

EDF
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Chaired by Thomas Piquemal

Thomas Piquemal

Good morning, everybody, and welcome to this conference call on EDF's nine months' sales. I'm very pleased to host this conference today. I'm here with Carine de Boissezon and David Newhouse. This is the second conference that we hold since the beginning of 2010. Beyond commenting on revenues and providing some explanation on figures or recent developments, my objective in this conference call is to continue our dialogue that we have started to build in the past nine months, and foster the relationship with the investment community which is highly valuable in the process of changing the way at EDF.

My short presentation today will discuss our sales performance, review recent group highlights and actions and conclude with an update on some of our key priorities. I will follow the slide pack that has been released on the website and then I will take of course your questions.

Let's start with sales on slide number five. Group sales rose 9.5% to €2.9 billion in the first nine months of 2010. This swift increase in group revenues results from 1.1% positive impact of exchange rates, mainly due to the weakening of the Euro against the sterling and some other currencies in Central Europe, for example; a positive scope effect of 4.6% in relation to SPE and, to a lesser extent, to the CNG acquisitions in late 2009, and an organic growth of 3.85 in total.

Group organic growth picked up during the third quarter of 2010 with an increase of 14%. The next slide, slide number six, provides a breakdown of sales development on each reporting segment. I would like to draw your attention to three facts at this stage:

- First of all, more than half of EDF's sales year to date, 51% to be precise, are now achieved outside France in our international activities and other businesses.
- Sales in France rose 5% overall; growth outside France has been strong, 14.1% in total, thanks primarily to acquisitions carried out in 2009. Organic growth was more subdued with a 2.4% increase overall. Yet this is an achievement in a demanding market environment, characterised by low volume growth and unfavourable price conditions.
- Lastly, sales development has actually been quite different in each market. The 6.5% decline in revenues in the UK results chiefly from lower prices and lower nuclear output. On the other hand, the surge in electricity sales in Italy, which is driven by volumes increase, has a rather negative impact on margins. And in Germany the primary growth driver is coming from the optimisation business, whilst power sales with end customers continue to move in negative territory.

As shown on the following slide, sales in France amounted to €26 billion, up 5% compared to 2009. Regulated activities recorded a 7% increase versus last year. This

increase of €640 million is mainly due to networks tariffs increase of August 1st and to volume growth driven partly by cold weather conditions earlier in the year.

The deregulated business rose 3.9%, or €29 million. It also experienced a favourable climate effect, contributing to €22 million of additional revenues year to date. The development of structured sales, according in particular to the planned ramp-up of sales to alternative suppliers, also contributed to sales growth for €81 million. Tariffs and price development also had a positive impact on sales of €58 million.

The following slide shows the upstream/downstream balance of the French business. As you can see on the right-hand side of the chart, end customers' demand and losses increased by 2.1TWh. This rise includes the effect of the overall growth of demand, mainly of industrial customers, mitigated by some market share losses. The other salient feature of demand is the evolution of structured sales, up to 2.2TWh year to date, as a result of the development of sales to third parties mentioned earlier.

Looking now at the bar on the left-hand side, we can see the increase in nuclear output, 9.2TWh during this first nine-month period. This increase is due, in particular, to the surge in Q3 2010 of 10TWh. Hydro power is also up by 0.5TWh to 30TWh on the back of a good third quarter in 2010, plus 1.1TWh.

As a result of demand evolution and of higher nuclear and hydro output, net market purchases, as you can see on the higher box, stood at 10TWh year to date. This is 3.5TWh less than in 2009.

My last comment on this slide is on purchase obligations. Total volumes year to date amounted to 21TWh, an increase of 2.6TWh or 14% compared to last year. This highlights the growing importance of public service obligations for EDF.

As I said, nuclear output in France is up 9.2TWh compared to the first nine months of 2009. As you can see on page nine, the gradual improvement over the year is confirmed and is consistent with what I announced at the AGM in May. You will find the appendices attached to this presentation, some further analysis on nuclear output and the evolution of outages, and I will be more than happy to discuss it further with you in the Q&A session.

As you can see on this chart, over the first nine months of 2010 nuclear output has been growing steadily versus last year. During the third quarter only, output was up 11.7% compared to the third quarter of 2009. Since then we reached a transitory plateau because of the global social unrest in relation to the pension reform in France and the number of unexpected outages.

