

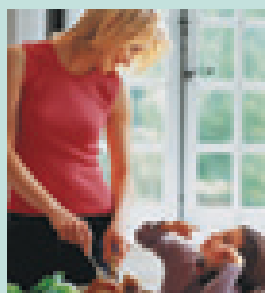


2004 | ANNUAL REPORT

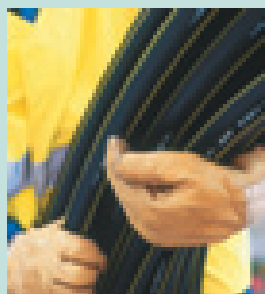


Contents

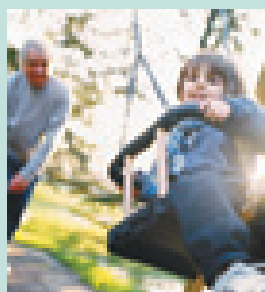
Consolidated Financial Highlights	Inside front cover
Corporate Profile	01
Message from Jean-François Cirelli, Chairman and Chief Executive Officer	02 - 03
Corporate Governance	04 - 05
Gaining the Competitive Edge	06 - 07



Energy Supply and Services	08 - 09
Exploration and Production	10 - 12
Energy Supply	13 - 19
Services	20 - 21



Infrastructures	22 - 23
Transmission, Storage, LNG Terminals - France	24 - 27
Distribution - France	28 - 31
Transmission and Distribution - International	32 - 33



Commitments of Gaz de France	34 - 35
Human Resources	36 - 37
Research and Development	38 - 39
Sustainable Development	40 - 41

Main Subsidiaries and Affiliates	42 - 43
Glossary	44
Credits	Inside back cover

Corporate Profile

THE VALUES OF GAZ DE FRANCE

Excellence - Respect - Solidarity - Conviviality

18.13

billion euros
in net sales

1,046

million euros
in net income

3.42

billion euros
in cash flow

1.76

billion euros
in investments

10.59

billion euros
in stockholders' equity

4.41

billion euros
in net indebtedness

66.4

billion m³ of gas sold
(approximately 730 billion kWh)

Strong presence in
Europe

(28% of the Group's net sales
in Europe excluding France)

38,251

employees

Today, the Gaz de France Group ranks among Europe's major integrated energy utilities. Its recent transformation from a public-sector entity into a stock corporation will enable the Company to develop and capitalize on its industrial and commercial expertise.

Pursuant to the requirements of the second directive (*), the competitive activities of the Group in France were unbundled from its regulated activities. Active from the wellhead to the burner tip, both upstream and down, Gaz de France has organized its operations in two branches.

Energy Supply and Services includes commercial activities from production to customer service. Under the masthead of four commercial brands corresponding to the same number of market segments, Gaz de France develops a range of products and services designed to win and lock in customer loyalty. Through its procurement activities, Gaz de France plays a leading role in Europe in natural gas trading and LNG imports. In addition to a reliable and highly diversified gas procurement portfolio, Gaz de France has also begun to build an electricity supply portfolio, in particular through the acquisition and development of production capacities.

Infrastructures mostly concerns regulated activities, including the transmission, regasification, storage and distribution of natural gas. Operating one of Europe's most extensive transmission systems and distribution networks, Gaz de France is now recognized as a benchmark system operator.

In Europe, Gaz de France pursues a **growth strategy** that enables the Group to use its expertise to take advantage of European market deregulation. The Group has equity interests in strategic pipelines that supply western Europe, as well as in distribution and marketing subsidiaries in countries at the heart of Europe's gas grid.

(*) Directive 2003/55/EC of June 26, 2003, concerning common rules for the internal market in natural gas, referred to as the "second directive" throughout this report.

Message from Jean-François Cirelli, Chairman and Chief Executive Officer



The year 2004 was marked by major changes for the Group. The new phase of opening the natural gas market to competition was successfully negotiated on July 1. Gaz de France has become a stock corporation, with the same status as its competitors, and the French State has announced that the Company will go public.

From a financial point of view, the Group recorded significant growth in results in 2004, with an increase of almost 15% in net income to 1.046 billion euros. These good financial results confirm the soundness of the economic model that pilots Gaz de France's development, its internationalization and its ability to create value. International activities accounted for 29% of net sales, compared with 23% in 2003. The Company's procurement portfolio is the most diversified in Europe. Gaz de France will, therefore, be in a position to benefit from the dynamism of the natural gas market, which is expected to grow 2% to 3% per year in Europe over the next 20 years.

With approximately 10.9 million customers in France and 1.6 million in the rest of the world, especially in Europe, the Company is a benchmark industrial player. In Europe, Gaz de France operates the largest transmission system, ranks second in terms of the number of customers, and reports the third largest volume of gas sales.

In the field of labor relations, the year 2004 provided many occasions for discussion and negotiation. Retirement benefits were guaranteed through a change in the way complementary retirement benefits are financed. All risks associated with old age, disability, occupational accidents and illnesses are now managed by the Caisse des industries électriques et gazières, which is responsible for collecting the revenues their financing requires. Several agreements, such as those on equal employment opportunities for men and women and the creation of an employment observatory, enhanced social and labor relations in the Group.

In 2005, the priority is to organize a successful initial public offering, a necessary condition for the Group's further development and the implementation of its industrial strategy. With competition on the rise, Gaz de France needs additional financial clout to stand up to industry rivals.

Gaz de France's European industrial strategy is based on the continued development of its core gas business, but also on specifically identified growth relays, in particular in exploration and production, with the objective to produce 15% of the gas the Group sells; in liquefied natural gas, with the opening of the Fos Cavaou terminal in 2007; and in electricity, with the startup of the DK6 facility at Dunkerque in 2005. Lastly, at the commercial level, the objective is to win one million additional customers in France between 2003 and 2007, and eventually to count 15 million customers

“ These good financial results confirm the soundness of the economic model that pilots Gaz de France's development, its internationalization and its ability to create value. ”

in Europe, representing 15% of the continent's market share. In Europe, the Company will seize acquisition opportunities that will create value for Gaz de France.

The Initial Public Offering will provide also employees with the opportunity to become shareholders of their Company. The employee shareholding operation will be one of the largest ever conducted in France. Our wish is for an active, dynamic and strong employee shareholding base.

The Group's success is the fruit of the commitment, enthusiasm and professionalism of the men and women that work at Gaz de France. Our search for excellence, our quality customer relations, our requirements in terms of safety, and our concern for environmental protection are all strong points that allow the Company to rank among the leaders in the energy sector in Europe.

Jean-François Cirelli,
Chairman and Chief Executive Officer

Corporate Governance

Board of Gaz de France (as of January 21, 2005)

MEMBERS OF THE BOARD

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Jean-François Cirelli

REPRESENTATIVES OF THE FRENCH GOVERNMENT

Paul-Marie Chavanne

Executive Vice President, La Poste
Chairman and Chief Executive Officer,
Geopost and Europe Airpost

Christian Fremont

Préfet of the Provence Alpes-Côte-d'Azur Region
Préfet of Bouches-du-Rhône

Clara Gaymard

Conseiller maître
à la Cour des Comptes (seconded)
President, Investment in France Agency

Jacques Rapoport

Inspecteur général des finances
Secrétaire général in charge of social issues

Denis Samuel-Lajeunesse

Chief Executive Officer, Agence des
Participations de l'Etat, Ministère de l'Economie,
des Finances et de l'Industrie

Florence Tordjman

Subdirector, Gas and Distribution of Fossil Fuel
Energies, Energy and Raw Materials division,
Ministère de l'Economie, des Finances
et de l'Industrie

QUALIFIED INDIVIDUAL BOARD MEMBERS

Jean-Louis Beffa

Chairman and Chief Executive Officer,
Saint-Gobain
Chairman, Claude Bernard Participations
Vice Chairman, Board of Directors, BNP Paribas

Aldo Cardoso

Member of the Board of Directors, Orange,
Axa Investment Managers, Pénauille Polyservices
and Rhodia

Guy Dollé

President of the Management Board,
CEO, Arcelor

Peter Lehmann

Chairman, Energy Saving Trust

Philippe Lemoine

Co-Chairman of the Executive Board,
Galeries Lafayette
Chairman and Chief Executive Officer,
Cofinoga
Chairman, Laser

ELECTED EMPLOYEE REPRESENTATIVES

Olivier Barrault

Sponsored by the Fédération Nationale des
Syndicats du Personnel des Industries de
l'Energie Electrique, Nucléaire et Gazière C.G.T.

Eric Buttazzoni

Sponsored by the Fédération Nationale des
Syndicats du Personnel des Industries de
l'Energie Electrique, Nucléaire et Gazière C.G.T.

Bernard Calbrix

Sponsored by the Fédération chimie énergie
C.F.D.T.

Jean-François Le Jeune

Sponsored by the Fédération Nationale
de l'Electricité et du Gaz C.G.T. - F.O.

Yves Ledoux

Sponsored by the Fédération Nationale
des Syndicats du Personnel des Industries de
l'Energie Electrique, Nucléaire et Gazière C.G.T.

Daniel Rouvery

Sponsored by the Fédération des Industries
électriques et gazières C.F.E. - C.G.C.

Participation of Board members in 2004

- Plenary sessions of the Board (eleven meetings): **85 %**
- Strategy Committee (three meetings): **75 %**
- Audit Committee (four meetings): **81 %**

Board members' fees

- **45.73** euros per Board meeting.
 - **15.24** euros per Committee meeting.
- Representatives of the French government and employee representatives are paid no fees.

Other Qualified Individuals Attending Board Meetings

SECRETARY, CONSEIL SUPÉRIEUR CONSULTATIF DES CMP

René Camporesi

COMPTROLLERS

Gilbert Venet

Chief of the Economic and Financial Control unit

Dominique Lemaire

Government Comptroller

CHIEF OPERATING OFFICERS

Yves Colliou

Jean-Marie Dauger

BOARD SECRETARY

Jean Abiteboul

Executive Committee of Gaz de France (as of January 21, 2005)



From left to right, front row: Jean-Pierre Piollat, Yves Colliou, Raphaële Rabatel, Jean-François Cirelli, Jean-Marie Dauger.
Back row: Philippe Saimpert, Philippe Jeunet, Emmanuel Hedde, Pierre Clavel, Stéphane Brimont.

The Executive Committee is the Group's principal strategic policy body. It studies decisions that have the most important consequences for the Group and takes position on all the subjects that would imply long-term Group commitment or influence its strategy. In their meetings, the ten permanent members of the Executive Committee are joined by the corporate Vice President(s) concerned by the day's agenda. The Executive Committee meets every week.

MEMBERS OF THE EXECUTIVE COMMITTEE

Chairman and Chief Executive Officer
Jean-François Cirelli

Chief Operating Officer
Yves Colliou

Chief Operating Officer
Jean-Marie Dauger

Vice President, Strategy
Stéphane Brimont

Senior Vice President, International
Pierre Clavel

Vice President, Equity Acquisitions
Emmanuel Hedde

Chief Financial Officer
Philippe Jeunet

Vice President, Market Development and Sales
Jean-Pierre Piollat

Vice President, Corporate Communications
Raphaële Rabatel

Senior Vice President, Human Resources
Philippe Saimpert

Committees of the Board

Pursuant to its by-laws, the Board has two advisory committees: the Audit Committee and the Strategy Committee.

The role of the **Audit Committee** is to examine the relevance of current financial reporting policies, the Group's annual and semiannual parent company and consolidated financial statements, the performance of the Group's main subsidiaries and affiliates, the program defined by the independent auditors, the budget, internal control and audit, and risk management. It is comprised of five members. As of December 31, 2004, they were: Aldo Cardoso, Chairman, Éric Buttazzoni, Bernard Calbrix, Paul-Marie Chavanne, Denis Samuel-Lajeunesse.

The role of the **Strategy Committee** is to give its opinion to the Board on the main strategic policies implemented by the parent company and the Group, the investment program, the Group's public service contract, and any other question concerning corporate strategy and investments the Board asks the Committee to study. It is comprised of seven members. As of December 31, 2004, they were: Jacques Rapoport, Chairman, Olivier Barrault, Peter Lehmann, Jean-François Le Jeune, Daniel Rouvery, Denis Samuel-Lajeunesse, Florence Tordjman.

Gaining the Competitive Edge

In 2004, developments in French and European legislation and regulations led Gaz de France to conduct major changes in its legal status and operating organization. The Group may now fully benefit from opportunities that occur, in an environment in which natural gas is called on to become one of the primary sources of energy. Gaz de France thus re-affirms the ambition set out in its industrial development strategy – to be one of Europe's energy leaders. To achieve this ambition, Gaz de France plans to develop its integrated model at all stages of the gas industry and identify new opportunities for growth by internationalizing and diversifying its offering and by strengthening its commitment to sustainable development.



