Electricité de France

(*incorporated in the Republic of France with limited liability*)

EUR 1,250,000,000 Reset Perpetual Subordinated Notes
(the "Euro 6 Year Non-Call Notes")
Issue price: 100 per cent.

The Euro 6 Year Non-Call Notes (the "**Notes**") of Electricité de France ("**EDF**" or the "**Issuer**") will be issued on October 4, 2018 (the "**Issue Date**").

The Euro 6 Year Non-Call Notes will bear interest (i) from (and including) the Issue Date, to (but excluding) October 4, 2024 (the "**First Euro 6 Year Reset Date**"), at a fixed rate of 4.000 per cent. per annum, payable annually in arrears on October 4 in each year with the first interest payment date on October 4, 2019, and (ii) thereafter in respect of each successive six year period, the first successive six year period commencing on (and including) the First Euro 6 Year Reset Date, at a reset rate calculated on the basis of the mid swap rates for Euro swap transactions with a maturity of six years plus a margin, payable annually in arrears on or about October 4 in each year with the first such interest payment date on October 4, 2025 as further described under "*5. Interest*" in Section "*Terms and Conditions of the Euro 6 Year Non-Call Notes*."

Payment of interest on the Notes may, at the option of the Issuer, be deferred, as set out under "*5.5 Interest Deferral*" in Section "*Terms and Conditions of the Euro 6 Year Non-Call Notes*."

The Notes do not contain events of default.

Subject to any early redemption described below, the Notes are undated obligations of the Issuer and have no fixed maturity date. However, the Issuer will have the right to redeem the Euro 6 Year Non-Call Notes in whole, but not in part, (x) on any date during the period commencing on (and including) July 4, 2024 and ending on (and including) October 4, 2024, or (y) on any Euro 6 Year Interest Payment Date falling thereafter, as defined and further described under "*6.2 Optional Redemption from the First Euro 6 Year Call Date*" in Section "*Terms and Conditions of the Euro 6 Year Non-Call Notes*."

The Issuer may also redeem the Notes upon the occurrence of a Withholding Tax Event, a Tax Deductibility Event, an Accounting Event, a Rating Methodology Event and a Substantial Repurchase Event, as further described under "*6. Redemption and Purchase*" in Sections "*Terms and Conditions of the Euro 6 Year Non-Call Notes*."

This Prospectus (the "**Prospectus**") constitutes a prospectus for the purposes of Article 5(3) of Directive 2003/71/EC of November 4, 2003 (as amended, the "**Prospectus Directive**").

Application has been made for approval of this Prospectus to the *Autorité des marchés financiers* (the "**AMF**") in France in its capacity as competent authority pursuant to Article 212-2 of its *Règlement Général*, which implements the Prospectus Directive.

Application will be made to Euronext Paris for the Notes to be admitted to trading on Euronext Paris on the Issue Date. Euronext Paris is a regulated market for the purposes of the Directive 2014/65/EU of May 15, 2014 (as amended, "**MiFID II**"), appearing on the list of regulated markets issued by the European Securities and Markets Authority ("**ESMA**").

The Notes will be issued in dematerialized bearer form (*au porteur*) in the denomination of €100,000 each. Title to the Notes will be evidenced in accordance with Articles L. 211-3 and R. 211-1 of the French *Code monétaire et financier* by book-entries (*inscription en compte*). No physical documents of title (including *certificats représentatifs* pursuant to Article R. 211-7 of the French *Code monétaire et financier*) will be issued in respect of the Notes. The Notes will, upon issue, be inscribed in the books of Euroclear France ("**Euroclear France**") which shall credit the accounts of the Account Holders. "**Account Holder**" shall mean any intermediary institution entitled to hold, directly or indirectly, accounts on behalf of its customers with Euroclear France, and includes Euroclear Bank S.A./N.V. ("**Euroclear**") and the depositary bank for Clearstream Banking S.A. ("**Clearstream**").

The Notes have been assigned a rating of BB by S&P Global Ratings Europe Limited ("**Standard & Poor's**"), Baa3 by Moody's Investors Service Ltd. ("**Moody's**") and BBB by Fitch Ratings Ltd ("**Fitch**"). Each of Standard & Poor's, Moody's and Fitch is a credit rating agency established in the European Union and registered under Regulation (EC) No. 1060/2009 of September 16, 2009 (as amended, the "**CRA Regulation**") and is included in the list of credit rating agencies published by ESMA on its website (https://www.esma.europa.eu/supervision/credit-rating-agencies/risk) in accordance with the CRA Regulation. Credit ratings are subject to revision, suspension or withdrawal at any time by the relevant rating organization. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

Prospective investors should have regard to the risk factors described under the Section headed "*Risk Factors*" beginning on page 6 of this Prospectus, in connection with any investment in the Notes.

Structuring Advisor and Active Joint Bookrunner

BARCLAYS

Active Joint Bookrunners

BNP PARIBAS ***HSBC*** ***MUFG*** ***NATWEST MARKETS***

Passive Joint Bookrunners

CRÉDIT AGRICOLE CIB ***CREDIT SUISSE*** ***DEUTSCHE BANK*** ***LLOYDS BANK CORPORATE MARKETS***

NATIXIS ***SOCIETE GENERALE CORPORATE & INVESTMENT BANKING*** ***STANDARD CHARTERED BANK***

This Prospectus constitutes a prospectus for the purposes of the Prospectus Directive and of giving information with regard to the Issuer and its fully consolidated subsidiaries taken as a whole (the "**Group**," the "**EDF Group**," the "**EDF group**," "**we**," "**us**" and "**our**") and the Notes which is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position and profit and losses of the Issuer and the Group, as well as the rights attached to the Notes.

This Prospectus is to be read in conjunction with the documents incorporated by reference herein (*see* "*Documents Incorporated by Reference*") which have been previously or simultaneously published and which shall be deemed to be incorporated by reference in, and form part of, this Prospectus (except to the extent so specified in, or to the extent inconsistent with, this Prospectus).

No person has been authorized to give any information or to make any representation other than those contained in this Prospectus in connection with the issue or sale of the Notes and, if given or made, such information or representation should not be relied upon as having been authorized by the Issuer or any of the Managers (as defined in "*Subscription and Sale*"). Neither the delivery of this Prospectus nor any offering, sale or delivery made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or those of the Group since the date hereof or the date upon which this Prospectus has been most recently supplemented or that there has been no adverse change in the financial position of the Issuer or that of the Group since the date hereof or the date upon which this Prospectus has been most recently supplemented or that any other information supplied in connection with the issue of the Notes is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer and the Managers do not represent that this Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Managers which would permit a public offering of the Notes or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations and the Managers (each as defined in "Subscription and Sale") have represented that all offers and sales by them will be made on the same terms. Persons into whose possession this Prospectus comes are required by the Issuer and the Managers to inform themselves about and to observe any such restriction. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Notes in the United States, the United Kingdom, France and the European Economic Area (*see* Section "*Subscription and Sale*").

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. SUBJECT TO CERTAIN EXCEPTIONS, NOTES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS, EXCEPT IN TRANSACTIONS EXEMPT FROM OR NOT SUBJECT TO THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS. FOR A DESCRIPTION OF CERTAIN RESTRICTIONS ON OFFERS AND SALES OF NOTES AND ON DISTRIBUTION OF THIS PROSPECTUS, SEE "*SUBSCRIPTION AND SALE.*"

The Managers have not separately verified the information contained or incorporated by reference in this Prospectus. The Managers do not have any fiduciary duties to investors and therefore assume no liability or obligation to investors. None of the Managers makes any representation, warranty or undertaking, express or implied, or accepts any responsibility or liability, with respect to the accuracy or completeness of any of the information contained or incorporated by reference in this Prospectus or any other information provided by the Issuer in connection with the issue and sale of the Notes. Neither this Prospectus nor any information incorporated by reference in this Prospectus is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer or the Managers that any recipient of this Prospectus or any information incorporated by reference should subscribe for or purchase the Notes. In making an investment decision regarding the Notes, prospective investors must rely on their own independent investigation and appraisal of the (a) the Issuer, the Group, its business, its financial condition and affairs and (b) the terms of the offering, including the merits and risks involved. The contents of this Prospectus are not to be construed as legal, business or tax advice. Each prospective investor should subscribe for or consult its own advisers as to legal, tax, financial, credit and related aspects of an investment in the Notes. None of the Managers undertakes to review the financial condition or affairs of the Issuer or the Group after the date of this Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Managers. Potential investors should, in particular, read carefully the Section entitled "*Risk Factors*" of this Prospectus before making a decision to invest in the Notes.

Neither this Prospectus nor any other information supplied in connection with the issue and sale of the Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer or the Managers that any recipient of this Prospectus or any other information supplied in connection with the issue and sale of the Notes should purchase any Notes. Neither this Prospectus nor any other information supplied in connection with the issue and sale of the Notes constitutes an offer or invitation by or on behalf of the Issuer or the Managers to any person to subscribe for or to purchase any Notes.

Any websites mentioned or referred to in this Prospectus are for information purposes only and do not form any part of this Prospectus.

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PROHIBITION OF SALES TO EEA RETAIL INVESTORS — The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No. 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been or will be prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES ONLY TARGET MARKET — Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes, taking into account the five categories referred to in item 18 of the Guidelines published by ESMA on February 5, 2018, has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

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In this Prospectus, unless otherwise specified or the context otherwise requires:

- all references to "**EDF**," the "**Company**," the "**Issuer**" and "**Electricité de France**" refer to EDF S.A.;
- all references to "**RTE**" refer to Réseau de Transport d'Électricité, a regulated subsidiary of EDF managed independently within the meaning of the French *Code de l'énergie* and accounted for using the equity method;
- all references to "**Enedis**" refer to Enedis S.A., a regulated subsidiary of EDF managed independently within the meaning of the French *Code de l'énergie* and fully consolidated;
- all references to "**Framatome**" refer to Framatome S.A.S., a fully consolidated subsidiary of EDF, since the acquisition by EDF of 75.5% of its capital and voting rights on December 31, 2017;
- all references to "**Euroclear**" refer to Euroclear Bank S.A./N.V., as operator of the Euroclear System;

- all references to "**Clearstream**" refer to Clearstream Banking, *société anonyme*; and
- all references to **"€**," "**EURO**," "**Euro**," "**EUR**" or "**euro**" are to the lawful currency of the European Monetary Union.

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RISK FACTORS

The Notes are being offered to professional investors only and are not suitable for retail investors. Investors should not purchase the Notes in the primary or secondary markets unless they are professional investors. An investment in the Notes involves a high degree of risk. Before investing, we urge you to carefully review the following risk factors, and other information included or incorporated by reference herein, in their entirety and carefully consider the risks and considerations relevant to an investment in the Notes.

These risks are, on the date hereof, the risks that the Group believes could have a material adverse effect on its business, financial condition, results of operations, growth and prospects, and cause the value of the Notes offered hereunder to decline. Investors could lose all or part of their investment. All of these factors are contingencies which may or may not occur and the Group is not in a position to express a view on the likelihood of any such contingencies occurring. Moreover, if and to the extent that any of the risks described below materialize, they may occur in combination with other risks, which would compound the adverse effect of such risks on the Group's business, financial condition, results of operations and prospects. The occurrence of one or more of these risks, alone or in combination with other circumstances, may prevent the Issuer from being able to pay interest, principal or other amounts on the Notes when due and you could lose all or part of your investment. There may be other risks that the Group has not yet identified or does not consider as of the date hereof likely to have a material adverse effect on its business, financial condition, results of operations or growth. The risks described below may relate to the Issuer or any of its subsidiaries.

Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with Notes are also described below.

The sequence in which the risk factors are presented below is not indicative of their likelihood of occurrence or of the potential magnitude of their financial consequences.

Words and expressions defined under "Terms and Conditions of the Euro 6 Year Non-Call Notes" shall have the same meanings in this Section.

Prospective investors should read the detailed information set out elsewhere in this Prospectus and in any documents incorporated by reference herein and reach their own views prior to making any investment decision. In particular, investors should make their own assessment as to the risks associated with the Notes prior to investing in the Notes. Prospective investors should consult their own financial and legal advisers about risks associated with investment in the Notes and the suitability of investing in the Notes in light of their particular circumstances.

RISK FACTORS RELATING TO THE ISSUER'S BUSINESS, FINANCIAL POSITION AND FUTURE RESULTS

The risks presented below concern risks associated with the regulation of energy markets, risks related to the competitive and general context, risks related to the transformation of the EDF Group, risks related to the operational performance of the EDF Group and specific risks related to the EDF Group's nuclear activities.

The risks associated with the regulation of energy markets are described in Section "*Risks associated with the regulation of energy markets*," particularly the regulation of the electricity market, and take into consideration, in particular: (i) competition rules, especially in Europe and France, where most of the EDF Group's activities are conducted and (ii) public policies in the field of energy.

In Section "*Risks related to the competitive and general context*," a description is given of the risks caused by exposure to the energy markets in which the EDF Group operates, as well as the risks caused by changes to competition and new societal expectations, economic circumstances and elements of public policy or general regulation in the various countries and territories where the EDF Group exercises its activities.

The risks caused by factors internal to the EDF Group are described in Sections "*Risks related to the transformation of the EDF Group*," "*Risks related to the operational performance of the EDF Group*" and "*Specific risks related to the EDF Group's nuclear activities*."

In Section "*Risks related to the transformation of the EDF Group*," a description is given of the risks associated with changes to the portfolio and model of activity of the EDF Group, and to its transformation, in its industrial, services and sales activities.

In Section "*Risks related to the operational performance of the EDF Group*," a description is given of the risks associated with the control of its operational activities in its various industrial, services and sales activities.

The last section is devoted to the specific risks related to the EDF Group's nuclear activities, which involves additional risk factors and specific measures, notably with regard to the overriding requirements of nuclear safety and the long-term capital-intensive nature of the activity.

The exposure to risk may vary according to geographical scope and duration. The potential impact of these risks may produce effects at very different time horizons, ranging from very short term (less than a year) to very long term (up to several decades or more, given the nature of the relevant industrial activities).

The geographical scope of exposure of the EDF Group to its main risks is described in the table below.

	Main risk factors	Scope of exposure
Regulation of the energy markets	Modes of valuation by the regulation of low-carbon solutions	France-Europe-International
	Changes to the regulatory framework of tariffs	France-Europe-International
	Changes to the regulatory framework for the renewal of concessions	France-Italy-International
	Energy transition causing a profound transformation of the EDF Group's business portfolio	France-Europe-International
	Changes to energy policies slowing the development of the EDF Group	France-Europe-International
	Insufficient compensation for services in the public interest	France
Competitive and general context	Increased competition in the energy markets	France-Europe-International
	Exposure to the wholesale energy market	France-Europe-International
	Unfavourable economic circumstances	France-Europe-International
	Seasonal activities	France-Europe-International
	Exposure to climatic risk	France-Europe-International
	Changes to the environmental and health regulatory framework	France-Europe-International
	Vulnerability caused by the political, macroeconomic or financial context or circumstances of a region or a country	France-Europe-International
	Changes to international accounting standards	France-Europe-International
Transformation of the EDF Group	Difficulty in making changes to the portfolio of activities according to the objectives targeted	France-Europe-International
	Maintenance of ability to promote synergies and integrated solutions upstream/downstream and with the subsidiaries of the EDF Group	France-Europe-International
	Ability to perform the EDF Group's acquisition and disposal operations and reach the targeted objectives	France-Europe-International
	Maintain the ability to adapt and develop skills according to the requirements of the EDF Group	France-Europe-International
	Maintain the ability to ensure the long-term social and financial commitments of the EDF Group	France-Europe-International

Operational performance of the EDF Group	Ability to improve the operational and financial performance	France-Europe-International
	Granting and renewal of administrative authorizations	France-Europe-International
	Control of large projects	France-Europe-International
	Ability to implement the digital transition	France-Europe-International
	Malicious attacks against information systems	France-Europe-International
	Control of industrial risks	France-Europe-International
	Health at work	France-Europe-International
	Quality of employment/management dialogue and of industrial relations	France-United Kingdom-Italy
	Default of Group's counterparties	France-Europe-International
	Financial risks	France-Europe-International
	Reputational risks	France-Europe-International
Nuclear activities of the EDF Group	Operational nuclear safety	France-United Kingdom
	Ability to continue the period of operation	France-United Kingdom
	Ability to carry out the "Grand Carénage" programme	France
	Ability to build and operate the EPR reactors	France-United Kingdom-China
	Industrial dependency for specific skills	France-Europe-International
	Ability to integrate Framatome and develop synergies	France-Europe-International
	Ability to control the nuclear fuel cycle	France-United Kingdom
	Ability to control the decommissioning of reactors and the final processing of radioactive waste	France-United Kingdom
	Exercise of nuclear civil liability	France-United Kingdom

Risks associated with the regulation of energy markets

The regulation of the market for CO_2 emissions quotas, such as changes in the prices of these quotas, is likely to affect the profitability of the EDF Group and its objectives in matters of low-carbon energy solutions.

There is a risk, potentially caused by inappropriate regulation, that the prices of CO_2 remain low and do not enable sufficient development of low-carbon energy solutions, to the detriment both of the fight against climate change and the EDF Group. This may constitute a risk of loss of opportunity to promote the EDF Group's low-carbon energy solutions.

A significant share of the EDF Group's revenue is generated by the activities subject to regulated tariffs, and changes in such tariffs and in the conditions of their application, may have an impact on the EDF Group's results.

In France, a significant share of the EDF Group's revenue depends on regulated tariffs that are set by the public authorities or the regulatory authorities (regulated sale tariff and Tariffs for Using the Public Electricity Transmission and Distribution Networks (TURPE), see Section 1.5.3 "*Regulatory framework*" and Section 1.5.2 "*Public service in France*" of the 2017 Document de Référence and Note 3.5.1 of the 2018 Unaudited Interim Condensed Consolidated Financial Statements). Determining tariffs with the participation of regulatory authorities in such a way is a method also used in other countries where the EDF Group operates.

The principles defining the right to tariffs were reiterated in France in the Act No. 2010-1488 of December 7, 2010 (the "**NOME Act**") and are now provided for in Articles L. 337-7 to L. 337-9 of the French *Code de l'énergie* (see Section 1.4.2.1.3 "*Energy sales contracts at regulated tariff*" of the 2017 Document de Référence). The French Energy Regulatory Commission (the "**CRE**") may ask the Minister of the Economy and the Minister of Energy to limit or block tariff increases, for the same service quality and unless one of the relevant Ministers expresses its opposition to this proposition within three months, such tariff increase limitation or tariff freeze is deemed to have been accepted. Stakeholders may challenge the decisions setting tariffs in the courts. On August 24, 2017, Engie brought a claim before the *Conseil d'Etat* for abuse of power against the decision of July 27, 2017 relative to regulated sale tariffs, claiming that the tariffs are contrary to European Union law. By a decision dated May 18, 2018, the *Conseil d'Etat* validated the principle of regulated electricity sales tariffs, notably acknowledging that they serve the public economic interest objective of price stability. However, the *Conseil d'Etat* considered that the regulated tariffs are a disproportionate measure in two respects and made their continuation conditional on changes to the legislative framework to introduce regular reviews of the measure and restrict the regulated electricity sales tariffs in mainland France to residential customers and non-residential sites other than sites "belonging to large firms." It therefore partly cancelled the tariff decision of July 27, 2017. The law must now define the scope of beneficiaries of regulated tariffs and set the frequency of reviews (see Section 9.1.7 of the 2018 Half-Year Management Report).

The NOME Act also provided for a regulated access in France to electricity generated by existing nuclear capacity (*accès régulé à l'énergie nucléaire historique* – "**ARENH**") to the advantage of electricity suppliers competing with EDF (see Section 1.4.3.3 "*Regulated access to historical nuclear power (Accès Régulé à l'Énergie Nucléaire Historique, or ARENH)*" of the 2017 Document de Référence). The ARENH price, which is regulated, is one of the price references used to set the regulated tariffs. Moreover, the conditions for the implementation of the ARENH, which offer numerous options to the advantage of alternative suppliers, give them arbitrage opportunities on the markets to the detriment of EDF. This therefore exposes EDF symmetrically to major uncertainties that negatively affect the efficiency of its energy markets risk management (see Section 2.2.2.1.1 "*Control of energy markets risks*" of the 2017 Document de Référence and Section 6.2 of the 2018 Half-Year Management Report).

More generally, the EDF Group sells a significant share of its energy output on the European markets or at regulated or contracted prices, indexed on market prices to a greater or lesser degree. In France, as in other countries, the EDF Group cannot guarantee that the regulated sale or purchase tariffs will always be set at a level enabling it to preserve its short-, medium- and long-term investment capacity and its proprietary interests, by ensuring a fair return on capital invested by the EDF Group in its generation, transmission and distribution assets.

For example, regularization in France of the regulated tariffs applicable to the electricity sales for the period from August 1, 2014 to July 31, 2015, following the *Conseil d'Etat*'s decision of June 15, 2016 and the publication of the decisions setting forth the rectified tariffs in the *Journal Officiel* on October 2, 2016, reached a gross amount of €1,030 million.

At times, the EDF Group operates its generation, transmission, distribution or supply businesses pursuant to public service concession arrangements and it is not always the owner of the assets it operates.

The EDF Group does not always own the assets that it uses for its activities and, in such case, frequently operates them pursuant to a public service concession arrangement.

In France, for example, Enedis does not own all distribution network assets: it operates them under concession agreements negotiated with local authorities (see Section 1.4.4.2.2 "*Distribution activities*" of the 2017 Document de Référence), which grant it the exclusive right to engage in expansion actions and operate the public electricity distribution network. These public electricity distribution concession agreements are tripartite agreements between the licensing authority, the operator of the distribution network and the supplier at the regulated rate. Under the law, only Enedis and Local Distribution Companies (LDCs) in their service areas (and EDF for areas not connected to the continental metropolitan network) may be appointed to operate the public energy distribution networks and only EDF and LDCs in their service areas may be appointed to provide the supply at the regulated rates. Therefore, at this time, when a concession agreement is renewed, Enedis and EDF do not compete with other operators. However, the EDF Group cannot guarantee that such provisions will not be amended by law in the future (see Section 1.5.5 "*Public electricity distribution concessions*" of the 2017 Document de Référence). Furthermore, the EDF Group may not obtain the renewal of these contracts under the same financial terms and conditions.

The deployment by the Enedis public distribution network of smart meters (Linky) began in December 2015 and will continue until 2021 (see Section 1.4.4.2.4 "*Future challenges*" of the 2017 Document de Référence). It is possible however that these time frames and associated costs may need to be revised owing to technical or administrative problems, or acceptability problems regarding the supply of equipment or their installation.

In France, RTE is both the owner and operator of the public transmission system pursuant to the standard concession terms of reference signed by the Minister of Industry (Decree No. 2006-1731 of December 23, 2006 – see Section 1.4.4.1 "*Transmission – Réseau de Transport d'Électricité (RTE)*" and Section 1.5.3.2 "*French legislation: the French Energy Code*" of the 2017 Document de Référence).

In France, hydropower generation facilities are operated under concessions awarded by the French State for structures of 4.5MW or more and within the framework of prefectoral authorizations for structures of less than 4.5MW (see Section 1.5.6.2.4 "*Regulations applicable to hydropower facilities*" of the 2017 Document de Référence). The challenges associated with the renewal of hydraulic concessions in France are specified in Section 1.4.1.5.1.4 "*Hydropower generation issues*" of the 2017 Document de Référence, and related proceedings issued by the European Commission against the French State are described under "*Competitive bidding for hydroelectric concessions in France*" in Section 2.4.1 "*Legal proceedings concerning EDF*" of the 2017 Document de Référence.

The EDF Group cannot guarantee that each of the concessions that it currently operates will be renewed, or that any concession will be renewed under the same financial terms and conditions as the initial concession. Furthermore, the EDF Group cannot guarantee that the compensation paid by the government in the event of early termination of a concession's operation will fully compensate the EDF Group's consequent loss of revenue, or that future regulations regarding the limitation of fees will not change in a way that could negatively affect the EDF Group. These factors could have an adverse impact on its activities and financial position.

The EDF Group also operates under electricity distribution or generation concessions in other countries where it does business, particularly in Italy in the field of hydropower generation. Depending on the conditions in each country, the transmission, distribution or generation concessions may not be continued or may not be renewed in its favour with changes to the financial terms and conditions of the concession specifications, which would have an adverse impact on the EDF Group's activities and financial position.

The legal framework organizing the liberalization of the energy sector in Europe remains recent. This framework may still change in the future and become more restrictive.

The EDF Group's activities in France and abroad are subject to numerous regulations (see Section 1.5 "*Legislative and regulatory environment*" of the 2017 Document de Référence). Moreover, laws may vary from one country to another, including in the European Union where Directives only establish a general framework.

This legal framework organizing the liberalization of the energy sector is relatively recent. The legal framework is therefore subject to change in the future ("Energy Package"), and such changes could be unfavourable to the EDF Group and, in particular, generate additional costs, be inconsistent with the EDF Group's growth model, change the competitive context in which the EDF Group operates, or affect the profitability of current or future generating units.

The next multi-year energy plan (PPE) in France or other energy policies in the countries where the EDF Group operates are likely to lead to profound transformations or hinder the EDF Group in its development compared to its competitors.

Act No. 2015-992 of August 17, 2015 on Energy Transition for Green Growth (the "**Energy Transition Act**") results in additional indications or constraints with regard to the power generation tools (target of 50% of nuclear power share in French electricity production by 2025, cap of the total authorized capacity of nuclear generation to 63.2GW) and the Company's governance (obligation for any operator producing more than a third of the national electricity generation to draft a strategic plan outlining the actions it agrees to implement to meet the targets set in the multiannual energy programme ("**PPE**") and appointment of a Commissioner to these operators empowered to object to investment decisions whose implementation would be incompatible with the objectives of the strategic plan or the PPE). At the meeting of the Council of Ministers on November 7, 2017,[1] the French government noted the studies carried out by RTE which show that the deadline of 2025 raises significant implementation difficulties

[1] Source: http://www.gouvernement.fr/conseil-des-ministres/2017-11-07/trajectoire-d-evolution-de-l-energie-electrique.

in the light of France's climate change commitments, whereas France currently has electricity that is amongst the least carbon-dioxide emitting in Europe.

At the same time, the competent authorities or certain governments could, in order to maintain or enhance competition in certain energy markets, take decisions contrary to the EDF Group's economic or financial interests or that impact its model as an integrated operator (see in particular, Section 1.5.3.1, "*European legislation*" and Section 2.4.1 "*Legal proceedings concerning EDF*" of the 2017 Document de Référence and Section 9.1 of the 2018 Half-Year Management Report).

Although EDF complies, and will continue to comply, with the laws and regulations applicable in terms of competition and non-discrimination, competitors have initiated or may initiate litigation for non-compliance with these rules, which could be decided in a direction unfavourable to the interests of the EDF Group.

Changes to regulations concerning energy savings certificates ("ESC") could impose additional obligations on EDF and generate costs in relation thereto.

In France, the energy savings certificates (ESC) measure, which is set out in Articles L. 221-1 et seq. of the French *Code de l'énergie*, imposes energy savings obligations on energy sellers. It sets a three-year energy savings target in terms of volumes for those bound by the obligations and financial penalties in case of failure to meet the targets. The Energy Transition for Green Growth Act of August 17, 2015 amended the ESC scheme for the third period of the scheme by adding to the original obligation a supplementary scheme for energy savings for households in situations of fuel poverty. Decree No. 2017-690 of May 2, 2017 fixes, over the period 2018-2020, the overall level of obligations, with a doubling of objectives compared to the third period (see Section 1.5.6.1 "*General regulations that are applicable to the environment, health, hygiene and safety*" of the 2017 Document de Référence). Regulated tariffs for the sale of electricity increased by an average of 0.8% on the first of February 2018, for residential customers and small professionals. This increase, decided by the French government, is compliant with the proposal from the Energy Regulation Commission (CRE) dated January 11, 2018, notably to take into account the increased obligation incumbent upon suppliers in matters of energy savings certificates. In addition, regulated tariffs for the sale of electricity are increasing by an average of 1.1% on the first of August 2018, for non-residential customers and small professionals. This increase, decided by the French government, is compliant with the proposal from the Energy Regulation Commission (CRE) dated July 12, 2018, notably to take into account the increased risks born by the suppliers, notably those related to portfolio projection due in particular to the increased volatility of wholesale market prices. An increase in competition between energy suppliers, the economic crisis or a reduction in the main sources of energy savings could cause an additional difficulty in reaching this three-year objective. The EDF Group cannot guarantee that the commercial costs incurred in meeting the three-year target will be fully passed on in energy prices, which would be detrimental to the EDF Group's financial position.

Laws and regulations that require transmission and distribution activities to be managed independently limit control over these activities.

In accordance with current laws and regulations, EDF manages its transmission network independently from its generation and marketing activities and has transferred its transmission activity to a subsidiary. Since the creation of the subsidiary on September 1, 2005, RTE has been the owner and manager of the French electricity transmission network, which it operates, maintains and develops. On March 31, 2017, EDF finalized the disposal of 49.9% of the share capital of the Company that had held all shares in RTE since December 2016. Following the transaction, EDF, the Caisse des Dépôts and CNP Assurances are co-shareholders of the Coentreprise de Transport d'Electricité holding all of the capital of RTE. As RTE is a regulated subsidiary, managed independently according to the provisions of the French *Code de l'énergie*, EDF is likely to be affected by limits or loss of control over certain strategic and operational decisions, which may have an impact on the outlook for and profitability of its transmission activity in France (see Section 1.5 "*Legislative and regulatory environment*" of the 2017 Document de Référence). At the same time, in accordance with the provisions of the French *Code de l'énergie*, EDF continues, in its capacity as shareholder, to bear certain risks related to the activity of RTE and retains possible liabilities in relation to third parties and to elements that could affect the profitability of RTE's regulated asset base (see Section 1.4.4.1.2.3 "*Developments and completion of new capital investments*" of the 2017 Document de Référence).

In accordance with current laws and regulations, EDF manages its distribution network independently from its generation and marketing activities and has transferred its distribution activity to a subsidiary. Distribution is carried out by Enedis, whose main purpose is the operation and development of the public energy distribution network. Enedis has been operational since January 1, 2008. As Enedis is a regulated subsidiary, managed independently according to the provisions of the French *Code de l'énergie*, EDF is likely to be affected by limits or loss of control over certain strategic and operational decisions, which may have an impact on the outlook for and profitability of its distribution activity in France (see Section 1.5 "*Legislative and regulatory environment*" of the 2017 Document de Référence). At the same time, in accordance with the provisions of the French *Code de l'énergie*, EDF will continue, in its capacity as shareholder, to bear certain risks related to the activity of Enedis and will retain possible liabilities in relation to third parties and to elements that could affect the profitability of assets.

The EDF Group may face similar risks in countries or regions where it owns or manages transmission or distribution networks and where it is subject to similar regulatory restrictions.

The development of an integrated European electricity market could be hampered by a delay in the necessary adaptations of the European electricity system.

The development of an integrated European electricity market relies in particular on the adaptation of the European electricity system, in particular in terms of transport infrastructure and interconnections. This adaptation must take into consideration new data on local, national and European energy policies, energy demands and production offers, in particular the growing role of intermittent energies. To successfully carry out these adaptations, it may be necessary to mobilize time and significant financial resources.

The length of this transitional period associated with the necessary adaptation of the European electricity system, which may extend from five to ten years with regard notably to investment programs in transport grids and interconnections in Europe for the next ten years, could lead to further difficulties for the EDF Group's developing new synergies between the different entities of the EDF Group or proposing new competitive offers.

EDF has certain obligations, in particular public service obligations, that are remunerated by mechanisms that may not provide complete compensation for additional costs incurred in connection with such obligations, or that are subject to change.

The public service contract entered into by the French government and EDF on October 24, 2005 specifies the objectives and terms for performing the public service obligations that EDF is appointed to perform under law (in particular Articles L. 121-1 *et seq*. of the French *Code de l'énergie*), and also sets out the mechanisms under which EDF is compensated for the performance of these obligations (see Section 1.5.2 "*Public service in France*" of the 2017 Document de Référence).

The development of renewable energies connected directly to the distribution network may, in certain regions, saturate the reception capacities of the source substations and networks. This situation may possibly generate local imbalances, or disputes if Enedis must disconnect certain producers or connect them with significant delays. New investments may be required in these regions, with the risk that the costs associated therewith may not be taken into account.

EDF cannot be certain that the compensation mechanisms provided in the laws and regulations applicable to it for performing these public service obligations will fully compensate additional costs incurred to perform such obligations. Furthermore, EDF cannot guarantee that these compensation mechanisms will never be subject to change or that existing mechanisms will fully cover potential additional costs that may be incurred in relation with new duties imposed on EDF in connection with its public service obligations, in particular when a new public service contract is negotiated.

The occurrence of any of these events may have an adverse impact on EDF's activities and financial results and on the EDF Group's financial position.

The provisional amount of expenses that can be attributed to public service energy missions and are to be compensated to EDF reaches €7,206.1 million in 2019, which represents a decrease compared to 2018 (decision of the CRE dated July 12, 2018 relating to the assessment of expenses that can be attributed to public service energy missions for 2019).

The EDF Group faces stiff competition in the European energy markets and, especially, in the French electricity market, which constitutes its main market.

In France, the electricity market has been totally open to competition since July 1, 2007. All EDF customers can choose their electricity supplier and therefore elect any of EDF's competitors (see Section 1.4.2.1 "*Presentation of the market in France*" of the 2017 Document de Référence). EDF is prepared to face competition in a context of increased competitive intensity (new customer expectations, new regulations, emergence of new players, mergers between existing operators, changes in market prices, etc.). These changes, at constant consumption and price levels, have had and may have in the future an adverse impact on the EDF Group's sales in France. Lastly, to achieve its objectives, EDF must adapt its marketing expenditures; this situation could negatively impact its profitability. Elsewhere in Europe, the EDF Group faces different contexts, depending on the local competitive conditions (totally or partially open markets, position of competitors, regulations, etc.). The type of competition faced by the EDF Group, the evolution over time of such competition and its effect on the EDF Group's activities and results vary from one country to another. These factors depend in particular on the level of market depth and its regulations in the country in question and on other factors over which the EDF Group has no control.

In this context, even if the EDF Group considers that the European electricity market offers opportunities, including in terms of developing new low-carbon electricity uses and the need for energy services and energy efficiency, the EDF Group may not be able to defend its market share or gain market shares as expected, or it may see its margins decrease, which would have a negative effect on its activities, its strategy and its financial position.

In order to sell its output directly or indirectly, the EDF Group is exposed to the prices of European energy wholesale markets and capacity markets in the course of deployment, the levels of which thus might impact its financial position.

In conducting its production and marketing activities, the EDF Group does business in energy markets, primarily in Europe. Therefore, the EDF Group is exposed to price fluctuations in the wholesale energy markets (electricity, gas, coal, petroleum products). These fluctuations are particularly significant in the current context of wholesale energy prices in Europe (see Section 5.1.2 "*Economic environment*" of the 2017 Document de Référence).

In France, since the end of regulated tariffs for companies, the EDF Group has been exposed to market prices. The degree of exposure depends on the level of subscription to the ARENH mechanism, which is itself dependent on the level of market prices: market exposure in France is thus at a maximum when no ARENH volume is subscribed and it is then estimated at about 80% of the EDF production in France.

The context in recent years of the low prices of the European energy markets, should they continue indefinitely, exposes the EDF Group both in terms of its turnover and the valuation of its assets. The persistently low price levels create strong uncertainty regarding the turnover, the expected margin and the result. Should these price levels continue, they may also affect the profitability of the EDF Group's generating units, mainly in Europe, and the conditions governing their maintenance or even their renewal.

Various factors affect these price levels: commodity prices in world markets, the balance between supply and demand, but also tariff, fiscal or subsidy policies allocated to certain means of production. Accordingly, the EDF Group cannot guarantee that it will be able to avoid adverse impacts on the development of its business, the valuation of its assets and its financial position, following changes in electricity market prices.

The EDF Group manages its exposure to these risks primarily through purchases and sales on wholesale markets. With the exception of petroleum products markets, these are recent markets that are still under development. Therefore, a lack of liquidity may limit the EDF Group's ability to hedge its exposure to risks in the energy market. Moreover, certain of these markets continue to be partially partitioned by country due to, in particular, a lack of interconnections. Furthermore, these markets may experience significant price increases or decreases that are difficult to foresee, as well as liquidity crises.

Energy market risks are managed in accordance with the "Energy market risks" policy adopted by the EDF Group (see Section 2.2.2.2.1 "*Control of energy market risks*" of the 2017 Document de Référence and Section 6.2 of the 2018 Half-Year Management Report). The EDF Group hedges its positions on these markets through derivatives, such as futures, forwards, swaps and options traded on organized markets or over the counter. However, the EDF Group cannot guarantee that it is totally protected, in particular against liquidity risks and significant price fluctuations, which could have an adverse impact on its financial position and the valuation of its assets (see Note 40 "*Management of market and counterparty risks*" to the 2016 Consolidated Financial Statements).

Furthermore, the current context of prices in the European wholesale energy markets has an impact on the profitability of certain production tools, in particular fossil fuel-fired power plants, for all European producers. Capacity markets are currently being set up in several European countries, but with different approaches. This may limit the risk that certain power generation assets necessary to secure the supply will be closed or mothballed.

The EDF Group's activities may be handicapped by unfavourable economic conditions.

The EDF Group's activities are sensitive to economic cycles and economic conditions in the geographical areas in which the EDF Group does business. An economic slowdown in these areas would result in a drop in energy consumption, investments and industrial production by the EDF Group's customers and, consequently, would have a negative effect on the demand for energy and the services offered by the EDF Group. Such economic conditions could, for example, threaten the profitability of certain of the EDF Group's existing or planned assets or weaken certain of the EDF Group's counterparties (see Section 5.1.2 "*Economic environment*" of the 2017 Document de Référence). The current situation of overall excess capacity of European energy power plants is further weakened by the arrival of new heavily subsidized means of production in an economic context of stable or even declining consumption. The EDF Group cannot guarantee that the effects of an economic downturn in the geographical areas where it does business will not have a significant adverse impact on its activities, operating income, the value of its assets, its financial position or outlook.

In addition, the EDF Group is exposed to fluctuations in cycles of economic growth and in the respective levels of investment in the various countries in which it operates. A slowdown of the general or local economy, significant fluctuations in prices and the availability of energy and raw materials, a decrease in demand for energy and related services in the EDF Group's main markets, events affecting its main customers, significant imbalances between supply and demand in the EDF Group's main markets and, more generally, any major deterioration in the macroeconomic or microeconomic environment in which the EDF Group operates are all risks that could directly or indirectly affect the EDF Group's business volumes, margins, the value of its assets, its financial position or outlook.

The EDF Group is exposed to risks related to weather conditions and seasonal variations in the business.

Electricity consumption is seasonal and depends to a great extent on weather conditions. For example, in France, electricity consumption is generally higher during winter months. Furthermore, available power may also depend on weather conditions. Thus, low water levels or heat waves may limit nuclear power generation due to the requirement that rivers downstream of facilities not exceed maximum temperatures, which may result in reactor outages. Hydropower generation is also sensitive to rainfall (quantity and annual distribution) and snowfall with respect to mountain ranges (see Section 1.4.1.5.1 "*EDF New Energies*" of the 2017 Document de Référence). Similarly, power generated by wind power or solar plants depends on wind conditions or hours of sunshine at the sites where such facilities are installed (see Section 1.4.1.5.3 "*New renewable energies*" of the 2017 Document de Référence). The service activities may themselves depend on peak periods, in winter and in summer.

Therefore, the EDF Group's results reflect the seasonal character of the demand for electricity and may be adversely affected by exceptional weather conditions or by rain, snow, wind or sunshine conditions that are less favourable than anticipated. For example, the EDF Group may have to compensate the reduced availability of economical power generation means by using other means with higher production costs, or by having to access the wholesale markets at high prices.

The EDF Group is exposed to the physical and transition effects of climate change.

The assets and activities of the EDF Group are likely to be significantly affected by any physical and societal effects of climate change. These effects may be difficult to predict and could have unfavourable consequences for the financial condition of the EDF Group, its operating results, cash flows or facilities. New regulatory developments associated with climate change could also have a negative impact on EDF's activity. The EDF Group's climate change adaptation strategy is described in Sections 3.3.1. "*EDF group's decarbonisation strategy*" and 3.3.2 "*Adapting the EDF Group's business to climate change*" of the 2017 Document de Référence.

The EDF Group must comply with increasingly restrictive environmental and public health regulations, which generate costs and are sources of potential liability.

The activities of the EDF Group are subject to rules in matters of protection of the environment and public health that are increasingly numerous and demanding, both at the French and European levels.

These rules concern the EDF Group's industrial generation activities, as well as energy supply and energy-related services, which must, for example, incorporate the concept of demand management into their offers (for a description of the environmental, health and safety regulations applicable to the EDF Group, as well as future regulations likely to have an impact on its activities, see Sections 1.5.6.1 "Gen*eral regulations that are applicable to the environment, health, hygiene and safety*" and 1.5.6.2 "*Regulations applicable to EDF installations and group activities*" of the 2017 Document de Référence).

The French regulatory framework has been strengthened with the entry into force of the law on the duty of care of parent companies and subcontracting companies requiring them to implement measures relating to the activity of the parent company and of all the companies it controls aimed at identifying risks and preventing serious infringements of human rights and fundamental freedoms, the health and safety of persons and the environment arising directly or indirectly from the activities of the parent company and subcontracting companies, as well as companies it controls or its subcontractors or suppliers.

Non-compliance with these present or future regulations could expose the EDF Group to significant litigation (see Section 2.4. "*Legal proceedings and arbitration*" of the 2017 Document de Référence and Section 9 of the 2018 Half-Year Management Report). The EDF Group could be found liable, even if it is not at fault or has not breached applicable regulations. Furthermore, the EDF Group may be compelled to compensate breaches, damage or injuries caused by entities that were not part of the EDF Group at the time they were committed, if the EDF Group thereafter takes over their facilities.

These regulations may be significantly reinforced by the national or European authorities (see Section 1.5 "*Legislative and regulatory environment*" of the 2017 Document de Référence), which would have a negative impact on the activities of the EDF Group and its financial situation. The EDF Group continuously performs a monitoring in order to assess the impact of regulatory changes on its activity. The provisions implemented are described in Section 3.2 "*Environmental and societal requirements*" of the 2017 Document de Référence.

The EDF Group's compliance with current regulations, and future changes to such regulations, has resulted and could continue to result in an increasing level of operating costs and investments necessary for such compliance. The EDF Group may even be required to close facilities that cannot be made compliant with new regulations. In addition, other regulations, which may be more restrictive or which may apply to new areas which are not currently foreseeable, may be adopted by the competent authorities and have a similar effect.

Lastly, stakeholders' external perception of the EDF Group's sustainable development policy may change, resulting in a deterioration of the EDF Group's non-financial rating and image.

As the EDF Group's majority shareholder, the French State may influence the activities or decisions made by the EDF Group.

Pursuant to Article L. 111-67 of the French *Code de l'énergie*, the French State is EDF's principal shareholder and must retain ownership of at least 70% of its share capital. Under French law, a majority shareholder controls most corporate decisions, including resolutions that must be adopted by general meetings (in particular, the appointment and dismissal of members of the Board of Directors, the distribution of dividends and amendments to the articles of association, including in the context of share capital increases, mergers or asset contribution deals or restructuring activities). In addition, the legal restriction on dilution of the French government's stake may limit EDF's capacity to access capital markets or carry out external growth transactions.

The results of the referendum in the United Kingdom on the withdrawal from the European Union are likely to have a negative effect on EDF's overall economic conditions, financial markets and activities.

In June 2016, a majority of UK citizens voted in favour of withdrawing from the European Union in a national referendum. The consequences of this referendum, and the procedures for the withdrawal of the United Kingdom, are the subject of negotiations within the withdrawal procedure specified by Article 50 of the Treaty on the European Union. The meeting of the European Council of December 15, 2017 enabled the second phase of negotiations to begin. Numerous policies are likely to evolve (*e.g.*, monetary, tax, economy, energy). The impact of these evolutions on the economic and financial environment (notably in terms of growth, exchange rates and inflation) and on the EDF Group may exist from the transition phase or once the course of events is stabilized. These consequences will depend on the content of the negotiations, not only between the United Kingdom and the European Union, but also with other parties involved, such as the Commonwealth, the United States and China.

The referendum created significant uncertainty about future relations between the United Kingdom and the European Union, including in terms of which laws and regulations of European origin the United Kingdom will decide to replace or replicate in the event of withdrawal. Furthermore, the United Kingdom's withdrawal from the European Union could lead to changes in energy policy both within the European Union and the United Kingdom along with changes to texts relating to nuclear activity.

The draft law empowering the British Prime Minister to implement the right of withdrawal in accordance with Article 50 of the Treaty on European Union, which was approved by the House of Commons on February 1, 2017, provides for the joint exit from the European Atomic Energy Community established by the "Euratom" treaty, of which the United Kingdom became a member on January 1, 1973 at the same time as its becoming a member of the European Economic Community. Specific agreements will be studied accordingly in order to allow for continued cooperation in the nuclear field and operational continuity, with the United Kingdom remaining a member of the International Atomic Energy Agency. However, delays in setting up or deploying the new provisions could disrupt the implementation of ongoing or future projects.

The impact of all these developments on the activity of the EDF Group in the United Kingdom remains limited in the short term (see Section 1.4.5.1 "*United Kingdom*" of the 2017 Document de Référence). It may however result in the worsening of the economic conditions leading to a restriction of the energy market. The evolution of the monetary and economic environment, the deflationary or inflationary context, as well as potential fluctuations in exchange rates or new adjustments by economic players may lead both to new risks and new opportunities for the EDF Group in the United Kingdom market.

This new context may lead to changes in the profitability conditions for projects and raise questions or even repel investors associated with future projects of the EDF Group in the United Kingdom or in Europe.

These developments, the uncertainty that they create, as well as the belief that any of them might occur, are likely to weaken European economic activity, threaten the stability of its regulatory environment and cause significant fluctuations in exchange rates (see the risk factor "*The EDF Group is exposed to risks in the financial markets*" below). This could have a material adverse effect on global economic conditions, and in particular on the EDF Group's business, financial condition, and operating results, in particular in the United Kingdom.

The EDF Group does business in numerous countries and may face periods of political, economic or social instability.

The EDF Group is exposed to "country risk," meaning that economic, financial, political or social conditions of a country in which it operates may affect its financial interests. The forthcoming elections in the countries in which the EDF Group operates are likely to contribute to an environment of political uncertainty, and therefore legislative and regulatory uncertainty, and to a potential deterioration of economic conditions, notably if a country exits the euro zone or the European Union. A material change in the political or macroeconomic environment may require EDF to bear additional charges and/or expenditures in order to adapt to and comply with such new environment.

The EDF Group's activities are described in Section 1.4.5 "*International activities*" of the 2017 Document de Référence. Certain Group investments and commitments are exposed to risks and uncertainties associated with doing business in countries that may experience, or have experienced, periods of political or economic instability. Several countries in which the EDF Group operates have regulations that are less advanced and less protective, practice or may introduce controls or restrictions on repatriation of profits and capital invested, levy or may levy specific taxes and fees affecting energy businesses and impose or may impose restrictive rules on the business of international groups. In these countries, identified in particular by assessments performed by credit insurance groups (including COFACE) the electricity sector is also subject to sometimes rapidly changing regulations or regulations which may be influenced by political, social and other considerations, which may affect the operations or financial position of Group subsidiaries in a way that is contrary to its interests. The occurrence of any of these events may have an adverse impact on the EDF Group's activities, and financial position.

