

HALF-YEAR FINANCIAL REPORT

30 JUNE 2012

At its meeting of 30 July 2012, EDF's Board of Directors approved this Half-year financial report and the condensed consolidated financial statements for the half-year ended on 30 June 2012 included in it.

This 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the energy sector in France and worldwide, it is possible that this information could prove to be erroneous or outdated.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 9 ("Financial Outlook for 2012") of the Half-year management report, 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 4.1 of the EDF group's 2011 reference document ("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.

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1. CERTIFICATION BY THE PERSON RESPONSIBLE FOR THE HALF-YEAR FINANCIAL REPORT

I certify that, to the best of my knowledge, the condensed consolidated financial statements at 30 June 2012 are prepared in accordance with the applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and income of the company and of all the companies included in the scope of consolidation, and that the attached Half-year management report presents a true and fair view of the important events of the first six months of the financial year and their impact on the financial statements, the main related party transactions and a description of the main risks and uncertainties for the remaining six months of the financial year.

Paris, 30 July 2012
Henri Proglio
Chairman and CEO of EDF

HALF-YEAR MANAGEMENT REPORT

30 JUNE 2012

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1. KEY FIGURES

Pursuant to European regulation 1606/2002 of 19 July 2002 on the adoption of international accounting standards, the EDF group's condensed consolidated financial statements at 30 June 2012 are prepared using the presentation, recognition and measurement rules set forth in the international accounting standards published by the IASB and approved by the European Union for application at 30 June 2012. These international standards are IAS (International Accounting Standards), IFRS (International Financial Reporting Standards), and SIC and IFRIC interpretations.

The accounting and valuation methods applied by the Group are presented in note 1 to the condensed consolidated half-year financial statements at 30 June 2012.

The figures presented in this document are taken from the EDF Group's condensed consolidated half-year financial statements at 30 June 2012.

The comparative figures for 2011 have been restated for the impact of the change in accounting method for actuarial gains and losses on post-employment benefits under the options offered by IAS 19 (see note 2 to the half-year condensed consolidated financial statements). These figures are presented in the tables in this half-year financial report as "H1 2011 restated".

The first half-year of 2012 was marked by the acquisition of control over the Edison group at 24 May 2012 (for details of the operation see section 2.2.1.1). Edison is fully consolidated as of that date, since the Group now holds 78.96% of the capital and 80.7% of the voting rights in Edison.

Application of IFRS 3 (revised) led to recognition of the following in Other income and expenses:

- a loss on sale of €(1,090) million relating to the previous holding in Edison,
- negative goodwill of €1,023 million.

The Group's key figures at 30 June 2012 are shown in the following table. Variations in value and percentage are calculated with reference to the restated first-half 2011 figures.

Extract from the consolidated income statements

<i>(in millions of Euros)</i>	H1 2012	H1 2011 restated	Variation	Variation (%)	Organic growth (%)
Sales	36,222	33,464	+2,758	+8.2	+7.1
Operating profit before depreciation and amortisation (EBITDA)	9,075	8,675	+400	+4.6	+3.3
Operating profit (EBIT)	5,602	5,366	+236	+4.4	
Income before taxes of consolidated companies	3,792	3,556	+236	+6.6	
EDF net income	2,768	2,647	+121	+4.6	
Net income excluding non-recurring items	2,945	2,671	+274	+10.3	

Operating cash flow

<i>(in millions of Euros)</i>	H1 2012	H1 2011 restated	Variation	Variation (%)
Operating cash flow ⁽¹⁾	6,586	5,965	+621	+10.4

- (1) Operating cash flow is not an aggregate defined by IFRS as a measure of financial performance, and is not directly comparable with indicators of the same name reported by other companies. This indicator, also known as Funds From Operations (FFO), is equivalent to net cash flow from operating activities excluding changes in working capital, adjusted for the impact of non-recurring items, less net financial expenses disbursed and income taxes paid.

Indebtedness

<i>(in millions of Euros)</i>	30 June 2012	31 December 2011 restated	Variation	Variation (%)
Net indebtedness	39,716	33,285	+6,431	+19.3
Equity (EDF's share)	29,147	28,483	+664	+2.3
Net indebtedness/EBITDA	2.5 ⁽¹⁾	2.2		

- (1) The ratio at 30 June 2012 is calculated based on cumulative EBITDA for the second half of 2011 and the first half of 2012, using a numerator and denominator based on a comparable scope of consolidation: Edison's indebtedness and EBITDA are included 100%.

2. ECONOMIC ENVIRONMENT AND SIGNIFICANT EVENTS OF FIRST-HALF 2012

2.1. ECONOMIC ENVIRONMENT

2.1.1. TRENDS IN MARKET PRICES FOR ELECTRICITY AND THE PRINCIPAL ENERGY SOURCES

During the first half of 2012, energy prices in Europe were affected by strongly fluctuating fuel prices, and a significant wave of cold weather across Europe in February.

2.1.1.1. Spot electricity prices in France, the United Kingdom, Italy and Germany¹

	France	United Kingdom	Italy	Germany
Average baseload price for H1 2012 (€/MWh)	48.6	53.9	77.4	42.7
Variation in average baseload H1 prices, 2012/2011	-4.8%	-5.2%	+14.8%	-18.9%
Average peakload price for H1 2012 (€/MWh)	62.4	61.1	88.7	52.7
Variation in average peakload H1 prices, 2012/2011	+0.5%	-3.0%	+16.6%	-15.2%

In **France**, first-half spot electricity prices stood at an average €48.6/MWh, €2.4 MW/h lower than in first-half 2011, due to a substantial downturn in CO₂ emission permit prices and coal prices. The wave of cold weather in February limited this downward trend; excluding the month of February, the average baseload price for first-half 2012 would have been €42.0 MW/h.

In the **United Kingdom**, spot electricity prices declined slightly by 5%. Combined Cycle Gas (CCG) plants usually play an important role in the British energy mix, but falling coal and CO₂ emission permit prices meant that greater use was made of coal-fired plants to the detriment of CCG plants. As a result, spot electricity prices declined despite the stability in spot gas prices.

In **Italy**, prices registered a strong rise of close to 15%, principally driven by the increase in Italian gas prices.

In **Germany**, prices were down by 19% compared to first-half 2011 as a result of fuel price movements and large-scale wind power and photovoltaic power generation. Demand for electricity is not highly temperature-sensitive in Germany, and the cold spell had less of an impact than in France.

¹ France and Germany: Average previous day EPEXSPOT price for same-day delivery;
United Kingdom: Average previous day EDF Trading OTC price for same-day delivery;
Italy: Average previous day GME price for same-day delivery.

2.1.1.2. Forward electricity prices in France, the United Kingdom, Italy and Germany²

	France	United Kingdom	Italy	Germany
Average baseload price for H1 2012 (€/MWh)	51.2	59.4	75.1	50.9
Variation in average baseload H1 prices, 2012/2011	-10.7%	-5.5%	+2.2%	-9.5%
Forward baseload price at 30 June 2012	50.3	60.9	70.2	48.8
Average peakload price for H1 2012 (€/MWh)	64.5	67.2	83.1	62.7
Variation in average peakload H1 prices, 2012/2011	-10.0%	-5.1%	-0.8%	-9.1%
Forward peakload price at 30 June 2012	63.2	68.0	76.5	59.5

European annual baseload contract prices declined on average compared to first-half 2011, due to falling fuel prices and the rise of March 2011 following the Fukushima accident, which affected price levels in the second quarter of 2011.

In **France**, the annual contract baseload price was 10.7% lower on average than in first-half 2011. The difference is mainly explained by lower prices for coal and CO₂ emission permits.

In the **United Kingdom**, the April Ahead baseload contract price for April Y+1 to March Y+2 declined by 5.5% despite the stability in gas prices, due to changes in the energy mix use in the short term.

In **Italy**, the annual baseload contract rose by 2.2%, while the peakload contract showed a slight 0.8% downturn.

In **Germany**, the annual contract baseload price was also below the levels of first-half 2011, when a moratorium on the oldest nuclear units was introduced after the Fukushima accident. As well as fuel price developments, forward contract prices were influenced by the impact of the significant expansion in installed photovoltaic facilities (increase of some 10 GW in one year), which brought the price down in the summer months. The German annual contract price was higher than the French contract price throughout the second half of 2011, then dropped back below the French price in March 2012.

2.1.1.3. CO₂ emission permit prices³

The price of CO₂ emission permits under Phase II (2008-2012) for delivery in December 2012 stood at an average €7.5/t in the first half of 2012. This was less than half its average first-half 2011 price (€15.9/t). Nonetheless, the price levels observed over the first half of 2012 followed on coherently from the trends of the second half of 2011.

Despite the wave of cold weather in February, which caused more extensive use of fossil-fired facilities and therefore a slight upturn in CO₂ emission permit prices, the CO₂ permit market is still overallocated because of the various crises that have slowed down industrial activity in Europe since 2008, and a lack of consideration for the combined effects of European environmental policies on each other (the emissions permit scheme, development of renewable energies and the energy efficiency directive). Market actors are awaiting possible measures by the European Commission to restore balance between supply and demand in Phase III (2013-2020) by reducing the number of emission permits made available in auctions. A measure of this kind would have an impact on both Phase III and Phase II emission permit prices, since Phase II emission permits could be exchanged for Phase III permits or used during Phase III.

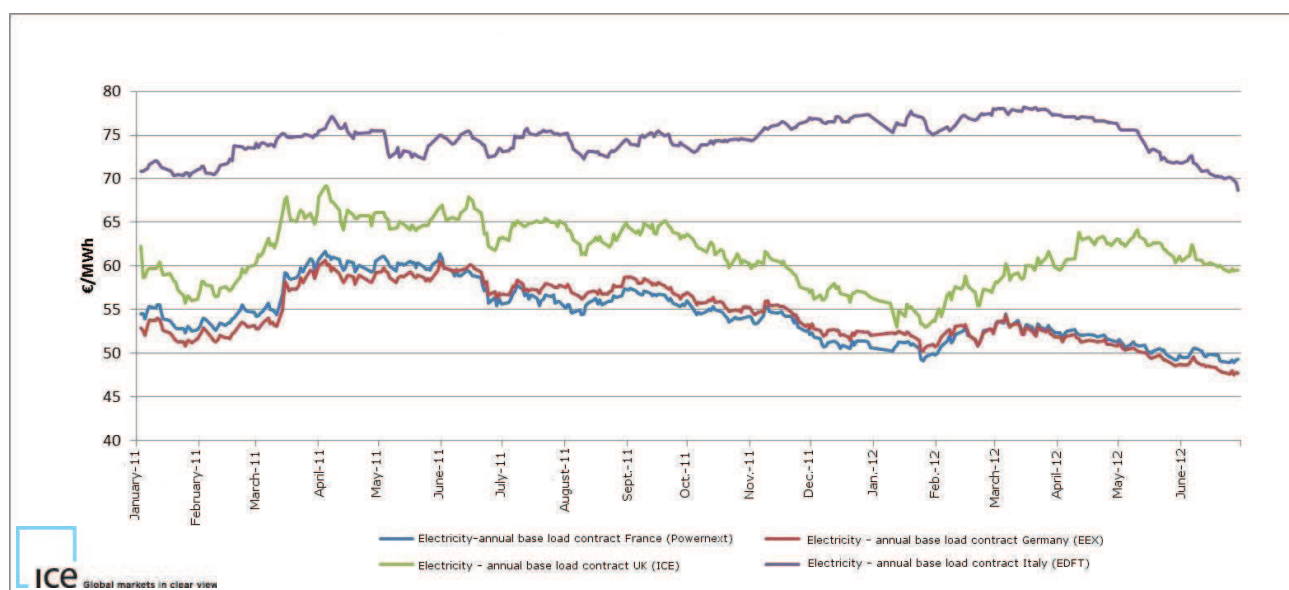
² France and Germany: Average year-ahead EPD price;

Italy : average year-ahead EDFT price;

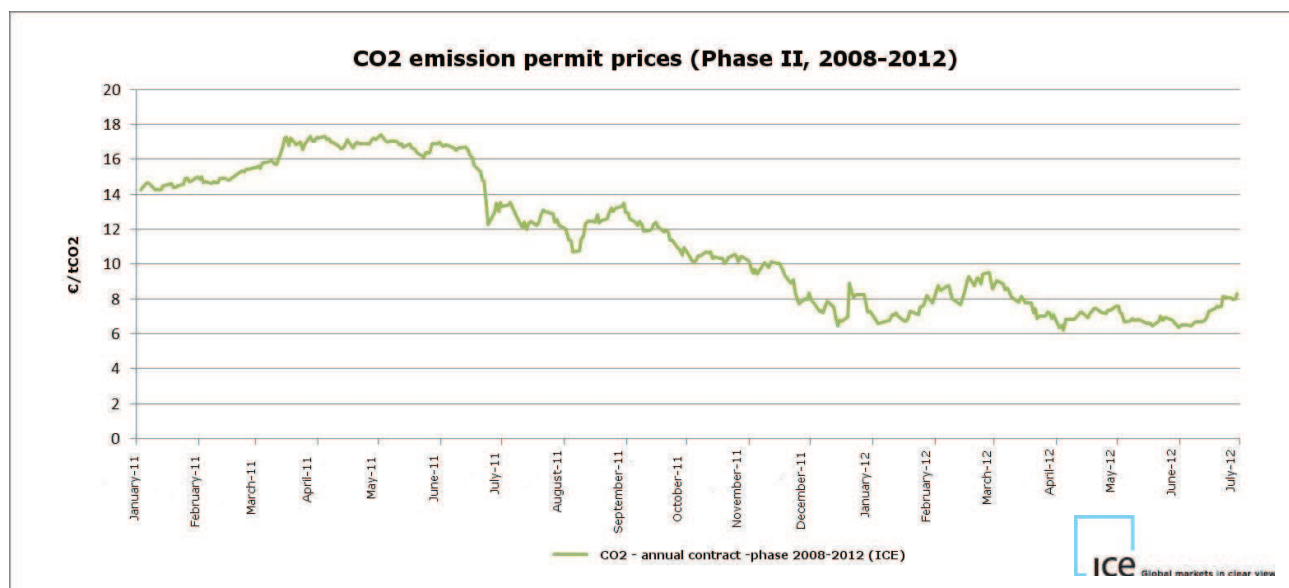
United Kingdom: Average ICE annual contract prices, April 2012 then April 2013 (in the UK, annual contract deliveries take place from 1 April to 31 March).

³ Average ICE prices for the annual contract, Phase II (2008-2012).

Forward electricity prices in France, the United Kingdom, Italy and Germany



CO₂ emission permit prices (Phase II, 2008-2012)



2.1.1.4. Fossil fuel prices ⁴

	Coal (\$/t)	Oil (\$/bl)	Natural gas (p/th)
Average price for H1 2012	109.2	113.6	64.8
Average price variation, H1 2012/H1 2011	-13.1%	+2.0%	-0.2%
Highest price in H1 2012	118.2	126.2	70.0
Lowest price in H1 2012	95.1	89.2	60.0
Closing price, H1 2011	128.6	112.5	68.3
Closing price, H1 2012	98.6	97.8	61.7

Forward prices for **coal** saw an average decline from first-half 2011 levels, principally due to the sluggish economic outlook in Europe, which kept demand down. In the short term the supply-demand balance is very relaxed, largely because of cheap coal imports from the US and low demand from electricity operators. The high stocks generated ongoing pressure to keep forward prices low. The price per tonne of coal for delivery in 2013 ended the half-year below \$100.

Oil prices were slightly higher on average than in first-half 2011. The price per barrel of Brent displayed a general upward trend over the first quarter of the year due to fears of a contraction in supplies, given the threat of potential conflict with Iran, problems in South Sudan and the strike on oil sites in Yemen. In the second quarter, the price per barrel dropped sharply, cancelling out the rise of the first quarter. This drop was mainly driven by concerns about demand following regular publications of poor macro-economic indicators for Europe, the United States and China. On the supply side, worries about Iran subsided and OPEC producers announced that they wanted to see lower prices per barrel.

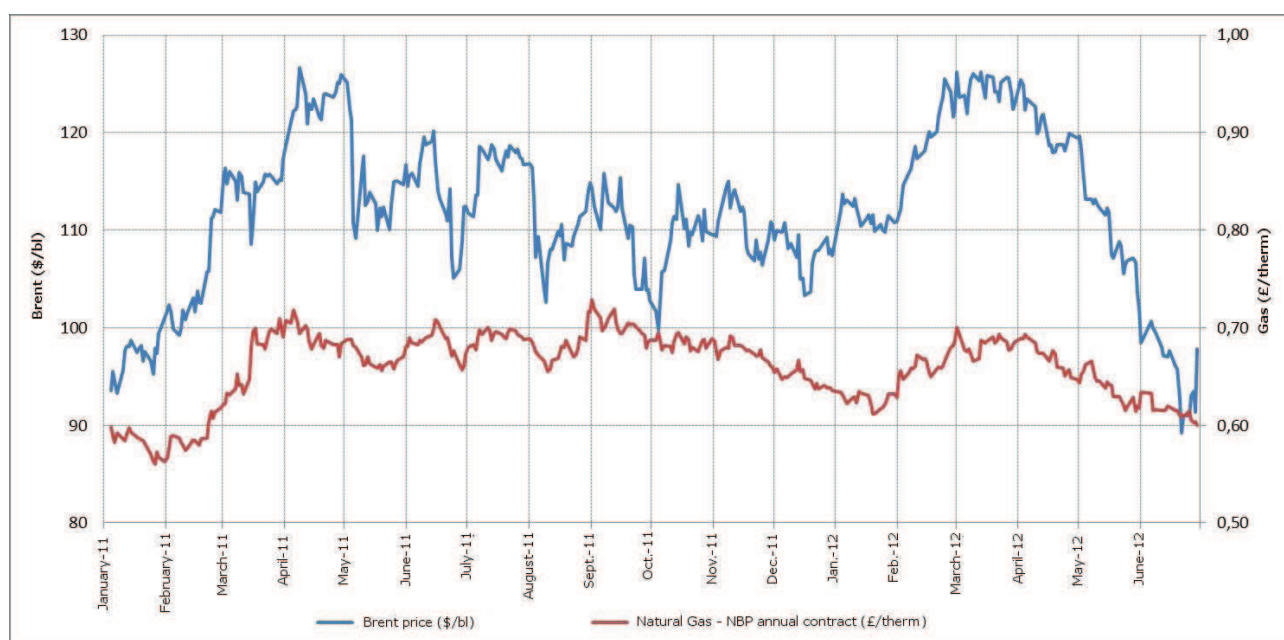
Natural gas prices under the United Kingdom's annual contract were similar to the same period of 2011. The 2012 contract gas price generally followed the same pattern as oil prices; a rise in the first quarter, then a decline. In the first quarter, forward gas prices increased by more than 6p/th. After a mild January, February brought a wave of cold weather that led to extensive drawing on existing stocks. In March, LNG operators diverted their cargo ships towards Asian countries where demand for gas had been high for several months, thus reducing supplies delivered to the United Kingdom. In the second quarter, since demand was well below normal in the United Kingdom stocks were built up again for the coming winter, while the falling oil prices also had an influence via the indexation formulae for long-term gas contracts.

⁴ **Coal**: Average ICE prices 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: Average ICE OTC prices, for delivery starting from October of the following year for the UK (NBP) (pence/therm).

Natural gas and oil prices



2.1.2. ELECTRICITY⁵ AND NATURAL GAS⁶ CONSUMPTION

Overall electricity consumption in **France** in first-half 2012 was 3.0% higher than in first-half 2011. This difference is mostly explained by below normal temperatures, especially in early February. For constant temperatures and an identical number of days, the variation was -0.5%.

Estimated domestic electricity consumption in the first half of 2012 was 1.2% higher in the **United Kingdom** and 2.8% lower in **Italy** compared to the first half of 2011 (-3.3% based on constant temperatures and an identical number of days).

Natural gas consumption in **France** rose by 9% in first-half 2012 compared to first-half 2011. Much of this rise is attributable to weather effects, especially the low temperatures of February and April.

Estimated domestic natural gas consumption was up by 5.2% in the **United Kingdom** and down by 2.3% in **Italy**.

⁵ Sources :

France: RTE, unadjusted for weather effects.

United Kingdom: Department of Energy and Climate Change for the first quarter, local subsidiary estimation for the second quarter.

Italy: local subsidiary estimation.

⁶ Sources:

France: Pégase database, source SOeS (*Service de l'Observation et des Statistiques*).

United Kingdom: Department of Energy and Climate Change for the first quarter, local subsidiary estimation for the second quarter.

Italy: local subsidiary estimation.

2.1.3. ELECTRICITY AND NATURAL GAS SALES TARIFFS

In **France**, the Minister for Ecology, Sustainable Development and Energy issued a decision on 20 July 2012 raising regulated electricity sale tariffs by 2.0% for the “blue” tariff (for residential customers) and the “yellow” and “green” tariffs (for industrial and large business customers). This rise took effect on 23 July 2012.

In application of current laws and regulations, these tariffs must at least cover the costs incurred by historical operators, which the French market regulator CRE considers as accounting costs.

After discussion of the proposal for the above decision on 19 July 2012, the CRE issued the following opinions:

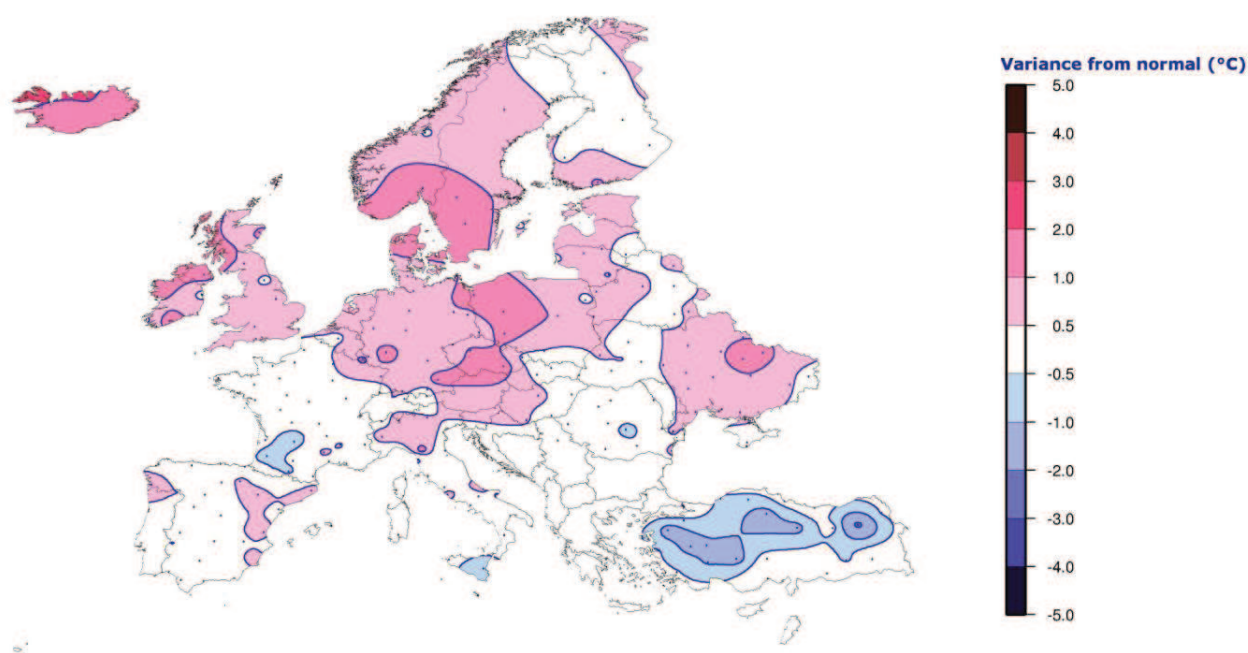
- It was in favour of the proposed decision regarding the green tariffs, which covered costs recorded in 2011 and forecast for 2012;
- It was not in favour of the proposal for the yellow tariffs, as although costs recorded in 2011 were covered, forecast costs for 2012 were not;
- It was not in favour of the proposal for the blue tariffs, which covered neither costs recorded in 2011 nor forecast costs for 2012.

