The EDF Group is ISO 14001 certified.

Corporate and Commercial Communication Division.
The EDF Group is a leading player in the European energy industry, active in all areas of the electricity value chain, from generation to trading and network management. The leader in the French electricity market, the Group also has solid positions in the United Kingdom, Germany and Italy, with a portfolio of 38.5 million European customers and a generation fleet which is unique in the world. It intends to play a major role in the global revival of nuclear and is increasingly active in the gas chain. The Group has a sound business model, evenly balanced between regulated and deregulated activities. Given its R&D capability, its track record and expertise in nuclear, fossil-fired and hydro generation and in renewable energies, together with its energy eco-efficiency offers, EDF is well placed to deliver competitive solutions to reconcile sustainable economic growth and climate preservation.

Consolidated figures at 31/12/2007.
First concrete pouring at EPR site in Flamanville.
A GLOBAL NUCLEAR RENAISSANCE

competitive energy with zero CO₂ emissions • supply security • expertise • joint investments • EPR technology • United States • China • United Kingdom • South Africa

58 nuclear reactors commissioned in France

10 EPR projects in our four target countries

1,650 MW EPR, the most powerful reactor in the world, under construction at Flamanville
Photovoltaic system at the Geoffroy Guichard Stadium, Saint-Étienne.
DEVELOPMENT OF RENEWABLE ENERGIES & ENERGY EFFICIENCY

mature and operational solutions
• developing distributed energies • new services
• respect for the environment

3,300 MW net
EDF Énergies Nouvelles target for installed wind power capacity by the end of 2011

1 million
Number of low-energy light bulbs distributed by EDF and its partners in Martinique, Guyana and Reunion Island

3,000
Smart meters installed by EDF Energy in the UK to save energy
BUILDING THE EUROPEAN BUSINESS

open electricity and gas market
• 700 GW to be built by 2030
• networks to be secured

6,000 MW of new capacity by 2012 in France

€6.2 billion investment planned by Italian company Edison in natural gas and electricity by 2013

870 MW construction of a natural gas-fired plant in the Netherlands to come on line in 2009
Delivering results,
major strategic progress internationally and increasing investments.
The past year was one of contrasting trends. The oil price climbed to 100 dollars, and raw material costs edged higher.

Energy demand continued to grow, making investment in new generation capacity unavoidable. At the same time, the urgency of climate change became clear to all, and the subprime crisis caused real turmoil in financial markets.

Against this backdrop, EDF once again delivered results and made major strategic progress internationally. The Group is now positioned to play an active role in the nuclear revival on the world’s leading energy markets.

As in the previous year, EDF recorded improvements for all the main financial indicators in 2007, and all Group subsidiaries and affiliates made positive contributions to the strong results. Sales reached €59.6 billion, marking a slight improvement on the previous year despite the sale of Light in Brazil. EBITDA came in at €15.2 billion, implying organic growth of 6.1%, and net income from ordinary operations, excluding non-recurring items, advanced by 10.6%.

We delivered on all our commitments in 2007. The targets set out in the Altitude performance program were largely exceeded. We have also made all of the disposals announced, following the sale of our Mexican plants late in December.

The residential market was opened to competition in July. This was an opportunity for EDF to demonstrate its capacity for innovation, offering customers services that combine more environmental protection, more savings and more well-being through energy savings, renovation advice and decentralized renewable energy generation solutions. Our teams worked hard to implement a new organization of the distribution and sales and marketing activities. ERDF, the new subsidiary in charge of distribution, has been operational since the 1st of January 2008. EDF approached this last step in the deregulation process with two key goals in mind: guarantee non-discriminatory network access to all suppliers via the transmission and distribution subsidiaries, and make sure that all our customers enjoy the same service as before, in keeping with our quality public service commitments.
The Group also continued to step up its investment program. Operating investment has increased by almost 50% over two years, reaching €7.5 billion in 2007. In France, investment amounted to €4.5 billion, making EDF the country’s largest investor. Funds were allocated to all businesses and geographic areas. In the generation activity, where investments have been ramping up since 2006, we brought new capacity on stream, of which 1,400 MW in France1. Construction work on the EPR reactor in Flamanville proceeded on schedule. Significant efforts are being implemented to maintain and extend the lifespan of the hydro and nuclear assets. Investments were also made in the transmission and distribution networks, in France and in the UK and Germany. On the renewable energy front, EDF Énergies Nouvelles continued to record strong growth, with net capacity in service rising above 1,000 MW during the year.

Our status as the world’s premier nuclear operator allowed us to reach a major milestone in 2007: working with partners in the United States and China, we will be the first to become joint owners and operators of nuclear power stations in these countries.

Major energy and environmental challenges lie ahead. They will represent an opportunity for the sector as a whole, and for EDF in particular.

We must tackle climate change while assuring security of supply, which is being threatened by the scarcity and high cost of hydrocarbons at a time when global demand is steadily increasing.

The goal is to bolster our generation capacities to continue to contribute significantly to the energy independence of France and Europe.

In addition to being the world’s largest nuclear operator, we are also a leader in the field of renewable power, thanks to our hydro fleet and EDF Énergies Nouvelles. As a major energy player with unmatched industrial resources, EDF is ready to demonstrate, today and in the future, its leadership when it comes to the safe generation of zero-carbon energy at competitive costs.

---

1. Porcheville in 2006, Cordemais in 2007 (1,270 MW) and a combustion turbine in Vitry in 2007 (130 MW).
With its unequalled industrial asset base, EDF is ideally positioned to demonstrate its leadership, now and in the future, when it comes to generating safe, competitive and carbon-free energy.

In France, 95% of our electricity generation is carbon-free, and EDF emits three times less CO₂ per KWh than the other large European electricity groups.

EDF will continue to focus on productivity in the short and medium terms to further improve its operating performance. We are also preparing for the longer term by investing to maintain and expand our generation assets and achieve sustainable industrial growth.

Between 2008 and 2010, we will invest more than €35 billion, in France and internationally, in key businesses. A total 6,000 MW of new generation capacity will be brought on stream between 2006 and 2012 in France. We will also continue to build up our natural gas and renewable energy businesses, including tidal and photovoltaic power and electric vehicles. R&D will keep the focus on developing low-carbon technologies such as carbon capture and storage. As a leading player in the world nuclear revival, EDF aims to invest in, commission and operate more than ten EPRs by 2020 in four key markets: the United Kingdom, the United States, China and South Africa.

This will require hiring skilled people, which we are doing. By way of example, EDF recently announced the creation of the European Foundation for Tomorrow’s Energies, which will fund education and research in the area of zero-greenhouse gas technologies. Our goal is to recruit more than 10,000 people in the next five years, including 500 nuclear engineers a year, to drive the sustainable industrial growth that will secure EDF’s position as the leading energy group of tomorrow.
GOVERNANCE

Running a European Group

Composition of the Executive Committee as at March 31, 2008

1 - Pierre Gadonneix
   Chairman and CEO
2 - Daniel Camus
   Chief Financial Officer
3 - Yann Laroche
   Chief Human Resources and Communications Officer
4 - Jean-Louis Mathias
   Chief Operating Officer, Integration and Deregulated Operations in France
5 - Jean-Pierre Benqué
   Senior Executive Vice President, Customers
6 - Bernard Dupraz
   Senior Executive Vice President, Generation and Engineering
7 - Dominique Lagarde
   Senior Executive Vice President, Strategy and Coordination
8 - Marianne Laigneau
   General Secretary and Chief Legal Officer
9 - Bruno Lescoeur
   Senior Executive Vice President, International Industrial and Public Affairs
10 - Umberto Quadrino
    Edison, CEO
11 - Vincent de Rivaz
    EDF Energy, President of the Executive Board
12 - Hans-Peter Vills
    EnBW, President of the Executive Board
13 - Gérard Wolf
    Senior Executive Vice President, Subsidiaries and International Development

Executive Committee

An Executive Committee which reflects the Group

The Chairman of the Board of Directors who is also Chairman and Chief Executive Officer, presides over the Group. First appointed Chairman of the Board of EDF by decree on November 24, 2004, Pierre Gadonneix’s term of office was renewed following the Shareholders’ Meeting of February 14, 2006. He is supported by a small steering committee, the Top 4, and by the Group’s Executive Committee.

As of 2006, the Top 4, a decision-making body, comprises the Chairman and CEO and the three Chief Officers. The Executive Committee, a cross-disciplinary strategic and consultative body, comprises the members of the Top 4, the Senior Executive Vice Presidents and the Corporate Secretary of EDF SA, the CEO’s of EDF Energy, EnBW and Edison. Its composition reflects the need to give equal treatment to all the Group’s strategic priorities. A limited number of specific decision-making committees support the Executive Committee’s activity. There are, in addition, a number of ad hoc committees or boards which are responsible for groupwide strategic issues.

Monitoring, safety and coherence bodies

A number of critical functions report directly to the Executive Committee such as Corporate Audit, Corporate Risk Management and the Senior Vice President, Nuclear Safety and Radioprotection, who submits an annual report to the CEO.

The Board of Directors

In connection with the expiry of the Chief Officers’ mandate on May 20, 2008, EDF’s Boards of Directors appointed, as proposed by the Chief Executive Officer, Daniel Camus, Dominique Lagarde and Jean-Louis Mathias as Chief Officers, effective following the Shareholders’ Meeting to be held on May 20, 2008. Dominique Lagarde becomes Chief HR and Communications Officer.

On April 8, 2008, EDF announced its new Executive Committee, effective May 20, 2008, with the appointment of Philippe Huet, Senior Executive Vice President, Strategy and Coordination and Anne Le Lorier, Senior Executive Vice President, Corporate Finance, Finance and Treasury. Jean-Pierre Benqué, Senior Executive Vice President, assumes responsibility for North American operations and remains, temporarily, in charge of the Customer Branch. Bruno Lescoeur, Senior Executive Vice President, assumes responsibility for gas activities.

1. See Document de référence.
GOVERNANCE

comprised of five members, comments on the company’s financial situation, the medium-term plan and the budget, the draft financial statements prepared by the Finance Division (EDF parent company and consolidated financial statements), the monitoring of risks, internal audit and control, as well as the choice of Statutory Auditors. In 2007, the Committee also reviewed matters such as the distribution subsidiary, the insurance strategy and the centralization of the EDF Group’s long-term financing.

The Committee for Monitoring Nuclear Commitments
It is responsible for monitoring the development of nuclear provisions, commenting on the governance of dedicated assets, on the rules for matching assets and liabilities and on strategic allocation, as well as verifying the compliance of the management of the dedicated assets constituted by EDF.

The Strategy Committee,
comprised of seven members, comments on the company’s major strategic orientations. In 2007, it notably reviewed EDF’s investment strategy with respect to generation assets in France, the strategy for international nuclear development and the updating of the Group’s strategic reference framework.

The Ethics Committee,
comprised of six members, monitors that ethical considerations are taken into account in the Board of Directors’ work and in the management of EDF. It reviews the annual report excluding the financial statements, the activity reports from the Ethics and Compliance Advisor as well as the reports from the Mediator and the Senior Vice President, Nuclear Safety and Radioprotection. In 2007, it examined the communications strategy and the new EDF ethical reference framework. It continued its review of the policy on partnership with nuclear service providers and oversaw the implementation of a code of conduct for the distributor. Finally, it produced the annual report on the functioning of the Board of Directors, for which it is responsible.

The Appointments and Remuneration Committee,
comprised of three members, comments on the compensation of the CEO and Chief Officers. It also comments to the Board on the amount and allotment of Board directors’ fees as well as on the compensation terms of the main executives. Finally, it provides the Board of Directors with a list of proposed Board directors for appointment by the Shareholders’ Meeting.
EDF’s success is founded on its ability to bring together all the Group’s components while fully respecting their individual governance rules.”

Marianne Laigneau, General Secretary and Chief Legal Officer
A EUROPEAN GROUP WITH GLOBAL REACH

### AUSTRIA

**ESTAG Group (EDF 20% owned, 25% of voting rights)**
- Electricity, Gas and Heat Distribution
- Electricity, Gas and Heat Sales
- Services
- 406,459 customers

### BELGIUM

**EDF Belgium (EDF 100%)**
- EDF Belgium owns 50% of the Tihange 1 nuclear power plant, 50/50 with Electrabel
- Electricity Generation
- Electricity and gas Sales
- Services
- Electric installed capacity: 419 MW

### SPAIN

**Hispaelec Energia S.A. (EDF 100%)**
- Electricity Sales
- Numbers of customers: approximately 50 sites

**Elcogas (EDF 31.39%)**
- Electricity Generation
- Electric installed capacity: 335 MW

### HUNGARY

**BERT (EDF 95.57% owned and voting rights)**
- Electricity and Heat Generation
- Electric installed capacity: 356 MW
- Thermal installed capacity: 1,471 MWth

**Demasz (EDF 100%)**
- Electricity Distribution
- Electricity Sales
- 770,887 customers

### POLAND

**ECW (EDF 77.52% owned and voting rights)**
- Electricity and heat Generation
- Electric installed capacity: 353 MW
- Thermal installed capacity: 1,225 MWh

**Elektrownia Rynnik S.A. – ERSA (EDF 78.63% owned, 97.05% of voting rights)**
- Electricity Generation
- Electric installed capacity: 363 MW
- Thermal installed capacity: 1,059 MWh

**ECK (EDF 66.26% owned and voting rights)**
- Electricity and heat Generation
- Electric installed capacity: 460 MW
- Thermal installed capacity: 1,258 MWth

**Kogeneracja (EDF 35.61% owned, 50% of voting rights)**
- Electricity and Heat Generation
- Electric installed capacity: 363 MW
- Thermal installed capacity: 1,225 MWh

**Zielona Gora (EDF 35.56% owned, 99.87% of voting rights)**
- Electricity and Heat Generation
- Electric installed capacity: 221 MW
- Thermal installed capacity: 322 MWth

### SLOVAKIA

**SSE (EDF 49% owned and voting rights)**
- Electricity and heat distribution
- Electricity, Gas and heat Sales
- 699,665 customers

### SWITZERLAND

**Atel Group (EDF 24.83% owned, 25% of voting rights)**
- Electricity Generation
- Electric Power Generation
- Electricity, Gas and Heat Distribution
- Sales
- Electric installed capacity: 3,714 MW
- Thermal installed capacity: 918 MWh

**Emosson/Chatelôt/Mauvoisin (EDF 50% owned and voting rights)**
- Hydropower Generation
- 0.4 TWh made available

### UNITED STATES

**UniStar Nuclear Energy, LLC.**
- 50/50 joint venture between EDF and Constellation Energy (EDF 3.1%)
- UniStar will build, own and operate European pressurized water reactor (EPR) nuclear plants in the US.

