PROSPECTUS SUPPLEMENT DATED 8 SEPTEMBER 2010

TO THE BASE PROSPECTUS DATED 20 APRIL 2010

AND THE PROSPECTUS SUPPLEMENT DATED 13 JULY 2010

Electricité de France

€20,000,000,000 EURO MEDIUM TERM NOTE PROGRAMME

This prospectus supplement (the "**Second Supplement**") is supplemental and must be read in conjunction with the Base Prospectus dated 20 April 2010 (the "**Base Prospectus**") granted visa No. 10-103 on 20 April 2010 by the *Autorité des marchés financiers* (the "**AMF**") and the Supplement to the Base Prospectus dated 13 July 2010 granted visa No. 10-250 on 13 July 2010 (the "**Supplement**") by the AMF, each prepared by Electricité de France ("**EDF**" or the "**Issuer**") with respect to its € 20,000,000,000 Euro Medium Term Note Programme (the "**Programme**"). Terms defined in the Base Prospectus have the same meaning when used in this Second Supplement.

Application has been made for approval of this Second Supplement to the AMF in its capacity as competent authority pursuant to Article 212-2 of its *Règlement Général* which implements Directive 2003/71/EC of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading (the "**Prospectus Directive**").

This Second Supplement has been prepared pursuant to Article 16 of the Prospectus Directive and article 212-25 of the *Règlement Général* of the AMF for the purposes of incorporating the half-year management report at 30 June 2010, the condensed consolidated half-year financial statements at 30 June 2010 and recent events in connection with the Issuer's position, activities and status.

Copies of this Second Supplement will be available for viewing on the website of the AMF (www.amf-france.org), on the Issuer's website (http://www.edf.fr/) and may be obtained, free of charge, during normal business hours from Electricité de France, 22-30, avenue de Wagram, 75008 Paris, France and at the specified offices of each of the Paying Agents.

Saved as disclosed in the Supplement and this Second Supplement to the Base Prospectus, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus which is capable of affecting the assessment of Notes issued under the Programme since the publication of the Base Prospectus.

Contents of the Second Supplement

1	**HALF-YEAR MANAGEMENT REPORT AT JUNE 30, 2010**	3
2	**CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS AT JUNE 30, 2010**	52
3	**STATUTORY AUDITORS' REVIEW REPORT ON THE FIRST HALF-YEAR FINANCIAL INFORMATION FOR 2010**	93
4	**RECENT EVENTS**	97
5	**PERSONS RESPONSIBLE FOR THE SECOND SUPPLEMENT**	114
6	**VISA OF THE *AUTORITÉ DES MARCHÉS FINANCIERS***	115

In this Second Supplement, unless otherwise stated, the references to "Company" or "EDF" refer to EDF S.A., the parent company, and the references to "EDF Group" and "Group" refer to EDF and its subsidiaries and shareholdings.

BOARD OF DIRECTORS' MEETING, JULY 29, 2010

HALF-YEAR MANAGEMENT REPORT JUNE 2010

This Half-year Financial Report contains information relating to the markets in which the EDF group is present. This information has been taken from surveys carried out by external sources. Considering the very rapid changes that characterize the energy sector in France and in the world, it is possible that this information could prove to be erroneous or outdated. Developments in the Group's activities could consequently differ from those described in this Half-year Financial Report and the declarations and information appearing in this report could prove to be erroneous.

The forward-looking statements contained in this Half-year Financial Report, notably in section 15 ("Financial Outlook for 2010"), are based on assumptions and estimates that could evolve or be impacted by risks, uncertainties (relating particularly to the economic, financial, competitive, regulatory and weather environment) or other factors that may cause the future results, performances and achievements of the Group to differ significantly from the objectives expressed and suggested. These factors may include changes in the economic and commercial environment, regulations, and the factors set forth in section 4.2 of the EDF group's 2009 *Document de Référence* ("Risk Factors").

Pursuant to European and French legislation, the entities responsible for the transmission and distribution of electricity within the EDF group may not communicate certain information gathered in the course of their activities to the other entities of the Group, including its Management. Similarly, certain data specific to generation and supply activities may not be communicated to the entities responsible for transmission and distribution. This Half-year Financial Report has been prepared by the EDF group in compliance with these rules.

Contents

1 Key figures	6
2 Economic environment and significant events	7
3 Introduction to analysis of results for the first half-year of 2010	20
4 Segment reporting of financial information	20
5 Analysis of the consolidated income statements for the first half-years of 2010 and 2009	21
6 Breakdown of EBIT by geographical area	27
7 Net indebtedness, cash flow and investments	37
8 Management and control of market risks	41
9 Provisions	47
10 Contractual obligations	48
11 Subsequent events	48
12 Transactions with related parties	49
13 Principal risks and uncertainties for the second half of 2010	49
14 Significant events related to litigation in process	50
15 Financial outlook for 2010	51

1 Key figures

The figures presented in this document are taken from the EDF group's condensed consolidated half-year financial statements at June 30, 2010. All figures shown for 2009 have been adjusted for the effect of application of IFRIC 18 "Transfers of Assets from Customers", IFRIC 12 "Service Concession Arrangements" and the change in presentation of net changes in fair value on Energy and Commodity derivatives, excluding trading activities (IAS 39).

Key figures at June 30, 2010 are as follows:

Extract from the consolidated income statements

In millions of euros	H1 2010	H1 2009	Variation	Variation (%)	Organic growth (%)
Sales	37,513	34,827	2,686	7.7	2.1
Operating profit before depreciation and amortization (EBITDA) (1)	10,373	9,936	437	4.4	1.1
Operating profit (EBIT) excluding prolongation of the TaRTAM transition tariff system – law of June 7, 2010	10,638	9,936	702	7.1	3.8 (2)
Operating profit (EBIT)	5,289	6,784	(1,495)	(22.0)	
EDF net income	1,659	3,123	(1,464)	(46.9)	
Net income excluding non-recurring items (3)	2,977	2,932	45	1.5	

(1) The Group has decided to report net changes in fair value on Energy and Commodity Derivatives excluding trading activities on a separate line below operating profit before depreciation and amortization.

(2) This is comparable to the EBITDA growth target announced by the Group for 2010 (excluding the impact of the law extending the TaRTAM transition tariff system beyond June 30, 2010).

(3) Net income excluding non-recurring items is not defined by IFRS, and is not directly visible in the consolidated income statements. It corresponds to the Group's share of net income excluding non-recurring items, net of tax (see section 5.9).

Operating cash flow

In millions of euros	H1 2010	H1 2009	Variation	Variation (%)
Operating cash flow (1)	7,016	6,965	51	0.7

(1) Operating cash flow is not defined by IFRS, and is not directly visible in the consolidated cash flow statements. EDF uses Operating cash flow to assess the Group's capacity to generate free cash flow. This indicator, also known as Funds From Operations (FFO), is equivalent to net cash flow from operating activities (Cash flow statement) excluding changes in working capital, less net financial expenses disbursed and income taxes paid, adjusted for the impact of non-recurring items.

Indebtedness

In millions of euros	June 30, 2010	December 31, 2009	Variation	Variation (%)
Net indebtedness	44,100	42,496	1,604	3.8
Equity (EDF's share)	32,278	29,891	2,387	8
Net indebtedness/EBITDA (1)	2.5	2.5		

(1) The ratio at June 30, 2010 has been calculated based on cumulative EBITDA for the second half of 2009 and the first half of 2010.

2 Economic environment and significant events

2.1 Economic environment

2.1.1 GDP growth[1]

After the sharp economic slowdown across most countries that began in late 2008 and substantially affected demand for electricity in Europe (which was down by an average 3% in 2009 from 2008 levels), a cautious recovery (+0.8%) was recorded in the final quarter of 2009. In the first quarter of 2010 growth remained moderate in Europe, but was more sustained in the US and Japan. For the rest of the year, subject to the many unforeseeable factors, the OECD[2] countries' economies are expected to continue growing but at a more modest pace.

The French statistics office INSEE forecasts GDP growth of approximately 2% in OECD countries for 2010, after the 3.6% decline in 2009 (+0.2% in 2008).

In the euro zone, GDP should grow by approximately 1% in 2010 after its 4.1% drop in 2009 (+0.4% in 2008). The rise is expected to be even across the whole zone, with forecast GDP growth for France falling between the levels for Germany, where the increase should be more pronounced, and the countries in the south of the Euro zone.

In France, GDP is expected to grow by 1.4% in 2010 after a 2.5% decline in 2009 (+0.1% in 2008).

2.1.2 Trends in market prices for electricity and the principal energy sources

2.1.2.1 Spot electricity prices in France, Germany, the United Kingdom and Italy [3]

	France	Germany	UK	Italy
Average variation in baseload prices, H1 2010/2009	+8.7%	+3.6%	-3.4%	-7.3%
Average variation in peakload prices, H1 2010/2009	+6.4%	-0.2%	-9.1%	-13.3%
Average baseload price for H1 2010 (€/MWh)	45.1	41.3	43.2	61.4
Average peakload price for H1 2010 (€/MWh)	56.1	51.2	49.4	72.4

In **France**, average spot electricity prices rose due to the low winter temperatures and the increase in coal and oil prices.

In **Germany**, prices remained more stable as domestic demand is less sensitive to temperatures and windfarm generation levels were higher.

In the **United Kingdom** and **Italy**, the decline in spot prices is essentially explained by the fall in spot gas prices during the winter.

[1] Source: *Note de conjoncture* INSEE, March and June 2010. Forecasts are estimates issued by INSEE.

[2] Organization for Economic Cooperation and Development.

[3] France and Germany: Average previous day EPEX price for same-day delivery; United Kingdom: Average previous day Platts OTC price for same-day delivery; Italy: Average previous day GME price for same-day delivery.

2.1.2.2 Forward electricity prices in France, Germany, the United Kingdom and Italy [4]

	France	Germany	UK
Average variation in baseload prices, H1 2010/2009	0%	-1%	-8%
Average variation in peakload prices, H1 2010/2009	-3%	-10%	-14%
Average baseload price for H1 2010 (€/MWh)	52.6	50.0	48.3
Average peakload price for H1 2010 (€/MWh)	72.0	66.1	55.0

European annual contract baseload prices were stable overall compared to the first half of 2009, except in the UK where the fall in gas prices led to an 8% decrease.

In **France**, after a downturn in the first quarter caused mainly by the lack of significant tensions in the wintertime supply-demand balance, the 2011 annual contract baseload price settled at an average level comparable to the first half of 2009. It descended to €48.2/MWh at the end of March before an upturn on the same pattern as fossil fuel prices, reaching its highest level in 18 months on June 21 at almost €58/MWh.

In **Germany**, the 2011 annual contract baseload price was relatively stable compared to the first half of 2009. The average differential between France and Germany for the two periods increased by €1/MWh: in first-half 2010 German prices were lower than French prices by an average €2.6/MWh.

In the **United Kingdom**, the 2010 April Ahead baseload contract price followed the same pattern as gas prices, falling in the first quarter then picking up again in the second quarter.

[4] France and Germany: average EEX 2011 annual contract price; UK: Platts average annual contract prices, April 2010 then April 2011 (in the UK, annual contract deliveries take place from April 1 to March 31).

2.1.2.3 CO_2 emission quota prices [5]

The price of CO_2 emission quotas under Phase II (2008-2012) for delivery in December 2010 stood at €14.1/t in the first half of 2010, slightly up on its first-half 2009 levels. Although 2009 emissions remained well below quota allocations as a result of the lower levels of industrial activity in a context of economic crisis, prices were bolstered by the prospects of a more limited quota offering from 2013.

2.1.2.4 Fossil fuel prices [6]

	Coal ($/t)	Oil ($/bl)	Natural gas (£/th)
Average price variation H1 2010/2009 (%)	+14.5 %	+48.3 %	-13.3 %
Highest price in H1 2010	104.6	87.4	0.55
Lowest price in H1 2010	85.4	69.6	0.37
Average price for H1 2010	95.9	78.3	0.44
Closing price, H1 2009	85.4	69.3	0.45
Closing price, H1 2010	101.8	75.0	0.53

Forward prices for coal saw an average rise from the first half of 2009, boosted by the worldwide economic recovery and growing demand in Asia, although this rise remained limited given the large stock levels in Europe.

After the effects of the crisis in 2009, there was an upturn in demand for oil products during the first half of 2010. Oil prices followed suit, reaching a maximum of close to $87.4/barrel in early May, but then falling off sharply to end the month of June at $75/barrel. This significant decline is explained by market players' fears that oil demand would fall if the Greek economic crisis spread to other European Union countries.

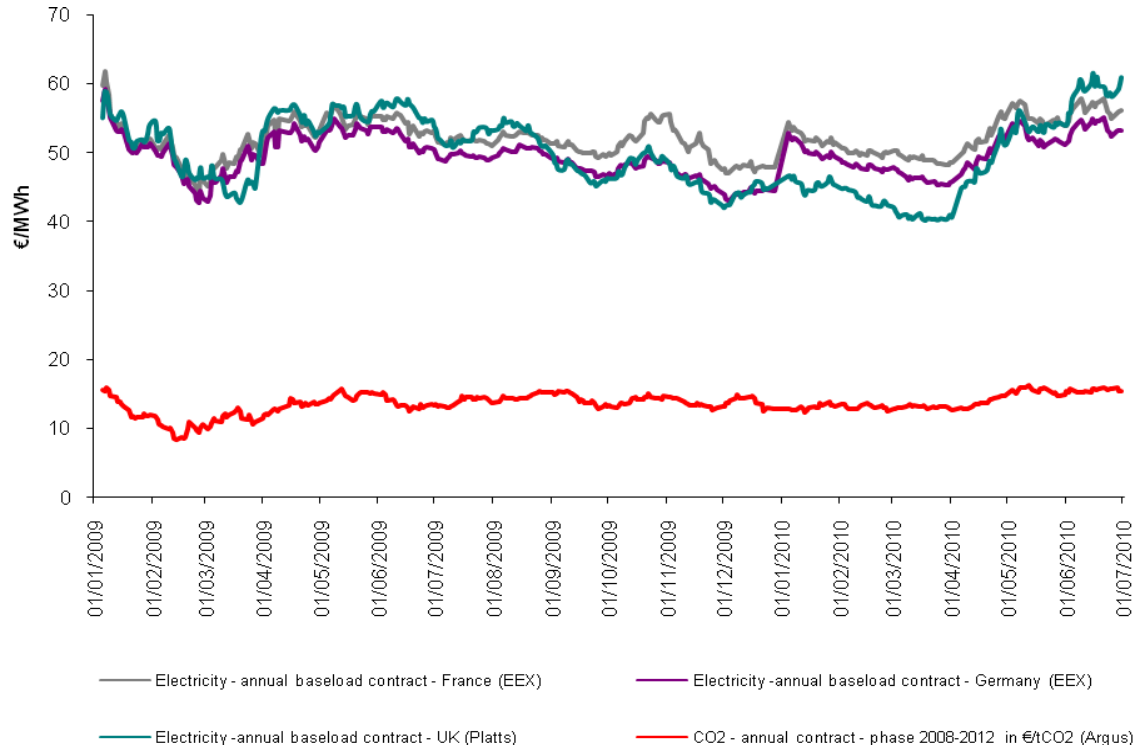
[5] Average EDF Trading index for the annual contract of Phase II (2008-2012).

[6] Coal: Average EDF Trading OTC index for delivery in Europe (CIF ARA) for the next calendar year ($/t); Oil: Brent first reference crude oil barrel, IPE index (front month) ($/barrel); Natural gas: Platts average OTC index, for delivery starting from October of the following year for the UK (NBP) (£/therm).

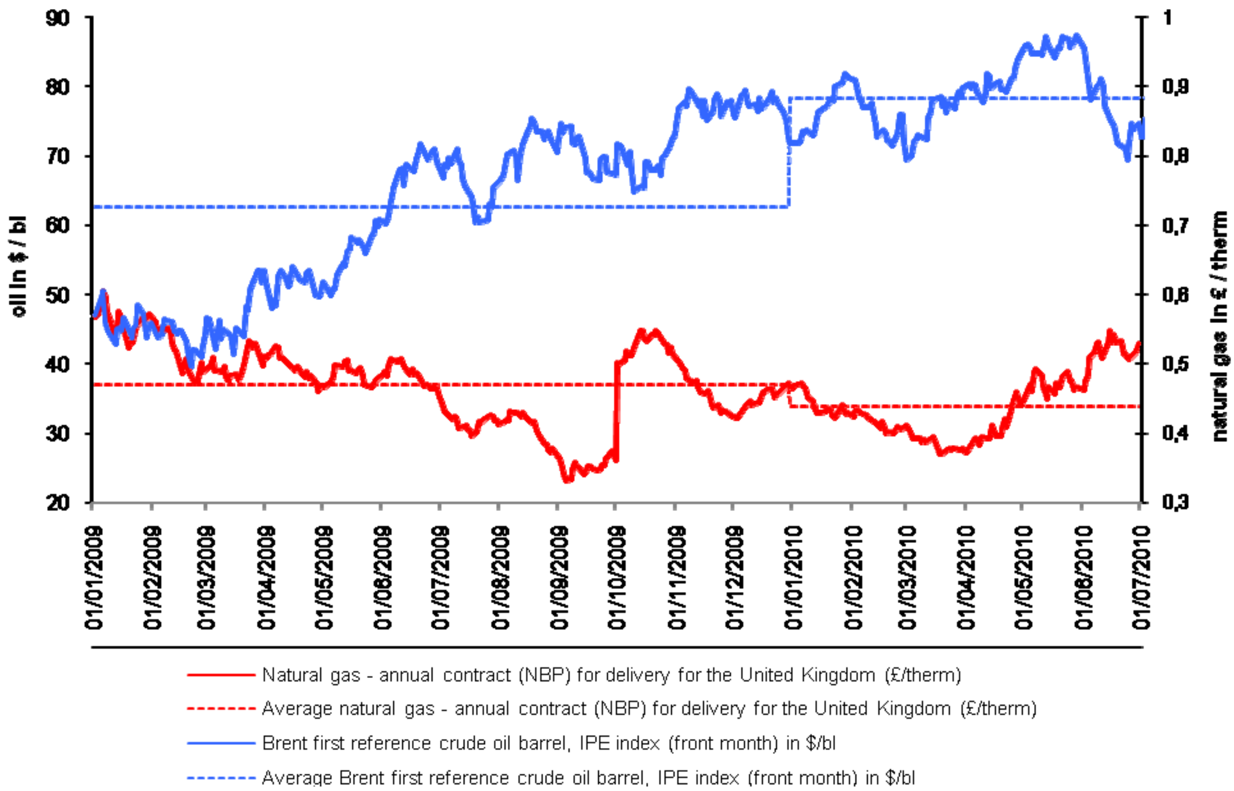
Natural gas prices under the United Kingdom's annual contract were totally decorrelated from oil prices over the first half of 2010 and dropped sharply in the first quarter, in contrast to the first half of 2009. Market players were expecting a less tense situation in the coming seasons thanks to substantial gas supplies, especially from LNG terminals.

However, from April prices began a new rise driven by high spot prices and market players' fears over future tensions associated with stock levels that were well below historical averages for the season, as well as irregular supplies from Norway.

Forward electricity prices in France, Germany and the United Kingdom and CO_2 emission quota prices (Phase II, 2008-2012)



Natural gas and Brent oil prices



2.1.3 Electricity consumption

In **France**[7], internal electricity consumption for the first half of 2010 totaled 263.5 TWh, 4.9% higher than for the same period of 2009, benefiting throughout first-half 2010 from the effect of lower temperatures than in the first half of 2009. After adjustment for weather effects[8], consumption was up by 2.2%, boosted by continued sustained growth in the residential customer segment and a partial recovery in demand from very large industrial customers, a segment that had been particularly affected by the economic crisis in first-half 2009.

Compared to first-half 2009, domestic electricity consumption in first-half 2010 showed a rise of 1.5% in the United Kingdom, 3.7% in Germany and 1.8% in Italy[9].

2.1.4 Electricity and natural gas sales tariffs

In **France**, electricity sales tariffs have not changed since the increase of August 15, 2009.

In the **United Kingdom**, electricity tariffs remained stable (after a reduction in contractual sale prices for industrial customers and the 8.8% tariff reduction for residential customers in March 2009).

Natural gas tariffs for residential customers were reduced by 3.6% on March 26, 2010 (after a previous reduction of over 6% in October 2009).

In **Germany**, EnBW maintained its basic electricity tariffs in the first half of 2010. Natural gas prices also remained stable (after successive reductions reaching a total of 23.5% in 2009).

---

[7] Data provided by RTE, unadjusted for weather effects.

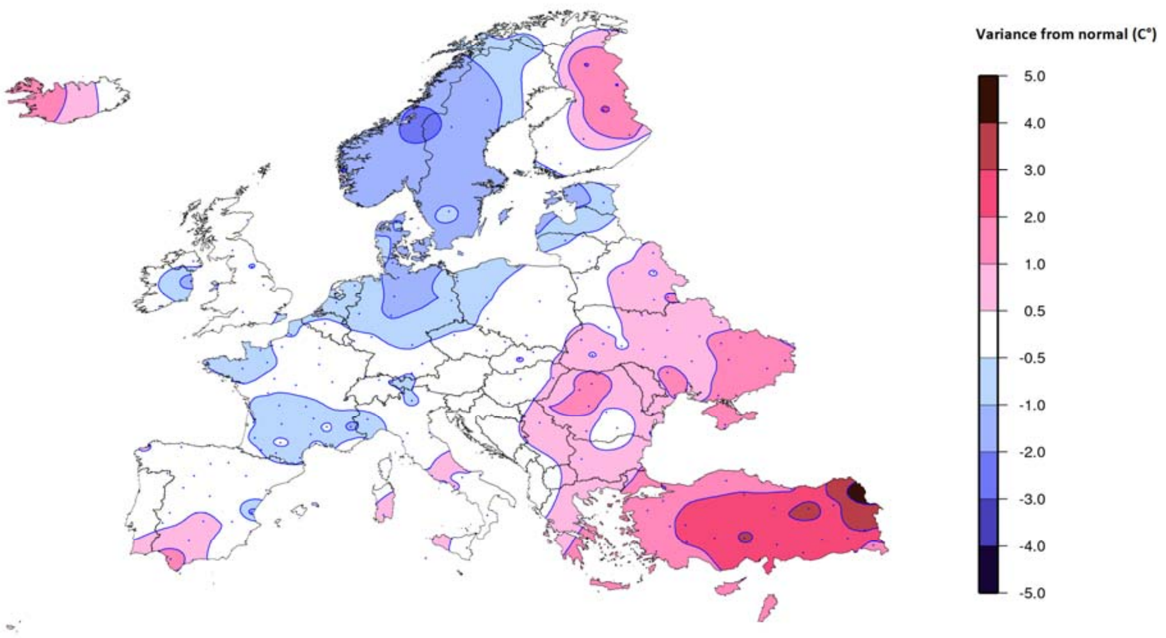
[8] As determined by RTE.

[9] For countries other than France, estimates are supplied by local EDF subsidiaries; for Germany, figures are estimates for January to May 2010 compared to the previous year.

2.1.5 Weather conditions

2.1.5.1 Temperatures

Temperature variance from normal levels, January to June 2010[10]

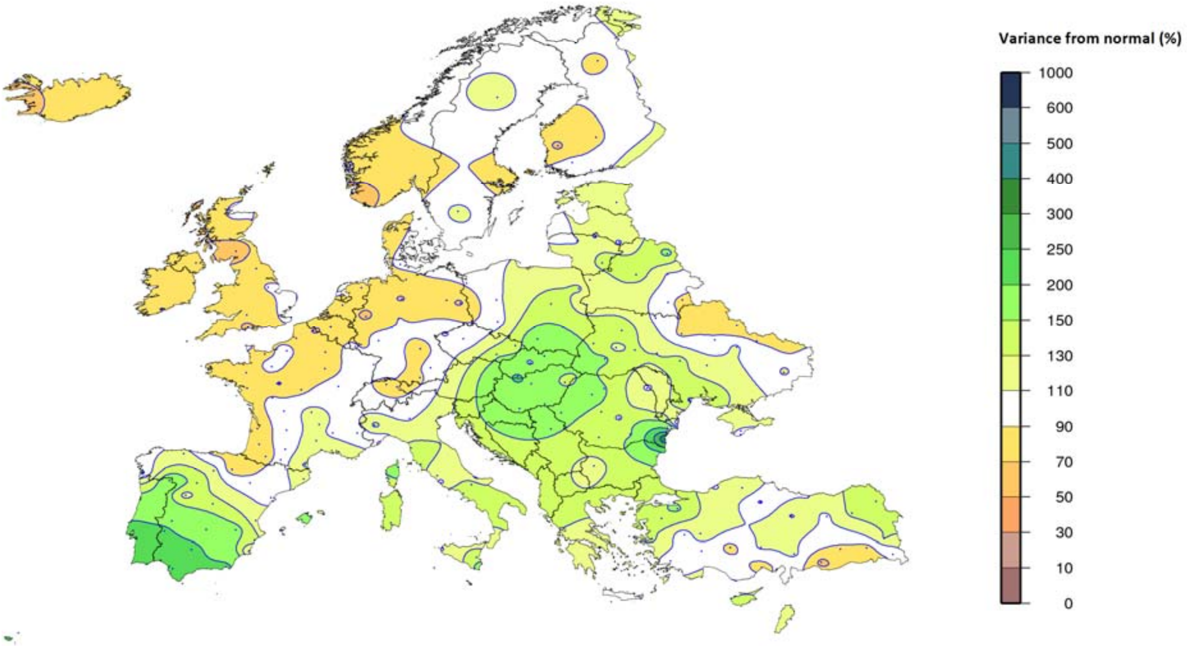


In France, temperatures in the first half of 2010 were an average 0.7°C lower than in first-half 2009 and 1.6°C lower than normal seasonal levels. For the first quarter of the year, they were 0.6°C lower on average than in 2009 and 2.3°C lower on average than normal seasonal levels. The winter of 2009-2010 (December, January, February) included three cold spells in mid-December, early January and mid-February. For the second quarter, temperatures were slightly lower on average than normal seasonal levels and the temperatures recorded for the same period in 2009.

[10] Map comparing average temperatures with normal levels between January 2010 and June 2010. Normal temperatures are measured over 30 years (1971-2000 for Western Europe and 1961-1990 for Eastern Europe). Source: Base de Données Climatologiques, Météo France.

2.1.5.2 Rainfall

Rainfall: January to June 2010 [11]



METEO FRANCE
Toujours un temps d'avance

Across Europe in the first half of 2010, frequent rainfall circulation in the Mediterranean alternated with passages of cold polar air, and a shortfall in well-established Atlantic rainfall circulation. This resulted in strongly contrasting total rainfall levels in the north and south of Europe, with high volumes of precipitation in Spain, the south-east of France, Italy and the east of Europe, and a shortage of rain in the United Kingdom, the western half of France, Germany and the Nordic countries.

[11] Map comparing average rainfall with normal half-year levels between January 2010 and June 2010. Normal rainfall is measured over 30 years (1971-2000 for Western Europe and 1961-1990 for Eastern Europe. Source: Base de Données Climatologiques, Météo France.

2.2 Significant events [12/13]

2.2.1 Strategic developments

2.2.1.1 Development of nuclear activities worldwide

2.2.1.1.1 EDF: operator of the Penly 3 EPR

Since March 24, 2010, EDF has been presenting the Penly 3 project in the ongoing public consultation in its capacity as chief operator. The special Commission for the Penly 3 public consultation process held eleven public meetings during the first half of 2010, enabling EDF to explain its plans, discuss the role of Penly 3 in France's energy mix, its impacts (particularly discharge and waste), and the practicalities of its construction and operation, especially project governance and EDF's responsibility as nuclear operator. In addition to the meetings, a dedicated website managed by the special Commission has provided a forum for extensive debate, with interested parties expressing their opinions and questions.

The final meeting in the process took place on July 12, 2010. The report and review of the discussions will be drawn up by the special Commission and national Commission for public consultation by September 24, 2010.

2.2.1.1.2 New agreements with Chinese partners

On April 29, 2010, EDF signed agreements with two of the country's largest nuclear operators in order to consolidate its position in China, confirming the Group's involvement in the worldwide nuclear industry's most extensive construction programme. The agreement entered into with CNNC (China National Nuclear Corporation) aims to strengthen the engineering cooperation with EDF begun through construction of the Daya Bay and Ling Ao (Guangdong) nuclear plants. The partnership agreement signed with CGNPC (China Guangdong Nuclear Power Holding Company) complements the 2008 joint venture agreement for the construction and operation of two EPR-type nuclear reactors in Taishan (Guangdong province).

2.2.1.1.3 EDF/ENEL/ANSALDO agreement

On April 9, 2010, EDF, Enel (Italy's principal electricity producer) and Ansaldo Energia signed a partnership agreement with the objective of specifying areas of potential cooperation for the development and construction of four EPR-type nuclear reactors in Italy.

2.2.1.1.4 Cooperation agreement between EDF and Rosatom

On June 19, 2010, EDF and the State Corporation Rosatom (Russian Federation) signed a cooperation agreement defining the framework for collaboration between the two groups in the fields of research and development, nuclear fuel, and cooperation for nuclear facilities already in existence or under construction. The agreement also covers cooperation in the form of exchanges of experience and training, including visits to industrial sites in both countries. Executive committees will be set up for each area of collaboration, to be supervised by a joint EDF-Rosatom strategic committee.

2.2.1.2 Developments in EDF's European positions

2.2.1.2.1 United Kingdom

2.2.1.2.1.1 Transfer of ownership of the Eggborough coal-fired plant

At the time of British Energy's restructuring in 2005, Eggborough's creditor banks were given a share option agreement valid for exercise until August 31, 2009. The terms of this option were unaffected by EDF's takeover of British Energy in January 2009, and it was exercised in August 2009. Ownership of the Eggborough coal-fired plant was transferred with effect from March 31, 2010.

[12] Significant events related to litigation are described in chapter 14.

[13] *The Document de Référence and a full list of press releases are available from the EDF website: www.edf.com.*

2.2.1.2.1.2 UK electricity distribution networks

EDF group received at the end of July 2010 an irrevocable offer from a consortium consisting of Cheung Kong Infrastructure Holdings Ltd ("CKI"), Hongkong Electric Holdings Ltd ("HEH") and the Li Ka-Shing Foundation ("the Cheung Kong group") to acquire 100% of EDF Energy plc's ownership in its United Kingdom regulated and non-regulated network activities for a total consideration of £5.8 billion (€6.9 billion[14]) including assumed debt.

On this basis, EDF group has granted the Cheung Kong group a period of exclusivity. After consultation with its European Works Council in early September, EDF group will submit the irrevocable offer to its Board for decision. Completion of any transaction pursuant to the irrevocable offer would be subject to customary regulatory approvals and to CKI and HEH shareholder approvals.

The regulated network activity serves London, the South-East and the East of England, covering approximately one quarter of the UK population.

The deregulated network activity concerns development, commissioning and operation of high-voltage electricity networks for owners of large infrastructures.

2.2.1.2.2 Germany

2.2.1.2.2.1 Exchanges of drawing rights between E.ON and EnBW

Following the agreements signed on September 30, 2009 between EDF, EnBW and E.ON, exchanges of drawing rights and electricity generation assets between France and Germany have been effective since January 1, 2010. EnBW acquired:

- drawing rights for 800 MW of nuclear energy in Germany from E.ON's nuclear portfolio,

- 50.4% in the Rostock coal-fired plant, i.e. a capacity of 256 MW,

- and a drawing right for 159 MW from E.ON's Buschhaus coal-fired plant in Germany.

These capacities are in addition to the capacities already acquired by EnBW from E.ON in May 2009 in the Lippendorf and Bexbach plants (446 MW and 79 MW respectively). EnBW thus has a total 1,740 MW in additional generation capacities in Germany.

In return, E.ON acquired drawing rights to 800 MW of nuclear power in France based on EnBW's former drawing rights from EDF's nuclear power output.

EDF and Charbonnages de France also signed an agreement in December 2009 to sell E.ON their holdings in SNET (18.75% and 16.25% respectively).