In the **United Kingdom**, EDF Energy reduced its gas tariffs for residential customers by -5% on 7 February 2012. The previous year, it had raised its electricity and gas tariffs by 7.5% and 6.5% respectively on 2 March 2011, then by 4.5% and 15.4% respectively on 10 November 2011.

2.1.4. WEATHER CONDITIONS

2.1.4.1. Temperatures

Average temperatures: variance from normal levels, January to June 2012⁷



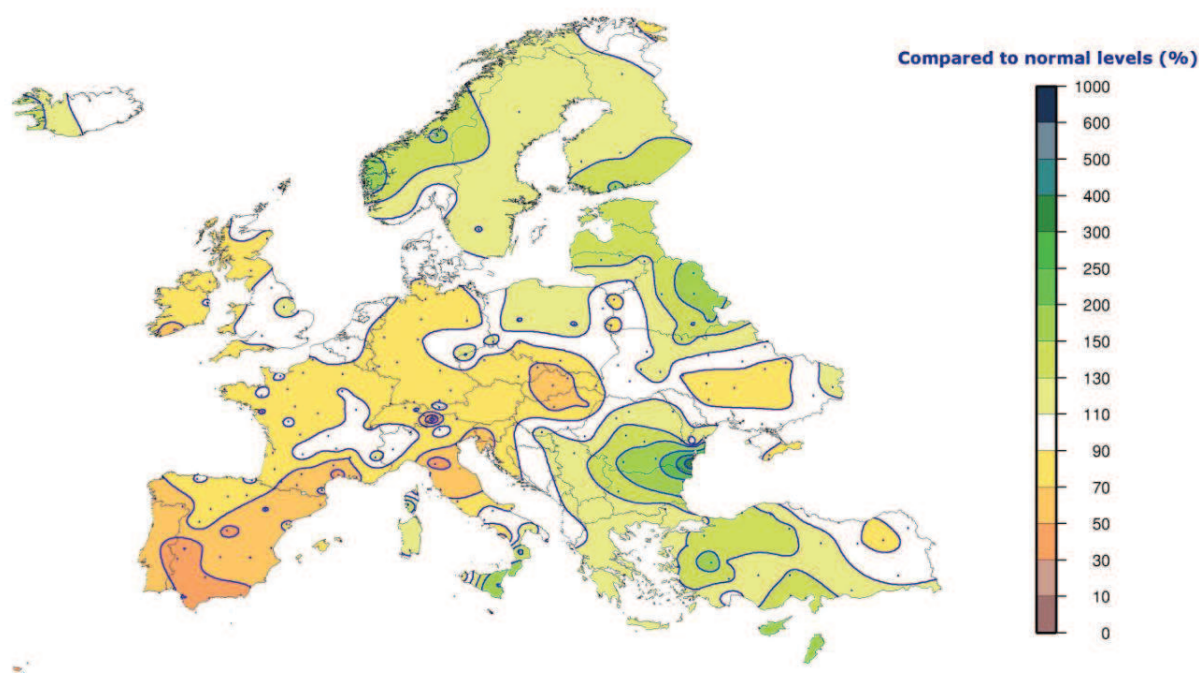
⁷ Map comparing average temperatures with normal levels between January and June 2012.

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.

After a mostly mild, dry month of January, there was a wave of cold weather in the first fortnight of February with temperatures 4.6°C lower than normal across the whole month. A warm March followed, then the second quarter was close to normal. Temperatures over the half-year as a whole were ultimately close to normal in France but markedly higher than normal in Scandinavia and Northern Europe.

2.1.4.2. Rainfall

Rainfall, January to June 2012⁸



The first half of 2012 saw contrasting rainfall patterns in Europe; the weather was very dry in the Iberian peninsula, Italy and central Europe, but there was heavy rainfall in Scandinavia and western Europe.

In France, the cumulative rainfall from January to June was close to normal, but this masks significant variability between February and March, which were dry months, and April and May, which were very rainy and made up for previous rain shortfalls. Hydropower capacity was very low in France in February and March but returned to near-normal levels in May and June. It nonetheless remained below normal in the first half of 2012 due to insufficient precipitation in the south of France (particularly the Pyrenees and the southern Alps), where many hydropower facilities are located.

⁸ Map comparing average rainfall with normal levels between January and June 2012. 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^{9/10}

2.2.1. NEW INVESTMENTS

2.2.1.1. Finalisation of the takeover of Edison

Following fulfilment of the conditions for the operation, on 24 May 2012 the EDF group and its Italian partners finalised the takeover of the energy group Edison. The principles of the final agreement are consistent with the preliminary agreement signed by the parties on 26 December 2011.

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

Following this acquisition the Group now holds 78.96% of the capital and 80.7% of the voting rights in Edison.

At the same time as the takeover of Edison, Delmi, as planned in the initial agreement, acquired Edison's 50% stake in Edipower for €684 million and Alpiq's 20% stake in Edipower for €200 million. This operation, together with reimbursements of shareholder loans, improved Edison's liquidity position and reduced its net indebtedness.

Once the CONSOB gave its authorisation on 27 June 2012, EDF launched a mandatory tender offer on 2 July 2012 for the ordinary Edison shares not owned by EDF, i.e. 19.36% of ordinary Edison shares, at the price of €0.89 per share. Unless extended, this offer will close on 3 August 2012.

2.2.1.2. Takeover of Photowatt's business and PV Alliance

On 27 February 2012, the Vienna Commercial Court in France accepted the EDF group's offer for the activities of Photowatt. This operation and the concurrent operation involving the CEA (French atomic energy commission), will enable the Group, via its subsidiary EDF Energies Nouvelles Réparties, to take over Photowatt's assets and 100% of its subsidiary PV Alliance, and to obtain a world exclusivity licence for the heterojunction technology currently in development.

As part of this operation the Group has offered a job at EDF SA or ERDF to every employee not retained in the new entity.

2.2.1.3 Acquisition of Enerest

On 1 April 2012, Electricité de Strasbourg acquired 100% of Enerest, the longstanding gas supplier to the economic region of Strasbourg. The acquisition price was €139 million. Following establishment of a provisional initial balance sheet, intangible assets (principally concerning customer relations and the "Gaz de Strasbourg" brand) were valued at €38 million before tax effects. The provisional goodwill on this operation recorded in the consolidated financial statements at 30 June 2012 amounts to €90 million.

2.2.2. INVESTMENT PROJECTS

2.2.2.1. Flamanville 3

The first half of 2012 was marked by detection of faults in the polar crane support brackets for the reactor building. After analysis, EDF decided to replace these brackets, which fix the reactor building's polar crane to the interior of the building structure.

Some of the work has been adapted to incorporate these changes, and the rest is continuing in line with schedule:

- construction of the north diesel building
- installation of the brackets for steam generators and primary pumps in the reactor building

⁹ Significant events related to litigation are described in chapter 8.

¹⁰ The reference document and a full list of press releases are available from the EDF website: www.edf.com.

- completion of principal civil engineering work for the four safeguard buildings
- start of installation of the filter drums for the pumping station to filter cooling water.

By the end of June, civil engineering work was 92% complete and electromechanical assembly was 30% complete.

2.2.2.2. Successful bid for French offshore wind farms

On 6 April 2012, the European consortium headed by the EDF group won the tender for French offshore projects at Saint-Nazaire, Courseulles-sur-Mer and Fécamp. These projects total around 1,500 MW in new capacities to be installed after 2015. They are accompanied by an ambitious industrial project that will create some 7,500 direct and indirect jobs, notably for production of Alstom's Haliade 150 wind turbine in France.

2.2.2.3. EDF Energies Nouvelles gains positions on the Moroccan and South African markets

On 16 April 2012, the consortium headed by EDF Energies Nouvelles, in partnership with the Japanese group Mitsui & Co, was selected as the "preferred bidder" for the 150 MW Taza wind power project by Morocco's National Electricity Office. EDF Energies Nouvelles also announced that it was to form a local subsidiary, EDF EN Maroc, to lead its development in Morocco.

On 30 May 2012, EDF Energies Nouvelles was also named the "preferred bidder" by the South African energy department for three wind power projects allocated as part of the second round of renewable energy tenders in South Africa, which was launched in August 2011. Representing total power of 104 MW, the projects at Chaba (20.6 MW), Waainek (23.3 MW) and Grassridge (59.8 MW) are located in the Eastern Cape province of South Africa. They will be equipped with Vesta turbines, each with 3 MW unit capacity. Construction is due to start in 2013, with commissioning by the end of 2014.

2.2.2.4. Launch of Electranova Capital

On 15 May 2012, EDF announced that it had joined forces with Idinvest Partners, a reputed specialist in small business funding, to create a venture capital fund called Electranova Capital, endowed with a minimum investment capacity of €60 million, including €30 million contributed by EDF and €10 million by Allianz. The fund will finance innovative young companies in the energy sector, in France and throughout Europe, by taking minority shareholdings in order to rise to the challenge of a low-carbon energy model.

2.2.2.5. Installation of the EPR Unit 1 reactor pressure vessel at Taishan

Construction of the EPR at Taishan in China, coordinated by teams from EDF, CGNPC (China Guangdong Nuclear Power Company) and Areva, reached a further key milestone in early June 2012 when the pressure vessel was lowered into the Unit 1 reactor, then installed in its final position in the reactor pit. This operation marked the start of work to install the nuclear steam supply system, alongside installation of auxiliary equipment and systems.

2.2.2.6. New nuclear power plant at Hinkley Point C

On 19 June 2012 the joint venture Bouygues TP/Laing O'Rourke was designated "preferred bidder" for the contract to construct a nuclear power plant in the United Kingdom. This contract is worth around £2 billion and should create 4,000 jobs. This project is subject to EDF Energy's final investment decision in late 2012, and will concern the major civil engineering work for the nuclear island, the conventional island and supporting structures.

2.2.2.7. Extension of AGR¹¹ reactor lifetimes in the United Kingdom

In the United Kingdom, EDF Energy intends to extend the average operating lifetime of all its AGR reactors by 7 years. These reactors are spread across 7 sites (2 reactors at each site). This decision has a direct impact on the depreciation period of these reactors.

¹¹ Advanced gas-cooled reactors.

2.2.2.8. Compliance with ASN recommendations concerning the nuclear fleet

Following the recommendations put forward by the French nuclear safety authority ASN on 28 June 2012 as part of its additional safety assessments, EDF confirms its commitment to carrying out work to reinforce the safety level at its nuclear facilities. This work on its nuclear fleet is part of the Group's overall investment programme for the period to 2015.

EDF has already begun an action plan in accordance with the ASN's technical recommendations, including for example:

- Introduction by the end of 2012 of the rapid response nuclear task force ("Force d'Action Rapide du Nucléaire") capable of intervening in an emergency at any nuclear reactor in France
- Development of local crisis centres to manage extreme events
- The tender process for production of emergency diesel generators.

2.2.3 ACCREDITATIONS

2.2.3.1. New accreditation for EDF: the FTSE4Good Index

On 12 March 2012, following an in-depth independent analysis and examination of social, environmental and nuclear safety criteria, the FTSE4Good Policy Committee approved the EDF group's admission to the prestigious FTSE4Good index. EDF is now one of five nuclear operators worldwide that meet the stringent criteria developed and monitored by the FTSE4Good Policy Committee. These criteria are designed to identify and measure the performance of companies that work for sustainable environmental protection, develop positive relations with all stakeholders and strive to promote human rights and their enforcement.

2.2.3.2. Two distinctions for the Group's expertise in training

The EDF Corporate University for Management, which caters for the Group's 12,000 managers, has won the 13th Corporate University Xchange Prize for Excellence and Innovation, a global benchmark in terms of corporate learning. This distinction was awarded for a training programme carried out with the Toulouse School of Economics' Institute of Industrial Economics for the leaders of ERDF, a subsidiary of the EDF Group. The programme focused on the economics of local concession mechanisms in the electricity distribution industry.

A few weeks earlier, the Group's training expertise had already received the international Corporate Learning Improvement Process accreditation.

2.2.4. REGULATORY ENVIRONMENT

2.2.4.1. France

2.2.4.1.1. *The NOME law and the ARENH system*

On 12 June 2012, the European Commission announced that subject to conditions, it approved the State aid contained in the regulated electricity tariffs in France. In 2007, the Commission had opened an investigation into the regulated tariffs for sales to business customers (the "yellow" and "green" tariffs and the TaRTAM transition tariff). Since then, France's NOME law on the new electricity market organisation modified the French legislative and regulatory context by discontinuing the TaRTAM transition tariff, programming the end of the yellow and green tariffs for the end of 2015 and setting up a scheme for regulated access to nuclear power (named ARENH, for *Accès Régulé à l'Électricité Nucléaire Historique*) for all suppliers of customers located in France from 1 July 2011, at the price of €42/MWh for 2012.

Every half-year, suppliers apply for volumes of energy for future periods under the ARENH system. In the first three rounds, supplier applications amounted to more than 30 TWh each half-year. The annual ARENH volume cannot

exceed 100 TWh a year; this will be increased from August 2013 by the amounts sold to network operators to compensate for technical losses.

Following an inquiry, the European Commission concluded that the business tariffs constituted State aid, but are nevertheless compatible with European law provided:

- the ARENH price remains at €42/MWh until the Commission gives approval of the methodology used to set the ARENH price, and
- there is a gradual move towards cost-based pricing every year from the summer of 2012, until the yellow and green tariffs cease to exist at the end of 2015.

This decision marks the end of the European Commission's investigation concerning State aid.

2.2.4.1.2. CSPE

The Contribution to the Public Electricity Service (*Contribution aux charges de Service Public de l'Électricité* or CSPE) is intended to compensate for certain public service charges assigned to EDF in particular¹². This tax is collected directly from the final customer and applies to electricity consumption. The amended Finance Law of July 2011 departed from the schedule for CSPE rises, splitting the €3/MWh increase for 1 January 2012 so that it applied half from 31 July 2011 and half from 1 July 2012. A €1.5/MWh rise was thus introduced on 1 July 2012, bringing the CSPE to €10.5/MWh.

Since 2007, CSPE income has been unable to cover EDF's public electricity service expenses, which have been steadily rising, primarily due to the higher volumes of wind power and solar power purchased under the purchase obligation scheme. As the costs borne by LDCs and Electricité de Mayotte are fully compensated, the shortfall is borne solely by EDF, leading to recognition of a €4.5 billion receivable in its financial statements at 30 June 2012. By the end of 2012 this receivable could be close to €5 billion.

EDF has expressly requested recognition of the cost of bearing this deficit from the outset, as well as the costs of managing the purchase obligations scheme, which are not covered by the current CSPE system. EDF has therefore included these items in its 2011 declaration of public service expenses to the French regulator CRE.

In June 2012, the French Court of Accounts remitted a report on the CSPE to the Senate investigative committee examining the true cost of electricity. The Court observed the current and future increase in public service expenses. It noted that the expenses borne by EDF (cost of bearing the shortfall and managing purchase obligations) are not covered by the system and acknowledged that the request for formal recognition of these costs "was not economically unfounded". It identified areas for reflection to limit the impact of future rises in the CSPE for electricity consumers: for example, broadening financing of the system to other energies, use of other sources of electricity-generated income, and revision of the current exemption rules.

The decree of 6 March 2012 introduced automatic attribution of social electricity tariffs. Approximately 1.3 million French households are eligible for social tariffs but only 600,000 households benefited from those tariffs in 2011.

2.2.4.1.3. Application decree for article 225 of the "Grenelle 2" law

The French government published the application decree for article 225 of the "Grenelle 2" law on 26 April 2012, making reporting of labour, environmental and social reporting in the management report mandatory for companies with a workforce of over 500 and a balance sheet total or total net sales of more than €100 million. This non-financial reporting must be audited by an independent organisation.

The EDF group has assessed the impact of this decree for its own organisation but also for the French subsidiaries concerned (Electricité de Strasbourg and ERDF). This assessment complements the assessments carried out in 2011 that have been verified by the statutory auditors, who are the Group's chosen independent organisation. It enabled the Group to check the compliance of its existing system, set up several years ago, and make any necessary improvements.

¹² French Local Distribution Companies (LDCs) and Electricité de Mayotte also make a small contribution.

2.2.4.2. Belgium

The Belgian government brought in a new energy market regulation through the law of 29 March 2012, freezing indexed rises in variable parameters contained in gas and electricity contracts for 9 months from 1 April 2012. This regulation affects EDF Luminus in 2012, particularly in the second half-year.

On 4 July 2012, the government decided to shut down the Doel1 and Doel2 nuclear plants (which are not operated by EDF) in 2015, and to extend operation of the Tihange 1 plant until 2025, under the plan for secure electricity supplies presented by the Belgian Secretary of State for Energy Melchior Wathelet. The Belgian Council of Ministers also plans to make 1,000 MW of nuclear power available on the market, to increase competition between suppliers and achieve the lowest possible prices for consumers and business users.

2.2.4.3. Hungary

An amendment to the law on electricity adopted on 16 March 2011 ended all support for cogeneration in Hungary from July 2011, and stipulated that heat tariffs would now be regulated. The price must now be set by the Hungarian government after proposal by the regulator, and is no longer freely negotiated between suppliers and their customers. This amendment particularly affects BE ZRt.

After a transitional period in the final quarter of 2011, new more favourable heat tariffs were published from 1 January 2012. These tariffs are sufficient to cover the associated costs.

Discussions are in process between BE ZRt and the regulator on how these costs will be covered for next winter.

2.2.4.4. United Kingdom

On 22 May 2012, British minister for Energy and Climate Change, Ed Davey, presented a draft bill for a law on electricity market reform intended to attract around £110 billion (€136 billion) of investments in nuclear power and renewable energies over ten years. The chief innovation in this reform is the introduction of "contracts for difference" (CFD), a contractual mechanism that would guarantee an economic balance between new low-carbon electricity generation methods, comprising renewable energies (wind power, solar power, biomass, etc) and nuclear power plants. Under this type of contract, EDF would be compensated for selling electricity generated by the new reactors below an agreed price, and conversely would pay the surplus if it sold electricity at a higher price.

This reform is expected to become law in 2012.

2.2.5. GOVERNANCE

2.2.5.1. Board of directors

By a decree of 13 February 2012, François Loos, Chairman of the French Environment and Energy Management Agency (ADEME – *Agence de l'Environnement et de la Maîtrise de l'Energie*) was appointed as a director of EDF representing the French State, replacing Philippe Van de Maele.

By a decree of 7 May 2012, Marie-Christine Lepetit, Head of the General Inspectorate of Finances, was appointed a member of EDF's Board of directors, replacing Pierre-Marie Abadie. At the Board of Directors' meeting held on 24 May 2012, Mme Lepetit was made a member of the Strategy Committee, the Nuclear Commitments monitoring committee and the Ethics Committee.

There are now 4 women among the 18 members of the Board of Directors, or 22% for all categories of director.

Pierre-Marie Abadie, Director of Energy at the General division for Energy and Climate for the French Minister of Ecology, Sustainable development and energy, was appointed Government commissioner to EDF by decision of 15 June 2012.

3. ANALYSIS OF THE BUSINESS AND THE CONSOLIDATED INCOME STATEMENTS FOR THE FIRST HALF-YEARS OF 2011 AND 2012

Presentation and explanation of the consolidated income statements for the first half-years of 2011 and 2012 are shown at two levels of analysis for Sales and EBITDA: a first focusing on the Group, then a second reporting on the different business segments (France, United Kingdom, Italy, Other International and Other activities). EBIT (operating profit) and net income are analyzed from a more general standpoint.

From the date of EDF's takeover of Edison, figures for Edison are fully consolidated.

	H1 2012	H1 2011 restated ¹³
<i>(in millions of Euros)</i>		
Sales	36,222	33,464
Fuel and energy purchases	(17,950)	(14,964)
Other external expenses	(4,595)	(4,483)
Personnel expenses	(5,783)	(5,420)
Taxes other than income taxes	(1,597)	(1,511)
Other operating income and expenses	2,778	1,589
Operating profit before depreciation and amortisation (EBITDA)	9,075	8,675
Net changes in fair value on Energy and Commodity derivatives, excluding trading activities	98	(28)
Net depreciation and amortisation	(3,283)	(3,131)
Net increases in provisions for renewal of property, plant and equipment operated under concessions	(94)	(208)
(Impairment)/Reversals	(294)	(269)
Other income and expenses	100	327
Operating profit (EBIT)	5,602	5,366
Financial result	(1,810)	(1,810)
Income before taxes of consolidated companies	3,792	3,556
Income taxes	(1,235)	(995)
Share in income of associates	343	262
Group net income	2,900	2,823
Net income attributable to non-controlling interests	132	176
EDF net income	2,768	2,647
Earnings per share (in Euros)	1.50	1.43
Diluted earnings per share (in Euros)	1.50	1.43

¹³ Figures for first-half 2011 have been restated for the impact of the change in accounting method for actuarial gains and losses on post-employment benefits.

3.1. SALES

Consolidated sales rose by 8.2%, with organic growth of 7.1%.

3.1.1. CHANGE IN GROUP SALES

<i>(in millions of Euros)</i>	H1 2012	H1 2011 restated	Variation	Variation (%)	Organic growth (%)
Sales	36,222	33,464	+2,758	+8.2	+7.1

Sales growth resulted from organic growth of €2,381 million (7.1%) and, to a smaller degree, the effects of changes in the scope of consolidation (+€121 million) and exchange rates (+€256 million, principally reflecting the pound sterling's rise against the Euro).

3.1.2. CHANGE IN SALES BY SEGMENT

<i>(in millions of Euros)</i>	H1 2012	H1 2011 restated	Variation	Variation (%)	Organic growth (%)
France	20,706	19,495	+1,211	+6.2	+6.2
United Kingdom	4,821	4,390	+431	+9.8	+3.1
Italy	3,607	3,052	+555	+18.2	+16.5
Other International	4,009	3,800	+209	+5.5	+6.3
Other activities	3,079	2,727	+352	+12.9	+11.0
Total excluding France	15,516	13,969	+1,547	+11.1	+8.4
Group sales	36,222	33,464	+2,758	+8.2	+7.1

Sales outside France for the first half of 2012 represented 42.8% of total consolidated sales, compared to 41.7% in first-half 2011.

3.1.2.1. France

Change in sales in France

France's contribution to Group sales amounted to €20,706 million, corresponding to an organic rise of 6.2% compared to first-half 2011.

Electricity sales were higher as a result of positive price and tariff effects (€439 million), mainly attributable to the tariff rises introduced from 1 July 2011, and weather and volume effects (€649 million) particularly associated with the wave of cold weather observed in February 2012.

Most of the rest of sales growth in France resulted from higher gas sales.

At 30 June 2012, EDF's market share for electricity sales to all final customers is 80.3%, 1.2 points down from 30 June 2011.