Yet – and this is a very important point – to the best of our knowledge today, despite this month of October, our target for the full year continues to be within the 405 to 415TWh range, although our most reasonable assumption today is now closer to the lower end of the range.

In respect of the availability factor or KD, the trend year to date has been close to the low end of our expectations, in particular because of some unexpected issues on transformers

and on alternators experienced by the nuclear fleet during this third quarter of 2010 and during the month of October.

Assuming no further issue for the next six weeks to go before year end, we are nevertheless targeting an availability factor for the full year close to the lower end of the range that we announced at our half year results presentation, or 78.5%. However, our main objective has always been to raise the nuclear output and I can confirm, as I said, that it will be the case in 2010 compared to 2009.

Let's now move to the sales performance of our businesses outside of France. I will not comment on the figures of the other international or other activities reporting segments, for which the information has been provided in the press release. I will rather focus on our three key international markets, the UK, Germany and Italy.

These three markets broadly show the same demanding market conditions, a combination of lower prices and a mild pickup in demand. Yet this translates in a different way on revenues development on each market, primarily because of different business positions and strategy.

If we start with the UK on slide number ten, the impact of lower prices is clear. UK sales are down 6.5% on organic basis; close to 60% of the decline is explained by the change of nuclear output of 6.8TWh, chiefly in relation to Sizewell B outage between March and the end of September. But although this is very significant, it's also quite exceptional by definition.

Excluding nuclear output, organic growth was down €219 million. Although EDF Energy did perform well on the gas business, volume-wise, and power sales volumes held also well, this was not sufficient to offset a negative price effect of €600 million.

The following slide shows the upstream/downstream balance of our UK business. The main point to be aware of is the rise in market purchases, as we benefit from favourable market price evolutions.

As shown on the chart on the following slide, in Germany sales grew by nearly €66 million or 12.3% at EnBW. This strong performance is primarily driven by the thriving power optimisation activities. EnBW has been a net seller of power for 25TWh or close to €1 billion, year to date; this results primarily from the additional capacities provided by the three parties swap that was concluded early 2010. Excluding this development, electricity sales are down following lower volumes.

On the other hand, EnBW gas business remained under pressure with a €60 million negative impact on revenues, resulting from prices and volumes decline.

As shown on the following slide, Italy's sales grew 14.4% year to date. Fenice sales are down 6.5% compared to last year, mostly due to a change of contract with its largest customer with no impact on EBITDA. Sales growth in Italy primarily stems from Edison performance with revenues up 17.1%, driven by the electricity business.

In the gas business, as disclosed by Edison, the situation remains very difficult as margins are squeezed between sourcing costs of long-term contracts, which remain unchanged so far, and prices to end customers that have come down sharply.

In the electricity business the situation is very different but complex as well, in terms of profitability. Truly there has been good growth in terms of volumes sold, both to end customers and on the wholesale market, with a total positive effect on electricity sales of close to €450 million. Yet price declines have nearly halved this effect and this sustained growth has been at the expense of margins and results.

Finally, as you can see on the next slide, on our 2010 financial objectives, after nine months of operations we are in the position to confirm an EBITDA growth on an organic basis of 3% to 5% and a stable dividend compared to last year, that is to say €1.15 per share.

I am also able to confirm our improved financial structure by year end with a debt to EBITDA ratio closer to 2.5 times and lower than the initial range of 2.5 to three times. This ratio does not include our projects on RTE.

This ends the first part of my presentation today. I will now focus on highlights and actions that we have taken recently, especially in respect of active asset liability management and on our US platform, following the agreement with Constellation.

The slide number 16 shows that EDF has been taking a number of actions over the most recent period that contributed to an improved asset liability management. Firstly, we completed, according to the announced timing, the UK Distribution Networks to CKI, and this transaction will result in an important debt reduction of €6.7 billion, well above the €5 billion commitment taken by EDF in February 2010.

Secondly, we have been very active recently in terms of refinancing policy with the objective to lengthen the average maturity of our debt. As you can see on this slide, we completed various transactions over the last few months, five transactions in total. As a result, the average maturity of EDF debt has been extended significantly at favourable conditions.

The second important task has been to address our situation in the US. We have a significant foothold there, but we also need to find an agreement on a number of matters with CEG and we did so a couple of weeks ago.