2.2.1.2.2.2 Sale of GESO by EnBW

On March 31, 2010 EnBW sold its subsidiary GESO (a holding company with shares in several regional and municipal energy operators in the Saxony region) to TWD (Technischen Werke Dresden), a company fully-owned by the city of Dresden, for an amount of slightly more than €800 million. This disposal meets a requirement stipulated by the German anti-cartel authorities when EnBW acquired a holding in EWE in 2009.

2.2.1.2.3 Benelux

2.2.1.2.3.1 Purchase of the shares of exiting shareholders of SPE

With the purchase of 12.5% of the shares in SPE for the price of €215 million in June 2010, EDF increased its holding in the Belgian energy operator to 63.5%. The purchase took place after three shareholders exercised all or part of the put option granted to them by the shareholder agreement applicable when EDF acquired control of SPE.

2.2.1.2.3.2 Start-up of Sloe in the Netherlands

On February 12, 2010 the EDF group and Delta inaugurated the Sloe GCC power plant (870 MW) which has an output equivalent to the electricity consumption of about 2 million households.

---

[14] *Based on exchange rate of 1.1926 € / £.*

EDF, which owns 50% of the power at this plant, will sell its share of the electricity produced on the wholesale market through its subsidiary EDF Trading. The Sloe plant also enables EDF to diversify its energy mix in the Benelux countries by supplementing the Group's generating facilities in the region, particularly in Belgium, through its EDF Belgium subsidiary (which holds 50% of the drawing rights to the Tihange 1 nuclear power plant) and its majority interest in SPE (with a diversified fleet generating a total 1,969 MW).

2.2.1.2.4 Italy – Fenice / Inter Rao agreement

On March 2, 2010, Fenice, a supplier of energy and environmental services fully-owned by the EDF group and the Russian electricity company Inter Rao signed an agreement to form a joint venture for energy efficiency projects. This agreement is part of the more general November 2009 framework agreement between EDF and Inter Rao.

2.2.1.2.5 Developments in the natural gas business

2.2.1.2.5.1 Dunkerque methane terminal

On March 8, 2010 EDF and Total announced the signature of a letter of intent whereby Total will reserve regasification capacity in the planned Dunkerque methane terminal being developed by Dunkerque LNG, a wholly-owned EDF subsidiary. Total will also acquire an interest in the company. The agreement is part of EDF's global search for partners interested in reserving regasification capacity in the terminal.

EDF announced on June 24 that the decision to invest in a methane terminal at Dunkerque had been postponed. The company is working actively with partners in preparation for a future decision on the project.

2.2.1.2.5.2 South Stream gas pipeline

EDF, ENI and Gazprom signed a memorandum of understanding on June 19, 2010 in St. Petersburg concerning EDF's investment in South Stream AG, the company formed to construct a gas pipeline under the Black Sea. The Memorandum stipulates that EDF will join the project through a reduction in ENI's stake in South Stream. EDF's share will be of at least 10%.

2.2.1.3 Reinforcing renewable energies and environmentally-friendly technologies

2.2.1.3.1 Commissioning of the Nam Theun 2 hydroelectric plant in Laos

The commissioning of the Nam Theun 2 hydroelectric plant with total capacity of 1,070 MW in early May 2010 marked the completion of construction of this major project by the EDF group in South Asia. EDF will participate in operation of the facility through a concession arrangement signed with the Government of Laos for a period of 25 years, after which the government will become the owner of the plant. The project also includes ambitious environmental and social programmes defined and implemented jointly with the government of Laos, local populations and the World Bank.

2.2.1.3.2 EDF Energies Nouvelles brings 233 MW of wind and solar power generation facilities online

In the field of windpower, EDF Energies Nouvelles increased its wind generation capacity by 156.1 MW during the first half of 2010, mainly through commissioning the final tranche at La Ventosa in Mexico (67.5 MW in total) and Monte Grighine in Italy (98.9 MW in total), together with several windfarms in the UK, Greece, France and Turkey. EDF Energies Nouvelles also continued development in photovoltaic solar power, commissioning 61 MWp during the half-year, primarily in France, Spain and Italy.

2.2.2 Business in France

2.2.2.1 Nuclear generation

Nuclear generation produced 202.9 TWh in the first half of 2010, compared to 203.7 TWh for the first half of 2009. Factors reducing output were: a larger number of scheduled shutdowns, extension of the Bugey 3 shutdown, a higher volume of unscheduled outages, and longer outages caused by industrial action in 2009. Factors increasing output comprised: a lower number of extensions to scheduled shutdowns and unscheduled outages (apart from exceptional incidents), lack of significant industrial action, more favorable environmental conditions and lower modulation than in first-half 2009. This made it possible to limit the decline over the period to 0.8 TWh.

2.2.2.2 Flamanville 3

Significant progress has been made on the Flamanville EPR project. Key milestones have been reached, including completion of the discharge tunnel, resolution of difficulties with the reinforcement and the liner, start-up of electromechanical facilities on the nuclear island, and good progress in the machine room. The target date for production of the first commercially viable power output is now set at 2014, with construction costs reestimated at some €5 billion.

2.2.2.3 EDF/Areva agreement

In application of the agreement of December 19, 2008 setting forth the principles governing back-end cycle contracts for the post-2007 period, EDF and Areva signed two contracts on July 12, 2010 entitled the "EDF-Areva NC Processing-Recycling agreement" and the "Protocol for recovery and conditioning of EDF waste, the final shutdown and decommissioning of the Areva NC plant at La Hague, and operations at Saint Laurent A". The Processing-Recycling agreement lays down the contractual terms for the period 2008-2012 and the principles governing prices and investments for subsequent periods.

The effects of these agreements were recognized at June 30, 2010. As they had already been anticipated based on the previous agreements, they have no material impact on the Group's consolidated financial statements

2.2.2.4 Exeltium

On March 25, 2010, EDF signed two amendments to the 2008 agreement with Exeltium. These agreements cover volumes of some 311 TWh and electricity supplies for the first tranche of the EDF-Exeltium agreement (for approximately 150 TWh) began on May 1, 2010. In compliance with the agreement, Exeltium settled its first advance of €1.7 billion in late April. Deliveries for the second tranche of the agreement are scheduled to start on February 1, 2011.

2.2.3 Regulatory environment

2.2.3.1 France

2.2.3.1.1 Proposed law on the New organization of the electricity market

The proposed French law on the New organization of the electricity market was presented to the Council of Ministers on April 14, 2010 and adopted by the parliament in a first reading on June 15, 2010. The law is due to be examined by the Senate during a public session in late September.

The basic principles of the proposed law, intended to encourage development of competition on the electricity market in France, concern the following:

- development of competition by allowing other suppliers temporary access (for no more than 100 TWh) to EDF's baseload nuclear energy output until 2025. This applies the principle of regulated access to historical nuclear energy (ARENH - *Accès Régulé à l'Electricité Nucléaire Historique*), for which the initial price will be set in line with the TaRTAM transition tariff;

- control of peakload consumption ultimately requiring all suppliers to have the flexibility to renegotiate deliveries or guarantee sufficient production to supply all their customers;

- continuation of the "blue" tariff for residential and small business customers; the calculation method will be modified from 2015 in accordance with the principle of "regulated access to historical nuclear energy";

- discontinuation of the "yellow" and "green" tariffs for business customers in 2015;

- deferral by 5 years, to 2016, of the deadline for establishment of dedicated assets[15].

---

[15] *Assets built up in compliance with the Law of June 28, 2006 to cover long-term nuclear commitments.*

2.2.3.1.2 Prolongation of the TaRTAM transition tariff system

The French Law of June 7, 2010 pushed back the date for the end of the TaRTAM transition tariff system from June 30 to December 31, 2010, and set forth the conditions in which customers wishing to benefit from this prolongation could do so. Consumers will not be able to leave the transition tariff before the December 31, 2010 deadline or change the tariff parameters during the same period unless there are favorable sustainable changes in activity at a site. The impact of application of this Law on the half-year financial statements at June 30, 2010 is a net increase of €265 million to provisions.

2.2.3.1.3 Hydropower concessions

On April 22, 2010 the French Ministry of Ecology, Energy, Sustainable Development and the Sea announced the scope and timetable for renewal of hydropower concessions. The measures concern ten concessions with a combined power of 5,300 MW, representing approximately 20% of the French hydropower fleet's power.

The concessions operated by EDF that are up for renewal represent concessionary power of some 4,300 MW and average annual generation output of 6.8 TWh or 15% of EDF's total hydropower output.

The State has decided to renew half of these concessions early (2,150 MW out of the total 4,300 MW). In application of the terms of the concession arrangements, an indemnity is payable to compensate the outgoing operator for a shortfall in income in the event of early termination of the concession.

Depending on the concessions, calls for tender should be spread over the period 2010 to 2013, for contracts to be awarded between 2013 and 2015.

2.2.3.2 Germany

The economic plan presented by the German federal government in June 2010 proposed introduction of a tax on nuclear fuel in Germany. This new tax could amount to €2.3 billion per year, probably beginning in 2011, and EnBW's liability could reach 20% of this total. Neither the details of this tax, which will have to be enacted in law, nor the terms for extending operation of the nuclear power plants as planned in the coalition government agreement of late 2009, have been defined as yet.

2.2.4 Governance

2.2.4.1 COMEX

On February 4, 2010 the EDF group formed a new management team headed by Henri Proglio. The members of the Group's Executive Committee (COMEX) since that date are : Henri Proglio, Chairman and Chief Executive Officer, Daniel Camus, Group Executive Vice President in charge of International Activities and Strategy, Pierre Lederer, Group Executive Vice President in charge of Customers, Optimisation and Trading, Hervé Machenaud, Group Executive Vice President in charge of Generation and Engineering, Jean-Louis Mathias, Group Executive Vice President in charge of the coordination of the French Activities and Human Resources, Thomas Piquemal, Group Executive Vice President in charge of Finance, Bernard Sananes, Group Executive Vice President in charge of Communication and Public and European Affairs, Alain Tchernonog, General Secretary. Denis Lépée is Secretary to the Executive Committee.

2.2.4.2 General Management

The Chairman and Chief Executive Officer Henri Proglio formed the EDF group's Management Committee on April 8, 2010. The members include the members of the COMEX plus: Michèle Bellon, Chair of ERDF's Management Board, Marianne Laigneau, Deputy Group Executive Vice President in charge of the coordination of the French Activities and Human Resources, Bruno Lescoeur, Deputy Group Executive Vice President in charge of International Activities and Strategy, Anne Le Lorier, Senior Executive Vice President Corporate Risk Management and Corporate Audit, Umberto Quadrino, Chief Executive Officer of Edison, Vincent De Rivaz, Chief Executive Officer of EDF Energy, Hans-Peter Villis, Chairman of the Management Board of EnBW, Gérard Wolf, Deputy Group Executive Vice President in charge of International Activities and Strategy. Denis

Lépée is Secretary to the Management Committee and Alain Tchernonog will chair the committee in the absence of the Chairman and CEO.

2.2.5 Human resources

2.2.5.1 Support measures for the reform of the special electricity and gas sector pension system in France

The main support measures for the electricity and gas sector pension reform contained in the agreement signed on January 29, 2008 came into application during 2009. For certain other measures negotiations were completed during the first half of 2010.

Negotiations concerning the way the system will take into consideration the specificities of different businesses resulted in signature of a sector-specific agreement. The new arrangements for attribution of “active work” (i.e. non-sedentary) classification are designed to reward the physical arduousness specific to work in the electricity and gas sector (an amendment to the regulations will be required before this agreement can be implemented). Employees hired on or after January 1, 2009 to a post in the “active work” category are attributed paid leave entitlements each year in proportion to the rate of “active work” in their job, entitling them to take time off after they qualify for retirement.

2.2.5.2 “EDF SA 2010 individual pay measures” agreement

The “EDF SA 2010 individual pay measures” agreement signed on February 18, 2010 complements the sector’s general measures agreed in November 2009. The overall average increase including all general and individual pay measures is 4.4% and relates to promotions and mobility.

2.2.6 Group financing

2.2.6.1 Bond issues of $2.25 billion

In January 2010, EDF issued $2.25 billion of bonds on the US market governed by Rule 144A of the US Securities and Exchange Commission (SEC): a $1.4 billion tranche at the fixed rate of 4.6% maturing in 10 years, and a $0.85 billion tranche at the fixed rate of 5.6% maturing in 30 years.

2.2.6.2 Bond issue on the Swiss market

On March 29, 2010 EDF issued a CHF 400 million bond at the fixed rate of 2.25% maturing in 7.5 years.

2.2.6.3 20-year €1.5 billion bond issue

On April 27, 2010 EDF issued a Euro-denominated bond maturing in 2030, with annual coupon of 4.625% (fixed rate). The order book amounted to €4.2 billion.

These operations contribute to the financing of the Group’s investment strategy, and are part of its policy of lengthening the maturity of debt.

2.2.6.4 Other bond issues in the Group

2.2.6.4.1 Edison

On March 10, 2010, Edison issued a €500 million bond maturing in 5 years, at the fixed rate of 3.25% per year.

2.2.6.4.2 RTE

RTE issued a €750 million bond on June 28, 2010, with 12-year maturity and a coupon of 3.875%.

2.2.7 Scope of consolidation

The main changes in the scope of consolidation are presented in note 5 to the condensed consolidated half-year financial statements at June 30, 2010.

3 Introduction to analysis of results for the first half-year of 2010

Pursuant to European regulation 1606/2002 of July 19, 2002 on the adoption of international accounting standards, the EDF group's condensed consolidated financial statements at June 30, 2010 are prepared using the presentation, recognition and measurement rules prescribed by the international accounting standards published by the IASB and approved by the European Union for application at June 30, 2010. These international standards are IAS (International Accounting Standards), IFRS (International Financial Reporting Standards), and interpretations issued by the SIC and IFRIC.

The accounting and valuation methods applied by the Group are presented in note 1 to the consolidated half-year financial statements at June 30, 2010.

4 Segment reporting of financial information

Segment information for the EDF group is reported in note 6 to the condensed consolidated financial statements at June 30, 2010.

5 Analysis of the consolidated income statements for the first half-years of 2010 and 2009

In millions of euros	H1 2010	H1 2009
Sales	**37,513**	**34,827**
Fuel and energy purchases	(15,743)	(13,995)
Other external expenses	(5,170)	(5,138)
Personnel expenses	(6,082)	(5,758)
Taxes other than income taxes	(1,708)	(1,650)
Other operating income and expenses	1,828	1,650
Prolongation of the TaRTAM – Law of June 7, 2010	(265)	
Operating profit before depreciation and amortization (EBITDA)	**10,373**	**9,936**
Net changes in fair value on Energy and Commodity derivatives, excluding trading activities	58	309
Net depreciation and amortization	(3,824)	(3,478)
Net increases in provisions for renewal of property, plant and equipment operated under concessions	(251)	(296)
(Impairment)/Reversals	(7)	(17)
Other income and expenses	(1,060)	330
Operating profit (EBIT)	**5,289**	**6,784**
Financial result	**(2,369)**	**(2,202)**
Income before taxes of consolidated companies	**2,920**	**4,582**
Income taxes	(1,241)	(1,523)
Share in income of associates	147	138
Net income	**1,826**	**3,197**
Net income attributable to non-controlling interests	167	74
EDF net income	**1,659**	**3,123**
Net earnings per share (in Euros)	*0.90*	1.71
Diluted earnings per share (in Euros)	0.90	1.71

The Group’s net income excluding non-recurring items net of tax amounted to €2,977 million for the first half of 2010 (€2,932 million for the first half of 2009).

5.1 Sales

Consolidated sales up by 7.7% (organic growth of 2.1 %)

In millions of euros	H1 2010	H1 2009	Variation	Variation (%)	Organic growth (%)
France	**18,915**	**18,323**	**592**	**3.2**	**3.2**
United Kingdom	5,640	5,851	(211)	(3.6)	(5.5)
Germany	4,111	3,764	347	9.2	10.1
Italy	2,753	2,524	229	9.1	8.8
Other International	3,457	1,557	1,900	122.0	(0.8)
Other Activities	2,637	2,808	(171)	(6.1)	(4.2)
Total excluding France	**18,598**	**16,504**	**2,094**	**12.7**	**0.9**
Group sales	**37,513**	**34,827**	**2,686**	**7.7**	**2.1**

The **EDF group's consolidated sales** totaled €37,513 million for first-half 2010, a rise of 7.7% compared to first-half 2009.

The effects of changes in the scope of consolidation totaled €1,574 million (+4.5%); they mainly related to the acquisition of SPE and CENG, and to a smaller degree the change in consolidation method for ESTAG[16]. Sales growth also incorporates positive foreign exchange effects of €362 million or +1%, essentially attributable to the rise of the currencies of the UK, Poland, Hungary and Brazil against the Euro. Excluding these effects, organic growth[17] stood at +2.1%.

Sales outside France for the first half of 2010 represented 49.6% of total consolidated sales compared to 47.4% in first-half 2009.

In **France**, first-half sales amounted to €18,915 million, reflecting organic growth of 3.2% compared to first-half 2009 thanks to an increase in electricity sales, whereas natural gas and services activities decreased slightly.

Electricity activities in France benefited from the higher volumes sold and favorable price effects (chiefly associated with the tariff increase of August 15, 2009).

Sales **outside France** (the United Kingdom, Germany, Italy, Other International and Other Activities segments) registered a 12.7% increase corresponding to organic growth of 0.9%.

In the United Kingdom, sales declined (organic variation of -5.5%) due to unfavorable price effects and a slight downturn in nuclear generation levels against first-half 2009 (-2.5 TWh).

In Germany, the +10.1% organic growth principally results from consolidation of new generation capacities, while in Italy (+8.8% organic growth) volumes rose in the Electricity and Hydrocarbons segments.

In terms of organic growth, sales by the Other International segment were practically stable (-0,8%).

The lower level of sales by the Other Activities segment (organic variation of -4,2%) mainly reflects sales by EDF Trading, partly offset by higher sales revenues at EDF Energies Nouvelles.

16 From the equity method to proportional consolidation in July 2009.

17 The organic growth or decline is the change in Group business that does not incorporate the positive or negative effects of changes in the scope of consolidation (acquisitions or disposals of subsidiaries), or in exchange rates or accounting methods.

5.2 EBITDA

Consolidated EBITDA up by 4.4%, with organic growth of 1.1% (3.8% organic growth before prolongation of the TaRTAM transition tariff – Law of June 7, 2010)

In millions of euros	H1 2010	H1 2009	Variation	Variation (%)	Organic growth (%)
Sales	37,513	34,827	2,686	7.7	2.1
EBITDA	10,373	9,936	437	4.4	1.1

Consolidated EBITDA for the first half-year of 2010 amounted to €10,373 million, up by 4.4% from first-half 2009 (organic growth of 1.1%). This includes a net €265 million increase to provisions in view of the prolongation of the TaRTAM transition tariff system to December 31, 2010 (Law of June 7, 2010). Without the impact of this law, organic growth would be 3.8%. The effects of changes in the scope of consolidation amounted to €216 million (2.2%), mostly associated with the acquisitions of SPE in Belgium and CENG in the US during 2009. Foreign exchange effects amounted to €93 million (+0.9%) resulting from rises in the UK, Hungarian, Polish and Brazilian currencies against the Euro.

In millions of euros	H1 2010	H1 2009	Variation	Variation (%)	Organic growth (%)
France	**6,031**	**5,957**	**74**	**1.2**	**1.0**
United Kingdom	1,601	1,589	12	0.8	(2.1)
Germany	816	620	196	31.6	29.5
Italy	365	393	(28)	(7.1)	(7.4)
Other International	602	295	307	104.1	19.0
Other Activities	958	1,082	(124)	(11.5)	(11.3)
Total excluding France	**4,342**	**3,979**	**363**	9.1	**1.4**
Group EBITDA	**10,373**	**9,936**	**437**	**4.4**	**1.1**

In **France**, **EBITDA** was up by 1.2% compared to first-half 2009, registering organic growth of +1% (excluding reclassification of the research tax credit). Excluding the impact of prolongation of the TaRTAM transition tariff system to December 31, 2010, although nuclear generation levels were lower, EBITDA showed organic growth of 5.4% thanks to network performances.

France contributed 58.1% of consolidated EBITDA for the first half of 2010 (59.9% in first-half 2009).

Outside France, EBITDA progressed by 9.1%, including the effect in first-half 2010 of consolidation of SPE and CENG late in the second half of 2009. Organic growth stood at +1.4%. Other Activities (EDF Trading), and to a lesser extent Italy and the United Kingdom, registered an organic decline, but EBITDA rose in Germany, central and eastern Europe, Belgium and the Netherlands.

The Group's **EBITDA/sales ratio** for the first half-year stood at 27.7% in 2010 compared to 28.5% in 2009. The decrease was noticeable in the Other Activities segment (36.3% in 2010 against 38.5% in 2009), mainly relating to EDF Trading and Italy (13.3% in 2010 against 15.6% in 2009). The ratio was down slightly in France (31.9% in 2010 against 32.5% in 2009), but rose in the United Kingdom (28.4% in 2010 against 27.2% in 2009) and Germany (19.8% in 2010 against 16.5% in 2009).

5.2.1 Fuel and energy purchases

Fuel and energy purchases amounted to €15,743 million in the first half of 2010, up by €1,748 million compared to first-half 2009 (+12.5%). Organic growth was 3.5%.

In **France**, fuel and energy purchases showed slight organic growth of 0.6%.

Outside France, the 19.8% rise resulted from consolidation of SPE, CENG and the change in consolidation method for ESTAG, with organic growth of 5.3%. This growth was essentially concentrated in Germany where it reflects the expansion in business, and also in Italy which was affected by a rise in gas purchase costs. Conversely, fuel and energy purchases were down in the United Kingdom due to a fall in supply costs on the wholesale electricity and gas markets, and in the Other International segment.

5.2.2 Other external expenses

Other external expenses amounted to €5,170 million, €32 million (+0.6%) higher than in first-half 2009, with negative organic growth of -2.4%.

In **France**, other external expenses decreased by 0.5%. This reflects the decline in damage costs related to storms in 2010 compared to 2009, much of which was absorbed by maintenance-related expenses for the fossil-fired, nuclear and hydropower generation fleets.

Outside France, other external expenses increased by 2% but registered negative organic growth of -4.9%. There was organic growth in the Other Activities segment, largely driven by business growth at EDF Energies Nouvelles. Other external expenses showed negative organic growth in the United Kingdom due to lower maintenance costs, and in Germany.

5.2.3 Personnel expenses

Personnel expenses totaled €6,082 million, €324 million (5.6%) more than in the first half of 2009, corresponding to organic growth of 3.3%.

In **France**, personnel expenses totaled €4,203 million, with organic growth of 0.9% from first-half 2009. This increase mainly results from pay rises, and to a lesser degree changes in workforce numbers and pension expenses, partly offset by the discontinuation of specific measures taken in 2009.

Outside France, the 18.1% rise primarily reflects the consolidation of SPE and CENG in the Other International segment. The organic growth of 9.6% was chiefly located in the UK, where it reflected rising pension charges. Personnel expenses also showed a smaller increase in Germany due to rises in pension expenses, workforce numbers and salaries.

5.2.4 Taxes other than income taxes

Taxes other than income taxes stood at €1,708 million for the first half of 2010, up by €58 million (3.5%) from first-half 2009, corresponding to €43 million in organic growth. The rise was mainly located in France.

5.2.5 Other operating income and expenses

Other operating income and expenses generated net income of €1,828 million in the first half of 2010, €178 million higher than in the same period of 2009 (10.8%, with organic growth of 14%).

In **France**, other operating income and expenses registered negative organic growth of -10.8%, explained by gains on renegotiation of certain contracts in 2009 that had no equivalent in 2010.

Outside France, other operating income and expenses improved by €325 million (organic variation of €395 million). In the United Kingdom, they benefited from the sale of the Eggborough plant and fair value measurement of British Energy's electricity sale contracts. In Germany, they reflect the gain on disposal of GESO (€74 million) and an indemnity received for termination of a contract by the Austrian operator Tiwag (€37 million). Elsewhere, the rise in the Other Activities segment mainly reflects a gain on disposal by Dalkia in the Czech Republic (sale of Usti).

5.2.6 Prolongation of the TaRTAM transition tariff system – Law of June 7, 2010

In **France**, the first half of 2010 includes a net increase of €265 million to provisions following prolongation of the TaRTAM transition tariff system (Law of June 7, 2010).

5.3 EBIT

22% decrease in EBIT

In millions of euros	H1 2010	H1 2009	Variation	Variation (%)
EBITDA	**10,373**	**9,936**	**437**	**4.4**
Net changes in fair value on Energy and Commodity derivatives, excluding trading activities	58	309	(251)	(81.2)
Net depreciation and amortization	(3,824)	(3,478)	(346)	9.9
Net increases in provisions for renewal of property, plant and equipment operated under concessions	(251)	(296)	45	(15.2)
(Impairment)/reversals	(7)	(17)	10	(58.8)
Other income and expenses	(1,060)	330	(1,390)	n.s.
Operating profit (EBIT)	5,289	**6,784**	**(1,495)**	**(22.0)**

EBIT totaled €5,289 million for the first half of 2010, down by 22% from first-half 2009.

Excluding a provision related to Group activities in the US (see section 6.5.3) and the impact of prolongation of the TaRTAM transition tariff system (see section 5.2.6), EBIT was 2.5% lower than in first-half 2009.

5.3.1. Net changes in fair value on Energy and Commodity derivatives, excluding trading activities

The net changes in fair value on Energy and Commodity derivatives, excluding trading activities, decreased from €309 million in the first half of 2009 to €58 million in the first half of 2010. Negative changes were mainly located in the United Kingdom and the Other Activities segment, and were partly offset by positive changes in the Other International segment.

5.3.2. Net depreciation and amortization

The €346 million increase in **net depreciation and amortization** is principally attributable to consolidation of SPE and CENG from late 2009, and higher depreciation and amortization in France.

5.3.3. Net increases in provisions for renewal of property, plant and equipment operated under concessions

The decrease of €45 million in net increases in provisions for renewal of property, plant and equipment operated under concessions between the first half of 2009 and the first half of 2010 is attributable to ERDF (the basis for valuation of assets renewable during the concession was reduced).

5.3.4. Other income and expenses

Other income and expenses were €1,390 million lower than in first-half 2009.

In the first half of 2009, they mainly included the gain on transfer of Emosson dam drawing rights to Alpiq.

In the first half of 2010, it includes a provision of €1,060 million related to Group activities in the US (see section 6.5.3).

5.4 Financial result

In millions of euros	H1 2010	H1 2009	Variation	Variation (%)
Cost of gross financial indebtedness	(1,379)	(1,271)	(108)	8.5
Discount expense	(1,690)	(1,592)	(98)	6.2
Other financial income and expenses	700	661	39	5.9
Financial result	**(2,369)**	**(2,202)**	**(167)**	**7.6**

The **financial result** for first-half 2010 is a financial expense of €2,369 million, up by €167 million from first-half 2009 as a result of:
- a €108 million rise in interest expenses associated with the rise in the average gross indebtedness;
- a €98 million increase in discount expenses, essentially in the United Kingdom (pension funds) and to a lesser degree, the impact of consolidation of CENG in 2009;
- a favorable €39 million change in other financial income and expenses.

5.5 Income taxes

Income taxes amounted to €1,241 million in the first half of 2010, corresponding to an effective tax rate of 42.5% (compared to an expense of €1,523 million corresponding to an effective tax rate of 33.2% for the first half of 2009). They are calculated by applying the forecast effective tax rate for 2010 to the pre-tax income at June 30, 2010.

The increase in the effective tax rate observed in the first half of 2010 relates to the provision associated with Group activities in the US. Excluding this factor, the effective tax rate for first-half 2010 is 31.2%.

5.6 Share in income of associates

The Group's share in income of associates was a positive €147 million at June 30, 2010, compared to €138 million at June 30, 2009. The difference reflects the favorable impact of the start of commercial operations by the Nam Theun Power Company dam in Laos during the first half of 2010.

5.7 Net income attributable to non-controlling interests

Net income attributable to non-controlling interests amounted to €167 million at June 30, 2010, €93 million more than at June 30, 2009. This increase mainly results from consolidation of SPE (€53 million), Centrica's acquisition of 20% of Lake Acquisitions Limited, and the higher net income at Dalkia.

5.8 EDF net income

EDF net income was €1,659 million at June 30, 2010, down by 46.9% compared to first-half 2009 (€3,123 million).

5.9 Net income excluding non-recurring items

The Group's **net income excluding non-recurring items**[18] stood at €2,977 million for first-half 2010, €45 million (+1.5%) higher than at June 30, 2009.

5.10 Net indebtedness[19]

Net indebtedness stood at €44.1 billion at June 30, 2010 compared to €42.5 billion at December 31, 2009.

The net indebtedness/EBITDA ratio at June 30, 2010[20] is 2.5 (compared to 2.5 at December 31, 2009[21]).

---

[18] Group net after-tax income excluding non-recurring items.Non-recurring items net of tax in first-half 2010 (-€1,318 million): -€1,060 million for a provision related to Group activities in the US (see section 6.5.3), -€258 million for the TaRTAM provision and various risks and impairments.
Non-recurring items net of tax in first-half 2009: €191 million: €209 million for the Emosson transfers for the formation of Alpiq and €18 million of provisions for impairment of available-for-sale assets at EnBW.

[19] Net indebtedness comprises total loans and financial liabilities, less cash and cash equivalents and liquid assets. Liquid assets are financial assets comprising funds and 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.

[20] This ratio at June 30, 2010 is calculated based on cumulative EBITDA for the second half of 2009 and the first half of 2010.

[21] Adjusted for the impact of application of IFRIC 18.

6 Breakdown of EBIT by geographical area

The EDF group's segment reporting principles are presented in note 6 to the condensed consolidated half-year financial statements at June 30, 2010.

The breakdown of EBIT by geographical segment is as follows:

In millions of euros **H1 2010**	**France**	**United Kingdom**	**Germany**	**Italy**	**Other International**	**Other Activities**	**Group**
SALES	**18,915**	**5,640**	**4,111**	**2,753**	**3,457**	**2,637**	**37,513**
Fuel and energy purchases	(5,367)	(2,982)	(2,608)	(2,108)	(2,154)	(524)	(15,743)
Other external expenses	(2,861)	(647)	(432)	(205)	(319)	(706)	(5,170)
Personnel expenses	(4,203)	(667)	(375)	(105)	(248)	(484)	(6,082)
Taxes other than income taxes	(1,564)	(42)	(6)	(4)	(45)	(47)	(1,708)
Other operating income and expenses	1,376	299	126	34	(89)	82	1,828
Prolongation of the TaRTAM – Law of June 7, 2010	(265)						(265)
OPERATING PROFIT BEFORE DEPRECIATION AND AMORTIZATION (EBITDA)	**6,031**	**1,601**	**816**	365	**602**	**958**	**10,373**
Net changes in fair value on Energy and Commodity derivatives, excluding trading activities	(20)	(23)	(3)	15	119	(30)	58
Net depreciation and amortization	(2,088)	(776)	(203)	(231)	(294)	(232)	(3,824)
Net increases in provisions for renewal of property, plant and equipment operated under concessions	(251)	0	0	0	0	0	(251)
(Impairment)/Reversals	0	0	(6)	(2)	0	1	(7)
Other income and expenses	0	0	0	0	(1,060)	0	(1,060)
OPERATING PROFIT (EBIT)	**3,672**	**802**	**604**	**147**	**(633)**	**697**	**5,289**

In millions of euros **H1 2009**	**France**	**United Kingdom**	**Germany**	**Italy**	**Other International**	**Other Activities**	**Group**
SALES	**18,323**	**5,851**	**3,764**	**2,524**	**1,557**	**2,808**	**34,827**
Fuel and energy purchases	(5,334)	(3,024)	(2,302)	(1,843)	(935)	(557)	(13,995)
Other external expenses	(2,875)	(753)	(499)	(209)	(167)	(635)	(5,138)
Personnel expenses	(4,167)	(534)	(360)	(99)	(103)	(495)	(5,758)
Taxes other than income taxes	(1,513)	(40)	(6)	(3)	(42)	(46)	(1,650)
Other operating income and expenses	1,523	89	23	23	(15)	7	1,650
OPERATING PROFIT BEFORE DEPRECIATION AND AMORTIZATION (EBITDA)	**5,957**	**1,589**	**620**	**393**	**295**	**1,082**	**9,936**
Net changes in fair value on Energy and Commodity derivatives, excluding trading activities	6	115	34	1	0	153	309
Net depreciation and amortization	(1,993)	(772)	(185)	(237)	(103)	(188)	(3,478)
Net increases in provisions for renewal of property, plant and equipment operated under concessions	(296)	0	0	0	0	0	(296)
(Impairment)/Reversals	0	0	(5)	(10)	(1)	(1)	(17)
Other income and expenses	330	0	0	0	0	0	330
OPERATING PROFIT (EBIT)	**4,004**	**932**	**464**	**147**	**191**	**1,046**	**6,784**

6.1 France

In millions of euros	H1 2010	H1 2009	Variation	Variation (%)	Organic growth (%)
Sales	18,915	18,323	592	3.2	3.2
EBITDA	6,031	5,957	74	1.2	1.0
EBIT	3,672	4,004	(332)	(8.3)	

6.1.1 Breakdown of financial information for the "France" segment

The following breakdown is used in presenting France's contribution to Group sales and EBITDA:

- **"Deregulated activities"** covering Generation, Supply and Optimization in mainland France, and sales of engineering and consulting services.