**Breakdown of sales for the "France" segment between deregulated activities¹⁴,
network activities¹⁵ and island activities¹⁶**

<i>(in millions of Euros)</i>	H1 2012	H1 2011 restated	Variation	Variation (%)
Sales	20,706	19,495	+1,211	+6.2
Deregulated activities	19,639	18,510	+1,129	+6.1
Network activities	6,891	6,289	+602	+9.6
Island activities	443	427	+16	+3.7
Eliminations	(6,267)	(5,731)	-536	+9.4

The 6.1% increase in **sales by the deregulated activities** is primarily attributable to the favourable impact of the weather in the first half of 2012 and the increase in gas sales.

Sales by the network activities rose substantially, driven by the rise in distribution tariffs (€243 million) and the higher volumes sold due to the weather.

Electricity generation

Nuclear generation produced 207.8 TWh in the first half of 2012, compared to 218.4 TWh for the first half of 2011. This contraction of more than 10 TWh is explained by the much busier shutdown schedule than in first-half 2011 and a higher number of unscheduled outages, whereas fleet availability was exceptionally good in the first half of 2011.

Hydropower output stood at 20.0 TWh, an improvement from first-half 2011 (+5.9 TWh) when water availability levels were particularly low.

Fossil-fired generation produced 7.0 TWh, up by +1.0 TWh from first-half 2011.

Sales volumes to final customers, including Eurodif and local distribution firms, were up by +6.0 TWh. The temperature differential alone explains +7.9 TWh of the increase. In addition, losses of customers, mainly at the high end of the portfolio¹⁷, and the reduction in Eurodif supplies were not offset by the growth in demand.

Compared to first-half 2011, the net volumes sold on the wholesale markets declined by 30.1 TWh, principally as a result of sales to the ARENH system in the first half of 2012 (30.2 TWh), which had no equivalent in first-half 2011. Excluding VPP auctions¹⁸, EDF was a net buyer of 17.2 TWh on the markets in the first half of 2012. Deliveries under VPP auctions (16.6 TWh) showed a downturn compared to first-half 2011 since the system was terminated in 2011.

¹⁴ Generation, Supply and Optimisation in mainland France, and sales of engineering and consulting services.

¹⁵ Network activities now only include Distribution, as a result of application of the equity method to the Transmission activity from December 31, 2010. In mainland France, network activities are regulated via the network access tariff TURPE (*Tarifs d'Utilisation des Réseaux Publics d'Électricité*). Sales for the regulated activities include the delivery cost included in integrated Tariffs.

¹⁶ EDF's generation and distribution activities in the island energy systems (IES).

¹⁷ Very large business and industrial customers.

¹⁸ Virtual Power Plant capacity auction system – generating deliveries for periods ranging from a few months to 3 years.

3.1.2.2. United Kingdom

Sales in the **United Kingdom** amounted to €4,821 million in first-half 2012, up by 9.8% from first-half 2011 with organic growth of 3.1%. The favourable exchange effect (+€295 million) relates to the rise of the pound sterling against the Euro.

The benefit of favourable price effects driven by rising wholesale prices was felt in all segments.

UK sales also incorporate unfavourable volume effects resulting from lower sales to business customers against aggressive competition. This downturn was partly counterbalanced by a rise in volumes sold to residential customers, especially due to growth in the number of customer accounts thanks to EDF Energy's competitive offer¹⁹.

3.1.2.3. Italy

Italy²⁰ contributed €3,607 million to consolidated sales, up by 18.2% with organic growth of 16.5%.

Sales by **Edison** rose by €556 million or +19.9% (organic growth of €510 million or +18.2%), essentially due to changes in commodity prices. Edison sales include a positive €46 million scope effect reflecting the change to full consolidation from 1 June 2012, the sale of Edipower in 2012 and the sale of the Taranto power plant in October 2011.

In the electricity business, sales benefited from an increase in electricity prices that was partly counterbalanced by a negative volume effect for sales to end-customers and on the wholesale markets.

In the hydrocarbon business, sales registered a strong rise as a result of commodity price rises and higher generation volumes in Exploration-Production due to commissioning of new facilities during 2011.

3.1.2.4. Other International

The **Other International** segment principally covers operations in Europe excluding the United Kingdom and Italy, and operations in the United States, Brazil and Asia (China, Vietnam and Laos).

This segment contributed €4,009 million to Group sales in the first half of 2012, €209 million or +5.5% more than in first-half 2011.

Foreign exchange effects between the first half-years of 2011 and 2012 amounted to -€40 million. The effect of changes in the scope of consolidation in this segment essentially reflects changes in the consolidation method for the Polish subsidiaries Zielona Gora and Kogeneracja²¹.

Without these scope and exchange effects, sales would show organic growth of 6.3% from first-half 2011.

Most of this increase concerns Belgium, and to a smaller extent Austria.

In **Belgium**, sales amounted to €1,935 million, registering organic growth of +9.9%. This growth chiefly results from the rise in sales related to gas optimisation, and had no significant impact on the margin. It also reflects a rise in gas volumes sold to residential customers, associated with weather effects.

In **Austria**, sales stood at €305 million, registering very substantial organic growth of +56.4%, essentially explained by development in the optimisation business. This had no significant impact on the margin.

¹⁹ EDF Energy was the cheapest supplier on the British market for combined electricity and gas contracts (Direct Debit contracts).

²⁰ Edison group and Fenice.

²¹ From proportional consolidation to full consolidation on 16 February 2012 as part of the acquisition of EnBW's investments in these companies.

3.1.2.5. Other activities

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

The contribution by the **Other activities** segment to Group sales in first-half 2012 was €3,079 million, up by €352 million or +12.9%, with organic growth of 11.0% compared to first-half 2011.

EDF Energies Nouvelles' contribution to Group sales showed organic growth of 41.6% from first-half 2011. This growth resulted primarily from expanding business in the Development-Sales of Structured Assets activity. It was also driven by higher Generation activity as capacities in operation increased; the effect was divided equally between Europe and North America.

EDF Trading²² sales saw an organic decline from first-half 2011 (-8.0%), despite a good trading performance in Europe.

Dalkia's contribution to sales registered organic growth of €38 million (+3.2%).

3.2. EBITDA

EBITDA rose by 4.6%, with organic growth of 3.3%.

	H1 2012	H1 2011 restated	Variation	Variation (%)	Organic growth (%)
<i>(in millions of Euros)</i>					
Sales	36,222	33,464	+2,758	+8.2	+7.1
Fuel and energy purchases	(17,950)	(14,964)	-2,986	+20.0	+18.5
Other external expenses	(4,595)	(4,483)	-112	+2.5	+2.0
Personnel expenses	(5,783)	(5,420)	-363	+6.7	+6.0
Taxes other than income taxes	(1,597)	(1,511)	-86	+5.7	+5.7
Other operating income and expenses	2,778	1,589	+1,189	+74.8	+73.9
EBITDA	9,075	8,675	+400	+4.6	+3.3

3.2.1. CHANGE IN CONSOLIDATED EBITDA AND ANALYSIS

Consolidated EBITDA for first-half 2012 amounted to €9,075 million, up by 4.6% from first-half 2011, corresponding to organic growth of 3.3%. The foreign exchange effects amounting to +€72 million resulted from the favourable movements by the pound sterling against the Euro. Changes in the scope of consolidation had an effect of +€45 million, principally concerning Edison.

The Group's **fuel and energy purchases** amounted to €17,950 million in first-half 2012, an increase of €2,986 million (+20.0%) compared to first-half 2011, with organic growth at +18.5%. **France** registered an organic rise of €1,610 million (+22.9%), explained essentially by higher purchase obligations (€702 million, offset by the CSPE recorded in other operating income and expenses), and higher gas purchases associated with the rise in sales. In the **United Kingdom**, the organic growth of €158 million (+6.7%) is essentially explained by the higher cost of

²² EDF Trading sales consist of trading margins.

energy and transmission tariffs. In **Italy**, the organic growth of €512 million (+20.5%) was mainly driven by a rise in gas sourcing costs. In the **Other International** segment, the €352 million (+13.9%) organic growth was mainly associated with the higher volumes sold in Belgium and Austria as part of optimisation activities.

The Group's **other external expenses** amounted to €4,595 million, up by €112 million (+2.5%) from first-half 2011, corresponding to organic growth of +2.0%. This change mainly concerned the **Other activities** segment, principally EDF Energies Nouvelles (+€114 million), in keeping with the higher level of sales by the Development-Sale of Structured Assets activity.

The Group's **personnel expenses** totalled €5,783 million, €363 million (+6.7%) higher than in first-half 2011, with organic growth of +6.0%. This change essentially related to **France**, where personnel expenses totalled €4,345 million, corresponding to organic growth of +6.6% compared to first-half 2011 as a result of the increase in the workforce (mainly in nuclear generation and distribution), the effect of pay measures, and the rise in employer's social charges (after the basis for calculating those charges was broadened).

Taxes other than income taxes stood at €1,597 million for first-half 2012, up by €86 million from the equivalent period of 2011 (+5.7%, with identical organic growth). This rise includes the effect of higher taxes for the Generation activity in France.

Other operating income and expenses generated net income of €2,778 million for the first half of 2012, €1,189 million higher than in first-half 2011, or an organic variation of +73.9%. In **France**, the change is attributable to the increase in the CSPE (€658 million) associated with the higher compensation of purchase obligations, and the positive effect of the end of the TaRTAM transition tariff system in July 2011. In the **United Kingdom**, other operating income and expenses showed an organic decline of €82 million due mainly to the unfavourable effect of the fair value adjustment of electricity sale contracts at the time of EDF's acquisition of British Energy.

3.2.2. CHANGE IN CONSOLIDATED EBITDA AND ANALYSIS BY SEGMENT

<i>(in millions of Euros)</i>	H1 2012	H1 2011 restated	Variation	Variation (%)	Organic growth (%)
France	6,072	5,733	+339	+5.9	+6.3
United Kingdom	1,075	1,186	-111	-9.4	-16.1
Italy	211	218	-7	-3.2	-14.2
Other International	552	638	-86	-13.5	-17.2
Other activities	1,165	900	+265	+29.4	+28.4
Total excluding France	3,003	2,942	+61	+2.1	-2.6
Group EBITDA	9,075	8,675	+400	+4.6	+3.3

3.2.2.1. France

Change in EBITDA for the France segment

France contributed €6,072 million of consolidated EBITDA for first-half 2012, 5.9% higher than in first-half 2011, corresponding to organic growth of 6.3%. This contribution accounted for 66.9% of Group EBITDA, compared to 66.1% in first-half 2011.

Breakdown²³ of EBITDA for the France segment between deregulated activities, network activities and island activities

	H1 2012	H1 2011 restated	Variation	Variation (%)
<i>(in millions of Euros)</i>				
EBITDA	6,072	5,733	+339	+5.9
Deregulated activities	3,974	4,168	-194	-4.7
Network activities	1,942	1,447	+495	+34.2
Island activities	156	118	+38	+32.2

EBITDA for the Deregulated activities declined by -4.7%. This essentially reflects the effect of lower nuclear generation (-€392 million), partly counterbalanced by the improved hydropower output (+€276 million), and an unfavourable weather effect (-€223 million) essentially due to the wave of cold weather leading to a peak in demand that was met at high cost. The rise in regulated sale tariffs in 2011 and its small positive effect of +€79 million on the energy component, excluding delivery, combined with the favourable effect of long-term contracts and investments (+€159 million) offset the increase in expenses related to unit shutdowns and employers' social contributions.

EBITDA for the Network activities registered a 34.2% increase resulting from the tariff increase for energy delivery, the positive weather effect and the negative impact of correction of the rate of prior year network losses recorded in 2011, which had no equivalent in 2012.

EBITDA for the Island activities was up by 32.2% due to the tariff increase and regularisation of the CSPE for previous years.

3.2.2.2. United Kingdom

The **United Kingdom's** contribution to Group EBITDA for first-half 2012 was €1,075 million, down by 9.4% from first-half 2011, with an organic change of -16.1%. The pound sterling's rise against the Euro generated a favourable foreign exchange effect amounting to €80 million.

A major factor in the change in EBITDA is the end of the positive effect of fair value adjustment of British Energy's initial balance sheet upon acquisition, which had an organic effect of -€100 million compared to first-half 2011.

Nuclear power output declined by 1.2 TWh between first-half 2011 and first-half 2012 to 29.8 TWh. This lower output had an adverse effect of €57 million on EBITDA, and is mainly explained by the seasonality of scheduled shutdowns for plant maintenance. More shutdowns were scheduled in first-half 2012 than first-half 2011.

3.2.2.3. Italy

The **Italy** segment contributed €211 million to the Group's consolidated EBITDA, down by 3.2% (organic decline of -14.2%).

²³ Further details of this breakdown can be found in section 3.1.2.1.

Against persistent pressure from competitors and falling demand in Italy, **Edison** contributed €161 million to consolidated EBITDA in first-half 2012 against €158 million in first-half 2011, corresponding to an organic change of -€21 million or -13.3%.

EBITDA for the electricity activities declined, primarily due to shrinking unit margins on the end-customer market and lower hydropower output than in first-half 2011.

The hydrocarbon activities' contribution to EBITDA amounted to €46 million, a significant rise from first-half 2011 thanks to a good performance by Exploration-Production and the favourable effect of renegotiation of long-term natural gas contracts with Promgas, finalised on 21 July 2011. Nonetheless, these activities remain strongly affected by the fall in margins on gas sales to end customers, which resulted from lower demand combined with high availability on spot markets at European gas hubs, causing decorrelation between spot gas prices and the cost of long-term contracts. Renegotiations and arbitration procedures have been begun to restore the profitability of these contracts. Arbitration decisions on supply contracts in Libya with ENI and Qatar with Rasgas are expected in the second half of 2012.

Fenice's contribution to consolidated EBITDA registered an organic decline of €11 million between first-half 2011 and first-half 2012, reflecting a gloomy industrial environment in Italy and Poland.

3.2.2.4. Other International

EBITDA for the **Other International** segment declined by €86 million or 13.5%, corresponding to an organic decline of 17.2%.

EBITDA in **Poland** registered an organic decline of €41 million, principally related to contracting margins caused by a rise in coal and biomass fuel prices.

Brazil recorded an organic decline of €33 million in EBITDA, largely attributable to two major scheduled shutdowns at the Norte Fluminense plant in the first half of 2012 and the exceptionally high level of exports in first-half 2011.

EBITDA in the **United States** also showed an organic decline (-€17 million), explained by the lower margin achieved by CENG due to falling market prices for electricity, and the higher number of days of scheduled shutdowns between first-half 2011 and first-half 2012. This decline is partly offset by the slower pace of expenditure on UniStar's Calvert Cliffs 3 project, and control of structural costs in the holding company EDF Inc.

In **Hungary**, EBITDA registered an organic decline (-€12 million) especially at Be ZRt where margins fell following changes in the regulatory context of July 2011, as detailed in section 2.2.4.3.

EBITDA in **Belgium** registered an organic decline of €3 million, reflecting the unfavourable effect of new regulation mechanisms that came into force on 1 April, presented in section 2.2.4.2.

3.2.2.5. Other activities

Other activities contributed €1,165 million to Group EBITDA for first-half 2012, €265 million more than in first-half 2011, with organic growth of +28.4%.

EDF Energies Nouvelles' contribution to consolidated EBITDA registered an organic increase of 70.5% compared to first-half 2011, in line with development in Development-Sales of Structured Assets and Generation.

EBITDA at **EDF Trading** was down by 8.4% compared to first-half 2011, in line with the trading margin.

Dalkia's EBITDA saw an organic decline of €40 million (-29.0%), due to the unfavourable business environment in Italy.

3.3. EBIT

EBIT rose by 4.4%.

	H1 2012	H1 2011 restated	Variation	Variation (%)
<i>(in millions of Euros)</i>				
EBITDA	9,075	8,675	+400	+4.6
Net changes in fair value on Energy and Commodity derivatives, excluding trading activities	98	(28)	+126	n.a.
Net depreciation and amortisation	(3,283)	(3,131)	-152	+4.9
Net increases in provisions for renewal of property, plant and equipment operated under concessions	(94)	(208)	+114	-54.8
(Impairment)/reversals	(294)	(269)	-25	+9.3
Other income and expenses	100	327	-227	-69.4
Operating profit (EBIT)	5,602	5,366	+236	+4.4

The Group's consolidated EBIT amounted to €5,602 million for the first half of 2012, €236 million higher than in first-half 2011. The main factor in this increase was the higher EBITDA, partly offset by the lower level of other income and expenses, and higher net depreciation and amortisation.

3.3.1. 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, rose from -€28 million in first-half 2011 to +€98 million in first-half 2012. Positive changes were mainly located in the **Other activities, United Kingdom** and **Other International** segments (Belgium).

3.3.2. NET DEPRECIATION AND AMORTISATION

Net depreciation and amortisation was up by 4.9% from first-half 2011.

France reported higher net depreciation and amortisation (+€89 million) as major components were replaced and new investments were made for units in operation, despite the favourable effect of the change in estimate concerning the operating lifetime of certain distribution assets.

In the **United Kingdom**, net depreciation and amortisation for first-half 2012 benefited from a favourable €92 million effect of the operating lifetimes of AGR²⁴ nuclear plants, which were extended by an average 7 years from the closing date expected when EDF took over British Energy in January 2009.

In **Italy**, the higher hydrocarbon generation volumes at Edison led to a rise in amortisation and depreciation expenses. In the Exploration-Production sector, Edison continued exploring and made two discoveries in Norway covering an estimated 18 billion m³ of gas reserves (in which Edison holds a 20% share). The related exploration costs were charged to expenses for the half-year.

²⁴ Advanced gas-cooled reactors.

At **EDF Energies Nouvelles**, commissioning of new generation facilities caused a €26 million increase in net depreciation and amortisation.

3.3.3. NET INCREASES IN PROVISIONS FOR RENEWAL OF PROPERTY, PLANT AND EQUIPMENT OPERATED UNDER CONCESSIONS

The €114 million decrease in net increases in provisions for renewal of property, plant and equipment operated under concessions between the first half of 2011 and the first half of 2012 is attributable to ERDF. The amount allocated to these provisions was €71 million lower due to the probability that facilities would be renewed before the end of contracts, and re-estimation of operating lifetimes for certain public distribution facilities had a favourable €19 million impact on the allocations to provisions for renewal.

3.3.4. IMPAIRMENT / REVERSALS

During first-half 2011, impairment losses totalling €174 million were recognised in the **Other activities** segment by Dalkia in respect of the Italy zone and to a lesser extent the Spain zone, and €60 million of impairment was booked in **Italy** by Edison on generation assets.

In first-half 2012, impairment mainly concerned the **Other International** segment: CENG recognised impairment of €233 million in view of the poor outlook for forward electricity prices in the United States.

3.3.5. OTHER INCOME AND EXPENSES

Other income and expenses for the first half of 2011 included €327 million for the gain on sale of EnBW.

Other income and expenses for the first half of 2012 include income of €177 million at ERDF resulting mainly from a reversal from a provision for renewal following a change in estimate concerning the operating lifetimes of high/low voltage transformers (which was extended from 30 years to 40 years), and the effects of the Group's takeover of Edison (-€51 million).

3.4. FINANCIAL RESULT

	H1 2012	H1 2011 restated	Variation	Variation (%)
<i>(in millions of Euros)</i>				
Cost of gross financial indebtedness	(1,240)	(1,107)	-133	+12.0
Discount effect	(1,562)	(1,524)	-38	+2.5
Other financial income and expenses	992	821	+171	+20.8
Financial result	(1,810)	(1,810)	0	+0.0

The financial result for first-half 2012 is a financial expense of €1,810 million, stable compared to first-half 2011. This stability is explained by:

- a 12% increase in interest expenses resulting from the Group's higher gross financial indebtedness
- a €38 million increase in discount expenses, essentially in France
- a favourable €171 million change in other financial income and expenses, notably including financial income of €66 million registered at EDF Inc. when CEG shares became Exelon shares following the merger between the two companies on 12 March 2012.

3.5. INCOME TAXES

Income taxes amounted to €1,235 million in the first half of 2012, corresponding to an effective tax rate of 32.6% (compared to an expense of €995 million corresponding to an effective tax rate of 28.0% for the first half of 2011). They are calculated by applying the forecast effective tax rate for 2012 to the pre-tax income at 30 June 2012.

The main cause of the rise in the effective tax rate for first-half 2012 compared to first-half 2011 is the 1.7 point increase in France's tax rate adopted at the end of 2011, and the positive non-recurring effect of low taxation of the gain on sale of the Group's investment in EnBW in first-half 2011, which had no equivalent in first-half 2012.

3.6. SHARE IN INCOME OF ASSOCIATES

The Group's share in income of associates was a positive €343 million in first-half 2012, compared to €262 million for first-half 2011. This rise is mostly explained by the growth in net income at RTE between first-half 2011 and first-half 2012 (+€102 million).

3.7. NET INCOME ATTRIBUTABLE TO NON-CONTROLLING INTERESTS

Net income attributable to non-controlling interests amounted to €132 million at 30 June 2012, €44 million lower than at 30 June 2011. The change mainly concerns the **Other International** segment (Poland), and to a lesser degree Italy.

3.8. EDF NET INCOME

EDF net income was €2,768 million at 30 June 2012, up by 4.6% compared to first-half 2011.

3.9. NET INCOME EXCLUDING NON-RECURRING ITEMS

The Group's net income excluding non-recurring items²⁵ stood at €2,945 million for first-half 2012, up by €274 million or 10.3% compared to 30 June 2011.

²⁵ Group net income excluding non-recurring items and net changes in fair value on Energy and Commodity derivatives, excluding trading activities, net of tax.

Non-recurring items and net changes in fair value on Energy and Commodity derivatives, excluding trading activities, net of tax amounted to -€177 million in first-half 2012:

- +€113 million for reversals of provisions for renewal following extension of operating lifetimes of certain assets,
- -€51 million for the effect of the takeover of TdE/Edison,
- -€304 million for miscellaneous risks and impairment (principally at CENG in the United States),
- +€65 million of net changes in fair value on Energy and Commodity derivatives, excluding trading activities, net of tax

Non-recurring items and net changes in fair value on Energy and Commodity derivatives, excluding trading activities, net of tax amounted to (-€24 million) in first-half 2011:

- -€7 million for other risks and impairment (mainly concerning Dalkia and Edison) and TaRTAM transition tariff provisions, offset by the gain on the sale of EnBW,
- -€17 million of net changes in fair value on Energy and Commodity derivatives, excluding trading activities, net of tax.

4. NET INDEBTEDNESS, CASH FLOWS 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. The definition of net indebtedness was revised in 2010 to reflect the Group's loans to RTE, which has been accounted for under the equity method since 31 December 2010.

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

In millions of Euros	H1 2012	H1 2011 restated	Variation	Variation (%)
Operating profit before depreciation and amortisation (EBITDA)	9,075	8,675	400	4.6
Cancellation of non-monetary items included in EBITDA	-783	-1,411	628	-45
Net financial expenses disbursed	-814	-1,007	193	-19
Income taxes paid	-892	-582	-310	53
Other items	0	290	-290	-100
Net cash flow from operations ⁽¹⁾	6,586	5,965	621	10.4
Change in working capital	-2,458	-855	-1,603	187
Net operating investments (gross CAPEX less disposals)	-5,884	-4,805	-1,079	22
Free cash flow	-1,756	305	-2,061	n.a.
Allocation to dedicated assets, France	-366	-210	-156	
Net financial investments	-583	3,610	-4,193	
Dividends paid	-1,187	-1,239	52	
Other changes ⁽²⁾	164	-225	389	
(Increase)/ decrease in net indebtedness, excluding the impact of changes in scope of consolidation and exchange rates	-3,728	2,241	-5,969	n.a.
Effect of change in scope of consolidation	-2,292	2,582	-4,874	
Effect of change in exchange rates	-452	413	-865	
Effect of other non-monetary changes ⁽³⁾	41	-53	94	
(Increase)/Decrease in net indebtedness	-6,431	5,183	-11,614	n.a.
Net indebtedness at beginning of period	33,285	34,389		
Net indebtedness at end of period	39,716	29,206		

(1) Operating cash flow is not an aggregate defined by IFRS as a measure of financial performance, and is not directly comparable with indicators of the same name reported by other companies. This indicator, also known as Funds From Operations (FFO), is equivalent to net cash flow from operating activities excluding changes in working capital after adjustment for the impact of non-recurring items, less net financial expenses disbursed and income taxes paid.