All of you are familiar with the overall agreement with Constellation that is summarised on this slide number 17. I think that it should be considered in three different pieces. First of all, on the new build we purchased Constellation stake in UniStar for a total of \$140 million, this gives us the right to two additional sites for building potential new reactors. I can say that if we complete the project, the value of UniStar, the 50% stake that we bought, is much higher than the price that we paid.

Secondly, Constellation relinquished its rights to exercise the 2 billion put option on some thermal assets in exchange for 3.5 million Constellation shares that EDF owned, which is roughly \$100 million. The standstill agreement between EDF and Constellation is cancelled.

Thirdly, we amended the governance of CENG, changing in particular the PPA into a unit contingent PPA. This basically transferred the volume risk in case of outages from CENG to the purchasers. This PPA will last until 2014; it entails a 15/85% split of the nuclear output between EDF and CEG, which is consistent with the 2009 deal.

However, beyond 2014 there will be no PPA. This means that output generated by CENG will be sold on the pro-rate basis to the shareholdings of EDF and Constellation on a 50/50 basis. I would like to insist on the fact that the renegotiation of this PPA agreement is not the transfer of value from EDF to Constellation, as the cost to us is roughly \$5 million, which is not significant.

I can also confirm that this agreement will not result in any additional provisions in our accounts. This means that we now have much sounder foundations on which to build our US platforms. In particular, as presented on the following slide number 18, this agreement was a critical step in the development of our new nuclear strategy in the United States.

We will now announce soon a new organisation for our activities in the United States and will commence the review of all key success factors in the nuclear new build.

Of course, because of Constellation's attitude, we have to start all over again the projects. The road ahead on new build in the US is a long one. We have many important hurdles to overcome, for example the negotiations of the Federal loan guarantees, for example the need to update and redesign the contractual relationship with suppliers. We also need to have an improved visibility on the overall US environment that should be more conducive to investment in low CO2 generation technologies such as new nuclear power.

And in due course we will have to find one of several new industrial partners for UniStar as the construction phase cannot start without a US partner.

In summary, we are today ready to commit further human and financial resources to pursue the projects, the Calvert Cliffs phase III project, with a view to making a final decision once all the right conditions are met.

To conclude, I would like to provide you with an update on our priorities, on some of our key priorities.

The first one, as presented on slide number 20, is of course the French power market reform. The legislative process is progressing swiftly; the first reading of the draft bill is now completed. The revised text has been reviewed by the Select Committee of Economic Affairs of the National Assembly on November 3rd 2010, and the text will be debated in a plenary session on November 17th 2010.

It is our understanding that the French Government wants an adoption of the law before the year end. Our focus will then be on the implementation text to be drafted before the reform actually takes place. The starting point ARENH is of course one important issue, the next one being the ARENH formula where discussions are only starting.

Our second priority is our new efficiency program on which we are actively working. Over the last months we completed a detailed mapping of our cost base and this is very

promising as it confirms that there are additional synergies that can be extracted from our group effect, for example by creating a group purchasing policy. Just to give you two numbers, our general expenses, our group purchasing policy only covers one billion of our general expenses out of a total of 5 billion at group level. That's why I say that this is promising and we are now currently setting targets that we will announce early next year.

Lastly, as you know, we intend to continue to enrich our dialogue with the financial community which is a key important factor for our group. In this respect, I am pleased to announce that we will be holding a workshop on our UK operations on December 17th in London. A formal invitation with practical details will be forwarded to you soon. It is also our objective to provide the financial community with some medium-term guidance. We are currently working actively on our medium-term financial plans and should be in a position to communicate on this matter during the course of spring 2011.

This concludes my presentation today and we are now ready to take the questions you may have. Thank you.

Questions and Answers

Eric Lopez – Merrill Lynch

What is your plan regarding your direct stake in Constellation? Any reason to keep it?

Okay, we are now a financial investor in Constellation and that's the only way we look at our investment in Constellation, and of course we will be mindful of our shareholders first, and that's all I can say.

Sofia Savvantidou – Citi

In the light of what you have already delivered, can you provide any guidance on nuclear output, on nuclear availability, in 2011?

Well, on nuclear availability in 2011, I cannot be too specific as we intend to disclose some of the assumptions and are relaying our medium-term guidance in spring next year. And any announcement in this respect would be premature, as we are currently working on our medium-term financial plan. I can, nevertheless, reiterate our objective to improve significantly our availability factor in the medium-term and reach an 85% level in 2015.