Provide access to the transmission system for all natural gas suppliers.

A NEW LEGAL STATUS

Gaz de France, which was originally a public-sector entity created in 1946, has become a stock corporation, in application of the law of August 9, 2004. The obligation to focus on a single commodity has been lifted and Gaz de France may now freely engage in any gas industry activity and operate in all other energy sectors. In the deregulated energy market, Gaz de France thus has resources comparable to its European competitors.

The transformation into a stock corporation will enable Gaz de France to access the new financial resources it needs to continue to grow. The law of August 9, 2004, authorizes Gaz de France to open 30% of its capital to private and international investors.

Nevertheless, Gaz de France will remain in the public sector, since the majority of the capital will remain in the hands of the French State.

A CONFIRMED PUBLIC SERVICE MISSION

Gaz de France's public service obligations under the law of August 9, 2004, are spelled out in a contract between the Company and the French State. This contract, which covers three years (2005-2007), particularly concerns the obligation to provide continuous reliable supplies, to ensure regular, quality service, to adjust gas rates for non-eligible customers on a multi-year basis, and to implement an environmental protection policy and a research and development strategy.

In an environment of increased competition, Gaz de France will continue to target corporate growth and public service in a sustainable development approach.

MAJOR STRUCTURAL CHANGES AS THE MARKETS CONTINUE TO OPEN

Pursuant to the second directive, Gaz de France unbundled its transmission and distribution activities from its commercial operations.

Transmission activities are concentrated in a subsidiary, Gaz de France Réseau Transport S.A., as a result of the obligation to unbundle these operations legally from the Group's other activities.

Two entities were created to manage distribution in France: Gaz de France Distribution Strategy and EDF Gaz de France Distribution Operations, the latter a joint Gaz de France EDF division in charge of technical network operations and daily relations with local governments and franchisors.

Gaz de France Distribution Strategy, which oversees third-party access to the natural gas distribution network in France, is organized to provide access to all natural gas suppliers in complete neutrality, while ensuring the confidential character of the sensitive commercial data handled.

The deregulation of the energy market now allows the competition to act freely and transparently.

Since July 1, 2004, 70% of the customers in France have become eligible.

Gaz de France is now preparing for the next step – the opening of the market to all classes of customers as of July 1, 2007.



Guarantee a comfortable standard of living for all.



Gaz de France, one of Europe's energy leaders.

BOLSTERING LABOR RELATIONS

The success of Gaz de France's industrial development strategy is based on the motivation of the Company's employees and the adaptation of their skills to the development of the businesses. Against this background, Gaz de France has launched a campaign to consult and negotiate with the workforce on different subjects, including retirement and pensions, qualification and compensation, safety and health and equal employment opportunity.

In addition, the law of August 9, 2004, included a provision for an employee shareholding program for up to 15% of the capital in the Initial Public Offering (IPO).

ENERGY SUPPLY AND SERVICES

In an energy market characterized by **strong growth** and increased competition, Gaz de France continues to expand its **reserves** and **production**, while making its supplies more reliable and diverse. The Group also bolsters its positions in liquefied natural gas (LNG). Gaz de France is **a benchmark energy supplier**, with its **multi-service** and **multi-energy commercial offerings**, comprised of **brands** adapted to each customer class – key accounts, professionals, local governments and residential consumers.



1,124
employees

5.2 billion m³
of natural gas produced
by Gaz de France

EXPLORATION AND PRODUCTION

An essential link ensuring integration and competitiveness

The success reported in 2004 in the exploration of new deposits in the Netherlands, the United Kingdom and Algeria will bolster the diversification of natural gas resources and make gas supplies more reliable, one of the major objectives of Gaz de France. The expansion of the Group's portfolio of oil and gas assets, particularly in Norway and Egypt, also boosted diversification. Gaz de France plans to expand its exploration and production zones beyond the borders of Europe, in order to supply Group markets.

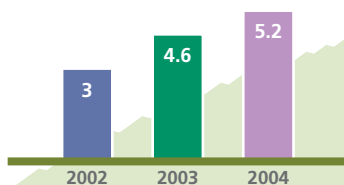


Studying structural maps.

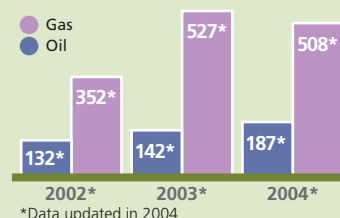
SUCCESS IN EXPLORATION AND INCREASED PRODUCTION

Confronted by the rise in the price of oil, Gaz de France stepped up its exploration efforts by participating in the drilling of eight wells in the British and Dutch North Sea sectors, and in southern Algeria. Six of these wells showed positive results, and for five out of the six, gas will be commercialized rapidly. In 2004, Gaz de France produced 5.2 billion m³ of natural gas, representing 32.8 million barrels oil equivalent (boe), up 10% from 2003, and its portfolio of oil and gas assets was bolstered by several acquisitions, in the North Sea (particularly, the Gjoa field in Norway) and outside of Europe. Gaz de France produced approximately 10% of the gas it sold directly in 2004 (excluding international transmission and distribution subsidiaries). Gaz de France is therefore well on its way to achieving its objective of holding in the medium-term a

GAZ DE FRANCE PRODUCTION
OF NATURAL GAS
(billions of m³)



GAZ DE FRANCE RESERVES
(PROVED + PROBABLE)
(millions of barrels oil equivalent)





A Gaz de France engineer on a platform in the North Sea.

portfolio of proved and probable reserves of approximately 1,000 million boe (two-thirds of which in the form of natural gas, so as to be able to produce a volume of natural gas equal to 15% of the Group's sales, excluding those of international transmission and distribution subsidiaries).

A DEVELOPMENT PROGRAM IN NEW COUNTRIES

The expected decline in production in the North Sea requires expanding natural gas exploration and production activities to deposits located in other geographical areas that are at an economically feasible distance from the European market. New investments are being examined in North Africa and the Middle East. A first well has been drilled in Algeria and, in Egypt, the West Burullus exploration block has been attributed. In addition, the production of

natural gas is closely linked to that of oil. In 2004, oil production represented approximately one-third of the Group's total production, a trend that Gaz de France wishes to develop in the coming years.

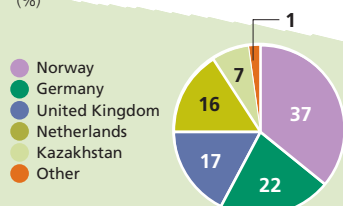
LOCKING IN DEVELOPMENTS IN GERMANY

In 2004, the operation of the German assets of PEG (formerly Preussag Energie), which Gaz de France acquired in 2003, enabled the Group to develop its activities as operator of a number of deposits with reserves* estimated at the end of 2004 at 104.2 billion boe of natural gas and 44.7 million barrels of oil. The good level of cash flow PEG reported in 2004 reflected this subsidiary's continued efforts and a significant increase in sales volume. New exploration and storage projects are also being studied.

*Proved and probable reserves.

GEOGRAPHIC BREAKDOWN OF RESERVES (PROVED + PROBABLE) OF NATURAL GAS AND OIL

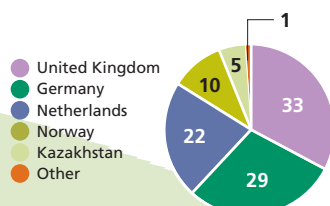
(%)



At the end of 2004

PRODUCTION AREAS (NATURAL GAS AND OIL) IN 2004

(%)





Aerial view of the Noble Piet van Ede platform in the North Sea.

BOLSTERING ACTIVITIES IN THE NORTH SEA SECTOR

In the United Kingdom, GDF Britain, acting as operator, was successful in striking gas in the two exploratory Munro and Topaz wells, located in the southern part of the North Sea. Seventy-five percent of the south sector's production has been made available to Gaz de France.

In the Netherlands, the Group has an equity interest in 36 wells, 25 of which are producing wells of which the Group is the majority operator. In addition, it operates the undersea NGT pipeline.

In Norway, oil production at the Fram and Njord fields, in which the Group is a partner (respectively 15% and 20%), rose to 4.9 million barrels in 2004. This growth was accompanied by excellent conditions of profitability. The continued development of the Snøhvit project, in which Gaz de France has a 12% equity interest, will make it possible to deliver to the Group, beginning in 2006, LNG produced in a prefabricated liquefaction plant on a barge, a world first in the field.

ONGOING EXPLORATION IN NORTH AFRICA

In Algeria, Gaz de France has conducted seismic campaigns at the Touat field, where it is an operator. Four wells will be drilled there in 2005. The first drilling phase at the Ahnet field has been completed.

In Egypt, the objective is to produce a sufficient quantity of gas to run a liquefaction train. Gaz de France continues to strengthen its positions there thanks to the attribution of the West Burullus exploration block.

GAZ DE FRANCE, A QUALIFIED OPERATOR IN NINE COUNTRIES

The Group is now qualified as an operator in France, the Netherlands, Germany, the United Kingdom, Algeria, Norway, Libya, Egypt and Kazakhstan. In 2004, Norwegian authorities qualified the subsidiary Gaz de France Norge as a production operator at the Gjoa field, where startup is scheduled for 2008. These qualifications enable Gaz de France to be more directly involved, not only from a technical point of view, but also as concerns strategic investment and development decisions. They formalize the recognition of Gaz de France expertise by national authorities and the Group's partners.

236,588
new natural gas
heating customers

78 billion kWh
sold to key accounts
and LDCs outside
of France

ENERGY SUPPLY

Confirming its role as the benchmark supplier customers choose

Marked by a sharp rise in the price of oil, the year 2004 was also characterized by a major increase in the demand for natural gas.

To provide the resources that will ensure its development in the European market and internationally, Gaz de France strengthened the diversity and reliability of its gas supplies, and bolstered its activities in liquefied natural gas (LNG).

The Group expanded the range of energies and services it offers, and bolstered its commercial presence in all its markets.

A MARKET CHARACTERIZED BY STRONG GROWTH AND RAPID CHANGE

In 2004, there was a sharp rise in the price of oil and an across-the-board increase in both short- and long-term gas prices, in particular because the price of gas is indexed on that of oil.

In addition, there was a significant reduction in deliveries of Algerian LNG during the year, since part of the Skikda plant (Algeria) was unavailable. Gaz de France, nonetheless, continued to supply all of its customers. Sales to European key accounts rose significantly to almost 78 billion kWh versus 50 billion kWh in 2003 (+ 56%).

The rise in demand for natural gas in Europe, North America and Asia also highlighted the growing role of LNG, which now accounts for almost one quarter of global gas trades.

This situation also confirmed the possibility for Gaz de France to pursue the development of its capacities in the production (liquefaction and regasification), transmission and marketing of LNG. To respond to the growth of its LNG activities, the Group signed new contracts for the construction and long-term charter of two new 153,500 m³ tankers to be commissioned at the end of 2005 and the end of 2006, respectively, and for the charter of two other tankers of 130,000 m³ and 145,000 m³ in 2005-2007.



Building of an LNG tanker at Saint-Nazaire.

DIVERSIFIED, RELIABLE NATURAL GAS SUPPLIES

Gaz de France's total natural gas supplies amounted to 630.2 billion kWh, counting all sources. Its supply portfolio is one of the most diversified in Europe, with Norway, Russia, the Netherlands and Algeria as major suppliers. Long-term contracts with suppliers (80.5% of the gas delivered in 2004) assure the Group and its customers of regular, reliable supplies. ►



Aerial view of the DK6 plant at Dunkerque in northern France at the end of 2004.

- However, with reference to 2010, the progressive depletion of gas resources in the British North Sea sector and the growing needs created by the Group's development in the European market oblige the Company to lock in access to lasting and competitive resources, in particular through LNG.



Shotton electricity plant in the United Kingdom.

The year 2004 was thus marked by the first shipment of Libyan gas and gas produced by the PEG exploration and production subsidiary (formerly Preussag Energie) in Germany. The first shipments of Egyptian LNG, which represent a volume of 55 billion kWh on a full year basis, are scheduled for 2005.

