

●● EDF's summary annual financial statements

at December 31, 2010



Annual financial statements at December 31, 2010

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Income statements

<i>(in millions of Euros)</i>	2010	2009
SALES ⁽¹⁾	40,906	38,895
Change in inventories and work-in-progress	275	193
Capitalized production	441	399
Operating subsidies	2,615	2,672
Reversals of provisions, amortization and depreciation	2,793	3,711
Transfers of charges	253	185
Other operating income	659	897
I – TOTAL OPERATING INCOME	47,942	46,952
Purchases and other external expenses	31,420	30,156
Fuel purchases used - power generation	3,284	2,820
Energy purchases	9,892	9,821
Other purchases used	996	1,107
Services	17,248	16,408
Taxes other than income taxes	2,627	2,899
Based on salaries and wages	128	116
Energy-related	1,556	1,301
Other	943	1,482
Personnel expenses	5,502	5,290
Salaries and wages	3,377	3,265
Social contributions	2,125	2,025
Depreciation, amortization and provisions	3,592	3,673
Depreciation and amortization on fixed assets	1,979	1,861
Provisions for depreciation on fixed assets	13	47
Provisions for depreciation on current assets	162	159
Provisions for risks and expenses	1,438	1,606
Other operating expenses	1,108	1,008
II – TOTAL OPERATING EXPENSES	44,249	43,026
Operating profit (I - II)	3,693	3,926
Joint operations		
III – Profit assigned or loss transferred	9	1
IV – Loss charged or profit transferred	3	6
Financial income		
Income from investments	1,710	715
Income from other securities and receivables related to fixed assets	358	814
Interest and similar income	30	1,992
Reversals of provisions and transfers of charges	925	2,484
Foreign exchange gains	2,755	4,223
Net income on sales of marketable securities	59	113
V – TOTAL FINANCIAL INCOME	5,837	10,341

●● Income statements (continued)

<i>(in millions of Euros)</i>	2010	2009
Financial amortization and provisions	3,102	2,371
Interest and similar expenses	1,827	3,769
Foreign exchange losses	2,697	4,058
Net charges on sales of marketable securities	12	70
VI – TOTAL FINANCIAL EXPENSES	7,638	10,268
Financial result (V - VI)	(1,801)	73
Profit or loss before income taxes and exceptional items (I - II + III - IV + V - VI)	1,898	3,994
Exceptional income on capital transactions	538	1,668
Reversals of depreciation, amortization and provisions and transfers of charges	568	641
VII – TOTAL EXCEPTIONAL INCOME	1,106	2,309
Exceptional charges on capital transactions:	505	979
- Book values of real estate and financial assets sold	502	808
- Other	3	171
Exceptional depreciation, amortization and provisions:	347	343
- Allocation to tax regulated reserves	189	186
- Depreciation, amortization and provisions	158	157
VIII – TOTAL EXCEPTIONAL EXPENSES	852	1,322
Exceptional result (VII-VIII)	254	987
IX – INCOME TAXES	660	401
Total Income (I + III + V + VII)	54,894	59,603
Total Expenses (II + IV + VI + VIII + IX)	53,402	55,023
NET INCOME	1,492	4,580

(1) Production of goods for export in 2010: €5,392 million; production of services for export in 2010: €491 million.

