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> BOARD OF DIRECTORS

Chairman and Chief Executive Officer

Pierre Gadonneix

Representatives of the French Government

Claude Allet

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Bureau Chief, Quality and Professions
Department (DGHUC),
Ministry of Equipment, Transportation
and Housing

Christian Fremont

Préfet hors classe
Préfet of the Aquitaine Region
Préfet of the Southwest defense zone
Préfet of Gironde

Philippe de Fontaine Vive

Administrateur Civil
Assistant Director, Equity Investments,
Treasury Division,
Ministry of the Economy, Finance and Industry

Yves Martin

General Engineer, Mines,
Ministry of the Economy, Finance and Industry

Frank Mordacq

Bureau Chief, Budget Division,
Ministry of the Economy, Finance and Industry

Dominique Perreau

Director for Economic and Financial Affairs,
Ministry of Foreign Affairs
Plenipotentiary Minister

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des Familles, in charge of the consumption sector

Jean Besson

Senator of La Drôme
General Councilor

Pierre Gadonneix

Chairman and Chief Executive Officer,
Gaz de France

Claude Gaillard

National Assembly Representative
of Meurthe-et-Moselle
Vice President of the Regional Council of Lorraine

Eric d'Hautefeuille

Member of the Board of Directors,
Saint-Gobain Group
Advisor to the Chairman

Daniel Lebègue

Managing Director,
Caisse des dépôts et consignations

Elected Employee Representatives

Olivier Barrault

National Federation of Unions of Employees
in Electrical, Nuclear and Gas Energy Industries,
CGT

Jacky Chorin

National Federation of Electricity and Gas, CGT-FO

Jean-Louis Lefranc

Yves Mestas

National Federation of Unions of Employees
in Electrical, Nuclear and Gas Energy Industries,
CGT

Daniel Rouvery

Federation of Electrical and Gas Industries, CFE-CGC

Nadine Tourment

National Federation of Unions of Employees
in Electrical, Nuclear and Gas Energy Industries,
CGT

Government Supervisor

Michèle Rousseau

Director for Gas, Electricity and Coal,
Ministry of the Economy, Finance and Industry

Deputy Government Supervisor

Didier Houssin

Director for Raw Materials and Hydrocarbons,
Ministry of the Economy, Finance and Industry

Senior Executive Vice Presidents

Jacques Deyirmendjian - Bernard Leblanc

Jean-Marie Dauger

Comptrollers

Gilbert Venet

Chief Comptroller

Dominique Lemaire

Government Comptroller

Michel Alidières

Government Comptroller

Secretary of the Board of Directors

Jean-Marc Leroy

> EXECUTIVE COMMITTEE



From left to right:

Philippe Jeunet

Executive Vice President, Legal and Finance

Jean-Marie Dauger

Senior Executive Vice President,
Strategy - Supply and Trading

Bernard Leblanc

Senior Executive Vice President,
Operations

Pierre Gadonneix

Chairman and Chief Executive Officer

Jacques Deyrimejdjian

Senior Executive Vice President,
International - Industrial Partnerships

Yves Colliou

Executive Vice President,
Distribution (France)

Yann Laroche

Executive Vice President,
Human Resources

> CORPORATE ORGANIZATION

Chairman and Chief Executive Officer

Pierre Gadonneix

*Senior Executive Vice President,
International - Industrial Partnerships*

Jacques Deyrimejdjian

*Senior Executive Vice President,
Strategy - Supply and Trading*

Jean-Marie Dauger

*Senior Executive Vice President,
Operations*

Bernard Leblanc

Senior Vice President, Environment:

Michel Duhen

*Executive Vice President,
Legal and Finance:*

Philippe Jeunet

*Executive Vice President,
Exploration and Production:*

Michel Bayle

*Vice President,
Corporate Planning and Control:*

Christian Lescure

*Executive Vice President,
Supply and Trading*

Jean-Louis Mathias

Vice President, Strategic Marketing:

Jean-Pierre Piollat

Deputy, Vice President, Gas Supplies:

Jean Abiteboul

Vice President, International:

Michel Przydrozny

Executive Vice President, Transmission:

Jean-François Larvor

*Vice President,
Research and Development:*

Georges Bouchard

Executive Vice President, Distribution:*

Yves Colliou

*Vice President,
Corporate Communications:*

Patrick Magd

Executive Vice President, Services:

Robert Cosson

Vice President, Audit:

Jean-Paul Jacquot

Executive Vice President, e-business:

Jean-Paul George

Vice President, Information Technology:*

Yves Bamberger

*Executive Vice President,
Human Resources*:*

Yann Laroche

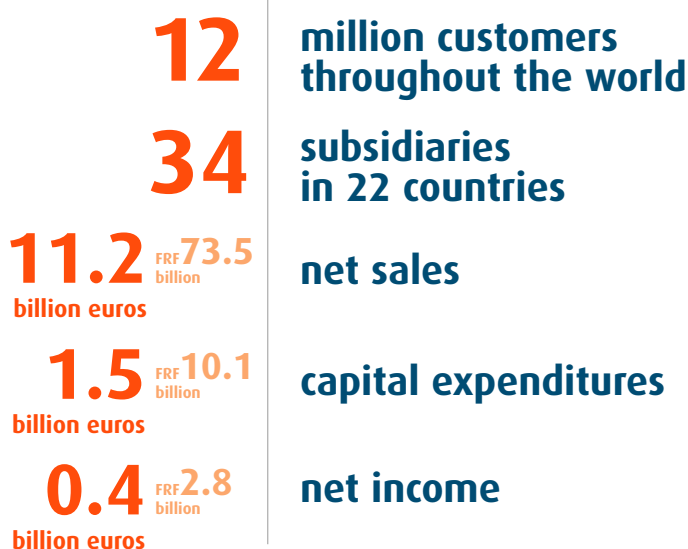
* Joint Activities of Gaz de France and EDF

A leader in the natural gas market in Europe, Gaz de France is an integrated group active in all sectors of the natural gas industry.

In exploration and production, trading of natural gas, transmission, storage, distribution, energy management, air conditioning and heating, the Group has developed recognized skills and know-how both upstream and down to assure its customers of diversified, efficient and competitive services.

A leader in liquefied natural gas, storage and distribution technologies, the Gaz de France Group has strong positions in Europe and operates throughout the world by promoting a strategy of alliances and partnerships at all levels of the gas industry.

The goal of the Gaz de France Group is to continue to expand and develop its activities from the wellhead to the burner tip, and to seize, in France and throughout the world, the best opportunities offered to capitalize on its strengths.



A RECORD YEAR FOR GAZ DE FRANCE



Gaz de France can boast of a triple success in 2000.

First, the Group reported record growth.

In France, more than 200,000 new customers chose Gaz de France and natural gas for the heating and comfort of their homes. Our product's market share gained ground compared with other energies and rose to more than 14%.

Second, on August 10, the European Directive concerning common rules for the internal market in natural gas took effect. We were ready and as of this date we made our pipelines available to third parties. In France, the natural gas market has opened to competition.

Third, Gaz de France reinforced its presence from the wellhead to the burner tip by making several acquisitions – we purchased production assets in the North Sea; we became transmission operators in Mexico; and Cofathec, our Services entity, confirmed its position in district heating and corporate energy services.

Continued strong growth

In France in 2000, our sales increased by 7% in volume, in particular owing to strong growth in the industrial sector.

We connected a record number of 430 additional municipalities in the framework of the three-year plan drawn up by public authorities in 1999.

Our distribution activities, the heart of our public service commitment, which we conduct in partnership with EDF, is appreciated by more than 10 million customers whom we supply under the best conditions of safety and cost.

Our commercial performance in all market segments confirms that natural gas is the energy the French prefer.

Outside of France, the Group reported an increase in business of almost 30%, and our subsidiary specialized in energy services for companies and local governments, Cofathec, recorded a 60% rise in sales to 785 million euros.

Opening of the markets

On August 10, 2000, we implemented the provisions of the European directive on the internal natural gas market. As of July, our conditions for access to trunk lines were posted on the Internet. Our capacity and transportation charges are clear, transparent and fair – all eligible French consumers can thus choose their natural gas supplier. We have adapted to the new situation created by a deregulated market in France and Europe by offering our major customers new services, opportunities for optimization and risk management products.

Reinforced presence from the wellhead to the burner tip

With the acquisition of TCPL's production assets in the Dutch North Sea sector, and the purchase of Statoil's interest in several deposits in the Barents Sea and the Norwegian Sea, we have increased our production capacity to more than 5% of the volume of gas we will sell in 2001. This is a major step toward our goal of producing 15% of our natural gas requirements from our own deposits by 2003.

In addition to our long-term contracts, we have also continued to diversify our supply portfolio by developing short-term operations, particularly through trading activities.

By acquiring an interest in two pipelines, we have become transmission operators in Mexico, where we also control 25% of the distribution of gas. We have thus reinforced our presence in a country which is the Group's second largest investment focus, after Europe.

Finally, Cofathec continued its growth and acquired a major interest in France's third largest district heating operator and supplier of corporate energy services, thus confirming its position as a European leader in the sector.

Financial results marked by a sharp rise in supply costs but bolstered by record internal growth

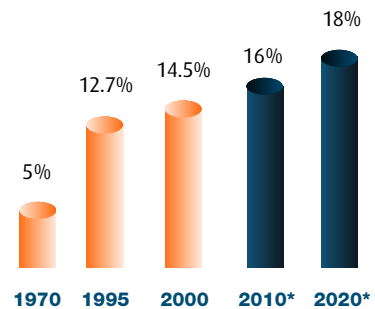
At more than 11 billion euros, our net sales increased by 23% over the previous year, owing to strong growth in sales volume and in rate adjustments subsequent to skyrocketing oil prices. Because our supplies cost more and this rise was not completely passed through to selling prices, particularly in public distribution, our net income declined slightly to 431 million euros. This decrease was balanced by the record development of the Group's activities in all its markets. Capital expenditures remained sustained at 1.5 billion euros, of which almost 75% were dedicated to the development and quality of transmission and distribution infrastructures.

Faster pace of growth in a rapidly changing environment

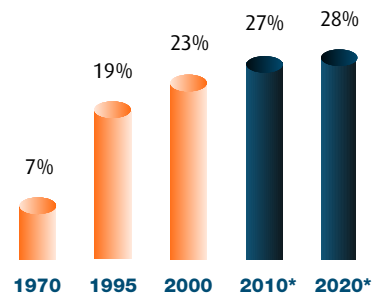
The race to critical size and the deregulation of energy markets in Europe are going to introduce major changes in the gas sector. Gas-on-gas competition and an expanded range of services are forms of competition in which we have experience and which are going to develop in the months and years ahead. We are ready to seize the opportunities offered as the markets open up rapidly. We know we can count on the mobilization of the men and women who work for Gaz de France, who, day after day, confirm their commitment to the Company's success. We will also benefit from the leverage provided by the contract signed with the French government for 2001-2003 to develop in all our lines of business, and we are seeking to form new industrial partnerships, a necessary step if we want to accelerate the pace of growth. Gaz de France has many strengths to support its ambitious strategy of internal and external growth from the wellhead to the burner tip and to reinforce its position as a leader in the European gas industry. In 2001, we will continue to modernize our public service distribution activities and accelerate our development in France and Europe.

