ANNUAL REPORT **2001**

for...

AREVA

Contents

2001 consolidated financial highlights

8,902
million euros
2001 sales
(9,041 million euros in 2000)

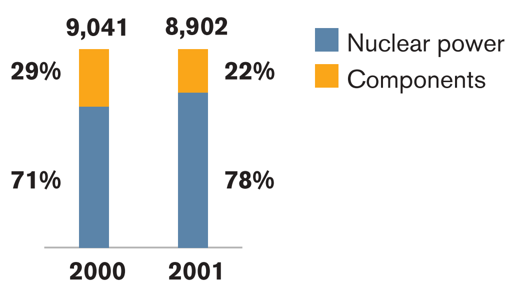
49,860
employees
as of 31 December 2001
(51,811 employees as of 31 December 2000)

122
million euros
2001 operating income
(605 million euros in 2000)

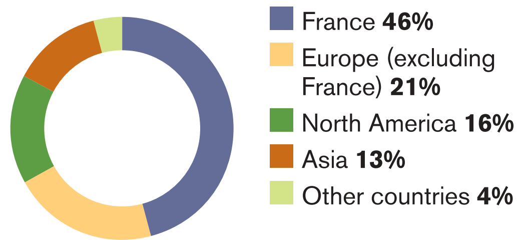
143
million euros
2001 current net income, group share*

** After taking into account the exceptional write-down of Berg (– 730 million euros), the net result group share is – 587 million euros.*

Sales: growth in nuclear and decline in the components market



Sales by business



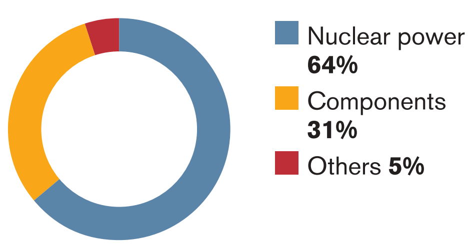
Sales by region

Operating income: strong growth in nuclear operations

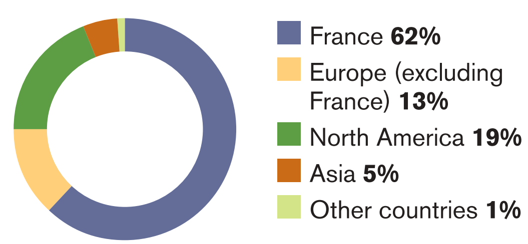
Operating income by business

in millions of euros	2000	2001	Variation
Nuclear power	341	417	+ 22%
Components	289	– 235	nm
Other	– 25	– 60	– 140%
Total	605	122	– 80%

An international workforce in 30 countries

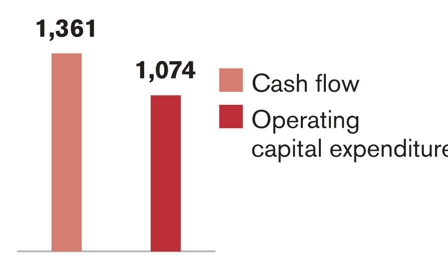


Employees by business

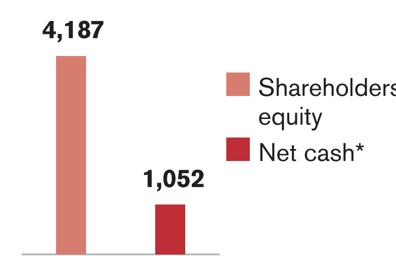


Employees by region

A strong financial structure



2001 cash flow from operations
(in millions of euros)



2001 shareholders' equity and net cash
(in millions of euros)

** Cash + unrealised gains on marketable securities – financial debt + after-tax market value of equity interests in listed companies (TotalFinaElf, Société Générale, Alcatel).*

••• for Aspire

AREVA is a world leader in nuclear power and components with sales of 9 billion euros.

Through 50,000 employees in more than 30 countries, the group offers a full complement of products and services for electric power generation, along with connectors for the telecommunications and electronics sectors.

AREVA applies its technical expertise and technologies to making life better for everyone, everyday. In so doing, it aspires to help meet one of the 21st century's greatest challenges: providing access to energy and information for all while preserving our planet and acting responsibly with regard to future generations.


September 3, 2001

AREVA emerges as a worldwide industrial group and leader in the nuclear power and electronic components sectors.

Leadership positions

AREVA merges the operations of COGEMA and FRAMATOME ANP, giving it the resources to maintain its leadership position in nuclear power well into the future. The new organization:

- is present in every aspect of nuclear power, allowing us to offer a comprehensive set of products and services to our worldwide customers;
- has greater market coverage, allowing us to be more attentive to client needs; and
- creates a more effective cost structure.

AREVA also brings together leading players in the field of components. Its subsidiary FCI is ranked third worldwide in connectors. The group holds an 11% equity interest in STMicroelectronics, the world's third largest semiconductor manufacturer, and chairs its Supervisory Board alternately with Finmeccanica.

Living better through advanced technology

The very nature of the group's businesses demands cost-effectiveness, safety, reliability and innovation. AREVA's success relies on complete familiarity with the latest technologies in the fields of materials, mechanical systems, chemicals, neutronics, solid state physics, optics, electronics, and more. The expertise and dedication of our associates enables AREVA to offer products and services that make life more comfortable and safer for everyone.

Message from the Chairman of the Supervisory Board

"AREVA's activities are central to the economic and political challenges facing our planet."

In November 2000, the shareholders of CEA-Industrie, COGEMA, and FRAMATOME SA decided to streamline their equity positions by creating a more cohesive, effective group destined to be the world leader in nuclear power systems and services and the world's third largest supplier of electronic connectors.

This new group came to life on September 3, 2001. With vast industrial and technological resources, including 50,000 highly skilled associates, AREVA is ready to meet the challenges of the international markets and to develop its operations worldwide.

AREVA is making its entrance at a time when its activities are central to the economic and political challenges facing our planet.

Rising tensions on the international scene, especially in the Middle East, have brought the issue of secure and affordable energy supplies back into the public eye. Access to reasonably priced energy is important to emerging and industrialized nations alike if they are to achieve their economic development goals and continue to improve their standards of living, both economically and socially. But development must not come at the cost of our environment and ecosystems. And here we touch the very essence of sustainable development: we have the right to meet the needs of the present, but in so doing we are responsible for preserving the rights of the future.

How do we ensure universal, fair, on-demand access to affordable energy and electricity while minimizing the scientifically proven threat of global warming? From the European Commission's Green Book to the Bush-Cheney plan, from Sweden to Japan, South Korea, India or China, good-faith experts and observers agree that unless we renounce some of our objectives, any responsible answer has to include nuclear power.

AREVA's technical and commercial expertise in every aspect of nuclear power can make it confident of its future prospects. And the more we engage in dialogue and communicate candidly about nuclear power's technological, economic, and environmental advantages, the easier political decisions favoring nuclear power will be.

The components sector, particularly electronic connectors, has felt the effects of a market in distress. STMicroelectronics weathered the storm relatively well, but FCI has foundered. When the technology bubble burst and the worldwide telecommunication market collapsed, FCI's returns were severely impacted, affecting profitability throughout the group. Decisions await us if we are to take full advantage of the economic recovery in the sector and the markets.

With this as a backdrop, AREVA has forged three key objectives for 2002:

- increase productivity and flexibility as we integrate last year's mergers by streamlining our organization and optimizing our cost structure;
- further strengthen our leadership in the nuclear power sector and secure the future of the electronics sector by bolstering our technological lead; and
- plan the stock offering that is part and parcel of our long-term strategy for growth.

I am convinced that, with our highly motivated associates, innovative technologies, and determination to excel in our business areas as well as in the financial markets, AREVA will attain all of these goals.

Pascal Colombani

Interview with Anne Lauvergeon, Chairman of the Executive Board

"2001 was a year of reconfiguration, reorganization, and redeployment."

The AREVA group was created on September 3, 2001. How would you characterize its first year of operation?

2001 was a year of reconfiguration, reorganization, and redeployment. Reconfiguration, because we simplified a complex system of operating companies and shareholdings by establishing a transparent organization with a true corporate governance system.

Reorganization, because we remedied inefficiencies brought to our attention by the merger that would have been detrimental to our future operations. We put in new management at our main subsidiaries when appropriate, and depreciated a number of assets in the 2001 financial statements.

Redeployment, because we established a strong foundation for our nuclear operations for the next five to ten years by signing important contracts in the back-end of the fuel cycle.

What is AREVA doing to create a shared group culture and develop synergies among its operating companies?

AREVA reviews all strategic and investment initiatives to make sure they are consistent with our objectives for the group as a whole. The same is true for treasury management, communications, and human resources management.

But what our associates have in common, whether they work in nuclear power or in electronic components, is a pioneering spirit and a culture rooted in engineering and high technology. As an integrated group with a unified organizational structure, AREVA offers them new career development opportunities. They are all helping to make AREVA a success in their respective fields, but they can also learn a lot from each other. Developing a strong entrepreneurial culture as a powerful industrial group will be our biggest challenge.

What are the worldwide prospects for nuclear power?

According to a recent study by the World Energy Council, whose members are the world's energy producers, two scenarios are possible by 2050. In the first scenario, we continue to behave selfishly, with each country establishing energy policies in its own best interests. Without any effort to control carbon dioxide emissions, temperatures rise by 3°C, with severe economic, health, and environmental consequences, making our planet that much more "unlivable". This scenario assumes that nuclear power remains constant in the energy mix, meaning that new plants come on line as older plants are retired. In the second scenario, nations unite to address the issue, making the fight against climate change an absolute priority. In this so-called "livable world" scenario, the percentage of nuclear power in the energy mix is multiplied threefold by 2050, while renewable energies and hydropower are multiplied fourfold. In either scenario, the outlook for the nuclear industry is very favorable.

AREVA bolstered its U.S. operations with the DUKE and CANBERRA acquisitions. Is this the beginning of a major American conquest?

With 103 reactors in operation, the United States have the largest nuclear generating capacity in the world. Our group already does substantial business in this market with its fuel sales and reactor services. From 1995 to 2000, U.S. utilities boosted their nuclear power generation 12% by enhancing productivity at their

existing units. Not content to rest on their laurels, many are now in the process of extending reactor life, creating an important market for engineering contracts, spare parts, and equipment. In the back-end of the fuel cycle, the U.S. government is very interested in our spent fuel reprocessing and recycling technologies. In fact, we are building a mixed oxide fuel fabrication facility (MOX) in the U.S. to recycle surplus defense plutonium for the U.S. government with our team partners Duke and Stone & Webster.
Being a key player in the United States is an important component of our commercial strategy. To achieve this goal, it is important to be American in America, and we will continue to act on every opportunity to serve that market.

Are there other nuclear power markets open to AREVA?

Asia comes to mind immediately, and we already have a solid presence there. We have a strong and longstanding relationship with our Japanese clients, for example. Like its neighbors, Japan is steadfastly developing its nuclear generating capacity, and expects it to rise 20% by 2010. In China, the government has confirmed plans to build more nuclear plants in its 10th Chinese Plan. Our group has already built four nuclear reactors there and has close relationships with the large nuclear institutes. In Europe, Finland, Eastern Block countries, and Russia are growing markets for our products and services. In France, we developed the next-generation reactor, known as the EPR.
All over the world, the market demands safe, competitively priced products and services that do not harm the environment. As long as we continue to meet those requirements, the market will continue to be open to us.

What is AREVA doing about sustainable development?

AREVA contributes to sustainable development in two important ways.
First, what we do allows competitively-priced electricity to be produced without releasing greenhouse gases and without wasting natural resources. Energy supply is a major issue for sustainable development. By helping power companies meet present energy needs while preserving the right of future generations to energy, we are contributing directly to sustainable development.
Second, we have programs in each of our operating entities to improve our performance, both environmentally and socially. These continuing performance improvement programs include rigorous in-house inspections as well as independent audits. We are finalizing a list of sustainable development performance indicators to measure our performance and actual progress. We will accept nothing less than the best performance achievable in these areas.

Is nuclear power a profitable business? What is your long-term profitability goal in the nuclear power sector?

Nuclear power has been a profitable business for a long time. AREVA's operating income from nuclear power jumped 22% in 2001, to €417 million. Considering that there were no more reactor orders in 2001, than there were in 2000, this is outstanding performance. The group's nuclear operations had a commendable 9.1% return on average capital employed (ROACE) in 2001. In the nuclear power sector, our objective is to boost profitability with double-digit growth in operating income over the next three years.

Market conditions have severely affected your connectors business. How do you assess this business today?

Components in general, and connectors in particular, suffered when the market plunged in late 2000. Being very active in the telecommunications and computing markets, FCI was more severely affected than some of its competitors. Though the company initiated cost and capital spending reductions and began to restructure its production facilities, it was already too late: FCI posted a €235 million operating loss for 2001, compared with operating income of €289 million in 2000. In view of the poor prospects of the telecommunications market, we decided to amortize €730 million in goodwill recorded in 1998 when FRAMATOME acquired Berg for a total cost of $1.5 billion. All of our efforts are focused on a quick return to profitability, and operating income from our connectors business should no longer weigh on the group's overall profitability by the end of 2003.

What does AREVA plan to do with its 11% interest in STMicroelectronics?

Our shareholders' agreement with France Télécom and Finmeccanica, an Italian company, was renegotiated in November 2001. AREVA was not interested in divesting from STMicroelectronics, but we will be free to decide what to do by the end of 2003. The company has excellent growth potential, and we would like to participate in its success. Together, Finmeccanica and AREVA control the company and chair the Supervisory Board on an alternating basis. STMicroelectronics' market capitalization will play an important role in any future decision we might make.

What free float do you contemplate for AREVA after a new stock offering?

The French government owns 87% of AREVA directly or indirectly, including the CEA's 79% interest. The CEA has allocated 15% of AREVA's capital to a decommissioning fund for its research facilities. This interest will eventually have to be sold to pay for decommissioning expenses. Investors and/or industrial partners could conceivably acquire this capital although the French government's stake is bound to remain above 51%.

The terms of the stock offering have not yet been settled, but we would like to proceed expeditiously and increase our free float from its current level of 4% of capital. This has been one of our main priorities since AREVA was created. We communicate extensively with our investment certificate holders and are developing relationships with the financial markets to increase their knowledge of our business.

What is your dividend policy in anticipation of this stock offering?

2001 was an exceptional year in several respects. In July 2001, we distributed all of our 2000 income, including some of our reserves. In December 2001, an exceptional dividend representing part of our merger premium was paid. This year, a €6.20 dividend per share was proposed at the Annual Shareholder's Meeting on 31 May 2002. Considering our net earnings, this is a hefty dividend. A transition may be expected in 2002 and 2003, when we hope to migrate from an income stock status to a growth stock status.

Corporate governance

When the Areva group was created, it adopted the legal status of a business corporation (société anonyme) with a Supervisory Board and an Executive Board. Three special committees reporting to the Supervisory Board were also established.

Supervisory Board

The Supervisory Board met four times in 2001.

As of 31 December 2001, the following members sat on the Board (other offices held by Supervisory Board members are indicated on pages 135 and 136):

Pascal Colombani
Chairman of the Supervisory Board since 2001, for a term ending in 2006.

Philippe Pontet
Vice Chairman of the Supervisory Board since 2001, for a term ending in 2006.

CEA
Member of the Supervisory Board since 2001, for a term ending in 2006.

The CEA is represented by Philippe Rouvillois.

Euan Baird*
Member of the Supervisory Board since 2001, for a term ending in 2006.

Philippe Braidy
Member of the Supervisory Board since 2001, for a term ending in 2006.

Patrick Buffet*
Member of the Supervisory Board since 2001, for a term ending in 2006.

Thierry Desmarest
Member of the Supervisory Board since 2001, for a term ending in 2006.

Gaishi Hiraiwa*
Member of the Supervisory Board since 2001, for a term ending in 2006.

** Independent members of the Supervisory Board.*

Daniel Lebègue
Member of the Supervisory Board since 2001, for a term ending in 2006.

Jeanne Seyvet
Member of the Supervisory Board since 2001, for a term ending in 2006.

Dominique Maillard
Member of the Supervisory Board since 2001, for a term ending in 2006.

Loïk Hennekinne
Member of the Supervisory Board since 2001, for a term ending in 2006.

Philippe de Fontaine Vive**
Member of the Supervisory Board since 2001, for a term ending in 2006.

Pascale Amenc-Antoni is the Secretary of the Supervisory Board.

*** Nicolas Jachiet, Head of the Shareholdings Department at the French Treasury, replaced Philippe de Fontaine Vive as of 27 May 2002.*

Executive Board

Anne Lauvergeon
Chairman of the Executive Board of AREVA since 2001, for a term ending in 2006.

Chairman of the COGEMA Board of Directors; Vice Chairman of the Sagem Supervisory Board; Member of the Boards of Péchiney, Suez and TotalFinaElf.

Gérald Arbola
Member of the Executive Board since 2001, for a term ending in 2006.
Chief Financial Officer of AREVA.

Chairman of the FT1C1 Board of Directors; Member of the Boards of COGEMA, FRAMATOME ANP and Assystem; Member of the Supervisory Board of STMicroelectronics NV.

Strategy committee

The strategy committee advises the Supervisory Board on strategic objectives recommended by the Executive Board and assesses the merits and the risks of major strategic initiatives undertaken by the Executive Board.
The committee is composed of five members: Messrs. Pascal Colombani (Chairman), Euan Baird, Patrick Buffet, Philippe de Fontaine Vive and Dominique Maillard.
The committee held its first meeting in the second half of 2001.

Audit committee

The audit committee helps define accounting, financial and ethical standards for the group; verifies the appropriateness and effectiveness of the standards and of the management control procedures. The committee reviews proposed budgets, preliminary financial statements and proposed multi-year plans for the company, its subsidiaries and the group, and submits the results of its reviews to the Supervisory Board.
The committee is composed of three members: Messrs. Philippe Pontet (Chairman), Philippe de Fontaine Vive and Philippe Rouvillois.
The committee held its first meeting in the fourth quarter of 2001.

Compensation and nominating committee

The compensation and nominating committee makes recommendations and advises the Supervisory Board on:
- the level of compensation for executives of the corporation,
- the selection of members of the Executive Board, and
- the nomination of executives for first-tier companies of the Areva group.

The committee is composed of three members: Messrs. Daniel Lebègue (Chairman), Patrick Buffet and Dominique Maillard.
The committee met four times in the second half of 2001.

Group organization chart

From left to right: Vincent Maurel, Gérald Arbola, Anne Lauvergeon, Jean-Lucien Lamy.

EXECUTIVE COMMITEE

Anne Lauvergeon
Chairman of the Executive Board, Chairman and CEO of COGEMA

Gérald Arbola
Member of the Executive Board, Chief Financial Officer

Jean-Lucien Lamy
Chairman and CEO of FCI

Vincent Maurel
Chairman and CEO of FRAMATOME ANP

EXECUTIVE BOARD

Nuclear power

	Front-End	Reactors & Services	Back-End
COGEMA **C. Gobert** *Deputy CEO*	*Mining–Chemistry* **F. Tona** *Enrichment* **J.-J. Gautrot**	*Nuclear Instrumentation, Consulting & Information Systems, Mechanical Systems* **D. Hertzog**	*Reprocessing–Recycling–Engineering* **Y. Coupin** *Transportation and Logistics, Nuclear Cleanup* **D. Hertzog**
FRAMATOME ANP	*Fuel Fabrication* **B. Estève**	*Projects & Engineering* **H. Freslon** *Equipment* **J. Pijselman** *Nuclear Services* **W. Burkle**	
TECHNICATOME		*Technicatome* **A. Bugat**	

Components

	Connectors	ST
FCI	*Communication Data Consumer* **A. Hulsink** *Automotive* **A. Louin** *Electrical Power Interconnect* **J. Burns** *Microconnections* **G. Garçon** *Military/Aerospace and Industrial* **F. Calvarin**	*STMicroelectronics (11% via holdings)* **J.-P. Noblanc,** *Vice-Chairman of the Supervisory Board of STMicroelectronics, representing AREVA*

CORPORATE DEPARTMENTS

Finance
Gérald Arbola

Human Resources
Pierre Coursier

Corporate Affairs
Jean-Pierre Delalande

Legal Affairs
Bernard de Gouttes

Strategic Planning
Philippe Knoche

Communications
Jacques-Emmanuel Saulnier

International Affairs
Paul Felten

Emerging Technologies
Philippe Garderet

The year in review

On November 30, 2000, the minister of Economy, Finance and Industry announces the creation of a major industrial group and world leader in its core businesses with the merger of COGEMA, FRAMATOME ANP and FCI.

January

Components: Connectors
SquipNet, the "Sub-5" miniature airbag connector becomes the new standard for U.S. automakers, with Europe poised to follow.

Nuclear Power: Reactors & Services
U.S. operator AmerenUE awards contract to supply four steam generators to the Callaway nuclear power station in Missouri.

Components: Connectors
Connector production begins at Dongguan, China on an interim basis.

February

Nuclear Power: Back-End
Spent fuel shipments from Germany to France resume, after being interrupted in 1998.

Nuclear Power: Reactors & Services
The Group acquires CANBERRA Industries, making it number one worldwide in nuclear instrumentation.

May

Components: Connectors
Regional Tooling Center, where high-quality tooling for connectors plants will be manufactured, is inaugurated in Cochin, India.

July

Nuclear Power: Back-End
JNFL awards contract for startup support at the Rokkasho-Mura spent fuel reprocessing plant in Japan.

September 3, 2001: AREVA emerges

September

Nuclear Power: Back-End
EDF signs €4 bn agreement to manage its spent power plant fuel through 2007.

Components: Connectors
Launch of ModuPack, the first modular connector system for automobiles, used to automatically assemble flexible cable bundles.

October

Nuclear Power: Reactors & Services
Alliance established with British Energy to conduct nine reactor outages and provide maintenance services at the Sizewell B reactor in Great Britain from 2001 to 2014.

November

Nuclear Power: Front-End
Swedish power company Vattenfall orders fuel reloads for six of its eight nuclear power plants.

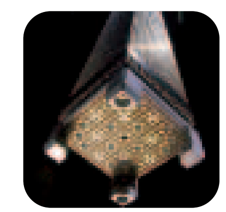
December

Components: STMicroelectronics
AREVA signs a new shareholder agreement with Finmeccanica and France Télécom, fellow STMicroelectronics shareholders, which strengthens its position as a key shareholder in a Franco-Italian agreement and allows it to liquidate its position in two years.

Nuclear Power: Reactors & Services
First fuel is successfully loaded in unit 1 of the Ling Ao power plant in China, making the Group a key partner to China.

January 2002

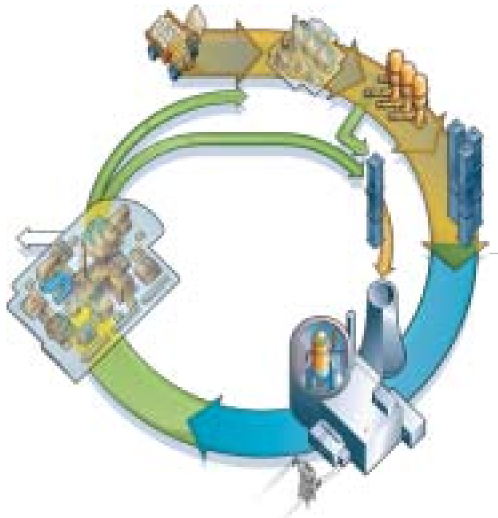
Nuclear Power: Reactors & Services
The Group strengthens its U.S. engineering and nuclear services operations with the acquisition of Duke Engineering & Services.



February 2002

Nuclear Power: Back-End
The Bush Administration decides to recycle surplus defense plutonium into MOX fuel.

Overview of operations



Nuclear Power

AREVA operates in every sector of the nuclear power industry.

It offers sustainable energy solutions and a means of reducing the world's greenhouse gases to major electric power companies worldwide.

No. 1
worldwide in nuclear power

6.825
billion euros in 2001 sales

Main subsidiaries

COGEMA operates in every sector of the fuel cycle–from uranium mining, conversion, and enrichment through spent fuel reprocessing and recycling–and in nuclear plant cleanup and decommissioning.

FRAMATOME ANP specializes in nuclear reactor construction and offers services relating to their operation, including fuel supply and reactor maintenance.

Key markets and customers

AREVA operates in the nuclear power and engineering markets, and offers products and services to major international utilities, notably:

- Belgium: Electrabel;
- Brazil: Eletronuclear;
- China: GNPJVC, and others;
- France : EDF;
- Germany: RWE, E.ON, EnBW, and GKN;
- Japan: TEPCO, Kansai Electric, and others;
- South Africa: ESKOM;
- South Korea : KHNP;
- Sweden: Vattenfall, Sydkraft;
- Switzerland: NOK, KKL, KGD;
- United Kingdom: British Energy;
- United States: Exelon, Duke Power, Entergy, and others.

Components

The connectors industry designs and manufactures precision electrical, electronic, and optical connectors, flexible microcircuitry, and sockets for integrated circuits and interconnect systems.

A multitude of industrial and consumer goods need connectors to function, including smart cards, automobile airbags, mobile phones, and personal computers.

No. 3
worldwide in connectors

1.966
billion euros in 2001 sales

Main subsidiaries

FCI, the third largest connectors company in the world and the only European company in the top ten worldwide.

STMicroelectronics (11% *via* holdings), the worldwide semiconductors manufacturer, designs, develops, manufactures, and markets a wide range of integrated circuits and components.

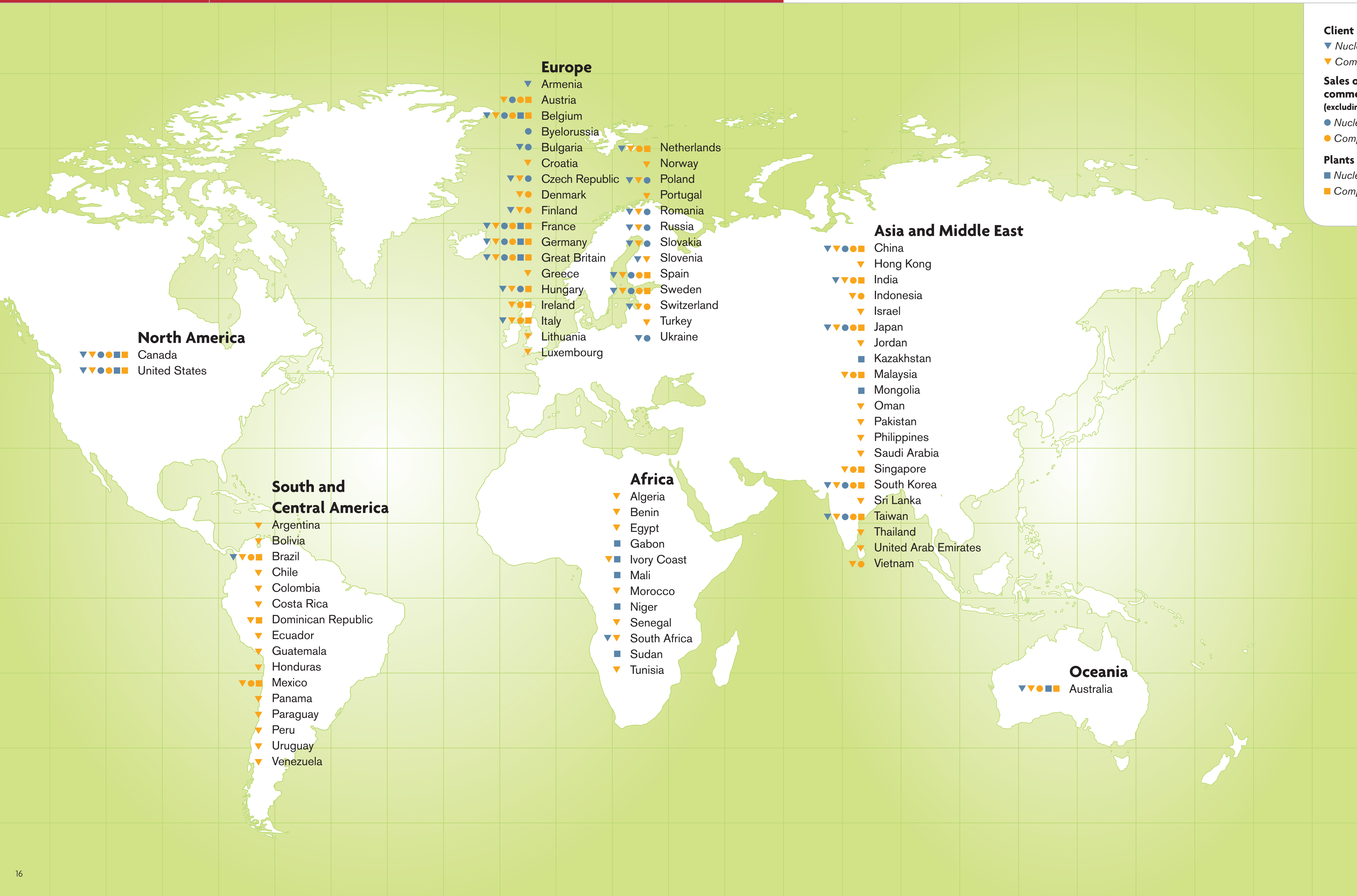
Key markets and customers

With plants in more than 30 countries, AREVA is a supplier to major industries in its target markets:

- Telecommunications, computers and consumer products, including Alcatel, Canon, Ericsson, Schlumberger and Sony;
- Manufacturing and instrumentation, aerospace and defense, including Boeing, EADS, ABB, Siemens, Alstom, and Snecma;
- Automobile, including PSA, Renault-Nissan, Volkswagen, General Motors and others;
- Energy, including GE Supply, EDF, and China Light and Power.

AREVA worldwide

Whether to meet ever increasing energy needs or the constant demand for new products, AREVA's expertise and know-how make it the uncontested leader of the nuclear industry and a leading participant in the field of connectors. The group intends to be a key player in its core businesses worldwide, especially in North America, the major Asian countries, and Russia.



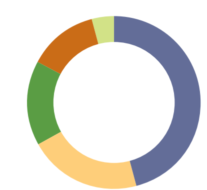
Client countries
Nuclear Power
Components

Sales offices and commercial representatives
(excluding agents and distributors)
Nuclear Power
Components

Plants sites and operations
Nuclear Power
Components

DID YOU KNOW...
that the AREVA group is one of the top three French exporters to Japan, with consolidated sales of €560 m in 2001?

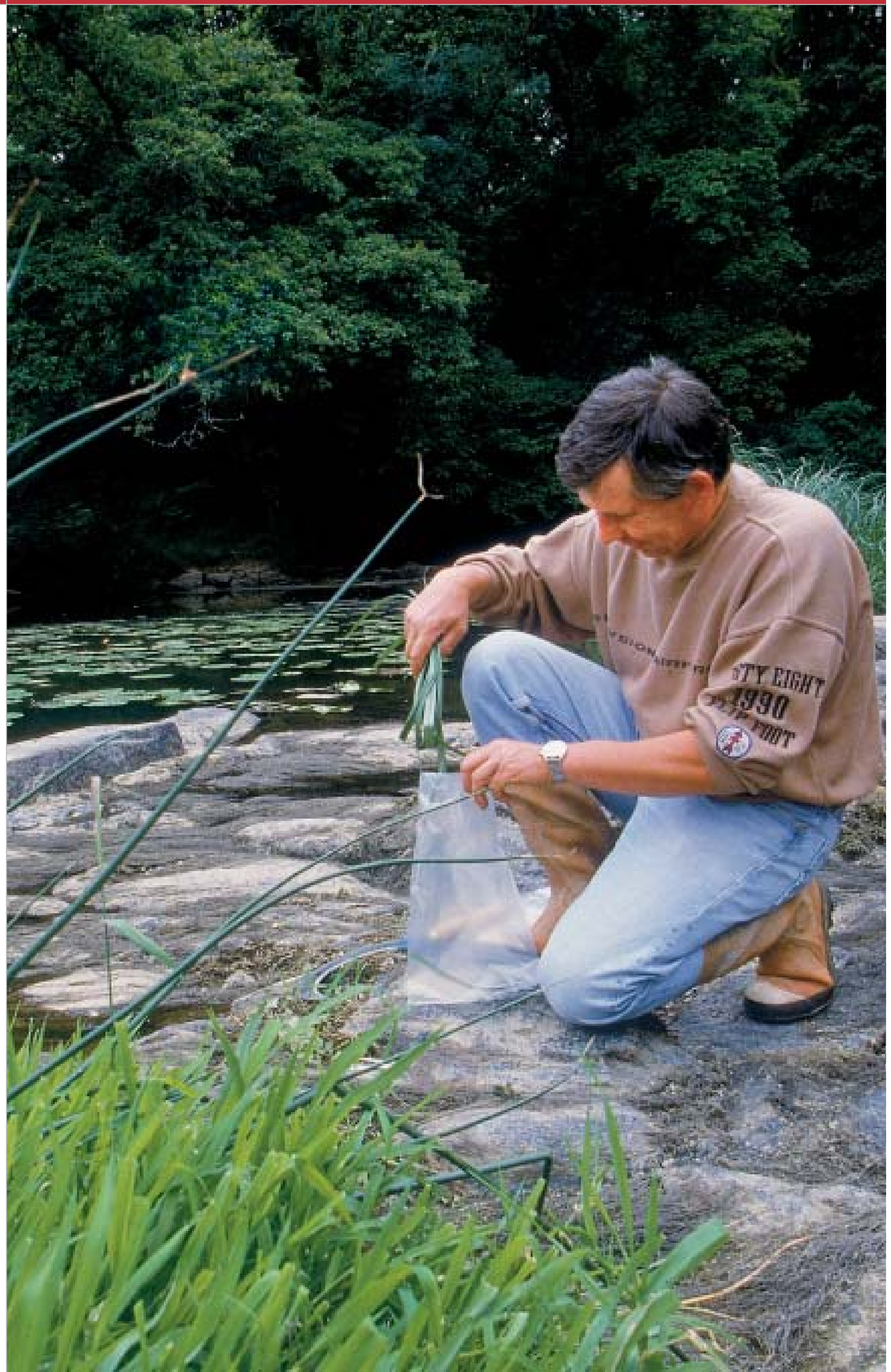
SALES BY REGION



France 46%
Europe (excluding France) 21%
North America 16%
Asia 13%
Other 4%

Sustainable development

The driving force behind the group's industrial and commercial strategy



DID YOU KNOW...

that the group employs more than 2,000 people in the fields of quality assurance, health, safety, and the environment?

More than 70 environmental samples are taken everyday near the La Hague spent fuel reprocessing plant, and some 220 analyses are performed.

The real challenge of sustainable development is to ensure harmonious economic and social development while protecting the environment. This is the driving force for AREVA's industrial and commercial strategy.

1. The very nature of our operations brings practical solutions to issues of worldwide concern: universal access to energy, the fight against the greenhouse effect, and natural resource conservation.

2. Quality assurance, health, safety, economic performance, social well-being, environmental protection, and territorial integration: all are sustainable development activities that share the same management approach, and we conduct them every day at each of our plant sites.

Incorporate sustainable development into management policies

AREVA wants its shareholders, customers, associates, and partners to know that it is serious about sustainable development and is committed to the following five basic principles:

1. **be commercially attractive** by offering the best and most environmentally safe products and services;
2. **act responsibly** with regard to the environment and to our associates, as well as the communities and sites where we do business;
3. **use sustainable methods and tools** in the daily conduct of business at all levels of the group;
4. **measure and assess** progress achieved towards sustainable development;
5. **engage in dialogue** and report transparently our overall performance, and have independent third parties validate that performance.

To accomplish these actions, we must:

- **sensitize managers** to the goals and challenges of sustainable development;
- **define and implement performance indicators** for the entire group in all its diversity, including environmental, corporate governance, social, civic, and economic performance;
- **publish a sustainable development report,** with a preliminary report on the current status and proposed programs due in 2002, and a more detailed report due in 2003;
- **pursue local economic development and industrialization** to maintain the economic and social fabric of the communities near our plants in France and abroad.

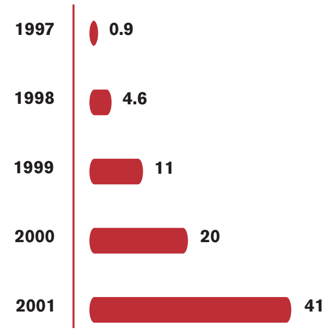
AREVA is funding the construction of a boarding school in Takriza, (Niger) for nomad children.

Sustainable development

Our environmental responsibility

AREVA sites with ISO 14001 certification

(based on a survey of 110 significant plant sites)



More than 40% of AREVA's plant sites, including 23 in 2001 alone, are certified to the ISO 14001 environmental management benchmark. Ultimately, all sites will have environmental management systems in place.

AREVA is always alert for any sign that its operations affect the environment or public health and safety, and seeks to minimize impacts at all times. This is done primarily by recycling waste and reducing our consumption of water, energy, and natural resources as much as possible.

We conducted a survey of all our plant sites to determine which ones are candidates for rehabilitation after closure. AREVA's management systems at these sites are recognized by independent certification organizations. AREVA also invests in research and development to optimize product and service performance at every stage in the fuel cycle, with tangible results:

- **natural resources are saved** by recycling spent fuel, saving 3,000 tons of natural uranium every year, or close to 10% of worldwide consumption;
- **waste volumes are reduced to one-fifth** of their original volume for final disposal;
- **waste toxicity is reduced to one-tenth.**

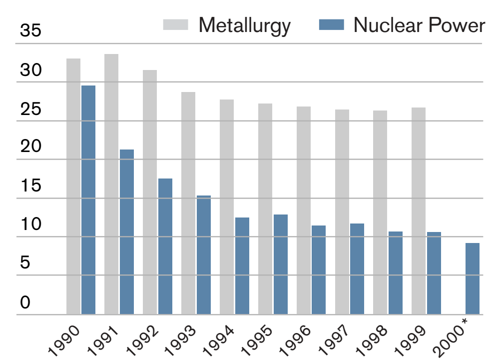
Nuclear facility safety, an absolute priority

The group applies all of its resources to ensuring plant safety every day. On top of inspections of its facilities by independent government agencies, AREVA has its own in-house corps of safety inspectors. Our safety record speaks volumes of our commitment: not a single event greater than level 1 on the International Nuclear Event Scale has occurred in the last three years. The seven-level INES describes level 1 as an anomaly but with significant defense in depth remaining; level 7 is a major accident with far-reaching impacts on public health and safety and the environment.

