

***Energy markets:
Integration, disintegration, consolidation?
GDF SUEZ proposition***

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New York Palace Hotel

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Energy Markets: Integration, disintegration, consolidation?

1) Key trends in the European gas & power markets

2) GDF SUEZ: creation of a world leader specialized in energy

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EU Gas / Power market trends

Large EU investments and greater global intensity

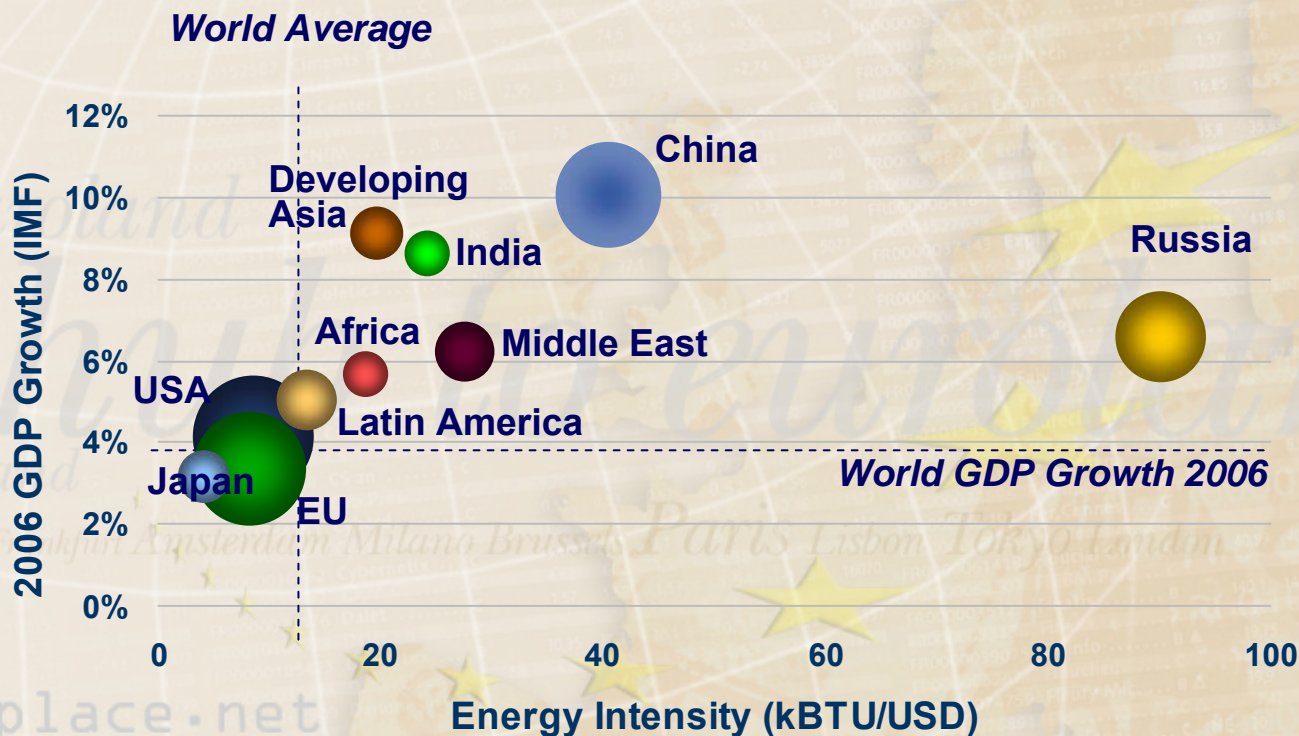
- €1,700 bn capex needed in European power sector by 2030
- Increasing energy intensity across the globe

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Bubble size = Total Primary Energy Consumption (2004)