Lastly, the EDF Group has developed or built a portfolio of Independent Power Plants (IPPs) in different parts of the world, including Brazil, Vietnam, Laos and China, in which it plays one or more roles (engineering, project owner, project manager, investor, operator). In these different capacities, the EDF Group may incur liability or its financial performance may be affected, especially if the return on capital employed for the IPPs is lower than expected, if long-term electricity contracts or pass-through clauses, if applicable, are challenged, or in the event of major changes to electricity market rules in the relevant country.

Risks associated with amendments to the IFRS standards applicable to the EDF Group.

The EDF Group's 2017 Consolidated Financial Statements have been prepared in accordance with the applicable international accounting standards published by the International Accounting Standards Board (IASB), as approved by the European Union as at December 31, 2017 (see Note 1.1 to the 2017 Consolidated Financial Statements).

This accounting standards framework evolves and new standards and interpretations are currently in the process of being drafted or approved by the competent international bodies. The EDF Group is studying the potential impact of these standards and interpretations, but cannot foresee their development or potential impact on its consolidated financial statements.

Risks related to the transformation of the EDF Group

The EDF Group's expansion strategy may not be implemented in accordance with the objectives set by the EDF Group.

The EDF Group intends to continue its development as an efficient and responsible electricity producer, a champion of low-carbon growth in France, in its core countries in Europe (United Kingdom, Italy, Belgium) and internationally in line with the CAP 2030 strategy, combining the search for drivers of growth with the exploitation of existing assets. The strategy and drivers of the EDF Group's transformation are described in Section 1.3 "*Strategy of the EDF group*" of the 2017 Document de Référence. The EDF Group's upstream/downstream integrated model enables better management of the risks related to physical and market uncertainties, with the aim of maximizing gross margin (see Section 1.4 "*Description of the activities of the Group*" of the 2017 Document de Référence). In order to procure the resources for its strategy, the EDF Group thus implements programmes that focus on expansion, reorganization, increasing profitability (see the discussion below of the risk factor entitled "*The EDF Group has set up programmes that aim to improve its operating and financial performance and increase its financial flexibility. The objectives set for these programmes may not be achieved*") and disposals. These programmes may be supplemented by a strategic analysis of assets which may itself lead to a requirement for additional financial agility, giving rise to these disposals.

The EDF Group intends to develop and consolidate its integrated range of services solutions, notably eco-energy efficiency services, within a process of sustainable development that is local to customers and regions. The energy services market is very competitive, and the energy efficiency market has strong development potential (see Section 1.4.6.1 "*Energy Services*" of the 2017 Document de Référence). The integration of Dalkia into the EDF Group since July 25, 2014 reinforces this expertise and development sector (see Section 1.4.6.1.1 "*Dalkia*" of the 2017 Document de Référence). However, the EDF Group cannot guarantee that its service offer will be successful or that it will always be able to implement its expansion policy in this area, which may have an adverse impact on its financial position and outlook.

In the new energies field, EDF relies primarily on its EDF Énergies Nouvelles subsidiary (see Section 1.4.1.5.3 "*EDF Énergies Nouvelles*" of the 2017 Document de Référence), which does business in numerous countries. The profitability of these developments is often dependent on the support policies adopted in the various countries. The EDF Group cannot guarantee that the support programmes will not change in some of these countries and adversely impact the profitability of investments made.

With regards to nuclear activities, the EDF Group may not achieve the expansion that it anticipates or it may be unable to carry out projects that it has initiated in France and abroad, or it may be unable to carry out such projects over their duration under satisfactory economic, financial and legal conditions. In particular, through partnerships or equity investments, the EDF Group is committed to international projects for the construction and operation of nuclear power plants (notably in China, the United Kingdom and most recently India). These projects require obtaining administrative authorizations, licenses, permits and, in certain cases, setting up additional partnerships. These are projects of large-scale and long duration, involving numerous industrial partners and significant investments, for which the financing conditions may still be subject to confirmation. Given the economic climate, obtaining such funding may be delayed. Also, changes to the regulatory framework in certain countries could have an impact on the commitments and liability of EDF. Even when it has negotiated protective contractual arrangements, the EDF Group cannot guarantee that any or all of these projects will be carried out in accordance with the anticipated schedules, under satisfactory economic, financial, regulatory or legal conditions or that they will, in the long term, generate the profitability anticipated at the outset, which could have an adverse impact on the financial situation of the EDF Group and on its image. For additional information, in particular regarding the integration of Framatome, see below "*Specific risks related to the EDF Group's nuclear activities*."

Furthermore, the expansion of the EDF Group's gas business is an important issue, both in terms of the use of gas in power generation and the development of gas offers (see Section 1.4.6.2 "*Gas activities*" of the 2017 Document de Référence). The outlook for global supply and demand for gas is changing (the boom in unconventional sources of gas, particularly in the United States, rising demand in emerging countries, etc.). The competitive environment for the gas sector is evolving in France and in Europe with the emergence of new operators and the mergers of energy companies. The dependence of European countries on imports of natural gas is already high and continues to increase, due mainly to the depletion of local resources and increasingly distant supply sources. To implement its gas strategy, the EDF Group must not only have access to competitive sources of supply, but also to logistical infrastructure (such as storage, gas pipelines and LNG terminals) that allow it to transport its gas to locations near points of consumption, have the requisite flexibility and generate synergies between the various entities of the EDF Group, including those which it does not control. The EDF Group cannot guarantee that it will always, under competitive financial conditions, have access to gas supply sources (through long-term contracts or the acquisition of gas fields, for example) or to gas infrastructure, or be able to generate the synergies anticipated. All of these factors may slow the expansion of the EDF Group's gas strategy, which could have an adverse impact on its activities, financial position and outlook. Moreover, in the event of a harsher global geopolitical context, the EDF Group cannot guarantee that it could withdraw from projects in which it has committed itself either rapidly or under acceptable economic conditions (see Section 1.4.5 "*International activities*" of the 2017 Document de Référence).

More generally, the EDF Group may face unexpected changes in its regulatory, economic and competitive context, which may render its decisions inappropriate, or it may encounter difficulties in implementing or changing its strategy, which may have an adverse impact on the EDF Group's business, financial position and outlook.

The EDF Group's acquisition and disposal transactions carry risks and may not always achieve the objectives pursued.

As part of its development strategy, the EDF Group is required to carry out transactions involving the acquisition of assets or equity interests, as well as the creation of joint ventures and, more generally, all types of external growth transactions (see Sections 1.4 "*Description of the Group's activities*" and 5.1.3.2 "*Investments and partnerships*" of the 2017 Document de Référence).

External growth operations imply risks including the following: (i) the assumptions adopted by the EDF Group in valuing an acquisition may not prove accurate, particularly concerning anticipated market prices, cost savings, gains, synergies and the profitability; (ii) difficulties relative to the quality and performance of the assets acquired or the liabilities of acquired companies may be undervalued; (iii) difficulties relating to the quality of the counterparty may occur in invoking guarantees of liabilities granted by the seller in the case of acquisition contracts, (iv) difficulties integrating the businesses or companies acquired may occur; (v) the EDF Group may not be able to retain certain key employees, customers or suppliers of the acquired companies; (vi) the EDF Group may be required or wish to terminate pre-existing contractual relationships on costly or unfavourable financial conditions; (vii) the EDF Group may increase its debt to finance these acquisitions, thus limiting its financial flexibility and the opportunity to obtain additional loans in the future; and (viii) the EDF Group may be required to make commitments to the antitrust authorities, which may be implemented on terms that are less favourable than anticipated by the EDF Group.

Consequently, the benefits expected from external growth operations may be lower or may not be obtained as quickly as expected, which could have an adverse impact on the EDF Group's financial position and outlook.

The EDF Group has also carried out and may carry out transactions involving the disposal of assets or equity investments, in particular as part of its plan for disposals announced on April 22, 2016 (see risk factor below, "*The EDF Group has set up programmes that aim to improve its operating and financial performance and increase its financial flexibility. The objectives set for these programmes may not be achieved*"). In connection with such disposals, the EDF Group may provide guarantees concerning the assets sold and, consequently, may have to pay compensation or make price adjustments to the purchaser, which could have an adverse impact on the EDF Group's financial position and outlook.

The EDF Group may also decide to not carry out the external growth transactions and disposals it has planned, or to carry them out for a price other than the desired price, due *inter alia* to contractual, financial or regulatory limitations, or political intervention. This may have an adverse impact on the EDF Group's financial position and outlook.

The EDF Group may not hold a controlling majority or it may share control in certain of its subsidiaries and equity interests.

Certain of the EDF Group's business activities are conducted, or may in the future be conducted, through entities in which the EDF Group shares control or in which it is the minority shareholder. In such situations, the EDF Group may experience a deadlock if the partners are unable to agree, or decisions may be taken that are contrary to its interests, which may limit the EDF Group's ability to implement the strategies it has adopted and have an adverse impact on its business activities, financial position and outlook.

The price of EDF shares could be subject to significant fluctuations.

In recent years, the stock markets have undergone considerable fluctuations which have not always been commensurate with the results of companies whose shares are traded. Such fluctuations in the French and international financial markets could significantly affect the market price of EDF shares. Changes in energy prices, significant regulatory constraints surrounding the energy and nuclear markets, and the increasing demands of nuclear safety authorities also contribute to the volatility of EDF actions.

The EDF share price could also be significantly affected by many factors affecting the EDF Group, its competitors, economic conditions in general or the energy sector in particular, for example as a result of political decisions on energy policy.

The EDF Group must continually adapt its expertise in a rapidly changing environment and renew a significant share of its workforce, while ensuring experience and skills are transferred to new employees.

In a changing environment, the human dimension is more than ever at the heart of EDF's strategic project, a key factor in the EDF Group's performance. Anticipating requirements, taking into account changes to occupations and the necessary functional and geographic adaptation lead to the constant development and adaptation of skills (see Section 3.6 "*Human resources*" of the 2017 Document de Référence).

In France, a large number of EDF employees leave the labour force each year, despite the impact of the reform of the special pension scheme for Electricity and Gas Industry employees on average retirement age. For example, within the scope of EDF, around 20% of the workforce could retire between 2015 and 2020 (see Section 3.6.1 "*Professional excellence: employment and skill development*" of the 2017 Document de Référence). Although this situation is an opportunity to adapt the skills of EDF's personnel to the new challenges of the EDF Group, replacing these employees requires anticipating requirements and transferring knowledge and coping with the competition to recruit the most qualified individuals, while EDF's attractiveness as an employer.

The EDF Group considers matching skills to requirements as a major challenge and therefore uses the appropriate measures to be able to acquire, retain, redeploy, develop or renew the skills that it will need in a timely manner and under satisfactory conditions. However, it cannot guarantee that the measures adopted will always prove sufficient, which may have an impact on its activities and financial position.

A share of the EDF Group's workforce is employed by organizations common to EDF and Engie. Therefore, the EDF Group depends in part on management mechanisms set up within these joint structures.

A share of the EDF Group's workforce is employed by organizations common to EDF and Engie (almost all of them by the joint department of Enedis and GRDF, the two distribution network managers). Therefore, certain decisions made within these joint organizations can have an impact on EDF, in particular on its costs and on the manner in which its resources are managed. Furthermore, EDF and Engie may have divergent interests or views concerning these joint structures, which may have an adverse impact on the EDF Group's labour relations, financial results and financial position (see Section 1.4.4.2.3 "*Service shared by Enedis and GRDF*" of the 2017 Document de Référence).

The EDF Group may be required to meet significant commitments related to pensions and other employee benefits.

The pension plans applicable in the various countries in which the EDF Group operates involve long-term commitments to pay benefits to the EDF Group's employees (see Note 31 to the 2017 Consolidated Financial Statements). In France, in addition to these pension commitments, the EDF Group also owes obligations for post-employment benefits and long-term benefits for employees currently in service.

To cover these commitments, the EDF Group has set up outsourced funds or pension funds. Depending on the case, at the end of 2017, these assets only partially covered these commitments, although, for the EDF Group, the maturity dates of these obligations are relatively smoothed over time. At December 31, 2017, the average duration of employee benefits commitments was 19.7 years in France and 21.0 years in the United Kingdom.

The amounts of these commitments, the provisions booked, the outsourced funds or pension funds set up and the additional contributions required to make up insufficient funding are calculated based on certain actuarial assumptions, including a discount rate subject to adjustment depending on market conditions and, in the event of any employee-related commitments in France, on the rules governing retirement benefits paid out by the general retirement scheme, and amounts owed by the EDF Group. These assumptions and rules may be adjusted in the future, which could increase the EDF Group's current commitments for pensions and other employee benefits and, therefore, require a corresponding increase in provisions.

Furthermore, if the value of outsourced funds or pension funds proves insufficient to meet the corresponding commitments, in particular in the United Kingdom or France, primarily due to calculation assumptions or developments in the financial markets, (see risk factor below, "*The EDF Group is exposed to risks in the financial markets*"), the EDF Group may be obliged to make additional contributions to the relevant funds, which may have an adverse impact on its financial position.

Risks related to the operational performance of the EDF Group

The EDF Group has set up programmes that aim to improve its operating and financial performance and increase its financial flexibility. The objectives set for these programmes may not be achieved.

The EDF Group has set up and may set up programmes that aim to improve its operating performance and increase its financial flexibility. The meeting of the Board of Directors on April 22, 2016 adopted a performance plan which includes a reduction in operating expenses, actions to optimize the working capital requirement, control of net investments (excluding Linky, excluding HPC and excluding new developments), and an asset disposal plan. By press release dated November 13, 2017, EDF announced that it was accelerating the deployment of this performance plan. The aim of reducing operating expenses in 2018 compared to 2015 was therefore increased to €800 million instead of €700 million and is set at €1.1 billion in 2019 compared to 2015. The disposal plan of €10 billion, which was to be completed by the end of 2020, should be almost finished by the end of 2018. Total net investments, excluding acquisitions and asset disposal plans 2015-2020, will be less than or equal to €15 billion in 2018. These target figures were confirmed in the 2018 Half-Year Management Report. However, the EDF Group cannot guarantee that the performance improvement programmes that it implements will have the anticipated results or that these results will be obtained according to the planned timetable, nor that they will be sufficient to cope with regulatory and economic developments.

The EDF Group's activities require numerous administrative permits that may be difficult to obtain or that may be obtained only subject to conditions that may become significantly more stringent. Administrative appeals may also be filed against such permits, which may hurt the EDF Group's business.

The operation and development of the industrial activities of the EDF Group requires numerous administrative permits, both at the local and national levels, in France and abroad. The procedures for obtaining and renewing these permits can be drawn-out and complex. These permits are not obtained systematically and the requirements for obtaining them may change and are not always predictable. Even when these permits have been granted, stakeholders may file administrative appeals against them (see Section 2.4 "*Legal proceedings and arbitrations*" of the 2017 Document de Référence and Section 9 of the 2018 Half-Year Management Report). Accordingly, the EDF Group may incur significant expenses in complying with the requirements for obtaining or renewing these permits (for example, costs of preparing permit applications, investments associated with installing equipment required before a permit will be issued, setoffs of environmental impacts of structures to be built). This may also handicap the EDF Group's industrial activities. Delays, overly high costs or the suspension of its industrial activities due to the inability to retain or renew permits may have an adverse impact on the EDF Group's activities and profitability. In addition, the EDF Group may have also used resources without obtaining necessary permits and authorizations and therefore have to cancel or withdraw from a project, which may have an adverse impact on its business, expansion or financial position.

The EDF Group is exposed to risks related to the control of major projects.

As part of its activity, the EDF Group has to plan or carry out, as project manager or prime contractor, projects that are inherently complex and require significant investments. The completion of such projects may be subject to numerous technical, operational, economic, regulatory or environmental contingencies which might delay or prevent completion and thereby negatively impact the EDF Group's activities, its income, the value of its assets, its financial position and outlook. The risks associated with EPR projects are covered below in Section "*Specific risks related to the EDF Group's nuclear activities*."

Technological choices made by the EDF Group may be outperformed by more efficient technologies, notably in matters of the digital transition.

In order to anticipate technological and societal developments, the EDF Group constantly monitors the identification and use of technological innovations and breakthroughs. However, the EDF Group can not foresee with certainty how these developments could ultimately affect the EDF Group's activities or claim to identify these developments in a comprehensive manner. The EDF Group's business activities rely on a certain number of choices, which may be outperformed by other technologies that prove more efficient, more profitable, safer or more pertinent in light of possible future standardization and standards than the technologies used by the EDF Group.

The use of new technologies by the EDF Group's competitors or the development by these competitors of new, more efficient and more competitive technologies, notably concerning the digital transition, could have the effect of reducing or eliminating the competitive advantage that the EDF Group enjoys as a result of certain of its technologies and its experience. Similarly any delay or failure in the EDF Group's development of technologies, planning or the allocation of the EDF Group's technology development resources could have a similar effect on the EDF Group's competitive advantage and thus negatively impact its business, financial position, its attractiveness as an employer, its reputation and its prospects.

For its business, the EDF Group depends on information systems which may fail or be subject to malicious attacks.

The EDF Group operates multiple and very complex information systems (servers, networks, applications, databases, etc.) which are essential for the conduct of its commercial and industrial activities and which have to adapt to a rapidly changing environment. Indeed, the EDF Group's business depends heavily on the efficiency of its technology and its information systems. Furthermore, the EDF Group is fully committed to the digital transition. The risk involved with operating such systems and technologies can take numerous forms, including disruption, malfunction or failure of any of these systems, computer viruses, piracy, identity theft, diversion of sensitive data, corruption of electronically stored data, violations of regulations, human errors and terrorist attacks. The increased frequency and sophistication of recent hacking incidents demonstrates the importance of these computer risks, as well as the financial and reputational damage that may result from such incidents.

The EDF Group has implemented procedures to test these systems in order to guarantee as far as possible that any new versions provide a level of functionality suited to the EDF Group's needs and has set out procedures for managing incidents and crises in order to be able to provide solutions in the event of one-off failures. These procedures also address potential malicious attacks (see Section 2.2.2.2.4 "*Security of information systems*" of the 2017 Document de Référence). Despite the EDF Group's multiple security measures, none of these events may be completely excluded, which could have significant adverse consequences for the EDF Group.

The EDF Group has also implemented a policy to strengthen and improve its back-up programmes and information systems, which are tested annually, and crisis management procedures have been set out which are regularly improved through feedback from incidents. However, the EDF Group cannot guarantee that these programmes will not encounter technical difficulties during deployment or delays affecting their real-life implementation or that such programmes will make it possible to limit, in the event of a major disaster, the negative impact on the activity and the EDF Group's financial position.

The EDF Group operates facilities that may cause significant harm to the natural or human environment or for which accidents, or external damage of natural or malicious origin, could have serious consequences.

The risks specific to nuclear facilities are the subject of an additional explanation in Section below entitled "*Specific risks related to the EDF Group's nuclear activities*."

Persons working in or near electricity transmission and distribution facilities may, in the event of an accident, error or negligence, be exposed to the risks of electric shock and electrocution. In this field, the EDF Group implements, in accordance with the provisions of the French *Code de l'énergie*, the necessary prevention and safety measures. However, the EDF Group cannot guarantee that these measures will prove sufficient in all cases. Questions concerning the risks to human health from exposure to electromagnetic fields (EMF), in particular from electrical networks operated by the EDF Group, have been raised both in France and abroad. Based on studies completed over the past 20 years, the existence of health risks due to exposure to EMFs has not been proven. Furthermore, in a report published in June 2007, the World Health Organisation (WHO) considers that health risks, if any, are low and that adopting arbitrarily low exposure limits is unjustified. At this time, results from 30 years of research is available, but it cannot be excluded that medical knowledge about health risks related to exposure to EMFs may evolve, public sensitivity about such risks could increase or the precautionary principle could be applied very broadly. Despite these efforts, the possibility remains that the EDF Group could be exposed to increased litigation or that the issue may lead to the adoption of more stringent and costly measures for the construction, development, upgrading or operation of the transmission and distribution network (see Section 1.5.6.1 "*General regulations that are applicable to the environment, health, hygiene and safety*" of the 2017 Document de Référence).

More generally, the EDF Group operates or has operated in France and abroad facilities which, as currently operated, could be or could have been the source of industrial accidents or environmental and public health impacts. The EDF Group's facilities may be located in industrial areas where other activities subject to similar risks are conducted, which means that the EDF Group's own facilities may be impacted by accidents occurring at neighbouring facilities owned by other operators and not under the EDF Group's control.

In accordance with ISO 14001 (see Section 3.1.8.2 "*Management and prevention of environmental risks*" of the 2017 Document de Référence), the EDF Group implements appropriate measures to prevent and, if necessary, repair any industrial accidents or environmental damage caused by the facilities that it operates. These measures are intended, in particular, to protect the EDF Group not only from the risk of an accident (such as explosion, fire, etc.) occurring in its own facilities, but also from the impact of such an accident occurring in a neighbouring facility owned by a third party. However, in general, the EDF Group cannot guarantee that the measures taken to control these risks will prove fully effective if any of the events listed above were to occur. An accident of the type described above could have serious consequences for persons, property and business continuity, and the EDF Group could be found liable. Insurance policies for civil liability and damages taken out by the EDF Group could prove to be significantly inadequate, and the EDF Group cannot guarantee that it will always be able to maintain a level of cover at least equal to current cover levels and at the same cost. The frequency and magnitude of natural disasters seen over the past few years could have and have had a significant impact on the capacities of the insurance and reinsurance market and on the costs of civil liability and damage insurance cover for the EDF Group. Such accidents could also lead to the shutdown of the facility affected and, possibly, of similar facilities that may be considered to present the same risks (see Section 2.5 "*Insurance*" of the 2017 Document de Référence).

Lastly, facilities or assets operated by the EDF Group or its employees may be the target of external attacks or malicious acts of any kind. Safety measures were incorporated into the design of the facilities and sites, and protective measures have been taken by EDF. Moreover, safety measures to counter various forms of attacks have been implemented in conjunction with the public authorities. An attack or malicious act committed on these facilities could have consequences such as injury to persons and damage to property, the EDF Group being held liable on the grounds of measures judged to be inadequate and interruptions to operations. In addition, the EDF Group cannot guarantee that European and national legislation regarding the protection of sensitive sites and critical infrastructure will not become more restrictive, which could generate additional investments or costs for the EDF Group.

Any one of these events may have material negative consequences on the EDF Group's activities, results, reputation and financial position.

Repeated or widespread blackouts in an area served, particularly if they are attributable to the EDF Group, may have consequences for the EDF Group's activities, financial position and image.

The EDF Group may be exposed to repeated or widespread blackouts or be blamed for such blackouts, even if the causal event occurred in another network or was attributable to another operator, particularly in view of the unavailability of certain reactors associated with the additional controls undertaken by EDF (see below "*Specific risks related to the EDF Group's nuclear activities*" – "*The nuclear power plants that the EDF Group operates may require significant or costly repairs or modifications*").

The causes of blackouts may vary: local or regional imbalances between electricity generation and consumption, accidental interruptions to the power supply or transmission, cascading power failures, interconnection problems at borders and difficulty in coordinating operators, particularly in a market that may be evolving or insufficiently regulated.

The initial impact of such power failures would be repair costs incurred to re-establish power or restore the network. Power failures may also generate capital expenditures if it were decided, for example, to install additional generation or network capacity. This could also cause a decline in the EDF Group's turnover. Lastly, power failures may have an adverse impact on the EDF Group's image with its customers, particularly if the blackouts are attributable to the EDF Group.

Natural disasters, significant weather changes, industrial accidents of any kind or any major event on a scale that is difficult to predict may have a material adverse impact on the EDF Group's industrial and commercial activities.

EDF and its subsidiaries have developed crisis management plans to deal with natural disasters or major events. These crisis management plans are regularly evaluated and tested (see Section 2.2.2.1.2 "*Crisis management and business continuity*" of the 2017 Document de Référence).

As was the case with storms Klaus (2009) and Xynthia (2010) in France, and Irma (2017) in the Antilles, natural disasters (*e.g.*, floods, landslides, earthquakes), other significant weather changes (*e.g.*, droughts, heat waves), or any other event on a scale that is difficult to predict (large-scale epidemics, etc.) may affect the EDF Group's activities. The EDF Group, based on its national and international experience of events of this type, implements measures to strengthen the robustness of its facilities, particularly industrial ones, and to limit the impact and consequences in the event of large-scale events. Experience feedback for major nuclear accidents at the international level is discussed in the section entitled "*Specific risks related to the EDF Group's nuclear activities*." In the event of an exceptional event, the measures that are adopted may generate costs in addition to the costs of repairing the damage caused by the natural disaster and the loss of earnings from the interruption to supply.

As part of the renewal of the storm insurance coverage, Enedis has signed with Swiss Re a parametric insurance policy covering its aerial distribution network against the consequences of high-intensity storms (see Section 2.5.5.3 "*Storm cover*" of the 2017 Document de Référence). Island Energy Systems's aerial distribution networks are not covered for property damage. Damage to these networks could have an adverse impact on the EDF Group's financial position in the absence of insurance cover or if cover is inadequate. In addition, renewing or taking out these specific covers may be difficult or costlier due to the impact, frequency and magnitude of natural disasters experienced in recent years by the alternative risk transfer markets.

In the event of a wide-spread health epidemic, EDF has created a plan intended to ensure the continuity of electricity supply, depending on the intensity of the crisis, while guaranteeing the safety of facilities and reducing the health risks to which its employees are exposed.

Despite having set up a crisis management structure that enables it to react promptly to such events, the EDF Group cannot guarantee that the occurrence of a natural disaster, a weather event or any other event on a scale that by its nature is difficult to predict will not have material adverse consequences on its activities, income and financial position.

The EDF Group could be held liable for the occurrence of occupational illnesses or accidents.

Although the EDF Group has for many years taken the steps necessary to comply with the health and safety laws and regulations in the various countries in which it operates, and considers that it has taken the measures required to ensure the health and safety of its employees and that of its subcontractors', the risk of occupational illnesses or accidents cannot be excluded. The occurrence of such events may lead to lawsuits against the EDF Group and may result in the payment of damages, which could be significant.

The measures taken by the EDF Group for radiation protection are described in the 2017 Document de Référence in Sections 1.4.1.1.3 "*Environment, nuclear safety and radiation protection*" for France and 1.4.5.1.2.1 "*Nuclear Generation*" (paragraph "*Safety and radiological protection*") for the United Kingdom.

Regarding asbestos, the EDF Group has taken measures to treat materials, as well as information and protection measures, as described in Section 3.3.2 "*The health and safety of our employees and our service providers' employees: an absolute priority*" of the 2017 Document de Référence. For a description of on-going legal proceedings, see Sections 2.4.1 "*Legal proceedings concerning EDF*," paragraph "*Asbestos*" and 2.4.2 "*Legal proceedings concerning EDF's subsidiaries and holdings*," paragraph "*Measures taken by employees concerning exposure to asbestos or other harmful chemical substances*," of the 2017 Document de Référence.

Labour disputes could have an adverse impact on the EDF Group's business.

The EDF Group implements measures to maintain the quality of employee/management dialogue. However, it cannot rule out labour disputes or unrest, such as strikes and walkouts, actions in support of claims or other labour disturbances, which could disrupt its activity. The EDF Group has not taken out any insurance to cover losses due to business disruptions caused by labour movements. Consequently, its financial position and operating results may be adversely affected by labour unrest.

The EDF Group's results are sensitive to fluctuations in the price and availability of materials and services that it purchases in connection with its business operations.

In the event of significant and sustained increases in the prices of raw materials, the EDF Group may experience higher procurement costs for certain critical products or services. Such increases may also lead certain suppliers to reduce supply due to reduced profit margins. In addition, EDF Group's results may be affected by fluctuations in commodity prices, such as gas and coal.

Moreover, there is increased demand for certain equipment or services, which may have an impact on their availability, in particular equipment used for combined cycle gas turbine power stations, wind turbines, photovoltaic panels and services and equipment in the nuclear sector.

A default by the EDF Group's counterparties (partners, subcontractors, service providers, suppliers or customers) may have an impact on its activities and results.

Like all economic operators, the EDF Group is exposed to possible default by certain counterparties (partners, subcontractors, service providers, suppliers or customers). A default by these counterparties may impact the EDF Group financially (loss of receivables, additional costs, in particular if EDF is required to find satisfactory alternatives or take over the relevant activates or pay contractual penalties, or meet additional ASN requirements, if any). Such defaults could also impact the quality of work performed, completion deadlines or the procurement of certain critical products or services, and exposes the EDF Group to reputational risk, business continuity risk for certain projects or the loss of contracts.

The monitoring and oversight procedures applied within the EDF Group in connection with its exposure to the counterparty risk inherent in its contractual relationships are described in Section 2.2.2.2.2 "*Control of financial risks and investments*" of the 2017 Document de Référence.

The EDF Group is exposed to risks in the financial markets.

As a result of its activities, the EDF Group is exposed to risks in the financial markets:

- liquidity risk: the EDF Group must at all times have sufficient financial resources to finance its day-to-day business activities, the investments necessary for its expansion and the appropriations to the dedicated portfolio of assets covering long-term nuclear commitments, as well as to deal with any exceptional events that may arise. The EDF Group's ability to raise new debt, refinance its existing indebtedness or, more generally, raise funds in financial markets, and the conditions that can be negotiated to this effect, depend on numerous factors including the rating of the EDF Group's entities by rating agencies. The EDF

Group's debt is periodically rated by independent rating agencies (see Section 5.1.6.1.2 "*Financial rating*" of the 2017 Document de Référence and "*Recent Events*" of this Prospectus). Any downgrading of EDF's debt rating could increase the cost of refinancing existing loans and have a negative impact on the EDF Group's ability to obtain financing;

- counterparty risk, in the financial area, may be covered by the use of margin calls. In the event of high volatility in the markets, the EDF Group may have to mobilize cash (see Section 5.1.6.1.1.2 "*Management of liquidity risk*" of the 2017 Document de Référence and Section 6.1.1.2 of the 2018 Half-Year Management Report);

- exchange rate risk: due to the diversity of its activities and their geographical distribution, the EDF Group is exposed to the risks of fluctuations in foreign exchange rates, which may impact currency translation adjustments, balance sheet items and the EDF Group's financial expenses, equity and financial position. In the absence of hedging, currency fluctuations between the euro and the currencies of the various international markets in which the EDF Group operates can therefore significantly affect the EDF Group's results and make it difficult to compare performance levels from year to year. If the euro appreciates (or depreciates) against another currency, the euro value of the assets, liabilities, income and expenses initially recognized in that other currency will decline (or increase). Moreover, insofar as the EDF Group is likely to incur expenses in a currency other than that in which the corresponding sales are made, fluctuations in exchange rates could result in an increase in expenses, expressed as a percentage of turnover, which could affect the EDF Group's profitability and income (see Section 5.1.6.1.3 "*Management of foreign exchange risk*" of the 2017 Document de Référence and Section 6.1.3 of the 2018 Half-Year Management Report).

  An adverse fluctuation of 10% in exchange rates related to currencies in which the EDF Group's debts are denominated (USD, GBP, other currencies) would have an impact amounting to around 2% on the EDF Group's indebtedness after hedging instruments (see Section 5.1.6.1.3 "*Management of foreign exchange risk*" of the 2017 Document de Référence and Section 6.1.3 of the 2018 Half-Year Management Report).

  Due to the exchange rate hedging policy implemented within the EDF Group, the income statements of the companies controlled by the EDF Group are marginally exposed to exchange rate risk;

- equity risk: the EDF Group is exposed to equity risk on securities held primarily as dedicated assets constituted to cover the cost of long-term commitments in relation with the nuclear business, in connection with outsourced pension funds and, to a lesser extent, in connection with its cash assets and investments held directly by the EDF Group (see Section 5.1.6.1.5 "*Management of equity risks*" and 5.1.6.1.6 "*Management of financial risk on EDF's dedicated asset portfolio*" of the 2017 Document de Référence and Section 6.1.5 of the 2018 Half-Year Management Report);

- interest rate risk: the EDF Group is exposed to risks related to changes in interest rates in the various countries in which it operates. These rates depend partly on the decisions of the central banks. Increases in interest rates could affect the EDF Group's ability to obtain financing under optimum conditions or even its ability to refinance itself if the markets are very tight. The EDF Group's exposure to changes in interest rates involves in particular two types of risks: (i) the risk of changes in the value of fixed-rate financial assets and liabilities along with the risk of changes in the EDF Group's discounted liabilities and (ii) the risk of changes in cash flows associated with variable-rate financial assets and liabilities. Downward variations in interest rates could notably affect the value of the EDF Group's long-term commitments in the nuclear field and its commitments in matters of retirement and other specific provisions in favour of the employees, which are discounted with discount rates which depend on interest rates with different time frames. Such changes in provisions could impact the EDF Group's financial position by (i) affecting the financial rating of its debt securities and (ii) generating an obligation to pay for dedicated hedging assets (see risk factor below entitled "*Specific risks related to the EDF Group's nuclear activities*," in the paragraph "*Provisions booked by the EDF Group for spent fuel processing operations, recovery and packaging of waste and long-term waste management may increase significantly in the event that the assumptions for the costs and work time sequencing are revised*") (and see Section 5.1.6.1.4 "*Management of interest rate risk*" of the 2017 Document de Référence and Section 6.1.4 of the 2018 Half-Year Management Report).

The impact on income before tax of a 0.5% fluctuation in interest rates would be around +€240 million[1] (impact on the financial result in relation to the cost of the debt and the accretion expense of the provisions, and on the gross operating surplus in relation to the benefits to the personnel).

As for the financial assets held by the EDF Group and classified as floating-rate bonds and negotiable debt securities, the impact on income before tax of a 1% fluctuation in interest rates would be around €12 million (see Section 5.1.6.1.4 "*Management of interest rate risk*" of the 2017 *Document de Référence*).

Besides, the EDF Group's exchange rate risk relates, in particular; to the value of the EDF Group's long term nuclear commitments (see Note 29 to the 2017 Consolidated Financial Statements) and its commitments for pensions and other specific employee benefits (see Note 31 to the 2017 Consolidated Financial Statements), which are discounted to their present value using rates that depend on interest rates at various time horizons, and debt instruments held for the management of the dedicated assets constituted to cover these commitments.

For the specific case of nuclear provisions in France, given the decline in rates over the past few years, the discount rate could be reduced over the next few years by applying the method used by the EDF Group, in accordance with regulation on the ceiling discount rate. The importance of this decline will depend on the future rates evolution. An increase in nuclear provisions due to a decrease of the discount rate may require allocations to the dedicated assets and may result in an adverse effect on the EDF Group's results, cash flow generation and net debt.

With regards to the regulations on the ceiling discount rate, the order dated December 29, 2017 changes the statutory discount rate ceiling. The new formula leads, progressively over a period of ten years, from the regulatory ceiling as of December 31, 2016 (4.3%), to a regulatory ceiling equal, in 2026, to the average over the four previous years of the thirty-year constant maturity rate (TEC 30), increased by 100 basis points.

Given past and expected changes in rates, this new formula, which takes into account progressively the transition from the 4.3% regulatory rate to an average rate calculated over four years, including a 100 basis point spread, should lead to a steadier evolution of the regulatory ceiling rate during the next few years, as opposed to the previous formula.

As the case may be, this increase in provisions, including those covered by dedicated assets, does not mean however a mechanical impact on the amount to be allocated to dedicated assets as of the considered dates, as the former depends on:

– the profitability of dedicated assets and the resulting coverage rate: there is no need to allocate to dedicated assets once the coverage rate reaches 110%, as is shown by the situation at the end of 2017, where the increase in the provision of €0.7 billion (€0.6 billion for provisions to be covered by the dedicated assets), caused by the 0.1% drop in the discount rate, was not compensated fully by an allocation to dedicated assets because an allocation of €0.4 billion will suffice to achieve the coverage rate of 110%;

– the period within which the allocation is made, as applicable rules provide for the option to set a maximum three-year time period to proceed with the allocation, subject to approval by the supervisory authority.

As a reminder, changes in nuclear provisions estimates resulting from a variation of the discount rate are recorded (see Notes 1.3.2.1 and 29.1.5.2 to the 2017 Consolidated Financial Statements):

– as an increase or decrease of the corresponding assets, within the limit of their net book value, when the counterparty to the provision has been initially recorded as an asset;

– as financial income for the period in other cases.

Therefore any change of the discount rate therefore has a punctual impact on the financial results of the year during which the discount rate change occurred, without equivalence for the following years.

[1] This estimate is only indicative and does not purport to present the comprehensive economic effects of a rate increase for the EDF Group.

The policy and principles concerning the management of the EDF Group's financial risks are described in Section 5.1.6.1 "*Management and control of financial risks*" of the 2017 Document de Référence and in Section 6.1 of the 2018 Half-Year Management Report. The control of financial risks is described in Section 2.2.2.2.2 "*Control of financial risks*" of the 2017 Document de Référence. However, the EDF Group cannot guarantee that it is totally protected, in particular in the event of significant fluctuations in foreign exchange rates, interest rates and the equities markets.

The EDF Group is involved, and could be involved in the future, in litigation or regulatory investigations which may adversely affect the EDF Group's reputation, as well as its relationship with regulatory bodies and results.

Notwithstanding the fact that the EDF Group has taken all necessary measures to ensure the compliance of its practices with the regulations in force, a risk of non-compliance cannot be totally ruled out.

As a result of its activities, the EDF Group is involved in several litigation and arbitration cases and regulatory investigations, of which material ones are described in Section 2.4 "*Legal proceedings and arbitration*" of the 2017 Document de Référence as well as in Section 9 of the 2018 Half-Year Management Report. In the future, the EDF Group may be involved or exposed to such proceedings. The potential adverse outcome of these proceedings may entail the payment of damages, or result in other civil or criminal adverse consequences (including financial consequences) for the EDF Group. The implementation of class actions in France in 2014 and similar developments in other European jurisdictions, as well as recent or future regulatory changes, may increase litigation risks and related costs, which could have a negative impact on the EDF Group's results and reputation.

Prohibited and unethical practices carried out by employees or third parties in the conduct of business could, in certain circumstances, adversely affect the EDF Group's reputation and shareholder value.

The globalization of the EDF Group's activities and the strengthening of regulatory frameworks repressing unethical practices especially in the conduct of business could expose the EDF Group, its employees, or third parties acting on the EDF Group's behalf to criminal and civil sanctions that could adversely affect EDF's reputation and shareholder value.

In France, Act No 2016-1691 of December 9, 2016 on transparency, the fight against corruption and the modernization of economic life requires companies to take measures to prevent and identify acts of corruption or trading in influence, under the control of a French Anti-Corruption Agency established under the Act and under penalty of administrative or criminal penalties. This law incorporates a system for protecting whistleblowers from possible criminal or disciplinary prosecution and provides, within a corporate framework, an internal alert reporting system (see Section 1.5.6.1 "*General regulations that are applicable to the environment, health, hygiene and safety*" of the 2017 Document de Référence). These regulations could increase our compliance costs. Moreover, any failure to comply in any way with these regulations could lead to prosecutions being brought against EDF, which could have a negative impact on the EDF Group's result and reputation.

Specific risks related to the EDF Group's nuclear activities

The EDF Group is the world's leading nuclear operator in terms of the number of reactors in operation (73 reactors for which the EDF Group is the nuclear operator, among 453 operating reactors in the world).[1] With 58 reactors in operation in France,[2] nuclear-generated electricity represents 48.3% of the installed power generation capacity at the end of 2017 and 71.6% of total electricity generation in France in 2017.[3] EDF also operates 15 reactors in the United Kingdom with 19.3% of total electricity generation in 2017.[4]

The EDF Group has basic nuclear fuel cycle facilities and has had new activities in research, equipment manufacture and the supply of services to other nuclear operators, since the integration of the subsidiary New NP, which became Framatome, within the scope of the EDF Group.

In addition, the EDF Group holds minority stakes in nuclear power plants in operation in the United States (through CENG), Belgium and Switzerland, which it does not operate. The EDF Group is investing in new reactor projects in France, the United Kingdom, China and India and carries out its nuclear industrial activity in other

[1] Source: International Atomic Energy Agency, Power Reactor Information System, https://www.iaea.org/pris indicating that there were 453 nuclear reactors in operation in the world on August 5, 2018.
[2] Source: International Atomic Energy Agency, Power Reactor Information System, https://www.iaea.org/pris
[3] Source: RTE, http://www.rte-france.com/fr/article/bilans-electriques-nationaux
[4] Source: International Atomic Energy Agency, Nuclear Power Reactors in the World, 2018 Edition

countries. The share of nuclear energy, as a low-carbon form of energy and a part of the EDF Group's electricity mix, thus represents a significant industrial asset for the competitiveness of the EDF Group.

The nuclear activities of EDF are associated with the following issues:

– as with any nuclear operator, the latter's obligations means giving ongoing priority to nuclear safety, based on technical and organizational provisions in order to guard against a nuclear accident and, in the hypothetical event of an accident occurring, to limit the consequences of such an accident. The nuclear business is carried out under the control of nuclear safety authorities in countries where the EDF Group exercises nuclear operator responsibility;

– although the nuclear business can contribute effectively to the security of energy supply and to combating the greenhouse effect, it must also demonstrate its competitiveness and its acceptance over the different time scales in which it operates. As the nuclear business inherently requires substantial and long-term investments, special care must be taken with regard to the long-term soundness and efficiency of the maintenance and upgrading programmes for the fleet in operation, new reactor projects and compliance with very long-term commitments. The nuclear business is an industrial activity that brings together a large number of industrial partners in France, Europe and throughout the world. In France, EDF was assigned, by the public authorities, the role of lead company in the nuclear sector, with the integration of the New NP subsidiary, which became Framatome, which involves specific risks associated with the exercise of this responsibility and the activities of Framatome;

– in light of the fact that EDF is the world's largest nuclear operator, exploiting global feedback and making comparisons with best practices internationally[1] represents an ongoing challenge to ensure that the EDF Group is best situated to be able to sustainably manage the risks and opportunities associated with being world leader;

– the nuclear business requires that the EDF Group be able to control large complex projects which might continue over a number of years. Such projects in turn require the acquisition and mastery of innovative technologies, notably at the digital level.

A decision by the French public authorities or the French ASN to halt one or more nuclear power generation units could have material adverse consequences for the EDF Group.

The Energy Transition Act calls for the nuclear component in electricity generation to be reduced by 50% before 2025. It also caps at current levels (*i.e.*, 63.2GW) the total authorized capacity of nuclear electricity generation. In practical terms, this provision forces EDF, in order to obtain permission for the commissioning of any new nuclear generating capacity (such as permission from the Flamanville EPR), to shut down an equivalent capacity. Accordingly, the early closure of one or more reactors in the EDF fleet might be decided upon, not because of an industrial choice but rather because of a legal decision. Such decisions must lead to EDF being compensated for the harm suffered, as reiterated by the *Conseil constitutionnel* in a decision of August 13, 2015. In this regard, concerning the nuclear power plant at Fessenheim, discussions with the French State have led to a draft procedure, approved by the European Commission, defining the principles for compensation and which is described in Section 1.4.1.1.6 "*Decommissioning of nuclear power plants*" of the 2017 Document de Référence. This protocol, authorized by EDF's Board of Directors, provides for a compensation scheme based on an initial fixed part estimated to date at approximately €490 million with a payment forecast of 20% in 2019 and 80% in 2021 and an additional variable part which may, as the case may be, result in further payments, as a consequence of the loss of earnings incurred for EDF until 2041. The 2016 amended Finance Act No. 2016-1918 dated December 29, 2016 opened a specific account in order to finance the compensation procedure between the French State and EDF relative to the early closure of the nuclear power plant at Fessenheim. Lastly, it may be decided that new nuclear construction projects, in which the EDF Group has already invested considerable sums, should be halted. This issue potentially concerns all the EDF Group's nuclear assets.

Such events would have material adverse consequences on the outlook, financial position, results and image of the EDF Group, which would lead the latter to request compensation that it is not certain to obtain.

[1] Exploitation of standards and feedback from the International Atomic Energy Agency and the World Association of Nuclear Operators (WANO).

The EDF Group's nuclear business is subject to particularly detailed and demanding regulations that may become more stringent.

The EDF Group's nuclear business is subject to detailed and demanding regulations with, particularly in France, a system in place that monitors and periodically re-examines basic nuclear facilities, which focuses, firstly on nuclear safety, protection of the environment and public health, but also on security considerations regarding malicious acts (terrorist threats, in particular). These regulations may be significantly tightened by national or European authorities (see Section 1.5.6.2.2 "*Specific regulations applicable to basic nuclear facilities*" of the 2017 Document de Référence). Furthermore, stricter regulations or possible non-compliance with current or future regulations could result in the temporary or permanent shutdown of one or more of the EDF Group's plants or financial penalties as stated in Article L. 596-4 of the French *Code de l'environnement*. Cases of non-compliance with regulations are also likely to be used by third parties against EDF and brought before the courts. Increased number of requests emanating from the ASN and enhanced controls may increase EDF's compliance costs and risks.

Such events may result in a significant increase in the costs of the EDF Group's nuclear assets, which may have an adverse impact on its financial position.

The nuclear power plants that the EDF Group operates may require significant or costly repairs or modifications.

The EDF Group of nuclear facilities that the EDF Group currently operates in France is highly standardized (see Section 1.4.1.1.1 "*EDF's nuclear fleet*" of the 2017 Document de Référence). This enables the EDF Group, in particular, to achieve economies of scale in equipment purchases and engineering, to apply improvements made to its newest power plants to all plants and, in the event of a malfunction in a facility, to anticipate the measures to be taken in other plants. However, such standardization carries the risk of a malfunction that is common to several power plants or series of power plants (see Section 1.4.1.1.2 "*Operation and technical performance of the nuclear fleet*" of the 2017 Document de Référence). The EDF Group cannot guarantee that it will not be required to make significant or costly repairs or modifications to all or some of its plants, or that events will not occur that may have an impact on the operation of its plants or their output or cause a temporary or permanent shutdown of all or some of its plants.

Thus, at the time of the periodic reviews conducted during the ten-year inspections and following the Fukushima accident, the EDF Group was led, both on its own and as a result of the requirements of the ASN, to draw up a substantial work programme. This programme, called the "Grand Carénage" is intended to renovate existing plants, increase the safety level of reactors and, if the conditions are met, extend their operating life. This programme, which was approved in principal by the Board of Directors, involved additional investments as from 2015 and the upcoming years and bringing forward certain expenditures that were already planned before the Fukushima accident (see Section 1.4.1.1.2 "*Operation and technical performance of the nuclear fleet*" and Section 1.4.1.1.5 "*Preparing for the future of the nuclear fleet in France*" of the 2017 Document de Référence). Industrial implementation of these works in power generation facilities will involve increased costs and a greater use of internal resources and the industrial fabric, and may also result in a loss of availability in future years. Implementation-related uncertainties affecting the Grand Carénage programme include possible delays in the examination of the authorizations required to initiate operations, in particular as regards the authorizations to be granted by the ASN. Such uncertainties may also concern the manufacture and delivery on site of new equipment or work carried out on-site in a situation where a large number of industrial operations are being carried out at the same time.

In France, additional inspections carried out to check compliance or confirm nuclear safety, and non-programmed security upgrades to increase security margins, led to a loss of production of more than 6TWh in 2017. This had led, and could lead in the future, to the EDF Group's nuclear production and/or financial targets being revised downward (see Section 1.4.1.1 "*Nuclear electricity generation*" of the 2017 Document de Référence). Furthermore, the EDF Group operates or holds equity interests in nuclear power plants elsewhere in the world, in particular the United Kingdom, Belgium, China and the United States, and it may also be required to make costly repairs or modifications to these units or could face events that may impact their performance, power generation or availability. Like in France, the nuclear safety authorities in these countries may take decisions that require additional works or controls, in particular as regards exploiting feedback from international experience and anticipating potentially precursory events.