Pierre Gadonneix

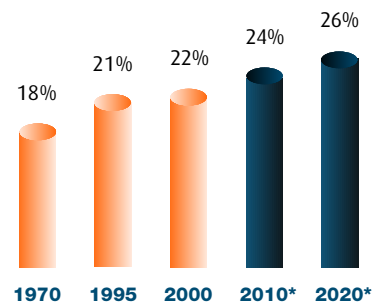
NATURAL GAS AS A PERCENTAGE OF FRENCH ENERGY CONSUMPTION



NATURAL GAS AS A PERCENTAGE OF EUROPEAN ENERGY CONSUMPTION



NATURAL GAS AS A PERCENTAGE OF WORLD ENERGY CONSUMPTION



* Estimated

> FINANCIAL HIGHLIGHTS

4

CONSOLIDATED FINANCIAL HIGHLIGHTS

<i>(in billions of euros)</i>	1996	1997	1998	1999	2000
Net sales exclusive of VAT	8.98	9.20	9.35	9.11	11.21
Operating income	1.18	2.01	2.51	1.09	0.87
Financial expense	- 0.20	- 0.24	0.15	- 0.09	- 0.16
Net income before remuneration of the State	0.71	0.53	0.72	0.44	0.43
Current cash flow	1.51	1.31	1.66	1.68	1.39
Capital expenditures	0.98	1.17	1.98	1.35	1.54
Common equity	1.97	2.22	2.66	4.60	5.05
Indebtedness, including irredeemable securities	1.99	2.08	2.46	2.04	3.33
Debt/equity ratio	1.02	0.93	0.93	0.45	0.66
WORKFORCE				31,144	33,290
- France (including French subsidiaries)				27,276	28,105
- International (including international subsidiaries)				3,868	5,185

SALES OF NATURAL GAS IN ACTUAL WEATHER CONDITIONS

<i>(in billions of kWh)</i>	1998	1999	2000
Gaz de France:			
- Residential and commercial	226	226	225
- Industrial	153	159	175
- Sales to other gas companies and exports			
Subsidiaries	32	39	46
Total	50	63	76
TOTAL	461	487	522

Gaz de France reported consolidated net sales of 11.2 billion euros, up 23% from the previous year. Sales volume increased by more than 7%. At 431 million euros, net income before remuneration of the State, reflected the sharp rise in supply costs.

In 2000, the increase in the consolidated debt/equity ratio from 0.45 to 0.66 was mainly attributable to:

- a rise in capital expenditures to 1.5 billion euros;
- an increase in working capital requirements;
- a decrease in current cash flow to 1.4 billion euros, versus 1.7 billion euros in 1999.

VERY GOOD COMMERCIAL PERFORMANCE

The volume of the Group's actual sales of natural gas, which totaled 45 billion m³, represented growth in actual sales of more than the previous record of 7%.

In 2000, more than 200,000 new customers chose Gaz de France, and 430 additional municipalities were hooked up to the grid. More than 7,500 municipalities representing almost 75% of the population of France are now supplied by Gaz de France.

In France, at average temperature, sales of natural gas by Gaz de France increased by 6.1% in volume to 430 billion kWh.

Broken down by sector, the increase was:

- 10.8% in the industrial sector
- 1.6% in the residential sector,
- 6.5% in the commercial sector.

Cogeneration remained an attractive option for the industrial and commercial sectors. Orders totaled 760 MWe, in spite of less favorable conditions regarding the purchase of the electricity produced.

In 2000, more than 550,000 m² were air conditioned using natural gas – three times the area reported in 1999 – with notable success in hotels, healthcare centers and municipal buildings.

In 2000, natural gas for vehicles (NGV) confirmed its standing as a benchmark fuel alternative. It has been adopted by some thirty municipalities, half of which are cities with a population of more than 200,000 (including Bordeaux, Lille, Nantes, Nice and Paris). Today, there are 510 gas buses in service and 335 are on order. NGV is also increasingly used to power garbage trucks and the light vehicle fleets of companies and local governments.

GROWTH IN THE GROUP'S INTERNATIONAL ACTIVITIES

In 2000, international activities accounted for 13.4% of consolidated net sales, up from 10.5% in 1999.

In Europe, the Group strengthened its positions in Germany and Hungary in distribution, and in Italy and the United Kingdom in energy services. It reinforced its marketing and sales teams in the United Kingdom and Spain to anticipate the development of natural gas trading activities.

In Mexico, which the Group targets as its primary region of growth outside of Europe, Gaz de France was granted a third franchise. Altogether, the Group should be able to supply approximately 1.2 million customers by 2010.

RESULTS MARKED BY A MAJOR INCREASE IN SUPPLY COSTS

Operating income decreased by 218 million euros (FRF 1.43 billion), as a result of higher oil prices and the appreciation of the US dollar, which generated a rise in supply costs that were not fully passed through to selling prices.

The Group reported a non-operating expense of 166 million euros (FRF 1.09 billion) owing to increased short-term indebtedness and the impact of the redemption of block B securities. Non-recurring items related to sales of equity interests in affiliates represented 3 million euros (FRF 19.7 million).

The Group's net income totaled 431 million euros (FRF 2.8 billion), down 13 million euros (FRF 85.3 million) from the previous year.

The dividend was set at 113 million euros (FRF 0.74 billion).

Current cash flow amounted to 1.4 billion euros (FRF 9.2 billion).

RECORD CAPITAL EXPENDITURES

Capital expenditures totaled 1.5 billion euros (FRF 10.1 billion), representing an increase of 14% over 1999, allowing Gaz de France to rank among the top ten French investors.

Investments in plant and equipment in France totaled 1,024 million euros (FRF 6.71 billion), up 18%. Major projects were the construction of the Artère des Marches du Nord-Est pipeline, a first section of which will be operational in 2001. Connected to the Belgian and Swiss grids, this 500-kilometer pipeline will cross ten administrative departments in northeastern France and will enable Gaz de France to strengthen its role as a hub for natural gas grids in western Europe.

In 2000, the Group acquired the Dutch exploration and production company TCIN as well as major gas and oil assets in the Norwegian Sea and the Barents Sea. Its total reserves increased by 47% in 2000 to almost 30 billion m³.

The Group acquired a 34% equity interest in Thion, the third largest French district heating operator.

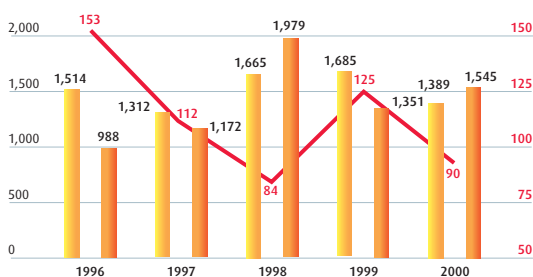
It also bought two transmission companies in Mexico, thus gaining a position as a player that covers the whole market.

FINANCIAL STRUCTURE

The Gaz de France Group increased its indebtedness to support the level of its capital expenditures and to offset the rise in the price of energy. Its debt/equity ratio stood at 0.66 at the end of December 2000, compared with 0.45 at the end of December 1999.

CURRENT CASH FLOW AND CAPITAL EXPENDITURES

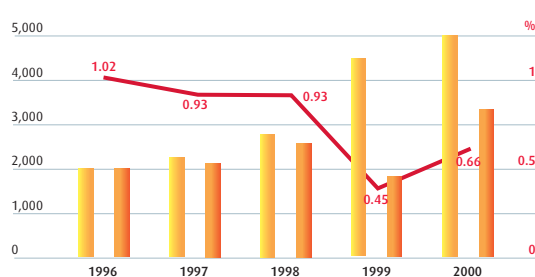
in millions of euros



■ Current cash flow
■ Capital expenditures
— % self-financed

INDEBTEDNESS

*(including irredeemable securities)
in millions of euros*



■ Equity
■ Net indebtedness including irredeemable securities
— Debt/equity ratio

CONSOLIDATED STATEMENT OF INCOME

<i>in millions of euros</i>	2000	1999
	Net	Net
Net sales	11,211	9,109
Inventories	12	10
Capitalized expenses	376	262
Production	11,599	9,381
Input	- 7,686	- 5,188
Value added	3,913	4,193
Payroll costs (including employee gainsharing)	- 1,710	- 1,587
Taxes and assimilated	- 202	- 202
Operating cash flow	2,001	2,404
Depreciation, allowances and provisions (net of reversals and transferred expenses)	- 1,032	- 1,221
Other operating income (expenses)	- 95	- 91
Operating income	874	1,092
Non-operating income (expenses)	- 166	- 99
Income before extraordinary items of consolidated companies	708	993
Extraordinary items	29	- 3
Income taxes	- 246	- 528
Remuneration of the State	- 113	- 25
Share of earnings in companies accounted for by the equity method	9	17
Amortization of goodwill	- 17	- 10
CONSOLIDATED NET INCOME	370	444
Group share	318	419
Minority interests	52	25

FROM PRODUCTION TO ENERGY SERVICES, A FULL RANGE OF NATURAL GAS ACTIVITIES



75%
E.E.G.
Germany

49%
ENERCI
Ivory Coast

38%
N.G.T.
Netherlands

22.5%
EFOG
United Kingdom

100%
GAZ DE FRANCE
Comercializadora
Spain

50%
METHANE
TRANSPORT

25%
SEGEO
Belgium

45%
E.M.B.
Germany

72%
DEGAZ
Hungary

100%
CONSORCIO
MEXI-GAS
Mexico

55%
GAS NEA MESOPOTAMICA
Argentina

13%
PORTGAS
Portugal

43%
MEGAL
Germany

64%
EGAZ
Hungary

100%
TAMAULIGAS
Mexico

48%
GASEBA URUGUAY
Uruguay

5%
ESTAG
Austria

31.6%
GASAG
Germany

50%
MOSPARTEPLOGAZ
Russia

100%
NATGASMEX
Mexico

14%
GAZ METROPOLITAIN
Canada

44%
BOG
Austria

30%
POZAGAS
Slovakia

50%
SPBVERGAZ
Russia

40%
INTRAGAZ
Canada

100%
CORIANCE

100%
GNVert

100%
FINERGAZ

50%
ÉCOGAZ

11%
ZeCW
Poland

34%
THION

11%
TECHNIP

51%
GAZINOX

50%
FRAGAZ

31%
BELLC
United States

55%
PÉTROFIGAZ



Greenland (Denmark)

Iceland
REYKJAVIK

Sweden

Norway

United Kingdom

Germany

France

Spain

Tunisia

Morocco

Algeria

Libya

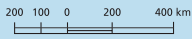
Mauritania

Mali

Niger

Chad

- pipelines: 500 mm <math>< \phi < 1,000 \text{ mm}</math>
- pipelines: $\phi \geq 1,000 \text{ mm}$
- - - - - planned pipelines
- · · · · shipping by LNG tankers (long-term agreements)
- ★ natural gas deposit
- liquefaction plant
- LNG receiving terminal



To the United States

To Trinidad

To Nigeria

Western Sahara

NOUAKCHOTT





In the **Netherlands**, GDF Production Nederland joined the Group in 2000. This offshore specialist produces 800 million m³ of natural gas per year.