### CHINA

**Figlec (EDF 100% – Laibin thermal plant)**
- Installed capacity: 720 MW

**Shandong Zhonghua Power Company (EDF 19.6%)**
- Installed capacity: 3,000 MW

### LAOS

**Nam Theun Power Company (EDF 35%)**
- Installed capacity: 1,070 MW
- (Hydro plant under construction)

### VIETNAM

**Mekong Energy Company Ltd (EDF 56.25%)**
- Installed capacity: 715 MW

---

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

---

**WORLDWIDE**

The Group invests and is involved in generation outside Europe as well, bringing its engineering and operating expertise to different projects. EDF also leverages this expertise by offering its services to large national electricity companies.
UNITED KINGDOM

EDF Energy (EDF 100%)
Sales contribution: €8.4 billion
- Electricity Generation
- Electricity Distribution
- Electricity and Gas Sales
- Services
Numbers of customers – accounts: approximately 5.5 million (including gas)
Electric installed capacity: 4.9 GW
Gas activity: 39.6 TWh

EDF Trading (EDF 100%)
Sales contribution: €670 million
- Energy trading for the Group's own account in Europe.
Volumes traded:
  - Electricity: 1,207 TWh
  - Natural gas: 186 Gm³
  - Coal: 456 Mt
  - Oil: 205 Mb
Emission certificates of C: 325 Mt

Gross global gas volumes handled by the Group's companies including plants' internal consumption

FRANCE

EDF
Sales: €32.2 billion

DEREGULATED ACTIVITIES
Activities open to competition
- Electricity generation
- Electricity and gas supply and optimization in mainland France.
- Sales of engineering and consulting services
27.2 million customers (including gas) excluding Corsica and overseas departments.
Electricity installed capacity: 96.2 GW in mainland France.

REGULATED ACTIVITIES
- Generation and electricity distribution by EDF in Island Energy Systems (IES)
- RTE-EDF Transport (EDF 100%)
  - Transmission in mainland France. RTE owns, operates, maintains and develops the transmission networks high and ultra high voltage.
  - Around 100,000 km of high voltage and ultra high voltage grids
  - 44 cross-border lines
- ERDF (EDF 100%)
  - Distribution in mainland France. ERDF (created on January 1, 2008) owns, generates, maintains and develops the electricity distribution networks (high and low voltage)
  - 596,200 km of 20,000 volt high voltages lines
  - 669,300 km of 400 volt low voltage lines
- EDF Énergies Nouvelles
  - Owned 50%
  - Development, construction and operation of electricity generation assets, mainly from renewable energy sources.
  - Sales to third parties of electricity generation assets based on renewables it has developed and built.
  - Operation and maintenance of wind farms
  - Installed electric capacity: 1,442.7 MW (total)

ITALY

Sales contribution: €4.7 billion

Edison (EDF 48.96% owned and 50% of voting rights)
- Electricity Generation
- Electricity Sales
- Gas Production, Storage and Sales
187,000 customers (including gas)
Electric installed capacity: 12.5 GW
Gas activity: 13.8 Gm³

Fenice (EDF 100%)
- Electricity Generation
- Energy and Environmental services
Electricity installed capacity: 328 MW
Thermal installed capacity: 2,895 MWh

Gross global gas volumes handled by the Group's companies including plants' internal consumption

GERMANY

EnBW (EDF 46.07% owned and voting rights)
Sales contribution: €6.9 billion
- Electricity Generation
- Electricity Transmission and Distribution
- Gas Transmission and Distribution, Electricity and Gas Sales
- Services
Numbers of customers: approximately 6 million (including gas)
Electricity installed capacity: 15.0 GW
Gas activity: 75.2 TWh

Gross global gas volumes handled by the Group's companies including plants' internal consumption

©GETTY IMAGES
©GETTY IMAGES – ©GARY YEOWELL
©GETTY IMAGES – ©ALLAN BAXTER

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

Creation of ERDF

On July 1, 2007, the EDF Group began conducting its sales and marketing activities in a fully deregulated European energy market. Since January 1, 2008, ERDF, a wholly-owned EDF subsidiary, handles distribution operations in France, just as RTE manages the transmission activities.

Altitude performance program (2005-2007):

Targets were exceeded by more than 20%, with a €1.2 billion impact on EBITDA.

Key figures

2007

2007 GROUP SALES
In € billion

Rest of the world 58.9*
Other European countries 2.1
Italy 4.9
Germany 5.6**
United Kingdom 6.0**
France 8.3

2006

Rest of the world 59.6
Other European countries 1.3
Italy 6.2
Germany 4.7***
United Kingdom 8.4
France 32.2

+ 1.2%

2007 GROUP EBITDA*
In € billion

Rest of the world 14.4
Other European countries 0.5
Italy 1.4
Germany 0.9
United Kingdom 1.0
France 9.3

+ 5.7%

NET INCOME (GROUP SHARE) AND GROUP’S NET INCOME FROM ORDINARY OPERATIONS*
In € million

2006 2007

NET INCOME (GROUP SHARE) 5,605 5,618

+ 0.2%

GROUP’S NET INCOME FROM ORDINARY OPERATIONS 4,227 4,677

+ 10.6%**

* After the reclassification of net allocation to provisions for renewal below EBITDA in the amount of (€463 M) in 2006 (€504 M) in 2007.
** After the reversal of provision of €262 M linked to the effect of implementation texts of 28 June, 2006 Law on nuclear waste.
*** Excluding non-recurring items.
** +12.0% at constant scope and exchange rate.

* The €58.9 billion and €59.6 billion amounts correspond to the sum of the precise values, corrected to one decimal place.
** Fenice, EDF’s stake in Edison: 48.96 % consolidated in 2007 versus 51.58% in 2006.
*** 46.07 % stake in EnBW in 2007.
**2007 FREE CASH FLOW**
in € billion

<table>
<thead>
<tr>
<th>Funds from operations (FFO)</th>
<th>Free Cash Flow (FCF)</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.6</td>
<td></td>
</tr>
<tr>
<td>-0.3 Δ WCR</td>
<td>Disposal of fixed assets + 0.2</td>
</tr>
<tr>
<td>-7.5</td>
<td>Non-recurring corporate tax - 0.1</td>
</tr>
<tr>
<td></td>
<td>3.0</td>
</tr>
</tbody>
</table>

**Operational Excellence performance program**

Target of €1 billion gain in EBITDA in 2010 vs 2007

**COMMUNICATION**

**E = less CO₂ campaign**

Tackling climate change is a priority for all. As part of its contribution, EDF launched the **E = less CO₂** guide, a simple and accessible tool to increase consumer awareness of the urgency of decreasing their CO₂ emissions. The guide features tips on good habits that help keep energy consumption in check.

- **Δ WCR**
- **Gross Capex**
- **Disposal of fixed assets**
- **Non-recurring corporate tax**

**€1.28 per share**
Share dividend proposed in 2007

**€1.16 in 2006**
ACCELERATION OF OPERATING INVESTMENT SINCE 2005

EDF’s CO₂ emissions in Europe 143 g/kWh
Average CO₂ emissions in the European Union 372 g/kWh
EDF’s CO₂ emissions are almost three times lower than the sector average for Europe

Source: EDF 2006 / IEA 2005

On July 20, 2007, EDF and the US electricity company, Constellation Energy Group (CEG), signed an agreement concerning the creation of a 50/50 joint venture, called UniStar Nuclear Energy (LLC). The goal is to jointly design and develop, build, own and operate EPR type nuclear plants in the US.
INVESTMENTS IN ALL SECTORS AND IN ALL GEOGRAPHICAL AREAS IN 2007

**France**

€4.5 billion

- **37%** GENERATION
- **40%** DISTRIBUTION*
- **17%** TRANSMISSION
- **6%** OTHERS


**International**

€3 billion

- **16%** OTHERS
- **23%** DEVELOPMENT INCL. EDF ÉNERGIES NOUVELLES
- **40%** EDF ENERGY
- **8%** EDISON

**Plug-in Hybrid Vehicle**

**Cooperation with Toyota**

Toyota’s plug-in hybrid vehicle features a gas-powered engine and rechargeable electric motor. The objective is to reduce the environmental impact of cars, notably in urban areas. With EDF’s assistance, the prototypes have been equipped with a new smart charging and invoicing system; a number of them will be integrated into EDF’s fleet for testing on public roads in France. This could be a decisive step in helping Europeans recognize that electric cars are a relatively economical way to reconcile their need for individual transport with economic growth and environmental protection.

**Change in Net Financial Debt**

<table>
<thead>
<tr>
<th>December 2005</th>
<th>December 2006</th>
<th>December 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Free Cash Flow: -3.0</td>
<td>Deducted assets: +2.4</td>
<td>Dividends: +1.0 +3.3</td>
</tr>
<tr>
<td>18.6</td>
<td>14.9</td>
<td>16.3</td>
</tr>
</tbody>
</table>

**New generation capacities** (France, Italy, United Kingdom).

**Maintenance of industrial assets** (France, Germany).

**Development of networks** (France, United Kingdom, Germany).

**Acceleration of investment in wind power** (via EDF Énergies Nouvelles).
Ongoing, personalized contact with shareholders was pursued in 2007 in a series of meetings and one-on-ones. The year was marked by the disposal of 2.5% of the French State shareholding.

Fostering dialogue
EDF has developed its relations with the financial community by organizing meetings on its half-year and annual results, as well as addressing a number of specific themes. The Group maintained an ongoing dialogue with financial analysts and institutional investors in the leading financial markets in France, Europe, the United States and Japan to keep them informed on any significant developments and on its strategy, operating and financial performance.

For individual shareholders, EDF management organized nine regional information and exchange meetings in France.

The Shareholder Advisory Committee held three meetings during its first full year of operation, attended by the Chairman and CEO and by EDF’s top executives. The Shareholders’ Club, open to any shareholder, has 30,000 members. They were able to participate in 200 events: site visits, energy conferences, stock market teach-ins, and cultural and sporting events including the Rugby World Cup.

2008 Financial agenda

- **February 13**
  - Fourth quarter 2007 sales

- **February 20**
  - Annual results 2007

- **May 7**
  - First quarter 2008 sales

- **May 20**
  - General Shareholders’ meeting

- **August 01**
  - Half-year results 2008
Grand prize winner: ranked third best shareholder website by Boursoscan

A new development for EDF’s share capital
On December 3, 2007, the French State sold 2.5% of EDF’s share capital, or some 45 million shares valued at €3.7 billion, via a placement reserved for institutional investors.
At the Special Shareholders’ Meeting of December 20, the shareholders approved the transfer of EDF’s distribution activities in France to the French distributor (Électricité Réseau Distribution France - ERDF).

Increasing the number of employee shareholders
Within the framework of the French State’s sale of 2.5% of EDF’s share capital on December 3, 2007 as French law provides, employees and former employees will be invited to participate in 2008 a new employee offering, representing 15% of the total transaction volume, or around 0.4% of the share capital. During the 2005 IPO, 75% of the employees in France and 50% of the employees in the major European subsidiaries and affiliates became shareholders in EDF. At December 31, 2007, they owned 1.9% of the share capital. Since 2006, they have had access to an EDF Share Fund within the employee shareholding scheme (Plan d’épargne Groupe), in which they can continue to invest a portion of their savings with EDF’s help. In 2007, EDF launched a bonus issue of nearly three million shares (0.16% of the share capital) for employees in France and most of the countries where the Group has operations, whose award is linked to the achievement of the Group’s EBITDA growth target for the 2006-2008 period.

Daniel Camus, Chief Financial Officer.
A STRATEGY OF INVESTMENT
Global economic growth and the dynamism of developing countries are the two drivers behind rising energy demand. To date, each generation has used 50% more energy than the previous one, depleting 80% of fossil fuel resources. This situation is not sustainable: it increases greenhouse gas emissions, the main cause of climate change, and increases the cost of access to hydrocarbon resources, particularly affecting the poorest countries and populations. Faced with these challenges, the EDF Group’s strategy consists of investing in building a sustainable energy future, reconciling economic growth, the preservation of the climate and the environment, supply security and reducing global inequalities. We already have robust and competitive solutions: energy efficiency on the demand side and zero-carbon electricity generation based on nuclear and renewable energies.
Unprecedented global energy challenges

The kind of growth we have relied upon until now cannot be sustained because it is disrupting the ecosystem by provoking climate change. Nor is curbing growth an option, as it would increase inequality. We need to move towards responsible growth, reconciling economic development, climate preservation and the reduction of global inequalities. We must find ways to do more with less. We have a historic opportunity to plan massive investment in such a way as to reduce carbon emissions. We know that doing nothing today will prove even more costly in the future.

Pierre Gadonneix
in his inaugural speech as Chairman of the World Energy Council
Rome, November 2007

Between 2005 and 2030

+ 1.7 billion
Global population

+ 4.7% annually
Emerging country growth

A considerable need for energy assets
Between 2005 and 2030, global energy consumption is expected to grow by 50%\(^2\). During this period, demand for electricity should double. This forecast already includes a significant increase in energy saving. Given this demand outlook, countries will need to invest in their energy assets. The European Union plans to build between 600 and 700 GW of electricity generation capacity over the next 25 years, or between six and seven times the installed power of the EDF fleet in France. At the same time, the United States is expected to bring on line 800 GW, China 1,300 GW and India 400 GW\(^3\).

A threat to resources and the climate
Currently, two-thirds of electricity generation is fossil-fired. This poses a dual problem in terms of resources and climate. And yet access to hydrocarbons to meet the increase in demand is becoming increasingly costly. The price of a barrel of oil has increased from €20 to €80 in the space of five years. According to forecasts from some oil companies, peak oil, after which production will decline, will be reached in 2030 and peak gas around 2050. North Sea production has already peaked. Coal appears to be the most abundant fossil fuel. But, for an equivalent amount of electricity generation, it releases twice as much CO\(_2\) as gas-fired generation. The conclusions of the IPCC\(^4\) in 2007 on the increase in greenhouse gas concentrations in the atmosphere and its effect on global warming are well known. The need for urgent action to

---

1 Conseil mondial de l'énergie or World Energy Council (WEC).
2 Sources: International Energy Agency (IEA) and the World Energy Council.
3 Source: IEA.
4 Intergovernmental Panel on Climate Change.
5 Sources: Total, IFP.
deal with this situation is now widely understood, as demonstrated in the European Union position or the Earth Summit in Bali in December 2007. In France, the mobilization around the national conference on the environment (Grenelle de l’environnement) and the commitment to dividing French CO2 emissions by four by 2050 testify to this awareness.

