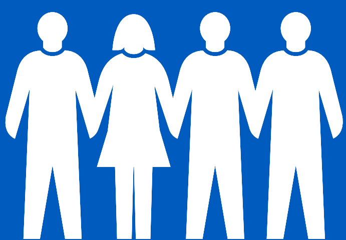
Consolidated financial statements

at December 31, 2009



These financial statements will be submitted for approval by the general Shareholders' Meeting of May 18, 2010

Contents

Consolidated Income Statements

(in millions of Euros)	Notes	2009 (2)	2008 (1)
Sales	9	66,336	63,847
Fuel and energy purchases	10	(26,558)	(26,590)
Other external expenses	11	(11,231)	(10,258)
Personnel expenses	13	(11,452)	(10,476)
Taxes other than income taxes	14	(2,917)	(3,171)
Other operating income and expenses	15	3,288	2,083
Prolongation of the transition tariff system (TaRTAM) – Law of August 4, 2008	16	-	(1,195)
Operating profit before depreciation and amortization		**17,466**	**14,240**
Net depreciation and amortization		(6,976)	(5,714)
Net increases in provisions for renewal of property, plant and equipment operated under concession		(490)	(526)
(Impairment) / reversals	17	(66)	(115)
Other income and expenses	18	173	25
Operating profit		**10,107**	**7,910**
Cost of gross financial indebtedness	19.1	(2,709)	(1,657)
Discount expense	19.2	(3,229)	(2,797)
Other financial income and expenses	19.3	1,413	1,404
Financial result	19	**(4,525)**	**(3,050)**
Income before taxes of consolidated companies		**5,582**	**4,860**
Income taxes	20	(1,614)	(1,599)
Share in income of companies accounted for under the equity method	26	120	367
Group net income		**4,088**	**3,628**
Minority interests		183	144
EDF NET INCOME		**3,905**	**3,484**
Earnings per share in Euros :			
Net earnings per share in Euros	33.4	2.14	1.91
Diluted earnings per share in Euros	33.4	2.14	1.91

(1) 2008 figures have been adjusted for the impact of application of revised IAS 23, "Borrowing costs" and changes in presentation of Edison trading revenues.

(2) Figures for 2009 include the effects of consolidation of:
- *British Energy from January 5, 2009;*
- *Constellation Energy Nuclear Group (CENG) from November 6, 2009;*
- *SPE from November 26, 2009.*

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

(in millions of Euros)	2009	2008 [1]
Group net income	**4,088**	**3,628**
Changes in the fair value of available-for-sale financial assets [2]	1,257	(3,169)
Changes in the fair value of available-for-sale financial assets transferred to income on sale	60	(83)
Changes in the fair value of hedging instruments [3]	(1,393)	(2,104)
Changes in the fair value of hedging instruments transferred to income on sale	1,329	358
Translation adjustments [4]	390	(1,578)
Taxes	(228)	1,435
GAINS AND LOSSES RECORDED DIRECTLY IN EQUITY	**1,415**	**(5,141)**
Net income and gains and losses recorded directly in equity	**5,503**	**(1,513)**
EDF net income	5,285	(1,590)
Minority interests	218	77

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

(2) These changes essentially concern EDF and EnBW. In 2008, they reflect the effects of the financial market crisis (see note 27.3.2).

(3) These changes correspond to the effects of fair value measurement of hedging instruments. The change at December 31, 2009 essentially results from fair value adjustments to exchange rate hedges totaling €(797) million and commodity contracts €(412) million (see note 41.4).
The change at December 31, 2008 primarily results from the upturn in prices on the energy markets observed at the end of the year, which led to fair value adjustments totaling €(3,216) million on coal, electricity and oil product contracts documented as hedges, mainly at EDF, EDF Energy, EnBW, and Edison. It also includes the €857 million effect of hedges of net investments in foreign operations by EDF and EDF International at December 31, 2008.

(4) The 2009 translation adjustments mainly concern the rise in the pound sterling against the Euro.

Consolidated Balance Sheets

ASSETS *(in millions of Euros)*	Notes	12.31.2009 (2)	12.31.2008 (1)
Goodwill	21	13,526	6,807
Other intangible assets	22	5,455	3,099
Property, plant and equipment operated under French public electricity distribution concessions	23	42,451	41,213
Property, plant and equipment operated under concessions for other activities	24	28,251	26,959
Property, plant and equipment used in generation and other tangible assets owned by the Group	25	58,734	39,403
Investments in companies accounted for under the equity method	26	4,421	2,852
Non-current financial assets	27	24,498	18,103
Deferred tax assets	20	3,099	2,900
Non-current assets		**180,435**	**141,336**
Inventories, including work-in-process	28	12,662	9,290
Trade receivables	29	19,633	19,144
Current financial assets	27	12,450	15,329
Current tax assets	20	376	992
Other receivables	30	8,111	8,530
Cash and cash equivalents	31	6,982	5,869
Current assets		**60,214**	**59,154**
Assets classified as held for sale	32	**1,265**	**2**
TOTAL ASSETS		**241,914**	**200,492**

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

(2) Figures for 2009 include the effects of consolidation of:

- *British Energy from January 5, 2009;*
- *Constellation Energy Nuclear Group (CENG) from November 6, 2009;*
- *SPE from November 26, 2009.*

EQUITY AND LIABILITIES *(in millions of Euros)*	Notes	12.31.2009 [2]	12.31.2008 [1]
Capital	33	924	911
EDF net income and consolidated reserves		27,028	22,286
Equity (EDF share)		**27,952**	**23,197**
Minority interests		4,773	1,801
Total Equity	33	**32,725**	**24,998**
Provisions for back-end nuclear cycle	35.1.1	17,531	14,686
Provisions for decommissioning and last cores	35.1.2	20,003	13,886
Provisions for employee benefits	36.1	13,412	12,890
Other provisions	37	1,188	1,953
Non-current provisions		**52,134**	**43,415**
Grantors' rights in existing assets operated under French public electricity distribution concessions	38	19,667	19,025
Grantors' rights in assets to be replaced operated under French public electricity distribution concessions	38	20,217	19,491
Non-current financial liabilities	39	44,755	25,584
Other liabilities	44	5,725	5,628
Deferred tax liabilities	20	7,652	4,134
Non-current liabilities		**150,150**	**117,277**
Provisions	34	5,858	4,722
Trade payables	43	13,348	13,957
Current financial liabilities	39	16,560	18,958
Current tax liabilities		564	383
Other liabilities	44	22,298	20,197
Current liabilities		**58,628**	**58,217**
Liabilities related to assets classified as held for sale	32	**411**	**-**
TOTAL EQUITY AND LIABILITIES		**241,914**	**200,492**

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

(2) Figures for 2009 include the effects of consolidation of:
- *British Energy from January 5, 2009;*
- *Constellation Energy Nuclear Group (CENG) from November 6, 2009;*
- *SPE from November 26, 2009.*

Consolidated Cash Flow Statements

(in millions of Euros)	Notes	2009 (2)	2008 (1)
Operating activities:			
Income before tax from consolidated companies		**5,582**	**4,860**
Impairment	17	66	115
Accumulated depreciation and amortization, provisions and change in fair value		7,805	4,674
Financial income and expenses		1,477	1,057
Dividends received from companies accounted for under the equity method		143	110
Capital gains/losses		(569)	(245)
Change in working capital (3)		(983)	(211)
Net cash flow from operations		**13,521**	**10,360**
Net financial expenses disbursed		(1,408)	(1,068)
Income taxes paid		(963)	(1,720)
Cancellation of the decision of the European Commission		1,224	-
Net cash flow from operating activities		**12,374**	**7,572**
Investing activities:			
Acquisition / disposal of companies, net of cash (acquired / transferred) (4)	7	(13,160)	(281)
Purchases of property, plant and equipment and intangible assets	22, 23, 24, 25	(12,370)	(9,703)
Net proceeds from sale of property, plant and equipment and intangible assets	22, 23, 24, 25	252	214
Changes in financial assets	27	334	(6,895)
Net cash flow used in investing activities		**(24,944)**	**(16,665)**
Financing activities:			
Issuance of borrowings	39	30,228	15,717
Repayment of borrowings	39	(15,486)	(4,882)
Dividends paid by parent company	33.3	(1,228)	(2,438)
Dividends paid to minority interests		(83)	(90)
Capital increase subscribed by minority interests (5)		-	249
Increase in special concession liabilities	38	253	285
Investment subsidies		214	150
Treasury shares		12	(180)
Net cash flow from financing activities		**13,910**	**8,811**
Net increase/(decrease) in cash and cash equivalents		**1,340**	**(282)**
Cash and cash equivalents - opening balance		**5,869**	**6,035**
Effect of currency fluctuations		(237)	(79)
Financial income on cash and cash equivalents		45	188
Effect of other reclassifications		(35)	7
CASH AND CASH EQUIVALENTS – CLOSING BALANCE		**6,982**	**5,869**

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

(2) Figures for 2009 include the effects of consolidation of:
- *British Energy from January 5, 2009;*
- *Constellation Energy Nuclear Group (CENG) from November 6, 2009;*
- *SPE from November 26, 2009.*

(3) In 2008, the change in working capital included reclassification of the amount due to AREVA for the La Hague reprocessing plant as a trade payable amounting to €2,300 million. In 2009 it includes a payment of part of this amount (€(605) million).

(4) The British Energy purchase offer and subsequent squeeze-out offer resulted in a £10,132 million payment (€10,827 million). At January 5, 2009, British Energy's cash and cash equivalents amounted to £1,224 million (€1,308 million).
Following acquisition of 49.99% of Constellation Energy Nuclear Group (CENG), an additional contribution of $3,502 million (€2,508 million) was made on November 6, 2009.
The other major operations of 2009 were the acquisitions by EnBW of a 26% interest in EWE, Lippendorf and Bexbach for approximately €1.4 billion, acquisition of 51% of SPE for €1,328 million and sale of a 20% share of Lake Acquisitions / British Energy to Centrica for £2,215 million (€2,470 million).

(5) Including EDF Énergies Nouvelles (€248 million in 2008).

Changes in Consolidated Equity

(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 12.31.2007	**911**	**24,266**	**(6)**	**(118)**	**2,157**	**27,210**	**1,586**	**28,796**
IAS 23 impacts	-	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)	-	-	-	(1,528)	(3,546)	(5,074)	(67)	(5,141)
Net income	-	3,484	-	-	-	3,484	144	3,628
Net income and gains and losses recorded directly in equity	**-**	**3,484**	**-**	**(1,528)**	**(3,546)**	**(1,590)**	**77**	**(1,513)**
Dividends paid	-	(2,438)	-	-	-	(2,438)	(91)	(2,529)
Repurchase of treasury shares	-	-	(441)	-	-	(441)	-	(441)
Sales of treasury shares	-	-	261	-	-	261	-	261
Other changes (4)	-	138	-	6	(2)	142	220	362
Equity at 12.31.2008 (1)	**911**	**25,501**	**(186)**	**(1,638)**	**(1,391)**	**23,197**	**1,801**	**24,998**
Gains and losses recorded directly in equity (2)	-	-	-	354	1,026	1,380	35	1,415
Net income	-	3,905	-	-	-	3,905	183	4,088
Net income and gains and losses recorded directly in equity	**-**	**3,905**	**-**	**354**	**1,026**	**5,285**	**218**	**5,503**
Dividends paid (3)	-	(2,166)	-	-	-	(2,166)	(83)	(2,249)
Share capital increase (3)	13	924	-	-	-	937	-	937
Repurchase of treasury shares	-	-	(82)	-	-	(82)	-	(82)
Sales of treasury shares	-	-	94	-	-	94	-	94
Other changes (5)	-	524	200	(36)	(1)	687	2,837	3,524
EQUITY AT 12.31.2009	**924**	**28,688**	**26**	**(1,320)**	**(366)**	**27,952**	**4,773**	**32,725**

(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.

(3) Including interim dividends of €1,002 million (€64 million in the form of cash payments and €938 million in the form of newly-issued shares) and the balance of the 2008 dividend amounting to €1,164 million.

(4) Other changes in consolidated equity in 2008 include €248 million resulting from the capital increase by EDF Énergies Nouvelles, subscribed by minority shareholders.

(5) Changes in "consolidated reserves and net income" mainly result from the effect of cancellation of the European Commission decision (€889 million) and the 20% partial sale without loss of control of Lake Acquisitions / British Energy.

Changes in minority interests essentially concern Centrica's investment in Lake Acquisitions / British Energy.

Notes to the consolidated financial statements

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

The Company's consolidated financial statements 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 is an integrated energy company engaged in all aspects of the energy business: generation, transmission, distribution, supply and trading of energies.

The Group's consolidated financial statements at December 31, 2009 were prepared under the responsibility of the Board of Directors and approved by the Directors at the Board meeting held on February 10, 2010. They will become final after approval at the general shareholders' meeting to be held on May 18, 2010.

Note 1 Group accounting standards

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 for the year ended December 31, 2009 are prepared under the international accounting standards published by the IASB and approved by the European Union for application at December 31, 2009. These international standards are IAS (International Accounting Standards), IFRS (International Financial Reporting Standards), and interpretations issued by the SIC and IFRIC.

The consolidated financial statements for 2009 contain comparative information for the financial year 2008 after restatement for the effect of application IAS 23 (revised), "Borrowing costs" and changes in the presentation of Edison trading revenues.

1.2 Changes in accounting methods at January 1, 2009

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

This concerns the following standards, amendments and interpretations:
- revised 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 no longer allows 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 8;
- amendments to IFRS 1 and IAS 27 "Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate";
- the amendment to IFRS 2, "Vesting conditions and cancellations";
- amendments to IAS 32 and IAS 1 entitled "Puttable financial instruments and obligations arising on liquidation";
- amendments to IFRS 7, "Improving Disclosures about Financial Instruments";
- amendments to IFRIC 9 and IAS 39, "Embedded Derivatives";
- amendments applicable as of January 1, 2009 as part of the annual improvements to IFRSs (2006-2008);
- IFRIC 13, "Customer Loyalty Programmes";
- IFRIC 14, "IAS 19 – The Limit on a Defined Benefit Asset, minimum funding requirements and their interaction".

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

On September 10, 2009 the European Union adopted a new version of the amendment to IAS 39 and IFRS 7, "Reclassification of financial assets – Effective date and transition". The previous amendment had applied since July 1, 2008 without any impact on the EDF group financial statements. As the new amendment does not require companies that complied with the previous version to present new financial statements, the Group is unaffected by this new endorsement.

In accordance with article 2 of European Commission regulation EC 1164/2009 (November 27, 2009), the Group will apply IFRIC 18, "Transfers of Assets from Customers", from January 1, 2010, the start of the first financial year beginning after October 31, 2009. Upon first application, this interpretation is expected to have a positive impact of some €1.8 billion (net of taxes) on Group equity (see note 3.7).

The Group has decided against early application of standards endorsed by the European Union during 2009 but not yet mandatory:
- IAS 27, "Consolidated and Separate Financial Statements" as amended, and revised IFRS 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 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 3.12.1 to the financial statements at December 31, 2009. 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;
- revised IFRS 1, "First-time Adoption of International Financial Reporting Standards", which was adopted by the European Union on November 26, 2009 and has no impact on the Group's financial statements;
- amendment to IAS 32, "Classification of rights issues", which was approved by the European Union on December 24, 2009. The potential impact is currently being evaluated;
- amendments to IAS 39 on "Eligible hedged items", which were adopted by the European Union on September 16, 2009 and applied to financial years starting on or after July 1, 2009 *(i.e.* from January 1, 2010 for EDF). The potential impact is currently being assessed;
- amendments to IFRS 5, « Non-current assets held for sale and discontinued operations » and IFRS 1, "First-time Adoption of International Financial Reporting Standards" described in the annual improvements (2006-2008) to international standards, which will be mandatory for financial years beginning on or after January 1, 2010;
- IFRIC 15, "Agreements for the Construction of Real Estate", approved by the European Union on July 23, 2009. This interpretation has no impact for the Group;
- IFRIC 16, "Hedges of a Net Investment in a Foreign Operation" adopted by the European Union on June 5, 2009: the potential impact of this interpretation is currently being evaluated;
- IFRIC 17, "Distributions of Non-cash Assets to Owners" adopted by the European Union on November 27, 2009: the potential impact of this interpretation is currently being evaluated.

Similarly, the Group has not opted for early application of the following standards, amendments and interpretation likely to be approved by the European Union in 2010 at the earliest:

- revised IAS 24, "Related party disclosures";
- annual improvements to IFRS (2007-2009);
- amendments to IFRS 1, "Additional exemptions for first-time adopters";
- amendment to IFRS 2, "Group cash-settled share-based payment transactions";
- amendments to IFRIC 14, "Prepayments of a minimum funding requirement";
- IFRIC 19, "Extinguishing financial liabilities with equity instruments".

Finally, as part of the ongoing overhaul of IAS 39, the IASB adopted a new standard in November 2009, IFRS 9, "Financial instruments" (Phase 1, Classification and Measurement). This standard has not yet been adopted by the EU, and in application of current regulations, cannot be applied early for the year ended December 31, 2009.

The potential impact of all of these standards, amendments and interpretations is still under assessment.

Note 2 Comparability

– Revised IAS 23, "Borrowing costs"

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).

– Edison's trading activities

Edison developed its energy trading business during 2008. To comply with Group presentation rules, the corresponding revenues are reported net of purchases from 2009. Sales and fuel purchases for 2008 have consequently been restated, leading to a €432 million reduction.

2.1 Impact on the consolidated income statement for 2008

(in millions of Euros)	2008 as published	IAS 23 impacts	Netting Trading Edison	2008 restated
Sales	64,279	-	(432)	63,847
Fuel and energy purchases	(27,022)	-	432	(26,590)
Other external expenses	(10,258)	-	-	(10,258)
Personnel expenses	(10,476)	-	-	(10,476)
Taxes other than income taxes	(3,171)	-	-	(3,171)
Other operating income and expenses	2,083	-	-	2,083
Prolongation of the transition tariff system (TaRTAM) – Law of August 4, 2008	(1,195)	-	-	(1,195)
Operating profit before depreciation and amortization	**14,240**	**-**	**-**	**14,240**
Net depreciation and amortization	(5,713)	(1)	-	(5,714)
Net increases in provisions for renewal of property, plant and equipment operated under concessions	(526)	-	-	(526)
(Impairment) / reversals	(115)	-	-	(115)
Other income and expenses	25	-	-	25
Operating profit	**7,911**	**(1)**	**-**	**7,910**
Cost of gross financial indebtedness	(1,657)	-	-	(1,657)
Discount expense	(2,797)	-	-	(2,797)
Other financial income and expenses	1,287	117	-	1,404
Financial result	**(3,167)**	**117**	**-**	**(3,050)**
Income before taxes of consolidated companies	**4,744**	**116**	**-**	**4,860**
Income taxes	(1,561)	(38)	-	(1,599)
Share in income of companies accounted for under the equity method	352	15	-	367
Group net income	**3,535**	**93**	**-**	**3,628**
Minority interests	135	9	-	144
EDF NET INCOME	**3,400**	**84**		**3,484**

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

ASSETS

(in millions of Euros)	12.31.2008 as published	IAS 23 impacts and trading Edison	12.31.2008 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 [(1)]	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

(in millions of Euros)	12.31.2008 as published	IAS 23 impacts and trading Edison	12.31.2008 restated
Capital	911	-	911
EDF net income and consolidated reserves	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 to be replaced operated under French public electricity distribution concessions	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**

[(1)] Breakdown of the impact of IAS 23:

(in millions of Euros)	12.31.2008 as published	IAS 23 impacts	12.31.2008 restated
Property, plant and equipment owned by the Group	33,547	33	33,580
Property, plant and equipment in progress	5,389	125	5,514
Leased property, plant and equipment	309	-	309
PROPERTY, PLANT AND EQUIPMENT USED IN GENERATION AND OTHER TANGIBLE ASSETS OWNED BY THE GROUP	**39,245**	**158**	**39,403**

2.3 Impact on the consolidated cash flow statement for 2008

(in millions of Euros)	2008 as published	IAS 23 impacts	2008 restated
Operating activities:			
Income before tax from consolidated companies	**4,744**	**116**	**4,860**
Accumulated depreciation and amortization, provisions and change in fair value	4,788	1	4,789
Financial income and expenses	1,174	(117)	1,057
Dividends received from companies accounted for under the equity method	110	-	110
Capital gains/losses	(245)	-	(245)
Change in working capital	(211)	-	(211)
Net cash flow from operations	**10,360**	**-**	**10,360**
Net financial expenses disbursed	(1,068)	-	(1,068)
Income taxes paid	(1,720)	-	(1,720)
Net cash flow from operating activities	**7,572**	**-**	**7,572**
Net cash flow used in investing activities	**(16,665)**	**-**	**(16,665)**
Net cash flow from financing activities	**8,811**	**-**	**8,811**
Net increase/(decrease) in cash and cash equivalents	**(282)**	**-**	**(282)**
Cash and cash equivalents - opening balance	**6,035**	**-**	**6,035**
Effect of currency fluctuations	(79)	-	(79)
Financial income on cash and cash equivalents	188	-	188
Effect of other reclassifications	7	-	7
CASH AND CASH EQUIVALENTS - CLOSING BALANCE	**5,869**		**5,869**

Note 3 Summary of the principal accounting and valuation methods

The following accounting methods have been applied consistently through all the periods presented in the consolidated financial statements.

3.1 Valuation

The consolidated financial statements are based on historical cost valuation, with the exception of certain financial instruments and available-for-sale financial assets, which by convention are stated at fair value.

The methods used to determine the fair value of these instruments are presented in note 3.16.

3.2 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 year-end. The figures in future financial statements may differ from current estimates due to changes in these assumptions or economic conditions.

The principal sensitive accounting methods involving use of estimates and judgments are described below. Given their importance in the EDF group's financial statements, the impact of any change in assumption in these areas could be significant.

3.2.1 Nuclear provisions

The measurement of provisions for the back-end of the 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.

A change in the discount rate would be considered as a change in estimate in the same way as a change in disbursement schedule or contractor's quote, and the impacts would be recognized as follows:
- in the corresponding assets if the provision was initially covered by balance sheet assets;
- in the income statement in all other cases.

Such a change could have a significant impact on the consolidated financial statements.

Sensitivity analyses are presented in note 35.2.3.2.

3.2.2 Pensions and other long-term and post-employment benefits

The value of pensions and other long-term and post-employment benefit obligations is based on actuarial valuations that are sensitive to assumptions concerning discount rates and wage increase rates, and all the actuarial assumptions used.

Sensitivity analyses are presented in note 36.4.

3.2.3 Impairment of goodwill and long-term assets

Impairment tests on goodwill and long-term assets are sensitive to the macro-economic and segment assumptions used, and medium-term financial forecasts. The Group therefore revises the underlying estimates and assumptions based on regularly updated information.

3.2.4 Financial instruments

In measuring the fair value of unlisted financial instruments (essentially energy contracts), the Group uses valuation models involving a certain number of assumptions subject to unforeseeable developments. Any change in those assumptions could have a significant impact on the financial statements.

3.2.5 Energy and delivery not yet metered

As explained in note 3.7, 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.

3.2.6 Valuation of obligations concerning French public distribution concession assets to be replaced

In view of the specific nature of French public electricity distribution concessions, the Group has opted to present its obligation to renew property, plant and equipment in the balance sheet at a value corresponding to the amount of contractual commitments as calculated and disclosed to the grantors in the annual business reports. An alternative approach would be to value the obligations based on the discounted value of future payments necessary for replacement of these assets at the end of their industrial useful life. The impacts this alternative approach would have had on the accounts are shown in note 3.24 for information. Whatever valuation method is used, measurement of the concession liability concerning assets to be replaced is notably subject to uncertainty in terms of cost and disbursement dates.

3.2.7 Transition tariff system *(Tarif réglementé transitoire d'ajustement du marché* or *TaRTAM)*

To assess the contribution payable by the Group in application of the transition tariff defined in the French laws of December 7, 2006 and August 4, 2008, various assumptions have been used based on the best available information and forecasts, particularly regarding the numbers of customers applying to benefit from this tariff, developments in electricity market prices and the share of the compensation to be financed by the Contribution to the Public Electricity Service (*Contribution au service public de l'électricité* or CSPE) at each reporting date.

3.2.8 Other Management Judgments

The use of estimates and assumptions is also particularly important in measuring the amounts of the Contribution to the Public Electricity Service (CSPE) receivable for the year, and in the recognition of deferred tax assets.

Against the economic and financial crisis which continued in 2009 and was mainly characterized by a degree of 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.

3.3 Consolidation methods

Subsidiaries are companies in which the Group has exclusive control and are fully consolidated. Exclusive control means the power to govern the enterprise's financial and operating policies either directly or indirectly so as to obtain benefit from its activities. Exclusive control is presumed when EDF directly or indirectly holds more than 50% of the voting rights. Voting rights that are potentially exercisable at the closing date, even by another party, are taken into consideration in determining the level of control over a subsidiary.

Joint ventures are companies that the Group jointly controls, and are proportionally consolidated on the basis of the Group's percentage interest. Joint control means sharing control over a company jointly operated by a limited number of partners or shareholders, such that the operating and financial policies result from their mutual agreement.

Associates are companies in which the Group exercises significant influence on the financial and operating policies without controlling the company. The Group is considered to exercise significant influence when it holds at least 20% of the consolidated company. Associates are accounted for under the equity method. They are carried in the balance sheet at historical cost adjusted for the share of net assets generated after acquisition, less any impairment. The Group's share in net income for the period is reported under the income statement heading "Share in income of companies accounted for under the equity method".

The results of companies acquired during the year are recognized in the Group's consolidated income statement from the date on which control is acquired, until control is transferred upon disposal.

All significant transactions between consolidated companies and unrealized internal profits are eliminated.

A list of subsidiaries, joint ventures and associates is presented in note 49.

3.4 Financial statement presentation rules

Assets and liabilities of dissimilar natures or functions are disclosed separately.

Assets and liabilities contributing to working capital used in the entity's normal operating cycle are classified as current. Other assets and liabilities are classified as current if they mature within one year of the closing date, and non-current if they mature more than one year after the closing date.

Commitments by an EDF group entity to purchase minority interests in a fully consolidated entity are reported under current or non-current "Other liabilities", with corresponding adjustments to goodwill and minority interests.

The income statement presents items by nature. The heading "Other income and expenses" presented below the operating profit before depreciation and amortization comprises items of an unusual nature or amount.

3.5 Translation methods

3.5.1 Reporting currency

The Group's financial statements are presented in Euros, which is both the functional and reporting currency of the EDF group. All financial data are rounded up or down to the nearest million.

3.5.2 Functional currency

An entity's functional currency is the currency of the economic environment in which it primarily operates. In most cases, the local currency is the functional currency, but for some entities, a functional currency other than the local currency may be used provided it reflects the currency used in the principal transactions.

3.5.3 Translation of the financial statements of foreign companies whose functional currency is not the Euro

The financial statements of foreign companies whose functional currency is not the Euro are translated as follows:

- balance sheets are translated into Euros at the closing rate;
- income statements and cash flows are translated at the average rate for the period;
- resulting differences are recognized in equity under the heading "Translation adjustments".

Currency translation differences affecting a monetary item that is an integral part of the Group's net investment in a consolidated foreign company are included in consolidated equity until the disposal or liquidation of the net investment, at which date they are recognized as income or expenses in the income statement, in the same way as other translation adjustments concerning the Company.

3.5.4 Translation of transactions in foreign currencies

In application of IAS 21, transactions expressed in foreign currencies are initially translated and recorded in the functional currency of the entity concerned, using the rate in force at the transaction date.

At each reporting date, monetary assets and liabilities expressed in foreign currencies are translated at the closing rate. The resulting foreign exchange differences are taken to the income statement.

3.6 Related parties

Related parties include the French State, companies in which the State holds majority ownership and certain of their subsidiaries, and companies in which EDF exercises joint control or significant influence. They also include members of the Group's management and governance bodies.

3.7 Sales

Sales essentially comprise income from the sale of energy and services, which mainly include energy transmission and distribution services, and capacity and interconnection auctions.

The Group accounts for sales when:
- a contract exists;
- delivery has taken place (or the service has been provided);
- a quantifiable price has been established or can be determined;
- and the receivables are likely to be recovered.

Delivery takes place when the risks and benefits associated with ownership are transferred to the buyer.

Energy delivered but not yet measured or billed is calculated based on consumption statistics and selling price estimates.

Sales of goods and revenues on services not completed at the balance sheet date are valued by reference to the stage of completion at that date.

Energy trading operations are recognized net of purchases.

The financial contributions received from customers upon connection to the electricity network are mostly recorded as deferred income and transferred to sales over a period that depends on the useful life of the assets they contribute to finance, or the estimated term of customer contracts.

The Group will apply IFRIC 18 retrospectively from January 1, 2010 (see note 1.2). At that date, the Group entities EDF, ERDF, Électricité de Strasbourg, EDF Energy, Demasz and SSE, for which IFRIC 18 will entail a change of accounting method (discontinuation of deferral) will transfer their existing deferred income to equity. Connection income received from January 1, 2010 will be recorded in revenues for the year. RTE and EnBW will continue to defer such income due to the nature of their services associated with these contributions, and their tariff structure.

3.8 Income taxes

Income taxes include the current tax expense (income) and the deferred tax expense (income), calculated under the tax legislation in force in the countries where earnings are taxable.

Current and deferred taxes are recorded in the income statement, or in equity if they concern items directly allocated to equity.

The current tax expense (income) is the estimated amount of tax due on the taxable income for the period, calculated using the tax rates adopted at the year-end.

Deferred taxes result from temporary differences between the book value of assets and liabilities and their tax basis. No deferred taxes are recognized for temporary differences generated by:
- goodwill which is not tax deductible;
- the initial recognition of an asset or liability in a transaction which is not a business combination and does not affect the accounting profit or taxable profit (tax loss) at the transaction date;
- investments in subsidiaries, joint ventures and associates, when the Group controls the timing of reversal of the temporary differences, and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are valued at the expected tax rate for the period in which the asset will be realized or the liability settled, based on tax rates adopted at the year-end. If the tax rate changes, deferred taxes are adjusted to the new rate and the adjustment is recorded in the income statement, unless it relates to an underlying for which changes in value are recorded in equity, for example hedging instruments and available-for-sale financial assets.

Deferred taxes are reviewed at each closing date, to take into account changes in tax legislation and the prospects for recovery of deductible temporary differences. Deferred tax assets are only recognized when it is probable that the Group will have sufficient taxable profit to utilize the benefit of the asset in the foreseeable future, or beyond that horizon, if there are deferred tax liabilities with the same maturity.

3.9 Goodwill and business combinations

Business combinations are recognized under the purchase method defined in IFRS 3 as published in 2004. Purchase cost is the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued by the purchaser at the acquisition date, plus costs directly attributable to the purchase.

3.9.1 Determination of goodwill

Goodwill corresponds to the difference between the cost of a business combination and the Group's share in the fair value of the identifiable assets, liabilities and contingent liabilities of the company acquired on the date control is transferred. When the difference is negative, it is immediately included in the income statement.

The fair values of assets and liabilities and the resulting goodwill are finalized within 12 months of the acquisition.

If minority interests are acquired in an associate without full control resulting, the Group continues to carry the assets and liabilities acquired previously at the same value in the consolidated financial statements.

3.9.2 Measurement and presentation of goodwill

Goodwill on acquisition of subsidiaries or joint ventures is disclosed separately in the balance sheet. Impairment on this goodwill is reported under the heading "Impairments", in the income statement.

Goodwill on acquisition of associates is included in the investment's net book value. Impairment on this goodwill is included under the heading "Share in income of companies accounted for under the equity method".

After initial recognition, goodwill is carried at cost less any impairment recognized.

Goodwill is not amortized, but impairment tests are carried out as soon as there is an indication of possible loss of value, and at least annually, as described in note 3.15.

3.10 Other intangible assets

Other intangible assets mainly consist of software, patents and similar rights, operating rights, brands and development costs. These assets are amortized on a straight-line basis over their useful lives.

Other intangible assets also include purchased greenhouse gas emission rights, which are not amortized.

3.10.1 Research and Development expenses

Research expenses are recognized as expenses in the financial period incurred.

Development expenses are recognized as an intangible asset if the Group can demonstrate:

- the technical feasibility of making the intangible asset ready for commissioning or sale;

- its intention to complete the intangible asset and use or sell it;
- its ability to use or sell the intangible asset;
- how the intangible asset will generate likely future economic benefits;
- the availability of the appropriate resources (technical, financial or other) to complete development and use or sell the intangible asset;
- its ability to provide a reliable estimate of expenses attributable to the intangible asset during its development.

