

# PRESS RELEASE

**Third quarter 2007 sales increased by nearly 10%**  
**Sales as at 30 September 2007: -6.5% compared to -11 % as at 30 June 2007**  
**2007 financial objective confirmed**

## Non-audited IFRS data

**Paris, 30 October 2007** - During the third quarter of 2007, The Gaz de France Group achieved sales of €4,352 million, an increase of nearly 10 per cent compared to the third quarter of 2006. This growth reflects an improvement in the Group's business activities during the quarter in a background of almost neutral climatic conditions.

Due to the good performance of the activities during the quarter, the change in sales over the nine first months of 2007 has improved to -6.5 per cent compared with -11 per cent over the first six months. As at 30 September 2007, Group sales amounted to €18,130 million compared to €19,391 million for the first nine months of 2006.

In France, Group sales rose to €10,315 million. This was down by 7 per cent compared to the first nine months of 2006, mainly due to the exceptionally mild weather in the first half of 2007. Outside France, sales amount to €7,815 million, representing more than 40 per cent of Group sales.

**The third quarter of 2007** was also marked by the announcement, on 3 September 2007, of the new strategic direction of the planned merger with Suez. This project should be finalised as soon as possible during the first half of 2008.

**Gaz de France confirms its 2007 financial objective:** "2007 will be a year of consolidation. The gross operating surplus should be in line with that of 2006." This objective assumes average climate conditions during the last quarter of 2007.

## Sales by segment

In millions of euros	9M 2007	9M 2006 Revised <sup>1</sup>	Change %
<b>Energy Supply &amp; Services</b>			
Exploration – Production	1,172	1,252	- 6.4%
Purchase – Sale of Energy	13,151	14,274	- 7.9%
Services	1,276	1,269	+ 0.6%
<b>Infrastructures</b>			
Transmission & Storage	1,801	1,734	+ 3.9%
Distribution France	2,003	2,366	- 15%
Transmission and Distribution International	3,472	3,697	- 6.1%
Adjustments & others	- 4,745	- 5,201	
<b>GROUP TOTAL</b>	<b>18,130</b>	<b>19,391</b>	<b>- 6.5%</b>
Under average weather conditions			+ 1%

<sup>1</sup> From the implementation of the accounting interpretations for IFRIC 12 and the segment reclassifications from the new organisation, please see appendix 1

## Analysis of the sales figures at the end of September 2007

### Energy Supply & Services

- Exploration-Production: impact on income due to the price of hydrocarbons and the level of production

Sales for the **Exploration-Production** segment amounted to €1,172 million, compared to €1,252 million for the same period in 2006, representing a fall of 6per cent.

This change arises mainly from the reduction in hydrocarbon prices over first nine months of the year:

- – 7per cent for the average price of Brent (€/bbl);
- – 52per cent for the average price of gas (€/MWh) on NBP (United Kingdom)

This change is also due to the decrease in production (including Efog<sup>2</sup>) that reached 30.1 Mbep at the end of September 2007 against 33.9 Mbep at the end of September 2006. On a like-for-like basis, total production is down by 2.4 Mbep.

During the first nine months of 2007, the Group strengthened its upstream business activity with:

- the acquisition from CGG Veritas of holdings in ten off-shore licences in the United Kingdom;
  - the commissioning of the Minke gas field in the United Kingdom;
  - the start of production for Snohvit in Norway;
  - two new field discoveries, one in Norway and the other in the United Kingdom.
- Purchase-Sale of Energy: a climate impact that remains very significant

In the first nine months of the year, the business activity of the **Purchase-Sale of Energy** segment was conducted in a context characterised by the following factors:

- exceptionally mild weather over the first half;
- stable prices for public distribution;
- lower gas prices in the markets;
- the full opening of the energy market in France on 1 July 2007.

Over the period, sales in the segment amounted to €13,151 million compared to €14,274 million as at 30 September 2006. Under average climate conditions, sales are unchanged.

<sup>2</sup>Efog has been the subject of proportional integration since 1 February 2007

- Natural gas sales

Gas sales in the segment during the first nine months of 2007 amounted to 403 TWh.. They were down 42 TWh mainly due to the weather conditions in the first half of the year.

Sales to retail customers in France amounted to 74 TWh compared to 93 TWh at the end of September 2006. These sales were stable on an average weather basis.

