# EDF GROUP

# Half-year Financial Report June 2009

This Half-Year Financial Report contains information relating to the markets in which the EDF group is present. This information has been taken from surveys carried out by external sources. Considering the very rapid changes that characterize the energy sector in France and in the world, it is possible that this information could prove to be erroneous or outdated. Developments in the Group's activities could consequently differ from those described in this Half-Year Financial Report and the declarations and information appearing in this Report could prove to be erroneous.

The forward-looking statements contained in this Half-Year Financial Report, notably in section 15 ("Financial Outlook for 2009"), are based on assumptions and estimates that could evolve or be impacted by risks, uncertainties (relating particularly to the economic, financial, competitive, regulatory and weather environment) or other factors that may cause the future results, performances and achievements of the Group to differ significantly from the objectives expressed and suggested. These factors may include changes in the economic and commercial environment, regulations, and the factors set forth in section 4.2 of the EDF Group's 2008 Document de Référence ("Risk Factors").

Pursuant to European and French legislation, the entities responsible for the transmission and distribution of electricity within the EDF group may not communicate certain information gathered in the course of their activities to the other entities of the Group, including its Management. Similarly, certain data specific to generation and supply activities may not be communicated to the entities responsible for transmission and distribution. This Half-Year Financial Report has been prepared by the EDF group in compliance with these rules.

## Contents of the Half-year Financial Report

**Certification by the person responsible for the half-year financial report**

"I certify that, to the best of my knowledge, the condensed consolidated financial statements at June 30, 2009 are prepared in accordance with the applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and income of the company and of all the companies included in the consolidation, and that the attached half-year management report presents a true and fair view of the important events of the first six months of the financial year and their impact on the financial statements, the main related party transactions and a description of the main risks and uncertainties for the remaining six months of the financial year."

Paris, July 29, 2009

Pierre Gadonneix

Chairman and CEO of EDF

# EDF GROUP

# Half-year Management Report
# June 2009

## Contents

# 1 Key figures

The figures presented in this document are taken from the EDF Group's condensed consolidated half-year financial statements at June 30, 2009.

**Extracts from the consolidated income statements**

Key figures for the first half-year of 2009 are as follows:

| (in millions of euros) | H1 2009 (2) | H1 2008 (1) | Variation | Variation (%) |
|---|---|---|---|---|
| Sales | 34,897 | 32,239 | 2,658 | 8.2 |
| Operating profit before depreciation and amortization (EBITDA) | 10,141 | 9,041 | 1,100 | 12.2 |
| Operating profit (EBIT) | 6,775 | 5,913 | 862 | 14.6 |
| Income before taxes of consolidated companies(3) | 4,573 | 4,447 | 126 | 2.8 |
| Group net income | 3,117 | 3,116 | 1 | 0.0 |
| Net income excluding non-recurring items(4) | 2,926 | 3,096 | (170) | (5.5) |

(1) 2008 figures have been adjusted for the impact of application of revised IAS 23, "Borrowing costs" (see notes 1 and 2 to the condensed consolidated half-year financial statements at June 30, 2009).
(2) Figures for first-half 2009 include the effects of consolidation of British Energy from January 5, 2009.
(3) The income before taxes of consolidated companies corresponds to the EDF Group's net income before income taxes, the share of net income of companies accounted for under the equity method and minority interests.
(4) Net income excluding non-recurring items is not defined by IFRS, and is not directly visible in the consolidated income statements. It corresponds to the Group's net income excluding non-recurring items, net of tax (see section 5.8).

### Operating cash flow

| (in millions of euros) | H1 2009(1) | H1 2008 | Variation | Variation (%) |
|---|---|---|---|---|
| Operating cash flow (2) | 6,862 | 6,358 | 504 | 7.9 |

(1) Figures for first-half 2009 include the effects of consolidation of British Energy from January 5, 2009.
(2) EDF uses Operating cash flow as an indicator to assess the Group's capacity to generate free cash flow. Operating cash flow is not defined by IFRS, and is not directly visible in the consolidated cash flow statements. Also known as Funds From Operations or FFO, it is equivalent to net cash flow from operating activities (Cash flow statement) excluding changes in working capital, less net financial expenses disbursed and income taxes paid, adjusted for the impact of non-recurring tax effects.

### Net indebtedness

| (in millions of euros) | H1 2009(1) | H1 2008 | Variation | Variation (%) |
|---|---|---|---|---|
| Net indebtedness | 36,791 | 24,476 | 12,315 | 50.3 |
| Equity (EDF's share) | 26,016 | 23,197 | 2,819 | 12.2 |

(1) Figures for first-half 2009 include the effects of consolidation of British Energy from January 5, 2009.

# 2 Economic Environment and Significant Events

## 2.1 Economic environment

### 2.1.1 GDP growth [1]

After a sharp slowdown in late 2008 that intensified in most countries in the first quarter of 2009 (in the first quarter, the OECD[2] countries' economies continued to contract considerably: -2.1% after -1.9% in the previous quarter), there were signs of a less negative trend in the second quarter of 2009.
In the second half-year of 2009, the effects on the economy of the increasing number of economic plans to support public spending and household demand may begin to be seen, although a further slowdown during the second half-year in the economies of OECD countries is still possible.

In the **Euro zone**, where the EDF group does most of its business, a 5.2% decline in GDP is anticipated for 2009 after a 0.6% growth in 2008 (and a 2.7% growth in 2007).

### 2.1.2 Trends in market prices for electricity and the main energy sources

#### 2.1.2.1 Wholesale spot electricity prices in France, Germany, the United Kingdom and Italy [3]

Spot electricity prices in Europe excluding Italy fell by more than 30% in first-half 2009 compared to first-half 2008, in line with trends in fossil fuels and $CO_2$ emission quota prices.

**In France**, average spot electricity prices for the first half-year of 2009 stood at €41.5/MWh baseload and €52.8/MWh peakload, down by almost 36% for baseload (-€23.5/MWh) and 38% for peakload (-€32.8/MWh) compared to the same period of 2008.
**In Germany**, spot prices averaged €39.8/MWh baseload and €51.3/MWh peakload, a decrease of 35% (-€21.1/MWh) and 36% (-€29.3/MWh respectively) from first-half 2008 levels. The decline was less pronounced than in France due to lower windpower output in Germany over the first three months of 2009 (-1.6 GW). First-half spot prices were higher in France than Germany by an average of €1.7/MWh in 2009 and €4.1/MWh in 2008.

**In the United Kingdom**, spot prices in the first half-year of 2009 were on average €44.7/MWh baseload and €54.4/MWh peakload, 45% lower than in first-half 2008 for both baseload (-€37/MWh) and peakload (-€45.1/MWh). This significant fall is largely attributable to the collapse of gas prices between first-half 2008 and first-half 2009. Prices were also brought down by lower $CO_2$ emission quota prices and the smaller impact of constraints under the European Large Combustion Plant Directive (LCPD) as a result of depollution investments in the UK.

**In Italy,** baseload spot prices followed the same trend, retreating by almost 18% from first-half 2008 levels to an average of €66.3/MWh. This less severe decrease compared to other European countries is principally explained by a more limited fall in gas prices: in Italy, gas contract prices are generally calculated based on sliding averages over periods of up to 6 months.

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[1] *Source: Note de conjoncture, INSEE, June 2009 – extracts. Figures for the first quarter and the year 2009 are estimates supplied by INSEE.*
[2] *Organisation for Economic Cooperation and Development*
[3] *France: average previous day Powernext price for same-day delivery; Germany: average previous day EEX price for same-day delivery; UK: Average previous day Platts OTC price for same-day delivery; Italy: average previous day GME price for same-day delivery.*

#### 2.1.2.2 Forward prices in France, Germany, and the United Kingdom [4]

In the first-half of 2009, European forward electricity prices also followed the same trends as fossil fuel and $CO_2$ emission quota prices, declining by over 20% compared to first-half 2008.

**In France,** the average price under the 2010 annual contract was €52.4/MWh baseload and €74.4/MWh peakload, in both cases 24% lower than in the first half-year of 2008 (-€16.6/MWh and -€20.8/MWh respectively). The 2010 annual contract baseload price fell sharply at the beginning of the year from close to €60/MWh in early January to €43.8/MWh at the end of February, before recovering to a stable level of around €54.3/MWh since April. It ended the half-year at €53.1/MWh.

**In Germany**, the 2010 annual contract price followed the same pattern and stood at €50.8/MWh baseload in the first-half of 2009, down by 24% (-€16.2/MWh from first-half 2008). The contract price differential between France and Germany remained stable compared to first-half 2008; German prices were lower by an average of €1.6/MWh.

**In the United Kingdom,** the 2009 April Ahead baseload contract price moved in line with forward prices for gas and $CO_2$ emission quota prices, to an average €52.6/MWh or 37% (-€30.6/MWh) less than in the first half-year of 2008. At June 30, 2009 it stood at €53.8/MWh, compared to €112.3/MWh one year earlier.

#### 2.1.2.3 $CO_2$ emission quota prices[5]

The price of $CO_2$ emission quotas under Phase II of the trading scheme (2008-2012) for delivery in December 2010 fell by €11/t$CO_2$ between first-half 2008 and first-half 2009 to €13/t$CO_2$. This 46% drop was driven by the overall decline in energy commodity prices and the worldwide economic slowdown.

#### 2.1.2.4 Fossil fuel prices

Forward prices for coal[6] in Europe began a sharp downturn in the summer of 2008. The annual contract price was $84/t on average over the first half-year of 2009, down by 39% from $138/t in first-half 2008. This was caused by a worldwide downturn in demand for coal, particularly in Europe, and resulted in high inventories works levels in the main ports. There was also a marked decrease in maritime freight prices as international maritime trade declined. The 2010 annual contract price ended the half-year at $86/t.

The average price of oil[7] (Brent) for first-half 2009 was $52/barrel, compared to $110/barrel in first-half 2008, down by 52%. This fall is linked to the fall in worldwide demand for oil products despite the significantly lower output by OPEC member countries. However, Brent prices started to rise again in April, reaching $69/barrel on June 30.

Natural gas[8] prices under the United Kingdom's annual contract averaged 51p/therm in first-half 2009, down by 28% from first-half 2008. They followed the same downward trend as oil prices until the end of April, and then continued to decline against forecasts of lower industrial demand and high stocks, standing at 45p/therm at the end of the half-year.

*4 France and Germany: Platts average 2010 annual contract price; UK: Platts average annual contract prices from April 2009 then April 2010 (in the UK, annual contract deliveries take place from April 1 to March 31). There are no forward price listings in Italy.*

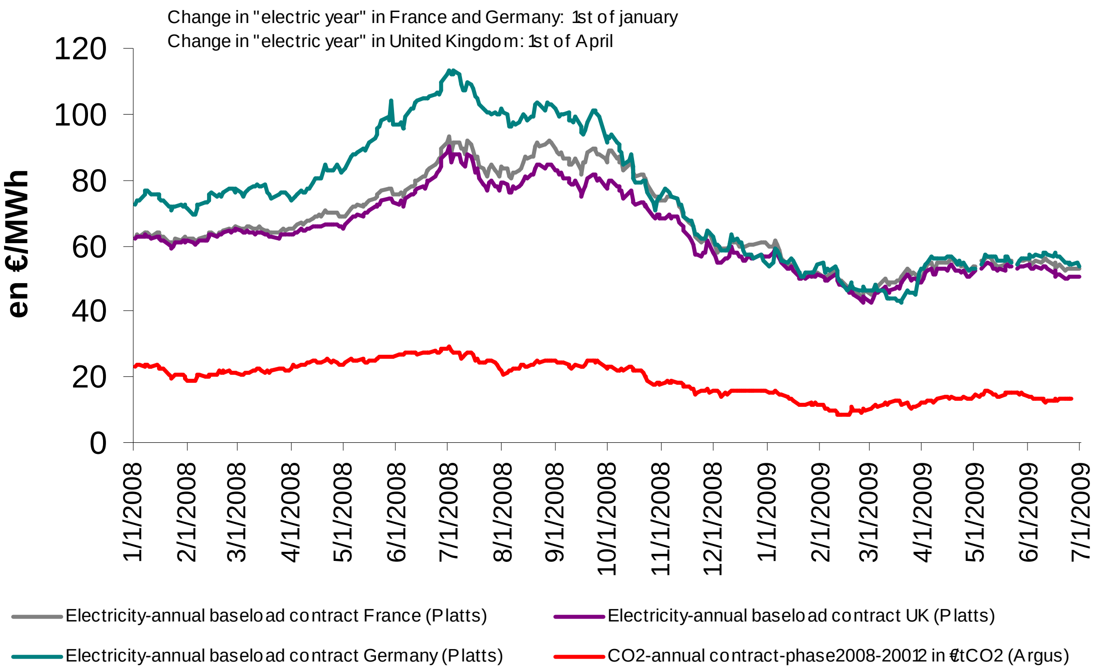
*5 Average Argus index for the annual contract of Phase II (2008-2012).*

*6 Average Argus index for the annual contract delivery in Europe (CIF ARA)*

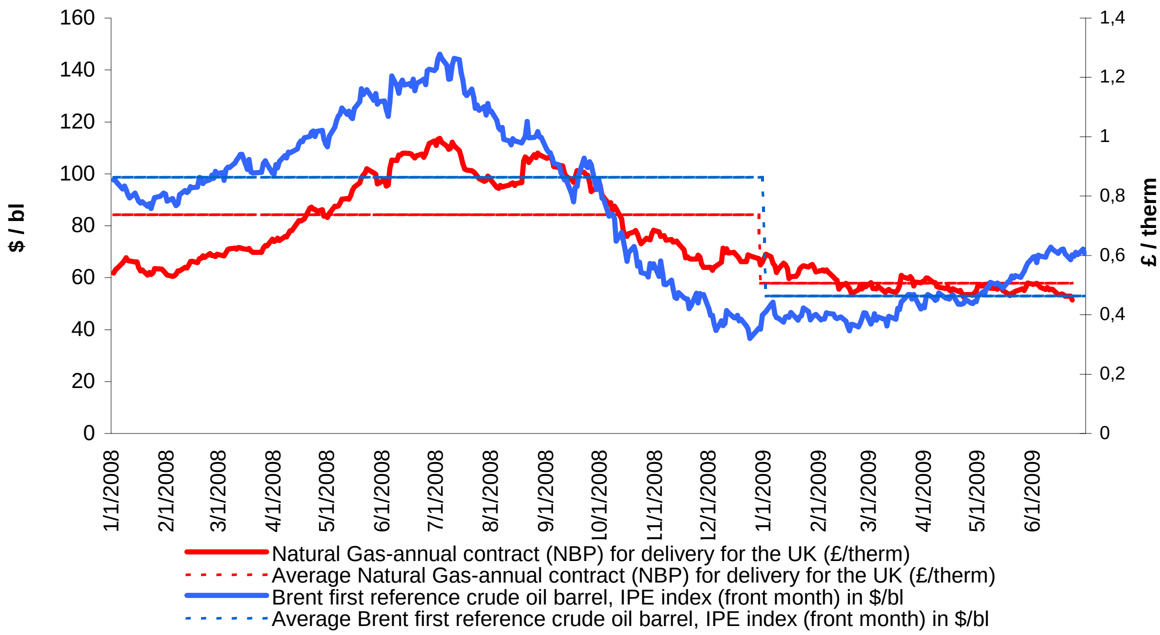
*7 Brent first reference crude oil barrel, IPE index (front month)*

*8 Platts average index, for delivery starting from October of the following year for the UK (NBP)*

**Forward electricity prices in France, Germany and the United Kingdom and $CO_2$ emission quota prices (Phase II, 2008-2012)**




**Natural gas and oil prices**



### 2.1.3 Electricity consumption

In France, internal electricity consumption[9] for the first half-year of 2009 totaled 251.1 TWh, 0.9% lower than for the same period of 2008. Consumption in January and February 2009 was an average of 6.3% higher than in the same months of 2008 due to colder temperatures. Demand began to recede from March as the weather grew milder and industrial consumption was reduced as a result of the economic crisis. Electricity consumption in France for the second quarter was 5.5% lower in 2009 than 2008.

Domestic electricity consumption was lower in first-half 2009 than first-half 2008 by 5% in the United Kingdom, 6.5% in Germany and 8.6% in Italy[10].

### 2.1.4 Electricity and natural gas sales tariffs

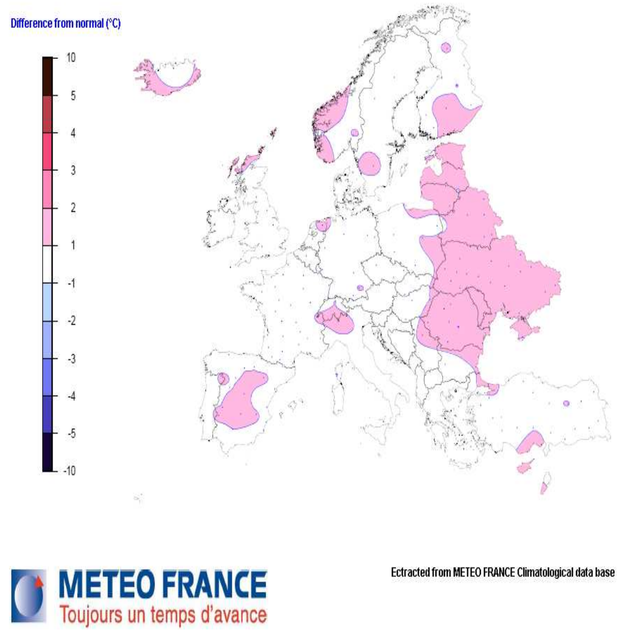
In **France**, electricity sales tariffs were raised on August 15, 2008 by 2% for the “blue” tariff, 6% for the “yellow” tariff and 8% for the “green” tariff.

In **Germany**, the basic electricity price increased by an average 4.9% from July 1, 2008, with a guarantee of stability for one year. For natural gas, prices were raised by 19.7% on November 1, 2008, then reduced by 4% on January 1, 2009 with a further 5.1% reduction scheduled for July 1, 2009.

In the **United Kingdom**, EDF Energy increased its tariffs in July 2008 by 17% for electricity and 22% for natural gas.
In early 2009, EDF Energy lowered electricity tariffs for residential customers and small and medium business customers by 8.8% from March 31, 2009.

### 2.1.5 Weather conditions

#### 2.1.5.1 Temperatures




**Temperature variance from normal levels, January to June 2009[11]**

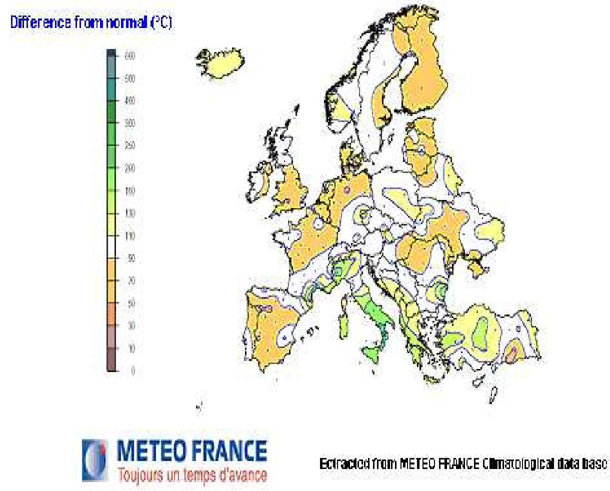
In France, temperatures during the first half-year of 2009 were an average of 0.8°C lower than normal seasonal levels, whereas they were at the normal seasonal levels in first-half 2008. The months of January and February were particularly cold, with temperatures 2.5°C and 1.8°C, respectively, below normal levels. Spring temperatures remained close to normal levels in 2009; in the same period of 2008 they were 0.5°C lower than normal.

[9] *Source: RTE : gross provisional data unadjusted for weather events*

[10] *For countries other than France, estimates are supplied by local EDF subsidiaries; the estimates for Italy cover the period January to May.*

[11] *Provisional data: Map comparing average rainfall to normal levels measured over 30 years (1971-2000 for Western Europe and 1961-1990 for Eastern Europe).*

### 2.1.5.2 Rainfall




**Rainfall: December 2008 to May 2009** [12]

North and south France registered strongly contrasting rainfall levels. The precipitation led to very large stocks of snow in the Pyrenees Mountains, and the Southern Alps had above-normal snow stocks.
In the other European countries, rainfall was above normal in Mediterranean arc countries (apart from Spain) while there were shortages in the northern half of Europe.

## 2.2 Significant events [13/14]

### 2.2.1 Strategic developments

The Group is implementing its strategy: being a key player in the worldwide nuclear renewal, strengthening its European leadership and promoting energy efficiency and renewable energies.
Several major strategic transactions were carried out in the first half-year of 2009: completion of the acquisition of British Energy in the UK and the announcement of a partnership with Centrica that should lead to the takeover of SPE in Belgium, and the investment in the new Swiss entity Alpiq.

There has been a substantial increase in operational investments across all of the Group's activities.

### 2.2.2 Principal significant events of the first half-year of 2009

**January 2009**

**Acquisition of British Energy**

EDF completed the takeover of British Energy on January 5, 2009.
British Energy shares were removed from listing on February 3, 2009 (for more details, see note 3 to the condensed consolidated half-year financial statements).

**Group Strategy Financing**

On January 23, 2009, EDF issued two Euro bonds totaling €4 billion.
On January 26, 2009, EDF issued a $5 billion bond on the US market in the form of a private placement reserved for qualified institutional buyers (issue governed by Rule 144A of the US Securities and Exchange Commission).

In March 2009, EDF issued a CHF 650 million bond.

EDF also issued a £1.5 billion bond on June 2, 2009 and "Samurai bonds" in Japan in July 2009 totaling 110.4 billion yen.
In June and July 2009, the Company also launched a bond issue for retail investors in France with a principal amount of €3.3 million. This 5-year bond bears interest annually at the fixed rate of 4.5%.
For a more detailed description of these bonds see note 28 to the condensed consolidated half-year financial statements.

These operations contribute to the financing of the Group's investment strategy and early repayment of the £11 billion bank loan contracted in September 2008 for the acquisition of British Energy, used in early 2009. On June 30, 2009, an amount of £4.8 billion remained outstanding on this loan.

**Gales in south-west France**

Several areas of south-west France were hit by exceptionally fierce gales early in 2009. EDF

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[12] *Provisional data: Map comparing average rainfall for the period December 2008 to May 2009 with normal levels.*
[13] *Significant events related to litigation are described in chapter 14.*
[14] *The Document de Référence and the full list of press releases are available from EDF's website: www.edf.com.*

estimates the resulting cost at approximately €150 million, with ERDF particularly affected.

**Change in EDF's investment in Alpiq Holding SA (formerly Atel Holding SA)**

Following the agreements signed in December 2008, by the end of January 2009 EDF held a direct 25% share in the new Swiss energy operator Alpiq Holding SA, resulting from the combination of the activities of Swiss energy companies ATEL and EOS.

The total cost of this transaction for EDF was CHF 1,058 million (approximately €705 million at the exchange rate of €1=CHF 1.5), financed through contribution of the energy rights deriving from EDF's 50% share in the Emosson dam on the French-Swiss border, valued at CHF 722 million (approximately €481 million) and a cash contribution of CHF 336 million (approximately € 224 million).

**February 2009**

**EDF and ENEL signed an industrial partnership agreement for development of nuclear power in Italy on February 24, 2009**

In late 2008, the Italian government announced its intention to launch a nuclear programme, aiming to begin construction work for the first plants in 2013. France and Italy signed a nuclear cooperation agreement on February 24, 2009 covering the entire nuclear industry, and opening up the Italian market to French nuclear operators. This agreement also allows Italian groups to participate in the development of non-military nuclear power in France, and encourages cooperation between France and Italy for the export of nuclear technology to other countries. EDF and Enel thus signed two agreements: the first concerns the formation of a 50/50 consortium between EDF and Enel to carry out feasibility studies for development of at least 4 EPRs in Italy, and the second extends Enel's participation in the French new nuclear programme, including involvement in the construction and operation of the new EPR at Penly.

Enel already has a 12.5% interest in the EPR under construction at Flamanville, and along with other partners will take a similar stake in this second French EPR, to be built by EDF and commissioned in 2017.

**March 2009**

**Edison, the Egyptian government and EGPC signed the operation concession for the Abu Qir gasfield off the coast of Egypt. A new hydrocarbon discovery followed**

In January 2009, Edison acquired the exploration, production and development rights for the offshore Abu Qir gasfields, thereby increasing its hydrocarbon reserves by 27 billion $m^3$. The annual natural gas output at Abu Qir is 1.5 billion $m^3$.
On March 31, Edison announced that new hydrocarbon resources had been discovered at Abu Qir, with the potential to increase current output levels by approximately 30%.

**April 2009**

**United Kingdom: auction of sites for new nuclear plants**

Following the auctions held in application of the Simultaneous Marketing Agreement with the Nuclear Decommissioning Authority (NDA), EDF's Wylfa site was sold, subject to conditions, to the RWE/E.ON consortium on April 29, 2009. In the same auctions, the EDF group subsidiary EDF Development Company Limited acquired land owned by the NDA at Bradwell in south-west England.

**EDF invests in supercritical coal-fired electricity generation in China**

On April 2, 2009 the EDF Group received the approval of the Chinese authorities to acquire a 35% holding in a joint venture with Chinese partners to operate two 600-MW units of a supercritical coal-fired power plant in Henan province, which came on line in 2007 at Sanmenxia.

**French Competition Authority ruling of April 8, 2009 following the complaint against EDF by Solaire Direct**

On May 19, 2008, Solaire Direct filed a complaint and an application for interim measures with France's Competition Council (*Conseil de la Concurrence*), complaining of "practices by the EDF Group and its

subsidiaries on the global services market for photovoltaic electricity generation", which it alleged constituted abuse of a dominant position likely to hinder the arrival and development of new entrants on that market. In a ruling issued on April 8, 2009, France's new Competition Authority ordered EDF to remove all references to services offered by EDF Energies Réparties (EDF-ENR) from all its communication on the "Bleu Ciel" brand, and also to forbid agents answering calls on 3929 to refer to those services. It also stipulated that information EDF possesses due to its business as a supplier of electricity at the regulated tariffs must not be shared with EDF-ENR.
EDF is in compliance with these injunctions.

**May 2009**

**Centrica -EDF agreement**

Under an agreement signed on May 11, 2009, Centrica is going to invest in EDF's nuclear operations in the UK, comprising the current fleet of British Energy nuclear plants, and development and construction of a new generation of nuclear plants. Centrica will acquire 20% of the capital of British Energy[15], which has been controlled by EDF since the takeover in January 2009.

The key terms of the transaction are as follows:
- Centrica will invest £2.3 billion (€2.5 billion) to purchase 20% of Lake Acquisitions Limited, the vehicle used by the EDF group to acquire British Energy,
- EDF and Centrica will be able to draw electricity generated by British Energy on an 80/20 basis,
- EDF will supply an additional 18 TWh of electricity to Centrica at market prices, over a 5-year period starting from 2011,
- EDF and Centrica will set up a joint venture for pre-development of a new nuclear programme,
- EDF and Centrica's objective under this programme is to build, operate and eventually decommission four EPR type nuclear reactors,
- EDF will acquire Centrica's indirect holding of 51% in SPE for €1.3 billion.
- Centrica's investment in British Energy and the acquisition of SPE by the EDF Group are each conditional on the other taking place. They were approved by the shareholders of Centrica at their extraordinary meeting of June 2009 and are now subject to approval by various regulatory authorities in the UK and Europe.
- The total net amount payable by Centrica to EDF in connection with this operation is approximately £1.1 billion (€1.2 billion).
- The transactions are expected to close around the end of the third quarter of 2009.

**Penly (Normandy) EPR project**

On May 1, 2009 it was announced that EDF would hold 50% plus one share, and GDF Suez would hold 33.33% plus one share, in the company formed to build France's second EPR at Penly in Normandy under the control of EDF. On May 4, 2009 GDF Suez and Total announced that GDF was to sell 25% of its holding to Total. EDF will decide if and which other operators should be involved in the project, through the residual 16.66% of the capital of the project entity.

**EnBW acquires shares in E.ON plants and strengthens its position in electricity generation**

EnBW purchased E.ON's 50% share in the Lippendorf coal-fired power plant and its 8.3% share in the Bexbach coal-fired power plant.
As a result, EnBW now has more than 880 MW of production capacity in Lippendorf.

**June 2009**

**EDF Energies Nouvelles commissions the Sauveterre wind farm in France**

EDF Energies Nouvelles commissioned a 12 MW windfarm in the south of France.
12 MW in Fiennes in the Pas-de-Calais and 28 MW in Fierville in the Calvados areas of France were also commissioned during the first half-year.
It commissioned a total of 311 MW during the first half-year of 2009, mainly in the USA, France, Portugal, Greece and Belgium.