3.10.2 Greenhouse gas emission rights

The Group applies the following treatment to greenhouse gas emission rights:

- purchased emission rights are recorded as intangible assets at acquisition cost; when they have been granted for nil consideration by the relevant State under the National Allocation Plan, they are not shown in the balance sheet;
- when a Group entity's actual emissions for the year are higher than the rights allocated by the State less completed transactions on the spot or forward markets for rights still held in respect of that year, a provision is recorded to cover the excess emissions. This provision is equivalent to the acquisition cost up to the amount of rights acquired on the spot or forward markets, and based on market prices for the balance.
  The provision is cancelled when rights are surrendered to the State.

Forward purchases and sales of rights carried out as part of trading activities are recorded in compliance with IAS 39 and stated at fair value at the balance sheet date. Changes in fair value are taken to the income statement.

3.10.3 Renewable energy certificates

When a Group electricity producer or supplier under an obligation to sell a determined quantity of renewable energy is not in a position to meet that obligation at year-end, the Group applies the following accounting treatment:

- energy savings certificates awarded to the entity are not recognized insofar as they do not exceed the level of the obligation;
- certificates purchased are included in intangible assets at cost;
- a provision is established equivalent to the shortfall at the reporting date, proportionally to the period concerned. The value of the provision is based on the acquisition price of certificates already purchased on the spot or forward markets, and the market price or penalty price for the balance. The provision is cancelled when certificates are surrendered to the State.

If the entity has no obligation to sell renewable energy, certificates received or purchased for resale are included in inventories.

3.11 Concession assets, generation assets and other property, plant and equipment

The Group's property, plant and equipment are reported under three balance sheet headings, as appropriate to the business and contractual circumstances of their use:

- property, plant and equipment operated under French public electricity distribution concessions;
- property, plant and equipment operated under concessions for other activities;
- property, plant and equipment used in generation and other tangible assets owned by the Group.

3.11.1 Initial measurement

Property, plant and equipment are recorded at acquisition or production cost.

The cost of facilities developed in-house includes all labor and materials costs, and all other production costs attributable to the construction cost of the asset.

The Group capitalizes safety expenses incurred as a result of legal and regulatory obligations sanctioning non-compliance by an administrative ban from operation.

The cost of property, plant and equipment also includes decommissioning costs for generation plants, and last core costs for nuclear facilities. These assets are associated with the provisions recorded to cover these obligations. At the date of commissioning, they are measured and recorded in the same way as the corresponding provision (see note 3.22). The following components are thus included in the balance sheet value of property, plant and equipment:

- the discounted cost of decommissioning the facilities;
- for nuclear facilities, the discounted cost of last core nuclear fuel, including depreciation of residual reactor fuel that will not be fully irradiated when production shuts down, the cost of nuclear fuel processing and the cost of removing and storing waste from these operations.

Strategic safety spare parts for nuclear facilities are treated as property, plant and equipment, and depreciated pro rata with the useful life of the facilities to which they are assigned.

When a part of an asset has a different useful life from the overall asset's useful life, it is identified as an asset component.

This component approach mainly concerns the costs of the regulatory ten-yearly services of nuclear plants, and major scheduled servicing costs which are amortized over a period corresponding to the time elapsing between two services. It also applies to certain parts which have their own specific useful life.

Borrowing costs incurred to finance installations are capitalized when they contribute directly to acquisition, construction or production of a qualifying asset (note 2).

3.11.2 Depreciation

Property, plant and equipment are depreciated on a straight-line basis over their useful life, defined as the period during which the Group expects to draw future economic benefits from their use.

The estimated useful lives for the principal facilities are the following:

- Hydroelectric dams: 75 years
- Electromechanical equipment used in hydropower plants: 50 years
- Fossil-fired plants: 30 to 45 years
- Nuclear power plants: 40 years*
- Transmission and distribution installations (lines, substations): 20 to 45 years
- Windfarm and photovoltaic facilities 20 to 25 years

3.12 Concession agreements

3.12.1 Accounting treatment

The EDF group records public/private agreements in compliance with standards and interpretations IAS 16, IAS 17, IAS 18, IAS 37, IFRS 6 and IFRIC 4 as appropriate to the specific features of those agreements.

IFRIC 12, "Service concession arrangements" was adopted by the European Union on March 25, 2009 and will be applied by the Group from January 1, 2010.

The Group has carried out an analysis and considers that application of IFRIC 12 will have only a limited impact on its balance sheet and income statement.

3.12.2 French concessions

In France, the Group is the operator for three types of public service concessions:

- public electricity distribution concessions in which the grantors are local authorities (municipalities or syndicated municipalities);
- hydropower concessions with the State as grantor;
- the public transmission network operated under concession from the State.

3.12.2.1 PUBLIC ELECTRICITY DISTRIBUTION CONCESSIONS

GENERAL BACKGROUND

Since the enactment of the French Law of April 8, 1946, EDF has by law been the sole operator for the main public distribution concessions in France.

The accounting treatment of concessions is based on the concession agreements, with particular reference to their special clauses. It takes into consideration the possibility that EDF may one day lose its status as the sole authorized State concession operator.

These contracts cover terms of between 20 and 30 years, and generally use standard concession rules deriving from the 1992 Framework Contract negotiated with the National Federation of Licensing Authorities (*Fédération Nationale des Collectivités Concédantes et Régies* – FNCCR) and approved by the public authorities.

RECOGNITION OF ASSETS AS PROPERTY, PLANT AND EQUIPMENT OPERATED UNDER FRENCH PUBLIC ELECTRICITY DISTRIBUTION CONCESSIONS

All assets used by EDF in public electricity distribution concessions in France, whether they are owned by the grantor or the operator, are reported together under a specific line in the balance sheet assets at acquisition cost or their estimated value at the transfer date when supplied by the grantor.

3.12.2.2 HYDROPOWER CONCESSIONS

Hydropower concessions in France follow standard rules approved by decree. Assets attributed to the hydropower concessions comprise hydropower generation equipment (dams, pipes, turbines, etc.) and, in the case of recently-renewed concessions, electricity generation and switching facilities.

Assets used in these concessions are recorded under "Property, plant and equipment operated under concessions for other activities" at acquisition cost. As a result of recent changes in the regulations following removal of the outgoing operator's preferential right when a concession is renewed, the Group has shortened the depreciation periods used for certain assets (see note 4.1)

* Subject to regulations applicable in certain countries.

3.12.2.3 FRENCH PUBLIC TRANSMISSION CONCESSION

Following enactment of the French law of February 10, 2000, the public electricity transmission network was operated by an independent entity within EDF. This service was then transferred to a fully-consolidated subsidiary named RTE EDF Transport with effect from January 1, 2005.

A new set of standard rules for the public transmission concession was approved by decree 2006-1731 of December 23, 2006. The amendment to the agreement of November 27, 1958 transferring the concession for the French public electricity transmission network to RTE EDF Transport was signed on October 30, 2008. The concession terminates on December 31, 2051.

The assets operated under this concession belong by law to RTE EDF Transport. They are recorded under "Property, plant and equipment operated under concessions for other activities".

3.12.3 Foreign concessions

The rules governing concessions outside France depend on the contracts and national legislations concerned. Assets operated under concession outside France are recorded under "Property, plant and equipment operated under concessions for other activities", with the exception of prospecting rights and expenses associated with discovery of mineral resources, which are classified as intangible assets. The principal countries concerned are:

– United Kingdom

EDF Energy owns public electricity distribution networks. It has a monopoly on the geographical area covered by its license, and the network can be sold at fair value. Licenses may be terminated in the event of breach of obligations, subject to 25 years' notice.

– Germany

The distribution networks operated under concession by EnBW belong to EnBW for the duration of the concession. In the event that the concession is not renewed, EnBW may transfer the network at fair value or at amortized replacement value.

– Italy

Edison operates hydrocarbon generation sites, gas storage sites, local gas distribution networks and hydropower generating plants under concessions. It owns all the assets except for some items of property, plant and equipment on the hydropower generation sites, such as pipes, which are transferable for nil consideration upon expiry of the concession.

Hydropower generation assets which will be returned for nil consideration at the end of the concession are depreciated over the duration of the concession.
Hydrocarbon generation sites are recorded in compliance with the rules applicable to the sector (see note 3.13).

Assets related to exploration and generation companies and Edison's hydrocarbon concessions are depreciated under the unit of production (UOP) method; expenses associated with discovery of specific mineral resources are amortized over the year.

3.13 Hydrocarbon prospecting, exploration and generation

The Group applies IFRS 6, "Exploration for and Evaluation of Mineral Resources".

Exploration costs and costs incurred in connection with geological surveys, exploratory testing, geological and geophysical mapping and exploratory drilling are recognized as intangible assets and fully amortized in the year they are incurred.

Development costs related to commercially viable mineral wells and production costs incurred to build facilities to extract and store hydrocarbons are recognized as "Property plant and equipment used in generation and other tangible assets owned by the Group" or "Property, plant and equipment operated under concessions for other activities" as appropriate.

They are amortized under the UOP ("Unit Of Production") method.

3.14 Leases

In the course of its business, the Group uses assets made available under lease contracts. These contracts are analyzed in the light of the situations described and indicators supplied in IAS 17 in order to determine whether they are finance leases or operating leases.

3.14.1 Finance leases

Lease agreements that effectively transfer virtually all the risks and benefits incident to ownership of the leased assets to the Group are classified as finance leases. The main criteria examined in determining whether virtually all the risks and benefits are transferred by an agreement are the following:

- the ratio of the duration of the lease to the leased assets' useful life;
- total discounted future payments as a ratio of the fair value of the financed asset;
- whether ownership is transferred at the end of the lease;
- whether the purchase option is attractive;
- the features specific to the leased asset.

Finance-leased assets are reported under the relevant asset headings, with recognition of a corresponding financial liability: they are depreciated over their useful life, or over the term of the corresponding lease agreement when this is shorter.

If the Group performs a sale and leaseback operation resulting in a finance lease agreement, this is recognized in accordance with the principles described above. If the transfer price is higher than the asset's book value, the surplus is deferred and recognized as income progressively over the term of the lease.

3.14.2 Operating leases

Lease agreements that do not qualify as finance leases are classified and recognized as operating leases.
Payments made in application of these agreements are included in expenses in the income statement.

3.14.3 Arrangements containing a lease

In compliance with interpretation IFRIC 4, the Group identifies agreements that convey the right to use an asset or group of specific assets to the purchaser although they do not have the legal form of a lease contract, as the purchaser in the arrangement benefits from a substantial share of the asset's production and payment is not dependent on production or market price.

Such arrangements are treated as leases, and analyzed with reference to IAS 17 for classification as either finance or operating leases.

3.15 Impairment of goodwill, intangible assets and property, plant and equipment

At the year-end and at each interim reporting date, the Group assesses whether there is any indication that any goodwill or asset could have been significantly impaired. If so, an impairment test is carried out as follows:

- the Group measures any long-term asset impairment by comparing the carrying value of these assets and goodwill, classified into Cash-generating units where necessary, and their recoverable amount.
  Cash-generating units (CGU) are groups of homogeneous assets that generate identifiable cash flows benefiting from synergies resulting from the acquisition. The Group's Cash-generating units comprise either subgroups or legal entities, broken down where necessary by activity (generation and supply, distribution, transmission, other). Goodwill is allocated to the Cash-generating units (CGU).

The recoverable value of these units is the higher of fair value net of disposal costs, and value in use. Value in use is determined with reference to discounted future net cash flows based on medium-term financial projections. When this recoverable value is lower than the carrying amount in the balance sheet, an amount equal to the difference is booked under the heading "Impairment". The loss is allocated first to goodwill, and any surplus to the other assets of the Cash-generating unit concerned;

- the discount rates used for these purposes are based on the weighted

average cost of capital for each asset or group of assets concerned, determined by economic and geographical area and by business segment where appropriate. The pre-tax discount rate is calculated using an iterative process based on after-tax rates;
- future cash flows are based on medium-term plan projections over three years and assumptions validated by the Group. Variables that can significantly affect the calculations are:
  - changes in tariff regulations and market prices,
  - changes in interest rates and market risk premiums,
  - market price levels and market share on supplies, and the level of investment,
  - the useful lives of facilities, and the plan for concession renewal,
  - the growth rates used beyond the medium-term plans and the terminal values taken into consideration;
- the fair value net of disposal costs is measured on the basis of multiples observed for the most recent transactions in the relevant sector.

Impairment of goodwill is irreversible.

3.16 Financial assets and liabilities

Financial assets include available-for-sale assets (non-consolidated investments, dedicated assets, and other investment securities), loans and receivables at amortized cost, including trade receivables, and the positive fair value of financial derivatives.

Dedicated assets are financial assets intended to finance the back-end of the nuclear cycle, for which provisions have been accrued (see note 27.3.2.1 and 35.2.3). These assets are managed separately from the Group's other financial assets and investments in view of their specific objective, and comprise bonds, equities, collective investment funds and "reserved" funds built up by the Group solely for its own use.

Financial liabilities comprise financial borrowings and debts, trade payables, bank credit and the negative fair value of financial derivatives.

Financial assets and liabilities are recorded in the balance sheet as current if they mature within one year and non-current if they mature after one year, apart from derivatives held for trading, which are all classified as current.

Operating debts and receivables, and cash and cash equivalents, are governed by IAS 39 and reported separately in the balance sheet.

3.16.1 Classification and valuation methods for financial assets and liabilities

Financial instruments are classified as follows under IFRS 7:
- financial assets and liabilities carried at fair value with changes in fair value included in income;
- held-to-maturity financial assets;
- loans and financial receivables;
- available-for-sale financial assets;
- trade receivables;
- cash and cash equivalents;
- financial debts and operating debts;
- financial derivatives.

3.16.1.1 FINANCIAL ASSETS AND LIABILITIES CARRIED AT FAIR VALUE WITH CHANGES IN FAIR VALUE INCLUDED IN INCOME

Financial assets carried at fair value with changes in fair value included in the income statement are classified as such at the inception of the operation. This applies to:
- assets acquired from the outset with the intention of resale in the short term;
- or derivatives not classified as hedges (derivatives held for trading);
- or assets the Group has elected to include in this category under the option allowed by IAS 39.

These assets are recorded at the transaction date, at acquisition cost including purchasing expenses. At each subsequent reporting date they are measured at fair value, based on quoted prices available from external sources for listed instruments, or using recognized valuation techniques such as the discounted cash flow method or reference to external sources for other instruments.

Changes in fair value other than those concerning commodity contracts are recorded in the income statement under the heading "Other financial income and expenses".

Dividends and interest received on assets stated at fair value are recorded in the income statement under "Other financial income".

Changes in the fair value of commodity trading contracts are recorded in the income statement under "Sales".

Changes in the fair value of other commodity contracts designated as derivatives are classified either as "Sales" or "Fuel and energy purchases" depending on the nature of the underlying or the risk hedged.

Regarding the fair value option, the Group classifies an asset or liability as "at fair value through profit or loss" in the three following circumstances:
- when using fair value eliminates or significantly reduces an inconsistency in the measurement of assets and liabilities ("accounting mismatch");
- when the performance of a group of financial assets or financial liabilities is managed on a fair value basis, in accordance with documented strategies and the management reporting system;

- if a contract contains one or more embedded derivatives, then the hybrid instrument may be valued under the fair value option unless:
  - the embedded derivative does not substantially affect the cash flows of the contract,
  - the analysis of the host contract and the embedded derivative does not lead to separate measurement of the embedded derivative.

3.16.1.2 HELD-TO-MATURITY FINANCIAL ASSETS

This category covers fixed-term investments which the Group acquires with the intent and ability to hold to maturity. They are recorded at amortized cost at the transaction date. Interest is calculated at the effective interest rate and recorded in the income statement under the heading "Other financial income and expenses".

3.16.1.3 LOANS AND FINANCIAL RECEIVABLES

Loans and financial receivables are valued and recorded at the transaction date, at amortized cost less any impairment or provision.

Interest is calculated at the effective interest rate and recorded in the income statement under the heading "Other financial income and expenses".

3.16.1.4 AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets comprise non-consolidated investments, dedicated assets, reserved funds and investment securities.

Dedicated assets held for a long or very long-term horizon are by default classified in this category.

Available-for-sale financial assets are recorded at acquisition cost at the transaction date, and adjusted to fair value at the reporting date.

Fair value measurement is based on quoted prices and market data available from external sources for instruments listed on an active market, and on the discounted cash flow method for other financial instruments. When a fair value cannot be reliably estimated by other accepted valuation methods such as discounting future cash flows, these instruments are valued at acquisition cost less any accumulated impairment.

Unrealized gains or losses on these assets are recorded in equity, unless there is evidence of a realized loss, in which case impairment is recognized in the income statement (see note 3.16.2).

For available-for-sale financial assets represented by debt securities, interest is calculated at the effective interest rate and credited to the income statement under the heading "Other financial income and expenses".

3.16.1.5 FINANCIAL DEBTS AND OPERATING DEBTS

Financial debts are recorded at amortized cost, with separate reporting of embedded derivatives where applicable. Interest is calculated at the effective interest rate and recorded under the heading "Cost of gross financial indebtedness" over the duration of the financial debt. The fair value of the debt is calculated by discounting future cash flows at market rates.

3.16.1.6 DERIVATIVES

3.16.1.6.1 SCOPE

The scope of derivatives applied by the Group corresponds to the principles set out in IAS 39.

In particular, forward purchases and sales for physical delivery of energy or commodities are considered to fall outside the scope of application of IAS 39 when the contract concerned is considered to have been entered into as part of the Group's normal business activity. This is demonstrated to be the case when all the following conditions are fulfilled:
- a physical delivery takes place under all such contracts;
- the volumes purchased or sold under the contracts correspond to the Group's operating requirements;
- the contracts cannot be considered as options as defined by the standard. In the specific case of electricity sale contracts, the contract is equivalent to a firm forward sale or can be considered as a capacity sale.

The Group thus considers that transactions negotiated with a view to balancing the volumes between electricity purchase and sale commitments are part of its business as an integrated electricity company, and do not therefore come under the scope of IAS 39.

In compliance with IAS 39, the Group analyses all its contracts, of both a financial and non-financial nature, to identify the existence of any "embedded" derivatives. Any component of a contract that affects the cash flows of that contract in the same way as a stand-alone derivative corresponds to the definition of an embedded derivative.

If they meet the conditions set out by IAS 39, embedded derivatives are accounted for separately from the host contract at inception date.

3.16.1.6.2 MEASUREMENT AND RECOGNITION

Derivatives are initially recorded at fair value, based on quoted prices and market data available from external sources. If no quoted prices are available, the Group may refer to recent comparable transactions or if no such transactions exist base its valuation on internal models that are recognized by market participants, giving priority to information directly derived from observable data, such as over-the-counter listings.

Changes in the fair value of these derivatives are recorded in the income statement, unless they are classified as hedges for a cash flow or net investment. Changes in the fair value of such hedging instruments are recorded directly in equity, excluding the ineffective portion of the hedge. In the specific case of financial instruments entered into as part of EDF Trading's business, realized and unrealized gains and losses are reported net under the heading "Sales".

Financial instruments stated at fair value are classified in the following categories:
- Level 1 (quoted prices): financial instruments listed on an active market;
- Level 2 (observable data): financial instruments valued using valuation techniques based on observable parameters;
- Level 3 (internal model): financial instruments valued using valuation techniques based wholly or partly on non-observable parameters.

3.16.1.6.3 FINANCIAL INSTRUMENTS CLASSIFIED AS HEDGES

The EDF group uses derivative instruments to hedge its foreign exchange and interest rate risks, as well as risks related to certain commodity contracts.

The Group applies the criteria defined by IAS 39 in classifying derivatives as hedges:

- the instrument must hedge changes in fair value or cash flows attributable to the risk hedged, and the effectiveness of the hedge (*i.e.* the degree to which changes in the value of the hedging instrument offset changes in the value of the hedged item or future transaction) must be between 80% and 125%;
- in the case of cash flow hedges, the future transaction being hedged must be highly probable;
- reliable measurement of the effectiveness of the hedge must be possible;
- the hedge must be supported by appropriate documentation from its inception.

The hedging relationship ends when:

- a derivative instrument ceases to be an effective hedging instrument;
- a derivative instrument expires, or is sold, terminated or exercised;
- the hedged item expires, is sold or redeemed;
- a future transaction ceases to be considered as highly probable.

Only derivative instruments external to the Group qualify for hedge accounting, and gains or losses on internal derivatives are eliminated in the consolidated financial statements. However, in a cash flow hedging relationship initiated *via* derivatives internal to the Group, hedge accounting is applied if it can be demonstrated that the internal derivatives are matched with similar transactions external to the Group.

The Group uses the following categories for hedges:

(A) Fair value hedges

These instruments hedge the exposure to changes in the fair value of an asset or liability recorded in the balance sheet, or a firm commitment to purchase or sell an asset. Changes in the fair value of the hedged item attributable to the hedged component of that item are recorded in the income statement and offset by corresponding variations in the fair value of the hedging instrument. Only the ineffective portion of the hedge has an impact on income.

(B) Cash flow hedges

These instruments hedge highly probable future transactions: the variability in cash flows generated by the hedged transaction is offset by changes in the value of the hedging instrument.

The effective portion of accumulated changes in the hedge's fair value is recorded in equity, and the ineffective portion (*i.e.* changes in the fair value of the hedging instrument in excess of changes in the fair value of the hedged item) is recorded in the income statement.

When the hedged cash flows materialize, the amounts previously recognized in equity are transferred to the income statement in the same way as for the hedged item.

(C) Hedges of a net investment

These instruments hedge exposure to the foreign exchange risk related to a net investment in a foreign entity. The effective portion of accumulated changes in the hedge's fair value is recorded in equity until disposal of the net investment, when it is included in the gain or loss on disposal. The ineffective portion (defined in the same way as for cash flow hedges) is recorded directly in the income statement.

The Group records the change in fair value resulting from the interest rate effect of derivatives hedging a net investment in a foreign operation in equity in the same way as the change in value resulting from foreign exchange differences.

3.16.2 Impairment of financial assets

At the year-end and at each interim reporting date, the Group assesses whether there is any objective evidence that an asset could have been significantly impaired. If so, the Group estimates the asset's recoverable value and records any necessary impairment as appropriate for the category of asset concerned.

3.16.2.1 FINANCIAL ASSETS RECORDED AT AMORTIZED COST

Impairment is equal to the difference between the asset's net book value and the discounted value of expected future cash flows, using the original effective interest rate of the financial instrument. The impairment is included in the income statement under the heading "Other financial expenses". If the impairment loss decreases in a subsequent period, the amount of the decrease is reversed and transferred to the income statement.

3.16.2.2 AVAILABLE-FOR-SALE FINANCIAL ASSETS

If there is a large or long-term decrease in the fair value of available-for-sale financial assets, the unrealized loss is reclassified from equity to income. For debt instruments, impairment is only recorded in the income statement when there is evidence of impairment related to the counterparty. If, in a subsequent period, the fair value of an available-for-sale financial asset increases, the increase in value is recorded in equity for equity instruments, while for debt instruments the impairment previously recorded is reversed and transferred to the income statement.

Different criteria for impairment apply to different types of available-for-sale financial assets.
In particular, the Group applies specific impairment criteria for the portion of the portfolio consisting of dedicated assets held to cover long-term expenses for decommissioning of nuclear plants and the back-end nuclear cycle for EDF, taking into consideration the legal and regulatory obligations attached to the funds, payment schedules and long-term fund management.

3.16.3 Derecognition of financial assets and liabilities

Derecognition is applied for all or part of:

- a financial asset, when the contractual rights making up the asset expire, or the Group substantially transfers most of the significant risks associated with ownership of the asset;
- a financial liability, when the liability is extinguished due to cancellation or expiry of the obligation. When a debt is renegotiated with a lender giving rise to substantially different terms, a new liability is recognized.

3.16.4 Securitization operations

When it can be demonstrated that the Group does not control the investment funds resulting from securitization operations, these are excluded from the scope of consolidation. Otherwise, an entry corresponding to the cash inflow is recorded under the heading "Other liabilities".

3.17 Inventories and work-in-process

Inventories are recognized at the lower of acquisition cost or net realizable value, except for inventories resulting from trading activities, which are carried at market value. The cost of inventories is determined by the weighted average unit cost method.

Cost includes all direct material costs, labor costs, and a share of indirect production costs.

3.17.1 Nuclear fuel and materials

Inventories of nuclear fuel and materials comprise fissile materials in various stages of production, and fuel in the reactor and stored. The processing cycle for nuclear fuels is longer than one year.

The stated value of nuclear fuel and materials and work-in-progress is determined based on direct processing costs including materials, labor and subcontracted services (*e.g.* fluoration, enrichment, etc.).

These items are valued using the weighted average cost method, applied to each component (natural uranium, fluoration, enrichment, production).

In keeping with the notion of "loaded fuel" as defined in the decision of March 21, 2007, in France, the cost of inventories for fuel in reactors but not yet irradiated includes expenses for spent fuel management and long-term radioactive waste management. The corresponding amounts are taken into account in the relevant provisions.

Interest expenses incurred in financing inventories of nuclear fuels are charged to expenses for the period.

Nuclear materials, whatever their form during the processing cycle, whose useful lives are longer than one year, and nuclear fuel, whether being used in the reactors or stored, are recorded in inventories.

The Group does not value the uranium obtained from reprocessed fuel, due to uncertainty over its future use.

Nuclear fuel consumption is determined for each component based on forecasts of quantities used per kWh produced. These quantities are valued at weighted average cost of inventories.
Inventories are periodically corrected in view of forecast burnt quantities based on neutronic measurements.

3.17.2 Consumables, materials and spare parts

Inventories are valued at weighted average cost including direct and indirect purchasing costs.
Provisions concerning spare parts supplied under a maintenance program are based on the turnover of these parts and the useful lives of generation units.

3.17.3 Renewable energy certificates

Renewable energy certificates awarded to or purchased by an entity are included in "Other inventories" when they are not to be surrendered to the State in execution of a regulatory obligation.

3.18 Trade receivables

On initial recognition, trade receivables are stated at the fair value of the consideration received or to be received. A provision is recorded when their carrying amount, based on the probability of recovery assessed according to the type of receivable, is less than their book value. Depending on the nature of the receivable, the risk associated with doubtful receivables is assessed individually or by experience-based statistical methods.

Trade receivables also include revenue based on an estimate of power already delivered but neither measured nor billed. A provision is booked to cover the potential risk of subsequent non-recovery.

3.19 Cash and cash equivalents

Cash and cash equivalents comprise very liquid assets and very short-term investments, usually maturing within three months or less of the acquisition date, and with negligible risk of fluctuation in value.

Securities held short-term and classified as cash equivalents are recorded at fair value, with changes in fair value included in the heading "Financial income on cash and cash equivalents".

3.20 Equity

3.20.1 Restatement to fair value of financial instruments

The impact of restatement to fair value of financial instruments results from the adjustment to fair value of available-for-sale financial assets and certain hedging instruments.

3.20.2 Share issue expenses

Share issue expenses correspond exclusively to external costs expressly related to the capital increase. They are charged against the issue premium at their net-of-tax value.

Other expenses are classified as expenses of the period.

3.21 Treasury shares

Treasury shares are shares issued by the consolidating company and held either by that company or by other entities in the consolidated group.

They are valued at acquisition cost and deducted from equity until the date of disposal. Income or losses on disposals of treasury shares are directly included in equity and do not affect net income.

3.22 Provisions

The Group recognizes provisions if the following three conditions are met:
- the Group has a present obligation (legal or constructive) towards a third party that arises from a past event prior to the closing date;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- the obligation amount can be estimated reliably.

In extremely rare cases when disclosing information could cause serious prejudice to the Group, description of a specific obligation, risk or litigation covered by a provision may be excluded from the notes to the financial statements.

Provisions are determined based on the Group's estimate of the expected cost necessary to settle the obligation. Estimates are based on management data from the information system, assumptions adopted by the Group, and if necessary experience of similar transactions, or in some cases based on independent expert reports or contractor quotes. The various assumptions are reviewed for each closing of the accounts.

If it is anticipated that all or part of the expenses covered by a provision will be reimbursed, the reimbursement is recognized under receivables if and only if the Group is virtually certain of receiving it.

It may occasionally happen that a provision cannot be booked due to lack of a reliable estimate. In such cases, the obligation is mentioned in the notes as a contingent liability, unless there is little likelihood of an outflow of resources.

Provisions mainly cover the following:

- back-end nuclear cycle expenses: provisions for spent fuel management and long-term radioactive waste management are booked for all fuel currently in use (in France, the provision concerns all fuel in reactors, regardless of the extent of irradiation; it also covers management expenses for radioactive waste resulting from decommissioning of nuclear plants);
- costs for decommissioning power plants and losses relating to fuel in the reactor when the reactor is shut down (provision for last cores);
- future losses relating to multi-year agreements for the purchase and sale of energy:
  - losses on energy purchase agreements are measured by comparing the acquisition cost under the contractual terms with the forecast market price for electricity,
  - losses on energy sale agreements are measured by comparing the estimated income under the contractual terms with the cost of generating the energy to be supplied.

Provisions to cover back-end nuclear cycle expenses, expenses related to the decommissioning of power plants and last cores, and future losses relating to multi-year energy purchase and sale agreements are estimated by applying a forecast long-term inflation index to the projected disbursements, which are then discounted at rates that reflect the best estimate of a long-term rate of return on bond markets.

The rate of inflation and the discount rate are based on the economic parameters of the country where the economic entity is located.

For France, the Group applies a discount rate determined based on long series data for a sample of bonds, and takes into account the fact that some expenses covered by provisions will be disbursed over periods significantly longer than the duration of instruments generally traded on the financial markets.

The discount effect generated at each closing to reflect the passage of time is recorded under "Discount expense" in financial expenses.

The impact of changes in estimates for long-term provisions with associated balance sheet assets, whether due to schedule changes, discount rate changes, new expense estimates or technological developments, is allocated to the relevant assets, with any excess allocated to the underlying asset (power plant). Each one of these parameters, taken singly or together, could have a considerable impact on the estimates over time.

3.23 Provisions for employee benefits

EDF group employees are entitled to benefits both during and after their employment, depending on local regulations and certain specific rules such as the statutory regulations for companies governed by the special pension system for the electricity and gas sector (IEG) in France.

3.23.1 Pension and post-employment benefit obligations

When they retire, Group employees benefit from pensions determined under local rules. They may also be entitled to benefits directly paid by the companies, and additional benefits prescribed by the relevant regulations.

All the obligations of EDF and the French subsidiaries governed by the Electricity and Gas sector (IEG) regime are described in note 36.2.2.

3.23.2 Other long-term benefit obligations

These benefits concern employees currently in service, and are earned according to local regulations, particularly the statutory regulations for the electricity and gas sector for EDF and French subsidiaries covered by the IEG regime. Details are provided in note 36.3.

3.23.3 Calculation and recognition of employee benefits

Obligations under defined-benefit plans are calculated by the projected unit credit method, which determines the present value of entitlements earned by employees at year-end to pensions, post-employment benefits and long-term benefits, taking into consideration each country's specific economic conditions and expected wage increases.

In calculating pensions and other post-employment benefit obligations, this method takes the following factors into consideration:

- career-end salary levels, with reference to employee seniority, projected salary levels at the time of retirement based on the expected effects of career advancement, and estimated trends in pension levels;
- retirement age, determined on the basis of relevant factors (such as years of service and number of children);
- forecast numbers of pensioners, determined based on employee turnover rates and mortality data available in each country;
- reversion pensions, taking into account both the life expectancy of the employee and his/her spouse and the marriage rate observed for the population of employees in the electricity and gas sector;
- a discount rate that depends on the geographical zone and the duration of the obligations; in compliance with IAS 19, this rate is determined as the market yield on high-quality corporate bonds or the year-end rate on government bonds with a similar duration to EDF's commitments.

The provision takes into account the value of the fund assets that cover the pension obligations, which are deducted from the value of the obligation as determined above.

Any actuarial gains or losses on pensions and post-employment benefit obligations in excess of 10% (the "corridor") of the obligations or fund assets, whichever is the higher, are recognized in the income statement progressively over the average residual working life of the Company's employees.

Provisions for other long-term benefits directly include actuarial variances, mainly caused by changes in discount rates, and the past service cost, without application of the "corridor" rule.

The expense booked for employee benefit obligations includes:

- the cost of additional vested benefits, and the financial discount cost of existing benefits;
- the income corresponding to the expected return on fund assets;
- the income or expenses resulting from amortization of actuarial gains or losses;
- the income or expenses related to changes in the benefit systems or introduction of new systems.

3.23.4 Share-based payments

Under existing legislation in France, employees of a French group may benefit from attribution of shares. When the State sells some of the capital of a public company, article 11 of the French privatization law of 1986 and article 26 of the law of August 9, 2004 require a share offer to be reserved for current and retired employees of the Company. The Company being privatized may also set up free share plans.

In the light of IFRS 2, these benefits granted to employees – and former employees – must be treated by the Company as personnel expenses in the same way as additional remuneration, and recognized as such with a corresponding adjustment in equity.

