

2009

Reference Document



As contemplated in its development plan, announced on June 30, 2009, AREVA put its Transmission & Distribution business up for sale. On January 20, 2010, AREVA signed a purchase agreement with the Alstom/Schneider consortium. As a result, the IFRS 5 accounting standard on discontinued operations applies to financial information for the year ended December 31, 2009 (chapters 9 and 20). The other chapters generally include information related to continuing operations (Nuclear and Renewables), unless otherwise explicitly stated, and except for chapter 6.5, which is specifically devoted to those “discontinued operations”.



2009 Reference Document



This Reference Document was filed with the French financial market authority AMF (Autorité des Marchés Financiers) on March 29, 2010, in accordance with articles 211-1 to 211-42 of its General Regulation. It may be used in support of a financial transaction if it is accompanied by an offering circular signed by the AMF. It cancels and replaces the version that was released on March 29, 2010 on the AMF website, following the rewording of a text portion p.129 in the 6.4.3 section. This document was established by the issuer and accepts responsibility of its signatories.

This is a free translation into English of the AREVA group's Reference Document for 2009, which is issued in the French language, and is provided solely for the convenience of English speaking readers.

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→ General comments

This Reference Document contains information on the AREVA group's objectives, prospects and development strategies, particularly in Chapter 6. This information is not meant as a presentation of past performance data and should not be interpreted as a guarantee that events or data set forth herein are assured or that objectives will be met. Forward-looking statements made in this Reference Document also address known and unknown risks, uncertainties and other factors that could, were they to translate into fact, cause the AREVA group's future financial performance, operating performance and production to differ significantly from the objectives presented or suggested herein. Those factors may include, in particular, changes in international, economic or market conditions, as well as risk factors presented in Chapter 4. AREVA is under no obligation to update forward-looking information contained in this document, upon satisfaction of standing obligations for information incumbent upon companies whose securities are accepted for trading on regulated markets

This Reference Document contains information on the markets, market shares and competitive position of the AREVA group. Unless otherwise indicated, all historical data and forward-looking information are based on group estimates (from AREVA sources) and are provided as examples only. To AREVA's knowledge, no report is available on the AREVA group's markets that is sufficiently complete or objective to serve as a sole reference source. The AREVA group developed estimates based on several sources, including in-house studies and reports, statistics provided by international organizations and professional associations, data published by the AREVA group's competitors, and information collected by AREVA subsidiaries.

The main sources, studies and reports used include (i) the International Atomic Energy Agency (IAEA), the International Energy Agency (IEA), the World Nuclear Association (WNA), the Nuclear Assurance Corporation (NAC), the European Atomic Energy Community (Euratom), and the Commissariat à l'Énergie Atomique (CEA) for the Nuclear business; and (ii) the IEA for the electricity Transmission and Distribution business.

AREVA believes that this information provides an adequate picture of the size of these markets and of the AREVA group's competitive position. However, the internal studies and estimates used by the AREVA group have not been verified by independent experts. Accordingly, AREVA does not provide any guarantee that another person would obtain comparable results using different methods to compile, analyze or compute this information.

In this document, the company is referred to as "AREVA". The "group" and the "AREVA group" refer to AREVA and its subsidiaries.

A glossary defining technical terms can be found at the end of this Reference Document.

Pursuant to article 28 of the above-mentioned EC regulations and article 212-11 of the general regulations issued by the French financial market authority (AMF), the following items have been included for reference:

- AREVA's consolidated financial statements for the year ended December 31, 2008 and the Statutory Auditors' report on the consolidated financial statements for the year ended December 31, 2008, discussed on pages 238 to 333 and pages 239 to 240 respectively of the Reference Document filed with the French financial market authority AMF on April 15, 2009 under number D.09-0253; and
- AREVA's consolidated financial statements for the year ended December 31, 2007 and the Statutory Auditors' report on the consolidated financial statements for the year ended December 31, 2007, discussed on pages 246 to 337 and page 244 respectively of the Reference Document filed with the French financial market authority AMF on April 15, 2008, under number D.08-0251.

Chapters of the Reference Document no. D.08-0251 and of the Reference Document no. D.09-0253 not mentioned above are either not applicable to the investor or are covered in another section of this Reference Document.

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Person responsible

→ 1.1.	PERSON RESPONSIBLE FOR THE REFERENCE DOCUMENT	8
→ 1.2.	ATTESTATION BY THE PERSON RESPONSIBLE FOR THE REFERENCE DOCUMENT	8

→ 1.1. Person responsible for the Reference Document

Mrs. Anne Lauvergeon,
Chief Executive Officer of AREVA.

→ 1.2. Attestation by the person responsible for the Reference Document

"I hereby attest, having taking every reasonable measure to this effect, and to the best of my knowledge, that the information contained in this Reference Document fairly reflects the current situation and that no material aspects of such information have been omitted.

I attest that, to my knowledge, the financial statements are prepared in accordance with applicable accounting standards and give a fair presentation of the assets, financial position and operating results of the company and of all consolidated companies, and that the management report of the Executive Board, whose structure is described in Appendix 7 of this Reference Document, presents a fair picture of the business, income and financial position of the company and of all consolidated companies as well as a description of the main risks and uncertainties they confront.

I have received an end-of-engagement letter from the Statutory Auditors indicating that they have verified information relating to the financial position and the financial statements provided in this Reference Document and have read the entire report.

The end-of-engagement letter does not contain any observations.

The historical financial information presented in this Reference Document has been covered in reports by the Statutory Auditors.

Without qualifying the Statutory Auditors' findings on the financial statements, their report on the consolidated financial statements for the year ended December 31, 2009 on page 231 of this Reference Document contains observations on:

- note 1 in which are described the changes in accounting methods resulting from the application of the new standards Revised IAS 1 Presentation of Financial Statements, Revised IAS 23 Borrowings Costs and IFRS 8 Operating Segments endorsed by the European Union and for which application is mandatory as of January 1, 2009;
- notes 1.1, 1.13.1, 1.18. and 13 in which the procedures for measuring end-of-life-cycle assets and liabilities are described. This assessment, which is based on Management's best estimates, is sensitive to assumptions adopted with regard to cost estimates, timing of cash outflows and discount rates;

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PERSON RESPONSIBLE

Attestation by the person responsible for the Reference Document

- notes 1.1, 1.8. and 24 in which are described the performance conditions of the OL3 contract, the methods for determining its result at completion related to estimates made by the project teams and the sensitivity of the result at completion on this contract to contractual risks, the effective implementation in accordance with the agreed operating methods for piping installation and inspection operations as well as potential difficulties during the commissioning including the Instrumentation and Control;
- notes 1.1, 1.19.1. and 25 in which are described the procedure for determining the acquisition price of AREVA NP's shares held by Siemens and the uncertainty relating to this procedure as well as the accounting treatment adopted as of December 31, 2009 for the corresponding financial liability.

Without qualifying the Statutory Auditors' findings on the financial statements, their report on the consolidated financial statements for the year ended December 31, 2008 on page 239 of this reference document contains observations on:

- the valuation methods for end-of-life-cycle assets and liabilities described in notes 1.1, 1.18. and 13 to the consolidated financial statements and their sensitivity to assumptions adopted with regard to estimates, disbursement schedules and discount rates;
- the terms and conditions for fulfillment of the OL3 contract and the sensitivity of income at completion from this contract to customer behavior, contract risks, the end of civil engineering and engineering activities, and the potential difficulties during the installation and testing phases linked to the first physical implementation of the EPR™ reactor, as described in notes 1.1, 1.8. and 24 to the consolidated financial statements;
- the procedure for determining the price of the put option on AREVA NP shares, which Siemens exercised on January 27, 2009, the uncertainty resulting from this procedure, and the accounting treatment adopted, as of December 31, 2008, for the financial debt related to this option, as described in notes 1.1, 1.19. and 25 to the consolidated financial statements.

Without qualifying the Statutory Auditors' findings on the financial statements, their report on the consolidated financial statements for the year ended December 31, 2007 on page 244 of the 2007 Reference Document contains observations on:

- the valuation methods for end-of-life-cycle assets and liabilities described in notes 1.1, 1.18. and 13 to the consolidated financial statements and their sensitivity to assumptions adopted with regard to estimates, disbursement schedules, discount rates and the outcome of current negotiations with EDF;
- the terms and conditions for fulfillment of the OL3 contract and the sensitivity of income at completion from this contract to adherence to the current schedule, contract risks and claims, as described in notes 1.1, 1.8. and 24 to the consolidated financial statements.

Paris, March 29, 2010

Mrs. Anne Lauvergeon
Chief Executive Officer of AREVA

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Statutory Auditors

→ 2.1.	STATUTORY AUDITORS	10
→ 2.2.	DEPUTY AUDITORS	10

The term of office of the Statutory Auditors is six years.

→ 2.1. Statutory Auditors

Mazars

Exaltis – 61, rue Henri Regnault – 92075 La Défense Cedex – France
 Represented by Juliette Decoux and Jean-Luc Barlet

- First term granted by the Annual General Meeting of Shareholders convened June 26, 1989. Term renewed by the Annual General Meeting of Shareholders convened May 3, 2007, and to expire following the Annual General Meeting of Shareholders convened to approve the financial statements for the year ending December 31, 2012.

Deloitte & Associés

185, avenue Charles-de-Gaulle – 92524 Neuilly-sur-Seine Cedex – France
 Represented by Patrice Choquet and Étienne Jacquemin

- First term granted by the Annual General Meeting of Shareholders convened May 31, 2002. Term renewed by the Annual General Meeting of Shareholders convened May 3, 2007, and to expire following the Annual General Meeting of Shareholders convened to approve the financial statements for the year ending December 31, 2012.

→ 2.2. Deputy Auditors

Max Dusart

Espace Nation – 125, rue de Montreuil – 75011 Paris – France

- First term granted by the Annual General Meeting of Shareholders convened June 18, 2001, and to expire following the Annual General Meeting of Shareholders convened to approve the financial statements for the year ended December 31, 2012.

BEAS

7-9, villa Houssay – 92524 Neuilly-sur-Seine Cedex – France

Represented by Alain Pons

- First term granted by the Annual General Meeting of Shareholders convened May 31, 2002, and to expire following the Annual General Meeting of Shareholders convened to approve the financial statements for the year ended December 31, 2012.

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Selected financial information

→ Summary data – Nuclear and Renewables

<i>(in millions of euros)</i>	2009	2008	2009 / 2008 change	2007
Income statement				
Reported revenue	8,529	8,089	+5.4%	7,589
Gross margin	1,082	896	+20.8%	1,659
<i>Percentage of reported revenue</i>	12.7%	11.1%	+1.6 pt	21.9%
EBITDA	584	593	-1.4%	909
<i>Percentage of reported revenue</i>	6.9%	7.3%	-0.4 pt	12.0%
Operating income	97	(143)	+240	353
<i>Percentage of reported revenue</i>	1.1%	(1.8)%	+2.9 pt	4.7%
Net financial income	187	6	+181	118
Share in net income of associates	(152)	156	+308	148
Net income from operations held for sale	267	371	-28.0%	231
Net income attributable to owners of the parent	552	589	-6.3%	743
<i>Percentage of reported revenue</i>	6.5%	7.3%	-0.9 pt	9.8%
Comprehensive income	341	(308)	+649	711
Cash flow				
Net cash from operating activities	160	(55)	+215	417
Net cash used in investing activities	(379)	(956)	+60.4%	(2,612)
Net cash from financing activities	1,116	1,405	-20.6%	1,528
<i>including dividends paid</i>	(309)	(315)	-1.9%	(342)
Net cash from (used in) operations held for sale	(219)	(61)	-158	117
Increase (decrease) in net cash	603	357	+68.9%	(381)
Miscellaneous				
Backlog	43,302	42,531	+1.8%	34,922
Net cash (debt)	(6,193)	(5,499)	+12.6%	(4,003)
Equity attributable to owners of the parent	6,648	6,547	+1.5%	6,994
Capital employed, excluding T&D	9,017	7,680	+17.4%	5,014
Workforce at year end	47,817	45,448	+5.0%	40,335
Dividend per share	€7.05	€6.77	+4.1%	€8.46

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Risk

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The advent of one or more of the risks presented below or the occurrence of one or more of the events described in this section could have a significant negative impact on the group's operations and/or financial position. Unidentified risks or risks that the group considers to be insignificant could also affect its business.

All risks are monitored within the framework of the Business Risk Model (BRM), presented in Section 4.1. and in the ordinary course of the group's business. These risks are subject to procedures, analysis, controls, management and coverage, as presented in the following sections for each type of risk. However, the group cannot guarantee that this monitoring and follow-up will be sufficient in all circumstances.

→ 4.1. Risk management and coverage

4.1.1. RISK MANAGEMENT

OVERALL ORGANIZATION OF RISK MANAGEMENT AND CONTROL

AREVA's risk and insurance management policy, laid out by the Executive Board based on recommendations of the Risk and Insurance department (DRA) and of the Finance department to which it reports, aims to protect the group's operations, income and strategic objectives.

The policy is implemented by the Risk and Insurance department in cooperation with the operational units. The department establishes methodologies to ensure consistent treatment of risk among the subsidiaries and promotes the use and exchange of best practices. It assesses the risk at the consolidated level. Financially, the Risk and Insurance department arbitrates between retaining part of the risk and transferring it to the insurance and reinsurance markets through global policies covering the group's worldwide operations. This specific point is developed in section 4.1.2. *Risk coverage and insurance.*

RISK MAPPING

The group initiated risk mapping when it was established in 2001. This map is reevaluated annually.

The goals are:

- to formalize the risk identification process for all group operations;
- to characterize and rank these risks; and
- to define and implement a comprehensive risk management program.

To implement this approach, the Risk and Insurance department:

- establishes a common set of methodological tools and management criteria;
- coordinates a network of close to 120 risk specialists trained by AREVA University and assigned to the operating units; and
- monitors action plans.

The risk maps are presented every year to the management committees of the business units as well as to the executive committees of the main subsidiaries, the group's executive committee and the Supervisory Board's Audit Committee. This process applies to all AREVA group companies.

The group's multiyear audit plan builds on risk mapping results, which are updated annually, among other things. The Audit department subsequently deploys this plan by conducting audits.

RISK ANALYSIS AND MANAGEMENT

The notion of risk applies both to the operations of each of the group's entities, and to their facilities and their operations (control of normal operating risks affecting performance, based on prior decisions, and of risks affecting specific situations) and to achievement of their goals and implementation of their business strategy (taking a risk from which a profit is expected).

In both cases, risk management arises from a shared methodology within the group, starting with risk analysis. It incorporates a process of industrial safety visits to evaluate facility operating conditions. The objective is to manage the risk from cradle to grave. Consequently, the business units determine operational risk maps which serve as a basis for recommending and carrying out action plans.

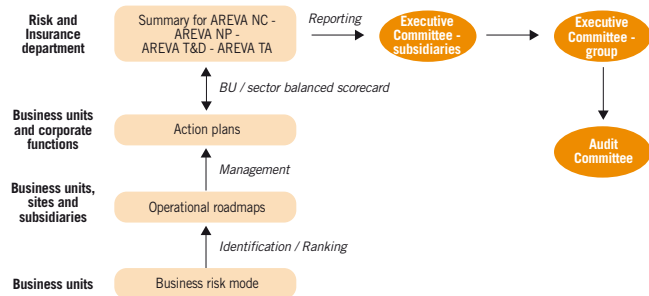
Managing normal risk entails:

- an ongoing documented process of risk identification, analysis, ranking, optimization, financing and monitoring;
- a broad scope covering all of the group's activities, both operational (construction, manufacturing, sales, projects, services, etc.) and functional (finance, legal, contractual, organizational, human resources, etc.);

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- contributing to resource optimization and cost reduction; and
- developing business continuity and crisis management plans.

→ RISK MANAGEMENT PROCESS OF THE AREVA GROUP



Source: AREVA.

The first step in risk management is to identify and formulate the risk, as illustrated in the flowchart above. To this end, the group has drawn up a Business Risk Model (BRM) to be used by its business units. Working from a defined number of typical risks or families of risk (BRM risk), the model indexes all of the foreseeable or unexpected situations or events that could have an impact on employee safety, the financial performance of the business unit, that of the subsidiary or even of the group, and its corporate image.

The BRM can be enhanced based on best practices and lessons learned.

Using the BRM as a starting point, each business unit establishes an operational risk map that graphically illustrates the seriousness of its risks and its degree of management at any given period. The risk map defines criteria for implementing appropriate action plans in order to optimize the management of each risk and render any residual risk acceptable to the group. The business units are thus responsible for

analyzing, ranking and managing their risks by implementing action plans using appropriate means.

Each subsidiary's risk management coordinator, each in his or her area of expertise, provides management with a business unit-wide picture of risks and how the business unit is managing them. Each subsidiary's Executive Committee and the group's Executive Committee is then informed of the status of action plans and decides which risks affect the group's strategic objectives.

The group's risk management policy is based on principles of transparency, in particular through the publication of environmental monitoring results for all major sites and more generally through the implementation of its Nuclear Safety Charter and sustainable development policy.

The operating units, supported by AREVA's specialized departments, manage risks related to nuclear safety, the environment, and the safety and security of the group's facilities with oversight by national and international authorities. The Risk and Insurance department draws technical expertise from these departments in performing its duties.

MANAGING RISK RELATED TO THE GROUP'S INDUSTRIAL OPERATIONS

By regulation, industrial facilities operated by AREVA are classified into various categories by level of risk and quantities of nuclear materials or chemicals.

In addition to preventing and countering malicious acts and implementing public safety measures in the event of an accident, ensuring facility safety means:

- protecting workers, members of the public and the environment from the harmful effects of radiation and chemicals; and
- defining and implementing measures to prevent accidents or limit their impacts.

4.1.2. RISK COVERAGE AND INSURANCE

Coverage concerning ongoing disputes is described in Section 20.7. *Legal and arbitration proceedings.*

Close attention is paid to the other risk factors as part of the group's risk management procedures, which are reviewed during the "risk mapping" process carried out each year (see Section 4.1.1. *Risk mapping*). Some of these risk factors, if they were to materialize, could be covered by one or several of the insurance policies taken out by the group as part of its insurance programs.

To mitigate the consequences of potential events on its operations and financial position, AREVA transfers risk to reputable insurance

and reinsurance companies worldwide. For example, AREVA has acquired insurance coverage relating to operating risk, civil liability and other risks and liabilities concerning its nuclear and non-nuclear operations, with coverage limits varying according to the type of risk.

AREVA's Risk and Insurance department is in charge of insurance for the entire group. The department:

- submits solutions to the Executive Board, either to retain the risk and finance it internally or to transfer it to the insurance market;

- negotiates, sets up and manages global insurance programs for the group worldwide and reports to the Executive Board on actions carried out and costs incurred;
- settles claims for the subsidiaries involved.

4.1.2.1. THE GROUP'S OTHER WORLDWIDE INSURANCE PROGRAMS

Directors' and Officers' Liability

The purpose of D&O coverage is threefold: first, to provide liability coverage for financial risk incurred by group directors and officers due to damage suffered by third parties as a result of professional errors or misconduct in the course of business; secondly, to reimburse group companies that are legally allowed to bear the cost of settling claims against directors and officers; thirdly, to cover civil or criminal defense expenses incurred by directors and officers as a result of claims based on professional errors or misconduct.

The policies exclude coverage of claims based on intentional misconduct by a director or an officer, or on personal gain (financial or otherwise) to which a director or officer was not entitled. Fines and penalties levied against directors and officers are also excluded, as well as claims for losses due to pollution, asbestos or toxic mold.

AREVA's liability

The group is covered by a "worldwide" civil liability plan with limits appropriate to its size and operations. The plan covers:

- operator liability, covering company operations and services performed at customer sites;
- product liability, covering the post-delivery period; and
- professional liability ("Errors and Omissions"), covering the financial consequences of damages associated with intellectual services performed by a company of the group for its own account or on behalf of a third party.

Liability insurance is also procured for environmental damage, damage to property held on behalf of third parties, and for product recall expenses.

This insurance covers the monetary consequences of any liability incurred by the operating entities as a result of their operations, including bodily harm, property damage and consequential damage suffered by third parties, excluding nuclear operator liability. Certain events not usually covered by insurance, such as landslides, damage from asbestos, or damage caused by computer viruses, are also excluded. Liability insurance limits vary based on a reasonable

assessment of the risks to which the group is exposed, as identified by the business units and the Risk and Insurance department, in particular during the risk mapping process, and also based on capacities available on the insurance market.

AREVA Multi-line

In 2009, the group maintained the comprehensive AREVA Multi-line policy acquired in 2005, combining "property and business interruption coverage" and "all-risk installation and testing" coverage. The policy covers all of the group's facilities worldwide, except for mines and nuclear sites.

The policy covers damage to production assets and business interruption, as well as risk associated with equipment installation and testing activities at customer sites. The policy limits vary from €50 million to €300 million, based on replacement values and the maximum possible loss. Business interruption coverage varies from 12 to 24 months.

This policy automatically applies to projects of less than €50 million, with coverage limited to €50 million per event.

Losses to completion on EPR™ reactor contracts

In 2006, the group bought an insurance policy to cover the risk of losses to completion under sales contracts for five EPR™ reactors (including OL3 in Finland), beyond a certain deductible and within the limits of coverage.

Coverage relating to nuclear facility operations

For a description of insurance taken out related to nuclear facility operator activities, see Section 4.3.1.7.

4.1.2.2. OTHER INSURANCE

The group is eligible for Coface type coverage for some large export contracts from France, such as the construction of a nuclear power plant. In addition, the group has insurance policies covering auto liability and work accidents that comply with the legal requirements of each of the countries in which AREVA subsidiaries are located.

4.1.2.3. OUTLOOK AND TRENDS IN 2010

The policies will be renewed in April 2010. Considering its low level of losses, the group anticipates stable premiums. The cost of coverage for all non-nuclear operations should remain stable.

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→ 4.2. Legal risk

4.2.1. REGULATORY RISK

The group conducts its operations in accordance with local laws under operating licenses and permits. In particular, these operations require licenses relating to production capacities and to releases to the environment from the facilities. The group must operate within the limits set in the operating permits and in applicable legislation and regulations, especially with respect to environmental protection, worker protection, health and nuclear safety. The group may be subject to sanctions, in particular administrative sanctions, in the event of an incident requiring an investigation or of excessive deviation in actual facility conditions in relation to regulatory requirements or operating permits and licenses. Among others, such sanctions include the temporary suspension of an operating permit or license, or orders to comply with regulations or to restore normal operating conditions. In addition, damage to the environment, to public health or to occupational safety, or nonconformities in operating conditions at group facilities could result in liabilities with regard to third parties and government agencies.

Moreover, new national or international standards, or a strengthening of or change in legislation or regulations, particularly in areas such as environmental protection, health and occupational safety, and nuclear safety, could require that group facilities and products be brought into compliance, which could have a significant negative impact on the group's operations or financial position. In France in particular, the TSN law on nuclear accountability and safety requires a periodic reassessment of safety conditions. This could translate into considerable expense to bring the facilities into compliance, but this would bolster their safety and ensure their sustainability. Similarly, the administrative order of December 12, 2005 relating to pressurized nuclear equipment strengthens limitations and verifications to take into account nuclear safety and radiation protection requirements incumbent upon the manufacturer, which is responsible for the conformity of the equipment to be used in nuclear reactors. This is likely to prolong schedules to allow the French nuclear safety authority ASN to pronounce the conformity of the most significant pressurized nuclear equipment.

The group may also not receive permits or licenses to modify or expand its industrial operations on a timely basis, for which it has applied or may apply to French or foreign regulators, thus limiting its growth capabilities.

Moreover, some operations, particularly those of Eurodif, are subject to special tax provisions whose modification could have a negative impact on the group's financial position.

In addition, the group pays particular attention to rules of ethics, with which non-compliance could expose the group to criminal or civil penalties and significantly impact its operations, image and reputation.

4.2.1.1. NUCLEAR AND ENVIRONMENTAL REGULATIONS

Group operations are subject to constantly changing national and international regulations that are becoming increasingly stringent in the areas of nuclear and environmental safety. The regulated nuclear facilities of the AREVA group (INB; see Glossary) are presented in the table in Section 4.1.1. *Managing risk related to the group's industrial operations*.

The International Atomic Energy Agency (IAEA) and the European Commission have each established their own international system for nuclear materials safeguards. Other international agreements adopted under the umbrella of the IAEA govern nuclear safety in the facilities. These agreements include the Convention on Nuclear Safety (CNS) and the Joint Convention on the Safety of Spent Fuel Management and on the Safety of Radioactive Waste Management.

With respect to the European Union, the provisions of the Euratom Treaty and its subordinate legislation have reinforced the aspects relating to nuclear materials safeguards and have established a common set of rules, in particular concerning the radiation protection of workers and the public as well as the transportation of radioactive waste. Thus, the objective of directive no. 2009/71/Euratom of June 25, 2009 establishing a community framework for the nuclear safety of nuclear installations is to establish a community framework in order to maintain and promote the continuous improvement of nuclear safety and of its regulations. Member states retain the authority to provide arrangements for a high level of nuclear safety.

In France, the regulated nuclear facilities (INB) operated by the group are regulated under French law no. 2006-686 of June 13, 2006 on transparency and security in the nuclear field and under the decree no. 2007-830 of May 11, 2007 regarding the list of regulated nuclear facilities and the so-called "procedural decree" of November 2, 2007, which together constitute the new legal framework applicable to regulated nuclear facilities. The group's nuclear facilities are strictly regulated under this framework. For example, specific permits are required for the construction, startup, modification, safety review, shutdown, dismantling and decommissioning of nuclear facilities, and govern in particular rules for nuclear safety, protection of public health and of the environment, and the monitoring of radioactive and non-radioactive releases. Decisions that are the subject of a license decree are granted following a public inquiry and an administrative process requiring the opinion of several organizations. Violations of the law of June 13, 2006 entail administrative and criminal penalties. Every year, each regulated nuclear facility operator must submit a report on measures taken in respect of nuclear safety and radiation

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protection. The report is made public and is submitted to the relevant Local Information Commission (CLI) and to the Senior Committee for Transparency and Information on Nuclear Security (HCTISN).

Regulated nuclear facilities are monitored closely by the French nuclear safety authority ASN. Restructured under the law of June 13, 2006 on transparency and security in the nuclear field, ASN is now an independent administrative authority managed by five directors. It enforces nuclear safety and radiation protection regulations to protect workers, patients, the general public and the environment from risks related to the use of nuclear technology. Similar provisions govern regulated nuclear defense facilities (INBS) that the group operates in France (article R. 1333-37 *et seq.* of the French Defense Code).

Operations abroad are subject to the same type of stringent inspection procedures (for example, by the Nuclear Regulatory Commission in the United States).

In France, some facilities operated by the group are subject to regulations pertaining to environmentally regulated facilities (ICPE), based on operations performed or materials used. Under the terms of articles L. 511-1 *et seq.* and R. 512-1 *et seq.* of the French Environmental Code, group facilities that may represent a risk or drawbacks for public health, safety and security, or for the protection of nature and the environment, are subject to prior reporting to the Prefecture, or to a licensing process. When permitting is required, the operating permit is issued by the Prefect after completion of a public inquiry and consultation of various organizations. The Prefect's order includes all necessary restrictions and specifications.

The group is also subject to regulations pertaining to exposure to radiation of employees, subcontractors and the public, which are enforced through a system of exposure limits. In France, radiation protection regulations are governed by the provisions of the Labor Code and the Public Health Code. The maximum exposure allowed by the Public Health Code for members of the general public is 1 millisievert (mSv) per year. The maximum exposure allowed by the Labor Code for workers in nuclear facilities is 20 mSv per year.

Other national and international regulations govern:

- the protection and safeguarding of nuclear materials, in particular the Convention on the Physical Protection of Nuclear Materials of October 28, 1979 and articles L.1333-1 through L.1333-14 and R.1333-1 through R.1333-36 of the French Defense Code;
- the transportation of radioactive materials, including the modal orders ADR, RID, IMDG and ADN (see Glossary);
- the control of cross-border shipments of radioactive waste (Council Directive 92/3/Euratom of February 3, 1992 on the supervision and control of shipments of radioactive waste between member States and into and out of the Community, as from its promulgation on December 25, 2008, and Council Directive 2006/117/Euratom of November 20, 2006 on the supervision and control of shipments

of radioactive waste and spent fuel; (see also the section on "Regulations governing radioactive waste" below).

Similar regulations provide for strict oversight of facilities and facility operations by the competent authorities in countries in which the group operates nuclear facilities, including Belgium, Germany and the United States.

Regulations governing end-of-life-cycle operations

In this Reference Document, end-of-life-cycle operations include any operations connected with the shutdown and dismantling of nuclear facilities and the management of the related nuclear waste (see Glossary).

The accounting treatment of end-of-life-cycle operations is explained in Section 20.2. *Notes to the consolidated financial statements for the year ended December 31, 2009*, Note 13, *End-of-life-cycle operations*.

Regulations governing dismantling

The legal framework governing dismantling operations performed in France is largely the product of law no. 2006-686 of June 13, 2006 on transparency and security in the nuclear field. Also, the September 5, 1997 Joint Convention on the Safety of Spent Fuel Management and on the Safety of Radioactive Waste Management, adopted under the auspices of the IAEA, contains provisions regarding the dismantling of nuclear facilities.

As the operating license holder, the operator of a nuclear facility is the legal entity in charge of facility operations and, therefore, of dismantling procedures. The operator is in charge of the dismantling schedule and process for the facilities it operates, subject to inspection by the French nuclear safety authority ASN, which validates each stage of the dismantling process.

The dismantling permit is granted by a decree specifying its procedures following a public inquiry and a process requiring the opinion of several organizations. The decree authorizing shutdown and dismantling operations specifies, among other things, the features of dismantling, the dismantling schedule, the final conditions to be achieved, and the types of operations to be performed by the operator after completion of dismantling.

The dismantling process may take several decades, depending on the facility, and includes work stages as well as monitoring stages when there are practically no operations. Decommissioning involves a series of operations, from the shut-down of the nuclear facility to the administrative decision to release the site, at which time it can generally be put to new industrial use. In France, the group currently operates 18 regulated nuclear facilities, including three in final shutdown and dismantling status (MAD/DEM), and one nuclear defense facility (INBS).

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The level of dismantling depends, in particular, on how the site will subsequently be used. In the United States, Germany and Belgium, where the group operates four nuclear facilities, dismantling regulations are based on principles that are largely similar to those of France.

The non-regulatory aspects of dismantling are covered in Section 4.3.1.5.

Regulations governing radioactive waste

Waste generated by nuclear operations or by the dismantling of regulated nuclear facilities is regulated in France by articles L. 542-1 to L. 542-14 of the Environmental Code in particular (resulting from the Program Law no. 2006-739 of June 28, 2006 on the sustainable management of radioactive materials and waste). At the international level, radioactive waste management falls under the purview of the Joint Convention on the Safety of Spent Fuel Management and on the Safety of Radioactive Waste Management of September 5, 1997.

The producer or holder of waste generated by nuclear power operations or dismantling operations has an obligation to process and dispose of such waste (article L. 541-1, paragraph 3 of the French Environmental Code).

Article L. 542-2-1 of the French Environmental Code allows the treatment in France of foreign used fuel and radioactive waste under certain conditions, in particular the signature of multilateral agreements indicating a specific schedule to receive and treat these substances. Every year, the site operator must submit a report with an inventory of these substances to the Minister of Energy. The decree no. 2008-209 of March 3, 2008 on procedures applicable to the treatment of foreign used fuel and radioactive waste specifies these conditions.

4.2.2. CONTRACTUAL AND COMMERCIAL RISKS

4.2.2.1. BREACH OF CONTRACTUAL COMMITMENTS

The group is exposed to a risk of default by customers for the payment of its products and services. Except when customers deposit funds to cover the group's expenses during the contract implementation phase, the group is exposed to the risk of a customer's inability to accept delivery or to the risk of default on payments during delivery. In such instances, the group may not be able to recover expenses incurred for the project or attain the operating margins contemplated when the contract was concluded.

In connection with certain disputes set out in Section 20.7. *Legal and arbitration proceedings*, the group may also be exposed to the risk of customer payment of part of its products and services on a blocked account during the execution of certain contracts. In fact, depending on the outcome of the disputes in question, the group could run the risk of having all or part of the blocked payments withheld.

Article 20 of the law of June 28, 2006 on the sustainable management of radioactive materials and waste provides that operators of regulated nuclear facilities must establish provisions to cover the cost of dismantling the facilities and managing used fuel and radioactive waste, and allocate the necessary assets to cover these provisions exclusively. In this regard, the law specifies that the operator must account for these assets separately and that they must be sufficiently secure and liquid to meet their purpose. Their realizable value must be at least equal to the amount of the provisions. These assets are earmarked for this sole purpose and cannot be taken by creditors, except the State when it enforces compliance with regulations pertaining to nuclear operations. All of these items are verified by several administrative authorities, including the French national commission on evaluation of funding for dismantling expenses. Moreover, article 23 of this law provides for financial penalties in the event of a failure to comply with all of the obligations regarding dismantling expenses. This mechanism was supplemented in particular by French decree no. 2007-243 of February 23, 2007, amended, on securitization of funding for nuclear expenses.

4.2.1.2. RULES OF ETHICS

The group attaches special importance to adherence to strict ethical values in connection with its operations. In particular, it adopted a Values Charter in 2003 that calls for all employees to comply with applicable legislation and regulations and with the specific values, action principles and rules of conduct set forth in that charter. Occasional deviations from these standards by employees, officers or representatives of the group are nonetheless possible, with inevitable repercussions on AREVA's reputation, as a function of their severity.

Though the group endeavors to control its exposure to contractual risk, it is not possible to guarantee that all non-payment risk can be eliminated.

Generally speaking, the revenue, cash flow and profitability recognized for a project may vary significantly, according to the level of completion of the project in question, and may depend on a certain number of factors, some of which are not within our control. These may include unforeseen technical problems related to the equipment supplied, postponements or delays in contract execution, our customers' financial difficulties, payments withheld by our customers, default by or the financial difficulties of suppliers, subcontractors and partners in a consortium in which we share responsibility, and unforeseen additional costs resulting from project modifications. The profit margins on some of our contracts may be different from those initially anticipated insofar as costs and productivity may vary during contract execution.

4.2.2.2. NON-RENEWAL OR TERMINATION OF CONCESSIONS RELATED TO THE GROUP'S MINING OPERATIONS

The group's mining operations involve concessions received or partnerships formed under legal systems specific to each country. For instance, the average term of a concession is approximately 20 years in Niger and Canada. Despite the relatively long terms of these contracts or concessions, the group is exposed to the risk of non-renewal or termination of its mining concessions.

4.2.2.3. LONG-TERM CONTRACTS

THE GROUP ENTERS INTO LONG-TERM CONTRACTS THAT COULD LIMIT ITS OPPORTUNITY TO TAKE ADVANTAGE OF IMPROVING CONDITIONS IN CERTAIN MARKETS, OR RESULT IN LOWER PROFITABILITY THAN ANTICIPATED.

The group sometimes concludes long-term contracts in which prices are adjusted based on general indices rather than current market prices for certain commodities or services. This type of contract could prevent the group from taking advantage of price increases for those products or services; this is the case for certain natural uranium sales contracts, in particular, or for conversion or enrichment services.

In addition, the profitability of certain long-term contracts in which the group commits to providing deliverables at a fixed price, adjusted

4.2.3. MATERIAL RISKS AND DISPUTES INVOLVING AREVA

By virtue of its operations and market position, AREVA is exposed to the risk of disputes that could lead to civil and/or criminal penalties. AREVA cannot guarantee that it is not potentially exposed to claims or investigations that could have a significant unfavorable impact on the group's image and financial performance.

based only on general indices, could be affected by certain excess costs that cannot be charged to customers, including unanticipated increases for certain types of costs, technical difficulties, subcontractor default or a suboptimal group organization. The performance of this type of contract could, therefore, reduce the group's anticipated profitability, or even cause an operating loss.

4.2.2.4. WARRANTIES

In accordance with the group's practices and policies, the warranties provided in the group's contracts or financing are limited in duration and capped in value, and expressly exclude consequential or indirect damages. However, the group could under certain circumstances give warranties exceeding those limits, particularly in competitive markets.

4.2.2.5. EARLY TERMINATION CLAUSES

The group's contracts sometimes include clauses allowing a customer to terminate a contract or reject the equipment if contract clauses concerning schedule or performance have not been met. Difficulties concerning products or services delivered by the group and covered under such clauses could thus trigger unanticipated expenses.

Contract performance difficulties, and the financial consequences outlined above, could also harm the group's reputation with existing or potential customers, particularly in the nuclear business.

The legal and arbitration proceedings involving AREVA are set out in Section 20.7. *Legal and arbitration proceedings.*

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→ 4.3. Industrial and environmental risk

The group's operations expose it to substantial liability risk and to potentially significant cost overruns.

The group's nuclear operations cover every stage of the nuclear cycle, including (i) uranium supply and processing, (ii) uranium enrichment, (iii) fuel fabrication, (iv) reactor design, construction, maintenance and performance improvement, (v) treatment and recycling of used fuel and reusable materials, (vi) waste packaging and storage, and (vii) logistics and transportation associated with these operations.

Although the group has put in place strategies and procedures to control risk commensurate with the high standards for nuclear operations, the very nature of those operations involves risk. For example, the group could have to face substantial liability, in particular due to incidents or accidents, security breaches, acts of malfeasance or terrorism. These risks are outlined in Section 4.3. Such events could have serious consequences, particularly in the event of radioactive contamination and/or irradiation of the environment, of individuals working for the group or of the general public, as well as a significant negative impact on the group's operations and financial position.

The group's operations also involve processes that use toxic chemical compounds in significant quantities and radioactive materials such as

uranium hexafluoride (UF_6). The transportation of nuclear materials by sea, rail, road and air, handled by the group's Logistics business unit, also entails specific risks, including potential environmental contamination resulting from transportation accidents. Moreover, some of the plants of the Chemistry and Enrichment business units are located in areas subject to flooding, particularly the Rhone Valley.

The group does not always have control over the factors influencing the severity of potential accidents that may affect a group facility or the transportation of materials. These factors include the type of radioactive materials released in the environment, weather conditions and the speed of implementation of remedial actions.

The risk of a serious accident cannot be ruled out, despite safety features included in plant design and operating procedures. Such an accident could provoke a rejection of nuclear power by the public, causing regulatory authorities to strengthen plant operating conditions appreciably or to consider terminating nuclear power generation. Such a decision or the occurrence of a serious accident would have a significant negative impact on the group's economic model, strategy, operations, income, financial performance and outlook.

4.3.1. NUCLEAR RISK

4.3.1.1. NUCLEAR RISK

Nuclear risk corresponds to events that are characteristic of radioactive materials.

Radioactive materials dispersion that can result in contamination

Uncontained radioactive materials can disperse and lead to human and environmental contamination.

To control this risk, the first priority is to prevent the dispersion of radioactive materials in any form (solid, liquid or gaseous) and under all operating conditions (normal or accidental).

Facilities are designed with containment systems that prevent the dispersion of radioactive materials. For example, the radioactive materials are surrounded by a series of barriers at varying levels of negative pressure which channel air from the outside towards the secondary containment system and then the primary containment system. The air is cleaned in each containment system. Contaminating elements are filtered from the air before it is released from the facilities.

The efficacy of these containment systems is verified before facility startup and is periodically checked to keep them in working order.

Considerable effort went into the design so that maintenance operations could be performed while maintaining the integrity of the containment system. The facility design includes special systems to facilitate replacement operations.

Ionizing radiation

When a person is in the path of ionizing radiation emitted by radioactive materials, there is a risk of external exposure.

The effect of radiation on the human body is expressed in millisieverts (mSv). The maximum allowed doses are as follows: in the European Union, 1 mSv per year for the general public and 100 mSv over five consecutive years for employees, with a maximum of 50 mSv in any one year for employees. In the United States, the limit is 1 mSv per year for the general public and 50 mSv per year for employees.

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The group's objective is to follow the French standard in all its facilities, including those outside France. This is the most stringent standard, at 20 mSv per year for all workers, including subcontractors.

The main protection measures are:

- for fixed radiation sources, standard workstations are defined with corresponding maximum exposures. The maximum acceptable exposure decreases in inverse proportion to the estimated duration of the work performed. Shielding is installed to limit radiation and to comply with authorized dose limits;
- for mobile sources, workstations are designed to minimize the time spent by personnel or the presence of the source and include shielding. In the case of waste packages that may be transported over public roadways, shielding is defined by transportation regulations.

The group also follows the ALARA principle (as low as reasonably achievable), which holds that any reasonable technical, financial, social or organizational action will be taken to reduce exposure to radiation. The radiation protection departments continually verify compliance with this principle.

Every nuclear worker and operator is monitored closely, both medically and radiologically. Their knowledge is maintained at the requisite level through regular training programs.

The results recorded (see Appendix 3, *Human Resources report*, Section 2, *Change in number of employees and human resources data*) demonstrate that the group practices mentioned above promote excellence in radiation protection.

Criticality

The risk of a criticality accident means the risk of an uncontrolled chain reaction with a brief and intense emission of neutrons, accompanied by radiation. This risk, should it materialize, would result in irradiation of workers or individuals located near the event, causing lesions proportional in seriousness to the intensity of the radiation received.

This risk is addressed in any facility likely to receive fissile materials.

The foundation of prevention of this risk consists of limiting the factors leading to uncontrolled chain reactions or "criticality control modes".

The control mode most suited to the process is used: limitation of mass, volume or geometry of equipment containing the materials.

In the facility's most radioactive areas, shielding is installed for normal operations and drastically reduces the impacts of a potential criticality accident on workers. Preventive measures are sometimes supplemented by the installation of a network and alarm system for detection and measurement of criticality accidents.

For transportation, nuclear safety and criticality are monitored under both normal and accidental operating conditions.

Regulations set forth rules for storage during transit, particularly in terms of the criticality risk.

Radiolysis

Radiolysis is the radiation-induced decomposition of a chemical compound into hydrogen.

Measures are taken to prevent a potential explosion of the hydrogen that could result in the dispersion of radioactive materials.

In normal operating mode, facilities are designed to limit hydrogen concentrations to half of the lower limit of flammability by flushing the equipment with air. A backup system is added if a loss of normal flushing capacity can cause concentrations to rise to the limit value in a few hours or tens of hours.

Thermal releases

Matter absorbs the energy produced by intense radiation, which can lead to temperature increase. The energy is removed to control the temperature rise and prevent the dispersion of radioactive materials. Cooling is provided by redundant cooling systems with heat exchangers and ventilation systems.

4.3.1.2. INTERNAL RISKS THAT COULD GIVE RISE TO NUCLEAR RISK

Events associated with facility operations and the presence of personnel give rise to non-nuclear risk. These events are common to any industrial operation.

Since such incidents could affect equipment important for managing nuclear risk, strong prevention measures are taken in the nuclear industry. The causes of these events can thus be controlled and their consequences minimized.

Handling

Handling equipment consists of lifting, transportation and positioning equipment.

The main failures include the breakdown of lifting equipment, poorly secured loads, collision with an obstacle and derailment of a shipping container.

The consequences may be direct, such as the loss of load integrity, or indirect, and cause the destruction of equipment containing radioactive materials or a containment failure.

Risk management involves analyzing failure modes for process equipment used to transfer loads containing radioactive materials and for handling equipment used in maintenance. It also means establishing stringent rules to prevent risk (equipment design, preventive maintenance, inspections, operator certification, etc.).

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Limiting the consequences of a handling failure involves limiting transport height, designing objects that withstand a fall, strengthening loads and dissipating energy.

Fire

Fire can cause the loss of certain process or shielding functions, with potential radiological consequences. The potential consequences include contamination due to failure of the containment barriers, irradiation due to destruction of radiation shielding, and a criticality accident.

Risk prevention consists of preventing the presence of flammable materials, fuel and a source of ignition in the same location. In the event of a fire, safety functions are protected, for example, by compartmentalizing work areas to limit fire propagation, using fire-retardant materials, insulating ventilation systems, and installing a remotely-operable fire extinction system. In addition, firefighters must be able to intervene within a short interval of time to prevent radiological impacts outside the buildings.

Internal explosion

The risk of explosion is due either to the use of reagents or to the occurrence of chemical reactions. An explosion could result in the deterioration of the primary containment system, causing the dispersion of radioactive products. The secondary containment system is designed to collect any products that may have been released.

Prevention is based on measures to prevent conditions conducive to an explosive reaction, which include limiting the temperature of flammable products used in the process, limiting the concentration of products that may cause an explosive reaction through proper ventilation, eliminating traces of reagents before any new processing step is undertaken, and controlling the quantity of reagents present in each facility.

Use of chemical reagents

To take into account potential impacts on plant personnel and the environment, prevention and monitoring are based on principles already applied to other types of risk (e.g. explosion and fire), combined with principles relating to external explosion and radioactive materials dispersion.

The use of reagents in a process can create additional risk by bringing incompatible products into contact with each other. A chemical product can be hazardous, either through direct contact or by inhaling its fumes. These characteristics must be taken into account in the packaging, storage and use of reagents and in worker protection.

Characteristics of UF₆

Uranium may be handled in the chemical form of UF₆, which is a solid at normal temperatures and pressures, and gaseous when heated. UF₆ can react when it comes into contact with water vapor in the air, forming uranium oxide and hydrofluoric acid, a highly toxic element for humans and animals.

In consideration of the quantities handled at the production sites, the risks inherent in UF₆ were factored into the design of the facilities (double containment barrier, automated monitoring of high-risk areas, etc.).

Use of electricity

Risk prevention related to the use of electricity is based on facility compliance with prescribed industry standards, compliance with applicable maintenance instructions and procedures, and periodic facility inspections.

Use of pressure vessels

The prevention of pressure spikes is based on compliance with industry regulations for accessible equipment and by imposing additional requirements for inaccessible equipment. The impacts are minimized through leak detection, feed interruption and personnel evacuation.

Internal flooding

The internal flooding risk derives from the presence of fluids inside the facilities. Leak rates are limited by design. The deterioration of seals, corrosion and overflows are potential sources of leaks.

The main radiological risk associated with internal flooding is criticality. For areas in which it can occur, this risk is factored into the design and operation of the facilities, and in particular the design of firefighting systems.

4.3.1.3. EXTERNAL RISK THAT COULD GIVE RISE TO NUCLEAR RISK

Non-nuclear risks of external origin linked to the facility's environment may also arise. Unlike risks of internal origin, it is not always possible to act on the causes of these events; safety is based primarily on controlling the consequences.

An event of external origin may have direct or indirect radiological consequences.

Earthquake

Earthquakes can cause damage that could disable nuclear safety systems.

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The risk of an earthquake affecting facilities that handle nuclear materials is incorporated into the design of the equipment, systems and facilities based on the “design basis earthquake”. The analysis consists of demonstrating that damage affecting the nuclear safety of the facility is unlikely to occur. The design basis and analyses are included in the safety analysis report for the facility, which is approved by the competent safety authorities.

An assessment of the impacts of an earthquake is performed for all of AREVA’s nuclear facilities, in accordance with applicable standards and regulations.

Airplane crash

This risk concerns the crash of an airplane, or part of an airplane, on a facility. It is a function of the type and number of aircraft that could reach the site without being detected and of the surface of sensitive areas in each facility.

The key features of the sites are as follows:

- they are located away from controlled airspace;
- they are located away from airspace used by military aircraft; and
- there is no nearby airport.

Safety studies factoring in airspace use, type of flights, known crash statistics, and even deliberate attack, are carried out to prevent this risk and limit its consequences.

Special measures are taken to protect the nuclear facilities from terrorism; these measures have been strengthened under the French national security plan known as “Vigipirate”.

For security reasons, these measures may not be disclosed to the public.

Adverse meteorological conditions

This risk is taken into consideration in the design of the facilities based on local weather conditions. The methodology is similar to that used for earthquakes.

Advance warning is given for any threatening weather conditions, and there are instructions for each facility concerning additional measures to be taken, such as increased monitoring or specific action.

External flooding

The possible causes of external flooding, e.g. rain, breach of levies or floods are taken into consideration in the design of the facilities. The risk of a thousand-year flood is taken into account, in particular by locating facilities above the thousand-year flood plain.

4.3.1.4. RADIOACTIVE MATERIALS TRANSPORTATION AND PROLIFERATION RISK

Transportation of radioactive materials

Radioactive materials are transported on public thoroughfares. Like other nuclear operations, these shipments are subject to the “defense in depth” concept to protect the general public and the environment from radiation hazards during transportation. This concept consists of setting up a series of barriers, including safety systems, procedures, and technical and administrative controls, to prevent accidents and limit their consequences. The design of the transport cask is the main component of this safety system. As with any nuclear process, these operations are governed by stringent international regulations.