[15] *Through its parent company Lake Acquisitions Ltd*

**EDF raises its holding in the Austrian energy operator ESTAG from 20% to 25%**

EDF bought out GDF Suez's 20% interest to become the sole shareholder of the holding company SIA (Société d'Investissement en Autriche), which owns 25% of Austrian energy supplier ESTAG (Energie Steiermark). The remaining 75% belongs to the Austrian region of Styria.

**Ongoing acquisition of 49.99% of the nuclear assets of Constellation Energy Group (CEG)**

On June 11, 2009, the Maryland Public Services Commission (MPSC) declared itself competent to authorize the acquisition by EDF of 49.99% of the nuclear assets of CEG, stating that this acquisition could give EDF substantial influence over CEG's regulated operations (Baltimore Gas & Electricity, BGE). The MPSC announced that it would issue its decision by early September 2009 to fit in with the provisional schedule for completion of the transaction.

Both CEG and EDF appealed against this declaration of competence by the MSPC, but the appeal was rejected on July 2. The deadline for the MSPC's decision remains set at September 2009, and could lead to further appeal proceedings by CEG and EDF.

### 2.2.3 Regulatory environment (France)

#### 2.2.3.1 Hydropower concessions

Article 7 of the French Law 2006-1772 of December 30, 2006 on water and aquatic environments removed the outgoing operator's preferential right instituted by the law of October 16, 1919 on the use of hydropower.

Article 33 of the French Law 2006-1771 of December 30, 2006, amending the 2006 finance law, sets out the principle of an indemnity for the outgoing operator in respect of the unamortized portion of investments made during the second half of the agreement (the final 10 years at least), with the exception of investments required to return the assets in good condition at the end of the concession.

The implementation decree 2008-1009 of September 26, 2008 clarified the terms of indemnification for work carried out prior to its publication during the second half of the concession. As required by this decree, EDF submitted a statement of the relevant expenses to the ministry for approval early in 2009, and its claim is currently being processed by the administration.

In view of these changes in regulations, the depreciation schedule has been modified from January 1, 2009 for facilities that are to be returned for nil consideration at the end of the concession and do not qualify for an indemnity. Depreciation for these items has been accelerated over the residual term of the concession when it is shorter than their technical useful life. This has led to an additional €7 million expense over the first half-year of 2009.

#### 2.2.3.2 French laws on urban solidarity and renewal, and town planning and habitat

The implementation provisions for the sections of the French solidarity and urban renewal law (*SRU - Solidarité Renouvellement Urbains)* and town planning and habitat law *(UH - Urbanisme et Habitat)* concerning connection to the public electricity distribution network introduce a new system, with the following main features:

- definition of connection operations, separating network extension from network connection, with clear identification of the beneficiaries (local authorities in charge of town planning and connected customers),
- establishment of a single price scale for all connection operations,
- direct inclusion of part of the connection price in the delivery tariff, using reduction rates applicable to the basic price scale. The portion invoiced to beneficiaries is now named "contribution" and replaces the previous systems (connection fees, participations and assets contributed for no consideration by fitters).

In 2008 a price scale was proposed to, and approved by, the French energy regulator (CRE - Commission de Régulation de l'Energie). These new rules were set out in the decision published on November 20, 2008, and took effect from January 1, 2009.

Contributions received in execution of this decision are treated as sales for the financial year concerned.

**2.2.3.3 The Champsaur Commission**

On April 27, 2009, the Champsaur Commission (a French government inquiry) submitted a report to the Ministries of the Economy and Ecology, in which it recommended "assigning every supplier the right of access to baseload electricity at a regulated price that reflects the economic conditions of the established fleet of nuclear plants, for a volume proportional to its client portfolio on national territory".

The Commission also proposes abolishing regulated sales tariffs for industrial clients (the "green" tariffs and some of the "yellow" tariffs), as well as the transition tariff TaRTAM (*Tarif réglementé transitoire d'ajustement au marché*), which was implemented in 2007 and is valid until mid-2010. However, it recommends that regulated tariffs should continue for private individuals and SME consumers (the "blue" tariffs and some of the "yellow" tariffs), while specifying that "the level of these tariffs should allow competitors to develop competing offers based on supply through regulated access to baseload output". It also states that "customers should be able to move freely back and forth between regulated and non-regulated offers" and "all suppliers will be able to offer regulated tariff contracts".

After a phase of consultation with industry actors and the European Commission in May 2009, the relevant laws should be drawn up in the second half-year of 2009.

**2.2.3.4 Change in the network access tariff (TURPE 3)**

Following a proposal to the French government by the regulator CRE, network operators will apply a new network access tariff (TURPE 3) to replace the TURPE 2 tariff. This will enable ERDF to increase investments and implement its targeted quality improvement programme. The new tariff also provides an incentive to raise performance and will encourage energy efficiency.

The TURPE 3 tariffs will apply for 4 years. The first rises will apply on August 1, 2009 (3% for supply and 2% for transmission) and subsequent adjustments will be made annually.

**2.2.4 Governance**

By a decree of April 1, 2009, Mr Pierre Sellal[16] was appointed a director of the EDF group representing the French government. He replaces Mr Gérard Errera.

**2.2.5 Changes in the scope of consolidation in the first half-year of 2009**

**United Kingdom**

- Following completion of its takeover, British Energy has been fully consolidated in the EDF Energy subgroup since January 5, 2009.
- The acquisition price for British Energy including the 26.5% purchased in September 2008 amounts to £12,603 million, the equivalent of €13,466 million based on the exchange rate on the date of acquisition of control was acquired (January 5, 2009: £1 = €1.0686).

**Germany**

- Acquisition on March 31, 2009 of 100% of Plambeck Neue Energien Windpark Fonds LX GmbH & Co.KG, Cuxhaven, Plambeck Neue Energien Windpark Fonds CI GmbH & Co.KG, Cuxhaven and Plambeck Neue Energien Windpark Fonds CIV GmbH & Co.KG, Cuxhaven, for €33 million (EDF's share: €15 million).

- Acquisition on in late May, 2009 of 100% of Lippendorf Gmbh, which owns 50% of the Lippendorf plant, and 100% of Bexbach Gmbh, which owns 8.3% of the Bexbach coal-fired plant. The total acquisition price amounts to €915 million (EDF's share: €421 million). The provisional goodwill amounts to €485 million (EDF's share: €223 million).

*[16] Pierre Sellal (born in 1952) is a graduate of Strasbourg's faculty of law and economic science, and the Ecole Nationale d'Administration. In April 2009 he became Secretary General of the French ministry of Foreign and European affairs.*

In compliance with IFRS 3, the Group has 12 months to finalize allocation of the acquisition price.

**Italy**

- Acquisition in January 2009 of the Abu Qir gas concession in Egypt, for €1,011 million (EDF group's share: €495 million).
- Acquisition in March 2009 of a 80% investment in AMG Gas SRL, for €25 million (EDF group's share: €12 million).
- Acquisition in March 2009 of 100% of Energiaki Thessaloriki SA (T.Power) through the 50/50 Edison-Hellenic Petroleum joint venture Elpedison BV.

**Other international**

- Purchase in March 2009 from the Polish state of 28.05% of the shares of ECK, raising EDF's holding in ECK from 66.26% to 94.31%.
- Purchase in June 2009 from GDF Suez of 20% in SIA by EDF International, a fully-owned EDF group subsidiary, resulting in full ownership of SIA and a 25% holding in Estag.

**Other activities**

- Additional investment in EDF Investissements Groupe in June 2009, raising the Group's percentage interest from 84.85% to 92.13%.

## 3 Introduction to analysis of results for the first half-year of 2009

This analysis of the Group's results at June 30, 2009 should be read in conjunction with the condensed consolidated half-year financial statements prepared by the Group. These financial statements comply with IAS 34 standard on interim financial reporting and the IAS/IFRS international accounting standards released at June 30, 2009, in the form in which they should be mandatory at December 31, 2009. These financial statements do not include all the information required for full annual financial statements, and are to be read in conjunction with the consolidated financial statements at December 31, 2008.

The accounting and valuation methods applied by the Group are presented in note 1 to the consolidated half-year financial statements. The valuation methods specific to interim financial statements, are presented in the same note 1 to the consolidated condensed half-year financial statements.

The figures previously published for the first half–year of 2008 have been adjusted for the impact of application of revised IAS 23, "Borrowing costs" (see notes 1 and 2 to the consolidated financial statements at June 30, 2009). The figures reported for first-half 2009 include the effects of consolidation of British Energy from January 5, 2009.

## 4 Segment reporting of financial information

Segment reporting presentation complies with IFRS 8, "Operating segments", which replaced IAS 14 from January 1, 2009.

In accordance with IFRS 8, the breakdown used by the EDF group corresponds to the operating segments as regularly reviewed by the Management Committee. The reporting segments are:

- "**France**", which refers to EDF and its subsidiaries RTE EDF Transport and ERDF, comprising the deregulated activities (mainly Generation and Supply), network activities (Distribution and Transmission) and island activities;
- "**United Kingdom**", which comprises the entities of the EDF Energy subgroup including British Energy and EDF Development UK Ltd;
- "**Germany**", which refers to the entities of the EnBW subgroup;
- "**Italy**", which covers all the entities located in Italy, principally the Edison subgroup, TDE and Fenice;
- "**Other international**", which covers other gas and electricity entities located principally in continental Europe, but also in the USA, Latin America and Asia, and EDF International.
- "**Other activities",** which groups together all of the Group's other investments, including EDF Energies Nouvelles, EDF Trading, Electricité de Strasbourg, Dalkia, Tiru, and EDF Investissements Groupe.

The effects from introducing this new segmentation are limited, and mainly concern reassignment of entities from the former "Rest of Europe" and "Rest of the World" segments between the new segments "Other International" and "Other activities".
Segment information for the first half-year of 2008 has been restated according to the new segments.

Segment information for the EDF Group is reported in note 7 to the condensed consolidated financial statements at June 30, 2009.

# 5 Analysis of the consolidated income statements for the first half-years of 2009 and 2008

| (in millions of euros) | H1 2009 | H1 2008[(1)] |
|---|---|---|
| Sales | 34,897 | 32,239 |
| Fuel and energy purchases | (13,860) | (12,947) |
| Other external expenses | (5,138) | (4,296) |
| Personnel expenses | (5,758) | (5,281) |
| Taxes other than income taxes | (1,650) | (1,562) |
| Other operating income and expenses | 1,650 | 888 |
| **Operating profit before depreciation and amortization (EBITDA)** | **10,141** | **9,041** |
| Net depreciation and amortization | (3,383) | (2,812) |
| Net increases in provisions for renewal of property, plant and equipment operated under concessions | (296) | (295) |
| Impairments | (17) | 1 |
| Other income and expenses | 330 | (22) |
| **Operating profit (EBIT)** | **6,775** | **5,913** |
| **Financial result** | **(2,202)** | **(1,466)** |
| **Income before taxes of consolidated companies** | **4,573** | **4,447** |
| Income taxes | (1,520) | (1,442) |
| Share in income of companies accounted for under the equity method | 138 | 191 |
| **Group net income** | **3,191** | **3,196** |
| Minority interests | (74) | (80) |
| **EDF net income** | **3,117** | **3,116** |
| **Earnings per share in euros** | **1.71** | **1.71** |
| **Diluted earnings per share in euros** | **1.71** | **1.71** |

(1) 2008 figures have been adjusted for the impact of application of revised IAS 23, "Borrowing costs" (see notes 1 and 2 to the condensed consolidated financial statements at June 30, 2009)
(2) Figures for first-half 2009 include the effects of consolidation of British Energy from January 5, 2009

## 5.1 Sales

### 4.9% organic growth in consolidated sales

The EDF Group's consolidated sales totaled €34,897 million for first-half 2009, a rise of 8.2% compared to first-half 2008 corresponding to an organic growth of 4.9%.
The effects of changes in the scope of consolidation totaled €1,802 million (5.6%), resulting mainly from the acquisition of British Energy. The negative foreign exchange effects of €717 million or –2.2% were essentially attributable to the fall of the pound sterling, and to a lesser extent the Polish zloty and the Hungarian forint, against the Euro.

In **France**, sales amounted to €18,322 million, recording growth[17] of 2.8% over first-half 2008.

This growth was mainly driven by positive price effects (+3.5 percentage points, chiefly resulting from the August 2008 rise in electricity tariffs). Expanding natural gas and services activities accounted for 1.5 percentage points of growth, while electricity volumes sold to final customers and on the markets were down by –2.2 points.

[17] *In France, organic growth corresponds to nominal growth*

Sales **outside France** saw a 14.9% increase, corresponding to organic growth of 7.4%. Organic growth was particularly strong in the UK and the Other Activities segment (with the development of the activities of EDF Energies Nouvelles and Dalkia). Sales for the Italy segment showed organic degrowth of 8.7%.

| (in millions of euros) | H1 2009 | H1 2008 | Variation | Variation (%) | Organic growth (%) |
|---|---|---|---|---|---|
| **France** | **18,322** | **17,817** | **505** | **2.8** | **2.8** |
| United Kingdom | 5,757 | 3,945 | 1,812 | 45.9 | 15.2 |
| Germany | 3,778 | 3,707 | 71 | 1.9 | 1.6 |
| Italy | 2,525 | 2,817 | (292) | (10.4) | (8.7) |
| Other international | 1,556 | 1,480 | 76 | 5.1 | 13.6 |
| Other activities | 2,959 | 2,473 | 486 | 19.7 | 18.5 |
| **Total excluding France** | **16,575** | **14,422** | **2,153** | **14.9** | **7.4** |
| **Group sales** | **34,897** | **32,239** | **2,658** | **8.2** | 4.9 |

The Group made 47.5% of its sales outside France in the first half-year of 2009 (compared to 44.7% in first-half 2008).

### 5.2 EBITDA

**Consolidated EBITDA up by 12.2%, with organic growth of 2.4%**

| (in millions of euros) | H1 2009 | H1 2008 | Variation | Variation (%) | Organic growth (%) |
|---|---|---|---|---|---|
| **Sales** | 34,897 | 32,239 | 2,658 | 8.2 | 4.9 |
| **EBITDA** | 10,141 | 9,041 | 1,100 | 12.2 | 2.4(*) |

(*) +6.6% including the increase in British Energy's business between first-half 2008 and first-half 2009.

**Consolidated EBITDA** for the first half-year of 2009 amounted to €10,141 million, up by 12.2% from first-half 2008. This includes the €995 million (+11.0%) effects of changes in the scope of consolidation, mostly associated with the first consolidation of British Energy.
Excluding these effects and the -€113 million (-1.2%) foreign exchange effect, the 2.4% organic growth in EBITDA reflects the Group's good resistance in a difficult economic context.

This organic growth in EBITDA is lower than organic sales growth, due to the movements in fuel and energy purchases (for which 71% of organic growth was located in France), other external expenses (56.1% of organic growth located in France, 20.7% in Other Activities and 16.3% in Germany) and personnel expenses (71.8% of organic growth located in France).

| (in millions of euros) | H1 2009 | H1 2008 | Variation | Variation (%) | Organic growth (%) |
|---|---|---|---|---|---|
| **France** | **5,956** | **6,067** | **(111)** | **(1.8)** | **(1.8)** |
| United Kingdom | 1,611 | 587 | 1,024 | 174.4 | 27.8 |
| Germany | 655 | 634 | 21 | 3.3 | 2.2 |
| Italy | 393 | 457 | (64) | (14.0) | (13.8) |
| Other international | 297 | 310 | (13) | (4.2) | 5.5 |
| Other activities | 1,229 | 986 | 243 | 24.6 | 20.1 |
| **Total excluding France** | **4,185** | **2,974** | **1,211** | **40.7** | **11.1** |
| **Group EBITDA** | **10,141** | **9,041** | **1,100** | **12.2** | **2.4** |

**In France**, EBITDA declined by 1.8%, registering a growth of 11.5% in the deregulated activities and a 23.2% decline in network activities, which were particularly affected by the rise in the costs of network losses and surplus costs resulting from the gales of early 2009.

**Outside France**, EBITDA progressed by 40.7% including the effect of consolidation of British Energy. Excluding changes in the scope of consolidation and foreign exchange effects, organic growth was supported by performances in the United Kingdom and Other activities, and reached 11.1% despite a downturn in Italy caused by the economic crisis.

The Group's EBITDA/sales ratio for the first half-year of 2009 stood at 29.1% (compared to 28.0% in first-half 2008).

### 5.3 EBIT

### 14.6% increase in EBIT

| (in millions of euros) | H1 2009 | H1 2008 | Variation | Variation (%) |
|---|---|---|---|---|
| **EBITDA** | **10,141** | **9,041** | **1,100** | **12.2** |
| Net depreciation and amortization | (3,383) | (2,812) | (571) | 20.3 |
| Net increases in provisions for renewal of property, plant and equipment operated under concessions | (296) | (295) | (1) | 0.3 |
| Impairments | (17) | 1 | (18) | N.S. |
| Other income and expenses | 330 | (22) | 352 | N.S. |
| **Operating profit (EBIT)** | **6,775** | **5,913** | **862** | **14.6** |

**EBIT** totaled €6,775 million for the first half-year of 2009, up by 14.6% from first-half 2008, with organic growth standing at 7.4%. This mainly reflects the changes in EBITDA and changes in “Net depreciation and amortization” (largely resulting from the first consolidation of British Energy) and “Other income and expenses” (mainly the share of the gain on the transfer to Alpiq of Emosson dam drawing rights for €331 million).

### 5.4 Financial result

| (in millions of euros) | H1 2009 | H1 2008 | Variation (1) | Variation (%) |
|---|---|---|---|---|
| Cost of gross financial indebtedness | (1,271) | (761) | (510) | 67.0 |
| Discount expense | (1,592) | (1,420) | (172) | 12.1 |
| Other financial income and expenses | 661 | 715 | (54) | (7.6) |
| **Financial result** | **(2,202)** | **(1,466)** | **(736)** | **50.2** |

(1) 2008 figures have been adjusted for the impact of application of revised IAS 23, "Borrowing costs".

The financial result for the first half-year of 2009 was -€2,202 million, a €736 million decline compared to first-half 2008, mainly due to the following factors:

- the €510 million rise in the cost of gross indebtedness resulting from the increase in average gross indebtedness.
- the €172 million increase in discount expenses essentially caused by consolidation of British Energy,
- a -€54 million negative change in other financial income and expenses, notably driven by lower returns on investments.

### 5.5 Income taxes

**Income taxes** amount to €1,520 million at June 30, 2009 compared to €1,442 million at June 30, 2008, a €78 million increase chiefly as a direct result of the rise in pre-tax income. The effective tax rate is 33.2%.

### 5.6 Share in income of companies accounted for under the equity method

The Group's share in income of companies accounted for under the equity method was a positive €138 million at June 30, 2009, compared to €191 million at June 30, 2008. In the first half-year of 2008, the Group registered reversals from provisions that had no equivalent in first-half 2009.

### 5.7 EDF Group net income

**The EDF Group net income** was €3,117 million at June 30, 2009, stable compared to first-half 2008 (€3,116 million).

### 5.8 Net income excluding non-recurring items[18] [19]

The Group net income excluding non-recurring items stood at €2,926 million at June 30, 2009, 5.5% lower than at June 30, 2008, or 4.4% lower based on a constant scope of consolidation and exchange rates.

[18] *Net income excluding non-recurring items is not defined by IFRS, and is not directly visible in the consolidated income statements. It corresponds to the Group's net income excluding non-recurring items, net of tax.*

[19] *Non-recurring items in first-half 2009 totaled €191 millions d'euros, comprising the Emosson transfers for the formation of Alpiq (€209 million) and provisions for impairment of available-for-sale assets at EnBW (-€18 million).*

*Non-recurring items in first-half 2008 totaled €20 million, corresponding to the partial reversal of the provision established in the UK in 2007 (€33 million) and the net effect of the pension reform in France (-€13 million).*

## 6 Breakdown of EBIT by geographical area

The Group's segment reporting principles are presented in note 7 to the condensed consolidated half-year financial statements at June 30, 2009.
The breakdown of EBIT by geographical area is as follows:

| (in millions of euros) **H1 2009** | France | United Kingdom | Germany | Italy | Other international | Other activities | Total |
|---|---|---|---|---|---|---|---|
| **SALES** | **18,322** | **5,757** | **3,778** | **2,525** | **1,556** | **2,959** | **34,897** |
| Fuel and energy purchases | (5,334) | (2,908) | (2,282) | (1,843) | (934) | (559) | (13,860) |
| Other external expenses | (2,875) | (753) | (499) | (209) | (166) | (636) | (5,138) |
| Personnel expenses | (4,167) | (534) | (360) | (99) | (102) | (496) | (5,758) |
| Taxes other than income taxes | (1,513) | (40) | (6) | (3) | (42) | (46) | (1,650) |
| Other operating income and expenses | 1,523 | 89 | 24 | 22 | (15) | 7 | 1,650 |
| **OPERATING PROFIT BEFORE DEPRECIATION AND AMORTIZATION (EBITDA)** | **5,956** | **1,611** | **655** | **393** | **297** | **1,229** | **10,141** |
| Net depreciation and amortization | (1,993) | (678) | (185) | (237) | (104) | (186) | (3,383) |
| Net increases in provisions for renewal of property, plant and equipment operated under concessions | (296) | 0 | 0 | 0 | 0 | 0 | (296) |
| Impairments | 0 | 0 | (5) | (10) | (1) | (1) | (17) |
| Other income and expenses | 330 | 0 | 0 | 0 | 0 | 0 | 330 |
| **OPERATING PROFIT (EBIT)** | **3,997** | **933** | **465** | **146** | **192** | **1,042** | **6,775** |

| (in millions of euros) **H1 2008** | France | United Kingdom | Germany | Italy | Other international | Other activities | Total |
|---|---|---|---|---|---|---|---|
| **SALES** | **17,817** | **3,945** | **3,707** | **2,817** | **1,480** | **2,473** | **32,239** |
| Fuel and energy purchases | (4,624) | (2,508) | (2,350) | (2,085) | (883) | (497) | (12,947) |
| Other external expenses | (2,582) | (425) | (406) | (229) | (112) | (542) | (4,296) |
| Personnel expenses | (3,943) | (346) | (345) | (95) | (116) | (436) | (5,281) |
| Taxes other than income taxes | (1,391) | (47) | (6) | (3) | (71) | (44) | (1,562) |
| Other operating income and expenses | 790 | (32) | 34 | 52 | 12 | 32 | 888 |
| **OPERATING PROFIT BEFORE DEPRECIATION AND AMORTIZATION (EBITDA)** | **6,067** | **587** | **634** | **457** | **310** | **986** | **9,041** |
| Net depreciation and amortization | (1,938) | (221) | (180) | (230) | (101) | (142) | (2,812) |
| Net increases in provisions for renewal of property, plant and equipment operated under concessions | (293) | 0 | 0 | 0 | 0 | (2) | (295) |
| Impairments | 0 | 0 | 0 | (3) | 0 | 4 | 1 |
| Other income and expenses | (20) | 0 | 0 | 0 | 0 | (2) | (22) |
| **OPERATING PROFIT (EBIT)** | **3,816** | **366** | **454** | **224** | **209** | **844** | **5,913** |

### 6.1 France

| (in millions of euros) | H1 2009 | H1 2008 | Variation | Variation (%) | Organic growth (%) |
|---|---|---|---|---|---|
| **Sales** | 18,322 | 17,817 | 505 | 2.8 | 2.8 |
| **EBITDA** | 5,956 | 6,067 | (111) | (1.8) | (1.8) |
| **EBIT** | 3,997 | 3,816 | 181 | 4.7 | 4.7 |

#### 6.1.1 Breakdown of financial information for the "France" segment

The following breakdown is used in presenting France's contribution to Group sales and EBITDA:

- **"Deregulated activities"** covering Generation, Supply and Optimization in mainland France, and sales of engineering and consulting services.

- **"Regulated activities in mainland France"** (Transmission and Distribution). Transmission and Distribution are regulated via the network access tariff TURPE (Tarifs d'Utilisation des Réseaux Publics d'Electricité). Sales for the regulated activities include the delivery cost included in integrated tariffs.

- **"Island activities"**, covering EDF's Transmission and Distribution activities in the island energy systems (IES).

#### 6.1.2 Market opening

On June 30, 2009, EDF's market share for all final customers was 85.7%.

#### 6.1.3 The supply-demand balance

Nuclear generation produced in the first half-year of 2009 was 203.7 TWh, (211.5 TWh in first-half 2008). Output was affected by industrial action, which caused an estimated output loss of 7.6 TWh due to reduced power levels at units in operation, and longer shutdowns.

Hydropower generation was stable compared to 2008.
Fossil-fired generation produced was 8.8 TWh, +10% more than in first-half 2008.

Sales volumes to final customers (including local distribution companies) decreased by 1.9 TWh. The rise caused by colder weather (+6.2 TWh) and continued strong demand from residential and service customers could not fully offset the decline in sales attributable to the economic crisis and its influence on large business and industrial customers (-6.2 TWh or -8%), the fact that 2008 was a leap year (-1 TWh) and a further decrease in the number of customers, particularly concerning residential customers.

Sales volumes on the wholesale markets (including through auctions of virtual power plants capacity) registered an decrease of 7.6 TWh from first-half 2008. Against downward price trends, much less use was made of VPP capacity auctions. The lower level of nuclear generation was also partly reflected in net volumes sold on the markets.

#### 6.1.4 Sales

**France** contributed €18,322 million to Group sales, 2.8% more than for first-half 2008, including 1.3 percentage points for electricity sales and 1.5 percentage points attributable primarily to natural gas and services.
The variation in electricity sales reflects both price effects (+3.5 percentage points) and volume effects (-2.2 percentage points) as specified above. The positive price effect is principally due to the tariff increase in application since August 15, 2008, and to a lesser extent to favorable price developments in wholesale electricity market forward sales for periods of more than one year in advance (auctions for which prices were set by contract in 2008).

### 6.1.5 EBITDA

**France's** contribution to Group EBITDA was €5,956 million, a decrease of 1.8% compared to first-half 2008 (€6,067 million). This development reflects the effects of social unrest on nuclear energy generation (-€270 million) and the gale damage of January (-€150 million).

**Fuel and energy purchases**

Fuel and energy purchases in France amounted to €5,334 million in the first half of 2009, up by €710 million (+15.4%) compared to the same period of 2008.
Most of this increase results from the greater cost of energy purchases to compensate for network losses, higher fossil fuel costs locked in contractually at 2008 levels, and the rise in purchases associated with expansion of natural gas sales.

**Other external expenses and personnel expenses**

**Other external expenses** amounted to €2,875 million, 11.3% higher than in first-half 2008. This increase is principally explained by the cost of network repairs after the gales of January 2009 (€129 million), particularly affecting ERDF. Excluding the impact of gale damage, other external expenses increased by 6.3%, as generation plant and network maintenance was stepped up and new operations were developed.

**Personnel expenses** totaled €4,167 million, 5.7% more than in the first half-year of 2008. This reflects changing pay levels and greater employee protection as part of the pension reform, as well as the additional expenses caused by the gales. Workforce numbers remained practically stable.

**Taxes other than income taxes**

These taxes were up by 8.8% (€122 million), principally as a result of the cap on 2007 business tax: the corresponding impact was recorded in the first half-year of 2008 and had no equivalent in 2009.

**Other operating income and expenses**

Other operating income and expenses improved by €733 million. €437 million of this rise is due to the increase in the *Contribution au service public de l'électricité* (CSPE) mostly resulting from changes in the compensation receivable for the additional costs generated by electricity purchase obligations in mainland France. These additional costs, which are based on the differential between spot market prices and the effective cost of EDF's purchases from producers covered by the CSPE system, increased with the fall in spot prices.

### 6.1.6 Breakdown of financial information for the "France" segment between deregulated activities, network activities and island activities

The following table shows the variations in sales and EBITDA in France for the deregulated activities, network activities and island activities respectively between the first half-years of 2008 and 2009:

| (in millions of euros) | H1 2009 | H1 2008 | Variation | Variation (%) | Organic growth (%) |
|---|---|---|---|---|---|
| **Sales** | 18,322 | 17,817 | 505 | 2.8 | 2.8 |
| Deregulated activities | 12,087 | 11,612 | 475 | 4.1 | 4.1 |
| Network activities | 6,438 | 6,424 | 14 | 0.2 | 0.2 |
| Island activities | 362 | 339 | 23 | 6.8 | 6.8 |
| Eliminations | (565) | (558) | (7) | 1.3 | 1.3 |
| **EBITDA** | 5,956 | 6,067 | (111) | (1.8) | (1.8) |
| Deregulated activities | 4,195 | 3,764 | 431 | 11.5 | 11.5 |
| Network activities | 1,655 | 2,155 | (500) | (23.2) | (23.2) |
| Island activities | 106 | 148 | (42) | (28.4) | (28.4) |

**Sales by the network activities** were stable. The network tariff remained unchanged and the additional income resulting from weather conditions was neutralized by falling sales volumes to industrial customers, and the lower income from interconnections.