Furthermore, despite the quality of operations and the changes made by the EDF Group to its power stations, it cannot be ruled out that some of these powers stations will be subject to special operating conditions to reinforce the operating safety margins at the initiative of the nuclear operator responsible for nuclear safety or at the request of the ASN.

All such events may have an adverse impact on the EDF Group's financial position and activities.

A further serious nuclear accident anywhere in the world may have significant consequences for the EDF Group.

Any event adversely affecting nuclear power at the global level is likely to have a greater impact on the EDF Group's image, activities, productivity, financial position, results and outlook than for its competitors who use this source of energy proportionally less.

Despite the measures taken during their design or operation, a serious accident at a nuclear facility cannot be ruled out, such as the nuclear accident in Japan, on the Fukushima Daiichi site, following the earthquake and tsunami of March 11, 2011. The way in which the feedback from this accident was taken into account in France is described in Section 1.4.1.1.5 "*Preparing for the future of the nuclear fleet in France, chapter on additional safety assessments following the Fukushima accident*" of the 2017 Document de Référence. A further accident like this anywhere in the world could turn public opinion against nuclear power and lead the competent authorities to tighten power plant operating requirements substantially or to refuse authorization for proposed extensions of the operating life of power plants, leading to a temporary or permanent suspension of the operation of one or more nuclear facilities, or leading the authorities to consider a moratorium on the use of nuclear power to generate electricity and, therefore, to suspend or cancel all on-going nuclear power plant development projects. Such decisions were taken in Germany (suspension of nuclear power generation) and Italy (suspension of nuclear power plant construction projects) following the Fukushima accident. Such decisions could be taken even if no such accident occurs.

If such an accident were to occur near one or more of the EDF Group's facilities, it could also contaminate the environment and thus jeopardize their operation.

Such events would have a major adverse impact on the business model, strategy, activities, results, financial position and outlook of the EDF Group.

The EDF Group may not be able to obtain authorization to continue the operation of its reactors beyond the period currently planned, or it may not even be authorized to exploit them up to the end of this period.

In France, in connection with the studies associated with the third ten-year inspections of the 900MW units, in early July 2009 the ASN publicly stated that it had not detected any generic problem calling into question EDF's ability to ensure the nuclear safety of its 900MW reactors for up to 40 years. As required by the regulations, the ASN's position has been supplemented by a decision made for each reactor following each of the third ten-year inspections (see Section 1.4.1.1.5 "*Preparing for the future of the nuclear fleet in France*" of the 2017 Document de Référence). Accordingly, at the end of 2017, more than 85% of the 900MW segment units have undergone their third ten-year inspection and, for 11 of them, the ASN has already submitted its final advice to the Minister and has not objected to their continued operation, subject to their complying with additional requirements that it has enacted.

To postpone the construction of new units and the related investments, and to continue to benefit from the low-carbon production and cash flows coming from its existing fleet, the EDF Group aims to extend the operating lifespan of its nuclear fleet in France beyond 40 years. In 2012, the ASN had the improvement proposals submitted by EDF reviewed by the permanent "reactors" group, which judged these proposals positively, although it recommended that they be supplemented and, in certain cases, reinforced. Discussions with the ASN are continuing on this basis. The ASN clarified in a letter dated April 20, 2016 its opinion regarding the generic guidelines for the periodic re-evaluation associated with the fourth ten-year inspections of the 900MWe reactor (VD4-900), which was the subject of the permanent "Guidelines" group meeting of April 2015. This periodic re-evaluation, like previous ones, will include, on the one hand, verifying that the facilities comply with the current standards and, on the other hand, carrying out a safety reassessment in order to further improve the level of safety by taking into account best international practices and the state of the facilities, the experience gained during operation and developments in knowledge and rules which might apply to similar facilities. The ASN will examine, reactor by reactor, the continuation of operation based on a report giving the conclusions of the periodic re-examination, taking into account the results of inspections and requalification tests. The first concluding report on the fourth re-examination of the 900 reactor series should be available in February 2020 for Tricastin 1. In addition, the Chairman of the ASN confirmed that the generic opinion would be given in 2020 (instead of 2019) and that binding instructions applicable to EDF would be presented in 2021 by the ASN. The ASN should base its opinion on the following key elements: the Memorandum on Response to Objectives, which was transmitted on February 28, 2018 to the ASN and provides an assessment of the measures proposed by EDF in the context of the fourth periodic re-examination of the 900 reactor series; the results of the public consultation on the generic phase of the re-examination, which will be launched in the second half-year of 2018 under the supervision of the High Committee for Transparency and Information on Nuclear Safety; the conclusions of the permanent "reactors" group currently planned for 2020; and the first concluding report on the fourth periodic re-examination, which should be submitted by EDF in February 2020 for the first reactor concerned. For each reactor and for each authorization stage, the ASN will decide on the measures taken by the operator and may give additional instructions. Solutions are being studied to demonstrate the capacity of non-replaceable equipment such as the containment building and reactor vessels, to ensure their operation up to 60 years. These studies, which rely on data available in France and internationally[1] aim to confirm the safety margins available for the operating lifespans that are being investigated beyond 40 years.

In 2016, all the technical, economic and governance conditions necessary for the amortization period of France's nuclear fleet with the EDF Group's industrial strategy to match were met (see Notes 1.3.2 "*Management judgments and estimates*" and 3.1 "*Extension to 50 years of the depreciation period of the 900MW PWR series in France*" to the 2017 Consolidated Financial Statements). The 2017 Consolidated Financial Statements incorporate the extension from 40 to 50 years of the amortization period of the 900MW PWR units (except Fessenheim), without prejudice to any decisions which might be made by the ASN regarding authorizations to continue operations, unit by unit, following each ten-year inspection.

The accounting period of the other series of France's nuclear fleet (1,300MW and 1,450MW), which are more recent, currently remains at 40 years, because the conditions for an extension have not been met. The future extension of these other series remains one of the EDF Group's industrial objectives, undertaken in line with the orientations of its energy policy.

However, the EDF Group cannot guarantee that it will receive the expected operating lifespan extension from the competent authorities. Furthermore, such extensions could also be obtained under certain conditions, the financial impact of which, in particular in terms of investments, could affect the EDF Group's strategy with respect to extending the operating life of its power plants or the EDF Group's ability to pursue its global investment strategy.

In the United Kingdom, the current projected operating life of EDF Energy's nuclear power plants ranges between 41 and 47 years for advanced gas-cooled reactor ("**RAG**") power plants and is 40 years for the pressurized water reactor (PWR). Since EDF Energy acquired them, the operating lifespan of the RAG power plants has been extended by 10 years on average and the objective is to increase the operating life of the PWR power plant by 20 years after the currently planned 40 years (see Section 1.4.5.1.2.1 "*Nuclear generation*" of the 2017 Document de Référence). However, in light of the nuclear safety rules applicable in the United Kingdom, the EDF Group cannot guarantee that EDF Energy will obtain the necessary authorizations at the appropriate time to operate its existing nuclear power plants until the end of their currently projected operating life, or that such authorizations will not be obtained subject to conditions that entail significant expenditures or investments for the EDF Group.

For nuclear power plants where EDF is not responsible for the operation, but in which it has financial interests (United States, Belgium, Switzerland), the EDF Group is exposed to the same risks financially: loss of revenue and depreciation of assets in the event of a stoppage or requirement to make additional investments to continue to operate. However, the EDF Group cannot guarantee that these power plants will be actually operated for the periods currently anticipated, particularly in the event of an incident affecting the safety or availability of the facilities.

If any of these events occur, they may have a material adverse impact on the EDF Group's financial position.

[1] The Nuclear Regulatory Commission (NRC) staff has defined subsequent license renewal (SLR) to be the period of extended operation from 60 years to 80 years. https://www.nrc.gov/reactors/operating/licensing/renewal/subsequent-license-renewal.html.

The construction and operation of the first EPR could encounter difficulties that might affect other projects.

The EDF Group has initiated the construction of the European Pressurized water Reactor (EPR) (see Section 1.4.1.2 "*New Nuclear Projects*" of the 2017 Document de Référence) in order to renew its nuclear fleet in France and to enable construction of new facilities in Europe and internationally. This "third generation" reactor was designed based on experience gained from the existing fleet, to provide significant progress in safe operation. No reactor of this design is yet in operation anywhere in the world and the industrial and financial challenges associated are very great for the EDF Group. The commercial commissioning of a reactor is preceded by a long period of start-up tests, which begin with the first tests enabled by the completion of the first electro-mechanical assemblies and which continue with the full-scale commissioning tests. This period is punctuated by authorizations from the Safety Authority, notably including the authorization to load nuclear fuel which precedes the authorization for start-up and the first criticality of the reactor itself.

If any generic measures to be taken may be anticipated from feedback on EPR projects, difficulties may occur during the start-up tests and at the beginning of operation of each of the EPR projects, and have an impact on the other projects. These difficulties may be such as to raise further questions about the authorization conditions of the safety authorities of the countries concerned, or to compromise the economic performance or even the return on investment expected from the various projects. This could have an adverse impact on the EDF Group's financial position. These various difficulties could slow or prevent the implementation of other EPR projects which the EDF Group may undertake.

In France, the continuation of the start-up tests of the Flamanville 3 reactor could encounter new uncertainties. In September 2015, EDF submitted a new timetable and updated construction costs for this project for a total amount of 10.5 billion euros.[1] The cold functional testing was carried out successfully. Following detection in March 2018 of quality deviations on certain welds of the main secondary system of the Flamanville EPR, EDF performed additional control and announced in July 2018 the setting up of corrective actions. It led to adjustments of the implementation timetable and the budget for the project in July 2018. The loading of nuclear fuel is now scheduled for the 4th quarter in 2019 and the target construction costs have been revised from €10.5 billion to €10.9 billion. The hot functional testing are scheduled to commence before the end of 2018. The state of progress of the project is given in Section 1.4.1.2.2 "*Update on the Flamanville EPR project*" of the 2017 Document de Référence and "*Recent Events*" of this Prospectus.

Sticking to this revised timetable and this adjusted budget nevertheless depends on the success of the start-up tests that are still to be done and on obtaining the various permits that must still be delivered by the ASN. The three expert committees mandated by the ASN help bring together all of the technical requirements the EPR must satisfy. At the end of 2017, 95% of the file for the commissioning application had been investigated and a permanent experts' group will be set up by 2019 to enable the ASN to make a decision on the authorization to load nuclear fuel. The EDF Group might have to cope with new uncertainties, might not obtain the expected permits or they might be compromised by judicial or administrative decisions.

In China, the EDF Group has a 30% stake alongside its Chinese partner CGN within TNPJVC (Taishan Nuclear Power Joint Venture Company Limited), which will operate two EPR reactors in Taishan. The profitability of these two reactors remains subject to obtaining favourable conditions for the purchase of electricity. The timetable for the start-up of the two reactors was reviewed in 2017 by the majority shareholder (CGN) and commercial commissioning of the first reactor occurred as planned in 2018, and that of the second reactor is scheduled in 2019. Taishan 1, which has successfully completed its preparatory work and testing phases, was granted permission by the Chinese Ministry of Ecology and Environment to load the reactor with fuel on 10 April 2018. On June 29, 2018, it was the first EPR reactor in the world to be successfully connected to the grid. Following this first connection, the reactor is undergoing a period of gradual power-up tests. Once the Taishan 1 reactor has passed all these tests, it will then be tested in steady-state conditions at full power (see Sections 1.4.1.2.3.2 "*Taishan EPR*" and 1.4.5.3.6.1 "*Activities in China*" of the 2017 Document de Référence, and "*Recent Events*" of this Prospectus).

In the United Kingdom, control of the design and bringing the manufacturing and the construction site under control will determine the profitability of the Hinkley C project and the financing of any future projects in the United Kingdom. The EDF Group has a 66.5% stake in the Hinkley Point C project, alongside its Chinese partner CGN for 33.5%. The milestone for pouring the first nuclear safety concrete for the building in unit 1 is planned for mid-2019, providing that the final design has been determined by the end of 2018. Meeting these milestones

[1] In 2015 euros, excluding interim interest.

will determine the deadline for the commercial commissioning of the first reactor, which is planned for the end of 2025 (see Sections 1.4.1.2.3.1 "*Hinkley Point C EPR*" and 1.4.5.1.2.5 "*Nuclear New Build Division*" of the 2017 Document de Référence). The costs to finish the project are now estimated at £19.6 billion (2015 values),[1] up by £1.5 billion (2015 values) compared to previous evaluations. This estimate depends on the success of operational action plans, in partnership with the suppliers. The estimated cost overruns, net of action plans, result essentially from a better appreciation of the design, which have been adapted to meet regulatory requirements, the volume and sequencing of work on the site and the gradual implementation of supplier contracts with management controls that are appropriate to the challenges. The forecast rate of return (IRR) for EDF is now estimated at about 8.5%, compared with around 9% initially. In addition, the risk of a postponement of commercial commissioning is estimated at 15 months for unit 1 and nine months for unit 2. This risk would entail potential additional cost of around £0.7 billion (2015 values). In this case, the IRR for EDF would be about 8.2%.[2] The IRR for the project is sensitive to exchange rates and could be reduced if the pound sterling continues to drop in relation to the euro.

EDF has also signed two other contracts with CGN relative to studies on two nuclear construction projects in the United Kingdom, Sizewell C and Bradwell B. Agreements that secure the income of Hinkley Point C specify a price revision to the contract for difference in the event of an investment decision concerning Sizewell C. The ability of EDF to take a final investment decision and to finance these projects beyond the development phase could depend on the management of the Hinkley Point C project, the existence of partners and an appropriate regulatory and financial framework.

The EDF Group depends, for its nuclear business, on a limited number of players for specific skills.

Although the EDF Group has adopted a policy of diversifying its suppliers and service providers for its nuclear business, it is currently dependent on a limited number of contractors and individuals who have the specific skills and necessary experience. This limits competition in markets in which EDF is a buyer and exposes the EDF Group to the risk of a default of one or more of these suppliers or service providers with specific expertise, which could have an adverse impact on the EDF Group's results and financial position. This is especially the case for Orano, Westinghouse, GE and Alstom, but also for most nuclear industry manufacturers and the principal maintenance service providers (see Section 2.3 "*Dependency factors*" of the 2017 Document de Référence). Changes to the shareholding or governance of these various providers may also have an impact on the cost, the operational continuity of ongoing contracts and the cost of services provided or delivered products.

The creation of Edvance and the successful integration of Framatome into the EDF Group could enable new synergies and strengthen the industrial efficiency and competitiveness of the sector.

Control of the design, by the nuclear operator, of nuclear reactors is a nuclear safety issue. The creation of Edvance comes within the integrated producer-supplier concept, which has been proven in several countries for industrial reactors for electricity generation, and which has contributed to enabling EDF to becoming currently the number one nuclear operator worldwide. On May 17, 2017, the Board of Directors of EDF approved the creation of Edvance, which concluded the merger of EDF's Engineering Departments and AREVA NP. It was an essential milestone in the overhaul of the French nuclear sector that was announced in June 2015. Edvance takes charge of basic design and implementation projects (studies, assistance with supply, assembly and commissioning) for nuclear islands and the command and control systems of new reactors under construction, in France and internationally. EDF holds 80% of the share capital of the company and Framatome holds 20%. This new entity was created independently of the acquisition by EDF of New NP on December 31, 2017, which became Framatome on January 4, 2018. The success of this transformation will determine the competitiveness of the nuclear sector, the success of the ongoing and future EPR projects and the financial performance of the EDF Group (see Section 1.4.1.2.3.4 "*The creation of Edvance*" of the 2017 Document de Référence).

Following the approval of their respective Boards of Directors on December 13 and 14, 2017, AREVA SA and EDF signed, on December 22, 2017, the final binding agreements fixing the terms of the transfer of an equity holding giving EDF exclusive control of Framatome. The contracts for the EPR Olkiluoto 3 project and the resources required to complete the project, as well as certain contracts relating to components forged in the Le Creusot plant, stay within AREVA NP, in AREVA SA's scope. This signature took place following the positive opinion issued by the ASN on the commissioning of the Flamanville 3 reactor vessel. This also followed on from the implementation and satisfactory conclusions of the quality audits carried out in the plants at Le Creusot, Saint-

1 Excluding interim interest and excluding exchange-rate effects in relation to a reference exchange rate for the project of £1 = €1.23.
2 IRR calculated at the July 2017 exchange rate (£1 = €1.16). Any changes to the exchange rate could affect the IRR.

Marcel and Jeumont, concerning contracts taken over by Framatome. For these contracts, in any case, EDF remains guaranteed by AREVA SA against any residual risk resulting from these audits.

In particular, EDF is continuing its comprehensive review of the manufacturing records of the components coming from the Le Creusot Forge plant (71), installed on its nuclear reactors in operation. This project falls within AREVA's quality plan that has been ongoing since 2015, in association with EDF and under the control of the ASN. The in-depth examination of these records resulted in a list of findings concerning traceability and the transcription of documents, as well as the performance of manufacturing operations. Each of these records is analyzed to demonstrate the ability of the equipment concerned to function in complete safety. The comprehensive review of the Le Creusot Forge manufacturing records will continue until December 31, 2018. It cannot be ruled out that the conclusions of these analyses might have a negative impact on the availability of EDF's nuclear reactors or on the financial performance of the EDF Group. Neither can it be ruled out that a quality issue in manufacture for nuclear operators other than EDF might also have an impact on the financial performance of the EDF Group.

A 75.5% stake in the share capital of New NP was acquired by EDF on December 31, 2017. New NP, which became Framatome on January 4, 2018, is the entity formed from the AREVA Group, which brings together industrial activities, design and supply of nuclear reactors and equipment, fuel assemblies and services to the installed base (see Section 1.4.1.3 "*Framatome*" of the 2017 Document de Référence).

The success of the integration of Framatome within the EDF Group, which involves convergence on the approach to nuclear projects and the development of synergies arising from this, should enable the French nuclear industry to be more efficient, responsive and effective in carrying out major work such as the "Grand Carénage" programme to overhaul the fleet in operation and the implementation of new nuclear projects. The non-achievement of these objectives could compromise the competitiveness of the nuclear sector in France and that of the EDF Group in its international development.

The EDF Group is exposed to changes in the conditions for procuring uranium and conversion and enrichment services.

The EDF Group's operating costs include nuclear fuel purchases.

For its nuclear power plants in France and the United Kingdom, EDF purchases uranium and conversion and enrichment services through long-term contracts containing hedging mechanisms that mitigate and smooth price fluctuations over time. Its main supplier is the Orano group, but EDF pursues a diversification policy by also buying supplies from other industrial companies (see Section 2.3 "*Dependency factors*" and Section 1.4.1.1.4 "*The nuclear fuel cycle and related issues*" of the 2017 Document de Référence). Prices and availability of uranium and conversion and enrichment services are subject to fluctuations due to political, economic and other factors that the EDF Group cannot control (in particular, the profitability outlook of mining investments, imbalances between supply and demand or supply shortages associated with, for example, an operating accident in a uranium mine or a combined cycle plant, delays in commissioning new mines or events leading to political instability in a uranium producing country).

However, the EDF Group cannot guarantee that its contracts, in France and abroad, will completely protect it from sudden or significant price increases. The EDF Group cannot guarantee that when these long-term contracts expire, it will be able to renew them, in particular at an equivalent price. This could have an adverse impact on the EDF Group's financial position.

To operate its nuclear reactors, the EDF Group relies on the proper functioning of road and rail transport, in particular for the transport of fuel.

The transport of new or spent nuclear fuel is a very particular operation that requires specific and restrictive safety and security measures. These constraints could become more stringent, generating additional difficulties and costs for the EDF Group. Furthermore, several factors that are beyond the EDF Group's control (such as opposition by local residents or anti-nuclear associations, for example, in the form of manoeuvres to prevent nuclear material from being shipped) may slow these operations. Operations may also be interrupted, in particular, in the event of an accident. In such case, the EDF Group may be required to slow or halt some or all power generation at the relevant sites, either due to non-delivery of new fuel assemblies or the saturation of onsite storage facilities, which may have an adverse impact on the EDF Group's financial position (see Section 1.4.1.1.4 "*The nuclear fuel cycle and related issues*" of the 2017 Document de Référence).

The EDF Group is responsible for most spent fuel and radioactive waste from its nuclear power plants, especially Long Life Medium- and High-level waste from spent fuel.

The back-end part of the nuclear fuel cycle is described in Section 1.4.1.1.4 "*Nuclear fuel cycle and related issues*" of the 2017 Document de Référence. In France, as an operator of nuclear power plants and radioactive waste producer, EDF is legally responsible for spent fuel from the time it leaves the power plant and for radioactive waste processing and long-term management operations. EDF assumes this responsibility both on the technical and financial levels in accordance with guidelines laid down by the public authorities and under their supervision. EDF is also responsible for all radioactive waste generated during plant operations and decommissioning.

The EDF Group's liability may be alleged, in particular as a nuclear power operator or producer of radioactive waste within the meaning of applicable legislation on waste, in the event of an accident or any damage to third parties or the environment from spent fuel or waste, even if they are handled, transported, kept, warehoused or stored by contractors other than the EDF Group (especially, in France, the Orano group and the French National Agency for the Management of Radioactive Waste (ANDRA)), in particular in the event of a breach by such contractors.

In France, the long-term management of radioactive waste has been the subject of various initiatives under Acts No. 91-1381 of December 30, 1991 on research on radioactive waste management and No. 2006-739 of June 28, 2006 on sustainable management of radioactive materials and waste (see Section 1.4.1.1.4 "*The nuclear fuel cycle and related issues*" – "*High-Level Long-Lived Waste ("HAVL")*" of the 2017 Document de Référence). The EDF Group cannot guarantee that all long-life high- and medium-level waste will constitute "final radioactive waste" (*déchets radioactifs ultimes*) within the meaning of Article L. 542-1-1 of the French *Code de l'environnement* and, therefore, that such waste may be directly stored in deep geological layers, especially as the Order No. 2016-128 of February 10, 2016 adopted pursuant to the Energy Transition Act empowers the administrative authority to reclassify radioactive material as radioactive waste and radioactive waste as radioactive material. Furthermore, the EDF Group cannot guarantee the timeframe in which the public authorities will authorize such storage, or predict certain technical instructions related to such authorizations, which creates uncertainties about the future of the waste, the resulting liability and costs for EDF (see Section 1.4.1.1.4 "*The nuclear fuel cycle and related issues*" – "*Storage of packaged residual waste*" of the 2017 Document de Référence).

Within the framework of the National Plan for Radioactive Materials and Waste Management (PNGMDR) for 2016-2018, the ASN and the DGEC asked EDF to propose a solution to procure new spent fuel storage capacity for the timeframe of 2025-2035. Pool storage was deemed preferable, by EDF together with the ASN, and a safety option file was submitted at its request. The ongoing public debate regarding the PNGMDR for 2019-2021 should rule on the solution to be adopted.

In the United Kingdom, when British Energy was restructured, agreements were entered into with the authorities concerning the management of certain radioactive waste from existing nuclear power plants (see Section 1.4.5.1.2.1 "*Nuclear generation*" of the 2017 Document de Référence). Under the terms of these agreements, the liability and certain costs associated with the management of certain radioactive waste are transferred to the British government. However, EDF Energy Nuclear Generation Ltd. remains financially, technically and legally liable for the management, storage and processing of waste that does not come within the scope of the aforementioned agreements.

Directive No. 2011/70/Euratom of July 19, 2011 confirms the Council's intention to establish a shared European framework for the responsible and safe management of spent fuel and radioactive waste (see Section 1.5.6.2.2 "*Specific regulations applicable to basic nuclear facilities*").

For nuclear power plants which EDF does not operate, but in which it has financial interests (United States, Belgium, Switzerland, China), the EDF Group is exposed financially in proportion to its shareholding to contributing to future expenditures related to the management of spent fuel and waste.

The EDF Group cannot guarantee that it will have available, in a timely manner and under acceptable financial conditions, long-term storage and treatment solutions for the radioactive waste generated by the power plants which it operates in the relevant countries, which could have an adverse impact on the EDF Group's financial position.

Provisions booked by the EDF Group for spent fuel processing operations, recovery and packaging of waste and long-term waste management may increase significantly in the event that the assumptions for the costs and the sequencing of the works are revised.

In France, EDF has booked provisions for spent nuclear fuel management operations (transport, processing, conditioning for recycling) (see Note 29.1.1 to the 2017 Consolidated Financial Statements) based on the price and volume conditions of the master agreement signed with AREVA in December 2008 and broken down in the successive implementation agreements. The implementation agreement for the period from 2016-2023 was signed in February 2016 (see Section 1.4.1.1.4 "*The nuclear fuel cycle and related issues*" of the 2017 Document de Référence). The amount of provisions currently booked to cover the period not covered by the current agreement should be reassessed if the terms under which this agreement is renewed prove more onerous than those currently applicable.

EDF has also booked provisions for long-term waste management based on an assumption of geological storage, and on a reasonable interpretation of the work conducted in 2006 by a working group comprising ANDRA, the public authorities and radioactive waste producers (see Note 29.1.2 to the 2017 Consolidated Financial Statements and Section 1.4.1.1.4 "*The nuclear fuel cycle and related issues*" of the 2017 Document de Référence). Following new calculations of the costs of deep storage under the supervision of the DGEC in conjunction with EDF, the Minister of Ecology, Sustainable Development and Energy, in an order of January 15, 2016, set the new reference cost at €25 billion under the economic conditions of December 31, 2011. This cost was included in the accounts of the EDF Group at the end of 2015 (see Note 29.1.2 to the 2017 Consolidated Financial Statements). The current estimate is based on the preliminary design assumptions and will be regularly revised based on the progress of the project, as stated in the Ministerial order. Opinion n°2018-AV-0300 from the ASN dated January 11, 2018 relative to the safety options file presented by Andra for the Cigeo project to store radioactive waste in a deep geological layer specifies that the project has achieved satisfactory overall technological maturity at the stage of the safety options file. The reservations that remain and the supplementary investigation that will be carried out for Andra to obtain construction approval for the geological storage area may lead to a revision of the provisions for long-term waste management.

However, the amount of current provisions is likely to change in the next few years. Determining the amount of these provisions is sensitive to assumptions made in terms of costs, inflation rate, long-term discount rate and payment schedules. Pursuant to the French *Code de l'environnement*, the amount of these provisions may be controlled by the administrative authority formed jointly by the Ministry for the Economy and the Ministry of Energy, which shall verify in particular the adequacy of the provisioned expenses and imposes a cap on the discount rate for the provisions. Given these sensitivity factors, changes in certain parameters may require significant adjustments of the provisions booked. In such case, any insufficiency of provisions for long-term nuclear commitments may have a material adverse impact on the EDF Group's financial position (see Note 29.1.5 to the 2017 Consolidated Financial Statements).

Note 19.2.1 "*Nuclear provisions in France*" to the 2018 Unaudited Interim Condensed Consolidated Financial Statements indicates the connection between "costs based on economic conditions," which represent estimated amounts as at June 30, 2018, and "amounts in provision at present value." With regards to the management of spent fuel, the expenses based on economic conditions at June 30, 2018 are evaluated at €19,325 million and the corresponding provision is €10,897 million. Concerning the long-term management of waste and the recovery and packaging of waste, the expenses based on economic conditions at June 30, 2018 are evaluated at €30,707 million and the corresponding provision is €9,797 million, as the discounting effect is very significant due to distant waste storage maturities. Note 29.1.5.2 "*Analyses of sensitivity to macro-economic assumptions*" to the 2017 Consolidated Financial Statements indicates the analyses of sensitivity of provisions and EDF Group's results to a discount rate change, for the different types of provisions, as at December 31, 2017.

Provisions booked by the EDF Group for decommissioning operations for nuclear facilities may increase significantly if assumptions are revised. In particular, decommissioning existing nuclear facilities may present currently unforeseen difficulties or be much costlier than currently anticipated.

Operations ongoing concerning the power plants that were built and operated before the current nuclear fleet, as well as the Superphenix power plant ("first generation" power plants). These operations cover four different reactor technologies: heavy water reactor (Brennilis), sodium-cooled fast reactor (Superphenix at Creys-Malville), graphite-moderated and gas-cooled reactor (UNGG reactors at Chinon, Saint Laurent and Bugey) and the PWR at Chooz. These operations were firsts for EDF and with the exception of the PWR, they concern reactor technologies for which international feedback is low or non-existent. They therefore require the development of new methods and technologies which involve greater risk than technologies for which feedback is already available. The decommissioning of the PWR at Chooz does benefit from some feedback (essentially American and of a limited nature) but it has the innovative specific feature of being located in a cave, which also makes it an unusual operation for which experience is not immediately transferable and which includes specific risks.

The feedback from the PWR at Chooz will enable consolidation, as far as possible, of the studies and estimates on the future costs of decommissioning the nuclear fleet currently in operation (power plants of the "second generation"). However, neither EDF nor any other operator has currently begun a decommissioning programme on a scale comparable to that of the current PWR fleet and the estimates therefore involve risks that are associated in particular with this scale effect (see Section 1.4.1.1.6 "*Decommissioning of nuclear power plants*" of the 2017 Document de Référence).

In France, the EDF Group has booked provisions to cover the anticipated costs of decommissioning and managing the last cores. However, the amount of current provisions is likely to change in the next few years. Indeed, determining the amount of these provisions is sensitive to assumptions made in terms of technical processes, costs, inflation rates, long-term discount rates and payment schedules. The amount of these provisions, in accordance with the French *Code de l'environnement*, is subject to control by the administrative authority, which verifies in particular the adequacy of the provisioned expenses and imposes a cap on the discount rate for the provisions. The timeframe and costs of these works also depend on administrative authorizations and the availability, at required times, of radioactive waste storage centres or other facilities required for conditioning or storing waste packages (see Section 1.4.1.1.6 "*Decommissioning of nuclear power plants*" of the 2017 Document de Référence). The Act No. 2006-739 dated June 28, 2006 provided for a dedicated storage centre for Low-Level Long-Life waste (FAVL), such as graphite. ANDRA submitted a progress report in July 2015 under the national plan for the management of radioactive materials and radioactive waste (PNGMDR). This report assesses several storage concepts and allows for the possibility of storage of graphite waste on the Soulaines site. An overall industrial scheme for the management of all FA-VL radioactive waste is planned by the PNGMDR before the end of 2019 (see Section 1.4.1.1.4 "*The nuclear fuel cycle and related issues*" of the 2017 Document de Référence). Given these sensitivity factors, changes in certain parameters may require significant adjustments of the provisions booked and, therefore, the EDF Group cannot guarantee that the provisions booked will equal the costs actually incurred at the relevant time, which would have an adverse impact on the EDF Group's financial position (see Note 29.1.3 to the 2017 Consolidated Financial Statements). The EDF Group regularly conducts an update of the key assumptions underlying the provisions (see Note 29.1.5 to the 2017 Consolidated Financial Statements). Accordingly, in 2016, the EDF Group revised quotations and the provisions arising from them for the decommissioning of the operating fleet, making it possible to take into account the recommendations of the audit of these provisions made at the request of the administrative authority formed jointly by the Ministry for the Economy and the Energy Ministry whose conclusions had been made public in January 2016 by the aforementioned authority. The annual review carried out in 2017 did not lead to any significant adjustment of the provision.

With regards to the provision for decommissioning the nuclear electricity generation fleet in France, the costs based on economic conditions at June 30, 2018 are evaluated at €27,176 million and the corresponding provision is €15,475 million. As for the last core provision, costs based on economic conditions at June 30, 2018 are estimated at €4,332 million and provision at present value amounts are valued €2,456 million, as the discounting effect is very significant due to distant waste storage maturities. Note 29.1.5.2 "*Analyses of sensitivity to macro-economic assumptions*" to the 2017 Consolidated Financial Statements indicates the analyses of sensitivity of provisions and EDF Group's results to a discount rate change, for the different types of provisions, as at December 31, 2017.

The provisions of Framatome and SOCODEI in relation to the basic nuclear facilities in France stand respectively at €81 million and €43 million (see Note 30 "*Other provisions for decommissioning*" to the 2017 Consolidated Financial Statements). In the United Kingdom, under the agreements concluded in connection with the restructuring of British Energy, the costs of decommissioning EDF Energy Nuclear Generation Group Ltd.'s existing nuclear power plants will be paid by the Nuclear Liabilities Fund. If the assets of this Fund prove insufficient, these costs will be borne by the UK Government (see Section 1.4.5.1.2.1 "*Nuclear Generation*" of the 2017 Document de Référence).

For nuclear power plants which EDF does not operate, but has financial interests (United States, Belgium, Switzerland), the EDF Group is exposed financially in proportion to its participation to contribute to future decommissioning costs.

The amount of dedicated assets in France allocated by the EDF Group to cover the costs of its long-term nuclear business commitments (radioactive waste and decommissioning) might need to be revised upwards and require additional expenditures.

In France, as of June 30, 2018, the market value of EDF's portfolio of dedicated assets was €28.144 billion, compared to €28.115 billion as of December 31, 2017 (see Note 22.1 "*Valuation of EDF's dedicated assets*" to the 2018 Unaudited Interim Condensed Consolidated Financial Statements; Sections 1.4.1.1.7 "*Assets available to cover long-term nuclear-related commitments outside the operating cycle*" and 1.5.6.2.2 "*Specific regulations applicable to basic nuclear facilities*" of the 2017 Document de Référence and Note 47.3 to the 2017 Consolidated Financial Statements).

In the event of a significant change in the provisions determining the reference base of the dedicated assets, it might prove necessary to make additional allocations to adjust the value of these assets, which could have a material adverse impact on EDF's financial position. Moreover, stricter regulations at the national level (in particular those that impact the base for determining the dedicated assets to be constituted by EDF) or European level may lead to more stringent requirements regarding the constitution of dedicated assets and have a significant impact on EDF's financial position.

Lastly, although these assets are constituted and managed in accordance with strict prudential rules, the EDF Group cannot guarantee that price fluctuations in the financial markets or changes in valuation will not have a material adverse impact on the value of these assets (see Section 5.1.6.1.6 "*Management of financial risk on EDF's dedicated asset portfolio*" of the 2017 Document de Référence for a sensitivity analysis), which could require EDF to allocate additional amounts to restore the value of these assets; such events could have a material adverse effect on the EDF Group's financial position.

In the United Kingdom, funds to finance nuclear commitments are managed by an independent organization created by the UK government (Nuclear Liabilities Fund – NLF). Operators therefore have no assets to manage for this purpose (see Section 1.4.5.1.2.1 "*Nuclear generation*" of the 2017 Document de Référence).

Due to its nuclear activities, the EDF Group is exposed to significant liability risks and potentially significant additional operating costs.

Although the EDF Group has adopted strategies and procedures to control risks and incorporate international feedback for its nuclear activities that are consistent with best international standards,[1] such activities, by their nature, still present potential risks. Therefore, the EDF Group may face significant liability as a result of *inter alia* incidents and accidents, security breaches, malicious or terrorist acts, aircraft crashes, natural disasters (such as floods or earthquakes), equipment malfunctions or problems in the course of storing, handling, transporting, processing or packaging nuclear substances and materials. Such events could lead to significantly stricter operating requirements for the EDF Group's industrial sites, or to a partial or total halt of the operation of the EDF Group's power generation plants, and may have serious consequences, especially in the event of radioactive contamination or irradiation of persons working for the EDF Group, or the general population and the environment, as well as a material adverse impact on the EDF Group's activities, strategy, outlook and financial position.

Indeed, a nuclear operator is responsible for the nuclear safety of its facilities.

The nuclear civil liability scheme that applies to nuclear facility operators of States Parties to the Paris Convention, and the insurance applicable thereto, are described in Section 1.5.6.2.2 "*Specific regulations applicable to basic nuclear facilities*" and Section 2.5.6 "*Specific insurance for nuclear facility operations*" of the 2017 Document de Référence. This scheme is based on the principle of the operator's strict liability. Accordingly, if an event occurs that causes nuclear damage, the EDF Group would be automatically liable up to a monetary maximum set by the law applicable in the country, regardless of the source of the event that caused the damage and any safety measures that may have been taken.

The EDF Group cannot guarantee that in countries where it operates nuclear facilities the maximum liability set by law will not be increased or cancelled. For example, the protocols amending the Paris Convention and the Brussels Convention, not yet in force (see Section 1.5.6.2.2 "*Specific regulations applicable to basic nuclear facilities*" of the 2017 Document de Référence), provide for these maximum amounts to be increased and a

[1] Exploitation of standards and feedback from the International Atomic Energy Agency and the World Association of Nuclear Operators WANO.

substantial expansion of the damage to be covered. The new amounts are applicable as of February 18, 2016 under the Energy Transition Act and the amount of the operator's liability in France now amounts to 700 million euros in the event of a nuclear accident in a facility and 70 million euros for nuclear accidents during transport. The entry into force of the other changes laid out in these protocols is likely to increase yet again the cost of insurance and the EDF Group cannot guarantee that insurance covering this liability will always be available or that it will always be able to maintain such insurance. The insurance cover for the EDF Group's civil liability as a nuclear operator is described in Section 2.5.6.1 "*Civil liability of nuclear facility operators*" of the 2017 Document de Référence and for insurance coverage for transport of nuclear materials in Section 2.5.6.2 "*Civil liability for transport of nuclear substances*" of the 2017 Document de Référence.

Property damage to EDF's nuclear facilities is covered by insurance programmes (see Section 2.5.6.3 "*Damage to nuclear facilities*" of the 2017 Document de Référence). Despite this cover, any event that may cause significant damage to a nuclear facility of the EDF Group could have an adverse impact on the EDF Group's business and financial position.

Lastly, the EDF Group cannot guarantee that the insurers that cover both its liability as a nuclear plant operator and property damage to its facilities will always have available capacity or that the costs of cover will not significantly increase, particularly in light of the impacts on the insurance market of events such as the nuclear accident in Japan that occurred in March 2011.

RISK FACTORS RELATED TO THE NOTES

The following paragraphs describe some of the risks that the Issuer believes are material to the Notes in order to assess the market risk associated thereto. They do not describe all the risks of an investment in the Notes.

General risks relating to the Notes

Independent review and advice.

Each prospective investor in the Notes must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the Notes is fully consistent with its financial needs, objectives and condition, complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it and is a fit, proper and suitable investment for it, notwithstanding the clear and substantial risks inherent in investing in or holding the Notes.

Each prospective investor should consult its own advisers as to legal, tax and related aspects of an investment in the Notes. A prospective investor may not rely on the Issuer or the Managers (as defined in "*Subscription and Sale*") or any of their respective affiliates in connection with its determination as to the legality of its acquisition of the Notes or as to the other matters referred to above.

Potential conflicts of interest.

The Managers and their affiliates (including their parent companies) have and/or may in the future engage, in the ordinary course of business, in investment banking, commercial banking and/or other financial advisory and commercial dealings with the Issuer and its affiliates and in relation to securities issued by the Issuer or any entity of the Group. They have or may, in the ordinary course of their business, (i) engage in investment banking, trading or hedging activities including in activities that may include prime brokerage business, financing transactions or entry into derivative transactions, (ii) act as underwriters in connection with offering of shares or other securities issued by any entity of the Group or (iii) act as financial advisers to the Issuer or other companies of the Group. In the context of these transactions, the Managers have or may hold shares or other securities issued by entities of the Group. Where applicable, it has or will receive customary fees and commissions for these transactions.

The Managers or their affiliates may have a lending relationship with the Issuer and routinely hedge their credit exposure to the Issuer in a manner consistent with their customary risk management policies. Typically, the Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such positions could adversely affect future trading prices of the Notes. The Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Each of the Issuer, the Managers and their affiliates may from time to time be engaged in transactions involving an index or related derivatives which may affect the market price, liquidity or value of the Notes and which could be deemed to be adverse to the interests of the Noteholders.

Potential conflicts of interest may arise between the Calculation Agent and the Noteholders, including with respect to certain discretionary determinations and judgments that such Calculation Agent may make pursuant to the Terms and Conditions of the Euro 6 Year Non-Call Notes that may influence the amount receivable upon redemption of the Notes. In particular, whilst the Calculation Agent will, as the case may be, have information barriers and procedures in place to manage conflicts of interest, it may in its other banking activities from time to time be engaged in transactions involving an index or related derivatives which may affect amounts receivable by Noteholders during the term and on the maturity of the Notes or the market price, liquidity or value of the Notes and which could be deemed to be adverse to the interests of the Noteholders.

Legality of purchase.

None of the Issuer, the Managers, nor any of their respective affiliates, has or assumes responsibility for the lawfulness of the acquisition of the Notes by a prospective investor in the Notes, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective investor with any law, regulation or regulatory policy applicable to it.

Modification of the Terms and Conditions of the Euro 6 Year Non-Call Notes.

The Terms and Conditions of the Euro 6 Year Non-Call Notes contain provisions regarding collective decisions of Noteholders to consider matters affecting their interests generally, which may be adopted either through a general meeting (the "**General Meeting**") or by consent following a written consultation (the "**Written Resolution**"). These provisions permit defined majorities to bind all Noteholders, including Noteholders who did not attend, were not represented at the relevant meeting or did not consent or respond to the Written Resolution, and Noteholders who voted in a manner contrary to the majority. Collective decisions may deliberate on proposals relating to the modification of the conditions of the Notes subject to the limitation provided by French law and the Terms and Conditions of the Euro 6 Year Non-Call Notes.

Legal investment considerations may restrict certain investments.

The investment activities of certain investors are subject to investment laws and regulations, or to review and/or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) the Notes are legal investments for it, (ii) the Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any of the Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

Creditworthiness of the Issuer.

An investment in the Notes involves credit risk on the Issuer. If the financial situation of the Issuer deteriorates, it may not be able to fulfill all or part of its payment obligations under the Notes, and investors may lose all or part of their investment. In addition, if the creditworthiness (or perceived creditworthiness) of the Issuer deteriorates, the value of the Notes may decrease and investors may lose all or part of their investment.

Credit ratings of the Issuer.

The credit ratings ascribed to EDF and EDF's outstanding debt securities (including the credit ratings ascribed to the Notes, if any) are intended to reflect EDF's ability to meet the payment obligations under its outstanding debt securities, and may not reflect the potential impact of all risks related to structure, market, additional factors described herein, and other factors on the value of our outstanding debt securities or the Notes.

A credit rating is not a recommendation to purchase, sell or hold securities and may be revised, suspended or withdrawn, at any time and without notice, by the independent credit rating agencies assigning such ratings. Any such revision, suspension, or withdrawal of any credit rating will generally affect the market value of debt securities issued by EDF, including the Notes.

In particular, following the publication of press releases by Moody's on May 10, 2018, Standard & Poor's on May 14, 2018 and Fitch on July 25, 2018, the Issuer's long-term and short-term ratings have been respectively set at "A3" and "P-2" with stable outlook by Moody's, "A-" and "A-2" with negative outlook by Standard & Poor's and "A-" and "F2" with stable outlook by Fitch.

In addition, Moody's indicated that the rating could be downgraded notably if (i) credit metrics fall below Moody's guidance for the A3 rating; or (ii) a change in the EDF Group's relationship with the French government were to cause Moody's to remove the uplift for government support, or if there were to be a significant downgrade of France's government rating. Standard & Poor's indicated that rating downside over the next two years is possible if (i) Standard & Poor's sees additional deterioration of EDF's operating performance, and an unexpected renewed downturn in power prices, although these have recently been improving, or (ii) if Standard & Poor's foresees a deterioration in the EDF's Group financial credit metrics and debt trajectory over 2019-2020. Standard & Poor's also mentions other risk factors that could lead to a downgrade, such as those relating to potential delays or cost overruns from EDF's new nuclear projects, and a material and sharp deterioration of the domestic and U.K. unregulated power markets. Finally, Standard & Poor's indicates that a downgrade of France by more than one notch would trigger a downgrade of EDF and that a downward revision of their assessment of the likelihood if extraordinary support from the French government to EDF could also lead to a downgrade of the EDF Group's ratings. Fitch indicated that future developments that may, individually or collectively, lead to negative rating action included (i) Funds From Operations (FFO) adjusted net leverage above 4.2x on a sustained basis, (ii) FFO fixed charge cover below 3.5x on a sustained basis, and (iii) a substantial decline in electricity price in France, the United Kingdom and Italy or a weakened business profile.

In general, European regulated investors are restricted under Regulation (EC) No. 1060/2009 of September 16, 2009 (as amended, the "**CRA Regulation**") from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the European Union (the "**EU**") and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended).

Taxation.

Potential purchasers and sellers of the Notes should be aware that they may be required to pay taxes or documentary charges or duties in accordance with the laws and practices of the jurisdiction where the Notes are transferred or other jurisdictions. In some jurisdictions, no official statements of the tax authorities or court decisions may be available for the tax treatment of financial instruments such as the Notes. Potential investors are advised not to rely upon the tax summary contained in this Prospectus but to ask for their own tax adviser's advice on their individual taxation with respect to the acquisition, holding, disposal and redemption of the Notes. Only these advisers are in a position to duly consider the specific situation of the potential investor. This investment consideration has to be read in connection with the taxation sections of this Prospectus.

Transactions on the Notes could be subject to additional taxes, including a financial transaction tax.

On February 14, 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common financial transactions tax (the "**FTT**") in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**Participating Member States**"). However, in March 2016, Estonia officially indicated that it would no longer be a Participating Member State.

The Commission's Proposal has a very broad scope and could, if introduced in its current form, impose a tax at a rate not lower than 0.1%, generally determined by reference to the amount of consideration paid, in respect of certain dealings in the Notes (including secondary market transactions) in certain circumstances.

Under the Commission's Proposal, the FTT could apply in certain circumstances to persons both within and outside of the Participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a Participating Member State. A financial institution may be, or be deemed to be, "established" in a Participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a Participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a Participating Member State.

The mechanism by which the FTT would be applied and collected is not yet known, but if the FTT or any similar tax is adopted, transactions in debt securities could be subject to higher costs, and the liquidity of the market for debt securities may be diminished.

However, the FTT proposal remains subject to negotiation between the Participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional Member States of the European Union may decide to participate and/or Participating Member States may decide to withdraw.

Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

French insolvency law.

Under French insolvency law, holders of debt securities are automatically grouped into a single assembly of holders (the "**Assembly**") in the event of the opening in France of safeguarding proceedings (*procédure de sauvegarde*), accelerated financial safeguarding proceedings (*procédure de sauvegarde financière accélérée*), accelerated safeguarding proceedings (*procédure de sauvegarde accélérée*) regarding, or a judicial restructuring (*procédure de redressement judiciaire*) of, the Issuer, in order to defend their common interests.

The Assembly comprises holders of all debt securities issued by the Issuer (including the Notes), whether or not under a debt issuance programme (such as the Euro Medium Term Note Programme of the Issuer) and regardless of their governing law.

The Assembly deliberates on the draft safeguarding plan (*projet de plan de sauvegarde*), draft accelerated financial safeguarding plan (*projet de plan de sauvegarde financière accélérée*), draft accelerated safeguarding proceedings plan (*projet de plan de procédure de sauvegarde accélérée*), or draft restructuring plan (*projet de plan de redressement*) applicable to the Issuer, once and if the relevant creditors' committees have adopted the aforementioned draft, and may further agree to:

– increase the liabilities (*charges*) of holders of debt securities (including the Noteholders) by rescheduling due payments and/or writing-off receivables in the form of debt securities, partially or totally;

– establish an unequal treatment between holders of debt securities (including the Noteholders) as appropriate under the circumstances; and/or

– convert debt securities (including the Notes) into securities that give, or may give rights, to share capital.

Decisions of the Assembly will be taken by a two-third majority (calculated as a proportion of the debt securities held by the holders expressing a vote). No quorum is required to convene the Assembly.

For the avoidance of doubt, the provisions relating to the representation of the Noteholders described in the Terms and Conditions of the Euro 6 Year Non-Call Notes set out in this Prospectus will not be applicable in these circumstances.

