

EDF
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07:30 Hrs UK time
Chaired by Thomas Piquemal

Thomas Piquemal

Thank you very much, and good morning, everybody. Welcome to this conference call on EDF Group Q1 2011 Sales. I'm Thomas Piquemal, EDF Group CFO, and I am extremely happy to host this conference call this morning together with Philippe Torrion, head of optimisation and trading, and Dominique Miniere, head of nuclear power plant operations in France.

As some of you may remember, we decided exactly one year ago to hold a conference call on our quarterly sales. This initiative was aimed at improving the transparency of the information provided to the market and fostering the dialogue with the investment community. It is my intention to pursue and further expand what has been done so far in this respect.

I assume that all of you have received the press release and the slide show and I will therefore walk you rapidly through the slide pack before answering your questions together with Philippe and Dominique.

Let me first comment on the first quarter highlights presented on slide two, starting with weather conditions. Weather conditions were significantly different from historical average. This impacted our French operations in two ways: first, temperatures were two degrees warmer than during the first quarter of 2010. This led of course to lower end customer demand as end customer demand is highly thermo sensitive in France, given the high penetration rates of electric heating. This lower consumption, together with the increased nuclear output, resulted in the 12.1 terawatt increase in EDF net sales on the wholesale market.

The second impact of this temperature is poor level of water available, following low levels of snowfalls during winter compared to historical average in the Alps and the Pyrenees. Hydro output potential has thus been negatively affected and our hydro output during this first quarter was down 2.1 terawatt hours compared to the first quarter of 2010. This is the first highlight of the past quarter.

The second one is that we continued during this quarter to make further progress on our priorities. You will remember that our first priority was to improve our industrial performance, especially on the nuclear side. In France, after the turnaround in 2010, our nuclear fleet continued to perform well, very well during this first quarter of 2011. Our output rose 7.3 terawatt hours compared to the first quarter of 2010. This more than offset the drop in hydropower. In the UK, nuclear output was also up, 0.9 terawatt hours or 6%. In the US, it was stable.

Our second priority was to clarify our partnerships. We had dealt with the most pressing ones last year, Constellation and EnBW. As a matter of fact, the disposal of our stake in

EnBW took place on February 17th during this quarter. EDF posted a capital gain in excess of €250 million net of tax as the result of this transaction. As you know, we are currently working on our partnership with A2A in respect of Edison and we extended the shareholders agreement until mid-September 2011 to that effect.

We have also announced a tender offer for EDF Energies Nouvelles shares that we do not own with a view to better integrating our renewable activities in our generation mix. You might have seen that early this week the board of directors of EDF Energies Nouvelles unanimously approved our offer after considering the independent appraisals report which concluded that the offer is fair. Our offer should be now launched in the forthcoming days and completed as expected in July.

Our other top priority was to protect EDF's interests in respect of the on-going power market reform in France. Progress has also been made in this respect, as the norm low is expected to be implemented early July, and we now know the starting point of the ARENH which is €40 per megawatt hours for the first six months and €42 per megawatt hour from January 1st 2012. This is broadly consistent with what EDF was asking for in order for the reform to be neutral to EDF.

Further clarification, especially on the formula, is nevertheless expected and I remember, shall remember everybody that according to this low the ARENH level set by the formula should cover the economic cost of the nuclear fleet.

The third highlight of this past quarter is of course the Fukushima accident, following the earthquake and the tsunami that struck Japan. As you know, EDF has provided technical and human support to the Japanese population and to the authorities. It is hard at this stage to predict the consequences of the accident.

In France, the French nuclear authority has started its audits of the French nuclear fleet and Dominique can give you information on that during the Q&A session. And, by the way, EDF has already communicated on its first proposals drawn on the lessons of Fukushima. You will find our first recommendations in the appendices to the main presentation.

In the UK, the reports of the Office for Nuclear Regulation is expected mid-May and there is also in the UK continued support from the authorities on the carbon floor mechanism which is critical in our final investment decision regarding nuclear new build in the UK.

Let's now move to the third slide and start to review the figures in detail. Q1 2011 sales amounted to €19.6 billion, down from €19.8 billion in Q1 2010, largely because of scope effects, as you can see, namely the disposal of the UK networks and that of Eggborough power plant. Stripping out this effect, as well as a slightly positive currency impact, the organic growth contribution amounted to €250 million or 1.3%.

As you will see in greater detail on the next slide, the French business experienced a sustained 3.8% growth, partly offset by a decline in EDF trading activity, while the international and other activities posted an overall flat sales performance. The table on slide four provides sales evolution by reporting segment. As you can see, the 5.4% organic growth in sales in the UK was offset by sales growth on other international markets, Italy and in Central Europe, recorded in the other international segment. Sales in

France rose 4% in organic terms, while revenues in the other activities declined 14%, reflecting lower trading margins.

