

14 JANUARY 2013

Agreement on the repayment of the CSPE deficit

EDF and the French State have reached an agreement whereby EDF will receive full compensation for having borne the cumulated financial deficits related to the Contribution to Electricity Public Services (CSPE) mechanism over the years.

The CSPE was designed as a tax levied on electricity end-customers' bills. Its level is set by the State and its purpose is to enable French electricity incumbent players, like EDF, to recover the extra charges incurred in performing their mandatory public service assignments. As such, the CSPE contributes to the financing of the development of renewable power generation, of the social electricity tariffs and of the nationwide equalization of electricity tariffs. Since 2007, the level set for the CSPE collection has been insufficient to compensate for the increase in the charges. This resulted in the accumulation of a CSPE deficit, borne by EDF only, which weighs on the group indebtedness.

The agreement found between EDF and the French authorities will provide the reimbursement by the French State of the receivable made of the CSPE deficit as of 31 December 2012 of c. €4.3 billion⁽¹⁾ and of the cumulated implied financing costs of this deficit of c. €0.6 billion. This receivable of c. €4.9 billion will be staggered according to a gradual schedule and will be fully repaid by 31 December 2018. The outstanding receivable will bear interest at market rates.

Following the above-mentioned agreement, EDF will account for a financial income of c.€0.6 billion stemming from the recognition of repayment of the historic CSPE deficit financing costs as of 31 December 2012⁽²⁾.

Discussions between EDF and the French State continue in order to relief the Group net financial debt, on which the CSPE deficit currently weighs.

(1) The final receivable amount will be confirmed later in 2013 when the French energy regulator (CRE) will validate the actual CSPE deficit for 2012.

(2) The detailed accounting impacts of the agreement will be published with EDF's 2012 financial results on 14 February 2013

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% 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 million customers in France. The Group generated consolidated sales of € 65.2 billion in 2010, of which 44.5% 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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