Valuation of the benefit granted through a share offer reserved for current and retired employees is based on the difference between the share subscription price and the share price at the grant date, with actuarial valuation of the impact, if any, of the payment terms, the minimum holding period, and the fact that no dividends were received during the vesting period for the free shares.

In the case of free shares, the value of the benefit is based on the share price at the grant date, depending on the number of shares granted and the fact that no dividends were received during the vesting period. The expense is spread over the vesting period.

3.24 Special concession liabilities

These liabilities relate to public electricity distribution concessions in France.

These liabilities represent the contractual obligations specific to the concession rules. Since January 1, 2007, they have been recognized in the liabilities as:

- rights in existing assets: these correspond to the grantor's right to recover all assets for nil consideration. This right comprises the value in kind of the facilities – the net book value of assets operated under concession – less any as yet unamortized financing provided by the operator;
- rights in assets to be replaced: these correspond to the operator's obligation to contribute to the financing of assets due for replacement. These non-financial liabilities comprise:
  - depreciation recorded on the portion of assets financed by the grantor,
  - the provision for renewal, exclusively for assets due for renewal before the end of the concession.

When assets are replaced, the provision and amortization of the grantor's financing recorded in respect of the replaced item are eliminated and transferred to the rights in existing assets, since they are considered as the grantor's financing for the new asset. Any excess provision is taken to income.

During the concession, the grantor's rights in assets to be replaced are thus transferred upon the asset's renewal to become the grantor's rights in existing assets, with no outflow of cash to the benefit of the grantor.

In general, the value of special concession liabilities is determined as follows:

- the grantor's rights in existing assets, representing the share deemed to be held by the grantor in the concession assets, are valued on the basis of the assets recorded in the balance sheet;

- the obligations relating to assets to be replaced are valued on the basis of the estimated value of the relevant assets, measured at each year-end taking into consideration wear and tear on the asset at that date:
  - based on the difference between the asset's replacement value as assessed at year-end and the historical cost for calculation of the provision for renewal. Annual allocations to the provision are based on this difference, less any existing provisions, with the net amount spread over the residual useful life of the assets. Consequently, the expenses recognized for a given item increase over time,
  - based on the share of the asset's historical cost financed by the grantor, for amortization of the grantor's financing.

The valuation of these liabilities is subject to uncertainty in terms of cost and disbursement dates, among other factors.

The Group considers that the obligations related to assets to be replaced are to be valued on the basis of the special clauses contained in the concession agreements. Under this approach, these obligations are stated at the value of the contractual obligations as calculated and reported annually in the reports to the grantors.

If no such clauses existed, an alternative approach would be to state contractual obligations at the discounted value of future payments required for replacement of assets operated under concession at the end of their industrial useful life.

For information, the Group reports below the impacts of this alternative approach, *i.e.* the discounting of the future obligation to contribute to financing of assets to be replaced.

The principal assumptions used in preparing this simulation are as follows:

- the basis for calculation of the provision for renewal is the estimated replacement value at the end of the asset's useful life, applying a forecast annual inflation rate of 2%, less the asset's historical value. This amount is based on the wear and tear on the asset and discounted at a rate of 5%, based on an average duration of 8 years;
- amortization of the grantor's financing is also discounted at the rate of 5%.

The following table shows the impacts of this discounting for EDF and ERDF in 2009:

– Impact on the income statement

(in millions of Euros)	**2009**
Operating profit	670
Financial result	(580)
Income before taxes	90

– Impact on the balance sheet – equity

(in million of Euros and before taxes)	**2009**
At opening date	2,240
At closing date	2,330

Valuation of concession liabilities under this method is subject to uncertainty in terms of cost and disbursements, and is also sensitive to changes in inflation and discount rates.

3.25 Investment subsidies

Investment subsidies received by Group companies are included in liabilities under the heading "Other liabilities" and transferred to income as and when the economic benefits of the corresponding assets are utilized.

3.26 Environmental expenses

Environmental expenses are identifiable, additional expenses incurred to prevent, reduce or repair damage to the environment that has been or may be caused by the Group as a result of its business. These expenses are recorded under three headings:

- they are capitalized if they are incurred to prevent or reduce future damage or preserve resources;
- they are booked as environmental liabilities and as allocations to provisions for environmental risks if they correspond to an obligation that exists at the year-end and it is probable or certain at the reporting date that they will lead to an outflow of resources to the benefit of a third party, with no equivalent or greater benefit expected from that party subsequent to the year-end;
- they are recognized as expenses if they are operating expenses for the bodies in charge of environmental concerns, environmental supervision, environmental duties and taxes, processing of liquid and gas effluents and non-radioactive waste, or research unrelated to an investment.

3.27 Basic and diluted earnings per share

Earnings per share is calculated by dividing the Group's share of net income by the weighted average number of shares outstanding over the period. This weighted average number of shares outstanding is the number of ordinary shares at the start of the year, adjusted by the number of shares redeemed or issued during the year.

This number, and the earnings per share, is adjusted whenever necessary to reflect the impact of translation or exercise of dilutive potential shares (options, subscription warrants and convertible bonds issued, etc.).

3.28 Held-for-sale assets and liabilities and discontinued operations

Assets and liabilities held for sale are disclosed separately from other assets and liabilities in the balance sheet. All income from discontinued operations is disclosed in a single net amount after taxes in the income statement.

Note 4 Regulatory events in France in 2009

4.1 Hydropower concessions

Article 7 of French Law 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 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 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 of Ecology, Energy, Sustainable Development and the Sea, for approval early in 2009, and its claim is currently being processed by the administration.

In view of these changes in regulations, additional depreciation has been booked since January 1, 2009 for facilities that are to be returned for nil consideration at the end of the concession but whose useful life extends beyond the concession term.

This has led to an additional €14 million expense for 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 introduced a new system applicable from January 1, 2009, 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 (the price scale was approved by the French energy regulator (*CRE – Commission de Régulation de l'Énergie*) on March 27, 2008;
- direct inclusion of part of the connection price in the delivery tariff, using a reduction rate applicable to the basic price scale (these rates are set in the decision of July 17, 2008);
- 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. Contributions are treated as sales for the period concerned.

Note 5 Major external growth operations

5.1 British Energy

5.1.1 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.

5.1.2 Acquisition price

The acquisition cost for British Energy including the 26.5% purchased in September 2008 amounts to £12,611 million, the equivalent of €13,476 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 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);
  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. Since the Notes were listed at December 31, 2009 the Group based their fair value on their list price of 35 pence each, resulting in a £152 million adjustment to the acquisition price.
  The first payment made for the CVR-linked Nuclear Power Notes in January 2010 amounted to £44 million;
- expenses linked to the acquisition:

	Number of shares	Unit value *(in pence)*	Amount *(in millions of GBP)*
British Energy Shares (1)	1,611,519,535	774	12,469
Acquisition costs			142
Acquisition price at January 5, 2009			12,611
Adjustement in the value of CVR			(152)
Acquisition price at December 31, 2009			12,459

(1) Including 389,982,701 CVR-linked Nuclear Power Notes valued at £289 million at January 5, 2009.

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;
- and a private bond placement on January 26, 2009 with Qualified Institutional Buyers in the US and other investors outside the US, governed by Rule 144A of the US Securities and Exchange Commission of $5 billion.

Drawings on the syndicated loan were fully repaid during 2009 following refinancing, particularly with the following issues of:

- two bonds on January 23, 2009 (€4 billion);
- two bonds on the Swiss market on March 3, 2009 (CHF 650 million);
- a bond on June 2, 2009 (£1.5 billion);
- a retail bond in France on July 17, 2009 (€3.3 billion);
- five bonds in Japan in July 2009 (JPY 120.4 billion);
- a bond on September 11, 2009 (€2.5 billion).

For details of these bonds, see note 39.

5.1.3 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 values are based on the initial balance sheet at January 5, 2009.

In compliance with IFRS 3 (2004), the Group has finalized allocation of the acquisition price and harmonized accounting methods and measurement principles.

5.1.4 Items in the initial British Energy balance sheet for the EDF group consolidation

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

	In millions of pounds			In millions of Euros
ASSETS	As published by British Energy	Fair value adjustment	Initial balance sheet in EDF consolidation	Initial balance sheet in EDF consolidation (1)
Goodwill	321	(321)	-	-
Property, plant and equipment used in generation and other tangible assets owned by the group	1,657	7,128	8,785	9,388
Conversion assets	6,455	(6,455)	-	-
Other intangible assets	48	623	671	717
Financial assets	5,662	-	5,662	6,050
Inventories	1,289	593	1,882	2,011
Trade receivables	610	-	610	652
Cash and cash equivalents	1,224	-	1 224	1,308
TOTAL ASSETS	**17,266**	**1,568**	**18,834**	**20,126**
LIABILITIES				
Nuclear provisions	6,611	159	6,770	7,234
Provisions for employee benefits	269	(257)	12	13
Other provisions	41	1,318	1,359	1,452
Deferred tax liabilities	56	2,133	2,189	2,339
Financial liabilities	625	84	709	758
Trade payables	612	(90)	522	558
Other liabilities	53	(5)	48	51
TOTAL LIABILITIES	**8,267**	**3,342**	**11,609**	**12,405**
NET ASSETS	**8,999**	**(1,774)**	**7,225**	**7,721**
Consideration at January 5, 2009 (note 5.1.2)			**12,611**	**13,476**
Implied Goodwill at January 5, 2009			**5,386**	**5,755**
Adjustment of the value of the CVR-Linked Nuclear Power Notes (note 5.1.2)			**(152)**	
GOODWILL AT DECEMBER 31, 2009			**5,234**	

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

After adjustment of the value of the CVR-Linked Nuclear Power Notes and changes in the sterling/Euro exchange rate, goodwill amounted to €5,894 million at December 31, 2009.

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

- fair value of power plants and lands: +£7,128 million
  The fair value of British Energy power plants has been determined using a discounted cash flow (post-tax DCF) 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,
  - 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 and will be extinguish 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 at January 5, 2009 amounts to £5,386 million (€5,755 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.

5.1.5 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. The option to buy Eggborough has been exercised by a banking consortium representing the majority of the plant's bondholders, and ownership should be transferred in late March 2010.
  A "capacity tolling agreement" was also signed with non-group parties to guarantee delivery of the total output of the Sutton Bridge plant.
- withdrawal of one of the three group's requests of connection to the high voltage electricity network managed by National Grid 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.

5.1.6 Centrica-EDF Agreements

On November 26, 2009, EDF and Centrica executed two separate agreements 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.

The key terms of the transaction are as follows:
- Centrica acquired a proportional 20% investment in Lake Acquisitions/ British Energy for £2.2 billion, and will have a proportional involvement in the UK's nuclear energy relaunch program to be developed by EDF, through the construction of four 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 12.2);
- EDF acquired Centrica's previous holding in SPE in Belgium for €1.3 billion (see note 5.2).

The sale of 20% of Lake Acquisitions / British Energy to Centrica had a negative effect of €252 million, which was recorded in equity as the operation concerns minority interests and did not result in any loss of control.

5.2 SPE

5.2.1 Takeover of SPE

On November 12, 2009, the European Commission approved the acquisition by EDF of Centrica's 100% share in Segebel, which owns 51% of SPE. SPE is the second-largest Belgian electricity producer and also the number two supplier of gas and electricity in Belgium. Approval was given subject to the following conditions:
- a commitment by EDF to sell one of its two combined cycle gas plant development projects in Belgium;
- a commitment to sell its other combined cycle gas plant project in Belgium in the future if EDF decides not to invest in the project itself.

Transfer of ownership of the shares took place on November 26, 2009 and SPE is fully consolidated in the EDF group's financial statements from that date.

5.2.2 Acquisition value

The final acquisition cost for the 51% share in SPE was €1,328 million, which was paid cash in full on November 26, 2009.

5.2.3 Allocation of the acquisition price

The identifiable assets, liabilities and contingent liabilities of SPE qualifying for recognition under IFRS 3 (as published in 2004) are recognized in the initial balance sheet at their fair value at the acquisition date of November 26, 2009.

In compliance with IFRS 3, these values are provisional and the Group has twelve months to finalize allocation of the acquisition price and harmonize accounting methods and measurement principles.

Based on the fair value of assets and liabilities, SPE's initial balance sheet at November 26, 2009 is as follows:

(in millions of Euros)	Initial balance sheet in EDF consolidation
Non-current assets	2,434
Current assets	659
Total assets	**3,093**
Non-current liabilities	903
Current liabilities	1,342
Net assets	**848**
Consideration	**1,328**
ESTIMATE GOODWILL	**480**

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

- power plants and drawing rights: the fair value of SPE's plants and the drawing right on the Chooz B plant has been determined by the discounted cash flow method (post-tax DCF) based on market data at November 26, 2009 and the current useful life of power plants. The main assumptions relate to:
  - the market price for electricity in Belgium,
  - projected volumes of electricity output,
  - the costs of nuclear and fossil fuels,
  - maintenance expenses and investments.

  The value determined in this way remains sensitive to the main assumptions used.
- commodity contracts: these contracts are mainly for gas and electricity purchases and sales. In compliance with IFRS 3, the adjustment reflects the difference in market prices at November 26, 2009 and the contract price. The Group thus records an asset or liability corresponding to the positive or negative value of energy contracts at the acquisition date, which will be extinguish when deliveries take place at the dates specified in the contracts. The effects of contracts previously recorded at EDF and SPE are included in this value;
- customer contracts: these contracts are measured based on assumptions specific to each customer segment and the nature of the products sold;
- other adjustments: mainly concern intangible assets related to the "Luminus" brand;
- deferred taxes: these result from remeasurement of assets and liabilities detailed above.

5.2.4 Option to repurchase minority shareholdings in SPE

The pact between Segebel and SPE shareholders gives the shareholders an option to sell their shares. The option can be exercised within three months of notification of EDF's transaction with Centrica.

The EDF group could be obliged to purchase all or some of the shares belonging to minority shareholders in SPE, as each individual shareholder could exercise his option for all of his shares.

In compliance with the Group's accounting methods, the put option held by SPE's minority shareholders is recorded in "Other liabilities". As no known offer existed at the year-end, this option has been estimated on the basis of the minority shareholders' holdings.

5.3 Constellation Energy Nuclear Group (CENG)

5.3.1 History of the operation

Once all the required authorizations had been issued by the US Federal and local authorities, EDF, through its wholly-owned subsidiary EDF Inc., and Constellation Energy Group (CEG) finalized EDF's 49.99% investment in CENG on November 6, 2009 as initially agreed in the agreement signed on December 17, 2008, for $4.5 billion.

Under the terms of this agreement, the EDF group had strengthened CEG's liquidity position through a $1 billion cash contribution to the CEG group on December 17, 2008 through subscription of non-convertible cumulative preferred stock issued by CEG, bearing interest at 8%. This preferred stock was surrendered to CEG in the form of a credit against the $4.5 billion purchase price for the EDF group's 49.99% interest in CENG.

The EDF group also contributed $150 million to the reimbursement of certain transaction costs at the same date.

CENG is the entity that operates CEG's nuclear generation activities.

Given the governance arrangements at CENG and the fact that operations are jointly controlled by the EDF group and CEG, CENG is proportionally consolidated from the date of first inclusion in the scope of consolidation, November 6, 2009.

5.3.2 Acquisition price

The acquisition price for the 49.99% holding in CENG amounts to $4,652 million, the equivalent of €3,136 million based on the exchange rate at the date of completion of the transaction ($1 = €0.6741).

This price comprises:
- a $939 million (€633 million) contribution to the capital of CENG made on November 6, 2009;
- a cash payment of $3,528 million (€2,378 million) including $1 billion (€674 million) granted in December 2008 as an advance against the purchase price (see note 5.3.1);
- $185 million (€125 million) of expenses related to the acquisition, including contribution to reimbursement of certain transaction expenses as mentioned in note 5.3.1.

The estimated fair value of future payments to CEG under an arrangement to share the tax savings resulting from the fiscal structure of the operation amounts to $343 million (€231 million) (see note 5.3.4).

Also, certain related acquisition costs resulting from the agreements signed on December 17, 2008 were recorded in expenses for 2009. These costs amounted to $169 million (€121 million) before taxes.

5.3.3 Allocation of the acquisition price

The identifiable assets, liabilities and contingent liabilities of CENG qualifying for recognition under IFRS 3 (as published in 2004) are recognized in the initial balance sheet at their fair value at the acquisition date of November 6, 2009.

In compliance with IFRS 3, these values are provisional at December 31, 2009 and the Group has twelve months to finalize allocation of the acquisition price and harmonize accounting methods and measurement principles.

5.3.4 Items in the initial CENG balance sheet for the EDF group consolidation

After determination of the fair values of assets and liabilities, the initial CENG balance sheet at November 6, 2009 is as follows:

	In millions of US dollars			In millions of Euros
ASSETS	As published by CENG	Fair value adjustment	Initial balance sheet in EDF consolidation at 49.99%	Initial balance sheet in EDF consolidation at 49.99% (1)
Property, plant and equipment used in generation and other tangible assets owned by the group	1,303	4,352	5,655	3,811
Other intangible assets	-	62	62	42
Non-current financial assets	604	-	604	407
Deferred tax assets	-	657	657	443
Non-current assets	**1,907**	**5,071**	**6,978**	**4,703**
Inventories, including work in process	328	69	397	268
Trade receivables	27	-	27	18
Other receivables	22	(3)	19	13
Cash and cash equivalents	112	(110)	2	2
Current assets	**489**	**(44)**	**445**	**301**
Assets classified as held for sale				
TOTAL ASSETS	**2,396**	**5,027**	**7,423**	**5,004**
LIABILITIES				
Provisions for decommissioning and for last cores	566	67	633	426
Provisions for employee benefits	88	53	141	96
Non-current provisions	**654**	**120**	**774**	**522**
Deferred tax liabilities	3	772	775	522
Non-current liabilities	**3**	**772**	**775**	**522**
Trade payables	22	-	22	15
Other liabilities	442	432	874	589
Current liabilities	**464**	**432**	**896**	**604**
Liabilities related to assets classified as held for sale				
TOTAL LIABILITIES	**1,121**	**1,324**	**2,445**	**1,648**
NET ASSETS	**1,275**	**3,703**	**4,978**	**3,356**
Consideration			**4,652**	**3,136**
Sharing of future tax savings			**343**	**231**
ESTIMATE GOODWILL			**17**	**11**

(1) At the exchange rate of November 6, 2009 ($1 = €0.6741).

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

- fair value of power plants and land ($4,352 million): the fair value of CENG's plants has been determined by the discounted cash flow method (post-tax DCF) based on market data and the current operating licence for each power plant. The main assumptions relate to:
  - the market price for electricity in the United States,
  - projected volumes of electricity output,
  - nuclear fuel costs,
  - maintenance expenses and investments.

  The fair value determined in this way is sensitive to the main assumptions used.
- fair value of long-term electricity sale contracts: this is measured as the present value of the difference between contractualized income and income measured on the basis of market prices at the acquisition date over the residual term of the contracts concerned;
- fair value of fuel and fuel purchase contracts: this is calculated as the difference between market prices and contract prices for uranium supplies, conversion and enrichment;
- obligations for nuclear plant decommissioning: these are discounted at a risk-free rate at the date of first consolidation.

5.3.5 Put options and other commitments undertaken by EDF

When the agreement of December 17, 2008 was signed, the EDF group and CEG also entered into a two-year put option that allows CEG to sell EDF certain non-nuclear generation assets for a value of up to $2 billion. This option concerns eleven assets with combined value of over $2 billion and can now be exercised until December 31, 2010.

5.3.6 Investment in CEG

At December 31, 2009, the 8.44% interest in CEG held by the EDF group was valued using the December 31, 2009 stock market price of $35.17 per share, giving a total of €414 million. Further impairment of €232 million was thus recorded at December 31, 2009.

Note 6 Other major events and transactions

6.1 Significant events and transactions in 2009

6.1.1 Consolidation of the structure of financial indebtedness

The EDF group made extensive use of external financing in 2009.

These issues, essentially undertaken by EDF, RTE EDF Transport, EnBW, EDF Energy and Edison, are part of the policy to finance the investment program and extend the average maturity of Group debt.

The Group undertook large-scale bond issue programs during the year, principally in Euros, US dollars, pounds sterling and yen, for a total of €18.9 billion. Details of the main new operations are provided in note 39.2. One of these operations was a retail bond issue in France on June 17, 2009 which had raised €3,269 million by the time the subscription period closed on July 6, 2009. This bond bears interest at the fixed rate of 4.25% and will be fully redeemed at the end of a 5-year period. The operation was settled on July 17, 2009 and the bonds have been listed on Euronext Paris since that date.

6.1.2 Ongoing economic crisis

2009 was marked by a degraded economic environment. Financially, the international equity markets continued to decline until early March, but registered a subsequent upturn in an unsettled environment marked by high volatility.

This note provides the references to the various documents, chapters and sections referring to this issue for matters related to the financial markets or commodity and energy markets.

The principles applied for classification, measurement and impairment of financial assets and liabilities are presented in note 3.16 to the financial statements. The Group has not opted to reclassify any financial instruments under the amendment to IAS 39 endorsed by the European Commission.

A description of the types of financial risk and energy market risks and the Group's management and control framework for those risks can be found in section 1.9 of the Management Report, and note 40 to the financial statements.

The sensitivity analysis required by IFRS 7 is contained in the Management Report:
- Foreign exchange risk: section 1.9.1.3;
- Interest rate risk on financing issued and financial assets: section 1.9.1.4;
- Energy market risks: section 1.9.2;
- Equity risk on financial assets: section 1.9.1.5.

The principal information on financial assets and liabilities are described by theme in the following notes and sections:
- Liquidity risks:
  - Maturity of loans and other financial liabilities: note 39.2.2 to the financial statements,
  - Covenants and off balance sheet commitments: note 39.5 to the financial statements,
  - Off balance sheet investment commitments: note 27.5 to the financial statements,
  - Off balance sheet commitments: section 1.11 of the Management Report;
- Foreign exchange risks:
  - Breakdown of loans by interest rate and currency: note 39.2 to the financial statements;
- Equity risks (Management Report – section 1.9.1.5):
  - Coverage of nuclear obligations: notes 27.3.2.1 and 35.2.3 to the financial statements,
  - Coverage of social obligations: note 36.5 to the financial statements,
  - Long-term cash management,
  - Direct investments;
- Interest rate risks:
  - Discount rate for nuclear provisions: calculation method and sensitivity: note 35.2.3 to the financial statements,
  - Discount rate used for employee benefits: note 36.4 to the financial statements,
  - Breakdown of loans by interest rate and currency: note 39.2 to the financial statements;
- Balance sheet treatment of financial and market risks:
  - Derivatives and hedge accounting: note 41 to the financial statements, with direct correspondence to the statement of changes in equity,
  - Derivatives not recorded as hedges: note 42 to the financial statements.

6.1.3 Alpiq and contribution 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 direct 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 the 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 generated a €320 million pre-tax gain in the EDF group consolidated financial statements resulting from the transaction itself and the resulting impairment on the assets of Emosson SA held by EDF. As this income is unusual in both nature and amount, it was included in "Other income and expenses" (see note 18).

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 26) and resulted in deconsolidation of Emosson SA.

6.1.4 EDF-EnBW-E.ON agreements and sale of the investment in Snet

On September 30, 2009, EDF, EnBW and E.ON signed an agreement for exchanges of drawing rights and electricity generation assets for more than 1,200 MW between France and Germany.

Under the terms of these agreements, in December 30, 2009 EDF, jointly with longstanding 16.25% shareholder Charbonnages de France, transferred its 18.75% investment in Snet to E.ON for the sum of €193 million.

On January 1, 2010, EnBW then acquired:
- drawing rights for 800 MW of nuclear energy in Germany from E.ON's nuclear fleet;
- E.ON's majority shareholding in the Rostock coal-fired plant with power of 256 MW;
- drawing rights for 159 MW on the Buschhaus coal-fired plant.

In return, E.ON acquired a drawing right to 800 MW of nuclear power in France, deriving from old drawing rights held by EnBW in respect of EDF's nuclear output.

6.1.5 Cancellation of the European Commission's decision of December 16, 2003

A European Court ruling of December 15, 2009 cancelled the European Commission's decision of December 16, 2003 which had declared that

EDF's non-payment in 1997 of income taxes on the utilized portion of provisions for renewal of French national grid facilities recorded under "grantor's rights" should be classified as state aid, and ordered its recovery by the French State.

In application of this decision, which is open to appeal until March 1, 2010, on December 30, 2009 the State returned to EDF the sum of €1,224 million, corresponding to the amount paid by EDF to the State in 2004.

Taking a symmetrical approach to the accounting treatment applied in 2003, the total sum was allocated between an increase in reserves (€889 million) and financial income (€335 million) in reimbursement of the interest paid for the period 1997-2004.

6.2 Significant events and transactions in 2008

In addition to the general deterioration of the economic situation and the high volatility observed on the equity and commodity markets, the principal events of 2008 were as follows.

6.2.1 Consolidation of the financial indebtedness structure

Bond issues amounted to €7.5 billion by EDF, €2.25 billion by RTE-EDF Transport and €1.5 billion by EnBW.

6.2.2 EDF-AREVA agreement for management of spent nuclear fuel

On December 19, 2008, EDF and AREVA signed a long-term framework agreement for industrial cooperation (2040), concerning removal of all EDF's spent fuel, the technical and financial conditions of transportation, processing and recycling of the spent fuel (2008-2012), and the amount of the payment for dismantling of AREVA's plant at La Hague.

The agreement clarifies the principles for future cooperation between EDF and AREVA based on two reciprocal commitments:

- AREVA will operate the La Hague plant and the Melox plant until 2040, with the aim of continuous improvement in the industrial and economic performance for the benefit of EDF;
- EDF will use these facilities until 2040 and during that time will rely on AREVA for transportation of spent fuel.

The agreement is a continuation of the longstanding ties between the two companies, which have been based on the following arrangements since EDF's first nuclear power plants were commissioned:

- collection and transportation of spent fuel from EDF power plants to the La Hague plant;
- separation of recyclable fuel material from final residues at La Hague and supply of MOX fuel to the Melox plant;
- conditioning and minimizing the volumes of final residues, by vitrifying long life high-level waste or compacting long-life medium-level waste, for safe interim storage in dedicated installations at La Hague.

The full payment to be made by EDF to AREVA for recovering and conditioning of old waste, final shutdown, and dismantling costs for the La Hague plant is fixed in the industrial cooperation agreement of December 19, 2008 at €2.3 billion at January 1, 2008, based on the economic conditions of December 31, 2007.

As a result of this framework agreement, the amount of the provision for EDF's full payment was reversed and recognized as an operating liability of €1.478 billion including taxes, after deduction of the advances EDF has already paid to AREVA.

The two Groups had undertaken to negotiate the principles of a final contract under this framework agreement by December 31, 2009, particularly concerning the practical conditions for settlement of the liability. An agreement signed on July 6, 2009 set the exact amounts and timing of these payments, with the final installment due by July 1, 2011. Other clauses of the framework agreement were still under discussion at the year-end.

6.2.3 Capital increase by EDF Énergies Nouvelles

To finance its development in the field of photovoltaic solar power, the EDF Énergies Nouvelles group increased its capital by a final gross amount of €499,540,592 (including the issue premium). This led to issuance of 15,513,683 new shares with nominal value of €1.60 each, delivered on September 30, 2008 at a price of €32.20 each.

The EDF group and the Mouratoglou group, which together own 75.1% of the capital and voting rights of EDF Énergies Nouvelles, used all their rights in the subscription.

6.2.4 Partnership agreement with Exeltium

Following in-depth discussions, the European Commission confirmed on July 30, 2008 that the industrial partnership agreement between EDF and Exeltium (a consortium of large electricity-intensive customers) met its requirements regarding compliance with competition laws.

This agreement covers volumes of some 310 TWh spread over 24 years. Its purpose is to make energy supplies more secure for Exeltium, which will have greater visibility over long-term electricity supply prices in return for sharing risks relating to development and operation of EDF nuclear power plants.

The first deliveries of electricity are due to take place as soon as Exeltium has the necessary financing in place.

6.2.5 Germany

On July 10, 2008, EnBW's bid to acquire a 26% stake in EWE AG Oldenburg was accepted, for a total of approximately €2 billion. The operation required authorization by the German anti-cartel authorities and was completed in 2009 (note 5.4).

The German regulator Federal Network Agency also notified EnBW of a reduction in gas transmission network access fees, leading the Group to recognize an impairment loss of €166 million in respect of EnBW assets at December 31, 2008.

Note 7 Changes in the scope of consolidation

7.1 Changes in the scope of consolidation in 2009

In addition to the major external growth operations,

- completion of the takeover of British Energy, followed on November 26, 2009 by the sale of 20% of British Energy to Centrica;
- acquisition of 51% of SPE;
- acquisition of 49.99% of CENG;

described in detail in note 5, the other main changes in the scope of consolidation concern the following companies:

– Germany

- acquisition on March 31, 2009 of 100% of three windfarm operators at Cuxhaven for €33 million (EDF's share: €15 million);
- acquisition from E.ON on May 29, 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 €907 million (EDF's share: €418 million). This operation was followed on October 1, 2009 by acquisition from STAWAG of a further 16.7% share in the Bexbach power plant for €84 million (EDF's share: €39 million). The goodwill on these transactions amounts to €2 million (EDF's share: €1 million).

(in millions of Euros)	Acquisition Lippendorf and Bexbach from E.ON	Acquisition Bexbach from STAWAG	**Initial balance sheet in EDF consolidation**
Acquisition cost	907	84	991
Total (1)	**907**	**84**	**991**
Non-current assets	754	69	823
Current assets	197	19	216
Non-current liabilities	(5)	(5)	(10)
Current liabilities	(40)	-	(40)
Net assets (2)	**906**	**83**	**989**
Goodwill at EnBW level [(1) - (2)]	**1**	**1**	**2**
GOODWILL AT EDF LEVEL (46.07%)	**-**	**-**	**1**

• EWE

On July 6, 2009, the German anti-cartel authorities announced their decision to authorize EnBW to acquire a 26% stake in EWE, on condition that EnBW sold its subsidiary GESO or EWE's investment in VNG.

The transaction was completed on July 21, 2009 for a total of approximately €2 billion (EDF's share: approximately €1 billion).

EWE is included in the EnBW financial statements under the equity method.

EWE's principal areas of specialization are gas and electricity supply, gas distribution, telecommunications and information technologies;

- acquisition on July 31, 2009 of 50% of Borusan in Turkey (joint venture).

– Italy

Edison undertook the following operations:

- acquisition in January 2009 of the Abu Qir gas concession in Egypt, for €1,011 million [1] (EDF's share: €495 million). The acquisition price is totally allocated to intangible assets;
- acquisition in March 2009 of a 80% investment in AMG Gas SRL, for €25 million[1] (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;
- control of Société Sistemi di Energia Group in July 2009 through the purchase of an additional batch of shares, raising Edison's investment from 40.57% to 86.12%.

– Other International

- purchase in March 2009 from the Polish state of 28.05% of the shares of EC Krakow, raising EDF's holding in EC Krakow 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 for €79 million. As the shareholder agreements governing joint control of Estag were made permanent in 2009, from July 2009 the company is proportionally consolidated in the Group's financial statements.
- purchase in June 2009 of 35% of the shares in Datang Sanmenxia Power Generation Co. Ltd from Sanmenxia Construction Investment Center for €35 million;
- formation in December 2009 of the joint venture Taishan Nuclear Power Joint Venture Co. Ltd (TNPJVC) to own, construct and operate two EPR-technology nuclear reactors in Taishan. EDF holds 30% of the capital of TNPJVC, with a value of €279 million.

– Other activities

- additional investment in EDF Investissement Groupe in June and November 2009, raising the Group's percentage interest from 84.85% to 93.01%;
- sale by Dalkia International of British subsidiaries during the second half-year for €50 million, generating a gain of €37 million;
- application of the equity method to Domofinance from October 1, 2009, following changes in the company's shareholder agreements.

7.2 Changes in the scope of consolidation during 2008

The main changes in the scope of consolidation during 2008 were the following:

– 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 by Edison;
- 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 EC Wybrzeze (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 Group in Poland;
- increase in EDF Énergies Nouvelles' investment in Fotosolar from 45.83% to 90%;

1. 100% of the value as booked by Edison.

- 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. The company was renamed EDF Trading North America in October 2009;
- 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 £265 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 8 Segment reporting

8.1 Reporting by operating segment

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

Segment reporting is determined before inter-segment 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 breakdown used by the EDF group for geographical areas is as follows:

- "**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 the other gas and electricity entities located principally in continental Europe including Belgium, but also in the USA, Latin America and Asia, and EDF International;
- "**Other activities**", which groups together all the Group's other investments, including Électricité de Strasbourg, Dalkia, TIRU, EDF Énergies 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 2008 has been restated according to the new segments.