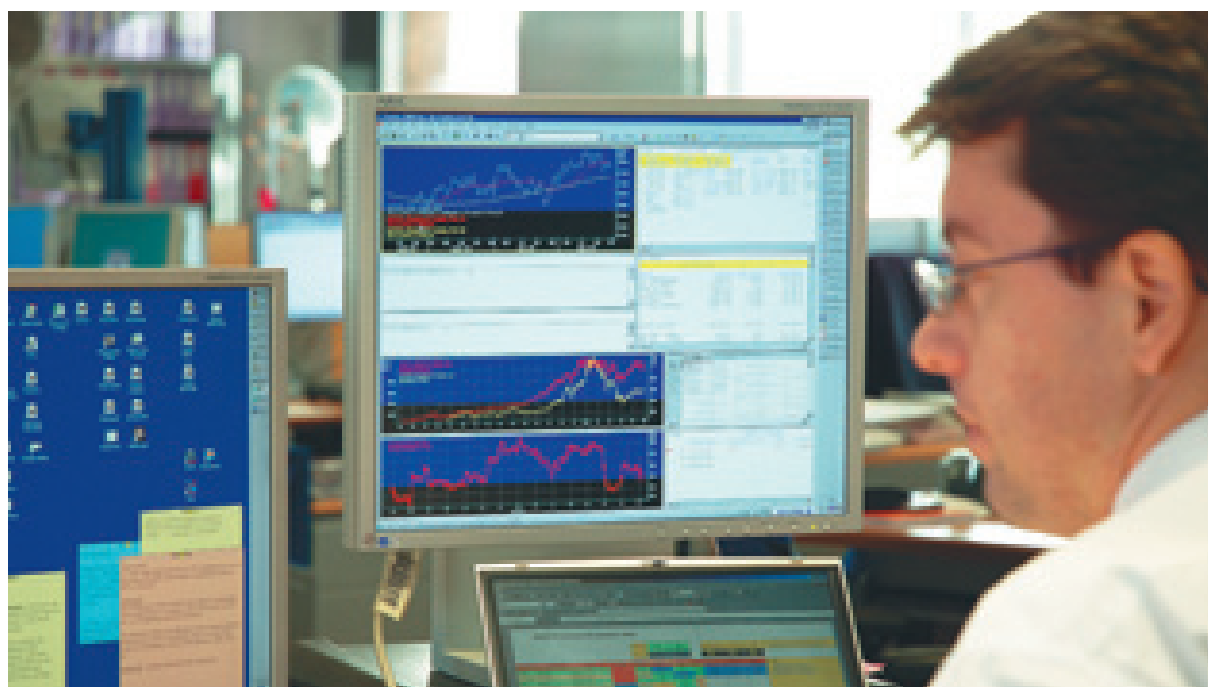
To help control costs and adapt resources to customer requirements, Gaz de France was active in the spot markets, buying 95 billion kWh.

For short-term transactions, Gaz de France relies on the expertise of Gaselys, a joint subsidiary of the Group and Société Générale, which aims to position itself as a leading player in the European energy brokerage and risk management market.

■ PREPARING TO SUPPLY ELECTRICITY

In 2004, Gaz de France was granted a license to supply electricity, an essential activity for the Group's development.

The volume of electricity marketed primarily in the United Kingdom and France totaled 10.2 billion kWh in 2004. At the same time, the Group continued to build a portfolio of its own production assets that are geographically diversified and economically profitable. In 2004, the Shotton power plant in the United Kingdom (215 MW) completed its first full year of production; the DK 6 facility (788 MW, of which 533 MW for Gaz de France) at Dunkerque (France) will start operations in 2005; and the Cartagena plant (1,200 MW) in Spain will be operational in 2006. ►



Trading room at Gaselys, Gaz de France's trading subsidiary.

GAS RELEASE PROGRAM

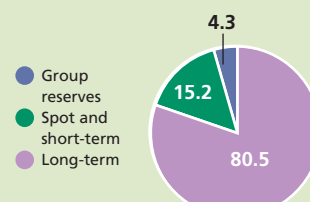


Southwestern France is a region in which there is less competition than in the rest of the country because of the current configuration of the transmission system.

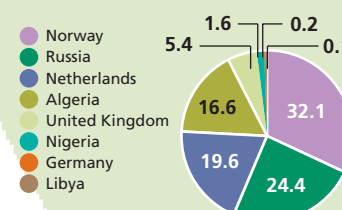
After consulting the French energy regulatory

commission and in keeping with the commitments made to the European Commission, Gaz de France set up a gas release program in the second half of 2004 at the gas interconnection point in the southern transmission zone in France. This transaction aims to promote the entry of new suppliers in the gas market in the south of France. Altogether, 45 billion kWh will be released to third parties over a period of three years, beginning in 2005, i.e. 18 billion kWh released to several European companies at an auction in October 2004, and 27 billion kWh negotiated privately.

GAZ DE FRANCE'S NATURAL GAS SUPPLY PORTFOLIO BY TYPE (%)



GAZ DE FRANCE'S LONG-TERM NATURAL GAS SUPPLY PORTFOLIO BY SOURCE (including the Group's own resources incorporated into its supply portfolio) (%)



Énergies Communes® confirms Gaz de France as a benchmark energy operator for local governments.



Gaz de France also plans to benefit from the dynamic created by the development of electricity from gas. There is a need for new power plants and the competitiveness of natural gas has been confirmed, in particular with the implementation of the European carbon dioxide emission allowance policy in 2005.

■ ENHANCED COMMERCIAL DEVELOPMENT

In 2004, Gaz de France bolstered its commercial activities in all its markets, reporting in particular 236,588 new heating customers. This increase represents a decisive step toward the objective of one million additional natural gas heating customers, between July 2003 and July 2007, before the opening of energy markets to residential customers.

Since July 1, 2004, small businesses, professionals and local governments can freely choose their energy supplier. Many customers have already opted for eligible offers and renewed their confidence in Gaz de France.



An example of commercial development – the creation of Gaz de France Dolce Vita® boutiques.



*With Dolce Vita®,
Gaz de France enhances
customer relations
by advising on how
to personalize comfort
in the home.*

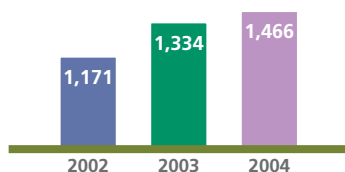
A PORTFOLIO OF BRANDS TO WIN CUSTOMERS AND ENSURE THEIR LOYALTY

In a deregulated market, the competitive factor not only concerns the choice of energy (gas, electricity or fuel oil), but the choice of the energy supplier as well. To enhance customer loyalty, Gaz de France has developed personalized customer relations programs. Customers in eligible markets benefit from a commercial relationship that is adapted to their needs, including tailored offerings, comprehensive solutions, specialized advisors available over the telephone, marketing by partner installers and the new Internet site www.gazdefrance.fr.

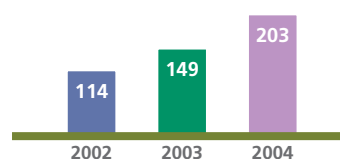
The bank Solfea (formerly Petrofigaz and a subsidiary of Gaz de France) offers loans to residential customers and condominium boards to finance natural gas installations, working closely with the Group and its partners. Introduced in October 2004, the bank's new name reflects the values of carefree living conveyed by Gaz de France's DolceVita® brand.

After having launched targeted brands (Gaz de France energyY® for key European industrial and commercial accounts, DolceVita® for residential customers, and Énergies Communes® for local governments), the Group rounded off its brand portfolio in April 2004 with Provalys®, dedicated to small businesses and professionals that have been eligible since July 1, 2004.

NUMBER OF NGV BUSES



NUMBER OF GARBAGE TRUCKS POWERED BY NGV





Gaz de France energy[®], the first brand created by the Group for eligible European key accounts in August 2000, pursued its strategy to build a European customer base and contributed to Gaz de France Group projects with industrial and commercial customers at their facilities in Europe. Its personalized offerings, co-developed with Key Accounts, meet their major performance requirements in terms of supply, price risk management and energy efficiency. The brand is involved in projects at 3,520 locations in Europe. Gaz de France energy[®] solutions usually combine energy supply (natural gas and electricity) and the supply of services. Via the Group's subsidiary Gaselys[®], Gaz de France energy[®] also makes its expertise in trading and price engineering available to customers.



Provalys[®] makes the Group's expertise and innovation, its network of partners and its knowledge of customer preoccupations available to small businesses and professionals by working closely with them on their energy projects. The brand proposes a comprehensive supply package for natural gas, electricity and related services with personalized price engineering. Customers benefit from simplified energy management procedures with, for example, conjunctive billing (for both natural gas and electricity) and services designed to help them control their energy budgets. Customers can also be assisted on regulatory and technical questions via the telephone advisory service ExpertGaz, which puts them in direct contact with Gaz de France experts.



Solutions and services for industrial customers.



A brand for professionals, shopkeepers, subcontractors and small businesses.

NEW PROSPECTS FOR NGV

NGV (Natural Gas for Vehicles) has already won over local government decision-makers. Today, almost 2,000 natural gas utility vehicles (buses and garbage trucks) are on the road in France. In partnership with Citroën, Gaz de France presented a marketing innovation based on NGV at the 2004 Paris automobile show. Along the lines of its DolceVita[®] and Provalys[®] brand offerings, Gaz de France will provide customers with a transportation solution that is economical and environmentally friendly. When burned in an engine, natural gas produces 23% less CO₂ than gasoline and significantly reduces emissions of sulfur oxides, lead and particulate matter.





Énergies Communes®, introduced in 2003, continues to win over local governments by offering adapted rates (fixed rates, indexed rates) and demand-side management services. Its customized solutions illustrate Gaz de France's determination to work with local governments in a competitive market, while maintaining its public service values. With its high value added solutions, this brand confirms Gaz de France as the benchmark gas supplier for local governments.

Gaz de France's participation in the Rencontres Territoriales de l'Énergie and the annual convention of French mayors in November again contributed to boost the brand's notoriety in the local government sector.



DolceVita®, an offering tailored to residential customers, aims to enhance comfort in the home. Since it was launched in November 2002, this brand has proven to be very popular and re-affirms the good image of natural gas in France.

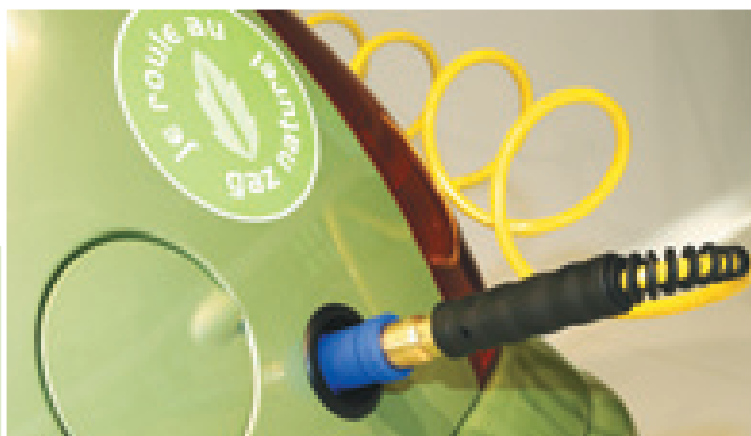
In an environment of increased competition among energies, Gaz de France strengthened its relations with residential customers and prospects. The promotion of Diagnostic Qualité Gaz de France, a program designed to identify potential installation risks at residential customers', gained momentum in 2004 with more than 456,000 inspections, for a total of more than 3.5 million dwellings checked since 1997. Gaz de France also launched new ways to relate to customers, opening the first two Gaz de France DolceVita® boutiques in Toulouse and Lyon.



Customized products and services to accompany local governments.



A value of the Dolce Vita® brand is to personalize comfort in the home.



Citroën C3, powered by natural gas, presented at the Paris automobile show.

SERVICES

A fundamental activity to lock in the loyalty of a growing number of customers

In 2004, Gaz de France's Services branch showed that for the Group, in an energy market open to competition, it represented a major tool to encourage and enhance customer loyalty. As the third largest operator in France in the service sector and the second largest in Italy, Gaz de France develops a full range of services for its residential, commercial and industrial classes of service, as well as for local governments.



Chimney of a cogeneration plant.

A major contract signed in Italy: Centostazioni

Cofathec Servizi signed a five-year contract with 67 rail stations located in the northern part of Italy, representing net sales of 82.5 million euros. Operations began in April 2004. Cofathec Servizi provides energy services, maintenance of facilities (technical and commercial), cleaning and handling.

LONG-TERM MULTI-SERVICE AND MULTI-ENERGY PACKAGES

In 2004, Gaz de France's Services branch considerably expanded its range of offerings. Synergies were reinforced with the Group's marketing and sales teams in all the countries in which Gaz de France works. Cofathec and the other service subsidiaries offer long-term multi-service and multi-energy solutions to its residential, commercial and industrial classes of service, as well as to its local government partners.