According to the regulations, the cask must ensure materials containment, criticality safety in the case of fissile materials, radiation protection, and protection from the heat released by the materials transported under both normal and accidental operating conditions. The regulatory requirements for casks cover design, manufacturing and inspections during operations and maintenance. The larger the amount of radioactivity it contains, the stronger the cask must be.

AREVA’s objective is to ensure an optimum level of safety and security during transportation. The Logistics business unit covers its civil liability through insurance, as described in Section 4.2.1.6. *Special coverage relating to nuclear facility operations*. To discharge its mission of supervising transportation activities in the AREVA group, the Logistics business unit has established an organization to analyze risks, develop and implement action plans, and manage emergencies around the globe. Its monitoring center is able to obtain in real time all necessary information on shipments under its supervision.

Non-proliferation and protection of nuclear materials

Proliferation is the diversion of nuclear materials by third parties for non-peaceful purposes.

Non-proliferation is a shared objective of all of the signatory countries of international agreements in this area, in particular the Treaty on the Non-Proliferation of Nuclear Weapons of July 1, 1968. Non-proliferation requirements relate to the physical protection of nuclear materials per the Convention on the Physical Protection of Nuclear Material; to safeguards controls per the Euratom treaty, which established a nuclear materials accounting system; and to inspection by the IAEA and Euratom. Compliance with these requirements is regularly verified, primarily by inspectors from the IAEA and Euratom.

In this regard, AREVA has taken measures designed to know, at all times, the amount, type, use and location of the materials held at any given time by the group’s entities.

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AREVA prepares reports requested by the European Commission and/or the IAEA, whose purpose is to verify the origin and quantity of nuclear materials in the nuclear operator's possession. The record shows that these reports have always been approved by the competent national and international organizations with which they are filed.

4.3.1.5. RISKS DERIVING FROM FACILITY DISMANTLING AND SITE RECLAMATION

THE GROUP MUST BEAR THE FULL OR PARTIAL COST OF END-OF-LIFE-CYCLE OPERATIONS FOR ITS NUCLEAR FACILITIES, MINE SITE RECLAMATION AND REMEDIATION OF PLANT SITES AT THE END OF OPERATIONS. PROVISIONS HAVE BEEN RECORDED TO COVER THE ESTIMATED COSTS, BUT ACTUAL COSTS COULD BE SIGNIFICANTLY DIFFERENT.

As an operator of nuclear and industrial facilities covered by legislation on environmentally regulated sites, the group is legally obligated to secure, dismantle or remediate its facilities after shutdown, in whole or in part, and to manage waste resulting from these operations. As a mine operator, it must also provide for closure, remediation or reclamation after operations.

Article 20 of the Program law of June 28, 2006 on the sustainable management of radioactive materials and waste and decree no. 2007-243 of February 23, 2007 regarding the protection of the funding of nuclear expenses provide a mechanism to ensure that operators of regulated nuclear facilities have the necessary assets to finance long-term costs to dismantle the facilities and/or manage used fuel and radioactive waste.

Future expenses relating to end-of-life-cycle operations for its nuclear facilities and for reclamation of regulated industrial facilities and mines have been identified and special provisions have been recorded. Rules regarding provisions for end-of-life-cycle operations, which represent 5.674 billion euros on a discounted basis, including a third party share of 270 million euros, are presented in Section 20.2. *Notes to the consolidated financial statements for the year ended December 31, 2009*, from Note 1.13, *Financial assets*, to Note 1.18, *Provisions for end-of-life-cycle operations* (see also Section 9.4.6. *Assets and provisions for end-of-life-cycle operations*).

As part of this program, the group considers that it has recorded provisions for all expenses relating to the end-of-life-cycle operations of its nuclear facilities and for reclamation of its industrial sites as could reasonably be estimated at December 31, 2008.

These provisions are based on estimates of future costs developed by the group taking into account, by definition, a series of assumptions (see Section 20.2. *Notes to the consolidated financial statements*

for the year ended December 31, 2009, Note 13, End-of-life-cycle operations). However, no assurance can be given that existing provisions will be sufficient to meet future expenses. The actual costs borne by the group could be higher than initially estimated, especially considering changing legislation and regulations applicable to nuclear operations and environmental protection, their interpretation by the courts, and the growing body of scientific and technical knowledge. These costs also depend on regulatory decisions, in particular concerning dismantling methods, and on the choice and cost of solutions for the final disposal of certain types of radioactive waste (see Section 20.2. *Notes to the consolidated financial statements for the year ended December 31, 2009, Note 13, End-of-life-cycle operations*). It is therefore possible that these future obligations and potential expenses or potential additional future liability of a nuclear or environmental nature that the group may later have to bear could have a significant negative impact on the group's financial position. For example, as provided in the French law of June 28, 2006, the Direction Générale de l'Energie et du Climat (DGEC, the French government's office of climate and energy) tasked a working group with performing a new cost assessment for deep geologic disposal. The working group, led by the DGEC, includes representatives from Andra, AREVA, the CEA, the EDF group and the French nuclear safety authority ASN. The minister in charge of Energy could establish and publish the cost of deep retrievable disposal when the working group's report is available. This cost estimate could be substantially higher than the estimate published previously by the same authority.

Also, any reduction or increase of the discount rate, which was set at 5% at year end 2009 (including 2% for inflation) and any shortening or extension of the schedule for dismantling would require the group to record an increase or decrease in the value of the provisions.

Used fuel treatment contracts call for the final waste and residues from those operations to be allocated to and retrieved by the original waste and residue generator. However, as the temporary holder of the nuclear waste and residue generated by its customers, the group could remain liable if a customer defaults or files for bankruptcy.

The group is exposed to a risk of insufficient value of assets held to fund its end-of-life-cycle operations

To meet its future end-of-life-cycle obligations, the group had financial assets totaling €5.321 billion at December 31, 2009, including €1.831 billion in third party receivables and the balance in the portfolio of financial instruments (equities, equity funds and bond funds).

At the end of 2009, the portfolio of financial assets (excluding receivables) consisted of 60% bonds and 40% equities. Considering the intrinsic volatility of equity markets, the value of the portfolio could decrease and/or provide a return insufficient to fund the group's end-of-life-cycle operations. The group would have to use other financial resources to fund these operations, which would result in a significant negative impact on its net income and financial position.

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The sensitivity of the value of the group's portfolio to variations in the equity markets and/or interest rates is as follows:

→ **IMPACT OF CHANGES IN EQUITY MARKETS AND INTEREST RATES ON PORTFOLIO VALUE**

(in millions of euros)

Assumption: declining equity markets and declining interest rates	
-10% on equities	(141)
+100 basis points on rates	(22)
TOTAL	(163)
Base case (December 31, 2009)	
	3,521
Assumption: rising equity markets and rising interest rates	
+10% on equities	+141
-100 basis points on rates	+22
TOTAL	+163

4.3.1.6. NUCLEAR SAFETY IN THE AREVA GROUP

Nuclear safety encompasses all of the technical provisions and organizational measures pertinent to the design, construction, operation, shutdown and dismantling of regulated nuclear facilities and to the transportation of radioactive materials, and designed to prevent accidents and limit their consequences.

Nuclear safety is based on technical design bases and on organizational procedures for operations and is founded on the defense in depth concept. This concept consists of systematically analyzing potential technical, human or organizational failures and defining and implementing a series of independent lines of defense to protect against the consequences of these failures.

Three lines of defense are designed to:

- prevent accidents and incidents, in particular by means of facility design and configuration;
- monitor facilities so as to detect and correct malfunctions; and
- assume that accidents may happen despite all precautions, and design and implement measures to limit their consequences.

The primary objective of any nuclear facility safety measure is to prevent the dissemination of radioactive substances under all circumstances and to minimize the impacts of radiation on the population and the environment.

Nuclear safety is an absolute priority for AREVA. The group adopted a Nuclear Safety Charter formalizing its commitment to nuclear safety and radiation protection (the charter may be downloaded from AREVA's website). AREVA is committed to maintaining the highest level of nuclear safety for the entire life of its facilities.

These commitments are built on:

Organizational principles

The general management of each subsidiary, and particularly each nuclear operating subsidiary holding an operating license (see table), sets up an organization consistent with the laws of the country in which it operates based on the principle of the operator's prime responsibility for nuclear safety. Each site manager is responsible for nuclear safety and radiation protection at that site. He or she sets up an appropriate organizational structure to ensure that all legal and regulatory requirements for every aspect of nuclear safety and radiation protection are applied at every affected unit and facility. He or she delegates authority as regards nuclear safety and has the resources to verify implementation of this delegation independently of operating personnel. A corps of inspectors in the group's Safety, Health, Security and Environment department implements the annual nuclear facility inspection program drawn up by the Executive Committee (see the Section hereunder, *The General Inspectorate and nuclear safety*).

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→ NUCLEAR FACILITIES WHERE AN AREVA ENTITY IS THE LICENSED OPERATOR ⁽¹⁾

AREVA's main regulated nuclear facilities in France and elsewhere are:

Location	Business unit	Legal entity holding the license	Description
Front End division			
Tricastin, France	Chemistry	Comurhex	Preparation of UF ₆
Tricastin, France	Chemistry	AREVA NC	Conversion of uranyl nitrate into uranyl sesquioxide
Tricastin, France	Chemistry	AREVA NC	Conversion of enriched uranium-bearing materials (U ₃ O ₈)
Tricastin, France	Enrichment	Eurodif Production	Georges Besse gaseous diffusion enrichment plant
Tricastin, France	Enrichment	SET	Georges Besse II centrifuge enrichment plant ⁽²⁾
Tricastin, France	Enrichment	Socatri	Plant for uranium decontamination and recovery
Romans, France	Fuel	FBFC SNC	Fuel fabrication for research reactors
Romans, France	Fuel	FBFC SNC	Fuel fabrication for power reactors
Dessel, Belgium	Fuel	FBFC International SA	Fabrication of uranium and MOX fuel
Lingen, Germany	Fuel	FBFC International SA	Fuel fabrication
Richland, United States	Fuel	AREVA NP Inc.	Fuel fabrication
Lynchburg, United States	Fuel	AREVA NP Inc.	Fuel fabrication
Reactors and Services division			
Maubeuge, France	Equipment	Somanu	Nuclear maintenance workshop
Back End division			
Veurey, France	Nuclear Site Value Development	SICN	Fuel fabrication plant (undergoing dismantling)
	Recycling / Nuclear Site Value Development		
La Hague, France	Nuclear Site Value Development	AREVA NC	Used fuel treatment plants and liquid effluent/solid waste treatment facilities (7 regulated nuclear facilities)
Marcoule, France	Recycling	AREVA NC ⁽³⁾	MELOX MOX fuel fabrication plant

(1) The depleted uranium storage facility at Miramas was the subject of a dismantling decision by ASN, the French nuclear safety authority, under an order dated August 1, 2007.

(2) License decree of April 27, 2007.

(3) A request to transfer the operating license to MELOX SA is under review by safety authorities.

Action principles

Nuclear safety applies to every stage in the plant life cycle, from design to dismantling. It builds on a nuclear safety culture shared by all personnel and maintained by regular training. The group is committed to adhering to the ALARA principle (as low as reasonably achievable), which holds that action shall be taken to reduce the radiation exposure of workers and the public, and undertook a program to reduce the maximum dose received by all workers in its facilities or by group employees working at customer sites to 20 mSv per year where regulations are less strict. A similar continuous improvement initiative applies to the reduction of impacts from liquid and gaseous effluents (see Appendix 3, *Environmental report, Section 2, Environmental risk management and prevention*).

Reporting system

AREVA endeavors to provide reliable and relevant information enabling an objective assessment of the status of nuclear safety in its facilities. Nuclear events are evaluated according to the International Nuclear and Radiological Event Scale (INES), including in countries

where no such requirement exists (see Appendix 3, *Environmental report, Section 2, Environmental risk management and prevention*). The INES ranks the severity of events from 0 to 7. Level 1 or higher events are put on record. As it had committed to do, the group published, both in hard copy and on its website, the annual report of the General Inspectorate. This report presents the status of nuclear safety and radiation protection at AREVA group nuclear facilities in France and abroad, as observed through the program of inspections and analyses carried out by the nuclear safety inspectors and specialists.

Organization

In the fields of nuclear safety and radiation protection, the Safety, Health and Security department defines, leads and coordinates nuclear safety and radiation protection policy and programs within the group. It recommends and implements an annual nuclear facility inspection program. It also coordinates regulatory intelligence in the fields of nuclear safety and radiation protection and provides leadership for the network of related experts.

The Senior Vice President of Safety, Health and Security submits an annual inspection program to the Executive Board for approval. This program ensures that the Nuclear Safety Charter is implemented correctly and detects any signs of a potential deterioration in nuclear safety performance, with a view towards recommending necessary improvements to ensure they are completely controlled.

General Inspectorate and Nuclear Safety department

A General Inspectorate and Nuclear Safety department reporting to the Executive Board was created in 2001, headed by a General Inspector. Its mission is twofold:

- inspection: six inspectors with previous operating responsibilities monitor the facilities independently of the operator. They can ask that a facility be shut down. They report to the Executive Board;
- technical expertise: eight nuclear safety specialists coordinate a network of on-site experts regarding specific issues such as waste, fire hazards, radiation protection, etc.

4.3.1.7. SPECIAL COVERAGE RELATING TO NUCLEAR FACILITY OPERATIONS

International nuclear liability law is based on a series of principles that override general liability law. The operator of the nuclear facility that caused the damage is solely responsible. This is known as the liability channeling principle. Its liability is objective, i.e. no-fault, for which there are few exemptions. The operator of a nuclear facility is therefore required to compensate the victims for the bodily harm and property damage they have suffered. The operator is required to maintain a financial guarantee, which is generally insurance, to cover its liability at a capped amount.

This system is defined by international treaties, such as the Paris Convention on Third Party Liability in the Field of Nuclear Energy of July 29, 1960, as amended, and the Brussels Supplementary Convention of January 31, 1963, as amended. These conventions are transposed into the national law of the signatory countries (in France, law no. 68-943 of October 30, 1968, as amended; in Germany, the law of December 23, 1959, as amended). In the United States, the Price Anderson Act establishes a similar system, but is not founded on an international convention.

Every country in which the AREVA group operates nuclear facilities is subject to one of these legal constructions.

The principles of the conventions, which apply in the countries in which the AREVA group operates nuclear facilities, are described hereunder.

The Paris and Brussels Conventions

For purposes of information, France has set a maximum liability amount of 91.5 million euros per nuclear accident in a facility and 22.9 million euros per accident during transport. Funds must be

available to indemnify the victims. The operator must maintain an insurance policy or other financial guarantee approved by the State of the country having jurisdiction over the facility, in the maximum amount of the liability. Insurance is the most commonly used form of financial guarantee. However, the operator is not liable for damages caused by a nuclear accident if the accident is directly due to acts of armed conflict, hostilities, civil war, insurrection or a natural disaster of exceptional proportions.

The Brussels supplementary agreement

This agreement, which supplements the Paris convention, determines the contribution of the signatory states when damages exceed the nuclear operator's limitation of liability. The additional compensation from public funds must first come from the country in which the facility is located, and then from all the countries that ratified the Supplementary Convention.

For example, should an accident occur in a regulated nuclear facility in France, the French government would assume liability above 91.5 million euros and up to a limit of 228.6 million euros. Thereafter, the signatory states to the Brussels Supplementary Convention would assume collective liability for the amount above 228.6 million euros, up to a limit of 381.1 million euros.

Revisions to the Paris and Brussels Conventions

The protocols amending the Paris Convention and the Brussels Supplementary Convention were signed on February 12, 2004 by representatives of the signatory states. Yet these amended conventions are not yet in force, as the protocols must first be ratified by two thirds of the contracting parties and transposed into national law by each signatory state. In France, the law of July 5, 2006 approves the ratification of the protocols of February 12, 2004. The law of June 13, 2006 on transparency and security in the nuclear field includes provisions amending the law no. 68-943 of October 30, 1968.

The main amendments increase all three tiers of indemnity. Thus, the nuclear operator's liability would increase from 91.5 million euros to 700 million euros per nuclear accident in any given facility (70 million euros in a reduced-risk facility). The limit of liability during transportation would increase from 22.9 million euros to 80 million euros per accident.

The State in which the nuclear facility responsible for the damage is located would cover the 700 million euro to 1.2 billion euro tier. The other signatory states would cover the 1.2 billion euro to 1.5 billion euro tier. A mechanism to increase these limits would apply as new states ratify the conventions.

To prepare for these new requirements, the group partnered with other European operators to establish Elini (European Liability Insurance for the Nuclear Industry), a mutual insurance company that provides additional capacity in the insurance market.

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Price Anderson Act

In the United States, the Price Anderson Act (PAA) channels claims for indemnification towards the nuclear operators. Only facilities located in the United States regulated by the Nuclear Regulatory Commission (NRC) and facilities owned by the Department of Energy (DOE) are covered by the PAA. All other facilities are subject to ordinary law.

The nuclear operator bears financial responsibility for indemnifying the victims under the Price Anderson Act (liability channeling principle). Accordingly, two different types of situations may arise, depending on whether the party operates a facility regulated by the NRC or operates as a DOE contractor.

1. Facility regulated by the NRC: Only nuclear power plants with a nominal capacity of 100 MWe or more and certain research and test reactors are required to have financial protection. The PAA indemnification process provides access to up to 9.7 billion US dollars of protection under a two-tier system:

- the first tier corresponds to insurance (or similar financial protection) acquired by the nuclear power plant operator on the private nuclear insurance market for 300 million US dollars in coverage,
- the second tier corresponds to a guarantee fund managed by the NRC, which provides 95.8 million US dollars in coverage to each reactor on the operator's site if the first tier (300 million US dollars) is insufficient.

If the first two lines were to prove insufficient to cover third party damages, the US Congress would have to provide for additional indemnification.

Fuel fabrication plants and used fuel treatment facilities are not subject to the PAA system and have no legal obligation to acquire insurance. However, these facilities procure insurance on the market for the maximum amount allowed by the market at the time of the subscription;

2. DOE contractors: When DOE contractors are responsible for a nuclear accident, DOE indemnifies the victims up to the maximum legal limit per civilian nuclear power plant accident in the United States, i.e. 9.7 billion US dollars, without calling on the private insurance market. If a nuclear accident occurs outside the United States, in particular during transportation, indemnification is limited to 100 million US dollars and only covers accidents involving materials belonging to the US government.

Description of insurance acquired by the group

The oligopolistic position of insurers offering nuclear risk coverage translates into the relative stability of the premiums.

The group has acquired several insurance policies in France, Germany, Belgium and the United States to cover its regulated nuclear facilities in France and abroad, and its nuclear transportation operations. These special insurance policies comply with the conventions described above, including their liability limits.

The insurance policies are reinsured by the nuclear insurance pools of various countries, including Assuratome in France, DKV in Germany, Syban in Belgium and ANI in the United States.

Property and business interruption insurance for nuclear operations

Due to the nature of the potential damage to the facilities, this type of insurance is available only through the pools mentioned above or through specialized mutual insurance companies capable of providing the necessary coverage. The limits of coverage for this type of insurance are based on the estimated replacement value or on an estimate of the maximum possible loss (MPL). The coverage for some complex facilities can exceed 1 billion euros.

Mining operations and AREVA's US and Belgian sites are not covered by property and business interruption guarantees for the nuclear process and are covered by specific programs set up locally in agreement with AREVA's Risk and Insurance department.

4.3.2. CHEMICAL RISK

4.3.2.1. SEVESO RISK

The group operates 10 sites subject to Seveso regulations, which implement European directive 96/82/EC of December 9, 1996 on the control of major accident hazards involving dangerous substances, as amended. The regulations apply to facilities that may present a significant risk to public health and safety or to the environment. All of these facilities are located in France and Germany (Duisburg

and Lingen ANF). Five of them are subject to "high threshold" Seveso regulations, four of which are in France: AREVA NC's plant at Pierrelatte, Comurhex's Malvési and Pierrelatte sites, and Cezus's Jarrie site. The ANF Lingen site, which is both a nuclear facility and a high threshold Seveso site due to its storage of hydrofluoric acid (HF), must come into compliance with the European directive before the end of 2010.

Legal entity / Location	Detail of regulated operation	Threshold
AREVA NC Pierrelatte	Storage of 320 MT of HF	20 MT
Comurhex Malvési	Storage of 180 MT of HF	20 MT
Comurhex Pierrelatte	Storage of 310 MT of potassium bifluoride	20 MT
Comurhex Pierrelatte	Storage of 101 MT of HF	20 MT
Cezus Jarrie	Storage of 2,950 MT of substances hazardous to the environment	500 MT
Lingen	Storage of 35 MT of HF in solution	20 MT

In accordance with the regulatory requirements, these five sites have set up a plan to prevent major accidents and limit their impacts on individuals and the environment. A safety management system governing the organization, procedures, products and other resources was set up to improve risk management.

Similarly, hazards studies are updated on a regular basis. They are the foundation of the process to minimize risk from the outset, control urban development, establish emergency management plans and inform the public. Hazards studies must include an analysis of site-related risks in the event of deviation from operating parameters and must demonstrate measures to reduce the probability and impacts of an accident to the lowest achievable level based on current knowledge and practices, taking into account the vulnerability of the facility's environment. The administration generally requests clarifications and additional information concerning these studies, and reputable independent experts may occasionally be asked to give an opinion on all or part of a document.

As part of a continuous improvement process, the relevance, reliability and "stand-alone" quality of safety barriers are reviewed on a regular basis. This review applies to prevention barriers (intended to reduce the probability of an unscheduled event) and to protection barriers (intended to limit the consequences of an unscheduled event). Performance improvement indicators are regularly monitored to prevent deviations. In addition, AREVA kicked off a program at the end of 2004 to harmonize procedures throughout the group, capitalize on lessons learned and improve the dissemination of best practices.

With respect to insurance, AREVA NC, Comurhex and Cezus are covered by the civil liability program taken out by the AREVA group. The level of coverage is based on quantification of reasonably expected risk and guarantees available in the insurance market.

4.3.2.2. RISK RELATED TO IMPLEMENTATION OF PREACH REGULATIONS

On December 18, 2006, the European Parliament adopted the REACH regulation (Registration, Evaluation, Authorization and Restriction of Chemicals), EC no. 1907/2006. REACH establishes a new policy for managing chemical substances in the European Union, whether separate, in formulations or contained in products. The long-term objective is to find substitutes for substances that are of most concern for health and the environment.

The regulation will help improve knowledge on the properties of chemical substances and the risks associated with their use.

For example, the regulation requires an evaluation and recording of all chemical substances produced or imported in quantities of more than one metric ton per year. These evaluations will be used to acquire the knowledge necessary for suitable management of the risks associated with the use of each substance. The costs of the evaluations will be borne by the producers and importers. In addition, each user of a substance must ensure that its use is supported and that recommended risk management procedures are applied.

An approach to replacing the most hazardous substances must be documented and submitted to and validated by the European Chemicals Agency. A preliminary list of substances covered by this procedure was published in October 2008.

The REACH regulation came into force on June 1, 2007. It includes a detailed schedule for procedure implementation, including pre-registration, registration, authorization, etc.

Several steps were taken to manage the legal, financial and technical consequences of the REACH regulation and to ensure that all AREVA group entities are in compliance. In October 2006, an awareness program targeting the affected functions was deployed throughout the group and has continued since then. An in-house organization was set up consisting of a REACH steering committee at the corporate level (representatives of the departments of Safety, Health, Security, and Environment – which recruited a specialist in the REACH regulation in 2008 – Procurement, Legal and R&D), technical champions on the various issues raised by REACH, and a network of REACH coordinators in the business units and sites, which interface with each other via a shared online resource. This organization, officialized by a group procedure, implements and monitors the program in each legal entity.

AREVA is affected by this regulation as a producer and importer of substances used in certain operations, in particular in the Chemistry and Fuel business units, and more generally as a downstream user of substances and mixtures. It should be noted that the radioactive substances covered in the Euratom no. 96/29 directive are excluded from the scope of the REACH regulations. The group pre-registered all substances produced or imported in quantities of more than one metric ton. A call order agreement was signed with a service provider to help the group prepare the registration documents.

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4.3.3. OTHER ENVIRONMENTAL RISK

NATURAL DISASTERS PREVALENT IN CERTAIN REGIONS IN WHICH THE GROUP DOES BUSINESS COULD AFFECT ITS OPERATIONS AND FINANCIAL POSITION.

The location of some of the group's production sites in areas exposed to natural disasters, such as earthquakes or flooding, could weaken the group's production capacity.

OCCUPATIONAL DISEASE, IN PARTICULAR FROM EXPOSURE TO ASBESTOS OR RADIATION, CANNOT BE RULED OUT.

The group believes that it fundamentally complies with legal and regulatory provisions pertaining to health and safety in every country in which it operates and considers that it has taken measures designed to ensure the health and safety of its own personnel and subcontractor personnel (see Appendix 3, *Human resources report*,

Section 2. *Change in number of employees and human resources data*, and Section 4.2.1. *Nuclear risk*). However, by definition, the risk of occupational disease cannot be eliminated. Yet the occurrence of disease could result in legal action against the group or in claims for compensation, either from employees or former employees, or from buyers of the group's businesses, in the event that occupational disease as the result of a previous exposure should arise in employees prior to their transfer with the business. These actions could result in the payment of damages.

A limited number of claims for occupational disease due to asbestos exposure have been made against the group in France to date. In addition, about 10 claims have been filed against the group in France for gross negligence on the part of an employer in connection with such exposure. Three claims have also been filed against the group in France for gross negligence on the part of an employer in connection with radiation exposure.

→ 4.4. Operating risk

4.4.1. RISK OF INTERRUPTION IN THE SUPPLY CHAIN FOR PRODUCTS OR SERVICES

AN INDUSTRIAL BREAKDOWN, A WORK STOPPAGE OR AN INTERRUPTION OF THE SUPPLY CHAIN IN THE GROUP'S MANUFACTURING PLANTS OR AT A SUPPLIER'S LOCATION COULD DELAY OR STOP THE FLOW OF THE GROUP'S PRODUCTS OR SERVICES.

The group is exposed to the risk of an industrial breakdown or the disappearance of a supplier that can cause a break in the supply of products or services. This risk is heightened by the fact that the group's different plants, in any given business, are highly integrated and interdependent, and that some of the group's suppliers could have financial difficulties or might not be able to cope with demand while complying with the group's schedule and quality standards. A potential breakdown or stoppage of production in a plant or at a supplier's location, or an interruption of some shipments could affect all of the group's operations and be responsible for a break in supplies or in services.

Contracts between the group and its customers include a certain number of warranties that can trigger penalties for delays. These warranties could enter into play as a result of an industrial breakdown, work stoppage, or an interruption of the supply chain, whether at one of the group's industrial units or at one of its supplier's locations.

Although the group has implemented measures to limit the impact of a potential breakdown and has covered its exposure through business interruption insurance for its industrial units and selects its suppliers based on stringent criteria for quality and business soundness, it is nonetheless still possible that an industrial breakdown, a work stoppage or an interruption of the supply chain at the group's industrial units or at a supplier's location could have a significant negative impact on the group's financial position and on its ability to respond in optimum manner to customer demand.

4.4.2. RISK OF DEFAULT BY SUPPLIERS, SUBCONTRACTORS, PARTNERS AND CUSTOMERS

AREVA'S SUPPLIERS, SUBCONTRACTORS AND PARTNERS COULD ENCOUNTER FINANCIAL DIFFICULTIES CAUSED BY THE GLOBAL ECONOMIC CRISIS AND NO LONGER BE IN A POSITION TO PERFORM CONTRACTS CONCLUDED WITH THE GROUP.

The second half of 2008 saw the global economy turned upside down, sparked by uncertainty in the credit markets. This situation continued in 2009. Depending on the geographic area, this has had, and could continue to have, a negative impact on the group's suppliers, subcontractors, partners and customers, in particular as

regards their access to financing. It is not possible to predict the duration of this global crisis, or if the economic situation will continue to deteriorate before improving. Depending on the geographical area, a worsening of the current economic crisis could have a significant negative impact on the performance of AREVA's suppliers' and subcontractors' obligations towards the group. Although major infrastructure spending has been announced in connection with economic stimulus measures adopted by a certain number of countries, it is not possible to predict when those measures will be implemented or the extent of their impact.

4.4.3. RISK ASSOCIATED WITH DEPENDENCY ON THE GROUP'S CUSTOMERS

THE GROUP'S LOSS OF ONE ITS MAIN CUSTOMERS OR A REDUCTION IN THEIR PURCHASES, OR AN EROSION OF CONTRACT TERMS OR CONDITIONS, COULD HAVE A SIGNIFICANT NEGATIVE IMPACT ON THE GROUP'S OPERATIONS AND FINANCIAL POSITION.

The group has very substantial commercial relations with the EDF group. In 2009, EDF France represented about 25% of revenue in Nuclear and Renewables and about 16% of revenue including Transmission & Distribution. The group's 10 biggest customers, including the EDF group, represented about half of its revenue in

Nuclear and Renewables in 2009. The group is the leading supplier to the EDF group in the nuclear field, providing products and services at every stage in the nuclear fuel cycle as well as for the construction, equipping and maintenance of the EDF group's nuclear power generating resources. In the fuel cycle, the relationship between the EDF group and AREVA is governed by multiyear contracts.

Two of these contracts were recently renewed, the first in 2008 for enrichment services and the second in early 2010 for used fuel treatment. In its operating segments, these contracts give AREVA operating visibility that goes beyond 2020, with the regular signature of contracts covering significant periods of time

4.4.4. INFORMATION SYSTEM RISK

All industrial and commercial activities in the group rely on a complex and mission critical information system, which must be updated regularly to adapt to a constantly changing environment.

While it deploys resources necessary to ensure the security of its information systems and the fluidity of its management processes, the group cannot guarantee that these systems will not experience technical difficulties that could, in the case of a major incident, have a negative impact on the group's operations.

4.4.5. UNSCHEDULED WORK IN THE PRODUCTION OR SERVICE CHAIN

The group provides services and designs, manufactures and sells several products with a high unit value used in major projects, in particular the design and construction of nuclear reactors and heavy equipment, work to extend the plant lifecycle, and reactor maintenance. Occasionally, final adjustments may be required, products may need to be modified after manufacturing has begun or after customers have placed them in service, or services to be provided may have to be adapted. These adjustments, modifications and additional services could trigger unexpected costs for the group. Though the group has set up a rigorous management control system

and a system to control product and service quality and standards, these unanticipated expenses could have a significant negative impact on the group's business or financial position. When the group sells certain products, such as nuclear steam supply systems, or concludes service contracts, customers sometimes demand schedule or performance warranties, or penalties for not meeting them. Pursuant to such commitments, the group may have to repair products delivered or correct services provided in the event of faulty design or performance. The risk is significantly increased if the repairs or services concern a standardized series of products.

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4.4.6. SUPPLIER CONCENTRATION IN THE PROCUREMENT CHAIN

A DECREASE IN THE SUPPLY OF CERTAIN STRATEGIC COMPONENTS OR AN INCREASE IN THE COST OF ELECTRICITY COULD HAVE A NEGATIVE IMPACT ON THE GROUP'S PRODUCTION COSTS.

The group's operations require large supplies of specific commodities and semi-finished products, including base products, zircon ore and others. Some operations also use large quantities of electricity.

For instance, electricity represents approximately 60% of the cost of enrichment by gaseous diffusion. That electricity is supplied in large part by the group's largest customer at this time, the EDF group, either

to cover its own requirements for the enrichment services the group provides to that customer (see Section 6.3.1.3.3. *Manufacturing and human resources*), or in connection with the electricity supply contract for enrichment services that the group exports.

The group's large requirement for commodities and semi-finished products is such that the group could experience procurement difficulties, given the limited number of suppliers.

For all of these operations, a shortage of commodities or semi-finished products could translate into a production slowdown or even, in certain circumstances, in shutdown.

→ 4.5. Risk related to major projects

4.5.1. NEW REACTOR CONSTRUCTION CONTRACTS

AS FOR ANY NEW PROJECT, THE CONSTRUCTION OF A NEW REACTOR MODEL INVOLVES RISKS RELATING TO ITS TECHNICAL IMPLEMENTATION, THE MANUFACTURE OF NEW COMPONENTS, AND STARTUP SCHEDULE COMPLIANCE.

Such risk could have a short-term negative impact on the group's operations and financial position.

Events related to the construction of the Olkiluoto 3 EPR™ power plant (OL3) illustrate this risk. The provision for losses to completion recognized by the group was supplemented in the first half of 2009 to take into account the consequences of new cost estimates and a revised assessment of risk resulting from the contract performance conditions.

For more information on the OL3 project, see Appendix 20.2 and Section 20.7. *Legal and arbitration proceedings*.

4.5.2. AREVA INDUSTRIAL PROJECTS

THE GROUP CANNOT ENSURE THAT INDUSTRIAL PROJECTS SUCH AS GEORGES BESSE II, COMURHEX II OR THE MINING PROJECTS CAN BE IMPLEMENTED WITHIN THE PROPOSED BUDGETS AND SCHEDULES, AND CONSISTENT WITH THE OPERATING REQUIREMENTS OF THE SITES INVOLVED.

As for any new project, the development of new mining or industrial capacities involves risks relating to its technical implementation and to start-up schedule compliance.

The group cannot guarantee that the product of mining or industrial projects will enable it to cover its operating, depreciation and

amortization expenses or give the expected return on investment, particular if the competitive situation in the target market changes.

Similarly, in the case of transitions between two industrial plants, such as Georges Besse and Georges Besse II, or Comurhex and Comurhex II, the group cannot guarantee that facility shutdown and start-up schedules will be optimized to minimize the financial and social impacts.

Such risk could have a negative impact on the group's operations and financial position.

→ 4.6. Liquidity and market risk

The group has an organization dedicated to implementing market risk management policies approved by the Executive Committee for centralized management of its exposure to foreign exchange, commodity, rate and liquidity risks (see Section 4.7. *Liquidity risk*).

In the Finance department, the department of Financial Operations and Treasury Management (DOFT) makes transactions on financial markets and acts as a central desk that provides services and manages the group's financial exposure. This department is organized with a front, middle and back office, ensuring the separation of functions, and has access to all the human, technical, and information system resources necessary to accomplish its mission. Transactions handled by DOFT cover foreign exchange and commodities trading, interest rates, centralized cash management, internal and external financing, borrowings and investments, and asset management.

4.6.1. LIQUIDITY RISK

The group's Department of Financial Operations is in charge of liquidity. The group's Department of Treasury Management is in charge of liquidity risk management and provides the subsidiaries with appropriate long-term and short-term financing resources.

Cash management optimization is based on a centralized system to provide liquidity and manage the cash surpluses of the subsidiaries, regardless of AREVA's equity stake. Management is provided by the group's Department of Treasury Management, chiefly through cash pooling agreements and intercompany loans, subject to local regulations. The group's consolidated cash surpluses are managed to optimize financial returns while ensuring that the financial instruments used are liquid.

Borrowings are centralized by the Department of Treasury Management to optimize borrowing costs and facilitate access to the banking system.

To report on financial risk and exposure limits, DOFT prepares a monthly report presenting the group's positions and the performance of its financial transactions. This report is submitted once a month to the Treasury Management Committee, which is composed of the group's CFO, the financial directors of the main subsidiaries, and the Legal and Treasury Management departments. The reporting system also includes weekly reports submitted to the group's CFO, including a valuation of all positions and their market value. Together, these reports and reviews are used to monitor the group's counterparty risk.

For more information, please refer to Section 20.2. *Notes to the consolidated financial statements for the year ended December 31, 2009*, Note 31.

The group set up two confirmed syndicated lines of credit in 2007:

- a seven-year syndicated credit facility for a total amount of two billion euros, which may be drawn in euros or in US dollars. This credit facility represents a significant liquidity reserve;
- a three-year syndicated loan for a total of 2.5 billion US dollars, including 600 million US dollars repaid in November 2008, to finance the acquisition of UraMin Inc. (now AREVA Resources Southern Africa). It was fully drawn at the end of December 2009.

In 2008, the group set up:

- a commercial paper program for two billion euros rated A1 by Standard & Poor's. The commercial paper program strengthens the group's financial flexibility and offers a competitive alternative to bank financing.
- a seven-year line of credit opened with the European Investment Bank (EIB) for 400 million euros, 200 million euros of which had been drawn as of the end of 2008.

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In 2009, the group:

- drew an additional 200 million euros from the European Investment Bank (EIB) for seven years;
- established a Euro Medium-Term Note program (EMTN) for 5 billion euros; the group's Standard & Poor's rating (A) was published at the same time. Three billion euros were drawn in the second half in three different bond issues:
 - 1.25 billion euros for 7 years (maturing on September 23, 2016) at 3.875%
 - 0.750 billion euros for 10 years (maturing on November 06, 2019) at 4.375%
 - 1 billion euros for 15 years (maturing on September 23, 2024) at 4.875%

This reorganization of long-term debt allowed the group to reduce its use of short-term credit and to replenish the liquidity capacity afforded by the back-up line of credit, the commercial paper program

and bilateral lines of credit in the total amount of 3 billion euros at the end of 2009.

External financing arrangements are not subject to covenants. However, certain loan agreements include change of control clauses stipulating that the group should maintain control over the AREVA subsidiary that concluded the agreement, or that the French State should maintain control over AREVA. The concept of control is understood either under the meaning of article L. 233-3 of the French Commercial Code or in relation to the percentage of share capital ownership, which should remain higher than 51%. Under certain circumstances, the debt may become due immediately if AREVA ceases to control the subsidiary, or if the French State ceases to control AREVA.

For more information, please refer to Section 20.2. *Notes to the consolidated financial statements for the year ended December 31, 2009*, Note 31.

4.6.2. FOREIGN EXCHANGE RISK

THE DROP IN VALUE OF THE US DOLLAR AGAINST THE EURO MAY AFFECT THE GROUP'S INCOME IN THE MEDIUM TERM.

In view of the geographic diversity of its locations and operations, the group is exposed to fluctuations in exchange rates, particularly the dollar-euro exchange rate. The volatility of exchange rates may impact the group's currency translation adjustments, equity and income.

Currency translation risk: The group is exposed to the risk of translation into euros of financial statements of subsidiaries using a local currency. Only dividends expected from subsidiaries for the following year are hedged as soon as the amount is known.

The value of the euro in relation to the US dollar increased by an average of 5% in 2009 compared with 2008. In 2009, the impact of foreign exchange variations on the group's operating income was a gain of 4 million euros, compared with a loss of 3 million euros in 2008.

Balance sheet risk: The group finances its subsidiaries in their accounting currencies to minimize the balance sheet foreign exchange risk from financial assets and liabilities. Loans and advances granted to subsidiaries by the department of Treasury Management, which centralizes financing, are then systematically converted into euros through currency swaps.

To limit the currency risk for long-term investments generating future cash flows in foreign currencies, the group uses a liability in the same currency to offset the asset. Thus, the external loan in the amount of 1.9 billion US dollars taken out in 2007 for 2.5 billion to acquire UraMin Inc., now called AREVA Resources Southern Africa, was qualified as a net investment hedge according to IFRS criteria.

Trade exposure: The principal foreign exchange exposure concerns fluctuations in the euro-US dollar exchange rate. As a uranium producer in Canada, the group is also exposed to fluctuations in the

Canadian dollar against the US dollar, in which uranium prices are denominated. Exposure to other currencies (pound sterling, Swiss franc, yen and South American and Middle Eastern currencies) is of secondary importance.

The group's policy, which was approved by the Executive Committee, is to hedge all foreign exchange risk generated by sales transactions, whether certain or potential (during the proposals) so as to minimize the impact of exchange rate fluctuations on consolidated net income.

The AREVA group acquires derivatives (principally currency futures) or special insurance contracts issued by Coface to hedge its foreign exchange exposure from trade, including accounts receivable and payable, confirmed off-balance sheet commitments (orders received from customers or placed with suppliers), highly probable future cash flows (budgeted sales or purchases, anticipated margins on contracts) and proposals made in foreign currencies. These hedges are backed by underlying transactions for identical amounts and maturities and, generally, are documented and eligible for hedge accounting (except for hedges of proposals submitted in foreign currencies).

As provided by group policies, each operating entity responsible for identifying foreign exchange risk must hedge exposure to currencies other than its own accounting currency by initiating a transaction exclusively with the group's Treasury Management department, except as otherwise required by specific circumstances or regulations. The Department of Financial Operations and Treasury Management (DOFT) centralizes the currency risk for the entities and hedges its position directly with banking counterparties. A system of strict limits, particularly concerning results, marked to market, and foreign exchange positions that may be taken by the trading desk, is monitored daily by specialized teams that are also charged with valuation of the transactions. In addition, analyses of sensitivity to changes in exchange rates are periodically performed.

The main factors that may influence the group's exposure to currency risk are discussed below, by division.

- Front End division: This division's facilities are located around the globe and its operations are denominated primarily in US dollars, which is the world reference currency for the price of natural uranium and for conversion and enrichment services. As a result, the division has significant exposure to the risk of the US dollar's depreciation against the euro and, to a lesser extent, against the Canadian dollar. This exposure, consisting mainly of multiyear contracts, is hedged globally to take advantage of the automatic hedges resulting from the purchase of materials. As medium- to long-term exposure is involved, the amount of the hedge is set up according to a gradual scale for a duration based on the likelihood of the risk, generally not to exceed three years;

- Reactors & Services division: Specific insurance coverage is usually acquired or forward currency transactions are concluded to hedge the risk associated with sales of heavy components (steam generators, reactor vessel heads) that may be invoiced in US dollars while production costs are incurred in euros;
- Back End division: This division's exposure to foreign exchange risk is minimal. Most sales outside the euro zone are denominated in euros;

Considering the various factors described above, a further decrease in the US dollar's value could have a negative impact on the group's operating income and consolidated net income over the medium term.

For additional information, including a sensitivity analysis, see Section 20.2. *Notes to the consolidated financial statements for the year ended December 31, 2009, Note 31. Market risk management.*

4.6.3. INTEREST RATE RISK

THE GROUP IS EXPOSED TO THE FLUCTUATIONS OF INTEREST RATES ON ITS EXTERNAL FLOATING RATE BORROWINGS AND, TO A LESSER EXTENT, ON ITS FINANCIAL INVESTMENTS.

The group uses several types of derivative instruments, as required by market conditions, to allocate its borrowings between fixed rates and floating rates and to manage its investment portfolio, with the goal being mainly to reduce its borrowing costs while optimizing the management of its cash surpluses.

At December 31, 2009, the interest rate swaps used were primarily rate swaps to adjust exposure to fixed and floating rates (see Section 20.2. *Notes to the consolidated financial statements for the year ended December 31, 2009, Note 31. Market risk management.*)

AREVA SA's borrowings are denominated in euros (65%), US dollars (31%) and Canadian dollars (4%).

The group's policy is to maintain variable rates for the majority of its borrowings, while keeping the option of converting up to 50% of the total amount of its debt to fixed rates, when they are deemed low based on historical data.

As a result, 60% of the group's borrowings after hedging (excluding Siemens' put) were at floating rates at year end 2009, and 40% at fixed rates.

The group's rate management policy, approved by the Executive Committee, is supplemented by a system of specific limits for asset management and the management of rate risk on borrowings. The system is customized based on the type of instrument (debt or assets). In particular, it defines authorized limits in terms of portfolio sensitivity, authorized derivatives for managing financial risk, and the subsequent positions that may be taken. Performance objectives indexed to benchmarks are regularly monitored and verified, and the data is documented in the monthly report prepared by the Department of Treasury Management.

The following table summarizes the group's net rate risk exposure at the end of 2009, before and after rate management transactions.

Based on the group's exposure at year end 2009, it is estimated that a 1% increase or decrease in interest rates would have an impact on full-year borrowing costs, and thus on the group's consolidated income, of 38 million euros. That impact was -27 million euros at year end 2008.

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RISK

Liquidity and market risk

MATURITIES OF FINANCIAL ASSETS AND BORROWINGS AT DECEMBER 31, 2009

<i>(in millions of euros)</i>	Less than 1 year	1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 years	More than 5 years	Total
Plan assets	1,494	0	0	0	0	54	1,548
<i>including fixed rate assets</i>	0	0	0	0	0	0	0
<i>including floating rate assets</i>	1,487	0	0	0	0	54	1,540
<i>including non-interest-bearing assets</i>	8	0	0	0	0	0	8
Borrowings	(1,869)	(255)	(2,142)	(7)	(4)	(3,464)	(7,741)
<i>including fixed rate borrowings</i>	(337)	(8)	(60)	(6)	(3)	(3,063)	(3,478)
<i>including floating rate borrowings</i>	(1,437)	(230)	(2,049)	(1)	(1)	(400)	(4,118)
<i>including non-interest-bearing borrowings</i>	(94)	(17)	(33)	0	0	(1)	(145)
Net exposure before hedging	(375)	(255)	(2,142)	(7)	(4)	(3,410)	(6,193)
<i>share exposed to fixed rates</i>	(338)	(8)	(60)	(6)	(3)	(3,063)	(3,478)
<i>share exposed to floating rates</i>	49	(230)	(2,049)	(1)	(1)	(346)	(2,577)
<i>non-interest-bearing share</i>	(87)	(17)	(33)	0	0	(1)	(138)
Off-balance sheet hedging	0	0	0	0	0	0	0
<i>on borrowings: fixed rate swaps</i>	(228)	0	0	0	0	1,461	1,233
<i>on borrowings: floating rate swaps</i>	228	0	0	0	0	(1,461)	(1,233)
Exposure after hedging	(375)	(255)	(2,142)	(7)	(4)	(3,410)	(6,193)
<i>share exposed to fixed rates</i>	(566)	(8)	(60)	(6)	(3)	(1,602)	(2,244)
<i>share exposed to floating rates</i>	277	(230)	(2,049)	(1)	(1)	(1,807)	(3,811)
<i>non-interest-bearing share</i>	(87)	(17)	(33)	0	0	(1)	(138)

4.6.4. RISK ON EQUITY**THE GROUP HOLDS PUBLICLY TRADED SHARES IN A SIGNIFICANT AMOUNT AND IS ALSO EXPOSED TO CHANGES IN THE FINANCIAL MARKETS.**

Publicly traded shares held by the AREVA group are exposed to the volatility inherent in equity markets.

As of December 31, 2009, these holdings were of three types:

- investments in associates: These are primarily STMicroelectronics and Eramet (see Section 20.2. *Notes to the consolidated financial statements for the year ended December 31, 2009*, Note 14, *Investments in associates*);
- equities held in the portfolio of financial assets earmarked for future end-of-life-cycle operations (see Section 20.2. *Notes to the consolidated financial statements for the year ended December 31, 2009*, Note 13, *End-of-life-cycle operations*);
- other long-term investments: this mainly concerns AREVA's 7.38% interest in Safran and interests in other publicly traded companies, including Alcatel (see Section 20.2. *Notes to the consolidated financial statements for the year ended December 31, 2009*, Note 15, *Other non-current financial assets*).

All shares in Total and GDF Suez were sold on the market in 2009.

<i>(in millions of euros)</i>	Market value December 31, 2009	Impact +/- 10%
Investments in publicly traded associates		
STMicroelectronics	638	+/- 64
Eramet	1,492	+/- 149
Available-for-sale securities in the portfolio earmarked for end-of-life-cycle operations	1,410	+/- 141
Other available-for-sale securities	626	+/- 63

The risk of a decrease in the price of shares of associates and other non-current financial assets is not specifically hedged.

The risk on shares held in the portfolio of assets earmarked to fund end-of-life-cycle operations is an integral component of AREVA's asset management program, which includes equities to increase long-term

returns as part of a program to allocate assets between bonds and equities (see Section 20.2. *Notes to the consolidated financial statements for the year ended December 31, 2009*, Note 13, Note 14, *Investments in associates*, and Note 15).

4.6.5. COMMODITY RISK

The group is exposed to long-term and short-term changes in the prices of commodities used in its production processes, either as a result of the procurement of finished products or, more directly, when buying commodities pegged to the trading price on a commodity market.

Aside from energy, commodities that may have a significant impact on the group's production costs primarily include copper and nickel; aluminum and silver play a lesser role. Most of the group's exposure is concentrated in the Reactors & Services division.

Each division implements policies to manage exposure to commodity risks which aim to limit the impact of price changes on consolidated net income by identifying and neutralizing the risk as soon as possible, in some instances as early as the proposal phase.

Hedges may be initiated based on a global budget with graduated coverage as a function of the highly probable nature of the exposure, or based on long-term contracts after a specific analysis of the commodities risk.

As for currency exposure, commodity risk management is initiated by the operating entities and centralized with the group's Department of Treasury Management using derivatives, including options and firm contracts (forwards and swaps). The Department of Treasury Management hedges the group entities' position with market counterparties without taking any speculative position. However, the risk on uranium reserves discussed in Section 4.8.5 is not hedged with derivatives put in place by the group's Department of Treasury Management.

The majority of commodity hedges are eligible for accounting as cash flow hedges. Accordingly, any change in the value of derivatives impacts the group's equity.

