

PRESS RELEASE

Gaz de France: First Half 2007 Results

- **Good resistance in severely adverse climate conditions**
- **EBITDA in excess of €3.1 billion**
- **Annual financial targets confirmed**

Paris, 29 August 2007, Gaz de France Group (code ISIN FR0010208488 – GAZ) presents its first half 2007 results.

<i>billion euros</i>	H1 2007	H1 2006 ¹	Change %
Sales revenue	13.78	15.42	-11%
EBITDA*	3.11	3.27	-4.9%
Operating income	2.33	2.55	-8.7%
Net income Group share	1.51	1.70	-11%
Net income Group share per share	1.53 euro	1.72 euro	-11%

* Prior to replacement costs

The half-year results are attributable primarily to three factors:

- A very difficult environment with exceptionally mild climate conditions in the first half, impacting nearly all of the businesses², and unfavourable market conditions, reflected in particular in the low gas prices on the markets;
- A tariff context which did not negatively impact the sales margins following a very difficult year 2006;
- Good performance in international activities.

Despite the environment, the Group is maintaining its financial target for 2007, as announced in March this year: 2007 will be a year of consolidation. EBITDA is expected to be in line with that of 2006. This target assumes average climate conditions during the second half 2007.

Upon publication of the half-year results, **Jean-François Cirelli**, chairman and chief executive officer, said:

“During the first six months of 2007, Gaz de France showed its drive and strength, despite particularly adverse climate conditions.

This consistency is a major advantage for Gaz de France, which intends to continue and accelerate its development in the months to come, in all of its businesses. The development undertaken, particularly in LNG, continues with the renewal of our fleet of LNG carriers and the LNG delivery agreements in the United States. The progress of our infrastructure businesses has gathered speed in France as well as in Europe: the new LNG terminal in Fos Cavaou will be operational by the end of the year, with commissioning planned in early 2008. In Europe, we have just won a call for tenders for the development, construction and operation of a new storage facility in the United Kingdom.

In addition, Gaz de France intends to take advantage of the full liberalisation of the energy markets and has been offering, since 1 July 2007, a new range of energy products and services for its clients in France and in Europe.

The Group is confident in its fundamentals and outlook, in the medium and long term.”

¹Restated data taking into account reclassifications between segments following the implementation of a new organisation and the effect of new standards (IFRIC 12) – See Appendices

²Average temperatures in first half 2007 hold 1% risk, in other words, such temperatures have the likelihood of occurring once a century.

Analysis of EBITDA

EBITDA by segment

million euros	H1 2007	H1 2006 ¹	Change %
Exploration-Production	531	635	-16%
Energy Purchase & Sales	756	684	+11%
Services	57	65	-12%
Transmission - Storage	765	681	+12%
Distribution France	686	900	-24%
Transmission Distribution International	300	299	0%
Other and unallocated	15	6	N.S.
Total Group	3,110	3,270	-4.9%

- **Energy Supply & Services**

- ✓ **Exploration-Production: variation due to oil and gas prices**
- ✓ **Energy Purchase & Sales: good performance despite adverse climate conditions**
- ✓ **Services: results impacted by climate conditions**

EBITDA in the **Exploration-Production** segment amounted to 531 million euros in first half 2007, as compared to 635 million euros in first half 2006. This change was due in particular to hydrocarbon price trends.

Development investments (excluding exploration) amounted to 224 million euros in first half 2007, as compared to 206 million euros in first half 2006. Exploration expenses reached 37 million euros, as compared to 49 million euros in first half 2006. During the period four wells were drilled, of which two successfully so.

EBITDA in the **Energy Purchase & Sales** segment reached 756 million euros in first half 2007, up by 11 per cent compared to first half 2006.

The segment suffered a negative 385 million euros impact from the climate (less 39 TWh compared to first half 2006).

In contrast, public distribution tariffs made it possible, in first half 2007, to pass on supply costs through gas sales prices, unlike the situation in the first half 2006 (negative impact of 331 million euros in first half 2006).

EBITDA in the **Services** segment amounted to 57 million euros in first half 2007, down by 8 million euros compared to first half 2006, in particular due to the climate.