The 4.1% growth in **sales by the deregulated activities** is primarily attributable to the tariff increase of 2008. First-half 2009 sales registered the full benefit of these new tariffs as the network tariff was stable over the period.

**EBITDA for network activities** was down by 23.2%. Given the stable sales levels, this decline reflects the rising cost of network losses and the effect of gale-related costs, particularly for ERDF.

**EBITDA for the deregulated activities** was up by 11.5%**,** showing the effects of tariff increases and the increase in the CSPE, partly offset by the intrinsically higher generation fleet maintenance costs and the effects of industrial action on nuclear output since April 2009.

**EBITDA for the island activities** was down by 28.4% due to the positive effects of the regularization adjustment of the CSPE in 2008.

### 6.1.7 EBIT

**France's** contribution to Group EBIT was €3,997 million, 4.7% higher than for first-half 2008 including the gain on transfer of Emosson drawing rights (+€331 million) as part of the contribution to Alpiq. Excluding this operation, EBIT would show a fall of 3.9%.

## 6.2 United Kingdom

| (in millions of euros) | H1 2009 | H1 2008 | Variation | Variation (%) | Organic growth (%) |
|---|---|---|---|---|---|
| **Sales** | 5,757 | 3,945 | 1,812 | 45.9 | 15.2 |
| **EBITDA** | 1,611 | 587 | 1,024 | 174.4 | 27.8 |
| **EBIT** | 933 | 366 | 567 | 154.9 | - |

The United Kingdom segment includes British Energy's contribution to the consolidated financial statements. EDF Energy now comprises EDF Energy's network, generation and supply activities, and British Energy's generation activities.
British Energy's performance for first-half 2009 was marked by a significant increase in its nuclear power output.
If we were to take into account the business growth at British Energy, EBITDA for the United Kingdom segment would have risen by 49.9% instead of 27.8%.
(See also note 3 to the 2009 condensed consolidated half-year financial statements).

### 6.2.1 Sales

Sales in the United Kingdom segment amounted to €5,757 million, up by 45.9%.
The main factor in this increase was the first consolidation of British Energy (€1,701 million or 43.1%).
The fall in the pound sterling against the Euro between first-half 2008 and first-half 2009 generated a €490 million negative foreign exchange effect (-12,4%)[20].
Organic growth in sales for the United Kingdom segment was 15.2%, mainly driven by generation and supply activities, which benefited in particular from the positive price effect on sales contracted in 2008, the July 2008 increase in gas and electricity tariffs, and, to a lesser degree, business with new customers.
Sales in the regulated activities were down by 1.6% compared to June 2008, as volumes declined due to the economic crisis.

### 6.2.2 EBITDA

The United Kingdom's contribution to Group EBITDA stood at €1,611 million for the first half-year of 2009, up by 174.4% from first-half 2008. Excluding the negative 12.4% foreign exchange effect and the €934 million impact of the first consolidation of British Energy, organic growth in EBITDA for this segment was 27.8%.
The generation and supply activities reported significant growth (€161 million), benefiting in particular from higher sales margins, particularly on gas sales, following the impact of the July 2008 tariff increases, an improvement in gas supply conditions and also the effect of IAS 39, which was neutral in first-half 2008 but positive in first-half 2009.

Excluding the impact of IAS 39 and changes in the scope of consolidation and exchange rates, organic growth in EBITDA for the United Kingdom segment would have been 10.4%.
Regulated activities saw growth of €3 million, benefiting from favorable price effects after the rise in network access tariffs, and lower operating expenses.

### 6.2.3 EBIT

**The United Kingdom segment's** contribution to Group EBIT was €933 million in first-half 2009. It rose in line with EBITDA, but this development was partly offset by a depreciation expense following first consolidation of British Energy.

[20] *Average rate in first-half 2009: £1/€1.12; average rate in first-half 2008: £1/€1.28.*

## 6.3 Germany

| (in millions of euros) | H1 2009 | H1 2008 | Variation | Variation (%) | Organic growth (%) |
|---|---|---|---|---|---|
| **Sales** | 3,778 | 3,707 | 71 | 1.9 | 1.6 |
| **EBITDA** | 655 | 634 | 21 | 3.3 | 2.2 |
| **EBIT** | 465 | 454 | 11 | 2.4 | - |

### 6.3.1 Sales

EnBW's contribution to Group sales at June 30, 2009 was €3,778 million, an increase of 1.9% or organic growth of 1.6%.

Natural gas sales were the main factor in this slight growth in sales.

For electricity sales, the positive impact of higher wholesale prices (for sales contracted in 2008) and the greater consumption by residential customers due to colder weather, could not compensate for the crisis, which had a considerable effect on sales to industrial customers and sales to redistributors.

Natural gas sales benefited from a favorable price effect (resulting from the higher commodity prices set by contract in 2008), partly counterbalanced by lower sales volumes to industrial customers.

### 6.3.2 EBITDA

**EnBW's** contribution to Group EBITDA was €655 million, up by 3.3%, corresponding to organic growth of 2.2% from first-half 2008.

EBITDA for electricity activities remained stable as a result of improved generation margins and the positive impact of derivatives, partly counterbalanced by the lower volumes sold.
In the natural gas activities, EBITDA rose slightly due to an increase in volumes sold to residential customers in a particularly cold winter, and the positive impact of price developments.

### 6.3.3 EBIT

EnBW's contribution to Group EBIT was €465 million, 2.4% higher than for first-half 2008, mainly reflecting the increase in EBITDA.

## 6.4 Italy

| (in millions of euros) | H1 2009 | H1 2008 | Variation | Variation (%) | Organic growth (%) |
|---|---|---|---|---|---|
| **Sales** | 2,525 | 2,817 | (292) | (10.4) | (8.7) |
| **EBITDA** | 393 | 457 | (64) | (14.0) | (13.8) |
| **EBIT** | 146 | 224 | (78) | (34.8) | - |

### 6.4.1 Sales

**Italy**[21] contributed €2,525 million to consolidated sales, a 10.4% decrease or organic decrease of 8.7% from first-half 2008.

**Edison** registered sales decrease of €237 million (-9.5%) due to the decline in business in Italy (demand was down by 8,6%), which also led to a 9% decrease in electricity prices on the wholesale market.
In order to optimize distribution and commercialization margins. Edison continued to adjust the customer mix for its electricity and hydrocarbon activities, giving priority to sales to final customers and reducing sales on the wholesale markets.
Generation sales progressed due to consolidation of the Abu Qir gasfields.

Sales by **Fenice** were down by 17.2%, principally due to the economic slowdown affecting its main customers, particularly in the automobile industry.

### 6.4.2 EBITDA

The **Italy segment** contributed €393 million to the Group's consolidated EBITDA, a decrease of 13.8% compared to the first half-year of 2008.

At **Edison** EBITDA was down by €40 million (-10.2%). The –13,3% decrease for the electricity activities was principally due to lower generation margins, a shorter operating period for power plants as a result of lower demand, and to a lesser extent the progressive expiry of "CIP6" contracts. These factors were only slightly counterbalanced by a rise in hydropower generation (+37.2%).

The hydrocarbon activities' contribution registered slight growth due to better margins on sales to final customers, despite a negative impact of derivatives.

**Fenice's** contribution to consolidated EBITDA amounted to €41 million at June 30, 2009, down by 36.9% due to the decrease in sales.

### 6.4.3 EBIT

Italy's contribution to consolidated EBIT stood at €146 million, down by 34.8% essentially as a result of the decline in EBITDA.

[21] *The Italy segment concerns operations by the Edison group and Fenice.*

## 6.5 Other International

| (in millions of euros) | H1 2009 | H1 2008 | Variation | Variation (%) | Organic growth (%) |
|---|---|---|---|---|---|
| **Sales** | 1,556 | 1,480 | 76 | 5.1 | 13.6 |
| **EBITDA** | 297 | 310 | (13) | (4.2) | 5.5 |
| **EBIT** | 192 | 209 | (17) | (8.1) | - |

The Other international segment principally covers other operations in Europe (Belgium, Switzerland and central European countries), Asia (China, Vietnam and Laos), a fossil-fired plant in Brazil and development of nuclear projects in the United States.

### 6.5.1 Sales

The organic growth in sales (+13.6%) is mainly located in Poland and Belgium.

In **Central Europe**, sales recorded organic growth of €130 million.
The foreign exchange effect was strongly negative: -€110 million in Poland and -€61 million in Hungary.
The 22.9% organic growth in **Poland** mostly resulted from the higher sale price for electricity sold to distributors under annual contracts, and the subsidiary Everen's expanding activity on the market[22].

Business in **Belgium** saw steady organic growth, essentially in supply, due to an increase in volumes of electricity and gas, and higher prices on the wholesale market.

The 19% increase in sales in **Asia** includes a positive 15% foreign exchange effect.

### 6.5.2 EBITDA

EBITDA for Other international activities, excluding the effects of changes in the scope of consolidation and exchange rates, saw organic growth of 5.5%.

For the **central European countries,** EBITDA declined by 3.7%, principally due to the unfavorable impact of foreign exchange conditions.

There was 48.5% organic growth in EBITDA in **Poland** thanks to the higher electricity prices in the annual contracts signed with distributors.
In **Hungary**, EBITDA showed organic shrinkage of 27.3%, particularly concerning Demasz, where energy supply activities were affected by a falloff in customer consumption and a marked decrease in electricity prices.

In **Asia**, the subsidiaries achieved satisfactory performances in a difficult economic environment.

### 6.5.3 EBIT

EBIT was down by 8.1% from first-half 2008, essentially reflecting the change in EBITDA.

[22] *Everen markets all the electricity generated by the Polish plants*

## 6.6 Other activities

| (in millions of euros) | H1 2009 | H1 2008 | Variation | Variation (%) | Organic growth (%) |
|---|---|---|---|---|---|
| **Sales** | 2,959 | 2,473 | 486 | 19.7 | 18.5 |
| **EBITDA** | 1,229 | 986 | 243 | 24.6 | 20.1 |
| **EBIT** | 1,042 | 844 | 198 | 23.5 | - |

Other activities comprise, among other entities, EDF Trading, EDF Energies Nouvelles, Electricité de Strasbourg and the investment in Dalkia.

### 6.6.1 Sales

The contribution of **Other activities** to Group sales was €2,259 million, up by €486 million with organic growth of 18.5% over first-half 2008.

EDF Trading's sales reached €700 million. Excluding the effects of changes in the scope of consolidation following acquisition of Eagle Energy Partners, it increased by 11.0% compared to first-half 2008 due to good anticipation of price trends for all commodities.

Sales growth at **EDF Energies Nouvelles** stood at 29.1%, driven by electricity generation, especially by windfarms, in Europe and the United States, and sales of photovoltaic solar power facilities by EDF Energies Nouvelles Réparties.

**Dalkia's** contribution to sales increased by €65 million, up by 5.9% with organic growth of 9.4% compared to June 30, 2008.

### 6.6.2 EBITDA

**Other activities** contributed €1,229 million to Group EBITDA, €243 million more than in first-half 2008, including the positive effect of application of IAS 39.

Organic growth in this segment's EBITDA was principally located at **EDF Energies Nouvelles,** boosted by development of its generation business.

**EDF Trading** continued to record good results, contributing €569 million to Group EBITDA, 10.6% more than in first-half 2008.

**Dalkia's** EBITDA saw organic decline of 0.7%.

### 6.6.3 EBIT

EBIT for Other activities increased by €198 million (+23.5%) compared to first-half 2008, reflecting the increase in EBITDA that was partly offset by higher net depreciation.

## 7 Net indebtedness, cash flows and investments

### 7.1 Net indebtedness

Net indebtedness comprises total loans and financial liabilities, less cash and cash equivalents and liquid assets. Liquid assets are financial assets consisting of funds or securities with initial maturity of over three months that are readily convertible into cash regardless of their maturity and are managed according to a liquidity-oriented policy.

Changes in the Group's net indebtedness were as follows:

| (in millions of euros) | H1 2009 | H2 2008 | Variation | Variation (%) |
|---|---|---|---|---|
| **Operating profit before depreciation and amortization (EBITDA)** | **10,141** | **9,041** | **1,100** | **12.2** |
| Cancellation of non-monetary items included in EBITDA | (2,527) | (1,306) | | |
| Change in net working capital | 335 | (1,835) | | |
| Other items (1) | 146 | 95 | | |
| **Operating cash flow** | **8,095** | **5,995** | **2,100** | **35.0** |
| Net operating investments (gross CAPEX less disposals) | (5,481) | (4,032) | | |
| Net financial expenses disbursed | (813) | (445) | | |
| Income taxes paid | (85) | (1,027) | | |
| **Free cash flow** | **1,716** | **491** | **1,225** | **N.S.** |
| Dedicated assets | 0 | (1,272) | | |
| Net financial investments | (12,293) | (274) | | |
| Dividends paid | (1,225) | (1,322) | | |
| Other changes | 33 | 63 | | |
| **(Increase)/Decrease in net indebtedness, excluding the impact of changes in scope of consolidation and exchange rates** | **(11,769)** | **(2,314)** | **(9,455)** | **N.S.** |
| Effect of change in scope of consolidation | 710 | (19) | | |
| Effect of change in exchange rates | (1,283) | 354 | | |
| Effect of other non-monetary changes (2) | 27 | 57 | | |
| **(Increase)/Decrease in net indebtedness** | **(12,315)** | **(1,922)** | **(10,393)** | **N.S.** |
| **Net indebtedness at beginning of period** | **24,476** | **16,269** | | |
| **Net indebtedness at end of period** | **36,791** | **18,191** | | |

(1) Mainly corresponds to dividends received from companies accounted for under the equity method.
(2) Mainly corresponds to changes in fair value and accounting reclassifications affecting components of net indebtedness.

The Group's net indebtedness stood at €36,771 million at June 30, 2009, compared to €24,476 million at December 31, 2008. The increase over the first half-year thus totaled €12,315 million.

The change in net indebtedness in first-half 2009 results from the higher level of net financial investments (€12,293 million), mostly associated with acquisition of British Energy (€10,819 million).

Other acquisitions principally concern Italy (acquisition of the Abu Qir gas field for €495 million), Germany (investment in the Lippendorf and Bexbach coal-fired power plants for €421 million), and Switzerland (acquisition of a 25% interest in the new Swiss operator Alpiq resulting from the combination of the activities of Swiss energy companies ATEL and EOS, for €224 million).

Group Capital expenditure by the Group also increased by over 35% to €5,565 million in first-half 2009.

The negative €1,283 million effect of changes in exchange rates (particularly the pound sterling's rise against the Euro[23] between December 31, 2008 and June 30, 2009) led to an increase in the Group's indebtedness. This was partly counterbalanced by the €710 million effect of changes in the scope of consolidation, primarily related to the cash and cash equivalents of British Energy.

Allocations to dedicated assets[24] have been suspended since September 2008 due to financial market instability. The Group now considers that the conditions are right to resume allocations from July 1, 2009.

Working capital decreased by €335 million after an increase of €1,835 million in first-half 2008, mainly as a result of lower margin calls associated with market price trends in the optimization and trading activities.

Income taxes paid, which amounted to €1,027 million in the first half-year of 2008, totaled €85 million for the first half-year of 2009 including a €669 million reimbursement of surplus 2008 income tax paid by EDF.

Dividends paid by EDF during first-half 2009 amounted to €1,164 million (of the total €1,225 million distributed by the Group). The total dividend paid by EDF SA in respect of 2008 (including the €1,164 million interim dividend distributed in late 2008) was €2,328 million.

### 7.2 Net cash flow from operations and operating cash flow

**Net cash flow from operations** for the first half-year of 2009 totaled €8,095 million, 35.0% higher than for first-half 2008 (€5,995 million). The main factors in this increase are the increase in EBITDA and the positive change in working capital between the two periods.

**Operating cash flow**[25] stood at €6,862 million for first-half 2009, an increase of 7,9% from the €6,358 million recorded in the first half-year of 2008. Details are as follows:

[23] *€1.05/£1 at December 31, 2008 and €1.17/£1 at June 30, 2009*

[24] *See note 23.2.2.1 to the condensed consolidated financial statements at June 30, 2009, "EDF's dedicated asset portfolio".*

[25] *EDF uses Operating cash flow, equivalent to Funds From Operations or FFO, as an indicator to assess the Group's capacity to generate free cash flow. Operating cash flow is equivalent to net cash flow from operating activities (Cash flow statement) excluding changes in working capital, less net financial expenses disbursed and income taxes paid, adjusted for the impact of non-recurring tax effect items.*

| (in millions of euros) | H1 2009 | H1 2008 | Variation | Variation (%) |
|---|---|---|---|---|
| **Operating profit before depreciation and amortization (EBITDA)** | **10,141** | **9,041** | **1,100** | **12.2** |
| Cancellation of non-monetary items included in EBITDA | (2,527) | (1,306) | | |
| Net financial expenses disbursed | (813) | (445) | | |
| Income taxes paid | (85) | (1,027) | | |
| Other items | 146 | 95 | | |
| **Operating cash flow** | **6,862** | **6,358** | **504** | **7.9** |

Improvement in operating cash flow primarily results from the reimbursement of surplus 2008 income taxes paid by EDF (€669 million), partly counterbalanced by an increase in financial expenses related to indebtedness.

The increase in EBITDA includes an increase in non-cash items following reversal of the TaRTAM provision, and unrealized gains resulting from fair value measurement.

### 7.3 Change in working capital

Working capital decreased by €335 million in the first half-year of 2009. This improvement was visible across all segments of the Group.

In **France**, the main explanation for the €191 million reduction in working capital over the half-year is the -€730 million reimbursements of margin calls associated with optimization (market hedging by EDF Trading on behalf of the France segment, which led to significant disbursements in 2008). This effect was mitigated by the increase in the CSPE (+€584 million).

**Outside France (United Kingdom, Germany, Italy, and Other international)**, working capital decreased by €94 million over the half-year of 2009, essentially in Italy and in the Asia-Pacific zone.

The **Other activities** segment registered a €50 million decrease in working capital.

### 7.4 Operating investments (Gross Capex)

**Growth of 35.3% compared to first-half 2008**

Gross operating investments (gross capital expenditure) for the half-year amounted to €5,565 million, 35.3% higher than for first-half 2008.

Changes over the period in the Group's gross capital expenditure were as follows:

| (in millions of euros) | H1 2009 | H1 2008 | Variation | Variation (%) |
|---|---|---|---|---|
| France: Deregulated activities | 1,630 | 1,300 | 330 | 25.4 |
| France: Network activities | 1,539 | 1,111 | 428 | 38.5 |
| France: Island activities | 239 | 98 | 141 | 143.9 |
| **Total France** | **3,408** | **2,509** | **899** | **35.8** |
| United Kingdom | 969 | 596 | 373 | 62.6 |
| Germany | 222 | 191 | 31 | 16.2 |
| Italy | 267 | 162 | 105 | 64.8 |
| Other international | 135 | 271 | (136) | (50.2) |
| **Total International** | **1,593** | **1,220** | **373** | **30.6** |
| **Total Other activities** | **564** | **383** | **181** | **47.3** |
| **Operating investments (Gross Capex)** | **5,565** | **4,112** | **1,453** | **35.3** |

Capital expenditure in **France** increased by 35.8%. This increase concerned the deregulated activities (€330 million), the network activities (€428 million) and the island activities (€141 million).

In the **deregulated activities,** most of the increase concerned investments in generation, up from €1,229 million at June 30, 2008 to €1,514 million at June 30, 2009. These investments are for development of capacities in nuclear facilities (construction of the EPR at Flamanville) and fossil-fired facilities (combined cycle gas plants, combustion turbines), but also for asset maintenance (the SuPerHydro programme for hydropower assets, and maintenance programmes for nuclear assets).

Investments in the **network activities** rose by 38.5%. €105 million was invested in the transmission networks and €323 million in the distribution networks.

Gross capital expenditure also increased in the **other European countries**.

In the **United Kingdom**, gross capital expenditure amounted to €969 million for the first half-year of 2009, up by 62.6% from the first half-year of 2008, including investments specific to British Energy (€120 million). Based on a constant scope of consolidation, capital expenditure in the United Kingdom reflects the changing level of network investments, investments for construction of the new West Burton fossil-fired plant, and acquisition of land owned by the NDA at Bradwell.

In **Germany**, capital expenditure totaled €222 million for the first half-year of 2009, an increase of 16.2% compared to first-half 2008, resulting from growth in activities related to electricity (generation and networks).

In **Italy**, half of the marked rise in capital expenditure (+64.8%) concerned Edison, which invested in renewable energies and gas, and the other half concerned Fenice.

In the **Other international** segment, capital expenditure was down by 50.2% or -€136 million, particularly due to lower investment levels in 2009 in the USA and exceptional work carried out in 2008 in central European countries (chiefly desulphurization at ERSA).

Capital expenditure in the **Other activities** rose by €181 million compared to first-half 2008 following development of windfarms by EDF Energies Nouvelles (€138 million).

### 7.5 Net financial investments

#### 7.5.1 Dedicated assets

Allocations to dedicated assets were suspended in September 2008 given the volatility on the financial markets, and were not resumed during first-half 2009. The Group currently considers that the conditions are right to resume allocations from July 1, 2009.

In first-half 2008, these allocations totaled €1,272 million.

#### 7.5.2 Other financial investments: Ongoing development of international nuclear operations

Other net financial investments amounted to €12,293 million, and were mainly for the second phase of the takeover of British Energy in the United Kingdom (€10,819 million).

The principal other investments were Edison's acquisition of the Abu Qir gasfield (€495 million), and EnBW's investments in the Lippendorf and Bexbach coal-fired plants and the new energy operator Alpiq (€224 million, the balance consisting of the contribution in kind of Emosson dam drawing rights).

### 7.6 Net indebtedness by subsidiary

Changes in the contribution to net indebtedness by each subsidiary are shown below:

| (in millions of euros) | June 30, 2009 | December 31, 2008 | Variation | Variation (%) |
|---|---|---|---|---|
| EDF SA and other related subsidiaries* | 14,961 | 11,450 | 3,511 | 30.7 |
| EDF Energy** | 15,105 | 7,437 | 7,668 | 103.1 |
| EnBW | 1,922 | 1,449 | 473 | 32.6 |
| Edison*** | 2,193 | 1,487 | 706 | 47.5 |
| EDF Energies Nouvelles | 1,912 | 1,333 | 579 | 43.4 |
| Other subsidiaries | 698 | 1,320 | (622) | (47.1) |
| **Group total** | **36,791** | **24,476** | **12,315** | **50.3** |

* ERDF, RTE, PEI, EDF International and EDF Investissements Groupe
** including holding companies
*** Edison alone, excluding its holding companies

Indebtedness was up in almost all segments.
At EDF and its subsidiaries, the increase of over 30% in indebtedness was mostly associated with acceleration of the investment process.
At EDF Energy, the increase in indebtedness is mainly due to acquisition of British Energy and a negative foreign exchange effect attributable to the rise in the value of the pound sterling against the euro over the semester.
At EnBW, the increase in indebtedness largely results from higher capital expenditure and the acquisition of investments in Lippendorf and Bexbach.
At Edison, the change in indebtedness relates mostly to acquisition of the Abu Qir gasfield.
At EDF Energies Nouvelles, development of windfarms and photovoltaic solar plants contributed to a rise in indebtedness.
The fall in indebtedness at other subsidiaries principally concerns EDF Trading.

# 8 Management and control of market risks

The policy and principles for management and control of the Group's market risks are presented in Section 9.10 of the 2008 *Document de Référence*. As there have been no significant changes during the first half-year of 2009, that information is not repeated here.

This chapter sets forth the main changes since December 31, 2008 in financial data concerning the management and control of market risks.

## 8.1 Management and control of financial risks

### 8.1.1 Liquidity position and management of liquidity risks

#### 8.1.1.1 Liquidity position

At June 30, 2009, the Group's liquidities totaled €13,418 million compared to €12,594 million at December 31, 2008, and available credit lines amounted to €9,430 million compared to €21,388 million at December 31, 2008.

At June 30, 2009, no group company was in default on any borrowing.

#### 8.1.1.2 Management of liquidity risks

As part of its policy to manage liquidity, finance its operating investment programme and reinforce long-term debt, the Group undertook several bond issues during first-half 2009 as described in section 2.2.2 of this half-year management report.

The average maturity of consolidated debt stood at 6.7 years at June 30, 2009 compared to 5.3 years at December 31, 2008, and EDF debt has average maturity of 7.7 years compared to 5.5 years at December 31, 2008.

At June 30, 2009, the maturities of gross long-term and short-term debt, before hedging (excluding interest paid) were as follows:

| (in millions of euros) | Bonds | Loans from financial institutions | Other financial liabilities | Loans related to finance-leased assets | Accrued interest | Total |
|---|---|---|---|---|---|---|
| Less than one year | 58 | 7,150 | 5,323 | 30 | 894 | **13,455** |
| From one to five years | 9,838 | 3,100 | 662 | 136 | 4 | **13,740** |
| More than five years | 21,561 | 853 | 276 | 51 | 3 | **22,744** |
| **Total** | **31,457** | **11,103** | **6,261** | **217** | **901** | **49,939** |

In addition to the Group's main borrowings in amounts of over €750 million as reported in section 9.10.1 of the 2008 *Document de Référence*, details of new borrowings contracted during the first half-year of 2009 are as follows:

| Type of borrowing (in millions of euros) | Entity | Issue date | Maturity | Currency | Amount (millions) | Rate (%) |
|---|---|---|---|---|---|---|
| Euro Medium Term Note | EDF SA | January 2009 | 2015 | EUR | 2 000 | 5.125% |
| Euro Medium Term Note | EDF SA | January 2009 | 2021 | EUR | 2 000 | 6.25% |
| Bond | EDF SA | January 2009 | 2019 | USD | 2 000 | 6.50% |
| Bond | EDF SA | January 2009 | 2039 | USD | 1 750 | 6.95% |
| Bond | EDF SA | January 2009 | 2014 | USD | 1 250 | 5.50% |
| Schuldschein (1) | EDF SA | March 2009 | 2019 | EUR | 181 | 5.125% |
| Bond | EDF SA | March 2009 | 2012 | CHF | 350 | 2.00% |
| Bond | EDF SA | March 2009 | 2017 | CHF | 300 | 4.00% |
| Euro Medium Term Note | EDF SA | June 2009 | 2034 | GBP | 1 500 | 6.125% |

(1) Loan contract governed by German law, transferable by the lender

The table below sets out the Group entities' syndicated loans contracted or modified since December 31, 2008.

| Entity | Maturity | Amount ( in millions of euros) | Currency | Drawings at June 30, 2009 (in millions of euros) |
|---|---|---|---|---|
| EnBW | 2010 (renewal option exercised) | Tranche A: 1000 | EUR | - |
| | 2010 | Tranche B: 58 | EUR | - |
| | 2012 | Tranche B: 1442 | EUR | - |

At June 30, 2009, the amount outstanding on EDF SA's syndicated loan contracted on September 23, 2008 to finance the acquisition of British Energy is £4,837 million. Due to the applicable contractual terms, no further drawings can be made on the associated credit lines totaling £11 billion.

### 8.1.2 Credit ratings

The long-term and short-term ratings assigned to EDF Group entities by the three financial ratings agencies Standard & Poor's, Moody's and Fitch IBCA have not changed since January 2009. These ratings are presented in section 9.10.1 of the 2008 *Document de Référence*.

### 8.1.3 Management of foreign exchange rate risk

The Group's gross debt at June 30, 2009 breaks down as follows by currency after hedging as defined by IFRS: 53% in euros, 37% in pounds sterling and 5% in US dollars. The balance of 5% includes the Swiss franc, the Hungarian forint, the Polish zloty, the Brazilian real, and the Japanese yen.

**Gross debt structure at June 30, 2009, by currency, before and after hedging**

| (in millions of euros) | Initial debt structure | Impact of hedging instruments(1) | Debt structure after hedges | % of debt |
|---|---|---|---|---|
| EUR | 29,901 | (3,586) | 26,315 | 53 |
| USD | 5,383 | (2,895) | 2,488 | 5 |
| GBP | 11,794 | 6,693 | 18,488 | 37 |
| Other currencies | 2,861 | (212) | 2,648 | 5 |
| **TOTAL DEBT** | **49,939** | **-** | **49,939** | **100** |

(1) Hedges of liabilities and net assets of foreign subsidiaries, and USD/GBP swaps designated as economic hedges.

