

Net indebtedness

Net indebtedness comprises total loans and financial liabilities, less cash and cash equivalents and liquid assets. Liquid assets are financial assets consisting of funds or securities with initial maturity of over three

months that are readily convertible into cash regardless of their maturity and are managed according to a liquidity-oriented policy.

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

In millions of euros	H1 2010	H1 2009	Variation	Variation (%)
Operating profit before depreciation and amortization (EBITDA)	10,373	9,936	437	4.4
Cancellation of non-monetary items included in EBITDA	(1,145)	(2,219)	1,074	
Net financial expenses disbursed	(1,129)	(813)	(316)	
Income taxes paid	(1,177)	(85)	(1,092)	
Other items (1)	94	146	(52)	
Operating cash flow (2)	7,016	6,965	51	0.7
Change in working capital (3)	783	232	551	
Net operating investments (gross CAPEX less disposals)	(5,903)	(5,481)	(422)	
Free cash flow	1,896	1,716	180	10.5
Dedicated assets	(881)	0	(881)	
Net financial investments	(22)	(12,293)	12,271	
Dividends paid	(1,205)	(1,225)	20	
Other changes (4)	195	33	162	
(Increase) decrease in net indebtedness, excluding the impact of changes in scope of consolidation and exchange rates	(17)	(11,769)	11,752	ns
Effect of change in scope of consolidation	(34)	710	(744)	
Effect of change in exchange rates	(1,359)	(1,283)	(76)	
Effect of other non-monetary changes (5)	(194)	27	(221)	
(Increase)/Decrease in net indebtedness	(1,604)	(12,315)	10,711	ns
Net indebtedness at beginning of period	42,496	24,476		
Net indebtedness at end of period	44,100	36,791		

(1) Mainly corresponds to dividends received from associates.

(2) Operating cash flow is not defined by IFRS, and is not directly visible in the consolidated cash flow statements. EDF uses Operating cash flow to assess the Group's capacity to generate free cash flow. This indicator, also known as Funds From Operations (FFO), is equivalent to net cash flow from operating activities (Cash flow statement) excluding changes in working capital, less net financial expenses disbursed and income taxes paid, adjusted for the impact of non-recurring items.

(3) In 2010, this includes the Exeltium advance of €1,747 million received at the end of April 2010.

(4) Mainly contributions received in relation to concession assets, and investment subsidies.

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