



Update on the UK Nuclear New Build Project (« NNB »)

21 October 2013



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UK Nuclear New Build, a pillar of EDF Group's industrial strategy

Henri Proglio

Chairman and CEO of EDF Group



Key elements agreed on Hinkley Point C

- Contract on 35 years from commissioning date
- Strike Price: £92.5/MWh* from the date of commissioning, circa 10 years
- Investment:
 - £14bn of construction costs + £2bn before commissioning = £16bn*
 - EDF Group: 45-50%
 - Areva: 10%
 - Chinese partners: CNNC + CGN (30-40%)
 - Other partners: up to 15 %
- Project qualified for the British Government guarantee on financing

Balanced and sustainable project for all stakeholders

For the United Kingdom

- Contributing to the country's security of supply
- Increasing low carbon electricity generation
- Competitive price vs. other low carbon technologies, and stable in the long term, beyond 2050

For EDF Group

- Recognition of its industrial expertise and key milestone in the implementation of its new nuclear strategy
- Visibility on revenues over 35 years
- Profitable investment bringing together best-in-class partners

For the French and British industries

- Paving the way to an industry creating skilled and sustainable jobs

Hinkley Point C: new milestone in EDF's history

- EDF and the French nuclear industry: an industrial story for over 50 years
 - 1980 - 2000: construction of the largest nuclear fleet worldwide with 58 reactors
 - 2000 - 2016: 4 EPR under construction (2 in Europe, 2 in China), which led to:
 - A re-ignition of the French nuclear industry through major projects
 - The development of a valuable expertise and lessons learnt for the future of the nuclear industry
 - The continuation and strengthening of the cooperation with our Chinese partners
 - 2012- 2023: continuity in the construction of EPR projects is key for their success
- EDF in the UK: A strong strategic fit for EDF new nuclear strategy
 - 15 reactors built and operated producing 20% of today's electricity in the UK
 - New Nuclear: Leverage of EDF Energy's long term presence in the UK as well as sites and expertise following British Energy acquisition

Nuclear is a long term industry

Hinkley Point C: major project for the Franco-British industrial cooperation and international development

- Sharing complementary experiences between French and British companies
 - **French companies:**
 - Historical knowledge of EDF's nuclear fleet
 - Experience of the construction of the first EPRs
 - **British companies:**
 - Knowledge of the British supply chain and regulation
 - Innovative skills and processes developed outside of the nuclear sector (engineering and 4D modeling, ...)
- Hinkley Point C: an attractive project, creating an additional international benchmark for the EPR
 - Expression of interest from EDF Chinese nuclear partners
 - Continuing a long-term partnership between nuclear leaders



A new industrial and regulatory environment to deliver Nuclear New Build in the UK

Vincent de Rivaz
CEO of EDF Energy



Nuclear New Build: a cornerstone of the future UK energy market

A solution to the UK's main energy challenges

- Electricity Market Reform to address forthcoming challenges
 - Security of supply
 - Climate change
 - Affordability
- Hinkley Point C (“HPC”) providing an adequate solution
 - A reliable baseload generation
 - Low CO₂ emission
 - The lowest cost proven low carbon technology

Broad support for NNB in the UK

- Cross political party support
- Consistent support of UK public opinion
- Support of the local community
- Strong and independent UK regulator
- Supply chain and union support for efficient construction

Hinkley Point C: ready for construction

Design	<ul style="list-style-type: none">▪ EPR Generic Design Acceptance confirmed in December 2012
Licences and permits	<ul style="list-style-type: none">▪ All the key consents to operate received:<ul style="list-style-type: none">□ Nuclear Site Licence granted in November 2012□ Planning application approved in March 2013□ Environmental permits granted in March 2013
Costs	<ul style="list-style-type: none">▪ Key contracts awarded and agreed:<ul style="list-style-type: none">□ TOP 4 (60%) construction contracts (Nuclear System, Turbine, Main Civil, Marine Works)□ Fuel contract
Revenues	<ul style="list-style-type: none">▪ Contract for Difference Heads of Terms agreed (including Strike Price)
Waste and decommissioning	<ul style="list-style-type: none">▪ Funded Decommissioning Programme⁽¹⁾ and Waste Transfer Contract agreed