- **"Network activities in mainland France"** (Transmission and Distribution), which are regulated via the network access tariff TURPE (*Tarifs d'Utilisation des Réseaux Publics d'Electricité*). Sales for the regulated activities include the delivery cost included in integrated tariffs.

- **"Island activities"**, which covers EDF's Generation and Distribution activities in the island energy systems (SEI – *Systèmes Energétiques Insulaires*).

6.1.2 Market opening

At June 30, 2010, EDF's share of the electricity market for all final customers was 84% (85.7% at June 30, 2009).

6.1.3 The supply-demand balance

The volume of power produced by nuclear generation in the first half of 2010 was 202.9 TWh, against 203.7 TWh in the first half of 2009. Although the estimated 7.6 TWh production loss caused by industrial action in 2009 had no equivalent this year, 2010 levels were affected by higher unavailability as explained in section 2.2.2.1.

Hydropower generation reached 21.7 TWh, slightly less than in the first half of 2009 (-0.3 TWh).

Fossil-fired generation produced 9.2 TWh, 0.3 TWh more than in the first half of 2009.

Sales volumes to final customers, including local distribution firms, were down by 0.4 TWh. Losses of customers, particularly at the high end of the portfolio[22] and in the residential segment, were not fully offset by the rise in demand caused by colder weather (+4.8 TWh), the ongoing steady growth in demand from residential customers, and the slight recovery in demand from very large industrial customers.

The net volumes sold on the wholesale markets (including through VPP[23] auctions) registered a downturn (-5.6 TWh) from first-half 2009. Excluding VPP auctions, EDF was a net purchaser of 9.1 TWh in the first half of 2010. At 19.2 TWh, VPP auctions were stable compared to first-half 2009.

6.1.4 Sales

France contributed €18,915 million to Group sales, 3.2% more than for first-half 2009, including 3.3 percentage points for electricity sales and -0.1 percentage points attributable primarily to natural gas and services.

The rise in electricity sales reflects both price effects (1.2 points) and volume effects (2.1 points including delivery in addition to generation). The positive price effect principally results from the tariff increases of August 15, 2009, which outweighed the negative price effect on forward wholesale markets more than 1 year ahead (auctions for which prices were contractualized in 2009).

[22] Very large business and industrial customers.
[23] Virtual Power Plant capacity auctions.

6.1.5 EBITDA

France's contribution to Group EBITDA was €6,031 million, up by 1.2% compared to first-half 2009 (€5,957 million).

EBITDA includes the effect of the lower nuclear power output, gains in 2009 on renegotiation of certain long-term contracts without any equivalent in 2010, and the €265 million net increase to the provision to cover costs of compensating competitors under the TaRTAM transition tariff system, which has been extended to the second half of 2010 (Law of June 7, 2010).

Before the cost of prolongation of the TaRTAM system, EBITDA registered organic growth of 5.4%.

6.1.5.1 Fuel and energy purchases

Fuel and energy purchases in France amounted to €5,367 million in the first half of 2010, stable compared to the same period of 2009.

6.1.5.2 Other external expenses and personnel expenses

Other external expenses amounted to €2,861 million, down by 0.5% from first-half 2009 when this item included the cost of damage related to storms.

Other factors in the change were expenses caused by the greater number of shutdowns in the fossil-fired fleet and nuclear fleet in first-half 2010 (including shutdowns deferred or extended from 2009), a step-up in the pace of hydropower fleet maintenance, and development of new operations.

Personnel expenses totaled €4,203 million, up by 0.9% from first-half 2009 which was affected by specific factors (free share distribution plan, supplementary profit share bonus and the cost of damage related to storms). Although these were not repeated in 2010, the following factors contributed to higher personnel expenses: pay rises, and to a lesser extent increases in workforce numbers and the effect of applying a lower discount rate to long-term pension obligations.

6.1.5.3 Taxes other than income taxes

These taxes (including the local economic contribution, property taxes and taxes specific to the electricity industry) rose by 3.4% (€51 million).

6.1.5.4 Other operating income and expenses

Other operating income and expenses generated net income of €1,376 million, €147 million lower than in first-half 2009. This decline is mainly explained by the non-recurring effect of gains recorded in 2009 on renegotiation of certain long-term contracts.

6.1.5.5 Prolongation of the TaRTAM transition tariff – Law of June 7, 2010

A net increase of €265 million to provisions was booked to cover costs associated with prolongation of the TaRTAM transition tariff system to the second half of 2010 (Law of June 7, 2010).

6.1.6 Breakdown of financial information for the "France" segment between deregulated activities, network activities and island activities

The following table shows the variations in sales and EBITDA in France for the deregulated activities, network activities and island activities respectively between the first half-years of 2009 and 2010.

In millions of euros	H1 2010	H1 2009	Variation	Variation (%)	Organic growth (%)
Sales	18,915	18,323	592	3.2	3.2
Deregulated activities	12,152	12,082	70	0.6	0.6
Network activities	6,858	6,445	413	6.4	6.4
Island activities	409	362	47	13.0	13.0
Eliminations	(504)	(566)	62	(11.0)	(11.0)
EBITDA	6,031	5,957	74	1.2	1.0
Deregulated activities	3,721	4,189	(468)	(11.2)	(11.6)
Network activities	2,215	1,662	553	33.3	33.2
Island activities	95	106	(11)	(10.4)	(10.4)

The 0.6% increase in **sales by the deregulated activities** is primarily attributable to the favorable impact of the 2009 tariff rise and the colder weather of first-half 2010 compared to first-half 2009, partly counterbalanced by lower net sales on the wholesale markets.

Sales by the network activities were up by €413 million, reflecting the network tariff increases of August 2009, additional income due to volume increases (caused by weather conditions and other factors), and higher income from interconnections.

EBITDA for the deregulated activities was down by 11.2% (4.8% excluding the prolongation of the TaRTAM transition tariff system). This decrease comprises the effect of the lower nuclear power output, the non-recurring effect in 2009 of gains on certain long-term contracts, and the additional provision for prolongation of the TaRTAM transition tariff system to the second half of 2010.

EBITDA for the network activities rose by 33.3%, due to higher sales revenues in first-half 2010 and the impact of the cost of damage related to storms, which was €130 million higher in first-half 2009 than first-half 2010.

EBITDA for the island activities was stable.

6.1.7 EBIT

France's contribution to consolidated EBIT stood at €3,672 million, €332 million lower than in first-half 2009. This decline reflects the gain on transfer of the Emosson dam drawing rights in 2009 (€+320 million) as part of the contribution to Alpiq, which had no equivalent in 2010.

EBIT decreased by 1.7% excluding the effect of prolongation of the TaRTAM transition tariff system.

6.2 United Kingdom

In millions of euros	H1 2010	H1 2009	Variation	Variation (%)	Organic growth (%)
Sales	5,640	5,851	(211)	(3,6)	(5.5)
EBITDA	1,601	1,589	12	0,8	(2.1)
EBIT	802	932	(130)	(13.9)	

Since January 5, 2009 the **United Kingdom** segment has included British Energy's contribution to the consolidated financial statements. **EDF Energy** now comprises four operating divisions, respectively handling Network activities, Generation and Supply activities, British Energy's Existing Nuclear division and development of the Nuclear New Build project in the United Kingdom.

The Existing Nuclear division's operational results for the first half of 2010 showed a decrease in its nuclear power output (24.8 TWh in first-half 2010 compared to 27.3 TWh in first-half 2009).

The Eggborough coal-fired plant belonging to the Existing Nuclear division was sold on March 31, 2010, in accordance with the terms of the acquisition of British Energy.

6.2.1 Sales

Sales in the **United Kingdom** amounted to €5,640 million, down by 3.6% with negative organic growth of -5.5% excluding the foreign exchange effect and the change in scope of consolidation resulting from disposal of the Eggborough plant. This decrease is partly attributable to Supply activities and partly to the Existing Nuclear division:

- sales for the Generation and Supply division were marked by lower contractual sales prices for business customers and the 8.8% cut in tariffs for residential customers in March 2009. Gas activities, in contrast, remained stable overall, as the falling tariff for residential customers (cut by more than 6% in October 2009 and 3.6% on March 26, 2010) was offset by higher volumes.

- sales in the Existing Nuclear activity were down due to the lower generation output and wholesale prices.

Sales in the Network activities were stable compared to first-half 2009.

6.2.2 EBITDA

The **United Kingdom's** contribution to Group EBITDA was €1,601 million for the first half of 2010, up by 0.8% from first-half 2009, corresponding to negative organic growth in EBITDA of -2.1%[24].

Generation and Supply activities registered significantly higher EBITDA, as the decline in sales was more than offset by the fall in fuel and energy purchase prices, and the lower risk on doubtful receivables.

EBITDA for the Existing Nuclear activities was lower than in first-half 2009. It was affected by lower nuclear output (-2.5 TWh) attributable among other factors to an unscheduled shutdown at the Sizewell plant, but benefited from lower supply costs and the impact of disposal of the Eggborough plant.

EBITDA for the Network activities was down slightly in relation to the first half of 2009 due to lower connection income (which did not affect EBIT).

6.2.3 EBIT

The **United Kingdom's** contribution to Group EBIT was €802 million in first-half 2010, a decline of 13.9% resulting mainly from the positive impact in first-half 2009 of net changes in the fair value of Energy and Commodity derivatives, excluding trading activities (€115 million, compared to -€23 million in first-half 2010).

[24] Organic growth of 1.7% taking into consideration the first-half 2009 impact of entries for the finalized allocation of the acquisition price of British Energy.

6.3 Germany

In millions of euros	H1 2010	H1 2009	Variation	Variation (%)	Organic growth (%)
Sales	4 ,111	3,764	347	9.2	10.1
EBITDA	816	620	196	31.6	29.5
EBIT	604	464	140	30.2	

6.3.1 Sales

EnBW's contribution to Group sales for the first half of the year rose by €347 million (9.2%), with organic growth at 10.1%. The increase concerns the electricity business.

The unfavorable €32 million impact of changes in the scope of consolidation resulting from the loss of sales revenues following disposal of GESO on March 31, 2010 was partly counterbalanced by the higher investments in the Lippendorf, Bexbach and Rostock plants.

The 20% rise in electricity sales principally concerned the wholesale markets (+18 TWh) due to development of business on these markets, particularly inclusion of new generation capacities in Germany, although volumes sold to final customers were lower as competition was greater. Price effects remained favorable, particularly on sales to residential customers.

Sales by the gas activities were down, due to unfavorable price effects combined with lower sales volumes on the redistributor segment.

6.3.2 EBITDA

EnBW's contribution to Group EBITDA was up by €196 million or 31.6% over first-half 2009, with organic growth at 29.5%.

The improvement in EBITDA for electricity activities mainly resulted from positive developments in the regulated activities through higher transmission and distribution network access fees due to rises in both prices and quantities transmitted, and lower charges for the cost of losses and renewable energies.

In the gas activities, first-half EBITDA was below its 2009 level because of greater pressure from competition, which affected margins and quantities despite the rise in network access fees.

EBITDA also benefited from the gain on disposal of GESO (€74 million) and an indemnity received for the early termination of a contract by the Austrian operator Tiwag (€37 million).

6.3.3 EBIT

EnBW's contribution to Group EBIT was €604 million, €140 million (+30.2%) higher than in first-half 2009.

This increase reflects the higher EBITDA, partly offset by the unfavorable impact of net changes in the fair value of Energy and Commodity derivatives, excluding trading activities.

6.4 Italy

In millions of euros	H1 2010	H1 2009	Variation	Variation (%)	Organic growth (%)
Sales	2,753	2,524	229	9.1	8.8
EBITDA	365	393	(28)	(7.1)	(7.4)
EBIT	147	147	0	0	

6.4.1 Sales

Italy[25] contributed €2,753 million to consolidated sales, up by 9.1% corresponding to organic growth of 8.8%.

Edison registered a €253 million (+11.2%) rise in sales resulting from higher demand in the electricity business, and also in the hydrocarbon activity, although this has not yet returned to pre-crisis level.

Electricity activities benefited from the positive volume effect of higher sales to final customers and wholesalers. This partly offset a negative price effect caused by falling market prices.

In the hydrocarbon activities, growth in volumes sold on the final markets more than compensated for the unfavorable price effect associated with falling average gas sales prices.

Sales by **Fenice** were down by €24 million (-9.1%, or negative organic growth of -11.7%), primarily due to the transfer of energy supply contracts to Fiat during the second half of 2009 in application of new gas regulations in Italy. This transfer did not have a significant impact on the margin, and is partly offset by a positive development in business volumes.

6.4.2 EBITDA

The **Italy** segment contributed €365 million to the Group's consolidated EBITDA, down by 7.1% from 2009, or 7.4% based on constant scope and exchange rates.

Edison contributed €305 million in first-half 2010 against €352 million in first-half 2009, corresponding to an organic decline of €47 million or -13.4%.

EBITDA for the electricity activities[26] increased due to a rise in volumes sold, although the increase was mitigated by shrinking margins as energy prices fell.

The hydrocarbon activities' contribution[25] to EBITDA was noticeably lower than in first-half 2009. These activities were strongly affected by the fall in margins on gas sales to final customers, which resulted from the combined effect of higher purchase costs and lower sales prices. Growth in exploration-generation activities outside Italy, including +28.9% in gas production[27], partly compensated for this.

Fenice's contribution to consolidated EBITDA amounted to €58 million for the first half of 2010, up by €17 million from 2009, particularly with the growth in energy and environmental services.

6.4.3 EBIT

Italy's contribution to consolidated EBIT was stable at €147 million. Despite the decline in EBITDA, EBIT remained at its first-half 2009 level, as Edison benefited from lower depreciation and amortization expenses due to lower exploration expenses.

25 Edison Group and Fenice.

26 *The impact of gas and foreign exchange hedges associated with electricity sales is reclassified as electricity sales.*

27 Particularly with the effect of operation of the Abu Qir gas field.

6.5 Other International

In millions of euros	H1 2010	H1 2009	Variation	Variation (%)	Organic growth (%)
Sales	3,457	1,557	1,900	122.0	(0.8)
EBITDA	602	295	307	104.1	19.0
EBIT	(633)	191	(824)	n.s.	

The Other International segment principally covers other operations in Europe (Benelux including SPE, owned 63.5% by EDF, and central and western European countries), Asia (China, Vietnam and Laos), the Norte Fluminense fossil-fired plant in Brazil and nuclear activities in the United States with the investment in Constellation Energy Nuclear Group (CENG), owned 49.99% by EDF.

6.5.1 Sales

The Other International segment contributed €3,457 million to Group sales for first-half 2010, up by €1,900 million from first-half 2009. The rise is essentially attributable to changes in the scope of consolidation (€1,777 million) principally concerning SPE, CENG and the change in consolidation method for ESTAG[28]. Favorable foreign exchange effects amounted to €136 million. Without these scope and exchange effects, sales would show an organic decline of 0.8% compared to first-half 2009, located chiefly in Belgium and Brazil.

In central and western Europe, sales were stable before the foreign exchange effect, which was strongly positive in Poland and Hungary.

The 10.8% organic growth in **Poland** mostly resulted from volume growth caused by the cold temperatures of first-half 2010 against a downward trend in electricity sales prices. The lower sales in **Hungary** and **Slovakia** also reflect falling electricity prices.

Business in **other European** countries (Belgium, the Netherlands, Switzerland and Austria) includes the activities of SPE from November 26, 2009 and ESTAG since July 1, 2009. Excluding the effect of changes in the scope of consolidation, the organic variation in this zone was -16.8%, essentially resulting from lower volumes at EDF Belgium.

In the **Asia-Pacific** region, organic growth of +13.6% was underpinned by good performances by Figlec (China) and Meco (Vietnam).

In **Brazil**, there was an organic variation of -14.5% in sales due to a decline in contractual prices which are partly indexed on the US dollar (which fell against the Brazilian real). This decline has only a negligible impact on the margin, due to the terms of the contracts.

6.5.2 EBITDA

EBITDA for the Other International segment, excluding the effects of changes in the scope of consolidation and exchange rates, saw organic growth of 19%.

In the central and western European countries, EBITDA rose by €68 million (+32.5%) despite the unfavorable impact of foreign exchange rates. Excluding foreign exchange effects, organic growth stood at +23%.

Poland achieved 13.4% organic growth in EBITDA thanks to an increase in the volumes of heat and electricity generated.

In **Hungary**, EBITDA showed strong organic growth (+55%), especially at EDF Demasz where sales margins recovered in 2010.

EBITDA in other European countries (Belgium, the Netherlands, Switzerland and Austria) rose by €157 million following consolidation of SPE and commissioning of the Sloe GCC plant in the Netherlands during the second half of 2009. In Belgium, SPE's initial results confirm the path decided by EDF: the half-yearly EBITDA of €113 million reflected improved results in both gas and electricity. At EDF Belgium, the decline in volumes was more than

[28] From the equity method to proportional consolidation in July 2009.

offset by diversification of sourcing, and cost control.

In the **Asia-Pacific** region, EBITDA registered organic growth of €4 million in the first half of 2010 over first-half 2009 EBITDA, corresponding to a 7.4% rise.

Brazil registered negative organic growth of -2.9% in EBITDA due to an increase in maintenance costs associated with seasonal shutdowns of generation facilities.

6.5.3 EBIT

EBIT was down by €824 million compared to the first half of 2009.

The main factor in this decrease is a provision related to Group activities in the US associated with the Group's partnership with Constellation Energy Group.

At June 30, 2010, new information and perspectives were incorporated into our assessment of the risks on investments undertaken as part of this cooperation:

- the market conditions reflected in the short-term and long-term outlook for energy prices in the US are less favorable, and this affects the expected return on existing assets of CENG and the new nuclear assets,

- in light of the new information and prospects, only one project is currently in development at this stage.

As a result of all the new information and perspectives, EDF recognized a provision of €1,060 million and a corresponding expense was recognized under "Other income and expenses".

This provision covers the risks of impairment of the assets of CENG, the investment in Unistar and certain future costs and risks associated with the project, as EDF still intends to continue studies for development of a new reactor on the Calvert Cliffs site.

The value of this provision and its allocation to the corresponding assets and liabilities will be finalized when the allocation of the purchase price for CENG is finalized during preparation of the financial statements at December 31, 2010.

Other factors in the change in EBIT are the rise in EBITDA and the favorable impact of net changes in the fair value of Energy and Commodity derivatives, excluding trading activities, related to SPE. This was partly offset by an increase in depreciation and amortization charges following the acquisitions of SPE and CENG.

6.6 Other Activities

In millions of euros	H1 2010	H1 2009	Variation	Variation (%)	Organic growth (%)
Sales	2,637	2,808	(171)	(6.1)	(4.2)
EBITDA	958	1,082	(124)	(11.5)	(11.3)
EBIT	697	1,046	(349)	(33.4)	

Other activities comprise, among other entities, EDF Energies Nouvelles, EDF Trading, Electricité de Strasbourg and the investment in Dalkia.

6.6.1 Sales

The contribution by the Other activities segment to Group sales was €2,637 million, down by €171 million or 6.1%, with negative organic growth of -4.2% from first-half 2009 mainly related to business by EDF Trading.

EDF Trading's[29] first-half sales showed an organic decline of €260 million (-37.1%). This noticeable downturn compared to first-half 2009 is explained by deteriorating market conditions. The financial crisis in Europe had repercussions for the commodity markets, which suffered strong disruption from early May 2010, with decorrelation on commodities, as well as actor behavior that was disconnected from fundamentals.

Sales at **EDF Energies Nouvelles** improved by 31.3% over first-half 2009 thanks to the dynamic solar and wind power Generation activity: several facilities were commissioned in 2009 and others, mainly in Europe, in the first half of 2010.

Dalkia's contribution to sales showed organic growth of €9 million (+0.8%).

6.6.2 EBITDA

Other Activities contributed €958 million to Group EBITDA, €124 million less than in first-half 2009, with an organic variation of -11.3%.

The organic decline in this segment's EBITDA was principally attributable to **EDF Trading,** where EBITDA was down by 41.8% from June 30, 2009 to €331 million at June 30, 2010.

EDF Energies Nouvelles' contribution to consolidated EBITDA registered an organic increase of 19.2% from first-half 2009.

Dalkia's EBITDA saw organic growth of €71 million (48.3%), primarily due to the gain on sale of Usti in the Czech Republic.

6.6.3 EBIT

EBIT for Other Activities decreased by €349 million compared to first-half 2009.

This mainly reflects the lower EBITDA, but also the impact of adjustments related to net changes in fair value on Energy and Commodity derivatives, excluding trading activities (this impact was favorable in first-half 2009). Depreciation and amortization also increased as business expanded at EDF Energies Nouvelles.

[29] EDF Trading sales consist of trading margins.

7 Net indebtedness, cash flow and investments

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 securities 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.

Changes in the Group's net indebtedness were as follows:

In millions of euros	H1 2010	H1 2009	Variation	Variation (%)
Operating profit before depreciation and amortization (EBITDA)	**10,373**	**9,936**	**437**	**4.4**
Cancellation of non-monetary items included in EBITDA	(1,145)	(2,219)	1,074	
Net financial expenses disbursed	(1,129)	(813)	(316)	
Income taxes paid	(1,177)	(85)	(1,092)	
Other items (1)	94	146	(52)	
Operating cash flow (2)	**7,016**	**6,965**	**51**	**0.7**
Change in working capital (3)	783	232	551	
Net operating investments (gross CAPEX less disposals)	(5,903)	(5,481)	(422)	
Free cash flow	**1,896**	**1,716**	**180**	**10.5**
Dedicated assets	(881)	0	(881)	
Net financial investments	(22)	(12,293)	12,271	
Dividends paid	(1,205)	(1,225)	20	
Other changes (4)	195	33	162	
(Increase) decrease in net indebtedness, excluding the impact of changes in scope of consolidation and exchange rates	**(17)**	**(11,769)**	**11,752**	**ns**
Effect of change in scope of consolidation	(34)	710	(744)	
Effect of change in exchange rates	(1,359)	(1,283)	(76)	
Effect of other non-monetary changes (5)	(194)	27	(221)	
(Increase)/Decrease in net indebtedness	**(1,604)**	**(12,315)**	**10,711**	**ns**
Net indebtedness at beginning of period	**42,496**	**24,476**		
Net indebtedness at end of period	**44,100**	**36,791**		

(1) Mainly corresponds to dividends received from associates.
(2) Operating cash flow is not defined by IFRS, and is not directly visible in the consolidated cash flow statements. EDF uses Operating cash flow to assess the Group's capacity to generate free cash flow. This indicator, also known as Funds From Operations (FFO), is equivalent to net cash flow from operating activities (Cash flow statement) excluding changes in working capital, less net financial expenses disbursed and income taxes paid, adjusted for the impact of non-recurring items.
(3) In 2010, this includes the Exeltium advance of €1,747 million received at the end of April 2010.
(4) Mainly contributions received in relation to concession assets, and investment subsidies.
(5) Mainly corresponds to changes in fair value and accounting reclassifications affecting components of net indebtedness.

7.1 Net indebtedness

The Group's net indebtedness stood at €44,100 million at June 30, 2010 compared to €42,496 million at December 31, 2009. The increase over the first half of 2010 thus totaled €1,604 million.

The Group generated free cash flow of €1,896 million. This includes capital expenditure net of disposals of €5,903 million, financed by the net cash flow from operations (€7,016 million) and the favorable €783 million change in working capital.

Allocations to dedicated assets amounted to €881 million. In first-half 2009 these allocations had been suspended.

Dividends paid in cash (€1,205 million) comprise the balance of the 2009 dividends (€1,109 million) and dividends paid to minority shareholders (€96 million). Dividends paid out by EDF SA in 2009 totaled €1,225 million.

Net indebtedness is stable before foreign exchange effects.

Following the rise in the US dollar and the pound sterling against the Euro[30], foreign exchange effects had an adverse effect of €1,359 million on the Group's net indebtedness.

7.2 Operating cash flow and free cash flow

The **operating cash flow** for first-half 2010 stood at €7,016 million, a slight increase of 0.7% over its first-half 2009 level of €6,965 million.

This change comprises the variation in EBITDA (+€437 million) and elimination of non-monetary items (down by €1,074 million), together with the negative impact of increases in income taxes[31] (+€1 092 million) and financial expenses disbursed (+€316 million).

[30] The US dollar rose by 17% against the Euro, from €0.6942/$1 at December 31, 2009 to €0.8149/$1 at June 30, 2010.
The pound sterling rose by 9% against the Euro, from €1.1260/£1 at December 31, 2009 to €1.2233/£1 at June 30, 2010.

[31] Mainly due to the reimbursement in 2009 of excess advance installments paid in respect of the previous year.

The change in non-monetary components of EBITDA mainly reflects neutralization of the TaRTAM transition tariff system (net increase of €265 million to cover prolongation of the system to the end of 2010, and the smaller by €336 million amount reversed from the provision than in 2009), and lower amounts reversed from EDF Energy's provisions (€261 million).

The **free cash flow** for first-half 2010 stood at €1,896 million, compared to €1,716 million for first-half 2009.

7.3 Change in working capital

Working capital decreased by €783 million over the first half of 2010. France, International Activities[32] and Other Activities contributed to this improvement, with reductions in working capital of €359 million, €341 million and €83 million respectively.

In **France**, the main explanation for the €359 million decrease in working capital is the receipt of the first advance under the agreement with the Exeltium consortium, amounting to €1,747 million. This offset the decline in trade payables caused by the seasonal nature of purchases (-€970 million) and the increase in the CSPE receivable (Contribution to the Public Electricity Service) (-€541 million).

Outside France, working capital was down by €341 million, mainly as a result of the decrease in customer receivables in the United Kingdom (€388 million), largely attributable to seasonal effects.

The **Other Activities** segment registered a €83 million decrease in working capital resulting mainly from the reduction in working capital at EDF Energies Nouvelles (€235 million). This improvement was counterbalanced by the rise in working capital at EDF Trading (-€201 million) due to unfavorable developments in net payments related to margin calls.

[32] United Kingdom, Germany, Italy and Other International.

7.4 Operating investments (Gross Capex) up by 7.7%

Gross operating investments (gross capital expenditure) at June 30, 2010 amounted to €5,993 million, up by €428 million (7.7%) from first-half 2009.

Changes over the period in the Group's gross capital expenditure were as follows:

In millions of euros	H1 2010	H1 2009	Variation	Variation (%)
Network activities	1,726	1,539	187	12.2
Deregulated activities	1,742	1,630	112	6.9
Island activities	233	239	(6)	(2.5)
France	**3,701**	**3,408**	**293**	**8.6**
United Kingdom	894	969	(75)	(7.7)
Germany	265	222	43	19.4
Italy	213	267	(54)	(20.2)
Other International	256	135	121	89.6
Outside France	**1,628**	**1,593**	**35**	**2.2**
Total Other Activities	**664**	**564**	**100**	**17.9**
Operating investments (Gross Capex)	**5,993**	**5,565**	**428**	**7.7**

Capital expenditure increased in most geographic areas compared to first-half 2009, with the exception of the United Kingdom and Italy. Almost 70% of the increase was located in France.

The increase in capital expenditure in **France** was €293 million (+8.6%). In the network activities, it primarily concerned connection investments related particularly to development of renewable energies. For the deregulated activities, the increase was essentially driven by the nuclear activities, with the on-going construction of the Flamanville 3 EPR and the accelerated pace of the steam generator replacement program as compared to 2009. Capacity development investments in the first half of 2010 concerned fossil-fired facilities (CT[33] at Montereau, CCGT[34] at Martigues and Blenod). Maintenance expenditure included the ongoing reliability programs for the nuclear and hydropower fleets (Superhydro and RenouvEau).

In the **United Kingdom**, gross capital expenditure amounted to €894 million at June 30, 2010, lower than in first-half 2009 (-€75 million). The main factor in this decrease was the acquisition in 2009 of land for the British new nuclear programme, which had no equivalent in 2010. More than half of investments during first-half 2010 concerned the regulated distribution network activity, as well as construction of the West Burton B combined cycle power plant, and investments in nuclear activities.

In **Germany**, capital expenditure totaled €265 million (EDF's share) at June 30, 2010, up by 19.4% from June 30, 2009. Investments during first-half 2010 chiefly concerned the ongoing construction of the RDK8 coal-fired plant at Karlsruhe and the hydropower plant at Rheinfelden, the Etzel storage project, and development of the Eisenhüttenstadt plant.

In **Italy**, capital expenditure for the first half of 2010 was stable lower than in the same period of 2009, amounting to €156 million at Edison. The main investments in 2010 were for development of fossil-fired plants in Italy and Greece (Thisvi), renewable energy fleets, drilling and platform expansion for the Abu Qir concession in Egypt and the Croatian offshore platforms, and a property acquisition in Milan.

33 Combustion turbine.
34 Combined cycle gas turbines.

Investments by Fenice amounted to €57 million in 2010, 34% lower than in first-half 2009, due particularly to lower cogeneration investments in Italy.

In the **Other International** segment, capital expenditure for first-half 2010 rose 90% compared to first-half 2009, as a result of consolidation of SPE in Belgium and CENG in the United States.

Capital expenditure in the **Other Activities** also rose (17.9%) between first-half 2009 and first-half 2010. This was due to the increase at EDF Energies Nouvelles, which invested €529 million over the first half of 2010.

7.5 Dedicated assets and net financial investments

Continuing increase in dedicated assets and development of international nuclear activities

In compliance with the French Law of June 28, 2006 on the sustainable management of radioactive materials and waste, EDF is continuing to build up a portfolio of dedicated assets to cover long-term nuclear commitments. The cash allocation for the first half of 2010 amounted to €881 million. There were no allocations to dedicated assets during the first half of 2009, as they were suspended from September 2008 to July 2009.

Other net financial investments amounted to €22 million, reflecting a number of investments for external growth totaling €713 million, undertaken by EnBW (chiefly Rostock in Germany, with EDF's share amounting to €148 million), in Belgium (acquisition of SPE minority shareholdings for €215 million) and in China (second capital contribution to the two-EPR project in Taishan for €213 million). They also include receipts on the disposals of SNET in France (€192 million), subsidiaries of Dalkia in the Czech Republic and Ireland (€160 million) and GESO in Germany (€384 million).

8 Management and control of market risks

The policy and principles for management and control of the Group's market risks are presented in Section 9.9 of the 2009 *Document de Référence*. There have been no significant changes during the first half-year of 2010.

This chapter sets forth the main changes since December 31, 2009 in financial data concerning the management and control of market risks.

