

Decision of the European Commission regarding the tax treatment of provisions created between 1986 and 1997 for the renewal of the structures of the “Réseau d’Alimentation Générale” (“RAG”)

On 22 July 2015 the European Commission adopted a new decision calling it a State aid incompatible with European Union rules the tax treatment of provisions created between 1986 and 1997 for the renewal of the structures of the Réseau d’Alimentation Générale (“RAG”).

This decision follows the cancellation by the Tribunal of the European Union in December 2009 by a judgment confirmed by the Court of Justice of the European Union in June 2012, the initial Commission decision of 16 December 2003 grounds that the Commission should have in its assessment, apply the criterion of prudent investor to determine if there was or not state aid.

Following this cancellation, the state had returned to EDF on December 30, 2009 a total amount of 1,224 billion euros corresponding to the amount that was paid by EDF to the French State in February 2004 (this amount was partially repaid to ERDF and RTE for their respective shares). The Commission decided in May 2013 to reopen the proceedings.

By its decision today, the Commission concludes the existence of a state aid incompatible with the common market. As a result of this decision, the state will instruct EDF repayment of the sum corresponding to the amount of the alleged aid, plus interest as set by the Commission.

EDF takes note of this decision and will proceed to reimburse the sums required. However, EDF denies the existence of unlawful State aid and file, subject to the review of the decision, an action for annulment before the Tribunal of the European Union.

EDF translated the impact on its consolidated financial statements as follows:

At June 30, 2015, symmetrically to the impacts that had been recorded in the accounts at December 31, 2009, the main tax, or € 889 million, negatively impacts the consolidated shareholders' equity, while the accrued financial interests associated impact the net income Group share and are estimated at June 30, 2015 at about 350 million euros after tax.

In the second half 2015, this decision should lead to an increase in net financial debt of the Group of around 0.9 billion euros (net of tax effect excluding impact on net debt of RTE , accounted for by the equity method).

The EDF Group, one of the leaders in the European energy market, is an integrated energy company active in all areas of the business: generation, transmission, distribution, energy supply and trading. The Group is the leading electricity producer in Europe. In France, it has mainly nuclear and hydraulic production facilities where 95.9% of the electricity output is CO2-free. EDF's transmission and distribution subsidiaries in France operate 1,285,000 km of low and medium voltage overhead and underground electricity lines and around 100,000 km of high and very high voltage networks. The Group is involved in supplying energy and services to approximately 28.5 million customers in France. The Group generated consolidated sales of € 75.6 billion in 2013, of which 46.8% was achieved outside of France. EDF is listed on the Paris Stock Exchange and is a member of the CAC 40 index.

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