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Terms in quotation marks are defined in the Code, which can also be found on the Panel's website. If you are in any doubt as to whether or not you are required to disclose a "dealing" under Rule 8, you should consult the Panel.
Part 1
EDF’s strategy and assets in the nuclear revival
Nuclear energy: a response to global energy and environmental issues

- 140 GW of nuclear capacity to be built globally by 2020, more than 300 GW by 2030

- Diversified and largely adequate uranium resources in relation to development prospects

- Long-term competitiveness compared with other generation means

- Output without CO$_2$ emissions
Prospects for the New Nuclear revival: 140 GW to be built by 2020

- Replacements needed for the decommissioned facilities, in Europe and the United States
- Response to growing demand for electricity, mainly in Asia and Russia

Source: EDF
Uranium resources in sufficient quantity and widely spread out

Identified resources: 5.5 Mt of uranium *

- Accounting for nearly a century of current global consumption
- In sufficient quantity to supply existing power plants and those to be built between now and 2030
- Widely distributed over the planet

Increasing possible resources with exploration efforts

50 times less uranium consumption with future reactor technologies (generation 4)

* Source NEA/IAEA 2008
** Prognosticated and speculative resources
EDF’s assets in the nuclear revival

- EDF, the worldwide leader in nuclear power generation
  - 66 GW* out of a global capacity of 370 GW (i.e. 17%)
  - /440 TWh* generated

- Unique experience across the entire life cycle
  - Experienced and safe operator
  - Uninterrupted construction activity both in France and internationally
  - Involvement in the reliable and controlled technological advances of the EPR
  - Experienced personnel

* 2007 figures, consolidated with EnBW
Young and mature nuclear fleet

- Average age of 22 years (from 6 to 30 years) vs. an industry average of 26 years
- 44 GW commissioned between 1980 and 1990

Breakdown of number of units by age

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;10 years</td>
<td>4</td>
</tr>
<tr>
<td>10-15 years</td>
<td>1</td>
</tr>
<tr>
<td>15-20 years</td>
<td>11</td>
</tr>
<tr>
<td>20-25 years</td>
<td>23</td>
</tr>
<tr>
<td>25-30 years</td>
<td>19</td>
</tr>
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</table>

Average age of nuclear fleet

<table>
<thead>
<tr>
<th>Country</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sweden</td>
<td></td>
</tr>
<tr>
<td>UK</td>
<td></td>
</tr>
<tr>
<td>Finland</td>
<td></td>
</tr>
<tr>
<td>United States</td>
<td></td>
</tr>
<tr>
<td>Belgium</td>
<td></td>
</tr>
<tr>
<td>Spain</td>
<td></td>
</tr>
<tr>
<td>Germany</td>
<td></td>
</tr>
<tr>
<td>EDF</td>
<td>Average: 26</td>
</tr>
</tbody>
</table>

Source: CEA
Restart of the nuclear build programme in France 1/2

58 units commissioned in France

<table>
<thead>
<tr>
<th>Year</th>
<th>Reactor Type</th>
<th>Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>1971</td>
<td>PWR 900 CPO</td>
<td>6</td>
</tr>
<tr>
<td>1974</td>
<td>PWR 900 CP1</td>
<td>18</td>
</tr>
<tr>
<td>1976</td>
<td>PWR 900 CP2</td>
<td>10</td>
</tr>
<tr>
<td>1977</td>
<td>PWR 1300 P4</td>
<td>8</td>
</tr>
<tr>
<td>1979</td>
<td>PWR 1300 P'4</td>
<td>12</td>
</tr>
<tr>
<td>1984</td>
<td>PWR 1500 N4</td>
<td>4</td>
</tr>
</tbody>
</table>

PWR: Pressurised Water Reactor
CP0, CP1, CP2, P4, P'4, N4 = technological series for French reactors
EPR: European Pressurized water Reactor
Continuing mobilization of EDF’s engineering 2/2

58 units commissioned in France
Owner’s assistance for new nuclear build projects in the world

<table>
<thead>
<tr>
<th>Year</th>
<th>Reactor Type</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>1970</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1980</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1990</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td>1 EPR</td>
<td>Flamanville 3</td>
</tr>
</tbody>
</table>

- **PWR**: Pressurised Water Reactor
- **CP0, CP1, CP2, P4, P’4, N4**: technological series for French reactors
- **EPR**: European Pressurized Water Reactor

### Reactor Details
- **71 6 PWR 900 CP0 79**
- **74 18 PWR 900 CP1 85**
- **76 10 PWR 900 CP2 88**
- **77 8 PWR 1300 P4 86**
- **78 Koeberg 1&2 85 South Africa**
- **79 12 PWR 1300 P’4 93**
- **84 4 PWR 1500 N4 98**
- **87 Daya Bay 1&2 94 China**
- **97 Ling Ao 1&2 02 China**
- **97 Ling Ao 3&4 11 China**
The EPR, the most advanced of the 3\textsuperscript{rd} generation reactors

- Mature design
- Safety enhancement
- 4 units under construction (Olkiluoto 3, Flamanville 3, Taishan 1 and 2)
- Better environmental performances (30\% reduction in fuel consumption, and 30\% to 40\% reduction in effluent discharge)
**Ambition based on the French nuclear programme and the continuing mobilization of engineering**

### 58 units commissioned in France

<table>
<thead>
<tr>
<th>Year</th>
<th>Reactor Type</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>1970</td>
<td>PWR 900 CPO</td>
<td>France</td>
</tr>
<tr>
<td>1971</td>
<td>PWR 900 CP1</td>
<td>France</td>
</tr>
<tr>
<td>1974</td>
<td>PWR 1300 P4</td>
<td>South Africa</td>
</tr>
<tr>
<td>1978</td>
<td>PWR 1300 P'4</td>
<td>France</td>
</tr>
<tr>
<td>1984</td>
<td>PWR 1500 N4</td>
<td>France</td>
</tr>
<tr>
<td>1987</td>
<td>Daya Bay 1&amp;2</td>
<td>China</td>
</tr>
<tr>
<td>1997</td>
<td>Ling Ao 1&amp;2</td>
<td>China</td>
</tr>
<tr>
<td>2002</td>
<td>Ling Ao 3&amp;4</td>
<td>China</td>
</tr>
</tbody>
</table>