The table below presents the impact of an unfavorable variation in exchange rates on the group's gross debt at June 30, 2009:

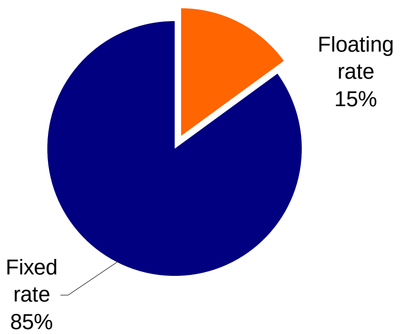
| (in millions of euros) | Debt after hedging instruments converted into euros | Impact of a 10% unfavorable variation in exchange rates | Debt after a 10% unfavorable variation in exchange rates |
|---|---|---|---|
| EUR | 26,315 | - | 26,315 |
| USD | 2,488 | 250 | 2,738 |
| GBP | 18,488 | 185 | 18,673 |
| Other currencies | 2,648 | 265 | 2,913 |
| **TOTAL DEBT** | **49,939** | **700** | **50,639** |

The table below sets forth the foreign exchange position relating to net non-operating investments in foreign currency of the Group's principal subsidiaries at June 30, 2009:

| (in millions of currency units) | Net position after hedging (Assets) at June 30, 2009 | Net position after hedging (Assets) at December 31, 2008 |
|---|---|---|
| USD | 66 | 503 |
| CHF (Switzerland) | 102 | 57 |
| HUF (Hungary) | 34,974 | 25,304 |
| PLN (Poland) | 829 | 353 |
| GBP (United Kingdom) | 3,094 | 870 |
| BRL (Brazil) | 577 | 518 |
| SKK (Slovakia) | - | 8,191 |
| CNY (China) | 618 | 627 |

Net positions after hedging in GBP increased significantly during the first half-year of 2009 due to expansion by EDF in the United Kingdom.

### 8.1.4 Management of interest rate risk




The Group's debt after hedging instruments at June 30, 2009 was structured as follows: 85% of debt bore interest at fixed rates and 15% at floating rates (81% and 19% respectively at December 31, 2008).

A 100 base point (1%) uniform rise in interest rates would generate an increase of approximately €77 million in financial expenses at June 30, 2009, based on gross floating-rate debt after hedging under IFRS.
The average coupon on Group debt (weighted interest rate on outstanding amounts) was 4.4% at June 30, 2009 against 4.7% at December 31, 2008.

The table below sets forth the structure of Group debt and the impact of a 100 base point variation in interest rates at June 30, 2009:

| June 30, 2009 (in millions of euros) | Initial debt structure | Impact of hedging instruments | Debt structure after hedges | Impact of a 100 base point variation in interest rates |
|---|---|---|---|---|
| Fixed rate | 41,010 | 1,228 | 42,238 | - |
| Floating rate | 8,929 | (1,228) | 7,701 | 77 |
| **TOTAL DEBT** | **49,939** | **-** | **49,939** | **77** |

### 8.1.5 Management of equity risks

The equity risk lies principally in the following areas:

**Coverage of EDF's nuclear obligations**

Analysis of the equity risk is presented in section 8.1.6 ("Management of financial risk on EDF's dedicated asset portfolio").

**Coverage of EDF, EDF Energy's and British Energy employee benefit commitments**

31.5% of the assets covering EDF's employee benefit liabilities were invested in the international and European equity markets at June 30, 2009. The target allocation was 31.8%.
Also at June 30, 2009, the two pension funds set up by EDF Energy (EDF Energy Pension Scheme and EDF Energy Group Electricity Supply Pension Scheme) were invested to the extent of 48% in equities, representing an amount of £1,012 million of equities.
40% of the British Energy funds were invested in equities at the end of the half-year, corresponding to an amount of £974 million.

**EnBW's reserved funds**

EnBW is exposed to equity risks in the management of its reserved funds intended to cover its nuclear commitments and employee benefit obligations.

**EDF's long-term cash management**

At June 30, 2009, equity-linked investments included in long-term cash management investments by EDF totaled €369 million (2.8% of total liquidities), with estimated volatility of 8.95% (annualized volatility of monthly returns observed over three years or over the longest period available). Applying this volatility to the value of equity assets in long-term cash management at the same date, EDF estimates the annual volatility of the equities portion of cash investments at €33 million.

**Direct investment securities**

At June 30, 2009, EDF's investment in Veolia Environnement amounted to €383 million, with estimated volatility of 79.4% (annualized volatility of monthly returns observed over three years).

At the same date, EDF's investment in AREVA amounted to €356 million, with estimated volatility of 61.3% (annualized volatility of monthly returns observed over three years).

### 8.1.6 Management of financial risk on EDF's dedicated asset portfolio

In view of market conditions, allocations to the portfolio have been suspended since September 2008. They will be resumed in the second half-year of 2009, and adjustment will be made for compliance with the regulatory requirement that liabilities should be covered by the portfolio by June 2011.

**Portfolio content and performance**

Details of the contents of EDF's dedicated asset portfolio at June 30, 2009 and December 31, 2008 are as follows:

| (in millions of euros) | Equities | Bonds |
|---|---|---|
| At June 30, 2009 | 34,7% | 65,3% |
| At December 31, 2008 | 33,5% | 66,5% |

At June 30, 2009, the fair value of the dedicated asset portfolio was €9,009 million (€8,665 million at December 31, 2008).

| | June 30, 2009 Realizable value in the EDF consolidated financial statements (in millions of euros) | Performance at June 30, 2009 | | Performance at Dec 31, 2008 | |
|---|---|---|---|---|---|
| | | Portfolio | Benchmark index | Portfolio | Benchmark index (1) |
| Equities sub-portfolio | 3,127 | 8.0% | 5.4% | -38.9% | -37.6% |
| Bonds sub-portfolio | 5,882 | 2.1% | 1.4% | 5.9% | 9.4% |
| Cash sub-portfolio | N.S. | 0.5% | 0.6% | 4.2% | 4.0% |
| **Total dedicated asset portfolio** | **9,009** | **4.1%** | **3.7%** | **-14.9%** | **-16.7%** |

(1) Benchmark index: MSCI World for the equities sub-portfolio, Citigroup EGBI for the bonds sub-portfolio, 50% MSCI World + 50% Citigroup EGBI for the total portfolio

In first-half 2009, the dedicated asset portfolio continued to be affected by a highly volatile market environment caused by the financial crisis. There were marked downturns, particularly on the international equities markets, until early March, followed by a recovery that continued through to the end of June. The overall portfolio and its three sub-portfolios all outperformed their benchmark indexes.

The market value of the equities sub-portfolio was €3,127 million at June 30, 2009. Its volatility can be estimated on the basis of the volatility of its benchmark index, the MSCI World index, which at June 30, 2009 was 34.97% based on 52 weekly performances. Applying this volatility to the value of equity assets at the same date, the Group estimates the annual volatility of the equities portion of dedicated assets at €1,094 million.

At June 30, 2009, the sensitivity of the bonds sub-portfolio (€5,882 million) was 4.61, i.e. a uniform 100 base point rise in interest rates would result in a 4.61% (€271 million) decline in its market value. This sensitivity was 4.29 at the 2008 year-end.

### 8.2 Management and control of energy market risks

The table below shows values for the risk indicators used to monitor EDF Trading's markets commitments for 2008 and the first half-year of 2009:

| (in millions of euros) | H1 2009 | 2008 |
|---|---|---|
| VaR limit (97.5 % per day) | 38 | 32 |
| Stop-loss limit | 55 | 45 |
| Min VaR | 7.6 | 6.5 |
| Average VaR | 13.4 | 14.8 |
| Max VaR | 25.1 | 30.5 |

The principles for management of energy market risks are unaffected by the acquisition of British Energy, whose portfolio has been absorbed into EDF Energy. This guarantees that all risks are measured, while the operational principles for the Group’s energy market risk management continue to be rolled out to the EDF Energy subgroup, which now includes the operations of British Energy.
The stop-loss was not triggered during the first half-year of 2009.

# 9 Provisions

The following table sets forth provisions (current and non-current) at June 30, 2009 and December 31, 2008:

| (in millions of euros) | June 30, 2009 | December 31, 2008 |
|---|---|---|
| Provisions for spent fuel management | 10,975 | 8,806 |
| Provisions for long-term radioactive waste management | 7,243 | 6,732 |
| **Provisions for back-end nuclear cycle** | **18,218** | **15,538** |
| Provisions for decommissioning | 16,523 | 12,445 |
| Provisions for last cores | 3,170 | 1,697 |
| **Provisions for decommissioning and last cores** | **19,693** | **14,142** |
| Provisions for post-employment benefits | 12,807 | 12,703 |
| Provisions for other long-term employee benefits | 1,025 | 1,016 |
| **Provisions for employee benefits** | **13,832** | **13,719** |
| **Other provisions** | **5,286** | **4,738** |
| **Total provisions** | **57,029** | **48,137** |

For details of the components of provisions, and changes in these provisions, see note 26 to the 2009 condensed consolidated half-year financial statements.

## 10 Contractual obligations

The following table presents the contractual obligations identified by the Group at June 30, 2009, including obligations not recognized in the balance sheet (off balance sheet commitments):

| | June 30, 2009 | | | |
|---|---|---|---|---|
| **(in millions of euros)** | **Total** | **Maturity within one year** | **Maturity between one and five years** | **Maturity after five years** |
| **Long-term debt [(1)]** | **49,939** | **13,455** | **13,740** | **22,744** |
| Satisfactory performance, completion and bid guarantees | 1,348 | 391 | 865 | 92 |
| Commitments related to orders for operating items [(2)] | 4,973 | 2,835 | 1,573 | 565 |
| Commitments related to orders for fixed assets | 10,802 | 5,036 | 5,572 | 194 |
| Other operating commitments | 4,302 | 1,669 | 2,364 | 269 |
| **Operating commitments given[(3)]** | **21,425** | **9,931** | **10,374** | **1,120** |
| Security interest in real property | 2,227 | 184 | 1,131 | 912 |
| Guarantees related to borrowings | 365 | 103 | 34 | 228 |
| Other financing commitments | 238 | 111 | 100 | 27 |
| **Financing commitments given[(4)]** | **2,830** | **398** | **1,265** | **1,167** |
| Investment commitments | 8,818 | 6,383 | 2,435 | 0 |
| Other investment commitments given | 303 | 197 | 90 | 16 |
| **Investment commitments given [(5)]** | **9,121** | **6,580** | **2,525** | **16** |

*(1) See note 28.2 to the condensed consolidated financial statements at June 30, 2009*
*(2) Excluding commodities and energy.*
*(3) See note 11.3 to the condensed consolidated financial statements at June 30, 2009*
*(4) See note 28.5 to the condensed consolidated financial statements at June 30, 2009*
*(5) See note 23.3 to the condensed consolidated financial statements at June 30, 2009*

This table does not show firm, irrevocable purchase commitments, operating lease commitments or finance lease commitments, which were not measured by the Group at June 30, 2009. At December 31, 2008, these commitments amounted to €53,481 million, €2,593 million and €229 million respectively.

**Firm irrevocable purchase commitments**, for commodities, energy and nuclear fuel amounted to €53,481 million at December 31, 2008.

The principal change since that date concerns purchase commitments for nuclear fuels undertaken in connection with supply contracts for the British Energy nuclear power plants (€1,682 million).

**Operating commitments given,** amounting to €21,425 million, comprise satisfactory performance, completion and bid guarantees, commitments related to orders for operating items and fixed assets, and other operating commitments.

These commitments are described in note 11.3 of the notes to the condensed consolidated financial statements at June 30, 2009.

**Financing commitments given**, totaling €2,830 million, comprise security interests in real property, guarantees related to borrowings and other financing commitments.
For details, see note 28.5 of the notes to the condensed consolidated financial statements at June 30, 2009.

**Investment commitments** include commitments for acquisition of equity investments and other investment commitments amounting to €9,121 million. For details, see note 23.3 of the notes to the condensed consolidated financial statements at June 30, 2009.

## 11 Subsequent events

Details of post balance sheet events can be found in note 34 to the consolidated financial statements at June 30, 2009.

**Bond issues**

**- EDF**
The retail bond launched by EDF on June 17, 2009 closed on July 6, 2009, raising €3,269 million for the company. Settlement of the entire operation took place on July 17, 2009, and the bonds have been listed since that date on Euronext Paris. This 5-year bond bears interest at the annual fixed rate of 4.5%.
EDF also issued "Samurai bonds" in Japan on July 3, 2009 totaling €820 million (110.4 billion yen).

**- EnBW**
On July 7, 2009, EnBW issued two bonds totaling €1,350 million (EDF's share: €622 million):

- one €750 million bond with 6-year maturity and annual coupon of 4.125%
- and another of €600 million with 30-year maturity and annual coupon of 6.125%.

**- Edison**
On July 16, 2009, Edison issued a €700 million 5-year bond (EDF's share: €342 million) as part of the launch of its EMTN programme.

**Approval by the German anti-cartel authorities of acquisition of EWE**

On July 6, 2009, the German anti-cartel authorities announced their decision to authorize EnBW to acquire a 26% stake in EWE. The operation was completed on July 21, 2009, with an impact of some €2 billion in the EnBW financial statements (EDF's share: €0.9 billion).

**Sales of shares in Light**

On July 17, 2009, EDF International sold its entire residual investment in Light for the sum of 321 million reals (€116 million).

**Other authorizations for EnBW**

Following signature of an agreement between EnBW Erneuerbare Energien Gmbh and Altus AG on July 14, 2009, a joint venture is to be formed to develop 6 windfarm projects in Germany, with total capacity of 150 MW.

## 12 Principal risks and uncertainties for the second half-year of 2009

The EDF Group policies for risk management and control are described in section 4.1 of the 2008 *Document de Référence*.
The principal risks and uncertainties to which the Group considers itself exposed are also described in section 4.2 of the 2008 *Document de Référence*.

This description remains valid at the date of publication of this report for assessment of the major risks and uncertainties of second-half 2009, together with the usual risks specific to the Group's business.

## 13 Transactions with related parties

There have been no significant changes since December 31, 2008 in the types of transaction undertaken with related parties. In particular, the Group has significant ongoing relationships with public-sector enterprises, primarily the Areva Group for the supply, transmission and reprocessing of nuclear fuel and maintenance of nuclear plants. The Areva Group is also a supplier to the EPR (European Pressurized Reactor) project, contributing to the formation of commitments on fixed asset orders.

See also note 33 to the condensed consolidated financial statements at June 30, 2009, "Related parties.

## 14 Significant events related to litigation in process

Litigations concerning the EDF Group are described in section 20.5 of the 2008 Document de Référence.
This chapter reports on new litigations and those which have seen significant developments since the release of the 2008 Document de Référence and its update of May 15, 2009.

### 14.1 Arcelor

In the litigation between EDF and Arcelor group entities initiated in 2007 over the economic terms of electricity supplies for the Arcelor group's new sites:

- on June 23, 2009, based on the expert's report it had requested, the Paris Commercial Court ordered EDF to pay the sum of €9,144,123 to Mittal Steel Gandrange, and the sum of €124,378 to SNC Métallurgique de Révigny, plus interest at the legal rate from January 1, 2008,
- in a decision issued on June 29, 2009, the Paris Commercial Court ruled that in refusing to sign a supply contract on the terms requested by ArcelorMittal Wire France and ArcelorMital Manois, EDF was in breach of its contractual obligations, and ordered EDF to pay compensation to these companies in an amount to be fixed by expert assessment.

### 14.2 Verdesis

In June 2008 Euro Power Technology filed a complaint against EDF and its subsidiary Verdesis as well as an application for protective measures in front of the French Competition authority (*Autorité de la Concurrence*), concerning EDF and Verdesis' biogas operations.
Such complaint has been notified by the French Competition authority to EDF on June 9, 2009, and EDF submitted its preliminary observations on June 23, 2009.

### 14.3 Bugey

EDF received authorization to fully dismantle the Bugey's Basic Nuclear Facilities (*INB - Installation Nucléaire de base*) by decree 2008-1197 of November 18, 2008. On January 21, 2009, an association filed a claim with the Council of State for cancellation of this decree.

EDF was notified of this claim on May 6, 2009.

## 15 Financial outlook for 2009

The Group confirms its financial outlook for 2009. Group EBITDA will be buoyed thanks to the improved performance of the international business and the contribution of British Energy.

EDF maintains its objective of moderate organic EBITDA growth against a difficult economic background.

Net income excluding non recurring items will not increase, on account of the Group's continued investment programme.

The Group pursues a disciplined policy of maintaining a balanced financial structure, in particular through active preparatory work on its announced divestiture programme, which should lead to a reduction in net financial debt of at least € 5 billion.

The Group aims to maintain a strong rating, with a net debt / EBITDA ratio within a 2.5-3x range.

# CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS AT JUNE 30, 2009

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# Consolidated Income Statements

| (in millions of euros) | Notes | H1 2009 (2) | H1 2008 (1) |
|---|---|---|---|
| Sales | **8** | 34 897 | 32 239 |
| Fuel and energy purchases | **9** | (13 860) | (12 947) |
| Other external expenses | **10** | (5 138) | (4 296) |
| Personnel expenses | | (5 758) | (5 281) |
| Taxes other than income taxes | **12** | (1 650) | (1 562) |
| Other operating income and expenses | **13** | 1 650 | 888 |
| **Operating profit before depreciation and amortization** | | **10 141** | **9 041** |
| Net depreciation and amortization | | (3 383) | (2 812) |
| Net increases in provisions for renewal of property, plant and equipment operated under concession | | ( 296) | ( 295) |
| (Impairment) / reversals | | ( 17) | 1 |
| Other income and expenses | **14** | 330 | ( 22) |
| **Operating profit** | | **6 775** | **5 913** |
| Cost of gross financial indebtedness | **15.1** | (1 271) | ( 761) |
| Discount expense | **15.2** | (1 592) | (1 420) |
| Other financial income and expenses | **15.3** | 661 | 715 |
| **Financial result** | **15** | **(2 202)** | **(1 466)** |
| **Income before taxes of consolidated companies** | | **4 573** | **4 447** |
| Income taxes | **16** | (1 520) | (1 442) |
| Share in income of companies accounted for under the equity method | **22** | 138 | 191 |
| **Group net income** | | **3 191** | **3 196** |
| Minority interests | | 74 | 80 |
| **EDF net income** | | **3 117** | **3 116** |
| | | | |
| **Earnings per share in euros** | | | |
| Net earnings per share in euros | **25.4** | **1,71** | **1,71** |
| Diluted earnings per share in euros | **25.4** | **1,71** | **1,71** |

(1) 2008 figures have been adjusted for the impact of application of revised IAS 23, “Borrowing costs”.

(2) Figures for first-half 2009 include the effects of consolidation of British Energy from January 5, 2009.

# Statement of net income and gains and losses recorded directly in equity

| (in millions of euros) | H1 2009 | H1 2008 (1) |
|---|---|---|
| **Group net income** | **3 191** | **3 196** |
| Changes in the fair value of available-for-sale financial assets (2) | 404 | (1 406) |
| Changes in the fair value of available-for-sale financial assets transferred to income on sale | 47 | ( 195) |
| Changes in the fair value of hedging instruments (3) | (1 766) | 2 286 |
| Changes in the fair value of hedging instruments transferred to income on sale | 869 | ( 76) |
| Translation adjustments | 954 | ( 249) |
| Taxes | 188 | ( 192) |
| **Gains and losses recorded directly in equity** | **696** | **168** |
| Net income and gains and losses recorded directly in equity | 3 887 | 3 364 |
| EDF net income | 3 819 | 3 254 |
| Minority interests | 68 | 110 |

(1) 2008 figures have been adjusted for the impact of application of revised IAS 23, “Borrowing costs”.

(2) These changes mostly concern EDF.

(3) In 2009, these changes mostly concern hedges of foreign investments (€(706) million) and commodity hedges by EDF Energy and EDF (€(616) million).

# Consolidated Balance Sheets

| ASSETS (in millions of euros) | Notes | 06.30.2009 [(2)] | 12.31.2008 [(1)] |
|---|---|---|---|
| Goodwill | 17 | 13 534 | 6 807 |
| Other intangible assets | 18 | 3 937 | 3 099 |
| Property, plant and equipment operated under French public electricity distribution concessions | 19 | 41 632 | 41 213 |
| Property, plant and equipment operated under concessions for other activities | 20 | 27 748 | 26 959 |
| Property, plant and equipment used in generation and other assets owned by the Group | 21 | 51 418 | 39 403 |
| Investments in companies accounted for under the equity method | 22 | 3 390 | 2 852 |
| Non-current financial assets | 23 | 22 540 | 18 103 |
| Deferred tax assets | | 2 761 | 2 900 |
| **Non-current assets** | | **166 960** | **141 336** |
| Inventories, including work-in-process | | 12 013 | 9 290 |
| Trade receivables | | 17 172 | 19 144 |
| Current financial assets | 23 | 17 522 | 15 329 |
| Current tax assets | | 384 | 992 |
| Other receivables | | 8 109 | 8 530 |
| Cash and cash equivalents | | 6 209 | 5 869 |
| **Current assets** | | **61 409** | **59 154** |
| **Assets classified as held for sale** | 24 | 843 | 2 |
| **TOTAL ASSETS** | | **229 212** | **200 492** |

| EQUITY AND LIABILITIES (in millions of euros) | Notes | 06.30.2009 [(2)] | 12.31.2008 [(1)] |
|---|---|---|---|
| Capital | 25 | 911 | 911 |
| EDF net Income and consolidated reserves | | 25 105 | 22 286 |
| **Equity (EDF share)** | | **26 016** | **23 197** |
| Minority interests | | 1 733 | 1 801 |
| **Total Equity** | 25 | **27 749** | **24 998** |
| Provisions for back-end nuclear fuel cycle | 26.3 | 17 264 | 14 686 |
| Provisions for decommissioning and for last cores | 26.4 | 19 368 | 13 886 |
| Provisions for employee benefits | 26.6 | 12 997 | 12 890 |
| Other provisions | 26.7 | 2 097 | 1 953 |
| **Non-current provisions** | 26.1 | **51 726** | **43 415** |
| Grantors ' rights in existing assets operated under French public electricity distribution concessions | 27 | 19 111 | 19 025 |
| Grantors ' rights in assets operated under French public electricity distribution concessions, to be replaced | 27 | 20 050 | 19 491 |
| Non-current financial liabilities | 28.1 | 37 361 | 25 584 |
| Other liabilities | 31 | 5 663 | 5 628 |
| Deferred tax liabilities | | 6 739 | 4 134 |
| **Non-current liabilities** | | **140 650** | **117 277** |
| Provisions | 26.1 | 5 303 | 4 722 |
| Trade payables | | 11 087 | 13 957 |
| Current financial liabilities | 28.1 | 22 235 | 18 958 |
| Current tax liabilities | | 1 275 | 383 |
| Other liabilities | 31 | 20 584 | 20 197 |
| **Current liabilities** | | **60 484** | **58 217** |
| **Liabilities related to assets classified as held for sale** | 24 | 329 | - |
| **TOTAL EQUITY AND LIABILITIES** | | **229 212** | **200 492** |

(1) 2008 figures have been adjusted for the impact of application of revised IAS 23, “Borrowing costs”.

(2) Figures for first-half 2009 include the effects of consolidation of British Energy from January 5, 2009.

# Consolidated Cash Flow Statements

| (in millions of euros) | Notes | H1 2009 (2) | H1 2008 (1) |
|---|---|---|---|
| **Operating activities :** | | | |
| **Income before tax from consolidated companies** | | **4 573** | **4 447** |
| Accumulated depreciation and amortization, provisions and change in fair value | | 2 500 | 3 221 |
| Financial income and expenses | | 865 | 228 |
| Dividends received from companies accounted for under the equity method | | 146 | 95 |
| Capital gains/losses | | ( 324) | ( 161) |
| Change in working capital | | 335 | (1 835) |
| **Net cash flow from operations** | | **8 095** | **5 995** |
| Net financial expenses disbursed | | ( 813) | ( 445) |
| Income taxes paid | | ( 85) | (1 027) |
| **Net cash flow from operating activities** | | **7 197** | **4 523** |
| **Investing activities :** | | | |
| Acquisition of companies, net of cash acquired (3) | | (11 084) | ( 109) |
| Purchases of property, plant and equipment and intangible assets | | (5 565) | (4 112) |
| Net proceeds from sale of property, plant and equipment and intangible assets | | 84 | 80 |
| Changes in financial assets | **23.1** | ( 594) | (3 027) |
| **Net cash flow used in investing activities** | | **(17 159)** | **(7 168)** |
| **Financing activities :** | | | |
| Issuance of borrowings | **28.2** | 20 362 | 8 308 |
| Repayment of borrowings | | (8 668) | (5 752) |
| Dividends paid by parent company | **25.3** | (1 164) | (1 273) |
| Dividends paid to minority interests | | ( 61) | ( 49) |
| Increase in special concession liabilities | | 94 | 112 |
| Investment subsidies | | 45 | 20 |
| Treasury shares | **25.2** | 1 | ( 172) |
| **Net cash flow from financing activities** | | **10 609** | **1 194** |
| **Net increase/(decrease) in cash and cash equivalents** | | **647** | **(1 451)** |
| **Cash and cash equivalents - opening balance** | | **5 869** | **6 035** |
| Effect of currency fluctuations | | ( 326) | ( 33) |
| Financial income on cash and cash equivalents | | 39 | 93 |
| Effect of other reclassifications | | ( 20) | ( 7) |
| **Cash and cash equivalents - closing balance** | | **6 209** | **4 637** |

(1) 2008 figures have been adjusted for the impact of application of revised IAS 23, "Borrowing costs".

(2) Figures for first-half 2009 include the effects of consolidation of British Energy from January 5, 2009.

(3) The purchase offer and subsequent squeeze-out offer resulted in a £10,124 million payment (€10,819 million). At January 5, 2009, British Energy's cash and cash equivalents amounted to £1,224 million (€1,308 million).

# Changes in Consolidated Equity

The changes in consolidated equity and minority interests between January 1 and June 30, 2009 are as follows:

| (in millions of euros) | Capital | Consolidated reserves and net income | Treasury shares | Translation adjustments | Impact of restatement to fair value of financial instruments | Equity (EDF share) | Minority interests | Total Equity |
|---|---|---|---|---|---|---|---|---|
| **Equity at December 31, 2008 [(1)]** | **911** | **25 501** | **( 186)** | **(1 638)** | **(1 391)** | **23 197** | **1 801** | **24 998** |
| Gains and losses recorded directly in equity [(2)] | - | - | - | 959 | ( 257) | **702** | ( 6) | **696** |
| Net income | - | 3 117 | - | - | | **3 117** | 74 | **3 191** |
| **Net income and gains and losses recorded directly in equity** | **-** | **3 117** | **-** | **959** | **( 257)** | **3 819** | **68** | **3 887** |
| Dividends paid | | (1 164) | | | | **(1 164)** | ( 72) | **(1 236)** |
| Repurchase of treasury shares | | | ( 44) | | | **( 44)** | - | **( 44)** |
| Sales of treasury shares | | | 45 | | | **45** | - | **45** |
| Other changes | | 224 | | ( 61) | - | **163** | ( 64) | **99** |
| **Equity at June 30, 2009** | **911** | **27 678** | **( 185)** | **( 740)** | **(1 648)** | **26 016** | **1 733** | **27 749** |

The changes in consolidated equity and minority interests between January 1 and June 30, 2008 were as follows:

| (in millions of euros) | Capital | Consolidated reserves and net income | Treasury shares | Translation adjustments | Impact of restatement to fair value of financial instruments | Equity (EDF share) | Minority interests | Total Equity |
|---|---|---|---|---|---|---|---|---|
| **Equity at December 31, 2007** | **911** | **24 266** | **( 6)** | **( 118)** | **2 157** | **27 210** | **1 586** | **28 796** |
| IAS 23 impacts [(1)] | | 51 | | 2 | | **53** | 9 | **62** |
| **Equity at January 1, 2008 restated [(1)]** | **911** | **24 317** | **( 6)** | **( 116)** | **2 157** | **27 263** | **1 595** | **28 858** |
| Gains and losses recorded directly in equity [(2)] | - | - | - | ( 272) | 410 | **138** | 30 | **168** |
| Net income [(1)] | | 3 116 | | | | **3 116** | 80 | **3 196** |
| **Net income and gains and losses recorded directly in equity** | **-** | **3 116** | **-** | **( 272)** | **410** | **3 254** | **110** | **3 364** |
| Dividends paid | | (1 273) | | | | **(1 273)** | ( 75) | **(1 348)** |
| Repurchase of treasury shares | | | ( 302) | | | **( 302)** | - | **( 302)** |
| Sales of treasury shares | | | 130 | | | **130** | - | **130** |
| Other changes | | 61 | | 4 | ( 4) | **61** | ( 35) | **26** |
| **Equity at June 30, 2008 [(1)]** | **911** | **26 221** | **( 178)** | **( 384)** | **2 563** | **29 133** | **1 595** | **30 728** |

(1) 2008 figures have been adjusted for the impact of application of revised IAS 23, “Borrowing costs”.