This is of course demanding and an ambitious target, but we believe that it is technically realistic for two main reasons. The first reason is the planned elimination of the issues that we face on key components that we are currently replacing and we are addressing the issues such as the clogging for steam generators that cost us close to five points of availability factors, so coming from 78% this adds 5% to the availability factor.

The second reason is the gradual improvements of our industrial performance through the effects of the action plans that we already started in terms of preventative maintenance and outage management. This should add an additional 2% to our availability factor over time.

This is, of course, not to say that we should expect linear progress until 2015. Progress in terms of availability will depend upon the effect of the programs of improvement that we are implementing, as well as the number of annual decennial visits.

For instance, nine decennial visits will take place in 2011 – and you have a chart in the appendix that shows that. Six of those visits will be for 900MW nuclear power plants which will have experienced 30 years of operations and will thus be at their third decennial visit. Those visits are obviously a major industrial challenge for EDF, not only because they are an absolute necessity for those plants to operate for 40 years, but also because they are a major step towards the goal to extend the operating lifespan beyond 40 years.

In the short run, however, the change from five decennial visits in 2010 to nine visits in 2011 translates into a negative impact on availability factor in the order of 1.5 percentage points. So it's mechanically minus 1.5 percentage points in availability factor in 2011 compared to 2010.

However, we believe that the improvement of performance, of our industrial performance in France, will enable us to at least offset this mechanical impact. Our objective is of course to do better, but if we achieve the same availability factor in 2011 compared to 2010, it will mean an underlying improvement of 1.5% compared to 2010.

As you can see on the chart in the appendix after this 2011 peak, the number of decennial visits comes back to the average of six per year and thus does not have an effect on the availability factor on 2015. Therefore, as I said, we are confident in our 85% level in 2015, although the improvement will not be linear over time and I will give more details earlier in 2011 with our mid-term financial targets.

As shown during 2010, the availability factor is one indicator but not the key one. Our objective is to increase our nuclear output in 2010. We will deliver an increased nuclear output. For example, if I take the situation right now, today, we have ten reactors out of the line compared to 16 last year. The situation is improving. Now, the availability factor is just one technical indicator. It does not reflect the full improvement of our industrial tool in France and, for us, the key is to have the maximum reactors on the line during the winter period and we are confident that we are going to achieve that.

Benjamin Leyre – Exane

The first question is on Flamanville. Is there an update on Flamanville costs and timing of commissioning? The second question is related to the timing aspect for the NOME application. The third question is where do you stand on RTE and the Constellation project? And the last one is could you have a profit reversal linked to the Constellation deal?

Right, so on Flamanville 3 we updated timing costs and detailed views on the projects during our first half results session and I confirm that this is our vision today of timing and costs on Flamanville, so no further updates. This is what we use and our views today on this project. On NOME and market reform in France, the timing of it, as I said, we believe that there is a very high probability that the law gets voted finally by the end of the year and then it will take some months to prepare the decrees, which are technically complex.

Therefore, we could expect that the new regulation would be put in place somewhere during the first half of 2011. I can't be more precise since, as I said, it's pretty technically complex.

If it is put in place during the first two months, there will not be any need for a TaRTAM extension, given where the market prices will be. However, if it takes longer, we believe that the actual TaRTAM mechanism might be extended, but this would be neutral to EDF compared to the non-regulation, as the starting point of the ARENH price is to be consistent with TaRTAM.

As far as RTE is concerned, we are now technically ready and we are expecting RTE allocation into our dedicated assets is now subject to the signing of the decrees by the Prime Minister and other ministers, and to the approval by the EDF board of directors. Those are the two remaining conditions.

On the provisions in the US, what I can say today is that this agreement with Constellation will not create any need for new provision. However, I can't comment on the year end accounting, as we still have a couple of weeks to finalise our work. What I can say is that, market conditions prevailing end of June 2010, this agreement will not create additional provision for EDF.

Vincent de Blic – JP Morgan

Do you expect an impact on NOME from the change in government?

Well, the final vote is to take place on 17th November. The key principles are key in the law, especially the fact that it has to be consistent with TaRTAM and all the mechanisms are clear in the law, and we will of course work with all parties involved on the different decrees and defend our group's interests.