The performance in France is detailed on the next slide, page five. As you know, following the change at RTE at the end of 2010 we changed the consolidation method for RTE as of December 31st 2010 from full consolidation to consolidation under the equity method. However, this change had a very small net effect on sales during this quarter, minus €60 million. This is due to the fact that RTE has only limited revenues, net of services, dealing outside the EDF Group.

Sales in France grew 4% at constant scope. The drop in volumes sold to end customers was more than offset by the positive impact of tariffs on sales and the surge of volumes sold on wholesale market. I will now analyse each of those three factors, starting with end customer demand.

As I mentioned in my introduction, end customer power demand, especially residential demand, is highly sensitive to temperatures given the development of electric central heating in France. Milder temperatures resulted in an 8.5 terawatt hour drop in volumes during this first quarter. It explains most of the negative impact on sales of €47 million, as you can see on this chart, the blue box of this chart.

On the other hand, tariffs and prices had a positive contribution of €39 million during this first quarter, roughly equally split between energy components and distribution tariffs. But the strong increase in volumes sold on the wholesale market was the main driver of the sales performance. Higher power output and lower end customer demand translated into EDF being the net seller of power on the markets during this first quarter for 12.1 terawatt hours. This volume effect explains 85% of the positive contribution of roughly €90 million of sales on the market, the balance coming from price evolution on the spot and forward markets.

As you can see on the next page, table number six, the 3.8% increase in sales in France was driven by the deregulated basis, up 6.2%, thanks to the pickup in nuclear output and the market optimisation activities. Sales in the regulated business were down 0.5% as a result of the change of consolidation of RTE, a small effect, and also as a result of the drop of power volumes sold to end customers.

I will now hand over the presentation to Philippe, Philippe Torrion, who will provide more colour on the upstream/downstream balance in France, shown on this, the page number seven. Philippe?

Philippe Torrion

As Thomas said, the main driver on the generation side has been the significant increase compared to previous year of the nuclear output due to the excellent availability level, which indeed is the best result in history for Q1, which led to a decrease of the fossil fuel generation, but not as far as at the level of the nuclear output, due to favour or unfavourable hydro conditions since the hydro output has been below 2.1 terawatt hours compared to last year. So these are the main facts on the generation side.

On the demand side on the same, so the main effect, as it has been said, is that we had a much milder winter in 2011 compared to the previous year, which explains the bulk of the difference of the decrease of end customers' demand. So 8.5 from the, out of the 8.7 terawatt hours and as a result the net markets jumped from minus 6.1 to 6 terawatt hours and with that difference evolution by, with an increase of 12.1 terawatt hours. Well, I think it's the main fact.

What we could say now, looking at the – sorry, it's the next slide – looking at the April to date is that we are still significantly ahead as far as the nuclear output is considered, 8.8 terawatt hours more than last year end of April to date. This is the good news. The bad news is that it's lasting conditions on hydro since the drop is continuing and now we are 2.8 terawatt hours behind the hydro generation in 2010.

Thomas Piquemal

All right. As Philippe pointed out, the strong increase in nuclear output was still the case during these months of April and, as you can see on slide nine during this first quarter of 2009, the number of days of outages came down sharply during this first quarter compared to the first quarter of 2010 from 767 days in total to 490 days.

EDF engineers and technicians, led by Dominique Minière, who is here with me, have made spectacular gains, specifically on unplanned outages, as the figure has been divided by four. Our efforts are bearing fruits and especially new organisation working methods and management are contributing to these results, of course together with the large component replacement programme.

Looking forward, one should bear in mind that we are planning nine decennial visits in 2011 versus five in 2010. This already shows during this first quarter of 2011 as the total number of days of planned outages was 405 versus 269 during the first quarter of 2010. The bulk of the difference, 106 days, are due to decimal visits.

Out of the nine decimal visits, one is now completed at Cattenom 3, with a very good performance as it took a total of 98 days, which is consistent with our planning. Three decimal visits are now underway, Tricastin 2, Bugey 4 and Fessenheim II. Five other visits will therefore take place during the rest of the year closer to the summer period.

After four months of operations we are now in a position to confirm our objectives for the whole of 2011, that is to say French nuclear outputs within a 408 to 415 terawatt hour range, supported by an availability factor of at least 78.5%, despite a greater number of decimal visits than in 2010.

Of course these objectives do not take into account at this stage any effects on nuclear output, or the availability factor of the lessons drawn from Fukushima accident, or of changes that could be made to regulation, or the way EDF operates its nuclear fleet following in particular the French nuclear authority report due later in the year.