In the **United Kingdom**, natural gas sales to major industrial and commercial customers totaled 8.8 billion kWh, 80% of which in cogeneration.



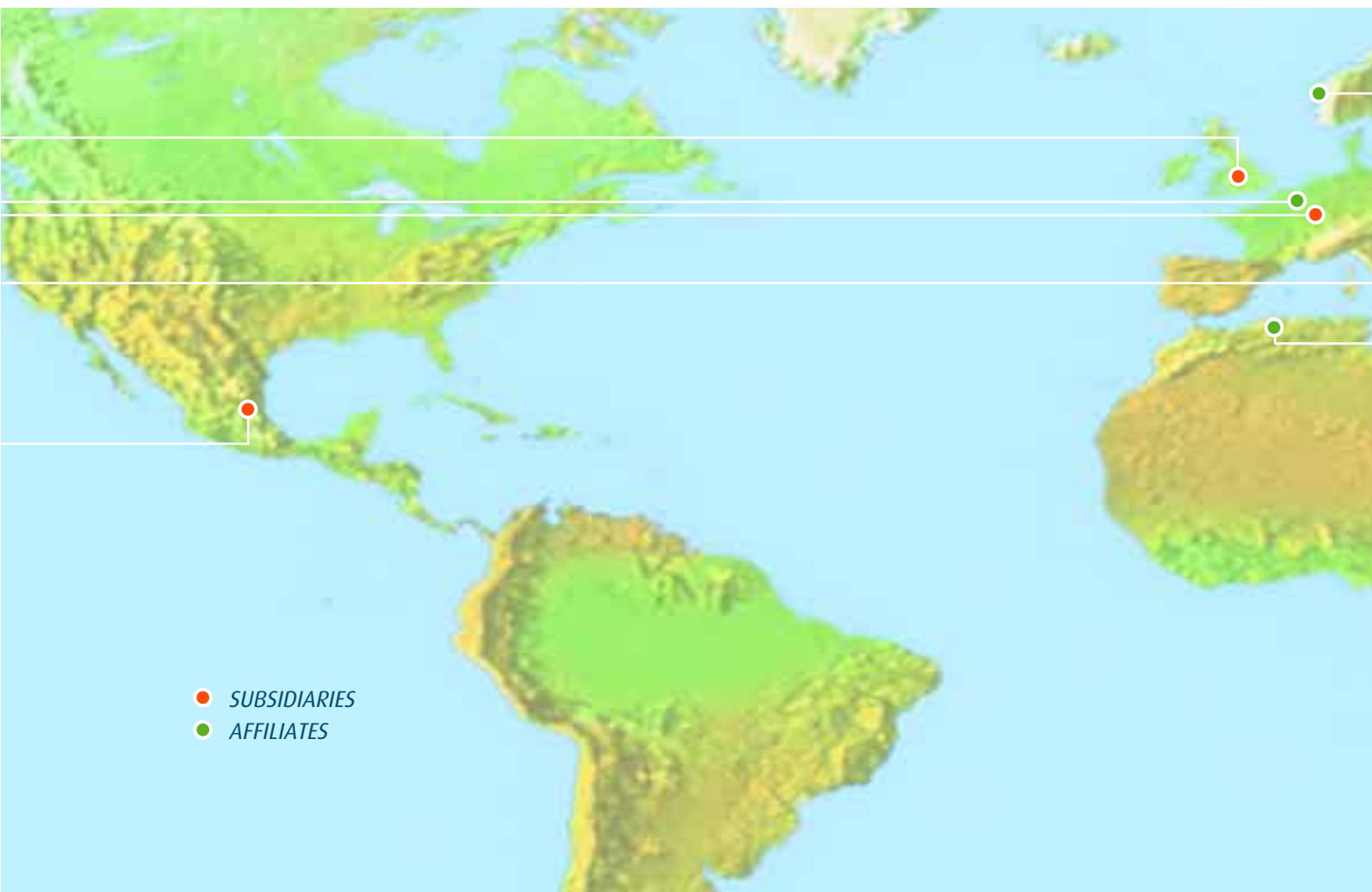
In **Mexico**, the Group, which is already the country's leading natural gas distributor, won a third franchise. Gaz de France also acquired the assets of TCPL (Transcanada pipeline), which are mainly comprised of a pipeline in service (Mayakan Pipe 1) and a pipeline under construction (Bajio Pipe 2).

In **Germany**, the subsidiary Gasag is the leading distributor of natural gas in Berlin and the Group has a total of more than 825,000 customers.



In **Italy**, Cofathec Servizi is the leader in the sale of heat and related services.

> **A HUB FOR EUROPE GAS GRIDS
WITH AN INTERNATIONAL VOCATION**



- *SUBSIDIARIES*
- *AFFILIATES*

E U R O P E

AUSTRIA

- Distribution and sale of heat (ESTAG)
- Transmission of natural gas (BOG)

BELGIUM

- Transmission (Segeo)

GERMANY

- Production, storage and sale of natural gas (EEG)
- Transmission (Megal)
- Distribution of natural gas (Gasag, EMB)

HUNGARY

- Distribution of natural gas (Egaz, Degaz)

ITALY

- Sale of heat and related services (Cofathec Servizi)

NETHERLANDS

- Exploration and production (GDF Production Nederland)
- Transmission (N.G.T.)

POLAND

- Renovation and construction of transmission systems (Zrug Varsovie)
- Combined heat and power plants (ZeCW)

PORTUGAL

- Distribution of natural gas (Portgas)
- Trigeneration (Climaespaco)

ROMANIA

- Manufacture of pipes (Politub)

RUSSIA

- Heat engineering (Ecogaz)
- Renovation and extension of networks (Mosparteplogaz, SPBVERgaz, Cathode)

SLOVAKIA

- Storage (Pozagas)

SWEDEN

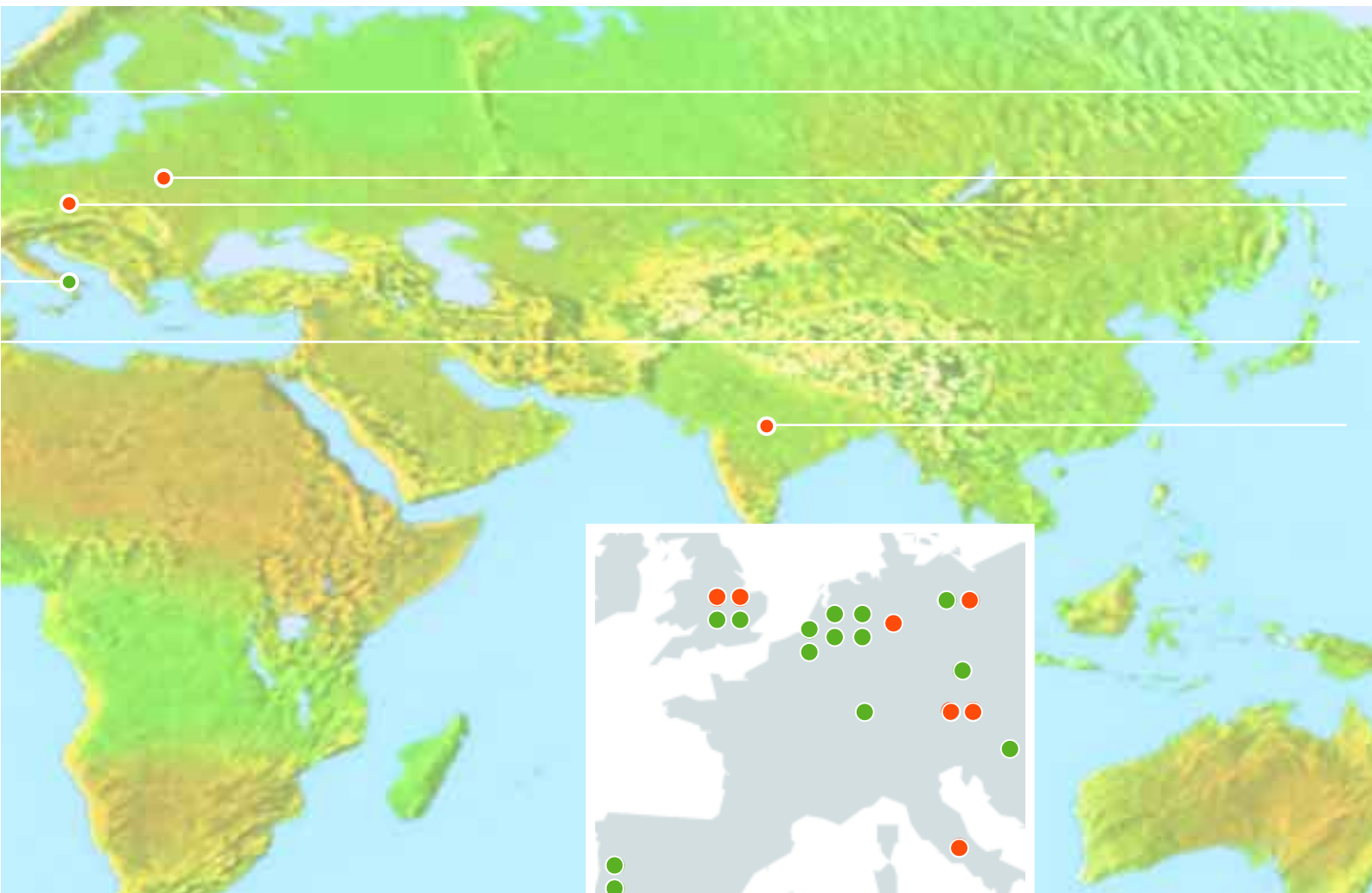
- Transmission (mined cavities) (LRC Novo)

UKRAINE

- Laying and renovation of networks (Oukrfragaz)

UNITED KINGDOM

- Exploration and production (GDF Britain, EFOG)
- Trading and consulting (Gaz de France Energy, Supplies & Solutions)
- HVAC (Heatsave)



A M E R I C A S

ARGENTINA

- Transmission and distribution (Gaseba, Gas Nea Mesopotamica)

CANADA

- Storage (Intragaz)
- Distribution and energy services (Gas Metropolitan)

MEXICO

- Distribution (Consortio Mexi-Gas, Tamauligas, Natgasmex)
- Trading (eMEX)

UNITED STATES

- Cogeneration (Meg International, BELLC)
- Trading (GDF International Trading)
- Production of hydrogen (HBT)

URUGUAY

- Distribution (Gaseba Uruguay)

A F R I C A

IVORY COAST

- Production (Enerci)

A S I A

INDIA

- Import of LNG and receiving terminals (Petronet LNG)

KAZAKHSTAN

- Production of oil (EEG)



In **Poland**, Gaz de France, in cooperation with EDF, acquired two combined heat and power plants.



