



**EDF S.A.**  
**\$5,000,000,000**

consisting of  
**\$1,250,000,000 5.500% Fixed Rate Notes due January 26, 2014**  
**\$2,000,000,000 6.500% Fixed Rate Notes due January 26, 2019**  
**\$1,750,000,000 6.950% Fixed Rate Notes due January 26, 2039**

The 5.500% fixed rate notes due January 26, 2014 (the "Five-Year Notes") will bear interest at a rate of 5.500% per year, the 6.500% fixed rate notes due January 26, 2019 (the "Ten-Year Notes") will bear interest at a rate of 6.500% per year and the 6.950% fixed rate notes due January 26, 2039 (the "Thirty-Year Notes" and, together with the Five-Year Notes and the Ten-Year Notes, the "Notes") will bear interest at a rate of 6.950% per year. Interest on the Notes will be payable semi-annually on January 26 and July 26 of each year, beginning on July 26, 2009.

The Notes will not be redeemable prior to maturity except that we may redeem all of the Notes of any series at a price equal to their principal amount plus accrued and unpaid interest, if any, upon the occurrence of certain changes in applicable tax law.

The Notes will be our senior obligations and will rank equally in right of payment with all of our existing and future senior unsecured indebtedness (save for certain mandatory exceptions provided by French law).

Investing in the Notes involves risks. See "Risk Factors" beginning on page 34 of this offering memorandum.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933 (the "Securities Act") or the securities laws of any other jurisdiction, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. In the United States, the offering is being made only to "qualified institutional buyers" (as defined in Rule 144A under the Securities Act) in reliance on Rule 144A under the Securities Act. Prospective purchasers that are qualified institutional buyers are hereby notified that the initial purchasers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A thereunder. Outside the United States, the offering is being made in reliance on Regulation S under the Securities Act. See "Transfer Restrictions" for additional information about eligible offerees and transfer restrictions.

Price of the \$1,250,000,000 5.500% Notes due 2014: 99.603% plus accrued interest, if any, from January 26, 2009  
Price of the \$2,000,000,000 6.500% Notes due 2019: 99.688% plus accrued interest, if any, from January 26, 2009  
Price of the \$1,750,000,000 6.950% Notes due 2039: 98.551% plus accrued interest, if any, from January 26, 2009

It is expected that the Notes will be delivered to purchasers in book entry form through The Depository Trust Company ("DTC") and through the Euroclear System and Clearstream, Luxembourg (as participants in DTC) on or about January 26, 2009.

*Joint Book-Running Managers*

**Banc of America Securities LLC**

**Barclays Capital**

**BNP PARIBAS**

**HSBC**

**Mitsubishi UFJ Securities CALYON Crédit Agricole CIB Société Générale Corporate & Investment Banking**

**The date of this offering memorandum is January 21, 2009.**

**You should rely only on the information contained or incorporated by reference in this offering memorandum. We have not, and the Initial Purchasers (as defined below) have not, authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. You should assume that the information appearing in this offering memorandum is accurate only as of the date on the front cover of this offering memorandum or, with respect to documents incorporated by reference, as of the date of such documents. Our business, financial condition, results of operations and prospects may have changed since the date of this offering memorandum or, with respect to documents incorporated by reference, since the date of such documents. See “Information Incorporated by Reference.”**

This offering memorandum is confidential. You are authorized to use this offering memorandum solely for the purpose of considering the purchase of the Notes described in this offering memorandum. You may not reproduce or distribute this offering memorandum, in whole or in part, and you may not disclose any of the contents of this offering memorandum or use any information herein for any purpose other than considering a purchase of the Notes. You agree to the foregoing by accepting delivery of this offering memorandum.

**We and Banc of America Securities LLC, Barclays Capital Inc., BNP Paribas Securities Corp., HSBC Securities (USA) Inc., CALYON, Société Générale and Mitsubishi UFJ Securities International plc (the “Initial Purchasers”) reserve the right to withdraw the offering of the Notes at any time or to reject any offer to purchase, in whole or in part, for any reason, or to sell less than all of the Notes offered hereby. This offering memorandum is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire securities.**

**Each investor in the Notes will be deemed to make certain representations, warranties and agreements regarding the manner of purchase and subsequent transfers of the Notes. These representations, warranties and agreements are described in “Transfer Restrictions.”**

The Initial Purchasers have not independently verified any of the information contained herein (financial, legal or otherwise) and make no representation or warranty, expressed or implied, as to the accuracy or completeness of the information contained or incorporated by reference in this offering memorandum, and nothing contained in this offering memorandum is, or shall be relied upon as, a promise or representation by the Initial Purchasers. In making an investment decision, prospective investors must rely on their own examination of the issuer and the terms of the offering, including the merits and risks involved. Neither we, nor the Initial Purchasers, nor any of our or their respective representatives make any representation to any offeree or purchaser of the Notes offered hereby regarding the legality of an investment by such offeree or purchaser under applicable legal investment or similar laws. You should consult with your own advisors as to legal, tax, business, financial and related aspects of a purchase of the Notes. Notwithstanding anything herein to the contrary, prospective investors may disclose to any and all persons, without limitation of any kind, the U.S. federal or state income tax treatment and tax structure of the offering and all materials of any kind (including opinions or other tax analyses) that are provided to the prospective investors relating to such tax treatment and tax structure. However, any information relating to the U.S. federal income tax treatment or tax structure shall remain confidential (and the foregoing sentence shall not apply) to the extent reasonably necessary to enable any person to comply with applicable securities laws. For this purpose, “tax structure” means any facts relevant to the U.S. federal or state income tax treatment of the offering but does not include information relating to the identity of the issuer of the securities, the issuer of any assets underlying the securities, or any of their respective affiliates that are offering the securities.

In this offering memorandum, including the information incorporated by reference herein, we rely on and refer to information and statistics regarding our industry. We obtained this market data from internal surveys, estimates, reports and studies, where appropriate, as well as independent industry publications or other publicly available information. External industry studies generally state that the information contained therein has been obtained from sources believed to be reliable but that the accuracy and completeness of such information is not guaranteed. Although we believe that the external sources are reliable, we have not verified, and make no representations as to, the accuracy and completeness of such information. Similarly, internal surveys, estimates, reports and studies, while believed to be reliable, have not been independently verified, and neither we nor the Initial Purchasers make any representations as to the accuracy of such information.

**IN CONNECTION WITH THE OFFERING, BANC OF AMERICA SECURITIES LLC, ACTING FOR THE BENEFIT OF THE INITIAL PURCHASERS, MAY PURCHASE AND SELL NOTES IN THE OPEN MARKET. THESE TRANSACTIONS MAY INCLUDE OVER-ALLOTMENT, SYNDICATE COVERING**

AND STABILIZING TRANSACTIONS. OVER-ALLOTMENT INVOLVES SALES OF NOTES IN EXCESS OF THE PRINCIPAL AMOUNT OF THE NOTES TO BE PURCHASED IN THE OFFERING, WHICH CREATES A SHORT POSITION. SYNDICATE COVERING INVOLVES PURCHASES OF THE NOTES IN THE OPEN MARKET AFTER THE DISTRIBUTION HAS BEEN COMPLETED IN ORDER TO COVER SHORT POSITIONS CREATED. STABILIZING TRANSACTIONS CONSIST OF CERTAIN BIDS OR PURCHASES OF NOTES MADE FOR THE PURPOSE OF PEGGING, FIXING OR MAINTAINING THE PRICE OF THE NOTES. ANY STABILIZATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE RELEVANT STABILIZING MANAGER(S) (OR PERSON(S) ACTING ON BEHALF OF ANY STABILIZING MANAGER(S)) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

**IN CONNECTION WITH THIS OFFERING, THE INITIAL PURCHASERS ARE NOT ACTING FOR ANYONE OTHER THAN THE ISSUER AND WILL NOT BE RESPONSIBLE TO ANYONE OTHER THAN THE ISSUER FOR PROVIDING THE PROTECTIONS AFFORDED TO THEIR CLIENTS NOR FOR PROVIDING ADVICE IN RELATION TO THE OFFERING.**

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The distribution of this offering memorandum and the offering and sale of the Notes in certain jurisdictions may be restricted by law. We and the Initial Purchasers require persons into whose possession this offering memorandum comes to inform themselves about and to observe any such restrictions. This offering memorandum does not constitute an offer of, or an invitation to purchase, any of the Notes in any jurisdiction in which such offer or sale would be unlawful.

#### **NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED STATES**

**Neither the Securities and Exchange Commission (“SEC”) nor any state securities commission has approved or disapproved of these securities or determined if this offering memorandum is truthful or complete. Any representation to the contrary is a criminal offense.**

The Notes are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and any applicable state securities laws pursuant to registration or exemption therefrom. As a prospective purchaser, you should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time. Please refer to the sections in this offering memorandum entitled “Plan of Distribution” and “Transfer Restrictions.”

#### **NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY**

**NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES (“RSA”) WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT ANY EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.**

#### **NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM**

This offering memorandum is for distribution within the United Kingdom only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the “Financial Promotion Order”) or (ii) are persons falling within Article 49(2)(a) to (d) of the Financial Promotion Order (high net worth companies, unincorporated associations, etc.) (all such persons together being referred to as “Relevant Persons”). This offering memorandum is directed only at Relevant Persons and must not be acted on or relied

on by persons who are not Relevant Persons. Any investment or investment activity to which this document relates is available only to Relevant Persons and will be engaged in only with Relevant Persons.

#### **NOTICE TO PROSPECTIVE INVESTORS IN THE EUROPEAN ECONOMIC AREA**

This offering memorandum and any other offering material relating to the Notes have been prepared on the basis that any offer of Notes in any Member State of the European Economic Area (“EEA”) which has implemented the Prospectus Directive (2003/71/EC) (each, a “**Relevant Member State**”) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly, any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of the offering contemplated in this offering memorandum may only do so in circumstances in which no obligation arises for the Issuer or any of the Initial Purchasers to publish a prospectus pursuant to Article 3 of the Prospectus Directive in relation to such offer. Neither the Issuer nor the Initial Purchasers have authorized, nor do they authorize, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or the Initial Purchasers to publish a prospectus for such offer.

#### **NOTICE TO PROSPECTIVE INVESTORS IN FRANCE**

This offering memorandum and any other offering material relating to the Notes have not been prepared in the context of a public offering in France within the meaning of Article L.411-1 of the *Code monétaire et financier* and Title I of Book II of the *Règlement général* of the *Autorité des marchés financiers* (the “AMF”) and therefore have not been submitted for clearance to the AMF or to the competent authority of another member state of the European Economic Area and notified to the AMF and each of the Initial Purchasers agrees that the Notes are being issued outside of France. The Notes are not being offered or sold, directly or indirectly, to the public in France and this offering memorandum and any other offering material relating to the Notes have not been and will not be distributed or caused to be distributed to the public in France or used in connection with any offer to the public in France. Such offers, sales and distributions of the Notes in France will be made only to (i) providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*) and/or (ii) qualified investors (*investisseurs qualifiés*), all as defined in, and in accordance with, Articles L.411-1, L.411-2, D.411-1, D.411-2, D.734-1, D.744-1, D.754-1 and D.764-1 of the French *Code monétaire et financier*. No direct or indirect distribution of any Notes so acquired shall be made to the public in France other than in compliance with applicable laws and regulations pertaining to a public offering (and in particular Articles L.411-1, L.411-2 and L.621-8 of the *Code monétaire et financier*).

#### **NOTICE TO PROSPECTIVE INVESTORS IN HONG KONG**

**WARNING** – The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to this offer. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

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## CERTAIN DEFINITIONS

In this offering memorandum, unless the context otherwise requires, “EDF”, the “Company”, the “Issuer” and “Electricité de France” refer to EDF S.A., whereas “EDF Group”, “the Group”, “we”, “us” and “our” refer to EDF S.A. and its subsidiaries and shareholdings.

## INFORMATION INCORPORATED BY REFERENCE

In addition to the information contained in this offering memorandum, we incorporate by reference herein the documents listed below:

- The English translation of EDF’s *Rapport Financier Semestriel* as of June 30, 2008 (the “**June 2008 Half-Year Financial Report**”); the June 2008 Half-Year Financial Report, as incorporated by reference herein, includes the unaudited condensed consolidated financial statements of the EDF Group as of June 30, 2008 (the “**Unaudited Interim Consolidated Financial Statements**”);
- The English translation of EDF’s *Document de Référence* for the year ended December 31, 2007 registered with the AMF on April 14, 2008 under number R.08-22 (the “**2007 Document de Référence**”), except for (i) Chapter 1 of the 2007 *Document de Référence* relating to the declaration of responsibility of EDF’s Chairman regarding the content of the 2007 *Document de Référence* and (ii) Chapter 13 of the 2007 *Document de Référence* relating to the financial outlook of the Group. The 2007 *Document de Référence*, as incorporated by reference herein, includes the audited consolidated financial statements of the EDF Group for the year ended December 31, 2007 (the “**2007 Consolidated Financial Statements**”) and incorporates by reference therein the audited consolidated financial statements of the EDF Group for the years ended December 31, 2006 (the “**2006 Consolidated Financial Statements**”) and December 31, 2005 (the “**2005 Consolidated Financial Statements**”); and
- The English translation of EDF’s *Document de Référence* for the year ended December 31, 2006 registered with the AMF on April 19, 2007 under number R.07-036 (the “**2006 Document de Référence**”), except for Chapter 1 of the 2006 *Document de Référence* relating to the declaration of responsibility of EDF’s Chairman regarding the content of the 2006 *Document de Référence*; the 2006 *Document de Référence*, as incorporated by reference herein, includes the 2006 Consolidated Financial Statements and incorporates by reference therein the 2005 Consolidated Financial Statements.

The documents incorporated by reference herein are available on EDF’s website ([www.edf.com](http://www.edf.com)) and may be obtained free of charge during normal business hours from EDF at 22-30 Avenue de Wagram, 75008, Paris, France. The information incorporated by reference is considered to be part of this offering memorandum and should be read with the same care. No materials from EDF’s website or any other source other than those specifically identified above are incorporated by reference into this offering memorandum.

Each document incorporated by reference herein is current only as of the date of such document, and the incorporation by reference of such document shall not create any implication that there has been no change in our affairs since the date thereof or that the information contained therein is current as of any time subsequent to its date. Any statement contained in the documents incorporated by reference herein will be modified or superseded for all purposes to the extent that a statement contained in this offering memorandum modifies or is contrary to that previous statement. Any statement so modified or superseded will not be deemed a part of this offering memorandum except as so modified or superseded.

## PRESENTATION OF FINANCIAL INFORMATION

The 2007 Consolidated Financial Statements, the 2006 Consolidated Financial Statements, the 2005 Consolidated Financial Statements and the Unaudited Interim Consolidated Financial Statements (including comparable figures for the six-month period ended June 30, 2007), included in this offering memorandum, were prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU) (“IFRS”).

In this offering memorandum, we present certain financial measures, including EBITDA, net income excluding non-recurring items, operating cash flow and free cash flow, which are not recognized by IFRS.

These measures are presented because we believe that they and similar measures are relevant indicators of the Group's financial and operating performance. These measures may not be comparable to similarly titled measures used by other companies and are not measurements under IFRS or any other body of generally accepted accounting principles, and thus should not be considered substitutes for the information contained in our audited and unaudited consolidated financial statements.

#### AVAILABLE INFORMATION

EDF is not required to file periodic reports under Section 13(a) or 15(d) of the Exchange Act. For so long as any of the Notes remain outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act and during any period in relation thereto during which the Issuer is neither subject to Sections 13 or 15(d) of the Exchange Act nor exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act, the Issuer will make available to each holder in connection with any resale thereof and to any prospective purchaser of such Notes from such holder, in each case upon request, the information specified in and meeting the requirements of Rule 144A(d)(4) under the Securities Act.

As a company listed on Euronext Paris, EDF will be required to file annual reports and certain other information in French with the AMF. These documents will be available on the website of the AMF ([www.amf-france.org](http://www.amf-france.org)) and/or on the website of EDF ([www.edf.com](http://www.edf.com)).

A copy of the Fiscal Agency Agreement is available to prospective investors in the Notes upon request, at no charge, from Deutsche Bank Trust Company Americas, at 60 Wall Street, New York, NY 10005.

#### CURRENCY PRESENTATION

In this offering memorandum, references to "€" and "euro" are to the single currency of the participating member states ("Member States") in the Third Stage of European Economic and Monetary Union of the Treaty Establishing the European Community, as amended from time to time. References to "U.S. dollars," "U.S.\$" and "\$" are to the United States dollar, the lawful currency of the United States of America. References to "£", "sterling" and "pence" are to the Great Britain Pound, the lawful currency of Great Britain. References to "Swiss Francs" and "CHF" are to Swiss Francs, the lawful currency of Switzerland.

#### FORWARD-LOOKING STATEMENTS

This offering memorandum (including the Recent Developments, Sections 6.1 "Strategy" and 13 "Financial Outlook" of the 2007 *Document de Référence*, with respect to Section 13 "Financial Outlook", as updated by Chapter 2 – Section 16 "Financial Outlook for 2008" of the June 2008 Half-Year Financial Report) contains certain forward-looking statements and information relating to the Issuer that are based on beliefs of its management, as well as assumptions made by and information currently available to the Issuer. When used in this offering memorandum, words such as "anticipate," "believe," "estimate," "expect," "intend," "plan," "project," "outlook", "target", "objective" and similar expressions, as they relate to the Issuer or its management, are intended to identify forward-looking statements. Such statements reflect the current views of the Issuer with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors, a number of which are outside of our control, could cause the actual results, performance or achievements of the Issuer to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including, among others, changes in the economic and commercial environment or in applicable laws and regulations, as well as changes with respect to the factors set forth under "Risk Factors" in this offering memorandum. Any forward-looking statements are qualified in their entirety by reference to these factors. Should one or more of these or other risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this offering memorandum as anticipated, believed, estimated, expected, intended, planned or projected, and therefore the Issuer cautions you against relying on any of these forward-looking statements. The Issuer does not intend or assume any obligation to update or revise these forward-looking statements after the date of this offering memorandum in light of developments which differ from those anticipated.

## SUMMARY

*This summary highlights some information presented elsewhere in this offering memorandum including in the June 2008 Half-Year Financial Report, the 2007 Document de Référence and the 2006 Document de Référence, each of which is incorporated by reference herein. This summary may not contain all of the information that is important to you. You should read the following summary together with the more detailed information regarding the Issuer and the Notes being sold in this offering presented in this offering memorandum, including in the documents incorporated by reference herein. The Group draws the attention of prospective investors to the fact that, except as otherwise indicated, all of the information contained in this summary is provided as of December 31, 2007.*

### GENERAL INTRODUCTION TO THE EDF GROUP

The EDF Group is an integrated energy company with a presence in a wide range of electricity-related businesses: generation, transmission, distribution, sale and energy trading. It is France's leading electricity operator and has a strong position in the three other main European markets (Germany, the United Kingdom and Italy), making it one of Europe's leading electrical concerns as well as a recognized player in the gas industry. Since July 1, 2007, the EDF Group has to conduct its business in a European market that is completely open to competition.

With worldwide installed power capacity totaling 126.7 GW (124.5 GW in Europe) and global generation of 610.6 TWh as of December 31, 2007, it has the largest generating capacity of all the major European energy corporations with the lowest level of CO<sub>2</sub> emissions due to the significant proportion of nuclear and hydroelectric power in its generation mix. The EDF Group supplied in 2007 gas, electricity, and associated services to more than 38 million customers accounts worldwide and in Europe (including more than 28 million in France).

The EDF Group's businesses reflect its adoption of a model aimed at finding the best balance between French and international activities, and between competitive and regulated operations. For the year ended December 31, 2007 and the six-month period ended June 30, 2008, the Group's consolidated revenues were €59.6 billion and €32.2 billion, respectively, its net income (Group share) was €5.6 billion and €3.1 billion, respectively, and its operating profit before depreciation and amortization ("EBITDA") was €15.2 billion and €9.0 billion, respectively.

Shares of EDF have been listed on Euronext Paris since November 2005. Pursuant to the Law of August 9, 2004, the French State is EDF's principal shareholder and must remain the holder of more than 70% of its share capital. As of the date of this offering memorandum, the French State owns 84.66% of EDF's share capital.

### BUSINESS OVERVIEW

The EDF Group's activities are presented below in accordance with the following segmentation: (i) Activities in France (Deregulated and Regulated Activities), (ii) International Activities and (iii) Other Activities and Transverse Functions.

#### Activities in France

##### *Deregulated Activities in France*

The deregulated activities of EDF in France (activities open to competition), include the generation and supply of electricity. EDF has implemented an integrated model for the joint operational management of its portfolio of assets upstream (generation and procurement of energy and fuels) and downstream (wholesale and retail) to guarantee supply to its customers through the best possible management of operational and market risks and with a view to maximizing gross margin.

##### ***Electricity Generation – General Presentation of EDF's Generation Fleet in Mainland France as of December 31, 2007***

With a total installed capacity of 96.2 GW in mainland France as of December 31, 2007, EDF has the largest generation fleet in Europe. In 2007, EDF's generation facilities represented 477.5 TWh.



(i) Fleet of nuclear facilities

EDF's fleet of nuclear facilities is standardized and is comprised of 58 nuclear units based on pressurized water reactors ("PWR") (a unit is defined as a generation unit including a reactor, steam generators, a turbine, a generator and the related equipment). These units are spread out over 19 sites with various capacities: 34 units have a power capacity of 900 MW each, 20 units have a power capacity of 1,300 MW each, and 4 units have a power capacity of nearly 1,500 MW each. In total, the nuclear fleet represented as of December 31, 2007 an installed capacity of approximately 63,130 MW (or 65% of the EDF Group's fleet in mainland France), for annual generation capability of approximately 418 TWh (or 88% of the EDF Group's fleet in mainland France).

Regarding the updated construction cost and timetable for the first-of-series European Pressured Reactor ("EPR") under construction by EDF at Flamanville, see "Recent Developments and Outlook – France – Flamanville 3 EPR."

(ii) Fleet of hydropower facilities

EDF's fleet of hydroelectric facilities in mainland France is comprised of 447 hydropower plants.

In total, as of December 31, 2007, the fleet represented a total installed capacity of approximately 20 GW (or 21% of EDF's fleet in mainland France), for annual generation capability of approximately 46 TWh (or 8% of the EDF's fleet in mainland France), which makes France the leading generator of renewable electricity in the European Union.

As a result of the size and variety of its fleet, EDF has systems that are capable of responding to all types of demand, whether base load or peak, and that offer optimization leverages through their flexibility of use. Furthermore, EDF's 100 largest hydropower plants, representing more than 75% of the installed hydropower capacity, are remote-controlled from four control centers able to mobilize 14,000 MW in less than 20 minutes.

They are operated within the framework of concessions or authorizations granted by public authorities.

(iii) Fleet of fossil-fired facilities

EDF's fleet of fossil-fired facilities was comprised as of December 31, 2007 of 32 functioning fossil-fired units, with a total installed functioning capacity of 10,187 MW for a total installed capacity of 13,032 MW (or 14% of EDF's fleet in mainland France), for annual generation capability of approximately 18 TWh (or 4% of EDF's fleet in mainland France).

***Sales and Marketing***

EDF's sales and marketing activities in France are managed by the EDF Customers Division, which marketed for the year 2007 EDF's energy and services to more than 27.2 million customers (excluding overseas departments and Corsica), representing nearly 33 million of sites (delivery points).

In 2007, electricity sales to these customers amounted to 395.1 TWh, of which 262.7 TWh to non-residential customers and 132.4 TWh to residential customers).

Since the end of 2005, EDF offers natural gas to all of its eligible customers. In 2007, the Customers Division supplied 17.9 TWh to 126,000 sites. At the end of 2007, the Customers Division supplied gas to approximately 120,000 customers, including 60,000 residential ones.

The sales and marketing policy of EDF in France aims at maintaining high levels of satisfaction and strengthening relations with customers, fostering the loyalty of high-value customers in the face of declining electricity market share, and by achieving increased sales and per customer margins. This policy is accomplished, for example, by supporting customers' projects, expanding eco-energy efficiency offers and expanding the range of gas offers.

### ***The Opening of the French Market***

Since February 1999, the French electricity market has undergone a process of progressive opening to competition. Since July 2007, all French customers have been “eligible” and may freely choose their electricity supplier, such that the French market is now completely open.

Within this context, the following distinctions must be made with respect to sales of electricity in France:

- **For customers that have not exercised their right of eligibility**, EDF applies a range of regulated tariffs set by the government. The public service agreement entered into by EDF and the French State on October 24, 2005 guarantees that the increase in electricity sale prices for individual customers will not exceed inflation during the first 5 years of the contract. These regulated tariffs are known as integrated because they cover all of the following elements: the “energy” portion, management costs for customer service and sales, and the “network” (or “delivery”) portion;
- **For customers having exercised their right of eligibility**, they may choose between prices proposed by different retailers and, pursuant to the Law of December 7, 2006, the transitory regulated tariff for market adjustment (“TaRTAM”), which is fully applicable to them for a period of two years, subject to their having made an initial written request to their supplier before July 1, 2007. On July 23, 2008, the French Parliament adopted a law prolonging this tariff to June 30, 2010 and extended eligibility to all final customers, even those who were previously eligible but did not opt into the system. Regarding the updated estimate of the impact of the extension of the TaRTAM on the EDF Group, see “Recent Developments and Outlook – Financial Information – TaRTAM Impact.”

In 2007, EDF’s electricity market share of eligible end customers (by volumes sold) was 85.2%, against 85.3% in 2006.

In order to provide supplies for the open market, suppliers that are competing with the EDF Group have access to:

- their own generation capacities;
- almost 40TWh made available in 2007 by the EDF Group through “capacity auctions” (virtual power plants, or “VPP”);
- imports; and
- the wholesale electricity market.

EDF’s main competitors on the French market are the GDF-Suez Group, E.ON France/SNET, Atel, HEW Energies, Poweo, Direct Energie and local distribution companies. The energy landscape is undergoing a total restructuring. The trend is to graft sales and marketing entities onto groups with generation capacities.

### ***Regulated Activities in France***

In France, EDF’s regulated activities mainly consist of the following:

- transmission, handled by RTE-EDF Transport; and
- distribution, handled by ERDF and the joint operator with GDF-Suez (previously Gaz de France).

The tariffs for using the public electricity transmission and distribution networks (*Tarifs d’Utilisation des Réseaux Publics de transport et de distribution d’électricité*, or “TURP”) are adopted jointly by the Ministers of Economy and of Energy upon a proposal from the Energy Regulation Commission (*Commission de Régulation de l’Energie*, or “CRE”). The current TURP, approved on September 23, 2005 by the public authority, are into force since January 1, 2006 for an initial two-year period. Given the uncertainty relating to the organization of distribution activities within the context of the full opening of the market on July 1, 2007, the CRE believed that the tariff rules should be adjusted again towards the end of 2007. In October 2007, the CRE opted to extend the

tariff for 2008. For information on the status of the most recent proposals regarding the TURP, see "Recent Developments and Outlook – France – Tariffs."

### ***Transmission – RTE-EDF Transport***

Created on July 1, 2000, RTE is the operator of the French power transmission network, which it owns, operates, maintains and develops. With some 100,000 km of high and very high voltage circuits and 44 cross-border power lines, this network is the largest in Europe. Its geographical position places RTE-EDF Transport at the heart of the European electricity market. RTE-EDF Transport is the entity responsible for the correct operation and safety of the electricity network. It guarantees equitable access of all users of the network and, before its incorporation as a subsidiary, was to such purpose within EDF, an independent service with separate management, accounting and financial arrangements. RTE was converted into a subsidiary, RTE-EDF Transport, in 2005, and has since been a 100% subsidiary of EDF, fully consolidated in the consolidated financial statements of the Group.

For the year ended December 31, 2007, RTE-EDF Transport recorded sales of €4,126 million, EBITDA of €1,588 million, and net income of €466 million. The financial liabilities amounted to €6,363 million as of December 31, 2007 (source: RTE-EDF Transport 2007 Annual Report).

RTE-EDF Transport:

- **manages power flows:** RTE-EDF Transport is responsible for the supply/demand balance and makes adjustments, manages electricity flows and manages access rights to international interconnections, in collaboration with neighboring network operators. It mobilizes reserves and compensates for losses. It makes the necessary accounting adjustments and resolves imbalances;
- **manages the transmission infrastructure:** RTE-EDF Transport operates and maintains the public transmission network and is responsible for its development, for minimizing costs for the community and for ensuring the safety of the system, people and property; and
- **guarantees access to the transmission network:** it enters into contracts with transmission network users on the basis of network access tariffs and in accordance with rules of non-discrimination.

RTE-EDF Transport manages access to international interconnections in collaboration with the transmission system operators of neighboring European countries. The European electricity transmission networks are interconnected, and ensure that energy can be transmitted from one country to another. These interconnections are used to ensure the operating safety of the electricity transmission networks (in particular using neighboring generators and transmitters to compensate for a major generating or transmission unit outage in France and conversely) and to develop the European electricity market by enabling an electricity supplier to sell its energy to a customer in another country in the European Union. Moreover, these interconnections, by working on the basis of time differences between peak-loads on different sides of borders, enable generation capabilities to be better shared at a European level.

### ***Distribution — ERDF (Electricité Réseau Distribution France)***

The main purpose of distribution activities is to deliver the electricity sold by electricity suppliers to end-users. Following the French Law related to the energy sector passed on December 7, 2006, EDF contributed in 2007 all its distribution operations into a 100% subsidiary, ERDF, operational since January 1, 2008.

In France, local authorities own electricity distribution networks and issue concessions for their development and operation, as well as for the distribution and supply of electricity at regulated tariffs. EDF, jointly with ERDF since January 1, 2008, is the only licensee authorized by a French Law passed on April 8, 1946 to operate public distribution networks in France, apart from municipalities which had previously chosen to operate their networks themselves through local utilities or other legal structures called non-nationalized distributors or local distribution companies.

ERDF operates the distribution networks through concessions granted from local licensing authorities. In 2007 ERDF managed approximately 1,200 concession contracts distributing electricity to 94% of French municipalities and 95% of the French population.

## International Activities

### Europe

The Group's ambition is to create a coherent industrial group with its current main positions in Europe. The Group will review any new opportunity of profitable development, especially in the Benelux countries, on the Iberian peninsula and in the PECO. Thus, Europe is the "core market" of the EDF Group with an integrated upstream/downstream business model, balanced between regulated and deregulated activities. In addition, the EDF Group intends to continue building its gas assets, which are necessary to its ambition of becoming an important European gas operator, in order to secure its offer, to provide its customers with a multi-energy offer and to have competitive means of electricity generation through gas.