8.1 Management and control of financial risks

8.1.1 Liquidity position and management of liquidity risks

8.1.1.1 Liquidity position

At June 30, 2010, the Group's liquidities totaled €13,234 million compared to €11,717 million at December 31, 2009, and available credit lines amounted to €13,553 million compared to €10,039 million at December 31, 2009.

8.1.1.2 Management of liquidity risks

As part of its policy to manage liquidity, finance its operating investment programme and reinforce long-term debt, the Group undertook several bond issues during first-half 2010 as described in section 2.2.6 of this half-year management report.

The average maturity of consolidated debt stood at 8.2 years at June 30, 2010 compared to 7.4 years at December 31, 2009, and EDF debt has average maturity of 9.5 years compared to 8.5 years at December 31, 2009.

In addition to bonds issued by the Group of over €750 million in nominal value, which are presented in section 9.9.1 of the 2009 *Document de Référence*, details of the principal new bond issues of first-half 2010 are as follows:

Type of borrowing	Entity	Issue date	Maturity	Currency	Nominal amount (millions of currency units)	Rate (%)
Bond	EDF SA	January 2010	2020	USD	1,400	4.60%
Bond	EDF SA	January 2010	2040	USD	850	5.60%
Bond	EDF SA	March 2010	2017	CHF	400	2.25%
Bond	EDISON	March 2010	2015	EUR	500	3.25%
Euro Medium Term Note	EDF SA	April 2010	2030	EUR	1,500	4.625%
Bond	RTE	June 2010	2022	EUR	750	3.875%

No drawings were made during the first half of 2010 on any syndicated loans available to Group entities.

8.1.2 Credit ratings

The long-term and short-term financial ratings assigned to EDF group entities by the three ratings agencies Standard & Poor's, Moody's and Fitch IBCA are unchanged from December 31, 2009.

They are reported in section 9.9.1.2 of the Group's 2009 *Document de Référence*.

8.1.3 Management of foreign exchange rate risk

The Group's gross debt at June 30, 2010 breaks down as follows by currency after hedging as defined by IFRS: 49% in euros, 36% in pounds sterling and 9% in US dollars. The balance of 6% includes the Swiss franc, the Hungarian forint, the Polish zloty, the Brazilian real, and the Japanese yen.

Gross debt structure by currency, before and after hedging

June 30, 2010 In millions of euros	Initial debt structure	Impact of hedging instruments (1)	Debt structure after hedges	% of debt
EUR	37,084	(8,871)	28,214	49%
USD	7,755	(2,391)	5,365	9%
GBP	7,785	12,865	20,649	36%
Other currencies	5,033	(1,603)	3,430	6%
TOTAL DEBT	**57,657**	**-**	**57,657**	**100%**

(1) Hedges of liabilities and net assets of foreign subsidiaries, and USD/GBP swaps designated as economic hedges

The table below presents the impact on equity of an unfavorable variation in exchange rates on the Group's gross debt at June 30, 2010.

Sensitivity of the Group's gross debt to foreign exchange rate risks

June 30, 2010 In millions of euros	Debt after hedging instruments converted into Euros	Impact of a 10% unfavorable variation in exchange rates	Debt after a 10% unfavorable variation in exchange rates
EUR	28,214		28,214
USD	5,365	536	5,901
GBP	20,649	2,065	22,714
Other currencies	3,430	343	3,773
TOTAL DEBT	**57,657**	**2,945**	**60,602**

The table below sets forth the foreign exchange position relating to net non-operating investments in foreign currency of the Group's principal subsidiaries:

Net asset positions

In millions of currency units	Net position after hedging (Assets) at June 30, 2010	Net position after hedging (Assets) at December 31, 2009
USD	1,534	314
CHF (Switzerland)	136	125
HUF (Hungary)	38,755	24,884
PLN (Poland)	1,101	1,295
GBP (United Kingdom)	4,074	3,683
BRL (Brazil)	684	654
CNY (China)	5,793	700

8.1.4 Management of interest rate risk

The Group's debt after hedging instruments at June 30, 2010 was structured as follows: 86% of debt bore interest at fixed rates and 14% at floating rates (84% and 16% respectively at December 31, 2009).

A 1% uniform rise in interest rates would generate an increase of approximately €78 million in financial expenses at June 30, 2010, based on gross floating-rate debt after hedging.

The average coupon on Group debt (weighted interest rate on outstanding amounts) was 4.7% at June 30, 2010 against 4.4% at December 31, 2009.

The table below sets forth the structure of Group debt and the impact of a 1% variation in interest rates at June 30, 2010:

Group debt structure and sensitivity to interest rate risks

June 30, 2010 In millions of euros	Initial debt structure	Impact of hedging instruments	Debt structure after hedges	Impact on net income of a 1% variation in interest rates
Fixed rate	49,044	788	49,832	
Floating rate	8,613	(788)	7,825	78
Total borrowings	**57,657**	**0**	**57,657**	**78**

8.1.5 Management of equity risks

The equity risk is concentrated in the following areas:

Coverage of EDF's nuclear obligations

Analysis of the equity risk on coverage of EDF's nuclear obligations is presented below in section 8.1.6, "Management of financial risk on EDF's dedicated asset portfolio".

Coverage of employee benefit commitments for EDF, EDF Energy and British Energy

29.6% of the assets covering EDF's employee benefit obligations were invested in equities at

June 30, 2010, corresponding to a total amount of €1,992 million of equities.

Also at June 30, 2010, the two pension funds set up by EDF Energy (EDF Energy Pension Scheme and EDF Energy Group Electricity Supply Pension Scheme) were invested to the extent of 40% in equities, representing an amount of £991 million of equities.

34% of the British Energy funds were invested in equities at June 30, 2010, corresponding to an amount of £962 million.

EnBW's reserved funds

EnBW is exposed to equity risks in the management of its reserved funds intended to cover its nuclear commitments and employee benefit obligations.

EDF's long-term cash management

At June 30, 2010, equity-linked liquid investments included in EDF's long-term cash management investments totaled €78 million, with estimated volatility of 5.8% (annualized volatility of monthly returns observed over three years or over the longest period available). Applying this volatility to the value of equity assets in long-term cash management at the same date, EDF estimates the annual volatility of the equities portion of cash investments at €4.5 million.

Direct investment securities

At June 30, 2010, EDF's investment in Veolia Environnement amounted to €374 million, with estimated volatility of 45,7% (annualized volatility of monthly returns observed over three years).

At the same date, EDF's investment in AREVA amounted to €293 million, with estimated volatility of 32.6% (annualized volatility of monthly returns observed over three years).

8.1.6 Management of financial risk on EDF's dedicated asset portfolio

Portfolio content and performance

Details of the contents of EDF's dedicated asset portfolio at June 30, 2010 and December 31, 2009 are as follows:

	June 30, 2010	December 31, 2009
Investments in equities	45.5%	43.2%
Investments in bonds	54.5%	56.8%

At June 30, 2010, the stock market value of the dedicated asset portfolio was €12,258 million (€11,441 million at December 31, 2009).

	June 30, 2010 Stock market value in millions of euros	Performance at June 30, 2010		Dec 31, 2009 Stock market value in millions of euros	Performance at December 31, 2009	
		Portfolio	Benchmark index (1)		Portfolio	Benchmark index (2)
Equities sub-portfolio	5,576	+0.44%	-1.18%	4,939	+28.06%	+25.94%
Bonds sub-portfolio	6,681	+2.54%	+2.24%	6,501	+5.40%	+4.35%
Cash sub-portfolio	1			1	+0.83%	+0.73%
Total dedicated asset portfolio	**12,258** (3)	**+1.52%**	**+0.64%**	**11,441**(3)	**+13.07%**	**+15.10%**

(1) Benchmark index: MSCI World hedged 50% for the equities sub-portfolio, Citigroup EGBI for the bonds sub-portfolio, 50% MSCI World hedged 50% + 50% Citigroup EGBI for the total portfolio

(2) Benchmark index: MSCI World for the equities sub-portfolio, Citigroup EGBI for the bonds sub-portfolio, 50% MSCI World + 50% Citigroup EGBI for the total portfolio

(3) The stock market value of the portfolio includes foreign exchange hedges in addition to the realizable value presented in note 24.2.2 to the half-year consolidated financial statements at June 30, 2010.

In first-half 2010, the dedicated asset portfolio continued to be affected by a highly volatile market environment caused by the financial crisis. There were marked downturns on the international equities markets until early March in connection with the Greek crisis, followed by a recovery then a further dip in May and June 2010. The overall portfolio and its three subportfolios all outperformed their benchmark indexes in this context.

The market value of the "equities" sub-portfolio in EDF's dedicated asset portfolio was €5,576 million at June 30, 2010. The volatility of the equities sub-portfolio can be estimated on the basis of the volatility of the benchmark index, the MSCI World hedged index, which at June 30, 2010 was 15.40% based on 52 weekly performances. Applying this volatility to the value of equity assets at the same date, the Group estimates the annual volatility of the equities portion of dedicated assets at €859 million.

At June 30, 2010, the sensitivity of the bond sub-portfolio (€6,681 million) was 4,48, i.e. a uniform 100 base point rise in interest rates would result in a €299 million decline in market value, which would be recognized in equity. This bond sub-portfolio sensitivity was 4.29% at December 31, 2009.

To reduce the volatility of the dedicated asset portfolio it is building up, EDF is considering investing in infrastructures offering regular dividends that will help the Group to meet its liabilities in the very long term.

In this context, EDF is examining the possibility allocate 50% of RTE to dedicated assets. Such a move would in no way affect the full ownership of RTE by the EDF group, and would confirm the Group's integrated model.

No assurance can be given at this stage as to whether the plan will be adopted.

8.1.7 Management of counterparty/credit risk

The table below gives details, by rating, of the EDF group's consolidated exposure to counterparty risk at March 31, 2010. 90% of the main counterparties for the Group's business qualify as "investment grade", a stable proportion compared to the consolidated risk for December 2009.

	AAA	AA	A	BBB	BB	B	CCC/C	Unrated	Total
At March 30, 2010	6%	22%	57%	5%	1%	0%	0%	9%	**100%**
At December 31, 2009	6%	23%	57%	5%	0%	0%	0%	9%	**100%**

The exposure to counterparty risk by nature of activity is distributed as follows:

	Purchases	Insurance	Sales and distribution	Cash and asset management	IPP[35]	Energy purchases and trading	Total
At March 30, 2010	5%	41%	6%	39%	2%	7%	**100%**
At December 31, 2009	6%	44%	5%	37%	2%	6%	**100%**

[35] Industrial PowerPlants.

8.2 Management and control of energy market risks

This section presents the main changes in energy market risks affecting the Group since December 31, 2009.

The principles for management and control of energy market risks are unchanged from December 31, 2009. They are presented in section 9.9.2.3 of the 2009 *Document de Référence*.

For operationally controlled entities in the Group, positions on the energy markets are taken predominantly by EDF Trading, the Group's trading entity, which operates on the markets on behalf of other group entities and for the purposes of its own trading activity. As such, EDF Trading is subject to a strict governance and control framework in line with current practices in trading companies.

The principles for management of the Group's energy market risks presented above are unaffected by the acquisition of CENG and a majority shareholding in SPE, which are currently being incorporated into Group policy.

The table below shows values for the risk indicators used to monitor EDF Trading's markets commitments for the first half-year of 2010 and the second half-year of 2009:

In millions of euros	H1 2010	H2 2009
VaR limit (97.5% 1-day)	45	48
Stop-loss limit	70	70
Minimum VaR	6.9	8.6
Average VaR	14.8	14.0
Maximum VaR	23.0	22.1

The stop-loss was not triggered during the first half-year of 2010.

9 Provisions

The following table summarizes provisions (current and non-current) at June 30, 2010 and December 31, 2009:

In millions of euros	June 30, 2010	December 31, 2009
Provisions for spent fuel management	11,225	11,147
Provisions for long-term radioactive waste management	7,533	7,426
Provisions for back-end nuclear cycle	**18,758**	**18,573**
Provisions for decommissioning	18,243	17,320
Provisions for last cores	3,219	3,033
Provisions for decommissioning and last cores	**21,462**	**20,353**
Provisions for post-employment benefits	13,304	13,118
Provisions for other long-term employee benefits	1,145	1,131
Provisions for employee benefits	**14,449**	**14,249**
Other provisions	**5,689**	**4,817**
Total provisions	**60,358**	**57,992**

For details of the components of provisions, and changes in these provisions, see note 27 to the 2010 condensed consolidated half-year financial statements.

Secure financing of long-term obligations for the nuclear facilities of the EDF group (excluding EnBW):

In millions of euros	June 30, 2010	December 31, 2009
EDF: Dedicated assets	12,268	11,436
British Energy: Assets receivable from the NLF and the British government	7,096	6,399
Other companies	493	432
Total assets providing secure financing for long-term obligations related to the nuclear facilities of the Group (excluding EnBW)	**19,857**	**18,267**

10 Contractual obligations

The following table presents the contractual obligations identified by the Group at June 30, 2010, including obligations not recognized in the balance sheet (off balance sheet commitments):

In millions of euros	June 30, 2010			
	Total	Maturity within one year	Maturity between one and five years	Maturity after five years
Long-term debt [(1)]	**57,657**	**7,359**	**19,697**	**30,601**
Satisfactory performance, completion and bid guarantees	1,322	271	1,012	39
Commitments related to orders for operating items [(2)]	5,516	3,407	1,659	450
Commitments related to orders for fixed assets	11,347	5,172	5,855	320
Other operating commitments	3,956	1,099	2,273	584
Contractual obligations related to performance of operating contracts [(3)]	**22,141**	**9,949**	**10,799**	**1,393**
Security interest in real property	3,205	207	1,411	1,587
Guarantees related to borrowings	333	53	19	261
Other financing commitments	180	107	39	34
Contractual obligations related to financing [(4)]	**3,718**	**367**	**1,469**	**1,882**
Share and other asset purchase commitments	4,454	1,895	2,522	37
Other investment commitments given	171	101	70	
Contractual obligations related to investments [(5)]	**4,625**	**1,996**	**2,592**	**37**

(1) See note 29.2 to the condensed consolidated financial statements at June 30, 2010
(2) Excluding commodities and energy
(3) See note 10.3 to the condensed consolidated financial statements at June 30, 2010
(4) See note 29.5 to the condensed consolidated financial statements at June 30, 2010
(5) See note 24.3 to the condensed consolidated financial statements at June 30, 2010

11 Subsequent events

Details of post balance sheet events can be found in note 35 to the consolidated financial statements at June 30, 2010.

12 Transactions with related parties

There have been no significant changes since December 31, 2009 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 is also a supplier to the EPR (European Pressurized Reactor) project, contributing to the formation of commitments on fixed asset orders.

13 Principal risks and uncertainties for the second half of 2010

The EDF group policies for risk management and control are described in section 4.1 of the 2009 *Document de Référence*.

The principal risks and uncertainties to which the Group considers itself exposed are also described in section 4.2 of the 2009 *Document de Référence*.

This presentation of the major risks remains valid at the date of publication of this report for assessment of the principal risks and uncertainties for the second half of 2010, and the Group remains subject to the usual risks specific to its business.

14 Significant events related to litigation in process

Litigations concerning the EDF group are described in section 20.5 of the 2009 *Document de Référence*. This chapter reports on new litigations and those which have seen significant developments since the release of the 2009 *Document de Référence*.

14.1 REE

In the early 1990s, EDF and Red Electrica de Espana (REE) entered into contracts for supply by EDF to REE of energy output at the interconnection point between the French and Spanish electricity networks. From their inception, these contracts benefited from priority access to the interconnection, but this was later declared contrary to European Law in a European Court of Justice decision of June 7, 2005.

The European Commission ordered the national regulators to cancel the priority rights of access to the interconnection and introduce an auction system for acquisition of those rights applicable to all transactions. The French energy regulator CRE complied with this injunction through a decision of December 1, 2005.

EDF and REE then had to agree terms for drawing energy and acquiring the rights of access to the interconnection so that REE could import electricity into Spain. An agreement was reached from June 2006, but the two companies were unable to settle on terms for the first few months of 2006.

REE initiated international arbitration proceedings against EDF and EDF Trading, notified by the International Chamber of Commerce (ICC) on June 13, 2007, claiming compensation for the alleged prejudice. EDF also reported the prejudice caused to EDF by REE during the period.

The Arbitration Court issued a partial ruling on May 29, 2008 stating that EDF Trading would not be concerned by subsequent stages of the procedure.

On October 12, 2009, the Arbitration Court issued its final ruling. A petition for rectification was filed and the Court ruled on this petition on February 23, 2010.

EDF and REE have accepted the rectified terms of the ruling, which has now become final as no appeal was lodged.

14.2 Alcan Saint Jean De Maurienne

On December 31, 1985, EDF, Péchiney (now named Alcan France) and Aluminium Pechiney signed an energy supply contract (2 TWh) principally for the supply of Péchiney's primary aluminium plant at Saint Jean de Maurienne. Under the terms of the contract EDF undertook to supply volumes of electricity at a fixed price. The duration of the contract was modified by amendments, and it is due to expire on December 31, 2012 for the Saint Jean de Maurienne plant.

Following various written requests from Alcan France to prolong the contract, Alcan France and Aluminium Pechiney served a summons on EDF on August 2, 2007 to appear before the Paris Commercial Court on September 21, 2007 for an initial procedural hearing. After several reports, the court hearing was scheduled for October 26, 2009. In its ruling issued on January 18, 2010, the Commercial Court rejected all of Alcan's claims.

Alcan filed an appeal against this ruling on March 19, 2010.

14.3 Verdesis

In June 2008 Euro Power Technology filed a complaint against EDF and its subsidiary Verdesis, as well as an application for protective measures, with the French Competition Authority, concerning EDF and Verdesis' biogas operations.

On April 16, 2010, the French Competition Authority rejected the complaint of Euro Power Technology. The latter has appealed this decision to the Appeal Court of Paris.

15 Financial outlook for 2010

The main challenges for EDF in the second half-year of 2010 will involve the Group's industrial performance, the organizational reform underway in the French electricity market and the definition of the Group's medium-term strategic vision.

EDF's first-half results enable the Group to confirm its financial objectives for 2010:

- EBITDA[36] organic growth between 3% and 5%,

- net financial indebtedness/EBITDA ratio between 2.5 and 3,

- dividend stability.

[36] *EBITDA at constant scope and exchange rates and with an end to TaRTAM on June 30, 2010.*

BOARD OF DIRECTORS’ MEETING OF JULY 29, 2010

CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS AT JUNE 30, 2010

CONSOLIDATED INCOME STATEMENTS

(in millions of euros)	Notes	H1 2010	H1 2009 [1]
Sales	**7**	37,513	34,827
Fuel and energy purchases	**8**	(15,743)	(13,995)
Other external expenses	**9**	(5,170)	(5,138)
Personnel expenses		(6,082)	(5,758)
Taxes other than income taxes	**11**	(1,708)	(1,650)
Other operating income and expenses	**12**	1,828	1,650
Prolongation of the transition tariff system TaRTAM – law of June 7, 2010	**13**	(265)	-
Operating profit before depreciation and amortization		**10,373**	**9,936**
Net changes in fair value on Energy and Commodity derivatives, excluding trading activities	**14**	58	309
Net depreciation and amortization		(3,824)	(3,478)
Net increases in provisions for renewal of property, plant and equipment operated under concession		(251)	(296)
(Impairment) / reversals		(7)	(17)
Other income and expenses	**15**	(1,060)	330
Operating profit		**5,289**	**6,784**
Cost of gross financial indebtedness	**16.1**	(1,379)	(1,271)
Discount expense	**16.2**	(1,690)	(1,592)
Other financial income and expenses	**16.3**	700	661
Financial result	**16**	**(2,369)**	**(2,202)**
Income before taxes of consolidated companies		**2,920**	**4,582**
Income taxes	**17**	(1,241)	(1,523)
Share in income of associates	**23**	147	138
Net income		**1,826**	**3,197**
Net income attributable to non-controlling interests		167	74
EDF Net income		**1,659**	**3,123**
EDF net earnings per share			
Net earnings per share in euros	**26.4**	**0.90**	**1.71**
Diluted earnings per share in euros	**26.4**	**0.90**	**1.71**

(1) Figures for the first half of 2009 have been adjusted for the impact of retrospective application of IFRIC 18 “Transfers of Assets from Customers”, IFRIC 12 “Service Concession Arrangements” and the change in presentation of net changes in fair value on Energy and Commodity derivatives, excluding trading activities (see note 2).

STATEMENTS OF NET INCOME AND GAINS AND LOSSES RECORDED DIRECTLY IN EQUITY

(in millions of euros)	Notes	H1 2010	H1 2009 [1]
Group net income		**1,826**	**3,197**
Changes in the fair value of available-for-sale financial assets [2]	**24.2.2**	31	404
Changes in the fair value of available-for-sale financial assets transferred to income on sale		(75)	47
Changes in the fair value of hedging instruments [3]	**30**	(478)	(1,766)
Changes in the fair value of hedging instruments transferred to income on sale		20	869
Translation adjustments		2,716	954
Taxes		(150)	188
Gains and losses recorded directly in equity		**2,064**	**696**
Net income and gains and losses recorded directly in equity		**3,890**	**3,893**
EDF Net income		3,484	3,825
Net income attributable to non-controlling interests		406	68

(1) Figures for the first half of 2009 have been adjusted for the impact of application of IFRIC 18 and IFRIC 12 (see note 2).

(2) EDF's share amounts to €29 million for the first half of 2010 (€399 million for the first half of 2009).

(3) EDF's share amounts to €(448) million for the first half of 2010 (€(1,760) million for the first half of 2009).

CONSOLIDATED BALANCE SHEETS

ASSETS

(in millions of euros)	Notes	06.30.2010	12.31.2009 [1]
Goodwill	18	14,293	13,526
Other intangible assets	19	5,291	5,579
Property, plant and equipment operated under French public electricity distribution concessions	20	43,005	42,451
Property, plant and equipment operated under concessions for other activities	21	27,865	26,857
Property, plant and equipment used in generation and other tangible assets owned by the Group	22	61,955	58,734
Investments in associates	23	4,864	4,421
Non-current financial assets	24	25,851	24,498
Deferred tax assets		1,967	2,490
Non-current assets		**185,091**	**178,556**
Inventories, including work-in-process		12,922	12,662
Trade receivables		18,955	19,633
Current financial assets	24	14,563	12,450
Current tax assets		648	376
Other receivables		9,304	8,111
Cash and cash equivalents		6,375	6,982
Current assets		**62,767**	**60,214**
Assets classified as held for sale	25	142	1,265
TOTAL ASSETS		**248,000**	**240,035**

EQUITY AND LIABILITIES (in millions of euros)	Notes	06.30.2010	12.31.2009 (1)
Capital	26	924	924
EDF net Income and consolidated reserves		31,354	28,967
Equity (EDF share)		**32,278**	**29,891**
Non controlling interests		5,574	4,776
Total Equity	26	**37,852**	**34,667**
Provisions for back-end nuclear cycle	27.2	17,841	17,531
Provisions for decommissioning and for last cores	27.3	20,949	20,003
Provisions for employee benefits	27.5	13,591	13,412
Other provisions	27.6	2,559	1,188
Non-current provisions	27.1	**54,940**	**52,134**
Grantors ' rights in existing assets operated under French public electricity distribution concessions	28	19,842	19,667
Grantors ' rights in assets to be replaced operated under French public electricity distribution concessions	28	20,705	20,210
Non-current financial liabilities	29.1	51,024	44,755
Other liabilities	32	5,319	3,360
Deferred tax liabilities		7,958	7,654
Non-current liabilities		**159,788**	**147,780**
Provisions	27.1	5,418	5,858
Trade payables		11,744	13,348
Current financial liabilities	29.1	12,454	16,560
Current tax liabilities		436	564
Other liabilities	32	20,289	20,847
Current liabilities		**50,341**	**57,177**
Liabilities related to assets classified as held for sale	25	19	411
TOTAL EQUITY AND LIABILITIES		**248,000**	**240,035**

(1) Figures for the year 2009 have been adjusted for the impact of application of IFRIC 18 and IFRIC 12 (see note 2).

CONSOLIDATED CASH FLOW STATEMENTS

(in millions of euros)	Notes	H1 2010	H1 2009 (1)
Operating activities :			
Income before tax from consolidated companies		**2,920**	**4,582**
Impairment		7	17
Accumulated depreciation and amortization, provisions and change in fair value		5,490	2,577
Financial income and expenses		882	865
Dividends received from associates		94	146
Capital gains/losses		(71)	(324)
Change in working capital		783	232
Net cash flow from operations		**10,105**	**8,095**
Net financial expenses disbursed		(1,129)	(813)
Income taxes paid		(1,177)	(85)
Net cash flow from operating activities		**7,799**	**7,197**
Investing activities :			
Acquisition/disposal of companies, net of cash acquired/transferred (2)		357	(10,964)
Purchases of property, plant and equipment and intangible assets		(5,993)	(5,565)
Net proceeds from sale of property, plant and equipment and intangible assets		90	84
Changes in financial assets	**24.1**	(3,165)	(594)
Net cash flow used in investing activities		**(8,711)**	**(17,039)**
Financing activities :			
Transactions with non-controlling interests (3)		(185)	(120)
Dividends paid by parent company	**26.3**	(1,109)	(1,164)
Dividends paid to non controlling interests		(96)	(61)
Purchases / sales of treasury shares	**26.2**	(9)	1
Cash flows with shareholders		***(1,399)***	***(1,344)***
Issuance of borrowings	**29.2**	5,559	20,362
Repayment of borrowings		(4,222)	(8,668)
Increase in special concession liabilities		105	94
Investment subsidies		51	45
Other cash flows from financing activities		***1,493***	***11,833***
Net cash flow from financing activities		**94**	**10,489**
Net increase/(decrease) in cash and cash equivalents		**(818)**	**647**
Cash and cash equivalents - opening balance		**6,982**	**5,869**
Effect of currency fluctuations		182	(326)
Financial income on cash and cash equivalents		12	39
Effect of other reclassifications		17	(20)
Cash and cash equivalents - closing balance		**6,375**	**6,209**

(1) Figures for the first half of 2009 have been adjusted for the impact of application of IFRIC 18, IFRIC 12 and revised IAS 27 “Consolidated and Separate Financial Statements” (see note 2).

(2) In the first half of 2009, the purchase offer for British Energy and subsequent squeeze-out offer resulted in a £10,124 million payment (€10,819 million). At January 5, 2009, British Energy’s cash and cash equivalents amounted to £1,224 million (€1,308 million).

(3) Contributions in the form of capital increases or reductions and acquisitions of additional interests in controlled companies.

CHANGES IN CONSOLIDATED EQUITY

The changes in equity between January 1 and June 30, 2010 are as follows:

(in millions of euros)	Capital	Consolidated reserves and net income	Treasury shares	Translation adjustments	Impact of restatement to fair value of financial instruments (2)	Equity (EDF share)	Non-controlling interests	Total Equity
Equity at December 31, 2009 adjusted (1)	**924**	**30,627**	**26**	**(1,320)**	**(366)**	**29,891**	**4,776**	**34,667**
Gains and losses recorded directly in equity	-	-	-	2,449	(624)	**1,825**	239	**2,064**
Net income	-	1,659	-	-	-	**1,659**	167	**1,826**
Net income and gains and losses recorded directly in equity	**-**	**1,659**	**-**	**2,449**	**(624)**	**3,484**	**406**	**3,890**
Dividends paid	-	(1,109)	-	-	-	**(1,109)**	(108)	**(1,217)**
Purchases / Sales of treasury shares	-	-	(9)	-	-	**(9)**	-	**(9)**
Other changes (3)	-	73	(36)	(10)	(6)	**21**	500	**521**
Equity at June 30, 2010	**924**	**31,250**	**(19)**	**1,119**	**(996)**	**32,278**	**5,574**	**37,852**

(1) The figures reported at June 30, 2009 and December 31, 2009 have been adjusted for the impact of application of IFRIC 18 and IFRIC 12 (see note 2).

(2) These changes correspond to the effects of fair value measurement of available-for-sale assets and amounts transferred to income following changes in their fair value, and the effects of fair value measurement of hedging instruments and amounts transferred to income in respect of terminated contracts. For details see the statements of net income and gains and losses recorded directly in equity.

(3) Other changes attributable to non-controlling interests include an amount of €595 million relating to minority shareholdings in SPE (see note 32).

The changes in equity between January 1 and June 30, 2009 are as follows:

(in millions of euros)	Capital	Consolidated reserves and net income	Treasury shares	Translation adjustments	Impact of restatement to fair value of financial instruments (2)	Equity (EDF share)	Non-controlling interests	Total Equity
Equity at December 31, 2008	**911**	**25,501**	**(186)**	**(1,638)**	**(1,391)**	**23,197**	**1,801**	**24,998**
Adjustments for application of IFRIC18		1,938	-	-	-	**1,938**	3	**1,941**
Adjustments for application of IFRIC12		4	-	-	-	**4**	-	**4**
Equity at January 1, 2009 adjusted	**911**	**27,443**	**(186)**	**(1,638)**	**(1,391)**	**25,139**	**1,804**	**26,943**
Gains and losses recorded directly in equity	**-**	**-**	**-**	959	(257)	**702**	(6)	**696**
Net income	-	3,123	-	-	-	**3,123**	74	**3,197**
Net income and gains and losses recorded directly in equity	**-**	**3,123**	**-**	**959**	**(257)**	**3,825**	**68**	**3,893**
Dividends paid	-	(1,164)	-	-	-	**(1,164)**	(72)	**(1,236)**
Purchases / Sales of treasury shares	-	-	1	-	-	**1**	-	**1**
Other changes	-	224	-	(61)	-	**163**	(64)	**99**
Equity at June 30, 2009 (1)	**911**	**29,626**	**(185)**	**(740)**	**(1,648)**	**27,964**	**1,736**	**29,700**

(1) The figures reported at June 30, 2009 and December 31, 2009 have been adjusted for the impact of application of IFRIC 18 and IFRIC 12 (see note 2).

(2) These changes correspond to the effects of fair value measurement of available-for-sale assets and amounts transferred to income following changes in their fair value, and the effects of fair value measurement of hedging instruments and amounts transferred to income in respect of terminated contracts. For details see the statements of net income and gains and losses recorded directly in equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Electricité de France (EDF or "the Company") is a French s*ociété anonyme* governed by French Law, and registered in France.

The EDF group is an integrated energy company operating in all types of energy businesses: generation, transmission, distribution, supply and trading of energies.

The Company's condensed consolidated half-year financial statements for the six months to June 30, 2010 include the accounts of companies directly or indirectly under the exclusive control of the Company and its subsidiaries, the accounts of jointly-controlled companies (joint ventures) and the accounts of companies in which the Group exercises significant influence (associates), which are accounted for under the equity method. All these economic entities are collectively referred to as the "Group".

The Group's consolidated financial statements at June 30, 2010 were prepared under the responsibility of the Board of Directors and approved by the Directors at the Board meeting held on July 29, 2010.

The comparative figures reported in the notes to the financial statements at June 30, 2009 or December 31, 2009 have been adjusted for the impact of application of IFRIC 18 "Transfers of Assets from Customers" and IFRIC 12 "Service Concession Arrangements", and for the change in presentation in the income statement concerning net changes in fair value on Energy and Commodity derivatives, excluding trading activities (see note 2).

Note 1 - Group accounting principles and methods

1.1 Declaration of conformity and Group accounting policies

Pursuant to European regulation 1606/2002 of July 19, 2002 on the adoption of international accounting standards, the EDF group's condensed consolidated financial statements at June 30, 2010 are prepared using the presentation, recognition and measurement rules prescribed by the international accounting standards published by the IASB and approved by the European Union for application at June 30, 2010. These international standards are IAS (International Accounting Standards), IFRS (International Financial Reporting Standards), and interpretations issued by the SIC and IFRIC.

The condensed consolidated half-year financial statements comply with IAS 34 standard on interim financial reporting and the IAS/IFRS international accounting standards released at June 30, 2010, in the form in which they should be mandatory at December 31, 2010.