**Eco-efficient demand-side solutions**

We can slow down the depletion of resources and stop the escalation in climate change without opting for economic recession: effective technologies already exist for demand-side eco-efficiency.

In buildings, in addition to insulation and low-energy lighting, there are decentralized generation solutions such as solar water heaters and heat pumps that can reduce energy consumption and CO2 emissions by between 20% and 40%. For transportation, particularly in urban environments, there are alternatives to automobiles and oil: tramways, buses, electric vehicles, bicycles, etc. In the industrial sector, technologies like induction furnaces enable us to heat only the objects concerned, without wasting heat. Most of these solutions call for electricity, which is proving to be the energy of the 21st century. This explains why the IEA and WEC forecast that demand for electricity is due to increase twice as rapidly as other energies.

**Generation solutions**

For electricity generation, low-carbon technologies are already operational. EDF’s generation fleet in France is just one example. Thanks to its nuclear plants and hydropower facilities, it generates competitive energy, 95% of which is carbon-free. For every kWh generated, EDF emits 3 times less CO2 than the European energy company average. Wind power is growing and offers competitive solutions in the right conditions. Solar photovoltaic and
Evolution from 1971 to 2005 of OECD total primary energy supply by fuel (Mtoe)

Carbon dioxide (CO2): Global emissions by region (in MtCO2)

Greenhouse gases: Atmospheric concentrations

European Union targets for 2020

Reduce greenhouse gas emissions by 20% on 1990 levels

Increase the share of renewable energies in final energy consumption to 20%

Increase energy efficiency by 20% (*) in the European Union

* Energy efficiency is usually measured in terms of final energy intensity (relationship between energy consumption and GDP).
Five strategic priorities

Having achieved the objectives of its industrial project launched in 2004, the EDF Group is entering a new phase of growth and investment. Its strategy aims to respond to growth in demand and to the global challenges of climate change and supply security, while establishing the Group as a leader in sustainable development.

2004-2007: delivering on commitments
The commitments outlined in the 2004-2007 industrial project were delivered in full. The Group Performance program called for an around €1 billion impact on 2007 Group EBITDA compared with the 2004 level, not taking into account costs associated with transforming and adapting the Group ahead of market opening on July 1, 2007 and a €1.5 billion improvement in working capital requirement in 2005-2007. The impact of the program on Group EBITDA for 2005, 2006 and 2007 (€1.220 billion) ultimately exceeded this target by more than 20%. The sale of non-strategic assets continued and, in 2007, EDF disposed of its generation units in Mexico. The total impact on consolidated net debt exceeded the objective of €5 billion at the end of 2007. The Group also sold its remaining

2008-2012 – 5 priorities: invest sustainably in
the global nuclear revival renewable energies and energy efficiency
We are convinced that a greener world will necessarily be a more electric world, consuming less electricity per end user but developing still more uses for electricity. This is why our strategy focuses on investing in both zero-carbon generation and energy eco-efficiency.”

Jean-Louis Mathias
Chief Operating Officer, Integration and deregulated Operations in France.
A leading industrial player
EDF is the leading nuclear operator in the world with 58 reactors in operation and 30 years of experience in this field. The Group generates competitive electricity and enjoys an exemplary safety record. EDF’s key strength is its in-house engineering. The design, construction and operation of a fleet with common technological standards has given the Group unique engineering expertise, particularly in the management of large-scale projects.
In France, EDF is overseeing the construction of a first EPR-type unit at Flamanville 3. Internationally, the level of EDF’s participation is adapted to each individual situation, depending on the partner and the industrial specification.

THE UNITED STATES: a major partner
The United States has the largest nuclear fleet in the world, owned by numerous different operators. The country decided to revive nuclear back in 2005, with the Energy Policy Act. In 2007, EDF concluded a major agreement with Constellation Energy Group, which operates five nuclear units in Maryland and New York State. The two companies created UniStar Nuclear Energy (LLC), a 50/50 joint venture, to build a series of four EPR-type reactors, of which the first will be built at Calvert Cliffs (Constellation’s base in Maryland) for commissioning in late 2015. EDF’s experience with Flamanville 3 and its ability to generate a scale effect will underpin its contribution to project management and operations. Under this agreement, EDF may purchase up to 9.9% of Constellation’s outstanding common shares in the market within five years, becoming its primary industrial partner. Together with Constellation, EDF will also look at investment opportunities elsewhere in the United States and in Canada.

CHINA: investing with a historic partner
EDF has been working in China for the past 20 years. Its engineers were involved in the construction and commissioning of the Daya Bay and Ling Ao nuclear plants. The company has also invested in coal-fired plants.
In November 2007, EDF signed a joint-venture agreement (EDF around one third) with its historic partner, China Guangdong Nuclear Power Company (CGNPC), for the construction of two EPR-type nuclear plants in Guangdong. The concrete foundation slab of the first unit is planned for 2009.
UNITED KINGDOM: contributing to fleet renewal

In the United Kingdom, apart from the pressurized water reactor brought on line in 1995, all the nuclear plants are expected to reach the end of their lifespan between 2015 and 2025. Faced with soaring hydrocarbon prices, the depletion of North Sea oil reserves and the climate risk, the country has reviewed its energy policy and plans a new phase of nuclear as of early 2008. Through its subsidiary EDF Energy, the EDF Group is committed to playing an active role in the British government’s consultation process. It aims to build and operate four EPR-type nuclear reactors replicating the Flamanville 3 model, either alone or in partnership, subject to the appropriate regulatory and political environment. Two steps were taken in this direction in 2007: the first, with Areva, to request generic design approval for the EPR from the UK regulatory authorities, and the second to look for possible sites.

SOUTH AFRICA: an investment opportunity

In order to meet its electricity demand growth, South Africa is looking to double its installed capacity (from 42 to 80 GW) by 2030. This country already has two nuclear units and has announced its program: a call to tender for 3,000 to 3,500 MW of pressurized water technology, followed by a commitment to 20,000 MW over 15 years. As a long-term partner of South African operator Eskom, EDF together with Areva – the leader of the consortium regrouping engineering specialist and local partner Aveng and Bouygues – has submitted a bid for the construction of EPR-type nuclear plants representing 3,000 to 3,500 MW.

NUCLEAR INVESTMENT

EDF is committed to EPR technology in four priority countries which already have experience in nuclear generation.

UNITED STATES

The United States is the largest energy market in the world, with total sales of 3,670 TWh and a forecasted average annual growth rate of 2% between 2007 and 2010. (Source: Energy Information Administration, 2006.)

CHINA

Nuclear generation fleet: 7,000 MW in 2007. Annual growth in electricity demand: far higher than in Europe (15% per year on average, compared with less than 2% per year in Europe). The proportion of Chinese nuclear-generated electricity is expected to double by 2020.

As planned since 2004, the concrete for the first part of the slab for the floor of the Flamanville 3 nuclear reactor was poured at the beginning of December. At the end of 2007, 95% of the contracts had been signed, securing the cost at the expected level of around €3.3 billion in terms of 2005 euros. The site currently employs 700 individuals, a figure which is expected to rise to 2,000 at the height of its activity. It brings together players from all sectors of the French nuclear industry, in particular Bouygues, Areva and Alstom. The construction of this state-of-the-art EPR will showcase EDF’s expertise in managing such projects.
2/Investing in renewables and energy eco-efficiency

Energy efficiency and renewables save fossil resources and do not emit greenhouse gases. As the leading producer of hydroelectric power in Europe, the Group is confirming its leadership position in renewable energies, supported particularly by EDF Énergies Nouvelles. Each of the Group’s companies deploys energy efficiency offers in its national market.

Wind power experiencing worldwide growth

With strong positioning in Europe and the United States, EDF Énergies Nouvelles (50% owned subsidiary of EDF) owes its success to its dynamism in international markets. The company is mostly counting on wind power to achieve its target of total installed capacity of 3,300 MW net around 2011. In 2007, it exceeded the 1,000 MW net installed capacity level and launched a record number of new construction projects in Europe and the United States. The turbine supply has been secured through agreements with the major manufacturers globally. In the United Kingdom, EDF Énergies Nouvelles is working with EDF Energy on building a substantial portfolio of onshore and offshore windfarms. In September, EDF Energy received authorization for an offshore project to build 90 MW in Northeast England. The company is also investing in other renewable energies and has rapidly

Edison 2008-2013

€1 billion for renewable energies, or double the previous target

2,700 MW installed capacity in Italy and other countries in 2013
expanded its solar business with several hundred megawatts under development in France, Italy, Spain, Greece and the United States. It has signed a number of contracts with manufacturers of photovoltaic modules. It is also entering the biogas and biofuel markets in Belgium.

The deployment of distributed energies
EDF EnR Réparties (EDF EnR), 100% owned by EDF, and which in time is destined to be co-owned by its subsidiary EDF Développement Environnement SA (‘EDEV’) and EDF Énergies Nouvelles, offers generation solutions based on renewable energies integrated within buildings (photovoltaic arrays located on roofs, solar water heaters, heat pumps and wood-fired heating). High temperature heat pumps are arriving at maturity and are moving to the industrial stage based on an EDF R&D patent.

Launching energy eco-efficiency offers
In the Group’s national markets, energy eco-efficiency solutions and services are already very much part of the sales and marketing offer. In France, EDF has already contributed to numerous energy saving and distributed renewables projects in homes, the service sector and industry. For the corporate sector, EDF is accelerating its sales and marketing effort to collect energy savings certificates with integrated services and installing, financing and maintaining efficient equipment. In the residential market, EDF has launched its Bleu Ciel d’EDF brand which encompasses all its energy eco-efficiency offers. The Customer Branch has regrouped its supply, services and distributed renewables businesses in order to gear its entire offer towards energy eco-efficiency. In Martinique, Guyana and Reunion Island, EDF and its partners: regional authorities and the French Agency for Environment and Energy Management (Agence de l’Environnement et de la Maîtrise de l’Énergie – Ademe) have distributed nearly a million low-energy light bulbs to individuals. In the United Kingdom, EDF Energy has been marketing energy eco-efficiency services for several years. Its partnership with the London 2012 Olympic Games is focused on reducing CO2 emissions. In Italy, Edison offers energy efficiency solutions to its customers. In Germany, EnBW is testing a smart electricity meter in the homes of more than 1,000 residential customers.

Total gross installed capacity and EDF EN Group share at 31/12/2007

<table>
<thead>
<tr>
<th>(IN MW)</th>
<th>December 31, 2006</th>
<th>December 31, 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>GROSS</td>
<td>NET</td>
</tr>
<tr>
<td>WIND POWER</td>
<td></td>
<td></td>
</tr>
<tr>
<td>France</td>
<td>73.8</td>
<td>57.8</td>
</tr>
<tr>
<td>Portugal</td>
<td>143.8</td>
<td>86.6</td>
</tr>
<tr>
<td>Greece</td>
<td>75.4</td>
<td>74.1</td>
</tr>
<tr>
<td>Italy</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>79.2</td>
<td>79.2</td>
</tr>
<tr>
<td>Germany</td>
<td>3.0</td>
<td>3.0</td>
</tr>
<tr>
<td>United States</td>
<td>437.6</td>
<td>306.2</td>
</tr>
<tr>
<td>Total wind power</td>
<td>812.8</td>
<td>606.9</td>
</tr>
<tr>
<td>OTHER RENEWABLES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hydro Biomass Thermal Solar</td>
<td>223.9</td>
<td>163.4</td>
</tr>
<tr>
<td>Total EDF EN</td>
<td>1,036.7</td>
<td>770.3</td>
</tr>
</tbody>
</table>

1. Total capacity of all EDF Énergies Nouvelles plants whatever the percentage of participation held by EDF Énergies Nouvelles.

HYDROPOWER: THE LEADING RENEWABLE ENERGY
In France, EDF combines hydro and nuclear technologies to supply electricity which is 95% carbon free. The facilities are being developed particularly in Corsica, with the Rizzanese dam project, and on Reunion Island with the extension of the Rivière de l’Est dam.

EDF is also involved as a co-investor worldwide. In Laos, the company is lead contractor on the Nam Theun 2 Power Company project (35% owned by EDF) for a 1,070 MW hydropower facility to be commissioned in 2008.

BIOMASSE
In July 2007, EDF Trading acquired Renewable Fuel Supply Ltd (RFSL). RFSL provides a biomass procurement service, logistical support and technical support to coal-fired generation companies wishing to ‘co-fire’ biomass with coal in their plants.

WIND POWER GENERATION: PREDICTING THE UNPREDICTABLE
In 2007, EDF R&D developed the day-to-day forecasting of wind generation, using an analog method. This involves finding a day in the past when weather conditions were close to those forecast by French weather agency, Météo-France. This method will be refined with hourly forecasts and correlations between wind and generation once the fleet exceeds 2,500 MW.

Partnership with the French Building Federation

50,000 construction professionals trained over two years in energy eco-efficiency techniques
Generation, a new momentum
EDF is accelerating its investment in generation. In addition to the Flamanville EPR unit, the re-commissioning of fuel oil-fired units, the construction of combustion turbines and the hydropower facilities in Corsica and French overseas departments launched in 2004, the Group decided on new investments in June 2007. These involve the construction of three combined-cycle gas plants at Blénod (440 MW) and Martigues, where the oil-fired plant will be converted into two combined-cycle gas plants, each with capacity of 465 MW. The CCGTs emit the least CO₂ and nitrogen oxide of the technologies in the fossil-fired fleet and no sulfur emissions. These CCGTs will be similar to the three units EDF Energy will be building at West Burton, in order to benefit from synergies for greater purchasing power.

To bolster its extreme peak generation, EDF has also committed to 555 MW of combustion turbine capacity at Vaires-sur-Marne and Montereau, in addition to the 550 MW at Vitry and Vaires decided in 2005. EDF also invests in the heavy maintenance of its hydropower facilities (SuPerHydro program) and in the “housekeeping” of its nuclear plants.

In the French overseas departments, EDF has launched the renewal of six of its seven oil-fired plants.

Networks: investments made by the regulated subsidiaries
Network investment in France is made by the specialized, legally independent subsidiaries: RTE (100% owned by EDF) for electricity transmission and ERDF (100% owned by EDF, created on January 1, 2008) for distribution. The two subsidiaries have ambitious equipment plans. In order to secure its network and strengthen its anchorage in the European system, RTE will increase its investment to an annual €950 million between 2008 and 2011. Investment in the distribution network has risen by more than 12% between 2005 et 2007. In order to meet rising demand, modernize the industrial assets and reduce network sensitivity to extreme weather conditions, ERDF plans to invest more than €2 billion in 2008 (€1.7 billion in 2007 and €1.6 billion in 2006). One of ERDF’s projects involves replacing the 35 million meters in France with smart meters. This is a ten-year project costing several billion euros. A pilot project has already been launched to deploy 300,000 meters over two years.

