

# SUMMARY CORPORATE FINANCIAL STATEMENTS

AT DECEMBER 31, 2007

The information in this report contains the most significant and user-relevant figures only. All the documents, including the full financial statements concerned by the statutory auditors' report, are available on request from the Financial Reporting Division (*Direction de la Communication Financière*) at EDF's head office, 22-30 avenue de Wagram 75382 Paris Cedex 08.

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NB: Most figures in the tables are reported in millions of euros.  
The resulting approximation can lead to slight differences in totals or movements and changes.

# Summary corporate financial statements



## Income statements

<i>(in millions of euros)</i>	2007	2006
Sales	33,638	32,891
Change in and work-in-process	123	173
Capitalized production	276	962
Purchases and other external expenses	(24,473)	(18,465)
Operating subsidies	2,002	1,466
Personnel expenses	(4,677)	(6,698)
Taxes other than income taxes	(2,167)	(2,450)
Depreciation and amortization	(1,723)	(3,123)
Net decrease in provisions	1,649	40
Other operating income and expenses	(197)	(333)
<b>Operating profit</b>	<b>4,451</b>	<b>4,465</b>
Joint operations	24	(4)
<b>Financial result <sup>(1)</sup></b>	<b>219</b>	<b>525</b>
<b>Profit before income taxes and exceptional items</b>	<b>4,694</b>	<b>4,986</b>
<b>Exceptional income and expenses</b>	<b>1,075</b>	<b>2,246</b>
Income tax	(835)	(1,176)
<b>NET PROFIT</b>	<b>4,934</b>	<b>6,055</b>

(1) In 2006, joint operations were included in the financial result at a value of €(4) million.

## Condensed balance sheets

<b>ASSETS</b> (in millions of euros)		December 31, 2007	December 31, 2006
Fixed assets	Intangible assets	778	1,114
	Property, plant and equipment	29,289	66,001
	Investments	48,667	42,650
	<b>Subtotal fixed assets (I)</b>	<b>78,734</b>	<b>109,765</b>
Current assets	Inventories including work-in-process	6,945	5,809
	Advances on orders	412	333
	Trade receivables	13,394	11,439
	Marketable securities	8,456	10,752
	Cash instruments	59	60
	Cash and cash equivalents	913	333
	Prepaid expenses	454	467
<b>Subtotal current assets (II)</b>	<b>30,633</b>	<b>29,193</b>	
	<b>Deferred charges (III)</b>	<b>82</b>	<b>59</b>
	<b>TOTAL ASSETS (I + II + III)</b>	<b>109,449</b>	<b>139,017</b>

<b>EQUITY AND LIABILITIES</b> (in millions of euros)		December 31, 2007	December 31, 2006
Equity and concession accounts	Capital	911	911
	Share issue and merger premiums	6,135	6,135
	Reserves and revaluation surplus	739	749
	Retained earnings	4,232	290
	Profit or loss for the financial year	4,934	6,055
	Interim dividend	(1,057)	-
	Investment subsidies	47	84
	Tax-regulated provisions	7,197	7,929
	<b>Subtotal equity</b>	<b>23,138</b>	<b>22,155</b>
	Special concession accounts	2,049	26,208
	<b>Subtotal (I)</b>	<b>25,187</b>	<b>48,363</b>
	<b>Provisions (II)</b>	<b>40,721</b>	<b>51,181</b>
Liabilities	Loans and financial liabilities	15,834	12,917
	Advances and payments on account received	3,330	3,250
	Operating, investment and other liabilities	20,277	19,085
	Cash instruments	229	297
	Deferred income	3,712	3,787
	<b>Subtotal liabilities (III)</b>	<b>43,382</b>	<b>39,337</b>
	<b>Unrealized foreign exchange gains (IV)</b>	<b>159</b>	<b>137</b>
	<b>TOTAL EQUITIES AND LIABILITIES (I + II + III + IV)</b>	<b>109,449</b>	<b>139,017</b>



