
Payment in shares of the 2017 final dividend

Questions & Answers

1) What is a share-based payment of dividends?

The dividend (or interim dividend or final dividend) can be paid in several ways.

It is usually paid in cash but the dividend can also be paid in new shares or even in kind if the General Meeting so decides.

The shareholder has a choice between a payment in new shares and a payment in cash, subject to being eligible for the payment of the dividend in shares.

Once the option is exercised, it applies for all of the dividend to which the shareholder is entitled. It is therefore impossible to ask for payment of the dividend partly in shares and partly in cash.

If a shareholder chooses the payment of the dividend in shares, he or she receives a round number of shares, with an adjustment in cash if necessary.

2) Is payment of the dividend in shares only offered for the 2017 final dividend?

The Combined General Meeting of 15 May 2018 approved the principle of the dividend being paid in new shares for the final dividend paid in respect of the 2017 financial year and for the interim dividends which may be decided in respect of the 2018 financial year. The Board of Directors is responsible for deciding how it will be implemented.

This document only deals with the final dividend paid in respect of the 2017 financial year.

3) Why does EDF offer the option of payment of the final dividend in shares?

At the Shareholder's Meeting of 15 May 2018, and in accordance with Article 25 of EDF's articles of associations, the shareholders gave powers to the Board of Directors to implement the payment of the final dividend with the option to choose between a payment in cash or in new shares.

The payment in shares of the final dividend has a significant interest for EDF in terms of cash and equity if this option is retained by shareholders.

Shareholders who choose to reinvest the final dividend in the company contribute to supporting EDF's future investments and corporate projects.

It also allows shareholders to increase their participation under advantageous conditions as they usually receive a discount.

4) What choice did the French Government make, as the majority shareholder in EDF?

In accordance with the announcement made on 22 April 2016, the French State, the majority shareholder in EDF, would opt for a payment in shares of the 2017 final dividend.

5) What is the issue price of these new shares and how was it determined?

The issue price of new shares is €10.23. It corresponds to:

The average of the opening market prices of EDF's shares during the twenty trading days prior to the day of the General Meeting	€11.6698
Less the final dividend attached to this share, i.e. €0.31	- €0.31
Subtotal	€11.3598
Less a discount of 10%	- €1.1359
Issue price per share (rounded up to the nearest euro cent)	€10.23

If the amount for which the option is exercised does not correspond to a whole number of shares, the shareholders receive the nearest lowest number of whole shares, plus cash compensation for the difference (see below).

6) Are there conditions to be met in order to opt for the dividend to be paid in shares?

In accordance with Article 25 of EDF's articles of association and in the absence of a General Meeting decision to the contrary, when the amount of the dividend does not correspond to a whole number of shares, shareholders receive the number of shares rounded down to the nearest whole number, plus a balancing payment in cash.

Therefore, as subscription for the payment in shares rounds down to the nearest whole number, only shareholders owning at least 33 shares or more may choose to receive payment of the dividend in shares. The minimum number of shares depends on the shareholder's tax situation and the rules established by his or her financial intermediary.

Shareholders residing outside France should inquire, by themselves, about the conditions relating to this option, and which may apply under the law in force in their place of residence.

This option is available to all shareholders residing in a member country of the European Union or in countries party to the Agreement on the European Economic Area (EEA).

The option to receive the final dividend in new shares is not available to shareholders residing in the United States of America, Japan, Canada, Australia or in any country where this option would require authorisation, registration, filing or any other formality with local authorities. Therefore, orders from these countries will not be accepted. Shareholders residing outside France should inquire about whether local restrictions apply and comply with these restrictions.

7) How do shareholders find out how many shares they can subscribe and how is this number calculated?

The form obtained by shareholders from the financial intermediary states the number of shares they can subscribe.

For administered registered shareholders or bearer shareholders, this number is calculated on the basis of the final gross dividend (i.e. €0.31/share).

For pure registered shareholders, depending on the option chosen, this number is calculated on the basis of the final gross dividend or the final net dividend, i.e. less social security contributions and withholding tax (see next question).

Example for a shareholder who owns 100 shares and is therefore entitled to the 2017 final gross dividend of $100 \times 0.31 = €31$:

- If the shareholder is an administered registered shareholder or a bearer shareholder, he/she will receive the rounded down number of $€31/10.23$, i.e. 3 shares. His/Her bank will also deduct from his/her current account the amount corresponding to the social security contributions and tax.
- If the shareholder is a pure registered shareholder and has opted for the final dividend to be paid on a gross basis, he/she will receive the same number of shares as above and must pay BNP Paribas Securities Services the amount corresponding to the social security contributions and tax.
- If the shareholder is a pure registered shareholder and has opted for the final dividend to be paid on a net basis, he/she will receive the rounded down number of $€31 \times [(1-17.2\%) \times (1-12.8\%)] / €10.23$, i.e. 2 shares

8) How does the withholding tax work for shareholders who are natural persons?