1. See Generation in France page 62.
2. Turbine à Combustion or TAC.
4/ Securing gas supply

Natural gas is the fossil energy emitting the least CO₂ per kWh generated and security of supply is a critical issue for Europe and for its electricity generation. The EDF Group’s gas strategy therefore aims to meet the increased supply requirement created by its growth, and adopt a European approach in order to gradually position EDF as a gas player in its own right.

A gradual, coherent approach
The EDF Group is present in the natural gas supply market mainly through EDF Energy in the United Kingdom, EnBW in Germany, Edison in Italy and EDF in France and Belgium. It is supported by EDF Trading, particularly for its operations in the wholesale markets.

The Group is building a secure and flexible diversified portfolio of assets, whether physical or contractual, in order to ensure its supply (procurement contracts, reserves) and logistics (gas pipelines, storage facilities, LNG chain). Investments are aimed at securing the supply for the company’s power plants and for its direct customers, for whom it is developing a dual electricity and gas offer.

A balanced geographical strategy
The Group is adding new projects in Northwest Europe to Edison’s historical projects in Southeast Europe.

In France, the public debate on the Dunkirk terminal was concluded in December 2007. This construction project, for which EDF has exclusive rights, involves capacity of at least 6 billion cubic meters per year in phase 1 (coming on line planned for 2012) and at least 12 billion cubic meters per year in phase 2.

EDF is going to invest with EnBW in an underground salt cavern gas storage facility at Etzel, in Germany. For its part, EDF Trading has acquired regasification capacity in the Montoir LNG terminal in France for 2007 and 2008 and concluded an agreement with flexibility for interruptible deliveries of up to 4.5 billion cubic meters per year with Rasgas (Qatar) at the Zeebrugge LNG terminal in Belgium. EnBW is also participating in the LionGas terminal project in Rotterdam.

In Southern Europe, the construction of the Rovigo offshore terminal continues and is expected to come on line in 2008. There Edison will have access to 6.4 billion cubic meters per year of Qatari gas over a 25-year period. Edison continues to develop IGI gas pipeline projects between Turkey, Greece and Italy, and Galsi, between Algeria and Italy, the two amounting to annual capacity of 8 billion cubic meters.

In June 2007, EDF established a consortium with Distrigaz, ENI and Essent, giving each company access to 0.2 billion cubic meters per year at the Fos Cavaou terminal, as soon as it comes on line, which is expected in 2008.

1. Liquefied Natural Gas.
2. Sales and own consumption included at 100%, which is to say not consolidated, excluding EDF Trading’s gas activity and sales of gas produced by Edison outside Italy.
5/ Strengthening the business in Europe

Europe needs to build some 600 to 700 MW$^1$ of additional electricity generation capacity between 2005 and 2030 in order to meet demand. It needs powerful industrial companies, capable of committing to these technical investments over the long term. With its European focus, EDF plans to confirm its leadership position while respecting the values of the countries in which it operates.

Synergies across all businesses
The Group’s teams are looking to increase their synergies. EDF Énergies Nouvelles and EDF Energy are working together to build windfarms in England. EDF Energy is benefiting from EDF’s experience in France and its backing in nuclear investment projects in the United Kingdom. EDF R&D is working with the R&D departments of Edison and EnBW and its engineers are studying, with EnBW, a super-critical coal boiler with 50% efficiency (38% currently). In procurement, EDF in France and EDF Energy regroup their bids on calls for tender for gas turbines, while ERDF works with EDF Energy and EnBW for its HVA cable procurement (8,000 km annually between February 2008 and the end of January 2010). Demasz in Hungary cooperates with SSE in Slovakia for its distribution activities and with SSE and Everen (Poland) in electricity trading, either directly or via EDF Trading. As the European leader in its sector, EDF Trading works for the whole of the Group in Europe.

98% of EDF’s sales generated in Europe
46% of sales outside France

The Renardières R&D laboratory. More and more synergies are being generated between EDF researchers in France, Germany and Italy.
Converging growth dynamics
Converging growth dynamics Edison, plans to invest €3.2 billion in natural gas and €3 billion in electricity between now and 2013. Edison is aiming to extend its electricity generation and gas production activities to Greece, the Balkans and Turkey. It plans to build a supercritical coal-fired power plant in Karlsruhe. These two large companies are thus committing to an investment effort consistent with that of EDF’s in France and EDF Energy in the United Kingdom.

Strengthening the positioning in Europe
The Group is already well positioned in France, the United Kingdom, Italy and Germany and is continuing to develop in other countries such as the Netherlands (construction of a combined-cycle gas plant with Delta NV), Greece and Turkey (via Edison and EnBW).

The gas strategy is an integral part of this European growth dynamic, bolstering the Group’s position in the European gas market and leveraging significant synergies. In the Central and Eastern European countries, and even Russia, EDF plans to continue its development in building on its current positioning together with EnBW and Edison.

€1 billion
EnBW investment in a supercritical coal-fired power plant

→ A EUROPEAN APPROACH

The British experience helped EDF prepare for the opening of the residential market in France, with EDF Energy employees assisting in the setting up of the customer platforms. The Lyon call center has a British manager. EDF and EnBW are increasing their cooperation, particularly in nuclear operations and hydro and fossil-fired operations.

2. See section on Edison and EnBW in this report.

11 countries
The Group’s coordinated sales and marketing network

€300 million
Purchasing capacity of the Group's Carbon Fund, pulled by EDF Trading
THREE DRIVERS OF SUSTAINABLE GROWTH
To support its strategy, the Group is investing in the skills and motivation of its teams. Recruitment is being increased in high-growth sectors, such as nuclear generation and sales and marketing. The Group is building the future with pro-active R&D, with state-of-the-art resources focused on two objectives: to contribute to EDF’s competitiveness in providing the teams with the most effective tools, methods and techniques and to prepare for long-term developments through its research programs. The EDF Group’s objective is to grow sustainably, limiting its environmental footprint and providing current and future generations with effective solutions.
Highly skilled, motivated teams

Market opening and the distribution subsidiary, regulatory change, reform of the special pension schemes in France: EDF has implemented a policy of profound change while maintaining its internal cohesion, in honing its strategy for skills renewal and pursuing the integration of the Group.

Winning through competence

Forward-looking businesses
Faced with the retirement of numerous employees in the near future, skills renewal is a major challenge. EDF plans for this within a context of headcount optimization. The company is establishing forward-looking programs in each of its businesses.

Different career paths
For EDF, resource optimization is an ongoing priority and the company is implementing an oriented mobility program with targets set by branch and division. Employees are thus able to pursue a number of different career paths. They benefit from significant resources offering training and support for geographical mobility in terms of housing, employment for a spouse, etc. A new employment mobility information

23,000 employees changed their job specifications in France in 2007

6,000 individuals transferred from distribution to sales and marketing

The Gravelines plant. Here, two apprentices out of the 300 recruited in 2007 by the nuclear division.
Three major priorities

→ Adapting jobs and skills
→ Motivating employees through attractive working conditions
→ Encouraging workplace dialogue

system was created in 2007. Accessible to all EDF employees in France, it provides information on available job opportunities and gives all the entities a detailed picture of employee mobility.

A recruitment dynamic
In order to adapt their businesses and skills in line with the Group’s development, EDF and ERDF plan to recruit around 14,000 people in France over the next five years. In nuclear, the company will recruit 500 engineers each year over the next five years, a threefold increase on previous levels. To attract talented individuals, EDF has launched a communication campaign to promote its “employer brand”. The objective: to show young graduates that, with EDF, they can put their education to work while gaining a career path. A special website (www.edfrecrute.com) has been set up. At the Energy Day, held at the Cité des sciences et de l’industrie in Paris, 1,000 engineering students found out about the Group’s businesses and were offered 350 internships.

Training more in tune with the businesses
In order to support its employment policy, EDF has reorganized its training programs. The new EDF Vocational Training entity is structured around the main businesses in order for training to be more in tune with their needs and involve managers and employees more closely. Specialist structures coordinated at national level have thus been created: Generation, Sales and Marketing, Distribution, Management and the National Expertise Structure.

Strong growth in apprenticeship
Apprenticeship is one of the drivers in skills renewal. The company achieved its target, set in 2005, to increase the number of apprentices by 20% over a two-year period. Ahead of the application of the new French law relating to a first job for young people, EDF already has 1,000 apprentices (3% of headcount) in its Generation Branch. They are supported by highly-motivated mentors and most will go on to be recruited by the Group. Some will find employment with companies which provide services, and in which EDF is keen to secure skill levels. In 2007, more than 70 apprentices were being trained in Nuclear Operations within the framework of contracts with service providers guaranteeing their first job.

Nuclear Generation
EDF conducts regional operations to identify employees in service functions with the potential to move to technical positions. The Meet Nuclear Operations sessions (Carrefours de la Division Production nucléaire) were thus attended by 350 employees, of whom 120 chose to join the Division after training.

300 apprentices recruited in 2007
40 more young executives recruited in 2007 by the nuclear fleet in France in order to create a pool of international executives: after experience of an operating role in a power plant, they will be available for international postings

Training
900 employees from different professions became customer counselors after an average of 50 days of training
26 European Key Account Managers in sales and marketing trained to work as a network in multi-cultural environments

“Respect for individuals, environmental responsibility, striving for excellence, a commitment to the community and the necessity of integrity: our Group values give us a significant advantage in attracting and securing the loyalty of the talented people we need.”

Yann Laroche, Chief HR and Communications Officer
Mobilizing employees

Recognition and compensation
Compensation increasingly includes a variable portion, linked to both collective and individual performance. Furthermore, a bonus issue of 2.8 million shares has been decided and their distribution to the beneficiaries was the subject of an employee agreement in June 2007. Some 150,000 employees located in 22 countries will each receive an average of 19.2 shares. The vesting of the shares on August 31, 2009 is subject to continued presence during the vesting period and to collective performance targets: Group EBITDA growth (excluding changes in scope and exchange rate variations) averaging at least 3% per annum between 2006 and 2008.

Cohesion and shared values
The companies within the Group have their own separate human resource policies consistent with the laws and practices in their countries. The Group is nonetheless committed to developing cohesion between the teams and promoting a common ethic. An HR Team meets monthly with the Chief HR and Communications Officer to coordinate HR policies and their performance indicators. It has created a number of working groups, including Health and Safety, which reports on health and safety performance within the Group companies. In 2007, ten cross-Group projects were launched at the annual HR convention in Milan, on themes such as the “employer brand”, working hours, etc. They are monitored monthly by the HR Team.

Health and safety in the workplace
The Health and Safety results continue to improve, justifying the deployment of the strategy first launched in 2003. At below four, the industrial injury frequency rate puts EDF amongst the top-ranked French companies and European energy players on this metric. In 2007, the branches, divisions and businesses made a sustained effort to prevent psycho-social risks. Following on from 2006, EDF initiatives continued to address public health issues: finalization of the influenza pandemic plan, conference on AIDS prevention. The updated Health and Safety policy will integrate the impact of organizational and management change on health in the workplace.

Quality of life in the workplace: a project-based approach
The human dimension and the quality of working conditions are priorities. Following a number of unfortunate events, the company created a workplace observatory on quality of life in the workplace (Observatoire national de la qualité de vie au travail), strengthened its ethical guidelines and simplified its procedures to encourage a more hands-on management style. The observatory, which held its first meeting in June 2007, constitutes a forum for dialogue, involving doctors, managers, social partners, etc. and is tasked with monitoring quality of life in the workplace. A Group project focused on this issue is developing a method to establish a system...
of local audits together with the appropriate performance indicators. The Group’s values have been reaffirmed and were the subject of a major internal communication campaign via management. Each unit has appointed an ethics coordinator, and a “workplace life” toll-free number has been set up for employees in difficulty.

**Diversity, a real strength**

The employment policy also aims to promote proximity and diversity in order to enrich the company’s social fabric. The 2006-08 social agreement sets a target of 4% of the overall total for the recruitment of disabled employees. Distribution (ERDF as of January 1, 2008) made a particularly strong contribution in 2007 with 4.5%.

A new agreement concluded on December 21 reflects the shared determination to promote diversity and professional gender equality at all levels of the company. The first agreement had helped reduce the average disparity between men and women’s salaries from 4.7% to 1.6% between 2002 and 2006. The new agreement also covers access to training and the work-life balance.

**Promoting workplace dialogue**

**CSR: positive results and extension**

The results for the first two years of the Corporate Social Responsibility agreement (CSR) show that, within very different contexts, the Group companies have fully respected the commitments. In 2007, the signatories extended this agreement for a further year. Employee dialogue has been conducted in all the companies to identify the local initiatives to be prioritized.

**New employee representative bodies**

Pursuant to company law, EDF has created a Corporate Works Council (Comité central d’entreprise - CCE) and Works Councils (Comités d’établissement - CE), to replace its former structures. Agreements were concluded with the social partners on the organization of professional elections. These were held at the end of 2007, within the period foreseen by the agreement with the electricity and gas branch (IEG). Negotiations are continuing on the exercise of union law, the composition and functioning laws of the Secondary Personnel Commissions and the establishment of the Corporate Works Council.

**Reform of the special pension scheme**

Pursuant to the French government’s decision to harmonize the special pension schemes with the civil service pension scheme, negotiation began with the social partners in the electricity and gas industry workers branch (IEG) during the first quarter of 2007. Significant information resources were put at the disposal of employees: individual simulation tools, documentation on the expected changes to the special electricity and gas sector scheme, information meetings, etc.

---

**Business Customers of the Customer Branch France:**

33% of management committee members are women

—

**In Hungary, Demasz accredited as an employer for the disabled**

—

The EDF employment policy aims to promote diversity in order to enrich the company’s social fabric. The new 2007 agreement reflects the shared determination to promote professional gender equality at all levels of the Group.
Research & Development: support and anticipation

The EDF Group is preparing for the future and investing in innovation. The R&D Division is a real asset for EDF, working to serve customers and the operating activities alike. It is contributing to overall performance and preparing technological breakthroughs.