### Owner’s assistance for new nuclear build projects in the world

<table>
<thead>
<tr>
<th>Year</th>
<th>Reactor Type</th>
<th>Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>EPR Flamanville 3</td>
<td>France</td>
</tr>
<tr>
<td>2009</td>
<td>C EPR Taish. 1</td>
<td>China</td>
</tr>
<tr>
<td>2011</td>
<td>US EPR CC3</td>
<td>US</td>
</tr>
<tr>
<td>2012</td>
<td>US EPR 2</td>
<td>US</td>
</tr>
<tr>
<td>2013</td>
<td>EPR RSA 1</td>
<td>RSA 1</td>
</tr>
<tr>
<td>2015</td>
<td>EPR RSA 2</td>
<td>RSA 2</td>
</tr>
<tr>
<td>2017</td>
<td>UK EPR 1</td>
<td>UK</td>
</tr>
<tr>
<td>2017</td>
<td>UK EPR 2</td>
<td>UK</td>
</tr>
<tr>
<td>2017</td>
<td>UK EPR 3</td>
<td>UK</td>
</tr>
<tr>
<td>2017</td>
<td>UK EPR 4</td>
<td>UK</td>
</tr>
</tbody>
</table>

### The Group’s ambition

*Develop, invest and operate 10 EPR projects by 2020*

**PWR:** Pressurised Water Reactor  
**CP0, CP1, CP2, P4, P'4, N4:** technological series for French reactors  
**EPR:** European Pressurized water Reactor
British Energy acquisition: a major step in EDF Group’s development strategy

- Strengthening EDF’s position as the worldwide leader in operating and developing nuclear power
- Major step in the development of EDF’s European strategy
- Acquisition consistent with the objective of being the lowest CO₂ emitting utility
- Consistent with EDF’s requirements of profitability and value creation
- Secured support of British Energy’s Board and Her Majesty’s Government
Strategic rationale for EDF’s offer to CEG Board

- Be a sizeable player in the US nuclear revival: 17GW of additional nuclear capacity planned by 2030

- Reinforce the development of the Unistar JV dedicated to New Nuclear,

- Allow our partner Constellation to remain an independent corporation with adequate financial resources

- Provide an opportunity for Constellation’s shareholders to materialize attractive valuation
Part 2.1
EDF’s international strategy
International nuclear projects*

* EDF’s shareholdings effective or under review
Being a selective operator - investor

- Being an industrial partner:
  - ensuring operational safety
  - controlling risks
  - ensuring project competitiveness

- Being an equity investor: majority shareholding or the largest possible stake locally

- Geographical priorities: United Kingdom, China, United States, South Africa, Italy

- Valuing know-how and pooling Group resources

- Gradual deployment
5 commitment criteria in international nuclear projects

- Countries that have chosen nuclear energy in the short-term
- Countries EDF is familiar with and where EDF is welcome
- Favourable conditions for investors in nuclear
  - Legislative framework in force
  - Clear regulations and in force
  - Transparent long-term fuel and waste management
  - Favourable public opinion
- Projects relating to reactor models that are mastered
- A financial criterion for nuclear development projects that is consistent with Group’s finances & risk guidance
Key factors for success 1/2

- Adapting to the country and its industrial environment
  - Drawing on the expertise of local benchmark electricity players involved in the construction and operation of nuclear fleet (British Energy, CGNPC, CEG,…)
  - Adapting the organisational model, in particular through industrial agreements with local engineering companies: CGNPC-CNPEC, Bechtel, AMEC,…

- Driving and controlling partnership projects
  - Using wherever possible the Flamanville 3 reference model
  - Holding key positions in the management of the construction and in the operations of the power plant
  - Having strong prerogatives in the governance system of the JVs created
Key factors for success 2/2

- To capitalize on a strong French base in order to benefit from the standardisation effects
  - Pooling the resources needed for the different projects
  - Building upon know-how and resources
  - Drawing out standard construction and operating rules
- To rely on the Group’s existing skills and expertise
Adapting organisational models to projects

<table>
<thead>
<tr>
<th>Location</th>
<th>Contracting Authority</th>
<th>Architect Engineer (A/E) or EPC contract</th>
<th># of reactors</th>
<th>Suppliers</th>
<th>Reactor</th>
<th>Conventional island</th>
<th>Balance Of Plant</th>
</tr>
</thead>
<tbody>
<tr>
<td>France / Flamanville 3</td>
<td>EDF</td>
<td>A/E EDF</td>
<td>1</td>
<td>Areva</td>
<td>Alstom</td>
<td>Others suppliers</td>
<td></td>
</tr>
<tr>
<td>China</td>
<td>Taishan Company (JV CGNPC-EDF)</td>
<td>A/E Taishan Company</td>
<td>2</td>
<td>Areva/CNPEC consortium</td>
<td>Alstom</td>
<td>Others suppliers</td>
<td></td>
</tr>
<tr>
<td>United States*</td>
<td>Unistar Nuclear Energy (Constellation/EDFJV)</td>
<td>Areva/Bechtel consortium</td>
<td>2+2 **</td>
<td>Areva + Bechtel *</td>
<td>Alstom + Bechtel Construct.*</td>
<td>Bechtel + various</td>
<td></td>
</tr>
<tr>
<td>UK</td>
<td>EDF + partner</td>
<td>A/E EDF + AMEC</td>
<td>4 ***</td>
<td>Others suppliers</td>
<td>Areva</td>
<td></td>
<td></td>
</tr>
<tr>
<td>South Africa</td>
<td></td>
<td>Tender offer underway</td>
<td>2</td>
<td>Areva</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* EDF involvement for the operating/training assistance side and project management support
** 2 UNE reactors + 2 reactors sponsored by UNE partners
*** Number of reactors programmed
United States
Context of the nuclear revival in the United States

- Expected growth in electricity demand: + 1.1%* per annum by 2030

- Political consensus on the need for nuclear energy and support of public opinion

- Growing environmental concern with the issue of creating an emission permits market

  - Federal guarantee for construction-related loans and tax credit mechanism
  - Insurance against the regulatory risk
  - Simultaneous issue of the combined construction and operation licence (COL**)

