2013 CONSOLIDATED FINANCIAL STATEMENTS

Financial information concerning the net worth, financial position and performance of the issuer

(These financial statements will be submitted for approval by the general Shareholders' Meeting of 15 May, 2014)

1 Historical financial information

Pursuant to article 28 of the European Commission Regulation 809/2004, the following information is included by reference in this reference document:

- the consolidated financial statements of the EDF group for the year ended 31 December 2012 (prepared in accordance with international accounting standards), as well as the associated Statutory Auditors' reports, set forth respectively in section 20.1 (pages 267 to 365) and section 20.2 (pages 366 and 367) of the EDF group's 2012 reference document;
- the consolidated financial statements of the EDF group for the year ended 31 December 2011 (prepared in accordance with international accounting standards), as well as the associated Statutory Auditors' reports, set forth respectively in section 20.1 (pages 285 to 381) and section 20.2 (pages 382 and 383) of the EDF group's 2011 reference document.

The consolidated financial statements at 31 December 2013, established under IAS-IFRS standards, are set forth below. These financial statements will be submitted for approval by the Shareholders' Meeting of 15 May 2014.

Consolidated income statements

(in millions of Euros)	Notes	**2013**	2012 (1)
Sales	7	75,594	72,178
Fuel and energy purchases	8	(39,683)	(37,098)
Other external expenses	9	(9,027)	(9,718)
Personnel expenses	10	(11,879)	(11,710)
Taxes other than income taxes	11	(3,533)	(3,287)
Other operating income and expenses	12	5,293	5,633
Operating profit before depreciation and amortisation		**16,765**	**15,998**
Net changes in fair value on Energy and Commodity derivatives, excluding trading activities		14	(69)
Net depreciation and amortisation		(7,516)	(6,849)
Net increases in provisions for renewal of property, plant and equipment operated under concessions		(228)	(164)
(Impairment) / reversals	13	(1,012)	(752)
Other income and expenses	14	388	(5)
Operating profit		**8,411**	**8,159**
Cost of gross financial indebtedness	15.1	(2,403)	(2,443)
Discount effect	15.2	(2,982)	(3,261)
Other financial income and expenses	15.3	2,296	2,370
Financial result	**15**	**(3,089)**	**(3,334)**
Income before taxes of consolidated companies		**5,322**	**4,825**
Income taxes	16	(1,942)	(1,573)
Share in income of associates	23	375	261
GROUP NET INCOME		**3,755**	**3,513**
EDF net income		**3,517**	**3,275**
Net income attributable to non-controlling interests		**238**	**238**
Earnings per share (EDF share) in Euros:	**17**		
Earnings per share		1.84	1.77
Diluted earnings per share		1.84	1.77

(1) Figures for 2012 have been restated for the impact of retrospective application of IAS 19 revised and the change in presentation of disposals of generation assets by EDF Énergies Nouvelles as part of its Development and Sale of Structured Assets (DSSA) business (see note 2).

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

(in millions of Euros)	Notes	2013 EDF net income	2013 Net income attributable to non-controlling interests	2013 Total	2012 [1] EDF net income	2012 [1] Net income attributable to non-controlling interests	2012 [1] Total
Group net income		**3,517**	**238**	**3,755**	**3,275**	**238**	**3,513**
Gross change in fair value of available-for-sale financial assets [2]		762	-	762	954	-	954
Related tax effect		(245)	-	(245)	(354)	-	(354)
Associates' share of fair value of available-for-sale financial assets		(2)	-	(2)	(14)	-	(14)
Change in fair value of available-for-sale financial assets	36.2.2	*515*	-	*515*	*586*	-	*586*
Gross change in fair value of hedging instruments [2]		845	8	853	(780)	20	(760)
Related tax effect		(205)	(2)	(207)	160	(9)	151
Associates' share of fair value of hedging instruments		16	-	16	(2)	-	(2)
Change in fair value of hedging instruments	41.4	*656*	*6*	*662*	*(622)*	*11*	*(611)*
Translation adjustments – controlled entities		(719)	(83)	(802)	424	82	506
Translation adjustments – associates		(27)	-	(27)	22	-	22
Translation adjustments		*(746)*	*(83)*	*(829)*	*446*	*82*	*528*
Gains and losses recorded directly in equity that will be reclassified subsequently to profit or loss		**425**	**(77)**	**348**	**410**	**93**	**503**
Gross change in actuarial gains and losses on post-employment benefits		122	(17)	105	(4,657)	57	(4,600)
Related tax effect		(74)	3	(71)	577	(13)	564
Associates' share of change in actuarial gains and losses on post-employment benefits		5	-	5	(108)	-	(108)
Actuarial gains and losses on post-employment benefits		*53*	*(14)*	*39*	*(4,188)*	*44*	*(4,144)*
Gains and losses recorded directly in equity that will not be reclassified subsequently to profit or loss		**53**	**(14)**	**39**	**(4,188)**	**44**	**(4,144)**
Total gains and losses recorded directly in equity		**478**	**(91)**	**387**	**(3,778)**	**137**	**(3,641)**
NET INCOME AND GAINS AND LOSSES RECORDED DIRECTLY IN EQUITY		**3,995**	**147**	**4,142**	**(503)**	**375**	**(128)**

(1) The figures published for 2012 have been restated for the impact of retrospective application of IAS 19 revised (see note 2).
(2) Gross changes in fair value transferred to income in respect of available-for-sale financial assets and hedging instruments are presented in notes 36.2.2 and 41.4 respectively.

Consolidated balance sheets

ASSETS

(in millions of Euros)	Notes	**31/12/2013**	31/12/2012 [(1)]
Goodwill	18	9,206	10,412
Other intangible assets	19	7,976	7,625
Property, plant and equipment operated under French public electricity distribution concessions	20	48,796	47,222
Property, plant and equipment operated under concessions for other activities	21	7,518	7,182
Property, plant and equipment used in generation and other tangible assets owned by the Group	22	69,013	67,838
Investments in associates	23	7,813	7,587
Non-current financial assets	36	30,324	30,471
Deferred tax assets	16.3	2,839	3,421
Non-current assets		**183,485**	**181,758**
Inventories	24	14,550	14,213
Trade receivables	25	22,137	22,497
Current financial assets	36	17,770	16,433
Current tax assets		560	582
Other receivables	26	9,221	8,486
Cash and cash equivalents	37	5,459	5,874
Current assets		**69,697**	**68,085**
Assets classified as held for sale	46	**3,619**	**241**
TOTAL ASSETS		**256,801**	**250,084**

(1) The figures published for 2012 have been restated for the impact of retrospective application of IAS 19 revised (see note 2).

EQUITY AND LIABILITIES

(in millions of Euros)	Notes	**31/12/2013**	31/12/2012 [(1)]
Capital	27	930	924
EDF net income and consolidated reserves		33,277	25,333
Equity (EDF share)		**34,207**	**26,257**
Equity (non-controlling interests)		4,663	4,854
Total equity	**27**	**38,870**	**31,111**
Provisions related to nuclear generation – Back-end nuclear cycle, plant decommissioning and last cores	29	40,985	39,185
Provisions for decommissioning of non-nuclear facilities	30	1,193	1,090
Provisions for employee benefits	31	18,542	19,119
Other provisions	32	1,755	1,873
Non-current provisions	***28***	***62,475***	***61,267***
Special French public electricity distribution concession liabilities	33	43,454	42,551
Non-current financial liabilities	38	42,877	46,980
Other non-current liabilities	35	3,955	4,218
Deferred tax liabilities	16.3	5,004	5,601
Non-current liabilities		**157,765**	**160,617**
Current provisions	28	4,848	3,882
Trade payables	34	14,312	14,643
Current financial liabilities	38	14,912	17,521
Current tax liabilities		1,348	1,224
Other current liabilities	35	22,457	21,037
Current liabilities		**57,877**	**58,307**
Liabilities related to assets classified as held for sale	**46**	**2,289**	**49**
TOTAL EQUITY AND LIABILITIES		**256,801**	**250,084**

(1) The figures published for 2012 have been restated for the impact of retrospective application of IAS 19 revised (see note 2).

Consolidated cash flow statements

(in millions of Euros)	Notes	**2013**	2012[1]
Operating activities:			
Income before taxes of consolidated companies		5,322	4,825
Impairment (reversals)		1,012	752
Accumulated depreciation and amortisation, provisions and changes in fair value		9,445	9,255
Financial income and expenses		1,587	944
Dividends received from associates		266	201
Capital gains/losses		(882)	(443)
Change in working capital	43.1	(1,783)	(2,390)
Net cash flow from operations		*14,967*	*13,144*
Net financial expenses disbursed		(1,799)	(1,634)
Income taxes paid		(1,979)	(1,586)
Net cash flow from operating activities		11,189	9,924
Investing activities:			
Acquisitions / disposals of equity investments, net of cash (acquired/transferred)		648	20
Investments in intangible assets and property, plant and equipment	43.2	(13,327)	(13,386)
Net proceeds from sale of intangible assets and property, plant and equipment		240	748
Changes in financial assets		164	(1,792)
Net cash flow used in investing activities		(12,275)	(14,410)
Financing activities:			
Transactions with non-controlling interests [2]		95	(1,038)
Dividends paid by parent company	27.3	(2,144)	(2,125)
Dividends paid to non-controlling interests		(318)	(230)
Purchases / sales of treasury shares		4	(15)
Cash flows with shareholders		*(2,363)*	*(3,408)*
Issuance of borrowings		5,746	12,431
Repayment of borrowings		(8,654)	(4,869)
Issuance of perpetual subordinated bonds	27.4	6,125	-
Payments to bearers of perpetual subordinated bonds	27.4	(103)	-
Funding contributions received for assets operated under concessions		171	190
Investment subsidies		89	313
Other cash flows from financing activities		*3,374*	*8,065*
Net cash flow from financing activities		1,011	4,657
Net increase/(decrease) in cash and cash equivalents		(75)	171
CASH AND CASH EQUIVALENTS - OPENING BALANCE		**5,874**	**5,743**
Net increase/(decrease) in cash and cash equivalents		(75)	171
Effect of currency fluctuations		4	(44)
Financial income on cash and cash equivalents		23	38
Effect of reclassifications [3]		(367)	(34)
CASH AND CASH EQUIVALENTS - CLOSING BALANCE	**37**	**5,459**	**5,874**

(1) The figures published for 2012 have been restated for the impact of retrospective application of IAS 19 revised (see note 2).
(2) Contributions via capital increases or reductions and acquisitions of additional interests in controlled companies.
In 2012, payments made for transactions with non-controlling interests include the acquisition of additional interests in the Edison group following the mandatory public offer finalised on 6 September 2012 for €(869) million, and in ERSA following the acquisition of EnBW's investment in that subsidiary on 16 February 2012 for €(252) million.
(3) In 2013, the effect of reclassifications includes €(338) million resulting from reclassification of Dalkia International's cash and cash equivalents as "Assets held for sale".

Changes in consolidated equity

(in millions of Euros)	Capital	Treasury shares	Translation adjustments	Impact of fair value adjustment of financial instruments [1]	Other consolidated reserves and net income	**Equity (EDF share)**	Equity (share attributable to non-controlling interests)	**Total equity**
Equity at 31/12/2011	**924**	**(26)**	**1,147**	**(1,073)**	**27,511**	**28,483**	**4,189**	**32,672**
Restatements due to change of method [2]	-	-	-	-	333	333	-	333
Equity at 31/12/2011 (restated)	**924**	**(26)**	**1,147**	**(1,073)**	**27,844**	**28,816**	**4,189**	**33,005**
Gains and losses recorded directly in equity	-	-	446	(36)	(4,188)	(3,778)	137	(3,641)
Net income	-	-	-	-	3,275	3,275	238	3,513
Net income and gains and losses recorded directly in equity	-	-	446	(36)	(913)	(503)	375	(128)
Dividends paid	-	-	-	-	(2,125)	(2,125)	(231)	(2,356)
Purchases / sales of treasury shares	-	(7)	-	-	-	(7)	-	(7)
Other changes [3]	-	-	-	-	76	76	521	597
Equity at 31/12/12 (restated)	**924**	**(33)**	**1,593**	**(1,109)**	**24,882**	**26,257**	**4,854**	**31,111**
Gains and losses recorded directly in equity	-	-	(746)	1,171	53	478	(91)	387
Net income	-	-	-	-	3,517	3,517	238	3,755
Net income and gains and losses recorded directly in equity	-	-	(746)	1,171	3,570	3,995	147	4,142
Issuance of perpetual subordinated bonds [4]	-	-	-	-	6,125	6,125	-	6,125
Payments on perpetual subordinated bonds	-	-	-	-	(103)	(103)	-	(103)
Dividends paid	-	-	-	-	(2,315)	(2,315)	(314)	(2,629)
Purchases / sales of treasury shares	-	(14)	-	-	-	(14)	-	(14)
Capital increase by EDF [5]	6	-	-	-	165	171	-	171
Other changes [6]	-	-	-	-	91	91	(24)	67
EQUITY AT 31/12/13	**930**	**(47)**	**847**	**62**	**32,415**	**34,207**	**4,663**	**38,870**

(1) These changes correspond to the effects of fair value adjustment of available-for-sale financial assets and amounts transferred to income following changes in their fair value, and the effects of fair value adjustment of financial instruments hedging cash flows and net foreign investments 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.

(2) Figures at 31 December 2012 and 31 December 2011 have been restated for the impact of retrospective application of IAS 19 revised (see note 2).

(3) In 2012, other changes attributable to non-controlling interests include €406 million corresponding to the effects of the takeover of Edison and the mandatory public offer, of which €266 million are indirect non-controlling interests.

(4) In January 2013 the Group issued perpetual subordinated bonds totalling €6,125 million net of transaction costs (see note 3.1.1).

(5) In 2013, the capital increase and issue premium, totalling €171 million, relate to the payment in shares of some of the balance of 2012 dividends (see note 27.3).

(6) Other changes in 2013 (EDF's share) include the €228 million effects of the acquisition of Centrica's 20% investment in Nuclear New Build Holdings (see note 3.3.2).

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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 companies directly or indirectly under the exclusive control of the Company and its subsidiaries, which are fully consolidated, the accounts of jointly-controlled companies (joint ventures), which are proportionally consolidated, and the accounts of companies in which the Company exercises significant influence (associates), which are accounted for under the equity method. All these economic entities are collectively referred to as the "Group".

The Group is an integrated energy operator engaged in all aspects of the energy business: generation, transmission, distribution, supply and trading of energies.

The Group's consolidated financial statements at 31 December 2013 were prepared under the responsibility of the Board of Directors and approved by the Directors at the Board meeting held on 12 February 2014. They will become final after approval at the General Shareholders' Meeting to be held on 15 May 2014.

Note 1 Group accounting standards

1.1 Declaration of conformity and Group accounting policies

Pursuant to European regulation 1606/2002 of 19 July 2002 on the adoption of international accounting standards, the EDF group's consolidated financial statements for the year ended 31 December 2013 are prepared under the international accounting standards published by the IASB and approved by the European Union for application at 31 December 2013. These international standards are IAS (International Accounting Standards), IFRS (International Financial Reporting Standards), and SIC and IFRIC interpretations.

The comparative figures for 2012 presented in the notes to these condensed consolidated financial statements have been restated for the impact of retrospective application of IAS 19 revised and the change in presentation of disposals of generation assets by EDF Énergies Nouvelles as part of its Development and Sale of Structured Assets business (see note 2).

1.2 Changes in accounting methods at 31 December 2013

Apart from the changes indicated below, the accounting and valuation methods applied by the Group in the consolidated financial statements for the year ended 31 December 2013 are identical to those used in the consolidated financial statements for the year ended 31 December 2012.

1.2.1 Accounting changes introduced in the consolidated financial statements at 31 December 2013

Change in accounting method – First application of IAS 19 revised

IAS 19 was revised in June 2011. The new version, which became mandatory on 1 January 2013, introduces the following changes for valuation and recognition of the EDF group's provisions for employee benefits:

- immediate recognition of the unvested past service cost;
- inclusion of the administrative and financial costs of employee benefit plans in the current service cost, with a corresponding reversal from the provisions previously established for those costs;
- inclusion in the financial result of a "net interest expense", equivalent to the interest expense on obligations net of income from fund assets, which is now determined using the same discount rate as the rate applied to measure obligations. The differential between the discount rate for obligations and the actual rate of return on fund assets is recorded directly in equity.

The Group decided in 2012 to stop using the "corridor" method and now recognises all actuarial gains and losses in full under the "SoRIE" method.

In compliance with IAS 8, this change of method is applied retrospectively. The resulting impacts on the Group's consolidated financial statements are presented in note 2.

Other standards and interpretations

The following standards, amendments and interpretations are also applied for the first time by the EDF group from 1 January 2013:

- IFRS 13 "Fair value measurement", which chiefly concerns the valuation of financial instruments at Group level, defining the methods for calculating the fair value of financial assets and liabilities incorporating the credit risk when valuing derivatives. Application of IFRS 13 did not have a significant impact on the Group's financial statements;
- the amendments to IAS 1 entitled "Presentation of items of other comprehensive income (OCI)". In the statement of net income and gains and losses recognised directly in equity, the Group now makes a distinction between:
  - components of gains and losses recognised directly in equity that will later be reclassified to profit and loss;
  - components of gains and losses recognised directly in equity that will not later be reclassified to profit and loss (this only concerns the actuarial gains and losses on post-employment benefits);
  - the associates' share of each of these types of gains and losses recognised directly in equity.
- amendments to IFRS 7 "Disclosures – Offsetting Financial Assets and Financial Liabilities", adopted by the European Union in 2012: Information relevant for assessing the current or potential impact of offsetting agreements is now disclosed in the notes to the consolidated financial statements.

The following amendments and interpretation became mandatory from 1 January 2013 and have had no impact on the Group's consolidated financial statements:

- amendment to IAS 12 "Deferred tax: recovery of underlying assets";
- amendments to IFRS 1 entitled "Severe hyperinflation and removal of fixed dates for first-time adopters" and "Government loans";
- IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine";
- annual improvements to IFRS (2009-2011).

1.2.2 Standards and amendments adopted by the European Union but not yet mandatory in 2013 and not applied early by the Group

1.2.2.1 IFRS 10, IFRS 11 and IFRS 12

In May 2011 the IASB (International Accounting Standards Board) published three new standards concerning consolidation, which were endorsed by the European Union in 2012:

- IFRS 10 "Consolidated financial statements";
- IFRS 11 "Joint arrangements";
- IFRS 12 "Disclosure of interests in other entities".

These standards were also supplemented by amendments to the following existing standards:

- IAS 27 (2011) "Separate financial statements";
- IAS 28 (2011) "Investments in associates and joint ventures".

In 2012, "Transition guidance" amendments were issued for IFRS 10, 11 and 12 and "Investment entities" amendments were issued for IFRS 10, IFRS 12 and IAS 27.

These new standards and amendments introduce a certain number of changes: a new, broader definition of control that can lead groups to broaden the scope of consolidation by including entities that were not previously consolidated, elimination of the possibility of proportional consolidation for joint ventures, and qualitative and quantitative changes in disclosures.

The main expected impacts of the new standards for the EDF group are as follows:

- the new definition of control laid down by IFRS 10 should not result in any significant changes in the Group's scope of consolidation;
- application of IFRS 11 should lead to the EDF group's joint arrangements being considered as joint ventures and therefore accounted for under the equity method, except for a few non-significant entities which are expected to be considered as joint operations (consolidation of the share of assets and liabilities).

Based on studies using 2013 data, the impacts on the main items of the Group's consolidated financial statements are expected to be as follows:

- in the income statement:
  - a decrease of around €0.7 billion in Operating profit before depreciation and amortisation;
  - no significant impact on EDF net income.
- in the balance sheet:
  - no significant impact on Equity (EDF share);
  - a decrease of around €2.1 billion in net financial indebtedness.

1.2.2.2 Standards and amendments adopted by the European Union but not yet mandatory

The other amendments adopted by the European Union but not mandatory in 2013 are the following:

- amendments to IAS 32 entitled "Offsetting Financial Assets and Financial Liabilities";
- amendments to IAS 39 entitled "Novation of derivatives and continuation of hedge accounting";
- amendments to IAS 36 entitled "Impairment of assets - Recoverable amount disclosures for non-financial assets".

Based on the analyses conducted to date, the Group considers that application of the above amendments will not have any significant impact on the consolidated financial statements.

1.2.3 Other standards and interpretations published by the IASB but not yet approved by the European Union

The following IASB publications applied specifically by the Group have not yet been approved by the European Union:

- IFRIC 21 "Levies";
- IFRS 9 phase III "Hedge accounting";
- Amendments to IAS 19 entitled "Employee benefits" on defined-benefit plans.

Based on the analyses conducted to date, the Group considers that future application of IFRIC 21 should not have a significant impact on the annual consolidated financial statements. However, in the half-year consolidated financial statements it is expected to result in a significant increase in the balance sheet tax liabilities concerned by the interpretation (mainly energy-related taxes and real estate taxes for the France segment).

The potential impact of these amendments is currently being evaluated by the Group.

1.3 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.

1.3.1 Valuation

The consolidated financial statements are based on historical cost valuation, with the exception of certain assets acquired and liabilities assumed through business combinations, and certain financial instruments, which are stated at fair value.

1.3.2 Management judgments 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, considering positive and negative contingencies existing at year-end. The figures in the Group's future financial statements could differ significantly from current estimates due to changes in these assumptions or economic conditions.

The EDF group's industrial strategy is to continue operation of the French nuclear power plants beyond their current accounting depreciation period of 40 years, in optimum conditions as regards safety and efficiency.

The Group has been making preparations for extending the useful life of its power plants for several years, and is now making the necessary investments under the major industrial overhaul programme called "*grand carénage*".

The adjustment of the accounting useful life of the French nuclear power plants to bring it into line with this industrial strategy will be reflected in the Group's consolidated financial statements as soon as all the required technical, economic and governance conditions are in place.

The other principal sensitive accounting methods involving use of estimates and judgments are described below. In a context characterised by financial market volatility, the parameters used to prepare estimates are based on macro-economic assumptions appropriate to the very long-term cycle of Group assets.

1.3.2.1 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.

The main assumptions and sensitivity analyses are presented in note 29.1.5.2.

1.3.2.2 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 all the actuarial assumptions used, particularly concerning discount rates and wage increase rates.

The principal actuarial assumptions used to calculate these post-employment and long-term benefits at 31 December 2013 are presented in note 31. These assumptions are updated annually. The Group considers the actuarial assumptions used at 31 December 2013 appropriate and well-founded, but future changes in these assumptions could have a significant effect on the amount of the obligations and the Group's equity and net income. Sensitivity analyses are therefore presented in note 31.

1.3.2.3 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 - particularly concerning energy price movements - and medium-term financial forecasts. The Group therefore revises the underlying estimates and assumptions based on regularly updated information.

These assumptions, which are specific to the Group, are presented in note 13.

1.3.2.4 Financial instruments

In measuring the fair value of unlisted financial instruments (essentially energy contracts), the Group uses valuation models based on a certain number of assumptions subject to unforeseeable developments.

1.3.2.5 Energy supplied but not yet measured and billed

As explained in note 1.3.7, the quantities of energy supplied but not yet measured and billed are calculated at the reporting date based on consumption statistics and selling price estimates. Determination of the unbilled portion of sales revenues at the year-end is sensitive to the assumptions used to prepare these statistics and estimates.

1.3.2.6 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 concession assets in the balance sheet at a value based on the amount of contractual commitments as calculated and disclosed to the grantors in the annual business reports (see note 1.3.13.2.1). An alternative approach would be to value the obligations based on the present value of future payments necessary to replace 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 1.3.24 for information. Whatever valuation method is used, measurement of the concession liability concerning assets to be replaced is notably subject to unforeseeable developments in terms of costs, useful life and disbursement dates.

1.3.2.7 Deferred tax assets

The use of estimates and assumptions over recovery horizons is particularly important in the recognition of deferred tax assets.

1.3.2.8 Other judgments

When there is no standard or interpretation applicable to a specific transaction, the Group exercises judgment to define and apply accounting methods that supply relevant and reliable information for preparation of its financial statements.

1.3.3 Consolidation methods

Subsidiaries are companies in which the Group has exclusive control and are fully consolidated. Exclusive control means the power to govern a company'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 is the contractually agreed sharing of control over a company run jointly by a limited number of partners or shareholders, such that the financial and operating policies require their unanimous consent.

Associates are entities in which the Group exercises significant influence over financial and operating policies, without having exclusive or joint control. 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 associates".

All internal transactions between consolidated companies, including realised internal profits, are eliminated.

A list of the main subsidiaries, joint ventures and associates is presented in note 52.

1.3.4 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 given by the Group to purchase minority interests in Group-controlled companies are included in liabilities. For commitments of this kind given since 1 January 2010, the differential between the value of the minority interests and the liability corresponding to the commitment is recorded in equity.

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

In the cash flow statements, cash flows related to operating activities are presented under the indirect method.

1.3.5 Translation methods

1.3.5.1 Reporting currency

The parent company's functional currency is the Euro. The Group's financial statements are presented in millions of Euros.

1.3.5.2 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.

1.3.5.3 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 recognised in equity under the heading "Translation adjustments".

Translation adjustments 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 recognised as income or expenses in the income statement, in the same way as other exchange differences concerning the company.

1.3.5.4 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.

1.3.6 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 the EDF group exercises joint control or significant influence. They also include members of the Group's management and governance bodies.

1.3.7 Sales

Sales essentially comprise income from energy sales (to final customers and as part of trading activities), connections and other services, which mainly include energy transmission and distribution, and capacity and interconnection auctions.

The Group accounts for sales when:

- there is a proven contractual relationship;
- delivery has taken place (or the service has been completed);
- 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 supplied but not yet measured and 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 recognised net of purchases.

1.3.8 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 generally recorded in the income statement or in equity symetrically to the underlying operation. The tax effects regarding taxation of dividends and payments on perpetual subordinated bonds are included in the current year net income.

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 recognised 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 realised 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 in accounting for actuarial gains and losses or fair value on 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 recognised when it is probable that the Group will have sufficient taxable profit to utilise the benefit of the asset in the foreseeable future, or beyond that horizon, if there are deferred tax liabilities with the same maturity.

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

In compliance with IAS 33, earnings per share and diluted earnings per share are based on the net income after deduction of payments to bearers of perpetual subordinated bonds.

1.3.10 Business combinations

In application of IFRS 3 business combinations arising since 1 January 2010 are measured and recognised under the following principles.

At the date of acquisition, the identifiable assets acquired and liabilities assumed, measured at fair value, and any non-controlling interests in the company acquired (minority interests) are recorded separately from goodwill.

Non-controlling interests may be valued either at fair value (total goodwill method) or their share in the fair value of the net assets of the acquired company (partial goodwill method). The decision is made individually for each transaction.

Any acquisition or disposal of an investment that does not affect control and takes place after the business combination is considered as a transaction between shareholders and must be recorded directly in equity in application of IAS 27.

If additional interests in an associate are acquired without resulting in acquisition of control, the value of previously acquired assets and liabilities remains unchanged in the consolidated accounts.

If control is acquired in stages, the cost of the business combination includes the fair value, at the date control is acquired, of the purchaser's previously-held interest in the acquired company.

Related costs directly attributable to an acquisition leading to control are treated as expenses for the periods in which they were incurred, except for issuance costs for debt securities or equity instruments, which must be recorded in compliance with IAS 32 and IAS 39.

IFRS 3 does not apply to common control business combinations, which are examined on a case-by-case basis to determine the appropriate accounting treatment.

1.3.11 Goodwill and other intangible assets

1.3.11.1 Goodwill

1.3.11.1.1 Determination of goodwill

In application of IFRS 3, "Business combinations", goodwill is the difference between:

- the sum of the following items:
  - the acquisition-date fair value of the price paid to acquire control;
  - the value of non-controlling interests in the entity acquired;
  - and for acquisitions achieved in stages, the acquisition-date fair value of the Group's share in the acquired entity before it acquired control;
- and the net value of the assets acquired and liabilities assumed, measured at fair value at the acquisition date.

When this difference is negative it is immediately included in net income.

The fair values of assets and liabilities and the resulting goodwill are finalised within twelve months of the acquisition.

1.3.11.1.2 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 "Impairment" 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 associates".

Goodwill is not amortised, 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 1.3.15.

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

1.3.11.2 Other intangible assets

1.3.11.2.1 Research and development expenses

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

Project development expenses are capitalised when 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;
- and its ability to provide a reliable estimate of expenses attributable to the intangible asset during its development.

Capitalised development costs are amortised on a straight-line basis over their foreseeable useful life.

1.3.11.2.2 Other self-produced or purchased intangible assets

Other intangible assets mainly comprise:

- software, which is amortised on a straight-line basis over its useful life;
- purchased brands with an indefinite useful life, or amortised on a straight-line basis over their useful life;
- operating or usage rights for power plants, which are amortised on a straight-line basis over the useful life of the underlying asset;
- rights or licenses relating to hydrocarbon concessions, which are amortised under the Unit Of Production (UOP) method, and exploration expenses amortised over the year (see note 1.3.11.2.3);
- intangible assets related to environmental regulations (greenhouse gas emission rights and renewable energy certificates acquired for a consideration – see note 1.3.27);
- the positive value of energy purchase/sale contracts stated at fair value as part of a business combination governed by IFRS 3: this value is amortised as the contractual deliveries take place.

1.3.11.2.3 Hydrocarbon prospecting, exploration and generation

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

Prospection and exploration costs and costs incurred in connection with geological surveys, exploration tests, geological and geophysical mapping and exploratory drilling are recognised as intangible assets and fully amortised in the year they are incurred.

Development costs related to commercially viable mineral wells and investments in facilities to extract and store hydrocarbons are recognised 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 amortised under the UOP method.

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

The Group's property, plant and equipment is 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.

1.3.12.1 Initial measurement

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

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

The Group capitalises 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 1.3.21).

When some of the decommissioning costs for a plant are to be borne by a partner, the expected reimbursement is recognised as accrued income in the assets. The difference between the provision and the accrued income is recorded as a tangible asset, and subsequent payments by the partner are deducted from the accrued income.

The following components are thus included in the balance sheet value of property, plant and equipment:

- the discounted cost of decommissioning the facilities;
- and for nuclear facilities, the discounted cost of last core nuclear fuel, including:
  - the cost of the loss on reactor fuel that will not be fully irradiated when production shuts down and cannot be reused because of technical and regulatory constraints;
  - the cost of processing this fuel;
  - and the cost of removing and storing waste resulting from these operations.

Strategic safety spare parts for nuclear facilities are treated as property, plant and equipment, and depreciated over the residual useful life of the installations.

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 and depreciated over a specific period.

This mainly concerns the costs of major inspections, which are amortised over a period corresponding to the time elapsing between two inspections.

Borrowing costs attributable to the financing of an asset incurred during the construction period are included in the value of the asset provided it is a "qualifying asset" as defined by IAS 23.

1.3.12.2 Depreciation

Items of 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.

Depending on each country's specific regulations and contractual arrangements, the expected useful lives for the main facilities are as follows:

- hydroelectric dams: 75 years
- electromechanical equipment used in hydropower plants: 50 years
- fossil-fired power plants: 25 to 45 years
- nuclear generation facilities:
  - in France: 40 years
  - outside France: 35 to 60 years
- transmission and distribution installations (lines, substations): 20 to 50 years
- wind farm and photovoltaic facilities: 20 to 25 years

1.3.13 Concession agreements

1.3.13.1 Accounting treatment

The accounting treatment of public and private agreements depends on the nature of the agreements and their specific contractual features.

For most of its concessions, the Group considers that in substance the grantors do not have the characteristic features of control over infrastructures as defined in IFRIC 12.

1.3.13.2 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.

1.3.13.2.1 Public electricity distribution concessions

General background

Since the enactment of the French Law of 8 April 1946, the EDF group 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 the EDF group may one day lose its status as the sole authorised State concession operator.

These agreements generally cover terms of between 20 and 30 years, and use standard concession rules deriving from the 1992 Framework Contract (updated in 2007) 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 the EDF group in public electricity distribution concessions in France, whether they are owned by the grantor or the operator, are reported together on a specific line in the balance sheet assets at acquisition cost, or their estimated value at the transfer date when supplied by the grantor.

1.3.13.2.2 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 (alternators, etc).

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 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.

1.3.13.2.3 Public transmission concession

Under French law, assets assigned to the public transmission concession belong to RTE (Réseau de Transport d'Électricité). Following the Group's loss of control over RTE from 31 December 2010, these assets are included in calculating the equity value of RTE in the consolidated balance sheet.

1.3.13.3 Foreign concessions

Foreign concessions are governed by a range of contracts and national laws. Most assets operated under foreign concessions are recorded under "Property, plant and equipment operated under concessions for other activities". Foreign concessions essentially concern Edison in Italy, which operates hydrocarbon generation sites, gas storage sites, local gas distribution networks and hydropower generating plants under concessions. Edison owns all the assets except for some items of property, plant and equipment on the hydropower generation sites, which will be returned to the grantor for nil consideration or with an indemnity when the concession ends. In compliance with IFRIC 12, certain concession agreements are recorded as intangible assets.

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 1.3.11).

1.3.14 Leases

In the course of its business the Group uses assets made available to it, or makes assets available to lessees, under lease contracts. These contracts are analysed 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.

1.3.14.1 Finance leases

Contracts that effectively transfer substantially to the lessee all risks and benefits inherent to ownership of the leased item are classified as finance leases. The main criteria examined in determining whether substantially 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.

Assets used under finance leases are derecognised from the lessor's balance sheet and included in the relevant category of property, plant and equipment in the lessee's accounts. Such assets are depreciated over their useful life, or the term of the lease contract when this is shorter.

A corresponding financial liability is booked by the lessee, and a financial asset by the lessor.

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

1.3.14.2 Operating leases

Lease agreements that do not qualify as finance leases are classified and recognised as operating leases. Rental charges are spread over the duration of the lease agreement on a straight-line basis.

1.3.14.2 Arrangements containing a lease

In compliance with IFRIC 4, the Group identifies arrangements that do not have the legal form of a lease contract but nonetheless convey the right to control the use of an asset or group of specific assets to the purchaser.

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

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

At the year-end and at each interim reporting date, in application of IAS 36, the Group assesses whether there is an indication that an asset could have been significantly impaired. An impairment test is also carried out at least once a year on cash-generating units (CGUs) or groups of CGUs including goodwill or any intangible asset with an indefinite useful life.

For CGUs including goodwill or another non-amortisable intangible asset, or when there is evidence of loss of value, 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, grouped into CGUs where necessary, and their recoverable amount;
- CGUs are groups of homogeneous assets that generate identifiable independent cash flows. The Group's CGUs are subgroups or legal entities, broken down where necessary by activity (generation and supply, distribution, transmission, other). Goodwill is allocated to the CGUs that benefit from synergies resulting from the acquisition;
- the recoverable value of these units is the higher of fair value net of disposal costs, and value in use. 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 CGU concerned;
- value in use is calculated based on projected future cash flows:
  - over a horizon that is coherent with the asset's useful life and/or operating life,
  - excluding development projects other than those that have been decided at the valuation date,
  - and discounted at a rate that reflects the risk profile of the asset or CGU.
- market value (or fair value) is calculated as the asset's potential sale price less the costs necessary for its sale;
- the discount rates used are based on the weighted average cost of capital (WACC) for each asset or group of assets concerned, determined by geographical area and by business segment under the CAPM. WACC is calculated after taxes;
- future cash flows are calculated on the basis of the best available information at the valuation date:
  - for the first few years, the flows correspond to the Medium-Term Plan (MTP) approved by the Management. Over the MTP horizon, energy prices are determined based on available forward prices;
  - beyond the MTP horizon, flows are estimated based on long-term assumptions prepared by the Management for each country and each energy.

These calculations may be influenced by several variables:

- changes in tariff regulations and market prices,
- changes in interest rates and market risk premiums,
- market levels and the Group's market share,
- 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.

Impairment of goodwill is irreversible.

1.3.16 Financial assets and liabilities

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

Available-for-sale securities allocated to dedicated assets are presented in note 48.

Financial liabilities comprise loans and other financial liabilities, 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.

1.3.16.1 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;
- derivatives.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction on the principal or the most advantageous market at the measurement date.

In application of IFRS 13, the hierarchy of fair values reflecting the importance of data used in valuations comprises the following levels:

- level 1 (unadjusted quoted prices): prices accessible to the entity at the measurement date on active markets, for identical assets or liabilities;
- level 2 (observable data): data concerning the asset or liability, other than the market prices included in initial level 1 input, which are directly observable (such as a price) or indirectly observable (i.e. deducted from observable prices);
- level 3 (non-observable data): data that are not observable on a market, including observable data that have been significantly adjusted (e.g. extrapolation of interest rate curves over long non-observable periods). In the EDF group this chiefly concerns certain non-consolidated investments.

1.3.16.1.1 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 if:

- they were acquired from the outset with the intention of resale in the short term;
- they are derivatives not classified as hedges (derivatives held for trading);
- the Group has elected to include them in this category under the option allowed by IAS 39.

These assets are recorded at the transaction date at fair value, which is generally equal to the amount of cash paid out. Transaction costs directly attributable to the acquisition are recorded in the income statement. At each subsequent reporting date they are adjusted to fair value, based on quoted prices available from external sources for listed financial instruments, or using recognised valuation techniques such as the discounted cash flow method or reference to external sources for other financial 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 carried 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 non-trading commodity transactions are reported separately on a specific line of the income statement, "Net changes in fair value on Energy and Commodity derivatives, excluding trading activities" below the operating profit before depreciation and amortisation. These are transactions that come under the scope of IAS 39, which for accounting purposes are not eligible for hedge accounting or the IAS 39 "own use" exemption (see note 1.3.16.1.6).

Regarding the fair value option, the Group classifies an asset or liability "at fair value with changes in fair value included in income" in the three following circumstances:

- when using fair value eliminates or significantly reduces an inconsistency in the measurement of assets and liabilities;
- 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 reporting to management;
- when a contract contains one or more embedded derivatives. In such cases the fair value option may be applied to the hybrid instrument, unless:
  - the embedded derivative does not substantially affect the cash flows of the contract,
  - analysis of the host contract and the embedded derivative does not lead to separation of this embedded derivative.

1.3.16.1.2 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 amortised 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".

1.3.16.1.3 Loans and financial receivables

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

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

1.3.16.1.4 Available-for-sale financial assets

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

On initial recognition, available-for-sale financial assets are recorded at fair value plus transaction costs attributable to their acquisition. They are subsequently readjusted to fair value at each 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. Shares not listed on an active market for which fair value cannot be reliably estimated are recorded at acquisition cost.

Unrealised gains or losses on these assets are recorded in equity, unless there is evidence of a realised loss, in which case impairment is recognised in the financial result (see note 1.3.16.2.2).

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

1.3.16.1.5 Financial liabilities

Financial liabilities are recorded at amortised cost, with separation of embedded derivatives where applicable. Interest expenses are calculated at the effective interest rate and recorded in the income statement under the heading "Cost of gross financial indebtedness" over the duration of the financial liability.

1.3.16.1.6 Derivatives

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 ("own use"). 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 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 operator, and are outside 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.

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 recognised 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 the trading business, realised and unrealised gains and losses are reported net under the heading "Sales".

In application of IFRS 13, the fair value of derivatives incorporates the counterparty credit risk for derivative assets and the own credit risk for derivative liabilities. The probabilities of default used to calculate these credit risks are based on historical data.

Derivatives classified as hedges

The EDF group uses derivatives 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 ceases to be an effective hedging instrument;
- a derivative 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 derivatives external to the Group, and internal derivatives that are matched with similar transactions external to the Group, qualify for hedge accounting.

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 materialise, the amounts previously recognised 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 an entity which does not have the same functional currency as the Group. The effective portion of accumulated changes in the hedge's fair value is recorded in equity until the disposal or liquidation 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.

1.3.16.2 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.

1.3.16.2.1 Impairment of financial assets recorded at amortised 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 income and expenses". If the impairment loss decreases in a subsequent period, the amount of the decrease is reversed and transferred to the income statement.

1.3.16.2.2 Impairment of available-for-sale financial assets

If there is a substantial, long-term decline in the fair value of available-for-sale assets, the unrealised loss is reclassified from equity to income. For debt instruments, impairment is only recorded in income when there is an indication of impairment associated with the counterparty. If the fair value of an available-for-sale financial asset rises in a subsequent period, the increase in value is included in equity when it concerns equity instruments, and leads to a reversal from previously-recorded impairment when it concerns debt instruments.

Different criteria for impairment apply to different types of available-for-sale financial assets.

For available-for-sale financial assets (other than dedicated assets) held by controlled companies, the Group generally uses the following criteria to assess impairment:

- 3 years as the threshold for assessment of long-term loss of value;
- a 50% decline from historical cost as indication of a significant loss of value.

For available-for-sale financial assets held as part of EDF's dedicated asset portfolio, the Group uses the following criteria to assess impairment:

- a 5-year period as the threshold for assessment of a long-term loss of value;
- a 40% decline from historical portfolio value as indication of a significant loss of value.

In assessing impairment of dedicated assets, the Group takes into consideration factors specific to their nature: legal and regulatory obligations associated with the funds concerned, the timing of the payments they are to finance, and long-term management of the funds.

1.3.16.3 Derecognition of financial assets and liabilities

The Group derecognises a financial asset when:

- the contractual rights to the cash flows generated by the asset expire, or;
- the Group transfers the rights to receive contractual cash flows related to the financial asset through the transfer of substantially all of the risks and benefits associated with ownership of the asset.