¹Adjusted data taking into account the reclassifications made in 2007 as well as the effects of the new accounting standards (IFRIC 12)

- **Infrastructures**
 - ✓ **Transmission-Storage: steadily-increasing results**
 - ✓ **Distribution France: performance down slightly on average climate basis**
 - ✓ **Transmission Distribution International: sharp improvement in profitability concealed by climate effects**

EBITDA in **Transmission Storage** came to 765 million euros in first half 2007, up by 12 per cent. Excluding non-recurring items, EBITDA was up by 3.5 per cent, driven mainly by Storage activities.

Very strongly influenced by the weather conditions, EBITDA in the **Distribution France** segment came to 686 million euros, as compared to 900 million euros in first half 2006. On an average climate basis, EBITDA in the segment is down by 1.3 per cent, due in particular to expenses resulting from the market liberalisation.

EBITDA in the **Transmission Distribution International** segment was stable at 300 million euros in first half 2007, as compared to 299 million euros in first half 2006, despite a particularly adverse climate effect. In spite of this, on an average climate basis, the increase in EBITDA was 24 per cent, illustrating the activity's improvement in profitability of this segment.

Other financial data

Operating income as at 30 June 2007 came out at 2,326 million euros, down by 221 million euros compared to 30 June 2006. In addition to the decrease in EBITDA, this change resulted from the increase in depreciation and provision charges, due to the changes in scope (proportional integration of EFOG, in particular) and the commissioning of new assets (exploration-production fields, LNG carriers).

The cost of net financial debt as at 30 June 2007 was 68 million euros, down by 6 million euros compared to 30 June 2006, due primarily to the improvement in cash income and cash equivalents.

The tax charge as at 30 June 2007 amounted to 735 million euros as compared to 791 million euros as at 30 June 2006. This change is due primarily to the decrease in income before tax, between the two periods. The actual rate was stable at 33 per cent in first half 2007.

In total, net income amounted to 1,505 million euros, down by 190 million euros compared to first half 2006.

Operating cash flow before replacement costs, tax and change in working capital requirements stood at 3,066 million euros as at 30 June 2007, as compared to 3,439 million euros in first half 2006.

Working capital requirements decreased by 1,461 million euros during first half 2007. This change was due to the seasonal effect on the business and the climate conditions.

Investments, including replacement costs, amounted to 1,309 million euros as at 30 June 2007, or a figure comparable to that of first half 2006 (1,282 million euros). Capital expenditure amounted to 1,142 million euros, up by 216 million euros compared to first half 2006.

Net debt for the Group as at 30 June 2007 was 1,510 million euros, as compared to 3,472 million euros as at end-2006.

Recent Highlights

- **Market liberalisation on 1 July 2007**

- ✓ In June 2007, Gaz de France launched its new sales and marketing aimed at retail customers, centred around multi-energy and multi-services offers.
- ✓ The implementation of a new information system, Symphonie, alongside the market liberalization process, is continuing: as at end-June 2007, the number of migrated clients had reached 6.2 million, or 59 per cent of the retail customer portfolio.
- ✓ The implementation of the new Omega information system makes it possible for the Distributor, since 1 July 2007, to provide all natural gas suppliers with all the necessary information regarding all of the clients supplied through the distribution network (11.5 million).
- ✓ The transformation of the Distribution business into a subsidiary continues and will be effective end-2007.

- **Stable public distribution tariffs**

- ✓ The Government decided on 15 June 2007 that "gas prices will not increase in the months to come".

- **The Group continues to grow in exploration/production**

- ✓ Acquisition of stakes in ten offshore licenses in the United Kingdom from CGG Veritas.
- ✓ The Minke gas field (United Kingdom) went into production.

- **The Group is strengthening its position in the LNG sector**

- ✓ Long-term access to the American LNG market thanks to an agreement with Cheniere.
- ✓ A new LNG carrier, Gaselys, was commissioned in early March.

- **Cofathec's position as a benchmark player in the field of public-private partnerships has been consolidated and it continues to develop**

- ✓ Cofathec has concluded, for an 18-year term and overall revenues of 59 million euros, a public-private partnership with the Roanne Hospital Complex for the design, construction, operation and maintenance of their energy needs.
- ✓ In early-August 2007, Cofathec acquired the company Resource Environmental Services. Specialised in energy services, it has enabled Cofathec to gain a significant portfolio of energy service maintenance contracts and build up its presence in the United Kingdom.

