CONDENSED CONSOLIDATED

HALF-YEAR FINANCIAL STATEMENTS

AT JUNE 30, 2006

Contents

Consolidated income statements

(in millions of euros)	Notes	1st half-year 2006	1st half-year 2005 (1)
Sales	**7**	30 362	25 198
Fuel and energy purchases	**8**	(12 494)	(8 377)
Other external expenses	**9**	(3 817)	(3 572)
Personnel expenses	**11**	(4 833)	(4 661)
Taxes other than income taxes		(1 601)	(1 536)
Other operating income and expenses	**12**	507	460
Operating profit before depreciation and amortization		**8 124**	**7 512**
Net depreciation and amortization		(2 657)	(2 413)
(Impairments) / reversals	**13**	299	-
Other income and expenses	**14**	691	-
Operating profit		**6 457**	**5 099**
Cost of gross financial indebtedness	**15.1**	(776)	(679)
Discount expense	**15.2**	(1 280)	(1 240)
Other financial income and expenses	**15.3**	555	132
Financial result	**15**	**(1 501)**	**(1 787)**
Income before taxes of consolidated companies		**4 956**	**3 312**
Income taxes	**16**	(888)	(1 233)
Share in income of companies accounted for under the equity method	**19**	184	124
Net income from discontinued operations		4	(1)
Group net income		**4 256**	**2 202**
Minority interests		113	70
EDF net income		**4 143**	**2 132**
Earnings per share in euros			
Net earnings per share in euros		**2.27**	**1.31**
Diluted earnings per share in euros		**2.27**	**1.31**

(1) The figures published for the first half-year of 2005 have been adjusted to reflect the effects of retrospective application of IFRIC 4 and changes in presentation (see note 3).

Consolidated balance sheets

ASSETS	Notes	06.30.2006	12.31.2005
(in millions of euros)			(1)
Goodwill	17	6 945	7 181
Other intangible assets		1 706	1 886
Property, plant and equipment	18	101 632	101 667
Investments in companies accounted for under the equity method	19	2 306	2 030
Non-current financial assets	20.1	10 384	9 012
Deferred tax assets		1 746	1 748
Non-current assets		**124 719**	**123 524**
Inventories, including work-in-process		7 036	6 695
Trade receivables		13 760	16 107
Current financial assets	20.1	16 053	11 966
Current tax assets		143	275
Other receivables		4 063	4 621
Cash and cash equivalents	21	3 496	7 220
Current assets		**44 551**	**46 884**
Assets classified as held for sale	22	2 544	728
TOTAL ASSETS		**171 814**	**171 136**

EQUITY AND LIABILITIES	Notes	06.30.2006	12.31.2005
(in millions of euros)			(1)
Capital		911	911
Consolidated reserves and income		20 989	18 402
Equity (EDF share)		**21 900**	**19 313**
Minority interests		1 037	961
Total Equity	23	**22 937**	**20 274**
Provisions for end of nuclear fuel cycle	24.2	14 065	13 918
Provisions for decommissioning and for last cores	24.3	13 182	12 907
Provisions for employee benefits	24.7	12 496	12 971
Other provisions	24.8	2 269	2 178
Non-current provisions	24.1	**42 012**	**41 974**
Special concession liabilities	25	35 530	34 907
Non-current financial liabilities	26.1	21 499	23 511
Other liabilities	28	6 254	5 971
Deferred tax liabilities		4 449	4 567
Non-current liabilities		**109 744**	**110 930**
Provisions	24.1	3 527	4 075
Trade payables and other current liabilities payable		6 942	8 872
Current financial liabilities	26.1	12 351	11 933
Current tax liabilities		753	491
Other liabilities	28	13 118	13 969
Current liabilities		**36 691**	**39 340**
Liabilities related to assets classified as held for sale	22	2 442	592
TOTAL EQUITY AND LIABILITIES		**171 814**	**171 136**

(1) The figures published at December 31, 2005 have been adjusted to reflect the effects of retrospective application of IFRIC 4 (see note 3.2).

Consolidated cash flow statements

(in millions of euros)	1st half-year 2006	1st half-year 2005 (1)
Operating activities :		
Income before tax from consolidated companies	**4 956**	**3 312**
Impairments	(299)	-
Accumulated depreciation and amortization, provisions and changes in fair value	3 066	3 550
Financial income and expenses	389	478
Dividends received from companies accounted for under the equity method	54	51
Capital gains/losses	(310)	(113)
Other income and expenses without effect on cash	-	(29)
Change in working capital	(399)	159
Net cash flow from operations	**7 457**	**7 408**
Net financial expenses disbursed	(488)	(526)
Income taxes paid	(552)	877
Payment related to the pension reform	-	(3 296)
Payment related to Marcoule	(551)	(523)
Net cash flow from operating activities	**5 866**	**3 940**
Investing activities :		
Acquisition of companies, net of cash acquired	(50)	(41)
Purchases of property, plant and equipment and intangible assets	(2 421)	(2 116)
Net proceeds from sale of property, plant and equipment and intangible assets	125	163
Changes in financial assets	(5 842)	(550)
Net cash flow used in investing activities	**(8 188)**	**(2 544)**
Financing activities :		
Issuance of borrowings	952	717
Repayment of borrowings	(669)	(1 907)
Dividends paid by parent company	(1 439)	-
Dividends paid to minority interests	(65)	(19)
Capital increase subscribed by minority interests	10	173
Increase in special concession liabilities	93	71
Investment subsidies	13	16
Treasury shares	(12)	-
Net cash flow from financing activities	**(1 117)**	**(949)**
Net increase/(decrease) in cash and cash equivalents	**(3 439)**	**447**
Cash and cash equivalents - opening balance	7 220	3 150
Effect of currency fluctuations	(20)	69
Reclassifications upon application of IAS 32 and 39	-	670
Financial income on cash and cash equivalents	36	62
Effect of other reclassifications	(301)	(10)
Cash and cash equivalents - closing balance	**3 496**	**4 388**

(1) The figures published at December 31, 2005 have been adjusted to reflect the effects of retrospective application of IFRIC 4 (see note 3.2).

Variation in Consolidated Equity

(in millions of euros)	Capital	Consolidated reserves and net income	Treasury shares	Translation adjustments	Impact of restatement to fair value of financial instruments	Equity (EDF share)	Minority interests	Total Equity
Equity at December 31, 2005	**911**	**17 256**	**-**	**(22)**	**1 016**	**19 161**	**979**	**20 140**
Restatements for application of IFRIC 4 (note 3.2)	-	143	-	9	-	152	(18)	134
Equity at December 31, 2005 (1)	**911**	**17 399**	**-**	**(13)**	**1 016**	**19 313**	**961**	**20 274**
Changes in the fair value of available-for-sale financial assets	-	-	-	-	224	224	(2)	222
Changes in the fair value of hedging instruments	-	-	-	-	(189)	(189)	4	(185)
Repurchase of treasury shares	-	-	(32)	-	-	(32)	-	(32)
Sales of treasury shares	-	-	20	-	-	20	-	20
Translation adjustments	-	-	-	(154)	(3)	(157)	(31)	(188)
Other changes	-	5	-	-	12	17	68	85
Changes directly recorded in equity	**-**	**5**	**(12)**	**(154)**	**44**	**(117)**	**39**	**(78)**
Net income	-	4 143	-	-	-	4 143	113	4 256
Dividends paid	-	(1 439)	-	-	-	(1 439)	(76)	(1 515)
Equity at June 30, 2006	**911**	**20 108**	**(12)**	**(167)**	**1 060**	**21 900**	**1 037**	**22 937**

(1) The figures published at December 31, 2005 have been adjusted to reflect the effects of retrospective application of IFRIC 4 (see note 3.2).

The variation in consolidated equity and minority interests between January 1, and June 30, 2005 was as follows:

(in millions of euros)	Capital	Consolidated reserves and net income	Translation adjustments	Impact of restatement to fair value of financial instruments	Equity (EDF share)	Minority interests	Total Equity
Equity at January 1, 2005 (1)	**8 129**	**599**	**70**	**274**	**9 072**	**897**	**9 969**
Restatements for application of IFRIC 4 (note 3.2)	-	152	(10)	-	142	(2)	140
Equity at January 1, 2005 restated	**8 129**	**751**	**60**	**274**	**9 214**	**895**	**10 109**
Net income	-	2 132	-	-	2 132	70	**2 202**
Dividends paid	-	(374)	-	-	(374)	(49)	**(423)**
Translation adjustments	-	-	(53)	(53)	(106)	1	**(105)**
Changes in the fair value of available-for-sale financial assets (2)	-	-	-	252	252	-	**252**
Changes in the fair value of hedging instruments (2)	-	-	-	294	294	-	**294**
Other changes	-	12	-	(3)	9	(38)	**(29)**
Equity at June 30, 2005	**8 129**	**2 521**	**7**	**764**	**11 421**	**879**	**12 300**

(1) As certain restatements for application of standards IAS 32 and 39 from January 1, 2005 were finalised in the second half of 2005, the balance sheet at January 1, 2005 presented here is no longer as published in the annual financial statements at December 31, 2005. The net impact of these corrections on equity is €6 million.
(2) These changes relate to the application of IAS 32 and 39 as of January 1, 2005.

Notes

Electricité de France S.A. (the “Company”) is registered in France.

The Company’s condensed consolidated half-year financial statements for the six months to June 30, 2006 include the accounts of the Company and its subsidiaries, and the Group’s share in the results of associates or jointly-controlled entities (all collectively referred to as the “Group”).

The Group is an integrated energy company engaged in all types of energy business: generation, transmission, distribution, sales and trading of energies.

The Group’s consolidated financial statements at June 30, 2006 were prepared under the responsibility of the Board of Directors and approved by the Directors at the Board meeting held on August 31, 2006.

The Group’s financial statements for the year 2005 are available on the website “www.edf.com” or by request from the Company’s head office at 22-30, avenue de Wagram, 75382 Paris Cedex 08.

Note 1 - Accounting principles and methods

1.1 Group accounting policies

Pursuant to European regulation 1606/2002 of July 19, 2002 on the adoption of international accounting standards, the Group’s consolidated financial statements are prepared using the presentation, recognition and measurement rules prescribed by IAS/IFRS.

The condensed consolidated half-year financial statements comply with standard IAS 34 concerning interim financial reporting and the IAS/IFRS international accounting standards released at June 30, 2006, in the form in which they should be mandatory at December 31, 2006.
They do not include all the information required for full annual financial statements, and are to be read in conjunction with the consolidated financial statements at December 31, 2005 with reference to the principal accounting and valuation methods described in notes 1 and 4 to the financial statements at December 31, 2005, taking into consideration changes in accounting policies over the period.

1.2 Changes in accounting methods

The accounting and valuation methods applied by the Group in these consolidated half-year financial statements are identical to those used in the consolidated financial statements for the year ended December 31, 2005, except for the following standards, amendments and interpretations which become mandatory from January 1, 2006:

- IFRIC 4, “Determining whether an arrangement contains a lease”: this interpretation presents the circumstances in which contracts that do not have the legal form of a lease contract must nevertheless be recognised as such, in accordance with IAS 17.

- The amendment to IAS 19, “Employee benefits”: this introduces an option allowing actuarial gains and losses on defined-benefit plans to be included directly in equity and prescribes the required additional disclosures. The Group has decided not to apply this option.

- The amendment to IAS 21, “The effects of changes in foreign exchange rates – Net investment in a foreign operation”: this amendment states that foreign exchange differences generated by monetary items that are part of a net investment in a foreign operation and are denominated in a currency that is not the functional currency of either the reporting or the foreign operation must be reclassified as equity in the entity’s consolidated financial statements.

- The amendment to IAS 39, “Financial instruments: recognition and measurement – Cash flow hedges of forecast intragroup transactions”: under this amendment, it is now possible in the consolidated financial statements to designate a highly probable forecast intragroup transaction in a foreign currency as an item hedged against foreign exchange risks in a cash flow hedge, provided this transaction is denominated in a currency other than the entity's functional currency and will affect the income statement.

- The amendment to standards IAS 39 and IFRS 4 concerning financial guarantee contracts, which stipulates that financial guarantee contracts come under the scope of IAS 39.

- IFRS 6, "Exploration for and evaluation of mineral resources": this standard prescribes the recognition and measurement methods applicable for expenses incurred by entities in exploring for and evaluating mineral resources, after receiving legal authorisation for exploration in a specific zone but before demonstrating the technical feasibility of the commercial viability of extraction.