In the UK, on slide ten, sales amounted to €2.6 billion during this first quarter versus 3.2 during the first quarter of 2010. As you can see on the chart, the bulk of the drop in sales over the quarter stems from scope effects, due to the disposal of the UK networks mainly for €349 million, and to a lesser extent from that of Eggborough power plant for €139

million. Sales were down 5.4% in organic terms. This negative effect of customer optimisation and milder climate was partly offset by an increased nuclear output during this first quarter of 2011. Overall, this drop in sales had a very limited impact on operating margins in Q1 2011.

The next slide, slide 11, provides the upstream/downstream balance of the UK business during this first quarter. On the right-hand side of the chart you can see that total sales were virtually stable during this first quarter versus the same quarter of 2010. However, sales were made up of two different trends: on one hand the decline in sales, especially with B2B customers, as EDF energy optimises its customer portfolio; on the other hand the effects of the take-up by Centrica of 20% of British Energy's output for 3 terawatt hours in the past quarter.

On the left-hand side of the chart it is worth mentioning the increase in nuclear output, plus 0.9 terawatt hour, thanks to better availability, and also the optimisation of the fleet as higher dark spreads led to an increased use of thermal plants and conversely to lower volumes purchased on the wholesale market. Overall, this decline in UK sales, as I said, had a limited impact on operating margins.

In contrast, as shown on the next slide, slide 12, sales growth in Italy is much stronger, but margins are still under pressure and actually turned negative on Edison gas business. As you will remember, the Italian activities consist of two businesses: Fenice, which is 100% owned by EDF, which recorded an increase in sales of 3.7% in total of which 1.3 in organic terms; and Edison, which posted a 6.7% sales growth in organic terms, and Edison commented on those numbers and the first quarter results early during, in the week, Monday.

The sales growth at Edison was primarily driven by a good performance on the power side, due to higher selling prices. In the hydrocarbon business prices also increased, but this was offset by lower volumes. As I said, margins on Edison gas business are still under pressure and have actually turned negative. Negotiations on contract conditions with Edison main suppliers are on-going.

The performance of our other international activities is presented on page 13. As you know, this reporting segment consists of our operations in the Benelux countries, mainly Belgium, in Central Europe, that is to say in Poland, Hungary, Czech Republic and Austria, the US and Asia, mainly China. Total sales during this past quarter in this segment amounted to close to €2.2 billion, up 5.1% in organic terms.

We recorded meaningful sales growth in nearly all the countries of the region. It was the case in Belgium, for example, sales of which account for nearly half of the segment total, where revenues grew 7.1% on the back of higher volumes and gas price increases. It should be underlined, however, that gas increases mainly resulted from gas index contracts and thus had no impact on profitability.

Poland sales rose as well, with a 4.4% gain during this first quarter, driven by power prices increase. This is finally the case in other countries, chiefly in Austria with a 22.5% sales growth at Estag. The economic pickup in this country led to higher power and gas prices.

Sales performance in the US and in Asia was more subdued. In contrast, as shown on slide 14, the other activities reporting segments recorded a 14% drop in sales. As you can see on the bar chart, this decline is exclusively due to the trading business, the other components having recorded stable sales performance overall.

As far as trading is concerned of course Philippe could comment on that later on during the Q&A session, but I would like to make four remarks. First of all, the trading revenues consolidating now our accounts are actually trading margins. This margin was halved during this first quarter of 2011 compared to a very strong first quarter of 2010. This is due to market conditions which were particularly hard to assess and EDF trading experienced trading margin declines in its main activities, being power, gas and coal.

I would like also to say that the first quarter of 2010 was a very tough comparable and it is the second-best first quarter in the history of EDF trading. And March 2011 to some extent and April 2011 to a greater extent were already much better months for the trading business. We should, therefore, not draw any hasty conclusion for the rest of 2011 based on a single difficult market.

In conclusion, Q1 2011 sales evolution reflects primarily the impact of changes of scope and a 1.3% organic growth driven by the good performance of the French businesses, especially in terms of nuclear output, and mitigated by the drop of the trading activities and the poor hydro output.

As you can see on slide 15, after three months of operations we are in a position to confirm all our financial objectives for the whole year. EBITDA growth between 4% and 6%, organic of course. Net financial debt to EBITDA ratio within a 2 to 2.2 times band. Dividend target at least stable, not mentioning the 10% royalty dividend bonus that we will propose to our shareholders meeting in the forthcoming days.

This concludes our short presentation on these Q1 sales. Philippe Torrion, Dominique Miniere and I are now fully available to take any questions you may have. Thank you.