- **Development in infrastructure activities, including outside France**

- ✓ On 25 June 2007, GRTgaz published its French 10-year transmission network development plan. The detailed development plan can be viewed at www.grtgaz.com.
- ✓ New commercial offers in infrastructure businesses:
 - GRTgaz is putting into place a new balancing system operated by Powernext.
 - Gaz de France put over 5.7 TWh in storage capacity up for auction in first half 2007.
- ✓ Acquisition of a storage site in the United Kingdom
 - Gaz de France will develop, under a 30-year lease contract, salt cavern storage facility in Stublach, in the United Kingdom. Storage capacity will amount to 400 million cu.m in working volume.

- **Strengthening employee shareholding**

- ✓ Gaz de France's Board of Directors has decided to create a free share allocation plan, "Actions+2007". The plan represents around 0.16% of the company's capital.

Group profile:

Gaz de France Group is a major energy player in Europe. As the leading natural gas distributor in Europe, Gaz de France employs over 50,000 employees and earned 28 billion euros in sales in 2006. The Group holds a portfolio of 14 million clients, approximately 11 million of which are in France. Listed on the Paris Stock Exchange, Gaz de France is also part of the CAC 40 and Dow Jones Stoxx 600 indices.

Press contact:

Jérôme Chambin - Phone: +331 47 54 24 35
E-mail: jerome.chambin@gazdefrance.com

Investor relations contact:

Brigitte Roeser Herlin - Phone: +331 47 54 77 25
E-mail: GDF-IR-TEAM@gazdefrance.com

Forward-looking statements:

The objectives summarised herein are based on data, assumptions and estimates deemed reasonable by Gaz de France. The said data, assumptions and estimates may evolve or be changed as a result of uncertainties due primarily to the economic, financial, competitive, regulatory or climatic environment. In addition, the materialisation of certain risks set out in Chapter 4 of the Reference Document recorded by the French Financial Markets Authority under Number R.07-046, dated 27 April 2007 (hereinafter referred to as the "Reference Document") could have an impact on the Group's operations and its ability to achieve its objectives. In addition, the attainment of those objectives is dependent on the success of the sales strategy set out in Paragraph 6.1.2 of the Reference Document. Gaz de France thereby does not wish to make any commitments or guarantees on the attainment of the objectives and does not undertake to publish or issue possible corrections or updates of such factors, except what is required by the relevant laws and regulations."

Appendices

Consolidated Statement of Income

million euros	H1 2007	H1 2006 restated	Change%
Sales revenue	13 778	15 423	- 11%
Purchases and other external charges	-9,446	-10,766	-12%
Personnel expenses	-1,307	-1,298	+0.7%
Other operating income and expenses	-16	-227	-93%
Depreciation, amortisation and provisions	-683	-585	+17%
Operating income	2,326	2,547	-8,7%
Cost of net financial debt	-68	-74	-8,1%
Other financial income and expenses	-31	-74	-58%
Share in income of associates	52	120	-57%
Income before tax	2,279	2,519	-10%
Corporate income tax	-735	-791	-7.1%
Group consolidated net income	1,544	1,728	-11%
Minority interests	-39	-33	18%
Net consolidated income – Group share	1,505	1,695	-11%
Net earnings per share	1.53	1.72	

Average number of shares outstanding: 983,730,321

Consolidated statement of cash flow

million euros	H1 2007	H1 2006 restated
Operating cash flow before tax, replacement costs and change in working capital	3 066	3 439
Replacement costs on infrastructures in franchised assets	-101	-138
Change in operational working capital requirements	1,461	617
Corporate income tax paid	-550	-530
Cash flow from operating activities	3,876	3,388
Cash from investing activities	-934	-899
Investments	1,202	1,144
Proceeds	268	245
Cash from operating and investing activities	2,942	2,489
Financing activities	-1,461	-999
Effect of change in exchange rate	106	15
Change in cash and cash equivalents	1,587	1,505

Sales revenue by segment

million euros	H1 2007	H1 2006 restated	Change %
Energy Supply and Services			
Exploration – Production	784	905	-13%
Energy Purchase and Sales	10,259	11,576	-11%
Services	908	919	-1.2%
Infrastructures			
Transmission Storage	1,179	1,162	+1.5%
Distribution France	1,541	1,857	-17%
Transmission Distribution International	2,571	2,908	-12%
Eliminations, other and unallocated	- 3,464	- 3,904	
Total Group	13,778	15,423	-11%
	On average climate basis		-0.8%