## Cash flow statements

<i>(in millions of euros)</i>	2007	2006
<b>Operating activities:</b>		
Profit / (loss) before income tax	5,769	7,232
Amortization, depreciation and provisions	260	3,172
Capital (gains) / losses	(441)	(2,039)
Financial (income) and expenses	(795)	(604)
Changes in working capital	(381)	1,093
<b>Net cash flows from operating activities</b>	<b>4,412</b>	<b>8,853</b>
Net financial expenses including dividends	653	642
Income taxes paid	(1,392)	(918)
Payment related to dismantling of the Marcoule site	-	(551)
<b>Net cash flow from operations</b>	<b>(A) 3,673</b>	<b>8,026</b>
<b>Investing activities:</b>		
Purchases of property, plant and equipment and intangible assets	(2,103)	(3,233)
Sales of investments	233	129
Changes in financial assets	2,386	(8,618)
<b>Net cash flows used in investing activities</b>	<b>(B) 516</b>	<b>(11,722)</b>
<b>Financing activities:</b>		
Issuance of borrowings and underwriting agreements	4,869	2,291
Repayment of borrowings	(4,735)	(1,634)
Dividends paid	(3,171)	(1,439)
Increase in special concession accounts	12	201
Investment subsidies	3	30
<b>Net cash flows from financing activities</b>	<b>(C) (3,022)</b>	<b>(551)</b>
<b>Net increase / (decrease) in cash and cash equivalents*</b>	<b>(A) + (B) + (C) 1,167</b>	<b>(4,246)</b>
<b>Cash and cash equivalents - opening balance*</b>	<b>(417)</b>	<b>3,838</b>
Effect of currency fluctuations	1	(18)
Cash transferred to ERDF	(1,491)	(0)
Financial income on cash and cash equivalents	(67)	9
<b>CASH AND CASH EQUIVALENTS - CLOSING BALANCE *</b>	<b>(807)</b>	<b>(417)</b>

\* "Cash and cash equivalents - opening balance" and "Cash and cash equivalents - closing balance" do not include investment funds or negotiable debt instruments maturing in more than three months.  
Details of the variation in cash and cash equivalents are presented in note 3.

# 1

## Main differences between the accounting policies and presentation formats used for EDF's corporate financial statements and the consolidated financial statements



Pursuant to European regulation 1606/2002 of July 19, 2002 on the adoption of international accounting standards, the EDF Group's consolidated financial statements for the year ended December 31, 2007 are prepared under the international accounting standards published by the IASB and approved by the European Union for application at December 31, 2007. These international standards are IAS (International Accounting Standards), IFRS (International Financial Reporting Standards), and interpretations issued by the SIC and IFRIC.

EDF's corporate financial statements are prepared in accordance with the accounting principles and methods defined by the French national chart of accounts, as presented by CRC regulation 99-03 of April 29, 1999 with additions in subsequent regulations.

# 2

## Significant events and transactions of 2007 with an impact on the financial statements



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## 2.1 Transfer of the electricity distribution activity to a subsidiary

In application of law 2006-1537 of December 7, 2006 on the energy sector, EDF proceeded to the legal separation of its Distribution activity covering mainland France. To this end, it signed a partial business transfer agreement (governed by the French laws on demergers) on June 25, 2007 with C6, a company owned 99.99% by EDF. This company has now been renamed Electricité Réseau Distribution France (ERDF) after modification of its by-laws. An amendment to the agreement was signed on November 7, 2007.

The business transfer was approved by the shareholders of EDF at an extraordinary meeting on December 20, 2007 and the shareholders of C6 at the shareholders' meeting on December 21, 2007.

The transfer took place on December 31, 2007, with retroactive effect to January 1, 2007 for accounting purposes.

Under the terms of the agreement, EDF transferred to C6 all its assets, licenses, rights and obligations related to EDF's activity as manager of the electricity distribution network in mainland France, as defined by article 210 B of the French tax code.

In accordance with CRC opinion 2004-01, the transfer took place at net book value, and the net value of assets transferred was €2,700 million at January 1, 2007.

Details of the assets transferred at January 1, 2007 are as follows:

<b>ASSETS</b> (in millions of euros)	<b>Net value</b>
Intangible assets	171
Property, plant and equipment	3,191
Property, plant and equipment operated under concession	33,309
Property, plant and equipment: construction in progress	617
Financial assets	10
<b>Total I Fixed assets</b>	<b>37,298</b>
Inventories including work-in-process	32
Trade receivables	3,381
Cash and cash equivalents	1,491
Prepaid expenses	7
<b>Total II Current assets</b>	<b>4,911</b>
<b>TOTAL ASSETS TRANSFERRED</b>	<b>42,209</b>

Details of the liabilities transferred at January 1, 2007 are as follows:

<b>Liabilities</b> (in millions of euros)	<b>Value</b>
Special concession accounts	24,139
<b>Total I Special concession accounts</b>	<b>24,139</b>
Provisions for risks	28
Provisions for expenses	12,284
- renewal of assets operated under concession	10,501
- employee benefits	1,232
- other expenses	551
<b>Total II Provisions for risks and expenses</b>	<b>12,312</b>
<b>Financial liabilities</b>	
Borrowings	
- borrowings from credit institutions	-
- other borrowings	271
- advances received on consumption	-
- other liabilities	54
<b>Advances and payments on account received</b>	<b>124</b>
<b>Operating, investment and other liabilities</b>	
- trade payables	1,817
- tax and social security debts payable	664
- debts related to fixed assets	17
- other liabilities	106
<b>Deferred income</b>	<b>5</b>
<b>Total III Liabilities</b>	<b>3,058</b>
<b>TOTAL LIABILITIES TRANSFERRED</b>	<b>39,509</b>
<b>NET ASSETS TRANSFERRED</b>	<b>2,700</b>

In consideration of the net assets transferred by EDF, the Company received 540,000,000 fully paid-up new shares with par value of €0.50 in the form of a capital increase.

Under the favorable tax treatment applicable to mergers under article 210 A of the French tax code, EDF withdrew the liabilities related to the assets transferred from its balance sheet. A corresponding amount of €699 million of exceptional income was recognised, representing:

- Exceptional depreciation totaling €648 million;
- Subsidies of €39 million received in connection with assets transferred;
- Special revaluation reserves of €4 million related to depreciation assets (law of December 30, 1977);
- Part of the 1976 revaluation reserves (€8 million).

The impacts on EDF's financial statements of this transfer of the distribution activity are reported when significant in the tables contained in the notes to the financial statements:

- Impact on 2006 net income;
- Impact on the balance sheet at January 1, 2007.

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## 2.2 Implementing provisions for French Law 2006-739 of June 28, 2006 on sustainable management of radioactive materials and waste

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The implementing provisions issued in 2007 comprise decree 2007-243 of February 23, 2007, and the decision of March 21, 2007 on the secure financing of nuclear expenses.

The financial statements at December 31, 2007 incorporate the measures contained in these provisions.

The necessary adaptations involve both changes in presentation and changes in estimates for provisions.

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## 2.3 Free share plan for Group employees

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A free share plan (named ACT 2007), potentially concerning close to 3 million shares, was approved at the General Shareholders' Meeting of May 24, 2007. The final conditions for allotment of shares, particularly the list of beneficiaries in the Group companies concerned by this operation and the number of shares to be received by each beneficiary, were defined and approved at the Board of Directors' meeting held on August 30, 2007. The shares will be delivered on August 31, 2009 to

employees who had a contract with the company for the entire vesting period (apart from exceptions as specified in the plan), subject to achievement of performance objectives for the period 2006-2008.

The provision booked totals €233 million, based on the share price at December 31, 2007 (€81.48). The income receivable by EDF from wholly-owned subsidiaries amounts to €105 million.

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## 2.4 Interim dividend

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At the Board of Directors' meeting of November 7, 2007, it was decided to pay interim dividend on November 30, 2007 of €0.58 per share (total distribution: €1,057 million) in respect of 2007.

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## 2.5 Changes in EDF's capital and a new employee offering

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On December 3, 2007, the French State sold 2.5% of EDF's capital to French and international institutional investors.

In application of the last paragraph of article 11 of law 86-912 of August 6, 1986 and article 26 of law 2004-803 of August 9, 2004, the

State decided to make a preferential offer for current and retired employees of EDF and certain French and foreign subsidiaries, applicable to a number of existing shares representing 15% of the total number of shares put on the market, i.e. 0.4% of the capital. The schedule and terms of this employee offering remain to be defined, for implementation in 2008.