Waiting for the new Administration

* Source: US Department of Energy – Energy Information Administration
** COL - Combined Construction & Operating License
A solid industrial partnership in place: Unistar 1/2

Key targets

- Develop an industrial partnership and invest in a US nuclear operator to build EPRs together
- Leverage on EDF’s experience and know-how in nuclear energy

Setting up of a 50/50 joint venture Unistar Nuclear Energy LLC (UNE) in July 2007

- One partner, CEG: a nuclear player (4 GW) recognised for its operating performances and having chosen the EPR
- A partnership in place, Unistar, beyond the shareholding evolution of CEG
- Unistar’s exclusive rights for the development of the US EPR. Priority given to the development of a series of 4 EPRs with first commissioning (Calvert Cliffs 3) scheduled by the end of 2015
- CEG bringing 3 sites where 4 EPRs can be built
- Principle of an Engineering, Procurement, Construction (EPC) contract with Areva/Bechtel consortium
- 500 people (UNE, Areva, Bechtel,…) currently involved in the US EPR project
A solid industrial partnership in place: Unistar 2/2

**Constellation Energy Group**

- Its nuclear sites
- Knowledge of the electricity sector and the US industrial world

**EDF**

- EPR knowledge (Flamanville 3 and Taishan 1 & 2)
- Expertise in the construction of nuclear power plants: management of major projects, negotiation of supply contracts
- Twenty people currently seconded by EDF
- Technical services contract binding EDF and UNISTAR

**JV UNE 50/50**
**1st EPR project in the United States: the Calvert Cliffs 3 project**

- **2006**
  - EPR Design Certification (DC)
  - Preparing for DC approval

- **2007**
  - COL application filed
  - Environmental report submitted

- **2008**
  - Review by NRC
  - Preparing for COL approval

- **2009**
  - COL issued *
  - Detailed specifications:
    - Long-term equipment supply and fabrication contract
    - Financing

- **2010**
  - 1st concrete

- **2011**
  - Commercial Operation Date

- **2012**
  - Site preparation
  - Construction

*UNE is in discussions with the NRC to examine the optimisation of deadlines*
Description of EDF’s offer

- Acquisition through a joint-venture of 50% of Constellation nuclear assets for a total amount of US$4.5Bn
  - Resulting underlying valuation for 100% of Constellation equal to $52 / share
  - Closing timeline: 7 to 9 months from signing of agreement with Constellation*

* Subject to necessary regulatory authorisations
Valuation of 100% of CEG based upon average sector multiples and EDF offer

In US$ billion

Valuation based on average multiples

Valuation based on average multiples

An offer inducing an implied valuation of $52/share
Description of EDF’s offer

- Acquisition through a joint-venture of 50% of Constellation nuclear assets for a total amount of US$4.5Bn
  - Resulting underlying valuation for 100% of Constellation equal to $52 / share
  - Closing timeline: 7 to 9 months from signing of agreement with Constellation*
- Cash injection of US$1Bn within Constellation upon signing under the form of preferred stock
  - Addressing Constellation short-term liquidity issues
- Put option granted to Constellation enabling, if need be, until the closing of the acquisition to sell non-nuclear generation assets to EDF for a maximum amount of US$ 2Bn*
  - Addressing potential financial needs

* Subject to necessary regulatory authorisations
Conditions to EDF’s offer

- Termination of the agreement between CEG and Mid American
- Appointment of one observer on CEG’s board at signing, and as soon as authorisations are obtained, appointment of a Board member
- Risk limits set up for CEG trading between signing and closing
- Standstill on EDF shareholding waived (10% cap)
- Full or partial exercise of put options granted to CEG, once the non nuclear assets transfer is authorized by relevant authorities
- Obtaining necessary authorisations for the acquisition of 50% of nuclear assets from relevant authorities
Part 2.2
EDF’s international strategy
United Kingdom
United Kingdom: nuclear overview and reminder of EDF’s strategy

- Substantial investment needs due to the necessary renewal of 50% of generation facilities by 2025
- “Nuclear White Paper” published on 10 January 2008 in favour of a nuclear revival in the United Kingdom
- Political consensus and support of public opinion

EDF Group’s strategic targets

- Positioning EDF as a major player in the UK’s nuclear revival
- Building and operating 4 EPRs with the first being commissioned by end-2017
- Replicating Flamanville 3 as an EPR model in the United Kingdom

Main stages achieved in 2008

- Acquisition of land at Wylfa and Hinkley Point in 2008
- Launching of EDF’s takeover bid for British Energy on 5 November, 2008
Presentation of British Energy

- Leading electricity generator in the United Kingdom
- Leading nuclear operator in the UK with 8 power plants of total installed capacity of 9.5 GW, including 7 AGRs\(^1\) and 1 PWR\(^2\)
- A coal-fired power plant at Eggborough\(^4\), with installed capacity of 2 GW

### British Energy generation sites

#### Prototype AGR
- Dungeness B: 1,090 MW, Decommissioning date authorized to date 2018

#### AGR 1
- Hinkley Point B: 1,220 MW, Decommissioning date 2016
- Hunterston B: 1,215 MW, Decommissioning date 2016

#### AGR 2
- Hartlepool: 1,190 MW, Decommissioning date 2014
- Heysham 1: 1,160 MW, Decommissioning date 2014

#### AGR 3
- Heysham 2: 1,230 MW, Decommissioning date 2023
- Torness: 1,250 MW, Decommissioning date 2023

#### PWR
- Sizewell B: 1,196 MW, Decommissioning date 2035

#### Coal
- Eggborough\(^4\): 1,960 MW, without FGD\(^5\) 2015, with FGD\(^5\) 2021

**Total** 11,511 MW

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\(^1\) AGR = Advanced Gas cooled Reactor (Gas-Graphite Advanced Reactor)
\(^2\) PWR = Pressurised Water Reactor
\(^3\) Installed capacity
\(^4\) Participants to British Energy’s long term “project finance” loan have an option to acquire the Eggborough power station assets (Asset Option) or to acquire the shares in Eggborough Power Limited (“Share Option”). Source: Company information
\(^5\) Flue Gas Desulfurization
EDF has identified the British Energy sites as the most suitable for the construction of 1 or 2 nuclear power plants per site.