The table below sets forth the general features of the EDF Group's main subsidiaries and holdings in Europe as of December 31, 2007:

Company Name (ownership percentage)	Main Activities	Technical Data
<b>Germany</b>		
EnBW (46.07%)	Electricity Generation, Electricity Transmission and Distribution, Gas Transmission and Distribution, Electricity and Gas Sales Services	Number of customers: approximately 6 million (1) Electric installed capacity: 15.0 GW Gas activity: 75.2 TWh (2)
<b>United Kingdom</b>		
EDF Energy (100%)	Electricity Generation, Electricity Distribution, Electricity and Gas Sales Services	Number of customers: accounts: approximately 5.5 million (1) Electric installed capacity: 4.9 GW Gas activity: 39.6 TWh (2)
<b>Italy</b>		
Edison (48.96%)	Electricity Generation, Electricity Sales, Gas Production, Storage and Sales	Number of customers: 187,000 (1) Electric installed capacity: 12.5 GW Gas activity: 13.8 Gm (2)
Fenice (100%)	Electricity Generation, Services, Energy and Environment	Electric installed capacity: 328 MW Thermal installed capacity: 2,886 MWth (4)
<b>Spain</b>		
Hispaelec Energia S.A. (100%)	Electricity Sales	Number of customers: approximately 50 sites
Elcogas (31.39%)	Electricity Generation	Electric installed capacity: 335 MW
<b>Poland</b>		
ECW (77.52%)	Electricity and Heat Generation	Electric installed capacity: 353 MW Thermal installed capacity: 1,225 MWth (4)
Elektrownia Rybnik S.A. (ERSA) (78.63%)	Electricity Generation	Electric installed capacity: 1,775 MW
ECK (66.26%)	Electricity and Heat Generation	Electric installed capacity: 460 MW Thermal installed capacity: 1,258 MWth (4)
Kogeneracja (35.61%)	Electricity and Heat Generation	Electric installed capacity: 363 MW

		Thermal installed capacity: 1,059 MWth (4)
Zielona Gora (35.56%)	Electricity and Heat Generation	Electric installed capacity: 221 MW Thermal installed capacity: 322 MWth (4)
<b>Hungary</b>		
BERt (95.57%)	Electricity and Heat Generation	Electric installed capacity: 356 MW Thermal installed capacity: 1,471 MWth (4)
DEMASZ (100%)	Electricity Distribution Electricity Sales	Number of customers: 770,887
<b>Slovakia</b>		
SSE (49%)	Electricity and Heat Distribution	Number of customers: 699,665
<b>Austria</b>		
ESTAG Group (20%)	Electricity, Gas and Heat Distribution Electricity, Gas and Heat Sales Services	Number of customers: 406,459
<b>Switzerland</b>		
Atel Group (24.83%)	Electricity Generation, Trading and Sales Electricity Transmission, Distribution Services	Electric installed capacity: 3,714 MW Thermal installed capacity: 918 MWth (4)
Emosson Chatelôt/Mauvoisin (50%)	Hydropower Generation	0.4 TWh made available
<b>Belgium</b>		
EDF Belgium (100%)	Electricity Generation Electricity and Gas Sales Services	Electric installed capacity: 419 MW

*(Gross values, not adjusted for percentage of ownership interests (including the minority interests)).*

*(1) Including gas.*

*(2) Gross global gas volumes handled by the Group's companies including plants' internal consumption*

*(3) MWth: Thermal MW for cogeneration, as opposed to electric MW*

*(4) EDF Belgium owns 50% of the Tihange 1 nuclear power plant.*

Through the EDF Group's three main subsidiaries and holdings in countries interconnected with France, EDF has established a unique and attractive presence in the four largest markets in Europe:

- **EDF Energy** (100% owned): In 2007, EDF Energy was the number one distributor of electricity (by volume of electricity distributed and by regulated asset value) and number 5 ex aequo energy supplier (by TWh sold) in the United Kingdom. At the end of 2007, EDF Energy had 5.5 million customer product accounts, including residential customers, small and medium enterprises and major business account holders. In 2007, EDF Energy was also a significant generator of electricity with a total capacity (excluding PPAs) of 4.9 GW.
- **EnBW** (joint control with OEM): EnBW ranks third among German energy companies. EDF estimates that a presence in Germany, the largest market in Europe in terms of numbers of customers and electricity consumed, is essential from the perspective of a European energy market. EnBW's Yello brand gives the company a strong marketing advantage with its residential and small business customer base, which has been open to competition since 1998, and an expertise which EDF may use to its advantage.

- **Edison** (joint control with AEM): Edison is the second largest operator in the Italian electricity market (after the historical operator, Enel) and the third largest operator in the gas market. In 2007, net electricity **generation** by Edison accounted for 17.7% of net electricity generation in Italy, and gas activities, excluding stock variation, accounted for 13.2 Gm3, or 15.8%, of Italian gas demand. The Italian electricity market is, in terms of consumption, the fourth largest market in the European Union with a high growth rate and price levels.

Moreover, the EDF Group has developed European positions in Switzerland, certain central and eastern European countries and on the Iberian peninsula, Belgium and Austria, as detailed in the table above.

Regarding the recent acquisition of British Energy, see “Recent Developments and Outlook – International – Acquisition of British Energy Group.”

#### *The EDF Group's Presence Outside Europe*

The EDF Group has historically been present outside Europe, including in the Asia Pacific region, Southeast Asia, the United States and the Middle East and Africa.

In particular, China constitutes one of EDF's major growth drivers. The Group is investing in EPR's and other projects in the region that will give it access to state-of-the-art technology, as well as promote its industrial expertise, particular, in the nuclear area. The EDF Group has been operating in China for the past 20 years, advising companies on nuclear and hydropower technologies. Today, it is one of the country's largest foreign investors in terms of power generation, with its investments in coal-fired plants. EDF has also formed partnerships offering new investment opportunities for nuclear and the more advanced coal-fired facilities, as well as wind energy and hydropower systems. For the latest developments in China, see “Recent Developments and Outlook – International – Agreement for the construction of 2 new nuclear reactors in China using EPR technology.”

The Group is present in **the United States** through EDF Energies Nouvelles in the wind farm operating and maintenance sector on behalf of third parties. In addition, on July 20, 2007, EDF and the US electricity group Constellation Energy signed an agreement to form a 50/50 joint venture named UniStar Nuclear Energy, LLC, for the joint development, construction, ownership and operation of EPR-type nuclear power plants in the United States. Additionally, under the terms of an investment agreement signed on July 20, 2007, EDF may acquire up to 9.9% of Constellation Energy's outstanding shares on the open market within 5 years. As at December 31, 2007, EDF holds 4.97% of Constellation Energy's share capital. For the latest developments in the United States, including the offer in December 2008 by EDF for certain assets of Constellation Energy, see “Recent Developments and Outlook – International – Constellation Energy.”

For a description of the commissioning timetable and investment policy for the new nuclear power plants, both in France and internationally, see “Recent Developments and Outlook - International – EPRs commissioning timetable and – Investment policy regarding the new nuclear power plants until 2020”.

In addition, EDF has a 50% interest in Dalkia International, through its subsidiaries and holdings operating in the energy-related services sector.

#### **Other Activities and Transverse Functions**

##### *Renewable Energies*

The EDF Group is the European leader in renewable energies, as a result of its hydropower. The EDF Group's ambition is to develop all forms of renewable energy and, in particular, wind power generation. EDF's development of renewable energy sources is undertaken mainly by EDF Energies Nouvelles.

EDF also intends to favor the emergence of new technologies in conjunction with R&D and to develop generation capacities in wind power, hydropower, solar energy, biomass, biofuels and geothermal technology, in line with the Group's sustainable development policy.

## *Natural Gas Businesses*

EDF operates in the natural gas end-market mainly through EDF Energy in the U.K., EnBW in Germany, Edison in Italy and EDF in France and Belgium. The Group also operates through EDF Trading, particularly in the wholesale natural gas market. EDF's natural gas business supplied was slightly higher than 290 TWh in 2007, placing it among the leading players in the European gas market in terms of volume handled. Approximately 60% of this was sold to customers, with the remaining 40% used within the company's own power plants to generate electricity.

In order to support the growth of its gas business, the EDF Group intends to secure its supply through a diversified, reliable and flexible set of purchase contracts and physical assets, related to both natural gas (reserves and purchase agreements) and logistics capacity (pipelines, LNG transportation and storage).

For the latest developments in the natural gas business, see "Recent Developments and Outlook – International – Acquisition of a majority holding in British North Sea gas fields."

## **Control of Nuclear-Related Commitments**

### *The Nuclear Fuel Cycle*

The nuclear fuel cycle includes all of the industrial operations conducted in France and abroad which make it possible to deliver fuel for energy generation in the reactor, then to discharge and process it. The cycle is completed in three stages:

- **Front-end** (more than two years): the processing of concentrates from uranium ore, conversion, enrichment and fabrication of fuel assemblies;
- **The heart of the cycle** corresponding to the use of fuel in the reactor (three to five years): receipt, loading, operation and unloading; and
- **Back-end**: storage in pool, processing of burnt fuel, conditioning of radioactive waste and recycling of recoverable material, temporary storage of conditioned waste before long-term management.

EDF ensures the coherency of all of the operations in the fuel cycle. Generally speaking, front-end and back-end operations are carried out by subcontractors, generally on the basis of multi-year contracts. EDF carries out the heart of the cycle operations and acquires most of the materials as uranium concentrates (U308), transformations into more elaborate products being carried out by industrials through services contracts (conversion, enrichment and realization). EDF owns the fuel and is responsible for it throughout all the fuel cycle stages.

EDF's strategy, in agreement with the French State, adopted with regards to the fuel cycle, is to process spent fuel and to recycle the plutonium separated in the form of MOX fuel.

### *Obligations in Relation to Nuclear Operations in France*

Nuclear generation activity results in EDF being responsible for a certain number of significant long-term obligations, including, on the one hand, the reprocessing of spent fuel and the long-term management of operational waste from recycling operations, and, on the other hand, the decommissioning of generation facilities.

### *Provisions for Back-End Nuclear Cycle*

The French "Bataille" law of 1991 specified research initiatives concerning the various possible options for managing long life, high-level waste, and specifically identified three solutions for the future of this waste:

- Separation - transformation (which involves separating long life radioactive elements and transforming them into shorter-lived elements);
- Storage in deep geological layers; or

- Improvement of the long-term storage and conditioning processes.

Each year, EDF makes provisions for the downstream of the nuclear fuel cycle in France. The future management costs of long life high- and medium-level waste resulting from the processing of burnt fuel (including fuel in the reactor but yet irradiated) are provisioned. In order to estimate the amount of the provisions to ensure coverage of future charges relating to the long-term management of this waste, EDF used deep geological storage of waste as an assumption, in line with the choice of other countries (Sweden, Finland and Belgium).

Upon the initiative of public authorities, a working group including the public authorities, ANDRA and the nuclear waste producers (EDF, Areva and CEA) worked from June 2004 through the first half of 2005 to evaluate the cost of geological storage for long life, medium- and high-level waste in order to establish a common benchmark on the subject. In 2005, EDF established a reasonable evaluation based on this work and ensured its consistency with international data. This evaluation takes into account the share of waste for which EDF is responsible and the volumes produced up to the end of the relevant accounting period.

On the basis of the works carried out in the context of the Bataille Law, a French law passed on June 28, 2006 defined a research program for the long-term management of long-life, high-level waste and established the storage of long life high- and medium-level waste in deep geological layers as a reference solution.

In accordance with the provisions of the aforementioned law and implementation texts published in 2007, EDF increased the amount of its provisions, taking into account notably:

- the new time limits set by the law;
- the new notion of “engaged fuel” defined by the French Decree of March 21, 2007 as being the entire fuel in the reactor, whether irradiated or not;
- the new definition of operating cycle defined by the decree of February 23, 2007, specifying that the operating cycle of the fuel refers to industrial plants built or in the process of being built;
- the notion of plant operator for the valuation of the charges; and
- the expressed financing needs of ANDRA, and public interest groups (*groupements d'intérêt public*) from Haute-Marne and Meuse, as well as its own accompanying territorial projects.

As of December 31, 2007 and June 30, 2008, provisions for the back-end nuclear cycle in France amounted to €16.7 billion and €16.8 billion, respectively (see note 31.3 to the 2007 Consolidated Financial Statements and note 24.3 to the Unaudited Interim Consolidated Financial Statements).

#### *Provisions for Decommissioning and Last Cores*

EDF takes full financial and technical responsibility for the decommissioning of its nuclear power plants. For EDF, the issue is to demonstrate, through the decommissioning process, its control of the entire life cycle of the means of nuclear power generation.

The decommissioning of nuclear power plants involves three levels, according to a classification defined by the IAEA in 1980:

- **Level 1:** shutdown of the plant, fuel unloading, draining of circuits (99.9% of radioactivity is eliminated), followed by final shutdown, dismantling of non-nuclear facilities that are permanently decommissioned, with limited access;
- **Level 2:** dismantling of non-nuclear buildings and nuclear buildings excluding the reactor building, packaging and evacuation of wastes to storage facilities, isolation - containment - the section of the facility surrounding the reactor is kept under surveillance;



- **Level 3:** complete dismantling and removal of the reactor building, and of materials and equipments that are still radioactive: surveillance is no longer necessary: following these operations, the site may be re-used for industrial purposes.

In practice, the operations leading from Level 1 to Level 2 are conducted consecutively over a period of time of approximately 10 years after the reactor ceases production. A waiting period may occur between the end of operations leading to Level 2 and the beginning of operations leading to Level 3, in order to allow the radioactivity in the irradiated materials to decay. The length of this waiting period may vary, depending on the comparative interest of radioactive decay and the length of time the facility must be monitored and can depend on the re-use envisaged for the site. At the end of this waiting period, the length of time spent on operations leading to Level 3 is estimated to be approximately 10 to 15 years.

Since the beginning of operations at its power plants, EDF has made provisions to cover decommissioning operations, engineering, surveillance and maintenance of facilities, site security. Conditioning, transportation and storage (by ANDRA) of decommissioning waste materials accounted for as decommissioning provisions in 2006 were reclassified in 2007 into provisions for back-end nuclear cycle because of French Law dated June 28, 2006 and its implementation texts. The allocated amounts correspond to EDF's estimate for decommissioning costs incurred in order to reach Level 3.

As of December 31, 2007 and June 30, 2008, provisions for decommissioning and last cores amounted to €13.7 billion and €13.9 billion, respectively (see note 31.4 to the 2007 Consolidated Financial Statements and note 24.3 to the Unaudited Interim Consolidated Financial Statements).

#### *Assets Available to Cover Long-Term Nuclear-Related Commitments (Outside the Operating Cycle)*

In accordance with a decision made in June 1999 by EDF's Board of Directors, EDF gradually built up assets dedicated to cover long-term nuclear commitments, by making annual allocations starting in 2000.

The French Law passed on June 28, 2006 relating to the management of radioactive waste and materials, and further legislation issued in 2007 specified the type of assets to be designated for coverage.

EDF must provide assets to cover the following commitments:

- decommissioning of the operating PWR plants and non-operating plants (€9.9 billion as of December 31, 2007);
- removal and permanent waste storage (€5.9 billion as of December 31, 2007); and
- the management of burnt fuel and storage of waste connected with the non-consumed part of the plants' last core (€0.4 billion as of December 31, 2007).

Some provisions have been excluded from the scope of dedicated assets because they correspond to expenses considered to be directly related to the operating cycle (according to the order of March 21, 2007). This includes mainly the provision for management of burnt fuel, which is subject to yearly allocations and reversals and may be classified as part of the operating cycle, like other such items (e.g., fuel inventory).

As of December 31, 2007 and June 30, 2008, these dedicated assets had a market value of € 8.6 billion and € 9.1 billion, respectively. With respect to the impact of the recent sharp drop in financial markets on the value of these assets and on the allocations to the dedicated asset portfolio, together with the revised anticipated timetable for expected full coverage of the relevant commitments, see "Risk Factors – Specific Risks Relating to the Group's Nuclear Activity – Dedicated assets reserved by the Group to cover the costs of its long-term commitments in the nuclear business (such as radioactive waste and decommissioning) may prove insufficient."

#### **STRATEGY**

For a discussion of the EDF Group's strategy, see Section 6.1 "Strategy" of the 2007 *Document de Référence*.

## OUTLOOK

For a discussion of the EDF Group's Outlook, see "Recent Developments and Outlook – Outlook."

## MANAGEMENT

Since November 20, 2004, EDF has been a French *société anonyme* with a Board of Directors.

EDF's Board of Directors is comprised of 18 members, one third of whom are representatives of the employees. The remaining two thirds are persons appointed by the shareholders' meeting upon the proposal of the Board of Directors, subject however to the representatives of the French State who are appointed by decree. As of the date of this offering memorandum, the French State has appointed six representatives by decree to the Board of Directors. Consequently, six of the members of EDF's current Board of Directors have been appointed by the shareholders' meeting upon the proposal of the Board of Directors.

The Chairman of the Board, who holds the title of Chairman and Chief Executive Officer (*Président Directeur Général*), is appointed by decree upon proposal of the Board of Directors. Mr. Pierre Gadonneix is the Chairman of the Board and Chief Executive Officer of EDF. Upon proposal of Mr. Pierre Gadonneix, the Board of Directors has appointed Messrs. Daniel Camus, Dominique Lagarde and Jean-Louis Mathias to the positions of Deputy Chief Executive Officers (*Directeurs Généraux Délégués*) to assist him in the management of the company.

## THE OFFERING

*The following summary of the offering contains basic information about the Notes. It is not intended to be complete and it is subject to important limitations and exceptions. For a more complete understanding of the Notes, including certain definitions of terms used in this summary, please refer to the section of this offering memorandum entitled "Description of Notes."*

<i>Issuer</i> .....	EDF S.A.
<i>Notes Offered</i> .....	\$1,250,000,000 aggregate principal amount of 5.500% fixed rate notes due 2014 (the "Five-Year Notes").  \$2,000,000,000 aggregate principal amount of 6.500% fixed rate notes due 2019 (the "Ten-Year Notes").  \$1,750,000,000 aggregate principal amount of 6.950% fixed rate notes due 2039 (the "Thirty-Year Notes").
<i>Maturity Date</i> .....	The Five-Year Notes will mature on January 26, 2014.  The Ten-Year Notes will mature on January 26, 2019.  The Thirty-Year Notes will mature on January 26, 2039.
<i>Interest Rate</i> .....	The Five-Year Notes will bear interest at a rate equal to 5.500% per annum.  The Ten-Year Notes will bear interest at a rate equal to 6.500% per annum.  The Thirty-Year Notes will bear interest at a rate equal to 6.950% per annum.
<i>Interest Payment Dates</i> .....	The Notes will accrue interest from their date of issuance and will be payable semi-annually in arrears on January 26 and July 26 of each year, commencing on July 26, 2009. We will make each interest payment to the holders of record on the immediately preceding January 12 and July 12.
<i>Denominations</i> .....	Each Note will have a minimum denomination of \$2,000 or integral multiples of \$1,000 in excess thereof.
<i>Ranking</i> .....	The Notes will be senior obligations of EDF and will rank equally in right of payment with all existing and future senior unsecured indebtedness of EDF (save for certain mandatory exemptions provided by French law).
<i>Additional Amounts</i> .....	All payments in respect of the Notes will be made without withholding or deduction for any taxes or other governmental charges, except to the extent required by law. If withholding or deduction is required by law, subject to certain exceptions, we will pay additional amounts so that the net amount you receive is no less than the amount that you would have received in the absence of such withholding or deduction.
<i>Tax Redemptions</i> .....	We may redeem all, but not less than all, of any series of the Notes at a redemption price of 100% of the principal amount thereof, plus accrued and unpaid interest, if any, to (but excluding) the redemption date, if we or any surviving entity would become obligated to pay certain additional amounts, as described above, as a result of certain changes in specified tax laws or certain other circumstances.

*Transfer Restrictions*..... The Notes have not been registered under the Securities Act or any other applicable securities laws and are subject to restrictions on transferability and resale. See “Transfer Restrictions.”

*Form of Notes*..... The Notes sold in the United States pursuant to Rule 144A will be represented by one or more global certificates in registered form (together the “**Rule 144A global note**”). The Notes sold outside the United States pursuant to Regulation S will be represented by one or more global certificates in registered form (together the “**Regulation S global note**” and, together with the Rule 144A global note, the “**global notes**”). The global notes will be registered in the name of a nominee of, and will be deposited with a custodian for, The Depository Trust Company, New York (“**DTC**”) on the issue date. It is expected that delivery of the Notes will be made only in book-entry form through the facilities of DTC and its participants, including Euroclear Bank S.A./N.V., as operator of the Euroclear System (“**Euroclear**”) and Clearstream Banking, société anonyme (“**Clearstream, Luxembourg**”).

*No Prior Market*..... The Notes will be new securities for which there is currently no market. Accordingly, we cannot assure you that a liquid market for the notes will develop or be maintained.

*Use of Proceeds* ..... We intend to use the net proceeds of this offering for general corporate purposes, which will include repayment of existing borrowings of the Group and may also include partial financing of certain already disclosed acquisitions of the Group.

*Listing*..... It is not anticipated that the Notes will be listed on any securities exchange.

*Fiscal Agent*..... Deutsche Bank Trust Company Americas.

*Paying Agent* ..... Deutsche Bank Trust Company Americas.

*Governing Law*..... The Fiscal Agency Agreement and the Notes will be governed by the laws of the State of New York.

*CUSIPs* ..... Five-Year Notes (Rule 144A): 268317AA2  
Five-Year Notes (Regulation S): F2893TAA4  
  
Ten-Year Notes (Rule 144A): 268317AB0  
Ten-Year Notes (Regulation S): F2893TAB2  
  
Thirty-Year Notes (Rule 144A): 268317AC8  
Thirty-Year Notes (Regulation S): F2893TAC0

*ISINs* ..... Five-Year Notes (Rule 144A): US268317AA25  
Five-Year Notes (Regulation S): USF2893TAA46  
  
Ten-Year Notes (Rule 144A): US268317AB08  
Ten-Year Notes (Regulation S): USF2893TAB29  
  
Thirty-Year Notes (Rule 144A): US268317AC80  
Thirty-Year Notes (Regulation S): USF2893TAC02

*Common Codes* ..... Five-Year Notes (Rule 144A): 041070773  
Five-Year Notes (Regulation S): 041071915  
  
Ten-Year Notes (Rule 144A): 041073110

Ten-Year Notes (Regulation S): 041073179

Thirty-Year Notes (Rule 144A): 041073217

Thirty-Year Notes (Regulation S): 041073233

*Issuer's Long-Term Debt*

*Ratings*..... Aa3/A+/A+ (Moody's/Standard & Poor's/Fitch)

## SUMMARY CONSOLIDATED FINANCIAL DATA

*The following summary consolidated financial data must be read in conjunction with (i) the 2007 Consolidated Financial Statements and 2006 Consolidated Financial Statements included in Section 20.1 "Historical Financial Information" of each of the 2007 Document de Référence and the 2006 Document de Référence, and the Unaudited Interim Consolidated Financial Statements, set out in Chapter 3 "Condensed Consolidated Half-Year Financial Statements at June 30, 2008" of the June 2008 Half-Year Financial Report and (ii) the operating and financial review contained in Chapter 9 "Operating and Financial Review" of each of the 2007 Document de Référence and the 2006 Document de Référence and Chapter 2 "Half-Year Management Report" of the June 2008 Half-Year Financial Report.*

Pursuant to European regulation 1606/2002 of July 19, 2002 on the adoption of international accounting standards, the 2007 Consolidated Financial Statements, the 2006 Consolidated Financial Statements, the 2005 Consolidated Financial Statements and the Unaudited Interim Consolidated Financial Statements, were prepared under the international accounting standards published by the IASB as adopted by the European Union for application at their respective dates. These international standards are IAS (International Accounting Standards), International Financial Reporting Standards, and interpretations (SIC and IFRIC).

The selected consolidated financial data presented below as of and for the year ended December 31, 2007 and the restated financial information as of and for the year ended December 31, 2006, are taken from the 2007 Consolidated Financial Statements, which have been audited by KPMG Audit and Deloitte & Associés, EDF's statutory auditors. For comparison purposes with fiscal year 2007, the consolidated income statement as at December 31, 2006 was restated to reflect the change in presentation for net increases in provisions for renewal of property, plant and equipment operated under concession (see notes 3.2 and 4 to the 2007 Consolidated Financial Statements).

The selected consolidated financial data presented below as of and for the year ended December 31, 2006 and the restated financial information as of and for the year ended December 31, 2005, are taken from the 2006 Consolidated Financial Statements, which have been audited by KPMG Audit and Deloitte & Associés, EDF's statutory auditors. For comparison purposes with fiscal year 2006, consolidated financial information as at December 31, 2005 has been restated to take into account the retrospective application of IFRIC's interpretation 4 (see notes 1.2 and 4.2 to the 2006 Consolidated Financial Statements), but has not been restated to reflect the change in presentation made for 2006 for net increases in provisions for renewal of property, plant and equipment operated under concession mentioned above. However, information relating to the impact of this change in presentation for the year ended December 31, 2005 is included in note (3) to the *Extracts from the consolidated income statements* provided hereafter.

The selected consolidated financial data presented below as of and for the six-month periods ended June 30, 2008 and June 30, 2007 are taken from the Unaudited Interim Consolidated Financial Statements.

*Extracts from the consolidated income statements*

<i>(in millions of euros)</i>	June 30, 2008	June 30, 2007	December 31, 2007	December 31, 2006 <sup>(1)</sup>	December 31, 2005 <sup>(2)</sup> / <sup>(3)</sup>
<b>Sales</b>	<b>32,239</b>	<b>30,311</b>	<b>59,637</b>	<b>58,932</b>	<b>51,047</b>
Fuel and energy purchases	(12,947)	(11,902)	(23,215)	(23,949)	(17,775) <sup>(2)</sup>
Other external expenses	(4,296)	(4,180)	(9,797)	(8,721)	(8,229) <sup>(2)</sup>
Personnel expenses	(5,281)	(5,025)	(9,938)	(9,709)	(9,834)
Taxes other than income taxes	(1,562)	(1,636)	(3,236)	(3,175)	(3,095)
Other operating income and expenses	888	1,297	1,759	1,015	792 <sup>(2)(3)</sup>
<b>Operating profit before depreciation and amortization (EBITDA)</b>	<b>9,041</b>	<b>8,865</b>	<b>15,210</b>	<b>14,393</b>	<b>12,906<sup>(3)</sup></b>
Net depreciation and amortization	(2,811)	(2,717)	(5,628)	(5,363)	(5,017)
Net increases in provisions for renewal of property, plant and equipment operated under concessions	(295)	(279)	(504)	(463)	- <sup>(3)</sup>
(Impairment) / reversals	1	-	(150)	121	(147)
Other income and expenses	(22)	666	1,063	668	251
<b>Operating profit (EBIT)</b>	<b>5,914</b>	<b>6,535</b>	<b>9,991</b>	<b>9,356</b>	<b>7,993</b>
<b>Income before taxes of consolidated companies</b> <sup>(4)</sup>	<b>4,407</b>	<b>5,280</b>	<b>7,457</b>	<b>6,655</b>	<b>4,578</b>
<b>EDF net income</b>	<b>3,085</b>	<b>3,514</b>	<b>5,618</b>	<b>5,605</b>	<b>3,230</b>

(1) The figures published in the consolidated income statement for the year ended December 31, 2006 were restated at the time of preparation of the 2007 Consolidated Financial Statements in order to reflect the change in presentation for net increases in provisions for renewal of property, plant and equipment operated under concession (described in notes 3 2 and 4 to the 2007 Consolidated Financial Statements). The figures shown for 2006 in the table above represent such restated 2006 information, as taken from the 2007 Consolidated Financial Statements

(2) The figures published in the consolidated income statement for the year ended December 31, 2005 were restated at the time of preparation of the 2006 Consolidated Financial Statements in order to take into account the following elements

- Reclassification within the income statement of Costs related to CO2 emission rights and Costs of energy delivery (see note 4 1 to the 2006 Consolidated Financial Statements);
- Retrospective application of IFRIC's interpretation 4 (see notes 1.2 and 4.2 to the 2006 Consolidated Financial Statements).

The figures shown for 2005 in the table above represent such restated 2005 information, as taken from the 2006 Consolidated Financial Statements.

(3) The figures published in the consolidated income statement for the year ended December 31, 2005 were not restated at the time of preparation of the 2007 Consolidated Financial Statements in order to reflect the change in presentation described in (1) above. This change in presentation would have impacted "Other operating income and expenses" and "Operating profit before depreciation and amortization (EBITDA)" for the period. For such year, the amount of net increases in provisions for renewal of property, plant and equipment operated under concessions was €489 million.

(4) The income before taxes of consolidated companies corresponds to the EDF Group's net income before income taxes, share of net income of companies accounted for under the equity method, net income from discontinued operations and minority interests

### Consolidated balance sheets

In millions of Euros

	June 30, 2008	December 31, 2007	December 31, 2006 <sup>(1)</sup>
<b>ASSETS</b>			
Goodwill	7,176	7,266	7,123
Other intangible assets	2,282	2,421	2,100
Property, plant and equipment operated under French public electricity distribution concessions	40,236	39,982	39,192
Property, plant and equipment operated under concessions for other activities	27,327	27,151	27,768
Property, plant and equipment used in generation and other assets owned by the Group	37,998	37,808	36,921
Investments in companies accounted for under the equity method	2,691	2,530	2,459
Non-current financial assets	15,763	15,805	13,094
Deferred tax assets	2,239	1,609	2,167
<b>Non-current assets</b>	<b>135,712</b>	<b>134,572</b>	<b>130,824</b>
Inventories, including work-in-process	9,468	8,678	7,431
Trade receivables	15,775	16,100	15,716
Current financial assets	27,794	14,876	17,010
Current tax assets	655	376	431
Other receivables	7,992	5,243	4,226
Cash and cash equivalents	4,637	6,035	3,308
<b>Current assets</b>	<b>66,321</b>	<b>51,308</b>	<b>48,122</b>
Assets classified as held for sale	6	269	140
<b>TOTAL ASSETS</b>	<b>202,039</b>	<b>186,149</b>	<b>179,086</b>
<b>EQUITY AND LIABILITIES</b>			
Capital	911	911	911
Consolidated reserves and income	28,139	26,299	22,398
<b>Equity (EDF share)</b>	<b>29,050</b>	<b>27,210</b>	<b>23,309</b>
Minority Interests	1,585	1,586	1,490
<b>Total Equity</b>	<b>30,635</b>	<b>28,796</b>	<b>24,799</b>
Provisions for back-end nuclear fuel cycle	16,960	16,699	14,636
Provisions for decommissioning and for last cores	13,620	13,097	13,606
Provisions for employee benefits	12,193	12,240	12,377
Other provisions	2,160	2,002	2,505
<b>Non-current provisions</b>	<b>44,933</b>	<b>44,038</b>	<b>43,124</b>
Rights of grantors in existing assets operated under French public electricity distribution concessions	18,243	18,227	17,800
Rights of grantors rights in assets operated under French public electricity distribution concessions, to be replaced	19,293	18,730	18,427
Non-current financial liabilities	21,198	17,607	19,983
Other liabilities	5,490	5,624	5,385
Deferred tax liabilities	5,356	4,435	4,646
<b>Non-current liabilities</b>	<b>114,513</b>	<b>108,661</b>	<b>109,365</b>
Provisions	3,688	4,696	4,018
Trade payables and other current liabilities payable	9,075	9,867	9,457
Current financial liabilities	24,736	16,918	15,110
Current tax liabilities	726	391	621
Other liabilities	18,662	16,706	15,600
<b>Current liabilities</b>	<b>56,887</b>	<b>48,578</b>	<b>44,806</b>
Liabilities related to assets classified as held for sale	4	114	116
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>202,039</b>	<b>186,149</b>	<b>179,086</b>

(1) The figures published in the consolidated balance sheet for the year ended December 31, 2006 were restated at the time of preparation of the 2007 Consolidated Financial Statements in order to reflect the changes in presentation for property, plant and equipment in the assets, and special concession liabilities in the liabilities (described in notes 2.11, 2.12, 3 and 4 to the 2007 Consolidated Financial Statements) The figures shown for 2006 in the table above represent



such restated 2006 information, as taken from the 2007 Consolidated Financial Statements. The table above does not include the figures published in the consolidated balance sheet for the year ended December 31, 2005 because they have not been restated to reflect the changes in presentation for property, plant and equipment described in note 4.2 to the 2007 Consolidated Financial Statements

#### Extracts from the consolidated cash flow statements

(in millions of euros)	June 30, 2008	June 30, 2007	December 31, 2007	December 31, 2006	December 31, 2005 <sup>(1)</sup>
Net cash flow from operating activities	4,523	5,711	10,222	11,795	8,439
Net cash flow used in investing activities	(7,168)	(4,385)	(5,428)	(13,769)	(10,621)
<i>Of which purchases of property, plant and equipment and intangible assets</i>	<i>(4,112)</i>	<i>(3,023)</i>	<i>(7,490)</i>	<i>(5,935)</i>	<i>(5,168)</i>
Net cash flow from financing activities	1,194	(1,556)	(2,116)	(1,794)	5,555
<i>Of which dividends paid by parent company</i>	<i>(1,273)</i>	<i>(2,114)</i>	<i>(3,170)</i>	<i>(1,439)</i>	<i>(374)</i>
Net increase (decrease) in cash and cash equivalents	(1,451)	(230)	2,678	(3,768)	3,373

(1) Financial information as at December 31, 2005 has been restated to take into account the retrospective application of IFRIC's interpretation 4 (see notes 1.2 and 4.2 to the 2006 Consolidated Financial Statements). The figures shown for 2005 in the table above represent such restated 2005 information, as taken from the 2006 Consolidated Financial Statements.

#### Breakdown by geographical area

1 <sup>st</sup> Half-Year 2008 (in millions of euros)	France	UK	Germany	Italy	Rest of Europe	Rest of the world	Total
Sales	17,817	3,945	3,707	2,817	3,655	298	32,239
Operating profit before depreciation and amortization (EBITDA)	6,074	587	634	457	1,182	107	9,041
Operating profit (EBIT)	3,822	366	454	224	973	75	5,914
<b>Balance sheet:</b>							
Total assets	99,992	13,925	10,320	8,227	17,160	1,327	202,039*
Total equity and liabilities	102,373	1,598	6,358	1,484	7,052	182	202,039*

\* The Total is not equal to the sum of the breakdown because assets and liabilities not allocated to a geographical segment are not reported in the above breakdown.