8.1.1 At December 31, 2009

(in millions of Euros)	France	United Kingdom	Germany	Italy	Other international	Other activities	Eliminations	Total
External sales	34,004	11,036	7,195	4,877	3,437	5,787	-	66,336
Inter-segment sales	577	(7)	20	9	143	562	(1,304)	-
TOTAL SALES	**34,581**	**11,029**	**7,215**	**4,886**	**3,580**	**6,349**	**(1,304)**	**66,336**
OPERATING PROFIT BEFORE DEPRECIATION AND AMORTIZATION	**9,434**	**3,062**	**1,193**	**801**	**686**	**2,290**	**-**	**17,466**
Operating profit	**5,143**	**1,704**	**796**	**300**	**287**	**1,877**	**-**	**10,107**
Balance sheet:								
Intangible assets and property, plant and equipment	84,994	20,631	6,579	5,434	9,611	7,642	-	134,891
Investments in companies accounted for under the equity method	18	23	1,667	21	2,085	607	-	4,421
Goodwill	-	7,831	1,387	2,026	786	1,496	-	13,526
Other segment assets (1)	24,479	4,477	2,102	1,335	1,471	6,542	-	40,406
Assets classified as held for sale	-	432	772	-	1	60	-	1,265
Other non-allocated assets	-	-	-	-	-	-	-	47,405
TOTAL ASSETS	**109,491**	**33,394**	**12,507**	**8,816**	**13,954**	**16,347**	**-**	**241,914**
Other information:								
Investments in intangible assets and property, plant and equipment (2)	7,162	2,193	593	483	381	1,558	-	12,370
Net depreciation and amortization	(4,122)	(1,331)	(380)	(458)	(276)	(409)	-	(6,976)
Impairment	-	-	(17)	(43)	(5)	(1)	-	(66)

(1) Other segment assets include inventories, trade receivables and other receivables.

(2) Investments in intangible assets and property, plant and equipment are equal to assets acquisition in cash flow statement.

8.1.2 At December 31, 2008

(in millions of Euros)	France	United Kingdom	Germany	Italy	Other international	Other activities	Eliminations	Total
External sales	34,264	8,244	7,467	5,610	3,044	5,218	-	63,847
Inter-segment sales	481	2	42	1	136	506	(1,168)	-
TOTAL SALES	**34,745**	**8,246**	**7,509**	**5,611**	**3,180**	**5,724**	**(1,168)**	**63,847**
OPERATING PROFIT BEFORE DEPRECIATION AND AMORTIZATION	**9,009**	**943**	**1,114**	**911**	**505**	**1,758**	**-**	**14,240**
Operating profit	**4,588**	**499**	**558**	**416**	**399**	**1,450**	**-**	**7,910**
Balance sheet:								
Intangible assets and property, plant and equipment	81,225	8,982	6,246	4,974	2,792	6,455	-	110,674
Investments in companies accounted for under the equity method	20	61	848	25	1,297	601	-	2,852
Goodwill	-	1,786	1,405	2,020	160	1,436	-	6,807
Other segment assets (1)	23,106	1,654	2,516	1,600	729	7,359	-	36,964
Assets classified as held for sale	-	-	2	-	-	-	-	2
Other non-allocated assets	-	-	-	-	-	-	-	43,193
TOTAL ASSETS	**104,351**	**12,483**	**11,017**	**8,619**	**4,978**	**15,851**	**-**	**200,492**
Other information:								
Investments in intangible assets and property, plant and equipment (2)	5,172	1,462	572	474	480	1,543	-	9,703
Net depreciation and amortization	(3,923)	(444)	(382)	(453)	(208)	(304)	-	(5,714)
Impairment	(14)	-	(174)	(42)	113	2	-	(115)

(1) Other segment assets include inventories, trade receivables and other receivables.

(2) Investments in intangible assets and property, plant and equipment are equal to assets acquisition in cash flow statement.

8.2 Sales to external customers, by product and service group

The Group's sales are broken down by product and service group as follows:

- **Generation/Supply**: energy generation and energy sales to industry, local authorities, small businesses and residential consumers;
- **Distribution**: management of the low and medium-voltage public distribution network;
- **Transmission**: operation, maintenance and development of the high-voltage and very-high-voltage electricity transmission network;
- **Other**: energy services (district heating, thermal energy services, etc.) for industry and local authorities, and new businesses mainly aimed at boosting electricity generation through cogeneration and renewable energy sources (*e.g.* wind turbines, solar panels, etc.).

(in millions of Euros)	Generation Supply	Distribution	Transmission	Other	Eliminations (1)	Total
At December 31, 2009						
External sales:						
France	21,729	9,149	4,168	108	(1,150)	34,004
Rest of the world	25,902	2,284	637	3,509	-	32,332
TOTAL SALES	**47,631**	**11,433**	**4,805**	**3,617**	**(1,150)**	**66,336**
At December 31, 2008						
External sales:						
France	21,968	9,031	4,211	140	(1,086)	34,264
Rest of the world	23,218	1,827	643	3,895	-	29,583
TOTAL SALES	**45,186**	**10,858**	**4,854**	**4,035**	**(1,086)**	**63,847**

(1) Eliminations between regulated activities (Distribution – Transmission): (192) for 2009, (66) for 2008;
Eliminations between unregulated activities: (26) for 2009, (23) for 2008.

Note 9 Sales

Sales are comprised of:

(in millions of Euros)	**2009**	2008 (1)
Sales of energy and energy-related services	60,566	57,823
Other sales of goods and services	4,560	4,800
Change in fair value of commodity contracts	52	11
Trading	1,158	1,213
SALES	**66,336**	**63,847**

(1) Edison's trading revenues are now presented net of purchases. Presentation of figures for 2008 has been adjusted accordingly (note 2).

Consolidated sales are 3.9% higher than for 2008. They include €3,311 million of British Energy sales, as well as negative foreign exchange effects chiefly associated with the movements in average exchange rates between 2008 and 2009 for the pound sterling, the zloty and the forint.

Note 10 Fuel and energy purchases

Fuel and energy purchases comprise:

(in millions of Euros)	**2009**	2008 [1]
Fuel purchases used - power generation	(9,606)	(11,537)
Energy purchases	(14,355)	(15,378)
Transmission and delivery expenses	(2,690)	(2,177)
Gain/loss on hedging operations	(506)	97
(Increase)/decrease in provisions related to nuclear fuels and energy purchases	599	2,405
FUEL AND ENERGY PURCHASES	**(26,558)**	**(26,590)**

(1) Edison's trading revenues are now presented net of purchases. Presentation of figures for 2008 has been adjusted accordingly (note 2).

Fuel and energy purchases are €32 million or 0.1% lower than for 2008. They include the effect of acquisition of British Energy (€(951) million), and foreign exchange effects chiefly associated with fluctuations in the pound sterling and the zloty.

Note 11 Other external expenses

Other external expenses comprise:

(in millions of Euros)	**2009**	2008 [1]
External services and other purchases	(15,293)	(13,321)
Change in inventories and capitalized production	3,807	2,961
(Increase)/decrease in provisions on other external expenses	255	102
OTHER EXTERNAL EXPENSES	**(11,231)**	**(10,258)**

The increase in other external expenses includes the effect of first consolidation of British Energy (€(610) million).

Note 12 Contractual obligations and commitments

12.1 Purchase commitments

In the course of its generation and supply activities, the Group has entered into long-term contracts for purchases of electricity, gas, other energies and commodities, as well as nuclear fuels, for periods of up to 20 years. In almost all cases, these are reciprocal commitments, and the third parties concerned are under an obligation to supply or purchase the quantities specified in the contracts.

EDF has also entered into long-term purchase contracts with a certain number of electricity producers, by contributing to the financing of power plants.

At December 31, 2009, firm irrevocable purchase commitments mature as follows (in millions of current Euros):

	12.31.2009					12.31.2008
	Total	**Maturity**				Total
(in millions of Euros)		**< 1 year**	**1 - 5 years**	**5 - 10 years**	**> 10 years**	
Electricity purchases	**16,010**	4,146	5,076	3,955	2,833	15,061
Gas purchases [(1)]	**10,488**	1,659	4,355	2,890	1,584	14,467
Other energy and commodity purchases	**4,020**	818	1,548	1,469	185	4,711
Nuclear fuel purchases	**21,060**	2,448	6,523	6,338	5,751	19,242
FIRM AND IRREVOCABLE PURCHASE COMMITTMENTS	**51,578**	**9,071**	**17,502**	**14,652**	**10,353**	**53,481**

(1) Excluding Edison (see note 12.1.2).

The changes result essentially from changes in the scope of consolidation and the decrease in market prices in 2009.

12.1.1 Electricity purchases

Electricity purchase commitments mainly concern EnBW and EDF, and are mostly for Island Energy Systems (IES), which has made commitments to purchase the electricity generated using bagasse and coal by ERDF, EDF Energy and RTE EDF Transport.

In addition to the obligations reported above and under article 10 of the Law of February 10, 2000, in mainland France EDF is obliged, at the producer's request and subject to compliance with certain technical features, to purchase the power produced by co-generation plants and renewable energy generation units (wind turbines and small hydro-electric plants, etc.). The additional costs generated by this obligation are offset, after validation by the CRE, by the Contribution to the Public Electricity Service (*Contribution au service public de l'électricité* or CSPE) introduced by the law of January 3, 2003. The purchase obligations covered by the CSPE total 28 TWh for 2009 (26.7 TWh for 2008), including 13 TWh for co-generation (14 TWh for 2008), 8 TWh for wind power (5.1 TWh for 2008) and 4 TWh for hydropower.

12.1.2 Gas purchases

Gas purchase commitments are principally undertaken by EnBW and EDF in connection with the expansion of their gas supply businesses. The decrease in these commitments primarily results from price-indexing effects and termination of the Bert supply contract.

Edison has entered into "take or pay" gas import contracts for final total capacity of 18 billion cubic meters (m^3) a year once all contracts are in operation. The contracts already in operation concern imports from Russia, Libya, Algeria, Qatar and Norway, for total supplies of 15.8 billion m^3 per year. A contract for a total volume of 2 billion m^3 per year from Algeria will also come into force in the next few years.

The contract with Terminale GNL Adriatico, a gas liquefaction unit in which Edison has a 10% holding and which started operation in October 2009, stipulates the following:

- the obligation for Edison to retain its investment until July 1, 2011 at the latest;
- the other shareholders' right to buy out Edison's 10% holding in the event Edison ends the supply contract with Rasgas, at a price corresponding to the sum of capital contributions made at the date the purchase option is exercised;
- Edison is to benefit from approximately 80% of the terminal's regasification capacities for a 25-year period.

The Group is involved in independent power plant (IPP) ventures under power purchase agreements (PPA). Gas purchase commitments are mostly related to electric IPPs, covered by electricity purchase agreements received. These agreements include "pass-through" clauses allowing almost all fluctuations in supply source costs to be passed on to the customer.

12.1.3 Other energy and commodity purchases

Purchase commitments for other energies and commodities mainly concern coal and oil used to operate the fossil-fired plants.

12.1.4 Nuclear fuel purchases

Commitments for purchases of nuclear fuel arise from supply contracts for the nuclear plants intended to cover the EDF group's needs for nuclear fuel and fluoration, enrichment and fuel assembly production services. For EDF, the change over the year results from termination of contracts identified at December 31, 2009 and inclusion of commitments related to British Energy and CENG, and also from revaluation of uranium supply costs.

12.2 Electricity supply commitments

EDF has signed several long-term contracts with a number of European electricity operators, undertaking to supply electricity. These contracts are of two types:

- co-financing agreements for nuclear power plants, either for a specific plant or for a defined group of plants. Companies participating in this financing are entitled to a share of the power generated by the plants concerned, in proportion to their initial contribution;
- long-term commercial sales contracts, generally covered by the nuclear power plants.

When it invested in EnBW in 2001, EDF made a commitment to the European Commission to make some of its generation capacity available to the market for an initial duration of 5 years, in principle until February 7, 2006. The purpose of this arrangement was to facilitate competitors' access to the French market, to make up for supply difficulties on the emerging French market over the early years.

Since February 2006, EDF has had the right to file a documented application to withdraw from this auction procedure, but has chosen not to exercise this right to date. After discussions with the European Commission and upon a proposal by EDF, the Commission authorized certain adjustments to the auction process, primarily by introduction of baseload products for a period of 4 years, on sale since September 2006, although the volume of energy made available annually by EDF is unchanged.

In 2009, close to 38 TWh was made available to the market (43 TWh in 2008). The auction procedure is still in operation, on a quarterly basis.

On December 22, 2008, the European Commission approved Lake Acquisitions Ltd's takeover of British Energy subject to similar conditions concerning 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 note 5.1.5 and 5.1.6).

Finally, following the dispute between EDF and Direct Energie, the French competition authorities (*Conseil de la concurrence*) issued a ruling on December 10, 2007 accepting EDF's proposed commitments to tender a significant capacity of electricity (1,500 MW, i.e. approximately 10 TWh per year for 15 years) to alternative suppliers at prices enabling them to compete effectively with EDF's offers on the deregulated mass market.

For the initial 5-year period, 2008-2012, EDF proposed to apply an average baseload supply price of €39.4/MWh in current Euros in 2009 (€36.8/MWh in 2008) with progressive rises to reach €47.2/MWh in 2012. For the second 10-year period, the price has been fixed at a level that covers EDF's development costs for the Flamanville EPR.

EDF thus undertook three calls for tender for baseload electricity supply contracts on March 12, 2008, November 19, 2008 and November 18, 2009. The contracts concerned cover a total of 500 MW each, for periods of up to fifteen years. All 1,500 MWh available were subscribed in these three tenders.

12.3 Operating contract commitments and guarantees

12.3.1 Operating contract performance commitments

In the course of its business, the Group provides contract performance guarantees, generally through the intermediary of banks. The Group has also given and received commitments jointly with third parties, maturing as follows at December 31, 2009:

	12.31.2009				12.31.2008
	Total	Maturity			Total
(in millions of Euros)		< 1 year	1 - 5 years	> 5 years	
Satisfactory performance, completion and bid guarantees	1,297	620	638	39	1,451
Commitments related to orders for operating items*	4,562	2,360	1,655	547	4,172
Commitments related to orders for fixed assets	10,406	5,223	4,868	315	11,339
Other operating commitments	3,859	1,204	2,160	495	4,802
OPERATING COMMITMENTS GIVEN	**20,124**	**9,407**	**9,321**	**1,396**	**21,764**
OPERATING COMMITMENTS RECEIVED	**9,165**	**4,990**	**3,809**	**366**	**7,564**

**Excluding raw materials and energy.*

Satisfactory performance, completion and bid guarantees at December 31, 2009 mainly consist of guarantees given by EDF Énergies Nouvelles (€859 million) in connection with its development projects. The Group has also given other guarantees totaling €437 million, principally by Dalkia International and EDF.

Firm commitments on operating orders other than commodity and energy purchases and commitments for purchases of property, plant and equipment amount to €14,968 million (compared to €15,512 million at December 31, 2008).

The main such commitments concern:

- EDF and ERDF (€7,326 million in 2009, €7,945 million at December 31, 2008): commitments of €4,666 million undertaken upon signature of capital asset orders (€5,385 million at December 31, 2008), including €1,107 million for construction of the future EPR-type nuclear plant at Flamanville in France (€1,743 million in 2008);
- island electricity generation (€1,161 million): commitments mainly undertaken for nuclear plant construction;
- RTE EDF Transport €1,137 million, (€1,019 million at December 31, 2008);
- EDF Energy (€1,425 million, €1,187 million at December 31, 2008): commitments for construction of a CCG plant and networks;
- Edison (€200 million, €785 million at December 31, 2008); most of the decrease results from acquisition of the Abu Qir gas concession in January 2009 (see note 7.1);
- EDF Énergies Nouvelles (EEN) (€2,404 million, €2,169 million at December 31, 2008);
- EnBW (€618 million, €875 million at December 31, 2008).

Other operating commitments mainly concern:

- the solidarity commitment undertaken by operators of nuclear power plants in Germany, which would come into force in the event of any one of them being unable to meet its obligations following a nuclear incident. The amount consolidated by the EDF group through EnBW amounts to €1,034 million (€1,034 million at December 31, 2008);
- Edison (€736 million, €613 million in 2008);
- EDF Trading (€472 million, €1,688 million in 2008) for bank guarantees provided to various counterparties in the course of its trading business.

Commitments received mainly concern EDF, and are mostly commitments from insurance companies to cover risks related to construction of the EPR-type nuclear plant. They total €2,843 million at December 31, 2009 and 2008).

12.3.2 Partnership agreement between EDF and Enel

On November 30, 2007, EDF and Enel signed a strategic partnership agreement, under which Enel bears a 12.5% share of all construction, operation, decommissioning and back-end nuclear cycle expenses for the Flamanville EPR-type nuclear plant, in return for access to 12.5% of the electricity generated by the EPR over its lifetime. The plant's nuclear operator is EDF, which bears full responsibility for its operations.

The partnership agreement also gives Enel the option of progressively acquiring the electricity generated by EDF's nuclear plants, up to a total capacity of 1,200 MW.

EDF and Enel entered into two industrial agreements in February 2009 for the development of nuclear power, following the agreement of November 2007.
On August 3, 2009, they formed a 50/50 joint venture named "Sviluppo Nucleare Italia SRL" to carry out feasibility studies for construction of at least four EPRs in Italy, in compliance with the first agreement between the two groups.
The second agreement extends Enel's involvement in France's new nuclear program, including the new EPR at Penly.

12.4 Operating lease commitments

The Group is a party to agreements classified as operating leases under IFRIC 4, which account for most of its operating lease commitments as lessor. These agreements mainly concern the Asian IPPs, and also the tolling contract signed by EDF Energy and various partners for the Sutton Bridge plant.

The Group is also committed as lessee to irrevocable operating lease contracts for premises, equipment and vehicles used in the course of its business. The corresponding payments are subject to renegotiation at intervals defined in the contracts. EDF, EDF Energy and EDF Trading are the principal entities concerned.

At December 31, 2009, the total expenses and commitments for irrevocable lease payments are as follows:

	12.31.2009				12.31.2008
	Total	Maturity			Total
(in millions of Euros)		< 1 year	1 - 5 years	> 5 years	
Operating lease commitments as lessor	2,330	529	1,334	467	1,662
Operating lease commitments as lessee	2,461	534	1,382	545	2,593

Note 13 Personnel expenses

13.1 Personnel expenses

Personnel expenses comprise:

(in millions of Euros)	**2009**	2008
Wages and salaries	(7,670)	(6,976)
Social contributions	(1,527)	(1,451)
Employee profit sharing	(284)	(244)
Non monetary benefits	(344)	(365)
Other expenses linked to short-term benefits	(269)	(238)
Short-term benefits	**(10,094)**	**(9,274)**
Expenses under defined benefit plans	(770)	(816)
Expenses under defined contribution plans	(488)	(402)
Post-employment benefits	**(1,258)**	**(1,218)**
Other long-term expenses	(95)	24
Termination payments	(5)	(8)
Other personnel expenses	**(100)**	**16**
PERSONNEL EXPENSES	**(11,452)**	**(10,476)**

A free share plan (named ACT 2007) was approved by the General Shareholders' Meeting of May 24, 2007. As the required performance targets for 2006-2008 were achieved, the shares were delivered to beneficiary employees on August 31, 2009.

13.2 Average workforce

	2009	2008
IEG status	102,986	102,689
Other	61,264	53,242
TOTAL	**164,250**	**155,931**

Average workforce numbers are reported on a full-time equivalent basis.
Personnel corresponding to proportionally consolidated companies included *pro rata* with the Group's percentage interest represent the equivalent of 28,540 full-time employees at December 31, 2009 (28,204 full-time equivalent employees at December 31, 2008).

Note 14 Taxes other than income taxes

(in millions of Euros)	**2009**	2008
Payroll taxes	(208)	(201)
Energy taxes	(898)	(953)
Other non-income taxes	(2,140)	(2,021)
Net increase to provisions for taxes other than income taxes	329	4
TAXES OTHER THAN INCOME TAXES	**(2,917)**	**(3,171)**

Net increases to provisions for taxes other than income taxes include €329 million reversed from a provision established to cover EDF's share of the expenses relating to future work programs adopted by the *Fonds d'Amortissement des Charges d'Électrification* (FACE) (sinking fund for electrification charges). This reversal results from application on August 1, 2009 of the new network access tariff (TURPE 3) which explicitly covers taxes paid by the EDF group for future financing of the FACE.

The creation of the Local Economic Contribution (*Contribution Économique Territoriale*) in the business tax reform introduced by the French Finance Law for 2010 does not affect the 2009 financial statements. This contribution, like business tax, will be recorded under "Taxes other than income tax" in the consolidated accounts.

Note 15 Other operating income and expenses

Other operating income and expenses comprise:

(in millions of Euros)	**2009**	2008
Operating subsidies	2,758	1,898
Provision for electricity generators' contribution to the TaRTAM [(1)]	-	(17)
Net income on deconsolidation	45	61
Gains on disposal of property, plant and equipment	(70)	(46)
Net increase in provisions on current assets	(185)	(111)
Net increase in provisions for operating contingencies and losses [(2)]	558	352
Other operating income and expenses	182	(54)
OTHER OPERATING INCOME AND EXPENSES	**3,288**	**2,083**

(1) Transition tariff (Tarif réglementé transitoire d'ajustement de marché): the hydro-nuclear tax is presented net of reversals from the relevant provisions.

(2) Including reversals of negative fair value on British Energy contracts.

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. Since January 1, 2005, the additional costs resulting from the basic necessity tariff (*tarif de première nécessité*) and the poverty and vulnerability action measures are also included in subsidies.

In the financial statements, this compensation results in recognition of income of €2,678 million for 2009 (€1,876 million for 2008). This increase is due to the decline in market prices for electricity between the two periods.
The CSPE income receivable is valued on the basis of the most probable assumptions assessed at December 31, 2009.

The net increase to provisions for 2009 include €424 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 5.1).

Other operating income and expenses for 2008 include the effects of:
- non-recurring services by EDF totaling €171 million (income);
- the administrative court ruling of July 4, 2008 in the litigation between RTE EDF Transport and the SNCF over the rental due for use of the high-voltage electricity network which previously belonged to SNCF. RTE has decided to appeal against this decision and apply for suspended execution (expense);
- expiry on December 17, 2008 of a index-linked storm-damage insurance policy. Under the terms of this policy, a portion of the premiums paid was recoverable. Since no storm had exceeded the indemnification level during the period covered by the insurance, the reserve was repaid to ERDF and recognized as other operating income of €137 million.

Operations of an unusual amount or nature are reported in "Other income and expenses" (see note 18).

Note 16 Prolongation of the transition tariff system (TaRTAM) – Law of August 4, 2008

The law of December 7, 2006 introduced a transition tariff (*tarif réglementé transitoire d'ajustement du marché* or TaRTAM). This tariff was 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.

Suppliers providing customers with electricity at this tariff at the customer's request, even though they are unable to generate or purchase the electricity supplied at a lower rate, receive compensation for the differential between the cost of the electricity supplied and the income corresponding to supply at the transition tariff.

This compensation paid to electricity suppliers is financed by a share of the Contribution to the Public Electricity Service (*Contribution au service public de l'électricité* or CSPE), and a contribution paid by nuclear and hydropower generators who exceed certain generation levels (this includes EDF), up to the limit of €3/MWh (set at €2.6/MWh for 2009). The amount of the electricity generators' contribution is calculated such that, taken together with the CSPE, it covers all expenses borne by suppliers.

The transition tariff system (*tarif réglementé transitoire d'ajustement du marché* or TaRTAM) was prolonged to June 2010 in application of the law of August 4, 2008 on economic modernization. As a result, an additional provision of €1,263 million was recorded at December 31, 2008 to cover EDF's contribution to electricity supplier compensation in 2009 and 2010. As explained in note 3.2.7, this amount was estimated based on the Group's best available information and forecasts, using a series of assumptions that may be subject to unforeseeable developments. It is partially offset (€68 million) by reinvoicing of charges passed on to partners in the nuclear plants.

The same law also extended eligibility for the transition tariff to all final customers, even those who had not yet opted into the system.

Note 17 Impairment / reversals

Details of impairment recognized and reversed are as follows:

(in millions of Euros)	2009	2008
Impairment on goodwill	(4)	-
Impairment on property, plant and equipment	(65)	(218)
Reversals	3	103
IMPAIRMENT NET OF REVERSALS	**(66)**	**(115)**

The net-of-tax weighted average cost of capital referred to for impairment tests was in the following ranges:

- 4.7% to 4.9% for regulated activities in the Euro zone (4.7% to 4.9% in 2008);
- 6.6% to 7% for deregulated activities in the Euro zone (7% to 7.4% in 2008);
- 6.3% to 8.5% in Europe outside the Euro zone (6.5% to 9.7% in 2008).

In general, a growth rate to infinity of 2% is applied to the normalized flows used to determine terminal values.

The regulated activities are more sensitive to changes in interest rates, in view of their net-of-tax weighted average cost of capital.

The Group has not identified any cases where a probable movement in one of the key assumptions (*e.g.* electricity prices, weighted average cost of capital) could lead to significant additional impairment of goodwill allocated to the Cash-generating units.

Most impairment in 2009 concerns:

- Edison: €(27) million;
- EnBW: €(17) million;
- Fenice: €(16) million.

Changes in this item in 2008 mainly concern:

- reversals of impairment on property, plant and equipment of the Polish companies Ersa (Rybnik) and Kogeneracja (€87 million) following the long-term improvement in the financial position of these companies with the recovery of electricity prices in Poland;
- reversals of impairment on turbines located in Brazil due to their disposal;
- recognition of impairment on Edison's CIP6 power plants;
- recognition of impairment of €(166) million on EnBW's network assets after the reduction in transmission network access fees.

Note 18 Other income and expenses

The heading "Other income and expenses" presented below the operating profit before depreciation and amortization comprises items of an unusual nature or amount.

Other income and expenses for 2009 amount to €173 million, mainly corresponding to:

- the €320 million gain on EDF's contribution to Alpiq of its 50% share in power and energy drawing rights in the Emosson dam (see note 6.1.3);
- and expenses of €(121) million incurred in connection with the CENG transaction (see note 5.3).

In 2008, other income and expenses show a net gain of €25 million. The major component is the non-recurring €34 million impact of the IEG pension reform in France.

Note 19 Financial result

19.1 Cost of gross financial indebtedness

Details of the components of the cost of gross financial indebtedness are as follows:

(in millions of Euros)	2009	2008
Interest expenses on financing operations	(2,679)	(1,684)
Change in the fair value of derivatives and hedges of liabilities	(9)	(6)
Transfer to income of changes in the fair value of cash flow hedges	(10)	16
Net foreign exchange gain on indebtedness	(11)	17
COST OF GROSS FINANCIAL INDEBTEDNESS	**(2,709)**	**(1,657)**

The rise in interest expenses on financing operations mainly results from the increase in debt in 2009 associated with the acquisitions of British Energy, CENG and SPE.

19.2 Discount expense

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

The increase results essentially from the effect of first consolidation of British Energy €(379) million. In 2009, it also reflects the change in the discount rate at December 31, 2008 for French companies' employee benefit provisions (from 5% to 5.75%).

Details of this expense are as follows:

(in millions of Euros)	**2009**	2008
Provisions for employee benefits	(1,461)	(1,228)
Provisions for back-end nuclear cycle, decommissioning and last cores	(1,599)	(1,520)
Other provisions	(169)	(49)
DISCOUNT EXPENSE	**(3,229)**	**(2,797)**

19.3 Other financial income and expenses

Other financial income and expenses comprise:

(in millions of Euros)	**2009**	2008
Financial income on cash and cash equivalents	46	188
Gains (losses) on available-for-sale financial assets	272	547
Gains (losses) on other financial assets	320	351
Changes in financial instruments carried at fair value with changes in fair value included in income	30	(155)
Other financial expenses	(85)	(81)
Foreign exchange gain/loss on financial items other than debts	(2)	(83)
Return on hedging assets	634	520
Capitalized borrowing costs (1)	198	117
OTHER FINANCIAL INCOME AND EXPENSES	**1,413**	**1,404**

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

Gains net of expenses on available-for-sale financial assets include gains on disposals, interest income, and dividends.

In 2009, other financial income and expenses principally include:

- reimbursement by the French state of €335 million of interest following cancellation of the European Commission decision;
- additional impairment of €232 million on shares in CEG (see note 5.3.6);

In 2008, they included impairment of €156 million recognized against shares in CEG.

Changes in financial instruments carried at fair value with changes in fair value taken to income primarily related in 2008 to losses on fair value measurement of financial instruments affected by the situation on the financial markets.

Note 20 Income taxes

20.1 Breakdown of tax liability

Details are as follows:

(in millions of Euros)	2009	2008 [1]
Current tax expense	(1,645)	(1,534)
Deferred taxes	31	(65)
TOTAL	**(1,614)**	**(1,599)**

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

In 2009, €(745) million of the current tax expense relates to EDF's tax consolidated group, and €(900) million to other subsidiaries (€(725) million and €(809) million respectively in 2008).

Deferred taxes for 2008 include the effect of the phasing out of Industrial Buildings Allowances in the UK under the country's 2008 finance law (€(34) million), and the impacts of additional taxes on energy sector companies in Italy.

20.2 Reconciliation of the theoretical and effective tax expense

20.2.1 Reconciliation of the theoretical and effective tax rate

(in millions of Euros)	2009	2008 (1)
Income of consolidated companies before tax	**5,582**	**4,860**
Goodwill impairment	4	-
Income of consolidated companies before tax and goodwill impairment	**5,586**	**4,860**
Theoretical tax expense	**(1,923)**	**(1,673)**
Differences in tax rate	167	46
Permanent differences	91	(69)
Taxes without basis	15	62
Net depreciation of deferred tax assets	79	2
Other	(43)	33
Actual tax expense	**(1,614)**	**(1,599)**
EFFECTIVE TAX RATE	**28.89%**	**32.91%**

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

The main factors explaining the difference between the French tax rate (34.43%) and the effective rate are:

- 2009:
  - optimization of financing for the takeover of British Energy (€74 million),
  - a net reversal from provisions on deferred tax assets, essentially for French companies (€79 million),
  - the positive impact of differences in tax rates applicable to foreign subsidiaries (€167 million);
- 2008:
  - the adjustment of deferred taxes following changes in tax rules during the year in the UK and Italy (€(118) million),
  - the positive impact of the French research tax credit reform (€38 million),
  - the positive impact of differences in the tax rate applicable to foreign subsidiaries (€164 million).

20.2.2 Change in deferred taxes

(in millions of Euros)	Deferred tax assets	Provision on deferred tax assets	Net deferred tax assets	Deferred tax liabilities	Net deferred taxes
Situation at December 31, 2007	**2,858**	**(1,249)**	**1,609**	**(4,435)**	**(2,826)**
IAS 23 Impacts	**(3)**	**-**	**(3)**	**(20)**	**(23)**
Situation at December 31, 2007 restated	**2,855**	**(1,249)**	**1,606**	**(4,455)**	**(2,849)**
Change in tax basis (1)	1,402	42	1,444	(287)	1,157
Change in scope of consolidation	105	(1)	104	(6)	98
Translation adjustments	(256)	2	(254)	614	360
Situation at December 31, 2008	**4,106**	**(1,206)**	**2,900**	**(4,134)**	**(1,234)**
Change in tax basis	(445)	46	(399)	211	(188)
Change in scope of consolidation	502	3	505	(3,414)	(2,909)
Translation adjustments	92	1	93	(315)	(222)
SITUATION AT DECEMBER 31, 2009	**4,255**	**(1,156)**	**3,099**	**(7,652)**	**(4,553)**

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

In 2009, the €(188) million change in the tax bases has an impact of €31 million on income and €(219) million on equity.

In 2008, the €1,157 million change in the tax bases has an impact of €(65) million on income and €1,435 million on equity.

20.3 Breakdown of deferred tax assets and liabilities by nature

(in millions of Euros)	**12.31.2009**	12.31.2008 [1]
Deferred tax assets:		
Differences between depreciation recorded for accounting and tax purposes	968	977
Non-deductible provisions for pensions obligations	3,898	3,863
Other non-deductible provisions	786	908
Other deductible temporary differences	2,430	2,331
Revaluations, revaluation surplus and elimination of intercompany profit	463	485
Tax losses and unused tax credits	268	47
Netting of deferred tax assets and liabilities	(4,558)	(4,505)
Deferred tax assets - gross value	**4,255**	**4,106**
Provision on deferred tax assets	(1,156)	(1,206)
Deferred tax assets - net value	**3,099**	**2,900**
Deferred tax liabilities:		
Differences between depreciation recorded for accounting and tax purposes	(8,424)	(5,304)
Other deductible temporary differences	(2,525)	(2,374)
Revaluations, revaluation surplus and elimination of intercompany profit	(1,261)	(959)
Netting of deferred tax assets and liabilities	4,558	4,503
Deferred tax liabilities	**(7,652)**	**(4,134)**
NET DEFERRED TAXES	**(4,553)**	**(1,234)**

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

20.4 Losses carried forward and tax credits

At December 31, 2009, tax loss carryforwards and unrecorded deferred tax assets represent a potential tax saving of €1,156 million (€1,206 million at December 31, 2008). Most of this tax saving lies in deferred tax assets related to employee benefits in France.

