

PRESS RELEASE

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**Good financial results
in a difficult climate**

In a year marked by the economic crisis and severe weather conditions, RTE's turnover (€4,130 million) was only slightly down on figures for 2008 (-2.2%). Net income is satisfactory, impacted positively by an extraordinary item. Whilst maintaining its principal financial indicators, RTE continues to pursue a dynamic industrial policy: the company increased its investment budget once again in 2009 (€1,021m, a rise of 22%), and also devoted more funds to its programme of work to physically reinforce network infrastructures.

RTE's 2009 sales amounted to €4,130 million, down by 2.2% compared with 2008. Sales for France were affected by the difficult context, and most notably the economic crisis, which saw demand for electricity fall (by 1.6% on the previous year), especially in heavy industry (-8.6%). The economic crisis' impact on sales was mitigated by the high demand recorded during the spells of extremely cold weather which occurred at the beginning and end of 2009, and also the delayed entry into force of the new tariff for accessing the power network¹, which now covers spending to a greater extent. Altogether, income from electricity transmission operations in France rose by €49 million (an increase of 1.3%). Income from interconnectors was down by €126 million compared with 2008 (a decrease of 33%).

EBITDA² was €1,211m, down by 10% on the figure for 2008. Net income after taxes was €500m (up by €205m on 2008). This figure includes RTE's share of the sum repaid by the French State to EDF, after the European Union's General Court set aside a previous decision by the EU Commission³. Without this non-recurring effect, net income stands at €199 million, €96 million lower than in 2008.

RTE's capital expenditure continued to rise in 2009 (€1,021 million, +22%), in line with the company's commitments and the budget authorized by the French energy regulator CRE, to deal with the arrival of new generating facilities and strengthen international interconnectors. This increased investment budget included spending on work to build and renew some 951 kilometres of high and extra-high voltage power lines, and connect a total of 14 new substations (225 kV, 90 kV and 63 kV).

In connection with the increase in investments, RTE has also expanded its workforce, notably in the engineering field. In 2009, the company recruited 285 employees, including 131 managerial staff. The workforce rose from 8,439 to 8,515 between the end of 2008 and the end of 2009.

Press Contacts:

Thierry Lartigau: +33 (0)1 41 02 16 78 +33 (0)6 23 67 83 93 thierry.lartigau@rte-france.com
Claire de Villele: +33 (0)1 41 02 17 77 +33 (0)6 65 49 70 90 claire.de-villele@rte-france.com

Purchases related to operation of the electric system rose by around 10%, to a total of €1,166 million (an increase of €105 million). This development is largely due to increases in the price of the electricity purchased by RTE to offset physical losses on its own network.

RTE's ROCE⁴ in 2009 was 5.6%, lower than the figure for 2008 (7%). This is principally due to the introduction of the new TURPE3 tariff, which reduced the differences between RTE's results and the hypotheses used to determine the level of the previous TURPE2 tariff, notably as regards income from the allocation of interconnector transmission capacities⁵. When recalculated to reflect this, ROCE stands at 7.2%.

Total net debt remains under control at €6,355m (up by €291 million on 2008), despite higher capital expenditure and lower cash flow from operations.

In spite of the general economic situation, expenditure on work to physically reinforce the network (€142m)⁶ rose in 2009 (by 20% compared with 2008), reaching its highest level since 2002. The effectiveness of the work already carried out was clearly demonstrated during the storms of January 2009, when RTE was able to restore service to its entire network within five days, in line with the commitment given to the State in 2002.

In 2010, RTE will pursue an ambitious industrial policy, increasing its investment to €1,116 million⁷ and its network reinforcement budget to over €180 million. That level will be maintained in subsequent years, in order to complete the reinforcement programme by 2017, as planned.

¹ Public Electricity Transmission System User Tariff (TURPE3) came into application on 1 August 2009.

² "Earnings Before Interest, Tax, Depreciation and Amortization", i.e. turnover and income from current operations less purchases of materials, works and services, personnel costs and taxes and duties other than corporation tax.

³ On 15 December 2009, the General Court of the European Union handed down a ruling, setting aside a Commission decision of 16 December 2003, concerning alleged state aid to EDF. On 30 December 2009, the State paid EDF the sum of €1,224m.

⁴ ROCE (Return On Capital Employed), calculated on the basis of RTE SA's company accounts according to French accounting standards, is the ratio of operating income to economic assets mobilized by RTE for its activity

⁵ These favourable differences had led to artificially high returns in 2006 (9.6%) and 2007 (9.5%)

⁶ Including all operating costs (incl. labour costs)

⁷ CRE Deliberation of 17 December 2009 on the RTE investment programme for 2010. www.cre.fr

Press Contacts:

Thierry Lartigau: +33 (0)141 021 678 +33 (0)623 678 393 thierry.lartigau@rte-france.com
Claire de Villele: +33 (0)141 021 777 +33 (0)665 497 090 claire.de-villele@rte-france.com