EBITDA by segment

million euros	H1 2007	H1 2006 restated	Change %
Energy Supply and Services			
Exploration - Production	531	635	-16%
Energy Purchase & Sales	756	684	+11%
Services	57	65	-12%
Infrastructures			
Transmission Storage	765	681	+12%
Distribution France	686	900	-24%
Transmission Distribution International	300	299	-
Other and unallocated	15	6	N.S
Total Group	3,110	3,270	-4.9%

Operating income by segment

million euros	H1 2007	H1 2006 restated	Change %
Energy Supply and Services			
Exploration - Production	367	470	-22%
Energy Purchase & Sales	704	638	+10%
Services	34	43	-21%
Infrastructures			
Transmission Storage	591	512	+15%
Distribution France	406	552	-26%
Transmission Distribution International	232	219	+5.9%
Other and unallocated	-8	113	NS
Total Group	2,326	2,547	-8.7%

Consolidated balance sheet (assets)

million euros	30/06/2007	31/12/2006
Goodwill	1,685	1,649
Concession intangible assets	5,648	5,704
Other intangible assets	619	564
Tangible assets	17,224	16,625
Investments in associates	505	718
Non-current financial assets	1,376	1,341
Non-current derivative instruments	85	17
Deferred tax assets	73	61
Other non-current assets	628	530
Non-current investments of financial affiliates	153	167
Total non-current assets	27,996	27,376
Inventories and work in progress	1,481	1,935
Trade accounts and related receivables	5,113	7,117
Tax payables	180	84
Other receivables	1,302	1,085
Current financial derivatives	1,528	2,325
Assets of financial affiliates	383	431
Short term securities	464	360
Cash and cash equivalents	3,692	2,196
Total current assets	14,143	15,533
Assets classified as held for sale		–
Total assets	42,139	42,909

Consolidated balance sheet (liabilities)

million euros	30/06/2007	31/12/2006
Shareholder equity – Group share	16,953	16,197
Minority interests	556	466
Provisions for employee benefits	1,103	1,142
Provisions	5,841	5,750
Irredeemable securities	624	624
Financial debt	3,910	3,943
Deferred tax liabilities	2,749	2,608
Non-current derivative instruments	14	8
Liabilities of financial affiliates	81	93
Other non-current liabilities	153	143
Total non-current liabilities	14,475	14,311
Provisions	177	167
Personnel liabilities	544	556
Financial debt	1,132	1,461
Trade accounts payable and related payables	2,457	3,623
Income tax payable	565	208
Other tax liabilities	443	724
Other liabilities	3,062	2,615
Current derivative instruments	1,399	2,189
Liabilities of financial affiliates	376	392
Total current liabilities	10,155	11,935
Liabilities related to assets classified as held for sale	–	–
Total liabilities	42,139	42,909
Net financial debt	1,510	3,472
Shareholders equity (including minority interests)	17,509	16,663
Debt/equity ratio	8.6%	21%

**Review of main reclassifications carried out between segments
and impact on EBITDA levels**

- Energy sales activities in United Kingdom transferred from “Energy Purchase & Sales” to “Transmission Distribution International”
- Savelys and DK6 transferred from “Services” to “Energy Purchase & Sales”
- Transmission activities in Europe transferred from “Transmission Distribution International” to “Transmission Storage”
- Transfer of Sales to Key Accounts activity in Germany from “Transmission Distribution International” to “Energy Purchase and Sales”

million euros	H1 2006 published	Effects of standards (1)	Effects of reclassifi- cations and other (2)	H1 2006 restated	H1 2007	Change %
Energy Supply & Services						
Exploration – Production	635	-	-	635	531	-16%
Energy Purchase & Sales	641	-	+43	684	756	+11%
Services	96	-	-31	65	57	-12%
Infrastructures						
Transmission Storage	647	-	+34	681	765	+12%
Distribution France	896	+4	-	900	686	-24%
Transmission Distribution International	355	-	-56	299	300	0%
Eliminations & other	4	-	+2	6	15	N.S.
TOTAL GROUP EBITDA	3,274	+4	-8	3,270	3,110	-4.9%

(1) Effects of the implementation of IFRIC 12 accounting standards.

(2) Mainly the effects of reclassifications between segments due to the implementation of a new organisation