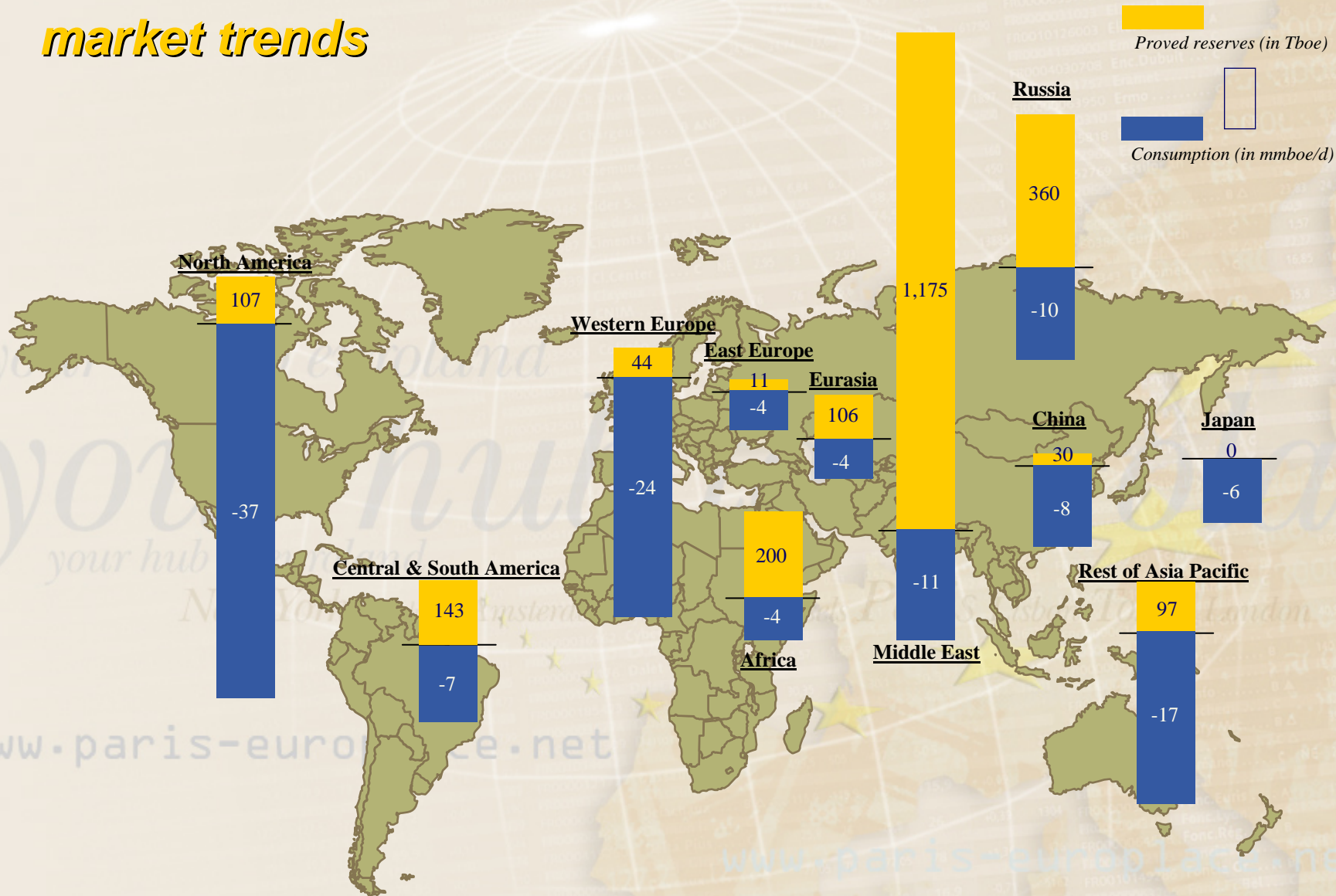
EU Gas / Power market trends

Large EU investments and greater global intensity

Downstream markets dependent on imports

- Security of supply issues
 - EU 25 59% dependent today, 80% in 2030
 - 90%+ gas reserves: National Oil Companies
- Access issues
 - Reserves located far from downstream markets
 - Growing role of LNG

EU Gas / Power market trends



EU Gas / Power market trends

Large EU investments and greater global intensity

Downstream markets dependent on imports

Global warming and climate change

- Climate change
 - CO₂ generation
 - Future of renewables
 - Future of nuclear
- Preservation of resources
 - Energy efficiency
 - Network efficiency
 - Re-use and desalination