(2) These changes correspond to the effects of fair value measurement of available-for-sale assets and amounts transferred to income following changes in their fair value, and the effects of fair value measurement of hedging instruments and amounts transferred to income in respect of terminated contracts. For details see the statement of net income and gains and losses recorded directly in equity.

# Notes to the consolidated financial statements

Electricité de France (EDF or "the Company") is a French s*ociété anonyme* governed by French Law, and registered in France.

The EDF group is an integrated energy company operating in all types of electricity businesses: generation, transmission, distribution, supply and trading of energies.

The Company's condensed consolidated half-year financial statements for the six months to June 30, 2009 include the accounts of the Company and its subsidiaries, and the Group's share in the results of joint ventures and associates (all collectively referred to as "the Group").

The Group's consolidated financial statements at June 30, 2009 were prepared under the responsibility of the Board of Directors and approved by the Directors at the Board meeting held on July 29, 2009.

## Note 1 - Group accounting principles and methods

### 1.1 Declaration of conformity and Group accounting policies

Pursuant to European regulation 1606/2002 of July 19, 2002 on the adoption of international accounting standards, the EDF group's consolidated financial statements are prepared using the presentation, recognition and measurement rules prescribed by IAS/IFRS.

The condensed consolidated half-year financial statements comply with IAS 34 standard on interim financial reporting and the IAS/IFRS international accounting standards released at June 30, 2009, in the form in which they should be mandatory at December 31, 2009.
These financial statements do not include all the information required for full annual financial statements, and are to be read in conjunction with the consolidated financial statements at December 31, 2008 with reference to the principal accounting and valuation methods described in notes 1 and 2 to those financial statements.

### 1.2 Accounting methods for the first half-year of 2009

The accounting and valuation methods applied by the Group in these consolidated half-year financial statements are identical to those used in the consolidated financial statements for the year ended December 31, 2008, with the exception of the valuation methods specific to interim financial statements as described in note 1.3 and standards endorsed by the European Union in 2007 and 2008 that became mandatory from January 1, 2009.

This concerns the following standards, amendments and interpretations endorsed by the European Union which became mandatory as of January 1, 2009:

- Amendments to IAS 1, "Presentation of Financial Statements"; in addition to the income statement, this standard requires disclosure of a statement of net income and gains and losses recorded directly in equity. This statement details the unrealized gains and losses included in equity, such as changes in the fair value of available-for-sale financial assets, hedging instruments and translation adjustments. This information was previously shown in the table of changes in consolidated equity;
- Revised IAS 23, "Borrowing costs", which removes the option allowing immediate expensing of borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset, and requires such costs to be capitalized as part of the cost of the asset. The impacts of this amendment are presented in note 2;
- IFRS 8, "Operating segments". This standard, which replaces IAS 14, requires the entity's segment reporting to be presented according to the operating segments which are regularly reviewed by management. Changes from the segment information as previously reported are presented in note 7;
- Amendments to IFRS 1 and IAS 27 "Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate";
- Amendment to IFRS 2 "Vesting Conditions and Cancellations";
- IFRIC 13, "Customer Loyalty Programmes";
- IFRIC 14, "IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction";
- Amendments to IAS 32 and IAS 1 entitled "Puttable Financial Instruments and Obligations Arising on Liquidation".

IFRIC 11, “IFRS 2: Group and Treasury Share Transactions”, was applied early by the Group as from December 31, 2007.

The Group has decided against early application of standards endorsed by the European Union during the first half-year but not yet mandatory in 2009:
- IFRIC 12, “Service Concession Arrangements”: the European Union adopted IFRIC 12 with the publication in its Official Journal of Commission Regulation (EC) No 254/2009 of March 25, 2009. This interpretation must be applied no later than the opening date of the first financial year that starts after the Regulation comes into force, which for EDF is January 1, 2010, as detailed in note 2.12.1 to the financial statements at December 31, 2008. The Group has carried out an analysis and currently considers that when the interpretation applies, its impact on the balance sheet and income statement will be limited.
- Amendments to IAS 27, “Consolidated and Separate Financial Statements” and RevisedIFRS 3, “Business Combinations”: these standards, which were endorsed by the European Union on June 12, 2009, will apply to business combinations that take place in financial years starting on or after July 1, 2009 (i.e. from January 1, 2010 for the Group).
- IFRIC 16, “Hedges of a Net Investment in a Foreign Operation” adopted by European Union on June 5,2009: the potential impact of this interpretation is currently being evaluated.

Similarly, the Group has not opted for early application of the following standards and amendments likely to be endorsed by the European Union for application in the second half-year of 2009 or in 2010:
- Revised IFRS 1, “First-time Adoption of International Financial Reporting Standards”;
- Amendments to IFRS 7, “Improving Disclosures about Financial Instruments”;
- IFRIC 15, “Agreements for the Construction of Real Estate”;
- IFRIC 17, “Distributions of Non-cash Assets to Owners”;
- IFRIC 18, “Transfers of Assets from Customers”;
- Amendments to IAS 39: “Financial Instruments: Recognition and Measurement – Eligible Hedged Items” and “Reclassification of Financial Assets – Effective Date and Transition”;
- Amendments to IFRIC 9 and IAS 39 concerning embedded derivatives.

The potential impact of all of these standards, amendments and interpretations is currently being evaluated.

## 1.3 Valuation methods specific to interim financial statements

The following valuation methods specific to interim financial statements have been applied:

### 1.3.1 Employee benefits

None of the actuarial assumptions used in calculating the obligation – particularly the discount rate, inflation rate and wage increase rate – has been modified over the period.
The amount of the obligation corresponding to post-employment benefits and other long-term benefits at June 30, 2009 was calculated by projection of the obligation at December 31, 2008 over one half-year, taking into account the benefits paid out and the changes in fund assets.

### 1.3.2 Income taxes

For interim financial statements, income tax (current and deferred) is generally calculated by applying the last known estimated effective tax rate for the prevailing fiscal year for each entity or tax group to the consolidated companies' pre-tax income.

### 1.3.3 Greenhouse gas emission quotas

When a Group entity’s estimated emissions are higher than the quotas allocated for the period less any spot or forward transactions, a provision is established to cover the excess emissions. For interim financial statements, the amount of the provision is calculated pro rata to the emission output during the half-year.
The provision is equivalent to the acquisition cost up to the amount acquired on the spot or forward markets, and based on market prices for the balance.

### 1.4 Management judgment and estimates

The preparation of the financial statements requires the use of judgments, best estimates and assumptions in determining the value of assets and liabilities, income and expenses recorded for the period, and positive and negative contingencies at the closing date. The figures in future financial statements may differ from current estimates due to changes in these assumptions or economic conditions.

The estimates and assumptions used in establishing the consolidated half-year financial statements at June 30 2009 are the same as those described in note 2.2 of the consolidated financial statements at December 31, 2008.

Against the economic and financial crisis that began in 2008, mainly characterized by high volatility on the financial markets, the parameters used to prepare estimates are based on macro-economic assumptions appropriate to the very long-term cycle of Group assets. A sustained serious prolongation of this crisis could lead to revision of some of the long-term assumptions used in determining the value of assets and liabilities, and in assessment of positive and negative factors at the reporting date.

The quantities of energy delivered but neither measured nor billed are calculated at the reporting date based on consumption statistics and selling price estimates. These statistics and estimates are sensitive to the assumptions used in determining the portion of sales not billed at the closing date.

The measurement of provisions for the back-end nuclear cycle, decommissioning and last cores is sensitive to assumptions concerning costs, inflation rate, long-term discount rate, and disbursement schedules. A revised estimate is therefore established at each closing date to ensure that the amounts accrued correspond to the best estimate of the costs eventually to be borne by the Group. Any significant differences resulting from these revised estimates could entail changes in the amounts accrued (see note 26.2).
These provisions amount to €37,197 million at June 30, 2009 (compared to €29,018 million at December 31, 2008) including €8,000 million for British Energy.

### 1.5 Seasonal nature of the business

Interim sales and operating profit before depreciation and amortization are affected by significant seasonal factors in the first half of the calendar year, principally in France. This phenomenon mainly varies according to weather conditions and the tariff structures of the period.
Sales and operating profit before depreciation and amortization for the first half-years of 2009 and 2008 and the year 2008 are as follows:

| (in millions of euros) | H1 2009 (1) | H1 2008 | 2008 |
|---|---|---|---|
| Sales | 34 897 | 32 239 | 64 279 |
| Operating profit before depreciation and amortization | 10 141 | 9 041 | 14 240 |

(1) Figures for first-half 2009 include the effects of consolidation of British Energy from January 5, 2009.

## Note 2 - Comparability

Revised IAS 23, “Borrowing costs”, came into force on January 1, 2009. This standard, which leads to a change in accounting method, requires borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset to be capitalized as part of the costs of that asset. Other borrowing costs continue to be charged to financial expenses over the relevant period.

The Group has decided to apply this standard retroactively from January 1, 2005 to ensure consistent accounting treatment for its significant investments, in particular the Flamanville 3 EPR, for which the first expenses were recognized in 2005.

As a result of this retrospective application, comparative prior year information is presented.

The impact on the Group's share of equity is €53 million at January 1, 2008 and €139 million at December 31, 2008.

The impact at January 1, 2008 principally relates to the France segment (€27 million, principally for investments in the EPR).

## 2.1 Impact on the consolidated income statement for the first half-year of 2008

| (in millions of euros) | H1 2008 as published | IAS23 impacts | H1 2008 restated |
|---|---|---|---|
| Sales | 32 239 | - | 32 239 |
| Fuel and energy purchases | (12 947) | - | (12 947) |
| Other external expenses | (4 296) | - | (4 296) |
| Personnel expenses | (5 281) | - | (5 281) |
| Taxes other than income taxes | (1 562) | - | (1 562) |
| Other operating income and expenses | 888 | - | 888 |
| **Operating profit before depreciation and amortization** | **9 041** | | **9 041** |
| Net depreciation and amortization | (2 811) | ( 1) | (2 812) |
| Net increases in provisions for renewal of property, plant and equipment operated under concession | ( 295) | - | ( 295) |
| (Impairment) / reversals | 1 | - | 1 |
| Other income and expenses | ( 22) | - | ( 22) |
| **Operating profit** | **5 914** | **(1)** | **5 913** |
| Cost of gross financial indebtedness | ( 761) | - | ( 761) |
| Discount expense | (1 420) | - | (1 420) |
| Other financial income and expenses | 674 | 41 | 715 |
| **Financial result** | **(1 507)** | **41** | **(1 466)** |
| **Income before taxes of consolidated companies** | **4 407** | **40** | **4 447** |
| Income taxes | (1 428) | ( 14) | (1 442) |
| Share in income of companies accounted for under the equity method | 185 | 6 | 191 |
| **Group net income** | **3 164** | **32** | **3 196** |
| Minority interests | 79 | 1 | 80 |
| **EDF net income** | **3 085** | **31** | **3 116** |

## 2.2 Impact on the consolidated balance sheet at December 31, 2008

| ASSETS<br>(in millions of euros) | 12.31.2008<br>as published | IAS23 impacts | 12.31.2008<br>restated |
|---|---|---|---|
| Goodwill | 6 807 | - | 6 807 |
| Other intangible assets | 3 076 | 23 | 3 099 |
| Property, plant and equipment operated under French public electricity distribution concessions | 41 213 | - | 41 213 |
| Property, plant and equipment operated under concessions for other activities | 26 957 | 2 | 26 959 |
| Property, plant and equipment used in generation and other tangible assets owned by the Group | 39 245 | 158 | 39 403 |
| Investments in companies accounted for under the equity method | 2 819 | 33 | 2 852 |
| Non-current financial assets | 18 103 | - | 18 103 |
| Deferred tax assets | 2 912 | (12) | 2 900 |
| **Non-current assets** | **141 132** | **204** | **141 336** |
| **Current assets** | **59 154** | **-** | **59 154** |
| **Assets classified as held for sale** | 2 | **-** | 2 |
| **TOTAL ASSETS** | **200 288** | **204** | **200 492** |

| EQUITY AND LIABILITIES<br>(in millions of euros) | 12.31.2008<br>as published | IAS23 impacts | 12.31.2008<br>restated |
|---|---|---|---|
| Capital | 911 | | 911 |
| Consolidated reserves and income | 22 147 | 139 | 22 286 |
| **Equity (EDF share)** | **23 058** | **139** | **23 197** |
| Minority interests | 1 784 | 17 | 1 801 |
| **Total Equity** | **24 842** | **156** | **24 998** |
| **Non-current provisions** | **43 415** | | **43 415** |
| Grantors' rights in existing assets operated under French public electricity distribution concessions | 19 025 | - | 19 025 |
| Grantors' rights in assets operated under French public electricity distribution concessions to be replaced | 19 491 | - | 19 491 |
| Non-current financial liabilities | 25 584 | - | 25 584 |
| Other liabilities | 5 628 | - | 5 628 |
| Deferred tax liabilities | 4 086 | 48 | 4 134 |
| **Non-current liabilities** | **117 229** | **48** | **117 277** |
| **Current liabilities** | **58 217** | | **58 217** |
| **Liabilities related to assets classified as held for sale** | **-** | **-** | |
| **TOTAL EQUITY AND LIABILITIES** | **200 288** | **204** | **200 492** |

2.3 Impact on the consolidated cash flow statement

| (in millions of euros) | H1 2008 as published | IAS23 impacts | H1 2008 restated |
|---|---|---|---|
| **Operating activities :** | | | |
| **Income before tax from consolidated companies** | **4 407** | **40** | **4 447** |
| Accumulated depreciation and amortization, provisions and change in fair value | 3 220 | 1 | 3 221 |
| Financial income and expenses | 269 | (41) | 228 |
| Dividends received from companies accounted for under the equity method | 95 | - | 95 |
| Capital gains/losses | (161) | - | (161) |
| Change in working capital | (1 835) | - | (1 835) |
| **Net cash flow from operations** | **5 995** | **-** | **5 995** |
| Net financial expenses disbursed | (445) | - | (445) |
| Income taxes paid | (1 027) | - | (1 027) |
| **Net cash flow from operating activities** | **4 523** | **-** | **4 523** |
| **Net cash flow used in investing activities** | **(7 168)** | **-** | **(7 168)** |
| **Net cash flow from financing activities** | **1 194** | **-** | **1 194** |
| **Net increase/(decrease) in cash and cash equivalents** | **(1 451)** | **-** | **(1 451)** |
| **Cash and cash equivalents - opening balance** | **6 035** | **-** | **6 035** |
| Effect of currency fluctuations | (33) | - | (33) |
| Financial income on cash and cash equivalents | 93 | - | 93 |
| Effect of other reclassifications | (7) | - | (7) |
| **Cash and cash equivalents - closing balance** | **4 637** | **-** | **4 637** |

# Note 3 - British Energy

3.1 Takeover of British Energy

On January 5, 2009, on completion of the purchase offer made on November 5, 2008 by Lake Acquisitions Ltd, a wholly-owned EDF Group subsidiary, the EDF Group took control of British Energy.

At that date, Lake Acquisitions held or had received valid acceptances for 1,550,102,522 shares in British Energy, representing 96.44% of British Energy's issued share capital.

Also on January 5, 2009 British Energy submitted an application to the UK market authorities for the cancellation of listing of British Energy shares. This cancellation took effect on February 3, 2009.

On January 12, 2009, Lake Acquisitions announced the posting of compulsory acquisition notices to British Energy shareholders who had not yet accepted the offers. British Energy shareholders had until February 23, 2009 to accept the initial offers, after which their shares were acquired by Lake Acquisitions under the terms of the compulsory acquisition notice.

Following completion of these operations, Lake Acquisitions thus holds 1,611,519,535 shares, representing all the share capital of British Energy except for the Special Share held by the UK government.

3.2 Acquisition price

The acquisition cost for British Energy including the 26.5% purchased in September 2008 amounts to £12,603 million, the equivalent of €13,468 million based on the exchange rate in force at the date control was acquired (January 5, 2009: £1 = €1.0686), comprising:

- a cash payment of £12,180 million (€13,016 million);

- issuance of 389,982,701 million CVR-linked Nuclear Power Notes maturing in 2019 under the alternative offer to previous British Energy shareholders, limited to 32.28% of the total number of British Energy shares acquired. The CVR-linked Nuclear Power Note is a right to a conditional payment to be paid each year on January 31, between 2010 and 2019, depending on effective British Energy nuclear output and wholesale electricity prices in the UK. The Group has assessed their fair value at acquisition on the basis of the offer price (74 pence each).

- Expenses linked to the acquisition:

| | Number of shares | Unit value in pence | Amount in millions GBP |
|---|---|---|---|
| British Energy Shares (1) | 1 611 519 535 | 774 | 12 469 |
| Acquisition costs | | | 134 |
| | | | **12 603** |

(1) Including 389,982,701 CVR-linked Nuclear Power Notes valued at £289 million.

Future movements in the value of CVR-linked Nuclear Power Notes will be treated as an adjustment to the acquisition price, which will become final when they reach maturity. As there has been no real active market for these instruments since their listing in January 2009, their fair value was not amended at June 30, 2009.

Most financing for the acquisition of British Energy was secured through a syndicated bank loan of £11 billion subscribed on September 23, 2008. Drawings totaling £7,345 million (€8,186 million) were made on this loan in January 2009.

£2,508 million of this loan was repaid during first-half 2009 following refinancing through the following operations:

- two bonds issued on January 23, 2009 (€4 billion);
- a private bond placement on January 26, 2009 with Qualified Institutional Buyers in the US and other investors outside the US ($5 billion);
- two bonds issued on the Swiss market on March 3, 2009 (CHF 650 million);
- a bond issued on June 2, 2009 (£1.5 billion).

At June 30, 2009, the outstanding balance of the syndicated loan was £4,837 million.

For details of these bonds, see note 28.2.

### 3.3 Allocation of the acquisition price

British Energy's identifiable assets and liabilities and contingent liabilities qualifying for recognition under IFRS 3 (as published in 2004), whether or not they were previously recognized in British Energy's financial statements, were recognized by EDF at fair value at the acquisition date of January 5, 2009. These provisional values are based on the initial balance sheet at January 5, 2009.

In compliance with IFRS 3 (2004), the Group has 12 months to finalize allocation of the acquisition price and harmonize accounting methods and measurement principles.

3.4 Items in the initial British Energy balance sheet for the EDF Group consolidation

After determination of the fair values of assets and liabilities, the initial British Energy balance sheet at January 5, 2009 is as follows:

| | In millions of pounds | | | In millions of euros |
|---|---|---|---|---|
| | As published by British Energy | Fair value adjustment | Initial balance sheet in EDF consolidation | Initial balance sheet in EDF consolidation (1) |
| **ASSET** | | | | |
| Goodwill | 321 | (321) | - | - |
| Property, plant and equipment used in generation and other owned by the group | 1 657 | 7 547 | 9 204 | 9 835 |
| Conversion assets | 6 455 | (6 455) | - | - |
| Other intangible assets | 48 | 623 | 671 | 717 |
| Non-current financial assets | 5 520 | - | 5 520 | 5 899 |
| **Non-current assets** | **14 001** | **1 394** | **15 395** | **16 451** |
| Inventories | 1 289 | 593 | 1 882 | 2 011 |
| Trade receivables | 610 | - | 610 | 653 |
| Current financial assets | 34 | | 34 | 37 |
| Cash and cash equivalents | 1 224 | - | 1 224 | 1 308 |
| **Current assets** | **3 157** | **593** | **3 750** | **4 009** |
| **TOTAL ASSETS** | **17 158** | **1 987** | **19 145** | **20 460** |
| | | | | - |
| **LIABILITIES** | | | | - |
| Provisions for back-end nuclear fuel cycle | 2 436 | - | 2 436 | 2 603 |
| Provisions for decommissioning and for last cores | 4 067 | 398 | 4 465 | 4 770 |
| Provisions for employee benefits | 269 | (257) | 12 | 13 |
| Other provisions | 41 | 1 420 | 1 461 | 1 561 |
| **Non-current provisions** | **6 813** | **1 561** | **8 374** | **8 947** |
| Non-current financial liabilities | 515 | 84 | 599 | 640 |
| Deferred tax liabilities | 56 | 2 155 | 2 211 | 2 364 |
| **Non-current liabilities** | **571** | **2 239** | **2 810** | **3 004** |
| Trade payables | 612 | (90) | 522 | 559 |
| Current financial liabilities | 110 | - | 110 | 119 |
| Current tax liabilities | 18 | - | 18 | 19 |
| Other liabilities | 35 | (5) | 30 | 32 |
| **Current liabilities** | **775** | **(95)** | **680** | **729** |
| **TOTAL LIABILITIES** | **8 159** | **3 705** | **11 864** | **12 680** |
| **NET ASSET** | **8 999** | **(1 718)** | **7 281** | **7 780** |
| **Consideration** | | | **12 603** | **13 468** |
| **Implied Goodwill** | | | **5 322** | **5 688** |

(1) at the exchange rate of January 5 (£1 = €1.0686).

The main restatements applied in the initial balance sheet concern the following:

- Fair value of power plants and lands: +£7,547 million
  The fair value of British Energy power plants has been determined using a discounted cash flow (DCF post-tax) valuation technique based on market data and the current operating lifetime of plants. The key assumptions concern:
  - electricity market prices in the UK;
  - projected electricity output, ignoring the effect of any extension to current plant lifetimes;
  - fossil and nuclear fuel costs; and
  - maintenance and investment expenses.

  The fair value determined in this way is sensitive to these key assumptions.
  The value of lands was measured on the basis of the most recent auctions performed by the NDA (Nuclear Decommissioning Authority).

- Removal of the conversion asset: £(6,455) million
  The “conversion asset” in the British Energy financial statements resulted from conversion into shares by the Nuclear Liabilities Fund (NLF) of its right to receive a payment (the “cash sweep payment” system). This right predated the takeover. As this share in net assets has no value for the EDF Group, it does not constitute an identifiable asset at the acquisition date, and consequently is not recognized, but the new fair value of power plants includes the effects of the agreement by the NLF to bear the cost of British

Energy's long-term nuclear obligations.

- Commodity contracts
  Most of these contracts concern purchases or sales of electricity and nuclear fuel. They are measured at fair value under IFRS 3, and the adjustment reflects the difference between market prices at January 5, 2009 and the contract prices. An asset or liability corresponding to the positive or negative fair value of energy contracts at the acquisition date has therefore been recorded. This liability will be extinguished progressively as deliveries take place at the contractual dates.

- Other adjustments
  Other adjustments primarily relate to intangible assets related to the "British Energy" brand, lands held for sale, inventories, borrowings, contingent liabilities associated with litigation, and changes in the provision for employee benefits, adjusted to fair value.

- Deferred taxation
  The amount corresponds to a deferred tax liability resulting from revaluation of assets, liabilities and contingent liabilities for the purposes of first consolidation of British Energy.

The goodwill generated by allocation of the acquisition price amounts to £5,322 million (€5,688 million). This goodwill primarily relates to the economic benefits stemming from the corporate know-how acquired, prospects for extension of the useful lives of existing power plants, the possibility following acquisition of British Energy of building four new nuclear power plants, and the synergies expected between British Energy and the other EDF Group entities appreciated as of today.

### 3.5 Commitments undertaken by EDF to meet the conditions set by the European Commission

The European Commission authorized Lake Acquisitions to acquire British Energy subject to the following conditions:

- A commitment to divest British Energy's coal-fired power plant at Eggborough and EDF Energy's gas-fired plant at Sutton Bridge;

- Withdrawal from one of the group's three high voltage grid connection agreements at Hinkley Point ;

- Sale on the market of electricity volumes ranging from 5 to 10 TWh per year over the period 2012 to 2015;

- A commitment by EDF to divest a land adjacent to British Energy nuclear plants at either Dungeness or Heysham.

### 3.6 Centrica-EDF Agreements

On May 11, 2009, EDF and Centrica signed a double agreement concerning a 20% investment by Centrica in EDF's nuclear operations in the UK, and the sale to EDF by Centrica of its 51% holding in SPE, Belgium's number two electricity generator and also its second-largest supplier of gas and electricity.

The key terms of the transaction are as follows:

- Centrica will acquire a proportional 20% investment in Lake Acquisitions for £2.3 billion, and will have an equivalent involvement in the UK's nuclear energy relaunch program to be developed by EDF, through construction of 4 new EPR-technology reactors. The agreement also entitles the EDF and Centrica groups to draw electricity that will be generated by existing British Energy plants and the New Nuclear Plants, in proportion to their investment;
- EDF will supply an additional 18 TWh of electricity to Centrica at market prices, over a 5-year period starting from 2011 (see note 11.2);
- EDF will acquire Centrica's previous holding in SPE in Belgium for €1.3 billion (see note 23.3.1).

Completion of the agreement with Centrica remains subject to conditions, principally:

- approval for Centrica by the British competition authorities and approval for EDF by the European Commission for the acquisition of Segebel/SPE;

- concurrent implementation of the Nuclear New Build agreement in the UK;
- concurrent implementation of the agreement with Centrica concerning Segebel/SPE.

The corresponding commitments at June 30, 2009 are presented in notes 11.2 and 23.3.

3.7 British Energy's nuclear operations

The British Energy Group owns and operates eight nuclear plants in the UK with total installed capacity of 8.7 GW.

Seven of these plants use Advanced Gas-Cooled Reactor (AGR) technology: each one has two reactors with a useful life of 30 to 40 years. The plants' expected shutdown dates are between 2014 and 2023.

The eighth nuclear plant is a Pressurized Water Reactor (PWR) plant with a single reactor and a 40-year useful life. Shutdown is expected for 2035.

The total value of these eight power plants in the initial balance sheet is £8,648 million (€9,241 million) (see note 3.4).

Operation of the nuclear plants is governed by strict regulations, particularly for security and nuclear safety.

3.7.1 Nuclear fuel, provisions for back-end nuclear cycle and provisions for decommissioning and last cores

3.7.1.1 Nuclear fuel and provisions for back-end nuclear cycle

All costs related to the purchase and fabrication of nuclear fuel are included in inventories. Once the fuel is in the reactor, these costs are charged to the income statement in proportion to the amount of fuel burnt.

Inventories also incorporate back-end fuel costs (transportation, temporary storage, reprocessing and long-term storage), which are transferred to expenses in proportion to the amount of fuel burnt.

Provisions for the back-end nuclear cycle concern obligations of the British Energy Group for reprocessing and storage of spent fuel and long-term storage of radioactive waste. Their amount is based on management's best estimates of expected long-term costs, derived wherever possible from contracts or the most recent technical estimates likely to be used to meet these obligations under applicable rules. They reflect current British government policy and the existing regulatory framework.

| € million | Back-end nuclear cycle contracted | Back-end nuclear cycle uncontracted | **June 30, 2009** **Total** |
|---|---|---|---|
| Undiscounted amounts | 2 933 | 3 178 | **6 111** |
| Discounted amounts (at the rate of 3%) | 2 335 | 595 | **2 930** |
| Provisions | 2 335 | 440 | **2 775** |

These provisions are adjusted in each period and whenever necessary.

3.7.1.2 Provisions for decommissioning of nuclear plants and last cores

Provisions for decommissioning of nuclear plants result from management's best estimates. They cover the full cost of decommissioning and are measured on the basis of existing techniques and methods that are most likely to be used for application of regulations currently in force.

| € million<br>Plant decommissioning | **June 30, 2009**<br>**Total** |
|---|---|
| Undiscounted | **10 981** |
| Provisions (discounted at the net rate of 3%) | **3 628** |

These provisions are updated in each period and whenever necessary.