These financial statements 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, 2009 with reference to the principal accounting and valuation methods described in notes 1 and 3 to those financial statements.

1.2 Accounting methods for the first half-year of 2010

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, 2009, with the exception of the valuation methods specific to interim financial statements as described in note 1.3 and standards endorsed by the European Union in 2008, 2009 and 2010 that became mandatory from January 1, 2010.

The following standards and interpretations have been endorsed by the European Union and their application is mandatory as of January 1, 2010:

- revised IAS 27, "Consolidated and Separate Financial Statements", and revised IFRS 3, "Business combinations", applicable to business combinations that take place on or after January 1, 2010. For each new business combination, the Group will examine the value of non-controlling interests at the date of acquisition, as allowed by these new standards. However, the Group will seek a generally homogeneous approach, in most cases using the partial goodwill method, recognizing only its own interest in the company acquired, excluding non-controlling interests. As these standards are applied prospectively, operations prior to January 1, 2010 have not been adjusted, except for reclassifications between investing and financing cash flows in the cash flow statement to reflect retrospective application of the amendment to IAS 7 resulting from revision of IAS 27 (see note 2);

- revised IFRS 1, "First-time Adoption of International Financial Reporting Standards", which has no impact on the Group's financial statements;
- IFRIC 12, "Service Concession Arrangements" for concession agreements governed by this interpretation: depending on the remuneration method applied, the concession operator records infrastructures as a tangible asset or a financial asset. This interpretation has a limited impact on the Group's financial statements (see note 2);
- IFRIC 18, "Transfers of Assets from Customers", applies to contracts (other than those within the scope of IFRIC 12 and IFRIC 4) in which an entity receives a connection facility (or the cash required for acquisition or construction of such a facility) from a customer. For these contracts, IFRIC 18 requires to recognize the transferred asset as an item of property, plant and equipment and stipulates whether income is to be deferred or not, depending on the nature of the identifiable services (connecting the customer to the network, providing the customer with ongoing access to a supply of goods or services, or both).The Group has decided to apply this interpretation retrospectively (see note 2);

Application of the following amendments became mandatory from January 1, 2010 but has no impact on the Group's consolidated financial statements:

- IFRIC 15, "Agreements for the Construction of Real Estate", IFRIC 16, "Hedges of a Net Investment in a Foreign Operation" and IFRIC 17, "Distributions of Non-cash Assets to Owners";
- amendments on "Eligible hedged items" to IAS 39, "Financial instruments: recognition and measurement";
- amendments on "Additional exemptions for first-time adopters" to IFRS 1, "First-time Adoption of International Financial Reporting Standards";
- amendments on "Group cash-settled share-based payment transactions" to IFRS 2, "Share-based payment". These amendments also incorporate the provisions of IFRIC 8, "Scope of IFRS 2" and IFRIC 11, "IFRS 2: Group and Treasury Share Transactions", which are thus withdrawn;
- amendments to IFRS 5, "Non-current Assets Held for Sale and Discontinued Operations", contained in the annual improvements to IFRS (2006-2008);
- annual improvements to IFRS (2007-2009).

The Group has decided against early application of the amendment on "Classification of rights issues" to IAS 32, "Financial instruments: Presentation", which was adopted by the European Union on December 24, 2009. The latest date for application of this amendment is the opening date of the first financial year beginning after January 31, 2010, i.e. for EDF, January 1, 2011. The potential impact is currently being evaluated.

Similarly, the Group has not opted for early application of the following standards, amendments and interpretation likely to be approved by the European Union in the second half of 2010 or in 2011:

- revised IAS 24, "Related Party Disclosures";
- annual improvements to IFRS (2008-2010);
- amendments on "Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters" to IFRS 1;
- amendments on "Prepayments of a minimum funding requirement" to IFRIC 14;
- IFRIC 19, "Extinguishing Financial Liabilities with Equity Instruments".

The potential impact of the above standards, amendments and interpretation is still under assessment.

Finally, as part of the ongoing overhaul of IAS 39, the IASB adopted a new standard, IFRS 9, "Financial instruments" (Phase 1, Classification and Measurement) in November 2009. In application of current regulations, this standard, which has not yet been adopted by the European Union, cannot be applied early for the first half-year of 2010.

1.3 Valuation methods specific to interim financial statements

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

1.3.1 Employee benefits

None of the actuarial assumptions used in calculating the obligation – particularly the discount rate, inflation rate and wage increase rate – has been modified over the period.

The amount of the obligation corresponding to post-employment benefits and other long-term benefits at June 30, 2010 was calculated by projection of the obligation at December 31, 2009 over one half-year, taking into account the benefits paid out and the changes in fund assets.

1.3.2 Income taxes

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

1.3.3 Greenhouse gas emission quotas

When a Group entity's estimated emissions are higher than the quotas allocated for the period less any spot or forward transactions, a provision is established to cover the excess emissions. For interim financial statements, the amount of 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 Management judgment and estimates

The preparation of the financial statements requires the use of judgments, best estimates and assumptions in determining the value of assets and liabilities, income and expenses recorded for the period, and positive and negative contingencies at the closing date. The figures in future financial statements may differ from current estimates due to changes in these assumptions or economic conditions.

The estimates and assumptions used in establishing the consolidated half-year financial statements at June 30, 2010 are the same as those described in note 3.2 of the consolidated financial statements at December 31, 2009.

In the current context characterized by high volatility on the financial markets, the parameters used to prepare estimates are based on macro-economic assumptions appropriate to the very long-term cycle of Group assets.

The quantities of energy delivered but neither measured nor billed are calculated at the reporting date based on consumption statistics and selling price estimates. These statistics and estimates are sensitive to the assumptions used in determining the portion of sales not billed at the closing date.

The measurement of provisions for the back-end nuclear cycle, decommissioning and last cores is sensitive to assumptions concerning costs, inflation rate, long-term discount rate, and disbursement schedules. A revised estimate is therefore established at each closing date to ensure that the amounts accrued correspond to the best estimate of the costs eventually to be borne by the Group. Any significant differences resulting from these revised estimates could entail changes in the amounts accrued (see notes 27.2 and 27.3).

1.5 Seasonal nature of the business

Interim sales and operating profit before depreciation and amortization are affected by significant seasonal factors in the first half of the calendar year, principally in France. The variations observed are mainly associated with weather conditions and the tariff structures of the period.

To illustrate this, the table below shows the sales and operating profit before depreciation and amortization for the first half and second half of 2009, and for the year 2009:

(in millions of euros)	H1 2009	H2 2009	2009
Sales	34,827	31,377	66,204
Operating profit before depreciation and amortization	9,936	7,186	17,122

Note 2 - Comparability

The Group has made several changes to its accounting methods in 2010, with the effects described below.

2.1 IFRIC 18 "Transfers of Assets from Customers"

Application of IFRIC 18, "Transfers of assets from customers", has been mandatory since January 1, 2010. This entails a change in accounting methods for EDF, ERDF, Electricité de Strasbourg, EDF Energy and Demasz. For these entities, as of January 1, 2010 connection income is recorded directly in revenues for the period instead of being deferred as previously, and the corresponding existing deferred income has been transferred to equity. For EDF Energy and Demasz, due to the way income is received on regulated assets, immediate recognition in revenues is offset by accelerated depreciation of the connection assets concerned. As valuations and the other information necessary to apply IFRIC 18 to past transfers were available in the Group entities concerned, this interpretation is applied retrospectively and prior period comparative information is therefore presented. The positive impact on EDF's share of equity is €1,938 million at January 1, 2009 and €1,934 million at December 31, 2009. This impact concerns EDF, ERDF and Electricité de Strasbourg only.

2.2 IFRIC 12 "Service Concession Arrangements"

IFRIC 12 became mandatory on January 1, 2010. It applies to certain agreements in the Edison and Dalkia subgroups: the relevant infrastructures are now recognized as intangible assets instead of property, plant and equipment.

As IFRIC 12 has been applied retrospectively, comparative information is presented for the previous half-year.

Application of this interpretation has no significant impact on equity at January 1, 2009 and December 31, 2009. Net property, plant and equipment were reduced by €124 million at December 31, 2009, with an equivalent increase in intangible assets.

2.3 Change in presentation of the net change in fair value on Energy and Commodity derivatives, excluding trading activities

To improve the presentation of operating performance, the Group has changed the income statement presentation of the net changes in fair value measurement of Energy and Commodity derivatives, excluding trading activities.

The items concerned are mostly fair value changes over the period on derivative financial instruments that are used for economic hedging of commodity purchases or sales and do not qualify for hedge accounting as defined in IAS 39. These changes are therefore recorded directly in the income statement.

Starting in 2010, the Group has decided to report these items on a separate line in the income statement under the heading "Net changes in fair value on Energy and Commodity derivatives, excluding trading activities" below "Operating profit before depreciation and amortization". These impacts were previously recorded in sales and fuel and energy purchases, depending on whether the derivatives were used for economic hedging of sales or energy purchases.

This change in presentation has a negative impact of €309 million on the operating profit before depreciation and amortization for the first half of 2009 (€174 million on sales and €135 million on fuel and energy purchases). There is no impact on the Group's consolidated net income or consolidated equity.

2.4 Revised IAS 27 "Consolidated and Separate Financial Statements"

Revised IAS 27 amends the provisions of IAS 7, "Statement of cash flows" retrospectively and accordingly comparative prior year information is presented.

All cash flows resulting from changes in the percentage interest in a subsidiary entailing no loss of control are now reported on a specific line ("Transactions with non-controlling interests") in the cash flows from financing activities in the consolidated cash flow statements. These cash flows were previously reported in cash flows from investing activities under "Acquisition/disposal of companies, net of cash acquired/transferred".

2.5 Impact on the consolidated income statement for the first half-year of 2009

(in millions of euros)	**H1 2009 as published**	**IFRIC18 impacts**	**IFRIC12 impacts**	**IAS 39 impacts Economic hedging**	**H1 2009 adjusted**
Sales	34,897	103	1	(174)	34,827
Fuel and energy purchases	(13,860)	-	-	(135)	(13,995)
Other external expenses	(5,138)	-	-	-	(5,138)
Personnel expenses	(5,758)	-	-	-	(5,758)
Taxes other than income taxes	(1,650)	-	-	-	(1,650)
Other operating income and expenses	1,650	-	-	-	1,650
Operating profit before depreciation and amortization	**10,141**	**103**	**1**	**(309)**	**9,936**
Net changes in fair value on Energy and Commodity derivatives, excluding trading activities			-	309	309
Net depreciation and amortization	(3,383)	(95)	-	-	(3,478)
Net increases in provisions for renewal of property, plant and equipment operated under concession	(296)	-	-	-	(296)
(Impairment) / reversals	(17)	-	-	-	(17)
Other income and expenses	330	-	-	-	330
Operating profit	**6,775**	**8**	**1**	**-**	**6,784**
Cost of gross financial indebtedness	(1,271)	-	-	-	(1,271)
Discount expense	(1,592)	-	-	-	(1,592)
Other financial income and expenses	661	-	-	-	661
Financial result	**(2,202)**	**-**	**-**	**-**	**(2,202)**
Income before taxes of consolidated companies	**4,573**	**8**	**1**	**-**	**4,582**
Income taxes	(1,520)	(3)	-	-	(1,523)
Share in income of associates	138	-	-	-	138
Net income	**3,191**	**5**	**1**	**-**	**3,197**
Net income attributable to non-controlling interests	74	-	-	-	74
EDF Net income	**3,117**	**5**	**1**	**-**	**3,123**

2.7 Impact on the consolidated balance sheet at December 31, 2009

ASSETS (in millions of euros)	12.31.2009	IFRIC18 impacts	IFRIC12 impacts	12.31.2009 adjusted
Goodwill	13,526	-	-	13,526
Other intangible assets	5,455	-	124	5,579
Property, plant and equipment operated under French public electricity distribution concessions	42,451	-	-	42,451
Property, plant and equipment operated under concessions for other activities	28,251	(1,270)	(124)	26,857
Property, plant and equipment used in generation and other assets owned by the Group	58,734	-	-	58,734
Investments in associates	4,421	-	-	4,421
Non-current financial assets	24,498	-	-	24,498
Deferred tax assets	3,099	(609)	-	2,490
Non-current assets	**180,435**	**(1,879)**	**-**	**178,556**
Inventories, including work-in-process	12,662	-	-	12,662
Trade receivables	19,633	-	-	19,633
Current financial assets	12,450	-	-	12,450
Current tax assets	376	-	-	376
Other receivables	8,111	-	-	8,111
Cash and cash equivalents	6,982	-	-	6,982
Current assets	**60,214**	**-**	**-**	**60,214**
Assets classified as held for sale	1,265	-	-	1,265
TOTAL ASSETS	**241,914**	**(1,879)**	**-**	**240,035**

EQUITY AND LIABILITIES (in millions of euros)	12.31.2009	IFRIC18 impacts	IFRIC12 impacts	12.31.2009 adjusted
Capital	924	-	-	924
EDF net Income and consolidated reserves	27,028	1,934	5	28,967
Equity (EDF share)	**27,952**	**1,934**	**5**	**29,891**
Non controlling interests	4,773	3	-	4,776
Total Equity	**32,725**	**1,937**	**5**	**34,667**
Provisions for back-end nuclear cycle	17,531	-	-	17,531
Provisions for decommissioning and for last cores	20,003	-	-	20,003
Provisions for employee benefits	13,412	-	-	13,412
Other provisions	1,188	-	-	1,188
Non-current provisions	**52,134**	**-**	**-**	**52,134**
Grantors ' rights in assets operated under French public electricity distribution concessions				
- existing	19,667	-	-	19,667
- to be replaced	20,217	-	(7)	20,210
Non-current financial liabilities	44,755	-	-	44,755
Other liabilities	5,725	(2,365)	-	3,360
Deferred tax liabilities	7,652	-	2	7,654
Non-current liabilities	**150,150**	**(2,365)**	**(5)**	**147,780**
Provisions	5,858	-	-	5,858
Trade payables	13,348	-	-	13,348
Current financial liabilities	16,560	-	-	16,560
Current tax liabilities	564	-	-	564
Other liabilities	22,298	(1,451)	-	20,847
Current liabilities	**58,628**	**(1,451)**	**-**	**57,177**
Liabilities related to assets classified as held for sale	411	-	-	411
TOTAL EQUITY AND LIABILITIES	**241,914**	**(1,879)**	**-**	**240,035**

2.8 Impact on the consolidated cash flow statement for the first half-year of 2009

(in millions of euros)	H1 2009 as published	IFRIC18 impacts	IFRIC12 impacts	IAS 7 (amended) impacts	H1 2009 adjusted
Operating activities :					
Income before tax from consolidated companies	**4,573**	**8**	**1**	-	**4,582**
Accumulated depreciation and amortization, provisions and change in fair value	2,500	95	(1)	-	2,594
Financial income and expenses	865	-	-	-	865
Dividends received from associates	146	-	-	-	146
Capital gains/losses	(324)	-	-	-	(324)
Change in working capital	335	(103)	-	-	232
Net cash flow from operations	**8,095**	-	-	-	**8,095**
Net financial expenses disbursed	(813)	-	-	-	(813)
Income taxes paid	(85)	-	-	-	(85)
Net cash flow from operating activities	**7,197**	-	-	-	**7,197**
Investing activities :					
Acquisition/disposal of companies, net of cash acquired/transferred	(11,084)	-	-	120	(10,964)
Purchases of property, plant and equipment and intangible assets	(5,565)	-	-	-	(5,565)
Net proceeds from sale of property, plant and equipment and intangible assets	84	-	-	-	84
Changes in financial assets	(594)	-	-	-	(594)
Net cash flow used in investing activities	**(17,159)**	-	-	**120**	**(17,039)**
Financing activities :					
Transactions with non-controlling interests	-	-	-	(120)	(120)
Dividends paid by parent company	(1,164)	-	-	-	(1,164)
Dividends paid to non controlling interests	(61)	-	-	-	(61)
Purchases / sales of treasury shares	1	-	-	-	1
Cash flows with shareholders	***(1,224)***	-	-	***(120)***	***(1,344)***
Issuance of borrowings	20,362	-	-	-	20,362
Repayment of borrowings	(8,668)	-	-	-	(8,668)
Increase in special concession liabilities	94	-	-	-	94
Investment subsidies	45	-	-	-	45
Other cash flows from financing activities	***11,833***	-	-	-	***11,833***
Net cash flow from financing activities	**10,609**	-	-	**(120)**	**10,489**
Net increase/(decrease) in cash and cash equivalents	**647**	-	-	-	**647**
Cash and cash equivalents - opening balance	**5,869**	-	-	-	**5,869**
Effect of currency fluctuations	(326)	-	-	-	(326)
Financial income on cash and cash equivalents	39	-	-	-	39
Effect of other reclassifications	(20)	-	-	-	(20)
Cash and cash equivalents - closing balance	**6,209**	-	-	-	**6,209**

Note 3 - Regulatory changes in France

3.1 Hydropower concessions

On April 22, 2010 the French Ministry of Ecology, Energy, Sustainable Development and the Sea announced the list of hydroelectric concessions that are to be renewed by 2015. Ten concessions are concerned, comprising fifty plants with a combined power output of 5,300 MW (4,350 MW of which are generated by EDF). Facilities along the same valley have been grouped together, so that a single operator will be responsible for running the plants and meeting the needs of all stakeholders. The outgoing operators concerned will receive indemnities to compensate for early termination of their concessions. As the amounts of these indemnities remain to be defined, no impact has been recognized in the consolidated financial statements at June 30, 2010.

3.2 Prolongation of the transition tariff system (TaRTAM)

The law of June 7, 2010 prolonged the TaRTAM (*tarif réglementé transitoire d'ajustement du marché*) transition tariff system by six months to December 31, 2010. This extension is reflected in the consolidated financial statements at June 30, 2010 by an additional provision of €280 million to cover compensation payable to electricity suppliers over the second half of 2010, offset to the extent of €15 million by amounts expected to be reinvoiced to partners in the nuclear plants.
This is the Group's best estimate, based on a series of assumptions that are subject to unforeseeable developments.

3.3 Pension reform

The French government published its proposed pension reform on June 16, 2010. Various measures were presented, some of which will have an impact on the special pension system for the electricity and gas sector (IEG) in France and the way it is financed.
As the final laws and regulations have not yet been enacted, no impact has been recognized in the consolidated financial statements at June 30, 2010.

Note 4 - Significant events and transactions of the first half-year of 2010

4.1 EDF group activities in the US

In October 2007, EDF began strategic cooperation with Constellation Energy Group (CEG) in order to participate in the nuclear energy relaunch in the US.

As a result of the cooperation agreement:
- EDF acquired an investment in CEG (owning 8.4% of its shares at June 30, 2010),
- Capital contributions totaling €617 million were made to Unistar, a proportionally consolidated 50/50 joint venture with CEG set up to develop "new nuclear" activities in the US.

When CEG experienced cash flow difficulties in the second half of 2008, EDF opted to maintain the cooperation and strengthen its links with CEG.

Therefore, on November 6, 2009, once all the required authorizations had been issued by the US federal and local authorities, EDF (through its wholly-owned subsidiary EDF, Inc.) and CEG finalized EDF's 49.99% investment in Constellation Energy Nuclear Group (CENG), which operates CEG's nuclear generation activities in the US. This transaction was initially planned in an agreement signed on December 17, 2008.

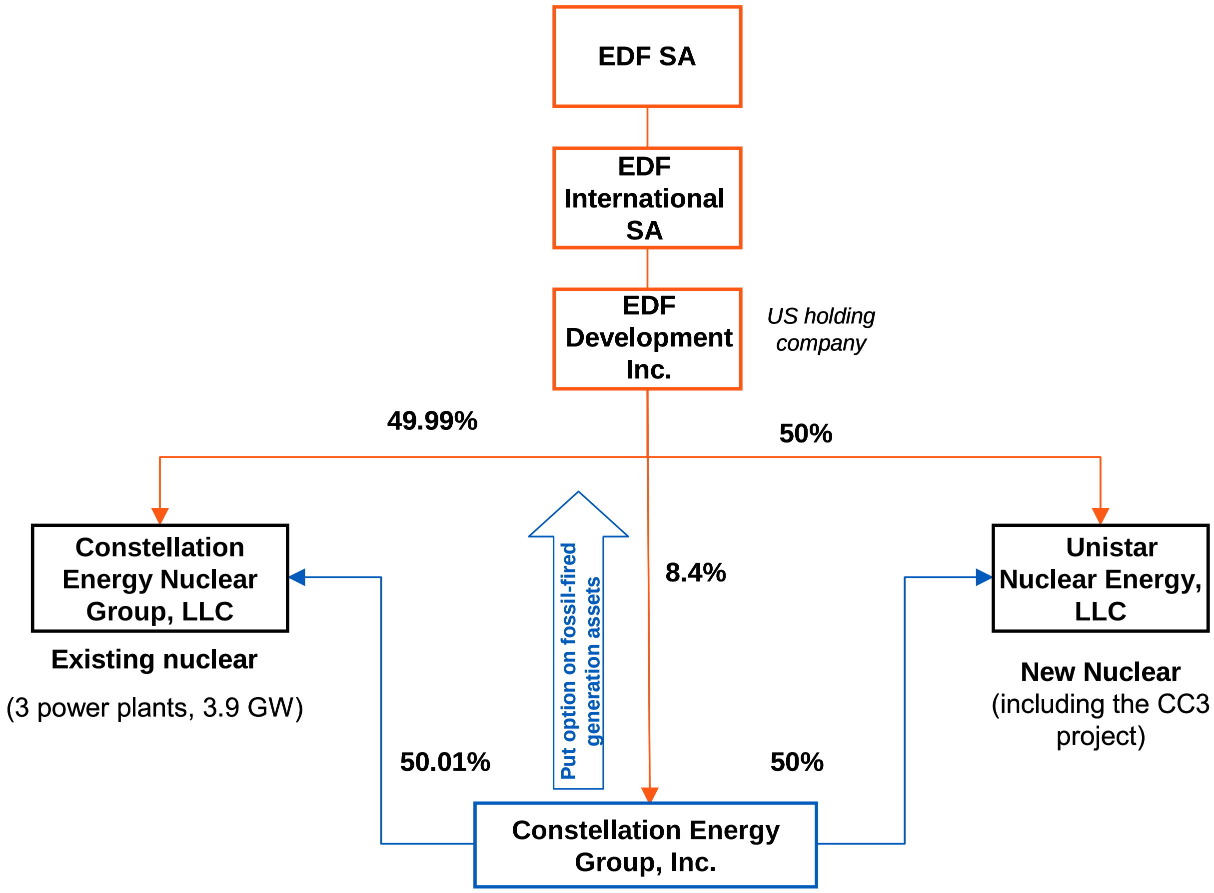
The total cost of this investment includes the initial acquisition price of $4,652 million, a possible future price supplement of $343 million, other expenses related to the acquisition totaling $169 million and a cash contribution of $110 million to CENG. Various liabilities associated with contractual energy sale commitments, amounting to approximately $600 million net of taxes (EDF's share), were also transferred to CENG.

Given the governance arrangements at CENG and the fact that operations are jointly controlled by the EDF group and CEG, CENG has been proportionally consolidated since the date of first inclusion in the scope of consolidation, November 6, 2009. EDF has twelve months to finalize allocation of the purchase price.

When this investment was acquired, other related agreements were also concluded, primarily a two-year put option (valid until December 31, 2010) intended to reinforce CEG's liquidity that entitles CEG to sell EDF eleven non-nuclear generation assets for a value of up to $2 billion.

No liability has been recognized in the financial statements, and this put option represents an off balance sheet commitment.

Structure of the EDF/CEG partnership



At June 30, 2010, new information and perspectives were incorporated into our assessment of the risks on investments undertaken as part of this cooperation:

- the market conditions reflected in the short-term and long-term outlook for energy prices in the US are less favorable, and this affects the expected return on existing assets of CENG and the new nuclear assets.

- in light of the new information and prospects, only one project is currently in development at this stage.

As a result of all the new information and perspectives, EDF recognized a provision of €1,060 million and a corresponding expense was recognized under "Other income and expenses".

This provision covers the risks of impairment of the assets of CENG, the investment in Unistar and certain future costs and risks associated with the project, as EDF still intends to continue studies for development of a new reactor on the Calvert Cliffs site.

The value of this provision and its allocation to the corresponding assets and liabilities will be finalized when the allocation of the purchase price for CENG is finalized during preparation of the financial statements at December 31, 2010.

4.2 Exeltium

The EDF Group and Exeltium (a consortium of electricity-intensive industrial operators) have now finalized the terms of the two-phase implementation of their partnership agreement entered into on July 31, 2008. The corresponding operations thus began on May 1, 2010 with deliveries of electricity to about a hundred industrial French sites, to the extent of approximately half of their entitlements under the agreement, which concerns total deliveries of approximately 310 TWh spread over 24 years.

In accordance with the agreement, Exeltium settled the first advance of €1.7 billion to EDF at the end of April, 2010. This advance was discounted to present value from reception date.

The agreement will contribute to furthering EDF’s investment in renewal of its nuclear installations and secures some of the electricity supplies to the industrial customers who are shareholders in Exeltium.

4.3 Cancellation of the European Commission’s decision of December 16, 2003

During the first half of 2010, the European Commission lodged an appeal before the Court of Justice of the European Union against the Court’s decision that led the French State on December 30, 2009 to return to the EDF group the sum of €1,224 million corresponding to income taxes on the utilized portion of provisions for renewal of French national grid facilities recorded under “grantor’s rights.

Note 5 - Changes in the scope of consolidation

The main changes in the scope of consolidation during the first half of 2010 were the following:

- SPE (“Other International” segment)

On November 26, 2009, EDF and Centrica executed an agreement concerning the sale to EDF by Centrica of its 51% holding in SPE for the sum of €1,328 million. SPE has been fully consolidated in the EDF Group's consolidated financial statements since that date.

The identifiable assets, liabilities and contingent liabilities of SPE qualifying for recognition under IFRS 3 (as published in 2004) are recognized in the opening balance sheet at their fair value at the acquisition date of November 26, 2009.

Based on the fair value of assets and liabilities, SPE's initial balance sheet for the purposes of consolidation at November 26, 2009 is as follows:

(in millions of euros)	Historical value in SPE financial statements	Fair value adjustment	Initial value in EDF consolidation
ASSETS			
Goodwill and other intangible assets	240	710	950
Generation assets	582	900	1,482
Inventories	21	1	22
Trade receivables	53	-	53
Other receivables	87	-	87
Financial assets	76	79	155
Cash and cash equivalents	344	-	344
TOTAL ASSETS	**1,403**	**1,690**	**3,093**
LIABILITIES			
Nuclear provisions	103	-	103
Provisions for employee benefits	20	10	30
Other provisions	62	1	63
Deferred taxes	-	474	474
Trade payables	90	-	90
Other payables	125	792	917
Financial liabilities	305	263	568
TOTAL LIABILITIES	**705**	**1,540**	**2,245**
NET ASSETS	**698**	**150**	**848**

EDF also entered into agreements on June 8, 2010 with the three Belgian shareholders who exercised all or part of their put option, purchasing their shares in SPE for the amount of €215 million. This transaction brought EDF's investment in the Belgian operator to 63.5%. Goodwill of €3 million was recorded at June 30, 2010 in addition to the provisional goodwill of €480 million determined at December 31, 2009 when EDF acquired its initial 51% in SPE.

In compliance with IFRS 3, the Group has 12 months to finalize allocation of the acquisition price and harmonize the valuation methods and rules. The final value will be recorded in the consolidated financial statements at December 31, 2010.

Note 6 - Segment reporting

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

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

In accordance with IFRS 8, the breakdown used by the EDF group corresponds to the operating segments as regularly reviewed by the Group's Management Committee. The reporting segments used by the Group are:

- "**France**", which refers to EDF and its subsidiaries RTE EDF Transport and ERDF, comprising the deregulated activities (mainly Generation and Supply), network activities (Distribution and Transmission) and island activities;
- "**United Kingdom**", which comprises the entities of the EDF Energy subgroup including British Energy and EDF Development UK Ltd;
- "**Germany**", which refers to the entities of the EnBW subgroup;

- "**Italy**", which covers the Edison subgroup, TDE and Fenice;
- "**Other international**", which covers EDF International and the other gas and electricity entities located principally in continental Europe, but also in the USA, Latin America and Asia.
- "**Other activities",** which groups together all the Group's other investments, including Electricité de Strasbourg, Dalkia, Tiru, EDF Energies Nouvelles, EDF Trading and EDF Investissement Groupe.

6.1 At June 30, 2010

(in millions of euros)	France	United Kingdom	Germany	Italy	Other international	Other activities	Eliminations	Total
External sales	18,915	5,640	4,111	2,753	3,457	2,637	-	37,513
Inter-segment sales	319	4	22	13	95	296	(749)	-
TOTAL SALES	**19,234**	**5,644**	**4,133**	**2,766**	**3,552**	**2,933**	**(749)**	**37,513**
OPERATING PROFIT BEFORE DEPRECIATION and AMORTIZATION	**6,031**	**1,601**	**816**	**365**	**602**	**958**	**-**	**10,373**
OPERATING PROFIT	**3,672**	**802**	**604**	**147**	**(633)**	**697**	**-**	**5,289**
OTHER INFORMATION:								
Investments in intangible assets and property, plant and equipment (1)	3,701	894	265	213	256	664	-	5,993
Net depreciation and amortization	(2,088)	(776)	(203)	(231)	(294)	(232)	-	(3,824)
Impairment	-	-	(6)	(2)	-	1	-	(7)

(1) Investments in intangible assets and property, plant and equipment correspond to purchases of fixed assets reported in the statement of cash flows.

6.2 At June 30, 2009

(in millions of euros)	France	United Kingdom	Germany	Italy	Other international	Other activities	Eliminations	Total
External sales	18,323	5,851	3,764	2,524	1,557	2,808	-	34,827
Inter-segment sales	273	-	10	3	54	272	(612)	-
TOTAL SALES	**18,596**	**5,851**	**3,774**	**2,527**	**1,611**	**3,080**	**(612)**	**34,827**
OPERATING PROFIT BEFORE DEPRECIATION and AMORTIZATION	**5,957**	**1,589**	**620**	**393**	**295**	**1,082**	**-**	**9,936**
OPERATING PROFIT	**4,004**	**932**	**464**	**147**	**191**	**1,046**	**-**	**6,784**
OTHER INFORMATION:								
Investments in intangible assets and property, plant and equipment (1)	3,408	969	222	267	136	563	-	5,565
Net depreciation and amortization	(1,993)	(772)	(185)	(237)	(103)	(188)	-	(3,478)
Impairment	-	-	(5)	(10)	(1)	(1)	-	(17)

(1) Investments in intangible assets and property, plant and equipment correspond to purchases of fixed assets reported in the statement of cash flows.

Note 7 - Sales

Sales are comprised of:

(in millions of euros)	H1 2010	H1 2009
Sales of energy and energy-related services	34,741	31,924
Other sales of goods and services	2,329	2,200
Trading	443	703
Sales	**37,513**	**34,827**

The increase in sales observed in first-half 2010 is primarily explained by changes in the scope of consolidation, particularly concerning SPE in Belgium and CENG in the US.

Note 8- Fuel and energy purchases

Fuel and energy purchases comprise:

(in millions of euros)	H1 2010	H1 2009
Fuel purchases used - power generation	(5,571)	(5,303)
Energy purchases	(8,673)	(7,808)
Transmission and delivery expenses	(1,742)	(1,234)
Hedge accounting gain (loss)	(133)	(380)
(Increase)/decrease in provisions related to nuclear fuels and energy purchases	376	730
Fuel and energy purchases	**(15,743)**	**(13,995)**

Fuel and energy purchases are €1,748 million or 12.5% higher than for the first half-year of 2009 largely as a result of changes in the scope of consolidation.