1 <sup>st</sup> Half-Year 2007 (in millions of euros)	France	UK	Germany	Italy	Rest of Europe	Rest of the world	Total
Sales	16,493	4,395	3,497	2,300	2,986	640	30,311
Operating profit before depreciation and amortization (EBITDA)	5,995	629	643	506	906	186	8,865
Operating profit (EBIT)	4,440	391	466	292	812	134	6,535
<b>Balance sheet:</b>							
Total assets	93,934	15,432	10,022	7,983	12,748	2,064	179,523*
Total equity and liabilities	96,779	3,939	5,975	1,438	3,282	910	179,523*

\* The Total is not equal to the sum of the breakdown because assets and liabilities not allocated to a geographical segment are not reported in the above breakdown.

2007 (in millions of euros)	France	UK	Germany	Italy	Rest of Europe	Rest of the world	Total
Sales	32,232	8,353	6,900	4,658	6,225	1,269	59,637
Operating profit before depreciation and amortization (EBITDA)	9,996	1,285	1,031	910	1,655	333	15,210
Operating profit (EBIT)	6,288	808	541	462	1,662	230	9,991
<b>Balance sheet:</b>							
Total assets	98,539	14,794	10,199	8,345	14,287	1,284	186,149*
Total equity and liabilities	100,810	3,448	6,288	1,478	5,470	206	186,149*

\* The Total is not equal to the sum of the breakdown because assets and liabilities not allocated to a geographical segment are not reported in the above breakdown

2006 <sup>(1)</sup> (in millions of euros)	France	UK	Germany	Italy	Rest of Europe	Rest of the world	Total
Sales	31,927	8,319	6,016	5,615	4,930	2,125	58,932
Operating profit before depreciation and amortization (EBITDA)	9,348	1,268	996	928	1,371	482	14,393
Operating profit (EBIT)	5,488	822	286	431	1,378	951	9,356

**Balance sheet:**

Total assets	94,108	15,727	10,159	8,920	12,136	2,026	179,086*
Total equity and liabilities	97,914	4,639	6,148	1,758	2,946	252	179,086*

(1) The figures published in the consolidated income statement for the year ended December 31, 2006 were restated at the time of preparation of the 2007 Consolidated Financial Statements in order to reflect:

- The change in presentation for net increases in provisions for renewal of property, plant and equipment operated under concession (described in notes 3.2 and 4 to the 2007 Consolidated Financial Statements),
- The reclassification within the different lines above EBITDA of Costs related to CO2 emission rights and Costs of energy delivery (see note 4.1 to the 2006 Consolidated Financial Statements)

The figures shown for 2006 in the table above represent such restated 2006 information, as taken from the 2007 Consolidated Financial Statements

\* The Total is not equal to the sum of the breakdown because assets and liabilities not allocated to a geographical segment are not reported in the above breakdown

2005 <sup>(1)</sup> (in millions of euros)	France	UK	Germany	Italy	Rest of Europe	Rest of the world	Total
Sales	30,015	6,682	5,005	2,019	4,446	2,880	51,047
Operating profit before depreciation and amortization (EBITDA) <sup>(2)</sup>	8,544	1,306	905	300	1,193	658	12,906
Operating profit (EBIT)	4,912	872	571	114	1,016	508	7,993

**Balance sheet:**

Total assets	93,670	14,260	9,449	9,048	10,647	3,841	171,136*
Total equity and liabilities	95,690	2,850	5,418	199	4,683	1,314	171,136*

(1) The figures published in the consolidated income statement for the year ended December 31, 2005 were restated at the time of preparation of the 2006 Consolidated Financial Statements in order to take into account the retrospective application of IFRIC's interpretation 4 (see notes 1.2 and 4.2 to the 2006 Consolidated Financial Statements) The figures shown for 2005 in the table above represent such restated 2005 information, as taken from the 2006 Consolidated Financial Statements

(2) The figures published in the consolidated income statement for the year ended December 31, 2005 were not restated at the time of preparation of the 2007 Consolidated Financial Statements in order to reflect the change in presentation for net increases in provisions for renewal of property, plant and equipment operated under concession (described in notes 3.2 and 4 to the 2007 Consolidated Financial Statements). This change in presentation would have impacted "operating profit before depreciation and amortization (EBITDA)" for the period

\* The Total is not equal to the sum of the breakdown because assets and liabilities not allocated to a geographical segment are not reported in the above breakdown.

## RECENT DEVELOPMENTS AND OUTLOOK

### FRANCE

#### Nuclear fleet availability

On December 4, 2008, EDF indicated that the Kd of its nuclear fleet should be close in 2008 to that of 2007 (80.2%), due to the ongoing treatment of the clogging phenomenon affecting certain units of its fleet and to anomalies noted on the stators of some generators (for a description of the performance of EDF's nuclear fleet for the first six months of the year 2008 and the year 2007, see respectively Section 2.2.2.1 "Performance of nuclear generation facilities" of the June 2008 Half-Year Financial Report and Section 6.2.1.1.3.3 "Performance of the nuclear fleet" of the 2007 *Document de Référence*).

The Kd indicator is the energy available (which is equal to the maximum theoretical energy less losses for technical reasons inherent to power plants, such as planned shutdowns, unplanned outages due to failure or safety requirements, and regulatory tests) as a percentage of the maximum energy that could be generated if the installed capacity was operated all year long.

EDF also confirmed its target to reach a Kd of 85% for its nuclear fleet by 2011.

#### Flamanville 3 EPR

In 2006, EDF estimated that the Flamanville 3 EPR would cost €3.3 billion (or €46/MWh in 2005 euros) based on 2005 economic conditions (see Section 6.2.1.1.3.5 "Preparing for the Future of the Nuclear Fleet" of the 2007 *Document de Référence*).

On December 4, 2008, EDF announced that the updated construction cost of the Flamanville 3 EPR is expected to be €4 billion in 2008 euros. This increase in expected cost results in part from reevaluating the costs using 2008 euros instead of 2005 euros (for an impact of approximately +€250 million). It is also due to the effects of some contractual indexes (for an impact of approximately +€150 million) as a consequence of higher raw material costs, and to the impact of technical and regulatory evolutions and contingency reserves (for an impact of approximately +€300 million). The new expected total cost (including costs of construction, decommissioning costs, operation and maintenance costs, taxes, fuel costs and downstream expenses) stands at €54/MWh in 2008 euros.

EDF also confirmed its objective of connecting the Flamanville 3 EPR to the network in 2012.

#### Long-term used fuel management partnership with AREVA

On December 19, 2008, AREVA and EDF entered into a framework agreement relating to the transmission and recycling of used nuclear fuel, covering the 2008-2040 period. Previously, the two companies had signed in August 2004 an agreement for the same subject matter covering the 2001-2007 period (see Section 6.2.1.1.3.4 "The Nuclear fuel cycle and related issues - B. Back-end" of the 2007 *Document de Référence*).

The agreement sets forth the guidelines for a long-term partnership. AREVA shall operate its La Hague and Melox sites until at least 2040, during which time EDF shall use these facilities. Pursuant to this agreement, it is expected that, from 2010 onwards, EDF will increase the volume of used fuel sent to La Hague from 850 to 1050 tons per year and the amounts of MOX fuel fabricated at the Melox site from 100 to 120 tons per year.

#### Tariffs

Pursuant to French law, the tariffs for using the public electricity transmission and distribution networks (*Tarifs d'Utilisation des Réseaux Publics de transport et de distribution d'électricité*, or "TURP") are adopted jointly by the Ministers of Economy and of Energy upon a proposal from the *Commission de Régulation de l'Énergie*, or "CRE" (see Section 6.2.2.4 "Tariffs for using the public electricity transmission and distribution networks (*Tarif d'utilisation des réseaux publics de transport et de distribution d'électricité*, or "TURP")" of the 2007 *Document de Référence*). In October 2008, the CRE proposed a 10% increase of the TURP over a four-year period. In December 2008, the competent French Ministers notified the CRE of their rejection of such proposal and requested the CRE to make a new proposal by March 1, 2009 that would take into account the fact

that the planned investment period should be until 2017 instead of 2024 and that would allow the tariffs to fluctuate depending on the seasons and the time of day.

#### **Statement of objections received from the European Commission**

On December 23, 2008, EDF and Electricité de Strasbourg have received a statement of objections from the European Commission's Directorate General for Competition relating to the long-term contracts of electricity supply entered into in France with major industrial customers, in particular major manufacturers. According to the European Commission, *"these contracts may prevent customers from switching to other providers, thereby reducing competition on the market, in particular when considering the exclusive nature and duration of the contracts and the share of the market that is tied by them. Under the same contracts, the resale of electricity appears to be restricted. These practices may constitute infringements of the EC Treaty rules on abuse of dominant market positions (Article 82). In particular, these practices may have made it difficult for suppliers to enter and expand in the French electricity markets and may have rendered the wholesale market for electricity less liquid."*

This statement of objections is the first stage of a procedure of the European Commission. The statement of objections in no way prejudices the final decision that will be taken by the European Commission. Any potential fines imposed would be proportionate to the gravity of the infringements, the prejudice to the economy and the situation of the company and may not exceed 10% of the company's worldwide revenues (excluding taxes).

#### **Solaire Direct**

On May 19, 2008, the company Solaire Direct lodged a complaint against EDF with the French Competition Council (*Conseil de la concurrence*) along with a request for provisional measures. Solaire Direct claims in its complaint that the Group could have abused of its dominant position on the different electricity markets in order to enter, through its subsidiary EDF Energies Nouvelles Réparties, the emerging market of global services offering in relation with the generation of photovoltaic electricity, and thus could have curbed the entry of new competitors onto this market. The Competition Council met on November 26, 2008 to consider the admissibility of the complaint and the request for provisional measures. EDF proposed commitments to address the potential competition concerns raised by the Competition Council that the Council has published on its website in the context of a "market test" procedure so that any involved companies may make their opinions known. Thereafter, the Council will meet to give its opinion on the proposed commitments.

If the Council accepts the proposed commitments, the proceedings initiated by Solaire Direct would come to an end. If the proposed commitments are rejected, the Council would then decide on the admissibility of the complaint and the provisional measures.

Further, if the Council were to acknowledge the use of anti-competitive practices by EDF after a thorough investigation (that may last between 12 to 18 months), it could impose a financial penalty. Any potential fines imposed would be proportionate to the gravity of the infringements, the prejudice to the economy and the situation of the company and may not exceed 10% of the company's worldwide revenues (excluding taxes).

#### **Employee offering**

Following the sale by the French State of 2.47% of EDF's capital on December 3, 2007, pursuant to French privatization laws, an offering of EDF shares was made to EDF's current and former employees by the French State from September 12 to September 22, 2008. In total, 70,000 employees acquired 3.2 million shares of EDF. This resulted in an increase of 0.2% of the portion of EDF's share capital owned by employees, which rose from 1.9% to 2.1%.

### **INTERNATIONAL**

#### **Acquisition of British Energy Group**

EDF and British Energy Group announced on September 24, 2008 that they had reached an agreement on the terms of the offers to be made by Lake Acquisitions Limited ("Lake Acquisitions"), a 100% subsidiary of EDF S.A., for the share capital of British Energy. The British Energy Group owns and operates eight nuclear power stations in the United Kingdom and employs over 6,000 people. For the year ended March 31, 2008, the

British Energy Group reported revenues of £2,811 billion and net profit attributable to shareholders of £335 million.

Lake Acquisitions announced on September 25, 2008 that it had acquired 274,288,774 British Energy shares at a price of 774 pence per share, representing approximately 26.53% of the then existing issued share capital of British Energy.

On November 5, 2008, Lake Acquisitions announced the terms of its recommended offers to acquire the entire issued, and to be issued, share capital of British Energy other than the Special Share (being the special rights redeemable preference share of £1 held jointly by the Secretary of State of Her Majesty's Government ("HMG") and the Secretary of State for Scotland).

The terms of the offer for the ordinary shares of British Energy were as follows:

- a cash offer of 774 pence per share,
- as an alternative, holders resident in certain countries of the European Economic Area were offered the possibility to receive, at their election and subject to availability, in respect of all or part of their holding of British Energy Ordinary Shares, 700 pence in cash and one Nuclear Power Note for each ordinary share (the "Partial CVR Alternative"). "Nuclear Power Note" means any of the notes due 2019 issued by Barclays Bank PLC ("Barclays") linked to the contingent value right units issued by Lake Acquisitions to Barclays. Payments under these Nuclear Power Notes (and payments under the units issued by Lake Acquisitions to Barclays) are based on a formula which is intended to afford economic exposure to wholesale power prices and the output of British Energy's existing nuclear fleet. Therefore, the evolution of the wholesale power prices in the United Kingdom and of the output of British Energy's existing nuclear fleet may result in additional amounts payable by the Group (through Barclays) under the Nuclear Power Notes.

As part of the Partial CVR Alternative, an additional CVR election facility was also made, enabling shareholders who elected for the Partial CVR Alternative to elect to receive, subject to availability, two additional Nuclear Power Notes, in lieu of receiving cash consideration of 74 pence in respect of each additional Nuclear Power Note.

Lake Acquisitions also made a cash offer of 774 pence for each British Energy convertible share.

The acquisition is consistent with all of the investment criteria of the EDF Group in terms of strategy, finance and political acceptance.

The cash consideration required for the acquisition of British Energy is provided (i) under a credit facility agreement entered into on September 23, 2008 (as amended and restated on October 2, 2008 and December 19, 2008) totaling £11.0 billion and (ii) with the use of EDF's existing cash resources.

The acquisition was subject to certain conditions, including clearance from the European Commission under merger control regulation. On November 3, 2008, EDF filed the Form CO with the European Commission. On December 22, 2008, the European Commission announced its decision to approve, subject to certain commitments by EDF, the acquisition of British Energy by Lake Acquisitions. Specifically, EDF has committed to the following, the implementation of which shall occur over the next few years: (i) to divest British Energy's coal fired power station at Eggborough; (ii) to divest EDF Energy plc's gas fired power station at Sutton Bridge; (iii) to sell amounts of electricity ranging from 5 to 10 TWh per year in Great Britain during the period from 2012 to 2015; and (iv) to give up one of the combined group's three grid connection agreements at Hinkley Point. EDF has also committed to divest, without conditions, one site potentially suitable for the construction and operation of new electricity production facilities situated adjacent to existing British Energy stations at either Heysham or Dungeness, at the option of the purchaser.

On January 5, 2009, EDF announced that the offers had become unconditional in all respect and the acquisition had become effective. On such date, Lake Acquisitions owned or had received valid acceptances in respect of a total of 1,550,102,522 British Energy shares, representing in aggregate approximately 96.44% of the current issued share capital of British Energy.

On January 12, 2009, Lake Acquisitions announced that it had procured that British Energy apply to the U.K. Listing Authority for the cancellation of listing of British Energy Ordinary Shares on the Official List and to the Main Market of the London Stock Exchange for the cancellation of admission to trading of British Energy Ordinary Shares on its main market for listed securities. to take effect no earlier than February 9, 2009.

EDF and Centrica are in discussions regarding the granting by EDF of an option to Centrica for the acquisition of a 25% interest in Lake Acquisitions at the same implied price per share as that paid by EDF for British Energy, subject to certain costs to be agreed. Centrica would also be entitled to participate in EDF's new nuclear build activities in the UK on a 75/25 (EDF/Centrica) basis. Centrica's 25% interest in Lake Acquisitions would give it the right to offtake at least 25% of the uncontracted output of British Energy's existing generation fleet. Profits of Lake Acquisitions would be distributed to EDF and Centrica in proportion to their equity interests.

EDF expects the acquisition of British Energy to generate synergies positively impacting its consolidated operating profit before depreciation and amortization (EBITDA) by approximately €200 million three years after the completion date of the acquisition. The estimated potential synergies have been calculated on the basis of EDF acquiring and retaining 100% ownership of British Energy and de-listing British Energy. The potential synergies have been calculated on the basis of a number of subjective assumptions made by EDF, for example in relation to potential procurement costs and other areas of overlap, future retail customer numbers, customer demand and profits on power sales. Revenue synergies will result from enhanced existing trading operations and access to an improved credit rating for British Energy operations, as well as an ability to grow the end customer base.

EDF believes that the acquisition will enable it to build and operate four EPRs in the UK. EDF is aiming to have the first EPR on-stream by the end of 2017. EDF and British Energy have identified certain British Energy sites as being suitable for the construction and operation of new nuclear power generation facilities. Together with AREVA, EDF has already submitted an application to the relevant UK authorities for certification of an EPR plant model for use in the UK. In addition, EDF has already ordered the critical components required to build the first two EPRs in the UK. EDF estimates that the total cost (including costs of construction, decommissioning costs, operation and maintenance costs, taxes, fuel costs and downstream expenses) of each of the four EPRs will be in the range of £42/MWh to £45/MWh in 2008 sterling.

Regarding the acquisition of British Energy, see "Risk Factors - Risks Related to the Structure and Changes Within the Group - Risks related to the acquisition of British Energy."

## **Constellation Energy**

### ***Potential EPR at Nine Mile Point***

On September 30, 2008, UniStar Nuclear Energy, a joint venture of Constellation Energy and EDF Group, submitted a combined license (COL) application to the U.S. Nuclear Regulatory Commission (NRC) for a potential new reactor at Nine Mile Point Nuclear Station in Scriba, N.Y.

The COL application seeks federal regulatory approval for a 1,600-megawatt nuclear plant that would have the capacity to generate electricity for more than one million households. The NRC's application review process is expected to take 36-42 months.

The final decision on whether to proceed with this new reactor has not yet been made by UniStar Nuclear Energy.

### ***Increase of shareholding in Constellation Energy***

On September 9, 2008, EDF announced that it had increased its stake in Constellation Energy from 4.97% to 9.51%, through the acquisition of shares on the market.

### ***Offer for certain assets of Constellation Energy***

On September 19, 2008, MidAmerican Energy Holdings Company ("MidAmerican") and Constellation Energy announced that they had reached a definitive merger agreement in which MidAmerican would purchase all of the outstanding shares of Constellation Energy for cash consideration of approximately \$4.7 billion, or

\$26.50 per share and that Constellation Energy would issue to MidAmerican \$1 billion of preferred equity yielding 8% upon signing the definitive agreement.

On December 3, 2008, EDF announced that it had proposed to Constellation Energy (i) to acquire a 50% ownership interest in Constellation's nuclear generation and operation business for US \$4.5 billion, (ii) to make an immediate \$1 billion cash investment in Constellation to be credited against the purchase price for EDF's interest in the nuclear generation business, and (iii) to grant Constellation Energy a put option pursuant to which Constellation Energy could sell non-nuclear generation assets to EDF having an aggregate value of up to US \$2 billion.

On December 8, 2008, Constellation Energy announced that its Board of Directors authorized the company to begin immediate discussions and exchange of information with EDF related to EDF's proposal.

On December 17, 2008, Constellation Energy and MidAmerican announced that they had jointly reached an agreement to terminate their merger agreement. MidAmerican will receive a \$175 million termination fee. In addition, the preferred shares issued to MidAmerican will convert and MidAmerican will receive a \$1 billion note at 14% interest, maturing December 31, 2009; approximately 20 million shares of Constellation Energy common stock, representing 9.99% of outstanding shares; and approximately \$418 million in cash.

The same day, EDF and Constellation Energy announced a definitive agreement under which EDF would acquire a 49.99% interest in Constellation Energy Nuclear Group for \$4.5 billion. Constellation Energy Nuclear Group owns 3,869 megawatts of nuclear generating capacity, which consists of the Calvert Cliffs Nuclear Power Plant in Maryland, and Nine Mile Point Nuclear Station and R.E. Ginna Nuclear Power Plant in New York. EDF's interest in Constellation Energy Nuclear Group will be structured as a new joint venture between the companies, separate from the existing UniStar joint venture.

Pursuant to the agreement, in December 2008, EDF has made several key investments to strengthen Constellation Energy's liquidity position :

- EDF made a \$1 billion cash investment in Constellation Energy through the purchase of newly issued Constellation Energy non-convertible cumulative preferred stock, which will be surrendered to Constellation Energy upon closing of the transaction and credited against the \$4.5 billion purchase price for EDF's interest in Constellation Energy Nuclear Group.
- EDF and Constellation Energy entered into a two-year asset put option that allows Constellation Energy to sell to EDF up to \$2 billion of non-nuclear generation assets.
- EDF provided Constellation Energy with a \$600 million interim backstop liquidity facility, which will remain available until receipt of all regulatory approvals relating to the transfer of the non-nuclear generation assets that could be sold under the asset put option or the date that is six months after the date of the investment agreement, whichever is earlier.

The transaction is subject to and the companies expect to receive the necessary regulatory approvals for the acquisition of EDF's interest in Constellation Energy's nuclear generation and operation business and close the transaction within six to nine months of their December 2008 agreement.

The transaction is not subject to a financing condition. EDF will finance the transaction, including the agreed liquidity arrangements, through corporate funds and credit facilities. Approval from Constellation Energy's shareholders is not required.

Regarding the acquisition of certain assets of Constellation Energy, see "Risk Factors - Risks Related to the Structure and Changes Within the Group - Risks related to the contemplated acquisition of certain nuclear activities of Constellation Energy".

#### **Investment policy regarding the new nuclear power plants until 2020**

The Group's ambitions concerning new nuclear power plants until 2020 (4 reactors in the United Kingdom, 2 in the United States, 2 in China and 1 in France) correspond to a global investment amount estimated, as at the end of 2008, at between €40 billion and €50 billion in 2008 euros. EDF's expected net financing requirements

relating to such investment (after taking into account the free cash flow generated by the first plants) over the same period should be between €12 billion and €20 billion in 2008 euros, in particular, taking into account the expected involvement of partners in these projects in France, China, the United States and potentially the United Kingdom.

The EDF Group may use a variety of different methods for the financing of its new nuclear power plants program:

- Financing by partners under joint ventures or cooperation agreements entered into with Enel in France, China Guangdong Nuclear Power Holding Company in China and Constellation Energy in the United States. The Group does not exclude entering into further partnerships in the future;
- Financing through project financing debt;
- Self-financing through the free cash flow generated by the new nuclear power plants (the first one scheduled to become operational starting in 2012).

The implementation of the new nuclear power plants program over a long period of time allows the Group to spread its net financing needs between now and 2020.

#### **EPRs commissioning timetable**

In addition to the target of connecting the Flamanville 3 EPR to the network in France in 2012, EDF has the following commissioning timetable objectives: a first Chinese EPR in 2013 (Taishan 1), a second Chinese EPR in 2014 (Taishan 2), two North American EPR in 2016 (including Calvert Cliffs 3), a first EPR in the United Kingdom at end-2017 and three other EPRs in the United Kingdom from 2018 onwards (including post 2020).

#### **Joint venture between Edison and Hellenic Petroleum**

Edison and Hellenic Petroleum, Greece's largest hydrocarbon company, signed agreements on July 3, 2008 establishing a 50-50 joint venture to operate in Greece's electric power market.

The joint venture's objective is to develop, through subsidiaries, a generating capacity of more than 1,500 MW (including 390 MW already operational), a level of output equal to about 12% of the Greek market, thereby becoming the second largest electric power operator in Greece, as well as power trading and marketing activities. The joint venture may also pursue investments in renewable energy sources in Greece as well as opportunities in power generation and trading in the Balkans.

#### **EnBW's bid to acquire 26% of EWE AG**

On July 10, 2008, EnBW announced that it would acquire 26% of the share capital in EWE AG, a German energy company with some 4,700 employees and consolidated revenue of €4.7 billion in 2007. EnBW would acquire the 26% shareholding in EWE AG by purchasing existing shares and by means of a capital increase by cash subscription. The total investment by EnBW amounts to approximately €2 billion.

The acquisition is subject to the approval of the anti-trust authorities. The German Federal Cartel Office announced on December 22, 2008 that, after a preliminary examination, it believes that the partnership would result in the companies' increased dominance in eastern German gas markets. The Federal Cartel Office has delayed its decision on the matter until March 9, 2009. The companies have until January 26, 2009 to respond to the cartel authorities.

There can be no assurance that this acquisition will be completed.

#### **Agreement for the construction of 2 new nuclear reactors in China using EPR technology**

After the signing of a framework agreement on November 26, 2007 in Beijing, EDF and the Chinese electricity producer China Guangdong Nuclear Power Holding Company (CGNPC) signed on August 10, 2008 the final agreements in Beijing for the creation of a joint venture company to be called Guangdong Taishan Nuclear Power Joint Venture Company Limited (TNPC). The aim of the joint venture is to construct and operate



two nuclear EPR power stations at Taishan in the province of Guangdong, modeled on the EPR reactor currently being built by EDF at Flamanville. EDF will hold 30 % of TNPC for a period of 50 years.

At the same time as creating the joint venture, the two groups also concluded a technical assistance contract pursuant to which EDF will share its know-how by seconding skilled personnel and providing technical documentation.

The creation of this joint venture company is still subject to the approval of the Chinese authorities, as any foreign investment.

#### **Acquisition of Eagle Energy Partners I, L.P. by EDF Trading**

EDF Trading announced on September 29, 2008 that it had entered into a binding sales and purchase agreement with Lehman Brothers to acquire Eagle Energy Partners I, L.P. ("Eagle"). The transaction is subject to regulatory and bankruptcy court approvals, as well as customary closing conditions.

Eagle is a North American wholesale energy transportation, gas storage and optimization services business. Eagle specializes in energy logistics and asset optimization including:

- balancing and matching customer supply and demand,
- providing optimization of gas storage and transportation assets as well as power generation assets,
- providing financial hedging and risk management products to its customers.

There can be no assurance that this acquisition will be completed.

#### **Acquisition of a majority holding in British North Sea gas fields**

EDF announced on October 27, 2008 that it had signed an agreement with ATP Oil & Gas UK, a subsidiary of the American oil company ATP Oil & Gas Corporation (ATPG), for the acquisition of 80% of its shares in gas assets in the British North Sea. EDF also has the option to acquire the remaining 20% of ATPG's shares in 2009 and can transfer the option to its Italian subsidiary Edison.

The transaction, the amount of which is £265 million, relates to:

- 68% of the Tors zone, which includes two natural gas fields that came into production in March 2006 and February 2007;
- 80% of the Wenlock field, which came into production in December 2007.

The acquisition is still subject to approval by the relevant British authorities.

There can be no assurance that this acquisition will be completed.

#### **Combination of Atel and EOS**

As contemplated in the beginning of the year 2008 (see Section 6.3.4.1 "Switzerland" of the 2007 *Document de Référence*), Atel and EOS are to combine their main activities within Alpiq Holding SA ("Alpiq"), by the end of January 2009. The agreements relating to the transaction were executed on December 18, 2008.

EDF will have a 25% shareholding in Alpiq by contributing to Alpiq its energy rights corresponding to its 50% stake in the Emosson dam, valued at 720 million Swiss francs, and 337 million Swiss francs in cash. The other main shareholders of Alpiq will be EOS Holding and a consortium of Swiss minority shareholders, each with 31%.

Alpiq will have a hydraulic generation capacity in Switzerland of some 3000 MW, as well as 765 MW in nuclear capacity.

## FINANCIAL INFORMATION

### Interim dividend of € 0.64 per share

EDF paid an interim dividend on December 17, 2008 of €0.64 per share corresponding to a total amount of €1.2 billion.

### Bond issues

EDF launched, on January 16, 2009, the placement of two bonds denominated in euros for a total amount of €4 billions. The bonds will have a maturity of six and twelve years respectively and an annual coupon of 5.125% and 6.25% respectively. The closing is expected to take place on January 23, 2009.

EDF issued, on November 26, 2008, a €2 billion bond with a maturity of 4 years and 2 months and an annual coupon of 5.625 %.

EDF issued, on December 12, 2008, a £400 million bond with a maturity of 14 years and an annual coupon of 6.875%.

EDF issued, over November and December 2008, a 1,350 million Swiss Francs bond with a 5-year maturity and an annual coupon of 3.375%.

EnBW issued, in November 2008, two bonds denominated in euros for a total amount of €1.5 billion. The bonds have a maturity of five and ten years respectively and an annual coupon of 6% and 6.875 % respectively.

RTE EDF Transport issued, on September 12, 2008, a €1 billion bond with a maturity of 10 years and an annual coupon of 5.125%. The sole purpose of the new bond issue was to refinance a portion of the debt contributed to the company by EDF at the time of its constitution.

### Increase of the ceiling of US commercial paper program and French commercial paper program (*billets de trésorerie*)

The Group has increased the maximum outstanding amount of its US commercial paper program from US\$3 billion to US\$10 billion and that of its French commercial paper program from €3.8 billion to €6 billion.

### Credit facility entered into for the acquisition of British Energy

EDF has entered into a credit facility agreement on September 23, 2008 (as amended and restated on October 2, 2008 and December 19, 2008) for a total of £11.0 billion with a bank syndicate for the purpose of financing the acquisition of British Energy. The credit facility agreement is made up of two tranches:

- one tranche for a total of £5.5 billion with a maturity of 364 days (extendable for another 364 days at EDF's request) and a margin of 100 basis points over LIBOR for the six first months-period and then 110 basis points;
- a second tranche for a total of £5.5 billion with a maturity of three years, with a margin of 120 basis points over LIBOR.

A limited portion of each tranche is denominated in euros.

EDF has already started to refinance this credit facility through bond issues. As of the date of this offering memorandum, the amount outstanding (*i.e.* drawn and not repaid) under this credit facility is £7.344 billion.

### TaRTAM impact

In July 2008, the French Parliament extended by an additional year the TaRTAM mechanism to June 30, 2010. On August 2, 2008, EDF provided a preliminary estimate of the cost of this extension for 2009 and 2010 and announced that it will book a provision for the total amount in its 2008 consolidated financial statements. The preliminary estimate, which amounted to around €1 billion, was based on a number of assumptions

regarding, *inter alia*, volumes, market prices and the CSPE, which EDF believed to be reasonable at that point of time. EDF will disclose a revised figure on the basis of more recent assumptions when it reports its full year 2008 results on February 12, 2009.

## Investments

EDF Group has significantly increased its capex programme over the last few years, in generation and in networks, in France and internationally. In 2009, the Group should further accelerate its capex programme. In France in particular, EDF plans to invest €300 million in renewable energies, €300 million in the infrastructures of the French overseas departments, €200 million in French manufactured supplies for EDF's international nuclear development.

## Credit Rating

The current long term rating of EDF by the three major rating agencies is as follows:

- Fitch: A+, stable outlook,
- Moody's: Aa3, stable outlook,
- S&P: A+, negative outlook.

## EDF Group's sales at September 30, 2008

EDF Group's sales for the nine months ended September 30, 2008 were €45.6 billion, up 6.9% and representing organic growth of 9.7% compared to the first nine months of 2007. Growth was driven by price and tariff evolutions, particularly overseas, and to a lesser extent by growth in the volumes of electricity and gas sold, notably due to the colder weather conditions which were closer to seasonal norms.

Sales for the third quarter of 2008 were of €13.4 billion, up 8.3% and representing organic growth of 11.1% compared to the third quarter of 2007.

### Change in sales at September 30

In millions of euros	9-month 2008	9-month 2007	Change 2008/2007	Organic growth <sup>1</sup>
<b>France</b>	<b>24,446</b>	<b>23,031</b>	<b>+6.1%</b>	<b>+6.1%</b>
United Kingdom	5,721	6,160	-7.1%	+6.7%
Germany	5,347	4,952	+8.0%	+9.0%
Italy	4,287	3,346	+28.1%	+29.1%
Rest of Europe	5,342	4,209	+26.9%	+20.8%
<b>Europe excluding France</b>	<b>20,697</b>	<b>18,667</b>	<b>+10.9%</b>	<b>+14.5%</b>
<b>Rest of the world</b>	<b>448</b>	<b>945</b>	<b>-52.6%</b>	<b>-0.4%</b>
<b>Total International</b>	<b>21,145</b>	<b>19,612</b>	<b>+7.8%</b>	<b>+13.8%</b>
<b>EDF Group</b>	<b>45,591</b>	<b>42,643</b>	<b>+6.9%</b>	<b>+9.7%</b>

<sup>1</sup> Growth excluding scope and exchange rate effects

### France

**In France**, sales for the nine months ended September 30, 2008 were €24.4 billion, up 6.1% compared to the first nine months of 2007, driven by increased wholesale prices principally on capacity auctions, and changes in tariffs.

Third-quarter sales totaled €6.6 billion, up 1.4% on the third quarter of 2007. Dynamism of volumes sold to end customers, already noted in the first half of the year, continued (+1.9 TWh in the third quarter) in the context of weather conditions which were closer to seasonal norms (colder). Nevertheless, this development,

together with extended maintenance operations and a higher number of unplanned outages of nuclear facilities, led to lower net sales on the wholesale markets.