Any interest created or retained by the Group in transferred financial assets is recorded as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are extinguished, cancelled or expire. When a debt is renegotiated with a lender on substantially different terms, a new liability is recognised.

1.3.16.4 Securitisation operations

When it can be demonstrated that the Group has transferred substantially all the risks and benefits related to transfers of receivables, particularly the credit risk, the items concerned are derecognised.

Otherwise, the operation is considered as a financing operation, and the receivables remain in the balance sheet assets, with recognition of a corresponding financial liability.

1.3.16.5 Offsetting financial assets and liabilities

The Group offsets financial assets and liabilities when:

- there is a legally enforceable right to set off the recognised amounts, and;
- the intent is either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In application of IFRS 7, disclosures are provided in the notes to the consolidated financial statements to indicate the actual or potential impact of the offsetting agreement.

1.3.17 Inventories

Inventories are recognised at the lower of acquisition cost or net realisable value, except for inventories held for trading activities, which are carried at market value. Inventories consumed are generally valued by the weighted average unit cost method.

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

1.3.17.1 Nuclear fuel and materials

Inventory accounts include:

- nuclear materials, whatever their form during the fuel production cycle;
- fuel components in the warehouse or in the reactor.

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

In accordance with regulatory obligations specific to each country, inventories of fuel (new or not entirely consumed) may also comprise expenses for spent fuel management and long-term radioactive waste management, with corresponding provisions or debts in the liabilities, or full and final payments made when the fuel is loaded.

In compliance with IAS 23, interest expenses incurred in financing inventories of nuclear fuels are charged to expenses for the period provided these inventories are manufactured in large quantities on a repetitive basis.

Nuclear fuel consumption is determined as a proportion of the expected output when the fuel is loaded in the reactor. These quantities are valued at weighted average cost of inventories. Inventories are periodically corrected in view of forecast spent quantities based on neutronic measurements and physical inventories.

1.3.17.2 Other operating inventories

Other operating inventories comprise:

- fossil fuels required for operation of fossil-fired power plants;
- operating materials and equipment such as spare parts supplied under a maintenance programme (excluding capitalised strategic safety spare parts);
- certificates issued under the various environmental schemes (see note 1.3.27);
- gas stocks.

Other non-trading operating inventories are generally valued at weighted average cost including direct and indirect purchasing costs.

Impairment of spare parts depends on the turnover of these parts and the useful lives of the generation units.

Inventories held for trading purposes are stated at market value.

1.3.18 Trade receivables

Trade receivables are initially recognised at the fair value of the consideration received or receivable. Impairment is recorded when, based on the probability of recovery assessed according to the type of receivable, their carrying amount falls below 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 the value of unbilled receivables for energy already supplied.

1.3.19 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 "Other financial income and expenses".

1.3.20 Equity

1.3.20.1 Fair value adjustment of financial instruments

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

1.3.20.2 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.

1.3.20.3 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. Net gains or losses on disposals of treasury shares are directly included in equity and do not affect net income.

1.3.20.4 Perpetual subordinated bonds

Perpetual subordinated bonds in Euros and other currencies are recorded in compliance with IAS 32 as appropriate to their specific characteristics. They are recorded in equity at historical cost when there is an unconditional right to avoid paying cash or another financial asset in the form of a capital reimbursement or interest or similar payment.

1.3.21 Provisions other than employee benefit provisions

The Group recognises provisions if the following three conditions are met:

- the Group has a present obligation (legal or constructive) towards a third party that arises from an 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.

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.

Provisions mainly cover the following:

- back-end nuclear cycle expenses: provisions for spent fuel management and long-term radioactive waste management are established in accordance with the obligations and final contributions specific to each country;
- 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,
  - losses on energy sale agreements are measured by comparing the estimated income under the contractual terms with the cost of 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 based on discounted future cash flows.

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

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

Changes in provisions resulting from a change in discount rates, a change in the disbursement schedule or a change in contractor quote are recorded:

- as an increase or decrease in the corresponding assets, up to the net book value, if the provision was initially covered by balance sheet assets (decommissioning of plants still in operation, long-term management of the radioactive waste resulting from such decommissioning, and last cores);
- in the income statement in all other cases.

In extremely rare cases, description of a specific litigation covered by a provision may be omitted from the notes to the financial statements if such disclosure could cause serious prejudice to the Group.

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

In extremely rare situations, a provision cannot be booked due to lack of a reliable estimate. In such unusual cases, the obligation is mentioned in the notes as a contingent liability, unless there is little likelihood of an outflow of resources.

1.3.22 Provisions for employee benefits

The Group grants its employees post-employment benefits (pension plans, retirement indemnities, etc) and other long-term benefits (e.g. long-service awards) in compliance with the specific laws and measures in force in each country where it does business.

1.3.22.1 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 under all types of plan, taking into consideration the prospects for wage increases and each country's specific economic conditions.

Post-employment benefit obligations are valued mainly using the following methods and assumptions:

- retirement age, determined on the basis of the applicable rules for each plan, and the requirements to qualify for a full pension;
- 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;
- forecast numbers of pensioners, determined based on employee turnover rates and mortality data available in each country;
- reversion pensions where relevant, taking into account both the life expectancy of the employee and his/her spouse and the marriage rate;
- a discount rate that depends on the geographical zone and the duration of the obligations, determined at the year-end date by reference to the market yield on high-quality corporate bonds or the rate on government bonds whose duration is coherent with EDF group's commitments to employees.

The amount of the provision corresponds to the value of obligations less the fair value of the fund assets that cover those obligations.

The net expense booked during the year for employee benefit obligations includes:

- in the income statement:
  - the current service cost, corresponding to additional benefit entitlements earned during the year,
  - the net interest expense, corresponding to interest on obligations net of the return on fund assets, which is now calculated using the same discount rate as for the obligations,
  - the past service cost, including the income or expense related to amendments or settlements of benefit plans or introduction of new plans,
  - the actuarial gains and losses relating to long-term benefits.
- in the statement of net income and gains and losses recorded directly in equity:
  - the actuarial gains and losses relating to post-employment benefits,
  - the effect of the limitation to the asset ceiling if any.

1.3.22.2 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.

1.3.22.2.1 French entities covered by the IEG system

Entities belonging to the specific IEG (electricity and gas) sector system, namely EDF, ERDF, RTE Réseau de Transport d'Électricité, Électricité de Strasbourg, PEI and certain subsidiaries of the TIRU subgroup, are Group companies where almost all employees benefit from the IEG statutes, including the special pension system and other statutory benefits.

Since the financing reform for the IEG sector system took effect on 1 January 2005, the CNIEG (*Caisse Nationale des IEG*, the sector's specific pension body) has managed not only the special IEG pension system, but also the industrial accident, invalidity and death insurance system for the sector.

The CNIEG is a social security body governed by private law, formed by the law of 9 August 2004. It has legal entity status and reports to the French government, operating under the joint supervision of France's ministers for the Budget, Social Security and Energy. Under the funding arrangements introduced by the law, IEG companies establish pension provisions to cover entitlements not funded by France's standard systems (CNAV, AGIRC and ARRCO), to which the IEG system is affiliated, or by the CTA (*Contribution Tarifaire d'Acheminement*) levy on gas and electricity transmission and distribution services. As a result of this funding mechanism, any change (whether favourable or unfavourable to employees) in the standard French pension system that is not passed on to the IEG pension system is likely to cause a variation in the amount of the provisions recorded by the Group to cover its obligations.

The obligations concerned by the pensions and for which a provision is recorded thus include:

- specific benefits of employees in the deregulated or competitive activities;
- specific benefits earned by employees from 1 January 2005 for the regulated activities (transmission and distribution) (benefits earned prior to that date are financed by the CTA levy);
- specific benefits of employees benefiting from early retirement before the standard legal retirement age.

In addition to pensions, other benefits are granted to IEG status former employees (not currently in active service), as detailed below:

- benefits in kind: article 28 of the IEG national statutes entitles such employees and current employees to benefits in kind in the form of supplies of electricity or gas at preferential prices. The obligation for supplies of energy to employees of the EDF group and GDF Suez corresponds to the probable present value of kWh to be supplied to beneficiaries or their dependants during their retirement, valued on the basis of the unit cost. It also includes the payment made under the energy exchange agreement with GDF Suez;
- retirement gratuities: these are paid upon retirement to employees due to receive the statutory old-age pension, or to their dependants if the employee dies before reaching retirement. These obligations are almost totally covered by an insurance policy;
- bereavement benefit: this is paid out upon the death of an inactive or disabled 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 three 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 include help with the cost of studies, additional retirement indemnities, time banking for pre-retirement leave, and pensions for personnel sent on secondment to subsidiaries not covered by the IEG system.

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

Pension obligations principally relate to the British, US and Belgian companies and are mostly covered by defined-benefit plans.

In the United Kingdom, EDF Energy has two principal defined-benefit pension plans:

- the British Energy Generation Group ("BEGG") plan affiliated to the Electricity Supply Pension Scheme ("ESPS"), of which the majority of members are employees in Nuclear Generation. The BEGG plan was closed to new members in August 2012;
- the EDF Energy Generation and Supply Group ("EEGSG") plan, also affiliated to the ESPS, which was established in December 2010 for the employees remaining with EDF Energy following the transfer of the former Group plan to UK Power Networks as part of the sale of the Networks. The EEGSG plan is closed to new members.

New employees hired by EDF Energy join the EEPS (EDF Energy Pension Scheme) plan. This third plan (which is currently less significant) was established in March 2004 and includes a number of legacy pension schemes from London Electricity and Seeboard. Membership of EEPS is open to all employees.

Each pension plan is financially independent of the others. The BEGG and EEGSG plans are part of the industry-wide ESPS which is one of the largest private-sector pension schemes in the United Kingdom.

The plans affiliated to the ESPS are externally managed by separate trusts whose trustees are appointed by the firm and the plan participants to manage the funds in their exclusive interests. The trustees carry out an actuarial review of plan management every three years, defining the funding level, the necessary employer and employee contributions and the payment schedules. The trustees are responsible for defining the plans' investment strategy, in agreement with the firm.

1.3.22.3 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. They include:

- annuities following incapacity, invalidity, industrial accident or work-related illness; 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 and incapacity 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.

1.3.23 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 privatisation law of 1986 and article 26 of the law of 9 August 2004 require a share offer to be reserved for current and retired employees of the company. The company being privatised 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 recognised as such with a corresponding adjustment in equity.

Valuation of the benefit granted through a share offer reserved for current and former 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.

1.3.24 Special concession liabilities

These liabilities represent the contractual obligations specific to the concession rules for public electricity distribution concessions in France, recognised 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 unamortised 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 amortisation 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 recognised for a given item increase over time,
  - based on the share of the asset's historical cost financed by the grantor for amortisation of the grantor's financing.

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. This contractual value also reflects the possibility that the EDF group may one day lose its status as the concession operator.

If no such clauses existed, an alternative approach would be to state contractual obligations at the present 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 1.9%, less the asset's historical value. This amount is based on the wear and tear on the asset and discounted at a rate of 4.5%;
- amortisation of the grantor's financing is also discounted at the rate of 4.5%.

The following table shows the impacts of this simulation for EDF and ERDF in 2013:

- Impacts on the income statement

(in millions of Euros and before taxes)	**2013**
Operating profit	570
Financial result	(875)
Income before taxes of consolidated companies	(305)

- Impacts on the balance sheet - equity

(in millions of Euros and before taxes)	**2013**
At opening date	2,320
At closing date	2,015

Valuation of concession liabilities under this method is subject to uncertainty over costs and disbursements, and is also sensitive to inflation and discount rates.

1.3.25 Investment subsidies

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

1.3.26 Assets classified as held for sale and associated liabilities, and discontinued operations

Assets that qualify as held for sale and associated liabilities 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. In the cash flow statement, net changes in cash and cash equivalents of discontinued activities are also reported separately on a specific line.

Impairment is booked when the realisable value is lower than the net book value.

1.3.27 Environment

1.3.27.1 Greenhouse gas emission rights

The third phase of the Kyoto protocol began on 1 January 2013, introducing changes to the methods for allocation of greenhouse gas emission rights which in some countries (including France) put an end to free allocation of emission rights for electricity generating companies.

The accounting treatment of emission rights depends on the holding intention. There are two economic models, both of which coexist in the EDF group.

Rights held under the "Trading" model are included in inventories at fair value. The change in fair value observed over the year is recorded in the income statement.

Rights held to comply with regulatory requirements on greenhouse gas emissions (the "Generation" model) are recorded in intangible assets:

- at acquisition cost when purchased on the market;
- at nil value when allocated free of charge (in countries that still have a free allocation system).

When the estimated emissions by a Group entity over a given period are higher than the rights allocated for the period less any allocated rights sold on the spot or forward market, a provision is established to cover the excess emissions. This provision is equal to the shortfall in rights held (difference between actual emissions and allocated rights held at the closing date).

If no emission rights are allocated free of charge, a provision is systematically recorded equivalent to the actual emissions at the closing date.

In either case, the 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. It is cancelled when the rights are surrendered to the State.

At the closing date, the portfolio of emission rights and the obligation to surrender rights for the emissions of the year are presented gross, without netting.

If the number of purchased emission rights recorded as intangible assets at the end of the year and not subject to forward sale is higher than the number of purchased rights that will be surrendered to the State for the year's emissions, an impairment test must be applied to the excess. If there is a significant negative differential on the purchased rights held, impairment must be booked, or partly or totally reversed where relevant.

1.3.27.2 Renewable energy certificate

In application of EU Directive 2009/28/EC (amending and repealing Directive 2001/77/EC) on the promotion of the use of energy from renewable sources, every EU member state has set national targets for consumption of electricity from renewable sources.

There are two ways for States to meet these targets:

- incorporating the costs of generating such electricity into the sale price for electricity (this is the approach taken in France and Germany);
- introducing a renewable energy certificate system (as is the case in the United Kingdom, Italy, Poland and Belgium).

The renewable energy certificate system may apply to:

- non-obligated electricity producers when the obligation applies to energy sales (Poland, EDF Énergies Nouvelles);
- obligated electricity producers when the obligation applies to generation;
- producers who are also sellers of electricity when the obligation applies to energy sales (EDF Energy, Edison, EDF Luminus, Fenice).

The EDF group applies the following accounting treatments:

- for non-obligated electricity producers, certificates obtained based on generation output are recorded in "Other inventories" until they are sold on to suppliers;
- for obligated producers and an entity that both produces and supplies energy and is under an obligation to sell a specified quantity of renewable energy, the Group uses the following accounting treatments for certificates obtained based on generation output:
  - up to the level of the obligation, these certificates are not recognised,
  - certificates in excess of the obligation are recorded in "Other inventories",
  - in the specific situation when an entity is not in a position to meet its obligation at the year-end, the Group applies the following accounting treatment:
    - certificates acquired for a consideration in order to meet the obligation are recorded in intangible assets at acquisition cost; and
    - a provision is established equivalent to the shortfall in certificates compared to the obligation at the year-end. The value of this provision is based on the acquisition price of certificates already purchased on the spot or forward market, and market prices or penalty prices for the balance. The provision is cancelled when the certificates are surrendered to the State.

Forward purchases/sales of certificates related to trading activities are recorded in accordance with IAS 39, stated at fair value at the balance sheet date. The change in fair value is recorded in the income statement.

1.3.27.3 Energy savings certificate

In the general framework of an energy savings certificate system (of the kind introduced by the French law of 13 July 2005) the EDF group fulfils its obligations either by taking measures regarding its assets or action with its final customers in order to receive energy savings certificates from the State, or by purchasing energy savings certificates directly.

Expenses incurred to meet a cumulative energy savings obligation are treated as:

- property, plant and equipment if the action taken by the entity concerns its own assets and the expenses qualify for recognition as an asset;
- expenses for the year incurred, if they do not meet the requirements for capitalisation or if the action taken is to encourage third parties to save energy.

Expenses incurred in excess of the accumulated obligation at the year-end are included in inventories until they are used to cover EDF's obligation.

1.3.27.4 Environmental expenses

Environmental expenses are identifiable 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 activities. These expenses are treated as follows:

- they are capitalised if they are incurred to prevent or reduce future damage or protect resources;
- they are booked as environmental liabilities and increases 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;
- they are recognised 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.

↗ Note 2 Comparability

2.1 Changes in accounting methods and presentation

2.1.1 IAS 19 revised "Employee benefits"

The revised IAS 19 became mandatory on 1 January 2013, with retrospective application to all periods presented (see note 1.2.1).

The impacts of application of IAS 19 revised on EDF's share of net income for 2012 and EDF's share of equity at 1 January 2012 amount to €(41) million and €333 million respectively, and principally concern France.

2.1.2 Change in presentation of disposal of generation assets by EDF Énergies Nouvelles as part of its Development and Sale of Structured Assets (DSSA) business

From 2013 and for the comparative periods presented, disposals of generation assets by EDF Énergies Nouvelles are now recorded at net value (sale price less the associated cost of construction) in "Other operating income and expenses". Previously, the proceeds of these sales were included in sales revenues and the construction costs were included in "Other external expenses".

This change in presentation has the effect of reducing "Sales" and "Other external expenses" for 2012 by €(551) million and €369 million respectively, and increasing "Other operating income and expenses" by €182 million (with no impact on the Group's operating profit before depreciation and amortisation, or net income).

This change standardises the presentation used in the Group's income statement for asset disposal operations by EDF Énergies Nouvelles (facilities under construction and facilities in operation).

2.2 Impact on the income statement for 2012

(in millions of Euros)	2012 as published	Impacts of IAS 19 revised	Impacts of change in DSSA presentation	2012 restated
Sales	72,729	-	(551)	72,178
Fuel and energy purchases	(37,098)	-	-	(37,098)
Other external expenses	(10,087)	-	369	(9,718)
Personnel expenses	(11,624)	(86)	-	(11,710)
Taxes other than income taxes	(3,287)	-	-	(3,287)
Other operating income and expenses	5,451	-	182	5,633
Operating profit before depreciation and amortisation	**16,084**	**(86)**	**-**	**15,998**
Net changes in fair value on energy and commodity derivatives, excluding trading activities	(69)	-	-	(69)
Net depreciation and amortisation	(6,849)	-	-	(6,849)
Net increases in provisions for renewal of property, plant and equipment operated under concessions	(164)	-	-	(164)
(Impairment) / reversals	(752)	-	-	(752)
Other income and expenses	(5)	-	-	(5)
Operating profit	**8,245**	**(86)**	**-**	**8,159**
Cost of gross financial indebtedness	(2,443)	-	-	(2,443)
Discount effect	(3,285)	24	-	(3,261)
Other financial income and expenses	2,366	4	-	2,370
Financial result	**(3,362)**	**28**	**-**	**(3,334)**
Income before taxes of consolidated companies	**4,883**	**(58)**	**-**	**4,825**
Income taxes	(1,586)	13	-	(1,573)
Share in income of associates	260	1	-	261
GROUP NET INCOME	**3,557**	**(44)**	**-**	**3,513**
EDF net income	**3,316**	**(41)**	**-**	**3,275**
Net income attributable to non-controlling interests	**241**	**(3)**	**-**	**238**

2.3 Impact on the statement of net income and gains and losses recorded directly in equity for 2012

(in millions of Euros)	2012 as published	Impacts of IAS 19 revised	2012 restated
Group net income	**3,557**	**(44)**	**3,513**
Change in fair value of available-for-sale financial assets	586	-	586
Change in fair value of hedging instruments	(611)	-	(611)
Translation adjustments	528	-	528
Gains and losses recorded directly in equity that will be reclassified subsequently to profit or loss	*503*	-	*503*
Actuarial gains and losses on post-employment benefits	(4,254)	110	(4,144)
Gains and losses recorded directly in equity that will not be reclassified subsequently to profit or loss	*(4,254)*	*110*	*(4,144)*
Total gains and losses recorded directly in equity	**(3,751)**	**110**	**(3,641)**
NET INCOME AND GAINS AND LOSSES RECORDED DIRECTLY IN EQUITY	**(194)**	**66**	**(128)**

2.4 Impact on the balance sheet at 31 December 2012

ASSETS

(in millions of Euros)	31/12/2012 as published	Impacts of IAS 19 revised	31/12/2012 restated
Goodwill	10,412	-	10,412
Other intangible assets	7,625	-	7,625
Property, plant and equipment operated under French public electricity distribution concessions	47,222	-	47,222
Property, plant and equipment operated under concessions for other activities	7,182	-	7,182
Property, plant and equipment used in generation and other tangible assets owned by the Group	67,838	-	67,838
Investments in associates	7,555	32	7,587
Non-current financial assets	30,471	-	30,471
Deferred tax assets	3,487	(66)	3,421
Non-current assets	**181,792**	**(34)**	**181,758**
Inventories	14,213	-	14,213
Trade receivables	22,497	-	22,497
Current financial assets	16,433	-	16,433
Current tax assets	582	-	582
Other receivables	8,486	-	8,486
Cash and cash equivalents	5,874	-	5,874
Current assets	**68,085**	**-**	**68,085**
Assets classified as held for sale	**241**	**-**	**241**
TOTAL ASSETS	**250,118**	**(34)**	**250,084**

EQUITY AND LIABILITIES

(in millions of Euros)	31/12/2012 as published	Impacts of IAS 19 revised	31/12/2012 restated
Capital	924	-	924
EDF net income and consolidated reserves	24,934	399	25,333
Equity (EDF share)	**25,858**	**399**	**26,257**
Equity (non-controlling interests)	4,854	-	4,854
Total equity	**30,712**	**399**	**31,111**
Provisions related to nuclear generation – Back-end nuclear cycle, plant decommissioning and last cores	39,185	-	39,185
Provisions for decommissioning of non-nuclear facilities	1,090	-	1,090
Provisions for employee benefits	19,540	(421)	19,119
Other provisions	1,873	-	1,873
Non-current provisions	***61,688***	***(421)***	***61,267***
Special French public electricity distribution concession liabilities	42,551	-	42,551
Non-current financial liabilities	46,980	-	46,980
Other non-current liabilities	4,218	-	4,218
Deferred tax liabilities	5,601	-	5,601
Non-current liabilities	**161,038**	**(421)**	**160,617**
Current provisions	3,894	(12)	3,882
Trade payables	14,643	-	14,643
Current financial liabilities	17,521	-	17,521
Current tax liabilities	1,224	-	1,224
Other current liabilities	21,037	-	21,037
Current liabilities	**58,319**	**(12)**	**58,307**
Liabilities related to assets classified as held for sale	**49**	**-**	**49**
TOTAL EQUITY AND LIABILITIES	**250,118**	**(34)**	**250,084**

2.5 Impact on the balance sheet at 31 December 2011

ASSETS

(in millions of Euros)	31/12/2011 as published [1]	Impacts of IAS 19 revised	31/12/2011 restated
Goodwill	11,648	-	11,648
Other intangible assets	4,702	-	4,702
Property, plant and equipment operated under French public electricity distribution concessions	45,501	-	45,501
Property, plant and equipment operated under concessions for other activities	6,022	-	6,022
Property, plant and equipment used in generation and other tangible assets owned by the Group	60,445	-	60,445
Investments in associates	7,544	24	7,568
Non-current financial assets	24,260	-	24,260
Deferred tax assets	3,159	(57)	3,102
Non-current assets	**163,281**	**(33)**	**163,248**
Inventories	13,581	-	13,581
Trade receivables	20,908	-	20,908
Current financial assets	16,980	-	16,980
Current tax assets	459	-	459
Other receivables	10,309	-	10,309
Cash and cash equivalents	5,743	-	5,743
Current assets	**67,980**	**-**	**67,980**
Assets classified as held for sale	**701**	**-**	**701**
TOTAL ASSETS	**231,962**	**(33)**	**231,929**

EQUITY AND LIABILITIES

(in millions of Euros)	31/12/2011 as published [1]	Impacts of IAS 19 revised	31/12/2011 restated
Capital	924	-	924
EDF net income and consolidated reserves	27,559	333	27,892
Equity (EDF share)	**28,483**	**333**	**28,816**
Equity (non-controlling interests)	4,189	-	4,189
Total equity	**32,672**	**333**	**33,005**
Provisions related to nuclear generation – Back-end nuclear cycle, plant decommissioning and last cores	37,198	-	37,198
Provisions for decommissioning of non-nuclear facilities	809	-	809
Provisions for employee benefits	14,611	(355)	14,256
Other provisions	1,338	-	1,338
Non-current provisions	***53,956***	***(355)***	***53,601***
Special French public electricity distribution concession liabilities	41,769	-	41,769
Non-current financial liabilities	42,688	-	42,688
Other non-current liabilities	4,989	-	4,989
Deferred tax liabilities	4,479	-	4,479
Non-current liabilities	**147,881**	**(355)**	**147,526**
Current provisions	4,062	(11)	4,051
Trade payables	13,681	-	13,681
Current financial liabilities	12,789	-	12,789
Current tax liabilities	571	-	571
Other current liabilities	19,900	-	19,900
Current liabilities	**51,003**	**(11)**	**50,992**
Liabilities related to assets classified as held for sale	**406**	**-**	**406**
TOTAL EQUITY AND LIABILITIES	**231,962**	**(33)**	**231,929**

(1) Figures published in 2012, corresponding to 2011 published figures adjusted for the impact of the change in accounting method for actuarial gains and losses on post-employment benefits.

2.6 Impact on the statement of cash flows for 2012

(in millions of Euros)	2012 as published	Impacts of IAS 19 revised	2012 restated
Operating activities:			
Income before taxes of consolidated companies	4,883	(58)	4,825
Impairment / (reversals)	752	-	752
Accumulated depreciation and amortisation, provisions and change in fair value	9,197	58	9,255
Financial income and expenses	944	-	944
Dividends received from associates	201	-	201
Capital gains / losses	(443)	-	(443)
Change in working capital	(2,390)	-	(2,390)
Net cash flow from operations	*13,144*	-	*13,144*
Net financial expenses disbursed	(1,634)	-	(1,634)
Income taxes paid	(1,586)	-	(1,586)
Net cash flow from operating activities	9,924	-	9,924
Investing activities:			
Acquisitions / disposals of equity investments, net of cash (acquired / transferred)	20	-	20
Investments in intangible assets and property, plant and equipment	(13,386)	-	(13,386)
Net proceeds from sale of intangible assets and property, plant and equipment	748	-	748
Changes in financial assets	(1,792)	-	(1,792)
Net cash flow used in investing activities	(14,410)	-	(14,410)
Financing activities:			
Transactions with non-controlling interests	(1,038)	-	(1,038)
Dividends paid by parent company	(2,125)	-	(2,125)
Dividends paid to non-controlling interests	(230)	-	(230)
Purchases / sales of treasury shares	(15)	-	(15)
Cash flows with shareholders	*(3,408)*	-	*(3,408)*
Issuance of borrowings	12,431	-	12,431
Repayment of borrowings	(4,869)	-	(4,869)
Funding contributions received for assets operated under concessions	190	-	190
Investment subsidies	313	-	313
Other cash flows from financing activities	*8,065*	-	*8,065*
Net cash flow used in financing activities	4,657	-	4,657
Net increase / (decrease) in cash and cash equivalents	171	-	171
CASH AND CASH EQUIVALENTS - OPENING BALANCE	**5,743**	-	**5,743**
Net increase / (decrease) in cash and cash equivalents	171	-	171
Effect of currency fluctuations	(44)	-	(44)
Financial income on cash and cash equivalents	38	-	38
Effect of reclassifications	(34)	-	(34)
CASH AND CASH EQUIVALENTS - CLOSING BALANCE	**5,874**	-	**5,874**

↗ Note 3 Significant events and transactions

3.1 Financing operations

3.1.1 Issuance of perpetual subordinated bonds

On 22 January 2013 EDF launched several tranches of a perpetual subordinated bond in Euros and sterling (a "hybrid" bond):

- €1.25 billion at 4.25% coupon for the tranche with a 7-year first call date;
- €1.25 billion at 5.375% coupon for the tranche with a 12-year first call date;
- £1.25 billion at 6% coupon for the tranche with a 13-year first call date.

On 24 January 2013 EDF also launched a US$ 3 billion perpetual subordinated bond at 5.25% coupon and a 10-year first call date.

Given their characteristics, in compliance with IAS 32 (see note 1.3.20.4), these issues are recorded in equity from reception of funds (29 January 2013) at the amount of €6,125 million (net of transaction costs).

An amount of €103 million was paid out on these bonds in 2013; this amount is charged to equity.

3.1.2 Issuance of a Green Bond

On 27 November 2013, EDF received the funds from its first "Green Bond", the first such issue by a large corporate, totalling €1.4 billion, and maturing in April 2021 at 2.25% annual coupon.

The funds raised will be entirely used to finance future renewable energy projects by EDF Énergies Nouvelles.

3.2 Edison

3.2.1 Renegotiation of gas contracts

On 23 April 2013, the Court of Arbitration of the International Chamber of Commerce found in favour of Edison in the litigation concerning revision of the price in the long-term gas supply contact with Sonatrach (Algeria).

An agreement was also signed by Edison and Rasgas (Qatar) on July 2013 amending certain aspects of the long-term gas supply contract (particularly the pricing terms) between the two companies.

This results in a total positive impact of €813 million on the EDF group's operating profit before depreciation and amortisation in 2013 (including compensation for previous years).

The arbitration rulings issued in the second half-year of 2012 concerning the long-term gas supply contracts with Rasgas (Qatar) and (ENI Libya) were reflected in a positive impact of €680 million on the Group's operating profit before depreciation and amortisation for 2012.

Arbitration proceedings were still in process at 31 December 2013 regarding the supply contracts with Promgas (Russia) and ENI (Libya).

3.2.2 Finalisation of the opening balance sheet following the takeover on 24 May 2012

All identifiable assets, liabilities and contingent liabilities of the Edison group that qualified for recognition under IFRS 3 were included in the opening balance sheet at their fair value at the date the EDF group took over control (24 May 2012).

In compliance with IFRS 3, these values were provisionally determined at 31 December 2012 and the Group had 12 months to finalise allocation of the acquisition price and harmonise valuation methods and rules.

Finalisation is now complete, and no change has been made in 2013 to the opening balance sheet for Edison presented in note 3.1.4 to the 2012 consolidated financial statements.

3.3 EDF Energy

3.3.1 Agreements for construction of two EPRs at Hinkley Point

On 21 October 2013 the EDF Group and the British Government announced an agreement on the key commercial terms of an investment contract for the construction of two EPRs at Hinkley Point.

The British government also confirmed that the project is eligible for the Infrastructure UK (IUK) guarantees scheme. Once IUK has completed due diligence, the UK treasury will issue a guarantee covering 65% of the debt corresponding to pre-operation construction costs. The terms and conditions of this guarantee are being finalised.

In parallel, letters of intent have been signed by EDF, Areva, CGN (China General Nuclear Corporation) and CNNC (China National Nuclear Corporation), defining the framework for a strategic and industrial partnership for the project.

The expected ownership structure is as follows:

- EDF group 45-50%
- AREVA 10%
- CGN/CNNC 30-40%

Discussions are also in progress with a selection of investors interested in the project, who could hold up to 15%.

The risk associated with constructing the power station to budget and on schedule will be shared by the EDF Group and its partners.

These agreements and construction of the power plant still require a final investment decision, which is conditional on completion of certain key stages including agreement of the full investment contract, finalisation of agreements with industrial partners and a decision from the European Commission concerning State aid. On 18 December 2013, the European Commission announced that it had begun an in-depth investigation into the matter and on 31 January 2014 it released an initial assessment, which should soon be published in the *Official Journal* then followed by a one-month consultation period involving all actors.

3.3.2 Acquisition of CENTRICA'S investment in Nuclear New Build Holdings

On 4 February 2013, Centrica announced its decision to end its partnership with EDF for the construction of EPRs in the United Kingdom, by exercising its option to sell EDF Energy its 20% investment in Nuclear New Build Holdings (NNBH), a company formed as a vehicle for "Nuclear New Build" projects in the UK. Since EDF already owned 80% of NNBH via EDF Energy, it now holds 100% of the company.

The acquisition of Centrica's holding generated a positive impact of €228 million on equity (EDF's share), resulting from the positive difference between the share of assets received and the price paid after the option was exercised.

Centrica will continue to work with EDF through its 20% interest in existing nuclear facilities in the United Kingdom, and retains its commercial electricity purchase contracts with the EDF group.

3.4 Developments concerning the CSPE

The Contribution to the Public Electricity Service (*Contribution au Service Public de l'Électricité* or CSPE) is a contribution set by the French State and collected directly from the end-user of electricity to compensate for certain public service charges borne by the EDF Group. It is intended to finance the rise in renewable energies, social tariffs and tariff equalisation.

Since 2007, the amount of CSPE collected has been unable to cover these charges, despite a system of regular rises in the CSPE introduced by the French finance law of 2011, and the resulting shortfall was affecting Group indebtedness.

Under the agreement reached with the French authorities and announced on 14 January 2013, EDF is to receive reimbursement of the receivable consisting of the CSPE shortfall at 31 December 2012 (€4.3 billion) and the costs of bearing this shortfall for the Group (€0.6 billion).

A progressive reimbursement schedule for this €4.9 billion receivable was validated in the agreement. It runs until 2018, and bears interest at market rates (1.72%) which is included in financial income in the Group's consolidated financial statements.

Following conclusion of this agreement, the Group recognised financial income of €0.6 billion in the consolidated financial statements for the year ended 31 December 2012 and transferred the CSPE receivable from "Other receivables" to "Financial loans and receivables" at an amount of €4.3 billion.

In application of the decree of 23 February 2007, on 8 February 2013 the French government authorised allocation of CSPE receivable held by EDF to the dedicated assets for secure financing of long-term nuclear expenses. In view of this authorisation, the positive opinion of the Nuclear Commitments Monitoring Committee and the deliberations of the Board of Directors at its meeting of 13 February 2013, EDF has allocated the total receivable, which represents the accumulated shortfall in CSPE compensation at 31 December 2012 and amounts to €4.9 billion (including the associated financing costs), to dedicated assets. This allocation is concurrent with a withdrawal of financial assets from the portfolio (diversified bond and equity investments) totalling €2.4 billion. As a result of the net €2.5 billion allocation to dedicated assets, the objective of 100% coverage of long-term nuclear provisions was reached in advance of the legal deadline of June 2016 'set by the "NOME" law on the new electricity market organisation.

Withdrawals of financial assets from the dedicated asset portfolio during 2013 are reflected in a €2.4 billion reduction in the Group's net indebtedness.

France's amended finance law for 2013 recognises the costs of bearing the shortfall in the CSPE mechanism as a public service expense entitling EDF to compensation through the contribution.

3.5 Dalkia

3.5.1 Agreement with Veolia Environnement over Dalkia

The EDF group and Veolia Environnement (VE) announced on 28 October 2013 that they had entered into advanced discussions for the conclusion of an agreement on their joint subsidiary Dalkia, a specialist provider of energy services.

The agreement would enable the EDF group to significantly develop its energy services operations. It would offer good potential for synergies due to the complementarities between the expertise and business lines of the EDF group and Dalkia.

Once the ongoing discussions are completed, the EDF group would acquire all the Dalkia group's activities in France, while VE would acquire the activities of Dalkia International. Under this arrangement, VE would make a cash payment of €550 million to the EDF group to compensate for the difference in value between the stakes owned by the two shareholders in the various entities of the Dalkia group.

The operation would lead to a takeover of control over Dalkia's activities in France and a sale of the Group's investment in Dalkia International.

In application of IFRS 5, based on the financial terms of the draft agreement, the assets and liabilities of Dalkia International at 28 October 2013 are presented in the Group's consolidated balance sheet as assets held for sale and related liabilities. Based on the net consolidated value of Dalkia International in the consolidated financial statements at 31 December 2013 and the sale price stated in the draft agreement, no impairment is booked in 2013 in connection with this operation.

If the agreement is finalised, the transaction will require approval by the companies' Boards of Directors and the competent competition authorities. It will be finalised in the middle of 2014 by the earliest.

3.5.2 Proposed acquisition of Citelum

On 30 September 2013 the EDF group, through its wholly-owned subsidiary EDEV (EDF Développement Environnement), entered into exclusive negotiations with Dalkia France with a view to acquiring Citelum, one of the major players in the international public lighting and urban electrical equipment industry.

This transaction will enable the Group to enhance the services it offers to local authorities and to work with them more effectively to safeguard their energy future, a vital key to local development. The EDF group will be able to offer new responses to its local authority customers in the field of public lighting to serve environmentally-friendly neighbourhoods.

On 25 November 2013, Dalkia France and EDEV agreed to extend the exclusive negotiation period to 31 March 2014 due to ongoing discussions between the EDF groups and VE concerning the joint subsidiary Dalkia (see 3.5.1).

3.6 Agreement with Exelon on CENG

The EDF and Exelon groups signed an agreement on 29 July 2013 concerning CENG, an entity held 49.99% by the EDF group and 50.01% by the Exelon group. CENG operates 5 nuclear reactors in the United States with total power of 3.9 GW. Under the terms of this agreement, the EDF group will delegate operational management of these reactors to Exelon. The agreement also stipulates that the Group will receive an exceptional dividend of USD 400 million (approximately €300 million) and will benefit from an option to sell its holding in CENG at fair value to Exelon, which can be exercised between January 2016 and June 2022.

This agreement requires the approval of the Nuclear Regulatory Commission and the relevant competition authorities. It should be finalised during 2014.

3.7 Significant events and transactions of 2012

3.7.1 Edison – Takeover by the EDF group

Once the conditions were fulfilled, on 24 May 2012 the EDF group and its Italian partners finalised the takeover of the energy group Edison.

The Group thus took control of Edison on 24 May 2012 by purchasing Delmi's entire investment (50%) in Transalpina di Energia (TdE) for a total of €784 million, corresponding to the negotiated price of €0.89 per Edison share.

At the same time as the EDF group took control of Edison, Delmi took control of Edipower by purchasing the investments in Edipower held by Edison (50%) and Alpiq (20%) for the total consideration of €884 million.

Edison and Edipower also signed a long-term (6-year) gas supply contract to cover 50% of Edipower's gas requirements.

In compliance with Italian stock market regulations, on 2 July 2012 the EDF Group launched a mandatory tender offer for the remaining Edison shares, at the price of €0.89 per ordinary share. No offer was made for non-voting shares.

976,306,145 ordinary shares, corresponding to a total of €869 million, were tendered to the offer by minority shareholders by the closing date of 6 September 2012.

Between 2 and 30 November 2012, an offer was also made to Edison minority shareholders to convert their "saving shares", which carry no voting rights, into ordinary shares. As a result of this offer, 437,573 non-voting shares were converted into ordinary shares.

After the mandatory tender offer and the conversion offer for non-voting shares, the EDF group holds 97.40% of the capital and 99.48% of the voting rights of Edison at 31 December 2012.

Italian stock market regulations do not require the EDF group to buy the remaining Edison shares still held by minority shareholders after the mandatory tender offer.

3.7.2 Termination of the industrial nuclear partnership between EDF and ENEL

In November 2007, EDF and ENEL signed a series of agreements governing cooperation for nuclear operations, under the terms of which ENEL took a 12.5% stake in the Flamanville EPR project.

Given the changes in the economic environment and the project itself, as well as the discontinuation of the Italian nuclear revival programme following the June 2011 referendum, ENEL and EDF announced on 4 December 2012 that they were ending their cooperation. They consequently waived their respective options in each other's programmes, and ENEL withdrew from the Flamanville EPR project. EDF therefore reimbursed ENEL's investment in the project, totalling €658 million including penalties. In return, EDF will have full rights to the electricity generated by Flamanville 3.

↗ Note 4 Regulatory events in France

4.1 Pension reform – law of 20 January 2014

The French law of 20 January 2014 amended the regulations governing pensions in France. The two principal measures introduced by the law will apply to the special pension system for companies in the electricity and gas sector (IEG). The contribution period required to qualify for a full pension will be progressively extended to 43 years starting with employees born in 1973. This applies to France's standard national pension system and public sector pension system, and should be transposed to the IEG pension system by decree in early 2014. Also, the date for the annual review of pension values is deferred from 1 April to 1 October as of the 2014 financial year.

Since the bill for this law was adopted by Parliament on 18 December 2013, its impact has been taken into account in valuing the Group's pension obligations at 31 December 2013. The effects of the main two measures referred to above constitute plan amendments and have been recorded in the income statement at the pre-tax amount of €472 million, in "Other income and expenses".

4.2 TURPE 3 and TURPE 4 Network Access Tariffs

In a decision of 28 November 2012, the French Council of State cancelled the distribution component of the third generation network access tariffs TURPE 3 (*Tarifs d'Utilisation des Réseaux Publics d'Électricité*) which had been approved on 5 May 2009 by the ministers for energy and the economy after a proposal from the CRE, and was supposed to apply for the period 1 August 2009 to 31 July 2013. This cancellation had no direct impact on the regulated tariffs for sales to customers. The new version of the TURPE 3 ("TURPE 3 bis") based on the CRE proposal of 29 March 2013 was published in France's *Official Journal* on 26 May 2013. It applied retroactively to the period 2009-2013, replacing the cancelled tariff, and reduced the tariffs for the period 1 June to 31 July 2013 by 2.5%.

On 10 July 2013 the CRE also published its deliberations of 28 May 2013 containing the decision for the period from 1 August 2013 to 31 December 2013 ("TURPE 3 ter"), which resulted in a 2.1% increase in distribution tariffs from 1 August 2013 compared to the period 1 June to 31 July 2013.

On 9 July 2013, the CRE began its consultation on the distribution tariffs due to take effect from 1 January 2014 for a 4-year period ("TURPE 4"). After this consultation, on 13 November the CRE published its decision on distribution tariffs, which should lead to a 3.6% increase in the delivery tariff as of 1 January 2014, with subsequent adjustment in line with inflation.