For additional information, including a sensitivity analysis, see Section 20.2. *Notes to the consolidated financial statements for the year ended December 31, 2009*, Note 31, *Market risk management*.

4.6.6. COUNTERPARTY RISK RELATED TO THE USE OF DERIVATIVES

THE GROUP IS EXPOSED TO THE CREDIT RISK OF COUNTERPARTIES LINKED TO ITS USE OF FINANCIAL DERIVATIVES TO COVER ITS RISKS.

The group uses different types of financial instruments to manage its exposure to foreign exchange and interest rate risks, and its exposure to risks on commodities and publicly traded equities. The group primarily uses forward buy/sell currency and commodity contracts and rate derivative products such as swaps, futures or options to cover these types of risk. These transactions involve exposure to counterparty risk when the contracts are concluded over the counter.

To minimize this risk, the group's cash management department deals only with diversified, top quality counterparties rated A1/P1 or higher in the Standard & Poor's and Moody's rating systems for short-

term maturities or A/A2 for long-term maturities. A legal framework agreement is always signed with the counterparties.

The limits allowed for each counterparty are determined based on its rating and the type and maturity of the instruments traded. Assuming the rating of the counterparty is not downgraded earlier, the limits are reviewed at least once a year and approved by the group's Chief Financial Officer. The limits are verified in a specific report produced by the internal control team of the department of Treasury Management. During periods of significant financial instability that may involve an increased risk of bank default, which may be underestimated by ratings agencies, the group monitors advanced indicators as necessary, such as the value of the credit default swaps (CDS) of the eligible counterparties, to determine if limits should be adjusted.

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4.6.7. URANIUM RISK

4.6.7.1. URANIUM RESERVES

Uranium reserves indicated by the group are estimates and there is no guarantee that mining operations will produce the same results.

The group's uranium reserves and resources are based on estimates developed by the group using geological and economic assumptions. The group could modify these estimates to reflect a change in evaluation methods or geological assumptions, and/or a change in economic conditions (see Section 6.4.1.1. *Resources, reserves and production sites*).

It is not possible to guarantee that the projected quantities of uranium will be produced or that the group will receive the expected price for these minerals in accordance with contract terms agreed upon with the customers.

There is no assurance that other resources will be available. Moreover, uranium price fluctuations, production cost increases and declining mining and milling recovery rates can affect the profitability of reserves and require their adjustment.

4.6.7.2. PRICE VOLATILITY

The volatility of uranium, uranium conversion and uranium enrichment prices could have a significant negative impact on the financial position of the group's mining operations.

Although the group operates mostly as a provider of processing services for uranium, of which the customers are generally "owners", it remains exposed to price risk for uranium in its mining operations and to price risk for uranium conversion and enrichment services. Natural uranium and conversion and enrichment prices have fluctuated in the past. Price levels depend on factors that are beyond the group's control, including demand for nuclear power; economic and political conditions in countries that produce or consume uranium, including Canada, some African countries, the United States, Russia and other CIS republics, and Australia; nuclear materials and used fuel treatment; and sales of surplus civilian and defense inventories (including materials from surplus nuclear weapons).

If the prices of various materials and services, including natural uranium and conversion and enrichment services, were to remain below production costs over a prolonged period, this could have a negative impact on the group's mining operations and uranium conversion and enrichment operations.

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→ **4.7. Other risk**

4.7.1. POLITICAL AND ECONOMIC CONDITIONS

SOME OF THE GROUP'S OPERATIONS ARE SENSITIVE TO POLICY DECISIONS IN CERTAIN COUNTRIES, ESPECIALLY AS REGARDS ENERGY.

The risk of energy policy changes cannot be ruled out in certain countries, influenced in particular by pressure groups or as an aftermath to events that give the nuclear industry a negative public image (incidents or accidents, violations of non-proliferation rules, diplomatic tensions), and could have a significant negative impact on the group's financial position. For example, Belgium adopted laws in 2003 to phase out nuclear power, with nuclear power generation slated to end in 2025. Other countries are discussing the future of their nuclear power programs. Although recent developments have generally been positive, if other countries were to adopt legislation similar to that of Belgium, that could have a significant negative impact on the group's operations over the long term.

The group also operates in countries, such as France, where a policy decision could delay or at least have a negative impact on some of its projects.

POLITICAL RISK SPECIFIC TO CERTAIN COUNTRIES IN WHICH THE GROUP DOES BUSINESS COULD AFFECT ITS OPERATIONS AND THEIR FINANCIAL EQUILIBRIUM.

AREVA is an international group with energy operations around the globe, including countries with varying degrees of political instability. Some of the group's mining operations, for example, are located in countries where political change could affect those operations. Political instability can lead to civil unrest, expropriation, nationalization, changes in legal or tax system, monetary restrictions,

and renegotiation or cancellation of ongoing contracts, leases, mining permits and other agreements.

THE GROUP CONDUCTS OPERATIONS ON INTERNATIONAL MARKETS SUBJECT TO STRONG COMPETITIVE PRESSURES THAT COULD LEAD TO A CONSEQUENTIAL DROP IN DEMAND FOR THE GROUP'S PRODUCTS AND SERVICES.

The group's products and services are sold on international markets characterized by intense competition on price, financial terms, product/service quality and the capacity for innovation. In some of its businesses, the group has powerful competitors that are larger than the group or have access to more resources. Moreover, these competitors may sometimes make decisions that are influenced by extraneous considerations other than profitability or have access to financing at advantageous terms.

Moreover, competitive pressures increased as a result of the deregulation of the electricity market, which opened the door to new competitors for the group's main customers and in particular resulted in increased price volatility. Deregulation may lead to changes in prices for electricity and for products and services related to the generation, transmission and distribution of electricity and/or to lower investment in the nuclear power sector.

Nuclear power and renewable energies are also competing with other energy sources, whether fossil fuels – particularly oil, natural gas, and coal – or hydropower, biomass, solar power and wind power. These energy sources could become more attractive and cause demand for nuclear-generated electricity to drop.

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4.7.2. RISKS RELATED TO THE GROUP'S STRUCTURE

THE GROUP CANNOT ENSURE THAT ITS STRATEGIC ALLIANCES, RESTRUCTURING OR REORGANIZATION, MERGERS AND ACQUISITIONS, ASSET DISPOSALS AND CONSOLIDATION WILL BE PERFORMED AS INITIALLY CONTEMPLATED OR THAT THESE OPERATIONS WILL GENERATE THE ANTICIPATED SYNERGIES AND COST REDUCTIONS.

The conclusion of certain asset disposal transactions may depend on conditions precedent over which in some cases AREVA has no control, such as approval by competition authorities of various countries or opinions issued by certain bodies representing the group's employees. A lack of approval, or a delay in this regard, could result in the termination of these transactions and thus have a material impact on the group's anticipated financial position and performance.

The group was or is involved in a variety of acquisitions, strategic alliances and joint ventures with partners. Although the group believes that its acquisitions, strategic alliances and joint ventures will be beneficial, a certain level of risk is inherent in these transactions, particularly the risk of overvalued acquisitions; insufficient vendor warranties; underestimated operating costs and other costs; disagreements with partners (particularly in joint ventures); potential integration difficulties with personnel, operations, technologies or products; lack of performance on initial objectives; or third-party challenges to these strategic alliances or mergers and acquisitions, based on their impact on those parties' competitive positions.

In addition, minority shareholders in certain AREVA subsidiaries, such as Eurodif or AREVA TA (see Section 25.2.2. *Main shareholders' agreements concerning AREVA's equity interests*), could restrict the group's decision-making ability.

THE FRENCH STATE HOLDS THE MAJORITY OF AREVA'S SHARE CAPITAL AND VOTING RIGHTS, DIRECTLY OR INDIRECTLY. LIKE ANY MAJORITY SHAREHOLDER, IT HAS THE POWER TO CONTROL AREVA'S STRATEGY AND TO MAKE MOST OF THE DECISIONS IN ANNUAL GENERAL MEETINGS OF SHAREHOLDERS.

The French State holds, directly or indirectly, more than 90% of AREVA's issued shares and more than 94% of its voting rights. Like any majority shareholder, the French State thus has the power to make most of the decisions falling under the purview of the Annual General Meetings of Shareholders, including decisions regarding elections of members of the Supervisory Board and decisions regarding dividend distributions (see Section 16.2. *Functioning of the Supervisory Board of AREVA*). In addition, the legal requirement that the French State retain a majority interest could limit AREVA's access to capital markets or its ability to undertake transactions for external growth.

4.7.3. HUMAN RESOURCES RISK

THE GROUP MIGHT NOT BE ABLE TO FIND THE NECESSARY EXPERTISE TO CARRY OUT ITS OPERATIONS.

In some fields, the group has to turn to outside experts when it does not have expertise internally for the successful conclusion of its projects. The group cannot guarantee that it will find the necessary skills for the successful performance of some operations, which could have a significant negative impact on those operations and on the group's financial position.

The group has initiated a program to strengthen and renew its skills base, and has undertaken a significant recruitment program.

In conjunction with this, it must train new recruits, particularly by transferring experience and skills from more experienced to new employees.

The group cannot guarantee the success of this groundwork, nor that it will be able to hire the human resources necessary for its development in a timely or cost effective manner.

In connection with the group's development, reorganizations or restructuring, potentially accompanied by labor protests, could disrupt the group's operations and impact its financial position.

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→ 5.1. History and development of the issuer

5.1.1. LEGAL AND COMMERCIAL NAME OF THE ISSUER

The legal name of the company is AREVA.

This change was approved by the French decree of July 27, 2007.

5.1.2. PLACE OF REGISTRATION OF THE ISSUER AND ITS REGISTRATION NUMBER

AREVA is registered at the Business Registry of Paris under number 712 054 923.

Business code (APE): 741J (Company management).

Business registration number (Siret): 712 054 923 000 40.

5.1.3. DATE OF INCORPORATION AND LENGTH OF LIFE OF THE ISSUER

The French decree no. 83-1116 of December 21, 1983 establishes the *Société des Participations du Commissariat à l'Énergie Atomique*.

AREVA was registered to do business in France on November 12, 1971. Its term expires 99 years from the date of its registration, unless extended or the company is dissolved beforehand.

INFORMATION ABOUT THE ISSUER

History and development of the issuer

5.1.4. ADDITIONAL INFORMATION

CORPORATE STRUCTURE OF AREVA AND APPLICABLE LEGISLATION

AREVA is a *Société anonyme à Directoire et Conseil de Surveillance* (business corporation with an Executive Board and a Supervisory Board) governed by Book II of the French Commercial Code, by French decree no. 67-236 of March 23, 1967 on business corporations, amended, and by French decree no. 83-1116 of December 21, 1983, amended.

5.1.5. IMPORTANT EVENTS IN THE DEVELOPMENT OF THE ISSUER'S BUSINESS

Two major nuclear energy industry companies majority-held directly and indirectly by CEA-Industrie – AREVA's former name – were combined to form the AREVA group on September 3, 2001:

- Cogema (Compagnie Générale des Matières Nucléaires), established in 1976 to acquire the majority of CEA's former production department operations: mining, uranium enrichment and used fuel treatment;
- Framatome, established in 1958, one of the world's leading companies in the design and construction of nuclear power plants, in nuclear fuel and in the supply of services relating to those activities. In 2001, Framatome established Framatome ANP as a joint company of Framatome (66%) and Siemens (34%), thus merging the nuclear operations of those two groups.

The purpose of AREVA's establishment was to create an industrial group with a world leadership position in its businesses and to streamline its organization, giving the group:

- complete coverage of every aspect of the nuclear business and a unified strategy with respect to major customers;
- an expanded customer base for all of the group's nuclear products and services;
- better cost control by pooling the purchasing function and some overhead costs; and
- optimized financial resource management.

This restructuring was carried out through mergers and contributions. AREVA was thus formed from the corporate structure of CEA-Industrie. It kept the Euronext Paris SA listing of 4% of its share capital in the form of investment certificates.

REGISTERED OFFICE

The registered office is located at 33, rue La Fayette, 75009 Paris, France. Phone number: +33 (0)1 34 96 00 00.

MILESTONES SINCE AREVA'S ESTABLISHMENT IN 2001

2002

January 31, 2002: Acquisition of Duke Engineering & Services, a nuclear engineering and services company based in the United States.

2003

April 30, 2003: To streamline its operations, the Connectors division sells its Military Aerospace Industrial (MAI) business.

November 24, 2003: AREVA signs an agreement with URENCO that subsequently gave AREVA access to the world's most efficient uranium enrichment technology: gas centrifugation.

2004

Acquisition of the Transmission & Distribution division from the Alstom group on January 9, 2004. The European Commission and other relevant competition authorities approve the transaction.

April 28, 2004: AREVA acquires control of Katco in Kazakhstan (uranium ore mining).

2005

March 8, 2005: Frédéric Lemoine replaces Philippe Pontet as Chairman of the AREVA Supervisory Board.

September 15, 2005: AREVA and Constellation Energy establish UniStar Nuclear as a joint company to market the next-generation EPR™ reactor in the United States.

September 27, 2005: AREVA acquires a 21.1% equity interest in REpower, a German wind turbine manufacturer.

November 3, 2005: sale of the connectors subsidiary, FCI.

2006

March 1, 2006: All of the group's first-tier subsidiaries adopt the AREVA name as part of their trade names. Cogema's trade name is now AREVA NC, Framatome ANP is now AREVA NP, and Technicatome is AREVA TA. AREVA is now the sole brand for all communication activities.

May 2, 2006: The Annual General Meeting of Shareholders renews the composition of the Supervisory Board. Frédéric Lemoine's term as Chairman of the Supervisory Board is renewed for five years. The Supervisory Board renews the term of Mrs. Anne Lauvergeon as Chief Executive Officer and the terms of Messrs. Gérald Arbola, Didier Benedetti and Vincent Maurel as members of the Executive Board.

July 3, 2006: AREVA acquires a 50% interest in the Enrichment Technology Company (ETC) from URENCO. ETC develops, designs and manufactures uranium enrichment equipment.

September 8, 2006: AREVA NP and France Essor sign an agreement to finalize AREVA's acquisition of Sfarsteel, one of the world's largest producers of very large forgings located in the Creusot area of Burgundy, France.

October 5, 2006: The group creates a new business unit dedicated to renewable energies.

2007

March 22, 2007: The Supervisory Board appoints Luc Oursel to the Executive Board to replace Vincent Maurel.

May 24, 2007: Following AREVA's decision not to outbid Suzlon for the takeover of REpower, the two groups entered into a cooperative agreement under which AREVA maintains its interest in REpower and has a guaranteed share price in the event that it decides to withdraw from REpower.

August 20, 2007: acquisition of all of the share capital of UraMin, Inc., a Canadian uranium mining company, which was renamed AREVA Resources Southern Africa (ARSA).

September 3, 2007: AREVA and MHI announce the establishment of the ATMEA joint venture to develop a medium capacity reactor.

September 17, 2007: AREVA acquires 51% of Multibrid, a wind turbine designer and manufacturer based in Germany which specializes in high output offshore turbines.

2008

January 17, 2008: AREVA announced the acquisition of 70% of Koblitz, a Brazilian supplier of integrated solutions for power generation and cogeneration (heat and electricity) from renewable sources. The company founder, Luiz Otavio Koblitz, and top executives will keep 30% of the share capital.

March 20, 2008: SGN, a subsidiary of AREVA, and Technip created a joint venture called TSU Projects to bolster the engineering teams specialized in the management of major mining projects. In particular,

the group plans to step up the Imouraren project in Niger and the Trekkopje project in Namibia.

April 3, 2008: AREVA strengthened its presence in the United Kingdom with the acquisition of the British firm RM Consultants, which specializes in risk management and nuclear safety.

June 3, 2008: AREVA and SUEZ sealed an agreement by which SUEZ acquires a 5% share in SET, the company in charge of the Georges Besse II enrichment plant.

June 5, 2008: AREVA sold its 29.95% interest in the wind turbine manufacturer REpower to Suzlon. The value creation from this transaction was more than 350 million euros.

September 25, 2008: AREVA and Duke Energy announced the establishment of a joint company called ADAGE™, which will develop biomass power plants in the United States. AREVA will design and build the plants, which will be operated by Duke.

October 23, 2008: AREVA and Northrop Grumman Shipbuilding announced the establishment of a joint venture to build and operate a heavy component manufacturing plant in the United States.

November 4, 2008: AREVA and Japan Steel Works (JSW) signed an agreement securing AREVA's supply chain for large forgings through 2016 and beyond. Large forgings are vital to nuclear equipment supply. The group also announced the purchase of a 1.3% equity interest in JSW, in agreement with JSW's management.

2009

January 5, 2009: the operating permit was granted for the Imouraren site and the mining agreement was signed with the State of Niger. The share capital of Imouraren SA, the company created in March to operate the deposit, is now split between AREVA (56.65%), the State of Niger (33.35%) and, pursuant to the purchase agreement between AREVA and Kepco signed in late December 2009, the South Korean consortium consisting of Korea Electric Power Corporation (Kepco) and Korea Hydro & Nuclear Power (KHNP) for the remaining 10%.

January 26, 2009: Siemens informed AREVA of its decision to exercise the put option on shares of AREVA NP, of which Siemens owns 34%. Discussions were initiated as provided in the shareholders' agreement of January 30, 2001. Definition of the terms for the transfer of shares is subject to the results of proceedings undertaken by an independent expert.

February 17, 2009: AREVA, Mitsubishi Heavy Industries Ltd. (MHI), Mitsubishi Material Corporation (MMC) and Mitsubishi Corporation (MC) signed a joint venture agreement to design, fabricate and sell fuel in Japan. The share capital is distributed as follows: AREVA 30%, MHI 35%, MMC 30% and MC 5%. The new company, called "New MNF" was finally established on April 1, 2009.

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In March 2009: AREVA TA raised its interest in the share capital of Corys Tess, a European leader in simulators for the energy field, from 33% to 66%. The EDF group holds a minority interest in the company.

AREVA signed an agreement with the Japanese companies Kansai and Sogitz on March 30 and with KHNP of South Korea on June 15 whereby each company acquires a 2.5% interest in the share capital of the holding company of Société d'Enrichissement du Tricastin (SET), which operates the Georges Besse II enrichment plant.

April 30, 2009: Jean-Cyril Spinetta was elected Chairman of the Supervisory Board to replace Frédéric Lemoine and designated Chairman of the Strategy Committee and of the Compensation and Nominating Committee during the Supervisory Board Meeting.

June 30, 2009: the Standard & Poor's rating agency confirmed the A 1 rating of AREVA's short-term debt and issued an A rating with a stable outlook for its long-term debt, particularly following the group's decisions, which were approved by the Supervisory Board, to (i) offer shares to new shareholders for up to 15% of the company's share capital, primarily by increasing the share capital, (ii) sell its Transmission & Distribution business and (iii) dispose of assets or investments in industrial and financial assets.

August 12, 2009: AREVA strengthened its ability to create value for customers on the very buoyant offshore wind market by acquiring PN Rotor, a German company that manufactures high-tech rotor blades.

→ 5.2. Investments

In 2005, the group launched a major capital spending program to develop or replace some of its production capacities and to acquire strategic technologies and production resources. The goal of this program is to guarantee the performance of AREVA's production

5.2.1. 2009

In 2009, gross operating Capex in Nuclear and Renewables amounted to 1.808 billion euros (1.294 billion euros net of disposals) compared with 1.404 billion euros in 2008 (1.130 billion euros net of disposals), reflecting the deployment of investment programs primarily in Mining (mining development at Trekkopje in Namibia, Somaïr in Niger and

September 10, 2009: Cezus acquired a 33% interest in Zirco Products, a Japanese manufacturer of tubing. With this alliance, AREVA will be able to boost its market share in Japan while harvesting industrial synergies with its European plants.

September 11, 2009: AREVA launched an initial bond issue for a total of 2.25 billion euros after receiving authorization from the Supervisory Board on August 31 to set up Euro Medium-Term Note program (EMTN) for 5 billion euros and to implement the program for up to 3 billion euros over a period of one year. This first issue was very successful, with almost 17 billion euros in subscription orders. The book was closed in less than 10 minutes. This was followed with an initial issue for 750 million euros on October 23, 2009.

November 30, 2009: At the end of the bidding process for the sale of the Transmission & Distribution business, the Supervisory Board asked the Executive Board to enter into exclusive negotiations with Alstom/Schneider.

December 21, 2009: AREVA and Mitsubishi Corporation agreed on the terms of a partnership in Mongolia. AREVA invited Mitsubishi Corporation to participate in the development of its uranium prospecting activity in Mongolia, including the potential for acquisition of 34% of the shares of AREVA Mongol.

assets against a backdrop of nuclear renaissance. With this program, the group expects to reach the market share and profitability objectives set for 2012.

Katco in Kazakhstan), Enrichment (construction of the Georges Besse II enrichment plant) and Equipment (investments in manufacturing capacity).

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5.2.2. 2008

The group made the following acquisitions, among others, in 2008:

- the British company RM Consultants Ltd (RMC), a consulting firm specialized in nuclear safety, thereby strengthening AREVA's presence in the United Kingdom, where the group intends to expand its industrial footprint, and supplementing its know-how in nuclear safety and environmental risk analysis;

- 70% of Koblitz, a Brazilian supplier of integrated solutions for power generation and cogeneration (heat and electricity) from renewable sources, in accordance with AREVA's strategy for development in carbon-free energy.

5.2.3. 2007

Gross operating Capex rose sharply in 2007, from 1.325 billion euros in 2006 to 2.928 billion euros in 2007 (2.889 billion euros net of disposals).

In 2007, the group made acquisitions totaling some 1.7 billion euros:

- UraMin Inc. in August 2007, for a net amount of 1.594 billion euros whose identified deposits in South Africa, Namibia and Central African Republic are expected to produce 18 million pounds of U₃O₈ by 2012;

- 51% of Multibruid, a German designer and manufacturer of high output offshore wind turbines, for 76 million euros;
- Passoni & Villa for 19 million euros and VEI Distribution for 12 million euros, in pursuit of AREVA's strategy to strengthen its ultra high voltage business.

5.2.4. OUTLOOK

The AREVA group intends to be a major player in the nuclear revival while continuing to grow profitably. In this context, organic Capex program for the 2010 to 2012 period, initially set at 7 to 8 billion euros, should come to a cumulative total of 6.5 billion euros, on the basis of the same Capex program, after implementing the purchasing cost optimization program.

In particular, the investment goals are to secure the group's access to uranium, strengthen the Chemistry business for the long term, adjust the group's enrichment capacity to market demand, support reactor sales and develop assets acquired in renewable energies.

Capital expenditure program in the Mining business unit of the Front End division is expected to focus on raising the annual uranium production capacity to 10,000 to 12,000 metric tons by 2012. This is a target capacity that will be adjusted based on uranium market conditions. Capital expenditures for the Chemistry and Enrichment

business units should be devoted mainly to the Comurhex II and Georges Besse II projects.

In the Reactors and Services division, Capex to secure certification of the EPR™ reactor from the regulatory authorities will continue, particularly in the United States, the United Kingdom and other countries where EPR™ reactor projects may be developed. Investments should also be made in boosting and optimizing production capacity in the Equipment business unit.

In the Back End division, the group will continue to invest in the replacement and maintenance of its sites, particularly the La Hague and MELOX plants.

In Renewable Energies, AREVA plans to invest through 2012 to increase its production capacities in offshore wind and expand its portfolio of technologies.

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Due to rounding adjustments, some totals may not be strictly accurate.

A FEW FUNDAMENTAL CONCEPTS FOR AN UNDERSTANDING OF NUCLEAR POWER AND RENEWABLE ENERGIES

Ensuring economic development while protecting the planet is now high on the list of imperatives for our century. Energy is central to many challenges, which may be summed up as the need to continue to produce and consume energy without threatening the climate. To reduce the share of fossil fuels in the

global supply mix from its current level of 80%, energy sources that do not affect the climate must be developed, including nuclear power, which can produce massive quantities of electricity on demand, and renewable energies.

Using fission energy in nuclear power plants

A nuclear power plant is an electric generating station with one or more reactors. Like all conventional thermal power plants, it

* Nuclear, Renewables and Transmission & Distribution operations.

consists of a steam supply system that converts water into steam. The steam drives a turbine, which in turn drives a generator, producing electricity.

In nuclear power plants, the only area in which radioactivity is present is the steam supply system, called the “reactor”.

The reactor is enclosed in a reinforced containment building meeting nuclear safety requirements. The three main components needed to sustain, control and cool the fission process in the reactor core are fuel, a moderator and a coolant. The combination of these three components determines the reactor type or model. Several combinations have been tested, but only a few of them have gone beyond the prototype stage to commercial operations.

A heat source and a cooling source

Like all other power plants, a nuclear power plant has a heat source (the nuclear steam supply system with its heat exchangers) and a cooling source to remove the resulting heat. This is why power plants are usually built near the sea or a river – the water is used to cool the steam. Many power plants also have cooling towers, where the water is sprayed, evaporating as it falls and dissipating residual heat.

Moderator and coolant

During the fission process, neutrons are released at very high speed. As they hit light atoms and slow down, they react much more with the uranium-235 atoms.

Reactors called “thermal neutron” or slow reactors take advantage of this property, which reduces the uranium-235 enrichment level required for the chain reaction. In light water reactors, water is the slowing medium, or moderator, as well as the heat removal medium, or coolant.

The world’s most prevalent reactor: the pressurized water reactor

In pressurized water reactors (PWRs), the fuel is made of slightly enriched uranium and the moderator and coolant both consist of water.

The reactor core is flooded with pressurized water from the primary cooling system. The fission reaction heats the water. The heat is transferred via heat exchangers to water in a secondary cooling system, converting it to steam. The nuclear steam supply

system consists of the reactor core and the steam generators. For safety reasons, the primary cooling system is separate from the secondary cooling system, whose steam drives the turbo-generator.

PWR reactors have a triple containment system to prevent the release of radioactive fission products. The primary barrier in this system is the metal cladding around the fuel. The secondary barrier consists of the separate primary and secondary cooling systems. The third barrier is comprised of the nuclear steam supply system enclosed in a concrete containment building designed to contain hazardous products in the event of a leak. Most of the reactors in the French nuclear power program are PWRs, as is the case around the globe.

Boiling water reactors (BWR) are generally comparable to PWRs. The main difference is that the water boils when it is exposed to the fuel and the primary and secondary cooling systems are not separate.

Renewable energies

Renewable energies, hydropower, biomass, wind, solar, geothermal and ocean energies do not consume natural resources for their operations. Their efficiency is contingent on their location (dam site, wind, sunshine, etc.). Many of these energy sources are spread out and intermittent, which rules them out for concentrated, baseload power generation. They are, however, well suited for decentralized generation and often require only an average technology infrastructure.

AREVA has decided to invest in and develop four main families of alternative energy:

- Wind energy: AREVA manufactures high-output (5MW) offshore wind turbines to harness the energy produced by the wind;
- Bioenergy: energy drawn from organic matter;
- Solar energy: AREVA is focusing specifically on concentrated solar power (CSP) - solar thermal energy;
- Hydrogen energy and storage: hydrogen production by water electrolysis and electricity from fuel cells.

All of these energies meet the requirement for CO₂ emissions reduction, and in that respect Nuclear and Renewables complement each other.

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→ 6.1. Markets for nuclear power and renewable energies

6.1.1. NUCLEAR POWER AND RENEWABLE ENERGIES IN THE GLOBAL ENERGY LANDSCAPE

6.1.1.1. THE CHALLENGES OF THE POWER GENERATION SECTOR

Strong growth in demand for electricity

The major economic recession of 2009 had an impact on energy demand around the globe, particularly in western countries. For the first time since 1945, global power generation dropped in 2009 after reaching more than 20,000 TWh in 2008. Although several macroeconomic indicators imply that the worst of the crisis has passed, the recovery announced for 2010 is likely to be slow and weak.

Nonetheless, under the combined pressures of world population growth, more widespread access to energy and the resurgence of economic growth, world power consumption is set to increase over the longer term.

The *World Energy Outlook* published by the International Energy Agency (IEA) in November 2009 expects global primary energy consumption to grow from 12 Gtoe in 2007 to 16.8 Gtoe in 2030, giving average annual growth of 1.5%. According to the report, emerging countries, led by China and India, and developing countries will account for more than 90% of the added demand.

Electricity consumption climbed faster than global primary energy consumption over the 1990 to 2008 period, at 3.1% average annual growth for the former and 1.9% for the latter, and that trend will continue. According to the IEA reference scenario, world power generation for 2030 is estimated at 34,292 TWh, compared with 19,756 TWh in 2007, for an average annual increase of 2.5%, compared with growth in energy demand of 1.5% over the same period. Most of the growth originates in non-member countries of the Organization for Economic Cooperation and Development (OECD). In China and India, for instance, electricity use is set to double by 2020.

On the supply side, oil, gas and coal continue to be the preferred energy sources. Energy policies under discussion could influence this trend, however. The fight against greenhouse gas emissions (GHG) and the issue of security of fossil fuel supply have become major concerns for the public, businesses and governments alike. The latter are devising measures to conserve energy, promote renewable energies and diversify the energy mix. A growing number of countries are currently considering the possibility of using nuclear power or increasing its contribution to improve their security of energy supply, enhance competitiveness and cost predictability, and reduce CO₂ emissions to ensure sustainable economic growth.

Energy and global warming

Current energy policies, if left as they are, together with strong growth in energy demand are expected to have disastrous consequences in terms of climate change. By 2030, the IEA anticipates a 50% increase in greenhouse gas emissions from the global energy sector, which already accounts for two-thirds of such emissions. The Intergovernmental Panel on Climate Change (IPCC) considers that such an increase would trigger a global rise in temperature of 2°C to 4°C. According to the Stern report, the cost of inaction in the face of this situation could account for a minimum of 5% of the world's gross domestic product, or even 20% in more pessimistic scenarios, while emissions reduction would cost only 1% of world GDP.

Thus, as part of its Climate and Energy Package, Europe decided to cut emissions 20% by 2020 from a baseline of 1990. In 2005, the European Union had set up a system to cap CO₂ emissions while establishing the European Trading System that recognizes the economic value of emissions reductions.

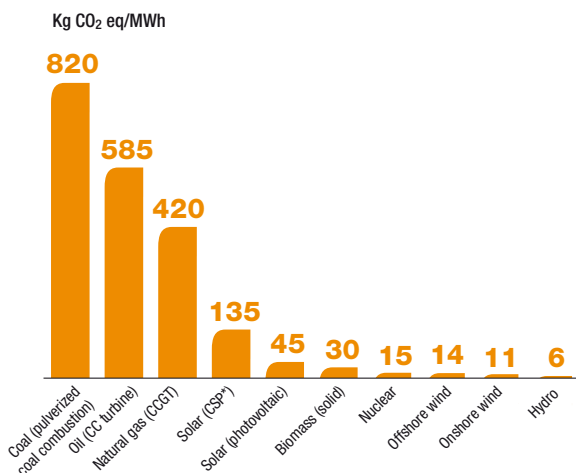
In the United States, the American Clean Energy and Security Act (ACES), to be voted on by the Senate in early 2010, sets greenhouse gas reduction objectives of some 17% in 2020, 42% in 2030, and 83% in 2050 (in comparison with 2005), and is set to institute a "cap and trade" mechanism for the public trading of emissions allowances.

Emerging countries are also becoming vital players in fighting climate change. Recent commitments for growth that relies less on fossil energies are indicative of a new understanding of the risks associated with growing emissions.

Today, power generation accounts for 41% of the GHG emissions from the energy sector, well ahead of transportation (23%) and manufacturing (17%), and the potential for emissions reduction is greater there. It is therefore vital to seek a carbon-light energy mix, and this means developing renewable energies and nuclear power.

The IPCC's third report (2007) points to nuclear power as one of the avenues to reducing greenhouse gas emissions. The chart below shows that GHG emissions from nuclear power are as low as those from renewable energies.

→ GREENHOUSE GAS (GHG) EMISSIONS BY POWER GENERATION SOURCE OVER THE ENTIRE LIFE CYCLE



* CSP: Concentrating Solar Power.

Source: European Commission 2009.

Anticipating the depletion of fossil energy resources

The gradual depletion of hydrocarbon resources is a major threat to global energy supply. The IEA considers that the decline in oil production could begin towards 2020.

It is true, however, that “peak oil” and the actual level of hydrocarbon reserves are not set in concrete. This is why it is important to start thinking about what a “post-petroleum” society might look like, to ensure energy self-sufficiency among nations and avoid the consequences of the inevitable rise and volatility of oil and gas prices if demand were to increase too much.

“We should leave oil before oil leaves us,” is the leitmotif of Fatih Birol, chief economist of the IEA.

Investing to improve the global power generation mix

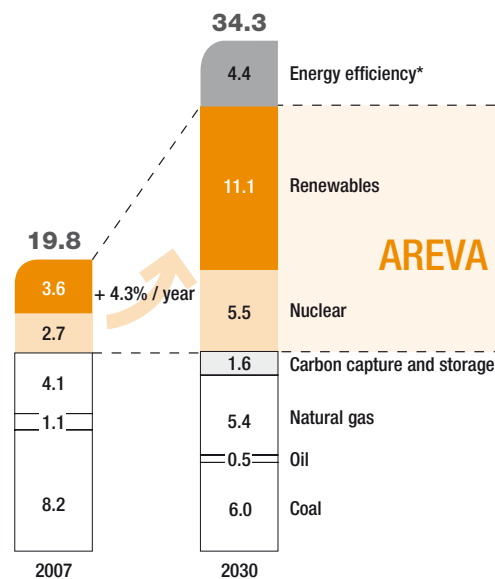
Massive capital spending in the electricity sector and a radical change in the power generation mix are required for the reasons outlined above: rising demand for electricity, urgent efforts to prevent climate change, and declining fossil resources.

Against the backdrop of the Copenhagen climate summit, the IEA's *World Energy Outlook 2009* contained a “450 scenario” designed to limit the concentrations of greenhouse gases in the atmosphere to 450 ppm* (in CO₂ equivalent), thereby limiting the temperature increase on the planet to 2°C. In the 450 scenario, the IEA calculates that 7.9 trillion US dollars should be invested in power plants by 2030, with 83% of the funding going to renewable energies and nuclear power. Installed nuclear generating capacity would double by 2030, just when a significant share of the existing reactor fleet would have to be replaced. Wind energy would have to increase twelvefold by 2030.

* ppm: parts per million

(1) The ATMEA1™ reactor is being developed in collaboration with Mitsubishi Heavy Industries.

→ GLOBAL ELECTRICITY MIX IN THE IEA 450 SCENARIO



* Energy savings compared with reference scenario.

Source: IEA, *World Energy Outlook 2009*.

6.1.1.2. NUCLEAR POWER, SOLUTIONS FOR GLOBAL ENERGY CHALLENGES

Nuclear power offers several advantages on the environmental, economic, strategic and operational levels:

- it helps combat climate change;
- it is cost competitive compared with other sources of baseload electricity;
- it provides excellent return on investment and limits electric rate hikes for the consumer in times of sharply rising oil and gas prices;
- it ensures the security of supply: nuclear fuel is easy to store and uranium resources are well distributed around the globe, unlike oil and gas reserves, which are concentrated in Russia and the Middle East, with Russia, Qatar, Saudi Arabia and Iran controlling more than two thirds of the world's oil and gas reserves; and
- it offers enhanced operating and safety performance, particularly with the new generation III+ reactors developed by AREVA, including the EPR™ reactor, the KERENA™ reactor and the ATMEA1™ reactor⁽¹⁾.

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BUSINESS OVERVIEW

Markets for nuclear power and renewable energies

Nuclear power helps combat climate change

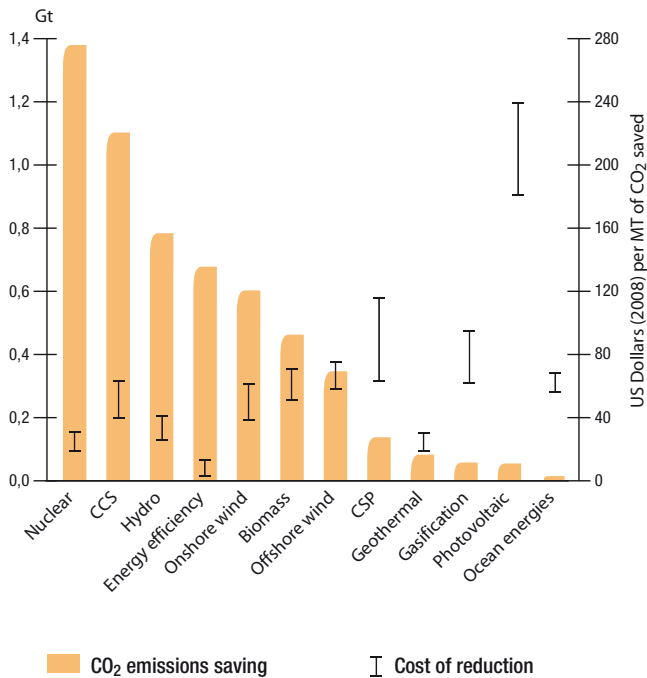
Nuclear power is already making a strong contribution to the fight against climate change

According to IEA data, nuclear power generation prevents the emission of some 1.64 billion metric tons of CO₂ each year worldwide, or 6% of the emissions from the global energy sector, which were estimated at 28.8 billion metric tons in 2007 by the *2009 World Economic Outlook*.

In Europe, nuclear power already **avoids more than 400 million metric tons per year of carbon dioxide (CO₂) emissions**, an amount equivalent to the reduction required in the European Union (EU-15) to meet the Kyoto Protocol objective of an 8% reduction in emissions from the 1990 baseline by 2012.

The chart below shows the additional cost incurred per ton of CO₂ avoided for each power generation technology, and the potential for emissions reduction by 2030 for two WEO 2009 scenarios. It shows that nuclear power is one of the most economical solutions and has the potential for considerable emissions reduction.

→ POTENTIAL CONTRIBUTION TO CO₂ EMISSIONS REDUCTION IN THE POWER GENERATION SECTOR BY 2030, AND ASSOCIATED COST (450 SCENARIO COMPARED WITH REFERENCE SCENARIO)



Source: IEA, WEO 2009.

The 2007 report of the US Global Energy Technology and Strategy Program (GTSP) estimates that the global cost of stabilizing the climate could be cut in half by using nuclear power compared with a program that does not use nuclear power, for total savings of two trillion US dollars.

Faced with the climate issue, nuclear power is increasingly proving to be an essential component of the energy mix, producing baseload electricity that supports sustainable economic and social development.

Nuclear power is cost-effective

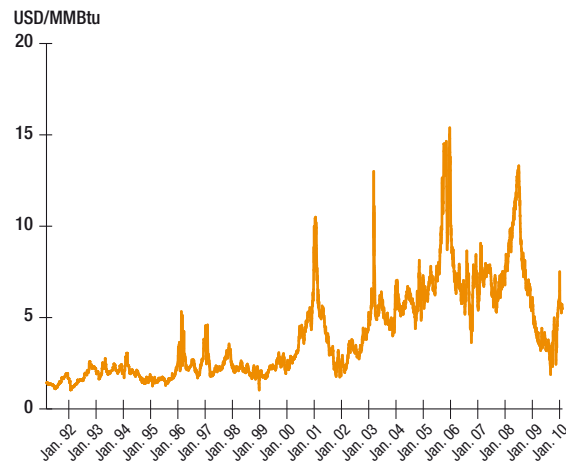
The correlation between nuclear generating costs and the price of uranium is very low. The contribution of raw materials to the total cost of nuclear power (at net present value) is minimal, and the impact of a doubling of uranium prices on the full cost of power generation in new power plants is only about 5%.

Conversely, the cost of fossil energies has a very strong impact on the cost of electricity generated in thermal power plants fueled with coal, and the situation is even worse for gas. The price of carbon is an important component in the cost structure of gas-fired power plants, and even more so for coal-fired plants, but it has zero impact on the cost of nuclear power.

Gas and oil prices reached historic levels in 2008, and then fell sharply. Today, the trend is up again. Prices have not returned to 2008 levels yet because of a weak and uncertain economic recovery, but the consensus is that the trend will rise in the medium term due to increasing demand and the depletion of resources.

Coal resources are more plentiful than those of oil and gas, but demand for coal is also rising more sharply. Moreover, international trading in coal represents an increasing share of global consumption, illustrating the growing dependency of some countries and pushing shipping costs up as well.

→ RECENT TREND IN FOSSIL ENERGY PRICES



→ COAL PRICES.



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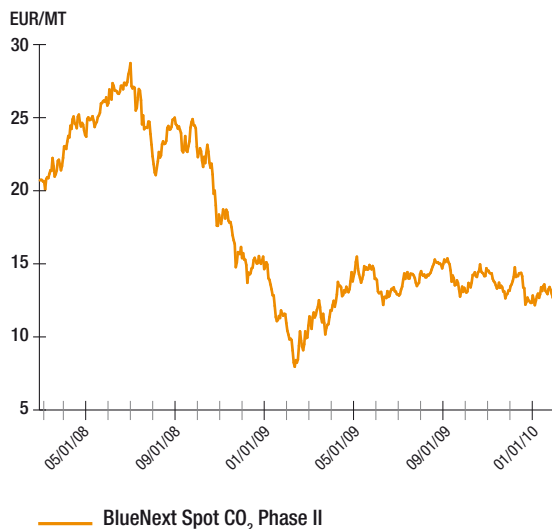
→ **OIL PRICES.**



Carbon prices remained relatively stable in Europe in 2009. However, increasingly stringent commitments in terms of emissions reduction will necessarily push carbon prices up in countries where a regulated carbon market has already been established, while in other countries (developing countries, the United States, etc.), carbon restrictions seem unavoidable in the medium to long term.

The cost of gas- or coal-based electricity is also difficult to predict, considering the historical volatility of commodity prices and the uncertainty surrounding the price of carbon.

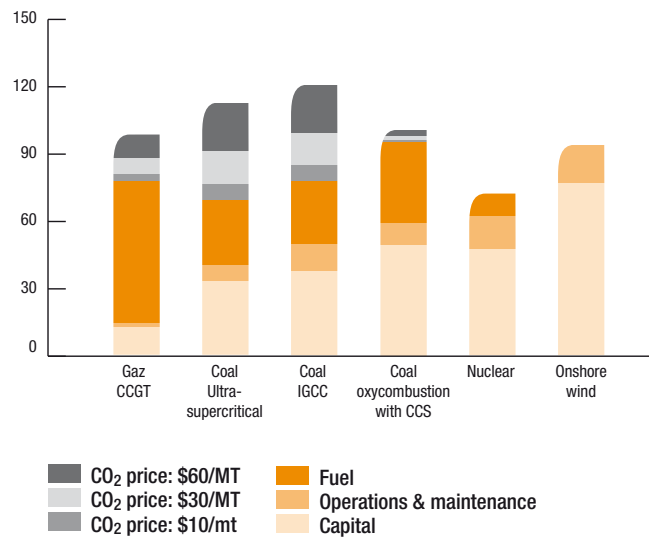
→ **RECENT CO₂ PRICES IN EUROPE.**



A long-term view of the energy sector shows that nuclear power is a very competitive source of electricity, offering stable and predictable costs. The chart below shows that nuclear power is competitive with gas irrespective of the cost of carbon, and it is competitive with coal even when the cost of carbon is minimal.

→ **POWER GENERATION COSTS BY TECHNOLOGY IN OECD COUNTRIES - IEA REFERENCE SCENARIO.**

US Dollars (2008) per MWh



Source: IEA, WEO 2009.

Nuclear power improves national security of supply

Another major advantage of nuclear power is the security of supply it provides. Unlike hydrocarbon reserves, which are geographically concentrated, uranium resources are well distributed around the globe. Proven uranium resources are found in OECD countries (39%), major emerging countries such as Brazil, Russia, India, China and South Africa (26%) and in other parts of the world (35%).

The OECD considers that already identified uranium reserves represent 200 times current global demand (OECD *Redbook*, 2007).

Nuclear power offers enhanced safety and operating performance with the latest generations of reactors

Finally, AREVA's range of reactors offers a combination of capacities from 1,100 MWe to 1,650 MWe and technologies suitable for each type of customer (including pressurized water or boiling water reactors). These reactors meet the most recent requirements in terms of:

- safety: design that drastically reduces the probability of a serious accident and ensures that there would be no offsite consequences (core catcher to confine the molten core, double containment reactor building, ability to withstand a large commercial aircraft crash);
- competitiveness: reduction in fuel consumption and operating costs, high availability (92%) over a 60-year operating life, thus maximizing power generation;
- environment: reduction in the quantity of used fuel and final waste.

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6.1.1.3. INCREASINGLY COMPETITIVE RENEWABLE ENERGIES

Renewable energies also contribute to energy self-sufficiency as regards fossil resources while limiting greenhouse gas emissions.

Many countries are providing support to renewable energies, whether through subsidized electric rates, production quotas, green certificates, or other means. National commitment to expanding the

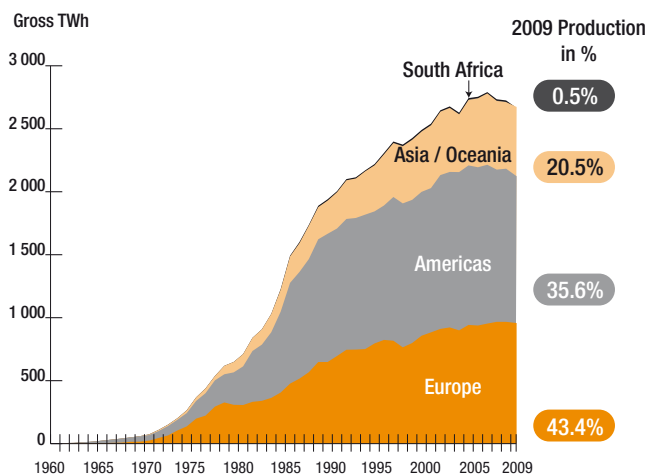
share of renewable energies in the generating mix gives confidence that such measures are likely to be maintained.

Ultimately, technology enhancements, economies of scale, the learning curve and the growing size of facilities will make renewable energies competitive with more “conventional” sources of energy. The accelerated market consolidation observed recently should also contribute to an increase in their competitiveness in the short term.

6.1.2. NUCLEAR POWER MARKETS

The first commercial nuclear power programs were launched in the mid-1960s in the United States and in the early 1970s in Europe. In the 1970s, with fears of fossil fuel shortages rising, several countries decided to reduce their dependency on imported energy by launching nuclear power programs. The 1970s and 1980s saw a sharp rise in nuclear power programs, as shown below.

→ WORLD NUCLEAR POWER GENERATION FROM 1960 TO 2008 (IN TWH)



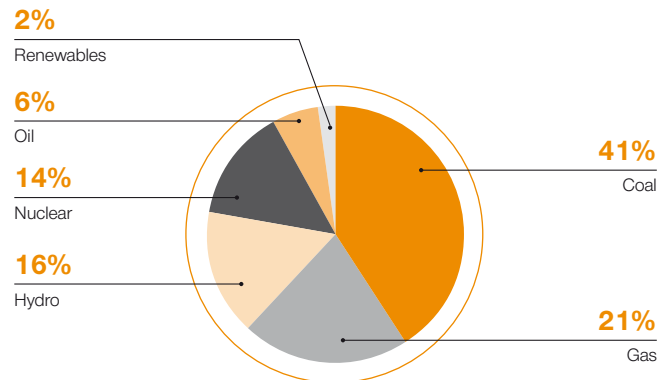
Sources: IEA/OECD (1990), *Nucleonics Week* (1995-2009), AREVA.

Strong initial growth slowed when the public became concerned after the accidents at Three Mile Island in 1979 and Chernobyl in 1986.

As a result, whereas 399 reactors had been built over the 1970-1990 period, installed capacity rose by only 14.6% over the 1990 to 2009 period. As the vast programs initiated in North America and Western Europe subsided, the growth of the reactor fleet picked up in Eastern Europe and Asia. Nonetheless, nuclear power generation continued to grow by 34% over the 1990-2009 period, largely due to improved productivity at existing reactors. In particular, the average load factor of worldwide nuclear reactors rose from 67% of nominal capacity in 1990 to approximately 80% as of the end of 2009.

Nuclear power generation in 2009 is estimated at 2,686 TWh, down by 1.4% compared with 2008, mainly due to prolonged reactor outages in India and Japan, combined with a significant drop in production, particularly in Sweden, Germany and France. Meanwhile, world electricity generation dropped by about 1% in 2009. The chart below shows the breakdown of electric power generation.