Hinkley Point C: the most advanced nuclear project in the UK

CfD is a sound basis for an investment in new nuclear

- Economics in line with initial EDF targets
 - Strike price of £92.5/MWh in £2012
 - Strike price fully inflation protected, with opex reopeners mechanisms
 - Returns in line with EDF target
 - Series effect to be implemented through a £3/MWh reduction in CfD were Sizewell C to reach its FID by the commercial operation date of Hinkley Point C's first reactor, with no impact on HPC economics
- Long-term visibility and stability of cash-flows
 - Price certainty provided for 35 years post commissioning
 - Appropriate protection against reduction in output forced by system stability (curtailment)
- Robust investment protection
 - Compensation for discriminatory changes in law
 - Compensation for political shutdown of the station by the authorities (unless safety related)
 - Infrastructure UK guarantee

Hinkley Point C project key strengths

Leverage from nuclear and large infrastructure projects

- World-class team with significant experience in nuclear projects and large infrastructure projects (2012 Olympics, Heathrow Terminal 5)
- Lessons from other EPR projects fully included
- Involvement of strategic industrial partners, sharing construction risk

Specific project strengths

- Strong project organisation and clear processes
- Basic design agreed with UK regulator together with strict change management process
- Robust cost model and schedule developed
- Constructability and interface management improved by 4D modeling

Alignment through contractual framework

- Supply chain aligned to delivery and management of risk
- Early contractor involvement improves constructability and interface management



Contemplated financing structure

Thomas Piquemal
Group Senior Executive Vice President - Finance



Hinkley Point C: Key figures

▪ Total cost ⁽¹⁾	£16bn o/w £14bn of construction costs
▪ Strike price	£92.5/MWh ⁽²⁾
▪ Project IRR	~10%
▪ EDF's holding in HPC equity	45% - 50%
▪ Non-recourse funding (guaranteed by Infrastructure UK)	Up to 65%
▪ EDF Group investments spread over construction period	~ £3.5bn ⁽³⁾
▪ Other Commitments	Contingent Equity amount to be defined



(1) In 2012 Sterling.

(2) In 2012 Sterling. Shall be reduced by 3£/MWh with no impact on HPC's IRR if a FID on Sizewell C is taken

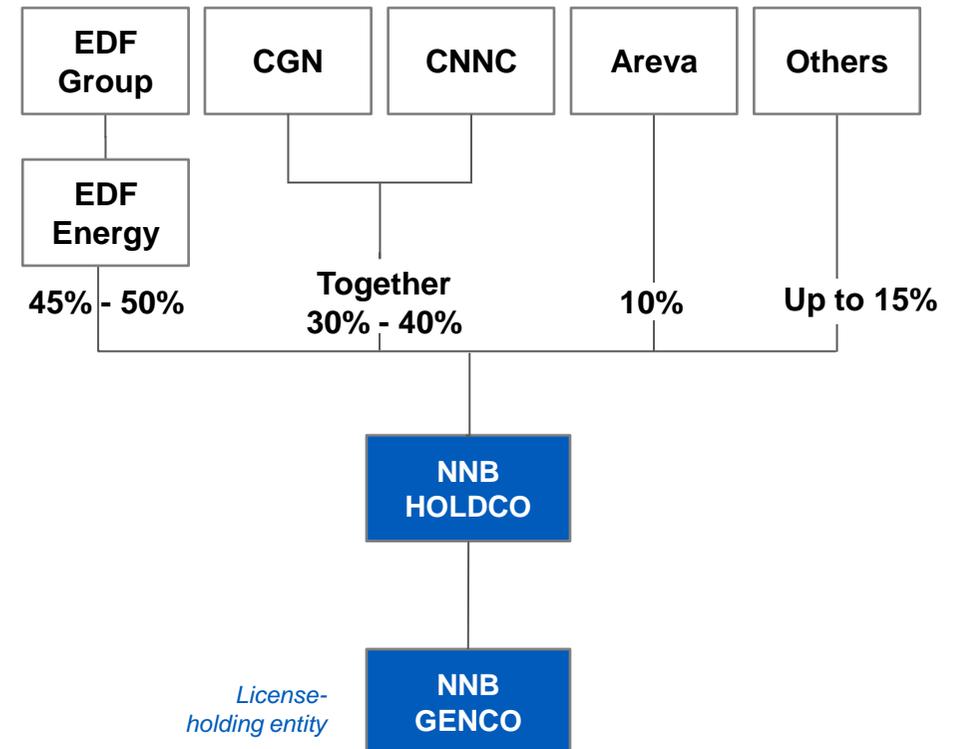
(3) Gross amount before proceeds from disposals of 50 to 55% of the project