EU Gas / Power market trends

Large EU investments and greater global intensity

Downstream markets dependent on imports

Global warming and climate change

EC & govt pressures for competition & lower prices

- 2007 complete deregulation in EU
- Increasing pressure to unbundle networks

EU Gas / Power market trends

**Large EU investments
and greater global
intensity**

**Downstream markets
dependent on imports**

**Global warming and
climate change**

**EC & govt pressures
for competition & lower
prices**

**We live in a world
where energy will remain
expensive**

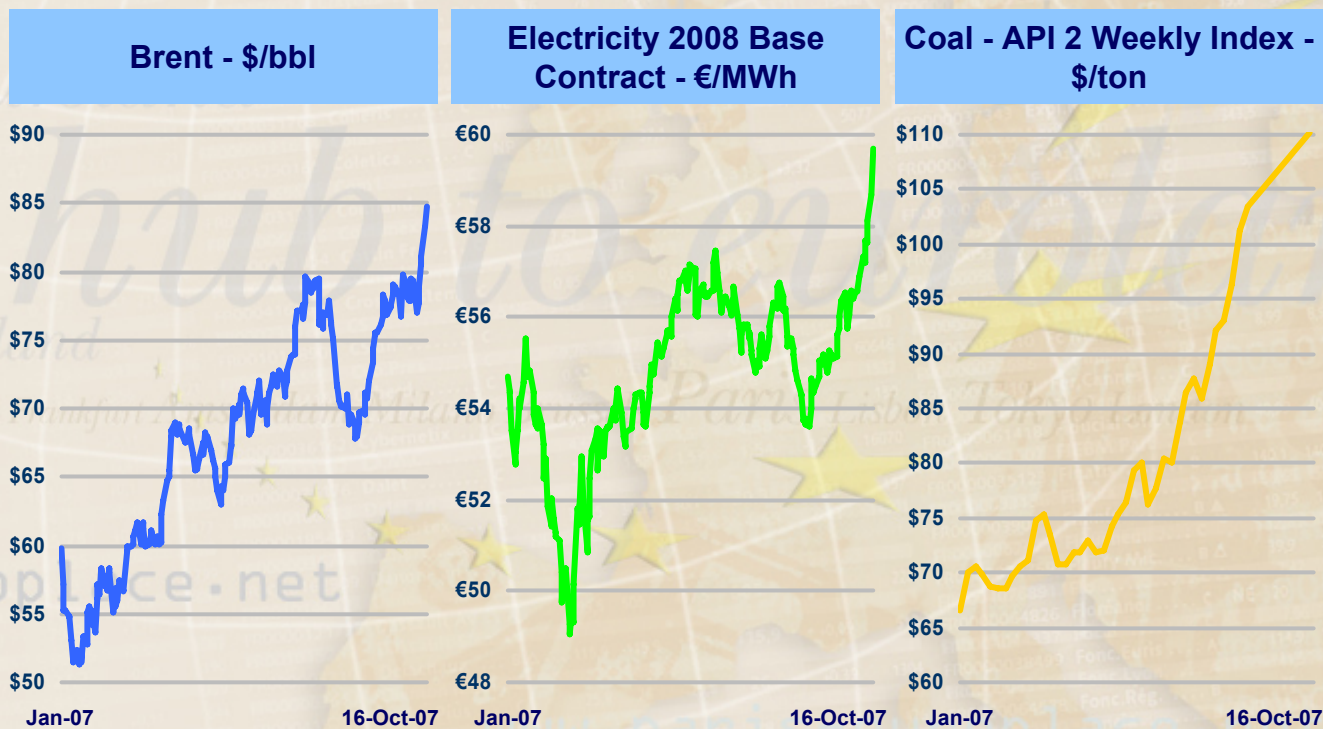
EU Gas / Power market trends

Large EU investments and greater global intensity

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EU Gas / Power market trends

- **create new priorities for EU utilities**

Large EU investments and greater global intensity

Downstream markets dependent on imports

Global warming and climate change

EC & govt pressures for competition & lower prices

Reach for critical size

- Size matters
 - Economies of scale
 - Strength to finance investments
 - Bargaining power with Nat'l Oil Companies
 - Diversification to absorb shocks