Given its objective of building 4 EPRs, EDF has agreed to sell some sites, after the closing of the takeover bid. This decision is consistent with the UK government’s policy aimed at promoting competition in the New Nuclear Build.

(1) Including the land previously acquired by EDF in 2008
Indicative timetable of EDF’s public offer on British Energy\(^{(1)}\)

- **2.5\(^{(2)}\)** Announce-ment
- **Filing of the Form CO with the European Commission**
- **Posting of the Offer Document / Publishing of the Prospectus**
- **First possible Offers Closing**
- **Latest day for a decision by European Commission**
- **Last day for the Offers to become unconditional**

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Announce-ment</td>
<td>24 Sept 08</td>
</tr>
<tr>
<td>Filing of the Form CO with the European Commission</td>
<td>3 Nov 08</td>
</tr>
<tr>
<td>Posting of the Offer Document / Publishing of the Prospectus</td>
<td>5 Nov 08</td>
</tr>
<tr>
<td>First possible Offers Closing</td>
<td>5 Dec 08</td>
</tr>
<tr>
<td>Latest day for a decision by European Commission</td>
<td>22 Dec 08</td>
</tr>
<tr>
<td>Last day for the Offers to become unconditional</td>
<td>5 Jan 09</td>
</tr>
</tbody>
</table>

\(^{(1)}\)Refer to Offer Document and Prospectus published on 5 November, 2008  
\(^{(2)}\)Article 2.5 of the City Code on Takeovers and Mergers

NB: Indicative timetable valid under the assumption of a conclusion of the EC anti-trust process in Phase 1 and no switch to a « Scheme of Arrangement »
Strong points of EDF Group’s nuclear programme in the United Kingdom

- Commissioning of the first EPR scheduled by end-2017
- Combined EDF and British Energy capacities for the development of new nuclear power plants
  - Strong operating know-how and nuclear engineering expertise of the British Energy and EDF teams
- Role of Architect Engineer
  - Control of works and reduction in construction costs
- Series effect enabled by the building of 4 EPRs
- Construction of EPRs in pairs of units at Hinkley Point and Sizewell
  - Expected savings due to the site effect
- Hinkley Point and Sizewell sites in the south of England, close to customers
Main steps for EPR projects in the United Kingdom

Illustrative schedule for the first EPR


Authorisations & licenses

- UK Government’s decision on nuclear energy revival
- Generic Design Assessment
- National Policy Statement
- Infrastructure Planning Commission
- Nuclear site licence (HSE)

Building

- Site Pre-development
- First Concrete
- Commercial Operation Date
China
CGNPC*: a major Chinese nuclear player and longstanding partner for EDF

- CGNPC, one of the two nuclear leaders in China with 4 GW installed, and 21 GW under construction

- CGNPC operates and builds reactors with technology known to EDF and with high safety and availability performances

- EDF has been cooperating with CGNPC for more than 20 years:
  - Support in the construction and operation of Daya Bay 1 & 2 and Ling Ao 1, 2 and 3, 4 (1,000 MW reactors) using Areva technology
  - CGNPC’s participation in the safety challenge of EDF Group’s nuclear fleet

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* China Guangdong Nuclear Power Group

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China energy mix

- Coal 77.7%
- Hydropower 20.3%
- Nuclear 1.3%
- Renewables 0.7%

As a percentage of installed capacities
Source: EDF
Partnership with CGNPC in Taishan

Key targets

- Being a co-investor/operator in an initial project for 2 EPRs (Taishan) while providing technical support to the project
- Developing a more global partnership in terms of engineering or as an investor in other Chinese or international projects

Industrial outline of the Taishan project:

- EDF’s role: project management, construction, commissioning, operations
- Use of the Flamanville 3 reference model taking into account initial feedbacks (project started 18 months earlier)

Taishan Nuclear Power Company Joint Venture (TNPC JVC)

- Final agreement signed on 10 August, 2008
EDF and CGNPC, partners in Taishan within the TNPC joint venture

**CGNPC 70%**

- Engineering and supply contracts
  - AREVA Boiler nuclear island
  - ALSTOM GTA convent. island
  - CNPEC/DC convent. island / BOP*

**EDF 30%**

- EDF support contract
  - Building and operating engineering

**TNPC JVC**

Contracting authority: Building and operating 2 EPR units during 50 years

**EDF’s roles within the JV**

- Providing the joint venture and the CNPEC and CNPDC engineering companies with all the support required to control the project
  - Experienced engineers, benefiting from Flamanville 3 feedback
  - Documentation resulting from the building of Flamanville 3

* BOP: Balance of Plant
Key milestones in the Taishan 1 and Taishan 2 projects

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>Boiler order</td>
</tr>
<tr>
<td>2008</td>
<td>Start of preparatory site work</td>
</tr>
<tr>
<td>2009</td>
<td>First concrete</td>
</tr>
<tr>
<td>2010</td>
<td>Industrial commissioning Taishan 1</td>
</tr>
<tr>
<td>2011</td>
<td>Industrial commissioning Taishan 2</td>
</tr>
</tbody>
</table>

Taishan 1

Taishan 2
South Africa
South Africa: an opportunity to invest in the country’s nuclear development

- Strong growth prospects:
  - Doubling of installed power capacity from 42 to 80 GW by 2030*

- EDF has been present since 1978 with Eskom (2 French model 900 MW reactors in service at Koeberg)

- Eskom tender offer for the building of 3 GW of nuclear power under way:
  - Turnkey model
  - Pressurised water technology: EPR or AP1000

*Source: Engineering news of 11/05/2007, interview with Phumzile Tshelane, Eskom technical strategy manager
Italy
Nuclear energy in Italy: EDF Group’s position

- Reminder: Italy was a forerunner in civil nuclear energy in Europe

- Affirmed intention of the Italian government to restart nuclear energy
  - Law voted on 1st reading in the Chamber of Deputies
  - More positive public opinion
  - Favourable economic environment for the development of nuclear energy

- EDF already asked to participate in the Nuclear revival
  - Feasibility study in progress
  - The Italian Minister of Economy visited Flamanville in October 2008
Part 3
Competitiveness of nuclear generation
Precision on method

- Project costs presented hereunder are construction and engineering costs computed under EDF’s usual perimeter.