The government also announced in a letter dated 12 November 2013 to the President of the CRE that it intended to propose a law shortly with the aim of laying down a secure legal framework for setting the TURPE, so that a normative economic regulation method can be implemented.

The CRE's decision of 12 December 2013 setting the distribution tariffs from 1 January 2014 was published in France's *Official Journal* on 20 December 2013.

For transmission tariffs, the CRE deliberations of 3 April 2013 were published in the *Official Journal* of 30 June 2013. This new tariff ("TURPE 4 HTB") has been applicable since 1 August 2013 for a period of approximately four years. The tariff was raised by 2.4% as of that date, and will subsequently be adjusted annually in accordance with inflation.

4.3 "NOME" law

Supplies of electricity to EDF's competitors under the ARENH scheme for regulated access to historic nuclear power supplies concern a volume of 64.4 TWh for 2013. The annual volume cannot exceed 100 TWh, and will be progressively increased from 1 January 2014 by the amounts sold to network operators to compensate for their technical losses, according to a timetable set by government decision. The estimated volume for 2014 is 74.2 TWh, this volume may be adjusted under certain conditions at 1 July 2014.

The ARENH price was set at €42/MWh from 1 January 2012, and will subsequently reflect the economic conditions of generation by the existing nuclear fleet. On 22 October 2013, the French government announced that the decree stipulating the valuation method for costs making up the ARENH price should be published by the end of the first quarter of 2014.

↗ Note 5 Changes in the scope of consolidation

Apart from the Group's acquisition of Centrica's investment in Nuclear New Build Holdings described in note 3.3.2, the main changes in the scope of consolidation during 2013 concern the following entities.

5.1 Sale of the Group's investment in SSE

On 24 May 2013, the EDF group received an irrevocable offer from the Czech energy company Energetický a Prumyslový Holding, a.s. (EPH), which is a leading player in central and eastern Europe, for the acquisition of EDF's 49% minority stake in Stredoslovenska Energetika a.s. (SSE), Slovakia's number two electricity distributor and supplier.

The transaction was finalised on 27 November 2013 after authorisation by the competition authorities based on valuation of the Group's investment at €400 million. A pre-tax gain of €54 million on the sale was recorded in "Other operating income and expenses".

5.2 Merger in Poland

In 2013, EDF Polska Cuw, EDF Polska Centrala, EDF Krakow and ERSA merged to form a new entity EDF Polska SA, owned 96.5% by the EDF group.

This merger has no impact on the Group's consolidated financial statements.

5.3 Changes in the scope of consolidation in 2012

In addition to the EDF group's takeover of Edison as described in note 3.7.1, the main changes in the scope of consolidation during 2012 concerned:

- the purchase of EnBW's investments in subsidiaries ERSA, Kogeneracja and EDF Polska (Poland);
- acquisition by Électricité de Strasbourg of 100% of Enerest, the longstanding gas supplier to the economic region of Strasbourg.

↗ Note 6 Segment reporting

6.1 Reporting by operating segment

Segment reporting presentation complies with IFRS 8, "Operating segments".

Segment reporting is determined before 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 Group uses the following segments:

- **"France"**: EDF, RTE Réseau de Transport d'Electricité and ERDF, mainly comprising Generation and Supply (deregulated activities), the network activities (Distribution and Transmission) and island activities;
- **"United Kingdom"**: the entities of the EDF Energy subgroup including EDF Energy Nuclear Generation Ltd and EDF Development Company Ltd;
- **"Italy"**: all the entities located in Italy, principally the Edison subgroup, TdE and Fenice;
- **"Other international"**: EDF International and the other gas and electricity entities located in continental Europe, the US, Latin America and Asia;
- **"Other activities"**: all the Group's other investments, including EDF Trading, EDF Énergies Nouvelles, Dalkia, Tiru, Électricité de Strasbourg and EDF Investissements Groupe.

No segments have been merged.

6.1.1 At 31 December 2013

Income statements

(in millions of Euros)	France	United Kingdom	Italy	Other international	Other activities	Inter-segment eliminations	**Total**
External sales	40,210	9,782	12,875	7,841	4,886	-	75,594
Inter-segment sales	762	-	2	244	1,023	(2,031)	-
TOTAL SALES	**40,972**	**9,782**	**12,877**	**8,085**	**5,909**	**(2,031)**	**75,594**
OPERATING PROFIT BEFORE DEPRECIATION AND AMORTISATION	**10,778**	**1,992**	**1,098**	**1,128**	**1,769**	**-**	**16,765**
OPERATING PROFIT	**6,229**	**1,021**	**258**	**(228)**	**1,131**	**-**	**8,411**
Balance sheet:							
Intangible assets and property, plant and equipment	91,702	13,286	9,579	7,532	11,204	-	133,303
Investments in associates	5,134	47	51	2,009	572	-	7,813
Goodwill	-	8,140	-	449	617	-	9,206
Other segment assets[1]	29,443	4,560	3,962	1,597	6,346	-	45,908
Assets classified as held for sale	-	-	-	-	3,619	-	3,619
Other non-allocated assets	-	-	-	-	-	-	56,952
TOTAL ASSETS	**126,279**	**26,033**	**13,592**	**11,587**	**22,358**	**-**	**256,801**
Other information:							
Investments in intangible assets and property, plant and equipment	9,015	1,339	348	514	2,111	-	13,327
Net depreciation and amortisation	(4,698)	(903)	(740)	(593)	(582)	-	(7,516)
Impairment	(71)	(7)	(88)	(707)	(139)	-	(1,012)

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

6.1.2 At 31 December 2012

Income statements

(in millions of Euros)	France	United Kingdom	Italy	Other international	Other activities	Inter-segment eliminations	**Total**
External sales	39,120	9,739	10,098	7,976	5,245	-	72,178
Inter-segment sales	585	-	-	212	632	(1,429)	-
TOTAL SALES	**39,705**	**9,739**	**10,098**	**8,188**	**5,877**	**(1,429)**	**72,178**
OPERATING PROFIT BEFORE DEPRECIATION AND AMORTISATION	**9,853**	**2,047**	**1,019**	**1,066**	**2,013**	**-**	**15,998**
OPERATING PROFIT	**5,489**	**965**	**266**	**84**	**1,355**	**-**	**8,159**
Balance sheet:							
Intangible assets and property, plant and equipment	86,077	13,206	10,017	8,784	11,783	-	129,867
Investments in associates	4,818	25	51	2,111	582	-	7,587
Goodwill	-	8,339	-	605	1,468	-	10,412
Other segment assets[1]	27,627	4,332	4,102	1,825	7,310	-	45,196
Assets classified as held for sale	-	240	1	-	-	-	241
Other non-allocated assets							56,781
TOTAL ASSETS	**118,522**	**26,142**	**14,171**	**13,325**	**21,143**	**-**	**250,084**
Other information:							
Investments in intangible assets and property, plant and equipment	8,235	1,643	438	490	2,580	-	13,386
Net depreciation and amortisation	(4,186)	(888)	(644)	(590)	(541)	-	(6,849)
Impairment	-	(234)	(44)	(389)	(85)	-	(752)

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

6.2 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. This segment also includes commodity trading activities;
- **"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, photovoltaic panels, etc.).

(in millions of Euros)	Generation/ Supply	Distribution	Transmission	Other	Eliminations	**Total**
At 31 December 2013:						
External sales:						
– France	25,789	14,699	-	310	(588)	40,210
– Rest of the world	30,485	1,152	219	3,528	-	35,384
TOTAL SALES	**56,274**	**15,851**	**219**	**3,838**	**(588)**	**75,594**
At 31 December 2012:						
External sales:						
– France	25,330	14,194	-	159	(563)	39,120
– Rest of the world	29,264	431	-	3,363	-	33,058
TOTAL SALES	**54,594**	**14,625**	**-**	**3,522**	**(563)**	**72,178**

Income Statements

↗ Note 7 Sales

Sales are comprised of:

(in millions of Euros)	**2013**	2012
Sales of energy and energy-related services	71,512	67,538
Other sales of goods and services	3,235	3,837
Trading	847	803
SALES	**75,594**	**72,178**

As well as the organic growth resulting from price and volume effects, the sales growth of 2013 was the effect of changes in the scope of consolidation (chiefly Edison).

↗ Note 8 Fuel and energy purchases

Fuel and energy purchases comprise:

(in millions of Euros)	**2013**	2012
Fuel purchases used - power generation	(13,428)	(13,815)
Energy purchases	(16,547)	(15,279)
Transmission and delivery expenses	(9,268)	(8,191)
Gain / loss on hedge accounting	(123)	73
(Increase) / decrease in provisions related to nuclear fuels and energy purchases	(317)	114
FUEL AND ENERGY PURCHASES	**(39,683)**	**(37,098)**

Fuel purchases used include costs relating to raw materials for energy generation (coal, biomass, oil, propane, fissile materials, nuclear fuels and gas), purchases of services related to the nuclear fuel cycle, and costs associated with environmental schemes (mainly greenhouse gas emission rights and renewable energy certificates).

Energy purchases include energy generated by third parties, including energy derived from cogeneration intended for resale.

The rise in fuel and energy purchases in 2013 is explained by the same factors as the rise in sales.

↗ Note 9 Other external expenses

Other external expenses comprise:

(in millions of Euros)	**2013**	2012
External services	(11,069)	(11,948)
Other purchases (excluding external services, fuel and energy)	(2,465)	(3,223)
Change in inventories and capitalised production	4,296	5,233
(Increase) / decrease in provisions on other external expenses	211	220
OTHER EXTERNAL EXPENSES	**(9,027)**	**(9,718)**

Note 10 Personnel expenses

10.1 Personnel expenses

Personnel expenses comprise:

(in millions of Euros)	**2013**	2012
Wages and salaries	(7,493)	(7,423)
Social contributions	(1,769)	(1,641)
Employee profit sharing	(245)	(211)
Other contributions related to personnel	(388)	(372)
Other expenses linked to short-term benefits	(99)	(229)
Short-term benefits	**(9,994)**	**(9,876)**
Expenses under defined-contribution plans	(802)	(795)
Expenses under defined-benefit plans	(948)	(755)
Post-employment benefits	**(1,750)**	**(1,550)**
Other long-term expenses	(123)	(282)
Termination payments	(12)	(2)
Other personnel expenses	**(135)**	**(284)**
PERSONNEL EXPENSES	**(11,879)**	**(11,710)**

10.2 Average workforce

	2013	2012
IEG status	101,732	98,783
Other	53,209	55,947
AVERAGE WORKFORCE	**154,941**	**154,730**

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 14,843 full-time employees at 31 December 2013 (18,967 full-time equivalent employees at 31 December 2012).

Note 11 Taxes other than income taxes

Taxes other than income taxes break down as follows:

(in millions of Euros)	**2013**	2012
Payroll taxes	(236)	(221)
Energy taxes	(1,476)	(1,435)
Other non-income taxes	(1,821)	(1,631)
TAXES OTHER THAN INCOME TAXES	**(3,533)**	**(3,287)**

↗ Note 12 Other operating income and expenses

Other operating income and expenses comprise:

(in millions of Euros)	Notes	2013	2012
Operating subsidies	12.1	5,312	4,824
Net income / (expense) associated with the TaRTAM transition tariff system		-	93
Net income on deconsolidation	12.2	298	75
Gains on disposal of property, plant and equipment	12.2	(98)	298
Net increase in provisions on current assets		(203)	(235)
Net increase in provisions for operating contingencies and losses	12.3	(123)	119
Other items	12.4	107	459
OTHER OPERATING INCOME AND EXPENSES		**5,293**	**5,633**

12.1 Operating subsidies

This item mainly comprises the subsidy received or receivable by EDF in respect of the CSPE, reflected in the financial statements through recognition of income of €5,103 million for 2013 (€4,687 million for 2012). The difference is largely attributable to the decline in electricity prices on the market, which had the effect of increasing the subsidy receivable for purchase obligations in mainland France, and the rise in energy purchase volumes in non-interconnected zones.

12.2 Net income on deconsolidation and gains on disposal of property, plant and equipment

In 2013, net income on deconsolidation and gains on disposal of property, plant and equipment included:

- gains on sales of real estate assets in France, amounting to €62 million (€270 million for 2012);
- gains on sales of EDF Énergies Nouvelles' generation assets as part of the DSSA activities, amounting to €186 million (€281 million for 2012);
- a €54 million gain on sale of the Group's investment in SSE.

12.3 Net increase in provisions for operating contingencies and losses

In 2013, the net increase in provisions for operating contingencies and losses includes €5 million corresponding to reversals of fair value on British Energy sales contracts recognised at the acquisition date of 5 January 2009, following their settlement (€139 million in 2012).

12.4 Other items

Other items in 2012 and 2013 include the effects, relating to previous years, of renegotiations in favour of Edison in the litigations over price revisions for the long-term gas supply contracts.

Note 13 Impairment / reversals

13.1 Impairment by category of asset

Details of impairment recognised and reversed are as follows:

(in millions of Euros)	Notes	**2013**	2012
Impairment of goodwill	18	(194)	(52)
Impairment of other intangible assets	19	(56)	(27)
Impairment of tangible assets and discontinued operations (1)	21-22-46	(762)	(727)
Reversal of the provision in respect of operations in Italy		-	54
IMPAIRMENT NET OF REVERSALS		**(1,012)**	**(752)**

(1) Including €(74) million for discontinued operations in 2012.

In 2012, the €(752) million of impairment recorded principally related to CENG (€(396) million in connection with the downturn in long-term electricity prices) and EDF Energy (€(234) million of impairment on the West Burton and Sutton Bridge fossil-fired generation assets).

In 2013, impairment amounts to €(1,012) million. Details are given below.

13.2 Impairment tests on goodwill and other assets and recognition of impairment

The following tables give details of impairment tests carried out on the main goodwill, intangible assets with indefinite useful lives and other Group assets in 2013, and the key assumptions used.

Impairment tests on goodwill and intangible assets with indefinite useful lives

Operating segment	Cash-Generating Unit or asset	WACC after tax	Growth rate to infinity	**Impairment 2013** *(in millions of Euros)*
United Kingdom	EDF Energy	6.8%	-	-
Italy	Edison brand	7.8 – 10.5%	2%	-
Other international	EDF Luminus	6.6%	2%	(102)
Other activities	Dalkia Investissement	6.8%	-	(49)
Other activities	EDF Énergies Nouvelles CGUs	5% – 11.3%	-	(5)
Other impairment of goodwill				(38)
IMPAIRMENT OF GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES				**(194)**

Impairment of other intangible and tangible assets

Operating segment	Cash-Generating Unit or asset	Impairment indicators	WACC after tax	**Impairment 2013** *(in millions of Euros)*
Italy	Edison assets	Decline in volumes	6.8 – 9.6%	(89)
Other international	SLOE power plant in the Netherlands	Narrowing of the spark spreads	6.1%	(174)
Other international	CENG power plants	Decline in electricity prices	6.2%	(146)
Other international	Supercritical coal-fired power plant project in Poland	Suspension of the project	-	(125)
Other international	EDF Luminus plants In Belgium	Notification of mothballing	6.6%	(127)
Other activities	EDF Énergies Nouvelles CGUs	New regulations	5% – 11.3%	(89)
Other impairment of assets				(68)
IMPAIRMENT OF OTHER INTANGIBLE AND TANGIBLE ASSETS				**(818)**

Basic assumptions

The methodology for calculating WACC is identical to 2012, but the WACC figures used in 2013 were lower than in 2012 due to the decrease in risk-free rates.

For price curves, the basic macro-economic trends are unchanged from 2012 but the levels are lower, since the European markets have varying surplus capacities, and regulatory constraints are growing more stringent in certain countries.

United Kingdom – EDF Energy

EDF Energy's goodwill amounted to €8,140 million at 31 December 2013 and resulted from acquisition by the EDF group between 1998 and 2009 of various businesses currently operating in the United Kingdom.

Until 2012, goodwill was allocated at two levels:

- Energy Sourcing and Customer Supply (ESCS), including development of the West Burton plant;
- Nuclear Generation: nuclear activities including power plants in operation and plans to develop new EPRs.

In 2013, EDF Energy reorganised its operating businesses to bring the organisation structure into line with its integrated generator/supplier model and strengthen overall governance. The Group's analysis following this reorganisation concluded the cash-generating units (ESCS and Nuclear Generation) should be grouped together for the purposes of impairment testing.

The recoverable value of EDF Energy is estimated based on discounted future net cash flows from the generation units over their estimated useful life, taking into consideration the expected extension of the useful lives of existing nuclear reactors and the commissioning of four new EPRs with a 60-year useful life.

The recoverable value of existing generation facilities is sensitive to assumptions regarding long-term movements in electricity prices in the United Kingdom. The assumptions used take into consideration the gradual reduction of current surplus capacities, especially given that retirement of existing coal-fired plants has led to a need for new generation facilities.

The sale prices of electricity generated by the future EPRs are based on the Contract for Difference (CfD) between the Group and the British government. The CfD sets stable, predictable prices for EDF Energy: if market prices fall below the CfD exercise price, EDF Energy will receive an additional payment.

A half-point increase in the WACC would not lead to any impairment. Also, if the assumed number of EPRs built was reduced from 4 to 2, the recoverable value of EDF Energy would still be higher than its book value.

Italy – Edison

As an intangible asset with an indefinite useful life, the Edison brand, recorded in the Group's consolidated financial statements at the value of €945 million, was subjected to an impairment test that did not lead to recognition of any impairment. The test used the relief from royalty method.

For other Edison assets that showed signs of loss of value, the tests indicated €(89) million of impairment, slightly more than half of which concerned customer relations, which were valued in May 2012 when EDF took over control of Edison (accelerated attrition rate on the customer portfolio).

Other international

SLOE

SLOE is a 870 MW combined cycle gas plant in the south-west Netherlands, owned 50/50 by the EDF group and Delta.

The Group applied impairment testing to this asset following the narrowing of spark spreads. The test takes account of cash flows based on the medium-term plan, and beyond that horizon incorporates the firm's long-term assumptions regarding spark spreads to the end of the plant's useful life in 2034.

Based on a 6.1% discount rate, the impairment test indicated impairment of €(174) million.

CENG

The recoverable value of CENG's assets is estimated based on future cash flows over the estimated useful life of generation facilities. The impairment test is based on the medium-term plan approved by CENG's Board of Directors and takes into consideration synergies resulting from the agreement of 29 July 2013 with Exelon (see note 3.6).

Forward and long-term prices for electricity in the United States declined again in 2013. This deterioration in electricity prices has led to recognition of impairment of €(146) million at 31 December 2013.

EDF Luminus

Electricity market conditions in Belgium grew tougher in 2013 (prices dropped, competitive pressure was high, additional regulatory constraints were introduced). As a result the market price assumptions used in impairment testing are lower in 2013 than in 2012 as regards electricity and short and medium-term clean spark spreads.

In this context, in March 2013 EDF Luminus notified the Belgian government of a temporary shutdown on the Seraing fossil-fired plant from mid-2014. As a result of this decision, an impairment test was conducted and the plant was fully depreciated in 2013 (€(112) million).

Additional impairment of €(15) million was also recorded in respect of small plants for which decisions have been made to notify temporary or permanent shutdowns.

The lower assumptions for market prices also led to recognition of €(102) million of impairment on EDF Luminus goodwill. At 31 December 2013, EDF Luminus goodwill amounted to €281 million after impairment.

EDF Polska

A plan to build a 900 MW supercritical coal-fired power plant at the Rybnik site in Poland was launched in September 2011, with a view to replacing four older plants.

Changes in the economic and regulatory conditions in Poland have affected the expected rate of return on the project such that it was impossible to continue the project on the original terms, and it has been suspended.

At 31 December 2013, the total amount of investments specific to this project was €160 million. This includes €35 million that will be reused on the Rybnik site, and consequently impairment of €(125) million was recorded in 2013.

Other activities

EDF Énergies Nouvelles

At 31 December 2013, impairment of €(94) million was recorded in respect of the various CGUs of EDF Énergies Nouvelles, including €(5) million for goodwill.

This impairment concerns projects for which indications of impairment have been noted (legislative and tax measures, transition to market prices), particularly in the United States and Europe (Greece, Spain).

Dalkia Investissement

In 2013, the slowdown in Dalkia Investissements' business (operating cogeneration plants) and the fall in clean spark spreads led to impairment testing. The test was based on the assets' values in use taken from the 5-year medium-term plan and a terminal value, and showed that the recoverable value of the assets was lower than the book value.

Consequently, the goodwill was fully written down by recognition of impairment of €(49) million.

Note 14 Other income and expenses

Other income and expenses in 2013 comprise:

- income of €472 million relating to the favourable effect of the pension reform in France (see note 4.1);
- €(60) million of restructuring expenses for the Group's activities in Belgium, the United States and certain central European countries.

Other income and expenses in 2012 included:

- income of €160 million concerning ERDF, resulting from reversal of a provision for renewal following a change in estimate for the useful life of high / low voltage transformers (extended from 30 years to 40 years);
- the effects of the Group's takeover of Edison, amounting to €(58) million;
- a net expense of €(70) million associated with revision of the estimated costs for decommissioning permanently shut-down nuclear power plants in France (UNGG power plants, Creys-Malville, Brennilis and Chooz A), and the revision of certain costs associated with interim storage of spent fuel.

Note 15 Financial result

15.1 Cost of gross financial indebtedness

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

(in millions of Euros)	**2013**	2012
Interest expenses on financing operations	(2,406)	(2,538)
Change in the fair value of derivatives and hedges of liabilities	(2)	39
Transfer to income of changes in the fair value of cash flow hedges	11	(39)
Net foreign exchange gain on indebtedness	(6)	95
COST OF GROSS FINANCIAL INDEBTEDNESS	**(2,403)**	**(2,443)**

15.2 Discount effect

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

Details of this expense are as follows:

(in millions of Euros)	**2013**	2012
Provisions for long-term and post-employment employee benefits	(1,255)	(1,368)
Provisions for back-end nuclear cycle, decommissioning and last cores	(1,619)	(1,889)
Other provisions and advances	(108)	(4)
DISCOUNT EFFECT	**(2,982)**	**(3,261)**

The discount effect in 2012 on provisions for back-end nuclear cycle, decommissioning and last cores included a €(244) million expense related to revision of the discount rate for France.

15.3 Other financial income and expenses

Other financial income and expenses comprise:

(in millions of Euros)	**2013**	2012
Financial income on cash and cash equivalents	23	38
Gains (losses) on available-for-sale financial assets	1,081	708
Gains (losses) on other financial assets	375	968
Changes in financial instruments carried at fair value with changes in fair value included in income	120	(70)
Other financial expenses	(256)	(245)
Foreign exchange gain / loss on financial items other than debts	(99)	(93)
Return on hedging assets	565	639
Capitalised borrowing costs	487	425
OTHER FINANCIAL INCOME AND EXPENSES	**2,296**	**2,370**

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

In 2013, gains and losses on available-for-sale financial assets include net gains on sales of EDF's dedicated assets, amounting to €714 million (€260 million in 2012).

Also in 2013, gains on other financial assets include income of €83 million corresponding to costs borne in connection with the CSPE deficit at 31 December 2012. In 2012, income of €629 million was recorded in this item in connection with the accumulated previous costs of bearing this shortfall - see note 3.4.

Note 16 Income taxes

16.1 Breakdown of tax expense

Details are as follows:

(in millions of Euros)	**2013**	2012
Current tax expense	(2,111)	(1,619)
Deferred taxes	169	46
TOTAL	**(1,942)**	**(1,573)**

In 2013, €(1,557) million of the current tax expense relates to EDF's tax consolidated group in France, and €(554) million relates to other subsidiaries (€(1,058) million and €(561) million respectively in 2012).

16.2 Reconciliation of the theoretical and effective tax expense (tax proof)

(in millions of Euros)	**2013**	2012
Income of consolidated companies before tax	5,322	4,825
Income tax rate applicable to the parent company	38.00%	36.10%
Theoretical tax expense	(2,022)	(1,742)
Differences in tax rate	366	346
Permanent differences	(112)	(62)
Taxes without basis	(131)	49
Unrecognised deferred tax assets	(43)	(172)
Other	-	8
ACTUAL TAX EXPENSE	**(1,942)**	**(1,573)**
EFFECTIVE TAX RATE	**36.50%**	**32.60%**

The effective tax rate for 2013 and 2012 was driven up by impairment. After adjustment for this factor, the effective tax rate is 33.7% and 29.1% respectively for 2013 and 2012.

The main factors explaining the difference between the theoretical tax rate and the effective rate are:

- 2013:
  - the positive impact of differences in tax rates applicable to foreign subsidiaries (€366 million), including €254 million related to the 3-point drop in tax rates in the UK,
  - the €(135) million negative impact of the French finance laws of 2012 and 2013 (excluding the effect of the increase in the tax rate to 38%), mainly corresponding to the dividend tax and limitation of deductibility for financial interest.
- 2012:

the positive impact of differences in tax rates applicable to foreign subsidiaries (€346 million), including €177 million related to the 2-point drop in tax rates in the UK.

16.3 Change in deferred tax assets and liabilities

(in millions of Euros)	**2013**	2012
Deferred tax assets	3,421	3,102
Deferred tax liabilities	(5,601)	(4,479)
NET DEFERRED TAXES AT 1 JANUARY	**(2,180)**	**(1,377)**
Change in net income	169	46
Change in equity	(233)	485
Translation adjustments	68	(53)
Changes in scope of consolidation	46	(1,357)
Other movements	(35)	76
NET DEFERRED TAXES AT 31 DECEMBER	**(2,165)**	**(2,180)**
Deferred tax assets	2,839	3,421
Deferred tax liabilities	(5,004)	(5,601)

€(117) million of the change in 2013 in deferred tax assets included in equity results from the actuarial gains and losses on post-employment benefits (€528 million in 2012).

16.4 Breakdown of deferred tax assets and liabilities by nature

(in millions of Euros)	**31/12/2013**	31/12/2012
Deferred tax assets:		
Differences between depreciation recorded for accounting and tax purposes	241	185
Non-deductible provisions for pension obligations	6,062	6,168
Other non-deductible provisions	941	731
Other deductible temporary differences	1,409	1,257
Revaluations, revaluation surplus and elimination of intercompany profit	613	656
Tax losses and unused tax credits	710	872
Netting of deferred tax assets and liabilities	(4,651)	(3,793)
Deferred tax assets	**5,325**	**6,076**
Unrecognised deferred tax assets	(2,486)	(2,655)
Deferred tax assets in balance sheet	**2,839**	**3,421**
Deferred tax liabilities:		
Differences between depreciation recorded for accounting and tax purposes	(5,680)	(5,570)
Other taxable temporary differences	(1,152)	(849)
Revaluations, revaluation surplus and elimination of intercompany profit	(2,823)	(2,975)
Netting of deferred tax assets and liabilities	4,651	3,793
Deferred tax liabilities in balance sheet	**(5,004)**	**(5,601)**
NET DEFERRED TAXES	**(2,165)**	**(2,180)**

At 31 December 2013, unrecognised deferred tax assets represent a potential tax saving of €2,486 million (€2,655 million at 31 December 2012). Of the potential tax saving in 2013, €1,747 million relates to deferred tax assets, mainly on employee benefits in France (€1,747 million in 2012).

Note 17 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 and the payments made during the year to bearers of perpetual subordinated bonds, by the weighted average number of potential shares outstanding over the period after elimination of treasury shares.

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

(in millions of Euros)	**2013**	2012
Net income attributable to ordinary shares	3,517	3,275
Payments on perpetual subordinated bonds	(103)	-
Effect of dilutive instruments	-	-
Net income used to calculated earnings per share	3,414	3,275
Average weighted number of ordinary shares outstanding during the year	1,852,523,933	1,847,342,956
Average weighted number of diluted shares outstanding during the year	1,852,523,933	1,847,342,956
Earnings per share (in Euros):		
EARNINGS PER SHARE	**1.84**	**1.77**
DILUTED EARNINGS PER SHARE	**1.84**	**1.77**

OPERATING ASSETS AND LIABILITIES, EQUITY

↗ Note 18 Goodwill

18.1 Changes in goodwill

Goodwill on consolidated entities comprises the following:

(in millions of Euros)	31/12/2013	31/12/2012
Net book value at opening date	10,412	11,648
Acquisitions	6	129
Disposals	(38)	-
Impairment (note 13)	(194)	(52)
Translation adjustments	(191)	209
Changes in scope of consolidation and other	(789)	(1,522)
NET BOOK VALUE AT CLOSING DATE	**9,206**	**10,412**
Gross value at closing date	9,938	11,079
Accumulated impairment at closing date	(732)	(667)

The changes in goodwill in 2013 primarily relate to:

- translation adjustments of €(191) million, largely due to the pound sterling's fall against the Euro;
- impairment of €(194) million, including €(102) million for EDF Luminus goodwill and €(49) million for Dalkia Investissements goodwill;
- changes in the scope of consolidation, including €(789) million for the effect of reclassification of goodwill associated with Dalkia International as "assets held for sale".

The changes in goodwill in 2012 primarily related to:

- acquisitions, including €89 million recognised after the takeover of Enerest by Électricité de Strasbourg;
- translation adjustments of €209 million, largely due to the rise of the Pound sterling against the Euro;
- changes in the scope of consolidation, including €(1,400) million for the derecognition of Edison's historical goodwill following determination of the fair value of the assets acquired and liabilities assumed in the takeover operation of 24 May 2012.

18.2 Goodwill by operating segment

The breakdown of goodwill is as follows:

(in millions of Euros)	31/12/2013	31/12/2012
EDF Energy	8,140	8,339
Total United Kingdom	8,140	8,339
EDF Luminus (Belgium)	281	383
ESTAG (Austria)	112	112
Other	56	110
Total Other International	449	605
Dalkia International	-	800
EDF Énergies Nouvelles	189	195
Other	428	473
Total Other activities	617	1,468
GROUP TOTAL	**9,206**	**10,412**

Note 19 Other intangible assets

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

At 31 December 2013 *(in millions of Euros)*	31/12/2012	Acquisitions	Disposals	Translation adjustments	Changes in scope	Other movements	**31/12/2013**
Software	1,772	565	(121)	(14)	(62)	(13)	2,127
Positive fair value of commodity contracts acquired in a business combination	873	-	-	(2)	-	(24)	847
Greenhouse gas emission rights – green certificates	516	1,053	(739)	(1)	-	(3)	826
Other intangible assets	5,032	226	(9)	(13)	(302)	(4)	4,930
Intangible assets in development	1,771	175	-	(3)	(4)	49	1,988
Gross values	**9,964**	**2,019**	**(869)**	**(33)**	**(368)**	**5**	**10,718**
Accumulated amortisation and impairment	(2,339)	(789)	135	22	201	28	(2,742)
NET VALUES	**7,625**	**1,230**	**(734)**	**(11)**	**(167)**	**33**	**7,976**

The gross value of other intangible assets at 31 December 2013 includes the Edison brand and intangible assets related to Edison's hydropower concessions, for amounts of €945 million and €1,165 million respectively (unchanged from 2012).

Impairment of €(56) million was recorded in respect of other intangible assets in 2013.

EDF's research and development expenses recorded in the income statement total €543 million for 2013.

At 31 December 2012 *(in millions of Euros)*	31/12/2011	Acquisitions	Disposals	Translation adjustments	Changes in scope	Other movements	31/12/2012
Gross values	6,964	1,509	(784)	32	1,947	296	9,964
Accumulated amortisation and impairment	(2,262)	(659)	160	(6)	626	(198)	(2,339)
NET VALUES	**4,702**	**850**	**(624)**	**26**	**2,573**	**98**	**7,625**

Changes in scope mainly concern the effects of the takeover of the Edison group.

Impairment of €(27) million was recorded in respect of other intangible assets in 2012.

EDF's research and development expenses recorded in the income statement total €527 million for 2012.

↗ Note 20 Property, plant and equipment operated under French public electricity distribution concessions

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

(in millions of Euros)	**31/12/2013**	31/12/2012
Property, plant and equipment	47,425	45,919
Property, plant and equipment in progress	1,371	1,303
PROPERTY, PLANT AND EQUIPMENT OPERATED UNDER FRENCH PUBLIC ELECTRICITY DISTRIBUTION CONCESSIONS	**48,796**	**47,222**

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

(in millions of Euros)	Land and buildings	Networks	Other installations, plant, machinery, equipment & other	Total
Gross value at 31/12/2012	2,214	75,367	3,331	80,912
Increases [(1)]	77	3,488	338	3,903
Decreases	(35)	(477)	(182)	(694)
Other movements	-	(7)	1	(6)
Gross value at 31/12/2013	**2,256**	**78,371**	**3,488**	**84,115**
Depreciation and impairment at 31/12/2012	(1,191)	(31,642)	(2,160)	(34,993)
Net depreciation	(39)	(191)	(143)	(373)
Disposals	30	387	180	597
Other movements [(2)]	(9)	(1,819)	(93)	(1,921)
Depreciation and impairment at 31/12/2013	**(1,209)**	**(33,265)**	**(2,216)**	**(36,690)**
Net value at 31/12/2012	1,023	43,725	1,171	45,919
NET VALUE AT 31/12/2013	**1,047**	**45,106**	**1,272**	**47,425**

(1) Increases also include facilities provided by the concession grantors.
(2) Other movements mainly concern depreciation of assets operated under concessions, booked against amortisation recorded in the special concession liabilities.

↗ Note 21 Property, plant and equipment operated under concessions for other activities

21.1 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)	**31/12/2013**	31/12/2012
Property, plant and equipment	6,488	6,256
Property, plant and equipment in progress	1,030	926
PROPERTY, PLANT AND EQUIPMENT OPERATED UNDER CONCESSIONS FOR OTHER ACTIVITIES	**7,518**	**7,182**

21.2 Movements in property, plant and equipment operated under concessions for other activities (excluding assets in progress)

(in millions of Euros)	Land and buildings	Fossil-fired & hydropower plants	Networks	Other installations, plant, machinery, equipment & other	Total
Gross value at 31/12/2012	1,322	9,666	594	1,223	12,805
Increases	186	585	21	41	833
Decreases	(3)	(17)	(5)	(9)	(34)
Translation adjustments	2	(13)	(9)	(18)	(38)
Changes in the scope of consolidation	-	-	-	-	-
Other movements	(11)	69	1	(389)	(330)
Gross value at 31/12/2013	**1,496**	**10,290**	**602**	**848**	**13,236**
Depreciation and impairment at 31/12/2012	(794)	(4,709)	(294)	(752)	(6,549)
Net depreciation	(29)	(292)	(17)	(48)	(386)
Impairment net of reversals	-	(4)	-	-	(4)
Disposals	2	14	5	8	29
Translation adjustments	-	6	5	14	25
Changes in the scope of consolidation	-	-	-	-	-
Other movements	3	5	-	129	137
Depreciation and impairment at 31/12/2013	**(818)**	**(4,980)**	**(301)**	**(649)**	**(6,748)**
Net value at 31/12/2012	528	4,957	300	471	6,256
NET VALUE AT 31/12/2013	**678**	**5,310**	**301**	**199**	**6,488**

At 31 December 2013, property, plant and equipment operated under concessions other than French public electricity distribution concessions comprise concession facilities mainly located in France (hydropower) and Italy.

↗ Note 22 Property, plant and equipment used in generation and other tangible assets owned by the Group

22.1 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)	31/12/2013	31/12/2012
Property, plant and equipment	52,055	51,392
Property, plant and equipment in progress	16,655	16,130
Finance-leased property, plant and equipment	303	316
PROPERTY, PLANT AND EQUIPMENT USED IN GENERATION AND OTHER TANGIBLE ASSETS OWNED BY THE GROUP	**69,013**	**67,838**

At 31 December 2013, property, plant and equipment in progress primarily concern EPR construction projects in France and the United Kingdom.

Impairment of €(214) million was also recorded in 2013 in respect of property, plant and equipment in progress, including €(125) million for the supercritical coal-fired power plant project in Poland.

In 2012, impairment of property, plant and equipment in progress amounted to €(10) million.

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

(in millions of Euros)	Land and buildings	Nuclear power plants	Fossil-fired & hydropower plants	Networks	Other installations, plant, machinery, equipment & other	Total
Gross value at 31/12/2012	11,928	64,204	17,869	867	14,907	109,775
Increases	594	2,383	2,502	30	2,569	**8,078**
Decreases	(116)	(702)	(330)	(8)	(391)	**(1,547)**
Translation adjustments	(46)	(395)	(58)	-	(415)	**(914)**
Changes in the scope of consolidation	(481)	-	(7)	(320)	(2,279)	**(3,087)**
Other movements	89	(166)	(16)	3	10	**(80)**
Gross value at 31/12/2013	**11,968**	**65,324**	**19,960**	**572**	**14,401**	**112,225**
Depreciation and impairment at 31/12/2012	(6,500)	(37,038)	(8,647)	(449)	(5,749)	(58,383)
Net depreciation	(345)	(2,298)	(875)	(29)	(931)	**(4,478)**
Impairment net of reversals	(3)	(146)	(344)	-	(51)	**(544)**
Disposals	83	561	322	7	312	**1,285**
Translation adjustments	13	102	48	-	98	**261**
Changes in the scope of consolidation	178	-	4	160	1,046	**1,388**
Other movements	(9)	71	10	1	228	**301**
Depreciation and impairment at 31/12/2013	**(6,583)**	**(38,748)**	**(9,482)**	**(310)**	**(5,047)**	**(60,170)**
Net value at 31/12/2012	5,428	27,166	9,222	418	9,158	51,392
NET VALUE AT 31/12/2013	**5,385**	**26,576**	**10,478**	**262**	**9,354**	**52,055**

22.3 Finance lease contracts

	31/12/2013				31/12/2012
	Total	Maturity			Total
(in millions of Euros)		< 1 year	1 - 5 years	> 5 years	
Future minimum lease payments receivable as lessor	**120**	17	58	45	58
Future minimum lease payments payable as lessee	**767**	59	233	475	478

The Group is the lessor in agreements classified as finance leases under IFRIC 4 and IAS 17, which account for almost all of its finance lease commitments as lessor.

The Group is bound as lessee 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.

Note 23 Investments in associates

Investments in associates are as follows:

(in millions of Euros)	Principal activity [1]	31/12/2013 Ownership %	31/12/2013 Share of net equity	31/12/2013 Share of net income	31/12/2012 Share of net equity	31/12/2012 Share of net income
RTE Réseau de Transport d'Électricité	T	100.00	5,134	494	4,818	408
Alpiq	G,D,O,T	25.00	947	(214)	1,203	(201)
Taishan	G	30.00	810	-	693	-
Dalkia Holding	O	34.00	363	22	422	(1)
NTPC	G	40.00	144	32	123	27
Other investments in associates			415	41	328	28
INVESTMENTS IN ASSOCIATES			**7,813**	**375**	**7,587**	**261**

(1) G = generation, D = distribution, T= transmission, O = other.

23.1 RTE Réseau de Transport d'Électricité (RTE)

23.1.1 RTE - financial indicators

The key financial indicators for RTE for 2013 are as follows:

(in millions of Euros)	
2013 Operating profit before depreciation and amortisation	1,788
2013 Net income	494
Equity at 31 December 2013	5,134
Balance sheet total at 31 December 2013	16,581
Net indebtedness at 31 December 2013	7,459

23.1.2 Transactions between the EDF group and RTE

At 31 December 2013 the main transactions between the EDF group and RTE are as follows:

Sales

ERDF uses RTE's high-voltage and very high-voltage networks to convey energy from its point of generation to the distribution network. This service generated €3,357 million in sales revenues for RTE from ERDF over 2013.

In executing its responsibility to ensure balance in the electricity system, during 2013 RTE also undertook:

- energy purchases and sales with EDF and ERDF, amounting to €140 million and €209 million respectively;
- system service purchases from EDF amounting to €296 million.

Other transactions

The EDF group contributes to financing of RTE through loans amounting to a total of €670 million at 31 December 2013 (€1,174 million at 31 December 2012). RTE recorded a total of €56 million in interest expenses on this loan in 2013.

RTE is also included in the EDF group tax consolidation, under a tax consolidation agreement between the two companies.

23.2 Alpiq

On 25 April 2013, the main Swiss shareholders of Alpiq subscribed to a hybrid loan of CHF 366.5 million. Following this first step, on 2 May 2013 Alpiq placed a public hybrid bond amounting to CHF 650 million, with 5% coupon and a redemption option after five and a half years at the earliest.

Due to their characteristics, in compliance with IAS 32, the hybrid loan from shareholders and the public hybrid bond were recorded in equity in Alpiq's consolidated financial statements from the date of reception of the funds. Since the EDF group did not subscribe to the operation, it has no impact on the value of the investment in Alpiq reported in "Investments in associates".

23.2.1 Published financial indicators

The main published indicators by the Alpiq group for 2012 were as follows:

(in millions of Euros)	
2012 Sales	10,553
2012 Net income	(902)
Equity at 31 December 2012	4,150
Balance sheet total at 31 December 2012	12,247

23.2.2 Impairment

In 2013, impairment of €(284) million was recorded in respect of the Group's investment in Alpiq. This reflects further impairment of assets amounting to €(91) million booked by Alpiq, and impairment of goodwill and certain assets at EDF group level amounting to €(193) million. The impairment recorded results from the less favourable energy business environment in Switzerland, particularly a fall in forward prices over the year. Alpiq is still in a phase of general reorganisation.