Boosting overall Group performance
The R&D Division helps boost the performances of the Group’s businesses through contracts with the different branches and divisions for technology watch, studies, expertise and development. R&D is in a good position to organize the transfer of methods and tools from one business to another and to encourage Group entities to set up joint projects if their needs are similar. A Group R&D Committee was set up by EDF Energy, EnBW and Edison, with initial exchanges focusing on energy eco-efficiency. EDF R&D has some 20 projects underway with EDF Energy. In 2007, the Division helped adapt the progress contracts developed for French companies to large customers in the UK based on audits of their energy consumption. It is also developing software to help EDF Energy counselors market energy efficient solutions to residential customers by telephone. Cooperation with EnBW is built around EIFER, the joint laboratory between EDF R&D and the University of Karlsruhe, and projects relating to distributed energy, geothermal, biomass and sustainable urban development. A first project portfolio was also set up

Partnership with the Energy Research Institute of India (TERI), headed by Rajendra K. Pachauri, Nobel Prize laureate and IPCC Chairman

The R&D teams are developing tools to make generation facilities more efficient. Here, laser measurement of water through-flow speeds inside nuclear assemblies.
Preparing for the future
EDF R&D defined 12 new Challenges for 2007-2009, based on the Group’s five strategic priorities. Several hundred researchers and numerous partners in France and abroad are working on research programs designed to pave the way for future growth. Of the different areas they address, several relate directly to environmental protection: renewable energy, rechargeable hybrid vehicles, new services, energy eco-efficiency end-uses in buildings and industry, and local energy policy. EDF R&D also helped the Group prepare its contribution to the French national conference on the environment (Grenelle de l’environnement) in 2007.

The IBM supercomputer delivered in 2007, a major investment for the Group, will position EDF among the world leaders in terms of numerical simulation. The Group ranks first in the worldwide industry in terms of scientific computation.

Excellence and cooperation
EDF R&D is cultivating its areas of excellence, including in materials and hydraulics.

In 2007, it set up the Materials Ageing Institute (MAI), an international research center for the durability of materials, at the les Renardières site. At the same time, it is optimizing its own performance by forging partnerships with universities and research centers both in France and abroad, especially via joint laboratories. For instance, in 2007, EDF R&D set up its eleventh joint laboratory with Ecole nationale des ponts et chaussées and the Centre d’études techniques maritimes et fluviales (Institute for Maritime and Waterway Studies). The new lab is focusing on fluid mechanics as applied to hydraulics and the environment.

It also set up ECLEER, the European Center and Laboratories for Energy Efficiency Research on construction and industry, at the les Renardières site, with support from Edison. Its leading partners are Ecole polytechnique fédérale de Lausanne and Ecole des mines de Paris. With EDF Energy, R&D helped create the Energy Technologies Institute at Loughborough. This public-private partnership will play a key role in reviving research on low-carbon technologies in Great Britain.

The Photovoltaic Energy Research and Development Institute (Institut de recherche et de développement sur l’énergie photovoltaïque – IRDEP) at the EDF R&D facility in Chatou. Work is being done with thin-film photovoltaic modules to lift the conversion rate from 20% currently to more than 50%.

800 development projects
designed to serve operating teams

with Edison, focusing in particular on fuel cells and solar energy.

R&D

1,950 people of which one third are women
200 doctoral students of which half work in-house
67 new hires of which 17 from countries other than France
€375 million R&D budget for EDF in 2007, of which more than €100 million for environmental protection
375 patents on innovations
1,020 property rights in France and abroad

TWO MAJOR LONG-TERM PARTNERSHIPS WITH

The French Atomic Energy Commission (Commissariat à l’Energie Atomique – CEA), via a tripartite agreement with EDF and Areva

The Electric Power Research Institute, which handles R&D for American utilities. EDF is its leading foreign partner, notably for studying materials ageing and smart grids.
Social and Environmental Responsibility

In addition to developing competitive, low-carbon generation technologies and energy efficiency solutions, the EDF Group strategy focuses on improving its performance with regard to the social and environmental aspects of sustainable development.

Committed to protecting the Environment

Through investment...
The EDF Group is striving to minimize the environmental footprint of its electricity generation, transmission and distribution facilities. As a whole, EDF’s CO₂ emissions per kWh produced are three times lower than the European average. In France, 95% of generation is completely CO₂ free. During the French national conference on the environment (Grenelle de l’environnement) in 2007, EDF France set a goal of reducing its CO₂ emissions by more than 20% between now and 2020. EDF Energy committed to reduce the carbon intensity of its generation activities in the UK by 60% over the same period. The Group is implementing a far-reaching denitrification program at its fossil-fired units, targeting Le Havre 4 and Cordemais 5 late in 2007 and in 2008, Cordemais 4, Vazzio (Corsica), Bellefontaine and soon Pointe des Carrières in Martinique. After Le Havre 4 and Cordemais 5 and 6 at the end of the 1990s in France, it is also installing desulphurization units in the UK at West Burton and Cottam, in Poland at Rybnik, and in China, at Shiheng.

... and through concrete action
In France, the level of liquid radioactive waste (excluding tritium, carbon 14 and NI-63) produced by the nuclear plants remains well below the regulatory limit. As regards the distribution network, ERDF exceeds the burial requirements set forth in the Public Service Agreement for 2007, with 94% of new HV lines laid underground and 65% of new LV lines installed using underground or discreet technology. ERDF is continuing to bury existing lines and eliminate polluted PCB transformers.

All Group sites worldwide certified ISO 9001 and ISO 14001

Golfech the first nuclear power plant in Europe to obtain EFQM certification for Quality Management
Solidarity a core part of action strategy

Formalizing commitments to society
The EDF Group’s commitments to society are outlined in the Public Service Agreement signed with the French State in 2005 and in the Corporate Social Responsibility (CSR) agreement entered into with stakeholders for all Group companies. In keeping with the CSR Agreement, the contractual terms of the sale of the Group’s plants in Mexico included an agreement with plant employees and ensured that it be implemented by the buyer. Along the same lines, EDF works with the toughest safety standards, refusing to consider serious accidents as inevitable. Strict measures were thus adopted following two fatal accidents in 2006 at Kogeneracja, in Poland, and a safety committee has been set up at Nam Theun in Laos. The CSR agreement is reflected in the performance reviews of all Group companies.

Acting locally
EDF is fully aware that its stakeholders are a diverse group including vulnerable customers, young people, job seekers, and persons with disabilities. EDF is helping assure that these more vulnerable customers have access to essential services through adapted solutions. It is also facilitating job placement for young people and providing emergency assistance to those confronted with critical situations or crises. All Group companies are acting locally by supporting projects that improve quality of life and create jobs. They are also contributing their expertise through energy eco-efficiency advice for local renovation programs; EDF Energy’s involvement in the Warm Zones in England is but one example. In addition, the companies are promoting education on energy issues.

Promoting access to energy
EDF is implementing energy access programs in developing countries, particularly Africa. Its goal is to work with local partners to set up decentralized service companies that are handed over once viability is assured. One example was the sale in 2007 of EDF’s stake in South Africa’s PNES, after it brought electricity to a township near Cape Town. EDF is involved in rural electrification programs in that country as well as in Mali, Morocco and Madagascar.

Our goal is not to adopt one approach for France and another for the rest of the world. We aim to apply the same high standards and targets of excellence for social and environmental performance everywhere. The Group is therefore called upon to make a distinct contribution to the countries in which it operates.”

Dominique Lagarde, Senior Executive Vice President, Strategy and Coordination

1. See 2007 Sustainable Development Report
2. PolyChloroBiphenyl.
The EDF Group generates 98% of its sales in Europe, where it is established on the four largest energy markets: France, the UK, Germany and Italy. Electricity and gas markets across the European Union were fully deregulated in 2007. The Group was prepared for this market opening and had made the appropriate changes. With concern mounting in Europe over energy supply and climate change, EDF's industrial solutions, adapted to each country but all geared to low-carbon generation and energy eco-efficiency, are more attractive than ever.
In Europe, increasingly concerned about issues of supply security and climate change, the EDF Group’s solutions, tailored to each country, but all focused on low-carbon generation and energy eco-efficiency offers, are of the utmost relevance.

**European energy policy and the choices ahead**

Growing awareness across the board
The European Council of Ministers expressed a desire to tackle climate change in March 2007, and its stance was echoed by the very proactive position adopted by the European Union at the Bali Earth Summit. The Council subsequently decided to include nuclear power as a possible part of the solution, alongside energy eco-efficiency and renewable energies.

Nuclear power seems even more crucial today in that Europe will be increasingly reliant upon imported fossil fuels, since it cannot generate enough renewable energy to satisfy both increasing demand and the required decrease in the use of fossil fuels.

The determining effect on the future of today’s decisions
The European electric system was in a situation of excess capacity for a time but is now showing signs of weakness. In addition, tougher environmental regulations have made even more plants obsolete. Of the 600 to 700 GW of new capacity the European Commission wants brought into service between 2005 and 2030, 300 GW will go to covering growing needs and 300 GW to replace facilities at the end of their useful life. These plans are an opportunity to adopt low-pollution, low-carbon and competitive generation technologies.

**Ongoing differences of opinion**

Positions with regard to nuclear power are thus becoming less categorical. Enel, Italy’s leading electricity company, has agreed to acquire a 12.5% stake in and help finance the Flamanville 3 EPR project. The British government has supported the idea of the country’s return to nuclear, but the debate is still ongoing in Germany: EnBW did not receive authorization to extend the lifetime of a nuclear power plant, and it was phased out as planned.

**Clear commitments from the EDF Group**

Keeping the focus on climate change
The Group is seeking first and foremost to develop generation methods that produce little or no CO₂, adapting its strategy to local political policy. The EPR at Flamanville is one example. In the UK, EDF Energy will build a CCGT to keep up with demand in the short term and, further out, will be positioned to take part in the country’s nuclear revival.

Edison’s investment policy in Italy has given it a relatively clean generation profile, with highly efficient CCGT plants. In Germany, EnBW is looking into building a high-efficiency supercritical coal boiler. At the same time, all Group companies are investing in renewable energies and developing energy eco-efficiency services.
An open but fragmented market

2007: full market opening
Electricity markets were fully opened across the European Union in 2007, and rules were applied to unbundle sales and marketing activities from network operations in order to guarantee equal access to networks. A number of Group entities were affected by these changes, chief among them EDF France, which set up distribution subsidiary ERDF on January 1, 2008, just as it had created RTE before (independently managed since 2000 and a subsidiary since 2005). Similar changes were made at SSE in Slovakia and Demasz in Hungary. The Group was able to benefit during this process from EDF Energy’s experience with the unbundling process over the last decade.

The need to improve fluidity
Market opening has not automatically created a single market. The European electricity industry is still fragmented. Some regions remain insular, including the Iberian Peninsula and Italy, where interconnections are insufficient. A market is nonetheless taking shape between Germany, France, Benelux and Switzerland but, even here, exchanges are limited by inadequate interconnection.

EDF policy: focusing on Europe
The EDF Group is delivering multi-country energy solutions through a coordinated sales and marketing network covering 11 countries (France, the UK, Germany, Belgium, Spain, Italy, Austria, Slovakia, Hungary, Poland and the Czech Republic). Slovakian affiliate SSE is also working with major accounts like PSA and Metro in their catchment area. The Group also entered into the carbon market late in 2006 by setting up a Carbon Fund to pool capacity to acquire emissions credits between EDF, EDF Energy, Edison and EnBW. Managed by EDF Trading, the Carbon Fund has a buying capacity of close to €300 million, making it one of the leading players in the emissions allowance market. The fund earned EDF Trading a Gold Award for Excellence in Emissions Markets in the 2007 Energy Business Awards.

OPTIMIZATION AND TRADING
To secure its energy supply, the Group is working with EDF Trading to organize cooperation between the optimization and trading entities of EDF France, EnBW in Germany, Edison in Italy, EDF Energy in the UK and Everen in Poland.

KEY ACCOUNTS
One graphic identity now used by the entire sales and marketing network for large accounts in Europe, bringing together EDF Energy, Edison, EnBW and EDF France.

"It was in Europe that the urgency of sharply reducing greenhouse gas emissions was first recognized, and today investment is needed to keep up with demand. We are convinced that energy eco-efficiency, renewable energies and nuclear power must necessarily be part of the solution. The EDF Group is ready to make all of its expertise available and mobilize its people, technologies and powerful industrial resources."

Bruno Lescoeur, Senior Executive Vice President, International Industrial and Public Affairs
KEY FIGURES

Sales:
€32.2 billion

65.7%
Group EBITDA contribution

Customers:
28.3 million*
(of which approximatively 120,000 for gas)

Employees:
105,322**

Installed capacity:
98 GWe*

Generation:
482.9 TWh*

* Including Corsica and overseas Departments.
** The EDF number of employees in France include EDF and RTE-EDF Transport employees as well as employees not belonging to the electricity and gas industry workers branch (IEG).

Customer service center in Saint-Étienne.
FRANCE

Groundwork laid for a new competitive environment

EDF implemented major changes in France ahead of full market opening in 2007. The sales and marketing and distribution activities were unbundled, and the ERDF distribution subsidiary has been operational since January 1, 2008.

Electricity: divergent trends
Mild weather in winter, cool temperatures in the summer and a sharp drop in the average price per tonne of CO₂ dragged spot prices lower in France and neighboring countries. However, starting in October, spot prices in France shot upward owing to higher coal and heating oil prices and temporary imbalances between supply and demand. There were several cold spells late in the year, when generation was limited by low rainfall in France, the absence of wind in Germany and the unavailability of several plants. Base load prices peaked at above €150/MWh, and these fluctuations were reflected in futures prices.

The integrated model proving optimum
EDF France took full advantage of the integration of its generation and sales and marketing activities. The Downstream Optimization and Trading Division specializes in matching upstream electricity and gas resources (generation and supply) with selling channels (sales to customers and wholesale markets and capacity auctions). It seeks, through its trading activities, to maximize gross margin across the board by controlling the risks stemming from fluctuations in customer consumption and generation and market variables. On a longer-term view, it suggests adaptations of the structure of the upstream and downstream portfolios based on forecast market trends.

EDF Trading, a wholly-owned EDF subsidiary, provides support for transactions on wholesale electricity, gas, emission allowance and fossil fuel markets.

Spot prices in France
Average €40.9/MWh for baseload
(vs. €49.3/MWh in 2006)

Average €58.5/MWh for peakload
(vs. €69.8/MWh in 2006)
Sales and marketing in France: the year of full market opening

In response to growing environmental concerns, EDF has focused its sales and marketing policy on energy eco-efficiency. The Bleu Ciel d’EDF® brand was launched for residential customers during the year, and the investment program has been stepped up further.

Renewing the residential offers

Successful market opening

For the full opening of the energy markets on July 1, 2007, EDF set two objectives: to enable any customer wishing to change supplier to do so easily and to guarantee all those who wanted to remain on the tariff the same quality of service. The objectives were fully achieved: customers wishing to do so have changed supplier without any difficulty and customer satisfaction did not decline. The cooperation between distribution and sales and marketing during this critical period was a key factor in the successful transition, involving more than 28.4 million points of delivery. Sales and marketing was completely transformed: information and telephone systems, product ranges, customer service centers.

