



Press release

Centrica to invest in EDF nuclear business in the UK

EDF to acquire controlling stake in SPE from Centrica

EDF Group ("EDF") and Centrica plc ("Centrica") announced today that they have reached a definitive agreement whereby Centrica will invest in EDF's nuclear business in the UK encompassing the current British Energy nuclear power station fleet and the development and construction of the next generation of nuclear power stations which will be central to securing the future electricity requirements of the UK.

Centrica will acquire a 20 per cent. interest in British Energy, the operator of eight existing nuclear power stations of which EDF acquired control in January 2009. EDF and Centrica will also form an 80/20 joint venture to pursue a planned programme to build four new nuclear power stations in the UK. Finally, the EDF group will acquire Centrica's 51 per cent. stake in Belgian generation and supply business SPE.

The key terms of the transaction are:

- Centrica will invest £2.3 billion (€2.5 billion) for a 20 per cent. stake in Lake Acquisitions, the vehicle through which EDF acquired British Energy. This investment represents a 6 per cent. discount as compared to the price of EDF's offer for British Energy, consistent with Centrica's position as a 20 per cent. partner
- Centrica will also assume 20 per cent. of the liability for contingent guarantees given by EDF in respect of the Contingent Value Rights (CVRs) issued by Lake Acquisitions as part of its acquisition consideration for British Energy
- EDF will operate British Energy, with Centrica having board representation and other appropriate governance rights
- EDF and Centrica will offtake the available power from the British Energy fleet on an 80/20 basis
- EDF will provide Centrica with an additional 18TWh of power at market prices over five years from 2011
- EDF and Centrica will form a separate 80/20 joint venture through which they will undertake the pre-development activities for a planned nuclear new build programme
- EDF and Centrica intend the new nuclear joint venture to construct, operate and decommission four European Pressurised Reactors (EPRs)
- EDF will acquire Centrica's 51 per cent. stake in SPE for €1.3 billion (£1.2 billion)
- Centrica's investment in British Energy and the acquisition of SPE by the EDF group are inter-conditional and will be subject to relevant regulatory approvals in the UK and in Europe, and to approval by Centrica's shareholders (for which an extraordinary general meeting is planned for June)
- With an effective asset swap of 20 per cent. of British Energy for 51 per cent. of SPE, the net cash consideration to be paid by Centrica to EDF for the transactions will be approximately £1.1 billion (€1.2 billion)
- Completion is expected to take place towards the end of third quarter of 2009

Pierre Gadonneix, Chairman and Chief Executive of EDF, said:

"This transaction, part of the group's strategy of developing its positions in Europe, will enable leading British generator, Centrica, alongside EDF, to take part in the re-launch of nuclear energy in the United Kingdom through an industrial partnership in a form already pioneered by EDF in China and the US. This transaction will also help balance both the generation and supply businesses of EDF Energy. The asset swap in this deal will also see the EDF group reinforce its Benelux presence by becoming the second-largest generator in Belgium."

Roger Carr, Chairman of Centrica, said:

"We are delighted to have successfully concluded an agreement with EDF as a world leader in nuclear power. The deal represents good value for Centrica shareholders, improves the strategic balance of our business and further underpins our green energy credentials. The attractive price secured for the sale of SPE will help preserve our balance sheet firepower as we focus the group on growth opportunities in the UK and North America."

APPENDIX: additional information

EDF Group today announced a definitive subscription and investment agreement under which Centrica plc ("Centrica"), through its subsidiary GB Gas Holdings Ltd, will acquire a 20 per cent. interest in Lake Acquisitions Limited ("Lake Acquisitions"), a wholly-owned subsidiary of EDF and the owner of British Energy, for €2.5 billion (£2.3 billion). British Energy is the UK's largest electricity generator, employing over 6,000 people. EDF acquired control of British Energy on 5 January 2009.

Contemporaneously with this transaction, EDF Group today announced a definitive sale and purchase agreement under which it will acquire Centrica's 51 per cent. stake in SPE, for €1.3 billion. SPE is the second-largest energy producer and supplier in Belgium and has an installed capacity of 1.9 GW and a portfolio of 1.6 million clients in gas and electricity.

British Energy Transaction

Under the terms of the subscription and investment agreement, Centrica will subscribe for 20 per cent. of the issued share capital of Lake Acquisitions. Centrica will also assume 20 per cent. of the liability for contingent guarantees given by EDF in respect of the Contingent Value Rights (CVRs) issued by Lake Acquisitions as part of its acquisition consideration for British Energy.

Through its 80 per cent. interest in Lake Acquisitions, and pursuant to the terms of a shareholders' agreement with Centrica and Lake Acquisitions, EDF will retain control of British Energy and will continue to be responsible for running all of British Energy's power stations.

Centrica will have the right to appoint up to two directors to the board of Lake Acquisitions while EDF will have the right to appoint four times as many directors. Centrica is also entitled to appoint a single director to the board of British Energy Group plc. Further, the shareholders' agreement provides Centrica with certain information rights and reserved matters.

Centrica and EDF will each have the right to offtake the uncontracted output of British Energy's existing generation fleet under the terms of power purchase agreements to be entered into with British Energy. The proportion of such output that Centrica and EDF will be entitled to offtake under those agreements will correspond proportionately with their equity interests in Lake Acquisitions. Further, under a separate power purchase agreement, EDF will supply Centrica an additional 18 TWh of power at market prices from 2011.