(2) Mainly the change in accrued interest on debt, contributions received on concession assets, investment subsidies and the payment to AREVA for decommissioning of the plant at La Hague (the final payment of €664 million excluding taxes was made in June 2011).

(3) Mainly corresponds to changes in fair value and accounting reclassifications affecting net indebtedness.

The change in net indebtedness over the first half of 2012 incorporates all the impacts of the Edison operation which was finalised on 24 May 2012, i.e.:

- Takeover via acquisition of Transalpina di Energia (€784 million)
- Acquisition by Delmi of the investment in Edipower (€684 million)
- The effect of changes in the scope of consolidation, mainly related to 100% inclusion of the net indebtedness of Edison and TdE, partially offset by the sale of Edipower (€2,290 million).

The total impact was thus €2,390 million (before any impacts of the mandatory tender offer launched on 2 July 2012).

4.1. OPERATING CASH FLOW

The operating cash flow amounted to €6,586 million in first-half 2012 compared to €5,965 million in first-half 2011.

This change principally reflects the rise in EBITDA (€400 million), and the decrease in non-monetary items included in EBITDA (€628 million), essentially relating to fair value adjustments of hedging instruments.

These positive effects were partly counterbalanced by the rise in income taxes paid (-€310 million), mainly as a result of the differences in the taxes paid in France in respect of previous years, and the payments made in 2012 in connection with tax inspections), and the decline in other items (-€290 million, including -€268 million for dividends received from associates, which in 2012 will mostly be received in the second half-year).

4.2. CHANGE IN WORKING CAPITAL

Working capital increased by €2,458 million over the first half of 2012.

Working capital for the Optimisation-Trading activity was stable between December 2011 and June 2012. The significant variation in working capital over the first half of 2012 is mainly explained by the lower level of trade payables (-€1,304 million excluding Optimisation-Trading; -€929 million of this amount concerned France), which was the automatic result of the lower purchase volumes at 30 June compared to 31 December.

This seasonal effect was not offset in 2012 by the decline in trade receivables that is traditionally observed in the first half-year. In fact, trade receivables increased (-€157 million excluding Optimisation-Trading) at 30 June 2012 due to the impact on electricity sales (and therefore on the level of receivables) of the mild weather of late 2011 and the waves of cold weather experienced in the first half of 2012.

Another factor in the rise in working capital was the increase in the CSPE receivable, which includes income for billed energy (-€687 million for EDF SA).

4.3. OPERATING INVESTMENTS (GROSS CAPEX)

Operating investments (gross capital expenditure) amounted to €6,233 million at 30 June 2012, €1,350 million (+27.6%) higher than for first-half 2011.

In millions of Euros	H1 2012	H1 2011 restated	Variation	Variation (%)
Network activities	1,491	1,315	176	13.4
Deregulated activities	2,098	1,930	168	8.7
Island activities	317	299	18	6.0
France	3,906	3,544	362	10.2
United Kingdom	758	397	361	90.9
Italy	176	155	21	13.5
Other International	254	194	60	30.9
Total International	1,188	746	442	59.2
Other activities	1,139	594	545	91.8
Operating investments	6,233	4,883	1,350	27.6

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

Capital expenditure in **France** increased by €362 million or +10.2%. The increase in the Network activities is largely explained by investments in connections and network modernisation. For the Deregulated activities, the increase was concentrated in nuclear maintenance, mainly for asset maintenance operations and extension of the plants' operating lives. In the Island activities, the level of first-half operating investments rose slightly between 2011 and 2012, principally in Upper Corsica.

Internationally, the rise in capital expenditure was €442 million (+59.2%), principally driven by the increase in the United Kingdom (€361 million).

In the **United Kingdom**, gross capital expenditure for first-half 2012 (€758 million) was almost double the amount recorded for first-half 2011 (€397 million), largely because of a higher level of investment in nuclear power (new nuclear maintenance and development) and progress in renewable energies projects.

In **Italy**, capital expenditure for the first half of 2012 was up by €21 million or +13.5%.

In the **Other International** segment, capital expenditure for first-half 2012 rose by €60 million (+30.9%). The increase was mostly concentrated in Continental Europe and Brazil.

Capital expenditure in the **Other activities** was up by €545 million. This variation is primarily due to a significant increase in operating investments by EDF Energies Nouvelles (€465 million), particularly in the United States and Mexico, and progress on construction of the Dunkirk LNG terminal (€76 million).

4.4. FREE CASH FLOW

The Group's free cash flow at 30 June 2012 was negative at -€1,756 million (against €305 million at 30 June 2011). The main factors were:

- operating cash flow of €6,586 million (see section 4.1)
- a decrease in working capital over the first half of 2012 (-€2,458 million, see section 4.2)

- gross capital expenditure of €6,233 million at 30 June 2012 (see section 4.3).

4.5. ALLOCATION TO DEDICATED ASSETS

In compliance with the French Law of 28 June 2006 on the sustainable management of radioactive materials and waste, EDF is continuing to build up a portfolio of dedicated assets for secure financing of long-term nuclear obligations.

Allocations to the dedicated asset portfolio were suspended in October 2011 but resumed in January 2012, and the cash allocation to the dedicated asset portfolio in France for first-half 2012 amounted to €366 million, €156 million more than in first-half 2011.

4.6. NET FINANCIAL INVESTMENTS (EXCLUDING THE ALLOCATION TO DEDICATED ASSETS)

In the first half of 2012 net financial investments (excluding allocations to dedicated assets) amounted to -€583 million, comprising:

- gains on disposals (€687 million) explained by receipt in May 2012 of €684 million after Delmi's purchase of Edison's investment in Edipower,
- investments for external growth (-€1,341 million), mainly relating to the takeover of Edison through acquisition of TdE (€784 million) and the purchase of the shares in ERSA and Kogeneracja held by EnBW for €301 million.

4.7. DIVIDENDS

Dividends paid in cash (€1,187 million) comprise the balance of the 2011 dividends (€1,072 million) and the dividends paid by Group subsidiaries to their minority shareholders (€115 million), principally Centrica in the UK. In first-half 2011, dividends paid in cash amounted to €1,239 million.

4.8. CHANGES IN SCOPE OF CONSOLIDATION AND FOREIGN EXCHANGE EFFECTS

€2,290 million of the changes in the scope of consolidation reflect full consolidation of the financial debt of Edison and Transalpina di Energia (TdE) after EDF took control of those companies. This effect was partly offset by the disposal of Edipower.

Foreign exchange effects (rise of the US dollar and the pound sterling against the Euro²⁶) accounted for €452 million of the increase in the Group's net indebtedness over the first half of 2012.

4.9. NET INDEBTEDNESS

The Group's net indebtedness stood at €39,716 million at 30 June 2012 compared to €33,285 million at 31 December 2011, an increase of €6,431 million over the first half of 2012.

This mainly reflects the impacts associated with the Edison operation (€2,390 million), the negative free cash flow (€1,756 million, notably resulting from the decrease in working capital over the first half of 2012, see section 4.4), payment of cash dividends (€1,187 million, see section 4.7) and the unfavourable foreign exchange effect (€452 million, see section 4.8).

²⁶ The US dollar rose by 2.8% against the Euro, from €0.7729/\$1 at December 31, 2011 to €0.7943/\$1 at 30 June 2012.
The pound sterling rose by 3.5% against the Euro, from €1.1972/£1 at December 31, 2011 to €1.2395/£1 at 30 June 2012.

5. MANAGEMENT AND CONTROL OF MARKET RISKS

The policy and principles for management and control of the Group's market risks are presented in Section 9.5 of the 2011 Reference Document. There have been no significant changes during the first half-year of 2012.

This chapter sets forth the main changes over the first half-year of 2012 in financial data concerning the management and control of market risks.

5.1. MANAGEMENT AND CONTROL OF FINANCIAL RISKS

5.1.1. LIQUIDITY POSITION AND MANAGEMENT OF LIQUIDITY RISKS

5.1.1.1. Liquidity position

At 30 June 2012, the Group's liquidities totalled €17,982 million compared to €14,767 million at 31 December 2011, and available credit lines amounted to €9,128 million compared to €10,179 million at 31 December 2011.

5.1.1.2. Management of liquidity risks

During first-half 2012, EDF undertook several new EMTN issues:

- €2 billion with annual coupon of 3.875% and 10-year maturity (on 18 January 2012)
- €1 billion with annual coupon of 4.125% and 15-year maturity (on 27 March 2012)
- £500 million with annual coupon of 5.5% and 25-year maturity (on 27 March 2012)
- £250 million with annual coupon of 5.5% and 30-year maturity (on 30 January 2012)

The average maturity of Group debt was thus 8.6 years at 30 June 2012, compared to 9.2 years at 31 December 2011. For EDF SA, the average maturity of debt was 9.9 years against 10.4 years at 31 December 2011.

During first-half 2012, Edison undertook a €400 million drawing on the €1.5 billion syndicated credit facility, maturing in April 2013. The other syndicated credit facility, amounting to €700 million, was fully drawn at the end of December 2011 and reimbursed in full in May 2012, such that it was fully available at 30 June 2012.

RTE had two syndicated credit facilities: the first for €1 billion, and the second for €500 million. As the second of these matured on 22 June 2012, the €1 billion facility was replaced by a new syndicated credit facility of €1.5 billion on 6 July 2012 (maturing on 6 July 2017).

No drawings were made on EDF SA's syndicated credit facilities during the first half of 2012.

5.1.2. CREDIT RATINGS

The financial ratings agencies Standard & Poor's, Moody's and Fitch Ratings attributed the following long-term and short-term ratings to EDF group entities at 30 June 2012:

Company	Agency	Long-term rating	Short-term rating
EDF	Standard & Poor's Moody's Fitch Ratings	A+, stable outlook ⁽¹⁾ Aa3, stable outlook A+, stable outlook	A-1 P-1 F1
RTE	Standard & Poor's	A+, stable outlook	A-1
EDF Trading	Moody's	A3, stable outlook	n.a
EDF Energy	Standard & Poor's Moody's Fitch Ratings	A, negative outlook A3, creditwatch stable n.a	A-1 P-2 n.a
Edison SpA	Standard & Poor's Moody's Fitch Ratings	BB+, creditwatch negative ⁽²⁾ Baa3, negative outlook BB-, positive outlook ⁽³⁾	B n.a B

⁽¹⁾ S&P downgraded EDF's rating on 17 January 2012 to A+/A-1 (stable outlook) after France's rating was downgraded.

⁽²⁾ S&P downgraded Edison's rating on 7 March 2012 to BB+ (creditwatch) due to delays in Edison's ownership restructuring.

⁽³⁾ Fitch replaced the negative outlook for Edison with a positive outlook on 10 May 2012, explaining this by reference to the CONSOB's opinion on the repurchase price for Edison shares as part of the Edison group restructuring.

5.1.3. MANAGEMENT OF FOREIGN EXCHANGE RISK

The Group's gross debt at 30 June 2012 breaks down as follows by currency after hedging as defined by IFRS: 60% in Euros, 25% in pounds sterling and 11% in US dollars. The balance of 4% 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

30 June 2012 (In millions of Euros)	Initial debt structure	Impact of hedging instruments ⁽¹⁾	Debt structure after hedges	% of debt
EUR	39,252	-2,973	36,279	60%
USD	8,618	-2,209	6,409	11%
GBP	7,972	6,996	14,968	25%
Other currencies	4,208	-1,814	2,394	4%
TOTAL DEBT	60,050	0	60,050	100%

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

The table below presents the impact on equity of an unfavourable variation in exchange rates on the Group's gross debt at 30 June 2012.

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

30 June 2012 (In millions of Euros)	Debt after hedging instruments converted into Euros	Impact of a 10% unfavourable variation in exchange rates	Debt after a 10% unfavourable variation in exchange rates
EUR	36,279	-	36,279
USD	6,409	640	7,049
GBP	14,968	1,496	16,464
Other currencies	2,394	239	2,633
TOTAL DEBT	60,050	2,375	62,425

The table below sets forth the foreign exchange position relating to net non-operating investments in foreign currency of the Group's principal subsidiaries at 30 June 2012.

Net asset position

(In millions of currency units)	Net position after management (Assets) at 30 June 2012	Net position after management (Assets) at 31 December 2011
USD	1,077	5,248
CHF (Switzerland)	469	2,201
HUF (Hungary)	40,841	112,195
PLN (Poland)	1,529	2,556
GBP (United Kingdom)	3,888	14,262
BRL (Brazil)	786	692
CNY (China)	5,811	5,790

The assets in the above table are the net assets of the Group's foreign subsidiaries in foreign currencies at 31 March 2012, adjusted for changes in the fair value of cash flow hedges and available-for-sale financial assets recorded in equity, and changes in the fair value of financial instruments recorded in income at 30 June 2012.

5.1.4. MANAGEMENT OF INTEREST RATE RISK

The Group's debt after hedging instruments at 30 June 2012 was structured as follows: 79% of debt bore interest at fixed rates and 21% at floating rates (80% and 20% respectively at 31 December 2011).

A 1% uniform rise in interest rates would generate an increase of approximately €123 million in financial expenses at 30 June 2012, based on gross floating-rate debt after hedging.

The average coupon on Group debt (weighted interest rate on outstanding amounts) was 4.1% at 30 June 2012 against 4.3% at 31 December 2011.

The table below sets forth the structure of Group debt and the impact of a 1% variation in interest rates at 30 June 2012:

Group debt structure and sensitivity to interest rate risks

30 June 2012 (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	50,572	-2,848	47,724	-
Floating rate	9,478	2,848	12,326	123
TOTAL DEBT	60,050	0	60,050	123

5.1.5. 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 5.1.6, "Management of financial risk on EDF's dedicated asset portfolio".

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

28.7% of the assets covering EDF's employee benefit obligations were invested in equities at 30 June 2012, corresponding to a total amount of €2,210 million of equities.

At 30 June 2012, the two pension funds set up by EDF Energy (*EEGSG: EDF Energy Generation & Supply Group* and *EEPS: EDF Energy Pension Scheme*) were invested to the extent of 34.5% in equities, representing an amount of £251 million of equities.

31.3% of the British Energy funds were invested in equities at 30 June 2012, corresponding to an amount of £1,156 million.

CENG fund

CENG is exposed to equity risks in the management of its funds established to cover nuclear plant decommissioning and employee benefit obligations.

EDF's long-term cash management

In first-half 2012, equity-correlated investments included in EDF's long-term cash management investments were stable at €2.1 million, and are still being reduced.

Direct investment securities

At 30 June 2012, EDF's investment in Veolia Environnement amounted to €219.9 million, with estimated volatility of 38.23% (annualised volatility of monthly returns observed over three years).

At the same date, EDF's investment in AREVA amounted to €87.7 million, with estimated volatility of 33.09% (annualised volatility of monthly returns observed over three years).

5.1.6. MANAGEMENT OF FINANCIAL RISK ON EDF'S DEDICATED ASSET PORTFOLIO

Content and performance of EDF's dedicated asset portfolio

At 30 June 2012²⁷, the total value of the dedicated asset portfolio was €16,466 million (€15,601²⁸ million at 31 December 2011²⁹). Details of portfolio content are shown below:

	30 June 2012	31 December 2011
Equities sub-portfolio	40.62%	37.1%
Bonds sub-portfolio	37.34%	42.4%
Cash sub-portfolio	7.64%	5.7%
RTE shares	14.4%	14.8%
TOTAL	100%	100%

The table below presents the performance by sub-portfolio at 30 June 2012 and 31 December 2011:

	30/6/2012 Stock market or realisable value (in millions of Euros)	Performance at 30/6/2012		31/12/2011 Stock market or realisable value (in millions of Euros)	Performance at 31/12/2011	
		Portfolio	Benchmark index ⁽¹⁾		Portfolio	Benchmark index ⁽¹⁾
<i>(In millions of Euros)</i>						
Equities sub-portfolio	6,688	+6.88%	+7.05%	5,783	-6.98%	-3.98%
Bonds sub-portfolio	6,149	+3.99%	+3.68%	6,615	+3.90%	+3.41%
Cash sub-portfolio	1,258	+0.45%	+0.18%	893	+1.11%	+0.89%
Total financial portfolio	14,095	+5.01%	+5.44%	13,291	-1.62%	-0.06%
RTE shares	2,371			2,310		
TOTAL DEDICATED ASSETS	16,466	+5.10%		15,601	-0.89%	

⁽¹⁾ Benchmark index: MSCI World DN hedged in Euros 50% for the equities sub-portfolio, Citigroup EGBI for the bonds sub-portfolio, Eonia Capitalisé for the cash sub-portfolio, 50% MSCI World DN hedged in Euros 50% + 50% Citigroup EGBI for the total portfolio.

Price volatility has been very high on the markets in 2012. The year opened with renewed optimism after the ECB's extensive cash injections through the LTRO procedure and partial restructuring of the Greek debt, but European equities began a new downturn from mid-March when risk aversion returned to the markets, caused by growing awareness of the gravity of Spain's economic and banking crisis and observation of the ongoing slowdown in emerging countries. Meanwhile, German interest rates continued to fall as the rates on neighbouring countries' debts showed a slight upturn. Equities only regained value right at the end of the half-year when hopes were raised by the European summit of 29 June.

Against this background, the financial portfolio ended the half-year on a positive note at +5.01%. Compared to the composite benchmark index, which registered a +5.44% rise, the difference is explained by the fact that EDF kept a large precautionary cash holding over the period.

²⁷ In fact these are the prices of 29 June 2012, as 30 June was a Saturday.

²⁸ The difference from the portfolio value of €15,659 million reported in the 2011 management report results from the impact on RTE shares of the change in accounting method for actuarial gains and losses on employee benefits.

²⁹ In fact these are the prices of 30 December 2011, as 31 December was a Saturday.

The market value of the equities sub-portfolio was €6,688 million at 30 June 2012. The volatility of the equities sub-portfolio in the dedicated assets can be estimated on the basis of the volatility of the benchmark index, the MSCI World index hedged in Euros 50%. At 30 June 2012, this volatility was 18.91% 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 €1,265 million. This volatility is likely to affect consolidated equity.

At 30 June 2012, the sensitivity of the bonds sub-portfolio (€6,149 million) was 5.10%, i.e. a uniform 100 basis point rise in interest rates would result in a €314 million decline in market value, which would be recognised in Group equity. This bond sub-portfolio sensitivity was 4.81 at 31 December 2011.

5.1.7. MANAGEMENT OF COUNTERPARTY/CREDIT RISK

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

The Group has a counterparty risk management policy which applies to the parent company and all operationally controlled subsidiaries. This policy defines the organisation of counterparty risk management and monitoring, and reporting procedures and circuits. It involves monthly consolidation of the exposures on financial and energy markets and half-yearly consolidation for all activities. The policy also includes close supervision of Group counterparties (daily review of alerts, special cautionary measures for certain counterparties).

These supervision procedures proved their robustness in the early stages of the financial crisis, when the Group moved to a more frequent (quarterly) consolidation of all counterparty risks.

The table below gives details, by rating, of the EDF group's consolidated exposure at the end of March 2012. 82% of the main counterparties for the Group's business qualify as "investment grade", slightly less than the proportion resulting from the risk consolidation at 31 March 2011.

	AAA	AA	A	BBB	BB	B	CCC/C	Unrated	Total
At 31/03/2012	3%	22%	41%	16%	2%	0%	0%	16%	100%
At 31/12/2011	11%	19%	43%	11%	2%	0%	0%	14%	100%

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

	Purchases	Insurance	Sales and distribution	Cash and asset management	Energy purchases and trading	Total
At 31/03/2012	4%	34%	7%	41%	14%	100%
At 31/12/2011	4%	34%	8%	39%	15%	100%

Exposure in the energy trading activities is concentrated at EDF Trading. Counterparty risk management for this subsidiary has explicit limits for each counterparty according to its financial robustness. A range of means are used to reduce counterparty risk at EDF Trading, primarily position netting agreements, cash collateral agreements and establishment of guarantees from banks or affiliates.

Particularly for counterparties dealing with EDF's trading room, the Financial Risk Control team has drawn up a framework specifying counterparty authorisation procedures and the methodology for calculation of allocated limits (which must correspond to requirements). The level of exposure can be consulted in real time and is systematically monitored on a daily basis. The suitability of limits is reviewed without delay in the event of an alert or unfavourable development concerning a counterparty.

In the context of the Euro zone's financial crisis, the prudent management policy for EDF's cash investments was continued, particularly for countries neighbouring the zone. Exposure remained nil for Spain, Ireland, Portugal and Greece, and there was limited exposure to sovereign risk for Italy, not exceeding the levels at 31 December 2011. Exposure as regards the Italian and Spanish banks remains limited in amount and maturity (no later than December 2013), and only concerns banks considered systemic by the Financial Stability Board, meaning they have low risk of default.

5.2. MANAGEMENT AND CONTROL OF ENERGY MARKET RISKS

This section presents the main changes in energy market risks affecting the Group since 31 December 2011.

The principles for management and control of energy market risks are unchanged from 31 December 2011. They are presented in section 9.5.2.3 of the 2011 Reference Document.

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 applied in CENG (in respect of EDF's share of energy). For Edison, these principles will be rolled out as part of Edison's integration into the EDF group.

The table below presents the values of risk indicators used to monitor EDF Trading's markets commitments for the first half-year of 2012 and the second half-year of 2011.

The stop-loss was not triggered during the first half-year of 2012.

	H1 2012	H2 2011
<i>(in millions of Euros)</i>		
VaR limit ³⁰ (97.5 % 1-day)	45	45
Stop-loss limit	225	225
Minimum VaR	5.9	4.3
Average VaR	10.1	6.9
Maximum VaR	19.1	10.4

³⁰ This limit takes account of the risk diversification between the activities of EDF Trading and EDF Trading North America. It does not take account of diversification related to the Chubu joint venture, whose VaR limit of €2 million is added to EDF Trading's VaR limit of €43 million.

6. TRANSACTIONS WITH RELATED PARTIES

The types of transaction undertaken with related parties are detailed in note 27 to the condensed consolidated half-year financial statements at 30 June 2012.

7. PRINCIPAL RISKS AND UNCERTAINTIES FOR THE SECOND HALF OF 2012

The principal risks and uncertainties to which the EDF Group considers itself exposed are described in section 4.1 of the 2011 Reference Document.

The EDF Group policies for risk management and control are described in section 4.2 of the 2011 Reference Document.

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 2012, and the Group remains subject to the usual risks specific to its business.

8. SIGNIFICANT EVENTS RELATED TO LITIGATION IN PROCESS

Litigations concerning the EDF group are described in section 20.5 of the 2011 Reference Document. This chapter reports on litigations which have seen significant developments since the release of the 2011 reference document.