Between 1 July 2007 and 30 September 2007, 7,000 retail customers decided to subscribe to our new market offers.

Sales to the business clientele and major account customers in France amounted to 161 TWh at the end of September 2007. Excluding the weather effect, these sales were down 25 TWh compared to 2006. In Europe, sales in these same clientele segments were stable at 81 TWh.

Finally, short-term sales and other sales increased by 19per cent to 87 TWh.

- Electricity sales

Electricity sales in the segment reached 13 TWh at the end of September 2007 compared to 11 TWh over the same period in 2006.

In the context of the total liberalisation of markets, the Group acquired nearly 10,500 new electricity customers, nearly 80per cent of whom had chosen to change supplier.

During the first nine months of 2007, the Group took the following measures to consolidate its energy supplies, notably through:

- the signature of a supply contract with Norsk Hydro for the delivery of 3.2 billion cubic metres of natural gas over four years, and
- the acquisition of Erelia, which develops and operates windmill parks in France. This will enable the group to have 110 MW of windmill production capacity by the end of 2007.

The Group also strengthened its world position in the LNG industry with:

- long-term access to the American LNG market through an agreement with Cheniere, and
- the commissioning of a new liquefied gas tanker, the Gaselys (capacity of 154,500 cubic metres), at the beginning of March 2007.

- Services: revenues up slightly, mainly due to acquisitions

Revenues in the Services segment amounted to €1,276 million at the end of September 2007. The excellent sales performance of our maintenance and works activities in France and the growth of our activities outside France offset the unfavourable impact of weather and gas prices on revenues.

Moreover, Cofathec confirmed its position as a leading player in the area of Public Private Partnerships through the signature of a partnership with the Roanne Hospital to design, construct, operate and maintain an energy centre for 18 years with revenues of €59 million.

## Infrastructures

- Transmission and Storage: revenues up nearly 4 per cent

Revenues in the Transmission and Storage segment over the period amounted to €1,801 million, up 3.9 per cent compared to the end of September 2006. They benefited from the increase in storage prices and the success of storage capacity auctions (5.7 TWh) as well as the increase in subscriptions in the transmission networks.

In France, the Group continues its sales development: the number of transmission customers grew from 25 at the end of 2006 to 36 at the end of September 2007, while the number of Storage customers increased over the same period from 16 to 22.

Moreover, the Group continues to develop its storage activity in Europe with:

- the development of 400 million cubic metres of natural gas storage capacity in salt caverns in Stublach, England;
- the acquisition of nearly 60 per cent of Depomures, which is the second leading natural gas storage operator in Romania. This will give the Group new storage capacity of 600 million cubic metres.

- Distribution France: a level of activity that continues to be heavily influenced by weather

Revenues in the Distribution France segment amounted to €2,003 million, compared to €2,366 million at the end of September 2006.

This downturn is due primarily to the decrease in distributed gas volumes. Over the first nine months of the year, the carried volumes were down 39 TWh, of which 37 TWh were weather related (-24 TWh compared to an average weather basis over the first nine months of 2007 versus an increase of 13 TWh compared to an average weather basis over the same period in 2006).

This change also reflects, in application of the IFRIC 12, the impact of the decrease in development capital expenditures for the nine first months of 2007.

In terms of rates, one should note the recent launch by the energy regulation commission of a public consultation prior to preparing a new distribution rate schedule. This new rate schedule should be settled in the coming months.

- Transmission Distribution International: sustained growth of sales, excluding the effect of weather and gas prices in Great Britain

Revenues in the Transmission Distribution International segment amounted to €3,472 million compared to €3,697 million over the period, a decrease of 6.1 per cent compared to the first nine months of 2006.

This variation was caused by the impact of unfavourable weather conditions across Europe as well as the sharp drop in gas prices in the United Kingdom.

Corrected for these two elements, sales were up 7.9 per cent, primarily due to the favourable growth in prices in other countries.

During the last quarter, Gaz de France continued the reorganisation of its activities in Italy by increasing its stake in Energie Investimenti from 40 per cent to 60 per cent.