- Other presentations (for instance in the United States) may be based on a larger perimeter and may include:
  - Financing costs
  - «Owner’s costs » (Pre-operation, spare parts, first fuel reloading,…)
  - …

- Total production costs in €/MWh presented by EDF take into account the items mentioned hereabove, as well as operating costs and dismantling charges.

- In case of turnkey contracts, the price includes a consideration for additional contingencies borne by the contractor.
2008 updated construction cost of Flamanville 3

- \( € 3,300 \text{ M(€05)} \)  
  - In 2008 euros

- \( € 3,550 \text{ M(€08)} \)  
  - Reevaluation for the effect of price indexes in contracts

- \( + € 150 \text{ M(€08)} \)

- \( + € 300 \text{ M(€08)} \)  
  - Technical and regulatory evolutions and contingency reserves

- \( € 4,000 \text{ M(€08)} \)
Tighter equipment market impacts all generation means

Combined Gas Cycle

- 2005: € 550 /KW
- 2008: € 800 /KW
- Increase: +45%

Fossil fired (coal)

- 2005: € 1,100 /KW
- 2008: € 1,700 /KW
- Increase: +54%

Nuclear (EPR FLA 3)

- 2005: € 2,060 /KW
- 2008: € 2,500 /KW
- Increase: +21%

Source: CEA
2008 update of the cost of Flamanville 3

Construction and engineering cost
In € million

- € 3,300M (€05)
- € 3,550M (€08) + 8%
- € 3,700M (€08) + € 150M (€08)
- € 4,000M (€08) + € 300M (€08)

Total production cost
In € MW/h

- € 46 (€05) / MWh
- € 49.5 (€08) + 8%
- € 50.5 (€08)
- € 53 (€08)
- € 54 (€08)

Evolution of operating, tax and fuel expenses
Technical and regulatory evolutions and contingency reserves
Reevaluation for the effect of price indexes in contracts
In 2008 euros

Including financing, owner’s costs, operating costs, dismantling charges
Estimated cost of a 2\textsuperscript{nd} EPR in France

- Total production cost Flamanville 3: €54 (€08)/MWh
- Total production cost 2\textsuperscript{nd} EPR: €60 (€08)/MWh

- Potential additional costs related to the site
- Tighter equipment market

For a site enabling a virtual quasi-replica of Flamanville 3
A sustainable competitiveness in France

Comparison with the production costs of a combined gas cycle

Commissioning in 2015 – Baseload operations

Source: EDF
Under the assumption of € 1 = $1.22 over the long term
A sustainable competitiveness in France 2/4
An improved competitiveness vs combined gas cycle

Vision 2005
Shown in 2006

Baseload in €/MWh
(€ 2005)

Oil price

Vision 2008

Baseload in €/MWh
(€ 2008)

Oil price

Full cost for a new entrant for a standard "greenfield" site
CO₂ price range: €10-30/t assuming no CO₂ free allocations
EUR1=USD1.17

Full cost for a new entrant for a standard "greenfield" site
CO₂ price range: €20-€40/t assuming no CO₂ free allocations
EUR1=USD1.17

Development cost Flamanville 3
A sustainable competitiveness in France 3/4

Comparison with the production costs of a supercritical coal plant

Commissioning in 2015 – Baseload operations

Source: EDF
Under the assumption of € 1 = $1.22 over the long term
A sustainable competitiveness in France 4/4
An improved competitiveness vs a coal fired plant

Vision 2005
Shown in 2006

Vision 2008

Full cost for a new entrant for a standard “greenfield” site
CO₂ price range: €10-30/t assuming no CO₂ free allocations
EUR1=USD1.17

Full cost for a new entrant for a standard “greenfield” site
CO₂ price range: €20-40/t assuming no CO₂ free allocations
EUR1=USD1.17
United Kingdom - Estimated average total production cost for a programme of 4 EPRs

- **Upward effects**
  - UK generic licensing cost
  - 1st project by EDF outside its base in France
  - Re-development of the UK’s nuclear industrial base

- **Downward effect**
  - Standardisation effect (4 units on 2 sites)

Uncertainties over project realisation:
- Nature of the sites
- Tighter equipment market

Under the assumption of €1 = £0.70 over the long term
A sustainable competitiveness in the United Kingdom 1/2

Comparison with the production costs of a combined gas cycle

Commissioning in 2015 – Baseload operations

Source: EDF

Under the assumption of € 1 = $1.22 and € 1 = £0.70 over the long term
A sustainable competitiveness in the United Kingdom 2/2

Comparison with the production costs of a supercritical coal-fired plant

Commissioning in 2015 – Baseload operations

Source: EDF
Under the assumption of € 1 = $1.22 and € 1 = £0.70 over the long term
China: a very favourable context in terms of cost

- Business Plan in the process of validation by the Chinese authorities
- Clear advantages compared with other EPR projects, particularly in terms of:
  - land costs
  - labour and manufacturing costs
  - 2 units under construction at the same time on the same site
- Long-term financing with attractive terms and conditions both in Euro and RMB
  - support expected from French COFACE and Chinese banks
United States: The EPR is competitive

- On a comparable basis estimated costs for the US EPR are close to those presented for Europe.

- Improved competitive position through the likely emergence of a CO$_2$ valuation system.

- Support expected from French COFACE.