20.5 Tax recorded against equity

The total tax recorded against components of equity during 2009 amounts to €335 million (€1,435 million in 2008), corresponding principally to:

- €889 million following cancellation of the decision by the European Commission;
- €6 million related to changes in the fair value of available-for-sale financial assets and hedging instruments at December 31, 2009;
- €(486) million related to transfers of these items to income (see notes 27.3.2 and 41.4).

Note 21 Goodwill

Goodwill on consolidated entities comprises the following:

(in millions of Euros)	**12.31.2009**	12.31.2008
Net book value at opening date	**6,807**	**7,266**
Acquisitions	6,524	138
Disposals	-	(8)
Impairment	(4)	(4)
Translation adjustments	448	(580)
Other movements	(249)	(5)
NET BOOK VALUE AT CLOSING DATE	**13,526**	**6,807**
Gross value at closing date	14,364	7,641
Accumulated impairment at closing date	(838)	(834)

The breakdown of goodwill is as follows:

(in millions of Euros)	United Kingdom	Germany	Italy	Other international	Other activities	**Total**
AT DECEMBER 31, 2009	**7,831**	**1,387**	**2,026**	**786**	**1,496**	**13,526**
At December 31, 2008	1,786	1,405	2,020	160	1,436	6,807

The increase in goodwill in 2009 primarily relates to the external growth operations undertaken:

- in the UK with the takeover of British Energy for £5,234 million (€5,894 million);
- in Belgium in connection with acquisition of 51% of SPE for €480 million;
- in the US with acquisition of 49.99% of CENG for $17 million (€11 million).

The calculation methods are described in notes 5.1, 5.2 and 5.3 respectively.

Goodwill on CENG and SPE is stated at its provisional value at December 31, 2009.

Note 22 Other intangible assets

The net value of other intangible assets breaks down as follows:

22.1 At December 31, 2009

(in millions of Euros)	12.31.2008	Acquisitions	Disposals	Exchange adjustments	Translation adjustments	Other movements	**12.31.2009**
Greenhouse gas emission rights – Green Certificates	552	707	(675)	24	174	(74)	708
Other intangible assets	4,188	1,153	(216)	53	1,740	(219)	6,699
Gross values	**4,740**	**1,860**	**(891)**	**77**	**1,914**	**(293)**	**7,407**
Accumulated amortization	(1,641)	(477)	200	(12)	(26)	4	(1,952)
NET VALUES	**3,099**	**1,383**	**(691)**	**65**	**1,888**	**(289)**	**5,455**

22.2 At December 31, 2008

(in millions of Euros)	12.31.2007	IAS 23 Impact	Acquisitions	Disposals	Exchange adjustments	Translation adjustments	Other movements	12.31.2008
Greenhouse gas emission rights - Green Certificates	228	-	667	(342)	(69)	-	68	552
Other intangible assets	3,581	23	579	(62)	(68)	104	31	4,188
Gross values	**3,809**	**23**	**1,246**	**(404)**	**(137)**	**104**	**99**	**4,740**
Accumulated amortization	(1,388)	-	(391)	60	47	(1)	32	(1,641)
NET VALUES	**2,421**	**23**	**855**	**(344)**	**(90)**	**103**	**131**	**3,099**

Shortfalls in greenhouse gas emission rights are covered by a provision for risk (see note 37.3).

EDF's research and development expenses recorded in the income statement total €438 million for the year ended December 31, 2009.

The increase in other intangible assets includes €495 million of assets related to the Abu Qir gasfields purchased by Edison in January 2009 (see note 7.1).

The principal changes in the scope of consolidation concern:
- British Energy (€717 million, see note 5.1.4);
- the Lippendorf and Bexbach plants (€192 million);
- SPE and CENG.

Note 23 Property, plant and equipment operated under French public electricity distribution concessions

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

(in millions of Euros)	**12.31.2009**	12.31.2008
Property, plant and equipment	41,131	40,253
Property, plant and equipment in progress	1,020	960
PROPERTY, PLANT AND EQUIPMENT OPERATED UNDER FRENCH PUBLIC ELECTRICITY DISTRIBUTION CONCESSIONS	**42,151**	**41,213**

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

(in millions of Euros)	Land & Buildings	Fossil-fired & hydropower plants	Networks	Other installations, plant, machinery, equipment & other	Total
Gross values at 12.31.2007	**2,060**	**11**	**61,145**	**2,770**	**65,986**
Increases [1]	46	-	3,245	202	3,493
Decreases	(35)	-	(321)	(194)	(550)
Translation adjustment	-	-	-	-	-
Changes in the scope of consolidation	-	-	-	-	-
Other movements	47	(1)	13	27	86
Gross values at 12.31.2008	**2,118**	**10**	**64,082**	**2,805**	**69,015**
Increases [1]	56	2	2,951	241	3,250
Decreases	(106)	-	(404)	(158)	(668)
Translation adjustment	-	-	-	-	-
Changes in the scope of consolidation	-	-	-	-	-
Other movements	-	2	2	(1)	3
Gross values at 12.31.2009	**2,068**	**14**	**66,631**	**2,887**	**71,600**
Depreciation and impairment at 12.31.2007	**(1,137)**	**(2)**	**(24,149)**	**(2,007)**	**(27,295)**
Net depreciation	(33)	-	(151)	(100)	(284)
Disposals	35	-	257	193	485
Translation adjustment	-	-	-	-	-
Changes in the scope of consolidation	-	-	-	-	-
Other movements [2]	(40)	(1)	(1,559)	(68)	(1,668)
Depreciation and impairment at 12.31.2008	**(1,175)**	**(3)**	**(25,602)**	**(1,982)**	**(28,762)**
Net depreciation	(33)	-	(158)	(102)	(293)
Disposals	92	-	322	156	570
Translation adjustment	-	-	-	-	-
Changes in the scope of consolidation	-	-	-	-	-
Other movements [2]	(10)	(5)	(1,604)	(65)	(1,684)
Depreciation and impairment at 12.31.2009	**(1,126)**	**(8)**	**(27,042)**	**(1,993)**	**(30,169)**
Net values at 12.31.2007	**923**	**9**	**36,996**	**763**	**38,691**
Net values at 12.31.2008	**943**	**7**	**38,480**	**823**	**40,253**
NET VALUES AT 12.31.2009	**942**	**6**	**39,589**	**894**	**41,431**

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

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

Note 24 Property, plant and equipment operated under concessions for other activities

24.1 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)	**12.31.2009**	12.31.2008 (1)
Property, plant and equipment	26,982	25,996
Property, plant and equipment in progress	1,269	963
PROPERTY, PLANT AND EQUIPMENT OPERATED UNDER CONCESSIONS FOR OTHER ACTIVITIES	**28,251**	**26,959**

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

24.2 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 12.31.2007	**3,750**	**8,916**	**30,019**	**1,972**	**44,657**
Increases	92	132	1,747	349	2,320
Decreases	(19)	(30)	(146)	(87)	(282)
Translation adjustment	(116)	20	(2,324)	(28)	(2,448)
Changes in the scope of consolidation	-	-	5	(1)	4
Other movements (1)	45	(12)	629	(7)	655
Gross values at 12.31.2008	**3,752**	**9,026**	**29,930**	**2,198**	**44,906**
Increases	93	204	1,765	134	2,196
Decreases	(7)	(18)	(176)	(39)	(240)
Translation adjustment	33	(9)	586	6	616
Changes in the scope of consolidation	(178)	(39)	-	(35)	(252)
Other movements	-	(3)	(576)	9	(570)
Gross values at 12.31.2009	**3,693**	**9,161**	**31,529**	**2,273**	**46,656**
Depreciation and impairment at 12.31.2007	**(1,848)**	**(4,479)**	**(10,557)**	**(1,383)**	**(18,267)**
Net depreciation	(82)	(230)	(891)	(88)	(1,291)
Disposals	12	18	115	80	225
Translation adjustment	32	(7)	473	(10)	488
Changes in the scope of consolidation	-	-	1	1	2
Other movements (1)	(2)	(1)	(71)	7	(67)
Depreciation and impairment at 12.31.2008	**(1,888)**	**(4,699)**	**(10,930)**	**(1,393)**	**(18,910)**
Net depreciation	(82)	(236)	(803)	(95)	(1,216)
Disposals	7	12	135	36	190
Translation adjustment	(9)	2	(116)	7	(116)
Changes in the scope of consolidation	71	36	-	13	120
Other movements	(3)	4	257	-	258
Depreciation and impairment at 12.31.2009	**(1,904)**	**(4,881)**	**(11,457)**	**(1,432)**	**(19,674)**
Net values at 12.31.2007	**1,902**	**4,437**	**19,462**	**589**	**26,390**
Net values at 12.31.2008	**1,864**	**4,327**	**19,000**	**805**	**25,996**
NET VALUES AT 12.31.2009	**1,789**	**4,280**	**20,072**	**841**	**26,982**

(1) Including reclassifications amounting to €555 million in the United Kingdom (see note 25.2).

The 2009 translation adjustments essentially affected the UK, reflecting the rise in the pound sterling between December 31, 2008 and December 31, 2009.

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

Note 25 Property, plant and equipment used in generation and other tangible assets owned by the Group

25.1 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)	**12.31.2009**	12.31.2008 (1)
Property, plant and equipment owned by the Group	49,803	33,580
Property, plant and equipment in progress	8,507	5,514
Leased property, plant and equipment	424	309
PROPERTY, PLANT AND EQUIPMENT USED IN GENERATION AND OTHER TANGIBLE ASSETS OWNED BY THE GROUP	**58,734**	**39,403**

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

25.2 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 01.01.2008	**11,918**	**46,136**	**14,016**	**2,378**	**7,205**	**81,653**
IAS 23 Impact	-	-	2	-	12	14
Gross values at 01.01.2008 (1)	**11,918**	**46,136**	**14,018**	**2,378**	**7,217**	**81,667**
Increases	407	709	857	64	1,543	3,580
Decreases	(122)	(276)	(56)	(1)	(148)	(603)
Translation adjustment	(159)	-	(665)	(30)	(370)	(1,224)
Changes in the scope of consolidation	25	-	3	2	99	129
Other movements (2)	(35)	89	19	(671)	(19)	(617)
Gross values at 12.31.2008 (1)	**12,034**	**46,658**	**14,176**	**1,742**	**8,322**	**82,932**
IAS 23 Impact	-	-	1	-	20	21
Gross values at 12.31.2008 (1)	**12,034**	**46,658**	**14,177**	**1,742**	**8,342**	**82,953**
Increases	404	881	760	76	1,991	4,112
Decreases	(92)	(352)	(93)	(42)	(216)	(795)
Translation adjustment	45	573	144	3	186	951
Changes in the scope of consolidation	505	12,958	1,118	479	286	15,346
Other movements	(144)	47	(83)	29	(109)	(260)
Gross values at 12.31.2009	**12,752**	**60,765**	**16,023**	**2,287**	**10,480**	**102,307**
Depreciation and impairment at 01.01.2008	**(5,784)**	**(29,803)**	**(7,586)**	**(938)**	**(3,687)**	**(47,798)**
IAS 23 Impact	-	-	-	-	(1)	(1)
Depreciation and impairment at 01.01.2008 (1)	**(5,784)**	**(29,803)**	**(7,586)**	**(938)**	**(3,688)**	**(47,799)**
Net depreciation	(314)	(1,214)	(515)	(125)	(454)	(2,622)
Disposals	75	246	40	6	156	523
Translation adjustment	37	-	273	(9)	161	462
Changes in the scope of consolidation	(4)	-	(5)	(1)	(18)	(28)
Other movements (2)	9	(6)	7	99	(17)	92
Depreciation and impairment at 12.31.2008 (1)	**(5,981)**	**(30,777)**	**(7,786)**	**(968)**	**(3,860)**	**(49,372)**
IAS 23 Impact	-	-	-	-	(1)	(1)
Depreciation and impairment at 12.31.2008 (1)	**(5,981)**	**(30,777)**	**(7,786)**	**(968)**	**(3,861)**	**(49,373)**
Net depreciation	(309)	(1,847)	(650)	(52)	(719)	(3,577)
Disposals	47	313	98	18	159	635
Translation adjustment	(6)	(1)	(52)	(1)	(62)	(122)
Changes in the scope of consolidation	(25)	-	(12)	(283)	(11)	(331)
Other movements	41	6	13	21	183	264
Depreciation and impairment at 12.31.2009	**(6,233)**	**(32,306)**	**(8,389)**	**(1,265)**	**(4,311)**	**(52,504)**
Net values at 01.01.2008 (1)	**6,134**	**16,333**	**6,432**	**1,440**	**3,529**	**33,868**
Net values at 12.31.2008 (1)	**6,053**	**15,881**	**6,391**	**774**	**4,481**	**33,580**
NET VALUES AT 12.31.2009	**6,519**	**28,459**	**7,634**	**1,022**	**6,169**	**49,803**

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

(2) Including reclassifications amounting to €555 million in the United Kingdom (see note 24.2).

Changes in the scope of consolidation mainly reflect the effects of first consolidation of:

- British Energy (€9,388 million);
- CENG (€3,811 million).

Other movements in 2009 include a change in the consolidation method for the windfarms co-financed by EDF Énergies Nouvelles in the US. In order to comply with the predominant practice in the industry, these facilities are fully consolidated from 2009 (in 2008, proportional consolidation was used). The impact on property, plant and equipment at January 1, 2009 amounts to €94 million.

In 2008, following impairment tests the Group recorded net impairment of €115 million on certain items of property, plant and equipment owned by the Group. Most of this impairment concerned EnBW's transmission networks (€(166) million, essentially for gas activities), and it was partly offset by reversals of impairment in Poland (€87 million).

25.3 Finance lease obligations

The Group is a party to agreements classified as finance leases under IFRIC 4, which account for almost all of its finance lease commitments as lessor. These agreements mainly concern EDF Energy.

The Group is also bound by irrevocable finance-lease contracts for premises, equipment and vehicles used in the course of its business. The corresponding payments are subject to renegotiation at intervals defined in the contracts. The main companies concerned are TIRU and Sofilo.

At December 31, 2009, the total expenses and commitments for irrevocable finance-lease payments were as follows:

	12.31.2009				12.31.2008
	Total	**Maturity**			Total
(in millions of Euros)		**< 1 year**	**1 - 5 years**	**> 5 years**	
Financial lease commitments as lessor	466	56	239	171	439
Financial lease commitments as lessee	219	37	112	70	229

Note 26 Investments in companies accounted for under the equity method

Investments in associates are as follows:

(in millions of Euros)	Principal activity [1]	12.31.2009 % voting rights held	12.31.2009 Share of net equity	12.31.2009 Share of net income	12.31.2008 Share of net equity	12.31.2008 Share of net income
Alpiq	G	26.06	1,572	92	803	115
Dalkia Holding	S	34.00	493	19	521	90
EVN	D	16.46	445	28	478	37
Estag	G	25.00	-	-	383	32
Taishan	G	30.00	279	-	-	-
Other investments in associates [2]			1,632	(19)	667	93
INVESTMENTS IN COMPANIES ACCOUNTED FOR UNDER THE EQUITY METHOD			**4,421**	**120**	**2,852**	**367**

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

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

The principal changes in 2009 result from:

- an increase in EDF's interest in the new entity Alpiq resulting from the operations described in note 6.1.3, which led to a €705 million increase in the share of net equity;
- acquisition by EnBW of 26% of the EWE group for approximately €1 billion. The share of net income includes impairment of €(44) million on EWE shares;
- the change in consolidation method for Estag, which was accounted for under the equity method in 2008 and has been proportionally consolidated since July 2009;
- consolidation of Taishan in 2009.

At December 31, 2008, the main published indicators concerning companies accounted for under the equity method were as follows:

(in millions of Euros)	Total Assets	Total Liabilities (excluding Equity)	Sales	Net income
Alpiq	7,115	4,536	8,127	462
Dalkia holding [1]	8,410	5,977	7,175	388
EVN [2]	6,695	3,568	2,727	198
EWE	7,228	5,296	5,646	208

(1) Consolidated financial data including Dalkia Investissement and Dalkia International.

(2) Data as of September 30, 2009.

Note 27 Current and non-current financial assets

27.1 Breakdown between current and non-current financial assets

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

	12.31.2009			12.31.2008		
(in millions of Euros)	**Current**	**Non-current**	**Total**	Current	Non-current	Total
Financial assets carried at fair value with changes in fair value included in income	4,863	13	**4,876**	4,831	2	4,833
Available-for-sale financial assets*	4,987	15,818	**20,805**	7,925	15,187	23,112
Held-to-maturity investments*	61	463	**524**	78	449	527
Positive fair value of hedging derivatives	1,783	1,112	**2,895**	2,079	1,626	3,705
Loans and financial receivables*	756	7,092	**7,848**	416	839	1,255
FINANCIAL ASSETS	**12,450**	**24,498**	**36,948**	**15,329**	**18,103**	**33,432**

**Net of impairment (€911 million in 2009, €530 million in 2008).*

Financial assets carried at fair value mainly concern EDF Trading.

In 2009, available-for-sale financial assets comprise €11,322 million of acquisitions, €11,931 million of disposals and €1,349 million of changes in fair value resulting from the recovery on the financial markets from the second quarter of the year, which partly neutralized the negative change of €(3,235) million recognized in 2008.

27.2 Change in current and non-current financial assets other than derivatives

The variation in financial assets is as follows:

27.2.1 At December 31, 2009

(in millions of Euros)	12.31.2008	Increases	Decreases	Changes in fair value	Change in scope	Other	**12.31.2009**
Available-for-sale financial assets	23,112	10,957	(11,918)	1,349	(1,806)	(889)	**20,805**
Held-to-maturity investments	527	72	(74)	-	-	(1)	**524**
Loans and financial receivables	1,255	260	(131)	-	6,132	332	**7,848**

The decrease in available-for-sale financial assets includes the effect of elimination of shares in British Energy held at December 31, 2008 (€2,261 million) following consolidation of the company. It also reflects the redemption of preferred stock in CEG which were credited against the purchase price of CENG at a value of $1 billion, in accordance with the applicable agreements (see note 5.3).

Loans and receivables include €6,399 million representing reimbursements receivable from the NLF and the British government for coverage of long-term nuclear obligations (see note 35.3).

27.2.2 At December 31, 2008

(in millions of Euros)	12.31.2007	Increases	Decreases	Changes in fair value	Other	12.31.2008
Available-for-sale financial assets	20,022	18,858	(12,074)	(3,265)	(429)	23,112
Held-to-maturity investments	527	74	(69)	-	(5)	527
Loans and financial receivables	1,864	1,448	(1,267)	-	(790)	1,255

27.3 Details of financial assets

27.3.1 Financial assets carried at fair value with changes in fair value included in income

(in millions of Euros)	**12.31.2009**	12.31.2008
Derivatives - positive fair value	**4,662**	4,753
Fair value of derivatives held for trading [1]	**203**	80
Financial assets carried at fair value optionnaly with of changes in fair value included in income	**11**	-
FINANCIAL ASSETS CARRIED AT FAIR VALUE WITH CHANGES IN FAIR VALUE INCLUDED IN INCOME	**4,876**	**4,833**
(1) Portion classified as liquid assets.	*197*	*74*

At December 31, 2009, 5% of derivatives were valued on the basis of prices listed on an active market, 91% were valued by reference to observable data, and 4% using internal models.

27.3.2 Available-for-sale financial assets

(in millions of Euros)	12.31.2009 Equities*	Debt securities	Total	12.31.2008 Equities*	Debt securities	Total
Dedicated assets of EDF	6,321	5,115	11,436	4,163	4,495	8,658
Liquid assets	2,400	2,138	4,538	4,957	1,694	6,651
Strategic investment	414	-	414	634	-	634
Other	4,179	238	4,417	5,166	2,003	7,169
AVAILABLE-FOR-SALE FINANCIAL ASSETS	**13,314**	**7,491**	**20,805**	**14,920**	**8,192**	**23,112**

* *Equities and investment funds.*

The "Strategic investment" item corresponds to the shares of Constellation Energy Group (see note 5.3).

At December 31, 2009, 34% of the portfolio is valued by reference to prices listed on an active market, and 64% by reference to observable data.

Changes in the fair value of available-for-sale financial assets (EDF's share) were recorded in equity over the period as follows:

– In 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	1,006	(323)	683	(145)	43	(102)
Available for sale financial assets - debts	158	(51)	107	13	(4)	9
Liquid assets	93	(32)	61	109	(37)	72
Other	(5)	1	(4)	(37)	13	(24)
AVAILABLE-FOR-SALE FINANCIAL ASSETS	**1,252**	**(405)**	**847**	**(60)**	**15**	**(45)**

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

Gross changes in fair value included in equity in 2009 (EDF's share) principally concern:

- EDF: €1,134 million, including €1,106 million for dedicated assets;
- EnBW: €106 million.

These changes reflect the improvement observed on the financial markets from the second quarter of the year.

Impairment of €(48) million was recorded by EDF (note 27.3.2.1) and €(26) million by EnBW.

The impact on equity includes the current or deferred tax related to these changes in fair value.

– In 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	(3,235)	919	(2,316)	50	(21)	29
Available for sale financial assets - debts	100	(47)	53	35	(9)	26
Liquid assets	(24)	8	(16)	(23)	8	(15)
Other	(10)	5	(5)	21	(7)	14
AVAILABLE-FOR-SALE FINANCIAL ASSETS	**(3,169)**	**885**	**(2,284)**	**83**	**(29)**	**54**

(1) + / ( ): increase/decrease in equity (EDF's share).

(2) + / ( ): increase/decrease in net income.

Gross changes in fair value included in equity in 2008 (EDF's share) principally concern:

- EDF: €(3,010) million, including €(1,786) million for dedicated assets, with the balance of €(1,224) million chiefly relating to two investment securities. No significant unrealized losses were identified on these two securities at December 31, 2008;
- EnBW: €(245) million.

27.3.2.1 EDF'S DEDICATED ASSET PORTFOLIO

27.3.2.1.1 SPECIFICITY OF THE PORTFOLIO

The dedicated asset portfolio is a highly specific means of covering long-term nuclear liabilities. The underlying principle, the way it is built up and the management and governance of the funds themselves are governed by the French law of June 28, 2006 and its implementing provisions on secure financing of nuclear expenses.

The law requires the full present cost of long-term nuclear obligations to be covered by 2011 and at all times after that date. This concerns decommissioning of existing plants and storage of all amounts of waste produced (spent fuel and fuel recovered from decommissioning, see note 35.5.2).

These assets are clearly identifiable and managed separately from the company's other financial assets and investments. They are also subject to specific monitoring and control by the Board of Directors and the administrative authorities.

27.3.2.1.2 PORTFOLIO CONTENTS AND MEASUREMENT

EDF's dedicated asset portfolio consists of diversified bond and equity instruments.

Certain dedicated assets take the form of government bonds currently held and managed directly by EDF.

The rest comprise specialized collective investment funds on leading international markets, managed by independent French or foreign asset management companies selected on the basis of solicited proposals or through a call for bids. They cover various segments of the bond and equity markets, with EDF aiming to achieve the broadest diversification possible, in the form of open-end funds and small numbers of "reserved" funds established solely for the use of the Group (which does not participate in the fund management).

(in millions of Euros)	Fair value 12.31.2009	Fair value 12.31.2008
Securities	234	157
Equities-based unit trusts	3,997	2,145
Equities	**4,231**	**2,302**
Securities	5,115	4,495
Short-term unit trusts	688	597
Bonds	**5,803**	**5,092**
Total Reserved investment funds	**1,368**	**1,146**
Monetary investment funds	**34**	**118**
DEDICATED ASSET PORTFOLIO	**11,436**	**8,658**

This portfolio is structured and managed on an index-based approach, following a strategic allocation defined by the Board of Directors and reported to the administrative authorities. The strategic allocation is designed to meet the overall objective of long-term coverage of obligations, and determines the structure and management of the portfolio as a whole. It also takes into consideration, international stock market cycles for which the statistical inversion generally observed between equity market cycles and bond market cycles – as well as between geographical areas – has led the Group to define an overall composite benchmark indicator (50% international equities – 50% euro bonds), and continuation of investment until payments become due. As a result for accounting purposes, the portfolio is evaluated as a whole all funds combined, with the cash flows generated treated as a group of financial assets. This ensures consistency with the specificities of the dedicated asset portfolio, in particular the legal association with the liability and the distant timing of significant payments – the first important due date is not until 2021, and payments continue until 2117 for the plants currently in operation.

At the year-end, dedicated assets are presented in available-for-sale financial assets in the balance sheet, at their liquidation value. In view of the specific financial characteristics of the portfolio of dedicated assets, the Group has exercised judgment in determining whether indicators of impairment appropriate to the structure of the portfolio should be taken into consideration.

EDF thus takes a 5-year period as the criterion for recognition of prolonged decline compared to historical value. This period corresponds to the low end of the range of statistical estimates concerning stock markets.
Also, based on statistical observations of the asset/liability management model used for this portfolio, EDF considers impairment of dedicated assets to be significant when the value is 40% or more below the portfolio's historical value.

27.3.2.1.3 VALUE OF THE PORTFOLIO OVER THE YEAR

The precedent table presents changes in the fair value of the dedicated asset portfolio.

The cash allocation to dedicated assets for 2009 amounted to €1,902 million compared to €1,785 million in 2008. In view of market conditions, these allocations were suspended from September 2008 and resumed in July 2009 once relative stability had returned to the financial markets. They will be adjusted as necessary to comply with the regulations requiring liabilities to be covered by the portfolio by June 2011. Withdrawals of €302 million were made to cover EDF's cash needs equivalent to amounts reversed from provisions for payments in execution of the relevant obligations.

Consequently, the fair value of the dedicated asset portfolio at December 31, 2009 amounts to €11,436 million, just above its cost price at that date. This value includes €1,106 million of changes in fair value recorded in equity (see note 27.3.2).

27.3.2.2 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 €2,400 million (€4,957 million at December 31, 2008).

27.3.2.3 OTHER SECURITIES

At December 31, 2009, other securities mainly include:

- at EnBW, €1,270 million in available-for-sale assets - debt instruments, including €1,109 million of reserved funds, and €1,093 million in available-for-sale assets - equities, including €591 million of reserved funds;
- at EDF, shares in AREVA (€299 million) and Veolia (€423 million).

The decrease in this item over 2009 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 December 31, 2008.

27.4 Fair value of financial assets recorded at amortized cost

	12.31.2009		12.31.2008	
(in millions of Euros)	Fair value	Net book value	Fair value	Net book value
Held-to-maturity investments	524	524	527	527
Assets receivable from the NLF	6,399	6,399	-	-
Loans and financial receivables	1,455	1,449	1,255	1,255
FINANCIAL INSTRUMENTS OTHER THAN DERIVATIVES	**8,378**	**8,372**	**1,782**	**1,782**

Since January 5, 2009, the date of first consolidation of British Energy, this item has included assets receivable from the NLF and the British government. These assets finance British Energy's long-term nuclear obligations (see note 35.3.1).

27.5 Investment commitments

At December 31, 2009, commitments related to investments are as follows:

	12.31.2009				12.31.2008
	Total	**Maturity**			Total
(in millions of Euros)		**< 1 year**	**1 - 5 years**	**> 5 years**	
Investments commitments	4,505	1,976	2,490	39	18,783
Other financing commitments given	233	170	47	16	338
Other financing commitments received	58	22	36	-	255

27.5.1 Investment commitments

The chief commitments executed in 2009 concern:

- completion of the purchase offer for British Energy by Lake Acquisitions Ltd, which was recorded as a share purchase commitment for £9,875 million (€10,367 million) (see note 5.1);
- 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 6.1.3);
- acquisition of 49.99% of CEG's nuclear power generation assets for $4.5 billion. In view of the $1 billion liquidity contribution and various commitments related to the transaction, this caused an equivalent decrease in the Group's commitments;
- acquisition of 26% of EWE by EnBW for €937 million (EDF's share).

Other commitments mainly concern the following operations:

- Commitment granted to OEW by EDF International relating to EnBW under a shareholder agreement concluded on July 26, 2000:
  OEW, which jointly controls EnBW with EDF, has a put option on all or some of its Subjected Shares (25% of the capital of EnBW), exercisable at any time until December 31, 2011 at the price of €37.14 per share. This option is included in the EDF group's off balance sheet commitments at December 31, 2009 at the value of €2,322 million;
- Various options or agreements entered into by EDF International (€239 million including €236 million related to Taishan) and EnBW (€523 million) in respect of shares in various companies in the energy generation industry.
  Concerning Taishan, in application of the joint venture agreement of November 2009, EDF International, which holds 30% in the capital of the Chinese company Taishan Nuclear Power Joint Venture Company Limited, has made a commitment to the consortium of lenders to finance the project in proportion to its holding up to a limit of 120% of the budget initially approved by the Chinese authorities, and to make every reasonable effort to complete the project;
- Commitments made by Edev SA in relation to EDF Énergies Nouvelles (EDF EN): In connection with EDF EN's admission to the regulated market on November 28, 2006, a shareholder agreement and a further agreement concerning EDF EN were signed on July 17, 2006 between EDF and Edev (hereafter referred to as "the EDF group") and Mr Pâris Mouratoglou and the Luxembourg company SIIF – Société Internationale d'Investissements Financiers (hereafter referred to as "the Mouratoglou group"). An amendment to this agreement was also signed between the two Groups on November 10, 2006.
  The outstanding commitments made under these agreements by the EDF group and the Mouratoglou group applicable at December 31, 2009 are as follows:
  - Liquidity commitment
    The EDF group and the Mouratoglou group will refrain from any acquisition of shares that would reduce the publicly traded portion of the capital of EDF EN to below 95% of that portion. This commitment by the EDF group would expire should the Mouratoglou group come to own less than 10% of the capital of EDF EN;
  - Preferential right
    In the event that the Mouratoglou group plans to transfer some or all of its shares, the EDF group will benefit from a preferential right to purchase those shares. This right will be exercised differently depending on whether the beneficiary of the intended share transfer is one or more financial institutions (for placement with institutional investors or on the market), or other third parties.
    If the EDF group does not exercise its preferential right, the Mouratoglou group may proceed with the intended transfer.
    This preferential right will not apply in certain circumstances defined in the agreement;
  - Provisions concerning the Mouratoglou group's investment
    Should the Mouratoglou group's investment fall below 10% of the capital of EDF EN, Edev would grant the Mouratoglou group a put option for three months from the date at which the investment falls below 10%, covering all the Mouratoglou group's residual investment in EDF EN, at a per-share price equal to the average volume-weighted closing price of the EDF EN share over the 60 trading days preceding notification of exercise of the option; this price cannot be more than 10% higher than the share's last closing price before such notification.

If the Mouratoglou group does not exercise this put option, Edev will have a call option over all shares held by the Mouratoglou group for a three-month period starting upon the expiry of the exercise period for the above put option, at a per-share price identical to the price defined for the put option; this price cannot be more than 10% lower than the share's last closing price before notification.

These two options will automatically expire on December 31, 2015;

- Agreement with Veolia Environnement:
  Veolia Environnement has granted EDF a call option on all its Dalkia shares in the event that a competitor of EDF takes control over Veolia Environnement. EDF has also granted Veolia Environnement a call option over all its Dalkia shares in the event that the status of EDF should change and a competitor of Veolia Environnement, individually or with other parties, should take control over EDF. If the parties fail to agree on the sale price of the shares, it is to be fixed by an independent expert;
- In connection with the formation of EDF Investissement Groupe, C3 (a wholly-owned EDF subsidiary) signed unilateral promises with NBI (Natixis Belgique Investissement, a subsidiary of the Natixis group) to buy and sell shares in investments held respectively by NBI and C3. NBI thus allows C3 to purchase NBI's investment at any time based on the company's net asset value until 2030, and to sell its total investment to NBI based on net asset value during the 5 years following formation of the company.

27.5.2 Other investment commitments

These commitments primarily concern investment guarantees provided by EDF Énergies Nouvelles (€61 million), Dalkia International (€19 million at December 31, 2009, €26 million at December 31, 2008), EnBW (€80 million at December 31, 2009, €77 million at December 31, 2008) and EDEV (€26 million at December 31, 2009, €27 million at December 31, 2008).

Through its subsidiaries EDF Énergies Nouvelles and Fenice, the EDF group also received various commitments amounting to a total of €59 million at December 31, 2009 (€255 million in 2008).