●● Balance sheets

ASSETS <i>(in millions of Euros)</i>	Notes	12/31/2010			12/31/2009
		Gross values	Depreciation or provisions	Net values	Net values
Intangible assets		1,018	253	765	708
Land		111	4	107	119
Buildings		9,084	5,939	3,145	3,137
Technical installations, plant and machinery, equipment and fixtures		56,812	38,607	18,205	18,002
Other tangible assets		1,066	710	356	305
Property, plant and equipment owned by EDF		67,073	45,260	21,813	21,563
Land		37	-	37	36
Buildings		8,505	5,276	3,229	3,226
Technical installations, plant and machinery, equipment and fixtures		2,968	1,503	1,465	1,398
Other tangible assets		11	10	1	1
Property, plant and equipment operated under concession		11,521	6,789	4,732	4,661
Work-in-progress		5,647	-	5,647	4,567
Advances		1,208	-	1,208	1,066
Tangible assets in progress		6,855	-	6,855	5,633
Intangible assets in progress		892	-	892	739
Investments and related receivables		51,135	928	50,207	45,581
Investment securities		13,192	341	12,851	11,224
Loans and other financial assets		4,409	-	4,409	9,207
Investments		68,736	1,269	67,467	66,012
TOTAL I – FIXED ASSETS		156,095	53,571	102,524	99,316
Raw materials		7,603	12	7,591	7,146
Other supplies		726	153	573	577
Work-in-progress and other		10	-	10	16
Inventories		8,339	165	8,174	7,739
Advances on orders		688	-	688	473
Trade receivables and related accounts		12,582	245	12,337	11,038
Other receivables		6,038	4	6,034	6,088
Trade and other receivables		18,620	249	18,371	17,126
Marketable securities	4	10,016	2	10,014	5,261
Cash instruments		2,013	-	2,013	1,185
Cash and Cash equivalents	4	1,576	-	1,576	2,206
Prepaid expenses		483	-	483	565
Other current assets		14,088	2	14,086	9,217
TOTAL II – CURRENT ASSETS		41,735	416	41,319	34,555
Deferred charges (III)		282	-	282	129
Bond redemption premiums (IV)		256	43	213	165
Unrealized foreign exchange losses (V)		110	-	110	66
TOTAL ASSETS (I + II + III + IV + V)		198,478	54,030	144,448	134,231

EQUITIES AND LIABILITIES <i>(in millions of Euros)</i>	Notes	12/31//2010	12/31/2009
Capital		924	924
Capital-related premiums			
Share issue premium		7,033	7,033
Merger premium		25	25
Revaluation surplus			
Special reserves – Law of December 28, 1959		713	631
Tax-regulated reserves – Law of December 29, 1976		16	16
Other reserves		3,000	
Legal reserves		92	91
Retained earnings		4,917	5,450
Profit or loss for the financial year		1,492	4,580
Interim dividend		(1,054)	(1,002)
Investment subsidies		127	86
Tax-regulated provisions			
Provisions related to depreciable fixed assets (Law of December 30, 1977)		15	17
Excess depreciation		6,719	6,910
Equity	5	24,019	24,761
Special concession accounts		1,909	1,967
TOTAL I – EQUITY AND CONCESSION ACCOUNTS		25,928	26,728
Provisions for risks		349	294
Provisions for expenses			
Renewal of facilities operated under concession		230	219
Back-end nuclear cycle		15,360	15,030
Decommissioning and last cores		13,419	12,958
Employee benefits		10,267	9,695
Other expenses		749	1,347
TOTAL II – PROVISIONS FOR RISKS AND EXPENSES		40,374	39,543
Bonds and borrowings		37,859	32,902
Advances received on consumption		134	149
Other debts		1,385	1,324
Financial liabilities		39,378	34,375
Advances and payments on account received		4,873	4,281
Trade payables and related accounts		8,958	9,645
Tax and social security debts payable		5,335	5,041
Debts related to fixed assets and related accounts		1,423	1,498
Other liabilities		11,497	8,221
Operating, investment and other liabilities		27,213	24,405
Cash instruments		1,259	1,314
Deferred income		5,244	3,400
TOTAL III – LIABILITIES		77,967	67,775
Unrealized foreign exchange gains (IV)		179	185
TOTAL EQUITY AND LIABILITIES (I + II + III + IV)		144,448	134,231

●● Cash flow statements

<i>(in millions of Euros)</i>	12/31/2010	12/31/2009
Operating activities		
Profit/(loss) before income tax	2,152	4,981
Amortization, depreciation and provisions	2,747	(522)
Capital (gains)/losses	(31)	(649)
Financial (income) and expenses	(329)	83
Changes in working capital	137	(726)
Cash flows from operations	4,676	3,167
Net financial expenses, including dividends received	589	196
Income taxes paid	(1,128)	573
Net cash flow from operating activities (A)	4,137	3,936
Investing activities		
Purchases of property, plant and equipment and intangible assets	(3,939)	(3,529)
Sales of property, plant and equipment and intangible assets	49	55
Changes in financial assets	(6,311)	(10,994)
Net cash flows used in investing activities (B)	(10,201)	(14,468)
Financing activities		
Issuance of borrowings and underwriting agreements	7,978	25,570
Repayment of borrowings and underwriting agreements	(3,256)	(13,369)
Dividends paid	(2,163)	(1,228)
Increase in special concession accounts	16	13
Investment subsidies	40	41
Net cash flows from financing activities (C)	2,615	11,027
Net increase/(decrease) in cash and cash equivalents (A)+(B)+(C)	(3,449)	495
Cash and cash equivalents – opening balance *	895	360
Effect of currency fluctuations	(8)	7
Financial income on cash and cash equivalents	41	33
CASH AND CASH EQUIVALENTS – CLOSING BALANCE *	(2,521)	895