Questions and Answers

Operator

Ladies and gentlemen, web participants may submit a question by typing it in the ask-a-question box and clicking submit. Telephone participants can press now star, followed by one on their telephone to register a question. It's the hash or pound key to cancel your request. There'll be a short silence whilst participants can register their questions.

Thierry Deleuze – EDF–IR team

We will first take the web questions. We have a first question from Morgan Stanley, Emmanuel TUPIN. You just confirmed your EBITDA guidance; what about your ordinary net earnings of €3.3 billion?

Thomas Piquemal

I confirm also what I said during our full year results; we are comfortable with the consensus that is on our website.

Thierry Deleuze – EDF–IR team

Second question from UniCredit Vincent Ayrat. Could you highlight the process on addressing partnership? What would be the management preferred outcomes with regards to Edison, Dalkia and Exelon?

Thomas Piquemal

Exelon is not a partnership as far as I know. Edison and Dalkia, our preferred outcome as far as Edison is concerned is to strengthen Edison. We are currently discussing with our partner A2A of how we could achieve that through an industrial partnership. I have to say that the climate of those discussions is excellent and we just took some more months to finalise this, but again, as I said, our goal is to strengthen Edison on its market and in its strategy.

As far as Dalkia is concerned, the answer is an industrial one as well through the partnership with Veolia. We many times have a question on Dalkia. I have to say also that there is absolutely no urgency and that if we were to move on this partnership, as for any other partnership, it will have to be in our shareholders' interests and we are extremely focused on that. As I said, the answer is an industrial one and will come from industrial partnership with Veria. So far, nothing is on-going on any corporate restructuring.

Well, I will take the question of, on Exelon. Although, as I said, it is not a partnership, I guess the question relates to the proposed merger between Exelon and Constellation that was announced some days ago. We, I think, made clear that we would review the terms of this merger. We are one of the significant shareholders within Constellation, so we are reviewing the terms. We are of course partnership with Constellation through our existing nuclear business and needless to say that we are extremely keen on reviewing all the terms of this proposed merger and the consequences that it might have for us. No other comments today.

Thierry Deleuze – EDF–IR team

The next question comes from Credit Suisse. Michel Debs is asking, what is the outlook for Edison and what is the negative gas margin at Edison?

Thomas Piquemal

Well, I think that Edison commented on its first quarter results on Monday. Edison is a listed company, so I don't have any further comments to make beyond what was said by the company itself on Monday maybe just beyond the fact that EDF is supporting Edison in its conversations with its gas suppliers and the fact that now Edison is led by Bruno Lescoeur, who is the gas specialist and who is in charge of gas at EDF. He is extremely important for Edison in its gas renegotiations and, as I said, the EDF Group is fully supporting Edison in this effort.

Thierry Deleuze – EDF–IR team

The next question comes from Macquarie. Atallah Estefan is asking questions about the government announcement of a 1.7% tariff increase; that it suggests that it's only for final customers and not for industrials.

Thomas Piquemal

Well, tariffs are a decision by the French government and I don't have to comment on decisions taken by the French government.

Thierry Deleuze – EDF–IR team

The next question comes from Emmanuel Turpin Morgan Stanley. On nuclear output target, can you confirm the target of 408-415 terawatt hours excluding the effects of the different decisions by the government and the fact that Fessenheim 2 should not restart from its ten-year maintenance visit until after the result of the nuclear audit?

Thomas Piquemal

Maybe on Fessenheim 2, I will let Dominique Miniere answer.

Dominique Miniere

On Fessenheim 2, this decision was not taken by the French government. Like other outages, at the end of the outages we have of course to ask for a restarting of the plant, like for all the outages, but there is no difference on Fessenheim 2 compared to the other power plants.

Thomas Piquemal

So, and as I said earlier, I confirmed the target for our output. It has not changed compared to what we announced for our full-year results in February.

Thierry Deleuze – EDF–IR team

Still on nuclear outputs and nuclear production, a question from UniCredit Vincent Ayrat. ASN would like to report on the nuclear stress tests by the 15th September, which is a rather short timeframe. Could you confirm that the stress tests will not encompass reactor closure or will result in decrease in availability?

Thomas Piquemal

Well, again, I think that Dominique can take that question and comment on this test and the impacts or the absence of impact on availability.

Dominique Miniere

French stress tests, asked by the French prime minister, are stress tests mainly of studies. Studies, in fact, which have to be done. Studies could be done without stopping the plants and studies will be done and we will submit our reports by mid of September, as asked by nuclear safety authority.

Thierry Deleuze – EDF–IR team

The next question from Natixis. Celine Chérubin is asking, could you have, could we have the breakdown month by month of the 12.1 terawatt hours sold on the wholesale market?