A receiver (*administrateur judiciaire*) is permitted to take into account the existence of voting or subordination agreements entered into by a holder of notes, or the existence or an arrangement providing that a third party will pay the holder's claims, in full or in part, in order to reduce such holder's voting rights within the Assembly. The receiver must disclose the method used to compute such voting rights and the holder, or, as the case may be, the receiver, may dispute such computation before the president of the competent commercial court (*tribunal de commerce*). These provisions could apply to a Noteholder who has entered into a hedging arrangement in relation to the Notes.

Any of the above proceedings, as amended from time to time, could have an adverse impact on Noteholders seeking repayment in the event that the Issuer, or one or several of the Issuer's subsidiaries, were to be subject to any such proceeding.

Liquidity risks/trading market for the Notes.

The Notes may not have an established trading market when issued. There can be no assurance that any market for the Notes will develop or continue or, if one does develop, that it will be maintained, that any market for the Notes will be liquid or that holders will be able to sell their Notes when desired, or at all, or at prices they find acceptable. The liquidity of, and trading market for, the Notes may also be adversely affected by general declines in the market for similar securities.

The development or continued liquidity of any secondary market for the Notes will be affected by a number of factors such as general economic conditions, the financial condition, the creditworthiness of the Issuer and/or the Group, and the value of any applicable reference rate, as well as other factors such as the complexity and volatility of the reference rate, the method of calculating the return to be paid in respect of such Notes, the outstanding amount of the Notes, any redemption features of the Notes and the level, direction and volatility of interest rates generally. Such factors also will affect the market value of the Notes. In addition, certain Notes may be designed for specific investment objectives or strategies and therefore may have a more limited secondary market and experience more price volatility than conventional debt securities.

Investors may not be able to sell Notes readily or at prices that will enable investors to realize their anticipated yield. No investor should purchase Notes unless the investor understands and is able to bear the risk that certain Notes will not be readily sellable, that the value of Notes will fluctuate over time and that such fluctuations will be significant.

Many factors may adversely affect the trading market, value or yield of the Notes.

In addition to the Issuer's creditworthiness, many other factors may affect the trading market for, and market value of, the Notes, including, but not limited to:

- the method of calculating principal, premium and interest;
- the outstanding amount of the Issuer's debt securities — there are no restrictions in the Terms and Conditions of the Euro 6 Year Non-Call Notes on the amount of debt which the Issuer may issue or guarantee, nor any negative pledge provisions;
- the value of the reference rate and its volatility;
- redemption or repayment features; and
- the level, direction and volatility of market interest and yield rates generally — the conditions of the financial markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future, which could have an adverse effect on the market prices of the Notes, regardless of the Issuer's prospects and financial performance and condition.

The value of the Notes and the reference rate also depend on a number of interrelated factors, including economic, financial and political events in France or elsewhere, including factors affecting capital markets generally and the stock exchanges on which the Notes or the reference rate are traded. The price at which a Noteholder will be able to sell the Notes prior to redemption by the Issuer may be at a discount, which could be substantial, from the issue price or the purchase price paid by such purchaser. The historical market prices of the reference rate should not be taken as an indication of the reference rate's future performance during the life of the Notes.

In addition, if a Noteholder decide to sell Notes, there may be a limited number of buyers (if any) or there may be a surplus of debt securities of other issuers available with similar credit, maturity and other structural characteristics. This may affect the price the Noteholder will receive for the Notes or its ability to sell them at all.

A Noteholder's actual yield on the Notes may be reduced from the stated yield by transaction costs.

When Notes are purchased or sold, several types of incidental costs (including transaction fees and commissions) are incurred in addition to the current price of the Notes. These incidental costs may significantly reduce or even exclude the potential profit of the Notes. For instance, credit institutions as a rule charge their clients for their own commissions, which are either fixed minimum commissions or pro-rata commissions depending on the order value. To the extent that additional (domestic or foreign) parties are involved in the execution of an order, including but not limited to domestic dealers or brokers in foreign markets, Noteholders must take into account that they may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (third party costs).

In addition to such costs directly related to the purchase of securities (direct costs), Noteholders must also take into account any additional costs (such as custody fees). Investors should inform themselves about any additional costs incurred in connection with the purchase, custody or sale of the Notes before investing in the Notes.

Exchange rates risks and exchange controls.

The Issuer will pay principal and interests on the Notes in Euro. This may result in certain risks relating to currency or currency unit conversions if an investor's financial activities are denominated principally in a currency or a currency unit (the "**Investor's Currency**") other than Euro. Such risks include, without limitation, (i) significant exchange rate fluctuations between Euro and the Investor's Currency (including changes due to devaluation of the Euro, or reevaluation of the Investor's Currency) and (ii) the imposition or modification of exchange controls by authorities with jurisdiction over the Investor's Currency, as such authorities have imposed from time to time, and may in the future impose, which could adversely affect an applicable exchange rate and result in investors receiving receive less interest or principal than expected, or no interest or principal at all. An appreciation in the value of the Investor's Currency relative to the Euro would decrease (a) the Investor's Currency-equivalent yield on the Notes,

(b) the Investor's Currency-equivalent value of the principal payable on the Notes and (c) the Investor's Currency-equivalent market value of the Notes.

Change of law.

The Terms and Conditions of the Euro 6 Year Non-Call Notes are based on French law as in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in French law or the official application or interpretation of French law after the date of this Prospectus.

Risks relating to the structure of the Notes

The Notes are complex financial instruments that may not be a suitable investment for all investors.

Each potential investor must determine the suitability of any investment in the Notes in light of its own circumstances, including its own investment objectives and experience, and any other factors which may be relevant to it in connection with such investment, either alone or with the assistance of a financial adviser. In particular, each potential investor should:

– have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus;

– have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation and the investment(s) it is considering, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;

– have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;

– understand thoroughly the Terms and Conditions of the Euro 6 Year Non-Call Notes and be familiar with the behavior of financial markets, of any relevant indices and of any financial variable which might have an impact on the return on the Notes;

– be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks; and

– consult its tax advisers as to the tax consequences of the purchase, ownership and disposition of Notes.

The Notes are complex financial instruments. Sophisticated institutional investors generally purchase complex financial instruments as part of a wider financial structure rather than as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Notes unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

The Notes are deeply (i.e., lowest ranking) subordinated obligations of the Issuer.

The Issuer's obligations under the Notes are direct, unconditional, unsecured and deeply subordinated obligations (*titres subordonnés de dernier rang*) of the Issuer and rank and will rank (i) subordinated to present and future *prêts participatifs* granted to the Issuer, Ordinary Subordinated Obligations and Unsubordinated Obligations of the Issuer, (ii) *pari passu* among themselves and *pari passu* with all other present and future deeply subordinated obligations (*engagements subordonnés de dernier rang*) of the Issuer (which include, for the avoidance of doubt, the Parity Securities) and (iii) senior only to the Equity Securities.

In the event of any judgment rendered by any competent court declaring the judicial liquidation (*liquidation judiciaire*) of the Issuer, or in the event of a transfer of the whole of the business of the Issuer (*cession totale de l'entreprise*) subsequent to the opening of a judicial recovery procedure (*redressement judiciaire*), or if the Issuer is liquidated for any other reason, the rights of Noteholders to payment under the Notes will be subordinated to the full payment of the unsubordinated creditors under the Issuer's Unsubordinated Obligations, of the ordinary subordinated creditors under the Issuer's Ordinary Subordinated Obligations and, of lenders in relation to *prêts participatifs* granted to or to be granted to the Issuer, if and to the extent that there is still cash available for those payments. Thus, the Noteholders face a higher performance risk than holders of unsubordinated and ordinary subordinated obligations of the Issuer.

In the event of liquidation of the Issuer, the Notes shall rank in priority only to any payments to holders of Equity Securities. In the event of incomplete payment of creditors ranking senior to the Noteholders, the obligations of the Issuer and the respective Noteholders' interests will be terminated.

The claims of the Noteholders under the Notes are intended to be senior only to claims of any holders of Equity Securities. There are currently no other instruments of the Issuer that rank junior to the Notes other than the ordinary shares of the Issuer.

The Notes are undated securities.

The Notes are undated securities, with no specified maturity date. Subject to any early redemption described in this Prospectus, the Issuer is under no obligation to redeem or repurchase the Notes at any time, and the Noteholders have no right to require redemption of the Notes. Therefore, prospective investors should be aware that they may be required to bear the financial risks of an investment in the Notes for an indefinite period of time and may not recover their investment in a foreseeable future.

Noteholders should therefore be aware that the principal amount of the Notes may not be repaid and that they may lose the value of their capital investment.

There are no events of default or cross default under the Notes.

The Terms and Conditions of the Euro 6 Year Non-Call Notes do not provide for events of default or cross default allowing acceleration of the Notes upon occurrence of certain events. Accordingly, if the Issuer fails to meet any obligations under the Notes, including the payment of any interest, investors will have no right of acceleration of principal. Upon a payment default, the sole remedy available to Noteholders for recovery of amounts owing in respect of any payment of principal or interest on the Notes will be the institution of proceedings to enforce such payment. Notwithstanding the foregoing, the Issuer will not, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

The Issuer can defer interest payments on the Notes.

On any applicable Euro 6 Year Interest Payment Date, the Issuer may elect to defer payment of all (but not some only) of the interest accrued to that date, and the Issuer shall not have any obligation to make such payment and any failure to pay shall not constitute a default by the Issuer for any purpose.

Any interest not paid on an Euro 6 Year Interest Payment Date and deferred shall, so long as the same remains outstanding, constitute Arrears of Interest and shall be payable as outlined in the Terms and Conditions of the Euro 6 Year Non-Call Notes.

Any deferral of interest payments will be likely to have an adverse effect on the market price of the Notes. In addition, as a result of the foregoing provisions of the Notes, the market price of the Notes may be more volatile than the market prices of other debt securities on which interest accrues that are not subject to the above provisions and may be more sensitive generally to adverse changes in the Issuer's financial condition.

Any decline in the credit ratings of the Issuer or the Notes may affect the market value of the Notes and changes in equity credit criteria may lead to the early redemption of the Notes.

The Notes have been assigned a rating by Standard & Poor's, Moody's and Fitch. The rating granted by each of Standard & Poor's, Moody's and Fitch or any other rating assigned to the Notes may not reflect the potential impact of all risks related to structure, market and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

In addition, each of Standard & Poor's, Moody's and Fitch or any other rating agency may change its methodologies for rating securities with features similar to the Notes in the future. This may include the relationship between ratings assigned to an issuer's senior securities and/or ratings assigned to an issuer on a standalone basis (which reflect the issuer's credit profile without factoring in any potential support from the State) and ratings assigned to securities with features similar to the Notes, sometimes called "notching." If the rating agencies were to change their practices for rating such securities in the future and the ratings of the Notes were to be subsequently lowered, this may have a negative impact on the trading price of the Notes.

If an amendment, clarification or change in the equity credit criteria of Standard & Poor's, Moody's and Fitch or any other rating agency of equivalent international standing solicited by the Issuer to grant a corporate credit rating to the Issuer or to the Notes, results in a lower equity credit for the Notes than the then respective equity credit assigned to the Notes at the date of their issue, or if equity credit is not assigned on the issue date, at the date when the equity credit is assigned for the first time, the Issuer may, at its option, redeem all of the Notes (but not some only), as set forth under "*6.5 Optional Redemption due to Rating Methodology Event*" in the Terms and Conditions of the Euro 6 Year Non-Call Notes.

See also "*Credit ratings of the Issuer*" under "*General risks relating to the Notes*."

Early right of redemption of the Issuer.

The Issuer may redeem the Notes in whole, but not in part, (i) on any date during the period commencing on (and including) July 4, 2024 and ending on (and including) the First Euro 6 Year Call Date, or (ii) on any Euro 6 Year Interest Payment Date falling thereafter.

The Issuer may also, at its option, redeem the Notes in whole, but not in part, upon the occurrence of a Withholding Tax Event, a Tax Deductibility Event, an Accounting Event, a Rating Methodology Event and a Substantial Repurchase Event, as further described in the Terms and Conditions of the Euro 6 Year Non-Call Notes.

In the event of an early redemption at the option of the Issuer, such early redemption of the Notes will be made at (i) 101 per cent. of the Specified Denomination of the Notes in the case where the redemption of such Notes occurs before July 4, 2024 as a result of an Accounting Event, Rating Methodology Event or a Tax Deductibility Event; or (ii) the Specified Denomination in case of (a) an Accounting Event, Rating Methodology Event or a Tax Deductibility Event where such redemption occurs on or after July 4, 2024 or (b) a Substantial Repurchase Event, a Tax Gross-up Event or a Withholding Tax Event, in each case together with any accrued interest and any Arrears of Interest (including any Additional Interest Amounts thereon) up to the Early Redemption Date.

The optional redemption feature may negatively affect the market value of the Notes. During any period when the Issuer may elect to redeem the Notes, the market value of the Notes generally will not rise substantially above the price at which they can be redeemed. The Issuer may also be expected to redeem the Notes when prevailing market interest rates are lower than the interest rates on the Notes. There can be no assurance that, at the relevant time, Noteholders will be able to reinvest the redemption proceeds at an effective interest rate as high as the return that could have been received on the Notes had they not been redeemed. Potential investors should consider reinvestment risk as they may not be able to reinvest the redemption proceeds in a comparable investment at an effective interest rate as high as that of the Notes.

For a description of certain risks which may result in the occurrence of an Accounting Event, see the risk factor entitled "*The current IFRS accounting classification of financial instruments such as the Notes as equity instruments may change, which may result in the occurrence of an Accounting Event"* below.

The current IFRS accounting classification of financial instruments such as the Notes as equity instruments may change, which may result in the occurrence of an Accounting Event.

In June 2018, the IASB (International Accounting Standards Board) published the discussion paper DP/2018/1 on "Financial Instruments with Characteristics of Equity," (the "**DP/2018/1 Paper**"). If the proposals set out in the DP/2018/1 Paper (or any other similar proposals that may be made in the future) are implemented in their current form or in a similar form, the current IFRS accounting classification of financial instruments such as the Notes as equity instruments may change and this may result in the occurrence of an Accounting Event. In such an event, the Issuer may have the option to redeem, in whole but not in part, the Notes (pursuant to Condition 6.4 (*Optional Redemption due to Accounting Event*)). The implementation of any of the proposals set out in the DP/2018/1 Paper or any other similar such proposals that may be made in the future, including the extent and timing of any such implementation, if at all, is uncertain. Accordingly, no assurance can be given as to the future classification of the Notes from an accounting perspective or whether any such change may result in the occurrence of an Accounting Event, thereby providing the Issuer with the option to redeem the Notes pursuant to the Terms and Conditions of the Euro 6 Year Non-Call Notes.

For a description of the risks related to the early redemption of the Notes, see the risk factor entitled "*Early right of redemption of the Issuer*" above.

Interest rate risk.

Interests on the Notes before the First Euro 6 Year Reset Date, which are calculated at a fixed rate, involve the risk that subsequent changes in market interest rates may adversely affect the value of the Notes. In particular, a Noteholder, which pays interest at a fixed rate, is exposed to the risk that the value of such Note could fall as a result of changes in the market interest rate. While the nominal interest rate of the Notes specified herein is fixed during the term of such Notes, the current interest rate on the capital markets ("**market interest rate**") typically varies on a daily basis. As the market interest rate changes, the value of the Notes would typically change in the opposite direction. If the market interest rate increases, the value of the Notes would typically fall, until the yield of such Notes is approximately equal to the market interest rate. If the market interest rate falls, the value of the Notes would typically increase, until the yield of such Notes is approximately equal to the market interest rate. There can be no assurance regarding the future level of market interest rates.

Following the First Euro 6 Year Reset Date, interest on the Notes for each Relevant Six Year Period shall be calculated on the basis of the mid swap rates for Euro swap transactions with a maturity of six years plus the applicable margin. These mid swap rates are not pre-defined for the lifespan of the Notes. Higher mid swap rates for Euro swap transactions mean a higher interest and lower mid swap rates for Euro swap transactions with a maturity of six years mean a lower interest.

Finally, the interest rates of the Euro 6 Year Non-Call Notes will be reset as from the First Euro 6 Year Reset Date and then every six year period thereafter. Each reset interest rate is not pre-defined at the date of issue of the Notes. The interest rates of the Euro 6 Year Non-Call Notes may be different from the interest rates prior to the First Euro 6 Year Reset Date and may adversely affect the yield of the Notes.

No limitation on issuing or guaranteeing debt ranking senior to, or pari passu with, the Notes.

There are no restrictions in the Terms and Conditions of the Euro 6 Year Non-Call Notes on the amount of debt which the Issuer may issue or guarantee, nor any negative pledge provisions. The Issuer, and its subsidiaries and affiliates, may incur additional indebtedness or grant guarantees in respect of indebtedness of third parties, including indebtedness or guarantees that rank *pari passu* with, or senior in priority of payment to, the Notes. The issue of any such securities or the incurrence of any such other liabilities may have important consequences for Noteholders, including making it more difficult for the Issuer to satisfy its obligations with respect to the Notes, a loss in the trading value of the Notes, if any, and a risk that the credit rating of the Notes is lowered or withdrawn, reducing the amount (if any) recoverable by Noteholders on a winding-up of the Issuer and/or increasing the likelihood of a deferral of interest payments under the Notes. In addition, if the Issuer's financial condition were to deteriorate, the Noteholders could suffer direct and materially adverse consequences, including missed interest payments, default at maturity, and, if the Issuer were liquidated (whether voluntarily or involuntarily), loss by the Noteholders of all or a portion of their investment.

The regulation and reform of "benchmarks" may adversely affect the value of Notes linked to or referencing such "benchmarks."

The Euro Interbank Offered Rate ("**EURIBOR**") and other interest rate indices which are deemed to be benchmarks are the subject of recent national, international and other regulatory guidance and proposals for reform. Some of these reforms are already effective while others are still to be implemented. These reforms may cause such 'benchmarks' and other sources of interest rates, including those which derive or contain such benchmarks or interest rates such as the six-year mid swap rate for Euro swap transactions, to perform differently than in the past, or to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes (including the value and/or liquidity thereof and/or the return thereon) linked to such a benchmark.

Regulation (EU) 2016/1011 of June 8, 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (as amended, the "**Benchmark Regulation**") entered into force on January 1, 2018.

The Benchmark Regulation applies to "contributors," "administrators" and "users" of "benchmarks" in the EU, and will, among other things, (i) require benchmark administrators to be authorized or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognized or endorsed) and to comply with extensive requirements in relation to the administration of "benchmarks" (or, if non EU based, to be subject to equivalent requirements) and (ii) prevent certain uses by EU supervised entities of "benchmarks" of administrators that are not authorized/registered (or, if non EU based, deemed equivalent or recognized or endorsed). The scope of the Benchmark Regulation is broad and, in addition to so-called "critical benchmark" indices, this regulation applies to many interest rate and foreign exchange rate indices, equity indices and other indices (including "proprietary" indices or strategies) where used to determine the amount payable under or the value or performance of certain financial instruments traded on a trading venue or via a systematic internaliser, financial contracts and investment funds, which could also include the six year mid swap rate for Euro swap transactions.

The Benchmark Regulation could have a material impact on securities traded on a trading venue or via a "systematic internaliser" linked to a "benchmark" index, including in any of the following circumstances:

- an index which is a "benchmark" could not be used by a supervised entity in certain ways if its administrator does not obtain authorization or registration or, if based in a non-EU jurisdiction, the administrator is not recognized as equivalent or recognized or endorsed and the transitional provisions do not apply; and

- the methodology or other terms of the "benchmark" could be changed in order to comply with the requirements of the Benchmark Regulation, and such changes could (among other things) have the effect of reducing or increasing the rate or level, or affecting the volatility of the published rate or level of the benchmark.

Either of the above could potentially lead to the securities being de-listed, adjusted or redeemed early or otherwise impacted depending on the particular "benchmark" and the applicable terms of the securities or have other adverse effects or unforeseen consequences.

More broadly, any of the international, national or other proposals for reform or the general increased regulatory scrutiny of "benchmarks" could increase the costs and risks of administering or otherwise participating in the setting of a "benchmark" and complying with any such regulations or requirements. Such factors may discourage market participants from continuing to administer or contribute to certain "benchmarks," trigger changes in the rules or methodologies used in certain "benchmarks" or lead to the disappearance of certain "benchmarks." Any of the foregoing changes and their potential consequences, as a result of international, national or other reforms, or investigations, could have a material adverse effect on the value of, and return on, any Notes linked to or referencing such "benchmarks."

If the Screen Page is discontinued and it is not possible to obtain the Relevant Euro 6 Year Reset Rate by determining the Reference Bank Rate, the Issuer will appoint a Rate Determination Agent to determine whether a Replacement Rate is available.

Pursuant to the Terms and Conditions of the Euro 6 Year Non-Call Notes, if the Issuer or the Calculation Agent determines at any time prior to any relevant Reset Rate Determination Date that the relevant Screen Page has been discontinued and it is not possible to obtain the Relevant Euro 6 Year Reset Rate by determining the Reference Bank Rate, the Issuer will appoint a Rate Determination Agent to determine whether a Replacement Rate is available. The Replacement Rate chosen may differ in significant respects from the original Screen Page. Uncertainty about whether or which Replacement Rate will be chosen or adverse market perception of the manner in which that Replacement Rate will perform could have an adverse effect on the value and marketability of, and return on, the Notes.

If the Rate Determination Agent determines that the Screen Page has been discontinued but for any reason a Replacement Rate has not been determined, the Relevant Euro 6 Year Reset Rate will be equal to the last Relevant Euro 6 Year Reset Rate available on the Screen Page as determined by the Calculation Agent, or, in the case of the first Relevant Euro 6 Year Reset Rate, the prevailing six year mid swap rate for Euro swap transactions on the pricing date.

GENERAL DESCRIPTION OF THE NOTES

This overview is a general description of the Euro 6 Year Non-Call Notes and is qualified in its entirety by the remainder of this Prospectus. For a more complete description of the Notes, including definitions of capitalized terms used but not defined in this Section, please see "Terms and Conditions of the Euro 6 Year Non-Call Notes."

Issuer	Electricité de France
Securities	EUR 1,250,000,000 Reset Perpetual Subordinated Notes (the "**Euro 6 Year Non-Call Notes**" or the "**Notes**").
Maturity	Subject to any early redemption described below, the Notes are undated obligations of the Issuer and have no fixed maturity date, but may be redeemed at the option of the Issuer under certain circumstances.
Form of the Notes and Specified Denomination	The Notes will be issued in dematerialized bearer form (*au porteur*) in the denomination of €100,000 (the "**Specified Denomination**").
Issue Date	October 4, 2018.
Status / Ranking	The Notes are deeply (*i.e.*, lowest ranking) subordinated notes ("**Deeply Subordinated Notes**") issued pursuant to the provisions of Article L. 228-97 of the French *Code de commerce*. The principal and interest on the Notes constitute direct, unconditional, unsecured and deeply subordinated obligations (*titres subordonnés de dernier rang*) of the Issuer and rank and will rank: - subordinated to present and future *prêts participatifs* granted to the Issuer, Ordinary Subordinated Obligations and Unsubordinated Obligations of the Issuer; - *pari passu* among themselves and pari passu with all other present and future deeply subordinated obligations (*engagements subordonnés de dernier rang*) of the Issuer (including the Parity Securities); - senior only to the Equity Securities. "**Equity Securities**" means (a) the ordinary shares (*actions ordinaires*) of the Issuer and (b) any other class of the Issuer's share capital (including preference shares (*actions de préférence*)). "**Ordinary Subordinated Obligations**" means obligations of the Issuer, whether in the form of notes or otherwise, the principal and interest of which constitute direct, unconditional, unsecured and subordinated obligations of the Issuer and rank and will rank or are expressed to rank *pari passu* among themselves and *pari passu* with all other present or future ordinary subordinated obligations, behind Unsubordinated Obligations but in priority to *prêts participatifs*, if any, and deeply subordinated obligations. "**Parity Securities**" means, at any time, any Deeply Subordinated Notes of the Issuer and any securities which rank and will rank or are expressed to rank pari passu with the Notes (including the notes with the following ISIN Codes: FR0011401736, FR0011401751, FR0011401728, US268317AF12/USF2893TAF33, FR0011697010, FR0011697028, FR0011700293 and US268317AM62/ USF2893TAM83). "**Unsubordinated Obligations**" means obligations of the Issuer, whether in the form of notes or otherwise, the principal and interest of which constitute direct, unconditional and unsubordinated obligations of the Issuer and rank and will rank *pari passu* without preference or priority among themselves and (save for certain

obligations required to be preferred by French law) equally and rateably with all other present or future unsubordinated obligations of the Issuer.

Payment on the Notes in the event of the liquidation of the Issuer

If any judgment is rendered by any competent court declaring the judicial liquidation (*liquidation judiciaire*) of the Issuer or for the sale of the whole of the business (*cession totale de l'entreprise*) following an order of judicial reorganization (*redressement judiciaire*) in respect of the Issuer or in the event of the liquidation of the Issuer for any other reason (other than pursuant to a consolidation, amalgamation or merger or other reorganization outside the context of an insolvency and where the successor, absorbing or resulting entity acquires all the assets and liabilities of the Issuer and assumes all the obligations of the Issuer under the Notes), the payments of the creditors of the Issuer shall be made in the order of priority set out below (in each case subject to the payment in full of priority creditors) and no payment of principal and interest (including any outstanding Arrears of Interest and/or Additional Interest Amount) on the Notes may be made until all holders of other indebtedness (other than Parity Securities) have been paid in full.

This means that:

- unsubordinated creditors under the Issuer's Unsubordinated Obligations;

- ordinary subordinated creditors under the Issuer's Ordinary Subordinated Obligations; and

- lenders in relation to any *prêts participatifs* granted to the Issuer,

will be paid in priority to deeply subordinated creditors (including Noteholders).

Interest

Each Euro 6 Year Non-Call Note will bear interest on its principal amount at a fixed rate of 4.000 per cent. *per annum* from (and including) October 4, 2018 (the "**Issue Date**") to (but excluding) October 4, 2024 (the "**First Euro 6 Year Reset Date**"), payable annually in arrears on October 4 in each year, with the first interest payment date on October 4, 2019.

Thereafter, in respect of each successive six year period each Note will bear interest on its principal amount at a reset rate calculated on the basis of the mid swap rates for Euro swap transactions with a maturity of six years displayed on Reuters screen "ICESWAP2" (or such other screen as may replace that screen), plus the Relevant Euro 6 Year Margin *per annum*, subject in each case to a minimum of zero (0) per cent. *per annum,* payable annually, in arrears on or about October 4 in each year, with the first such interest payment date on October 4, 2025.

"Relevant Euro 6 Year Margin" means, (i) from and including the First Euro 6 Year Reset Date, to but excluding October 4, 2028 (the "**First Step-up Date**"), 3.436 per cent, (ii) from and including the First Step-up Date to but excluding October 4, 2044 (the "**Second Step-up Date**"), 3.686 per cent or (iii) from and including the Second Step-up Date, 4.436 per cent.

Interest Deferral

On any interest payment date, in relation to the Euro 6 Year Non-Call Notes (the "**Euro 6 Year Interest Payment Date**"), the Issuer may, at its option, elect to defer payment of all (but not some only) of the interest accrued to that date and any failure to pay shall not constitute a default by the Issuer for any purpose.

Any interest not paid on an applicable Euro 6 Year Interest Payment Date shall constitute "**Arrears of Interest**." Arrears of Interest (including any Additional Interest Amount as defined below) on all outstanding Notes shall become due and payable in full on whichever is the earliest of:

(A) the tenth Business Day following the occurrence of a Compulsory Arrears of Interest Payment Event; or

(B) the date of any redemption of the Notes in accordance with the provisions relating to redemption of the Notes; or

(C) the date upon which a judgment is made by a competent court for the voluntary or judicial liquidation of the Issuer (*liquidation amiable* or *liquidation judiciaire*) or for the sale of the whole of the business (*cession totale de l'entreprise*) following an order of judicial reorganization (redressement judiciaire) in respect of the Issuer or in the event of the liquidation of the Issuer for any other reason (other than pursuant to a consolidation, amalgamation or merger or other reorganization outside the context of an insolvency and where the successor, absorbing or resulting entity acquires all the assets and liabilities of the Issuer and assumes all the obligations of the Issuer under the Notes).

Each amount of Arrears of Interest shall bear interest, in accordance with Article 1343-2 of the French *Code civil*, as if it constituted the principal of the Notes at a rate which corresponds to the Interest Rate from time to time applicable to the Notes and the amount of such interest (the "**Additional Interest Amount**") with respect to Arrears of Interest shall be due and payable pursuant to this paragraph and shall be calculated by the Calculation Agent applying the Interest Rate to the amount of the Arrear of Interest and otherwise *mutatis mutandis*.

The Additional Interest Amount accrued up to any Euro 6 Year Interest Payment Date shall be added in accordance with Article 1343-2 of the French *Code civil*, for the purpose only of calculating the Additional Interest Amount accruing thereafter, to the amount of Arrears of Interest remaining unpaid on such Euro 6 Year Interest Payment Date so that it will itself become Arrears of Interest.

"**Compulsory Arrears of Interest Payment Event**" means:

(i) a payment in any form (including dividend or other payments as applicable) on any Equity Securities or any Parity Securities having been resolved upon by the shareholders or other competent body of the Issuer or having been made by the Issuer; or

(ii) the acquisition, repurchase or redemption, either directly or indirectly, of any Equity Securities or any Parity Securities of the Issuer except in cases where, with respect to Equity Securities, such acquisition, repurchase or redemption was:

  (a) resulting from the hedging of convertible securities of the Issuer, stock options or other employee benefit plans; or

  (b) made in connection with the satisfaction by the Issuer of its obligations under any existing or future liquidity agreement (*contrat de liquidité*) managed by an investment services provider to repurchase its share capital from such investment services provider,

save for, in each case, any compulsory dividend, other distribution, payment, repurchase, redemption or other acquisition required by the terms of such securities; and in the case of Parity Securities, any repurchase or other acquisition in whole or in part in a public tender offer or public exchange offer at a consideration per Parity Security below its par value.

Taxation

All payments in respect of the Notes shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of France or any political subdivision or any authority thereof or therein having power to tax unless such withholding or deduction is required by law.

If applicable law should require that payments of principal or interest be subject to such withholding or deduction, the Issuer, will, to the fullest extent then permitted by law, pay such additional amounts ("**Additional Amounts**") as shall result in receipt by the Noteholders of such amounts as would have been received by them had no such withholding or deduction been required except that no such Additional Amounts will be payable in certain circumstances.

Redemption

Subject to any optional redemption described below, the Notes are undated securities with no specified maturity date.

Optional Redemption from the First Call Date

The Issuer may, subject to having given not more than 45 nor less than 30 calendar days' prior notice to the Noteholders, redeem the Notes in whole, but not in part, at their Specified Denomination, together with all interest accrued (including any Arrears of Interest together with any Additional Interest Amount) to the date fixed for redemption, in relation to the Euro 6 Year Non-Call Notes, on any date during the period commencing on (and including) July 4, 2024 and ending on (and including) the First Euro 6 Year Call Date, or (ii) on any Euro 6 Year Interest Payment Date falling thereafter.

Other Optional Redemption Events

The Issuer may, subject to having given not more than 45 (or 60 in case of the Tax Gross-up Event described below) nor less than 30 calendar days' prior notice to the Noteholders, redeem the Notes in whole, but not in part, at the Early Redemption Price if:

- at any time, by reason of a change in any French law or published regulation the Issuer would, on the occasion of the next payment of principal or interest, not be able to make such payment without having to pay Additional Amounts (a "**Tax Gross-up Event**");

- the Issuer would on the next payment of principal or interest in respect of the Notes be prevented by French law from making payment to the Noteholders of the full amounts then due and payable, notwithstanding the undertaking to pay Additional Amounts (such event, together with a Tax Gross-Up Event, being a "**Withholding Tax Event**");

- at any time, the French tax regime of any payments under the Notes is modified and results in payments of interest being no longer deductible in whole or in part (unless reasonably avoidable by the Issuer) (a "**Tax Deductibility Event**");

- at any time, a recognized accountancy firm, acting upon instructions of the Issuer, has delivered a letter or report to the Issuer, stating that as a result of a change in accounting principles (or the application thereof) since the Issue Date, the Notes may not or may no longer be recorded as "equity" in the audited annual or the semi-annual consolidated financial statements of the Issuer pursuant to IFRS or any other accounting standards that may replace IFRS for the purposes of preparing the annual audited consolidated financial statements of the Issuer (an "**Accounting Event**");

- at any time, the Issuer has received written confirmation from any rating agency from whom the Issuer is assigned solicited ratings either directly or via a publication by such agency, that an amendment, clarification or change has occurred in the equity credit criteria of such rating agency, which amendment, clarification or change results in a lower equity credit for the Notes than the then respective equity credit assigned on the Issue Date, or if equity credit is not assigned on the Issue Date, at the date when the equity credit is assigned for the first time (a "**Rating Methodology Event**"); or

- at any time the Issuer and/or any subsidiary of the Issuer has, severally or jointly, purchased more than 75 per cent. of the initial aggregate principal amount of the Notes (a "**Substantial Repurchase Event**").

"**Early Redemption Price**" means:

- 101 per cent. of the Specified Denomination of the Notes in the case where the redemption of such Notes occurs before July 4, 2024 in relation to the Euro 6 Year Non-Call Notes as a result of an Accounting Event, Rating Methodology Event or a Tax Deductibility Event; or
- the Specified Denomination in case of:
  - an Accounting Event, Rating Methodology Event or a Tax Deductibility Event where such redemption occurs on or after July 4, 2024 in relation to the Euro 6 Year Non-Call Notes; or
  - a Substantial Repurchase Event, a Tax Gross-up Event or a Withholding Tax Event,

in each case together with any accrued interest and any Arrears of Interest (including any Additional Interest Amounts thereon) up to the Early Redemption Date.

Purchases and cancellation

The Issuer shall have the right at all times to purchase the Notes in the open market or otherwise at any price, subject to the applicable laws and/or regulations. The Notes purchased by the Issuer may be held and resold in such amount as may be permitted by and in accordance with applicable laws and regulations. All Notes purchased by or on behalf of the Issuer, to the extent that the Issuer is not permitted to hold and resell such Notes in accordance with applicable laws and regulations, and all Notes cancelled at the option the Issuer, shall be cancelled by transfer to an account in accordance with the rules and procedures of Euroclear France.

Negative Pledge

There will be no negative pledge in respect of the Notes.

Enforcement Events, no Events of Default and no Cross Default

There will be no events of default in respect of the Notes. There will be no cross default under the Notes.

However, each Note shall become immediately due and payable at its Specified Denomination, together with accrued interest thereon, if any, up to the date of payment, and together with any Arrears of Interest (including any Additional Interest Amounts thereon), in the event that a judgment is made by a competent court for the judicial liquidation of the Issuer (*liquidation judiciaire*) or for the sale of the whole of the business (*cession totale de l'entreprise*) following an order of judicial reorganization (*redressement judiciaire*) in respect of the Issuer or in the event of the liquidation of the Issuer for any other reason (other than pursuant to a consolidation, amalgamation or merger or other reorganization outside the context of an insolvency and where the successor, absorbing or resulting entity acquires all the assets and liabilities of the Issuer and assumes all the obligations of the Issuer under the Notes).

Representation of Noteholders

The Noteholders will be grouped automatically for the defense of their respective common interests in a masse governed by the provisions of the French *Code de commerce* subject to certain exceptions and provisions (the "**Masse**"). The Masse will be a separate legal entity and will act in part through a representative and in part through a general meeting of the Noteholders. The Issuer is entitled in lieu of holding

	a General Meeting to seek approval of a resolution from the Noteholders by way of a Written Resolution.
Admission to trading	Application has been made for the Notes to be admitted to trading on the regulated market of Euronext Paris. Such admission to trading is expected to occur as of the Issue Date or as soon as practicable thereafter.
Selling Restrictions	There are restrictions on the offer and sale of the Notes and the distribution of offering material, including in the United States of America, the United Kingdom and France.
Governing law	The Notes will be governed by, and construed in accordance with French law.
Settlement	Euroclear France
Fiscal Agent, Principal Paying Agent and Calculation Agent	Société Générale

DOCUMENTS INCORPORATED BY REFERENCE

The following documents (in the French language only) are hereby incorporated by reference in, and form part of, this Prospectus, with the exception of the items mentioned below as being excluded from this Prospectus:

(a) the *Document de Référence* for the year ended December 31, 2017 prepared by the Issuer and filed with the *Autorité des marchés financiers* (the "**AMF**") on March 15, 2018 under number D.18-0133 (the "**2017 Document de Référence**") which (i) includes, *inter alia*, the audited consolidated financial statements of the EDF Group for the year ended December 31, 2017 (the "**2017 Consolidated Financial Statements**") and the statutory auditors' report on the 2017 Consolidated Financial Statements (the "**2017 Statutory Auditors' Report**") and (ii) incorporates by reference therein (a) the audited consolidated financial statements of the EDF Group for the year ended December 31, 2016 (the "**2016 Consolidated Financial Statements**") and (b) the statutory auditors' report on the 2016 Consolidated Financial Statements (the "**2016 Statutory Auditors' Report**") (as (a) and (b) are included in the *Document de Référence* for the year ended December 31, 2016 filed with the AMF on March 6, 2017 under number D.17-0125 (the "**2016 Document de Référence**")), with the full exception of the following items (originally included in the 2017 Document de Référence), which are hereby explicitly excluded from the scope of the incorporation by reference into this Prospectus:

- Section 8.1 "*Person responsible for the Reference Document and the Certification*" of the 2017 Document de Référence; and

- the paragraph entitled "*2018 targets confirmed*" included in Section 5.4 "*Outlook*" of the 2017 Document de Référence;

(b) the half-year management report at June 30, 2018 (*rapport semestriel d'activité*) (the "**2018 Half-Year Management Report**");

(c) the unaudited interim condensed consolidated financial statements of the EDF Group as of June 30, 2018 (the "**2018 Unaudited Interim Condensed Consolidated Financial Statements**"); and

(d) the statutory auditors' limited review report on the 2018 Unaudited Interim Condensed Consolidated Financial Statements (the "**2018 Statutory Auditors' Limited Review Report**").

Each document incorporated by reference herein is current only as of the date of such document, and the incorporation by reference of such document shall not create any implication that there has been no change in our affairs since the date thereof or that the information contained therein is current as of any time subsequent to its date. Any statement contained in the documents incorporated by reference herein will be modified or superseded for all purposes to the extent that a statement contained in this Prospectus modifies or is contrary to that previous statement (whether expressly, by implication or otherwise). Any statement so modified or superseded will not be deemed a part of this Prospectus, except as so modified or superseded.

The attention of international investors is drawn to the fact that the 2017 Document de Référence includes the statutory auditors' special report on agreements involving members of the Board of Directors for the financial year ended December 31, 2017 in Section 7.5.4. This report corresponds to French law specific requirements and is addressed to EDF's shareholders only. In addition, the procedures and practices followed by the statutory auditors in France in respect to such report may differ from those generally accepted and applied by auditors in other countries on issues that could appear to be similar as those covered by such report.

Attention is also drawn to the statutory auditors' report included in Section 6.4 of the 2017 Document de Référence, which includes the statutory auditors' verifications on the information on corporate governance prepared in accordance with Article L. 225-235 of the French *Code de commerce* (see Section 4.7 of the 2017 Document de Référence which refers to Section 6.4 therein), and the 2018 Statutory Auditors' Limited Review Report. Such reports shall be construed in accordance with French law and French auditing professional standards. The statutory auditors' report included in Section 6.4 of the 2017 Document de Référence includes, for the information of the reader, the key audit matters relating to risks of material misstatement that were of most significance for purpose of issuing their audit opinion on the consolidated financial statements taken as a whole as required under French law in any auditors' reports, whether qualified or not.

The documents incorporated by reference herein are available on EDF's website (www.edf.com) and may be obtained free of charge during normal business hours at EDF's registered office (22-30 avenue de Wagram, 75008, Paris, France, +33 (0)1 40 42 22 22). The 2017 Document de Référence and the 2016 Document de Référence are also available on the AMF's website (www.amf-france.org).

Free English translations of the 2017 Document de Référence, the 2016 Document de Référence, the 2018 Half-Year Management Report and the 2018 Unaudited Interim Condensed Consolidated Financial Statements are available on the website of the Issuer for information purposes only. No materials from EDF's website or any other source other than those specifically identified above are incorporated by reference into this Prospectus.

The cross-reference tables below set out the relevant page references for the information incorporated herein by reference:

Annex IX of Commission Regulation (EC) No. 809/2004 of April 29, 2004 (as amended)

Item No.		**2017 Document de Référence (DR) / 2018 Half-Year Management Report (HYMR) / 2018 Unaudited Interim Condensed Consolidated Financial Statements (HYFS)**
1. PERSONS RESPONSIBLE		
1.1.	Names of persons responsible for the information given in the registration document.	N/A.
1.2.	A declaration by those responsible for the registration document that, having taken all reasonable care to ensure that such is the case, the information contained in the registration document is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.	N/A.
2. STATUTORY AUDITORS		
2.1.	Names and addresses of the Issuer's auditors for the period covered by the historical financial information (together with their membership in a professional body).	Chapter 8, Section 8.2 (page 493) (DR).
2.2.	If auditors have resigned, been removed or not been re-appointed during the period covered by the historical financial information, details if material.	N/A.
3. RISK FACTORS		
	Prominent disclosure of risk factors that may affect the Issuer's ability to fulfil its obligations under the securities to investors in a section headed 'Risk Factors.'	Chapter 2, Section 2.1 (pages 106-124) (DR).

4.	**INFORMATION ABOUT THE ISSUER**	
4.1.	**History and development of the Issuer:**	Chapter 1, Section 1.1 (pages 8-9) (DR).
4.1.1.	Legal and commercial name of the Issuer.	Chapter 7, Section 7.1.1 (page 476) (DR).
4.1.2.	Place of registration of the Issuer and its registration number.	Chapter 7, Section 7.1.2 (page 476) (DR).
4.1.3.	Date of incorporation and the length of life of the Issuer.	Chapter 7, Section 7.1.3 (page 476) (DR).
4.1.4.	Domicile and legal form of the Issuer, the legislation under which the Issuer operates, its country of incorporation, and the address and telephone number of its registered office.	Chapter 7, Section 7.1.4 (page 476) (DR).
4.1.5.	Any recent events particular to the Issuer and which are to a material extent relevant to the evaluation of the Issuer's solvency.	Chapter 5, Section 5.2 (page 292), Chapter 6, Section 6.1, note 50 (page 404) and Section 6.3, note 42 (page 464) (DR). Section 3.1 (page 15), Section 3.3 (page 16), Section 10 (page 44) (HYMR). Note 3 (pages 23-29), Note 25 (page 56) (HYFS).
5.	**BUSINESS OVERVIEW**	
5.1.	**Principal activities:**	
5.1.1.	A brief description of the Issuer's principal activities stating the main categories of products sold and/or services performed.	Chapter 1, Section 1.4 (pages 16-79) (DR).
5.1.2.	The basis for any statements in the registration document made by the Issuer regarding its competitive position.	Chapter 1, Section 1.4.2.1.2 (page 42) and Section 1.4.5.1.2.4 (pages 59-60) (DR).
6.	**ORGANISATIONAL STRUCTURE**	
6.1.	Brief description of the group and of the Issuer's position within it.	Chapter 1, Section 1.2 (pages 10-12) (DR).
6.2	If the Issuer is dependent upon other entities within the group, this must be clearly stated together with an explanation of this dependence.	N/A.
7.	**TREND INFORMATION**	
7.1	A statement that there has been no material adverse change in the prospects of the Issuer since the date of its last published audited financial statements.	N/A.

	In the event that the Issuer is unable to make such a statement, provide details of this material adverse change.	
8.	**PROFIT FORECASTS OR ESTIMATES**	
8.1.	A statement setting out the principal assumptions upon which the Issuer has based its forecast, or estimate.	N/A.
8.2	Statement confirming that the said forecast has been properly prepared on the basis stated and that the basis of accounting is consistent with the accounting policies of the Issuer.	N/A.
9.	**ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES**	
9.1.	Names, business addresses and functions in the Issuer of the following persons, and an indication of the principal activities performed by them outside the Issuer where these are significant with respect to that Issuer.	Chapter 4, Section 4.2 (pages 226-249) and Section 4.3 (pages 250-251) (DR).
9.2.	Administrative, Management, and Supervisory bodies' conflicts of interests.	Chapter 4, Section 4.4.1 (page 252) (DR). Note 24 (page 56) (HYFS).
10.	**MAJOR SHAREHOLDERS**	
10.1.	To the extent known to the Issuer, state whether the Issuer is directly or indirectly owned or controlled and by whom, and describe the nature of such control, and describe the measures in place to ensure that such control is not abused.	Chapter 7, Section 7.3 (pages 479-484) (DR).
10.2.	A description of any arrangements, known to the Issuer, the operation of which may at a subsequent date result in a change in control of the Issuer.	Chapter 7, Section 7.3.9 (page 484) (DR).
11.	**FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES**	
<u>11.1.</u>	**<u>Historical Financial Information:</u>**	
	(a) the balance sheet;	Chapter 6, Section 6.1 (page 298) and Section 6.3 (pages 414-415) for the year ended December 31, 2017 (DR). Chapter 6, Section 6.1 (pages 322-323) and Section 6.3 (pages 440-441) for the year ended December 31, 2016 of the 2016 Document de Référence for the year ended December 31, 2016. Page 4 at June 30, 2018 (HYFS).

	(b) the income statement;	Chapter 6, Section 6.1 (page 296) and Section 6.3 (page 413) for the year ended December 31, 2017 (DR). Chapter 6, Section 6.1 (page 320) and Section 6.3 (page 439) for the year ended December 31, 2016 of the 2016 Document de Référence for the year ended December 31, 2016. Page 2 at June 30, 2018 (HYFS).
	(c) the accounting policies and explanatory notes.	Chapter 6, Section 6.1 (pages 301-408) and Section 6.3 (pages 417-464) for the year ended December 31, 2017 (DR). Chapter 6, Section 6.1 (pages 326-436) and Section 6.3 (pages 443-496) for the year ended December 31, 2016 of the 2016 Document de Référence for the year ended December 31, 2016. Notes 1-25 at June 30, 2018 (pages 10-56) (HYFS).
11.2.	**Financial statements:** If the Issuer prepares both own and consolidated financial statements, include at least the consolidated financial statements in the registration document.	Chapter 6 (pages 295-474) for the year ended December 31, 2017 (DR). Chapter 6 (pages 319-506) for the year ended December 31, 2016 of the 2016 Document de Référence for the year ended December 31, 2016. Pages 2-7 at June 30, 2018 (HYFS).
11.3.	**Auditing of historical annual financial information:**	
11.3.1.	A statement that the historical financial information has been audited.	Chapter 6 (pages 295-474) for the year ended December 31, 2017 (DR), including the Statutory Auditors' report on the consolidated financial statements (pages 409-412) and the Statutory Auditors' report on the financial statements (pages 465-467). Chapter 6 (pages 319-506) for the year ended December 31, 2016 of the 2016 Document de Référence for the year ended December 31, 2016, including the Statutory Auditors' report on the consolidated financial statements (pages 437-438) and the Statutory Auditors' report on the financial statements (pages 497-498).
11.3.2.	An indication of other information in the registration document which has been audited by the auditors.	N/A.
11.3.3.	Where financial data in the registration document is not extracted from the Issuer's audited financial statements, state the source of the data and state that the data is unaudited.	N/A.
11.4.	**Age of latest financial information:**	
11.4.1.	The last year of audited financial information may not be older than 18	N/A.

	months from the date of the registration document.	
11.5.	**Legal and arbitration proceedings:**	Chapter 2, Section 2.4 (pages 133-140) (DR).
	Information on any governmental, legal or arbitration proceedings.	Section 9 (pages 38-44) (HYMR).
11.6	**Significant change in the Issuer's financial or trading position:**	N/A.
12. MATERIAL CONTRACTS		
	A brief summary of all material contracts that are not entered into in the ordinary course of the Issuer's business.	Chapter 1, Section 1.4.1.1.6 (pages 26-28), Section 1.4.1.3 (page 31), Section 1.4.5.1.2.5 (pages 60-62), Chapter 5, Section 5.1.3.1 (pages 267-268), Section 5.1.3.2 (page 268), Chapter 6, Section 6.1, note 3.2 (pages 322-324), note 3.4.1 (pages 325-326), note 3.4.2 (page 326), note 3.7.2 (page 327), note 3.7.5 (page 328) to the consolidated financial statements for the year ended December 31, 2017, Chapter 7, Section 7.6 (page 489) (DR). Section 3.1 (page 15), Section 3.3 (page 16), Section 10 (page 44) (HYMR).
13. THIRD PARTY INFORMATION AND STATEMENT BY EXPERTS AND DECLARATIONS OF ANY INTEREST		
13.1.	Where a statement or report attributed to a person as an expert is included in the registration document, provide such person's name, business address, qualifications and material interest if any in the Issuer. If the report has been produced at the Issuer's request a statement to that effect that such statement or report is included, in the form and context in which it is included, with the consent of that person who has authorised the contents of that part of the registration document.	N/A.
13.2.	Third party information Where information has been sourced from a third party, provide a confirmation that this information has been accurately reproduced and that as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading; in addition, identify the source(s) of the information	N/A.