Aiming for zero accidents

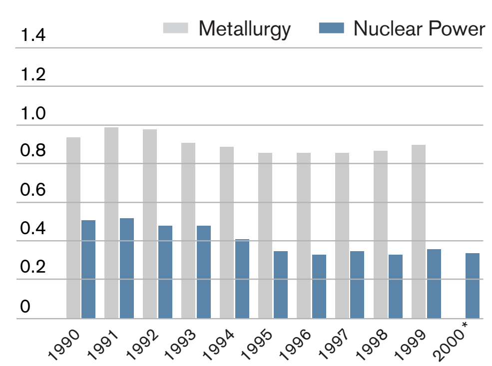
Safety in the workplace is a strong aspect of AREVA's sustainable development programs. Our goal of zero accidents requires constant vigilance and is part of a continuing performance improvement initiative. Safety action plans and performance measures are in place in our Nuclear Power business. Management is involved directly and on a daily basis in these activities.

Accident frequency rate



The accident frequency rate in the nuclear power business has been reduced to less than one-third over ten years.

Accident severity rate



The accident severity rate in the nuclear power business has been reduced by one-third over ten years.

**Metallurgy data not available at year-end 2001.*

Our social responsibility

Employment

Our goal is to create jobs and maintain economies in communities near our sites. To accomplish this, we are very active in local economic development and support reindustrialization in areas affected by our plant restructuring activities.

In 2001, for example, we came up with a new concept of "enterprise villages" at Le Creusot that will be carried into 2002. The idea is to transfer ownership of a site undergoing restructuring to a management company created with support from the *Caisse des dépôts et consignations* and other public partners. In the case of Le Creusot, eleven enterprises representing some 350 new jobs are now in business at the site. Ultimately, some 150 new jobs should be created.

Focus

AREVA designs local support programs for its mining operations based on local needs. In northern Niger, for example, the group created two hospitals to provide free health care to 125,000 people every year.

Social dialogue and personal support

A hospital in Niger, a training and employment program for aboriginal peoples in northern Canada, a landmark social safety net for its associates, including training (corporate university) and family support (daycare center at COGEMA's Vélizy offices): these are but a few of the ways that the AREVA group engages in social dialogue and helps its associates and individuals in the community where it conducts operations.

DID YOU KNOW...

that AREVA has been admitted to the "World Business Council for Sustainable Development"?

Our ethical responsibility

To continue its strides forward, AREVA has sought the counsel of prominent individuals from the community, creating its own **Science and Ethics Commission.** Chaired by Professor Maurice Tubiana, this commission is a think tank focused on public perceptions of science and technology, the role of the company in its environment, and other important subjects.

The AREVA Science and Ethics Commission

Roger Balian: *physicist, member of the French Académie des sciences.*

Francis Balle: *professor at the Université de Paris II, former member of the Conseil supérieur de l'audiovisuel (CSA).*

Geneviève Barrier: *professor emeritus at the Necker faculty of children's maladies, former director of the Paris emergency medical services (Samu), member of the French national commission on ethics.*

Patrick Champagne: *sociologist with the French national agronomics research institute (Inra) and the Centre de sociologie européenne (a research center of the École des hautes études en sciences sociales affiliated with the Centre national de la recherche scientifique).*

Georges Charpak: *Nobel prize in physics.*

Hubert Curien: *chairman of the French Académie des sciences, former minister.*

Georges David: *professor at the faculty of medicine, former member of the French national commission on ethics.*

François Ewald: *director of research and strategy for the French federation of insurance companies (FFSA), professor at the Conservatoire national des arts et métiers (Cnam).*

Jean-François Girard: *former director general of Health, member of the Conseil d'État.*

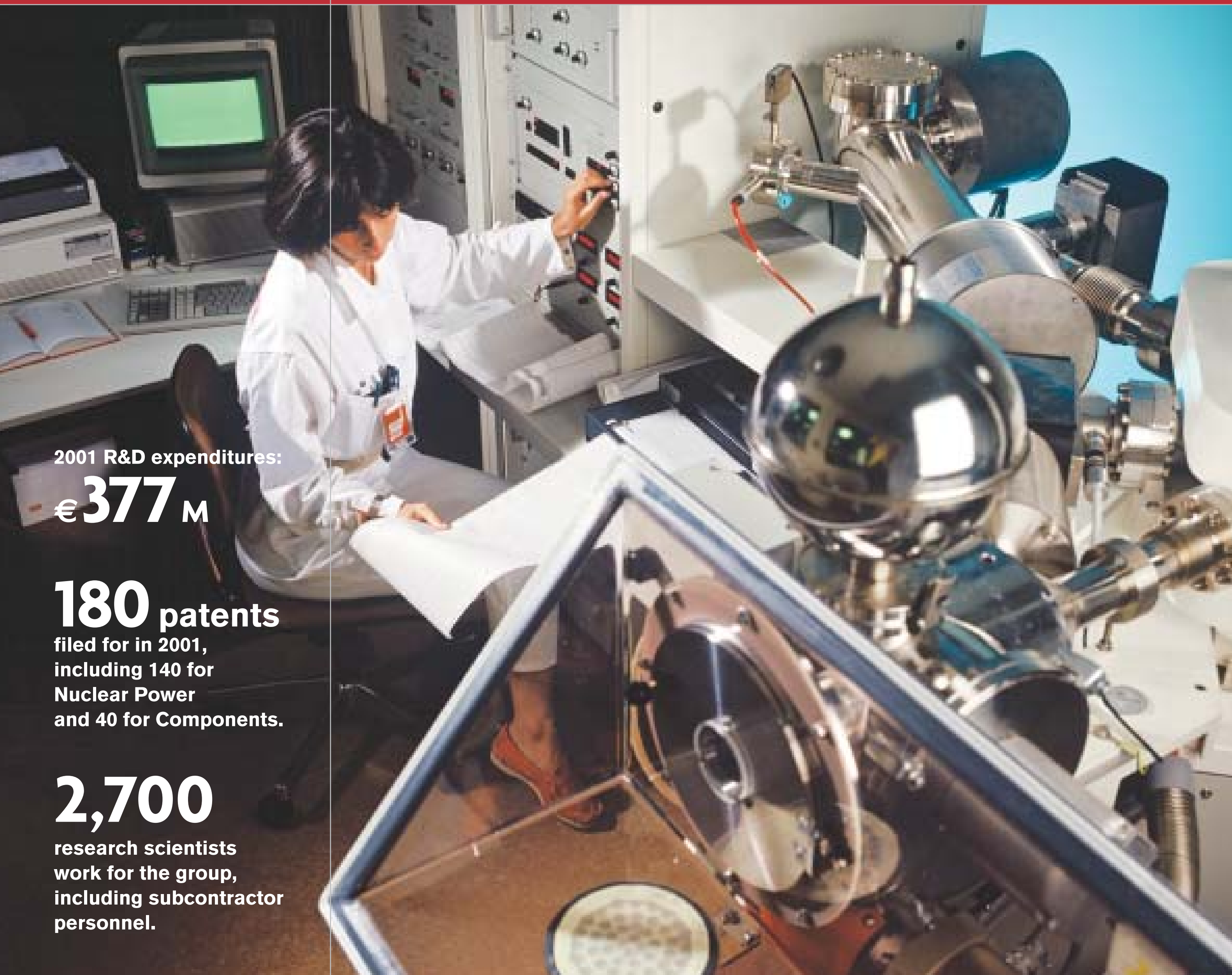
Roland Masse: *former chairman of the Office de protection contre les rayonnements ionisants (Opri).*

Michel Serres: *philosopher, member of the Académie française.*

Maurice Tubiana: *member of the French Académie des sciences, chairman of the French Académie de médecine, chairman of the Antoine-Béclère centre.*

Alain Touraine: *sociologist, directeur d'études at the École des hautes études en sciences sociales.*

Research and development



2001 R&D expenditures:
€377 M

180 patents
filed for in 2001, including 140 for Nuclear Power and 40 for Components.

2,700
research scientists work for the group, including subcontractor personnel.

2001 R&D EXPENDITURES

- Nuclear Power: 62%
- Components: 38%

AREVA's research scientists conduct investigations in the field of nuclear power, including reactors and the fuel cycle, and in the components field. Their research embraces a wide range of disciplines: materials, mechanics, chemistry, neutron physics, heat transfer technology, solid-state physics, numerical analysis, software engineering, and more. Their constant goal is to develop innovative ideas for future products and services and to improve the technical and environmental performance of existing ones.

Fueling growth with innovation

Nuclear Power: boosting yields, increasing operating safety

The nuclear industry must meet demanding safety, environmental protection, and affordability requirements that call for a sustained R&D effort. This applies to every aspect of the nuclear fuel cycle and reactor businesses in which AREVA operates and intends to maintain its leadership position. Priority R&D subjects include uranium enrichment technologies, new reactors and fuel, and constantly advancing spent fuel reprocessing and conditioning processes.

AREVA conducts R&D in all of its nuclear businesses:

- in the **Front-End of the Fuel Cycle,** a pilot plant for *in situ* leaching of uranium recently entered service in Kazakhstan;
- the **Reactors and Services** business has successfully fabricated the first nuclear fuel particles, a major breakthrough that paves the way to the high-temperature gas-cooled reactors of the future. The higher yields, lower waste volumes, and enhanced safety features of these reactors are expected to attract power company clients in the 2020 time frame. Elsewhere, the latest version of *Science,* the reactor core design software, and advanced thermo-hydraulic methodologies for *Cathare,* the code used to model design basis transients, were added to the body of complex modeling and simulation software needed for reactor design;
- in the **Back-End of the Fuel Cycle,** AREVA is the world leader in the design of processes and technologies requiring a very high level of safety. Ten years of R&D in the field of spent fuel have produced centrifugal contactors allowing a two-thirds reduction in the size of its new plutonium purification facility. Improved compaction technology has reduced solid waste volumes from spent fuel reprocessing operations at the La Hague plant to one-fifth their previous levels.

Connectors: accelerating communications

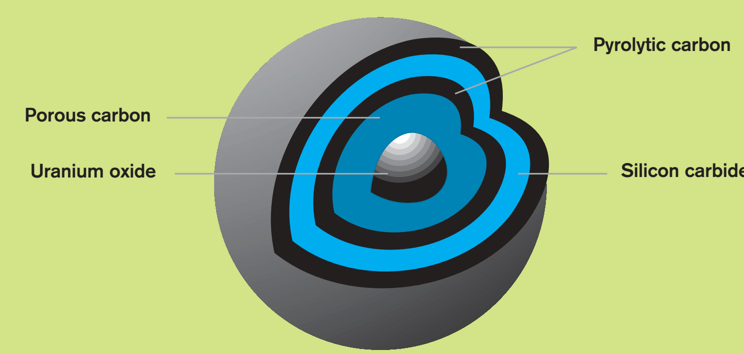
The connectors market demands innovation, but it also requires lower costs and shorter schedules. AREVA has innovated in several areas:

- **new coating materials** for maximum-performance automobile connectors used in severe service conditions (corrosion, vibration, etc.);
- **new plastic metal-coating processes** to make intricate connector components;
- **development of a high-speed optical link** (several tens of gigabytes) as part of a European research program, adding a new dimension to AREVA's existing high-speed connector products, which already exceed 8 gigabytes.

DID YOU KNOW…

that the Mars Surveyor Orbiter now circling the planet is taking readings of Martian soil using a highly accurate gamma-ray detector designed and manufactured by AREVA?

COMPOSITION OF FUEL PARTICLES



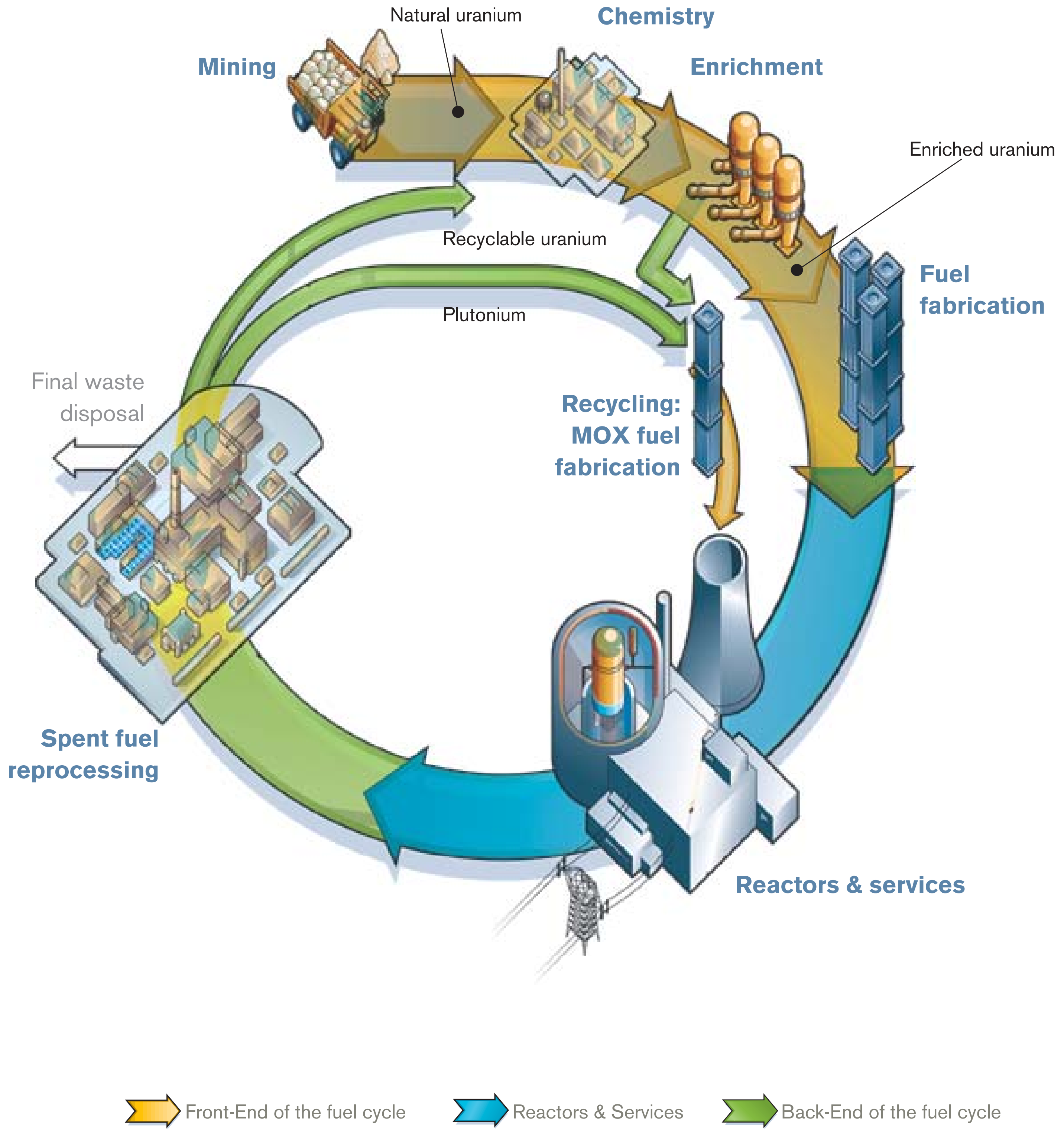
The high-temperature reactor (HTR) of the future will be fueled with a million of these ultra-hard coated particles, enhancing reactor operating safety and boosting energy yields.

Effectively fighting global warming, balancing energy supply with resource conservation, advocating universal access to energy... Together, these challenges are one of the pillars of AREVA's industrial strategy. Our operations make a vital contribution to meeting the present needs of the world's population while protecting those of future generations.

for Advocate

Nuclear Power

First worldwide throughout the nuclear cycle



Nuclear Power

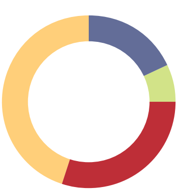
2001 sales:
€ 2.733 bn
(2000 sales: € 2.328 bn)

2001 operating income:
€ 362 M
(2000 operating income: € 200 M)

9,245
associates worldwide

Front-End Division

The front-end of the fuel cycle encompasses operations conducted prior to nuclear power generation, from uranium mining, concentration, conversion, and enrichment, to nuclear fuel fabrication. A high level of expertise is needed at each of these stages to guarantee the highest standards of quality to power companies worldwide. In the fuel cycle, the customer retains ownership of the fuel at all times. AREVA performs a number of value-adding operations with the uranium concentrates it sells to the customer, culminating in the fabrication of fuel assemblies. AREVA is the only group with operations in every stage of the fuel cycle. Its goals are to offer the best service available and to expand its international presence in the highly competitive front end market.



SALES BY BUSINESS UNIT (BU)

- Mining: 18%
- Chemistry: 7%
- Enrichment: 30%
- Fuel Fabrication: 45%

Focus

In Canada, the operating permit for the group's McClean mill was extended through 2005.

Mining: good visibility

The Mining BU conducts uranium exploration, and mines and processes uranium ore to make nuclear fuel.
With 2001 production of 7,200 tons, the BU is the second largest uranium producer in the world.
When a mine has reached the end of its useful life, the site is shut down, reclaimed, and monitored. Over the next fifteen years, AREVA plans to reorganize, close, or begin site reclamation activities at eight mines in France, one in Gabon, and two in the United States. Cluff Lake, the group's oldest mine in Canada, is also nearing the end of operations.
The BU also operates three gold mines in France, Sudan, and Ivory Coast, producing close to eight tons in 2001.

Adjusting to market conditions

Sales were stable in 2001. The availability of so-called "secondary" resources from existing fissile material and surplus defense inventories has had an adverse effect on the primary uranium production market. Uranium prices nonetheless began to edge up in 2001. The group continued to adjust and diversify its production capacities, closing the Jouac mill in France, ramping up Canadian production, starting up a pilot plant for uranium production in Kazakhstan, and concluding mining agreements for the 2004-2013 time-frame in Niger.

The BU has a backlog of orders for more than 65,000 tons of uranium through 2012, giving good operating visibility. Its primary goal is to increase market share, particularly in the United States.

DID YOU KNOW...

that the world's economically recoverable uranium reserves are currently estimated to be enough for 65 years of use, and that AREVA owns 10% of them?

MINING BU OPERATIONS

Uranium

- *Operating mines*
- *Mines under development*
- *Mineral exploration*
- *Site reclamation*

Gold

- *Operating mines*
- *Mines under development*
- *Mineral exploration*

Nuclear Power/Front-End Division

DID YOU KNOW…

that a fluorine-nitrogen compound produced by AREVA's Chemistry BU is used to coat automobile fuel tanks to prevent them from leaking?

Chemistry: profitability is improving

The Chemistry business unit converts uranium-rich materials for power company customers. It is the world's leading converter of uranium mine concentrates into uranium hexafluoride and the primary supplier to the European market. Business is also beginning to grow in Japan and South Korea. If BNFL decides to proceed with shutdown of its conversion capacity, announced for 2006, AREVA will be the only converter remaining in the European Union.

The business unit also produces ultra-pure fluorinated compounds for the electronics, glassmaking, automobile, and other industries and to replace so-called "greenhouse" gases, a promising new market. In 2001, it increased fluorinated compound production 30% to meet growing demand.

Though sales remained flat, operating income increased significantly in 2001 due to a major cost reduction program.

Production of fluorinated products – COMURHEX (Pierrelatte, France).

DID YOU KNOW…

that the 350 inhabitants of Europe's first crocodile farm live in a 4,000 m² tropical ecosystem heated by the EURODIF plant?

Enrichment: business is steady

Uranium enrichment consists of increasing natural uranium's content of uranium 235 from 0.7% to the 3%-5% needed to make nuclear power reactor fuel. EURODIF, a 59.6% subsidiary, performs this operation.

One of the largest plants in the world

The Enrichment BU is one of four large entities that together represent virtually all of the world's enrichment capacity. The estimated €3.5 bn per year enrichment market was slightly up in 2001. USEC, the U.S. enrichment company, filed an action before the U.S. International Trade Commission against both of its European competitors, EURODIF and Urenco, causing prices to rise in the U.S. market.

Bright prospects

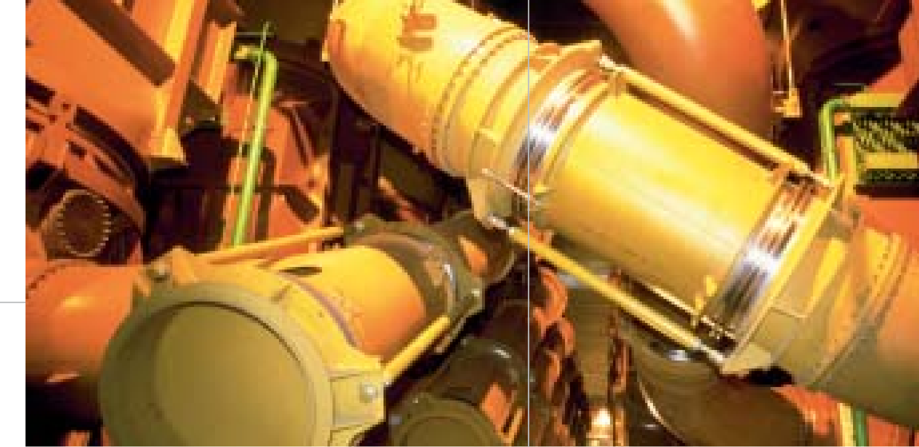
EURODIF's backlog of orders will keep the plant busy for several years. The site's extensive environmental management systems were rewarded with ISO 14001 certification in 2001. The BU is moving toward centrifugation technology as existing gaseous diffusion capacity is phased out.

Fuel Fabrication: number 1 worldwide

The Fuel Fabrication business unit designs and fabricates fuel assemblies for pressurized water reactors (PWRs) and boiling water reactors (BWRs). It has expertise in every aspect of fabrication, and it operates five plants in Europe and the United States. AREVA supplies PWR and BWR fuel to 40% of the world's reactors, making it number one in the field.

High business volume in 2001

Nuclear fuel is advanced technology with a high added value that meets very stringent quality standards. In France, in Germany, and in the United States, engineers from the merged companies of FRAMATOME ANP and Siemens Nuclear Power work constantly to improve the quality of the finished product. *Alliance,* the new PWR fuel developed by a Franco-American team, is undergoing qualification in Europe and the U.S. Meanwhile, a new product is being developed to satisfy long-term customer needs. Business was brisk throughout 2001, including fabrication of the first two reloads for the Ling Ao power station in China and strong sales to EDF.



Gaseous diffusion stages–EURODIF enrichment plant (Tricastin site, France).

Good prospects for 2002

The deregulation of the European power market has had an impact, and the volume of business with EDF has suffered. At the same time, deregulation has opened doors to new customers, with sales in Sweden an early indicator of success. A high volume of business is expected in 2002. In the U.S., Northwest Energy has announced its intention of ordering several reloads from the group.

Fuel Fabrication: two major contracts in 2001

• In the United States:

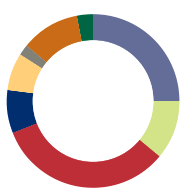
a major contract was awarded to dilute and recycle highly enriched surplus defense uranium into power reactor fuel.

• In Sweden:

a contract was won to supply reloads to the power generator, Vattenfall, including six of its eight reactors.

Nuclear Power

Reactors & Services Division



SALES BY BUSINESS UNIT (BU)

- Projects & Engineering: 25%
- Equipment: 11%
- Nuclear Services: 33%
- Nuclear Instrumentation: 8%
- Consulting & Information Systems: 7%
- Mechanical Systems: 2%
- Technicatome: 11%
- Maintenance*: 3%

Business sold in 2001.

The Reactors & Services Division designs and builds Pressurized Water Reactors (PWRs) and Boiling Water Reactors (BWRs). As of the end of 2001, the group has built 99 of the 368 power reactors in service worldwide, giving it a 27% market share. It also provides nuclear power plant maintenance and operating support services. AREVA is the world leader in these business areas, and intends to maintain its leadership position by helping customers minimize the cost of the kilowatt-hour and ensure the total safety of their facilities.

Projects & Engineering: strong international operations

The Projects and Engineering BU provides services ranging from reactor design through startup of nuclear steam supply systems (NSSS) and nuclear islands. It also supplies engineering services and instrumentation and control systems for all power reactors. The merger with Siemens' nuclear operations in early 2001 has further widened the business unit's scope of activity. Its customers are primarily utilities and nuclear facility operators. The group has developed a new generation of more advanced, more cost-effective, and safer NSSS.

NSSS	Type	Power	Description
Pressurized water reactor (PWR)	European Pressurized Water Reactor (EPR)	1,500 MW	Latest of the new generation of reactors, EPR is a joint development project of Siemens and FRAMATOME ANP.
	CNP–1000 (China National PWR)	1,000 MW	Includes improvements developed for the French nuclear power program.
Boiling water reactors (BWR)	SWR–1000 (Siede Wasser Reaktor)	1,000 MW	Includes advanced inherent safety features.

Sales were up sharply in 2001 due to the contribution of Siemens' nuclear operations. However, at a constant scope of consolidation, sales were slightly down compared with the previous year, which saw exceptional income from the completion of the Civaux 2 power station in France and the Ling Ao station in China. International business remained strong, including the startup of Angra 2 in Brazil, the license extension and power uprating of the Davis-Besse plant in the U.S., and the adoption of an eighteen-month fuel cycle at the Daya Bay power plant in China. EDF also awarded a new feasibility study contract for the siting of an EPR reactor.

DID YOU KNOW...

That just one kilogram of slightly enriched uranium produces as much electricity as 80 tons of coal, 50 tons of oil, or 72,000 cubic meters of natural gas? A major saving of natural resources.

Civaux nuclear power station (France).

Major projects ahead

Visibility is good for the engineering and instrumentation and control business, particularly in the U.S., where operators want to extend the life of their plants and are petitioning for license extensions. Several major projects lie ahead: execution of a contract in Ukraine to complete construction of Khmelnitsky 2 and Rovno 4, requests for proposals in China and Finland for the construction of new nuclear units, a potential third unit at the Angra power station in Brazil, and continuing cooperation with EDF in France to prepare for construction of the first unit in the EPR series.

900MW steam generator, FRAMATOME ANP plant (Chalon-Saint-Marcel, France)

Equipment: number 1 in nuclear components

The Equipment business unit is the world leader in nuclear component fabrication in terms of capacity as well as sales. The BU has two plant sites. The Chalon-Saint-Marcel plant fabricates heavy components for the nuclear island, such as reactor vessels and steam generators. The Jeumont plant designs and manufactures reactor coolant motor-pump assemblies and control rod drive mechanisms. The Jeumont plant also designs, manufactures, and maintains alternators for non-nuclear power generation, primarily for wind turbines.

Increasingly, a global market

Large orders were won in the United States during the year, including four steam generators for the Callaway nuclear power station and replacement reactor vessel heads for the TMI and Crystal River plants. Though business with EDF has slowed, it remains an important customer. Many orders came into the Jeumont plant from France, the United States, and Asia.

General Electric orders for electric generators hiked the contribution of non-nuclear operations, where the BU is refocusing on high-margin non-nuclear services.

DID YOU KNOW…

that, after France, the United States is the largest market in terms of volume for the Equipment BU?

Nuclear Power/
Reactors & Services Division

Nuclear Services: expanding synergies

Nuclear power plant operators all over the world must maintain high levels of safety at all times while getting peak performance out of their production facilities. The FRAMATOME ANP/Siemens merger gives AREVA a strong presence in the highly competitive global market and a well-stocked portfolio of nuclear services. The group is also gaining market share in decommissioning services, a burgeoning business in Europe, the United States, and former Eastern Block countries.

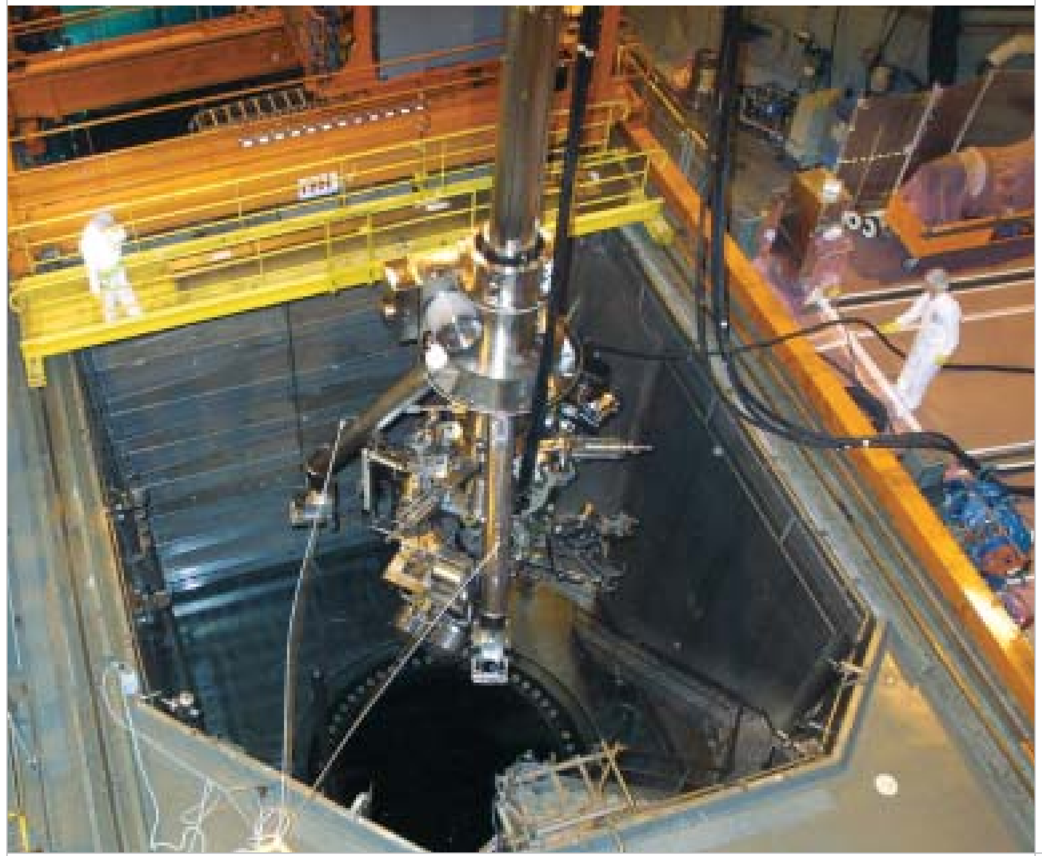
A healthy order book

The Nuclear Services business unit is a world leader, with customers in Europe, the United States, China, and South Africa and a staff of more than 3,000 engineers and technicians. British Energy awarded a contract in October to conduct nine reactor outages and provide maintenance services for the 2001 to 2014 time period. In Brazil, the Angra power station signed a multi-year maintenance agreement. In the United States, the BU won the majority of the reactor vessel head inspection and repair contracts awarded during the year. It also provided decommissioning and waste management services to the Dounreay reactor in the United Kingdom.

Objectives for 2002 include penetration of new markets, particularly Asia and Canada, development of long-term partnerships with plant operators, continued productivity gains, and the development of even more synergies among the business unit's French, German, and U.S. operations.

DID YOU KNOW…

that improved maintenance and inspection methods have reduced reactor outage times significantly? In the U.S., the time savings over ten years is equivalent to the combined daily output of nineteen 1,000 MW reactors.



Ultrasonic inspection of reactor vessel. Gravelines nuclear power station (France).

Nuclear Instrumentation: a single brand name

The acquisition of CANBERRA Industries, the U.S. company that specializes in the fabrication of radiation detection systems and measurement instrumentation, moved the Nuclear Instrumentation and Services BU to the head of the market. Headquartered in the U.S. and with a worldwide workforce of 1,080 people, the BU now markets high-tech products and services for all nuclear monitoring and measurement requirements under a single brand name: CANBERRA. Its unique expertise in semiconductor detectors makes it an active partner in the research and space sectors and has opened doors to other markets, including safety and security.

CANBERRA headquarters in Meriden, Connecticut (United States).

Consulting & Information Systems: double-digit growth

Through the EURIWARE group, the Consulting & Information Systems BU offers high added-value services in four areas: consulting, systems integration, e-business, and information resources management (IRM). The BU helps major industrial companies improve their business processes and strategies. It posted growth of more than 13% in 2001.

A major milestone was achieved with the 2001 launching of "Global Fulfillment™", which brings key enterprise processes–customer relationship management, logistics, design and supplier relations, and others–into alignment with company information systems. IRM was also a big success, with a 95% renewal rate on contracts. The BU's goal is to maintain double-digit growth throughout 2002, and it has embarked on a program to recruit 400 engineers and consultants for that purpose.

Key contracts in 2001

- Technical baseline management for General Electric.
- Integration of Renault's European e-commerce site.
- Creation of five e-commerce sites for Bayer France.
- Overhaul of Rossignol-Dynastar's logistics information system.
- Development of operating manuals for the Melbourne and Dublin light duty rail systems for Alstom.
- Partner for renovation of the French Air Force's documentation resources.

Mechanical Systems: focus on two sectors

The Mechanical Systems BU fabricates custom mechanical components, is a package builder for specialized machinery, and delivers turnkey automated production facilities. The nuclear sector represents 75% of its business, with the aerospace, automobile, and microelectronic sectors making up the rest. The business unit focuses on the nuclear and aeronautics sectors, where it has several multi-year fabrication contracts. In the nuclear sector, the BU is involved in the construction of a MOX fuel fabrication plant in the United States, and plans to expand its services in France and Japan as well as in the U.S. In the aeronautics sector, it aims to become a leading player in the supply of complete aircraft sub-assemblies including design, computation and component manufacture and assembly.

DID YOU KNOW...

that the Eurostar operating control system, which monitors train speed and automatically stops trains in the event of a malfunction, was designed and built by TECHNICATOME?

TECHNICATOME: ensuring readiness and safety

TECHNICATOME provides turnkey safety systems for personnel safety and equipment reliability under severe operating conditions. It has a strong presence in the nuclear, defense, and transportation markets, where its expertise in nuclear propulsion systems and its highly reliable on-board and ground electronic equipment and systems are well known to industry.

Sales were up in 2001, with key contracts won in propulsion systems for the next generation of nuclear submarines, maintenance of the nuclear steam supply system aboard the *Charles-de-Gaulle* aircraft carrier, and an enhanced control system for Eurotunnel rail cargo traffic. As a partner to the Paris transit authority, RATP, TECHNICATOME was involved in the design, development, and supply of 160 sets of rail cars for the new Paris metro. It is also a partner to the French railways company, SNCF, for a secure, real-time system that pinpoints the location of a train anywhere on the railway.

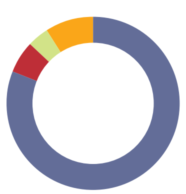
Nuclear Power

2001 sales:
€ 2.213 bn
(2000 sales: €2.21 bn)

2001 operating income
€ 194* M
(2000 operating income: € 57 M)

10,100
associates worldwide

** Before an exceptional write-down of €184 M for the MELOX recycling plant.*



SALES BY BUSINESS UNIT (BU)

- Reprocessing–Recycling: 81%
- Engineering: 6%
- Nuclear Cleanup: 4%
- Transportation and Logistics: 9%

Back-End Division

The back-end of the fuel cycle includes the reprocessing and recycling of "spent" fuel, or fuel that has been used in power reactors. AREVA contributes to sustainable development and environmental protection by developing advanced technologies to separate the materials contained in spent fuel and recycle 96% of them. The group is unsurpassed in this market worldwide. Countries with large nuclear power programs, including Japan, Switzerland, Australia, Germany, Russia, and France, are turning to this solution to manage their spent fuel. In the U.S., the Administration's National Energy Policy also considers reprocessing-recycling to be an important option for managing spent fuel.

Reprocessing: conserving natural resources

Reprocessing consists of separating energy-rich uranium and plutonium from fission products—the actual waste material—through a series of chemical and mechanical operations. As such, reprocessing contributes to natural resource conservation and environmental protection by recovering and recycling 96% of the energy materials in spent fuel and conditioning the final waste into safe final form for disposal. For AREVA, spent fuel management is a top priority in planning for the future as part of a committed sustainable development initiative.

Increased commitments

Major contracts were signed in 2001 with JNFL in Japan and EDF in France, filling the plant work schedule through 2007 and 2015 respectively. Two new facilities were brought on stream at COGEMA's La Hague plant, and the site as a whole received ISO 14001 certification for its environmental management system in May 2001.

Meanwhile, the Japanese training program began pursuant to an agreement with JNFL, spent fuel shipments resumed from Germany, and vitrified waste was shipped back to Japan, Belgium, Switzerland, and Germany. Work also continued on the Codem project involving final shutdown of the UP1 plant at Marcoule and related waste retrieval and conditioning.

Better understanding of nuclear power's advantages

As the world's nations debate the energy mix of the future and how to combat global warming, nuclear power is regaining the favor of many, promising a bright future for the business unit. In the U.S., the Bush plan recommends a revival of R&D in the back end of the fuel cycle, including spent fuel reprocessing and recycling.

Fuel discharged from nuclear power reactors is shipped to the La Hague plant, where it is cooled in storage pools.

Recycling: a promising outlook

Energy-rich uranium and plutonium recovered through spent fuel reprocessing may be recycled into nuclear reactors in the form of mixed uranium/plutonium oxide fuel, or MOX. In addition to its dominant position in reprocessing technology, AREVA is the world's leading producer of MOX fuel.

Rising use of MOX fuel
MOX fuel is fabricated at the MELOX and Cadarache plants in France and by Belgonucléaire at the Dessel plant in Belgium. Some 35 European reactors are now generating electricity with MOX fuel. Twenty Japanese reactors are to be loaded with MOX by 2010. MOX fuel fabrication plant projects have been announced or are in progress in Japan, Russia, and the United States. In early 2002, the U.S. announced its intention of recycling 34 tons of plutonium from dismantled warheads into MOX fuel for power reactors.

Growth opportunities
Worldwide recognition of the advantages of MOX fuel, a major contract from EDF in 2001, and ongoing negotiations with German utilities for MOX fuel fabrication services promise major growth in this area for the group.

DID YOU KNOW...
that nuclear waste is reduced to one fifth of its volume and one tenth of its toxicity by separating and recycling plutonium from MOX fuel?