Thomas Piquemal

No, but on the trend maybe, Philippe, you can, you know, comment on the trend that you saw during this first quarter? But I don't think that we provide the monthly numbers, no.

Philippe Torrion

No, I think it's a regular trend across the Q1 and, as I explained, it's mainly due to very good availability of the nuclear fleet, especially in January, and also the lower demand due to high temperatures compared to previous years. So it's a regular trend I guess across the whole Q1. Nothing more precise to say about that.

Thierry Deleuze – EDF–IR team

So this was the end of the web questions. May we have the live questions now?

Operator

Thank you very much. Our first question from the phones comes from the line of Benjamin Leyre from Exane, Paris. Your line is open.

Benjamin Leyre – Exane, Paris

Yes, thank you, and good morning. The first question is, can you share with us what Mr Champsaur and his commission recommend on the level of the full economic cost of nuclear power, which should be the benchmark of ARENH by 2015 or maybe a bit before? And the second point, can you also share with us what kind of order magnitude you expect from tariffs on industrial consumers that are still under tariffs by July? Thank you.

Thomas Piquemal

Well, unfortunately I, you know, my answers will not be satisfactory to you because I don't see, you know, any comment that I could make on a report that was not released by the French government. And secondly, as I said earlier, tariffs are decided by the French government and I have no comment to make on these kinds of decisions.

I think that the only thing I can add to that is that a law was passed by the French parliament end of 2010, that in the law the concept is the economic cost of nuclear, not the counting cost of nuclear, and this is the key principle for us. You will remember that the most important thing, one of the most important things was to make clear or to clarify the key principles in that law. It was the case and, you know, we will of course make our case, as we did for the starting point of the ARENH price. But I can't comment on a report that was not released by the French government, nor on the tariffs that are decided by the French government.

Thank you.

Operator

The next phone question comes from the line of Martin Young from Nomura. Your line is open.

Martin Young – Nomura, London

Good morning to everybody. A couple of quick questions. The first one is, what impact have you seen on your wholesale sales as a result of the decision taken by the German government to temporarily suspend the operations of seven nuclear plants in Germany? Clearly there's a need for Germany to replace that base load capacity. It strikes me that you are reasonably well placed to do so. I know this is more a second quarter issue, but interested in what impacts, if any, you believe will be there on yourselves? And then secondly, I seem to recall that we were promised an investor day by the summer, which you yourselves define as June 20th. I wonder if we could have an update on when that's likely to be, please? Thanks.

Thomas Piquemal

Yes, maybe Philippe on the German

Philippe Torrion

Yes. I would say there will be nearly no impact of decision on the volume of sales on the French market because the generation, the nuclear generation already at the maximum, you know, thanks to the optimisation of the scheduling for the outages of the nuclear plants. So we are always trying to maximise nuclear output in winter and of course scheduling the shutdowns for maintenance outside of the winter.

Let's take 2010; if you look at the utilisation rate of the nuclear fleet, it was about 94%. Now, so you could think that we have still 6% available, not generated, which is not the case because you need somewhat around 4.5% for the nuclear to contribute to the ancillary services and because of some environmental constraints. So the rest, you could generate outside of the nuclear fleet, is 1.5%. Why did we not produce that? It's probably very likely that because the capacity, interconnection capacity was already at the maximum.

And then another indication is to look at the spot prices, our net spot price during 2010, and looking at the hours where this price was in the range of the marginal, nuclear marginal cost, say between ten and €15 per megawatt. It's an amount of something like 300 hours, so suppose that we, at that time, we didn't use the interconnection capacity to Germany. The maximum is 2.5 gigawatt. So it would say that an upper bound for the nuclear generation increase, thanks to the loss of competitiveness of the German stack, would be 2.5 gigawatts multiplied by 300 hours, which is less than one terawatt hour.

So in a nutshell, the generation, the nuclear generation is very good. It can be better because of the situation of the German market, but as we generated more than anticipated and more than 2010, because of the slightly increase of the market price, due to the decision shutdown of some nuclear plants in the German... well, it has more profitable.

Just to carry on on that theme, if the Germans keep this nuclear capacity offline, and obviously you know about this in advance, will you be able to optimise your fleet in a different way and hence free up some additional capacity?

Philippe Torrion

No, it's already optimal and still optimal once the decision has been taken by the Germans.

Okay.

Thomas Piquemal

Beyond the prince effect we already sell all our capacity on the wholesale market, all the excess, so... on your, well, I don't know. Okay, I switch to the next of your questions on the investor day by the summer. I remember very well saying that and when the summer starts, the... our first objective is to clarify our main strategic goals and orientations and Mr Proglio, our CO, will do that around our AGM in the forthcoming weeks and the resulting mid-term financial vision will then be disclosed when we release our half-year results, end of July 2011, so strategic orientations around our AGM and midterm financial vision end of July with our first half results.