Note 28 Inventories, including work-in-process

The carrying value of inventories, broken down by nature, is as follows:

(in millions of Euros)	Nuclear fuel	Other fuel	Other raw materials	Work-in-process for production of goods and services	Other inventories	**Total inventories**
Gross value	6,549	1,347	982	261	367	9,506
Provisions	(14)	(5)	(180)	(4)	(13)	(216)
Net value at 12.31.2008	**6,535**	**1,342**	**802**	**257**	**354**	**9,290**
Gross value	9,070	1,793	1,152	377	510	12,902
Provisions	(12)	(4)	(204)	(3)	(17)	(240)
NET VALUE AT 12.31.2009	**9,058**	**1,789**	**948**	**374**	**493**	**12,662**

The noticeable increase in nuclear fuel inventories essentially results from consolidation of British Energy and CENG (€2,279 million).

The long-term portion (more than one year) mainly concerns nuclear fuel inventories amounting to €4,765 million (€4,452 million at December 31, 2008).

The value of EDF Trading's inventories stated at market value is €622 million (€458 million at December 31, 2008).

Note 29 Trade receivables

Details of net trade receivables are as follows:

(in millions of Euros)	**12.31.2009**	12.31.2008
Trade receivables, gross value - excluding EDF Trading	17,918	17,433
Trade receivables, gross value - EDF Trading	2,401	2,183
Provisions	(686)	(472)
TRADE RECEIVABLES - NET VALUE	**19,633**	**19,144**

Most trade receivables mature within one year.

The credit risk on trade receivables is shown below:

	12.31.2009			12.31.2008		
(in millions of Euros)	**Gross values**	**Provisions**	**Net values**	Gross values	Provisions	Net nalues
Trade receivables	**20,319**	**(686)**	**19,633**	**19,616**	**(472)**	**19,144**
Overdue by up to 6 months	1,940	(148)	1,792	1,735	(162)	1,573
Overdue by 6-12 months	318	(86)	232	236	(60)	176
Overdue by more than 12 months	428	(321)	107	311	(165)	146
Trade receivables due	**2,686**	**(555)**	**2,131**	**2,282**	**(387)**	**1,895**
Trade receivables not yet due	**17,633**	**(131)**	**17,502**	**17,334**	**(85)**	**17,249**

Note 30 Other receivables

Details of other receivables are as follows:

(in millions of Euros)	Current accounts receivable	Prepaid expenses	Other receivables	Total
Gross values at 12.31.2008	164	724	7,688	8,576
Provisions at 12.31.2008	(6)	-	(40)	(46)
Net values at 12.31.2008	**158**	**724**	**7,648**	**8,530**
Gross values at 12.31.2009	125	600	7,439	8,164
Provisions at 12.31.2009	(8)	-	(45)	(53)
NET VALUES AT 12.31.2009	**117**	**600**	**7,394**	**8,111**

The majority of other receivables are due within one year.

"Other receivables" mainly comprise amounts due to the French State and public authorities.
In 2008, they also included €305 million of loans by Domofinance, a credit institution that provides loans to finance works and installations contributing to energy control. Following changes in shareholder agreements, Domofinance has been accounted for under the equity method since October 2009.

Note 31 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and at bank and investments in money market instruments. Cash and cash equivalents as stated in the cash flow statements include the following amounts recorded in the balance sheet:

(in millions of Euros)	**12.31.2009**	12.31.2008
Cash	3,569	1,525
Cash equivalents	3,207	4,135
Financial current accounts	206	209
CASH AND CASH EQUIVALENTS	**6,982**	**5,869**

Note 32 Held-for-sale assets and liabilities

Held-for-sale assets and liabilities amount to €1,265 million and €411 million respectively at December 31, 2009.

They mainly result from the planned disposals of assets (€772 million) and liabilities (€323 million) of GESO, a company owned by EnBW, and the Eggborough power plant belonging to British Energy, in line with the commitment by EDF (see note 5.1.5).

(in millions of Euros)	**12.31.2009**	12.31.2008
Non current assets	1,265	2
Current assets	-	-
HELD-FOR-SALE ASSETS	**1,265**	**2**
Non current liabilities	411	-
Current liabilities	-	-
HELD-FOR-SALE LIABILITIES	**411**	

Note 33 Equity

33.1 Share capital

Settlement on December 17, 2009 of the interim dividend decided for 2009, payable in the form of new shares at the choice of the beneficiary, led to issuance of 26,695,572 new shares with nominal value of €0.50 each plus an issue premium of €34.63. This resulted in a €13 million increase in the share capital plus a share issue premium of €925 million. Issuance expenses were charged to this premium.

At December 31, 2009, the share capital amounted to €924,433,331, comprising 1,848,866,662 fully subscribed and paid-up shares with nominal value of €0.50 each, owned 84.5% by the French State (84.66% at December 31, 2008), 13.1% by the public (institutional and private investors) and 2.4% by current and retired Group employees.

33.2 Treasury shares

A share repurchase program authorized by the General Shareholders' Meeting of June 9, 2006 was implemented by the Board of Directors, within the limits of 10% of the total number of shares making up the Company's capital. The initial duration of the program is 18 months, renewable by tacit agreement for 12 months.

Under the share repurchase program, for which a liquidity contract exists as required by the market regulator AMF, 2,208,559 shares were acquired during 2009 for a total of €82 million, and 2,480,559 shares were sold for a total of €94 million.

At December 31, 2009, treasury shares deducted from consolidated equity represent 244,412 shares with total value of €9 million.

33.3 Dividends

The General Shareholders' Meeting of May 20, 2009 decided to distribute a dividend of €1.28 per share in respect of 2008. The balance of €1,164 million was paid out on June 3, 2009, after the interim dividend of €0.64 per share (total €1,164 million) distributed on December 17, 2008 in accordance with the decision of the Board of Directors of November 20, 2008.

On November 5, 2009 the Board of Directors also decided to pay an interim dividend of €0.55 per share in respect of 2009, in the form of cash or new shares with an issue price of €35.13. The total value of dividends paid was €1,002 million (see note 33.1).

33.4 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 December 31, 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:

	12.31.2009	12.31.2008 (1)
Net income attributable to ordinary shares	3,905	3,484
Dilutive effect	-	-
Net income used to calculate diluted earnings per share *(in millions of Euros)*	**3,905**	**3,484**
Average weighted number of ordinary shares outstanding at end of period (2)	**1,822,533,280**	**1,823,197,300**
EDF's dilutive effect	-	-
Average weighted number of diluted shares outstanding at end of period	**1,822,533,280**	**1,823,197,300**
Earnings per share in Euros:		
NET EARNINGS PER SHARE *(in Euros)*	**2.14**	**1.91**
DILUTED EARNINGS PER SHARE *(in Euros)*	**2.14**	**1.91**

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

(2) In application of IAS 33, the average weighted number of shares outstanding used to calculate earnings per share for 2008 has been adjusted following the December 2009 dividend distribution in the form of shares.

33.5 Capital management

Article 24 of the law of August 9, 2004 requires the State to hold more than 70% of the capital of EDF at all times.

Equity has increased since the IPO of November 2005, largely due to the realized profits net of dividends paid out, and after inclusion of changes in the fair value of financial instruments taken to equity. It amounts to €32,725 million at December 31, 2009 compared to its year-end 2008 level of €24,998 million, which reflected the combined effects of the financial crisis, the decline in the pound sterling and the lower commodity prices of late 2008.

As a result of the increase in net indebtedness due to the high investment program and external growth operations in 2009, the solvency ratio consisting of the net financial debt to capital employed, calculated by reference to the net indebtedness (see note 39.3) and equity including minority interests, has increased from 50% at December 31, 2008 to 56% at December 31, 2009.

Note 34 Provisions

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

		12.31.2009			12.31.2008		
(in millions of Euros)	Notes	Current	Non-current	Total	Current	Non-current	Total
Provisions for back-end nuclear cycle	35.1.1	1,042	17,531	18,573	852	14,686	15,538
Provisions for decommissioning and last cores	35.1.2	350	20,003	20,353	256	13,886	14,142
Provisions for employee benefits	36.1	837	13,412	14,249	829	12,890	13,719
Other provisions	36.7	3,629	1,188	4,817	2,785	1,953	4,738
PROVISIONS		**5,858**	**52,134**	**57,992**	**4,722**	**43,415**	**48,137**

Note 35 Provisions for the back-end nuclear cycle and decommissioning

Provisions are estimated under the principles presented in notes 3.2.1 and 3.2.2.

Obligations can vary noticeably depending on each country's legislation and regulations, and the technologies and industrial practices used in each company.

35.1 Movement in provisions

35.1.1 Provisions for back-end nuclear cycle expenses

The movement in provisions for back-end nuclear cycle expenses breaks down as follows:

35.1.1.1 AT DECEMBER 31, 2009

(in millions of Euros)	12.31.2008	Increases	Decreases		Change in scope	Other changes	12.31.2009
			Utilizations	Reversals			
Provisions for spent nuclear fuel management	8,806	851	(718)	(23)	2,207	24	11,147
Provisions for long-term radioactive waste management	6,732	408	(141)	(33)	404	56	7,426
PROVISIONS FOR BACK-END NUCLEAR CYCLE	**15,538**	**1,259**	**(859)**	**(56)**	**2,611**	**80**	**18,573**

35.1.1.2 AT DECEMBER 31, 2008

(in millions of Euros)	12.31.2007	Increases	Decreases		Other changes	12.31.2008
			Utilizations	Reversals		
Provisions for spent nuclear fuel management	11,011	961	(2,974)	(18)	(174)	8,806
Provisions for long-term radioactive waste management	6,444	375	(132)	(38)	83	6,732
PROVISIONS FOR BACK-END NUCLEAR CYCLE	**17,455**	**1,336**	**(3,106)**	**(56)**	**(91)**	**15,538**

35.1.1.3 BREAKDOWN OF PROVISIONS BY COMPANY

(in millions of Euros)	EDF	British Energy	EnBW	Other	**Total**
Note	35.2	35.3	35.4	35.6	
Provisions at 12.31.2008	**14,711**	**-**	**827**	**-**	**15,538**
Increases	1,159	-	100	-	1,259
Decreases	(866)	-	(49)	-	(915)
Change in scope	-	2,609	-	2	2,611
Other changes	26	51	1	2	80
PROVISIONS AT 12.31.2009	**15,030**	**2,660**	**879**	**4**	**18,573**

35.1.2 Provisions for decommissioning and last cores

The change in decommissioning and last core provisions over 2009 and 2008 breaks down as follows:

35.1.2.1 AT DECEMBER 31, 2009

(in millions of Euros)	12.31.2008	Increases	Decreases		Change in scope	Other changes	**12.31.2009**
			Utilizations	Reversals			
Provisions for decommisioning	12,445	663	(269)	(5)	4,087	399	17,320
Provisions for last cores	1,697	206	-	-	1,075	55	3,033
PROVISIONS FOR DECOMMISSIONING AND LAST CORES	**14,142**	**869**	**(269)**	**(5)**	**5,162**	**454**	**20,353**

35.1.2.2 AT DECEMBER 31, 2008

(in millions of Euros)	12.31.2007	Increases	Decreases		Other changes	12.31.2008
			Utilizations	Reversals		
Provisions for decommisioning	11,933	745	(325)	(6)	98	12,445
Provisions for last cores	1,721	85	-	(109)	-	1,697
PROVISIONS FOR DECOMMISSIONING AND LAST CORES	**13,654**	**830**	**(325)**	**(115)**	**98**	**14,142**

35.1.2.3 BREAKDOWN OF PROVISIONS BY COMPANY

(in millions of Euros)	EDF	British Energy	EnBW	CENG	Other	Total
Note	35.2	35.3	35.4	35.5	35.6	
Provisions at 12.31.2008	**12,469**	**-**	**1,365**	**-**	**308**	**14,142**
Increases	704	66	76	4	19	869
Decreases	(221)	(27)	(23)	-	(3)	(274)
Change in scope	-	4,633	-	426	103	5,162
Other changes	6	416	35	12	(15)	454
PROVISIONS AT 12.31.2009	**12,958**	**5,088**	**1,453**	**442**	**412**	**20,353**

35.2 EDF's provisions

In France, EDF's provisions are calculated in accordance with the instructions of the law of June 28, 2006 and its implementing provisions.

In compliance with the regulation on secure financing of nuclear expenses:
- EDF books provisions to cover all obligations related to the nuclear facilities it operates;
- EDF is building up a portfolio of dedicated assets to cover long-term obligations (see note 35.2.3.3).

The relevant expenses are estimated based on the economic conditions of the year-end. They are then discounted using the rates specified in note 35.2.3 and spread over a forecast disbursement schedule.

35.2.1 EDF's provisions for back-end nuclear cycle expenses in France

(in millions of Euros)	12.31.2008	Increases	Decreases		Other changes	12.31.2009
			Utilizations	Reversals		
Provisions for burnt nuclear fuel management	8,553	837	(714)	(11)	21	8,686
Provisions for long-term radioactive waste management	6,158	322	(119)	(22)	5	6,344
PROVISIONS FOR BACK-END NUCLEAR CYCLE	**14,711**	**1,159**	**(833)**	**(33)**	**26**	**15,030**

Expenses are estimated based on the economic conditions of the year-end, discounted to present value (see note 35.2.3.1) as follows:

(in millions of Euros)	12.31.2009		12.31.2008	
	Costs based on economic conditions at end of period	Amounts in provisions at present value	Costs based on economic conditions at end of period	Amounts in provisions at present value
Spent fuel management	13,969	8,686	13,675	8,553
Long term radioactive waste management	22,321	6,344	21,464	6,158
BACK-END NUCLEAR CYCLE EXPENSES	**36,290**	**15,030**	**35,139**	**14,711**

35.2.1.1 PROVISIONS FOR SPENT FUEL MANAGEMENT

These provisions cover services in connection with the following:

- removal of spent fuel from EDF's generation centers, as well as reception, interim storage and processing of spent fuel, including conditioning and storage of the resulting waste;
- processing expenses exclusively concerning spent fuel that can be recycled in existing facilities, including the portion in reactors but not yet irradiated.

Measurement of these expenses follows the principles set forth in the EDF-AREVA framework agreement governing spent fuel management contracts (processing and recycling) for the post-2007 period. This agreement was signed on December 19, 2008 in continuation of past contractual clauses. Negotiations between EDF and AREVA continued until February 5, 2010, when agreement was reached on the principles for application of the framework agreement. These principles should be implemented in the operating contract for 2008-2012 shortly.

For oxidation and storage of uranium obtained from processed fuel that is not immediately recycled, measurement of expenses is based on EDF's best estimates, taking into account the ongoing negotiations with AREVA and short-term recycling forecasts for these materials.

Expenses are calculated based on forecast physical flows at the reporting date.

For fuel in reactors but not yet irradiated, provisions are booked against an increase in the value of the fuels included in inventories.

EDF's contribution towards decommissioning costs for La Hague reprocessing plant, and its share of the cost of recovering and conditioning old waste, are defined in an agreement signed with AREVA on July 6, 2009 setting the exact amounts and timing of payments and releasing EDF from any further obligation. The last installment is due to be paid by July 1, 2011.The first two installments have been paid and the outstanding payments, amounting to €1.478 billion including taxes, are recorded in operating liabilities.

35.2.1.2 PROVISIONS FOR LONG-TERM RADIOACTIVE WASTE MANAGEMENT

This includes future expenses for:

- removal and storage of radioactive waste resulting from decommissioning of regulated nuclear installations operated by EDF;
- removal and storage of radioactive waste resulting from spent fuel processing at La Hague;
- long-term and direct storage of spent fuel that cannot be recycled on an industrial scale in existing installations: plutonium or uranium fuel derived from enriched processing, fuel from Creys Malville and Brennilis;
- EDF's share of the costs of studies, coverage, shutdown and surveillance of storage centers:
  - existing centers, for very low-level waste, and low and medium-level waste,
  - new centers to be opened, for long-life low-level waste and long-life medium and high-level waste.

The volumes of waste concerned by provisions include packages of existing waste and all waste to be conditioned, resulting from plant decommissioning or spent fuel processing at La Hague (based on all fuel in reactors at December 31, burnt or otherwise). These volumes are regularly reviewed, in keeping with the data declared for the purposes of the national waste inventory undertaken by the French agency for radioactive waste management ANDRA (*Agence nationale pour la gestion des déchets radioactifs*).

For waste resulting from decommissioning of plants in operation, the accounting treatment is identical to the treatment of decommissioning expenses: an asset corresponding to the provision is recognized under the accounting policies described in note 3.11.1.

For future waste that will result from fuel currently in reactors but not yet irradiated, provisions are booked against an increase in the cost of the fuel included in inventories.

The provision for long-life medium and high-level waste is the largest component of the provisions for long-term radioactive waste management. The French Law of June 28, 2006 on the sustainable management of radioactive materials and waste has confirmed EDF's assumption of geological storage. Provisions are based on that assumption.

Since 2005, the gross value and disbursement schedules for forecast expenses have been based on a scenario of industrial geological waste storage, following conclusions presented in the first half of 2005 by the task force set up by the French department for Energy and Raw Materials (*Direction Générale de l'Énergie et des Matières Premières* – DGEMP, which has since become the French department for Energy and Climate – *Direction Générale de l'Énergie et du Climat* or DGEC) comprising members representing the relevant government departments (DGEMP, the State investment agency APE and the Budget Department), ANDRA and the producers of waste (EDF, AREVA, CEA). The approach applied by EDF to the working party's conclusions is reasonable and coherent with information available internationally.

Regarding the provision for long-life low-level waste, ANDRA began to seek a storage site in 2008. Although the two sites selected for geological investigation have withdrawn, the DGEC and ANDRA do not at this stage consider that adjustment is required to the schedule for development of the storage site for long-life low-level waste due to open in 2019.

35.2.2 EDF's provisions for decommissioning and last cores in France

(in millions of Euros)	12.31.2008	Increases	Decreases Utilizations	Other changes	**12.31.2009**
Decommissioning provisions for fossil-fired power plants	434	30	(45)	6	425
Decommissioning provisions for nuclear power plants	10,360	524	(176)	-	10,708
Provisions for last cores	1,675	150	-	-	1,825
PROVISIONS FOR DECOMMISSIONING AND LAST CORES	**12,469**	**704**	**(221)**	**6**	**12,958**

Expenses are estimated based on the economic conditions of the year-end, discounted to present value (see note 35.2.3) as follows:

	12.31.2009		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 end of period	Amounts in provisions at present value
Decommissioning provisions for fossil-fired power plants	594	425	609	434
Decommissioning provisions for nuclear power plants	20,696	10,708	20,452	10,360
Provisions for last cores	3,732	1,825	3,566	1,675
PROVISIONS FOR DECOMMISSIONING AND LAST CORES	**25,022**	**12,958**	**24,627**	**12,469**

35.2.2.1 DECOMMISSIONING PROVISIONS FOR EDF'S FOSSIL-FIRED POWER PLANTS IN FRANCE

The expenses related to decommissioning of fossil-fired power plants are determined according to regularly updated studies based on estimated future costs, measured by reference to the charges recorded on past operations and the most recent estimates for plants still in operation.

The provision recorded at December 31, 2009 reflects the most recent known contractor quotes and commissioning of new generation assets.

For plants still in operation, an asset is recorded against the provision under the principles presented in note 3.11.1.

35.2.2.2 DECOMMISSIONING PROVISIONS FOR EDF'S NUCLEAR POWER PLANTS IN FRANCE

These provisions concern the decommissioning of pressurized water reactor (PWR) nuclear power plants currently in operation and nuclear power plants that have been permanently shut down.
They are estimated on the assumption that once decommissioning is complete, the sites will be returned to their original state and the land reused.

For plants still in operation:
- an asset corresponding to the provision is recognized under the accounting policies described in note 3.11.1;
- an asset is also recorded in the form of accrued revenues, in order to recognize the share of decommissioning costs to be borne by foreign partners, in proportion to their investment in the PWR plants concerned.

(A) For nuclear power plants currently in operation (PWR plants with 900 MW, 1,300 MW and N4 reactors)

Provisions are estimated based on a 1991 study by the French Ministry of Trade and Industry, which set an estimated benchmark cost in €/MW, confirming the assumptions defined in 1979 by the PEON commission. This estimate was confirmed by further studies carried out in 1999 focusing on a specific site, and a further valuation in 2009.

In compliance with commitments, in 2009 EDF revalued decommissioning costs for PWR plants in operation through a procedure comprising the following stages:
- measurement of the decommissioning cost for a PWR plant with four 900 MW units, taking into consideration the most recent developments in regulations, past experience in decommissioning of shut-down plants and recommendations issued by the French Nuclear Safety Authority;
- a review of the scheduling for decommissioning operations over time;
- determination of the rules for extrapolation of costs for the entire fleet of PWR plants in operation.

International intercomparison supported the results of this study.

This revaluation resulted in a figure for decommissioning costs that confirms the amount of the provision booked to date, and validates the benchmark costs used, expressed as €/MW.

The figure includes measurement of the provisions for the three regulated nuclear installations (*Installations nucléaires de base*) attached to the PWR fleet currently in operation, in keeping with commitments made.

(B) For permanently shut-down nuclear power plants (UNGG power plants, Creys-Malville, Brennilis and Chooz A)

The provision is based on contractor quotes (costs and schedules) updated in 2008, which take into account changes in technical and financial assumptions, experience of decommissioning operations currently in process and an intercomparison study.

The expected disbursements are inflated on the basis of the payment schedules established internally, then discounted to present value.

Under the agreement signed by EDF and the CEA in December 2008 for decommissioning of the Brennilis and Phénix plants and the treatment of spent fuel from the same plants, EDF has sole responsibility for decommissioning of Brennilis, and is freed from all further obligations for decommissioning of Phénix. Each party remains responsible for long-term waste management in proportion to its initial investment. The full and final payments were made on March 10, 2009.

35.2.2.3 PROVISION FOR LAST CORES

This provision covers expenses related to the future loss on unused fuel following the final reactor shutdown. It comprises two types of expenses:
- write-down of the inventory of fuel in the reactor that will not be totally burnt when the reactor is shut down, valued at the last known average price;
- the cost of fuel reprocessing and the corresponding waste disposal and storage costs for fuel not yet spent at the time the plant shuts down. These costs are valued in a similar way to provisions for spent fuel management and long-term radioactive waste management.

Since this provision relates to an obligation that existed at the commissioning date of the nuclear unit containing the core, all costs are fully covered by provision and an asset associated with the provision is recognized.

35.2.3 Secure financing of long-term obligations for EDF's nuclear installations

35.2.3.1 DISCOUNT RATE

EDF applies a discount rate of 5% in calculating its provisions, together with assumed inflation of 2%, resulting in an effective rate of close to 3%.

– Calculation of the discount rate

The discount rate is determined based on long series data for a sample of bonds with maturities as close as possible to that of the liability. However, some expenses covered by these provisions will be disbursed over periods significantly longer than the duration of instruments generally traded on the financial markets.
The assumption of the nominal rate is currently appropriate for the duration of nuclear commitments, especially in view of the French 2055 treasury bond. As the average return on 50-year French treasury bonds is not currently available over a sufficient duration, the benchmark is the sliding average over 10 years of the return on French treasury bonds over longer time horizons, plus the spread of corporate bonds rated A to AA, which include EDF.

The assumed inflation rate used is coherent with the forecasts provided by consensus and expected inflation based on the returns on inflation-linked bonds.

– Revision of the discount rate

The methodology used to determine the discount rate gives priority to long-term trends in rates, in keeping with the long-term horizon for disbursements. The discount rate is therefore revised in response to structural developments in the economy leading to medium- and long-term changes.

The discount rate applied complies with the two limits set by the decree of February 23, 2007 and the decision of March 21, 2007. It must remain below:
- a regulatory maximum "equal to the arithmetic average over the forty-eight most recent months of the constant 30-year rate (*TEC 30 ans*), observed on the last date of the period concerned, plus one point",
- and the expected rate of return on assets covering the liability.

35.2.3.2 SENSITIVITY FACTORS IN PROVISIONS FOR THE BACK-END NUCLEAR CYCLE AND PROVISIONS FOR DECOMMISSIONING AND LAST CORES

This sensitivity to assumptions concerning costs, inflation rate, long-term discount rate, and disbursement schedules can be estimated through comparison of the gross amount estimated under economic conditions for December of the year concerned with the discounted value of the amount.

This approach can be complemented by estimating the impact of a change in the discount rate on the discounted value.

In application of article 11 of the decree of February 23, 2007, the following table reports these details for the main components of provisions for the back-end nuclear cycle, decommissioning of nuclear plants and last cores:

	Amounts in provisions at present value		Sensitivity to discount rate			
			2009		2008	
(in millions of Euros)	**2009**	2008	**+0.25%**	**-0.25%**	+0.25%	-0.25%
Back-end nuclear cycle						
Spent fuel management	**8,686**	8,553	**(192)**	**205**	(189)	201
Long term radiactive waste management	**6,344**	6,158	**(391)**	**445**	(378)	430
Decommissioning and last cores						
Decommissioning provisions for nuclear power plants	**10,708**	10,360	**(542)**	**575**	(539)	574
Provisions for last cores	**1,825**	1,675	**(81)**	**87**	(79)	85
TOTAL	**27,563**	**26,746**	**(1,206)**	**1,312**	**(1,185)**	**1,290**

35.2.3.3 DEDICATED ASSETS

The law of June 28, 2006 on sustainable management of radioactive materials and waste and the decree of February 23, 2007 require nuclear power operators to apply a plan for constitution of dedicated assets. These regulations require the value of the dedicated asset portfolio (see note 27.3.2.1) to be at least equal to the value of provisions within 5 years, *i.e.* by June 2011.

35.3 British Energy's nuclear provisions

35.3.1 Restructuring agreements – Financing long-term obligations

Amendments signed with the Nuclear Liabilities Fund (NLF - an independent trust set up by the UK Government as part of the restructuring of British Energy) following the EDF group's acquisition of British Energy have a limited impact on the contractual financing commitments made to British Energy by the UK Secretary of State and the NLF under the "Restructuring Agreements". These agreements were 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 NLF agreed 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 B 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 known existing liabilities for British Energy's spent fuel (including liabilities for management of spent fuel from plants other than Sizewell B loaded in reactors 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). The obligations of British Energy to the NLF and the Secretary of State are guaranteed by the assets of the principal members of British Energy group.

British Energy has also undertaken commitments to pay:

- annual decommissioning contributions for a period limited to the useful lives of the plants that had ceased operations at the date of the "restructuring agreements"; the corresponding provision amounts to €205 million at December 31, 2009;
- £150,000 (indexed to inflation) per tonne of uranium loaded in the Sizewell B reactor after the date of the "restructuring agreements".

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

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 in the form of provisions amounting to €7,748 million at December 31, 2009;
- in the assets, EDF reports receivables corresponding to the amounts payable under the restructuring agreements by the NLF, for non-contracted obligations or decommissioning obligations, and by the British Government for contracted obligations (or historic liabilities).

These receivables are discounted at the same real rate as the obligations they are intended to finance, and amount to €6,399 million at December 31, 2009 (see note 27.4).

35.3.2 British Energy's provisions for the back-end nuclear cycle

(in millions of Euros)	Change in scope	Other changes	12.31.2009
Provisions for spent nuclear fuel management	2,207	2	2,209
Provisions for long-term radioactive waste management	402	49	451
PROVISIONS FOR BACK-END NUCLEAR CYCLE	**2,609**	**51**	**2,660**

Spent fuel from the Sizewell B PWR plant is stored onsite. Spent fuel from other plants is reprocessed at Sellafeld or stored.

The British Energy Group's provisions for the back-end nuclear cycle concern obligations for reprocessing and storage of spent fuel and long-term storage of radioactive waste, required by the existing regulations in the UK approved by the Nuclear Decommissioning Authority (NDA).

Their amount is based on contractual agreements or if this is not possible, on the most recent technical estimates.

Costs making up back-end expenses (transportation, temporary storage, reprocessing and long-term storage) are recorded in inventories and transferred to expenses in proportion to the quantities of spent fuel concerned.

(in millions of Euros)	Back-end nuclear cycle Contractualized spending	Back-end nuclear cycle Non contractualized spending	12.31.2009 Total
Not updated amounts (current prices)	2,704	3,120	5,824
Updated amounts (real rate 3%)	2,209	599	2,808
Amounts in provisions	2,209	451	2,660

35.3.3 British Energy's provisions for decommissioning of nuclear plants and last cores

(in millions of Euros)	Increases	Decreases Utilizations	Change in scope	Other changes	12.31.2009
Provisions for decommisioning	11	(27)	3,594	360	3,938
Provisions for last cores	55	-	1,039	56	1,150
PROVISIONS FOR DECOMMISSIONING AND LAST CORES	**66**	**(27)**	**4,633**	**416**	**5,088**

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 current regulations. The last estimates date from 2006 and assume that plants will be decommissioned and the land will ultimately be reused.

Decommissioning *(in millions of Euros)*	12.31.2009
Not updated amounts (current prices)	11,746
Updated amounts (real rate 3%)	3,733
Amounts in provisions	3,733

The following table only concerns decommissioning obligations, excluding the discounted value of decommissioning contributions payable to the NLF (€205 million) (see note 35.3.1).

35.4 EnBW's provisions

EnBW's provisions are based on the obligations prescribed by law and the regulations, or resulting from operating licenses.

The discount rate applied is 5.5%.

35.4.1 EnBW's provisions for the back-end nuclear cycle

(in millions of Euros)	12.31.2008	Increases	Decreases		Other changes	12.31.2009
			Utilizations	Reversals		
Provisions for spent nuclear fuel management	253	14	(5)	(12)	-	250
Provisions for long-term radioactive waste management	574	86	(21)	(11)	1	629
PROVISIONS FOR BACK-END NUCLEAR CYCLE	**827**	**100**	**(26)**	**(23)**	**1**	**879**

These provisions amount to €879 million at December 31, 2009 (€827 million at December 31, 2008).

Following the ban introduced on July 1, 2005 on transportation of spent fuel to reprocessing plants, spent fuel is no longer reprocessed and nuclear operators are obliged to store it in temporary storage centers built at the plant sites (the atomic agreement of 2000 and the law of 2002).

Waste corresponding to spent fuel sent for reprocessing before July 1, 2005 is brought back to Germany for storage. The return of this waste should continue over the next few years.

Payments are also made to the federal radioprotection department in application of decrees on the prerequisites for creation and commissioning of the Gorleben and Konrad permanent storage centers.

Provisions are estimated on the following bases:

- on contracts, for spent fuel management: this concerns the cost of decentralized temporary storage near the nuclear plants, centralized temporary storage at the Gorleben and Ahaus sites, the costs of transportation and acquisition costs for containers, and residual fuel reprocessing costs.
- on estimations, for long-term waste management: this concerns the cost of spent fuel conditioning in preparation for final storage, costs of removal to the final storage site (transportation and acquisition of containers) and the costs of final storage itself.

35.4.2 Decommissioning provisions for the EnBW Group's nuclear plants

(in millions of Euros)	12.31.2008	Increases	Decreases		Other changes	12.31.2009
			Utilizations	Reversals		
Provisions for decommisioning	1,343	75	(20)	(3)	36	1,431
Provisions for last cores	22	1	-	-	(1)	22
PROVISIONS FOR DECOMMISSIONING AND LAST CORES	**1,365**	**76**	**(20)**	**(3)**	**35**	**1,453**

Decommissioning provisions are estimated on the assumption that decommissioning will take place as soon as possible with no waiting period, and amounts are based on independent expert assessments and cost valuations.

Provisions cover post-operating and dismantling expenses, the costs of waste, decommissioning, and personnel expenses specific to the company that can be assigned to plant shutdown operations.

They are established as soon as the plants are commissioned, and a corresponding asset is recognized in accordance with the accounting principles described in note 3.1.2.

35.5 CENG's provisions

In the US, obligations for spent fuel management, waste management and plant decommissioning are chiefly governed by the NRC (Nuclear Regulatory Commission), and waste transport obligations are governed by the Department of Transport.

(in millions of Euros)	Increases	Change in scope	Other changes	12.31.2009
Provisions for decommissioning and last cores	4	426	12	442

35.5.1 ENG's provisions for the back-end nuclear cycle

Spent fuel is not reprocessed. It is put in temporary storage for future transfer to the US Department of Energy (DOE), which will be responsible for final storage. CENG thus pays a quarterly contribution based on the quantity of electricity produced. No provision has been established for this cost.

35.5.2 Decommissioning provisions for CENG's nuclear plants

CENG is under an obligation to decommission its three nuclear power plants when they cease operations, in compliance with NRC regulations.

Estimates of decommissioning costs are calculated for each individual site based on technical studies that are regularly updated.

Decommissioning provisions mainly cover internal and external personnel expenses, the cost of materials and equipment, transportation and underground storage, energy costs, real property taxes, contributions paid to the NRC for the decontamination certificate procedures and land rehabilitation expenses in compliance with recommendations.

35.5.3 Assets covering nuclear obligations

The NRC requires a trust fund to be set up plant by plant to finance decommissioning.
These trust funds are invested in debt instruments and equities, and are reserved for the relevant nuclear power plant. The company's Investment Committee decides on the general investment strategy, including the allocation between asset categories. Investments comply with a conservative approach. Funds cannot be invested directly in companies that own nuclear power plants.