MOX pellets are loaded into metal fuel rods used to make MOX fuel assemblies.

Engineering: international operations

The Engineering business unit designs and builds new facilities and optimizes existing ones for nuclear operators worldwide. The business unit also provides operating support services, including nuclear safety analysis, modeling, process development and testing, cleanup, and others. As major construction projects wind down in France, the BU has expanded its reach to the global community, where 47% of its sales were made in 2001. It has major U.S. contracts relating to cleanup of the Hanford site (through 2006) and the Department of Energy's MOX fuel fabrication facility. In Japan, it is providing startup support to JNFL for the Rokkasho-Mura spent fuel reprocessing plant. The BU is also active in the Chernobyl project and in several other projects in the Netherlands, Italy, and the United Kingdom.

Nuclear Cleanup: a banner year

With its focus on improving personnel safety and environmental protection, the Nuclear Cleanup BU is contributing directly to sustainable development. Its services include nuclear waste treatment and conditioning, equipment and facility decontamination, plant decommissioning, health physics, environmental monitoring, and nuclear logistics during reactor outages. AREVA is the leader in France for these services with a 39% market share. Business was brisk in 2001, despite depressed prices and a crowded market. This trend is expected to continue as replacement reactors come on stream in Europe and demand rises for more integrated services.

Logistics: three major priorities

The Transportation and Logistics BU designs special-purpose casks, and transports and stores nuclear materials. These services are required at every stage of the nuclear fuel cycle, are conducted worldwide, and are subject to stringent regulations. The group possesses the necessary expertise, products, and processes to transport materials with the utmost safety. The BU is very active in Europe and has acquired positions in the North American and Japanese markets, where the need for spent fuel transportation and storage services is growing.

Shipments with Germany resume
Significant events in 2001 include the resumption of shipments with Germany, more than 140 shipments for EDF, and shipments of vitrified waste back to Switzerland and Japan. In addition, 800 containers were ordered for uranium powder shipments between Europe, the United States, and Japan, and the Ciel tanker was commissioned to help EDF reduce its final waste volumes. Several orders were also secured in the cask and storage sector in Belgium, Switzerland, Germany, and the United States.

Three areas for growth
The business unit has targeted three areas for growth: comprehensive service packages; transportation services for analytical laboratories, decommissioning projects, and the nuclear medicine field; and the North American and Japanese markets, which offer strong growth potential.

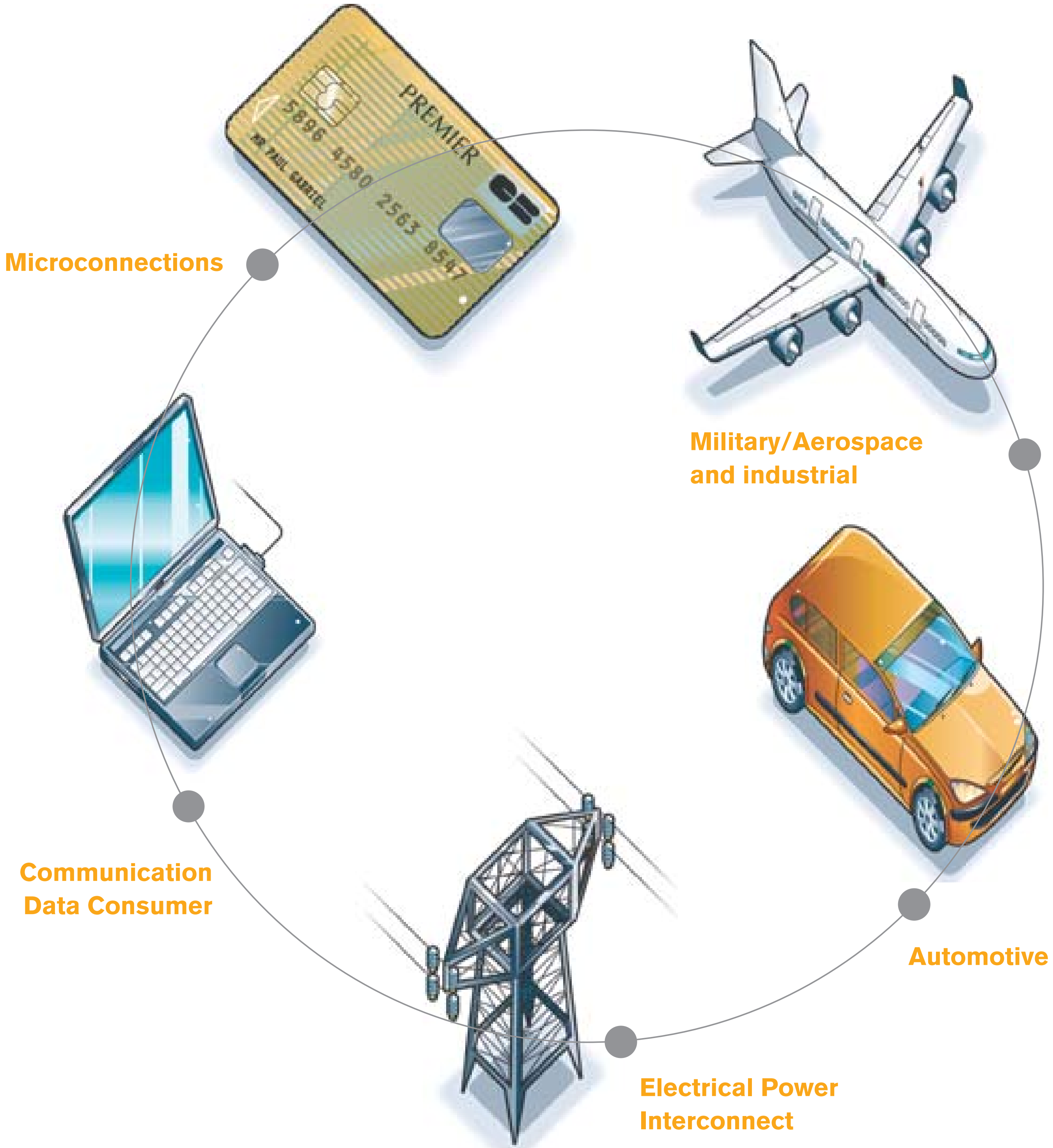
DID YOU KNOW...
that the casks used to ship vitrified waste back to Japan can withstand a drop from a height of 9 meters and temperatures as high as 800°C.

Intelligent automobiles, satellites, mobile phones, high-speed trains...no modern means of communication and transportation can do without connectors.
AREVA is a major player in the connectors market, offering a continuing stream of new products and technological solutions. Our technology gives everyone access to better living, comfort, and safety.

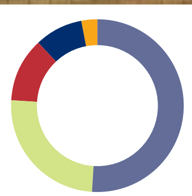
...for Access

Components

Number three worldwide in connectors



Components



SALES BY BUSINESS UNIT (BU)

- Communication Data Consumer: 51%
- Automotive: 25%
- Electrical Power Interconnect: 12%
- Military/Aerospace and Industrial: 9%
- Microconnections: 3%

Connectors Division

Connectors link electrical and electronic cables and equipment. A multitude of manufactured goods and consumer products cannot operate without them, from smart cards to the Ariane satellite launcher, from automobile airbags to personal computers and mobile telephones. Precision manufacturing capabilities are needed to produce electrical, electronic, and optical connectors, flexible microcircuits, and electronic cables needed by these products. Connectors represent a worldwide market of some €34 bn. AREVA operates in this market through its subsidiary FCI.

Communication Data Consumer: number 1 worldwide in backplane interconnect systems

The Communication Data Consumer business unit designs, manufactures, and markets electronic and optical connectors for every region of the world. Half of the BU's sales come from OEMs (original equipment manufacturers). CEMs (contract electronic manufacturers) are also major customers. Large multinational groups buy the BU's products, including Lucent, Alcatel, Compaq, Sanmina, Nortel, Nokia, Siemens, Celestica, Ericsson, IBM, Sun, HP, Philips, Solectron, Flextronics or Jabil.

Connectors link peripherals and cross platforms by connecting electronic modules to printed circuit boards (PCBs) and PCBs to PCBs. The BU has a network of salesmen, commercial representatives, and certified distributors.

2001 sales down sharply

Following a year of extraordinary growth fueled largely by strong demand for communications infrastructure components, the electronics market collapsed in 2001. Inventories ballooned as sales volumes tumbled, and production quickly shifted to cheaper labor markets. Demand dropped and prices suffered. As a result, the business unit's connector and cable sales plunged 39% in constant dollars.

New product launches continue

Still, the BU continued to launch new products in 2001, including:

– METRAL® 4000, a high-speed connector with speeds of up to 5 Gigabytes/second;
– the MEG-Array® BGA (ball grid array), which has become the standard for optical transponder connections and applications; and
– ROCARD™ for wireless communications (Bluetooth, wireless LAN, and GPRS).

Restructuring

To regain profitability in a recessionary market, the BU has adopted a restructuring plan that includes several plant closures and layoffs. Measures have been taken to reduce production costs, optimize purchasing, and improve manufacturing processes. The BU is devoting substantial

METRAL® connectors.

DID YOU KNOW...

that there are 6 to 8 connectors in a mobile phone and 20 to 25 in a computer?

Components/Connectors Division

effort to strengthening its leadership position in telecommunications, especially in the field of high-speed optics, and to increasing its penetration of new market segments to restore balance.

Automotive: key positions

The Automotive business unit designs, manufactures, and supplies interconnect systems for the majority of automotive electrical and electronic applications. It is number two in the European market and number four worldwide. Interconnect systems require manufacturing capabilities in precision plastic injection, high-speed precision metal cutting, and assembly processes. The BU's customers include automotive manufacturers, wireworkers who make the electric cables for automobiles, and equipment manufacturers of electrical and electronic systems.

Worldwide production down

In 2001, worldwide production of light duty vehicles slipped 3%, with the North American market tumbling 10% and the European market more or less stable at +1.4%. Nevertheless, sales for the business unit were up 3%. Despite intense competition, a record number of new projects were won from a wide range of equipment supplier clients. These projects should boost sales significantly by 2004.

Improvement expected in 2002

Though the market is down, sales should continue to grow in 2002 as new projects start up. Business development efforts have accelerated in Ireland, Hungary, and Mexico. With its streamlined organization and optimized R&D, sales, and marketing resources, the business unit is poised to expand its customer base and embark on new programs.

DID YOU KNOW...

that half of the world's automobiles are equipped with airbag connectors from FCI.

An automobile has 300 to 500 connectors.

Focus

In 2001, the Electrical Power Interconnect business unit equipped more than 100,000 kilometers of high-voltage power lines with suspension and vibration control products as well as with connectors.

Electrical Power Interconnect: worldwide distribution and comprehensive maintenance

The Electrical Power Interconnect business unit designs and manufactures a wide range of products for transportation systems and electric power distribution, as well as for the building, telecommunications, and manufacturing industries. It supplies connectors for high-voltage aluminum and copper transformers along with their installation hardware, cable grips, and wiring. The BU also provides comprehensive maintenance services and related hardware. It markets its products worldwide through a vast distribution network. Major customers include Graybar, EDF, Wesco, Tokyo Electric, and GE Supply.

World-renowned service quality

As power market deregulation continues, operators seeking to minimize their power distribution costs are maintaining their maintenance budgets at prior-year levels. The market continues to consolidate through alliances and mergers, especially in the United States, and the number of key players is dwindling. Despite these changes, the BU has maintained its positions. It was designated Best in Class for its service quality in the U.S. market and Supplier of the Year by the Equity Marketing Group of Distributors. The crisis in the telecommunications market, where sales are down more than 50%, has cut into the business unit's sales by 16%.

Constant innovation, ongoing cost reductions

The business unit continued to reduce costs while working to enhance the quality of its services to take advantage of the economic recovery expected in the second half of 2002. New product development is a major component of its business strategy.

Military/Aerospace and Industrial: products for demanding service conditions

The Military, Aerospace and Industrial business unit supplies a wide range of internationally-certified components and interconnect systems to the civil aviation, defense, and space sectors, including major armament programs, submarine applications, launch vehicles, satellites, and space stations. The BU also offers a diverse line of connectors to equipment manufacturers for servo systems, motors, machine tools, and robotics, often for service in corrosive, high pressure, high temperature, and underwater environments. Major customers in the former group include EADS, Boeing, Lockheed, Snecma, the French Naval Shipyards (DCN), Thales, Zodia, Latécoère, and BAE. Customers in the latter group include Sercel, ABB, Alstom, Schneider, and Schlumberger.

DID YOU KNOW...

that umbilical connectors supplied by FCI provide the last link between Ariane, the European satellite launcher, and Earth?

Components/Connectors Division

Aeronautics market down in 2002

The business unit experienced 9% growth in 2001 due to a high pace of orders in late 2000 and strong demand from the aeronautics sector in the first half of 2001. Demand from that sector is expected to slow in 2002, but will be partially offset by new orders in the Defense and Space markets. Cost reductions and performance improvements begun in 2001 will continue at a higher level in 2002 due to market conditions. The BU expects sales to decline slightly in 2002.

60 plants in 29 countries.

Microconnections: world leader in smart card microcircuits

The Microconnections business unit develops and manufactures connectors for smart cards used in banking, mobile telephony, health services, and other sectors. It also makes flexible printed circuit boards for semiconductors. Its expertise in these areas makes the BU a world leader in smart card microcircuits. Its customers are smart card manufacturers, including Schlumberger, Gemplus, and Oberthur, and makers of micromodules for smart cards, including Infineon and STMicroelectronics.

Mobile telephone market sags

Despite a declining market for mobile telephones, the business unit maintained its market share in relation to its Japanese and European competitors. Sales were down more than 6%.

Investments in production and development

The business unit has embarked on a technology development program to expand its product line and strengthen its production capacities in anticipation of expected growth in the smart card market.

DID YOU KNOW...

that more than half of the world's smart cards use an FCI connector?

Components/STMicroelectronics

STMicroelectronics, a major player in the global semiconductor industry, is listed on the Paris (CAC 40), Milan, and New York stock exchanges. It designs, develops, and markets a wide range of integrated circuits and components used by the electronics industry for a host of applications, including telecommunications, computers, consumer products, automobiles, and manufacturing. Via its holdings, the AREVA group has an 11% equity interest in STMicroelectronics, which represented € 34.8 bn in shareholder equity as of March 20, 2002.

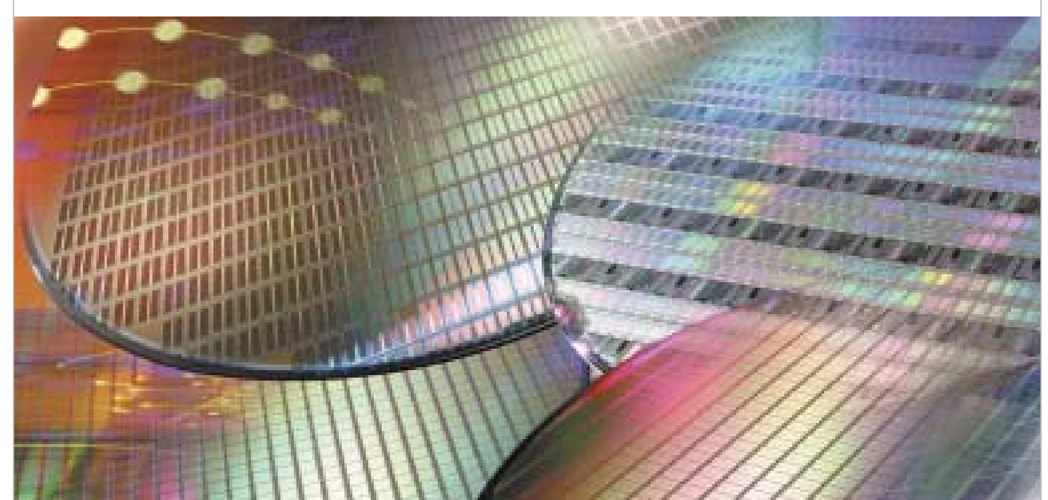
STMicroelectronics has 12 advanced R&D facilities and 33 design centers for electronic component fabrication and assembly in Europe, Asia, the United States, and emerging markets. The company markets its products through 74 sales offices in 27 countries and through its network of distributors.

Strong ability to weather the storm

The semiconductor sector experienced a major setback in 2001. The world market was down 32% and excess production capacity was rampant. The reversal affected every region of the globe and every segment of the market. Computers plunged 40%, telecommunications fell 30%, manufacturing segments were down 25%, and the automobile sector declined 4%. STMicroelectronics was able to limit its sales reduction to 18.6%, or $ 6.357 bn. More than 60% of its sales came from unique products with a high added value. The company outstripped the competition in terms of commercial and financial performance, propelling it to the top five semiconductor companies worldwide. It is also one of the industry's biggest innovators, with 636 new patent applications in 2001. By rapidly implementing cost reduction, performance improvement, and investment optimization programs, STMicroelectronics was able to turn a profit and avoid the massif layoffs that characterized a large part of the electronics and semiconductor industry in 2001.

Outlook

A year of transition between the severely depressed market conditions of 2001 and the recovery expected in 2003 lies ahead. Demand is expected to rise gradually in 2002, with the first signs detectable at the end of the first quarter. However, excess worldwide production capacity will continue through the first half of the year, and component prices are expected to remain depressed throughout the period.



2001 sales

$ 6.357 bn

(2000: $ 7.813 bn)

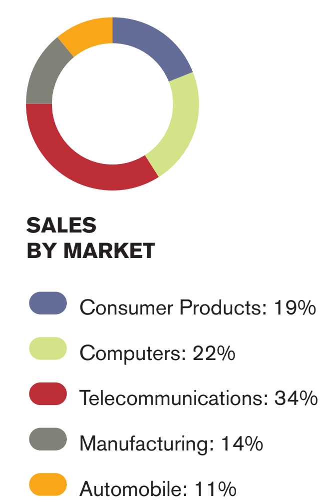
2001 operating income:

$ 339 M

(2000 operating income: $ 1.783 bn)

DID YOU KNOW...

that STMicroelectronics is a major supplier of DSL chips for high-speed Internet access and introduced ADSL modem circuitry for desktop and laptop computers?

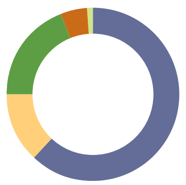


Human resources

2001 employees:

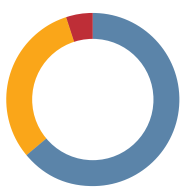
49,860

(2000 employees: 51,811)



2001 EMPLOYEES BY REGION

- France: 62 %
- Europe (excluding France): 13%
- North America: 19%
- Asia: 5%
- Other: 1%



2001 EMPLOYEES BY SECTOR

- Nuclear Power: 64%
- Components: 31%
- Holding company and other operations: 5%

AREVA brings together companies with their own unique background, culture, skills, and technologies. To turn this diversity into a driver for growth and wealth, the group's human resources programs focus on rallying our forces around a single set of goals and values. They are also designed to identify and showcase best management practices so that every member of the group may grow professionally while creating value for the group.

Charting a human resources policy

AREVA's corporate department of human resources is instrumental in fostering team spirit and building a leadership model for the group. It actively supports the group's operating units by helping them to achieve their goals. The corporate HR department offers tools and resources for management grooming, functional and geographic mobility, state-of-the-art compensation packages, and skills assessment and development. It also assists in identifying key individuals within the organization who innovate and create value, and helps them develop their careers while investing in the future of the AREVA group.

Developing skills

The group's training budgets continue to grow, representing more than 4% of payroll in France, for example. Training comes in many forms. In the **Reactors and Services Division,** e-learning tools are being acquired. In the **Front-End and Back-End Divisions,** management skills are being honed at the COGEMA Institute founded in 2001. And in all sectors, a variety of safety and risk prevention seminars are held throughout the year.

In 2001, the group's **Nuclear Power** executives met to share best practices and to discuss safety issues and solutions.

In the **Connectors Division,** the FCI Academy was launched in the Americas, Asia, and Europe with two major initiatives, "Leadership for Results" and "Vita", a training program for young managers.

Recruiting and encouraging mobility

Through AREVA, the group's associates have access to a wider selection of job openings in their own country as well as abroad. AREVA set up an online application process for all of the group's job openings worldwide to encourage mobility, and hired more than 1,400 people in 2001, 40% of whom were managers. In France, 175 work/study positions were created as part of a special effort to hire young people.

Labor relations

Since its creation, AREVA has actively pursued negotiations with its labor partners to finalize collective bargaining agreements for the 30,000 AREVA employees in France. In connection with these agreements, a European Work Council consisting of representatives from AREVA's 37,000 European employees will be elected.

DID YOU KNOW...

that AREVA has the largest French expatriate community in Japan as a result of its partnership with JNFL?

Focus

AREVA University, founded in 2002, serves two goals:

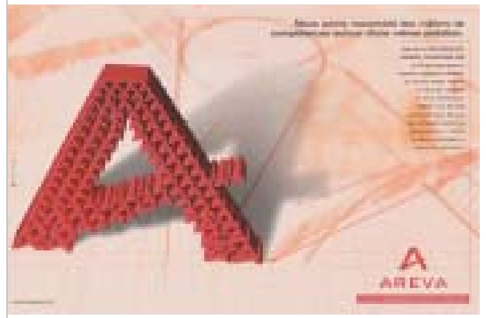
- **to set in motion a leadership model and shared values, and**
- **to expand and capitalize on the group's scientific and technological expertise.**

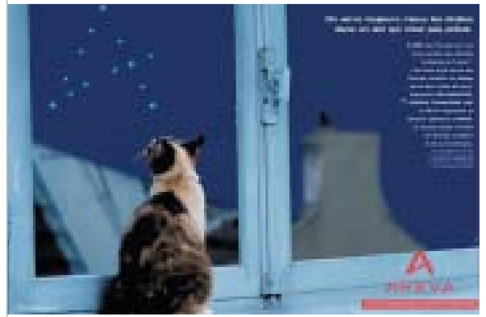
Communication

The primary objective of AREVA's communication programs is to convey the image of a major international group with an advanced technology orientation.

Building a name for the group

As a recently created group, AREVA's first task is to build name recognition and awareness of its operations. The group's emergence was announced by a massive print advertising campaign signed "Better living through advanced technology". The campaign introduced the group's businesses and values while positioning it as a worldwide industry leader committed to continual progress. The campaign was well-received by its target audiences, primarily opinion leaders and the group's associates, in France and abroad.





The consistent illustration of the A in the AREVA logo in familiar environments is a result of the creative design applied in the production of press adverts.

Journalists invited to cover the arrival of spent fuel from Australia at COGEMA's site in La Hague (France).

Positioning AREVA, corporate citizen

AREVA operates in a challenging economic, social, and environmental context.

From the beginning, AREVA has worked to build awareness among its employees, the public, and decision makers about the social issues that matter to the community at large: energy and environmental policies, putting technology to work for mankind, and sustainable development.

As part of its ongoing commitment to transparency, AREVA vows to promote frank public discussions about these issues on a national, European, and international level, and to support institutions that advocate them.

AREVA is taking part in the next Earth Summit in this spirit. We will be in Johannesburg in August 2002, the ten-year anniversary of the Rio summit.

Fostering a group-wide international culture

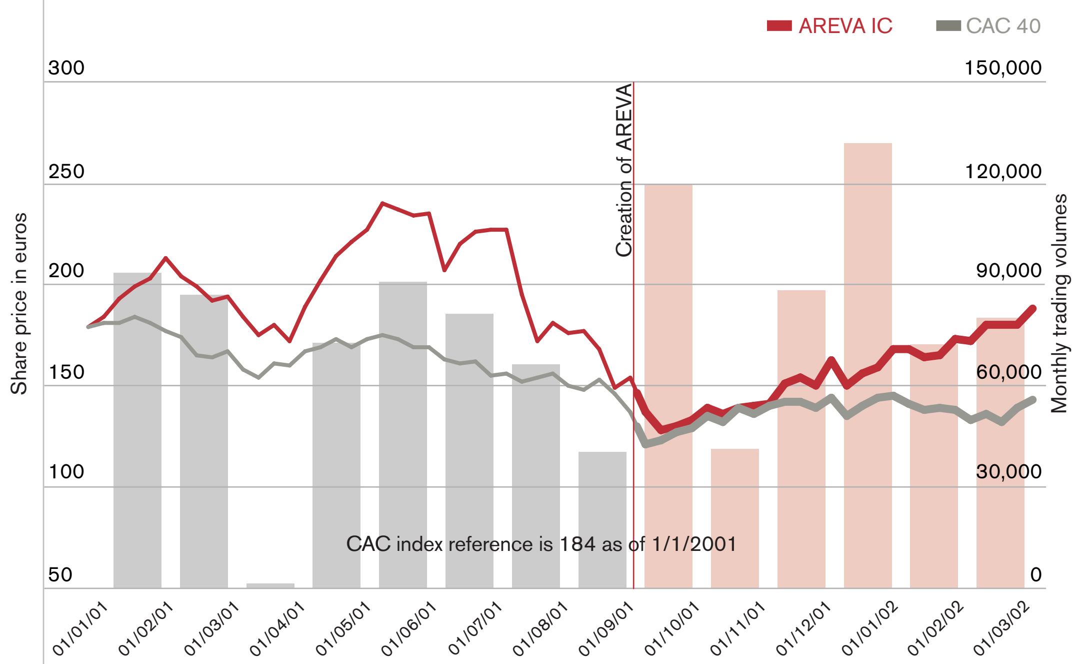
The group created a worldwide visual identity that each subsidiary has adopted to signify its affiliation with AREVA.

AREVA is sponsoring the French challenger for the America's Cup, an event that exemplifies high performance, technology, and team spirit on an international scale. These are values that the 50,000 associates of the AREVA group worldwide can embrace as their own, regardless of their professional or national background.

Share data

Investment certificates representing 4% of AREVA's capital stock are traded on the Paris stock exchange. AREVA's investment certificates outperformed the CAC 40 market index in 2001. Liquidity increased as average daily volumes rose more than 11% to € 676,000.

2001 dividend:
€ 6.20



DID YOU KNOW...

that an investment certificate is created by splitting a share into two parts, an investment certificate and a voting right certificate? The investment certificate holder receives dividends, but is not entitled to vote at Annual Shareholders Meetings.

Investment certificate information

- Listing: Euronext Paris
- Market: Premier Marché
- Custodian services: Euros Émetteurs Finance, Service Financier, Annonces Coupons Valeurs Françaises 48, boulevard des Batignolles 75850 Paris Cedex 17, France Fax: (33)1 55 30 59 60
- Total number of shares: 35,442,701 including 1,429,108 investment certificates listed on Euronext
- Index: MIDCAC
- Sicovam code: 4524
- Reuters code: CEPFi.PA
- Bloomberg code: CEI

Share performance

The investment certificate price rose sharply during the first half of 2001, reaching a high of €243.80 in mid-May. This increase reflected the announcement of AREVA's creation through the merger of COGEMA, FRAMATOME ANP, and FCI. At the Annual Shareholders Meeting convened to review the 2000 financial statements, a net dividend per share or per investment certificate of €22.85 together with a €11.42 tax credit was approved. The dividend was paid on July 17, 2001, at which time the investment certificate price automatically fell 13.8% to below €200, or approximately the amount of the dividend.

Principal share data

in euros	2001	2000	1999
Price at 31 December	159.5	184.0	117,8
High	243.8	195.4	122.0
Low	120.8	106.2	63.0
Average	182.0	149.0	89.0
Average daily volume (number of ICs)	3,655	3,275	1,651
Number of shares	35,442,701	29,414,308	29,414,308
including ICs	1,429,108	1,429,108	1,429,108
Net dividend, excluding tax credit	18.48*	22.85	10.23
Gross dividend, including tax credit	27.72*	34.28	15.34
Payment dates	13/12/2001 and 15/07/2002	17/07/2001	17/07/2000

* 13/12/2001: payment of an exceptional dividend of 12.28 euros net (+ tax credit of 6.14 euros).
15/07/2002: payment of dividend for the year 2001 of 6.20 euros net (+ tax credit of 3.10 euros).

The Special Meeting of the Shareholders of September 3, 2001 approved an extraordinary dividend paid from the merger premium. The merger premium comes from the creation of AREVA through the merger/absorption of FRAMATOME SA and of a company with minority interests in FRAMATOME SA, Eramet, and TotalFinaElf. The extraordinary dividend of €12.28 per share or per investment certificate, accompanied by a €6.14 tax credit, was paid on December 13, 2001 to shareholders and CI holders on record as of that date. At the start of 2002, the price of the investment certificate rose sharply (up 17.9% from 1 January to 7 March 2002) while the CAC 40 dropped slightly in that period (–0.2%).

Shareholders

in %	31/12/2001 (AREVA)	31/12/2000 (CEA-I)
CEA	78.96	95.14
French government	5.19	
IC holders	4.03	4.86
Caisse des dépôts et consignations	3.59	
ERAP	3.21	
EDF	2.42	
Framépargne	1.58	
TotalFinaElf	1.02	
Total	**100.00**	**100.00**

AREVA was created on September 3, 2001 from the former CEA-Industrie company, then 95.14% owned by CEA. Changes in capital structure reflect AREVA's creation through contributions of various minority interests, primarily in COGEMA and FRAMATOME SA, by large shareholders in exchange for AREVA shares. As a result of these transactions, CEA's ownership was diluted to 78.96%.

Creation of financial communications department

One of AREVA's first actions was to establish a financial communications department to strengthen relations with its current and future investment certificate holders and to assume a more active role in the financial markets.

Investor information:

Director of Financial Communications: Vincent Benoit
vincent.benoit@arevagroup.com
Financial Communications Manager: Frédéric Potelle
frederic.potelle@arevagroup.com

Management report

Consolidated financial highlights

Five-year consolidated financial highlights

In Millions of Euros	2001	2000	1999	1998	1997
Income statement					
Sales	8,902	9,041	9,517	7,845	8,172
– Nuclear power	6,825	5,532	7,375	6,441	7,000
– Components	1,966	2,644	1,951	1,201	923
– Other	111	866	191	203	249
Sales outside France (in %)	52.9	56.2	47.6	47.2	40.3
Operating income (1)	122	605	502	391	446
Financial income (1)	199	111	(4)	132	141
Extraordinary income (1)	319	78	24	(23)	70
Amortization of goodwill	(989)	(154)	(146)	(79)	(52)
Companies accounted for by equity method	102	443	929	402	92
Consolidated net income	(367)	785	1,212	558	456
Net income, group share	(587)	463	500	288	289
Cash flows Statement					
Cash flow	1,361	1,818	n.a.*	n.a.	n.a.
Cash from operating activities	1,204	1,452	n.a.	n.a.	n.a.
Cash from investing activities	(1,306)	(1,453)	n.a.	n.a.	n.a.
Cash from financing activities	(813)	(301)	n.a.	n.a.	n.a.
Change in cash for the year	(903)	(289)	n.a.	n.a.	n.a.
Balance Sheet – Assets					
Net intangible assets (excluding amortization of goodwill)	534	498	502	272	293
Net goodwill	2,195	2,113	2,157	1,868	655
Net tangible assets	5,321	5,411	5,922	6,410	6,970
Long-term financial assets	4,880	5,115	4,465	3,948	3,730
Working capital requirements	(1,210)	(1,627)	(2,584)	(2,922)	(4,471)
Cash, cash equivalents and marketable securities	1,715	2,949	3,126	3,091	3,927
Balance Sheet – Liabilities					
Shareholders' equity, group share	4,187	4,170	3,914	3,270	3,234
Minority interests	1,004	2,434	2,019	1,652	1,528
Other equity capital	216	216	216	215	214
Provisions for risks and liabilities	5,583	5,040	4,800	4,566	4,294
Financial debt	2,444	2,596	2,375	2,512	1,834
Per-Share Data					
Number of shares at year-end	35,442,701	29,414,308	29,414,308	29,414,308	29,414,308
of which number of investment certificates at year-end	*1,429,108*	*1,429,108*	*1,429,108*	*1,429,108*	*1,429,108*
Average number of shares or investment certificates outstanding	31,423,772	29,414,308	29,414,308	29,414,308	29,414,308
Net earnings per share (in euros)	(18.65)	15.73	16.98	9.79	9.82
Dividend per share (in euros)	6.20	22.85	10.23	6.19	4.31
Employees					
Employees at year-end	49,860	51,811	53,694	50,481	42,106

(1) Figures not restated for years 1997-1999, see notes to the consolidated financial statements.

*n.a.: not available.

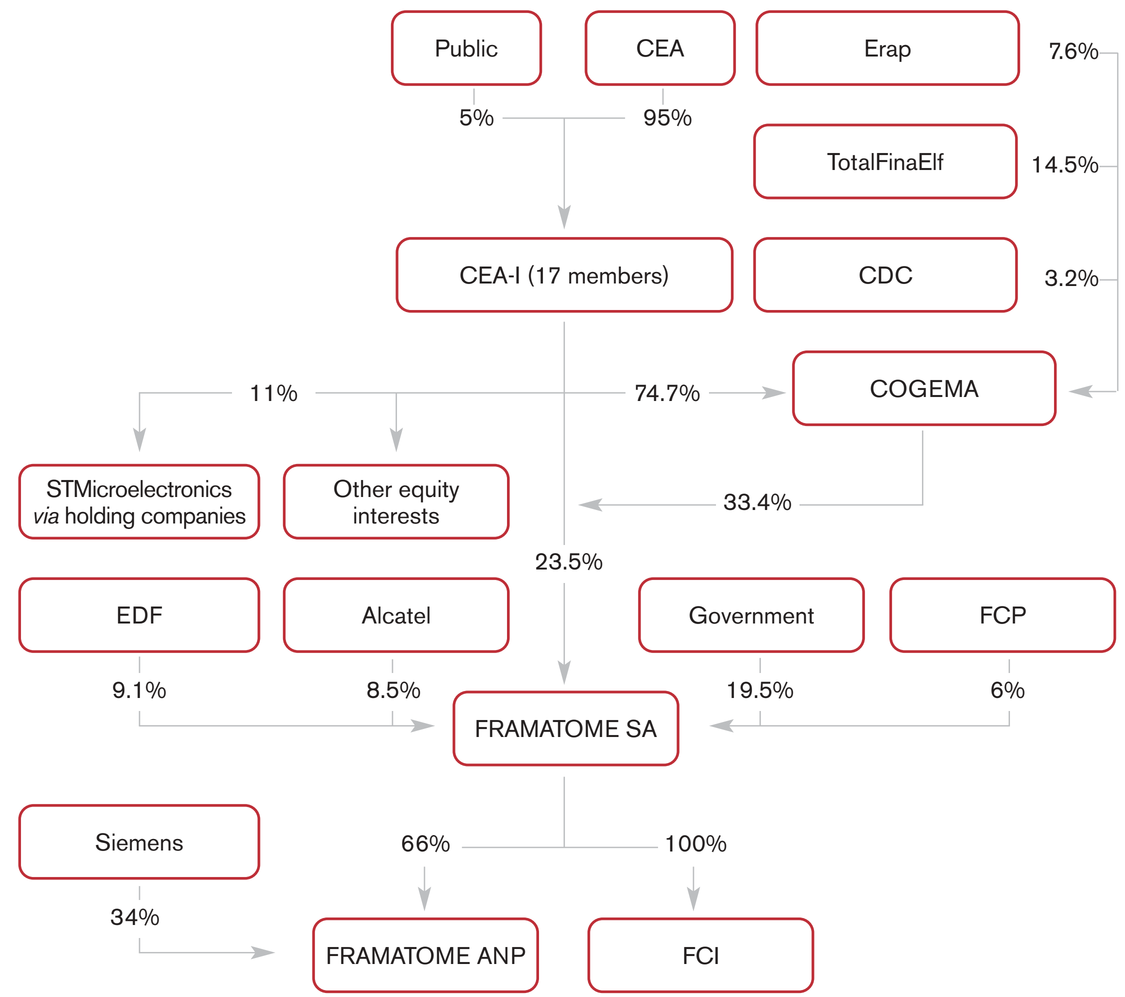
Highlights of the fiscal year

2.1 Formation of AREVA

Announced on November 30, 2000 under the code name TOPCO, the alliance of CEA-Industrie, COGEMA, and FRAMATOME resulted in the formation of AREVA on September 3, 2001.

The combined strengths of these three companies created a major industrial group, a world leader in its businesses, with increased operational coordination and financial resources.

Initial structure of the CEA-Industrie group at the beginning of 2001



The restructuring transactions for this industrial grouping were carried out in six stages:

1. Contribution by COGEMA of its equity interests other than those related to its industrial operations, i.e. its equity interests in FRAMATOME, TotalFinaElf, Erametl, and Cogerap, to Biorisys, a company wholly owned by COGEMA;

2. Acquisition by CEA-Industrie from TotalFinaElf of 5/6 of its stake in COGEMA;

3. Distribution of the Biorisys shares issued in consideration for COGEMA's contribution among its shareholders;

4. Merger-absorption of Biorisys and FRAMATOME SA within CEA-Industrie;

5. Contribution by the COGEMA minority shareholders of their COGEMA shares to CEA-Industrie in exchange for CEA-Industrie shares;

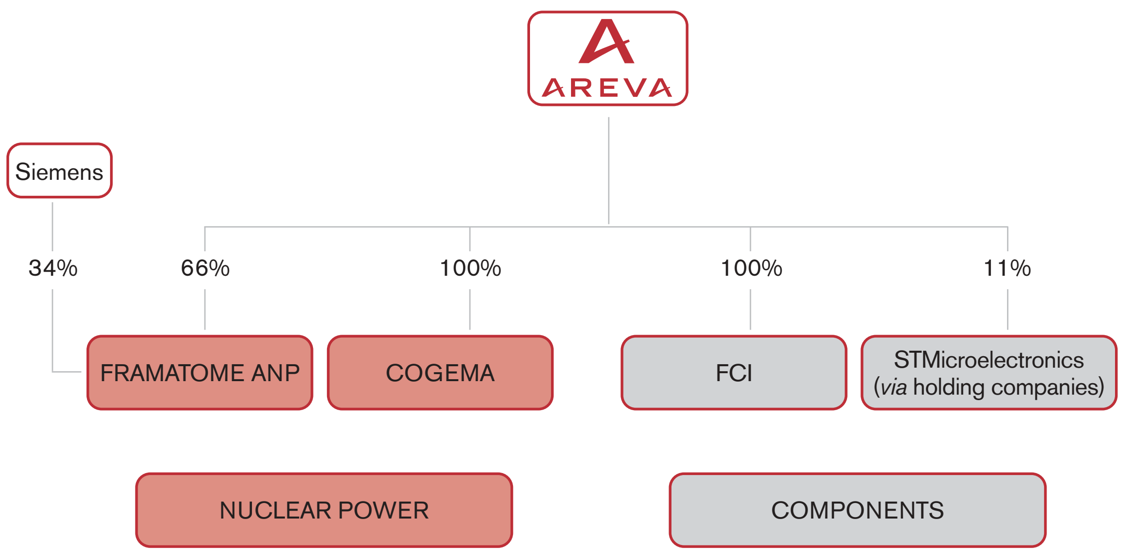
6. Change of CEA-Industrie's trade name to AREVA.