Of course, it would be premature for us to draw all the lessons of the Fukushima accident at this stage. The exercise we will do end of July will aim at providing you with a backbone to understand EDF going forward, its financial dynamics and its financial policy for the years to come. Our commitment is to increase the visibility on EDF and, of course, we intend to respect it.

Thank you.

Per Lekander – UBS, London

Yes, good morning. I have three questions: first on nuclear, to continue. So your guidance is effectively up zero to 7 terawatt hours year on year and you're reporting almost 9 end of April, and if we include May, I think we are close to 10, so you are effectively guiding down on the rest of the year. Is that how it should be interpreted? And is that somehow linking to the fact that there is very low hydro availability and low river levels so you can see that you're aware of the problems in the summer to generate because of the temperatures? That's the first question.

Second, on the ARENH formula what's your current view on the timeline on these discussions? Is it a month issue? Is it a year issue? I mean, will we have something ahead of the Presidential elections, do you think?

And then the third thing, you know there is a proposal in France to make a mandatory bonus payment for companies which potentially raise the dividend. Is that something which has been discussed internally in EDF and what could potentially be a number impact if there was such a law?

Thomas Piquemal

For the nuclear output and the impact the temperature could have, I will of course let Dominique answer, but we are not guiding down. We are keeping our target for the year. As I said earlier, we have eight additional visits still to be completed. We gave the target of at least 78.5% availability factor. There is no reason why we would change that. We want to deliver our commitment and we are not guiding down.

Now on your question and the point you are making on the effect that high temperature could have and our views on that, maybe I can let Dominique explain the impact that it could have on our fleet and our views on that, but I have to remind everybody that it's difficult to predict the temperature two months ahead and even for the hydro. Dominique, maybe on the impact that high temperature could have on the fleet operations?

Dominique Miniere – EDF

For the moment we have, as already said, an important dry season, but we have not very hot weather for the time being, so the situation has no consequence on nuclear safety and, for the time being, they shouldn't impact on nuclear production. Of course, the following months will depend on the weather and mainly if we have the heat, a very hot summer or not a very hot summer, and as already said by Thomas, we have for the moment nothing available, no heat signals at the moment but we have to be careful. We could have some impact on productions, on average availability factor if we have in the coming months, of course, hot weather because we have to comply with environment regulations with regard mainly to released cooling water temperature. If water is hot, extreme temperature of water in the river it will become important to a point that to comply with environmental regulation, we could have to reduce power of our plants nuclear, but also thermal power plants. It's not a nuclear problem. It's a problem that we have with some environmental regulations that could be fulfilled both on nuclear power plants and thermal power plants.

We faced the situation as we remember probably in 2003. Since 2003 we have taken a lot of experience feedback. First we have invested more than €200 million to be in a better position, and mainly we have improved the cooling towers' efficiency which is very important. We have reduced also the number of summer outages of plants cooled by sea water because these plants are, of course, not affected in such circumstances. We have also demonstrated through studies that the consequences of important heat of 2003 have demonstrated that environmental condition could be partially adapted giving some rooms to release the water temperature limits to be fulfilled in specific circumstances, so just an important aid, and at the end we have also set up an organisation to have a better anticipation of possible difficult periods like the ones we are facing in 2003.

Thomas Piquemal - EDF

So a lot of lessons were drawn from 2003. €200 million were invested since 2003 to that effect. No hot signal so far, but of course a point of attention for the forthcoming months.

On the formula, it's necessary starting in 2013, so I have no specific information of when the formula will be released or clarified. Again, so far principles are clearly set in the law but I can't tell you when precisely it should be clarified or released.

Now on mandatory bonus, first of all it's preliminary, so it's difficult to precisely comment on something that is not final and definitive. However, even our dividend evolution over the last two years, our analysis is that we are not concerned... this will not apply to EDF, so no consequences on EDF.

Thank you.

Thank you.

Vincent de Blic – JP Morgan, London

Yes, good morning. I have three questions please. The first one on tariffs, I am trying again. I mean, what increase for yellow and green tariffs do you include in your full year guidance? That's the first question. The second one, just to make sure I understand you correctly on output targets for this year, 408 to 415 Tera is excluding any impact from Fukushima, is that right, because you also seem to say that the stress tests of the safety audit when that's carried out will not result in stoppages. So are you leaving the door open for potentially some works to be done after the tests as a result of the tests? Or are you thinking potentially of ASN taking more time to come back to you on certain things, maybe on the decennial visits?

And, finally, just to touch on Fessenheim, I hear it's a very sensitive topic. How do you view the debate? What is your impression from talking to the ASN to your various stakeholders and also can you give us an idea of the timing of these decisions from the ASN on the ten year extension? Thank you very much.