In 2012, Alpiq announced that further adjustments would be necessary in view of the difficult market conditions and significant changes in the European energy environment, leading it to step up its cost-cutting programme and recognise impairment of €(248) million (EDF's share). This impairment was recorded by Alpiq and particularly concerned assets in Switzerland and Italy.

Note 24 Inventories

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

	31/12/2013			31/12/2012		
(in millions of Euros)	Gross value	Provisions	Net value	Gross value	Provisions	Net value
Nuclear fuel	10,779	(14)	**10,765**	10,297	(15)	**10,282**
Other fuel	2,023	(4)	**2,019**	2,104	(4)	**2,100**
Other raw materials	1,354	(254)	**1,100**	1,298	(217)	**1,081**
Work-in-progress for production of goods and services	92	(24)	**68**	216	(30)	**186**
Other inventories	618	(20)	**598**	625	(61)	**564**
TOTAL INVENTORIES	**14,866**	**(316)**	**14,550**	**14,540**	**(327)**	**14,213**

The long-term portion (more than one year) mainly concerns nuclear fuel inventories amounting to €7,973 million at 31 December 2013 (€7,591 million at 31 December 2012).

The value of EDF Trading's inventories stated at market value is €686 million at 31 December 2013 (€764 million at 31 December 2012).

Note 25 Trade receivables

Details of net trade receivables are as follows:

(in millions of Euros)	31/12/2013	31/12/2012
Trade receivables, gross value – excluding EDF Trading	19,869	20,518
Trade receivables, gross value – EDF Trading	3,313	2,927
Impairment	(1,045)	(948)
TRADE RECEIVABLES, NET VALUE	**22,137**	**22,497**

Most trade receivables mature within one year.

25.1 Trade receivables due and not yet due

The credit risk on trade receivables is shown below:

(in millions of Euros)	**31/12/2013** Gross value	Provisions	Net value	31/12/2012 Gross value	Provisions	Net value
TRADE RECEIVABLES	**23,182**	**(1,045)**	**22,137**	**23,445**	**(948)**	**22,497**
overdue by up to 6 months	1,810	(265)	1,545	2,144	(251)	1,893
overdue by 6-12 months	626	(172)	454	688	(211)	477
overdue by more than 12 months	1,125	(539)	586	1,046	(408)	638
Trade receivables due	3,561	(976)	2,585	3,878	(870)	3,008
Trade receivables not yet due	19,621	(69)	19,552	19,567	(78)	19,489

25.2 Securitisation operations

(in millions of Euros)	**31/12/2013**
Trade receivables assigned and wholly retained in the balance sheet	11
Trade receivables assigned and partly retained in the balance sheet	-
Trade receivables assigned and wholly derecognised	1,151

The Group undertook securitisation of trade receivables for a total of €1,151 million at 31 December 2013, including €710 million by the Edison group (€1,185 million at 31 December 2012, including €774 million by the Edison group).

As most securitisation operations are carried out on a recurrent, without-recourse basis, the corresponding receivables are not carried in the Group’s consolidated balance sheet.

↗ Note 26 Other receivables

Details of other receivables are as follows:

(in millions of Euros)	**31/12/2013**	31/12/2012
Prepaid expenses	1,451	1,621
CSPE	1,357	997
VAT receivables	2,278	2,001
Other tax receivables	699	678
Other operating receivables	3,436	3,189
OTHER RECEIVABLES	**9,221**	**8,486**
Gross value	9,306	8,583
Impairment	(85)	(97)

Most other receivables mature within one year.

The CSPE receivable corresponds to the amount receivable at 31 December 2013, except for the portion relating to the shortfall generated before 31 December 2012 and the associated costs, which are included in financial assets (see note 3.4)

Note 27 Equity

27.1 Share capital

At 31 December 2013, the share capital amounted to €930,004,234, comprising 1,860,008,468 fully subscribed and paid-up shares with nominal value of €0.50 each, owned 84.5% by the French State, 13.6% by the public (institutional and private investors) and 1.8% by current and retired Group employees, with 0.1% held by EDF as treasury shares.

In 2013, payment of part of the 2012 dividends in the form of shares resulted in a €6 million increase in the share capital, corresponding to issuance of 11,141,806 new shares.

Under article L. 111-67 of the French Energy Code, the French State must hold more than 70% of the capital of EDF at all times.

27.2 Treasury shares

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

A liquidity contract exists for this programme, as required by the French market regulator AMF (*Autorité des Marchés Financiers*).

At 31 December 2013, treasury shares deducted from consolidated equity represent 1,752,759 shares with total value of €47 million.

27.3 Dividends

The General Shareholders' Meeting of 30 May 2013 decided to distribute a dividend of €1.25 per share in circulation in respect of 2012. As interim dividends of €0.57 per share had been paid out on 17 December 2012, the balance payable for 2012 amounted to €0.68 per share.

The General Shareholders' Meeting also decided to offer each shareholder the option to receive payment of the outstanding dividends in the form of new EDF shares on a basis of €0.10 per share.

The balance of 2012 dividends, amounting to a total of €1,256 million, was paid out on 8 July 2013.

- Payment of dividends in shares resulted in a €6 million increase in the capital, corresponding to issuance of 11,141,806 shares with nominal value of €0.50 each, plus an issuance premium of €165 million (net of issuance expenses);
- Payment of dividends in cash amounted to €1,085 million.

On 26 November 2013, EDF's Board of Directors decided to distribute an interim dividend of €0.57 per share or a total of €1,059 million for 2013, paid out in cash on 17 December 2013.

In keeping with the amendment to the company's articles of association proposed at the General Shareholders' Meeting of 24 May 2011, shareholders who have held their shares continuously for at least 2 years at the year-end date and still hold them at the dividend distribution date are entitled to a 10% increase in their dividends.

The number of shares eligible for this increase cannot be more than 0.5% of the company's capital for a single shareholder. This amendment will take effect for the payment in 2014 of the dividend for the year 2013.

27.4 Issuance of perpetual subordinated bonds

In January 2013 EDF issued perpetual subordinated bonds totalling €6,125 million (net of transaction costs). Details of the operation are given in note 3.1.1.

In 2013, an amount of €103 million was paid out to the bearers of perpetual subordinated bonds.

↗ Note 28 Provisions

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

		31/12/2013			31/12/2012		
(in millions of Euros)	Notes	Current	Non-current	Total	Current	Non-current	Total
Provisions for back-end nuclear cycle		1,447	19,100	**20,547**	1,094	18,431	**19,525**
Provisions for decommissioning and last cores		265	21,885	**22,150**	225	20,754	**20,979**
Provisions related to nuclear generation	29	**1,712**	**40,985**	**42,697**	**1,319**	**39,185**	**40,504**
Provisions for decommissioning of non-nuclear facilities	30	**51**	**1,193**	**1,244**	**45**	**1,090**	**1,135**
Provisions for employee benefits	31	**950**	**18,542**	**19,492**	**900**	**19,119**	**20,019**
Other provisions	32	**2,135**	**1,755**	**3,890**	**1,618**	**1,873**	**3,491**
TOTAL PROVISIONS		**4,848**	**62,475**	**67,323**	**3,882**	**61,267**	**65,149**

↗ Note 29 Provisions related to nuclear generation – back-end nuclear cycle, plant decommissioning and last cores

Provisions related to nuclear generation comprise provisions for back-end nuclear cycle expenses (management of spent fuel and radioactive waste), provisions for plant decommissioning and provisions for last cores.

Provisions are estimated under the principles presented in note 1.3.21.
Obligations can vary noticeably depending on each country's legislation and regulations, and the technologies and industrial practices used in each company.
The movement in provisions for back-end nuclear cycle, provisions for decommissioning and provisions for last cores breaks down as follows:

	31/12/2012	Increases	Decreases		Other movements	31/12/2013
(in millions of Euros)			Utilizations	Reversals		
Provisions for spent nuclear fuel management	11,817	871	(634)	(3)	(97)	11,954
Provisions for long-term radioactive waste management	7,708	567	(138)	-	456	8,593
Provisions for back-end nuclear cycle	**19,525**	**1,438**	**(772)**	**(3)**	**359**	**20,547**
Provisions for nuclear plant decommissioning	17,428	656	(193)	(1)	712	18,602
Provisions for last cores	3,551	171	-	-	(174)	3,548
Provisions for decommissioning and last cores	**20,979**	**827**	**(193)**	**(1)**	**538**	**22,150**
PROVISIONS RELATED TO NUCLEAR GENERATION	**40,504**	**2,265**	**(965)**	**(4)**	**897**	**42,697**

Other changes in provisions related to nuclear generation include €1,038 million of changes in EDF Energy's nuclear liabilities, with a corresponding variation in the amounts reimbursable by the NLF (Nuclear Liabilities Fund) and the British government for coverage of the company's long-term nuclear obligations (see note 36.4). €1,173 million of this change results from revision in 2013 of the assumptions used to calculate nuclear liabilities.

The breakdown of provisions by company is shown below:

	EDF	EDF Energy	CENG	Other entities	Total
(in millions of Euros)	Note 29.1	Note 29.2	Note 29.3	Note 29.4	
Provisions for spent fuel management	9,779	2,175	-	-	11,954
Provisions for long-term radioactive waste management	7,542	1,049	-	2	8,593
PROVISIONS FOR BACK-END NUCLEAR CYCLE AT 31/12/2013	**17,321**	**3,224**	**-**	**2**	**20,547**
Provisions for back-end nuclear cycle at 31/12/2012	16,611	2,913	-	1	19,525
Provisions for nuclear plant decommissioning	13,024	4,882	508	188	18,602
Provisions for last cores	2,313	1,185	50	-	3,548
PROVISIONS FOR DECOMMISSIONING AND LAST CORES AT 31/12/2013	**15,337**	**6,067**	**558**	**188**	**22,150**
Provisions for decommissioning and last cores at 31/12/2012	14,771	5,489	547	172	20,979

29.1 Nuclear provisions in France

In France, EDF's provisions are calculated in accordance with the instructions of the law of 28 June 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 has a portfolio of dedicated assets for secure financing of long-term obligations (see note 48).

The relevant expenses are estimated based on the economic conditions of the year-end, then spread over a forecast disbursement schedule and adjusted to Euros of the year of payment through application of a forecast long-term inflation rate. To determine the provisions, these amounts are discounted to present value using a nominal discount rate.

29.1.1 Provisions for spent fuel management

These provisions cover services in connection with the following:

- removal of spent fuel from EDF's generation centres, as well as reception and interim storage;
- processing, including conditioning and storage of recyclable matter and waste resulting from this processing.

Processing expenses exclusively concern spent fuel that can be recycled in existing facilities, including the portion in reactors but not yet irradiated.

Expenses are calculated based on forecast physical flows at the closing date. Valuation is based on the contracts signed with AREVA.

29.1.2 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 packages 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 centres:
  - existing centres, for very low-level waste, and low and medium-level waste,
  - new centres 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 existing packages of 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 31 December irradiated 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*).

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 28 June 2006 on the sustainable management of radioactive materials and waste has confirmed the assumption of geological storage used by EDF in calculating these provisions.

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 (DGEC, 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 group's conclusions is reasonable and coherent with information available internationally.

In 2011 ANDRA and waste producers set up a partnership aiming to facilitate completion of the geological storage project by levering on all the skills of the French nuclear industry. This partnership encompasses joint studies on targeted issues and an interface between the ANDRA project team and nuclear operators to help them make well-informed, relevant contributions to governance of the project. ANDRA conducted preliminary conceptional studies in 2012 and 2013, taking into consideration design options proposed by the waste producers. It is currently studying the technical optimisations identified in conjunction with the producers, and should be able to propose an estimate of storage costs based on that information by mid-2014 at the earliest, after including the recommendations of the French Nuclear Safety Authority (*Autorité de Sûreté Nucléaire* or ASN), the National Evaluation Commission (*Commission Nationale d'Évaluation* or CNE) and the public debate. After consulting waste producers and the ASN, France's minister for Energy is due to decide on the value of these costs and make a public announcement.

Regarding the provision for long-life low-level waste, the search for a storage site has resumed, mainly through geological reconnaissance surveys in the Soulaines area. The calculation method for storage of long-life low-level waste has been revised to incorporate the new technical and schedule assumptions, with no significant adjustment to the provision.

In 2013, a €208 million increase was booked for the provision for long-term radioactive waste management, to reflect the ANDRA's new financing requirements in connection with the studies concerning geological storage plans. In the income statement, this change is reflected in an expense included in the "Operating profit before depreciation and amortisation".

29.1.3 Decommissioning provisions for nuclear power plants

These provisions concern the decommissioning of pressurised 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 industry.

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 a further study carried out by EDF in 1999 focusing on a specific site, and a subsequent valuation in 2009 involving the following steps:

- 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 ASN;
- a review of the schedule for decommissioning operations over time;
- determination of the rules for extrapolation of costs for the entire fleet of PWR plants in operation.

International intercomparison studies carried out with a non-Group specialist firm support the results of this study.

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

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

The provision is based on contractor quotes for decommissioning, newly updated in 2012.

The valuation is based on the following key assumptions:

- that decommissioning will take place as soon as possible (this is unchanged from the previous quote);
- that long-life medium-level waste will be stored in a packaging and interim storage installation for radioactive waste (ICEDA) now due to open in 2016, until it can be placed in deep underground storage;
- that the facility for storing graphite waste will be available from 2025;
- that the decree for full decommissioning of Brennilis will be obtained by the end of 2018.

29.1.4 Provision for last cores

This provision covers the future expenses resulting from scrapping fuel that will only be partially used when the reactor is shut down. It is measured based on:

- the cost of the loss on fuel in the reactor that is not totally spent at the time of final reactor shutdown and cannot be reused due to technical and regulatory constraints;
- the cost of fuel processing, disposal and waste storage operations. These costs are valued in a similar way to provisions for spent fuel management and long-term radioactive waste management.

These unavoidable costs are components of the cost of nuclear reactor shutdown and decommissioning. As such, they are fully covered by provision from the commissioning date and an asset associated with the provision is recognised.

29.1.5 Discounting of provisions related to nuclear generation and sensitivity analyses

29.1.5.1 Discount rate

At 31 December 2013, EDF has applied a nominal discount rate of 4.8% to calculate its provisions, together with assumed inflation of 1.9% (these assumptions are unchanged from 31 December 2012).

- 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 benchmark used to determine the discount rate is the sliding 10-year average of the return on French treasury bonds over the longest time horizons, plus the spread of corporate bonds rated A to AA, which include EDF.

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

The discount rate determined in this way is 4.8% at 31 December 2013.

- Revision of the discount rate and regulatory limit.

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 must also comply with the two limits laid down by the decree of 23 February 2007 and the decision of 21 March 2007. This means it must be lower than:

- a regulatory maximum "equal to the arithmetic average over the forty-eight most recent months of the constant 30-year rate (TEC 30 years), observed on the last date of the period concerned, plus one point";
- and the expected rate of return on assets covering the liability (dedicated assets).

This ceiling rate was 4.58% at 31 December 2013. In view of ongoing discussions between nuclear operators and the French government concerning a revision of the regulations, the discount rate used at 31 December 2013 is 4.8% (identical to the rate used at 31 December 2012).

29.1.5.2 Analyses of sensitivity to macro-economic assumptions

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 year-end economic conditions with the present value of the amount.

	31/12/2013		31/12/2012	
(in millions of Euros)	Costs based on year-end economic conditions	Amounts in provisions at present value	Costs based on year-end economic conditions	Amounts in provisions at present value
Spent fuel management	15,868	9,779	15,250	9,498
Long-term radioactive waste management	25,578	7,542	24,562	7,113
BACK-END NUCLEAR CYCLE	**41,446**	**17,321**	**39,812**	**16,611**
Decommissioning provisions for nuclear power plants	22,448	13,024	22,174	12,578
Provisions for last cores	3,979	2,313	3,887	2,193
PROVISION FOR DECOMMISSIONING AND LAST CORES	**26,427**	**15,337**	**26,061**	**14,771**

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

In application of article 11 of the decree of 23 February 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:

At 31 December 2013

	Amounts in provisions at present value	Sensitivity to discount rate			
		Balance sheet provision		Pre-tax net income	
(in millions of Euros)		+0.20 %	- 0.20 %	+0.20 %	- 0.20 %
Back-end nuclear cycle:					
- spent fuel management	9,779	(167)	177	139	(147)
- long-term radioactive waste management	7,542	(374)	417	320	(359)
Decommissioning and last cores:					
- decommissioning of nuclear power plants	13,024	(456)	476	45	(47)
- last cores	2,313	(66)	69	-	-
TOTAL	**32,658**	**(1,063)**	**1,139**	**504**	**(553)**

At 31 December 2012

(in millions of Euros)	Amounts in provisions at present value	Sensitivity to discount rate			
		Balance sheet provision		Pre-tax net income	
		+ 0.20 %	- 0.20 %	+ 0.20 %	- 0.20 %
Back-end nuclear cycle:					
- spent fuel management	9,498	(165)	174	138	(145)
- long-term radioactive waste management	7,113	(361)	403	307	(345)
Decommissioning and last cores:					
- decommissioning of nuclear power plants	12,578	(458)	479	47	(49)
- last cores	2,193	(66)	70	-	-
TOTAL	**31,382**	**(1,050)**	**1,126**	**492**	**(539)**

29.2 EDF Energy's nuclear provisions

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

- the obligations are reported in liabilities in the form of provisions amounting to €9,291 million at 31 December 2013;
- 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 historical liabilities).

These receivables are discounted at the same real rate as the obligations they are intended to finance. They are included in "Financial assets" in the consolidated balance sheet (see note 36.3) at the amount of €7,958 million at 31 December 2013 (€6,920 million at 31 December 2012).

29.2.1 Regulatory and contractual framework

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 14 January 2005 as part of the restructuring led by the UK Government from 2005 in order to stabilise British Energy's financial position. British Energy Generation Limited changed its name to EDF Energy Nuclear Generation Limited on 1 July 2011 and replaced British Energy in these agreements and amendments.

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 EDF 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 EDF 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 EDF Energy's spent fuel (including liabilities for management of spent fuel from plants other than Sizewell B loaded in reactors prior to 15 January 2005);
- EDF Energy is responsible for funding certain excluded or disqualified liabilities (e.g. those defined as EDF Energy liabilities), and additional liabilities which could be created as a result of failure by EDF Energy to meet minimum performance standards under applicable law. The obligations of EDF Energy to the NLF and the Secretary of State are guaranteed by the assets of the principal members of EDF Energy.

EDF Energy has also undertaken commitments to pay:

- annual decommissioning contributions for a period limited to the useful lives of the plants as at the date of the "restructuring agreements"; the corresponding provision amounts to €170 million at 31 December 2013;
- £150,000 (indexed to inflation) per tonne of uranium loaded in the Sizewell B reactor after the date of the "restructuring agreements".

Furthermore, EDF Energy has entered into a separate contract with the Nuclear Decommissioning Authority (NDA) for management of AGR spent fuel and associated radioactive waste resulting from operation of power plants other than Sizewell B after 15 January 2005, and bears no responsibility for this fuel and waste once it is transferred to the processing site at Sellafield. The corresponding costs of £150,000 (indexed to inflation) per tonne of loaded uranium - plus a rebate / surcharge dependent on market electricity price and electricity generated in the year - are included in inventories (see note 1.3.17.1).

EDF Energy finalised work on updating estimates of nuclear liabilities in 2013. The conclusions led to a €1,173 million revision to the provisions booked in the liabilities, but an equivalent adjustment was also made to the amount receivable from the NLF (or the British government in the event the NLF is unable to meet its obligations). There was therefore no impact on the Group's income statement.

29.2.2 Provisions for the back-end nuclear cycle

Spent fuel from the Sizewell B PWR (pressurized water reactor) plant is stored on site. Spent fuel from other plants is transferred to Sellafield for storage and reprocessing.

EDF Energy'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.

	31/12/2013		31/12/2012	
(in millions of Euros)	Costs based on year-end economic conditions	Amounts in provisions at present value	Costs based on year-end economic conditions	Amounts in provisions at present value
Spent fuel management	3,228	2,175	3,820	2,319
Long-term radioactive waste management	7,132	1,049	4,188	594
BACK-END NUCLEAR CYCLE	**10,360**	**3,224**	**8,008**	**2,913**

29.2.3 Decommissioning provisions

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 current costs are based on Baseline Decommissioning Plans produced in 2012 and approved in 2013 and assume that plants will be decommissioned and the land will ultimately be reused.

	31/12/2013		31/12/2012	
(in millions of Euros)	Costs based on year-end economic conditions	Amounts in provisions at present value	Costs based on year-end economic conditions	Amounts in provisions at present value
PLANT DECOMMISSIONING	**14,823**	**4,712**	**12,887**	**3,994**

The table above only concerns decommissioning obligations excluding the present value of decommissioning contributions payable to the NLF (€170 million, see note 29.2.1).

29.3 CENG's nuclear provisions

In the U.S., the obligations concerning spent fuel management, waste disposal and plant decommissioning are governed primarily by the U.S. Nuclear Regulatory Commission (NRC) and the U.S. Department of Energy (DOE). Additionally, certain waste transport obligations are governed by the U.S. Department of Transportation.

29.3.1 Provisions for back-end nuclear cycle

In accordance with current regulations, spent fuel is not reprocessed but instead is placed in temporary storage until the DOE takes charge of its final transportation and permanent storage in a national repository. For this service, CENG pays a quarterly fee to the DOE of approximately $1/MWh of electricity generated.

29.3.2 Decommissioning provisions

CENG is obligated to decommission its three nuclear power plants (five nuclear generation units) when they cease operations, in accordance with NRC regulations and relevant state regulations for site restoration (greenfielding requirements). In the U.S., all decommissioning activities are required by the NRC to be completed within 60 years following cessation of plant operations.

Decommissioning provisions mainly comprise decontamination, dismantlement, disposal and site restoration activities. These activities encompass costs such as internal and external personnel expenses, materials and equipment, energy, insurance, property taxes, temporary on-site storage of spent nuclear fuel, transportation, and waste disposal.

Estimated decommissioning costs are calculated individually for each site based on technical studies that are regularly updated.

29.3.3 Funding of nuclear obligations

NRC approved funding options provide for the establishment of external investment trust funds reserved for each unit, to cover its decommissioning obligations. These trust funds are currently invested in debt and equity instruments. They are treated as available-for-sale assets, and carried at fair value.

CENG's Investment Committee determines the general investment strategy, including the allocation of investments among asset types. CENG periodically undertakes a comprehensive asset-liability management study to adjust and optimise the asset allocation, given strategic objectives, liability duration, long-term capital market conditions, and the magnitude of such projected obligations. None of the funds are permitted to be invested directly in companies that own nuclear power plants.

The NRC sets minimum funding assurance guidelines to provide for radiological decommissioning activities and requires all plant owners to submit a report biennially in odd-numbered years that demonstrates adequate funding assurance for each unit. If a shortfall is observed, the NRC may require additional financial assurance measures in the form of cash, letters of credit or parent company guarantees. The financial assurance report that CENG submitted in March 2013 did not indicate any shortfall, and no additional funding assurance was required by the NRC. It is expected that CENG's next financial assurance report will be an off-cycle report to be submitted no later than March 2014 in connection with the expected transfer of the operating licenses from CENG to Exelon under the agreements signed in July 2013 by the Group and Exelon (see note 3.6).

29.4 Other subsidiaries' nuclear provisions

Other subsidiaries' provisions for the back-end of the nuclear cycle and decommissioning mostly concern nuclear plants in Belgium.

↗ Note 30 Provisions for decommissioning of non-nuclear facilities

The breakdown by company is as follows:

(in millions of Euros)	EDF	EDF Energy	Edison	Other entities	Total
PROVISIONS FOR DECOMMISSIONING OF NON-NUCLEAR FACILITIES AT 31/12/2013	**572**	**66**	**489**	**117**	**1,244**
Provisions for decommissioning of non-nuclear facilities at 31/12/2012	522	71	416	126	1,135

Provisions for decommissioning of non-nuclear facilities principally concern fossil-fired power plants and hydropower plants.

The costs of decommissioning fossil-fired power plants are calculated using 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 31 December 2013 reflects the most recent known contractor quotes and commissioning of new generation assets.

↗ Note 31 Provisions for employee benefits

31.1 EDF Group

(in millions of Euros)	**31/12/2013**	31/12/2012
Provisions for employee benefits – current portion	950	900
Provisions for employee benefits – non-current portion	18,542	19,119
PROVISIONS FOR EMPLOYEE BENEFITS	**19,492**	**20,019**

31.1.1 Breakdown of the change in the provision

(in millions of Euros)	Obligations	Fund assets	Provision in the balance sheet
Balance at 31/12/2012	34,427	(14,408)	20,019
Net expense for 2013	1,854	(565)	1,289
Actuarial gains and losses	(14)	(91)	(105)
Employer's contributions to funds	-	(735)	(735)
Employees' contributions to funds	4	(4)	-
Benefits paid	(1,404)	522	(882)
Translation adjustment	(135)	117	(18)
Changes in scope of consolidation	(220)	138	(82)
Other movements	8	(2)	6
BALANCE AT 31/12/2013	**34,520**	**(15,028)**	**19,492**

31.1.2 Post-employment and long-term employee benefit expenses

(in millions of Euros)	**2013**	2012
Current service cost	(965)	(743)
Past service cost	478	(23)
Actuarial gains and losses – long-term benefits	(112)	(271)
Net expenses recorded as operating expenses	**(599)**	**(1,037)**
Interest expense (discount effect)	(1,255)	(1,368)
Return on fund assets	565	639
Net interest expense included in financial result	**(690)**	**(729)**
EMPLOYEE BENEFIT EXPENSES RECORDED IN THE INCOME STATEMENT	**(1,289)**	**(1,766)**
Actuarial gains and losses – post-employment benefits	14	(5,462)
Actuarial gains and losses on fund assets	91	862
Actuarial gains and losses	**105**	**(4,600)**
Translation adjustments	**18**	**(32)**
GAINS AND LOSSES ON EMPLOYEE BENEFITS RECORDED DIRECTLY IN EQUITY	**123**	**(4,632)**

The past service cost for 2013 includes income of €472 million resulting from the positive effect of the pension reform in France (see note 4 .1).

31.1.3 Provisions for employee benefits by operating segment

(in millions of Euros)	France	United Kingdom	Italy	Other international	Other activities	Total
Obligations at 31/12/2012	27,264	6,166	50	529	418	34,427
Net expense for 2013	1,324	467	6	41	16	1,854
Actuarial gains and losses	(358)	371	1	(32)	4	(14)
Employees' contributions to funds	-	4	-	-	-	4
Benefits paid	(1,161)	(194)	(5)	(33)	(11)	(1,404)
Translation adjustment	-	(118)	-	(13)	(4)	(135)
Changes in scope of consolidation	-	-	-	(3)	(217)	(220)
Other movements	-	7	-	3	(2)	8
OBLIGATIONS AT 31/12/2013	**27,069**	**6,703**	**52**	**492**	**204**	**34,520**
Fair value of fund assets	(8,458)	(6,313)	-	(227)	(30)	(15,028)
PROVISIONS FOR EMPLOYEE BENEFITS AT 31/12/2013	**18,611**	**390**	**52**	**265**	**174**	**19,492**

(in millions of Euros)	France	United Kingdom	Italy	Other international	Other activities	Total
Obligations at 31/12/2012	27,264	6,166	50	529	418	34,427
Fair value of fund assets	(8,280)	(5,755)	-	(207)	(166)	(14,408)
PROVISIONS FOR EMPLOYEE BENEFITS AT 31/12/2012	**18,984**	**411**	**50**	**322**	**252**	**20,019**

31.2 France

The "France" segment mainly comprises EDF SA and ERDF. Almost all of the employees of these companies benefit from IEG status including the special pension system and other IEG benefits, described in note 1.3.22.

31.2.1 Details of changes in the provision

(in millions of Euros)	Obligations	Fund assets	Provision in the balance sheet
Balances at 31/12/2012	27,264	(8,280)	18,984
Net expense for 2013	1,324	(295)	1,029
Actuarial gains and losses	(358)	121	(237)
Employer's contributions to funds	-	(314)	(314)
Employees' contributions to funds	-	-	-
Benefits paid	(1,161)	310	(851)
Other movements	-	-	-
BALANCES AT 31/12/2013	**27,069**	**(8,458)**	**18,611**

31.2.2 Post-employment and long-term employee benefit expenses

(in millions of Euros)	**2013**	2012
Current service cost	(732)	(500)
Past service cost	472	(22)
Actuarial gains and losses – long-term benefits	(105)	(266)
Net expenses recorded as operating expenses	**(365)**	**(788)**
Interest expense (discount effect)	(959)	(1,045)
Return on fund assets	295	376
Net interest expense included in financial result	**(664)**	**(669)**
EMPLOYEE BENEFIT EXPENSES RECORDED IN THE INCOME STATEMENT	**(1,029)**	**(1,457)**
Actuarial gains and losses – post-employment benefits	358	(5,647)
Actuarial gains and losses on fund assets	(121)	594
Actuarial gains and losses	**237**	**(5,053)**
Translation adjustments	-	-
GAINS AND LOSSES ON EMPLOYEE BENEFITS RECORDED DIRECTLY IN EQUITY	**237**	**(5,053)**

The past service cost for 2013 includes income of €472 million resulting from the positive effect of the pension reform in France (see note 4 .1).

Actuarial gains and losses on post-employment benefits break down as follows:

(in millions of Euros)	**2013**
Experience adjustments	(401)
Changes in demographic assumptions	(38)
Changes in financial assumptions (1)	692
ACTUARIAL GAINS AND LOSSES ON OBLIGATIONS	**253**
Including:	
- actuarial gains and losses on post-employment benefits	358
- actuarial gains and losses on long-term benefits	(105)

(1) Financial assumptions are mainly the discount rate, inflation rate and wage increase rate.

The actuarial gains and losses generated over 2013 amount to €253 million, and mainly relate to the favourable effect of revised financial assumptions (particularly the lower assumptions for inflation rate and wage increase rate).

In 2012, actuarial gains and losses on obligations amounted to €(5,830 million), mainly caused by the unfavourable effect of revised financial assumptions (particularly the lower discount rate).

31.2.3 Provisions for employee benefits by nature

At 31 December 2013:

(in millions of Euros)	Obligations	Fund assets	Provision in the balance sheet
Provisions for post-employment benefits at 31/12/2013	25,756	(8,458)	17,298
Comprising			
Pensions	19,414	(7,810)	11,604
Benefits in kind (electricity/gas)	4,551	-	4,551
Retirement gratuities	853	(635)	218
Other	938	(13)	925
Provisions for other long-term employee benefits at 31/12/2013	1,313	-	1,313
Comprising			
Annuities following work-related accident and illness, and invalidity	1,125	-	1,125
Long service awards	155	-	155
Other	33	-	33
PROVISIONS FOR EMPLOYEE BENEFITS AT 31/12/2013	**27,069**	**(8,458)**	**18,611**

At 31 December 2012:

(in millions of Euros)	Obligations	Fund assets	Provision in the balance sheet
Provisions for post-employment benefits at 31/12/2012	25,976	(8,280)	17,696
Comprising			
Pensions	20,244	(7,668)	12,576
Benefits in kind (electricity/gas)	3,923	-	3,923
Retirement gratuities	861	(598)	263
Other	948	(14)	934
Provisions for other long-term employee benefits at 31/12/2012	1,288	-	1,288
Comprising			
Annuities following work-related accident and illness, and invalidity	1,096	-	1,096
Long service awards	155	-	155
Other	37	-	37
PROVISIONS FOR EMPLOYEE BENEFITS AT 31/12/2012	**27,264**	**(8,280)**	**18,984**

31.2.4 Breakdown of obligations by type of beneficiary

(in millions of Euros)	**31/12/2013**
Current employees	16,530
Retirees	10,539
OBLIGATIONS AT 31/12/2013	**27,069**

31.2.5 Fund assets

For France, these assets amount to €8,458 million at 31 December 2013 (€8,280 million at 31 December 2012) and concern retirement gratuities (with target coverage of 100%) and the specific benefits of the special pension system. They consist of insurance contracts with the following risk profile:

- 70% in a hedging pocket designed to replicate variations in the obligation caused by changes in interest rates, consisting of bonds;
- 30% in a growth asset pocket, consisting of international equities.

These assets break down as follows:

(in millions of Euros)	**31/12/2013**	31/12/2012
FUND ASSETS	**8,458**	**8,280**
Assets funding special pension benefits	*7,810*	*7,668*
(%)		
Listed equity instruments (shares)	31%	29%
Listed debt instruments (bonds)	69%	71%
Assets funding retirement gratuities	*635*	*598*
(%)		
Listed equity instruments (shares)	32%	31%
Listed debt instruments (bonds)	68%	69%
Other fund assets	*13*	*14*

At 31 December 2013, the equities held as part of fund assets are distributed as follows:

- approximately 50% of the total are shares in North American companies;
- approximately 25% of the total are shares in European companies;
- approximately 25% of the total are shares in companies in the Asia-Pacific zone and emerging countries.

This distribution is stable compared to the distribution at 31 December 2012.

At 31 December 2013, the bonds held as part of fund assets are distributed as follows:

- approximately 85% of the total are AAA and AA-rated bonds;
- approximately 15% of the total are bonds with A, BBB and other ratings.

Around 80% of the total bonds are sovereign bonds issued by Euro zone countries, and the balance mainly consists of bonds issued by financial and non-financial firms.

This distribution is stable compared to the distribution at 31 December 2012.

31.2.6 Future cash flows

Cash flows related to future employee benefits are as follows:

(in millions of Euros)	Cash flow in year-end economic conditions	Amount covered by provision (present value)
Less than one year	1,344	1,325
One to five years	5,964	5,350
Five to ten years	6,784	5,199
More than ten years	43,116	15,195
CASH FLOWS RELATED TO EMPLOYEE BENEFITS	**57,208**	**27,069**

At 31 December 2013, the average duration of employee benefit commitments in France was 15.6 years.

31.2.7 Actuarial assumptions

(in %)	**31/12/2013**	31/12/2012
Discount rate / rate of return on assets	3.50%	3.50%
Inflation rate	1.90%	2.00%
Wage increase rate [(1)]	1.70%	2.00%

(1) Excluding inflation.

In France, the discount rate used for employee benefit obligations is determined by applying the yield rate on high-quality non-financial corporate bonds based on their duration to maturities corresponding to the future disbursements resulting from these obligations.

31.2.8 Sensitivity analysis

(in %)	**31/12/2013**
Impact of a 25bp increase or decrease in the discount rate	
■ on the amount of the obligation	- 3.8% / + 4.1%
■ on the net expense for N+1	- 2.2% / + 2.3%
Impact of a 25bp increase or decrease in the wage increase rate	
■ on the amount of the obligation	+ 2.5% / - 2.5%
■ on the net expense for N+1	+ 6.9% / - 6.8%
Impact of a 25bp increase or decrease in the inflation rate	
■ on the amount of the obligation	+ 4.1% / - 3.9%
■ on the net expense for N+1	+ 6.0% / - 5.6%

31.3 United Kingdom

The United Kingdom segment chiefly comprises EDF Energy, whose principal employee benefits are described in note 1.3.22.

31.3.1 Details of the change in the provision

(in millions of Euros)	Obligations	Fund assets	Provision in the balance sheet
Balances at 31/12/2012	**6,166**	**(5,755)**	**411**
Net expense for 2013	467	(261)	206
Actuarial gains and losses	371	(198)	173
Employer's contributions to funds	-	(397)	(397)
Employees' contributions to funds	4	(4)	-
Benefits paid	(194)	194	-
Translation adjustment	(118)	108	(10)
Other movements	7	-	7
BALANCES AT 31/12/2013	**6,703**	**(6,313)**	**390**

31.3.2 Post-employment benefit and long-term employee benefit expenses

(in millions of Euros)	**2013**	2012
Current service cost	(196)	(216)
Past service cost	(2)	(2)
Actuarial gains and losses – long-term benefits	-	-
Net expenses recorded as operating expenses	**(198)**	**(218)**
Interest expense (discount effect)	(269)	(289)
Return on fund assets	261	246
Net interest expense included in financial result	**(8)**	**(43)**
EMPLOYEE BENEFIT EXPENSES RECORDED IN THE INCOME STATEMENT	**(206)**	**(261)**
Actuarial gains and losses – post-employment benefits	(371)	309
Actuarial gains and losses on fund assets	198	253
Actuarial gains and losses	**(173)**	**562**
Translation adjustments	**10**	**(28)**
GAINS AND LOSSES ON EMPLOYEE BENEFITS RECORDED DIRECTLY IN EQUITY	**(163)**	**534**

31.3.3 Breakdown of obligations by type of beneficiary

(in millions of Euros)	**31/12/2013**
Current employees	3,980
Retirees	2,723
OBLIGATIONS AT 31/12/2013	**6,703**

31.3.4 Fund assets

Pension obligations in the United Kingdom are partly covered by external funds with a present value of €6,313 million at 31 December 2013 (€5,755 million at 31 December 2012).

The investment strategy applied in these funds is a liability driven investment strategy. The allocation between growth assets and hedging assets is regularly reviewed by the trustees, at least after every actuarial valuation, to ensure that the funds' overall investment strategy remains coherent in order to achieve the target coverage level required.

These assets break down as follows:

(in millions of Euros)	**31/12/2013**	31/12/2012
BEGG pension fund	5,177	4,770
EEGSG pension fund	732	649
EEPS pension fund	404	336
FUND ASSETS	**6,313**	**5,755**
(%)		
Listed equity instruments (shares)	37%	33%
Listed debt instruments (bonds) and money market instruments	48%	49%
Real estate properties	7%	7%
Other	8%	11%

31.3.5 Future cash flows

Cash flows related to future employee benefits are as follows.

(in millions of Euros)	Cash flow in year-end economic conditions	Amount covered by provision (present value)
Less than one year	206	206
One to five years	1,130	985
Five to ten years	2,061	1,489
More than ten years	16,540	4,023
CASH FLOWS RELATED TO EMPLOYEE BENEFITS	**19,937**	**6,703**

The contribution to funds for 2014 is estimated at approximately €300 million.

The average weighted duration of funds in the United Kingdom is 21.8 years at 31 December 2013.

31.3.6 Actuarial assumptions

(in %)	**31/12/2013**	31/12/2012
Discount rate/rate of return on assets	4.50%	4.50%
Inflation rate	3.50%	3.10%
Wage increase rate	3.50%	3.10%

In the United Kingdom, the discount rate used for employee benefit obligations is determined by applying the yield rate on high-quality non-financial corporate bonds based on their duration to maturities corresponding to the future disbursements resulting from these obligations.

31.3.7 Sensitivity analyses

(in %)	**31/12/2013**
Impact of a 25bp increase or decrease in the discount rate	
■ on the amount of the obligation	- 4.4% / + 4.8%
■ on the net expense for N+1	- 11.8% / + 11.3%
Impact of a 25bp increase or decrease in the wage increase rate	
■ on the amount of the obligation	+ 1.2% / - 1.1%
■ on the net expense for N+1	+ 3.8% / - 3.6%
Impact of a 25bp increase or decrease in the inflation rate	
■ on the amount of the obligation	+ 4.5% / - 4.2%
■ on the net expense for N+1	+ 10.3% / - 10.8%

Note 32 Other provisions

Details of changes in other provisions are as follows:

(in millions of Euros)	31/12/2012	Increases	Decreases: Utilisations	Decreases: Reversals	Changes in scope	Other changes	**31/12/2013**
Provisions for contingencies related to investments	192	51	(2)	-	-	5	246
Provisions for tax liabilities	414	193	(36)	(55)	(10)	1	507
Provisions for litigation [1]	604	163	(170)	(61)	(15)	(1)	520
Provisions for onerous contracts	703	48	(147)	(7)	-	(21)	576
Provisions related to environmental schemes [2]	581	854	(552)	(11)	-	1	873
Other provisions	997	735	(351)	(143)	(46)	(24)	1,168
TOTAL	**3,491**	**2,044**	**(1,258)**	**(277)**	**(71)**	**(39)**	**3,890**

(1) Provisions for litigation include a provision relating to a dispute with social security bodies.
(2) Provisions related to environmental schemes include provisions for greenhouse gas emission rights and renewable energy certificates (see note 50).

Provisions for onerous contracts include the acquisition date fair value of CENG long-term sales contracts (2011-2021), amounting to €432 million at 31 December 2013 (€461 million at 31 December 2012). Reversals from provisions relating to these contracts result from the difference over the year between contractualised income and income valued on the basis of market prices at the acquisition date.

Note 33 Special French public electricity distribution concession liabilities

The changes in special concession liabilities for existing assets and assets to be replaced are as follows:

(in millions of Euros)	**31/12/2013**	31/12/2012
Value in kind of assets	43,050	41,702
Unamortised financing by the operator	(21,013)	(20,182)
Rights in existing assets - net value	22,037	21,520
Amortisation of financing by the grantor	11,006	10,453
Provisions for renewal	10,411	10,578
Rights in assets to be replaced	21,417	21,031
SPECIAL FRENCH PUBLIC ELECTRICITY DISTRIBUTION CONCESSION LIABILITIES	**43,454**	**42,551**

Note 34 Trade payables

(in millions of Euros)	**31/12/2013**	31/12/2012
Trade payables - excluding EDF Trading	10,491	11,027
Trade payables - EDF Trading	3,821	3,616
TRADE PAYABLES	**14,312**	**14,643**

Note 35 Other liabilities

Details of other liabilities are as follows:

(in millions of Euros)	**31/12/2013**	31/12/2012
Advances and progress payments received	6,988	6,491
Liabilities related to property, plant and equipment	3,261	2,699
Tax liabilities	5,402	4,922
Social charges	3,366	3,166
Deferred income on long-term contracts	3,788	4,004
Other deferred income	1,024	996
Other	2,583	2,977
OTHER LIABILITIES	**26,412**	**25,255**
Non-current portion	3,955	4,218
Current portion	22,457	21,037

35.1 Advances and progress payments received

At 31 December 2013 advances and progress payments received include monthly standing order payments by EDF's residential and business customers amounting to €6,129 million (€5,558 million at 31 December 2012). The increase over 2013 is mainly explained by the growing number of customers that opt to pay their bills this way.