This combination of contribution and merger transactions included a capital increase of 229 million euros, with a contribution premium of 144 million euros and a merger premium of 1.532 billion euros, which included a merger dividend of 765 million euros. Thus, AREVA was formed on the basis of the legal structure of CEA-Industrie and retains the benefit of the listing of a portion of CEA-Industrie's capital in the form of certificates of investment on Euronext Paris *(Premier Marché)*.

The simplification of the organization of the subsidiaries (see the organizational chart below) reflects a desire for industrial efficiency. It offers:

- a global presence in all the businesses of the nuclear cycle and the development of consistent strategies for major customers;
- the benefits of an expanded customer base for its entire line of products and services in nuclear;
- cost control, by pooling purchases and a portion of structural expenses;
- optimized management of financial resources.

Legal organizational chart of AREVA after the merger-absorption transactions



As a result of these transactions, the shareholders are as follows:

AREVA's shareholders after the transactions

	% of capital
CEA	78.96
Government	5.19
Holders of Certificates of Investment	4.03
Caisse des dépôts et consignations	1.36
Alcatel(1)	2.23
Erap	3.21
EDF	2.42
Framépargne	1.58
TotalFinaElf	1.02
Total	**100.00**

(1) On December 21, 2001, Alcatel sold its shareholding to *Caisse des dépôts et consignations.*

AREVA has two activities:

- **Nuclear Power.** This covers all nuclear activities, from the extraction of uranium ore and the manufacture of fuel to the reprocessing of spent fuel, including the construction of electro-nuclear power plants and related services.
- **Components.** This includes the development and production of interconnect systems, primarily for the telecommunications, information technologies, and automobile industries. The group also holds, *via* holding companies, 11% of STMicroelectronics, a major player in semiconductors (active components).

2.2 Contribution of the Siemens nuclear business to FRAMATOME ANP

Early in 2001, the agreement signed by FRAMATOME and Siemens in July of 2000 to merge their nuclear operations into FRAMATOME ANP was put into practice. The actual contribution of the Siemens assets to FRAMATOME ANP took place in two phases: on January 31 for the German operations and on March 19 for the U.S. operations. This contribution was completed by a cash contribution from Siemens AG to FRAMATOME ANP to allow Siemens AG to hold 34% of FRAMATOME ANP.

This merger took place after several years of cooperation between FRAMATOME and Siemens, particularly with the joint development since 1989 of the new generation EPR reactor (European Pressurized Reactor). Furthermore, the two groups had collaborated on a number of contracts, notably to supply and install replacement steam generators or upgrade the Russian-designed VVER reactors to Western safety and security standards.

The nuclear operations of Siemens were also integrated into AREVA divisions as follows:

2001 Impact of the Siemens Operations integrated into the segments of the group

In Millions of Euros	Front-end	Reactors & Services	Back-end	Corporate	Total
Sales	**432**	**406**	**0**	**2**	**841(1)**
– Fuel	432				
– Projects and Engineering		269			
– Nuclear Services		137			
Operating Income	**46**	**(35)**	**0**	**(7)**	**4**

(1) Includes 31 million euros in sales to other companies of the group.

Regionally, the business contributed by Siemens is, for the most part, divided between Germany (85%) and the United States. The total nuclear business of Siemens represented sales of 1.182 billion euros in 2000, including non-recurring sales in respect of final invoicing for the Angra 2 power plant in Brazil (400 million euros) which was commissioned during the fiscal year. This contribution means that AREVA:

- Is the sole supplier for the new generation of EPR reactors;
- Is the world leader in the supply of fuel;
- Expands its regional positions in Europe and in the United States.

2.3 Nuclear power Significant events

Internationally, the key event of the year occurred in May with the strong assertion of the American energy policy (National Energy Policy) that calls for nuclear power to become a major component in the U.S. energy mix, and recommends a review of the official U.S. policy on reprocessing spent fuels. This policy shift was boosted by the position taken by the U.S. Secretary of Energy after the attacks on New York and Washington, who assigned a key role to electro-nuclear development in the security of the US energy supply and in the limitation of greenhouse gas emissions. In November 2001, the European Parliament adopted a resolution on the Green Book devoted to the European Union energy supply that had been prepared by the Brussels Commission. This resolution recognized the importance of the objectives of the Kyoto Agreement and the contribution of nuclear energy in this area, which should be encouraged. The proposed fifth nuclear power plant, which was approved by to the Finnish parliament, is part of this strategy. However, proposed legislation to abandon (over time) nuclear power as a source of energy was passed in Germany.

• Worldwide production of nuclear power

According to data available at the start of 2002, the worldwide production of nuclear power increased 2.4% in 2001 to reach 2,613 TWh. Production in the European Union rose to 880 TWh (up 4.4% over the previous year), close to half (409 TWh) of which was in France (up 3.5%).

• The Franco-German agreement on resuming shipments of nuclear material between the two countries

After a suspension more than three years, the French and German governments reached an agreement at the end of January, 2001 to resume shipments of nuclear material between the two countries, reconditioned waste to Germany and spent fuels from German power plants to La Hague.

Under this agreement, shipments of German vitrified waste from La Hague to the Gorleben storage center resumed in March, and shipments of German spent fuels to La Hague resumed in April.

Highlights of the year in the different divisions were as follows.

Front-end

• Increase in the capacity of the McClean uranium mine

In August, the Canadian Nuclear Safety Commission (CNSC) agreed to a four-year renewal of the license to operate the McClean Mining site. This renewal authorized an increase in the annual production capacity, currently standing at 3,085 tons of uranium per year (8 million pounds per year of U_3O_8).

• End of uranium extraction in France

The Jouac mine extracted its last ton of uranium on May 31, 2001. This event, anticipated since 1997 because reserves had been exhausted, marks the end of uranium extraction in France. Operated since 1978 on the surface, and underground since 1987, the Jouac deposits have supplied 8,000 tons of uranium. After the site was secured, which was completed at the end of 2001, reconditioning will continue until the end of 2002.

Reactors and Services

• Signature of the K2R4 contract

The K2R4 project involves the finishing and modernization of the Khmelnitsky 2 and Rovno 4 nuclear generating units with a capacity of 1,000 Mw each. The decision to finish these units came under an agreement signed in 1995 between the Ukraine and the G7 countries in order to offset the shut-down of Unit No. 3 in Chernobyl on December 15, 2001.

FRAMATOME ANP is the leader of the consortium that is acting as general contractor. The final signature and execution of this contract, which was initialed in June 2001, are subject to the implementation of the multi-source financing currently under negotiation between the Ukrainian client Energoatom, the lenders BERD, EUROATOM, and five credit insurance agencies.

• Loading the reactor core for the Ling Ao power plant (China)

The loading of fuel for Generating Unit 1 at Ling Ao in the province of Guangdong in the Peoples' Republic of China was completed between December 8 and 14, 2001, a week ahead of the initial planning.

The Ling Ao power plant consists of two 1,000 MWe generating units. The boiler is of FRAMATOME ANP design. The fuel that was loaded into the reactor of Generating Unit 1 was also designed by FRAMATOME ANP and is manufactured at its plants–the assemblies in Romans and the control clusters in Pierrelatte.

• Acquisition of Canberra

In February of 2001, AREVA acquired the company Canberra, becoming the leader in nuclear instrumentation.

• Disposal of Clemessy

During the year, AREVA transferred its 46.1% stake in Clemessy to the Dalkia group. This transaction put an end to the alliance between EDF, also Clemessy shareholder at the same level as AREVA, and Dalkia in the area of back-end services for electricity production. In October of 2000, AREVA had transferred its industrial maintenance operations (GAME) to Clemessy.

Back-end

• Agreement for the management of EDF spent fuels

At the end of August 2001 an agreement was signed with EDF for the management of spent fuels from EDF nuclear power plants. It contained a price stipulation that became effective on October 1, 2001 and runs until December 31, 2007. This 4 billion euro agreement provides for, among other things, the reprocessing of about 5,250 tons of spent fuels over this period, at an average of 850 tons per year, and the supply of 100 tons per year of MOX fuels. This agreement also confirmed the plan to process spent fuel for EDF through 2015.

• Continuation of the U.S. program to eliminate excess military plutonium

Following a review of the non-proliferation programs with Russia and on the recommendations of the United States National Security Council (NSC), the American Secretary of Energy announced that the Department of Energy was adopting the MOX option involving the consortium of Duke, COGEMA, and Stone & Webster for the conversion of 34 tons of military plutonium. The choice to immobilize a portion of this plutonium was abandoned. The total cost of the program is estimated by the DOE at 3.8 billion dollars over twenty years.

• Cooperation between AREVA and JNFL

In July, AREVA and JNFL signed an agreement to assist in the start-up of the Japanese plant for reprocessing spent fuels in Rokkasho-Mura. In September 2001, as part of this cooperation, the COGEMA-La Hague reprocessing center received the first Japanese engineers and technicians for a three-month training program. The proposed schedule of training courses, given at the COGEMA-La Hague plant, will last slightly more than three years and the assistance will continue until the start-up of the Japanese plant, scheduled for 2005.

Furthermore, in April of 2005, AREVA and JNFL entered into an agreement for the transfer of technology for the manufacture of MOX fuels designed to build a corresponding plant near the reprocessing plant.

• The Japanese MOX program

In April 2001, the Japanese security authority stated that the reloading of MOX fuel delivered by the group intended for Reactor 3 at the Kashiwazaki power plant (Tepco) passed the security inspection. One month later a local referendum that went against the company forced Tepco to postpone its MOX loading program. At the end of December, the Kansai electricity company, not yet able to obtain the required approval from its security authority, declared that it was forced to suspend the manufacturing program in progress at MELOX. The Japanese electricity companies do, however, maintain their plan to load 16 to 20 of their reactors with MOX by 2010.

2.4 Components Significant events

Connectors

• Principal developments in the connectors market

Connectors is a precision industry that designs, manufactures, and markets electrical, electronic, or optical connectors, supports for integrated circuits, flexible micro-circuits, and interconnect system.

In 2001, the worldwide connectors industry underwent the worst year in its history. The Bishop Report of January, 2002, which adopted a restricted definition of the connectors market as electrical, electronic, or optical connectors excluding many types of interconnect systems, found that sales totaled 25.6 billion dollars in 2001, down 19.1% from 2000.

According to the report, after 18.1% growth in 2000, the size of the world connectors market shrunk significantly, returning to 1999 levels. As the report states, the North American market tumbled nearly 30%, the European market 12.4%, the Japanese market 24%, Asia-Pacific market 8.1%, and the rest of the world 13.2%. The steep decline in business on the connectors market is primarily the result of the deep economic recession, aggravated by the events of September 11, 2001, which affected the telecommunications markets, including the internet, data transfer, and IT markets.

FCI, a subsidiary of the AREVA group that holds the connectors business, has been particularly affected by the downturn in the telecommunications and IT markets, which are down 50%. In 2000, these markets represented close to 70% of FCI's sales compared with 60% now. The key events of the year affecting FCI's various divisions were as follows.

• Start-up of connector production at the Dongguan site in China

Already present in central China, FCI has strengthened its position by opening a new production unit to serve a number of local customers. The fully integrated plant mass-produces a limited number of products.

• ModuPack, the first modular connector system for automobiles
The ModuPack (TM) interconnect system is the precursor of connectors for flexible wiring (Flex). In an increasingly dense vehicle electrical and electro-mechanical environment, this technology is expected to develop rapidly to replace traditional wiring.

• The SquibNet "Sub-5" miniature Airbag connector becomes the new standard for all automakers in the United States
The new miniature connector for airbag application became a new standard for US automakers in 2001, and the same is poised to occur in Europe. This technology will maintain the leadership position held by FCI in connectors.

• Shutdown of six plants
The year 2001 was notable for rationalization of FCI production capacity, given the crisis in the IT, data transfer, and telecommunications industries. FCI shut down six of its plants in the United States, Canada, Japan, and Europe.

• Change in management at the end of 2001
The Board of Directors of FCI met on November 28, 2001 and appointed Jean-Lucien Lamy as Chairman. He succeeds Philippe Anglaret, who is assuming the functions of CEO for Renewable Energies of the AREVA group.
Jean-Lucien Lamy began his career with various American multinational groups including Rockwell and Allied Signal before joining the Labinal group in 1984. In 1987 he was appointed General Manager of several operating divisions, and contributed to the international growth of the business *via* acquisitions and organic growth prior to its acquisition by Snecma at the end of 2000.

STMicroelectronics (11%, *via* holding companies)

• Renegotiation of the shareholders' agreement with France Télécom and Finmeccanica
At the beginning of December, 2001, a new three-party agreement was announced between AREVA, France Télécom, and Finmeccanica that established new rules governing the relationship between these STMicroelectronics shareholders. This agreement preserves French-Italian parity regardless of the interests in STMicroelectronics Holding N.V. resulting from sales of shareholdings. It also preserves mechanisms against takeover through the issue of preferred shares to STMicroelectronics. As of December, 2001, France Telecom and Finmeccanica had placed 69 million STMicroelectronics shares on the market.
Finally, the agreement provides that two years after the date of the agreement, the shareholders are free to transfer their equity holdings in accordance with certain provisions (preemptive right, joint withdrawal, no sale to a competitor, etc.).

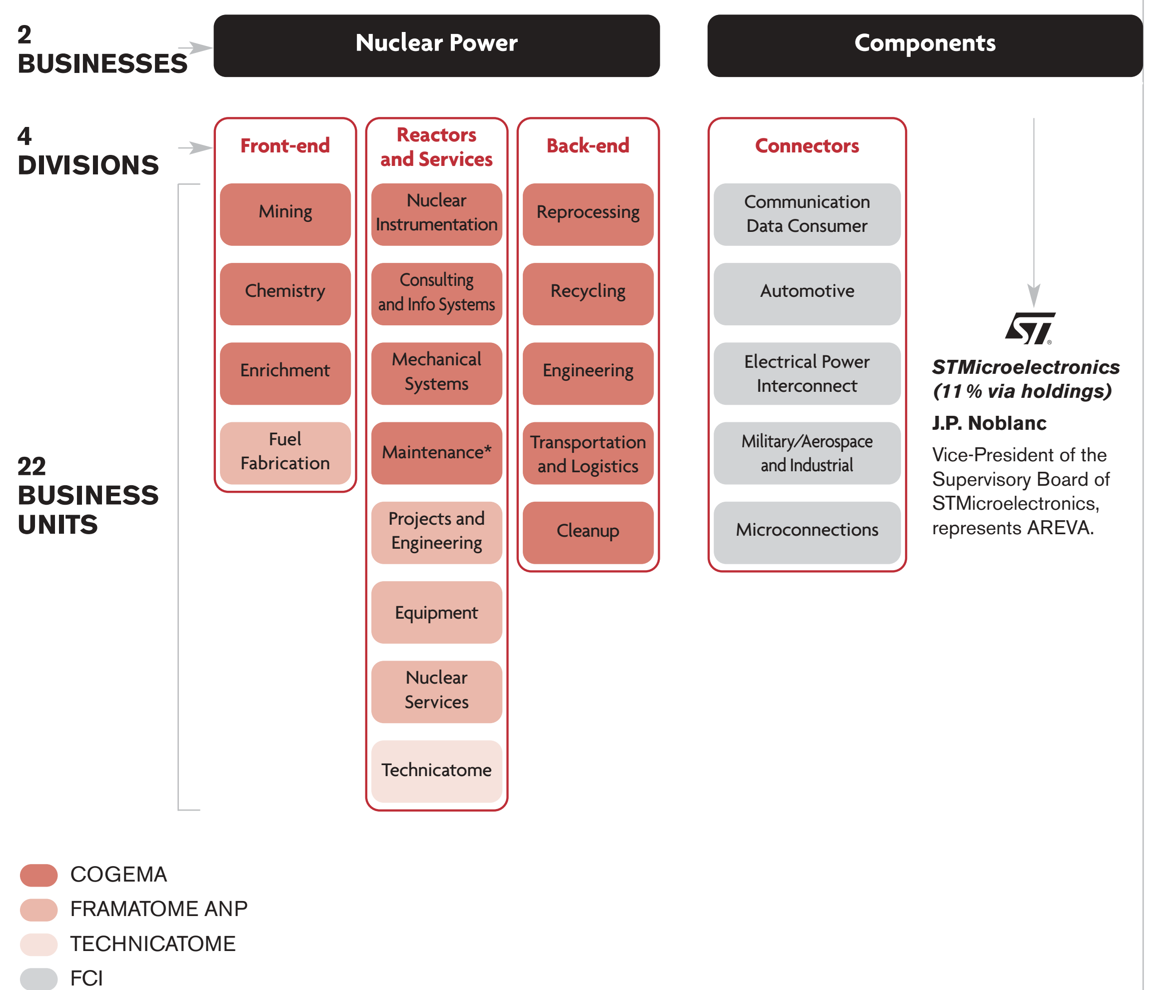
2001 operations and results

Note: The figures for 2000 provided below are the figures for CEA-Industrie, which became AREVA on September 3, 2001. Excluding significant changes in consolidation during 2001 (acquisitions and disposals of Group subsidiaries), the 2000 figures are comparable with those provided by AREVA for fiscal year 2001.

3.1 Segment reporting

The present consolidation of AREVA represents the combination of four main companies: COGEMA, FRAMATOME ANP, TECHNICATOME, and FCI. Areva also owns an 11% equity interest *via* holding companies in STMicroelectronics. These companies are organized as business units. For proper visibility of the various businesses, consistent with an analysis of the value chain, these business units have been grouped into four divisions (Front-end, Reactors and Services, Back-end, and Connectors) that are organized around two main businesses – Nuclear Power and Components – as detailed in the following chart:

Organization of the businesses of the AREVA group



* Sold in 2001.

3.2 Sales

Group sales in 2001 totaled 8,902 million euros, down 1.6% from 9,042 million euros in 2000. This change reflects:

- growth of 9.8% in Nuclear Power, due primarily to the consolidation of the Siemens nuclear operations at the beginning of 2001;
- a sharp decline (-25.6%) in Components which suffered from the downturn in the telecommunications and information technology market in 2001.

Breakdown of AREVA consolidated sales by division

In Millions of Euros		2001	2000	Change
Nuclear	Front-end	2,733	2,328	17.4%
	Reactors and Services	1,879	1,675	12.2%
	Back-end	2,213	2,210	0.1%
Components	Connectors	1,966	2,644	– 25.6%
Others		111	184	– 39.7%
Total		**8,902**	**9,041**	**– 1.5 %**

Like-for-like sales(1) for the group declined 7.4%. This decline was entirely due to the downturn in connectors, as shown in the table below. Sales of the nuclear business were stable in 2001 (up 0.3%).

Breakdown of AREVA consolidated sales by division excluding changes in consolidation (1)

In Millions of Euros		2001 Adjusted	2000 Adjusted	Change
Nuclear	Front-end	2,301	2,328	– 1.2%
	Reactors and Services	1,312	1,267	3.6%
	Back-end	2,213	2,210	0.1%
Components	Connectors	1,966	2,644	– 25.6%
Others		82	53	54.7%
Total		**7,874**	**8,502**	**– 7.4%**

(1) The accounts have been adjusted for comparison purposes excluding the following transactions as of January 1, 2000:
– The Siemens nuclear business merged in February of 2001 affecting the "Front-end" and "Reactors and Services";
– The acquisition in February of 2001 of CANBERRA (United States) in Reactors and Services (Nuclear Instrumentation);
– The disposal of Clemessy in Reactors and Services in September of 2001 (maintenance).

Nuclear

Front-end division

Sales advanced 17.4% over the year to reach 2.733 billion euros, up from 2.328 billion euros in 2000.

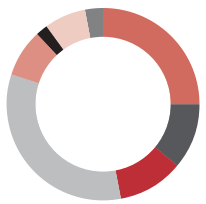
2001 Front-end sales by Business Unit

- Sales of the **Mining BU** were marginally up (1.7%). Excellent production volumes from the Mc Arthur mines in Canada increased overall production from 7,230 tons in 2000 to 8,280 tons in 2001, an advance of 14.5%. Volumes sold under long-term contracts to our major power customers increased but were offset by a decline in the trading business. The uranium market still remains marked by significant inventory reductions and by market dumping of excess Russian inventories of strategic materials. Prices firmed at the end of 2001 (up 13.5% on long-term contracts).
- The **Chemistry BU** posted relatively stable sales. Prices for conversion in particular recovered after four years of decline.
- The uranium **Enrichment BU** posted a decline of 12.8% in sales, largely due to a reduction in quantities sold. The strong dollar and cost reductions, however, meant that this had no impact on the operating margin of the business.
- The **Fuel Fabrication BU** operates in a market where AREVA is global market leader. 2001 sales jumped 74% to 1.223 billion euros. Excluding Siemens, growth was 13% boosted both by natural uranium fuel, where the group delivered the first fuel core for the Ling Ao power plant, and MOX fuel.

Reactors and Services division

Sales rose 12.2% in 2001 to 1.879 billion euros, up from 1.675 billion euros boosted by consolidation of the Siemens business.

2001 Reactors and Services sales by Business Unit



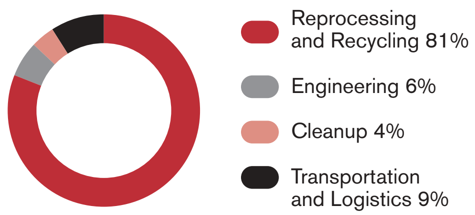
- In the **Projects & Engineering BU,** the impact of the Siemens merger in 2001 was 269 million euros, which accounts for 58% of the BU's sales for the year. Volumes for the rest of the BU following an outstanding year in 2000, buoyed by final invoices for completion of the work on the Civaux 2 power plant and a steady loading plan for the Ling Ao power plant in China, unit shrank during the year. The group is maintaining its engineering capacity so that it can take on major projects for the construction of power plants in the years to come.
- The **Equipment BU** grew 58%, buoyed by a major loading program with significant contracts in France (four steam generators for EDF) and abroad (United States).
- In **Nuclear Services,** representing 33% of the division's sales, the consolidation added 137 million euros to sales over the year. Organic growth was 13%. The growth in the business of maintenance services for power plants was primarily due to contracts won in the United States where, in the final months of the year, the group has performed a significant number of inspections and repairs of vessel top heads. In France, the steam generators of the Tricastin 3 generating unit were changed without difficulty. The same type of services were performed in Great Britain (Sizewell) and in South Africa (Koeberg).

- In **Nuclear Instrumentation,** the group acquired Canberra Industries in February 2001, generating additional sales of 105 million euros over the year. The group has become the world leader in nuclear instrumentation devices.
- The **Maintenance BU** was deconsolidated over the first quarter of 2001 and transferred to Dalkia in September 2001.
- The **Technicatome BU** advanced 4.5% both in nuclear propulsion and in transport control systems.

Back-end division

Sales in 2001 were stable at 2.210 billion euros compared with 2.213 billion euros in 2000. The division was unaffected by integration of the Siemens business in 2001.

2001 Back-end sales by Business Unit

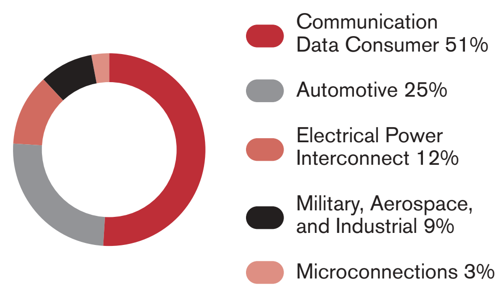


- **Reprocessing** of spent fuel (79% of the division's sales) edged up during the year, reflecting a decline in volumes due to a technical shutdown (959 tons reprocessed in 2001 compared with 1,197 tons in 2000) that was offset by the resumption of normal services for acceptance and storage of spent fuel for EDF. This resumption of normal services follows renegotiation of the contract for management of spent fuel for EDF, effective as of October 1, 2001.
  This new contract sets terms for pricing and tonnage until December 31, 2007 and includes price reductions following the end of the depreciation of industrial facilities installed under prior contracts. These reductions will not change the operating margin. As of December 31, 2001, the pools in the factory of COGEMA-La Hague contained 7,453 tons of spent fuel for reprocessing, compared with 7,370 tons as of December 31, 2000. The fourth quarter of 2001 saw the implementation of the assistance agreement for the start-up of Rokkasho-Mura reprocessing plant and operator training that was signed during the summer with JNFL.
- In 2001, the **Recycling BU** maintained a similar tonnage of MOX fuel production to 2000.
- Sales earned by **Engineering** in 2001 declined 7.4%, as a result of the termination of the Group's major sites. International sales were buoyed by the continuation of contracts in Europe and the United States, and by the assistance contract for the start-up of Rokkasho-Mura.
- The 17.3% growth in sales for **Logistics** is due to the resumption of nuclear shipments between France and Germany starting in the spring of 2001, and from a good level of supplies of special casks to the United States (fuel packaging).
- Finally, the **Cleanup BU** continued to grow (up 14.3%) in a very competitive market, but which is expected to grow significantly in the years to come.

Components

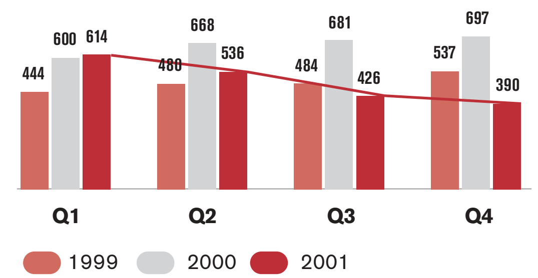
Connectors

2001 Connectors sales by Business Unit

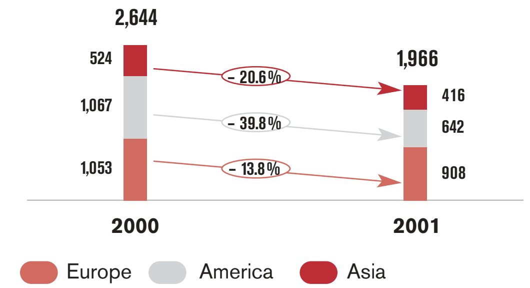


Over 2001 the sales of this BU amounted to 1.967 billion euros, down 25.6% from 2000. This downturn, limited to 9.2% over the first part of 2001, accelerated over the second half. Sales in the fourth quarter of 2001 were down 44% from the same period in 2000. This situation resulted from a downturn in the market that was particularly significant in the telecommunications and IT industries for all component manufacturers, accompanied by significant inventories accumulated at major customers throughout 2000.

Connectors quarterly sales



Change in Connectors sales



In 2001, the crisis that began in the United States gradually spread to Asia and Europe. Sales reduced by 39.8%, 20.6%, and 13.8% respectively in these regions.

The **Communication Data Consumer BU** suffered the steepest decline of the various product lines (down 39.6% on 2000) and, to a lesser degree, the **Electrical Power Interconnect BU**, which posted a decline of 16.2%. **Automotive** and **Military/Aerospace and Industrial** stood up well and their sales increased 2.9% and 8.4% respectively over the year.

Considering the market conditions, which remain difficult for all industry players in 2002, it appears that the market will not rebound before the second half of 2002.

3.3 Operating income

Operating income by division

In Millions of Euros	2001	% sales	2000	% sales	Change in %
Front-end	362	13.2	200	8.6	+ 81.0
Reactors and Services	45	2.4	84	5.0	– 46.4
Back-end	194	8.8	57	2.6	+ 240.4
Nuclear operating income before extraordinary items	**601**	**8.8**	**341**	**5.5**	**+ 76.2**
Extraordinary amortization	(184)		0		
Nuclear operating income	**417**	**6,1**	**341**	**5,5**	
Connectors operating income	**(235)**	**(12.0)**	**289**	**10.9**	**– 181.3**
Others (corporate expenses, etc.)	**(60)**	**ns**	**(25)**	**ns**	**+ 140.0**
Operating income	**122**	**1.4**	**605**	**6.7**	**– 79.8**

Group operating income came in at 122 million euros in 2001, down from 605 million euros in 2000, before extraordinary provisions.

- In **Nuclear,** operating income jumped 76% from 341 to 601 million euros in 2001 with a slightly positive contribution from the Siemens nuclear business. It should be noted that the return on average capital employed in the nuclear industry was 9.1% in 2001.
- After a non-recurring charge of 184 million euros related to the extraordinary write-down of the recycling plant (MELOX), 2001 operating income for nuclear was 417 million euros.
- Operating income for **Components** fell from 289 million euros to a loss of 235 million euros.

Nuclear

Front-end operating income improved from 200 to 362 million euros and the operating margin advanced 4.6 points. In addition to the favorable impact from Siemens (plus 47 million euros), the profitability of all the businesses in this division has improved. The actions undertaken in 2000 and 2001 to increase industrial profitability and reduce costs have contributed to this performance.

The operating income of **Reactors and Services** fell 39 million euros from 2000:

- The changes in consolidation(*) had a negative impact of 30 million euros on operating income;
- Operating income for Projects & Engineering and Equipment was at the break-even point as the level of expenses reached a low point in 2001;
- The profitability of Nuclear Services improved significantly in 2001.

In **Back-end,** before extraordinary write-downs, profitability improved strongly to 194 million euros in 2001, thanks to productivity gains achieved in the Reprocessing business as well as the start-up of the Japanese contract. The operating income of this division included a non-recurring charge of 184 million euros for the extraordinary write-down of the MELOX recycling plant to reduce capacity in this facility.

Components

Connectors posted an operating loss of 235 million euros in 2001 compared to a profit of 289 million euros in 2000. This loss is explained by the strong exposure of this division to the telecommunications market and to a delayed response to the breadth of the crisis:

- Poor anticipation of the market with continued capital outlays (201 million euros in 2001 compared to 252 million in 2000) and recruitment over the end of 2000 and early 2001 that took full effect at the time of the market downturn;
- Despite the shutdown of sites decided during the second half of 2002, the under- absorption of fixed plant expenses led to a sharp deterioration in the gross margin of this division;
- Despite a reduction in administrative and sales expenses, their relative proportion as a percentage of sales revenues continued to grow.

In total, over the year 2001, the reduction in personnel was 17% (15,300 people at the end of 2001 compared with 18,500 at the end of 2000).

3.4 Analysis of net income, group share, before extraordinary impairment provisions goodwill

In Millions of Euros	2001	2000	Change in %
Operating income	**122**	**605**	**– 79.8**
Financial income	199	111	+ 79.3
Extraordinary income	319	78	+ 309.0
Income tax	(120)	(298)	– 59.7
Companies accounted for by the equity method	102	443	– 77.0
Net income before amortization of goodwill	**622**	**939**	**– 33.8**
Amortization of goodwill (1)	(259)	(154)	+ 68.2
Minority interests	(220)	(322)	– 31.7
Net income before extraordinary depreciation of goodwill	**143**	**463**	**– 69.1**

(1) Excluding exceptional provisions.

The financial income of the AREVA group amounted to 199 million euros in 2001 compared to 111 million euros in 2000. Net financial income from the sale of investment securities as well as equity interests from the liquid portfolio (TIAP), not committed for financing dismantling operations (see Note 11) totaled 229 million euros, a level close to that of fiscal year 2000. Dividends received amounted to 94 million euros during the year.

Interest on borrowings amounted to 134 million euros compared with 107 million euros in 2000 due to an increase in net debt.

Extraordinary income was 319 million euros in 2001 and reflected the effects of the gain in dilution related to Siemens' stake in FRAMATOME ANP for 304 million euros. After extraordinary provisions for goodwill, the net dilution gain was 284 million euros.

(*) Acquisition of Siemens and Canberra, and disposal of Clemessy.

The AREVA group is subject to tax on consolidated, worldwide group income. Its tax charge is calculated at the group level. Its average effective tax rate was 33.7% in 2001 compared with 37.5% in 2000. The income from equity affiliates dropped from 443 million euros in 2000 to 102 million euros in 2001, largely due to the following:

- Decline in the income of STMicroelectronics, which suffered a significant downturn because of a 32% decline in the semiconductor market and a crisis arising from excess worldwide production capacity;
- Impact of the withdrawal of France Télécom from STMicroelectronics (the AREVA group consolidates 100% of the controlling holding company FT1CI and then repays the minority interests of France Télécom).
- Normal amortization of goodwill increased from 154 million euros to 259 million euros, due in particular to amortization of the goodwill generated at the time AREVA was formed. The goodwill posted at the time of the transactions to create AREVA amounted to 657 million euros and was amortized in the amount of 89 million euros in 2001.

The reduction in minority interests reflects the decline in the earnings of the various companies of the group as well as changes made at the time AREVA was formed. Prior to September 3, 2001, the minority interests partially reflected the share in the results of the various shareholders of COGEMA and FRAMATOME SA. After that date, insofar as these shareholders acquired a stake in the parent company AREVA, these minority interests disappeared. The minority interests that remain primarily reflect the shareholders of EURODIF (the Enrichment business unit) and Siemens AG which, since early 2001, has held 34% of FRAMATOME ANP. Finally, there are the minority shareholders of FT1CI, the STMicroelectronics controlling holding company. We have consolidated using the equity method the 17 % of STMicroelectronics held by FT1CI, then deducted the share of the minority shareholders (France Telecom), which is 6% of STMicroelectronics.

Minority interests

In Millions of Euros	2001	2000
Minority interests from January 1 to September 3, 2001, non-recurring (1)	**120**	**122**
Recurring minority interests	**100**	**200**
• Siemens 34% in FRAMATOME ANP	46	0
• France Télécom share in FT1TCI (2)	35	183
• Minority shareholders of EURODIF (3)	18	16
• Others	1	1
Total minority interests for fiscal year	**220**	**322**

(1) Particularly due to minority interest in FRAMATOME SA (52%) and in Cogema (25%).
(2) Controlling holding company of the French interests in STMicroelectronics.
(3) 60% subsidiary of the group performing uranium enrichment.

Financial structure and cash flow

3.5 Net income, group share

In Millions of Euros	2001	2000	Change in %
Net income, group share, before extraordinary goodwill provisions	**143**	**463**	**– 69**
Extraordinary goodwill provisions	(730)	0	ns
Net income, group share	**(587)**	**463**	**ns**

In an industry in consolidation, Connectors has acquired a number of companies in recent years, including Berg in 1998 in the United States, to achieve a global position in the interconnect systems industry in the telecommunications and IT markets.
Since the bubble burst at the end of 2000 and the sharp downturn in the telecommunications and IT market that intensified at the end of 2001 and continued during the first quarter of 2002, the group has begun to reassess the useful value of this business line in relation to its acquisition price.
Pursuant to the group's accounting rules, an extraordinary goodwill provision was recorded for the Berg company in the amount of 730 million euros by comparing the values of the assets of the Communication Data Consumer business with the sum of the discounted cash flows expected. The residual goodwill for connectors on the balance sheet as of December 31, 2001 is 758 million euros. Current net income, group share (before extraordinary goodwill provision), amounted to 143 million euros compared with 463 million euros in 2000. After taking into account the extraordinary goodwill provision on the Berg acquisition, net income and group share totals less than 587 million euros.

4.1 Cash flow statement

In Millions of Euros	2001	2000	Change in %
Cash flow	**1,361**	**1,818**	**– 25.1**
Change in working capital requirements	(157)	(366)	– 57.1
Net capital outlays for operating activities	(1,074)	(1,291)	– 16.8
Flows generated by operating activities	**130**	**161**	**– 19.3**
Net financial investments	(232)	(162)	+ 43.2
Free cash flows	**(102)**	**(1)**	**ns**
Share issue	133	43	+ 209.3
Dividends paid	(1,225)	(384)	+ 219.0
Change in debt and currency impact	291	54	+ 438.9
Increase / (reduction) in cash	**(903)**	**(289)**	**+ 212.5**

Cash flow in 2001 fell to 1.361 billion euros due to a lower contribution from Connectors, which totaled 39 million euros compared with 236 million euros in 2000. Cash flow for nuclear was 1.322 billion euros for the year.

Working capital requirements increased in 2001, both in Nuclear (–65 million euros in 2001) with the consolidation of Siemens and in Connectors (–92 million euros in 2001), which saw inventories swell.

Tangible capital expenditures fell to 1.074 billion euros compared with 1.291 billion euros in 2000. Despite the downturn in the market, Connectors continued to maintain capital expenditures in 2001, 208 million compared with 254 million in 2000.

The group posted positive operating cash flows of 130 million euros in 2001 compared with 161 million euros in 2000.

Nnet financial investments reflect primarily:

- the purchase of Canberra Inc. at the beginning of 2001; which has made AREVA the global leader in nuclear instrumentation;
- the purchase of COGEMA shares from TotalFinaElf;
- deducting the cash contributed by Siemens as part of the contribution of its nuclear operations to FRAMATOME ANP.

The share issue relates primarily to shares issued to Siemens AG in the context of the contribution of its nuclear business to FRAMATOME ANP, which was 145 million euros.

Dividends paid to shareholders, essentially by AREVA SA, totaled 1.225 billion euros in two payments:

- A payment of 672 million euros in July 2001 for the dividend on the 2000 results (net dividend of 22.85 euros per share);
- A payment in December of 2001 for an extraordinary dividend charged against the merger premium in the amount of 435 million euros (a net dividend of 12.28 euros per share).