Sorry, Vincent, but I will not comment on tariffs. On the outputs and our targets for the year, as Dominique explained, the tests and the current review has no impact on the availability factor, but now our output does assume any consequence of those tests at all. We can't make any assumption beyond that. On Fessenheim, Dominique will much better than me answer your question.

Dominique Minière – EDF

As you know probably, Fessenheim 1, Unit 1, has been restarted after the last third ten years outage last year and it's performing well. We are of course expecting from the nuclear safety authority the official advice they have to make in this kind of circumstances, allowing the plant to go on producing for ten more years. This advice has not been for the moment released as far as we know, but normally I think should answer your question. We have understood that this advice could be released maybe before this summer, but we don't know of course the result of this advice. It could be possible that the results could be delayed on the basis of the elements we have. You can go on producing, but at end of November when we will have the final results of stress tests, we could reconsider the position. So that's a possibility, but in any case, as you can see, it will not affect the production of Fessenheim during the year 2011.

Okay. Can I just... how high is it on the agenda for the company to keep Fessenheim open. I mean, do you see this as a key thing?

Dominique Miniere – EDF

Yes, it's very important. As you know, we are improving our nuclear plants every ten years. We are doing this on our decennial visits, so that's why France's decennial visits are so long compared to other countries. It's because we are taking all the experience feedback of every accident, every incident, every empowerment of knowledge, in order to improve our plants every ten years. So Fessenheim has of course during this last ten years outage incorporated all the experience feedback and it has a very good level incorporating all experience that we have at this moment. So Fessenheim is not at this point different to other power plants of our French fleet.

Thank you.

Bertrand Lecourt – Deutsche Bank, Paris

Hi, good morning. It's Bertrand Lecourt from Deutsche Bank. One first question, if I come back to the slide six of the presentation on the evolution of the () in France. I want to understand how was the distribution of this impacted by the volume and the impact of prices in the first quarter. I see that networks have also been down 0.5% but I want to have a split of this impact. And of the 862 million coming from optimisation in () markets, how much is internal and coming through subscription (?) for example or transport? And does that mean that the network activities are having a lower EBITDA in Q1 versus a better EBITDA in generation?

The second question, how much cash do you have in the first quarter and it seems that you wanted to have a better mix in actual assets versus French assets in your business. Does that mean you want to do some acquisitions by year end or next year? Is that something that could happen in the time of strategic review, because it is quite difficult to put investment in the UK and Germany at the moment, or Poland or Italy or China or the US? So what are your options at least to manage the cash buy that you have?

And my third question, what is your view on the EC positioning regarding the level of the ARENH price. So you think that this price is high enough for the EC to be happy enough, or could they come back and interfere in the pricing system? Thanks.

Thomas Piquemal - EDF

On the breakdown for the distribution business I will give you the price effect. You will remember that we got a 3.4% tariff increase of TURPE in August 2010. This represents an increase during this first quarter of €116 million, so the rest is due to the very small impact of the consolidation and the rest is the volume effect on the transport and distribution business.

As far as the cash we received, of course, we have a very high cash level, consistent with lots of end of the year. Our cash options are to optimise, of course, our investments, cash investments, with the adequate risk profile. We implemented a lot of initiatives with small amounts as far as other initiatives, I can tell you that we are not going to make acquisitions just to invest the cash. We are looking at strategy opportunities. As you know, we're very involved in privatisation in Poland. We decided not to pursue since we considered that the conditions put by the seller were not acceptable to us, so this demonstrates that even if an opportunity makes a lot of sense from strategic and investment standpoint, and this was

the case for this target in Poland, we are not going to do anything to get it, and we are looking at some targeted acquisitions, but of course within the general framework of our strategic objectives, priorities and certainly not just to reinvest the cash.

As far as the EC is concerned, I can't make any comments. I mean, the law was passed end of 2010 in France. In that law there is a principle which is that the starting point of the ARENH price has to be consistent with TaRTAM. We consider that this is the case for what was announced and that the law that was passed in France. That's the only comment I can make on any speculation of any intervention by the EC.

Okay.

Andrew Mead – Goldman Sachs, London

Hallo. I just have one quick question on your tariff slide in your appendix, just how I should interpret it. It's slide number 37. You've got the 1.7% increase against the blue tariffs for this year, and you've got nothing against yellow and green. Does that mean you are expecting a separate decision on the yellow and green, or that it's still uncertain, the decision the other day from the Government as to whether it applies to all three tariffs? Thank you.