3.7.2 Financing of long-term nuclear obligations (back-end nuclear cycle and plant decommissioning)

Amendments signed with the NLF following the EDF Group's acquisition of British Energy have a limited impact on the contractual financing commitments to British Energy by the UK Secretary of State and the NLF deriving from the "Restructuring Agreements" entered into by British Energy on January 14, 2005 as part of the restructuring led by the UK Government from 2005 in order to stabilize British Energy's financial position. Under the terms of the Restructuring Agreements:

- the Nuclear Liabilities Fund ("NLF"), an independent trust set up by the UK Government as part of the restructuring of British Energy, agreed (on the instructions of the Secretary of State) to fund, to the extent of its assets: (i) qualifying contingent and/or latent nuclear liabilities (including liabilities for management of spent fuel from the Sizewell B power station); and (ii) qualifying decommissioning costs for British Energy's existing nuclear power stations;

- the Secretary of State agreed to fund: (i) qualifying contingent and/or latent nuclear liabilities (including liabilities for the management of spent fuel from the Sizewell power station) and qualifying decommissioning costs related to British Energy's existing nuclear power stations, to the extent that they exceed the assets of the NLF; and (ii) subject to a cap of £2,185 million (in December 2002 monetary values, adjusted accordingly), qualifying existing liabilities for British Energy's spent fuel (including in particular liabilities for management of spent fuel from AGR plant operations prior to January 15, 2005);

- the British Energy group is responsible for funding certain excluded or disqualified liabilities (mainly liabilities incurred in connection with unsafe or careless operation of the power plants) and the obligations of British Energy, British Energy Group Ltd and British Energy Bond Finance plc to the NLF and the Secretary of State are guaranteed by the principal members of British Energy group.

British Energy has also entered into a separate contract with the Nuclear Decommissioning Authority (NDA) for management of radioactive waste resulting from operation of AGR plants after January 15, 2005 and bears no responsibility for this waste once it is transferred to a processing site at Sellafield.

Certain amendments have been made to the Restructuring Agreements, mainly reflecting British Energy's improved credit rating following the acquisition.

The specific financing terms for long-term nuclear obligations are reflected as follows in the EDF Group's financial statements:

- the obligations are reported in liabilities (provisions),
- in the assets, EDF reports receivables corresponding to the amounts repayable to settle the obligations, by either:
  - the NLF, in the case of non-contracted obligations or decommissioning obligations; or
  - the Government, in the case of contracted obligations.

The receivable related to provisions amounts to €6,403 million at June 30, 2009.

These assets are discounted at the same net 3% rate as the liabilities they will fund. The corresponding revenues are treated as financial income.

British Energy's future commitments leading to payments not covered by these assets are currently as follows:

- annual contributions to decommissioning of £20 million (indexed to inflation) over a duration limited to the useful life of the plants as defined at the date of the Restructuring Agreements.

- £150 thousand (indexed to inflation) for every tonne of uranium loaded into the Sizewell B reactor after the effective date of the Restructuring Agreements.

The amount of the provisions for these commitments is €219 million at June 30, 2009.

# Note 4 - Regulatory changes in France

## 4.1 Hydropower concessions

Article 7 of the French Law of December 30, 2006 no 2006-1722 on water and aquatic environments removed the outgoing operator's preferential right instituted by the law of October 16, 1919 on the use of hydropower.

Article 33 of the French Law of December 30, 2006 no 2006-1771, amending the 2006 finance law, sets out the principle of an indemnity for the outgoing operator in respect of the unamortized portion of investments made during the second half of the agreement (the final 10 years at least), with the exception of investments required to return the assets in good condition at the end of the concession.

The implementation decree of September 26, 2008 no 2008-1009 clarified the terms of indemnification for work carried out prior to its publication during the second half of the concession. As required by this decree, EDF submitted a statement of the relevant expenses to the ministry for approval early in 2009, and its claim is currently being processed by the administration.

In view of these changes in regulations, the depreciation schedule has been modified from January 1, 2009 for facilities that are to be returned for nil consideration at the end of the concession and do not qualify for an indemnity. Depreciation for these items has been accelerated over the residual term of the concession when it is shorter than their technical useful life. This has led to an additional €7 million expense over the first half-year of 2009.

## 4.2 French laws on urban solidarity and renewal - town planning and habitat

The implementation provisions for the sections of the French solidarity and urban renewal law (*SRU - Solidarité Renouvellement Urbains)* and town planning and habitat law *(UH - Urbanisme et Habitat)* concerning connection to the public electricity distribution network introduce a new system, with the following main features:

- definition of connection operations, separating network extension from network connection, with clear identification of the beneficiaries (local authorities in charge of town planning and connected customers),
- establishment of a single price scale for all connection operations,
- direct inclusion of part of the connection price in the delivery tariff, using reduction rates applicable to the basic price scale. The portion invoiced to beneficiaries is now named "contribution" and replaces the previous systems of connection fees, participations and assets contributed for no consideration by fitters.

In 2008 a price scale was proposed to, and approved by, the French energy regulator (*CRE* - *Commission de Régulation de l'Energie*). These new rules were set out in the decision published on November 20, 2008, and took effect from January 1, 2009. Contributions received in execution of this decision are treated as sales for the period concerned.

## 4.3 The Champsaur Commission

On April 27, 2009, the Champsaur Commission (a French government inquiry) submitted a report to the Ministries of the Economy and Ecology, in which it recommended "assigning every supplier the right of access to baseload electricity at a regulated price that reflects the economic conditions of the established fleet of nuclear plants, for a volume proportional to its client portfolio on national territory".

The Commission also proposes abolishing regulated sales tariffs for industrial clients (the "green" tariffs and some of the "yellow" tariffs), as well as the TaRTAM (transition tariff), which was implemented in 2007 and is valid until mid-2010. However, it recommends that regulated tariffs should continue for private individuals and SME consumers (the "blue" tariffs and some of the "yellow" tariffs), while specifying that "the level of these tariffs should allow competitors to develop competing offers based on supply through regulated access to baseload generation". It also states that "customers should be able to move freely back and forth between regulated and non-regulated offers" and "all suppliers will be able to offer regulated tariff contracts".

After a phase of consultation with industry actors and the European Commission in May 2009, the relevant laws should be drawn up in the second half-year of 2009.

# Note 5 - Significant events and transactions of the first half-year of 2009

## 5.1 General economic background and ongoing financial market crisis in France

The first half-year of 2009 saw a deterioration in the economic environment, marked by a decrease in commodity prices compared to the first half year of 2008.
International equity markets continued to decline until early March and then began a recovery sustained until the end of June against a high-volatility environment.

## 5.2 Alpiq and transfer of the Emosson drawing rights

On December 19, 2008, the Swiss energy groups ATEL and EOS announced their intention to merge under the name of Alpiq, with the aim of becoming Switzerland's leading energy operator. Under the terms of an agreement signed on December 18, 2008 by EDF, EOSH and CSM, the consortium of long-standing minority shareholders in Atel, EDF was to hold a 25% share in the new entity, while EOSH and CSM would each hold 31%.

In accordance with this agreement, on January 27, 2009:

- EDF contributed to Alpiq its 50% share in power and energy deriving from its 50% investment in hydroelectric development at Emosson over the residual term of existing concessions, for the sum of CHF 722 million (€481 million). EDF received 1,187,511 shares in Alpiq Holding SA in consideration of this contribution in kind;
- and EDF Alpes Investissements, wholly-owned by EDF International, purchased 554,751 shares in Alpiq from the consortium of Swiss minority shareholders, for CHF 336 million (€ 224 million) in cash.

The contribution in kind generates a €331 million pre-tax gain in the EDF group consolidated financial statements resulting from the transaction itself and impairment recognized on the assets of Emosson SA held by EDF. As this income is unusual in both nature and amount, it is included in "Other income and expenses" (see note 14).

These operations are reflected in a €705 million increase in "Investments in companies accounted for under the equity method" in the consolidated balance sheet (see note 22) and resulted in deconsolidation of Emosson SA.

## 5.3 EDF bond issues

Refinancing operations for the Group's investment program were actively pursued during the first six months of 2009.

Despite tensions over access to the financial markets, between January and May 2009 EDF issued several long-term bonds with total value of €10 billion. Details are presented in note 28.2.

These operations contribute to financing of the Group's strategy and early repayment of the bank loan contracted to acquire British Energy, used in January 2009.

EDF also launched a retail bond issue in France on June 17, 2009. The bond bears interest at the fixed rate of 4.5% and will be fully redeemed at the end of a 5-year period. At the end of the subscription period, which closed on July 6, 2009, the total value of this bond issue was €3,269 million.

# Note 6 - Changes in the scope of consolidation

## 6.1 Changes in the scope of consolidation during the first half-year of 2009

In addition to completion of the takeover of British Energy, which resulted in full consolidation of British Energy from January 5, 2009 in the EDF Energy subgroup (details in note 3), the following changes in the scope of consolidation occurred in first-half 2009:

- Germany

- Acquisition on March 31, 2009 of 100% of Plambeck Neue Energien Windpark Fonds LX GmbH & Co.KG, Cuxhaven, Plambeck Neue Energien Windpark Fonds CI GmbH & Co.KG, Cuxhaven et

Plambeck Neue Energien Windpark Fonds CIV GmbH & Co.KG, Cuxhaven , for €33 million (EDF's share: €15 million).

- Acquisition at the end of May 2009 of 100% of Lippendorf Gmbh, which owns 50% of the Lippendorf plant, and 100% of Bexbach Gmbh, which owns 8.3% of the Bexbach coal-fired plant. The total acquisition price amounts to €915 million (EDF's share: €421 million). The provisional goodwill amounts to €485 million (EDF's share: €223 million). In compliance with IFRS 3, the Group has 12 months to finalize allocation of the acquisition price.

• Italy

- Acquisition in January 2009 of the Abu Qir gas concession in Egypt, for €1,011 million* (EDF's share: €495 million).

- Acquisition in March 2009 of a 80% investment in AMG Gas SRL, for €25 million* (EDF's share: €12 million).

- Acquisition in March 2009 of 100% of Energiaki Thessaloriki SA (T.Power) through the 50/50 Edison-Hellenic Petroleum joint venture Elpedison BV.

• Other International

- Purchase in March 2009 from the Polish state of 28.05% of the shares of ECK, raising EDF's holding in ECK from 66.26% to 94.31%.

- Purchase in June 2009 from GDF SUEZ of 20% in SIA by EDF International, resulting in full ownership of SIA and a 25% holding in Estag.

• Other activities

- Additional investment in EDF Investissements Groupe in June 2009, raising the Group's percentage of interest from 84.85% to 92.13%.

### 6.2 Changes in the scope of consolidation during 2008

The main changes in the scope of consolidation during 2008 are described below:

• Italy

- Sale by Edison in April 2008 of seven thermoelectric plants.

- Sale on May 1, 2008 of 51% of Dolomiti Edison Energy, owner of three hydropower plants in the Trento province, and on October 24, 2008 of 60% of Hydros, owner of 7 hydropower plants in Bolzano province. Both these companies remained fully consolidated.

- Formation of Edison Engineering SA, which is constructing a combined cycle gas plant at Thisvi in Greece.

• Other international

- Purchase by EDF of shares in ECW (Poland) for €54 million after GDF Suez exercised its put option, raising the EDF Group's ownership interest from 77.52% to 99.66%.

• Other activities

- Sale of Soprolif completed in February 2008.

- Various external growth operations by Dalkia International, including acquisition of the Praterm

* 100% of the value as booked by Edison

Group in Poland.

- Increase in EDF Energies Nouvelles' investment in Fotosolar (from 45.83% to 90%).
- Sale in December 2008 of Clemessy, a company owned by Dalkia Holding, generating a gain of €184 million. The EDF Group's share amounts to €63 million and is reported under "Investments in companies accounted for under the equity method".
- Acquisition in October 2008 of 100% of Eagle Energy Partners by EDF Trading for $230 million (€181 million). The net assets acquired, after fair value adjustments, amount to $238 million (€184 million). Eagle Energy Partners operates in the US, specializing in natural gas transmission and storage services, and asset optimization services on the wholesale gas and electricity markets.
- Acquisition on December 18, 2008 by EDF Production UK, a wholly-owned subsidiary of EDF, of 80% of the investments held by ATP Oil and Gas UK in three North Sea gasfields for £260 million.
- Additional investment in the capital of EDF Investissement Groupe through a €1,806 billion contribution in December 2008 to a capital increase reserved for C3, raising the Group's percentage holding from 66.67% to 84.85%.

# Note 7 - Segment reporting

Segment reporting presentation complies with IFRS 8, "Operating segments", which replaced IAS 14 from January 1, 2009.

Segment reporting is determined before consolidation adjustments and inter-segment eliminations. Inter-segment transactions take place at market prices.

In accordance with IFRS 8, the breakdown used by the EDF group corresponds to the operating segments as regularly reviewed by the Management Committee. The reporting segments are:

- "**France**", which refers to EDF and its subsidiaries RTE EDF Transport and ERDF, comprising the deregulated activities (mainly Generation and Supply), network activities (Distribution and Transmission) and island activities;
- "**United Kingdom**", which comprises the entities of the EDF Energy subgroup including British Energy and EDF Development UK Ltd;
- "**Germany**", which refers to the entities of the EnBW subgroup;
- "**Italy**", which covers all the entities located in Italy, principally the Edison subgroup, TDE and Fenice;
- "**Other international**", which covers other gas and electricity entities located principally in continental Europe, but also in the USA, Latin America and Asia, and EDF International.
- "**Other activities",** which groups together all the group's other investments, including Electricité de Strasbourg, Dalkia, Tiru, EDF Energies Nouvelles, EDF Trading and EDF Investissement Groupe.

The effects of introducing this new segmentation are limited, and mainly concern reassignment of entities from the former "Rest of Europe" and "Rest of the World" segments between the new segments "Other International" and "Other activities".

Segment information for the first half-year of 2008 has been restated according to the new segments.

## 7.1 At June 30, 2009

| (in millions of euros) | France | United Kingdom | Germany | Italy | Other international | Other activities | Eliminations | Total |
|---|---|---|---|---|---|---|---|---|
| External sales | 18 322 | 5 757 | 3 778 | 2 525 | 1 556 | 2 959 | - | 34 897 |
| Inter-segment sales | 273 | - | 10 | 3 | 54 | 272 | (612) | - |
| **TOTAL SALES** | **18 595** | **5 757** | **3 788** | **2 528** | **1 610** | **3 231** | **(612)** | **34 897** |
| **OPERATING PROFIT BEFORE DEPRECIATION and AMORTIZATION** | **5 956** | **1 611** | **655** | **393** | **297** | **1 229** | **-** | **10 141** |
| **OPERATING PROFIT** | **3 997** | **933** | **465** | **146** | **192** | **1 042** | **-** | **6 775** |
| **BALANCE SHEET :** | | | | | | | | |
| Intangible assets and property,plant and equipment | 82 140 | 21 580 | 6 125 | 5 407 | 2 816 | 6 667 | - | 124 735 |
| Investments in companies accounted for under the equity method | 18 | 69 | 699 | 25 | 2 010 | 569 | - | 3 390 |
| Goodwill | - | 8 243 | 1 584 | 2 026 | 166 | 1 515 | - | 13 534 |
| Other segment assets [1] | 22 370 | 4 820 | 2 234 | 1 446 | 697 | 5 727 | - | 37 294 |
| Assets classified as held for sale | - | 21 | 705 | - | 117 | - | - | 843 |
| Other non-allocated assets | | | | | | | | 49 416 |
| **Total Assets** | **104 528** | **34 733** | **11 347** | **8 904** | **5 806** | **14 478** | **-** | **229 212** |
| **OTHER INFORMATION:** | | | | | | | | |
| Investments in intangible assets and property, plant and equipment [2] | 3 408 | 969 | 222 | 267 | 135 | 564 | - | 5 565 |
| Net depreciation and amortization | (1 993) | (678) | (185) | (237) | (103) | (187) | - | (3 383) |
| Impairment | - | - | (5) | (10) | (1) | (1) | - | (17) |

## 7.2 At June 30, 2008

| (in millions of euros) | France | United Kingdom | Germany | Italy | Other international | Other activities | Eliminations | Total |
|---|---|---|---|---|---|---|---|---|
| External sales | 17 817 | 3 945 | 3 707 | 2 817 | 1 480 | 2 473 | - | 32 239 |
| Inter-segment sales | 221 | 1 | 18 | - | 55 | 249 | (544) | - |
| **TOTAL SALES** | **18 038** | **3 946** | **3 725** | **2 817** | **1 535** | **2 722** | **(544)** | **32 239** |
| **OPERATING PROFIT BEFORE DEPRECIATION and AMORTIZATION** | **6 067** | **587** | **634** | **457** | **310** | **986** | **-** | **9 041** |
| **OPERATING PROFIT** | **3 816** | **366** | **454** | **224** | **209** | **844** | **-** | **5 913** |
| **BALANCE SHEET :** | | | | | | | | |
| Intangible assets and property,plant and equipment | 78 944 | 9 739 | 6 187 | 4 834 | 2 884 | 5 364 | - | 107 952 |
| Investments in companies accounted for under the equity method | - | 73 | 858 | 22 | 1 231 | 529 | - | 2 713 |
| Goodwill | - | 2 147 | 1 394 | 2 022 | 154 | 1 459 | - | 7 176 |
| Other segment assets [1] | 21 125 | 1 970 | 1 877 | 1 349 | 653 | 6 262 | - | 33 236 |
| Assets classified as held for sale | - | - | 6 | - | - | - | - | 6 |
| Other non-allocated assets | | | | | | | | 51 081 |
| **Total Assets** | **100 069** | **13 929** | **10 322** | **8 227** | **4 922** | **13 614** | **-** | **202 164** |
| **OTHER INFORMATION:** | | | | | | | | |
| Investments in intangible assets and property, plant and equipment [2] | 2 510 | 596 | 191 | 162 | 270 | 383 | - | 4 112 |
| Net depreciation and amortization | (1 938) | (221) | (180) | (230) | (101) | (142) | - | (2 812) |
| Impairment | - | - | - | (3) | - | 4 | - | 1 |

(1) Other segment assets include inventories, trade receivables and other receivables.
(2) Investments in intangible assets and property, plant and equipment correspond to purchases of fixed assets reported in the statement of cash flows.

# Note 8 - Sales

Sales are comprised of:

| (in millions of euros) | H1 2009 | H1 2008 |
|---|---|---|
| Sales of energy and energy-related services | 31 968 | 29 460 |
| Other sales of goods and services | 2 199 | 2 113 |
| Change in fair value of commodity contracts | 27 | 49 |
| Trading | 703 | 617 |
| **Sales** | **34 897** | **32 239** |

Consolidated sales are 8.2% higher than for the first half-year of 2008. They include €1,701 million of British Energy sales, and negative foreign exchange effects chiefly associated with the movements in average exchange rates between the two semesters for the pound sterling, the Polish zloty and the Hungarian forint.

# Note 9 - Fuel and energy purchases

Fuel and energy purchases comprise:

| (in millions of euros) | H1 2009 | H1 2008 |
|---|---|---|
| Fuel purchases used - power generation | (5 303) | (4 673) |
| Energy purchases | (7 808) | (7 712) |
| Transmission and delivery expenses | (1 234) | (1 095) |
| Gain/loss on hedging operations | (245) | 186 |
| (Increase)/decrease in provisions related to nuclear fuels and energy purchases | 730 | 347 |
| **Fuel and energy purchases** | **(13 860)** | **(12 947)** |

Fuel and energy purchases are €913 million or 7.1% higher than for the first half-year of 2008. They also include the €335 million effect of acquisition of British Energy, and foreign exchange effects chiefly associated with the declining value of the pound sterling and the Polish zloty.

# Note 10 - Other external expenses

Other external expenses comprise:

| (in millions of euros) | H1 2009 | H1 2008 |
|---|---|---|
| External services | (5 302) | (4 374) |
| Other purchases (excluding external services, fuel and energy) | (1 489) | (1 394) |
| Change in inventories and capitalized production | 1 553 | 1 347 |
| (Increase)/decrease in provisions on other external expenses | 100 | 125 |
| **Other external expenses** | **(5 138)** | **(4 296)** |

The increase in other external expenses reflects the effect of first consolidation of British Energy (€378 million).

# Note 11 - Contractual obligations and commitments

## 11.1 Purchase commitments

Firm irrevocable purchase commitments for commodities energy and nuclear fuels amounted to €53,481 million at December 31, 2008.
The main change since that date concerns nuclear fuel purchase commitments under British Energy's nuclear plant supply contracts, amounting to €1,682 million.

## 11.2 Electricity supply commitments

On December 22, 2008, the European Commission approved Lake Acquisitions Ltd's takeover of British Energy, subject to the sale of between 5 and 10 TWh of electricity on the market between 2012 and 2015. Also, under agreements concluded by EDF with Centrica in May 2009, EDF will supply an additional 18 TWh of electricity to Centrica at market prices, for a 5-year period starting from 2011 (see notes 3.5 and 3.6).

11.3 Operating contract commitments and guarantees

At June 30, 2009, commitments and guarantees for the execution of operating contracts mature as follows:

| | 06.30.2009 | | | | 12.31.2008 |
|---|---|---|---|---|---|
| | Total | Maturity | | | Total |
| (in millions of euros) | | < 1 year | 1 - 5 years | > 5 years | |
| Satisfactory performance, completion and bid guarantees | **1 348** | 391 | 865 | 92 | **1 451** |
| Commitments related to orders for operating items* | **4 973** | 2 835 | 1 573 | 565 | **4 172** |
| Commitments related to orders for fixed assets | **10 802** | 5 036 | 5 572 | 194 | **11 339** |
| Other operating commitments | **4 302** | 1 669 | 2 364 | 269 | **4 802** |
| **Operating commitments given** | **21 425** | **9 931** | **10 374** | **1 120** | **21 764** |
| **Operating commitments received** | **7 459** | **4 958** | **2 189** | **312** | **7 564** |

* other than commodities and energy

Commitments related to orders for fixed assets made by Edison in connection with Abu Qir (€491 million at December 31, 2008) terminated when Edison acquired the gasfield concession concerned in January 2009 (see note 6.1).

# Note 12 - Taxes other than income taxes

In the first half-year of 2008, changes in the limits on French business tax, which depend on value added, led to recognition of a non-recurring €61 million reduction concerning the year 2007.

# Note 13 - Other operating income and expenses

Other operating income and expenses comprise:

| (in millions of euros) | H1 2009 | H1 2008 |
|---|---|---|
| Operating subsidies | 1 394 | 950 |
| Provision for electricity generators' contribution to the Tartam (1) | - | (16) |
| Net income on deconsolidation | 2 | 20 |
| Gains on disposal of property, plant and equipment | (31) | (32) |
| Net increase in provisions on current assets | (94) | (43) |
| Net increase in provisions for operating contingencies and losses | 225 | 252 |
| Other operating income and expenses | 154 | (243) |
| **Other operating income and expenses** | **1 650** | **888** |

*(1) Tarif réglementé transitoire d'ajustement du marché or Transition tariff.*

Operating subsidies mainly comprise the subsidy received by EDF in respect of the Contribution to the Public Electricity Service (CSPE) introduced by the French Law of January 3, 2003. This contribution is payable by end-users (both eligible and non-eligible) and collected by network operators or electricity suppliers, which then pay it to the State.

In the financial statements, this compensation results in recognition of income of €1,380 million in the first-half year of 2009 (€941 million in first-half year of 2008). The CSPE income receivable is valued on the basis of the most probable assumptions, assessed at June 30, 2009. The increase is mainly due to the significant decline in market prices affecting the portion of CSPE that covers the differential between the cost of purchase obligations and market prices.

The French law of December 7, 2006 introduced a transition tariff (TaRTAM: *tarif réglementé transitoire d'ajustement du marché*). This tariff is automatically applicable in mainland France for two years from the date of initial application for all end-users of electricity, provided they made a formal request to their supplier by July 1, 2007. The decision of January 3, 2007 states that this transition tariff is equal to the regulated sales tariff, excluding taxes, plus 10%, 20% or 23% depending on the type of end-user electing to benefit from the transition tariff.

The French law of August 4, 2008 no 2008-776 on economic modernization prolonged the TaRTAM system to June 30, 2010. In addition to the prolongation, this law also extended eligibility for the transition tariff to all final customers, even those who did not yet benefit from the system.

For the first half-year of 2009, EDF's contribution to the compensation paid to electricity suppliers under the transition tariff system amounts to €622 million (€215 million at June 30, 2008), offset by a reversal from the corresponding provision.

Other income and expenses include €162 million corresponding to reversals of negative fair value on British Energy commodity sales contracts recognized at the acquisition date of January 5, 2009 (see note 3.4) following their settlement.

Operations of an unusual amount or nature are reported in "Other income and expenses" (see note 14).

# Note 14 - Other income and expenses

Other income and expenses for the first half-year of 2009 amount to €330 million, mainly corresponding to the net gain on EDF's contribution to Alpiq of its 50% share in power and energy drawing rights in the Emosson dam, and related expenses (note 5.2).

Other income and expenses for the first half-year of 2008 resulted in a net expense of €22 million, including €20 million corresponding to the impact in France of the IEG pension system reform.

# Note 15 - Financial result

## 15.1 Cost of gross financial indebtedness

| (in millions of euros) | H1 2009 | H1 2008 |
|---|---|---|
| Interest expenses on financing operations | (1 301) | (794) |
| Ineffective portion of fair value hedges | (6) | 1 |
| Transfer to income of changes in the fair value of cash flow hedges | (8) | - |
| Net foreign exchange gain on indebtedness | 44 | 32 |
| **Cost of gross financial indebtedness** | **(1 271)** | **(761)** |

The rise in interest expenses on financing operations mainly results from the increase in debt associated with acquisition of British Energy.

## 15.2 Discount expense

The discount expense primarily concerns provisions for back-end nuclear cycle, decommissioning and last cores, and provisions for long-term and post-employment employee benefits.

The discount expense for the first half-year of 2009 reflects the change in the discount rate at December 31, 2008 for French companies' employee benefit provisions (from 5% to 5.75%), and the €(147) million effect of first consolidation of British Energy.

Details of this expense are as follows:

| (in millions of euros) | H1 2009 | H1 2008 |
|---|---|---|
| Provisions for employee benefits | (728) | (621) |
| Provisions for back-end of nuclear cycle, decommissioning and last cores | (788) | (773) |
| Other provisions | (76) | (26) |
| **Discount expense** | **(1 592)** | **(1 420)** |

15.3 Other financial income and expenses

Other financial income and expenses mainly concern interest income on bond markets, trading gains and losses and dividends on the equity markets, and the return on employee benefits fund assets. In first-half 2009 they reflect a lower return on investments. In first-half 2008, they included unrealized losses related to financial instruments whose values were affected by deteriorating situation on the financial markets.

# Note 16 - Income taxes

Income taxes amount to €1,520 million at June 30, 2009. They are calculated by applying the forecast effective tax rate for 2009 to the pre-tax income at June 30, 2009.
The effective tax rate at June 30,2009 is 33.2%

The income tax payable at June 30, 2008, calculated the same way, amounted to €1,442 million. The effective tax rate at June 30, 2008 was 32.4%, taking into account Edison’s recognition of an additional tax expense of €70 million following introduction of a tax on energy sector companies’ profits in Italy, enacted by the decree-law of June 25, 2008.

# Note 17 - Goodwill

Goodwill on consolidated companies comprises the following:

| (in millions of euros) | 06.30.2009 | 12.31.2008 |
|---|---|---|
| **Net book value at opening date** | **6 807** | **7 266** |
| Acquisitions | 5 990 | 138 |
| Disposals | - | (8) |
| Impairment | (1) | (4) |
| Translation adjustments | 778 | (580) |
| Other movements | (40) | (5) |
| **Net book value at closing date** | **13 534** | **6 807** |
| Gross value at closing date | 14 369 | 7 641 |
| Accumulated impairment at closing date | (835) | (834) |

The breakdown of goodwill is as follows:

| (in millions of euros) | United Kingdom | Germany | Italy | Other international | Other activities | Total |
|---|---|---|---|---|---|---|
| **At June 30, 2009** | **8 243** | **1 584** | **2 026** | **166** | **1 515** | **13 534** |
| At December 31, 2008 | 1 786 | 1 405 | 2 020 | 160 | 1 436 | 6 807 |

The increase in goodwill in 2009 primarily concerns British Energy (£5,322 million or €5,688 million, determined as explained in note 3). It also includes the goodwill recorded by EnBW on acquisition of the Lippendorf and Bexbach plants in May 2009 (€223 million). Both these amounts are provisional.

No impairment indicator was identified during first-half 2009.

# Note 18 - Other intangible assets

The increase in other intangible assets concerns for €495 million assets associated with the Abu Qir gasfields acquired by Edison in January 2009 (see note 6.1), and the first consolidation of British Energy (€718 million).
The balance of the increase essentially corresponds to the lower level of greenhouse gas emission rights due to rights sold and surrendered to the States during the first half-year of 2009.