In the **Norwegian North Sea sector**, the reserves acquired in 2000, which are yet to be developed, contain 26 billion m³ of natural gas.



In **Russia**, Gaz de France is participating in a study of a new route to transport Russian natural gas to Europe via Poland.



In **Algeria**, Gaz de France expanded its cooperation with Sonatrach to include the marketing of natural gas in Europe and throughout the world, and is participating in a study on a project to build a pipeline between Algeria and Spain.



In **India**, Gaz de France is taking part in a project to import and regasify LNG to develop the production of electricity from natural gas.

RESPONSIVE, CUSTOMER-FOCUSED SERVICES

In a environment characterized by the opening of the European market, increased competition, internationalization and the need to develop natural gas production and services, Gaz de France strives to be transparent, responsive and focused on its customers while maintaining a comprehensive view of the markets in all the countries in which it operates.

The organization introduced in 2000 reinforces the Group's position. It is based on five lines of business which are responsible for their own development and results in France and the countries in which they work.

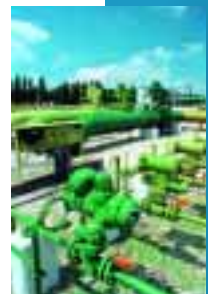
> INNOVATION

BECOMING AN E-BUSINESS

Created in the framework of the Group's new organization, the e-business unit focuses on three areas:

- customer relations,
- supplier relations,
- relations within the Group.

ITS MISSION is to facilitate the transformation of Gaz de France into an e-business in cooperation with the Company's businesses and divisions, to allow the Group to mobilize the multiple possibilities the Internet offers to meet customers' needs, and to develop its businesses in an environment that is open to competition.



> FIVE BUSINESSES

> EXPLORATION-PRODUCTION

Gaz de France Exploration-Production evaluates opportunities to acquire deposits and exploration licenses and oversees the development and operation of gas fields. The objective is to provide the Group with its own reserves so that it can ensure 15% of its annual natural gas requirements in 2033.

> SUPPLY AND TRADING

Gaz de France Supply and Trading is principally specialized in the wholesale buying and selling of natural gas. It ensures gas supplies in the short and long term. It optimizes the daily balance between the Group's gas supply and demand by trading in the energy markets. It is in charge of marketing for eligible customers in Europe and is developing new risk hedging instruments for major customers and for the Group.

> TRANSMISSION

Gaz de France Transmission operates transmission systems in France (including LNG receiving terminals) and markets transportation services to all gas shippers. It manages facilities and equity interests in transmission facilities outside of France. It is in charge of the development and technical operation of underground storage facilities.

> DISTRIBUTION

The Group coordinates natural gas distribution activities in France and throughout the world.

> SERVICES

The Group has expertise in the engineering and development of projects linked to the supply of natural gas, multi-energy services, the installation of integrated projects in customers' systems, and the delegated management of services.

EXPLORATION PRODUCTION

14

> PRODUCING NATURAL GAS MAKES
GDF MORE COMPETITIVE
TO ITS CUSTOMERS' ADVANTAGE



> Approximately **5%** of its natural gas requirements were covered by the Group's own resources at the end of 2000. The objective is 15% in 2003

> **600** employees in Exploration-Production

Gaz de France is developing its Exploration-Production business in order to ensure it has its own natural gas resources so it can make its commercial proposals more competitive.

> **The objective** is to secure resources that cover 15% of the Group's needs in 2003, i.e. almost 7 billion m³ per year.

> **Gaz de France** targets the acquisition and development of assets located near its primary market, Europe. It holds equity interests and transmission rights in pipelines and terminals linking offshore deposits to the continent.

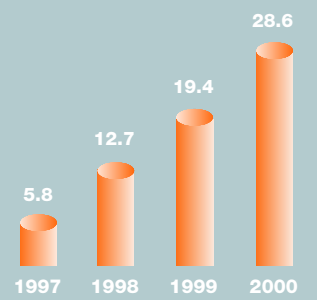
> **In 2000**, the Group completed two major acquisitions in the Dutch and Norwegian North Sea sectors, increasing its production capacity by 800 million m³ per year and its reserves by 8 billion m³.

> **In addition**, Gaz de France continued to develop its exploration portfolio in the British North Sea sector.

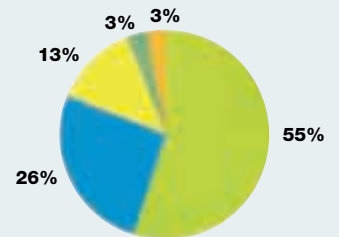




THE GROUP'S GAS RESERVES
(in billions of m³)



GEOGRAPHIC BREAKDOWN OF THE GROUP'S TOTAL RESERVES (GAS AND OIL) IN 2000



- British North Sea sector
- Dutch North Sea sector
- Germany
- France
- Ivory Coast

At the end of 2000, the reserves of the Gaz de France Group totaled 28.6 billion m³ of natural gas, up more than 47% from 1999, and its gas production capacity is expected to rise to 2.3 billion m³ in 2001.

OPERATOR IN THE DUTCH NORTH SEA SECTOR

In the summer of 2000, Gaz de France acquired 100% of the capital of the exploration and production company Transcanada International Netherlands (TCIN), now called GDF Production Nederland, and a 38.7% equity interest in Noordgastransport BV, which owns the NGT offshore pipeline in the Dutch North Sea sector.

The Group thus increased its production capacity by 800 million m³ per year and its reserves by 8 billion m³. It strengthened its position in North Sea transmission infrastructures by becoming the operator of the NGT integrated system, which is comprised of a 318-kilometer pipeline with a capacity of 41 million m³/day and a processing terminal. The Group also developed its offshore expertise through the incorporation of 170 highly specialized staff members.

ACQUISITION OF GAS AND OIL DEPOSITS IN NORWAY

By the terms of an agreement signed with the Norwegian company Statoil, in the spring of 2001, Gaz de France will take possession of 20% of the Njord deposit in the Norwegian Sea and of 12% of the Snøhvit deposit in the Barents Sea.

In operation for three years, Njord currently produces oil and will supply natural gas beginning in 2004. Its reserves are estimated at 90 million barrels of oil and 6 billion m³ of natural gas. Snøhvit's reserves are estimated at 210 billion m³ of natural gas and 115 billion barrels of condensate. The development of this field will require the construction of a liquefaction facility. Production, estimated at 5.4 billion m³ per year, is scheduled to start in 2006 and, in the form of LNG, could supply European and North American markets.

PRODUCTION-SHARING CONTRACT IN ALGERIA

Gaz de France also signed a cooperation agreement with Sonatrach whereby the two groups will participate in the exploration and development of natural gas reserves in southern Algeria in partnership with the Malaysian company Petronas. Plans are for Gaz de France to own 12.5% of the reserves developed, which have been estimated at 50 to 140 billion m³ of natural gas.

INCREASED PRODUCTION IN THE BRITISH NORTH SEA SECTOR

In the United Kingdom, GDF Britain manages the Group's exploration and production assets as well as Gaz de France's equity interest in EFOG, a subsidiary of TotalFinaElf (77.5%) and Gaz de France (22.5%). Altogether, these interests will represent a production level of 900 million m³ for Gaz de France in 2001.

Elgin-Franklin, in which Gaz de France has an indirect equity interest of 10.4%, began production at the end of March 2001. It is the largest gas and oil project in the British North Sea sector to have been launched in a decade.



> INNOVATION

SNØHVIT, A TECHNOLOGICAL CHALLENGE

Tapping the enormous Snøhvit deposit requires particular expertise. Its location in the Barents sea north of Norway precludes the transmission of natural gas to the markets by pipeline. The solution involves:

- producing gas from underwater facilities;
- transporting the gas by pipelines to a processing and liquefaction facility on an island near the Norwegian coast, some 170 kilometers from the site;
- then transporting the liquefied natural gas by tanker to the buyers' LNG terminals.

DOUBLING PRODUCTION IN KAZAKHSTAN

EEG, Gaz de France's Exploration-Production subsidiary in Germany, conducted studies with its partners on the development of the Akshabulak oil field in Kazakhstan in order to double production in 2001.



ASSETS OF THE GAZ DE FRANCE GROUP IN EXPLORATION-PRODUCTION AND RELATED TRANSMISSION SYSTEMS

GAS: IN BILLIONS OF M³ (GM³) PER YEAR - LIQUIDS: IN MILLIONS OF BARRELS (MMBBL) PER YEAR

Deposits	Gaz de France interest (25% to 75%)	Operator	Stage of development	Production in 2000 Group share
France				
Trois Fontaines	100%	Gaz de France	Operational	0.1 Gm³
Methamine	50%	Gaz de France	Operational	0.05 Gm³
United Kingdom				
Elgin-Franklin	10.4%	TotalFinaElf	Operational in 2001	0.5 Gm³ + 5 Mb (as of 2001)
Murdoch	11.5%	Conoco	Operational	0.1 Gm³
Caister	21.0%	TotalFinaElf	Operational	0.1 Gm³
CMS*	16.2%	Conoco	Transmission system	
Boulton	44.5%	Conoco	Operational	0.2 Gm³
ETS*	22.5%	Calenergy	Transmission system	
Chiswick	40.3%	Centrica	To be developed	-
Cavendish	25.0%	BP Amoco	To be developed	-
Errol MacAdam	35.0%	Conoco	To be developed	-
Various E&P blocks		GDF Britain**	Being explored	
Netherlands				
L10, K9 and K12		ProNed	Operational	0.8 Gm³
NGT*	38.6%	NGT**		
Seven blocs E&P 25 à 75%		(various)	Being explored	-
Norway				
Njord	20%	Norsk Hydro	Production accounted for as of 2001	4 Mb as of 2001
Snøhvit	12%	Statoil	To be developed	-
Germany				
Altmark	75%	EEG**	Operational	0.4 Gm³
Various E&P blocks		EEG**	Being explored	-
Kazakhstan				
Akshabulak	13%	EEG**	Operational	0.6 Mb
Ivory Coast				
Foxtrot	6%	Saur	Operational	0.03 Gm³

* Related transmission system / ** Gaz de France companies

> Almost **28.6** billion m³ of Group-controlled resources at the end of 2000

> An increase of more than **47%** over 1999

> **2.3** billion m³ produced in 2001

SUPPLY AND TRADING

18

> ONE OF THE WORLD'S LEADING BUYERS
OF NATURAL GAS.