Note 9 - Other external expenses

Other external expenses comprise:

(in millions of euros)	H1 2010	H1 2009
External services	(5,511)	(5,302)
Other purchases (excluding external services, fuel and energy)	(1,482)	(1,489)
Change in inventories and capitalized production	1,736	1,553
(Increase)/decrease in provisions on other external expenses	87	100
Other external expenses	**(5,170)**	**(5,138)**

Note 10 - Contractual obligations and commitments

10.1 <u>Purchase commitments</u>

Firm irrevocable purchase commitments for commodities energy and nuclear fuels amount to €51,578 million at December 31, 2009. There was no significant variation in the first half of 2010.

10.2 Electricity supply commitments

The main variation observed over the first half of 2010 relates to the agreement on the first phase of electricity supplies between the EDF group and Exeltium, which was finalized during the first half of 2010 (see note 4.2). EDF has undertaken to deliver approximately 150 TWh over a period of 24 years starting May 1, 2010.

10.3 Operating contract commitments and guarantees

At June 30, 2010, commitments and guarantees for the execution of operating contracts mature as follows:

(in millions of euros)	06.30.2010 Total	Maturity < 1 year	Maturity 1 - 5 years	Maturity > 5 years	12.31.2009 Total
Satisfactory performance, completion and bid guarantees	**1,322**	271	1,012	39	**1,297**
Commitments related to orders for operating items [(1)]	**5,516**	3,407	1,659	450	**4,562**
Commitments related to orders for fixed assets	**11,347**	5,172	5,855	320	**10,406**
Other operating commitments	**3,956**	1,099	2,273	584	**3,859**
Operating commitments given	**22,141**	**9,949**	**10,799**	**1,393**	**20,124**
Operating commitments received	**7,890**	**4,924**	**2,805**	**161**	**9,165**

(1) Other than commodities and energy

Note 11 - Taxes other than income taxes

A new Local Economic Contribution (*Contribution Économique Territoriale*) was introduced in the business tax reform by the French Finance Law for 2010. The accounting treatment for the consolidated half-year financial statements is unaffected: this contribution, like business tax, is recorded under “Taxes other than income taxes” in the consolidated accounts.

Note 12 - Other operating income and expenses

Other operating income and expenses comprise:

(in millions of euros)	H1 2010	H1 2009
Operating subsidies	1,435	1,394
Net income on deconsolidation	150	2
Gains on disposal of property, plant and equipment	(80)	(31)
Net increase in provisions on current assets	(49)	(94)
Net increase in provisions for operating contingencies and losses	299	225
Other operating income and expenses	73	154
Other operating income and expenses	**1,828**	**1,650**

12.1 Operating subsidies

Operating subsidies mainly comprise the Contribution to the Public Electricity Service (CSPE) introduced by the French Law of January 3, 2003. This contribution is payable by end-users (both eligible and non-eligible) and collected by network operators or electricity suppliers, which then pay it to the State. It is intended to compensate for certain types of expense attributable to EDF's public service missions.

In the financial statements, this compensation results in recognition of income of €1,399 million in the first-half year of 2010 (€1,380 million in first-half year of 2009). The CSPE income receivable is valued on the basis of the most probable assumptions, assessed at June 30, 2010.

12.2 Net income on deconsolidation

In first-half 2010, the net income on deconsolidation includes the net gains on disposals of GESO by EnBW, the Eggborough plant by EDF Energy, and Usti (in the Czech Republic) by Dalkia International.

12.3 Net increase in provisions for operating contingencies and losses

In the first-half year of 2010, the net increase in provisions for operating contingencies and losses includes €266 million corresponding to reversals of negative fair value on British Energy commodity sales contracts recognized at the acquisition date of January 5, 2009 following their settlement (€162 million in the first-half year of 2009).

Note 13 - Prolongation of the transition tariff system (TaRTAM) – Law of June 7, 2010

Following the decision to prolong the transition tariff system to December 31, 2010 (see note 3.2), a charge of €265 million corresponding to an additional provision of €280 million less €15 million reinvoiced to partners in the nuclear plants was recorded at June 30, 2010 in respect of EDF's contribution to electricity supplier compensation in the second half of 2010.

Note 14 - Net changes in fair value on energy and commodity derivatives, excluding trading activities

Net changes in fair value on Energy and Commodity derivatives, excluding trading activities, generated income of €58 million in the first half of 2010 (compared to €309 million for the first half of 2009).

Note 15 - Other income and expenses

Other income and expenses for the first half-year of 2010 include an expense of €1,060 million related to the Group's activities in the US (see note 4.1).

Other income and expenses for the first half-year of 2009 amount to €330 million, mainly corresponding to the net gain on EDF's contribution to Alpiq of its 50% share in power and energy drawing rights in the Emosson dam, and related expenses.

Note 16 - Financial result

16.1 Cost of gross financial indebtedness

(in millions of euros)	**H1 2010**	**H1 2009**
Interest expenses on financing operations	(1,420)	(1,301)
Change in the fair value of derivatives and hedges of liabilities	6	(6)
Ineffective portion of cash flow hedges	(2)	-
Transfer to income of changes in the fair value of cash flow hedges	(4)	(8)
Net foreign exchange gain on indebtedness	41	44
Cost of gross financial indebtedness	**(1,379)**	**(1,271)**

16.2 Discount expense

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

Details of this expense are as follows:

(in millions of euros)	H1 2010	H1 2009
Provisions for employee benefits	(780)	(728)
Provisions for back-end of nuclear cycle, decommissioning and last cores	(822)	(788)
Other provisions and advances	(88)	(76)
Discount expense	**(1,690)**	**(1,592)**

16.3 Other financial income and expenses

Other financial income and expenses mainly concern interest income on bond markets, trading gains and losses and dividends on the equity markets, and the return on employee benefits fund assets.

Note 17 - Income taxes

Income taxes amount to €1,241 million for the first half of 2010, corresponding to an effective tax rate of 42.5% (compared to an expense of €1,523 million corresponding to an effective tax rate of 33.2% for the first half of 2009). They are calculated by applying the forecast effective tax rate for 2010 to the pre-tax income at June 30, 2010.

The increase in the effective tax rate observed in the first half of 2010 relates to the provision associated with the Group's activities in the US. Excluding this factor, the effective tax rate for first-half 2010 is 31.2%.

Note 18 - Goodwill

Goodwill on consolidated companies comprises the following:

(in millions of euros)	06.30.2010	12.31.2009
Net book value at opening date	**13,526**	**6,807**
Acquisitions	48	6,524
Disposals	-	-
Impairment	(4)	(4)
Translation adjustments	715	448
Other movements	8	(249)
Net book value at closing date	**14,293**	**13,526**
Gross value at closing date	15,135	14,364
Accumulated impairment at closing date	(842)	(838)

The changes observed over first-half 2010 primarily relate to translation adjustments, which were particularly driven by the pound sterling's rise in value against the euro.

No adjustment was recorded in the half-year financial statements at June 30, 2010 to the goodwill on acquisitions of 49.99% of CENG and 51% of SPE, which took place on November 6 and November 26, 2009 respectively. In application of IFRS 3, the goodwill value will be finalized in the annual financial statements at December 31, 2010.

Note 19 - Other intangible assets

The balance of the increase essentially corresponds to the lower level of greenhouse gas emission rights, mainly explained by the rights surrendered to the States during the first half-year of 2010.

Application of IFRIC 12 generated a €124 million increase in intangible assets at January 1, 2009 (due to reclassifications of items from property, plant and equipment operated under concessions for other activities to intangible assets – see note 2).

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

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

The net value of property, plant and equipment operated under French public electricity distribution concessions breaks down as follows:

(in millions of euros)	06.30.2010	12.31.2009
Property, plant and equipment	41,881	41,431
Property, plant and equipment in progress	1,124	1,020
Property, plant and equipment operated under French public electricity distribution concessions	**43,005**	**42,451**

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

(in millions of euros)	Gross values	Depreciation and impairment (2)	Total
Values at December 31, 2009	**71,600**	**(30,169)**	**41,431**
Increases (1) / Net depreciation	1,504	(150)	1,354
Decreases	(294)	256	(38)
Translation adjustment	-	-	-
Changes in the scope of consolidation	-	-	-
Other movements	(1)	(865)	(866)
Values at June 30, 2010	**72,809**	**(30,928)**	**41,881**

(1) Increases also include assets contributed for nil consideration.

(2) Other movements mainly concern depreciation of assets operated under concession, booked against depreciation recorded in the special concession liabilities.

Most of the value of property, plant and equipment operated under French public electricity distribution concessions relates to network assets: €67,760 million gross and €40,014 million net at June 30, 2010 (€66,631 million gross and €39,589 million net at December 31, 2009).

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

21.1 Net value of property, plant and equipment operated under concessions for other activities

The net value of property, plant and equipment operated under concessions for other activities breaks down as follows:

(in millions of euros)	06.30.2010	12.31.2009
Property, plant and equipment	26,353	25,593
Property, plant and equipment in progress	1,512	1,264
Property, plant and equipment operated under concessions for other activities	**27,865**	**26,857**

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

(in millions of euros)	Gross values	Depreciation and impairment	Total
Values at December 31, 2009 (1)	**46,460**	**(20,867)**	**25,593**
Increases / Net depreciation	952	(683)	269
Decreases	(99)	65	(34)
Translation adjustment	1,000	(332)	668
Changes in the scope of consolidation	-	-	-
Other movements	9	(152)	(143)
Values at June 30, 2010	**48,322**	**(21,969)**	**26,353**

(1) Figures for 2009 have been adjusted for the effects of application of IFRIC 12 and IFRIC 18 (see note 2)

Property, plant and equipment operated under concessions other than French public electricity distribution concessions (see note 20) comprises concession facilities mainly located in France (transmission and hydropower), the UK, Germany and Italy.

Network assets account for €33,250 million gross and €19,590 million net of these assets at June 30, 2010 (€31,529 million gross and €18,802 million net at December 31, 2009).

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

22.1 Net value of property, plant and equipment used in generation and other tangible assets owned by the Group

The net value of property, plant and equipment used in generation and other tangible assets owned by the Group breaks down as follows:

(in millions of euros)	06.30.2010	12.31.2009
Property, plant and equipment owned by the Group	51,512	49,803
Property, plant and equipment in progress	10,020	8,507
Leased property, plant and equipment	423	424
Property, plant and equipment used in generation and other tangible assets owned by the Group	**61,955**	**58,734**

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

(in millions of euros)	Land & Buildings	Nuclear power plants	Fossil-fired & hydropower plants	Networks	Other installations, plant, machinery & equipment & other	Total
Gross values at 12.31.2009	**12,752**	**60,765**	**16,023**	**2,287**	**10,480**	**102,307**
Increases	219	439	204	21	714	**1,597**
Decreases	(52)	(169)	(20)	(2)	(82)	**(325)**
Translation adjustment	80	1,470	143	-	402	**2,095**
Changes in the scope of consolidation	20	-	119	-	82	**221**
Other movements	57	41	164	(29)	108	**341**
Gross values at 06.30.2010	**13,076**	**62,546**	**16,633**	**2,277**	**11,704**	**106,236**
Depreciation and impairment at 12.31.2009	**(6,233)**	**(32,306)**	**(8,389)**	**(1,265)**	**(4,311)**	**(52,504)**
Net depreciation	(166)	(1,082)	(358)	(30)	(401)	**(2,037)**
Disposals	26	130	13	1	64	**234**
Translation adjustment	(2)	(95)	(50)	2	(101)	**(246)**
Changes in the scope of consolidation	(8)	-	12	-	(32)	**(28)**
Other movements	(57)	35	(25)	18	(114)	**(143)**
Depreciation and impairment at 06.30.2010	**(6,440)**	**(33,318)**	**(8,797)**	**(1,274)**	**(4,895)**	**(54,724)**
Net values at 12.31.2009	**6,519**	**28,459**	**7,634**	**1,022**	**6,169**	**49,803**
Net values at 06.30.2010	**6,636**	**29,228**	**7,836**	**1,003**	**6,809**	**51,512**

Note 23 - Investments in associates

(in millions of euros)	Principal activity (1)	% voting rights held	06.30.2010 Share of net equity	06.30.2010 Share of net income	12.31.2009 Share of net equity	12.31.2009 Share of net income
Alpiq	G	26.06	1,706	47	1,572	92
Dalkia Holding	S	34.00	462	15	493	19
EVN	D	16.46	440	34	445	28
Taishan	G	30.00	573	-	279	-
Other investments in associates			1,683	51	1,632	(19)
Total			**4,864**	**147**	**4,421**	**120**

(1) S= services, G= generation, D= distribution, T= transportation.

The increase in the value of the share of net equity in Taishan results from the Group's subscription of €213 million to a capital increase in the first half of 2010.

Note 24 - Current and non-current financial assets

24.1 Breakdown between current and non-current financial assets

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

(in millions of euros)	06.30.2010			12.31.2009		
	Current	Non-current	Total	Current	Non-current	Total
Financial assets carried at fair value with changes in fair value included in income	4,278	14	**4,292**	4,863	13	**4,876**
Available-for-sale financial assets (1)	7,443	16,292	**23,735**	4,987	15,818	**20,805**
Held-to-maturity investments (1)	78	426	**504**	61	463	**524**
Positive fair value of hedging derivatives	1,944	1,224	**3,168**	1,783	1,112	**2,895**
Loans and financial receivables (1)	820	7,895	**8,715**	756	7,092	**7,848**
Financial assets	**14,563**	**25,851**	**40,414**	**12,450**	**24,498**	**36,948**

(1) Net of impairment: €948 million at June 30, 2010 (€911 million at December 31, 2009).

The main changes in financial assets are analyzed in the notes below.

24.2 Details of financial assets

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

(in millions of euros)	06.30.2010	12.31.2009
Derivatives - positive fair value	4,073	4,662
Fair value of derivatives held for trading (1)	207	203
Other financial assets carried at fair value with changes in fair value included in income (option IAS 39)	12	11
Financial assets carried at fair value with changes in fair value included in income	**4,292**	**4,876**
(1) Portion classified as liquid assets	202	197

The change in the fair value of trading derivatives is similar to the one observed in financial liabilities (see note 29.1).

24.2.2 Available-for-sale financial assets

(in millions of euros)	06.30.2010			12.31.2009 (2)		
	Equities (1)	Debt securities	Total	Equities (1)	Debt securities	Total
Dedicated assets of EDF	5,584	6,684	**12,268**	4,932	6,504	**11,436**
Liquid assets	1,954	4,703	**6,657**	2,400	2,138	**4,538**
Strategic investment	446	-	**446**	414	-	**414**
Other	2,906	1,458	**4,364**	3,083	1,334	**4,417**
Available-for-sale financial assets	**10,890**	**12,845**	**23,735**	**10,829**	**9,976**	**20,805**

(1) Equities or investment funds.

(2) The distribution between equities and debt securities has been reviewed since December 31, 2009 .

The main variations of available for sale financial assets concern the acquisitions totaling €6,382 million, disposals totaling €3,632 million and €37 million of fair value adjustment.

“Strategic shares” are shares held in Constellation Energy Group which valuation methodology remains the same as at December 31, 2009.

During the first half-year of 2010, changes in the fair value of available-for-sale financial assets were recorded in equity (EDF share) over the period as follows:

- At June 30, 2010:

(in millions of euros)	Gross changes in fair value recorded in equity (1)	Taxes related to gross changes in fair value recorded in equity	Changes after taxes in fair value recorded in equity (1)	Gross changes in fair value transferred to income (2)	Taxes related to changes in fair value transferred to income	Changes after taxes in fair value transferred to income (2)
Available-for-sale financial assets - equities	(7)	(19)	**(26)**	71	(29)	**42**
Available-for-sale financial assets - debts	51	(17)	**34**	19	(6)	**13**
Liquid assets	(33)	11	**(22)**	(32)	11	**(21)**
Other	18	(6)	**12**	17	(6)	**11**
Available-for- sale financial assets	**29**	**(31)**	**(2)**	**75**	**(30)**	**45**

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

In first-half of 2010, gross changes in fair value recorded in equity (EDF share) principally concern:

- EDF (€82 million, including €80 million for dedicated assets);
- EnBW (€6 million);
- EDF Inc (€(38) million);
- CENG (€(19) million).

No significant impairment was recorded by EDF in the first half-year of 2010.

- At June 30, 2009:

(in millions of euros)	Gross changes in fair value recorded in equity (1)	Taxes related to gross changes in fair value recorded in equity	Changes after taxes in fair value recorded in equity (1)	Gross changes in fair value transferred to income (2)	Taxes related to changes in fair value transferred to income	Changes after taxes in fair value transferred to income (2)
Available-for-sale financial assets - equities	337	(85)	**252**	(46)	10	**(36)**
Available-for-sale financial assets - debts	46	(15)	**31**	2	(1)	**1**
Liquid assets	(5)	1	**(4)**	(1)	-	**(1)**
Other	21	(8)	**13**	(2)	1	**(1)**
Available-for- sale financial assets	**399**	**(107)**	**292**	**(47)**	**10**	**(37)**

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

24.2.2.1 EDF’s dedicated asset portfolio

The key features of the portfolio and the principles governing its management are presented in the financial statements at December 31, 2009. However, the proposed French law on the New organization of the electricity market includes the deferral by 5 years of the deadline for establishment of dedicated assets (current regulations require long-term nuclear obligations to be covered by a portfolio of dedicated assets by June 30, 2011).

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

(in millions of euros)	Fair Value 06.30.2010	Fair Value 12.31.2009
Securities	342	234
Equities-based unit trusts	5,106	4,664
Other financial investments	136	34
Equities	**5,584**	**4,932**
Securities	739	700
Short-term unit trusts	5,945	5,804
Bonds	**6,684**	**6,504**
Dedicated asset portfolio	**12,268**	**11,436**

The cash allocation to the dedicated asset portfolio for the first half of 2010 amounted to €881 million (there was no allocation in the first half of 2009 due to market conditions).

The dedicated asset portfolio includes €152 million of net unrealized gains (€4 million of unrealized gains at December 31, 2009) against a background of high volatility of the financial markets.

24.2.2.2 Liquid assets

EDF's monetary investment funds included in liquid assets amount to €1,954 million at June 30, 2010 (€2,400 million at December 31, 2009).

24.2.2.3 Other securities

At June 30, 2010, other securities mainly include:

- at EnBW, €1,407 million in available-for-sale assets – debt instruments including €1,000 million of reserved funds and €1,157 million in available-for-sale assets – equities, including €663 million of reserved funds;
- at EDF, shares in Areva amounting to €293 million and shares in Veolia amounting to €374 million.

24.2.2.4 Loans and financial receivables

Loans and receivables include amounts representing reimbursements receivable from the NLF and the British government for coverage of long-term nuclear obligations, totaling €7,096 million at June 30, 2010 (€6,399 million at December 31, 2009).

24.3 Investment commitments

Commitments related to investments are as follows:

(in millions of euros)	06.30.2010 Total	06.30.2010 Maturity < 1 year	06.30.2010 Maturity 1 - 5 years	06.30.2010 Maturity > 5 years	12.31.2009 Total
Assets and investments commitments	**4,454**	1,895	2,522	37	**4,505**
Other financing commitments given	**171**	101	70	-	**233**
Other financing commitments received	**83**	19	64	-	**58**

24.3.1 Investment commitments

Under the new shareholder agreement signed on April 16, 2010, the Group made a commitment to minority shareholders of SPE at June 30, 2010 to purchase their shares subject to certain conditions, at a price comprising variable components. This is an off balance sheet commitment that cannot be measured at June 30, 2010.

Note 25 - Held-for-sale assets and liabilities

The change in held-for-sale assets and liabilities at June 30, 2010 principally results from:

- planned disposals of the assets (€142 million) and liabilities (€19 million) of Prazska Teplarenska, Cinergy and Azito.
- disposals undertaken during the first half of 2010 of the assets and liabilities of Eggborough, GESO and a Dalkia International subsidiary in the Czech Republic.

Note 26 - Equity

26.1 Share capital

There were no changes during the first half-year of 2010 in EDF's share capital, which amounts to €924,433,331, comprising 1,848,866,662 shares with nominal value of €0.50 each.

26.2 Treasury shares

Under the share repurchase program, for which a liquidity contract exists as required by the market regulator AMF, 1,865,045 shares were acquired during the first half-year of 2010 for a total of €70 million, and 1,591,545 shares were sold for a total of €61 million.

At June 30, 2010, treasury shares deducted from consolidated equity amount to €19 million.

26.3 Dividends

The General Shareholders' meeting of May 18, 2010 decided to distribute a dividend of €1.15 per share in circulation in respect of 2009. Interim dividends of €0.55 per share had been paid out on December 17, 2009, and the balance of €0.60 per share amounting to a total of €1,109 million was paid out on June 3, 2010.

26.4 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, 2010, there are no dilutive instruments in the EDF group.

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

(in millions of euros)	H1 2010	H1 2009
Net income attributable to ordinary shares	1,659	3,123
Net income used to calculate diluted earnings per share	**1,659**	**3,123**
Average weighted number of ordinary shares outstanding at end of period (1)	**1,842,740,192**	**1,822,699,252**
Average weighted number of diluted shares outstanding at end of period	**1,842,740,192**	**1,822,699,252**
Earnings per share in euros :		
Net earnings per share	0.90	1.71
Diluted earnings per share	0.90	1,71

(1) In application of IAS 33, the average weighted number of shares outstanding used to calculate earnings per share for 2009 has been adjusted following the December 2009 dividend distribution in the form of shares.

Note 27 - Provisions

27.1 Breakdown between current and non-current provisions

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

(in millions of euros)	06.30.2010 Current	06.30.2010 Non-current	06.30.2010 Total	12.31.2009 Current	12.31.2009 Non-current	12.31.2009 Total
Provisions for back-end nuclear cycle	917	17,841	**18,758**	1,042	17,531	**18,573**
Provisions for decommissioning and last cores	513	20,949	**21,462**	350	20,003	**20,353**
Provisions for employee benefits	858	13,591	**14,449**	837	13,412	**14,249**
Other provisions	3,130	2,559	**5,689**	3,629	1,188	**4,817**
PROVISIONS	**5,418**	**54,940**	**60,358**	**5,858**	**52,134**	**57,992**

27.2 Provisions for the back-end nuclear cycle

At June 30, 2010, the movement in provisions for the back-end nuclear cycle breaks down as follows:

(in millions of euros)	12.31.2009	Increases	Decreases – Utilizations	Decreases – Reversals	Changes in scope of consolidation	Other changes	06.30.2010
Provisions for spent fuel management	11,147	413	(414)	(21)	-	100	**11,225**
Provisions for long-term radioactive waste management	7,426	222	(149)	(18)	-	52	**7,533**
Provisions for back-end nuclear cycle	**18,573**	**635**	**(563)**	**(39)**	**-**	**152**	**18,758**

The breakdown of provisions by company is shown below.

(in millions of euros)	EDF	British Energy	EnBW	Other	Total
Provisions at 12.31.2009	**15,030**	**2,660**	**879**	**4**	**18,573**
Increase	572	-	63	-	635
Decrease	(580)	-	(22)	-	(602)
Changes in scope of consolidation	-	-	-	-	-
Other changes	(53)	205	-	-	152
Provisions at 06.30.2010	**14,969**	**2,865**	**920**	**4**	**18,758**

27.3 Provisions for decommissioning and last cores

At June 30, 2010, the change in decommissioning and last core provisions breaks down as follows:

(in millions of euros)	12.31.2009	Increases	Decreases – Utilizations	Decreases – Reversals	Changes in scope of consolidation	Other changes	06.30.2010
Provisions for decommisioning	17,320	424	(152)	-	-	651	**18,243**
Provisions for last cores	3,033	78	-	-	-	108	**3,219**
Provisions for decommissioning and last cores	**20,353**	**502**	**(152)**	**-**	**-**	**759**	**21,462**

The breakdown of provisions by company is shown below.

(in millions of euros)	EDF	British Energy	EnBW	CENG	Other	Total
Provisions at 12.31.2009	**12,958**	**5,088**	**1,453**	**442**	**412**	**20,353**
Increase	395	39	40	17	11	**502**
Decrease	(125)	(13)	(13)	-	(1)	**(152)**
Changes in scope of consolidation	-	-	-	-	-	**-**
Other changes	-	612	64	79	4	**759**
Provisions at 06.30.2010	**13,228**	**5,726**	**1,544**	**538**	**426**	**21,462**

27.4 EDF's provisions in France and secure financing of long-term obligations for nuclear installations

In France, EDF's nuclear provisions are calculated in accordance with the instructions of the law of June 28, 2006 and its implementing provisions.

In compliance with the regulation on secure financing of nuclear expenses:

- EDF books provisions to cover all obligations related to the nuclear facilities it operates;
- EDF is building up a portfolio of dedicated assets to cover long-term obligations (see note 27.4.3.2).

In application of the agreement of December 19, 2008 setting forth the principles governing back-end cycle contracts for the post-2007 period, EDF and Areva signed two contracts on July 12, 2010 entitled the "EDF-Areva NC Processing-Recycling agreement" and the "protocol for recovery and conditioning of EDF waste, the final shutdown and decommissioning of the Areva NC plant at La Hague, and operations at Saint Laurent A". The Processing-Recycling agreement lays down the contractual terms for the period 2008-2012 and the principles governing prices and investments for subsequent periods.

The effects of these agreements were recognized at June 30, 2010. As they had already been anticipated based on the previous agreements, they have no material impact on the Group's consolidated financial statements.

Otherwise, the assumptions and valuation methods for EDF's provisions for the back-end nuclear cycle, decommissioning of nuclear plants and last cores are identical to those used at December 31, 2009.

27.4.1 Provisions for EDF's back-end nuclear cycle in France

At June 30, 2010, the movements in these provisions break down as follows:

(in millions of euros)	12.31.2009	Increases	Decreases		Other changes	06.30.2010
			Utilizations	Reversals		
Provisions for spent fuel management	8,686	407	(412)	(9)	(52)	**8,620**
Provisions for long-term radioactive waste management	6,344	165	(145)	(14)	(1)	**6,349**
Provisions for EDF's back-end nuclear cycle in France	**15,030**	**572**	**(557)**	**(23)**	**(53)**	**14,969**

The corresponding expenses are measured under the economic conditions at that date and spread over a forecast disbursement schedule. A provision is booked equivalent to the discounted value (assuming 2% inflation and a 5% discount rate):

(in millions of euros)	06.30.2010		12.31.2009	
	Costs based on economic conditions at end of period	Amounts in provisions at present value	Costs based on economic conditions at end of period	Amounts in provisions at present value
for spent fuel management	13,979	8,620	13,969	8,686
for long-term radioactive waste management	22,486	6,349	22,321	6,344
Back-end nuclear cycle	**36,465**	**14,969**	**36,290**	**15,030**

27.4.2 Provisions for EDF's decommissioning and last cores in France

The change in EDF's decommissioning and last core provisions in France breaks down as follows:

(in millions of euros)	12.31.2009	Increases	Decreases		Other changes	06.30.2010
			Utilizations	Reversals		
Decommissioning provisions for fossil-fired power plants	425	81	(31)	-	-	**475**
Decommissioning provisions for nuclear power plants	10,708	267	(94)	-	-	**10,881**
Provisions for last cores	1,825	47	-	-	-	**1,872**
Provisions for EDF's decommissioning and last cores in France	**12,958**	**395**	**(125)**	**-**	**-**	**13,228**

The corresponding expenses are estimated based on the economic conditions at June 30, 2010, and spread over a forecast disbursement schedule. A provision is booked equivalent to the discounted value assuming a 2% inflation rate and a 5% discount rate.

(in millions of euros)	06.30.2010		12.31.2009	
	Costs based on economic conditions at end of period	Amounts in provisions at present value	Costs based on economic conditions at end of period	Amounts in provisions at present value
Decommissioning provisions for fossil-fired power plants	645	475	594	425
Decommissioning provisions for nuclear power plants	20,806	10,881	20,696	10,708
Provisions for last cores	3,771	1,872	3,732	1,825
Provisions for decommissioning and last cores	**25,222**	**13,228**	**25,022**	**12,958**

27.4.3 Secure financing of long-term obligations related to EDF's nuclear liabilities

27.4.3.1 Discount rate

The discount rate and calculation method for measuring provisions are identical to those used at December 31, 2009. The regulatory limits and sensitivity factors to the assumptions used are also unchanged.

27.4.3.2 Dedicated assets

In order to secure financing of long-term obligations in an increasingly open electricity market, EDF is progressively building up a portfolio of financial assets dedicated to covering long term nuclear obligations, specifically the decommissioning of the nuclear power plants and the long-term management of radioactive waste (see note 0).

27.5 Provisions for employee benefits

At June 30, 2010, the changes in provisions for employee benefits are as follows:

(in millions of euros)	12.31.2009	Increases	Decreases		Changes in scope of consolidation	Other changes	06.30.2010
			Utilizations	Reversals			
Provisions for post-employment benefits	13,118	1,169	(1,038)	-	1	54	**13,304**
Provisions for other long-term benefits	1,131	72	(61)	-	-	3	**1,145**
Provisions for employee benefits	**14,249**	**1,241**	**(1,099)**	**-**	**1**	**57**	**14,449**

The change in provisions since December 31, 2009 mainly reflects variations in vested benefits, financial discounting of the obligation, payments made to external funds and benefits paid out.

The obligation at June 30, 2010 is calculated based on projected commitments as estimated at December 31, 2009 (see note 1.3.1). The sensitivity of these commitments calculated at June 30, 2010 is identical to the sensitivity at December 31, 2009: a 25 base point variation in the discount rate would generate a 3.4% variation in the total value of obligations in France.

27.5.1 Provisions for post-employment benefits

(in millions of euros)	France	United Kingdom	Germany	Italy	Other International	Other Activities	Total
Provisions at 12.31.2009	10,721	119	1,924	54	189	111	**13,118**
Amounts used at end of period	(436)	(166)	(50)	-	(16)	(7)	**(675)**
Changes in the scope of consolidation	-	-	1	-	-	-	**1**
Net additions	560	164	62	2	12	6	**806**
Translation adjustment	-	12	-	-	17	2	**31**
Other	(1)	28	1	(5)	-	-	**23**
Provisions at 06.30.2010	**10,844**	**157**	**1,938**	**51**	**202**	**112**	**13,304**

27.5.2 Provisions for other long-term employee benefits

(in millions of euros)	France	United Kingdom	Germany	Italy	Other International	Other Activities	Total
Provisions at 12.31.2009	1,052	-	15	-	41	23	**1,131**
Amounts used at end of period	(59)	-	-	-	(1)	(1)	**(61)**
Changes in the scope of consolidation	-	-	-	-	-	-	**-**
Net additions	70	-	-	-	1	1	**72**
Translation adjustment	-	-	-	-	-	-	**-**
Other	-	-	-	-	3	-	**3**
Provisions at 06.30.2010	**1,063**	**-**	**15**	**-**	**44**	**23**	**1,145**

27.6 Other provisions and contingent liabilities

27.6.1 Other provisions

At June 30, 2010, details of changes in other provisions are as follows:

(in millions of euros)	12.31.2009	Increases	Decreases		Changes in scope of consolidation	Other changes	06.30.2010
			Utilizations	Reversals			
Provisions for contingencies related to investments	182	1,060	-	-	-	-	**1,242**
Provisions for tax liabilities	355	24	(2)	-	3	14	**394**
Provisions for litigation	529	30	(35)	(29)	-	19	**514**
Provisions for onerous contracts	1,029	84	(325)	(10)	-	60	**838**
Other	2,722	873	(720)	(139)	2	(37)	**2,701**
Other provisions	**4,817**	**2,071**	**(1,082)**	**(178)**	**5**	**56**	**5,689**

The heading "Other" includes in particular:

- a provision of €1,060 million related to the Group's activities in the US (see note 4.1);
- a provision of €496 million for the TaRTAM transition tariff system, including €280 million for its prolongation to December 31, 2010, in application of the law of June 7, 2010
- a provision of €403 million for the contribution to preserve entitlements to the benefits in the deregulated activities, related to agreements signed with the additional pension organizations;
- provisions of €647million for greenhouse gas emission quotas and renewable energy certificates.

Provisions for onerous contracts include €655 million corresponding to the fair value of British Energy sales contracts at June 30, 2010 (€838 million at December 31, 2009).

