

Q&A regarding the payment in shares of the balance of the 2015 dividend

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 shares or even in kind if the General Meeting so decides.

The shareholder has a choice between a payment in 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.

2) Is payment of the dividend in shares only offered for the balance of the 2015 dividend?

The Combined General Meeting of 12 May 2016 approved the principle of the dividend being paid in shares for the balance of the dividend paid in respect of the 2015 financial year and for the interim dividends which may be decided in respect of the 2016 financial year.

This document only deals with the balance of the dividend paid in respect of the 2015 financial year.

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

At the Shareholder's Meeting of 12 May 2016, 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 balance of the dividend with the option to choose between a payment in cash or in shares.

The payment in shares of the balance of the 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 balance of their 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?

The Government, the majority shareholder in EDF, announced in a statement on 15 February 2016 that it would **opt for a payment in shares of the balance of the 2015 dividend**.

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

The issue price of new shares is €10.08. 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	€ 11.7265
Less the balance of the dividend attached to this share, i.e. € 0.53	- € 0.53
Subtotal	€ 11.1965
Less a discount of 10%	- € 1.11965
Issue price per share (rounded up to the nearest euro cent)	€ 10.08

If the amount for which the option is exercised does not correspond to a whole number of shares, the shareholders will 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 will 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 20 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 balance of the dividend in 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 balance of the gross dividend (i.e. €0.53/share).

For pure registered shareholders, depending on the option chosen, this number is calculated on the basis of the balance of the gross dividend or the balance of the 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 balance of the gross 2015 dividend of $100 \times 0.53 = \text{€}53$:

- If the shareholder is an administered registered shareholder or a bearer shareholder, he/she will receive the rounded down number of $\text{€}53 / 10.08$, i.e. 5 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 balance of the 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 balance of the dividend to be paid on a net basis, he/she will receive the rounded down number of $\text{€}53 \times (1-15.5\%) \times (1-21\%) / 10.08$, i.e. 3 shares.

8) In respect of the share-based payment of dividends, will I benefit from the 10% dividend increase if I hold my 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 balance of the dividend paid in respect of the 2015 financial year, a shareholder who benefits from such an increase will receive 0.64 euros which he may reinvest in shares, if he so wishes.

9) How does the withholding tax work for shareholders who are natural persons that are tax residents of France?

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

- in the case of a pure registered shareholding: the social security contributions and the withholding tax are deducted directly by BNP Paribas Securities Services from the amount of the balance of the dividend, unless a gross dividend is opted for, 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.

The total rate of these deductions on the balance of the dividend, for shareholders who are natural persons that are tax residents of France, amounts to 36.5% (i.e. 15.5% of social security contributions, and 21% of withholding tax, which is an advance payment of income tax). This applicable rate is 15.5% (in respect of social security contributions), if the shareholder has applied to his/her paying institution to waive the advance 21% tax. Should the shareholder receive the balance of the dividend in respect of the shares held in a Share Savings Plan, the non-discharging withholding tax of 21% does not apply.

10) When must shareholders choose their payment option?

As soon as they receive the form from their bank, which will be mailed out starting 6 June 2016.

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 20 June 2016. If they reply by mail, shareholders should factor in the time needed for postal delivery.

All forms received after 20 June 2016, 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 balance of the 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 balance of the 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 balance with the option in shares, the dividend is detached on the first day of the shareholder's option period.

With regard to the balance of the 2015 dividend, the detached date (the "ex date") is 6 June 2016 and so you must have purchased your EDF shares by the close of trading on 3 June 2016.

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

The (new) shares will be delivered on 30 June 2016 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 standard tax rate on dividends, whether paid in shares or in cash, will be applied.

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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