- IFRIC 5, "Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds": this interpretation explains how a contributor should account for its interest in a fund and its subsequent contributions to that fund. Given the current context for financing its decommissioning obligations at June 30, 2006, this interpretation does not affect the financial statements at June 30, 2006. During the second half-year of 2006, the Group will examine the possible consequences for this position arising from French Law 2006-739 of June 28, 2006 on the sustainable management of radioactive materials and waste, and the decrees to be issued for its application.

- IFRIC 6, "Liabilities arising from participating in a specific market - waste electrical and electronic equipment": the Group's businesses are not concerned by this standard.

With the exception of IFRIC 4, whose impacts are presented in note 3, these changes have no significant effect on the financial information reported.

The Group has not opted for early application of the following standards, amendments and interpretations adopted by the European Union in 2006:

- The amendment to IAS 1, "Presentation of financial statements – capital disclosures",

- IFRS 7, "Financial instruments: disclosures": this standard introduces new requirements for disclosures on financial instruments,

- IFRIC 7, "Applying the restatement approach under IAS 29: financial reporting in hyperinflationary economies".

1.3 Management estimates

The preparation of its interim financial consolidated statements requires the Group's management to make its best estimates and use assumptions that affect the book value of assets and liabilities, information on contingent assets and liabilities, and the book value of income and expenses recorded for the period. The figures in future financial statements may differ from current estimates due to changes in these assumptions and economic conditions.

From the first half-year of 2006, the estimates and assumptions are the same as those used in establishing the consolidated financial statements at December 31, 2005.

The following valuation methods specific to interim financial statements have been applied:

1.3.1 Employee benefits

The value of the obligation for post-employment and other long-term benefits at June 30, 2006 has been calculated by projecting the obligation at December 31, 2005 over a half-year, taking into account benefits paid out and changes in the value of fund assets during the first half of 2006.
None of the actuarial assumptions used in calculating the obligation – particularly the discount rate, inflation rate and wage increase rates – has been modified over the period.

1.3.2 Income taxes

For interim accounts, income tax (current and deferred) is in principle calculated by applying the last known estimated average tax rate for the prevailing fiscal year for each entity or tax group to consolidated companies' pre-tax income.

1.3.3 Greenhouse gas emission quotas

When a Group entity's estimated gas emissions are higher than the quotas allocated for the year, a provision is established to cover the excess emissions. For interim financial statements, the provision is calculated pro rata to the emission output during the half-year.
The provision is equivalent to the acquisition cost up to the amount acquired on the spot or forward markets, and based on market prices for the balance.

1.4 Presentation rules

Commitments by an EDF Group entity to purchase minority interests in a fully-consolidated entity are reported under "Other current and non-current liabilities"

1.5 Seasonal nature of the business

Interim sales and operating income are affected by significant seasonal factors in the first half of the calendar year, particularly in France. This phenomenon varies according to weather conditions and the tariff structures of the period.

Note 2 - Public distribution concessions in France

As the IFRIC has not yet published its final interpretations on concessions, the general framework and accounting treatment for public electricity distribution concessions in France are unchanged from December 31, 2005.
Any changes in the IFRIC interpretations on concessions or the specificities of French public electricity distribution concession contracts could lead to modification of the accounting treatments currently applied.
Note 5 to the Group's consolidated financial statements for the year ended December 31, 2005 gives detailed information on public electricity distribution concessions in France. The Group accounts for these concessions as follows:

- all concession assets are recorded in the balance sheet as property, plant and equipment, valued at cost less accumulated depreciation on a straight-line basis over their estimated useful life;
- the following special concession liabilities, corresponding to the specific obligations under concession contracts expected and recognised annually by the grantors, are recorded in the balance sheet :
  - the rights to recovery of existing assets for nil consideration,
  - the operator's obligation regarding assets to be renewed, which cover amortisation recorded on the portion of assets financed by the grantor, and the provision for renewal.

For this last category of liabilities, the Group considers that obligations regarding assets to be renewed should be valued on the basis of the specific clauses of the concession contracts. This approach, which refers to the amount of contractual obligations as calculated and disclosed to the grantors annually in the business reports, remains subject to uncertainty in terms of cost and disbursement dates.

In the absence of any such specific contractual clauses, an alternative approach would be to determine the value of contractual obligations based on the discounted value of future payments necessary for replacement of concession assets at the end of their industrial useful life. The main simulation assumptions used in the financial statements for the year ended December 31, 2005 continue to apply in the first half-year of 2006, i.e:

- 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 inflation rate of 2% annually, less the asset's historical value. This amount is based on the wear and tear on the asset and discounted at a rate of 4.25%, based on an average duration of 8 years.
- amortisation of the grantor's financing is also discounted at the rate of 4.25%.

For information, the impact of this discounting of renewal obligations would be as follows:

- Impact on the first half-year 2006 income statement:

(in millions of euros)	4.25% Discount rate
Operating profit before depreciation and amortization	100
Operating profit	200
Financial result	(245)
Income before taxes	(45)

- Impact on balance sheet and equity at June 30, 2006:

(in millions of euros and before taxes)	4.25% Discount rate
At January 1, 2006	1 530
At June 30, 2006	1 485

Valuation of concession liabilities under this method is also subject to uncertainty in terms of cost and disbursement dates; in addition, it is sensitive to variations in inflation and discount rates.

Note 3 - Comparability

For purposes of comparison between the first half-years of 2005 and 2006, the consolidated financial statements at June 30, 2005 have been restated to reflect the changes in valuation and presentation methods described below, and corrections to the balance sheet at January 1, 2005 following finalization during the second half of 2005 of the restatements resulting from application of IAS 32 and 39 from January 1, 2005.

3.1 Income statement presentation

To provide a more economic analysis of energy-related costs, “Fuel and energy purchases” in the income statement have since January 1, 2005 included:
- energy delivery costs, previously reported under “Other external expenses”;
- and costs related to CO_2 emission, previously included in “Other operating income and expenses”.

The impact on the first half-year of 2005 is as follows:

(in millions of euros)	1st half-year 2005 as published	Changes in presentation	1st half-year 2005 after changes in presentation
Sales	25 202	-	25 202
Fuel and energy purchases	(7 905)	(472)	(8 377)
Other external expenses	(3 984)	447	(3 537)
Personnel expenses	(4 661)	-	(4 661)
Taxes other than income taxes	(1 536)	-	(1 536)
Other operating income and expenses	435	25	460
Operating profit before depreciation and amortization	**7 551**	**-**	**7 551**

3.2 Impact of application of interpretation IFRIC 4

IFRIC 4, “Determining whether an arrangement contains a lease”, came into force on January 1, 2006. This interpretation concerns the identification of agreements that transfer the right to use an asset or group of specific assets to the purchaser although they do not have the legal form of a lease contract, in that the purchaser in the arrangement benefits from a substantial share of the asset’s production and payment is not dependent on production or market price.

Such agreements must be recognized as operating or finance leases in accordance with IAS 17.
After reviewing contracts for which IFRIC 4 may apply, the Group has proceeded to the necessary restatements in the financial statements.

The principal types of contracts concerned by this interpretation are agreements related to independent power plants (IPP), for example in Latin America and Asia, certain construction and management contracts for infrastructures belonging to third parties – as in the UK – and energy supply contracts.
Certain contracts currently treated as covered by IFRIC 4 could in the future fall under the scope of application of interpretations on concessions, once those interpretations come into force.

Application of IFRIC 4 is considered as a change in accounting policy, and the comparative information for the previous period has been restated accordingly. The resulting impact on Group equity is €152 million at January 1 , 2006.

3.2.1 Impact on the income statement

(in millions of euros)	**1st half-year 2005 after changes in presentation**	**IFRIC 4 impacts**	**1st half-year 2005 restated**
Sales	25 202	(4)	25 198
Fuel and energy purchases	(8 377)	-	(8 377)
Other external expenses	(3 537)	(35)	(3 572)
Personnel expenses	(4 661)	-	(4 661)
Taxes other than income taxes	(1 536)	-	(1 536)
Other operating income and expenses	460	-	460
Operating profit before depreciation and amortization	**7 551**	**(39)**	**7 512**
Net depreciation and amortization	(2 422)	9	(2 413)
(Impairments) / reversals	-	-	-
Operating profit	**5 129**	**(30)**	**5 099**
Cost of gross financial indebtedness	(679)	-	(679)
Discount expense	(1 240)	-	(1 240)
Other financial income and expenses	110	22	132
Financial result	**(1 809)**	**22**	**(1 787)**
Income before taxes of consolidated companies	**3 320**	**(8)**	**3 312**
Income taxes	(1 232)	(1)	(1 233)
Share in income of companies accounted for under the equity method	120	4	124
Net income from discontinued operations	(1)	-	(1)
Group net income	**2 207**	**(5)**	**2 202**
Minority interests	77	(7)	70
EDF net income	**2 130**	**2**	**2 132**

3.2.2 Impact on the balance sheet

ASSETS (in millions of euros)	12.31.2005 as published	IFRIC 4 impacts	12.31.2005 restated
Goodwill	7 181	-	7 181
Other intangible assets	1 886	-	1 886
Property, plant and equipment	102 215	(548)	101 667
Investments in companies accounted for under the equity method	2 021	9	2 030
Non-current financial assets	8 518	494	9 012
Deferred tax assets	1 719	29	1 748
Non-current assets	**123 540**	**(16)**	**123 524**
Inventories, including work-in-process	6 695	-	6 695
Trade receivables	16 121	(14)	16 107
Current financial assets	11 890	76	11 966
Current tax assets	275	-	275
Other receivables	4 445	176	4 621
Cash and cash equivalents	7 220	-	7 220
Current assets	**46 646**	**238**	**46 884**
Assets classified as held for sale	728	-	728
TOTAL ASSETS	**170 914**	**222**	**171 136**

EQUITY AND LIABILITIES (in millions of euros)	12.31.2005 as published	IFRIC 4 impacts	12.31.2005 restated
Capital	911	-	911
Consolidated reserves and income	18 250	152	18 402
Equity (EDF share)	**19 161**	**152**	**19 313**
Minority interests	979	(18)	961
Total Equity	**20 140**	**134**	**20 274**
Provisions for end of nuclear fuel cycle	13 918	-	13 918
Provisions for decommissioning and for last cores	12 907	-	12 907
Provisions for employee benefits	12 971	-	12 971
Other provisions	2 178	-	2 178
Non-current provisions	**41 974**	**-**	**41 974**
Special concession liabilities	34 907	-	34 907
Non-current financial liabilities	23 510	1	23 511
Other liabilities	5 932	39	5 971
Deferred tax liabilities	4 499	68	4 567
Non-current liabilities	**110 822**	**108**	**110 930**
Provisions	4 075	-	4 075
Trade payables and other current liabilities payable	8 894	(22)	8 872
Current financial liabilities	11 933	-	11 933
Current tax liabilities	491	-	491
Other liabilities	13 967	2	13 969
Current liabilities	**39 360**	**(20)**	**39 340**
Liabilities related to assets classified as held for sale	592	-	592
TOTAL EQUITY AND LIABILITIES	**170 914**	**222**	**171 136**

3.3 Interest rate effects of cross currency swaps

Following a change in the interpretation of standard IAS 39 from January 1, 2006, the Group now records the change in value resulting from the effect of interest rate differences in hedging derivatives concerning a net investment in a foreign operation in equity, in the same way as the change in value resulting from foreign exchange differences. These effects were previously taken to income. The impact on equity for the first half of 2006 amounts to €(137) million.

Note 4 - Significant events and transactions of the first half-year of 2006

4.1 France

4.1.1 Decision to set up a new electricity generation unit (EPR)

As part of the Group's programme to reinforce generation capacity, EDF's Board of Directors has decided to begin work on a new EPR (European Pressurized Reactor) type electricity generation unit in France, scheduled to come on line in 2012.

4.1.2 New public transmission and distribution network access fees

A new scale for public transmission and distribution networks access fees ("TURP 2") came into force at January 1, 2006, following approval by the French Ministry of Finance on September 23, 2005.

4.1.3 Full reversal of the provision for exceptional additional pension payments

EDF has decided to discontinue the exceptional additional pension benefit, which is described in note 31.4.2.2 to the financial statements at December 31, 2005. This led to reversal of the provision of €328 million.

4.2 Germany

On July 31, 2006, the German regulator Federal Network Agency notified EnBW of a reduction in electricity transmission network access fees, which should be followed by a reduction in distribution network access fees in the second half-year. This led EDF to record an impairment loss of €318 million against EnBW's goodwill at June 30, 2006 (see note 13).