* "Cash and cash equivalents – opening balance" and "Cash and cash equivalents – closing balance" do not include investment funds nor negotiable debt instruments maturing in more than three months. Details of the variation in cash and cash equivalents are presented in Note 25.

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Note 1 - Accounting policies

EDF's annual financial statements are prepared in accordance with the accounting principles and methods defined by the French national chart of accounts, as presented by CRC (French accounting committee) regulation 99-03 of April 29, 1999 with additions in subsequent regulations.

Note 2 - Regulatory events in 2010 with an impact on the financial statements

2.1 ●● Hydropower concessions

On April 22, 2010 the French Ministry of Ecology, Energy, Sustainable Development and the Sea announced the list of hydroelectric concessions that are to be renewed by 2015. Ten concessions are concerned, comprising some fifty plants with a combined power output of 5,300 MW (4,350 MW of which are generated by EDF). Facilities along the same valley have been grouped together, so that a single operator will be responsi-

ble for running the plants and meeting the needs of all stakeholders. The outgoing operators concerned will receive indemnities to compensate for early termination of their concessions. As the amounts of these indemnities remain to be defined, no impact has been recognized in the financial statements at December 31, 2010.

2.2 ●● Application of the law of november 9, 2010 raising the retirement age

The law of November 9, 2010 changed the general French pension system. The official retirement age, the age for automatic qualification for a full pension, and the maximum age at which an employee must retire are all to be raised progressively by two years.

Since the special IEG pension system has been affiliated to the general pension system since 2004, raising the retirement age constitutes an amendment to the rights covered by the standard systems for EDF.

The law is transposed to the IEG sector through an amendment to the national personnel statutes, setting out the timetable for the progressive age increase for IEG entities, which will only take effect from 2017.

As the main measure in this pension reform concerns retirement age, which is one of the actuarial assumptions used to calculate the obligation, EDF has decided to consider this reform – and all measures recorded in 2010 in connection with the reform – as a change in actuarial assumptions.

2.3 ●● "NOME" Law on the New electricity market organization in France

The French "NOME" (*Nouvelle Organisation du Marché de l'Électricité*) law on the New electricity market organization was enacted on December 7, 2010 and published in France's Official Gazette (*Journal Officiel*) on December 8. The implementation decrees are expected to be issued in 2011. This law is designed to introduce a new organization of the French electricity market, combining strong regulation with development of competition.

The NOME law introduces measures for regulated access to electricity from the existing nuclear fleet, open to all suppliers serving final customers in mainland France, and network operators purchasing power to cover network losses. EDF will thus sell up to 100 TWh a year (approximately 25% of the electricity produced by its existing nuclear plants at a regulated price, the price for regulated access to historical nuclear energy (ARENH – *Accès Régulé à l'Électricité Nucléaire Historique*). This system will be effective for a 15-year period until December 31, 2025.

The law continues the regulated tariffs for residential and small business customers, but the regulated tariffs for large companies will be discontinued from December 31, 2015. The TaRTAM transition tariff system will terminate when the ARENH system comes into force.

The Local Electricity Taxes were replaced on January 1, 2011 by Taxes on Final Electricity Consumption (*Taxes sur la Consommation Finale d'Électricité* – TCFE). These new taxes are based on the quantity of electricity consumed, instead of being proportional to the amount of the electricity bill as previously.

The NOME law authorized EDF to defer the deadline for establishment of dedicated assets to finance nuclear plant decommissioning and back-end nuclear fuel expenses, set by the law of June 28, 2006, by 5 years. The deadline is thus postponed from mid-2011 to mid-2016.