The NRC sets minimum levels for these trust funds, and inspections are carried out every two years. If a shortfall is noted, the NRC may require additional financial guarantees in the form of cash, letters of credit or guarantees from the parent company.

These covering assets are recorded as held-for-sale assets at fair value (stock market value).

35.6 Other subsidiaries

Obligations associated with the back-end of the nuclear cycle concern SPE's share of nuclear power plants.

Decommissioning obligations primarily concern fossil-fired plants in Europe, nuclear plants in Belgium and other industrial facilities.

Note 36 Provisions for employee benefits

36.1 Changes in provisions

The changes in provisions for employee benefits were as follows in the last two years:

36.1.1 At December 31, 2009

(in millions of Euros)	12.31.2008	Increases	Decreases – Utilization	Decreases – Reversals	Other changes	12.31.2009
Provisions for post-employment benefits	12,703	2,211	(1,933)	(6)	143	13,118
Provisions for other long-term benefits	1,016	222	(122)	(1)	16	1,131
PROVISIONS FOR EMPLOYEE BENEFITS	**13,719**	**2,433**	**(2,055)**	**(7)**	**159**	**14,249**

(in millions of Euros)	France	United Kingdom	Germany	Italy	Other International	Other Activities	**Total**
Provisions at 12.31.2008	**11,420**	**141**	**1,918**	**59**	**41**	**140**	**13,719**
Amounts used at end of period	(937)	(347)	(104)	(9)	(9)	(18)	**(1,424)**
Changes in the scope of consolidation	-	13	-	1	176	-	**190**
Net additions	1,292	342	127	6	16	12	**1,795**
Translation adjustment	-	11	-	-	4	1	**16**
Other	(2)	(41)	(2)	(3)	2	(1)	**(47)**
PROVISIONS AT 12.31.2009	**11,773**	**119**	**1,939**	**54**	**230**	**134**	**14,249**

The change in provisions since December 31, 2008 mainly results from the consolidation of British Energy, CENG and SPE.

36.1.2 At December 31, 2008

(in millions of Euros)	12.31.2007	Increases	Decreases		Other changes	12.31.2008
			Utilizations	Reversals		
Provisions for post-employment benefits	12,675	2,117	(1,760)	(317)	(12)	12,703
Provisions for other long-term benefits	1,088	176	(159)	-	(89)	1,016
PROVISIONS FOR EMPLOYEE BENEFITS	**13,763**	**2,293**	**(1,919)**	**(317)**	**(101)**	**13,719**

(in millions of Euros)	France	United Kingdom	Germany	Italy	Other International	Other Activities	**Total**
Provisions at 12.31.2007	**11,370**	**268**	**1,892**	**55**	**32**	**146**	**13,763**
Amounts used at end of period	(1,140)	(136)	(101)	(1)	(2)	(21)	(1,401)
Changes in the scope of consolidation	-	-	-	-	-	3	3
Net additions	1,187	108	126	8	12	17	1,458
Translation adjustment	-	(49)	-	-	(6)	(6)	(61)
Other	3	(50)	1	(3)	5	1	(43)
PROVISIONS AT 12.31.2008	**11,420**	**141**	**1,918**	**59**	**41**	**140**	**13,719**

36.2 Provisions for post-employment benefits

36.2.1 French and foreign subsidiaries not covered by the special IEG system

Pension obligations principally relate to British, German and Italian companies are mostly covered by defined-benefit plans. 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.

For non-French subsidiaries and French subsidiaries not governed by the IEG regime, pension obligations are partly covered by external funds. The present value of these fund assets is €6.2 billion at December 31, 2009 (€2.4 billion at December 31, 2008). Following the downturn on the financial markets and falling interest rates combined with an anticipated rise in inflation, the deficit for the EDF Energy and British Energy pension funds, which amounted to €271 million at December 31, 2008, increased during 2009 to €1,795 million at December 31, 2009. The next three-year actuarial pension fund review is due to take place in 2010.

Unamortized actuarial gains and losses have thus risen significantly in the UK, and this will lead to an increase in the corresponding amortization expense in 2010.

36.2.2 French subsidiaries covered by the IEG system

– Pensions

The main measures of the financing reform for the special IEG pension system took effect at January 1, 2005.

Following the financing reform for the special IEG pension system that took place in 2004, provisions recorded for the special pension system correspond to the specific benefits of employees, *i.e.* benefits not covered by the standard benefit systems.

The provision for pensions thus covers:

- specific benefits of employees in the deregulated or competitive activities;
- specific benefits earned by employees from January 1, 2005 for the regulated activities (transmission and distribution) (past benefits were financed by the CTA levy (*Contribution Tarifaire d'Acheminement*));
- specific benefits of employees benefiting from early retirement before the standard legal retirement age.

The valuation also includes CNIEG management expenses payable by EDF for the administration and payment of retired employees' pensions by the CNIEG.

These provisions amount to €8,970 million at December 31, 2009 (€8,796 million at December 31, 2008).

– Other post-employment benefits

In addition to pensions, other benefits are granted to employees not currently in active service, as detailed below:

(in millions of Euros)	12.31.2009	12.31.2008
Benefits in kind (electricity/gas)	1,176	1,135
Retirement gratuities	8	(3)
Bereavement benefit	287	283
Bonus paid leave	217	202
Other post-employment	81	65
PROVISIONS FOR POST-EMPLOYMENT BENEFITS	**1,769**	**1,682**
France	**1,751**	**1,665**
Rest of Europe	**18**	**17**

• Benefits in kind (electricity/gas)

Article 28 of the IEG national statutes entitles all employees (active or inactive) to benefits in kind in the form of supplies of electricity or gas at the preferential "Employee price". EDF's obligation for supplies of energy to EDF and GDF SUEZ employees corresponds to the probable present value of kWhs supplied to beneficiaries during their retirement, valued on the basis of the unit cost, taking into account the payment received under the energy exchange agreement with GDF SUEZ;

• Retirement gratuities

Retirement gratuities are paid upon retirement to employees due to receive the statutory old-age pension, or to their dependents if the employee dies before reaching retirement. These obligations are almost totally covered by an insurance policy;

• Bereavement benefit

The bereavement benefit is paid out upon the death of an inactive or handicapped employee, in order to provide financial assistance for the expenses incurred at such a time (Article 26 -§ 5 of the National Statutes). It is paid to the deceased's principal dependants (statutory indemnity equal to two months' pension) or to a third party that has paid funeral costs (discretionary indemnity equal to the costs incurred);

• Bonus pre-retirement paid leave

All employees eligible to benefit immediately from the statutory old-age pension and aged at least 55 at their retirement date are entitled to 18 days of bonus paid leave during the last twelve months of their employment;

• Other benefits

Other benefits include end-of-studies bonuses, additional retirement indemnities and pensions for personnel seconded to Group companies.

36.3 Provisions for other long-term employee benefits

Personnel are also granted other long-term benefits. At December 31, 2009, the related obligations total €1,052 million for IEG status employees (€956 million at December 31, 2008). These benefits include:

- annuities following industrial accident, work-related illness or invalidity; like their counterparts in the general national system, IEG employees are entitled to financial support in the event of industrial accident or work-related illness, and invalidity annuities and benefits. The obligation is measured as the probable present value of future benefits payable to current beneficiaries, including any possible reversions;
- long-service awards;
- specific benefits for employees who have been in contact with asbestos.

36.4 Changes in the discounted value of the obligation and fund assets

The main actuarial assumptions used for provisions for post-employment benefits and long-term employee benefits are summarized below:

	France		United Kingdom		Germany	
	2009	2008	**2009**	2008	**2009**	2008
Discount rates applied to obligations	**5.25%**	5.75%	**5.70%**	6.50%	**5.75%**	6.00%
Expected return on fund assets	**5.32%**	5.04%	**6.30%**	5.90%	**5.50%**	5.00%
Pay increase rates	**2.00%**	2.00%	**5.40%**	4.58%	**3.00%**	3.50%

In France the discount rate for long-term obligations to employees is determined based on the return on a government bond of comparable duration – the 2035 French Treasury bond, which has a duration of 16 years consistent with the duration of employee benefit obligations – plus a spread calculated on the leading non-financial companies.

The actual return on Group pension fund assets for 2009 is €1,146 million (€(784) million for 2008), reflecting the recovery of the financial markets after 2008 was marked by the financial crisis.

The significant variation in unamortized actuarial variances in France (€2,197 million) is primarily due to the change in the discount rate (5.25% at December 31, 2009 compared to 5.75% at December 31, 2008) and the differential between the expected return on fund assets and the actual return registered in the year.

For the portfolio of fund assets, in France a 25 base point variation in the expected return on fund assets would result in a 1.4% rise or fall in the expected expense for 2010.

The impact of a 25-point variation in the discount rate would be a 3.4% variation in the total value of obligations in France.

36.4.1 Changes in the discounted value of the obligation

(in millions of Euros)	France	United Kingdom	Germany	Italy	Other International	Other Activities	Total
Obligations at 01.01.2009	**16,919**	**2,531**	**1,836**	**59**	**38**	**263**	**21,646**
Current year service cost	446	95	23	4	5	12	585
Interest expenses	996	350	106	2	1	6	1,461
Actuarial gains and losses	1,342	2,018	58	-	(1)	14	3,431
Effect of curtailment or settlement of a plan	-	2	-	-	-	-	2
Benefits paid	(933)	(259)	(108)	(9)	(8)	(10)	(1,327)
Contributions by plan participants	-	29	-	-	-	-	29
Past service cost vested	-	-	-	-	1	1	2
Past service cost not vested	-	-	-	-	2	-	2
Changes in scope of consolidation	-	2,738	(6)	1	209	-	2,942
Exchange rate	-	379	-	-	8	1	388
Other	1	-	-	(3)	61	(1)	58
OBLIGATIONS AT 12.31.2009	**18,771**	**7,883**	**1,909**	**54**	**316**	**286**	**29,219**
Fair value of fund assets	(6,388)	(5,981)	(36)	-	(85)	(125)	(12,615)
Unrecognized actuarial gains (losses)	(456)	(1,783)	66	-	2	(26)	(2,197)
Unrecognized past service cost	(154)	-	-	-	(3)	(1)	(158)
NET PROVISIONS RECORDED	**11,773**	**119**	**1,939**	**54**	**230**	**134**	**14,249**
included:							
Provisions for post-employment benefits	**11,773**	**119**	**1,939**	**54**	**230**	**134**	**14,249**
Pension assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**

The main factors contributing to the change in obligations result from consolidation of British Energy, CENG and SPE.

The total experience adjustment for France represents an actuarial gain of €192 million.

36.4.2 Change in the discounted value of fund assets

(in millions of Euros)	France	United Kingdom	Germany	Other International	Other Activities	Total
Fair value of dedicated financial assets as of 01.01.2009	**(5,926)**	**(2,260)**	**(42)**	**-**	**(109)**	**(8,337)**
Expected return on fund assets	(327)	(303)	(2)	(1)	(1)	(634)
Net contributions	(605)	(325)	-	(1)	-	(931)
Actuarial gains and losses	(138)	(372)	(1)	(1)	-	(512)
Benefits paid through dedicated assets	608	259	4	1	(13)	859
Change rate	-	(356)	-	(2)	1	(357)
Other	-	(2,624)	5	(81)	(3)	(2,703)
FAIR VALUE OF DEDICATED FINANCIAL ASSETS AS OF 12.31.2009	**(6,388)**	**(5,981)**	**(36)**	**(85)**	**(125)**	**(12,615)**

36.5 Breakdown of the value of fund assets

For France, this item includes €6,388 million of fund assets at December 31, 2009 (€5,926 million at December 31, 2008) to cover EDF's long-term employee benefit obligations allocated to retirement gratuities (covered 100%) and the specific benefits of the special pension system. They consist of insurance contracts.

At December 31, 2009, investments under the contracts in France break down as follows:

- for retirement gratuities: 47.1% equities, 52.9% bonds and monetary instruments (respectively 41.7% and 56.3% in 2008);
- for the special pension system: 35% equities, 65% bonds and monetary instruments (respectively 22.7% and 77.3% in 2008).

In the UK, investments undertaken to cover employee benefit obligations total €5,981 million: 42.2% equities and 47.8% bonds and monetary instruments, 4.6% real estate property and 5.4% of other investments.

The actuarial gains and losses registered for the year mainly concern France and the United Kingdom.

36.6 Post-employment and other long-term employee benefit expenses

(in millions of Euros)	**12.31.2009**	12.31.2008
Current year service cost	(585)	(584)
Interest expense (current value method)	(1,461)	(1,228)
Expected return on fund assets	634	522
Actuarial gains and losses recorded during the year	173	(29)
Effect of curtailment or settlement of a plan	2	2
Cost of past service vested	2	144
Effects of limit	-	10
NET CHARGES RELATED TO POST-EMPLOYMENT BENEFITS AND OTHER LONG-TERM BENEFITS	**(1,235)**	**(1,163)**

Note 37 Other provisions and contingent liabilities

Details of changes in other provisions are as follows:

37.1 At December 31, 2009

(in millions of Euros)	12.31.2008	Increases	Decreases		Changes in scope of consolidation	Other changes	**12.31.2009**
			Utilizations	Reversals			
Provisions for contingencies related to investments	154	34	(6)	-	-	-	182
Provisions for tax liabilities	203	10	(10)	-	-	152	355
Provisions for litigation	495	62	(51)	(57)	75	5	529
Provisions for onerous contracts	241	228	(588)	(129)	1,224	53	1,029
Other	3,645	1,787	(2,432)	(401)	229	(106)	2,722
OTHER PROVISIONS	**4,738**	**2,121**	**(3,087)**	**(587)**	**1,528**	**104**	**4,817**

37.2 At December 31, 2008

(in millions of Euros)	12.31.2007	Increases	Decreases		Other changes	12.31.2008
			Utilizations	Reversals		
Provisions for contingencies related to investments	157	15	(3)	(3)	(12)	154
Provisions for tax liabilities	147	62	(2)	-	(4)	203
Provisions for litigation	576	100	(155)	(40)	14	495
Provisions for onerous contracts	302	72	(82)	(43)	(8)	241
Other	2,680	2,605	(1,378)	(134)	(128)	3,645
OTHER PROVISIONS	**3,862**	**2,854**	**(1,620)**	**(220)**	**(138)**	**4,738**

37.3 Other provisions

At December 31, 2009, the heading "Other" includes in particular:

- a provision of €501 million established following prolongation of the transition tariff system (*tarif réglementé transitoire d'ajustement du marché* – TaRTAM) to June 30, 2010 in application of the Law of August 4, 2008 on economic modernization;
- a provision of €393 million for the contribution to preserve entitlements to unregulated benefits related to agreements signed with the complementary pension organizations (€383 million at December 31, 2008);
- provisions of €372 million for greenhouse gas emission rights, based on historical purchase prices (€397 million at December 31, 2008);
- provisions of €236 million relating to renewable energy certificates.

The heading "Provisions for litigation" includes a provision relating to a dispute with social security bodies.

Provisions for onerous contracts include the fair value of British Energy sales contracts, amounting to €838 million at December 31, 2009.

37.4 Contingent liabilities

– Tax inspection

In 2008 and 2009, EDF's accounts were inspected for the tax years 2004, 2005 and 2006. At the end of 2009, the Company was notified of a proposed tax reassessment for the period covered. EDF is contesting most of the corrections notified.

In 2008 and 2009, RTE EDF Transport's accounts were inspected for the tax years 2005, 2006 and 2007. In the second half of 2009, the Company was notified of a proposed tax reassessment for the period covered. RTE EDF Transport is contesting most of the corrections notified.

– Labor litigation

EDF is party to a number of labor lawsuits with employees, primarily regarding the calculation and implementation of rest periods. EDF estimates that none of these lawsuits, individually, is likely to have a significant impact on its profits and financial position. However, because they concern situations likely to involve a large number of EDF's employees in France, these litigations could present a systemic risk which could have a material, negative impact on the Group's financial results.

– Edipower

Proceedings are continuing in the action brought before the court of Rome by ACEA against several parties, including among others AEM Spa (now named A2A Spa), EDF, Edipower Spa and Edison Spa. ACEA is claiming that the joint level of investment in Edison by EDF and AEM violates the 30% limit applicable to public companies' stakes in Edipower, as set by the decree of November 8, 2000. It argues that exceeding the 30% limit constitutes unfair competition as defined by the Italian Civil Code, and is detrimental to ACEA. Consequently ACEA is claiming compensation and asking for measures to be taken to put an end to the situation, for example divestment of investments held in excess of the stated level and a ban on receiving energy generated by Edipower above the authorized quantities.

Note 38 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 December 31, 2009:

(in millions of Euros)	12.31.2008	Change over the period	12.31.2009
Value in kind of assets	36,663	1,107	37,770
Unamortized financing by the operator	(17,638)	(465)	(18,103)
Rights in existing assets - net value	**19,025**	**642**	**19,667**
Amortization of financing by the grantor	8,360	527	8,887
Provision for renewal	11,131	199	11,330
Rights in assets to be replaced	**19,491**	**726**	**20,217**
SPECIFIC FRENCH PUBLIC ELECTRICITY DISTRIBUTION CONCESSION LIABILITIES FOR EXISTING ASSETS AND ASSETS TO BE REPLACED	**38,516**	**1,368**	**39,884**

Note 39 Current and non-current financial liabilities

39.1 Breakdown between current and non-current financial liabilities

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

	12.31.2009			12.31.2008		
(in millions of Euros)	Non-current	Current	Total	Non-current	Current	Total
Loans and other financial liabilities	43,941	9,927	53,868	25,416	12,035	37,451
Negative fair value of derivatives held for trading	-	3,610	3,610	-	3,232	3,232
Negative fair value of hedging derivatives	814	3,023	3,837	168	3,691	3,859
FINANCIAL LIABILITIES	**44,755**	**16,560**	**61,315**	**25,584**	**18,958**	**44,542**

At December 31, 2009, the fair value of derivatives is determined on the basis of listed prices (1%), observable prices (96%) and internal valuation models (3%).

39.2 Loans and other financial liabilities

39.2.1 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
Balances at 12.31.2007	**14,943**	**4,168**	**8,138**	**237**	**444**	**27,930**
Increases	10,649	2,783	2,319	-	196	**15,947**
Decreases	(1,425)	(2,064)	(1,989)	(61)	(41)	**(5,580)**
Changes in scope of consolidation	3	23	(116)	-	-	**(90)**
Translation adjustments	(874)	(13)	24	-	(55)	**(918)**
Other	194	(38)	(84)	59	31	**162**
Balances at 12.31.2008	**23,490**	**4,859**	**8,292**	**235**	**575**	**37,451**
Increases	18,904	11,128	413	-	702	**31,147**
Decreases	(2,766)	(9,926)	(2,929)	(73)	(44)	**(15,738)**
Changes in scope of consolidation	597	304	109	8	4	**1,022**
Translation adjustments	185	184	49	-	100	**518**
Other	(338)	(99)	(42)	76	(129)	**(532)**
BALANCES AT 12.31.2009	**40,072**	**6,450**	**5,892**	**246**	**1,208**	**53,868**

EDF undertook several major bond issues during 2009:

- on January 23, 2009, two bond issues 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, a $5 billion bond on the US market in the form of a private placement reserved for institutional investors (governed by Rule 144A of the US Securities and Exchange Commission), in three installments:
  - a 5-year $1.25 billion installment with coupon of 5.50%,
  - a 10-year $2 billion installment with coupon of 6.50%,
  - a 30-year $1.75 billion installment with coupon of 6.95%;
- on March 3, 2009, 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, a £1.5 billion bond issue with 25-year maturity and annual coupon of 6.125% as part of its EMTN program;
- on July 17, 2009, a 5-year €3.3 billion retail bond issue for private investors in France, bearing interest at the fixed rate of 4.5%;
- in July 2009, issue of five bonds in Japan totaling JPY 120.4 billion, with maturities ranging from 2012 to 2016;
- on September 11, 2009, a €2.5 billion bond issue with 15-year maturity bearing interest at 4.625%;
- 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 a €600 million bond with 30-year maturity and annual coupon of 6.125%;
- on November 12, 2009, EDF Energy issued three bonds totaling £950 million:
  - £300 million maturing in November 2016 with annual coupon of 5.125%,
  - £300 million maturing in November 2031 with annual coupon of 6.125%,
  - £350 million maturing in November 2036 with annual coupon of 6%.

These operations contribute to the financing of the Group's investment strategy and early repayment of the bank loan used in January 2009 for the acquisition of British Energy.

Edison also made drawings on credit lines, essentially to finance the investment in the Abu Qir gasfields, and in July 2009 it issued a €700 million bond (EDF's share: €343 million) as part of its EMTN program.

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

(in millions of Euros)	**12.31.2009**	12.31.2008
EDF SA and other affiliated subsidiaries [1]	30,756	21,303
EDF Energy [2]	11,943	7,668
EnBW	3,416	2,551
EDF Énergies Nouvelles	3,295	1,916
Edison [3]	2,302	1,572
Others	2,156	2,441
GROSS INDEBTEDNESS	**53,868**	**37,451**

(1) ERDF, RTE, PEI, EDF International and EDF Investissement Groupe.

(2) Including holding companies.

(3) Edison excluding TDE.

At December 31, 2009, none of these entities was in default on any borrowing.

The Group's principal borrowings at December 31, 2009 are as follows:

(in millions)	Entity	Issue	Maturity	Issuance Amount	Currency	Rate
Euro MTN	EDF	07/2000	10/2010	1,000	EUR	5.8%
Bond	Edison	02/2007	12/2011	900	EUR	1-month Euribor
Euro MTN	EnBW	02/2002	02/2012	1,000	EUR	5.9%
Bond	TDE	09/2005	09/2012	1,200	EUR	3-month Euribor
Euro MTN	EDF	11/2008	01/2013	2,000	EUR	5.6%
Euro MTN	EnBW	11/2008	11/2013	750	EUR	6.0%
Bond	EDF	01/2009	01/2014	1,250	USD	5.5%
Euro MTN	EDF	07/2009	07/2014	3,269	EUR	4.5%
Euro MTN	EDF	01/2009	01/2015	2,000	EUR	5.1%
Bond	RTE EDF Transport	06/2008	05/2015	1,250	EUR	4.9%
Euro MTN	EnBW	07/2009	07/2015	750	EUR	4.1%
Bond	RTE EDF Transport	09/2006	09/2016	1,000	EUR	4.1%
Euro MTN	EDF	10/2001	10/2016	1,100	EUR	5.5%
Euro MTN	EDF	02/2008	02/2018	1,500	EUR	5.0%
Bond	RTE EDF Transport	08/2008	08/2018	1,000	EUR	5.1%
Euro MTN	EnBW	11/2008	11/2018	750	EUR	6.9%
Bond	EDF	01/2009	01/2019	2,000	USD	6.5%
Euro MTN	EDF	05/2008	05/2020	1,200	EUR	5.4%
Euro MTN	EDF	01/2009	01/2021	2,000	EUR	6.3%
Euro MTN	EDF	09/2009	09/2024	2,500	EUR	4.6%
Euro MTN	EDF	02/2003	02/2033	850	EUR	5.6%
Euro MTN	EDF	05/2009	06/2034	1,500	GBP	6.1%
Bond	EDF	01/2009	01/2039	1,750	USD	7.0%

39.2.2 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	2,090	1,872	7,467	36	570	12,035
From one to five years	8,118	1,684	449	151	5	10,407
More than five years	13,282	1,303	376	48	-	15,009
Loans and financial liabilities at 12.31.2008	**23,490**	**4,859**	**8,292**	**235**	**575**	**37,451**
Less than one year	2,046	1,599	5,043	41	1,198	9,927
From one to five years	12,244	2,676	593	144	10	15,667
More than five years	25,782	2,175	256	61	-	28,274
LOANS AND FINANCIAL LIABILITIES AT 12.31.2009	**40,072**	**6,450**	**5,892**	**246**	**1,208**	**53,868**

39.2.3 Breakdown of loans by currency

	12.31.2009			12.31.2008		
(in millions of Euros)	Initial debt structure	Impact of hedging derivatives (1)	Debt structure after hedging derivatives	Initial debt structure	Impact of hedging derivatives (1)	Debt structure after hedging derivatives
Euro (EUR)	37,232	(10,356)	26,876	28,326	(3,499)	24,827
American Dollar (USD)	5,081	(32)	5,049	2,273	(692)	1,581
Pound sterling (GBP)	7,386	11,463	18,849	4,152	4,225	8,377
Other	4,169	(1,075)	3,094	2,700	(34)	2,666
LOANS AND FINANCIAL LIABILITIES	**53,868**		**53,868**	**37,451**		**37,451**

(1) Hedges of liabilities and net assets of foreign subsidiaries, and dollar/sterling swaps classified as economic hedges.

39.2.4 Breakdown of loans by type of interest rate, before and after swaps

	12.31.2009			12.31.2008		
(in millions of Euros)	Initial debt structure	Impact of derivatives	Debt structure after derivatives	Initial debt structure	Impact of derivatives	Debt structure after derivatives
Fixed rates	44,569	613	45,182	29,680	739	30,419
Floating rates	9,299	(613)	8,686	7,771	(739)	7,032
LOANS AND FINANCIAL LIABILITIES	**53,868**		**53,868**	**37,451**		**37,451**

The breakdown of loans and financial liabilities by interest rate includes the impact of all derivatives designated as hedges in accordance with IAS 39.

39.2.5 Credit lines

At December 31, 2009, the Group has credit lines with various banks totaling €10,039 million (€21,388 million at December 31, 2008).

(in millions of Euros)	12.31.2009 Total	Maturity < 1 year	Maturity 1 - 5 years	Maturity > 5 years	12.31.2008 Total
Confirmed credit lines	10,039	1,302	8,737	-	21,388

The decrease since 2008 mainly results from extinguishment of the item corresponding to the £11 billion syndicated loan contracted by EDF for the purchase of British Energy.

39.2.6 Fair value of loans and other financial liabilities at December 31, 2009

(in millions of Euros)	12.31.2009 Fair Value	12.31.2009 Net book value	12.31.2008 Fair Value	12.31.2008 Net book value
LOANS AND FINANCIAL LIABILITIES	**57,014**	**53,868**	**36,587**	**37,451**

39.3 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	12.31.2009	12.31.2008
Loans and other financial liabilities	39.2.1	53,868	37,451
Derivatives used to hedge liabilities		373	(381)
Cash and cash equivalents	31	(6,982)	(5,869)
Liquid assets	27.3.1 et 27.3.2	(4,735) (1)	(6,725) (2)
Net financial liabilities from companies disclosed in non-current liabilities related to assets classified as held for sale		(28)	-
NET INDEBTEDNESS		**42,496**	**24,476**

(1) Available-for-sale financial assets: €4,538 million, financial assets carried at fair value: €197 million.

(2) Available-for-sale financial assets: €6,651 million, financial assets carried at fair value: €74 million.

39.4 Changes in net indebtedness

(in millions of Euros)	2009	2008
Operating profit before depreciation and amortization (EBITDA)	**17,466**	**14,240**
Cancellation of non-monetary items included in EBITDA	(3,105)	(3,699)
Change in net working capital (1)	(983)	(211)
Other items	143	30
Net cash flow from operations	**13,521**	**10,360**
Acquisitions of property, plant and equipment and intangible assets net of disposals	(12,118)	(9,489)
Net financial expenses disbursed	(1,408)	(1,068)
Income tax paid	(963)	(1,720)
Cancellation of the decision of the European Commission	1,224	-
Free cash flow (1)	**256**	**(1,917)**
Investments (2)	(16,238)	(6,090)
Dividends paid	(1,311)	(2,528)
Other items	(94)	479
Monetary decrease in net indebtedness, excluding the impact of changes in the scope of consolidation and exchanges rates	**(17,387)**	**(10,056)**
Effects of change in the scope of consolidation	453	138
Effects of exchange rate fluctuations	(760)	1,473
Other non-monetary changes	(326)	238
(Increase) / Decrease in net indebtedness	**(18,020)**	**(8,207)**
Net indebtedness at beginning of period	**24,476**	**16,269**
NET INDEBTEDNESS AT END OF PERIOD	**42,496**	**24,476**

(1) The change in working capital for 2008 includes reclassification of the payment due to AREVA for the La Hague reprocessing plant as an item of trade payables (€2,300 million). In 2009 it included a corresponding payment of €(605) million. Consequently, the free cash flow in this presentation reflects this payment.

(2) The main financial investments of 2009 are:
- *acquisition of the shares of British Energy as part of the purchase offer and subsequent squeeze-out offer for €10,827 million, offset in November 2009 by the sale of 20% of these shares to Centrica for €(2,470) million (see note 5.1);*
- *€2,508 million for the acquisition of 49.99% of CENG;*
- *approximately €1.4 billion for the acquisitions of EWE, Lippendorf and Bexbach by EnBW;*
- *€1,328 million for the acquisition of 51% of SPE;*
- *€495 million for Edison's investment in the Abu Qir gasfields;*
- *a gross allocation of €1,902 million to dedicated assets.*

39.5 Guarantees of borrowings

Guarantees of borrowings by the Group at December 31, 2009 comprise the following:

(in millions of Euros)	12.31.2009				12.31.2008
	Total	Maturity			Total
		< 1 year	1 - 5 years	> 5 years	
Security interests in real property	2,767	207	1,101	1,459	2,166
Guarantees related to borrowings	323	23	48	252	429
Other financing commitments	241	182	10	49	564
FINANCING COMMITMENTS GIVEN	**3,331**	**412**	**1,159**	**1,760**	**3,159**
FINANCING COMMITMENTS RECEIVED*	**184**	**148**	**29**	**7**	**69**

* *Excluding credit lines (see note 39.2.5).*

Security interests in real property and assets provided as guarantees mainly concern property, plant and equipment and take the form of pledges or mortgages, and shares representing investments in consolidated subsidiaries which own property, plant and equipment. The net book value of current and non-current assets given as guarantees is €2,767 million (€2,166 million in 2008).

Guarantees of borrowings were principally given by EDF and EDF International.
The lower level of financing commitments given in 2009 results from expiry of the €431 million interim backstop borrowing facility granted to CEG.

Financing commitments received mainly concern EDF, EDF Énergies Nouvelles and Unistar Nuclear Energy.

Note 40 Management of financial risks

As an operator in the energy sector worldwide, the EDF group is exposed to risks related to interest rates, exchange rates and fluctuations in commodity prices. The Group uses derivatives in various hedging strategies to eliminate or limit these financial risks, but not for speculative purposes.

To that end, the Group has set up a dedicated body responsible for defining the risk management policy and its governing principles, and supervising their correct application.

EDF entities and Group subsidiaries, particularly EDF Trading, EDF Energy, EnBW and Edison have adapted these principles as appropriate for management of the risks inherent to their business.

Risks related to exchange rate, interest rate and commodity price fluctuations create volatility affecting Group results, equity and cash flows.

The main derivatives used are forward exchange contracts and currency swaps, interest rate swaps, cross currency swaps and commodity futures, forwards and swaps.

The equity risk lies essentially in the portfolio to cover nuclear obligations, and to a lesser degree in long-term investments for EDF's cash management.

On the energy markets, the Group enters into trading operations on the wholesale electricity, CO_2 and fossil fuel markets, mainly through its subsidiary EDF Trading. EDF Trading's spot and forward transactions mostly involve instruments such as forward contracts (with or without physical delivery), swaps and options.

While EDF Trading is responsible for controlling its own exposure to energy market risks, its commitments on the markets are also managed at Group level through a "Value at risk" (VaR) limit with a Stop-loss limit.

The credit risk covers the risk of unpaid trade receivables and the risk of default on contractual obligations by counterparties, and the Group has an appropriate risk management policy based on the four following principles:

- close monitoring of the Group's counterparties (a daily report on alerts and specific conservative measures for certain counterparties);
- a methodology to assign exposure limits for each counterparty, related to financial and energy markets;
- monthly consolidation of exposure to counterparty risk on financial and energy market activities and quarterly consolidation across all activities;
- introduction of a loss limit for the Group and for each entity, and compliance monitoring by the Corporate Credit Committee.

Regarding the risk of customer default, another component of the counterparty risk, a statement of receivables not yet due and overdue is shown in note 29.

In the special case of EDF Trading, credit risk is partly covered by bilateral margin agreements and letters of credit.

The 2009 Management Report (section 1.9) supplies additional information to complement this note.

Note 41 Derivatives and hedge accounting

Hedge accounting is applied in compliance with IAS 39, and concerns interest rate derivatives used to hedge long-term indebtedness, currency derivatives used to hedge net foreign investments and debts in foreign currencies, and currency and commodity derivatives used to hedge future cash flows.