In 2004, Cofathec and its subsidiaries signed long-term contracts in several European countries. In France, contracts were signed with industrial groups (BSN, in partnership with Gaz de France's Supply and Trading division) and local governments (NGV bus service station in Lille in northern France). In Italy, a contract was signed (see box) for the maintenance of 67 rail stations in the northern part of the country, and a contract was finalized for the operation of the cogeneration plant that supplies energy to the Pilkington glassmaking facility.

In the United Kingdom, the UKAEA nuclear fusion research center signed a contract with Cofathec Heatsave for energy services, maintenance, financing and works. These contracts are proof that Gaz de France's service offerings are relevant, and that the Company has been able to respond to the outsourcing needs of a growing number of companies.



Geothermal plant at Meaux, east of Paris.

FROM ENERGY OPTIMIZATION TO FACILITY MANAGEMENT...

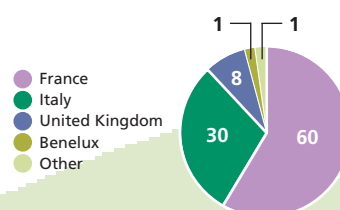
Gaz de France's service offering has always been linked to the supply of energy. Contracts primarily target the achievement of results with reduced prices for equivalent services and the optimization of facilities, services that generally include equipment maintenance. These offerings now cover all energy needs, including surveys, design and manufacture of equipment, energy control and optimization, management of industrial facilities, multi-technique maintenance, management of heating and cooling systems and operation of NGV stations.

In addition, Gaz de France's service offering has been expanded to include facility management: services for buildings, people, processes, financing, etc. In Belgium, for example, Electrabel commissioned Cofathec Benelux to provide facility management for the administrative and social services offices of five electric power plants for six years (total surface area of 30,000 m²). Market share increased in the public and semi-public sectors (the penitentiary administration, the French national rail company SNCF, EDF, UNEDIC), in particular with the development of public-private partnerships. Long-standing contracts, with Schneider and Casino, were beefed up. An intranet gateway has been developed to manage customer service requests (assistance, repairs, works), in addition to existing service packages that simplify facility management. By taking charge of extraneous matters, these offerings allow customers to focus on their core business.

...INCLUDING AN ELECTRICITY OFFERING

To ensure customer loyalty and expand its customer base, Gaz de France launched an electricity offering. In Services, Cofathec Projis, which is specialized in electricity production facilities, is responsible for the construction of the 800 MW DK6 electric power plant (commissioning scheduled for 2005). The firm also manages other cogeneration facilities, such as for Papeteries du Bourray in France (7.6 MW) and for the British glassmaker Pilkington in Italy (29 MW). In addition, Cofathec Projis monitors the technical aspects of operations and maintenance at the Shotton electric power plant in the United Kingdom (215 MW).

BREAKDOWN OF THE GROUP'S WORKFORCE IN EUROPE
(%)



INFRASTRUCTURES

In August 2000, Gaz de France opened its transmission systems and distribution networks to third parties. Since July 1, 2004, **the market has been open** to professionals, companies and local governments. The Group adapted the organization of its infrastructure activities in order to ensure management in keeping with the principles of **transparency** and **non-discrimination** stipulated in government regulations.

Gaz de France also continues to **develop** and **optimize** its **transmission systems** and **distribution networks**, as well as its storage facilities and LNG terminals.

Outside of France, the Group pursues its controlled strategy of **acquiring equity interests** in European transmission and distribution utilities, and is active in other **international projects**, especially in **liquefied natural gas** (LNG).



255
connection contracts
signed at the end
of 2004

695
billion kWh
of gas carried

31,365
kilometers
in the French
transmission system

TRANSMISSION, STORAGE, LNG TERMINALS - FRANCE

Compliance with the second directive

In 2004, Gaz de France reorganized its transmission activities to comply with recent regulations that require the legal unbundling of transmission operations from Gaz de France's natural gas supply activities. The reorganization involved two main issues: on the one hand, natural gas underground storage and LNG reception and regasification activities were maintained in the parent company, while on the other hand, transmission operation responsibilities were transferred to a subsidiary.



Stringing tubes for the loop in southwestern France.

A NEW ORGANIZATION TO ADAPT TO MARKET DEREGULATION AND TO ACCOMPANY THE DEVELOPMENT OF NATURAL GAS ENERGY

In 2004, in its infrastructure management role, Gaz de France enhanced compliance with the principles of transparency and non-discrimination among the different users. A new organization was introduced, in accordance with the second directive and the law of August 9, 2004. Thus, since January 1, 2005, transmission operations are concentrated in a wholly owned subsidiary of Gaz de France S.A., Gaz de France Réseau Transport S.A., and are distinct from the Group's other activities.

In addition, at the beginning of January 2005, Gaz de France and Total signed an agreement to unwind their equity holdings and the contracts that bound them via their joint subsidiaries Compagnie Française de Méthane (CFM) and Gaz du Sud-Ouest (GSO, now named Total Infrastructures Gaz France). After this transaction, Gaz de France became the sole shareholder of CFMH (which owns 100% of CFM) and Total took complete control of GSO. In addition, the two companies may work together on the future LNG terminal at Fos Cavaou in the south of France.



The Edouard LD tanker arriving at the Montoir-de-Bretagne LNG terminal.

■ EUROPEAN SHIPPERS ENJOY ACCESS TO TRANSMISSION, STORAGE AND LNG TERMINAL FACILITIES

Gaz de France continued to introduce and adapt its commercial transportation service. The Company was thus led to adapt and amend the general conditions applicable to all authorized suppliers, providing more detailed information on available capacities and transactions at gas interconnection points. The first rate schedule proposed by the French energy regulatory commission took effect on July 1, 2004. It was drawn up on the entry/exit model by region and is consistent with the rate schedule applied since January 2003.

These new transmission rates enhance the fluidity of the market, one of the objectives of the new regulations.

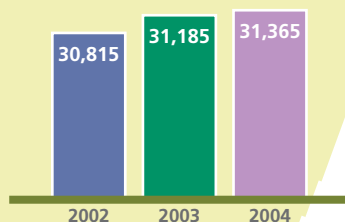
The figures on transmission activities provide a good illustration of market deregulation. There were 12 natural gas shippers at the end of 2004, versus 8 at the end of 2003. Since February 2004, the quantities of gas released in private trades between shippers at gas interconnection points have risen rapidly. At the end of 2004, the number of connection contracts had more than doubled – 255 contracts were operative, compared with 110 at the end of 2003. In addition to new connections, these contracts primarily concern large industrial and commercial ►

FOS CAVAOU, an LNG terminal for the future

Construction of the LNG terminal at Fos Cavaou in the south of France started in August 2004. It represents a major infrastructure and an important base for Gaz de France. The new LNG terminal will help bolster the reliability of supplies and meet the growing demand for natural gas in the region. It will increase the natural gas reception capacity of the Fos site by 8.25 billion m³/year. The Fos-Tonkin terminal now has a reception capacity of 5.5 billion m³/year. It will also help diversify sources of supply, in particular with the shipments of Egyptian natural gas that are scheduled to arrive, in keeping with the agreements signed by Gaz de France.

Beginning in 2007, when the terminal starts operations, Fos Cavaou will be able to receive LNG tankers capable of transporting up to 155,000 m³ of LNG. It will offer ships direct access from the high seas, the best solution in terms of safety at sea.

FRENCH TRANSMISSION SYSTEM
OF GAZ DE FRANCE
(km)



Wellhead of an underground storage facility.

- ▶ customers that have exercised their eligibility.

The regulations also required storage operators to provide storage service as of July 1, 2004. Within this framework, Gaz de France proposed conditions for natural gas storage service, which have been published on the Group's Internet site since April 2004.

Access conditions for the LNG terminals at Fos-Tonkin and Montoir-de-Bretagne are also published on the Group's Internet site.

DEVELOP INFRASTRUCTURES AND OPTIMIZE THEIR PERFORMANCE AND RELIABILITY

To keep pace with the growing demand for natural gas, Gaz de France continued to develop and optimize its infrastructures.

The new Maine-Normandie pipeline was commissioned in December 2004. New investments were decided to develop the system, such as the completion of the works to loop the Guyenne pipeline in southwestern France and the construction of a new compressor station at Cuvilly, north of Paris. A new compressor station is being built at Roussines,

in western France, and is scheduled to start operations in 2005. And throughout France, several compressor stations are being completely upgraded.

These projects help make system operations more fluid, thereby facilitating access for gas suppliers and customers. Other investments are planned in the compressor station depollution program and to enhance the reliability of industrial facilities. At the same time, the Group pursued its extensive system inspection and diagnosis program, monitoring 2,300 kilometers of pipelines in 2004.

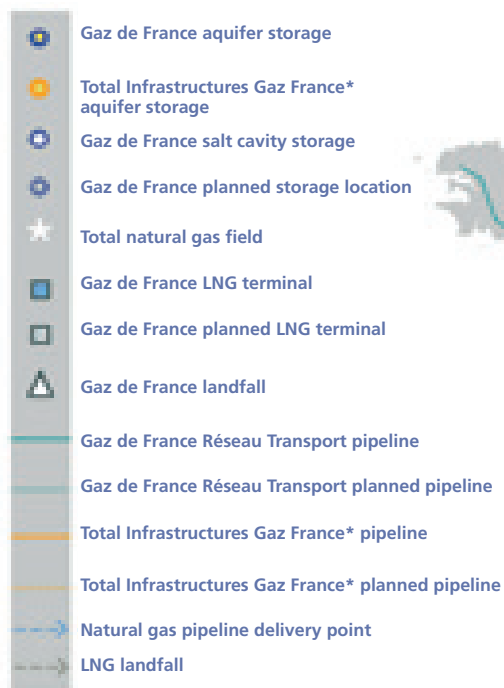
For underground storage sites, a renovation program was launched for the period 2005-2015.

In LNG, the terminals at Fos-sur-Mer and Montoir-de-Bretagne received approximately 18 million m³ of LNG in 2004 (i.e. 10 billion m³ in a gaseous form), representing almost 20% of the natural gas France imports annually. Construction began at the Fos Cavaou site in August. The terminal is scheduled to start operations in 2007.

The increase in LNG reception capacities provided by the new terminal (8.25 billion m³/year) will enable Gaz de France both to create a new entry point for natural gas supplies in southeastern France, and to bolster the reliability of supplies to France by diversifying its sources of supply.

Natural gas: transmission system, storage facilities and LNG terminals in France

As of January 1, 2005



Safety valve at an underground storage facility.

SUSTAINED QUALITY POLICY

Attentive to the quality of its services, Gaz de France pursued its certification policy in 2004. ISO 9001 certification was renewed for the following processes – calculation and informing industrial consumers of the total energy quantity delivered, odorizing of gas at city gate stations, gas hook-up and shipment, transportation via the transmission system and regasification at LNG terminals. ISO 14001 certification was awarded to seven facilities, including the LNG terminals, several underground storage facilities and a compressor station.

8,868
municipalities
connected to
the Gaz de France
distribution
network

335
billion kWh
of natural gas carried
via the natural gas
distribution network

174,540
kilometers
in the distribution
network

DISTRIBUTION - FRANCE

Distribution network open to all natural gas suppliers

Since July 1, 2004, the natural gas market is open for all professional, corporate and local government customers. They have become "eligible" and thus free to choose their natural gas supplier. This market deregulation involved the obligation for Gaz de France to open the distribution network to all the suppliers operating in France, under conditions that guarantee perfect neutrality and equal treatment.

GUARANTEEING FREE AND NON-DISCRIMINATORY ACCESS FOR ALL

On July 1, 2004, 633,000 sites became eligible, i.e. approximately 1,000 times the number in the previous year. This change in scale required reinforcing the measures

taken since 2002 to guarantee free and non-discriminatory access to all network users, respecting the confidential character of sensitive commercial information.

To ensure the distribution of natural gas, two entities were created on July 1, 2004 – Gaz de France Distribution Strategy and EDF Gaz de France Distribution Operations, both spinoffs of the Distribution division. They act together to carry out Gaz de France's distribution activities, i.e. moving natural gas through to customers on behalf of all suppliers, hooking consumers up to the distribution network and providing services linked to the delivery of natural gas, designing, building, operating, maintaining and developing the natural gas network while guaranteeing its safety and reliability, and finally with delegated authority, managing the public service obligations of natural gas distribution on the basis of franchise agreements.

Gaz de France Distribution Strategy defines the technical, investment and development strategy for the network's assets. It manages natural gas transportation contracts with suppliers and natural gas delivery agreements with consumers. It discusses rate proposals with the French energy regulatory commission before they are submitted to government authorities for approval. It negotiates franchise agreements and is responsible for relations with the French energy regulatory commission in the distribution sector.



Marker post indicating the presence of a high-pressure natural gas transmission pipeline.