26.9 million residential and professional customers

15 million visits per year to the residential website edf.fr

Gas supply to 60,000 residential customers (end December 2007)
**Services to make life easier**

2007 saw the launch of a number of services: Suivi Conso for personalized advice on managing energy consumption and Assistance Dépannage Électricité/Plomberie for repair assistance. The year’s other new developments: payment by SMS, electronic billing and the interactive telephone-based vocal server Mon Compte sur Serveur Vocal to communicate meter readings, consult account balances and pay bills by bank card. Thirteen percent of calls are already handled by this service. These services are in addition to those organized around a customer’s key life moments, moving house, improving comfort in the home, building a home, renovation of electrical equipment, etc.

**A new sales and marketing momentum based on energy eco-efficiency**

In September, following the opening of the residential market, EDF launched its sales and marketing brand, Bleu Ciel d’EDF®, which introduced a new dynamic: more ecology, more savings and more well-being.

---

### THE OPENING OF THE FRENCH MARKET FOR SALES AND MARKETING OCCURRED IN THE FOLLOWING STAGES

<table>
<thead>
<tr>
<th>% of Total Opening in Terms of Consumption (by volume)</th>
<th>Total Sites/Eligible Customers</th>
<th>Eligibility Threshold</th>
</tr>
</thead>
<tbody>
<tr>
<td>20%</td>
<td>200 sites</td>
<td>February 1999</td>
</tr>
<tr>
<td>30%</td>
<td>1,600 sites</td>
<td>May 2000</td>
</tr>
<tr>
<td>37%</td>
<td>3,200 sites et 99 ELD*</td>
<td>February 2003</td>
</tr>
<tr>
<td>69%</td>
<td>2.2 million customers</td>
<td>July 2004</td>
</tr>
<tr>
<td>100%</td>
<td>27 million customers</td>
<td>July 2007</td>
</tr>
</tbody>
</table>

*Local distribution companies.

---

We are experiencing a Copernican revolution. Customers are now empowered to make their own energy choices. They are even becoming energy producers. It is important for an energy company like EDF to participate in this new momentum.”

Jean-Pierre Benqué, Senior Executive Vice President, Customers.
through energy eco-efficiency offers within a new relationship putting customers in charge of their consumption and even their energy generation. As of 2008, Bleu Ciel d’EDF® will replace the Vivrélec® brand. The residential offer has now been enriched with a dual offer adding natural gas to electricity, an off-tariff electricity offer Mon contrat élec, and an Équilibre® offer proposing an audit aimed at preserving the environment while reducing customers’ energy bills.

Launched in November, the Bleu Ciel d’EDF Énergie Solaire® advisory service includes three photovoltaic offers, Énergie Solaire Clé en Main, Énergie Solaire Production Garantie, and Énergie Solaire Financement Adapte, developed and implemented by EDF Énergies Réparties.

The range of offers aimed at home heating renovation is growing and EDF is developing turnkey energy eco-efficiency renovation services. Based on a home energy and carbon performance audit, these services offer global renovation solutions integrating insulation and heating systems based on renewable solutions including heat pumps, individual solar water heaters, and wood-fired boilers.

**Helping vulnerable customers**

Having assumed responsibility for the management of vulnerable customers, the Customer Branch created a National Consumer Service and specially-trained regional teams, available 24/7 on a national toll-free number (0800 650 309). Support for vulnerable customers now includes the Maintien d'énergie service, which ensures a minimal service of 3,000 W in the event

---

**Vulnerable customers**

630,000 clients customers have benefited from EDF’s Tarif de Première Nécessité

300 advisors across the customer service centers
of payment arrears, a basic necessity tariff (Tarif de Première Nécessité) and the contribution to the housing solidarity fund (Fonds de solidarité logements départementaux) which pays a portion of the electricity bill.

**Professional customers**

<table>
<thead>
<tr>
<th>Professional customers</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>20,000</strong></td>
</tr>
<tr>
<td><strong>Électricité Pro</strong> offers</td>
</tr>
<tr>
<td><strong>47,000</strong></td>
</tr>
<tr>
<td><strong>2-hour repair services</strong></td>
</tr>
<tr>
<td><strong>55,000</strong></td>
</tr>
<tr>
<td><strong>contracts</strong></td>
</tr>
<tr>
<td><strong>Dual electricity and gas offer</strong></td>
</tr>
</tbody>
</table>

**Partnering businesses**

**Energy eco-efficiency to the fore**

In order to meet the expectations of businesses, EDF is developing a range of energy eco-efficiency services: equipment audits, installation and financing of energy-efficient equipment using mostly renewables, maintenance and operating services.

With the *Equilibre®* range, customers can purchase kWhs from renewable energy sources while providing support for the Cisel photovoltaic research program. They are supported in managing their energy usage and environmental impact by advisory and management services such as *Adviso®, di@lege®* and *Panorama®* (consumption monitoring and control) and audits such as *Diagnostic Optimia®* and *Contrat de progrès®* (consumption management).

**Quality of service and customer satisfaction**

Customer satisfaction is at the heart of EDF’s sales and marketing strategy. Some strengths are particularly appreciated such as:

- **EDF Pro** and its *Climsure* partnership network offer an energy-efficient air conditioning solution which guarantees maximum peace of mind: a free audit, advice on managing energy consumption, a five-year equipment guarantee, a maintenance contract as part of the offer and tailored financing.

---

**SALES AND MARKETING**

| **175,000** Premier Niveau Renovation renovation advisory services |
| **12,000** Objectif Travaux services |
| **336,500** Vivrélec® loans for new build or renovation |
| **100,700** Electricity Repair/Electricity + Plumbing Repair Services |
| **80,000** Assurélec® services |
| **46,500** Suivi Conso services |

---

**HIGH TEMPERATURE HEAT PUMPS**

In 2007, the new heat pump developed by EDF R&D allowed this new technology to take a significant step forward. It can heat an old house without any back-up energy even on the coldest day, while producing hot water. In a 160 m² house, substituting the heat pump for a fossil-fired boiler and without any modification in the central heating system, a high temperature heat pump can halve the heating bill and divide CO2 emissions by five. It is now moving into the industrial phase and will become part of EDF’s distributed renewables offer.

---

**COMPETITION**

In order to provide resellers who compete with EDF the maximum level of security within a context of high market prices, in December 2007 the French Competition Authorities accepted EDF’s commitment to give them access to a volume of base load energy. This supply will gradually increase in terms of power and price, to cover, as of 2013, the EPR development cost (€46 MWh 2005 euros).
as the warm welcome, the professionalism of EDF contacts or the day-to-day handling of requests. EDF is working on improving the quality of customer service in terms of billing and the time taken to handle complaints. The Business Customers Division is working to obtain ISO 14001 environmental certification.

**Partnership for electricity-intensive customers and transitional schemes for industrial companies**
Before the increase in market prices between 2000 and 2004, the French government instituted, for industrial companies having left the tariff, the opportunity to opt for a transitional regulated tariff for market adjustment (Tarif transitoire d’ajustement du marché – TarTAM), for a non-renewable two-year period. Its level may be no more than 25% above the regulated tariff applicable at a site with a similar amount of consumption. The customers had to ask EDF for this tariff before July 1, 2007. With the very large users regrouped in the Exeltium consortium, EDF is committed to a long-term industrial and sales and marketing partnership. The objective: to enable these customers to benefit from

---

**Business customers**

200,000 clients  
223.5 TWh\(^1\) electricity sales in 2007  
16.7 TWh\(^2\) natural gas sales

1. Excluding Tarif Bleu sales, handled by the Residential and small Business Customers Division for the Business Customers Division.  
2. Including sales to local authorities and low-income housing agencies.
visibility on the cost of their electricity supply in return for sharing the risks involved in investing in EDF’s generation assets. Its implementation is subject to no objection from the European authorities.

Support for local authorities

The proximity of an energy eco-efficiency partner
With the support of its subsidiaries, affiliates and partners, EDF is deploying an array of services, audits, advisory and consumption management tools to provide assistance to local authorities and low-income housing agencies in their energy eco-efficiency projects. It puts at their disposal multiple technical solutions based on renewable energies: solar, thermal, photovoltaic, geothermal, wood-burning and heat pumps. EDF advisors help them to improve the performance of their asset portfolio.

The enthusiasm shown by low-income housing agencies for the Montant de Charges offer, which includes a guarantee of results, demonstrates the relevance of such approaches, which also generate energy saving certificates.

Diversified operating systems
Numerous local authorities have installed efficient equipment with EDF. Saint-Etienne chose a photovoltaic installation for its Geoffroy Guichard stadium, while Chaville opted for the same type of equipment for its cultural center, designed as a showcase to raise clean energy awareness amongst inhabitants. The Urban Community of Pays d’Aubagne et de l’Etoile chose biogas to generate electricity resold to EDF. In Soultz, geothermal is providing comfort and energy efficiency in retirement homes. The same energy source heats the leisure center in the Community of Communes in Dunois.

The enthusiasm shown by low-income housing agencies for the Montant de Charges offer, which includes a guarantee of results, demonstrates the relevance of such approaches, which also generate energy saving certificates.

R&D

Creation of an internet site dedicated to 80,000 local authorities and low-income housing agencies in mainland France

Quality of service: 87% of customers satisfied in 2007

Creation of an internet site dedicated to 80,000 local authorities and low-income housing agencies in mainland France

Quality of service: 87% of customers satisfied in 2007

Generation in France

In France, EDF produced 482.9 TWh, including 86.6% from nuclear facilities. To respond to growing demand and peak load increase, industrial investment in all generation business has increased.

An efficient and diversified generation fleet
EDF utilizes its power plants giving priority to those that carry the lowest variable costs. Run-of-river hydro plants are called upon for base load generation and nuclear plants for base load and semi-base load. Dam hydro and fossil-fired units are relied upon for semi-base load and peak production.

The 58 nuclear reactors
The 58 nuclear reactors account for 86.6% of EDF’s generation in France. Availability was lower than in 2006 (80.2% versus 83.6%) owing to a generic failure, with no impact on safety, affecting 15 steam generators at the 900 MW and 1,300 MW units. A chemical treatment was developed in cooperation with the French Nuclear Safety Authority (Autorité de sûreté nucléaire - ASN) and successfully implemented at one plant during the first half of 2007, and subsequently at three other sites. EDF’s goal for the medium term is to achieve 85% availability thanks to a resolution of clogging problems with the steam generators, more efficient operations and further shortening of

95% of generation in France without CO₂ emissions, due to hydro and nuclear fleet

42.5 g CO₂/kWh emissions from EDF’s generation plants in France are eight times lower than the European average (372 CO₂/kWh – source AIE 2005)
the duration of shutdowns for fuel reloading. In 2007, six reactors were reloaded in less than 30 days and the Dampierre 2 unit in 23 days, a record for France.

**Hydro generation**

Hydro generation increased to 42.6 TWh from 40 TWh in 2006, despite unusually low rainfall. Demand response improved to 99.3% from 99.2% a year earlier. Availability fell to 90.9% from 91.7% in 2006, owing to work being done on the SuperHydro program.

**Fossil-fired units**

Investments made over the last three years in the fossil-fired units (coal, gas and oil) are beginning to bear fruit. These responsive and efficient assets account for 4.6% of EDF’s generation in continental France. Availability continues to improve, with an annual unavailability ratio of 11.96% in 2007 compared with a target of 13%. The oil-fired Cordemais 3 plant (700 MW) was brought back into service as planned, after being shut down for 12 years, and the new combustion turbine at Vitry (125 MW) was connected to the network. Work on the latter project mobilized 50 people over 18 months. EDF is investing in flexible and responsive plants to meet consumption peaks.

When it comes to energy and environmental challenges, our generation fleet is proof that it is possible to reconcile safety, competitiveness and climate protection. EDF’s resources are gaining new momentum with the EPR at Flamanville, investments in semi-base load and peak capacity, and our recruitment and training efforts.”

Bernard Dupraz, Senior Executive Vice President, Generation
45% of generation division employees to retire by 2015

Safety and radioprotection: making constant progress

Stringent controls and an industrial approach
Maintaining the highest level of safety and security is EDF’s top priority. Operators are responsible for overall evaluations in nuclear plants while the Senior Vice President, Nuclear Safety and Radioprotection conducts audits. The Nuclear Safety Authority (Autorité de sûreté nucléaire – ASN) also conducts 400 annual inspections. The ten-year inspections, which last about three months and require more than five years of preparation, involve complete “check-ups” and rely in part on technical innovations made possible by feedback from France and other countries. In 2007, the safety re-inspection for the first ten-year inspections of the 1,500 MW reactors led to in-depth exchanges with the Nuclear Safety Authority. The second ten-year inspection (20 years) of the 1,300 MW unit is underway and will continue through 2014. Meanwhile, the third ten-year inspection (30 years) of the 900 MW facilities will begin in 2009 at Tricastin and Fessenheim. A first contract for studies, maintenance work and upgrades was awarded to Areva in 2007.

Best international practices
Regular international inspections encourage the sharing of best practices. Initiated by the Nuclear Safety Authority, the Osart reviews conducted by the IAEA produced some recommendations on operational safety. The Osart conducted at

Five key priorities for 2007

Operate the Group’s 58 reactors safely and improve their performance
Continue to invest in the fossil-fired facilities
0.8 event of safety significance
(level one or higher)
per reactor on average in 2007
(1.2 per reactor in 2006)

Chinon in 2007 identified 11 best practices. Meanwhile, the Peer Reviews conducted by WANO at EDF’s request, were an opportunity to compare safety performance to best international practice. These reviews were done at the Blayais, Cruas, Fessenheim and Penly facilities in 2007.

Radioprotection: exceeding targets
The average cumulative dose declined to 0.60 man-Sieverts per reactor per year from 0.69 man-Sieverts in 2006. The 2007 level was comparable to those recorded by nuclear operators working with the same technology in Germany, Japan and the US. Individual exposure was well below the regulatory limit of 20 mSv over 12 months: in 2007, only 20 people from EDF or subcontractors received cumulative doses of more than 16 mSv. More progress must still be made in managing radiation risk (119 significant events in 2007).

Hydro safety: applying the same level of vigilance
EDF pays close attention to safety at its hydro plants, notably in regard to operations during floods and protection downstream of dams. The Group conducts information campaigns every year to build awareness among those coming into contact with the hydro sites. Infrastructure is also subjected to ten-year safety inspections. A total of 12 dams were inspected in 2007.