EU Gas / Power market trends

- **create new priorities for EU utilities**

Large EU investments and greater global intensity

Reach for critical size

Downstream markets dependent on imports

Gas integration and LNG development

Global warming and climate change

- Security of upstream supply
 - Long term contracts
 - Ownership of physical assets
- Upstream hedge against earnings volatility
- Convergence on gas and electricity

EC & govt pressures for competition & lower prices

EU Gas / Power market trends

- **create new priorities for EU utilities**

Large EU investments and greater global intensity

Reach for critical size

Downstream markets dependent on imports

Gas integration and LNG development

Global warming and climate change

Focus on CO₂ reduction

EC & govt pressures for competition & lower prices

- Develop CO₂-light portfolios
- Accelerate growth in renewable energy
- Participate in momentum for new nuclear in Europe

EU Gas / Power market trends

- **create new priorities for EU utilities**

Large EU investments and greater global intensity

Reach for critical size

Downstream markets dependent on imports

Gas integration and LNG development

Global warming and climate change

Focus on CO₂ reduction

EC & govt pressures for competition & lower prices

Reduce exposure in limited geographical diversification

EU Gas / Power market trends

- create new priorities for EU utilities
- lead to reconfiguring EU gas & power markets

Large EU investments and greater global intensity

Reach for critical size

- “Super Utilities” with cross-EU footprint
- Acceleration of EU consolidation, e.g.
 - Enel / Endesa
 - Iberdrola / Scottish Power

Downstream markets dependent on imports

Gas integration and LNG development

Global warming and climate change

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EU Gas / Power market trends

- *create new priorities for EU utilities*
- *lead to reconfiguring EU gas & power markets*

Large EU investments and greater global intensity

Reach for critical size

Downstream markets dependent on imports

Gas integration and LNG development

Global warming and climate change

Focus on CO₂ reduction

EC & govt pressures for competition & lower prices

Reduce exposure in limited geographical diversification

- Utilities competing to acquire upstream gas assets
- Focus on LNG given location of gas reserves
- Push to strengthen customer offerings with dual gas / electricity offers

EU Gas / Power market trends

- create new priorities for EU utilities
- lead to reconfiguring EU gas & power markets

Large EU investments and greater global intensity

Reach for critical size

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Gas integration and LNG development

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Focus on CO₂ reduction

EC & govt pressures for competition & lower prices

Reduce exposure in limited geographical diversification

- Accelerated organic / external growth in EU and US renewables
- New nuclear programs in France, Finland, UK...

EU Gas / Power market trends

- create new priorities for EU utilities
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Reach for critical size

Downstream markets dependent on imports

Gas integration and LNG development

Global warming and climate change

Focus on CO₂ reduction

EC & govt pressures for competition & lower prices

Reduce exposure in limited geographical diversification

- No incumbent will keep more than 50% market shares
- Internationalization

EU Gas / Power market trends

- create new priorities for EU utilities
- lead to reconfiguring EU gas & power markets,

strengthening the rationale for GDF SUEZ merger

Large EU investments and greater global intensity

Reach for critical size

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Gas integration and LNG development

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The merger creates a world leader specialised in energy