→ WORLD ELECTRICITY GENERATION BY SOURCE

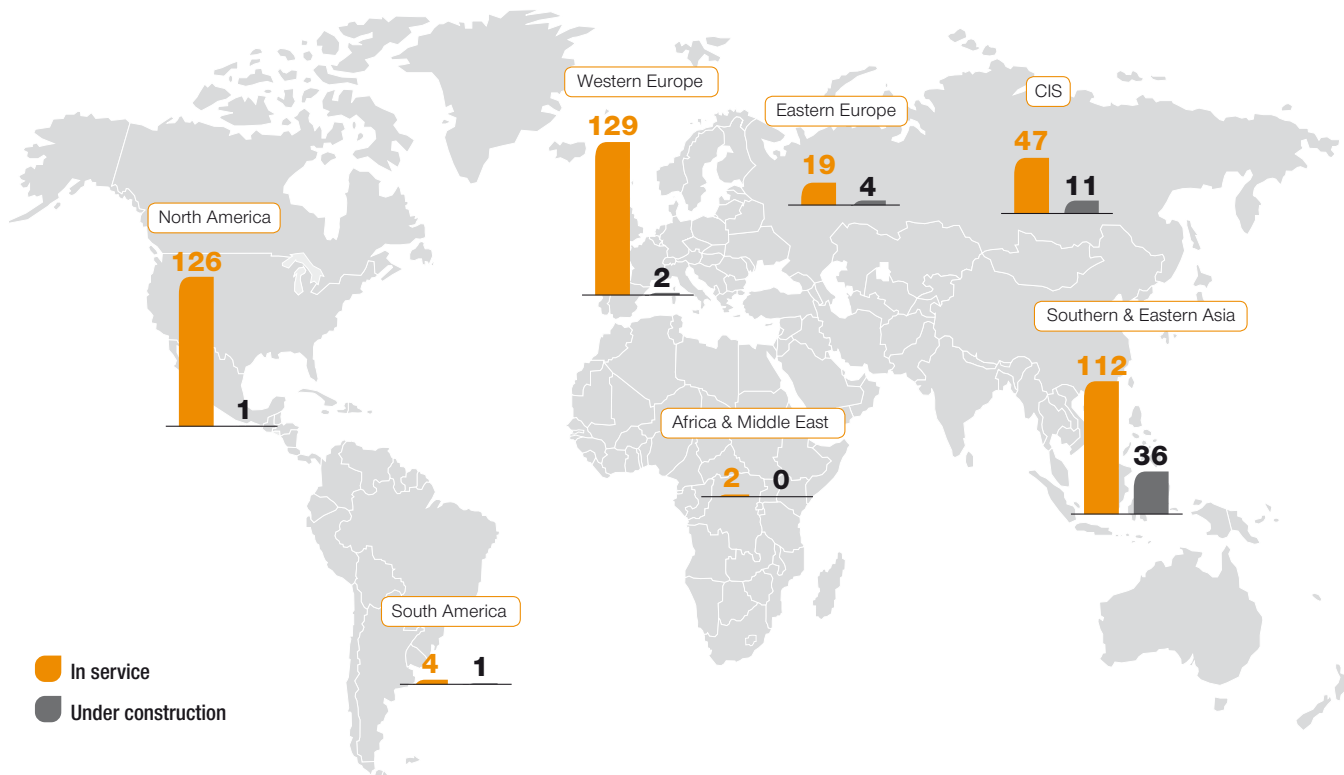


Source: IEA WEO 2009.

A total of 439 reactors representing 393 GWe (373 GWe net) were connected to the grid in 31 countries in the world's largest power consuming regions as of December 31, 2009. Of these, 423 reactors generated a total of 382 GWe in 2009.

With about 45% of the world's installed capacity, Europe and the Commonwealth of Independent States (CIS) are the leading regions for nuclear power generation, ahead of North America, which represents nearly 32% of global capacity. Through 2015, most of the medium-term growth potential for nuclear power is located in Asia (Japan, South Korea and now China) and, to a lesser extent, in the countries of the CIS, as indicated below.

→ REACTORS IN OPERATION OR UNDER CONSTRUCTION WORLDWIDE AS OF YEAR END 2009



Source: WNA, adjusted by AREVA.

At year-end 2009, 55 reactors were under construction around the globe, compared with 44 at year-end 2008; 137 reactors were either on order or planned, compared with 109 at year-end 2008 and 91 at year-end 2007; and more than 300 reactors are planned for the coming years, compared with 220 at year-end 2007 and 260 at year-end 2008.

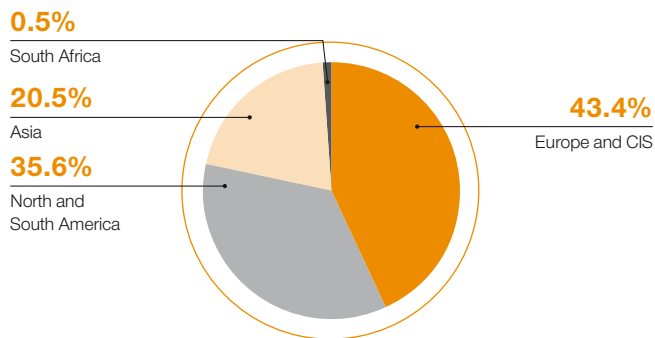
The reactors are based on three main technologies:

- most of the world's operating reactors are light water reactors, including pressurized water reactors (PWR) and boiling water reactors (BWR). A total of 357 of these reactors are connected to the grid, including 51 VVER reactors (PWR) based on Russian technology;
- there are 47 Canadian-designed heavy water Candu reactors connected to the grid in 2009;
- there are 18 gas-cooled reactors (Magnox and AGR) in service in the United Kingdom. These reactors are scheduled to be shut down.

Other types of reactors in service include Russian-designed light water graphite reactors (RMBK) and breeder reactors, but their number and power rating are marginal on an international level.

The chart below shows the breakdown of nuclear power generation among Europe, North and South America, and Asia in 2009:

→ NUCLEAR POWER GENERATION BY GEOGRAPHICAL AREA



Source: Nucleonics Week, adjusted by AREVA.

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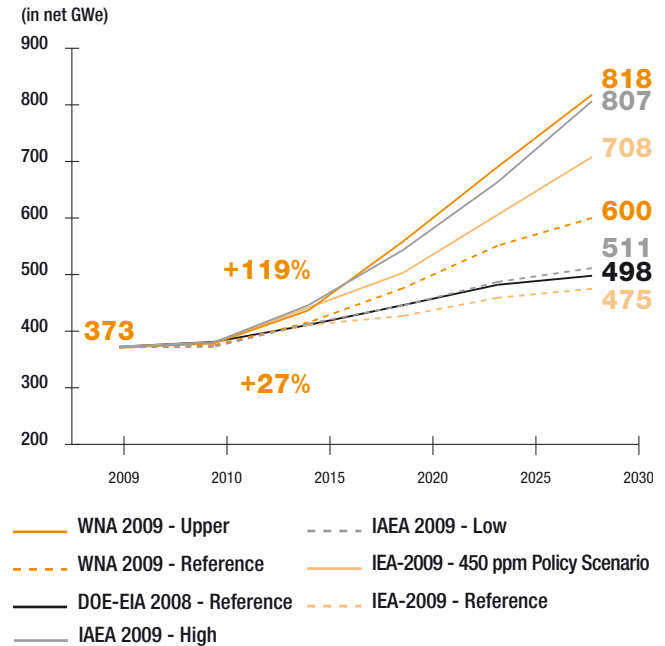
OUTLOOK FOR INSTALLED NUCLEAR GENERATING CAPACITY

As the benefits of nuclear power in terms of cost predictability and competitiveness, security of supply and minimization of greenhouse gas emissions are recognized, existing reactors will be modernized and optimized and their service life extended to increase available capacity. This should also lead to reactor construction to renew and expand installed capacity worldwide, and will be a potential source of long-term growth for all of AREVA's nuclear fuel cycle operations.

With the prospect of increasing reliance on nuclear power over the years to come, especially in emerging countries, the International Atomic Energy Agency (IAEA) is seeking to promote the establishment of a new framework to respond effectively to demand from individual countries while still limiting the risks of proliferation. For example, the IAEA is leading the International Project on Innovative Nuclear Reactors and Fuel Cycles (INPRO) to anticipate the specific needs of developing countries and to help emerging countries acquire the necessary infrastructure for a nuclear power program. In addition, the IAEA is working to establish mechanisms to guarantee fuel supply and related services so that sensitive nuclear facilities, in proliferation terms, do not come into being.

In 2008 and 2009, several institutes produced nuclear power forecasts for 2030 that paint a much more favorable picture than forecasts published a few years ago, reflecting the impact of measures already taken or contemplated. These projections are summarized below.

→ OUTLOOK FOR WORLD NUCLEAR POWER PROGRAMS (IN NET GWe)



Sources: IAEA, World Nuclear Association, International Energy Agency, US Department of Energy.

At year-end 2009, nuclear reactors connected to the grid represented about 373 GWe net (i.e. about 392 GWe gross). These reactors were 32 years old on average. Assuming a reactor life of 40 years, 70% of these reactors will have to be replaced by 2030 to maintain overall installed generating capacity.

Less than 20% of the reactors (about 70 GWe) would have to be replaced by 2030 if the life of the reactors is extended to 50 or even 60 years, as contemplated by many utilities worldwide. Overall, depending on the scenario, from 175 to 520 GWe net will have to be replaced by new builds by 2030.

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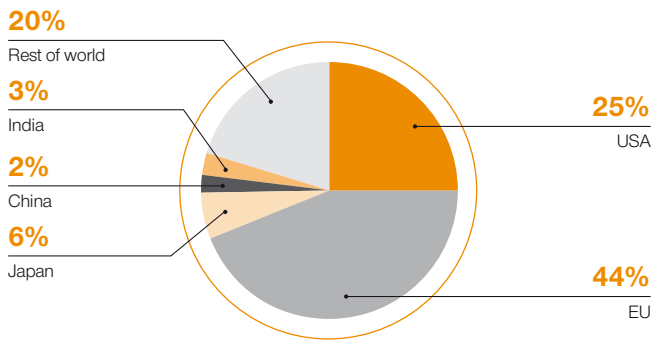
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6.1.3. RENEWABLE ENERGIES MARKET

In 2008, renewable energies represented a greater share of new generating capacity coming on line in the United States and Europe than that of fossil energies, at more than 40 GWe of installed capacity. Whereas renewable energies, not including hydropower, accounted for only 4% of the energy mix in 2008, national governments have often set a target of 15% to 20% of the mix by 2020.

As shown on the chart below, almost three fourths of the electricity from renewable sources was produced in Europe or in the United States in 2007.

→ RENEWABLE POWER GENERATION BY REGION* (2007).



* Not including hydropower.

Source: IEA - WEO 2009.

Europe is particularly dynamic when it comes to developing renewable energies. For example, the European Union has set a goal of a 20% share of the energy mix for renewable energies by 2020.

North America is also in a growth mode in this area. Legislation passed in more than half of the US states calls for renewable energy sources to contribute 12% or more to total power generation by 2020.

6.1.4. WORLDWIDE MARKET CHALLENGES FOR NUCLEAR POWER AND RENEWABLE ENERGIES

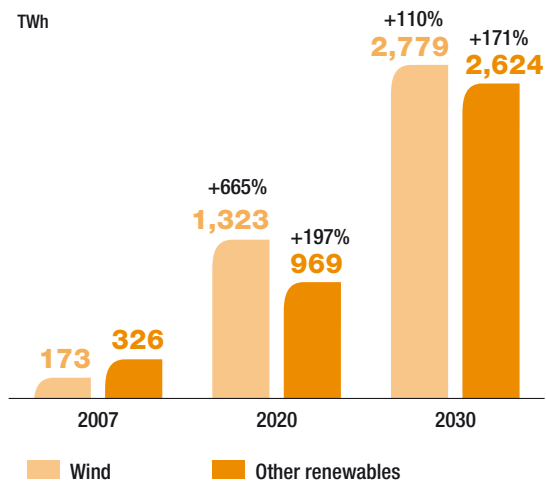
Europe had 195 nuclear reactors with electrical generating capacity of nearly 180 GWe as of the end of 2009. European reactors generated 1,165 TWh of nuclear power, 4.2% less than in 2008. These figures compare with total electricity production in Europe from all sources combined of an estimated 5,211 TWh, representing a decrease of 2.7% compared with 2008.

In 2009, nuclear power represented 22.4% of the all electricity generated in Europe. There were positive signs for nuclear power, which is increasingly viewed as a vital means of ensuring security of supply, generating competitive baseload electricity, and fighting climate change.

Emerging countries could also offer niches for growth in these energies. They often have low-cost resources, such as biomass in Brazil and India or the sun in the Sahara region.

The 450 scenario in the IEA's *World Energy Outlook 2009* foresees very strong worldwide growth in power generation from renewable sources, with the combined total without hydropower coming to 5,400 TWh per year by 2030.

→ RENEWABLE POWER GENERATION* (TWh)



* Not including hydropower.

Source: WEO 2009 - 450 scenario.

The European market for renewable energies is fueled by the political will of the EU, which intends to develop these energies with ambitious goals for the medium term: 20% of the total demand for energy in 2020 will have to be satisfied with renewable sources.

To reach these goals, each European country has adopted measures to increase the attractiveness of various renewable energy sources, including biomass and wind power.

These measures include government calls for bids, guaranteeing to investors a specific retail price for renewable electricity (for instance in France), a specific price for electricity from biomass (in Italy) or green certificates adding value to power generation from renewable sources (in Belgium).

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BUSINESS OVERVIEW

Markets for nuclear power and renewable energies

Europe is the main market for offshore wind energy, with 60% of the world's installed capacity. Existing capacity came to almost 1.5 GWe at the end of 2008. By the end of 2010, installed capacity should come to 3 GWe to 4 GWe. With annual growth of 1 GWe to 3 GWe, wind energy should represent 10 to 15 GWe in 2015.

A description of today's major market challenges by country is provided below:

In **Germany**, following federal elections held in September 2009, there was a change in government. A revision to a law promulgated in 2002 to phase out nuclear power is now possible. German power companies are actively participating in foreign nuclear power plant projects and openly support nuclear power in their own country. There is growing rejection of new coal or lignite-fired power plants.

Legislation provides incentives for the development of offshore wind farms. More than 30 projects representing 10 GWe of capacity have been authorized. In the North Sea, the Alpha Ventus project will use offshore wind turbines supplied by Multibrud, an AREVA subsidiary.

In **Belgium**, following the recommendations of the GEMIX report, the government authorized a ten-year life extension for the country's three oldest reactors (Doel 1 and 2 and Tihange 1), with their shutdown now postponed to after 2025. This provision should be ratified mid-2010 as an amendment to the nuclear phase-out law of 2003. The moratorium on new reactor construction was maintained.

In **Bulgaria**, the new government put the project to build a nuclear power plant at Belene on hold and requested clarification of its financial aspects. New consultants have been retained now that RWE has withdrawn from the project.

In **Finland**, construction continued on the EPR™ reactor by the AREVA-Siemens consortium. This is the largest industrial project ever carried out in Northern Europe. The government plans to encourage the construction of new reactors and discussions are ongoing with potential investors, including TVO, Fortum and the Fennovoima consortium led by E.ON.

In **France**, a series of major developments occurred in 2009: the government decided that the EDF group, as majority shareholder, would build a new EPR™ reactor at Penly with GDF Suez and its partner Total; discussions were held to determine the price at which the EDF group must sell part of its electricity to its competitors; the EDF group announced that it wanted to extend the lifecycle of 58 of its reactors to 60 years; and initial tests were carried out at AREVA's new Georges Besse II enrichment plant. It should also be noted that the Phénix breeder reactor was shut down.

At Flamanville, construction of the first EPR™ reactor for the EDF group continued. AREVA is supplying the reactor's nuclear steam supply system. The EDF group announced that the reactor would be connected to the grid in 2013.

As decided during the Grenelle Round Table on the Environment, France is implementing an ambitious strategy to develop renewable energies. A reference scenario was adopted targeting a 23% share of the energy mix for renewable energies by 2020. This calls for the installation of 25,000 MW of wind capacity, including 6,000 MW of offshore capacity, and 15,000 MW of power generation from biomass.

In **Hungary**, the parliament authorized the construction of two new reactors to expand the Paks nuclear power plant. Longer term, discussions are ongoing regarding the replacement of aging facilities.

In **Lithuania**, the government announced that it would organize a call for bids by July 2010, to choose a strategic investor for a new reactor.

In **Italy**, the EDF group and ENEL created a joint company to study the feasibility of building at least four EPR™ reactors. The government wants to reduce the country's dependency on oil, gas and imported electricity, and plan to produce 25% of the country's electricity from nuclear power by 2030. Parliament adopted a law introduced by the government to establish conditions for the return of nuclear power.

In the **Netherlands**, a project for the construction of new nuclear capacity is under consideration. The go-ahead could be given at the political level in the 2011 to 2012 timeframe. Dutch utility Delta has already started the technology selection process.

In **Poland**, the government approved an energy strategy calling for the construction of two nuclear power plants. A government-to-government agreement was signed with France.

In the **Czech Republic**, CEZ is preparing a call for bids to be issued in 2010 for two nuclear reactors at the Temelin nuclear power station, including an option for up to three additional reactors elsewhere in Europe. The reactors would be connected to the grid by 2020.

In **Romania**, investors signed an agreement to establish EnergoNuclear SA, which will build, commission and operate the Cernavoda 3 and 4 power plants. The shareholders of the future company are Nuclearelectrica (51%), ArcelorMittal, CEZ, GDF Suez, ENEL, Iberdrola and RWE Power.

In the **United Kingdom**, the nuclear safety authority continues to evaluate two reactor projects under the Generic Design Assessment process (GDA). The reactors, which could be approved by 2011, include the EPR™ reactor design from AREVA with the EDF group and the Toshiba/Westinghouse AP1000 reactor design.

In the spring, the Nuclear Decommissioning Authority (NDA) held an auction to sell the first potential construction sites. The Horizon Nuclear Power consortium, comprised of E.ON and RWE, acquired the Wylfa and Oldbury sites. In the fall, the GDF Suez-Iberdrola-Scottish & Southern Energy consortium acquired a site in Sellafield. The Horizon consortium intends to build 6,000 MWe in the UK. A choice of technology could be made in 2010. The EDF group, owner of British Energy, is preparing a project to build four EPR™ reactors at Hinkley Point and Sizewell. The first unit should be connected to the grid by the end of 2017. AREVA, which organized a successful "supplier day" in Birmingham in March 2009, continues to develop industrial partnerships to expand its activities in the UK.

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The government provides strong support to nuclear power and renewable energies as necessary components of the country's energy mix. It wants to increase the share of nuclear power in the electric mix from 15% currently to 25% by 2025. In November, Energy and Climate Change Secretary Ed Miliband released six national policy statements, including one statement dealing with nuclear power. He stated that 10 out of 11 sites preselected were suitable for the construction of nuclear reactors. The government also started a consultation on long term management of the country's plutonium inventory.

In Sellafield, the NMP consortium, which includes AREVA, AMEC and URS-Washington, expanded its management operations for this nuclear site.

The United Kingdom is also a promising market for renewable energies. In 2009, the government issued a call for bids for the development of nine offshore wind farms representing 25 GWe in capacity.

In **Russia**, a reduction in investments was announced in July 2009 as a result of the economic and financial crisis: Russia is still planning to build 26 reactors but would launch the construction of only one rather than two reactors each year. Rosatom continues to expand aggressively on the domestic and international market: ambitious investment program announced in the back end of the fuel cycle; mining contracts with Kazakhstan, Mongolia and the Ukraine; and gradual deployment of an international enrichment center in Angarsk.

In **Slovakia**, the construction of a new reactor at Bohunice is on the drawing board and a reactor could be connected to the grid by 2020; Javys, a Slovak government-owned company in charge of dismantling activities, chose Czech utility CEZ as a strategic partner for this project.

Sweden maintained the option of building new nuclear plants after 2010 to offset the impact of shutting down existing plants. Public financing for nuclear research is now considered legal. AREVA will carry out several projects to modernize the country's reactors or to increase their capacity, including the replacement of steam generators at the Ringhals 4 reactor.

There are encouraging signs in **Switzerland** for the construction of a new nuclear power plant. In mid-2008, ALPIQ (formerly Atel) submitted an application to the Federal Office of Energy for the construction of a new power plant near Goesgen. In December 2008, Axpo group and BKW Energy Ltd submitted two applications to replace the Beznau 1 and 2 power plants and the Mühleberg power plant, which were revised in late October 2009.

NORTH AND SOUTH AMERICA

In **North America**, the utilities started to extend the service life of their reactors in 2000. This trend should continue until 2015. These initiatives could be supplemented in the United States by the construction of new power plants. AREVA intends to participate actively in this market by offering its EPR™ reactor. The Energy Bill enacted by Congress in 2005 offers many incentives to utilities for the construction of the first new reactors.

The North American nuclear market represents a gross generating capacity of 122 GWe at 126 nuclear reactors. These reactors generated 937 TWh in 2009, a 0.9% decrease from 2008. This compares with 4,926 TWh in total electrical power generation, down 4.8% from 2008.

Nuclear power represented an average of 19% of all electricity generated in North America in 2009.

In **Canada**, the federal government intends to make a decision in 2010 on the future of reactor builder AECL. The province of Ontario put on hold a call for bids for the construction of two nuclear plants at Darlington, east of Toronto. In Alberta, experts are evaluating the feasibility of nuclear power to extract oil from bituminous sands in the Athabasca basin. Investment in renewable energy projects rose strongly in all Canadian provinces. Experts commissioned by the federal government recommended the construction of a new reactor to produce radioisotopes, to replace the NRU reactor built in 1957.

In **the United States**, the Obama administration's energy policy calls for 150 billion dollars in investment to create five million new jobs, catalyze the private sector in favor of clean energy, conserve more oil than is imported from the Middle East and Venezuela combined, put more than a million rechargeable hybrid cars on the roads, achieve a 10% renewable energies level in the energy mix, and reduce greenhouse gas emissions by 80% with a program to limit CO₂ emissions and trade allowances. The administration is focusing on energy conservation and renewable energies, with major investment to create "green" jobs to stimulate the economy.

US utilities curtailed their capital programs as the financial crisis took hold. They are now reviewing their financing opportunities and their energy strategies to meet carbon emission reduction targets. The American Recovery and Reinvestment Act allocates more than 80 billion dollars to boost investment in grid modernization, smart grids, renewable energies or new generations of batteries for electricity storage.

Thirty-three states approved legislation establishing a quota of no less than 12% renewable energy in the electric mix by 2020. This quota, referred to as the Renewable Portfolio Standard (RPS), is a powerful growth engine for the development of renewable energies in the United States.

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AREVA is well positioned to capitalize on this new energy policy. AREVA made a first step on the U.S. renewable energy market with the creation of a joint company called ADAGE™, which will develop biomass power plants in the United States, and with other initiatives for offshore wind power or solar projects.

In nuclear power, U.S. Energy Secretary Steven Chu publicly supported a research program to develop the closed nuclear fuel cycle. In October 2009, Secretary Chu declared that “nuclear energy is an important component of what the United States should do to reduce carbon emissions”.

The federal program of loan guarantees to the nuclear industry is expected to be tripled from 18.5 billion to 54 billion dollars in the 2011 budget.

The Nuclear Regulatory Commission (NRC) received 18 license applications for 28 new reactors, including 3 applications for AREVA EPR™ reactors proposed by UniStar, a subsidiary of Constellation and the EDF group. UniStar is talking to the U.S. Department of Energy (DOE) in order to receive a loan guarantee for its Calvert Cliff 3 reactor project. The State of Maryland authorized the EDF group to acquire a 49% interest in Constellation Energy’s nuclear portfolio, thus increasing the probability that a first EPR™ reactor would be built in the United States. AREVA and UniStar have also started discussions with Duke Energy to build an EPR™ reactor in Ohio.

AREVA will create hundreds of highly qualified jobs at its new Newport News manufacturing plant and at the future Eagle Rock enrichment plant in Idaho.

Argentina and Brazil are the only countries to operate nuclear plants in **Latin America**. **Argentina** announced its intention of investing heavily in its nuclear program, in particular to complete the Atucha 2 reactor, set to generate electricity in October 2011. **Brazil** unveiled a plan to build seven reactors over the next 20 years, beginning with the completion of Angra 3.

The continent, rich in agricultural waste, is one of the most active in the development of bioenergy. Installed biomass capacity is expected to increase significantly, to 10 GWe by 2015. Incentive programs are in place, for instance the Proinfa program in Brazil and the Proure program in Columbia. Similar initiatives exist in Chile and in Uruguay. Today, the main boost comes from rising energy prices, making electricity from bioenergy competitive without specific incentive.

Brazil, rich in sugar cane, is the main biomass market. In spite of environmental concerns that led to legal restrictions on sugar cane operations, the country expects to double its production with the renovation of 80% of the plants using bagasse as a fuel. Other resources will contribute to anticipated growth, such as wood residue and household waste. In all, the production capacity is estimated at about 70 GWe.

ASIA-PACIFIC

In **Asia**, in addition to the programs of South Korea and Japan, new power plant construction will primarily occur in China (2005-2020 program) and in India, which has regularized its situation with respect to non-proliferation. Other countries have also shown interest in nuclear power more or less over the long term, including Vietnam and Thailand.

Asia-Pacific has a nuclear generating capacity of 86.9 GWe at 112 reactors. Nuclear power represents 35% of the electricity generated in South Korea and 29% in Japan. Nuclear power’s contribution to the mix is still very small in India and China.

In **Australia**, new projects focused on uranium mining are contemplated as confidence in the federal government’s policy on uranium extraction improves. Nuclear energy remains a hot topic, with opinion polls showing that a majority of Australians now support a nuclear option. This trend reflects increasing awareness of the need to prevent climate change.

In **China**, as stated by President Hu Jintao to the United Nations on September 23, 2009, nuclear power and renewable energies must be developed aggressively so that 15% of primary energy would come from non-fossil sources by 2020. The 11th five-year plan (2006-2011) already contemplated that nuclear power should increase from 1.5% of the electric mix to 5% by 2020, i.e. 40 GWe. This means that China needs to build approximately 30 GWe in additional nuclear capacity. This is the largest nuclear power program in the world.

At the end of November 2007, AREVA signed a contract valued at 8 billion euros with China Guangdong Nuclear Power Company (CGNPC) for the construction of two EPR™ reactors at Taishan (Guangdong province) and the supply of nuclear fuel necessary to operate the reactors for more than 15 years. A major milestone was reached when the first concrete for the Taishan EPR™ reactor was poured at the end of October 2009. In December 2009, AREVA and CGNPC demonstrated once again the vitality of their partnership by signing an agreement to establish a joint engineering company in China for cooperation on Chinese and international projects. In connection with these agreements, AREVA and China National Nuclear Corporation (CNNC) agreed to perform feasibility studies for the construction of a used fuel treatment and recycling plant in China.

China has demonstrated its determination to promote and develop renewable energies. Almost 20% of the energy mix is expected to come from renewable energies by 2020. Projects concern hydropower, wind power, biomass and photovoltaic solutions. In 2008, China was the world’s second largest generator of electricity from the wind. Jiangsu Province, one of the country’s most economically developed regions, is firmly committed to developing renewable energy technologies, particularly offshore wind turbines. As provided in the National Plan, Jiangsu Province will develop a Chinese offshore program representing 10 MW in capacity.

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South Korea, in the framework of its first long term energy plan (covering the period through 2030), expects a significant increase in the share of nuclear electricity, from 36% in 2008 to 59% in 2030. By 2020, six reactors already under construction and two more in the planning stage should complement the existing fleet comprised of 20 units. South Korea will need to build between seven and eleven additional reactors to meet its goal for 2030.

The used-fuel management issue is still on the agenda pending conclusion of a so-called Section 123 Agreement with the United States. The first reactor pools will be full by 2016.

India has high hopes for the development of its fleet of nuclear power reactors, which currently represent 4 GWe of generating capacity. This could be boosted to 20 GWe in 2020 and to 60 GWe in 2030. The Rajasthan 5 reactor was connected to the grid at the end of 2009.

The bilateral cooperation agreement for the pacific use of nuclear power signed between France and India in September 2008 became law at the end of November 2009. Other bilateral agreements are in the works, for instance with Canada.

In the first half of 2009, AREVA delivered 300 metric tons of natural uranium to the Department of Atomic Energy (DAE). Some of the material was used to load the Rajasthan 3 reactor in the summer of 2009.

On February 4, 2009, AREVA signed a memorandum of understanding with Indian utility NPCIL for the supply of EPR™ reactors and nuclear fuel. AREVA submitted a commercial and technical bid in July. AREVA also concluded an alliance with Bharat Forge for the construction of a manufacturing plant for forgings.

The Indian market offers a strong potential for the development of bioenergy, solar power and hydrogen technologies. For the Ministry of New and Renewable Energy, the country's potential represents 20 GWe, while the installed capacity is only 1.4 GWe (2007 data).

The political majority changed in **Japan** after the historical victory of the Liberal Democratic Party in the August 2009 elections. The country's nuclear policy remains unchanged, with a government dedicated to fighting climate change while developing renewable energies.

The availability of Japanese nuclear reactors remained low (63%), mainly because of outages caused by earthquakes.

In October 2009, the Genkai 3 reactor operated by Kyushu Electric was loaded with MOX fuel fabricated at AREVA's MELOX plant in France. This operation marks the real beginning of the Japanese "Pluthermal" program.

Startup of the Rokkasho Mura used fuel treatment plant was postponed to the end of 2010 while startup of the future MOX fuel fabrication plant (J-MOX) was postponed to 2015.

Three major events strengthened AREVA's partnership with the Japanese nuclear industry. In March 2009, Kansai Electric and Sojitz acquired a 2.5% participating interest in the Georges Besse II uranium enrichment plant. In April 2009, Mitsubishi Heavy Industries, Ltd, Mitsubishi Heavy Industries, Ltd. (MHI), AREVA, Mitsubishi Materials Corporation (MMC) and Mitsubishi Corporation (MC) created a joint venture entirely devoted to the design, fabrication and marketing of nuclear fuel. AREVA subsidiary Cezus acquired a 33% interest in Zirco Products, the leading Japanese manufacturer of zirconium cladding for nuclear fuel.

In **Taiwan**, the moratorium on construction of new reactors might be lifted. The country is getting ready for new projects by 2025-2030. However, commercial startup of the two reactors currently under construction at Lungmen was postponed by two years (to 2011-2012).

AFRICA

South Africa is the only African country with a nuclear power program. The two reactors built by AREVA at Koeberg and started up in 1984 and 1985 generated about 5% of the nation's electricity in 2009.

The country's needs are significant, although the order for a new 3,000 to 3,500 MWe unit had to be postponed due to the economic and financial situation, the government continues to support nuclear power and the project will likely restart in 2010.

The country needs to build some 40 GWe of additional power generating capacity by 2025, but the drop in demand linked to the financial crisis gives some flexibility. The challenge is to secure an additional 20 GWe of capacity, with the first power plant to be delivered in 2020 and the last one around 2035. AREVA is one of the potential partners for the project.

OTHER MARKETS

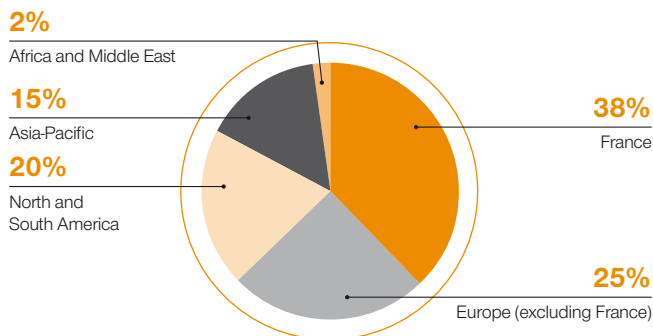
North African and Persian Gulf countries are interested in using nuclear power, including for non-power generating applications such as seawater desalination. Even the oil-producing countries are considering the nuclear option to preserve their mineral resources, which are becoming scarcer and more expensive. In December 2009, the United Arab Emirates signed a contract with a consortium lead by South Korean utility Kepco for the construction of four nuclear reactors.

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→ 6.2. AREVA customers and suppliers

6.2.1. CUSTOMERS

→ REGIONAL DISTRIBUTION OF CUSTOMERS BY REVENUE



Source: AREVA.

The majority of AREVA's customers are large electric utilities, public entities (agencies in charge of the back end of the nuclear cycle, etc.) and major industries.

Geographically, most of its customers are located in Europe, the United States and Asia (particularly Japan and China). The group is also active in new developing markets, including India, Brazil and the Middle East.

The group's leading customer is the EDF group, which represents 25% of its revenue in Nuclear and Renewables. The group's 10 biggest customers, including the EDF group, represented about half of its revenue in Nuclear and Renewables in 2009.

Organizationally, the business units have their own sales teams and are responsible for their own commercial commitments. The sales teams are extremely qualified in their respective businesses and ensure rapid responses to changes in their markets.

To ensure the efficiency and consistency of the group's marketing activities, the International & Marketing department is responsible for recommending and coordinating commercial strategy implementation to AREVA's corporate management. This department is supported by an international sales network, the AREVA group marketing staff, business development activities, a management team for major projects, control processes, commercial proposals, and key account managers. The key account managers are tasked with fostering long-term relationships with the group's main customers as part of a "customer action plan" approved by corporate management, which covers all of the group's marketing and sales activities.

Offers that are sensitive and/or in an amount of more than 400 million euros are subject to approval by the group's top management.

NUCLEAR

There are a limited number of customers in Nuclear operations, with the group's ten largest customers representing about half of its revenue. The transactions are usually large: contracts can amount to several hundred million euros or even several billion euros. In addition to the EDF group, AREVA's main customers are major utilities such as Duke Energy in the United States, RWE in Europe, and Tepco in Japan. Customers are diversified geographically, with the European customer base representing approximately two thirds of Nuclear operations.

AREVA's contractual commitments in the nuclear cycle are long term. This is true in the Chemistry and Enrichment business units, where contracts with some 30 utilities around the world average 5 to 8 years, and in the Recycling business unit, where it has a multiyear agreement with the EDF group.

The Reactors & Services division responds to calls for bids or negotiates on a sole source basis for installed base services and equipment replacement contracts.

With its integrated position in every aspect of the nuclear business, AREVA is able to enter into very large long-term contracts encompassing both Reactors & Services as well as Front End products and related services, as in the case of the contract with the Chinese utility CGNPC for nearly eight billion euros. AREVA is competing on several other large new build projects, particularly in Europe, the United States and Africa.

In addition to contracts with utilities, AREVA has significant contracts with governmental and paragonmental entities such as the Commissariat à l'Energie Atomique in France, the Department of Energy in the United States (DOE), the Nuclear Decommissioning Authority in Great Britain (NDA), DCNS and the DGA in France, etc.

In line with market practices, warranties may be given to customers in areas such as performance, delivery schedules, liability for non-performance, etc. The risks associated with these warranties are described in Sections 9.4.8. *Off-balance sheet commitments*, and 4.3. *Risk factors*.

RENEWABLES

AREVA intensified its commercial activities in the offshore wind market in 2009, primarily in Europe. For example, the group signed a contract for more than 700 million euros to supply 5 MW wind turbines to the Global Tech consortium, with operational deployment to take place in the North Sea.

6.2.2. SUPPLIERS

External purchases totaled approximately 4.5 billion euros in 2009, including 1.2 billion euros for non-production purchases in Nuclear and Renewables (IT and telecommunications, intellectual services, corporate services). Production purchases are divided among the following categories:

- civil engineering and finishings;
- raw materials and semi-finished products;
- forging, boiler making and piping;
- equipment, components and mechanical accessories;
- electricity, electronics and instrumentation;
- logistics, handling and storage; and
- production services.

Excluding the supply of nuclear materials and the contract with the EDF group to supply electric power to the enrichment plants, the group's top 10 suppliers represented approximately 14% of its consolidated purchasing volume in Nuclear and Renewables in 2009.

The group's senior Vice President of Purchasing is a member of AREVA's Executive Committee. The purchasing Vice Presidents of the first-tier subsidiaries report to him functionally and are members of

AREVA is also active in the biomass power plant design market. It signed a far-reaching partnership agreement with Duke Energy in the United States and is pursuing development in Brazil through its subsidiary Koblitz.

the Executive Committees of their subsidiaries. The Non-production Purchasing department coordinates and globalizes purchasing worldwide for all AREVA subsidiaries through call order contracts. The Production Purchasing department is globalizing strategic purchases for the Nuclear and Renewables divisions, especially for major projects.

Buyers' activities are measured and monitored by a series of key purchasing indicators. The "purchasing performance" indicator in particular measures the financial impact of purchasing activities: streamlining of purchasing requirements, search for alternative suppliers, competitive bidding, contract negotiation, etc.

In 2009, the Purchasing department launched a supplier promotion initiative by creating the «Certified AREVA Supplier» label. This distinction is a sign of AREVA's recognition of the supplier's shared vision of and insistence on sustainable development and its high marks in regularly achieving satisfactory quality, cost and schedule performance. Supplier relations were assessed according to 25 criteria; more generally, the supplier's ability to support the group's growth in a win-win relationship was examined. The CEO of AREVA awarded the label to some 430 suppliers at three ceremonies in Paris, Washington and Berlin.

6.2.3. DEPENDENCY OF THE ISSUER

See Section 4.3.4. *Contractual and commercial risks*.

For the EDF group, see also Sections 6.4.1. *Customers*, and 6.4.2. *Suppliers*.

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→ 6.3. Overview and strategy of the group

6.3.1. OVERVIEW

The AREVA group is a global leader in solutions for carbon-free power generation solutions. The group had consolidated revenue of 8,529 billion euros in 2009 and consolidated net income of 552 million euros. It employed 47,817 people in its Nuclear and Renewables businesses. AREVA's strategy is built on developing carbon-free energies by developing its core nuclear business and its second pillar, renewable energies.

AREVA's business is the growing energy market. The energy sector is growing rapidly around the globe. Several long-term trends underpin this growth. Strong world population growth, particularly in emerging countries, is fueling rising demand for electricity. The volatility of oil and gas prices, their rising production costs and, above all, their negative contribution to greenhouse gas emissions will have a not insignificant impact on the future energy mix, with the advantage going to technologies that emit few greenhouse gases and are less sensitive to the price of oil. The energy sector has invested very large amounts of capital in recent years to meet rising demand and to replace some of the existing infrastructure.

The group's biggest advantage is that it is active in a broad spectrum of businesses in carbon-free power generation. The group is one of very few suppliers capable of meeting customer requirements at every stage of the value chain, offering global solutions that protect the environment while complying with stringent safety criteria. Its integrated model and policy of partnerships put AREVA in the ideal position to anticipate market requirements. For example,

the group was one of the first to anticipate the wave of carbon-free energies, both renewable and nuclear, and to develop a strategy in this field. This market vision prompted AREVA to develop, before its competitors, a comprehensive strategy for meeting market demand. AREVA capitalizes on this strength through innovative, multiproduct, multiservice offers that meet the new expectations of its customers.

The group is recognized for its technological expertise in every aspect of the nuclear business, backed by 50 years of research and operating experience with proprietary processes and a range of new generation reactors to meet the energy challenges of the 21st century. These assets put the group in a favorable position, particularly in next-generation reactors and the back end of the fuel cycle.

The group's backlog came to 43.302 billion euros in 2009. The backlog has risen regularly over recent years, confirming that the renaissance of nuclear power is a market reality. The nuclear renaissance benefits all of the group's nuclear operations, including the Front End and Back End divisions, and not just the Reactors & Services division, confirming the relevancy of the group's integrated business model.

AREVA thus has all the resources needed to take full advantage of growth in the energy market. It has a global footprint and recognized technologies and expertise. The group is ready to stand by its customers in meeting their challenges: to generate power safely, at a competitive cost and without emitting greenhouse gases.

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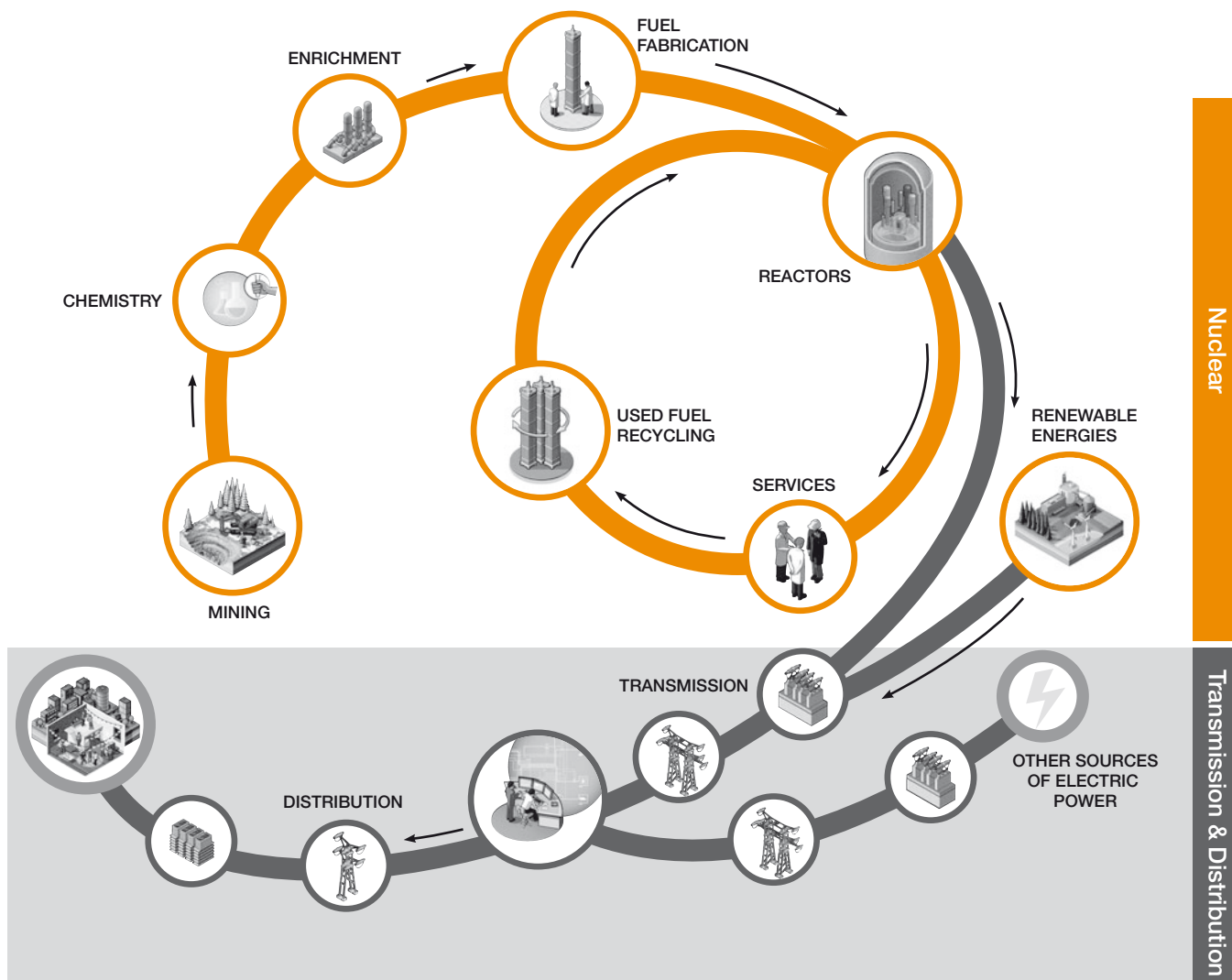
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→ **THE GROUP'S BUSINESSES**



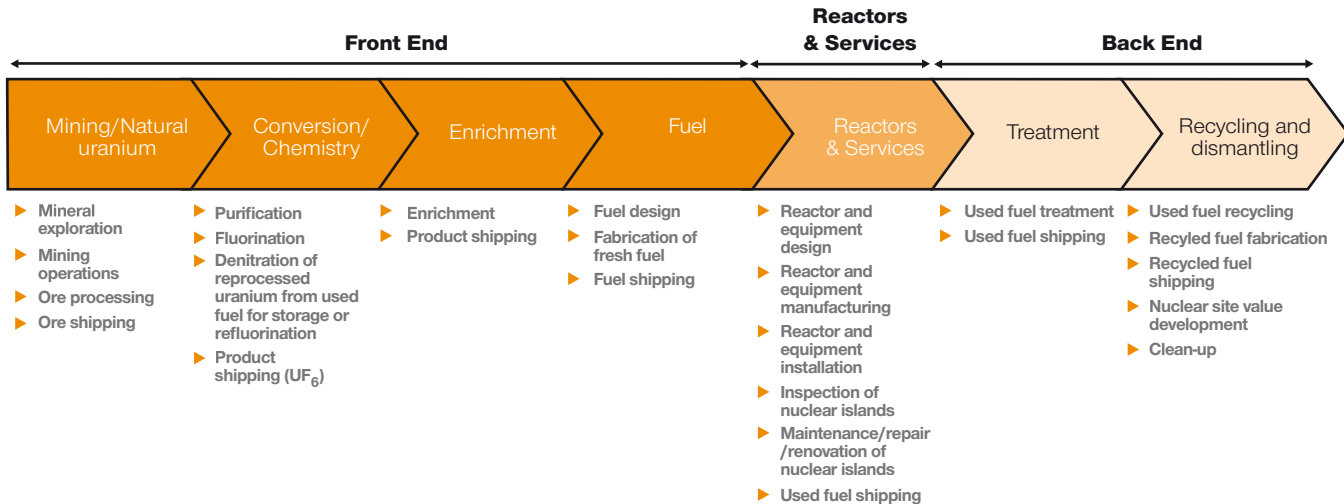
Nuclear businesses

The group is one of the world's leaders in solutions for generating nuclear power and integrates the entire nuclear power cycle. This integrated model is the catalyst for major synergies, not only in technologies and sales, but also in costs and portfolios. A significant share of AREVA's business involves multiyear contracts and installed based service operations (cycle and maintenance), which represent about 80% of the group's revenue today. These long-term activities provide a stable base for less regular "new builds" business.

It is largely due to the strength of recurring installed base services and of fuel supply to the installed base that AREVA was able to absorb the pitfalls of first-of-a-kind construction, such as Olkiluoto 3. The diversity of the group's businesses makes it particularly attractive on a market, in which nuclear expertise is scarce.

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The group's nuclear power operations consist of three major divisions:



The Front End division contributed 41% of AREVA's consolidated revenue in 2009, or 3.471 billion euros. The division combines operations in uranium exploration, mining, conversion and enrichment, and in the design and fabrication of fuel for nuclear reactors. AREVA is one of the leading players in the front end of the nuclear cycle and has a diversified portfolio of operating mines as well as top-notch industrial plants, most of which are located in Europe and North America.

The Reactors & Services division contributed 40% to AREVA's consolidated revenue in 2009, or 3.418 billion euros. It combines operations in nuclear reactor design and construction as well as in the products and services needed for power plant maintenance, operation, retrofitting and uprating. AREVA is one of the world's leading nuclear reactor constructors in terms of installed capacity, and **a leader in heavy equipment replacement** for nuclear reactors. In addition to its installed base business, AREVA is a leading player in the design and construction of next-generation reactors.

The Reactors & Services division includes the operations of AREVA TA (formerly Technicatome). AREVA TA's traditional business is to design, build and provide services to nuclear reactors for naval propulsion and research.

The Renewable Energies business unit is also part of this division.

The Back End division contributed 19% to AREVA's consolidated revenue in 2009, or 1.637 billion euros. It offers efficient management solutions for the back end of the nuclear cycle. AREVA is the world leader in this segment. It offers solutions consisting primarily of the recycling and reuse of power reactor fuel, and nuclear site value development at the end of the lifecycle. AREVA's customer base in the back end of the fuel cycle is chiefly comprised of European utilities. The group has signed agreements to transfer technology to Japan, the United States and China in connection with work to define solutions for used fuel management and site and facility value development once production operations have ceased.

Renewable energies businesses

AREVA has been present in the renewable energies sector since 2001 and organized its operations in a specific business unit in 2006. It includes AREVA's operations in wind energy, bioenergies, hydrogen and, since early 2010, concentrating solar power. AREVA intends to accelerate its development in the renewable energies sector, which will be a real part of the energy mix of tomorrow, offering many synergies with the nuclear power sector. From a marketing point of view, AREVA can serve as a single point of contact for a combined carbon-free power generation offer. AREVA also brings strong technical expertise in areas such as steam production.

AREVA decided to expand into the offshore wind market by acquiring Multibrid and PN Rotor. With these acquisitions, the group now has the industrial capacity, the technology and the resources to participate in a growing number of wind farm projects, starting in northern Europe.

In biomass, the group strengthened its position with the acquisition of Koblitz in January 2008. Koblitz is the Brazilian leader in the design and manufacturing of biomass power plants. AREVA created ADAGE™, a joint venture with Duke Energy, to develop biomass power plants in the United States. It also signed a partnership agreement with Astonfield Renewable Resources in July 2009 for the construction of biomass power plants in India.

In hydrogen, the group plans to industrialize the manufacturing of stationary generators through its subsidiary Hélon.

In early 2010, AREVA acquired Ausra, a company specialized in concentrating solar power technology. This technology gives the group the means to become a major player in this field and to offer its utility customers the most cost-effective and efficient solar power plants.