14. DOCUMENTS ON DISPLAY	
A statement that for the life of the registration document, several documents may be inspected. An indication of where the documents on display may be inspected, by physical or electronic means.	Chapter 8, Section 8.3 (page 493) (DR).

When reading the information incorporated by reference herein, investors should take into account the information set forth under "*Recent Events*" in this Prospectus, which may modify or supersede the information incorporated by reference.

TERMS AND CONDITIONS OF THE EURO 6 YEAR NON-CALL NOTES

The terms and conditions of the Euro 6 Year Non-Call Notes will be as follows:

The issue of the €1,250,000,000 Reset Perpetual Subordinated Notes (the "**Euro 6 Year Non-Call Notes**") of Electricité de France (the "**Issuer**") has been authorized by resolutions of the Board of Directors (*Conseil d'administration*) of the Issuer held on December 14, 2017 and a decision of Mr. Jean-Bernard Lévy, Chief Executive Officer (*Président-Directeur Général*) of the Issuer, dated September 25, 2018. The Issuer has entered into an agency agreement (the "**Agency Agreement**") dated October 2, 2018 with Société Générale as fiscal agent, principal paying agent and calculation agent. The fiscal agent and principal paying agent, the calculation agent and the paying agent for the time being are respectively referred to in these Conditions as the **Fiscal Agent**, the **Principal Paying Agent**, the **Calculation Agent** and the **Paying Agent** (which expression shall include the Principal Paying Agent), each of which expression shall include the successors from time to time of the relevant persons, in such capacities, under the Agency Agreement, and are collectively referred to as the **Agents**. Copies of the Agency Agreement are available for inspection at the specified offices of the Paying Agent. References to **Conditions** are, unless the context otherwise requires, to the numbered paragraphs below.

1. DEFINITIONS

For the purpose of these Conditions, the following definitions shall apply:

Account Holder(s) has the meaning ascribed to such term in Condition 2 below.

Accounting Event means that a recognized accountancy firm, acting upon instructions of the Issuer, has delivered a letter or report to the Issuer, stating that as a result of a change in the accounting principles (or the application thereof) since the Issue Date, the Euro 6 Year Non-Call Notes may not or may no longer be recorded as "equity" in the audited annual or the semi-annual consolidated financial statements of the Issuer pursuant to IFRS or any other accounting standards that may replace IFRS for the purposes of preparing the annual audited consolidated financial statements of the Issuer.

Actual/Actual (ICMA) means:

- if interest is required to be calculated for a period that is equal to or shorter than the Interest Rate Accrual Period to which it applies, the number of calendar days in the relevant period divided by the number of calendar days in the Interest Rate Accrual Period in which the relevant period falls;
- if interest is required to be calculated for a period of more than one year, the sum of (a) the number of calendar days of the relevant period falling in the Interest Rate Accrual Period in which it begins divided by the total number of calendar days in such Interest Rate Accrual Period and (b) the number of calendar days of the relevant period falling in the next Interest Rate Accrual Period divided by the total number of calendar days in such next Interest Rate Accrual Period (including the first such day but excluding the last).

Business Day means a day on which TARGET 2 System is operating.

Compulsory Arrears of Interest Payment Event means that:

(i) a payment in any form (including dividend or other payments as applicable) on any Equity Securities or any Parity Securities having been resolved upon by the shareholders or other competent body of the Issuer or having been made by the Issuer; or

(ii) the acquisition, repurchase or redemption, either directly or indirectly, of any Equity Securities or any Parity Securities of the Issuer except in cases where, with respect to Equity Securities, such acquisition, repurchase or redemption was:

1) resulting from the hedging of convertible securities of the Issuer, stock options or other employee benefit plans; or

2) made in connection with the satisfaction by the Issuer of its obligations under any existing or future liquidity agreement (*contrat de liquidité*) managed by an investment services provider to repurchase its share capital from such investment services provider,

save for, in each case, any compulsory dividend, other distribution, payment, repurchase, redemption or other acquisition required by the terms of such securities; and in the case of Parity Securities, any repurchase or other acquisition in whole or in part in a public tender offer or public exchange offer at a consideration per Parity Security below its par value.

Deeply Subordinated Notes has the meaning ascribed to such term in Condition 3.1 below.

Early Redemption Date means the effective date of redemption of the Euro 6 Year Non-Call Notes made in accordance with Condition 6.

Early Redemption Price means:

(i) 101 per cent. of the Specified Denomination of the Euro 6 Year Non-Call Notes in the case where the redemption of such Euro 6 Year Non-Call Notes occurs before July 4, 2024 as a result of an Accounting Event, Rating Methodology Event or a Tax Deductibility Event; or

(ii) the Specified Denomination in case of:

(a) an Accounting Event, Rating Methodology Event or a Tax Deductibility Event where such redemption occurs on or after July 4, 2024; or

(b) a Substantial Repurchase Event, a Tax Gross-up Event or a Withholding Tax Event,

in each case together with any accrued interest and any Arrears of Interest (including any Additional Interest Amounts thereon) up to the Early Redemption Date.

Equity Securities means (a) the ordinary shares (*actions ordinaires*) of the Issuer and (b) any other class of the Issuer's share capital (including preference shares (*actions de préférence*)).

Euro 6 Year Reset Rate means the applicable Relevant Euro 6 Year Reset Rate plus the Relevant Euro 6 Year Margin.

Euro 6 Year Interest Payment Date means October 4 in each year from and including October 4, 2019, subject to Interest Deferral.

First Euro 6 Year Call Date means October 4, 2024.

First Euro 6 Year Reset Date means October 4, 2024.

Fitch means Fitch Ratings Ltd (or any of its successors).

Fixed Coupon Amount means EUR 4,000 per EUR 100,000 Specified Denomination until the First Euro 6 Year Reset Date.

IFRS means the International Financial Reporting Standards as adopted in the European Union, as amended from time to time.

Interest Amount has the meaning ascribed to such term in Condition 5.2 below.

Interest Period means the period beginning on (and including) the Issue Date and ending on (but excluding) the first Euro 6 Year Interest Payment Date and each successive period beginning on (and including) an Euro 6 Year Interest Payment Date and ending on (but excluding) the next succeeding Euro 6 Year Interest Payment Date.

Interest Rate Accrual Period means the period from and including an Euro 6 Year Interest Payment Date (or the Issue Date as the case may be) to but excluding the next Euro 6 Year Interest Payment Date.

Issue Date has the meaning ascribed to such term in Condition 2 below.

Moody's means Moody's Investors Service Ltd. (or any of its successors).

Noteholder means, on a given date, the person whose name appears in the account of the relevant Account Holder as being entitled to such Euro 6 Year Non-Call Notes.

Ordinary Subordinated Obligations means obligations of the Issuer, whether in the form of notes or otherwise, the principal and interest of which constitute direct, unconditional, unsecured and subordinated obligations of the Issuer and rank and will rank or are expressed to rank *pari passu* among themselves and *pari passu* with all other present or future ordinary subordinated obligations, behind Unsubordinated Obligations but in priority to *prêts participatifs*, if any, and deeply subordinated obligations.

Parity Securities means, at any time, any Deeply Subordinated Notes of the Issuer and any securities which rank and will rank or are expressed to rank *pari passu* with the Euro 6 Year Non-Call Notes (including the (i) €1,250,000,000 reset perpetual subordinated notes with a first call date on 29 January 2020 (ISIN: FR0011401736) issued on 29 January 2013, (ii) €1,250,000,000 reset perpetual subordinated notes with a first call date on 29 January 2025 (ISIN: FR0011401751) issued on 29 January 2013, (iii) GBP1,250,000,000 reset perpetual subordinated notes with a first call date on 29 January 2026 (ISIN: FR0011401728) issued on 29 January 2013, (iv) $3,000,000,000 Reset Perpetual Subordinated Notes with a first call date on 29 January 2023 (ISIN: US268317AF12 (Rule 144A) / USF2893TAF33 (Reg S)) issued on 29 January 2013, (v) €1,000,000,000 reset perpetual subordinated notes with a first call date on 22 January 2022 (ISIN: FR0011697010) on 22 January 2014, (vi) €1,000,000,000 reset perpetual subordinated notes with a first call date on 22 January 2026 (ISIN: FR0011697028) issued on 22 January 2014, (vii) GBP750,000,000 reset perpetual subordinated notes with a first call date on 22 January 2029 (ISIN: FR0011700293) issued on 22 January 2014, and (viii) $1,500,000,000 Reset Perpetual Subordinated Notes with a first call date on 22 January 2024 (ISIN: US268317AM62 (Rule 144A) / USF2893TAM83 (Reg S)) issued on 22 January 2014).

Rating Agency means any of the following: Moody's, Standard & Poor's, Fitch or any other rating agency of equivalent international standing solicited from time to time by the Issuer to grant a rating to the Issuer and/or the Euro 6 Year Non-Call Notes and in each case, any of their respective successors to the rating business thereof.

Rating Methodology Event means that the Issuer has received written confirmation from any Rating Agency from whom the Issuer is assigned solicited ratings either directly or via a publication by such agency, that an amendment, clarification or change has occurred in the equity credit criteria of such Rating Agency, which amendment, clarification or change results in a lower equity credit for the Euro 6 Year Non-Call Notes than the then respective equity credit assigned on the Issue Date, or if equity credit is not assigned on the Issue Date, at the date when the equity credit is assigned for the first time.

Reference Bank Rate means the percentage rate determined on the basis of the six year mid swap rate for Euro swap transactions provided by at least four leading swap dealers in the interbank market selected by the Issuer to the Calculation Agent at its request at approximately 11:00 a.m. (London time), on the Reset Rate Determination Date. If at least three quotations are provided, the Reference Bank Rate will be the arithmetic mean of the quotations, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If two quotations are provided, the Reference Bank Rate will be the arithmetic mean of the quotations. If one quotation is provided, the Reference Bank Rate will be such quotation.

Relevant Euro 6 Year Margin means, (i) from and including the First Euro 6 Year Reset Date, to but excluding October 4, 2028 (the **First Step-up Date**), 3.436 per cent, (ii) from and including the First Step-up Date to but excluding October 4, 2044 (the **Second Step-up Date**), 3.686 per cent or (iii) from and including the Second Step-up Date, 4.436 per cent.

Relevant Euro 6 Year Period means each successive six year period from (and including) the First Euro 6 Year Reset Date (where the first Relevant Euro 6 Year Period commences on (and includes) the First Euro 6 Year Reset Date and ends on (but excludes) the sixth anniversary of the First Euro 6 Year Reset Date).

Relevant Euro 6 Year Reset Rate means:

(i) the six year mid swap rate for Euro swap transactions displayed on Reuters screen ICESWAP2 (or such other screen as may replace that screen on Reuters, or such other service as may be nominated by the person providing or sponsoring the information appearing there for the purposes of displaying comparable rates) at or around 11.00 a.m. (London time) on the Reset Rate Determination Date (the **Screen Page**);

(ii) if the correct mid swap rate does not appear on the Screen Page, the six year Euro mid swap rate shall instead be the Reference Bank Rate; and

(iii) if the Issuer or the Calculation Agent determines at any time that the Screen Page has been discontinued and it is not possible to obtain the Relevant Euro 6 Year Reset Rate, the Issuer will as soon as reasonably practicable (and in any event prior to the next relevant Reset Rate Determination Date) appoint an agent (the **Rate Determination Agent**), which will determine, acting in good faith and in a commercially reasonable manner, whether a substitute or successor rate for purposes of determining the six-year euro mid swap rate for Euro swap transactions on each Reset Rate Determination Date falling on such date or thereafter that is substantially comparable to the Screen Page is available, provided that if the Rate Determination Agent determines that there is an industry accepted substitute or successor rate (one determined by a central bank or any other regulatory authority), the Rate Determination Agent will use such substitute or successor rate to determine the Relevant Euro 6 Year Reset Rate. If the Rate Determination Agent has determined a substitute or successor rate in accordance with the foregoing (such rate, the **Replacement Rate**), for purposes of determining the Relevant Euro 6 Year Reset Rate on each Reset Rate Determination Date falling on or after such determination, (a) the Rate Determination Agent will also determine changes (if any) to the business day convention, the definition of business day, the interest rate determination date, the day count fraction, and any method for obtaining the Replacement Rate (which is recognized or acknowledges as being in customary market usage in international debt capital markets transactions which reference the Relevant Euro 6 Year Reset Rate, where such rate has been replaced by the Replacement Rate), in each case in a manner that is consistent with industry-accepted practices for such Replacement Rate; (b) references to the Relevant Euro 6 Year Reset Rate in these Conditions will be deemed to be references to the Replacement Rate, including any alternative method for determining such rate as described in (a) above; (c) the Rate Determination Agent will notify the Issuer of the foregoing as soon as reasonably practicable, and (d) the Issuer will give notice as soon as reasonably practicable to the Noteholders (in accordance with Condition 11) and the Fiscal Agent specifying the Replacement Rate, as well as the details described in (a) above. If the Rate Determination Agent determines that the Screen Page has been discontinued but for any reason a Replacement Rate has not been determined, the Relevant Euro 6 Year Reset Rate will be equal to the last Relevant Euro 6 Year Reset Rate available on the Screen Page as determined by the Calculation Agent, or, in the case of the first Relevant Euro 6 Year Reset Rate, the rate of 0.564 per cent. *per annum*. The determination of the Replacement Rate and the other matters referred to above by the Rate Determination Agent will (in the absence of manifest error) be final and binding on the Issuer, the Fiscal Agent, the Principal Paying Agent, the Calculation Agent and the Noteholders.

Reset Rate Determination Date means, in respect of the first Relevant Euro 6 Year Period, the second Business Day prior to the First Euro 6 Year Reset Date and, in respect of each Relevant Euro 6 Year Period thereafter, the second Business Day prior to the first day of each such Relevant Euro 6 Year Period.

Specified Denomination has the meaning ascribed to such term in Condition 2 below.

Standard & Poor's means S&P Global Ratings Europe Limited (or any of its successors).

Substantial Repurchase Event means that the Issuer and/or any subsidiary of the Issuer has, severally or jointly, purchased more than 75 per cent. of the initial aggregate principal amount of the Euro 6 Year Non-Call Notes.

TARGET 2 System means the Trans-European Automated Real-Time Gross Settlement Express Transfer System, or any successor thereto.

Unsubordinated Obligations means obligations of the Issuer, whether in the form of notes or otherwise, the principal and interest of which constitute direct, unconditional and unsubordinated obligations of the Issuer and rank and will rank *pari passu* without preference or priority among themselves and (save for certain obligations required to be preferred by French law) equally and rateably with all other present or future unsubordinated obligations of the Issuer.

2. FORM, DENOMINATION AND TITLE

The Euro 6 Year Non-Call Notes are issued on October 4, 2018 (the **Issue Date**) in dematerialized bearer form (*au porteur*) in the denomination of €100,000 each (the **Specified Denomination**). Title to the Euro 6 Year Non-Call Notes will be evidenced in accordance with Articles L. 211-3 and R. 211-1 of the French *Code monétaire et financier* by book-entries (*inscription en compte*). No physical document of title (including *certificats représentatifs* pursuant to Article R. 211-7 of the French *Code monétaire et financier*) will be issued in respect of the Euro 6 Year Non-Call Notes.

The Euro 6 Year Non-Call Notes will, upon issue, be inscribed in the books of Euroclear France (**Euroclear France**), which shall credit the accounts of the Account Holders. For the purpose of these Conditions, **Account Holders** shall mean any intermediary institution entitled to hold, directly or indirectly, accounts on behalf of its customers with Euroclear France, and includes Euroclear Bank S.A./N.V. (**Euroclear**) and the depositary bank for Clearstream Banking, *société anonyme* (**Clearstream, Luxembourg**).

Title to the Euro 6 Year Non-Call Notes shall be evidenced by entries in the books of Account Holders and will pass upon, and transfer of Euro 6 Year Non-Call Notes may only be effected through, registration of the transfer in such books.

3. STATUS OF THE EURO 6 YEAR NON-CALL NOTES

3.1 Deeply Subordinated Notes

The Euro 6 Year Non-Call Notes are deeply (*i.e.*, lowest ranking) subordinated notes (**Deeply Subordinated Notes**) issued pursuant to the provisions of Article L. 228-97 of the French *Code de commerce.* The principal and interest on the Euro 6 Year Non-Call Notes constitute direct, unconditional, unsecured and deeply subordinated obligations (*titres subordonnés de dernier rang*) of the Issuer and rank and will rank:

- subordinated to present and future *prêts participatifs* granted to the Issuer, Ordinary Subordinated Obligations and Unsubordinated Obligations of the Issuer;
- *pari passu* among themselves and *pari passu* with all other present and future deeply subordinated obligations (*engagements subordonnés de dernier rang*) of the Issuer (including the Parity Securities);
- senior only to the Equity Securities.

3.2 Payment on the Euro 6 Year Non-Call Notes in the event of the liquidation of the Issuer

If any judgment is rendered by any competent court declaring the judicial liquidation (*liquidation judiciaire*) of the Issuer or for the sale of the whole of the business (*cession totale de l'entreprise*) following an order of judicial reorganization (*redressement judiciaire*) in respect of the Issuer or in the event of the liquidation of the Issuer for any other reason (other than pursuant to a consolidation, amalgamation or merger or other reorganization outside the context of an insolvency and where the successor, absorbing or resulting entity acquires all the assets and liabilities of the Issuer and assumes all the obligations of the Issuer under the Euro 6 Year Non-Call Notes), the payments of the creditors of the Issuer shall be made in the order of priority set out below (in each case subject to the payment in full of priority creditors) and no payment of principal and interest (including any outstanding Arrears of Interest and/or Additional Interest Amount) on the Euro 6 Year Non-Call Notes may be made until all holders of other indebtedness (other than Parity Securities) have been paid in full.

This means that:

(a) unsubordinated creditors under the Issuer's Unsubordinated Obligations;

(b) ordinary subordinated creditors under the Issuer's Ordinary Subordinated Obligations; and

(c) lenders in relation to any prêts participatifs granted to the Issuer;

will be paid in priority to deeply subordinated creditors (including Noteholders).

In the event of liquidation of the Issuer, the Euro 6 Year Non-Call Notes shall rank in priority only to any payments to holders of Equity Securities. In the event of incomplete payment of unsubordinated creditors, the obligations of the Issuer in connection with the Euro 6 Year Non-Call Notes shall be terminated.

4. NEGATIVE PLEDGE

There will be no negative pledge in respect of the Euro 6 Year Non-Call Notes.

5. INTEREST

5.1 General

Unless previously redeemed in accordance with Condition 6 and subject to the further provisions of this Condition (in particular, but not limited to Condition 5.5), the Euro 6 Year Non-Call Notes shall bear interest on their principal amount at a rate described in (a) and (b) below (such rate of interest, the **Interest Rate**):

(a) from and including the Issue Date to but excluding the First Euro 6 Year Reset Date, at a rate of 4.000 per cent. *per annum*, payable annually in arrears on each Euro 6 Year Interest Payment Date up to, and including, the First Euro 6 Year Reset Date. The Fixed Coupon Amount payable in respect of each Euro 6 Year Non-Call Note on each Euro 6 Year Interest Payment Date up to and including the First Euro 6 Year Reset Date shall be EUR 4,000 per Note; and

(b) from and including the First Euro 6 Year Reset Date, the rate of interest for each Euro 6 Year Non-Call Note for each Relevant Euro 6 Year Period shall be a reset rate equal to the Relevant Euro 6 Year Reset Rate plus the Relevant Euro 6 Year Margin *per annum*, subject in each case to a minimum of zero (0) per cent. *per annum*, payable annually in arrears on each Euro 6 Year Interest Payment Date from and including October 4, 2024;

provided, however, that if any Interest Payment Date would otherwise fall on a date which is not a Business Day, the relevant payment will be postponed to the next Business Day and no interest shall accrue nor be payable as a result of such postponement.

Promptly after the determination of the Relevant Euro 6 Year Reset Rate, the Calculation Agent shall determine the Interest Rate for each Note and calculate the relevant Interest Amount (as defined below).

The Calculation Agent will cause the relevant Interest Rate and the relevant Interest Amount (as defined below) payable per Note to be notified to the Issuer, the Fiscal Agent and Principal Paying Agent and, if required by the rules of Euronext Paris or any other stock exchange on which the Euro 6 Year Non-Call Notes are listed from time to time, to such stock exchange, and to the Noteholders in accordance with Condition 11 without undue delay, but, in any case, not later than on the fifth (5th) Business Day after its determination.

5.2 Calculation of the Interest Amount

The amount of interest (the **Interest Amount**) payable on each Euro 6 Year Non-Call Note on each Euro 6 Year Interest Payment Date following the First Euro 6 Year Reset Date shall be calculated by multiplying the product of the applicable Euro 6 Year Reset Rate and the Specified Denomination of such Euro 6 Year Non-Call Note by the Actual/Actual (ICMA) day count fraction and rounding the resulting figure, if necessary, to the nearest cent (half a cent being rounded upwards).

5.3 Notifications, etc. to be binding

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5 will (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Calculation Agent, the Fiscal Agent and all Noteholders.

5.4 Calculation Agent

The Agency Agreement provides that the Issuer may at any time terminate the appointment of the Calculation Agent and appoint a substitute Calculation Agent provided that so long as any of the Euro 6 Year Non-Call Notes remain outstanding, there shall at all times be a Calculation Agent for the purposes of the Euro 6 Year Non-Call Notes having a specified office in a major European city. In the event of the appointed office of any bank being unable or unwilling to continue to act as the Calculation Agent or failing duly to determine any Interest Rate or Interest Amount for any Interest Period, the Issuer shall appoint the European office of another leading bank engaged in the Euro-zone or London interbank market to act in its place. The Calculation Agent may not resign its duties or be removed without a successor having been appointed. The Calculation Agent shall act as an independent expert and not as agent for the Issuer or the Noteholders.

Notice of any change of Calculation Agent or any change of specified office shall promptly be given as soon as reasonably practicable to the Noteholders in accordance with Condition 11 and, so long as the Euro 6 Year Non-Call Notes are admitted to trading on Euronext Paris and if the rules applicable to such stock exchange so require, to such stock exchange.

5.5 Interest Deferral

(a) Optional Interest Payment

Interest which accrues during an Interest Period ending on but excluding an Euro 6 Year Interest Payment Date will be due and payable on that Euro 6 Year Interest Payment Date unless the Issuer, by notice to (x) the Noteholders in accordance with Condition 11 and (y) the Fiscal Agent pursuant to Condition 5.5(c) below elects to defer payment of all (but not some only) of the interest accrued to that date, and the Issuer shall not have any obligation to make such payment and any failure to pay shall not constitute a default by the Issuer for any other purpose.

Any interest not paid on a Euro 6 Year Non-Call Notes and deferred in accordance with this Condition 5.5(a) shall so long as the same remains outstanding constitute **Arrears of Interest** and shall be payable as outlined below.

(b) Compulsory Payment of Arrears of Interest

Arrears of Interest (together with any Additional Interest Amount) may, at the option of the Issuer be paid in whole or in part at any time but all Arrears of Interest (together with the corresponding Additional Interest Amount) in respect of all Euro 6 Year Non-Call Notes for the time being outstanding shall become due in full on whichever is the earliest of:

(i) the tenth Business Day following the occurrence of a Compulsory Arrears of Interest Payment Event; or

(ii) the date of any redemption of the Euro 6 Year Non-Call Notes in accordance with the provisions relating to redemption of the Euro 6 Year Non-Call Notes; or

(iii) the date upon which a judgment is made by a competent court for the voluntary or judicial liquidation of the Issuer (*liquidation amiable* or *liquidation judiciaire*) or for the sale of the whole of the business (*cession totale de l'entreprise*) in respect of the Issuer or in the event of the liquidation of the Issuer for any other reason (other than pursuant to a consolidation, amalgamation or merger or other reorganization outside the context of an insolvency and where the successor, absorbing or resulting entity acquires all the assets and liabilities of the Issuer and assumes all the obligations of the Issuer under the Euro 6 Year Non-Call Notes).

Each amount of Arrears of Interest shall bear interest, in accordance with Article 1343-2 of the French *Code civil*, as if it constituted the Nominal Amount of the Euro 6 Year Non-Call Notes at a rate which corresponds to the Interest Rate from time to time applicable to the Euro 6 Year Non-Call Notes and the amount of such interest (the **Additional Interest Amount**) with respect to Arrears of Interest shall be due and payable pursuant to this provision and shall be calculated by the Calculation Agent applying the Interest Rate to the amount of the Arrears of Interest and otherwise *mutatis mutandis* as provided in the foregoing provisions hereof.

The Additional Interest Amount accrued up to any Euro 6 Year Interest Payment Date shall be added, in accordance with Article 1343-2 of the French *Code civil*, for the purpose only of calculating the Additional Interest Amount accruing thereafter, to the amount of Arrears of Interest remaining unpaid on such Euro 6 Year Interest Payment Date so that it will itself become Arrears of Interest.

(c) Notice of Deferral and Payment of Arrears of Interest

The Issuer shall give not less than five (5) nor more than thirty (30) Business Days' prior notice to the Noteholders in accordance with Condition 11 and to the Fiscal Agent:

(i) of any Euro 6 Year Interest Payment Date on which the Issuer elects to defer interest as provided in Condition 5.5(a) above; and

(ii) of any date upon which amounts in respect of Arrears of Interest and/or Additional Interest Amounts shall become due and payable as provided in Condition 5.5(b) above.

So long as the Euro 6 Year Non-Call Notes are admitted to trading on the regulated market of Euronext Paris and the rules of such stock exchange so require, notice of any such deferral shall also be given as soon as reasonably practicable to such stock exchange.

(d) Partial Payment of Arrears of Interest and Additional Interest Amount

If amounts in respect of Arrears of Interest and Additional Interest Amounts are paid in part:

(i) all unpaid amounts of Arrears of Interest shall be payable before any Additional Interest Amounts;

(ii) Arrears of Interest accrued for any period shall not be payable until full payment has been made of all Arrears of Interest that have accrued during any earlier period and the order of payment of Additional Interest Amounts shall follow that of the Arrears of Interest to which they relate; and

(iii) the amount of Arrears of Interest or Additional Interest Amounts payable in respect of any Euro 6 Year Non-Call Note in respect of any period, shall be *pro rata* to the total amount of all unpaid Arrears of Interest or, as the case may be, Additional Interest Amounts accrued in respect of that period to the date of payment.

6. REDEMPTION AND PURCHASE

6.1 No Fixed Maturity Date

Subject to any early redemption described below, the Euro 6 Year Non-Call Notes have no fixed Maturity Date on which they will be redeemed.

6.2 Optional Redemption from the First Euro 6 Year Call Date

The Issuer may, at its option, subject to having given not more than 45 nor less than 30 calendar days' prior notice to the Noteholders in accordance with Condition 11 (which notice shall be irrevocable), redeem the Euro 6 Year Non-Call Notes in whole, but not in part, at their Specified Denomination, together with all interest accrued (including Arrears of Interest and any Additional Interest Amount) to the date fixed for redemption (i) on any date during the period commencing on (and including) July 4, 2024 and ending on (and including) the First Euro 6 Year Call Date, or (ii) on any Euro 6 Year Interest Payment Date falling thereafter.

6.3 Redemption for Taxation Reasons

(a) If by reason of a change in French law or published regulation becoming effective after the Issue Date, the Issuer would on the occasion of the next payment of principal or interest due in respect of the Euro 6 Year Non-Call Notes, not be able to make such payment without having to pay additional amounts as specified in Condition 8 below (a **Tax Gross-up Event**), the Issuer may, at its option, at any time, subject to having given not more than sixty (60) nor less than thirty (30) calendar days' notice to the Noteholders (which notice shall be irrevocable), in accordance with Condition 11, redeem all, but not some only, of the Euro 6 Year Non-Call Notes (but not some only) at the Early Redemption Price provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the latest practicable date on which the Issuer could make payment of principal and interest without withholding for French taxes.

(b) If the Issuer would on the next payment of principal or interest in respect of the Euro 6 Year Non-Call Notes be prevented by French law from making payment to the Noteholders of the full amount then due and payable, notwithstanding the undertaking to pay additional amounts contained in Condition 8 below (a **Withholding Tax Event)**, then the Issuer shall forthwith give notice of such fact to the Fiscal Agent and the Issuer shall upon giving not less than seven calendar days' prior notice to the Noteholders in accordance with Condition 11, redeem all, but not some only, of the Euro 6 Year Non-Call Notes then outstanding, at the Early Redemption Price on the latest practicable date on which the Issuer could make payment of the full amount payable in respect of the Euro 6 Year Non-Call Notes, or, if that date is passed, as soon as practicable thereafter.

(c) If an opinion of a recognized law firm of international standing has been delivered to the Issuer and the Fiscal Agent, stating that by reason of a change in French law or regulation, or any change in the official application or interpretation of such law, becoming effective after the Issue Date, the tax regime of any payments under the Euro 6 Year Non-Call Notes is modified and such modification results in payments of interest payable by the Issuer in respect of the Euro 6 Year Non-Call Notes being no longer deductible in whole or in part (a **Tax Deductibility Event**), so long as this cannot be avoided by the Issuer taking reasonable measures available to it at the time, the Issuer may redeem the Euro 6 Year Non-Call Notes in whole, but not in part, at the Early Redemption Price, on the latest practicable date on which the Issuer could make such payment with interest payable being tax deductible in France or, if such date is past, as soon as practicable thereafter. The Issuer shall give the Fiscal Agent notice of any such redemption not less than 30 nor more than 45 calendar days before the date fixed for redemption and the Fiscal Agent shall promptly thereafter publish a notice of redemption in accordance with Condition 15 (*Notices*).

6.4 Optional Redemption due to Accounting Event

If an Accounting Event has occurred, then the Issuer may, subject to having given not less than 30 nor more than 45 calendar days' notice to the Fiscal Agent and, in accordance with Condition 11, the Noteholders (which notice shall be irrevocable) redeem all, but not some only, of the Euro 6 Year Non-Call Notes at any time, at the Early Redemption Price. Prior to the giving of any such notice of redemption, the Issuer shall deliver or procure that there is delivered to the Fiscal Agent in order to be made available to the Noteholders (i) a certificate signed by two duly authorized representatives of the Issuer confirming that the Issuer is entitled to effect such redemption and setting out the facts showing that the conditions precedent to the right to effect such redemption have been met and (ii) a copy of the letter or report referred to in the definition of "Accounting Event."

6.5 Optional Redemption due to Rating Methodology Event

If a Rating Methodology Event has occurred, then the Issuer may, subject to having given not less than 30 nor more than 45 calendar days' notice to the Fiscal Agent and, in accordance with Condition 11, the Noteholders (which notice shall be irrevocable) redeem all, but not some only, of the Euro 6 Year Non-Call Notes at any time, at the Early Redemption Price. Prior to the giving of any such notice of redemption, the Issuer shall deliver or procure that there is delivered to the Fiscal Agent in order to be made available to the Noteholders (i) a certificate signed by two duly authorized representatives of the Issuer confirming that the Issuer is entitled to effect such redemption and setting out the facts showing that the conditions precedent to the right to effect such redemption have been met and (ii) evidence of the written confirmation referred to in the definition of "Rating Methodology Event."

6.6 Optional Redemption on Substantial Repurchase Event

If a Substantial Repurchase Event has occurred, then the Issuer may, subject to having given not less than 30 nor more than 45 calendar days' notice to the Fiscal Agent and, in accordance with Condition 11, the Noteholders (which notice shall be irrevocable) redeem all, but not some only, of the Euro 6 Year Non-Call Notes at any time, at the Early Redemption Price.

6.7 Purchases

The Issuer shall have the right at all times to purchase Euro 6 Year Non-Call Notes in the open market or otherwise at any price, subject to the applicable laws and/or regulations. The Euro 6 Year Non-Call Notes purchased by the Issuer may be held and resold in such amount as may be permitted by and in accordance with applicable laws and regulations.

6.8 Cancellation

All Euro 6 Year Non-Call Notes purchased by or on behalf of the Issuer, to the extent that the Issuer is not permitted to hold and resell such Euro 6 Year Non-Call Notes in accordance with applicable laws and regulations, and all Euro 6 Year Non-Call Notes cancelled at the option the Issuer, shall be cancelled by transfer to an account in accordance with the rules and procedures of Euroclear France, together with all rights relating to payment of interest and other amounts relating to the Euro 6 Year Non-Call Notes. Any Euro 6 Year Non-Call Notes so cancelled may not be re-issued or resold and the obligations of the Issuer in respect of any such Euro 6 Year Non-Call Notes shall be discharged.

7. PAYMENTS

7.1 Method of Payment

Payments of principal and interest in respect of the Euro 6 Year Non-Call Notes shall be made by transfer to the account denominated in the relevant currency of the relevant Account Holders for the benefit of the Noteholders. All payments validly made to such Account Holders will be an effective discharge of the Issuer in respect of such payments.

All payments are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives in the place of payment, but without prejudice to the provisions of Condition 8 and (ii) withholding or deduction imposed or required pursuant to FATCA, which refers to (1) sections 1471 to 1474 of the United States Internal Revenue Code or any associated regulations or other official guidance; (2) any treaty, law, regulation or other official guidance enacted in any other jurisdiction, or relating to an intergovernmental agreement between the United States and any other jurisdiction, which (in either case) facilitates the implementation of (1) above; or (3) any agreement pursuant to the implementation of (1) or (2) above with the United States Internal Revenue Service, the United States government or any governmental or taxation authority in any other jurisdiction ("**FATCA**").

7.2 Payments on Business Days

If any due date for payment in respect of any Euro 6 Year Non-Call Note is not a Business Day, the Noteholders shall not be entitled to payment until the next following Business Day nor to any interest or other sum in respect of such postponed payment.

7.3 Fiscal Agent, Paying Agent and Calculation Agent

The names of the initial Agents and their specified offices are set out below:

Fiscal Agent, Principal Paying Agent and Calculation Agent

Société Générale

BP 81236

32, rue du Champ de Tir

43312 Nantes Cedex 3

The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, Principal Paying Agent or Paying Agent and/or appoint additional or other Paying Agents or approve any change in the office through which any such Agent acts, provided that there will at all times be a Fiscal Agent and a Principal Paying Agent having a specified office in a European city. Notice of any such change or any change of specified office shall promptly be given as soon as reasonably practicable to the Noteholders in accordance with Condition 11 and, so long as the Euro 6 Year Non-Call Notes are admitted to trading on Euronext Paris and if the rules applicable to such stock exchange so require, to such stock exchange.

8. TAXATION

All payments of principal and interest by or on behalf of the Issuer in respect of the Euro 6 Year Non-Call Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within France or any authority therein or thereof having power to tax unless such withholding or deduction is required by law.

If French law should require that payments of principal or interest in respect of any Euro 6 Year Non-Call Note be subject to deduction or withholding in respect of any present or future taxes, duties, assessments or governmental charges whatsoever, the Issuer will, to the fullest extent then permitted by law, pay such additional amounts as shall result in receipt by the Noteholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Euro 6 Year Non-Call Note, to, or to a third party on behalf of, a Noteholder who is liable to such taxes, duties, assessments or governmental charges in respect of such Euro 6 Year Non-Call Note by reason of his having some connection with France other than the mere holding of the Euro 6 Year Non-Call Note.

In addition, as stated in paragraph 7.1 above, payments of principal or interest in respect of any Euro 6 Year Non-Call Note will be paid net of any withholding or deduction imposed or required pursuant to FATCA.

References in these Conditions to (i) **principal** shall be deemed to include any premium payable in respect of the Euro 6 Year Non-Call Notes, all redemption amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it, (ii) **interest** shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it and (iii) **principal** and/or **interest** shall be deemed to include any additional amounts that may be payable under this Condition.

9. ENFORCEMENT EVENTS, NO EVENTS OF DEFAULT AND NO CROSS DEFAULT

There are no events of default in respect of the Euro 6 Year Non-Call Notes. There is no cross default under the Euro 6 Year Non-Call Notes.

However, each Euro 6 Year Non-Call Note shall become immediately due and payable at its Specified Denomination, together with accrued interest thereon, if any, up to the date of payment, and together with any Arrears of Interest (including any Additional Interest Amounts thereon), in the event that a judgment is made by a competent court for the judicial liquidation of the Issuer (*liquidation judiciaire*) or for the sale of the whole of the business (*cession totale de l'entreprise*) following an order of judicial reorganization (*redressement judiciaire*) in respect of the Issuer or in the event of the liquidation of the Issuer for any other reason (other than pursuant to a consolidation, amalgamation or merger or other reorganization outside the context of an insolvency and where the successor, absorbing or resulting entity acquires all the assets and liabilities of the Issuer and assumes all the obligations of the Issuer under the Euro 6 Year Non-Call Notes).

10. REPRESENTATION OF THE NOTEHOLDERS

Noteholders will be grouped automatically for the defense of their common interests in a *masse* (in each case, the **Masse**).

The Masse will be governed by the provisions of the French *Code de commerce* with the exception of Article L. 228-48, Article L. 228-59, Article L. 228-65(I)(4), the second sentence of Article L. 228-65(II), Article R. 228-63, Article R. 228-67 and Article R. 228-69 subject to the following provisions:

10.1 Legal Personality

The Masse will be a separate legal entity and will act in part through a representative (the **Representative**) and in part through a General Meeting.

The Masse alone, to the exclusion of all individual Noteholders, shall exercise the common rights, actions and benefits which now or in the future may accrue respectively with respect to the Euro 6 Year Non-Call Notes.

10.2 Representative

The office of Representative may be conferred on a person of any nationality who agrees to perform such function. However, the following persons may not be chosen as Representatives:

(a) the Issuer, the members of its Executive Board (*Directoire*), the members of its Supervisory Board (*Conseil de surveillance*), its general managers (*directeurs généraux*), its statutory auditors, or its employees as well as their ascendants, descendants and spouse; or

(b) companies guaranteeing all or part of the obligations of the Issuer, their respective managers (*gérants*), general managers (*directeurs généraux*), members of their Board of Directors (*conseil d'administration*), Executive Board (*directoire*), or Supervisory Board (*conseil de surveillance*), their statutory auditors, or employees as well as their ascendants, descendants and spouse; or

(c) companies holding 10% or more of the share capital of the Issuer or companies having 10% or more of their share capital held by the Issuer; or

(d) persons to whom the practice of banker is forbidden or who have been deprived of the right of directing, administering or managing an enterprise in whatever capacity.

The names and addresses of the initial Representative of the Masse and the alternate Representative are the following:

– Initial Representative:

MASSQUOTE S.A.S.U.
R.C.S. 529 065 880 Nanterre
7 bis rue de Neuilly
F-92110 Clichy
France

Represented by its Chairman

Mailing address:

33, rue Anna Jacquin
92100 Boulogne Billancourt
France

– Alternate Representative:

Gilbert Labachotte
8 Boulevard Jourdan
75014 Paris
France

In connection with its functions or duties, the Representative will be entitled to a remuneration of €450 per annum payable on the Issue Date and on the anniversary of the Issue Date in each year.

In the event of death, retirement or revocation of appointment of the Representative, such Representative will be replaced by another Representative. In the event of the death, retirement or revocation of appointment of the alternate Representative, an alternate Representative will be elected by the General Meeting.

All interested parties will at all times have the right to obtain the names and addresses of the initial Representative and the alternate Representative at the head office of the Issuer and the specified offices of any of the Paying Agents.

10.3 Powers of Representative

The Representative shall (in the absence of any decision to the contrary of the General Meeting) have the power to take all acts of management necessary in order to defend the common interests of the Noteholders.

All legal proceedings against the Noteholders or initiated by them, must be brought by or against the Representative.

The Representative may not be involved in the management of the affairs of the Issuer.

10.4 General Meeting

A General Meeting may be held at any time, on convocation either by the Issuer or by the Representative. One or more Noteholders, holding together at least one-thirtieth of the principal amount of the Euro 6 Year Non-Call Notes outstanding, may address to the Issuer and the Representative a demand for convocation of the General Meeting. If such General Meeting has not been convened within two months after such demand, the Noteholders may commission one of their members to petition a competent court in Paris to appoint an agent (*mandataire*) who will call the General Meeting.

Notice of the date, time, place and agenda of any General Meeting will be published as provided under Condition 11.

Each Noteholder has the right to participate in a General Meeting in person, by proxy, by correspondence, by videoconference or by any other means of telecommunications allowing the identification of participating Noteholders.

Each Euro 6 Year Non-Call Note carries the right to one vote.

10.5 Powers of the General Meetings

The General Meeting is empowered to deliberate on the dismissal and replacement of the Representative and the alternate Representative and also may act with respect to any other matter that relates to the common rights, actions and benefits which now or in the future may accrue with respect to the Euro 6 Year Non-Call Notes, including authorizing the Representative to act at law as plaintiff or defendant.

The General Meeting may further deliberate on any proposal relating to the modification of the Conditions including any proposal, whether for arbitration or settlement, relating to rights in controversy or which were the subject of judicial decisions, it being specified, however, that the General Meeting may not increase the obligations (*charges*) of the Noteholders, nor establish any unequal treatment between the Noteholders, nor decide to convert Euro 6 Year Non-Call Notes into shares.

General Meetings may deliberate validly on first convocation only if Noteholders present or represented hold at least one fifth of the principal amount of the Euro 6 Year Non-Call Notes then outstanding. On second convocation, no quorum shall be required. Decisions at meetings shall be taken by a simple majority of votes cast by Noteholders attending such General Meetings or represented thereat.

In accordance with Article R.228-71 of the French *Code de commerce*, the rights of each Noteholder to participate in the General Meetings must be evidenced by entries in the books of the relevant Account Holder of the name of such Noteholder on the second business day in Paris preceding the date set for the relevant General Meeting at 0.00, Paris time.

Decisions of General Meetings must be published in accordance with the provisions set forth in Condition 11.

10.6 Written resolution and electronic consent

Pursuant to Article L. 228-46-1 of the French *Code de commerce*, the Issuer shall be entitled in lieu of the holding of a General Meeting to seek approval of a resolution from the Noteholders by way of a Written Resolution (as defined below). Subject to the following sentence a Written Resolution may be contained in one document or in several documents in like form, each signed by or on behalf of one or more of the Noteholders. Approval of a Written Resolution may also be given by way of electronic communication allowing the identification of Noteholders (**Electronic Consent**).

Notice seeking the approval of a Written Resolution (including by way of Electronic Consent) will be published as provided under Condition 13 not less than 15 calendar days prior to the date fixed for the passing of such Written Resolution (the **Written Resolution Date**). Notices seeking the approval of a Written Resolution will contain the procedure to be followed by the Noteholders who wish to express their approval or rejection of such proposed Written Resolution. Noteholders expressing their approval or rejection before the Written Resolution Date will undertake not to dispose of their Euro 6 Year Non-Call Notes until after the Written Resolution Date.

For the purpose hereof, a **Written Resolution** means a resolution in writing signed by the holders of not less than 75 per cent. in nominal amount of the Euro 6 Year Non-Call Notes outstanding.

10.7 Exclusion of Article L.228-65 I. 4° of the French *Code de commerce*

The provisions of Article L.228-65 I. 4° of the French *Code de commerce* (providing for a prior approval of the General Meeting of the Noteholders of an issue of bonds benefiting from a security (*sûreté réelle*)) and the related provisions of the French *Code de commerce* shall not apply to the Euro 6 Year Non-Call Notes.

10.8 Information to Noteholders

Each Noteholder or Representative thereof will have the right, during the fifteen (15) day period preceding the holding of each General Meeting, to consult or make a copy of the text of the resolutions which will be proposed and of the reports which will be presented at the General Meeting, all of which will be available for inspection by the relevant Noteholders at the registered office of the Issuer, at the specified offices of any of the Paying Agents during usual business hours and at any other place specified in the notice of the General Meeting.

10.9 Expenses

The Issuer will pay all the reasonable and duly documented expenses relating to the operation of the Masse, including the reasonable and duly documented expenses relating to the calling and holding of General Meetings and, more generally, all reasonable and duly documented administrative expenses resolved upon by the General Meeting, it being expressly stipulated that no expenses may be imputed against interest payable under the Euro 6 Year Non-Call Notes.

10.10 Single Masse

The holders of Euro 6 Year Non-Call Notes of the same series, and the holders of Euro 6 Year Non-Call Notes of any other series which have been assimilated with the Euro 6 Year Non-Call Notes in accordance with Condition 13, shall, for the defense of their respective common interests, be grouped in a single Masse. The Representative appointed in respect of the Euro 6 Year Non-Call Notes will be the Representative of the single Masse.

10.11 One Noteholder

If and for so long as the Euro 6 Year Non-Call Notes are held by a single Noteholder, the provisions of this Condition 10 will not apply. Such sole Noteholder shall (i) hold a register of the decisions it will have taken in this capacity, (ii) provide copies of such decisions to the Issuer and (iii) make them available, upon request, to any subsequent holder of any Euro 6 Year Non-Call Note.

For the avoidance of doubt, in this Condition 10 "outstanding" shall not include those Euro 6 Year Non-Call Notes purchased by the Issuer that are held by it and not cancelled in accordance with applicable laws and/or regulations.

11. NOTICES

11.1 So long as such Euro 6 Year Non-Call Notes are admitted to trading on Euronext Paris, notice by the Issuer to the Noteholders will be valid if published at the option of the Issuer (i) in a leading daily newspaper of general circulation in France (which is expected to be *Les Echos*), or (ii) in a leading daily newspaper of general circulation in Europe (which is expected to be the *Financial Times*).

11.2 If any such publication is not practicable, notice shall be validly given if published by the Issuer in another leading daily English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication.

11.3 Notices required to be given to the Noteholders may be given by delivery of the relevant notice to Euroclear France, Euroclear, Clearstream, Luxembourg and any other clearing system through which the Euro 6 Year Non-Call Notes are for the time being cleared in substitution for the publication of a notice required by Conditions 11.1 and 11.2 above; except that (i) so long as the Euro 6 Year Non-Call Notes are admitted to trading on Euronext Paris and the rules of such regulated market so require, notices shall also be published in a leading daily newspaper of general circulation in France (which is expected to be *Les Echos*), and (ii) notices relating to the convocation and decision(s) of the General Meetings pursuant to Condition 10 shall also be published in a leading daily newspaper of general circulation in Europe.