35.2 Tax liabilities

At 31 December 2013 tax liabilities mainly include an amount of €984 million for the CSPE income to be collected by EDF on energy supplied but not yet billed (€747 million at 31 December 2012).

35.3 Deferred income on long-term contracts

EDF's deferred income on long-term contracts at 31 December 2013 comprises €2,112 million (€2,183 million at 31 December 2012) of partner advances made to EDF under the nuclear plant financing plans.

Deferred incomes on long-term contracts also include an advance paid to the EDF group in 2010 under the agreement with the Exeltium consortium.

FINANCIAL ASSETS AND LIABILITIES

↗ Note 36 Current and non-current financial assets

36.1 Breakdown between current and non-current financial assets

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

(in millions of Euros)	31/12/2013 Current	31/12/2013 Non-current	31/12/2013 Total	31/12/2012 Current	31/12/2012 Non-current	31/12/2012 Total
Financial assets carried at fair value with changes in fair value included in income	3,031	13	3,044	3,167	12	3,179
Available-for-sale financial assets	12,991	15,520	28,511	11,208	16,045	27,253
Held-to-maturity investments	-	-	-	9	14	23
Positive fair value of hedging derivatives	636	1,047	1,683	825	1,596	2,421
Loans and financial receivables	1,112	13,744	14,856	1,224	12,804	14,028
CURRENT AND NON-CURRENT FINANCIAL ASSETS[1]	**17,770**	**30,324**	**48,094**	**16,433**	**30,471**	**46,904**

(1) Including impairment of €(295) million at 31 December 2013 (€(756) million at 31 December 2012).

36.2 Details of financial assets

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

(in millions of Euros)	31/12/2013	31/12/2012
Derivatives - positive fair value	3,024	3,162
Fair value of derivatives held for trading	7	5
Financial assets carried at fair value under IAS 39 option	13	12
FINANCIAL ASSETS CARRIED AT FAIR VALUE WITH CHANGES IN FAIR VALUE INCLUDED IN INCOME	**3,044**	**3,179**

Financial assets carried at fair value with changes in fair value included in income mainly concern EDF Trading.

36.2.2 Available-for-sale financial assets

(in millions of Euros)	31/12/2013 Equities [1]	31/12/2013 Debt securities	31/12/2013 Total	31/12/2012 Equities [1]	31/12/2012 Debt securities	31/12/2012 Total
EDF dedicated assets	8,170	5,941	14,111	7,328	7,890	15,218
Liquid assets	3,165	9,383	12,548	3,715	6,574	10,289
Other securities	1,768	84	1,852	1,676	70	1,746
AVAILABLE-FOR-SALE FINANCIAL ASSETS	**13,103**	**15,408**	**28,511**	**12,719**	**14,534**	**27,253**

(1) Equities or investment funds.

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

(in millions of Euros)	**2013** Gross changes in fair value recorded in equity [(1)]	**2013** Gross changes in fair value transferred to income [(2)]	2012 Gross changes in fair value recorded in equity [(1)]	2012 Gross changes in fair value transferred to income [(2)]
EDF dedicated assets	1,197	579	1,237	236
Liquid assets	30	31	48	28
Other securities	(123)	(266)	(76)	8
AVAILABLE-FOR-SALE FINANCIAL ASSETS	**1,104**	**344**	**1,209**	**272**

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

Gross changes in fair value included in equity in 2013 (EDF's share) principally concern EDF (€1,000 million, including €1,197 million for dedicated assets).

No significant impairment was recorded in 2013.

Gross changes in fair value in 2012 principally concern EDF (€1,247 million, including €1,237 million for dedicated assets).

36.2.2.1 Dedicated assets

Diversified bond investments and equities included in EDF's dedicated assets are recorded as "available-for-sale financial assets". The general management policy for dedicated assets is presented in note 48.

On 30 July 2013, the Consortium made up of SNAM, the Italian gas transport and storage operator (45%), GIC, the Singaporean sovereign fund (35%) and EDF (20%) signed a final agreement with the Total group for acquisition of TIGF (*Transport et Infrastructures Gaz France*), Total's gas transport and storage subsidiary. EDF's 20% investment is financed by its "EDF Invest" dedicated asset fund through the holding company C31. The Group's investment in C31, at the date of acquisition of TIGF and finalisation of its financing structure, is €265 million.

36.2.2.2 Liquid assets

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

EDF's monetary investment funds, included in liquid assets, amount to €2,809 million at 31 December 2013 (€3,249 million at 31 December 2012).

36.2.2.3 Other securities

At 31 December 2013, other securities mainly include:

- at CENG, €697 million of available-for-sale financial assets related to nuclear decommissioning trust funds (reserved for financing of nuclear plant decommissioning);
- at EDF, shares in AREVA (€163 million) and Trimet France (€130 million).

In 2013 the Group sold all its shares in Veolia Environnement for €262 million. A €74 million pre-tax gain on sale was recorded in the financial result.

EDF also acquired a minority shareholding in Trimet France for the amount of €130 million on 16 December 2013.

36.3 Financial assets recorded at amortised cost

(in millions of Euros)	**31/12/2013**	31/12/2012
Held-to-maturity investments	-	23
Loans and financial receivables - amounts receivable from the NLF	7,958	6,920
Loans and financial receivables - CSPE	5,051	4,879
Loans and financial receivables - other	1,847	2,229
FINANCIAL ASSETS RECORDED AT AMORTISED COST	**14,856**	**14,051**

Loans and financial receivables include:

- amounts representing reimbursements receivable from the NLF and the British government for coverage of long-term nuclear obligations, totalling €7,958 million at 31 December 2013 (€6,920 million at 31 December 2012), discounted at the same rate as the provisions they finance;
- the receivable corresponding to the CSPE shortfall at 31 December 2012 and the costs for EDF of bearing this shortfall, amounting to €5,051 million at 31 December 2013. The change since 31 December 2012 mainly reflects the €91 million adjustment of the benchmark shortfall after the CRE officialised its final position in October 2013, and the costs of bearing the CSPE deficit recorded in 2013, amounting to €83 million.

Other loans and financial receivables include EDF's loans to RTE, amounting to €670 million at 31 December 2013 (€1,174 million at 31 December 2012).

36.4 Change in financial assets other than derivatives

The variation in financial assets is as follows:

36.4.1 At 31 December 2013

(in millions of Euros)	**31/12/2012**	Net Increases	Changes in fair value	Changes in scope	Other	**31/12/2013**
Available-for-sale financial assets	**27,253**	60	1,143	(15)	70	**28,511**
Held-to-maturity investments	**23**	(5)	-	(17)	(1)	**-**
Loans and financial receivables	**14,028**	(391)	-	89	1,130	**14,856**

Other changes in loans and financial receivables reflect the change in the receivable representing reimbursements due from the NLF and the British government for coverage of long-term nuclear obligations, totalling €1,038 million.

36.4.2 At 31 December 2012

(in millions of Euros)	**31/12/2011**	Net Increases	Changes in fair value	Changes in scope	Other	**31/12/2012**
Available-for-sale financial assets	**24,328**	1,887	937	114	(13)	**27,253**
Held-to-maturity investments	**19**	10	-	(6)	-	**23**
Loans and financial receivables	**9,623**	330	-	60	4,015	**14,028**

Other changes in loans and financial receivables reflect the transfer of the receivable corresponding to the CSPE shortfall (€4,250 million), and the change in the receivable representing reimbursements due from the NLF and the British government for coverage of long-term nuclear obligations, totalling €(289) million.

↗ Note 37 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)	**31/12/2013**	31/12/2012
Cash	2,742	3,090
Cash equivalents [1]	2,496	2,584
Financial current accounts	221	200
CASH AND CASH EQUIVALENTS	**5,459**	**5,874**

(1) Items stated at fair value amount to €2,481 million at 31 December 2013 (€2,507 million at 31 December 2012).

Note 38 Current and non-current financial liabilities

38.1 Breakdown between current and non-current financial liabilities

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

(in millions of Euros)	**31/12/2013** Non-current	Current	**Total**	31/12/2012 Non-current	Current	**Total**
Loans and other financial liabilities	42,025	11,288	**53,313**	45,891	14,041	**59,932**
Negative fair value of derivatives held for trading	-	2,583	**2,583**	-	2,290	**2,290**
Negative fair value of hedging derivatives	852	1,041	**1,893**	1,089	1,190	**2,279**
FINANCIAL LIABILITIES	**42,877**	**14,912**	**57,789**	**46,980**	**17,521**	**64,501**

38.2 Loans and other financial liabilities

38.2.1 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 31/12/2011	**37,524**	**5,481**	**5,567**	**371**	**1,091**	**50,034**
Increases	6,000	1,984	4,400	-	256	12,640
Decreases	(802)	(3,944)	(382)	(17)	(18)	(5,163)
Translation adjustments	126	(5)	(19)	-	-	102
Changes in scope of consolidation	894	1,444	(25)	43	(5)	2,351
Other changes	127	(52)	(153)	30	16	(32)
Balances at 31/12/2012	**43,869**	**4,908**	**9,388**	**427**	**1,340**	**59,932**
Increases	2,089	2,330	1,351	-	84	5,854
Decreases	(3,712)	(2,188)	(3,134)	(26)	(95)	(9,155)
Translation adjustments	(302)	(59)	(79)	-	(4)	(444)
Changes in scope of consolidation	(103)	(212)	(1,406)	27	(17)	(1,711)
Other changes	(955)	56	(238)	15	(41)	(1,163)
BALANCES AT 31/12/2013	**40,886**	**4,835**	**5,882**	**443**	**1,267**	**53,313**

Changes in the scope of consolidation in 2013 mainly relate to the reclassification of the loans and financial debts of Dalkia International as "Liabilities related to assets held for sale".

Other changes in loans and other financial liabilities reflect changes in fair value amounting to €(1,186) million at 31 December 2013 (€86 million at 31 December 2012).

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

(in millions of Euros)	**31/12/2013**	31/12/2012
EDF and other affiliated subsidiaries [1]	36,825	42,384
EDF Energy [2]	6,665	6,786
EDF Énergies Nouvelles	4,108	3,700
Edison [3]	2,911	3,474
Other	2,804	3,588
LOANS AND OTHER FINANCIAL LIABILITIES	**53,313**	**59,932**

(1) ERDF, PEI, EDF International, EDF Investissements Groupe
(2) Including holding companies
(3) Edison excluding TdE

At 31 December 2013, none of these entities was in default on any borrowing.

On 27 November 2013, EDF received the funds from its first "Green Bond" issue totalling €1.4 billion, maturing in April 2021 at 2.25% annual coupon.

The Group's principal borrowings at 31 December 2013 are as follows:

Type of borrowing *(in millions of currencies)*	Entity	Issue [1]	Maturity	Issue amount	Currency	Rate
Bond	EDF	01/2009	01/2014	1,250	USD	5.50%
Euro MTN	EDF	07/2009	07/2014	3,269	EUR	4.50%
Euro MTN	EDF	01/2009	01/2015	2,000	EUR	5.10%
Euro MTN	EDF	10/2001	10/2016	1,100	EUR	5.50%
Euro MTN	EDF	02/2008	02/2018	1,500	EUR	5.00%
Bond	EDF	01/2009	01/2019	2,000	USD	6.50%
Bond	EDF	01/2010	01/2020	1,400	USD	4.60%
Euro MTN	EDF	05/2008	05/2020	1,200	EUR	5.40%
Euro MTN	EDF	01/2009	01/2021	2,000	EUR	6.30%
Euro MTN (Green Bond)	EDF	11/2013	04/2021	1,400	EUR	2.25%
Euro MTN	EDF	01/2012	01/2022	2,000	EUR	3.88%
Euro MTN	EDF	09/2012	03/2023	2,000	EUR	2.75%
Euro MTN	EDF	09/2009	09/2024	2,500	EUR	4.60%
Euro MTN	EDF	11/2010	11/2025	750	EUR	4.00%
Euro MTN	EDF	03/2012	03/2027	1,000	EUR	4.13%
Euro MTN	EDF	04/2010	04/2030	1,500	EUR	4.60%
Euro MTN	EDF	07/2001	07/2031	650	GBP	5.88%
Euro MTN	EDF	02/2003	02/2033	850	EUR	5.60%
Euro MTN	EDF	06/2009	06/2034	1,500	GBP	6.10%
Bond	EDF	01/2009	01/2039	1,750	USD	7.00%
Euro MTN	EDF	11/2010	11/2040	750	EUR	4.50%
Euro MTN	EDF	10/2011	10/2041	1,250	GBP	5.50%
Euro MTN	EDF	09/2010	09/2050	1,000	GBP	5.10%

(1) Date funds were received.

38.2.2 Maturity of loans and other financial liabilities

At 31 December 2013:

(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	5,770	1,321	2,997	39	1,161	**11,288**
From one to five years	6,063	1,549	2,054	141	14	**9,821**
More than five years	29,053	1,965	831	263	92	**32,204**
LOANS AND OTHER FINANCIAL LIABILITIES AT 31/12/2013	**40,886**	**4,835**	**5,882**	**443**	**1,267**	**53,313**

At 31 December 2012:

(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	3,848	1,940	6,998	37	1,218	**14,041**
From one to five years	10,590	791	1,627	126	61	**13,195**
More than five years	29,431	2,177	763	264	61	**32,696**
LOANS AND OTHER FINANCIAL LIABILITIES AT 31/12/2012	**43,869**	**4,908**	**9,388**	**427**	**1,340**	**59,932**

38.2.3 Breakdown of loans and other financial liabilities by currency

	31/12/2013			31/12/2012		
(in millions of Euros)	Initial debt structure	Impact of hedging instruments (1)	Debt structure after hedging	Initial debt structure	Impact of hedging instruments (1)	Debt structure after hedging
Euro (EUR)	33,035	(472)	32,563	35,709	1,485	37,194
American dollar (USD)	10,258	(4,786)	5,472	11,621	(6,240)	5,381
Pound sterling (GBP)	7,959	5,116	13,075	7,927	5,773	13,700
Other	2,061	142	2,203	4,675	(1,018)	3,657
LOANS AND OTHER FINANCIAL LIABILITIES	**53,313**	**-**	**53,313**	**59,932**	**-**	**59,932**

(1) Hedges of liabilities and net assets of foreign subsidiaries

38.2.4 Breakdown of loans and other financial liabilities by type of interest rate

	31/12/2013			31/12/2012		
(in millions of Euros)	Initial debt structure	Impact of derivatives	Final debt structure	Initial debt structure	Impact of derivatives	Final debt structure
Fixed rates	47,826	(7,375)	40,451	52,306	(4,844)	47,462
Floating rates	5,487	7,375	12,862	7,626	4,844	12,470
LOANS AND OTHER FINANCIAL LIABILITIES	**53,313**	**-**	**53,313**	**59,932**	**-**	**59,932**

The breakdown of loans and financial liabilities by interest rate includes the impact of all derivatives classified as hedges in accordance with IAS 39.

38.2.5 Credit lines

At 31 December 2013, the Group has unused credit lines with various banks totalling €10,390 million (€8,598 million at 31 December 2012).

	31/12/2013				31/12/2012
	Total	Maturity			Total
(in millions of Euros)		< 1 year	1 - 5 years	> 5 years	
CONFIRMED CREDIT LINES	**10,390**	**306**	**10,084**	**-**	**8,598**

The increase in credit lines observed in 2013 mainly relates to EDF.

On 16 December 2013, EDF and a group of 23 European and international banks signed an amendment to the €4 billion syndicated credit contract of 22 November 2010, enabling the Group to extend the maturity of this credit to November 2018 (with two options for further extensions, each for one year) and improve the financial terms.

38.2.6 Early repayment clauses

Project financing loans to EDF Énergies Nouvelles from non-Group parties generally include early repayment clauses, mainly applicable when the borrower fails to maintain a minimum Debt Service Coverage Ratio (DSCR). In general, early repayment clauses are activated when this ratio falls below 1.

No early repayment took place in 2013 as a result of any Group entity's failure to comply with contractual clauses concerning loans.

38.3 Net indebtedness

Net indebtedness is not defined in the accounting standards and is not directly presented in the consolidated balance sheet. It comprises total loans and financial liabilities, less cash and cash equivalents and 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.

Net indebtedness includes loans by the Group to RTE, which has been accounted for under the equity method since 31 December 2010, and loans to joint ventures for which contra entries are recognised in loans and other financial liabilities.

(in millions of Euros)	Notes	31/12/2013	31/12/2012
Loans and other financial liabilities	38.2.1	53,313	59,932
Derivatives used to hedge liabilities		176	(797)
Cash and cash equivalents	37	(5,459)	(5,874)
Available-for-sale financial assets - Liquid assets	36.2.2	(12,548)	(10,289)
Loan to RTE and joint ventures [1]		(1,005)	(1,397)
Net indebtedness of assets held for sale [2]		985	-
NET INDEBTEDNESS		**35,462**	**41,575**

(1) Including €670 million of loans to RTE and €150 million of loans to Dalkia International at 31 December 2013.
(2) Corresponding to the net indebtedness of Dalkia International in the consolidated financial statements at 31 December 2013.

The decrease in the net indebtedness over 2013 is largely explained by the effects of the perpetual subordinated bond issue amounting to €6.1 billion (see note 3.1) and allocation of the CSPE receivable to dedicated assets, which enabled the Group to transfer assets from the dedicated asset portfolio to liquid assets in the amount of €2.4 billion (see note 3.4).

↗ Note 39 Other information on financial assets and liabilities

39.1 Fair value of financial instruments

The following tables show the breakdown of financial assets and liabilities in the balance sheet, by level.

39.1.1 At 31 December 2013

(in millions of Euros)	**Balance sheet value**	Fair value	Level 1 Unadjusted quoted prices	Level 2 Observable data	Level 3 Non-observable data
Financial assets carried at fair value with changes in fair value included in income [(1)]	**3,044**	3,044	26	2,846	172
Available-for-sale financial assets	**28,511**	28,511	1,907	25,592	1,012
Positive fair value of hedging derivatives	**1,683**	1,683	-	1,683	-
Cash equivalents carried at fair value	**2,481**	2,481	-	2,481	-
FINANCIAL ASSETS CARRIED AT FAIR VALUE IN THE BALANCE SHEET	**35,719**	**35,719**	**1,933**	**32,602**	**1,184**
Held-to-maturity investments	**-**	-	-	-	-
Loans and financial receivable – Assets receivable from the NLF	**7,958**	7,958	-	7,958	-
Loans and financial receivable – CSPE	**5,051**	5,051	-	5,051	-
Other loans and financial receivable	**1,847**	1,959	-	1,959	-
FINANCIAL ASSETS RECORDED AT AMORTISED COST	**14,856**	**14,968**	**-**	**14,968**	**-**
Negative fair value of hedging derivatives	**1,893**	1,893	6	1,887	-
Negative fair value of trading derivatives	**2,583**	2,583	21	2,402	160
FINANCIAL LIABILITIES CARRIED AT FAIR VALUE IN THE BALANCE SHEET	**4,476**	**4,476**	**27**	**4,289**	**160**
Loans and other financial liabilities	**53,313**	58,303	-	58,303	-
FINANCIAL LIABILITIES RECORDED AT AMORTISED COST	**53,313**	**58,303**	**-**	**58,303**	**-**

(1) Including €3,024 million for the positive fair value of trading derivatives.

Level 3 available-for-sale financial assets are principally non-consolidated investments carried at historical value.

Cash equivalents, which principally take the form of negotiable debt instruments and short-term investments, are generally valued using rate curves, and therefore observable market data.

39.1.2 At 31 December 2012

(in millions of Euros)	Balance sheet value	Fair value	Level 1 Unadjusted quoted prices	Level 2 Observable data	Level 3 Non-observable data
Financial assets carried at fair value with changes in fair value included in income [1]	3,179	3,179	16	2,942	221
Available-for-sale financial assets	27,253	27,253	4,363	22,275	615
Positive fair value of hedging derivatives	2,421	2,421	-	2,421	-
Cash equivalents carried at fair value	2,507	2,507	-	2,507	-
FINANCIAL ASSETS CARRIED AT FAIR VALUE IN THE BALANCE SHEET	**35,360**	**35,360**	**4,379**	**30,145**	**836**
Held-to-maturity investments	23	23	-	23	-
Loans and financial receivable – Assets receivable from the NLF	6,920	6,920	-	6,920	-
Loans and financial receivable – CSPE	4,879	4,879	-	4,879	-
Other loans and financial receivable	2,229	2,368	-	2,368	-
FINANCIAL ASSETS RECORDED AT AMORTISED COST	**14,051**	**14,190**	**-**	**14,190**	**-**
Negative fair value of hedging derivatives	2,279	2,279	9	2,269	1
Negative fair value of trading derivatives	2,290	2,290	11	2,093	186
FINANCIAL LIABILITIES CARRIED AT FAIR VALUE IN THE BALANCE SHEET	**4,569**	**4,569**	**20**	**4,362**	**187**
Loans and other financial liabilities	59,932	66,251	-	66,251	-
FINANCIAL LIABILITIES RECORDED AT AMORTISED COST	**59,932**	**66,251**	**-**	**66,251**	

(1) Including €3,162 million for the positive fair value of trading derivatives.

39.2 Offsetting of financial assets and liabilities

39.2.1 At 31 December 2013

(in millions of Euros)	**As reported in balance sheet**	**Balance without offsetting**	Balance with offsetting under IAS 32			Amounts covered by a general offsetting agreement but not offset under IAS 32		
			Gross amount recognised (before offsetting)	Gross amount set off under IAS 32	**Net amount recognised after offsetting under IAS 32**	Financial instruments	Fair value of financial collateral	**Net amount**
Fair value of derivatives – assets	**4,707**	**1,125**	6,469	(2,887)	**3,582**	(998)	(332)	**2,252**
Fair value of derivatives – liabilities	**(4,476)**	**(1,266)**	(6,097)	2,887	**(3,210)**	998	36	**(2,176)**

39.2.2 At 31 December 2012

(in millions of Euros)	**As reported in balance sheet**	**Balance without offsetting**	Balance with offsetting under IAS 32 Gross amount recognised (before offsetting)	Gross amount set off under IAS 32	**Net amount recognised after offsetting under IAS 32**	Amounts covered by a general offsetting agreement but not offset under IAS 32 Financial instruments	Fair value of financial collateral	**Net amount**
Fair value of derivatives – assets	**5,583**	**456**	11,729	(6,602)	**5,127**	(1,226)	(576)	**3,325**
Fair value of derivatives – liabilities	**(4,569)**	**(765)**	(10,406)	6,602	**(3,804)**	1,226	100	**(2,478)**

Note 40 Management of financial risks

As an operator in the energy sector worldwide, the EDF group is exposed to financial market risks, energy market risks and counterparty risks. All these risks could generate volatility in the financial statements.

Financial market risks

The main financial market risks to which the Group is exposed are the liquidity risk, the foreign exchange risk, the interest rate risk and the equity risk.

The objective of the Group's liquidity risk management is to seek resources at optimum cost and ensure their constant accessibility.

The foreign exchange risk relates to the diversification of the Group's businesses and geographical locations, and results from exposure to the risk of exchange rate fluctuations. These fluctuations can affect the Group's translation differences, balance sheet items, financial expenses, equity and net income.

The interest rate risk results from exposure to the risk of rate fluctuations in interest rates that can affect the value of assets invested by the Group, the value of the liabilities covered by provision, or its financial expenses.

The Group is exposed to equity risks, particularly through its dedicated asset portfolio held for secure financing of long-term nuclear commitments, through external pension funds, and to a lesser extent through its cash assets and directly-held investments.

A more detailed description of these risks can be found in chapter 9.5.1 of the operating and financial review.

Energy market risks

With the opening of the end customer market, development of the wholesale markets and international business expansion, the EDF group is exposed to price variations on the energy market which can have a significant impact on its financial statements.

A more detailed description of these risks can be found in chapter 9.5.2 of the operating and financial review.

Counterparty risks

Counterparty risk is defined as the total loss that the EDF group would sustain on its business and market transactions if a counterparty defaulted and failed to perform its contractual obligations.

A more detailed description of these risks can be found in sections 9.5.1.7 of the operating and financial review.

Regarding the risk of customer default, which is another component of the counterparty risk, a statement of receivables not yet due and overdue is shown in note 25.

The sensitivity analyses required by IFRS 7 are presented in the operating and financial review:

- Foreign exchange risks: section 9.5.1.3;
- Interest rate risks on financing issued and financial assets: section 9.5.1.4;
- Equity risk on financial assets: sections 9.5.1.5 and 9.5.1.6.

The principal information on financial assets and liabilities is described by theme in the following notes and sections:

- Liquidity risks:
  - maturity of loans and other financial liabilities: note 38.2.2 to the consolidated financial statements,
  - credit lines: note 38.2.5 to the consolidated financial statements,
  - early repayment clauses for borrowings: note 38.2.6 to the consolidated financial statements,
  - off-balance sheet commitments: note 44 to the consolidated financial statements;
- Foreign exchange risks:
  - breakdown of loans by currency and interest rate: notes 38.2.3 and 38.2.4 to the consolidated financial statements;
- Equity risks (in the operating and financial review – sections 9.5.1.5 and 9.5.1.6):
  - coverage of nuclear obligations: note 48 and 29.1.5 to the consolidated financial statements,
  - coverage of social obligations: note 31.2.5 and 31.3.4 to the consolidated financial statements,
  - long-term cash management,
  - direct investments;

- Interest rate risks:
  - discount rate for nuclear provisions: calculation method and sensitivity: note 29.1.5.1 to the consolidated financial statements,
  - discount rate used for employee benefits: notes 31.2.7 and 31.3.6 to the consolidated financial statements,
  - breakdown of loans by currency and interest rate: notes 38.2.3 and 38.2.4 to the consolidated financial statements;
- Balance sheet treatment of financial and market risks:
  - derivatives and hedge accounting: note 41 to the consolidated financial statements, and the statement of changes in equity,
  - derivatives not classified as hedges: note 42 to the consolidated financial statements.

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	**31/12/2013**	31/12/2012
Positive fair value of hedging derivatives	36.1	1,683	2,421
Negative fair value of hedging derivatives	38.1	(1,893)	(2,279)
FAIR VALUE OF HEDGING DERIVATIVES		**(210)**	**142**
Interest rate hedging derivatives	41.4.1	364	675
Exchange rate hedges	41.4.2	(490)	(80)
Commodity-related cash flow hedges	41.4.3	(124)	(431)
Commodity-related fair value hedges	41.5	40	(22)

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.

In 2013, the ineffective portion of fair value hedges represents a loss of €(3) million (gain of €41 million in 2012), 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.

In 2013, the ineffective portion of cash flow hedges represents a gain of €1 million (loss of €(1) million in 2012).

41.3 Hedges of net investments in foreign entities

Hedging of net foreign investment 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 during the period in the fair value of hedging instruments included in equity (EDF share) are detailed below:

(in millions of Euros)	2013 Gross changes in fair value recorded in equity (1)	2013 Gross changes in fair value transferred to income – Recycling (2)	2013 Gross changes in fair value transferred to income – Ineffectiveness	2012 Gross changes in fair value recorded in equity (1)	2012 Gross changes in fair value transferred to income – Recycling(2)	2012 Gross changes in fair value transferred to income – Ineffectiveness
Interest rate hedging	121	-	-	(42)	4	-
Exchange rate hedging	(502)	(462)	1	(608)	(264)	7
Net foreign investment hedging	551	(5)	5	(420)	-	-
Commodity hedging	(468)	(692)	-	(538)	(566)	-
HEDGING DERIVATIVES	**(298)**	**(1,159)**	**6**	**(1,608)**	**(826)**	**7**

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

41.4.1 Interest rate hedging derivatives

Interest rate hedging derivatives break down as follows:

(in millions of Euros)	Notional at 31/12/2013 < 1 year	Notional at 31/12/2013 1 to 5 years	Notional at 31/12/2013 > 5 years	Notional at 31/12/2013 Total	Notional at 31/12/2012 Total	Fair value 31/12/2013	Fair value 31/12/2012
Purchases of CAP contracts	20	-	-	20	70	-	-
Purchases of options	25	-	-	25	70	-	(1)
Interest rate transactions	**45**	**-**	**-**	**45**	**140**	**-**	**(1)**
Fixed rate payer / floating rate receiver	375	1,237	1,108	2,720	2,963	(194)	(342)
Floating rate payer / fixed rate receiver	833	922	7,972	9,727	8,017	566	1,172
Variable / variable	68	1,300	1,028	2,396	1,487	(2)	-
Fixed / Fixed	2,292	1,150	4,472	7,914	9,157	(6)	(154)
Interest rate swaps	**3,568**	**4,609**	**14,580**	**22,757**	**21,624**	**364**	**676**
INTEREST RATE HEDGING DERIVATIVES	**3,613**	**4,609**	**14,580**	**22,802**	**21,764**	**364**	**675**

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 31 December 2013

(in millions of Euros)	Notional amount to be received at 31/12/2013 < 1 years	1 to 5 years	> 5 years	Total	Notional amount to be given at 31/12/2013 < 1 year	1 to 5 years	> 5 years	Total	Fair value 31/12/2013
Forward exchange transactions	2,966	769	-	**3,735**	3,002	784	-	**3,786**	(45)
Swaps	13,687	5,441	5,604	**24,732**	13,961	5,352	5,884	**25,197**	(445)
EXCHANGE RATE HEDGING DERIVATIVES	**16,653**	**6,210**	**5,604**	**28,467**	**16,963**	**6,136**	**5,884**	**28,983**	**(490)**

At 31 December 2012

(in millions of Euros)	Notional amount to be received at 31/12/2012				Notional amount to be given at 31/12/2012				Fair value
	< 1 year	1 to 5 years	> 5 years	**Total**	< 1 year	1 to 5 years	> 5 years	**Total**	31/12/2012
Forward exchange transactions	3,415	1,341	-	**4,756**	3,428	1,356	-	**4,784**	**(22)**
Swaps	14,617	5,875	4,690	**25,182**	14,603	5,694	4,956	**25,253**	**(58)**
EXCHANGE RATE HEDGING DERIVATIVES	**18,032**	**7,216**	**4,690**	**29,938**	**18,031**	**7,050**	**4,956**	**30,037**	**(80)**

The notional value of cross-currency swaps shown in this note is also included in the note on interest rate hedging derivatives (note 41.4.1).

41.4.3 Commodity-related cash flow hedges

For commodities, changes in fair value are mainly explained by:

(in millions of Euros)	**31/12/2013**	31/12/2012
Electricity hedging contracts	(178)	(142)
Gas hedging contracts	(27)	(73)
Coal hedging contracts	(395)	(371)
Oil product hedging contracts	93	104
CO_2 emission rights hedging contracts	39	(56)
CHANGES IN FAIR VALUE BEFORE TAXES	**(468)**	**(538)**

The main components of the amount transferred to income in respect of commodity hedges terminated during the year are:

(in millions of Euros)	**31/12/2013**	31/12/2012
Electricity hedging contracts	(177)	(296)
Gas hedging contracts	(79)	12
Coal hedging contracts	(420)	(280)
Oil product hedging contracts	24	35
CO_2 emission rights hedging contracts	(40)	(37)
CHANGES IN FAIR VALUE BEFORE TAXES	**(692)**	**(566)**

Details of commodity-related cash flow hedges are as follows:

		31/12/2013					31/12/2012	
(in millions of Euros)	Units of measure	Net notional				Fair value	Net notional	Fair value
		< 1 year	1 to 5 years	> 5 years	Total		Total	
Forwards/futures		1	(12)	-	(11)	(16)	-	(5)
Electricity	**TWh**	**1**	**(12)**	**-**	**(11)**	**(16)**	**-**	**(5)**
Swaps		(354)	15	-	(339)	6	(288)	1
Forwards/futures		1,042	1,211	-	2,253	4	1,967	(39)
Gas	**Millions of therms**	**688**	**1,226**	**-**	**1,914**	**10**	**1,679**	**(38)**
Swaps		25,574	14,269	-	39,843	123	27,708	45
Oil products	**Thousands of barrels**	**25,574**	**14,269**	**-**	**39,843**	**123**	**27,708**	**45**
Swaps		8	3	-	11	(179)	14	(168)
Coal	**Millions of tonnes**	**8**	**3**	**-**	**11**	**(179)**	**14**	**(168)**
Forwards/futures		23,824	14,748	-	38,572	(62)	36,721	(265)
CO_2	**Thousands of tonnes**	**23,824**	**14,748**	**-**	**38,572**	**(62)**	**36,721**	**(265)**
COMMODITY-RELATED CASH FLOW HEDGES						**(124)**		**(431)**

41.5 Commodity-related fair value hedges

Details of commodity-related fair value hedges are as follows:

		31/12/2013		31/12/2012	
(in millions of Euros)	Units of measure	Net notional	Fair value	Net notional	Fair value
Gas (swaps)	Millions of therms	2	-	49	-
Coal and freight	Millions of tonnes	(42)	40	(32)	(22)
COMMODITY-RELATED FAIR VALUE HEDGES			**40**		**(22)**

↗ Note 42 Derivatives not classified as hedges

Details of the fair value of trading derivatives reported in the balance sheet are as follows:

(in millions of Euros)	Notes	31/12/2013	31/12/2012
Positive fair value of trading derivatives	36.2	3,024	3,162
Negative fair value of trading derivatives	38.1	(2,583)	(2,290)
FAIR VALUE OF TRADING DERIVATIVES		**441**	**872**
Interest rate derivatives held for trading	42.1	(46)	(92)
Currency derivatives held for trading	42.2	18	(21)
Non-hedging commodity derivatives	42.3	469	985

42.1 Interest rate derivatives held for trading

Interest rate derivatives held for trading break down as follows:

	Notional at 31/12/2013				Notional at 31/12/2012	Fair value	
(in millions of Euros)	< 1 year	1 to 5 years	> 5 years	Total	Total	**31/12/2013**	31/12/2012
Fixed rate payer / floating rate receiver	2,039	966	483	3,488	3,846	(160)	(248)
Floating rate payer / fixed rate receiver	415	846	294	1,555	3,912	126	182
Variable / variable	500	225	-	725	925	(12)	(26)
INTEREST RATE DERIVATIVES HELD FOR TRADING	**2,954**	**2,037**	**777**	**5,768**	**8,683**	**(46)**	**(92)**

42.2 Currency derivatives held for trading

Currency derivatives held for trading break down as follows:

At 31 December 2013

	Notional amount to be received at 31/12/2013				Notional amount to be given at 31/12/2013				**Fair value**
(in millions of Euros)	< 1 year	1 to 5 years	> 5 years	**Total**	< 1 year	1 to 5 years	> 5 years	**Total**	**31/12/2013**
Forward transactions	2,243	308	22	2,573	2,264	312	25	2,601	(25)
Swaps	7,956	184	-	8,140	7,913	186	-	8,099	43
CURRENCY DERIVATIVES HELD FOR TRADING	**10,199**	**492**	**22**	**10,713**	**10,177**	**498**	**25**	**10,700**	**18**

At 31 December 2012

	Notional amount to be received at 31/12/2012				Notional amount to be given at 31/12/2012				Fair value
(in millions of Euros)	< 1 year	1 to 5 years	> 5 years	**Total**	< 1 year	1 to 5 years	> 5 years	**Total**	31/12/2012
Forward transactions	4,060	425	49	4,534	4,085	433	52	4,570	(32)
Swaps	6,446	131	-	6,577	6,435	133	-	6,568	11
CURRENCY DERIVATIVES HELD FOR TRADING	**10,506**	**556**	**49**	**11,111**	**10,520**	**566**	**52**	**11,138**	**(21)**

42.3 Non-hedging commodity derivatives

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

(in millions of Euros)	Units of measure	31/12/2013 Net notional	31/12/2013 Fair value	31/12/2012 Net notional	31/12/2012 Fair value
Swaps		(95)	431	3	715
Options		91	(24)	76	53
Forwards/futures		10	332	(42)	250
Electricity	**TWh**	**6**	**739**	**37**	**1,018**
Swaps		2,156	(90)	4,023	(10)
Options		22,204	47	25,118	-
Forwards/futures		(1,033)	(527)	(2,002)	(363)
Gas	**Millions of therms**	**23,327**	**(570)**	**27,139**	**(373)**
Swaps		2,927	11	64	10
Options		218	1	(187)	(1)
Forwards/futures		(258)	-	(218)	(1)
Oil products	**Thousands of barrels**	**2,887**	**12**	**(341)**	**8**
Swaps		(27)	113	(45)	(170)
Forwards/futures		101	(8)	123	110
Freight		42	87	31	157
Coal and freight	**Millions of tonnes**	**116**	**192**	**109**	**97**
Swaps		(156)	23	(386)	27
Options		168	-	(546)	(2)
Forwards/futures		(9,288)	69	49,117	212
CO_2	**Thousands of tonnes**	**(9,276)**	**92**	**48,185**	**237**
Swaps			-		(6)
Other			**-**		**(6)**
Embedded commodity derivatives			**4**		**4**
NON-HEDGING COMMODITY DERIVATIVES			**469**		**985**

These mainly include contracts included in EDF Trading's portfolio.

CASH FLOWS AND OTHER INFORMATION

↗ Note 43 Cash flows

43.1 Change in working capital

(in millions of Euros)	**2013**	2012
Change in inventories	(690)	(508)
Change in the CSPE receivable	(360)	(1,426)
Change in trade receivables	(443)	(510)
Change in trade payables	114	(27)
Change in other receivables and payable (excluding CSPE)	(404)	81
CHANGE IN WORKING CAPITAL	**(1,783)**	**(2,390)**

43.2 Investments in intangible assets and property, plant and equipment

(in millions of Euros)	**2013**	2012
Acquisitions of intangible assets	(964)	(817)
Acquisitions of tangible assets	(12,927)	(12,798)
Change in payables to suppliers of fixed assets	564	229
INVESTMENTS IN INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT	**(13,327)**	**(13,386)**

↗ Note 44 Off-balance sheet commitments

This note presents off-balance sheet commitments given and received by the Group at 31 December 2013. The amounts of commitments correspond to non-discounted contractual values.

44.1 Commitments given

The table below shows off-balance sheet commitments given by the Group that have been valued at 31 December 2013. Other commitments are described separately in the detailed notes.

(in millions of Euros)	Notes	**31/12/2013**	31/12/2012
Operating commitments given	44.1.1	40,933	43,559
Investment commitments given	44.1.2	14,667	12,024
Financing commitments given	44.1.3	6,284	5,449
TOTAL COMMITMENTS GIVEN		**61,884**	**61,032**

In almost all cases, these are reciprocal commitments, and the third parties concerned are under a contractual obligation to supply to the Group's assets or services related to operating, investment and financing activities.

44.1.1 Operating commitments given

Operating commitments given by the Group at 31 December 2013 are as follows:

(in millions of Euros)	**31/12/2013**	31/12/2012
Fuel and Energy purchase commitments [(1)]	29,463	30,931
Operating contract performance commitments given	7,709	8,463
Operating lease commitments as lessee	3,761	4,165
TOTAL OPERATING COMMITMENTS GIVEN	**40,933**	**43,559**

(1) Excluding gas purchases

44.1.1.1 Fuel and energy purchase commitments

In the course of its ordinary 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.

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

At 31 December 2013, fuel and energy purchase commitments mature as follows:

	31/12/2013					31/12/2012
	Total	Maturities				Total
(in millions of Euros)		< 1 year	1 - 5 years	5 - 10 years	> 10 years	
Electricity purchases and related services	8,727	2,277	2,982	1,427	2,041	7,676
Other energy and commodity purchases [(1)]	1,187	566	562	59	-	1,458
Nuclear fuel purchases	19,549	2,025	7,050	6,217	4,257	21,797
FUEL AND ENERGY PURCHASE COMMITMENTS	**29,463**	**4,868**	**10,594**	**7,703**	**6,298**	**30,931**

(1) Excluding gas purchases

Most of the changes result from the decrease in commitments to purchase nuclear fuel, partially offset by the rise in electricity purchase contracts (especially at EDF Energy).

44.1.1.1.1 Electricity purchases and related services

Electricity purchase commitments mainly concern EDF, ERDF and EDF Energy. In the case of EDF they are borne by the Island Energy Systems (IES), which have made commitments to purchase the electricity generated using bagasse and coal.

In addition to the obligations reported above and under article 10 of the Law of 10 February 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, photovoltaic power, etc). The additional costs generated by this obligation are offset, after validation by the CRE, by the CSPE. These purchase obligations total 34 TWh for 2013 (36 TWh for 2012), including 7 TWh for co-generation (10 TWh for 2012), 15 TWh for wind power (14 TWh for 2012), 4 TWh for photovoltaic power (4 TWh for 2012) and 3 TWh for hydropower (3 TWh for 2012).

44.1.1.1.2 Other energy and commodity purchases

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

44.1.1.1.3 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 uranium and fluoration, enrichment and fuel assembly production services.

The decrease in these commitments is principally explained by the services executed in 2013 under the contracts concerned.