Sales of natural gas and services continued to grow and contributed to sales growth to a lesser extent.

#### International

In the **United Kingdom**, EDF Energy's sales for the nine months ended September 30, 2008 totaled €5.7 billion, down 7.1% compared to the first nine months of 2007. This decrease results from a negative exchange rate effect of -13.6% associated with the appreciation of the euro against sterling. EDF Energy's sales represented organic growth of 6.7%, mainly driven by electricity tariff increases for residential clients (increases of 7.9% in January 2008 and 17% in July 2008) and, to a lesser extent, by natural gas tariff increases (increases of 12.9% in January 2008 and 22% in July 2008). Regulated network activities progressed due to increases in toll tariffs (increase of 4.2% in October 2007).

In **Germany**, EnBW's sales for the nine months ended September 30, 2008 totaled €5.3 billion, representing organic growth of 9%, due to the solid performance by electricity activities. Electricity sales benefited from a favorable price effect on end customers and the wholesale market, and an increase in volumes sold to residential customers. In natural gas, sales remained stable, with a decrease in volume sales and a rise in prices, notably to business customers.

In **Italy**, sales for the nine months ended September 30, 2008 totaled €4.3 billion, representing organic growth of 29.1%. Edison's 9-month sales stood at €3.8 billion, representing organic growth of 30.7%. This growth was driven by electricity sales on the IPEX, due to sharp increases in prices (an increase of 26.6%) and volume growth. The hydrocarbon/gas business also contributed to the growth, due to the increased price of Brent and higher volumes of gas sold on the wholesale markets but to a lesser extent.

In the **Rest of Europe**, sales for the nine months ended September 30, 2008 totaled at €5.3 billion, representing organic growth of 20.8%. This increase was essentially driven by the sharp growth in EDF Trading's net trading margins and the continued development of EDF Energies Nouvelles' activities. Increased prices and tariffs in Hungary and Poland also contributed to this growth.

#### Quarterly change in sales

In millions of euros	Q3 2008	Q3 2007	Change 2008/2007	Organic growth <sup>1</sup>
<b>France</b>	<b>6,629</b>	<b>6,538</b>	<b>+1.4%</b>	<b>+1.4%</b>
United Kingdom	1,776	1,765	+0.6%	+15.1%
Germany	1,640	1,455	+12.7%	+12.9%
Italy	1,470	1,046	+40.5%	+41.3%
Rest of Europe	1,687	1,223	+37.9%	+31.5%
<b>Europe excluding France</b>	<b>6,573</b>	<b>5,489</b>	<b>+19.7%</b>	<b>+23.2%</b>
<b>Rest of the world</b>	<b>150</b>	<b>305</b>	<b>-50.8%</b>	<b>+1.0%</b>
<b>Total International</b>	<b>6,723</b>	<b>5,794</b>	<b>+16.0%</b>	<b>+22.0%</b>
<b>EDF Group</b>	<b>13,352</b>	<b>12,332</b>	<b>+8.3%</b>	<b>+11.1%</b>

<sup>1</sup> Growth excluding scope and exchange rate effects

Quarterly breakdown of sales

In millions of euros	Q1 2008	Q2 2008	Q3 2008	9-month 2008
<b>France</b>	<b>10,666</b>	<b>7,151</b>	<b>6,629</b>	<b>24,446</b>
United Kingdom	2,198	1,747	1,776	5,721
Germany	2,025	1,682	1,640	5,347
Italy	1,412	1,405	1,470	4,287
Rest of Europe	1,906	1,749	1,687	5,342
<b>Europe excluding France</b>	<b>7,541</b>	<b>6,583</b>	<b>6,573</b>	<b>20,697</b>
<b>Rest of the world</b>	<b>138</b>	<b>160</b>	<b>150</b>	<b>448</b>
<b>Total International</b>	<b>7,679</b>	<b>6,743</b>	<b>6,723</b>	<b>21,145</b>
<b>EDF Group</b>	<b>18,345</b>	<b>13,894</b>	<b>13,352</b>	<b>45,591</b>

**Outlook**

The Group will publish its 2008 results on February 12<sup>th</sup> 2009. Group EBITDA is expected to increase approximately of 3% in 2008. 2008 Group Net income excluding non recurring items should not exceed that of 2007.

These result-related objectives are expressed in terms of organic growth, that is excluding changes in the scope of consolidation and exchange rates effects. They are established on the basis of constant accounting principles and without taking into account the volatility caused by the application of IAS Standards 32/39. They do not take into account the impact on 2008 accounts of the extension by one additional year to 30 June 2010 of the TarTAM (*Tarif transitoire d'ajustement au marché*) (see "Financial Information - TarTAM Impact").

In respect of Group net income, it should be noted that 2007 net income included the positive effect of non recurring items for a total of €941 million net of tax. In 2008, Group net income will be mainly negatively impacted by the provision to be taken in respect of the extension of the TarTAM for an additional year.

For 2009, against a difficult economic and financial background, and after two major acquisitions in 2008, EDF Group will focus on organic growth and the strengthening of its business operations in France and abroad. Whilst pursuing its sizeable investment programme, the Group will in particular aim at improving its operations, specifically the performance of its French nuclear fleet and the achievement of its three-year "*Excellence Opérationnelle*" performance programme, the integration of its newly acquired business British Energy and the achievement of announced synergies.

EDF Group will also seek to maintain its solid financial structure, consistent with its current rating (Aa3 stable outlook Moody's, A+ negative outlook S&P, A+ stable outlook Fitch).

## RISK FACTORS

*Investing in the Notes involves risk. We urge you to carefully review (i) the risk factors set forth below, (ii) the risks described under Section 4.2 "Risk Factors" starting on page 11 of the 2007 Document de Référence incorporated by reference in this offering memorandum, as updated by Chapter 2 – Section 13 "Principal Risks and Uncertainties for the Second Half-Year of 2008" of the 2008 Half-Year Financial Report incorporated by reference in this offering memorandum, and as further updated by the risk factors set forth below, and (iii) the other information contained in this offering memorandum, including the documents incorporated by reference herein, before making an investment decision.*

### **RISK FACTORS RELATED TO THE ISSUER'S BUSINESS, FINANCIAL POSITION AND FUTURE RESULTS**

The Group operates in an environment that is experiencing profound change, generating various risks, some of which are outside of its control and which are in addition to the risks inherent in carrying on its businesses. The risks that the Group believes are material for its businesses are described below. One or several of these risks could possibly have an adverse effect on the Group's activities and/or its results. Moreover, other risks, of which it is currently unaware, or which it believes are not material at present, may have the same adverse effect.

The risks identified below relate to:

- the opening of European energy markets;
- the Group's activities;
- the Group's nuclear activities;
- the Group's structure and its transformation; and
- the structure of EDF share capital and the listing of its shares.

Given the fact that the acquisition of British Energy by the Group occurred recently (see "Recent Developments and Outlook – International – Acquisition of British Energy Group"), the risks presented below do not take into account risks specific to the activities of the British Energy group.

#### **Risks Related to the Opening of the European Energy Markets**

*The Group must face increased competition on the European energy markets, in particular, on the French electricity supply market, which is its principal market.*

##### *In France*

Since July 1, 2007, the electricity market has been totally open to competition. All of EDF's clients now have the option of choosing their electricity supplier and can therefore choose any of its competitors (see Section 6.2.1.2 "Supply" of the 2007 *Document de Référence*). EDF has implemented measures aimed at contending with its competitors. However, given its previous monopoly position, EDF is bound to lose a share of the market in France. The losses could become increasingly significant, notably due to the changing context of the competition (emergence of new players, mergers of existing operators, etc.). This decrease in EDF's market share could have, at constant consumption and price levels, a negative impact on the Group's sales. Finally, to achieve its objectives, EDF could be forced to increase its marketing expenditures or reduce its margins (especially in the event of price competition), which would have a negative effect on its profitability.

##### *Outside France*

Through its various subsidiaries in Europe, the Group faces different competitive situations, in particular in the electricity market:

- in the United Kingdom, the market has been totally open since the 1990s and is very competitive;

- in Germany, the market is also totally open, and is becoming increasingly competitive;
- in Italy, the degree to which the market has opened up is comparable to that in France, and Edison is in a position to challenge the historical operator (Enel); and
- in the rest of Europe, and in particular in central and eastern Europe, the market opening continues for the new members of the European Union.

In some countries, or in some regions within a country, the Group must pursue a defensive strategy with respect to its market share, as in France. In other countries, in contrast, it must pursue an offensive strategy to conquer market share. The type of competition, the development of this competition, and its effect on the Group's activities and its results vary from one country to another. They depend on the degree of deregulation in the country in question and on various other factors over which the Group similarly has no control.

Within this context, even if the Group considers that the European electricity market presents opportunities, the Group may not be able to defend its market share or win expected market shares. It may also see its margins decrease, which would have a negative effect on its activities, its strategy and its financial results.

***The legal and regulatory framework governing the liberalization of the energy sector is recent. This framework may change in the future and become more restrictive.***

The Group's activities in France and abroad are subject to numerous regulations (see Section 6.5 "Legislative and regulatory environment" of the 2007 *Document de Référence*). Moreover, and even in the European Union, where directives only define a general framework, laws and regulations may vary from one country to another.

This legal and regulatory framework, which organizes the opening up of the energy sector, is relatively recent and does not necessarily provide all of the solutions to the difficulties raised by the opening up of those markets. It is therefore likely to change, which could be unfavorable to the Group. Future changes to the legal and regulatory framework, whether in France or abroad, may lead to additional costs, be inconsistent with the Group's development model, or change the competitive context in which the Group operates.

***Risks associated with the fact that the Group will remain, in all likelihood for the next coming years, the largest operator in the French electricity market.***

Although it has observed a decrease in its market share in France, EDF will in all likelihood remain the largest operator in the French electricity market over the next few years, particularly in generation and supply. The transmission and distribution activities (operated by RTE-EDF Transport and by ERDF) are required to be operated in a framework guaranteeing their independence from generation and supply activities in order to ensure non-discriminatory access to all users.

EDF intends to strictly comply with current regulations on competition and non-discrimination.

However, competitors have and may initiate lawsuits for non-compliance with these regulations, which may be decided against the Group's interests.

Furthermore, regardless of any legal action initiated by competitors, the authorities may make decisions that are contrary to the Group's economic or financial interests or to its model as an integrated and balanced operator (see, in particular, Section 6.5.1.1 "European legislation —Opening up the market" and Section 6.2.1.2.1 "Opening of the French market for electricity sales and supply" of the 2007 *Document de Référence*). Thus, the European Commission notified in December 2008 to EDF a statement of objections in the context of an infringement procedure in relation with suspicions of an abuse of its dominant position (see "Recent Developments and Outlook – France – Statement of objections received from the European Commission").

Finally, European countries may claim that the opening up of the French market is insufficient and implement measures intended to slow the Group's growth in their own countries.

This may have material, negative consequences for the Group's model, activities and financial results.

***Laws and regulations that require the transmission and distribution activities to be managed independently limit control over these activities.***

In accordance with current laws and regulations, EDF has instituted a management of its distribution network that is independent from its generation and sales activities and has transferred its distribution and transmission network activities to wholly-owned subsidiaries. EDF may be affected by the loss of control over certain operational decisions, which may have an impact on its operating costs, which is a significant element in the profitability of its transmission and distribution activities in France. At the same time, EDF will continue to bear the risks associated with transmission and distribution activities, liabilities to third parties and factors that may affect the profitability of transmission and distribution assets.

Such risks may also be present in countries where the Group owns or operates transmission or distribution networks where it is subject to similar regulatory restrictions.

**Risks Related to the Group's Activities**

***The Group operates facilities that may cause significant harm to the natural or human environment or for which accidents or external attacks may have serious consequences.***

The risks specific to nuclear facilities are described separately below (see risk factor entitled "Specific risks relating to the Group's nuclear activity").

With respect to hydropower facilities, even if it is not the owner but a licensee, the Group is responsible as the operator for the safety of the facilities. The main risks associated with hydropower facilities and their operations are the risk of dams or associated hydropower facilities bursting, risks associated with operating the facilities during floods, and the risk associated with flow or level variations due to the operation of these facilities. To these risks are added those associated with attacks or ill-intentioned acts of any kind.

The Group takes, during the construction and operation of hydroelectric facilities, measures for accident prevention and safety (see Section 6.2.1.1.4.2 "Hydropower safety" of the 2007 *Document de Référence*) with the collaboration of public authorities. Nonetheless, the Group cannot guarantee that such events will never occur or that the measures taken will be fully effective in all cases, in particular, to deal with external events (in particular floods, negligence of third parties).

Regarding electricity transmission and distribution facilities, persons working in or near this type of facility may be exposed, in the event of an accident, error or negligence, to the risk of electrocution. In this field, the Group also implements accident prevention and safety measures. However, the Group cannot guarantee that these measures will prove sufficient in all cases.

Questions with respect to the risks to human health as a result of exposure to electromagnetic fields ("*Champs Electromagnétiques*", or "CEM"), in particular, from power lines operated by the Group, are being raised both in France and abroad. Based on numerous studies completed over the past 20 years, numerous international health organizations (including the World Health Organization ("WHO"), the International Agency for Research on Cancer, the American Academy of Sciences, the National Institute of Environmental Health Sciences, the English National Radiation Protection Board) consider, given currently available scientific information, that the existence of health risks as a result of exposure to CEM has not been proven: in a report published in June 2007, the WHO considered that the health risks, if any, were low. As a precautionary measure, the European Commission has established guidelines relating to exposure of the public and of workers to electromagnetic fields. The WHO, in its June 2007 report recommends compliance with these guidelines, with which the Group complies. However, medical knowledge about health risks related to exposure to electromagnetic fields may evolve or public sensitivity about such risks could increase, which could expose the Group to risks of litigation and could lead to the implementation of regulations imposing more stringent security measures for the operation or construction of public transmission or distribution networks.

Finally, and more generally, the Group operates or has operated facilities which, as currently operated, could be or have been the source of industrial accidents or environmental and public health impacts (such as inadequately controlled emissions, leakages in electricity supply lines insulated with oil under pressure, a failure of decontamination facilities, pathogenic microorganism, asbestos polychlorobiphenyls ("PCBs"), etc.). In particular, large quantities of hazardous materials (mainly explosive or inflammable, such as gas and fuel oil) are stored in certain facilities. These facilities may be located in industrial areas where other activities



experiencing similar risks are operated, such that the Group's own facilities may be impacted by accidents occurring at neighboring facilities owned by other operators and not subject to the Group's control.

The Group implements in the framework of standards ISO 14001 (see Section 4.1.2.4. "Management of risks related to industrial accidents and environmental and health consequences of Group's activities" of the 2007 *Document de Référence*) measures both for accident prevention and repairs with respect to industrial accidents or harm to the environment caused by the facilities that it operates. These measures are intended, in particular, to protect the Group both against the risk of an accident (such as explosion, fire, etc.) occurring in its own facilities and against the risk of such an accident occurring in a neighboring facility owned by a third party.

However, the Group cannot guarantee that these measures will prove fully effective upon the occurrence of one of the events referred to above.

An accident of the type described in the preceding paragraphs would have serious consequences for persons and property and the Group could be found liable. The civil liability and damage insurance coverage taken out by the Group may prove to be significantly inadequate (see Section 4.1.3.1 "Civil liability insurance (not including civil responsibility for nuclear power)" of the 2007 *Document de Référence*). Further, the Group cannot guarantee that it will always maintain a level of coverage at least equal to that currently in place and at a cost that would not be higher.

Furthermore, such accidents may lead to the shutdown of the facility in question and, potentially, similar facilities that may be considered to present the same risks.

In addition, facilities operated by the Group may be targeted by external attacks or ill-intentioned acts of any nature. Safety measures were provided for during the design of the facilities and sites and protective measures have been implemented by EDF. Moreover, safety measures to counter all forms of attack are currently under implementation in collaboration with the public authorities. Nonetheless, like any safety measures intended to counter an outside threat, the Group cannot guarantee that these will prove fully effective in all cases, including upon the occurrence of one of the events mentioned above. Nor can the Group guarantee that European and national legislation regarding the protection of sensitive sites and critical infrastructure will not become more restrictive, which could generate additional investment or costs for the Group.

An attack or ill-intentioned act committed on these facilities could have similar consequences to those of any of the accidents described above: (i) damage to persons and property, (ii) the Group's liability being sought on the basis of measures that are judged inadequate, or (iii) interruption to operations.

Any one of these events may have material, negative consequences on the Group's image, activities, results and financial situation.

***A significant part of the Group's revenue is generated from activities subject to regulated tariffs, the level of which may have an impact on the Group's results.***

In France, a significant part of EDF's revenue depends on regulated tariffs. Such tariffs are set by joint decree of the Minister of Economy, either upon proposal by or after consultation with the French Energy Regulation Commission (*Commission de Régulation de l'Energie*, or "CRE") (for the integrated tariff and the TURP, see Section 6.2.2.4 "Tariffs for using the public electricity transmission and distribution networks (*Tarif d'utilisation des réseaux publics de transport et de distribution d'électricité*, or "TURP")" of the 2007 *Document de Référence*). Tariffs are also set by regulatory authorities in other countries where the Group operates, including in the United Kingdom, Germany, China, Hungary and Slovakia.

These tariffs are negotiated regularly between operators and authorities (see "Recent Developments and Outlook – France – Tariffs"). Public authorities and the regulator may decide to limit or even block tariff increases, with no change to the quality of service. These authorities can also change the requirements to benefit from such regulated tariffs (with respect to France, see Section 6.5.1.2 "French legislation" of the 2007 *Document de Référence* relating to Law n° 2006-1537 dated December 7, 2006 concerning the energy sector).

Even if regulated tariffs were revised in favor of the Group, it cannot guarantee that such tariffs will always be set at a level which would allow it to improve or maintain its profitability margins and its rates of return on investments, or at a level which would be compatible with an actual and total opening up of the markets. This could have a material, negative impact on the Group's activities and financial results.

In addition, in France, the provisions of Law n° 2006-1537 of December 7, 2006 concerning the energy sector in particular provided for the implementation for a period of two years, of a transitory regulated tariff for market adjustment (“TaRTAM”) for the final customers who applied in writing to their supplier before July 1, 2007. Pursuant to an order dated January 3, 2007, the TaRTAM is of the same amount as the regulated tariff (no taxes included), plus an increase of 10%, 20% or 23% depending on the characteristics of the final consumer choosing the TaRTAM. The provisions of Law n°2008-776 of August 4, 2008 concerning the modernization of the economy, provide for the extension of the TaRTAM for one additional year, *i.e.* until July 1, 2010 (for a description of the estimated impact on the Group in 2009 and 2010 of such extension, see “Recent Developments and Outlook – France – TaRTAM impact”). In addition, also in France, the law relating to regulated tariffs for electricity and gas allows residential customers who will have chosen a market offer for their accommodation, to opt back to the regulated tariff for such accommodation, not earlier than six months after their eligibility claims, subject to having made the request before July 1, 2010. The Law has extended to professional consumers (with a power lower or equal to 36 kVA) the right to return to regulated tariff in case of relocation, for electricity only. EDF cannot guarantee that the laws and regulations relating to the implementation of these provisions allowing a return to regulated price will not be extended again, or that no other tariff plans will be introduced at their term. EDF can neither guarantee that these provisions will not have a material adverse effect on the Group’s activities and financial results, nor that the impact relating to the TaRTAM, will not be higher, than the impact EDF is currently able to estimate (see “Recent Developments and Outlook – Financial Information – TaRTAM impact”), nor that the assumptions taken into account for such estimation will not change, in a manner that will significantly increase the adverse effect of the implementation of such tariff on the Group’s activities and financial results.

***EDF is responsible for certain commitments, namely public service commitments, paid for by mechanisms which could fail to provide complete compensation of excess charges incurred, or which could be questioned.***

The new public service contract entered into by the French State and by EDF on October 24, 2005 outlines the public service commitments that EDF must provide and sets out compensation mechanisms in respect of EDF as regards these commitments (see Section 6.4.3.4 “Public Service in France” of the 2007 *Document de Référence*).

EDF cannot ensure that the compensation mechanisms provided for by the laws and regulations applicable to it regarding its public service commitments and the implementation of regulated tariffs will provide for full compensation of the costs incurred by the Group in order to respect such commitments and/or implement such tariffs. EDF cannot guarantee either that these compensation mechanisms will not be called into question or that existing mechanisms could fully cover potential additional costs to be incurred in relation with new obligations of EDF under its public service commitments.

If any of these events should occur, it may have a negative impact on the Group’s activities and its financial results.

***The Group’s activities require various administrative authorizations that may be difficult to obtain or whose grant may be subject to conditions that may become significantly more stringent; some activities are subject to special taxation.***

The operations and development of the Group’s industrial activities –generation, transmission and distribution – require various administrative authorizations, at local and national levels, in France and abroad. The procedures for obtaining and renewing these authorizations can be drawn out and complex. Obtaining these authorizations is not routine and the conditions attached to obtaining them may change and are not always predictable. The EDF Group may accordingly be required to pay significant amounts to comply with the requirements associated with obtaining or renewing these authorizations (for example, the costs of preparing the application for the authorizations or investments associated with installing equipment required before the authorization can be issued). Its industrial activities may also be penalized. Delays, extremely high costs or the suspension of its industrial activities due to its inability to obtain, maintain, or renew authorizations, may have a negative impact on the Group’s activities and profitability. In addition the Group may also have invested resources without obtaining the necessary permits and authorizations and therefore have to cancel or withdraw from a project, which may have a negative impact on its business or development.

Some of the Group’s activities, for example, its nuclear, fossil fuel and hydropower generation activities in France, are subject to special taxation, which could increase. That would have a negative impact on the Group’s financial results.

***In some cases, the Group operates its generation, transmission or distribution activities within the context of concessions governed by public law and it is not always the owner of the assets it operates.***

The Group does not always own the assets that it uses for its activities and in such case, frequently operates them under a concession governed by French public law.

Accordingly, ERDF does not own all the assets of the distribution networks but operates them under concession agreements negotiated with local authorities (see Section 6.2.2.2.2 “Concessions” of the 2007 *Document de Référence*). Pursuant to the French Law of April 8, 1946 and the French Law of February 10, 2000, only EDF can be appointed by local authorities to operate their distribution networks, except networks operated by local distribution companies (“LDCs”). Therefore, when renewing a concession agreement, ERDF does not compete with other operators. Nonetheless, the Group cannot guarantee that such provisions will not be modified by law in the future or will not be challenged before the European Court of Justice or viewed to be in violation of European Law. In addition, the Group could not obtain the renewal of these contracts at the same economic terms (see in particular Section 6.2.2.2.2 “Concessions” of the 2007 *Document de Référence*, regarding the concession agreement entered into with the city of Paris, which shall expire on December 31, 2009).

In France, RTE-EDF Transport is both owner and operator of the public transmission system according to standard concession specifications signed by the Minister of Industry (decree n° 2006-1731 of December 23, 2006) (see Section 6.2.2.1 “Transmission –RTE-EDF Transmission” and Section 6.5.2.2 “French legislation” of the 2007 *Document de Référence*).

Hydropower generation facilities of 4.5 MW or more are also operated under concessions awarded by the French State. Renewal of these concessions is now subject to a procedure of invitations to tender (see Section 6.2.1.1.4.4 “Current and future hydropower generation issues” of the 2007 *Document de Référence*). In addition, the law on water dated December 30, 2006 eliminated the preferential right to renewal of the outgoing licensee and the decree n°2008-1009 dated September 26, 2008 provides the conditions under which the concessions may be renewed. The EDF Group cannot guarantee that it will be able to obtain the renewal of the concessions that it currently operates. If a concession is not renewed, the outgoing licensee will not under current rules, benefit from any indemnity. The rectifying 2006 Finance Law nonetheless provides for reimbursement subject to non-amortized expenditure incurred for modernization work or those for increasing production capacities. Nor can the EDF Group guarantee that renewal of a concession will be obtained under the same economic terms as the initial concession. Such events could have a negative impact on its activities and financial results.

The Group also operates under electricity distribution or generation concessions in other countries where it is present (including in the United Kingdom, Germany and Italy).

Depending on the conditions in each of these countries, the transmission, distribution or generation concessions may not be upheld or be renewed in its favor, with changes in the economic conditions in the concession specifications, which would have a negative impact on the Group’s activities and its financial results.

***The Group must comply with increasingly restrictive environmental and public health regulations that are the sources of costs and potential liabilities.***

The Group’s activities are subject to regulations for the protection of the environment and public health, which are increasingly numerous and restrictive. These regulations relate to the Group’s industrial activities, energy generation, transmission and distribution, as well as to energy supply and energy-related services, which must, for example, incorporate the concept of demand-side management in their offers (for a description of environmental, health and safety regulations applicable to the Group, and future regulations likely to have an impact on its activity, see Section 6.5.4.4 “Other regulations relating to the environment, nuclear facilities, health, hygiene and safety” of the 2007 *Document de Référence*).

In France, French Law n° 2005-781 of July 13, 2005, which defines energy policy guidelines (*Loi de Programme fixant les Orientations de la Politique Énergétique*, or “LPOPE”) (see Section 6.5.2.2 “French legislation” of the 2007 *Document de Référence*), as amended and completed by the regulations in effect, contains certain energy saving provisions. The objective is to reduce, by an average of 2% each year by 2015, the final energy intensity, which is the ratio between energy consumption and the GDP. It was in this context that, for the period 2006-2009, the government set energy saving targets for energy suppliers. To meet this target, EDF has chosen to implement a program of several energy efficiency actions in all its markets with the

goal of allowing EDF to comply with all of its legal and regulatory obligations, in particular regarding energy efficiency certificates (EEC). As the 2006-2009 period ends, public authorities will set new objectives for the next three-year period. Such new objectives could be more demanding given the directions taken by the government under the “*Grenelle Environnement*”. That could have an adverse financial effect on the Group.

New European regulations relating to air quality (directive “Emission ceilings” (NEC), to be applicable in 2010) and to emissions of major combustion facilities (directive “IPPC – “Integrated Pollution Prevention and Control” to be applicable in 2016) are in preparation. New highly restrictive upper limits should also be created for some polluting products (NOX, SO2, DUSTS, etc.) reflecting the environmental performance BAT (“**Best Available Technologies**”) standards; the national scope for derogations from BATs included in the current IPPC directive will only be incorporated in the revised Directive as rare exceptions. Those revisions will most likely lead to additional environmental constraints, which may have an adverse effect on availability, competitiveness, renewal, or development on the Group’s thermal generation fleet.

The Group may also be required to make significant investments to comply with the implementation and changes of the European directive dated October 13, 2003 relating to the greenhouse gas emission quota system. The greenhouse gas emission directive (GHG) currently covers CO2 quotas allotted free of charges in most Member States. For the second stage (2008-2012) National Quota Allocation Plans (PNAQ2) are, generally speaking, more restrictive than during the previous period. If the Group exceeded the amount of CO2 emissions allowed under the CO2 quotas allocated to it and needs to purchase further quotas, it could lead to significant additional expenditures compared to those provided for by the Group. The National Quota Allocation Plans (PNAQ2) adopted by France, after the approval of European commission, reduced the volume of quotas awarded from 155.6 Mt to 132.8 Mt a year, and results in an approximately 25% reduction in quotas awarded to the energy sector (including, in particular, production of electricity, gas transportation, refineries, etc.). In addition, the modified budget act (*loi de finances rectificative*) for 2008 has been enacted and provides for a maximum reduction of 10% of the amount of quotas allocated to the electricity sector in 2009, 20% in 2010, 35% in 2011 and 60% in 2012. Furthermore, the expected developments of the GHG directive aim at broadening its scope to all GHG under the Kyoto Protocol (CH4, N2O, HFC, PFC, SF6 ) and to others sectors of activity, and at strengthening constraints in terms of reduction of GHG emissions from 2013. Finally, the European institutions aim to harmonize the rules for the allocation of GHG quotas, with a gradual transition from free allocation of allowances to their auction. These envisaged developments of the GHG directive, could lead to increased expenditure for the Group.

Furthermore, the European Commission published a directive proposal for the promotion of renewable energies on which a political agreement was reached in December 2008, which sets the objective of increasing the share of renewable energies in the total energy consumption from 8.5 % in 2005 to 20 % in 2020. This effort would be shared among the Member States which will be subject to a mandatory target for 2020 as well as interim targets (see Section 6.5.4.5.1.1 “The Energy Package and climate change” of the 2007 *Document de Référence*). This new directive could lead Member States to implement legislation reinforcing the obligations of electricity producers to facilitate development of renewable energy, which could result in additional costs for the companies involved.

In addition, a law concerning water and aquatic environments published on December 30, 2006 and the implementing decrees in force and to come are expected to affect the tax regulation (*i.e.* increase of royalty payments to water agencies) and the operating conditions of EDF’s facilities because of the increase of compensation water (*i.e.* minimum flow maintained in the downstream of dams to protect the aquatic life) which may reduce the hydroelectric generation (see Section 6.5.4.4 “Other regulations relating to environment, nuclear facilities, health, hygiene and safety” of the 2007 *Document de Référence*).

The Law n°2008-757 dated August 1, 2008 relating to the environmental liability, ensure the implementation in France of directive 2004/35/CE dated April 21, 2004. The new rules are designed to facilitate the prevention and repair of environmental damages affecting waters, soils and biodiversity. The Law provides that for a number of activities entailing specific risks, it will be mandatory to take preventive measures. These activities are to be determined by a decree. In addition, in case of “severe damages” (to be specified by decree), the responsible operator will be obliged to take remedial measures allowing a return to the previous state of the natural environment. This new regime is likely to apply to the Group’s main facilities, which could result in adverse financial effect on the Group. To cover this risk, EDF Assurances entered into an insurance policy, effective on July 1, 2008. The new rules do not modify the regime of liability to third parties which continues to apply.

Finally, the Group is also subject to regulations concerning polychloro-biphenyls (PCBs) and polychloroterphenyls (PCTs) in various countries where it carries out its activities, (see Section 6.5.4.4 “Other regulations relating to the environment, nuclear facilities, health, hygiene and safety” of the 2007 *Document de Référence*). In Europe in particular, the regulations require processing of all polluted equipment before December 31, 2010. Failure to meet the deadline could expose the Group to major legal actions.

Other current and future regulations in the environmental and health areas concerning the Group’s activities or assets may also have a material financial impact on the Group.

The Group may be found liable, even if it has not committed any fault or breached existing rules. The Group may also be found liable as a result of the fault or breach committed by entities which were not part of the EDF Group at the time of damage, if the Group has since taken over their facilities.

Current rules, and future changes to such rules, have resulted and are likely to continue to result in an increasing level of operating expenses and investments in order to comply with such rules. The Group may even be required to close facilities that cannot be made compliant with new rules. Furthermore, other rules, which may be more restrictive or which may apply to new areas, and which are not currently foreseeable, may be adopted by the relevant authorities and have a similar effect.

In addition, external perception by stakeholders of the Group’s policy on sustainable development could worsen, resulting in a deterioration of the Group’s image and extra-financial rating.

***The growth of an integrated European electricity market may be slowed by a lack of cross-border transmission system interconnections.***

As described in Section 6.3.1 “Europe” of the 2007 *Document de Référence*, the growth of an integrated European electricity market is inhibited by a lack of cross-border interconnections. This situation limits exchange capacity between operators in different countries, namely the capacity to rapidly adapt the supply to the demand (“black-out risk”), and allows price differences to exist which would not be present in an efficient integrated European market. It also impedes the emergence of efficient operators with a European dimension as it limits the options for synergies between companies within a same group located on different sides of a border.

Although there are currently several projects to develop interconnections, their construction has nonetheless been delayed, mainly by environmental, financial, regulatory and local acceptability considerations.

Therefore the absence of adequate interconnections between countries where the Group is based or their slow development may limit industrial synergies which the Group intends to achieve between its various entities or cause network interruptions in countries in which the Group is established, which could have a negative impact on its results, its business and prospects.

***Repeated and/or widespread blackouts in France or in an area served by a Group subsidiary, in particular, if they are attributable to the Group, may have consequences for its activities, results and image.***

The Group could be the source of repeated black-outs, or widespread blackouts (a widespread blackout occurred in Europe on November 4, 2006) or be involved in one, even if the causal event occurred in another network or was attributable to another player.

The causes of these electricity breakdowns vary: local or regional imbalance between electricity generation and consumption, accidental interruption to the power supply, cascaded interruptions (more difficult to overcome in a market with cross-border exchanges), interconnection problems at borders, lack of investment and difficulty in coordinating operators on an open market.