- Strong competition around financing guarantees provided by the US Department of Energy (DOE).
Part 4

French nuclear fleet performance
Continuous improvement in safety 1/2

Number of Automatic Reactor Trips per Unit

Graph showing the number of automatic reactor trips per unit from 1986 to 2007, with a steady decrease over the years.
Continuous improvement in safety 2/2

Radioprotection: average collective dose per Unit

Dose in h. Sv/unit

year
Kd, Ku, Kp: explanation of the different nuclear generation components

- **Kd** includes the impact of:
  - Technical unavailability (planned and unplanned outages)
  - Seasonality of outages

- **Key structural discrepancy with U.S fleet:**
  - Fuel management method (fuel cycle) > 1.5 %
  - Solicitation method (load monitoring in France) > 1.5 %
  - Regulation and safety specificities > 1.5 %

- $\geq 5.0 \%$

- Environment 1.0 %
- System services 1.5 %
- Optimisation (fuel and modulation) 3 to 4 %
  6 to 7 %

- $Kd = \frac{\text{Available energy}}{\text{Maximum theoretical energy}}$
- $Ku = \frac{\text{Energy generated}}{\text{Available energy}}$
- $Kp : \text{« Load Factor »} = Kd \times Ku$
In 2007, a 3.4 point decline in Kd vs. 2006, including:

- 2.2 points due to a generic failure affecting the steam generators ("SG clogging") of some units
- ~1 point due to unplanned events during generator maintenance operations
Evolution in technical unavailabilities between 2005 and 2007

- In 2008, an expected Kd level close to that of 2007
- 2 main technical causes for high impact unavailabilities in 2008:
  - ongoing treatment of the SG clogging phenomenon (5 units treated in 2008)
    - ~2 points of Kd
  - acceleration in the hazards encountered on the stators of some generators
    - ~1.5 point of Kd

![Bar chart showing evolution of Kd values between 2005 and 2007]

Legend:
- Dark blue: Planned unavailabilities (outages for refueling, testing,...)
- Green: Unplanned unavailabilities and prolonged outages (excluding high-impact damages)
- Orange: High-impact damages (multi-units – multi-years)
In 2007, increase in Ku by 1.6 point partially offsets the decline in Kd.
Evolution of nuclear output and load factor

Annual load factor of nuclear fleet

Net output of the PWR fleet

in %

in TWh

N4 reactors Industrial Commissioning (2000 and 2002)
A confirmed Kd target of 85% by 2011

- **Technical drivers**
  - Transfer of the 4 N4 units with 12-month cycle to approximately 18-month cycle (full effect from 2010)
  - Resorption of the technical problems described

- **Drivers that are part of the Operational Excellence approach**
  - Reducing the unexpected unavailability rate
  - Reinforcing the control of unit outages to reduce their duration

**A gradual improvement rhythm close to 2% per annum**
The nuclear power plant

Steam Generator

Reactors Building (nuclear zone)

Turbine Hall (non nuclear zone)

River or Sea Water

Primary circuit

Secondary circuit

Main cooling circuit
The steam generator

- Feed water (inlet)
- Vessel
- Downcomer
- Antivibration bars
- Tube bundle
- Tube support plates
- Primary water

FRAMATOME
The clogging phenomenon and its consequences

- Gradual clogging
  - Modifications of flows
  - Efforts upon tube support plates
  - Difficulties in monitoring water level
Method and timetable of treatment of steam generator clogging

- Method of the treatment: chemical treatment

- Timetable of the treatment:
  - By end-2008, 9 out of the 15 units concerned will have been treated:
    - 4 in 2007
    - 5 in 2008
  - The 6 remaining units (the least impacted) will be treated over the next 2 to 3 years
The nuclear power plant
Outline of a generator

Stator (magnetic core)

Stator (casing)

Rotor

Statoric bars
Generators: stator insulation deterioration

- Deterioration of the stator insulation due to the presence of humidity

- Remedies:
  - Introduction of the new technology (STAR*)
  - Rewinding of the stator on site or complete change of the stator

- Renovation programme:
  - At end-2008, a total of 13 stators renovated, including 10 since 2005
  - Acceleration of the phenomenon in 2008:
    - Insulation defects in the stator bars of Nogent 1, Nogent 2, Saint-Alban 1, Cattenom 3
    - Occasional repairs leading to a total of 250 days of prolonged outages
  - Ongoing renovation programme at the maximum rate of 5 stators/year (complete rewinding or change)
  - In 2012, 35 stators out of 48 will have been completely renovated or changed and will benefit from the new STAR* technology

*Technology initially implemented on Civeaux 1 and 2 units*
Reducing the unplanned unavailability rate: the AP 913 approach

Identification of critical components
Classification of components according to whether the fault causes:
- Output loss > 20%
- Immediate automatic reactor outage, etc.

Corrective measures
Corrective measures prioritised according to the component’s criticality

Life cycle management
Life cycle management adapted to the component’s criticality

Preventive maintenance
Preventive maintenance and monitoring programmes adapted to the component’s criticality

Continuous performance monitoring
Integrated IT system to monitor equipment reliability
Reinforcing the control of unit outages to reduce their length

The Operating Centre for Continuous Management of Unit Outages (COPAT):

- Continuous monitoring of critical outage activities and reactive processing of alerts to secure the outage period
  - Alerting COPAT after 30 minutes
  - Implementation of reactive maintenance teams on a continuous basis and creation of teams identified for the integration of feedback
  - Management process of important hazards

- Prolonged outage target $\leq$ 2 days
  - Implementation of conduct watch teams reinforced with people dedicated to specific activities
  - Working rhythm that limits interfaces, with a 2-shift rotation
  - Change management
An approach validated by the first results

- Implementation in 2008 on the first units of Nogent, Tricastin, Dampierre, Cattenom, Civaux, Gravelines
- 2008 feedback before gradual rollout in 2009 and 2010

**On average, by unit:**

<table>
<thead>
<tr>
<th>Significant Safety Events (SSE)</th>
<th>Reduction in outage extensions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-COPAT SRO(1) 2008</td>
<td>COPAT SRO(1) 2008</td>
</tr>
<tr>
<td>Number of SSE during outage</td>
<td>In number of days</td>
</tr>
<tr>
<td>2.8</td>
<td>12.3</td>
</tr>
<tr>
<td>2.1</td>
<td>5.9</td>
</tr>
</tbody>
</table>

(1) SRO: Simple Refueling Outage
Nuclear power plant lifespan 1/4

French regulatory framework:

- Every 10 years, EDF runs a reassessment of safety for every technical series
  - As a result, a new safety referential is carried out and an improvement programme proposed for implementation
- Before every ten-year inspection for each technical series, EDF submits the following items for approval to the Nuclear Safety Authority:
  - new safety referential
  - corresponding programme of improvements
- At the end of the ten-year visit for each power plant, the Nuclear Safety Authority states on:
  - continuation of operations for another ten years
  - corresponding requirements
Nuclear power plant lifespan 2/4