12. PRESCRIPTION

Claims against the Issuer for the payment of principal and interest in respect of the Euro 6 Year Non-Call Notes shall become prescribed and become void unless made within five years (in the case of both principal and interest) from the due date for payment thereof.

13. FURTHER ISSUES

The Issuer may, from time to time without the consent of the Noteholders, issue further Euro 6 Year Non-Call Notes to be assimilated (*assimilables*) and form a single series with the Euro 6 Year Non-Call Notes, provided that such further notes and the Euro 6 Year Non-Call Notes shall carry rights identical in all respects (or in all respects except for the first payment of interest thereon) and that the terms of such further notes shall provide for such assimilation. In the event of such assimilation, the Noteholders and the holders of any assimilated notes will, for the defense of their common interests, be grouped in a single Masse having legal personality.

14. GOVERNING LAW AND JURISDICTION

14.1 Governing Law

The Euro 6 Year Non-Call Notes are governed by, and shall be construed in accordance with, French law.

14.2 Jurisdiction

Any claim against the Issuer in connection with any Euro 6 Year Non-Call Notes may be brought before the Paris Commercial Court (*Tribunal de commerce de Paris*).

The following paragraph in italics does not form part of the Conditions.

Considerations regarding redemption and repurchase of the Euro 6 Year Non-Call Notes:

The Issuer intends (without thereby assuming a legal obligation) at any time that it will (a) redeem or (b) repurchase the Euro 6 Year Non-Call Notes only to the extent the aggregate principal amount of the Euro 6 Year Non-Call Notes to be redeemed or repurchased does not exceed the net proceeds received by the Issuer or any Subsidiary of the Issuer prior to or on the date of such redemption or repurchase from the sale or issuance by the Issuer or such Subsidiary to third party purchasers (other than group entities of the Issuer) of securities which are assigned by Standard & Poor's at the time of sale or issuance, an aggregate "equity credit" (or such similar nomenclature used by Standard & Poor's from time to time) that is equal to or greater than the "equity credit" assigned to the Euro 6 Year Non-Call Notes to be redeemed or repurchased at the time of their issuance (but taking into account any changes in hybrid capital methodology or another relevant methodology or the interpretation thereof since the issuance of the Euro 6 Year Non-Call Notes), unless

(i) *the rating assigned by Standard & Poor's to the Issuer is at least A- or the stand-alone credit profile assigned by Standard & Poor's to the Issuer is at least bbb- (or such similar nomenclatures then used by Standard & Poor's) and the Issuer is of the view that such rating would not fall below this level as a result of such redemption or repurchase, or*

(ii) *in the case of a repurchase, such repurchase is of less than (x) 10 per cent of the aggregate principal amount of the Euro 6 Year Non-Call Notes originally issued in any period of 12 consecutive months or (y) 25 per cent of the aggregate principal amount of the Euro 6 Year Non-Call Notes originally issued in any period of ten consecutive years is repurchased, or*

(iii) *if the Euro 6 Year Non-Call Notes are not assigned an "equity credit" (or such similar nomenclature then used by Standard & Poor's at the time of such redemption or repurchase), or*

(iv) *the Euro 6 Year Non-Call Notes are redeemed pursuant to a Rating Methodology Event, Accounting Event, Withholding Tax Event, Tax Gross-up Event or a Tax Deductibility Event, or*

(v) *in the case of a repurchase, such repurchase relates to an aggregate principal amount of Euro 6 Year Non-Call Notes which is less than or equal to the excess (if any) above the maximum aggregate principal amount of the Issuer's hybrid capital to which Standard & Poor's then assigns equity content under its prevailing methodology, or*

(vi) *such redemption or repurchase occurs on or after October 4, 2044.*

Terms used but not defined in the above paragraphs shall have the same meaning as that in the Conditions.

DESCRIPTION OF THE ISSUER

Detailed information in relation to the Issuer is contained in the documents referred to in the Section headed "Documents Incorporated by Reference" of this Prospectus.

Information regarding the EDF Group's activities

General introduction to the EDF Group

The EDF Group is an integrated energy company active in all electricity businesses: nuclear, renewable and thermal generation, transmission (through RTE[1], an entity accounted for using the equity method), distribution (through Enedis), sales and marketing, efficiency and energy services, and energy trading. It is the leading player in the French electricity market and holds strong positions in Europe (mainly in the United Kingdom (UK), Italy and Belgium), which makes it one of the world's leading electric energy companies and a renowned gas player.

With a global installed net generation capacity of 129.3GWe[2] as at December 31, 2017, generating 580.8TWh, the EDF Group has one of the largest generation fleets in the world. Among the ten largest global power suppliers, it produces the smallest amount of CO2 per kilowatt-hour generated[3] thanks to the share of nuclear, hydro and other renewable energies in its generation mix.

The EDF Group supplies electricity, gas and related services to 35.1 million customer[4] accounts worldwide (of which 26.5 million in France).

The EDF Group is thus implementing an integrated model for the joint operational management of its portfolio of assets upstream (generation and procurement of energy and fuels) and downstream (wholesale and retail) to guarantee supply of energy to its customers through the best possible management of operational and market risks and with a view to maximizing gross margin.

In addition, the EDF Group is present in the regulated electricity transmission and distribution sectors, in particular via RTE and Enedis, respectively, which are fully independent subsidiaries as defined by the French *Code de l'énergie*.

EDF Group strategic vision

Being a responsible and efficient electricity producer that champions low carbon growth: this is the goal of the EDF Group, driven by the CAP 2030 strategy. This goal can be split into three priorities, which combine the search for growth drivers with the optimization of existing assets:

- proximity to customers and local communities;
- low carbon generation, with a balanced mix of nuclear and renewable energy;
- international expansion.

More than 15 strategic programmes were launched in 2015, embodying each of these three priorities.

This goal will also be achieved through a transformation programme based on the following four main lines: innovation and digital, human ambition, accountability and performance management, simplification.

Proximity to customers and local communities

In order to support customers and local communities in their energy transition, the EDF Group offers them competitive low carbon energy solutions and acquired industrial expertise in smart grids.

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1 Transmission network operator, independently managed within the meaning of the French *Code de l'énergie*.
2 Source: EDF. Figures calculated according to consolidation accounting rules.
3 Source: comparison based on data published by these ten groups.
4 One customer can have two customer accounts: one for electricity and another for gas.

The EDF Group's strong position in energy services via Dalkia, Citelum and other subsidiaries (Sodetrel, Edelia, Netseenergy) allows to support its customers in achieving energy performance and developing decentralized local systems. In 2017, EDF launched the "EDF Solutions énergétiques" brand to promote this product offering to all its customers.

As for residential customers, the EDF Group offers and continues to develop a range of digital energy services, marketed in France and in the "core European countries" (United Kingdom, Italy, Belgium). For example, the launch of Sowee in 2016 (a subsidiary offering Connected Home innovative products and solutions, that was further diversified in 2017) reflects the EDF Group's commitment to meeting the new expectations of its customers, especially with regard to sustainable well-being at home. Existing offerings and customer relations will also continue to be enriched by new digital technologies and features, facilitated in particular by smart meter systems deployed in several countries.

The EDF Group is fully engaged in the energy transition:

- by proposing or developing energy efficiency solutions for its customers (insulation, high-efficiency solutions, deployment of innovative digital tools);

- by working to replace fossil fuels with new efficient uses of electricity, which could represent additional dozens of TWh in France by 2030 (electric mobility, heat pumps, low carbon habitat, etc.);

- by developing carbon-free and decentralized electricity generation capacity such as the self-consumption offer "Mon soleil et moi" ("My sun and me");

- by developing and operating heating networks that use renewable and recovery energies;

- by creating EDF Nouveaux Business, an incubator of in-house and external projects aimed at testing and exploring new business sectors, creating new drivers of growth for the EDF Group and bringing customers a new range of products and innovative services.

Finally, the development of renewable energies, the deployment of the Linky[1] smart meters and the emergence of metropolitan areas are putting the distribution networks at the front line of the transformation of the electricity system. The distributor thus plays a key role as facilitator of the energy transition.

To support the energy transitions, the EDF Group is intensifying research and development in storage, solar energy, electric mobility, smart electricity systems and sustainable local energy solutions (smart cities).

It is also increasing its innovation efforts to meet the expectations of its customers and offer solutions and services adapted to the new consumption patterns and based on increasingly digital connections.

Lastly, the EDF Group, as a part of CAP 2030, has made a commitment to six corporate responsibility goals (see below Section entitled "*Sustainable development*").

Very low carbon generation: nuclear and renewable energies

To remain the leader in very low carbon electricity generation, the EDF Group is intensifying the development of renewable energies while ensuring at the same time the safety, performance and competitiveness of the existing nuclear fleet and new nuclear investments. In fact, EDF's nuclear fleet is already giving France a major lead compared to its neighbours as for curbing greenhouse gas emissions, all while ensuring lower electricity costs.

Achieving the very low carbon generation goal starts with the consolidation of the hydropower and nuclear asset basis:

- EDF regularly invests in hydropower concessions in order to tie together economic, energy and environmental performance, and will propose solutions strengthening hydropower generation;

[1] Linky is a project handled by Enedis, the distribution network operator. For the sake of brevity, further mentions of Linky in the rest of the document will not always specify that it is a project handled by Enedis.

- EDF is investing in order to obtain approval to extend, under the highest safety conditions, the operating life of the French nuclear fleet beyond 40 years, now that its economic and carbon competitiveness has been demonstrated. In this context, EDF's Board of Directors approved the principle of the "Grand Carénage" on 22 January 2015. Furthermore, on 28 July 2016 the Board of Directors approved the extension to 50 years of the amortisation period of the PWR 900MW series (excluding Fessenheim) in France, without prejudice to the decisions authorizing the continuation of the operation, which will be made on a unit-by-unit basis by the ASN after each ten-year inspection. These decisions are consistent with the multi-year energy plan; investments are being made to extend the operating life of the entire UK nuclear fleet by an average of eight years compared with its initial service life;

- as a responsible electricity producer, the EDF Group will also carry on investing in the preparations for the decommissioning of the nuclear fleet and for the waste management in France and the United Kingdom.

The EDF Group will continue new developments, balanced between nuclear new build projects and renewable energies. The main issues concerning nuclear new build projects are:

- the commissioning of Flamanville 3 and Taishan;

- the building and operation two EPR reactors at Hinkley Point, for which the final contracts were signed on 29 September 2016 by EDF, CGN and the British Government;

- the acquisition by EDF of the exclusive control of the activities of AREVA NP corresponding to the design and supply of nuclear boilers and fuel assemblies performed by the company now named Framatome, 75.5% owned by EDF;

- the preparation of the reactors of the future with the EPR 2 project, conducted jointly with Framatome;

- the development of the activities of Edvance;

- the development of the EPR for the export market (with, in particular, decision taken in India).

With regard to renewable energy, the new means developed will be essentially onshore and offshore wind power, solar energy and hydropower. In December 2017, EDF announced the Solar Plan: a development plan of solar energy, aimed at installing 30GW of solar power in France between 2020 and 2035. The development of these assets outside France is undertaken in line with the EDF Group's international strategy. In this respect, the EDF Group strengthened in 2017 its integration in the renewable energy industry by developing new projects, not only in France, but also in the United States, the UK, Germany, Middle East, Brazil, Chile, India and China.

In line with the very low carbon generation priority, EDF supports the need to implement measures to increase the price of CO2 in order to guarantee, if possible at the European level, a CO2 price that is sufficient and consistent with the energy transition goals. The UK and the Netherlands have adopted these pricing measures and the French government supports the principle. EDF believes that such measures should be applied to all electricity generation sectors to be fully effective. They will constitute an incentive for economic and financial operators to invest in the cheapest ways to reduce carbon emissions and help give full value to non-polluting assets.

International expansion

The EDF Group wants to be a key player in the energy market in France and in its core countries in Europe (United Kingdom, Italy, Belgium) by playing a role in energy security, the enhancing of economic competitiveness and the European economy low carbon transition, in line with public policies.

The EDF Group is also expanding outside Europe, by pursuing three long-term objectives: to make some non-European countries core countries for the EDF Group, to channel its investment choices to contribute to the global energy transition, and to triple (between 2015 and 2030) the share of the "Grand International" in the EDF Group's business.

EDF is thus deploying a targeted approach in geographic terms and is giving priority to low carbon hydraulic, wind and solar generation projects as well as energy services and engineering activities.

Gas-to-power infrastructure projects are also being developed where they are a key component of the energy transition.

With respect to new nuclear, EDF will draw on the breadth of its experience and the expertise of Framatome to develop new opportunities in the international market (India, South Africa, etc.).

Transformation

Health and safety, digital and new work practices, responsibility and simplification, skills and the recognition model are the five major levers of the EDF Group's transformation.

The EDF Group adapts its managerial practices by streamlining its organizations and modus operandi. For example, in 2016, two labour agreements were signed by EDF SA concerning both the introduction of a fixed number of working days for managers and an "expertise" agreement aimed at boosting the careers of employees and promoting internal mobility and promotional training. The EDF Group has streamlined and simplified its policies, bringing them down from 200 to 40 while making them simpler to apply.

Moreover, the promotion of innovation, based in particular on experiments ("labs" and co-construction platforms with customers) and on an open innovation programme will contribute to this transformation. The creation of EDF Nouveaux Business, a department in charge of "new businesses," has complemented the skills EDF is gradually developing in order to meet the challenges in this field. It will use the levers of incubation, investment in external start-ups (through the Electranova funds) or technological partnerships.

The digital transformation involves employees and internal modus operandi, customer relations and the management and design of industrial assets. The creation at end 2016 of a Transformation and Operational Efficiency Department, which combines the EDF Group's activities relating to information systems, purchasing, real estate and shared services, reflects the EDF Group's desire to speed up in this field.

Performance improvement has always been a priority for the EDF Group. The current economic and financial context further increases the urge for such improvement. The EDF Group is strengthening control of its costs to bring them into line with its environment. The approach is adjusted depending on the scopes involved (cross-disciplinary functions, operating entities, etc.).

Sustainable development

As part of its CAP 2030 strategic plan, EDF has made a commitment to corporate responsibility, in connection with the UN's new sustainable development programme (2015-2030), through six corporate responsibility goals. The EDF Group has committed to presenting annual results that lay down a roadmap for the EDF Group's businesses and subsidiaries to serve a profitable and responsible development:

- climate change: going beyond the requirements of the 2°C trajectory defined by COP 21 by further reducing the EDF Group's CO2 emissions, which are already at remarkably low levels compared to the EDF Group's main European counterpart[1];

- human development: incorporating the best practices of industrial groups in the field of human development: health & safety, gender equality and internal promotions;

- energy poverty: offering all vulnerable populations information and solutions to support them in their energy consumption and help them assert their rights;

- energy efficiency: innovating through digital energy efficiency solutions so that each customer can optimize their consumption;

- dialogue and consultation: organizing systematically and worldwide an initiative of dialogue and consultation which is transparent and open for each new project;

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[1] Source: PricewaterhouseCoopers, Etudes Facteur Carbone européen, available at: https://www.pwc.fr/fr/publications/developpement-durable/changement-climatique-et-energie/etudes-facteur-carbone-europeen.html

- biodiversity: launching a positive approach of biodiversity, not merely being aware of or decreasing the impacts of our activities in order to have a positive effect.

Cap 2030 success factors

CAP 2030 enables the EDF Group to develop a portfolio of assets focused on low-carbon, renewable and nuclear energy: services for customers, decentralized energy solutions.

The key success factors of CAP 2030 are:

- the expansion of the range of offers and exemplary customer relations;

- the management of major projects, in particular the new models for nuclear reactors, the "Grand carénage" programme or the development of the Nuclear New Build in the United Kingdom;

- the selectiveness of investments in projects, the transformation of the EDF Group's modus operandi and the commitment of all;

- cost control.

In this context, the EDF Group confirmed in 2017 the deployment of the performance plan announced on 22 April 2016 and updated the targets as shown below:

- a reduction in operating expenses[1] of €0.8 billion from 2015 to 2018; at end 2017, the cumulative reduction amounted to €0.7 billion compared with 2015, which means the initial target has been reached a year ahead of schedule;

- an asset disposal plan of approximately €10 billion between 2015 and 2020 that should be almost completed by the end of 2018. At end of 2017, the completed transactions represented approximately €8.1 billion;

- a €1.8 billion working capital requirement optimization plan from 2015 to 2018; the target has been exceeded at end 2017, with a cumulative contribution of €1.9 billion over the period 2015-2017.

The EDF Group is also continuing its efforts to control net investments (excluding Linky, new developments and assets disposals), with a target of approximately €11 billion in 2018.

On 28 March 2017, EDF announced that it had successfully completed its €4 billion capital increase, to which the French government has committed €3 billion, in line with its commitment, representing c.75% of the capital increase. The proceeds of the capital increase will be used mainly to finance the EDF Group's development operation between 2017 and 2020, in accordance with the CAP 2030 strategy, as well as to strengthen the EDF Group's financial flexibility.

Key figures as at December 31, 2017

Pursuant to Regulation (EC) No. 1606/2002 of July 19, 2002 on the application of international accounting standards, as amended from time to time, the 2017 Consolidated Financial Statements were prepared under the international accounting standards published by the International Accounting Standards Board ("**IASB**") and approved by the European Union for application at December 31, 2017. These international standards include International Accounting Standards ("**IAS**"), IFRS and the interpretations published by the Standing Interpretation Committee and the IFRS Interpretations Committee.

The EDF Group's accounting policies are presented in Note 1 to the 2017 Consolidated Financial Statements.

The figures presented in this Prospectus are taken from the 2017 Consolidated Financial Statements.

The EDF Group's key figures for 2017 are shown in the following tables.

[1] At comparable scope and exchange rates. At constant pension discount rates. Excluding change in operating expenses of service activities.

Extract from the consolidated income statements

(in millions of Euros)	**2017**	2016	Variation	Variation (%)	Organic growth (%)
Sales	69,632	71,203	(1,571)	-2.2	-1.0
Operating profit before depreciation and amortisation (EBITDA)	13,742	16,414	(2,672)	-16.3	-14.8
Operating profit (EBIT)	5,637	7,514	(1,877)	-25.0	-23.2
Income before taxes of consolidated companies	3,401	4,181	(780)	-18.7	-15.5
EDF net income	3,173	2,851	322	+11.3	+13.7
Net income excluding non-recurring items [(1)]	2,820	4,085	(1,265)	-31.0	-29.3
[(1)] Net income excluding non-recurring items is not defined by IFRS, and is not directly visible in the consolidated income statement. It corresponds to the net income excluding non-recurring items and the net change in fair value on energy and commodity derivatives, excluding trading activities, net of tax (see Section 5.1.4.9 "Net income excluding non-recurring items" of the 2017 Document de Référence).					

Extract from the consolidated balance sheets

(in millions of Euros)	**31/12/2017**	31/12/2016
Non-current assets	156,899	147,626
Inventories and trade receivables	37,549	37,397
Other assets	63,649	66,238
Cash and cash equivalents, other liquid assets and loans joint ventures	22,655	25,159
Assets held for sale	-	5,220[(1)]
Total assets	280,752	281,640
Equity (EDF's share)	41,357	34,438
Equity (non-controlling interests)	7,341	6,924
Special concession assets	46,323	45,692
Provisions	76,857	74,966

Loans and other financial liabilities	55,670	61,230
Other liabilities	53,204	56,281
Liabilities related to assets classified as held for sale	-	2,109(2)
Total equity and liabilities	280,752	281,640

(1) Including €104 million of financial assets impacting net indebtedness.

(2) Including €1,458 million of financial liabilities impacting net indebtedness.

EDF Group cash flow

(in millions of Euros)	**2017**	2016	Variation	Variation (%)
Group cash flow (1)	(209)	(1,565)	1,356	+86.6

(1) Group cash flow is not an aggregate defined by IFRS as a measure of financial performance, and is not comparable with indicators of the same name reported by other companies. It is equivalent to the operating cash flow after net change in working capital, net investments, allocations and withdrawals from dedicated assets, and dividends.

Details of net indebtedness

(in millions of Euros)	**31/12/2017**	31/12/2016	Variation	Variation (%)
Loans and other financial liabilities	56,846	65,195	(8,349)	-12.8
Derivatives used to hedge liabilities	(1,176)	(3,965)	2,789	-70.3
Financial liabilities reclassified as liabilities related to assets held for sale(1)	-	1,458	(1,458)	-100.0
Cash and cash equivalents	(3,692)	(2,893)	(799)	+27.6
Available-for-sale financial assets – Liquid assets	(18,963)	(22,266)	3,303	-14.8
Financial assets reclassified as assets held for sale(1)	-	(104)	104	-100.0
NET INDEBTEDNESS (2)	**33,015**	**37,425**	**(4,410)**	**-11.8**

(1) Net indebtedness of assets held for sale in 2016 principally concerned CTE (the Company that holds 100% of RTE - An independent EDF subsidiary as defined in the French *Code de l'énergie*) and Polish companies.

(2) Net indebtedness is not defined in the accounting standards and is not directly visible in the EDF Group's consolidated balance sheet. It 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 and are managed according to a liquidity-oriented policy.

Key figures as at June 30, 2018

Pursuant to Regulation (EC) No. 1606/2002 of July 19, 2002 on the application of international accounting standards, as amended from time to time, the 2018 Unaudited Interim Condensed Consolidated Financial Statements were prepared using the presentation, recognition and measurement rules set forth in the international accounting standards published by the IASB and approved by the European Union for application at June 30, 2018. These international standards include IAS, IFRS and the interpretations published by the Standing Interpretation Committee and the IFRS Interpretations Committee.

The accounting methods applied by the EDF Group are presented in Note 1 to the 2018 Unaudited Interim Condensed Consolidated Financial Statements.

The figures presented in this Prospectus are taken from the 2018 Unaudited Interim Condensed Consolidated Financial Statements.

The comparative figures for the half-year ended June 30, 2017 presented in the Notes to the 2018 Unaudited Interim Condensed Consolidated Financial Statements have been restated for the impact of retrospective application of IFRS 15 "Revenue from Contracts from Customers." As a consequence of these restatements, sales and energy purchases as published at June 30, 2017 have been reduced, with no impact on EBITDA (see Note 2.1 to the 2018 Unaudited Interim Condensed Consolidated Financial Statements).

IFRS 9 "Financial Instruments" became mandatory on January 1, 2018. It introduces new principles for classification and measurement of financial instruments, impairment for credit risk on financial assets, and hedge accounting. In application of the simplified approach allowed by IFRS 9, the comparative figures for the first year of application have not been restated. The transition measures and the new standard's principal implications for the EDF Group are presented in Note 2.2 to the 2018 Unaudited Interim Condensed Consolidated Financial Statements.

The 2018 Unaudited Interim Condensed Consolidated Financial Statements comply with standard IAS 34 on interim financial reporting. They do not therefore include all the information required for full annual financial statements, and are to be read in conjunction with the 2017 Consolidated Financial Statements.

The EDF Group's key figures for the first half of 2018 are shown in the following table.

Extract from the consolidated income statements

(in millions of Euros)	**H1 2018**	H1 2017 restated[1]	Variation	Variation (%)	Organic growth (%)	H1 2017 published
Sales	35,175	33,298	1,877	+5.6	+4.0	35,723
Operating profit before depreciation and amortisation (EBITDA)	8,231	6,996	1,235	+17.7	+18.9	6,996
Operating profit (EBIT)	3,650	3,882	(232)	-6.0	-1.2	3,882
Income before taxes of consolidated companies	2,013	2,894	(881)	-30.4	-23.9	2,894
EDF net income	1,726	2,005	(279)	-13.9	-8.7	2,005

Net income excluding non-recurring items[2]	1,739	1,370	370	+27.0	+34.6	1,370
[1] The figures published at June 30, 2017 have been restated to reflect the impact of application of IFRS 15 standard on sales. [2] Net income excluding non-recurring items is not defined by IFRS, and is not directly visible in the EDF Group's consolidated income statement. It corresponds to the EDF Group's share of net income (EDF net income) excluding non-recurring items, net changes in the fair value of energy and commodity derivatives (excluding trading activities), and net changes in the fair value of debt and equity securities, net of tax (see Section 4.9 "Net income excluding non-recurring items" of the 2018 Half-Year Management Report)						

From EDF net income to net income excluding non-recurring items

(in millions of Euros)	**H1 2018**	H1 2017
EDF net income	1,726	2,005
Gain on sale of 49.9% of the EDF Group's investment in CTE[1]	-	(1,289)
Other, including net changes in fair value on energy and commodity derivatives, excluding trading activities and changes in the fair value of debt and equity instruments	(36)	291
Impairment	49	363
NET INCOME EXCLUDING NON-RECURRING ITEMS	**1,739**	**1,370**
Payments to bearers of perpetual subordinated bonds	(378)	(394)
NET INCOME AFTER PAYMENTS TO BEARERS OF PERPETUAL SUBORDINATED BONDS	**1,361**	**976**
[1] The company that holds 100% of RTE's shares (an independent EDF subsidiary as defined in the French *Code de l'énergie*).		

Group cash flow

(in millions of Euros)	**H1 2018**	H1 2017	Variation	Variation (%)
Group cash flow [1][2]	1,599	1,482	117	+7.9
[1] Group cash flow is not an aggregate defined by IFRS as a measure of financial performance, and is not comparable with indicators of the same name reported by other companies. It is equivalent to the operating cash flow after changes in working capital and net investments, allocations and withdrawals from dedicated assets, and dividends (see Section 5 of the 2018 Half-Year Management Report). [2] Before the capital increase				

Details of net indebtedness

(in millions of Euros)	**30/06/2018**	31/12/2017	Variation	Variation (%)
Net indebtedness[1]	31,275	33,015	(1,740)	-5.3
Equity (EDF share)	43,955	41,357	2,598	+6.3
Net indebtedness/EBITDA	2.1[2]	2.4		
[1] Net indebtedness is not defined in the accounting standards and is not directly visible in the EDF Group's consolidated balance sheet. It 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 and are managed according to a liquidity-oriented policy (see Note 20.3 to the 2018 Unaudited Interim Condensed Consolidated Financial Statements).

(2) The ratio at June 30, 2018 is calculated based on cumulative EBITDA for the second half of 2017 and the first half of 2018.

Members of the Board of Directors as at October 2, 2018

Directors appointed by the General Shareholders' Meeting	Jean-Bernard Lévy
	Oliver Appert
	Philippe Crouzet
	Bruno Lafont
	Bruno Lechevin
	Marie-Christine Lepetit
	Colette Lewiner
	Maurice Gourdault-Montagne
	Laurence Parisot
	Claire Pedini
	Michèle Rousseau
Representative of the French State	Martin Vial
Employee Representatives	Christine Chabauty
	Jacky Chorin
	Christophe Cuvilliez
	Marie-Hélène Meyling
	Jean-Paul Rignac
	Christian Taxil

The business address of all directors in the context of their duties is that of EDF's registered office.

RECENT EVENTS

1. EDF's Credit Ratings as of October 2, 2018

Since the publication of a press release by Moody's on May 10, 2018, Standard & Poor's on May 14, 2018 and Fitch on July 25, 2018, EDF's long-term and short-term ratings have been respectively set at "A3" (stable outlook) and "P-2" for Moody's, "A-" (negative outlook) and "A-2" for Standard & Poor's and "A-" (stable outlook) and "F2" for Fitch.

In addition, Moody's indicated that the rating could be downgraded notably if (i) credit metrics fall below Moody's guidance for the A3 rating; or (ii) a change in the EDF Group's relationship with the French government were to cause Moody's to remove the uplift for government support, or if there were to be a significant downgrade of France's government rating.

Standard & Poor's indicated that rating downside over the next two years is possible if (i) Standard & Poor's sees additional deterioration of EDF's operating performance, and an unexpected renewed downturn in power prices, although these have recently been improving, or (ii) if Standard & Poor's foresees a deterioration in the EDF's Group financial credit metrics and debt trajectory over 2019-2020. Standard & Poor's also mentions other risk factors that could lead to a downgrade, which stem from potential delays or cost overruns from EDF's new nuclear projects and a material and sharp deterioration of the domestic and U.K. unregulated power market. Finally, Standard & Poor's indicates that a downgrade of France by more than one notch would trigger a downgrade of EDF and that a downward revision of their assessment of the likelihood if extraordinary support from the French government to EDF could also lead to a downgrade of the EDF Group's ratings.

Fitch indicated that future developments that may, individually or collectively, lead to negative rating action included (i) Funds From Operations (FFO) adjusted net leverage above 4.2x on a sustained basis, (ii) FFO fixed charge cover below 3.5x on a sustained basis, and (iii) a substantial decline in electricity price in France, the United Kingdom and Italy or a weakened business profile.

Rating Agency	Long-term rating	Short-term rating
Moody's	A3, stable outlook	P-2
Standard & Poor's	A-, negative outlook	A-2
Fitch	A-, stable outlook	F2

Each of Moody's, Standard & Poor's and Fitch is established in the European Union and is registered under Regulation (EC) No 1060/2009 on credit rating agencies as amended and is included in the list of registered credit rating agencies published on the website of ESMA (www.esma.europa.eu).

2. July 31, 2018 – Half-Year Results

2018 half-year results
Confirmation of the 2018 rebound
2018 targets for EBITDA and debt ratio upgraded

Key figures of the 2018 half-year results

EBITDA	€8.2bn *+18.9% org.*[1]
Net income excluding non-recurring items[2]	€1.7bn *+27.0%*[3]
Net income – Group share	€1.7bn *-13.9%*
Net financial debt	€31.3bn *-€1.7bn*[4]

Electricity Output

Nuclear France	202.6TWh	*+2.7%*
Nuclear United Kingdom	30.2TWh	*-5.9%*
Hydropower France	29.3TWh	*+37.6%*
EDF Énergies Nouvelles	7.9TWh	*+14.8%*[5]

Confirmation of the rebound

- Strong growth in EBITDA in the first half
- Nuclear and hydropower output up sharply in France
- Progress of the reduction of operating expenses[6] in line with the target of €1.1bn over 2015-2019

Strengthened balance sheet

- Disposal plan expected to be completed before end-2018:
  - Sale of EDF's stake in the Dunkirk LNG terminal[7] signed on 12 July 2018
  - Sale in progress of a real estate asset portfolio
- Control of net financial debt

Continuation of the deployment of CAP 2030

Renewable energies
- Launch of the Electricity Storage Plan in addition to the Solar Power Plan
- Confirmation of the three French offshore wind projects in Fécamp, Courseulles-sur-Mer and Saint-Nazaire
- Acquisition of the "Neart na Gaoithe" offshore wind power project in Scotland (450MW)

Customers & Energy services
- Regulated electricity tariff validated by the Conseil d'Etat, excluding large company sites
- Reinforcement of Edison on downstream activities:
  - Purchase of Gas Natural Vendita Italia, increasing the Italian customer portfolio by ~ 50%
  - Acquisition of control of Zephyro (71.3% of company's ordinary share capital), one of the Italian leaders on the energy efficiency

Nuclear
- Flamanville 3: corrective actions on welds in the main secondary system and schedule and target construction costs adjustment
- Taishan 1: first grid connection of the EPR
- Jaitapur: signing of a strategic cooperation agreement with GE Power for the planned construction by NPCIL of six EPRs in India
- Signing of a set of agreements consolidating the decommissioning and radioactive waste management industrial sector
- Integration of Framatome following its acquisition end-2017

Innovation and transformation
- "Parlons Énergies" (Let's Talk Energies) dialogue to share and enrich the Group's strategic vision (20,000 employees involved)
- Signing of a partnership agreement with Dassault Systèmes and Capgemini to digitally transform EDF's nuclear engineering
- Signing of a partnership agreement with McPhy and equity investment (21.7%) for the development of carbon-free hydrogen

Sustainable development
- Continuation of efforts to reduce the Group's carbon footprint:
  - Commitment to reduce direct emissions of CO2 by 40% over the period 2017 - 2030 (-35% achieved over 2013 - 2017)

2018 targets

• Operating expenses[6]:	-€0.8bn compared to 2015
• EBITDA[8]:	€14.8-15.3bn
• Cash flow[8,9] excluding Linky[10], new developments and 2015-20 asset disposal plan:	~0
• Asset disposals[11] since 2015:	~€10bn
• Total net investments excluding acquisitions and 2015-20 disposal plan:	≤ €15bn
of which net investments excluding Linky[10], new developments and 2015-20 disposal plan:	~€11bn
• Net financial debt/EBITDA[8]:	≤ 2.5x
• Target payout ratio of net income excluding non-recurring items[12]:	50%

1 Organic change at comparable scope and exchange rates
2 Net income excluding non-recurring items is not defined by IFRS, and is not directly visible in the Group's consolidated income statement. It corresponds to the Group's share of net income (EDF net income) excluding non-recurring items, net changes in the fair value of energy and commodity derivatives (excluding trading activities), and net changes in the fair value of debt and equity securities, net of tax
3 IFRS 9 "Financial Instruments" is effective starting on 1 January 2018, with no retrospective application in 2017
4 Compared to 31/12/2017
5 Organic change
6 Sum of personnel expenses and other external expenses. At comparable consolidation scope and exchange rates. At constant pension discount rates. Excluding change in operating expenses of the service activities
7 Following this sale, the evaluation of the long-term LNG regasification capacity reservation contract between EDF and Dunkerque LNG should result in the recognition of an onerous contract provision. The result of the sale, net of the provision that would be recognised, should thus be limited
8 At comparable exchange rates and "normal" weather conditions, on the basis of a nuclear output in France assumption of >395TWh. At constant pensions discount rates
9 Excluding eventual interim dividend for the 2018 fiscal year
10 Linky is a project led by Enedis, an independent EDF subsidiary as defined in the French Energy Code
11 Disposals signed or realised
12 Adjusted for interest payments on hybrid bonds booked in equity

EDF's Board of Directors meeting on 30 July 2018, under the chairmanship of Jean-Bernard Lévy, approved the condensed consolidated financial statements at 30 June 2018.

Jean-Bernard Lévy, EDF's Chairman and CEO, stated:

"*The half-year results confirm the rebound announced for 2018, thanks to a solid operational performance and to the continuation of the cost reduction efforts. This rebound has been supported by favourable hydrological conditions. Through the combined efforts of all its employees, the Group is pursuing its transformation and the deployment of CAP 2030 strategy in the service of the energy transition*."

Change in EDF group's half-year results

(in millions of Euros)	**H1 2017[13]**	**H1 2018[14]**	**Change (%)**	**Organic change (%)**
Sales	33,298	35,175	+5.6	+4.0
EBITDA	6,996	8,231	+17.7	+18.9
EBIT	3,882	3,650	-6.0	
Net income – Group share	2,005	1,726	-13.9	
Net income excluding non-recurring items[15]	1,370	1,739	+27.0	

Change in EDF group's half-year EBITDA

(in millions of Euros)	**H1 2017[13]**	**H1 2018**	**Organic change (%)**
France – Generation and supply activities	2,453	3,578	+45.9
France – Regulated activities	2,400	2,663	+11.0
EDF Énergies Nouvelles	451	360	-22.0
Dalkia	155	159	+2.6
Framatome	-	86	-
United Kingdom	627	485	-16.9
Italy	426	407	-4.5
Other international	275	117	-4.4
Other activities	209	376	+80.9
Total Group	**6,996**	**8,231**	**+18.9**

The results of the first half of 2018 confirm the expected rebound in the Group's EBITDA this year. At €8.2 billion, EBITDA for the first half of 2018 was up 18.9% organically compared to the first half of 2017. This performance is mainly driven by the France - Generation and supply activities thanks to a sharp increase in nuclear and hydropower generation and improved price conditions on the wholesale markets. In addition, EDF Trading benefitted from a context of volatility in commodities markets and more favourable prices. Moreover, actions to optimise and reduce operating costs, mainly carried out in France, also contributed to this performance.

13 The data published for the half year ending on 30 June 2017 has been restated for the impact of the application of the IFRS 15 standard on sales (without impact on EBITDA) and the change in segmental reporting (IFRS 8)

14 IFRS 9 "Financial Instruments" is effective starting on 1 January 2018, with no retrospective application in 2017

15 Net income excluding non-recurring items is not defined by IFRS, and is not directly visible in the Group's consolidated income statement. It corresponds to the Group's share of net income (EDF net income) excluding non-recurring items, net changes in the fair value of energy and commodity derivatives (excluding trading activities), and net changes in the fair value of debt and equity securities, net of tax

The financial result corresponds to a financial expense of €1,637 million, €649 million more than in the first half of 2017. This is mainly due to the fact that the discount rate for nuclear provisions in France decreased by 10 basis points compared to December 31, 2017, whereas the rate was stable in the first half of 2017. In addition, significant capital gains from disposals of dedicated assets were recorded in the first half of 2017 (in application of IAS 39), whereas net changes in the fair value of debt and equity securities in the first half of 2018 had little effect, in line with the evolution of the markets over the half year[16]. Moreover, the cost of gross financial debt continues to improve.

The Group's net income excluding non-recurring items stood at €1,739 million for the first half of 2018, an increase of 27% compared to the first half of 2017.

The Group's share of net income totalled €1,726 million in the first half of 2018, down compared to the first half of 2017 (-13.9%), due primarily to the positive effect of the capital gain recorded for the sale of 49.9% of CTE[17] that took place in the first half of 2017, without equivalent in 2018.

Net investments excluding Linky[18], new developments[19] and disposals amounted to €4,762 million, down €151 million from the first half of 2017. Linky investments and new developments amounted to €1,577 million, an increase of €661 million, due to the acceleration of investments in the Linky program[18] and the Hinkley point C project. In addition, no transaction was closed under the disposal plan during the first half of the year, whereas very significant disposals were recorded in the first half of 2017.

Operating cash flow amounted to €6,981 million in the first half of 2018 compared to €4,156 million in the first half of 2017, an increase of €2,825 million. This change was mainly the result of the increase in EBITDA, the drop in the income taxes paid and a decrease in net financial expenses disbursed.

Group cash flow[20] reached +€1,599 million, compared to +€1,482 million in the first half of 2017, when €4.3 billion in strategic disposals were made. This improvement was supported by both a favourable change in WCR and by the absence of a cash allocation to the dedicated assets.

	31/12/2017	**30/06/2018**
Net financial debt[21] *(in billions of Euros)*	33.0	31.3
Net financial debt/EBITDA[22]	2.4x	2.1x

The Group's net financial debt amounted to €31,275 million at 30 June 2018. It was €33,015 million at 31 December 2017. The ratio of net financial debt/EBITDA stood at 2.1x at 30 June 2018.

Main Group results by segment

France – Generation and supply activities

(in millions of Euros)	**H1 2017**	**H1 2018**	**Organic change (%)**
Sales[23]	**13,056**	**13,652**	**+4.6**
EBITDA	**2,453**	**3,578**	**+45.9**

16 As a reminder, IFRS 9 is applied as of 1 January 2018, without restatement of the previous year
17 The company that holds 100% of RTE's shares (an independent EDF subsidiary as defined in the French Energy Code)
18 Linky is a project led by Enedis, an independent EDF subsidiary as defined in the French Energy Code
19 New developments: in particular the UK NNB, Italian acquisition and offshore wind
20 Cash flow after dividends without taking into consideration the capital increase
21 Net financial debt is not defined by accounting standards and is not directly visible in the Group's consolidated income statement. It 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 and are managed according to a liquidity-oriented policy
22 The ratio at 30 June 2018 is calculated based on cumulative EBITDA for the second half of 2017 and the first half of 2018
23 Breakdown of sales across the segments, before inter-segment eliminations

Sales in France - Generation and supply activities in the first half of 2018 amounted to €13,652 million, up +4.6% in organic terms compared to the first half of 2017.

EBITDA recorded an organic increase of 45.9% compared to the first half of 2017 to reach €3,578 million.

Nuclear output amounted to 202.6TWh, an increase of 5.4TWh compared to the end of June 2017. This increase can be explained by the improved availability of the fleet at the beginning of the year compared to the first half of 2017, which was marked by several reactor outages linked to the manufacturing records of the Creusot plant and by the "carbon segregation" issue.

Hydropower output[24] stood at 29.3TWh, up 37.6% (+8TWh) compared to the first half of 2017, thanks to exceptional hydro conditions. This represents the highest hydro output over a half year in the last fifteen years.

This increase in nuclear and hydropower output had a very favourable impact on EBITDA estimated at €544 million.

EBITDA also benefitted from the improvement in price conditions on the wholesale markets for an estimated total of €469 million. This change is related to purchases (in particular to cover ARENH requests) made at prices lower than those of the first half of 2017 and to sales made under more favourable price conditions.

The impact of the changes in regulated electricity sale tariffs[25], excluding the Energy Saving Certificates component (whose impact on EBITDA is neutral) and the delivery components in the tariff "stacking" calculation, led to an estimated decrease of €79 million compared to the first half of 2017.

The weather effect had a positive impact of an estimated €67 million (+0.4TWh) compared to the first half of 2017.

Downstream market conditions[26] had an impact of +€4 million compared to the first half of 2017. In fact, competitive intensity (-6.9TWh) was offset in the first half of 2018 by positive price effects on new market offers.

Under the EDF group's performance plan, operating expenses[27] were brought down by €159 million compared to the first half of 2017 (-3.7%) through actions to optimise purchases and to control of payroll costs. These measures are being applied across all entities, notably through reductions in support costs and in cost-to-serve, and the optimisation of costs for the hydropower and thermal fleet.

France – Regulated activities[28]

(in millions of Euros)	**H1 2017**	**H1 2018**	**Organic change (%)**
Sales[29]	**8,142**	**8,405**	**+3.2**
EBITDA	**2,400**	**2,663**	**+11.0**

Sales in France - Regulated activities in the first half of 2018 amounted to €8,405 million, up +3.2% in organic terms compared to the first half of 2017.

24 Hydro output, excluding island activities before deduction of pumped volumes. For your information, after deduction of pumped volumes: 17.6TWh in H1 2017 and 25.5TWh in H1 2018

25 Tariff changes of +1.7% at 1 August 2017 on the "blue" residential and non-residential tariffs (incorporating in particular the indexation of the TURPE 5 distribution tariffs of +2.71% at 1 August 2017) and +0.7% and +1.6% respectively at 1 February 2018

26 Excluding Energy Saving Certificates component on market offers

27 Sum of personnel expenses and other external expenses. At comparable consolidation scope and exchange rate. At constant pension discount rates. Excluding change in operating expenses of the service activities.

28 Regulated activities include Enedis, ÉS and island activities

29 Breakdown of sales across the segments, before inter-segment eliminations

EBITDA amounted to €2,663 million, up 11.0% in organic terms (+€263 million) compared to first half of 2017, driven by:

- The positive impact of the TURPE 5 indexation on 1 August 2017[30] for an estimated total of €64 million
- Growth in volumes delivered in connection with the positive weather effect for an estimated €39 million
- Growth of the grid connection services activity (€47 million)
- The reduction in operating expenses excluding storms (+€37 million)
- Lower intensity of significant weather events, especially storms, and other diffuse effects (+€76 million)

Renewable energies

EDF Énergies Nouvelles

(in millions of Euros)	H1 2017	H1 2018	Organic change (%)
Sales[31]	**620**	**735**	**+9.2**
EBITDA	**451**	**360[32]**	**-22.0**
of which EBITDA generation	*374*	*435*	*+10.7*

Sales in EDF Énergies Nouvelles in the first half of 2018 amounted to €735 million, up 9.2% in organic terms compared to the first half of 2017.

EBITDA amounted to €360 million, down 22.0% in organic terms compared to the first half of 2017.

EBITDA of generation recorded an organic increase of 10.7% to €435 million. This trend was driven by an output of 7.9TWh in the first half of 2018, representing an organic growth of 14.8% (+€40 million), thanks to the projects commissioned in 2017.

The contribution of the Development and Sales of Structured Assets activities was down (-€98 million)[32].

Lastly, development costs rose by €38 million in particular to support growth projects.

The gross capacity commisionned service by EDF Énergies Nouvelles amounted to 0.7GW in the first half of 2018. The net capacities installed at the end of June 2018 were 8.1GW, an increase of 1.4GW compared to the end of June 2017. The gross portfolio of projects under construction at the end of June 2018 amounted to 1.7GW (0.7GW wind and 1GW solar).

Group Renewables[32,33]

(in millions of Euros)	H1 2017	H1 2018	Change (%)
Sales[31]	**1,959**	**2,352**	**+20.1**
EBITDA	**917**	**1,106**	**+20.6**
Net investments	**(224)**	**(424)**	**X2**

30 Indexation as of 1 August 2017 of the TURPE 5 Distribution of +2.71% and the TURPE 5 Transport of +6.76%

31 Breakdown of sales across the segments, before inter-segment eliminations

32 Significant sale of a 49% minority stake in twenty-four of the UK wind projects made in the first half of 2018 This operation does not contribute to EBITDA because EDF Énergies Nouvelles retains a controlling stake

33 For the renewable energy generation optimized within a larger portfolio of generation assets, in particular relating to the French hydro fleet after deduction of pumped volumes, sales and EBITDA are estimated, by convention, as the valuation of the output generated at spot market prices (or at purchase obligation tariff) without taking into account hedging effects, and include the valuation of the capacity, if applicable

EBITDA for all of Group Renewables amounted to €1,106 million in the first half of 2018, up 20.6%. In addition to wind and solar generation, it benefitted from a sharp rise in hydro generation in France more than offsetting lower spot market prices. The commissioning and acquisitions of wind and solar power assets in 2017 had a significant positive effect at the end of June 2018.

Energy services

Dalkia

(in millions of Euros)	H1 2017	H1 2018	Organic change (%)
Sales[34]	**1,787**	**2,009**	**+6.6**
EBITDA	**155**	**159**	**+2.6**

Sales in Dalkia in the first half of 2018 amounted to €2,009 million, up 6.6% in organic terms compared to the first half of 2017.

EBITDA amounted to €159 million, up 2.6% in organic terms compared to the first half of 2017. This trend was driven by the strengthening of competitiveness in connection with the operating performance plan, which generated €14 million in costs savings over the first half of 2018. The signing or renewal of numerous commercial contracts contributed to this dynamic, such as the creation of a heating network in Perpignan or the energy efficiency contract signed with the hospital of St-Etienne for fifteen years. On the other hand, activity was penalised by maintenance operations on several important installations.

Group Energy Services[35]

(in millions of Euros)	H1 2017	H1 2018	Change (%)
Sales[34]	**2,240**	**2,605**	**+16.3**
EBITDA	**208**	**214**	**+2.9**
Net investments	**(92)**	**(99)**	**+7.6**

EBITDA for Group Energy Services amounted to €214 million in the first half of 2018, up 2.9%. It benefited notably from the integration of Imtech in the United Kingdom in 2017 and from selective acquisitions in Italy and Belgium.

Framatome

(in millions of Euros)	H1 2017	H1 2018	Organic change (%)
Sales[36]	**-**	**1,500**	**-**
EBITDA[37]	**-**	**194**	**-**
EBITDA EDF group contribution		**86**	

Sales in Framatome in the first half of 2018 amounted to €1,500 million. A significant share of sales was realised with other entities of the Group.

34 Breakdown of sales across the segments, before inter-segment eliminations
35 Group Energy Services consist of Dalkia, street lighting, heating networks, decentralised low-carbon generation based on local resources, control of consumption and electric mobility
36 Breakdown of sales across the segments, before inter-segment eliminations
37 Breakdown of EBITDA across the segments, before inter-segment eliminations

Framatome's contribution to Group EBITDA amounted to €86 million in the first half of 2018. Framatome standalone EBITDA amounted to €194 million (including the margin realised with other entities of the EDF group).

Framatome experienced sustained activity in the Fuel business and a slight slowdown in the Installed Base business, particularly in the United States.

With the acquisition of Schneider Electric's nuclear Instrumentation & Control (I&C) business in North America in February 2018, Framatome is developing its engineering expertise and expanding its portfolio of I&C solutions. Moreover, Framatome supplied a complete Instrumentation & Control system for the Tianwan No. 3 plant (VVER pressurised water reactor with a net installed capacity of 1,000MW).

