



## Q&A

# PAYMENT IN SHARES OF A PORTION OF THE REMAINING 2012 DIVIDEND

### **1. What is a share-based payment of dividends?**

The dividend (or interim dividend or final dividend) can be paid in several ways. It is usually paid in cash but the dividend can also be paid in shares. If a shareholder chooses this option, he or she receives a round number of shares, with an adjustment in cash if necessary.

Shareholders choose between these two formulas if they are eligible for payment of the dividend in shares.

### **2. Why does EDF offer the option of payment of a portion of the remaining dividend in shares?**

Paying the dividend in shares builds the company's capital base while conserving cash resources.

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

It also allows shareholders to build up their holdings of EDF shares under advantageous conditions as they usually receive a discount.

### **3. As the French Government is the majority shareholder in EDF, what is its choice?**

The Government, the majority shareholder in EDF, announced on 14 February 2013 that it would choose payment of dividend in shares.

### **4. What is the issue price of these new shares and how is it determined?**

New shares are issued at a price equal to 90% of the average of the quoted opening price of EDF shares on the regulated Euronext Paris market over the twenty stock market trading days prior to the Annual General Meeting less the 2012 remaining dividend to be paid rounded up to the nearest cent. The issue price of new shares announced to the Annual General Meeting on 30 May 2013 is €15.29.

If the dividend amount does not equal a whole number of shares, then shareholders who choose to receive payment in shares will receive a number of shares rounded down to the nearest whole number. The difference is then paid in cash (a balancing cash adjustment).

### **5. Are there conditions that must be met to receive payment of a portion of the remaining dividend in shares?**

As subscription for the 2012 remaining dividend rounds down to the nearest whole number, only shareholders owning 153 shares or more can choose to receive payment of the dividend in shares. The minimum number of shares depends on the shareholder's tax situation and the rules established by his or her financial intermediary.

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

The option to receive payment of the 2012 dividend in shares is not available to shareholders residing in the United States of America, Japan, Canada, Australia or in any country where this option requires registration with, or approval by, the local market regulators. Therefore, orders from these countries will not be accepted. Shareholders residing outside France should inquire as to whether local restrictions apply and comply with these restrictions.

## **6. How do shareholders find out how many shares they can subscribe for?**

If shareholders are eligible for this option (based on the number of shares they hold), they will receive a form from their financial intermediary, which will be mailed out starting 6 June 2013, on which they must indicate their preference. The form specifies how many shares they can subscribe for.

The required number of shares depends on several factors: the issue price, the shareholder's tax situation, the financial institution, etc.

## **7. Can shareholders opt for a number of shares different from the number offered?**

No, shareholders can only opt for the number of shares offered by their financial intermediary. Otherwise, the final dividend is fully paid in cash.

## **8. What happens to shareholders who have opted for the loyalty bonus?**

On 24 May 2011, the Annual General Meeting adopted an amendment to EDF's by-laws with the implementation of a loyalty bonus. The by-laws now state that, *"in the event of a dividend payment in shares, any additional shares shall rank pari passu with the shares previously held by the shareholder for the purpose of determining any loyalty bonus"*.

As such, the newly subscribed shares are eligible for the loyalty bonus.

## **9. What is the tax on this transaction?**

The standard tax rate on dividends, whether paid in shares or in cash, will be applied.

## **10. How do Social Security contributions and withholding tax work if shareholders choose to receive payment in shares?**

If you have a securities account<sup>1</sup> or if you hold pure registered shares, then Social Security contributions or withholdings (flat-rate withholding option) are collected by the financial intermediary.

For natural persons residing in France, the mandatory withholding tax on dividends is:

- 36.5%, of which 15.5% is a Social Security contribution and 21% is a capital gains tax; or
- a 15.5% Social Security contribution if your benchmark taxable income for 2011 was less than €50,000 (for single, divorced or widowed taxpayers) or less than €75,000 (for taxpayers filing joint returns). If one of these taxpayer categories applies to you, you can request an exemption from the mandatory 21% capital gains tax.

## **11. When must shareholders choose their payment option?**

As soon as they receive the form from their bank, which will be mailed out starting 6 June 2013.

To indicate their choice, shareholders simply have to return the completed and signed form, but only if opting for share-based payments.

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<sup>1</sup> The withholding tax does not apply if the shares are held in a share savings plan ("PEA").

Some financial intermediaries offer shareholders the option of making their choice online.

#### **12. Is there a deadline for making the choice?**

Yes. Your bank must be notified of your choice by 26 June 2013, either online or by mail (if replying by mail, shareholders should factor in the time needed for postal delivery).

All forms received after 26 June 2013 for any reason, whether online or by mail, will be disregarded and shareholders will automatically receive their dividend in cash.

#### **13. Is the choice that shareholders are making this time also valid for future transactions?**

No. If the option to receive payment in shares of all or part of the dividend is offered again in the future, EDF shareholders will be asked again to indicate their preference.

#### **14. What is the deadline for becoming an EDF shareholder in order to receive the 2012 remaining dividend to be paid and to make the choice to receive payment in shares?**

Usually, to receive a dividend on a share, you must own the share on the day the coupon is detached. For payment of the dividend in shares, the dividend is detached on the first day of the shareholder's option period.

With regard to the remaining 2012 dividend, the ex date is Thursday 6 June 2013 and so you must have purchased your EDF shares by the close of trading on Wednesday 5 June.

#### **15. When do shareholders become full owners of these new shares?**

The new shares will be delivered on 8 July 2013 to the financial institutions, which will then credit the shares to the accounts of the shareholders concerned. They are immediately available. These new shares have the same features and confer the same rights as the old shares and are issued with current dividend eligibility, that is, they carry a right to any distribution decided after their issue.

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

Payment of a dividend, whether in cash or in shares, to shareholders residing in France usually is not subject to a fee<sup>2</sup> by a retail bank. In particular, there are no fees on reinvesting a dividend paid in shares.

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<sup>2</sup> There is no fee payable by shareholders unless their financial institution specifies that a fee is due from the customer on cash payments in its financial terms and conditions (payment of the dividend in cash or payment of the difference in cash where share-based payment is selected, with the option of rounding down to the nearest whole number).