projects, due to be commissioned in early 2009 and 2010 respectively,
  • Montoir-de-Bretagne (430 MW): site preparation work began in December 2007, and commissioning is scheduled for early 2010,
  • Saint-Brieuc (220 MW): pending to the relaunch by the French State of the public inquiry

Hydroelectricity projects
  • Gain of concessions through the upcoming auction process
  • Additional equipment on the Rhône river (+50 MW in 2013)
  • Other hydro developments (+60 MW in 2013)

Wind energy projects
  • Major programme based on the 15-year guaranteed purchase tariff, involving several subsidiaries, aimed at increasing generation capacity from 0.4 GW at end-2008 to roughly 2 to 3 GW by 2013
Performance plan and synergies

A performance plan targeting improvement in the operational efficiency of the business line by:

• Adapting direct costs to the new business mix (churn in the gas portfolio and rapid growth in the gas/elec dual offer portfolio) through an important use of externalization

• Enhanced process optimization (improvement of IT services, proactive management of customers’ complaints, invoices’ dematerialization, productivity of support functions …)

Synergies from:

• Creation of an hydro department within the business line around CNR, integrated from upstream to downstream (forecasting, dispatching, generation, hedging)

• Optimization of the energy management within the business line and with BEEI

• Operational optimization in wind and thermal power production

• Integration of BtoB sales force and marketing teams from Gaz de France and Energie du Rhône
Conclusion

The business line’s ambitions

By integrating energy businesses from upstream (electricity) to downstream, create value for the Group and be the:

- long-term leader in natural gas supply
- main challenger in electricity production and supply
- reference in environment friendly domestic energy solutions