The Components activity is gradualy recovering following the authorisation obtained from the ASN in January 2018 to resume forged parts manufacturing in the Creusot site.

In addition, EBITDA benefitted from reduction in operating and structure costs. It includes, for the first half of the year, a charge of €21 million in connection with the revaluation of inventories, carried out as part of Framatome's purchase price allocation.

United Kingdom

(in millions of Euros)	**H1 2017**	**H1 2018**	**Organic change (%)**
Sales[38]	**4,427**	**4,605**	**+4.8**
EBITDA	**627**	**485**	**-16.9**

In the United Kingdom, sales amounted to €4,605 million in the first half of 2018, up 4.8% in organic terms.

EBITDA amounted to €485 million, down 16.9% in organic terms compared to June 2017.

EBITDA was negatively affected by the decline in nuclear output and the decrease in nuclear realised prices compared to the first half of 2017. Nuclear output amounted to 30.2TWh, or -2.0TWh, compared to June 2017, mainly because of Hunterston B outage as well as Sizewell B outage extension which was reconnected to the grid on 31 January 2018.

The supply activities benefitted from increases in residential tariffs. On the other hand, the customer portfolio was down (-2% compared to the end of December 2017) in a highly competitive environment.

Italy

(in millions of Euros)	**H1 2017**	**H1 2018**	**Organic change (%)**
Sales[38]	**3,820**	**4,113**	**+4.3**
EBITDA	**426**	**407**	**-4.5**

In Italy, sales in the first half of 2018 reached €4,113 million, up 4.3% in organic terms from the first half of 2017. EBITDA recorded an organic decrease of 4.5% to €407 million.

In Electricity activities, EBITDA increased by €37 million compared to the first half of 2017, mainly due to the good performance of hydroelectric generation and the performance of the ancillary services.

EBITDA of Hydrocarbons activities was down €52 million organically compared to June 2017. Gas activities were penalised mainly by unfavourable price trends affecting the margin of long-term contracts due to the steady

38 Breakdown of sales across the segments, before inter-segment eliminations

rise in the Brent price since 2016. In this context, the exploration-production activities benefited from positive price effects and higher volumes notably following the commissioning of a new field in Algeria.

Other international

(in millions of Euros)	H1 2017	H1 2018	Organic change (%)
Sales[39]	**1,706**	**1,147**	**-0.9**
EBITDA	**275[40]**	**117**	**-4.4**

Sales in the Other international segment amounted to €1,147 million, down by 0.9% in organic terms compared to the first half of 2017. EBITDA recorded an organic decrease of 4.4% to €117 million.

In Belgium, EBITDA recorded an organic increase of 13% to €79 million. This change was driven notably by strong growth in EDF Luminus' renewable electricity generation, thanks to the increase in installed wind capacity and more favourable wind conditions than in the first half of 2017. Installed capacity amounted to 390.5MW at the end of June 2018, up 26.2% compared to the end of June 2017. However, the overall performance was affected by the extended outages at nuclear plants operated by the Engie Group, which negatively affected EBITDA by approximately €19 million. In addition, the drop in nuclear realised prices and the continued strong commercial competition had a negative impact.

Brazil's EBITDA (€34 million, or -36%) was negatively affected by the impact of planned maintenance operations that led to significant purchases on the market to cover the long-term supply contract in a bullish market environment.

Other activities

(in millions of Euros)	H1 2017	H1 2018	Organic change (%)
Sales[39]	**1,259**	**1,284**	**+3.2**
EBITDA	**209**	**376**	**+80.9**

Sales in Other activities amounted to €1,284 million, up 3.2% in organic terms over the first half of 2017. EBITDA recorded an organic increase of 80.9% to reach €376 million.

EBITDA at EDF Trading amounted to €346 million in the first half of 2018, an organic increase of 86.1% compared to the first half of 2017. This change was driven by the return of volatility in commodities markets, good performance in the United States and favourable weather conditions in the first quarter of 2018. Activities related to LNG (Liquefied Natural Gas) also contributed to this performance, which was driven by rising Asian demand and an upward price environment for oil.

Moreover, on 3 July 2018, EDF Trading and JERA announced the signing of binding agreements to form a common platform for the optimisation and trading of liquefied natural gas.

39 Breakdown of sales across the segments, before inter-segment eliminations
40 2017 data, including EDF Polska's sales in Poland for an EBITDA of €133 million, sold on 13 November 2017

Main events[1]
since the 2018 first quarter press release

Major Events

Group Renewables

EDF Énergies Nouvelles[2]

- EDF Renewables sold a 49% minority stake in twenty-four of its wind farms in the United Kingdom (approximately 550MW) (see press release of 29 June 2018).

- EDF Énergies Nouvelles is accelerating its growth in renewable energies in France and announced that after exceeding its growth targets in 2017 in France, EDF Énergies Nouvelles is continuing its expansion in 2018 and working to contribute to EDF's Solar Plan (see press release of 6 June 2018).

- The completion of the three offshore wind projects at Fécamp, Courseulles-sur-Mer and Saint-Nazaire, which EDF Énergies Nouvelles is developing with its partners Enbridge Inc. and WPD, has been confirmed (see press release of 20 June 2018).

EDF Nouveaux Business

- EDF and McPhy have signed a partnership agreement for the development of carbon-free hydrogen in France and abroad (see press release of 5 June 2018).

Group Energy Services

- Edison, through its subsidiary Fenice, acquired control of Zephyro SpA. and launched a takeover bid (see press release of 2 July 2018).

- EDF launched two Skills (applications) on Alexa, the intelligent voice service from Amazon (see press release of 21 June 2018).

- EDF won a contract for the development of a sustainable neighbourhood in Moscow (see press release of 25 May 2018).

Nuclear industry

- Welds of the main secondary system of the Flamanville EPR: EDF set up corrective actions and adjusted the schedule and target construction costs (see press release 25 July 2018).

- Framatome announced the ramp-up of its operations at the Creusot Forge site (see press release of 18 July 2018).

- The Group clarified the safety and security of EDF's nuclear power plants in France (see press release of 5 July 2018).

- The Taishan 1 EPR was connected to the grid (see press release of 29 June 2018).

- EDF signed, at the World Nuclear Exhibition, a set of agreements securing the position of the nuclear decommissioning and radioactive waste management sector (see press release of 28 June 2018). These included:

    - EDF and Veolia signed a partnership agreement for the decommissioning of nuclear power plants and the treatment of radioactive waste (see press release of 26 June 2018).

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[1] A full list of press releases is available on EDF's website www.edf.fr
[2] A full list of EDF Énergies Nouvelles' press releases is available on the website www.edf-energies-nouvelles.com

- EDF acquired Oreka Solutions, a start-up specializing in digital technology in support of nuclear decommissioning projects (see press release of 26 June 2018).

- EDF, Dassault Systèmes and Capgemini signed a partnership agreement for the digital transformation of EDF's nuclear engineering (see press release of 27 June 2018).

- EDF Nouveaux Business: EDF and GE signed a strategic cooperation agreement as part of the Industrial Way Forward signed in March 2018 with the Indian energy company NPCIL for the construction of 6 EPRs in India by NPCIL (see press release of 26 June 2018).

<u>Disposal plan</u>

- The EDF group entered into binding agreements for the sale of its stake in the capital of the LNG terminal of Dunkerque LNG (see press release of 12 July 2018)[3].

Other significant events

- EDF announced the acceleration of the off-grid market in Africa by focusing on a new offer and local skills (see press release of 18 July 2018).

- EDF Trading and JERA announced the creation of a common optimisation and trading joint venture for LNG (Liquefied Natural Gas) (see press release of 3 July 2018).

- EDF announced the results of the option for payment of the balance of the dividend to be paid out in new shares for the 2017 financial year: 93.39% of the rights were exercised in favour of a payment in shares following the option period which took place between 25 May 2018 and 11 June 2018 included. (see press release of 15 June 2018).

- EDF signed a global responsible employer agreement with IndustriALL and PSI (see press release of 29 May 2018).

- Mobilised in the fight against global warming, EDF committed to reducing its direct CO_2 emissions by 40% by 2030 and to pursuing the goal of achieving carbon neutrality of France by 2050 (see press release of 15 May 2018).

- EDF finalised the acquisition of 750MW of generation assets (gas and peak) to support the development of its renewable activities in Chile (see press release of 10 May 2018).

[3] Following this sale, the evaluation of the long-term LNG regasification capacity reservation contract between EDF and Dunkerque LNG should result in the recognition of an onerous contract provision. The result of the sale, net of the provision that would be recognised, should thus be limited.

APPENDICES :

Consolidated income statement

(in millions of Euros)	H1 2018	H1 2017 restated [1]
Sales	35,175	33,298
Fuel and energy purchases	(16,751)	(16,920)
Other external expenses	(4,038)	(3,733)
Personnel expenses	(6,836)	(6,286)
Taxes other than income taxes	(2,694)	(2,687)
Other operating income and expenses	3,375	3,324
Operating profit before depreciation and amortisation	**8,231**	**6,996**
Net changes in fair value on energy and commodity derivatives, excluding trading activities	19	(196)
Net depreciation and amortisation	(4,410)	(4,212)
Net increases in provisions for renewal of property, plant and equipment operated under concessions	(66)	(41)
(Impairment)/reversals	(68)	(32)
Other income and expenses	(56)	1,367
Operating profit	**3,650**	**3,882**
Cost of gross financial indebtedness	(785)	(879)
Discount effect	(1,707)	(1,283)
Other financial income and expenses	855	1,174
Financial result	**(1,637)**	**(988)**
Income before taxes of consolidated companies	**2,013**	**2,894**
Income taxes	(625)	(712)
Share in net income of associates and joint ventures	365	(93)
GROUP NET INCOME	**1,753**	**2,089**
EDF net income	**1,726**	**2,005**
Net income attributable to non-controlling interests	**27**	**84**
Earnings per share (EDF share) in euros:		
Earnings per share	0.46	0.66
Diluted earnings per share	0.46	0.66

(1) The comparative figures at 30 June 2017 have been restated according to IFRS 15. For IFRS 9, applicable from 1 January 2018, the transition provisions do not require restatement and the comparative figures are therefore as previously published.

Consolidated balance sheet

ASSETS *(in millions of Euros)*	**30/06/2018**	31/12/2017 restated [1]
Goodwill	10,121	10,036
Other intangible assets	9,722	8,896
Property, plant and equipment operated under French public electricity distribution concessions	55,437	54,739
Property, plant and equipment operated under concessions for other activities	7,561	7,607
Property, plant and equipment used in generation and other tangible assets owned by the Group	77,215	75,622
Investments in associates and joint ventures	7,618	7,249
Non-current financial assets	37,309	36,787
Other non-current receivables	1,908	2,168
Deferred tax assets	1,084	1,220
Non-current assets	**207,975**	**204,324**
Inventories	13,756	14,138
Trade receivables	15,231	16,843
Current financial assets	31,716	24,953
Current tax assets	250	673
Other current receivables	6,365	7,219
Cash and cash equivalents	3,957	3,692
Current assets	**71,275**	**67,518**
TOTAL ASSETS	**279,250**	**271,842**

(1) The comparative figures at 31 December 2017 have been restated according to IFRS 15

EQUITY AND LIABILITIES *(in millions of Euros)*	**30/06/2018**	31/12/2017 restated (1)
Capital	1,505	1,464
EDF net income and consolidated reserves	42,450	39,893
Equity (EDF share)	***43,955***	***41,357***
Equity (non-controlling interests)	7,967	7,341
Total equity	**51,922**	**48,698**
Provisions related to nuclear generation - back-end of the nuclear cycle, plant decommissioning and last cores	47,709	46,410
Provisions for decommissioning	2,028	1,977
Provisions for employee benefits	19,590	20,630
Other provisions	2,240	2,356
Non-current provisions	***71,567***	***71,373***
Special French public electricity distribution concession liabilities	46,670	46,323
Non-current financial liabilities	49,084	51,365
Other non-current liabilities	4,918	4,864
Deferred tax liabilities	2,788	2,362
Non-current liabilities	**175,027**	**176,287**
Current provisions	5,831	5,484
Trade payables	12,000	13,994
Current financial liabilities	18,281	11,142
Current tax liabilities	411	187
Other current liabilities	15,778	16,050
Current liabilities	**52,301**	**46,857**
TOTAL EQUITY AND LIABILITIES	**279,250**	**271,842**

(1) The comparative figures at 31 December 2017 have been restated according to IFRS 15

Consolidated cash flow statement

(in millions of Euros)	**H1 2018**	H1 2017
Operating activities:		
Income before taxes of consolidated companies	**2,013**	**2,894**
Impairment/(reversals)	68	32
Accumulated depreciation and amortisation, provisions and changes in fair value	5,017	4,420
Financial income and expenses	296	429
Dividends received from associates and joint ventures	124	76
Capital gains/losses	50	(2,039)
Change in working capital	1,434	482
Net cash flow from operations	***9,002***	***6,294***
Net financial expenses disbursed	(730)	(828)
Income taxes paid	140	(827)
Net cash flow from operating activities	**8,412**	**4,639**
Investing activities:		
Acquisitions of equity investments, net of cash acquired	(296)	(115)
Disposals of equity investments, net of cash transferred (1)	45	1,822
Investments in intangible assets and property, plant and equipment	(7,713)	(6,535)
Net proceeds from sale of intangible assets and property, plant and equipment	123	487
Changes in financial assets	(479)	(3,276)
Net cash flow used in investing activities	**(8,320)**	**(7,617)**
Financing activities:		
EDF capital increase	-	4,005
Transactions with non-controlling interests (2)	1,285	224
Dividends paid by parent company	(60)	(75)
Dividends paid to non-controlling interests	(113)	(102)
Purchases/sales of treasury shares	-	-
Cash flows with shareholders	***1,112***	***4,052***
Issuance of borrowings	2,299	1,870
Repayment of borrowings	(3 154)	(2,132)
Payments to bearers of perpetual subordinated bonds	(378)	(394)
Funding contributions received for assets operated under concessions	56	66
Investment subsidies	301	344
Other cash flows from financing activities	***(876)***	***(246)***
Net cash flow from financing activities	**236**	**3,806**
Net increase/(decrease) in cash and cash equivalents	**328**	**828**
CASH AND CASH EQUIVALENTS - OPENING BALANCE	**3,692**	**2,893**
Net increase/(decrease) in cash and cash equivalents	328	828
Effect of currency fluctuations	(22)	(33)
Financial income on cash and cash equivalents	7	11
Effect of reclassifications	(48)	105
CASH AND CASH EQUIVALENTS - CLOSING BALANCE	**3,957**	**3,804**

(1) In 2017, this item includes an amount of €1,282 million relating to the partial sale of the electricity transmission entity Coentreprise de Transport d'Électricité or CTE, the company that holds RTE's shares.

(2) Contributions via capital increases or capital reductions and acquisitions of additional interests or disposals of interests in controlled companies. In 2018, this item includes an amount of €797 million relating to the sale of 49% of EDF Renewables' wind farms, and a receipt of €361 million relating to CGN's payment for the NNB Holding Ltd. and Sizewell C Holding Co capital increases (€220 million at 30 June 2017).

3. May 9, 2018 – Q1 2018 Results

Quarterly Financial Information at 31 March 2018
Sales up 3.0%[1]
2018 targets confirmed

Key figures

Group sales		€20.4bn *+3.0% org.[1]*
Electricity Output		
Nuclear France:	112.9TWh	*+4.1%*
Nuclear United Kingdom:	15.1TWh	*-5.6%*
Group Renewables:	20.6TWh	*+31.4%*
of which Hydropower France[2]:	14.6TWh	*+35.2%*

Highlights

- **Improved generation in France**
  - Nuclear output up 4.4TWh benefiting from improved availability of the fleet. Performance consistent with the assumption of nuclear output greater than 395TWh in 2018.
  - Hydropower output in France[2] up by more than 35% in a context of more favourable hydro conditions.
- **New developments in renewable energies**
  - Launch of the Electricity Storage Plan with the goal of commissioning an additional 10GW by 2035.
  - Acquisition of the "Neart na Gaoithe" offshore wind power project in Scotland (450MW).
  - Inauguration of 200MW of solar capacity in the Emirate of Dubai, the first unit of the DEWA III (800MW) plant, a joint project between EDF, Masdar and DEWA.
  - Award of a Power Purchase Agreement (PPA) for a 114MW wind energy project in Brazil.
- **Client solutions & services**
  - Completion of the acquisition of Gas Natural Fenosa Vendita Italia by Edison: increase in the customer base by *circa* +50%.
  - Acquisition by Dalkia of 25% of Tiru (specialist in waste recovery). Dalkia is now the sole shareholder of Tiru.
- **New Nuclear build**
  - Jaitapur: Industrial Way Forward Agreement signed for 6 EPRs (almost 10GW) in India. EDF will participate as the supplier of the EPR technology.
  - Taishan 1: start of fuel loading on 10 April 2018.
  - Flamanville 3: detection of quality deviations on the welding of the pipes of the secondary coolant system. Additional controls on the welds and report currently underway.

2018 targets confirmed

• Operating expenses[3]:	-€0.8bn compared to 2015
• EBITDA[4]:	€14.6 - 15.3bn
• Cash flow[44,5] excluding Linky[6], new developments and 2015-20 disposal plan:	~0
• Asset[7] disposals since 2015:	~€10bn
• Total net investments excluding acquisitions and 2015-20 assets disposal plan:	≤€15bn
of which Net investments excluding Linky[6], new developments and 2015-20 assets disposal plan:	~€11bn
• Net financial debt/EBITDA[4]:	≤2.7x
• Target payout ratio of Net income excluding non-recurring items[8]:	50%

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1 Organic change at comparable scope and exchange rates
2 Hydropower excluding French islands electrical activities
3 Sum of personnel expenses and other external expenses. At comparable consolidation scope and exchange rates. At constant pension discount rates. Excluding change in operating expenses of the service activities
4 At comparable exchange rates and "normal" weather conditions, on the basis of a nuclear output in France assumption of >395TWh. At constant pensions discount rates
5 Excluding eventual interim dividend for the 2018 fiscal year
6 Linky is a project led by Enedis, an independent EDF subsidiary as defined in the French Energy Code
7 Disposals signed or realised
8 Adjusted for the remuneration of hybrid bonds accounted for in equity

Change in EDF group sales

(in millions of Euros)	Q1 2017 published	Q1 2017 restated[9]	Q1 2018	%	% organic
France - Generation and supply activities	11,354	7,944	7,956	+0.2	+0.2
France - Regulated activities	4,862	4,842	5,167	+6.7	+6.7
EDF Énergies Nouvelles	306	306	379	+23.9	+14.7
Dalkia	1,222	1,132	1,223	+8.0	+4.0
Framatome	-	-	721	-	-
United Kingdom	2,568	2,568	2,577	+0.4	+1.9
Italy	2,797	2,148	2,252	+4.8	+3.5
Other international	1,467	979	666	-32.0	+0.9
Other activities	625	632	751	+18.8	+16.9
Inter-segment eliminations	*(4,073)*	*(842)*	*(1,246)*	*+48.0*	*+9.6*
Total Group	**21,128**	**19,709**	**20,446**	**+3.7**	**+3.0**

The Group's first quarter 2018 sales amounted to €20.4 billion, an organic increase of 3.0% compared to the first quarter 2017.

This increase is mainly driven by the France - Regulated activities segment, in line with the tariff changes, and the performance of EDF Trading, which benefited from an improved volatility and price environment linked to weather conditions in Europe and North America.

Sales in France - Generation and supply activities were relatively stable. The higher hydropower and nuclear output and the improvement in the price conditions were neutral on sales due to a net buying position (in euros) on the wholesale markets in the first quarter of 2018, as in the first quarter of 2017.

Change in Group sales by segment

France – Generation and supply activities

(in millions of Euros)	Q1 2017[10]	Q1 2018	% organic
France - Generation and supply activities	7,944	7,956	+0.2

Sales in France - Generation and supply activities in the first quarter of 2018 amounted to €8.0 billion, up 0.2% in organic terms compared to the first quarter of 2017.

Nuclear output amounted to 112.9TWh, an increase of 4.4TWh over the first quarter of 2017. This improvement can be explained by the better availability of the fleet at the beginning of the year compared to the first quarter of 2017, which was marked by several reactor outages linked to the manufacturing records at the Creusot Forge plant and by the "carbon segregation" issue. This performance is consistent with the assumption of a nuclear output greater than 395TWh in 2018. Hydropower output[11] stood at 14.6TWh, up 35.2% (+3.8TWh) compared to the first quarter of 2017, thanks to more favourable hydro conditions. The higher hydropower and

[9] 2017 data restated for the impact of the IFRS 15 standard and the change in segment reporting (IFRS 8)

[10] 2017 data restated for the impact of the IFRS 15 standard and the change in segment reporting (IFRS 8)

[11] Hydropower, excluding French islands electrical activities before deduction of pumped volumes. For information, after deduction of pumped-storage hydropower volumes: 8.9TWh in Q1 2017 and 12.8TWh in Q1 2018

nuclear output and the improvement in the price conditions were neutral on sales due to a net buying position (in euros) on the wholesale markets in the first quarter of 2018, as in the first quarter of 2017.

The weather had a favourable effect, particularly in February and March 2018, with a positive impact of an estimated €94 million (+2.1TWh) compared to the first quarter of 2017.

Changes in the regulated sales tariffs[12], for the part excluding the delivery component, had a negative impact of around €20 million.

The downstream market conditions had a positive effect of an estimated €58 million. The negative impacts of the decline in sales to end customers were more than offset by favourable price effects, related notably to changes in the portfolio structure.

In addition, non-recurring items recorded in 2017 and without equivalent in 2018 weighed on sales for an estimated -€120 million.

France – Regulated activities

(in millions of Euros)	Q1 2017[13]	Q1 2018	% organic
France - Regulated activities	4,842	5,167	+6.7

Sales in the France - Regulated activities segment in the first quarter of 2018 amounted to €5.2 billion, up 6.7% in organic terms compared to the first quarter of 2017.

Sales benefited from the positive change in the distribution tariffs[14] for an estimated €124 million and from favourable weather effects for around €90 million.

In addition, price effects related in particular to the change in the portfolio structure had a favourable impact estimated at close to €100 million.

EDF Énergies Nouvelles

(in millions of Euros)	Q1 2017	Q1 2018	% organic
EDF Énergies Nouvelles	306	379	+14.7

EDF Énergies Nouvelles' contribution to Group sales amounted to €0.4 billion, up 14.7% in organic terms compared to the first quarter of 2017. This change was mainly due to the commissioning in 2017 of wind and solar power projects, which, together with the acquisition of Futuren, contributed to a 25% increase in output (+0.8TWh). Total installed net capacity increased by 24.7% over the first quarter of 2017 to 7.9GW.

Sales also benefited from the increase in distributed solar activities, notably by Grosolar in the United States, in the amount of +€15 million.

Finally, gross portfolio of projects under construction amounted to 1.7GW at the end of the first quarter of 2018.

[12] Tariff changes of +1.7% for Blue residential and non-residential categories on 01/08/2017, and +0.7% and +1.6% for Blue residential and non-residential categories respectively on 01/02/18. It should be noted that, with the application of IFRS15, the impact of the tariff increases for this segment is now presented excluding the evolution of the delivery component of the tariff, also presented in France - Regulated activities (change in the TURPE 5 distribution tariff of +2.7% on 01/08/2017)

[13] 2017 data restated for the impact of the IFRS 15 standard

[14] Increase in TURPE by 2.7% on 1/8/2017

Total Group Renewables[15] contributed €1.3 billion[16] to Group sales in the first quarter of 2018. This increase was driven by good hydro conditions in France and Italy, by the commissioning of new wind and solar farms in 2017 and by the improvement of wind conditions in Europe.

Dalkia

(in millions of Euros)	Q1 2017[17]	Q1 2018	% organic
Dalkia	1,132	1,223	+4.0

Dalkia's contribution to Group sales amounted to €1.2 billion, an organic increase of 4.0% compared to the first quarter of 2017, mainly due to the favourable evolution of gas and electricity prices and to the commercial expansion performed en 2017.

Sales for Group Energy Services[18] amounted to €1.5 billion, up 11.8% compared to the first quarter of 2017. They benefited notably from the integration of Imtech in the United Kingdom (€92 million) and selective acquisitions in Italy and Belgium.

Framatome

(in millions of Euros)	Q1 2017	Q1 2018	% organic
Framatome	-	721	

Framatome's sales amounted to €0.7 billion in the first quarter of 2018, a significant part of which was realised with the Group.

The French Nuclear Safety Authority authorised the resumption of manufacturing of forged parts for the French nuclear fleet at its Creusot site in January 2018.

With the acquisition of Schneider Electric's nuclear Instrumentation & Control (I&C) offering, Framatome is developing its engineering expertise and expanding its portfolio of I&C solutions.

Framatome and Vattenfall signed contracts for the delivery of fuel assembly reloads.

United Kingdom

(in millions of Euros)	Q1 2017	Q1 2018	% organic
United Kingdom	2,568	2,577	+1.9

In the United Kingdom, sales were up 1.9%, in organic terms compared to the first quarter of 2017, to €2.6 billion.

Sales benefited from higher electricity residential tariffs, in line with increased supply costs, and higher gas volumes lifted by cold weather in the first quarter of 2018. The residential customer base was down 2% compared to the end of 2017.

15 Please refer to the appendices of the Q1 2018 (p. 8); Group Renewables includes of EDF Énergies Nouvelles and the Group's hydro generation, as well as the renewable energy activities of EDF Luminus and Edison

16 For the renewable energy generation optimized within a larger portfolio of generation assets, in particular relating to the French hydro fleet after deduction of pumped volumes, sales are estimated based on the valuation of realised output at spot market prices (or at purchase obligation tariff) without taking into account hedging effects, and include if need be the valuation of capacity

17 2017 data restated for the impact of the IFRS 15 standard

18 Please refer to the appendices of the Q1 2018 (P. 8); Group Energy Services includes of Dalkia, street lighting, heating networks, decentralised low-carbon generation based on local resources, control of consumption and electric mobility

Nuclear generation and realised nuclear prices were down. Nuclear output amounted to 15.1TWh, down 0.9TWh compared to the first quarter of 2017, due to the extended outage of Sizewell B into 2018 and the phasing effect from refuelling outages.

Italy

(in millions of Euros)	Q1 2017[19]	Q1 2018	% organic
Italy	2,148	2,252	+3.5

In Italy, sales amounted to €2.3 billion, up 3.5% in organic terms compared to the first quarter 2017.

Sales in Electricity activities were supported by higher sales volumes in the residential customer segment and by growth in hydro and wind power generation. These items were partially offset by a negative price effect.

Sales increased in Hydrocarbon activities thanks in particular to higher gas volumes sold to residential customers due notably to favourable weather conditions. Exploration-production activities benefited from a positive change in Brent prices and an increase in volumes.

Other international

(in millions of Euros)	Q1 2017[20]	Q1 2018	% organic
Other international	979[21]	666	+0.9

Sales in the Other international segment amounted to €0.7 billion, up 0.9% in organic terms compared to the first quarter of 2017.

In Belgium, sales amounted to €528 million, up 1.2% in organic terms. This change reflects, in particular, an increase in gas volumes sold, partially offset by the drop in electricity volumes sold, particularly in the business segment, marked by increased competition. Wind power capacities were up +27% compared to the first quarter of 2017 to reach 380MW.

In addition, generation was affected by the extended outages at the Doel 3 and Tihange 3 nuclear power plants; these outages had no impact on first quarter 2018 sales.

In Brazil, sales were up, due to a slightly positive impact of an annual review of the Power Purchase Agreement tariff that took place at the end of 2017.

Other activities

(in millions of Euros)	Q1 2017[22]	Q1 2018	% organic
Other activities	632	751	+16.9

Sales in Other activities amounted to €0.8 billion, up 16.9% in organic terms compared to the first quarter of 2017.

EDF Trading's sales amounted to €267 million, up strongly by 110.7% in organic terms. It benefited from favourable price and volatility conditions in Europe and North America due to cold weather during the first quarter of 2018.

[19] 2017 data restated for the impact of the IFRS 15 standard
[20] 2017 data restated for the impact of the IFRS 15 standard
[21] 2017 data, including EDF Polska's sales in Poland, sold on 13 November 2017
[22] 2017 data restated for the change in segment reporting (IFRS 8)

Main events[23]
since the 16 February 2018 press release

Major Events

- EDF detected quality deviations on certain welds of the secondary coolant system of the Flamanville EPR and began additional controls (see press release of 10 April 2018).
- The Vietnamese government confirmed the EDF Group's position as leader of the consortium in charge of the studies for the building of a 2,000 MW combined-cycle power plant at Son My (see press release of 27 March 2018).
- EDF announced the Electricity Storage Plan to become the leader in Europe by 2035: further storage capacity of 10GW representing investment of €8 billion, and doubling the investment in Research and Development (see press release of 27 March 2018).
- Industrial Way Forward Agreement signed between the EDF Group and the Indian energy company NPCIL for the implementation of 6 EPRs in Jaitapur (see press release of 10 March 2018).

New investments, partnerships and investment projects

Development of renewable energies, EDF Énergies Nouvelles[24]

- On 3 May 2018, EDF Énergies Nouvelles acquired a 450MW offshore wind project in Scotland from Mainstream Renewable Power.
- On 1 May 2018, the EDF Group commissioned its first renewable energy facility in the United Arab Emirates.
- On 12 April 2018, EDF Énergies Nouvelles' international subsidiaries were rebranded as EDF Renewables
- On 9 April 2018, EDF Énergies Nouvelles won a 114MW wind energy project in Brazil.

Edison[25]

- On 22 February 2018, Edison finalised the acquisition of Gas Natural Fenosa Vendita Italia and increased its customer base by 50%.

Framatome[26]

- On 27 April 2018, Framatome and Vattenfall signed contracts for the delivery of fuel assembly reloads.

Other significant events

- EDF Energy announced the outage of the Hunderston B power plant, with a return to service expected before the end of 2018. (see press release of 2 May 2018).
- EDF launched Metroscope, the artificial intelligence solution that boosts operational excellence for its industrial customers (see press release of 29 March 2018).
- EDF (Cyclife) and Westinghouse Electric Spain were awarded a nuclear dismantling engineering contract in Spain (see press release of 21 February 2018).

23 A full list of press releases is available on EDF's website: www.edf.fr
24 A full list of EDF Énergies Nouvelles' press releases is available from the website www.edf-energies-nouvelles.com
25 A full list of Edison press releases is available on Edison's website: www.edison.com
26 A full list of Framatome press releases is available on Framatome's website: www.framatome.com

4. Disposal of EDF's stake in Dunkerque LNG

July 12, 2018 – "Signing of the binding agreements for the sale of EDF's stake in Dunkerque LNG

Following on from the press release published on 29 June 2018, the EDF Group announces that the binding agreements for the disposal of its interest in the share capital of the liquefied natural gas (LNG) terminal of Dunkirk (Dunkerque LNG) have been signed today with, on the one hand, a consortium composed of Fluxys, AXA Investment Managers and Crédit Agricole Assurances and with, on the other hand, a consortium of Korean investors composed of Samsung Securities Co. Ltd, IBK Securities Co. Ltd. and Hanwha Investment & Securities Co. Ltd.

The terms of the transaction remain unchanged and closing is expected for the second half of 2018, once required regulatory approvals have been granted by the French authorities."

June 29, 2018 – "EDF announces reaching a key milestone in the sale process of its stake in Dunkirk LNG terminal to Fluxys and a financial consortium composed of Samsung Securities Co. Ltd., IBK Securities Co. Ltd. and Hanwha Investment & Securities Co. Ltd.

Following a competitive auction process launched early 2018, the EDF Group announces it has entered into exclusive negotiations with two groups of investors for the disposal of its 65.01% interest in the share capital of Dunkerque LNG, owner and operator of the liquefied natural gas (LNG) terminal of Dunkirk.

On the one hand, a consortium composed of Fluxys, AXA Investment Managers – Real Assets, on behalf of clients, and Crédit Agricole Assurances has committed to acquire a stake of 31%; on the other hand, a consortium of Korean investors led by IPM Group (comprised of InfraPartners Management Korea Co. Ltd. in Seoul and InfraPartners Management LLP in London) in collaboration with Samsung Asset Management Co., Ltd and composed of Samsung Securities Co. Ltd., IBK Securities Co. Ltd. and Hanwha Investment & Securities Co. Ltd. has committed to acquire a stake of 34.01%.

Across prices paid by the two consortia, the average enterprise value for the entire stake amounts to c. €2.4 billion.

The transaction will allow current 25% shareholder Fluxys, with the support of Axa Investment Managers – Real Assets and Crédit Agricole Assurances, to take control and consolidate Dunkerque LNG in line with its global growth strategy in gas infrastructures. Fluxys' expertise in the gas business and in the management of LNG terminals will benefit Dunkerque LNG and ensure industrial continuity and strong reliability of the terminal.

This transaction also illustrates the attractiveness of Dunkirk LNG terminal for foreign financial investors. The quality of the terminal's design, the strength of the business and the positive prospects for the LNG market in Europe make it a compelling investment case.

EDF, as a client of Dunkerque LNG, remains engaged in the long term with the terminal, which will continue serving its gas strategy.

The Board of Directors of EDF has approved the transaction. The final documentation shall be signed in the coming days and closing is expected for the second half of 2018, once required regulatory approvals have been granted by the French authorities."

5. Partnerships

July 3, 2018 – "JERA and EDF Trading to form an LNG optimisation and trading joint venture

JERA Co., Inc ("JERA") and EDF Trading Limited ("EDFT") are pleased to announce the signing of binding agreements to form an LNG optimisation and trading joint venture where JERA's and EDFT's LNG optimisation and trading activities will be merged into JERA Trading Pte. Ltd. ("JERAT").

This joint venture follows the successful completion of the acquisition of EDFT's coal business by JERAT on 4th April 2017.

JERA holds 66.67% of the equity in JERAT through its wholly-owned subsidiary JERA Trading International Pte. Ltd. EDFT holds 33.33% of the shares in JERAT and is a wholly-owned subsidiary of EDF S.A. ("EDF"). JERA and EDFT will now have joint responsibility and joint control in managing the new and expanded business and each will have two Executive Directors. The Chief Executive will be appointed by JERA.

With demand for LNG in Japan becoming increasingly variable and difficult to predict and the ramp up in US LNG liquefaction, Europe has become a key balancing market for excess global LNG. As a result, JERA and EDFT believe that there is significant room for optimising LNG on a global basis, establishing a more liquid market, and, over time, developing a clear pricing signal for LNG in Asia.

JERA and EDFT have significant positions in the LNG market and this new business will bring important resources including risk management capabilities to this new partnership which will better position JERAT to respond to the uncertainties of LNG demand in Japan and Europe. JERA has been focusing on developing flexible LNG supply sources as flexible procurement is more important than ever before due to the large scale introduction of renewable power generation globally. EDFT has a successful third party LNG trading business and access to the European LNG and gas markets to enable the unloading, reloading and storage of LNG in-tank, and is one of the largest financial JKM traders in the market.

The companies will combine their LNG optimisation and trading activities into JERAT which will become the exclusive LNG optimiser for JERA and EDF S.A., managing their collective short and medium term LNG optimisation activity. LNG remains a strategically important fuel for JERA and EDF and this agreement will bring more flexibility and scale to both partners without affecting JERA's and EDF's long term procurement activities.

With around 300 people and offices in Japan, Singapore, the UK, the United States and the Netherlands, JERAT will become one of the largest utility-owned seaborne energy optimisers, spanning Asia, the Pacific and the Atlantic Basins.

As part of this transaction, EDF Trading North America, one of the leading marketers of gas and power in the region will be responsible for supplying electricity and natural gas to meet JERA's capacity requirements at the Freeport liquefaction terminal. EDFT in Europe will become the exclusive market interface for JERAT with respect to the European natural gas markets.

Recognising the expansion of JERAT's business globally, JERA and EDFT agreed to change the name of JERA Trading to "JERA Global Markets".

This transaction is subject to customary regulatory approvals and is expected to be completed by early 2019.

"We look forward, through JERA Global Markets, to optimising our global LNG portfolio with more flexible LNG sources and associated shipping positions amid the uncertainties of LNG demand in Japan and global LNG market developments", said Yuji Kakimi, President of JERA.

"LNG is an important fuel for EDF and this joint venture will combine EDFT's wholesale market optimisation capabilities with JERA's offtake volumes. This is another important step in our relationship with JERA, which started in 2005 and has significantly grown over the years. I look forward to building this new business with JERA in the rapidly developing LNG market," said John Rittenhouse, Chief Executive, EDFT.

"With this operation, JERA and EDFT are entering into a new chapter of their strategic partnership, which will bring scale and value to both Groups", said Xavier Girre, Senior Executive Vice President and Chief Financial Officer of EDF Group and Chairman of EDFT."

June 5, 2018 – "EDF and McPhy sign a partnership agreement to develop carbon-free hydrogen in France and around the world

- An industrial, commercial and research partnership agreement to develop carbon-free hydrogen in France and around the world

- Investment by EDF Nouveaux Business of approximately €16M in McPhy via the subscription to a reserved capital increase[1]

- Consolidation of McPhy's financial capacity, meaning that it will be able to sustain its growth and draw on EDF's strategic markets to speed up its commercial development

- Another step forward for EDF in its contribution to the energy transition: EDF enters the carbon-free hydrogen market, with the medium-term goal of developing a competitive carbon-free hydrogen solution

Paris - La Motte Fanjas, 5 June 2018 at 19:45 – McPhy (Euronext Paris Compartiment C : MCPHY, FR0011742329), experts in equipment for producing, storing and distributing hydrogen, and the EDF group, have today announced the signature of a partnership agreement to develop carbon-free hydrogen in France and around the world.

Cédric Lewandowski, Senior Executive Vice President in charge of Innovation, Strategy and Planning at the EDF Group, declares: "*We are proud to announce this collaboration with McPhy, a key player in the field of hydrogen, with whom the EDF Group has had ties for several years. This partnership is the first step in the process that will help EDF speed up its entry to this flourishing new market that is creating jobs in France and around the world.*"

Pascal Mauberger, Chief Executive Office of McPhy announces: "*We are delighted with the signature of this partnership agreement with the EDF Group, world leader when it comes to low-carbon energy. This agreement marks an important new chapter in McPhy's development. Thanks to the additional financial resources and the support provided by the EDF Group we are going to be able to speed up our growth, consolidate our commercial development and conquer new markets. We would like to thank the EDF Group for this expression of confidence in our technology and our industrial infrastructure to develop hydrogen solutions. On a personal note, I am very proud to be at the helm for this new chapter in the development of McPhy*."

An industrial, commercial and research partnership to develop carbon-free hydrogen in France and around the world

Founded in 2008, McPhy, a company originally from Drôme and listed on Euronext, is a key player in the field of hydrogen and offers a comprehensive range of solutions including electrolysers, hydrogen charging stations and storage. McPhy covers the whole value chain, from engineering, manufacturing and production to operation and maintenance, as well as R&D. McPhy relies on a highly qualified team of more than 80 employees, mainly distributed between France, Italy and German, to target the growing markets of carbon-free hydrogen for industry and mobility. With this collaboration with EDF, who will thus become its key shareholder, McPhy is equipping itself with the additional means it needs to help fund its growth. It will be able to draw on EDF's position in its strategic markets in Europe, the United States and China, along with sustained support to consolidate its commercial development and secure new clients in France and around the world.

EDF's ambitions are focused on developing competitive carbon-free hydrogen solutions, mainly aimed at industrial clients and the heavy-duty mobility sector, by relying on industrial partners and regional vitality. The Group has also already dedicated more than 15 years of R&D resources to hydrogen, including in particular electrolysers and vehicle charging stations, at its EIFER research centre in Karlsruhe. In keeping with its involvement in creating a carbon-free economy and the Hydrogen Plan announced by Nicolas Hulot, the Minister for an Ecological and Inclusive Transition, the EDF Group thus embarks on a new chapter in its contribution to the energy transition, by working with McPhy, experts in equipment for producing, storing and distributing hydrogen, in order to contribute to the development of the production of carbon-free hydrogen.

McPhy's roots in France and elsewhere around the world are a major asset in this regard. In France, McPhy plays an active role in rolling out hydrogen solutions, including in particular in industry, with a 1 MW project for GRTgaz in Fos-sur-Mer, and in terms of mobility, by equipping 9 of the 18 hydrogen charging stations installed in France. Internationally, the company has also enjoyed a number of significant commercial successes in recent

[1] EDF Nouveaux Business Holding's contribution to McPhy's capital, which is subject to receiving the approval by the shareholders during the McPhy AGM, due to take place on 26 June 2018 and obtaining the visa from the French Market Authority (Autorité des Marchés) on the prospectus related to the capital increase.

months, such as the contract it won in China to provide 4 MW of hydrogen production units for Jiantou Yanshan Wind Energy.

Thanks to McPhy's expertise, EDF will be able to offer its customers new services to help them reduce their carbon footprint and boost their competitiveness. This expertise when it comes to producing and marketing CO2 - free hydrogen will also constitute a boost to the EDF Group's electromobility strategy. With this partnership, EDF consolidates its commitment to combating climate change[1]. Indeed, EDF sees electrolytic hydrogen as a vital energy carrier to make certain sectors of the economy (industry, mobility) carbon-free when it is produced from electricity that is itself carbon-free, as is the case thanks to EDF's low-carbon mix, which combines nuclear and renewable energy[2].

Financial details

EDF's investment will involve the subscription to a reserved increase in McPhy's capital worth a total of approximately €16M, at a price per share of €5,10 (representing a discount of 4,2% compared with the average closing price for the last three months, of €5,32, and of 15% compared with the current price per share of €6,00), representing 3 137 250 new shares in the company, and circa 21,7% of its share capital, and 20,4% of its voting rights. The implementation of this capital increase is subject to the fulfilment of certain conditions precedent, including in particular receiving the approval of McPhy's annual general meeting on 26 June 2018, and obtaining the visa from the French Market Authority (Autorité des Marchés) on the prospectus related to the capital increase; and is due to be finalised in the days following these approvals.

In addition, the appointment of two directors designated by EDF Nouveaux Business will be proposed to the Shareholders' meeting of McPhy on 26 June 2018."

6. Nuclear industry

6.1 Nuclear activities in France

July 25, 2018 – "Welds in the main secondary system of the Flamanville EPR: EDF sets up corrective actions and adjusts schedule and target construction costs

As of 25 July 2018, EDF has inspected 148 of the 150 welds in the main secondary system[1] of the Flamanville EPR and continued to exchange with the French Nuclear Safety Authority (ASN), as announced in previous press releases dated 10 April and 31 May 2018[2]. The two remaining welds will be inspected before the end of July 2018.

Out of the 148 inspected welds, 33 have quality deficiencies and will be repaired.

In addition, EDF has decided to rework a further 20 welds, even though they do not have any defects. These welds do not comply with the "high quality" requirements[3] defined by EDF during the EPR design phase (break preclusion principle).

For 10 other welds, EDF has submitted a proposal to the ASN detailing a specific justification method to confirm the high level of safety at the plant throughout its operating life. The ASN will conduct an in-depth examination of this method.

The other 85 welds are compliant.

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1 According to a recent study carried out by the Hydrogen Council with McKinsey, hydrogen could represent almost 1/5 of the total energy consumed by 2050, helping to reduce CO_2 emissions by 20%, so 55 million tonnes. According to these estimates, the large-scale development of hydrogen could generate a turnover of 2,500 billion dollars and 30 million jobs.

2 According to a study by IFP Energies Nouvelles, at the moment 96% of hydrogen is produced from fossil fuels.

[1] A closed system in which the steam produced in the steam generator is sent towards the turbine. Once condensed, the water is brought back to the steam generator

[2] See EDF press release dated 10 April 2018 and 31 May 2018

[3] See declaration (30 November 2017) of significant safety event related to correct application of "high quality" requirements

The EDF group has therefore adjusted the Flamanville EPR schedule and construction costs accordingly. The loading of nuclear fuel is now scheduled for the 4th quarter in 2019 and the target construction costs have been revised from €10.5 billion to €10.9 billion[4].

EDF teams and their industrial partners are fully mobilized and are continuing all other assembly and testing activities at the Flamanville EPR, including the system performance tests. The "hot tests" are scheduled to commence before the end of 2018.

The impact on operations of the two Fessenheim reactors is currently being reviewed, particularly in relation to the French Energy Transition Law for green growth, which caps nuclear electricity generation capacity."

July 5, 2018 – "Clarification on safety and security at EDF nuclear power plants in France"

Today, the National Assembly committee of inquiry dedicated to nuclear safety and security at nuclear facilities presented its report.

EDF has answered all the questions posed by the National Assembly committee of inquiry in accordance with the legal framework.

Several members of company senior leadership team spoke at National Assembly committee hearings for several hours on two occasions (15 March 2018 and 7 June 2018), answering more than 150 questions under oath. Around sixty additional questions were addressed to EDF in writing. They were answered in detail, with 2000 pages of documents being transmitted.

At the request of the committee of inquiry, three days of visits were organised at Gravelines NPP (18 May 2018), Tricastin NPP (1 June 2018) and Flamanville 3 EPR construction site (6 June 2018). The programme of these visits was set out together with the Commission of Inquiry so that all the queries were able to be answered.

The report summary does not point out any shortfall in Nuclear Operator obligations. Based on the recommendations issued by the committee of inquiry, EDF has observed that the measures set up to ensure the safety and security at nuclear power plants in France are validated across the board.

Nuclear safety has been EDF overriding priority since the start-up of its nuclear power plants and is committed to the continuous improvement approach. In addition, the Nuclear Safety Authority (ASN) considered that the level of nuclear safety at French Nuclear power plants was "generally satisfactory" in 2017.

The Group wishes to provide further clarification:

- All the employees working at nuclear power plants are covered by the same work conditions and benefit from identical protection against the risks, similar training and the same medical supervision whatever their status.

- Since 1 February 2013, EDF has included social specifications in its invitations to tender. In addition to the technical requirements, the contractor companies shall be committed to deploying a set of measures covering subcontracting areas such as: worker professionalism, radiation protection, occupational risk prevention, medical supervision and limitation of subcontracting to three levels. This limitation of subcontracting levels has been governed by Decree since 28 June 2016.

On the subject of nuclear waste management, EDF points out that:

- Within the framework of the National Plan for Radioactive Materials and Waste Management (PNGMDR) for 2016-2018, the Nuclear Safety Authority and the Directorate General for Energy and Climate (DGEC) asked EDF to propose a solution to procure new spent fuel storage capacity for the timeframe of 2025-2035.

[4] In Euros of 2015, excluding interim interests

Pool storage was deemed preferable, by EDF together with the ASN, and a safety option file was submitted at its request. The public debate to be held in the second half of 2018 to define the PNGMDR for 2019-2021 should rule on the solution to be adopted.

- The Group bears full financial responsibility for dismantling of its nuclear power plants.

For the record, French regulations (the Law of 28 June 2006 governing sustainable radioactive materials and waste management and its texts of application) set up a mechanism that is restrictive for Nuclear Operators and secure:

- The Law stipulates allocation of financial assets dedicated to funding of the dismantling of nuclear facilities and long-term radioactive waste management.

- They are identified and isolated from management of other company assets and financial investments so as to ensure availability in a timely manner.

- Strict checking and monitoring are performed on these assets and funds by the Board of Directors and the State on a regular basis.

As at 31 December 2017, the funds for long-term nuclear power obligations, mainly for dismantling of nuclear power plant, last cores and long-term radioactive waste management (including the Cigéo storage project), amounted to 25.9 billion Euros for a value of dedicated assets of 28.1 billion Euros, resulting in a rate of coverage of 108.5%[1] (EDF Group consolidated accounts as at 31/12/2017).