4.3 Brazil

In late March 2006, the Group signed an agreement to sell 79.4% of its Brazilian subsidiary Light for USD 320 million. The sale was completed on August 10, 2006, and EDF retains 10% of the capital of Light.
At June 30, 2006, Light's assets and liabilities were reclassified as assets and liabilities held for sale, and EDF therefore reversed €624 million of impairment.

Note 5 - Changes in the scope of consolidation of the first half-year of 2006

5.1 Changes in the scope of consolidation during the first half-year of 2006

The main changes in the scope of consolidation during the first half-year of 2006 are described below:

- The sale of ASA Holding AG in Austria was completed in late March 2006 for a price of €224 million, resulting in deconsolidation of the company at the same date. The disposal generated a net-of-tax gain of €160 million.

- The sale of two power plants in Egypt was completed in late March 2006 at the price of €198 million, resulting in deconsolidation of these companies at the same date. It generated a net-of-tax gain of €179 million.

- On March 23, 2006, the EDF Group acquired a further 17.32% interest in Motor Columbus from the Swiss bank UBS, for an amount of CHF 404 million. Atel also acquired 7.2% of the capital of Motor Columbus from the same bank for CHF 43 million (EDF's share). Following this transaction, Motor Columbus and Atel continue to be accounted for under the equity method (on a basis of 41.46% and 25.81% respectively).
  The provisional goodwill resulting from these acquisitions is included under "Investments in companies accounted for under the equity method", and was determined as follows:

	(in million of euros)
Acquisition price for Atel and Motor Colombus shares	283
Stockholder's equity acquired	(141)
Provisional goodwill	**142**

- EnBW purchased an additional 25.05% of the capital of Stadtwerke Düsseldorf AG in March 2006 for €360.8 million, bringing its percentage ownership to 54.95%. Taking into consideration the put option held by the city of Düsseldorf, the provisional goodwill is calculated based on 80% ownership. The company has been fully consolidated since March 31, 2006.
  The provisional goodwill on Stadtwerke Düsseldorf is recognised as follows in the EDF Group's accounts:

	(in millions of euros)
Acquisition cost	510
Impairment 2003	(91)
Investments accounted for under the equity method at 03.31.2006	5
Total (1)	**424**
Non current assets	619
Current assets	193
Non current liabilities	(311)
Current liabilities	(74)
Net assets	**427**
EDF's share for 80% of net assets (2)	**(342)**
Provisional provisoire [(1) - (2)]	**82**

5.2 Changes in the scope of consolidation during 2005

The main changes in the scope of consolidation during 2005 are described below:

- Following the takeover of Edison, EDF has proportionally consolidated TdE and Edison in its financial statements since October 1, 2005. After implementation of the Structure Agreement and the Shareholders' Agreement, the percentage interest in Edison after the tender offer was 51.58%. IEB and its holding companies are wholly-owned by EDF and are fully consolidated.
  EDF also sold 20% of its investment in Finel to Edison. As a result of this operation, Edison held a controlling interest in the company, and the consolidation method for Finel was changed from the equity method to proportional consolidation.

- Following EnBW's capital increase of April 2005 through the sale of treasury shares, OEW's holding in EnBW reached the same level as that of EDF. EDF's percentage ownership of EnBW decreased from 48.43% at December 31, 2004 to 46.12% at June 30, 2005.

- In Argentina, the sale of Sodemsa and Edemsa was finalised on March 30, 2005, leading to deconsolidation of both companies. EDF also sold 100% of Easa and 14% of the capital of Edenor on August 31, 2005. Following these transactions, the Group holds a 25% interest in Edenor, which has been accounted for under the equity method since that date.

- In Brazil, as part of the Light debt restructuring operations, minority shareholders subscribed to the capital increase of late July 2005 and converted some of the company's convertible bonds into share capital. As a result, EDF's percentage interest decreased by 5.22% and the Group's investment stood at 89.57% at December 31, 2005.

Note 6 - Segment reporting

Segment reporting corresponds to the Group's internal organisation, reflecting the various risks and rates of return to which the Group is exposed.

Segment reporting is primarily by geographical area, with the "country" risk taking priority over the "business" risk in view of the Group's international development strategy and differences in economic, regulatory and technical environments between the various areas.

Segment reporting is determined before inter-segment consolidation adjustments and inter-segment eliminations. Inter-segment transactions take place at market prices.

6.1 Reporting by geographical area

The breakdown used by the EDF Group for geographical areas is as follows:

- "**France**", which refers to EDF SA and its subsidiary RTE EDF Transport, comprising their regulated activities (mainly Distribution and Transmission) and deregulated activities (mainly Generation and Supply);
- "**United Kingdom**", which refers to the EDF Energy subgroup;
- "**Germany**", which refers to the EnBW subgroup;
- "**Italy**" which covers all the entities located in Italy, principally the Edison subgroup, TDE, Fenice and EDF Energia Italia;
- "**Rest of Europe**", which groups together the other European subsidiaries, mostly located in continental Europe, and new investments and businesses including Electricité de Strasbourg, Dalkia, Tiru, Asa Holding AG (which was sold in 2006), EDF Energies Nouvelles and EDF Trading;
- "**Rest of the World**", which covers subsidiaries in Latin America and Asia.

"Italy" is now a geographical area in its own right, reported separately from the "Rest of Europe".

Some support functions, and sales activities in Belgium which were considered as part of France in the first half-year of 2005, have since January 1, 2006 been attached to their respective geographical area. This change has no significant impact.

6.1.1 At June 30, 2006

(in millions of euros)	France	United Kingdom	Germany	Italy	Rest of Europe	Rest of the world	Eliminations	Total
External sales	16 447	4 022	2 996	2 919	2 468	1 510	-	30 362
Inter-segment sales	55	-	22	-	246	-	(323)	-
TOTAL SALES	**16 502**	**4 022**	**3 018**	**2 919**	**2 714**	**1 510**	**(323)**	**30 362**
OPERATING PROFIT BEFORE DEPRECIATION and AMORTIZATION	**5 318**	**643**	**593**	**468**	**782**	**320**	**-**	**8 124**
BALANCE SHEET :								
Intangible assets and property,plant and equipment	76 100	9 765	6 146	5 437	4 320	1 570	-	103 338
Investments in companies accounted for under the equity method	-	122	479	31	1 578	96	-	2 306
Goodwill	-	2 465	1 552	1 885	1 002	41	-	6 945
Other segment assets (1)	16 344	2 082	1 692	1 433	2 879	429	-	24 859
Assets classified as held for sale	-	-	24	109	-	2 411	-	2 544
Other non-allocated assets	-	-	-	-	-	-	-	31 822
Total Assets	**92 444**	**14 434**	**9 893**	**8 895**	**9 779**	**4 547**	**-**	**171 814**
Segment liabilities (2)	94 423	2 867	5 540	178	3 914	221	-	107 143
Liabilities related to assets classified as held for sale	-	-	30	22	-	2 390	-	2 442
Other non-allocated liabilities	-	-	-	-	-	-	-	62 229
Total Liabilities	**94 423**	**2 867**	**5 570**	**200**	**3 914**	**2 611**	**-**	**171 814**
OTHER INFORMATION:								
Investments in intangible assets and property, plant and equipment	1 512	409	86	131	139	69	-	2 346
Net depreciation and amortization	(1 813)	(216)	(166)	(227)	(169)	(66)	-	(2 657)
Impairment	1	-	(318)	(10)	3	623	-	299

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

(2) Segment liabilities include special concession liabilities, provisions for the end of nuclear fuel cycle, provisions for decommissioning and last cores, provisions for employee benefits, other provisions (excluding provisions for risks associated with investments and provisions for tax risks), trade payables and other liabilities.

6.1.2 At June 30, 2005

For purposes of comparison between the segment information at June 30, 2006 and June 30, 2005, the information published at June 30, 2005 has been restated to reflect the new allocation of geographical areas, and the impacts of interpretation IFRIC 4.

(in millions of euros)	France	United Kingdom	Germany	Italy	Rest of Europe	Rest of the world	Eliminations	Total
External sales	15 374	3 238	2 466	494	2 252	1 374	-	25 198
Inter-segment sales	59	-	17	-	178	-	(254)	-
TOTAL SALES	**15 433**	**3 238**	**2 483**	**494**	**2 430**	**1 374**	**(254)**	**25 198**
OPERATING PROFIT BEFORE DEPRECIATION and AMORTIZATION	**5 237**	**657**	**549**	**66**	**728**	**275**	**-**	**7 512**

6.2 Income from external sales by geographical area based on client location:

(in millions of euros)	France	Europe	Rest of the world	EDF Trading	Total
1st half-year of 2006	15 340	13 016	1 664	342	**30 362**
1st half-year of 2005	14 718	8 678	1 570	232	**25 198**

Note 7 - Sales

Sales are comprised of:

(in millions of euros)	1st half-year 2006	1st half-year 2005
Sales of energy and energy-related services	28 159	23 289
Other sales of goods and services	1 855	1 644
Change in fair value of commodity contracts	6	32
EDF Trading	342	233
Sales	**30 362**	**25 198**

Consolidated sales increased by 20.5% compared to the first half-year of 2005, and include €2,194 million of Edison sales for the first half-year of 2006.

Note 8 - Fuel and energy purchases

Fuel and energy purchases comprise:

(in millions of euros)	1st half-year 2006	1st half-year 2005
Fuel purchases used - power generation	(4 451)	(2 881)
Energy purchases	(7 323)	(5 028)
Transmission and delivery expenses	(941)	(623)
Gain/loss on hedging operations	28	(1)
(Increase)/decrease in provisions related to nuclear fuels and energy purchases	193	156
Fuel and energy purchases	**(12 494)**	**(8 377)**

Fuel and energy purchases increased by €4,117 million or 49.1% from the first half-year of 2005. €1,701 million of this increase is attributable to consolidation of Edison, and significant rises in energy costs are also a contributing factor.

Note 9 - Other external expenses

Other external expenses comprise:

(in millions of euros)	1st half-year 2006	1st half-year 2005
External services	(3 616)	(3 416)
Other purchases (excluding external services, fuel and energy)	(1 142)	(967)
Change in inventories and capitalized production	881	775
(Increase)/decrease in provisions on other external expenses	60	36
Other external purchases	**(3 817)**	**(3 572)**

The increase in other external expenses mainly results from consolidation of Edison (€155 million).

Note 10 - Contractual obligations and operating commitments

10.1 Commercial contract commitments

In the course of its generation and supply activities, the Group has entered into long-term contracts and “take or pay” contracts, in which it undertakes to purchase raw materials, fuel, energy and gas for periods of up to 20 years. The Group also has commitments to supply energy and electricity under firm sales contracts to end-users. In most cases, these are reciprocal commitments, and the third parties concerned are under an obligation to supply or purchase the quantities specified in the contracts.

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

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

EDF has also entered into long-term purchase contracts with a certain number of electricity producers, either by financing power plants, or through commercial electricity purchase contracts.
When it invested in EnBW in 2001, EDF also undertook to sell 6000 MW on the French market to the highest bidder. This had been achieved by the end of 2003. The commitment’s initial duration was 5 years and is currently under review with the EU authorities.

Under article 10 of the Law of February 10, 2000, 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 production units (wind turbines and small hydro-electric plants or operations recycling organic waste). The excess costs generated by this obligation are offset by the Contribution to the Public Electricity Service (Contribution au Service Public de l’Electricité or CSPE).

These commitments also include commitments related to long-term fuel and gas purchase contracts, and contracts signed by EDF’s Nuclear Fuel Division.

10.2 Operating contract commitments

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

(in millions of euros)	Total	Maturity < 1 year	1 - 5 years	> 5 years
Satisfactory performance,completion and bid guarantees	**804**	567	132	105
Commitments related to orders for operating items*	**2 329**	1 853	395	81
Commitments related to orders for fixed assets	**3 265**	2 088	1 155	22
Other operating commitments	**3 682**	1 080	2 283	319
Operating commitments given	**10 080**	**5 588**	**3 965**	**527**
Operating commitments received	**964**	**467**	**203**	**294**

* excluding commodities and energy

Satisfactory performance, completion and bid guarantees mainly consist of guarantees related to operation of the London underground system's electric network (€257 million), the construction or operation of power plants in Mexico (€122 million), China (€12 million), and Laos (€172 million). The Group has also given other guarantees totalling €241 million, principally by EDF Energies Nouvelles and Dalkia International.
At June 30, 2006, firm commitments on operating orders other than commodity and energy purchases and commitments for purchases of property, plant and equipment amounted to €5,594 million (compared to €4,193 million at December 31, 2005), mainly given by EDF SA (€3,677 million), Edison (€354 million) and EDF Energy (€234 million).