Such electricity supply breakdowns would first have an impact on the Group’s sales. They may also result in repair costs for reconnecting the network and lead to investment expenditures if it were decided, for example, to install additional generation or network capacity. Finally, they would have a negative impact on the Group’s image with its customers, in particular, if the blackouts proved to be attributable to it.

***Natural disasters, significant climatic changes, or any major event on a scale that is difficult to predict, could have a material negative impact on the Group's industrial and commercial activities.***

In France, the storms of December 1999 and the heat wave in the summer of 2003 led to additional costs for the EDF Group. In addition to these events, other natural disasters (floods, landslides, earthquakes, etc.), other significant climatic changes (droughts, etc.), or any other event on a scale that is difficult to predict (large epidemic diseases, etc.) could affect the Group's activities.

Based on its experience with the above events, the EDF Group implements measures, that are aimed at allowing it to limit the consequences should such events be repeated. Accordingly, following the storms of December 1999, the Group initiated a program to secure its transmission and distribution networks. Following the heat wave in the summer of 2003, EDF drew up an "Unforeseen Climatic Events" plan in order to anticipate and prevent the consequences of such situations (as it was the case for the heat wave of summer 2006). The adoption of such measures can lead to costs in addition to those related to the cost of repairing the damage caused by the natural disaster and the loss of earnings corresponding to the interruption to supply.

The Group's aerial networks, including those owned by RTE-EDF Transport, are not covered for "damage to property". The specific coverage set up by the Group after the storms of December 1999 against storm risk for the portion of its aerial networks related to its distribution network (see Section 4.1.3.3.2 "Storm cover" of the 2007 *Document de Référence*) has expired in December 2008 and is no longer available to the Group; as a result, the Group is currently considering alternative schemes. Owing to the absence of coverage, any damage to these aerial networks could have a negative impact on the Group's financial situation.

Finally, in the event of a wide-spread sanitary epidemic, EDF created and tested, in 2006, a plan which aims to assure the continuity of electricity supply, depending on the intensity of the crisis, and at the same time guarantee the safety of the facilities and reduce the sanitary risks to which employees are exposed. In November 2008, this plan was submitted to a second crisis exercise with the contribution of the Asia Pacific Division of EDF and EDF Energy.

Despite the implementation of all such measures, the Group cannot guarantee that the occurrence of a natural disaster, a significant climatic unforeseen event, or any other event on a scale that is difficult to predict will not have significant negative consequences on its activities, its profits and its financial situation.

***Risks associated with climatic conditions and seasonal variations in the business.***

Electricity consumption has a seasonal nature, and depends namely on climatic conditions. Accordingly, electricity consumption is generally higher during winter months. In addition, available generated electricity may also depend on climatic conditions: for example, low hydrolicity, or heat waves which inhibit generation due to the obligation to respect certain temperature limits for rivers in the downstream of the facilities.

The Group's profits consequently reflect the seasonal character of the demand for electricity and may be adversely affected by significant climate variations since the Group could have to compensate the reduction in the availability of economical generation means by using other means with a higher generation cost or by being required to access the wholesale markets at high prices.

***The Group's activities are sensitive to economic cycles and to general economic conditions.***

The Group's activities are sensitive to economic cycles and to general economic conditions within the geographical areas in which the Group operates. Any economic slowdown leads, in such areas, would lead to a drop in energy consumption, investments and industrial production by the Group's customers, and, consequently, would have a negative effect on the demand for electricity and the other services offered by the Group, which could have a significant adverse effect on the Group's activities, profits and prospects, as well as on the implementation of its development strategy.

Although the Group believes that it is in a relatively favorable position in comparison to other economic actors (due in particular to the essentiality of, and, in certain cases, the difficulty in finding, an alternative to electricity), the Group cannot guarantee that the global financial crisis that commenced in autumn 2008 and any economic downturn effects in 2009 and beyond in the geographical areas in which it operates, especially in France, will not have a significant adverse impact on its activities, operating profits, financial situation or prospects.

***Technological choices implemented by the Group may be outperformed by new technologies.***

The Group's activities are based on a certain number of technological choices, which may be outperformed by other technologies that prove more efficient, more profitable or even more reliable than those used by the Group. The use of these technologies by the Group's competitors could have the effect of reducing or eliminating the competitive advantage that the Group has through some of its technologies, and thus have a negative impact on its activities, financial results and prospects.

***The occurrence of work-related illnesses or accidents cannot be excluded.***

Although the Group does its best to comply with the laws and regulations concerning health and safety in the different countries in which it operates, and considers to have taken measures intended to ensure the health and safety of its employees and those of its subcontractors, the risk of work-related illnesses or accidents cannot be excluded. The occurrence of such events may lead to lawsuits against the Group and the payment of damages, which may prove material.

For a description of the measures taken by the Group with regards to ionizing radiation, see Section 6.2.1.1.3.2 "Environment, safety and radiation protection" of the 2007 *Document de Référence*.

Regarding asbestos, the Group has taken measures to treat materials containing asbestos, provide information and install protection, as described in Section 17.7 "Health and safety" of the 2007 *Document de Référence*. For a description of ongoing legal proceedings, see Section 20.5 "Legal and arbitration proceedings" of the 2007 *Document de Référence*.

***The Group is exposed to risks on the wholesale energy and CO2 emission allowances' markets.***

The Group operates in the deregulated energy markets (mainly in Europe) through its generation, marketing and distribution activities. As such, the Group is exposed to price fluctuations in the wholesale energy markets (electricity, gas, coal, oil) as well as in the CO2 emission allowances market. These fluctuations have been particularly important in the current context of major tensions and volatility on the energy markets.

The Group manages its risk exposure by buying and selling on the wholesale markets and through long-term contracts. Apart from the oil products markets, these are new markets that are still developing. Therefore, a shortage of products or lack of depth can limit the Group's capacity to hedge its energy market risks exposure. In addition, these markets remain in part partitioned by country, as a result, among other things, of the lack of interconnections. They may thus experience significant increases or decreases in price movements and liquidity crises that are difficult to predict. Such fluctuations may have a significant unfavorable impact.

The management of energy market risks is in line with the energy market risks policy adopted by the Group (see Section 4.1.1.2 "Management and control of energy market risks" of the 2007 *Document de Référence*). The Group hedges its positions on these markets through derivative products such as futures, forwards, swaps and options negotiated on organized or over-the-counter markets. However, the Group cannot guarantee total protection, in particular, against significant price movements, which could have a material negative impact on its financial results.

***The Group is exposed to variations in the prices and in the availability of materials or services (other than fuels) which it buys for the carrying out of its activities.***

In a context of rising raw material prices, the Group could face a sharp and sustained increase in the costs of certain critical products or services. Moreover, this increase could lead to a reduction of the offer if certain suppliers were forced to reduce their profit margins. Certain products or services are increasingly demanded, which could have an effect on their availability, in particular, products used for gas-fired combined cycle power stations, wind turbines and products and services in the nuclear field.

***The Group is exposed to financial risks.***

Because of its activities, the EDF Group is exposed to financial risks:

- Liquidity risk which has been particularly heightened in the current context of major liquidity tensions on the financial markets (for a description of the nature of the liquidity risks faced by the Group, see Section 4.1.1.3.3 “Liquidity risk” of the 2007 *Document de Référence*);
- Exchange rate risk related to holdings in subsidiaries operating in currencies other than the euro, or to supply, notably of fuel and material, denominated in such currencies;
- Equity risk, in particular related to equity instruments held as part of the management of dedicated assets constituted to cover the costs of EDF’s long-term commitments in the nuclear business and, to a lesser extent, to the shares held in the framework of cash management activities; the equity risk has been significantly heightened since the 2008 financial crisis which led to a decline and a higher volatility in stock markets (also see risk factor entitled “Dedicated assets reserved by the Group to cover the costs of its long-term commitments in the nuclear business (such as radioactive waste and decommissioning) may prove insufficient.” regarding the decision of EDF to suspend the allocations to dedicated assets);
- Interest rate risk related to the Group’s financing and cash management activities and to the value of the Group’s financial assets and liabilities; the interest rate risk lies in particular in portfolios of debt instruments held as part of the management of dedicated assets constituted to cover the costs of EDF’s long-term commitments in the nuclear business;
- Counterparty risk inherent in contractual relationships; the monitoring and reporting procedures applied by the Group in connection with its exposure to counterparty risk were strengthened in 2008 following, in particular, the bankruptcy of Lehman Brothers, which had however a limited impact on the Group.

The organization and management principles of these risks are described in Section 4.1.1.3 “Management and control of financial market risks” and their measures of control are described in Section 9.10 “Financial risks management and control” of the 2007 *Document de Référence*. However, the Group cannot guarantee total protection, including in the event of continued significant movements in exchange rates, interest rates and equity markets like those seen in 2008.

#### **Specific Risks Relating to the Group’s Nuclear Activity**

The EDF Group is the world’s leading nuclear operator. Nuclear electricity represents over 80% of its generation in France and the nuclear share in the EDF electricity mix is a major competitive advantage. Any event negatively affecting the nuclear business is likely to have greater consequences for the Group’s activities, productivity, financial situation and results, than for those of its competitors, which generate proportionally less electricity from this source of energy.

***A serious nuclear accident in a foreign country may have material consequences for the Group.***

Certain of the world’s nuclear power plants do not meet the same level of safety, supervision and protection as those of the Group. In addition, despite the precautions taken during their design or operation, a serious accident cannot be excluded and could result in public rejection of the nuclear business and lead to the competent authorities deciding to tighten noticeably operating conditions of power plants, or to cease the generation of electricity through nuclear means, or to cease authorizing, temporarily or permanently, operation of one or more nuclear plants. Such a decision cannot be excluded even in the absence of an accident taking place. Such events would have a material, negative impact on the economic model, strategy, business, profit, financial situation and prospects of the Group.

***Due to its nuclear activities, the Group is exposed to substantial liability risks and possibly significant additional operating costs.***

Even if the Group has implemented risk control strategies and procedures corresponding to higher standards for its nuclear activities, such activities, by their nature, still present risks. Therefore, the Group may face considerable liability as a result of, among others, incidents and accidents, breaches of security, ill-intentioned acts or terrorism, air crashes, natural disasters (such as floods or earthquakes), equipment malfunctions or mishandling in storage, handling, transportation, treatment or conditioning of substances and nuclear materials.



Such events could have serious consequences, especially in case of radioactive contamination and irradiation of the environment, for persons working for the Group and for the general population, as well as a material, negative impact on the Group's activities and financial situation.

A nuclear operator assumes liability for the nuclear safety of its facilities. The liability scheme that applies to European nuclear facilities operators, and the associated insurance, are described in Sections 6.5.4.2 "Special regulations applicable to nuclear facilities" and 4.1.3.4.1 "Civil liability" of the 2007 *Document de Référence*. This scheme is based on the principle of strict liability for the operator. If there is an event which causes damage, the Group would be automatically liable within the limits of a financial ceiling established by French Law, regardless of the source of the event that caused the damage. The implementation of safety measures does not exonerate the Group from this type of liability.

The Group cannot guarantee that, in countries where it operates nuclear facilities, the liability ceilings established by law will not be increased or removed. For example, the Protocols amending the Paris Convention and the Brussels Convention, currently being ratified, provide for these ceilings to be raised. In addition, the Group cannot guarantee that the insurance policies covering this liability will always be available, or that their cost will not increase from their present level, or that the Group will always succeed in maintaining these insurance policies.

Finally, damage to EDF's nuclear facilities is covered by an insurance policy (see Section 4.1.3.4.2 "Damage insurance for nuclear facilities" of the 2007 *Document de Référence*).

Despite this coverage, any event that causes significant damage to an EDF nuclear facility could have a negative impact on the Group's business, financial results and financial situation.

***The nuclear activity of the Group is subject to particularly detailed and restrictive regulations that may increase in severity.***

The nuclear activity of the Group is subject to detailed and restrictive regulations, with, notably in France, a system for the monitoring and periodic re-examination of operating authorizations, which primarily take into account nuclear safety, environmental and public health protection, and also national safety considerations (terrorist threats in particular). These regulations may be subject to significant tightening by national and European authorities (for a description of the "nuclear package" and the French Law relating to transparency and safety in the nuclear field, see Section 6.5.4.2 "Specific regulations applicable to nuclear facilities" of the 2007 *Document de Référence*). This could result in increased costs of the Group's nuclear fleet, which would have a negative impact on its financial situation.

Furthermore, a tightening of regulations or any non-compliance with the regulations in force could result in a temporary or permanent shut-down of one or more nuclear plants.

***For its nuclear activity, the Group depends on a limited number of contractors.***

Even though the Group operates a supplier diversification policy within its nuclear business, it is currently dependent on a limited number of contractors.

This situation:

- limits competition between suppliers; and
- creates a risk to the group of exposure to failure of one or more of these suppliers.

This could have a negative impact on the Group's results and financial situation.

***The Group is exposed to variations in uranium procurement conditions and conversion and enrichment services conditions.***

Nuclear fuel purchases are part of the Group's operating costs.

EDF purchases uranium, conversion services and enrichment services through long-term contracts containing hedging mechanisms against price movements allowing it to reduce the impact of the price fluctuations. The main supplier is the Areva group, but EDF is pursuing a policy of diversification by buying supplies from other producers (see Section 4.3 “Dependency factor” and Section 6.2.1.1.3.4 “The nuclear fuel cycle and related issues” of the 2007 *Document de Référence*). Prices and available quantities of uranium and conversion and enrichment services are subject to fluctuations resulting from factors, mainly political and economic which the Group cannot control (in particular, increased demand in the context of worldwide expansion of nuclear energy or shortages linked, for example, to an operating accident in a uranium mine).

The Group cannot guarantee that the protection mechanisms in place in its supply contracts and its diversification policy will protect it completely against drastic or significant price increases. The Group cannot guarantee that when these long-term contracts expire, it will be able to renew them, in particular, at price conditions that are equally favorable. Notwithstanding the moderate role that uranium supply costs play in the generation costs for nuclear power and the delay of several years between buying uranium and using it in a power plant, drastic and significant variations in the price of uranium may have a negative impact on the Group’s financial results.

***Risks relating to the transportation of nuclear fuel.***

The transportation of new or used nuclear fuels is an operation that requires special and restrictive safety measures. These constraints could increase further, generating additional difficulties and costs for the Group. Furthermore, several factors that are outside of the Group’s control (such as opposition by local residents or anti-nuclear associations, for example, in the form of demonstrations to prevent nuclear material from being moved) may slow these operations. The operation may also be interrupted, in particular, in the event of an accident. As a result, EDF may be required to slow or interrupt some or all of the generation on the affected sites, due to either the non delivery of new fuel assemblies, or the saturation of storage facilities on the sites, which could have a negative impact on the Group’s financial results.

***The nuclear fleet operated by the Group is highly standardized. As a result, any defect in design or construction of a facility may have to be corrected on the other units.***

The fleet of nuclear facilities currently operated by the Group in France is highly standardized (see Section 6.2.1.1.3.1 “EDF’s nuclear fleet” of the 2007 *Document de Référence*). This represents an advantage for the Group: it allows the Group to achieve economies of scale in equipment purchases and engineering, to apply improvements made to its newest power plants to its entire fleet and to anticipate, in the event of a malfunction in a facility, the measures to be taken in the others.

However, this standardization carries the risk of a malfunction that is common to several power plants or series of power plants. The Group is currently addressing certain technical issues across its fleet that have affected the Kd factor in 2007 and 2008, (see “Recent Developments and Outlook – France – Nuclear Fleet Availability”). The Group cannot guarantee that it will never again be confronted with other burdensome or costly repairs or modifications, to be carried out on all or part of the fleet, or that events will not occur which may have an impact on the operation of the fleet, bringing about a temporary outage or closure of all or part of the fleet.

Such an event may have a negative impact on the Group’s financial results and its activities.

***EDF may not be able to operate its nuclear power plants over a period of at least 40 years.***

EDF estimates that a lifespan of 40 years is now technically achievable due to the measures taken and resources used to achieve this objective. EDF follows a high-level R&D policy relating to the long-term behavior of materials. In addition, the maintenance and investment policy has been adapted to improve the degree to which it takes into account risk and knowledge of ageing phenomena. The Group believes that Operation over an even longer period is feasible, in light of the extended lifespan agreed to by the competent authorities in the United States for nuclear facilities using similar technology (PWR).

However, EDF’s ability to operate its nuclear facilities over a period of 40 years or longer subject to authorizations by safety authorities, in particular, at the time of in-depth safety inspections every 10 years. In 2009, the first two of the Group’s facilities to reach 30 years of age (Tricastin 1 and Fessenheim 1) will have their third run of inspections, at which time authorizations for a 40-year lifespan for such facilities will be

requested. Although the corresponding safety referential has been already analyzed by the Nuclear Safety Authority, the Group cannot guarantee that it will obtain the necessary authorizations at the appropriate time, or that such authorizations will be obtained, or that it will not be subject to conditions requiring the Group to carry out further expenses or investments.

Nonetheless, the Group has based its assumptions for calculating accounting impacts linked to the lifespan of its nuclear fleet on a lifespan of 40 years (including depreciation and amortization and provisions, etc.). If the safety authorities opted for the closure of some units or power plants within 40 years, this would require accelerated replacement of the corresponding generation capacity by additional investments or recourse to electricity purchases on the market. It would also be necessary to review the depreciation and amortization plan to reappraise the residual lifespan of the power plants in question. This would have a material adverse impact on the Group's financial results and financial situation.

In addition, in order to postpone the commissioning of replacement units and the related investments, and to continue to benefit from the cash flows from its existing fleet, the Group aims to lengthen the lifespan of its nuclear fleet beyond 40 years and intends to submit to the Nuclear Safety Authority the contents of a safety referential for operating the nuclear fleet beyond 40 years. Should the Nuclear Safety Authority grant the clearance, the referential would be implemented during the fourth 900 MW ten-year inspections (such inspections are scheduled to start in 2019) and the third and fourth 1,300 MW ten-year inspections (third round inspections are scheduled to start in 2015 and fourth round inspections in 2025). The Group cannot guarantee that it will obtain such extensions or that such extensions will not be obtained subject to specific conditions, which would have a material adverse impact on the Group's ability to carry out its investment strategy.

***Construction of the EPR in Flamanville could encounter problems or not be completed.***

The Group is involved in the carrying out of the construction of the European Pressurized water Reactor ("EPR") in Flamanville (see Section 6.2.1.1.3.5 "Preparing for the future of the nuclear fleet" of the 2007 *Document de Référence*) in order to renew its fleet of nuclear generating facilities in France and to serve as a model for the construction of new facilities internationally. However:

- the Group might not obtain or see called into question by court rulings, the necessary authorizations required to begin the construction and operation of the Flamanville EPR;
- with regards to a first-of-a-kind reactor, technical difficulties or other difficulties could occur during its development and construction and during the early stages of its operation. These difficulties could slow or hinder the construction of the Flamanville EPR and its commissioning or affect its performance;
- the global construction cost and the total cost of production of the EPR reactor could be higher than the estimates of EDF, including because of increased raw materials prices, the evolution of exchange rates, the impact of price index provided in the contracts, technical and regulatory developments and the adjustment of provisions for risks (for a description of the increase in the estimated cost of the Flamanville EPR announced by the Group in December 2008, see "Recent Developments and Outlook – France – Flamanville 3 EPR").

The EPR program for renewal of the fleet of generation facilities is strategic for the Group's future. Any event leading to delay or clogging of this program, or affecting, the construction, of the first-of-a-kind EPR or subsequent units would thus have a material adverse impact on the Group's activity and financial situation.

***The Group remains liable for all radioactive waste from its nuclear power plants, especially long life, high-level waste from burnt fuels.***

The nuclear fuel cycle is described in Section 6.2.1.1.3.4 "The nuclear fuel cycle and related issues" of the 2007 *Document de Référence*. In France, as described in this Section, as an operator and producer of waste, EDF is legally responsible for burnt fuels from the moment they leave the power plant, during their processing operations and during their long-term management, and it assumes this responsibility in accordance with guidelines set forth by public authorities and under their control.

In particular, as a nuclear operator or producer, the Group may incur liability resulting from regulation of waste in the event of an accident and damage to a third party or the environment through these burnt fuels or

waste, even if they are handled, shipped, warehoused or stored by operators other than EDF (especially the Areva group and ANDRA), in particular in the event of failure of such operators. If EDF were acknowledged as responsible for damages caused to third parties and/or the environment, the specific civil strict liability scheme applicable to nuclear operators would apply, within the ceilings specified by this scheme (see Section 6.5.4.2 “Special regulations applicable to nuclear facilities” of the 2007 *Document de Référence*).

In France, long-term radioactive waste management was the subject to several initiatives undertaken in the framework of the French “Bataille” Law, and the passing of program Law n° 2006-739 dated June 28, 2006 relating to the sustainable management of radioactive materials and waste (see Section 6.2.1.1.3.4 “The nuclear fuel cycle and related issues” of the 2007 *Document de Référence*). The Group cannot guarantee that all long-life high and medium activity waste will constitute “ultimate radioactive waste” in the sense of Article 6 of the Law n° 2006-739, and that as a consequence this waste will be able to be directly stored in deep geological layers. The Group also cannot guarantee how long it may take for the public authorities to authorize such storage, which continues to result in ongoing uncertainties with respect to waste, liability and the resulting costs for EDF. The occurrence of any of these events would have a negative impact on the Group’s financial results and financial situation.

***The provisions made by the Group for spent fuel processing operations and long-term radioactive waste management could prove insufficient.***

In the recent years, the Group has made provisions for management operations (transmission, processing, conditioning for recycling) of burnt nuclear fuel using the price and volume conditions in the agreement signed with Areva in August 2004 which covered the period from 2001 to 2007. The provisions for back-end nuclear cycle amounted to €17,455 million as at December 31, 2007 and €17,576 million as at June 30, 2008 (see note 31.3 to the 2007 Consolidated Financial Statements and note 24.3 to the Unaudited Interim Consolidated Financial Statements). Regarding the 2008-2012 period, these provisions will be adjusted by the Group on the basis of the price and volume conditions provided in the framework agreement entered into with Areva on December 19, 2008 (see “Recent Developments and Outlook – France - Long-term used fuel management partnership with AREVA”). Such adjustment may result in an increase of the provisions. Furthermore, the amount of provisions to cover the period beyond 2012 could prove insufficient if the renewal conditions of this agreement for such future period proved more onerous than those currently applicable under the framework agreement.

EDF had made provisions for long-term waste management based on an assumption of geological storage, and the conclusions reached in 2006 by the working group comprising ANDRA, public authorities and producers of nuclear waste (see note 31.3 to the 2007 Consolidated Financial Statements, and Section 6.2.1.1.3.4 “The nuclear fuel cycle and related issues – B. Back-end” of the 2007 *Document de Référence*). If the program Law n° 2006-739 of June 28, 2006 relating to the sustainable management of radioactive materials and waste reinforces, without excluding other fields of complementary research, that the “ultimate radioactive waste” must be stored in deep geological layers, the Group cannot guarantee that all long-life high and medium waste will be considered as such and nor the length of time in which this type of storage, if it was held, could be carried out. In consequence, the final cost of long-term waste management of the Group could exceed the provisions made in its accounts. EnBW has also made provisions to cover its long-term nuclear commitments. The Group cannot guarantee that the amount of these provisions will be sufficient.

The evaluation of these provisions is sensitive to the assumptions made in terms of costs, inflation rate, long-term discount rate and payment schedules. Given these sensitivity factors, changing the parameters may lead to significant revision of the provisions accounted for.

If such was the case, the inadequacy of the provisions for these commitments may have a material negative impact on the Group’s financial results and financial situation.

***Decommissioning of the existing fleet of nuclear facilities may present currently unforeseen difficulties or be much more costly than currently expected.***

The decommissioning of the EDF and EnBW nuclear fleets is described in Section 6.2.1.1.3.6 “Decommissioning of nuclear power plants” and Section 6.3.1.2.3.1 “Electricity businesses” of the 2007 *Document de Référence*. Given the size of the Group’s nuclear fleet, its decommissioning represents a highly technical and financial challenge.

While the Group has evaluated the challenges, in particular technical, which this decommissioning brings (particularly the decommissioning of first generation power plants) and has identified the solutions to be developed, it has never dismantled nuclear power plants similar to those currently in service. The Group has made provisions to cover the costs associated with decommissioning. The provisions for decommissioning and last cores amounted to €13,654 million as at December 31, 2007 and €13,920 million as at June 30, 2008 (see note 31.4 to the 2007 Consolidated Financial Statements and note 24.4 to the Unaudited Interim Consolidated Financial Statements).

EnBW must also decommission its power plants and has made provisions for this.

The evaluation of these provisions is sensitive to the assumptions made in terms of costs, inflation rate, long-term discount rate and payment schedules. Given these sensitivity factors, changing the parameters may lead to significant revision of the provisions accounted for.

The Group cannot guarantee that the provisions made will be sufficient. Their insufficiency would have a negative impact on the Group's financial results and financial situation.

***Dedicated assets reserved by the Group to cover the costs of its long-term commitments in the nuclear business (such as radioactive waste and decommissioning) may prove insufficient.***

As of December 31, 2007, the market value of the portfolio of dedicated assets for EDF was €8.6 billion for EDF (see Section 6.2.1.1.3.6 "The decommissioning of nuclear power plants – Assets available to cover long-term nuclear power-related commitments (operating cycle excluded)" of the 2007 *Document de Référence*). These assets are built up gradually on the basis of spending estimates and the timeframe which the Group will have to meet.

In September 2005, EDF decided to accelerate the constitution of these dedicated assets to cover the whole basis by 2010. The Law of June 28, 2006 relating to the sustainable management of radioactive materials and waste supported this decision, since it imposes a total cover of long-term nuclear commitments on nuclear operators, (excluding operating cycle) within a five-year period of time after the law came into force. Furthermore, each operator is obliged, since 2007 to provide every three years a report, updated each year, supporting in particular the expenses relating to the decommissioning of nuclear power plants, the calculation methods of said provisions and the constitution of consequent dedicated assets to the relevant administrative authority. In addition, the decree dated February 23, 2007 and the order of March 21, 2007 have specified the process for financial securitization of the nuclear expenses by establishing an indexation of the totality of such charges, by distinguishing those relevant to the operating cycle, setting a framework for their evaluation as well as the discount rate retained by nuclear plant operators to calculate provisions pertaining to it. These texts set the rules of investment and management for the dedicated assets and organize the role of the Group's management, as well as the control plan to be implemented by the nuclear plant operators (see Section 6.2.1.1.3.6 "The decommissioning of nuclear power plants –Assets available to cover long-term nuclear power-related commitments (operating cycle excluded)" of the 2007 *Document de Référence*).

EDF's dedicated assets may, nonetheless, be judged insufficient according to the June 28, 2006 law's implementation regulations or by the administrative authority, and lead to adjustment measures (and notably a complementary allocation for the dedicated assets). These dedicated assets can also, prove to be insufficient at the moment of actual payment, if actual costs are appreciably different or if the disassembly and storage costs schedule is modified. This would have a material, negative impact on the Group's financial situation. Moreover, stricter national (in particular those which could have an impact of the basis of the dedicated assets to be constituted by EDF) or European regulatory constraints may lead to increasing demands for the constitution of dedicated assets and have an effect on EDF's financial situation.

Finally, these assets are constituted and managed in accordance with strict, prudential rules (see Section 6.2.1.1.3.6 "The decommissioning of nuclear power plants - Assets available to cover long-term nuclear power-related commitments (operating cycle excluded)" of the 2007 *Document de Référence*). The Group cannot, however, guarantee that variations in the financial markets will not have a material negative impact on the value of these assets (see Section 9.10.6 "Financial risk on EDF's dedicated assets management portfolio" of the 2007 *Document de Référence* for a sensitivity analysis). The sharp drop in financial markets in 2008 has adversely affected the value of these assets and given the decline and the strong volatility in stock markets, it was decided in September 2008 to suspend allocations to the portfolios of dedicated assets until market conditions have stabilized. Once reinitiated, further allocations shall therefore be adjusted in order to comply with current

regulations which impose a full coverage, of the relevant commitments by the dedicated assets portfolios by the end of June 2011, instead of by 2010 as contemplated in 2005.

### **Risks Related to the Structure and Changes Within the Group**

*It is possible that the Group's development strategy cannot be implemented in accordance with the goals defined by the Group.*

The Group may fail to implement international nuclear generation projects to which it is committed or may not be able to implement such projects under satisfactory economic, financial and legal conditions.

The EDF Group is committed through partnerships or equity investments to international projects for the construction and operation of nuclear power plants (in the United States, the United Kingdom, China, etc.). During the development phase, these projects require obtaining administrative authorizations, licenses and permits. These are large-scale construction sites calling for substantial investment (for a description of the current calendar and expected investments required, see section "Recent Developments and Outlook – International – Investment Policy regarding the new nuclear power plants until 2020"). The financing conditions have yet to be confirmed and, given the current economic context, such financing could be delayed. Furthermore, the regulatory framework in some countries is in the process of being updated, which could have an impact on the Group's commitments and liability. Even with the benefit of protective contractual arrangements, the Group cannot guarantee that any or all of these projects will be implemented in accordance with scheduled timeframes, under satisfactory economic, financial or legal conditions or that they will, in the long term, generate the profitability initially anticipated. This could have a negative impact on the Group's image and financial situation.

The implementation of the gas strategy may face significant problems.

Development of the Group's gas business is an important issue, both with respect to the use of gas in electricity generation and the development of dual gas/electricity offers. Furthermore the competitive environment is evolving in France and in Europe with the emergence of new players or mergers of energy companies.

Demand for gas in Europe is growing and there are significant quantities of untapped reserves throughout the world. However, sources of supply are remote and capacities for gas transport (by gas pipeline or by liquefied natural gas (LNG) tanker), LNG terminals and capacities for storage are still limited. To satisfy its gas needs, the Group must not only have access to competitive sources of supply, but also to logistical infrastructures (such as storage, gas pipelines and LNG terminals) that allow it to transport its gas to areas close to points of consumption and to produce synergies between its different entities (including those which it does not control) while coordinating and interconnecting its positions.

The Group cannot guarantee that it will be able to either access these gas assets, or acquire them or participate in their development, or achieve the expected synergies, under acceptable financial conditions.

Any one of these factors could slow the development of the Group's gas strategy, which would have a negative impact on its activities, its financial results and its prospects.

In addition, the Group intends to develop and consolidate its offer of service integrated solutions, notably its energy eco-efficiency services, to increase sales per customer as the energy market in Europe opens up to competition and to deal with issues relating to energy efficiency and sustainable development.

The energy-related services market is very competitive, and the energy efficiency market, though still an emerging one, possesses a strong potential for development. The Group cannot guarantee that its energy-related services offer will continue to grow successfully.

If the Group cannot implement its development policy in the area of energy-related services, this may have a negative impact on its financial results and prospects.

The Group intends to continue its development in the electricity industry in France and abroad, in line with its industrial project, depending on its business model in each area and in light of any relevant experience (upstream/downstream balance, commercial strategy, development of renewable energy sources or in other

production methods: nuclear, hydropower, coal, gas combined-cycle, etc.). It is thus implementing programs for re-organization, increasing profitability, (see risk factor entitled “The Group has implemented programs to improve its operating and financial performance and to reinforce its financial flexibility”) and disposals.

More generally, the Group may be confronted with an unexpected change in the regulatory economic and competition framework which may render its decisions inadequate, or may encounter difficulties in implementing or changing its strategy. The Group may be led to acquire or develop assets which ultimately do not generate the profitability initially anticipated. The Group may also find that it has been unable to make the investments, equity investments and disposals it expects to make, or that it has made them at a price different to that desired, due in particular to financial, regulatory or contractual constraints, or even political acts outside France. This may have a negative impact on the Group’s financial results, financial situation and prospects.

#### ***Risks related to the acquisition of British Energy***

On January 5, 2009, the Group acquired, by takeover bid, British Energy for approximately £12.6 billion (see “Recent Developments and Outlook – International – Acquisition of British Energy Group”).

The acquisition of British Energy may not, or may take more time than expected, to generate the anticipated synergies, cost savings and operational benefits (see “Recent Developments and Outlook – International – Acquisition of British Energy Group”), which could have a significant adverse impact on the Group’s activities, operating profits, financial situation or prospects.

In addition, the Group may experience difficulties in complying with the commitments made to the European Commission in relation with competition issues raised by the acquisition (see “Recent Developments and Outlook – International – Acquisition of British Energy Group”), or such commitments may be implemented under conditions less favorable to the Group than anticipated, which could have a significant adverse impact on the Group’s profits or financial situation.