8.1. PROCEEDINGS CONCERNING EDF

General Network

The European Commission initiated proceedings against France in October 2002, claiming that EDF had received State aid when its balance sheet was restructured at 1 January 1997. By a decision dated 16 December 2003, the European Commission set the amount of aid to be repaid at €889 million (principal). On 11 February 2004, the French State issued a collection note for €1,224 million, comprised of the principal amount of the aid to be repaid, plus interest. This amount was paid by EDF. On 27 April 2004, EDF filed an appeal with the European Court of First Instance, now the General Court of the European Union, to have the Commission's decision reversed. The Court issued a ruling on 15 December 2009 cancelling the Commission's decision of 16 December 2003. As this was immediately enforceable, the State repaid the sum of €1,224 million to EDF on 30 December 2009. On 26 February 2010, the European Commission filed an appeal before the Court of Justice of the European Union against the General Court's decision. This appeal was rejected by a decision of 5 June 2012, in which the Court of Justice upheld the 15 December 2009 ruling by the General Court of the European Union.

Solaire Direct

On 19 May 2008, Solaire Direct filed a complaint and an application for protective measures with France's Competition Council (*Autorité de la Concurrence*), alleging that the EDF group had made improper use of its dominant position on the various electricity markets to penetrate the comprehensive services market for shared photovoltaic electricity generation via its subsidiary EDF Énergies Nouvelles Réparties ("EDF ENR").

In February 2009, the Competition Council passed protective measures concerning the marketing methods for comprehensive photovoltaic energy services by EDF ENR, and decided to examine the substance of Solaire Direct's complaint.

On 30 May 2012, EDF received a statement of objection from the Competition Council, now renamed the Competition Authority. This marks the first step in an adversarial procedure for which the final outcome cannot be predicted. If at the end of the investigation the Authority concludes that EDF was using anti-competitive practices, it could impose a financial penalty in application of the provisions of article L.464-2 of the French Commercial Code. The potential maximum sanction is 10% of the company's worldwide sales (excluding taxes).

Litigation with photovoltaic energy producers

The announcement by the French authorities in autumn 2009 of a coming reduction in the photovoltaic electricity purchase prices set by the order of 10 July 2006 caused an upsurge in applications for purchase contracts that was likely to generate a very significant increase in costs to be compensated by the CSPE. The French Government therefore issued a series of decisions modifying both the purchase tariffs for electricity generated from photovoltaic energy and their terms of application. By a decree of 9 December 2010, it also temporarily suspended the purchase obligation for photovoltaic electricity. A certain number of producers responded to this situation by bringing action claiming the benefit of the more favourable tariff conditions set out by the previous order of 10 July 2006. The most significant of these litigations concerns the Green Yellow companies, some twenty subsidiaries of the Casino retail group, which litigation has already given rise to two decisions by the Conflicts Tribunal and two rulings by the Commercial Court on 11 July 2011 and 29 June 2012. This most recent ruling approved the claimants' position and ordered EDF to offer contracts at the former tariff.

In Corsica and in French overseas territories where EDF is also the network operator, some twenty producers have also brought claims for compensation for the shortfall in earnings they consider they have suffered due to delays in connection procedures that allegedly resulted in them being subject to the purchase obligation suspension.

Vent de Colère – Appeal against the decision of 17 November 2008 setting wind power purchase tariffs

Following an appeal by the association "Vent de Colère" against the decision of 17 November 2008 setting the purchase tariffs for wind power, the French Council of State suspended judgment and submitted a prejudicial question to the Court of Justice of the European Union, on the point of whether the purchase obligation financing system based on the CSPE should be considered as intervention by the State or through State resources as defined in the EU Treaty provisions concerning State aid, for the purposes of application of the treaty.

Packaging and interim storage installation for radioactive waste (ICEDA)

A decree of 23 April 2010 authorised EDF to open a regulated nuclear installation, a conditioning and interim storage installation for radioactive waste, in the town of Saint-Vulbas, in the Ain *département*. Two petitions for cancellation of the decree were filed with the French Council of State in June 2010, one by Roozen, a horticultural company operating near the site, and the other by a group of environmental protection associations. As of the date of the filing of this report, the investigation is still pending with the French Council of State. A third petition was filed in April 2012 before the Council of State by the city of Geneva. EDF has not yet received full details.

Roozen also filed a petition with the Lyon Administrative Court on 21 April 2010 seeking cancellation of the building permit for the storage installation issued by decision of the Ain authorities on 22 February 2010. In a judgment of 13 December 2011, the Administrative Court cancelled the building permit due to violation of the zoning plan for the town concerned. EDF lodged an appeal with the Lyon Administrative Court of Appeal, also requesting a suspension for implementation of the judgment. In a ruling of 19 June 2012, the Court confirmed cancellation of the building permit. The town of Saint Vulbas has also initiated a review of its local zoning plan, and EDF is preparing a new building permit application.

SOCODEI

The CENTRACO low-level waste processing and conditioning centre operated by SOCODEI, a fully-owned EDF subsidiary, treats waste with low radioactivity by fusion or incineration. On 12 September 2011, an explosion in a

waste fusion furnace caused a fire that killed one person and injured four others. The accident did not cause any chemical or radioactive discharge. The ASN classified this accident at level 1 on the international nuclear event scale (INES) and decided on 27 September 2011 to require advance authorisation for the fusion furnaces and incinerators shut down just after the accident to be brought back into operation. On 29 June 2012 the ASN authorised SOCODEI to restart the incinerator, provided it first sends the ASN a full report of compliance verifications carried out for the furnace safety equipment. The fusion unit where the accident happened is still inactive.

Several inquiries were opened after this accident. On 16 September 2011 the Nimes prosecutor's office began a criminal investigation for manslaughter and involuntary injury, which is still in process. The findings of the inquiries by the labour authorities and the ASN have been sent to the prosecutor's office and a court-approved expert has been appointed.

8.2. PROCEEDINGS CONCERNING EDF'S SUBSIDIARIES AND AFFILIATES

8.2.1 ERDF

Litigation with photovoltaic producers

The very fast growth in the photovoltaic sector and changes in the regulatory context described in section 8.1 generated a large volume of legal proceedings against ERDF in late 2011, mostly brought by energy producers in connection with the less favourable tariffs that applied to them.

A large number of commercial courts declared themselves incompetent to judge these cases, but some did consider themselves competent and seven rulings on the substance of the claims have been issued by two commercial courts. These rulings declared ERDF liable, but the total compensation awarded is non-significant and well below the amounts claimed by the producers. ERDF has appealed against these decisions, considering that it cannot be held liable, notably in view of the high volume of applications for connection it had received.

8.2.2 EnBW

Arbitration request by the Baden-Württemberg region

On 22 February 2012 EDF International received a request for arbitration filed with the International Chamber of Commerce by the German company Neckarpri GmbH, the vehicle for the Baden-Württemberg region's acquisition of EDF's stake in EnBW, which was agreed on 6 December 2010 and completed on 17 February 2011.

Neckarpri claims that the price paid for EDF International's investment in EnBW was excessive and therefore constitutes illegal State aid. On those grounds, it is claiming reimbursement of the allegedly excess portion of the price. This was initially estimated at €2 billion in the request for arbitration, but was re-estimated at €840 million on 11 July 2012 in a new independent report on the valuation of EnBW commissioned by Baden-Württemberg. Should the reimbursement claim be rejected, as an alternative, Neckarpri is seeking cancellation of the sale of the EDF group's investment in EnBW.

EDF considers this claim unfounded and a misuse of law, and intends to sue for damages for all the kinds of prejudices caused by this action.

8.2.3 Edison

Carlo Tassara SpA, Edison's largest minority shareholder, initiated action on 12 July 2012 before the Lazio (Rome) Regional Administrative Court, seeking an increase in the price of the mandatory tender offer for Edison shares launched by EDF's subsidiary Transalpina di Energia (TdE) after the takeover of Edison on 24 May 2012. While awaiting a ruling on the substance of the case, Carlo Tassara is also petitioning for suspension of the Italian financial market authority CONSOB's decision of 3 May 2012 which allowed TdE to launch the offer at the price of €0.89 per

share, and therefore suspension of the offer currently in process. This action has been brought against the CONSOB itself, EDF and its Italian subsidiaries (MNTC, WGRM4 and TdE), Edison, Delmi and A2A.

At the court hearing on the question of suspension held on 25 July 2012, the court rejected the petition for suspension as the CONSOB had not given any decision in response to Carlo Tassara's application for an increase in the offer price (see below). A further hearing has therefore been scheduled for 30 August 2012. Given the specific circumstances of these proceedings, whatever the court decides regarding suspension, its decision regarding the question of the €0.89 offer price is not expected to be issued before late 2012 at the soonest.

There is no precedent for a court ruling overturning a decision by the CONSOB once it has confirmed the launch of a mandatory offer. EDF considers that Carlo Tassara has not provided any new evidence that calls into question the offer price as confirmed by the CONSOB, and that these proceedings are unfounded.

In parallel, on 31 May 2012 Carlo Tassara submitted an application to the CONSOB for an increase in the price of the mandatory tender offer. The deadline for the CONSOB's reply is 3 August 2012. The arguments put forward by Carlo Tassara to support his application are practically identical to those used in the court proceedings described above.

9. FINANCIAL OUTLOOK

The net financial debt/ EBITDA ratio was 2.5x at 30 June 2012, which is the maximum amount set by the Group. In order to reach its debt target, the Group continues to work to resolve the question of the CSPE deficit and will review, before the end of 2012, its cost and capex trajectory, excluding safety.

In this context, the Group can confirm its financial objectives for 2011-2015:

- Average annual growth in EBITDA³¹ of between 4% and 6%,
- Average annual growth in net income excluding non-recurring items of between 5% and 10%,
- Net indebtedness/EBITDA ratio of less than 2.5x over the period,
- A dividend distribution rate of between 55% and 65% over the period.

The 2012 objectives are coherent with these aims. The dividend for 2012 will be at least stable compared to the dividend paid for 2011.

³¹ Growth based on constant scope of consolidation and exchange rates.

Board of directors' meeting of 30 July 2012

**CONDENSED CONSOLIDATED
HALF-YEAR FINANCIAL STATEMENTS
AT 30 JUNE 2012**

Consolidated income statements

<i>(in millions of Euros)</i>	Notes	H1 2012	H1 2011 ⁽¹⁾
Sales	7	36,222	33,464
Fuel and energy purchases		(17,950)	(14,964)
Other external expenses		(4,595)	(4,483)
Personnel expenses		(5,783)	(5,420)
Taxes other than income taxes		(1,597)	(1,511)
Other operating income and expenses	8	2,778	1,589
Operating profit before depreciation and amortisation		9,075	8,675
Net changes in fair value on Energy and Commodity derivatives, excluding trading activities		98	(28)
Net depreciation and amortisation		(3,283)	(3,131)
Net increases in provisions for renewal of property, plant and equipment operated under concessions		(94)	(208)
(Impairment) / reversals	9	(294)	(269)
Other income and expenses	10	100	327
Operating profit		5,602	5,366
Cost of gross financial indebtedness		(1,240)	(1,107)
Discount effect	11	(1,562)	(1,524)
Other financial income and expenses		992	821
Financial result	11	(1,810)	(1,810)
Income before taxes of consolidated companies		3,792	3,556
Income taxes	12	(1,235)	(995)
Share in income of associates	15	343	262
Group net income		2,900	2,823
Net income attributable to non-controlling interests		132	176
EDF net income		2,768	2,647
Earnings per share (EDF share):			
Earnings per share in Euros		1.50	1.43
Diluted earnings per share in Euros		1.50	1.43

(1) Figures for first-half 2011 have been restated for the impact of the change in accounting method for actuarial gains and losses on post-employment benefits (see note 2).

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

<i>(in millions of Euros)</i>	Notes	H1 2012	H1 2011 ⁽¹⁾
Group net income		2,900	2,823
Changes in the fair value of available-for-sale financial assets ⁽²⁾	20.4.1	560	(172)
Changes in the fair value of available-for-sale financial assets transferred to income ⁽³⁾		(183)	(194)
Changes in the fair value of hedging instruments ⁽⁴⁾	20.4.2	(1,149)	161
Changes in the fair value of hedging instruments transferred to income		241	309
Changes in actuarial gains and losses on post-employment benefits ⁽⁵⁾	21.4.1.1	(1,575)	(650)
Translation adjustments		997	(1,227)
Taxes ⁽⁶⁾		329	298
Gains and losses recorded directly in equity		(780)	(1,475)
Net income and gains and losses recorded directly in equity		2,120	1,348
EDF net income		1,899	1,276
Net income attributable to non-controlling interests		221	72

- (1) Figures for first-half 2011 have been restated for the impact of the change in accounting method for actuarial gains and losses on post-employment benefits (see note 2).
- (2) EDF's share amounts to €560 million for first-half 2012 (€(172) million for first-half 2011).
- (3) Including €(147) million attributable to the sale of EnBW in first-half 2011.
- (4) EDF's share amounts to €(1,149) million for first-half 2012 (€130 million for first-half 2011).
- (5) Including €(1,535) million for controlled companies and €(40) million for associates.
- (6) Taxes break down as follows:

<i>(in millions of Euros)</i>	H1 2012	H1 2011 ⁽¹⁾
Taxes on changes in the fair value of available-for-sale financial assets	(174)	66
Taxes on changes in the fair value of hedging instruments	148	10
Taxes on changes in actuarial gains and losses on post-employment benefits	355	222
Total	329	298

Consolidated balance sheets

ASSETS

(in millions of Euros)

	Notes	30/6/12	31/12/11 ⁽¹⁾
Goodwill	13	10,655	11,648
Other intangible assets		7,040	4,702
Property, plant and equipment operated under French public electricity distribution concessions	14	46,194	45,501
Property, plant and equipment operated under concessions for other activities	14	7,119	6,022
Property, plant and equipment used in generation and other tangible assets owned by the Group	14	65,915	60,445
Investments in associates	15	7,754	7,544
Non-current financial assets	16	25,313	24,260
Deferred tax assets		3,233	3,159
Non-current assets		173,223	163,281
Inventories		13,627	13,581
Trade receivables	17	20,789	20,908
Current financial assets	16	20,825	16,980
Current tax assets		778	459
Other receivables	18	11,593	10,309
Cash and cash equivalents		4,920	5,743
Current assets		72,532	67,980
Assets classified as held for sale	19	1	701
Total assets		245,756	231,962

EQUITY AND LIABILITIES

(in millions of Euros)

	Notes	30/6/12	31/12/11 ⁽¹⁾
Capital	20	924	924
EDF net income and consolidated reserves		28,223	27,559
Equity (EDF share)		29,147	28,483
Equity (non-controlling interests)		5,756	4,189
Total equity		34,903	32,672
Provisions related to nuclear generation – Back-end nuclear cycle, plant decommissioning and last cores		37,265	37,198
Provisions for decommissioning of non-nuclear facilities		1,024	809
Provisions for employee benefits		16,287	14,611
Other provisions		1,868	1,338
Non-current provisions	21.1	56,444	53,956
Special French public electricity distribution concession liabilities	22	42,074	41,769
Non-current financial liabilities	23.1	46,110	42,688
Other liabilities	24	4,803	4,989
Deferred tax liabilities		6,091	4,479
Non-current liabilities		155,522	147,881
Current provisions	21.1	3,670	4,062
Trade payables		11,792	13,681
Current financial liabilities	23.1	20,067	12,789
Current tax liabilities		512	571
Other liabilities	24	19,290	19,900
Current liabilities		55,331	51,003
Liabilities related to assets classified as held for sale	19	-	406
Total equity and liabilities		245,756	231,962

(1) Figures for 2011 have been restated for the impact of the change in accounting method for actuarial gains and losses on post-employment benefits (see note 2).

Consolidated cash flow statements

<i>(in millions of Euros)</i>	Notes	H1 2012	H1 2011 ⁽¹⁾
Operating activities:			
Income before taxes of consolidated companies		3,792	3,556
Impairment (reversals)		294	269
Accumulated depreciation and amortisation, provisions and change in fair value		3,773	3,238
Financial income and expenses		686	661
Dividends received from associates		22	290
Capital gains/losses		(275)	(460)
Change in working capital		(2,458)	(1,519)
Net cash flow from operations		5,834	6,035
Net financial expenses disbursed		(814)	(1,007)
Income taxes paid		(892)	(582)
Net cash flow from operating activities		4,128	4,446
Investing activities:			
Acquisition/disposal of companies, net of cash acquired/transferred ⁽²⁾		(172)	3,708
Purchases of property, plant and equipment and intangible assets		(6,233)	(4,883)
Net proceeds from sale of property, plant and equipment and intangible assets		349	78
Changes in financial assets		(4,368)	(1,132)
Net cash flow used in investing activities		(10,424)	(2,229)
Financing activities:			
Transactions with non-controlling interests ⁽³⁾		(237)	(1,233)
Dividends paid by parent company	20.3	(1,072)	(1,068)
Dividends paid to non-controlling interests		(115)	(171)
Treasury shares	20.2	(1)	(6)
Cash flows with shareholders		(1,425)	(2,478)
Issuance of borrowings		8,489	2,228
Repayment of borrowings		(1,786)	(1,943)
Funding contributions received for assets operated under concessions		85	93
Investment subsidies		72	22
Other cash flows from financing activities		6,860	400
Net cash flow from financing activities		5,435	(2,078)
Net increase/(decrease) in cash and cash equivalents		(861)	139
Cash and cash equivalents - opening balance		5,743	5,567
Net increase/(decrease) in cash and cash equivalents		(861)	139
Effect of currency fluctuations		50	(76)
Financial income on cash and cash equivalents		25	17
Effect of reclassifications		(37)	46
Cash and cash equivalents - closing balance		4,920	5,693

(1) Figures for first-half 2011 have been restated for the impact of the change in accounting method for actuarial gains and losses on post-employment benefits (see note 2).

(2) The impact of disposal of the investment in EnBW during first-half 2011 amounts to €3.8 billion (payment received of €4.5 billion net of €0.7 billion cash transferred in the sale).

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

In first-half 2012, acquisition of additional interests in EnBW's investment in its subsidiary ERSA amount to €252 million (see note 5.1).

In first-half 2011, the acquisition of additional interests through the simplified alternative public cash or exchange offer for EDF Energies Nouvelles shares accounts for €1,292 million: €1,045 million in cash and €247 million in shares through the associated EDF share repurchase program.

Changes in consolidated equity

The changes in equity between 1 January and 30 June 2012 are as follows:

	Capital	Consolidated reserves and net income	Treasury shares	Translation adjustments	Impact of fair value adjustment of financial instruments ⁽²⁾	Equity (EDF share)	Equity (non-controlling interests)	Total equity
<i>(in millions of Euros)</i>								
Equity at 31/12/11 (restated) ⁽¹⁾	924	27,511	(26)	1,147	(1,073)	28,483	4,189	32,672
Gains and losses recorded directly in equity	-	(1,200)	-	888	(557)	(869)	89	(780)
Net income	-	2,768	-	-	-	2,768	132	2,900
Net income and gains and losses recorded directly in equity	-	1,568	-	888	(557)	1,899	221	2,120
Dividends paid	-	(1,072)	-	-	-	(1,072)	(130)	(1,202)
Purchases/sales of treasury shares	-	-	3	-	-	3	-	3
Other changes ⁽³⁾	-	(166)	-	-	-	(166)	1,476	1,310
Equity at 30/6/12	924	27,841	(23)	2,035	(1,630)	29,147	5,756	34,903

The changes in equity between 1 January and 30 June 2011 are as follows:

	Capital	Consolidated reserves and net income	Treasury shares	Translation adjustments	Impact of fair value adjustment of financial instruments ⁽²⁾	Equity (EDF share)	Equity (non-controlling interests)	Total equity
<i>(in millions of Euros)</i>								
Equity at 31/12/2010	924	29,469	(19)	543	400	31,317	5,586	36,903
Restatements due to change of method ⁽¹⁾	-	(1,697)	-	26	-	(1,671)	(121)	(1,792)
Equity at 31/12/2010 (restated) ⁽¹⁾	924	27,772	(19)	569	400	29,646	5,465	35,111
Gains and losses recorded directly in equity	-	(445)	-	(1,074)	148	(1,371)	(104)	(1,475)
Net income	-	2,647	-	-	-	2,647	176	2,823
Net income and gains and losses recorded directly in equity	-	2,202	-	(1,074)	148	1,276	72	1,348
EDF capital increase ⁽⁴⁾	6	300	-	-	-	306	-	306
Dividends paid	-	(1,068)	-	-	-	(1,068)	(189)	(1,257)
Purchases/sales of treasury shares ⁽⁴⁾	-	-	(252)	-	-	(252)	-	(252)
Other changes ⁽⁵⁾	-	(614)	-	-	-	(614)	(1,364)	(1,978)
Equity at 30/6/2011	930	28,592	(271)	(505)	548	29,294	3,984	33,278

- (1) Figures at 31 December 2011 and 31 December 2010 have been restated for the impact of the change in accounting method for actuarial gains and losses on post-employment benefits (see note 2).
- (2) These changes correspond to the effects of fair value adjustment of available-for-sale financial assets and amounts transferred to income following changes in their fair value, and the effects of fair value adjustment of hedging instruments and amounts transferred to income in respect of terminated contracts. For details see the statement of net income and gains and losses recorded directly in equity.
- (3) In first-half 2012, €1,387 million of other changes attributable to non-controlling interests correspond to the effects of the takeover of Edison (held 78.96% at 30 June 2012), including €991 million for direct minority shareholdings.
- (4) EDF's capital increase and the higher treasury share purchases during first-half 2011 relate to the simplified alternative public cash or exchange offer for shares of EDF Energies Nouvelles.
- (5) In first-half 2011, other changes (EDF's share and the share attributable to non-controlling interests) include €(688) million and €(764) million respectively reflecting the effects of acquisition of minority shareholdings in EDF Energies Nouvelles. Other changes in equity attributable to non-controlling interests also include the effects of deconsolidation of EnBW, amounting to €(519) million.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Electricité de France (EDF or “the Company”) is a French *société 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 at 30 June 2012 include the accounts of companies directly or indirectly under the exclusive control of the Company and its subsidiaries, which are fully consolidated, the accounts of jointly-controlled companies (joint ventures), which are proportionally consolidated, and the accounts of companies in which the Company exercises significant influence (associates), which are accounted for under the equity method. All these economic entities are collectively referred to as the “Group”.

The Group’s condensed consolidated financial statements at 30 June 2012 were prepared under the responsibility of the Board of Directors and approved by the Directors at the Board meeting held on 30 July 2012.

The comparative figures for 2011 reported in the notes to the financial statements have been restated as a result of the change in accounting method for actuarial gains and losses on post-employment benefits (see note 2).

1 MAIN GROUP ACCOUNTING PRINCIPLES AND METHODS

1.1 DECLARATION OF CONFORMITY AND GROUP ACCOUNTING POLICIES

Pursuant to European regulation 1606/2002 of 19 July 2002 on the adoption of international accounting standards, the EDF group’s condensed consolidated financial statements at 30 June 2012 are prepared using the presentation, recognition and measurement rules set forth in the international accounting standards published by the IASB and approved by the European Union for application at 30 June 2012. These international standards are IAS (International Accounting Standards), IFRS (International Financial Reporting Standards), and SIC and IFRIC interpretations.

The condensed consolidated half-year financial statements comply with standard IAS 34 on interim financial reporting. They do not therefore include all the information required for full annual financial statements, and are to be read in conjunction with the consolidated financial statements at 31 December 2011.