# Note 19 - Property, plant and equipment operated under French public electricity distribution concessions

19.1 Net value of property, plant and equipment operated under French public electricity distribution concessions

The net value of property, plant and equipment operated under French public electricity distribution concessions breaks down as follows:

| (in millions of euros) | 06.30.2009 | 12.31.2008 |
|---|---|---|
| Property, plant and equipment | 40 462 | 40 253 |
| Property, plant and equipment in progress | 1 170 | 960 |
| **Property, plant and equipment operated under French public electricity distribution concessions** | **41 632** | **41 213** |

19.2 Movements in property, plant and equipment operated under French public electricity distribution concessions (excluding construction in progress)

| (in millions of euros) | Land & Buildings | Fossil-fired & hydropower plants | Networks | Other installations, plant, machinery & equipment & other | Total |
|---|---|---|---|---|---|
| **Gross values at 12.31.2008** | **2 118** | **10** | **64 082** | **2 805** | **69 015** |
| Increases (1) | 17 | - | 1 108 | 85 | **1 210** |
| Decreases | (10) | - | (230) | (66) | **(306)** |
| Translation adjustment | - | - | - | - | **-** |
| Changes in the scope of consolidation | - | - | - | - | **-** |
| Other movements | - | 3 | 1 | (3) | **1** |
| **Gross values at 06.30.2009** | **2 125** | **13** | **64 961** | **2 821** | **69 920** |
| **Depreciation and impairment at 12.31.2008 (1)** | **(1 175)** | **(3)** | **(25 602)** | **(1 982)** | **(28 762)** |
| Net depreciation | (16) | - | (76) | (49) | **(141)** |
| Disposals | 10 | - | 199 | 66 | **275** |
| Translation adjustment | - | - | - | - | **-** |
| Changes in the scope of consolidation | - | - | - | - | **-** |
| Other movements (2) | (6) | (4) | (792) | (28) | **(830)** |
| **Depreciation and impairment at 06.30.2009** | **(1 187)** | **(7)** | **(26 271)** | **(1 993)** | **(29 458)** |
| **Net values at 12.31.2008** | **943** | **7** | **38 480** | **823** | **40 253** |
| **Net values at 06.30.2009** | **938** | **6** | **38 690** | **828** | **40 462** |

(1) Increases also include assets contributed for nil consideration.

(2) Other movements mainly concern depreciation of assets operated under concession, booked against depreciation recorded in the special concession liabilities.

# Note 20 - Property, plant and equipment operated under concessions for other activities

20.1 Net value of property, plant and equipment operated under concessions for other activities

The net value of property, plant and equipment operated under concessions for other activities breaks down as follows:

| (in millions of euros) | 06.30.2009 | 12.31.2008 (1) |
|---|---|---|
| Property, plant and equipment | 26 500 | 25 996 |
| Property, plant and equipment in progress | 1 248 | 963 |
| **Property, plant and equipment operated under concessions for other activities** | **27 748** | **26 959** |

(1) 2008 figures have been adjusted for the impact of application of revised IAS 23, “Borrowing costs” (see note 2).

20.2 Movements in property, plant and equipment operated under concessions for other activities (excluding construction in progress and finance-leased assets)

| (in millions of euros) | Land & Buildings | Fossil-fired & hydropower plants | Networks | Other installations, plant, machinery & equipment & other | Total |
|---|---|---|---|---|---|
| **Gross values at 12.31.2008** [(1)] | **3 752** | **9 026** | **29 930** | **2 198** | **44 906** |
| Increases | 24 | 77 | 573 | 72 | **746** |
| Decreases | (3) | (17) | (50) | (11) | **(81)** |
| Translation adjustment | 55 | (4) | 969 | 27 | **1 047** |
| Changes in the scope of consolidation | (179) | (49) | - | (35) | **(263)** |
| Other movements | (3) | - | (538) | 7 | **(534)** |
| **Gross values at 06.30.2009** | **3 646** | **9 033** | **30 884** | **2 258** | **45 821** |
| **Depreciation and impairment at 12.31.2008** [(1)] | **(1 888)** | **(4 699)** | **(10 930)** | **(1 393)** | **(18 910)** |
| Net depreciation | (41) | (111) | (395) | (72) | **(619)** |
| Disposals | 4 | 13 | 37 | 10 | **64** |
| Translation adjustment | (15) | 1 | (193) | 3 | **(204)** |
| Changes in the scope of consolidation | 71 | 36 | - | 13 | **120** |
| Other movements | (2) | 3 | 228 | (1) | **228** |
| **Depreciation and impairment at 06.30.2009** | **(1 871)** | **(4 757)** | **(11 253)** | **(1 440)** | **(19 321)** |
| **Net values at 12.31.2008** | **1 864** | **4 327** | **19 000** | **805** | **25 996** |
| **Net values at 06.30.2009** | **1 775** | **4 276** | **19 631** | **818** | **26 500** |

(1) 2008 figures have been adjusted for the impact of application of revised IAS 23, “Borrowing costs” (see note 2).

Property, plant and equipment operated under concessions other than French public electricity distribution concessions (see note 19) comprises concession facilities mainly located in France (transmission and hydropower), the UK, Germany and Italy.

Acceleration of depreciation for French hydropower concession assets (see note 4.1) has an impact of €7 million in the first half-year of 2009.

# Note 21 - Property, plant and equipment used in generation and other tangible assets owned by the Group

## 21.1 Net value of property, plant and equipment used in generation and other tangible assets owned by the Group

The net value of property, plant and equipment used in generation and other tangible assets owned by the Group breaks down as follows:

| (in millions of euros) | 06.30.2009 | 12.31.2008 (1) |
|---|---|---|
| Property, plant and equipment owned by the Group | 44 376 | 33 580 |
| Property, plant and equipment in progress | 6 741 | 5 514 |
| Leased property, plant and equipment | 301 | 309 |
| **Property, plant and equipment used in generation and other tangible assets owned by the Group** | **51 418** | **39 403** |

(1) 2008 figures have been adjusted for the impact of application of revised IAS 23, "Borrowing costs" (see note 2).

## 21.2 Movements in property, plant and equipment used in generation and other tangible assets owned by the Group (excluding construction in progress and finance-leased assets)

| (in millions of euros) | Land & Buildings | Nuclear power plants | Fossil-fired & hydropower plants | Networks | Other installations, plant, machinery & equipment & other | Total |
|---|---|---|---|---|---|---|
| **Gross values at 12.31.2008 (1)** | **12 034** | **46 658** | **14 177** | **1 742** | **8 342** | **82 953** |
| Increases | 245 | 189 | 126 | 22 | 732 | **1 314** |
| Decreases | (40) | (131) | (51) | (16) | (76) | **(314)** |
| Translation adjustment | 47 | 888 | 130 | - | 163 | **1 228** |
| Changes in the scope of consolidation | 365 | 9 017 | 544 | - | 221 | **10 147** |
| Other movements | (26) | 9 | (17) | 22 | (104) | **(116)** |
| **Gross values at 06.30.2009** | **12 625** | **56 630** | **14 909** | **1 770** | **9 278** | **95 212** |
| **Depreciation and impairment at 12.31.2008 (1)** | **(5 981)** | **(30 777)** | **(7 786)** | **(968)** | **(3 861)** | **(49 373)** |
| Net depreciation | (152) | (864) | (314) | (23) | (317) | **(1 670)** |
| Disposals | 20 | 116 | 46 | 13 | 61 | **256** |
| Translation adjustment | 7 | (17) | (21) | - | (61) | **(92)** |
| Changes in the scope of consolidation | (1) | - | (2) | - | (1) | **(4)** |
| Other movements | 12 | 1 | 11 | (8) | 31 | **47** |
| **Depreciation and impairment at 06.30.2009** | **(6 095)** | **(31 541)** | **(8 066)** | **(986)** | **(4 148)** | **(50 836)** |
| **Net values at 12.31.2008 (1)** | **6 053** | **15 881** | **6 391** | **774** | **4 481** | **33 580** |
| **Net values at 06.30.2009** | **6 530** | **25 089** | **6 843** | **784** | **5 130** | **44 376** |

(1) 2008 figures have been adjusted for the impact of application of revised IAS 23, "Borrowing costs" (see note 2).

Changes in the scope of consolidation mainly reflect the first consolidation of British Energy (€9,836 million).

# Note 22 - Investments in companies accounted for under the equity method

Investments in associates are as follows:

| (in millions of euros) | Principal activity (1) | % voting rights held | 06.30.2009 Share of net equity | 06.30.2009 Share of net income | 12.31.2008 Share of net equity (2) | 12.31.2008 Share of net income (2) |
|---|---|---|---|---|---|---|
| Alpiq | G,D,S,T | 26,06 | 1 499 | 46 | 803 | 115 |
| Dalkia Holding | S | 34,00 | 493 | 18 | 521 | 90 |
| EVN | D | 16,40 | 413 | 27 | 478 | 37 |
| Estag | G,D | 25,00 | 384 | 18 | 383 | 32 |
| Other investments in associates | | | 601 | 29 | 667 | 93 |
| **Investments in companies accounted for under the equity method** | | | **3 390** | **138** | **2 852** | **367** |

(1) S= services, G= generation, D= distribution, T= transportation.

(2) 2008 figures have been adjusted for the impact of application of revised IAS 23, “Borrowing costs” (see note 2).

The rise in EDF's interest in Alpiq mainly results from the operations described in note 5.2, which led to a €705 million increase in the share of net equity.

# Note 23 - Current and non-current financial assets

## 23.1 Breakdown between current and non-current financial assets

Current and non-current financial assets break down as follows:

| (in millions of euros) | 06.30.2009 Current | 06.30.2009 Non-current | 06.30.2009 Total | 12.31.2008 Current | 12.31.2008 Non-current | 12.31.2008 Total |
|---|---|---|---|---|---|---|
| Financial assets carried at fair value with changes in fair value included in income | 7 012 | 3 | **7 015** | 4 831 | 2 | **4 833** |
| Available-for-sale financial assets (*) | 7 769 | 13 891 | **21 660** | 7 925 | 15 187 | **23 112** |
| Held-to-maturity investments (*) | 59 | 478 | **537** | 78 | 449 | **527** |
| Positive fair value of hedging derivatives | 2 297 | 905 | **3 202** | 2 079 | 1 626 | **3 705** |
| Loans and financial receivables (*) | 385 | 7 263 | **7 648** | 416 | 839 | **1 255** |
| **Financial assets** | **17 522** | **22 540** | **40 062** | **15 329** | **18 103** | **33 432** |

(*) net of impairment: €585 million at June 30, 2009 (€530 million at December 31, 2008).

The main changes in financial assets are analyzed in the notes below.

## 23.2 Details of financial assets

### 23.2.1 Financial assets carried at fair value with changes in fair value included in income

| (in millions of euros) | 06.30.2009 | 12.31.2008 |
|---|---|---|
| Derivatives - positive fair value | 6 899 | 4 753 |
| Fair value of derivatives held for trading (1) | 116 | 80 |
| **Financial assets carried at fair value with changes in fair value included in income** | **7 015** | **4 833** |
| (1) portion classified as liquid assets | 77 | 74 |

The fair value of derivatives is mostly determined on the basis of listed prices and market information.

The increase in the fair value of trading derivatives is offset by a similar effect in financial liabilities (see note 28.1).

23.2.2 Available-for-sale financial assets

| (in millions of euros) | 06.30.2009 Equities * | Debt securities | Total | 12.31.2008 Equities * | Debt securities | Total |
|---|---|---|---|---|---|---|
| Dedicated assets of EDF | 4 025 | 4 982 | **9 007** | 4 163 | 4 495 | **8 658** |
| Liquid assets | 5 274 | 1 935 | **7 209** | 4 957 | 1 694 | **6 651** |
| Strategic investment | 634 | - | **634** | 634 | - | **634** |
| Other | 3 549 | 1 261 | **4 810** | 5 166 | 2 003 | **7 169** |
| **Available-for-sale financial assets** | **13 482** | **8 178** | **21 660** | **14 920** | **8 192** | **23 112** |

* equities and investment funds.

The main variations of available for sale financial assets concern:

- the elimination of share in British Energy (€2,261 million) following its consolidation ;
- acquisitions totaling €4,267 million disposals totaling €3,710 million and €508 million of fair value adjustment due to the slight recovery on the financial markets between December 31, 2008 and June 30, 2009.

"Strategic shares" are shares held in Constellation Energy Group which valuation methodology remains the same as at December 31, 2008.

During the first half-year of 2009, changes in the fair value of available-for-sale financial assets were recorded in equity (EDF share) over the period as follows:

- At June 30, 2009:

| (in millions of euros) | Gross changes in fair value recorded in equity (1) | Taxes related to gross changes in fair value recorded in equity | Changes after taxes in fair value recorded in equity (1) | Gross changes in fair value transferred to income (2) | Taxes related to changes in fair value transferred to income | Changes after taxes in fair value transferred to income (2) |
|---|---|---|---|---|---|---|
| Available for sale financial assets - equities | 337 | (85) | **252** | (46) | 10 | **(36)** |
| Available for sale financial assets - debts | 46 | (15) | **31** | 2 | (1) | **1** |
| Liquid assets | (5) | 1 | **(4)** | (1) | - | **(1)** |
| Other | 21 | (8) | **13** | (2) | 1 | **(1)** |
| **Available-for- sale financial assets** | **399** | **(107)** | **292** | **(47)** | **10** | **(37)** |

(1) + / ( ): increase / decrease in equity (EDF share)
(2) + / ( ): increase / decrease in income

In first-half 2009, gross changes in fair value recorded in equity (EDF share) principally concern:

- EDF (€361 million, including €307 million for dedicated assets);
- EnBW (€(67) million).
- EDF International (€108 million)

These changes reflect the slight improvement observed on the financial markets since December 31, 2008.

No significant impairment was recorded by EDF in the first half-year of 2009.

- At June 30, 2008:

| (in millions of euros) | Gross changes in fair value recorded in equity [(1)] | Taxes related to gross changes in fair value recorded in equity | Changes after taxes in fair value recorded in equity [(1)] | Gross changes in fair value transferred to income [(2)] | Taxes related to changes in fair value transferred to income | Changes after taxes in fair value transferred to income [(2)] |
|---|---|---|---|---|---|---|
| Available for sale financial assets - equities | (1 323) | 374 | **(949)** | 173 | (59) | **114** |
| Available for sale financial assets - debts | (86) | 28 | **(58)** | - | - | **-** |
| Liquid assets | 4 | (2) | **2** | 18 | (6) | **12** |
| Other | 1 | - | **1** | 4 | (1) | **3** |
| **Available-for- sale financial assets** | **(1 404)** | **400** | **(1 004)** | **195** | **(66)** | **129** |

(1) + / ( ): increase / decrease in equity (EDF share)
(2) + / ( ): increase / decrease in income

23.2.2.1 EDF's dedicated asset portfolio

The key features of the portfolio and the principles governing its management are presented in the financial statements at December 31, 2008.

The table below presents changes in the fair value of the dedicated asset portfolio, with details of changes in the net asset value of reserved funds:

| (in millions of euros) | Fair value 06.30.2009 | Fair value 12.31.2008 |
|---|---|---|
| North American equities | 229 | 222 |
| European equities | 249 | 235 |
| Japanese equities | 21 | 19 |
| Worldwide bonds | 673 | 670 |
| **Total Reserved investment funds** | **1 172** | **1 146** |
| Securities | 192 | 157 |
| Equities-based unit trusts | 2 253 | 2 145 |
| **Equities** | **2 445** | **2 302** |
| Securities | 4 982 | 4 495 |
| Short-term unit trusts | 228 | 597 |
| **Bonds** | **5 210** | **5 092** |
| **Monetary investment funds** | **180** | **118** |
| **Total Other financial investments** | **7 835** | **7 512** |
| **Dedicated investment funds** | **9 007** | **8 658** |

In view of market conditions, allocations to the portfolio have been suspended since September 2008. Cash allocations to dedicated assets during first-half 2008 amounted to a total of €1,272 million.

23.2.2.2 Liquid assets

Liquid assets are financial assets consisting of funds or interest rate instruments with initial maturity of over three months, that are readily convertible into cash regardless of their maturity, and are managed according to a liquidity-oriented policy.

EDF's monetary investment funds included in liquid assets amount to €5,274 million at June 30, 2008 (€4,957 million at December 31, 2008).

23.2.2.3 Other securities

At June 30, 2009, other securities mainly include:

- at EnBW, €1,303 million in available-for-sale assets – debt instruments including €1,039 million of reserved funds and €964 million in available-for-sale assets – equities, including €482 million of reserved funds;
- at EDF, shares in Areva amounting to €356 million.

The decrease in this item since December 31, 2008 is essentially attributable to consolidation of British Energy. The shares in British Energy acquired in September 2008 were recognized in the group's balance sheet at the value of €2,261 million.

23.2.2.4 Loans and financial receivables

Since January 5, 2009, the date of first consolidation of British Energy, "Loans and financial liabilities" have included assets receivable from the NLF and the british government at a total of €6,403 million (£5,460 million). For details of financing of British Energy's long-term nuclear obligations, see note 3.7.2.

23.3 Investment commitments

Commitments related to investments are as follows:

| | 06.30.2009 | | | | 12.31.2008 |
|---|---|---|---|---|---|
| | Total | Maturity | | | Total |
| (in millions of euros) | | < 1 year | 1 - 5 years | > 5 years | |
| Investment commitments | **8 818** | 6 383 | 2 435 | - | **18 783** |
| Other financing commitments given | **303** | 197 | 90 | 16 | **338** |
| Other financing commitments received | **2 639** | 2 638 | 1 | - | **255** |

23.3.1 Investment commitments

The chief commitments executed in the first half-year of 2009 concern:

- completion of the purchase offer for British Energy, which was recorded as a share purchase commitment for £9,875 million (€10,367 million) (see note 3).
- contribution in January 2009 to Alpiq of the drawing rights to energy generated at the Emosson dam for CHF 722 million (€481 million) and cash subscription to a CHF 336 million (€224 million) capital increase by Alpiq (see note 5.2).

New investment commitments entered into during the first half-year of 2009 essentially concern the EDF group's purchase from Centrica of Segebel, which holds a 51% stake in SPE, for the sum of €1,325 million (see note 3.6). This commitment is conditional, and if the operation is successfully completed, the EDF group could be in a position to acquire some or all of the shares held by minority shareholders of SPE.

23.3.2 Other investment commitments

New commitments received during the first half-year of 2009 essentially concern the 20% investment by Centrica in Lake Acquisitions through subscription to a capital increase for a total of £2,229 million, in accordance with the agreement presented in note 3.6, which remains subject to conditions.

# Note 24 - Held-for-sale assets and liabilities

Held-for-sale assets and liabilities mainly result from the planned disposal of assets (€703 million) and liabilities (€329 million) of Geso held by EnBW.

# Note 25 - Equity

## 25.1 Share capital

There were no changes during the first half-year of 2009 in EDF's share capital, which amounts to €911,085,545, comprising 1,822,171,090 shares with nominal value of €0.50 each.

## 25.2 Treasury shares

Under the share repurchase program, for which a liquidity contract exists as required by the market regulator AMF, 1,133,373 shares were acquired during the first half-year of 2009 for a total of €44 million, and 1,150,373 shares were sold for a total of €45 million.

At June 30, 2009, treasury shares deducted from consolidated equity amount to €185 million.

## 25.3 Dividends

The General Shareholders' meeting of May 20, 2009 decided to distribute a dividend of €1.28 per share in circulation in respect of 2008. Interim dividends of €0.64 per share had been paid out on December 17, 2008, and the balance of €0.64 per share amounting to a total of €1,164 million was paid out on June 3, 2009.

## 25.4 Basic earnings per share and diluted earnings per share

The diluted earnings per share is calculated by dividing the Group's share of net income, corrected for dilutive instruments, by the weighted average number of potential shares outstanding over the period after elimination of treasury shares.
At June 30, 2009, there are no dilutive instruments in the EDF group.

The following table shows the reconciliation of the basic and diluted earnings used to calculate earnings per share and the variation in the weighted average number of shares used in calculating basic and diluted earnings per share:

| | H1 2009 | H1 2008 (1) |
|---|---|---|
| Net income attributable to ordinary shares | 3 117 | 3 116 |
| **Net income used to calculate diluted earnings per share** (in millions of euros) | 3 117 | 3 116 |
| **Average weighted number of ordinary shares outstanding at end of period** | 1 819 061 130 | 1 820 129 840 |
| **Average weighted number of diluted shares outstanding at end of period** | 1 819 061 130 | 1 820 129 840 |
| **Earnings per share in euros :** | | |
| Net earnings per share (in euros) | 1,71 | 1,71 |
| Diluted earnings per share (in euros) | 1,71 | 1,71 |

(1) restated in application of IAS 23.

# Note 26 - Provisions

## 26.1 Breakdown between current and non-current provisions

The breakdown between current and non-current provisions is as follows:

| | 06.30.2009 | | | 12.31.2008 | | |
|---|---|---|---|---|---|---|
| (in millions of euros) | Current | Non-current | Total | Current | Non-current | Total |
| Provisions for back-end nuclear cycle | 954 | 17 264 | **18 218** | 852 | 14 686 | **15 538** |
| Provisions for decommissioning and last cores | 325 | 19 368 | **19 693** | 256 | 13 886 | **14 142** |
| Provisions for employee benefits | 835 | 12 997 | **13 832** | 829 | 12 890 | **13 719** |
| Other provisions | 3 189 | 2 097 | **5 286** | 2 785 | 1 953 | **4 738** |
| **PROVISIONS** | **5 303** | **51 726** | **57 029** | **4 722** | **43 415** | **48 137** |

## 26.2 Valuation of provisions for the back-end nuclear cycle, decommissioning of nuclear plants and last cores booked by EDF in France

Provisions related to the operation of EDF's nuclear plants in France are calculated in compliance with the French Law of June 28, 2006 and the measures for its application (see notes 2.22, 5.2.1.1, 32.2.1, 32.3.1 and 32.4 to the consolidated financial statements at December 31, 2008).

The assumptions and valuation methods for EDF’s provisions for the back-end nuclear cycle, decommissioning of nuclear plants and last cores are identical to those used at December 31, 2008.

An update of the three-year report on secure financing of nuclear expenses was carried out as required by law, setting out details of the adaptations necessary for accounting compliance with the laws and regulations as identified in 2008 and applied in the financial statements at December 31, 2008.

Certain regulated nuclear facilities (*Installations Nucléaires de Base*, or INB) connected to the PWR fleet in operation will be valued at the end of 2009 as part of the general revision of provisions related to decommissioning of PWR plants.

On December 19, 2008, EDF and Areva signed a long-term cooperation agreement for processing and recycling spent fuel. Under this agreement, which forms the basis for a significant portion of EDF’s provisions for management of spent fuel at December 31, 2008, a processing-recycling contract covering the period 2008-2012 is to be signed by the end of 2009. The potential consequences of the exact provisions of this contract will be evaluated for the 2009 annual financial statements.

The same agreement provided for conclusion of negotiations over the practical conditions of a payment by EDF to Areva in full discharge of its share of dismantling costs for the La Hague plant, and the costs of recovery and conditioning of old waste at La Hague. An agreement signed on July 6, 2009 set the exact amounts and timing of these payments. The final installment is due by July 1, 2011.

## 26.3 Provisions for the back-end nuclear cycle

At June 30, 2009, the movement in provisions for the back-end nuclear cycle breaks down as follows:

| (in millions of euros) | 12.31.2008 | Increases | Decreases - Utilizations | Decreases - Reversals | Changes in scope of consolidation | Other changes | 06.30.2009 |
|---|---|---|---|---|---|---|---|
| Provisions for spent fuel management | 8 806 | 461 | (530) | (12) | 2 207 | 43 | 10 975 |
| Provisions for long-term radioactive waste management | 6 732 | 209 | (121) | (15) | 396 | 42 | 7 243 |
| **Provisions for back-end nuclear cycle** | **15 538** | **670** | **(651)** | **(27)** | **2 603** | **85** | **18 218** |
| **- EDF** | **14 711** | 614 | (639) | (19) | - | (87) | **14 580** |
| **- subsidiaries and joint ventures** | **827** | 56 | (12) | (8) | 2 603 | 172 | **3 638** |

### 26.3.1 Provisions for EDF's back-end nuclear cycle in France

At June 30, 2009, the movements in these provisions break down as follows:

| (in millions of euros) | 12.31.2008 | Increases | Decreases – Utilizations | Decreases – Reversals | Other changes | 06.30.2009 |
|---|---|---|---|---|---|---|
| Provisions for spent fuel management | 8 553 | 453 | (528) | (8) | (85) | 8 385 |
| Provisions for long-term radioactive waste management | 6 158 | 161 | (111) | (11) | (2) | 6 195 |
| **Provisions for back-end nuclear cycle** | **14 711** | **614** | **(639)** | **(19)** | **(87)** | **14 580** |

Until the contract between EDF and Areva is finalized, spent fuel management continues to be governed by the provisions contained in the framework agreement of December 19, 2008, after adjustment to the economic conditions at June 30, 2009. The corresponding expenses are measured under the economic conditions at that date and spread over a forecast disbursement schedule. A provision is booked equivalent to the discounted value (assuming 2% inflation and a 5% discount rate):

| (in millions of euros) | 06.30.2009 – Costs based on economic conditions at end of period | 06.30.2009 – Amounts in provisions at present value | 12.31.2008 – Costs based on economic conditions at year-end | 12.31.2008 – Amounts in provisions at present value |
|---|---|---|---|---|
| for spent fuel management | 13 510 | 8 385 | 13 675 | 8 553 |
| for long-term radioactive waste management | 21 663 | 6 195 | 21 464 | 6 158 |
| **Back-end nuclear cycle** | **35 173** | **14 580** | **35 139** | **14 711** |

### 26.3.2 Provisions for the subsidiaries and joint ventures' back-end nuclear cycle

These provisions cover obligations for reprocessing and temporary storage of spent fuel, and long-term storage, processing and removal of nuclear waste. They amount to €3,638 million at June 30, 2009 (€827 million at December 31, 2008) and concern British Energy (€2,775 million) and EnBW (€863 million). They are based on legal and regulatory obligations and the terms of operating licenses.

The provisions for British Energy's back-end nuclear cycle expenses are detailed in note 3.

## 26.4 Provisions for decommissioning and last cores

At June 30, 2009, the change in decommissioning and last core provisions breaks down as follows:

| (in millions of euros) | 12.31.2008 | Increases | Decreases – Utilizations | Decreases – Reversals | Changes in scope of consolidation | Other changes | 06.30.2009 |
|---|---|---|---|---|---|---|---|
| Provisions for decommisioning | 12 445 | 323 | (98) | - | 3 485 | 368 | 16 523 |
| Provisions for last cores | 1 697 | 120 | (67) | - | 1 295 | 125 | 3 170 |
| **Provisions for decommissioning and last cores** | **14 142** | **443** | **(165)** | **-** | **4 780** | **493** | **19 693** |
| **of which :** | | | | | | | |
| - EDF | **12 469** | 377 | (88) | - | - | - | **12 758** |
| - subsidiaries and joint ventures | **1 673** | 66 | (77) | - | 4 780 | 493 | **6 935** |

### 26.4.1 Provisions for EDF's decommissioning and last cores in France

The change in EDF's decommissioning and last core provisions in France breaks down as follows:

| (in millions of euros) | 12.31.2008 | Increases | Decreases – Utilizations | Decreases – Reversals | Other changes | 06.30.2009 |
|---|---|---|---|---|---|---|
| Decommissioning provisions for fossil-fired power plants | 434 | 19 | (18) | - | - | 435 |
| Decommissioning provisions for nuclear power plants | 10 360 | 264 | (70) | - | - | 10 554 |
| Provisions for last cores | 1 675 | 94 | - | - | - | 1 769 |
| **Provisions for decommissioning and last cores** | **12 469** | **377** | **(88)** | **-** | **-** | **12 758** |

The corresponding expenses are estimated based on the economic conditions at June 30, 2009, and spread over a forecast disbursement schedule. A provision is booked equivalent to the discounted value assuming a 2% inflation rate and a 5% discount rate.

| | 06.30.2009 | | 12.31.2008 | |
|---|---|---|---|---|
| (in millions of euros) | **Costs based on economic conditions at end of period** | **Amounts in provisions at present value** | **Costs based on economic conditions at year-end** | **Amounts in provisions at present value** |
| Decommissioning provisions for fossil-fired power plants | 605 | 435 | 609 | 434 |
| Decommissioning provisions for nuclear power plants | 20 596 | 10 554 | 20 452 | 10 360 |
| Provisions for last cores | 3 678 | 1 769 | 3 566 | 1 675 |
| **Provisions for decommissioning and last cores** | **24 879** | **12 758** | **24 627** | **12 469** |

### 26.4.2 Provisions for decommissioning and last cores (subsidiaries)

Decommissioning commitments in respect of plants belonging to subsidiaries concern the non-nuclear power plants in Europe and the EnBW group and British Energy nuclear power plants. These costs amount to €6,935 million at June 30, 2009 (€1,673 million at December 31, 2008), and include €1,402 million for EnBW and €5,225 million for British Energy.