2.4 ●● Prolongation of the transition tariff system (TaRTAM)

The law of December 7, 2006 introduced a transition tariff system (*Tarif réglementé transitoire d'ajustement du marché or TaRTAM*), applicable in mainland France to all end-users of electricity upon application. Suppliers who as a result of this system provide their customers with electricity at the transition tariff, although they were unable to generate or purchase the electricity supplied at a lower price, receive compensation for the difference between the cost of electricity supplied and the income from supply at the transition tariff. The law of August 4, 2008 on modernization of the economy extended this system to June 2010.

The law of June 7, 2010 prolonged the transition tariff for a further 6 months to December 31, 2010. The NOME law then prolonged it until the date of application of the ARENH, expected to be in 2011 once the required implementing decrees have been issued.

These successive prolongations are reflected in the financial statements at December 31, 2010 in an additional expense of €280 million corresponding to the compensation payable to electricity suppliers for the second half of 2010, and a provision of €121 million for 2011.

2.5 ●● CSPE

The Contribution to the Public Electricity Service (*Contribution au service public de l'électricité or CSPE*) is intended to compensate for certain public service charges assigned to EDF in particular. The CSPE is collected directly by EDF and other electricity suppliers from the end-user and has been set at €4.5/MWh since 2004, with a maximum of 7% of the tariff (€5.48/MWh).

France's 2011 finance law abolished the limit of €5.48/MWh and stipulated that if the government does not issue a decision in response to the French energy regulator CRE's proposal, the unit amount proposed by the CRE (€12.9/MWh for 2011) automatically applies at January 1 subject to a maximum annual increase of €3/MWh.

The CSPE was consequently raised to €7.5 MWh from January 1, 2011.

Note 3 - Significant events and transactions in 2010

The main events and transactions in 2010 with a definite or potential significant impact on the financial statements are as follows:

3.1 ●● Bond issues

EDF issued five long-term bonds in 2010 for French and international institutional investors, with a total value of €4.6 billion: one €1.5 billion Euro bond and four bonds in other currencies amounting to €3.1 billion.

On October 28, 2010 EDF also made a partial cash redemption offer for three bonds, finally redeeming more than 31% for a total underlying of €4.6 billion. EDF refinanced this operation on November 12 with a new bond issue comprising two tranches of €750 million each.

3.2 ●● Cancellation of the European Commission's decision of December 16, 2009

During the first half of 2010, the European Commission lodged an appeal before the Court of Justice of the European Union against the court ruling that had led the French government to repay €1,224 million of income

taxes on December 30, 2009, related to the utilized portion of provisions for renewal of French national grid facilities recorded under "grantor's rights".

3.3 ●● Exeltium

The EDF group and Exeltium (a consortium of electricity-intensive industrial operators) signed two amendments to the partnership agreement entered in 2008. As a result, on May 1, 2010 deliveries of electricity began to about a hundred industrial French sites, corresponding to approximately

half of their entitlements under the agreement, which concerns total deliveries of approximately 310 TWh spread over 24 years.

In accordance with the agreement, Exeltium settled the first advance of €1.7 billion to EDF at the end of April 2010. This advance was recorded in deferred income.

3.4 ●● 10-year extension for a reactor at the Tricastin plant

In accordance with the law of June 2006 on transparency in nuclear safety, France's Nuclear Safety Authority (*Autorité de Sûreté Nucléaire*) issued an opinion on November 4, 2010 on the report submitted by EDF six months after the end of the 10-year inspection of the Tricastin site.

This opinion authorized the plant's first 900 MW unit to continue operation for a further ten years.

Reactor no. 1 at the Tricastin nuclear power plant thus became the first 900 MW reactor to pass the landmark of 30 years in operation.

3.5 ●● Allocation of RTE EDF Transport shares to the dedicated asset portfolio

Following the decree of December 29, 2010, EDF allocated 50% of the shares in RTE EDF Transport to its portfolio of dedicated assets. This operation was approved by the Board of Directors on December 14, 2010, and has received the required administrative authorizations. RTE EDF Transport remains wholly-owned by EDF.

The value of the shares allocated to dedicated assets is €2.3 billion at December 31, 2010. This value corresponds to the net consolidated value of 50% of the Group's investment in RTE EDF Transport.