6.3.2. STRATEGY

“Enable everyone to have access to ever cleaner, safer and more economical energy”: that is the goal the group has set for itself. To achieve it, the AREVA group offers solutions for carbon-free power generation. The group wants to leverage its experience and know-how to ensure business growth while complying with stringent safety, security and risk prevention requirements.

For each of its businesses, AREVA has defined several major strategic goals that are fully consistent with its mission.

On global nuclear markets, AREVA is one of the few players to have fully integrated operations in the fuel cycle and in nuclear power plant construction, and has structured its strategic plan around a vision of civilian nuclear power in the year 2030. As early as 2006, the group launched a significant capital spending program so as to capture market opportunities associated with the nuclear renaissance in different countries and thereby bolster its status as a leading player in this field.

The group wants to capitalize on its integrated business model to offer a complete range of services to its customers. This means working along several lines:

- In the new builds market, the group’s EPR™ reactors currently under construction put it ahead of its competitors. Its objective is to build one third of new nuclear capacity in accessible markets ⁽¹⁾. The group will focus on markets where it can leverage the synergies of the integrated offering while capitalizing on its existing reactor designs to achieve economies of scale. To meet the specific needs of its international customers, AREVA is developing a line of pressurized water reactors with capacities ranging from 1,100 to 1,650 MWe. Control of the supply chain for critical components is a key success factor of the AREVA business model: by investing substantially in France and in the United States and signing strategic agreements with component suppliers, AREVA now has the production capacities required to satisfy new demand for power plants.
- The group’s second objective is to secure the fuel cycle supply chain for its existing and future customers in light of the growing number of operating reactors and supply pressures for natural uranium and enrichment services. To do this, AREVA must expand mineral reserves and increase production. On the industrial level, AREVA is also upgrading its uranium chemistry and enrichment production capacities to meet new demand. For example, the group continues to replace its uranium conversion capacities in France and is building two new uranium enrichment plants, one in France and one in the United States. These investments are financed in part by contributions from the group’s customers through minority interests in some projects and by reserving capacity.
- Services to the installed base (cycle and maintenance) are a major component of the group’s operations due to their recurring nature and the visibility they afford. AREVA also continues to expand its engineering teams, which will be shared across business lines as of 2010 and fully support innovative multiproduct, multiservices offers.

- In addition, sustainable development in the nuclear industry means technologically mature, long-term solutions for used fuel management. AREVA is far ahead of the competition, having developed a technology to recycle 96% of the materials contained in used fuel into fresh fuel. Recycling is also a solution that favors non-proliferation. A growing number of nuclear countries have expressed interest in recycling, bolstering AREVA’s intention of expanding this line of business.

On the renewable energies market, AREVA’s development is in line with political priorities defined in many countries. AREVA wants to develop a broad range of solutions in renewable energies, building on synergies between nuclear power and renewables. For example, the group analyzed the synergies that could be harvested between existing and emerging renewable energy technologies. It is on a “portfolio of renewable solutions” that the sector’s main players are structuring their strategy.

The sector is still consolidating and only a few world players have emerged as yet. There is, however, no lead player in the French renewable energy landscape. AREVA has the credibility, the technical expertise and the customer base necessary to become the French leader in renewable energies.

In addition, AREVA will emphasize its technology and expertise in the nuclear businesses with existing customers in the Nuclear businesses to win new projects in the Renewable Energies business.

These main lines of action are the foundation of AREVA’s development strategy. Three areas require substantial investment:

- Human assets: Employee recruitment, integration and training are top priorities to prepare for expected growth. Since 2005, more than 50,000 people have been hired in all; in 2009 alone, 12,675 new employees joined the group.
- Research & Development: R&D projects are oriented towards supporting existing operations and businesses, and developing new business applications. R&D spending is expected to level off in the years to come; it has averaged more than 6% of consolidated revenue since 2005.
- Industrial investment: Major investments are required to meet demand and expand our geographic footprint. AREVA plans to make capital investments totaling 6.5 billion euros over the 2010-2012 period (excluding acquisitions).

In addition, AREVA relies on a large number of strategic partners to contribute specific know-how and knowledge of local markets and customer requirements. For example, AREVA has entered into many partnership agreements in recent years, demonstrating the flexibility of the group’s business model in meeting customer needs. These partnerships are part and parcel of the group’s culture and do not necessarily require an equity investment. Partners could include:

- industrial groups such as Cameco, Japan Steel Works, Northrop Grumman, Mitsubishi, Total and URENCO;
- engineering groups such as AMEC, Aveng, Bechtel, Bouygues, Shaw, Technip and URS-Washington Group;

(1) AREVA does not intend to position itself on a number of local markets, either for political reasons or because local players may be dominant as of today.

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- customers, including Duke Power, the EDF group, E.ON and GDF Suez; and
- national or state-owned companies, including Kazatomprom, the State of Niger, CNNC of China, Office Chérifien des Phosphates du Maroc, and the Jordan Atomic Energy Commission.

Aware of its **responsibilities** as a leader and of the contribution that nuclear power and renewable energies make to meeting the planet's energy challenges, the group has integrated **sustainable development** into its **business strategy** and **operations**. AREVA is aiming for growth that is **profitable, socially responsible and respectful of the environment**. Sustainable development is one of the group's core values, as specified in the Values Charter, inspired by the principles of the UN Global Compact and OECD guidelines.

These goals translate into commitments that are implemented throughout the group as part of the AREVA Way continuous improvement process. Each business unit sets objectives that are in line with the group's commitments and assesses its performance using the AREVA Way self-assessment model, which is integrated into the group's management processes. Performance is reported to management bodies during strategy and budget meetings, at which time performance improvement objectives are set and resources allocated through the budget process.

Note: A balanced scorecard of sustainable development activities is presented in the publication "Responsible growth report – AREVA in 2009", which is available from the group upon request or may be read on the website at www.aveva.com.

In addition, the Values Charter was adopted by the AREVA group in 2003. It applies to all operations controlled by the group, whether nuclear or non-nuclear, in any country in which these operations are conducted, without exception.

This Charter applies to all of the group's corporate bodies, executives and employees as well as to its principal suppliers, subcontractors, financial partners, consultants and commercial intermediaries. At each level, management is responsible for implementing the Values Charter. The Charter covers our values, action principles and rules of conduct.

The group's values are the essence of the group's sustainable development initiative. They include integrity, an acute sense of professionalism, responsibility, sincerity, partnership, profitability and customer satisfaction.

The principles of action focus on each category of AREVA group stakeholders: customers, shareholders, employees, suppliers and subcontractors, the public and the planet.

In addition, the Values Charter spells out rules of conduct applicable to everyone in specific fields of risk exposure, in particular conflicts of interest, insider trading, international treaties, protection of assets and personnel, payments, etc. They also provide that any person who receives an order from his or her supervisor that is patently contrary to the Values Charter is justified in not executing it. The AREVA Values Charter refers explicitly to major international standards of governance: the UN Global Compact, the OECD Guidelines for Multinational Enterprises, the Universal Declaration of Human Rights

and the Declaration of the International Labor Organization on fundamental principles and rights at work.

An Advisory Committee on Ethics has been established to oversee implementation of the Values Charter, capitalize on lessons learned and propose changes as required.

The Chief Executive Officer has designated a Business Ethics Advisor, who reports to the group's Senior Vice President of Compliance. He advises management regarding ethical conflicts concerning the Values Charter, designs and oversees training programs regarding ethics and group values in liaison with AREVA University, and oversees a network of business ethics coordinators in first-tier subsidiaries.

The Values Charter (see appendix 6) is available in the main languages used in the group. It may be downloaded from the group's website (www.aveva.com). It is updated to reflect lessons learned and improvements in international standards.

STRENGTHENING RELATIONS WITH EXTERNAL STAKEHOLDERS

AREVA's commitment to dialogue and consensus-building in the framework of the group's sustainable development policy gives an important strategic dimension to relations with stakeholders.

The group's self-assessment model combined with its continuous improvement initiative, AREVA Way, has devoted an entire principle to it in commitment number 9, "Dialogue and consensus-building".

The group is convinced that dialogue and consensus-building constitute the best way to work together to find creative solutions for sustainable development issues. Through the group's dialogue initiatives, and by listening to the concerns and expectations of its stakeholders, the group continually enriches its initiatives in the spirit of continuous improvement.

With this in mind, several initiatives have been undertaken, at the group level and/or at the site level. Several illustrations are given in the following paragraphs.

Consensus-building at the corporate level

In 2004, the group turned over the organization of a consensus-building program involving a panel of external stakeholders to Comité 21, a leading authority on sustainable development in France.

To ensure the credibility and effectiveness of this approach, the AREVA group and its stakeholders agreed to adopt a method designed by Comité 21. The parties meet during two half-day sessions on topics related to the company's sustainable development strategy and practices.

The first consensus-building meeting was organized as two consecutive sessions on September 14, 2004 and February 9, 2005. The second one took place on December 15, 2006 and January 10, 2007, and the third on October 8-9, 2008.

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These stakeholders' sessions achieved the following objectives:

- informing stakeholders of the group's operations and developments and, where necessary, reporting on commitments made during previous sessions;
- organizing interaction between the company and stakeholders on how well this information meets their expectations, and receiving their opinions and proposals on how to update the goals and further the group's deliberations.

After each consensus-building meeting, Comité 21 writes a summary of stakeholder expectations and proposals. These summaries are available on our website, www.areva.com.

The participants hail the quality of these meetings. The stakeholders highlight the company's progress, its efforts to be accountable, and its mobilization. They would like these consensus-building meetings to continue.

On December 2, 2009, to strengthen the international dimension of its consensus-building approach, AREVA held its first regional discussion via AREVA Inc. in the United States on the theme "AREVA's Low Carbon Energy Future: Stakeholder Dialogue". The meeting was organized by Business for Social Responsibility (BSR), a renowned international firm focused on deploying practical solutions for sustainable development.

AREVA Inc. has already decided to hold a new session in the United States, and AREVA itself has scheduled a fourth meeting in Paris for May 19 and 20, 2010, again with the support of Comité 21 and with a panel including a growing number of international participants.

Mapping of local stakeholders

The group mapped local external stakeholders at its sites, a practice based on methods that were developed in 2003-2004 in collaboration with a strategic sustainable development consulting agency.

The purpose is to compare internal and external perceptions of the challenges posed by site operations, and to assess the quality of its relations with external stakeholders. It is based on interviews with a panel of local external stakeholders, including associations, local residents, local elected officials, government agencies and the media. The interviews are carried out by an independent third party. The mapping exercise itself gives tangible meaning to the group's commitment to dialogue.

The results provided by the consultant are used by site managers to identify priorities and areas for improvement in future actions.

At the end of 2009, 41 mapping initiatives had been completed at 7 sites in France, Belgium, Great Britain, Germany, Canada, the United States and India. In 2009, three sites were reviewed for the first time.

The sites involved in these exercises are now rolling out action plans to continue, reinforce, reorient, or develop the actions deemed to be most suitable.

AREVA's partnership and patronage program

A foundation and patronage program are two ways to carry out aid programs in the countries in which the group operates. Since 2003, the AREVA group's patronage program has been giving voice to its policy of dialogue with stakeholders in areas such as North-South development, energy, climate change and culture. The group provides assistance to people in distress during emergency situations.

To go a step further, AREVA created AREVA Foundation in 2007. In 2009, the Foundation refocused on two core missions: health and education. The AREVA Foundation is also providing assistance to AREVA employees interested in volunteering their talent. AREVA selected a number of reputable and responsible organizations that need volunteers in areas where the group's many professions are relevant.

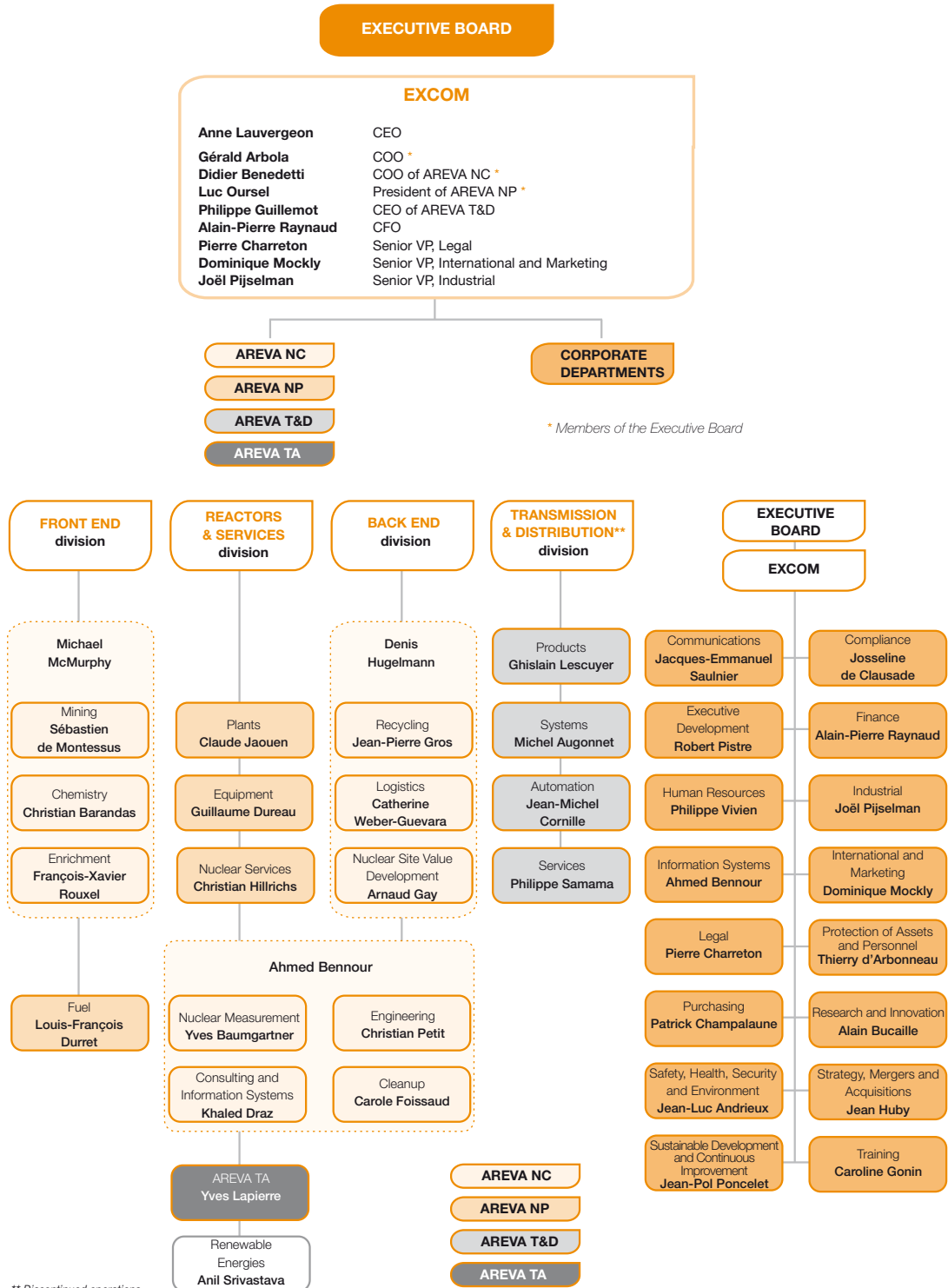
Every year, the group conducts more than 30 projects in 15 countries.

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6.3.3. OPERATING ORGANIZATION

In 2009, the AREVA group is organized into four divisions – the Front End, Reactors & Services, Back End, and Transmission & Distribution divisions (in the process of being sold) – which together comprise 20 business units.

The AREVA group’s management organization is aligned with the markets to which it provides products and services. The organization as at December 31, 2009 is shown below:



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NEW ORGANIZATION IN 2010

On January 28, 2010, AREVA announced the establishment of a new organization for its Nuclear and Renewables operations. The new organization strengthens the synergies between the group's businesses, enabling it to respond fully to customer expectations.

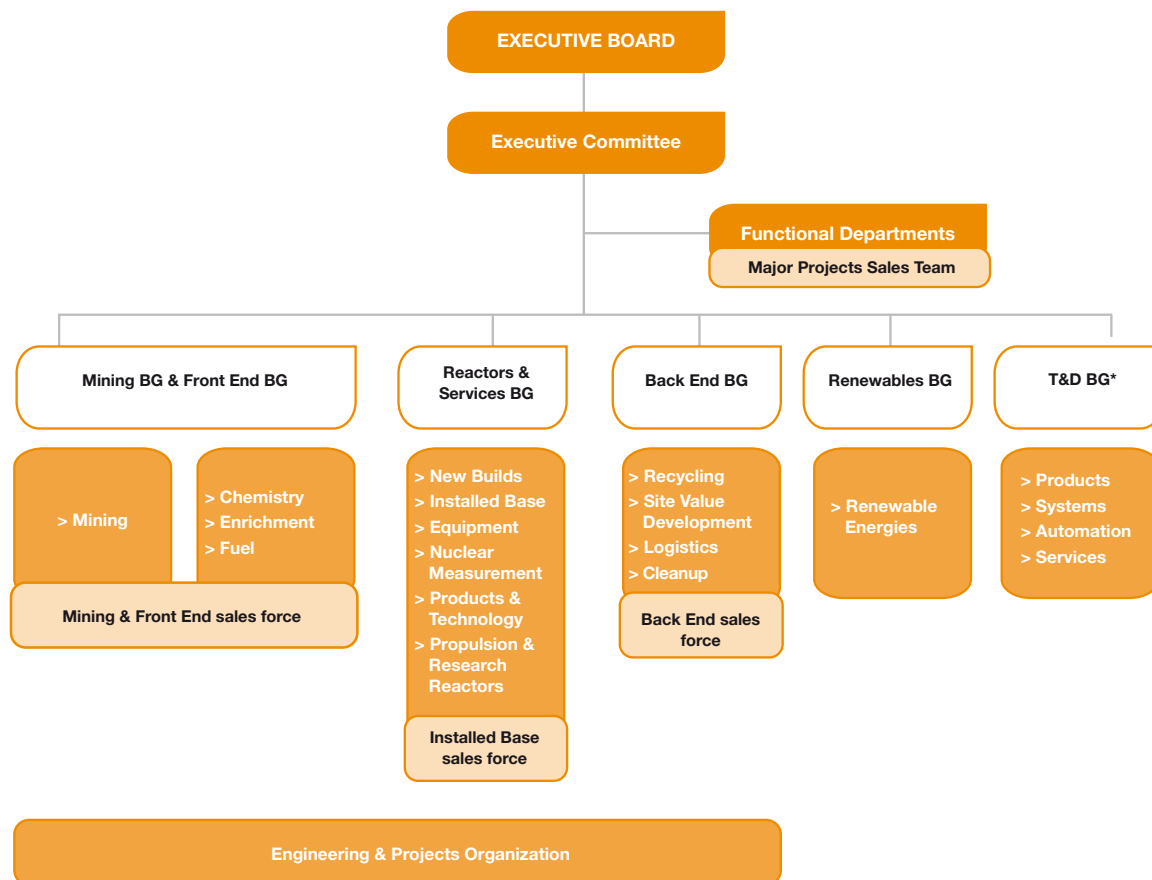
The new organization is aligned with the group's goal of becoming the leading player in solutions for carbon-free power generation. The Management Committees lead and oversee the group's operations, organized into Business Groups, which are themselves organized into Business Units (profit centers). The functional departments assist the committees. The senior executive vice presidents of the business groups are the group's key operating leaders. They report directly to the Executive Board.

The group's operating organization is aligned with the group's strategy, the better to support the nuclear renaissance and the development of renewables. Built on the six Business Groups – Mining, Front End, Reactors & Services, Back End, Renewable Energies and Transmission & Distribution ⁽¹⁾ – this organization will enable AREVA to widen its lead by taking full advantage of its integrated business model, which has been delivering customer satisfaction since 2001.

A joint sales team for major projects has been created to marshal the group's offers for major projects and optimize the deployment of its international marketing and sales activities.

An Engineering and Projects Organization ⁽²⁾ has also been created to serve all nuclear operations and boost engineering synergies among all of the group's businesses while enhancing its responsiveness to AREVA customer expectations.

NEW ORGANIZATION CHART



* Discontinued operations

(1) The Transmission & Distribution business is in the process of being sold to Alstom/Schneider and will continue to be a business group until these operations have been effectively transferred.

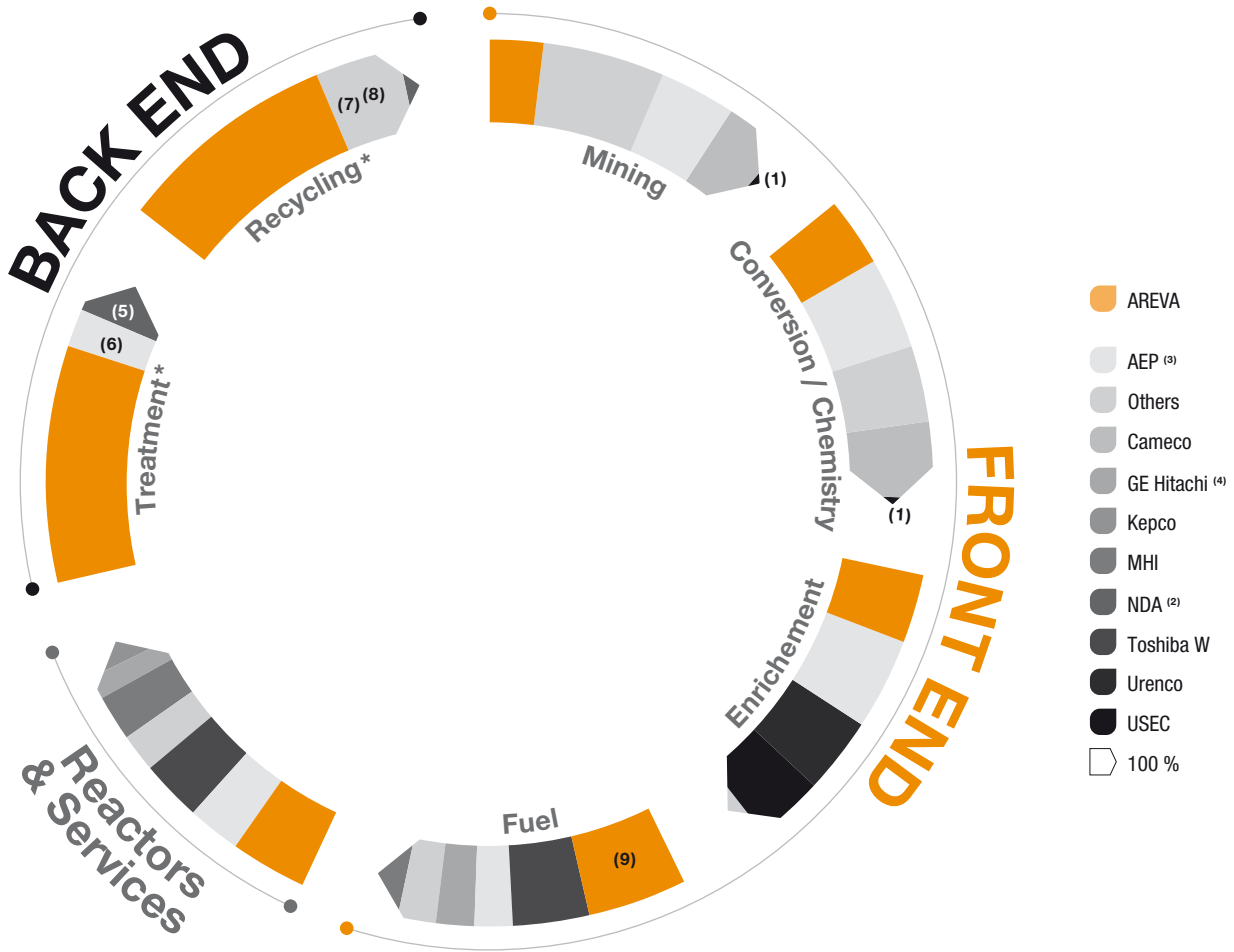
(2) Defense operations at AREVA TA will be covered by an agreement between the French Ministry of Defense and AREVA, on the EADS/Astrum model. AREVA TA's organization will be finalized after the signature of that agreement.

6.3.4. COMPETITIVE POSITIONS

The AREVA group has built up know-how that places it in the lead worldwide, and it has adopted an industrial organization that is

consistent with these different business sectors. AREVA is a world leader in civilian nuclear power, as illustrated in the table below.

→ **COMPETITIVE POSITION OF AREVA AND ITS LEADING COMPETITORS BY BUSINESS SEGMENT**



(1) USEC, which does not have mining or conversion operations, sells natural uranium and conversion services directly related to its enrichment operations.
 (2) On November 24, 2008, Nuclear Management Partners Ltd signed a contract with the NDA for the management and operation of the Sellafield nuclear complex; AREVA is a member of NMP.
 (3) AtomEnergProm.
 (4) The final decision to merge their nuclear operations was made on July 12, 2007.
 (5) The NDA's Reprocessing Plant (THORP) in Sellafield has restarted its production in 2008.
 (6) The RT1 facility is now wholly owned by Rosatom.
 (7) The JNFL treatment plant (800 MT) is still undergoing active testing (420 MTHM) and the MOX plant (130 MT) is in the design phase.
 (8) These volumes include Belgonucléaire's production at Dessel, which ceased in mid 2006.
 (9) Including the Yi Bin fuel plant (just as the figure for Westinghouse includes ENUSA).

* Cumulative amount, in metric tons of heavy metal, of used fuel treated and of MOX fuel fabricated since the start (AREVA estimates).

→ 6.4. Business divisions

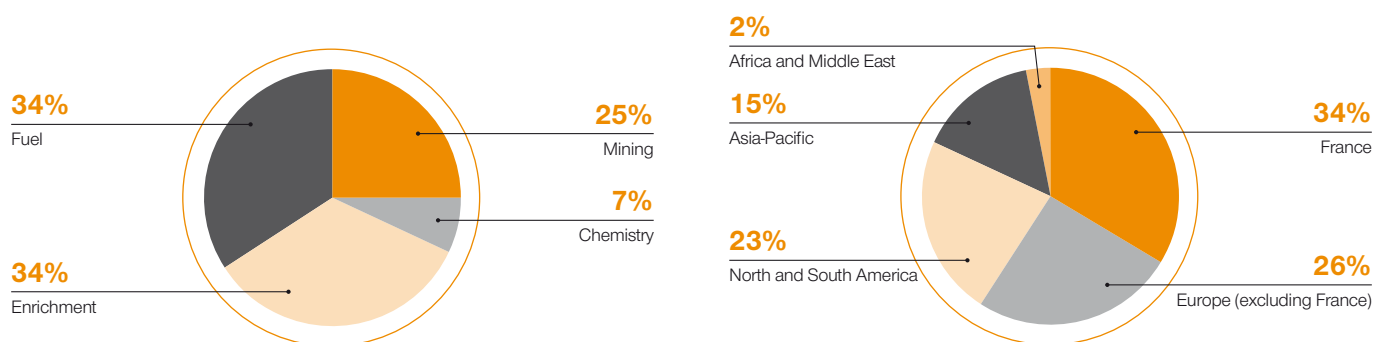
6.4.1. FRONT END DIVISION

KEY DATA

(in millions of euros, IFRS)	2009	2008	2007
Revenue*	3,471	3,363	3,140
Operating income	659	453	496
Workforce at year end	14,763 employees	14,240 employees	12,577 employees

* Contribution to consolidated revenue.

→ 2009 REVENUE BY BUSINESS UNIT AND GEOGRAPHICAL AREA



OVERVIEW

The Front End division represents 41% of AREVA group revenue in Nuclear and Renewables in 2009. It combines all of the fuel cycle operations that take place before nuclear power is generated: uranium exploration, mining and concentration; conversion into uranium hexafluoride (UF₆); uranium enrichment services; and nuclear fuel design and fabrication.

The division's business model is characterized by strong integration of its operations, making it possible to make major long-term investments and to offer all the products and services needed by customers for their nuclear power plants.

The division's customers are primarily operators of nuclear power plants and of research reactors. Customers retain ownership of the materials used in all these operations. They buy uranium concentrates from AREVA, as well as industrial conversion services, up through production of the fuel assembly.

AREVA operates in every segment of the nuclear fuel cycle and is a leading player in the front end of the cycle.

The **Mining business unit** manages a vast portfolio of projects in varying stages of development, from exploration to production,

including reclamation of closed production sites. Although uranium represents 93% of its revenue, the Mining business unit also holds gold mines through its subsidiary La Mancha.

The **Chemistry business unit** is in charge of uranium conversion, which involves purifying mining concentrates followed by conversion of the uranium into hexafluoride. The Chemistry business unit also provides services to other segments of the fuel cycle, including the conversion of depleted uranium hexafluoride into oxide, the recycling of uranium from used fuel treatment, and technology sales.

The **Enrichment business unit** provides enrichment services, which involve increasing the U₂₃₅ content of natural uranium from 0.7% to 3%-5%, depending on the type of reactor in which the fuel will be loaded.

The **Fuel business unit** designs, fabricates and markets nuclear fuel assemblies for pressurized water reactors (PWRs), boiling water reactors (BWRs) and research reactors. The business unit fabricates the entire assembly, from fuel rods for all types of fuel (enriched UO₂ oxide, MOX or enriched reprocessed uranium-ERU), to structural components and zirconium parts.

STRATEGY AND OUTLOOK

The nuclear renaissance is gaining momentum worldwide, benefiting the division directly. The total global market for natural uranium is 66,000 metric tons per year; for enriched uranium, it is on the order 50 million separative work units per year (SWU; see Glossary), needed to enrich uranium. In the fuel business, the division mainly serves the market for Western-designed light water reactors, of which there are about 300 worldwide. These reactors require approximately 7,000 metric tons of fuel each year.

The division's strategic objective is to ensure the security of supply for fuel and related materials for existing customers as well as customers acquiring new reactors. AREVA intends not only to grow its market share in the Front End business, but also to expand with an integrated services offer.

To this end, the group will continue to develop its mineral resources, expand and replace its industrial facilities, and expand its fuel offering.

Increasing AREVA's mineral resources and production

For more than 15 years, the market for natural uranium suffered from a severe imbalance between primary supply of uranium and demand.

This imbalance was offset by the use of so-called secondary resources. The secondary resources come from strategic inventories stockpiled by utilities in the 1980s and, beginning in the late 1990s, from the arrival on the market of materials originating in the former Soviet Block. They can also be traced to the arrival on the civilian market of natural uranium derived by diluting highly enriched uranium (HEU) from dismantled Russian and American weapons.

The "Megatons to Megawatts" agreement between the United States and Russia signed on February 18, 1993 is the first non-proliferation agreement providing for the commercial reuse of fissile materials. Over a 20-year period through 2013, Russia has agreed to convert 500 metric tons of HEU into low-enriched uranium for civilian use. Each year, AREVA markets an average of 2,600 metric tons of natural uranium in the form of UF₆ under this agreement.

In 2009, increased mining production helped achieve a balance between supply and demand. However, the projected decrease in secondary resources when the HEU agreement ends in 2013 and the expected increase in demand for uranium calls for continued development of mining capacities.

As the nuclear renaissance picks up speed, uranium demand tied to new reactor sales is expected to increase continuously beginning in the middle of the decade.

The group's ability to meet that demand over the long haul will be a significant competitive advantage for reactor sales.

In response, AREVA undertook a vast program to increase its uranium production and resources over the long term. This involves the development of projects currently in the pipeline, increasing exploration and pursuing external growth.

Increasing production will not only serve existing contracts and ensure their renewal, but will conquer new business as well:

- it will replace depleted secondary resources with primary resources at the beginning of the next decade; and
- it will ensure uranium supply associated with the group's sale of new reactors.

In fact, AREVA has mining rights in several key areas: Canada, Niger, Kazakhstan, Namibia, South Africa and the Central African Republic.

This diversification of resources is important to secure supplies to utilities, which want long-term guarantees of uranium deliveries. Partnerships may be established with customers interested in co-owning mining assets to secure future supplies.

Optimizing existing production resources and building new capacity

The conversion and enrichment markets are structured around a small number of international players in the United States, Europe and Russia. The nuclear renaissance sweeping the world will translate into strong market growth. AREVA has prepared for this by replacing its facilities.

In 2007, AREVA decided to revitalize and replace the conversion facilities of its subsidiary Comurhex to prepare for the growth in demand for fuel made with natural uranium. This program includes the construction of new units and lifecycle extension of existing facilities, both at the Malvési site in southern France and at the Tricastin site in the Rhone Valley. Commercial production, with a baseline of 15,000 metric tons per year, is scheduled to come on line in 2012. Capacity will then be stepped up to 21,000 metric tons of uranium per year as market conditions justify.

In addition, the group's Georges Besse gaseous diffusion enrichment plant now in operation will be replaced by a new facility named Georges Besse II. The new plant uses commercially proven centrifuge enrichment technology, which will make enrichment prices less dependent on the price of electricity, which is the primary component of current production costs. This translates into an investment of some 3 billion euros to produce at least 7.5 million SWU per year starting in 2016. Spin-up of the first centrifuge cascade took place in 2009.

AREVA is also planning to expand in the United States, particularly through the Eagle Rock Enrichment Facility in Idaho, to serve the fast growing US enrichment market. In January 2009, AREVA submitted a license application to representatives of the US Nuclear Regulatory Commission (NRC) for authorization to build and operate uranium enrichment facilities at the site. The Eagle Rock plant will use the same technology and the same design as the Georges Besse II plant. It will produce 3.2 million SWU per year starting in 2018. AREVA will capitalize on lessons learned during construction of the Georges Besse II plant to optimize the costs and schedule of the Eagle Rock project and to maximize the return on investment.

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Being the world's leading supplier of PWR and BWR fuel and related services

The fuel fabrication industry has strong barriers to entry consisting of a wide range of technical specifications which only reactor designers can fully grasp. It is nonetheless still a highly competitive market, given the excess production capacity that exists worldwide. Market growth is also a function of installed generating capacity and plant load factors, minus the effect of heightened fuel performance.

AREVA supplies one third of the market and intends to preserve its leadership position. Every unit of the group is mobilized to ensure the quality and performance of its products by improving their operating characteristics and reducing reactor operating costs, and to renew its range of PWR and BWR products by designing new and even more innovative products.

Strengthening the integrated fuel offer

The majority of AREVA's main competitors in the front end of the cycle are active in only one part of the cycle. For several years, these competitors have taken steps to migrate to an integrated model. Against a backdrop of nuclear renaissance accompanied by commodity price pressures, AREVA intends to provide its customers the added value of its unique positioning in every step of the fuel cycle and to develop innovative integrated offers that harvest internal synergies.

Operations and highlights

With 8,623 metric tons (MT) of total production in 2009, an increase of 36%, AREVA has become the world's leading producer of uranium. This performance confirms AREVA's capacity to meet the objective of doubling its production by 2012, to 12,000 metric tons.

In December 2009, AREVA and Mitsubishi Corporation agreed on the terms of a partnership in Mongolia. AREVA invited Mitsubishi Corporation to participate in the development of its uranium prospecting activities in Mongolia, including the potential for acquisition of a 34% interest in AREVA Mongol.

On January 5, 2009, the Imouraren exploration permit was received and a mining agreement was signed with the State of Niger. Imouraren SA was established in March to mine the deposit, with the capital now split between AREVA (56.65%), the State of Niger (33.35%) and the South Korean consortium comprised of Korea Electric Power Corporation (Kepco) and Korea Hydro & Nuclear Power (KHNP) (10%) pursuant to the purchase agreement between AREVA and Kepco signed in late December 2009.

Several long-term contracts were signed by the Chemistry business unit, or are in the process of finalization with utility customers in Japan, China, the United States and Europe. In addition to representing substantial future revenues, these contracts extend as far as 2024 and are indicative of AREVA's diversified regional presence in the conversion market.

In enrichment, AREVA signed a number of very large contracts, further strengthening its backlog. At year end 2009, the average backlog was equal to about 11 years of sales.

The Fuel business unit was certified for Quality, Safety and the Environment after SGS, a certification company, completed an audit of all of its sites. The auditing contract with SGS covers a three-year period, from 2008 to 2010. SGS selected the sites to be audited each year. Each site will be reviewed at least once.

The certifications include:

- the ISO 9001 international quality standard;
- the OHSAS 18001 international occupational health and safety standard; and
- the ISO 14001 international environmental standard.

The US Nuclear Regulatory Commission (NRC) renewed the operating permit for the Richland fuel fabrication plant for a 40-year period. This decision, unique in the history of the nuclear industry, was achieved through the hard work accomplished by the group's personnel. It is also a reflection of the NRC's excellent opinion of the group's operating performance and its confidence in its people. This year, the Richland site will celebrate its 40th year of service.

6.4.1.1. MINING BUSINESS UNIT

Key data

	2009	2008	2007
Revenue* (in millions of euros)	861	770	728
Workforce at year end	5,129 employees	4,602 employees**	3,525 employees

* Contribution to consolidated revenue.

** Workforce proportionate to percentage of AREVA's stake in mining joint ventures (uranium and gold operations combined). In all, 6,164 people worked at the mine sites operated by AREVA in 2008.

Businesses

In addition to uranium trading, the Mining business unit's four main activities are:

- mineral exploration, i.e. discovering new ore bodies for future mining;
- mining operations: ore extraction using various methods and techniques;
- ore processing: concentration of uranium contained in ore using chemical processes; and
- site reclamation after mining: restoration of mine sites in accordance with applicable environmental standards.

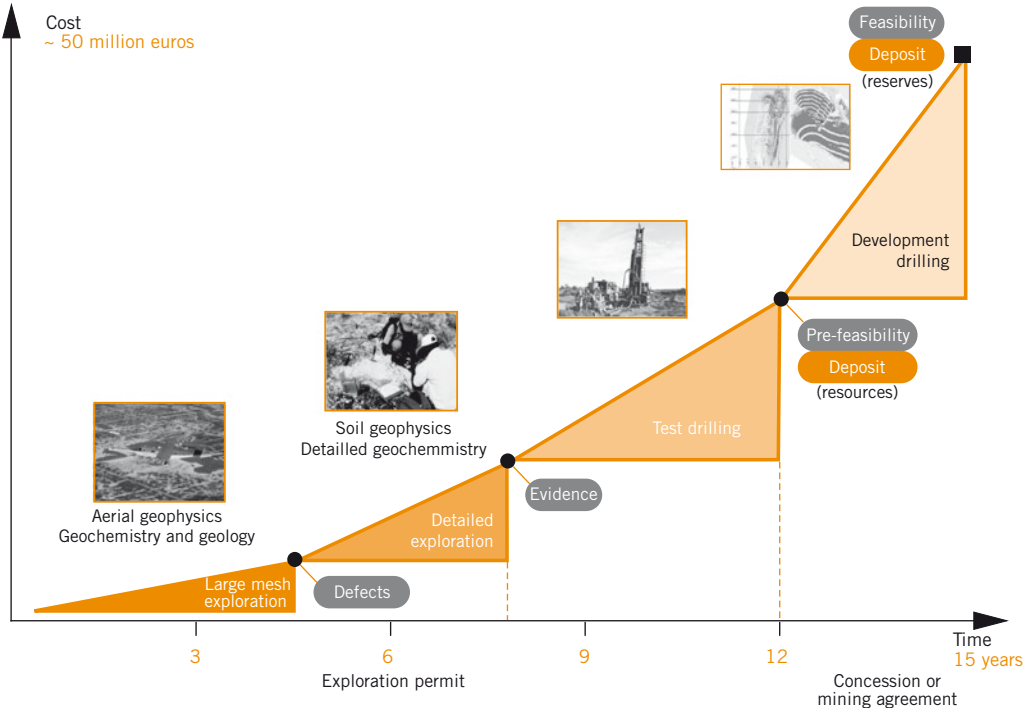
The group's mining operations focus first and foremost on uranium. A relatively abundant metal that is evenly distributed in the earth's crust, natural uranium contains two main isotopes: 99% of the natural uranium is non-fissile U₂₃₈, while 0.7% is fissile U₂₃₅.

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AREVA also produces gold through La Mancha, a subsidiary established on September 28, 2006 by combining the group's gold assets with those of Canadian company La Mancha Resources Inc. This diversification into gold began in the 1980s and helped maintain mining know-how at a time when the uranium market was depressed.

Mining operations cover particularly long cycles requiring significant capital expenditures over several years before the operations themselves begin, i.e. until the first deliveries of uranium are made and the first sales proceeds collected. Then cash flow increases before once again falling off in the final years of operation followed by site reclamation.

→ **URANIUM MINING BUSINESS MODEL: FROM EXPLORATION TO MINING FEASIBILITY***



*Before licencing (exploration and construction permit process: 5 to 10 years).

Source: AREVA.

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The first phases of exploration consist of detecting surface or subterranean mineral indicators using aerial or ground geophysics (gravimetry, electromagnetics, radiometry) as well as surface geological surveys. AREVA selects targets for their promising mineralization history. This is followed by test drilling to develop an initial estimate of the deposit's resources.

Once the attractiveness of the deposit has been confirmed, the drilling grid is tightened to refine the estimate of resources and confirm mining feasibility, both technically and economically (reclassification from resource to reserve).

These operations, which require an exploration permit that eventually confers mining rights, take an average of 10 to 15 years.

Once the technical and financial feasibility has been demonstrated, the ore is mined, either from open pit or underground mines, or using *in situ* recovery techniques (see Glossary). The choice of method is dictated by the ore body's characteristics.

Ore extracted from open pit and underground mines is transported to a processing plant. There, it is milled and the ore is attacked, usually with acidic solutions. The uranium is extracted from the resulting liquor

using organic solutions or ion exchange resins. It is then precipitated and dried to produce a concentrate called "yellowcake". This product is packaged and shipped to the conversion plant of the customer's choice.

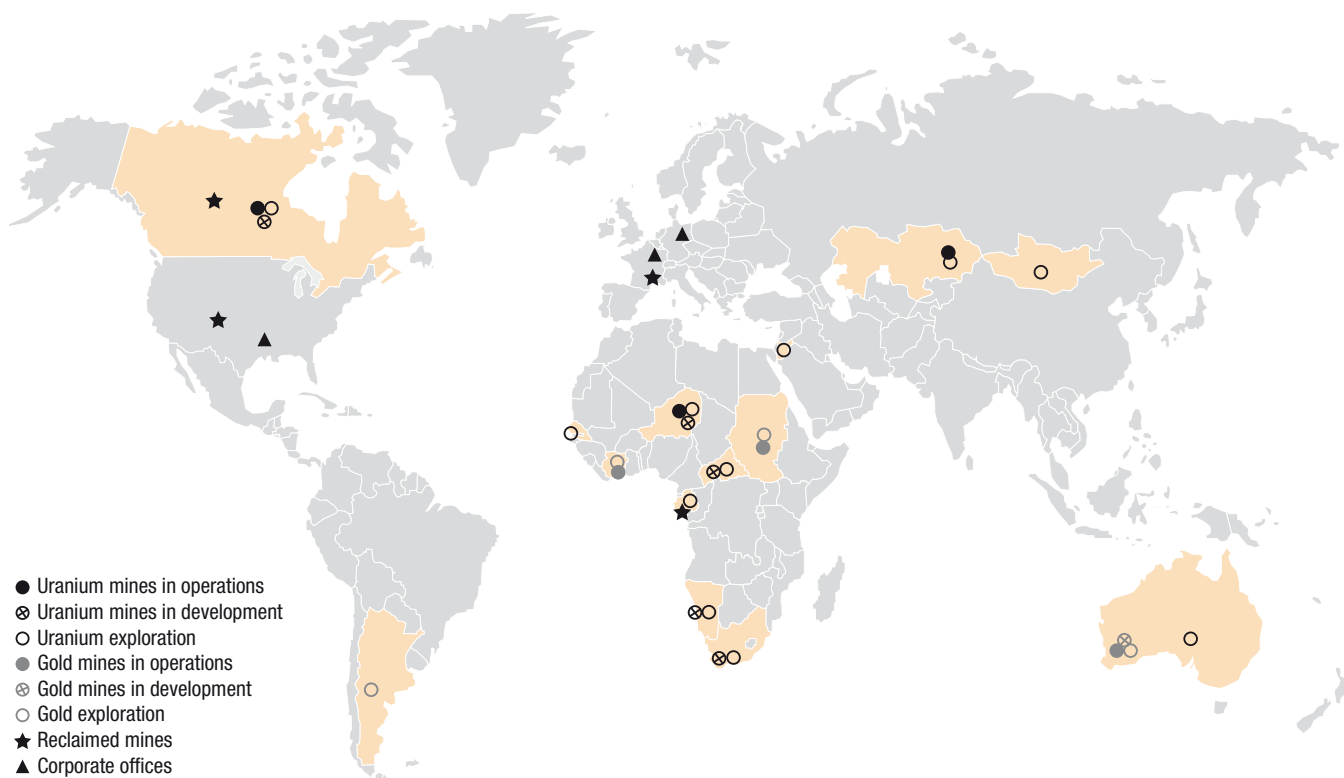
In situ recovery techniques are used to recover uranium from low grade or very low grade deposits. In situ leaching can often be implemented quickly. Leaching consists of injecting an oxidizing solution into the mineralized area to dissolve the uranium selectively. The solution is then pumped to the surface and processed in special plants.

Mining reclamation is an important activity that calls for specific mining and civil engineering techniques and involves many areas of expertise. The purpose of this activity is to return the site to its natural state after operations, with a view to sustainable development.

Manufacturing and human resources

The Mining business unit has staff on five continents. The uranium production sites are located in three countries: Canada, Niger and Kazakhstan.

→ **MAIN PRODUCTION SITES OF THE MINING BUSINESS UNIT**



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Canadian sites

AREVA receives production from two mine sites in Canada: McClean Lake, operated by AREVA, and McArthur River, operated by Cameco Corporation. A third deposit, Cigar Lake, also operated by Cameco Corporation, is expected to come into production in the coming years. Production startup at the Midwest site, initially scheduled for 2011, was postponed due to current conditions in the uranium market. Production startup of the Caribou deposit, which was to supplement Midwest production, was also postponed.

These sites are located approximately 600 kilometers north of Saskatoon in the Athabasca basin of Saskatchewan Province.

The group deploys ISO 14001-compliant Environmental Management Systems at all sites and for all operations. McClean Lake, Cluff Lake (shut down five years ago) and the group's exploration activities were all certified under ISO 14001 in 2000 and 2004.

McCLEAN LAKE

AREVA operates McClean Lake and is a 70% owner alongside Denison Mines Ltd, which has a 22.5% stake, and Overseas Uranium Resources Development Company Ltd of Japan (Ourd), which owns 7.5%.

Uranium production started in 1999 with ore extraction from small deposits near the surface.

The ore is processed in the Jeb mill, commissioned less than ten years ago. The mill has a capacity of approximately 12 million pounds of U_3O_8 per year (4,600 metric tons), which could be increased. JEB is the only mill in the world able to process very high-grade ore (> 15%) without prior dilution. It has been selected to process a significant share of the ore produced at Cigar Lake. More than 40% of the employees of the joint venture between AREVA and its partners come from the local community.

In view of the postponement of operations at the Midwest and Caribou sites, the JEB mill is now processing stockpiled ore from McClean Lake. Ore processing will stop in June 2010 and the mill will be put on standby until the start of mining operations at Cigar Lake.

McARTHUR RIVER

McArthur River is operated by Cameco Corporation, which holds a 69.8% interest (AREVA interest: 30.2%). McArthur is the largest high grade uranium deposit in the world. The deposit was discovered in 1988 and mining began in December 1999.

Remotely operated equipment is used to mine the deposit to prevent direct exposure of the miners to the very high-grade ore body. The ore is processed at the Key Lake mill located about 100 kilometers south of the deposit. The mill is operated by Cameco Corporation, which holds an 83.3% interest (AREVA 16.7%). This joint venture employs about 310 people.

New operating procedures and new pumping capacities have been successfully implemented under the oversight of provincial regulators since the excavation incident that occurred in 2003, causing partial flooding of the mine and a temporary drop in production

CIGAR LAKE

Cigar Lake will be operated by a joint venture consisting of Cameco Corporation (50.03%), AREVA (37.1%), Idemitsu Uranium Exploration Canada Ltd (7.88%) and Tepco Resources Inc. (5%). The deposit will be operated by Cameco. Cigar Lake is the world's second largest high grade uranium deposit, after McArthur River.

AREVA discovered the deposit in 1981 and contributed to the development of the mining method. Located 450 meters below the surface in fractured, water-saturated rock, the deposit cannot be mined with conventional methods. Freeze technology is used to harden the ground. The ore is removed with high pressure water jets (jet boring technique). Infrastructure drifts are all located in more solid rock under the deposit to position equipment, drill the ore body to freeze the ground, and mine it by jet boring.

Following receipt of the administrative permits, the partners decided to mine the deposit in December 2004 and launched the construction phase.