27.6.2 Contingent liabilities

- Tax inspection in France

In 2008 and 2009, EDF's accounts were inspected for the tax years 2004, 2005 and 2006. At the end of 2009, the Company was notified of a proposed tax reassessment for the period covered. EDF is contesting most of the corrections notified.

Note 28 - Specific French public electricity distribution concession liabilities for existing assets and assets to be replaced

The changes in specific concession liabilities for existing assets and assets to be replaced are as follows at June 30, 2010:

(in millions of euros)	12.31.2009	Change over the period	06.30.2010
Value in kind of assets	37,770	489	38,259
Unamortized financing by the operator	(18,103)	(314)	(18,417)
Rights in existing assets - net value	**19,667**	**175**	**19,842**
Amortization of financing by the grantor	8,887	278	9,165
Provision for renewal	11,323	217	11,540
Rights in assets to be replaced	**20,210**	**495**	**20,705**
Specific French public electricity distribution concession liabilities for existing assets and assets to be replaced	**39,877**	**670**	**40,547**

The valuation methods for specific concession liabilities are identical to those presented in the notes to the 2009 consolidated financial statements, particularly note 3.24, which describes the impact of an alternative calculation method. This would lead to statement of contractual obligations at the discounted value of future payments required for replacement of assets operated under concession at the end of their useful life.

Note 29 - Current and non-current financial liabilities

29.1 Breakdown between current and non-current financial liabilities

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

	06.30.2010			12.31.2009		
(in millions of euros)	Non-current	Current	Total	Non-current	Current	Total
Loans and other financial liabilities	50,298	7,359	57,657	43,941	9,927	53,868
Negative fair value of derivatives held for trading	-	3,296	3,296	-	3,610	3,610
Negative fair value of hedging derivatives	726	1,799	2,525	814	3,023	3,837
Financial liabilities	**51,024**	**12,454**	**63,478**	**44,755**	**16,560**	**61,315**

The maturity of EDF Energies Nouvelles' credit lines is now based on the maturity date of the agreement rather than the date of the current drawing. Including this change of presentation, the current and non-current portions of loans and other financial liabilities at December 31, 2009 would have been €9,322 million and €44,546 million respectively (the impact of the reclassification is €605 million).

The change in the fair value of trading derivatives is similar to the one observed in financial assets (see note 0).

29.2 Loans and other financial liabilities

29.2.1 Changes in loans and other financial liabilities

(in millions of euros)	Bonds	Loans from financial institutions	Other financial liabilities	Loans related to finance leased assets	Accrued interest	Total
Balances at 12.31.2009 (1)	**40,072**	**6,450**	**5,892**	**246**	**1,208**	**53,868**
Increases	4,328	969	259	-	63	**5,619**
Decreases	(60)	(1,345)	(3,028)	(5)	(61)	**(4,499)**
Changes in scope of consolidation	(11)	31	(2)	-	1	**19**
Translation adjustments	1,249	139	279	-	(36)	**1,631**
Others	823	(217)	364	68	(19)	**1,019**
Balances at 06.30.2010	**46,401**	**6,027**	**3,764**	**309**	**1,156**	**57,657**

The Group undertook several major bond issues during the first half-year of 2010.

On January 26, 2010, EDF issued two bonds on the US market in the form of a private placement reserved for institutional investors (issue governed by Rule 144A of the US Securities and Exchange Commission), in two installments:

- a 10-year $1.4 billion installment with an annual coupon of 4.60%,
- a 30-year $850 million installment with an annual coupon of 5.60%.

On March 29, 2010, EDF undertook a bond issue on the Swiss market for CHD 400 million with an annual coupon of 2.25%, maturing in September 2017.

On April 27, 2010, EDF undertook a bond issue on the Euronext Paris market for €1.5 billion with an annual coupon of 4.625%, maturing in April 2030.

On March 10, 2010, Edison issued a €500 million bond with 5-year maturity and annual coupon of 3.25% (EDF's share: €245 million), as part of its EMTN program.

On June 28, 2010, RTE issued a €750 million bond with 12-year maturity and annual coupon of 3.875%.

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

(in millions of euros)	06.30.2010	12.31.2009
EDF SA and other affiliated subsidiaries (1)	32,744	30,756
EDF Energy (2)	13,062	11,943
EnBW	3,529	3,416
EDF Energies Nouvelles	3,674	3,295
Edison (3)	2,272	2,302
Others entities	2,376	2,156
Total loans and financial liabilities	**57,657**	**53,868**

(1) ERDF, RTE, PEI, EDF International, EDF Investissement Groupe
(2) Including holding companies
(3) Edison excluding TDE

29.2.2 Maturity of loans and other financial liabilities

(in millions of euros)	Bonds	Loans from financial institutions	Other financial liabilities	Loans related to finance leased assets	Accrued interest	Total
Less than one year	2,589	1,003	2,572	47	1,148	**7,359**
From one to five years	15,757	2,854	919	159	8	**19,697**
More than five years	28,055	2,170	273	103	-	**30,601**
Loans and financial liabilities at 06.30.2010	**46,401**	**6,027**	**3,764**	**309**	**1,156**	**57,657**

29.2.3 Credit lines

The Group has credit lines with various banks totaling €13,553 million at June 30, 2010 (€10,039 million at December 31, 2009).

-	06.30.2010				12.31.2009
	Total	Maturity			Total
(in millions of euros)		< 1 year	1 - 5 years	> 5 years	
Confirmed credit lines	**13,553**	1,876	11,476	201	**10,039**

29.3 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 securities 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)	Notes	06.30.2010	12.31.2009
Loans and other financial liabilities	**29.2**	57,657	53,868
Derivatives used to hedge liabilities		(322)	373
Cash and cash equivalents		(6,375)	(6,982)
Liquid assets [(1)]	**24.2**	(6,859)	(4,735)
Net financial liabilities from companies disclosed in non-current liabilities related to assets classified as held for sale		(1)	(28)
Net indebtedness		**44,100**	**42,496**

(1) available-for-sale financial assets: €6,657 million, financial assets carried at fair value: €202 million at June 30, 2010 (respectively €4,538 million and €197 million at December 31, 2009).

29.4 Changes in net indebtedness

(in millions of euros)	H1 2010	H1 2009
Operating profit before depreciation and amortization (EBITDA)	**10,373**	**9,936**
Cancellation of non-monetary items included in EBITDA	(1,145)	(2,219)
Net financial expenses disbursed	(1,129)	(813)
Income tax paid	(1,177)	(85)
Other items	94	146
Operating cash flow	**7,016**	**6,965**
Change in net working capital	783	232
Acquisitions of intangible assets and property, plant and equipment net of disposals	(5,903)	(5,481)
Free cash flow	**1,896**	**1,716**
Dedicated assets	(881)	-
Net Financial investments	(22)	(12,293)
Dividends paid	(1,205)	(1,225)
Other items	195	33
(Increase) / decrease in net indebtedness, excluding the impact of changes in scope of consolidation and exchanges rates	**(17)**	**(11,769)**
Effect of change in scope of consolidation	(34)	710
Effect of exchange rate fluctuations	(1,359)	(1,283)
Other non-monetary changes	(194)	27
(Increase) / decrease in net indebtedness	**(1,604)**	**(12,315)**
Net indebtedness at beginning of period	**42,496**	**24,476**
Net indebtedness at end of period	**44,100**	**36,791**

29.5 Guarantees of borrowings

Guarantees of borrowings by the Group at June 30, 2010 comprise the following:

	06.30.2010				12.31.2009
	Total	Maturity			Total
(in millions of euros)		< 1 year	1 - 5 years	> 5 years	
Security interests in real property	**3,205**	207	1,411	1,587	**2,767**
Guarantees related to borrowings	**333**	53	19	261	**323**
Other financing commitments	**180**	107	39	34	**241**
Financing commitments given	**3,718**	**367**	**1,469**	**1,882**	**3,331**
Financing commitments received (1)	**160**	123	30	7	**184**

(1) Excluding credit lines (see note 0)

Note 30 - Derivatives and hedge accounting

Changes in the fair value of hedging derivatives recorded in equity (EDF share) break down as follows:

- at June 30, 2010:

(in millions of euros)	Gross changes in fair value recorded in equity (1)	Taxes related to gross changes in fair value recorded in equity	Changes after taxes in fair value recorded in equity (1)	Ineffectiveness	Gross changes in fair value transferred to income (2)	Taxes related to changes in fair value transferred to income	Changes after taxes in fair value transferred to income (2)
Derivatives on:							
- Interest rate hedging	(75)	23	(52)	(3)	-	-	-
- Exchange rate hedging	1,288	(444)	844	-	700	(241)	459
- Net foreign exchange hedging	(1,840)	303	(1,537)	-	-	-	-
- Commodity hedging	179	(44)	135	1	(718)	228	(490)
Hedging derivatives	**(448)**	**(162)**	**(610)**	**(2)**	**(18)**	**(13)**	**(31)**

(1) + / ( ): increase / decrease in equity (EDF share).

(2) + / ( ): increase / decrease in income.

The gross changes in the fair value of commodity hedges recorded in equity mainly concern EDF Energy (€192 million at June 30, 2010).

- at June 30, 2009:

(in millions of euros)	Gross changes in fair value recorded in equity (1)	Taxes related to gross changes in fair value recorded in equity	Changes after taxes in fair value recorded in equity (1)	Ineffectiveness	Gross changes in fair value transferred to income (2)	Taxes related to changes in fair value transferred to income	Changes after taxes in fair value transferred to income (2)
Derivatives on:							
- Interest rate hedging	1	3	4	1			-
- Exchange rate hedging	(579)	193	(386)	(1)	(221)	77	(144)
- Net foreign exchange hedging	(706)	243	(463)				-
- Commodity hedging	(476)	177	(299)	2	(648)	234	(414)
Hedging derivatives	**(1,760)**	**616**	**(1,144)**	**2**	**(869)**	**311**	**(558)**

(1) + / ( ): increase / decrease in equity (EDF share).

(2) + / ( ): increase / decrease in income.

The gross changes in the fair value of commodity hedges recorded in equity mainly concern EDF and EDF Energy (€(616) million at June 30, 2009).

Commodity-related cash flow hedges break down as follows:

(in millions of euros)	Units of measure	06.30.2010 Net notionals < 1 year	06.30.2010 Net notionals 1 - 5 years	06.30.2010 Net notionals > 5 years	06.30.2010 Net notionals Total	06.30.2010 Fair value	12.31.2009 Net notionals Total	12.31.2009 Fair value
Forwards/futures		17	7	-	24	(36)	58	(585)
Power	**TWh**	**17**	**7**	**-**	**24**	**(36)**	**58**	**(585)**
Swaps		12	-	-	12	1	17	-
Forwards/futures		345	505	-	850	(52)	1,166	(236)
Gas	**Millions of therms**	**357**	**505**	**-**	**862**	**(51)**	**1,183**	**(236)**
Swaps		10,727	14,944	-	25,671	87	26,643	93
Forwards/futures		267	-	-	267	-	-	-
Oil products	**Thousands of barrels**	**10,994**	**14,944**	**-**	**25,938**	**87**	**26,643**	**93**
Swaps		12	9	-	21	(139)	19	(333)
Forwards/futures		1	-	-	1	2	-	1
Coal	**Millions of tonnes**	**13**	**9**	**-**	**22**	**(137)**	**19**	**(332)**
Forwards/futures		13,802	3,411	-	17,213	(61)	12,985	(145)
CO2	**Thousands of tonnes**	**13,802**	**3,411**	**-**	**17,213**	**(61)**	**12,985**	**(145)**
Other commodities						(3)		**-**
Cash flow hedge commodity derivatives						**(201)**		**(1,205)**

Note 31 - Derivative instruments not eligible for hedge accounting

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

(in millions of euros)	Units of measure	06.30.2010 Net notionals	06.30.2010 Fair value	12.31.2009 Net notionals	12.31.2009 Fair value
Swaps		(2)	24	(2)	651
Options		12	100	18	159
Forwards/futures		(5)	(146)	(27)	(539)
Power	**TWh**	**5**	**(22)**	**(11)**	**271**
Swaps		53	500	17	(33)
Options		95,374	52	89,172	24
Forwards/futures		485	68	837	113
Gas	**Millions of therms**	**95,912**	**620**	**90,026**	**104**
Swaps		(6,292)	17	(8,653)	52
Options		(2,386)	-	(3,156)	1
Forwards/futures		547	(7)	1,585	(21)
Oil products	**Thousands of barrels**	**(8,131)**	**10**	**(10,224)**	**32**
Swaps		(59)	(398)	(53)	(75)
Forwards/futures		111	759	104	328
Freight		19	(5)	19	(8)
Coal and freight	**Millions of tonnes**	**71**	**356**	**70**	**245**
Swaps		(272)	(7)	(303)	(14)
Options		(250)	-	-	-
Forwards/futures		(8,894)	102	13,069	531
CO2	**Thousands of tonnes**	**(9,416)**	**95**	**12,766**	**517**
Swaps			(3)		(91)
Other commodities			**(3)**		**(91)**
Embedded commodity derivatives			**2**		**5**
Fair value hedging commodity derivatives			**1,058**		**1,083**

These mainly include contracts held through EDF Trading's portfolio.

Note 32 - Other liabilities

Details of other liabilities are as follows:

(in millions of euros)	06.30.2010	12.31.2009
Advances received	5,715	5,277
Liabilities related to property, plant and equipment	1,623	2,216
Tax and social charges	7,380	6,884
Deferred income	6,461	4,496
Other	4,429	5,334
Other liabilities	**25,608**	**24,207**
Non current	5,319	3,360
Current	20,289	20,847

Deferred income at June 30, 2010 includes €2,461 million (€2,444 million at December 31, 2009) of partner advances to EDF under the nuclear plant financing plans. It also includes the advance of €1.7 billion paid to the EDF group under the agreement with the Exeltium consortium.

“Other liabilities” include liabilities related to the commitments to repurchase minority interests amounting to €123 million (€1,018 million at December 31, 2009). €807 million of the decrease in this item results from settlement of the liability related to the put option granted to SPE minority shareholders, reflecting:

- exercise of their option by some of these shareholders;
- the liquidity conditions of the new shareholder agreement of April 16, 2010 with minority shareholders wishing to retain their holding in SPE.

Note 33 - Contribution of joint ventures

The joint ventures’ contributions to the consolidated balance sheet and income statement are as follows at June 30, 2010:

(in millions of euros)	% owned	Current Assets	Non Current Assets	Current liabilities	Non current liabilities	Sales	Operating profit before depreciation and amortization
EnBW	46.07%	4,266	12,945	3,197	9,041	4,111	816
Edison	48.96%	1,627	6,871	1,654	2,410	2,513	305
CENG	49.99%	451	5,619	663	1,218	287	85
Other		2,465	6,548	1,966	1,373	1,479	291
Total		**8,809**	**31,983**	**7,480**	**14,042**	**8,390**	**1,497**

“Other” mainly comprises Dalkia and EDF Investissement Groupe.

Note 34 - Related parties

There have been no significant changes since December 31, 2009 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 is also a supplier to the EPR (European Pressurized Reactor) project, contributing to the formation of commitments on fixed asset orders.

Note 35 - Subsequent events

The EDF group’s network activities in the United Kingdom

EDF group received at end of July 2010 an irrevocable offer from a consortium consisting of Cheung Kong Infrastructure Holdings Ltd (“CKI”), Hongkong Electric Holdings Ltd (“HEH”) and the Li Ka-Shing Foundation (“the Cheung Kong group”) to acquire 100% of EDF Energy plc’s ownership in its United Kingdom regulated and non-regulated network activities for a total consideration of £5.8 billion (€6.9 billion[1]) including assumed debt.

On this basis, EDF group has granted the Cheung Kong group a period of exclusivity. After consultation with its European Works Council in early September, EDF group will submit the irrevocable offer to its Board for decision. Completion of any transaction pursuant to the irrevocable offer would be subject to customary regulatory approvals and to CKI and HEH shareholder approvals.

The regulated network activity serves London, the South-East and the East of England, covering approximately one quarter of the UK population.

The deregulated network activity concerns development, commissioning and operation of high-voltage electricity networks for owners of large infrastructures.

[1] Based on exchange rate of 1.1926 € / £.

STATUTORY AUDITORS' REVIEW REPORT ON THE FIRST HALF-YEAR FINANCIAL INFORMATION FOR 2010

This is a free translation into English of the statutory auditors' review report issued in French 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.

Electricité de France S.A.

Registered office: 22-30, avenue de Wagram – 75008 Paris

Statutory Auditors' Review Report on the half-yearly consolidated financial statements

For the six-month period ended June 30, 2010

To the Shareholders,

Following our appointment as statutory auditors by your Shareholders' Meeting and in accordance with article L.451-1-2 III of the French Monetary and Financial Code ("Code monétaire et financier"), we hereby report to you on:

- the review of the accompanying condensed consolidated half-year financial statements of Electricité de France S.A. for the six-month period ended June 30, 2010,
- the verification of information contained in the half-year management report.

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

I. Conclusion on the financial statements

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 consolidated half-year financial statements are not prepared in all material respects in accordance with IAS 34 - the standard of the IFRS as adopted by the European Union applicable to interim financial statements.

Without qualifying the conclusion expressed above, we draw your attention to the following matters set out in the notes to the condensed consolidated half-year financial statements:

- the note 2 « Comparability » that describes, on the one hand, the changes in accounting principles whose application is mandatory as of January 1st, 2010 and the changes in presentation adopted during the six-month period, and, on the other hand, the change in the related comparative information ;

- information mentioned in note 4.1 describing the risks associated with the Group's in the U.S. and the relating provision recognized as at June 30, 2010;

- the valuation of long-term provisions relating to nuclear electricity production, as described in notes 27. 2 to 27.4, results as indicated in note 1.4 from management's best estimates. This valuation is sensitive to the assumptions made concerning costs, inflation rates, long-term discount rates, and forecast cash outflows. Changes in these parameters could lead to a material revision of the level of provisioning.

II. Specific verification

We have also verified information given in the half-yearly management report on the condensed consolidated half-year financial statements that were subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed consolidated half-year financial statements.

Paris La Défense and Neuilly-sur-Seine, on July 29, 2010

The Statutory Auditors

KPMG Audit ***Department of KPMG S.A.***		**Deloitte & Associés**	
Jean-Luc Decornoy	**Michel Piette**	**Alain Pons**	**Patrick E. Suissa**

KPMG Audit
1, cours Valmy
92923 Paris La Défense Cedex
France

Deloitte & Associés
185, avenue Charles de Gaulle
92524 Neuilly-sur-Seine Cedex
France

Electricité de France S.A.

Siège social : 22-30, avenue de Wagram - 75008 Paris

Rapport des Commissaires aux comptes sur l'information financière semestrielle 2010

Période du 1er janvier 2010 au 30 juin 2010

Mesdames, Messieurs les Actionnaires,

En exécution de la mission qui nous a été confiée par votre Assemblée Générale et en application de l'article L.451-1-2 III du Code monétaire et financier, nous avons procédé à :

- l'examen limité des comptes semestriels consolidés résumés de la société Electricité de France S.A., relatifs à la période du 1er janvier 2010 au 30 juin 2010, tels qu'ils sont joints au présent rapport ;
- la vérification des informations données dans le rapport semestriel d'activité.

Ces comptes semestriels consolidés résumés ont été établis sous la responsabilité de votre Conseil d'administration. Il nous appartient, sur la base de notre examen limité, d'exprimer notre conclusion sur ces comptes.

I – Conclusion sur les comptes

Nous avons effectué notre examen limité selon les normes d'exercice professionnel applicables en France. Un examen limité consiste essentiellement à s'entretenir avec les membres de la direction en charge des aspects comptables et financiers et à mettre en œuvre des procédures analytiques. Ces travaux sont moins étendus que ceux requis pour un audit effectué selon les normes d'exercice professionnel applicables en France. En conséquence, l'assurance que les comptes, pris dans leur ensemble, ne comportent pas d'anomalies significatives obtenue dans le cadre d'un examen limité est une assurance modérée, moins élevée que celle obtenue dans le cadre d'un audit.

Sur la base de notre examen limité, nous n'avons pas relevé d'anomalies significatives de nature à remettre en cause la conformité des comptes semestriels consolidés résumés avec la norme IAS 34 – norme du référentiel IFRS tel qu'adopté dans l'Union européenne relative à l'information financière intermédiaire.

Sans remettre en cause la conclusion exprimée ci-dessus, nous attirons votre attention sur les points suivants exposés dans les notes aux comptes semestriels consolidés résumés :

- la note 2 Comparabilité des exercices qui expose, d'une part, les changements de méthodes comptables d'application obligatoire au 1er janvier 2010 et de présentation effectués au cours du semestre, et, d'autre part, le retraitement de l'information comparative auquel ils ont donné lieu ;
- les informations présentées en note 4.1 relatives aux risques liés aux activités du Groupe aux Etats-Unis et la provision constituée à ce titre au 30 juin 2010 ;
- l'évaluation des provisions de long terme liées à la production nucléaire, dont les modalités de détermination sont décrites dans les notes 27.2 à 27.4, résulte comme indiqué en note 1.4 des meilleures estimations de la Direction. Cette évaluation est sensible aux hypothèses retenues en termes de coûts, de taux d'inflation, de taux d'actualisation à long terme et d'échéanciers de décaissements. La modification de certains de ces paramètres pourrait conduire à une révision significative des provisions comptabilisées.

II – Vérification spécifique

Nous avons également procédé à la vérification des informations données dans le rapport semestriel d'activité commentant les comptes semestriels consolidés résumés sur lesquels a porté notre examen limité. Nous n'avons pas d'observation à formuler sur leur sincérité et leur concordance avec les comptes semestriels consolidés résumés.

Paris La Défense et Neuilly-sur-Seine, le 29 juillet 2010

Les Commissaires aux comptes

KPMG Audit *Département de KPMG S.A.*		Deloitte & Associés	
Jean-Luc Decornoy	**Michel Piette**	**Alain Pons**	**Patrick E. Suissa**

RECENT EVENTS

1. **7 September 2010 - EDF Board of Directors approves the sale of the UK electricity distribution networks to the Cheung Kong group**

Following consultation with the EDF Group's European Works Council, EDF's Board of Directors today approved the sale of its UK electricity distribution networks to the Cheung Kong group ("CKI") following its irrevocable offer of 29 July, worth £3.2 billion in equity. This would represent a € 6.8 billion in net debt reduction for the Group (*).

The transaction remains subject to the approval of CKI Group shareholders, approval by decree of the French Minister of the Economy, following consultation with the French "Commission des Participations et des Transferts" and authorization from the Directorate-General for Competition of the European Commission.

EDF Energy Chief Executive and member of EDF Group Executive Comittee, Vincent de Rivaz said "EDF has shown a consistent and growing commitment to the UK through the major investments it has made over the past 12 years. In addition, along with partners including Centrica, EDF Energy is considering building four new nuclear EPRs, subject to the right investment framework being in place".

Ahead of the fulfilment of the conditions to the transaction, EDF Energy will continue to make sure that affected employees, pensioners, customers and communities are being taken care of, and that remains the priority over the remaining stages. In order to ensure a smooth handover, EDF Energy will work with Cheung Kong group which is a high quality group with extensive experience of operating regulated infrastructure operations around the world, including in the UK.

(*) Taking into account an estimated cash amount of 100 M£ at completion.
At an exchange rate of 1.205 €/£

2. **12 August 2010 - A pricing change which ensures the continued competitiveness of French electricity prices**

The government has recently set out the structure for the revaluation of electricity prices, as announced on 3 August 2010, which provides for an average increase of all rates by 3.4%.

Following these changes, French regulated tariffs remain among the lowest in Europe and are in fact 25% to 35% below the European average. The adjustment to electricity tariffs satisfies a key objective: namely ensuring not only the long-term competitiveness of the sale price of French electricity, but also the quality of its supply by allowing EDF to make the necessary investments in its production facilities and networks. For most customers, this proposal, which includes an inflation rise of 1.5% over the last twelve months, is moderate: excluding inflation, the revaluation of tariffs for domestic customers will be for example 1.5%.

The 2010 tariff proposal is a continuation of the pricing reform initiated by the government in 2009. With the objective of providing equality for all customers, it aims at ensuring that electricity tariffs reflect more accurately the actual cost of electricity consumed by each category of customer (taking into account production, delivery and marketing).

Changes in the pricing structure are reflected in variations according to different types of tariff and customer (this is due to the differentiated revaluation of subscription charges and electricity prices) as of 15 August 2010:

For domestic customers under the Blue tariff, the impact on their bills will be between -2% and +5.7% for 90% of customers, with an average adjustment of 3%. The adjustment is less than, or equal to, 4 EUR/month including VAT for 90% of customers. For the 500,000 households that have an "EJP" (*Effacement Jours de Pointe,* or Peak Time Levelling) agreement the adjustment will be 2.5%

For non-domestic customers under the Blue tariff (professionals, SMEs and some local authorities), the impact on their bills will be 0% to +9.3% for 90% of customers, for an average adjustment of 4%. The change is less than or equal to 6.2 EUR/month excluding VAT on the invoice for 90% of customers

For customers on the Yellow tariff, the impact on their bills will be between 2% and +10% for 90% of customers for an average adjustment of +4.5%.

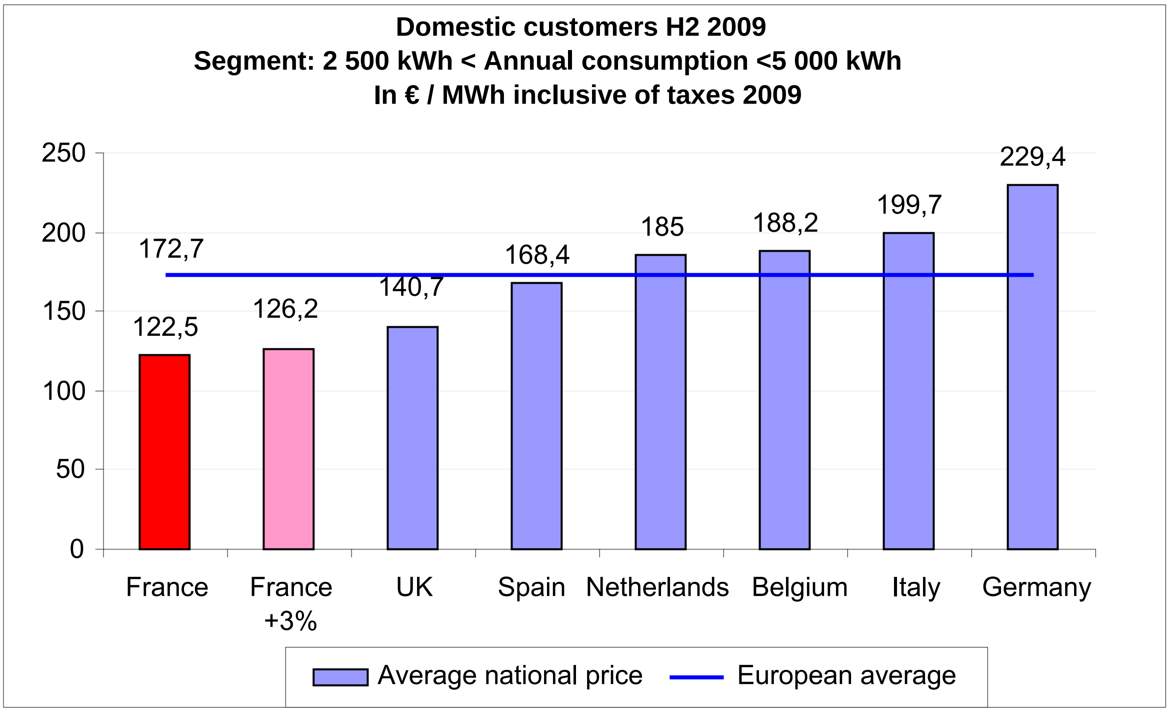
For customers on the Green tariff, the impact on their bills will be between +2% and +10% for 90% of customers for an average adjustment of +5.5%.

Social provisions for the most disadvantaged customers have been reinforced. Over the next few months, the government has decided to strengthen the First Necessity Tariff (*Tarif de Première Nécessité* or *TPN*), offering assistance by way of an extra 10 points on subscription charges and electricity consumption for eligible households.

Customers may contact EDF by using the telephone number at the top left hand corner of their bill or alternatively on the website (www.edf.fr) if they need to clarify changes in the amount of their bills or if they would like us to respond to questions or provide advice on energy saving.

Annex

A graph comparing prices for French domestic customers and European prices for 2009, with a 2010 increase of 3% for France.



3. **30 July 2010 - H1 2010 Results**

- EBITDA: €10.4 Bn, up 4.4%, o/w 3.8% in organic terms[1]
- Net income from ordinary operations: €3 Bn, up 1.5%
- Net income, Group share: €1.7 Bn, including a provision of €1.1 Bn for North-American activities
- Stable debt ratio[3] at 2.5
- Confirmation of 2010 financial objectives
- Irrevocable offer of €6.9 Bn[5] (£5.8 Bn) from Cheung Kong Group[6] for EDF distribution networks in the UK

EDF SA's Board of Directors, meeting on 29 July 2010 under the chairmanship of Henri Proglio, approved the Group's condensed half-year financial statements at June 30, 2010.

Evolution of EDF group H1 2010 results

In millions of euros	**H1 2009[2]**	**H1 2010**	**Change**	
Sales[2]	34,827	37,513	+7.7%	
EBITDA[2] (earnings before interest, tax, depreciation and amortisation)	9,936	10,373	+4.4%	**+3.8%[1]**
EBIT	6,784	5,289	-22%	
Net income from ordinary operations[4]	2,932	2,977	+1.5%	
Net income (Group share)	3,123	1,659	-46.9%	
	31/12/2009	**30/06/2010**		
Net Financial Indebtedness *(in billions of euros)*	42.5	44.1		
Net Financial Indebtedness/ EBITDA	2.5	2.5[3]		

[1] *Organic growth (excluding scope, accounting standards and exchange rate effects), excluding the extension of the TaRTAM (Law dated 07/06/2010).*
[2] *Comparative figures including the effects of applying IFRIC 12 and 18 and change in the presentation of net changes in fair value on Energy and Commodities derivatives, excluding trading activities.*
[3] *Calculated based on the cumulative EBITDA for H2 2009 and H1 2010.*
[4] *Excluding non recurring items.*
[5] *At an exchange rate of €1.1926€/£.*
[6] Consortium composed of Cheung Kong Infrastructure Holdings Ltd ("CKI"), Hongkong Electric Holdings Ltd ("HEH") and the Li Ka-Shing Foundation ("the Cheung Kong group").

Henri Proglio, EDF Chairman and CEO, stated: "*During first six months of the year, the Group was faced with numerous challenges, which outcomes are critical for EDF's medium term development, be it standing for the company's interests in the context of NOME's Law project, or working on the necessary reorganization in order to reverse the trend in French nuclear fleet's performance.*

I am happy to confirm that the nuclear output will be higher in 2010 and that we are reversing the trend on kd after three years of decrease in a row.

Despite an uncertain economical and regulatory environment, the Group continued its development. Hence EDF strengthened its positions and increased its operational investments in generation fleet as well as networks, in particular in France. Recurring results obtained in H1 2010 enable us to confirm our financial objectives for FY 2010."

RESULTS FOR THE PERIOD

The first half of 2010 was characterised by a moderate recovery in the demand for electricity and natural gas in Europe, where European and national authorities are making significant changes to regulation. Against this backdrop, the Group continued its development.

Group sales amounted to € 37.5 billion in the first half of 2010, up by 7.7%. This growth is mainly due to the acquisitions of SPE and CENG. Sales also included a positive scope effect of € 1,574 million and a favourable foreign exchange effect of € 362 million, half of which was due to the strengthening of the pound sterling against the euro. Organic sales growth came out to 2.1% (€ 744 million, of which € 592 million in France).

The Group's EBITDA totalled € 10.4 billion in the first half of 2010, up by 4.4%. This included a positive scope effect of € 216 million, thanks to the acquisitions of SPE and CENG and a favourable foreign exchange effect of € 93 million. The Group's organic EBITDA growth came out to 1.1% and 3.8% excluding the effect of the extension of TaRTAM (French Law dated 7 June 2010).