4.2 Balance sheet

In Millions of Euros	2001	2000
Tangible and intangible fixed assets	8,050	8,022
Long-term financial assets	4,880	5,115
Inventories and accounts receivable	5,914	5,960
Cash and cash equivalents	1,715	2,949
Total assets	**20,558**	**22,046**
Shareholders' equity	4,187	4,171
Additional paid-in capital	216	216
Minority interests	1,004	2,434
Provisions and pensions	5,583	5,040
Financial debts	2,444	2,596
Prepayments and payments on account	3,576	4,245
Other current liabilities	3,548	3,342
Total liabilities	**20,558**	**22,046**

Fixed assets

Intangible fixed assets amounted to 2.729 billion euros compared with 2.610 billion euros at year-end 2000. This increase primarily reflects the goodwill recorded at the time of the contribution of the Siemens business to FRAMATOME ANP (297 million euros) and at the time of the transactions to restructure the capital of the AREVA group (657 million euros), after deduction of the amortization for the fiscal year (989 million euros), including the extraordinary provision of 730 million euros on Connectors. The residual goodwill for Connectors is 794 million euros.
Tangible fixed assets remained stable at 5.321 billion euros compared with 5.412 billion euros one year earlier.
Long-term financial assets are analyzed as follows:

In Millions of Euros	2001	2000
Shares accounted for by the equity method	1,674	1,883
TIAP (1)	2,727	2,735
Other financial assets	479	497
Total	**4,880**	**5,115**

(1) Long-term investment securities.

The reduction in long-term financial assets is essentially due to the reduction in the value of the STMicroelectronics shares recorded using the equity method.

The AREVA group consolidates 100% of the controlling holding company FT1CI that it holds with France Télécom and then repays the minority interests of France Télécom. At the end of 2001, France Télécom performed a partial sell-off of its STMicroelectronics securities. Its consideration was a reduction equal to the same amount in minority interests.
AREVA has established a securities portfolio intended to finance future expenses for dismantling its facilities and managing waste. This portfolio should cover all dismantling expenses, which will be spread over the period 2015 to 2040. The book value of this portfolio is 2.003 billion euros and the market value net of taxes is 2.400 billion euros as of December 31, 2001. The mechanisms governing the management of this specific portfolio are explained in Notes 11 and 20 to the consolidated financial statements.
The liquid securities that are not committed are securities that the AREVA group obtained from COGEMA or FRAMATOME at the time of the transactions of September 3, 2001. This portfolio can be instantly marketed and consists of:
– 12.4 million TotalFinaElf shares;
– 2.6 million Alcatel shares;
– 1.7 million Societe Générale shares.
These shares have a book value of 724 million euros and a market value net of taxes of 1.853 billion euros as of December 31, 2001.

Net debt

Debt, net of cash, was 729 million euros as of the end of 2001 compared with a net cash position of 354 million euros at the end of 2000. This represents 13% of total shareholders' equity, minority interests, and additional capital.
To obtain a better assessment of the group's cash position, this net book debt should be restated for certain items:

- Underlying gains in the cash position minus the portion of cash relating to the management of the committed portfolio: –72 million euros;
- Market value of the liquid TIAPs, net of taxes: +1.853 billion euros.

Restatement of the market value of the TIAPs is justified by the fact that the group can sell this portfolio at any time, which would thus appear in the cash position. These restatements show a net cash position for the group of 1.052 billion euros as of December 31, 2001.

Shareholders' equity

The shareholders' equity of the group is stable at 4.187 billion euros, compared with 4.171 billion euros at the end of 2000, as the capital increase resulting from the restructuring of the group has been offset by the dividend distributions and the loss for the fiscal year. Minority interests fell substantially to 1.004 billion euros, compared to 2,434 billion euros at the end of 2000, due to the acquisition of the minority interests related to the restructuring of the group's capital and to a reduction of the representative share of France Télécom's interest in STMicroelectronics.
At the end of 2001, total shareholders' equity, minority interests, and additional capital represented 26% of the balance sheet total.

Provisions

Corporate liabilities and provisions totaled 5.583 billion euros, including 2.759 million euros in provisions representing the group's share of the expenses to dismantle and recover waste from nuclear facilities. These provisions are financed by dedicated investment securities included under long-term financial assets in the amount of 2.003 billion euros, the market value of which, net of taxes, at December 31, 2001, was 2.400 billion euros. The mechanisms governing the management of this specific portfolio are explained and detailed in Notes 11 and 20 to the consolidated financial statements.

AREVA SA financial statements

5.1 Significant events

Unlike the situation at December 31, 2000, in addition to AREVA SA business (formerly CEA-I), the financial statements reflect the operations of FRAMATOME SA and BIORISYS as a result of the merger and contribution transactions on September 3, 2001 that resulted in the birth of AREVA SA.

5.2 Income statement

In Millions of Euros	2001	2000
Sales	56	1
Operating income	(41)	(5)
Financial income	(758)	131
Extraordinary income	36	35
Income tax	50	(11)
Net income	**(713)**	**150**

2001 sales were 56 million euros compared with 1 million euros in 2000. This improvement was due to the following:

- revenues of 30 million euros from the real estate transactions resulting from the merger of FRAMATOME;
- and 26 million euros in reinvoicing to subsidiaries for services rendered and personnel expenses.

After taking operating expenses into account, including the expenses of CEA-I and of FRAMATOME SA for the period from January 1 to August 31 and AREVA's expenses for the last four months of 2001, as well as the costs of the real estate transactions, operating income was a negative 41 million euros.
Financial income was a negative 758 million euros, consisting primarily of the following:

- dividends of 117 million euros received from subsidiaries and 44 million from the long term investment securities;
- revenues from investment securities in the amount of 98 million euros;
- allocations to depreciation and provisions on FCI securities in the amount of 1.038 billion euros; this allowance reflects the decline in the net position of FCI as a whole (see Section 2.5 of the report).

Extraordinary income, at a level comparable to fiscal year 2000, was 36 million euros.

Income tax is calculated on the income for fiscal year 2001 at 50 million euros; this includes:

- tax paid by the consolidated subsidiaries;
- the 2001 tax charge and the change in the final 2000 tax charge because of the application of the consolidated group system;
- and the results of the FRAMATOME SA tax audit for fiscal years 1995 to 1998 as reflected in the accounts of AREVA after the merger of this company.

5.3 Balance sheet

In Millions of Euros	2001	2000
Assets		
Fixed assets	2,658	1,147
Accounts receivable	286	59
Cash and investment securities	582	848
Total assets	**3,526**	**2,054**

In Millions of Euros	2001	2000
Liabilities		
Shareholders' equity	2,044	1,995
Additional paid-in capital	213	0
Provisions for risks and liabilities	87	28
Debt	1,182	31
Total liabilities	**3,526**	**2,054**

Fixed assets include primarily long-term financial assets in the amount of 2.634 billion euros (equity securities in the amount of 1.919 billion euros and long-term investment securities in the amount of 595 million euros).

As of December 31, 2001, the investment securities included negotiable debt securities in the amount of 579 million euros.

Shareholders' equity in the amount of 2.044 billion euros consists primarily of capital stock increased to 1.347 billion euros, a net merger premium of 1.082 billion euros, and a contribution premium of 144 million euros resulting from the transactions of September 3, 2002. The legal and regulated reserves total 121 million euros and retained earnings are 61 million euros.

The loss for 2001 was 713 million euros and regulated provisions totaled 2 million euros.

The principal changes in shareholders' equity were:

- Increases:
  - A net increase of 226 million euros in the capital stock;
  - A merger premium of 1.532 billion euros, reduced by an extraordinary dividend distribution of 435 million euros and by merger expenses in the amount of 15 million euros, amounting to 1.082 billion euros;
  - A contribution premium of 144 million euros;
  - The charge to retained earnings of the 61 million euro dividend paid by FRAMATOME to CEA-I and COGEMA.
- Decreases:
  - Dividends in the amount of 672 million euros distributed for fiscal year 2000 and the allocation of 90 million euros to a debt account to pay the dividend withholding;
  - The loss for fiscal year 2001 in the amount of 713 million euros.

Other capital consists of Undated Subordinated Securities (TSDIs) issued by FRAMATOME on November 15, 1991.
Provisions for risks and liabilities also include a provision for underlying taxes related to the early use of the tax losses of certain subsidiaries under the consolidated tax system in the amount of 34 million euros.

Debts include the following:

- Current financial accounts (cash advances received by the subsidiaries under cash agreements) in the amount of 1.019 billion euros;
- Income and social security taxes in the amount of 70 million euros, including 60 million euros for the dividend withholding.

The environment and sustainable development

6.1 Environmental policy and programs

For several years now, most of the units of the group have followed a very active environmental policy. This policy has been extended to all the industrial sites and has now resulted in the implementation of a policy for sustainable development–the cornerstone of our strategy.
The policy is based on implementing Environmental Management Systems that lead to ISO 14001 certification. Certain sites have chosen to implement the EMAS European standard in addition to ISO 14001 certification.
At the end of 2001, the AREVA group had 45 industrial sites with ISO 14001 certification.
The policies implemented are essentially designed to improve environmental performance, and the priorities are to prevent risks, reduce impact of accidents, and ensure that the methods implemented comply with regulations.

6.2 Scheduled improvements

At the level of the AREVA group, the improvements include the implementation of a policy and the definition of qualitative and quantitative goals.
The improvements can be divided into those that are transversal and involve the procedures and methods instituted to improve environmental management and the improvements that are more specific to each business, where the objectives are defined by the units.

6.2.1 Transversal improvements

The implementation of environmental management systems began, practically speaking, just after the publication of the ISO 14001 standard in 1996. These management systems, based on the principle of continual improvement in environmental performance, have been introduced to supplement the design and operational practices based on the ALARA method.
The primary improvement is the responsibility assigned to the operators and their involvement in this process. Since the first ISO 14001 site certification in 1997, the principal French and international sites have been instituting this approach.
In more operational terms, waste studies have been conducted on all sites, with two primary objectives:
– The reduction of "nuclear" waste at the source by minimizing the inflow of general fuels in the zones monitored;
– Technical and economic optimization of the disposal lines for all industrial wastes.

In the second area, we must cite the measures taken to anticipate the elimination of pyralene transformers in order to optimize costs and secure the lines.

6.2.2 Improvements by business

Front-end

Mining

In recent years significant efforts have been made to control and reduce water consumption. From exploration to exploitation, the mining business in general has a significant impact on ground water and water resources. This phenomenon is of particular importance in dry, desert regions, such as southwestern Australia or Nigeria. In regions like Canada that are rich in water, it is the waste water that requires particular attention.

The mining business traditionally uses cutting fluids and lubricants for machines. Specific programs have been instituted to recover most of these industrial residues.

Personnel exposure to radiation has continually improved. Automation of the operations and improved ventilation systems for the underground galleries reduce this risk, particularly in deposits with a high uranium content.

Uranium Chemistry

The chemicals business, which essentially covers the conversion and reconversion of uranium between the nitrogenous and fluoride forms, has been characterized by rapid development in regulations both in terms of ICPE and with respect to facilities classified as high-risk under the Seveso directive. Improvements have been focused on production processes and treatment processes for air and water effluents. The control and improvement of environmental performance was achieved as a result of the implementation of original environmental, safety, and security systems that represent an improvement for the industry.

Enrichment

Energy consumption is the primary environmental aspect of the EURODIF plant, which produces enriched uranium and consumes an average of 15 TWh of electricity each year. It has significantly improved its energy use as well as the related costs through better annual distribution of the consumption.

Significant improvements have been made by replacing the coolant fluids that have a greenhouse effect or are dangerous to the ozone layer with new-generation fluids.

Fuel Manufacture

The fuel manufacture business is located in France, Germany, Belgium, and the United States. Most of the sites are already ISO 14001 certified and the last will be certified very shortly. The essential improvements in this segment are the efforts to reduce waste (stabilization and storage of chemical residues and reduction of gaseous wastes, as well as the regeneration of acid baths), the consumption of water and paper, and continued soil restoration work at one of our sites in the United States.

Reactors and Services

In services and engineering, the environmental aspects reside mainly in the methods and practices employed or proposed to customers.

So, improvement occurs essentially through management. Logistics and engineering are involved in the process to achieve environmental progress and initiate environmental management systems.

Finally, the improvements made include initiation studies to consider the impact of our products on the environment. Thus, methods for analyzing life cycles are beginning to be implemented in design programs.

Back-end

Reprocessing

This business is characterized, on the one hand, by the small quantity of materials reprocessed and, on the other hand, by a recent design that has benefited from the integration of environmental criteria in fuel reprocessing facilities and effluent reprocessing facilities. At present, the levels of toxic or radioactive pollutants emissions are very low, resulting from an environmental performance management policy based on the desire to recycle reagents and continually reduce the quantities emitted.

The radiation impact, expressed in terms of additional exposure for local populations, does not presently exceed 1% of the impact created locally by natural radioactivity. Nevertheless, efforts continue on certain radioactive elements.

More immediate improvements have been made recently in energy consumption at the site and greenhouse gas emissions (CO_2 and NO_2) and acid-rain emissions (SO_2).

Recycling

Spent nuclear fuels via the MOX line are recycled at two of the group's plants. One is in Cadarache. It is an old design, but very flexible and has been improved continuously since start-up. The first plant with a ISO 14001 certification on the back-end side of the cycle in 1999, must be shut down as a result of changes in seismic protection standards.
The MELOX plant, located in Marcoule, is of recent design and has benefited from improvements made at Cadarache. The quantities produced are small (a capacity of 110 tons for MELOX). The triple containment of the entire process, based on dry powders, reduces atmospheric emissions to very low levels, and water emissions to practically zero.
The most recent improvements are in the management of industrial and nuclear wastes with significant reductions in volume for the two sites.
The group is awaiting the public hearing on increasing the capacity of MELOX (transition to two shifts), which corresponds to an industrial and environmental optimization to meet the group's commitment to our customers.

Connectors

In the components business, particularly in connectors (FCI), the ISO 14001 certification process, among others, was launched in 1996 and resulted in certification in 1997 for our industrial site in Besançon.
The main improvements in this area include continued recycling of our metallic residues, the creation of new surface treatment units, the installation of soundproof vacuum booths for machines that are noisy or generate oil clouds, the installation of water-tight scouring machines that limit COV emissions, the implementation of selective waste sorting, and the development of internal recycling for plastic wastes.

6.2.3 Measures taken to comply with regulations

The implementation of environmental management systems on all the industrial sites means that we can identify environmental aspects that are not in compliance with regulations. These are systematically identified as priorities in improvement programs and are handled in the short term.

6.3 Environmental reports

The most significant French industrial sites in terms of environmental impact have prepared annual environmental reports since 1995. These reports have been published and distributed locally since 1997.
Practically all of the sites publish environmental newsletters that provide the results of environmental monitoring on a monthly or quarterly basis. These newsletters are widely distributed locally. At certain sites computer terminals continually inform personnel

and visitors about the environmental monitoring. Finally, the COGEMA Internet site also provides a wide range of environmental information.
A COGEMA environmental report has been published regularly since 1995. The updated 1997 report was used in 1998 and 1999. The first sustainable development report was published in 2001.
Within our FRAMATOME ANP subsidiary, an environmental report exists for the following entities:
– The French portion of the fuel business line (NFBG) (most recent edition in January, 2002);
– The German portion of the fuel business line (ANF);
– All German businesses belonging to FRAMATOME ANP GmbH.

A sustainable development report will be published by the AREVA group for the first time in 2002.

6.4 Environmental contingencies

A systematic process to identify environmental liabilities and risks has been launched throughout the AREVA group. The outcome of this process should give us a specific understanding of the nature and value of the associated risks.

Research and development

In order to respond to increased demands in terms of safety, the environment, and competitiveness, AREVA group staff have made a commitment to control the most advanced technologies and incorporate these technologies into all the products and services offered to our customers.
The strong performance of the group's facilities (allowing it to develop activities in all technical areas related to the production of nuclear energy) was strengthened in 2001 with the start-up of new units (especially in Back-end) that are the culmination of ten years of research and development in process engineering.
This ongoing research and development effort is part of a broad vision for sustainable development in terms of energy access for everyone and environmental protection. The next generations of nuclear reactors, resulting from the work of our teams and numerous instances of international cooperation (EPR and high-temperature reactors) offer competitive advantages, even very promising technological breakthroughs. This is demonstrated by the significant advances made in the calculation codes that allow reactor design or the results obtained in making new generations of nuclear fuel.
Finally, in connectors, significant research and development efforts in 2001 perfected new extremely resistant coating materials that respond well to the severe constraints of the automobile industry, for example, while reducing costs and manufacturing times in a very demanding market.
These innovations resulted in 180 patents filed during 2001.

Risks and insurance

8.1 Organization

AREVA has instituted a Risks and Insurance Department to develop a common policy for the new group. Identifying the risk, whether technological, financial, or human, assessing it, and managing it are integral parts of the business culture of the group in the same way as sustainable development or our commitment to transparency.

The risk management policy of the AREVA group is designed to achieve the following company goals, in particular:

- Using appropriate measures and decisions, ensure that production tools function normally so as to maintain the business and preserve jobs under all circumstances, while assuring personal safety;
- Reduce the group's exposure to financial losses from serious accidents, both direct and consequential, as low as possible and moving toward zero;
- Strengthen the group's relationship with its customers, shareholders, and the public by demonstrating its ability to anticipate risks and, in the event of unforeseen circumstances, to manage crises.

8.2 Charting risks

Globally, after the formation of AREVA, risk charting was launched at all group subsidiaries at the end of 2001. It will be used to develop a process for better global risk management by operations in combination with functional risks. This should also provide a proven approach for the transfer of responsibility and expertise to the teams in place. Finally, this charting is to be used as a basis for establishing a multi-year audit plan.

8.3 Insurance

AREVA has undertaken a study to streamline and optimize the various insurance programs in place in each of its subsidiaries. Regroupings began at the end of 2001, following the severe hardening of the market after the events of September 11.

The safety and security measures implemented and good knowledge of the risks allowed AREVA, after these events, to avoid losses of coverage and to limit significantly the increases demanded by insurance companies on all industrial risks. In addition, the multi-year policies in effect as of January 1, 2001 could not be cancelled by the insurers at the end of 2001. So, the increase in premiums has been mitigated and represents a controlled increase, considering the insurance premium hikes seen in other industries.

8.4 Outstanding litigation

After the complaints filed in December 2000 by USEC, the world's leading enrichment company, against the two European enriching companies Urenco and EURODIF (USEC is accusing them of being subsidized and dumping in the US market) and their governments, prices in the American market increased very rapidly by 20%. Observers have interpreted these complaints by USEC, which has about 70% of the American market and is the exclusive importer of enriched uranium of Russian origin, as an attempt to close the American market to international competition. However, USEC won its case with the official (American) trade bodies and this is being appealed by the European enrichment companies. EURODIF has been required to provide customs security deposits during the American proceedings for separative unit sales contracts in the United States actually performed (in 2001, US $15 million was deposited). Believing that the American rulings are unfounded, EURODIF is preparing the appeals provided for by American law and by the World Trade Organization, with the support of the French government and the European Commission.

Outlook and post-balance sheet events

9.1 Post-balance sheet events

Acquisition of Duke Engineering & Services in the United States

FRAMATOME ANP Inc., a subsidiary of the AREVA group, has signed an agreement to acquire Duke Engineering & Services, an engineering and services subsidiary of the American electricity company Duke Energy. Duke Engineering & Services essentially operates in the area of nuclear engineering. It also provides engineering services to the operators of hydraulic and steam power plants (gas and oil) as well as nuclear services to the Department of Energy (clean-ups and dismantling). Its sales in 2000 were more than 280 million dollars, with a payroll of about 1,250 people. It should be about the same in 2001. This acquisition, which should be finalized by the summer of 2002, strengthens the group's position in nuclear engineering and services in the United States. Significant growth is projected for this market, given the extension of power plants from 40 to 60 years and the associated plans for power increases.

9.2 Outlook

In Nuclear energy, the group expects to maintain the strong performance of 2001. The group's objective is to continue the efforts made to reduce costs and improve industrial efficiency. This should lead to a significant improvement in profitability over the next three years. In nuclear, the group's goal is to achieve double-digit growth in like-for-like operating income. In Connectors, which continues to suffer from the recession in the telecommunications market at the beginning of 2002, return to profitability is an absolute priority. These efforts are based on three major strategies:

- continue to adapt the industrial organization in order to reduce fixed costs that are too high;
- refocus on certain businesses that have high added value in order to reduce the customer and product portfolios that now appear to be too broad;
- reduce overheads that remained too high in a very sluggish market at the end of 2001.

At the end of 2003, operating income from Connectors should no longer alter the group's performance.

9.3 Sales for first quarter 2002

In Millions of Euros	Q1 2002	Q1 2001	Change in %
Front-end	730	523	+39.4%
Reactors & Services	339	356	–5.0%
Back-end	267	212	+26.2%
Connectors	400	614	–35.0%
Corporate and others	28	38	–26.4%
Total	**1,763**	**1,744**	**+1,1%**

Sales revenues of the AREVA group for the first quarter 2002 were 1,763 million euros, compared with 1,744 million euros in the first quarter 2001, up 1.1%. Excluding changes in consolidation, sales were down 3.5%, with Nuclear up 20.3% and Components declining by 35.0% (Connectors).

Front-end: growth maintained in fuel sales

- Over half the division's growth (118 million euros) was due to changes in consolidation resulting from the integration of Siemens' nuclear activities in the first quarter of 2001.
- Excluding changes in consolidation, growth amounted to 21.4%.
- Sales for Fuel manufacture increased by 27.9% due to a rise in MOX fuel sales.
- Steady growth in the Enrichment business (+ 9.3%) helped by a price hike on the American market.

Reactors and Services: continued growth in nuclear services

- Changes in consolidation had a negative impact of – 45 million euros on sales.
- Excluding changes in consolidation, the business posted growth of 12.8% (up 28 million euros).
- Apart from the absence of electronuclear power plants, all businesses in the division made progress.
- Nuclear Services saw sales increase by 22% under the combined effect of an increase from power plant components (steam generators, tanks, covers etc.) and from engineering research.

Back-end: increase due to reduced business in the first quarter 2001

- The first quarter 2001 had seen a technical halt to production at the La Hague plant for one month. This reduced activity explains the sharp increase in the Processing business (+41%) which took place in the good technical conditions of this period.
- Recycling also held steady during the quarter.

Connectors: stabilization of telecoms businesses in relation to fourth quarter 2001

- The 35% fall in sales revenue between 2001 and 2002 was due to the slump in the telecoms market in which the group is very active.
- Compared with the fourth quarter 2001, the first quarter 2002 posted growth of 2.4%.
- The Communication Data Consumer and Electrical Power Interconnect businesses reached a low point and their sales stabilized in relation to the fourth quarter 2001 with respective movements of – 2% and + 8%.
- The Automotive business held steady with 4% growth over the first quarter 2001 and 9% compared with the fourth quarter 2001.

Outlook 2002

For the year 2002, the group will maintain its target of double-digit growth in operating income for the Nuclear business which has had a good start to the year. In Components (Connectors), signs of a recovery in the market are not yet evident. This business is likely to continue to generate significant operating losses in 2002, especially in view of the ongoing restructuring costs.

Consolidated financial statements

Consolidated income statement

In Millions of Euros	See Note	2001	2000
Sales		**8,902**	**9,041**
Cost of sales		(6,956)	(6,815)
Gross margin		**1,946**	**2,226**
Research and development expenses		(377)	(394)
Sales expenses		(471)	(374)
General and administrative expenses		(571)	(551)
Other operating income and expenses	3	(405)	(302)
Operating income		**122**	**605**
Financial income	5	199	111
Extraordinary income	6	319	78
Income tax	7	(120)	(298)
Income from securities accounted for by equity method	10	102	443
Net income before amortization of goodwill		**622**	**939**
Amortization of goodwill	8	(989)	(154)
Consolidated net income		**(367)**	**785**
Minority interests	18	(220)	(322)
Net income, group share		**(587)**	**463**
Earnings per share (in Euros)		(18.65)	15.73

Consolidated balance sheet

Assets

In Millions of Euros	See Note	12/31/01	12/31/00
Fixed assets			
Net intangible assets	8	2,729	2,610
Net tangible assets	9	5,321	5,412
Securities accounted for by equity method	10	1,674	1,883
Other financial long-term assets	11	3,206	3,232
Total fixed assets		**12,930**	**13,137**
Current assets			
Inventories and work in progress	12	2,119	2,470
Trade receivables	13	2,509	2,551
Other receivables	14	1,286	939
Cash and cash equivalents	15	1,715	2,949
Total current assets		**7,629**	**8,909**
Total assets		**20,558**	**22,046**

Liabilities

In Millions of Euros	See Note	12/31/01	12/31/00
Capital stock		1,347	1,121
Consolidated premiums and reserves		3,156	2,387
Conversion reserves		271	200
Net income for fiscal year, group share		(587)	463
Total shareholders' equity	**16**	**4,187**	**4,171**
Additional capital	17	**216**	**216**
Minority interests	18	**1,004**	**2,434**
Retirement benefits	19	467	245
Provisions for risks and liabilities	20	5,116	4,795
Financial debts	21	2,444	2,596
Prepayments and payments on account	22	3,576	4,245
Suppliers and related accounts		1,163	1,331
Other debts	23	2,385	2,011
Total liabilities		**20,558**	**22,046**

For off-balance sheet commitments, see Note 27.

Consolidated cash flow statement

In Millions of Euros	See Note	2001	2000
Cash flow from operating activities			
Net income, group share		(587)	463
Minority interests		220	322
Consolidated net income		(367)	785
Losses (gains) from securities accounted for by equity method, net of dividends received		(93)	(443)
Net depreciation on fixed assets		1,868	1,191
Net provision for risks and liabilities		309	381
Losses (gains) on transfers of assets		(51)	(41)
Other non-cash items		(305)*	(55)
Change in working capital requirements	24	(157)	(366)
Cash flow from operating activities		**1,204**	**1,452**
Cash from investing activities			
Acquisitions of tangible and intangible fixed assets		(560)	(794)
Acquisitions of long-term financial assets		(678)	(493)
Change in customer prepayments financing capital expenditure		(515)	(679)
Transfers of tangible and intangible fixed assets		1	182
Transfers of long-term financial assets		446	331
Cash flow from investing activities		**(1,306)**	**(1,453)**
Cash from financing activities			
Capital contributions		133	43
Dividends paid		(1,225)	(384)
Increase (decrease) in financial debts		279	41
Cash flow from financing activities		**(813)**	**(301)**
Impact of changes in currency rates		10	13
Total increase (decrease) in cash		**(903)**	**(289)**
Cash at start of period		2,949	3,126
Less bank credit balances		(547)	(436)
Net cash at start of period		**2,402**	**2,690**
Cash at end of period		1,715	2,949
Less bank credit balances		(216)	(547)
Net cash at end of period		**1,499**	**2,402**

* Including (303) million euros in dilution gain. See Note 6.

Change in consolidated shareholders' equity

In Millions of Euros	Number of shares and certificates of investment	Capital stock	Consolidated premiums and reserves	Conversion reserves	Total shareholders' equity	Minority interests
January 1, 2000	29,414,308	1,121	2,705	88	3,914	2,020
Share issue	–	–	–	–	–	–
Income from fiscal year 2000	–	–	463	–	463	322
Dividends distributed	–	–	(301)	–	(301)	(84)
Changes in accounting methods and others	–	–	(17)	–	(17)	76
Conversion differences	–	–	–	112	112	100
December 31, 2000	29,414,308	1,121	2,850	200	4,171	2,434
Capital increase	6,028,393	226	1,688	–	1,914	–
Income from fiscal year 2001	–	–	(587)	–	(587)	220
Dividends distributed	–	–	(1,197)	–	(1,197)	(42)
Changes in consolidation	–	–	–	–	–	(1,555)
Changes in accounting methods and others (1)	–	–	(185)	–	(185)	52
Conversion differences	–	–	–	71	71	(105)
December 31, 2001	**35,442,701**	**1,347**	**2,569**	**271**	**4,187**	**1,004**

(1) See Note 2.1.

Industry information

By division

2001 In Millions of Euros, except employees	Front-end	Reactors and Services	Back-end	Components	Holding companies and other businesses, including eliminations	Total
Sales	2,761	2,057	2,418	1,966	(300)	8,902
Intra-group sales	(28)	(178)	(205)	–	411	–
Total	2,733	1,879	2,213	1,966	111	8,902
Operating income	362	45	10	(235)	(60)	122
Fixed assets	1,444	394	3,606	3,015	4,471	12,930
Employees	9,245	12,622	10,100	15,293	2,600	49,860

2000 In Millions of Euros, except employees	Front-end	Reactors and Services	Back-end	Components	Holding companies and other businesses, including eliminations	Total
Sales	2,357	1,908	2,340	2,644	(208)	9,041
Intra-group sales	(29)	(233)	(130)	–	392	–
Total	2,328	1,675	2,210	2,644	184	9,041
Operating income	200	84	57	289	(25)	605
Fixed assets	1,381	303	3,907	3,997	3,549	13,137
Employees	7,590	13,756	9,716	18,457	2,292	51,811

The Eramet securities held by COGEMA were classified in 2000 under Front-end. In 2001, they were classified under holding companies and others.

By region

Sales by destination

In Millions of Euros	2001	2000
France	4,194	3,961
Europe (other than France)	1,837	1,574
North America	1,383	1,519
Asia	1,122	1,511
Rest of world	366	476
Total	**8,902**	**9,041**

Net tangible fixed assets

In Millions of Euros	2001	2000
France	4,070	4,476
Europe (other than France)	315	141
North America	464	358
Rest of world	472	436
Total	**5,321**	**5,411**

Notes to the consolidated financial statements

All amounts are stated in millions of euros, unless otherwise indicated. Because numbers have been rounded, certain totals may not be exact.

In order to improve financial information, the group has adopted a new presentation for its accounts. As a result, the 2000 information has been reclassified. In particular, restructuring costs and income from transfers of tangible fixed assets, previously recorded as extraordinary income, are now presented under other operating income and expenses.
The table below reconciles the 2000 income statement published last year to the 2001 income statement published this year.

2000 income statement	Published in 2000	Common transactions	Disposals of fixed assets	Interest	Published in 2001
Sales	9,041	–	–	–	9,041
Operating income	576	(2)	66	(34)	605
Financial income	71	2	39	–	111
Extraordinary income	183	–	(105)	–	78
Employee profit-sharing	(34)	–	–	34	–
Income tax	(299)	–	–	–	(299)
Income from equity investments	443	–	–	–	443
Amortization of goodwill	(154)	–	–	–	(154)
Consolidated net income	785	–	–	–	785

Note 1 – Accounting principles

AREVA's consolidated financial statements have been prepared since January 1, 2000 in accordance with the accounting rules and methods for consolidated accounts approved by the Order of June 22, 1999, approving Regulation 99-02 from the Committee on Accounting Regulations (the "CRC").
The financial statements of companies consolidated by full consolidation or proportionate consolidation are restated by applying the principles of the group.

Note 1.1 – Method of consolidation

The consolidated financial statements combine the financial statements as of December 31, 2001 for AREVA and the significant subsidiaries which it holds and over which it has exclusive control or in which it exercises either joint control or a significant influence on financial policy and management.
Companies which AREVA controls exclusively are consolidated by the full consolidation method. The companies in which AREVA exercises joint control are consolidated by the proportionate consolidation method.
Companies in which AREVA exercises a significant influence on the financial policy and the management are accounted for using the equity method.
The rights of the minority shareholders are separated from the corporate results of each of the consolidated companies and for all consolidation restatements that impact net assets. The share of minority shareholders of companies in which net assets are negative is assumed in full by the group, unless there is a specific agreement for the minority shareholders to assume this position, or when collection of the assets is not in doubt.

Note 1.2 – Regroupings of businesses and goodwill

The difference on the acquisition date between the cost price of the securities of a company and the share of the corresponding restated net assets is recorded as goodwill for the items concerned and the unassigned portion is recorded under assets as "goodwill" if it is positive and as "Provisions for risks and liabilities" if it is negative.

Within a period ending at the close of the first fiscal year after control is acquired, the group reserves the option to continue the studies necessary to allocate the purchase price discrepancy between valuation difference and residual goodwill.
Goodwill in the nuclear and components industry is normally amortized using the straight-line method over periods that depend on the nature of the business, but do not exceed 20 years. Positive or negative goodwill that is less than 1.5 million euros is taken to income in the year of acquisition.

Note 1.3 – Intangible assets

Set-up costs
These costs are fully amortized in the group's consolidated accounts.

Research and development expenses
The costs connected with research activities are posted as charges in the fiscal year in which they are incurred. Development projects in progress are posted as intangible fixed assets at their cost if it is possible to demonstrate the success, the profitability, and the usefulness of the development. Otherwise, development costs are recorded as expenses in the fiscal year in which they are incurred. No development project is recorded under assets on the balance sheet.
Research and development costs, which are recorded as expenses and presented separately on the income statement, include personnel expenses, the costs of purchases and services, royalties and fees, and the depreciation of fixed assets directly attributable to research and development activities.

Mining exploration studies and operations
In the absence of a discovery of a deposit that will allow a projection of probable commercial exploitation, studies and operations are posted as expenses for the year. In the event of and on the basis of a discovery, the studies and operations are capitalized and depreciated according to a schedule based on the operational life projected for the deposit. Likewise, research and development expenses for mining exploration are capitalized.

Other intangible assets
The costs of designing software, depending on the characteristics of use, are capitalized and depreciated over their probable duration of use or posted as expenses in the fiscal year in which they are incurred. Trademarks are not amortized. If the present value of such trademarks becomes lower than their book value, a provision for depreciation is recorded.

Note 1.4 – Tangible fixed assets

Tangible assets appear on the balance sheet at their acquisition value, with the exception of those that have been revalued in accordance with the rules in force in their country. The accounting effect of such revaluations has been maintained in consolidation.
In the particular case of complex industrial groupings, the interest related to their specific financing may be capitalized and amortized over the duration of the relevant fixed assets.
Depreciation of tangible assets is calculated using the straight-line method. Mining land is depreciated over the duration of the life of the deposit, installations and land improvements over 10 years, construction over a duration of between 10 and 45 years, technical installations and industrial equipment and tools over 5 to 10 years, general facilities and equipment over 10 to 20 years, and the transport office and computer equipment and materials over 3 to 10 years. Fixed assets financed by financial leases are restated in the consolidated accounts when they are significant in nature.

Note 1.5 – Long-term financial assets

Equity securities held in companies that are not consolidated and the long-term portfolio securities are written down if their value in use or useful value, assessed security by security, becomes lower than historical cost.
The item "Long-term portfolio securities" includes investments made on a medium-term or long-term basis. A portion of this portfolio is intended to finance operations at the end of the cycle that are provisioned as liabilities on the balance sheet.

Note 1.6 – Depreciation of fixed assets

Fixed assets (other than deferred taxes, assets resulting from benefits granted to personnel, and long-term financial assets) are subjected to asset depreciation tests.
A provision for depreciation or an extraordinary amortization is recorded under income when the book value of an asset is greater than its recoverable value. The recoverable value of an asset is the higher of its net liquidation value and its useful value. The useful value is the discounted value of the estimated future cash flows expected from the continuous use of an asset plus, if applicable, its disposal value at the end of its projected life.
Provisions for the depreciation of an asset or extraordinary amortization is assessed based on the recoverable value of the cash-generating unit to which the asset belongs. The cash-generating unit of an asset includes the goodwill attributable to that unit. Any depreciation of the cash-generating unit is first assigned to the goodwill applied to that unit.
A provision for depreciation recorded in previous fiscal years is reflected under income if, and only if, there has been a favorable change in the estimates used to determine the recoverable value of the asset since the last time a provision for depreciation was recorded.

Note 1.7 – Inventories, work in progress, and long-term contracts

Inventories and work in progress are valued at production cost and at acquisition cost for goods acquired for consideration, possibly corrected by a provision for depreciation when this price is greater than the probable liquidation value. Financial expenses and research and development costs are not taken into account in the valuation of inventories and goods in process unless they are financed by customers.
Since January 1, 2000 the entire group has opted for the preferred progress method to record long-term contracts, as presented in Opinion No. 99-10 from the French National Accounting Council and adopted in the new methodology for consolidated financial statements. This change of method resulted in an increase of 66 million euros in shareholders' equity, group share, and 68 million euros in minority interests as of January 1, 2000.

Income from engineering services earned by subsidiaries of the group and incorporated into fixed assets are eliminated from the income of the period, when they are significant. They are deduced from the corresponding fixed assets.
Any probable loss on a contract in progress or on the order book is fully accrued as soon as it is known.
Financial income generated by excess customer prepayments over costs incurred on long-term contracts as well as the interest billed to customers is recorded when it is realized.
However, when such financial income is significant, it is classified as an additional price and is deferred in order to be included later in sales according to the methods described above.

Note 1.8 – Investment securities

Investment securities are valued at their acquisition cost, or their market value if the latter is lower. In the event that the valuation as of the end of the period shows an overall loss by class of securities, a provision for depreciation is recorded at a matching level.

Note 1.9 – Additional capital

The gross amount of Undated Subordinated Securities is recorded as "Additional Capital" and kept at its historic value.
The amount of the deposit that is deducted from this issue and paid to an investment firm is posted in the account "Other long-term financial assets". An increase in the value of this deposit during the year is recorded under financial income.

Note 1.10 – Conversion of the financial statements of foreign companies

The financial statements of foreign companies are converted in accordance with the following principles:

- Balance sheet items are converted at the rates of the end of the period, with the exception of the components of net assets, which are kept at historic rates;
- Income statement transactions are converted at average annual rates;
- Conversion differences on income and shareholders' equity are recorded directly as net assets under the heading "Conversion Reserves" for the group share.

Note 1.11 – Conversion of transactions in foreign currencies and financial instruments

The underlying currency gains and losses are recorded as income unless transactions carried out in foreign currencies are accompanied by parallel transactions meant to hedge the consequences of a fluctuation in currency exchange rate; this is also true for the financing of long-term investments in foreign currencies of foreign subsidiaries.
The currency transactions on the financial markets are meant to hedge the currency risk generated by the businesses of the group. As of the end of the year, all items under assets, liabilities, and off-balance sheet items denominated in foreign currencies are valued at the official rate on December 31. When the currency transactions are intended to hedge cash investments denominated in foreign currencies, the underlying income or loss calculated as of the end of the period on the hedge and the item hedged is charged directly to income. Transactions executed on the forward market for financial instruments are intended to hedge the interest rate risk associated with investments made by the group. The variable-rate six month of the Undated Subordinated Securities are hedged using rate swaps.