Eric Lopez – Merrill Lynch

What is the exact impact of the strikes in France, both in terms of output and in terms of purchases on the long-term market?

Well, strikes in France are again related to pension reforms, nothing specific to us. They had an impact obviously of 0.4TWh during the month of October.

Benjamin Leyre – Exane

Can you provide some colour regarding how the ARENH initial level will be set? How come there is so much disagreement on what is consistent with the Tartam level?

Well, first of all, as stated, the starting point has to be consistent with TaRTAM. We can demonstrate that, of course depending on different market pricing assumptions, that the Tartam level for base load is €42 per kilowatt/hour.

Sofia Savvantidou – Citi

In the context of your dividend stability target for 2010, could you please confirm the amount of the traditional December interim dividend?

We will. EDF will take a decision on the interim dividend by November 30th, during a board meeting. I can confirm that we will suggest to pay an interim dividend. I will not make any further comment, as it is up to the board to decide.

Per Lekander – UBS

Good morning, I have a couple of questions here. The first one is on your structured sales. It's 254 million up, year on year. Could you give some more visibility on it? Is this entirely direct energy or is there more to it, and POWEO of course,. Second, on the 3% to 5% EBITDA growth guidance, you know, there are many movements in exchange rates, consolidation, etc. Just to make life easy for us, can you put a number on it? Third, on the 2½ times net to EBITDA ratio, is that now a guidance going forward, or is it just relevant to 2010? Those were my questions.

All right, on structured sales, it's not only the competitor you mentioned, but others. I mean, there are several other alternative suppliers we have been delivering, so this is not related only to one, in particular. On the EBITDA target, yes, there are some moving pieces and I can give you some clarity on what the low end of the range could be.

I think that the major difference, the only difference compared to what I told you during the first half results, is related to change in scope, especially the deconsolidation of our UK business and of other assets during the last two months of the year. Overall, the UK grid and some other disposals would have accounted for €200 million of EBITDA during the last two months and therefore this is the only change compared to what I told you in July.

The low end of the range would be €17.5 billion for the year, so this would be consistent with a 3% increase organically, excluding TaRTAM, excluding scope effect, excluding a lot of things. So, to be precise, low end of the range €17.5 billion.

Now, on the debt guidance, this is for 2010. As I said, we will be close to 2.5 times debt to EBITDA ratio. We are working on our mid-term projections and I will of course, among the different midterm targets that I will give, I will give you our policy on balance sheet management, financing structure going forward, and I will do that during spring 2011.

Just a follow-up, when you say spring 2011, is there any chance, you know, I realise there are moving parts with the law, but is there any hint on, you know, more talking about the end of Q1 or end of Q2?

To be very precise on that, it is as soon as we can. I really appreciate the fact that we are suffering from the lack of midterm visibility, that we do not deserve, and I will give our midterm targets as soon as we can.

Thank you.

So whether we can do it with the full-year results, it would be I think my optimistic scenario and of course the one I will shoot for, or later depending on the normal regulations on, you know... so I can't promise, but that I will do it, you know, our full-year results, but of course this is my objective at the earliest or a couple of months later, but in any event spring 2011.

Thank you.

Bertrand Lecourt – Deutsche Bank

Hi, good morning. It's Bertrand Lecourt from Deutsche Bank. I will start with one question. It has been, there has been a lot of news coming out during the summer and one of them was the issue on the CSPE, which is I think doing a bit, some pressure on cash management. What would be the impact on CSPE deficit by the end of the year? If you get the three euros per MWh increase next year, how much left you will have to find? Will you have to finance for the rest of 2011? And what could be the evolution on working capital on this basis?

The second question: there was also some issues on the deep storage project in France with costs rising quite significantly from 15 to 35 billion, that was what seen in the price. How would that impact provisions in your accounting schemes for the next year? Would that be fully taken into account with the new regulatory system in France? Can you give us a bit of insight on this?

And the third question: there's also been some talk on the networks in France, maybe ERDF looking at getting closer to RTE, or maybe some corporate action there. What is possible and not possible? And what was the idea behind this? Thanks.

All right. On CSPE we provided a detailed appendix, I think it's page number 36 in our slide pack, to give you a lot of details on the P&L impact, the balance sheet impact, the cash flow statement impact. This is the CSPE or the shortage of offsetting mechanism due to the CSPE is becoming very significant for EDF and we believe that the decisions taken or the proposals go in the right direction.