No. The reason why we just put this 1.7% there is because the Government only asked the advice of the CRE on this tariff rise for residential only. That's all. That's the reason why we did not indicate the other number. The only reason, to make it very clear, is because the French Government asked the advice only for residential tariffs.

So does that mean the 1.7 doesn't apply to yellow and green? I'm still not quite sure what you mean.

No. Nothing more. No comment beyond what I've said. I am explaining to you why we've just put the 1.7% here. It is because the French Government asked for the advice only for the residential customers. That's all.

Okay. Thank you.

Benjamin Leyre – Exane, Paris

Yes, thank you. Two follow up question please. The first one on your medium term financial target. Can you already share with us how you will structure these targets and indications if it's ROCE, EBITDA and net income trend. And the second question under provisions, I wonder if you have news or maybe views on the potential rise in provision related to the cost of waste storage and similarly there have been a lot of talks in the French press that your employees obligations provision could be raised significantly if there is no tariff reform for the employees and ex employees. Can you confirm there could be a big rise related to this? Thank you.

On the targets, what you call the targets, as I said, it's a midterm financial vision and I will not give you any detail on what I mean by midterm financial vision. Unfortunately you will have to wait until end of July, but it is clear, as I said earlier, that we have to increase the visibility on our group. We consider that we are suffering on the stock markets due to

the lack of visibility. We got the starting point of the ARENH price which is extremely close to what we requested and now we have to increase the visibility on our Group, and this is my key objective for this summer.

Now on provisions, no other information than the one we have already given for deep storage of waste. There are working groups on that issue and I have no other information on potential cost. On your point on the tariff or the long term employee liabilities, should the absence of reform have an impact on our provisions, I do not expect any significant impact given the fact that the way we account for those long term liabilities and the fact that we use the corridor method. We only amortise the actual difference over a year, so I do not expect a significant impact of this absence of reform on our long term liabilities.

And not significant is less than how much? One billion?

Not significant. Not significant.

Thank you.

Per Lekander – UBS, London

Yes, hallo again. I'm coming back to slide number nine where you specify the outages. You know, it's quite a remarkable change in terms of the non planned outages. If I calculate here, you go from 498 to 85 days. So two questions on this: first, on the what you call extended outages, is this the chemical treatment of the heat exchangers which has been ongoing for a couple of years and given that it is now close to zero, does it mean that you have completed this exercise now?

And then, second, more generally, and I realise this is difficult, how much of this do you think is kind of luck, that Q1 2010 was bad and 2011 was good, and how much of this do you see as sustainable? What's your preliminary analysis? Thanks.

Dominique Miniere – EDF

With regard to the number of days of outages, on your first question extended outages are the number of days outages are extended, normal outages are extended, as in fact we have terminated two outages only and in the first quarter of 2011, and more as we know consequences of 2010 on 2011, because of outages we are not finished and we were extended after that in the year after like we have last year. It's mainly because of these two reasons that we have only ten days of extended outages. The most important figure for us is unplanned outages because you have seen that the number of these due to () have been reduced from 2,088 to 75. This is the effect really of the large components replacement programme because we have a better availability and a better visibility of these components. It is due to the fact that, due to this replacement programme, we have today, a positive effect in the beginning of this year.

And how do you look on sustainability of this because it's quite remarkable in a quite short period of time?

We can expect of course a large component replacement program, which has already been done, for example, on generators which is at the beginning of transformers for the time

being could have some impact also in the coming years, but we have to be very careful with regard, for example, on transformers because we are only at the beginning of this large replacement programme. So we have to be careful for the time being. Of course, the good news for us but we have still to be cautious in the coming years and mainly to go and to continue with this large component replacement programme.

And where are you with regard to this chemical treatment of the heat exchangers, because that was quite significant in terms of availability? Is that now concluded?

Yes. It's not completely concluded. We have still one plant to be treated this year. We have already terminated one steam generator cleaning this year and we have still one to be done this year.

Thank you.

Benjamin Leyre – Exane, Paris

Yes, thank you. A very quick one, please, on Spain. Every day there is a new rumour that Iberdrola is trying to find a partner and not that long ago EDF had a strong contact with them, I understand. Are you having discussions nowadays regarding their capital structure?

Thomas Piquemal - EDF

Well, of course, you do not expect me to comment on any rumour or any speculation on any such thing, so I will not make any comment of course.

Thank you.

Closing Comments

So I think this was the last question, so I just have now to thank you very much for attending this conference call. I thank also very much Philippe Torrion and Dominique Minière for attending this together with me. As I said, we will have several opportunities to update you in coming weeks and months. Our next communication to the market will be in less than two weeks, on May 24th, when we hold our AGM, and as I said, we'll give additional clarity on our midterm vision end of July with our first half results.

Again, thank you very much for your attention.