COMPETITIVE PRICING AND PERSONALIZED
SERVICES THROUGHOUT EUROPE

> "GAZ DE FRANCE ENERGY",
the new official European trademark
for the activities of Gaz de France
Supply and Trading in its dealings
with major customers

> **23 billion kWh** bought
in European spot markets in 2000

> **15** delivery
and country entry points

> In 2000, going beyond the gas directive requirements effective as of August 10, Gaz de France unilaterally gave eligible customers the possibility to cancel their current contracts. Gaz de France also promised to study their requests for load matching. The Group's energy audit and consulting services were expanded to include the full range of environmental considerations and developments in this field.

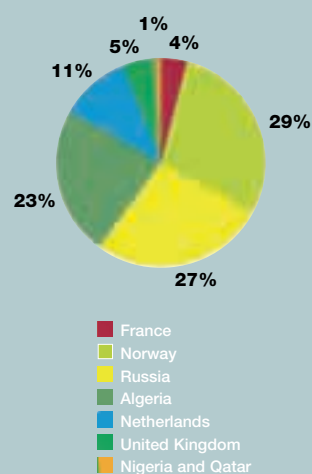
> **Gaz de France** is the European gas company that benefits from the most diversified natural gas supply sources and delivery points in Europe. In addition, to complement its long-term contracts, the Group has developed its trading activities in short-term energy markets and its expertise in risk management with the support of Société Générale. Last but not least, the Group has invested in cogeneration facilities dedicated to powering and heating large industrial plants. Gaz de France thus has the necessary resources to provide major customers with the solutions that are best adapted to their needs in terms of energy supplies, price engineering and services.

> **The Group** bolstered its resource portfolio, in particular through agreements signed with the Algerian company Sonatrach and the Italian firm ENI. In addition, it continued its commercial expansion in Europe, creating a trading subsidiary in Spain.

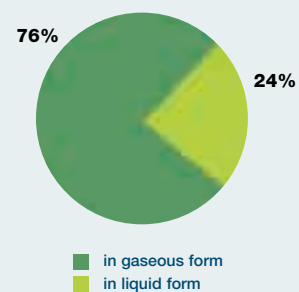




**IMPORTS AND DOMESTIC PRODUCTION OF NATURAL GAS IN 2000:
492 BILLION kWh**



NATURAL GAS PURCHASED IN 2000



LONG-TERM SUPPLIES: EUROPE'S MOST DIVERSIFIED PORTFOLIO

Ranking among the world's leading buyers, Gaz de France has sources of supply which are highly diversified in terms of their origin, nature (LNG and gaseous gas) and point of delivery.

The Group purchased 473 billion kWh in 2000, a quarter of which was in liquid form. The main suppliers are Norway, Russia, Algeria and the Netherlands. Gaz de France also takes delivery of natural gas from the British North Sea sector, Nigeria and Qatar.



INCREASED MARKET TRANSACTIONS

The Group's sources of supply are supplemented by purchases in European short-term markets at Zeebrugge, Bacton and the National Balancing Point on the Transco network in the United Kingdom. At the same time, Gaz de France makes arrangements for the necessary transmission.

The partnership formed in 1999 with Société Générale has allowed Gaz de France to develop its short-term market transactions and to offer its industrial customers innovative pricing. In 2000, the Group's short-term transactions quintupled to more than 23 billion kWh, representing approximately 5% of its gas purchases.

ADDITIONAL VOLUMES OF GAS AVAILABLE TO MARKET

Gaz de France broadened its cooperation with Sonatrach and renewed its contracts to buy Algerian LNG beyond 2002.

Gaz de France also signed a 24-year contract with ENI for the annual delivery of 2 billion m³ of Libyan gas. The gas is delivered in Gela, Sicily, which thus becomes Gaz de France's fifteenth input point, and will mainly be sold in Italy.

SERVICES TO MAJOR CUSTOMERS: A EUROPEAN FOCUS

The first to be concerned by the deregulation of the natural gas market, major eligible industrial and commercial customers accounted for 20% of direct sales by Gaz de France in the French market.

The Group has created a specific trademark, GAZ DE FRANCE ENERGY, to propose customized products and services adapted to their diverse needs: shorter-term contracts, fixed or indexed prices according to the type of activity, projects to supply energy at the European level. In this connection, Gaz de France is developing its marketing services in Europe.

In the United Kingdom, Gaz de France Energy Supply & Solutions, the new name of Volunteer Energy Ltd., which was acquired in 1999, has made significant inroads in the market for large industrial and commercial accounts. Stimulated by its innovations in price engineering, placements grew rapidly to 8.8 billion kWh in 2000.

In Spain, Gaz de France created a commercial subsidiary, Gaz de France Comercializadora, to enter a rapidly growing market.

<http://modulation.gazdefrance.com>
<http://www.gazdefrance.com/industrie>



> INNOVATION

ONLINE LOAD MATCHING REQUESTS

Gaz de France Supply and Trading offers eligible customers the possibility to request load matching online. The Web site has been operational since November 2000.

WHOLESALE TRADING: UNRIVALED FLEXIBILITY

Gaz de France offers foreign companies a range of options for wholesale trading and exchange between gaseous and liquefied gas and between delivery points in France and other countries. In 2000, these activities concerned approximately 4.5 billion m³, of which:

- 400 million m³ were earmarked for the Hungarian company MOL and more than 300 million m³ for the Swiss companies Gaznat and GVM on the basis of long-term sales contracts;
- 3.5 billion m³ were for the Italian company Enel, also on the basis of a long-term contract.

In 2000, the Group sold its first shipment of LNG in the American market, delivering 70 million m³ of Algerian LNG to the company El Paso at the Lake Charles terminal in Louisiana.

PROMISING MARKETS: SUPPLYING LNG TO INDIA

The Group is interested in supplying countries which want to increase the percentage of natural gas in their energy sources, especially to produce electricity. This is the case in India, where Gaz de France is participating in a project to import LNG and build a LNG receiving terminal in the state of Gujarat.

The national companies GAIL, IOC, ONGC and BPCL have joined forces in Petronet to develop this project for which Gaz de France is the advisor and designated partner. The Group plans to acquire a 10% equity interest in Petronet and to contribute to the operation of the future LNG receiving terminal at Dahej.

> Customized **solutions:** fixed price, ceiling price, indexed price

> **A wide range of options** for energy companies: LNG, pipeline gas, delivery points

> Trading subsidiaries in the **United Kingdom** and **Spain**



TRANSMISSION

22

> EXCEPTIONAL INFRASTRUCTURES IN EUROPE



- > **47** billion m³ of natural gas carried
- > **14** underground storage facilities

> **One of the world's leading operators** in natural gas storage

Capacity in France:

- **9.4** billion m³ (of working gas in aquifer storage and salt cavity storage facilities operated by Gaz de France)

- **510,000** m³ of LNG

> Transmission investments:

- **967** million euros (FRF 6.34 billion) from 1998 to 2000

- **1** billion euros (FRF 6.56 billion) programmed for 2001 to 2003

> **At the center** of Europe's natural gas grid, Gaz de France is expanding its receiving, transmission, storage and delivery facilities at a sustained pace.

In three years, its investments have exceeded 967 million euros (FRF 6.34 billion).

> **The objective** is to develop its business as a transmission and storage operator by leveraging its expertise and privileged geographical location.

In 2003, through swap and transmission contracts signed by Gaz de France Supply and Trading and foreign companies, the Group will transport more than 8 billion m³ of natural gas.

> **In 2000**, Gaz de France actively prepared to open its transmission system to third parties. As of August 2000, third parties were able to access the grid on the basis of rates published a month earlier.

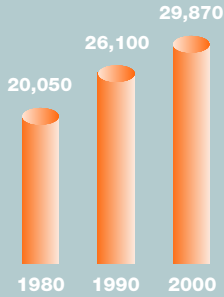
> **At the same time**, Gaz de France participated in two transmission projects – Russia-Europe and Algeria-Spain – both of which are strategic to supply Europe in the medium term.

The Group also became a transmission operator in Mexico, confirming its determination to play a role in this rapidly growing market at all stages in the gas industry.

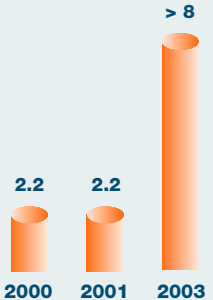




GAZ DE FRANCE'S NATIONAL TRANSMISSION SYSTEM
(in kilometers)



TRANSMISSION ACTIVITIES
(in billions of m³ carried)



In 2000, Gaz de France's transmission system carried 47 billion m³ of natural gas, of which more than 2 billion m³ in transit to other European countries.

OPENING OF THE FRENCH TRANSMISSION SYSTEM TO THIRD PARTIES: GAZ DE FRANCE WAS PREPARED

As of July 2000, Gaz de France made public the basic conditions for access to its trunk line system, which the company ensured were transparent, fair and competitive. The rates for access to LNG receiving terminals were published in January 2001.

Gaz de France was ready to open its grid to third parties on August 10, 2000, using transmission control software to optimize gas movements, once technical adaptations made it possible to inject natural gas from different sources into the system under the safest conditions.

A commercial department manages relations with third parties involving gas in transit. It is equipped with an independent and secure computer system to protect the confidential commercial data provided by third parties.

SUSTAINED DEVELOPMENT OF THE TRANSMISSION SYSTEM AND UNDERGROUND STORAGE FACILITIES

Several major developments have been launched to improve supplies to French regions, reinforce hook-ups with European grids and keep pace with increased deliveries from Norway, which will grow to 15 billion m³ per year by 2005, including 6 billion m³ for Italy as of 2001.

Gaz de France is also building a large-scale compressor station in Pitgam, near Dunkerque, to boost Norwegian gas for the Artère des Hauts-de-France pipeline.