The terms and conditions for the deductions (non-discharging withholding tax, withholding tax, social security contributions) are identical, whether the final dividend is paid in shares or in cash, i.e.:

- in the case of a pure registered shareholding, the non-discharging withholding tax or the withholding tax, as well as any applicable social security contributions, are deducted directly by the account holder from the amount of the final dividend, under the same conditions as for a payment in cash.

The deductions are calculated on the amount of the gross dividend according to the shareholder's tax situation. The payment of the final dividend in shares is possible up to the gross dividend less the deductions.

In particular, for French tax residents who are natural persons, payment of the final dividend in shares will be possible up to:

- 82.8% of the gross dividend, net of social security contributions of 17.2% if the shareholder has requested to be exempted from the payment of the 12.8% mandatory withholding tax;
 - 70% of the gross dividend, net of social security contributions of 17.2% and the mandatory withholding tax of 12.8%, which is an advance payment of income tax;
 - 7.8% of the gross dividend, net of social security contributions of 17.2% and the withholding tax of 75% if the dividend was paid to an account opened in the books of a financial institution located outside France in a non-cooperative State or territory; and
- in the case of a bearer or administered registered shareholding, the shareholders must directly contact their account-holding financial intermediary, who alone can advise them regarding the deductions to be made.

In general, shareholders are advised to consult with their tax advisers for specific information relating to their situation (including the case of shares held under a Share Savings Plan).

9) In respect of the share-based payment of dividends, will the shareholder benefit from the 10% dividend increase if he/she hold his/her EDF shares in registered form?

Under Article 24.2 of EDF's articles of association, any shareholder who holds his shares in registered form for at least two years and still holds them at the date of payment of the dividend, will receive in respect of such shares a bonus equal to 10% of the dividend paid in respect of the other shares, including any dividend which is paid in new shares.

Regarding the final dividend paid in respect of the 2017 financial year, a shareholder who benefits from such an increase will received €0.356 which he may reinvest in shares, if he so wishes.

10) When must shareholders choose their payment option?

As soon as they receive the form from their bank, which will be mailed out starting 25 May 2018.

To indicate their choice, shareholders must simply return the completed and signed form, but only if they wish to opt for share-based payments (some financial intermediaries offer shareholders the option of making their choice online).

11) Is there a deadline for making the choice?

YES: Your bank must be notified of your choice by 11 June 2018. If they reply by mail, shareholders should factor in the time needed for postal delivery.

All forms received after 11 June 2018, for any reason, will be disregarded and shareholders will automatically receive their dividend in cash.

12) Is the choice that shareholders are making this time also valid for future transactions?

NO: If the option to receive payment in shares of all or part of the final dividend is offered again in the future, persons who are EDF shareholders will be asked again to indicate their preference.

13) What is the deadline for becoming an EDF shareholder in order to receive the final dividend and to make the choice to receive payment in shares?

Usually, to receive a dividend on a share, you must have acquired it by the close of markets which precedes the day on which the coupon is detached. For payment of the final dividend with the option in shares, the dividend is detached on the first day of the shareholder's option period.

With regard to the 2017 final dividend, the detached date (the "ex date") is 25 May 2018 and so you must have purchased your EDF shares by the close of trading on 24 May 2018.

14) When do shareholders become full owners of these new shares?

The (new) shares will be delivered on 19 June 2018 to the financial institutions, who will then credit the shares to the accounts of the shareholders concerned. They are immediately available. These new shares have the same features and confer the same rights as the old shares and are issued with current dividend eligibility, that is, they carry a right to any distribution decided after their issue.

15) What is the tax treatment on this transaction?

The tax treatment applicable to dividends paid as of 1 January 2018 was modified by the Finance Act for 2018.

For natural persons who are tax residents of France, dividends paid as of 1 January 2018 are subject, according to the choice made by the taxpayers every year, either to the single flat-rate tax set at 30%, or to the progressive income tax scale, to which are added the social security contributions on investment income at an overall rate of 17.2%.

To find out more about this new tax system, shareholders can consult the "[Taxation of dividends paid as of 1 January 2018](#)" info sheet available on the edf.fr website or visit impots.gouv.fr.

16) Can the bank charge shareholders a fee when they choose payment of the dividend in shares?

Payment of a dividend, whether in cash or in shares, to shareholders residing in France is usually not subject to a fee by a retail bank¹. In particular, there are no fees on reinvesting a dividend paid in shares.

¹There is no fee payable by shareholders, unless their financial institution specifies in its financial terms and conditions that a fee is due by the customer:

- on cash payments (payment of the dividend in cash or payment of the difference in cash where share-based payment is selected, with the option of rounding down to the nearest whole number);
- on transfers (payment of the difference where share-based payment is selected, with the option of rounding up to the nearest whole number).

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EDF SA
22-30 avenue de Wagram 75382 Paris Cedex 08
Capital of 1,463,719,402 euros
552 081 317 R.C.S. Paris

www.edf.fr

CONTACT

Analysts and Investors: +33 (0) 1 40 42 40 38