Leader in natural gas in Europe

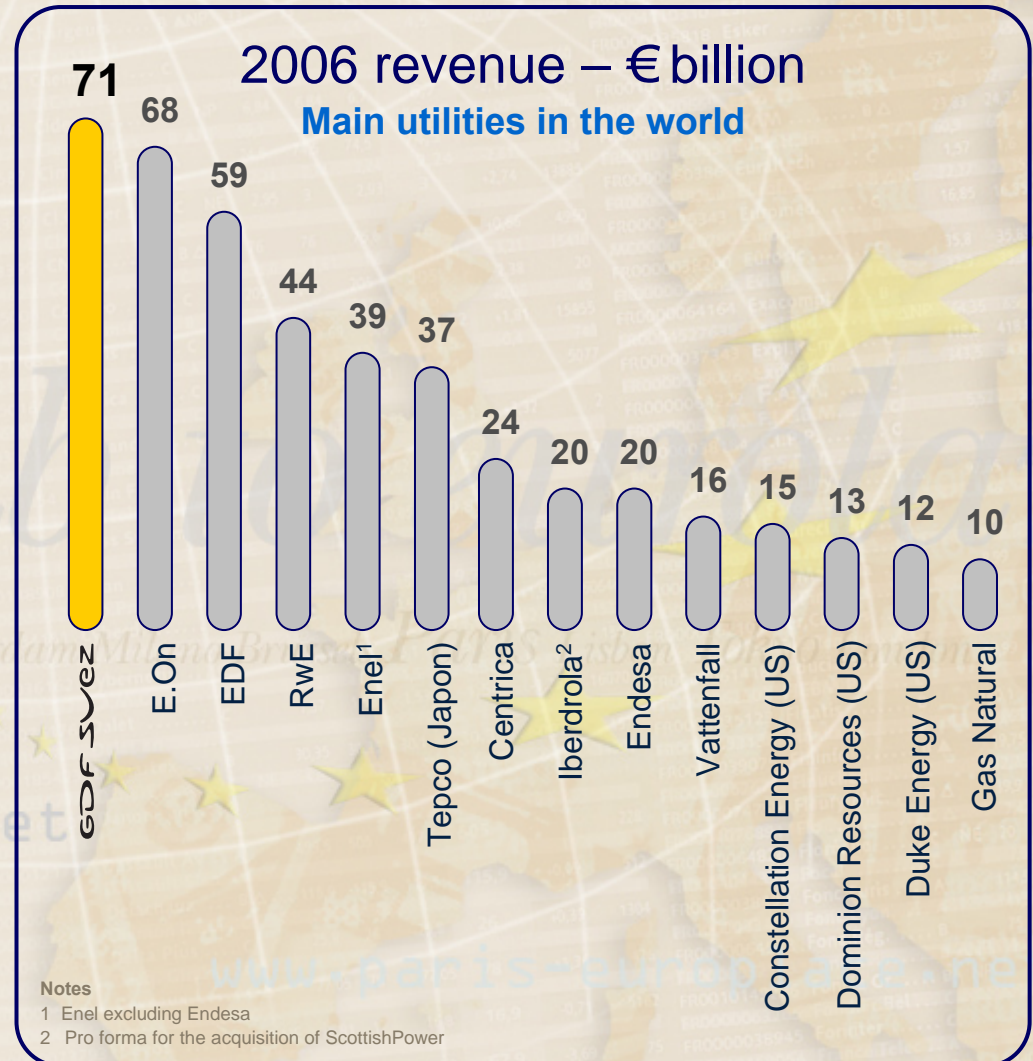
- #1 purchaser & supplier
- #1 transmission & distribution network
- #2 European storage operator

Leader in electricity

- #5 power producer and supplier in Europe
- #2 French power producer
- World leader in IPPs¹

World leader in LNG

- #1 importer & buyer in Europe
- #2 LNG terminal operator
- Leader in the Atlantic basin



The group has given an aggressive guidance for its development

Profitable growth

- Balanced mix of regulated & unregulated activities generating growth and recurring cash flows
 - EBITDA growth of approximately **10%¹** in 2008
 - EBITDA target of **€17bn¹** in 2010

Ambitious synergies

- Confirmed potential for operational synergies of approximately **€1bn per year** in the medium term

Optimized capex program

- **€10bn²** per year on average over 2008-2010, with capex above **€8bn² in 2008**
- Split between approx. **75% development** and **25% maintenance** capex

Strong financial structure

- Financial structure to sustain ambitious strategy of industrial growth
- Rating target: **Strong A**

GDF SUEZ offers a unique and profitable answer to the current challenges in the European Energy markets

- ✓ **Creation of a global leader in Energy with powerful assets**
- ✓ **Acceleration of growth and profitability prospects**
- ✓ **Clearly identified synergies**
- ✓ **Dynamic shareholder return**
- ✓ **Implementation of best practice corporate governance**

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