1. Operational Safety Review Team.
2. International Atomic Energy Agency.

Meet the objectives set for the Flamanville 3 EPR in terms of quality, deadlines and costs

Support EDF’s international development, notably in the nuclear field

Update and boost skills
East Hydro-generation unit: the first to get triple certification: ISO 9001, ISO 14001 and OHSAS 18001.

Minimizing the environmental footprint of our facilities

EDF is reducing the environmental impact of its facilities along with waste and effluents. The denitrification systems in place at the fossil-fired units at Havre 4 and Cordemais 5 since the end of 2007, and to be installed at Cordemais 4 in 2008, reduce nitrogen oxide emissions by 80%. The flue gas desulphurization systems already installed at these units are 90% efficient. In addition, the use of very low sulfur-content fuel (0.55%), including at Cordemais 3, is further limiting the Group’s environmental impact. Thanks to tight at-source control and management of effluent production at the nuclear plants, liquid radioactive waste (excluding tritium, carbon 14 and NI-63) was kept well below the regulatory limit at 0.3 GBq per reactor and per year. Progress was also made on chemical waste: where hydrazine is concerned, just a few kg were emitted per reactor and per year, and for boric acid, emissions have fallen by 30% since 2004.

Radioactive waste is managed with extreme caution and in complete safety before being shipped to Andra sites for storage. EDF is working hard to reduce production at the source, efforts that will also yield economic benefits.
Ramping up investment

Boosting generation capacity in all segments
EDF maintained its investment program in 2007 to keep up with increases in electricity needs and peak demand. The investments are spread across all business lines: nuclear, with the EPR at Flamanville 3, hydro with the construction of the 54 MW Rizzanese dam in Corsica, and fossil-fired with the re-commissioning of four oil-fired units (Porcheville B1 and B2, Cordemais and Aramon, total capacity of 2,540 MW) and the construction of new combustion turbines (550 MW) at Vitry and Vaires.

EDF also invested during the year in semi-base load and peak load capacity with CCGTs at Blénod and Martigues and combustion turbines (555 MW) at Vaires-sur-Marne and Montereau (see section on investing in industrial assets in France), for a combined capacity of 1,925 MW.

Sustainable improvements in economic performance and safety
Other investments are geared to improving efficiency and safety at existing plants. Between 2007 and 2011, EDF will invest nearly €560 million in the SuPerHydro program (Safety, Performance, Hydro) approved late in 2006 and involving 450 renovation and overhaul projects. In 2007, priority was given to preparing for the re-commissioning of major facilities that have been shut down, including Tuilières and Pragnères. Among the large projects conducted during the year were improvements to the canal of the Mauzac factory, the renovation of the alternators at Pizançon, the treatment of the penstocks at Luz 1, the rehabilitation of a generation unit at the Kembs plant, and the renovation of the gates at Cadarache.

2. Agence nationale pour la gestion des déchets radioactifs.
Regulated businesses in France

EDF’s transmission and distribution businesses in France are managed by specific subsidiaries that are independent: RTE is responsible for transmission operations and ERDF, a subsidiary created on January 1, 2008, for the distribution activities. Both are investing heavily to keep up with growing demand. They are accountable to the Energy Regulation Commission (Commission de Régulation de l’Énergie – CRE) for the transparent and non-discriminatory nature of their services.

RTE
100,000 km of high voltage and ultra-high voltage grids (63 kV – 400 kV)

44 cross-border lines

RTE EDF Transport, the independent transmission network operator
The law gives RTE, a wholly-owned subsidiary of the EDF Group, a specific status that, under the supervision of the Energy Regulation Commission, guarantees its independence and neutrality. RTE is entering a new phase of its investment program, preparing to spend close to €950 million a year between 2008 and 2011. Tariff adjustments should help finance these investments. The funds spent in 2007 (€792 million) mainly went to securing the national network.

An independent distribution network operator
2007 devoted to reorganization
The organization and management of the distribution activities underwent unprecedented changes when the residential market was opened to competition. These changes were successfully implemented thanks to the dedication of EDF employees and to cooperation with the Customer Branch.

Creation of ERDF
EDF subsidiary ERDF (Électricité Réseau Distribution France) has been operational since January 1, 2008. It has its own supervisory and management boards, and its governance rules guarantee that it is independently managed. Most ERDF employees report to a service that is shared with the Gaz de France distribution subsidiary.

In 2008, ERDF will develop an industry, employee and society project focused on improving quality of services and supply,

ERDF
1.27 million km of high and low voltage lines

35 million meters

1,200 concessions

4,292 producers connected

94% ERDF supplies electricity in 94% of towns
reinforcement, and vocational training. It will also be preparing to negotiate its Public Service Agreement for 2008–2010, tariffs for using the public transmission and distribution networks (Tarif d’Utilisation du Réseau Public – TURP), and employment agreements.

Island Energy Systems (IES)
IES are electric systems that are only partially or not at all interconnected to the continental mainland network, chiefly the French overseas departments, Corsica and Saint-Pierre and Miquelon. These regions benefit from the same tariffs as continental mainland even though generation costs are much higher there. The additional costs are offset by the contribution to the public service charges for electricity (Contribution au service public de l’électricité – CSPE). Competition between generators has been introduced through calls for tenders launched by public authorities, EDF being the single buyer. This competitive framework is efficient. On Reunion Island, EDF only accounts for half of generation Francony. Significant growth in electricity consumption requires investments in generation facilities and networks. In 2007, the Rizzanese dam project got underway in Corsica, as did the extension of the Rivière de l’Est hydro facility on Reunion Island. EDF has handed its generation activities over to a holding company subsidiary, PEI (Production Énergie Insulaire, or Island Energy Generation), which will include all of the plants, each established as a separate company.

1. Because RTE and ERDF publish their own annual reports, their businesses are only discussed briefly here.
2. Energy Regulation Commission.

The French business model used in France has shown that it is possible for a transmission network operator to be both independent and neutral within an integrated group. In seven years, RTE has not been involved in a single major dispute with the 700 French and foreign users of the transmission network. It is even cited as an example throughout Europe.”

Michel Francony, Senior Executive Vice President, Regulated Operations in France
On January 1, 2008, Michel Francony became CEO of ERDF and is thus no longer with the EDF Group.

Michel Francony, Senior Executive Vice President, Regulated Operations in France

On January 1, 2008, Michel Francony became CEO of ERDF and is thus no longer with the EDF Group.
KEY FIGURES

Sales: €8.4 billion 8.4%

Group EBITDA contribution

Customers: 5.5 million
Customer accounts (including gas)

Employees: 13,158

Installed capacity: 4.9 GWe

Generation: 25.5 TWh
EDF Energy performed well in 2007, despite an unfavorable environment of highly volatile primary energy prices and downward pressure on electricity and natural gas sale prices, particularly in non-regulated activities.

An integrated energy provider
EDF Energy, a wholly-owned EDF subsidiary, is a distributor of electricity and gas in London and the east and southeast of England and a marketer of electricity and gas in the UK (52.4 TWh of electricity and 28.7 TWh of gas). Its generation fleet includes the Sutton Bridge combined cycle gas plant, two coal-fired units at Cottam and West Burton, and windfarms in Northeast England.

Improving operating performance
Optimizing sales and marketing
EDF Energy teams mobilized to optimize performance across the board in a challenging environment.
A new IT system was set up to track margins generated with the largest customers (£2 billion of sales). On the residential front, the company overhauled its Cost Information System with the twofold aim of becoming a preferred supplier based on service quality and ensuring that each customer account is profitable. Further investments were made in customer service. These efforts produced results, even in a highly competitive environment. The customer portfolio stabilized and a number of new accounts were won during the year. Billings and payments both improved, translating into additional cash flow and earnings.

In a challenging pricing environment, EDF Energy worked on achieving operating excellence and maintained its market shares and earnings.”

Vincent de Rivaz
EDF Energy, CEO

BREAKDOWN OF EDF GROUP SALES

<table>
<thead>
<tr>
<th>Region</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>UNITED KINGDOM</td>
<td>14%</td>
</tr>
<tr>
<td>FRANCE</td>
<td>54%</td>
</tr>
<tr>
<td>GERMANY</td>
<td>12%</td>
</tr>
<tr>
<td>ITALY</td>
<td>8%</td>
</tr>
<tr>
<td>OTHER EUROPEAN COUNTRIES</td>
<td>10%</td>
</tr>
<tr>
<td>REST OF THE WORLD</td>
<td>2%</td>
</tr>
</tbody>
</table>

Vincent de Rivaz
EDF Energy, CEO
Scientific/university partnerships

- Support for the Energy Technologies Institute set up in 2007
- R&D framework agreement with the University of Manchester

Showing excellence as a network operator

The EDF Energy Networks Branch is relying on a wide-scale overhaul of its organizational structure to become the most efficient network in Great Britain by 2009. Large contracts have been signed for private electricity networks. During 2007, EDF Energy completed the installation of the critical electricity infrastructure for the new link from the Channel Tunnel to St. Pancras station in London. The infrastructure includes a very high voltage line bringing electricity to the Eurostar from a 400 kV line, through 59 substations. The contract came in addition to numerous others, including one for the Heathrow, Gatwick and Stansted airports serving London. EDF Energy is also taking part in joint ventures like MUJV Limited, with Thames Water Services, to set up water, gas and electricity networks to the new infrastructure being built for the Ministry of Defence.

Ongoing efforts to help vulnerable customers

EDF Energy was cited by the regulator as the supplier with the most efficient services for vulnerable customers, particularly for its Energy Assist social tariff (15% discounts offered to 50,000 customers), its energy efficiency advice, and the assistance provided to customers in obtaining the public aid to which they are entitled. The company has also paid £7 million into its Energy Trust Foundation since 2003. The Energy Trust Fund is used to provide help and advice to vulnerable customers.

Keeping the focus on the climate and security of supply

A leading role in the UK energy debate

As a key player in the British electricity market, EDF Energy has been deeply involved in the energy debate, particularly in consultations held by the government on proposed legislation to reduce greenhouse gas emissions and guarantee security of supply. EDF Energy focused on the benefits of energy efficiency, renewable energies and nuclear power.

The British government launched a consultation on the future of nuclear power in May 2007. The EDF Group, which had set up a Nuclear Project team in London in 2006, took an active part in it. Early in 2008, the government decided in favor of a nuclear revival. The Group plans to build and manage up to four EPR reactors there, alone or through partnerships, provided that the regulatory and political environment is favorable to such a move.

Leading distributor with

- 7.9 million sites connected
- 52.4 TWh Electricity sales
- 28.7 TWh Natural gas sales
In 2007, EDF Energy committed to reducing the carbon intensity of its electricity generation activities by 60% by 2020. It also launched a project, approved by the government in October, to build a 1,311 MW combined-cycle gas turbine power plant at West Burton. Work will get underway in 2008 and the plant should be commissioned toward 2011.

In addition, EDF Energy stepped up its cooperation with EDF Energies Nouvelles for the development, construction, purchase and operation of renewable energy generation units in the UK, including onshore and offshore windfarms, solar, biomass and micro-hydro plants. It is targeting a capacity of 1,000 MW by the next decade. In September, EDF Energy was given the green light for a 90 MW offshore windfarm near Teesside, in Northeast England.

In 2007, EDF Energy installed a private electricity network for the new Channel Rail Link to the international station at St Pancras.

1. Per MWh, based on forward prices.
KEY FIGURES

Sales: 
€6.9 billion* 

6.8%*

Group EBITDA contribution

Customers: 
6 million (including gas)**

Employees: 
9,336*

Installed capacity: 
15.0 GWe **

Generation: 
73.5 TWh **

* EDF Group contributive data.
** Source: EnBW 2007 annual report.
EnBW, the third-ranked energy player in Germany, reaped the benefits in 2007 of several years of cost-cutting and a relatively buoyant market, where prices remained high. The year’s particularly positive results were made possible by efficient generation facilities and a dynamic sales and marketing strategy.

**Results trending steadily higher**
EnBW, the incumbent operator in the Baden-Württemberg region, has a balanced model that combines electricity generation, transmission-distribution, trading and electricity and gas sales and marketing. The company further reduced its net debt in 2007. Having successfully completed the €1 billion TopFit cost-cutting program between 2003 and 2006, EnBW launched Operative Exzellenz in 2007. The goal is to optimize operating processes through active involvement of all parties, and thus generate sustainable gains.

**Building on the generation fleet**
EnBW has a balanced generation mix that emits less CO₂ than other German electricity companies. It relies on nuclear and hydro for base load production and coal-fired plants for base load and semi-base load, and meets peak demand with gas- and oil-fired facilities and pumping stations. The company is boosting its hydro generation with the Rheinfelden plant which will come on stream by 2010 and whose capacity will increase from 26 MW to 100 MW. EnBW is adding to its electricity generation capacity as well, following the decision made late in 2006 to build a 900 MW coal-fired plant at Karlsruhe, where it may also build a gas-fired facility. In addition, the company has plans to invest in geothermal. The supply contract signed with STEAG (in the Ruhr) guarantees the availability of 250 MW of generation capacity over 20 years starting in 2010. EnBW intends to expand in Eastern Europe and Turkey.

*Hans-Peter Villis*
EnBW, President of the Executive Board

---

“**In a very competitive market and tight environment, EnBW was able to improve its performance through a proactive selling policy supported by highly creative marketing.”**

---

**BREAKDOWN OF EDF GROUP SALES**

- **54%** United Kingdom
- **14%** France
- **12%** Germany
- **8%** Italy
- **10%** Other European Countries
- **2%** Rest of the World

---

**GERMANY MARKET 74.75**

**EDF - 2007 ANNUAL REPORT**
Dynamic sales and marketing in a highly competitive environment

Progress made in 2007
EnBW sold 140 TWh of electricity to 6 million customers in 2007, in a highly competitive market in which resellers are gathering momentum. It won more than 150,000 new customers in all, including large industrial users like Daimler and Bosch, as well as major cities like Stuttgart. Thanks to the joint selling strategy with EDF for large industrial users, EnBW won contracts for the German facilities of steel producer Riva, representing total electricity supply of 3,500 GWh in 2008 and 2009.

An innovative marketing approach
EnBW is pursuing a multi-brand approach, competing under the EnBW brand in the Baden-Württemberg region, the Yello brand in the residential market across Germany, Watt in the SME market and Naturenergie for electricity generated using renewable sources. Yello enjoys strong brand recognition and serves 1.4 million customers in Germany. In September, it also entered into the highly competitive and fully deregulated Swedish market.

EnBW’s sales and marketing strategy is based on differentiation through services. EnBW and Yello are testing smart meters that allow customers to track their electricity consumption on line, thus paving the way for the development of new, innovative products and services.