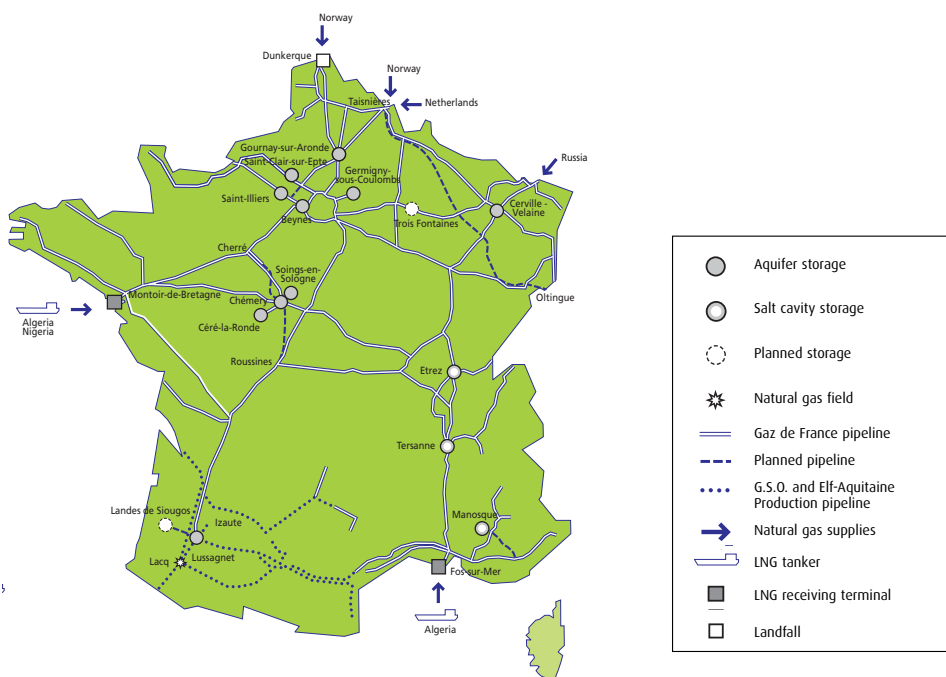
The construction of the Artère des Marches du Nord-Est pipeline continued at a sustained pace. Connected to the Belgian and Swiss grids, this 500-kilometer pipeline will cross ten administrative departments in northeastern France and a first section will be operational in 2001.

With its compressor stations, especially at Taisnières in northern France and Morelmaison in eastern France, this new pipeline will enable Gaz de France to strengthen its role as a hub for natural gas grids in western Europe.

To satisfy the growing needs of the Greater Paris area, the second half of the Artère des Plateaux du Vexin pipeline, a 115-kilometer extension of the Artère des Hauts-de-France pipeline, was commissioned at the end of 2000.

Gaz de France also reinforced its transmission system around the underground storage facilities in the center of France to improve service to the southwestern part of the country. This is the objective of the Artère du Centre pipeline (195 kilometers), of which the first section linking Chémery and Roussines came on stream in December 2000. Finally, the Artère du Haut Var, which links the Manosque storage facility to the Artère de Provence, over 60 km, was commissioned in December 2000.

At the same time, Gaz de France launched a major ten-year program to modernize and develop its natural gas compressor stations and storage facilities.





IMPROVEMENTS TO LNG RECEIVING TERMINALS

Almost 25% of Gaz de France's supplies arrive in the form of liquefied natural gas. The Company charters six LNG tankers and is the world leader in membrane tank technology.

One out of every two tankers in the world is equipped with membrane tanks that make it possible to use all of a ship's working volume.

The renovation of the Fos-sur-Mer terminal near Marseille, was completed in 2000 with no interruption of activities. The Montoir-de-Bretagne terminal in Brittany was expanded to keep pace with the rise in imports, which grew by more than 20% with the reception of Nigerian LNG. In the future, docking capacity for LNG tankers will be increased to 120 ships per year versus 75 in 2000. Gaz de France commissioned a 43 MWe cogeneration unit to satisfy the heating requirements of Europe's largest terminal at a lower cost.

CONTRIBUTING TO THE DEVELOPMENT OF GAS INFRASTRUCTURES IN EUROPE AND THROUGHOUT THE WORLD

Through its subsidiaries and affiliates, the Group is developing new storage facilities in Germany and Slovakia. It is also helping to renovate gas infrastructures in Poland. In 2000, Gaz de France participated in two consortiums for the construction of two new major European supply facilities.

- In October, Gaz de France signed an agreement with Gazprom, Ruhrgas, Wintershall and SNAM to study a pipeline that would carry Siberian gas to Europe via Belarus, Poland and Slovakia.

- In December, Gaz de France joined with Sonatrach, Cepsa, TotalFinaElf, BP, ENI and Endesa to study the feasibility of the MEDGAZ underwater pipeline project, which would link Algeria and Spain.

In addition, the Group is a member of different consortiums which study the feasibility of large infrastructures for the transmission of natural gas between Iran and Pakistan, Iran and Armenia, Iraq and Turkey.

GAZ DE FRANCE BECOMES A TRANSMISSION OPERATOR IN MEXICO

In Mexico, where it already distributes natural gas, Gaz de France acquired an equity interest in two transmission companies in 2000:

- a 67.5% interest in Energia Mayakan, which owns and operates a 700 kilometer pipeline on the Yucatan peninsula;
- a 100% interest in Transbajio, which is building a 200 kilometer pipeline northwest of Mexico City that is scheduled to come on stream in 2001.



> PERFORMANCE

TRANSPORTATION CONDITIONS ONLINE

On July 13, 2000, Gaz de France posted online its conditions for third-party access to its trunk line system and distribution network, its rate schedule and a glossary defining the new TPA vocabulary. Highly interactive, this site enables eligible customers to conduct online tests using a rate simulation tool that can be downloaded.

> More than **400** kilometers of additional pipelines in France in 2000

> Partner in the new **Russia-Europe** and **Algeria-Spain** transmission projects

DISTRIBUTION

26

> SERVING 12 MILLION
CUSTOMERS WORLDWIDE



> More than **10** million customers in France and more than **2** million throughout the world in 2000

> More than **7,500** French municipalities supplied by Gaz de France at the end of 2000

> **Leading distributor** of natural gas in Hungary and Mexico

> **In 2000**, Gaz de France invested more than 605 million euros (FRF 3.9 billion) to improve and develop the distribution network in France.

By the end of 2003, 8,500 French municipalities will be supplied with natural gas.

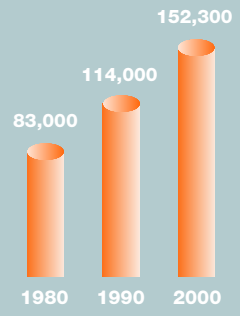
> **Internationally**, the Group consolidated its positions in Germany and Hungary and started operations in Poland.

With the acquisition of a third distribution franchise, Mexico has become Gaz de France's primary growth target outside of Europe.

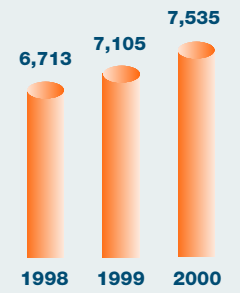




**GAZ DE FRANCE'S FRENCH
DISTRIBUTION NETWORK**
(kilometers)



**NUMBER OF MUNICIPALITIES
SUPPLIED BY GAZ DE FRANCE**



**RESIDENTIAL CUSTOMERS:
“GAZ DE FRANCE RECOMMENDS”**

Numbering more than ten million, residential customers represent the largest market of Gaz de France. In 2000, an additional 200,000 homes opted for natural gas.

Gaz de France services are available twenty-four hours a day, seven days a week, allowing customers to obtain information and advice, pay their bills or subscribe new contracts. Local branches are open to the public from 8:00 a.m. to 7:00 or 8:00 p.m., as well as on Saturday morning. Eight call centers take over at night, on the weekend and over holidays. To benefit from personalized advice on a project, a single number, **0 801 16 30 00**, puts consumers in direct contact with one of Gaz de France’s 400 customer representatives, who handled 300,000 calls in 2000, two and a half times the number reported in 1999.

Gaz de France also facilitates daily life for its residential customers by informing them in advance of the day and hour when the gasman is scheduled to read their meter and by developing its trust-based reply service.

In 2000, Gaz de France conducted 615,000 Quality Audits to monitor the quality and safety of customers’ installation pipework. In addition, 404,000 compliance certificates were issued on the occasion of work by Qualigaz professionals to install new, additional or modified pipework.

At the same time, 360 wholesale outlets now have Natural Gas Comfort customer information displays which present the most efficient household appliances, and almost 3,000 installers have signed the Natural Gas Professionals’ Comfort Quality Charter.

Eight hundred builders of individual homes participate in the Natural Gas Builders’ program, which encourages them to promote the Company’s natural gas heating and hot water line, named Climalliance, and to provide new homeowners with detailed advice on use and maintenance. In addition, the financing arrangements proposed by Petrofigaz facilitate the purchase and installation of new natural gas equipment.

In the social sector, the framework agreement was renewed for three years with the government social housing organization Union Nationale des Fédérations d’Organismes HLM. This agreement contains specific provisions to allow homeowners to benefit fully from the qualities of natural gas, to improve the safety of installation pipework and to develop advisory services on uses of natural gas.

**CORPORATE CUSTOMERS:
“GAZ DE FRANCE COMMITS ITSELF”**

The main objectives of the “Gaz de France commits itself” program are to bolster the satisfaction of corporate customers through the quality and personalized nature of the services offered and to contribute to their economic and environmental performance.

The program provides each industrial or commercial company the advantage of working with a single Gaz de France representative, direct information on changes in natural gas rates, a yearly audit to optimize consumption, customized information on products and techniques linked to the use of natural gas and a systematic report of delivery point inspections.



> INNOVATION

CYBER-ACCOUNTS FOR RESIDENTS OF LILLE
Since October 2000, the first virtual branch allows more than 279,000 residential customers of Gaz de France in this northern French city to manage their accounts and pay their bills online. They can also consult their gas bills for the previous two years and enter their meter reading so the next bill is 100% accurate. This innovation should be available throughout France as of June 2001.



> PERFORMANCE

In this framework, eight sales offices, located throughout France, are dedicated to industrial and agricultural customers, a job which demands specific knowledge of how the energy is used, and 21 offices take care of residential and commercial customers. In each of these, companies have the advantage of working with a single Gaz de France representative. In addition, the Group has named delegates for the Group's major accounts to meet the needs of companies that operate throughout France at several locations but with a centralized decision-making structure, such as hotel chains, large retail distribution networks, the French national rail company SNCF and certain government agencies.

Companies with fewer than ten employees benefit from personalized service at the 98 Distribution Areas and can obtain advice and information from the Gaz de France Customer Relations Center. This structure also engages in commercial activities with 400,000 existing customers and 2 million potential customers.

When customized arrangements need to be made, Gaz de France relies on a network of dedicated structures which provide support for the sales force – ExpertGaz for industry and cogeneration, Actigaz for commercial operations, and experts in air conditioning and natural gas for vehicles. In 2000, more than 550,000 m² were air conditioned by natural gas and more than 500 natural gas-powered buses operated in French cities. Downstream, Cofathec Services and its specialized subsidiaries develop state-of-the-art expertise in areas that complement the supply of energy.

GAZ DE FRANCE: SERVING LOCAL GOVERNMENTS

In 2000, 430 additional municipalities were hooked up to Gaz de France mains, bringing the total supplied to more than 7,500, which represents a population of 44 million, almost 75% of the French total. In the framework of the new service program drawn up by the French government, Gaz de France committed itself to step up its investments by increasing the number of municipalities it supplies to 8,500 by the end of 2003.