It's very significant for EDF because, as you can see, end of the first half of 2010, so end of June the receivables of the shortfall in offsetting mechanism was 2,384 billion with a very significant increase compared to 2009. So every six-month period we take an additional 600 or €500 million in shortfall, but this is due to the fact that renewable energies grow very significantly in France, much more rapidly than what was originally expected.

The mechanism provided or suggested by the different reports has still to be voted during the State budget session in France for 2010, but it goes in the right direction. If we get a gradual increase of €3 per megawatt hour every year the shortfall will be totally offset by 2017; that's why I'm saying that it goes in the right direction.

We will of course still work with the different authorities to find a way to reduce the impact to EDF. By law EDF has to be compensated for this cost, which is not the case

today, since we are suffering heavily from the mechanisms, but this, the announcement and the proposals for the budget in 2010 go in the right direction.

As far as the deep storage issue is concerned, there is some work that have to be done on the project itself. I remember, everybody, that it's a very long-term project, that the site should be put in place and be in operation in 2025. So it's a long-term project, it will take a lot of time. There is some debate on technical solutions yet to be applied. The overall cost of the project will be updated somewhere in 2011, so next year, with some inputs from the industrial parties involved, being EDF, Areva and CEA, together with Andra, and we will see end of 2011 what impact it could have.

So far I don't have any information that would, that I, would make me believe that we would change the provisioning on this potential liability. You have additional details again in the appendices. I have no information that this provision should be changed so far. We will see end of 2011. In any event, given the fact that it's a very long-term project and that we discount the cost that we bear 80% of today with a 5% discount for it, I don't not expect any very significant impact. But again, it will depend on what the new cost review definition of the project will be somewhere in 2011.

As far as ERDF closer to RTE or not, the only project I can comment on is the fact that we intend to transfer 50% of existing RTE to our dedicated asset fund. The rest is speculation, ideas that were floated around, but not projects we are working on.

Maybe one additional question on dividends. You said you keep your flat dividend policy; can you give us a bit of visibility on the interim payments on this dividend and whether it will be cash or shares?

Well, as I said, you know, it will be up to the EDF board to decide on all those aspects on November 30th. Now, I think that, if we had to make an assumption, and again I don't want to pre-empt any of the discussions, but as we would keep a stable dividend we will keep a stable dividend in 2011 for 2010. That will be paid in 2011 compared to what was paid in 2010. One technical assumption you could take is a flat interim dividend per share as compared to what we did end of 2009.

Thank you.

Emanuel Turpin – Morgan Stanley

Good morning, everybody. Quick question on some of the slides in the appendices. You were kind enough to provide us with an update on the pension reform on how that would affect the energy sector in France. From the slide you say that between now and the year end there will be a translation of the general reform into the energy sector reform. Could you maybe explain to us how you anticipate the reform for the energy sector to be like? Is it going to be just the same mechanics as the general system? Is it going to require a move on your balance sheet, maybe some change in the provisions? Could you quickly take through, take us through the impact on the P&L? You said there would be offsetting items that would mitigate the short-term negative impact; could you maybe clarify this? Thank you.

Okay. What is clear is that the pension reform will have a short-term cost or will result in a short-term cost to EDF as the pension reform for the industry, the electricity industry in France will only be put in place in 2017. So it will have a cost to us, it will change our provision by year end. We are currently doing all the maths, all the review of that with the electricity industry branch, and it's too early for me to give you any impact.

However, we believe that there will be mitigating factors and some change movement in provisions, but for me it's too early to give you any precise number on that particular aspect. I think we've been as transparent as we could so far on our page 43. Some of it will be covered by the CTA, especially in the transmission and distribution business. Some others will have to be reserved for in our accounts, especially for generation and supply businesses that we own in France. So it will have a cost, too early to tell you precisely how much.

Damien de St Germain – Chevreux

Yes, good morning, everyone. I've actually got a follow-up question on your liabilities. Do you plan to change by year end the amount of the discount rates, either for nuclear liabilities or for the pension liabilities that are actually not at the same level apparently, and especially given the low interest rates we have right now? Thank you.