On October 23, 2006, the tunnel used to access the upper area of the ore body collapsed partially just below the water table, completely flooding the mine. Borehole drilling from the surface to plug the collapsed drift with concrete was completed. At this stage, Cameco believed that operations could restart in the coming years, subject to approval by the Canadian Nuclear Safety Commission (CNSC). Pumping operations were interrupted in August 2008 when the water inflow increased in the mine. Production is now unlikely to begin before 2013, although the new inflow has been brought under control.

Cigar Lake should produce 6,900 metric tons of uranium per year at full capacity (18 million pounds of U_3O_8). The ore will be processed at the Jeb and Rabbit Lake mills during the first phase of operations, lasting approximately 15 years.

MIDWEST

AREVA owns 69.16% of the Midwest project and is the designated operator. Denison and Ourd own 25.17% and 5.67% of the project respectively. Total anticipated annual production is approximately 3,000 metric tons of uranium. The ore will be processed by the Jeb mill. The feasibility study has been completed and the environmental impact study was submitted in October 2007. The Mae deposit may contribute an additional 50% in resources to these reserves. Production startup has been postponed due to current conditions in the uranium market.

Niger sites

CEA exploration teams detected uranium in Niger at the end of the 1950s. The uranium deposit is located in the Piedmont plains west of the granitic Air mountains. The deposits are sedimentary.

Two companies, Somaïr and Cominak, were established to operate the mines, located 1,200 kilometers north of Niamey by road. Mining development led to the creation of two new cities, Arlit and Akokan.

More than 2,000 people work at these sites, in addition to 160 employees at AREVA NC's Niger platform based in Niamey. In addition to providing jobs, the operating companies offer health, social and educational services to the local populations of this isolated area.

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As of today, deposits have only been mined in the Arlit / Akokan region. AREVA's concession covers 360 square kilometers (140 square miles). Both Somaïr and Cominak have ISO 14001 certification.

The discovery of new deposits in this uranium-rich province is a strong probability. The group is therefore conducting a major exploration program and the business unit submitted 19 new permit applications in 2006 that comply with the terms of Nigerian mining law. Nine of these applications, considered high priority projects, were submitted to the Ministry of Mining and Energy at the beginning of 2007. AREVA received four of the nine permits requested.

SOMAÏR

Somaïr (Société des Mines de l'Air) was established in 1968. The company is operated by AREVA, which owns 63.4% of the share capital, with the government of Niger owning the remaining 36.6% through Sopamin, the Niger mining assets company.

Somaïr has operated several mines near Arlit since 1971. The ore is extracted in open pit mines and processed at the site. The mill had an initial annual capacity of 2,000 metric tons (5.2 million pounds of U₃O₈). Mill capacity is being increased to 3,000 metric tons of uranium per year. Somaïr employs about 1000 people.

COMINAK

Cominak (Compagnie Minière d'Akouta) was established in 1974. AREVA is the operator of the company and owns 34% of its shares. Other shareholders are Sopamin, the Niger mining assets company of Niger (31%), Overseas Uranium Development Company (Ourd) (25%), and Enusa Industrias Avanzadas S.A. of Spain (10%).

Since 1978, Cominak has operated Akouta and Akola, two large deposits near the town of Akokan. The ore is extracted underground. The site mill has a capacity of 2,000 metric tons of uranium per year (5.2 million pounds of U₃O₈). Cominak employs about 1,200 people.

IMOURAREN PROJECT

In July 2006, AREVA received an exploration permit for Imouraren, 80 kilometers south of Arlit. The permit includes an ore body discovered in 1966 which was to have been operated in the 1980s. Operations had to be suspended when the market collapsed. AREVA has decided to restart the project. The feasibility study was completed in December 2007 and was filed in April 2008. AREVA received the mining permit for the deposit in early January 2009. The Imouraren SA mining company was established, with AREVA holding a 56.65% interest, Sopamin of Niger holding 33.35% and Kepco holding 10%, following the agreement signed between AREVA and Kepco at the end of December 2009. Production is to begin in 2013.

Kazakhstan sites

The mining company Katco was established in 1997 to develop and operate the Muyunkum and Tortkuduk deposits in southern Kazakhstan, approximately 250 kilometers north of Simkent. The company headquarters are located in Almaty.

Shareholders include AREVA (51%) and the Kazakh company Kazatomprom (49%), the national natural uranium producer for Kazakhstan.

Development of the two mine sites, located approximately 100 kilometers apart, started in April 2004 after the signature of a series of agreements between the two shareholders. These agreements followed a feasibility study lasting more than three years with a full-scale pilot plant. The in situ recovery (ISR) technology was chosen to operate the site; this process uses a chemical solution injected into the rock to dissolve the uranium.

The initial objective for nominal production was 1,500 metric tons of uranium per year (3.9 million pounds of U₃O₈) for both deposits. Katco produced 1,356 metric tons of uranium in 2008.

Considering the size of the deposits, the prospects for ore discovery in new areas under permit to the company, and the recent 35-year extension of Katco's underground mining concession, production could be increased by 4,000 metric tons beginning in 2012. Katco produced 3,132 metric tons of uranium in 2009. It is now the largest in situ recovery operation in the world and the largest uranium production source for the business unit.

AREVA Resources Southern Africa sites (UraMin)

Following the acquisition of UraMin in July 2007, renamed AREVA Ressources Southern Africa, the Mining business unit continues to develop the company's projects and is carrying out an exploration program to expand existing resources.

Namibia: The capital spending program for the Trekkopje project continues on schedule, with site preparation work and construction of the processing mill and a desalinization plant in progress.

Central African Republic: Very good exploration results were obtained in the Bakouma permit area and the ore processing analysis proved conclusive. The project continues on schedule at the site. A mining pilot phase is slated for 2010.

South Africa: Development of the Ryst Kuil project continues as scheduled.

Mine site reclamation

The group has spent more than 450 million euros to date to dismantle mining facilities and reclaim 13 sites in France, Gabon, the United States and Canada. Once reclamation is completed, the site is reseeded, security is set up, and environmental and radiological monitoring is instituted. The quality of surface water and ground water, radon emissions, and the quality of the air, including the presence of radioactive dust, are monitored under these programs.

The duration of monitoring, provided under AREVA's post-closure management plans for the mine sites, is a function of the improvement and stability of chemical and radiological parameters. These plans are discussed with regulatory agencies, although objectives set by AREVA are more ambitious than existing regulations. This period is specific to each site's natural characteristics as well as to local stakeholder expectations. Experience to date indicates that this period is generally ten years or more. For sites located in emerging countries and/or countries where strong local economic support is expected, AREVA implements socially responsible initiatives to generate income and create jobs for the population impacted when a mine is shut down.

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In France, the first initiatives required by the ministerial directive of July 2009 were implemented during the year, in accordance with the action plan submitted beforehand by AREVA's CEO:

- additional fencing and monitoring for former mine sites with significant impacts;
- performance assessments for sites located in the Corrèze, Saône et Loire and Nièvre departments, and 14 other assessments to be performed by 2012;
- phase one of an aerial survey to identify mine tailings in the Limousin region, with the remaining areas in France to be surveyed in 2010;
- increased AREVA participation in the public information and follow-up committees (CLIS), AREVA already participates in 13 CLIS and 18 more are planned in 2010.

In France, mill tailings are inventoried by ANDRA, the French radioactive waste management agency. AREVA remains the owner of the tailings, which are subject to specific radiological and environmental monitoring certified under ISO 14001.

Market and competitive position

Market

The demand for uranium by nuclear power programs worldwide, expressed in natural uranium equivalent, was around 66,000 metric tons in 2009. Demand has risen modestly over the past five years, from 0.5% to 1% per year, reflecting increasing load factors, the commissioning of some new reactors, and power upratings at a growing number of existing reactors. In addition, some utilities, seeking to rebuild their inventories, have contributed to rising demand over the past two years.

After several years of stagnation or limited increase (approximately 42,000 metric tons of uranium in 2005, 41,000 metric tons in 2006, 42,000 metric tons in 2007 and 43,000 metric tons in 2008), global uranium production increased more significantly in 2009, to around 50,000 metric tons. Production was driven by increases in Kazakhstan (+5,500 metric tons, including +1,800 metric tons at Katco) and the ramp-up of production at existing mines (McArthur and Langer Heinrich), despite difficulties encountered at some of the operating sites (Olympic Dam).

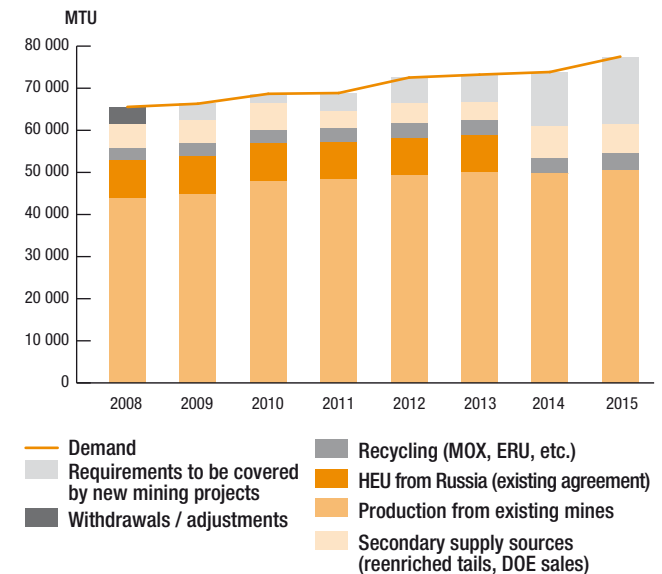
World production continues to cover about 75% of uranium consumption; the balance is satisfied with secondary sources (excess inventories held by the DOE, material from diluted HEU, use of MOX fuel, recycled uranium, re-enriched uranium tails).

Primary production should represent an increasing share of the total uranium supply as secondary resources are gradually drawn down (see chart below). The increase in production will chiefly occur through the ramp-up of the Kazakh mines and the development of new projects, offsetting the decrease in production and planned shutdown of existing mines.

These new projects include Cigar Lake in Canada, Imouraren in Niger, Trekkopje and the Langer Heinrich extensions in Namibia, Kayelekera in Malawi, and Honey Moon in Australia.

The hundreds of junior mining companies are not expected to make a significant contribution to production for approximately ten years. Two formerly junior companies are the exception: Uranium One and Paladin, which have become real producers.

→ WORLD CONSUMPTION AND SUPPLY (WNA 2009 REPORT)



Source: based on WNA 2009 data.

Estimated world production in 2009

URANIUM PRODUCTION IN 2009

→ TOP TEN URANIUM PRODUCING COUNTRIES

Rank	Country	Production (MTU)	Percentage
1	Kazakhstan	14,000	28%
2	Canada	10,187	20%
3	Australia	7,982	16%
4	Namibia	4,603	9%
5	Russia	3,562	7%
6	Niger	3,243	6%
7	Uzbekistan	2,350	5%
8	United States	1,500	3%
9	China	800	2%
10	Ukraine	800	2%
	Total top 10	49,027	97%
	Other	1,300	3%
	Worldwide production	50,327	100%

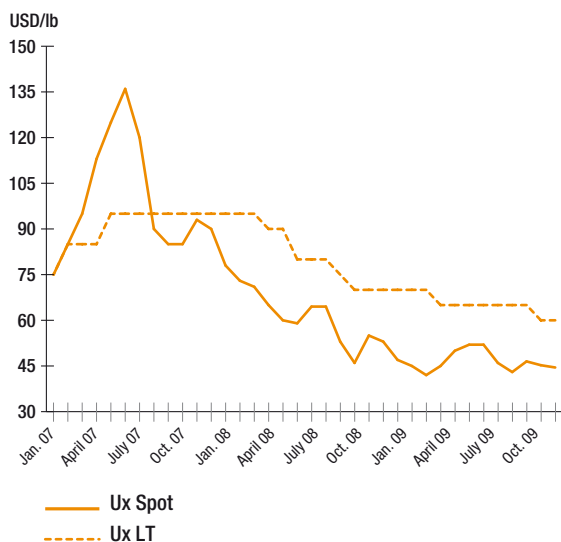
Source: AREVA.

→ TOP TEN URANIUM PRODUCERS

Rank	Producer	Production (MTU)	Percentage
1	AREVA	8,623	17%
2	Cameco	8,000	16%
3	Rio Tinto	7,937	16%
4	Kazatomprom	7,500	14%
5	ARMZ	4,624	9%
6	BHP	2,988	6%
7	Navoi	2,350	5%
8	Uranium One	1,369	3%
9	Paladin	1,210	2%
10	CNEIC	950	2%
	Total top 10	45,154	90%
	Other	4,776	10%
	Worldwide production	50,327	100%

Source: AREVA.

→ URANIUM PRICE INDICATORS, 2007 TO 2009
(IN CURRENT US DOLLARS)



Source: UxC.

The spot price rose sharply in 2007, peaking at 135 US dollars per pound in June 2007 and falling steadily since then. Despite a brief upturn in the summer of 2008, it has continued to fall since then, nearing 40 US dollars per pound at the end of March 2009. Since then, the spot price has fluctuated in a band from 40 to 50 dollars per pound, against a backdrop of global economic crisis. Volatility at both extremes is fed by DOE sales, difficulties at Olympic Dam, mine closures in the United States, and postponed projects. Nonetheless, the spot price appears to have hit bottom, at 40 dollars per pound, this price being close to the cash cost of production from the most marginal mine.

The spot market, however, provides a limited share of uranium supply: the vast majority of the uranium is sold to utilities under long term contracts. Long term demand is supported by the start of new construction and the prospect of additional reactor projects on the drawing boards. Consequently, the long term price indicator is much more stable. It remained above 60 dollars per pound, a price that most analysts consider nonetheless insufficient to promote the development of new mines.

Resources, reserves and production sites

Uranium

Mineral reserves in deposits accessible to the group come to 208,645 metric tons of uranium (MTU). Reserves in the ground are supplemented with so-called secondary sources. In particular, AREVA has access to the equivalent of close to 2,600 metric tons of natural uranium per year through 2013 in connection so-called “Russian HEU” agreements to reuse uranium from Russia’s dismantled nuclear weapons.

As in 2008, the 2009 annual report was prepared based on mineral resources in the ground to ensure consistency with reporting methods used by the group’s partners and competitors.

The volume of resources that may reasonably be expected to be upgraded to reserves in the mid term (measured and indicated resources) is 88,401 metric tons. This figure reflects a significant effort by the group to develop and bring into production its portfolio of resources, particularly with the acquisition of UraMin and the acceleration of exploration, which has already allowed a substantial portion of its resources to be upgraded to reserves. The volume of inferred resources accessible to AREVA is 182,487 metric tons.

The potential for other mineral resources in the ground over the long term remains stable, coming to 57,603 metric tons at the end of 2009.

The group’s resources and reserves at year end 2009, together with its uranium production in 2009, are shown in the tables below. Uranium from diluted Russian HEU and other secondary sources is not included.

ESTIMATING METHODS

AREVA’s resources and reserves are estimated based on data gathered by the group’s employees or taken from audited reports. The business unit’s Reserves department is responsible for these estimates.

In Canada, the group’s reserves are the subject of independent estimates or audit reports by the shareholders of the companies operating the mines.

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→ AREVA EQUITY INTERESTS IN URANIUM PROJECTS

Country	Site	Type*	Operator	AREVA SHARE	
				Share in JV (%)	Available to AREVA** (%)
South Africa	Ryst Kuil Project	n.d.	AREVA NC	74.00%	74.00%
Australia	Koongarra	n.d.	AREVA NC	100.00%	100.00%
Canada	Cigar Lake	UG	Cameco	37.10%	37.10%
Canada	Dawn Lake	n.d.	Cameco	23.09%	23.09%
Canada	Key Lake	OP	Cameco	16.67%	16.67%
Canada	Kiggavik-Sissons Schultz	OP	AREVA NC	64.80%	64.80%
Canada	McArthur	UG	Cameco	30.20%	30.20%
Canada	McClean	OP	AREVA NC	70.00%	70.00%
Canada	Midwest	OP	AREVA NC	69.16%	69.16%
Canada	Millennium	UG	Cameco	27.94%	27.94%
United States	Malco Texas	ISR	AREVA NC	71.00%	71.00%
United States	Malco Wyoming	ISR	AREVA NC	71.00%	71.00%
United States	Pathfinder	OP	AREVA NC	100.00%	100.00%
France	AREVA NC France	n.d.	AREVA NC	100.00%	100.00%
Kazakhstan	Katco	ISR	AREVA NC	51.00%	100.00%
Mongolia	Dulaan Uul	n.d.	AREVA NC	100.00%	100.00%
Namibia	Trekkopje Project	OP	AREVA NC	100.00%	100.00%
Niger	Arlit Concession	n.d.	AREVA NC	100.00%	100.00%
Niger	Cominak	UG	AREVA NC	34.00%	46.40%
Niger	Imouraren-TD	OP	AREVA NC	66.65%	56.65%
Niger	Imouraren-TS	OP	AREVA NC	66.65%	56.65%
Niger	Somair	OP	AREVA NC	63.40%	100.00%
Central African Republic	Bakouma	n.d.	AREVA NC	100.00%	88.00%

* Type of operation: ISR: In Situ Recovery; OP: Open Pit; UG: Underground; n.d.: not defined.

** Quantity of uranium likely to be sold/distributed to AREVA by the mining joint venture.

Source: AREVA.

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→ 2009 URANIUM PRODUCTION IN METRIC TONS (MTU)

Country	Site	Share in JV 2009 MTU	Available share* 2009 MTU	Type
Canada	McArthur	2,216	2,216	Mill
Canada	McClellan	972	972	Mill
Total	Canada	3,188	3,188	
France	Hérault Mining Division	8	8	Mill
Total	France	8	8	
Kazakhstan	Katco	1,597	3,132	ISR
Total	Kazakhstan	1,597	3,132	
Niger	Cominak	488	488	Mill
Niger	Somaïr	1,146	1,808	Mill
Total	Niger	1,634	2,296	
TOTAL		6,427	8,623	

* Share available to AREVA: Share of resources and production likely to be sold/distributed to AREVA by the mining joint venture. For reserves, this share is expressed in concentrates, i.e. after taking into account mining and milling recovery.
Source: AREVA.

→ MINERAL RESERVES IN THE GROUND IN METRIC TONS OF URANIUM (MTU) (YEAR END 2009 ESTIMATES)

Country	Site	Proven			Probable			Total Reserves			AREVA share		
		Mineral KT	Grade %oU	Metal MTU	Mineral KT	Grade %oU	Metal MTU	Mineral KT	Grade %oU	Metal MTU	Recovery %	Share in JV* MTU	Available to AREVA* MTU
Canada	Cigar Lake	131	217.18	28,342	427	122.18	52,147	557	144.43	80,489	98.50%	29,413	29,413
Canada	Key Lake	62	4.40	272	0	0.00	0	62	4.40	272	97.90%	44	44
Canada	McArthur	499	133.28	66,442	280	223.27	62,510	778	165.65	128,952	97.90%	38,119	38,119
Canada	McClellan	195	5.30	1,031	0	0.00	0	195	5.30	1,031	96.00%	693	693
Canada	Total	886	108.51	96,088	707	162.22	114,656	1,592	132.35	210,744	98.12%	68,270	68,270
Kazakhstan	Katco	0	0.00	0	30,482	0.79	24,131	30,482	0.79	24,131	79.04%	9,728	19,074
Kazakhstan	Total	0	0.00	0	30,482	0.79	24,131	30,482	0.79	24,131	79.04%	9,728	19,074
Niger	Cominak	2,500	3.38	8,460	4,813	3.37	16,210	7,313	3.37	24,670	92.00%	7,717	10,531
Niger	Imouraren-TD	38,728	1.10	42,583	89,512	1.05	94,386	128,240	1.07	136,969	93.35%	85,219	72,433
Niger	Imouraren-TS	25,569	0.47	11,936	75,066	0.46	34,615	100,635	0.46	46,551	62.42%	19,366	16,461
Niger	Somaïr	6,968	2.18	15,200	2,761	2.89	7,971	9,729	2.38	23,171	94.41%	13,869	21,876
Niger	Total	73,765	1.06	78,178	172,152	0.89	153,182	245,917	0.94	231,361	87.09%	126,172	121,301
TOTAL		74,651	2.33	174,266	203,341	1.44	291,970	277,991	1.68	466,236		204,169	208,645

* Share of resources and production likely to be sold/distributed to AREVA by the mining joint venture.

Note: The terms "proven" and "probable" correspond to the level of reliability in estimates of mineral reserves in terms of volume, grade, density, form and physical characteristics (see Glossary).

Source: AREVA.

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→ MINERAL RESOURCES IN THE GROUND IN METRIC TONS OF URANIUM (MTU) (YEAR END 2009 ESTIMATES)

Country	Site	Measured			Indicated			Measured + Indicated		
		Mineral KT	Grade %oU	Metal MTU	Mineral KT	Grade %oU	Metal MTU	Mineral KT	Grade %oU	Metal MTU
South Africa	Ryst Kuil Project	0	0.00	0	0	0.00	0	0	0.00	0
South Africa	Total	0	0.00	0	0	0.00	0	0	0.00	0
Canada	Cigar Lake	8	17.63	148	16	19.95	311	24	19.14	459
Canada	Dawn Lake	0	0.00	0	184	37.46	6,885	184	37.46	6,885
Canada	Kiggavik-Sissons	0	0.00	0	0	0.00	0	0	0.00	0
Canada	McArthur	163	54.15	8,819	40	71.01	2,830	203	57.47	11,649
Canada	McClellan	192	21.39	4,115	118	15.13	1,785	310	19.01	5,900
Canada	Midwest	0	0.00	0	1,103	14.81	16,340	1,103	14.81	16,340
Canada	Millennium	0	0.00	0	469	38.38	18,002	469	38.38	18,002
Canada	Total	364	35.97	13,082	1,929	23.92	46,153	2,293	25.83	59,236
Kazakhstan	Katco	0	0.00	0	0	0.00	0	0	0.00	0
Kazakhstan	Total	0	0.00	0	0	0.00	0	0	0.00	0
Mongolia	Dulaan Uul	0	0.00	0	0	0.00	0	0	0.00	0
Mongolia	Total	0	0.00	0	0	0.00	0	0	0.00	0
Namibia	Trekkopje Project	6,584	0.13	851	327,854	0.13	41,473	334,438	0.13	42,324
Namibia	Total	6,584	0.13	851	327,854	0.13	41,473	334,438	0.13	42,324
Niger	Arlit Concession	0	0.00	0	0	0.00	0	0	0.00	0
Niger	Cominak	0	0.00	0	163	3.93	639	163	3.93	639
Niger	Imouraren-TD	0	0.00	0	0	0.00	0	0	0.00	0
Niger	Imouraren-TS	0	0.00	0	11,023	0.78	8,612	11,023	0.78	8,612
Niger	Somaïr	12,454	0.86	10,712	4,042	1.10	4,453	16,495	0.92	15,165
Niger	Total	12,454	0.86	10,712	15,227	0.90	13,704	27,681	0.88	24,416
Central African Republic	Bakouma	0	0.00	0	0	0.00	0	0	0.00	0
Central African Republic	Total	0	0.00	0	0	0.00	0	0	0.00	0
TOTAL		19,402	1.27	24,645	345,010	0.29	101,330	364,412	0.35	125,975

* Share available to AREVA: share of resources and production likely to be sold/distributed to AREVA NC by the mining joint venture.

Note: The terms "measured", "indicated" and "inferred" correspond to the degree of reliability of mineral resource estimates in terms of volume, grade, density, form and physical characteristics (see Glossary).

Source: AREVA.

AREVA share		Inferred			AREVA share	
Measured + Indicated Share in JV*	Measured + Indicated Available to AREVA*	Mineral	Grade	Metal	Inferred Share in JV*	Inferred Available to AREVA*
MTU	MTU	KT	%U	MTU	MTU	MTU
0	0	9,095	0.85	7,733	5,722	5,722
0	0	9,095	0.85	7,733	5,722	5,722
170	170	480	106.90	51,357	19,053	19,053
1,590	1,590	46	8.44	385	89	89
0	0	22,346	2.20	49,153	31,851	31,851
3,518	3,518	604	101.48	61,317	18,515	18,515
4,130	4,130	0	0.00	0	0	0
11,301	11,301	9	180.65	1,662	1,149	1,149
5,029	5,029	214	17.43	3,731	1,042	1,042
25,737	25,737	23,699	7.07	167,605	71,700	71,700
0	0	19,359	0.75	14,510	7,400	14,510
0	0	19,359	0.75	14,510	7,400	14,510
0	0	59,044	0.17	9,888	9,888	9,888
0	0	59,044	0.17	9,888	9,888	9,888
42,324	42,324	28,968	0.11	3,099	3,099	3,099
42,324	42,324	28,968	0.11	3,099	3,099	3,099
0	0	12,845	1.59	20,403	20,403	20,403
217	296	9,422	2.68	25,223	8,576	11,704
0	0	6,925	0.98	6,798	4,531	3,851
5,740	4,879	7,295	0.46	3,329	2,219	1,886
9,614	15,165	5,507	2.06	11,367	7,207	11,367
15,572	20,340	41,995	1.60	67,120	42,935	49,210
0	0	12,300	2.62	32,224	32,224	28,357
0	0	12,300	2.62	32,224	32,224	28,357
83,632	88,401	194,460	1.55	302,179	172,969	182,487

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→ OTHER MINERAL RESOURCES IN THE GROUND IN METRIC TONS OF URANIUM (MTU) (YEAR END 2009 ESTIMATES)

Country	Site	Measured			Indicated			Measured + Indicated		
		Mineral KT	Grade %oU	Metal MTU	Mineral KT	Grade %oU	Metal MTU	Mineral KT	Grade %oU	Metal MTU
Australia	Koongarra	624	10.55	6,585	188	5.33	1,000	812	9.34	7,585
Australia	Total	624	10.55	6,585	188	5.33	1,000	812	9.34	7,585
Canada	Dawn Lake	0	0.00	0	347	14.35	4,977	347	14.35	4,977
Canada	McClellan	540	5.32	2,870	0	0.00	0	540	5.32	2,870
Canada	Total	540	5.32	2,870	347	14.35	4,977	887	8.85	7,847
United States	Malco Texas	0	0.00	0	808	0.84	677	808	0.84	677
United States	Malco Wyoming	1,773	0.88	1,557	6,400	0.93	5,949	8,173	0.92	7,506
United States	Pathfinder	0	0.00	0	1,498	2.44	3,653	1,498	2.44	3,653
United States	Total	1,773	0.88	1,557	8,706	1.18	10,279	10,479	1.13	11,836
France	AREVA NC France	143	1.20	172	6,249	1.81	11,279	6,392	1.79	11,451
France	Total	143	1.20	172	6,249	1.81	11,279	6,392	1.79	11,451
Kazakhstan	Katco	0	0.00	0	10,578	0.77	8,179	10,578	0.77	8,179
Kazakhstan	Total	0	0.00	0	10,578	0.77	8,179	10,578	0.77	8,179
Niger	Cominak	926	3.57	3,306	1,281	2.63	3,367	2,207	3.02	6,673
Niger	Somaïr	10,584	0.73	7,752	408	2.44	996	10,992	0.80	8,748
Niger	Total	11,510	0.96	11,058	1,689	2.58	4,363	13,199	1.17	15,421
TOTAL		14,591	1.52	22,241	27,756	1.44	40,077	42,347	1.47	62,319

* Share available to AREVA: share of resources and production likely to be sold/distributed to AREVA NC by the mining joint venture.

Note: The terms "measured", "indicated" and "inferred" correspond to the degree of reliability of mineral resource estimates in terms of volume, grade, density, form and physical characteristics (see Glossary).

Source: AREVA.

AREVA share		Inferred			AREVA share	
Measured + Indicated Share in JV* MTU	Measured + Indicated Available to AREVA* MTU	Mineral KT	Grade %oU	Metal MTU	Inferred Share in JV* MTU	Inferred Available to AREVA* MTU
7,585	7,585	0	0.00	0	0	0
7,585	7,585	0	0.00	0	0	0
1,149	1,149	0	0.00	0	0	0
2,009	2,009	0	0.00	0	0	0
3,158	3,158	0	0.00	0	0	0
481	481	0	0.00	0	0	0
5,329	5,329	0	0.00	0	0	0
3,653	3,653	2,818	1.10	3,100	3,100	3,100
9,463	9,463	2,818	1.10	3,100	3,100	3,100
11,451	11,451	287	0.48	139	139	139
11,451	11,451	287	0.48	139	139	139
4,171	8,179	4,180	0.64	2,684	1,369	2,684
4,171	8,179	4,180	0.64	2,684	1,369	2,684
2,269	3,096	0	0.00	0	0	0
5,546	8,748	0	0.00	0	0	0
7,815	11,844	0	0.00	0	0	0
43,643	51,680	7,285	0.81	5,923	4,608	5,923

Gold

La Mancha, an AREVA subsidiary, is a diversified international gold producer that operates two gold mines in Africa and is actively developing two projects in Australia.

As of December 31, 2009, the gold mining projects were as follows:

Country	Site	Operator	AREVA share	
			Share in JV (%)	Available to AREVA (%)
Australia	Frog's Leg	LMRA	32.32%	32.32%
Australia	White Foil	LMRA	63.38%	63.38%
Côte d'Ivoire	Fetekro	COMINOR	41.19%	41.19%
Côte d'Ivoire	SMI	COMINOR	29.09%	29.09%
Sudan	AMC	COMINOR	25.35%	25.35%

→ 2009 GOLD PRODUCTION IN KILOGRAMS (kg)

Country	Total 2009 kg	Share in JV 2009 kg	Available share 2009 kg
Australia	2,813	909	909
Côte d'Ivoire	1,608	468	468
Sudan	1,922	487	487
TOTAL	6,343	1,864	1,864

→ 2009 GOLD RESERVES IN KILOGRAMS (kg)

	Proven			Probable			Total Reserves			AREVA share (after application of yields)	
	Mineral KT	Grade g/MT	Metal kg	Mineral KT	Grade g/MT	Metal kg	Mineral KT	Grade g/MT	Metal kg	Share in JV* kg	Available to AREVA* kg
TOTAL	2,138	5.69	12,167	7,673	4.71	36,148	9,811	4.92	48,315	13,234	13,234

→ 2009 GOLD RESOURCES IN KILOGRAMS (kg)**

	Measured			Indicated			Measured + Indicated			AREVA share		Inferred			AREVA share	
	Mineral KT	Grade g/MT	Metal kg	Mineral KT	Grade g/MT	Metal kg	Mineral KT	Grade g/MT	Metal kg	Meas-ured + Indi-cated Share in JV** kg	Meas-ured + Indi-cated + Inferred Share in AREVA** kg	Mineral KT	Grade g/MT	Metal kg	Infer-red Share in JV** kg	Infer-red Available to AREVA** kg
TOTAL	5,200	2.14	11,109	18,787	2.46	46,226	23,986	2.39	57,335	20,405	20,405	65,750	1.61	105,580	29,311	29,311

* Share available to AREVA: Share of resources and production likely to be sold/distributed to AREVA by the mining joint venture. For reserves, this share is expressed in concentrates, i.e. after taking into account mining and milling recovery.

** Resources reported by La Mancha include reserves.

Note: The terms "measured", "indicated" and "inferred" correspond to the degree of reliability of mineral resource estimates in terms of volume, grade, density, form and physical characteristics (see Glossary).

Source: La Mancha Resources Inc.

For more information, visit www.lamancharesources.com

Relations with customers and suppliers

Customers

The portfolio of contracts indicates a trend toward longer term contracts to ensure security of supply to utilities for their power plant operations. At the same time, customers tend to sign contracts with mixed price formulas that control their exposure to market conditions. Mixed price formulas are a combination of a base price indexed to inflation and price indicators. They include floor prices to ensure the profitability of future projects.

Suppliers

Except for the special supply contract for uranium obtained by diluting highly enriched uranium (HEU) from the dismantling of Russia's military arsenal, the uranium offered to customers by the Mining business unit comes from the mineral resources of companies with which it is involved or is bought on the market by its trading subsidiary UG (UranGesellschaft).

Research and development

Mineral exploration

Unlike most uranium mining companies, AREVA continued its mineral exploration program during 20 years of market collapse. Approximately 3% of the Mining business unit's revenue is allocated to this program. With this strategy, AREVA was able to preserve the know-how of its Geology department, collect and analyze up-to-date scientific data, and prepare new projects in anticipation of a market turnaround. With a budget of around 55 million euros in 2009, AREVA will deploy an ambitious exploration program over the coming years and plans to triple its expenses in the medium term.

NEAR TERM OUTLOOK

The first action items are to accelerate development efforts near active mine sites, to conduct exploration for projects under development, and to prepare new exploration campaigns in uranium-rich provinces identified by the group.

In addition to Niger and Canada, particularly the Athabasca basin, two historical uranium producing regions that are still among the most promising in the world, AREVA carries out exploration programs in a dozen countries. In particular, development work is ongoing in Kazakhstan, Namibia, the Central African Republic, Mongolia and South Africa, while exploration campaigns are being conducted in Jordan, Mongolia, Gabon and Senegal.

MEDIUM AND LONG TERM OUTLOOK

Teams of geologists, mining engineers, chemists and economists are working on selecting, developing and carrying out emerging and previously identified projects, particularly in Africa, North America and Central Asia.

Research

The Mining business unit also performs research and studies to develop its techniques for mine operation and estimating, ore milling, and heap leaching, with direct applications to Somair in Niger, Trekkopje in Namibia and at Bakouma in the Central African Republic.

Operations and highlights

With 8,623 metric tons (MT) of total production in 2009, an increase of 36%, AREVA has become the world's leading producer of uranium. This performance confirms AREVA's capacity to meet the objective of doubling its production by 2012, to 12,000 metric tons.

Exploration

Exploration campaigns on deposits at Shea Creek (Saskatchewan, Canada), Kiggavik (Nunavut, Canada), Bakouma (Central African Republic) and Sainshand (Mongolia) yielded very good results, and new prospects were identified near existing sites in Niger. However, to rightsize its exploration portfolio based on the outcome of these activities, AREVA shut down its subsidiary in Finland in 2009 and announced that it would close its subsidiary in Quebec after the end of the 2010 exploration campaign.

In June 2009, AREVA solidified its partnership with the government of Jordan by creating an exploration joint venture. An agreement was also signed with the government of Namibia to explore and develop uranium deposits.

Production

Canadian production remained AREVA's largest source of supply by volume in 2009, representing 37% of its total uranium deliveries. Though its mining operations have ceased, McClean produced 150 metric tons more uranium than in 2008, thanks to better mill productivity and optimized management of the ore stockpiles for processing. The McArthur mine operated at 100%, producing 800 metric tons more than in 2008 and 500 metric tons above its nominal capacity. This reflects better mining productivity and better availability of the Key Lake mill. In addition, a license was granted to be able to increase production above the nominal capacity of 6,900 metric tons to offset production lost in years when production is below capacity.

Production remained stable in Niger in 2008, which represents 27% of the group's total uranium deliveries; the Akola and Akouta deposits are operated by Cominak and the Tamou deposit is operated by Somair. In Niger, AREVA continued to implement a capital spending program to prepare for and rapidly increase production capacity at existing facilities in 2009. Several factors will contribute to a significant increase in production in the coming years, including an increase in mining capacity and the successful start of heap leaching at Somair, and the start of mining operations at the Afasto deposit.

Kazakh production increased 130% in 2009 to 3,132 metric tons of uranium, or 36% of all uranium marketed by AREVA, essentially on a par with that of Canada. This performance is primarily due to the ramp-up of production at Tortkuduk, an increase in processing capacity, and improved mining productivity.

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Projects

Ore processing tests are nearing completion at the Trekkopje site, with satisfactory results, and installation of the first production-scale heap leaching pads (600 m x 2 km) has begun. Equipment installation continues at the processing plant and the desalinization plant, built some 40 kilometers away from the site, will come online in the near future.

At Cigar Lake, repairs to the mining infrastructure were on track; the breach was plugged and water was pumped out from the flooded area three months ahead of schedule.

AREVA received the mining permit for the Imouraren deposit in early January 2009. The operating company, Imouraren SA, has been established. The President of Niger and the CEO of AREVA, Anne Lauvergeon, laid the cornerstone for the project.

Sales

In 2009, the group sold 11,923 metric tons of uranium, including trading activities, compared with 12,254 metric tons in 2008. Trading activities were up slightly from the previous year.

In May 2009, the Mining business unit delivered 240 metric tons of U_3O_8 to the Department of Atomic Energy of India, thus completing the first delivery of foreign-origin uranium to India in several decades. These 240 metric tons came on top of the 60 metric tons that AREVA had delivered in April 2009. In December 2008, under an agreement with India's Department of Atomic Energy, AREVA agreed to supply 300 metric tons of uranium to Nuclear Power Corporation of India Ltd (NPCIL) for its reactors covered by International Atomic Energy Agency safeguards (IAEA). The contract is pursuant to the bilateral agreement signed by France and India on September 30, 2008 related to cooperation in the development of peaceful applications of nuclear energy.

Partnerships

The Jordan AREVA Resources exploration joint venture was established mid-2009. In September 2008, AREVA had signed an agreement with the government of Jordan to explore for and develop uranium deposits in the Central Jordan region.

On December 11, 2009, AREVA signed a partnership agreement with the South Korean consortium consisting of Kepco and KHNP to involve it in the development of the Imouraren project. Under the terms of the agreement, the consortium will hold a 10% interest in the Imouraren project and will take the corresponding share of production.

On December 21, 2009, AREVA signed a partnership agreement with Mitsubishi to involve in the exploration and development work being carried out in Mongolia. Under the agreement, Mitsubishi will finance a share of the exploration program and feasibility study, after which it may acquire a 34% interest in the projects.

On January 25, 2010, AREVA sold its interest in Comin to Uranium One. Comin held the Christensen Ranch / Irigaray deposit in Wyoming jointly with EDF. The site has been undergoing reclamation since the production stopped in 2002.

Outlook and development goals

The Mining business unit had a significant backlog at the end of 2009. One of AREVA's major goals, towards which it has been working since 2005, continues to be the diversification of its customer portfolio.

The decrease in the uranium spot price in 2009 had little impact on financial performance, since AREVA's contract prices are fixed or based on long-term indicators. During the 2007 to 2009 period, for example, only one third of the amounts to be delivered was indexed to market prices.

Against the backdrop of the nuclear renaissance and rising demand, uranium is once again a strategic resource. AREVA is therefore leveraging all of its assets to bolster its position as a leading supplier. Its plan aims to increase production at the existing mines, bring new projects on line quickly, expand its partnerships and acquisitions, and discover new ore bodies by investing in exploration.

Production capacities at Katco in Kazakhstan and Somair in Niger are set to increase to 4,000 metric tons and 3,000 metric tons of uranium respectively. The Trekkopje, Imouraren and Cigar Lake projects are now in the construction phase, with thousands of workers on site. The business unit's specialists are studying the technical feasibility of the Kiggavik-Sissons and Shea Creek projects. Development work continues at the Ryst Kuil, Bakouma and Sainshand projects, in parallel with exploration work to expand existing resources.

At the same time, the group invested in human resources, with more than 300 geologists on staff as of the end of 2009, the continuation of AREVA Mining College, and the hiring of more than 500 people in 2009.

Having gathered together the necessary technical, human and financial resources to increase its production and marketing capabilities, AREVA intends to strengthen its position on the uranium market even further.

6.4.1.2. CHEMISTRY BUSINESS UNIT

Key data

<i>(in millions of euros)</i>	2009	2008	2007
Revenue*	242	253	229
Workforce at year end	1,630 employees	1,666 employees	1,630 employees

* Contribution to consolidated revenue.

Businesses

Conversion of natural uranium (U_3O_8) into uranium hexafluoride (UF_6)

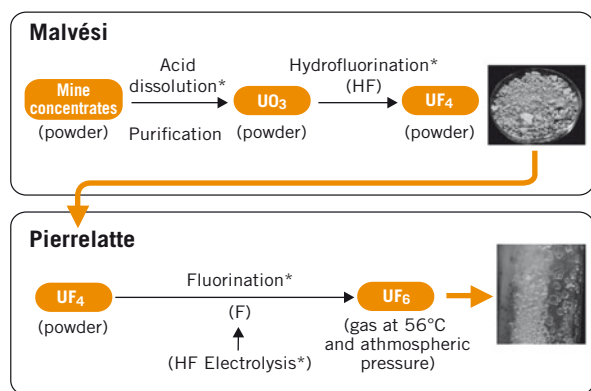
The Chemistry business unit's primary business is to convert natural uranium (U_3O_8) into uranium hexafluoride (UF_6). Uranium enrichment, the necessary next step in nuclear fuel fabrication, requires uranium in the chemical form of UF_6 as feed material for practically all types of enrichment technologies.

Uranium concentrates shipped from the mine for conversion are owned by the electric utility customer. Conversion is a two-stage process. In the first stage, the uranium is converted into uranium tetrafluoride (UF₄). This involves dissolving the mine concentrates with acid, then purifying, precipitating and calcining them to produce UO₃ powder. Process effluents are treated at the site during this industrial stage. This powder is then hydrofluorinated with hydrofluoric acid, which converts it into UF₄. These operations are carried out at the Malvési plant of Comurhex, an AREVA subsidiary, near Narbonne in southern France.

In the second stage, the UF₄ is converted into uranium hexafluoride (UF₆) through fluorination. One of the chemical characteristics of UF₆ is that it turns into a gas when heated at relatively low temperature. The fluorine used in this process is produced through electrolysis of hydrofluoric acid. These operations are carried out in the Comurhex plant at the Tricastin site in southern France.

To meet the needs of its customers, AREVA converted 12,300 metric tons of U₃O₈ into UF₆ in 2009, compared with 11,000 metric tons in 2008. The group is the leading producer of gaseous fluorine in Europe and the second largest in the world.

The following diagram summarizes the chemical process for uranium conversion.



* Purely chemical operations (no change to the uranium's isotopic composition).

Conversion of depleted uranium hexafluoride (depleted UF₆) into an oxide

The uranium enrichment process (see Enrichment business unit) generates depleted uranium hexafluoride that has a reduced proportion of the isotope U₂₃₅. This product is converted into a stable, insoluble and non-corrosive uranium oxide that can be safely stored pending reuse, either in that form or after subsequent re-enrichment.

The AREVA Pierrelatte defluorination plant is the only facility in the world to convert depleted uranium hexafluoride into oxide on a production scale. The conversion of depleted uranium hexafluoride into an oxide generates an ultra-pure 70% hydrofluoric acid, a marketable by-product. Defluorination operations produced 12,000 metric tons in 2009, compared with a production of 10,900 metric tons in 2008.

Recycling of uranium from used fuel after treatment

After a reactor residence time of nearly four years, uranium constitutes 95% of the remaining content of the used nuclear fuel. The uranium

is recovered through treatment operations performed at the AREVA La Hague plant (see Recycling business unit, section 6.4.3.1.) and is shipped in the form of liquid uranyl nitrate to the Chemistry business unit's Pierrelatte site for conversion into a stable oxide powder through denitration, followed by storage pending later reuse as fuel in a nuclear reactor. Reprocessed uranium (RepU - see Glossary) may also be transformed back into uranium hexafluoride, and re-enriched as enriched reprocessed uranium (ERU) for reuse. A UF₆ fluorination plant is in the design stage. It will give AREVA a tool to recycle reprocessed uranium (RepU) from used fuel treatment that is unique in Europe.

Some European reactors (in Switzerland, Germany, France, the Netherlands and France) are loaded with fuel made with reprocessed uranium.

Other fluorine derivatives

The business unit's conversion know-how, particularly in the field of uranium fluorination, has been used to diversify into non-nuclear applications as well.

Comurhex has developed an entire range of fluorine-based products:

- fluorine-nitrogen products, used in the automotive industry to treat plastic materials and seal gasoline tanks; and
- chlorine trifluoride, used to clean gaseous diffusion enrichment barriers from Eurodif Production.

Technology sales

AREVA earns a return from its internationally recognized expertise in depleted uranium defluorination by selling its technology to world class companies. AREVA's know-how will enable customers to store this reusable material safely and to produce hydrofluoric acid that can be marketed to the chemical industry.

In this field, the Chemistry business unit sold a plant with two defluorination lines for depleted UF₆ to Tenex for the latter's Zelenogorsk site in Siberia. The equipment was delivered in 2007. The unit was assembled and tested in 2008. Russian engineers were trained in 2007 and 2008, and the defluorination facility was placed in service at the end of 2009. Performance tests of the unit were completed successfully during the second half of November 2009. Russian government officials inaugurated the new unit on December 18, 2009.

AREVA employees will remain in Zelenogorsk until March 2010 to provide assistance to the Russian teams during the first months of production.

Manufacturing and human resources

The Chemistry business unit operates at four plant sites in France:

- the Comurhex Malvési plant produces UF₄ in five furnaces, which operate concurrently;
- the Comurhex Pierrelatte plant produces UF₆ in two flame reactors;
- the AREVA NC Pierrelatte plant defluorinates depleted uranium in four production lines;
- two AREVA NC Pierrelatte plants and the Comurhex Pierrelatte plant convert uranyl nitrate, through denitration, into oxide or hexafluoride; and

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- the AREVA NC Miramas plant, which recycles lithium, is currently undergoing dismantling.

The business unit has an annual production capacity of some 14,000 metric tons for UF₆ conversion, about 13,000 metric tons for defluorination, 1,500 metric tons for denitration and 30 metric tons for various fluorine derivatives.

The proximity of the Chemistry business unit's facilities, particularly those of the Tricastin site, to the facilities of the Enrichment business unit represents real savings to our customers by reducing UF₆ transportation costs to the Eurodif Production plant and enhancing safety.

The business unit's personnel are certified for work involving toxic chemicals and the specific characteristics of uranium.

Market and competitive position

The annual demand for conversion services in 2009 was around 60,100 metric tons of uranium concentrates, including 18,000 metric tons in Western and Central Europe, 7,200 metric tons in Eastern and Southeastern Europe, 20,000 metric tons in North America, and 14,900 metric tons in Asia.

With 12,300 metric tons of UF₆ produced in 2009, AREVA is a major global player in uranium conversion services. Its main competitors are AtomEnergProm (AEP) in Russia, Converdyn in the United States and Cameco in Canada. Russia has a large amount of conversion capacity at its AtomEnergProm plants, estimated at around 20,000 metric tons per year, but which is probably underused due to technical and geographical limitations. Converdyn and Cameco have conversion capacities comparable to those of AREVA, at 13,500 metric tons per year and 12,500 metric tons per year respectively.

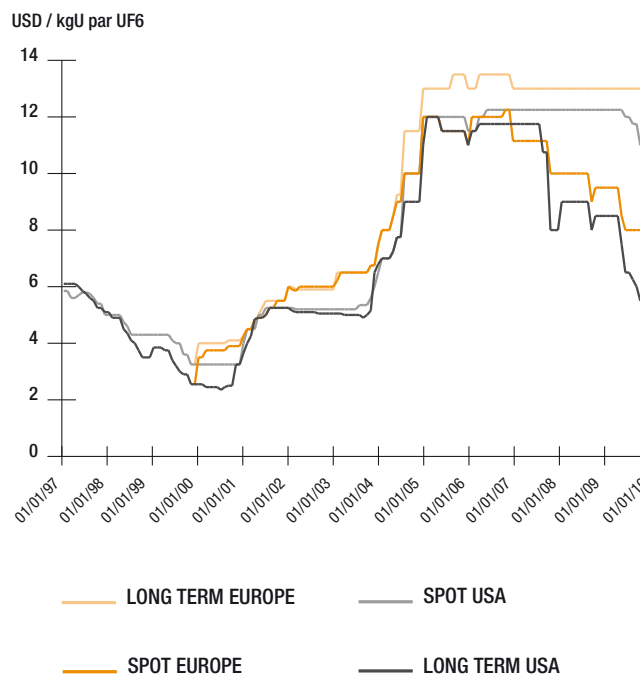
Prices for UF₆ conversion tumbled in 2000 and 2001, falling to 2.50 US dollars per kilogram of uranium contained in the UF₆, mainly due to the arrival of UF₆ inventories on the market in the wake of USEC's privatization in the United States and to the use of HEU⁽¹⁾.

Prices rose in 2002 and 2003, as shown in the graph below, returning to the levels of the early 1990s, i.e. around 6 US dollars per kilogram. Since 2004, the representative price for UF₆ conversion in Europe shot up to close to 12 US dollars per kilogram in early 2005 under the cumulative effect of the absorption of UF₆ inventories available on the market, the reduction in UF₆ quantities stemming from the use of HEU, and BNFL's announced intention of withdrawing from the market.

In 2005, prices stabilized at about 12 to 13 US dollars per kilogram in the various geographic markets, despite BNFL's announcement that it plans to continue to operate its plant. In 2006, benchmark prices were stable in North America and Europe at around 12 to 13 US dollars per kilogram. Stability was confirmed in 2007 for long-term indicators. Spot prices dropped to 8 to 10 US dollars per kilogram by the end of 2007. This downturn was confirmed in 2008 and 2009, even as one of the main producers was forced to shut down its facilities for part of the year.