- 40-year lifespan authorizations expected in 2009
  - First two n°3 ten-year inspections ("30-year inspection") of the 900 MW series (Tricastin 1 and Fessenheim 1) will take place in 2009
  - Corresponding referential has been analyzed by the Nuclear Safety Authority
  - EDF is confident in being granted the authorizations for 40 years operation but the ultimate decision lies with the Nuclear Safety Authority
Nuclear power plant lifespan 3/4

EDF target: extend the fleet lifespan beyond 40 years

- Consistent with the trend observed internationally for power plants of similar technology (US, Japan, Sweden, Switzerland,…)

- Action plans well underway:
  - R&D programme on long term behaviour of components
  - Implementation of adapted solutions to the obsolescence of certain components
  - Maintenance programme, in particular for renewal of certain major components

- In 2009, EDF will submit to the Nuclear Safety Authority the contents of a safety referential for operating the nuclear fleet beyond 40 years

- Should the Nuclear Safety Authority grant the clearance, the referential would be implemented during the 4th 900 MW ten-year inspections and the 3rd and 4th 1,300 MW ten-year inspections
Positioning of ten-year inspections (TYI)
TYI4 900 MW, TYI3 and TYI4 1,300 MW
Part 5
Update on the Flamanville 3 project
Main stages in the Flamanville 3 project

- Decree for Authorisation to build the Flamanville 3 nuclear plant
- 1st concrete for the reactor poured onto the Flamanville site (on schedule)
- Civil Engineering
- Electro mechanic work (piping, cabling)
- Commissioning of the plant
- Connection to the grid

- April 2007
- Dec. 2007
- 2008 – Mid 2011
- Mid 2009 2011
- 2011 - 2012
- 2012
Project management: EDF is Architect Engineer

As an Architect Engineer, EDF’s responsibilities involve:

- Managing the project (quality, schedule, costs, risks, interfaces…)
- Fronting the French Nuclear Safety Authority
- Deciding how contracts are to be shared out, placing and then managing them
- Defining technical references of the plant (general specifications for equipment, buildings, general operation…)
- Optimising the “owner’s cost” by including feedback from French nuclear fleet in the design and operation
- Monitoring suppliers’ detailed studies and equipment manufacturing quality
- Monitoring on-site construction and commissioning tests
Role of Flamanville 3 players: project architecture on 3 levels

**Architect Engineer** Level 1

**Detailed studies** Level 2

**Suppliers** Level 3

- EDF
- AREVA
- SOFINEL
- BNI* (Nuclear Island excluding boiler)

- 55% EDF
- 45% AREVA
- Engineering contracts

- Supply and construction contracts: Bouygues, ...

- Turbine and Generator Building Flamanville3
  - ALSTOM

* BNI : Nuclear Island excluding boiler
Allocation of main contracts

- Around 150 contracts - Systematic competition excluding Nuclear Steam Supply System - (Areva NP)
- To date, commitments represent 99% of the total EPR contract amount
- The 6 largest work contracts account for around 70% of the project budget
  - Prices are indexed (reference index)
  - These contracts include sections at lump sum prices and sections at unit prices

Breakdown of total contract amount

- Other
- Nuclear Steam Supply System
- Conventional island
- Electrical installation
- Piping
- Order Control
- Civil work
- Works at sea
- Metal frame
- Ventilation
- Simulators
- Diesels
- Rolling bridges
- Paintings
- …
On-site work progress 1/2

- Completion of preparatory work
- 1st concrete for the reactor building poured in early December 2007 on schedule
- Completion of the whole raft foundation of the reactor building
- Laying of the first section of liner
- Continuation of civil engineering works in 2008-2011
On-site work progress 2/2

- Start of work for sea discharges (drilling of the well in the sea is terminated)
- New solution for the discharge gallery under the sea
Feedback from the first months of construction

Points worth watching:

- Technical hazards:
  - Volume of steel rebars in civil engineering work
  - Welding of the liner (metal skin)
  - Delay in drilling the well on land for the work of discharging water in the sea
  - Quality of surveillance

- Regulatory changes:
  - « Nuclear Equipment Under Pressure », regulation, « Malicious Damage » regulation

Strengths:

- Conventional island
  - Assembly underway on schedule
  - Manufacture of large components underway with no significant delay

- Simulator
  - Delivery of an initial version of the simulator in June 2008
  - The availability of a simulator less than one year after the 1st concrete is unprecedented for a new design reactor

Continuous improvement in the project monitoring process

- Strict supervision on the “nuclear” expertise of companies
- Better anticipation
- Improving quality of the surveillance of the site and project activities
Confirmation of the target of reactor start-up in 2012

- Control of project hazards encountered so far
- Confirmation of delivery dates for major equipment by the main suppliers
- Implementation of an appropriate organisational structure aimed at anticipating difficulties
Part 6
Finance of nuclear
Section 1:

- Financial stakes of New Nuclear projects
Preliminary estimates of total investments related to New Nuclear by 2020

- **Low case:** €08 40bn*
- **High case:** €08 50bn*

- **Strategic projects:**
  - 4 reactors in the UK, 2 (+2) in the US, 2 in China et 1 in France

---

*Investment costs includes construction costs plus side investments (first core, spare parts, pre-operation costs, …)*
Levers to share financing

- Creation of JVs or cooperation agreements with partners:
  - Enel in France
  - CGNPC in China
  - Constellation in the US

- Financing through non recourse project debt or limited recourse:
  - US: French COFACE and DOE under study
  - China: COFACE and Chinese banks contribution confirmed

- Cash flows stemming from first nuclear plants commissioned as early as 2012 and those generated by Group’s activity
### Preliminary simulations of financing schemes by 2020

<table>
<thead>
<tr>
<th></th>
<th>Low case</th>
<th>High case</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total investment costs</td>
<td>40</td>
<td>50</td>
</tr>
<tr>
<td>Project Financing debt</td>
<td>(12)</td>
<td>(15)</td>
</tr>
<tr>
<td>Partners’ financing (Flamanville, UK, China, US)</td>
<td>(8)</td>
<td>(10)</td>
</tr>
<tr>
<td>Free Cash Flow generated By New Nuclear</td>
<td>(5)</td>
<td>(5)</td>
</tr>
<tr>
<td>Other possible partnerships</td>
<td>(3)</td>
<td>(5)</td>
</tr>
<tr>
<td>EDF’s net financing requirements</td>
<td>12 - 15</td>
<td>15 - 20</td>
</tr>
</tbody>
</table>