44.1.1.1.4 Gas purchases and related services

Gas purchase commitments are principally undertaken by Edison and EDF. The volumes concerned for both entities at 31 December 2013 are as follows:

(in billions of m³)	Total	Maturities < 1 year	Maturities 1 - 5 years	Maturities > 5 years
Edison	202	11	51	140
EDF	57	2	8	47

Edison has entered into agreements to import natural gas from Russia, Libya, Algeria and Qatar, for a total maximum volume of 14.4 billion m3 per year. These contracts contain "take-or-pay" clauses committing the buyer to pay for a minimum volume of gas every year, whether or not it actually takes delivery of that volume. At 31 December 2013, there are no off-balance sheet commitments under Edison's take-or-pay clauses corresponding to the value of the volumes of gas not withdrawn at that date and for which delivery is deferred to a subsequent period.

Under the contract with Terminale GNL Adriatico, a gas liquefaction unit in operation since October 2009 in which Edison has a 7.3% holding, Edison also benefits from approximately 80% of the terminal's regasification capacities until 2034, for an annual premium of approximately €100 million.

Gas purchase commitments have also been given by EDF in connection with its expanding gas supply business.

In connection with the South Stream project, EDF and Gazprom signed an agreement in 2013 defining the essential conditions of a gas supply contract.

Gas purchase commitments are also borne by subsidiaries, through commitments generally covered by electricity sale agreements which include "pass-through" clauses allowing almost all fluctuations in supply source costs to be passed on to the customer.

44.1.1.2 Operating contract performance commitments given

At 31 December 2013, these commitments mature as follows:

(in millions of Euros)	**31/12/2013** Total	Maturities < 1 year	Maturities 1 - 5 years	Maturities > 5 years	31/12/2012 Total
Satisfactory performance, completion and bid guarantees	131	41	41	49	486
Operating purchase commitments (1)	4,514	2,528	1,535	451	4,379
Other operating commitments	3,064	1,269	1,083	712	3,598
OPERATING CONTRACT PERFORMANCE COMMITMENTS GIVEN	**7,709**	**3,838**	**2,659**	**1,212**	**8,463**

(1) Excluding fuel and energy

In the course of its business, the Group provides contract performance guarantees, generally through the intermediary of banks.

Satisfactory performance, completion and bid guarantees at 31 December 2013 mainly consist of guarantees given by EDF, and by EDF Énergies Nouvelles in connection with its development projects.

Operating purchase commitments break down as follows:

(in millions of Euros)	**31/12/2013**	31/12/2012
EDF	2,539	2,420
ERDF	414	426
EDF Énergies Nouvelles	318	611
EDF Energy	668	622
Other entities	575	300
TOTAL	**4,514**	**4,379**

Other operating commitments mainly concern Edison (€1,349 million in 2013 and €1,292 million in 2012) and EDF (€922 million in 2013 and €1,017 million in 2012).

44.1.1.3 Operating lease commitments as lessee

At 31 December 2013, operating lease commitments as lessee break down as follows:

	31/12/2013				31/12/2012
	Total	Maturities			Total
(in millions of Euros)		< 1 year	1 - 5 years	> 5 years	
OPERATING LEASE COMMITMENTS AS LESSEE	**3,761**	**525**	**1,607**	**1,629**	**4,165**

The Group is bound as lessee by irrevocable operating lease contracts, principally for premises, equipment and vehicles used in the course of its business and maritime freight contracts for trading activities. The corresponding rents are subject to renegotiation at intervals defined in the contracts. Operating leases mainly concern EDF, EDF Énergies Nouvelles, ERDF and EDF Trading.

44.1.2 Investment commitments given

At 31 December 2013, details of investment commitments are as follows:

	31/12/2013				31/12/2012
	Total	Maturities			Total
(in millions of Euros)		< 1 year	1 - 5 years	> 5 years	
Commitments related to acquisition of fixed assets	13,465	6,889	6,107	469	11,657
Share purchase commitments	1,004	223	771	10	333
Other commitments related to investments	198	7	190	1	34
TOTAL INVESTMENT COMMITMENTS GIVEN	**14,667**	**7,119**	**7,068**	**480**	**12,024**

44.1.2.1 Commitments related to acquisition of fixed assets

At 31 December 2013, commitments related to acquisition of fixed assets are as follows:

(in millions of Euros)	31/12/2013	31/12/2012
EDF	8,856	7,908
ERDF	1,129	930
EDF Énergies Nouvelles	1,540	600
EDF Energy	455	603
PEI (1)	400	414
Dunkerque LNG (2)	352	656
Other entities	733	546
TOTAL	**13,465**	**11,657**

(1) These commitments mainly concern construction of fossil-fired power plants.
(2) These commitments mainly concern construction of the Dunkirk methane terminal.

The higher level of orders for fixed assets at EDF Énergies Nouvelles essentially concerns orders for turbines, particularly in the United States and Canada.

44.1.2.2 Share purchase commitments

Commitments to purchase shares and assets mainly concern EDF International and EDEV at 31 December 2013.

In its partnership with Gazprom, EDF International has made a commitment to take a 15% stake in construction and operation of the undersea section of the South Stream gas pipeline, partly in the form of capital contributions or shareholder advances.

The share purchase commitments borne by EDEV chiefly concern the proposed acquisition of Citelum (see note 3.5.2).

The main share purchase commitments that cannot be valued are the following.

- Agreement with Veolia Environnement:
  Veolia Environnement (VE) has granted EDF a call option on all its Dalkia shares in the event that a competitor of EDF takes control over VE. EDF has also granted VE a call option over all its Dalkia shares in the event that the status of EDF should change and a competitor of VE, 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.

  EDF and VE also announced on 28 October 2013 that they had entered advanced discussions to reach an agreement concerning their joint subsidiary Dalkia (see note 3.5). No off-balance sheet commitment is recognised in this respect at 31 December 2013.
- Liquidity commitment to minority shareholders of EDF Luminus.
  The shareholder agreement signed on 16 April 2010 defines a liquidity commitment for the shares held by EDF Luminus' minority shareholders which could result in the Group buying their shares at the 5th anniversary date of the agreement (16 April 2015), subject to certain conditions, at a price made up of variable components. In view of these characteristics, it is not possible to value this commitment, which concerns 36.5% of the capital of EDF Luminus, at 31 December 2013.
- In connection with the formation of EDF Investissements 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 until 2030, based on the net asset value of EDF Investissements Groupe.

44.1.2.3 Other commitments related to investments

The Group had not given any significant commitments of this kind at 31 December 2013.

44.1.3 Financing commitments given

Financing commitments given by the Group at 31 December 2013 comprise the following:

(in millions of Euros)	31/12/2013 Total	Maturities < 1 year	Maturities 1 - 5 years	Maturities > 5 years	31/12/2012 Total
Security interests in real property	5,678	178	1,233	4,267	4,906
Guarantees related to borrowings	265	48	36	181	218
Other financing commitments	341	208	70	63	325
TOTAL FINANCING COMMITMENTS GIVEN	**6,284**	**434**	**1,339**	**4,511**	**5,449**

Security interests and assets provided as guarantees mainly concern pledges or mortgages of tangible assets and shares representing investments in consolidated subsidiaries which own property, plant and equipment, for EDF Énergies Nouvelles. The rise in these commitments at 31 December 2013 essentially concerns financing for the new fleets of power plants in the United States and France.

44.2 Commitments received

The table below shows off-balance sheet commitments received by the Group that have been valued at 31 December 2013. Other commitments are described separately in the detailed notes.

(in millions of Euros)	Notes	31/12/2013	31/12/2012
Operating commitments received [1]	44.2.1	2,839	2,936
Investment commitments received	44.2.2	24	17
Financing commitments received	44.2.3	130	129
TOTAL COMMITMENTS RECEIVED [2]		**2,993**	**3,082**

(1) Electricity supply commitments are described in note 44.2.1.3
(2) Excluding commitments related to credit lines, which are described in note 38.2.5.

44.2.1 OPERATING COMMITMENTS RECEIVED

Operating commitments received by the Group at 31 December 2013 comprise the following:

	31/12/2013	Maturities			31/12/2012
(in millions of Euros)		< 1 year	1 - 5 years	> 5 years	
Operating lease commitments received as lessor	1,358	260	547	551	1,379
Other operating commitments received	1,481	1,068	331	82	1,557
OPERATING COMMITMENTS RECEIVED	**2,839**	**1,328**	**878**	**633**	**2,936**

44.2.1.1 Operating lease commitments received as lessor

The Group benefits from commitments as lessor in operating leases amounting to €1,358 million.

Most of these commitments derive from contracts classified as operating leases under IFRIC 4, "Determining whether an arrangement contains a lease". They mainly concern the Asian Independent Power Projects (IPPs) and real estates leases.

44.2.1.2 Other operating commitments received

Operating commitments received primarily concern EDF and relate to guarantees received from suppliers, notably in connection with deliveries under the ARENH scheme.

44.2.1.3 Electricity supply commitments

In the course of its business, the EDF group has signed long-term contracts to supply electricity as follows:

- long-term contracts with a number of European electricity operators, for a specific plant or for a defined group of plants in the French nuclear generation fleet, corresponding to installed power capacity of 3.5 GW;
- in execution of France's NOME law on organisation of the French electricity market, EDF has a commitment to sell some of the energy generated by its "traditional" nuclear power plants to other suppliers. This covers volumes of up to 100 TWh each year until 31 December 2025;
- in the United Kingdom, EDF made a commitment in 2009 to supply an additional 18 TWh of electricity to Centrica at market prices for a 5-year period starting in 2011. This relates to an obligation to put certain volumes of electricity on the market between 2012 and 2015, required by the European Commission on 22 December 2008 as a condition for the EDF group's acquisition of British Energy. The residual commitment at 31 December 2013 concerns a volume of 4.9 TWh;
- EDF is still committed to supplying the residual volumes of around 12 TWh by March 2015, in application of the rights acquired at VPP or Virtual Power Plant capacity auctions, which ended in 2011.

44.2.2 Investment commitments received

(in millions of Euros)	31/12/2013	Maturities < 1 year	Maturities 1 - 5 years	Maturities > 5 years	31/12/2012
INVESTMENT COMMITMENTS RECEIVED	**24**	**10**	**14**	**-**	**17**

No significant investment commitment received exists at 31 December 2013.

44.2.3 Financing commitments received

(in millions of Euros)	31/12/2013	Maturities < 1 year	Maturities 1 - 5 years	Maturities > 5 years	31/12/2012
FINANCING COMMITMENTS RECEIVED	**130**	**20**	**109**	**1**	**129**

No significant financing commitment received exists at 31 December 2013.

Note 45 Contingent liabilities

45.1 Proceedings by the Baden-Württemberg region / EnBW

In February 2012 EDF International received a request for arbitration filed with the International Chamber of Commerce by the German company Neckarpri GmbH, the vehicle for the Baden-Württemberg region's acquisition of the EDF group's stake in EnBW, which was agreed on 6 December 2010 and completed on 17 February 2011.

Neckarpri claims that the price paid for the EDF group's investment in EnBW was excessive and therefore constitutes illegal State aid. On those grounds, it is claiming reimbursement of the allegedly excess portion of the price. This was initially estimated at €2 billion in the request for arbitration, but was re-estimated at €834 million in July 2012 in an independent report on the valuation of EnBW commissioned by Baden-Württemberg. As an alternative, Neckarpri is seeking cancellation of the sale of the EDF group's stake in EnBW.

The arbitration procedure is currently in process. EDF considers this claim unfounded and a misuse of law, and intends to sue for damages for all the kinds of prejudices caused by this action. The ruling is expected to be issued during the first half of 2014.

45.2 General Network – rejection of the European Commission's appeal

On 15 December 2009 the European Union Court cancelled the European Commission's decision of 16 December 2003 that had classified the tax treatment of provisions created for the renewal of the General Network at the time of EDF's capital increase in 1997 as state aid, and ordered repayment to the French State of the updated value, i.e. €1,224 million (paid by EDF in February 2004). The State therefore reimbursed this amount to EDF on 30 December 2009, then in February 2010 the European Commission filed an appeal before the Court of Justice of the European Union.

On 5 June 2012, the Court of Justice of the European Union issued a decision rejecting the European Commission's appeal and upheld the European Union Court's decision of 15 December 2009.

The European Commission then decided in May 2013 to reopen the proceedings. As a result, a further adversarial exchange of positions has begun between the French state and the Commission.

45.3 Tax inspections

EDF

EDF has been subject to inspections of its accounts covering the years 2004 to 2010, and the Company has received proposed tax reassessments for those years. EDF is contesting most of these proposals.

One of the main grounds for reassessment concerns the tax-deductibility of the provision for annuities following work-related accidents and illness; as this is an issue that relates to the special gas and electricity (IEG) statutes, it also concerns RTE, ERDF and Électricité de Strasbourg. The Group is contesting the tax authorities' position on this question. In late 2013 the National Commission of direct taxes and sales taxes issued several opinions that were favourable to RTE. RTE also received a favourable ruling by Montreuil Administrative Court. If the outcome of this dispute is unfavourable, the financial risk for the Group (payment of back income taxes) could amount to some €250 million.

EDF was notified in late 2011 of a proposed rectification for 2008, particularly concerning deductibility of certain long-term liabilities. During 2013, EDF received a letter from the tax administration accepting some of its arguments, which reduces the risk to €600 million. The Company considers it is likely to win this dispute, and no provision has been recorded in connection with this matter.

The tax administration has also proposed a reassessment concerning an interest-free advance made by EDF to its indirect subsidiary Lake Acquisitions Ltd in connection with the acquisition of British Energy. EDF is contesting this reassessment.

EDF International

The tax inspection of EDF International for the years 2008 to 2011 led to proposed rectifications received in late 2011 and late 2013. Two main reassessments amounting to some €265 million concerned the amount of the loss on the contribution of CEG shares to the American subsidiary EDF Inc., which arose in late 2009 and was deducted from EDF International's income, and the valuation of the bond convertible into shares issued to refinance the acquisition of British Energy. In 2012 EDF International contested these reassessments, and considers it has good chances of winning the dispute. In late 2012 EDF International began amicable proceedings, involving France and the USA and based on the US-France tax treaty concerning the valuation of CEG shares at the time of the contribution.

45.4 Labour litigation

EDF is party to a number of labour lawsuits with employees and employment inspectors, primarily regarding calculation and implementation of legislation regarding working hours. 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 concern a large number of EDF's employees in France, any increase in such litigations could present a risk with a potentially significant, negative impact on the Group's financial results. The number of these litigation cases is nonetheless small at the time of preparing this report.

45.5 ERDF – litigation with photovoltaic producers

Announcements made during 2010 of lower tariffs for purchases of photovoltaic electricity caused an upsurge in the number of applications for connection received by ERDF's units from photovoltaic operators, particularly in August 2010 (at the time, the applicable tariff depended on the application filing date). Three months later, the "moratorium decree" of 9 December 2010 suspended conclusion of new contracts for a three-month period and stipulated that applications for which the technical and financial proposals had not been adopted by 2 December 2010 would have to be resubmitted after that three-month period.

When the moratorium ended, new arrangements for electricity purchases were introduced. A system of tender offers developed, and a further decision set the new tariff for compulsory purchases of photovoltaic power.

This decision was issued on 4 March 2011 and significantly reduced the purchase price for photovoltaic electricity.

A Council of State decision of 16 November 2011 rejecting appeals against the moratorium decree of December 2010 generated a large volume of legal proceedings against ERDF in November and December 2011, and also, although at a slower pace, throughout 2012. New proceedings were also notified to EDF in 2013. Most actions were initiated by generators who found themselves forced to abandon their projects because the new electricity purchase tariffs made operating conditions less favourable; they consider ERDF responsible for this situation since it did not issue the technical and financial connection proposals in time for them to benefit from more advantageous electricity purchase terms. ERDF considers that it cannot be held liable, and has lodged appeals against the small number of first instance rulings against it issued in 2011 and 2012.

The Conflict Tribunal ruled on 8 July 2013 that the ordinary judicial courts were competent to handle litigations between ERDF and electricity generators concerning delays in issuing technical and financial proposals.

45.6 EDF Énergies Nouvelles – Silpro

Silpro (Silicium de Provence) entered court-ordered liquidation on 4 August 2009. The EDF ENR group held a 30% minority interest in Silpro alongside the principal shareholder, the German company Sol Holding. On 30 May 2011, the liquidator ordered the shareholders and managers of Silpro to jointly repay the shortfall in assets resulting from Silpro's liquidation, which amounts to €101 million.

In a ruling of 17 December 2013, the Commercial court of Manosque ordered the EDF ENR group to contribute €120,000 to repayment of the shortfall in Silpro's assets. The principal shareholder (Sol Holding) and the former managers were ordered to contribute €200,000 and €110,000 respectively.

The court-appointed liquidator has appealed against this ruling.

↗ Note 46 Assets held-for-sale and related liabilities

(in millions of Euros)	**31/12/2013**	31/12/2012
ASSETS HELD FOR SALE	**3,619**	**241**
LIABILITIES RELATED TO ASSETS HELD FOR SALE	**2,289**	**49**

At 31 December 2013, assets held for sale and the related liabilities consist of the Group's investment in Dalkia International (see note 3.5).

↗ Note 47 Contribution of joint ventures

The joint ventures' contributions to the consolidated balance sheet and income statement are as follows:

At 31 December 2013

(in millions of Euros)	% of ownership	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Sales	Operating profit before depreciation and amortisation
CENG	49.99%	433	4,140	79	1,730	585	188
Dalkia International	50.00%	-	-	-	-	1,801	175
Other		747	877	732	457	952	140
TOTAL		**1,180**	**5,017**	**811**	**2,187**	**3,338**	**503**

At 31 December 2013, the assets and liabilities of Dalkia International are reported as assets held for sale and liabilities related to assets held for sale (see note 46).

At 31 December 2012

(in millions of Euros)	% of ownership	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Sales	Operating profit before depreciation and amortisation
CENG	49.99%	458	4,537	104	1,789	552	155
Dalkia International	50.00%	1,490	2,589	1,701	710	2,439	195
Other		1,056	1,373	258	503	1,050	312
TOTAL		**3,004**	**8,499**	**2,063**	**3,002**	**4,041**	**662**

Note 48 Dedicated assets

48.1 Regulations

The French law of 28 June 2006 and the implementing regulations require assets (dedicated assets) to be set aside for secure financing of nuclear plant decommissioning expenses and long-term storage expenses for radioactive waste (spent fuel and fuel recovered from decommissioning). The regulations govern the way dedicated assets are built up, and the management and governance of the funds themselves. These assets are clearly identified 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.

The initial aim of these laws and regulations was to cover the full discounted cost of long-term nuclear obligations by 29 June 2011. The NOME law enacted in 2010 introduced a 5-year extension, subject to certain conditions, of the deadline for constitution of dedicated assets.

The decree of 29 December 2010 made RTE shares eligible for inclusion in dedicated assets subject to certain conditions and administrative authorisation. The decree of 24 July 2013 revised the list of eligible assets by reference to the insurance code, and unlisted securities are also now eligible subject to certain conditions.

48.2 Portfolio contents and measurement

Given the applicable regulations, these dedicated assets are a highly specific category of assets.

The portfolio is structured and managed according to 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 takes into account regulatory constraints concerning the nature and liquidity of the dedicated assets, the financial outlook for the equity and bond markets, and the diversifying contribution of unlisted assets.

As part of the strategic allocation review process and in order to pursue the diversification into real assets begun in 2010 with the shares in RTE, the Board of Directors approved a new strategic allocation for dedicated assets.

Under this new allocation, a real asset portfolio has been set up alongside the diversified equity and bond investments. This portfolio is managed by EDF Invest, which was formed in 2013 following the decree of 24 July 2013 on secure funding for nuclear expenses. EDF Invest has three target asset classes: principally infrastructures, and also real estate and private equity. EDF Invest's objective is ultimately to have some €5 billion of unlisted investments under management, representing approximately a quarter of the total dedicated assets.

Following the French government's authorisation issued on 8 February 2013, and the approval of the Nuclear Commitments Monitoring Committee and the Board of Directors' decision of 13 February 2013, EDF allocated the entire receivable representing the accumulated shortfall in CSPE financing at 31 December 2012 to its dedicated assets. This financial asset is considered as a risk-free asset expected to be repaid by late 2018.

48.2.1 Diversified equity and bond investments

Certain dedicated assets take the form of bonds held directly by EDF. The rest comprise specialised collective investment funds on leading international markets, managed by independent asset management companies. They take the form of open-end funds and "reserved" funds established solely for the use of the Group (which does not participate in the fund management).

These investments are structured and managed in line with the strategic allocation, which 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 that can guarantee continuation of the long-term investment policy.

As a result, for accounting purposes the portfolio is evaluated as a whole, all funds combined, treating the cash flows generated as a group of financial assets. This ensures consistency with the specificities of the dedicated asset portfolio, in particular the legal matching 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 exercises judgment in determining whether indicators of impairment appropriate to the structure of the portfolio should be taken into consideration.

The Group thus takes a 5-year period as the basis for assessment of prolonged decline compared to historical value. This period is at 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, the Group considers impairment of dedicated assets to be significant when the value is 40% or more below the portfolio's historical value.

In parallel to these general criteria for impairment, in the course of operational asset monitoring the Group exercises judgment through long-term, specific management rules defined and supervised by its governance bodies (maximum investment ratios, volatility analyses and assessment of individual fund manager quality).

48.2.2 Real assets (EDF Invest)

Real assets managed by EDF Invest consist of unlisted securities related to investments in infrastructures and shares in investment funds.

At 31 December 2013, infrastructure assets include 50% of the Group's investment in RTE, and since September 2013 the shares in C31, the holding company that carries the Group's investment in TIGF.

The value of the RTE shares allocated to dedicated assets is €2,567 million at 31 December 2013 (€2,409 million at 31 December 2012). This value is the net consolidated value of 50% of the Group's investment in RTE, presented in investments in associates in the consolidated balance sheet.

The other assets in the real asset portfolio are shared in an investment fund.

48.3 Valuation of EDF's dedicated asset portfolio

Dedicated assets are included in the EDF group's consolidated financial statements at the following values:

(in millions of Euros)	Balance sheet presentation	31/12/2013	31/12/2012
Equities		7,904	7,328
Debt instruments		5,147	6,937
Cash portfolio		790	953
Dedicated assets – equities and debt instruments	Available-for-sale financial assets	*13,841*	*15,218*
Derivatives	Fair value of derivatives	10	13
Other		4	2
Diversified equity and bond investments		**13,855**	**15,233**
CSPE receivable	Loans and financial receivables	5,051	-
Derivatives	Fair value of derivatives	(2)	-
CSPE receivable after derivatives		**5,049**	-
RTE (50% of the investment held by the Group) (1)	Investments in associates	2,567	2,409
Other unlisted assets	Available-for-sale financial assets	266	-
Real assets (EDF Invest)		**2,833**	**2,409**
TOTAL DEDICATED ASSETS		**21,737**	**17,642**

(1) The value of the RTE shares allocated to dedicated assets at 31 December 2012 has been adjusted for the €16 million impact of retrospective application of IAS 19 revised.

48.4 Changes in the dedicated asset portfolio in 2013

With the allocation of the CSPE receivable to dedicated assets in 2013, the objective of 100% coverage of long-term nuclear provisions was achieved ahead of the legal June 2016 deadline (set by the "NOME" law).

The total allocation to dedicated assets for 2013 amounts to €2,591 million, resulting from a €20 million cash allocation and allocation of the CSPE receivable (€4,978 million after revaluation by the CRE including accrued interest), net of withdrawals during the year (€2,407 million).

Since September 2013 real assets have included the shares of C31, the holding company carrying the Group's 20% investment in TIGF.

Withdrawals totalled €326 million, equivalent to payments made in respect of the long-term nuclear obligations to be covered in 2013 (€350 million in 2012).

In view of the economic and institutional changes observed in Europe, the Group reinforced the proportion of Italian and Spanish sovereign bonds during the year, to the detriment of other sovereign bonds offering less attractive yields.

The Group's assessment of the value of the dedicated asset portfolio did not lead to recognition of any impairment in 2013.

A total of €714 million in net gains on disposals was recorded in the financial result in 2013 (€260 million in 2012).

The difference between the fair value and acquisition cost of diversified bond and equity investments included in equity is a positive €1,839 million before taxes at 31 December 2013 (€1,221 million at 31 December 2012).

48.5 Present cost of long-term nuclear obligations

The Group's long-term nuclear obligations in France concerned by the regulations for dedicated assets are included in EDF's consolidated financial statements at the following values:

(in millions of Euros)	31/12/2013	31/12/2012
Provisions for long-term radioactive waste management	7,542	7,113
Provisions for nuclear plant decommissioning	13,024	12,578
Provisions for last cores – portion for future long-term radioactive waste management	454	434
PRESENT COST OF LONG-TERM NUCLEAR OBLIGATIONS	**21,020**	**20,125**

↗ Note 49 Related parties

Details of transactions with related parties are as follows:

(in millions of Euros)	Proportionally consolidated companies		Associates		French State or State-owned entities		Group Total	
	31/12/2013	31/12/2012	**31/12/2013**	31/12/2012	**31/12/2013**	31/12/2012	**31/12/2013**	31/12/2012
Sales	-	-	638	738	867	917	1,505	1,655
Fuel and energy purchases	71	118	3,858	3,739	2,051	1,827	5,980	5,684
Other external purchases	2	29	6	11	1,197	1,093	1,205	1,133
Financial assets	1	48	670	1,176	84	181	755	1,405
Other assets	1	12	565	607	639	608	1,205	1,227
Financial liabilities	536	486	-	-	-	-	536	486
Other liabilities	16	13	1,209	1,253	1,509	1,212	2,734	2,478

49.1 Transactions with entities included in the scope of consolidation

Transactions with RTE (classified as an associate since 31 December 2010) are presented in note 23.1.

Transactions with other joint ventures and associates concern sales and purchases of energy.

49.2 Relations with the french state and state-owned entities

49.2.1 Relations with the French State

The French State holds 84.49% of the capital of EDF at 31 December 2013, 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, the EDF group 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 27 July 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 24 October 2005. This contract is intended to form the framework for public service missions assigned to EDF by the lawmaker for an unlimited period. The law of 9 August 2004 does not stipulate the duration of the contract.

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, establishment of sales tariffs for customers that have stayed on the regulated tariffs, transmission and distribution tariffs, and also determination of the ARENH price in accordance with the NOME law, and the level of the Contribution to the Public Electricity Service.

49.2.2 Relations with GDF SUEZ

Since the distribution network management businesses were transferred to subsidiaries – ERDF, a subsidiary of EDF, has managed electricity distribution since 1 January 2007 and GRDF, a subsidiary of GDF SUEZ, has managed gas distribution since 1 January 2008 – the agreement of 18 April 2005 (amended on 20 December 2007) defining relations between EDF and GDF in respect of the common operator was transferred to the two new companies, and has been executed by them since that date. The common network operator's activities for the distribution sector cover network construction, network operation and maintenance, and metering.

49.2.3 Relations with public sector entities

The Group's relations with public sector entities mainly concern AREVA.

Transactions with AREVA concern uranium purchases, uranium enrichment, nuclear fuel purchases, plant maintenance operations, equipment purchases, and transportation, storage, processing and recycling services for spent fuel.

On 15 December 2008 EDF and AREVA signed an agreement for uranium enrichment services to cover the period 2013-2032.

On 19 December 2008 EDF and AREVA signed a framework agreement for spent fuel management contracts concerning periods after 2007. In execution of this agreement, EDF and AREVA signed two contracts on 12 July 2010 entitled the "EDF-AREVA NC Processing-Recycling agreement" and the "Protocol for recovery and conditioning of EDF waste, and the final shutdown and decommissioning of the AREVA NC plant at La Hague". On 28 December 2012, EDF and AREVA signed a transitional agreement for the year 2013, following on from the 2008-2012 processing and recycling agreement. Transportation, reprocessing of spent fuel, oxidation and storage of reprocessed uranium and production of MOX continued under this agreement during 2013 until a contract for 2013-2017 could be signed. On 7 November 2013, EDF and AREVA signed an agreement on the result of 2008-2012 investments and early processing of spent fuel.

On 31 July 2012 EDF and AREVA Mines also signed two contracts for supplies of natural uranium concentrate, covering the period 2014-2035.

EDF and AREVA have signed the following contracts for 1,300 MW nuclear power plants:

- a contract for supply of 32 steam generators and a contract for renewal of the control/command systems in 2011;
- a contract for services related to replacement operations for the first steam generators, in August 2012.

In 2013 EDF and AREVA signed two amendments to the initial 2007 contract for the Flamanville EPR boiler, covering the period from development studies to industrial commissioning.

As part of the plan to construct two EPRs in the United Kingdom (Hinkley Point 1 and 2), EDF and AREVA signed a letter of intent on 21 October 2013 defining the term for supplies of fuel (components: uranium, fluoration, enrichment and production). This letter of intent will be applied through several contracts (one for each component) which are currently being signed.

The Group also holds shares in AREVA, as stated in note 36.2.2.3.

49.3 Management compensation

The Company's key management and governance personnel are the Chairman of the Board of Directors, the members of the COMEX (Executive Committee) throughout the year or since their date of appointment if they joined the COMEX during the year, and the members of the Board of Directors appointed by the General Shareholders' Meeting.

The total compensation paid by EDF and controlled companies to the Group's key management and governance personnel amounted to €10 million in 2013 (€12.5 million in 2012). This amount covered short-term benefits (basic salaries, performance-related salary, profit share and benefits in kind), special IEG post-employment benefits where relevant, and the corresponding employer contributions, plus director's fees. The change observed in 2013 is mostly attributable to the effect of decree 2012-915 of 26 July 2012, which sets a ceiling of €450,000 for the total annual gross remuneration paid to the Chairman and CEO, as it was effective over the full year in 2013. Another factor was the retirement of certain COMEX members during 2012.

Other than the benefits reported above, key management and governance personnel benefit from no other special pension system, starting bonus or severance payment entitlement except by contractual arrangement.

↗ Note 50 Environment

50.1 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 followed by a second period from 2008 to 2012, with progressive reduction of the emission rights allocated.

One of the main features of the third phase, running from 2013 to 2020, is the discontinuation of free allocation of emission rights in certain countries, including France and United Kingdom.

In the EDF group, the entities subject to this Directive are EDF, EDF Energy, Edison, Fenice, Dalkia International and Dalkia Investissement, Bert, Kogeneracja, Zielona Gora, EDF Polska, EC Wybrzeze, EDF Luminus and ESTAG.

In 2013, the Group surrendered 72 million tonnes in respect of emissions generated in 2012. In 2012, the Group surrendered 69 million tonnes in respect of emissions generated in 2011.

The Group's total emission rights allocation for 2013 recorded in the national registers is 10 million tonnes (72 million tonnes for 2012).

The volume of emissions at 31 December 2013 stood at 66 million tonnes. The provision resulting from over-quota emissions amounts to €356 million and covers the shortfall in quotas at 31 December 2013 (€152 million at 31 December 2012).

50.2 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 13 July 2005, for example, 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. 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.

In the second period, which began on 1 January 2011 and runs until 31 December 2014, the system was extended to new obligated actors (fuel distributors) and applies stricter requirements for obtaining energy savings certificates. EDF is well-placed to meet its obligation thanks to energy-efficient offers for each market segment: residential customers, business customers, local authorities and organizations funding social projects.

EDF's obligation will be calculated retrospectively, based on gas and electricity sales to households and service sector businesses for the period 2010-2013. The volumes of certificates obtained between the two periods will count towards achievement of the obligation for the second period.

50.3 Renewable energy certificates

Through the renewable energy certificate scheme, the EDF group has an obligation to surrender renewable energy certificates, particularly in the United Kingdom, Italy and Belgium (see note 1.3.27.2).

At 31 December 2013, a provision of €517 million was booked, essentially by EDF Energy (United Kingdom) and EDF Luminus (Belgium) to cover the shortfall in renewable energy certificates compared to the assigned obligations.

↗ Note 51 Subsequent events

Senior bond issues

On 13 January 2014 EDF issued several tranches of a senior bond in US dollars:

- $750 million with 3-year maturity at floating rate;
- $1 billion with 3-year maturity and coupon of 1.15%;
- $1.25 billion with 5-year maturity and coupon of 2.15%;
- $1 billion with 30-year maturity and coupon of 4.875%;
- $700 million with 100-year maturity and coupon of 6%.

On 17 January 2014, EDF also issued a £1,350 million bond with 100-year maturity and coupon of 6%.

These issues enable the Group to prepare for redemption of bonds maturing in 2014, and take advantage of good market conditions to pursue its financing policy aim of extending the average maturity of debt to bring it closer to the useful life of its long-term industrial assets.

Issuance of perpetual subordinated bonds

On 15 January 2014 EDF launched several tranches of a perpetual subordinated bond in Euros, US dollars, and sterling (hybrid bond):

- $1.5 billion at 5.625% coupon for the tranche with a 10-year first call date;
- €1 billion at 4.125% coupon for the tranche with a 8-year first call date;
- €1 billion at 5% coupon for the tranche with a 12-year first call date;
- £750 million at 5.875% coupon for the tranche with a 15-year first call date.

This bond is the second issue in the financing programme launched in January 2013, with the aim of building up an amount of subordinated instruments coherent with the portfolio of industrial assets in development.

Payments to bearers of perpetual subordinated bonds

On 29 January 2014, EDF paid a total of €223 million to the bearers of the perpetual subordinated bonds issued in January 2013. In compliance with IAS 32, the contra entry for the cash disbursement is a charge to Group equity.

↗ Note 52 Scope of consolidation

52.1 Fully consolidated subsidiaries at 31 December 2013

		Percentage of ownership at 31/12/2013	Percentage of ownership at 31/12/2012	Business sector
FRANCE				
Électricité de France – Parent Company		100.00	100.00	G,D,O
Électricité Réseau Distribution France (ERDF)		100.00	100.00	D
EDF Production Électrique Insulaire (PEI)		100.00	100.00	G
UNITED KINGDOM				
EDF Energy Plc (EDF Energy)		100.00	100.00	G,O
EDF Energy UK Ltd		100.00	100.00	O
EDF Development Company Ltd		100.00	100.00	O
ITALY				
Edison SpA (Edison)		97.40	97.40	G,D,O
Transalpina Di Energia SRL (TdE)		100.00	100.00	O
MNTC Holding SRL (1)		-	100.00	O
WGRM Holding 4 SpA		100.00	100.00	O
Fenice Qualita' Per L'Ambiante SpA (Fenice)		100.00	100.00	G,O
OTHER INTERNATIONAL				
EDF International SAS	France	100.00	100.00	O
EDF Belgium SA	Belgium	100.00	100.00	G
EDF Luminus SA	Belgium	63.53	63.53	G
EDF Norte Fluminense SA	Brazil	90.00	90.00	G
Ute Paracambi SA	Brazil	100.00	100.00	G
French Investment Guangxi Laibin Electric Power Co, Ltd	China	100.00	100.00	G
EDF Inc.	USA	100.00	100.00	O
Unistar Nuclear Energy LLC	USA	100.00	100.00	G
Budapesti Erömu ZRt (BERT)	Hungary	95.62	95.62	G
EDF DÉMÁSZ Zrt.	Hungary	100.00	100.00	G,D,O
EDF Kraków S.A. (2)	Poland	-	94.31	G
EDF Wybrzeze S.A.	Poland	99.87	99.77	G
EDF Polska Cuw (2)	Poland	-	100.00	O
EDF Polska Centrala Spolka Z Ograniczona Odpowiedzialnoscia (2)	Poland	-	100.00	O
EDF Paliwa Sp. z o.o. (Energokrak)	Poland	96.93	90.59	O
EDF Rybnik S.A. (ERSA) (2)	Poland	-	97.32	G
EDF Polska S.A. (2)	Poland	96.51	-	G
Zec Kogeneracja SA (Kogeneracja)	Poland	49.38	48.99	G,D
Elektrocieplownia Zielona Gora SA (Zielona Gora)	Poland	48.59	48.21	G,D
EDF Alpes Investissements SARL	Switzerland	100.00	100.00	O
Mekong Energy Company Ltd (Meco)	Vietnam	56.25	56.25	G

(1) After transfer of the Edison shares held by MNTC to Wagram 4, MNTC was liquidated during 2013.
(2) EDF Polska Cuw, EDF Polska Centrala, EDF Kraków and ERSA were merged in 2013 to form the new entity EDF Polska S.A.

Business segments: G = Generation, D = Distribution, T = Transmission, O = Other

		Percentage of ownership at 31/12/2013	Percentage of ownership at 31/12/2012	Business sector
OTHER ACTIVITIES				
EDF Développement Environnement SA	France	100.00	100.00	O
Société pour le Conditionnement des Déchets et Effluents Industriels (SOCODEI)	France	100.00	100.00	O
Cie Financière de Valorisation pour l'Ingénierie (COFIVA)	France	100.00	100.00	O
Société Française d'Ingénierie Electronucléaire et d'Assistance (SOFINEL)	France	55.00	55.00	O
Électricité de Strasbourg	France	88.64	88.64	D
TIRU SA – Traitement Industriel des Résidus Urbains	France	51.00	51.00	O
Dunkerque LNG	France	65.00	65.00	O
EDF Énergies Nouvelles	France	100.00	100.00	G,O
EDF IMMO and real estate subsidiaries	France	100.00	100.00	O
EDF Optimal Solutions SAS	France	100.00	100.00	O
Société C2	France	100.00	100.00	O
Société C3	France	100.00	100.00	O
EDF Holding SAS	France	100.00	100.00	O
CHAM SAS	France	100.00	100.00	O
EDF Trading Limited	UK	100.00	100.00	O
EDF Production UK Ltd	UK	100.00	100.00	O
EDF DIN UK LTD	UK	100.00	100.00	O
Wagram Insurance Company Ltd	Ireland	100.00	100.00	O
Océane Ré	Luxembourg	99.98	99.98	O
EDF Gas Deutschland GmbH	Germany	100.00	100.00	O

Business segments: G = Generation, D = Distribution, T = Transmission, O = Other

52.2 Proportionally consolidated subsidiaries at 31 December 2013

		Percentage of ownership at 31/12/2013	Percentage of ownership at 31/12/2012	Business sector
OTHER INTERNATIONAL				
Energie Steiermark Holding AG (Estag)	Austria	25.00	25.00	G,O
Constellation Energy Nuclear Group LLC (CENG)	USA	49.99	49.99	G
SLOE Centrale Holding BV	Netherlands	50.00	50.00	G
Stredoslovenska Energetika a.s. (SSE)	Slovakia	-	49.00	G,D
OTHER ACTIVITIES				
Dalkia International (1)	France	-	50.00	O
Dalkia Investissement	France	67.00	67.00	O
EDF Investissements Groupe SA	Belgium	95.51	94.80	O
Friedeburger Speicherbetriebsgesellschat GmbH (Crystal)	Germany	50.00	50.00	O

(1) Following the provisional agreement between EDF and Veolia Environnement and in application of IFRS 5, Dalkia International is considered excluded from the scope of consolidation at 31 December 2013, although the Group's percentage of ownership in Dalkia International at that date is still 50%.

Business segments: G = Generation, D = Distribution, T = Transmission, O = Other

52.3 Subsidiaries accounted for by the equity method at 31 December 2013

		Percentage of ownership at 31/12/2013	Percentage of ownership at 31/12/2012	Business sector
FRANCE				
RTE Réseau de Transport d'Électricité		100.00	100.00	T
OTHER INTERNATIONAL				
Shandong Zhonghua Power Company, Ltd	China	19.60	19.60	G
Datang Sanmenxia Power Generation Co., Ltd	China	35.00	35.00	G
Taïshan Nuclear Power Joint Venture Company Ltd	China	30.00	30.00	G
Nam Theun 2 Power Company	Laos	40.00	40.00	G
ALPIQ	Switzerland	25.00	25.00	G,D,O,T
OTHER ACTIVITIES				
Dalkia Holding	France	34.00	34.00	O
Domofinance SA	France	45.00	45.00	O
South Stream Transport BV	Netherlands	15.00	15.00	T

Business segments: G = Generation, D = Distribution, T = Transmission, O = Other.

52.4 Companies in which the EDF Group's voting rights differ from its percentage of ownership at 31 December 2013

At 31 December 2013 the percentage of voting rights, which is decisive for assessing control, differs from the Group's percentage ownership for the following entities:

	Percentage of ownership at 31/12/2013	Percentage voting rights at 31/12/2013
COMPANY		
Edison SpA	97.40	99.48
EDF Wybrzeze S.A.	99.87	99.77
EDF Polska S.A.	96.51	97.36
Zec Kogeneracja SA (Kogeneracja)	49.38	50.00
Elektrocieplownia Zielona Gora SA (Zielona Gora)	48.59	98.40
EDF Paliwa Sp. z o.o.	96.93	100.00
Dalkia International	50.00	24.14
Dalkia Investissement	67.00	50.00
SOFINEL Société Française d'Ingénierie Electronucléaire et d'Assistance	55.00	54.98
EDF Investissements Groupe SA	95.51	50.00

2 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 qualified 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.

Electricité de France S.A.

22 – 30, avenue de Wagram – 75008 Paris

Year ended December 31, 2013

To the Shareholders,

Following our appointment as Statutory Auditors by your General Meeting, we hereby report to you, for the year ended December 31, 2013 on:

- the audit of the accompanying consolidated financial statements of Electricité de France S.A. ("the Group");
- 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, 2013 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:

- the change in accounting principle described in notes 1.2.1 and 2 related to the application as of January 1, 2013 of IAS 19 revised *Employee benefits*;
- the valuation of long-term provisions relating to nuclear electricity production, which results from management's best estimates and assumptions as described in notes 1.3.2.1 and 29. This valuation is sensitive to the assumptions made concerning technical processes, 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.