At the same time, Gaz de France is developing a full range of products and services to provide advice and expertise that will meet the needs of local governments in the areas of energy, environmental protection and sustainable development:

- advisors specialized in heating and air conditioning for public service and sports facilities;
- financing of natural gas facilities in partnership with Dexia Credit Local;
- financing and turnkey services for cities wishing to equip their municipal fleets with natural gas vehicles;
- management of district heating networks through specialized subsidiaries solutions to reduce polluting emissions from incineration plants and to recycle biogas from landfills with the support of ADEME, the French agency for the environment and energy management;
- assistance in drawing up an Agenda 21;
- assistance in managing local government buildings through the "Energie Commune" program.

AN ENVIRONMENTAL CHECK-UP FOR INDUSTRIAL COMPANIES

In 2000, Gaz de France broadened its energy audit services to include a general check-up that incorporates an environmental survey of industrial facilities. It involves the evaluation of internal emission monitoring instruments, the mapping of discharges of solid, liquid and gaseous waste, the verification of compliance with regulations, the evaluation of performance in terms of ISO 14001 standards, and advice on processing solutions together with budget estimates.

> More than **200,000** new customers in 2000

> **430** additional municipalities connected

> More than **50%** of cities with a population of more than 200,000 have NGV bus fleets

> **615,000** Quality Audits conducted

POSITIONS CONSOLIDATED IN EUROPE

In Germany, the Group counts 825,000 customers mostly through its two main subsidiaries: EMB in the state of Brandenburg and Gasag in Berlin.

Despite the mild climate in 2000, EMB consolidated its position with sales of 175 million euros, up 36% from 1999, and net income also increased.

Gasag, Berlin's leading heating operator with a market share of 38%, reported sales of 500 million euros, up 23%. Restructured in 1998, Gasag fully benefited from synergies in the Group to impulse its recovery. The adoption of techniques used in distribution in France made it possible to reduce the cost of modernizing its network. To remain the leader and benefit from the potential of the Berlin market, Gasag intends to continue to adapt its products and services to customers and to develop the sale of turnkey heating systems and NGV.



> PERFORMANCE

MOVE INTO POLAND

The industrial and commercial cooperation agreement signed with the Polish oil and gas company PGNiG involves Gaz de France in the development of the production of electricity and heat from natural gas and in the promotion of NGV. In addition, in partnership with EDF, Gaz de France acquired an equity interest in two combined electric power and heat plants. Located on the Baltic coast, in one of the country's most industrialized regions, they supply the cities of Gdansk, Gdynia and Sopot. The objective is to convert these plants to natural gas since they are now powered mainly by coal.



In Austria, almost 300,000 customers are supplied with natural gas by Steirische Ferngas, the gas distribution subsidiary of ESTAG, which supplies various forms of energy to the province of Styria. Gaz de France and EDF have a 25% equity interest in ESTAG. In 2000, the company's gas sendout represented 15% of the Austrian market. ESTAG reported net sales of 202 million euros, up 36%.

In Hungary, the subsidiaries Egaz and Degaz supply almost 700,000 customers and have a market share of 24% with a sendout of 18.5 billion kWh. In 2000, Egaz reported net sales of 92 million euros, while sales at Degaz totaled 122 million euros. The principle of a merger of the two companies was approved at the companies' annual shareholders' meetings in April 2001.

GAZ DE FRANCE WINS A THIRD TENDER IN MEXICO

In 2000, Gaz de France was awarded the contract for the distribution of natural gas in the region of Puebla Tlaxcala, 120 kilometers from Mexico City. This region has a population of 2.6 million, with 2 million in Puebla, Mexico's fourth largest city. Gaz de France already supplies industrial customers in this region and will invest FRF 225 million by 2005 to service 68,000 customers.

After the franchise in Norte de Tamaulipas near the Texas border (150,000 customers in 2015) and the one in the suburbs of Mexico City (900,000 customers in 2010), this new success strengthens Gaz de France's position in Mexico. The Group has a share of approximately 25% of the gas distribution market and intends to be a major operator at all stages of the gas industry in this country, the world's eighth largest producer.

> PERFORMANCE

FAVORABLE OUTLOOK IN MEXICO

Gaz de France has moved into Mexico to be a major operator at all stages of the gas industry. The Group has already invested 323 million euros in distribution and transmission. In addition to the growth of the domestic market, the development in the next three years of transmission links between Mexico and the United States holds great promise.

> **1.8 million** customers in **Austria, Germany** and **Hungary**

> **1.2 million** customers in **Mexico** by 2010

SERVICES

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> A WIDE RANGE OF SERVICES



- > Net sales in 2000:
785 million euros
- > **5,000** employees
- > **Third** in France, **first** in Italy

> **Downstream from the supply of energy**, Gaz de France has developed a range of services which foster customer loyalty and spur market growth by promoting efficient uses of natural gas.

> **The Cofathec Group** is specialized in the engineering, manufacture, operation, management and maintenance of heating and air conditioning equipment. It offers a wide range of services, from cogeneration and the management of utilities and industrial fluids to complete facilities management for commercial entities. The third largest French operator and the leader in Italy, Cofathec has bases in the United Kingdom, Benelux and Switzerland.

> **The Group** also manages district heating networks, a market in which it strengthened its position in 2000 through the acquisition of a 34% equity interest in the Thion Group, France's third largest operator in this sector.

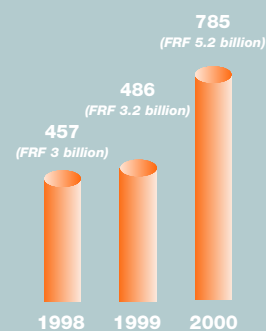
> **GNVert** is specialized in the financing, design, installation, operation and maintenance of NGV filling stations, a sector in which strong growth is reported in business with local governments.

> **Group services** generated net sales of 785 million euros (FRF 5.2 billion) in 2000.





NET SALES, EXCLUDING VAT
(in million of euros)



COGENERATION CONTINUES TO ATTRACT NEW CUSTOMERS

In 2000, cogeneration contributed 50% to the growth of sales at Gaz de France, which offers a full range of products and services including project expertise through ExpertGaz Cogénération, studies, construction and financing through Cofathec Projis, and operation and maintenance through Cofathec Services.

CHP systems in which the Group invests through Finergaz represent an installed capacity of 450 MWe.



NATURAL GAS HVAC SYSTEMS: THE MARKET TAKES OFF

Committed to ensuring that its installations are of the highest quality, the Group is competitive in its response to market demand for the air conditioning of large facilities. Cofathec provides operation and maintenance services in conjunction with the reversible air conditioning systems it offers customers.

In 2000, more than 550,000 m² were air conditioned using natural gas—three times the area reported in 1999. Examples culled from the year include:

- rooms with strictly controlled atmosphere at the Grenoble facility of the BD Group, the world leader in medical and diagnostic equipment;
- the inter-municipal hospital center in Castres;
- a second series of apartment buildings with some 100 dwellings in Villeurbanne in the suburbs of Lyon;
- a 15,000 m² shopping center in Tarbes in southwestern France;
- the new 15,000 m² movie complex in Mulhouse in eastern France.

> INNOVATION

A facilities management contract at Saint-Egrève in the French Alps: management of an industrial zone in which Atmel, an American semiconductor manufacturer; and PHS.Mems, a manufacturer of memory units and digital storage systems, are located.

DISTRICT HEATING: POSITIONS STRENGTHENED

Through Coriance, the Group operates some 15 district heating networks in France, almost all of which are equipped with natural gas cogeneration. To strengthen its positions, the Gaz de France Group acquired a 34% equity interest in the Thion Group, France's third largest operator. With its subsidiary Socram, which manages 26 district heating networks in France (in particular, in Rennes and Chalon-sur-Saône), as well as a network in Poland, Thion has net sales of approximately FRF 1 billion in this market.



<http://www.cofathec.fr>

NATURAL GAS FOR VEHICLES (NGV) CONVINCES HALF OF FRENCH CITIES WITH A POPULATION OF MORE THAN 200,000

NGV offers a competitive and safe solution to fight urban pollution. Today, the commitment of Gaz de France, together with automobile manufacturers, has made available a full range of heavy duty and light utility vehicles.

At the same time, Gaz de France facilitates the acquisition of NGV fleets by local governments by guaranteeing the competitiveness of projects involving more than 20 heavy duty vehicles and by proposing turnkey services through its subsidiary GNVert, which provides financing, design, installation, operation and maintenance of filling stations, initial training and permanent user assistance. GNVert now operates some 60 NGV filling stations in France.

NGV confirmed its penetration of the mass transit market with a third of the bus replacement market. Altogether, some thirty municipalities, half of which are cities with a population of more than 200,000, have opted for this solution.

Gaz de France is also active in the garbage collection market, with 56 NGV garbage trucks in service, and the corporate and local government vehicle fleet sector equipped with almost 4,000 light natural gas vehicles.



SUSTAINED ACTIVITY IN ITALY AND THE UNITED KINGDOM

In Italy, Cofathec Servizi, which acquired the energy activities of SI Servizi, confirmed its position as the Italian leader in the sale of heat and related services, with a market share of more than 20%. Net sales totaled 235 million euros, up 30%.

In the United Kingdom, Cofathec increased its interest in Heatsave to 100%. Heatsave is one of the leading private British companies specialized in the operation and maintenance of energy equipment, with net sales of 38.5 million euros, up 13%.



> PERFORMANCE

Omega Concept is a Cofathec subsidiary. In 2000, Omega Concept equipped STMicroelectronics at Crolles, near Grenoble, with clean rooms with an area of 3,000 m², industrial extractions and exhaust systems (pipes for the circulation of chemical products).

> **4 billion m³** of natural gas sold in France in 2000 to cogeneration facilities

> More than **550,000 m²** air conditioned by natural gas

> **510** buses powered by NGV, 335 additional buses on order

> INNOVATION

Gaz de France started up the first fuel cell installed in France, at Chelles, near Paris. It will supply energy to 200 homes.

ENSURING PERFORMANCE

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> THE OBJECTIVES OF THE GAZ DE FRANCE GROUP ARE:



- > **to improve** constantly the quality and competitiveness of its services for all its customers both as a public service provider and as a player in markets open to competition;
- > **to pursue** its integration at all stages of the gas industry from the wellhead to the burner tip;
- > **to reinforce** its international positions, to leverage its expertise and technological strengths;
- > **to reconcile** economics, environmental protection and social priorities by integrating sustainable development into all its activities.

To this end, the Group:

- > **optimizes** its research and development investments which make the Company a world leader in the gas sector;
- > **places** the environment at the heart of its development strategy;
- > **is committed** to quality assurance in all its markets, including certification objectives;
- > **contributes to** the quality of labor relations and pursues its training initiatives to lead change successfully;
- > **affirms** its status as a member of the community by fostering social integration through employment and helping to preserve our natural and artistic heritage and to make it available to all.