Apart from the changes indicated below, the accounting principles and methods are identical to those applied in the consolidated financial statements at 31 December 2011, as described in note 1 to those financial statements.

1.2 ACCOUNTING METHODS FOR THE FIRST HALF-YEAR OF 2012

- **Change of accounting option concerning recognition of actuarial gains and losses on post-employment benefits**

IAS 19 allows the following methods for recognition of actuarial gains and losses on post-employment defined benefit plans:

- Either the full amount of such gains and losses, or a portion as determined under the “corridor” method, is recorded through the income statement; the Group applied this approach until 31 December 2011;
- Or they are recorded in full through other components of net income and gains and losses recorded directly in equity.

The Group decided to use the option to record actuarial gains and losses for post-employment benefits in

the statement of net income and gains and losses recorded directly in equity from 1 January 2012. The Group considers that this change will make information on post-employment benefits clearer and more comprehensible.

This change of accounting option is applied retrospectively, as required by IAS 8. Note 2 presents a description of this change of accounting method and calculations of its principal effects.

- **New standards and interpretations**

Apart from the change presented above and the valuation methods specific to interim financial statements described in note 1.3, the accounting and valuation methods applied by the Group in the consolidated interim financial statements at 30 June 2012 are identical to those used in the consolidated financial statements for the year ended 31 December 2011.

The amendment to IFRS 7, "Financial instruments: disclosures – Transfers of financial assets" adopted by the European Union in 2011 became mandatory on 1 January 2012. As IFRS 7 concerns disclosures, this amendment has no impact on the accounting methods applied in the consolidated financial statements.

The Group has not opted for early application of any standards, amendments or interpretation.

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

The amount of the obligation corresponding to post-employment benefits and other long-term benefits at 30 June 2012 was calculated by projecting the obligation at 31 December 2011 over one half-year, taking into account the benefits paid out and the changes in fund assets.

The actuarial assumptions used to calculate employee benefits for interim financial statements are identical to those used for the previous annual financial statements, unless significant developments arise for certain parameters, for example the discount rate.

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 consideration of 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 principal sensitive accounting methods involving use of estimates and judgments are the same as those described in note 1.3.2 to the consolidated financial statements at 31 December 2011.

1.5 SEASONAL NATURE OF THE BUSINESS

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

To illustrate this, the table below shows the sales and operating profit before depreciation and amortisation for the first half and second half of 2011:

<i>(in millions of Euros)</i>	H1 2011	H2 2011	2011
Sales	33,464	31,843	65,307
Operating profit before depreciation and amortisation	8,675	6,264	14,939

2 COMPARABILITY

2.1 CHANGE IN RECOGNITION OF ACTUARIAL GAINS AND LOSSES RELATED TO POST-EMPLOYMENT BENEFITS

Since 1 January 2012, the Group has recorded actuarial gains and losses related to post-employment defined benefit plans in the statement of net income and gains and losses recorded directly in equity, under the option allowed by IAS 19.

Under this option, all actuarial gains and losses on post-employment benefits generated by changes in actuarial assumptions are recognised in the statement of net income and gains and losses recorded directly in equity. The Group has thus stopped using the "corridor" method and now recognises all actuarial gains and losses in full.

As this is a change of accounting method, in compliance with IAS 8, comparative prior year figures resulting from retrospective application of this method are presented.

The impact on equity (EDF share) amounts to € (1,671) million at 1 January 2011 and € (2,087) million at 31 December 2011.

The impact at 1 January 2011 mainly concerns the France and United Kingdom segments (€ (1,010) million and € (566) million respectively).

2.2 IMPACT ON THE INCOME STATEMENT FOR THE FIRST HALF OF 2011

<i>(in millions of Euros)</i>	H1 2011 AS PUBLISHED	IMPACTS OF IAS 19 OPTION	H1 2011 RESTATED
Sales	33,464	-	33,464
Fuel and energy purchases	(14,964)	-	(14,964)
Other external expenses	(4,483)	-	(4,483)
Personnel expenses	(5,479)	59	(5,420)
Taxes other than income taxes	(1,511)	-	(1,511)
Other operating income and expenses	1,589	-	1,589
Operating profit before depreciation and amortisation	8,616	59	8,675
Net changes in fair value on Energy and Commodity derivatives, excluding trading activities	(28)	-	(28)
Net depreciation and amortisation	(3,131)	-	(3,131)
Net increases in provisions for renewal of property, plant and equipment operated under concessions	(208)	-	(208)
(Impairment) / reversals	(269)	-	(269)
Other income and expenses	276	51	327
Operating profit	5,256	110	5,366
Cost of gross financial indebtedness	(1,107)	-	(1,107)
Discount effect	(1,524)	-	(1,524)
Other financial income and expenses	821	-	821
Financial result	(1,810)	-	(1,810)
Income before taxes of consolidated companies	3,446	110	3,556
Income taxes	(977)	(18)	(995)
Share in income of associates	259	3	262
Group net income	2,728	95	2,823
<i>Net income attributable to non-controlling interests</i>	<i>174</i>	<i>2</i>	<i>176</i>
EDF net income	2,554	93	2,647

2.3 IMPACT ON THE STATEMENT OF NET INCOME AND GAINS AND LOSSES RECORDED DIRECTLY IN EQUITY FOR THE FIRST HALF OF 2011

<i>(in millions of Euros)</i>	H1 2011 AS PUBLISHED	IMPACTS OF IAS 19 OPTION	H1 2011 RESTATED
Group net income	2,728	95	2,823
Changes in the fair value of available-for-sale financial assets	(172)	-	(172)
Changes in the fair value of available-for-sale financial assets transferred to income	(194)	-	(194)
Changes in the fair value of hedging instruments	161	-	161
Changes in the fair value of hedging instruments transferred to income	309	-	309
Changes in actuarial gains and losses on post-employment benefits	-	(650)	(650)
Translation adjustments	(1,227)	-	(1,227)
Taxes	76	222	298
Gains and losses recorded directly in equity	(1,047)	(428)	(1,475)
Net income and gains and losses recorded directly in equity	1,681	(333)	1,348
EDF net income	1,628	(352)	1,276
<i>Net income attributable to non-controlling interests</i>	<i>53</i>	<i>19</i>	<i>72</i>

2.4 IMPACT ON THE BALANCE SHEET AT 31 DECEMBER 2011

ASSETS <i>(in millions of Euros)</i>	2011 AS PUBLISHED	IMPACTS OF IAS 19 OPTION	2011 RESTATED
Goodwill	11,648	-	11,648
Other intangible assets	4,702	-	4,702
Property, plant and equipment operated under French public electricity distribution concessions	45,501	-	45,501
Property, plant and equipment operated under concessions for other activities	6,022	-	6,022
Property, plant and equipment used in generation and other tangible assets owned by the Group	60,445	-	60,445
Investments in associates	7,684	(140)	7,544
Non-current financial assets	24,517	(257)	24,260
Deferred tax assets	2,507	652	3,159
Non-current assets	163,026	255	163,281
Inventories	13,581	-	13,581
Trade receivables	20,908	-	20,908
Current financial assets	16,980	-	16,980
Current tax assets	459	-	459
Other receivables	10,309	-	10,309
Cash and cash equivalents	5,743	-	5,743
Current assets	67,980	-	67,980
Assets classified as held for sale	701	-	701
Total assets	231,707	255	231,962

EQUITY AND LIABILITIES <i>(in millions of Euros)</i>	2011 AS PUBLISHED	IMPACTS OF IAS 19 OPTION	2011 RESTATED
Capital	924	-	924
EDF net income and consolidated reserves	29,646	(2,087)	27,559
Equity (EDF share)	30,570	(2,087)	28,483
Equity (non-controlling interests)	4,337	(148)	4,189
Total equity	34,907	(2,235)	32,672
Provisions related to nuclear generation – Back-end nuclear cycle, plant decommissioning and last cores	37,198	-	37,198
Provisions for decommissioning of non-nuclear facilities	809	-	809
Provisions for employee benefits	12,215	2,396	14,611
Other provisions	1,338	-	1,338
Non-current provisions	51,560	2,396	53,956
Special French public electricity distribution concession liabilities	41,769	-	41,769
Non-current financial liabilities	42,688	-	42,688
Other liabilities	4,989	-	4,989
Deferred tax liabilities	4,479	-	4,479
Non-current liabilities	145,485	2,396	147,881
Current provisions	3,968	94	4,062
Trade payables	13,681	-	13,681
Current financial liabilities	12,789	-	12,789
Current tax liabilities	571	-	571
Other liabilities	19,900	-	19,900
Current liabilities	50,909	94	51,003
Liabilities related to assets classified as held for sale	406	-	406
Total equity and liabilities	231,707	255	231,962

2.5 IMPACT ON THE STATEMENT OF CASH FLOWS FOR THE FIRST HALF OF 2011

<i>(in millions of Euros)</i>	H1 2011 AS PUBLISHED	IMPACTS OF IAS 19 OPTION	H1 2011 RESTATED
Operating activities:			
Income before taxes of consolidated companies	3,446	110	3,556
Impairment (reversals)	269	-	269
Accumulated depreciation and amortisation, provisions and change in fair value	3,297	(59)	3,238
Financial income and expenses	661	-	661
Dividends received from associates	290	-	290
Capital gains/losses	(409)	(51)	(460)
Change in working capital	(1,519)	-	(1,519)
Net cash flow from operations	6,035	-	6,035
Net financial expenses disbursed	(1,007)	-	(1,007)
Income taxes paid	(582)	-	(582)
Net cash flow from operating activities	4,446	-	4,446
Investing activities:			
Acquisition/disposal of companies, net of cash acquired/transferred	3,708	-	3,708
Purchases of property, plant and equipment and intangible assets	(4,883)	-	(4,883)
Net proceeds from sale of property, plant and equipment and intangible assets	78	-	78
Changes in financial assets	(1,132)	-	(1,132)
Net cash flow used in investing activities	(2,229)	-	(2,229)
Financing activities:			
Transactions with non-controlling interests	(1,233)	-	(1,233)
Dividends paid by parent company	(1,068)	-	(1,068)
Dividends paid to non-controlling interests	(171)	-	(171)
Treasury shares	(6)	-	(6)
Cash flows with shareholders	(2,478)	-	(2,478)
Issuance of borrowings	2,228	-	2,228
Repayment of borrowings	(1,943)	-	(1,943)
Funding contributions received for assets operated under concessions	93	-	93
Investment subsidies	22	-	22
Other cash flows from financing activities	400	-	400
Net cash flow used in financing activities	(2,078)	-	(2,078)
Net increase (decrease) in cash and cash equivalents	139		139
Cash and cash equivalents - opening balance	5,567	-	5,567
Net increase/(decrease) in cash and cash equivalents	139	-	139
Effect of currency fluctuations	(76)	-	(76)
Financial income on cash and cash equivalents	17	-	17
Effect of reclassifications	46	-	46
Cash and cash equivalents - closing balance	5,693	-	5,693

3 SIGNIFICANT EVENTS AND TRANSACTIONS OF THE FIRST HALF-YEAR OF 2012

3.1 EDISON

3.1.1 Takeover of Edison by the EDF group

Following fulfilment of the conditions for the operation, on 24 May 2012 the EDF group and its Italian partners finalised the takeover of the energy group Edison. The principles of the final agreement are consistent with the preliminary agreement signed by the parties on 26 December 2011.

The Group thus took control of Edison by purchasing Delmi's entire investment in TdE (50%) for a total of €784 million, corresponding to the negotiated price of €0.89 per Edison share. Following this acquisition the Group now holds 78.96% of the capital and 80.64% of the voting rights in Edison.

At the same time as EDF took control of Edison, Delmi took control of Edipower by purchasing the investments in Edipower held by Edison (50%) and ALPIQ (20%) for the total sum of €884 million. Edison and Edipower also signed a long-term (6-year) gas supply contract to cover 50% of Edipower's gas requirements.

In compliance with Italian stock market regulations, the EDF Group launched a mandatory tender offer for remaining Edison shares at the price of €0.89 per ordinary share. The additional cost of raising this offer price from the €0.84 envisaged in the preliminary agreement of 26 December 2011 will be borne equally by the EDF group and Delmi, totalling a maximum of €24 million for each, depending on the number of shares tendered to the offer. This offer was opened on 2 July 2012 and is due to close on 3 August 2012 unless extended.

3.1.2 Accounting treatment of the operation

The purchase of 50% of TdE from Delmi gave the EDF group control over the Edison group and TdE as of 24 May 2012. Although the mandatory tender offer for Edison shares launched on 2 July 2012 is an inevitable consequence of acquisition of TdE under Italian stock market regulations, for accounting purposes it has been considered as a separate operation from the takeover of Edison, since:

- Minority shareholders remain free to accept or refuse the offer;
- Control was acquired on 24 May 2012, independently of the number of shares minority shareholders will tender to the offer, and cannot be called into question.

Consequently, as required by IFRS 3 (revised) (IFRS 3), the identifiable assets and liabilities acquired from Edison and TdE are recorded at fair value at the date control was acquired. The Group has opted to state non-controlling interests at fair value in application of the "full goodwill" method.

In accordance with IFRS 3, the values determined are provisional and the Group has 12 months to finalise allocation of the acquisition price.

Delmi's share of the cost of the mandatory tender offer for Edison shares has been considered as a purchase price adjustment clause for the investment in TdE/Edison.

Application of IFRS 3 to the takeover of Edison and TdE is therefore reflected in the following items in the Group's consolidated financial statements:

- A loss on sale of €(1,090) million resulting from remeasurement of the previous holding in Edison to "market participant⁽¹⁾" fair value at the date control was acquired,
- Negative goodwill of €1,023 million.

¹ The "market participant" fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

Since the price for the sale of Edison's investment in Edipower to Delmi was higher than defined in the preliminary agreement of 26 December 2011, a reversal of impairment has been booked in the first-half 2012 income statement for a total amount of €39 million (EDF's share).

Finally, acquisition expenses amounting to €(23) million before taxes were recognised in first-half 2012.

Overall, the takeover of Edison and TdE thus generates a €(51) million expense recognised in the first-half 2012 consolidated income statement under "Other income and expenses".

3.1.3 Determination of the loss on sale of the previously-held investment

In application of IFRS 3, a loss on sale is recognised, equal to the difference between the net consolidated value and the "market participant" fair value for the Group's investment in the Edison and TdE subgroups at the date of the takeover.

The "market participant" fair value is the Edison share value on the market, i.e. the transaction price with Delmi and minority shareholders through the mandatory tender offer launched on 2 July 2012 (€0.89 per share).

The loss on sale has been recorded under "Other income and expenses" in the half-year consolidated financial statements. It was determined as follows.

(in millions of Euros)

(A) "Market participant" fair value	1,709
(B) Net book value of previously-held investment	2,804
(C) Effect of transfer to income of gains and losses recorded directly in equity	5
(A – B + C) Loss on sale	(1,090)

3.1.4 Edison initial balance sheet items for the EDF group consolidation and determination of goodwill

3.1.4.1 Provisional initial balance sheet

The fair value of Edison's identifiable assets and liabilities is the Group's current best estimate. It has been determined based on Edison's most recent available business plan (the 2012-2019 plan) using standard valuation methods.

After determination of the fair values of the assets acquired and liabilities assumed, Edison's provisional initial balance sheet at 24 May 2012 (basis: 100%) is as follows.

ASSETS <i>(in millions of Euros)</i>	Historical values	Fair value adjustments	Provisional initial values
Goodwill	2,859	(2,859)	-
Other intangible assets	1,436	1,669	3,105
Property, plant and equipment	5,222	1,358	6,580
Investments in associates	49	-	49
Financial assets	815	-	815
Deferred tax assets	111	-	111
Inventories	324	-	324
Trade receivables	3,157	-	3,157
Current tax assets	24	-	24
Other receivables	575	-	575
Cash and cash equivalents	335	-	335
Assets classified as held for sale	1	-	1
Total assets	14,908	168	15,076

EQUITY AND LIABILITIES <i>(in millions of Euros)</i>	Historical values	Fair value adjustments	Provisional initial values
Capital	5,292	-	5,292
EDF net income and consolidated reserves	1,660	(1,280)	380
Equity (EDF share)	6,952	(1,280)	5,672
Equity (non-controlling interests)	150	328	478
Total equity	7,102	(952)	6,150
Provisions	922	126	1,048
Financial liabilities	3,982	(39)	3,943
Deferred tax liabilities	371	1,033	1,404
Trade payables	1,928	-	1,928
Current tax liabilities	39	-	39
Other liabilities	564	-	564
Total equity and liabilities	14,908	168	15,076

The main restatements resulting from fair value adjustments of the assets acquired and liabilities assumed are:

- Cancellation of historical goodwill (€2,859 million)
- Creation of an intangible asset representing the Edison brand (€945 million)
The brand has been valued by using the relief from royalty method and "scoring" based on a market study designed to position Edison in relation to its main competitors on the Italian market.
As the Edison brand is a very well-known brand in Italy and the Group intends to continue using it in the long term, its useful life has been considered indefinite.
The fair value assigned to the Edison brand is sensitive to changes in the following main assumptions:
 - Royalty rates
 - Discount rates applied to future cash flows
- Revaluation of hydropower concession assets (intangibles) (€1,165 million)
The fair value of hydropower concessions was determined by the discounted future cash flows method, based on the most recent available Edison business plan (the 2012-2019 plan) and assuming systematic

renewal of current concessions for a 20-year duration from the renegotiation date, although on revised financial terms.

Conservatism factors have been incorporated by applying a risk premium to the rate used to discount cash flows, and limiting the assumed renewal of concessions to a 20-year duration. Italian regulations on such matters are currently in preparation, and 20 years is expected to be the minimum duration for future concessions.

This fair value is sensitive to changes in the following main assumptions:

- Occurrence, duration and terms of concession renewals,
- Electricity market prices in Italy,
- Cash flow discount rates.

Hydropower concession assets are depreciated over the assumed duration of the concession (26 years on average).

- Revaluation of long-term gas supply contracts (€230 million)

Long-term gas supply contracts have been revalued using the discounted future cash flows method, based on the most recent available Edison business plan (the 2012-2019 plan).

This fair value is sensitive to changes in the following main assumptions:

- Gas and electricity market prices in Italy,
- Edison's margin levels on contract renegotiations, ongoing and future,
- Cash flow discount rates.

Intangible assets related to long-term supply contracts are amortised on the basis of volumes and contract durations (from 8 to 23 years).

- Other fair value adjustments

Other adjustments chiefly concern electricity generation assets (particularly fossil-fired and wind power assets), hydrocarbon Production-Exploration assets, CO₂ quotas, contingent liabilities and financial liabilities. In determining Edison's initial balance sheet, Production-Exploration assets, which were included in intangible assets in Edison's historical balance sheet in the amount of €1,027 million – mainly concerning Abu Qir in Egypt – have been reclassified as tangible assets. A fair value for hydrocarbon reserves is thus visible in the balance sheet.

- Deferred taxes (€(1,033) million)

Restatements of deferred taxes correspond solely to tax effects associated with fair value adjustments carried out for determination of the initial balance sheet.

Fair value adjustments of TdE assets and liabilities (excluding Edison shares) amount to €5 million (net of taxes) and concern remeasurement of financial liabilities to fair value.

3.1.4.2 Determination of provisional goodwill

The provisional goodwill recognised on the operation is as follows:

(in millions of Euros)

Fair value of previously-held investments	1,709
Acquisition price of the investment	784
Fair value of non-controlling interests ⁽¹⁾	991
Price adjustment clause / costs borne by Delmi	(24)
Purchase consideration transferred at 24 May 2012	3,460
Fair value of Edison net assets acquired	5,672
Fair value of TdE net assets acquired (excluding Edison shares) ⁽²⁾	(1,189)
Fair value of assets acquired and liabilities assumed	4,483
Provisional (negative) goodwill	(1,023)

(1) After application of the "full goodwill" method, based on the price of the mandatory tender offer to minority shareholders, i.e. €0.89 per Edison share.

(2) Excluding Edison shares, TdE's balance sheet mainly comprises financial liabilities.

In compliance with IFRS 3.36 and 3.34, the process for identifying items included in calculating the negative goodwill has been verified and validated to confirm the existence of this income, and the negative goodwill has been included as income in net income (EDF's share) for first-half 2012.

3.1.5 Sensitivity analyses

The main assumptions to which assets and liabilities in the initial balance sheet are sensitive are:

- Market prices for gas and electricity in Italy,
- Gas and electricity sales volumes included in the Edison business plan (the 2012-2019 plan),
- Royalty rates used to value the Edison brand,
- Financial terms of long-term gas supply contracts,
- Assumptions concerning renewal of hydropower concessions (duration, financial terms, etc),
- Discount rates by country.

In compliance with IFRS 3, the values of the assets acquired and the liabilities assumed are provisional, and the Group has 12 months to finalise allocation of the purchase price.

The initial Edison balance sheet is particularly sensitive given the existence of several items specific to this particular operation:

- Proximity of the acquisition date and the closing of the Group's half-year financial statements,
- Edison's strategic plan, which was in preparation at the time of the takeover,
- Renegotiations currently in process for long-term gas supply contracts.

If the initial balance sheet is adjusted within the allocation deadline but after 30 June 2012, the fact that the goodwill is negative would lead to recognition of any impacts in the Group's income statement in respect of the takeover of Edison.

A change in the fair values used would thus have an equal impact on the EDF Group's net income (a decline or increase in the value of the assets would lead respectively to a loss or gain).

3.1.6 Impact of the operation on the Group's net indebtedness at 30 June 2012

The takeover of Edison and TdE has the following impacts on consolidated net indebtedness at 30 June 2012.

(in millions of Euros)

Acquisition price for the shares of TdE	784
Sale price for Edipower by Edison	(684)
Net payments	100
Effects of changes in scope / Edison	2,217
Effects of changes in scope / TdE	634
Effects of changes in scope / sale of Edipower	(515)
Effects of fair value measurement of financial liabilities of TdE / Edison	(46)
Effects of changes in scope and fair value measurement	2,290
Increase / (decrease) in net indebtedness	2,390

The mandatory tender offer to minority shareholders could lead to a payout of €893 million maximum in the second half of 2012. At 30 June 2012 this amount is considered as an off-balance sheet commitment for the Group (note 25.1.2).

3.1.7 Effects of the takeover of Edison on the Group's main income statement indicators in first-half 2012

If the takeover of Edison had taken place at 1 January 2012, the impacts on the Group's main income statement indicators for the first half-year would have been as follows.

<i>(in millions of Euros)</i>	H1 2012 as published	H1 2012 proforma ⁽¹⁾	Change
Sales	36,222	38,716	+2,494
EBITDA	9,075	9,186	+111
Net income (EDF share)	2,768	2,736	(32)

(1) Data for the first half of 2012 with full consolidation of Edison from 1 January 2012 (from 24 May 2012 in the published figures).

4 REGULATORY CHANGES IN FRANCE

4.1 "NOME" LAW – EUROPEAN COMMISSION DECISION

On 12 June 2012 the European Commission announced that subject to conditions, it approved the State aid contained in the regulated electricity tariffs in France. In 2007 the Commission had opened an investigation into the regulated tariffs for sales to business customers (the "yellow" and "green" tariffs and the TaRTAM transition tariff). Since then, France's NOME law on the new electricity market organisation modified the French legislative and regulatory context by discontinuing the TaRTAM transition tariff, programming the end of the "yellow" and "green" tariffs for the end of 2015 and setting up a scheme for regulated access to nuclear power (named ARENH, for *Accès Régulé à l'Electricité Nucléaire Historique*) for all suppliers of customers located in France.