(1) HEU: Highly Enriched Uranium

→ UF₆ CONVERSION PRICES (LONG-TERM AND SPOT)



Source: Trade Tech.

Relations with customers and suppliers

Customers

At the request of nuclear utility customers, the average term of recently signed conversion contracts is on an upward trend. In 2009, Comurhex delivered to more than 25 utility customers and traders across the globe. Most of the Chemistry business unit's customers are located in Europe, Asia and the United States. Technology sales contracts are usually for five-year terms.

Suppliers

The Chemistry business unit limits its exposure to interruptions of chemical reagent supplies needed for production operations by contracting with suppliers based in Europe as well as in the rest of the world.

Operations and highlights

See section 6.4.1. Front End division.

Outlook and development goals

The Chemistry business unit's strategic objective is to bolster its position as a major player on the global uranium conversion market. It will continue to benefit from the integration of AREVA group businesses and its physical proximity to Europe's enrichment plants.

To achieve this goal, AREVA has decided to invest 610 million euros at the Narbonne and Pierrelatte sites to replace uranium conversion production resources. This is known as the Comurhex II project. The new production baseline of 15,000 metric tons is scheduled to be operational in 2012. Production capacity can be raised to 21,000 metric tons when required by the market. In 2009, pursuant to the license application process, construction permits were delivered by the authorities of the Drôme department for the Tricastin site and by the Aude department for the Malvési site near Narbonne. The public enquiry process, an administrative procedure organized to inform the public about the project and receive comments from the local community, was carried out at both sites this year.

Construction of new buildings for the future conversion plant began as scheduled in July 2009 at the Tricastin site and in November 2009 at Malvési.

A project is also under study to build a UF₆ fluorination plant for reprocessed uranium. Ultimately, it should give AREVA a means of recycling reprocessed uranium (RepU) from used fuel treatment that would be unique in Europe.

Technical studies already undertaken in 2008 to strengthen operations for the long term and replace the Chemistry business unit's facilities continued in 2009. The main objectives of these studies are:

- to use the best technologies in AREVA's new natural and reprocessed uranium (RepU) conversion facilities;
- to increase productivity in existing facilities; and
- to reduce environmental impacts.

The projects now in progress will provide the conversion capacity necessary to satisfy the market. All are consistent with AREVA's sustainable development approach. The Chemistry business unit's goal is to reduce its environmental impacts and to improve facility safety continually. Steps were taken at each site to achieve these goals, and particularly to strengthen the Environmental Management System, optimize waste disposal, and reduce the quantity of water taken from the environment.

6.4.1.3. ENRICHMENT BUSINESS UNIT

Key data

(in millions of euros)	2009	2008	2007
Revenue*	1,197	1,093	1,059
	2,598	2,458	2,095
Workforce at year end	employees	employees	employees

* Contribution to consolidated revenue.

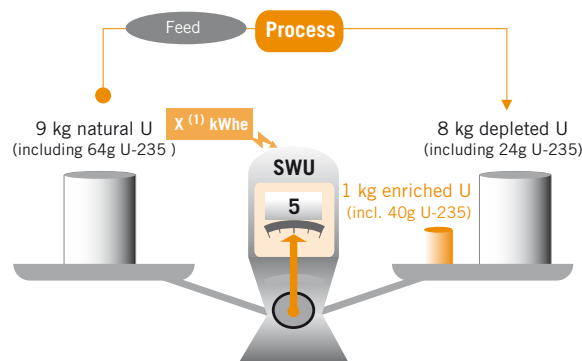
Businesses

The Enrichment business unit is active in the isotopic separation of natural uranium. This operation is performed on uranium hexafluoride (UF₆). The customer delivers natural UF₆ to the enrichment facility. UF₆ is a chemical compound of uranium and gaseous fluorine that contains the fissile isotope of uranium (U₂₃₅) needed to make nuclear fuel for light water reactors. Enrichment is the process whereby the 0.7% content of U₂₃₅ in natural UF₆ is raised to 3% to 5% to achieve a level of fuel reactivity suitable for reactor requirements.

An enrichment plant's production is expressed in separative work units (SWU). This unit is proportionate to the quantity of uranium processed and is a measure of the work required to separate the fissile isotope. The separative work unit (SWU) is an international unit of measure for enrichment services and sales, and is independent of the separation technology used.

As shown in the figure below, it takes nine kilograms of UF₆ and five SWUs to produce one kilogram of enriched uranium (at a 4% enrichment level) and eight kilograms of depleted uranium (at 0.3%).

→ ENRICHMENT SERVICES



(1) Varies depending on the process.

Source: AREVA.

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Two enrichment processes are in use worldwide: centrifugation and gaseous diffusion. The AREVA group currently uses the latter process at the Georges Besse plant located at the Tricastin site in the Rhone Valley.

However, the agreement signed with URENCO and its shareholders in 2003 and finalized in July 2006 gives AREVA access to the centrifugation technology. It will be used at the new Georges Besse II plant, slated to reach full production capacity in 2016. Installation of the centrifuges began in the first quarter of 2009. Spin-up of the first enrichment cascade occurred at the end of 2009.

By implementing this technology, the new Georges Besse II plant will consume 50 times less electricity than that consumed by the gaseous diffusion process. Another advantage of centrifuge technology is its modular construction, enabling gradual ramp-up of production and adjustment of production capacity to market demand.

The capital intensive enrichment industry also has a strong political dimension. Historically, major nuclear nations have sought to control their own production capabilities to ensure their energy self-sufficiency while limiting nuclear proliferation. This aspect is vital to an understanding of decisions by the key market players.

Manufacturing and human resources

The Enrichment business unit is based at the Tricastin nuclear site, which spans the Drôme and Vaucluse departments in France's Rhone valley.

The Enrichment business unit uses the Georges Besse plant of its subsidiary Eurodif to perform enrichment services. AREVA NC holds a 59.66% stake in Eurodif, directly and indirectly, and the remaining 40.34% is held by foreign partners ⁽¹⁾.

The Socatri plant, a wholly owned subsidiary of Eurodif at the same site, maintains equipment used by the Georges Besse plant and processes uranium-bearing liquid effluents, among other activities.

The Georges Besse plant and Socatri have ISO 9001, ISO 14001 and OHSAS 18001 certification under an integrated management system since 2004 and 2006 respectively. Since the finalization of the agreement on centrifugation in 2006, the Enrichment business unit's workforce includes 50% of the ETC ⁽²⁾ workforce.

Excluding ETC, approximately 90% of all Enrichment business unit employees work at the Georges Besse plant and the Socatri plant.

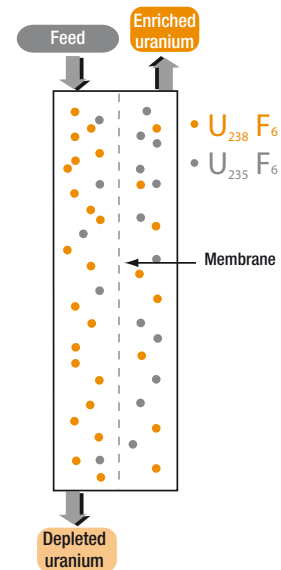
The Georges Besse enrichment plant consists of an enrichment cascade with 1,400 diffusion stages divided into 70 groups. It has a maximum enrichment capacity of 10.8 million SWU per year.

The gaseous diffusion process takes advantage of differences in the atomic weights of U_{235} and U_{238} to separate these two isotopes in UF_6 . The gas molecules are in perpetual motion and strike the walls of whatever encloses them. Since these molecules all have the same kinetic energy, the lighter ones – those of the U_{235} isotope – are also the fastest and strike the wall of the enclosure more often statistically than the heavier molecules of the U_{238} isotope. If that wall is porous,

the lighter molecule has a higher probability of crossing through this barrier than the heavier molecule.

The UF_6 is brought to the gaseous state and enriched in a series of steps in a cascade of diffusion barriers. This isotopic separation is the enrichment service sold to electric utilities.

→ GASEOUS DIFFUSION OPERATING CONCEPT



Source: AREVA.

In providing enrichment services to some 100 reactors operated by 30 utilities worldwide, the Georges Besse plant consumes, when operating at full capacity, as much electricity as the greater Paris area, or an average of 3 to 4% of France's entire generation of electricity. For some customers, representing about half of total volume, SWU sales are made under a processing contract in which the customer provides the electricity necessary for its own enrichment requirements. Consequently, the customer only pays for the enrichment service, and not for the cost of the electricity.

Société d'Enrichissement du Tricastin (SET) will operate the Georges Besse II plant, which will use centrifuge enrichment technology developed by ETC.

AREVA is the majority owner of SET. The GDF Suez group acquired a 5% interest in the company in 2008, and other companies decided to become shareholders in 2009. Thus, in March 2009, AREVA signed an agreement with Kansai and Sojitz under which the two Japanese companies acquired a 2.5% interest and, in June 2009, the South Korean utility Korea Hydro & Nuclear Power Co. Ltd (KHNP) acquired a 2.5% interest in SET Holding.

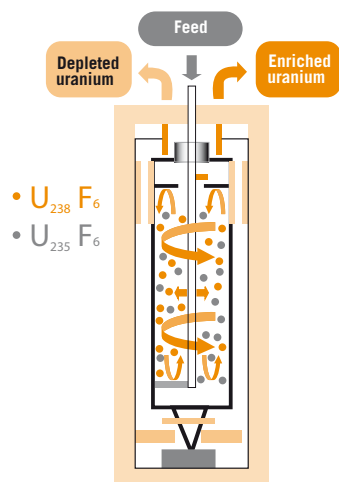
These agreements reflect utility customers' interest in participating in this major industrial project and in securing their enriched uranium supply.

(1) The other shareholders of Eurodif SA are Synatom of Belgium, Enea of Italy, Enusa of Spain, and Sofidif, a company owned by French and Iranian interests.

(2) Enrichment Technology Company.

As in gaseous diffusion, the centrifuge enrichment process uses the difference in atomic weight between U_{235} and U_{238} to separate these two isotopes in the UF_6 , though the technology is different.

→ CENTRIFUGE ENRICHMENT CONCEPT



Source: AREVA.

The centrifugal force of the machine throws the heaviest particles to the cylinder walls, effectively separating them from the lighter isotope. The gas enriched in the lighter isotope, located closer to the center of the bowl, flows towards the top of the machine, while the gas with the heavier isotope flows towards the bottom. The enriched and depleted products are recovered at either end of the machine.

Market and competitive position

Available worldwide enrichment capacity⁽¹⁾ is approximately 50 million SWU per year, including 5.5 million SWU from the dilution of highly enriched uranium (HEU) from Russia's defense program (see section 6.3.1. *Front End division, Strategy and Outlook* paragraph), for which USEC of the United States is the exclusive importer.

Available capacities are shown below.

Operator	Available capacity	Process
USEC production	5 million SWU/year	Gaseous diffusion
USEC Russian HEU	5.5 million SWU/year	Dilution
AREVA/Eurodif (France)	10.8 million SWU/year	Gaseous diffusion
AtomEnergProm (Russia)	17 million SWU/year	Centrifugation
URENCO (UK, Germany, Netherlands)	11 million SWU/year	Centrifugation
CNNC (China)	1.3 million SWU/year	Centrifugation
Other (Japan, Brazil)	0.1 million SWU/year	Centrifugation
TOTAL	50.7 MILLION SWU/ YEAR	

Source: AREVA.

The AREVA group thus has close to 22% of the world's total available capacity, HEU included. World demand for reactors is roughly equal to global capacity, broken down as follows:

- Eastern Europe and Russia 13%;
- Asia 22%;
- Western Europe 33%; and
- North and South America 32%.

AREVA has the largest share of the Western European enrichment market, ahead of URENCO and AtomEnergProm. In the Eastern part of the European Union (new member countries), the demand is almost entirely met by AtomEnergProm, for historical reasons. However, this situation is in the process of changing. AtomEnergProm is also the sole supplier to Russia and the countries of the CIS.

A significant share of the US market is supplied with enriched uranium from blended HEU from Russia. The American enrichment company USEC uses Russian HEU to supplement its domestic production and obtain material for exports. Despite the advantage USEC had due to its access to HEU, it filed claims against AREVA and URENCO for alleged dumping and illegal subsidies in the United States (see Section 20.6. *Legal and arbitration proceedings*). However, AREVA and USEC reached an agreement in May 2009 to settle their dispute on the supply of enrichment services from France to US customers.

USEC remains the largest supplier to Asia, for historical reasons, ahead of AREVA and URENCO, with JNFL of Japan and CNNC of China supplying marginal quantities.

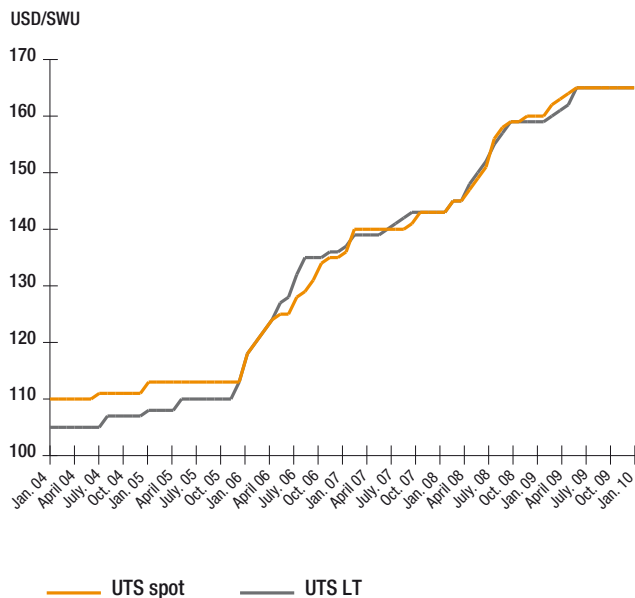
Excess capacity characterized the 1995 to 2000 period, mainly due to the use of HEU, which caused prices to fall. This was amplified by USEC's commercial strategy in the face of growing competition from the other enrichers at a time when the US dollar was very strong against the euro. Prices have risen significantly since 2004: the spot price went from 110 US dollars per SWU in 2004 to 165 US dollars per SWU by the end of 2009, as shown in the figure below.

(1) Taking into account agreements limiting Russian sales in the European Union and the United States

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This price increase reflects the impact on the market of a decrease in tails assay requested by utility customers motivated by the rapid increase in natural uranium prices, and the market's anticipation of a potential imbalance between supply and demand when older gaseous diffusion enrichment plants are shut down and some existing centrifuge capacity becomes obsolete. However, the price rise in US dollars is significantly lessened by the drop in the US dollar-euro exchange rate over the period.

→ SWU SPOT PRICES FROM 2004 TO THE END OF 2009 (IN CURRENT US DOLLARS)



Source: Average SWU values published monthly by Nuexco/TradeTech.

Market growth continues to be limited in volume but relatively secure, essentially in Asia, where nuclear power programs are growing faster than in the other three major regions of the world. The growth in this market is also due to the widespread increase in nuclear power plant load factors, burnups requiring higher enrichment assays, new projects, and inventory building by certain power companies concerned about a market imbalance.

The market is also regulated by geopolitical considerations. In Europe, the Euratom Supply Agency monitors the supply of uranium and enrichment services in accordance with the Corfu Declaration, which governs enriched uranium imports into the European Union. In the United States, implementation of the HEU agreement allows imports into the US of materials from dismantled Russian weapons. Pursuant to the Suspension Agreement, Russia also agrees not to deliver any other enrichment service to the United States. In Russia, AtomEnergProm competitors are still unable to access the uranium enrichment market.

(1) In constant 2001 euros.

Relations with customers and suppliers

Customers

The market for enrichment services is a medium-term market. In addition to the EDF group, its biggest customer, the Enrichment business unit has close to 30 utility customers divided among the United States, Europe and Asia, representing commitments from a hundred reactors worldwide.

Suppliers

As long as the gaseous diffusion process remains in service, electricity is the business unit's largest procurement.

As in previous years, the Enrichment business unit constantly seeks to procure electricity on the market at a competitive cost.

Operations and highlights

See section 6.4.1. Front End division.

Outlook and development goals

Demand is assured for the next 20 years, based on current nuclear power programs and the known service life of reactors. Growth is limited but relatively steady. Growth in Asia should coincide with the nuclear revival in some countries, particularly the United States and China.

In 2008, to meet the energy requirements of the United States, AREVA officially kicked off a project to build a new uranium enrichment plant in that country. The new plant, called Eagle Rock Enrichment Facility (EREF), will be built in the state of Idaho and will use centrifuge technology developed by ETC. It will provide enrichment services to nuclear power plant operators in the United States.

Subsequent to the work begun with the US regulator in 2008, AREVA submitted a license application to the Nuclear Regulatory Commission (NRC) in January 2009, a major step forward in the process to secure a license to build and operate uranium enrichment facilities at the Eagle Rock site. AREVA will continue to collaborate with federal, local and state authorities throughout the various phases of the project.

US power companies have shown their interest in AREVA's future EREF enrichment plant by reserving a large share of its production capacity over a very long period, thus ensuring the plant's return on investment. The plant will have an annual capacity of 3.2 million SWU for a capital investment of more than 2 billion dollars. It is scheduled to begin production in 2014.

For the coming years, the Enrichment business unit's goal is to transition smoothly from the gaseous diffusion process to the centrifugation process, with the Georges Besse II plant producing at full capacity in 2016, two years ahead of the initial schedule.

Construction of the new plant, at a cost of 3 billion euros ⁽¹⁾ over the 2006 to 2016 period, will gradually replace the existing plant, ensuring the continuity of customer deliveries over the very long term.

The industrial, technological and social transition from the Georges Besse I plant to the Georges Besse II plant is a major project for which AREVA and the Enrichment business unit have been preparing for many years.

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6.4.1.4. FUEL BUSINESS UNIT

Key data

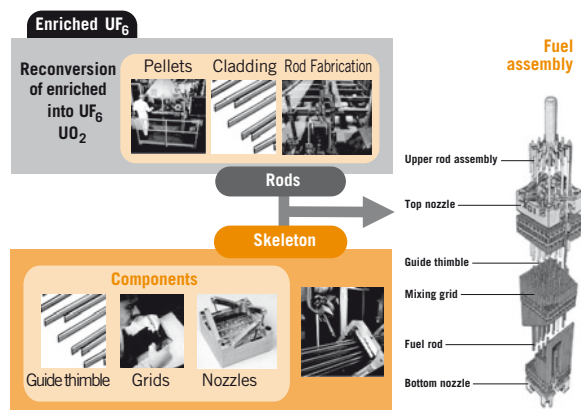
(in millions of euros)	2009	2008	2007
Revenue*	1,171	1,248	1,124
	5,155	5256	5,083
Workforce at year end	employees	employees	employees

* Contribution to consolidated revenue.

Businesses

The Fuel business unit designs, fabricates and sells nuclear fuel assemblies and services for power generating stations using pressurized water reactors (PWR) or boiling water reactors (BWR) and for research reactors. In addition to conventional enriched uranium oxide fuel (UO₂), the business unit supplies MOX fuel (a mixture of uranium and plutonium oxides) and enriched reprocessed uranium fuel (ERU – see *Glossary*) which contains fissile materials from the used fuel recycling process. The Fuel business unit sells part of the group’s MOX fuel. The Back End division’s Recycling business unit fabricates the MOX fuel (see section 6.3.3.1. *Recycling and Nuclear Site Value Development business units*).

→ PRINCIPAL STAGES IN PWR FUEL ASSEMBLY FABRICATION



Source: AREVA.

Reactor safety is a function of several requirements:

- containment of all radioactive materials, as defined by nuclear safety standards, under both normal and accidental conditions;
- control of the chain reaction; and
- cooling of the reactor core.

Fuel assemblies contribute to reactor safety by sealing fissile materials and radioactive fission products inside zirconium alloy cladding, which forms the primary containment barrier.

Once unloaded from the reactor, the fuel assembly must continue to provide fissile material and fission product containment. Fuel design must also allow for residual heat dissipation and fuel handling, even after having been stored for relatively long periods. In addition, the

fuel design must allow for treatment when the closed fuel cycle has been chosen.

Used fuel is replaced every 12 to 24 months with partial core reloads representing 20% to 50% of the total number of assemblies in the reactor, depending on core management techniques and fuel assembly performance.

The number of assemblies replaced simultaneously constitutes a reload.

The Fuel business unit has expertise in every aspect of the fuel design and fabrication process, from the production of zirconium and its alloys to fabrication of the final fuel assembly. Nuclear fuel is by no means an ordinary or easily substituted product. A large number of high-level scientific and technical skills are needed to achieve flawless design and fabrication quality, an absolute requirement. The Fuel business unit has expertise in three key areas:

- fuel design: This brings into play neutronic, thermo-hydraulic and mechanical strength codes and a database built on lessons learned from many years of reactor operations. Fuel designs are referenced in the reactor license application, making the fuel designer one of the utility’s most important partners during discussions with the nuclear safety authorities;
- zirconium and zirconium alloy production: This draws on expertise in chemical and metallurgical processes and technologies;
- fuel assembly fabrication: This requires knowledge of chemistry, powder metallurgy, various assembly techniques, including advanced welding, mechanical systems and machining, and numerous non-destructive examination methods and physical/chemical analyses.

The Fuel business unit also manufactures and markets finished and semi-finished zirconium products. Several of the business unit’s competitors – fuel designers and/or fabricators – are also its customers. The Fuel business unit also provides engineering services and onsite services.

Manufacturing capabilities

The Fuel business unit is organized into three business lines for fuel assemblies for both PWR and BWR reactors:

- design and sales, based in Germany, France and the United States;
- a zirconium business line encompassing the full range of manufacturing processes, from zircon ore to finished product, which operates five plants in France and one in Germany, with each plant specializing in one aspect of zirconium metallurgy or forming; and
- the Fuel Fabrication business line, organized into eight plant sites, three in the United States and five in Europe, which mainly supply European utilities. The Japanese market is served by a joint venture production site in Japan.

CERCA is also part of the Fuel business unit’s organization. Cerca has plants in France and is mainly active in the fabrication and sale of fuel elements for research reactors, a vital activity for bringing innovative fuels to the market. It also fabricates and sells LEU fuel targets, which are irradiated to produce Mo-99 used in medical applications.

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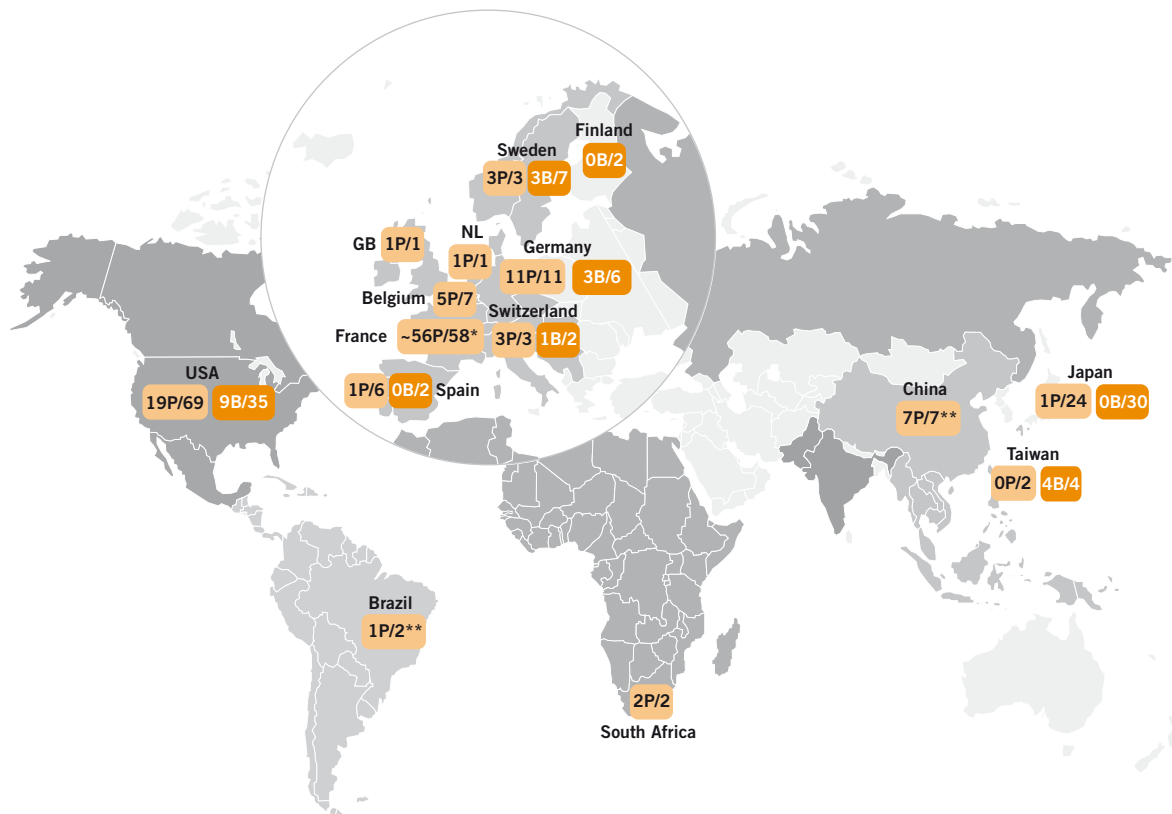
Market and competitive position

The Fuel business unit's principle business is the fuel assembly market for BWRs and PWRs – excluding the Russian-designed VVERs – and for research reactors. In the light water reactor segment, not including VVERs, AREVA's market share is approximately 35%.

In 2008, 2009 and 2010, the worldwide market, excluding the former Soviet Union, will stabilize at an average of about 6,200 metric tons of heavy metal (uranium or plutonium contained in the assemblies). The United States accounts for 36% of the market, while Europe and Asia represent 35% and 29% respectively.

The fuel industry has reorganized several times over the past few years, leaving three leading groups to satisfy 80% of global fuel demand: AREVA, Toshiba/Westinghouse and GNF. Over the years, the AREVA group has supplied a total of more than 196,000 fuel assemblies to its customers, two thirds of them PWR and one third BWR. Today, 131 of the world's 306 operating PWRs and BWRs (as of the end of 2009, excluding VVERs) routinely use AREVA fuel, as shown in the figure below.

→ WORLD MAP OF REACTORS THAT USE AREVA FUEL



* Partial MOX reload.

** Local fabricator that uses AREVA NP technology.

Note 1: P = pressurized water reactor (PWR); B = boiling water reactor (BWR). (-/-) = Number of reactors supplied with fuel by AREVA/total number of reactors in service.

Note 2: In addition to the PWR and BWR reactors in operation worldwide shown on this map, there are also PWRs and BWRs that do not use AREVA fuel, located in Mexico (2 BWR), Slovenia (1 PWR), South Korea (16 PWR), India (2 BWR) and Pakistan (1 PWR).

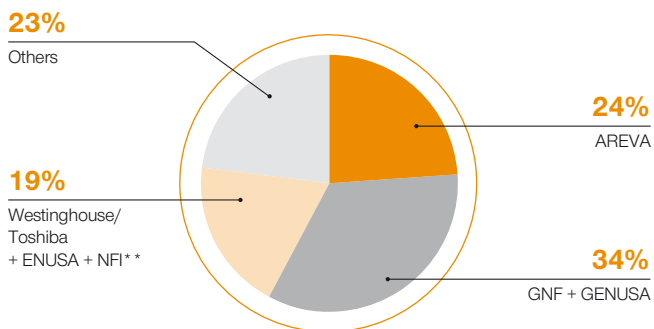
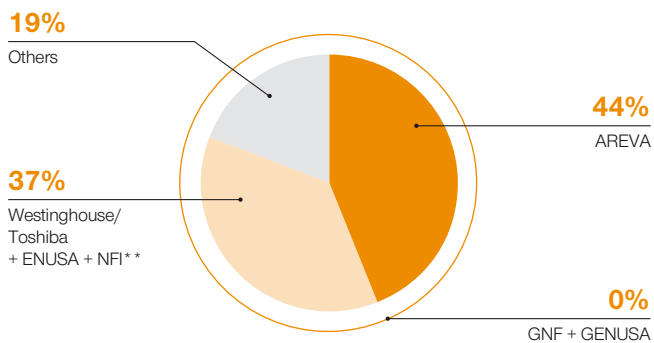
Source: IAEA 2009.

Of the 131 reactors supplied with fuel by AREVA:

- two thirds are reactors designed by AREVA, demonstrating the synergies between the Fuel business unit and the Reactors & Services division, which account for 91% of AREVA's installed capacity; and
- the other third represents 23% of AREVA's competitors' installed capacity.

As the following charts show, the AREVA group continues to be the European leader and the key challenger in the United States.

→ MARKET SHARE OF FUEL SUPPLIERS IN 2009



** Nuclear Fuel Industries Ltd.

Source: Nuclear Assurance Corporation (Fuel Trac, October 2009 edition); average values for 2009 +/- 1 year.

The existing requirements of operating reactors still determine demand, which will remain generally flat in terms of volume, since the number of reactors connected to the grid worldwide is expected to remain relatively stable until 2012. A noticeable increase in fuel demand will occur when a sufficient number of new power plants have been connected to the grid, considering that older reactors will be retired in the meantime.

Under these circumstances, excess fuel fabrication capacity will continue to be high worldwide.

These elements are contributing to price harmonization in the main regions of Asia, Europe and North America.

Relations with customers and suppliers

Customers

AREVA operates mainly under multi-year contracts covering one or more reactors for the same utility. These contracts usually include services such as transportation and handling, technical support for fuel loading and unloading operations, fuel inspection during scheduled outages, or even underwater repair of damaged fuel rods or assemblies at the utility's reactor site. Given their importance for customer operations, the contracts normally include penalty clauses, generally capped at the amount of the fuel supplier's added value. Warranties are provided for:

- fuel integrity under normal operating conditions and up to the contractual burnup (see *Glossary*);
- satisfactory reactor operations at nominal power;
- compatibility with fuel assemblies already in the reactor, recognizing that the reactor core is refueled in fractions; and
- transportability and the ability to be stored safely after irradiation.

Suppliers

In general, the strong signs of stabilization observed for commodity prices in the second half of 2008 were confirmed in 2009.

However, the zirconium needed to fabricate most of the Fuel business unit's products is still affected by pressures in the zircon market. Zircon is the basic commodity from which metallic zirconium is extracted at the Jarrie plant. The cost of zircon stabilized due to a more favorable dollar exchange rate and the positive impact of activities to secure the supply chain (search for new suppliers, contract extensions). The price of another base product, carbon black, continued to fluctuate along with the price of oil, to which it is pegged, with a 12.4% jump in 2006, a 6% increase in 2007, a 2% increase in 2008, a 7.5% increase in 2009, and a 12.6% hike in 2010. The supply of magnesium was secured under a four-year contract in 2007.

After stabilizing in 2006, rates for electricity (including the contract between EDF and AREVA in France) began climbing in 2007, triggering an automatic escalation in rates paid for industrial gases (Ar, He, H₂ and N₂).

Subcontracted fabrication services primarily relate to spacer grid stamping, a key structural component of the fuel assembly. This service is secured via partnership agreements with Métalis, Novus and ETM, the main providers of these services. Subcontracts for silver/indium/cadmium rods used to manufacture control rod drive mechanisms are secured under agreements with Heraeus and Umicore. The supply of stainless steel tubes is secured under a contract with Sandvik Precitube.

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Operations and highlights

Several very large orders were received in 2009, including:

- British Energy of the United Kingdom confirmed an order for enriched reprocessed uranium (ERU) fuel for the Sizewell reactor, to be delivered in Agora 7H in 2012,
- Iberdrola of Spain awarded a contract to supply six batches of HTP 16x16 fuel assemblies for the Trillo reactor, with the first delivery schedule for 2011,
- the contract with EPZ of the Netherlands for the Borssele nuclear power plant was extended with two additional HTP 15x15 fuel reloads, one a firm order and the other an option, for the 2012 to 2013 period,
- in Germany, AREVA renewed for four years a contract to supply fuel to E.ON's Unterweser, Isar 1 and OKG 2 reactors. AREVA will also provide a quarter of the core for four additional power plants – Isar 2, GFR2, Grohnde and Brokdorf – for a two-year period. The contract will be reviewed after this first phase,
- in the United States, the contract to supply Mark-B HTP fuel to Duke Power's three Oconee reactors was extended. With this contract, the business unit has 13 additional firm orders in backlog for delivery by 2019,
- also in the United States, an extension to the contract with TVA was signed for six new fuel reloads to be delivered to the Browns Ferry nuclear power plant,
- in China, following the contract concluded in 2007, AREVA signed a long-term contract to supply fuel assembly components to CJNF for the four Hongyanhe power plants.
- Components will continue to represent a significant part of the Fuel business unit's sales in China in the coming years, up until final delivery of the first cores for the EPR™ reactors in Taishan begin in 2013-2014, followed by reloads for the two units.
- Chinese customers CNNC and CGNPC selected the AFA 3G M5 fuel design for their future 1,000 MWe power plants, i.e. the Hongyanhe, Yangjiang and Ningde plants of CGNPC, and the Fangjiashan and Fuging plants of CNNC.
- Cezus, which heads up the zirconium line, renewed all of its contracts with entities outside the group and was able to pass on a significant amount of cost increases despite a highly competitive environment. The year 2009 set a record for sales of flat products, and this trend should continue in 2010. However, the weakness of the US dollar is a real threat to sales of zirconium semi-finished products to non-group customers.

While the financial crisis had a strong impact on titanium operations at the Ugine site and on sales of zirconium byproducts from manufacturing operations at Jarrie, particularly magnesium chloride, that impact was absorbed by adjusting variable costs.

A partnership to manufacture cladding is being negotiated in China and should establish operations there for the longer term.

The sales office opened by Cezus in Japan in 2008 (Cezus Japan, a wholly-owned subsidiary) contributed to a significant increase in Fuel business unit operations in the Asia region.

- The Fuel business unit built on strategic agreements established in 2008 to expand its operations in Asia and play a major role on the continent as momentum grew in the worldwide nuclear business.
- Kazakhstan: An agreement was signed with Kazatomprom to establish the joint venture Ifastar to assess the feasibility and benefits of future cooperation to supply integrated batches of fuel to the Asian market. Paris-based Ifastar is 51% owned by AREVA and 49% owned by Kazatomprom. The agreement contemplates a technical and economic feasibility study for the construction of a new fuel assembly fabrication plant at Kazatomprom's Ulba site in Ust-Kamenogorsk, Kazakhstan,
- Japan: Cezus acquired a 33% interest in Zirco Products, Japan's largest manufacturer of zirconium cladding for nuclear fuel. Zirco Products, which has been a Cezus customer for many years, is the leading manufacturer of cladding for the Japanese market, with a 75% market share. The agreement will enable Cezus to increase its sales of the Trex type of zirconium alloy over the long term, with improved market share and profitability as early as 2010. It also strengthens AREVA's position in Japan and may create new opportunities in the cladding business. The Zirco Products and Cezus teams have identified industrial synergies to optimize their operations around the globe,
- AREVA, Mitsubishi Heavy Industries Ltd. (MHI), Mitsubishi Material Corporation (MMC) and Mitsubishi Corporation (MC) signed a quadripartite agreement in Tokyo to establish MNF, a joint venture specialized in nuclear fuel. MNF will develop, design, fabricate and market nuclear fuel. Relying on the technology and experience of each of the partner companies, MNF will strengthen their fuel design and fabrication business against a backdrop of increasing growth in the nuclear energy sector.
- Cerca's share of the research reactor fuel market remained significant as a result of an ongoing program to convert reactors to fuel that is less than 20% enriched in U₂₃₅ (TRIGA reactors in the United States). The fuel fabrication business was down in 2009 as some customers had to shut down their reactors.

CERCA bolstered its presence in Japan with high performance products for Japanese customers and the success of the first phase of the contract to transfer technology to NECSA in South Africa.

The radiation source calibration laboratory at the Tricastin site performed well on strong demand from hospitals.

- On the manufacturing side, the business unit continued to optimize its production plants around the world to serve its customers better by offering dedicated service, integrated solutions and expertise to meet their requirements.

To improve industrial performance in the United States, for example, AREVA decided to transfer all of its US fuel fabrication operations to the group's Richland site in Washington State. In late September 2009, AREVA announced that fuel production operations located at Mount Athos Road in Lynchburg, Virginia, would gradually be transferred to Richland starting in the spring of 2010. This decision follows a thorough analysis of the potential impact on sales and of the repercussions for customers and employees. Every measure was taken to ensure the best possible transition for Mount Athos Road employees.

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- In 2009, completion continued of the Romans site renovation program, begun in 2004 for a total budget of 100 million euros. The renovation aims to meet the most stringent nuclear safety, industrial safety and radiation protection standards.

Compared with 2008, the level of activity remained relatively stable at the Romans and Pierrelatte sites, which mainly fabricate fuel for the EDF group.

Romans experienced difficulties at the beginning of the year with the ramp-up of the conversion furnaces and stoppage of the pellet sintering furnaces, which caused uranium oxide powder and pellet production to fall below target levels.

The conversion facility's fluid distribution system (steam, nitrogen, UF₆, etc.) was modified to stabilize the weekly production of uranium oxide powder. The BUT1 - type furnace was restarted thanks to numerous performance improvement activities and the valuable help of the Fuel business unit's other plants, particularly Richland. Startup of the second BTU furnace is scheduled for the beginning of 2010.

The pellet loading and assembly lines operated in accordance with the renovation plan. The new resistance welding line, created to resolve welding problems on M5 products, is ramping up.

In Pierrelatte and Romans, the fabrication units for components such as nozzles, mixing grids and rod cluster control assemblies (RCCA) achieved target production levels due to export orders, which will also considerably boost production at the site in 2010.

Fuel fabrication technologies were transferred successfully to the Baotou plant in China. The facilities and equipment startup tests were accepted without reservation.

AREVA will continue to work to reliabilize new fabrication processes as business rebounds significantly, particularly with the production of the first cores for EPR™ reactors.

The consistency of design work and the use of global resources improved with the creation of a global engineering organization in the Design and Sales department in 2008.

The new organization, as much as the increased capacity, will increase the flexibility and security of supply to provide the best possible response to customer requirements.

Outlook and development goals

The Equipment business unit operates is fuel reliability and all of its employees are focused on ensuring product performance and quality.

The Fuel business unit's commercial objective is to bolster its international market share by expanding its market positions in the United States and Asia while maintaining a strong European base.

To achieve this objective, the business unit is implementing the following actions:

- work is almost completed to optimize the portfolio of existing products and reduce the number of fabrication processes;
- projects to develop the new GAIA (PWR) and Delta (BWR) fuel assemblies to replace existing assemblies will bear fruit in the 2010 to 2015 timeframe. Testing performed to date has yielded excellent results. the use of demonstration assemblies is being negotiated with some of the group's customers. These products will allow the business unit to satisfy identified long-term market demand;
- Cerca's research reactor fuel fabrication operations, which sagged in 2009 due to the prolonged shut-down of some customers' reactors, is expected to return to normal levels in 2010 for two main reasons: the company's significantly stronger positions in Japan and South Africa, and the restart of reactors that had been shut down for maintenance.

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6.4.2. REACTORS & SERVICES DIVISION

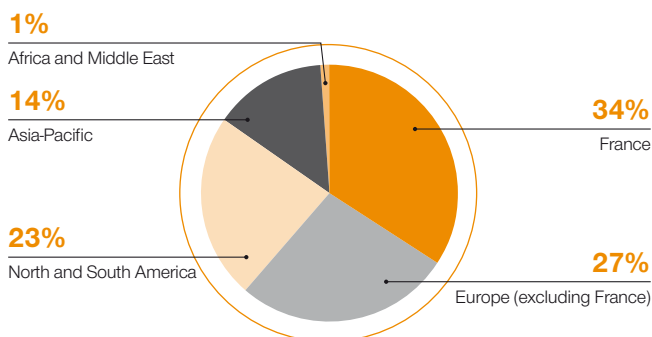
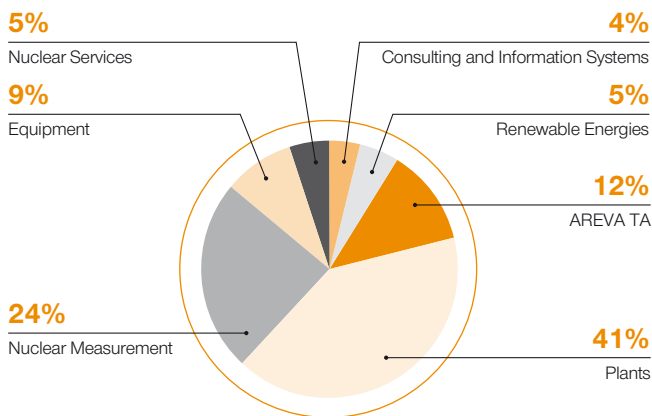
KEY DATA **

(in millions of euros)	2009	2008	2007
Revenue*	3,418	3,031	2,710
Operating income	(626)	(688)	(180)
Workforce at year end	21,003 employees	19,477 employees	16,500 employees

* Contribution to consolidated revenue.

** Per IFRS 5.

→ 2009 REVENUE BY BUSINESS UNIT AND GEOGRAPHICAL AREA



OVERVIEW

The Reactors & Services division contributed 40% to AREVA group revenue for Nuclear and Renewables operations. The division designs and builds the two leading types of reactors currently in use around the world – pressurized water reactors (PWR) and boiling water reactors (BWR) – as well as naval propulsion and research/test reactors. It also offers products and services for upgrades, inspection and servicing of all types of nuclear reactors.

The division is organized into seven business units:

- Plants business unit: design, engineering and construction of nuclear reactors;
- Equipment business unit: design and manufacture of nuclear reactor components;
- Nuclear Services business unit: maintenance, inspection and servicing of nuclear reactors;
- AREVA TA business unit: design and fabrication of naval propulsion reactors and ultra-safe complex systems;
- Nuclear Measurement business unit: design and fabrication of nuclear measurement instrumentation;
- Consulting and Information Systems business unit: consulting, systems integration and IT outsourcing;
- Renewable energies business unit: wind, offshore energy, biomass and hydrogen.

In terms of installed capacity, AREVA supplied the majority of the world's pressurized water reactors (PWR), representing close to two-thirds of all nuclear power reactors in the world. AREVA's reactors are located in key regions of the globe: Western Europe, North and South America, China, South Korea and South Africa. Its main competitors are groups such as Westinghouse/Toshiba and AtomEnergProm.

The group also has solid experience in boiling water reactors (BWR), for which General Electric is the world leader. There is a more limited market for BWRs than for PWRs; BWR units are in service in Japan, the United States, Germany and Northern Europe.

The new renewable energies business unit gives concrete expression to AREVA's strategy of expanding its offer for carbon-free power generation technologies. In the offshore wind energy field, AREVA is developing high power turbines that convert the wind's motive power into electricity. In the Bioenergy field, AREVA supplies turnkey biomass and biogas power plants that recycle organic materials of plant and animal origin into energy. AREVA's subsidiary Hélon offers hydrogen production and power generation solutions using water electrolysis and fuel cell technologies.

In early 2010, AREVA acquired Ausra, a company specialized in concentrating solar power technology. This technology gives the group the means to become a major player in this field and to offer its utility customers the most cost-effective and efficient solar power plants.

STRATEGY AND OUTLOOK

The Reactors & Services division intends to assert its world leadership in nuclear power by conquering one third of the accessible market for new power plants and by promoting the nuclear option as an alternative to fossil fuels throughout the world. This objective is accompanied by AREVA's determination to expand into renewable energies, a natural partner to nuclear power for fighting CO₂ emissions, in which a significant position is targeted by 2012.

To achieve this objective, the Reactors & Services division is building new reactors in Finland, France and China. These are the first generation III+ reactors in the world. AREVA's advanced technology gives it a unique advantage to compete on all markets.

In Europe, the group traditionally has very strong positions in France and Germany. It has also developed bonds with major operators in other countries. In particular, AREVA plans to take a large share of new power plant construction in the United Kingdom.

The United States, which has the world's largest installed generating capacity, is also a growth engine for the Reactors & Services division. The group is a leader in the services sector in that country and has conquered considerable market share in heavy equipment replacement at operating reactors as well as instrumentation and control system modernization and service life extension. AREVA has several strategic partners in the United States: Bechtel Power Corporation and UniStar Nuclear Energy for the design of the US EPR™ reactor as well as several utilities that want to build EPR™ reactors.

In Asia, the leading accessible markets are located in China and India.

The AREVA group has been active in China for 20 years, building four of that country's 11 nuclear plant units in operation as of the end of 2009. Following the contract awarded at the end of 2007, AREVA will build China's first two EPR™ nuclear islands in Guangdong Province. In India, AREVA expects to supply several reactors by 2020. A memorandum of understanding was signed to that effect between AREVA and Nuclear Power Corporation of India Limited (NPCIL) in 2009.

To reach its development goals, the Reactors & Services division is pursuing several strategic lines of action:

- successfully complete construction of the first EPR™ reactors and mine lessons learned from them to optimize future projects;
- strengthen the division's line of PWRs by developing the ATMEA1™ reactor in partnership with Mitsubishi Heavy Industries. ATMEA1™ is a pressurized water reactor with a power rating of 1,100 MWe;
- expand the product portfolio by developing the Kerena™ reactor (formerly the SWR 1000) in partnership with E.ON. KERENA™ is a boiling water reactor with a power rating of 1,250 MWe. Like the EPR™ reactor and the ATMEA1™ reactor, this generation III+ reactor will offer the highest level of safety during operations. For E.ON, it will become the standard for nuclear power plant projects in the intermediate capacity range;

- strengthen and structure nuclear engineering resources at the international level to meet an expected sharp increase in demand in the coming years. A major worldwide recruitment effort has been under way since 2004 and 2005. The group plans to continue its policy of selective acquisitions and alliances in this field;
- secure the supply chain for reactor construction, both by making the necessary investments and through partnerships. For example, in 2009, AREVA and Northrop Grumman Shipbuilding started construction of their heavy component manufacturing and engineering site in Newport News, Virginia. The plant will satisfy the needs of the booming US nuclear power market. The establishment of AREVA Newport News offers two major advantages: proximity to the customer base and production in the US dollar zone. AREVA has already increased the capacity of the Chalon/Saint-Marcel plant in France. The Newport News plant will further strengthen AREVA's capacity to produce heavy components on the backdrop of a renaissance in nuclear power around the globe;
- continue to develop expertise in the reactor services field and offer innovative integrated services, particularly in outage management;
- pave the way for the reactors of the future by participating in international research and development programs pertaining to generation IV fast neutron reactors and high temperature reactors (see section 11.1.4. *Future directions in technology*), for which the group has a strong base of expertise from past efforts in France and Germany;
- accelerate the group's development in renewable energies.

Highlights of the period

PLANTS BUSINESS

Reactors under construction

Finland

In Finland, the AREVA-Siemens consortium is in charge of the turnkey supply of an EPR™ reactor to TVO's Olkio site (OL3 project). This is the first generation III+ power plant under construction in the world.

Significant physical progress was achieved in 2009 on this project, including the installation of the reactor dome in September. More than 93% of the orders and contracts have been committed and civil engineering work is nearing completion.

Most of the heavy components, such as the reactor vessel, steam generators and pressurizer, are now on site, and testing has begun on the polar crane to be used for their installation in 2010.

The workforce at the site was 3,400 people at the end of 2009. The peak workforce of 4,000 to 4,500 people, including about 600 AREVA employees, is expected to be reached in 2010.

The reactor vessel, the steam generators and the pressurizer will be installed in the reactor building in 2010, and the interior of the dome will be concreted. Meanwhile, assembly work will pick up pace and the startup phase will begin. (See section 20.2. Notes to the consolidated financial statements for the year ended December 31, 2009, Note 24.)

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France

The status of civil works for the Flamanville EPR™ project led by the EDF group was as follows as of the end of December 2009: The external containment of the reactor building had risen about 18 meters above ground.

There were a number of positive developments at the site in 2009. The customer accepted AREVA's large component storage facility. Numerous pieces of equipment were delivered, including instrumentation sensors, primary system anchors, and the blowdown and drain system tank used to collect recoverable highly radioactive effluents and releases from safety valves to prevent them from being released too frequently in the primary effluent treatment system. The reactor vessel support ring was delivered to AREVA's storage facility in Cherbourg.

Manufacturing of the heavy baffle assembly for the reactor vessel was completed at Creusot Forge/Creusot Mécanique. Manufacturing of heavy components began in Chalon/Saint-Marcel. Manufacturing of mobile components will begin at JSPM at the beginning of 2010. Manufacturing of the reactor vessel, the four steam generators and the primary coolant legs is ongoing. Manufacturing of the pressurizer began in May once the safety authorities had lifted their hold on it.