Moreover, if significant difficulties arise with regard to the quality and performance of British Energy’s industrial assets or if British Energy’s financial situation and/or prospects are not consistent with the assumptions on the basis of which the transaction was valued by the Group, including in particular the anticipated evolution of wholesale power prices in the United Kingdom and of the output of British Energy’s existing nuclear fleet, this may have a significant adverse impact on its profits and financial situation, including through impairment costs the Group may have to incur.

Although the Group carried out due diligences (including technical, legal, financial and environmental due diligences) prior to the launch of the tender offer, it cannot be excluded that certain liabilities of British Energy remain unknown or underestimated, which could have a significant adverse impact on the activities, the financial condition, the results and/or the prospects of the Group.

British Energy and its affiliated companies are parties to supply agreements, joint venture agreements, license or concession agreements or other agreements, including agreements entered into with the British Government in 2004 and 2005 as part of the financial restructuring plan of the British Energy group, that could be called into question as a result of the acquisition by the EDF Group (either by the other parties to such agreement, in particular as a result of the implementation of a change of control provision triggered by the acquisition, or by public authorities). Change of control provisions generally allow or permit the termination of the agreement by either party upon a change of control of the other party or, when contained in financing contracts, the early repayment of the outstanding amount or the constitution of guarantees. These provisions may however be waived and the Group is progressively identifying cases in which such waivers will be sought. In the absence of a waiver, the implementation of a change of control provision could lead to the loss of contractual rights and benefits, the termination of joint venture agreements or contracts of license or concession, or to the renegotiation of financing contracts.

Furthermore, the Group incurred a financial debt of approximately £11 billion in order to partially finance the acquisition of British Energy under which it is obliged to allocate significant resources to the reimbursement of its debt. This could limit the Group’s financial flexibility and possibilities of obtaining further loans in the context of its development and investment strategy.

***Risks related to the contemplated acquisition of certain nuclear activities of Constellation Energy***

The Group entered into an agreement on December 17, 2008 with the American electrical company Constellation Energy (CEG), according to the terms of which the Group will acquire 49.99% of Constellation Energy's nuclear generation and operation business for \$4.5 billion. In the context of this agreement, the Group will strengthen CEG's liquidity (see "Recent Developments and Outlook – International – Offer for certain assets of Constellation Energy") through this acquisition once it is completed but also immediately in the interim period running until the closing of this transaction.

The agreement entered into with CEG is subject to a certain number of conditions precedent, including in particular the obtaining of the necessary regulatory approvals. The transaction is expected to be completed during the third quarter of 2009. Nevertheless, if these regulatory approvals are not obtained by the anticipated dates or if they are obtained subject to conditions more restrictive for the Group than anticipated, the transaction may not be carried out, or may be carried out on terms that are less favorable to the Group, which could have a significant adverse impact on the Group's prospects and financial situation.

In addition, even if the acquisition is successfully completed, the performance and operational advantages related to the acquisition may prove to be inferior to those anticipated by the Group. If significant difficulties arise with regard to the quality and performance of the assets to be acquired, or if the value of such assets is not consistent with the assumptions on the basis of which the transaction was valued by the Group, this may have a significant adverse impact on its profits and financial situation, including through impairment costs the Group may have to incur.

***The various reorganizations rendered necessary by opening up of the market could have operational and financial repercussions for EDF.***

Opening up of the market has notably, resulted in a transfer of distribution activities to subsidiaries and the reorganization of the joint entities through which EDF and GDF Suez (previously Gaz de France) manage sales, billing, customer services and distribution networks.

The various reorganizations could have an impact on the operation of sales and distribution activities and on the relationships with local authorities.

Furthermore, they could generate substantial costs, associated notably with adapting organizational structures and support functions, in particular, information systems.

***Risks relating to information systems.***

The Group operates multiple and highly complex information systems (such as servers, networks, applications and databases) which are essential for the everyday operations of its commercial and industrial business, which must adapt to a rapidly changing environment. A problem with one of these systems may have material, negative consequences for the Group. In particular, if the information systems put in place or still to be adapted following the total opening up of the market on July 1, 2007 are lacking in terms of reliability or performance, this may have material, negative consequences for EDF.

Finally, as a general matter, the Group cannot guarantee that the policy of reinforcing information back-up systems will not meet with technical difficulties and/or delays in implementation, which could – in the event of a serious incident – have a material, negative impact on the activity, financial results and financial position of the Group.

***EDF is controlled by the French State, which is its principal shareholder.***

Pursuant to the Law of August 9, 2004, the French State is EDF's principal shareholder and must remain the holder of more than 70% of its share capital. Under French Law, a majority shareholder controls most corporate decisions relating to the company, including those that must be passed by the Shareholders' Meeting (in particular, appointment and dismissal of members of the Board of Directors, distribution of dividends and amendments to the by-laws). In addition, the legal dilution limit for the French State holding may limit EDF's capacity to resort to the capital markets or carry out external growth operations.



***Much of the Group's workforce belongs to organizations common to EDF and GDF Suez; the Group therefore depends in part on management mechanisms implemented in these common structures.***

At the end of the year 2007, approximately 51,800 people employed by the Group belonged to organizations common to EDF and GDF Suez (almost all belonging to ERDF and GRDF's common service, distribution subsidiaries of EDF Group and GDF Suez Group). Some decisions made in the context of these common organizations may accordingly have an impact on EDF, in particular on costs and on the conditions of management of its resources. Moreover, in consequences, EDF and GDF Suez may have divergent interests concerning these common organizations, which may have a negative impact on the Group's labor relations climate, financial results and financial structure.

***The Group does not own a controlling majority of some of its strategic subsidiaries and holdings, or shares control of these entities with other shareholders.***

As described in Section 6.3.1.2.2 "Detail of EDF's holding in EnBW" of the 2007 *Document de Référence*, the EDF Group shares control of EnBW with OEW. This shared control is exercised through a shareholders' agreement. The Group cannot, however, guarantee that it will always be in agreement with OEW on its policy towards EnBW.

This may also be the case with respect to Edison, where the two shareholders, EDF and A2A (formerly AEM Milan) and its partners, have joint control, and whose relationships are governed by a shareholders' agreement (see Section 6.3.1.3.1.2 "Joint takeover of Edison by EDF and AEM Milan (now A2A)" of the 2007 *Document de Référence*). In addition, advantages which must result from the joint takeover of Edison by EDF and A2A, in particular as regards the Group's gas strategy, depend, in part, on the possibility to combine successfully and effectively Edison's activities with those of the Group.

Other Group businesses are, or will be in the future, exercised within other entities in which the Group shares control, or in which the Group is a minority shareholder. In these situations, the Group may find itself confronted with an impasse when partners disagree or decisions are made which are contrary to its interests.

This may limit the Group's ability to implement defined strategies and may have a material adverse impact on its business, financial situation or prospects.

***Shareholders in some of the Group's subsidiaries and holdings have put options allowing them to require a buyback of their shares by the Group, which, accordingly, may be forced into re-purchasing these shares at an unfavorable time or under unfavorable conditions.***

The structure and conditions of the put options that the shareholders, in particular, of EnBW and EDF Energies Nouvelles, have over the Group are described in Section 6.3.1.2 "Germany – EnBW" and Section 6.4.1.1.2 "EDF Energies Nouvelles" of the 2007 *Document de Référence*.

If put options are exercised, the Group may be forced to purchase the underlying securities at prices, set by the terms of the agreements in force, which could exceed their market value. In addition, the financing of these purchases could interfere with other Group acquisition or investment expenses, delay them, or oblige the Group to seek financing under less favorable conditions, which could have a negative financial impact on the Group.

***The Group may find itself forced to launch a tender offer for the acquisition of listed companies in which it has holdings.***

The Group has holdings in a number of listed companies for which current legislation may require, under certain conditions, a shareholder exceeding certain thresholds to launch a tender offer to purchase all of the existing share capital. The Group may, therefore, be forced to launch such an offer under unfavorable conditions, especially with respect to price, which may have a negative impact on its financial situation.

***Risks due to the international dimension of the Group's activities.***

Some Group investments and commitments are exposed to the risks and uncertainties associated with doing business in countries which may have, or have recently had, a period of political or economic instability. Several countries in which the Group operates have less developed regulations providing less protection, maintain or could initiate controls or restrictions on repatriation of profits and capital invested, fix or could fix taxation and

fees affecting the Group's activities, and impose or could impose restrictive rules with regards to the business of international groups. In these countries, the electricity sector is also subject to sometimes rapidly changing regulations which could be influenced by political, social or other considerations, which may have an effect on activities or financial results of the Group's subsidiaries and thus not be in its interest. The occurrence of any of these events may have a negative impact on the Group's activities, financial results and financial situation.

Finally, the Group has developed or built a portfolio of "Independent Power Plants" ("IPP") in different parts of the world, especially in Brazil, Vietnam, Laos and China, in which it plays one or more roles (engineering, project management, project manager, investor or operator). In these different capacities, the Group may find itself liable or the Group's financial performance may be affected, especially if the return on capital employed for the IPP is lower than expected, if long-term electricity contracts or "pass-through" clauses are questioned, or in the event of major changes to electricity market rules in the country concerned.

***The Group must continually adapt its skills in a rapidly changing environment and renew much of its workforce and transfer experience and skills to new employees.***

The challenges associated with achieving the Group's strategic objectives in a rapidly changing environment (notably, the total opening up of markets to competition, international expansion of electricity generation (nuclear or clean coal), growth of the gas business, development of renewable energy sources etc.) require a continuous adaptation of its areas of competence, in particular functional and geographic.

A large number of EDF employees is each year at the retirement age, despite the impact the reform of the special retirement program for gas and electricity industry employees have on the average retirement age. For example, in nuclear generation and network maintenance, approximately 40% to 45% of the workforce could retire during the next ten years. Although this situation may represent an opportunity to adapt the expertise of employees to the Group's new challenges, the renewal of this workforce requires anticipating the knowledge transfer and managing competition to recruit skilled talent.

The EDF Group will do its utmost to recruit, retain, redeploy or renew these staff and skills in time and under satisfactory conditions. However, it cannot guarantee the measures adopted will always prove totally adequate, which may have an impact on its business and financial results.

***EDF may be required to satisfy significant obligations related to pensions and other employee benefits.***

In France, the financing of the pension system for the electricity and gas industries ("IEG") was reformed by French Law of August 9, 2004 (the "Law of August 9, 2004") (see Section 17.8 "Pension system and complementary healthcare benefits system" of the 2007 *Document de Référence*, which came into force on January 1, 2005.

The provisions for the special pension system correspond to specific rights of agents linked to services not covered by the general system.

The evaluation also takes into account the portion of CNIEG management fees for which the company is responsible, the CNIEG carrying out the management and payment of pensions to the inactive population.

As of December 31, 2007, the pension provision amounted to €8,790 million.

Furthermore, the reform of the special retirement programs, including those of IEG, seeking notably to extend the contribution periods, came into force in July 1, 2008. This reform is backed-up by specific measures (concerning wages, changes in the social welfare system, career planning, etc. – see Section 17.8.1 "Special pension system" of the 2007 *Document de Référence* and note 41 to the 2007 Consolidated Financial Statements. Sectoral agreements were signed in 2008 regarding the social protection system (pension, provident schemes). The negotiations that began in relation with certain matters specific to certain occupations (regarding the appropriate contribution period) will continue throughout the first half of 2009.

Outside of France, the main pension obligations relate to EDF Energy and EnBW. On the basis of the last actuarial survey carried out on November 10, 2008, the pension funds established by EDF Energy have been considered insufficient by approximately £ 588 million. An official financial review is conducted after each three-year period. The last review was conducted in March 2007 and led EDF Energy to pay, on a yearly basis, additional contributions in order to compensate for the shortage of funds observed at this date (see Section

6.3.1.1.3 “Financing and Pensions” of the 2007 *Document de Référence*). EnBW’s commitments are fully provisioned and assets have been specially allocated to face such commitments.

In addition to these pension obligations, there are also commitments related to post-employment benefits (benefits in kind (electricity/gas), retirement gratuity, exceptional additional pension, and bereavement benefits) and long-term benefits for employees currently in service (annuities following industrial accidents and work-related illness, long-service awards, invalidity benefits, etc.) (see note 31.6 of the 2007 Consolidated Financial Statements).

The amounts of these obligations, the provisions and, for EDF Energy, the additional contributions to compensate for the shortage of funding for its pension scheme are calculated on an estimated basis using certain hypotheses, in particular, actuarial forecasts and a discount rate, which may be modified in relation to market conditions as well as by regulations governing retirement benefits paid out by the general system and those paid out by the Group. These hypotheses and rules may be adjusted in the future and may increase the provisions under pensions and other employee benefits (and additional contributions by EDF Energy). This could have a negative impact on the financial situation or the financial results of the Group.

Furthermore, the Law of August 9, 2004 imposed joint and several liability among the companies in the IEG branch in regards to financing the specific rights for which they are responsible. In the event that one company in the IEG branch fails to pay, EDF may be forced to finance a portion of the obligations of such company. This may also have a negative impact on the financial situation and the financial results of the Group.

***Employee conflicts could have a negative impact on the Group’s activity.***

The Group cannot ensure that its employee relationships will not deteriorate or that employee unrest will not occur. Strikes, stoppages, claims or other social problems may harm its business. The Group has not taken out any insurance for losses due to interruptions to business caused by employee demonstrations. As a result, its financial situation and operating results may be adversely affected by employee unrest.

***The Group has implemented programs to improve its operating and financial performance and to reinforce its financial flexibility. The objectives set for these programs may not be achieved.***

The Group has implemented programs to improve its operating and financial performance and to reinforce its financial flexibility. After the achievement of the *Altitude* program in 2007, the Group implemented a new program, the program *Excellence Opérationnelle* (see Section 12.1 “Performance improvement: “*Altitude*” and “*Excellence Opérationnelle*” programs” of the 2007 *Document de Référence*). The implementation of such program within the Group was initiated in 2008 on a long-term basis. It aims to improve the Group’s results by achieving synergies and continuous progress on its operational processes and supports, its purchasing methods, its conversion and expansion programs.

The Group cannot guarantee that these programs will produce the expected results within the established timeframe. This may have a material adverse impact on the Group’s financial results, financial situation and outlook.

***Risks due to changes to the IFRS standards applicable to the Group.***

2007 Consolidated Financial Statements have been prepared, as for the two previous years, in accordance with international accounting standards published by the IASB as approved by the European Union on December 31, 2007 (see note 1.1 to the 2007 Consolidated Financial Statements).

These references are evolving and new standards and interpretations are currently in the process of being drafted and/or approved by the qualified international bodies. The Group is studying the potential impact of standards or interpretations in the process of being approved or authorized by the qualified international bodies on its financial situation. In relation to standards or interpretations in the process of being drafted by the qualified international bodies, the Group cannot predict the possible evolutions that these standards or interpretations could entail, or the impact that they could have on its consolidated financial statements.

## **Risks Related to the Capital Structure of EDF and the Listing of its Shares**

### ***Significant volatility of the market price of shares.***

Stock markets have experienced significant fluctuations in recent years, in particular in 2008, which have not always been related to the performance of the specific companies whose shares are traded. Such fluctuations may materially affect EDF share price.

EDF share price may also be materially affected by a number of factors, including factors relating to the EDF Group, its competitors, general economic conditions and, in particular, the energy industry.

### ***Fluctuation in exchange rates.***

The shares will be quoted only in euros and any future payments of dividends on the shares will be denominated in euros. The share price and any dividends paid to an EDF shareholder in other currencies could be adversely affected by a depreciation of the euro.

### ***Risks related to future sales of shares by the French State.***

As of December 31, 2008, the French State was holding 84.66% of EDF's share capital. If the French State decided to reduce further its holding in EDF capital, such sales by the French State, or the perception that such sales could occur, could adversely affect EDF share price.

## **RISK FACTORS RELATED TO THE NOTES AND THE NOTES OFFERING**

### ***There is no public market for the Notes.***

The Notes comprise a new issue of securities for which there is currently no public market. There is no established trading market for the Notes. The Notes are not listed or admitted for trading on any securities exchange and we have no plans to effect such listing or admission. There can be no assurance as to the liquidity of any market that may develop for the Notes, the ability of holders to sell their Notes, or the prices at which holders might be able to sell their Notes.

The Notes have not been registered under the securities laws of any jurisdiction and the Notes may not be publicly offered, sold, pledged or otherwise transferred in any jurisdiction where such registration may be required.

### ***The Notes are subject to restrictions on transfer.***

The Notes are being offered in reliance upon an exemption from registration under the Securities Act and applicable state securities laws of the United States. As such, the Notes may be transferred or resold only in a transaction registered under or exempt from the Securities Act and applicable U.S. state securities laws. These restrictions on transfer may have a material adverse effect on the ability of any holder of the Notes to transfer such Notes.

### ***Investors may experience difficulties in enforcing civil liabilities.***

The Issuer is incorporated in France. The majority of its directors and management (and certain of the parties named in this document) reside outside the United States, and all, or a substantial portion of, the Issuer's and such persons' assets are located outside the United States. As a result, it may not be possible for investors to effect service of process upon the Issuer or such persons within the United States, or to enforce against the Issuer or such persons in the United States judgments obtained in the U.S. courts, including judgments predicated upon the civil liability provisions of the federal securities laws of the United States. Under the laws of the Republic of France, certain provisions of laws or of regulations may limit the possibility to enforce judicial measures on certain assets of the Company because, among other reasons, (i) they are dedicated to public service (service public) activities, (ii) they are used in connection with the management of a concession, or (iii) their use requires authorization (for instance in the nuclear field). The provisions of the law n° 86-912 of August 6, 1986, and the decree n° 53-707 of August 9, 1953 may also limit the possibility to enforce judicial measures on certain assets of the Company.

### ***The Notes are unsecured obligations.***

The Notes will be senior, unsecured indebtedness and will rank pari passu with all of our existing and future unsecured and unsubordinated obligations (save for certain mandatory exceptions provided for by French law). As a result, in any liquidation, dissolution, bankruptcy or other similar proceeding, the holders of our secured debt may assert rights against the secured assets in order to receive full payment of their debt before the assets may be used to pay the holders of the Notes. For more information on the ranking of the Notes, see "Description of Notes."

### ***We are not restricted in the amount of additional debt that we may incur, which may make it difficult to satisfy our obligations under the Notes or reduce the value of the Notes.***

The Notes and the Fiscal Agency Agreement under which the Notes will be issued do not place any limitation on the amount of unsecured debt that we may incur. Our incurrence of additional debt may have important consequences for you as a holder of the Notes, including making it more difficult for us to satisfy our obligations with respect to the Notes, a loss in the trading value of your Notes, if any, and a risk that the credit rating of the Notes is lowered or withdrawn.

### ***An increase in market interest rates could result in a decrease in the value of the Notes.***

If market interest rates increase above the current levels, the Notes will generally decline in value because debt instruments of the same face value priced at market interest rates will yield higher income. Consequently,

if you purchase Notes and market interest rates increase above the current interest rates, the market value of your Notes may decline. We cannot provide any assurance regarding the future level of market interest rates.

*There are exchange rate risks and exchange controls associated with the Notes.*

We will pay principal and interest on the Notes in U.S. dollars. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than the U.S. dollar. These include the risk that exchange rates may significantly change (including changes due to devaluation of the U.S. dollar, or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the U.S. dollar would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

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## **USE OF PROCEEDS**

We estimate that the net proceeds from the issuance and sale of the Notes will be approximately U.S. \$4,936,000,000 after deducting underwriting discounts and commissions and other expenses of the offering that are to be borne by the Issuer. We intend to use the net proceeds of this offering for general corporate purposes, which will include repayment of existing borrowings of the Group and may also include partial financing of certain already disclosed acquisitions of the Group.

## EXCHANGE RATE INFORMATION

We publish our consolidated financial statements in euros. As used in this offering memorandum, the term “noon buying rate” refers to the rate of exchange for euros, expressed in U.S. dollars per euro, as announced by the Federal Reserve Bank of New York for customs purposes as the rate in The City of New York for cable transfers payable in foreign currencies.

The table below shows noon buying rates for the periods and dates indicated. The average for each period is computed using the noon buying rate on the last business day of each month during the period.

These rates are provided solely for convenience purposes and no representation is made that euro were, could have been, or could be, converted into U.S. dollars at these rates or at any other rate. These rates were not used by us in the preparation of our audited and unaudited consolidated financial statements included or incorporated by reference in this offering memorandum.

On January 9, 2009, the noon buying rate was €1 = \$1.35.

Year ended December 31,	High	Low	Year-end	Average
2004	1.36	1.18	1.35	1.25
2005	1.35	1.17	1.18	1.24
2006	1.33	1.19	1.32	1.27
2007	1.49	1.29	1.46	1.38
2008	1.60	1.24	1.39	1.47
2009 (through January 9)	1.39	1.34	-	-

The following table shows the high and low noon buying rate for U.S. dollars per euro for each month since July, 2008.

Month	High	Low
July 2008	1.59	1.56
August 2008	1.56	1.47
September 2008	1.47	1.39
October 2008	1.41	1.24
November 2008	1.30	1.25
December 2008	1.44	1.26
January 2009 (through January 9)	1.39	1.34



## CAPITALIZATION AND INDEBTEDNESS

The following table sets forth, on a consolidated basis, the capitalization and indebtedness of the Group as at June 30, 2008.

	As at June 30, 2008 (€ in millions)
<b>Shareholders' equity</b>	
Share Capital	911
Legal Reserves	91
Other reserves <sup>(1)</sup>	24,963
<b>Total</b>	<b>25,965</b>
<b>Financial liabilities</b>	
Current financial debt	9,321
Bank loans at more than 1 year	3,062
Bonds issued (long term portion)	16,526
Other non-current loans	1,154
<b>Total</b>	<b>30,063</b>
<b>Cash and cash equivalents</b>	<b>(4,637)</b>
<b>Liquid Assets<sup>(2)</sup></b>	<b>(7,235)</b>
<b>Net financial debt</b>	<b>18,191</b>

- (1) Other reserves contain issue premiums, conversion reserve, gains and losses directly accounted in equity, recyclable reserves as well as accumulated results. They exclude the result for the period from January 1 to June 30, 2008
- (2) Liquid assets are financial assets with an initial maturity of over three months, easily convertible into cash regardless of their maturity and they are managed according to a liquidity-oriented policy (monetary funds, governmental bonds, negotiable debt securities). They are found in available-for-sale financial assets and financial assets with changes in fair value included in income (see note 21.2 to the Unaudited Interim Consolidated Financial Statements).

The events that have had a material impact on such items since June 30, 2008 are the following:

- Issuance of bonds:
  - CHF 1,350 million by EDF SA over November and December 2008
  - €2,000 million by EDF SA in November 2008
  - £400 million by EDF SA in December 2008
  - €1,000 million by RTE EDF Transport in August 2008
  - €1,500 million by EnBW in November 2008 (the share in EDF consolidated accounts is €691 million)
  - the issuance of the Notes offered hereby in the amount of \$5,000,000,000
- Major investments
  - Acquisition in September 2008 of 26.53 % of shares in British Energy at a price of 774 pence per share for an amount of £2,123 million
  - Acquisition in September 2008 of 4.53% of Constellation for a net amount of US\$313 million
  - Cash advance in December 2008 of U.S.\$1,000 million to Constellation Energy through the purchase of preferred stock to be credited to the purchase price of the acquisition of nuclear assets upon closing of the transaction
  - Acquisition on December 1, 2008 of a majority holding in British North Sea gas fields for £265 million

- Interim dividend

- Payment by EDF SA in December 2008 of an interim dividend of €0.64 per share for a total amount of €1,164 million

For more information on these events, see section “Recent Developments and Outlook” of this offering memorandum.

In addition to these adjustments, note that EDF launched, on January 16, 2009, the placement of two bonds denominated in euros for a total amount of €4 billions. The bonds will have a maturity of six and twelve years, respectively, and an annual coupon of 5.125% and 6.25%, respectively. The closing is expected to take place on January 23, 2009.

## DESCRIPTION OF NOTES

Each of the 5.500% fixed rate notes due 2014 (the “**Five-Year Notes**”), the 6.500% fixed rate notes due 2019 (the “**Ten-Year Notes**”), and the 6.950% fixed rate notes due 2039 (the “**Thirty-Year Notes**” and, together with the Five-Year Notes and the Ten-Year Notes, the “**Notes**”) will be issued pursuant to a fiscal agency agreement (the “**Fiscal Agency Agreement**”), dated as of January 26, 2009, between the Issuer and Deutsche Bank Trust Company Americas, as fiscal agent and principal paying agent (the “**Fiscal Agent**”, which expression shall, where the context so requires, include any successor for the time being as Fiscal Agent, or the “**Paying Agent**”, where the context so requires, which term shall also include any substitute or additional paying agents from time to time under the Fiscal Agency Agreement). The Paying Agent is also acting as transfer agent (in such capacity, the “**Transfer Agent**”) and registrar (the “**Registrar**”) of the Notes.

The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent or Paying Agent and/or to appoint a successor Fiscal Agent and additional or other Paying Agents; provided that it will, so long as the Notes are outstanding, maintain a Paying Agent in New York City. Notice of any change of Fiscal Agent or any change in or addition to the Paying Agents or any change in their respective specified offices will be published as set forth below under “**Notices**”.

Holder of the Notes (the “**Holders**”) are deemed to have notice of all provisions of the Fiscal Agency Agreement. The summary information set forth herein is subject to the detailed provisions of the Fiscal Agency Agreement, copies of which are available for inspection at the office of the Fiscal Agent. A copy of the Fiscal Agency Agreement is also available upon request from the Issuer.

For purposes of this “**Description of Notes**”, references to the “*Issuer*”, “*we*”, “*our*” and “*us*” refer only to the Issuer and not to any of its subsidiaries unless otherwise specified.

### **General**

In this offering, the Issuer will issue Five-Year Notes in the aggregate principal amount of \$1,250,000,000, Ten-Year Notes in the aggregate principal amount of \$2,000,000,000 and Thirty-Year Notes in the aggregate principal amount of \$1,750,000,000. The Notes of each series will be issued in denominations of \$2,000 and integral multiples of \$1,000 in excess thereof.

The Notes will be our senior unsecured obligations, ranking equally in right of payment with all of our existing and future senior unsecured debt (save for certain mandatory exemptions provided by French law). The Notes will rank equally with each other.

We may, without the consent of the Holders of any series of Notes, create and issue additional Notes (the “**Additional Notes**”) of such series ranking equally with Notes of such series in all respects, including having the same CUSIP and/or ISIN number, so that such Additional Notes shall be consolidated and form a single series with such series of Notes under the Fiscal Agency Agreement. Any such Additional Notes will have the same terms as to status, redemption or otherwise as the Notes of such series. No Additional Notes may be issued if an Event of Default (which we describe under “– Events of Default” below) has occurred and is continuing with respect to the Notes. Unless the context otherwise requires, in this “**Description of Notes**”, references to the “*Notes*” include the Notes and any Additional Notes that are issued.

### **Principal and Interest**

The Five-Year Notes will bear interest at 5.500% per annum and will mature on January 26, 2014, the Ten-Year Notes will bear interest at 6.500% per annum and will mature on January 26, 2019, and the Thirty-Year Notes will bear interest at 6.950% per annum and will mature on January 26, 2039. Each series of Notes will be payable at 100% of the face amount thereof upon redemption at maturity.

Interest on each series of Notes will be payable semi-annually in arrears on January 26 and July 26, commencing on July 26, 2009, to holders of record on January 12 and July 12 (each, a “**record date**”) immediately preceding the related interest payment date.

If the due date for any payment in respect of any Note is not a Business Day (as defined below), the Holder thereof will not be entitled to payment of the amount due until the next succeeding Business Day, and will not be entitled to any further interest or other payment as a result of any such delay.

Interest on the Notes will be calculated on the basis of a 360 day year of twelve 30 day months.

The term “**Business Day**” means a day other than a Saturday, Sunday or other day on which commercial banking institutions are authorized or required by law to close in New York City.

#### **Book-entry; Delivery and Form**

The Notes offered and sold to qualified institutional buyers, or QIBs, in reliance on Rule 144A under the Securities Act initially will be represented by one or more restricted global registered notes (together, the “**Rule 144A global note**”). The Notes offered and sold outside the United States in reliance on Regulation S under the Securities Act will be issued in the form of one or more unrestricted global registered notes (together the “**Regulation S global note**”). The Rule 144A global note and the Regulation S global note are referred to collectively as the global notes.

The global notes will be deposited on the date of issuance with Deutsche Bank Trust Company Americas. The global notes will be registered in the name of The Depository Trust Company (“**DTC**”), or its nominee, in each case for credit to an account of a direct or indirect participant in DTC (including Euroclear and Clearstream Luxembourg) as described below. Beneficial interests in the Rule 144A global note may be exchanged for beneficial interests in the Regulation S global note at any time in the circumstances described under “**Book Entry; Delivery and Form – Summary of Provisions Relating to Notes in Global Form**”.

The Notes will be subject to certain restrictions on transfer and will bear restrictive legends as described in “**Transfer Restrictions**”. In addition, transfer of beneficial interests in the global notes will be subject to the applicable rules and procedures of DTC and its direct or indirect participants, which may change from time to time.

Ownership of the global notes may not be transferred, in whole or in part, except in limited circumstances. Beneficial interests in the global notes may not be exchanged for notes in certificated form except in the limited circumstances described herein under “**Book Entry; Delivery and Form – Summary of Provisions Relating to Certificated Notes**”.

#### **Payments**

So long as the Notes are in the form of global notes, all payments in respect of the Notes will be made by the Paying Agent to DTC as the registered holder. The Paying Agent will treat the persons in whose names global notes are registered as the owners thereof for the purpose of making such payments and for any and all other purposes whatsoever. Neither we, nor any of our agents, has or will have any responsibility or liability for:

- any aspect of the records of the registered holder(s) or any participant’s or indirect participant’s records relating to, or payments made on account of, beneficial ownership interests in the global notes, or for maintaining, supervising or reviewing any of the records of the registered holder(s) or any participant’s or indirect participant’s records relating to the beneficial ownership interests in the global notes; or
- any other matter relating to the actions and practices of the registered holder(s) or any of its or their participants or indirect participants.

DTC has advised us that its current practice, upon receipt of any payment in respect of securities such as the Notes, is to credit the accounts of the relevant participants with the payment on the payment date unless DTC has reason to believe it will not receive payment on such payment date. Payments by the participants and the indirect participants to the beneficial owners of the Notes will be governed by standing instructions and customary practices and will be the responsibility of the participants or the indirect participants and will not be the responsibility of DTC or us. We and the Paying Agent may conclusively rely, and shall bear no responsibility or liability for any action taken in reliance, on instructions from DTC or its nominee for all purposes.

We expect that Euroclear or Clearstream, Luxembourg, upon receipt of any payment of principal or interest in respect of a global note will immediately credit participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of that global note as shown on the records of Euroclear or Clearstream, Luxembourg. We also expect that payments by participants to ultimate owners of beneficial interests in a global note held through such participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such participants.

#### **Certain Duties of the Fiscal Agent**

As issuing and paying agent, the Fiscal Agent will act as agent of the Issuer and will not assume fiduciary obligations to holders of the Notes. The Fiscal Agency Agreement provides that the Fiscal Agent will be under no obligation to take any action or perform any duties other than those specifically set forth in the Fiscal Agency Agreement. The Fiscal Agency Agreement will not oblige the Fiscal Agent to exercise certain responsibilities that may be exercised by trustees with respect to other debt securities, including certain discretionary actions customarily taken by trustees in connection with events of default under debt securities.

The Issuer may appoint, at its discretion, additional Paying Agents for the payment of principal of and interest and other amounts on the Notes at such place or places as the Issuer may determine.

The Fiscal Agency Agreement provides that the Fiscal Agent may resign and that the Issuer may remove the Fiscal Agent or any other Paying Agent in respect of the Notes, but any such resignation or removal will take effect only upon the appointment by the Issuer of, and acceptance of such appointment by, a successor Fiscal Agent or other Paying Agent which in any such case is organized or licensed and doing business under the laws of the United States or the State of New York, in good standing and having an established place of business in the Borough of Manhattan, The City of New York, and authorized under such laws to act as Fiscal Agent under the Fiscal Agency Agreement.

#### **Redemption**

Except as described under "Tax Redemption", the Notes are not redeemable prior to the maturity date.

#### **Payment of Additional Amounts**

All payments made by the Issuer or a successor (each, a "Payor") under, or with respect to, the Notes will be made free and clear of and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (including penalties, interest and other liabilities related thereto) (collectively, "Taxes") imposed, levied, collected or assessed by or on behalf of (1) the Republic of France or any political subdivision or governmental authority thereof or therein having power to tax; or (2) any other jurisdiction in which the Payor is organized, resident or engaged in business, or any political subdivision or governmental authority thereof or therein having the power to tax (each of paragraphs (1) and (2), a "Relevant Taxing Jurisdiction") unless the withholding or deduction of such Taxes is then required by law.