Following an inquiry, the European Commission concluded that the business tariffs constituted State aid, but are nevertheless compatible with European law provided:

- the ARENH price remains at €42/MWh until the Commission gives approval of the methodology used to set the ARENH price,
- there is a gradual move towards cost-based pricing every year from the summer of 2012, until the "yellow" and "green" tariffs cease to exist at the end of 2015.

This decision marks the end of the European Commission's investigation concerning State aid.

5 OTHER CHANGES IN THE SCOPE OF CONSOLIDATION

5.1 POLAND

The purchase of EnBW's investments in subsidiaries ERSa, Kogeneracja and EDF Polska was completed on 16 February 2012 for the amount of €301 million. Following this transaction EDF now owns 97.3% of ERSa and 50% plus one share in Kogeneracja. Kogeneracja and Zielona Gora are again fully consolidated as of 16 February 2012, having been proportionally consolidated since 17 February 2011 after the sale of EnBW.

The acquisition of minority interests in ERSa is treated as a transaction between shareholders in accordance with IAS 27 (amended), and as a result has an impact of €(124) million on equity in the Group's consolidated financial statements.

In application of IFRS 3 (revised), a €(10) million loss on sale was also recorded in the first half of 2012, corresponding to the previous ownership share in Zielona Gora and Kogeneracja. The additional goodwill associated with this operation is below €1 million.

5.2 PHOTOWATT / PV ALLIANCE

EDF's offer for the activities of Photowatt was accepted on 27 February 2012. Via its subsidiary EDF Energies Nouvelles Réparties (EDF ENR), the Group took possession of the assets of Photowatt and took control of PV Alliance on 1 March 2012. This takeover of business has no significant impact on the Group's consolidated financial statements at 30 June 2012.

5.3 ENEREST

On 1 April 2012 Electricité de Strasbourg acquired 100% of Enerest, the longstanding gas supplier to the economic region of Strasbourg. The acquisition price was €139 million. Following establishment of a provisional initial balance sheet, intangible assets (principally concerning customer relations and the "Gaz de Strasbourg" brand) were valued at €38 million before tax effects.

The provisional goodwill on this operation recorded in the consolidated financial statements at 30 June 2012 amounts to €90 million.

6 SEGMENT REPORTING

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

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

In accordance with IFRS 8, the breakdown used by the EDF group corresponds to the operating segments as regularly reviewed by the Management Committee. The segments used by the Group are identical to those described in note 6.1 to the consolidated financial statements at 31 December 2011.

6.1 AT 30 JUNE 2012

<i>(in millions of Euros)</i>	France	United Kingdom	Italy	Other international	Other activities	Eliminations	Total
External sales	20,706	4,821	3,607	4,009	3,079	-	36,222
Inter-segment sales	268	-	-	77	300	(645)	-
Total sales	20,974	4,821	3,607	4,086	3,379	(645)	36,222
Operating profit before depreciation and amortisation	6,072	1,075	211	552	1,165	-	9,075
Operating profit	4,093	690	(137)	53	903	-	5,602

6.2 AT 30 JUNE 2011

<i>(in millions of Euros)</i>	France	United Kingdom	Italy	Other international	Other activities	Eliminations	Total
External sales	19,495	4,390	3,052	3,800	2,727	-	33,464
Inter-segment sales	249	-	-	73	314	(636)	-
Total sales	19,744	4,390	3,052	3,873	3,041	(636)	33,464
Operating profit before depreciation and amortisation	5,733	1,186	218	638	900	-	8,675
Operating profit	3,565	723	(30)	671	437	-	5,366

7 SALES

<i>(in millions of Euros)</i>	H1 2012	H1 2011
Sales of energy and energy-related services	33,525	30,918
Other sales of goods and services	2,246	2,068
Trading	451	478
Sales	36,222	33,464

8 OTHER OPERATING INCOME AND EXPENSES

Other operating income and expenses comprise the Contribution to the Public Electricity Service (CSPE) introduced by the French Law of 3 January 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. In the financial statements, the CSPE system is reflected through recognition of income of €2,385 million in the first half of 2012 (€1,721 million in first-half 2011).

In first-half 2012, other operating income and expenses also include:

- €72 million corresponding to reversals of negative fair value on British Energy commodity sales contracts recognised at the acquisition date of 5 January 2009 following their settlement (€201 million in the first half-year of 2011);
- gains on sales of real estate assets in France amounting to €187 million.

In first-half 2011, other operating income and expenses also included a net expense of €(118) million relating to the TaRTAM transition tariff system: €(170) million of this amount resulted from the decision of 4 July 2011 issued after re-estimation of the cost by the French energy regulator CRE (*Commission de Régulation de l'Energie*) based on information provided by the suppliers concerned.

9 IMPAIRMENT

9.1 AT 30 JUNE 2012

Impairment amounting to €(294) million was recognised at 30 June 2012, including €(233) million in respect of CENG's generation assets.

In the United States, the substantial downturn in gas prices in first quarter 2012 led to a decline in forward electricity prices, providing an indication of loss of value in CENG's generation assets. Consequently, the impairment test was updated, incorporating the new parameters and a lower discount rate of 6.7% (7.1% at 31 December 2011) related to the fall in risk-free dollar rates. A decrease of €233 million in the recoverable value of CENG's assets was thus recorded.

9.2 AT 30 JUNE 2011

Impairment amounting to €(269) million was recognised at 30 June 2011, including €(174) million concerning the Dalkia group's operations in Italy and Spain, and €(60) million in respect of Edison generation assets.

10 OTHER INCOME AND EXPENSES

10.1 AT 30 JUNE 2012

Other income and expenses for first-half 2012 include:

- the effects of the Group's takeover of Edison during the period, amounting to €(51) million. Details of the impacts of this operation are presented in note 3.1;
- income of €177 million concerning ERDF, primarily resulting from reversal of a provision for renewal following a change in estimate for the useful life of high/low voltage transformers (extended from 30 years to 40 years).

10.2 AT 30 JUNE 2011

Other income and expenses for first-half 2011 reflect the gain on the sale of EnBW, amounting to €327 million.

11 FINANCIAL RESULT

The discount effect included in the financial result primarily concerns provisions for the 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:

<i>(in millions of Euros)</i>	H1 2012	H1 2011
Provisions for post-employment and long-term employee benefits	(691)	(670)
Provisions for back-end nuclear cycle, decommissioning and last cores	(800)	(775)
Other provisions and advances	(71)	(79)
Discount effect	(1,562)	(1,524)

12 INCOME TAXES

Income taxes amount to €(1,235) million for the first half of 2012, corresponding to an effective tax rate of 32,6 % (compared to an expense of €(995) million corresponding to an effective tax rate of 28.0% for the first half of 2011). They are calculated by applying the forecast effective tax rate for 2012 to the pre-tax income for first-half 2012.

The main cause of the rise in the effective tax rate for first half 2012 compared to first half 2011 is the 1.7 point increase in France's tax rate adopted at the end of 2011, and the positive non-recurring effect of low taxation of the gain on sale of the Group's investment in EnBW in first-half 2011, which had no equivalent in first-half 2012.

13 GOODWILL

Goodwill on consolidated entities comprises the following:

<i>(in millions of Euros)</i>	
Net book value at 31 December 2011	11,648
Acquisitions	128
Disposals	-
Impairment	(27)
Translation adjustments	306
Changes in scope of consolidation and other	(1,400)
Net book value at 30 June 2012	10,655
Gross value at 30 June 2012	11,939
Accumulated impairment at 30 June 2012	(1,284)

Acquisitions during the half-year include goodwill of €90 million recognised after Electricité de Strasbourg's acquisition of Enerest.

Changes in the scope of consolidation over the period include €(1,400) million resulting from derecognition of historical Edison goodwill after the fair value of the assets acquired and liabilities assumed was determined for the purposes of the acquisition of control on 24 May 2012.

14 PROPERTY, PLANT AND EQUIPMENT

<i>(in millions of Euros)</i>	30/6/2012	31/12/2011
Property, plant and equipment	44,920	44,342
Property, plant and equipment in progress	1,274	1,159
Property, plant and equipment operated under French public electricity distribution concessions	46,194	45,501
Property, plant and equipment	6,185	5,326
Property, plant and equipment in progress	934	696
Property, plant and equipment operated under concessions for other activities	7,119	6,022
Property, plant and equipment	50,247	47,184
Property, plant and equipment in progress	15,360	12,951
Finance-leased property, plant and equipment	308	310
Property, plant and equipment used in generation and other tangible assets owned by the Group	65,915	60,445

The increase in property, plant and equipment over the first half of 2012 primarily reflects the effects of the takeover of Edison.

The net value of property, plant and equipment, excluding construction in progress and finance-leased assets, breaks down as follows:

<i>(in millions of Euros)</i>	Property, plant and equipment operated under French public electricity distribution concessions ⁽¹⁾	Property, plant and equipment operated under concessions for other activities	Property, plant and equipment used in generation and other tangible assets owned by the Group
Gross values at 30/6/2012	78,989	12,580	107,697
Depreciation and impairment at 30/6/2012	(34,069)	(6,395)	(57,450)
Net values at 30/6/2012	44,920	6,185	50,247
Net values at 31/12/2011	44,342	5,326	47,184

(1) Network assets account for most of these amounts: €73,590 million gross value and €42,832 million net value at 30 June 2012 (€72,345 million gross value and €42,279 million net value at 31 December 2011).

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

<i>(in millions of Euros)</i>	Land and buildings	Nuclear power plants	Fossil-fired and hydropower plants	Networks	Other installations, plant, machinery and equipment & other	Total
Net values at 30/6/2012	5,510	27,016	9,045	389	8,287	50,247
Net values at 31/12/2011	5,306	27,258	6,170	391	8,059	47,184

Impairment of property, plant and equipment amounting to €(254) million is recognised for the first half of 2012, including €(233) million concerning CENG's nuclear generation facilities (see note 9.1).

15 INVESTMENTS IN ASSOCIATES

Investments in associates are as follows:

<i>(in millions of Euros)</i>	Principal activity ⁽¹⁾	Ownership %	30/6/2012		31/12/2011	
			Share of net equity	Share of net income	Share of net equity	Share of net income
RTE Réseau de Transport d'Electricité	T	100.00	4,741	290	4,620	272
ALPIQ	G	25.00	1,420	15	1,396	(276)
Taishan	G	30.00	706	-	688	-
Dalkia Holding	O	34.00	431	8	443	23
NTPC	G	40.00	140	19	125	23
Other investments in associates			316	11	272	9
Total			7,754	343	7,544	51

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

15.1 RTE RESEAU DE TRANSPORT D'ELECTRICITE (RTE)

15.1.1 RTE – FINANCIAL INDICATORS

The key financial indicators for RTE for first-half 2012 are as follows:

(in millions of Euros)

Operating profit before depreciation and amortisation	922
Net income	290
Equity at 30 June 2012	4,741
Balance sheet total at 30 June 2012	14,762
Net indebtedness at 30 June 2012	6,445

15.1.2 TRANSACTIONS BETWEEN THE EDF GROUP AND RTE

At 30 June 2012 the main transactions between the EDF group and RTE were as follows.

Sales

ERDF uses RTE's high-voltage and very high-voltage networks to convey energy from its point of generation to the distribution networks. This service generated €1,669 million in sales revenues for RTE from ERDF over the first half of 2012.

In executing its responsibility to ensure balance in the electricity system, during first-half 2012 RTE also undertook:

- energy purchases and sales with EDF, amounting to €107 million and €106 million respectively;
- system service purchases from EDF amounting to €146 million.

Other transactions

The EDF group contributes to financing of RTE through loans amounting to a total of €1,203 million at 30 June 2012 (€1,400 million at 31 December 2011). RTE recorded a total of €36 million in interest expenses on this loan in first-half 2012.

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

16 CURRENT AND NON-CURRENT FINANCIAL ASSETS

16.1 BREAKDOWN BETWEEN CURRENT AND NON-CURRENT FINANCIAL ASSETS

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

<i>(in millions of Euros)</i>	30/6/2012			31/12/2011		
	Current	Non-current	Total	Current	Non-current	Total
Financial assets carried at fair value with changes in fair value included in income	4,933	12	4,945	4,482	12	4,494
Available-for-sale financial assets	14,004	15,239	29,243	10,413	13,915	24,328
Held-to-maturity investments	1	17	18	3	16	19
Positive fair value of hedging derivatives	1,013	1,773	2,786	914	1,862	2,776
Loans and financial receivables	874	8,272	9,146	1,168	8,455	9,623
Current and non-current financial assets⁽¹⁾	20,825	25,313	46,138	16,980	24,260	41,240

(1) Net of impairment of €(1,138) million at 30 June 2012 (€(1,141) million at 31 December 2011).

16.2 DETAILS OF FINANCIAL ASSETS

16.2.1 FINANCIAL ASSETS CARRIED AT FAIR VALUE WITH CHANGES IN FAIR VALUE INCLUDED IN INCOME

<i>(in millions of Euros)</i>	30/6/2012	31/12/2011
Derivatives - positive fair value	4,929	4,478
Fair value of derivatives held for trading	4	4
Financial assets carried at fair value optionally in income	12	12
Financial assets carried at fair value with changes in fair value included in income	4,945	4,494

16.2.2 AVAILABLE-FOR-SALE FINANCIAL ASSETS

<i>(in millions of Euros)</i>	30/6/2012			31/12/2011		
	Equities ⁽¹⁾	Debt securities	Total	Equities ⁽¹⁾	Debt securities	Total
EDF dedicated assets	6,688	7,407	14,095	5,801	7,510	13,311
Liquid assets	2,815	10,247	13,062	2,782	6,242	9,024
Other	2,015	71	2,086	1,918	75	1,993
Available-for-sale financial assets	11,518	17,725	29,243	10,501	13,827	24,328

(1) Equities or investment funds.

16.2.2.1 Liquid assets

EDF's monetary investment funds included in liquid assets amount to €2,606 million at 30 June 2012 (€2,187 million at 31 December 2011).

16.2.2.2 Other securities

At 30 June 2012, other securities mainly include:

- at CENG, €609 million of available-for-sale financial assets related to decommissioning trust funds (reserved for financing of plant decommissioning) ;
- at EDF Inc., shares in Exelon (€385 million) (CEG shares became Exelon shares after the merger of the two companies, finalised in March 2012);
- at EDF, shares in Areva (€88 million) and Veolia Environnement (€220 million).

16.3 LOANS AND FINANCIAL RECEIVABLES

Loans and financial receivables include amounts representing reimbursements receivable from the Nuclear Liabilities Fund (NLF) and the British government for coverage of long-term nuclear obligations, totalling €6,900 million at 30 June 2012 (€7,209 million at 31 December 2011).

17 TRADE RECEIVABLES

Details of net trade receivables are as follows:

<i>(in millions of Euros)</i>	30/6/2012	31/12/2011
Trade receivables, gross value – excluding EDF Trading	19,423	17,962
Trade receivables, gross value – EDF Trading	2,249	3,613
Impairment	(883)	(667)
Trade receivables – net value	20,789	20,908

Most trade receivables mature within one year.

Securitisation of trade receivables is undertaken on a recurrent basis, principally by Edison, and amounts to €2,482 million at 30 June 2012 (€2,572 million (EDF's share) at 31 December 2011). As securitisation is without recourse, the corresponding receivables are not carried in the Group's consolidated balance sheet.

18 OTHER RECEIVABLES

"Other receivables" comprise EDF's CSPE receivable, amounting to €4,508 million at 30 June 2012 (€3,821 million at 31 December 2011). This corresponds to the shortfall in CSPE compensation, which is recorded at nominal value and does not bear interest. This receivable is currently expected to be recovered in 2016. It is calculated on the assumption that public service electricity charges will progress steadily until 2020, and that the contribution rate set will be progressively raised as stipulated by law.

They also include various amounts receivable from the French State and local authorities (including €1,362 million of VAT receivables at 30 June 2012 for EDF).

19 HELD-FOR-SALE ASSETS AND LIABILITIES

At 31 December 2011, assets and liabilities held for sale corresponded to Edison's investment in Edipower, which was sold on 24 May 2012 (see note 3.1).

20 EQUITY

20.1 SHARE CAPITAL

EDF's share capital amounts to €924,433,331 comprising 1,848,866,662 fully subscribed and paid-up shares with nominal value of €0.5 each (unchanged from 31 December 2011).

20.2 TREASURY SHARES

As part of the share repurchase program executed under a liquidity contract as required by French market regulator AMF (*Autorité des Marchés Financiers*), 1,419,109 shares were purchased during the first half of 2012 for a total of €24 million, and 1,324,109 shares were sold for a total of €23 million.

At 30 June 2012, the total value of treasury shares deducted from consolidated equity is €(23) million.

20.3 DIVIDENDS

The General Shareholders' meeting of 24 May 2012 decided to distribute a dividend of €1.15 per share in circulation in respect of 2011. Interim dividends of €0.57 per share had been paid out on 16 December 2011, and the balance of €0.58 per share amounting to a total of €1,072 million was paid out on 6 June 2012.

20.4 CHANGES IN THE FAIR VALUE OF FINANCIAL INSTRUMENTS

20.4.1 AVAILABLE-FOR-SALE FINANCIAL ASSETS

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

<i>(in millions of Euros)</i>	30/6/2012		30/6/2011	
	Gross changes in fair value recorded in equity ⁽¹⁾	Gross changes in fair value transferred to income ⁽²⁾	Gross changes in fair value recorded in equity ⁽¹⁾	Gross changes in fair value transferred to income ⁽²⁾
EDF dedicated assets	598	98	(145)	25
Liquid assets	47	17	25	22
Other	(85)	68	(52)	147
Available-for-sale financial assets	560	183	(172)	194

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

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

In first-half 2012, gross changes in fair value principally concern:

- EDF (€487 million, including €500 million for dedicated assets);
- EDF Inc (€(25) million for shares in Exelon);
- CENG (€31 million for the Decommissioning Trust Fund).

Gross changes in fair value transferred to income in first-half 2012 include income of €66 million on conversion of CEG shares into Exelon shares as part of the merger between the two companies, finalised on 12 March 2012.

In first-half 2011, gross changes in fair value principally concerned:

- EDF (€(306) million, including €(170) million for dedicated assets);
- EDF Inc (€69 million for CEG shares);
- CENG (€17 million for the Decommissioning Trust Fund).

20.4.2 HEDGING INSTRUMENTS

Changes during the period in the fair value of hedging instruments included in equity (EDF share) are detailed below:

<i>(in millions of Euros)</i>	30/6/2012			30/6/2011		
	Gross changes in fair value recorded in equity ⁽¹⁾	Gross changes in fair value transferred to income - Recycling ⁽²⁾	Gross changes in fair value transferred to income - Ineffectiveness	Gross changes in fair value recorded in equity ⁽¹⁾	Gross changes in fair value transferred to income - Recycling ⁽²⁾	Gross changes in fair value transferred to income - Ineffectiveness
Interest rate hedging	(24)	-	(1)	(21)	-	-
Exchange rate hedging	21	53	9	(375)	(199)	3
Net foreign investment hedging	(729)	-	-	740	-	-
Commodity hedging	(417)	(294)	-	(214)	(109)	-
Hedging instruments	(1,149)	(241)	8	130	(308)	3

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

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

21 PROVISIONS

21.1 BREAKDOWN BETWEEN CURRENT AND NON-CURRENT PROVISIONS

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

(in millions of Euros)	Notes	30/6/2012			31/12/2012		
		Current	Non-current	Total	Current	Non-current	Total
Provisions for back-end nuclear cycle	21.2	1,053	17,746	18,799	1,302	17,528	18,830
Provisions for decommissioning and last cores	21.2	237	19,519	19,756	173	19,670	19,843
Provisions related to nuclear generation	21.2	1,290	37,265	38,555	1,475	37,198	38,673
Provisions for decommissioning of non-nuclear facilities		45	1,024	1,069	41	809	850
Provisions for employee benefits	21.4	974	16,287	17,261	940	14,611	15,551
Other provisions	21.5	1,361	1,868	3,229	1,606	1,338	2,944
Total provisions		3,670	56,444	60,114	4,062	53,956	58,018

21.2 PROVISIONS RELATED TO NUCLEAR GENERATION – BACK-END NUCLEAR CYCLE, PLANT DECOMMISSIONING AND LAST CORES

In the first half of 2012, the movement in provisions for back-end nuclear cycle, provisions for decommissioning and provisions for last cores breaks down as follows:

(in millions of Euros)	31/12/2011	Increases	Decreases		Other movements	30/6/2012
			Utilisations	Reversals		
Provisions for spent nuclear fuel management	11,530	422	(323)	(92)	(63)	11,474
Provisions for long-term radioactive waste management	7,300	177	(144)	(8)	-	7,325
Provisions for back-end nuclear cycle	18,830	599	(467)	(100)	(63)	18,799
Provisions for nuclear plant decommissioning	16,430	311	(100)	-	(290)	16,351
Provisions for last cores	3,413	82	-	-	(90)	3,405
Provisions for decommissioning and last cores	19,843	393	(100)	-	(380)	19,756
Provisions related to nuclear generation	38,673	992	(567)	(100)	(443)	38,555

Other changes in provisions related to nuclear generation reflect the change in amounts reimbursable by the NLF and the British government for coverage of EDF Energy's long-term nuclear obligations, totalling €(309) million, including €(608) million resulting from the 7-year extension to the nuclear plants' operating lifetime in first-half 2012.

The breakdown of provisions by company is shown below:

<i>(in millions of Euros)</i>	EDF	EDF Energy	CENG	Other entities	Total
Provisions for spent nuclear fuel management	9,081	2,391	-	2	11,474
Provisions for long-term radioactive waste management	6,744	581	-	-	7,325
Provisions for back-end nuclear cycle at 30 June 2012	15,825	2,972	-	2	18,799
Provisions for back-end nuclear cycle at 31 December 2011	15,865	2,962	-	3	18,830
Provisions for nuclear plant decommissioning	11,571	4,115	505	160	16,351
Provisions for last cores	2,071	1,285	49	-	3,405
Provisions for decommissioning and last cores at 30 June 2012	13,642	5,400	554	160	19,756
Provisions for decommissioning and last cores at 31 December 2011	13,378	5,791	519	155	19,843

The decline in EDF Energy's provisions for decommissioning and last cores over first-half 2012 results from the 7-year extension to its nuclear plants' operating lifetime (€(608) million for decommissioning and €(146) million for last cores).

21.3 NUCLEAR PROVISIONS IN FRANCE

The measurement of provisions for the back-end of the nuclear cycle, nuclear plant 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.

For permanently shut-down nuclear power plants (UNGG power plants, Creys-Malville, Brennilis and Chooz A), the provision is based on contractor quotes (costs and schedules) last updated in 2008. Re-examination of these quotes should be finalised during the second half of 2012.

The discount rate and calculation method used for provisions are identical to those used at 31 December 2011. The regulatory ceiling and factors concerning the sensitivity of provisions to assumptions are also unchanged.

The corresponding expenses are measured under the economic conditions at 30 June 2012 and spread over a forecast disbursement schedule. A provision is booked equivalent to the discounted value (EDF applies a nominal discount rate of 5% in calculating its provisions, together with assumed inflation of 2%, resulting in an effective rate of close to 3%).

