

PRESS RELEASE

MINERA VALPARAISO



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Matte Group and SUEZ Energy Andino strengthen Colbún

- **Matte Group reached an agreement with SUEZ Energy Andino, establishing the intention to merge its electricity assets with Colbún.**
- **Matte Group would contribute its electricity assets (total capacity of 485 MW, mainly hydroelectric), confirming Colbún as the second largest generator of the Sistema Interconectado Central.**
- **As a result of the operation, Matte Group would become the main shareholder of Colbún.**

SANTIAGO – Suez Energy Andino S.A. and Minera Valparaiso S.A., which control Colbún through Electropacífico Inversiones Ltda, announced today their intention to propose the consolidation of Colbún with Matte Group companies Cenelca S.A. and Hidroeléctrica Guardia Vieja S.A., whereby Matte Group would take control of Colbún and the latter would be confirmed as the second largest generator of the SIC, SUEZ Energy Andino remaining as an important shareholder.

The electricity assets of Minera Valparaiso and its subsidiaries consist of the power plants of the Aconcagua river: Los Quilos, Blanco, Juncal, Juncalito, Chacabuquito and Hornitos (under construction), and the power plants of the Xth Region, Canutillar and Antihue, that represent a total installed capacity of 485 MW. Since they are mainly hydroelectric plants, they will enable Colbún to rebalance its assets, which are currently mainly thermoelectric.

The merger will bring greater stability to Colbún's results for two reasons:

1. The company would be less exposed to the effects of the severe restrictions on Argentinean gas supply, which it has been suffering from over the last two years. Indeed, Colbún currently owns almost 1,100MW of thermoelectric capacity, which had been built to operate with natural gas from Argentina.
2. Colbún's hydro generation is concentrated in the VIIth Region (Colbún, Machicura and San Ignacio with 610MW) and in the VIIIth Region (Rucúe and Quilleco with a anticipated total in 2007 of 247MW). Incorporating the electricity assets of the Matte Group located in the Vth and Xth Regions would spread the drought risks since their basins are located in four different Regions, and distributed over more than 1,000 km, which gives them more varied frequency of rain fall.

“We believe this merger is the best solution for Colbún and its shareholders under the current circumstances. It would create a bigger, more diversified and stable company, able to further expand in this high growth market. SUEZ Energy International will continue to share its international energy experience as an important shareholder of Colbún and we are studying the possibility to develop our LNG activities based on that market knowledge” said Dirk Beeuwsaert, Chief Executive Officer of SUEZ Energy International.

This projected operation would also significantly improve Colbún’s financial capacity to undertake new projects, as the electricity assets of the Matte Group would be consolidated with a very low debt-to-equity ratio.

Under the proposed merger, Matte Group would retain a shareholding in Colbún of between 48.86% and 51.54%, depending on the valuation of the electricity assets of Colbún S.A. and of the Matte Group, which will be fixed by independent entities. Suez Energy Andino S.A., would retain an estimated share of between 18% and 19%.

The proposal is still subject to third party fairness opinion; *due diligences* on the electricity companies of the Matte Group and Colbún, and to approval by the Extraordinary Shareholders' Meetings of the companies involved, which will take place during the second semester of this year.

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About SUEZ Group

Based in Santiago, SUEZ Energy Andino (formerly named Tractebel Andino) is the holding of SUEZ Energy International’s investments in Chile. It holds participations in Colbún, Electroandina, Edelnor and Gasoducto Nor Andino.

Based in Florianopolis SUEZ Energy South America (formerly named Tractebel South America) is a business unit of SUEZ Energy International (“SEI”), the business line responsible for SUEZ’s energy activities outside Europe. Its mission is to develop and to manage complex electricity and gas projects and to offer tailor-made energy solutions to industrial and commercial customers internationally.

For additional information about SUEZ Energy International, go to www.suezenergyint.com and for more information about SUEZ, go to www.suez.com.

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