Tracking distribution mains.

EDF Gaz de France Distribution Operations, a joint Gaz de France EDF entity, is the contact for local governments and franchising authorities. On behalf of Gaz de France, it is the industrial operator in charge of the technical construction and development of the distribution network and network operation and management. EDF Gaz de France Distribution Operations is also responsible for the management of residential customers until 2007.

ORGANIZING RELATIONS WITH SUPPLIERS AND ELIGIBLE CUSTOMERS

In order to offer all suppliers free and equitable access to the distribution network, a Distribution Carrying Agency is now operational in Gaz de France Distribution Strategy. It manages gas-carrying contracts with suppliers and calculates the quantities carried by each supplier on a day-to-day basis to help determine the needs of transmission system operators and suppliers.

In France, eight Gas Distribution Regions were created at the beginning of 2004 to manage customer hookups with other suppliers and delivery agreements. A dedicated data system, called SYGARD, processes the information. Ninety-six customer and supplier service centers were also opened at EDF Gaz de France Distribution Operations offices in order to facilitate communication with suppliers and eligible customers.

GUARANTEEING NETWORK QUALITY AND SAFETY

To build a quality network and provide access to the greatest number, a distributor implements an industrial development strategy based on sustained investment over time, as well as long-term action and partnerships. At the grassroots level, businesses linked to the network continue to be conducted with the same professionalism to design, build, operate and develop the natural gas distribution grid, while taking into account the new obligations of confidentiality and impartiality among the different suppliers.

With regard to the safety of installations, work continued to modernize the network and replace grey cast iron mains. This program was stepped up in 2004, with the replacement of 840 kilometers of mains. At the end of 2004, grey cast iron mains accounted for 1.2% of the distribution network. Gaz de France has committed to replace all grey cast iron piping by the end of 2007. The reliability of distribution network maps and plant databases was also bolstered.

A Group priority is to reduce damages to Gaz de France's natural gas distribution network caused by third party interference. Awareness-heightening campaigns are organized for companies that work on public land to prevent damages that may affect the safety of people and property. A partnership agreement was signed to this end with the Fédération Nationale des Travaux Publics and professional organizations. ►

DEVELOPING THE NATURAL GAS NETWORK

Access to natural gas contributes to a region's development and attractiveness. It is, therefore, up to the distributor to meet the demand by monitoring the economic profitability of network expansion and new franchises.

With 174,540 kilometers of mains, the natural gas network covers a large part of France. Seventy-six percent of the French population lives in a municipality hooked up to the natural gas distribution network. The distribution network of Gaz de France carried 335 billion kWh of natural gas in 2004.

In the residential and commercial markets, 236,588 new customers chose natural gas to heat their premises. This involved launching infill market plans focused on supplying municipalities that are not connected, and making the network denser in the municipalities that are already served.



To accompany projects to connect customers to the natural gas network, 23 regional development offices were created in Gaz de France Distribution Strategy. They work with EDF Gaz de France Distribution Operations and with the supplier Gaz de France, the only supplier currently operating in these markets.

In the corporate market, Gaz de France Distribution Strategy created nine corporate account development agencies that are in charge of relations with professional customers, suppliers and professional sectors (installers, engineers, architects, real estate developers).

The role of these agencies is to accompany eligible customers throughout their project of connection to the natural gas network, while guaranteeing strict neutrality. They work closely with EDF Gaz de France Distribution Operations, which makes the connection to the natural gas network and begins service to the new customers.

STRENGTHENING PARTNERSHIPS WITH LOCAL GOVERNMENTS

By franchise agreements signed with franchising authorities, the distributor Gaz de France takes responsibility for distributing gas in the area controlled by these local governments.

Within the framework of market deregulation, the distributor accompanies franchising authorities and local governments in their projects, maintaining the guarantees of public service, quality and safety. Every local government has a dedicated staff member as contact, from the launch of projects to their implementation. Local governments not hooked up to the mains may now choose an operator for the public distribution of gas in their municipality via a tender. It was in this competitive environment that when the outlook for profit seemed reasonable, the distributor Gaz de France submitted a bid and made an offer. In 2004, 58 additional municipalities chose Gaz de France as distribution network operator within the framework of the Company's current public service obligations.

Altogether, 8,868 municipalities are now connected to Gaz de France's natural gas network.

*Expanding
the natural gas
distribution
network.*



In 2004, 58 additional municipalities chose Gaz de France as their distribution network operator.

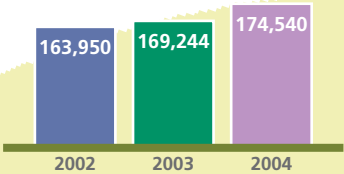
CONTINUING TO APPLY A QUALITY APPROACH, THE BASIS FOR CUSTOMER SATISFACTION

Launched in 1999, the quality approach aims to provide tools to guarantee high quality gas distribution at all times, i.e. distribution that meet health, safety and environmental protection criteria. The quality approach was continued in 2004, with the renewal of several ISO 9001 certifications.

Out of 11 processes identified, eight were certified in all the units of EDF Gaz de France Distribution Operations and two other processes in seven out of the eight regions.

In the field of environmental protection, ISO 14001 certification was awarded to all the facilities and activities of EDF Gaz de France Distribution Operations in 2004.

GAZ DE FRANCE'S DISTRIBUTION NETWORK (km)



COMITÉ TECHNIQUE ACHEMINEMENT, the distributor Gaz de France listens to natural gas suppliers

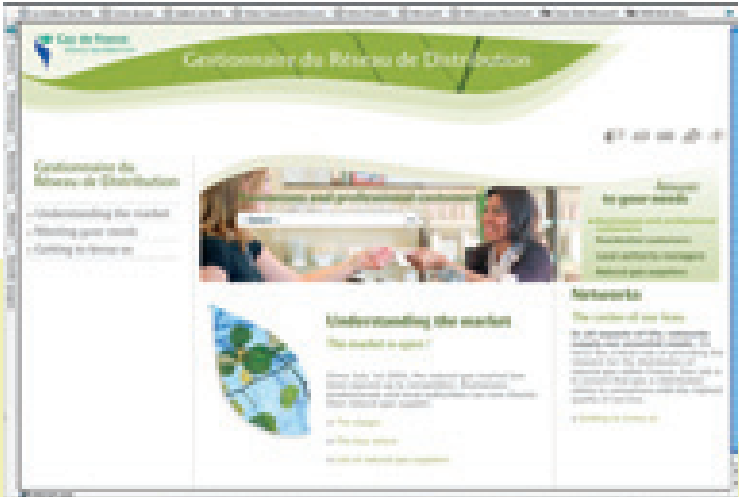
On November 4, 2004, several months after the opening of the market, the distributor Gaz de France launched a series of regular meetings with active suppliers in the natural gas market. These suppliers have negotiated carrying agreements and currently supply customers using the distribution network.

The purpose of these meetings is to inform users of the natural gas network about changes in the organization of the distributor Gaz de France and operations and relations with suppliers since the market was deregulated.

A demonstration was organized of the new functionalities of the supplier section of the Gaz de France Internet site (www.gazdefrance-distribution.com). In their dedicated section, suppliers have direct and secured access to request procedures and detailed information on contracts and billing.

The purpose of these regular meetings is to provide users of the natural gas network with clear information on the organization and services of the distributor Gaz de France as well as to identify their needs and answer their questions.

A supplier satisfaction survey will be organized in 2005. It will make it possible to pinpoint any difficulties encountered and ensure that distributor services satisfy network user needs over time.



www.gazdefrance-distribution.com, the site of the distributor Gaz de France.

1.6 million
customers outside
of France
(consolidated data)

TRANSMISSION AND DISTRIBUTION - INTERNATIONAL

Priorities include Europe and the development of liquefied natural gas (LNG)

In 2004, Gaz de France pursued its strategy of selective acquisitions of equity interests and assets focused on Europe. The takeover of Distrigaz Sud in Romania is a good example of the Group's efforts to strengthen its base in central and eastern Europe, at the crossroads of European gas exchanges, where the potential for development in the energy sector is significant. Participation in the launch of new projects, particularly in LNG, illustrates the commitment to strong development in the international market.

PRIORITY TO DEVELOPMENT IN THE EUROPEAN MARKET

Gaz de France wishes to capitalize on its recognized industrial and technological expertise in order to benefit fully from the growth in the natural gas market in Europe. This is why Gaz de France acquires transmission and distribution companies in Europe.

Gaz de France is also keen to make best use of its subsidiaries' integration into the Group and to improve their performances. It systematically seeks to identify synergies among its different activities in the countries in which it operates.

DISTRIBUTION AND MARKETING

In Belgium, where Gaz de France is already present in transmission, energy trading and services, the Group

acquired a foothold in marketing by signing a 50% partnership with the Association Liégeoise du Gaz.

In Europe, the Group's distribution companies and the companies of which the Group is a shareholder pursued their development. This was the case for Égáz and Dégáz in Hungary (a total of more than 752,000 customers), Gasag in Germany (more than 700,000 customers), Arcalgas and Italcogim in Italy (respectively almost 155,000 and 552,000 customers), SPP in the Slovak Republic (1.4 million customers) and Portgas in Portugal (more than 139,000 customers).

In addition, Gaz de France is expected to acquire an equity interest in the Romanian distributor Distrigaz Sud in 2005 (see box).

Outside of Europe, Gaz de France has subsidiaries in Mexico where it is the country's leading distributor in terms of the volume of gas moved, with the second largest customer base. In Quebec, Gaz de France is present through its indirect equity interest in the distributor Gaz Métro.



The Dahej LNG terminal in India.

EXPANDING TRANSMISSION TO SECURE SUPPLIES

The growth of the European natural gas market and the predictable depletion of resources in the North Sea by 2010 make it imperative to diversify sources of supply, tapping countries that are farther away. This is why Gaz de France implements a proactive strategy to reinforce its international infrastructures in order to respond to the growth in supply volume and secure the supply chain.



The Hungarian Parliament in Budapest.

In transmission, Gaz de France is active in Germany through Megal, in the Slovak Republic through SPP, in Belgium through Segeo, and in Austria through BOG. Gaz de France also has a 12% equity interest in the engineering firm in charge of the Medgaz project that will build a pipeline between Algeria and Spain.

LNG, A DEVELOPMENT FOCUS IN THE WORLD MARKET

Gaz de France intends to participate in the growth of LNG by developing its presence at all stages of this business.

In India, the Dahej regasification terminal built by the Indian company Petronet LNG, in which Gaz de France is the strategic partner with a 10% equity interest, completed India's first LNG supply chain. The terminal began operations in January 2004.

Thirty shipments were unloaded in 2004, representing approximately 2.5 billion m³ of gaseous gas. The terminal will run at full capacity (6.75 billion m³) beginning in April 2005. Petronet LNG has already decided to double its capacity and to build another terminal at Kochi in the southwestern part of India in 2008-2009.

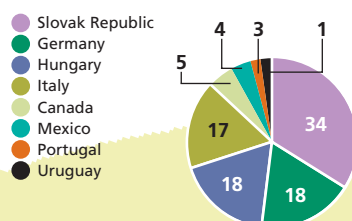
The parties finalized their protocol agreement on Gaz de France's equity interest in the Egyptian liquefaction plant at Idku. All of this plant's production (4.8 billion m³/year for 20 years) was bought by Gaz de France. The first liquefaction train will start operations in 2005, thereby strengthening the Group's positions in LNG trading.

ACQUISITION OF DISTRIGAZ SUD

On October 18, 2004, the Group signed an agreement to acquire the Romanian gas distributor Distrigaz Sud. The operation is expected to be finalized in 2005.

Distrigaz Sud operates a 13,425-kilometer natural gas distribution network in southern Romania and serves approximately 900,000 residential and commercial customers, particularly in the capital, Bucharest. Annual sales represent some 51 billion kWh of natural gas. This acquisition will significantly strengthen Gaz de France's position in central and eastern Europe, where the Group already has a strong foothold in Hungary and the Slovak Republic.

GEOGRAPHIC BREAKDOWN OF CUSTOMERS
excluding France (distribution subsidiaries) (%)



COMMITMENTS OF GAZ DE FRANCE

In an environment of major changes, **labor negotiations** were reactivated in 2004. Discussions on the organization of the Company's businesses and equal employment opportunity led to collective bargaining **agreements** that **benefit employees**.

Gaz de France continues to target long-term solutions, via its **Research and Development** activities, by developing innovations that make the Group more competitive.

In the field of **sustainable development**, the Group gave concrete expression to its commitments through an action plan and new **partnerships**.