The provisions for decommissioning and last cores for British Energy's plants are detailed in note 3.7.

## 26.5 Secure financing of long-term obligations related to EDF's nuclear liabilities

### 26.5.1 Discount rate

The discount rate and calculation method for measuring provisions are identical to those used at December 31, 2008. The regulatory limits and sensitivity factors to the assumptions used are also unchanged.

### 26.5.2 Dedicated assets

In order to secure financing of long-term obligations in an increasingly open electricity market, EDF is progressively building up a portfolio of financial assets dedicated to covering long term nuclear obligations, specifically the decommissioning of the nuclear power plants and the long-term management of radioactive waste.

At June 30, 2009, the fair value of the dedicated asset portfolio amounts to €9,007 million (€8,658 million at December 31, 2008). This includes €898 million of net unrealized losses (€1,206 million at December 31, 2008) related to the crisis on the financial markets.

## 26.6 Provisions for employee benefits

At June 30, 2009, the changes in provisions for employee benefits are as follows:

| | 12.31.2008 | Increases | Decreases | | Changes in the scope of consolidation | Other changes | 06.30.2009 |
|---|---|---|---|---|---|---|---|
| (in millions of euros) | | | Utilization | Reversals | | | |
| Provisions for post-employment benefits | 12 703 | 972 | (825) | (1) | 15 | (57) | 12 807 |
| Provisions for other long-term benefits | 1 016 | 65 | (55) | - | - | (1) | 1 025 |
| **Provisions for employee benefits** | **13 719** | **1 037** | **(880)** | **(1)** | **15** | **(58)** | **13 832** |

The change in provisions since December 31, 2008 mainly reflects variations in vested benefits, financial discounting of the obligation, payments made to external funds and benefits paid out, and the consolidation of British Energy.

### 26.6.1 Provisions for post-employment benefits

| (in millions of euros) | France | United Kingdom | Germany | Italy | Other International | Other Activities | Total |
|---|---|---|---|---|---|---|---|
| **Provisions at 12.31.2008** | 10 464 | 141 | 1 903 | 59 | 18 | 118 | **12 703** |
| Amounts used at end of period | (407) | (41) | (50) | (6) | - | (5) | **(509)** |
| Changes in the scope of consolidation | - | 14 | - | 1 | - | - | **15** |
| Net additions | 544 | 40 | 62 | 2 | - | 7 | **655** |
| Translation adjustment | - | 15 | - | - | (1) | 1 | **15** |
| Other | (3) | (61) | (6) | (1) | - | (1) | **(72)** |
| **Provisions at 06.30.2009** | **10 598** | **108** | **1 909** | **55** | **17** | **120** | **12 807** |

British Energy’s provisions for post-employment benefits amount to €(34) million. British Energy manages two defined-benefit plans, one that covers most of the group's employees and another specific plan for employees of the Eggborough plant.

### 26.6.2 Provisions for other long-term employee benefits

| (in millions of euros) | France | United Kingdom | Germany | Italy | Other International | Other Activities | Total |
|---|---|---|---|---|---|---|---|
| **Provisions at 12.31.2008** | 956 | - | 15 | - | 23 | 22 | **1 016** |
| Amounts used at end of period | (53) | - | - | - | - | (2) | **(55)** |
| Net additions | 63 | - | 1 | - | - | 1 | **65** |
| Translation adjustment | - | - | - | - | (1) | - | **(1)** |
| Other | - | - | (1) | - | - | 1 | **-** |
| **Provisions at 06.30.2009** | **966** | **-** | **15** | **-** | **22** | **22** | **1 025** |

In the current context of changes on the financial markets, there was a marked general deterioration in the return on employee benefit fund assets in the United Kingdom. In the specific cases of the EDF Energy and British Energy pension funds, this led to an increase in the funds’ accumulated deficits, which amount to £1,217 million (€1,428 million) at June 30, 2009.
Under IAS 19, losses in excess of the “corridor” could be spread over the residual duration of the assets from January 1, 2010.

## 26.7 Other provisions and contingent liabilities

### 26.7.1 Other provisions

At June 30, 2009, details of changes in other provisions are as follows:

| (in millions of euros) | 12.31.2008 | Increases | Decreases | | Changes in scope of consolidation | Other Changes | 06.30.2009 |
|---|---|---|---|---|---|---|---|
| | | | Utilizations | Reversals | | | |
| Provisions for contingencies related to investments | 154 | 35 | (2) | - | - | - | 187 |
| Provisions for tax liabilities | 203 | - | - | - | - | (1) | 202 |
| Provisions for litigation | 495 | 35 | (23) | (8) | 181 | 18 | 698 |
| Provisions for onerous contracts | 241 | 75 | (191) | (2) | 1 172 | 35 | 1 330 |
| Other | 3 645 | 490 | (1 423) | (31) | 207 | (19) | 2 869 |
| **Other provisions** | **4 738** | **635** | **(1 639)** | **(41)** | **1 560** | **33** | **5 286** |

The heading “Other” includes in particular:

- a provision of €729 million to cover the future contribution payable by EDF under the transition tariff system (*tarif réglementé transitoire d’ajustement du marché* – TARTAM) ;
- a provision of €323 million to cover the share of the expenses relating to future work programs adopted by the *Fonds d'Amortissement des Charges d'Electrification* (sinking fund for electrification charges), mainly supported by ERDF;
- a provision of €388 million for the contribution to preserve entitlements to the benefits in the deregulated activities, related to agreements signed with the additional pension organizations;
- provisions of €181 million for greenhouse gas emission quotas;
- provisions of €246 million relating to renewable energy certificates.

The heading “Provisions for litigation” mainly includes a provision of €267 million for litigation with social security bodies.

Changes in scope of consolidation primarily concern fair value measurement of British Energy commodity sales contracts (€1,107 million) and provisions for litigation.

26.7.2 Contingent liabilities

The main development in contingent liabilities during the first half-year of 2009 concerns the litigation with Solaire Direct. On May 19, 2008, Solaire Direct filed a complaint and an application for interim measures with France's Competition Council (*Conseil de la Concurrence*), complaining of "practices by the EDF Group and its subsidiaries on the global services market for photovoltaic electricity generation », which it alleged constituted abuse of a dominant position likely to hinder the arrival and development of new entrants on that market.
In a ruling issued on April 8, 2009, France's new Competition Authority (*Autorité de la Concurrence,* which replaced the *Conseil de la Concurrence* from March 2, 2009) ordered EDF to remove all references to services offered by EDF Energies Réparties (EDF-ENR) from all its communication on the "Bleu Ciel" brand, and also forbid agents answering calls on 3929 to refer to those services. It also stipulated that information EDF possesses due to its business as a supplier of electricity at the regulated tariffs must not be shared with EDF-ENR. EDF has complied with these injunctions.

# Note 27 - Specific French public electricity distribution concession liabilities for existing assets and assets to be replaced

The changes in specific concession liabilities for existing assets and assets to be replaced are as follows at June 30, 2009:

| (in millions of euros) | 12.31.2008 | Change over the period | 06.30.2009 |
|---|---|---|---|
| Value in kind of assets | 36 663 | 233 | 36 896 |
| Unamortized financing by the operator | (17 638) | (147) | (17 785) |
| **Rights in existing assets - net value** | **19 025** | **86** | **19 111** |
| Amortization of financing by the grantor | 8 360 | 279 | 8 639 |
| Provision for renewal | 11 131 | 280 | 11 411 |
| **Rights in assets to be replaced** | **19 491** | **559** | **20 050** |
| **Specific French public electricity distribution concession liabilities for existing assets and assets to be replaced** | **38 516** | **645** | **39 161** |

The valuation methods for specific concession liabilities are identical to those presented in the notes to the 2008 consolidated financial statements, particularly note 2.24, which describes the impact of an alternative calculation method. This would lead to statement of contractual obligations at the discounted value of future payments required for replacement of assets operated under concession at the end of their useful life.

# Note 28 - Current and non-current financial liabilities

## 28.1 Breakdown between current and non-current financial liabilities

Current and non-current financial liabilities break down as follows:

| | 06.30.2009 | | | 12.31.2008 | | |
|---|---|---|---|---|---|---|
| (in millions of euros) | Non-current | Current | Total | Non-current | Current | Total |
| Loans and other financial liabilities | 36 484 | 13 455 | 49 939 | 25 416 | 12 035 | 37 451 |
| Negative fair value of derivatives held for trading | - | 4 938 | 4 938 | - | 3 232 | 3 232 |
| Negative fair value of hedging derivatives | 877 | 3 842 | 4 719 | 168 | 3 691 | 3 859 |
| **Financial liabilities** | **37 361** | **22 235** | **59 596** | **25 584** | **18 958** | **44 542** |

The change in the fair value of trading derivatives is similar to the one observed in financial assets (see note 23.2.1).

## 28.2 Loans and other financial liabilities

### 28.2.1 Changes in loans and other financial liabilities

| (in millions of euros) | Bonds | Loans from financial institutions | Other financial liabilities | Loans related to finance leased assets | Accrued interest | Total |
|---|---|---|---|---|---|---|
| Less than one year | 58 | 7 150 | 5 323 | 30 | 894 | **13 455** |
| From one to five years | 9 838 | 3 100 | 662 | 136 | 4 | **13 740** |
| More than five years | 21 561 | 853 | 276 | 51 | 3 | **22 744** |
| **Loans and financial liabilities at 06.30.2009** | **31 457** | **11 103** | **6 261** | **217** | **901** | **49 939** |

The Group undertook several major bond issues during the first half-year of 2009.

On January 23, 2009, EDF issued two bonds in Euros. The first is a 6-year bond totaling €2 billion, with annual coupon of 5.125%. The second is a 12-year bond totaling €2 billion with annual coupon of 6.25%.

On January 26, 2009, EDF issued a $5 billion bond on the US market in the form of a private placement reserved for institutional investors (issue governed by Rule 144A of the US Securities and Exchange Commission), in three tranches:

- a 5-year $1.25 billion tranche with coupon of 5.50%,
- a 10-year $2 billion tranche with coupon of 6.50%,
- a 30-year $1.75 billion tranche with coupon of 6.95%.

On March 3, 2009, EDF undertook bond issues on the Swiss market:

- one CHF 350 million issue with 3-year maturity and annual coupon of 2%;
- one CHF 300 million issue with 8-year maturity and annual coupon of 4%.

On June 2, 2009, EDF issued a £1.5 billion bond with 25-year maturity and annual coupon of 6.125% as part of its EMTN programme.

These operations contribute to financing of the Group's strategy and early repayment of the bank loan contracted to acquire British Energy, used in January 2009.

Edison also made drawings on credit lines (EDF's share: €661 million) essentially to finance the investment in the Abu Qir gasfields.

Loans and other financial liabilities of the Group's main entities are as follows:

| (in millions of euros) | 06.30.2009 | 12.31.2008 |
|---|---|---|
| EDF SA and other affiliated subsidiaries * | 24 527 | 21 303 |
| EDF Energy** | 16 268 | 7 668 |
| EnBW | 2 749 | 2 551 |
| EDF Energies Nouvelles | 2 264 | 1 916 |
| Edison*** | 2 240 | 1 572 |
| Others | 1 891 | 2 441 |
| **Gross indebtedness** | **49 939** | **37 451** |

* ERDF, RTE, PEI, EDF International and EDF Investissement Groupe

** including holding companies

*** Edison stand alone

At June 30, 2009, none of these entities was in default on any borrowing.

### 28.2.2 Maturity of loans and other financial liabilities

| (in millions of euros) | Bonds | Loans from financial institutions | Other financial liabilities | Loans related to finance leased assets | Accrued interest | Total |
|---|---|---|---|---|---|---|
| Less than one year | 58 | 7 150 | 5 323 | 30 | 894 | **13 455** |
| From one to five years | 9 838 | 3 100 | 662 | 136 | 4 | **13 740** |
| More than five years | 21 561 | 853 | 276 | 51 | 3 | **22 744** |
| **Loans and financial liabilities at 06.30.2009** | **31 457** | **11 103** | **6 261** | **217** | **901** | **49 939** |

### 28.2.3 Credit lines

The Group has credit lines with various banks totaling €9,430 million at June 30, 2009 (€21,388 million at December 31, 2008).

| | 06.30.2009 | | | | 12.31.2008 |
|---|---|---|---|---|---|
| | | Maturity | | | |
| (in millions of euros) | Total | < 1 year | 1 - 5 years | > 5 years | Total |
| Confirmed credit lines | **9 430** | **696** | **8 605** | **129** | **21 388** |

Most of the decrease since December 31, 2008 results from termination of the credit line associated with the syndicated loan of £11 billion contracted for the purchase of British Energy, due to utilizations and the applicable contractual conditions.

## 28.3 Net indebtedness

Net indebtedness comprises total loans and financial liabilities, less cash and cash equivalents and liquid assets. Liquid assets are financial assets consisting of funds or securities with initial maturity of over three months that are readily convertible into cash regardless of their maturity and are managed according to a liquidity-oriented policy.

| (in millions of euros) | Notes | 06.30.2009 | 12.31.2008 |
|---|---|---|---|
| Loans and other financial liabilities | **28.2.1** | 49 939 | 37 451 |
| Derivatives used to hedge liabilities | | 347 | (381) |
| Cash and cash equivalents | | (6 209) | (5 869) |
| Liquid assets | **23.2.1 et 23.2.2** | (7 286) (1) | (6 725) (2) |
| **Net indebtedness** | | **36 791** | **24 476** |

(1) available-for-sale financial assets: €7,209 million, financial assets carried at fair value: €77 million.
(2) available-for-sale financial assets: €6,651 million, financial assets carried at fair value: €74 million.

### 28.4 Changes in net indebtedness

| (in millions of euros) | H1 2009 | H1 2008 |
|---|---|---|
| **Operating profit before depreciation and amortization (EBITDA)** | **10 141** | **9 041** |
| Cancellation of non-monetary items included in EBITDA | (2 527) | (1 306) |
| Change in net working capital | 335 | (1 835) |
| Other items | 146 | 95 |
| **Net cash flow from operations** | **8 095** | **5 995** |
| Acquisitions of intangible assets and property, plant and equipment net of disposals | (5 481) | (4 032) |
| Net financial expenses disbursed | (813) | (445) |
| Income tax paid | (85) | (1 027) |
| **Free cash flow** | **1 716** | **491** |
| Financial investments | (12 293) | (1 546) |
| Dividends paid | (1 225) | (1 322) |
| Other items | 33 | 63 |
| **Monetary increase in net indebtedness, excluding the impact of changes in scope of consolidation and exchanges rates** | **(11 769)** | **(2 314)** |
| Effect of change in scope of consolidation | 710 | (19) |
| Effect of exchange rate fluctuations | (1 283) | 354 |
| Other non-monetary changes | 27 | 57 |
| **Increase in net indebtedness** | **(12 315)** | **(1 922)** |
| **Net indebtedness at beginning of period** | **24 476** | **16 269** |
| **Net indebtedness at end of period** | **36 791** | **18 191** |

### 28.5 Guarantees of borrowings

Guarantees of borrowings by the Group at June 30, 2009 comprise the following:

| | 06.30.2009 | | | | 12.31.2008 |
|---|---|---|---|---|---|
| | Total | Maturity | | | Total |
| (in millions of euros) | | < 1 year | 1 - 5 years | > 5 years | |
| Security interests in real property | **2 227** | 184 | 1 131 | 912 | **2 166** |
| Guarantees related to borrowings | **365** | 103 | 34 | 228 | **429** |
| Other financing commitments | **238** | 111 | 100 | 27 | **564** |
| **Financing commitments given** | **2 830** | **398** | **1 265** | **1 167** | **3 159** |
| **Financing commitments received** * | **95** | **52** | **28** | **15** | **69** |

* Excluding credit lines (see note 28.2.3)

In accordance with the agreement entered into on December 17, 2008 between EDF and Constellation Energy Group (CEG), the $600 million interim backstop borrowing facility granted by EDF to CEG has expired.

# Note 29 - Derivatives and hedge accounting

Changes in the fair value of hedging derivatives recorded in equity (EDF share) break down as follows:

- at June 30, 2009:

| (in millions of euros) | Gross changes in fair value recorded in equity (1) | Taxes related to gross changes in fair value recorded in equity | Changes after taxes in fair value recorded in equity (1) | Ineffectiveness | Gross changes in fair value transferred to income (2) | Taxes related to changes in fair value transferred to income | Changes after taxes in fair value transferred to income (2) |
|---|---|---|---|---|---|---|---|
| Derivatives on: | | | | | | | |
| - Interest rate hedging | 1 | 3 | 4 | 1 | - | - | - |
| - Exchange rate hedging | (579) | 193 | (386) | (1) | (221) | 77 | (144) |
| - Net foreign exchange hedging | (706) | 243 | (463) | - | - | - | - |
| - Commodities hedging | (476) | 177 | (299) | 2 | (648) | 234 | (414) |
| **Hedging derivatives** | **(1 760)** | **616** | **(1 144)** | **2** | **(869)** | **311** | **(558)** |

(1)+ / ( ): increase / decrease in equity (EDF share).
(2) + / ( ): increase / decrease in income.

- at June 30, 2008:

| (in millions of euros) | Gross changes in fair value recorded in equity (1) | Taxes related to gross changes in fair value recorded in equity | Changes after taxes in fair value recorded in equity (1) | Ineffectiveness | Gross changes in fair value transferred to income (2) | Taxes related to changes in fair value transferred to income | Changes after taxes in fair value transferred to income (2) |
|---|---|---|---|---|---|---|---|
| Derivatives on: | | | | | | | |
| - Interest rate hedging | 8 | (3) | 5 | - | - | - | - |
| - Exchange rate hedging | (44) | 15 | (29) | (2) | (32) | 11 | (21) |
| - Net foreign exchange hedging | 255 | (88) | 167 | - | - | - | - |
| - Commodities hedging | 2 058 | (610) | 1 448 | (6) | 108 | (39) | 69 |
| **Hedging derivatives** | **2 277** | **(686)** | **1 591** | **(8)** | **76** | **(28)** | **48** |

(1)+ / ( ): increase / decrease in equity (EDF share).
(2) + / ( ): increase / decrease in income.

Commodity-related cash flow hedges break down as follows:

| (in millions of euros) | Units of measure | 06.30.2009 Net notionals | | | | 06.30.2009 Fair value | 12.31.2008 Net notionals | 12.31.2008 Fair value |
|---|---|---|---|---|---|---|---|---|
| | | < 1 year | From 1 to 5 years | > 5 years | Total | | Total | |
| Swaps | | (1) | - | - | (1) | - | - | 1 |
| Forwards/futures | | 43 | 10 | - | 53 | (966) | 35 | (748) |
| **Power** | **TWh** | **42** | **10** | **-** | **52** | **(966)** | **35** | **(747)** |
| Forwards/futures | | 684 | 499 | - | 1 183 | (174) | 1 524 | (9) |
| **Gas** | **Millions of therms** | **684** | **499** | **-** | **1 183** | **(174)** | **1 524** | **(9)** |
| Swaps | | 14 772 | 3 942 | - | 18 714 | (98) | 19 874 | (638) |
| Forwards/futures | | 244 | - | - | 244 | (2) | 477 | (11) |
| **Oil products** | **Thousands of barrels** | **15 016** | **3 942** | **-** | **18 958** | **(100)** | **20 351** | **(649)** |
| Swaps | | 20 | 3 | - | 23 | (457) | 24 | (403) |
| Forwards/futures | | - | - | - | - | 9 | - | (2) |
| **Coal** | **Millions of tonnes** | **20** | **3** | **-** | **23** | **(448)** | **24** | **(405)** |
| Forwards/futures | | 9 247 | 9 730 | - | 18 977 | 46 | 17 327 | (41) |
| **CO2** | **Thousands of tonnes** | **9 247** | **9 730** | **-** | **18 977** | **46** | **17 327** | **(41)** |
| **Cash flow hedge commodity derivatives** | | | | | | **(1 642)** | | **(1 851)** |

# Note 30 - Derivative instruments not recorded as hedges

Details of commodity derivatives not classified recorded as hedges are as follows:

| (in millions of euros) | Units of measure | 06.30.2009 Net notionals | 06.30.2009 Fair value | 12.31.2008 Net notionals | 12.31.2008 Fair value |
|---|---|---|---|---|---|
| Swaps | | (2) | 835 | (2) | (19) |
| Options | | 14 | 464 | 13 | (92) |
| Forwards/futures | | (16) | (695) | (20) | 152 |
| **Power** | **TWh** | **(4)** | **604** | **(9)** | **41** |
| Swaps | | 26 | (30) | - | 8 |
| Options | | 89 268 | 58 | 86 466 | 54 |
| Forwards/futures | | (863) | 376 | (1 232) | 202 |
| **Gas** | **Millions of therms** | **88 431** | **404** | **85 234** | **264** |
| Swaps | | (9 521) | 127 | (13 712) | 68 |
| Options | | (190) | - | 1 200 | 8 |
| Forwards/futures | | 784 | (16) | 1 680 | (39) |
| **Oil products** | **Thousands of barrels** | **(8 927)** | **111** | **(10 832)** | **37** |
| Swaps | | (59) | 126 | (63) | 651 |
| Options | | - | - | - | - |
| Forwards/futures | | 101 | (1) | 87 | 51 |
| Freight | | 16 | (4) | 11 | 75 |
| **Coal** | **Millions of tonnes** | **58** | **121** | **35** | **777** |
| Swaps | | (432) | (27) | - | (30) |
| Options | | - | - | - | - |
| Forwards/futures | | 4 671 | 727 | 5 726 | 269 |
| **CO2** | **Thousands of tonnes** | **4 239** | **700** | **5 726** | **239** |
| **Embedded commodity derivatives** | | | **1** | | **1** |
| **Non hedging commodity derivatives** | | | **1 941** | | **1 359** |

These mainly include contracts held through EDF Trading's portfolio.

# Note 31 - Other liabilities

Details of other liabilities are as follows:

| (in millions of euros) | 06.30.2009 | 12.31.2008 |
|---|---|---|
| Advances received | 5 115 | 4 783 |
| Liabilities related to property, plant and equipment | 1 481 | 2 096 |
| Tax and social charges | 6 856 | 6 671 |
| Deferred income | 8 274 | 8 027 |
| Other | 4 521 | 4 248 |
| **Other liabilities** | **26 247** | **25 825** |
| **Non current** | 5 663 | 5 628 |
| **Current** | 20 584 | 20 197 |

At June 30, 2009, deferred income includes €2,585 million (€2,317 million at December 31, 2008) of partner advances by EDF under the nuclear plant financing plans, and €2,528 million (€2,529 million

at December 31, 2008) of connection fees concerning ERDF and EDF.
"Other liabilities" include liabilities related to the commitments to repurchase minority interests amounting to €228 million (€237 million at December 31, 2008). They also include the borrowings of Domofinance, a credit institution that finances works and installations contributing to energy control, amounting to €276 million (€261 million at December 31, 2008).

# Note 32 - Contribution of joint ventures

The Group holds investments in joint ventures. These investments are proportionally consolidated.

The joint ventures' contributions to the balance sheet and income statement are as follows at June 30, 2009:

| (in millions of euros) | % owned | Current Assets | Non Current Assets | Current liabilities | Non current liabilities | Sales | Operating profit before depreciation and amortization |
|---|---|---|---|---|---|---|---|
| EnBW | 46,07% | 4 957 | 12 322 | 3 902 | 8 469 | 3 778 | 655 |
| Edison | 48,96% | 1 503 | 6 890 | 1 329 | 2 677 | 2 261 | 353 |
| Other | | 2 321 | 5 615 | 2 260 | 954 | 1 359 | 181 |
| **Total** | | **8 781** | **24 827** | **7 491** | **12 100** | **7 398** | **1 189** |

# Note 33 - Related parties

There have been no significant changes since December 31, 2008 in the types of transaction undertaken with related parties. In particular, the Group has significant ongoing relationships with public-sector enterprises, primarily the Areva Group for the supply, transmission and reprocessing of nuclear fuel and maintenance of nuclear plants. The Areva Group is also a supplier to the EPR (European Pressurized Reactor) project, contributing to the formation of commitments on fixed asset orders.

# Note 34 - Subsequent events

## 34.1 Bond issues

- EDF

  The retail bond issue launched by EDF on June 17, 2009 closed on July 6, 2009, raising €3,269 million for the company. Settlement of the entire operation took place on July 17, 2009, and the bonds have been listed since that date on Euronext Paris (see note 5.3).
  EDF also issued "Samurai bonds" in Japan on July 9, 2009 totaling €820 million (110.4 billion yen).

- EnBW

  On July 7, 2009, EnBW issued two bonds totaling €1,350 million (EDF's share: €622 million):
  - one €750 million bond with 6-year maturity and annual coupon of 4.125%
  - and another of €600 million with 30-year maturity and annual coupon of 6.125%.

- Edison

  On July 16, 2009, Edison issued a €700 million 5-year bond (EDF's share: €342 million) as part of the launch of its EMTN program.

34.2 Approval by the German anti-cartel authorities of acquisition of EWE

On July 6, 2009, the German anti-cartel authorities announced their decision to authorize EnBW to acquire a 26% stake in EWE. The transaction was completed on July 21, 2009 for a total of approximately €2 billion (EDF's share: €0.9 billion).

34.3 Sales of shares in Light

On July 17, 2009, EDF International sold its entire residual investment in Light for the amount of 321 million brazilian reals (€116 million).

34.4 Other authorizations for EnBW

Following signature of an agreement between EnBW Erneuerbare Energien Gmbh and Altus AG on July 14, 2009, a joint venture is to be formed to develop 6 windfarm projects in Germany, with total capacity of 150 MW.

**Electricité de France S.A.**

Registered office: 22-30, avenue de Wagram - 75008 Paris

**Statutory Auditors Report on the condensed consolidated half-year financial statements**

For the six-month period ended June, 30 2009

To the Shareholders,

Following our appointment as statutory auditors by your Annual General Meeting and in accordance with article L.451-1-2 III of the French Monetary and Financial Code ("Code monétaire et financier"), we hereby report to you on:

- the limited review of the accompanying condensed consolidated half-year financial statements of Electricité de France S.A. for the six-month period ended June 30, 2009;
- the verification of information contained in the half-year management report.

These condensed consolidated half-year financial statements were prepared under the responsibility of the Board of Directors in the context of highly volatile financial markets, of the economic and financial crisis, which already prevailed as at the end of the year 2008, and of the difficulty to determine the future economic outlook. Our role is to express a conclusion on these financial statements based on our limited review.

## I. Conclusion on the financial statements

We conducted our limited review in accordance with professional standards applicable in France. A limited review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other limited review procedures. A limited review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated half-year financial statements are not prepared in all material respects in accordance with IAS 34 - the standard of the IFRS as adopted by the European Union applicable to interim financial statements.

Without qualifying our opinion, we draw your attention to the following points described in the notes to the condensed consolidated half-year financial statements:

- the changes in accounting policies described in notes 1.2, 2 and 7 related to the application of standards Revised IAS 1 "Presentation of Financial Statements", Revised IAS 23 "Borrowing Costs" and IFRS 8 "Operating Segments", endorsed by the European Union which became mandatory as at January 1$^{st}$ 2009;

- the valuation of long-term provisions relating to nuclear electricity production as described in notes 26.2 to 26.5, results as indicated in note 1.4 from management's best estimates. This valuation is sensitive to the assumptions made concerning costs, inflation rates, long-term discount rates, and forecast cash outflows. Changes in these parameters could lead to a material revision of the level of provisioning;

- the approach adopted by the Group to present in the balance sheet its obligation to renew property, plant and equipment used for the French public distribution of electricity, is based on the specific characteristics of concession contracts. The amount of contractual obligations as calculated and disclosed annually to the grantors is described in activity reports. As described in note 27, an alternative approach based on the discounted value of future payments necessary for replacement of these assets at the end of their industrial useful life would result in a different representation of the obligation towards grantors. Measurement of the concession liability is notably subject to uncertainty in terms of costs and disbursement dates.

**II. Specific verification**

We have also verified information given in the half-year management report on the condensed consolidated half-year financial statements that were subject to our limited review. We have no matters to report as to its fair presentation and consistency with the condensed consolidated half-year financial statements.

Paris La Défense et Neuilly-sur-Seine, July 29, 2009

The Statutory Auditors

| KPMG Audit<br>*Department of KPMG S.A.* | | Deloitte & Associés | |
|---|---|---|---|
| Jean-Luc Decornoy | Michel Piette | Amadou Raimi | Tristan Guerlain |