**Financial timetable:**

Publication of sales for financial year 2007 on 31 January 2008

Profile of the Group:

*The Gaz de France Group is a major player in European energy. As Europe's no. 1 in natural-gas distribution, Gaz de France employs nearly 50,000 staff and achieved a turnover of €28 billion in 2006. The group has a portfolio of around 14 million customers, 11 million of whom are in France. Quoted on the Paris Bourse, Gaz de France forms part of the CAC 40 index and Dow Jones Stoxx 600.*

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*The targets set out above are based upon data, assumptions and estimates believed by Gaz de France to be realistic. However, those data, assumptions and estimates may be subject to change or revision owing to the inherent uncertainties in economic, financial, competitive and climate conditions. Moreover, the occurrence of the various risks described in chapter 4 of the reference document recorded by the Financial Markets Authority under no. R.07-046 of 27 April 2007 (referred to hereafter as the "Reference Document") would have an effect on the Group's operations and its ability to achieve its targets. In addition, hitting targets presupposes the success of the strategy set out in paragraph 6.1.2. of the Reference Document. Thus, Gaz de France is unable to make any commitment or provide any guarantee regarding the achievement of targets, and cannot undertake to publish or report any corrections or updates to those items beyond those required by applicable law or regulations.*

### Appendix 1

Reminder of the main reclassifications made between segments:

- transfer of energy sales operations to the UK "Energy sales/purchases" to the "International Transport Distribution" segment;
- transfer of Savelys and DK6 from "Services" to "Energy sales/purchases";
- transfer of Europe movement operations from the "International Transport Distribution" segment to "France Transport Storage" segment, which will now acquire the name "Transport Storage";
- and lastly, transfer of sales operations to large accounts in Germany from "International Transport Distribution" to "Energy sales/purchases".

In millions of euros	9M 2006 Published	Effects of standards <sup>(1)</sup>	Effects of reclassification <sup>(2)</sup>	9M 2006 Withdrawn	9M 2007	Change %
<b>Energy Supply &amp; Services</b>						
Exploration – Production	1 252	-	-	1 252	1 172	- 6.4%
Purchase – Sale of Energy	14 289	-	- 15	14 274	13 151	- 7.9%
Services	1 525	+ 8	- 264	1 269	1 276	+ 0.6%
<b>Infrastructure</b>						
Transmission Storage	1 647	-	+ 87	1 734	1 801	+ 3.9%
Distribution France	2 096	+ 270	-	2 366	2 003	- 15 %
Transmission Distribution International	2 516	-	+ 1 181	3 697	3 472	- 6.1%
Eliminations & others	- 4 212	-	- 989	- 5 201	- 4 745	
<b>GROUP TOTAL</b>	<b>19 113</b>	<b>+ 278</b>	<b>0</b>	<b>19 391</b>	<b>18 130</b>	<b>- 6.5%</b>

(1) Effect of the implementation of the accounting interpretations for IFRIC 12

(2) Effects of segment reclassifications associated with the new organisation

In millions of euros	T1 2007	T1 2006 Withdrawn	Change %	T2 2007	T2 2006 Withdrawn <sup>(1)</sup>	Change %	T3 2007	T3 2006 Withdrawn <sup>(1)</sup>	Change %
<b>Supply of Energy &amp; Service</b>									
Exploration – Production	407	477	- 15%	377	428	- 12%	388	347	+ 11%
Purchase – Sale of Energy	6 957	7 897	- 12%	3 302	3 679	- 10%	2 892	2 698	+ 7.2%
Services	530	550	- 3.6%	378	369	+ 2.4%	368	350	+ 5.1%
<b>Infrastructure</b>									
Transmission Storage	569	572	- 0.5%	610	590	+ 3.4%	622	572	+ 8.7%
France Distribution	1 005	1 200	- 16%	536	657	- 18%	462	509	- 9.2%
Transmission Distribution International	1 657	1 918	- 14%	914	990	- 7.7%	901	789	+ 14%
Eliminations & others	- 2 072	- 2 385		- 1 392	- 1 519		- 1 281	- 1 297	
<b>GROUP TOTAL</b>	<b>9 053</b>	<b>10 229</b>	<b>- 11%</b>	<b>4 725</b>	<b>5 194</b>	<b>- 9%</b>	<b>4 352</b>	<b>3 968</b>	<b>+ 9.7%</b>

(3) From the implementation of the accounting interpretations for IFRIC 12 and the segment reclassifications from the new organisation, please see appendix 1