Experienced consortium gathering French and Chinese nuclear leaders

- Project set-up fully led by EDF
- Sign-off by partners at FiD
- Interests aligned between all partners
- Areva, CGN and CNNC, long standing industrial partners for EDF
 - Extensive and proven capability in the construction of nuclear plants
 - Areva and EDF already partners with CGN on Taishan EPR project

EDF expects equity consolidation of Hinkley Point C project

Targeted HPC project structure



Non recourse debt funding with IUK guarantee

- 65% of project costs to be funded through debt which would benefit from an Infrastructure UK guarantee⁽¹⁾
 - Discussions ongoing with IUK
 - IUK is undertaking a comprehensive due diligence
- Financing anticipated to be structured on a non-recourse basis to sponsors
 - No counter-guarantees to IUK
 - Commitment of sponsors limited to base case equity and capped contingent equity
 - Commitment backed by appropriate credit standing and on a several basis (not “joint and several”)
- Flexible terms anticipated to accommodate project characteristics
 - Long-dated maturity
 - Access to sovereign debt market

Roadmap to FiD: key conditions still to be met

Conditional Commercial Close

October 2013

- Agreement on CfD terms
- Confirmation of ongoing support of Infrastructure UK
- Letters of intent of partners
- Agreements in principle with top 4 suppliers

Conditional Financial Close

Target: H1 2014

- Binding agreements on investment terms with CGN, CNNC and Areva, and possible other partners
- Detailed binding agreement with Infrastructure UK on terms for a guarantee of the project's debt financing
- CfD and Funded Decommissioning Programme full contracts

Unconditional Final Investment Decision

Target: July 2014

- Receipt of full state Aid clearance from the European Commission (CfD, FDP, IUK)
- Full debt and equity contracts with all potential conditions precedent cleared
- Sale of 50 to 55% of the project by EDF



Appendices



Overview of EDF partners on HPC project



- Major nuclear corporation, 100% owned by the Government of the People's Republic of China
 - c.4 GW installed capacity; and
 - c.20GW of projects under construction or planning
- Partner of EDF for the past 30 years through:
 - Development of the Daya Bay nuclear power station;
 - Co-investment in the Taishan project;
- Full support from Chinese Government for international nuclear projects development
- Credit rating
 - Xinhua: AA (stable outlook)
 - Chengxin: AAA (stable outlook)
 - Lianhe: AAA (stable outlook)



- Leading Chinese nuclear operator and developer, 100% owned by the Government of the People's Republic of China
 - c.10GW in operation; and
 - c.20GW of projects under construction or planning
- Controls most of the Chinese nuclear value chain, including R&D, engineering design, uranium exploration and mining, enrichment, fuel fabrication, reprocessing and waste disposal
- Partner of EDF for the past 30 years
- Credit rating
 - Chengxin: AAA (stable outlook)



- Key supplier of EDF
- 87% directly and indirectly owned by French government
- Prominent technology provider and industrial partner of NNB for the construction of HPC
- Vested interest in the success of the UK nuclear new build program
- Significant EPR construction experience through involvement in FLA3 and Taishan and development of OL3
- Credit rating
 - BBB- / A-3 (stable)

Hinkley Point site specificities

Increased scope of work compared to Flamanville

- More foundation work will be required at Hinkley Point due to the different nature of the soil
- Hinkley Point Marine Works will be significantly larger than Flamanville
 - Extreme low tide at HPC means that water will be taken far offshore
 - The length of the two water intake tunnels to be built at Hinkley Point will reach 3.6km
 - Flamanville was able to upgrade the existing water intake channel
- Flamanville benefited from significant synergies with existing infrastructure, while everything will have to be built from scratch at Hinkley Point
 - Ancillary buildings and Accommodation (canteen, offices, maintenance areas)
 - Access roads, car park as well as a Jetty (not needed in Flamanville)

Concrete quantities increased by over 30% due to Hinkley Point site specificities



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