Note 1.12 – Deferred taxes

AREVA has been included in the consolidated profit system as provided for by the fifth paragraph of Article 209 of the French General Tax Code since January 1, 1983. The application of this system has been renewed for the period from 2002 to 2003. The tax resulting from the application of this system is recorded as "Income Tax", whether it is a tax charge or credit.
Deferred taxes are determined for each tax entity on the basis of the differences between accounting values and the tax values of assets and liabilities, and according to the liability method. Temporary taxable and deductible differences are staggered (for negative carry-forwards, by year, over the duration of allocation authorized by the law of each country) and offset when tax law so authorizes.
Temporary net taxable differences generate a deferred tax credit. Temporary net deductible differences, deferrable losses, and unused tax credits generate a deferred tax debit equal to the probable amounts recoverable in the future. Deferred tax debits are analyzed case by case based on income projections in the medium term over 3 to 5 years.

Note 1.13 – Pensions, retirement benefits, and other benefits after employment

Stating on the date of retirement, certain employees of the group receive pension supplements provided for by certain specific agreements. The obligations are recorded as provisions as the employees are legally entitled to these benefits.
Certain companies of the group, in accordance with the laws and practices of each country, pay retirement compensation to their employees upon retirement, which depends on compensation and seniority. The costs of such compensation is provided for as incurred.
For the benefit of their retirees, certain subsidiaries of the group have developed medical care and life insurance plans. The estimated unfinanced costs of these benefits are accrued.
As of January 1, 2001 the group chose to apply the IAS 19 standards for valuing company liabilities. The effect of this change of methods on shareholders' equity, group share, as of fiscal year 2001 is a reduction of 32 million euros (reduction of 3 million euros for minority interests).

Note 1.14 – Cash flow statement

The group applies the "indirect method" for presenting cash flows from operating activities.
Cash is composed of cash and cash equivalents, available bank balances, and short-term investments with maturities of less than three months.

Note 1.15 – Investment subsidies

Investment subsidies are reported, using the straight line method, to income according to a schedule in line with the amortization period for the tangible fixed assets subsidized.
The net amount of the investment subsidies is classified as other operating liabilities.

Note 2 – Consolidation

Note 2.1 – Formation of AREVA

The Combined Ordinary and Extraordinary Shareholders' Meeting of September 3, 2001 approved the transactions for restructuring the capital of CEA-I that had been decided by the public authorities on November 30, 2000, as well as the name change for the group, which became AREVA. The equity holdings of the minority shareholders of COGEMA, FCI, and FRAMATOME ANP, subsidiaries of CEA-I, were acquired or swapped in exchange for AREVA shares.
The table below summarizes the changes in the direct and indirect shareholding structures of the companies:

Prior to the Combined Ordinary and Extraordinary Shareholders' Meeting of September 3, 2001

In %	CEA-I	COGEMA	FRAMATOME SA *	FRAMATOME ANP
CEA	95.1	–	–	–
Certificates of investment	4.9	–	–	–
CEA-I (directly and indirectly)	–	74.7	48.3	31.8
Government	–	–	19.6	13.0
Erap	–	7.6	2.6	1.7
Caisse des dépôts et consignations	–	3.2	1.1	0.7
TotalFinaElf	–	14.5	4.8	3.2
Employee shareholders	–	–	6.0	4.0
EDF	–	–	9.1	6.1
Alcatel	–	–	8.5	5.5
Siemens	–	–	–	34.0
Total	**100.0**	**100.0**	**100.0**	**100.0**

* Including the equity holding in FCI (100%).

Subsequent to the Joint General Meeting of Shareholders of September 3, 2001

In %	AREVA	COGEMA	FCI	FRAMATOME ANP
CEA	78.9	–	–	–
Government	5.2	–	–	–
Certificates of investment	4.0	–	–	–
Erap	3.2	–	–	–
EDF	2.5	–	–	–
Alcatel	2.2	–	–	–
Caisse des dépôts et consignations	1.4	–	–	–
TotalFinaElf	1.0	–	–	–
Employee shareholders	1.6	–	–	–
AREVA	–	100.0	100.0	66.0
Siemens	–	–	–	34.0
Total	**100.0**	**100.0**	**100.0**	**100.0**

In addition, CEA-I acquired 5/6 of TotalFinaElf's stake in COGEMA.
The minority interests acquired as of September 3 totaled 1.606 billion euros.
The acquisition price (including the acquisition of 5/6 of the stake) was 2.467 billion euros.
The fair value of these components acquired on that same date was 2.263 billion euros.
The difference between the acquisition price for the assets and liabilities and the fair value of these components, which is 204 million euros, was charged against shareholders' equity.
The difference between the acquisition price for the assets and liabilities and the amount of the minority interests, 657 million euros, was recorded as goodwill in accordance with Paragraph 211 of COB Regulation 99-02.

Note 2.2 – Consolidated companies (France and abroad)

Method of consolidation (number of companies)	2001 French	2001 Foreign	2000 French	2000 Foreign
Full consolidation	101	92	101	86
Equity method	9	4	15	36
Proportionate consolidation	2	5	20	5
Subtotal	112	101	136	127
Total	**213**		**263**	

Transactions in 2001

In application of the final agreement signed on July 4, 2000 and after approval from European anti-trust authorities, on January 30, 2001, Siemens AG (Germany) contributed to FRAMATOME ANP SAS all the shares of its subsidiary Siemens Nuclear Power GmbH (Germany) from the KWU division. This contribution was supplemented by a cash contribution so that Siemens AG held, upon completion of the transaction, 34% of FRAMATOME ANP SAS. Under these same agreements, FRAMATOME ANP acquired the SPC Inc. (United States) on March 19, 2001.
From the American company Packard, COGEMA acquired Canberra Industries (United States) and Canberra Benelux (Belgium) for 189 million euros. These two companies were fully consolidated as of February 1, 2001.
SPRG and Clemessy SA were transferred in September 2001 to Dalkia (Vivendi Environnement, France).
The residual 40% stake in Oris was transferred to the Schering group.

Transactions in 2000

SGN transferred to Technip 50% of Krebs Speichim in connection with Technip's departure as a shareholder of COGEMA.
The industrial maintenance business (Game) was transferred to Clemessy.
COGEMA acquired all the Eurisys Mesures shares from SGN and from the Sagem group.
Under the agreements signed with Siemens AG (Germany), FRAMATOME contributed a portion of its assets to FRAMATOME ANP on July 1, 2000.
60% of the Oris group was transferred to the Schering group.

Note 2.3 – Impact of changes in consolidation

The impact of the changes in consolidation on sales and net income for 2000 and 2001 is as follows:

Companies removed from consolidation in 2001

In Millions of Euros	2001	2000
Sales	334	616
Operating income	8	7
Net income (loss)	**8**	**(1)**

Companies consolidated in 2001

In Millions of Euros	2001	2000
Sales	916	49
Operating income	15	–
Net income (loss)	**(18)**	**11**

The impact on sales of the companies consolidated is detailed below:

In Millions of Euros	2001	2000
ANF GmbH (Germany)	4	–
ANP GmbH (Germany)	696	–
NDT GmbH (Germany)	20	–
FRAMATOME ANP Inc. (United States)	90	–
Canberra USA (United States)	93	–
Canberra Benelux (Belgium)	4	–
Canberra Eurisys (France)	9	–
NPI (France)	–	6
APTEC (France)	–	5
APTEC NRC (France)	–	21
Cominor (France)	–	3
CMA (France)	–	14
Total	**916**	**49**

Note 2.4 – Reconstituted historic information (unaudited)

The reconstituted income statement items are presented below for fiscal years 2000 and 2001 on a like-for-like basis, assuming the occurrence of the following changes in consolidation as of January 1, 2000:

- The nuclear business acquired from Siemens in 2001. As this was an integral part of the KWU division of Siemens in 2000, the 2000 data was reconstituted.
- Canberra, fully consolidated over 2000 and 2001.
- Withdrawal of Clemessy as of January 1, 2000.

This reconstituted data does not necessarily represent the results that would actually have been reflected in the consolidated accounts if the transactions had occurred on the date indicated. Nor can they be used for assuming the future development of the consolidated results.

In Millions of Euros	2001 reconstituted	2000 reconstituted
Sales	**8,982**	**10,011**
Operating income	**124**	**673**
Financial income	178	76
Extraordinary income	341	117
Income tax	(120)	(327)
Income from equity companies	101	443
Amortization and provisions on goodwill	(987)	(173)
Consolidated net income of the entity	**(363)**	**809**
Minority interests	(220)	(314)
Net income, group share	**(583)**	**495**

Note 3 – Other operating income and expenses

In Millions of Euros	2001	2000
Net gains (losses) from transfers of non-financial fixed assets	(26)	104
Restructuring costs	(87)	(17)
Other operating income and expenses	(292)	(389)
Total	**(405)**	**(302)**

Other operating income and expenses include, in particular, an allowance of 184 million euros for the extraordinary amortization of the MOX recycling plant in Marcoule in the amount of 184 million euros, and provisions for depreciation of assets in the amount of 62 million euros.

Note 4 – Employees and personnel expenses

In Millions of Euros	2001	2000
Personnel expenses	2,697	2,552
Employees (in number)	49,860	51,811

Note 5 – Net financial income

In Millions of Euros	2001	2000
Net financial proceeds and income on transfers of investment securities and securities	229	187
Allocations and write-backs of provisions	16	(29)
Exchange differences	(6)	(7)
Interest on financial debts	(134)	(107)
Dividends received	94	67
Total	**199**	**111**

Note 6 – Extraordinary income

In 2001, extraordinary income reflects primarily the impact of the 303 million euro dilution gain related to Siemens' acquisition of a stake in Framatome ANP SAS (see Note 2). After the extraordinary amortization of goodwill on FRAMATOME, the net gain from dilution was 284 million euros.

Note 7 – Income tax

Analysis of the income tax expense

In Millions of Euros	2001	2000
Current taxes (France)	(270)	(272)
Current taxes (other countries)	(48)	(81)
Total current taxes	**(318)**	**(353)**
Deferred taxes	198	55
Total	**(120)**	**(299)**

Reconciliation of tax expense and income before taxes

In Millions of Euros	2001	2000
Net income	(587)	463
Minority interests	220	322
Net income equity companies	(102)	(443)
Tax expense (income)	120	299
Income before taxes	(349)	640
Theoretical tax profit (expense)	127	(242)
Reconciliation		
Effect of income taxed abroad	34	14
Transactions taxed at a reduced rate	5	8
Permanent differences	(347)	(127)
Tax credits and other taxes	60	65
Change in provision for depreciation of positive deferred taxes	–	(17)
Real tax income (expense)	**(120)**	**(299)**

The tax rates applied for France are the following:
- 2000 : 37.76%
- 2001 : 36.43%

Detail of permanent differences

In Millions of Euros	2001
Amortization of goodwill	(357)
Parent and subsidiary companies tax treatment	22
Non-deductible provisions	3
Other permanent differences	(15)
Total permanent differences	**(347)**

Note 8 – Intangible assets and goodwill

2000 In Millions of Euros	Net values as of 01/01/01	Capital outlays	Depreciation and provisions	Write-backs from provisions	Conversion differences	Changes in consolidation	Other changes	Net values as of 12/31/00
Goodwill	2,113	674	(1,026)	16	79	303	36	2,195
Mining exploration and other expenses	498	31	(130)	2	2	132	(1)	534
Total	**2,610**	**705**	**(1,156)**	**18**	**81**	**435**	**35**	**2,729**

2000 In Millions of Euros	Net values of as 01/01/01	Capital outlays	Depreciation and provisions	Write-backs from provisions	Conversion differences	Changes in consolidation	Other changes	Net values as of 12/31/00
Goodwill	2,157	–	(169)	14	125	(217)	203	2,113
Mining exploration and other expenses	502	78	(73)	2	52	(14)	(49)	498
Total	**2,659**	**78**	**(242)**	**16**	**177**	**(231)**	**154**	**2,610**

Goodwill

Gross values

	2000					2001			
In Millions of Euros	Beginning of period	Acquisitions and disposals	Allocations	Conversion and other differences	End of period	Additions and with-draws	Allocations	Conversion and other differences	End of period
Nuclear									
FRAMATOME ANP	300	2	–	5	307	297	–	(40)	564
COGEMA	133	22	–	5	160	77	–	–	237
TECHNICATOME	15	(1)	–	2	16	–	–	1	17
Components									
FCI	1,958	–	–	131	2,089	–	–	98	2,187
STMicroelectronics	228	–	–	–	228	(45)	–	–	183
Holding company and others									
AREVA	230	(28)	–	–	202	656	–	(19)	839
ERAMET	44	–	–	–	44	–	–	(2)	42
Others	13	(5)	–	–	8	–	–	(8)	–
Total	**2,921**	**(10)**	**0**	**143**	**3,054**	**985**	**0**	**30**	**4,069**

Depreciation In Millions of Euros	2000 Beginning of period	2000 Acquisitions and disposals	2000 Allocations	2000 Conversion and other differences	2000 End of period	2001 Additions and with-drawals	2001 Allowances	2001 Conversion and other differences	2001 End of period
Nuclear									
FRAMATOME ANP	126	–	18	3	147	–	34	(46)	135
COGEMA	75	(3)	15	1	88	(8)	14	–	94
TECHNICATOME	10	–	–	1	11	–	1	(1)	11
Components									
FCI	406	–	105	9	520	–	847	26	1,393
STMicroelectronics	51	–	23	–	74	(19)	23	–	78
Holding company and others									
AREVA	81	–	10	–	91	–	70	–	161
ERAMET	2	–	–	–	2	–	–	–	2
Other	13	(5)	–	–	8	–	–	(8)	–
Total	**764**	**(8)**	**171**	**14**	**941**	**(27)**	**989**	**(29)**	**1,874**

Net values In Millions of Euros	2000 Beginning of period	2000 Acquisitions and disposals	2000 Allocations	2000 Conversion and other differences	2000 End of period	2001 Additions and with-drawals	2001 Allocations	2001 Conversion and other differences	2001 End of period
Nuclear									
FRAMATOME ANP	174	2	(18)	2	160	297	(34)	6	429
COGEMA	58	25	(15)	4	72	85	(14)	–	143
TECHNICATOME	5	(1)	–	1	5	–	(1)	2	6
Components									
FCI	1,552	–	(105)	122	1,569	–	(847)	72	794
STMicroelectronics	177	–	(23)	–	154	(26)	(23)	–	105
Holding company and others									
AREVA	149	(28)	(10)	–	111	656	(70)	(19)	678
ERAMET	42	–	–	–	42	–	–	(2)	40
Others	–	–	–	–	–	–	–	–	–
Total	**2,157**	**(2)**	**(171)**	**129**	**2,113**	**1,012**	**(989)**	**59**	**2,195**

In an industry in consolidation, Connectors has acquired a number of companies in recent years, including Berg in 1998 in the United States in order to achieve a global positioning in interconnect systems in the telecommunications and IT markets.
Since the speculative bubble burst at the end of 2000 and the downturn in the Telecommunications and Media Technologies market ("TMT"), which intensified in the second half of 2001 and continued through the first quarter of 2002, the group has decided to reassess the useful value of this business in relation to its acquisition price.
As a result, the group recorded an extraordinary provision for Berg in the amount of 730 million euros.

Other intangible assets

Other intangible assets include primarily mining exploration expenses in the following areas:

	Mining exploration and prospecting expenses 2001	Mining exploration and prospecting expenses 2000	Resources (including reserves) 2001	Resources (including reserves) 2000	Production 2001	Production 2000
Uranium	In Millions of Euros		In tons of concentrated U_3O_8 and group share			
Operations						
– France	–	–	–	270	179	339
– International	4	19	120,000	102,350	7,038	5,877
Development						
– International	6	13	80 000	89 410	–	–
Total	**10**	**32**	**200,000**	**192,030**	**7,217**	**6,216**
Gold	In Millions of Euros		In kilograms			
Operations						
– France	–	–	–	970	970	1,132
– International	2	1	16,100	19,800	3,661	3,843
Development						
– International	4	3	16,750	16,750	–	–
Total	**6**	**4**	**32,850**	**37,520**	**4,631**	**4,975**

Note 9 – Tangible assets

2001 In Millions of Euros	Net values as of 01/01/01	Capital expen-ditures	Transfers	Allocations to and write-backs from depreciation and provisions	Conversion differences	Changes in conso-lidation	Other changes	Net values as of 12/31/01
Land	155	–	(74)	63	–	11	2	158
Buildings	826	30	(41)	(52)	4	50	45	863
Plant, equipment and tools	3,205	181	(244)	(387)	9	87	159	3,009
Others	232	32	(53)	(22)	(2)	23	42	251
Tangible assets in process	993	320	(42)	–	5	9	(245)	1,040
Total	**5,411**	**563**	**(454)**	**(398)**	**16**	**180**	**3**	**5,321**

2000 In Millions of Euros	Net values as of 01/01/00	Capital expen-ditures	Transfers	Applications to and write-backs from depreciation and provisions	Conversion differences	Changes in conso-lidation	Other changes	Net values as of 12/31/00
Land	198	11	(38)	(15)	3	(7)	3	155
Buildings	863	52	(82)	(43)	6	(21)	51	826
Plant, equipment and tools	3,476	146	(142)	(691)	24	(10)	402	3,205
Others	238	36	(84)	11	–	(4)	35	232
Tangible assets in process	1,147	435	(25)	–	–	(3)	(561)	993
Total	**5,922**	**680**	**(371)**	**(738)**	**33**	**(45)**	**(70)**	**5,411**

12/31/01	Gross value	Depreciation	Net value
Land	238	(80)	158
Buildings	2,063	(1,199)	863
Plant, equipment and tools	16,411	(13,403)	3,009
Others	836	(585)	251
Tangible assets in process	1,169	(129)	1,040
Total	**20,718**	**(15,397)**	**5,321**

12/31/00	Gross value	Depreciation	Net value
Land	299	(143)	156
Buildings	1,996	(1,170)	826
Plant, equipment and tools	16,133	(12,927)	3,205
Others	678	(447)	231
Tangible assets in process	1,123	(129)	993
Total	**20,229**	**(14,817)**	**5,411**

In 2001, the net value of the capitalize financial lease contracts was 19 million euros (41 million euros in 2000).

Note 10 – Companies accounted for by the equity method

The value of the companies accounted for by the equity method was 1.674 billion euros as of December 31, 2001 (1.883 million euros in 2000).

In Millions of Euros	% interest at the end of 2001	2001 net income	Value as of 12/31/01	% of interest at the end of 2000	Value as of 12/31/00
Nuclear					
AMC	40.0	5	19	29.9	20
Cilas	37.0	(2)	6	37.0	8
Comilog	7.7	(1)	26	5.7	27
Groupe Assystem	38.6	5	31	28.8	29
Timet Savoie	19.8	–	9	14.5	9
Components					
STMicroelectronics (1)	17.3	95	1,249	21.9	1,448
Other businesses and holding companies					
Eramet	26.2	5	265	19.6	262
Eramet Manganèse Alliages	30.5	–	63	22.8	64
Other companies	–	(5)	6	–	16
Total		**102**	**1,674**		**1,883**

(1) The group share amounted to 11.05% as of December 31, 2001 (11.16% as of December 31, 2000).

8.7 million euros in dividends were received in 2001 for equity investment securities (13 million euros in 2000).

Note 11 – Other long-term financial assets

	12/31/01			12/31/00
In Millions of Euros	Gross	Provisions	Net	Net
Equity securities	129	(79)	50	98
Long-term investment securities (1)	2,727	–	2,727	2,735
Other capitalized securities	165	(9)	156	79
Receivables from equity interests	134	(41)	93	114
Loans, deposits, and miscellaneous receivables	232	(52)	180	206
Total	**3,387**	**(181)**	**3,206**	**3,232**

(1) Includes 2.003 billion euros tied to obligations to dismantle nuclear facilities.

Equity securities

The main securities are COGEMA's interests in the companies holding shares of mining deposits.

Long-term investment securities

In Millions of Euros	Book value as of 12/31/01	Market value as of 12/31/01	Market value net of tax as of 12/31/01
Dedicated long-term investment securities	2,003	2,541	2,400
Non-dedicated long-term investment securities	724	2,150	1,853
Total	**2,727**	**4,691**	**4,253**

Long-term investment securities dedicated to dismantling operations

As an operator of nuclear facilities, the AREVA group has a legal obligation to secure and dismantle these facilities at the time all or part of these facilities are permanently shut down. It must also sort and package, pursuant to the regulations in force, the waste and refuse from past operational activities and from the dismantling of the facilities for the purpose of permanent storage of these wastes. To meet this commitment, a specific provision is accrued each year. The manner in which this provision is calculated is explained in Note 20.

In response to this obligation, the group has deemed it necessary to reserve in its cash position sufficient amounts to meet future expenses for dismantling facilities and managing waste and refuse. Therefore, in recent years it has created a specific portfolio dedicated to the payment of all expenses connected with these obligations.

Based on the timetable for the expenditures, which are almost all expected between 2015 and 2040, the calculations provided by asset management optimization models have determined the size of this portfolio, which is currently comprised of shares, taking into account their long-term return. The market value of this fund, after taxes, was 2.400 billion euros as of December 31, 2001.

The amount of this portfolio is not strictly matched to the accounting provision, which results from the logic of accounting requirements, and is funded in a straight-line fashion until 2015, but is in line with funding requirements. Therefore, given the various rates for the future development of the portfolio and the provisions, the respective amounts are not currently matched. Ultimately, when the dismantling and conditioning work is done, the amount for this work, the value of the portfolio, and the amount of the provisions will be equal.

This portfolio has been invested in European shares via direct holdings in listed French companies and via European equity funds with outside management. This portfolio is managed with a long-term perspective, i.e. stability in the equity holdings. This does not exclude the possibility of trades that may become necessary because of the development of the securities or of a limited number transactions to optimize the income from the securities by using derivatives.

The group relies on outside consultants to supervise overall consistency and monitor the dedicated management performance over the long term. The group does not believe it is necessary to provide the structure of the portfolio, given that there is a possibility that trades will be made when it is deemed necessary to ensure the good performance of these assets. The overall performance of this portfolio is assessed in relation to the MSCI Europe index.

The long-term investment securities are recorded on the balance sheet at their acquisition price. These securities are revalued regularly. Depending on the change in market value, a provision is recorded. No provision was made as of December 31, 2001. Present financial assets are sufficient to cover future charges.

Other long-term investment securities

This item includes the securities of listed companies held by AREVA within a medium-term cash investment perspective without being covered by specific commitments. It consists of 12.4 million shares of TotalFinaElf, 2.6 million shares of Alcatel, and 1.7 million shares of Société Générale. These securities can be liquidated at any time if the group has a specific need for cash.

Receivables related to equity holdings, loans, deposits, and other receivables

In Millions of Euros	Gross amounts	Less than 1 year	1 to 5 years
Receivables related to equity investments	134	117	17
Loans, deposits, and other receivables	232	132	100
Total	**366**	**249**	**117**

Loans, deposits, and other receivables include primarily a deposit of 137 million euros (including interest) corresponding to the Undated Subordinated Securities issued on November 15, 1991 (see Note 17).

Note 12 – Inventories and work in progress

In Millions of Euros	2001	2000
Raw materials and other supplies	535	421
Production of goods in process	471	619
Production of services in process	616	805
Semi-finished and finished products	775	860
Goods	56	59
Total gross value	**2,453**	**2,763**
Provision	(334)	(294)
Total net value	**2,119**	**2,470**

Note 13 – Trade receivables

In Millions of Euros	2001	2000
Gross values	2,567	2,594
Provision	(58)	(43)
Net values	**2,509**	**2,551**

Note 14 – Other receivables

In Millions of Euros	2001	2000
Current accounts of companies not consolidated	10	(11)
Government	526	356
Other liabilities	283	309
Deferred tax asset	210	212
Other	257	73
Total	**1,286**	**939**

Note 15 – Cash and cash equivalents

In Millions of Euros	2001	2000
Investment securities (gross value)	1,446	2,424
Investment securities (provision)	(2)	(2)
Liquid assets	271	528
Net value as of December 31	**1,715**	**2,949**

Investment securities are essentially represented by mutual funds, bonds, SICAV, and negotiable debt securities. As of December 31, 2001, the unrealized gains before taxes were estimated at 34 million euros, compared with 67 million euros in 2000.

After deducting the bank credit balance in the amount of 216 million euros (545 million euros in 2000), the net cash position is 1.499 million euros (2.404 million euros in 2000).

Note 16 – Shareholders' equity

Capital stock

As of December 31, 2001, the breakdown of AREVA shareholdings was as follows:

In %	2001	2000
CEA	78.9	95.0
Investment Certificates	4.0	5.0
Government	5.2	–
Caisse des dépôts et consignations	3.6	–
Erap	3.2	–
TotalFinaElf	1.0	–
Employee shareholders	1.6	–
EDF	2.5	–
Total	**100.0**	**100.0**

Conversion reserves

Conversion reserves totaled 271 million euros (200 million euros in 2000). The change primarily reflects the increase in the US dollar.

Distributable reserves

As of December 31, 2001, AREVA S.A. had distributable reserves of 1.287 million euros, before charging the company loss in the fiscal year (713 million euros).

Stock option plan

There is no plan to grant stock subscription options.

Earnings per share

The average number of shares and investment certificates used for calculating earnings per share was as follows:

- For fiscal year 2001, 31,423,772 shares and investment certificates;
- For fiscal year 2000, 29,414,308 shares and investment certificates.

Note 17 – Additional capital

250 Undated Subordinated Securities with a nominal value of US $1,000,000 were issued by FRAMATOME on November 15, 1991 and subscribed directly by financial institutions. These securities are redeemable only in the event the company is liquidated, after full satisfaction of other creditors. However, the issuer has reserved the right, during the first fifteen years, to redeem all or part of the securities in the event of extraordinary circumstances beyond its control.

These Undated Subordinated Securities, valued at the rate on the date of issuance (0.85059), and legally perpetual, are posted under liabilities on the balance sheet in the account "Additional Capital". They are kept at historic value, as there is no currency risk. These securities offer perpetual remuneration, payable on a semi-annual basis at the Labor rate on 6 months plus 0.70%.

The amount of the deposit that was deducted from this issue, i.e. US $76,085,000, and paid to an investment firm is recorded as "Other Long-Term Financial Assets". In exchange, that firm will pay to AREVA, as of the sixteenth year after the issue of the Undated Subordinated Securities, interest in an amount equivalent to what AREVA will have to pay after the fifteenth year to the holders of Undated Subordinated Securities. This deposit, valued at the rate on the date of issue of the Undated Subordinated Securities (0.85059), is not reimbursable, except in the event of extraordinary circumstances and the historic amount appears under assets on the balance sheet. The gain in value of this deposit during the fiscal year is reflected by crediting a financial income account.

Note 18 – Minority interests

The change in the minority interests primarily reflects the following events:

- The purchase of Siemens AG of an equity holding in FRAMATOME ANP on January 30, 2001;
- The acquisition on September 3, 2001 of shares held by third parties (with the exception of Siemens AG) in the COGEMA, FRAMATOME ANP, and FCI (see Note 2). The share of third parties in the income of these companies from January 1 to September 3, 2001, is included under "minority interests" on the income statement;
- The reduction in the interests representing France Telecom's share in the income of STMicroelectronics, due to the partial transfer of securities carried out at the end of December, 2001 by that company.

Note 19 – Retirement benefits

The European companies in the group, in accordance with the laws and practices of each country, pay a retirement indemnity to their employees on retirement, which depends on remuneration and length of service. They also pay retirement supplements guarantying contractual resources for certain employees. These plans are set with defined benefits.

Since 2001 for the retirement indemnities as well as the retirement supplements, the method of valuation used is the "Projected Credit Units" method. This method is based on the calculation of an overall obligation on the date of retirement, using the projected salary, the rights acquired as of said date, and an estimated length of service. The portion of actuarial gains and losses resulting, in particular, from changes in these assumptions, which exceeds 10% of the amount of the obligation is amortized over the residual duration of the active life of the population. The group uses independent actuaries to value these commitments.

In certain companies these obligations are covered in whole or in part by insurance policies. In such cases, the obligations and the covering assets are valued independently. The difference between the obligation and the coverage generates a financing surplus or deficit. In the event of a deficit, a provision is funded. In the event of a surplus, an asset is recorded (subject to specific conditions).

The change of method as of January 1, 2001 resulted in a deduction of 35 million euros (net of deferred taxes) from net assets.

Reconciliation with the balance sheet

In Millions of Euros	12/31/01	01/01/01
Total provisions for pensions and similar benefits	467	245
Fixed assets in the accounts of the companies	(54)	(26)
Subsidiaries not evaluated	(10)	10
Change of method	–	35
Total	**403**	**264**
Retirement benefits	86	82
Other retirement obligations	131	35
Related benefits	186	146

Other retirement commitments include commitments for:

- Early retirement plans;
- Supplementary retirement plans.

Related benefits reflect commitments for:

- Service medals;
- Maintaining the health and accident coverage for retirees.
- The main actuarial assumptions used in the valuation are as follows:
- Discount rate at 5.5%, 1.5% of which for inflation;

Mortality tables:
– Generation table for incomes;
– TV 88-90 for capital;

- Revaluation of the Social Security ceiling: +0.5% net of inflation;
- Age on retirement: 62 for management and 60 for non-management;
- Average retirement rate for each of the subsidiaries distributed on the basis of a declining function according to the age brackets of the population;
- Rate of salary increase based on age and social and occupational status.

Analysis of the net commitment

In Millions of Euros	As of 12/31/01			As of 01/01/01		
	Retirement indemnities	Other retirement obligations	Related benefits	Retirement indemnities	Other retirement obligations	Related benefits
Cost of services rendered	164	961	199	164	728	160
Fair value of covering assets	(85)	(761)	(13)	(86)	(640)	(12)
Actuarial variances not recorded	12	(35)	1	9	(16)	(1)
Cost of past services not recorded	(4)	(34)	(2)	(4)	(36)	1
Total net commitment	**86**	**131**	**186**	**82**	**35**	**147**

Analysis of the charge for the fiscal year

Charges determined

In Millions of Euros	Retirement indemnities	Other retirement obligations	Related benefits
Cost of services rendered in the period	8	41	7
Interest on discounting	9	54	12
Return expected on covering assets	(4)	(46)	(1)
Actuarial profits or losses	–	–	–
Cost of past services	–	3	–
Profits or losses on reductions, departure, etc.	(2)	–	(3)
Total	**10**	**51**	**15**

Changes in provisions

In Millions of Euros	
Restated balance as of 01/01/01	264
Currency difference	1
Impact of consolidation	83
Total charge	77
Contributions paid	(23)
Balance 12/31/01	**403**

Note 20 – Provisions for risks and liabilities

2001 In Millions of Euros	Start of period	Allocations	Write-backs	Reclassifications, changes in consolidation and currency rates	End of period
Provisions for risks	536	230	(369)	82	479
Restructuring and company plans	107	156	(149)	69	183
Restoration of mining sites and dismantling of concentration plants	117	16	(22)	1	112
Dismantling of nuclear facilities	1,761	133	(278)	143	1,759
Waste recovery	895	127	(8)	(14)	1,000
Work remaining to be done	1,177	442	(100)	(135)	1,384
Others	202	70	(216)	143	199
Total provisions	**4,795**	**1,174**	**(1,142)**	**289**	**5,116**

2000 In Millions of Euros	Start of period	Allocations	Write-backs	Reclassifications, changes in consolidation and currency rates	End of period
Provisions for risks	563	315	(313)	(29)	536
Restructuring and company plans	172	20	(50)	(36)	107
Restoration of mining sites and dismantling of concentration plants	105	26	(17)	4	117
Dismantling of nuclear facilities	1,805	157	(28)	(173)	1,761
Waste recovery	525	436	(258)	191	895
Work remaining to be done	1,023	537	(447)	64	1,177
Others	380	63	(106)	(135)	202
Total provisions	**4,573**	**1,554**	**(1,219)**	**(114)**	**4,795**

Risks

The provisions for risks consist essentially of provisions for commercial risks related to current contracts.

Restructuring

The provisions for restructuring totaled 183 million euros (107 million euros in 2000). They consist of provisions for social plans in the amount of 119 million euros, and provisions for the shut-down of sites and associated costs in the amount of 64 million euros.

The distribution of these provisions, as well as the projected schedule for disbursement for the social plans and the estimated employees, are as follows:

Companies	Shut-down of sites and related costs	Social plan	Projected disbursement			Estimated employees
			2002	2003	2004	
COGEMA	44	47	26	20	1	479
FRAMATOME ANP	1	51	31	10	10	292
FCI	19	18	18	–	–	600

The main provisions of social plans are created at the time the plans are presented to labor and management. They consists primarily of full or gradual early retirement measures, reclassification measures and, to a lesser extent, negotiated departures.

Provisions for dismantling

Nature of the commitments

As an operator of nuclear facilities, the AREVA group has a legal obligation to secure and dismantle these facilities when all or part are permanently shut down. It must also sort and package, pursuant to regulations, the waste and refuse from past operational activities and the dismantling for the purpose of the final storage of such waste. For the AREVA group, the facilities involved include, the EURODIF enriching plant in Front-end, but they predominantly involve the back-end side of the cycle, the reprocessing plants or MOX fuels manufacturing plants.

In certain activities (essentially the reprocessing of spent fuel) certain customers have agreed to assume direct responsibility for a portion of the costs associated with these dismantling operations and managing the waste. For the group, the result is a transfer of the financial obligation of dismantling to such third parties. Other customers have paid for the dismantling through the prices offered by the group. The result of this is a financial obligation for the dismantling to be paid by the group, in current euros and without discounting, of 3.5 billion euros as of the end of 2001 (see the following for the determination of the estimate).

The schedule for the expenses pertaining to these obligations lies in the distant future. In fact, nearly all of these expenditures will be incurred after 2015 and are spread out beyond 2040.

Determination of the provision

Pursuant to the accounting rules in this area, AREVA gradually sets aside provisions equal to its financial obligation. These provisions are made on the following bases:

- A detailed estimate of the costs of the operations to dismantle the facilities and manage the waste has been established. In this regard, SGN, an engineering firm that has served as contractor in the construction of most of the reprocessing and recycling facilities and is considered to be in the best position to determine the methods for dismantling, has contributed. In the case of enrichment, it is the company itself (EURODIF) that has done the valuation work.

  With respect to the dismantling work itself, the assumption is made that the AREVA group will continue to maintain nuclear activities on the sites involved.

  Each year, estimates are updated to take into account both monetary changes as well as technological developments that may be anticipated and developments in the applicable regulations.

  Each estimate is fully reviewed every five years. The next update is scheduled for 2002.
- The share of the costs paid by the group's customers pursuant to contractual provisions is deducted from this estimate (see the first paragraph).
- The balance to be paid by AREVA, in current euros and without discounting, is 3.5 billion euros. This amount is provisioned by the straight-line method on the basis of the duration of use of the relevant facilities. In effect, the duration of the funding is determined on the basis of the portfolio of current contracts relating to these facilities:

  – 2010 for the Pierrelatte enrichment plant (EURODIF);

  – 2015 for the reprocessing facilities in The Hague;

  – 2017 for the MOX recycling plant in Marcoule (MELOX).

  This methodology does not mean that the AREVA group intends to shut down the facilities involved on the timetable set forth above. If the AREVA group signs contracts providing for the use of the facilities beyond these dates, the relevant provisions would then be rescheduled based on the new contract terms.

  As of December 31, 2001, provisions totaled 2.75 billion euros. As a result, in comparison with the amount of the estimate indicated (3.5 billion euros), it should be noted that about 750 million current euros remains to be applied over the remaining years. Naturally, as indicated above, the amount of the provisions is adjusted each year to reflect inflation and any technological developments.

Financing dismantling and waste recovery expenses

To cover such future expenses, a portion of the cash generated by the contracts has been applied to a dedicated financial portfolio. These sums are managed in a specific portfolio shown on the assets side of the balance sheet as "Other long-term financial assets" (see Note 11).

Provisions for work remaining to be done

These provisions relate to work remaining to be done for contracts, primarily reprocessing contracts, the sales of which have already been accounted for.

The accounting treatment of the main reprocessing contracts performed at La Hague is based on the principle that sales and cost of sales, estimated over the full term of the contracts, are taken into account each year based on the technical progress of said contracts as assessed on the basis of the tonnage reprocessed at the facilities.

If the annual charges posted are lower than the cost of sales as determined, the difference is recorded as provisions for work remaining to be done.

Note 21 – Financial debt

In Millions of Euros	2001	2000
Bonds	2	2
Loans from credit institutions	2,097	1,879
Bank loans and other financial debt(1)	346	715
Total	**2,444**	**2,596**

(1) including financial leasing: 15 million euros.

The group's net debt as of December 31, 2001 was 729 million euros (net cash of 354 million euros as of December 31, 2000), after deduction of liquid assets of 271 million euros (2.422 billion euros in 2000) and investment securities in the amount of 1.444 million euros (528 million euros in 2000).

Changes in consolidation reduced net debt by 373 million euros in 2001. Financial debt is analyzed by maturity, currency, and rate as follows:

In Millions of Euros	2001	2000
Maturities at one year at most	1,786	699
Maturities between one and five years	612	1,174
Maturities over five years	46	723
Total	**2,444**	**2,596**

In Millions of Euros	2001
Euro	1,339
US dollar	788
Other currencies	317
Total	**2,444**

In Millions of Euros	2001
Fixed rate	1,644
Variable rate	800
Total	**2,444**

Significant individual loans

Excluding the swap effect, variable rate loans are indexed to Libor or Euribor.

In Millions of Euros	
FCI and AREVA	
Variable rate loan 1999-2006 (US $400 million)	468
Variable rate bilateral line of credit 2001-2002 (US $500 million)	407
FCI	
Variable rate loan 1998-2002 (915 million euros)	915
COGEMA	
Variable rate loan 2000-2006 (305 million Canadian dollars)	222
6% loan 2000-2007 (38 million euros)	38

Securities and special clauses

No loan or debt (outside of debts on fixed assets under finance leases) is secured by assets.