If any deduction or withholding for, or on account of, any Taxes of any Relevant Taxing Jurisdiction will at any time be required by law from any payments made with respect to the Notes, including payments of principal, redemption price, interest or premium, if any, the Payor will, to the fullest extent then permitted by law, pay (together with such payments) such additional amounts (the "Additional Amounts") as may be necessary in order that the net amounts received in respect of such payments by each Holder and beneficial owner of the Notes, as the case may be, after such withholding or deduction (including any such deduction or withholding from such Additional Amounts), will not be less than the amounts which would have been received in respect of such payments in the absence of such withholding or deduction; provided, however, that no such Additional Amounts will be payable in relation to any payment in respect of any Notes:

- (a) to, or to a third party on behalf of, a Holder of Notes who is liable for such Taxes by reason of the existence of any present or former business or personal connection between the Holder and the Relevant Taxing Jurisdiction imposing such Taxes (other than (a) the mere ownership or holding of such Notes, or (b) the receipt of principal, interest or other payments in respect thereof);

- (b) where such withholding or deduction is imposed on a payment to an individual and required to be made pursuant to (i) any European Union directive or regulation concerning the taxation of interest income, or (ii) any international treaty or understanding relating to such taxation and to which the Relevant Taxing Jurisdiction or the European Union is a party, or (iii) any provision of law implementing, or complying with, or introduced to conform with, such directive, regulation, treaty or understanding;
- (c) where such withholding or deduction is imposed or withheld by reason of the failure of the Holder or beneficial owner to provide in a reasonable and timely manner certification, information, documents or other evidence concerning the nationality, residence, or identity of the Holder and beneficial owner or to make any valid or timely declaration or similar claim or satisfy any other reporting requirements relating to such matters, whether required or imposed by statute, treaty, regulation or administrative practice, as a precondition to exemption from, or a reduction in the rate of withholding or deduction of such taxes;
- (d) where such withholding or deduction consists of any estate, inheritance, gift, sales, excise, transfer, personal property or similar tax;
- (e) where such withholding or deduction is imposed on or with respect to any payment by the Issuer to the registered Holder if such Holder is a fiduciary or partnership or any person other than the sole beneficial owner of such payment to the extent that taxes would not have been imposed on such payment had such registered Holder been the sole beneficial owner of such Note;
- (f) by or on behalf of a Holder of Notes who would have been able to avoid such withholding or deduction by presenting the relevant Note to another Paying Agent in a Member State of the European Union;
- (g) presented for payment more than 30 days after the Relevant Date (as defined below), except to the extent that the relevant Holder would have been entitled to such Additional Amounts on presenting the same for payment on or before the expiry of such period of 30 days;
- (h) where such withholding or deduction is payable for any combination of (a) through (g) above.

For purposes of the foregoing, the “**Relevant Date**” means, in respect of any payment, the date on which such payment first becomes due and payable, but if the full amount of the monies payable has not been received by the Fiscal Agent or, as the case may be, the Paying Agent, on or prior to such due date, it means the first date on which, the full amount of such monies having been so received and being available for payment to Holders, notice to that effect has been duly given to the Holders of the Notes.

The Payor will (a) make any required withholding or deduction, and (b) remit the full amount deducted or withheld to the Relevant Taxing Jurisdiction in accordance with applicable law. The Payor will use all reasonable efforts to obtain certified copies of tax receipts evidencing the payment of any Taxes so deducted or withheld from each Relevant Taxing Jurisdiction imposing such Taxes and will provide such certified copies to each Holder. The Payor will attach to each certified copy a certificate stating (x) that the amount of withholding Taxes evidenced by the certified copy was paid in connection with payments in respect of the principal amount of Notes then outstanding, and (y) the amount of such withholding Taxes paid per \$1,000 principal amount of the Notes. Copies of such documentation will be supplied by the Payor and made available for inspection during ordinary business hours at the offices of each Paying Agent by the Holders upon request.

At least 30 days prior to each date on which any Additional Amount payment under or with respect to the Notes is due and payable if the Payor will be obligated to pay Additional Amounts with respect to such payment, the Payor will deliver to the Fiscal Agent an officers’ certificate stating the fact that such Additional Amounts will be payable, the amounts so payable and any other information necessary to enable the Fiscal Agent to pay such Additional Amounts to Holders on the relevant payment date. Each such officers’ certificate may be relied upon until receipt of a further officers’ certificate addressing such matters.

The Payor will pay any stamp, issue, registration, documentary, court, excise or other similar taxes, charges and levies (including interest and penalties) imposed by or on behalf of the Republic of France (or any political subdivision or taxing authority of any such jurisdiction) or any other jurisdiction in which the Payor or Paying Agent is located in respect of or in connection with the execution, issue, delivery, redemption or enforcement of the Notes, the Fiscal Agency Agreement or any other document in relation thereto.

Potential purchasers and sellers of the Notes should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Notes are transferred or other jurisdictions. In some jurisdictions, no official statements of the tax authorities or court decisions may be available for financial instruments such as the Notes. Potential investors cannot rely upon the tax summary contained in this offering memorandum but should ask for their own tax adviser's advice on their individual taxation with respect to the acquisition, holding, sale and redemption of the Notes. Only these advisors are in a position to duly consider the specific situation of the potential investor. See "Taxation".

Whenever in the Fiscal Agency Agreement, the Notes or in this offering memorandum there is mentioned, in any context, (1) the payment of principal, premium, if any, or interest, (2) redemption prices or purchase prices in connection with the redemption or purchase of the Notes, or (3) any other amount payable under or with respect to any Note, such mention shall be deemed to include mention of the payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

### **Tax Redemption**

The Notes of any series may be redeemed, at the option of the Issuer, in whole but not in part, upon giving not less than 30 nor more than 60 days' notice to each Holder of the Notes of such series with a copy to the Fiscal Agent (which notice shall be irrevocable), at a price equal to 100% of the aggregate principal amount thereof, plus accrued and unpaid interest thereon, if any, to (but excluding) the redemption date, together with all Additional Amounts, if any, which otherwise would be payable if, as a result of any amendment to, or change in, the laws or treaties (or any regulations or rulings promulgated thereunder) of a Relevant Taxing Jurisdiction affecting taxation, or any amendment to or change in an official interpretation or application regarding such laws, treaties, regulations or rulings, including a holding, judgment or order by a court of competent jurisdiction which becomes effective on or after the date hereof (a "Change in Tax Law") the Issuer is, or on the next interest payment date in respect of the Notes of such series would be, required to pay Additional Amounts in respect of any Note of such series pursuant to the terms and conditions thereof which obligation cannot be avoided by the taking of reasonable measures available to it; provided, however, that (a) no such notice of redemption may be given earlier than 90 days prior to the earliest date on which the Issuer would be obligated to pay such Additional Amounts were a payment in respect of the Notes then due and payable and (b) at the time such notice is given, such obligation to pay such Additional Amounts remains in effect.

Prior to the giving of any such notice of redemption, the Issuer will deliver to the Fiscal Agent an opinion of tax counsel of recognized standing to the effect that the Issuer is or would be obligated to pay such Additional Amounts as a result of a Change in Tax Law.

### **Limitation on Liens**

So long as any of the Notes remain outstanding, the Issuer has agreed that it will not create or have outstanding any mortgage, charge, pledge or other security interest upon the whole or any part of its undertaking, revenues or assets, present or future, in order to secure any Indebtedness (as defined below), or any guarantee or indemnity in respect of any Indebtedness except for any mortgage, charge, pledge or other security interest granted by the Issuer on property purchased by the Issuer as security for all or part of the purchase price thereof or on nuclear fuel owned by it as security for the financing of the cost of acquisition and/or processing thereof, without at the same time according to the Notes the same security.

For purposes of the Notes, "Indebtedness" means any indebtedness of the Issuer which, in each case, is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market).

### **Events of Default**

The following events are defined as "*Events of Default*" with respect to the Notes of each series:

- (1) the failure to pay the principal on the Notes within 15 days after the maturity date or the redemption date following a redemption for taxation reasons, as the case may be;

- (2) the failure to pay interest on the Notes of such series when the same becomes due and payable and the default continues for a period of 15 days;
- (3) a default in the observance or performance of any other covenant, agreement or warranty contained in the Notes or the Fiscal Agency Agreement, which default continues (except in any case where such default is incapable of remedy) for a period of 30 days after the Issuer receives written notice specifying such default from the Holder of any Notes;
- (4) (a) any Indebtedness of the Issuer (being Indebtedness having an outstanding aggregate principal amount in excess of €100,000,000 or its equivalent in any other currency) is not paid within 30 days after its stated maturity or an earlier redemption date, as the case may be, or within any longer original applicable grace period, as the case may be (b) any Indebtedness (being Indebtedness having an outstanding aggregate principal amount in excess of €100,000,000 or its equivalent in any other currency) becomes due and payable prior to its stated maturity as a result of a default thereunder which is not remedied within the relevant grace period or (c) the Issuer fails to pay when due any amount payable by it under any guarantee of Indebtedness (being Indebtedness having an outstanding aggregate principal amount in excess of €100,000,000 or its equivalent in any other currency), unless, in each case, the Issuer is contesting in good faith its obligations to make payment or repayment of any such amount;
- (5) the Issuer is dissolved prior to redemption in full of the Notes unless, at that time, the obligations and liabilities of the Issuer pursuant to the Notes are transferred to a French legal entity and, until the Notes have been repaid in full, (a) at least 51% of the capital of such entity remains, directly or indirectly, controlled by the Republic of France, or (b) the Notes are assigned by Moody's Investors Service and Standard & Poor's Rating Services, a division of The McGraw-Hill Group of Companies (or, in the event that either or both of such institutions cease to exist, at least two international rating agencies of comparable reputation), a rating equal to A+/A1 or more and the above-mentioned entity is an entity assuming all or part of the existing industrial activities of the Issuer and owning the assets corresponding with such activities, or (c) such entity's obligations and liabilities under the Notes are unconditionally guaranteed by the Republic of France; or
- (6) the Issuer makes a proposal for a general moratorium in relation to its debts; or applies for the appointment of an ad hoc representative (*mandataire ad hoc*), in accordance with Article L.611-3 of the French Commercial Code, enters into an amicable settlement (*procédure de conciliation* in accordance with Articles L. 611-4 to L. 611-15 of the French Commercial Code) or into a safeguard procedure (*procédure de sauvegarde* in accordance with Articles L. 620-1 to L. 627-4 of the French Commercial Code) with creditors or a judgment is issued for judicial liquidation (*liquidation judiciaire*) or for a transfer of the whole of its business (*cession totale de l'entreprise*), or the Issuer is subject to proceedings to the same effect, or in the absence of legal proceedings the Issuer makes a conveyance, assignment or other arrangement for the benefit of its creditors or enters into a composition with its creditors.

If an Event of Default (other than an Event of Default specified in clause (6) above with respect to the Issuer) shall occur and be continuing with respect to the Notes of any series, the Holder of any Note of any series may declare the principal of and accrued interest on such Note to be due and payable by notice in writing to the Issuer specifying the respective Event of Default and that it is a "notice of acceleration", and the same shall become immediately due and payable unless, prior thereto, all Events of Default in respect of the Notes shall have been cured. If an Event of Default specified in clause (6) above with respect to the Issuer occurs and is continuing, then all unpaid principal of, and premium, if any, and accrued and unpaid interest on all of the outstanding Notes shall *ipso facto* become and be immediately due and payable without any declaration or other act on the part of any Holder.

#### **Amendments and Waivers**

Subject to certain exceptions, the Fiscal Agency Agreement and the Notes of any series may be amended or supplemented with the consent of the Holders of at least a majority in principal amount of the Notes of such series then outstanding, or of such lesser percentage as may act at a meeting of Holders held in accordance with the provisions of the Fiscal Agency Agreement, which contains provisions for convening meetings of Holders for such purposes and for considering other matters that may affect their interests.



However, without the consent of each Holder of an outstanding Note, no amendment may, among other things:

- (1) reduce the principal amount of Notes whose Holders must consent to an amendment, supplement, or waiver;
- (2) reduce the stated rate, or extend the stated time for payment, of interest on any Note;
- (3) reduce the principal, or extend the maturity date, of any Note;
- (4) make any Notes payable in a currency other than U.S. dollars;
- (5) impair the right of any Holder to receive payment of, premium, if any, principal of or interest on such Holder's Notes on or after the due dates therefor or to institute suit for the enforcement of any payment on or with respect to such Holder's Notes;
- (6) make any change in the amendment or waiver provisions of the Fiscal Agency Agreement which require each Holder's consent; or
- (7) make any change in the provisions of the Notes or the Fiscal Agency Agreement relating to Additional Amounts that adversely affects the rights of any Holder of such Notes in any material respect or amends the terms of such Notes in a way that would result in a loss of an exemption from any of the Taxes described thereunder or an exemption from any obligation to withhold or deduct Taxes so described thereunder unless the Payor agrees to pay Additional Amounts, if any, in respect thereof.

Notwithstanding the foregoing, without the consent of any Holder, the Issuer and the Fiscal Agent may amend the Fiscal Agency Agreement and the Notes of any series to:

- (1) cure any ambiguity, omission, defect or inconsistency;
- (2) provide for the assumption by a successor corporation of the obligations of the Issuer under the Fiscal Agency Agreement and the Notes;
- (3) provide for uncertificated Notes in addition to or in place of certificated Notes;
- (4) add to the covenants of the Issuer for the benefit of the Holders or surrender any right or power conferred upon the Issuer;
- (5) conform the text of the Fiscal Agency Agreement to any provision of this "Description of Notes";
- (6) make any change that does not adversely affect the rights of any Holder;
- (7) evidence and provide for the acceptance and appointment under the Fiscal Agency Agreement of a successor Fiscal Agent pursuant to the requirement thereof; or
- (8) comply with applicable law or regulation.

The consent of the Holders is not necessary under the Fiscal Agency Agreement to approve the particular form of any proposed amendment, supplement or waiver. It is sufficient if such consent approves the substance of the proposed amendment, supplement or waiver. A consent to any amendment, supplement or waiver under the Fiscal Agency Agreement by any Holder of Notes given in connection with a tender of such Holder's Notes will not be rendered invalid by such tender.

In determining whether the Holders of the requisite principal amount of Notes of any series have given any request, demand, authorization, consent, vote or waiver in connection with the Fiscal Agency Agreement and the Notes of such series, Notes owned by the Issuer or any Affiliate (as defined in the Fiscal Agency Agreement) of the Issuer shall be disregarded and deemed not to be outstanding for these purposes.

The Issuer will publish a notice of any material amendment, supplement or waiver in accordance with the provisions of the Fiscal Agency Agreement described under "— Notices".

Any modifications, amendments or waivers to the Fiscal Agency Agreement or to the terms and conditions of the Notes of any series will be conclusive and binding on all Holders of Notes of such series, whether or not they have given such consent or were present at such meeting, and on all future holders of Notes of such series, whether or not notation of such modifications, amendments or waivers is made upon the Notes of such series. Any instrument given by or on behalf of any Holder of a Note of any series in connection with any consent to any such modification, amendment or waiver will be irrevocable once given and will be conclusive and binding on all subsequent Holders of such Note.

The Issuer or the Holders of 66⅔% of the Notes of any series outstanding may at any time call a meeting of the Holders of the Notes of such series. At a meeting of the Holders of the Notes of any series called for the purpose of approving a modification or amendment to, or obtaining a waiver of, any covenant or condition set forth in the Notes of such series that may be modified with the consent of the Holders of a majority in principal amount of the Notes of such series then outstanding, persons entitled to vote at least a majority in aggregate principal amount of the Notes of such series at the time outstanding shall constitute a quorum. In the absence of a quorum at any such meeting, the meeting may be adjourned for a period of not less than 10 days; in the absence of a quorum at any such adjourned meeting, such adjourned meeting may be further adjourned for a period of not less than 10 days; at the reconvening of any meeting further adjourned for lack of a quorum, the persons entitled to vote at least 50% in aggregate principal amount of the Notes of such series at the time outstanding shall constitute a quorum for the taking of any action set forth in the notice of the original meeting. At a meeting or an adjourned meeting duly convened and at which a quorum is present as aforesaid, any resolution to modify or amend, or to waive compliance with, any of the covenants or conditions referred to above shall be effectively passed if passed by the persons entitled to vote the lesser of (i) at least a majority in aggregate principal amount of Notes of such series then outstanding or (ii) at least 75% in aggregate principal amount of the Notes of such series represented and voting at the meeting.

#### **Notices**

All notices to Holders will be validly given if mailed to them at their respective addresses in the register of the Holder of such Notes, if any, maintained by the Fiscal Agent, as Registrar. For so long as any Notes are represented by Global Notes, the Issuer will publish notices to Holders on its website and all notices to holders of the Notes will be delivered to DTC, as the registered Holder, which will give such notices to the holders of Book-Entry Interests.

Each such notice shall be deemed to have been given on the date of such publication on the Issuer's website; *provided* that, if notices are mailed, such notice shall be deemed to have been given on the later of (a) such publication, and (b) the seventh day after being so mailed. Any notice or communication mailed to a Holder shall be mailed by first-class mail or other equivalent means and shall be deemed sufficiently given if so mailed within the time prescribed. Failure to mail a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders. If a notice or communication is mailed in the manner provided above, it shall be deemed duly given, whether or not the addressee receives it.

#### **No Personal Liability of Directors, Officers, Employees and Shareholders**

No director, officer, employee, incorporator or shareholder of the Issuer shall, to the fullest extent permitted by law, have any liability for any obligations of the Issuer under the Notes or the Fiscal Agency Agreement or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting a Note waives, to the fullest extent permitted by law, any such claim and releases any such director, officer, employee, incorporator or shareholder of any such liability. The waiver and release are part of the consideration for issuance of the Notes. The waiver and release may not be effective to waive liabilities under the U.S. federal securities laws, and it is the view of the U.S. Securities and Exchange Commission that such a waiver is against public policy.

#### **Prescription**

Claims against the Issuer for payment of principal, interest and Additional Amounts, if any, on the Notes will become void unless presentment for payment is made (where so required herein) within, in the case of principal and Additional Amounts, if any, a period of ten years or, in the case of interest, a period of five years, in each case from the applicable original payment date therefor.

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**Governing Law**

The Fiscal Agency Agreement and the Notes will be governed by, and construed in accordance with, the laws of the State of New York. The Issuer has submitted to the non-exclusive jurisdiction of and venue in any federal or state court in the Borough of Manhattan in the City of New York, County and State of New York, United States of America, in any suit or proceeding based on or arising out of or under or in connection with the Notes or the Fiscal Agency Agreement.

## BOOK-ENTRY; DELIVERY AND FORM

### Summary of Provisions Relating to Notes in Global Form

The certificates representing the Notes will be issued in fully registered form without interest coupons. The Notes will be represented by Book-Entry Interests (as defined below) and are being offered and sold only (i) to Qualified Institutional Buyers, or QIBs, in reliance on Rule 144A under the Securities Act (the “**Rule 144A Notes**”) or (ii) to persons other than U.S. persons (within the meaning of Regulation S under the Securities Act) in offshore transactions in reliance on Regulation S (the “**Regulation S Notes**”). The Regulation S Notes will be represented by one or more permanent Regulation S global notes in definitive, fully registered form without interest coupons (the “**Regulation S Global Notes**”), and will be deposited with Deutsche Bank Trust Company Americas as custodian for, and registered in the name of Cede & Co., as nominee for DTC, for the accounts of its participants, including Euroclear and Clearstream. Prior to the 40th day after the later of the commencement of the offering of the Notes and the date of the original issue of the Notes, any resale or other transfer of beneficial interests in a Regulation S Global Note (“**Regulation S Book-Entry Interests**”) or a Rule 144A Global Note as defined below (“**Rule 144A Book-Entry Interests**”) and, together with the Regulation S Book-Entry Interests, the “**Book-Entry Interests**”) to U.S. persons shall not be permitted unless such resale or transfer is made pursuant to Rule 144A or Regulation S and in accordance with the certification requirements described below.

The Rule 144A Notes will initially be represented by one or more permanent Rule 144A global notes in definitive, fully registered form without interest coupons (the Rule 144A Global Notes and, together with the Regulation S Global Notes, the “**Global Notes**”), with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by the Fiscal Agency Agreement and such legends as may be applicable thereto, and will be deposited with Deutsche Bank Trust Company Americas as custodian for, and registered in the name of Cede & Co., as nominee for DTC duly executed by the Issuer and authenticated by the Fiscal Agent, as Registrar, as provided in the Fiscal Agency Agreement. Regulation S Book-Entry Interests may be transferred to a person who takes delivery in the form of Rule 144A Book-Entry Interests during the 40-day period commencing on the later of the closing date and the date of completion of the distribution of the Notes (the “**distribution compliance period**”) only if such transfer occurs in connection with a transfer of Notes pursuant to Rule 144A and only upon receipt by the Fiscal Agent, as Registrar, of written certifications (in the form or forms provided in the Fiscal Agency Agreement) to the effect that the Notes are being transferred to a person who the transferor reasonably believes is a QIB within the meaning of Rule 144A under the Securities Act, purchasing the Notes for its own account or the account of a QIB in a transaction meeting the requirements of Rule 144A and in accordance with all applicable securities laws of the states of the United States and other jurisdictions. Rule 144A Book-Entry Interests may be transferred to a person who takes delivery in the form of Regulation S Book-Entry Interests only upon receipt by the Fiscal Agent, as Registrar, of written certifications from the transferor (in the form or forms provided in the Fiscal Agency Agreement) to the effect that such transfer is being made in accordance with Rule 903 or Rule 904 of Regulation S and that, if such transfer occurs prior to the expiration of the distribution compliance period, the Book-Entry Interests transferred will be held immediately through Euroclear or Clearstream, Luxembourg.

Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of an interest in another Global Note will, upon transfer, cease to be an interest in such first Global Note and become an interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it remains such an interest.

Each Global Note (and any Notes issued in exchange therefor) will be subject to certain restrictions on transfer set forth therein described under “Transfer Restrictions.” Except in the limited circumstances described below under “— Summary of Provisions Relating to Certificated Notes”, owners of Book-Entry Interests will not be entitled to receive physical delivery of certificated Notes.

Ownership of Book-Entry Interests will be limited to persons who have accounts with DTC, or participants, or persons who hold interests through participants. Ownership of Book-Entry Interests will be shown on, and the transfer of that ownership will be effected only through, records maintained by DTC or its nominee (with respect to interests of participants) and the records of participants (with respect to interests of persons other than participants). Qualified Institutional Buyers may hold their Rule 144A Book-Entry Interests directly through DTC if they are participants in such system, or indirectly through organizations which are participants in such system.

Investors may hold their Regulation S Book-Entry Interests directly through Euroclear or Clearstream, if they are participants in such systems, or indirectly through organizations that are participants in such systems. Euroclear and Clearstream will hold Regulation S Book-Entry Interests on behalf of their participants through DTC.

So long as DTC, or its nominee, is the registered owner or holder of a Global Note, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Global Note for all purposes under the Fiscal Agency Agreement and the Notes. No beneficial owner of a Book-Entry Interest will be able to transfer that interest except in accordance with DTC's applicable procedures, in addition to those provided for under the Fiscal Agency Agreement and, if applicable, those of Euroclear and Clearstream.

Conveyance of notices and other communications by DTC to its participants, by those participants to its indirect participants, and by participants and indirect participants to beneficial owners of Book-Entry Interests will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

The Fiscal Agent will send any notices in respect of the Notes held in book-entry form to DTC or its nominee.

Neither DTC nor its nominee will consent or vote with respect to the Notes unless authorized by a participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an omnibus proxy to the Issuer as soon as possible after the record date. The omnibus proxy assigns DTC's or its nominee's consenting or voting rights to those participants to whose account the Notes are credited on the record date.

Payments of the principal of, and interest on, a Global Note will be made to DTC or its nominee, as the case may be, as the registered owner thereof. Neither the Issuer nor the Fiscal Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of Book-Entry Interests or for maintaining, supervising or reviewing any records relating to such Book-Entry Interests.

The Issuer expects that DTC or its nominee, upon receipt of any payment of principal or interest in respect of a Global Note, will credit participants' accounts with payments in amounts proportionate to their respective Book-Entry Interests in the principal amount of such Global Note as shown on the records of DTC or its nominee. The Issuer also expects that payments by participants to owners of Book-Entry Interests in such Global Note held through such participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such participants.

Transfers between participants in DTC will be effected in the ordinary way in accordance with DTC rules and will be settled in same-day funds. Transfers between participants in Euroclear and Clearstream will be effected in the ordinary way in accordance with their respective rules and operating procedures.

Cross-market transfers between persons holding directly or indirectly through DTC, on the one hand, and directly or indirectly through Euroclear or Clearstream participants, on the other, will be effected in DTC in accordance with DTC rules on behalf of the relevant European international clearing system by the relevant European depository; however, those cross-market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in that system in accordance with its rules and procedures and within its established deadlines (European time). The relevant European international clearing system will, if the transaction meets its settlement requirements, deliver instructions to the relevant European depository to take action to effect final settlement on its behalf by delivering or receiving securities in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear and Clearstream participants may not deliver instructions directly to the European depositories.

Because of time zone differences, credits of securities received in Euroclear or Clearstream as a result of a transaction with a person that does not hold the Notes through Euroclear or Clearstream will be made during subsequent securities settlement processing and dated the first day Euroclear or Clearstream, as the case may be, is open for business following the DTC settlement date. Those credits or any transactions in those securities settled during that processing will be reported to the relevant Euroclear or Clearstream participants on that business day. Cash received in Euroclear or Clearstream as a result of sales of securities by or through a Euroclear participant or a Clearstream participant to a DTC participant will be received with value on the DTC

settlement date, but will be available in the relevant Euroclear or Clearstream cash account only as of the first day Euroclear or Clearstream, as the case may be, is open for business following settlement in DTC.

The Issuer expects that DTC will take any action permitted to be taken by a holder of Notes (including the presentation of Notes for exchange as described below) only at the direction of one or more participants to whose account the DTC interests in a Global Note are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. However, if there is an event of default under the Notes, DTC will exchange the applicable Global Note for certificated Notes, which it will distribute to its participants and which may be legended as set forth under the heading "Transfer Restrictions."

## **DTC**

DTC advises that it is a limited purpose trust company organized under The New York Banking Law, a "banking organization" within the meaning of The New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of The New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds securities for its participants and facilitates the clearance and settlement of securities transactions between participants through electronic book-entry changes in accounts of its participants, thereby eliminating the need for physical movement of securities certificates. Direct participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. Indirect access to the DTC system is available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly, or indirect participants.

## **Euroclear**

Euroclear holds securities and book-entry interests in securities for participating organizations and facilitates the clearance and settlement of securities transactions between Euroclear participants, and between Euroclear participants and participants of certain other securities intermediaries through electronic book-entry changes in accounts of such participants or other securities intermediaries. Euroclear provides Euroclear participants, among other things, with safekeeping, administration, clearance and settlement, securities lending and borrowing, and related services. Euroclear participants are investment banks, securities brokers and dealers, banks, central banks, supranationals, custodians, investment managers, corporations, trust companies and certain other organizations. Certain of the Initial Purchasers, or other financial entities involved in this offering, may be Euroclear participants. Non-participants in the Euroclear system may hold and transfer book-entry interests in the Notes through accounts with a participant in the Euroclear system or any other securities intermediary that holds a book-entry interest in the securities through one or more securities intermediaries standing between such other securities intermediary and Euroclear.

Investors electing to acquire Notes in the offering through an account with Euroclear or some other securities intermediary must follow the settlement procedures of such intermediary with respect to the settlement of new issues of securities. Notes to be acquired against payment through an account with Euroclear will be credited to the securities clearance accounts of the respective Euroclear participants in the securities processing cycle for the first day Euroclear is open for business following the settlement date for value as of the settlement date.

Investors electing to acquire, hold or transfer Notes through an account with Euroclear or some other securities intermediary must follow the settlement procedures of such intermediary with respect to the settlement of secondary market transactions in securities. Euroclear will not monitor or enforce any transfer restrictions with respect to the Notes. Investors that acquire, hold and transfer interests in the Notes by book-entry through accounts with Euroclear or any other securities intermediary are subject to the laws and contractual provisions governing their relationship with their intermediary, as well as the laws and contractual provisions governing the relationship between such intermediary and each other intermediary, if any, standing between themselves and the individual Notes.

Euroclear has advised that, under Belgian law, investors that are credited with securities on the records of Euroclear have a co-property right in the fungible pool of interests in securities on deposit with Euroclear in an amount equal to the amount of interests in securities credited to their accounts. In the event of the insolvency of Euroclear, Euroclear participants would have a right under Belgian law to the return of the amount and type of interests in securities credited to their accounts with Euroclear. If Euroclear did not have a sufficient amount of

interests in securities on deposit of a particular type to cover the claims of all participants credited with such interests in securities on Euroclear's records, all participants having an amount of interests in securities of such type credited to their accounts with Euroclear would have the right under Belgian law to the return of their pro rata share of the amount of interests in securities actually on deposit. Under Belgian law, Euroclear is required to pass on the benefits of ownership in any interests in Notes on deposit with it (such as dividends, voting rights and other entitlements) to any person credited with such interests in securities on its records. Distributions with respect to the Notes held beneficially through Euroclear will be credited to the cash accounts of Euroclear participants in accordance with the Euroclear terms and conditions.

### **Clearstream**

Clearstream advises that it is incorporated under the laws of Luxembourg and licensed as a bank and professional depository. Clearstream holds securities for its participating organizations and facilitates the clearance and settlement of securities transactions among its participants through electronic book-entry changes in accounts of its participants, thereby eliminating the need for physical movement of certificates. Clearstream provides to its participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream interfaces with domestic markets in several countries. Clearstream has established an electronic bridge with the Euroclear operator to facilitate the settlement of trades between Clearstream and Euroclear. As a registered bank in Luxembourg, Clearstream is subject to regulation by the Luxembourg Commission for the Supervision of the Financial Sector. As a professional depository, Clearstream is subject to regulation by the Luxembourg Monetary Institute. Clearstream participants are recognized financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. In the United States, Clearstream participants are limited to securities brokers and dealers and banks, and may include the Initial Purchasers, or other financial entities involved in, this offering. Other institutions that maintain a custodial relationship with a Clearstream participant may obtain indirect access to Clearstream. Clearstream is an indirect participant in DTC. Distributions with respect to Notes held beneficially through Clearstream will be credited to cash accounts of Clearstream participants in accordance with its rules and procedures.

Although DTC, Euroclear and Clearstream are expected to follow the foregoing procedures in order to facilitate transfers of interests in a global note among participants of DTC, Euroclear and Clearstream, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. Neither the Issuer nor the Fiscal Agent will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their respective operations.

The information in this section concerning DTC, Euroclear and Clearstream and DTC's book-entry system has been obtained from sources that the Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.

### **Summary of Provisions Relating to Certificated Notes**

If DTC is at any time unwilling or unable to continue as a depository for the Global Notes and a successor depository is not appointed by the Issuer within 90 days, or if there shall have occurred and be continuing an Event of Default with respect to the Notes, the Issuer will issue certificated Notes in exchange for the Global Notes. Certificated notes delivered in exchange for Book-Entry Interests will be registered in the names, and issued in denominations of \$2,000 and integral multiples of \$1,000 in excess thereof, requested by or on behalf of DTC or the successor depository (in accordance with its customary procedures). Holders of Book-Entry Interests may receive certificated Notes, which may bear the legend referred to under "Transfer Restrictions", in accordance with DTC's rules and procedures in addition to those provided for under the Fiscal Agency Agreement.

Except in the limited circumstances described above, owners of Book-Entry Interests will not be entitled to receive physical delivery of individual definitive certificates. The Notes are not issuable in bearer form.

Transfers of interests in certificated Notes may be made only in accordance with the legend contained on the face of such Notes, and the Fiscal Agent will not be required to accept for registration of transfer any such Notes except upon presentation of evidence satisfactory to the Fiscal Agent and the applicable Transfer Agent that such transfer is being made in compliance with such legend.

Payment of principal and interest in respect of the certificated Notes shall be payable at the office or agency of the Issuer in the City of New York which shall initially be at the corporate trust office of the Fiscal Agent, which is located at 60 Wall Street, New York, NY 10005.



## TAXATION

### Taxation in France

#### *General*

The following is a summary of certain French tax considerations relating to the purchase, ownership and disposition of the Notes by a beneficial holder of the Notes which (i) is not a French resident for tax purposes, (ii) does not hold the Notes in connection with a permanent establishment or a fixed base in France and (iii) does not currently hold shares of the Issuer and are not otherwise affiliated with the Issuer (such holder being hereafter referred to as a “Non-French Holder”). This summary is based on the tax laws and regulations of France, as currently in effect and applied by the French tax authorities, all of which are subject to change or to different interpretation.