An audit commissioned by the Ministry for the Environment, Energy and the Sea was conducted on the provisions for dismantling of NPPs in operation. The Ministry concluded that the audit, with results published on 15 January 2016[2], overall confirmed the estimation by EDF of the costs of dismantling its nuclear fleet.

In addition, EDF factored in the recommendations issued within the framework of this audit, as from the Group financial statements as at 31 December 2016.

The EDF Group accounts are audited and certified by the external auditors[3]. They are inspected by the Auditor General on a regular basis.

During initial reading of the report, EDF picked up a certain number of factual errors. The Group shall study this report in detail and provide further clarification by the end of the month. Nuclear safety is EDF Group overriding priority.

6.2 Nuclear activities out of France

June 29, 2018 – "Taishan 1, world's first EPR connected to the grid

On the 29th of June at 17:59 local time, Taishan 1 reactor located in China became the first EPR* reactor in the world to be successfully connected to the grid.

Taishan is the largest cooperative energy project between China and France. It is operated by TNPJVC, a joint venture established between CGN (51%), EDF (30%) and the provincial Chinese electricity company Yuedian (19%). The construction of Taishan 1 began in 2009, whilst that of Taishan 2 began in 2010. These two units were respectively the third and fourth EPR reactors to have started being built worldwide.

On the 10th of April, following the completion of preparatory work and testing phases, China's Ministry of Ecology and Environment granted Taishan 1 permission to load the reactor with fuel. Fuelling operations

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1 Market value

2 Conclusions of the audit published in January 2016 on the Ministry for the Environment, Energy and the Sea website: http://www.developpement-durable.gouv.fr/Synthese-du-rapport-d-audit-sur.html

3 The EDF consolidated financial statement for the financial year ending on 31 December 2017 and the external auditor report are inserted in Chapter 6 of the EDF reference document. The financial statements can be consulted on the edf.fr website: https://www.edf.fr/sites/default/files/contrib/groupe-edf/espaces-dedies/espace-finance-fr/informations-financieres/informations-reglementees/resultats-annuels/2017/pdf/resultats-annuels-2017-comptes-consolides-20180216.pdf

commenced on the very same day. The first chain reaction in reactor no. 1 took place on the 6th of June and on the 29th of June, main-generator and grid-connection tests were successfully completed.

Following the unit's first connection to the grid, the reactor will undergo a period of gradual power-up tests. Once the reactor has passed all these tests, it will then be tested in steady-state conditions at full power. Since the start of construction, the Taishan project has aligned itself with the highest safety and quality standards, which have been monitored throughout its duration.

A number of factors contributed to Taishan 1 being the world's first EPR to go on line: it has benefited from a longstanding strategic partnership between EDF and CGN, from both partners' experience in the construction and operation of nuclear power plants, and from the support of leading players in both countries' nuclear sectors. During the initial stage of the project, Taishan also benefited from the experience of the two European EPR projects (Flamanville and Olkiluoto), which had started being built earlier on.

The EPR design adopted by Taishan nuclear power plant features third-generation nuclear technology, jointly developed by EDF and Framatome. This technology incorporates operating experience and technological improvements spanning the past 40 years of Pressurised Water Reactor operation around the world.

As the world's leading EPR project, Taishan epitomises the strength of the nuclear partnership between France and China, whilst at the same time providing reactors of similar design around the world with valuable experience in the areas of project management and technological expertise.

*European Pressurised Reactor"

June 26, 2018 – "EDF and GE sign a strategic cooperation agreement for the planned construction of 6 EPRs in India

On the 26th of June 2018, Xavier Ursat, Group senior executive vice president of EDF in charge of new nuclear projects and engineering, and Andreas Lusch, President and CEO of GE's Steam Power business, announced that GE and EDF signed a strategic cooperation agreement for the planned construction of 6 EPR reactors at the Jaitapur site, Maharashtra, India.

This agreement lays the foundations for a long term partnership concerning the construction of the conventional island* on each of the 6 reactor units. GE Power will design the conventional island for the Jaitapur nuclear plant and supply its main components. The company will also provide operational support services and a training programme to respond to the requirements of NPCIL, the Indian owner and operator of the future nuclear power plant currently under discussion. EDF will be responsible for engineering integration covering the entire project (nuclear island, conventional island and auxiliary systems) and will provide all the requisite input data.

EDF and GE Power will move forward with the work currently being performed to freeze the project's technical options, fine-tune industrial arrangements between both companies and finalize the design-engineering and procurement schedule.

The signing of this strategic cooperation agreement is an important step in implementing the Industrial Way Forward Agreement which was signed with NPCIL on the 10th of March 2018. Under the terms of this agreement, EDF will supply EPR technology and will be responsible for building and coordinating industrial partners for this project.

GE Power is a long-standing partner of the EDF Group. The company is the main supplier of conventional-island components for many French power plants like Flamanville-3 as well as Hinkley Point C in the UK. GE Power has decades of experience and a manufacturing footprint in both France and India.

Statement by Xavier Ursat: "*This strategic agreement marks the beginning of a new phase in the implementation of the world's biggest nuclear project at Jaitapur. We are proud to be supported by an experienced partner whose expertise is widely recognised across the globe. This long term agreement with GE, underpinned by a synergy of combined skills and the convergence of our long-term strategies in India, is yet another promising brick supporting the future of this project which is essential for the future of India's energy mix and for EDF*".

Statement by Andreas Lusch: "*We are delighted to build on our long-standing partnership with EDF by signing this agreement related to Jaitapur. This represents 60 years of nuclear partnership between our two* *companies and demonstrates deep expertise in nuclear project development. GE Power also has a long history of helping India produce power and we're pleased that our ARABELLE™ steam turbines*** will be part of the solution to ensure reliable, CO2-free power for their growing economy."

*The conventional island comprises all components and systems that are used for converting steam generated by the nuclear reactor into electrical power (all Turbine Hall systems and components including steam turbine, power generator, condenser, moisture separator-reheater system, auxiliary systems and power evacuation systems).

** The ARABELLETM steam turbines -- either in operation or being manufactured -- represent about 50 GW of power globally. This technology has been in operation for more than 15 years and is the largest steam turbine in operation today."

May 2, 2018 – "EDF Energy: Hunterston B Update

EDF Energy has been in discussion with the Office for Nuclear Regulation (ONR) to agree the return to service of Reactor 3 at Hunterston B following the completion of a recent inspection programme. The inspections confirmed the expected presence of new keyway root cracks in the reactor core and also identified these happening at a slightly higher rate than modelled.

EDF Energy has today decided that, while Hunterston B Reactor 3 could return to operation from the current outage, it will remain offline while the company works with the regulator to ensure that the longer term safety case reflects the findings of the recent inspections and includes the results obtained from other analysis and modelling. The operation of other reactors is not affected.

We have been working over many years to fully understand and prepare for these late life changes to the reactor core and regular inspections at all our plants have provided a clear understanding of how the reactor cores age. The longer term safety case will build on work already completed and EDF Energy expects that this will demonstrate that there are large safety margins both now and for the projected reactor lifetime.

Over £100m has been spent on the graphite research programme which benefits from the expertise of our own team of specialists as well as academics at several leading U.K. universities.

During this time EDF Energy may take the opportunity to carry out additional planned routine maintenance.

We expect the unit to return to service before the end of 2018. This will result in a reduction in 2018 nuclear output forecast of up to 3TWh."

7. Sustainable development and Group renewables

June 22, 2018 – "The EDF Group has inaugurated two ground breaking energy transition projects in the United Kingdom: the off-shore wind farm in Blyth and the battery storage facility in West Burton

On Friday 22 June 2018, Jean-Bernard Lévy, the EDF Group Chairman and Chief Executive Officer, Bruno Bensasson, the Group Executive Vice-President in charge of Renewable Energies and Simone Rossi, EDF Energy Chief Executive Officer officially opened two ground breaking projects in the United Kingdom: the Blyth off-shore wind farm and the West Burton B battery storage facility.

Blyth off-shore wind farm

Located off the Northumberland coast, the Blyth off-shore wind farm is composed of five turbines with total generation capacity of 41.5 MW. Several innovations have been built in to contribute to enhanced competitiveness of off-shore wind power.

Blyth is the first off-shore wind farm to use float and submerge technology. The wind turbines are supported with gravity-based foundations transported by floating, which reduces the installation costs. The 8.3 MW turbines are amongst the most powerful of their type to be used offshore. A dedicated operations and maintenance team with 9 members has been set up at the Port of Blyth.

The EDF Group, in the form of EDF Renewables in the UK, already operates the 62 MW Teesside off-shore wind farm located around 80 km to the south of the new Blyth facility. In May, the Group acquired the 450 MW

Neart Na Gaoithe off-shore wind project off the east coast of Scotland and has been granted all the administrative permits.

West Burton B battery storage facility

The 49 MW battery storage facility located at West Burton B power station is the largest project in the new frequency control system which will be deployed across the UK to improve stability of the national grid.

Against the backdrop of extensive development of renewable energy generation and the closure of ageing power plants, battery storage technology supports stability of the grid and can be used for rapid response to fluctuations in grid frequency.

Jean-Bernard Lévy, the EDF Group Chairman and CEO stated: These two innovative projects demonstrate our expertise in renewable energies and electricity storage. They contribute greatly to decarbonisation of the energy mix in the UK, our second largest market after France. They are both consistent with our CAP 2030 strategy, which aims to double EDF Group renewable energy generation by the year 2030 and our Electricity Storage Plan with the installation of 10 GW of new storage facilities supporting the electricity systems by the year 2035.

Simone Rossi, EDF Energy Chief Executive Officer stated: *These projects show how EDF is investing in new technologies to promote the development of renewable energies in the UK. At Blyth, we have used innovation to drive down the cost of off-shore wind power and at West Burton B we are setting up infrastructures, which will guarantee viability of a system increasingly focused on low carbon energy. Both projects demonstrate our commitment to providing UK consumers with reliable, affordable, low carbon energy from a range of technologies mainly based on renewable energies, batteries and nuclear power*.

Bruno Bensasson, Group Executive Vice-President in charge of Renewable Energies added: *I am delighted to inaugurate these innovative projects. They demonstrate that EDF Group plays a significant role in the shaping of renewable energies and is able to offer reliable solutions for global expansion. The fast-track construction at Blyth highlights robustness of EDF Group expertise in off-shore wind power that we intend to further develop on the UK market, as well as in France and beyond*.

June 20, 2018 – "Confirmation of the three offshore wind farms in Fécamp, Courseulles-sur-Mer and Saint-Nazaire

EDF welcomes the confirmation by the French President, Mr Emmanuel Macron, of the three offshore wind farms in Fécamp, Courseulles-sur-Mer and Saint-Nazaire that its subsidiary EDF Energies Nouvelles is developing with its partners Enbridge Inc. and WPD.

"At the end of this period of negotiations with the State, we are delighted that our three projects have been confirmed under conditions that will enable the creation of a national offshore wind turbine industry with nearly 7,000 direct and indirect jobs. Our teams and those of our partners are fully committed to carrying out these key projects for the energy transition in France: they will cover the equivalent of the electricity consumption of more than 2,000,000 people. These projects are fully in line with our CAP 2030 strategy, which plans to double the Group's renewable capacity between 2015 and 2030 to 50 GW" said Jean-Bernard Lévy, Chairman and Chief Executive Officer of EDF.

"We are pleased with this decision. After several years of consultation with the territory and preparatory work, we are awaiting the last court decisions concerning the authorizations of these projects to launch their construction with a view to their first commissioning as early as 2022. We are thus ready to be a key player in the industrial endeavour of renewable marine energies in France," added Bruno Bensasson, EDF Group Executive Director in charge of the Renewable Energy Sector and Chairman and CEO of EDF Energies Nouvelles.

The consortium and its industrial partner GE Renewable Energy were the winners of the three offshore wind farms projects in Fécamp, Courseulles-sur-Mer and Saint-Nazaire in 2012 during the first call for tenders.

These projects are the result of extensive consultation conducted for over 10 years with local authorities by EDF Energies Nouvelles and its partners - government departments, industrial companies, associations and members of the social and economic local community. The final investment decision that will allow work to begin will be taken once the authorizations obtained for these wind farms have been cleared of all appeals. The consortium expects these decisions in the coming months."

May 10, 2018 – "EDF finalises the acquisition of 750 MW of active generation capacity (gas and peak demand) to support the development of its renewable energy business in Chile

On the 10th of May 2018, the EDF Group – in a joint venture with the Chilean electricity company AME – finalised the agreement it signed with AES Gener for the acquisition of 750MW of flexible generation capacity (gas and peak demand). These assets will enable the EDF Group to further develop renewable energy projects in Chile by compensating for fluctuations in wind and solar output.

The transaction involves the Nueva Renca natural-gas combined-cycle power plant (379 MW) and three peak-demand combustion turbines: Los Vientos (132 MW), Santa Lidia (139 MW) and Renca (100 MW). These assets are jointly held with AME and 75% of the transaction has been financed through a variety of bank loans. EDF and AME are planning to upgrade these assets in order to maximise their efficiency and environmental performance.

Through this joint acquisition, EDF and AME are strengthening their collaborative relationship and their position on the Chilean electricity market. Both companies are already partners in the Santiago Solar power plant (115MWp) and in a gas-to-power project comprising a combined-cycle plant (Central el Campesino) and a LNG storage/regasification infrastructure (GNL Penco).

The development of renewables combined with peak-demand capacity is one of Chile's key energy-transition strategies. The country is seeking to increase the proportion of renewables in its energy mix to 60% by 2035 while also phasing out coal-fired plants by 2050.

Marianne Laigneau, Group Executive Vice-President in charge of the International Division: "With this acquisition, the EDF Group is consolidating its position in Chile and is acquiring flexible assets in order to deliver on the expansion of its solar business, which it has already embarked upon with its partner AME. Chile is one of the key countries where EDF is expanding its business in line with its CAP2030 strategy which seeks to triple our business outside of Europe by 2030. We are extremely proud to be supporting the country with the successful delivery of its energy transition"."

May 3, 2018 – "The EDF Group acquires a 450 MW offshore wind project in Scotland from Mainstream Renewable Power

The EDF Group, via EDF Renewables in the United Kingdom, a joint subsidiary of EDF Energy and EDF Energies Nouvelles, has bought the Neart na Gaoithe[1] wind farm project from global wind and solar developer Mainstream Renewable Power, following a competitive bidding process.

The wind farm will generate up to 450 megawatts (MW) of renewable energy, which is equivalent to the annual electricity provision of around 375,000 homes[2]. It is a fully consented offshore wind project which is located in the Firth of Forth off the east coast of Scotland. It covers 105km2, and has a 15 year Contract for Difference at 140 Euros (corresponding to the indexation of the tariff of £114.39 that was set in 2012 prices), and grid connection agreements in place. This project also benefits from a wind regime among the best in the world.

The total investment required to deliver the project is around £1.8 billion. The commissioning of the wind farm is planned for 2023. In line with the group's usual practice, the project will be open to other investors in due course.

Bruno Bensasson, EDF Group Senior Executive President responsible for Renewable Energies and Chief Executive Officer of EDF Energies Nouvelles' Group said, "This large-scale new offshore project demonstrates our strong ambition in being a leading global player in the offshore wind industry. It confirms EDF Group's wider commitment to renewables in countries where EDF already has a strong footprint such as the United Kingdom. The project is consistent with the CAP 2030 strategy that aims at doubling EDF's renewable energy generation by 2030".

Simone Rossi, CEO of EDF Energy said, "This is evidence of our continuing investment and growth in Scotland, where we are the largest generator of low carbon energy. Our operations contribute £389m to the Scottish

[1] Neart na Gaoithe is Gaelic for "Strength of the Wind".

[2] Based upon the average domestic electricity consumption per home of 3,889 kWh per the Energy Consumption in the UK (published July 2017) and Renewable-UK offshore wind average load factor at 37.2%.

economy every year and we employ more than 2,800 staff and contractors. We supply 144,000 customers in Scotland."

Mainstream Renewable Power's Chief Executive Officer, Andy Kinsella said, "We are very pleased to be bringing in such an established partner and supporter of the Scottish energy industry in EDF Renewables to this vital infrastructure project for Scotland. The completion of this sale adds to Mainstream's global track record as the leading independent developer of some of the most significant and complex wind and solar projects across Europe, South America, Africa and Asia. The Neart na Gaoithe offshore wind farm has been fully developed by Mainstream and we are delighted to be handing over this world-class project."

May 1, 2018 – "The EDF Group commissions its first renewable energy facility in the United Arab Emirates

On Monday 30th April 2018, His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE and Ruler of Dubai, accompanied by His Excellency Saeed Mohammed Al Tayer, MD & CEO of Dubai Electricity and Water Authority (DEWA), His Excellency Dr Sultan Al Jaber, Minister of State in the UAE Cabinet, CEO of the Abu Dhabi National Oil Company (ADNOC Group) and Chairman of MASDAR, Mohamed Jameel Al Ramahi, CEO of Abu Dhabi Future Energy Company (MASDAR), and by Jean-Bernard Lévy, the EDF Group's Chairman & Chief Executive Officer, in the presence of His Excellency Ludovic Pouille, French Ambassador to the UAE, and Bruno Bensasson, Group Executive Vice-President in charge of Renewables, inaugurated 200 MW of solar capacity in the Emirate of Dubai.

This plant is the first unit of the 800-MW Dewa III facility in which EDF acquired a stake along with Masdar and the Dubai Electricity & Water Authority (DEWA). DEWA III is the third phase of one of the world's most powerful solar projects – the Mohammed bin Rashid Al Maktoum solar park. Amounting to a total investment of 14 billion US dollars (50 billion AED), the solar park will have a total installed capacity of 5000 MW, creating more than 1000 jobs during its development phase and cutting down on CO2 emissions by up to 6.5 million tons a year once it is fully operational in 2030.

The DEWA III project had been awarded at a highly competitive price of 2.99 US cents per kilowatt-hour for the generation of solar power. The currently installed 200 MW of generating capacity will be followed by the consecutive commissioning of two 300-MW units in 2019 and 2020. The facility will thus be used to power Dubai's World Expo in 2020, according to the Dubai Clean Energy Strategy 2050, to increase the share of clean energy in Dubai, with a total power output to 75% by 2050.

Statement from Jean-Bernard Lévy, EDF's Chairman & Chief Executive Officer: "It is a great honour for the EDF Group to contribute to the Emirate of Dubai's energy transition. I am delighted with the trusting relationship we have forged with our partners Masdar and DEWA to develop carbon-free energy in the region and beyond. Dewa III exemplifies the EDF Group's ability to execute large-scale solar projects, whilst contributing to the ambitions of the Group's CAP 2030 strategy: doubling its renewable capacities and tripling its international business outside of Europe by 2030".

Statement from Bruno Bensasson, Group Executive Vice-President in charge of Renewables: "We are proud to inaugurate the first unit of our large-scale DEWA III solar project with a total installed capacity of 800 MW in this strategic region for the EDF Group. This new project, which is being delivered in accordance with a challenging schedule, illustrates our workforce's know-how when it comes to developing large solar plants"."

8. Litigation

The following paragraph describe legal proceedings in which the EDF Group is involved and should be read in conjunction with the information set out in documents incorporated by reference herein, in particular Section 2.4 ("*Legal proceedings and arbitration*") of the 2017 Document de Référence and Section 9 ("*Significant events related to litigation in process*") of the 2018 Half-Year Management Report.

Proceedings concerning EDF

Decision of the CJEU on the request for a preliminary ruling from the Conseil d'Etat in the Messer France case

Pursuant to a decision dated February 22, 2017, the *Conseil d'Etat* decided to stay the proceedings in the Messer France case until the decision of the Court of Justice of the European Union (the "**CJEU**") on the request for a preliminary ruling (*renvoi préjudiciel*) submitted by the *Conseil d'Etat* regarding the compatibility of the Contribution to the Public Electricity Service (*Contribution au service public de l'électricité* – CSPE) with the directives establishing general arrangements for excise duties (92/12/EEC of February 25, 1992 and 2008/118/EC of December 16, 2008) and the common framework for the taxation of energy products and electricity (2003/96/EC of October 27, 2003). On July 25, 2018, the CJEU ruled that a tax such as the CSPE may be classified as 'another indirect tax' as regards its environmental objective, which is intended to finance additional costs resulting from the obligation to purchase green energy, but not as regards its objectives of territorial and social cohesion, such as the geographical price-balancing mechanism and the reduction in the price of electricity for low-income households, or as regards its purely administrative objectives, including the financing of costs inherent in the administrative operations of public authorities or institutions such as the *Médiateur national de l'énergie* and the *Caisse des dépôts et consignations*, subject to verification by the *Conseil d'Etat* of compliance with the tax rules applicable for excise duty purposes. The CJEU further noted that EU law must be interpreted as meaning that the taxable persons concerned are entitled to partial reimbursement of a tax such as the CSPE in the proportion in which revenue raised from that tax was allocated to non-specific objectives, provided that that tax was not directly passed on by the taxable persons to their own customers, which is a matter to be determined by the *Conseil d'Etat*. Following the CJEU's decision, the proceedings before the *Conseil d'Etat* regarding the Messer France case should resume in the coming months and a decision of the *Conseil d'Etat* is expected by the end of 2018.

Action against the European Commission's decision to authorize the Hinkley Point C contract for difference

On July 6, 2015, Austria, supported by Luxembourg, brought an action before the European Union General Court against the European Commission's decision dated 8 October 2014 authorizing the contract for difference negotiated between the United Kingdom, EDF and China Nuclear Power ("**CGN**") in respect of Hinkley Point C – in which EDF and CNG owns respectively a 66.5% stake and a 33.5% stake – pursuant to which the United Kingdom notably planned to implement an aid in favor of unit C of the nuclear power station at Hinkley Point for the purpose of creating new capacity for the generation of nuclear energy.

As this application has no suspensive effect, EDF, the UK government and CGN signed all of the Hinkley Point C related agreements, including the contract for difference, on September 29, 2016.

Pursuant to a decision dated July 12, 2018, the General Court of the European Union dismissed this action.

An appeal, limited to points of law only, may be brought before the Court of Justice against this decision within two months of notification of the decision.

Action against the final investment decision for the project Hinkley Point C

Decision of the Cour d'appel of Paris regarding the application filed by EDF SA's Central Works Council

Authorized in an order issued on June 20, 2016, EDF SA's central works council (the "**CCE**") filed an urgent application against EDF with the Presiding Judge of the *Tribunal de grande instance* of Paris, where the CCE asked the Presiding Judge, ruling in urgent proceedings, to order EDF to provide a certain number of documents and/or information to the CCE, to extend the consultation period for EDF's CCE and to order EDF not to implement the Hinkley Point C project. The Presiding Judge of the *Tribunal de grande instance* of Paris dismissed the CCE's applications by a decision dated October 27, 2016.

Pursuant to a decision dated September 7, 2018, the *Cour d'appel* of Paris (i) ordered EDF to provide some document(s) to the CCE and to convene an "extraordinary meeting" of the CCE regarding the Hinkley Point C project for consultation purposes, and (ii) denied all the other requests of the CCE, including the CCE's request to suspend the implementation the Hinkley Point C project. EDF intends to lodge an appeal of this decision before the *Cour de cassation*. Such appeal would not impact the enforceability of this decision.

9. Other significant events

September 19, 2018 – "EDF raises $3.75 billion through a multi-tranche U.S. Dollar senior bond issuance

- $3.75 billion senior bond issue in 3 tranches with maturity ranging from 10 to 30 years

- Return of EDF to the USD 144A/RegS bond market

On September 19, 2018, EDF (A- S&P / A3 Moody's / A- Fitch) successfully raised U.S.$3.75 billion through 3 senior bonds:

- $1.8 billion bond, with a 10-year maturity and a 4.500% fixed coupon;
- $650 million bond, with a 20-year maturity and a 4.875% fixed coupon;
- $1.3 billion bond, with a 30-year maturity and a 5.000% fixed coupon.

These transactions enable the Group to further strengthen the structure of its balance sheet, as well as refinance upcoming maturities."

June 15, 2018 – "Results of the option for the payment of the balance of the dividend to be paid out on the 2017 financial year

The option for the payment of the balance of the dividend in shares was chosen by EDF's shareholders: 93.39% of the rights were exercised in favor of a payment in shares following the option period which took place between 25 May 2018 and 11 June 2018 included.

In accordance with article L.232-18 of the French commercial Code and with article 25 of the Articles of Association, EDF's General Shareholders' Meeting of 15 May 2018 decided to pay a dividend in respect of the 2017 financial year for an amount of 0.46 euro per share conferring entitlement to the ordinary dividend, with an option for the payment in shares of the Company of the outstanding balance of the dividend still to be paid, amounting to 0.31 euro per share conferring entitlement to the ordinary dividend.

The issue price of the new shares is 10.23 euro per share, equal to 90% of the average of the opening prices of the EDF shares listed on the Euronext Paris regulated market over the twenty trading days prior to 15 May 2018, date of the Combined Shareholders' Meeting, less the amount of the balance of the dividend, rounded up to the next highest euro cent.

This transaction will result in the issuance of 82,828,872 new shares (representing approximately 2.75% of the share capital, taking into account the issuance), to be delivered and admitted for trading on Euronext Paris starting on 19 June 2018. The new shares will be issued with immediate dividend rights and will confer the same rights ("jouissance courante") and restrictions as existing common shares, as described in the Company's Articles of Association and the 2017 reference document Report available on the Company's website. The balance in cash to be paid to the shareholders who opted for the payment in shares amounts to around 0.884 million euros.

The total remaining cash dividend to be paid to shareholders who did not elect to receive the 2017 balance of the dividend in shares amounts to around 60.331 million euro and the payment in cash will take place as of 19 June 2018.

Xavier Girre, Group Senior Executive Vice President, Group Finance stated: "*With this option, widely subscribed by our shareholders, the equity reinforcement plan announced in April 2016 is now completed. It will have reached € 9.06 billion, divided between the option for the payment of the dividend in shares for fiscal years 2015 to 2017 (amounting to €5.04bn) and the rights issue carried out in March 2017 (€4.02bn).*"

May 15, 2018 – "Mobilised in the fight against global warming EDF is committed to:

- **Reduce its direct CO_2 emissions by 40% by 2030**
- **Pursue the goal of achieving carbon neutrality by 2050**

The EDF group has made a commitment to reduce its direct CO2 emissions significantly, with a target of 30 million tonnes in 20301[1] compared with 51 million tonnes in 2017. This target, which represents a 40% reduction in direct emissions compared with current levels, will leave the Group's emissions at approximately 40g/kWh. In particular, this will be achieved by closing down or adapting power stations run on coal and fuel oil, whilst speeding

[1] Direct CO_2 emissions excluding an analysis of the life cycle of production means and fuels.

up the development of renewable production methods in addition to nuclear and hydraulic production. EDF is also confirming its goal of achieving carbon neutrality by 2050.

The commitment made by EDF – the world’s second biggest electricity producer – is ambitious in a context where the Group has already cut its emissions by 35% since 2013. Besides, the Group is already a major player when it comes to contributing to the carbon performance in France and it is helping to reduce the European electricity sector’s carbon footprint significantly.

As a company dedicated to the energy transition in France and around the world, this goal to reduce CO2 emissions is the first of EDF Group’s six corporate responsibility targets. It is in line with society’s high expectations when it comes to combating climate change, as well as those of the Group’s different stakeholders, including clients, investors and shareholders.

Jean-Bernard Lévy, EDF’s CEO and Chairman, announced: “In order to respect the Paris agreement and its goal to keep the global temperature rise below 2°C, both businesses and government need to take action. This is what is behind the commitment we are making today. The Group’s significant reduction in direct CO2 emissions by 2030 consolidates EDF’s leading position when it comes to low-carbon growth. This ambitious commitment will be fulfilled by implementing our Cap 2030 strategy. The recent announcements about the launch of EDF’s Solar Plan and Electricity Storage Plan demonstrate the efforts the Group intends to make to turn this vision of a low-carbon economy into a reality.”

TAXATION

The following is a summary of the French withholding tax consequences with respect to the Notes. This summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to any investor. This summary does not address specific issues which may be relevant for Noteholders who concurrently hold shares of the Issuer. This summary is based on the laws and regulations in force in France as of the date of this Prospectus, all of which are subject to changes or to different interpretations (possibly with retrospective effect). This summary is included herein solely for information purposes. It is not intended to be, nor should it be construed to be, legal or tax advice.

The Issuer intends to treat the Notes as debt instruments for French tax purposes and this summary relies on such treatment.

Prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including French tax law, to which they may be subject.

Withholding taxes on payments made outside France

Payments of interest and other assimilated revenues made by the Issuer with respect to the Notes will not be subject to the withholding tax set out under Article 125 A III of the French *Code général des impôts* unless such payments are made outside France in a non-cooperative State or territory (*Etat ou territoire non coopératif*) within the meaning of Article 238-0 A of the French *Code général des impôts* (a "**Non-Cooperative State**"). If such payments under the Notes are made outside France in a Non-Cooperative State, a 75 per cent. withholding tax will be applicable regardless of the tax residence of the Noteholder (subject to certain exceptions and to the more favourable provisions of an applicable double tax treaty) by virtue of Article 125 A III of the French *Code général des impôts*. The list of Non-Cooperative States is published by a ministerial executive order and may be updated at any time and at least on a yearly basis. A draft law published by the French government on 28 March 2018 and under discussion before the French Parliament would, if adopted in its current form, (i) expand the list of Non-Cooperative States as defined under Article 238-0 A of the French *Code général des impôts* to include the states and jurisdictions on the list set out in Annex I to the conclusions adopted by the Council of the European Union on 5 December 2017, as updated, (the "**EU List**") and, as a consequence, (ii) expand this withholding tax regime to certain states and jurisdictions included in the EU List.

Furthermore, according to Article 238 A of the French *Code général des impôts*, interest and other assimilated revenues on the Notes will not be deductible from the Issuer's taxable income if they are paid or accrued to persons domiciled or established in a Non-Cooperative State or paid to an account held with a financial institution established in such a Non-Cooperative State (the "**Deductibility Exclusion**"). The abovementioned draft law published by the French government on 28 March 2018 would, if adopted in its current form, expand this regime to the states and jurisdictions included in the EU List. Under certain conditions, any such non-deductible interest and other assimilated revenues may be recharacterized as constructive dividends pursuant to Articles 109 *et seq.* of the French *Code général des impôts*, in which case such non-deductible interest and other assimilated revenues may be subject to the withholding tax set out under Article 119 bis 2 of the French *Code général des impôts*, at a rate of (i) 30 per cent. (to be aligned with the standard corporate income tax rate set forth in Article 219-I of the French *Code général des impôts* for fiscal years beginning as from 1 January 2020) for payments benefiting legal persons who are not French tax residents, (ii) 12.8 per cent. for payments benefiting individuals who are not French tax residents or in each case (x) unless payments are made in a Non-Cooperative State or in certain states or jurisdiction included in the EU List if the above mentioned draft law is adopted in its current form (in which case the withholding tax rate would be equal to 75%) and (y) subject to certain exceptions and to the more favourable provisions of an applicable double tax treaty.

Notwithstanding the foregoing, neither the 75 per cent. withholding tax set out under Article 125 A III of the French *Code général des impôts* nor, to the extent that the relevant interest and other assimilated revenues relate to genuine transactions and are not in an abnormal or exaggerated amount, the Deductibility Exclusion, nor the withholding tax set out under Article 119 *bis* 2 of the French *Code général des impôts* that may be levied as a result of the Deductibility Exclusion will apply in respect of the Notes if the Issuer can prove that the main purpose and effect of the issue of the Notes was not that of allowing the payments of interest and other assimilated revenues to be made in a Non-Cooperative State (the "**Exception**"). Pursuant to the official guidelines issued by the French tax authorities under the references BOI-INT-DG-20-50-20140211, no. 550 and no. 990, BOI-RPPM-RCM-30-10-20-40-20140211, no. 70 and no. 80 and BOI-IR-DOMIC-10-20-20-60-20150320, no. 10, the Notes will benefit from the Exception without the Issuer having to provide any proof of the purpose and effect of the issue of the Notes if the Notes are:

(a) offered by means of a public offer within the meaning of Article L. 411-1 of the French *Code monétaire et financier* or pursuant to an equivalent offer in a state which is not a Non-Cooperative State. For this purpose, an "equivalent offer" means any offer requiring the registration or submission of an offer document by or with a foreign securities market authority; or

(b) admitted to trading on a French or foreign regulated market or multilateral securities trading system provided that such market or system is not located in a Non-Cooperative State, and the operation of such market is carried out by a market operator or an investment services provider or any other similar foreign entity, provided further that such market operator, investment services provider or entity is not located in a Non-Cooperative State; or

(c) admitted, at the time of their issue, to the operations of a central depositary or of a securities delivery and payments systems operator within the meaning of Article L. 561-2 of the French *Code monétaire et financier*, or of one or more similar foreign depositaries or operators provided that such depositary or operator is not located in a Non-Cooperative State.

Consequently, the Notes will benefit from the Exception and will therefore be exempt from the withholding tax set out under Article 125 A III of the French *Code général des impôts*. In addition, they will be subject neither to the Deductibility Exclusion nor to the withholding tax set out under Article 119 bis 2 of the same Code solely on account of their being paid to an account held with a financial institution established in a Non-Cooperative State or accrued or paid to persons established or domiciled in a Non-Cooperative State.

Withholding taxes on payments made to individuals fiscally domiciled in France

Pursuant to Article 125 A I of the French *Code général des impôts* and subject to certain exceptions, interest and other assimilated revenues received by French tax residents individuals are subject to a 12.8 per cent. withholding tax, which is deductible from their personal income tax liability in respect of the year in which the payment has been made. Social contributions (CSG, CRDS and other related contributions) are also levied by way of withholding at an aggregate rate of 17.2 per cent. on interest and other assimilated revenues paid to French tax resident individuals.

REASONS FOR THE OFFER AND USE OF PROCEEDS

The net proceeds of the issue of the Notes will be used for general corporate purposes of the Issuer, including the financing of the repurchase of the several existing Parity Securities referred to below in the following acceptance priority levels:

1. EUR 1,250 million Reset Perpetual Subordinated Notes with a first redemption at the option of the Company on 29 January 2020 (ISIN: FR0011401736) of which EUR 1,250 million is currently outstanding;

2. EUR 1,000 million Reset Perpetual Subordinated Notes with a first redemption at the option of the Company on 22 January 2022 (ISIN: FR0011697010) of which EUR 1,000 million is currently outstanding;

3. GBP 1,250 million Reset Perpetual Subordinated Notes with a first redemption at the option of the Company on 29 January 2026 (ISIN: FR0011401728) of which GBP 1,250 million is currently outstanding; and

4. EUR 1,250 million Reset Perpetual Subordinated Notes with a first redemption at the option of the Company on 29 January 2025 (ISIN: FR0011401751) of which EUR 1,250 million is currently outstanding;

(with one (1) being the highest acceptance priority level and four (4) being the lowest).

SUBSCRIPTION AND SALE

Barclays Bank PLC (the "**Structuring Advisor and Active Joint Bookrunner**"), BNP Paribas, HSBC Bank plc, MUFG Securities EMEA plc and NatWest Markets Plc (the "**Active Joint Bookrunners**"), Crédit Agricole Corporate and Investment Bank, Credit Suisse Securities (Europe) Limited, Deutsche Bank AG, London Branch, Lloyds Bank Corporate Markets plc, Natixis, Société Générale and Standard Chartered Bank (the "**Passive Joint Bookrunners**," together with the Structuring Advisor and Active Joint Bookrunner and the Active Joint Bookrunners, the "**Managers**") have, pursuant to a subscription agreement dated October 2, 2018 (the "**Subscription Agreement**"), each jointly and severally agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe for the Notes at issue prices equal to 100 per cent. of the principal amount of the Euro 6 Year Non-Call Notes, less any applicable commission. In addition, the Issuer will pay certain costs incurred by it and the Managers in connection with the issue of the Notes.

United States

The Notes have not been and will not be registered under the U.S. Securities Act of 1933 as amended (the "**Securities Act**") and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act ("**Regulation S**").

Each Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Notes, as determined, and certified to the Issuer and each Manager, by the Fiscal Agent, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in the preceding sentence have the meanings given to them by Regulation S.

The Notes are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S.

In addition, until 40 days after the later of commencement of the offering and the date of closing of the offering of any identifiable Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering of such Notes) may violate the registration requirements of the Securities Act.

This Prospectus has been prepared by the Issuer for use in connection with the offer and sale of the Notes outside the United States. The Issuer and the Managers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Prospectus does not constitute an offer to any person in the United States. Distribution of this Prospectus by any non-U.S. person outside the United States to any U.S. person or to any other person within the United States, is unauthorized and any disclosure without the prior written consent of the Issuer of any of its contents to any such U.S. person or other person within the United States, is prohibited.

Prohibition of Sales to EEA Retail Investors

Each Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the EEA. For the purposes of this provision: a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Consequently no key information document required by the PRIIPs Regulation for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

United Kingdom

Each Manager has represented and agreed that:

– it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of

Section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

– it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

France

Each Manager has represented and agreed that it has not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in France and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Prospectus or any other offering material relating to the Notes and such offers, sales and distributions have been and will be made in France only to (i) persons licensed to provide the investment service of portfolio management on behalf of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*); and/or (ii) qualified investors (*investisseurs qualifiés*) acting for their own account; as such terms are defined in, and in accordance with, Articles L. 411-1, L. 411-2, D. 411-1, D. 744-1, D. 754-1 and D. 764-1 of the French *Code monétaire et financier* and applicable regulations promulgated thereunder.

General

Save as stated herein, no action has been taken in any jurisdiction that would permit an offer to the public of any of the Notes, or possession or distribution of this Prospectus or any other offering material, in any country or jurisdiction where action for that purpose is required.

Each Manager has agreed that it will, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes this Prospectus or any other offering material and neither any of the Issuer nor any other Manager shall have responsibility therefor.

GENERAL INFORMATION

1. Admission to trading

Application has been made to the AMF to approve this document as a prospectus and this Prospectus has received visa n°18-466 from the AMF on October 2, 2018. Application has been made for the Notes to be admitted to trading on Euronext Paris as of October 4, 2018.

The estimated costs for the admission to trading of the Euro 6 Year Non-Call Notes are €21,250 (including AMF fees).

2. Corporate authorizations

The Issuer has obtained all necessary corporate and other consents, approvals and authorizations in the Republic of France in connection with the issue of the Notes. The issue of the Notes has been authorized by a resolution of the Board of Directors (*Conseil d'administration*) of the Issuer dated December 14, 2017, and decisions of Mr. Jean-Bernard Lévy, Chief Executive Officer (*Président-Directeur Général*), to issue the Euro 6 Year Non-Call Notes, dated September 25, 2018.

3. Legal and arbitration proceedings

Save as disclosed in this Prospectus, neither the Issuer nor any of its fully consolidated subsidiaries is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), during a period covering at least the previous 12 months which may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuer or any of its fully consolidated subsidiaries.

4. No material adverse change and no significant change in the financial or trading position

Since December 31, 2017, and save as disclosed in this Prospectus, there has been no material adverse change in the prospects of the Issuer.

Since June 30, 2018, and save as disclosed in this Prospectus, there has been no significant change in the financial or trading position of the Issuer and its fully consolidated subsidiaries.

5. Statutory auditors

The 2016 Consolidated Financial Statements and the 2017 Consolidated Financial Statements have been audited by Deloitte & Associés and KPMG SA, independent auditors of the Issuer, as set forth, respectively, in the 2016 Statutory Auditors' Report and the 2017 Statutory Auditors' Report. The 2018 Unaudited Interim Condensed Consolidated Financial Statements have been subject to a limited review by Deloitte & Associés and KPMG SA, as set forth in the 2018 Statutory Auditors' Limited Review Report. Both Deloitte & Associés and KPMG SA, are members of the *Compagnie nationale des commissaires aux comptes*.

The 2016 Statutory Auditors' Report includes two emphasis of matters relating to (i) the impact of the change of accounting estimate at January 1, 2016 relating to the extension to 50 years of the accounting depreciation period of the 900MW PWR power plants in France and (ii) the valuation of long-term provisions relating to nuclear electricity production. The 2017 Statutory Auditors' Report does not include any qualifications. The 2018 Statutory Auditors' Limited Review Report on the 2018 Unaudited Interim Condensed Consolidated Financial Statements includes one emphasis of matter relating to notes of the 2018 Unaudited Interim Condensed Consolidated Financial Statements, which disclose the effects of the application of new standards adopted by the European Union and applicable for financial years beginning on or after January 1, 2018.

6. No conflict of interest

As far as the Issuer is aware and save for the commission payable to the Managers, no person involved in the issue of the Notes has an interest material to the issue.

At the date of this Prospectus, as far as the Issuer is aware, there are no conflicts of interest material to the issue or offer of the Notes between the duties of the members of the Board of Directors (*Conseil d'administration*) of Electricité de France and their private interests and/or their other duties.

7. Clearing

The Notes have been accepted for clearance through Euroclear France (acting as central depositary), Euroclear and Clearstream. The International Securities Identification Number ("**ISIN**") for the Euro 6 Year Non-Call Notes is FR0013367612 and the Common Code for the Euro 6 Year Non-Call Notes is 188393926.

The address of Euroclear France is 66, rue de la Victoire, 75009 Paris, France. The address of Euroclear is Euroclear Bank SA/NV, 1 boulevard du Roi Albert II, B-1210 Brussels, Belgium, and the address of Clearstream is Clearstream Banking, 42 avenue John Fitzgerald Kennedy, L-1855, Grand Duchy of Luxembourg.

8. Legal Entity Identifier

The Legal Entity Identifier (LEI) of the Issuer is 549300X3UK4GG3FNMO06.

9. Documents available

For so long as any Notes are outstanding, the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the office of the Fiscal Agent, the Paying Agents and the Issuer:

(i) the articles of association (*statuts*) of the Issuer;

(ii) the Agency Agreement;

(iii) a copy of this Prospectus and any document incorporated by reference therein; and

(iv) any reports, letters and other documents, historical financial information, valuations and statements prepared by any expert at the Issuer's request any part of which is included or referred to in this Prospectus.

In addition, for as long as any Notes remain outstanding, copies of this Prospectus and any document incorporated by reference therein will be available for viewing on the Issuer's website (www.edf.com) and may be obtained, free of charge, during normal business hours from Electricité de France, 22-30, avenue de Wagram, 75008 Paris, France.

For so long as any Notes remain outstanding, this Prospectus, the 2017 Document de Référence and the 2016 Document de Référence will be available on the website of the AMF (www.amf-france.org).

10. Yield

Being undated securities, there is no explicit yield to maturity for the Notes.

The yield in respect of the Euro 6 Year Non-Call Notes from the Issue Date to the First Euro 6 Year Reset Date is 4.000 per cent. per annum and is calculated on the basis of the issue price of the Euro 6 Year Non-Call Notes.

It is not an indication of any future yield.

11. Forward-looking statements

This Prospectus, including the document incorporated by reference therein, contains certain forward-looking statements and information relating to the Issuer that are based on beliefs of its management, as well as assumptions made by and information currently available to the Issuer on the date of this Prospectus or, if included in any document incorporated by reference herein, on the date of such document. When used in this Prospectus, words such as "anticipate," "believe," "could," "should," "seeks," "estimate," "expect," "intend," "might," "plan," "project," "outlook," "target," "objective" and similar expressions, as they relate to the Issuer and/or its management, and the Group's strategy, plans or intentions, are intended to identify forward-looking statements. Such statements reflect the current views of the Issuer with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors, a number of which are outside of our control, could cause the actual results, performance or achievements of the Group to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including, among others, risks relating to the regulation of energy markets; changes in the economic and commercial environment; risks relating to the transformation of the Group; risks relating to the overall performance of the Group; risks relating to the nuclear activities of the Group; changes in applicable laws and regulations; as well as changes with respect to the factors set forth under "*Risk Factors*" in this Prospectus. Any forward-looking statements are qualified in their entirety by reference to these factors. Should one or more of these or other risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this Prospectus as anticipated, believed, estimated, expected, intended, planned or projected, and therefore the Issuer cautions you against relying on any of these forward-looking statements. The Issuer does not intend or assume any obligation to update or revise these forward-looking statements after the date of this Prospectus in light of developments which differ from those anticipated. The Issuer does not undertake any obligation to update or revise the forward-looking statements included in this Prospectus or incorporated by reference herein, whether as a result of new information, future events or otherwise. The Issuer cautions you that the foregoing list of important factors may not contain all of the material factors that are important to you.

12. Stabilization

In connection with the issue of the Notes, Barclays Bank PLC (the "**Stabilizing Manager**") (or any person acting on behalf of the Stabilizing Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilization may not necessarily occur. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of thirty (30) calendar days after the Issue Date and sixty (60) calendar days after the date of the allotment of the Notes. Any stabilization action or over-allotment must be conducted by the relevant Stabilizing Manager (or any person acting on behalf of the Stabilizing Manager) in accordance with all applicable laws and regulations.

13. Benchmark Regulation

Amounts payable under the Notes from and including the First Euro 6 Year Reset Date (in respect of the Euro 6 Year Non-Call Notes) are calculated by reference to the six year mid swap rate for Euro swap transactions displayed on Reuters screen ICESWAP2, which are provided by ICE Benchmark Administration Limited (the "**Administrator**"). As at the date of this Prospectus, the Administrator appears on the register of administrators and benchmarks established and maintained by the ESMA pursuant to Article 36 of the Benchmark Regulation.

PERSONS RESPONSIBLE FOR THE INFORMATION CONTAINED IN THE PROSPECTUS

The Issuer hereby certifies, after having taken all reasonable care to ensure that such is the case, that the information contained in this Prospectus is, to its knowledge, in accordance with the facts and contains no omission likely to affect its import.

Électricité de France

22-30 avenue de Wagram

75008 Paris

France

Duly represented by Mr. Jean-Bernard Lévy

Chief Executive Officer

Signed in Paris, on October 2, 2018

AMF | AUTORITÉ DES MARCHÉS FINANCIERS

*In accordance with Articles L. 412-1 and L. 621-8 of the French Code monétaire et financier and with the Règlement général of the Autorité des marchés financiers (the "**AMF**"), in particular Articles 211-1 to 216-1, the AMF has granted to this Prospectus the visa No. 18-466 on October 2, 2018. This Prospectus was prepared by the Issuer and its signatories assume responsibility for it.*

In accordance with Article L.621-8-1(I) of the French Code monétaire et financier, the visa was granted following an examination by the AMF of whether the document is complete and understandable and whether the information it contains is consistent. It does not imply that the AMF has approved the opportunity of the transaction contemplated hereby, nor verified the accounting and financial data set out herein.

REGISTERED OFFICE OF THE ISSUER

Électricité de France S.A.

22-30, avenue de Wagram
75008 Paris

STRUCTURING ADVISOR AND ACTIVE JOINT BOOKRUNNER

Barclays Bank PLC

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United Kingdom

ACTIVE JOINT BOOKRUNNERS

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United Kingdom

HSBC Bank plc
8 Canada Square
London E14 5HQ
United Kingdom

MUFG Securities EMEA plc
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United Kingdom

Deutsche Bank AG, London Branch
Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

Lloyds Bank Corporate Markets plc
10 Gresham Street
London EC2V 7AE
United Kingdom

Natixis
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75013 Paris
France

Société Générale
29, boulevard Haussmann
75009 Paris
France

Standard Chartered Bank
1 Basinghall Avenue
London EC2V 5DD
United Kingdom

Fiscal Agent, Principal Paying Agent, Paris Paying Agent,
Redenomination Agent, Consolidation Agent and Calculation Agent

Société Générale

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STATUTORY AUDITORS OF THE ISSUER

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LEGAL ADVISERS

To the Issuer	*To the Managers*
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France	75379 Paris Cedex 08
	France