Note 22 – Prepayments and payments on account

In Millions of Euros	2001	2000
Prepayments and payments on account received on orders	3,043	3,198
Prepayments and payments on account received financing fixed assets	533	1,047
Total	**3,576**	**4,245**

Note 23 – Other liabilities

In Millions of Euros	2001	2000
Income and Social Security taxes	1,194	1,214
Deferred tax credit	132	371
Other liabilities	1,059	426
Total	**2,385**	**2,011**

Note 24 – Cash from operating activities

Change in working capital requirements

In Millions of Euros	2001	2000
Change in inventories and goods in process	458	271
Change in trade and other receivables	34	(110)
Change in payables and other liabilities	(306)	(128)
Change in prepayments and payments on account received on orders	(403)	(594)
Change in prepayments and payments on account paid on orders	60	195
Total	**(157)**	**(366)**

Note 25 – Related-party transactions

The consolidated accounts include the transactions carried out by the group within the normal context of its business with companies that are not consolidated or accounted for by the equity method and the shareholders holding more than 5% of the equity of the parent company.

2001

In Millions of Euros	CEA	STMicroelectronics
Loans (including short-term) to companies not consolidated	–	–
Guarantees given to companies not consolidated	–	–
Sales	144	–
Purchases	11	23

2000

In Millions of Euros	CEA	STMicroelectronics
Loans (including short-term) to companies not consolidated	–	–
Guarantees given to companies not consolidated	–	–
Sales	136	–
Purchases	24	20

Note 26 – Financial instruments

General objectives and counterparty risk

The group uses derivatives to manage its exposure to currency and interest rate risks, prices for raw materials, and prices for certain listed securities. Such instruments are generally classified as hedges for assets, liabilities, or specific commitments of the group.

The group manages the counterparty risk associated with such instruments by centralizing the commitments, and procedures that specify the limits and characteristics of the counterparty.

Management of interest rate and raw material risks are centralized at the level of the parent company. For most of the companies of the group, interest rate risk management is centralized at the level of the parent company or carried out in concert with the parent company for the several subsidiaries that manage interest rate risks on their own behalf.

Currency risk

The group uses currency options and other derivative products to cover:

- The transactional risks of subsidiaries exposed to currency risks. These risks are systematically covered from inception. For certain contracts, these risks may be covered by specific insurance policies (Coface policies, for example);
- The bilateral risks on loans to subsidiaries in a currency other than their accounting currency, when financing in the currency in which they operate has not been obtained.

None of the tunnels implemented can be classified as a net option sale.

Currency swaps are used by the group to manage its cash position in foreign currencies.

Interest rate risk

The group uses several types of financial instruments, depending on market conditions, to control the distribution of debt at fixed and variable rates and to protect its investments. These instruments are primarily over-the-counter swap or option contracts for managing debt and Euribor or Bund rate contracts to manage investments.

Risk on raw materials

The group uses financial instruments (futures and commodities swaps) to reduce the risk of volatility in the prices for the raw materials used in the manufacture of its products (especially copper) or to cover its business as a producer (gold production subsidiaries of COGEMA).

Risk on shares

The group may be required to manage its portfolio of long-term investments by using puts and calls backed by the shares held in the portfolio. No such transaction was pending at the end of the year.

In the context of transactions for the transfer of TotalFinaElf securities from the “Other TIAP” portfolio, an equity swap was contracted to keep the yields and the risks associated with the securities sold.

Currency instruments

In Millions of Euros

	Notional amounts of the contracts by maturity date as of December 31, 2001							
	2002	2003	2004	2005	2006	> 5 years	Total	Market value (difference)
Currency swaps - borrower								
US dollar	284.2	5.7	–	–	–	–	289.9	(2.8)
Canadian dollar	353.8	–	–	–	–	38.0	391.8	(5.0)
Pound sterling	–	–	–	–	–	–	–	–
Yen	16.5	–	–	–	–	–	16.5	(0.7)
Australian dollar	–	–	–	–	–	–	–	–
Hong Kong dollar	–	–	–	–	–	–	–	–
Currency swaps - lender								
US dollar	31.7	–	–	–	–	–	31.7	(0.3)
Canadian dollar	99.9	5.7	–	–	–	–	105.6	(0.1)
Pound sterling	0.1	–	–	–	–	–	0.1	–
Yen	–	–	–	–	–	–	–	–
Australian dollar	–	–	–	–	–	–	–	–
Hong Kong dollar	0.5	–	–	–	–	–	0.5	–
Currency futures - buyer								
US dollar	10.9	–	0.6	0.7	0.7	–	12.8	0.9
Canadian dollar	78.6	50.7	–	–	–	–	129.3	(0.1)
Pound sterling	0.4	–	–	–	–	–	0.4	–
Yen	9.2	0.1	–	–	–	–	9.3	(0.6)
Australian dollar	19.5	–	–	–	–	–	19.5	0.5
Hong Kong dollar	–	–	–	–	–	–	–	–
South African rand	0.2	–	–	–	–	–	0.2	(0.1)
Currency futures - seller								
US dollar	147.6	99.1	51.6	4.9	–	–	442.9	(13.3)
Canadian dollar	19.8	–	–	–	–	–	19.8	–
Pound sterling	26.9	0.5	–	–	–	–	27.4	(0.2)
Yen	19.7	2.7	–	–	–	–	22.4	4.4
Australian dollar	–	–	–	–	–	–	–	–
Hong Kong dollar	–	–	–	–	–	–	–	–
Swedish krona	21.6	4.9	–	–	–	–	26.4	2.6
Currency options								
Call - buyer								
US dollar	–	–	–	–	–	–	–	–
Put - seller								
US dollar	10.0	–	–	–	–	–	10.0	–
Tunnels								
US dollar	73.8	68.1	–	–	–	–	141.9	(3.3)

Interest rate instruments

In Millions of Euros

	Notional amounts of the contracts by maturity date as of December 31, 2001								
	Fixed Rate	2002	2003	2004	2005	2006	> 5 years	Total	Market value (difference)
Interest rate swaps - fixed payor									
Euro[a]	3.4 %	426.9	–	–	–	–	–	426.9	0.7
US dollar	3.6 % - 3.9 %	–	170.2	113.5	–	–	–	283.7	–
Canadian dollar	3.8 %	–	–	137.8	–	–	–	137.8	1.0
Interest rate swaps - fixed payee									
Euro[a]	6 %	–	–	–	–	–	38.0	38.0	–
US dollar	–	–	–	–	–	–	–	–	–
Canadian dollar	–	–	–	–	–	–	–	–	–
Interest rate swaps - variable-variable									
Euro	–	–	–	20.0	–	–	–	20.0	0.1
Tunnels[b]									
Euro	3 % - 4 %	182.9	–	–	–	–	–	182.9	(0.3)
US dollar	6.2 % - 8.5 %	–	170.2	–	–	–	–	170.2	–

[a] Variable payor interest rate swap in CAD.
[b] No net sale of options.

Raw materials and shares

In Millions of Euros

	Notional amounts by maturity date as of December 31, 2001						
	2002	2003	2004	2005	2006	>5 years	Total
Raw materials							
Gold							
Currency futures - buyer	–	–	–	–	–	–	–
Currency futures - seller	42.3	–	–	–	–	–	42.3
Copper							
Swap - lender	5.9	–	–	–	–	–	5.9
Instruments on equity risks							
Equity swap	114.0	–	–	–	–	–	114.0

Note 27 – Commitments made and received

Commitments made

Commitments made totaled 617 million euros, as analyzed below:

• Guaranties and sureties	509
• Real and personal property under financial leases	18
• Other commitments	140

Commitments Received

Commitments received totaled 349 million euros, composed primarily of guaranties and sureties received, as well as loan facilities not utilized.

Note 28 – Post-balance sheet events

Duke Engineering & Services

On January 31, 2002, FRAMATOME ANP Inc. signed an agreement to purchase Duke Engineering & Services (DES), a subsidiary of the American electricity company Duke Energy. In 2000, sales for DES totaled 280 million dollars, recorded primarily in the United States in the nuclear engineering and services industry. This acquisition may be finalized by the summer of 2002 and would strengthen the group's position in the American market.

USEC

In 2001 the American Department of Commerce (DOC) and the American International Trade Commission (ITC) heard the complaints filed in December 2000 by the American enriching company USEC against EURODIF (a subsidiary of the AREVA group) and URENCO. In 2001, EURODIF deposited a security with American customs in the amount of 16.2 million dollars, which is the calculated level of the provisional compensatory tariffs in the two anti-dumping and anti-subsidization proceedings. In January 2002, the ITC assessed the damages suffered by USEC. As a result, starting in February 2002, imports of separative work units are subject to a deposit of provisional tariffs of 53.5% of the sale price. The group is of the opinion that the American rulings are unfounded and is preparing for appellate proceedings before the CIT (Court of International Trade) and the World Trade Organization with the support of the French government and the European Commission.

Note 29 – Consolidation

Company name and legal form	Country or Siren Number	2001 Method	2001 Interest %	2000 Method	2000 Interest %
Nuclear					
FRAMATOME ANP					
ANF GmbH	Germany	FC	66.00	–	–
ANP GmbH	Germany	FC	66.00	–	–
Atea Industrie	434 004 354	FC	66.00	FC	48.27
Cerca SA	572 205 433	FC	66.00	FC	48.27
Cezus SA	071 500 763	FC	66.00	FC	48.27
Cfc SNC	321 617 508	FC	66.00	FC	48.27
Cogema Fuels Inc.	United States	–	–	FC	48.27
Cte-Ndt SA	308 548 742	FC	66.00	FC	48.27
Fbfc SNC	300 521 754	FC	66.00	FC	48.27
Fbfc International SA	Belgium	FC	66.00	FC	48.27
Framatome ANP SAS	428 764 500	FC	66.00	FC	48.27
Framatome Cogema Fuel	United States	FC	66.00	FC	48.27
Framatome SA	592 018 089	–	–	FC	48.27
Framatome Technologies Group Inc.	United States	FC	66.00	FC	48.27
Framatome Technologies Inc.	United States	FC	66.00	FC	48.27
Framatome USA Inc.	United States	FC	66.00	FC	48.27
Framex South Africa	South Africa	FC	65.92	FC	47.22
Gie Fragema	338 344 658	FC	66.00	FC	48.27
IC-MAT SARL	399 090 927	FC	66.00	FC	48.27
Incore Service ex Atea SA	872 802 848	FC	66.00	FC	48.27
Intercontrole SA	305 254 526	FC	66.00	FC	48.27
Jeumont Industrie SA	341 805 836	FC	66.00	FC	48.27
NDT GmbH	Germany	FC	66.00	–	–
Nns SNC	333 824 530	FC	39.60	FC	28.96
Nuclear Power International SNC	950 565 978	FC	66.00	EM	24.13
Rockridge Technologie Inc.	United States	FC	66.00	FC	48.27
Sarelem SA	319 606 091	FC	66.00	FC	48.27
Somanu SA	328 946 231	FC	56.10	FC	41.03
Timet Savoie SA	408 579 084	EM	19.80	EM	14.48
Visionic SA	326 382 900	FC	66.00	FC	48.27
COGEMA					
AAB Allemagne	Germany	–	–	PC	35.23
AMC	Sudan	EM	40.00	EM	29.89
ATM	339 644 858	–	–	PC	35.23
ATM Industrie	339 644 858	–	–	PC	35.23

FC: Full consolidation
PC: Proportionate consolidation
EM: Equity method

Company name and legal form	Country or Siren Number	2001 Method	2001 Interest %	2000 Method	2000 Interest %
AT-Nutech	379 385 982	FC	100.00	FC	74.71
Axisse	380 416 222	FC	51.00	FC	38.10
BIHL	Germany	–	–	PC	35.23
Canberra CO	Canada	FC	100.00	FC	74.71
Canberra Doven Inc	United States	FC	100.00	FC	74.71
Canberra Eurisys Benelux	Belgium	FC	100.00	–	–
Canberra Eurisys GmbH	Germany	FC	100.00	–	–
Canberra Eurisys SA	384 449 773	FC	100.00	FC	74.71
Canberra Industries Inc	United States	FC	100.00	–	–
Cie de française de Mokta (CFM)	552 112 716	FC	100.00	FC	74.71
Cie Française de Mines et Métaux CF2M	300 574 894	FC	100.00	FC	74.71
Cie Nucléaire de services (CNS)	401 649 363	FC	51.00	FC	38.10
Clemessy ACS	325 423 812	–	–	PC	35.23
Clemessy IE	Germany	–	–	PC	35.23
Clemessy SA	945 752 137	–	–	PC	35.23
Clemessy Télécom	353 917 404	–	–	EM	17.21
CMA	The Ivory Coast	FC	90.00	FC	67.24
Cogema SA	305 207 169	FC	100.00	FC	74.71
Cogema Australia	Australia	FC	100.00	FC	74.71
Cogema Engineering Corp	United States	FC	100.00	FC	74.71
Cogema Inc USA	United States	FC	100.00	FC	74.71
Cogema Instruments Inc	United States	FC	100.00	–	–
Cogema Minerals Corporation (COMIN)	United States	FC	100.00	FC	74.71
Cogema RFA	Germany	FC	100.00	FC	74.71
Cogema Services	United States	FC	100.00	FC	74.71
Comilog	592 017 750	FC	7.65	EM	5.72
Cominak, Niamey	Niger	FC	100.00	EM	25.40
Cominor	422 123 984	FC	100.00	FC	74.71
Comuf	Gabon	–	–	FC	51.12
Comurhex	712 007 962	FC	100.00	FC	74.71
Conservatome	662 036 411	FC	100.00	FC	74.71
CRI CAN	Canada	FC	100.00	FC	74.71
CRI USA	United States	FC	100.00	FC	74.71
DGI 2000	331 813 378	EM	40.00	EM	29.88
Ebim Industrie Services	421 197 963	–	–	PC	35.23
EMCS	419 064 480	–	–	PC	35.23
Eramet Mang Alliages	423 464 577	EM	30.50	EM	22.79
Euriware SA	320 585 110	FC	100.00	FC	74.71

FC: Full consolidation
PC: Proportionate consolidation
EM: Equity method

Company name and legal form	Country or Siren Number	2001 Method	2001 Interest %	2000 Method	2000 Interest %
Euriware Services	318 132 040	FC	100.00	FC	74.71
Eurodif Production	307 146 472	FC	59.65	FC	44.56
Eurodif SA	723 001 889	FC	59.64	FC	44.56
Eurodoc	349 617 084	FC	100.00	FC	74.64
Fontanié	326 791 993	–	–	PC	35.23
France Réseaux	408 631 091	–	–	PC	35.23
Game Ingénierie	314 990 185	–	–	PC	35.23
Game Sud-Est	621 620 103	–	–	PC	35.23
Game Sud-Ouest	338 676 836	–	–	PC	35.23
Geraco	432 125 664	FC	100.00	FC	74.71
Groupe Assystem	323 158 709	FC	38.55	EM	29.00
Groupe Euriware	378 566 343	FC	100.00	FC	74.71
Ifatec	321 833 444	FC	100.00	FC	74.64
Javel	775 756 620	–	–	PC	35.23
Katco	Kazakhstan	EM	45.00	–	–
Krebs et Cie	381 040 294	–	–	FC	74.71
Le Bourneix (SMB)	323 097 899	FC	100.00	FC	74.71
Lemaréchal SCI	323 266 460	FC	100.00	FC	74.71
Mainco	350 131 167	FC	100.00	FC	74.71
Maintenance Eurisys Mesures	322 522 681	FC	100.00	FC	74.70
Mécachimie	304 864 036	FC	100.00	FC	74.71
Mécagest	350 357 596	FC	100.00	FC	74.71
Mineraus	Australia	FC	100.00	–	–
Mines de Jouac (SMJ)	303 697 924	FC	100.00	FC	74.71
MUL	Canada	FC	100.00	FC	74.71
NHC	United States	FC	100.00	FC	74.71
NRC Pensylvanie	United States	FC	51.00	FC	38.10
PEA Consulting (ex Eurisys Consulting)	592 029 128	FC	95.74	FC	66.74
Petillot	350 601 217	–	–	PC	35.23
PMC USA	United States	FC	100.00	FC	74.71
Pragodata	Czech Republic	FC	100.00	FC	73.28
Rhénacom	327 834 453	–	–	PC	35.23
Rhénafi	418 451 704	–	–	PC	35.23
RMT	Germany	–	–	PC	35.23
SCI de l'Euze	403 082 977	FC	100.00	FC	74.71
SCI le Bois Mouton	316 111 327	FC	99.80	FC	74.56
SCI Mares aux Saules	384 579 645	FC	99.95	FC	74.67
SCI Place Ovale	384 639 399	FC	100.00	FC	74.71

FC: Full consolidation
PC: Proportionate consolidation
EM: Equity method

Company name and legal form	Country or Siren Number	2001 Method	2001 Interest %	2000 Method	2000 Interest %
Secauto	318 634 813	–	–	PC	35.23
Séchaud et Metz	652 030 677	EM	34.00	EM	25.40
SGN	612 016 956	FC	100.00	FC	74.71
SICN	325 720 209	FC	100.00	FC	74.71
Socatri	302 639 927	FC	59.65	FC	44.56
Socodei	380 303 107	EM	49.00	EM	36.60
Sofidif	303 587 216	FC	60.00	FC	44.83
Sofilog Bretagne	343 117 321	–	–	FC	74.64
Sogéfibre	351 543 004	FC	100.00	FC	74.71
Somaïr, Niamey	Niger	FC	61.40	FC	45.87
SRPG Sté Rhénane de Participations et Gestion	947 051 603	–	–	PC	34.91
Sytech	383 323 805	FC	59.99	FC	58.90
Tasys	408 773 323	FC	100.00	FC	74.71
Transnucléaire	602 039 299	FC	100.00	FC	74.71
Transnucléaire US (sous consolidation)	United States	FC	100.00	FC	74.71
Transports Celestin	706 950 060	–	–	FC	74.71
UEM	Canada	FC	100.00	FC	74.71
Urangesellschaft	Germany	FC	100.00	FC	51.86
Urangesellschaft USA	United States	FC	100.00	FC	51.86
Valfibre	950 619 890	FC	99.90	FC	74.64
TECHNICATOME					
01DB Brésil	Brazil	PC	30.89	–	–
01DB Inc	United States	PC	37.21	–	–
01DB Italia palier	Italy	PC	37.21	–	–
Aesse	Italy	PC	37.21	–	–
Corys Tess	413 851 924	EM	28.43	EM	24.04
CVI	384 787 958	FC	74.43	–	–
Elta	388 919 177	FC	83.58	–	–
Helion	435 050 737	FC	82.81	–	–
IQS	380 094 235	FC	83.58	PC	17.68
Isis Mpp	325 517 621	FC	83.58	FC	70.70
La Cahlene	333 707 669	–	–	FC	70.70
La Cahlene GB	United Kingdom	–	–	FC	70.70
La Cahlene Inc.	United States	–	–	FC	70.70
MVI Technologies	332 087 949	FC	79.60	FC	67.33
Metravib	409 869 708	FC	75.71	FC	64.04
01BD S'tell	344 830 179	FC	79.57	FC	67.31

FC: Full consolidation
PC: Proportionate consolidation
EM: Equity method

Company name and legal form	Country or Siren Number	2001 Method	2001 Interest %	2000 Method	2000 Interest %
Principia RD	320 786 171	PC	20.90	PC	17.68
Principia Marine	384 408 993	PC	10.66	PC	17.68
SCS	Italy	PC	37.21	–	–
Technicatome SA	772 045 879	FC	83.58	FC	70.70
Technoplus Industries	338 296 478	FC	83.58	FC	70.70

Composants

Company name and legal form	Country or Siren Number	2001 Method	2001 Interest %	2000 Method	2000 Interest %
FCI					
Berg UK Limited, Dunstable	United Kingdom	–	–	FC	48.27
CBOS Electronics AB Salvjo	Sweden	FC	100.00	FC	48.27
FC Connectors Mexico SA de CV Mexico	Mexico	FC	100.00	FC	48.27
FCI Americas Employment Company Etters, Pennsylvanie	United States	FC	100.00	FC	48.27
FCI Americas International Holding Inc	United States	FC	100.00	FC	48.27
FCI Automotive Deutschland GmbH	Germany	FC	100.00	FC	48.27
FCI Connectors Australia Pty Ltd - Smithfield NSW	Australia	FC	100.00	FC	48.27
FCI Connectors Malaysia - Johore Bahru	Malaysia	FC	100.00	FC	48.27
FCI Electronics Mexico SRL de CV - Mexico	Mexico	FC	100.00	FC	48.27
FCI Electronics Services SRL de CV	Mexico	FC	100.00	FC	48.27
FCI Hungary Connectique KFT, Budapest	Hungary	FC	100.00	FC	48.27
FCI Microelectronics SA	335 187 696	FC	99.95	FC	48.27
Framatome Connectors Deutschland GmbH - Schwalbach	Germany	–	–	FC	48.27
Framatome Connectors Holding GmbH	Germany	FC	100.00	FC	48.27
Framatome Connectors International Trésorerie SA	393 476 783	FC	100.00	FC	48.27
Framatome Connectors International Americas	United States	FC	100.00	FC	48.27
Framatome Connectors International Americas FSC, Inc Etters (Valley Green) PA	United States	FC	100.00	FC	48.27
Framatome Connectors International Americas Holding Inc.	United States	FC	100.00	FC	48.27
Framatome Connectors International Americas Special Purposes Vehicules	United States	FC	100.00	FC	48.27

FC: Full consolidation
PC: Proportionate consolidation
EM: Equity method

Company name and legal form	Country or Siren Number	2001 Method	2001 Interest %	2000 Method	2000 Interest %
Framatome Connectors International Americas Technology Inc, Reno (Nevada)	United States	FC	100.00	FC	48.27
Framatome Connectors International Austria GmbH	Austria	FC	100.00	FC	48.27
Framatome Connectors International Automotive France SA	775 678 980	FC	99.95	FC	48.27
Framatome Connectors International Belgium SA	Belgium	FC	100.00	FC	48.27
Framatome Connectors International BERG Asia Pte Ltd	Singapour	FC	100.00	FC	48.27
Framatome Connectors International Berg Europe	Germany	FC	99.95	FC	48.27
Framatome Connectors International Besançon SA	388 636 896	FC	99.95	FC	48.27
Framatome Connectors International Brasil LTDA	Brazil	FC	100.00	FC	48.27
Framatome Connectors International Canada Inc.	Canada	FC	100.00	FC	48.27
Framatome Connectors International China Ltd - Shanghai	China	FC	100.00	FC	48.27
Framatome Connectors International Connectors España SA	Spain	FC	100.00	FC	48.27
Framatome Connectors International Connectors Sweden AB	Sweden	FC	100.00	FC	48.27
Framatome Connectors International Connectors UK Ltd	United Kingdom	FC	100.00	FC	48.27
Framatome Connectors International Deutschand GmbH	Germany	FC	100.00	FC	48.27
Framatome Connectors International Distribution BV, Hertogenbosch	The Netherlands	FC	100.00	FC	48.27
Framatome Connectors International Dominican Republic Ltd	Dominican Republic	FC	100.00	FC	48.27
Framatome Connectors International Electrique France SA	775 596 679	FC	99.68	FC	48.12
Framatome Connectors International Finland OY	Finland	FC	100.00	FC	48.27
Framatome Connectors International France SA	552 056 533	FC	100.00	FC	48.27
Framatome Connectors International Hertogenbosch BV, Hertogensch	The Netherlands	FC	100.00	FC	48.27

FC: Full consolidation
PC: Proportionate consolidation
EM: Equity method

Company name and legal form	Country or Siren Number	2001 Method	2001 Interest %	2000 Method	2000 Interest %
Framatome Connectors International Holding BV	The Netherlands	FC	100.00	FC	48.27
Framatome Connectors International Information & Technology Services	India	FC	100.00	FC	48.27
Framatome Connectors International Ireland BV	Ireland	FC	100.00	FC	48.27
Framatome Connectors International Italia SpA	Italy	FC	100.00	FC	48.27
Framatome Connectors International Japan KK	Japan	FC	90.00	FC	43.44
Framatome Connectors International Katrineholm AB	Sweden	FC	100.00	FC	48.27
Framatome Connectors International Korea Ltd	South Korea	FC	100.00	FC	48.27
Framatome Connectors International Mechelen	Belgium	FC	100.00	FC	48.27
Framatome Connectors International Nantong Ltd	China	FC	100.00	FC	48.27
Framatome Connectors International Nederland BV	The Netherlands	FC	100.00	FC	48.27
Framatome Connectors International Netherlands Antilles NV	Dutch Antilles	FC	100.00	FC	48.27
Framatome Connectors International Patent Co Asia	Singapour	FC	100.00	–	–
Framatome Connectors International Pontarlier SA	383 703 808	FC	100.00	FC	48.27
Framatome Connectors International PRC (Hong Kong) Ltd	China	FC	100.00	FC	48.27
Framatome Connectors International PRC Ltd	China	FC	100.00	FC	48.27
Framatome Connectors International Qingdao	China	FC	100.00	FC	48.27
Framatome Connectors International SA	349 566 240	FC	100.00	FC	48.27
Framatome Connectors International Schweiz AG	Switzerland	FC	99.25	FC	47.90
Framatome Connectors International Scotland Ltd	United Kingdom	FC	100.00	FC	48.27
Framatome Connectors International Singapore Pte Ltd	Singapour	FC	100.00	FC	48.27

FC: Full consolidation
PC: Proportionate consolidation
EM: Equity method

Company name and legal form	Country or Siren Number	2001 Method	2001 Interest %	2000 Method	2000 Interest %
Framatome Connectors International Taïwan Ltd	China	FC	100.00	FC	48.27
Framatome Connectors International USA Inc.	United States	FC	100.00	FC	48.27
Framatome Connectors O/E/N Ltd	India	FC	51.00	FC	24.62
Framatome Connectors UK Ltd	United Kingdom	FC	100.00	FC	48.27
Griesbacher Frères SA	327 469 334	FC	66.40	FC	32.05
SCI Bergerandière	344 704 234	FC	100.00	FC	48.22
Sté Rhénane de Participations SA	318 099 306	FC	100.00	FC	48.27
Technocontact SA	712 052 364	FC	100.00	FC	48.27
STMicroelectronics					
STMicroelectronics	The Netherlands	EM	11.05	EM	11.16
STMicroelectronics Holding II BV	The Netherlands	EM	30.99	EM	25.25
STMicroelectronics Holding NV	The Netherlands	EM	11.16	EM	11.16

Holding companies and others

Company name and legal form	Country or Siren Number	2001 Method	2001 Interest %	2000 Method	2000 Interest %
AREVA SA	712 054 923	FC	100.00	FC	100.00
Cere SA	330 956 871	FC	100.00	FC	48.27
Fipt SA	351 737 051	FC	99.00	FC	48.27
Framapar	410 343 669	FC	100.00	FC	48.27
Frarea	381 484 955	FC	100.00	FC	48.27
Sécori	328 740 550	FC	99.76	FC	48.26
Sepi SA	Switzerland	FC	100.00	FC	48.27
Teknassur	Luxembourg	FC	100.00	FC	48.26
Cedec	394 329 841	FC	90.14	FC	90.14
Cilas	669 802 167	EM	37.00	EM	37.00
Clextral Inc.	United States	–	–	FC	48.27
Clextral SA	328 579 511	–	–	FC	48.27
Cogerap	328 171 004	FC	100.00	FC	74.71
Eramet	632 045 381	EM	26.26	EM	19.58
ESI	400 013 629	FC	53.65	FC	45.31
FT1CI	385 129 036	FC	63.70	FC	51.00
GADS	420 952 194	FC	67.06	FC	56.64
Gamma Assistance	350 322 293	FC	67.06	FC	56.64
Melox	378 783 237	FC	100.00	FC	61.49
MSIS	327 492 336	FC	67.06	FC	56.64
Nfm Technologies SA	340 040 781	–	–	FC	48.27
Packinox SA	333 914 760	FC	100.00	FC	48.27

FC: Full consolidation
PC: Proportionate consolidation
EM: Equity method

Company name and legal form	Country or Siren Number	2001 Method	2001 Interest %	2000 Method	2000 Interest %
Polinorsud	343 008 231	FC	67.06	FC	56.64
Prosernat SA	315 251 330	–	–	FC	26.52
RTC	331 055 947	FC	67.06	FC	56.64
Sofradir	334 835 709	EM	20.00	EM	20.00
Sovalke	572 210 425	FC	100.00	FC	100.00
SRI Luxembourg	Luxembourg	–	–	FC	48.27
STMI	672 008 489	FC	67.06	FC	56.64
STMILOG	388 398 059	FC	67.06	FC	56.64
Trihom	378 649 040	FC	44.26	FC	37.38

FC: Full consolidation
PC: Proportionate consolidation
EM: Equity method

Report of the Auditors on the consolidated financial statements

Year ended December 31, 2001

Ladies and Gentlemen:

In the performance of the duties conferred on by your Shareholders' Meeting, we have audited the consolidated statements of the AREVA company prepared in euros, in accordance with generally accept accounting principles in France, for the fiscal year ended December 31, 2001, as attached to this report.

The consolidated accounts were prepared by the Executive Board. It is our responsibility to express an opinion on these statements on the basis of our audit.

We conducted our audit in accordance with generally accepted accounting standards in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, the evidence supporting the amounts and disclosures in the financial statements. It also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

We believe that the consolidated financial statements are accurate and provide a fair presentation of the financial holdings and position of the entity comprised of the companies included in the consolidation.

Furthermore, we verified the information provided in the management report. We have no comments to make concerning their accuracy or consistency with the consolidated financial statements.

Neuilly-sur-Seine and Paris (La Défense),
April 29, 2002

The Auditors

BARBIER FRINAULT & AUTRES
Philippe Peuch-Lestrade

MAZARS & GUÉRARD
Thierry Blanchetier
Michel Rosse

Legal and administrative information

General information

Information on the company

Name

(Article 2 of the bylaws)
The name of the company is Société des Participations du Commissariat à l'Énergie Atomique.
The trade name is AREVA.

Legal form of the Company

A French *société anonyme* with a Board of directors and a Supervisory Board governed by the French Commercial Code.

Purpose

(Article 3 of the bylaws)
The purpose of the company, in France and abroad, is as follows:

- The acquisition of direct or indirect equity holdings and interests, in any form whatsoever, in all companies or businesses, both French and foreign, that carry out financial, commercial, industrial, real estate, and securities operations;
- The purchase, sale, exchange, subscription, and management of equity securities and investment securities;
- The providing of all services, particularly for the benefit of any of the companies in the group;
- The management of all industrial and commercial businesses, in the area of information technologies, electronics, and connectors and, therefore:
  - To study any project related to the formation, expansion, or conversion of industrial businesses;
  - To execute projects or to contribute to their execution by all appropriate means and, more particularly, by means of the acquisition of equity holdings or interests in any businesses in existence or to be created in the future;
  - To finance industrial businesses, particularly by holding an interest in such businesses, and subscribing to the bond issues of such businesses;
  - And, generally, to perform any and all industrial, commercial, financial, real property, and equity operations directly or indirectly related to the purposes set forth hereinabove, and which may be useful to the company purpose or may facilitate the achievement and development thereof.

Registered office

(Article 4 of the bylaws)
The registered office is at 27-29, rue Le Peletier, 75009 Paris.

Term

(Article 5 of the bylaws)
The term of the company is ninety-nine years, commencing as of its registration in the trade register, except in the case of extension or early dissolution.

Commercial register, APE code, and Siret number

Register of Commerce and Companies:	Paris B 712 054 923
APE code:	741J (Business Management)
Siret number:	712 054 923 00032

Location where the documents may be consulted

The legal documents may be examined at the registered offices of the company at 27-29, rue Le Peletier, 75009 Paris.

Annual financial statements

Fiscal year

(Article 43 of the bylaws)
The fiscal year of the company begins on January 1 and ends on December 31.

Corporate financial statements

(Article 44 of the bylaws)
The balance sheet, income statement and notes, as well as the management report, prepared each year by the Executive Board at the end of the fiscal year. The Supervisory Board then presents to the shareholders' meeting its comments on the report of the board of directors as well as on the accounts for the past fiscal year. Subject to the conditions stipulated by the regulations in force, any shareholder, holder of investment certificates or certificates of voting rights has the right to consult these documents, and all documents that must be provided by law. Said persons may receive these documents from the company in the cases provided for by law.

Information on the subsidiaries and equity interests

(Article 45 of the bylaws)
The report submitted by the Executive Board and, if applicable, by the auditors to the Ordinary Shareholders' Meeting shall provide the information required by law concerning subsidiaries and equity interests. The report from the Executive Board shall describe the activities of all subsidiary companies, i.e., those in which the equity interest exceeds fifty percent of the capital, by line of business and show the results obtained.

The Executive Board shall attach to the balance sheet, as required by law, a table showing the positions of such subsidiaries and equity interests

Balance sheet and consolidated financial statements

(Article 46 of the bylaws)
The Executive Board shall prepare the consolidated balance sheet, income statement, notes and management report. The method for establishing the consolidated financial statements must be indicated in a note attached to these documents.

Appropriation and distribution of earnings

(Article 48 of the bylaws)

1. The difference between the revenues and expenses of the fiscal year, after deducting depreciation and provisions, constitutes the profit or loss for said year.
2. At least one-twentieth of the profit for the fiscal year, reduced, if applicable, by prior losses, is used to create a reserve fund referred to as the "legal reserve".
This withdrawal ceases to be mandatory when the reserve reaches one tenth of the capital stock.
3. The distributable profit is comprised of the profit for the fiscal year, minus prior losses and the sums to be allocated to reserves as required by law and the bylaws, and plus retained earnings.
4. Except in the case of a capital reduction, no distribution may be made to all or some of the shareholders or holders of securities when shareholders' equity is or, would become, as a result of said distribution, less than the amount of the capital stock plus reserves that may not be distributed under the law or bylaws.

Payment of dividends

(Article 49 of the bylaws)
Dividends are paid annually at the times and places determined by the Shareholders' Meeting or, if there is no meeting, by the Executive Board within a maximum of nine months from the end of the fiscal year. Dividends properly received cannot be subject to actions for the recovery of erroneous payments. Dividends not claimed within five years of the date of payment are forfeited to the government.

Dividends in the last five years

(in Euros)	Net dividend	Tax credit	Gross dividend
Fiscal year 1996	3.75	1.87	5.62
Fiscal year 1997	4.31	2.16	6.47
Fiscal year 1998	6.19	3.09	9.28
Fiscal year 1999	10.23	5.11	15.34
Fiscal year 2000	22.85	11.42	34.27

Information concerning Shareholders' Meetings and holders of certificates of voting rights

Provisions common to all Shareholders' Meetings

Forms and deadlines for convening the meeting

(Article 30 of bylaws)
Shareholders' Meetings are called under the conditions provided for by law.

Attendance at Meetings and Deposit of Securities

(Article 32 of the bylaws)

1. Any shareholder or holder of certificates of voting rights may participate in the Shareholders' Meeting, either in person or by proxy, subject to conditions established by law, with proof of his identity and of the ownership of his shares or certificates of voting rights either in the form of a registered entry in the company's book at least three days prior to the shareholders' meeting or, for holders of bearer shares, if any, in the form of a declaration certifying that the securities may not be transferred until the date of the meeting.
2. In the event of the division of ownership of the security, only the holder of the voting right may attend or be represented at the Shareholders' Meeting.
3. Co-owners of undivided shares and/or certificates of voting rights shall be represented at the Shareholders' Meeting by one of them or by a single agent who is designated, in the event of disagreement, by a decision of the Chief Judge of the Commercial Court ruling in an emergency hearing on the petition of the co-owner who first submits the petition.

Legal and administrative information

4. Any shareholder or holder of certificates of voting rights who owns securities of a given class may participate in the special meetings of that class under the conditions referred to above.
5. Two members of the Labor and Management Committee designated by the committee, one belonging to the category of middle management, technical specialists, and lower management, and the other to the category of clerical staff and workers or, if applicable, the persons mentioned in the third and fourth paragraphs of Article L. 432-6 of the Labor Code, may attend shareholders' meetings.

Voting

(Article 35 of the bylaws)

1. The voting right attached to amortized or non-amortized shares, as well as the right attached to the certificates of voting rights, is proportional to the share of capital represented, and each of such securities shall give the right to at least one vote.
2. The right to vote attached to a share or to a certificate of voting rights belongs to the beneficial owner in ordinary shareholders' meeting and to the bare owner in extraordinary shareholders' meetings or in shareholders' meetings that are constitutional in nature.

It is exercised by the owner of shares that have been pledged.

Rules governing Ordinary Shareholders' Meetings

Quorum and majority

(Article 39 of the bylaws)

The Ordinary Shareholders' Meetings shall validly deliberate on the first notice of meeting only if the shareholders and/or holders of certificates of voting rights present, represented or voting by mail, or participating in the meeting through videoconferencing or telecommunications media allowing them to be identified, hold at least one-fourth of the securities with voting rights. On the second notice of meeting, no quorum is required.

The meeting shall rule by a majority of the votes of the shareholders and/or holders of certificates of voting rights present, represented or voting by mail, or participating in the shareholders' meetings by videoconferencing or by telecommunications media allowing them to be identified.

Rules governing Extraordinary Shareholders' Meetings

(Article 40 of the bylaws)

1. Only Extraordinary Shareholders' Meetings may amend the bylaws in all provisions thereof. They also have sole authority to decide on an increase or decrease in the capital stock.

   However, it cannot increase the obligations of shareholders or holders of investment certificates, with the exception of transactions resulting from a combination of securities that is properly executed or the existence of fractional shares, in the event of capital increase or decrease.
2. As an exception to the exclusive authority of the Extraordinary Shareholders' Meetings for all amendments of the bylaws, modifications to clauses relating to the amount of the capital stock and the number of shares, investment certificates, and certificates of voting rights representing the capital, to the extent that such modifications substantially correspond to the result of a duly authorized increase, decrease, or redemption of capital, may be made by the Executive Board.

Quorum and majority

(Article 41 of the bylaws)

Subject to exceptions provided by law, the Extraordinary Shareholder's Meeting shall validly deliberate on the first notice of meeting only if the shareholders and/or holders of certificates of voting rights present, represented or voting by mail, or participating in the meeting through videoconferencing or telecommunications media allowing them to be identified, hold at least one-third, on the first notice of meeting, and one-fourth on the second notice of the securities with voting rights. If a quorum is not present at the second session of the shareholder's meeting, the meeting may be adjourned until a date not more than two months after the date for which it had been called.

Subject to exceptions provided by law, the meeting shall rule by a majority of the votes of the shareholders and/or holders of certificates of voting rights present, represented or voting by mail, or participating in the Shareholders' Meetings by videoconferencing or by telecommunications media allowing them to be identified in accordance with the laws and regulations in force.