The allocation of 50% of RTE shares diversifies EDF's dedicated asset portfolio while reducing its volatility, since infrastructure assets such as RTE EDF Transport have predictable profitability and low correlation with other categories of financial assets such as equities or bonds.

Note 4 - Variation in cash and cash equivalents reported in the cash flow statement

<i>(in millions of Euros)</i>	2010	2009	Change
Marketable securities	10,016	5,271	4,745
Cash and cash equivalents	1,576	2,206	(630)
Sub-total in balance sheet assets	11,592	7,477	4,115
Euro investment funds	(4,853)	(2,232)	(2,621)
Negotiable debt instruments (Euro) maturing after 3 months	(4,079)	(1,732)	(2,347)
Negotiable debt instruments (non Euro) maturing after 3 months	(174)	(203)	29
Bonds	(172)	(215)	43
Marketable securities - treasury shares	(3)	(3)	-
Accrued interest on marketable securities maturing after 3 months	(7)	(1)	(6)
Marketable securities included in financial assets in the cash flow statement	(9,288)	(4,386)	(4,902)
Purchases of exchange options classified as cash instruments in the balance sheet	25	-	25
Cash advances to subsidiaries (cash pooling agreements) included in "other operating receivables" in the balance sheet	20	-	20
Cash advances from subsidiaries (cash pooling agreements) included in "other operating liabilities" in the balance sheet	(4,870)	(2,196)	(2,674)
Cash and cash equivalents, closing balance in the cash flow statement	(2,521)	895	(3,416)
Elimination of the effect of currency fluctuations			8
Elimination of net financial income on cash and cash equivalents			(41)
NET VARIATION IN CASH AND CASH EQUIVALENTS IN THE CASH FLOW STATEMENT			(3,449)

Note 5 - Changes in equity

	Capital	Reserves and premiums	Retained earnings and interim dividends	Net income	Investment subsidies received	Tax-regulated provisions	Total equity
<i>(in millions of Euros)</i>							
At December 31, 2008	911	6,873	5,747	867	55	7,107	21,560
Dividend distribution	-	-	(297)	(867)	-	-	(1,164)
2009 net income	-	-	-	4,580	-	-	4,580
Interim dividend	13	925	(1,002)	-	-	-	(64)
Other changes	-	(2)	-	-	31	(180)	(151)
At December 31, 2009	924	7,796	4,448	4,580	86	6,927	24,761
Allocation of 2009 net income	-	3,002	469	(3,471)	-	-	-
Dividend distribution	-	-	-	(1,109)	-	-	(1,109)
2010 net income	-	-	-	1,492	-	-	1,492
Interim dividend	-	-	(1,054)	-	-	-	(1,054)
Other changes	-	81	-	-	41	(193)	(71)
AT DECEMBER 31, 2010	924	10,879	3,863	1,492	127	6,734	24,019

The €742 million decrease in equity in 2010 was attributable to the following:

- €1,492 million of net income for 2010;
- €(1,109) million for the balance of dividend distributions from 2009 net income as decided at the General Shareholders' Meeting of May 18, 2010 (€0.60 per share, paid on June 3, 2010);
- €(1,054) million for the interim dividend of €0.57 per share paid in cash from 2010 net income on December 17, 2010;
- €81 million resulting from the change in accounting treatment for Hydropower concessions: transfer of the net 1959 revaluation difference from the grantor's rights to a special revaluation reserve on retirement of the assets concerned. €77 million was transferred in this way at January 1, 2010, and the impact for the year 2010 amounts to €4 million;
- €(152) million in other changes, mainly corresponding to net reversals of €(193) million from tax-regulated provisions and €41 million of subsidies received.

The €3,201 million variation in equity in 2009 was attributable to the following:

- €(1,164) million for the balance of dividend distributions from 2008 net income as decided at the General Shareholders' Meeting of May 20, 2009 (€0.64 per share, paid on June 3, 2009);
- €(64) million for the interim dividend of €0.55 per share paid in cash from 2009 net income on December 17, 2009;
- €4,580 million of net income for 2009;
- €(151) million in other changes, mainly corresponding to net reversals of €(180) million from tax-regulated provisions and €31 million of subsidies received.

Share capital

At December 31, 2010, the share capital amounts 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, 13.1% by the public (institutional and private investors), and 2.4% by current and retired Group employees, with 557,344 held by EDF as treasury shares.