Centrica will also be entitled to participate in EDF's UK new nuclear build programme, which will encompass the development, construction, operation and decommissioning of new nuclear build reactors in the UK. EDF and Centrica intend to build four European Pressurised Reactors (EPRs). Centrica will participate in the first NNB project, to be conducted by a new joint venture company, on an 80/20 (EDF/Centrica) basis. Centrica will also be entitled to participate in subsequent projects.

SPE Transaction

Under the terms of the agreement, the EDF group will acquire Centrica's 100 per cent. stake in Segebel, a wholly-owned indirect subsidiary of Centrica whose principal asset is a 51 per cent. stake in SPE.

The agreement is subject to customary warranties and pre-completion obligations whereby the EDF group approval is required for certain reserved matters and is entitled to certain information rights.

As at 31 December 2008, SPE was the second largest electricity generator in Belgium, with 21 production sites in Flanders and Wallonia, employing approximately 1,000 people and with a total Belgian production capacity of around 1,700MW. SPE has more than 1.5 million customer accounts and supplies individuals and companies with gas and electricity under the Luminus brand name.

Conditions to the Transactions

The transactions are subject to the approval of Centrica's shareholders, who will vote at a general meeting which is planned for June. The transactions are also subject respectively to merger control approvals from the European Commission and UK competition authorities and other regulatory clearances. The transactions are not subject to a financing condition. The closing of each transaction is conditional upon the fulfilment of all conditions to both transactions. Completion is expected to take place towards the end of third quarter of 2009

Merrill Lynch acted as financial adviser to EDF. Herbert Smith LLP acted as legal adviser to EDF in relation to the British Energy transaction and Sullivan & Cromwell LLP acted as legal adviser to EDF in relation to the SPE transaction.

Goldman Sachs International and Linklaters LLP are advising Centrica on the acquisition of the interest in British Energy and the sale of Centrica's interest in SPE. Allen & Overy are also advising Centrica on the sale of Centrica's interest in SPE. Credit Suisse are also advising Centrica on the acquisition of the interest in British Energy

About EDF Group

The EDF Group, one of the leaders in the energy market in Europe, is an integrated energy company active in all businesses: 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% of the electricity output involves no CO2 emissions.

EDF's transport and distribution subsidiaries in France operate 1,274,000 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 more than 38 million customers around the world, including more than 28 million in France. The Group generated consolidated sales of € 64.3 billion in 2008, of which 47% in Europe excluding France. EDF is listed on the Paris Stock Exchange and is a member of the CAC 40 index.

About EDF Energy

EDF Energy, a wholly-owned subsidiary of EDF, is an integrated energy company that participates in the generation, distribution of electricity and supply of electricity and gas in the United Kingdom. It is the number one distributor of electricity providing power to a quarter of the UK's population via electricity distribution networks in London, the South-East and the East of England. It is the number one supplier of electricity to major businesses as well as supplying gas and electricity to over 5,5 million business and residential customers. EDF Energy, with British Energy, is the largest generator of electricity in the UK.

About Centrica

Centrica is the largest energy supplier to Britain's domestic market and at the end of 2008 had approximately 15.6 million gas and electricity customers, representing approximately 43 per cent. of Britain's domestic gas market and approximately 22 per cent. of Britain's domestic electricity market. Centrica also supplies energy to over 1 million commercial supply points in Britain. In total, in the year ended 31 December 2008, Centrica delivered approximately 24 TWh of electricity and 5.3 billion therms of gas to its domestic customers and approximately 19 TWh of electricity and 1.6 billion therms of gas to its business customers in Britain. For the year ending 31 December 2008, Centrica reported revenues of £21,345 million (2007: £16,272 million) and net loss attributable to shareholders of £145 million (2007: net profit of £1,505 million)

About British Energy

British Energy is the UK's largest electricity generator, employing over 6,000 people. The British Energy Group owns and operates eight nuclear power stations in the UK: seven of these are Advanced Gas-cooled Reactor (AGR) stations, located at Dungeness, Hartlepool, Heysham (two stations), Hinkley Point, Hunterston, Torness and the only civil Pressurised Water Reactor (PWR) station in the UK, located at Sizewell in Suffolk. British Energy also owns and operates the Eggborough coal-fired power station in Yorkshire. British Energy's total current capacity is 10.6GW (of which 8.7GW from nuclear generation) with delivered output of 58.4TWh (of which 50.3TWh comprises nuclear output) for the year ended March 2008. British Energy is the lowest carbon emitter of the UK's major electricity generators. EDF Group acquired control of British Energy on 5 January 2009.

For the year ending 31 March 2008, British Energy reported revenues of £2,811 million (2007: £2,999 million) and net profit attributable to shareholders of £335 million (2007: £465 million).

About Lake Acquisitions

Lake Acquisitions is a private limited liability company, which was incorporated in England and Wales on 5 June 2008. It is a wholly-owned subsidiary of EDF and was established for the purpose of making the offer for British Energy.

On 24 September 2008, Lake Acquisitions announced a recommended offer for British Energy and on 5 January 2009, declared its recommended offer wholly unconditional. On 23 March 2009, Lake Acquisitions completed the compulsory acquisition process and acquired 100 per cent. of the issued share capital of British Energy. British Energy's shares ceased to be listed on the Official List of the UK Listing Authority and to be traded on the London Stock Exchange plc on 3 February 2009.

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