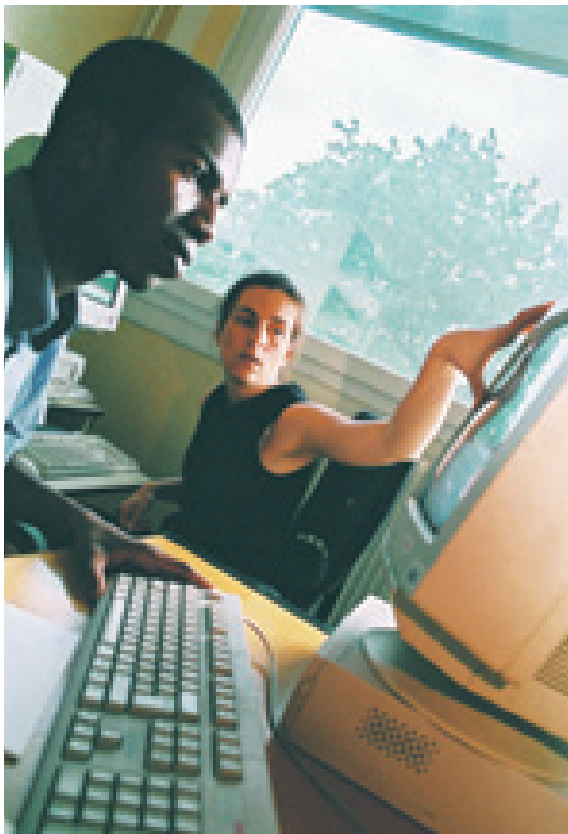
29,924
employees
in France

8,327
employees
outside of France

HUMAN RESOURCES

An industrial development strategy that engages the men and women who work for the Company

In 2004, the transformation of the legal status of Gaz de France and the changes linked to the implementation of its industrial development strategy rekindled labor negotiations. The major issues concerned the analysis of human resources practices at the parent company and its subsidiaries, the creation of a national employment observatory, the overhaul of funding for social welfare programs (retirement, health insurance), and the groundbreaking agreement on equal employment opportunity for men and women.



Engineers analyze test results.

BUILDING A GROUP IDENTITY IN TERMS OF HUMAN RESOURCES

The international development of Gaz de France and its sustainable development ambition led the Company to launch an analysis of labor practices in the Group. The objective is to construct Group reference points for human resources practices that take into account the diversity of local cultures, labor legislation and identities.

On June 14, 2004, all the parent company's labor organizations signed a "declaration of shared intentions" demonstrating their involvement in this initiative based on several ambitions – the association of different levels of management and labor organizations in subsidiaries, regular consultation with the European Works Council, a European agreement on the principles of labor management and human resources. These benchmark practices are to be applied in all the entities in which Gaz de France has a majority interest.

Guaranteeing the health and safety of its employees in the workplace remains a major priority at Gaz de France and is an integral part of its corporate culture.



MAIN RESULTS OF COLLECTIVE BARGAINING AGREEMENTS

In 2004, the Company was involved in many discussions and negotiations with labor organizations. New innovative collective bargaining agreements were drawn up in different areas:

- a "declaration of shared intentions" signed on June 14, based on negotiations launched in 2003 with labor organizations and in association with the European Works Council. This document expresses the signers' intention to implement a social welfare dynamic throughout the Group;
- an agreement on equal employment opportunity for men and women signed on July 13 by the Chairman and the representatives of all the French labor organizations. This agreement puts women's salaries on an equal footing and provides for easier access to training and for fairer recruitment of men and women job applicants. Women now account for 26% of the workforce at Gaz de France S.A.;
- an agreement signed on October 6 to create a employment observatory, a forum to track predictable changes in job profiles and the skills required in terms of a change in job sectors. This organization will encourage reflection and dialogue on the measures to be taken in advance to facilitate adaptation.

PROVIDING THE SKILLS REQUIRED FOR THE GROUP'S INDUSTRIAL DEVELOPMENT STRATEGY

The Group defined its Skills Reference Criteria in 2004, including a diagnosis and mapping of future resources and needs for each category of skills (macro-skills). These efforts lay the groundwork for Group professionalism programs and exchanges within the framework of the national employment observatory (created by a protocol agreement signed on October 6, 2004, with all the parent company's labor organizations).

Moreover, this study aims to identify and guarantee the skills the Group needs to ensure operations and by the lack or loss of which it would incur a risk (key skills).

An executive management professionalization program, called Cap Compétences, was launched. Today, almost 5,000 managers are mobilized on subjects related to the Group and its strategy.

This agreement is characterized by innovative pragmatic measures on equal pay, external recruitment, training and career development. A joint management-employee committee has been set up to monitor application. As well, different programs have been launched to encourage diversity, examining, for example, the influence of entry-level degrees in professional careers, the Company's management model and the repatriation of international managers.

ENSURING ONGOING SOCIAL WELFARE BENEFITS

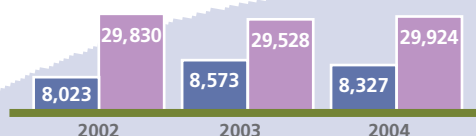
Arrangements were adapted for the financing and organization of retirement benefits. A national gas and electricity industry welfare fund was created to manage pensions. It also provides coverage for occupational accidents, illness, disability and death. Measures were taken by the government to ensure the continuity of health benefits.

TOWARDS GREATER DIVERSITY

An agreement on equal employment opportunity for both men and women was signed by the Group's executive management and the five labor organizations in July 2004.

WORKFORCE IN FRANCE AND INTERNATIONALLY (%)

● France
● International



80
million euros
for Research and
Development

589
employees

76
current
projects

RESEARCH AND DEVELOPMENT

Contributing competitive advantages to the Group's different activities

The Research and Development programs of Gaz de France are designed to contribute to the Group's competitiveness by assuring the different businesses of innovative solutions that will lock in competitive advantages in terms of products and services. To anticipate and keep pace with Group development, the focus of Research and Development activities, traditionally concentrated on technical aspects, has been broadened to include commercial initiatives and services.

A KEY FACTOR IN DEVELOPMENT

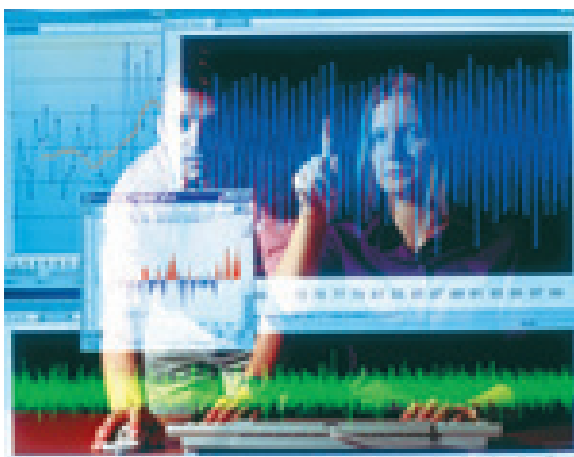
Gaz de France is now a recognized player in gas research worldwide. In August 2004, Gaz de France was awarded ISO 14001 certification for its SMES environmental and safety management system, which was developed at the Gaz de France Research center. This success illustrates the Group's commitment to the issues of environmental protection, health, safety and sustainable development. The Group has, in fact, always invested in research, a key factor in its development and economic growth. The Research center has been the source of major innovations, such as polyethylene piping, which has revolutionized distribution networks. Closely monitoring developments in all fields related to energies and

technologies of the future, Gaz de France also actively participates in European research and development programs.

INTERNATIONAL PARTNERSHIPS

Gaz de France continued to develop industrial partnerships with companies or research institutes working in the field of energy, such as Ruhrgas in Germany and NMI in the Netherlands (to harmonize flowmeter installations) and the UK Water Institute of Research (to promote new main laying and repair techniques).

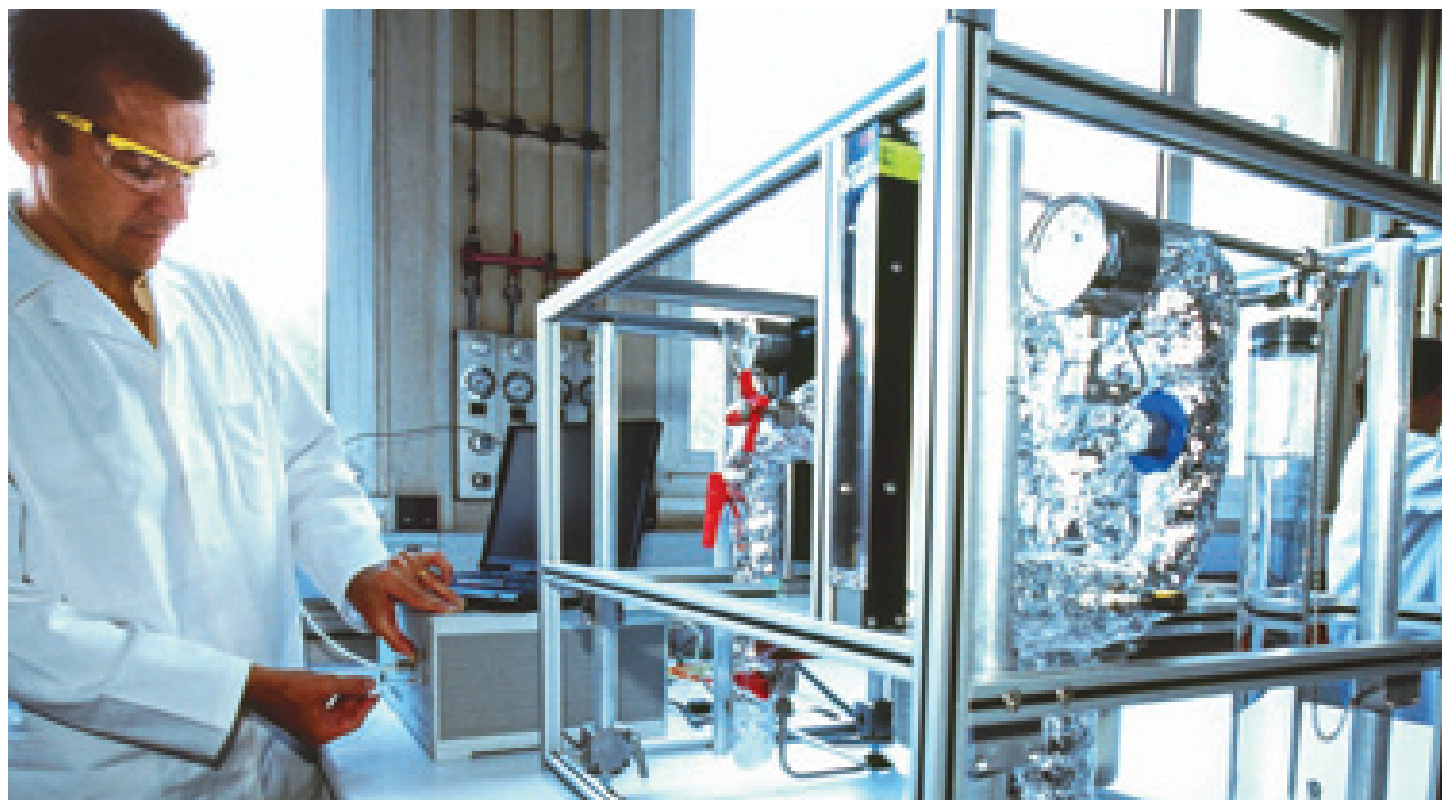
Through its participation in the Fifth and Sixth Research and Development Framework Programs, which are backed by the European Union, Gaz de France has become a key partner in several multinational projects that deal with issues linked to environmental protection and new energies, such as distributed energy (the EU-DEEP project), the capture and sequestration of CO₂ (the Castor project, see box), the development of fuel cells (the Real-SOFC project) and the use of hydrogen (the Naturalhy project).



Computer analysis of scientific data.

CONTRIBUTING TO THE GROUP'S DIFFERENT ACTIVITIES

The primary role of Gaz de France's Research center is to identify the needs of the Company's businesses and contribute innovative solutions in line with their objectives and the Group's industrial development strategy.



An experiment at Gaz de France's Research center (trapping of metallic elements).

The Group's three-year action plan completed in 2004 had set five main objectives: reduce gas transmission costs, limit environmental impacts linked to the gas chain, develop efficient, environmentally friendly energy technologies, foster the joint use of renewable energies, and develop new uses for natural gas and explore emerging technologies.

Several innovations confirm the progress made toward the achievement of these objectives, such as the development of reference metering systems for natural gas, the improvement of natural gas engines, the geological storage of carbon dioxide and participation in the Fondation Bâtiment Énergie along with Ademe and CSTB.