Other operating commitments mainly concern:

- the solidarity commitment undertaken by operators of nuclear power plants in Germany, which would come into force in the event of any one of them being unable to meet its obligations following a nuclear incident. The total amount consolidated by the EDF group through EnBW amounts to €1,034 million.

- a contract entered into with CDC Ixis Capital Markets to cover the exposure of EDF's electricity distribution network in France to risk of storm damage, whereby each party undertakes to indemnify the other for any liability connected with issuance of a CAT bond, up to an overall maximum amount of €240 million for each party. The total amount of the fixed premium outstanding at June 30, 2006 is valued at €61 million.

- the operating commitments of Edison following its consolidation by the Group (€800 million), including guarantees given to customers of Tecnimont Spa amounting to €304 million.

Note 11 - Personnel expenses

11.1 Personnel expenses

Personnel expenses comprise:

(in millions of euros)	1st half-year 2006	1st half-year 2005
Remunerations	(3 079)	(2 950)
Social contributions	(569)	(475)
Employee profit sharing	(152)	(183)
Non monetary benefits	(177)	(187)
Other expenses linked to short-term benefits	(15)	(7)
Short-term benefits	**(3 992)**	**(3 802)**
Post-employment benefits	**(815)**	**(822)**
Other personnel expenses	**(26)**	**(37)**
Personnel expenses	**(4 833)**	**(4 661)**

11.2 Average workforce

	1st half-year of 2006			1st half-year of 2005		
	IEG status	Other	Total	IEG status	Other	Total
Management	27 060	7 190	34 250	25 307	4 179	29 486
Supervisors and technicians	80 074	43 428	123 502	81 941	44 367	126 308
Total	**107 134**	**50 618**	**157 752**	**107 248**	**48 546**	**155 794**

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 23,430 full-time employees.

Note 12 - Other operating income and expenses

Other operating income and expenses comprise:

(in millions of euros)	1st half-year 2006	1st half-year 2005
Operating subsidies	820	812
Net increase in provisions for renewal of assets operated under concession	(265)	(282)
Net income of deconsolidation	-	78
Gains on disposal of property, plant and equipment	(17)	21
Net increase in provisions on current assets	(61)	(28)
Net increase in provisions for operating contingencies and losses	45	25
Other operating income and expenses	(15)	(166)
Other operating income and expenses	**507**	**460**

Operating subsidies mainly comprise the subsidy received by EDF in respect of the Contribution to the Public Electricity Service (CSPE) introduced by French Law 2003-8 of January 3, 2003. This contribution is payable by end-users (both eligible and ineligible) and collected by network operators or electricity suppliers, which then pay it to the State. Since January 1, 2005, the additional costs resulting from the priority need tariff (*tarif de première nécessité*) and the poverty and vulnerability action measures are also included in subsidies.
In the financial statements, this compensation results in recognition of income of €818 million in the first half-year of 2006 (€806 million in the first half-year of 2005).

Note 13 - Impairments / reversals

In application of IAS 36, the net amount of impairment losses recognized and recovered on goodwill and other assets in the first half-year of 2006 is €299 million, mainly concerning impairment of €318 million booked in respect of EnBW in Germany and a reversal of €624 million in respect of Light in Brazil.

13.1 EnBW

On July 31, 2006, the German Regulator Federal Network Agency notified EnBW of a reduction in electricity transmission network access fees, which should be followed by a reduction in distribution network access fees in the second half year.

EnBW therefore carried out updated impairment tests on the relevant assets belonging to the EnBW group at June 30, 2006, and concluded that there was no need to write down these assets.

Based on the accounting policies described in notes 4.10 and 4.13 to the consolidated financial statements for the year ended December 31, 2005 and new assumptions regarding future reductions in EnBW's network access fees, EDF recognized impairment of € 318 million at June 30, 2006 on its own goodwill recorded in 2001 when it acquired its interest in EnBW.

After this impairment, the EnBW goodwill in EDF's financial statements amounts to € 1,552 million. If the long-term reduction in network access fees is greater than anticipated by EnBW for its electricity distribution network, the impairment test results could be affected.

The Federal Network Agency may also notify a decrease in gas network access fees. The scale of any such reduction is currently undeterminated, but its effects might have to be taken into consideration in future impairment tests.

13.2 Light

Impairments also include a reversal of €624 million from impairment previously recorded in respect of assets other than goodwill of Light, to reflect their fair value less the costs of the sale, based on the terms of the sale agreement of Light signed on March 28, 2006.

Note 14 - Other income and expenses

Other income and expenses for the first half-year of 2006 amounted to €691 million, mainly comprising:

- the pre-tax proceeds of deconsolidation of ASA Holding AG (€175 million) and the Egyptian subsidiaries Port Saïd and Port Suez (€179 million),
- a reversal of €328 million from provisions for post-employment benefits following discontinuation of the exceptional additional pension benefit.

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)	1st half-year 2006	1st half-year 2005
Interest expenses on financing operations	(830)	(773)
Ineffective portion of fair value hedges	1	(26)
Transfer to income of changes in the fair value of cash flow hedges	(16)	12
Net foreign exchange gain on indebtedness	69	108
Cost of gross financial indebtedness	**(776)**	**(679)**

The increase between the first half-years of 2005 and 2006 mainly results from consolidation of Edison for €(73) million.

15.2 Discount expense

Details of this expense are as follows:

(in millions of euros)	1st half-year 2006	1st half-year 2005
Provisions for employee benefits	(557)	(546)
Provisions for end of nuclear fuel cycle, for decommissionning and for last cores	(690)	(669)
Other provisions	(33)	(25)
Discount expense	**(1 280)**	**(1 240)**

15.3 Other financial income and expenses

Other financial income and expenses comprise:

(in millions of euros)	1st half-year 2006	1st half-year 2005
Financial income on cash and cash equivalents	37	62
Gains on financial assets	587	428
Changes in financial instruments carried at fair value with changes in fair value included in income	(40)	134
Other financial expenses	(157)	(677)
Foreign exchange gain/loss on financial items other than debts	(57)	28
Return on hedging assets	185	157
Other financial income and expenses	**555**	**132**

During the first half-year of 2005, developments in connection with Edison had led the Group to record a financial expense of €481 million in connection with the potential tender offer.

Note 16 - Income taxes

The income tax payable at June 30, 2006 amounts to €888 million (compared to €1,233 million at June 30, 2005).

It is calculated by applying the effective forecast tax rate for the year-end, adjusted for items specific to the first half-year, to the pre-tax income at June 30, 2006.

Income taxes include the effects of the following:

- the tax saving resulting from the legal reorganisation of the Light group required by the Brazilian regulator Aneel, amounting to approximately €400 million for the first half-year of 2006, as this tax saving is taken into account in the annual effective tax rate,
- the impact of realignment of the tax bases of certain fixed assets at restated book value, in accordance with the 2006 Italian Finance Law. The readjustment of deferred tax liabilities recorded in connection with the payment of a substitute tax of 12% resulted in a €104 million reduction in taxes for the half-year.

Note 17 - Goodwill

Goodwill on consolidated companies comprises the following:

(in millions of euros)	06.30.2006	12.31.2005
Net book value at opening date	**7 181**	**5 371**
Acquisitions	103	1 824
Disposals	(16)	(83)
Impairment	(318)	(29)
Translation adjustments	(30)	81
Other movements	25	17
Net book value at closing balance	**6 945**	**7 181**
Gross value at closing balance	7 688	7 606
Accumulated impairment at closing	(743)	(425)

Goodwill at June 30, 2006, concerns:

- the United Kingdom (€2,465 million),
- Germany (€1,552 million after €318 million of impairment explained in note 13 and an increase of €110 million mainly related to the takeover of Stadtwerke Düsseldorf),
- Italy (including Edison) (€1,885 million),

- other European subsidiaries (€1,002 million),
- and the rest of the world (€41 million).

The goodwill generated by the first consolidation of Edison amounts to €1,768 million. In accordance with IFRS 3, the Group has 12 months to finalize the allocation of the acquisition price, which will be final at September 30, 2006.

Note 18 - Property, plant and equipment

The net value of property, plant and equipment breaks down as follows:

(in millions of euros)	06.30.2006	12.31.2005
Property, plant and equipment owned by the Group	59 674	59 715
Property, plant and equipment operated under concession	38 036	38 110
Property, plant and equipment in progress	3 607	3 479
Leased property, plant and equipment	315	363
Property, plant and equipment	**101 632**	**101 667**

18.1 Movements in property, plant and equipment owned by the Group (excluding assets in progress)

(in millions of euros)	Land & Buildings	Nuclear power plants	Fossil-fired & hydropower plants	Networks	Other installations, plant, machinery & equipment	Total
Gross values at 12.31.2005	**15 427**	**44 710**	**16 177**	**34 923**	**10 030**	**121 267**
Impacts of IFRIC 4	(25)	-	(49)	(233)	(178)	**(485)**
Gross values at 12.31.2005 restated	**15 402**	**44 710**	**16 128**	**34 690**	**9 852**	**120 782**
Increases	76	70	447	537	225	**1 355**
Decreases	(131)	(67)	(52)	(49)	(146)	**(445)**
Translation adjustment	(39)	-	(171)	(134)	(88)	**(432)**
Changes in the scope of consolidation	132	318	261	358	75	**1 144**
Other movements	63	(50)	111	(182)	23	**(35)**
Gross values at 06.30.2006	**15 503**	**44 981**	**16 724**	**35 220**	**9 941**	**122 369**
Depreciation and impairment at 12.31.2005	**(7 075)**	**(27 775)**	**(7 896)**	**(12 188)**	**(6 220)**	**(61 154)**
Impacts of IFRIC 4	4	-	8	36	39	**87**
Depreciation and impairment at 12.31.2005 restated	**(7 071)**	**(27 775)**	**(7 888)**	**(12 152)**	**(6 181)**	**(61 067)**
Net depreciation	(221)	(484)	(332)	(475)	(286)	**(1 798)**
Disposals	77	44	45	37	136	**339**
Translation adjustment	12	-	59	31	44	**146**
Changes in the scope of consolidation	(32)	(151)	(104)	(9)	(22)	**(318)**
Other movements	(26)	21	(86)	87	7	**3**
Depreciation and impairment at 06.30.2006	**(7 261)**	**(28 345)**	**(8 306)**	**(12 481)**	**(6 302)**	**(62 695)**
Net values at 12.31.2005	**8 352**	**16 935**	**8 281**	**22 735**	**3 810**	**60 113**
Net values at 12.31.2005 restated	**8 331**	**16 935**	**8 240**	**22 538**	**3 671**	**59 715**
Net values at 06.30.2006	**8 242**	**16 636**	**8 418**	**22 739**	**3 639**	**59 674**

18.2 Movements in property, plant and equipment operated under concession (excluding assets in progress)

(in millions of euros)	Land & Buildings	Fossil-fired & hydropower plants	Networks	Other installations, plant, machinery & equipment & other	Total
Gross values at 12.31.2005	**2 324**	**6 206**	**54 312**	**1 189**	**64 031**
Increases (1)	3	4	1 034	24	**1 065**
Disposals	(5)	-	(189)	(37)	**(231)**
Translation adjustment	(1)	-	-	-	**(1)**
Other movements	(359)	(189)	(1 578)	(20)	**(2 146)**
Gross values at 06.30.2006	**1 962**	**6 021**	**53 579**	**1 156**	**62 718**
Depreciation and impairment at 12.31.2005	**(1 266)**	**(2 924)**	**(21 093)**	**(638)**	**(25 921)**
Net depreciation	(10)	(58)	(2)	(6)	**(76)**
Reversal of impairment	-	-	624	-	**624**
Disposals	5	-	154	37	**196**
Translation adjustment	1	-	(18)	-	**(17)**
Other movements (2)	9	109	428	(34)	**512**
Depreciation and impairment at 06.30.2006	**(1 261)**	**(2 873)**	**(19 907)**	**(641)**	**(24 682)**
Net values at 12.31.2005	**1 058**	**3 282**	**33 219**	**551**	**38 110**
Net values at 06.30.2006	**701**	**3 148**	**33 672**	**515**	**38 036**

(1) Increases also include assets contributed for no consideration.
(2) Other movements mainly concern depreciation of assets operated under concession, booked against depreciation recorded in the special concession accounts, and reclassification of Light's assets as "Assets held for sale".