2. Justification of assessments

In accordance with the requirements of article L. 823-9 of the French commercial Code, we have made our own assessments which are brought to your attention, in relation to the following matters:

Accounting policies

We have verified the appropriateness of the disclosures presented in note 1.3.27.1 with respect to the accounting treatments of greenhouse gas emission quotas, an area which is not mandatory or specifically addressed in IFRS as adopted in the European Union as of December 31, 2013.

Management judgments and estimates

Note 1.3.2 to the consolidated financial statements describes the main sensitive accounting policies for which management makes significant estimates and assumptions and exercises judgment, based on macro-economic assumptions appropriate to the very long-term cycle of Group assets. It may be possible that future results could differ from those estimates, which were made in a context of economic and financial crisis and significant market volatility, thus resulting in difficulties to assess the economic outlook in the medium term.

Particularly, the Group describes in the notes to the consolidated financial statements the information related to:

- the methods used to account for the shortfall in the compensation for the Contribution to the Electricity Public Service Costs (*Contribution au Service Public de l'Electricité*) as at December 31, 2012, subsequent to the agreement announced on January 14, 2013 with the French State and the allocation during the period of the related receivable held to the dedicated assets for secure financing of long-term nuclear expenses on February 8, 2013 (notes 3.4, 15.3 and 36.3);
- the main assumptions and indicators used for the purposes of testing goodwill and long- lived assets for impairment as well as the impairment charges recognized during the period (notes 1.3.15 and 13);
- the other provisions and contingent liabilities (notes 32 and 45).

Our procedures consisted in assessing these estimates, the data and assumptions, and as applicable, the legal opinions on which they are based, reviewing, on a test basis, the technical data and calculations performed by the Group, 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.

Verification procedures

The procedures we performed in relation to the regulatory framework related to the principle of regulated access to historical nuclear energy (*Accès Regulé à l'Energie Nucléaire Historique* or ARENH) as established by the NOME Law in France, effective July 1, 2011, are based on the information available from the Group, or released by the Regulatory Energy Commission (*Commission de Régulation de l'Energie*), and the findings resulting from agreed-upon procedures performed by independent third parties that had access to the underlying transactions.

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 12, 2014

The Statutory Auditors

KPMG Audit
Department of KPMG S.A.

Jacques-François Lethu

Deloitte & Associé

Alain Pons

Patrick E. Suissa

3 Fees paid by the Group to Statutory Auditors

The following table sets forth the fees related to the 2013 financial year for EDF and its fully consolidated subsidiaries for services by its Statutory Auditors and their respective affiliates:

	Deloitte		KPMG	
(In thousands of Euros)	Amount (taxes excluded)	%	Amount (taxes excluded)	%
Audit:				
Statutory audit, certification, review of company and consolidated accounts				
Issuer	3,781	27.8	3,637	29.9
Fully consolidated subsidiaries	6,354	46.7	6,171	50.8
Other tasks and services directly connected to the Statutory Auditor's mission				
Issuer	623	4.6	1,579	13.0
Fully consolidated subsidiaries	66	0.5	196	1.6
Sub-total	**10,824**	**79.6**	**11,583**	**95.3**
Other services provided by the auditors' networks to fully integrated subsidiaries:				
Legal, tax, social	1,314	9.7	166	1.4
Other	1,458	10.7	401	3.3
Sub-total	**2,772**	**20.4**	**567**	**4.7**
TOTAL	**13,596**	**100.0**	**12,150**	**100.0**

Information given for the 2012 financial year:

The following table sets forth the fees related to the 2012 financial year for EDF and its fully consolidated subsidiaries for services by its Statutory Auditors and their respective affiliates:

	Deloitte		KPMG	
(In thousands of Euros)	Amount (taxes excluded)	%	Amount (taxes excluded)	%
Audit:				
Statutory audit, certification, review of company and consolidated accounts				
Issuer	3,925	27.6	3,654	30.4
Fully consolidated subsidiaries	6,409	45.0	5,128	42.7
Other tasks and services directly connected to the Statutory Auditor's mission				
Issuer	680	4.8	1,734	14.4
Fully consolidated subsidiaries	180	1.3	166	1.4
Sub-total	**11,194**	**78.7**	**10,682**	**88.9**
Other services provided by the auditors' networks to fully integrated subsidiaries:				
Legal, tax, social	1,649	11.6	250	2.1
Other	1,382	9.7	1,084	9.0
Sub-total	**3,031**	**21.3**	**1,334**	**11.1**
TOTAL	**14,225**	**100.0**	**12,016**	**100.0**

4 Dividend policy

4.1 Dividends and interim dividends paid within the last three fiscal years

The amount of dividends and interim dividends paid within the last three fiscal years was as follows:

Financial year	Number of shares	Dividend per share *(in Euros)*	Total dividends paid [1] *(in Euros)*	Dividend payment date
2010	1,848,866,662	1.15	2,122,291,972.68 [2]	6 June 2011
2011	1,848,866,662	1.15	2,124,757,978.20 [3]	6 June 2012
2012	1,848,866,662	1.25	2,308,912,900.34 [4] [5]	8 July 2013

(1) After deduction of treasury shares.
(2) €1,053,574,334.82 of which paid on 17 December 2010 as an interim dividend 2010.
(3) €1,053,169,658.76 of which paid on 16 December 2011 as an interim dividend 2011.
(4) €1,052,601,974.10 of which paid on 17 December 2012 as an interim dividend 2012.
(5) € 170,358,213.74 of whichh paid on 8 July 2013 in new shares.

On 26 November 2013, the Board of Directors decided, upon authorisation of the Shareholders' Meeting, for the 2013 fiscal year, to pay an interim dividend of €0.57 per share. The total amount of the interim dividend (excluding treasury shares) is €1,059,290,112.42, and was paid on 17 December 2013.

At its meeting of 12 February 2014, the Board of Directors decided to propose to the Shareholders' Meeting of 15 May 2014 the distribution of a dividend to €1.25 per share under the year 2013. Given the interim dividend of €0.57 per share paid on December 2013, a balance of €0.68 per share should be paid.

The remained of the dividend to be paid will be paid on 6 June 2014 (the ex-date being 3 June 2013) regardless of the payment being in shares or on cash.

4.2 Dividend policy, increased dividend

The dividend distribution policy of EDF, determined by its Board of Directors, will take into account its investment needs, the economic context and all other factors considered to be relevant.

In line with the statutory modification made at the general meeting on 24 May 2011, the first loyalty dividend will be paid in 2014 in regards to financial year 2013. Shareholders having held their shares at nominal value for at least two years are eligible for loyalty dividends. The number of shares giving entitlement to such increase of 10% may not exceed 0.5% of the share capital per shareholder. The first increased dividend will, in accordance with applicable laws, be distributed after the end of the second financial year following the amendment of the bylaws, namely in 2014 for the dividend to be distributed in respect to the 2013 financial year.

4.3 Prescription

Dividends that are not claimed within five years of the declared date of payment become time barred and are paid to the French State.

5 Legal proceedings and arbitration

In the ordinary course of business, the Group is involved in certain legal, arbitration and administrative proceedings. Charges that result from such proceedings are only provided for where such charges are likely and can be either quantified or assessed within a reasonable range. In the latter case, the amount of the provision is calculated on a case-by-case basis, based on the best possible estimate. The amounts of any provisions made depend on the case-by-case risk assessments and do not depend primarily on the status of the proceedings; however, developments in the proceedings may nonetheless lead to a reassessment of such risks.

To the knowledge of the Company, except for the proceedings set out below, there are no other administrative, legal or arbitration proceedings (including pending or threatened proceedings), likely to have or having had in the past 12 months a material impact on the financial situation or the profitability of the Company and/or the Group.

5.1 Legal proceedings concerning EDF

French utilities network (Réseau d'alimentation général – "RAG")

In October 2002, the European Commission initiated proceedings against France, claiming that State aid had been granted to EDF when its balance sheet was restructured on 1 January 1997. By a decision dated 16 December 2003, the European Commission set the principal amount of aid to be repaid at €889 million. On 11 February 2004, the French State issued a collection note for €1,224 million, consisting of the principal amount and interest. This amount was paid by EDF. On 27 April 2004, EDF initiated an action before the European Union General Court, at the time known as the European Court of

First Instance, to annul the European Commission's decision. The European Union General Court issued, on 15 December 2009, a ruling annulling the European Commission's decision of 16 December 2003, holding that when making its decision, it should have applied the informed market economy investor test to determine whether or not the action constituted State aid. As this ruling was binding on the parties, the State repaid €1,224 million to EDF on 30 December 2009. On 26 February 2010, the European Commission filed an appeal against the European Union General Court's ruling before the Court of Justice of the European Union. By order dated 5 June 2012, the Court of Justice rejected the appeal by the European Commission and confirmed the order of the General Court of the European Union of 15 December 2009. On 2 May 2013, the European Commission decided to reopen its investigation and will therefore re-examine the question of whether or not the action constituted State aid under the tests established by the European courts. This decision marks a new adversarial exchange between the French State and the European Commission. This does not affect the final decision that will be adopted by the European Commission.

Asbestos

In the past, EDF has used products containing asbestos. Thus, certain employees, in particular those working in fossil-fired power plant maintenance, may have been exposed to asbestos, principally before such asbestos was replaced or protective measures were implemented by EDF from the late 1970s.

Between 1997 and the end of December 2013, EDF has been party to 607 strict liability *(faute inexcusable)* actions in France in relation to the alleged exposure of its employees to asbestos in their workplace. A finding of liability in such an action could lead to the payment of additional compensation by the employer to victims or their legal successors.

Since June 2004, EDF has decided to no longer appeal, against employees, rulings made by Social Security Case Panels (*Tribunaux des Affaires de Sécurité Sociale* – "TASS") having made findings of liability (*faute inexcusable*) against the employer.

As at the end of December 2013, the cumulative amount of the final judgments against EDF, in relation to litigations relating to the *"faute inexcusable"* of the employer amounted to approximately €24.9 million.

As of 31 December 2013, a financial provision of €30 million was provisioned for in EDF's financial statements for legal proceedings for compensation of asbestos victims.

Solaire Direct

On 19 May 2008, Solaire Direct filed a complaint and an application for protective measures *(mesures conservatoires)* with France's Competition Council *(Conseil de la concurrence),* alleging that the EDF group had abused its dominant position in the various electricity markets to enter the emerging global services market for shared photovoltaic electricity generation through its subsidiary EDF Énergies Nouvelles Réparties ("EDF ENR"), thereby hindering the entry of new competitors on that market.

The Competition Council met on 26 November 2008 to consider the admissibility of the case on the merits and the application for protective measures. EDF has proposed certain commitments to address concerns over competition expressed by the Competition Council. These commitments were posted on the Council's website as part of a "market test" procedure, in order to allow interested companies to state their opinion.

Early 2009, the Competition Authority decided not to pursue the commitment proposal made by EDF and to order protective measures relating to the methods used by EDF ENR to market global photovoltaic energy services, and commenced proceedings on the merits following a motion by Solaire Direct, which does not in any way affect the outcome of the proceedings. At that stage of the proceeding, the Authority considered that the communication methods used by EDF created conflict between, on the one hand, EDF's role as electricity supplier subject to the regulated rates, and on the other hand, the competitive activities of its subsidiary. In a ruling of 8 April 2009, the French Competition Authority accordingly ordered EDF (i) to delete from all communication support for the Bleu Ciel® brand, any reference to EDF ENR's activity in the photovoltaic market (ii) to prevent agents responding to the 39 29 hotline (telephone number for individuals and EDF clients) from making any reference to the services offered by EDF ENR, (iii) to stop communicating information obtained through the 39 29 hotline to EDF ENR – this injunction covers not only the making of appointments for EDF ENR but also the transmission of information on people interested in the generation of photovoltaic energy – and finally (iv) to refrain from providing EDF ENR with information EDF possesses as a result of its activities as an electricity services provider subject to regulated rates. EDF complied with these orders within the deadlines set by the Competition Authority.

On 17 December 2013, the Competition Authority fined the EDF group €13.5 million for practices constituting an abuse of a dominant position which the Competition Authority felt allowed it to favour its subsidiaries operating in the photovoltaic sector to the detriment of other market players. The Competition Authority criticised the fact that EDF had made various material and non-material resources available to its subsidiaries which could not be reproduced by competitors (in particular, the "Bleu Ciel" brand, trademark and logo and customer data), thereby creating confusion among customers between its role as an electricity supplier subject to regulated rates and the role of its subsidiaries operating in the photovoltaic sector. EDF lodged an appeal against this decision before the Court of Appeal in Paris.

SUN'R

On 21 June 2012, SUN'R filed a complaint and an application for protective measures *(mesures conservatoires)* with France's Competition Authority. SUN'R accuses ERDF of delays in the procedure for the connection of its photovoltaic facilities and EDF of delays in the implementation of the purchase obligation contracts and the payment of the related invoices. In addition, according to SUN'R, EDF ENR benefited from special treatment for the connection of its facilities by ERDF and the payment of its invoices by EDF. The *inter partes* proceedings were opened on 16 November 2012. The discussions with the Competition Authority regarding the admissibility of the action and the possible granting of protective measures took place on 23 January 2013.

In a decision of 14 February 2013, the Competition Authority issued a decision rejecting all the applications for protective measures made by SUN'R but the proceedings on the merits are still ongoing. This decision does not in any way affect the outcome of the proceedings. If the Competition Authority's investigation leads to a finding that EDF's practices are anti-competitive, it could, notably, in accordance with Article L. 464-2 of the French Commercial Code, impose a financial sanction, the amount of which would be determined in proportion to the seriousness of the charges made, the significance of the damage made to the economy and to the company's situation, up to a maximum of 10% of the global turnover of the company before taxes.

At the same time, SUN'R filed on 29 August 2012 a petition at an urgent applications hearing for expert assessment and provision before the Administrative Court in Paris including a claim for provisional compensation of €1 million for EDF and €2.5 million for ERDF. By order of 27 November 2012, the urgent applications judge (*juge des référés*) at the Administrative Court in Paris dismissed this petition.

Evasol

On 26 July 2013, the liquidator of Evasol, a company operating in the energy-saving sector, issued proceedings against EDF SA, EDF EN, EDF ENR and EDF ENR Solaire before the Commercial Court in Lyon.

The allegations made relate to various breaches of competition law by these companies in the French photovoltaic sector, which it is claimed were the direct cause of Evasol's liquidation.

Evasol is claiming damages of €33,010,200 corresponding to the company's debts (€13,010,200) and the value of its business (€20,000,000).

Labour litigation

EDF is a party to a number of labour lawsuits with employees relating in particular to the working time. EDF does not consider that any of these lawsuits, taken individually, is likely to have a significant impact on its financial results or its financial position. However, as these disputes relate to situations that could involve a significant number of EDF's employees in France, if they were to multiply, they could then have a significant negative impact on the Group's financial results.

Environmental litigation

Due to its industrial activities, the Group is a party to various environmental lawsuits, in particular, regarding ground decontamination. As of the date of the filing of this reference document, the Group does not believe that any of these lawsuits, individually, is likely, in the event of an unfavourable outcome, to have a material negative impact on the Group's financial results.

Tax litigation

EDF has been subject to audits of its accounts for the 2004-2010 financial years. The Company has received proposed corrections for these financial years. EDF disputes most of these proposed corrections.

One of the main grounds for adjustment refers to the tax deductibility of the provision for benefits for work-related accidents and sicknesses (*accident du travail et maladies professionnelles* – "AT/MP") which also concerns RTE, ERDF and Électricité de Strasbourg, since this issue is linked to the nature of Electricity and Gas Industry companies. The Group challenged the position of the tax authorities. At the end of 2013, the French national commission on direct taxes and turnover taxes rendered several decisions in favour of RTE. Moreover, a judgment has also been issued in favour of this subsidiary by the Administrative Court in Montreuil. In case of unfavourable outcome, the financial risk for the Group in relation to the payment of corporate income tax amounts to approximately €250 million.

At the end of 2011, EDF received a proposed correction for the 2008 financial year relating, primarily, to the deductibility of certain long-term liabilities. In 2013, EDF received a letter from the authorities accepting part of its arguments, reducing this risk to €600 million. The Company considers it has good chances to be successful in this litigation and no provision has been recorded to cover these claims.

In addition, an adjustment was proposed by the authorities regarding a non-remunerated advance granted by EDF to its indirect subsidiary Lake Acquisition Limited for the purposes of the acquisition of British Energy. EDF contests this adjustment claim.

Greenpeace

A preliminary investigation was initiated in February 2009 before the Nanterre Criminal Court in relation to a "concealment of invasion of an automated data processing system" *(complicité et recel d'atteinte à un système de traitement automatisé de données)* after a computer expert from a non-Group company stated that he had hacked into the computer used by former Greenpeace spokesman in 2006, Mr Yannick Jadot, at the request of an EDF employee. Said employee and his supervisor were formally placed under investigation *(mis en examen)* on 24 March and 10 June 2009 respectively, and have been subject to disciplinary transfers. EDF was placed under investigation on 26 August 2009. By judgment delivered on 10 November 2011, EDF and the two employees were sentenced by the Nanterre Court.

By order delivered on 6 February 2013, the Court of Appeal in Versailles cleared EDF and the supervisor of the allegations. In terms of the other employee, the Court of Appeal confirmed the judgment of guilt and sentenced him to 6 months in prison. The employee, Greenpeace and Mr Yannick Jadot appealed to the Court of Cassation. On 29 November 2013, the Court of Cassation formally noted that Greenpeace had withdrawn its appeal.

Fessenheim

On 25 July 2008, an association and individuals petitioned the French ministers in charge of nuclear safety (the Ministers for Energy and Ecology) to order the permanent shutdown and dismantling of the Fessenheim nuclear power plant. The petitioners based their request on Article 34 of French Law no. 2006-686 of 13 June 2006 relating to transparency and safety in nuclear matters, which allows the enactment of a decree adopted in the French Council of State, after consultation with the French Nuclear Safety Authority (*Autorité de Sûreté Nucléaire* – "ASN"), to order the final shutdown and dismantling of a basic nuclear installation that presents serious risks, when no other course of action is possible.

After the dismissal of the petition by the ministers, the petitioners filed an appeal with the Strasbourg Administrative Tribunal on 10 December 2008, which was dismissed in the judgment of 9 March 2011. The petitioners lodged an appeal on 4 May 2011, which was dismissed in a judgment issued by the Administrative Court of Appeal in Nancy on 16 May 2013.

The same petitioners filed an application for review on 18 April 2011, requesting the ministers in charge of nuclear safety and ASN suspend the operation of the Fessenheim power plant. The petitioners base their request on Articles 34 and 35 of the Decree of 2 November 2007 relating to basic nuclear facilities and to the monitoring of nuclear safety and security for the transportation of radioactive substances, which enables ministers or the ASN to suspend the operation of a basic nuclear facilities in case of serious risk. After the refusal of the ministers and the ASN to adhere to their request, the petitioners respectively initiated actions with the Administrative Court in Strasbourg (for the ministers' implied refusal) and French Council of State (for ASN's implied refusal).

By order of 9 March 2012, the President of the Administrative Court in Strasbourg referred to the Council of State the applications regarding the ministers' implied refusal. In a decision issued on 28 June 2013, the Council of State dismissed the applications finding that the existence of serious and imminent risks for the protection of security, health and public health, nature and the environment justifying the suspension of the power plant had not been established.

Finally, by an application for interim measures dated 23 March 2013, several associations including *Réseau Sortir du Nucléaire* applied for the suspension of the works related to the safety review and including the strengthening of the slab. This application was dismissed in an order issued by the Council of State on 10 April 2013.

Vent de colère

Following an appeal lodged by an association, Vent de Colère, against the order issued on 17 November 2008 fixing the price at which wind-generated electricity is purchased, the Council of State stayed the proceedings and submitted a reference for a preliminary ruling to the European Court of Justice on whether the mechanism for financing the obligation to purchase electricity binding on CSPE (*Contribution au service public de l'électricité* – Contribution to the Public Electricity Service) is to be regarded as an intervention by the State or through State resources within the meaning of and for the application of the provisions of the TEU relating to State aid.

On 11 July 2013, the advocate general to the European Court of Justice issued his opinion, concluding that the mechanism for financing is covered by the concept of intervention by the State or through State resources.

On 19 December 2013, the Court issued its decision and confirmed that "a new mechanism for offsetting in full the additional costs imposed on undertakings because of an obligation to purchase wind-generated electricity at a price higher than the market price that is financed by all final consumers of electricity in the national territory (…) constitutes an intervention through State resources".

The proceedings before the Council of State resumed and it will then issue its final ruling on the appeal lodged by Vent de Colère against the order issued on 17 November 2008 fixing the prices at which wind-generated electricity is purchased.

Photovoltaic producers litigation

The announcement by the public authorities in autumn 2009 of an upcoming decrease in the photovoltaic electricity purchase prices set by the order of 10 July 2006, triggered a massive increase in requests for purchase contracts, likely to generate a very significant increase in costs to be compensated by the CSPE. Several successive ministerial orders were issued along the lines of this announcement in order to modify both the purchase prices for electricity generated via photovoltaic energy and the terms and conditions for their application. By Decree of 9 December 2010, the Government also provisionally suspended the obligation to purchase photovoltaic electricity for a period of 3 months. An order of 4 March 2011 set the new terms of purchase applicable following the end of this moratorium. In this context, a certain number of producers brought legal proceedings with the aim of being able to benefit from the most favourable price resulting from the previous order of 10 July 2006 or to be exempted from the suspension.

In addition, in Corsica and in the French overseas departments where EDF also operates as a network manager, some producers brought action for compensation with the aim of obtaining compensation for the loss in earnings they consider that they incurred as a result of delays in the connection procedures, which caused them to be affected by the suspension of the purchase obligation.

Radioactive waste packaging and interim storage facility (ICEDA)

A Decree of 23 April 2010 authorised EDF to set up a regulated nuclear facility, known as a "radioactive waste processing and interim storage facility" in the city of Saint-Vulbas, in the Ain département. Two petitions for cancellation of the decree were filed with the French Council of State in June 2010, one by Roozen, a horticultural company operating near the site, and the other by a group of environmental protection associations, which were both dismissed by the Council of State in a judgment issued on 1 March 2013.

A third petition was filed with the Council of State in April 2012 by the city of Geneva, requesting the cancellation of the decree. At the hearing of 3 March 2014, the public rapporteur advised that the petition should be dismissed. The Council of State is expected to issue a decision at the end of March 2014.

Roozen had also filed a petition on 21 April 2010 seeking cancellation of the building permit. In a judgment dated 13 December 2011, the Administrative Court in Lyon cancelled the building permit for violation of the city's local zoning plan. EDF lodged an appeal with the Administrative Court of Appeal in Lyon. Following confirmation of this decision by the Administrative Court of Appeal in Lyon on 19 June 2012, EDF lodged a further appeal with the French Council of State. At the hearing of 24 March 2014, the Council of State by request of EDF, cancelled the judgment and sent the case in front of the Administrative Court of Appeal in Lyon.

In addition, the town of Saint-Vulbas consulted with stakeholders and reviewed its zoning plan and EDF prepared a new building permit request, which is still pending.

Roozen requested an emergency injunction to suspend the local zoning plan. The urgent applications judge at the Administrative Court in Lyon, by order of 16 January 2013, dismissed this request on grounds of lack of urgency.

On 17 December 2012, Roozen lodged an appeal on the merits against the revised local zoning plan, as did SDN and the Republic and Canton of Geneva on 3 and 5 April 2013. The hearing of these three applications is scheduled to be held on 8 April 2014.

On 21 August 2013, after the close of the public inquiry and the unconditional approval of the inquiry commission, the Prefect of Ain issued a new building permit.

On 22 October 2013, Roozen lodged an appeal against the second building permit issued by the Prefect of Ain. The Republic and Canton of Geneva and a private individual appealed against this building permit before the Administrative Court in Lyon on 20 December 2013.

Flamanville

On 15 November 2006, EDF filed an application with the ASN to authorise the retention and disposal of liquid and gaseous effluents from the nuclear plant in Flamanville (Manche). This application included the retention and disposal of the two existing reactors on the site (Flamanville 1 and Flamanville 2), as well as those of the future EPR reactor (Flamanville 3) currently under construction.

The ASN decided, on 7 July 2010, to limit EDF disposals in the environment of the liquid and gaseous effluents for the operation of the 3 reactors. This decision was validated by an order of the Ministers in charge of nuclear safety on 15 September 2010.

A local association, CRILAN, initiated proceedings with the Administrative Court in Caen on 23 March 2011 to have this order cancelled.

By order of 20 July 2012, the President of the Administrative Court in Caen referred the case to the French Council of State. The Court deemed that CRILAN's request did not relate to the ministerial approval order but rather to the decision by the ASN of 7 July 2010. However, under the terms of Article R. 351-2 of the French Administrative Justice Code, the French Council of State has jurisdiction over appeals against decisions by ASN. EDF and the French State have filed their statements for the defence.

ASN filed its statement for the defence, claiming that the request should be dismissed.

Brennilis

After EDF obtained authorisation, by order of 27 July 2011, to partially dismantle the Brennilis nuclear facility, a storage facility for the Monts-d'Arrée nuclear plant, several associations brought an action against this order before the French Council of State on 28 September 2011. In addition, on 16 January 2013, the same associations filed an emergency motion before the Council of State requesting the immediate suspension of the implementation of the decree. By order dated 6 February 2013, the French Council of State rejected the application for suspension and in a decision dated 1st March 2013, dismissed the application for the cancellation of the decree.

Arbitration following the termination of a gas supply contract

On 2 August 2012, EDF received a demand for arbitration filed with the International Chamber of Commerce by one of its gas suppliers. This supplier is contesting the termination by EDF of a 4-year natural gas supply contract which had one year left to run, and is claiming one hundred million euros in compensation. EDF considers that the conditions required for it to terminate the contract had been met and therefore deems unfounded the amount claimed by the plaintiff. The court of arbitration, which was formed in January 2013, suspended the proceedings in March 2014 at the parties' request, following the supplier's proposal that they resume discussions in order to try and reach a global commercial settlement to bring an end to the dispute. The parties nevertheless reserve the right to reactivate the arbitration proceedings at any time.

Superphénix

Following the State's decision to abandon the construction of the Superphénix nuclear reactor, AREVA NC considers that EDF should be responsible for providing the preliminary services for the construction of core 3 and cover the cost of processing the manufacturing waste of cores 1 and 2 to extract the excess plutonium. As no amicable agreement could be reached between the companies, AREVA NC issued proceedings against EDF on 19 June 2013 seeking a decision ordering EDF to pay €148 million - to be adjusted (under the original economic conditions). The hearing before the Commercial Court in Paris is scheduled to be held on 5 May 2014. In view of the conclusions made by AREVA, EDF is reasonably confident that the claims made by AREVA are unwarranted.

Bugey 2 and 4

Following the third safety review of reactors 2 and 4 at the Bugey site to allow their continued operation for a further ten years, ASN adopted decisions establishing additional technical requirements in 2012 (reactor 2) and in 2013 (reactor 4). These requirements apply in addition to other technical requirements, also applicable to reactors 2 and 4, adopted by ASN on 26 June 2012 following the additional safety assessments performed in the wake of the Fukushima accident.

In December 2013, the Republic and Canton of Geneva filed two applications before the Council of State seeking the cancellation of these decisions.

5.2 Legal proceedings concerning EDF's subsidiaries and holdings

RTE

Sale of high voltage electricity transmission by SNCF

The French Law of 9 August 2004 on the public electricity and gas service and electricity and gas companies had set out that SNCF's high voltage electricity transmission network facilities should be sold to RTE. On 9 July 2009 a specially-formed commission issued its decision on the transfer value of the network, estimating it at €140 million. SNCF filed an appeal against this decision with the French Council of State on 20 August 2009, considering the transfer value of the facilities to be much higher. Until the French Council of State rules on the appeal, SNCF has transferred its electricity facilities to RTE and the sale was agreed on 26 May 2010 for an amount of €140 million, of which only €80 million have been paid by RTE as down-payment.

Tax litigation

RTE was subject to an audit of its accounts for the 2005-2011 financial years. One of the main grounds for adjustment refers to the tax deductibility of the provision for benefits for work-related accidents and sicknesses (*accident du travail et maladies professionnelles* – "AT/MP"), which remains contested by the Group. At the end of 2013, the French national commission on direct taxes and turnover taxes rendered several decisions in favour of the company on the deductibility of the provision for benefits for work-related accidents and sicknesses. Moreover, a judgment has also been issued in favour of this company in this respect by the Administrative Court in Montreuil.

ERDF

Tax litigation

EDF received at the end of 2009 a proposed correction related to an accounts audit for the 2004, 2005 and 2006 financial years, including the share connected to the distribution, since consolidated. The adjustment claim relating to the deductibility of the provision for the benefits for work-related accidents and sicknesses remains contested by the Group.

Photovoltaic producers litigation

During 2010, owing to the proposals to reduce the price at which electricity is purchased, there was a considerable surge, particularly in August 2010, in the number of connection requests received by ERDF's units (as at that time, the date on which the connection request was filed was used to determine the applicable price). Three months later, the moratorium Decree of 9 December 2010 ordered the suspension of the signing of new contracts for a period of three months and indicated that the applications which had not been accepted before 2 December 2010, as regards the technical and financial connection offers, would need to go through the process again at the end of the three-month period.

At the end of this moratorium, new provisions relating to the purchase of electricity were implemented. Within this framework, the requests for proposals system was developed and a new order was issued fixing the new price at which EDF is required to purchase photovoltaic electricity.

This order, issued on 4 March 2011, generated a significant decrease in the repurchase price of photovoltaic electricity.

The order issued by the French Council of State on 16 November 2011 dismissing the various claims brought against the moratorium decree of December 2010 generated a significant number of claims against ERDF in November and December 2011, which continued throughout the whole of 2012, though at a lower rate. New claims were also filed in 2013 and 2014. These claims were mainly brought by producers who had to abandon their projects because the operational conditions were less favourable than before with the new electricity repurchase prices. These producers consider ERDF responsible for this situation as they claim that ERDF did not deliver the technical and financial offers for connection on time for them to benefit from more advantageous electricity repurchase conditions. EDF considers that it cannot be held liable and particularly lodged an appeal against the few judgments delivered that were not in favour of EDF at *nisi prius* in 2011 and 2012.

On 8 July 2013, the Jurisdiction Court *(Tribunal des Conflits)* held that the ordinary courts had jurisdiction to hear the disputes between ERDF and producers relating to delays in the delivery of technical and financial offers.

Claim against the TURPE 3 price decision

By order of 28 November 2012, the French Council of State pronounced the cancellation of the TURPE 3 price decision of 5 May and 5 June 2009, which set the prices for the use of the distribution network for 2010-2013.

The grounds for cancellation were the method used to determine the "average weighted capital cost" ("AWCC"): the Council of State deemed this method "legally incorrect", on the grounds that it does not take into account "the specific accounts of concessions, which correspond to the rights of grantors to recover free of charge the assets belonging to the concession at the end of the contract (…) as well as the provisions for the renewal of long-term assets".

In order to take into account the Council of State's decision, the State approved a TURPE 3bis based on the proposal submitted by the CRE to retroactively cover the period commencing on 1 August 2009 and ending on 31 July 2013. The effective date of TURPE 4 was then put back to 1 January 2014 and a TURPE 3ter was produced to cover the period commencing on 31 July 2013 and ending on 31 December 2013. Finally, on 13 November 2013, the CRE adopted a resolution containing the proposed decision in relation to TURPE 4.

This resolution was published in the French Official Gazette on 20 December 2013. This decision is subject of a claim to the French Conseil of State at the initiative of Direct Energy.

EDF International

Tax disputes

EDF International's tax audit relating to the 2008 to 2011 financial years led to a correction proposal being issued in late 2011 and late 2013. Two main adjustment claims, amounting to an approximate total of €265 million, relate firstly to the loss of value recorded at the end of 2009 and deducted from EDF International's income following the contribution of the CEG shares to its American subsidiary, EDF Inc., and secondly the valuation of the convertible bond created for the refinancing of the acquisition of British Energy. In 2012, EDF International contested these adjustment claims, for which it considers it has good chances to be successful in this litigation. In late 2012, EDF International sought to reach an amicable settlement in both France and the US regarding the valuation of the CEG shares recorded at the time of the contribution, based on the tax agreement to prevent double taxation in both France and the US.

ICC Arbitration - SOROOF v EDFI

EDF implemented a partnership with SOROOF International ("SOROOF") in 2010, in order to penetrate the Saudi Arabian market and expand its business in the thermal sector. EDF Saudi Arabia ("EDF KSA"), a company incorporated under the laws of Saudi Arabia, 85% owned by EDF International ("EDFI") and SOROOF, was formed on 8 March 2011 for three years.

To date, EDF has not managed to develop projects allowing it to enter the Saudi Arabian market. SOROOF expected to earn an income from this partnership and is today claiming lost earnings.

SOROOF filed a request for arbitration with the International Chamber of Commerce in Paris ("ICC") against EDF International ("EDFI") on 30 September 2013. SOROOF bases its claim on an alleged breach of EDFI's contractual obligations and seeks (i) compensation for the financial loss sustained, (ii) compensation for its non-pecuniary loss (damage to the image and reputation of Prince Bandar, for which no figure has been given) as well as (iii) payment by EDFI of the arbitration costs.

On 5 November 2013, EDFI sent an answer to the request for arbitration, challenging the allegations made by SOROOF and issuing a counterclaim based on SOROOF's breaches of contract, seeking USD 15 million from SOROOF covering (i) the sums incurred by EDFI for this partnership and (ii) the damage sustained to EDF's image.

EDF Énergies Nouvelles

Silpro

Silpro (Silicium de Provence) went into court-ordered liquidation on 4 August 2009. EDF ENR group held a 30% minority shareholding in this company along with the main shareholder, the German company Sol Holding. On 30 May 2011, the liquidator brought action against the shareholders and executives of Silpro, with joint and several liability, to make up for the shortfall in assets resulting from Silpro's liquidation, amounting to €101 million.

In its judgment issued on 17 December 2013, the Commercial Court in Manosque ordered, without joint and several liability, the EDF ENR Group to contribute €120,000 to Silpro's shortfall in assets. The main shareholder (Sol Holding) and the former executives were ordered to contribute €200,000 and €110,000 respectively. The court-appointed liquidator lodged an appeal against the judgment.

SOCODEI

The low-activity waste processing and packaging centre (Centraco) operated by SOCODEI, a subsidiary wholly owned by EDF, is used to process weakly radioactive waste either by smelting or by incineration. On 12 September 2011, the explosion of a waste smelter caused a fire, killing one and injuring four. The accident did not cause any chemical or radioactive discharge. The ASN rated the accident as an INES level-1 accident and decided, on 27 September 2011, to only permit the smelters and incinerators stopped shortly after the accident to be re-started with prior authorisation. On 29 June 2012, ASN authorised SOCODEI to restart the incinerator subject to prior filing with ASN of the full report on the checking operations relating to the compliance of the facilities necessary for the furnace to be safe. The smelting unit, in which the accident occurred, is still shut down.

Following the accident, several investigations were opened. On 16 September 2011, the Public Prosecutor's Department in Nîmes opened an inquiry against X for homicide and involuntary injuries and the inquiry is ongoing. The results of the investigations by the Labour Inspectorate and ASN were sent to the Public Prosecutor's Department and a court expert was appointed. Once the court-ordered expert assessment operations had been completed, the examining magistrate authorised the removal of the seals on the smelter, which meant that the repairs could commence. Pursuant to its decision 2014-DC-0391 of 14 January 2014, ASN introduced new technical requirements. In accordance with this decision and in order to obtain authorisation to restart the smelting unit, SOCODEI has to provide ASN with detailed documentation describing the technical, social, organisational and human measures it has implemented in order to comply with the new requirements.

Edison

Legal action initiated by ACEA SpA concerning Edison's shareholding in Edipower

In May 2006, ACEA SpA ("ACEA"), Rome's municipal utility, addressed a complaint to the Italian government and to Italian regulatory (AEEG) and competition (AGCM) authorities, alleging that the joint takeover of Edison by EDF and A2A S.A. (formerly AEM S.p.A) had crossed the threshold of 30% of the share capital of Edipower held by State corporations (limit set forth by a decree of the President of the Italian Council of Ministers, dated 8 November 2000 defining the rules applicable to the privatisation of companies (called Gencos) then held by Enel SpA).

On 7 July 2006, the AGCM rendered an opinion (*segnalazione*) supporting ACEA's position and officially requiring the Italian government and parliament to take measures to comply with the provisions of the 8 November 2000 Decree.

In August 2006, ACEA initiated an action against EDF, IEB and WGRMH Holding 4 (along with Edison, A2A S.A., Delmi, Edipower, AEM Turin, Atel and TdE) before the Civil Court in Rome.

According to ACEA, crossing this threshold is a violation of the applicable laws and constitutes an act of unfair competition which could adversely affect the competition on the energy market and consumers' interests.

ACEA therefore asked the court to acknowledge the unfair behaviour of EDF and A2A S.A., and force EDF and A2A S.A. to sell their stakes in order to remain under the 30% limit and prohibit them from taking and using energy in excess of the 30% threshold, and, finally, to compensate ACEA for the prejudice suffered that it has not been able to precisely evaluate at this stage, the valuation being subject to distinct proceedings.

ACEA also indicated that it would request the court to take protective measures to protect its interests until the court rules on the merits.

In January 2007, Endesa Italia joined ACEA in its legal action.

The judge has rejected the addition to the file of a note from ACEA (new evidence) which assessed the prejudice that ACEA would have suffered at €800 million.

In December 2010, Endesa Italia, now named E.ON Italia, and EDF signed a settlement agreement in which E.ON Italia undertakes to drop the case and all other claims against EDF in connection with EDF's indirect investment in Edipower. The judge has acknowledged this agreement in an order dated 19 May 2011.

On 19 September 2013, the Civil Court in Rome issued a judgment in favour of EDF, dismissing all of ACEA's claims. The Court excluded all liability under competition or tort law for EDF as all of EDF's acts had been authorised in advance by the relevant regulatory bodies and it had not breached any rules. ACEA has 1 year and 45 days in which to appeal against this judgment.

Proceedings concerning the sale of Ausimont (Bussi)

Further to a preliminary investigation initiated by the Public Prosecutor of Pescara (Abruzzo region) in relation to a suspected case of water pollution and ecological disaster affecting the river Aterno basin at Bussi sul Tirino, which for more than a century has been the site of an industrial complex belonging to Ausimont SpA that was sold to Solvay Solexis SpA in 2002, the Public Prosecutor of Pescara notified certain former Directors and managers of Solvay Solexis and Edison that the case would go to court on charges of water poisoning, ecological disaster and fraud to the prejudice of the site's purchaser, Solvay Solexis.

On 15 December 2009, the proceedings against Montedison (now Edison) for fraud were abandoned. The proceedings on the matters of environmental disaster and poisoning of water or foodstuffs continued and on 18 April 2013 the judge entertaining jurisdiction decided to bring action against Montedison's former executives before the Assize Court in Chieti. On 2 May 2013, an appeal was lodged with the Court of Cassation against the judge's decision. This appeal was dismissed in a judgment handed down on 5 January 2014.

In this context, a large quantity of industrial waste was found on a plot of land belonging to Edison adjacent to the plant, and an attachment order has been placed on that land, and the President of the Italian Council of Ministers appointed on 4 October 2007 a deputy special commissioner empowered to undertake urgent measures: identification, safety and rehabilitation measures for the land. The commissioner has ordered Edison to prepare a survey of the zone, take urgent measures to make it safe and present proposals for decontamination of the ground and ground water. Edison, which has never used this site for its business, filed an appeal with the Regional Administrative Court in June 2008. The Regional Administrative Court rejected this appeal in March 2011 and Edison challenged this judgment before the Council of State.

Action by the Public Prosecutor of Alessandria

In 2009, the Public Prosecutor of Alessandria (Italy) sent certain managers and former Directors of Ausimont Spa (now named Solvay Solexis SpA, a company sold by Montedison to the Solvay group in 2002) notification of the conclusion of investigations related to the possible poisoning of water from the spring on the industrial site of Spinetta Marengo and surrounding sites, and the lack of any action for site rehabilitation. The investigation was closed on 16 January 2012.

The judge entertaining jurisdiction decided, on 16 January 2012, to bring action before the assize court in Alessandria against a number of former Montedison executives for behaviour that could constitute environmental and public safety offences.

The trial before the assize court began on 17 October 2012 and is currently in the preliminary hearing stage.

In addition, an administrative decision ordered Solvay Solexis to rehabilitate the Spinetta Marengo site. Edison voluntarily intervened in the proceedings to defend its interests in relation with the claim filed by Solvay Solexis for the cancellation of this administrative decision, notably because the administrative decision doesn't impose any obligation on Edison to rehabilitate the site (this obligation is imposed exclusively on Solvay Solexis).

Carlo Tassara

The company Carlo Tassara, Edison's main minority shareholder, brought legal proceedings on 12 July 2012 before the Regional Administrative Court in Latium (Rome) requesting on the merits an increase in the price of the mandatory takeover bid launched by the EDF subsidiary Transalpina di Energia (TDE), following the takeover of Edison on 24 May 2012. The parties against which the plaintiff brought these proceedings are CONSOB, the Italian financial market authority, EDF, as well as its Italian subsidiaries (MNTC, WGRM4 and TDE), Edison, Delmi and A2A. The date of the hearing before the Court has not yet been scheduled. Any decision may be appealed before the Italian Council of State.