The contract for 2005-2007 takes the Group's needs into account. In the technical field, Research and Development continues to focus on the improvement of system and network performance, the detection of holidays, pipe aging, the optimization of metering systems, cogeneration and gas reburn.

By providing innovative solutions, Research and Development enables Gaz de France to enhance the services it renders to its customers and thereby helps build competitiveness.

In this way, Research and Development creates new tools for management and marketing, for example, financial and economic simulation software to assist decision-making.

THE CASTOR PROJECT: the capture and storage of carbon dioxide (CO₂)

The objective of the European project called Castor (CO₂ from Capture to Storage), financed within the framework of the Sixth Research and Development Framework Program, is to reduce the cost of the capture of CO₂ by half in order to facilitate the geological storage of CO₂ emissions. The project examines the performance, safety and environmental impact of geological storage technology, factors that are then validated on site. Four operations have been studied, corresponding to as many geological and storage situations – Snøhvit in the Barents Sea, the Casablanca field in the Mediterranean, Lindach in Austria and the depleted K12B deposit in the Dutch North Sea sector.



SUSTAINABLE DEVELOPMENT Strategy in action

Gaz de France has put sustainable development at the heart of its industrial development strategy. In 2004, once again implementing its Agenda 21 approach, the Group drew up a three-year action plan to promote sustainable development. At the same time, new partnerships and reinforced initiatives demonstrated increased awareness of the expectations of external stakeholders.

■ INTEGRATING SUSTAINABLE DEVELOPMENT ISSUES INTO ALL THE GROUP'S ACTIVITIES

Through its new Sustainable Development Action Plan for 2004-2006, Gaz de France re-affirms its commitment by addressing five major challenges:

- to respond to energy issues through innovation and an expanded product and service offering;
- to exercise the Group's social and environmental responsibility;
- to ensure the growth of Gaz de France in the European market;
- to build a Group human resources and labor policy to meet industrial challenges;
- to play an active role in regional development.

This action plan was drawn up on the basis of three principles: the incorporation of proposals from the Group's operating divisions, the selection of cross-division projects and the consideration of the expectations of external stakeholders (customers, NGOs, local governments, etc.).

Its implementation was systematically evaluated and involves all Gaz de France activities on a daily basis.

In addition, the Group maintains its significant investment in Research and Development, particularly in programs on environmentally friendly technologies of the future, e.g. fuel cells and hydrogen.

■ RE-AFFIRMING THE GROUP'S COMMITMENTS

The Group is committed to helping its customers improve their control of greenhouse gas emissions linked to the use of its products and to protect the environment by promoting energy savings, introducing negotiable emission allowances, building waste management solutions that are competitive and environmentally friendly, etc. For example, the products and services offered by Gaz de France's DolceVita® and Provalys® incorporate high environmental performance solutions. Énergies Communes® offers to accompany local governments in their sustainable development initiatives (high quality environmental offering and local Agendas 21).

In addition, through its membership in AERES, an association of companies for the reduction of greenhouse gas emissions, Gaz de France voluntarily committed to reduce emissions linked to its transmission and distribution activities by 10% over the period 2003-2007, compared with the level recorded in 1990.

In June 2004, Gaz de France and Ademe (the French agency for the environment and energy control) signed a new three-year protocol to attempt to provide concrete solutions for present and future energy challenges, in particular by fighting global warming (see box).

One of the first initiatives of the protocol was the creation of the Fondation Bâtiment Energie, the goal of which is, by 2050, to cut the emissions from new and older buildings by 75%. At the same time, Gaz de France pursues



Island of Clipperton, the site of Jean-Louis Étienne's most recent expedition, sponsored by Gaz de France.

the partnership it began in 2003 with WWF, the world's leading environmental protection NGO. Cooperation is nurtured by projects that promote regional development through measures in favor of the environment and solidarity. Gaz de France helped sponsor the new expedition of the physician-explorer Jean-Louis Étienne to the island of Clipperton, where he studied the ecosystem of this coral reef threatened by world pollution and global warming.

As well, Gaz de France's 2004 partnership with Transparency International confirms the Group's determination to act responsibly and ethically in all the countries in which it operates. Since 2003, Gaz de France has been committed, through the Global Compact of the United Nations, to respect and promote ten universal principles relating to human rights, labor standards and the environment.

MONITORING OUR COMMITMENTS

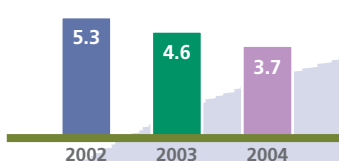
Since 2001, Gaz de France has chosen to publish a sustainable development report in conformity with Global Reporting Initiative (GRI) guidelines. The indicators published and monitored (including 55 GRI key indicators) concern the parent company Gaz de France S.A. and the subsidiaries controlled by the Group. For purposes of consistency and integration, the reporting tool is now the same as for financial reporting. The main items of information in the Sustainable Development Report can be accessed on the Internet site www.gazdefrance.com.

STRENGTHENED PARTNERSHIP

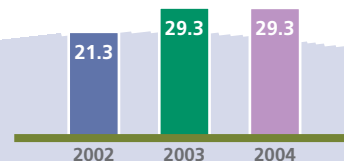
On June 25, 2004, Gaz de France and Ademe (the French agency for the environment and energy control) signed a new three-year protocol strengthening their cooperation to promote sustainable development through concrete measures to control energy consumption, develop renewable energies and protect the environment. Cooperation aims to:

- enhance energy efficiency and fight against the greenhouse effect;
- develop solutions combining natural gas and renewable energies;
- contribute to clean transport by the use of natural gas vehicles;
- recycle waste;
- support research;
- launch specific energy saving programs for households below the poverty line;
- take part in European programs and international campaigns to fight against global warming.




**ACCIDENT FREQUENCY RATE
(PARENT COMPANY)**
(%)







**R&D BUDGET DEDICATED
TO RESEARCH ON THE ENVIRONMENT**
(%)



ENERGY SUPPLY AND SERVICES

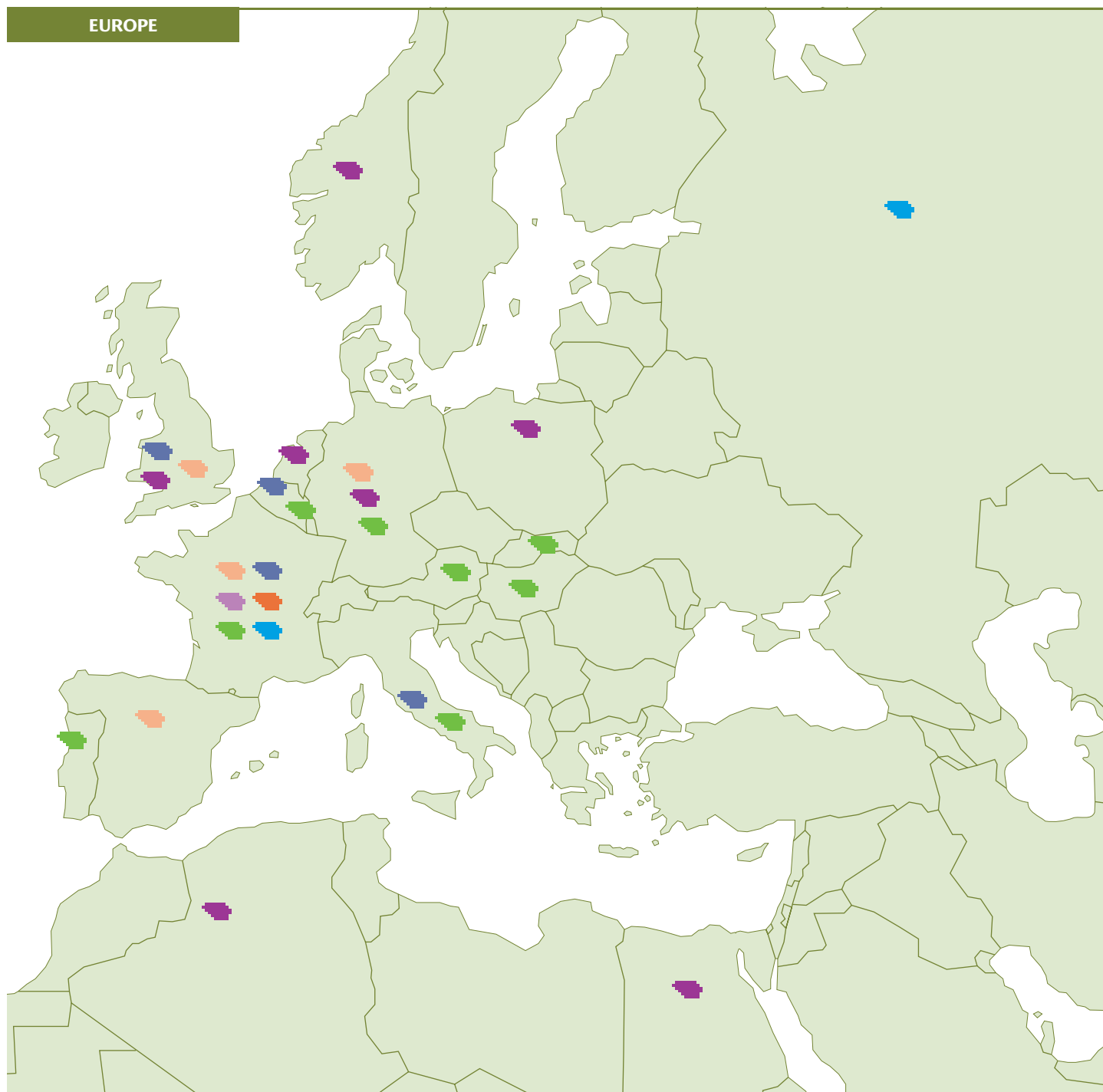
Businesses / Subsidiaries	Countries	% interest
 Exploration and Production		
EEG group	Germany	100
EFOG	United Kingdom	22.50
ENERCI*	Ivory Coast	49
Gaz de France Exploration Algeria	Algeria	100
Gaz de France Exploration Egypt	Egypt	100
Gaz de France Exploration Germany	Germany	100
Gaz de France Exploration Poland	Poland	100
Gaz de France Exploration UK	United Kingdom	100
Gaz de France Norge	Norway	100
Gaz de France Produktion		
Exploration Deutschland	Germany	100
GDF Britain group	United Kingdom	100
GDF Production Nederland	Netherlands	100
NoordGasTransport (NGT)	Netherlands	38.57
 Energy Supply		
AES Energia Cartagena*	Spain	26.2
Dunelys*	France	100
Gaselys	France	51
Gaz de France Comercializadora*	Spain	100
Gaz de France Deutschland	Germany	100
Gaz de France Energy Supply		
& Solutions group	United Kingdom	100
Gaz Transport & Technigaz	France	40
GDF Armateur	France	100
GDF Armateur 2	France	100
GDF International Trading	France	100
Med LNG & Gas	United Kingdom	50
Messigaz	France	100
Méthane Transport	France	50
 Services		
CGST-Save group	France	20
Cofathec ADF	France	100
Cofathec Benelux	Belgium	100
Cofathec Coriance	France	100
Cofathec Heatsave	United Kingdom	100
Cofathec Omega	France	100
Cofathec Projis	France	100
Cofathec Services	France	100
Cofathec Servizi	Italy	100
Finergaz group	France	100
GNVert	France	100
Thion group	France	34

INFRASTRUCTURES

Businesses / Subsidiaries	Countries	% interest
 Transmission and Storage - France		
CFMH (as of Dec. 31, 2004)	France	55
G.S.O.	France	30
 Distribution - France		
Gaz de Bordeaux*	France	16
Gaz de Strasbourg	France	24.9
Gaz et Électricité de Grenoble*	France	4.3
 Transmission and Distribution - International		
Arcalgas*	Italy	33
BOG*	Austria	44
Consortio Mexi-Gas	Mexico	100
Dégáz	Hungary	99.77
Égáz	Hungary	99.42
Energia Mayakan	Mexico	67.5
Gasag group	Germany	31.57
Gaseba Uruguay	Uruguay	51
Gasoductos del Bajío	Mexico	100
GDF Québec group	Canada	100
Italcogim*	Italy	40
Megal GmbH	Germany	43
NatGasMex	Mexico	100
Noverco group	Canada	17.56
Petronet LNG*	India	10
Portgas	Portugal	12.67
Pozagas	Slovak Republic	43.37
Segeo	Belgium	25
Sofregaz	France	34
SPP group	Slovak Republic	24.5
Tamauligas	Mexico	100
Transnatural	Mexico	50
Businesses / Subsidiaries	Countries	% interest
 Other		
COGAC	France	100
DK6	France	100
Fragaz*	Russia	50
GDF International	France	100
Société Financière et Immobilière du Gaz	France	100
Solfea	France	54.72
Technip*	France	7.2

*Unconsolidated subsidiaries and affiliates

EUROPE



NORTH AMERICA



SOUTH AMERICA



WEST AFRICA



INDIA



BLOCK

An area of land reserved for the exploration and production of hydrocarbons.