A major player in electricity and gas transmission and distribution
EnBW owns and operates the electricity transmission network (380-220 kV) in the Baden-Württemberg region and manages interconnections with the other networks. Since it owns most of the high and medium voltage network (110 kV – 20 kV) in its historic market, it is also very active in distribution (20 kV – 400 V). Most of concession contracts signed by EnBW should be renewed between 2008 and 2012, thanks to a structured action plan implemented over several years now. EnBW also holds stakes in some 50 Stadtwerke1 and local companies that operate distribution networks.
Early in 2007, EnBW strengthened its positions in the Baden-Württemberg region and Eastern Saxony by lifting its stakes in three local supply companies: Erdgas Südwest (to 79%) Energie Sachsen Ost (to 64.84%) and Gasversorgung Sachsen Ost Wärmeservice (to 100%).

Like the competition, EnBW was hit in 2006 by an 8% cut in access tariffs for its electricity transmission network. Access charges for its electricity distribution network were reduced by 14% and charges for access to the gas distribution network by 17%.

### Securing gas supply at competitive prices

#### Investing in infrastructure

EnBW is involved in this market via EnBW Trading, which expanded its activities in 2007 to include physical trading of gas in Germany and neighboring countries and, more importantly, via GVS, a 50:50 JV with ENI. With 1,892 km of gas pipelines and 90 million cubic meters of storage capacity, mainly in the Baden-Württemberg region, GVS sells gas exclusively to redistributors, and only counts a few industrial users as direct customers.

Faced with ever stiffer competition, EnBW is investing to gain access to gas at lower prices. To bolster its control over infrastructures, it signed a memorandum of understanding with 4Gas for the LionGas LNG terminal project in Rotterdam, which is scheduled to be operational in 2011. The agreement gives EnBW 15% of the facility with capacity rights to 3 billion cubic meters of gas a year.

EDF and EnBW entered into agreements in May 2007 with IVG Immobilien to be joint investors in and have rights to store natural gas (400 million cubic meters) in underground salt caverns in Etzel starting in 2010. EDF and EnBW are also part of the consortium building the 56 km gas pipeline between the Etzel storage site and the Dutch gas transmission network.

### Yello’s new gas offer

EnBW markets gas to residential customers in the Baden-Württemberg region primarily through EnBW Gas and ODR. In Saxony and Düsseldorf, it works through ENSO Erdgas GmbH and Stadtwerke Düsseldorf.

Yello launched a new gas offer in October 2007, solely in Nuremberg (Bavaria) and Essen (North-Rhine Westphalia) for now, these being large local markets with favorable conditions for new entrants. Yello’s new customers have access to smart meters.

---

### Installed Capacity (in MW)

<table>
<thead>
<tr>
<th>Category</th>
<th>Capacity</th>
<th>Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>14,963</td>
<td></td>
</tr>
<tr>
<td>Hydropower</td>
<td>3,415</td>
<td>22.8%</td>
</tr>
<tr>
<td>Other renewable energies</td>
<td>4,842</td>
<td>32.4%</td>
</tr>
<tr>
<td>Nuclear *</td>
<td>86</td>
<td>0.6%</td>
</tr>
<tr>
<td>Classical fossil-fired</td>
<td>6,620</td>
<td>44.2%</td>
</tr>
</tbody>
</table>

*Including EDF contracts.

Source: EnBW 2007 annual report.

---

### Nuclear

The International Atomic Energy Agency (IAEA) conducted an Osart review at the Neckarwestheim nuclear plant in October 2007. EnBW is the only nuclear operator in Germany to have had all of its operating units inspected by the IAEA in recent years.

---

1. Municipal utilities.

---

2. Osart: Operational Safety Review Team, inspection conducted by the International Atomic Energy Agency.
KEY FIGURES

Sales: €4.7 billion*

6%*

Group EBITDA contribution

Electricity and gas customers: 187,000**

Employees: 1,449 *

Installed capacity: 12.5 GW**

Generation: 53.3 TWh**

* EDF Group contributive data.
** Edison sources.
Edison is reaping the benefits of its efforts to upgrade and expand its generation facilities. Strengthened by these investments, the company is pursuing a strategy designed to control the entire gas supply chain, develop renewable energies and participate in the EDF Group’s geographic expansion in Southeast Europe and particularly in Turkey.

A key player in the Italian electricity market
EDF owns 48.96% from Edison alongside A2A, which was born from the merger of municipal utilities Milan AEM and ASM Brescia. Edison generates, imports and markets electricity and produces hydrocarbons (natural gas and oil).

Number two in generation
A state-of-the-art and powerful fossil-fired generation fleet
With the start-up of the Simeri Crichi 850 MW CCGT in Calabria and Edipower’s Turbigo facility (850 MW, 50% owned by Edison), Edison completed during the year the program voted in 2001 to add 7,000 MW to its electricity generation capacity. The program, one of the most ambitious seen in the European energy sector in the last decade, involved connecting eight CCGTs, of which two owned by Edipower, to the network. The units give Edison a modern, competitive and safe fleet that meets over 15% of Italy’s electricity generation needs.

Edison will gear its investment in generation assets toward renewable energies and hydrocarbon exploration and production to bolster its reserves. The focus will also be on importing gas to meet the needs of the CCGT plants and respond to growing demand in Italy.”

Umberto Quadrino
Edison, CEO

BREAKDOWN OF EDF GROUP SALES

- 54% FRANCE
- 14% UNITED KINGDOM
- 12% GERMANY
- 8% ITALY
- 10% OTHER EUROPEAN COUNTRIES
- 2% REST OF THE WORLD
As part of the refocus on marketable generation, Edison sold seven small, older facilities late in the year (540 MW of combined capacity, devoted to subsidized generation). Edison is also developing renewable energies. A total 10 MW of wind power were brought on stream in 2007, a further 84 MW are being built, and construction permits have been obtained for 30 more.

Expansion in Greece
In July 2007, Edison set up a 50-50 joint venture with Greece’s Hellenic Petroleum. The JV will have a CCGT (over 390 MW) already in operation and another 400 MW unit that Edison is developing in Thisvi. It is considering building a coal-fired plant in Astakos. Edison is thus capitalizing on the deregulation of the Greek market and aims to become the country’s second largest player by generation volume.

Optimizing sales
Electricity prices are particularly high in Italy, which is the European Union’s fourth largest market and growing fast. Inadequate interconnection is preventing the country from taking full advantage of the European market. Supply has nonetheless been secured thanks to the significant investments national operators have made in generation capacity. Edison succeeded in optimizing its sales in Italy in 2007 by reorganizing its customer segmentation. Total sales amounted to 63.6 TWh, of which 41.2 TWh on the open market (27.5 TWh to customers including resellers and 13.7 TWh on the power exchange). The remaining 22.4 TWh were sold on the regulated market.

Italy’s third leading gas supplier
Developing infrastructure for secure supply
Edison powered ahead in 2007 with its strategy of securing supply, positioning itself to take full advantage of increasing demand in Italy. Its projects are in keeping with the EDF Group’s gas strategy for Europe. Edison is taking part in developing the offshore LNG terminal at Rovigo. Construction of the facility is being completed in Algeciras, Spain, and it will be installed mid-2008, 15 km off the coast of Rovigo. It will have an annual regasification capacity of 8 billion cubic meters, of which Edison will market 6.4 billion cubic meters. Edison has finished building the pipeline that will carry the gas from the Rovigo terminal to the public network. The Galsi pipeline (900 km) designed to import Algerian gas to Tuscany via Sardinia is also on track to be in service by 2012. Edison, the main Italian partner in the project, will sell 2 billion cubic meters of gas supplied by Algeria’s Sonatrach annually. The ITGI pipeline linking Turkey, Greece and Italy is also expected to be ready to bring...
gas from the Caspian Sea Basin by 2012. Edison has already secured access to 80% of the transmission capacity of the Greece-Italy segment.

Bolstering storage
Edison has two underground gas storage facilities at Collalto and Cellino and received administrative authorization in 2007 to build a third facility at San Potito-Cotignola.

Relying on exploration and production to boost own reserves
Edison is stepping up its exploration and production in Algeria, where six appraisal wells were drilled in 2007, and in Croatia, where it has plans to develop an offshore reservoir. It also won a new concession in the Ivory Coast. Working with international partners, Edison obtained five exploration licenses in Norway, and is cooperating with Petrobras on a deep offshore exploration project in Senegal.

Edison invested some €58 million in exploration in 2007, of which €3 million in Italy and €55 million in other countries, chiefly Algeria (three wells drilled), the Ivory Coast (one drilling project) and Senegal (acquisition of a seismic survey). Edison was also issued another exploratory block in Egypt.

A new phase of development from 2013
In November, the Edison Board of Directors approved the industrial plan for 2008-2013 calling for investments totaling €6.2 billion. Of this, €3.2 billion will be devoted to security of supply, including €2 billion for boosting production and reserves. The goal is for the gas-fired units to be completely autonomous and highly flexible and, most importantly, to gain access to natural gas at competitive prices for customers in Italy, in anticipation of a sharp increase in demand. The remaining €3 billion will be invested in electricity generation in Italy and elsewhere, mainly Greece and the Balkans, with an emphasis on renewable energies (€1 billion, wind power and hydro).

By 2013, Edison plans to have 2,700 MW of renewable energy capacity.

2.2 Gm³ of total storage capacity by 2012

39.7 billion cubic meters of hydrocarbon reserves (vs. 30 in 2006)
KEY FIGURES

Sales:
€6.2 billion*

10.9%

Group EBITDA contribution*

Customers:
1,113,868*

Installed capacity:
3,949 MW*

Generation:
20,461 GWh*

* EDF Group contributive data.
Other European countries
Making progress in deregulated markets

The EDF Group is adding to its positions on several Western European markets and continuing to revamp its generation facilities in Poland and Hungary. The distribution subsidiaries and affiliates in Hungary and Slovakia were well prepared for market opening.

BENELUX: investing in generation and sales growth
In 2007, EDF and Delta NV set up a 50-50 JV in the Netherlands, Sloe Centrale BV, to build and operate an 870 MW natural gas-fired plant. Construction got underway in the spring of 2007 and the unit should be commissioned in 2009.

In Belgium, EDF Belgium is taking part in the generation and sales and marketing activities of the EDF Group, which has guaranteed capacity of 419 MW via its 50% stake in the Tihange 1 nuclear power plant. In May 2007, an IAEA Osart review confirmed the quality and safety of the plant’s operations. EDF Belgium is focusing its sales and marketing efforts on business users. Its electricity sales climbed to 3.6 TWh over the year. Following a successful experiment with gas sales in 2006, the company launched into this activity in 2007 and sold 0.2 TWh of gas to business users during the year.

SPAIN: supplying twice as many sites
Hispaelec Energía, a wholly-owned EDF subsidiary, offers electricity supply services and tailored advice to its customers, more than 60% of which are large European groups. The number of sites supplied doubled between 2006 and 2007, lifting sales volumes to 528 GWh.

Our Group is rooted in Europe and generates the bulk of its business there. We had prepared for the opening of electricity and gas markets and the creation of the single market, which will be a source of new opportunities for us.”

Gérard Wolf
Senior Executive Vice President, International Operations
SWITZERLAND: a central location
Located at the heart of electricity exchanges in Europe and offering significant peak hydro generation capacity, Switzerland is industrially strategic for EDF and will be even more so when the electricity sector is opened to competition in 2008. EDF owns stakes in hydro facilities and in Atel Holding, which is active throughout Europe in electricity generation, trading and distribution and in the installation of energy systems. EDF is pursuing negotiations with its Swiss partners to create the leading energy company in Western Switzerland by 2009.

HUNGARY: posting good results in an open market
The EDF Group is active in Hungary through Demasz and BERT. Demasz distributes electricity to 770,800 customers and sells on the open market (1.4 TWh) and under regulated tariffs (3.4 TWh). On January 1, 2007, it unbundled its distribution and sales and marketing activities before the legal deadline. BERT covers 60% of Budapest’s urban heating needs with three recent CCGT plants (410 MWe). It was able to limit the negative impact of the drop in heating needs owing to an unusually warm winter. On the other hand, sales increased over an exceptionally hot summer, during which the company focused on productivity and energy eco-efficiency, reducing its fuel consumption and carbon emissions by an average 10%. BERT benefited from the gradual opening of the Hungarian gas market by negotiating a first contract, which has translated into substantial savings.

SLOVAKIA: gathering sales momentum
SSE (49% EDF) distributes and sells electricity to 699,600 customers in Central Slovakia. In July 2007, it unbundled its distribution and sales and marketing activities and created SSE-Distribution. The opening of the residential market has given SSE fresh sales momentum. The company is also very active in carbon allowance trading. SSE established a foothold in the Czech Republic by winning an international call for tenders launched by Metro, one of the EDF Group’s largest European customers. SSE will supply all of Metro’s sites in that country as well as in Slovakia (80 GWh in 2008). It is continuing to fulfill large sales contracts signed with customers like PSA and Kia Motors, focusing on service quality. Quality of supply at the distribution business improved sharply in 2007.

POLAND: Investing in the environment
The Polish market was fully opened to competition in July 2007, and Everen is now the sole marketer of electricity generated by the Group’s five plants in that country. Following in the footsteps of ERSA and Kogeneracja SA in 2006, EC Krakow now has a biomass co-combustion facility. The Group’s plants were thus able to deliver 176 GWh of green energy in 2007. The construction of ERSA’s wet desulfurization system is advancing according to schedule, and EC Krakow, Kogeneracja SA and EC Wybrzeże’s cogeneration facilities have been using low-sulfur coal since 2007. Efforts to improve productivity allowed the Polish plants to boast improved results in 2007.

Atel Holding
1,567 MW in Switzerland
1,323 MW in Italy
824 MW in Central and Eastern Europe

SSE-Distribution
Incident-related outages down 20% (average duration and frequency)

Outages due to scheduled work down 40%

+25.5% (organic)
Dynamic sales growth in Hungary driven by price increases.
DESIGN AND CREATION: - INTERNATIONAL COMMUNICATION CONSULTING: BCL Communications

COPYRIGHT REGISTRATION: ISSN 1169-159X

COVER COPYRIGHTS: (left to right) Tristan Paviot, Corbis/Owen Franken, DR, Corbis/Grand Tour Collection, Paul Hardy, Guenter Rossenbach - COPYRIGHTS p. 6-7: (left to right) DR; Corbis/Grand Tour Collection, Paul Hardy, Guenter Rossenbach, Owen Franken, Murat Tamer; DR; Corbis/Bertrand Gardel

PRINTING: IME – 3, rue de l’Industrie – BP 32017 – 25112 Baume-les-Dames
Printed by IME on 100% PEFC paper from sustainably managed forests. ISO 14001 certified production process.