Rules governing Special Shareholders' Meetings of holders of investment certificates

(Article 42 of the bylaws)

The Special Meeting is composed of all holders of investment certificates. It approves the waiver by investment certificates holders of their preemptive subscription rights in the cases provided for by law. It is convened at the same times and in the same manner as shareholders' meeting called to approve a capital increase, an issue of convertible bonds, or an issue of bonds with equity warrants.

Holders of investment certificates are admitted to this Meeting under the same procedures described for shareholders in Article 32. The Special Meeting of holders of investment certificates rules under the provisions governing Extraordinary Shareholders' Meeting.

Information concerning the capital

Capital stock

(Article 6 of the bylaws)

The capital stock is one billion three hundred and forty-six million eight hundred and twenty-two thousand six hundred and thirty-eight euros (1,346,822,638 euros), divided into thirty-four million thirteen thousand five hundred and ninety-three (34,013,593) shares with a par value of thirty-eight euros (38 euros), one million four hundred and twenty-nine thousand one hundred and eight (1,429,108) investment certificates with a par value of thirty-eight euros (38 euros), and one million four hundred and twenty-nine thousand one hundred and eight (1,429,108) certificates of voting rights.

All shares are the same class.

Fiscal year 2001 was characterized by the following transactions:

- The Extraordinary Shareholders' Meeting of September 3, 2001, approving the merger of the Biorisys and FRAMATOME SA into the company, voted to increase the capital stock to 1,318,374,128 euros through the creation of 5,279,748 shares with a par value of 38 euros allotted to the shareholders of Biorisys and of FRAMATOME SA other than the company.
- The extraordinary Shareholders' Meeting of September 3, 2001, also decided to increase the capital stock to 1,346,822,638 euros through the creation of 748,645 shares with a par value of 38 euros in consideration for the contributions of COGEMA shares made by Total Chimie, Total Nucleaire, Entreprise de Recherches et d'Activités Pétrolières (ERAP), and Caisse des Dépôts et Consignations.

Change in capital since 1989

(Article 7 of the bylaws)

- The Extraordinary Shareholders' Meeting of May 29, 1989 voted to increase the capital to 6,999,412,000 French francs through the creation of 12,448 preferred investment certificates with a par value of 250 French francs allotted to the holders of 3,112 equity securities who had demanded the conversion thereof and 12,448 certificates of voting rights reserved to Commissariat à l'Énergie Atomique.
- The Extraordinary Shareholders' Meeting of May 31, 1990 voted to increase the capital to 7,016,500,000 French francs through the creation of 68,352 preferred investment certificates with a par value of 250 French francs allotted to the holders of 17,088 equity securities who had requested the conversion thereof and 68,352 certificates of voting rights reserved to Commissariat à l'Énergie Atomique.
- The Extraordinary Shareholders' Meeting of March 23, 1992 voted to increase the capital to 7,353,577,000 French francs through the creation of 1,348,308 preferred investment certificates with a par value of 250 French francs allotted to the holders of 337,077 equity securities who had requested the conversion thereof and 1,348,308 certificates of voting rights reserved to Commissariat à l'Énergie Atomique.
- The combined Ordinary and Extraordinary Shareholders' Meeting of June 23, 2000 delegated all powers to the Board for the purpose of converting the capital stock into euros. By delegation, on December 18, 2000 the Board of directors decided to reduce the capital stock commencing on January 1, 2001, in the amount of 1,121,045,586.830 euros, to make it 1,117,743,704 euros.

Listing market

The investment certificates are listed on the *Premier Marché* of Euronext Paris under Sicovam number 4524.
These securities are served by:
Euro Emetteurs Finance
Service Financier Valeurs Francaises
48, boulevard des Batignolles
75850 Paris Cedex 17
Fax: + 33 (0)1 55 30 59 60

Two-year price and volume summary

2000	High	Low	Volume traded	Capital traded
January	118.00	106.20	58,726	6,531,820
February	139.60	114.00	142,058	17,830,368
March	144.00	131.20	42,413	6,524,744
April	179.50	151.20	137,350	22,504,224
May	174.00	148.30	36,390	6,801,582
June	169.90	148.20	79,129	12,684,344
July	156.50	135.60	22,849	3,516,185
August	149.90	131.10	20,030	2,845,775
September	151.00	142.50	39,934	5,936,320
October	151.40	123.00	88,089	12,276,141
November	165.00	141.90	62,360	9,323,456
December	195.40	165.20	121,989	22,486,366

Source: Reuters.

2001	High	Low	Volume traded	Capital traded
January	203.90	174.80	93,556	18,296,363
February	214.00	189.70	87,112	17,613,657
March	196.90	168.90	1,555	284,221
April	217.90	172.20	72,861	14,616,814
May	243.80	214.00	90,851	21,021,725
June	237.80	199.90	81,387	17,750,701
July	228.00	166.00	66,445	13,348,650
August	189.00	147.20	40,549	6,995,959
September	159.00	120.80	119,993	17,214,343
October	141.00	129.50	41,448	5,631,125
November	155.00	137.50	88,447	12,891,793
December	166.80	141.70	131,938	20,610,035

Source: Reuters.

Shareholders

Breakdown of principal shareholders as of December 31, 2001

The capital stock consists of:
• 34,013,593 shares;
• 1,429,108 investment certificates;
• 1,429,108 voting rights.

Certain common shares have been split into investment certificates and certificates of voting rights. The share is automatically reconstituted by combining an investment certificate and a certificate of voting rights. CEA owns all certificates of voting rights. The investment certificates are listed on the *Premier Marché* and distributed among the public.

Principal shareholders	% of capital	% of voting rights
CEA	78.96	82.99
Government	5.19	5.19
Caisse des dépôts et consignations	3.59	3.59
Erap	3.21	3.21
EDF	2.42	2.42
Framépargne	1.58	1.58
TotalFinaElf	1.02	1.02
Holders of investment certificates	4.03	–
Total	**100.00**	**100.00**

Form of shares, investment certificates, and certificates of voting rights

(Article 11 of the bylaws)

Subject to the condition precedent that they are listed for trading on a regulated market, the shares of the company and/or investment certificates may be in registered or bearer form at the holder's discretion. All these securities must be registered in an account under the conditions provided for by regulations in force.

Provided that securities conferring an immediate or future right to vote in Shareholders' Meetings of the company are listed for trading on a regulated stock market, the company may demand at any time from the clearing organization, for the purpose of identification of the holders of the securities, and in accordance with legal provisions, the name, in the case of a legal entity, the company name, and the nationality, year of birth or, in the case of a legal entity, the year of formation, and the address of the holders of these securities, as well as the number of securities held by each and restrictions, if any, on said securities.

Certificates of voting rights must be in registered form.

Transfer of shares, investment certificates, and certificates of voting rights

(Article 12 of the bylaws)

1. Investment certificates are transferred from account to account.

   If the shares or investment certificates of investment are not fully paid up, the transfer order must also be signed by the transferee. The transfer expenses, if any, are paid by the purchaser.

2. A transfer to third parties of shares in the company that are not listed for trading on a regulated market, in any manner whatsoever, even if said transfer involves only the bare ownership or beneficial ownership, is subject to the prior approval of the Supervisory Board in the manner and under the conditions set forth in the following:

   a) An application for consent indicating the first, middle, and last names and address of the transferee, the number of shares proposed for transfer, and the price offered, shall be sent to the company by registered letter with return receipt.

b) If consent is granted, the company must so notify the transferor by registered mail with return receipt. However, in the absence of such notification within three months from the application, it is deemed to be approved.

c) If the Supervisory Board does not approve the transferee, and if the transferor does not waive the planned transfer, the company must, within the legal time periods, have the shares acquired by a third party or acquire them itself for a capital decrease.

In the event that, at the expiration of the time period stipulated in the preceding paragraph, the purchase is not carried out, the consent is deemed to be granted. However, this time period may be extended by decision of the courts upon petition by the company.

d) In the absence of agreement between the parties and in all transfers referred to above, the price for the shares shall be determined by an expert appointed under the conditions stipulated in Article 1843-4 of the French Civil Code.

3. Investment certificates are freely transferable. A certificate of voting rights may be transferred only if it is accompanied by an investment certificate or if the transferee holds an investment certificate; a transfer carried out in this manner results in the definitive reconstitution of a share.

Rights and obligations attached to shares, investment certificates, and certificates of voting rights

(Article 14 of the bylaws)

Ownership of a share or investment certificate, or certificate of voting rights automatically implies acceptance of the bylaws of the company and the resolutions properly adopted by all shareholders' meetings.

The rights and obligations attached to the shares, investment certificates, and certificates of voting rights are passed with the securities whoever the owner.

The Executive Board and the Supervisory Board

Composition of the Executive Board

Anne Lauvergeon, Chairman of the Executive Board

42, Chief Mining Engineer, former student of the Ecole Normale Supérieure, a doctorate in physical sciences. At the CEA, she was responsible for studying the issues of chemical safety in Europe in 1984, in 1985 she was responsible for subsoil management at Ile-de-France. In 1998, she served as Deputy Department Head of the General Council of Mines, in 1990 was head of the mission for the international economy and foreign trade with the Office of the President of the Republic. In 1991, she served Deputy Secretary General in charge of organizing international summits (G7) for the President of the Republic, in 1995, she was Managing Partner of Lazard Freres & Cie, and in 1997 served as Deputy General Manager of Alcatel Telecom. In 1999, she was appointed Chairman and Chief Executive Officer of COGEMA, and has served as Chairman of AREVA since July 3, 2001.

- Initial Term: Combined shareholders' meeting of July 3, 2001. Term expires: 2006 shareholders' meeting.
- Other offices held:
  - Chairman of the board of directors of COGEMA;
  - Member of the Supervisory Board and Vice Chairman of the Supervisory Board of Sagem;
  - Director of Pechiney, Suez, and TotalFinaElf;
  - Permanent Representative of COGEMA on the boards of directors of Eramet and Usinor (resigning as of March 5, 2002).

Gerald Arbola, Member of the Executive Board

53, a graduate of the Institut d'Etudes Politiques of Paris and the Institut d'Etudes Superieures en Sciences Economiques, he joined the COGEMA group in 1982 as Director of Planning and Strategic Studies for SGN. He served as Finance Manager from 1985 to 1989, and in 1988 was Deputy General Manager of SGN, in 1992 Chief Financial Officer of COGEMA and member of the executive committee in 1999 while holding the office of Chairman of SGN in 1997 and 1998. He has served as Chief Financial Officer and member of the AREVA Executive Board since July 3, 2001.

- Initial term: Combined shareholders' meeting of July 3, 2001. Term expires: 2006 annual shareholders' meeting.
- Other offices and positions:
  - Chairman of the board of directors of FT1CI starting on March 22, 2002;
  - Director of COGEMA, FRAMATOME ANP and Assystem;
  - Member of the Supervisory Board of STMicroelectronics Holding N.V.;
  - Chief Financial Officer of AREVA.

Composition of the Supervisory Board

Members appointed by Shareholders' Meeting

Pascal Colombani, Chairman of the Supervisory Board

- Initial term: July 3, 2001. Term expires: 2006 Shareholders' Meeting.
- Other offices held:
  - Chairman of the administrative Board and General Manager of Commissariat a l'Énergie Atomique (CEA);
  - Government Representative on the Boards of directors of Électricité de France (EDF) and COGEMA;
  - Director of the Institut Francais du Pétrole (IFP);
  - Chairman of the Board of directors of the École Normale Supérieure of Cachan (ENS).

Philippe Pontet, Vice Chairman of the Supervisory Board

- Initial term: July 3, 2001. Term expires: 2006 Shareholders' Meeting.
- Other offices held:
  - Chairman of Sogepa SA, Sogeade Gérance, and FT1CI (resigning as of March 22, 2002);
  - Director of FCI and Elf Gabon;
  - Member of the committee of directors of FRAMATOME ANP.

CEA

- Initial term: July 18, 2001. Term expires: 2006 Shareholders' Meeting.
- Other offices held:
  - Director of Brevatome, CEA-Valorisation, Sovaklé, and Technicatome;

Represented by Mr. Philippe Rouvillois, Chairman of the Board of directors of the Institut Pasteur and Permanent Government Representative on the Board of directors of EDF International.

Euan Baird

- Initial term: July 3, 2001. Term expires: 2006 Shareholders' Meeting.
- Other offices held:
  - Chairman of the board of directors of Schlumberger Ltd.;
  - Director of Scottish Power and of Société Générale.

Philippe Braidy

- Initial term: July 3, 2001. Term expires: 2006 Shareholders' Meeting.
- Other offices held:
  - Chairman of Co-Courtage Nucléaire (CCN) and of Simebio;
  - Permanent Representative of CEA on the board of directors of CEA-Valorisation;
  - Permanent Representative of CEA-Valorisation on the Board of directors of Opsitech;
  - Chief Financial Officer of CEA.

Patrick Buffet

- Initial term: July 3, 2001. Term expires: 2006 Shareholders' Meeting.
- Other offices held:
  - General Representative of Suez
  - Director of Société Générale de Belgique, Tractebel, Elyo, Degremont, Commissariat a l'Énergie Atomique (CEA), and Caravelle Finances;
  - Member of the Supervisory Board of Panoranet;
  - Permanent Representative of Suez on the Board of directors of Compagnie Parisienne de Chauffage Urbain (CPCU).

Thierry Desmarest

- Initial term: June 30, 2001. Term expires: 2006 Shareholders' Meeting.
- Other offices held:
  - Chairman and CEO of TotalFinaElf and of Elf Aquitaine;
  - Director of Sanofi-Synthelabo;
  - Member of the Supervisory Board of Air Liquide;
  - Chairman of the Fondation Total.

Gaishi Hiraiwa

- Initial term: Combined Shareholders' Meeting of September 3, 2001. Term expires: 2006 annual Shareholders' Meeting.
- Other offices:
  - Director of Indonesia LNG Co., Ltd. (Japan), of Kokyo Tatemono CO, Ltd. (Japan), The International Oil Trading Co., Ltd. (Japan), Japan Oil Development Co., Ltd. (Japan), Three Hundred Club (Japan), World Trade Center Building Inc. (Japan), The Dai-Ichi Mutual Life Insurance Company (Japan), Toko Tatemono Co., Ltd. (Japan), Japan Indonesia LNG Co., Ltd. (Japan), Japan Securities Finance Co., Ltd. (Japan), and Nippon Television Network Corporation (Japan);
  - Member of the Supervisory Board of Arabian Oil Co., Ltd. (Japan), Sunshine City Corporation (Japan), Tokyo Gas Co., Ltd. (Japan). and Sumitomo Mitsui Banking Corporation (Japan);
  - Advisor of Tepco (Japan).

Daniel Lebègue

- Initial term: July 3, 2001. Term expires: 2006 annual Shareholders' Meeting.
- Other offices held:
  - General Manager of Caisse des Dépôts et Consignations (CDC);
  - Chairman of the Supervisory Board of CDC Ixis;
  - Director of C3D, Dexia, Gaz de France, and Thales;
  - Member of the Supervisory Board of Club Mediterranée and of CNP.

Members representing the french government, appointed by decree:

Jeanne Seyvet

- Initial term: June 30, 2001. Term expires: 2006.
- Other offices held and functions performed:
  - General Manager of Industry, Information Technologies, and the Post ;
  - Director representing the government on the Boards of directors of Renault, Bull, and the École Normale Supérieure (ENS).

Dominique Maillard

- Initial term: June 30, 2001. Term expires: 2006.
- Other offices:
  - General Manager of Energy and Raw Materials;
  - Director representing the government on the Boards of directors of La Poste, Erap, and Ademe.

Loïc Hennekinne

- Initial term: June 30, 2001. Term expires: 2006.
- Other offices:
  - Secretary General of the Ministry of Foreign Affairs, Ambassador of France;
  - Director of COGEMA.

Philippe de Fontaine Vive*

- Initial term: June 30, 2001. Term expires: 2006.
- Other offices:
  - Assistant Manager of the Shares Department of the Treasury Administration;
  - Government representative on the boards of directors of Réseau Ferré de France, Euromed, RATP, Gaz de France (GDF), and Aéroports de Paris (ADP).

Three members representing the employees will be elected in 2002.

* Nicolas Jachiet, Manager of the Equity investments department at the French Public Treasury, replaces Philippe de Fontaine Vive with effect from May 27, 2002.

Executive compensation

The following table shows the compensation of the authorized corporate officers and those of controlled companies as defined by Article L. 233-16 of the French Commercial Code, including their in-kind benefits, received in 2001.

Members of the Executive Board	Total amount in euros paid for fiscal year 2001
Anne Lauvergeon	267,676
Gérald Arbola	207,818

Members of the Executive Board	Total amount in euros paid for fiscal year 2001
Pascal Colombani	50,000
Philippe Pontet	107,000
Patrick Buffet	9,152
Philippe Braidy	6,100
Thierry Desmarest	6,100
Daniel Lebègue	8,389

Committees of the Supervisory Board

The strategic committee

The strategic committee includes five members appointed from among the members of the Supervisory Board.

The members are Pascal Colombani (President), Euan Baird, Patrick Buffet, Philippe de Fontaine-Vive, and Dominique Maillard.

The committee meets at least once every half year, and as many times as deemed necessary to perform its duties, on notice from its Chairman or at least two of its members. The committee held its first meeting in the second half of 2001. Its duties are to inform the Supervisory Board as to the strategic goals of the company and its main subsidiaries and to assess the justification and consequences of the most important strategic decisions proposed by the Executive Board to the Supervisory Board. It monitors compliance with the strategic policy of the company and its implementation at the level of the subsidiaries.

The audit committee

The audit committee is composed of three members appointed from among the members of the Supervisory Board.

The members are Philippe Pontet (President), Philippe de Fontaine-Vive, and Philippe Rouvillois.

The committee meets at least once every quarter, and as many times as deemed necessary to perform its duties, on notice from its Chairman or from at least two of its members. The committee met for the first time in the fourth quarter of 2001.

Its duties are to assess and assist in defining the rules of accounting, finance, and ethics, as applicable, that should be implemented by the various companies of the group, both in France and abroad. It must ensure the pertinence and the effectiveness of such rules and the efficiency of internal control procedures. The committee reviews the proposed budgets, the draft financial statements, and the proposed multi-year plans of the company, its direct subsidiaries, and the group, and it submits its comments to the Supervisory Board.

The compensation and nominating committee

The compensation and nominating committee is composed of three members appointed from among the members of the Supervisory Board.

Its members are Daniel Lebègue (President), Patrick Buffet, and Dominique Maillard.

The committee meets at least once every half year, and as many times as deemed necessary to perform its duties, on notice from its Chairman or from at least two of its members. It met four times in the second half of 2001.

With respect to compensation, the committee proposes to the Supervisory Board the amounts of compensation, retirement and social welfare plans, and in-kind benefits for the authorized officers of the company on the basis of comparative market conditions and individual performance evaluations.

With respect to appointments, the committee examines the background files of those under consideration to hold office on the Executive Board and reports its opinion to the Supervisory Board. In addition, at the request of the Supervisory Board, the committee may make proposals concerning the members of the Supervisory Board other than those representing the shareholders and the government; it may review the background files of those under consideration for a position on the Supervisory Board and report its opinion to the Supervisory Board. The committee also gives its opinion to the Supervisory Board on the appointments of the executives of the top companies in the AREVA group.

The Ordinary Shareholders' Meeting of May 31, 2002

Agenda

Shareholders have been called to attend an annual shareholders' meeting in accordance with the provisions of the French Commercial Code, the Decree of March 23, 1967, and the bylaws of our company for the purpose of deliberating on the following agenda:

1 – Reading of the management report from the Executive Board on the fiscal year ended December 31, 2001;

2 – Reading of the general report of the auditors on the financial statements for fiscal year 2001;

3 – Reading of the report of the Supervisory Board concerning the Executive Board report on the corporate accounts as well as on the consolidated accounts of fiscal year 2001;

4 – Reading of the special report of the auditors on the agreements governed by Articles L. 225-38 and L. 225-86 of the French Commercial Code;

5. – Approval of the corporate and consolidated accounts of the company (balance sheet, income statement, and notes for the year ended December 31, 2001);

6. – Approval of the agreements referred to in Articles L. 225-38 and L. 225-86 of the French Commercial Code;

7. – Release and discharge for the members of the Executive Board and of the Supervisory Board, as well as for the auditors;

8. – Appropriation of earnings;

9. – Setting of the directors' fees allotted to the Supervisory Board;

10. – Resignation of the statutory and alternate auditors, and appointment of the statutory and alternate auditors.

11. – Granting of powers for the execution of formalities.

The report of the Executive Board

The notices of meeting have been properly sent and all papers and documents provided for by current regulations have been sent to you within the periods provided for by law.

Business of the company in fiscal year 2001

During fiscal year 2001, by a decision of the Shareholders' Meeting of June 18, 2001 the company adopted the organizational form of a *société anonyme* (joint stock company) with an Executive Board and a Supervisory Board instead of an administrative board. For this purpose, the bylaws of the company were modified to take into account this new organization and the New Economic Regulations ("NRE"). The new bylaws entered into force on June 30, 2001, the date of the publication in the *Journal Officiel* of the order approving these amendments to the bylaws. Previously the order that created the company dated December 21, 1983 had been modified by the order of April 19, 2001, published in the Journal Officiel on April 21, 2001.

The activity of the company was primarily characterized by the merger of Framatome SA and Biorisys, to which COGEMA had previously contributed all of its businesses, other than the operators, through a spin-off contribution.

Pursuant to the agreement on contributions from COGEMA to Biorisys, all of the direct and indirect costs pertaining to this transaction were assumed by the beneficiary entity. Thus, AREVA, the company into which Biorisys was merged, posted a charge on its accounts.

The plan for the merger was approved by the combined Shareholders' Meeting on September 3, 2001, which also approved the contributions made by Total Chimie, Total Nucleaire, the Caisse des Depots et Consignations, and Erap.

The minutes of the meeting of the board of directors of September 7, 2001 confirmed that all conditions precedent had been met as a result of the publication of the order approving the amendments to the bylaws of the company and, as a result, the final execution of the merger of Framatome SA and Biorisys into the company, as well as the corresponding capital increase of the company and the execution of the contributions by Total Chimie, Total Nucleaire, and the Caisse des Depots et Consignations of COGEMA shares to the company. Erap's contribution of COGEMA shares was confirmed by the minutes of the meeting of the board of directors of September 28, 2001 following the publication of an inter-ministerial order on that same date.

The management report on the 2001 business of the AREVA group is provided starting on page 58 of this report.

Information on the social program

With respect to the labor aspect of the AREVA group, the main features instituted as of the end of the fiscal period were as follows:

- Employee contracts were reviewed and harmonized with an overall plan;

• The outlines for the AREVA university project were drawn up, benefiting from the participation of internal and external people depending on the subject matter.

With respect to labor relations, a certain number of meetings have been held with the representatives of the labor organizations in order to work out an agreement on methodology for the labor policy determining a certain number of topics under negotiation. Among the topics are the resources to be allotted to the labor organizations, the organization of a European group committee, and definition of the principles of mobility and reclassification. As of the end of 2001, these proposed agreements on methodology have not yet been signed by the labor organizations.

Furthermore, negotiations relating to the election of employee representatives on the Supervisory Board of AREVA have been initiated. An agreement was negotiated on March 15, 2002 with the representatives of six labor organizations. The proposed dates for the elections are May 28 and June 20, 2002.

With respect to the AREVA head office, an agreement on implementing the sole employee delegation (the "DUP") was reached on November 9, 2001. In addition, the main labor provisions concerning employees at headquarters covered by a written document were finalized.

Furthermore, an agreement on the reduction and arrangement of work schedules and an agreement on the variable timetable were negotiated with the labor organizations.

There is no doubt that the efforts made will bear fruit in the year 2002 as a result of these negotiations.

Comments from the Supervisory Board on the report of the Executive Board

Fiscal year 2001 was quite obviously an exceptional fiscal year for the AREVA group, given that in September, the alliance of CEA-Industrie, COGEMA, and FRAMATOME gave birth to AREVA. The creation of AREVA, the result of a reorganization plan announced in the autumn of 2000 by the public authorities, mobilized the energies of the executives and teams of the companies of the group throughout the year without detriment to ongoing business. At the culmination of a complex process of legal and financial restructuring, their efforts led to the construction of a new, coherent entity, a world leader in its businesses, responsible for increased industrial efficiency and a commitment to adhere to the principles of corporate governance. While work continues to streamline the structures and integration of the various companies, the Supervisory Board must stress the quality of the work already accomplished. While exceptional in organizational terms, the year 2001 was also unique in industrial terms, given that major events, which we would like to mention briefly, have characterized each business sector of the new group.

In the nuclear industry, FRAMATOME and SIEMENS have finalized the pooling of their operations through FRAMATOME ANP (66% held by AREVA), making the group the top fuel supplier worldwide and allowing it to continue developing new generations of reactors, particularly the EPR, under the best conditions.

With respect to back-end, where the first reprocessing contracts are reaching completion, the agreement between EDF and COGEMA provides for the conditions for managing the spent fuels over the medium term by assuring the load of existing facilities, and it confirms the principle of reprocessing up to 2015. An important cooperation agreement was signed with JNFL to assist in the start-up of the Japanese reprocessing plant Rokkasho-Mura.

On the international scene, the role of nuclear energy has been reaffirmed, especially in the United States, due to the economic competitiveness, safety and security of this form of energy, as well as its contribution to limiting the production of greenhouse gases.

In the components industry, on the other hand, the market for connectors has been impacted by a severe recession. This has affected FCI in particular, which is very established in the segments most affected, especially telecommunications. STMicroelectronics, while securing its position in relation to the competition, has also suffered the ill effects of the downturn in the semiconductor cycle. New agreements between reference French and Italian shareholders, clarifying their intentions, were signed and made public at the end of the fiscal year at the time of the partial withdrawal of some of its shareholders. As for AREVA, it has kept the interests that it held prior to the transaction.

The results of the group in 2001 to a large extent reflect the results of the individual legal and economic events just mentioned. The group has rigorously recorded the exceptional items that need to be taken into account, particularly those related to the amortization of goodwill in connectors, which explains the loss recorded.

Despite this result, the group is in a financial position to continue its investments and research and development efforts, to which it devoted 1.238 billion euros and 377 million euros respectively in 2001, and it is able to meet its future dismantling expenses through a specific portfolio. For several years, the group has had an active policy of environmental protection and sustainable development and it will publish its first report in this regard in 2002.

The Supervisory Board has reviewed the corporate and consolidated financial statements for the fiscal year as well as the management report pertaining thereto as provided by the Executive Board. It has no comments to make on these documents. With respect to the activities of your board, it should be recalled that it was on June 18, 2001 that the company adopted the organizational form of an Executive Board and Supervisory Board.

The composition of the Supervisory Board is currently as follows:

• Members appointed by the Shareholders' Meeting:

Pascal Colombani	Chairman
Philippe Pontet	Vice Chairman
Euan Baird	
Philippe Braidy	
Patrick Buffet	
Thierry Desmarest	
Gaishi Hiraiwa	
Daniel Lebègue	
CEA represented by Philippe Rouvillois	

• Members appointed by decree:

Loïc Hennekinne
Philippe de Fontaine Vive
Dominique Maillard
Jeanne Seyvet

In accordance with the bylaws, three representatives elected by the employees should be appointed shortly. Government control is represented by Mr. François Muller, and Mrs. Pascale Amenc-Antoni serves as secretary.

Since it was instituted, the Supervisory Board has been regularly kept informed by the Executive Board as to the progress of the business and the activities of the company and the group. Within the context of its supervisory duties, it has been able to carry out the verifications and controls that it has deemed necessary. The Supervisory Board met four times in fiscal year 2001, and has had two meetings in the first half of 2002. In particular, it has reviewed the accounts of the first half of the year 2001 and approved the proposed budgets submitted by the Executive Board directors.

To improve its effectiveness, the Supervisory Board has created three committees, the strategic committee, audit committee, and the compensation and nominating committee. These committees operate under the responsibility of the board, and may be assisted by experts.

• The duties of the strategic committee are to inform the Supervisory Board as to the strategy of the company and its main subsidiaries, to assess the justification and consequences of the strategic decisions proposed by the Executive Board to the Supervisory Board, and to monitor the implementation thereof. It held its first meeting during the second half of 2001.

• In addition to assisting in the definition of the accounting and financial rules to be implemented within the group, the audit committee ensures the effectiveness of internal control procedures and assesses, on the basis of risk charting, risk prevention and hedging. It is also responsible for reviewing the half-year and annual accounts, proposed budgets, and multi-annual plans of the company and the group, which it has been doing in several meetings, with the assistance of the auditors, before making its proposals and comments to the Supervisory Board.

• The compensation and nominating committee proposes to the Supervisory Board the compensation, retirement and social welfare plans, and the in-kind benefits of the authorized officers of the company. At the request of the Supervisory Board, the committee also examines the background files of those under consideration to serve on the Executive Board, or to hold office as an executive of the major subsidiaries and or the Supervisory Board, and it informs the Supervisory Board of its opinions. It met on several occasions in the second half of the year 2001.

The Supervisory Board

Special report of the Auditors concerning regulated agreements

for the year ended December 31, 2001

To the AREVA shareholders,

As the Auditors of your Company, we are presenting our report on regulated agreements.
Pursuant to Article L. 225-88 of the French Commercial Code, we have been advised of the agreements subject to prior approval by your Supervisory Board.
It is not our responsibility to search for the possible existence of other agreements, but to inform you, on the basis of the information provided to us, of the essential features and terms of those agreements about which we have been informed; nor is it our responsibility to express an opinion on their usefulness or justification. It is your responsibility, under the terms of Article 117 of the Decree of March 23, 1967, to assess the interest of these agreements for the purpose of approving them.
We have performed our work in accordance with generally accepted accounting standards in France; those standards required that we perform our work so as to verify the consistency of the information provided to us with the basic documents from which this information was derived.

With the COGEMA company

(Persons concerned: Mrs. Anne Lauvergeon and Mr. Pascal Colombani)
The Board of Directors in its meeting of January 27, 2001 authorized the proposed acquisition of COGEMA shares held by Total Chimie and Total Nucléaire. Five-sixths (5/6) of the shares held by the TotalFinaElf Group were sold to your company, i.e. 512,096 COGEMA shares sold by Total Chimie to your company for 390,108,454.10 euros; 214,329 COGEMA shares sold to your company by Total Nucléaire for the amount of 163,273,204.30 euros; and 1/6th of these shares were contributed to your company by Total Chimie and Total Nucléaire respectively.

With the COGEMA company

(Persons concerned: Mrs. Anne Lauvergeon and Mr. Pascal Colombani)
The Board of Directors, at its meeting on June 27, 2001, authorized the sale to your company of 4,536 Biorisys shares held by COGEMA, which was 94.9% of the capital of Biorisys at par value. The Supervisory Board authorized Mrs. Lauvergeon on July 18, 2002 to purchase 4,536 Biorisys shares held by COGEMA in the name of your company.

With the Eramet company

(Persons concerned: Mrs. Anne Lauvergeon and Mr. Pascal Colombani)
On June 27, 2001, the Board of Directors authorized your company to replace COGEMA in the shareholders' agreement signed with Eramet and to assume the commitments made by COGEMA with Sorame (Société de Recherche et d'Applications Métallurgiques), CEIR (Compagnie d'Etudes Industrielles de Rouvray) and Messrs. Duval. The Supervisory Board, meeting on July 18, 2001, authorized Mrs. Lauvergeon to sign the amendment to the Eramet memorandum of June 17, 1999 to substitute your company for COGEMA.

With STMicroelectronics

(Persons concerned: Mr. Gérald Arbola, Mr. Philippe Pontet)
On July 18, 2001, the Supervisory Board authorized the Executive Board to sign the shareholders' agreement between France Télécom, FT1CI, Finmeccanica and your company presented to the board, to begin the financial operation for the sale of STMicroelectronics securities that will allow France Télécom to withdraw progressively from the stake it holds in STMicroelectronics through FT1CI and STH/STH II BV, and to take every measure or give its approval to allow the completion of the measures described in the shareholders' agreement (such as the issue of convertible bonds, amendment of STH/STH II BV bylaws).

With the FT1CI company

(Persons concerned: Mr. Gérald Arbola, Mr. Philippe Pontet)
The Supervisory Board authorized the Executive Board to sign the shareholders' agreement concerning FT1CI between France Télécom and your company.

With CEA

(Persons concerned: Mrs. Anne Lauvergeon, Mr. Philippe Braidy)
The Supervisory Board authorized Mrs. Lauvergeon to sign the agreement between CEA and your company concerning the change of management within your company.
The reinvoicing was done on a franc for franc basis and the charge for the fiscal year totaled 189,201.12 euros. Moreover, pursuant to the Decree of March 23, 1967, we have been informed that the following agreements, which were approved in prior years, continued to be executed during the last year.

With Cedec

(Person concerned: Mr Philippe Braidy)
The technical assistance agreement to provide accounting and legal services, as well as the cash management agreement signed with your company continued during the fiscal year and were renewed.
The amount invoiced by your company for legal and accounting services during fiscal year 2001 was 9,688.14 euros.
The financial expenses paid by your company under the cash management agreement totaled 84,967.56 euros.

With Établissements Pierre Mengin

Your company guaranteed the commitments of Établissements Pierre Mengin, currently in liquidation, as part of the sale of Euriso-Top to Cil (Cambridge Isotopes Laboratories, Inc.) for the amount of 609,796.07 euros. One of the terms of the sale was a guarantee of assets and liabilities that could be implemented up to the amount of the acquisition price, which was authorized by the Board of Directors on October 19, 2000.
In addition, the unremunerated shareholders' advance of 1,936,102.52 euros made to Établissements Pierre Mengin in 1989 was maintained.

With FRAMATOME ANP

The agreement to guarantee assets and liabilities made by your company to FRAMATOME ANP as part of the sale of Intercontrôle continued during the year. Your company paid no sum under this guarantee.

Neuilly-sur-Seine and Paris-La-Défense,
April 29, 2002

The Auditors

BARBIER FRINAULT & AUTRES
Philippe Peuch-Lestrade

MAZARS & GUÉRARD
Thierry Blanchetier — Michel Rosse

Resolutions

First resolution

After a reading of the management report of the Executive Board, the report of the Supervisory Board, and a reading of the Auditor's reports and the supplementary explanations provided verbally, the Shareholders' Meeting approves, in all parts, the reports of the Board of directors and the Supervisory Board, as well as the balance sheet, income statement, and notes to the corporate and consolidated financial statements for the fiscal year ended December 31, 2001, as they have been presented.
As a result, the meeting of shareholders approves the management of the administrative board, and by the Executive Board during the past fiscal year, for which an accounting has been made to the meeting, and it discharges the members of the administrative board, and the members of Executive Board and the Supervisory Board and the Auditors for the performance of their duties during the past fiscal year.

Second resolution

After a reading of the special report of the auditors on the agreements governed by Articles L. 225-36 and L. 225-86 of the Commercial Code, the Shareholders' Meeting hereby approves all the agreements entered into or pursued in 2001.

Third resolution

Fiscal year 2001 closed with a loss of 712,961,310.80 euros. Considering the retained earnings of 60,641,265.69 euros, a merger premium totaling 1,082,514,050.50 euros, and a contribution premium of 143,931,860.91 euros, resulting in distributable earnings of 1,287,087,177.10 euros, the Shareholders' Meeting hereby approves the following appropriation:
– To charge the loss against retained earnings, i.e., 60,641,265.69 euros;
– And, with respect to the balance, to the merger premium, i.e. 652,320,045.11 euros;
– To charge to the legal reserve, in order to fully fund it (10 % of the capital stock) under the merger transactions carried out, the merger premium of 22,577,705.12 euros;

which results, after these appropriations, in distributable earnings of 551,548,161.18 euros.

Fourth resolution

Given distributable earnings of 551,548,161.18 euros, the Shareholders' Meeting hereby approves the distribution of a dividend of 219,744,746.20 euros (219,744 million euros), after deduction from the merger premium, i.e.:
– To holders of investment certificates, a dividend of 6.20 euros per investment certificate existing as of the end of fiscal year 2001, which is 8,860,469.60 euros;
– To shareholders, a dividend of 6.20 euros per share existing as of the end of fiscal year 2001, which is 210,884,276.60 euros.

The net dividend per share and per investment certificate is set at 6.20 euros, plus a tax credit of 3.10 euros per share and per investment certificate, resulting in a gross dividend of 9.30 euros for each security, which will be paid on July 15, 2002.
The shareholders' meeting notes that the amount of the dividends available for distribution for the preceding three fiscal years, and the amount of the corresponding tax credits, have been as follows:

(In euros)	Net dividend	Tax Credit	Gross dividend
Fiscal year 1998	6.19	3.09	9.28
Fiscal year 1999	10.23	5.11	15.34
Fiscal year 2000	22.85	11.42	34.27

Furthermore, as a result of the merger of FRAMATOME SA and Biorisys into the company, a merger premium of 435,236,368.28 euros, i.e. 12.28 euros (excluding tax credit) per share or investment certificate was paid on December 13, 2001.

Fifth resolution

The Shareholders' Meeting has set 110,000 euros as the total annual amount of directors' fees to the Supervisory Board.
This decision, applicable to the fiscal year in progress, will be maintained until otherwise decided.

Sixth resolution

The Shareholders' Meeting decides to appoint RSM Salustro Reydel, 8, avenue Delcassé, Paris (75008) and Deloitte Touche Tohmatsu, 185, avenue Charles-de-Gaulle, Neuilly-sur-Seine (92) to serve as Statutory Auditors for a term of six years, which is until the end of the Shareholders' Meeting called to approve the accounts of fiscal year 2007, and Mr. Jean-Claude Reydet, 8, avenue Delcassé, Paris (75008) and BEAS, 7-9, villa Houssaye in Neuilly-sur-Seine (92) to serve as Alternate Auditor for six years, until the end of the Shareholders' Meeting called to approve the financial statements for fiscal year 2007.

Seventh resolution

The Shareholders' Meeting hereby grants all powers to the bearer of an original, copy, or excerpt of these minutes for the purpose of executing all formalities for filing, publication, and recording in the Trade Register as required by current regulations.

AREVA – RCS Paris 712 054 923 – Corporate Communications Department – July 2002
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AREVA

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