COGENERATION

Simultaneous production of heat (steam or superheated water or a mixture of air and combustion products) and electricity from a single fuel, which could be natural gas.

COMPRESSOR STATION

A permanent facility that increases the pressure of gas.

CONVERSION UNITS

- 1 kWh = 0.093 m³ of natural gas (1 m³ of gas = 10.71 kWh)
- 1,000,000 kWh = 93,353 m³ of natural gas
- 1,000,000,000 kWh = 93,352,941 m³ of natural gas
- 1 billion m³ of natural gas = 6.301 million barrels oil equivalent (boe)

DEPOSIT

Hydrocarbons contained in porous rock formations.

DEVELOPMENT (OF A GAS OR OIL FIELD)

Drilling and bringing into production of wells.

DISTRIBUTION NETWORK

Network for the distribution of natural gas (medium or low pressure) within a defined area.

DOWNSTREAM

Transmission, storage and distribution of natural gas and related services.

ENERGY TRADING

Purchase and sale of energy in energy markets.

EXPLORATION

Search for oil and gas.

FRENCH ENERGY REGULATORY COMMISSION

An independent administrative authority created by the law of February 10, 2000, to regulate the electricity market. Its responsibilities were expanded to include the gas sector by the law of January 3, 2003. It monitors access to electricity and gas infrastructures under conditions of transparency and neutrality. More generally, it oversees transactions in the gas and electricity markets. For more information see the Web site <http://www.cre.fr>.

GAS HUB

Interconnection of a transmission system with gas arriving from different sources that provides the physical possibility to exchange volumes of gas among these sources and end-users.

GASIFICATION

Transformation of liquid or solid products into gas.

GAS PIPELINE

High-pressure, long-distance transmission system. Pipelines may be connected to international trunk lines and supply or cross several countries.

GAS PROCUREMENT

Imports and domestic purchases of natural gas required to satisfy consumption.

GLOBAL REPORTING INITIATIVE (GRI)

The Global Reporting Initiative provides guidelines for sustainable development reports.

LDC

Local distribution company (not nationalized).

LIQUEFACTION OF NATURAL GAS

Transformation of natural gas from a gaseous to a liquid state to facilitate transport by tanker and/or storage.

LIQUEFIED NATURAL GAS (LNG)

Natural gas transformed into a liquid state by lowering its temperature to -162°C, thus reducing its volume 600 times.

LNG TANKER

Ship transporting liquefied natural gas cooled to -162°C.

LNG TERMINAL

Port facility with special features used to load/unload liquefied natural gas onto/from LNG tankers.

NGV (NATURAL GAS FOR VEHICLES)

100% natural gas, NGV is primarily used in France for urban transit and garbage collection vehicles.

PRODUCTION (OF A GAS OR OIL FIELD)

Commercial operation of a natural gas or oil deposit.

RELIABLE SUPPLIES

Energy available at any time in the desired quantity and quality under given economic conditions.

RESERVES

Unproduced but recoverable volume of gas and/or oil in a deposit.

SPOT MARKET

Market for the short-term (a day to three years) purchase and sale of energy.

TRANSMISSION CAPACITY

Maximum load that can be allowed on a permanent basis in an operating system in function of the stability of its operating parameters and the drop in pressure.

TRANSMISSION SYSTEM

Trunk lines to transport high-pressure gas (> 60 bars) to distribution networks downstream.

UNDERGROUND STORAGE

Use of porous geological formations (aquifer) or natural or man-made cavities (salt or rock) for the storage of natural gas.

UPSTREAM

Gas exploration and production activities.

WELL

Orifice dug in the ground or under ground to tap a deposit.

Consolidated Financial Highlights

With a 14.9% increase in net income to 1,046 million euros, and an 8.9% rise in net sales driven by sustained growth in sales in France and Europe, Gaz de France reported significant improvement in its financial results in 2004 and continued to develop its international activities.

BUSINESS

Net sales totaled 18,129 million euros, up 8.9% from 2003 (+ 8.2% on a constant consolidation basis).

This strong growth in business was driven by a sustained rise in sales volume in both France and Europe for a total of 730 billion kWh, up 10.3%. The volume of natural gas sold increased by almost 10% in France and by almost 18% in Europe, especially in the United Kingdom, Italy, Belgium and the Netherlands.

The Company pursued the profitable development of its international activities, which accounted for 29% of total net sales in 2004, compared with 23% in 2003. The contribution of foreign subsidiaries to operating income rose sharply, particularly in Exploration and Production, to 502 million euros, representing an increase of 44.3%.

RESULTS

EBITDA (Earnings before interest, taxes, depreciation and amortization) totaled 4,093 million euros, down slightly, 41 million euros (- 1%), from 2003.

After exceptional depreciation, amortization and writedowns in the amount of 448 million euros linked to the distribution network in France, operating income stood at 1,598 million euros in 2004, down 15% from 2003. This trend reflected the Group's decision to step up its program to replace grey cast iron mains, which is now scheduled to be completed by the end of 2007 instead of the end of 2008, and to cover the total cost of the program in advance by allowances.

Net income (Group share) totaled 1,046 million euros, representing an increase of 14.9% of 2003 (910 million euros in 2003). ROCE (Return on capital employed) rose to 8.4%, up from 7.5% in 2003. ROE (Return on equity) stood at 10.1%, compared with 9.5% in 2003.

FINANCIAL BASE

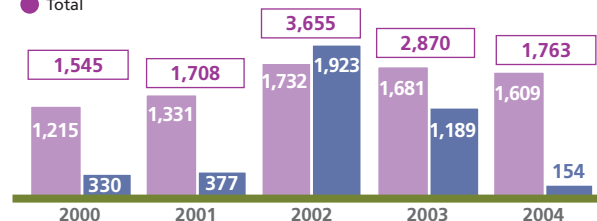
At 3,418 million euros, cash flow rose 7.3%, in particular owing to the good performance in Exploration and Production.

Total investments stood at 1,763 million euros, including 983 million euros in infrastructures in France and 374 million euros in exploration and production. In addition, 154 million euros were invested in external growth operations, and certain projects studied in 2004, such as Distrigaz Sud in Romania, should be finalized at the financial level in 2005.

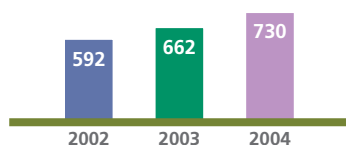
With stockholders' equity of 10,953 million euros (+ 7.5% compared with 2003), net indebtedness reduced to 4,411 million euros (down 14.6% from 2003), and the application, as of January 1, 2005, of the financial reform of the employee retirement plan that limits the Company's commitments to 1,625 million euros as of December 31, 2004 (versus 14,824 million euros without the reform), the Group has a solid financial base.

INVESTMENTS (millions of euros)

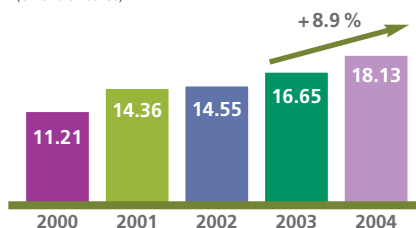
- Capital expenditures
- External growth investments
- Total



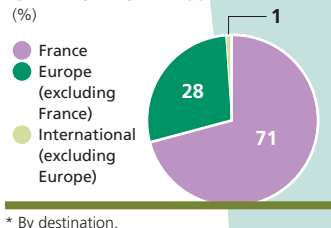
SALES OF NATURAL GAS (billions of kWh)



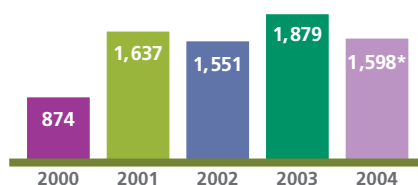
NET SALES (billions of euros)



GEOGRAPHIC BREAKDOWN OF NET SALES* IN 2004 (%)

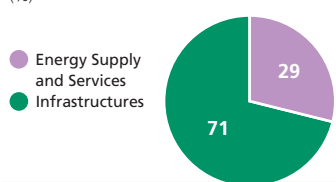


OPERATING INCOME (millions of euros)

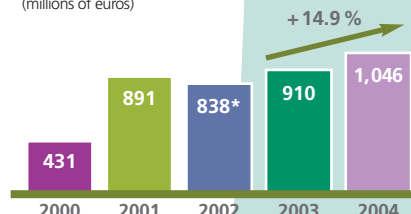


*of which 448 million euros in exceptional depreciation, amortization and writedowns linked to the distribution network in France.

OPERATING INCOME BY BRANCH IN 2004 (%)

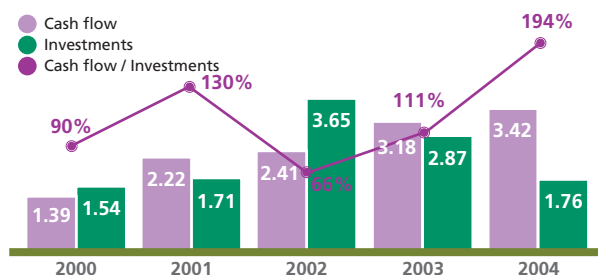


NET INCOME (GROUP SHARE) BEFORE DIVIDENDS (millions of euros)

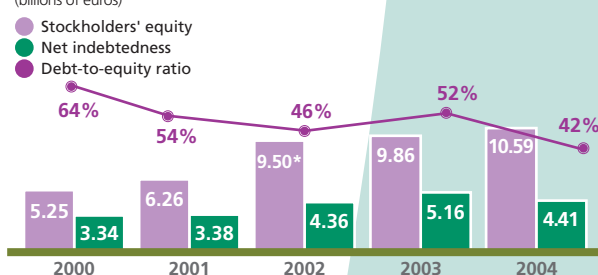


*Excluding the exceptional impact related to the acquisition of transmission systems in 2002. After this impact, net income (Group share) totaled 3,612 million euros.

CASH FLOW AND INVESTMENTS (billions of euros)



STOCKHOLDERS' EQUITY, INCLUDING MINORITY INTERESTS, AND NET INDEBTEDNESS (billions of euros)



*Including the positive exceptional impact related to the acquisition of transmission systems in 2002.

Design and Production

UNÉDITE

English Translation

Thomas Michael Gunther - Paris

Photographs © Médiathèque Gaz de France (tel. 33 1 41 49 62 62)

Cover: MPA Corporate, D. Charriau

Cover (child's face) from the Gaz de France film

"Un signe entre Nous" directed by Bruno Aveillan

Contents: Philippe Dureuil

p. 6: Franck Dunouau

p. 7: Pierre Delavie, Franck Dunouau

p. 10: Philippe Dureuil

p. 11: Pierre-François Grosjean

p. 12: Pierre-François Grosjean

p. 13: Daniel Joubert

p. 14: Jean-Louis Baujard, Jean-Louis Burnod / Les Arts Concept Design

p. 15: Jean-Louis Baujard

p. 16: Alexis Chezière

p. 18: Pierre-François Grosjean, Laurent Helou, Franck Dunouau

p. 19: Alexis Chezière, architects Chantalat et Liucci, George Sand school - Villejuif, Franck Dunouau

p. 23: Philippe Dureuil

p. 24: Franck Dunouau

p. 25: Blaise Porte

p. 26: Didier Raux

p. 27: Noël Hautemanière

p. 28: Franck Dunouau

p. 29: Philippe Dureuil

p. 30: Philippe Dureuil

p. 31: Franck Dunouau

p. 32: Pierre-François Grosjean

p. 33: Emmanuel Doumic

p. 36: Frédérique Jouval

p. 37: Alain Keler

p. 38: Sylvain Cambon

p. 39: Franck Dunouau

p. 41: Jean-Louis Étienne, septième continent

Stéphane de Bourgies

p. 2

Bruno Delessard

p. 5

Yves Duronsoy

Contents, p. 9

Gamma

p. 17: Jean-François Deroubaix

Cofathec

p. 20: Philippe Praliaux

p. 21: Philippe Praliaux

Nonstock

Contents, p. 35: Francesca Campi

Printed in France

GAZ DE FRANCE

CORPORATE COMMUNICATIONS

23, rue Philibert Delorme
75840 Paris Cedex 17 - France

telephone 33 1 47 54 20 20
fax 33 1 47 54 38 58

www.gazdefrance.com