# 3

## Variation in cash and cash equivalents reported in the cash flow statement



<i>(in millions of euros)</i>	2007	2006	Variation
Marketable securities	8,461	10,753	(2,292)
Cash and cash equivalents	913	333	580
<b>Subtotal in balance sheet assets</b>	<b>9,374</b>	<b>11,086</b>	<b>(1,712)</b>
Euro investment funds	(1,881)	(4,093)	2,212
Negotiable debt instruments (Euro) maturing after 3 months	(3,823)	(5,607)	1,784
Bonds	(506)	(402)	(104)
Marketable securities (non Euro)	-	(1)	1
Negotiable debt instruments (non Euro) maturing after 3 months	-	(63)	63
Accrued interest on marketable securities maturing after 3 months	(20)	(20)	-
<b>Marketable securities classified as financial assets in the cash flow statement</b>	<b>(6,230)</b>	<b>(10,187)</b>	<b>3,957</b>
Purchases of exchange options classified as cash instruments in the balance sheet	10	-	10
Cash advances to subsidiaries (cash pooling agreements) included in "other operating receivables" in the balance sheet	70	-	70
Cash advances from subsidiaries (cash pooling agreements) included in "other operating liabilities" in the balance sheet	(4,031)	(1,316)	(2,715)
<b>Cash and cash equivalents in the cash flow statement</b>	<b>(807)</b>	<b>(417)</b>	<b>(390)</b>
Elimination of the effect of currency fluctuations	-	-	(1)
Elimination of the cash contribution to the Distribution subsidiary	-	-	1,491
Elimination of net financial income on cash and cash equivalents	-	-	67
<b>NET VARIATION IN CASH AND CASH EQUIVALENT: SUBTOTAL A+B+C IN THE CFS</b>	<b>-</b>	<b>-</b>	<b>1,167</b>

"Cash and cash equivalents – opening balance" and "Cash and cash equivalents – closing balance" do not include investment funds or negotiable debt instruments maturing in more than three months.

## 4

## Variation in equity



<i>(in millions of euros)</i>	Capital and capital contributions	Reserves and premiums	Retained earnings	Net income	Investment subsidies received	Tax-regulated provisions	Total equity
<b>At december 31, 2005</b>	<b>911</b>	<b>15,111</b>	<b>( 10,028)</b>	<b>3,532</b>	<b>57</b>	<b>8,065</b>	<b>17,649</b>
Allocation of 2005 net income	-	61	2,032	(2,093)	-	-	-
Allocation of retained earnings to reserves	-	(8,286)	8,286	-	-	-	-
Dividend distribution	-	-	-	(1,439)	-	-	(1,439)
2006 net income	-	-	-	6,055	-	-	6,055
Other changes	-	(1)	-	-	27	(136)	(110)
<b>At december 31, 2006</b>	<b>911</b>	<b>6,884</b>	<b>290</b>	<b>6,055</b>	<b>84</b>	<b>7,929</b>	<b>22,155</b>
Allocation of 2006 net income	-	-	3,942	(3,942)	-	-	-
Dividend distribution	-	-	-	(2,114)	-	-	(2,114)
2007 net income	-	-	-	4,934	-	-	4,934
Interim dividend	-	-	(1,057)	-	-	-	(1,057)
Other changes	-	(10)	-	-	(37)	(733)	(780)
<b>AT DECEMBER 31, 2007</b>	<b>911</b>	<b>6,874</b>	<b>3,175</b>	<b>4,934</b>	<b>47</b>	<b>7,197</b>	<b>23,138</b>

The €983 million variation in equity in 2007 is mainly attributable to the following:

- €(2,114) million for dividend distribution from 2006 net profit as decided at the General Shareholders' Meeting of May 24, 2007 (€1.16 per share, paid on June 4, 2007);
- €(1,057) million for interim dividend distribution from 2007 net profit as decided at the Board of Directors' meeting of November 7, 2007 (€0.58 per share, paid on November 30, 2007);
- €4,934 million of net profit for the year, including €699 million corresponding to reversals of reserves and subsidies no longer needed following the transfer of the distribution activity to a subsidiary;
- €(780) million of changes: €(699) million related to the transfer of the distribution activity to a subsidiary, and €(81) million of other changes.

The €4,506 million variation in equity in 2006 was mainly attributable to the following:

- €(1,439) million for dividend distribution from 2005 net profit as decided at the General Shareholders' Meeting of June 9, 2006 (€0.79 per share, paid on June 20, 2006);
- €6,055 million of net profit for the year;
- €(110) million resulting from €(136) million of net reversals from tax-regulated provisions, and €30 million of subsidies received.

#### Share capital

At December 31, 2007, the share capital amounts to €911,085,545, comprising 1,822,171,090 fully subscribed and paid-up shares with nominal value of €0.50 each, owned 84.8% by the French State, 13.3% by the public (institutional and private investors) and 1.9% by current and retired Group employees.

#### Variation in treasury shares

<i>(in millions of euros)</i>	Gross value at Dec 31, 2006	Increase	Decrease	Reclassification	Gross value at Dec 31, 2007
Treasury shares	1	37	29	-	9
<b>TOTAL</b>	<b>1</b>	<b>37</b>	<b>29</b>	<b>-</b>	<b>9</b>

A total of 124,503 treasury shares held at December 31, 2007 are included in investment securities. These shares were acquired under a liquidity contract with an investment services provider.