<i>(in millions of Euros)</i>	30/6/2012		31/12/2011	
	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
Spent fuel management	14,891	9,081	14,844	9,143
Long-term radioactive waste management	24,006	6,744	23,801	6,722
Back-end nuclear cycle expenses	38,897	15,825	38,645	15,865
Decommissioning provisions for nuclear power plants	21,244	11,571	21,108	11,366
Provisions for last cores	3,941	2,071	3,888	2,012
Provision for decommissioning and last cores	25,185	13,642	24,996	13,378

21.4 EMPLOYEE BENEFITS

21.4.1 EDF group

<i>(in millions of Euros)</i>	30/6/2012	31/12/2011
Provision for employee benefits - current portion	974	940
Provision for employee benefits - non-current portion	16,287	14,611
Provision for employee benefits	17,261	15,551

21.4.1.1 Breakdown of the change in the provision

<i>(in millions of Euros)</i>	Obligations	Fund assets	Obligations net of fund assets	Unrecognised past service cost	Provision in the balance sheet
Balance at 31/12/2011	28,267	(12,594)	15,673	(122)	15,551
Net expense for first-half 2012	1,157	(316)	841	7	848
Change in actuarial gains and losses	1,841	(306)	1,535	-	1,535
Employer's contributions to funds	-	(179)	(179)	-	(179)
Employees' contributions to funds	10	(10)	-	-	-
Benefits paid	(682)	115	(567)	-	(567)
Unvested past service cost	-	-	-	-	-
Translation adjustment	233	(186)	47	-	47
Changes in scope of consolidation	34	-	34	-	34
Other movements	18	(27)	(9)	1	(8)
Balance at 30/6/12	30,878	(13,503)	17,375	(114)	17,261

21.4.1.2 Post-employment and long-term employee benefit expenses

<i>(in millions of Euros)</i>	30/6/2012
Current service cost	(371)
Interest expense (discount effect)	(691)
Expected return on fund assets	316
Past service cost	(7)
Change in actuarial gains and losses – long-term benefits	(96)
Effect of plan curtailment or settlement	1
Post-employment and other long-term employee benefit expenses	(848)
including:	
Operating expense	(473)
Financial expense	(375)

21.4.1.3 Provision by operating segment

(in millions of Euros)

	France	United Kingdom	Italy	Other international	Other activities	Total
Obligations at 31/12/2011	21,454	6,027	37	462	287	28,267
Net expense for first-half 2012	884	244	2	17	10	1,157
Change in actuarial gains and losses	1,482	316	1	-	42	1,841
Employer's contributions to funds	-	-	-	-	-	-
Employees' contributions to funds	-	10	-	-	-	10
Benefits paid	(571)	(95)	(1)	(11)	(4)	(682)
Unvested past service cost	-	-	-	-	-	-
Translation adjustment	-	222	-	10	1	233
Changes in scope of consolidation	-	-	17	6	11	34
Other movements	-	(3)	(2)	(3)	26	18
Obligations at 30/6/2012	23,249	6,721	54	481	373	30,878
Fair value of fund assets	(7,667)	(5,478)	-	(195)	(163)	(13,503)
Unrecognised past service cost	(111)	-	-	(2)	(1)	(114)
Provision for employee benefits at 30/6/2012	15,471	1,243	54	284	209	17,261

(in millions of Euros)

	France	United Kingdom	Italy	Other International	Other Activities	Total
Obligations at 31/12/2011	21,454	6,027	37	462	287	28,267
Fair value of fund assets	(7,306)	(4,978)	-	(181)	(129)	(12,594)
Unrecognised past service cost	(117)	-	-	(3)	(2)	(122)
Provision for employee benefits at 31/12/2011	14,031	1,049	37	278	156	15,551

21.4.2 France

The "France" segment mainly comprises EDF and ERDF, almost all of the employees of these companies benefit from IEG status including the special pension system and other IEG benefits.

21.4.2.1 Details of changes in the provision

(in millions of Euros)

	Obligations	Fund assets	Obligations net of fund assets	Unrecognised past service cost	Provision in the balance sheet
Balances at 31/12/2011	21,454	(7,306)	14,148	(117)	14,031
Net expense for first-half 2012	884	(176)	708	6	714
Change in actuarial gains and losses	1,482	(185)	1,297	-	1,297
Employer's contributions to funds	-	(10)	(10)	-	(10)
Employees' contributions to funds	-	-	-	-	-
Benefits paid	(571)	10	(561)	-	(561)
Unvested past service cost	-	-	-	-	-
Other movements	-	-	-	-	-
Balances at 30/6/2012	23,249	(7,667)	15,582	(111)	15,471

The change in actuarial gains and losses mainly relates to the 0.5 point decline in the discount rate for long-term commitments to employees, which is 4.5% at 30 June 2012 (5.0% at 31 December 2011).

21.4.2.2 Post-employment and long-term employee benefit expenses

	30/6/2012
<i>(in millions of Euros)</i>	
Current service cost	(255)
Interest expense (discount effect)	(534)
Expected return on fund assets	176
Past service cost	(6)
Change in actuarial gains and losses – long-term benefits	(95)
Effect of plan curtailment or settlement	-
Net post-employment and other long-term employee benefit expenses	(714)
including:	
Operating expense	(356)
Financial expense	(358)

21.4.2.3 Actuarial assumptions

(%)	30/6/2012	31/12/2011
Discount rate	4.50%	5.00%
Expected return on fund assets	4.70%	4.70%
Wage increase rate	2.00%	2.00%

In France, the discount rate for long-term obligations to employees is determined based on the return on a government bond of comparable duration - the 2035 French Treasury bond, which has a duration of 14 years consistent with the duration of employee benefit obligations - plus a spread calculated on the leading nonfinancial companies, also over a comparable duration.

The Group revised the discount rate to 4.5% for first-half 2012 as a result of this method.

21.4.3 United Kingdom

21.4.3.1 Details of the change in the provision

<i>(in millions of Euros)</i>	Obligations	Fund assets	Obligations net of fund assets	Unrecognised past service cost	Provision in the balance sheet
Balances at 31/12/2011	6,027	(4,978)	1,049	-	1,049
Net expense for first-half 2012	244	(130)	114	-	114
Change in actuarial gains and losses	316	(118)	198	-	198
Employer's contributions to funds	-	(156)	(156)	-	(156)
Employees' contributions to funds	10	(10)	-	-	-
Benefits paid	(95)	95	-	-	-
Unvested past service cost	-	-	-	-	-
Translation adjustment	222	(182)	40	-	40
Changes in scope of consolidation	-	-	-	-	-
Other movements	(3)	1	(2)	-	(2)
Balances at 30/6/2012	6,721	(5,478)	1,243	-	1,243

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

(in millions of Euros)

	30/6/2012
Current service cost	(100)
Interest expense (discount effect)	(144)
Expected return on fund assets	130
Effect of plan curtailment or settlement	-
Post-employment and other long-term employee benefit expenses	(114)
including:	
Operating expense	(100)
Financial expense	(14)

21.4.3.3 Actuarial assumptions

(%)	30/6/2012	31/12/2011
Discount rate	4.40%	4.70%
Expected return on fund assets	5.10%	5.10%
Wage increase rate	4.60%	4.70%

21.5 OTHER PROVISIONS AND CONTINGENT LIABILITIES

21.5.1 OTHER PROVISIONS

Details of changes in other provisions are as follows:

	31/12/2011	Increases	Decreases		Changes in scope	Other changes	30/6/2012
			Utilisations	Reversals			
(in millions of Euros)							
Provisions for contingencies related to investments	194	-	-	(18)	-	(2)	174
Provisions for tax liabilities	266	24	(2)	-	148	1	437
Provisions for litigation	563	6	(12)	(36)	71	2	594
Provisions for onerous contracts	768	18	(117)	-	-	16	685
Other provisions	1,153	606	(469)	(45)	179	(85)	1,339
Other provisions	2,944	654	(600)	(99)	398	(68)	3,229

Provisions for onerous contracts include the fair value of:

- British Energy sales contracts, amounting to €53 million at 30 June 2012 (€130 million at 31 December 2011);
- CENG sales contracts amounting to €494 million at 30 June 2012 (€491 million at 31 December 2011).

At 30 June 2012, other provisions include provisions of €574 million for greenhouse gas emission quotas and renewable energy certificates (€466 million at 31 December 2011).

21.5.2 CONTINGENT LIABILITIES

The main changes during the first half-year of 2012 compared to the contingent liabilities reported in note 45 to the consolidated financial statements for 2011 are as follows:

21.5.2.1 *Arbitration request by the Baden-Württemberg region / EnBW*

On 22 February 2012 EDF International received a request for arbitration filed with the International Chamber of Commerce by the German company Neckarpri GmbH, the vehicle for the Baden-Württemberg region's acquisition of the EDF group's stake in EnBW, which was agreed on 6 December 2010 and completed on 17 February 2011.

Neckarpri claims that the price paid for the EDF group's investment in EnBW was excessive and therefore constitutes illegal State aid. On those grounds, it is claiming reimbursement of the allegedly excess portion of the price. This was initially estimated at €2 billion in the request for arbitration, but was re-estimated at €840 million on 11 July 2012 in a new independent report on the valuation of EnBW commissioned by Baden-Württemberg. Should the reimbursement claim be rejected, as an alternative Neckarpri is seeking cancellation of the sale of the EDF group's stake in EnBW.

EDF considers this claim unfounded and a misuse of law, and intends to sue for damages for all the kinds of prejudices caused by this action.

21.5.2.2 *General Network – Rejection of the European Commission's appeal*

On 15 December 2009 the European Union Court cancelled the European Commission's decision of 16 December 2003 that had classified the tax treatment of provisions created for the renewal of the General Network at the time of EDF's capital increase in 1997 as state aid, and ordered repayment to the French State of the discounted value, i.e. €1,224 million (paid by EDF in February 2004). The State therefore reimbursed this amount to EDF on 30 December 2009, then in February 2010 the European Commission filed an appeal before the Court of Justice of the European Union.

On 5 June 2012, the Court of Justice of the European Union issued a decision rejecting the European Commission's appeal and upheld the European Union Court's decision of 15 December 2009.

21.5.2.3 *ERDF – Action against TURPE 3 tariff decisions*

On 17 August 2009, a claim was filed with the French Council of State by certain energy market players, seeking cancellation of the TURPE3 tariff decisions of 5 May and 5 June 2009.

The Council of State gave a decision on 28 March 2012 which confirmed the validity of the procedure for adopting TURPE 3. However, before delivering a judgment on the substance of the case, it has requested an independent expert's opinion, in particular on the method used to determine the weighted average cost of capital.

21.5.2.4 *Edison mandatory tender offer – Appeal of Carlo Tassara*

Carlo Tassara S.p.A., Edison's largest minority shareholder, initiated action on 12 July 2012 before the Lazio (Rome) Regional Administrative Court, seeking an increase in the price of the mandatory tender offer for Edison shares launched by TdE. Carlo Tassara is also petitioning for suspension of the CONSOB's decision of 3 May 2012 allowing TdE to launch the offer at the price of €0.89 per share, and therefore suspension of the offer currently in process. At the court hearing on the question of suspension held on 25 July 2012, the court rejected the petition for suspension as the CONSOB had not given any decision in response to Carlo Tassara's application for an increase in the offer price (see below). A further hearing has therefore been scheduled for 30 August 2012. Whatever the court decides regarding suspension, its decision regarding the question of the €0.89 offer price is not expected to be issued before late 2012 at the soonest.

In parallel, on 31 May 2012 Carlo Tassara submitted an application to the CONSOB for an increase in the price of the mandatory tender offer. The deadline for the CONSOB's reply is 3 August 2012.

22 SPECIAL FRENCH PUBLIC ELECTRICITY DISTRIBUTION CONCESSION LIABILITIES

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

<i>(in millions of Euros)</i>	30/6/2012	31/12/2011
Value in kind of assets	40,861	40,307
Unamortised financing by the operator	(19,774)	(19,383)
Rights in existing assets - net value	21,087	20,924
Amortisation of financing by the grantor	10,210	9,923
Provisions for renewal	10,777	10,922
Rights in assets to be replaced	20,987	20,845
Special French public electricity distribution concession liabilities	42,074	41,769

The valuation methods for special concession liabilities are identical to those presented in the notes to the 2011 consolidated financial statements, particularly note 1.3.2.6, 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.

23 CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

23.1 BREAKDOWN BETWEEN CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

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

	30/6/2012			31/12/2012		
<i>(in millions of Euros)</i>	Non-current	Current	Total	Non-current	Current	Total
Loans and other financial liabilities	45,364	14,686	60,050	41,989	8,045	50,034
Negative fair value of derivatives held for trading	-	3,928	3,928	-	3,433	3,433
Negative fair value of hedging derivatives	746	1,453	2,199	699	1,311	2,010
Financial liabilities	46,110	20,067	66,177	42,688	12,789	55,477

€2,005 million of the rise in the current portion of loans and other financial liabilities over first-half 2012 relates to TdE and Edison.

23.2 LOANS AND OTHER FINANCIAL LIABILITIES

23.2.1 CHANGES IN LOANS AND OTHER FINANCIAL LIABILITIES

	Bonds	Loans from financial institutions	Other financial liabilities	Loans related to finance leased assets	Accrued Interest	Total
<i>(in millions of Euros)</i>						
Balances at 31/12/2011	37,524	5,481	5,567	371	1,091	50,034
Increases	3,943	806	3,729	2	130	8,610
Decreases	(536)	(1,272)	(289)	-	(38)	(2,135)
Translation adjustments	359	41	73	-	1	474
Changes in scope of consolidation	944	1,656	152	23	2	2,777
Other changes ⁽¹⁾	342	(29)	(23)	19	(19)	290
Balances at 30/6/2012	42,576	6,683	9,209	415	1,167	60,050

(1) Other changes in loans and financial liabilities correspond to fair value changes amounting to €358 million.

During the first half of 2012, EDF received the funds from the following bond issues:

- €2 billion from a 10-year bond with annual coupon of 3.875%, on 18 January 2012;
- €1 billion from a 15-year bond with coupon of 4.125%, and £500 million from a 25-year bond with coupon of 5.5%, on 27 March 2012.

23.2.2 MATURITY OF LOANS AND OTHER FINANCIAL LIABILITIES

<i>(in millions of Euros)</i>	Bonds	Loans from financial institutions	Other financial liabilities	Loans related to finance-leased assets	Accrued Interest	Total
Less than one year	1,968	3,028	8,483	40	1,167	14,686
From one to five years	11,939	1,546	332	111	-	13,928
More than five years	28,669	2,109	394	264	-	31,436
Loans and other financial liabilities at 30 June 2012	42,576	6,683	9,209	415	1,167	60,050

23.2.3 CREDIT LINES

At 30 June 2012, the Group has credit lines with various banks totalling €9,128 million (€10,179 million at 31 December 2011).

<i>(in millions of Euros)</i>	Total	30/6/2012			31/12/2011
		Maturity			Total
		< 1 year	1 - 5 years	> 5 years	
Confirmed credit lines	9,128	1,310	7,812	6	10,179

The change in credit lines during first-half 2012 includes a favourable €234 million effect resulting from full consolidation of Edison from 24 May 2012.

23.3 NET INDEBTEDNESS

<i>(in millions of Euros)</i>	Notes	30/6/2012	31/12/2011
Loans and other financial liabilities	23.2	60,050	50,034
Derivatives used to hedge liabilities		(1,149)	(834)
Cash and cash equivalents		(4,920)	(5,743)
Liquid assets	16.2.2	(13,062)	(9,024)
Loan to RTE	15.1.2	(1,203)	(1,400)
Net indebtedness of assets held for sale		-	252
Net indebtedness		39,716	33,285

The takeover of Edison, resulting in full consolidation of Edison and TdE, led to a €2,390 million increase in the EDF Group's net indebtedness (see note 3.1.6).

24 OTHER LIABILITIES

Details of other liabilities are as follows

<i>(in millions of Euros)</i>	30/6/2012	31/12/2011
Advances and progress payments received	6,349	6,696
Liabilities related to property, plant and equipment	1,796	2,404
Tax and social charges	7,359	7,102
Deferred income	5,739	5,935
Other	2,850	2,752
Other liabilities	24,093	24,889
Non-current portion	4,803	4,989
Current portion	19,290	19,900

Advances and progress payments received at 30 June 2012 include monthly standing order payments by EDF's residential and business customers amounting to €5,419 million (€5,239 million at 31 December 2011).

Tax and social charges at 30 June 2012 mainly include an amount of €632 million for CSPE income to be collected by EDF on energy delivered but not yet billed (€579 million at 31 December 2011).

EDF's deferred income at 30 June 2012 comprises €2,810 million (€2,814 million at 31 December 2011) of partner advances made under the nuclear plant financing plans. This includes an advance of €518 million paid by the Enel group under the industrial partnership agreement for the Flamanville EPR (€513 million at 31 December 2011). This advance is subject to specific contractual conditions that allow Enel to withdraw its financial and operational contribution from the project in certain circumstances, in which case the EDF group would be obliged to repay the advance.

Since 2010, deferred income has also included the advance paid to the EDF group under the agreement with the Exeltium consortium.

25 OFF BALANCE SHEET COMMITMENTS

25.1 COMMITMENTS GIVEN

<i>(in millions of Euros)</i>		30/6/2012	31/12/2011
Operating contract performance commitments	25.1.1	20,986	19,791
Investment commitments given	25.1.2	984	629
Financing commitments given	25.1.3	4,411	3,906

Purchase commitments for commodities, energy and nuclear fuels amount to €39,928 million at 31 December 2011. Apart from the effect of full consolidation of Edison, there was no significant variation in the first half of 2012.

25.1.1 OPERATING CONTRACT PERFORMANCE COMMITMENTS GIVEN

At 30 June 2012, these commitments comprise the following:

<i>(in millions of Euros)</i>	30/6/2012	31/12/2011
Satisfactory performance, completion and bid guarantees	560	566
Commitments related to orders for operating items	4,807	4,354
Commitments related to orders for fixed assets	11,699	12,083
Other operating commitments	3,920	2,788
Operating contract performance commitments given	20,986	19,791

The change in off balance sheet commitments observed over the first half of 2012 mainly includes the effect of the change to full consolidation for Edison since 24 May 2012.

25.1.2 INVESTMENT COMMITMENTS GIVEN

Commitments related to investments are as follows:

<i>(in millions of Euros)</i>	30/6/2012	31/12/2011
Investment commitments	948	427
Other commitments related to Group investments	36	202
Investment commitments given	984	629

The mandatory tender offer launched by the Group on 2 July 2012 to minority shareholders of Edison generates an investment commitment of €893 million in the half-year consolidated financial statements at 30 June 2012.

Investment commitments at 31 December 2011 included the commitment to purchase EnBW's holdings in Polish entities for €301 million. The Group undertook these purchases on 16 February 2012.

25.1.3 FINANCING COMMITMENTS GIVEN

Guarantees of borrowings by the Group at 30 June 2012 comprise the following:

<i>(in millions of Euros)</i>	30/6/2012	31/12/2011
Security interests in real property	3,826	3,449
Guarantees related to borrowings	246	158
Other financing commitments	339	299
Financing commitments given	4,411	3,906

25.2 COMMITMENTS RECEIVED

The commitments received reported below do not include the credit lines presented in note 23.2.3 and electricity supply commitments.

<i>(in millions of Euros)</i>	30/6/2012	31/12/2011
Operating commitments received	1,826	1,871
Investment commitments received	18	18
Financing commitments received	242	239

26 EDF'S DEDICATED ASSETS PORTFOLIO

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

The key features of this portfolio, the principles governing its management and the applicable regulations are presented in note 48 to the financial statements at 31 December 2011.

Dedicated assets are included in EDF's consolidated financial statements at the following values:

<i>(in millions of Euros)</i>	Balance sheet presentation	30/6/2012	31/12/2011
Equities		6,688	5,801
Debt instruments and cash portfolio		7,407	7,510
Dedicated assets – equities and debt instruments	Available-for-sale financial assets	14,095	13,311
Currency/equity hedging derivatives	Fair value of hedging derivatives	-	(22)
Other		-	2
Total diversified investments (bonds and equities)		14,095	13,291
RTE (50% of the Group's investment) ⁽¹⁾	Investments in associates	2,371	2,310
Total dedicated assets		16,466	15,601

(1) The value of RTE shares allocated to dedicated assets at 31 December 2011 has been adjusted for the €(58) million impact of the change in accounting method for actuarial gains and losses on post-employment benefits.

Allocations to the dedicated assets portfolio were suspended in October 2011 but resumed in January 2012, and the cash allocation to the dedicated assets portfolio for first-half 2012 amounts to €366 million (€210 million in first-half 2011).

At 30 June 2012, the difference between the fair value and acquisition cost of diversified equity and bond instruments included in equity is a positive €719 million before taxes (€219 million at 31 December 2011).

27 RELATED PARTIES

There have been no significant changes since 31 December 2011 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 Pressurised Reactor) project, contributing to the formation of commitments on fixed asset orders.

Transactions with RTE are presented in note 15.1.

28 SUBSEQUENT EVENTS

28.1 MANDATORY TENDER OFFER BY THE EDF GROUP FOR EDISON SHARES

On 27 June 2012 the Italian market authority CONSOB authorised Transalpina di Energia S.r.l. (TdE), a fully-owned EDF group subsidiary, to launch the mandatory tender offer as announced for the ordinary shares in Edison S.p.A. it does not yet own. This concerns 1,003,045,298 shares representing 19.36% of the capital of Edison and the offer price is €0.89 per share.

The offer opened on 2 July 2012 and will close on 3 August 2012 unless it is extended.

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 includes information relating to the specific verification of information presented in the Group's interim management report. This report should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France.

Electricité de France S.A.

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

Statutory Auditors' Review Report on the interim condensed consolidated financial statements

For the six-month period ended June 30, 2012

To the Shareholders,

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

- the review of the accompanying interim condensed consolidated financial statements of Electricité de France S.A. for the six-month period ended June 30, 2012;
- the verification of information contained in the half-yearly management report.

These interim condensed consolidated financial statements are 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. Consequently this 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 interim condensed consolidated financial statements are not prepared in all material respects in accordance with IAS 34 – the standard of IFRS as adopted by the European Union applicable to interim financial reporting.

Without qualifying our opinion, we draw your attention to the following matters set out in the notes to the interim condensed consolidated financial statements:

- the change in accounting policy set out in note 1.2 related to the accounting for actuarial gains and losses on provisions for post-employment benefits;

- the allocation of the cost of the business combination to identifiable assets acquired and liabilities assumed related to Edison in accordance with IFRS 3 revised, and the methodologies and main assumptions being considered for measurement of those assets and liabilities at fair values, as set out in note 3.1.;
- the shortfall in the collection of the Contribution to the Electricity Public Service Costs (*Contribution au Service Public de l'Electricité*), in continuous increase, amounts to approximately €700 million for the first semester of 2012, for an aggregate amount of €4.5 billion as of June 30th, 2012. As indicated in the assumptions set forth in note 18, the shortfall is accounted for at its nominal value as accrued income, does not bear interest, and the timing of collection is currently expected for 2016;
- the valuation of long-term provisions relating to nuclear electricity production, which results from management's best estimates, as described in notes 21.2 and 21.3. This valuation is sensitive to the assumptions made concerning costs, inflation and long-term discount rates, as well as 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 presented in the half-year management report on the interim condensed consolidated financial statements that were subject to our review. We have no matters to report as to its fair presentation and consistency with the interim condensed consolidated financial statements.

Paris la Défense and Neuilly-sur-Seine on July 30, 2012

The statutory auditors

KPMG Audit
Département de KPMG S.A.

Deloitte & Associés

Bernard Cattenoz

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