**This summary is for general information only and does not purport to address all French tax considerations that may be relevant to specific holders in light of their particular situation. Furthermore, this summary does not address any French wealth tax, estate or gift tax considerations. Persons considering the purchase of Notes should consult their own tax advisers as to French tax considerations relating to the purchase, ownership and disposition of Notes in light of their particular situation.**

#### *Withholding Tax*

Pursuant to article 131 *quater* of the French tax code (*Code général des impôts* — “CGI”), as construed by administrative circular no. 5 I-11-98 dated 30 September 1998 and ruling (*rescrit*) no. 2007/59 (FP) dated January 8, 2008, both issued by the French tax authorities, payment of interest and other revenues with respect to the Notes to Non-French Holders benefit from a withholding tax exemption in France in accordance with article 131 *quater* of the CGI.

#### *Sale or Other Disposition of the Notes*

A Non-French Holder will generally not be subject to income or withholding taxes in France with respect to gains realized on the sale, exchange or other disposition of the Notes.

#### *Stamp Duty and Similar Taxes*

No transfer taxes or similar duties are payable in France in connection with the issuance or redemption of the Notes, as well as in connection with the transfer of the Notes and the payment of interest on the Notes.

#### *European Union Directive on Taxation of Savings Income*

Under Council Directive 2003/48/EC on taxation of savings income in the form of interest payments (the “**Directive**”), Member States are required, from July 1, 2005, to provide to the tax authorities of another Member State details of payments of interest (or similar income within the meaning of the Directive) paid by a person within its jurisdiction to (or, under certain circumstances, to the benefit of) an individual resident in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria will instead impose (unless during that period they elect otherwise) to apply a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries) unless the beneficiary of the interest payment elects for the exchange of information. A number of non-EU countries and territories including Switzerland have agreed to adopt similar measures (a withholding system in the case of Switzerland) with effect from the same date.

This Directive has been implemented in French law under articles 242 *ter* of the French CGI and articles 49 I *ter* to 49 I *sexies* of the Schedule III to the French CGI. Article 242 *ter* of the French CGI imposes on paying agents based in France an obligation to report to the French tax authorities certain information with respect to interest payments made to beneficial owners domiciled in another Member State, including, among other things, the identity and address of the beneficial owner and a detailed list of the different categories of interest paid to that beneficial owner.

## United States Federal Income Tax Considerations

*United States Internal Revenue Service Circular 230 Notice: To ensure compliance with Internal Revenue Service Circular 230, prospective investors are hereby notified that: (a) any discussion of U.S. federal tax issues contained or referred to in this offering memorandum or any document referred to herein is not intended or written to be used, and cannot be used by prospective investors for the purpose of avoiding penalties that may be imposed on them under the United States Internal Revenue Code; (b) such discussion is written for use in connection with the promotion or marketing (within the meaning of Circular 230) of the transactions or matters addressed herein; and (c) prospective investors should seek advice based on their particular circumstances from an independent tax advisor.*

This section describes the material United States federal income tax (“USFIT”) consequences to a United States holder (as defined below) of owning the Notes we are offering. It applies to you only if you acquire Notes in the offering at the offering price and you hold the Notes as capital assets within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the “Code”). This section does not apply to you if you are a member of a class of holders subject to special rules, such as:

- a dealer in securities or currencies,
- a trader in securities that elects to use a mark-to-market method of accounting for your securities holdings,
- a bank,
- a life insurance company,
- a regulated investment company,
- a real estate investment trust,
- a tax-exempt organization,
- a person that owns Notes that are a hedge or that are hedged against interest rate risks,
- a person that owns (or is deemed to own) 10 per cent or more of the voting shares (or interests treated as equity) of the Issuer,
- a person that owns Notes as part of a straddle or conversion transaction for tax purposes, or
- a person whose functional currency for tax purposes is not the U.S. dollar.

You are a United States holder (“U.S. Holder”) if you are a beneficial owner of a note and you are:

- a citizen or tax resident of the United States,
- a domestic corporation,
- an estate whose income is subject to USFIT regardless of its source, or
- a trust if a United States court can exercise primary supervision over the trust’s administration and one or more United States persons are authorized to control all substantial decisions of the trust.

The Note-related USFIT consequences to persons who own an interest in a Holder that is treated as a pass-through entity for USFIT purposes (such as a partnership) generally will resemble the consequences to them of holding the Note directly. However, special rules apply to such persons, and, consequently, they should consult their tax advisors with respect to their particular circumstances.

This section is based on the tax laws of the United States, including the Code, its legislative history, existing and proposed regulations promulgated thereunder (“**Treasury Regulations**”), and published rulings and court decisions, all as currently in effect. These laws are subject to change, possibly on a retroactive basis.

If you purchase Notes at a price other than the offering price, the amortizable bond premium or market discount rules may also apply to you. You should consult your tax advisor regarding this possibility.

*Please consult your own tax advisor concerning the consequences of owning these Notes under federal, state, local and non-United States tax rules in your particular circumstances.*

### **Taxation of U.S. Holders**

**Payments of Interest.** Interest on the Notes generally will be includible in the gross income of a U.S. Holder as ordinary income at the time the interest income is received or when it accrues, depending on such Holder’s regular method of accounting (cash or accrual) for USFIT purposes. The full amount of interest must be included in gross income even if the payment has been reduced by withholding tax. See “Taxation – Taxation in France – Withholding Tax.” Subject to certain limitations, any withholding tax imposed on payments on the Notes generally will be treated as a foreign tax eligible for credit against a U.S. Holder’s USFIT liability (unless such tax is refundable under foreign law or an income tax treaty). As the Notes are expected to have an issue price equal to or greater than their par amounts, they are not expected to be issued with original issue discount (“**OID**”) for USFIT purposes.

**Source of Interest Income.** Interest paid on the Notes is income from sources outside the United States subject to the rules regarding the foreign tax credit allowable to a United States holder, and will, depending on your circumstances, be either “passive” or “general” income for purposes of computing the foreign tax credit.

**Purchase, Sale and Retirement of the Notes.** A U.S. Holder’s tax basis in Notes generally will be its cost. A U.S. Holder will generally recognize U.S. source capital gain or loss on the sale or retirement of a Note equal to the difference between the amount realized on the sale or retirement, excluding any amounts attributable to accrued but unpaid interest, and such Holder’s tax basis in the Note. Capital gain of a noncorporate United States holder that is recognized in taxable years beginning before January 1, 2011 is generally taxed at a maximum rate of 15% where the holder has a holding period greater than one year.

**Backup Withholding and Information Reporting.** If you are a noncorporate United States holder, information reporting requirements, on Internal Revenue Service Form 1099, generally will apply to:

- payments of principal and interest on a Note within the United States, including payments made by wire transfer from outside the United States to an account you maintain in the United States, and
- the payment of the proceeds from the sale of a Note effected at a United States office of a broker.

Additionally, backup withholding will apply to such payments if you are a noncorporate United States holder that:

- fails to provide an accurate taxpayer identification number,
- is notified by the Internal Revenue Service that you have failed to report all interest and dividends required to be shown on your federal income tax returns, or
- in certain circumstances, fails to comply with applicable certification requirements.

Payment of the proceeds from the sale of a Note effected at a foreign office of a broker generally will not be subject to information reporting or backup withholding. However, a sale of a Note that is effected at a foreign office of a broker will generally be subject to information reporting and backup withholding if:

- the proceeds are transferred to an account maintained by you in the United States,

- the payment of proceeds or the confirmation of the sale is mailed to you at a United States address, or
- the sale has some other specified connection with the United States as provided in U.S. Treasury regulations.

In addition, a sale of a Note effected at a foreign office of a broker will generally be subject to information reporting if the broker is:

- a United States person.
- a controlled foreign corporation for United States tax purposes,
- a foreign person 50% or more of whose gross income is effectively connected with the conduct of a United States trade or business for a specified three-year period, or
- a foreign partnership, if at any time during its tax year:
  - one or more of its partners are “U.S. persons”, as defined in U.S. Treasury regulations, who in the aggregate hold more than 50% of the income or capital interest in the partnership, or
  - such foreign partnership is engaged in the conduct of a United States trade or business.

Backup withholding will apply if the sale is subject to information reporting and the broker has actual knowledge that you are a United States person.

## PLAN OF DISTRIBUTION

Pursuant to a purchase agreement dated January 21, 2009 (the “Purchase Agreement”), Banc of America Securities LLC, Barclays Capital Inc., BNP Paribas Securities Corp., HSBC Securities (USA) Inc., CALYON, Société Générale and Mitsubishi UFJ Securities International plc (the “Initial Purchasers”) have severally agreed with the Issuer, subject to the satisfaction of certain conditions, to purchase \$1,250,000,000 principal amount of the Five-Year Notes, \$2,000,000,000 principal amount of the Ten-Year Notes and \$1,750,000,000 principal amount of the Thirty-Year Notes. The respective principal amount of Five-Year Notes, Ten-Year Notes and Thirty-Year Notes is set forth opposite their respective names below:

Initial Purchaser	Principal Amount of Five-Year Notes	Principal Amount of Ten-Year Notes	Principal Amount of Thirty-Year Notes
Banc of America Securities LLC	\$284,375,000	\$455,000,000	\$398,125,000
Barclays Capital Inc.	\$284,375,000	\$455,000,000	\$398,125,000
BNP Paribas Securities Corp.	\$284,375,000	\$455,000,000	\$398,125,000
HSBC Securities (USA) Inc.	\$284,375,000	\$455,000,000	\$398,125,000
CALYON	\$37,500,000	\$60,000,000	\$52,500,000
Société Générale	\$37,500,000	\$60,000,000	\$52,500,000
Mitsubishi UFJ Securities International plc	\$37,500,000	\$60,000,000	\$52,500,000

The Purchase Agreement entitles the Initial Purchasers to terminate the purchase of the Notes in certain circumstances prior to payment to the Issuer. The Issuer has agreed to indemnify the Initial Purchasers against certain liabilities in connection with the offer and sale of the Notes and may be required to contribute to payments the Initial Purchasers may be required to make in respect thereof.

The Initial Purchasers, or certain of their respective affiliates acting as selling agents, initially propose to offer part or all of the Notes at the offering prices set forth on the cover page hereof. After the initial offering of the Notes, the offering prices may from time to time be varied by the Initial Purchasers.

The Issuer will not, during the period of 80 days following the date hereof, without the prior written consent of Banc of America Securities LLC (which consent shall not be unreasonably withheld), directly or indirectly, sell, offer, contract or grant any option to sell, pledge, transfer or otherwise dispose of or transfer, or announce the offering of, any U.S. dollar-denominated debt securities of the Company (other than commercial paper) or securities exchangeable for or convertible into U.S. dollar-denominated debt securities of the Company (other than the Notes) in the United States in a private placement exempt from the registration requirements of the Securities Act.

The Notes are new issues of securities with no established trading market. The Initial Purchasers are not obligated to make a market in the Notes and accordingly no assurance can be given as to the liquidity of, or trading market for, the Notes. In connection with the offering, the Initial Purchasers may purchase and sell Notes in the open market. These transactions may include over-allotment, syndicate covering transactions and stabilizing transactions. Over-allotment involves syndicate sales of Notes in excess of the principal amount of the Notes to be purchased by the Initial Purchasers in the offering, which creates a syndicate short position. Syndicate covering transactions involve purchases of the Notes in the open market after the distribution has been completed in order to cover syndicate short positions. Stabilizing transactions consist of certain bids or purchases of Notes made for the purpose of pegging, fixing or maintaining the price of the Notes.

The Initial Purchasers may impose a penalty bid. Penalty bids permit the Initial Purchasers to reclaim selling concessions from a syndicate member when they, in covering syndicate positions or making stabilizing purchases, repurchase Notes originally sold by that syndicate member.

Any of these activities may cause the price of the Notes to be higher than the price that otherwise would exist in the open market in the absence of such transactions. These transactions may be effected in the over-the-counter market or otherwise and, if commenced, may be discontinued at any time at the sole discretion of the Initial Purchasers, as applicable.

No action has been or will be taken in any jurisdiction that would permit a public offering of the Notes or the possession, circulation or distribution of any material relating to the Issuer in any jurisdiction where action for such purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, nor may any offering material or advertisement in connection with the Notes (including this document and any amendment or supplement hereto) be distributed or published, in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

The Initial Purchasers and their affiliates have, from time to time, performed and may in the future perform, various investment and commercial banking or financial advisory or other services for the Issuer and its affiliates, for which they have received or may receive fees and commissions.

## **Selling Restrictions**

### ***United States***

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Notes are being offered and sold only (i) outside the United States in reliance on Regulation S under the Securities Act and (ii) within the United States to QIBs in accordance with Rule 144A.

Each Initial Purchaser has represented and agreed with the issuer that (i) it has not offered or sold, and will not offer or sell, any Notes except (x) to those it reasonably believes to be “qualified institutional buyers” (as defined in Rule 144A under the Act) or (y) in offshore transactions in accordance with Rule 903 of Regulation S, (ii) no general solicitation or general advertising (within the meaning of Rule 502 under the Securities Act) will be used in the United States in connection with the offering of the Notes, (iii) neither it, nor any of its affiliates nor any person acting on its or their behalf has engaged or will engage in any directed selling efforts (within the meaning of Regulation S) with respect to the Notes and that such Initial Purchaser, its affiliates and any persons acting on its or their behalf have complied and will comply with the offering restrictions of Regulation S and (v) it is a “qualified institutional buyer” within the meaning of Rule 144A.

Terms used in the preceding two paragraphs have the meanings ascribed to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering of the Notes) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the Securities Act.

### ***European Economic Area***

Each of the Initial Purchaser has agreed that, in relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), no offer to the public of any Notes has been or will be made in that Relevant Member State, except that an offer to the public may be made in that Relevant Member State of any Notes at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- (i) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
- (ii) to any legal entity which has two or more of (i) an average of at least 250 employees during the last financial year; (ii) a total balance sheet of more than €43,000,000 and (iii) an annual turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
- (iii) by all Initial Purchasers, to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive); or
- (iv) in any other circumstance falling within Article 3(2) of the Prospectus Directive;

provided that no such offer of Notes shall result in a requirement for the publication by the Company or any Initial Purchaser of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression “offer to the public” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable the investor to decide to purchase any Notes, as the same may be varied in that Member State and the expression “**Prospectus Directive**” means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

#### **France**

Each of the Initial Purchasers agrees that the Notes are being issued outside of France. Each of the Initial Purchasers represents that it has not offered or sold and will not offer or sell, directly or indirectly, the Notes to the public in France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France or used in connection with any offer of the Notes to the public in France, this offering memorandum or any other offering material relating to the Notes, and that such offers, sales and distributions have been and shall only be made in France to (i) providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*) and/or (ii) qualified investors (*investisseurs qualifiés*), all as defined in, and in accordance with, Articles L.411-1, L.411-2, D.411-1, D.411-2, D.734-1, D.744-1, D.754-1 and D.764-1 of the French *Code monétaire et financier*. No direct or indirect distribution of any Notes so acquired shall be made to the public in France other than in compliance with applicable laws and regulations pertaining to a public offering (and in particular Articles L.411-1, L.411-2 and L.621-8 of the *Code monétaire et financier*).

#### **United Kingdom**

Each Initial Purchaser has represented and agreed that, in relation to the United Kingdom,:

- it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (as amended) (the “FSMA”) received by it in connection with the issue or sale of the Notes in circumstances in which section 21(1) of the FSMA does not apply to the issuer; and
- it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

#### **Hong Kong**

Each Initial Purchaser has represented and agreed that:

(a) it has not offered or sold and will not offer or sell any Notes in Hong Kong, by means of any document, other than (i) to persons whose ordinary business is to buy or sell shares or debentures (whether as principal or agent), or (ii) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance, or (iii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

(b) it has not issued or had in its possession for the purposes of the issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

## **Singapore**

No prospectus has been lodged or registered with the Monetary Authority of Singapore under the Securities and Futures Acts, Chapter 289 of Singapore (the "SFA"). Accordingly, each Initial Purchaser has represented, warranted and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this offering memorandum or any other document or material in connection with the offer or sale or invitation for subscription or purchase of any Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor pursuant to Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

The offering and/or sale of any Note(s) acquired by any person or entity pursuant to Section 274 or 275 of the SFA, shall be made in accordance with the conditions of Section 276 of the SFA and any other applicable provision of the SFA.

## **CUSIP**

Five-Year Notes	144A: 268317AA2 Regulation S: F2893TAA4
Ten-Year Notes	144A: 268317AB0 Regulation S: F2893TAB2
Thirty-Year Notes	144 A: 268317AC8 Regulation S: F2893TAC0

## **ISIN**

Five-Year Notes	144A: US268317AA25 Regulation S: USF2893TAA46
Ten-Year Notes	144A: US268317AB08 Regulation S: USF2893TAB29
Thirty-Year Notes	144 A: US268317AC80 Regulation S: USF2893TAC02

## **COMMON CODE**

Five-Year Notes	144A: 041070773 Regulation S: 041071915
Ten-Year Notes	144A: 041073110 Regulation S: 041073179
Thirty-Year Notes	144 A: 041073217 Regulation S: 041073233



## TRANSFER RESTRICTIONS

### Offers and Sales

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold in the United States except pursuant to an effective registration statement or in a transaction not subject to the registration requirements under the Securities Act or in accordance with an applicable exemption from the registration requirements thereof. Accordingly, the Notes are being offered and sold hereunder only:

- inside the United States or to U.S. persons (as defined under Regulation S) to Qualified Institutional Buyers (“QIBs” and each, a “QIB”) pursuant to Rule 144A; or
- outside the United States to non-U.S. persons, or for the account or benefit of non-U.S. persons, in offshore transactions in reliance upon Regulation S.

### Rule 144A Global Notes

Each purchaser of Notes within the United States will be deemed by its acceptance of the Notes to have represented and agreed on its behalf and on behalf of any investor accounts for which it is purchasing the Notes, that neither the Issuer nor the Initial Purchasers, nor any person acting on their behalf, has made any representation to it with respect to the offering or sale of any Notes, other than the information contained in this offering memorandum, which offering memorandum has been delivered to it and upon which it is solely relying in making its investment decision with respect to the Notes, has had access to such financial and other information concerning the Issuer and the Notes as it has deemed necessary in connection with its decision to purchase any of the Notes, and that:

(i) the purchaser is not an affiliate of the Issuer or a person acting on behalf of the Issuer or on behalf of such affiliate; and it is not in the business of buying and selling securities or, if it is in such business, it did not acquire the Notes from the Issuer or an affiliate thereof in the initial distribution of the Notes;

(ii) the purchaser acknowledges that the Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States and are subject to significant restrictions on transfer;

(iii) the purchaser (i) is a QIB, (ii) is aware that the sale to it is being made in reliance on Rule 144A, and (iii) is acquiring such Notes for its own account or for the account of a QIB, in each case for investment and not with a view to, or for offer or sale in connection with, any resale or distribution of the Notes in violation of the Securities Act or any state securities laws;

(iv) the subscriber or purchaser is aware that the Notes are being offered in the United States in a transaction not involving any public offering in the United States within the meaning of the Securities Act;

(v) if, prior to the date that is one year after the later of the date (the “**Resale Restriction Termination Date**”) of the commencement of sales of the Notes and the last date on which the Notes were acquired from the Issuer or any of the Issuer’s affiliates in the offering the purchaser decides to offer, resell, pledge or otherwise transfer such Notes, such Notes may be offered, sold, pledged or otherwise transferred only (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, (ii) in accordance with Regulation S, (iii) in accordance with Rule 144 (if available), (iv) in accordance with an effective registration statement under the Securities Act, or (v) pursuant to any other available exemption from the registration requirements of the Securities Act in each case in accordance with any applicable securities laws of any state of the United States or any other jurisdiction and agrees to give any subsequent purchaser of such Notes notice of any restrictions on the transfer thereof;

(vi) the Notes have not been offered to it by means of any general solicitation or general advertising;

(vii) the Notes are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act and no representation is made as to the availability of the exemption provided by Rule 144 under the Securities Act for resales of any such Notes;

(viii) The Notes, unless otherwise determined by the Issuer in accordance with applicable law, will bear a legend to the following effect:

THE NOTES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS. OWNERSHIP INTERESTS IN THE NOTES MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED (I) WITHIN THE UNITED STATES TO, OR FOR THE ACCOUNT OR BENEFIT OF, PERSONS OTHER THAN "QUALIFIED INSTITUTIONAL BUYERS" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN TRANSACTIONS EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND (II) OUTSIDE THE UNITED STATES OTHER THAN TO PERSONS WHO ARE NOT U.S. PERSONS IN OFFSHORE TRANSACTIONS EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT PURSUANT TO RULE 903 OR RULE 904 OF REGULATION S THEREOF. EACH PERSON ACQUIRING AN OWNERSHIP INTEREST IN THE NOTES EVIDENCED HEREBY (1) SHALL BE DEEMED TO REPRESENT AND WARRANT THAT IT IS EITHER (A) A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) OR (B) IS NOT A U.S. PERSON (AS DEFINED IN REGULATION S) AND IS OUTSIDE THE UNITED STATES; (2) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THE NOTE EVIDENCED HEREBY EXCEPT IN ACCORDANCE WITH THE FOREGOING RESTRICTIONS, AND IN ANY CASE IN COMPLIANCE WITH ALL APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND ANY OTHER APPLICABLE JURISDICTION; (3) PRIOR TO SUCH TRANSFER, AGREES THAT IT WILL FURNISH TO DEUTSCHE BANK TRUST COMPANY AMERICAS, AS REGISTRAR (OR A SUCCESSOR REGISTRAR, AS APPLICABLE), SUCH CERTIFICATIONS, LEGAL OPINIONS OR OTHER INFORMATION AS THE REGISTRAR MAY REASONABLY REQUIRE TO CONFIRM THAT SUCH TRANSFER IS BEING MADE PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND (4) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THE NOTE EVIDENCED HEREBY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. AS USED HEREIN, THE TERMS "UNITED STATES", "U.S. PERSON" AND "OFFSHORE TRANSACTION" HAVE THE MEANINGS GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT; and

(ix) the Company shall not recognize any offer, sale, pledge or other transfer of the Notes made other than in compliance with the above-stated restrictions.

Terms defined in Rule 144A shall have the same meaning when used in the foregoing sections (i)-(ix).

Each purchaser acknowledges that the Issuer and the Initial Purchasers will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements, and agrees that if any of the acknowledgements, representations or warranties deemed to have been made by such purchaser by its purchase of Notes are no longer accurate, it shall promptly notify the Issuer and the Initial Purchasers; if they are acquiring any Notes offered hereby as a fiduciary or agent for one or more investor accounts, each purchaser represents that they have sole investment discretion with respect to each such account and full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Each purchaser of the Notes will be deemed by its acceptance of the Notes to have represented and agreed that it is purchasing the Notes for its own account, or for one or more investor accounts for which it is acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the Securities Act or any state securities laws, subject to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and subject to its or their ability to resell such Notes pursuant to Rule 144A, Regulation S or any other exemption from registration available under the Securities Act.

The Issuer recognizes that none of DTC, Euroclear nor Clearstream in any way undertakes to, and none of DTC, Euroclear nor Clearstream have any responsibility to, monitor or ascertain the compliance of any transactions in the Notes with any exemptions from registration under the Securities Act or any other state or federal securities law.

## Regulation S Global Notes

Each purchaser of Notes outside the United States pursuant to Regulation S will be deemed by its acceptance of the Notes to have represented and agreed, on its behalf and on behalf of any investor accounts for which it is purchasing the Notes, that neither the Issuer nor the Initial Purchasers, nor any person acting on their behalf, has made any representation to it with respect to the offering or sale of any Notes, other than the information contained in this offering memorandum, which offering memorandum has been delivered to it and upon which it is solely relying in making its investment decision with respect to the Notes, has had access to such financial and other information concerning the Issuer and the Notes as it has deemed necessary in connection with its decision to purchase any of the Notes, and that:

(i) the purchaser understands and acknowledges that the Notes have not been and will not be registered under the Securities Act, or with any securities regulatory authority of any state of the United States, and may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the Securities Act or any other applicable securities law, pursuant to an exemption therefrom or in any transaction not subject thereto;

(ii) the purchaser, and the person, if any, for whose account or benefit the purchaser is acquiring the Notes, is not a U.S. person and is acquiring the Notes in an “offshore transaction” meeting the requirements of Regulation S and was located outside the United States at the time the buy order for the Shares was originated and continues to be outside of the United States and has not purchased the Notes for the account or benefit of any U.S. person or entered into any arrangement for the transfer of the Notes to any U.S. person;

(iii) the purchaser is aware of the restrictions on the offer and sale of the Notes pursuant to Regulation S described in this offering memorandum and agrees to give any subsequent purchaser of such Notes notice of any restrictions on the transfer thereof;

(iv) the Notes have not been offered to it by means of any “directed selling efforts” as defined in Regulation S; and

(v) the Issuer shall not recognize any offer, sale, pledge or other transfer of the Notes made other than in compliance with the above-stated restrictions.

Terms defined in Regulation S shall have the same meaning when used in the foregoing sections (i)-(v).

Unless the Issuer determines otherwise in compliance with applicable law, the Regulation S notes will bear the following restrictive legend and may not be transferred otherwise than in accordance with the transfer restrictions set forth in such legend:

THE NOTES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR ANY STATE SECURITIES LAWS. OWNERSHIP INTERESTS IN THE NOTES MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED (I) WITHIN THE UNITED STATES TO, OR FOR THE ACCOUNT OR BENEFIT OF, PERSONS OTHER THAN “QUALIFIED INSTITUTIONAL BUYERS” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN TRANSACTIONS EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, OR (II) OUTSIDE THE UNITED STATES OTHER THAN TO PERSONS WHO ARE NOT U.S. PERSONS IN OFFSHORE TRANSACTIONS EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT PURSUANT TO RULE 903 OR RULE 904 OF REGULATION S THEREOF. EACH PERSON ACQUIRING AN OWNERSHIP INTEREST IN THE NOTES EVIDENCED HEREBY AS PART OF THE INITIAL DISTRIBUTION SHALL BE DEEMED TO REPRESENT AND WARRANT THAT IT IS (A) NOT A U.S. PERSON AND (B) ACQUIRING THE NOTES IN AN “OFFSHORE TRANSACTION” AS DEFINED IN RULE 902(H) UNDER THE SECURITIES ACT OUTSIDE THE UNITED STATES. EACH PERSON ACQUIRING AN OWNERSHIP INTEREST IN THE NOTES EVIDENCED HEREBY (1) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THE NOTES EVIDENCED HEREBY EXCEPT IN ACCORDANCE WITH THE FOREGOING RESTRICTIONS IN I AND II ABOVE, AND IN ANY CASE IN COMPLIANCE WITH ALL APPLICABLE JURISDICTION AND (2) AGREES, PRIOR TO SUCH TRANSFER, TO FURNISH TO DEUTSCHE BANK TRUST COMPANY AMERICAS, AS REGISTRAR (OR A SUCCESSOR REGISTRAR, AS APPLICABLE), SUCH CERTIFICATIONS, LEGAL OPINIONS OR OTHER INFORMATION AS THE REGISTRAR MAY REASONABLY REQUIRE TO CONFIRM THAT

SUCH TRANSFER IS BEING MADE PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. AS USED HEREIN, THE TERMS "UNITED STATES", "U.S. PERSON" AND "OFFSHORE TRANSACTION" HAVE THE MEANINGS GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT.

## ENFORCEMENT OF FOREIGN JUDGMENTS AND SERVICE OF PROCESS

The Company is a French *société anonyme*, a form of limited liability company, established under the laws of France. All of the Company's directors and substantially all of its executive officers are non-residents of the United States, and a substantial portion of the assets of the Company and its directors and executive officers are located outside the United States. As a result, it may be difficult for investors to effect service of process within the United States upon such non U.S. persons or to execute judgments against them outside the United States, including judgments of courts of the United States predicated upon any civil liability provisions of the U.S. federal or state securities laws. Moreover, certain provisions of laws or of regulations may limit the possibility to enforce judicial measures rendered against the Company in France and elsewhere on certain of its assets because, among other reasons, (i) they are dedicated to public service (*service public*) activities, (ii) they are used in connection with the management of a concession, (iii) their use requires authorization (for instance in the nuclear field). The provisions of the law n° 86-912 of August 6, 1986, and the decree n° 53-707 of August 9, 1953 may also limit the possibility to enforce judicial measures on certain assets of the Company. In addition, the French State is immune from the execution in France of judgments rendered against it in France or elsewhere.

United States and France are not party to a treaty providing for reciprocal recognition and enforcement of judgments, other than arbitral awards, rendered in civil and commercial matters. Accordingly, a judgment rendered by any U.S. federal or state court based on civil liability, whether or not predicated solely upon U.S. federal or state securities laws, enforceable in the United States, would not directly be recognized or enforceable in France. A party in whose favour such judgment was rendered could initiate enforcement proceedings (*exequatur*) in France before the relevant civil court (*Tribunal de Grande Instance*). Enforcement in France of such U.S. judgment could be obtained following proper (*i.e.*, non-ex parte) proceedings if the competent French court is satisfied that the following conditions have been met (which conditions, under prevailing French case law, do not include a review by the French courts of the merits of the foreign judgment):

- such U.S. judgment was rendered by a court having jurisdiction over the matter in accordance with French rules of international conflicts of jurisdiction (including, without limitation, whether the dispute is clearly connected to the United States) and the French courts did not have exclusive jurisdiction over the matter;
- such U.S. judgment does not contravene French international public policy rules, both pertaining to the merits and to the procedure of the case;
- such U.S. judgment is not tainted with fraud;
- such U.S. judgment does not conflict with a French judgment or foreign judgment which has become effective in France and there are no proceedings pending before French courts at the time enforcement of the judgment is sought and having the same or similar subject matter as such U.S. judgment; and
- such U.S. judgment must be enforceable in the U.S. and, in certain circumstances, final. Under French law, a judgment is deemed to be final where it is not subject to appeal or to a motion to vacate.

In an original action brought in France predicated solely upon the U.S. federal or state securities laws, French courts may not have the requisite jurisdiction to adjudicate such action, notably French courts may not have the requisite power to grant all the remedies sought.

Actions brought in the U.S. against the Company's directors and executive officers of French nationality would be enforceable in France provided that the dispute evidences substantial connections with the U.S. federal or state court and that the choice of the claimant to seize a U.S. federal or state court is not tainted with fraud. According to article 14 of the French Civil Code, French persons may decide (unless they have already waived such right) to bring an action before the French courts, regardless of the nationality of the defendant.

In addition, while the obtaining of evidence in France or from French persons in connection with actions in the United States under the U.S. federal securities laws is subject to the procedures of the Hague Convention on the Taking of Evidence Abroad in Civil or Commercial Matters, the obtaining of such evidence could be affected under certain circumstances by the French regulations, including law No. 68-678 of July 26, 1968, as amended by French law No. 80-538 of July 16, 1980 and Ordinance No. 2000-916 of September 19, 2000, which may preclude or restrict the obtaining of such evidence in France or from French persons in connection with a judicial or administrative United States' action.

### **VALIDITY OF THE NOTES**

The validity of the Notes offered hereby will be passed upon by Sullivan & Cromwell LLP, U.S. and French counsel for the Issuer. The Initial Purchasers have been represented by Gide Loyrette Nouel LLC, as U.S. counsel for the Initial Purchasers, and Gide Loyrette Nouel, A.A.R.P.I., as French counsel for the Initial Purchasers.

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## **INDEPENDENT ACCOUNTANTS**

The consolidated financial statements of the Issuer as of and for each of the years ended December 31, 2007, 2006 and 2005, incorporated by reference in this offering memorandum, have been audited by Deloitte et Associés and KPMG SA, independent auditors, as set forth in their report included therein and incorporated herein by reference.

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**\$5,000,000,000**



**EDF S.A.**

**\$1,250,000,000 5.500% Fixed Rate Notes due 2014**

**\$2,000,000,000 6.500% Fixed Rate Notes due 2019**

**\$1,750,000,000 6.950% Fixed Rate Notes due 2039**

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**OFFERING MEMORANDUM**  
**JANUARY 21, 2009**

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**Banc of America Securities LLC**  
**Barclays Capital**  
**BNP PARIBAS**  
**HSBC**  
**Mitsubishi UFJ Securities**  
**CALYON Crédit Agricole CIB**  
**Société Générale Corporate & Investment Banking**

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