Property, plant and equipment operated under concession includes facilities under concession in the following countries: France, Italy, Ivory Coast and Switzerland.

Based on the sale price defined in the Share Purchase Agreement, EDF reversed €624 million of impairment recorded in the years 2002-2004 in respect of fixed assets of the Brazilian company Light.

Note 19 - Investments in companies accounted for under the equity method

The following investments are accounted for under the equity method at June 30, 2006:

(in millions of euros)	Principal activity (1)	% voting rights held	% owned	Share of net equity at 06.30.2006	Share of net income at 06.30.2006	Share of net equity at 12.31.2005
Dalkia Holding	S	34,0	34,0	462	16	463
Estag	G	25,0	20,0	342	21	326
SSE	D	49,0	49,0	183	14	193
Groupe Atel (2)	G	38,6	25,8	575	50	280
EVN	D	29,7	29,7	313	23	268
Edenor	D	25,0	25,0	1	17	(17)
Other investments in companies accounted under the equity method				430	43	517
Investments in companies accounted under the equity method	**-**	**-**	**-**	**2 306**	**184**	**2 030**

(1) S = services , G = generation , D = distribution
(2) Atel and Motor Colombus: the percentages indicated apply to Atel

The main transactions of the first half-year were as follows:

- the acquisition of a further 17.32% interest in Motor Columbus from UBS for CHF 404 million and the acquisition by Atel of 7.2% of the capital of Motor Columbus, which have an induced effect of 11.37% on the investment in Atel;
- acquisition of control over Stadtwerke Düsseldorf, which has been fully consolidated since March 31, 2006. At December 31, 2005 the company was included in "Investments in companies accounted for under the equity method" at the value of €125 million.

Note 20 - Financial assets

20.1 Breakdown between current and non-current financial assets

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

	06.30.2006			12.31.2005		
(in millions of euros)	Current	Non-current	Total	Current	Non-current	Total
Financial assets carried at fair value with changes in fair value included in income	5 444	3	**5 447**	6 194	-	**6 194**
Available-for-sale financial assets	9 590	8 140	**17 730**	4 592	7 135	**11 727**
Held-to-maturity investments (*)	17	379	**396**	22	115	**137**
Positive fair value of hedging derivatives	595	443	**1 038**	737	518	**1 255**
Loans and financial receivables (*)	407	1 419	**1 826**	421	1 244	**1 665**
TOTAL FINANCIAL ASSETS	**16 053**	**10 384**	**26 437**	**11 966**	**9 012**	**20 978**

(*) net of impairment

20.2 Change in financial assets

The variation in financial assets is as follows:

(in millions of euros)	12.31.2005	Increases	Decreases	Changes in fair value	Other	06.30.2006
Financial assets carried at fair value with changes in fair value included in income	6 194	389	(560)	(556)	(20)	5 447
Available-for-sale financial assets	11 727	7 651	(2 014)	205	161	17 730
Held-to-maturity investments	137	264	(5)	-	-	396
Positive fair value of hedging derivatives	1 255	7	(2)	(196)	(26)	1 038
Loans and financial receivables	1 665	632	(330)	-	(141)	1 826
FINANCIAL ASSETS	**20 978**	**8 943**	**(2 911)**	**(547)**	**(26)**	**26 437**

20.3 Details of financial assets

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

(en millions d'euros)	06.30.2006	12.31.2005
Derivatives - positive fair value	5 200	5 817
Fair value of derivatives held for trading (1)	126	118
Financial assets carried at fair value with changes in fair value included in income, by option (2)	121	259
Financial assets carried at fair value with changes in fair value included in income	**5 447**	**6 194**

(1) the portion classified as liquid assets is €104 million at June 30, 2006 (€98 million at December 31, 2005).
(2) the portion classified as liquid assets was €161 million at December 31, 2005.

20.3.2 Available-for-sale financial assets

	06.30.2006			12.31.2005		
(in millions of euros)	Equities	Debt securities	Total	Equities	Debt securities	Total
Dedicated assets	2 981	1 304	**4 285**	2 163	1 214	**3 377**
Liquid assets	3 775	5 290	**9 065**	3 390	932	**4 322**
Other	3 188	1 192	**4 380**	2 586	1 442	**4 028**
Available-for-sale financial assets	**9 944**	**7 786**	**17 730**	**8 139**	**3 588**	**11 727**

The temporary investments of funds raised by EDF SA's capital increase, included in "Cash and cash equivalents" at December 31, 2005, matured during the first half-year of 2006 and were invested in longer-term instruments classified as liquid assets. This accounts for €5 billion of the increase in "Liquid assets".

€242 million of changes in the fair value, net of tax, of available-for-sale financial assets are recorded in equity. An amount of €(18) million net of tax was transferred from equity to income in respect of disposals and impairment of these assets.

20.3.2.1 EDF SA's dedicated asset portfolio

EDF SA's dedicated asset portfolio consists of financial assets dedicated to cover long-term expenses related to nuclear plant decommissioning and end of nuclear fuel cycle expenses (see note 24.3). It is EDF's policy that these assets are clearly identifiable and managed separately from the company's other financial assets and investments.
A long-term management strategy is applied for these dedicated assets, which comprise diversified bond, monetary and equity instruments in accordance with the strategic allocation defined by EDF's Board of Directors. This allocation is regularly reviewed under the supervision of the Audit Committee.

Certain dedicated assets take the form of equity securities and bonds currently held directly by EDF SA and recorded as such in its balance sheet. The rest comprise specialized collective investment funds on leading international markets, managed by independent French or foreign asset management companies selected on the basis of solicited proposals or through a call for bids. They cover various segments of the bond or equity markets with EDF aiming to achieve the broadest diversification possible, in the form of open-end funds and "reserved" funds established by the Group solely for its own use.

The reserved funds are assigned performance objectives linked to a stock market index, within strict risk limits expressed in the form of tracking error. As EDF does not intervene in the operational management of funds within the objectives set out in the investment agreements, line-by-line consolidation of reserved funds would not reflect the intended business objective. These funds fully constitute financial assets, for which the net asset value represents market value. They are therefore carried in the balance sheet at net asset value as a component of available-for-sale financial assets.

The allocation to dedicated assets for the first half-year of 2006 amounts to €844 million.

The table below presents changes in the fair value of the dedicated asset portfolio, with particular details of changes in the liquidation value of reserved funds:

(in millions of euros)	**Fair value 06.30.2006**	**Fair value 12.31.2005**
North American equities	523	534
European equities	435	385
Japanese equities	123	135
Worldwide bonds	309	245
Total Reserved investment funds	**1 390**	**1 299**
Equities	339	188
Bonds	1 304	1 214
Other funds	1 252	676
Total Other financial investments	**2 895**	**2 078**
Total Dedicated investment funds	**4 285**	**3 377**

20.3.2.2 Liquid assets

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

The increase in liquid assets mainly results from short-term investment of the capital increase to meet a liquidity objective.

The monetary investment funds included in liquid assets amount to €3,775 million at June 30, 2006

(€3,390 million at December 31, 2005).

20.3.2.3 Other securities

At June 30, 2006, other securities mainly include:

- at EnBW, €1,170 million in available-for-sale assets (debt instruments) and €1,185 million in available-for-sale assets (equities);
- at EDF SA, shares in Areva (€465 million) and financial investments related to the capital increase (€254 million).

20.4 Fair value of financial instruments other than derivatives

	06.30.2006		12.31.2005	
(in millions of euros)	**Fair value**	**Net book value**	**Fair value**	**Net book value**
Held-to-maturity investments	396	396	137	137
Loans and financial receivables	1 829	1 826	1 670	1 665
Financial instruments other than derivatives	**2 225**	**2 222**	**1 807**	**1 802**

20.5 Investment and divestment commitments

At June 30, 2006, commitments related to investments are as follows:

	Total	**Maturity**		
(in millions of euros)		**< 1 year**	**1 to 5 years**	**> 5 years**
Investment commitments	**3 566**	690	2 874	2
Divestment commitments	**454**	443	11	-
Other investment commitments given	**163**	48	103	12
Other investment commitments received	**40**	20	10	10

20.5.1 Investment commitments

- Commitment granted to OEW by EDF International relating to EnBW in respect of a shareholder agreement concluded on July 26, 2000.

  Between January 1, 2006 and December 31, 2011, OEW may decide to sell all or some of its shares (62,514,267 shares) for a price of €37.14 per share.
  The value of this option is estimated at €2,322 million at June 30, 2006.

  Other agreements concluded between EDF International and OEW state that OEW has a put option over 5.94% of EnBW shares, which may be exercised between January 28, 2005 and November 30, 2006. The value of this commitment is estimated at €493 million at June 30, 2006.

- Various options or agreements entered into by EDF International (€355 million) and EnBW in respect of shares in various companies in the energy generation industry (€80 million).

- Commitments made by EDEV SA in relation to EDF Energies Nouvelles.

  On December 16, 2002, EDEV SA purchased 170,419 shares in SIIF-Energies (renamed EDF Energies Nouvelles in 2004) and then raised its total investment to 49.73% through a capital increase.

  At June 30, 2006, EDEV SA holds 49.87% of the capital and 50% of voting rights. The equal capital stake and 50% control over voting rights is guaranteed by the attribution of 380,000 stock subscription warrants. The warrants issued at the Shareholders' Meeting of December 2002 were cancelled and replaced by an identical number of stock subscription warrants issued at the shareholders' meeting of October 19, 2005. The new warrants' issue price was €0.01, and they are exercisable until December 31, 2009 to subscribe 380,000 shares at the price of €88.17 per share.

  During July 2006, new agreements were signed with Pâris Mouratoglou with a view to an IPO for EDF

Energies Nouvelles. Following these agreements, EDEV SA holds 50% of the capital and voting rights, and the stock subscription warrants are no longer exercisable.

In 2002, the shareholders of EDF Energies Nouvelles declared that they intended to eventually proceed with an IPO, and this was confirmed at the Board of Directors' meeting of June 15, 2005.

The Board of Directors authorised submission of the draft registration document to the French *Autorité des Marchés Financiers* (AMF) on June 18, 2006. However, the final decision to proceed with the IPO should be made at a Board meeting to be held in late October 2006.
If the IPO has not taken place by the end of June 2007, the other shareholders, subject to certain conditions, would benefit from a promise to buy committing EDEV SA to purchase their shares, exercisable between December 1 and December 31, 2008. EDEV SA would also benefit from a promise of sale concerning the same shares, exercisable between January 1, 2009 and December 31, 2009. In such a case, the acquisition cost of the shares would be valued by an independent expert.

Finally, EDEV SA has undertaken, subject to fulfilment of certain conditions, to provide equity financing for all or part of the projects developed by EDF Energies Nouvelles, in an amount that will not exceed €150 million. At June 30, 2006, EDEV SA had granted €83 million of such financing (€41 million for EDF's share).

- Agreement with Veolia Environnement: Veolia Environnement granted EDF SA a call option on all its Dalkia shares in the event that a competitor of EDF SA takes control over Veolia Environnement. EDF SA also granted Veolia Environnement a call option over all its Dalkia shares in the event that the status of EDF SA should change and a competitor of Veolia Environnement, individually or with other parties, should take control over EDF SA. If the parties fail to agree on the sale price of the shares, it is to be fixed by an independent expert.

20.5.2 Divestment commitments

EDF International has a put option agreed with Edison for its investment in Finel (20%). This option expires on December 31, 2006. The exit price for the remaining 20% is estimated at 20% of the value of Finel at that date, with a minimum of €150 million.

In late March 2006, the Group signed an agreement with the consortiulm Rio Minas Energia for the sale of 79.4% of the capital of its Brazilian subsidiary Light. The sale was completed on August 10, 2006 for USD 320 million.

20.5.3 Other investment and divestment commitments

These commitments primarily concern investment guarantees given by Dalkia International (€83 million), EDF Energies Nouvelles (€33 million) and ECW (€25 million).

Through its subsidiaries TIRU and EDF Energies Nouvelles, the EDF Group has also received various commitments amounting to a total of €40 million.

Note 21 - Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, 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)	**06.30.2006**	**12.31.2005**
Cash	957	1 060
Cash equivalents	2 295	5 813
Financial current accounts	244	347
Cash and cash equivalents	**3 496**	**7 220**

At December 31, 2005, this heading included temporary investment of the proceeds of EDF SA's capital increase (€5 billion).