At the same time, the plaintiff filed with CONSOB in May 2012 a request to increase the price of the mandatory takeover bid based on practically identical arguments to those filed for the proceedings on merits before the Administrative Court. CONSOB dismissed this request on 25 July 2012. The plaintiff did not appeal against this decision.

Claims brought by employees concerning exposure to asbestos or other harmful chemical substances

Over the last years, Edison has faced a significant increase in the number of claims for damages arising from the death or illness of employees that were allegedly caused by exposure to several forms of asbestos at factories owned by Montedison, or other judicial cases assumed by Edison as a result of corporate acquisitions.

Furthermore, Edison is involved in several criminal proceedings filed by former employees of companies belonging to the Edison group or their legal successors, arising from exposure to harmful chemical substances emitted by Montedison's facilities (since transferred to Enimont which became Enichem, a subsidiary of ENI).

Environmental litigation

Edison is involved in several criminal proceedings currently underway concerning damages caused by the operation of Montedison's chemical factories (petrochemical facilities in Porto Marghera, Crotone, Mantua and Cesano Maderno) prior to their sale to Enimont. These criminal proceedings also include actions brought by third parties concerning personal injuries related to the alleged environmental damage.

BE ZRt

Following a formal investigation based on European regulations on State aid, the European Commission issued a decision on 4 June 2008, requiring the Hungarian government to terminate the long-term electrical energy purchase agreements ("PPAs") existing at the end of 2008 and that the electricity producers refund by April 2009 any amounts of State aid received since 1 May 2004, the date on which Hungary joined the European Union. BE ZRt lodged an appeal against this decision before the European General Court ("EGC") on 4 May 2009.

The Hungarian Government did not challenge the European Commission's decision, and the Hungarian legislature enacted a law on 10 November 2008 terminating all PPAs on 31 December 2008 without compensation. In late April 2010 the European Commission and the Hungarian government accepted the principle of netting stranded costs with the State aid paid. As a result BE ZRt will have no illegal State aid to repay.

By order of 13 February 2012, the EGC dismissed the action for cancellation filed by BE ZRt against the decision. However, insofar as BE ZRt is no longer liable to be required to refund this State aid, and due to the absence of direct impact on the ongoing arbitration (see below), BE ZRt did not appeal against this decision.

In order to pursue its business after the termination of its PPAs, BE ZRt negotiated an 8-year sales contract with MVM, the sole Hungarian buyer owned by the Hungarian State, for half of its electricity output, and benefited from the "Cogen 1 Decree[1]" for the sale of the other half of its output, for a period due to run until 2013. However, Hungary adopted on 16 March 2011 an amendment to the law on electricity ending any support to cogeneration in Hungary as from July 2011.

EDF International, whose investment in BE ZRt was undertaken after the company's privatisation on specific terms that are now in question, notified the Hungarian State, on 12 May 2009 of an arbitration on the basis of the Energy Charter Treaty (ECT), in accordance with UNCITRAL rules. The arbitration proceedings were suspended until 1 October 2011, further to several successive agreements, and have now resumed. EDF International filed on 30 December 2011, with the permanent arbitration court of The Hague, a statement in reply in order to obtain compensation for the loss of the PPAs. The prejudice with respect to heating prices in 2011 was introduced in this statement for protective purposes. On 2 November 2012, Hungary filed its statements for the defence, both on the merits and in order to contest the Court's jurisdiction.

The European Commission filed its statement, in May 2013, primarily contesting the jurisdiction of the Court. In its statement in reply filed on 1 July 2013, EDF International reassessed the damage (about €290 million) sustained in light of the Heating Decree which now limits BE ZRt's total profits. Moreover, an alternative claim was made by EDF International for reimbursement of the stranded costs (about €300 million). Hungary replied in a rejoinder on 25 October 2013.

The hearings were held in The Hague from 3 to 6 December 2013 and the arbitration award should be issued in 2014, in all likelihood during the second half of the year. Following the hearings, the Court asked the parties to produce two simultaneous post-hearing statements: the first on 28 February and the second on 28 March 2014. The arbitration award should be issued during the second half of 2014.

EnBW

In February 2012, EDF International received an arbitration request filed with the International Chamber of Commerce by the German company Neckarpri GmbH, acquisition vehicle of the Bade-Wurtemberg State within the scope of the transfer by the EDF group of its shareholding in EnBW, signed on 6 December 2010 and finalised on 17 February 2011.

Neckarpri claims that the level of the price paid for the acquisition of the EDF group's shareholding in EnBW was excessive and thus constituted illegal State aid. On this basis, Neckarpri is mainly seeking the reimbursement of the amount allegedly paid in excess. This amount, initially estimated at €2 billion in the demand for arbitration, was re-estimated in July 2012 in an expert report ordered by Bade-Wurtemberg State at €834 million. In September 2012, Neckarpi confirmed the reduction of its main claim to this amount. Alternatively, Neckarpi requests the cancellation of the sale of the EDF group's shareholding in EnBW.

The arbitration proceedings are ongoing. The first statements have been exchanged by Neckarpri (request) and EDF (answer), including the counterclaim made by EDF for damages for the losses incurred as a result of the proceedings, which EDF considers to be unfounded and unjustified. The sentence should be pronounced at the end of 2014 or at the start to 2015 after an additional exchange between the parties.

5.3 Litigation having arisen after the closing of the 2013 financial year

None.

6 Significant change in the Company's financial or trading position

The significant events that took place between the end of the 2013 fiscal year and the date of filing of this reference document are mentioned in note 51 to the consolidated financial statements for the fiscal year ended 31 December 2013 as to events that took place before the financial statements were drawn up by the Board of Directors on 12 February 2014, and, for events occurring after 12 February 2014, in section 12.1 ("Subsequent events") of this reference document.

1. *Decree defining the terms and conditions, including prices, for renewable energy and cogeneration adopted by the Hungarian government on 28 November 2008, known as the "Cogen" Decree.*

Summary of environmental and social indicators and methodological information on the environmental and social indicators for 2013

Summary of environmental and social indicators

Economic indicators

	Unit	2013	2012	2011	Scope [1] 2013	Scope [1] 2012	Scope [1] 2011	GRI ref. [2]
Economic indicators								
Provisions for decommissioning and last cores	€ million	22,150	20,979	19,843	2	2	2	
Provisions for back-end nuclear fuel cycle	€ million	20,547	19,525	18,830	2	2	2	
Indemnities paid or payable following a court ruling in an environmental matter	€ thousand	8.1	6.9	0	1	1	1	
Management								
Environmental protection expenditure *Increases in provisions*	€ million	2,924 *1,901*	3,465 *2,465*	2,800 *1,765*	1	1	1	EN 30
Environmental management (% of the Group consolidated sales revenues covered by an ISO 14001 certification)	%	95 [3]	98 [3]	79	2	2	2	

(1) Scope 1: EDF
Scope 2: EDF Group.
(2) GRI: Global Reporting Initiative, version 3.
(3) Including companies not covered by the Group certificate.

Environmental indicators

	Unit	2013	2012	2011	Scope [(1)] 2013	Scope 2012	Scope 2011	GRI ref.
Fuels and raw materials – Fuel consumption								
Nuclear reactor fuel	t	1,205	1,096	1,205	1	1	1	EN 1
Coal	kt	25,314	24,277	21,024	2	2	2	EN 1
Heavy fuel oil	kt	885	1,098	1,170	2	2	2	EN 1
Domestic fuel oil	kt	329	317	402	2	2	2	EN 1
Natural gas	$10^6 m^3$	8,842	9,290	6,859	2	2	2	EN 1
Industrial gas	$10^6 m^3$	797	842	3,555	2	2	2	EN 1
Water [(2)] – consumption of raw materials from sources outside the company								
Cooling water drawn	$10^9 m^3$	53.9	54.8	55.2	2	2	2	EN 8
o.w. fresh water	*$10^9 m^3$*	*18.3*	*28.0*	*26.8*	*2*	*2*	*2*	
o.w. brackish (or estuary) water	*$10^9 m^3$*	*8.4*			*2*			*EN 8*
Cooling water returned	$10^9 m^3$	53.4	54.2	54.6	2	2	2	EN 21
o.w. fresh water	*$10^9 m^3$*	*18.0*	*27.5*	*26.3*	*2*	*2*	*2*	*EN 21*
o.w. brackish (or estuary) water	*$10^9 m^3$*	*8.4*			*2*			
Air – gas emissions								
Total CO_2 emissions * (including installations not subject to quotas)	Mt	80.6	79.8	70.5	2	2	2	EN 16
SO_2 emissions	kt	134.3	137.8	140.6	2	2	2	EN 20
NO_x emissions	kt	171.7	182.2	157.0	2	2	2	EN 20
Dusts	t	7,246	6,968	5,407	2	2	2	EN 20
Particles (PM_{10})	t	2,602	1,745	nc	1	1a	nc	G4-EN 21
Mercury	t	0.16	0.16	nc	1	1a	nc	G4-EN 21
CH_4 emissions	kt eq. CO_2	38.2	40.5	32.2	2	2	2	EN 16
N_2O emissions	kt eq. CO_2	349.0	329.8	254.7	2	2	2	EN 16
SF_6 emissions – EDF	kt eq. CO_2	71.6	83.8	94.3	1	1	1	EN 16
SF_6 emissions – EDF + ERDF	kt eq. CO_2	78.9	93.3	102.8	1b	1b	1b	EN 16
SF_6 emissions – Group	kt eq. CO_2	95.2	109.8	nc	2	2	nc	EN 16
Non-nuclear waste [(3)]								
Hazardous waste	t	68,443	64,598	60,956	2	2	2	EN 22
Non-hazardous waste	t	354,554	321,789	302,251	2	2	2	EN 22
Conventional industrial waste recycled or removed for recycling	t	294,378	253,412	251,908	2	2	2	EN 22
Ash produced	kt	3,860	3,816	3,617	2	2	2	EN 22
Energy								
Renewable energies: quantity of electricity and heat generated using renewable energy sources (other than hydro)	GWh	17,198	15,583	11,032	2	2	2	EN 6
Direct energy consumption by primary source								
Internal consumption, pumping electricity	TWh	7.0	6.7	6.9	1	1	1	EN 3
Internal consumption, electricity	TWh	22.1	22.5	22.8	1	1	1	EN 3

(1) Scope 1: EDF
Scope 1a: EDF mainland France
Scope 1b: EDF + ERDF
Scope 2: EDF Group.
(2) In 2011 and 2012, brackish (or estuary) water are included in fresh water.
(3) Edison' hydrocarbon activities are excluded from the waste indicators in 2011.
** 2013 data was verified with reasonable assurance by the Statutory Auditors.*
nc: non communicated.

Nuclear indicators – EDF

	Unit	2013	2012	2011	GRI ref.
Radioactive emissions to water [(1)]					
Carbon 14	GBq/reac	n.a	13.19	13.06	EN 21
Tritium	TBq/reac	n.a	20.47	18.07	EN 21
Radioactive emissions to air [(1)]					
Carbon 14	TBq/reac	n.a	0.18	0.17	EN 20
Tritium	TBq/reac	n.a	0.64	0.65	EN 20
Fuel					
Evacuated spent nuclear fuel	t	1,099	1,075	1,199	EN 24
Nuclear waste					
Very low-level radioactive waste from decommissioning	t	1,110	2,528	634	EN 24
Low and medium level short-life solid radioactive waste	m^3/TWh	19.0	20.7	15.6	EN 24
High and medium level long-life solid radioactive waste	m^3/TWh	0.86	0.88	0.87	EN 24

(1) Data 2013 of radioactive emissions to water and air are not available at the reporting date.
n.a: not available.

Nuclear indicators – EDF Energy

	Unit	2013	2012	2011	GRI ref.
Radioactive emissions to water					
Tritium – AGR (Advanced Gas-cooled Reactor)	TBq/reac	150	135.7	124.5	EN 21
Tritium – PWR (Pressurised Water Reactor)	TBq/reac	41	44	46	EN 21
Radioactive emissions to air					
Carbon14 – AGR	TBq/reac	0.67	0.71	0.68	EN 20
Carbon14 – PWR	TBq/reac	0.20	0.30	0.30	EN 20
Tritium – AGR	TBq/reac	0.59	0.68	0.80	EN 20
Tritium – PWR	TBq/reac	0.80	0.80	0.70	EN 20
Fuel					
Uranium sent off site	t	177	216	211	EN 24
Nuclear waste					
Evacuated low level radioactive waste	m^3	655	698	608	EN 24
Medium level radioactive waste generated	m^3	178	161	161	EN 24

Nuclear indicators – Constellation Energy Nuclear Group

	Unit	2013	2012	2011	GRI ref.
Radioactive emissions to water					
Tritium	TBq/reac	8.34	12.91	12	EN 21
Radioactive emissions to air					
Carbon 14	TBq/reac	0.37	0.33	0.34	EN 20
Tritium	TBq/reac	1.16	1.38	1.40	EN 20
Fuel [(1)]					
Nuclear fuel delivered	t	44	46	48	EN 24
Nuclear waste [(1)]					
Evacuated low and medium level radioactive waste	m^3	1,411	2,419	1,287	EN 24

1. Data is consolidated according to the percentage ownership in the subsidiary.

Social indicators

EDF group	Unit	2013	2012	2011	GRI ref.
Workforce numbers and breakdown at 31/12/2013 [(1)]					
EDF + ERDF	Number	109,754	107,333	103,954	LA 1
TOTAL EDF group *	Number	158,467	159,740	156,168	LA 1
Employees by age					
Employees under 25 *	%	8	8		
Employees aged 25-35 *	%	25	23		
Employees aged 36-45 *	%	25	25		
Employees aged 46-55 *	%	32	34		
Employees aged 56 and over *	%	10	10		
Employees by geographical zone (based on head office location)					
France	Number	129,492	129,328		
o.w. Dalkia	*Number*	*13,056*	*15,964*		
United Kingdom	Number	16,190	16,178		
Italy	Number	5,175	5,210		
Other European countries	Number	6,114	7,503		
Other international	Number	1,496	1,521		
Number of managers (as defined by French regulations)	Number	42,327	40,355	37,786	LA 1
Percentage of women managers	%	25.7	25.0	23.9	LA 13
Number of "non-managers"	Number	116,140	119,385	118,382	LA 13
Gender equality					
Male workforce *	Number	116,928	118,512	117,023	LA 13
Female workforce *	Number	41,539	41,228	39,145	LA 13
Male managers	Number	31,468	30,286	28,753	LA 13
Female managers	Number	10,859	10,069	9,033	LA 13
Hiring / departures					
Recruitments	Number	10,945	12,577	12,755	LA 2
Other arrivals [(1)]	Number	8,027	7,499	5,849	LA 2
Retirements / Inactive employees	Number	4,321	4,185	4,200	LA 2
Resignations [(2)]	Number	1,768	2,355	2,761	LA 2
Redundancies, dismissals, employees made inactive	Number	864	1,739	1,689	LA 2
Other departures [(1)]	Number	8,424	9,304	9,398	LA 2
Remunerations					
Total gross remuneration	€ million	7,494	7,400		
Part-time employees	Number	12,943	14,690	15,296	LA 1
Absenteeism					
Average number of days' absence (illness + accident)	Number	8.8	9.0		
Health and safety					
Fatal accidents [(3)]	Number	4	14	13	LA 7
Injury frequency rate		3.1	3.8	3.9	LA 7
Work-related accidents (causing leave of one day or more)	Number	750	921	933	LA 7
Injury severity rate		0.16	0.16		

(1) Inclusions and exclusions from the scope are accounted under "Other arrivals" and "Other departures" respectively.
(2) Terminated special contracts (including work-study contracts) are included in "Other departures" regardless of whether a further contract was signed. Departures during the trial period are included in "Other departures".
(3) Group employees, excluding subcontractors.
For reasons of confidentiality, CENG does not report this information in 2011, 2012 or 2013.
The figure collected by Edison in 2011 does not include the subsidiary Abu Qir, first consolidated during 2009.
** 2013 data was verified with reasonable assurance by the Statutory Auditors.*

EDF group	Unit	2013	2012	2011	GRI ref.
Management-employee relations					
Percentage of employees covered by collective bargaining agreements	%	89	88	87	LA 4
Training					
Total hours of training	Number	8,636,882	7,631,618		
Number of employees benefiting from training (1)	Number	134,910	131,311	118,930	LA 10
Employment and integration of employees with disabilities					
Number of disabled employees (2)	Number	4,645	4,519	4,601	LA 13

(1) Excluding Estag in 2011.
(2) Collected by declaration at EDF Energy.
For reasons of confidentiality, CENG does not report this information in 2011, 2012 or 2013.
The figure collected by Edison in 2011 does not include the subsidiary Abu Qir, first consolidated during 2009.
** 2013 data was verified with reasonable assurance by the Statutory Auditors.*

EDF	Unit	2013	2012	2011	GRI ref.
Workforce numbers and breakdown at 31/12/2013					
Total EDF staff covered by collective bargaining agreement (at 31/12/2013)	Number	66,561	64,838	63,002	LA 1
Other permanent EDF staff not covered by collective bargaining agreement	Number	434	433	409	LA 1
Other non-permanent EDF staff not covered by collective bargaining agreement	Number	4,094	3,851	3,773	LA 1
Total EDF staff not covered by collective bargaining agreement	Number	4,528	4,284	4,182	LA 1
Total EDF workforce	Number	71,088	69,122	67,184	LA 1
Number of executives (as defined by French regulations)	*Number*	*29,595*	*28,230*	*26,644*	*LA 1*
Percentage of women executives	%	26.8	26.0	25.1	LA 13
Number of "non-managers"	*Number*	*41,493*	*40,892*	*40,540*	*LA 13*
Technicians and supervisory staff	Number	33,410	33,084	32,871	LA 13
Operatives	Number	8,084	7,808	7,669	LA 13
Gender equality					
Male workforce	Number	48,991	47,852	46,938	LA 13
Female workforce	Number	22,097	21,270	20,246	LA 13
Male managers	Number	21,650	20,884	19,944	LA 13
Female managers	Number	7,945	7,346	6,700	LA 13
Hiring / departures					
Recruitments	Number	4,433	4,452	4,021	LA 2
Integration & rehiring	Number	249	261	251	LA 2
Other arrivals (1)	Number	3,598	3,194	2,818	LA 2
Retirements / Inactive employees	Number	2,134	2,061	1,990	LA 2
Resignations	Number	109	114	123	LA 2
Redundancies, dismissals, employees made inactive	Number	16	6	14	LA 2
Deaths	Number	81	82	89	LA 2
Other departures (1)	Number	3,725	3,709	3,285	LA 2
Overtime					
Number of hours of overtime	thousands	2,847	2,831	2,791	

(1) Not including arrivals and departures of seasonal staff on fixed-term contracts.

EDF	Unit	2013	2012	2011	GRI ref.
Outside contractors					
Monthly average number of temporary staff (1)	Number	n.a	1,837	1,187	LA 1
Working time					
Full-time employees	Number	62,990	60,612	58,157	LA 1
Part-time employees	Number	8,098	8,510	9,027	LA 1
Employees on contracts allowing overtime	Number	6,917	6,882	6,808	LA 1
Absenteeism					
Absenteeism	%	3.8	3.8	3.9	LA 7
Hours of maternity or paternity leave/total working time	%	0.8	0.7	0.7	LA 7
Health and safety					
Number of industrial illness declared in the year to the French Social security (1)		n.a	13	11	
Fatal accidents	Number	0	6	8	LA 7
Injury frequency rate		2.7	3.4	3.7	LA 7
Injury severity rate		0.14	0.15	0.14	LA 7
Work-related accidents (causing leave of 1 day or more)	Number	273	333	358	LA 7
Wages / social security contributions / profit share					
Main monthly remuneration					
Managers	€	4,327	4,308	4,248	EC 1
Technicians and supervisory staff	€	2,615	2,612	2,581	EC 1
Operatives	€	1,870	1,877	1,874	EC 1
Personnel expenses	€ million	6,366	6,113	5,784	EC 1
Average profit share per employee	€	1,820	1,820	1,583	EC 1
Management-employee relations					
Number of collective bargaining agreements signed (France)	Number	8	8	11	HR 5
Percentage of employees covered by collective bargaining agreements (2)	%	93	94	94	LA 4
Training					
Number of employees benefiting from training	Number	62,074	58,899	55,905	LA 10
Employment and integration of employees with disabilities					
Number of disabled employees	Number	1,946	1,842	1,698	LA 13
Number of disabled employees hired	Number	110	124	94	LA 13
Charitable works					
Committee budgets (1% requirement)	€ million	205	196	198	

(1) 2013 figure unavailable at the reporting date.
(2) EDF staff are not covered by a collective bargaining agreement as defined by law, but are covered by the IEG (electricity and gas sector) statutes.
n.a: not available.

This is a free translation into English of the Statutory Auditors' report issued in French, provided solely for the convenience of English speaking users. This report should be read in conjunction and construed in accordance with French law and the relevant professional standards applicable in France.

This report covers the social, environmental and societal information included in the EDF Group's 2013 management report approved by the Board of Directors on 12 February 2014. This information (hereinafter "CSR Information") is taken up in section 6.6.2 to 6.6.5 and chapter 17 of this Reference document, and CSR information on the summary of environmental and social indicators and reporting methodology relating to these data is taken up in Appendix E. Chapter 17 of the Reference document moreover includes some points that are not included in the management report and therefore are not part of the CSR Information referred to in the Statutory Auditors' report below. In particular, these include a breakdown of the workforce by the major divisions of EDF SA, the EDF age pyramid in section 17.1.1, and further details on the EDF Group's compensation policy and social safety nets (including with regard to the status of employees in the electricity and gas sector) in section 17.3. Sections 2.5.3 and 2.5.5 of the management report referred to in the Statutory Auditors' report are included in this Appendix E under their respective headings.

Statutory Auditors' assurance report as the designated independent body on the social, environmental and societal indicators disclosed in the management report

Year ended 31 December 2013

To the shareholders,

In our capacity as Statutory Auditors of EDF SA designated as an independent body, whose application for accreditation has been considered admissible by the French accreditation body COFRAC, we are presenting our report on the social, environmental and societal information disclosed in the management report (the "CSR information") for the year ended 31 December 2013, in application of article L. 225-102-1 of the French Commercial Code.

Responsibility of the Company

It is the responsibility of the Board of Directors to establish a management report including the CSR information required by article R. 225-105-1 of the French Commercial Code, in compliance with the reporting standards used (the "Standards") by the company, which are available on request from the company's head office, and are summarised in the management report in the section entitled "Methodological information on the environmental and social indicators for 2013".

Independence and quality control

Our independence is defined by the rules and regulations, the code of ethics of the profession and the provisions of article L. 822-11 of the French Commercial Code. We have also a comprehensive system of quality control including documented policies and procedures intended to ensure compliance with the professional ethics, professional standards and the applicable rules and regulations.

Responsibility of the Statutory Auditors

It is our responsibility, on the basis on our work:

- to attest that the required CSR information is presented in the management report, or that its omission is explained in application of the third paragraph of article R. 225-105 of the French Commercial Code (Attestation of presence of CSR information);
- to express a conclusion of limited assurance that the CSR information as a whole is fairly presented, in all material respects, in compliance with the Standards (Opinion on the fair presentation of CSR information);
- at the request of the company, to express a conclusion of reasonable assurance that the information selected by the Group and identified by the sign * in section 2.5.3 of the management report is fairly presented, in all material respects, in compliance with the Standards.

We were assisted by our CSR experts in performing our audit, which was carried out between October 2013 and February 2014.

The work described below was conducted in accordance with professional auditing standards applicable in France, the decision of 13 May 2013 determining the conditions in which the independent body conducts its engagement, and international standard ISAE 3000[1] regarding the opinion and reasonable assurance.

Attestation of presence of CSR information

Based on interviews with the directors of the divisions concerned, we were informed of the sustainable development orientations, depending on the social and environmental consequences related to the company's business and its societal commitment, and the resulting actions and programmes where applicable.

We compared the CSR information presented in the management report with the list required by article R. 225-105-1 of the French Commercial Code.

When certain information was absent, we verified that explanations were provided in compliance with the provisions of article R. 225-105, paragraph 3 of the French Commercial Code.

We verified that the CSR information covered the scope of consolidation, i.e. the company and its subsidiaries as defined in article L. 233-1 and controlled companies as defined in article L. 233-3 of the French Commercial Code, with the limit stated in the methodology note presented in section 2.5.5 of the management report.

On the basis of this work, in view of the limits stated above, we attest that the required CSR information is present in the management report.

1. *ISAE 3000 – Assurance engagements other than audits or reviews of historical information.*

Opinion on the fair presentation of CSR information

Nature and scope of audit

We conducted the interviews we considered necessary with some fifty people responsible for preparing CSR information in the divisions in charge of collecting the information, and where necessary, with the heads of internal control and risk management procedures, in order to:

- assess the suitability of the Standards regarding their relevance, completeness, reliability neutrality, and understandability, taking into consideration best practices in the sector if necessary;
- verify the implementation of a collection, consolidation, processing and control process aiming to ensure completeness and consistency in the information, and examine the internal control and risk management procedures related to preparation of the CSR information.

We determined the nature and scope of tests and controls based on the nature and importance of CSR information in view of the company's characteristics, the key social and environmental factors of its business, its sustainable development orientations and good practices in the sector.

For the CSR information shown in the table below, which we considered the most important:

- for the consolidating entity, we consulted documentary sources and conducted interviews to corroborate qualitative information (organisation, policies, actions), we applied analytical procedures to quantitative information, and through sampling verified the calculations and consolidation of the data, and their consistency and agreement with other information contained in the management report;
- for a representative sample of entities and divisions [1] selected on the basis of their business, their contribution to consolidated indicators, their location and a risk analysis, we conducted interviews to verify that procedures are correctly applied, and implemented detail tests through sampling, consisting of verifying the calculations made and comparing data with the supporting documentation. The sample selected represented 63% of the workforce and between 14% and 100% of the quantitative environmental information.

Scope	Social indicators	Level of assurance
EDF group	Total EDF group workforce at 31 December 2013	Reasonable
	Employee breakdown by age	
	Male workforce, female workforce	
	Male executives	Limited
	Female executives	
	Recruitments	
	Other arrivals	
	Retirements/inactivity	
	Resignations	
	Dismissals, revocations	
	Other departures	
	Fatal accidents (employees)	
	Fatal accidents (subcontractors)	
	Work-related accidents (causing leave of one day or more)	
	Frequency rate	
	Severity rate	
	Absenteeism: Average number of days' absence (illness + accident)	
	Number of employees benefiting from training	
	Total hours of training	
	Number of disabled employees	

(1) CENG: Ginna Nuclear Electricity Generation Centre (US) and head office of CENG (US).
EDF Énergies Nouvelles: EDF ENR Photowatt (FR).
EDF Energy: Sizewell Nuclear Electricity Generation Centre (UK), Hinkley Point B Nuclear Electricity Generation Centre (UK), Cottam fossil-fired power plant (UK), Nuclear Generation consolidation, Crawley HR centre (UK) and head office of EDF Energy.
EDF Polska: Rybnik fossil-fired power plant (PL) and head office of EDF Polska (PL), ECW fossil-fired power plant (PL).
EDF SA: Cordemais fossil-fired power plant (FR), Blénod fossil-fired power plant (FR), Porcheville fossil-fired power plant (FR), La Maxe fossil-fired power plant (FR) Blayais Nuclear Electricity Generation Centre (FR), Paluel Nuclear Electricity Generation Centre (FR), Tricastin Nuclear Electricity Generation Centre (FR) Creys Malville plant in decommissioning (FR), Deputy HR director, Île-de-France region (FR), Deputy HR director, Rhône-Alpes region (FR), Generation-Engineering Training Unit (FR).
Edison: Torviscosa fossil-fired power plant (IT).
ERDF: Limousin electricity network unit (FR), Est IDF electricity network unit (FR), Provence electricity network unit (FR), Agence Ouest (FR), Agence Auvergne (FR).
FIGLEC: Figlec fossil-fired power plant (CN).
Fenice: Mirafiori power plant (IT), head office of Fenice (IT).
TIRU: Cydel Perpignan (FR).
UTE Norte Fluminense: UTE Norte Fluminense fossil-fired power plant (BR).
EDF Luminus: Ringvaart power plant (BE), head office of EDF Luminus (BE).
Dalkia International and Dalkia Investissement.

Scope	Environmental indicators	Level of assurance
EDF group	Total CO_2 emissions (including installations not subject to quotas)	Reasonable
	Renewable energies: quantity of electricity and heat generated using renewable energy sources (other than hydro)	Limited
	SO_2 emissions	
	Cooling water drawn, of which fresh water	
	Cooling water returned, of which fresh water	
	Coal	
	Hazardous waste	
	Non-hazardous waste	
	Conventional industrial waste recycled or removed for recycling	
	SF_6 emissions	
	NO_x emissions	
EDF S.A.	Low and medium level short-life solid radioactive waste	Limited
	High and medium level long-life solid radioactive waste	
	Very low level radioactive waste from decommissioning	
EDF Energy	Uranium sent off site	Limited
	Low level radioactive waste evacuated	
	Medium level radioactive waste generated	
CENG	Nuclear fuel delivered	Limited
	Low and medium level radioactive waste evacuated	

Qualitative information	
Social themes	Health and safety at work
Environmental themes	Resources devoted to preventing environmental risks and pollution Adaptation to the consequences of climate change Measures taken to preserve or develop biodiversity
Societal themes	Importance of subcontracting and consideration of social and environmental responsibility into relations with suppliers and subcontractors Action taken against corruption

The coherence of other consolidated CSR information was assessed by reference to our knowledge of the company.

Finally, we assessed the relevance of the explanations provided for total or partial absence of certain information.

We consider that the sampling methods and sample sizes used in application of our professional judgement enables us to express a conclusion of limited assurance. For a higher level of assurance, a more extensive audit would have been necessary. Given the use of sampling techniques and other limitations inherent to any information and internal control system, the risk of non-detection of a material anomaly in the CSR information cannot be totally ruled out.

Conclusion

Based on our audit, we did not identify any material anomalies likely to call into question the fact that the overall CSR information is fairly presented in compliance with the Standards.

Reasonable assurance regarding a selection of CSR information

Nature and scope of audit

For the information selected by the Group and identified by the sign *, our audit consisted of work of the same nature as described in paragraph 2 above for the CSR information considered the most important, but in more depth, particularly regarding the number of tests.

The sample selected represented 63% of the workforce and 51% of environmental information identified by the sign *.

We consider that this work enables us to express a conclusion of reasonable assurance for the information selected by the Group and identified by the sign *.

Conclusion

In our opinion, the information selected by the Group and identified by the sign * is fairly presented, in all material aspects, in compliance with the Standards.

Paris – La Défense and Neuilly-sur-Seine, 12 February 2014

The Statutory Auditors

KPMG Audit Department of KPMG S.A.		Deloitte & Associés	
Jacques-François Lethu	Jean-Louis Caulier	Alain Pons	Patrick E. Suissa
Partner	*Partner*	*Partner*	*Partner*

Methodological information on the environmental and social indicators for 2013

Reporting scope

The scope covered by the reporting process for economic, environmental and social indicators corresponds to the EDF group as defined by the financial consolidation. This scope includes the parent company EDF, and its fully consolidated subsidiaries (100% of their social and environmental indicators) and proportionally consolidated entities (inclusion based on the percentage ownership). Companies accounted for under the equity method are not included.

The reporting process scope is defined on the basis of:

- the scope of consolidation established by the Finance Division;
- criteria of relevance regarding the environmental and social impacts of the subsidiaries' businesses.

Social and environmental indicators are consolidated under the rules for accounting consolidation, and with reference to relevance criteria for human resources and environmental impact.

Environmental information relates to:

- industrial activities (generation, distribution and hydrocarbons) that are significant in terms of environmental impact;
- entities acquired more than one year ago;
- entities still included in the scope of consolidation at 31 December 2013.

Social information relates to:

- companies with a significant workforce in terms of human resources (more than 50 employees);
- companies acquired more than 6 months ago.

Consequently, differences between the reporting scopes for social and environmental indicators are as follows:

- subsidiaries included in reporting scope for environmental indicators but not the reporting scope for social indicators: Dalkia Investissement (France), Figlec (China), Sloe Centrale (Netherlands);
- subsidiaries included in reporting scope for social indicators but not the reporting scope for environmental indicators: CHAM (France), EDF Optimal Solutions (France), EDF Paliwa (Poland).

Due to difficulties in collecting data, the reporting scope may vary for different indicators. For example, EDF Belgium and EDF Fenice are not yet able to apply the environmental reporting in all their operating sites; the estimated impact is not significant, and work is in process to reinforce the fullness of reporting in the medium term.

The main changes in the scope in 2013 are:

- deconsolidation of SSE;
- inclusion of EDF Trading and EDF Island Energy Production (IEP) in the environmental reporting;
- inclusion of Dalkia International for the whole of 2013 (deconsolidated for financial reporting as of 28 October 2013).

Environmental indicators

The accounting data on provisions for decommissioning and last cores, and for the back-end nuclear cycle, are consolidated Group data taken from the Group's consolidated accounts.

Indicators for water drawn and returned

Indicators on cooling water include water drawn from and returned to rivers, sea and ground water, and may also include water drawn from distribution networks and returned to waste water networks. For nuclear plants in coastal locations and fossil-fired plants, the quantities of cooling water drawn/returned are calculated based on the operating time and nominal debit from pumps.

This indicator is not collected by Dalkia, Estag and certain EDF Fenice sites.

Air emissions

CO_2, SO_2, N_2O, NO_x and CH_4 emissions by EDF's fossil-fired power plants are measured or calculated based on fuel analysis or standard emission factors, and cover all phases of electricity generation, including plant start-up and shutdown. CO_2, SO_2, N_2O, NO_x and CH_4 emissions by EDF's fossil-fired power plants are measured or calculated based on fuel analysis or standard emission factors, and cover all phases of electricity generation, including plant start-up and shutdown. CO_2 and CH_4 emissions by the dams are not included in calculating this indicator.

EDF Group's SF_6 emissions are calculated based on the mass balance of SF_6 bottles or a nominal annual leakage rate of 2% of the volume of SF_6 contained in facilities.

The subsidiaries Dalkia, Meco, Estag and EDF Énergies Nouvelles do not collect all their air emissions. These exclusions are potentially non-significant at the level of the Group, which is working on broadening its scope in the short term.

Conventional waste

Data on conventional waste are taken from information available at the year-end concerning the quantities removed and the elimination channels. The reported data do not include:

- conventional industrial waste of Dalkia, Estag, EDF Énergies Nouvelles and certain EDF Fenice operating sites,
- the portion of conventional industrial waste recycled at the subsidiaries in Poland and the Asia-Pacific region.

Waste from construction and decommissioning sites is included in the figures reported when the EDF group is responsible for its management.

However, waste managed by subcontractors and under their responsability is excluded. On a construction site, for example, the builder is generally in charge of dealing with waste (packaging, product leftovers, paintpots, etc).

For ERDF, the reporting on waste concerns a rolling 12-month period, and wooden posts are now included. Concrete posts are excluded, because the current reporting arrangements cannot provide satisfactory monitoring figures. Also, ERDF's recycled waste is underestimated as it does not systematically include recycling of the unpolluted metal parts of certain transformers. An action plan is in process to reinforce full data collection.

Nuclear waste

EDF

The indicator for "Very low level radioactive waste from decommissioning" comprises:

- the actual tonnage of waste sent directly to the very low level storage centre;
- the tonnage of waste sent to the Centraco fusion unit, weighted by an estimated ratio, calculated annually based on recent years' reports from the processing subsidiary SOCODEI, to arrive at the share of very low level radioactive waste ultimately sent to the appropriate storage centre.

In 2013, as in 2011 and 2012, all very low level radioactive waste from decommissioning was sent directly to the storage centre.

The "Low and medium level short-life solid radioactive waste produced by reactors in operation" indicator does not include waste resulting from occasional maintenance (vessel lids, steam generators). The volume of waste calculated corresponds to the volume of waste stored at the Aube centre (after compacting, incineration and fusion). The volume of waste resulting from reconditioning of waste produced and conditioned in previous years is not included.

The "High and medium level, long-life solid radioactive waste" indicator includes waste conditioning in the calculation.

In view of the technical constraints associated with processing operations, the packages will be produced around 10 years after the fuel actually generates the waste. Consequently, this indicator is an estimate based on ongoing application of current practices for conditioning long-life waste which projects the current conditioning ratio into the near future (number of packages actually made after processing one tonne of fuel). This ratio essentially depends on the blends used to optimise operations, and is a combination of the following:

- for waste deriving directly from spent fuel: factors drawn from the national inventory of radioactive materials and waste undertaken by the French agency for radioactive waste management ANDRA *(Agence nationale pour la gestion des déchets radioactifs);*
- for waste not deriving directly from spent fuel (such as control rods) and assuming an average life of 10 years: experience-based assessment.

EDF Energy

Data for the "Medium level radioactive waste" reported by Existing Nuclear, EDF Energy's nuclear division, are based on the inventory of nuclear waste in the UK drawn up by the Nuclear Decommissioning Authority. The figure is an estimate of the annual volume of waste that will be considered and classified as medium level radioactive waste when the nuclear generation sites are shut down, and includes the volume of conditioning required to transport the waste from the sites. All medium level radioactive waste is stored at the nuclear generation sites to await a national decision on its final treatment.

"Low level radioactive waste" includes desiccants sent for processing in the form of medium level radioactive waste, in compliance with applicable regulations.

Constellation Energy Nuclear Group

The "Solid low and medium level radioactive waste" of Constellation Energy Nuclear Group ("CENG") covers radioactive waste that is not high level. The Nuclear Regulatory Commission ("NRC") draws a distinction in the US between three types of solid low and medium level radioactive waste: types A, B and C, depending on the activity (A being the lowest activity). Data reported by CENG are volumes of conditioned waste removed from sites declared to the NRC.

The "Nuclear fuel delivered" indicator reported by Constellation Energy Nuclear Group is the quantity of fuel delivered to generation sites. These quantities are expressed in grammes of uranium, and are reported by suppliers and declared to the NRC.

Quantity of electricity and heat produced from renewable energies

Data on Dalkia International's electricity and heat generation from renewable energies have been included in the consolidated figure since 2012. The proportions of electricity and heat generated from renewable energies are estimated as a prorata of the quantities of electricity and heat output.

Environmental expenses

Environmental protection expenses are expenses declared by the various entities of EDF.

The definition of environmental protection expenses used by the Group is derived from the CNC recommendation of 21 October 2003 (itself inspired by the European recommendation of 30 May 2001). 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 activities.

They relate, for example, to:

- waste elimination and waste limitation efforts;
- anti-pollution measures for the ground, surface water and underground water;
- protection of air and climate quality;
- reduction of noise emissions;
- protection of biodiversity and the landscape;
- plant decommissioning.

The amount of these expenses is assessed on their cost excluding taxes, allocated between three main categories:

- operating expenses (including studies that qualify as operating expenses), not including expenses covered by a provision;
- investment expenditure (including the related studies);
- amounts allocated to provisions, including discount expenses.

Social data

Since 2011, the population concerned by data collection comprises all employees who have a non-suspended employment contract with a Group company.

Calculation of workforce and movements

The workforce reported includes employees who are co-employed by EDF and GDF Suez. An employee working 50% for EDF counts as 0.5 in the published workforce.

Changes in the scope of consolidated entities are not entirely reflected in arrivals and departures recorded by Group subsidiaries, and this is the main reason for the variance between the 2012 workforce as reported and as recalculated based on 2011 workforce and arrivals/departures.

Changes in IEG status workforce numbers are considered as transfers and not included in new arrivals, resignations or redundancies, in application of a sector-specific agreement (IEG statutes).

Staff movements between ERDF and EDF are included in "Other arrivals" and "Other departures".

The "Other arrivals" indicator for 2013 includes the workforce of the Polish subsidiaries that merged during the year within EDF Polska.

The age groups used for Dalkia International employees are slightly different from EDF group age groups: "24 and under"; "25-34"; "35-44"; "45-54"; "55 and over". Figures are consequently extrapolated.

Absenteeism

To calculation the absenteeism rate EDF includes the following categories of absence: absences for sickness, absences due to work-related accidents, including on the journey between home and work, and miscellaneous absences (unpaid leave, unexplained absences, etc). Absences relative to social and union activities, early retirement leave and maternal absences are not included. The absenteeism rate is calculated based on the theoretical number of hours worked.

At Group level, the indicator "Number of days' absence per employee present at 31/12/2013" is the sum of the absences for illness, measured in working days prorata to the employees' working time, and absences due to work-related accidents, which are measured in calendar days.

Accidents

For EDF and ERDF, data on the number of accidents during the year and the number of days' leave for work-related accident is supplied by the HR information system (Sprint), or the Safety information system (Ariane Web). If the two systems contain different figures, the Group reports the less favourable figure.

The frequency rate for work-related accidents does not include accidents on the home-work journey. Road accidents may be taken into account when local legislation considers them as work-related accidents. The number of fatal accidents includes work-related accidents and accidents on the home-work journey, but does not include fatal accidents for subcontractors.

Training

Training is not included when no supporting documentation has been received at the reporting date.

Data on training under professionalisation contracts is not always included.

In countries where there is no regulatory requirement to declare the number of disabled employees, the reported figure is based on voluntary declarations by employees.

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Investors Relations
Carine de Boissezon
Director of Investors and Markets
Email: edf-Irteam@edf.fr

Websites
http://www.edf.com
http://finance.edf.com

SA share capital €930,004,234
22-30, avenue de Wagram
75382 Paris cedex 08 – France
552 081 317 RCS Paris

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