Preliminary simulations show that the total investment costs are estimated to range from €40 billion to €50 billion. The project financing debt is estimated to range from €12 billion to €15 billion, and the partners’ financing (Flamanville, UK, China, US) is estimated to range from €8 billion to €10 billion. The free cash flow generated by new nuclear is estimated to be €5 billion. Other possible partnerships are estimated to range from €3 billion to €5 billion. EDF’s net financing requirements are estimated to be €12 - 15 billion in the low case and €15 - 20 billion in the high case.
Net financing requirements for EDF spread over a very long period

Initial estimate of EDF’s net New Nuclear financing requirements

Central case at €08 15 bn

- For the next 3 years, financing requirements for New Nuclear represent around €08 1 bn per annum
- From 2012 to 2019, average net financing required level for EDF is around €08 1.5 bn per annum
- From 2019 onwards positive cash flow generation
Free Cash Flows generated by the New Nuclear as early as 2012

Targets of commissioning are the following:

- Free cash flows / Dividends generated by the New Nuclear are estimated, on the basis of median scenarios**, at:
  - Over €1bn (€08) in 2017
  - Over €2bn (€08) in 2019

- Leading to a cumulative total free cash flow of €5bn (€08) until 2020

* Flamanville 3
** EDF estimates
Section 2:

- Financial stakes of extending existing nuclear fleet lifespan
Nuclear fleet lifespan: A major topic

- EDF objective: Bring lifespan of French nuclear fleet significantly beyond 40 years

  - 18 nuclear units will reach a lifetime of 40 years between 2015 and 2020

  - Shutdown of such units would imply a major investment programme in new nuclear units

  - Operate French nuclear fleet on 10 or 20 additional years allow to:
    - Pushing back beyond 2025 start up of such investment cash-outs
    - Smoothing commissioning flows of new nuclear plants, which presents a true industrial advantage
Investing to increase lifespan of existing fleet

- Investment necessary to allow a significant extension of lifespan beyond 40 years include:
  - Investment in asset maintenance to be carried out every year, including replacement of major components
  - Ten-year inspection: with significant programmes to improve safety

- Investment associated to a significant extension of lifespan
  - EDF estimates: ~€08 400M per unit spread out several years
  - International benchmark: ~US$ 500/kW (from 40 to 60 years)

These CAPEX have major positive impacts on future incremental Cash Flow
Estimated timetable of ten-year inspections for the existing nuclear fleet

Number of ten-year inspections
Nuclear Capital Expenditures in France over the next 5 years

- **Nuclear: Lifespan and maintenance of existing assets (current €M)**
  - Year: 2005 - €600
  - Year: 2006 - €700
  - Year: 2007 - €950
  - Year: 2008 - €1,200
  - Year: 2009 - ~€1,600
  - Year: 2010 - ~€2,000

- **Nuclear: Capacity upgrades (in current €M)**
  - Including Flamanville 3
  - Year: 2005 - ~€700
  - Year: 2006 - ~€600
  - Year: 2007 - ~€950
  - Year: 2008 - ~€1,200
  - Year: 2009 - ~€2,000
Gains associated with the extension of French nuclear fleet lifespan beyond 40 years

An investment of \( \sim 400 \text{ M€08} \) during the lifespan of a 900 MW unit would allow:

An interval of 20 years for the commissioning of around half a 1,600 MW unit

A net value creation \( > 1,200 \text{ M€08/unit} \) + cash flows linked to the additional years of operation
Financing capacities consistent with Group ambitions

- EDF Group’s FFO: one of the highest in the industry
  - ~ € 11.2 Bn in 2006
  - ~€ 10.6 Bn in 2007

- A solid financial structure:
  - Ratio : Net debt/EBITDA around 2(1)
  - Solid rating

- A Group mobilized to prepare for the extension of the existing nuclear fleet lifespan (beyond 40 years)

(1) EBITDA and net financial debt as of 30 June, 2008, including the acquisition of shares in British Energy by Lake Acquisitions Limited on 24 September, 2008
Summary

- New Nuclear Build and extension of existing nuclear fleet lifespan represent an ambitious programme
- EDF could continue to initiate strategic partnerships around financing issues
- The amount of our projects remain considerably lower than the level of investment carried out by EDF in the past

**EDF’s investment in nuclear**
**Comparison of building periods**
Investor Day
London - 4 December, 2008

Part 7
Human Resources
Specific needs for the Group in a highly competitive environment

- 24,000 people currently involved in nuclear at EDF
- 40% of managers and engineers expected to retire by 2015, in generation, engineering and R&D
- International projects: 900 additional engineers by 2011 (French and international)
- Renewing the Group’s skills and expertise by recruiting 5,000 engineers for nuclear over the next 10 years, both in France and abroad
- In the United Kingdom, EDF will draw on British Energy expertise and human resources (5,000 people in nuclear)
As early as 2008, 4 times more recruits in nuclear energy, in numerous activities

Career openings in several activities in France and abroad
An increased visibility and attractiveness among graduates for the Group

- N° 1 for attractiveness among students in engineering in France

**2008 TNS Sofres survey**

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<th>n°</th>
<th>Company</th>
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<tr>
<td>1</td>
<td>EDF</td>
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<td>2</td>
<td>Air France</td>
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<td>3</td>
<td>Apple</td>
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<td>Areva</td>
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<td>Alstom</td>
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- Numerous nuclear educational projects generated by the EDF momentum
EDF has taken three initiatives for high-level education in nuclear energy

- Strengthening and structuring of energy education
  - In the courses of French “Grandes Écoles” and major universities
  - 15 new educational programmes supported by EDF started at the beginning of the new 2008 academic year

- Launched by EDF an international reference system for the nuclear industry and French higher education
  - Creation of the first international Nuclear Energy Master of Science

- Creation of specialised educational programmes for the training of experts

To support these initiatives: establishment of educational and research professorships