Note 22 - Assets and liabilities classified as held for sale

At December 31, 2005, assets and liabilities held for sale mainly concerned EDF Port Saïd, EDF Port Suez and ASA Holding AG, which were sold during the first half-year of 2006.

At June 30, 2006, assets and liabilities held for sale mainly relate to the Brazilian company Light and an Edison group company, Rete.

	06.30.2006			12.31.2005
(in millions of euros)	Light	Other	Total	Total
Assets classified as held for sale	**2 411**	**133**	**2 544**	**728**
Intangible assets, plant, property and equipment	977	105	1 082	558
Other non current assets	6	-	6	38
Current assets (excluding cash)	1 253	28	1 281	103
Cash	175	-	175	29
Liabilities related to assets classified as held for sale	**2 389**	**53**	**2 442**	**592**
Non-current financial liabilities	839	17	856	391
Other non-current liabilities	670	-	670	28
Current financial liabilities	313	-	313	72
Other current financial liabilities	567	36	603	101

The net book value of assets and liabilities of Light held for sale includes negative foreign exchange differences of €242 million recorded directly in equity. The resulting impact upon deconsolidation of Light in the second half-year of 2006 has been taken into consideration in determining the impairment reversal booked at June 30, 2006.

Note 23 - Equity

23.1 Capital

At June 30, 2006, EDF's share capital amounted to €911,085,545, comprising 1,822,171,090 ordinary shares with nominal value of €0.50 each.

The French State owns 87.3% of the capital of EDF at June 30, 2006.

23.2 Treasury shares

Treasury shares are shares issued by the consolidating company and held either by that company or by other entities in the consolidated group. They are valued at acquisition cost and deducted from equity until the date of disposal. Income or losses on these shares' disposals are directly included in equity and do not affect net income.

A share repurchase programme authorised at the General Shareholders' meeting of June 9, 2006 has been implemented by the Board of Directors, within the limits of 10% of the total number of shares making up the Company's capital. The duration of the programme is 18 months.
In execution of this programme, for which a liquidity contract exists as required by the AMF, 793,500 shares were acquired for a total of €32 million, and 479,757 shares were sold for a total of €20 million.

At June 30, 2006, treasury shares deducted from consolidated equity represent 313,743 shares with total value of €12 million.

23.3 Dividends

At the General Shareholders' meeting of June 9, 2006, it was decided to distribute dividends for a total of €1,439 million corresponding to €0.79 per share. Payment took place on June 20, 2006.

23.4 Basic earnings per share and diluted earnings per share

The diluted earnings per share is calculated by dividing the Group's share of net income, corrected for dilutive instruments, by the weighted average number of potential shares outstanding over the period after elimination of treasury shares.

At June 30, 2006, EDF SA had no dilutive instruments.

The following table shows the reconciliation of basic and diluted earnings per share:

(in millions of euros)	1st half-year 2006	1st half-year 2005
Net income attributable to ordinary shares	**4 143**	**2 132**
Impact of conversion of each category of dilutive instruments	(4)	-
Net income used to calculate diluted earnings per share	**4 139**	**2 132**

The change in the weighted average number of shares used to calculate basic and diluted earnings per share is as follows:

	1st half-year 2006	1st half-year 2005
Number of ordinary shares outstanding at January 1	**1 822 171 090**	**1 625 800 000**
Change in the number of shares during the first half-year (prorata temporis)	(50 329)	-
Average weighted number of shares outstanding at June 30	**1 822 120 761**	**1 625 800 000**
Dilutive effect	-	-
Average weighted diluted number of shares outstanding at June 30	**1 822 120 761**	**1 625 800 000**

The basic and diluted earnings per share amount to €2.27.

Note 24 - Provisions

24.1 Breakdown between current and non-current provisions

Current and non-current provisions break down as follows:

	06.30.2006			12.31.2005		
(in millions of euros)	Current	Non-current	Total	Current	Non-current	Total
Provisions for end of nuclear fuel cycle	907	14 065	**14 972**	834	13 918	**14 752**
Provisions for decommissioning and last cores	247	13 182	**13 429**	229	12 907	**13 136**
Provisions for employee benefits	1 454	12 496	**13 950**	1 601	12 971	**14 572**
Other provisions	919	2 269	**3 188**	1 411	2 178	**3 589**
PROVISIONS	**3 527**	**42 012**	**45 539**	**4 075**	**41 974**	**46 049**

24.2 Provisions for end of nuclear fuel cycle

The movement in provisions for end of nuclear fuel cycle breaks down as follows at June 30, 2006:

	12.31.2005	Increases	Decreases		Other	06.30.2006
(in millions of euros)			Utilizations	Reversals	changes	
Provisions for reprocessing of nuclear fuel	10 336	526	(369)	(35)	(4)	10 454
Provisions for disposal and storage of the resulting waste	4 416	131	(32)	(1)	4	4 518
Provisions for end of nuclear fuel cycle	**14 752**	**657**	**(401)**	**(36)**	**-**	**14 972**

Provisions for end of nuclear fuel cycle concern EDF SA for €14,152 million and the subsidiaries for €820 million.

24.2.1 Provisions for reprocessing EDF SA's nuclear fuel

For EDF SA, the main costs covered by this provision are:
- transportation from the production center to the AREVA plant at La Hague, reception, storage and reprocessing of burnt fuel from the various types of reactors (including conditioning and storage of waste),
- oxidation and storage of unrecycled uranium obtained from reprocessed fuel,
- recovery and conditioning of old waste from the La Hague site,
- contribution towards final shutdown and dismantling costs for the La Hague reprocessing plant.

Estimated based on the economic conditions of June 2006, these costs amount to €17,444 million (€17,198 million at December 31, 2005). Spread over the forecast disbursement schedule and assuming 2% inflation and a 5% discount rate, an amount of €10,189 million is included in provisions at June 30, 2006 (compared to €9,993 million at December 31, 2005), corresponding to the present value at that date.

This provision, including the amounts for quantities that will be reprocessed after 2007, is estimated based on the EDF-AREVA agreement signed on August 24, 2004, which covers the period 2001-2007.

For the reprocessing of fuel from Creys-Malville, the provision is based on the option of reprocessing all fuel belonging to EDF in specially equipped dedicated facilities, following long-term storage on site.

EDF and AREVA are currently in negotiation over the following matters:

- the legal and financial terms for transfer to AREVA of EDF's current contractual obligations in terms of its financial contribution towards the dismantling of La Hague and the recovery and conditioning of old waste;
- the technical and economic terms of a future agreement concerning reprocessing of fuels burnt after 2007.

Until an agreement is reached, these points are assessed on the basis of prudent assumptions established by EDF's experts:

- EDF's share and the basis of the dismantling costs for the La Hague reprocessing plant, as well as the forecast disbursement schedule and the inflation and discount rates, are based on data approved by both EDF and AREVA at the end of September 2003,
- data concerning the recovery and conditioning of waste are based on information common to both EDF and AREVA.

Finally, in December 2004, EDF, AREVA and the French Atomic Energy Commission (*Commissariat à l'Energie Atomique* - CEA) signed an agreement transferring the management and financing of final shutdown, decommissioning and waste recovery and reconditioning for the UP1 reprocessing facility at Marcoule to the CEA. In return, EDF paid the CEA a one-time financial contribution to cover its full share of the cost of outstanding operations, while remaining the owner of its final waste and bearing the corresponding transport and storage costs. This payment to the CEA was spread over the period from late 2004 to January 2006.

24.2.2 Provisions for disposal and storage of EDF SA's radioactive waste

For EDF SA, these provisions cover expenses related to:

- monitoring of the Manche storage facility, and monitoring and coverage of the Aube storage facility, both of which store short-life low-level waste derived from plant maintenance and decommissioning,
- removal and underground storage of long-life low-level waste, and the associated research,
- long-term management of long-life high and medium-level waste governed by the Law of December 30, 1991 originating at the La Hague and Marcoule sites (EDF SA's share only).

Estimated based on the economic conditions of June 30, 2006, these costs amount to €11,622 million (€11,498 million at December 31, 2005). Spread over the forecast disbursement schedule and assuming 2% inflation and a 5% discount rate, an amount of €3,964 million is included in provisions at June 30, 2006 (approximately equivalent to the amount of €3,894 million allocated at December 31, 2005) corresponding to the present value at that date.

The volumes of waste concerned by provisions include both existing waste and all waste awaiting conditioning (obtained after processing burnt fuel at La Hague) corresponding to all fuel burnt at June 30, 2006.

Most of the provisions for disposal and storage of radioactive waste concern the management of long-life high and medium-level waste generated by processing EDF's burnt fuels. EDF has based its estimate of future charges for long-term management of such waste on the assumption that geological storage will be implemented as envisaged by French law 2006-739 of June 28, 2006 on sustainable management of radioactive materials and waste (see note 24.5).

Since 2005, the gross value and disbursement schedules for forecast expenses have been based on the assumption that an industrial geological waste storage would be implemented, following conclusions presented in the first half of 2005 by the working party set up by the French department for Energy and Raw Materials (*Direction Générale de l'Energie et des Matières Premières* - DGEMP) comprising members representing the relevant government departments (DGEMP, APE and Budget Department), ANDRA and the producers of waste (EDF, AREVA, CEA). The approach applied by EDF is reasonable and coherent with information available internationally.

24.2.3 Provisions for end of nuclear fuel cycle for subsidiaries

These provisions, amounting to €820 million at June 30, 2006 (€865 million at December 31, 2005), mainly cover the cost of eliminating the EnBW Group's burnt fuel and radioactive waste.

Since July 1, 2005, end-of-cycle fuels have been confined within the site of the plant for temporary storage before transfer to the final storage site operated by the German state. The provisions for this storage are calculated based on criteria defined by German government-approved bodies.

24.3 Provisions for decommissioning and last cores

The variation in decommissioning and last core provisions breaks down as follows at June 30, 2006:

(in millions of euros)	12.31.2005	Increases	Decreases		Other changes	06.30.2006
			Utilizations	Reversals		
Provisions for decommisioning	11 518	303	(68)	(6)	30	11 777
Provisions for last core	1 618	39	-	(5)	-	1 652
Provisions for decommissioning and last core	**13 136**	**342**	**(68)**	**(11)**	**30**	**13 429**

At June 30, 2006, provisions for decommissioning and last cores concern EDF SA for €12,082 million and the subsidiaries for €1,347 million.

24.3.1 Decommissioning provisions for power plants belonging to EDF SA

These provisions concern the decommissioning of:

- Pressurized Water Reactor (PWR) nuclear power plants currently in operation and nuclear power plants that have been permanently shut down (first-generation UNGG power plants and other plants including Creys-Malville),
- fossil-fired power plants.

Estimated based on the economic conditions of June 30, 2006, these costs amount to €21,439 million (€21,279 million at December 31, 2005). Spread over the forecast disbursement schedule and assuming 2% inflation and a 5% discount rate, an amount of €10,450 million is included in provisions at June 30, 2006 (compared to €10,248 million at December 31, 2005), corresponding to the present value at that date of costs concerning all power plants.

24.3.1.1 Decommissioning provisions for nuclear power plants belonging to EDF SA

- For nuclear power plants currently in operation (PWR plants with 900 MW, 1300 MW and N4 reactors), a study undertaken in 1991 by the French Ministry of Trade and Industry estimated a benchmark cost, confirming the assumptions defined in 1979 by the PEON commission, estimating decommissioning costs at approximately 15% of investment expenditure as a ratio to net continuous power. This estimate was in turn confirmed by further studies focusing on a specific site, carried out in 1999. The underlying assumption is that once decommissioning is complete, the sites should be returned to their original state so that the land can be reused.

  The total present value of the obligations concerning decommissioning of nuclear power plants is covered by a provision. The estimated schedule for future disbursements is based on the decommissioning plans drawn up by EDF experts, which take into account all known statutory and environmental regulations applicable, together with an uncertainty factor inherent to the fact that payments will only be made in the long term.
  An asset corresponding to the provision is recognised under the accounting policies described in the notes to the consolidated financial statements at December 31, 2005.

  In application of the principle whereby assets and liabilities are not netted when estimating the provisions for risks and expenses, an asset is also recorded in the form of accrued revenues, corresponding to the share of decommissioning costs for the Cattenom 1-2 and Chooz B 1-2 PWR plants to be borne by foreign partners, in proportion to their investment.