The fair value of hedging derivatives reported in the balance sheet breaks down as follows:

(in millions of Euros)	Notes	12.31.2009	12.31.2008
Positive fair value of hedging derivatives	27.1	2,895	3,705
Negative fair value of hedging derivatives	39.1	(3,837)	(3,859)
FAIR VALUE OF HEDGING DERIVATIVES		**(942)**	**(154)**
Including Interest rate hedging derivatives	41.4.1	(18)	(64)
Including Foreign currency hedges	41.4.2	273	1,795
Including Cash flow hedge commodity derivatives	41.4.3	(1,205)	(1,851)
Including Commodity-related fair value hedges	41.5	7	(34)

The fair value of hedging derivatives is determined on the basis of:

- listed prices: 1%;
- observable data: 98%;
- internal valuation models: 1%.

41.1 Fair value hedges

The EDF group hedges the exposure to changes in the fair value of fixed-rate debts. The derivatives used for this hedging are fixed/floating interest rate swaps and cross currency swaps, with changes in fair value recorded in the income statement. Fair value hedges also include currency hedging instruments on certain firm purchase commitments.

At December 31, 2009, the ineffective portion of fair value hedges represents a loss of €7 million (loss of €6 million at December 31, 2008), included in the financial result.

41.2 Cash flow hedges

The EDF group uses cash flow hedging principally for the following purposes:

- to hedge its floating-rate debt, using interest-rate swaps (floating/fixed rate);
- to hedge the exchange rate risk related to debts contracted in foreign currencies, using cross currency swaps;
- to hedge future cash flows related to expected sales and purchases of electricity, gas, and coal, using futures, forwards and swaps.

The EDF group also hedges the currency risk associated with fuel and commodity purchases.

At December 31, 2009, the ineffective portion of cash flow hedges represents a gain of €2 million (loss of €5 million at December 31, 2008).

41.3 Hedges of net investments in foreign entities

Hedging of net foreign investments is used for protection against exposure to the exchange rate risk related to net investments in the Group's foreign entities.

This risk is hedged at group level either by contracting debts for investments in the same currency, or through the markets, in which case the Group uses currency swaps and forward exchange contracts.

41.4 Impact of hedging derivatives on equity

Changes in the fair value of hedging derivatives included in equity (EDF's share) over the year are as follows:

– In 2009

(in millions of Euros)	Gross changes in fair value recorded in equity [(1)]	Taxes related to gross changes 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	3	2	5	-	-	-	-
Exchange rate hedging	(797)	261	(536)	-	(234)	82	(152)
Net foreign exchange hedging	(181)	240	59	-	-	-	-
Commodity hedging	(412)	160	(252)	2	(1,095)	389	(706)
HEDGING DERIVATIVES	**(1,387)**	**663**	**(724)**	**2**	**(1,329)**	**471**	**(858)**

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

The main components of the €(252) million negative change, after tax, in the fair value of commodity hedging derivatives are:

- €(488) million on electricity hedging contracts;
- €(20) million on coal hedging contracts;
- €217 million on oil product hedging contracts.

The main components of the amount of €(706) million after tax transferred to income in respect of commodity hedges terminated during the year are:

- €(734) million on electricity hedging contracts;
- €280 million on gas hedging contracts;
- €(142) million on oil product hedging contracts.

– In 2008

(in millions of Euros)	Gross changes in fair value recorded in equity [(1)]	Taxes related to gross changes 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	(90)	20	(70)	(2)	-	-	-
Exchange rate hedging	362	(106)	256	-	(62)	21	(41)
Net foreign exchange hedging	857	(294)	563	-	-	-	-
Commodity hedging	(3,216)	1,012	(2,204)	(3)	(296)	90	(206)
HEDGING DERIVATIVES	**(2,087)**	**632**	**(1,455)**	**(5)**	**(358)**	**111**	**(247)**

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

The main components of the €2,204 million negative change, after tax, in the fair value of commodity hedging derivatives are:
- €(1,137) million on electricity hedging;
- €(434) million on coal hedging contracts;
- €(306) million on oil product hedging contracts.

The main components of the amount of €(206) million after tax transferred to income in respect of commodity hedges terminated during the year are:
- €(339) million on electricity hedging;
- €(111) million on gas hedging;
- € + 201 million on coal hedging.

41.4.1 Interest rate hedging derivatives

Interest rate hedging derivatives break down as follows:

	Notional at 12.31.2009				Notional at 12.31.2008	Fair value	
(in millions of Euros)	< 1 year	1 - 5 years	> 5 years	Total	Total	12.31.2009	12.31.2008
Purchases of forward contracts	-	-	-	-	-	-	1
Purchases of CAP contracts	-	90	8	98	7	-	-
Purchases of options	-	170	-	170	-	-	-
Sales of options	-	-	-	-	1	-	1
Interest rate transactions	**-**	**260**	**8**	**268**	**8**	**-**	**2**
Fixed rate payer / floating rate receiver	189	1,676	1,013	2,878	1,975	(57)	(101)
Floating rate payer / fixed rate receiver	-	1,160	1,026	2,186	1,228	39	53
Variable / variable	-	-	-	-	241	-	(18)
Interest rate swaps	**189**	**2,836**	**2,039**	**5,064**	**3,444**	**(18)**	**(66)**
Interest rate hedging derivatives	**189**	**3,096**	**2,047**	**5,332**	**3,452**	**(18)**	**(64)**

The fair value of interest rate/exchange rate cross-currency swaps comprises the interest rate effect only.

The notional value of cross-currency swaps is included both in this note and the note on exchange rate hedging derivatives (41.4.2).

41.4.2 Exchange rate hedging derivatives

Exchange rate hedging derivatives break down as follows:

– At December 31, 2009

	Notional amount to be received at 12.31.2009				Notional amount to be given at 12.31.2009				Fair value
(in millions of Euros)	< 1 year	1 - 5 years	> 5 years	Total	< 1 year	1 - 5 years	> 5 years	Total	12.31.2009
Forward exchange transactions	5,431	3,348	-	8,779	5,120	2,969	-	8,089	109
Swaps	10,247	7,898	5,707	23,852	10,199	7,659	5,567	23,425	164
Options	72	-	-	72	74	-	-	74	-
FOREIGN CURRENCY HEDGES	**15,750**	**11,246**	**5,707**	**32,703**	**15,393**	**10,628**	**5,567**	**31,588**	**273**

The notional value of cross-currency swaps shown in this note is also included in the note on interest rate hedging derivatives (41.4.1).

– At December 31, 2008

	Notional amount to be received at 12.31.2008				Notional amount to be given at 12.31.2008				Fair value
(in millions of Euros)	< 1 year	1 - 5 years	> 5 years	Total	< 1 year	1 - 5 years	> 5 years	Total	12.31.2008
Forward exchange transactions	4,880	3,743	73	8,696	5,879	3,897	35	9,811	553
Swaps	4,546	3,085	2,126	9,757	3,893	2,502	1,469	7,864	1,232
Options	502	-	-	502	502	-	-	502	10
FOREIGN CURRENCY HEDGES	**9,928**	**6,828**	**2,199**	**18,955**	**10,274**	**6,399**	**1,504**	**18,177**	**1,795**

The fair value of interest rate/exchange rate cross-currency swaps comprises the exchange rate effect only.

41.4.3 Commodity-related cash flow hedges

Details of commodity-related cash flow hedges are as follows:

(in millions of Euros)	Units of measure	12.31.2009 Net notionals < 1 year	12.31.2009 Net notionals From 1 to 5 years	12.31.2009 Net notionals > 5 years	12.31.2009 Net notionals Total	12.31.2009 Fair value	12.31.2008 Net notionals Total	12.31.2008 Fair value
Swaps		-	-	-	-	-	-	1
Forwards/futures		41	17	-	58	(585)	35	(748)
Power	TWh	**41**	**17**	**-**	**58**	**(585)**	**35**	**(747)**
Swaps		17	-	-	17	-	-	-
Forwards/futures		555	611	-	1,166	(236)	1,524	(9)
Gas	Millions of therms	**572**	**611**	**-**	**1,183**	**(236)**	**1,524**	**(9)**
Swaps		16,468	10,175	-	26,643	93	19,873	(638)
Forwards/futures		-	-	-	-	-	477	(11)
Oil products	Thousands of barrels	**16,468**	**10,175**	**-**	**26,643**	**93**	**20,350**	**(649)**
Swaps		12	7	-	19	(333)	25	(403)
Forwards/futures		-	-	-	-	1	-	(2)
Coal	Millions of tonnes	**12**	**7**	**-**	**19**	**(332)**	**25**	**(405)**
Forwards/futures		9,608	3,377	-	12,985	(145)	17,327	(41)
CO_2	Thousands of tonnes	**9,608**	**3,377**	**-**	**12,985**	**(145)**	**17,327**	**(41)**
CASH FLOW HEDGE COMMODITY DERIVATIVES						**(1,205)**		**(1,851)**

41.5 Commodity-related fair value hedges

Details of commodity-related fair value hedges are as follows:

(in millions of Euros)	Units of measure	12.31.2009 Net notionals	12.31.2009 Fair value	12.31.2008 Net notionals	12.31.2008 Fair value
Swaps		175	(11)	-	-
Gas	Millions of therms	**175**	**(11)**	**-**	**-**
Coal and freight	Millions of tonnes	**(18)**	**18**	**(9)**	**(34)**
FAIR VALUE HEDGING COMMODITY DERIVATIVES			**7**		**(34)**

Note 42 Derivative instruments not recorded as hedges

Details of the fair value of trading derivatives reported in the balance sheet are as follows:

(in millions of Euros)	Notes	**12.31.2009**	12.31.2008
Derivatives - positive fair value	27.3.1	4,662	4,753
Derivatives - negative fair value	39.1	(3,610)	(3,232)
DERIVATIVES - FAIR VALUE		**1,052**	**1,521**
Including Interest rate derivatives held for trading	42.1	27	18
Including Currency derivatives held for trading	42.2	(58)	144
Including Non hedging commodity derivatives	42.3	1,083	1,359

The fair value of derivative instruments held for trading is determined on the basis of:
- observable data: 95%;
- internal valuation models: 5%.

42.1 Interest rate derivatives held for trading

Interest rate derivatives held for trading break down as follows:

	Notional at 12.31.2009				Notional at 12.31.2008	Fair value	
(in millions of Euros)	**< 1 year**	**1 - 5 years**	**> 5 years**	**Total**	Total	**12.31.2009**	12.31.2008
Purchases of CAP contracts	-	-	-	-	147	-	-
Sales of FLOOR contracts	-	-	-	-	294	-	-
Interest rate transactions	**-**	**-**	**-**	**-**	**441**	**-**	**-**
Fixed rate payer / floating rate receiver	917	869	1,476	3,262	1,962	(161)	(97)
Floating rate payer / fixed rate receiver	2,150	974	1,466	4,590	7,125	188	150
Variable / variable	7	40	158	205	221	-	(35)
Interest rate swaps	**3,074**	**1,883**	**3,100**	**8,057**	**9,308**	**27**	**18**
INTEREST RATE DERIVATIVES HELD FOR TRADING	**3,074**	**1,883**	**3,100**	**8,057**	**9,749**	**27**	**18**

42.2 Currency derivatives held for trading

Currency derivatives held for trading break down as follows:

– At December 31, 2009

(in millions of Euros)	Notional amount to be received at 12.31.2009 < 1 year	1 - 5 years	> 5 years	Total	Notional amount to be given at 12.31.2009 < 1 year	1 - 5 years	> 5 years	Total	Fair value 12.31.2009
Forward transactions	2,781	794	28	3,603	2,788	766	28	3,582	(17)
Swaps	2,689	220	-	2,909	2,704	238	-	2,942	(41)
CURRENCY DERIVATIVES HELD FOR TRADING	**5,470**	**1,014**	**28**	**6,512**	**5,492**	**1,004**	**28**	**6,524**	**(58)**

– At December 31, 2008

(in millions of Euros)	Notional amount to be received at 12.31.2008 < 1 year	1 - 5 years	> 5 years	Total	Notional amount to be given at 12.31.2008 < 1 year	1 - 5 years	> 5 years	Total	Fair value 12.31.2008
Forward transactions	3,488	297	44	3,829	3,402	289	45	3,736	39
Swaps	6,371	586	-	6,957	6,304	564	-	6,868	106
Options	182	-	-	182	40	-	-	40	(1)
CURRENCY DERIVATIVES HELD FOR TRADING	**10,041**	**883**	**44**	**10,968**	**9,746**	**853**	**45**	**10,644**	**144**

42.3 Commodity derivatives not classified as hedges

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

(in millions of Euros)	Units of measure	12.31.2009 Net notionals	12.31.2009 Fair value	12.31.2008 Net notionals	12.31.2008 Fair value
Swaps		(2)	651	(2)	(19)
Options		18	159	13	(92)
Forwards/futures		(27)	(539)	(20)	152
POWER	TWh	**(11)**	**271**	**(9)**	**41**
Swaps		17	(33)	-	8
Options		89,172	24	86,466	54
Forwards/futures		837	113	(1,232)	202
Gas	Millions of therms	**90,026**	**104**	**85,234**	**264**
Swaps		(8,653)	52	(13,712)	68
Options		(3,156)	1	1,200	8
Forwards/futures		1,585	(21)	1,680	(39)
Oil products	Thousands of barrels	**(10,224)**	**32**	**(10,832)**	**37**
Swaps		(53)	(75)	(63)	651
Options		-	-	-	-
Forwards/futures		104	328	87	51
Freight		19	(8)	11	75
Coal	Millions of tonnes	**70**	**245**	**35**	**777**
Swaps		(303)	(14)	-	(30)
Options		-	-	-	-
Forwards/futures		13,069	531	5,726	269
CO_2	Thousands of tonnes	**12,766**	**517**	**5,726**	**239**
Swaps		-	(91)	-	-
Other		**-**	**(91)**	**-**	**-**
Embedded commodity derivatives		**-**	**5**	**-**	**1**
NON HEDGING COMMODITY DERIVATIVES			**1,083**		**1,359**

These mainly include contracts included in EDF Trading's portfolio.

Note 43 Trade payables

(in millions of Euros)	**12.31.2009**	12.31.2008
Trade payables and related accounts excluding EDF Trading	10,694	10,967
Trade payables and related accounts of EDF Trading	2,654	2,990
TRADE PAYABLES	**13,348**	**13,957**

Note 44 Other liabilities

Details of other liabilities are as follows:

(in millions of Euros)	**12.31.2009**	12.31.2008
Advances received	5,277	4,783
Liabilities related to property, plant and equipment	2,216	2,096
Tax and social charges	6,884	6,671
Deferred income	8,312	8,027
Other	5,334	4,248
OTHER LIABILITIES	**28,023**	**25,825**
Non current	5,725	5,628
Current	22,298	20,197

At December 31, 2009, deferred income includes €2,444 million (€2,317 million at December 31, 2008) of partner advances to EDF under the nuclear plant financing plans, and €2,513 million of connection fees for ERDF and EDF (€2,529 million at December 31, 2008). The increase in the “Other” item essentially relates to the put option granted to minority shareholders in SPE (see note 5.2).

Note 45 Contribution of joint ventures

The Group holds investments in joint ventures (see note 49). As stated in note 3.3, these investments are proportionally consolidated.

The joint ventures' contributions to the consolidated balance sheet and income statement are as follows:

– At December 31, 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%	4,145	13,247	3,490	9,148	7,195	1,193
Edison	48.96%	1,673	6,942	1,624	2,515	4,389	713
CENG	49.99%	404	4,861	627	1,084	80	34
Other		2,260	6,282	1,904	1,346	2,693	387
TOTAL		**8,482**	**31,332**	**7,645**	**14,093**	**14,357**	**2,327**

– At December 31, 2008

(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%	5,289	11,260	4,214	7,903	7,467	1,114
Edison*	48.96%	1,604	6,434	1,725	1,949	5,003	807
Other		2,879	5,640	2,443	1,022	2,665	341
TOTAL		**9,772**	**23,334**	**8,382**	**10,874**	**15,135**	**2,262**

** Edison trading revenues for 2008 are presented net of purchases.*

"Other" mainly concerns Dalkia and *EDF Investissement Groupe*.

Note 46 Related parties

Details of transactions with related parties are as follows:

	Proportionally consolidated companies		Companies accounted for under the equity method		French State and state-owned entities		Group Total	
(in millions of Euros)	**12.31.2009**	12.31.2008	**12.31.2009**	12.31.2008	**12.31.2009**	12.31.2008	**12.31.2009**	12.31.2008
Sales	171	160	310	64	1,211	579	1,692	803
Fuel and energy purchases	119	131	829	560	1,942	3,739	2,890	4,430
Other external purchases	-	-	-	-	838	575	838	575
Financial assets	122	125	-	-	183	633	305	758
Other assets	140	126	312	15	382	985	834	1,126
Financial liabilities	149	1,083	-	-	-	-	149	1,083
Other liabilities	327	286	41	31	2,389	2,554	2,757	2,871

46.1 Transactions with entities included in the scope of consolidation

EDF has entered into various commercial contracts with its subsidiaries and affiliates. EDF and EnBW, in particular, entered into an agreement in 2001 defining the methods of cooperation between the two companies.

Transactions with joint ventures and associates concern sales and purchases of energy.

46.2 Relations with the French State and State-owned entities

46.2.1 Relations with the French State

The French State holds 84.5% of the capital of EDF at December 31, 2009, and is thus entitled in the same way as any majority shareholder to control decisions that require approval by the shareholders.

In accordance with the legislation applicable to all companies having the French State as their majority shareholder, EDF is subject to certain inspection procedures, in particular economic and financial inspections by the State, audits by the French Court of Auditors (*Cour des Comptes*) or Parliament, and verifications by the French General Finance Inspectorate (*Inspection Générale des Finances*).

Under an agreement entered into by the French State and the EDF group on July 27, 2001 concerning the monitoring of external investments, procedures exist for prior approval by the French State or notification (advance or otherwise) of the State in respect of certain planned investments, additional investments or disposals by the Group. This agreement also introduced a procedure for monitoring the results of external growth operations.

The public service contract between the French State and EDF was signed on October 24, 2005. This contract is intended to form the framework for public service missions entrusted by the lawmaker to EDF for an unlimited period, since the Law of August 9, 2004 simply requires a report every three years without stipulating the duration of the contract. The first three-year report was remitted to the French government during 2008.

EDF, like other electricity producers, also participates in the multi-annual generation investment program defined by the minister in charge of energy, which sets objectives for the allocation of generation capacity.

Finally, the French State intervenes through the regulation of electricity and gas markets, particularly for authorization to build and operate generation facilities, and establishment of sales tariffs for customers that have stayed on the regulated tariffs, transmission and distribution tariffs, and the level of the Contribution to the Public Electricity Service (*Contribution au service public de l'électricité* or CSPE).

46.2.2 Relations with GDF SUEZ

Since the distribution network management businesses were transferred to subsidiaries – ERDF SA, a subsidiary of EDF, has managed electricity distribution since January 1, 2007 and GRDF SA, a subsidiary of GDF SUEZ, has managed gas distribution since January 1, 2008 – the agreement defining relations between ERDF SA and GRDF SA in respect of the common operator has replaced the previous agreement between EDF and GDF SUEZ.

The common network operator manages the local public service for energy distribution, covering network construction, operation and maintenance, and metering.

EDF and GDF SUEZ also have two other common services governed by contracts:
- the Health and Safety Delegation;
- the Information Technology and Telecommunications Division (DIT), which is responsible for certain information systems.

The GDF SUEZ group has just been named as a partner of EDF in construction of France's second EPR at Penly.

46.2.3 Relations with public sector entities

The Group enters into normal business transactions with public sector entities, mainly for electricity supplies and invoicing for access to the transmission network.

Transactions with AREVA concern uranium purchases, uranium enrichment, nuclear fuel purchases, plant maintenance operations and equipment purchases, and transportation, storage, processing and recycling services for spent fuel.

On December 19, 2008 EDF and AREVA signed a framework agreement for spent fuel management contracts concerning periods after 2007.

The Group also holds shares in AREVA, as stated in note 27.3.2.3.

46.3 Management compensation

The Group's key management personnel are the Chairman of the Board of Directors, the Chief Officers until November 25, 2009, and the external members of the Board of Directors.

The total compensation paid by EDF and controlled companies to the Group's key management personnel amounted to €4.5 million for 2009 (€4.8 million in 2008) and covered short-term benefits (salaries, the variable portion paid in 2009, profit share and benefits in kind) and the corresponding employer contributions until November 25, 2009, plus director's fees over the entire year.

Management personnel who belong to the IEG regime also benefit from employee benefits (as defined by IAS 19) attached to that status. The past service cost related to these benefits for 2009 is €0.2 million (€0.3 million for 2008). Other than the benefits reported above, key management personnel benefit from no other special pension system, starting bonus or severance payment entitlement.

They benefited from the free share plan ACT 2007 in the same way as other EDF group employees. Given the terms of attribution and the employee offering, the shares concerned by ACT 2007 have been delivered in 2009.

Note 47 Environment

47.1 Greenhouse gas emission rights

In application of the Kyoto protocol, the EU Directive aiming to reduce greenhouse gas emission levels by attributing emission rights came into effect in 2005, for an initial three-year period which ended on December 31, 2007 and was marked by a reduction in the volumes of rights allocated.
The second allocation period runs from 2008 to 2012.

In the EDF group, the companies subject to this Directive are EDF, EnBW, EDF Energy, British Energy, Edison, Fenice, Dalkia International and Dalkia Investissement, Bert, Demasz, Kogeneracia, Zielonagora, EC Krakow, Ersa, EC Wybrzeze, SPE and EDF Énergies Nouvelles.

In 2009, the Group surrendered 94 million tonnes in respect of emissions generated in 2008. In 2008, the Group surrendered 91 million tonnes in respect of emissions generated in 2007.

The Group's total quota allocation for 2009 recorded in the national registers is 75 million tonnes (67 million tonnes for 2008).

The volume of emissions at December 31, 2009 stood at 83 million tonnes (84 million tonnes at December 31, 2008). The provision resulting from over-quota emissions amounts to €372 million and covers the shortfall in rights at the end of 2009 (€397 million at December 31, 2008).

As part of the Clean Development Mechanism defined in the Kyoto protocol, the Group set up a Carbon Fund in late 2006, with the aim of supporting projects to reduce greenhouse gas emissions in emerging countries, and benefiting from carbon emission permits. This fund involves EDF and all the European entities, and is managed by EDF Trading.

CER credit purchases through the Carbon Fund amount to €178 million at December 31, 2009 (€176 million at December 31, 2008).

47.2 Energy savings certificates

In all its subsidiaries, the Group is engaged in a process to control energy consumption through various measures developed by national legislations, in application of European Union Directives.

The French Law of July 13, 2005 introduced a system of energy savings certificates. Companies selling electricity, gas, heat or cold to end-users with sales above a certain level are subject to energy savings obligations for a three-year period running till June 30, 2009. They fulfill these obligations by making direct or indirect energy savings rewarded by certificates, or by purchasing energy savings certificates. At the end of the three years, the entities concerned must provide evidence of compliance with obligations by surrendering the certificates, or pay a fine to the Treasury.

For EDF, the obligation is to save 30 TWh over the first three-year period. By the end of the first period on June 30, 2009, EDF had taken action to obtain their energy savings certificates by the end of the period, and certificates for an amount of 34 TWh had been awarded at that date (23 TWh at December 31, 2008).
The French state has not yet published the volume of energy savings to be achieved for the second period.

47.3 Renewable energy certificates

In the United Kingdom, Poland and Italy, certificates are awarded when electricity is generated from renewable energy sources, to encourage greater use of renewable energies through a compensation system for generation costs and an obligation for energy suppliers to sell a certain quantity of renewable energy. In practice, the generator or supplier must provide proof that the obligation has been fulfilled or surrender the renewable energy certificates gained and/or purchased. Similar systems have been introduced for cogeneration.

In 2009, Italy and the United Kingdom reported a deficit in their renewable energy balance. A provision of €216 million was booked.

Note 48 Subsequent events

48.1 EDF

On January 26, 2010, EDF issued a $2,250 million bond for institutional investors on the US market. This bond is governed by Rule 144A of the US Securities and Exchange Commission (SEC), and comprises two tranches:

- one 10-year installment of $1,400 million, coupon 4.60%;
- one 30-year installment of $850 million, coupon 5.60%.

48.2 EnBW

After obtaining authorization from the German anti-cartel authorities to sell GESO, EnBW announced its decision to select Technischen Werke Dresden (TWD) as the buyer. The rest of the negotiations will now take place exclusively with TWD, with the objective of concluding a sale agreement.

EnBW and TWD have agreed not to disclose detailed information on these negotiations.

Note 49 Scope of consolidation

The scope of consolidation at December 31, 2009 is as follows:

Company		Head office	% owned	% voting rights	Consolidation method	Business sector
FRANCE						
Électricité de France	(1)		100	100	Parent company	G,D,S
RTE EDF Transport	(1)		100	100	FC	T
Électricité Réseau Distribution France (ERDF)	(1)		100	100	FC	D
PEI Group	(1)		100	100	FC	G
UNITED KINGDOM						
EDF Energy	(2)		100	100	FC	G,D,S
EDF Energy UK Ltd			100	100	FC	S
EDF Development Company Ltd			100	100	FC	G
GERMANY						
EnBW	(2)		46.07	46.07	PC	G,D,S,T
ITALY						
Edison	(2)		48.96	50	PC	G,D,S
Transalpina di Energia (TdE)			50	50	PC	S
MNTC			100	100	FC	S
Wagram 4			100	100	FC	S
Fenice	(2)		100	100	FC	G
OTHER INTERNATIONAL						
EDF International	(1)	France	100	100	FC	S
Société d'Investissement en Autriche		France	100	100	FC	S
Estag	(2)	Austria	25	25	PC	G,S
EDF Belgium		Belgium	100	100	FC	G
Segebel		Belgium	100	100	FC	S
SPE		Belgium	51	51	FC	G
Ute Norte Fluminense		Brazil	90	90	FC	G
Ute Paracambi		Brazil	100	100	FC	G
Figlec		China	100	100	FC	G
Shandong Zhonghua Power Company		China	19.60	19.60	EM	G
San Men Xia		China	35	35	EM	G
Taishan Nuclear Power JV Co		China	30	30	EM	G
Azito Énergie		Ivory Coast	32.85	32.85	PC	G
EDF Inc		USA	100	100	FC	S
Unistar Nuclear Energy Inc		USA	50	50	PC	G
Constellation Energy Nuclear Group (CENG)		USA	49.99	49.99	PC	G
Bert		Hungary	95.57	95.57	FC	G
Demasz	(2)	Hungary	100	100	FC	D
Nam Theun Power Company		Laos	35	35	EM	G

Company		Head office	% owned	% voting rights	Consolidation method	Business sector
Cinergy Holding Company BV		Netherlands	50	50	PC	G
Finelex BV		Netherlands	100	100	FC	G
SLOE Centrale Holding BV		Netherlands	50	50	PC	G
EC Krakow		Poland	94.31	94.31	FC	G
EC Wybrzeze		Poland	99.73	99.73	FC	G
EDF Polska		Poland	100	100	FC	S
ERSA (Rybnik)		Poland	79.76	97.31	FC	G
Kogeneracja		Poland	40.58	50	FC	G
Zielona gora		Poland	39.93	98.40	FC	G,D
SSE		Slovakia	49	49	PC	D
EDF Alpes Investissements		Switzerland	100	100	FC	S
ALPIQ Group		Switzerland	26.06	26.06	EM	G,D,S,T
Meco		Vietnam	56.25	56.25	FC	G
OTHER ACTIVITIES						
EDF Investissement Groupe		Belgium	93.01	50	PC	S
Dalkia Holding		France	34	34	EM	S
Edenkia		France	50	50	EM	S
Dalkia International		France	50	24.14	PC	S
Dalkia Investissement		France	67	50	PC	S
Richemont	(1)	France	100	100	FC	G
EDF Développement Environnement SA	(1)	France	100	100	FC	S
Société pour le Conditionnement des Déchets et Effluents Industriels (SOCODEI)		France	51	51	FC	S
Cofiva	(1)	France	100	100	FC	S
Sofinel		France	55	54.98	FC	S
Électricité de Strasbourg		France	89.07	89.07	FC	D
Tiru SA – Traitement Industriel des Résidus Urbains	(2)	France	51	51	FC	S
Dunkerque LNG		France	100	100	FC	S
EDF Énergies Nouvelles (EDF EN)	(2)	France	50	50	FC	G,S
Immobilière Wagram Étoile	(1)	France	100	100	FC	S
La Gérance Générale Foncière	(1)	France	99.86	99.86	FC	S
Immobilière PB6		France	50	50	PC	S
Société Foncière Immobilière et de Location (SOFILO)	(1)	France	100	100	FC	S
EDF Optimal Solutions		France	100	100	FC	S
Société C2	(1)	France	100	100	FC	S
Société C3	(1)	France	100	100	FC	S
EDF Holding SAS	(1)	France	100	100	FC	S
Domofinance		France	45	45	EM	S
Fahrenheit		France	100	100	FC	S
Wagram Insurance Company		Ireland	100	100	FC	S
Océane Ré		Luxembourg	99.98	99.98	FC	S
EDF Trading	(2)	United Kingdom	100	100	FC	S
EDF Production UK Ltd		United Kingdom	100	100	FC	G

Consolidation methods: FC = full consolidation, PC = proportional consolidation, EM = accounted for under the equity method.

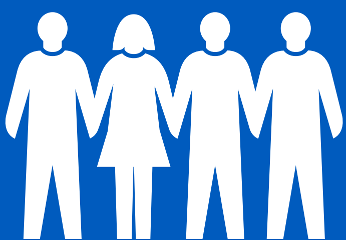
Business segments: G = Generation, D = Distribution, S = Services, T = Transmission.

(1) Companies fiscally consolidated by EDF under the option initially registered on January 1, 1988.

(2) Group.

Statutory Auditors' Report

on the consolidated financial statements



Statutory Auditors' Report on the consolidated financial statements

This is a free translation into English of the Statutory Auditors' report on the consolidated financial statements issued in French and is provided solely for the convenience of English speaking readers.

This Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditor's assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures.

The report also includes information relating to the specific verification of information given in the Group's management report.

This report should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France.

YEAR ENDED DECEMBER 31, 2009

To the Shareholders,

Following our appointment as Statutory Auditors by your Annual General Meeting, we hereby report to you, for the year ended December 31, 2009 on:
- the audit of the accompanying consolidated financial statements of Électricité de France SA;
- the justification of our assessments;
- the specific verification required by law.

The consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

1. OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, using sample testing techniques or other selection methods, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting policies used and significant accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities, and of the financial position of the Group as of December 31, 2009 and of the results of its operations for the year then ended in accordance with IFRS as adopted by the European Union.

Without qualifying our opinion, we draw your attention to the following matters set out in the notes to the consolidated financial statements:
- the valuation of long-term provisions relating to nuclear electricity production, as described in notes 3.22 and 35 to the consolidated financial statements, results as indicated in note 3.2.1 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 EDF to present in the balance sheet its obligation to renew property, plant and equipment used for the French public distribution of electricity, as described in note 3.24, is based on the specific characteristics of concession contracts. The amount of contractual obligations as calculated and disclosed annually to the grantors described in activity reports is used for evaluating the obligation. 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. The impacts this approach would have had on the accounts are shown in note 3.24 for information purposes. Measurement of the concession liability concerning assets to be replaced is notably subject to uncertainty in terms of costs and disbursement dates;
- the changes in accounting principles described in notes 1.2, 2 and 8.

2. JUSTIFICATION OF ASSESSMENTS

In accordance with the requirements of article L.823-9 of the French Commercial Code ("*Code de commerce*") relating to the justification of our assessments, we bring to your attention the following matters:

ACCOUNTING POLICIES

As part of our assessment of the Group accounting principles and methods, we have verified the appropriateness of the disclosures presented in notes 3.4, 3.10.2, 3.12 and 3.24 with respect to the accounting treatments of commitments to purchase minority interests in a fully consolidated company, to greenhouse gas emission quotas and to concessions, areas which are not mandatory or specifically addressed in IFRS as adopted in the European Union as of December 31, 2009.

MANAGEMENT JUDGMENTS AND ESTIMATES

Note 3.2 to the consolidated financial statements describes the main sensitive accounting policies for which management is required to make estimates and exercise judgment. Our procedures consisted, in the context of the difficulty to determine the future economic outlook, in assessing these estimates, the data and assumptions on which they are based, reviewing, on a test basis, the calculations performed by the Company, comparing accounting estimates of prior periods with corresponding actual amounts, reviewing the procedures for approving these estimates by management and finally verifying that the notes to the consolidated financial statements provide appropriate disclosures with respect to the assumptions adopted by the Group.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole and contributed to the opinion we formed which is expressed in the first part of this report.

3. SPECIFIC VERIFICATION

As required by law we have also verified, in accordance with professional standards applicable in France, the information relating to the Group, given in the management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Paris-La Défense and Neuilly-sur-Seine, February 10, 2010

The Statutory Auditors

KPMG Audit
Department of KPMG S.A.

Jean-Luc Decornoy
Michel Piette

Deloitte & Associés

Alain Pons
Tristan Guerlain