It will be part of our December 31st closing exercise. It's too early to tell you what change it will have or what impact it could have. It's, you know, it's ahead of us, analyses that will be carried out in the forthcoming weeks. But of course those provisions are very significant on our, on the liabilities side of our balance sheet, but they are very moving pieces. I do not anticipate any huge movement.

We discussed the pension reform; even though, as I said, there will be a cost, I do not anticipate a very significant cost for EDF. And, as I said, on the deep storage liability I do not expect any change in the liability. As I said, we will update the costs probably next year and we will see if it has an impact or not. On the pension reform, maybe. Overall, a negative effect. But, as I said, I do not anticipate huge negative effects on our net income.

Vincent De Blic – JP Morgan

Yes, good morning. Two questions, please. The first one on the US: you list on slide 18 the key success factors that you'll have to go through before making your FID. These are all quite important topics. Have you set yourself a deadline by which you would like to have some answers on these points and by which you will make this decision, some idea of the timeline?

And the second point on NOME: you've said that the discussions on the ARENH formula have just started. Do you expect a lot of detail on the ARENH formula in the implementation decrees or it will it come later on? Thank you.

All right. On the US, no, we are not setting ourselves any deadline. Following this agreement with Constellation we are now in full control of our strategy in the US, so it's up to us to define how fast, under what conditions we will move forward. As I confirmed to you earlier, we will devote additional resources for these studies and the development of this project, but it's up to us to define what the right timing will be and there is no

urgency. Except that, we lost a lot of time due to Constellation and we now have to take, to resume all the conversations on the different aspects of the project.

We are now by ourselves. Previously we had a 50% US partner. Everybody can appreciate that being now by ourselves will create additional delays and, again, we will work expeditiously to resolve the difficulties created by this new situation, but I don't want to say that we will set ourselves key dates, key timing to make this final decision. It will depend on a lot of factors, market factors, regulatory framework, partnership that we can find. I think that everybody has to appreciate the fact that the situation for us has completely changed in the US. We are now in full control of our destiny in the US, but there are many hurdles that we need to cross and obviously the fact that Constellation dropped us and dropped the project that way, it does not help us at all.

As far as the ARENH formula is concerned, yes, we expect to have a lot of clarity and visibility on that front in the forthcoming decrees, but not in the first ones. We believe that in the first instance we will have clarity and confirmation on the starting point of the ARENH, and then as a second step later during next year we will have clarity on the formula and the different components of this formula. So it should come at a later stage following the implementation of ARENH.

Thank you. Could I just follow up on the US: the project or what you're working on at the moment is Calvert Cliffs III basically, or are you contemplating potentially more than one reactor?

We have four pieces of land with full rights, full access to EDF. So we have four pieces of land. Obviously if the right conditions are met long-term, we are talking here about long-term, we have an option to build four reactors. You know that we attach a lot of importance to fleet effect, to learning curve, and obviously having an option of four lands is very important to us. But we are talking about long-term here and the only active project on which we are working today is Calvert Cliffs III.

Thank you very much.

Vincent Ayral – Uni Credit

Yes, good morning. I wanted to check two things. First, I understand yesterday that in Les Echos normally Areva should have its monitoring committee to decide on the capital increase tomorrow. The question that we have is: do you have any, like, further information on this potential increase in the stake at this stage?

Well, Areva is a listed company so you will fully appreciate the fact that I will not make any comments on that and I will not answer your question. Sorry. What I can say is that we are having with Areva conversations on our industrial partnership. We are an industrial group and this is what we are interested in, in a conversation on an industrial partnership. Whether we will increase our stake in Areva or not will be answered following the result of the industrial conversations that we are having.

And if I can step back quickly on the decennial visits on the reactors, I can see you provide us with some information there, but looking at the number of decennial review every year it's () spread and potentially negotiated with the ASN in terms of spreading the load. A

question I would have is actually, before 2009-2011, I can see that you had, like, very little, like, 30-year reviews in terms of 900 megawatt reactors and the conclusion I would have is, how long do you think 30-years review takes versus a 20-years one?

Well, a decennial visit take, what, 30-year decennial visit take roughly 100 days of outage. 20-year decennial visit take 90 days of plant outage. So the fact that we move from 20 to 30 creates an additional outage of roughly ten days. Now, no, I can't say that there has been any negotiation with ASN on the decennial visits or so on. It's really depending on the detailed calculation of a number of days of operations and that's the fact of life. And the fact that we have more decennial visits in 2011 compared to 2010 is due to the age of the fleet. The average age of our fleet is pretty young, but we have specially 900 megawatt hour reactors that come for 30-year decennial visit next year because they were built 30 years ago and that's just a fact of life.