- For permanently shut-down nuclear power plants, the provision is based on the cost of work already completed and on studies, quotations and a comparison made by EDF. Forecast disbursements, based on internally-prepared schedules, are adjusted to reflect inflation, then discounted.

- Decommissioning provisions also include a provision for EDF's share of the decommissioning costs for the Phénix and Brennilis power plants .

24.3.1.2 Decommissioning provisions for fossil-fired power plants belonging to EDF SA

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

24.3.2 Decommissioning provisions for subsidiaries' power plants

Decommissioning commitments in respect of plants belonging to subsidiaries concern the non-nuclear power plants in Europe and also EnBw's nuclear power plants. A provision is recorded to cover the full present value of the decommissioning obligations. For these plants, the forecast disbursement schedule and future costs are estimated based on the decommissioning plan drawn up by external consultants, and take account of all regulatory and environmental regulations known to date in Germany. The costs are calculated on the assumption of direct decommissioning of the plants.

24.3.3 Provision for last cores

For EDF SA, this provision covers expenses related to the future loss on unused fuel following the final reactor shutdown. It comprises two types of expenses:

- write-down of the inventory of fuel in the reactor that will not be totally burnt up when the reactor is shut down, valued at the average price of components in inventories at May 31, 2006;
- the cost of fuel reprocessing and the corresponding waste disposal and storage costs for fuel not covered by a provision at the time the plant shuts down. These costs are measured under the same principles as the provisions relating to reprocessing and the removal and storage of the relevant waste at June 30, 2006.

Since this provision relates to an obligation that existed at the commissioning date of the nuclear unit containing the core, all costs are fully covered by provision and an asset associated with the provision is recognized under the accounting policies described in the notes to the consolidated financial statements at December 31, 2005.

Estimated based on the economic conditions of June 2006, these costs amount to €3,440 million (€3,419 million at December 31, 2005). Spread over the forecast disbursement schedule and assuming 2% inflation and a 5% discount rate, an amount of €1,632 million is included in provisions at June 30, 2006 (compared to €1,597 million at December 31, 2005), corresponding to the present value at that date.

24.4 <u>Sensitivity factors for the end of nuclear cycle, decommissioning and last core provisions</u>

In view of the sensitivity to the underlying assumptions of all the provisions described in notes 24.2 and 24.3, particularly in terms of cost, inflation rate, long-term discount rate, and disbursement schedules, a revised estimate is established at each closing date to ensure that provisions correspond to the best estimate of the costs eventually to be borne by EDF. Any variances resulting from these revised estimates could entail changes in the amounts accrued.

24.5 <u>French Law 2006-739 of June 28, 2006 on sustainable management of radioactive materials and waste</u>

This law defines a national policy for sustainable management of radioactive materials and waste, stating how the policy is to be organized and financed. It will apply to all basic nuclear operators, including EDF. In particular, without excluding other complementary areas of research, the law confirms the industrial solution of reversible deep-level geological storage and the principle of provisions relating to decommissioning costs for nuclear facilities and waste management.

It also introduces an obligation to cover these provisions by dedicated assets.

EDF's current accounting practices for nuclear provisions and the Group's policy for establishing a portfolio of dedicated assets (see note 24.6) correspond to the principles set forth by the law.

This law also lays down the principle of financing certain long-term management measures for long-life high and medium-level waste, studies and research by ANDRA, and economic adaptation and development of the territories concerned, through taxes in addition to the tax on basic nuclear facilities.
These operations are currently financed by multiannual agreements and covered by provisions measured on that basis to cover the costs of disposal and storage of radioactive waste.

As soon as application decrees for this law come into force, EDF will analyze the possible consequences for establishment of its provisions and its dedicated asset portfolio.

24.6 Secure financing of long-term obligations

In order to secure financing of long-term obligations in an increasingly open electricity market, the Company is progressively building up a portfolio of assets dedicated to covering nuclear-related costs, specifically the decommissioning of currently active nuclear power plants and the long-term storage of long-life high and medium-level waste (see notes 24.2.2 and 24.3.1.1).
In September 2005, the Company decided to:

- include plants that have already shut down and are being dismantled, and the share of the provision for last cores corresponding to the reprocessing of fuel and removal and storage of the waste from those plants, in the basis for dedicated assets;
- accelerate the development of dedicated assets, such that by 2010 they will cover the level of the provisions concerned.

EDF considers this approach consistent with French law 2006-739 of June 28, 2006 on the sustainable management of radioactive materials and waste, which requires nuclear power operators to implement a plan to constitute dedicated assets within five years of publication of the law at the latest.

At June 30, 2006, the fair value of the dedicated asset portfolio amounted to €4,285 million (€3,377 million and at December 31, 2005.)

24.7 Provisions for employee benefits

24.7.1 Changes in provisions

The changes in provisions for employee benefits break down as follows at June 30, 2006:

	12.31.2005	Increases	Decreases		Other	06.30.2006
			Utilization	Reversals	Changes	
(in millions of euros)						
Provisions for post-employment benefits	14 167	727	(691)	(327)	(1 005)	12 871
Provisions for other long-term benefits	405	87	(56)	-	643	1 079
Provisions for employee benefits	**14 572**	**814**	**(747)**	**(327)**	**(362)**	**13 950**

The changes in these provisions since December 31, 2005 result from variations in vested benefits, financial discounting of the obligation, payments made to external funds, benefits paid out, and the full recovery of the provision for exceptional additional pension payments.

24.7.2 Provisions for post-employment benefits

(in millions of euros)	France	United Kingdom	Germany	Italy	Rest of Europe	Rest of the world	Total
Provisions at 12.31.2005	**11 470**	**478**	**1 738**	**39**	**120**	**322**	**14 167**
Amounts used during the year	(1 005)	(138)	(43)	-	(4)	(11)	(1 201)
Changes in the scope of consolidation	-	-	3	(2)	-	-	1
Net additions for the year	693	128	63	2	7	17	910
Other	(669)	(32)	1	23	-	(328)	(1 006)
Provisions at 06.30.2006	**10 489**	**436**	**1 762**	**62**	**123**	**-**	**12 871**

24.7.3 Provisions for long-term employee benefits

(en millions d' euros)	France	United Kingdom	Germany	Italy	Rest of Europe	Rest of the world	Total
Provisions at 12.31.2005	**278**	**-**	**52**	**24**	**51**	**-**	**405**
Amounts used during the year	(52)	-	(1)	-	(3)	-	(56)
Changes in the scope of consolidation	0	-	-	-	-	-	-
Net additions for the year	75	-	8	-	2	-	85
Other	669	-	-	(24)	-	-	645
Provisions at 06.30.2006	**970**	**-**	**59**	**-**	**50**	**-**	**1 079**

24.8 Other provisions

The changes in other provisions break down as follows at June 30, 2006:

(in millions of euros)	12.31.2005	Increases	Decreases		Other changes	06.30.2006
			Utilizations	Reversals		
Provisions for contingencies related to investments	15	-	-	-	2	17
Provisions for tax liabilities	191	53	(4)	(17)	-	223
Provisions for restructuring	44	2	(16)	-	(2)	28
Other provisions	3 339	476	(464)	(68)	(363)	2 920
Other provisions	**3 589**	**531**	**(484)**	**(85)**	**(363)**	**3 188**

24.8.1 Other provisions

This heading includes in particular:

- a provision of €317 million to cover EDF SA's share of the expenses relating to future work programs adopted by the sinking fund for electrification charges *(Fonds d'Amortissement des Charges d'Electrification),*
- a provision of €349 million for the contribution to preserve entitlements to the unregulated benefits related to agreements signed with the additional pension organizations,
- a provision of €258 million for litigation with social security bodies,
- provisions of €374 million for onerous contracts,
- provisions of €141 million for greenhouse gas emission quotas

24.8.2 Contingent liabilities and litigation

- Discharge by the Saint-Chamas power plant into the Etang de Berre

In 1999, a professional association initiated legal action against EDF relating to operation of the hydropower plant at Saint-Chamas. The final resolution of the plant's situation is dependent on the outcome of discussions between the French government and the European Commission regarding the arrangements for execution of the ruling issued on October 7, 2005 by the European Court of Justice, which considered that France had failed to comply with its obligations under the Barcelona Convention and the Athens protocol. In early 2006, the French government put forward to the Commission additional new proposals, designed to significantly reduce freshwater emissions.

- Labour litigation

EDF is party to a number of labour lawsuits with employees regarding the payment method to compensate for restrictions on their "being on call" duty at home and the calculation and implementation of rest periods.
EDF considers that the litigation over compensation for "on call" duty no longer involves a financial risk at June 30, 2006.

- Contract between London Underground and the Powerlink consortium

EDF Energy owns 80% of the Powerlink consortium, which in 1998 was awarded a 30-year contract to maintain and modernise the London Underground system's high-voltage electric distribution network.
The contract allows London Underground to demand a penalty from Powerlink in the event of network failures, including an entitlement to issue a formal warning against Powerlink if a certain level of penalties is reached during 8 consecutive 4-week periods. On September 28, 2005, Powerlink received an initial formal warning

following network failures, and a second was issued on March 15, 2006. This situation means that London Underground has the right to terminate the contract.

However, since issuance of the first warning, London Underground and Powerlink have begun a process to amend certain sections of their contract. Significant progress has been made in finding commonly accepted principles and in execution of the proposed modifications to the contract. London Underground has also informed Powerlink that without prejudice to its rights under the contract, it has decided to limit the exercise of those rights as long as negotiations continues in a satisfactory manner.

- Edison: alleged violation of regulations on the takeover of Edipower

Rome's municipal energy supplier ACEA, and subsequently Endesa, asked the Italian government, the national competition authorities and the regulator to issue an opinion on the conformity of Edison's investment in Edipower (40%) with the decree of November 8, 2000 by the Chairman of the Council of Ministers limiting public companies' investments to 30% in the company's capital. No decision has been made on the question, despite the recommendation of the competition authorities to the Italian government on July 8, 2006 challenging the regularity of the situation.

Note 25 - Special concession liabilities

Details of changes in special concession liabilities are as follows at June 30, 2006:

(in millions of euros)	12.31.2005	Change over the period	06.30.2006
Value in kind of assets	34 529	(230)	34 299
Unamortized financing by the licensee	(17 252)	290	(16 962)
Rights in existing assets - net value	**17 277**	**60**	**17 337**
Amortization of financing by the licensor	6 798	341	7 139
Provision for renewal	10 832	222	11 054
Rights in assets to be replaced	**17 630**	**563**	**18 193**
Special concession liabilities	**34 907**	**623**	**35 530**

Note 26 - Current and non-current financial liabilities

26.1 Breakdown between current and non-current financial liabilities

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

	06.30.2006			12.31.2005		
(in millions of euros)	Non-current	Current	Total	Non-current	Current	Total
Loans and other financial liabilities	21 321	7 057	28 378	23 319	6 399	29 718
Negative fair value of derivatives held for trading	-	4 844	4 844	-	5 269	5 269
Negative fair value of hedging derivatives	178	450	628	192	265	457
Financial liabilities	**21 499**	**12 351**	**33 850**	**23 511**	**11 933**	**35 444**

26.2 Loans and other financial liabilities

26.2.1 Changes in loans and other financial liabilities

(in millions of euros)	Bonds	Loans from financial institutions	Other financial liabilities	Loans linked to finance leased assets	Accrued interest	Total
12.31.2005	**19 291**	**6 078**	**3 452**	**359**	**538**	**29 718**
Increases	35	109	829	-	184	1 157
Decreases	(156)	(353)	(160)	(14)	(195)	(878)
Changes in scope of consolidation	(1)	33	75	-	1	108
Translation adjustments	(123)	(137)	(37)	-	(13)	(310)
Other	(301)	(834)	(208)	-	(74)	(1 417)
06.30.2006	**18 745**	**4 896**	**3 951**	**345**	**441**	**28 378**

The main entities contributing to loans and other financial liabilities are EDF SA (€10,533 million), EDF Energy (€6,343 million), EnBW (€2,287 million) and Edison (€2,614 million).
Light's financial liabilities were reclassified at June 30, 2006 under "Liabilities related to assets classified as held for sale".

The Group neither issued nor repaid any borrowings in excess of €1 billion during the first half-year of 2006.