Group EBIT totalled € 5.3 billion, a decline of 22% mostly due to the recognition of a €1.1 billion provision for risks related to the Group’s activities in the US. At June 30, 2010, new information or outlooks were incorporated into assessment of the risks on investments undertaken as part of this cooperation:

- The market conditions reflected in the short-term and long-term outlook for energy prices in the US are less favorable, and this affects the expected return on existing assets of CENG and the new nuclear assets.

- in view of the new information and outlooks, only one project is currently in development at this stage.

In response to all of the new information and outlooks, EDF established a provision of €1,060 million and a corresponding expense was recognized under “Other income and expenses”.

This provision covers the risks of impairment of the assets of CENG, the investment in Unistar and certain future costs and risks associated with the project, as EDF still intends to continue studies for development of a new reactor on the Calvert Cliffs site.

The value of this provision and its allocation to the corresponding assets and liabilities will be finalized when the allocation of the purchase price for CENG is finalized during preparation of the financial statements at December 31, 2010.

France: EBITDA up despite the extension of the TaRTAM mechanism, driven by the growth of regulated activities.

In millions of euros	H1 2009	H1 2010	Change
Sales	18,323	18,915	+3.2%
EBITDA	5,957	6,031	+1.2%
EBIT	4,004	3,672	-8.3%

Operating Cash Flow (FFO)	4,599	3,708
Capital Expenditures (Capex)	3,408	3,701
Allocation to dedicated assets	-	881

In France, sales amounted to € 18.9 billion, up 3.2% compared to H1 2009, thanks to a 3.3 point increase tied to the rise in electricity sales. Of these 3.3 points, 1.2 point is due to a price effect (mainly from the 15 August 2009 tariff evolution) and 2.1 points from volume effect (mostly on networks). Gas and service activities sales declined (-0.1 point).

EBITDA was up 1.2% at € 6 billion. This includes a negative impact of € 265 million due to the extension of the TaRTAM mechanism until 31 December 2010 (French Law dated 7 June 2010).

EBITDA from regulated activities (networks and island activities) grew by 30.7% to € 2.3 billion. This rise is the result of the growth in transmission and distribution volumes and tariffs' increase. Besides, storms had had a particularly significant negative impact on EBITDA for H1 2009 (approx. €150 million).

EBITDA from non-regulated activities was down 11.2% to € 3.7 billion.

Nuclear output for H1 2010 totalled 202.9 TWh, a slight decline of 0.8 TWh compared to H1 2009. The improvement of the fleet utilisation factor, principally due to the absence of non-recurring events which affected generation in H1 2009, was absorbed by the effect on availability of unprecedented damages to the Bugey 3 station, the residual impact in 2010 of disruptions in 2009, and of a heavier schedule for planned outages than in H1 2009. Nuclear generation, which was down 3.3 TWh in Q1 2010, rose by 2.5 TWh in Q2 2010.

The Group set an annual nuclear generation target of between 405 TWh and 415 TWh, with a nuclear availability factor (kd) target of between 78.5% and 79.5%.

End-customer sales volumes were stable in H1 2010.

Wholesale market sales in H1 2010 were down by 5.6 TWh in H1 2010 on H1 2009. EDF therefore made a net purchase of 9.1 TWh on these markets.

Progress Update on the Flamanville 3 EPR Project

Significant progresses have been made on the Flamanville EPR site, and a number of critical stages have been completed, including completing the discharge gallery, solving difficulties relating to the steel rebar and liner, beginning electromechanical assembly of the nuclear island, and making progress on the conventional island. The target for beginning marketable output is now set at 2014, with construction costs now re-estimated at around € 5 billion.

International and Other Activities

Outside of France, sales amounted to € 18.6 billion, up 12.7% and 0.9% on an organic basis. International and Other Activities accounted for 49.6% of Group sales in H1 2010, compared to 47.4% in H1 2009.

EBITDA totalled € 4.3 billion, up 9.1% and 1.4% on an organic basis. International and Other Activities accounted for 41.9% of the Group's EBITDA in H1 2010, compared to 40% in H1 2009. Growth was mainly driven by performances in Germany, subsidiaries in Central and Eastern Europe, Belgium and the Netherlands.

EBITDA stability in the UK

In millions of euros	H1 2009	H1 2010	Change	Organic change
Sales	5,851	5,640	-3.6%	-5.5%
EBITDA	1,589	1,601	+0.8%	-2.1%*
EBIT	932	802	-13.9%	
of which volatility tied to IAS 39	*115*	*(23)*		

In the United Kingdom, sales amounted to € 5.6 billion, down 3.6% and 5.5% on an organic basis.

EBITDA was € 1.6 billion, stable compared to H1 2009 and down 2.1%* on an organic basis. Generation and sales activities benefited from a favourable climate effect and the lowering of purchase prices for energy and fuel. Nuclear activity declined because of lower generation, which amounted to 24.8 TWh, a drop of 3.3 TWh** tied to the unplanned outage of Sizewell B. The station should be reconnected to the grid in Q3, a quarter later than what was previously announced.

EBITDA for distribution networks recorded a slight decline, caused by lower income from connection revenues.

EBITDA included € 64 million in capital gains from the sale of the Eggborough station at the end of March 2010.

The lower EBIT figure is due to IAS 39 volatility changes.

**+1.7% organic growth taking into account the consequences in H1 2009 of finalized British Energy Purchase Price Allocation (PPA) entries.*

*** -2.5 TWh from 5 January 2009, the date on which EDF took effective control of British Energy.*

Good performance of EnBW (EDF share: 46.07%)

In millions of euros	H1 2009	H1 2010	Change	Organic change
Sales	3,764	4,111	+9.2%	+10.1%
EBITDA	620	816	+31.6%	+29.5%
EBIT	464	604	+30.2%	

In **Germany**, the contribution of **EnBW** to the Group's sales amounted to € 4.1 billion, up 9.2% and 10.1% on an organic basis.

EBITDA amounted to € 816 million, up 31.6% and 29.5% on an organic basis. In electricity activities, this increase was notably a result of stronger generation margins as well as a positive price and volume effects on the transmission and distribution networks. EBITDA for gas activities was below its 2009 level because of greater pressure from competition, which affected margins and volumes despite the rise in network access fees.

EBITDA included a € 37 million indemnity received by EnBW as part of the termination of an energy-swap contract with Tiwag company as well as a capital gain of € 74 million from the sale of its subsidiary GESO.

Italy (Edison: EDF share 48.96% - and Fenice): lower margins at Edison

In millions of euros	H1 2009	H1 2010	Change	Organic change
Sales	2,524	2,753	+9.1%	+8.8%
EBITDA	393	365	-7.1%	-7.4%
of which Edison	*352*	*305*	*-13.4%*	*-13.4%*
EBIT	147	147	-	
of which Edison	*152*	*128*	*-15.8%*	

In Italy, the Group's sales amounted to € 2.8 billion, up 9.1% and 8.8% on an organic basis.

EBITDA was € 365 million, up 7.1% and 7.4% on an organic basis. Edison’s contribution was € 305 million, down 13.4% due to the squeeze of margins in its gas sales activities.

EBITDA from electricity activities was up slightly, thanks to the rise in volumes sold. This rise was nonetheless subdued by the contraction in margins in all areas, against a backdrop of falling energy prices.

EBITDA from hydrocarbon activities was down sharply compared to H1 2009. These activities were hit hard by the fall in gas margins for final consumers caused by higher purchase costs and lower sale prices. This impact was partially offset by the rise in exploration-generation activities mostly outside of Italy (Aboukir oilfields).

Other International*: growth in all areas

In millions of euros	H1 2009	H1 2010	Change	Organic change
Sales	1,557	3,457	+122%	-0.8%
EBITDA	295	602	+104.1%	+19%
EBIT	191	(633)		

The **Other International** segment posted sales of € 3.5 billion, up 122% thanks to the acquisitions of SPE and CENG and to the change of consolidation method of Estag, and a slight decline of 0.8% in organic growth.

EBITDA amounted to € 602 million, up 104.1% thanks to scope effects as well as 19% growth on an organic basis. These good performances were mainly due to the re-establishment of sales margins in Hungary, and the rise in heat and electricity volumes generated in Poland as well as the commissioning of the SLOE gas combined cycle power station (870 MW) in the Netherlands.

EBIT for the Other International segment included a € 1,060 million provision for risks related to the Group's activities in the US.

Other Activities: lower performance of EDF Trading**

In millions of euros	H1 2009	H1 2010	Change	Organic change
Sales	2,808	2,637	-6.1%	-4.2%
EBITDA	1,082	958	-11.5%	-11.3%
EBIT	1,046	697	-33.4%	

In **Other Activities**, sales amounted to € 2.6 billion, up 6.1% and 4.2% on an organic basis. EBITDA totalled € 958 million, down 11.5%. This decline is due to results at EDF Trading, brought on by unfavourable market conditions, especially in Q2 2010. Excluding EDF Trading, the organic growth of the Other Activities segment was 22.2%. This change translates in particular to EDF Energies Nouvelles' continued development in solar and wind power, particularly the commission of capacities established in 2009, as well as the impact of the sale of Usti on Dalkia's contribution to results (€ 58 million).

**The "Other International" segment includes subsidiaries in Central and Eastern Europe, Benelux, Asia, the US, Switzerland, Austria, Brazil, etc.*

***The "Other Activities" segment essentially includes Dalkia, EDF Trading, EDF Energies Nouvelles, Tiru, and Electricité de Strasbourg*.

EBIT and Net Income

In millions of euros	H1 2009	H1 2010	Change	
EBITDA	**9,936**	**10,373**	**+4.4%**	
IAS 39 Volatility [2]	309	58		
Net depreciation and amortisation and provision for renewal	(3,774)	(4,075)	+8%	
Impairment	(17)	(7)		
Other operating income and expenses	330	(1,060)		
EBIT	**6,784**	**5,289**	**(22%)**	**+1.1%[1]**
Financial result	(2,202)	(2,369)	+7.6%	
Income taxes	(1,523)	(1,241)	(18.5%)	
Net income (Group share)	**3,123**	**1,659**	**(46.9%)**	
Total non-recurring items	191	(1,318)		
Net income from ordinary operations	**2,932**	**2,977**	**+1.5%**	

[1] *Growth excluding non-recurring items.*
[2] *Net changes in fair value on Energy and Commodities derivatives, excluding trading activities.*

The Group's € 5.3 billion in operating income (EBIT) includes, as previously mentioned, € 1,060 million related to the Group's activities in the US. The Group's EBIT declined by 22%.

Excluding non-recurring items, the Group's EBIT rose by 1.1%.

The Group's financial result was down 7.6%, due in most part to the rise in interest costs on medium-term debt and to higher discounting charges coming mainly from the UK pension funds. Income taxes amounted to € 1,241 million in H1 2010, corresponding to an effective tax rate of 42.5% (33.2% in Q1 2009). The observed rise in the effective tax rate was caused by the provision relative to Group activities in the United States. Excluding this item, the effective tax rate for H1 amounted to 31.2%.

Excluding non-recurring items, net income from ordinary operations amounted to € 3 billion, up 1.5% from H1 2009.

Net income (Group share) was € 1.7 billion in H1 2010 compared to € 3.1 billion in H1 2009.

Operating Cash Flow, Capital Expenditure (Capex), and Net Financial Indebtedness

The Group's operating cash flow (FFO) was € 7 billion, a slight increase of 0.8%. It should be noted that the FFO for H1 2009 included € 669 million in tax instalment reimbursements in France.

Operating investments totalled € 6 billion on 30 June 2010, an increase of 7.7% compared to H1 2009. The Group's capital expenditures (Capex) reached € 3.7 billion in France, 47% of which was in regulated activities (transmission and distribution networks and island activities up € 181 million), and 53% tied to non-regulated activities (mainly generation, up by € 112 million). EDF Energies Nouvelles' investments also rose in H1 2010.

Working Capital Requirement (WCR) improved by € 0.8 billion after taking into account the payment on end-April 2010 of the first Exeltium advance (€ 1.7 billion). As a result, free cash flow amounted to € 1.9 billion.

Net financial debt totalled € 44.1 billion on 30 June 2010, up € 1.6 billion compared to December 31, 2009, mostly due to exchange rates effects on British sterling pound. The impact of exchange rates pushed net financial debt up by € 1.4 billion. The net financial debt/EBITDA ratio* was stable compared to 31 December 2009 at 2.5.

* *Calculated based on the cumulative EBITDA for H2 2009 and H1 2010.*

Pursuant to the Law dated June 28, 2006, on the securing of the financing of nuclear expenses, EDF must build up a portfolio of dedicated assets enabling the Group to meet its future costs in terms of decommissioning of existing nuclear power plants as well as in respect of radioactive waste storage. As of December 31, 2009, the total amount invested in dedicated assets stood at € 11.4 billion, broken down as follows: 37% stocks, 51% bonds and 12% of closed-end funds and money market funds. In order to reduce the volatility of the portfolio in the build up phase, EDF is considering an investment in infrastructure assets, providing steady dividends that would enable to meet very long term liabilities. It is against this background that EDF is studying the possibility to allocate 50% of RTE to its dedicated assets portfolio. This allocation would not change the fact that RTE would remain 100%-owned by EDF Group. It would confirm the integrated business model favoured by EDF.

No insurance can be given at this stage as to the completion of such project currently under review.

United Kingdom: EDF group receives a €6.9 billion* (£5.8 billion) irrevocable offer from, and has granted exclusivity to the Cheung Kong group in respect of its UK electricity distribution networks

EDF group announces that it has received an irrevocable offer from a consortium consisting of Cheung Kong Infrastructure Holdings Ltd ("CKI"), Hongkong Electric Holdings Ltd ("HEH") and the Li Ka-Shing Foundation ("the Cheung Kong group") to acquire 100% of EDF Energy plc's ownership in its United Kingdom regulated and non-regulated network activities for an equity consideration of €3.8 billion* (£3.2 billion) and total consideration including assumed debt of €6,9 billion* (£5.8 billion). This represents a premium to 1st April 2010 Regulated Asset Value of 27% for the regulated electricity distribution networks and a multiple of 8.1x estimated 2010 EBITDA for the total business.

On this basis, EDF group has granted the Cheung Kong group a period of exclusivity. Starting immediately, EDF group expects to finalise with the Cheung Kong group its industrial project and to negotiate a partnership agreement for commercial cooperation in the UK market, which EDF group will present to its European Works Council ("EWC") in early September. After consultation with EWC, EDF group will submit the irrevocable offer to its Board for decision.

Completion of any transaction pursuant to the irrevocable offer would be subject to customary regulatory approvals (including EU competition clearance) and to CKI and HEH shareholder approvals.

**At an exchange rate of €1.1926€/£.*

Outlook 2010

EDF's main challenges for the second half of the year will involve the Group's industrial performance, the organisational reform underway in the French electricity market and the definition of its medium term strategic vision.

EDF's first-half results enable the Group to confirm its financial objectives for 2010:

- EBITDA* growth between 3% and 5%
- Net financial indebtedness/EBITDA ratio between 2.5 and 3
- Stable dividend.

** Organic growth (excluding scope, standards and exchange rate effects, excluding the extension of the TaRTAM (Law dated 07/06/2010).*

MAIN HIGHLIGHTS SINCE Q1 2010 RELEASE

SPE Capital gain

EDF, previously the majority (51%) shareholder of SPE since the purchase of the majority share of Centrica, came to an agreement with the three Belgian shareholders (exercising all or part of their put option) concerning the purchase of their SPE stakes which price was set at € 215 million. After completing the transaction, the EDF Group now holds a 63.5% stake in SPE.

Franco-Russian agreement with Gazprom, Eni, and Rosatom

EDF, Gazprom, and ENI signed a tripartite memorandum of understanding on EDF acquiring at least a 10% stake in South Stream AG, which should be implemented by reducing ENI's stake.

EDF and Rosatom also signed an agreement for cooperation in R&D and nuclear fuel, as well as existing and future nuclear projects.

Renewal of hydropower concessions in France

In France, the government announced the scope and schedule for renewing hydropower concessions, including 4.3 GW held by EDF, for an average of 6.8 TWh per year (15% of EDF's hydropower generation). The concessions that the government decided to end early (around half) will be compensated.

EDF – Areva Agreement

EDF and AREVA signed two contracts on 12 July 2010: the "EDF-AREVA NC Recycling and Processing Agreement" and the "Transaction Protocol Relative to the Recovery and Packaging of EDF Waste, to the operations for permanent shut-down and decommissioning of the AREVA station at La Hague and to operations on Saint Laurent A". The Recycling and Processing Agreement outlines the contractual conditions for the 2008-2012 period and sets the price and investment regulation principles for subsequent periods. The effects of these agreements were recorded at the end of June 2010 and have no significant impact on the Group's accounts because they are already anticipated on the basis of the preceding agreements.

APPENDICES

Evolution of sales

In millions of euros	H1 2009[1]	H1 2010	Evolution %	Organic evolution %
France	18,323	18,915	3.2	3.2
United Kingdom	5,851	5,640	(3.6)	(5.5)
Germany	3,764	4,111	9.2	10.1
Italy	2,524	2,753	9.1	8.8
Other international	1,557	3,457	122.0	(0.8)
Other activities	2,808	2,637	(6.1)	(4.2)
Total International & Other activities	16,504	18,598	12.7	0.9
GROUP TOTAL	34,827	37,513	7.7	2.1

Evolution of EBITDA

In millions of euros	H1 2009[1]	H1 2010	Evolution %	Organic evolution %
France	5,957	6,031	1.2	1.0
United Kingdom	1,589	1,601	0.8	(2.1)
Germany	620	816	31.6	29.5
Italy	393	365	(7.1)	(7.4)
Other international	295	602	104.1	19.0
Other activities	1,082	958	(11.5)	(11.3)
Total International & Other activities	3,979	4,342	9.1	1.4
GROUP TOTAL	9,936	10,373	4.4	1.1

[1] *Comparative figures including the effects of applying IFRIC 12 and 18 and change in the presentation of net changes in fair value on Energy and Commodities derivatives, excluding trading activities.*

Consolidated Income Statements

(in millions of euros)	Notes	H1 2010	H1 2009 (1)
Sales	**7**	37,513	34,827
Fuel and energy purchases	**8**	(15,743)	(13,995)
Other external expenses	**9**	(5,170)	(5,138)
Personnel expenses		(6,082)	(5,758)
Taxes other than income taxes	**11**	(1,708)	(1,650)
Other operating income and expenses	**12**	1,828	1,650
Prolongation of the transition tariff system TaRTAM – law of June 7, 2010	**13**	(265)	-
Operating profit before depreciation and amortization		**10,373**	**9,936**
Net changes in fair value on Energy and Commodity derivatives, excluding trading activities	**14**	58	309
Net depreciation and amortization		(3,824)	(3,478)
Net increases in provisions for renewal of property, plant and equipment operated under concession		(251)	(296)
(Impairment) / reversals		(7)	(17)
Other income and expenses	**15**	(1,060)	330
Operating profit		**5,289**	**6,784**
Cost of gross financial indebtedness	**16.1**	(1,379)	(1,271)
Discount expense	**16.2**	(1,690)	(1,592)
Other financial income and expenses	**16.3**	700	661
Financial result	**16**	**(2,369)**	**(2,202)**
Income before taxes of consolidated companies		**2,920**	**4,582**
Income taxes	**17**	(1,241)	(1,523)
Share in income of associates	**23**	147	138
Net income		**1,826**	**3,197**
Net income attributable to non-controlling interests		167	74
EDF Net income		**1,659**	**3,123**

(1) Figures for the first half of 2009 have been adjusted for the effect of retrospective application of IFRIC 18 "Transfers of Assets from Customers", IFRIC 12 "Service Concession Arrangements" and the change in presentation of net changes in fair value on Energy and Commodity derivatives, excluding trading activities.

Consolidated Balance Sheets

ASSETS (in millions of euros)	Notes	06.30.2010	12.31.2009 (1)
Goodwill		14,293	13,526
Other intangible assets		5,291	5,579
Property, plant and equipment operated under French public electricity distribution concessions		43,005	42,451
Property, plant and equipment operated under concessions for other activities		27,865	26,857
Property, plant and equipment used in generation and other tangible assets owned by the Group		61,955	58,734
Investments in associates		4,864	4,421
Non-current financial assets		25,851	24,498
Deferred tax assets		1,967	2,490
Non-current assets		**185,091**	**178,556**
Inventories, including work-in-process		12,922	12,662
Trade receivables		18,955	19,633
Current financial assets		14,563	12,450
Current tax assets		648	376
Other receivables		9,304	8,111
Cash and cash equivalents		6,375	6,982
Current assets		**62,767**	**60,214**
Assets classified as held for sale		142	1,265
TOTAL ASSETS		**248,000**	**240,035**

EQUITY AND LIABILITIES (in millions of euros)		06.30.2010	12.31.2009 (1)
Capital		924	924
EDF net Income and consolidated reserves		31,354	28,967
Equity (EDF share)		**32,278**	**29,891**
Non controlling interests		5,574	4,776
Total Equity		**37,852**	**34,667**
Provisions for back-end nuclear fuel cycle		17,841	17,531
Provisions for decommissioning and for last cores		20,949	20,003
Provisions for employee benefits		13,591	13,412
Other provisions		2,559	1,188
Non-current provisions		**54,940**	**52,134**
Grantors ' rights in existing assets operated under French public electricity distribution concessions		19,842	19,667
Grantors ' rights in assets to be replaced operated under French public electricity distribution concessions		20,705	20,210
Non-current financial liabilities		51,024	44,755
Other liabilities		5,319	3,360
Deferred tax liabilities		7,958	7,654
Non-current liabilities		**159,788**	**147,780**
Provisions		5,418	5,858
Trade payables		11,744	13,348
Current financial liabilities		12,454	16,560
Current tax liabilities		436	564
Other liabilities		20,289	20,847
Current liabilities		**50,341**	**57,177**
Liabilities related to assets classified as held for sale		19	411
TOTAL EQUITY AND LIABILITIES		**248,000**	**240,035**

(1) Figures for the year 2009 have been adjusted for the effect of application of IFRIC 18 and IFRIC 12.

Consolidated Cash Flow Statements

(in millions of euros)	Notes	H1 2010	H1 2009 (1)
Operating activities :			
Income before tax from consolidated companies		**2,920**	**4,582**
Impairment		7	17
Accumulated depreciation and amortization, provisions and change in fair value		5,490	2,577
Financial income and expenses		882	865
Dividends received from associates		94	146
Capital gains/losses		(71)	(324)
Change in working capital		783	232
Net cash flow from operations		**10,105**	**8,095**
Net financial expenses disbursed		(1,129)	(813)
Income taxes paid		(1,177)	(85)
Net cash flow from operating activities		**7,799**	**7,197**
Investing activities :			
Acquisition of companies, net of cash acquired (2)		357	(10,964)
Purchases of property, plant and equipment and intangible assets		(5,993)	(5,565)
Net proceeds from sale of property, plant and equipment and intangible assets		90	84
Changes in financial assets	**24.1**	(3,165)	(594)
Net cash flow used in investing activities		**(8,711)**	**(17,039)**
Financing activities :			
Transactions with non-controlling interests (3)		(185)	(120)
Dividends paid by parent company	**26.3**	(1,109)	(1,164)
Dividends paid to non controlling interests		(96)	(61)
Purchases / sales of treasury shares	**26.2**	(9)	1
Cash flows with shareholders		***(1,399)***	***(1,344)***
Issuance of borrowings	**29.2**	5,559	20,362
Repayment of borrowings		(4,222)	(8,668)
Increase in special concession liabilities		105	94
Investment subsidies		51	45
Other cash flows from financing activities		***1,493***	***11,833***
Net cash flow from financing activities		**94**	**10,489**
Net increase/(decrease) in cash and cash equivalents		**(818)**	**647**
Cash and cash equivalents - opening balance		**6,982**	**5,869**
Effect of currency fluctuations		182	(326)
Financial income on cash and cash equivalents		12	39
Effect of other reclassifications		17	(20)
Cash and cash equivalents - closing balance		**6,375**	**6,209**

(3) Figures for the first half of 2009 have been adjusted for the effect of application of IFRIC 18, IFRIC 12 and revised IAS 27 “Consolidated and Separate Financial Statements”.

(4) In the first half of 2009, the purchase offer for British Energy and subsequent squeeze-out offer resulted in a £10,124 million payment (€10,819 million). At January 5, 2009, British Energy’s cash and cash equivalents amounted to £1,224 million (€1,308 million).

(5) Contributions in the form of capital increases or reductions and acquisitions of additional interests in controlled companies.

Changes in net indebtedness

(in millions of euros)	H1 2010	H1 2009
Operating profit before depreciation and amortization (EBITDA)	**10,373**	**9,936**
Cancellation of non-monetary items included in EBITDA	(1,145)	(2,219)
Net financial expenses disbursed	(1,129)	(813)
Income tax paid	(1,177)	(85)
Other items	94	146
Operating cash flow	**7,016**	**6,965**
Change in net working capital	783	232
Acquisitions of intangible assets and property, plant and equipment net of disposals	(5,903)	(5,481)
Free cash flow	**1,896**	**1,716**
Dedicated assets	(881)	-
Net Financial investments	(22)	(12,293)
Dividends paid	(1,205)	(1,225)
Other items	195	33
(Increase) / decrease in net indebtedness, excluding the impact of changes in scope of consolidation and exchanges rates	**(17)**	**(11,769)**
Effect of change in scope of consolidation	(34)	710
Effect of exchange rate fluctuations	(1,359)	(1,283)
Other non-monetary changes	(194)	27
(Increase) / decrease in net indebtedness	**(1,604)**	**(12,315)**
Net indebtedness at beginning of period	**42,496**	**24,476**
Net indebtedness at end of period	**44,100**	**36,791**

4. **21 July 2010 - Further information regarding the evolution of EDF shareholding in RTE following market rumours**

Pursuant to the Law dated June 28, 2006, on the securing of the financing of nuclear expenses, EDF must build up a portfolio of dedicated assets enabling the Group to meet its future costs in terms of decommissioning of existing nuclear power plants as well as in respect of radioactive waste storage.

As of December 31, 2009, the total amount invested in dedicated assets stood at € 11.4 Billion, broken down as follows: 37% stocks, 51% bonds and 12% of closed-end funds and money market funds.

In order to reduce the volatility of the portfolio in the build up phase, EDF is considering an investment in infrastructure assets, providing steady dividends that would enable to meet very long term liabilities.

It is against this background that EDF is studying the possibility to allocate 50% of RTE to its dedicated assets portfolio. This allocation would not change the fact that RTE would remain 100%-owned by EDF Group. It would confirm the integrated business model favoured by EDF.

No insurance can be given at this stage as to the completion of such project currently under review.

*Please also refer to section 11 ("*Subsequent Events*") of the half-year management report at 30 June 2010 and note 34 of the condensed consolidated half-year financial statements at 30 June 2010 included in this Second Supplement for additional information.*

PERSONS RESPONSIBLE FOR THE SECOND SUPPLEMENT

Individual assuming responsibility for the Second Supplement

In the name of the Issuer

Having taken all reasonable measures for this purpose, I declare that the information contained in this Second Supplement is in accordance with the facts and contains no omission likely to affect its import.

The consolidated condensed financial statements for the first half-year of 2010, prepared in accordance with IAS-IFRS standards and included in chapter 2 of the Second Supplement were subject to a report by the statutory auditors set forth in chapter 3 of the Second Supplement and which includes comments in relation to such statements.

The consolidated financial statements for the financial year ended 31 December 2009, prepared in accordance with IAS-IFRS standards, as adopted by the European Union, and included in the *Document de Référence* filed with the *Autorité des marchés financiers* (hereafter the "**AMF**") on 8 April 2010 under number D.10-0227, were subject to a report by the statutory auditors set forth in section 20.2 of such 2009 *Document de Référence* and which included comments in relation to such statements.

The consolidated financial statements for the financial year ended 31 December 2008, prepared in accordance with IAS-IFRS standards, as adopted by the European Union, and included in the *Document de Référence* filed with the AMF on 14 April 2009 under number D.09-0243, were subject to a report by the statutory auditors set forth in section 20.2 of such 2008 *Document de Référence* and which included comments in relation to such statements.

Issued in Paris, on 8 September 2010

Mr. Thomas Piquemal
Group Executive Vice President in charge of Finance (*Directeur exécutif Groupe en charge des finances*)

VISA OF THE *AUTORITÉ DES MARCHÉS FINANCIERS*

In accordance with Articles L.412-1 and L.621-8 of the French Code monétaire et financier *and with the General Regulations (*Réglement général*) of the* Autorité des marchés financiers *(the "**AMF**"), in particular Articles 212-31 to 212-33, the AMF has granted to this Second Supplement the visa No. 10-310 on 8 September 2010. It was prepared by the Issuer and its signatories assume responsibility for it.*

In accordance with Article L.621-8-1-I of the French Code monétaire et financier*, the visa was granted following an examination by the AMF of "whether the document is complete and comprehensible, and whether the information it contains is coherent". It does not imply that the AMF has verified the accounting and financial data set out in it.*

In accordance with Article 212- 32 of the Règlement général *of the AMF, all Notes issued or admitted pursuant to this Second Supplement will result in the publication of the applicable Final Terms.*

RESPONSABILITE DU DEUXIEME SUPPLEMENT

Personne qui assume la responsabilité du présent Deuxième Supplément

Au nom de l'Émetteur

Après avoir pris toute mesure raisonnable à cet effet, j'atteste que les informations contenues dans le présent Deuxième Supplément sont, à ma connaissance, conformes à la réalité et ne comportent pas d'omission de nature à en altérer la portée.

Les comptes semestriels consolidés résumés de la société relatifs à la période du 1er janvier au 30 juin 2010, préparés conformément au référentiel IAS-IFRS et inclus au sein du chapitre 2 du Deuxième Supplément, ont fait l'objet d'un rapport des contrôleurs légaux figurant au chapitre 3 du Deuxième Supplément, qui contient des observations.

Les comptes consolidés de l'exercice clos le 31 décembre 2009, préparés conformément au référentiel IAS-IFRS, tel qu'adopté par l'Union Européenne, et inclus dans le Document de Référence déposé auprès de l'Autorité des marchés financiers (ci-après l'"**AMF**") en date du 8 avril 2010 sous le numéro D.10-0227, ont fait l'objet d'un rapport des contrôleurs légaux figurant à la section 20.2 dudit Document de Référence 2009, qui contient des observations.

Les comptes consolidés de l'exercice clos le 31 décembre 2008, préparés conformément au référentiel IAS-IFRS, tel qu'adopté par l'Union Européenne, et inclus dans le Document de Référence déposé auprès de l'AMF en date du 14 avril 2009 sous le numéro D.09-0243, ont fait l'objet d'un rapport des contrôleurs légaux figurant à la section 20.2 dudit Document de Référence 2008, qui contient des observations.

A Paris, le 8 septembre 2010

____

Mr. Thomas Piquemal
Directeur exécutif Groupe en charge des finances

VISA DE L'AUTORITE DES MARCHES FINANCIERS

En application des articles L. 412-1 et L. 621-8 du Code monétaire et financier et de son règlement général, notamment de ses articles 212-31 à 212-33, l'Autorité des marchés financiers (l'"**AMF**") a apposé le visa n° 10-310 en date du 8 septembre 2010 sur le présent Deuxième Supplément. Ce Deuxième Supplément a été établi par l'Emetteur et engage la responsabilité de ses signataires.

Le visa, conformément aux dispositions de l'Article L. 621-8-1-I du Code monétaire et financier, a été attribué après que l'AMF a vérifié "si le document est complet et compréhensible, et si les informations qu'il contient sont cohérentes". Il n'implique ni approbation de l'opportunité de l'opération, ni authentification des éléments comptables et financiers présentés.

Conformément à l'article 212-32 du règlement général de l'AMF, toute émission ou admission de titres réalisée sur la base de ce Deuxième Supplément donnera lieu à la publication de conditions définitives.