But it is true, that, and that is why we provide you with additional details in the appendices to my presentation. It is true that it will have significant impact on our variability factor in 2011. That's why, again, we believe that the availability factor is not the only criteria that one should look at. This is not the only criteria on which one should base our performance review, especially compared to our peers. To us, the most important thing is to have maximum reactors on the line during the peak season, during the winter, and to manage our output and the valuable output of our fleet, and that's the way we are looking at it.

Okay, well, thank you very much.

Andrew Mead – Goldman Sachs

Yes, good morning. I just had a question: if you could provide more detail on the technical problems of the nuclear plant in October as I think although it's up in October year-on-year, it's still way below previous historical Octobers.

Yes, I think that technical detail is really linked to what we explained earlier. The big component is failures and to give you some numbers, I mentioned, by the way, that it was linked to alternators and transformers, I will give you some additional numbers on that. End of 2009, so overall during the year four alternators failed and one transformer. So four alternators, one transformer. End of September 2010 we had five alternators and three transformers and this is higher than what we had expected for 2010.

It's not a huge surprise to us because those alternators and transformers were clearly spotted as being weak and were part of our replacement program, but the fact that they failed this year was not anticipated to that extent. But again, we had to change them, we have to change them next year as soon as we could and unfortunately it arrived earlier. But it's part of our availability factor improvement program and on our ability to reach 85% in 2015. But the technical difficulties are really consistent with general failure that we experienced in the French fleet over the last two or three years with those big components.

Okay, thank you.

Andrew Moulder – Credit Suisse

Yes, hi, I've just got a couple of general questions. On your US strategy I appreciate that you don't want to talk about deadlines at the moment, but I just wonder could you perhaps talk us through the federal loan guarantee process? I mean, that's sort of in the government's hands. How long do you think that will take for Calvert Cliffs? And sort of on a related issue, have you actually had discussions with potential new partners now that you've broken off discussions I guess with CEG?

And secondly, just on the UK, you're kind of fairly unique in that you're the company who said that you're not going to increase prices over the winter, whereas both Centrica and SSE have already said they will, and one of the reasons they've said they will is that they're pretty much losing money on their gas supply business. Can you just confirm that in the UK EDF Energy is not losing money on its gas supply business? Thank you.

Right. On the UK we have a special day dedicated to our UK business on 17th December and we will go into further detail on your question. And I wouldn't want to pre-empt on what we are going to explain on 17th December, but we'll answer that in great detail together with our new built strategy, together with our industrial strategy, following disposal of the UK networks on 17th December and I hope that you will be there.

The US, the LG process is of course going on, but I think that everyone can appreciate the fact that negotiating a loan guarantee through a joint venture 50/50 between a US company and EDF, or negotiating a loan guarantee when we are the only one in the project so far is totally different. It's a technically complicated process. We don't want to start it all over again because a lot of work was put into that.

EDF spent most of the money spent on that process through UniStar since we spent more than \$550 million when Constellation spent \$90 million. So we borne the greatest part of the burden on negotiating, on moving this project forward. We invested a lot, so we don't want to lose all what we did, but the fact of life is that now we are alone by ourselves.

We don't have a US partner anymore and therefore we will have to discuss again this loan guarantee in a different, through a different framework. And therefore, yes, we anticipate to have delays and difficulties, but on the other side we are extremely convinced that we can bring to the US our technology, our ability to build new reactors, and we are hopeful that because of Constellation we will not have lost too much time.

Are we discussing with new partners? I think that we need, as I said, we need new US partner, you know, when we start building the reactor, before building it, so it's not tomorrow, so it's not a matter of urgency. However, the sooner we can find a good long-term industrial partner, we will do it. Are the conditions met today? I don't know. We will see. Our next priority is to get organised. We will do that in the forthcoming weeks. Our priority is to pursue the dialogue with the US administration on the project and we are currently doing that and that's the way I look at it going forward.

Okay, thank you.

Closing Comments

All right. I think we don't have any further questions and therefore I would like to thank you very much for attending this call. And with the team here we are of course available to give you further clarifications if required. Thank you very much.