26.2.2 Maturity of loans and other financial liabilities

(in millions of euros)	Bonds	Loans from financial institutions	Other financial liabilities	Loans linked to finance leased assets	Accrued interest	Total
Less than one year	2 552	657	3 409	24	415	**7 057**
From one to five years	8 248	2 090	214	102	26	**10 680**
More than five years	7 945	2 149	328	219	0	**10 641**
Loans and other financial liabilities at 06.30.2006	**18 745**	**4 896**	**3 951**	**345**	**441**	**28 378**

26.2.3 Breakdown of loans and other financial liabilities by currency

	06.30.2006			12.31.2005		
(in millions of euros)	Initial debt structure	Impact of hedging derivatives (1)	Debt structure after hedging derivatives	Initial debt structure	Impact of hedging derivatives (1)	Debt structure after hedging derivatives
Euro (EUR)	18 158	(3 874)	14 284	18 671	(3 150)	15 521
American Dollar (USD)	2 597	(817)	1 780	3 212	(627)	2 585
Pound sterling (GBP)	6 343	3 896	10 239	5 933	3 191	9 124
Other	1 280	795	2 075	1 902	586	2 488
Loans and financial liabilities	**28 378**	-	**28 378**	**29 718**	-	**29 718**

(1) hedges of financial liabilities and net investments of foreign subsidiaries.

26.2.4 Breakdown of loans and other financial liabilities by type of interest rate, before and after swaps

(in millions of euros)	06.30.2006 Initial debt structure	06.30.2006 Impact of derivatives	06.30.2006 Debt structure after derivatives	12.31.2005 Initial debt structure	12.31.2005 Impact of derivatives	12.31.2005 Debt structure after derivatives
Fixed rates	21 664	(294)	21 370	21 687	(908)	20 779
Floating rate	6 714	294	7 008	8 031	908	8 939
Loans and financial liabilities	**28 378**	-	**28 378**	**29 718**	-	**29 718**

The breakdown of loans and other financial liabilities by interest rate includes the impact of all hedging derivatives and derivatives held for trading at June 30, 2006 and December 31, 2005.

26.2.5 Available credit lines

The Group has credit lines with various banks totaling €9,600 million at June 30, 2006 (€9,465 million at December 31, 2005).

(in millions of euros)	Total	Maturity < 1 year	Maturity 1 - 5 years	Maturity > 5 years
Confirmed credit lines	**9 600**	3 595	6 004	1

26.3 Net indebtedness

Net indebtedness comprises total loans and financial liabilities, less cash and cash equivalents and liquid assets. Liquid assets are financial assets consisting of funds or 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.

(in millions of euros)	06.30.2006	12.31.2005
Loans and other financial liabilities	28 378	29 718
Derivatives used to hedge liabilities	346	240
Cash and cash equivalents	(3 496)	(7 220)
Liquid assets	(9 169) (1)	(4 580) (2)
Net financial liabilities from companies disclosed in non-current liabilities related to the assets classified as held for sale	993	434
Net indebtedness	**17 052**	**18 592**

(1) Available-for-sale financial assets: €9,065 million, financial assets carried at fair value: €104 million.
(2) Available-for-sale financial assets: €4,322 million, financial assets carried at fair value: €258 million.

26.4 Changes in net indebtedness

(in millions of euros)	1st half-year 2006	1st half-year 2005 (1)
Operating profit before depreciation and amortization (EBITDA)	**8 124**	**7 512**
Cancellation of non-monetary items included in EBITDA	(244)	(220)
Dividends received from companies accounted for under the equity method	54	51
Change in net working capital	(399)	159
Other items	(78)	(93)
Net cash flow from operations	**7 457**	**7 409**
Acquisitions of intangible assets and property, plant and equipment	(2 421)	(2 116)
Disposals of intangible assets and property, plant and equipment	125	163
Net financial expenses disbursed	(488)	(526)
Income tax paid	(552)	877
Free cash flow	**4 121**	**5 807**
Investments (including investments in consolidated companies)	(1 208)	(252)
Dividends paid	(1 504)	(19)
Increase in capital and change in other equity	104	260
Payment related to the pension reform	-	(3 296)
Payment related to Marcoule	(551)	(523)
Other items	50	79
Monetary decrease in net indebtedness, excluding the impact of changes in scope of consolidation and exchanges rates	**1 012**	**2 056**
Effect of change in scope of consolidation	392	223
Effect of exchange rate fluctuations	198	(979)
Other non-monetary changes	(62)	(30)
(Increase) / decrease in net indebtedness	**1 540**	**1 270**
Net indebtedness at beginning of period	**18 592**	**20 333**
Net indebtedness at end of period	**17 052**	**19 063**

(1) after the effects of application of standards IAS 32/39 on net indebtedness at January 1, 2005.

26.5 Guarantees of borrowings

Guarantees of borrowings by the Group at June 30, 2006 comprise the following:

(in millions of euros)	Total	Maturity < 1 year	Maturity 1 - 5 years	Maturity > 5 years
Security interests in real property	**2 753**	1 398	425	930
Guarantees related to borrowings	**677**	54	373	250
Other financing commitments	**524**	83	331	110
Financing commitments given	**3 954**	**1 535**	**1 129**	**1 290**
Financing commitments received *	**394**	**76**	**282**	**36**

* excluding credit lines (see note 26.2.5)

Security interests in real property and assets provided as guarantees mainly concern property, plant and equipment and take the form of pledges or mortgages, and shares representing investments in consolidated subsidiaries which own property, plant and equipment. The net book value of current and non-current assets given as guarantees is €2,753 million at June 30, 2006.

Guarantees on loans were principally given by EDF SA, EDF International and Fenice.

Financing commitments received mainly concern EDF SA.

Note 27 - Derivatives

As a general policy, the Group uses derivatives to hedge the financial risks to which it is exposed and not for speculative purposes.
Interest rate and exchange rate derivatives that act as an economic hedge of a risk but do not qualify for hedge

accounting under IFRS are stated at fair value, with changes in fair value recorded in the income statement.

The Group enters into trading operations on the wholesale electricity, natural gas and fossil fuel markets, mainly through its subsidiary EDF Trading. EDF Trading undertakes spot and forward transactions using instruments such as forward contracts involving physical delivery of a commodity, swaps and options, and other contractual agreements.

While EDF Trading is responsible for controlling its own exposure to energy market risks, its commitment on the markets is also managed at Group level through a VaR limit with a stop-loss limit.

Regarding the credit risk, i.e. the risk of default on contractual obligations by counterparties, EDF Trading has set up a management system based on the four following principles:

- Quantitative and qualitative analysis of all counterparties, in order to define the limits for exposure to counterparty risk; these limits are approved by EDF Trading's Credit Committee.
- Daily measurement of risk exposure; EDF Trading measures the credit risk based on future payments, plus the cost of replacing contracts. For the purposes of these assessments, the company assumes maximum increases in the replacement cost over the residual terms of contracts.
- Daily management of limits, involving monitoring and reporting of overall exposure.
- Daily monitoring of guarantees. 90% of EDF Trading's credit exposure concerns "investment grade" counterparties.

Note 28 - Other liabilities

Details of other liabilities are as follows:

(in millions of euros)	06.30.2006	12.31.2005
Advances received	3 891	3 749
Liabilities related to property, plant and equipment	313	506
Tax and social charges	5 129	5 364
Deferred income	7 335	7 120
Other	2 704	3 201
Other liabilities	**19 372**	**19 940**
Non current	6 254	5 971
Current	13 118	13 969

"Other" includes debts related to the commitments given to purchase minority interests (€202 million) and put and call options on the acquisition of 10% of Edipower by Edison totalling €124 million.

Note 29 - Related parties

There have been no significant changes since December 31, 2005 in the types of transaction undertaken with related parties. In particular, the Group has significant ongoing relationships with public-sector enterprises, primarily the AREVA Group for the supply, transmission and reprocessing of nuclear fuel and maintenance of nuclear plants. The AREVA Group also acts as supplier in the EPR (European Pressurized Reactor) project, contributing to the formation of commitments on fixed asset orders referred to in note 10.2.

Note 30 - Greenhouse gas emission quotas

In application of the Kyoto protocol, the EU Directive aiming to reduce greenhouse gas emission levels by attributing emission quotas came into effect in 2005 for an initial three-year period.

In the EDF Group, the companies subject to this Directive are EDF SA, EnBW, EDF Energy, Edison, Fenice, Dalkia International and Dalkia Investissement, Bert, Demasz, Kogeneracia, Zielonagora, ECK, Rybnick and ECW.

At April 30, 2006, the Group was concerned by restitution for 55 million tonnes in respect of emissions generated in 2005. In Italy and Poland, restitution for the quotas used in 2005 will take place during the second half-year of 2006.

For 2006, the total quota allocation to the Group recorded in the national registers was 80 million tonnes (50.7 million tonnes in 2005).

The volume of emissions at June 30, 2006 stood at 45 million tonnes (€56.1 million tones at December 31, 2005).

The provision at June 30, 2006 amounts to €141 million.

The greenhouse gas emission quotas receivable for 2007 total 81 million tonnes, valued at €1,291 million.

Note 31 - Subsequent events

31.1 Changes to tariffs after June 30, 2006

In France, electricity sales tariffs fixed by the public authorities for residential customers and business customers that have elected to remain subject to the regulated tariff as the market is opened up are to increase by 1.7% from August 15, 2006.

In Germany, on July 31, 2006 the Federal Network Agency notified the transmission subsidiary EnBW of a reduction in electricity transmission network access fees (see note 13). This notification, and the expected notification concerning distribution networks, will have a negative impact on EnBW's results for the second half-year.

31.2 Disposals of companies

Once the agreement signed on March 28, 2006 had been approved by the relevant French and Brazilian authorities, EDF completed the sale of 79.4% of its subsidiary Light on August 10, 2006 for USD 320 million. EDF retains a 10% interest in Light, and the remaining balance of its capital (10.6%) is publicly traded on the Brazilian stock market.

After publication of a decree in the official journal of August 11, 2006 and the favourable opinion issued by the Commission for Investments and Transfers, EDF was authorised to sell its Italian subsidiary EDF Energia Italia, which is to be sold to Edison for €8.3 million.

31.3 Public tender offer in Demasz

On August 28, 2006, EDF International submitted a bid to the competent market authorities to acquire the 39.1% minority interests in its subsidiary Demasz, the Hungarian electricity distributor and supplier.

Statutory Auditors' Review Report on the first half-year financial information for 2006

This is a free translation into English of the statutory auditors' review report issued in the French language and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France

To the shareholders,

In our capacity of Statutory Auditors of Electricité de France S.A. and in accordance with the requirements of article L. 232-7 of the French Commercial Law (Code de commerce), we hereby report to you on:

- the review of the accompanying condensed half-year consolidated financial statements of Electricité de France S.A. for the 6 month period ended June 30, 2006;
- the verification of information contained in the half-year management report.

These condensed half-year consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-year consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - standards of the IFRSs as adopted by the European Union applicable to interim financial information.

Without qualifying the conclusion expressed above, we draw attention to the following points described in the notes to the condensed half-year consolidated financial statements:

- the valuation of long-term provisions relating to nuclear electricity production, as described in notes 24.2, 24.3 and 24.4, results as indicated in note 1.3 from Management best estimates. This valuation is sensitive to the assumptions made concerning costs, inflation rates, long-term discount rates, and forecast cash outflows as well as the results of current negotiations with Areva. Given the aforementioned sensitive items, any change in these parameters could lead to a material revision of the level of provisioning.

- the approach adopted by EDF under existing IFRS to present in the balance sheet its obligation to renew property plant and equipments used for the French public distribution of electricity, as described in note 2, is based on the specific characteristics of concession contracts. The amount of contractual obligations as calculated and disclosed to the grantors in reports is used for evaluating the obligation. An alternative approach based on the discounted value of future payments necessary for replacement of these assets at the end of their industrial useful life would result in a different representation of the obligation towards grantors. The impacts this approach would have had on the accounts are shown in note 2 for information purposes. Measurement of the concession liability concerning assets to be replaced is notably subject to uncertainty in terms of costs and disbursement dates.

- the application of Interpretation IFRIC 4 “Determining whether an arrangement contains a lease”, which came into force on January 1, 2006 and its resulting impact on Group equity at January 1, 2006, as described in note 3.2.

In accordance with professional standards applicable in France, we have also verified the information given in the half-year management report commenting the condensed half-year consolidated financial statements subject of our review.

We have no matters to report as to its fair presentation and consistency with the condensed half-year consolidated financial statements.

Paris La Défense and Neuilly-sur-Seine, August 31, 2006

The Statutory Auditors

KPMG Audit
Department of KPMG S.A.

Deloitte & Associés

Jean-Luc Decornoy   Michel Piette   Amadou Raimi   Tristan Guerlain