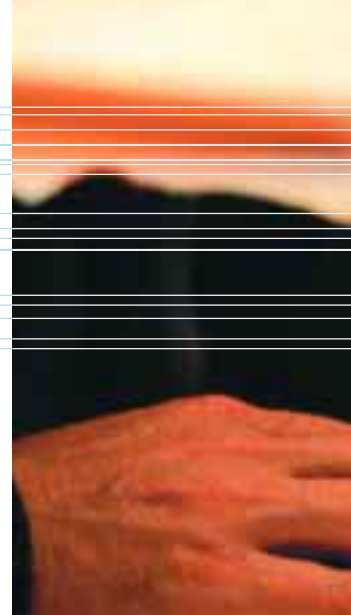
Three-year programs, the third of which started in 2000, implement these commitments.

ACTING FOR SUSTAINABLE DEVELOPMENT

Gaz de France launched an Agenda 21 project to integrate sustainable development into all its activities. It is one of the first large French groups to take this initiative. The Group is also the only French company to be involved in 2000 in the Prototype Carbon Fund, which is dedicated to reducing greenhouse gas emissions.

Associated with the World Bank's Environment Fund, this fund invests in projects that promote energy conservation, transfers of environmentally friendly technology and the development of renewable energies, especially in developing countries.

To know more about Gaz de France's commitment to environmental protection, see the Environment Report 2000 and the Internet site www.gazdefrance.com.





> INNOVATION

PRODUCTIVE RESEARCH

Gaz de France is a world leader in the field of research, a major factor in the Group's technical and commercial development.

Organized by programs and by business units, Research and Development conducts 80% of the projects in close cooperation with the Group's operating divisions and subsidiaries as well as with external partners. By participating in international programs, it is able to share the risks and enhance budget efficiency.

Reducing costs, improving safety

Research in these two fields is particularly productive. For example, in major gas transmission systems, investment and maintenance costs are limited through the development of new materials, new pipe laying techniques and innovative systems for the surveillance, protection and evaluation of trunk lines to guide repairs. In underground operations in general, new drilling techniques and efficient modeling tools help to reduce operating costs in exploration and production. Downstream from the meter, the Vissogaz screwed end pipe connector system developed by Gaz de France ensures the safety of kitchen appliances by limiting the main risks of accident. Sales of screwed end flexible connectors in France exceeded 1.4 million units in 2000.

Expanding products and services, promoting international development

Comfort, reliability, energy efficiency – Research and Development investigates many areas to improve gas uses and optimize the services the Group offers its customers. In the processing of industrial waste, cogeneration, natural gas air conditioning, natural gas for vehicles and fuel cells, the completion of many projects, often conducted in the framework of international industrial partnerships, opens up new markets for the Group.

In addition, several projects are developed for foreign applications – distribution networks adapted to very cold climates, artificial storage facilities for areas without natural structures and offshore liquefaction plants and LNG receiving terminals for countries with hostile coasts.

EXPLORATION TECHNIQUES AT A LOWER COST

As a result of modernization, Gaz de France has been able to optimize its storage facilities. The capacity of the Chémery unit, initially estimated at 5 billion m³ of natural gas, has been increased to 7 billion m³.

- > **730** employees
- > **1,600** patents
- > **334** research contracts in progress
- > **135** industrial partnerships
- > **91.5** million euros (FRF 600 million) invested in 2000

> INNOVATION

RESEARCH: AN ONLINE QUALITY BENCHMARK FOR PROJECT MANAGERS

To manage the different phases of a research project and relations with customers, project managers need to be able to decide rapidly whether to pursue a research program and at what cost, keep customers informed of progress, meet their requirements, control costs and deadlines, and ensure the transfer of results and the valorization of research downstream. Project managers now have an online quality benchmark that can be modulated according to the focus and project organization.



COMPREHENSIVE QUALITY ASSURANCE

Because quality is a determining factor in success, in 2000 the Gaz de France Group launched an ambitious quality program which concerns all of its markets, targeting its residential, corporate and local government customers.

In this framework, all the operating divisions and subsidiaries introduced quality management and control systems with applications for ISO certification in certain areas.

At the end of 2000, more than 80 certifications had been awarded and the effort is being pursued in 2001. A training program was launched in 2000, in conjunction with the recruitment of quality managers, to ensure that each unit has a quality specialist. In all Distribution Areas, four operations are up for ISO 9002 certification by the end of 2001:

- the access to gas, from the processing of a customer's needs to the monitoring of their satisfaction;
- the safety operations, from warning calls to the implementation of safety measures;
- the processing of requests via the "Call before You Dig" system;
- the gasing up and isolating installations to/from the gas network.

In the transmission sector, quality assurance priorities are the metering of delivered energy, the hook-up of new delivery points and the odorization of gas. Two facilities are also expected to meet ISO 14001 standards in environmental management.

In addition, the Seveso II directive requires the introduction of safety management systems at LNG receiving terminals and natural gas underground storage facilities for 2001 and 2002, respectively. To ensure that these programs are efficiently carried out, Gaz de France Transmission opted for management systems integrating issues of quality, health, safety and the environment.

Support functions are also involved, from Research and Development, which in 2000 adopted a quality benchmark to improve project performance, to the unit in charge of managing the pensions of retired employees. It is the first structure of the sort in France to receive ISO 9002 certification.

> **150** quality specialists

> More than **3,000** employees trained in quality in 2000

A MOBILIZED WORKFORCE, READY FOR THE OPENING OF THE MARKETS

Gaz de France's human resources policy has several focuses – to coordinate economic performance, social priorities and job creation; to involve employees in the Company's ambitions and results; and to develop expertise.

Ongoing preparation for European competition

Introduced in 1998, regional meetings allow the Group's employees to have direct contact with management. In 2000, more than 10,000 staff members took part in 45 meetings. The issues discussed included the new competition in the energy market and the Group's industrial and commercial strategy and its implementation. New training programs were developed, especially in marketing and sales, short-term gas trading, TPA and, more generally, quality and the environment.

GAZ DE FRANCE'S WORKFORCE IN FRANCE BY JOB CATEGORY
as of December 31, 2000



Positive results from the agreement on the 35-hour workweek

In France, the application at Gaz de France of the 35-hour workweek as of October 1, 1999, and the efforts to encourage employees to work 32 hours or less (an option chosen by 20% of the staff) led to a more efficient workplace organization and enhanced customer service. Seventy-five percent of customer reception centers are now open after 6:30 p.m. or on Saturday, versus 25% in 1999.

At the same time, 1,421 new staff members were recruited, providing Gaz de France with the skills it needs to keep pace with the development of its businesses. The gainsharing agreement for 1999-2001 is another performance incentive. It includes a collective portion, based on the Company's productivity, and a decentralized portion indexed on the achievement of improvement objectives, which are chosen and negotiated in each unit.

Creating a European Works Council

Gaz de France decided to create a European Works Council, which will allow the Group's management and employee representatives of companies located in the European Union to exchange points of view on the Group's strategic priorities. The European Works Council will thus help to develop a common dynamic corporate culture throughout the Group, to foster the sharing of experience, to broaden the outlook of union representatives, management and employees and to affirm the Group's values in compliance with local regulations and practices.

> INNOVATION

GAZ DE FRANCE SUPPORTS PILOT PROJECTS

Improved cooperation, faster communication, less commuting – these are the advantages offered by 25 teleworking pilot projects developed in the Group to enhance its efficiency. For example, the Gas Development Expertise Center is a virtual forum of experts who work together from geographically different locations.

EUROPEAN DIRECTIVE: CREATION OF A PROFESSIONAL BRANCH

The February 10, 2000 law transposing the electricity directive created a framework for labor negotiations in the branch of electricity and gas industries, Union Nationale des Employeurs des Industries Gazières (UNEMIG), which regroups employers in this sector and will negotiate branch labor agreements with the trade unions.

> **1,421** new hires in 2000

> **73%** of the workforce satisfied with their jobs

1999 survey "You and Your Company"



> PRIZES AWARDED

ENVIRONMENT OSCAR FOR THE FONDATION D'ENTREPRISE GAZ DE FRANCE

Admical, a non-profit organization to promote corporate and industrial sponsorship, awarded its environment Oscar to the Fondation d'entreprise Gaz de France on June 28, 2000. This prize rewarded eight years of endeavors in this field and, in particular, the program to save France's hiking trails, which was carried out in partnership with the French Hiking Federation.

- > **2,700** jobs for young people in 2000 (with EDF)
- > More than 100 social integration projects assisted
- > **8,000** kilometers of hiking trails reconditioned
- > **30** major stained glass windows restored or created in Europe

A CONFIRMED MEMBER OF THE COMMUNITY

Foster social integration through employment, 2,700 jobs for young people

Gaz de France and EDF together took initiatives to foster social integration through employment. In 2000, 1,622 young people worked as apprentices and 1,058 participated in on-the-job qualification programs. Altogether, 3,204 young people are involved in on-the-job training in the two companies, and 1,093 employees have been given solidarity contracts. At the same time, the two companies committed themselves to create at least 2,000 jobs for young people in partnership with non-profit organizations, sports federations and local governments. At the end of 2000, 2,700 jobs had been created for young people, of which 900 in sports, 725 in welfare assistance, 345 in environmental protection and 300 in local governments.

Gaz de France's Company Foundation – Fondation d'entreprise Gaz de France – endorses this program and also supports non-profit organizations which fight against social exclusion. In addition, employees at Gaz de France and EDF help to promote social integration through the Act for Employment Foundation. More than 14,000 donors contributed FRF 3.2 million in 2000, a sum matched by the two companies. In 2000, this foundation funded a hundred projects, which created 773 jobs.

Assisting destitute customers

Gaz de France likewise pursued its efforts to help the underprivileged. A toll-free number allows customers near the poverty line to contact the Company, which has committed itself to continue to supply natural gas as long as their situation has not been examined by the competent welfare organization. Gaz de France hired almost 350 young people on special contract to work in the welfare sector to help these customers control their consumption of energy and use natural gas under the safest conditions.

Preserving our heritage and making it available to all

As the main partner of the French Hiking Federation, Gaz de France protects, marks and maintains hiking trails. More than 8,000 kilometers have already been reconditioned. The Fondation d'entreprise Gaz de France has undertaken the rehabilitation of the cirque of Gavarnie, a UNESCO world heritage site. This five-year project follows the rehabilitation of the Pointe du Raz in Brittany.

This commitment is also exemplified in the restoration of stained glass windows, which are extremely vulnerable to air pollution. The Fondation d'entreprise Gaz de France helps to fund the preservation of historic stained glass windows and supports the creation of contemporary artists and stained-glass makers. In 2000, some thirty windows were restored in France and Europe.



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