In France, plant operators, constructors and safety authorities are engaged in ongoing, customary dialogue for certification of the EPR™ reactor instrumentation and control system. This is why the French Nuclear Safety Authority (ASN) asked the EDF group to provide additional information regarding the system. AREVA and the EDF group provided responses to ASN at the end of 2009. Questions raised by the safety authorities of France (ASN), the United Kingdom (HSE) and Finland (STUK) in a joint statement were consistent with the ongoing dialogue process.

China

In 2009 manufacturing of primary components for the two nuclear islands of the Taishan EPR™ project is well under way, in particular the reactor vessel and the steam generators. Manufacturing of various heavy components for Unit 2 of the Taishan nuclear plant was launched in partnership with local builders. AREVA and China Nuclear Power Engineering Co (CNPEC), as the partner in charge of certain procurements for the AREVA/CNPEC/China Nuclear Power Design Company (CNPDC) consortium, continued to award equipment contracts to suppliers.

As agreed with the consortium, two new groups of Chinese engineers arrived in Paris during the year. More than 100 Chinese engineers are now working in the framework of the autonomy program. In April, the first AREVA expatriates launched a new Joint Design Organization (JDO) managed by AREVA. The JDO includes China Nuclear Power Design Company (CNPDC), which is another consortium partner involved some of the design work. The JDO was inaugurated in July.

In 2010, hundreds of JDO engineers will perform some of the detailed engineering work for the nuclear island.

The first meeting to organize the Coordination and Steering Committee took place in Guangzhou in November 2009, on the proposal of China Guangdong Nuclear Power Corp. (CGNPC). The main industrial groups involved in the Taishan 1 and 2 projects participated in the meeting. The Committee's goal is turn the TSN 1&2 project into a "global window for the EPR™ reactor".

All civil works specifications were delivered to the customer in March. Civil works for the nuclear island began on October 26, after the Council of State of the Republic of China approved the construction.

New build projects

United Arab Emirates

In January 2008, AREVA formed a partnership with Total and the power company GDF Suez to respond to a call for tender in the United Arab Emirates in 2009 to build reactors in Abu Dhabi. A proposal was submitted at the beginning of July 2009. The final organization ultimately included the EDF group, as decided in the summer. At the end of December, the customer, ENEC, informed AREVA of its decision to select Kepco's offer. AREVA is still open to future discussions and cooperation with the United Arab Emirates.

United States

The US nuclear landscape continues to evolve favorably, although postponements of some projects are possible as a result of the recent worldwide economic slowdown.

A certification application for the EPR™ reactor design was accepted for technical review by the US Nuclear Regulatory Commission (NRC) in March 2008. The Plants business unit continues to respond to NRC requests for additional information (RAI). The review is ongoing and is expected to culminate in certification in February 2012.

In March 2008, UniStar Nuclear Energy (UNE) submitted a reference combined license application (R-COLA) for the US EPR™ reactor design for Constellation Energy's Calvert Cliffs 3 unit. Other COLAs were submitted in July 2008 for Callaway 2 (AmerenUE) and in October 2008 for PPL's Bell Bend site and Constellation Energy's Nine Mile Point site. Thus, four COLAs involving the EPR™ reactor are now docketed by the NRC, three of which are currently undergoing review. The COLA for the AmerenUE Callaway 2 project has been suspended temporarily due to specific problems with the State's legislation. On December 1, 2009, UNE asked the NRC to suspend indefinitely its review of the COLA for Nine Mile Point, thus allowing all parties to focus on the Calvert Cliffs 3 project. UniStar's Calvert Cliffs 3 project was one of the four projects pre-selected in 2009 for the DOE's loan guarantee program. A decision is expected at the beginning of 2010.

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In June 2009, AREVA, Duke Energy and UniStar Energy announced the start of negotiations to develop an EPR™ reactor for the first industrial park dedicated to clean energy in Piketon, southern Ohio state. Negotiations have begun, although Duke Energy has not officially chosen the EPR™ technology for the Ohio park. In any event, AREVA is part of the Alliance including Duke Energy, UniStar Nuclear Energy, the United States Enrichment Corporation (USEC) and the Southern Ohio Diversification Initiative. The Alliance is now exploring various options to finance the project.

In July 2009, UniStar Nuclear Energy awarded a contract to the AREVA-Bechtel Power Corporation consortium for detailed engineering work for a US EPR™ reactor proposed for the Calvert Cliffs 3 site owned by Constellation Energy. The consortium also signed a memorandum of agreement on engineering, procurement and construction (EPC) prior to execution of a formal EPC agreement currently under negotiation for the same site.

In December 2009, AREVA and a group of investors called Fresno Nuclear Energy Group (FNEG) signed a letter of intent marking the start of their cooperation to develop one or two EPR™ reactors in California's Central Valley.

France

On January 30, 2009, the French government announced the decision to build a second EPR™ reactor at the Penly site in the Seine Maritime department. The EDF group will be the majority owner of the company building the reactor. The GDF Suez utilities will participate in the project. Construction should begin in 2012. Connection to the grid is slated for 2017.

India

On February 4, 2009 AREVA signed a memorandum of understanding (MOU) with the Indian nuclear reactor constructor, Nuclear Power Corporation of India Limited (NPCIL), for the construction of two EPR™ reactors at the Jaitapur site in India, designed to receive up to six EPR™ reactors ultimately. On July 9, AREVA submitted a proposal to NPCIL for the design and construction of the two reactors.

AREVA finalized the terms of an umbrella agreement with the Indian engineering firm Tata Consulting Engineers (TCE), a subsidiary of the Tata Sons group. This agreement provides for the supply of engineering services. It will be signed in the near future.

United Kingdom

In April 2009, the UK certification bodies Health and Safety Executive (HSE) and Environment Agency (EA) audited the quality assurance

systems used by AREVA and the EDF group. They concluded that AREVA and the EDF group continue to operate and manage their joint activities in support of the Generic Design Assessment (GDA) in a professional manner. In June, AREVA and the EDF group updated the pre-construction safety report. On November 27, the EPR™ reactor technology successfully passed step 3 of the GDA, as evidenced by publication of the HSE report. In the report, the HSE confirmed its opinion on the appropriateness of the proposed construction of EPR™ reactors on British soil. Step 4 is about to start. The major phase will be the public consultation on environmental proposals, which will be conducted by the EA in mid 2010.

Other projects and prospects

Many countries have expressed an interest in building new reactors, including Italy, the Netherlands, Switzerland, the Czech Republic, Poland, Finland, Lithuania, Russia, China, Vietnam, Jordan, Morocco, Egypt and Brazil.

Installed base operations

New orders associated with the installed base increased significantly in 2009. The market continues to be supported by utility investments to maintain or improve the performance of their reactors or to extend plant service life. This activity covers a wide range of services to many clients, mainly in AREVA's three national markets of France, Germany and the United States.

South Africa

AREVA started discussions with Eskom to renew framework agreements with each AREVA entity that provides support services to Koeberg. These agreements will be combined in a global partnership agreement with Eskom no later than 2011.

Germany

The majority coalition that won the September federal elections indicated that it preferred to extend the service life of existing reactors than to shut them down, as foreseen in the current law on nuclear energy. The coalition parties have expressed a common position on nuclear energy, which could result in the modernization of the German nuclear reactors.

German utilities have already started discussions on reactor modernization to optimize safety and extend the service life of their plants. A comprehensive engineering support agreement was signed with RWE to modernize the Biblis B nuclear plant by the 2011 to 2012 timeframe.

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Brazil

The local construction permit to complete the Angra 3 reactor has been issued and civil works have begun. AREVA received a contract rider for engineering services and project management.

Bulgaria

Engineering work for the completion of both VVER 1000 MW units at the Russian-designed Belene power plant continued under the Site Specific Design and Procurement contract, initially concluded for a 12-month period by AtomStroyExport of Russia (ASE) and AREVA. AREVA's scope of work includes safety-related heating, ventilation and cooling systems, instrumentation and control systems, electrical systems and equipment, and hydrogen recombiners. The German utility RWE withdrew from the project and the customer is still searching for an industrial and financial arrangement to start the work.

Canada

AREVA Canada received an order from Hydro-Quebec to repair the ventilation system for the Gentilly-2 reactor containment area. This will be the second system of its kind to be deployed by AREVA on a Candu reactor.

China

AREVA containment ventilation systems will be installed in all available plants under construction. The Plants business unit signed four new contracts in 2009.

South Korea

South Korean utility Korea Hydro & Nuclear Power Co (KHNP) and energy engineering firm Korea Power Engineering Co (KOPEC) awarded a technical assistance contract for a steam generator replacement project.

United States

Several orders were received from Florida Power and Light. The Turkey Point Excellence projects, including support services for Extended Power Uprate and important modifications to the plant, generated millions of dollars in business. Orders have been received for component design studies and engineering support to increase the capacity of St. Lucie's Unit 1. Engineering support was provided to the Waterford nuclear plant for the replacement of steam generators.

The US Nuclear Regulatory Commission (NRC) authorized the reissue of construction permits for units 1 and 2 of the Bellafonte nuclear plant. A bid was submitted for the manufacture and supply

of two steam generators for Unit 1, with an option for two additional generators for Unit 2. Proposals for 20 additional preliminary studies focused on completion of the plant were also submitted. The Board of Directors of TVA is expected to approve the restart of construction at Unit 1 in April 2010.

An order was received for the supply and installation of a replacement vessel head and integrated head assembly for the Callaway nuclear plant. The Engineering Alliance for the South Texas project is entering its fifth year and its scope should be broadened in 2010 and thereafter in reactor programs (accelerated corrosion related to flow for example).

France

For the third 10-year inspections of the 900 MW units, the Plants business unit continued to participate in a series of significant modifications, including the replacement of valves for the safety injection system. At the request of the EDF group, AREVA offered two licenses for a total of 15 replacement steam generators. To prepare for the third set of 10-year inspections of the 1,300 MW units, the EDF group requested studies on the feasibility of increasing reactor capacity by 8%.

In addition, the two groups signed an agreement concerning a guaranteed annual volume of design work by AREVA for the EDF group, with the former committing to a level of available resources for eight years as regards engineering for operating reactors (excluding the supply and replacement of large components).

The basic agreement on dismantling studies for the Phénix reactor is nearing completion. In addition, dismantling operations for the Superphénix reactor continue as scheduled. Treatment of sodium by hydrolysis has started. AREVA received the sixth and last amendment to the engineering contract for the renovation and upgrade of the LECA fuel examination lab in Cadarache.

Sweden

The AREVA-Siemens consortium is in charge of the PLEX project to upgrade Unit 2 of the Oskarshamn power plant and uprate its capacity. The Plants business unit is also involved in the FREJ project, the world's largest PWR uprating project. The Plants, Equipment and Nuclear Services business units are cooperating to replace the steam generators and pressurizers. The Plants business unit is in charge of the safety analysis. The Equipment business unit is supplying the equipment for the primary cooling system. The Nuclear Services business unit will install the equipment.

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Switzerland

In mid-2009, AREVA and KKL signed a contract concerning the modernization of the Leibstadt nuclear power plant. The scope of work for engineering and system design includes new recirculation pumps, motor speed control with variable speed drives, repair or replacement of pump motors, and replacement of piping in the recirculation loop. The plant should remain in service until at least 2045.

Instrumentation and control (I&C) and electrical systems

Instrumentation and control system overhauls, mainly consisting of replacing obsolete analogue technologies with digital technologies, represent a significant percentage of power plant modernization activities around the world. The Plants business unit, for example, is currently conducting complex projects at Ringhals in Sweden, Loviisa in Finland, Kola 3 in Russia, Oconee in the United States, Dukovany in the Czech Republic, and for various customers in Germany.

The design and manufacturing of electrical systems was also well represented, with successful projects in South Africa (Koeberg), ongoing projects such as in Belgium and China, and new contracts, such as one in China for emergency diesel generators.

EQUIPMENT OPERATIONS

China

On the generation II+ market (“CPR 1000” reactors), ADJV signed a large contract to supply 24 reactor coolant pumps to the Chinese utility CNPEC. This new contract supplements similar orders received from CNPEC in 2008 and in the spring of 2009. In all, ADJV will deliver 60 reactor coolant pumps to 20 new nuclear reactors in China.

In forgings, several contract wins are worth noting, in particular for the Chinese nuclear power plant market (steam generator and reactor vessel parts).

United States

The two replacement steam generators for the Three Mile Island nuclear plant in the United States (TMI) were manufactured at Chalons/Saint-Marcel and delivered to the power plant in September. This shipment marked another milestone in the strengthening of AREVA’s presence on the US market.

The AREVA Newport News facility construction project is progressing well. Preliminary earthwork is nearing completion and the selection of several suppliers (civil works and heavy equipment mainly) has begun.

France

At the end of 2009, the Chalons/Saint-Marcel plant delivered three replacement steam generators to the EDF group’s Bugey nuclear plant.

India

Following the signature of a Memorandum of Understanding between Bharat Forge Ltd. (India) and AREVA in January, the two companies executed a non-binding agreement setting out the conditions for creating a joint venture to build an Indian manufacturing plant for machined parts and forgings.

NUCLEAR SERVICES OPERATIONS

South Africa

In South Africa, the first deployment of the new extended services offer for the preparation and execution of the Koeberg outage demonstrated the high added value of integrating AREVA and customer teams.

South Korea

The business unit won the contract for replacement steam generators for units 1 and 2 at Ulchin, in partnership with Daelim.

China

AREVA signed contracts with CNPEC and CNEIC to supply core instrumentation for Chinese-designed 1,000 MW reactors.

United States

The Nuclear Services business unit won several contracts from US operators, including innovative, multiyear “Alliance” service contracts with Progress Energy and TVA, steam generator replacements for TVA, and replacement of a vessel head for Ameren.

France

The Nuclear Services business unit signed significant multiyear contracts with the EDF group, including a contract to modernize existing reactors, an integrated maintenance services contract, a contract for the re-racking of fuel storage pools, and a contract for chemical cleaning of steam generators.

Slovenia

In Slovenia, AREVA signed a contract with NEK to repair the Krsko pressurizer. In Sweden, AREVA signed a contract with FKA to inspect the Forsmark reactor vessel.

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CONSULTING AND INFORMATION SYSTEMS OPERATIONS

Significant contracts were won, including a contract for governance of ERDF's information system, risk and human factors management for Total, and operational maintenance management of ground equipment for the French Army. PEA Consulting performed new missions focusing on operating performance in the AREVA group, such as spare part management and the continuity of the manufacturing chain, from sales to deliveries.

The systems integration business had many successes in 2009, including the renovation of control channels and optimization of periodic tests at nuclear power plants operated by the EDF group, production management solutions for LNG tanker terminals and combined cycle plants for GDF Suez, the collaborative repository of DCNS naval engineering documents, support to capital projects of the AREVA group, including instrumentation and control systems for the Georges Besse II plant and the MOX Fuel Fabrication Facility for the US Department of Energy (DOE), and deployment of SAP solutions for AREVA's international sites.

The business unit won new facility management contracts, in particular at RTE for critical power grid management applications and at DCNS for production server management.

A new milestone was reached in 2009 with the triple certification of an integrated management system, certified ISO 9001-2008 for quality, ISO 14001-2004 for safety and OSHAS 18001-2007 for the environment.

The business unit was also certified for SAP Partner Hosting, thus becoming one of only four companies certified in France. The business unit was certified immediately at the Advanced level (i.e. level 2 on a scale including 3 levels).

The business unit published a white paper highlighting the specific nature of safety in industrial information systems and the importance of the human factor in defining a security policy.

AREVA TA OPERATIONS

The following projects were among the highlights of the year:

- the Barracuda program met a major milestone for detailed design with the Critical Design Review. The program, launched in 2006, involves six nuclear attack submarines being built by the French defense procurement agency DGA. AREVA TA is the prime contractor for the nuclear steam supply system that will be used to propel these submarines;
- completion of tests confirming the ability of the propulsion reactor onboard the Le Terrible nuclear submarine to operate at full power;
- power-on of the RES test reactor, which is instrumental in the ongoing development of the next generation of nuclear propulsion reactors at Cadarache;

- the beginning of the construction phase for the Jules Horowitz reactor, in addition to projects on scientific and research facilities such as the Cabri reactor and the Magenta and Agate facilities (CEA), in which AREVA TA teams participated during the year;
- the ITER Organization awarded a contract to a group of companies represented by AREVA TA to implement the ITER System Engineering Support function;
- in safe instrumentation and control systems, AREVA TA confirmed the success of its Pegasus™ range of solutions for guided urban and interurban transportation. For example, AREVA TA was selected to renovate the automatic operating system of the Lyon Metro;
- as the lead company of an industrial consortium, AREVA TA won an important contract for the Airbus A350 pre-FAL (Final Assembly Line). The consortium will harmonize the fuselage assembly lines for the A350 at Saint-Nazaire, Hamburg and Nordenham, including deployment of related technologies.
- In 2009, Corys Tess and its Chinese subsidiary won the contract to design and manufacture a full-scale simulator for the Taishan EPR™ reactors, following an international tender. The full-scale simulator will be used to train operators and will be delivered in July 2012. The control room will be reproduced at full-scale, with a simulation system duplicating the instrumentation and control system, the control panels and other systems necessary to operate the plant.

RENEWABLE ENERGIES OPERATIONS

Germany

A major highlight of 2009 was the installation and startup of the first six M5000 wind turbines for the Alpha Ventus project, Germany's first offshore wind farm operated by customer Deutsche Offshore Testfeld und Infrastrukturgesellschaft, whose shareholders are E.ON, Vattenfall and EWE.

In March, AREVA signed a memorandum of understanding with Wetfeet Offshore Windenergy GmbH for the supply of 80 M5000 wind turbines for the 400 MW Global Tech 1 offshore wind farm. The turbine supply contract was signed in mid-September and the maintenance services contract was signed at the beginning of December. The total order will exceed 800 million euros. The contract does not include the foundations, shipping and offshore installation.

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6.4.2.1. PLANTS BUSINESS UNIT

Key data

(in millions of euros)	2009	2008	2007
Revenue*	1,386	1,171	1,053
Workforce at year end	7,099 employees	5,959 employees	5,167 employees

* Contribution to consolidated revenue.

Introduction and definitions

A “nuclear power plant” is defined as an industrial plant that generates thermal energy that is converted into electrical energy in one or more nuclear reactors. A “nuclear reactor” is an industrial facility that produces heat from the energy released by the fission of combustible atoms during a controlled chain reaction. A “nuclear steam supply system” is the combination of equipment used to produce steam from fission energy. A “nuclear island” is the system encompassing the nuclear steam supply system and the fuel-related facilities, as well as the equipment required for the system’s operation and safety. A “conventional island” consists of the alternating current turbogenerator coupled to the nuclear island, along with the equipment required for its operation.

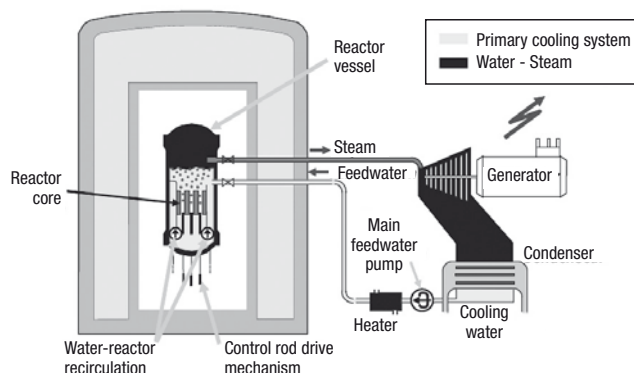
A nuclear power plant thus consists primarily of a nuclear island and a conventional island.

In a nuclear power plant, the turbogenerator is driven by the steam produced when the water of the primary cooling system is heated by the energy released through the fission of the material contained in the fuel constituting the reactor core.

Light water reactors (in which water is used as both the coolant and the moderator) now count for more than three quarters of the nuclear power reactors in service worldwide. There are two major types of “light” water reactors, as opposed to the heavy water used in other reactor types: boiling water reactors (BWR) and pressurized water reactors (PWR).

Boiling water reactor (BWR) operating concept

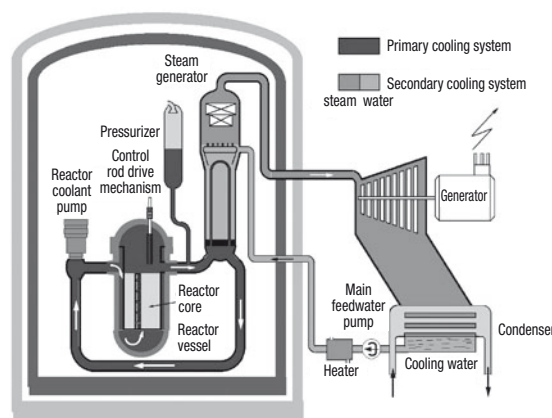
In BWRs (see figure below), water vaporizes in the vessel containing the core, comprising the fuel assemblies. The heat from the core is released in the water flowing through it. This steam drives the turbine, then cools and returns to liquid form in the condenser before recirculation in the reactor vessel. Thus, in a BWR, the water is in a closed cycle in which the steam expands directly into the turbine.



Source: AREVA.

Pressurized water reactor (PWR) operating concept

In a PWR (see figure below), an intermediate cooling system – the secondary cooling system – is placed between water in the primary cooling system, heated by the reactor core, and the turbine. The heat generated in the reactor’s primary cooling system is released to the water in the secondary cooling system via heat exchangers called steam generators. The water from the secondary cooling system is vaporized in the secondary part of the steam generators, and the resulting steam drives the turbine. The “energy generation” function is thus separate from the “steam generation” function in the PWR.

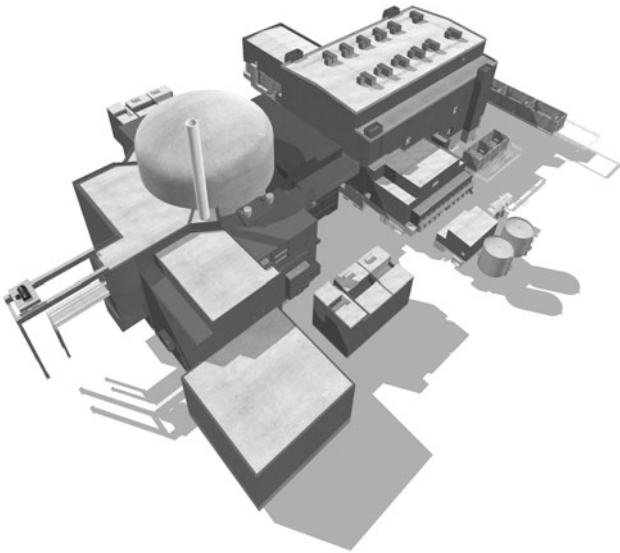


Source: AREVA.

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The group is involved in both of these reactor technologies, which represent the majority of reactors in service worldwide.

→ THE GROUP'S OFFERING OF GENERATION III+ REACTORS



Source: AREVA.

AREVA's line of reactors includes the EPR™ reactor and ATMEA1™, both of which are pressurized water reactors, and Kerena™, a boiling water reactor. All of them are generation III+ reactors that feature simplified operating systems and that offer significant breakthroughs in terms of competitiveness, safety, and reduced environmental impacts. All AREVA reactors capitalize on proven technologies while integrating innovative systems. These models have a very high level of safety thanks to significant technology advances that help prevent and reduce the risk of an incident and provide greater protection for the neighboring population. They are also designed to withstand the crash of a commercial airplane. These reactors have a design life of 60 years, as opposed to an initial service life of 40 years for other reactors. Measures were taken from the beginning of the design phase to respond to environmental concerns while achieving better fuel utilization and waste volume reduction, for example by optimizing fuel burnup. In reducing long-lived radioactive waste production by 15%, the design provides even better responses to environmental concerns. The EPR™ reactor is the most powerful PWR marketed by AREVA. It uses either fuel made with uranium oxide enriched to 5% or MOX fuel (see *Glossary*). Its net electrical output is in the range of 1,650 MWe.

The ATMEA joint venture, formed in November 2007 by Mitsubishi Heavy Industries, Ltd. (MHI) and AREVA in equal shares, is working on the design of the ATMEA1™ reactor, which will have approximately 1,100 MWe of power. ATMEA has begun to develop and promote the ATMEA1™ reactor on the international market. The reactor will meet the demand for mid-range nuclear reactors. It features advanced safety and security systems, high thermal yields, and a flexible 12 to 24 month operating cycle. ATMEA1™ will be ready for the market in 2010.

AREVA is developing KERENA™, the newest of the boiling water reactors, in partnership with German utility E.On. Positioned in the medium capacity market, the electrical output of KERENA™ is approximately 1,250 MWe, providing operators with a high level of safety and flexibility.

Businesses

The Plants business unit is involved in every aspect of nuclear steam supply system and nuclear island construction, from design through connection to the grid. It also provides support for facility operations and for dismantling. Its operations cover three main segments:

- a) nuclear island construction:
 - design, construction and startup of nuclear islands,
 - design and manufacturing of electrical systems and advanced instrumentation and control (I&C) systems for new reactors, and modernization of I&C systems for existing reactors;
- b) installed base business to support operating reactors:
 - engineering services to support heavy component replacement, enhance performance, extend service life, and other renovations and improvements to power plants and their operations,
 - upgrades to and renovation of instrumentation and control systems,
 - services for fast neutron reactors, including their dismantling,
 - a variety of services for research reactors;
- c) research & development activities.

Manufacturing and human resources

The Plants business unit's primary assets are engineering resources in:

- France (35% of the workforce);
- Germany (43% of the workforce);
- the United States (22% of the workforce); and
- subsidiaries and joint ventures in Sweden, Slovakia and China.

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The Plants business unit also has its own advanced technology development and testing capabilities, with facilities at its technical centers in Karlstein and Erlangen, Germany, and in Le Creusot and Chalon/Saint-Marcel, France.

Experienced employees were very much in demand in 2009 to transfer their know-how to a new generation of employees. To prepare for growth in the new builds segment, a plan to strengthen the Plants business unit's human resources was set in motion in 2003, resulting in the hiring of several hundred employees per year since then, the majority of them engineers, with a good balance between young graduates and seasoned personnel, mainly in France, Germany and the United States. The plan significantly lowered the age pyramid while stepping up subcontracting and mobility within the group.

Market and competitive position

The market for the operations of the Plants business unit includes countries that comply with the Treaty on the Non-Proliferation of Nuclear Weapons and that conform to the commitments arising from it. The Plants business unit is a frontrunner in this market for business relating to the design of nuclear steam supply systems, for which it is an original equipment manufacturer (OEM). This business is growing on all market segments.

For new builds, AREVA is the first nuclear reactor constructor in the West to have received new reactor orders since 1999. Its competitors are Westinghouse, sold by BNFL in 2006 to Toshiba of Japan, General Electric in the United States, FAE in Russia, AECL in Canada and KHNP in South Korea.

Reactor construction is a market that is destined to grow considerably. The startup of new power plants and life extension of existing reactors is expected to generate a total of more than 500 GWe from new nuclear generating capacity by 2030 (see Section 6.1.1.2. *Nuclear power, solutions for global energy*).

Relations with customers and suppliers

The business unit's customers are nuclear utilities all over the world, both for new builds and for the installed business base, which cover a very wide range of services.

The Equipment business unit is the in-house supplier of strategic long-lead heavy components for reactors, including the reactor vessel, steam generators, reactor coolant pumps and piping, and pressurizer. Auxiliary equipment such as piping, valves, tanks and heat exchangers, is purchased from conventional suppliers that the group has certified for quality assurance.

The business unit offers full-service reactor solutions in synergy with other group entities such as the Fuel business unit and the Nuclear Services business unit. The Plants business unit also works in close cooperation with the Front End and Back End divisions to offer integrated solutions.

Operations and highlights

See section 6.4.2. Reactors & Services division.

Research and development

Within the framework of the group's overall research and development programs, total R&D spending represented close to 10.4% of revenue. Whether conducted in-house or in partnership with research organizations, research and development efforts focused on:

- all of the key technologies for pressurized and boiling water reactors and for the design of or changes to new reactor systems, and technology development for the new generation of reactors;
- development and validation of modeling tools and related engineering methods concerning the process, safety, equipment and systems (neutronics, thermohydraulics, materials, mechanics, chemistry, circuits and instrumentation and control);
- development of products and engineering services to support the existing reactor fleet (performance improvement, life extension, etc.);
- deployment of a standardization program for the EPR™ reactor to reduce costs by reaping the benefits of mass production.

Regarding the EPR™ reactor, development work in 2009 focused mainly on lessons learned from projects in Finland, France and China, ongoing certification work in the US and the UK, and the implementation of the corresponding optimization initiatives.

In 2009, the ATMEA, MHI and AREVA teams continued the Basic Design phase for the ATMEA1™ nuclear island. ATMEA1™ is a nuclear reactor designed by AREVA and with Mitsubishi. The success of this development reflects a strong spirit of partnership between the European and Japanese teams working on the design and the prominent place occupied by the ATMEA1™ reactor in the portfolio of generation III+ products offered by AREVA. The French nuclear safety authority has started its assessment of the design to ensure that ATMEA1™ reactor safety features comply with French regulations.

At the same time, AREVA is completing the basic design of KERENA™, a mid-range BWR reactor developed with the support and participation of German utility E.ON., based on reactors in service in Germany. This phase will end in October 2010. A major testing program has been launched for full-scale validation of the main improvements.

The business unit continued to plan for the future through its work on two types of reactors:

- regarding generation IV reactors and in the context of government decisions in favor of fast neutron sodium cooled reactors, 2009 marked the first milestone in the research and innovation phase conducted in partnership with CEA and the EDF Group. This research ruled out a number of options considered unrealistic or impractical in the medium to long term, while identifying promising opportunities for improvement of the technology (safety, maintainability and economics). The objective of this phase is to

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be able, by the end of 2012, to finalize the major design bases of a future generation of fast neutron reactors for which a demonstrator may be available in 2025;

- regarding high-temperature reactors, AREVA responded to the request for proposals issued by the US department of Energy (DOE) for the conceptual design of a prototype Next Generation Nuclear Plant (NGNP), a high-temperature commercial reactor for cogeneration of electricity and heat for industrial processes. AREVA also fabricated fuel elements for this type of reactor in cooperation with the CEA. These elements were shipped to the Idaho National Laboratory (INL), where they will be tested.

Outlook and development goals

The outlook is still good for the installed base business, given the utilities' determination to optimize reactor reliability and availability, extend service life, and enhance reactor performance. The business unit's objective is to secure recurring business by adjusting its offer to new customer requirements, improving its work tools and methods, and harvesting product synergies among operations in France, Germany and the United States, all business units combined.

In new reactor construction, the group's objective is to build one third of all new nuclear capacity on the accessible market. This means taking advantage of the opportunities offered, principally by the accelerating nuclear power program of China, US and European utility initiatives, and the decisions taking shape in several countries to restart nuclear programs.

6.4.2.2. EQUIPMENT BUSINESS UNIT

Key data

(in millions of euros)	2009	2008	2007
Revenue*	306	260	215
Workforce at year end	2,456 employees	2,323 employees	2,005 employees

* Contribution to consolidated revenue.

Businesses

The Equipment business unit's primary activity is the design and manufacturing of mechanical and welded components for the nuclear island:

- large forgings, castings and machined parts used in the manufacture of heavy components for the nuclear island and in process industries such as petrochemicals;
- heavy components: reactor vessels, vessel heads and vessel internals, steam generators, pressurizers and supports⁽¹⁾, which are the main components required to build a nuclear steam supply system;
- mobile components: primary coolant pump sets (pump, motor and mechanical seal) and control rod drive mechanisms that regulate the reaction in the reactor core.

Manufacturing and human resources

The Equipment business unit operates several plant sites in France and abroad. It employs 2,456 people in all.

The business unit produces machined parts and forgings in Saône-et-Loire (Central France) through Creusot Forge, Creusot Mécanique, Sfar and Civad⁽²⁾. These sites operate machining facilities and a forge equipped with two presses (7,500 metric tons and 11,300 metric ton respectively). In the past few years, AREVA invested to increase its production capacity at Creusot Forge and Creusot Mécanique, which manufacture large forgings and castings necessary to produce heavy components for nuclear islands. On the industrial side, the group continued to implement its capital program to secure the supply chain for forgings. At Creusot Forge, where a program to increase capacity has been launched, extension work of the heavy hall was completed in July. The 11,300 metric ton press was taken off-line for a 3-month maintenance program in 2009, following the complete renovation of the 7,500 metric ton press in 2008. Meanwhile, the first phase of investment in the Industeel steel mill (ArcelorMittal group) to produce larger ingots in less time was completed in February 2010.

The Chalons/Saint-Marcel plant near Chalons-sur-Saône, France, is dedicated to the manufacturing of heavy nuclear equipment. The main building covers a surface area of 39,000 m² (9.64 acres) and has a lifting capacity of 1,000 metric tons. Since opening in 1975, the plant has manufactured the majority of the heavy components for the 900 MWe to 1450 MWe units in the French nuclear program and has delivered more than 545 heavy components – steam generators, pressurizers, reactor vessels, vessel heads and internals – to customers around the world. In heavy component manufacturing, the program to improve industrial performance at the Chalons/Saint-Marcel plant continued in 2009, after many new employees had been hired in the last few years.

(1) Equipment used to support and hold the main components of the primary coolant loop. They also reduce vibration that the components are subjected to during accident or seismic conditions.

(2) Companies forming the Sfarsteel group, 100% owned by the AREVA group since September 2006.

In 2008, AREVA and Northrop Grumman Shipbuilding teamed up to create a new engineering and component manufacturing site in Newport News, Virginia, to serve the needs of the US nuclear market in particular. The joint venture, named AREVA Newport News LLC ⁽³⁾, launched the construction of the new facility in July 2009.

The JSPM ⁽⁴⁾ plant in Jeumont, northern France, manufactures mobile component for nuclear power plants. Established in 1898, the plant specializes in the design and manufacture of mobile mechanical components for the nuclear island, such as primary coolant pumps and control rod drive mechanisms, and replacement parts for that equipment. Component installation and maintenance services also represent a significant share of the business unit's activity. The period was marked by the expansion and modernization of the fleet of machines at the JSPM plant, reconfiguration of the workflow, and the acquisition of facilities and land owned by ThyssenKrupp at the Jeumont site. This acquisition will allow AREVA to consolidate the various JSPM storage sites and to streamline industrial production at the control rod drive mechanism workshop.

In the mobile component segment, construction of a new test center for primary pump sets continues on schedule. The first stone of the facility had been laid in December 2008. The first tests will start in the second half of 2010.

The Equipment business unit also operates in China through the AREVA Dongfang Joint Venture ⁽⁵⁾ (ADJV) formed by JSPM and the DFEM group in 2005 to manufacture JSPM-designed reactor coolant pumps for the Chinese market. The site, located in Deyang, Sichuan province, has a 6,000 m² assembly facility. The project to double the production capacity of the facilities has begun; it is currently at six to eight reactor coolant pumps per year.

For more than 20 years, JSPM subsidiary SOMANU ⁽⁶⁾, based in Maubeuge in northern France, has focused on three main activities: it provides containment rooms, performs equipment maintenance services including disassembly, decontamination, machining, revamping, equipment reinstallation and testing, and provides equipment storage before maintenance or shipment to a nuclear site.

Market and competitive position

The Equipment business unit's accessible market consists of all pressurized water reactors. Expansion to the boiling water reactors market in the longer term is also a possibility. There are two segments in the nuclear equipment market: component replacement and the new builds market. The latter is growing very rapidly in light of the restart of new power plant construction around the globe, particularly in the United States, Europe and China, and prospects for the development of new markets, among others in India.

This development coincides with more demanding customers, more stringent regulatory supervision, stiffer competition, and price pressures accentuated by the US dollar's weakness.

(3) AREVA 67%, Northrop Grumman 33%.

(4) Jeumont Systèmes pour Pompes et Mécanismes.

(5) JSPM 50% / DFEM (DongFang Electrical Machinery) 50%.

(6) Société de Maintenance Nucléaire (Nuclear maintenance company).

(7) Mitsubishi Heavy Industries.

Forgings

The market for large nuclear forgings is very concentrated, as nuclear customers require very high quality. Creusot Forge and its leading competitor, the Japanese company Japan Steel Works (JSW), supply 90% of demand. The industrial resources and know-how of these two companies make them key players in the manufacture of large forgings used in heavy components for the nuclear island.

For several years, the market for large forgings was limited to the replacement of steam generators and vessel heads. Today, the demand also includes new builds, particularly those driven by growing demand in China.

Large forgings can also be used in other sectors, mostly petrochemicals. However, this market has slowed considerably as a result of the financial crisis.

Heavy components

The market is characterized by substantial international competition, consisting of five main companies: Doosan, MHI ⁽⁷⁾, ENSA, Mangiarotti (formerly Ansaldo) and Babcock & Wilcox. Unlike AREVA, which has an integrated offering, these competitors must associate with other partners for engineering and project management. Other potential competitors, particularly in China, are not yet active on international markets.

The Equipment business unit is the market leader in France, despite the fact that the EDF group has completely opened up the large market for replacement steam generator manufacturing to the competition. Since that market was opened in late 2004, AREVA has won contracts to replace 8 steam generator triplets for the EDF group out of a total of 12 requests for bids.

International competition remains strong and global prices are yielding only very small margins. It will therefore be challenging to maintain the leadership position the business unit has acquired over the past five years in the United States, where its market share averages 30%, without locating part of its production there. This is why AREVA decided to form AREVA Newport News, a joint company with Northrop Grumman Shipbuilding. The US market differs from the European market in the diversity of US utility demand, requiring targeted responses incorporating not only the supply of heavy components for a broad range of reactor models, but also the integration and installation of these components in existing plants. The synergies between the operations of the Equipment business unit's different sites and the group's US-based engineering and services teams are helping to bring global services solutions to the utilities and are a key discriminator in terms of the competition.

The Chinese market is very buoyant, particularly for new reactor construction. As a significant level of localization is essential to gaining entry to the Chinese market, the business unit concluded several subcontracting agreements with Chinese companies.

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Mobile components

The market for mobile components is also driven upwards by new reactor construction. The leading competitors of the JSPM plant on this segment are Toshiba/Westinghouse, MHI, Curtis Wright and, in China, KSB. In the large Chinese market, where there are strong pressures to have a local presence, the AREVA group is able to meet booming local demand via the AREVA Dongfang joint venture.

Plant life extension (PLEX) and optimized maintenance strategies (PLIM, for Plant Life Management) are two important issues for operators, who are becoming more demanding in terms of improved performance, reliability and maintenance costs for reactor coolant pumps. It is for that reason that JSPM's business in the market for reactor coolant pump replacement parts and services is expected to grow substantially in the coming years. The market for replacement control rod drive mechanisms and the installation of reactor vessel heads is in a downturn, since most reactors have already been upgraded.

Relations with customers and suppliers

Customers

On the new reactor market, the Equipment business unit acts as a subcontractor to the Plants business unit, which deals directly with the final customer. On the replacement market, however, the business unit deals directly with the customer, first and foremost the EDF group.

Internationally, in addition to the EDF group, large customers are Chinese conglomerates, US utilities and the Finnish utility TVO for the construction of the Olkiluoto 3 nuclear island. The preference is for global service proposals covering the supply of replacement components, the replacement operations themselves (see section 6.4.2.3. *Nuclear Services business unit*), and related engineering and licensing support. With its ability to offer all of these supplies and services, the AREVA group has a considerable advantage.

Suppliers

The business unit uses two main categories of suppliers: tube-makers for steam generator tubing, and steel companies for the forgings needed to manufacture heavy components.

There are three steam generator tubing manufacturers: Sandvik in Sweden, Valinox Nucléaire in France, and Sumitomo in Japan. In view of the critical nature of these supplies, the business unit decided to sign long-term, multiyear contracts with Valinox Nucléaire and

Sandvik, who are investing to meet global demand. An agreement with Sumitomo may also be considered if demand continues to grow.

There are also very few steel-makers capable of meeting the quality standards demanded by the nuclear industry. They are essentially concentrated in Europe, with Sheffield Forgemasters in the United Kingdom and Terni in Italy, in the United States with Lehigh Heavy Forge, and in Asia, with Doosan in South Korea and JSW in Japan. Among them, only JSW and Doosan have, like Creusot Forge, the capacity to produce large forgings for generation III+ reactors, for instance. There are potential competitors in China, including CFHI, SHMP and CNE, but they are not yet able to supply parts meeting nuclear quality standards (ASME, RCC-M). Some of them, however, have begun a certification process.

Operations and highlights

See section 6.4.2. *Reactors & Services divisions*.

Research and development

The business unit is focusing its research and development activities in two main areas: 1) improving technologies and processes for ongoing projects, and 2) evaluating and developing equipment solutions for future reactors.

These activities are oriented towards improving manufacturing technologies and processes, favoring the use of new materials, promoting digital simulation and modeling, and implementing equipment manufacturing and control systems.

Using heavy components as an example, improvement goals include processes to forge very heavy components, optimization of machining techniques through a study performed by CIRTES⁽⁹⁾ at the Nancy École des Mines), and improvement of welding processes. The goal is also to improve the quality of the components and assemblies, reduce manufacturing cycles, and lower costs by using a "design to cost" approach.

With regard to mobile components, priority given to improving pump products and mechanisms for existing reactors, developing a test loop for reactor coolant pump sets operated at full capacity, design and calculation tools, and new hydrodynamic shaft seal technology, for which an agreement was signed with Andritz in 2008.

The Equipment business unit is also involved in the development of innovative manufacturing technologies in power metallurgy.

This level of effort will be maintained over the next five years to support new power plant construction projects and will be bolstered by additional resources and skills.

(9) European Research Centre for Rapid Product Development.

Sustainable development

2009 was a banner year for the Equipment business unit in terms of occupational safety: the accident frequency rate dropped from 5.46 to 2.9 and the number of work-related accidents with lost time decreased significantly. This performance is the result of several training, awareness, standardization and prevention initiatives implemented across all sites. To further improve the level of safety and ensure that it is sustainable, the business unit has launched an ambitious project to identify and process weak signals, and to give greater consideration to organizational and human factors.

As regards environmental performance, the trend noted in previous years towards better control over the use of gas and electricity was confirmed in 2009. The business unit invested in the renovation of furnaces at Creusot Forge to improve their reliability and reduce energy consumption. Direct emissions of greenhouse gases (GHG) were down approximately 14% year-on-year. A significant investment was also made at Creusot Forge, where a closed water circuit was installed for hardening operations. With this improvement, the business unit expects to reduce its water consumption by 50% next year. A significant effort will also be made to reduce paper consumption in 2010.

It should be noted that the NRC⁽¹⁰⁾ has recognized Creusot Forge as a supplier of forgings for the US market. ISO 9001, ISO 14001 and ISO 18001 audits performed at the business unit sites showed no deviation from the standards. Together with the Plants business unit, the Chalon/Saint-Marcel site was inspected by the ASN⁽¹¹⁾, which noted a number of good practices and strong points, particularly in the treatment of deviations. The ASN identified areas for improvement. The Equipment business unit continues to work in close cooperation with the DEP⁽¹²⁾ to follow up on these recommendations.

In-depth discussions were held with DEP to define clear and shared procedures for implementation of the ESPN⁽¹³⁾ decree. Another step forward was made with the DEP: components will be produced in advance for no specific customer, in compliance with regulations and with the assurance of maximum safety. This ambitious project, driven by the renaissance of nuclear power around the globe, will continue in 2010, with increased participation from customers.

Outlook and development goals

In France and internationally, the business unit will continue to expand its production facilities to keep pace with market growth. The medium term outlook for mobile components is favorable due to a strong backlog, ensuring significant capacity utilization. The heavy component business remains solid, driven in part by the replacement market and in part by new builds. On this latter segment, growth is driven entirely by the renaissance of nuclear power.

Regarding the EPR™ project at Olkiluoto, it should be noted that the mobile components (reactor coolant pumps and control rod drive mechanisms) will be delivered to the site in 2010. Meanwhile, the manufacturing of heavy components and mobile components for the Flamanville and Taishan 1 & 2 EPR™ reactors will continue in compliance with standards of industrial excellence that are the focus of all of the business unit's efforts.

The main goals for the Equipment business unit are to continue to deploy the Creusot Forge capital spending plan, to optimize industrial performance at Chalon/Saint-Marcel by ensuring the success of current improvement plans, to increase production at JSPM sites in Jeumont and Deyang (China), and to build the new AREVA Newport News manufacturing plant. For the business unit as a whole, the challenge remains to deliver the primary components needed for nuclear reactors on schedule, with the requisite level of quality, and at the lowest possible cost.

(10) The US Nuclear Regulatory Commission (NRC) is the nuclear safety authority in the United States.

(11) Autorité de Sûreté Nucléaire, the French nuclear safety authority.

(12) Department of pressure equipment of the ASN.

(13) Pressurized nuclear equipment.

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6.4.2.3. NUCLEAR SERVICES BUSINESS UNIT

Key data

(in millions of euros)	2009	2008	2007
Revenue*	835	779	791
	4,381	4,593	3,734
Workforce at year end	employees	employees	employees

* Contribution to consolidated revenue.

Businesses

The Nuclear Services business unit offers services enabling utilities to improve the availability and productivity of their power plants and extend their service life while maintaining a high level of safety. These include:

- outage services, which are recurring maintenance operations for which the Nuclear Services business unit integrates, coordinates and executes different servicing and inspection operations to reduce outage times. A scheduled outage must be kept as brief as possible and may require teams of more than 1,000 people, some of whom are employees of the Nuclear Services business unit, while others are subcontractors of the business unit and of the customer. In this case, the Nuclear Services business unit's mission may be to coordinate all co-contractor operations and activities;
- primary component services, including repairs, servicing and replacement of heavy components in the nuclear steam supply system;
- non-destructive inspections, which are inspections of safety-related equipment required by regulation. The Nuclear Services business unit is a world leader in reactor vessel and steam generator inspections, with a wide range of inspection services for all types of operating reactors;
- decontamination and chemical cleaning to reduce radiation exposure during repairs and servicing;
- engineering services and upgrades, drawing on the designer/constructor skills and experience of the Plants business unit;
- services for reactor instrumentation and control systems and electrical systems;
- offsite servicing of contaminated components in hot workshops ⁽¹⁾;
- some dismantling of equipment from the reactor coolant system, where expertise in component size reduction, disassembly and decontamination can be provided.

AREVA's Nuclear Services business unit offers the world's largest portfolio of products and services for all reactor types, drawing on its leadership position in the French, German and American nuclear power programs, recognized technical expertise, and a strong international presence.

(1) A hot workshop is a specialized workshop in which contaminated components can be cleaned, maintained and repaired without the constraints of plant outage schedules.

Manufacturing and human resources

By definition, the Nuclear Services business unit provides services primarily to operators of nuclear power plants. The business unit has all of the resources it needs to develop and certify the processes and tooling it uses to carry out these services.

To provide proximity to the customer and continuous personalized service, staff are regionally based, chiefly in the following countries: France (1,887 employees), Germany (1,172 employees) and the United States (1,038 employees).

The business unit also has sites in Sweden (AREVA NP Uddcomb subsidiary), Spain (AREVA NP Services Spain subsidiary), Canada (AREVA NP Ltd. subsidiary), China (Shenzhen Nuclear Engineering joint venture) and South Africa (Lesedi Nuclear Services subsidiary). External resources, partnerships and subcontracting are used to supplement the business unit's internal resources, as per the subcontracting plan.

In 2007, the Nuclear Services business unit established Netec, a global technical center for non-destructive examination (NDE) that reinforces AREVA's technology leadership in this field and increases the integration of international NDE development resources to improve the product offering even further. The business unit also has a number of important R&D centers for the development of new products and services.

In addition, the Nuclear Services business unit has hot workshops in Europe and the United States for offsite maintenance and three facilities dedicated to personnel training and education: Cetic in France, co-owned by the EDF group and AREVA, and facilities in Germany and the United States.

Market and competitive position

Market

The potential market for the Nuclear Services business unit consists of PWRs and BWRs and, to a lesser extent, Candu and VVER reactors.

Outages are scheduled for these reactors every 12 to 24 months for fuel reloading, for servicing and maintenance, and to replace heavy components when required.

Each "scheduled outage" generates a market of a few million to tens of millions of euros.

AREVA estimates the worldwide Nuclear Services market at around 4.5 billion euros per year. The market is stable on the whole. Key market drivers are the aging of the world's power plants, the construction of new reactors, the deregulation of the electricity market and price pressures.

The barriers to market entry vary according to the segment. Being an original equipment manufacturer (OEM) is a decisive advantage in the area of engineering services and performance improvement, just as it is for primary component services. Differing regulations can also limit access to certain domestic markets.

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Competitive position

The two major players, AREVA and Toshiba-Westinghouse, are now competing for first place in the Nuclear Services sector. Following their respective 18% to 20% share of the market come Mitsubishi Heavy Industries of Japan and the alliance of General Electric of the US and Japan’s Hitachi, each with about 10% to 12% of the market.

The rest of the market is divided among powerful local companies, such as KPS in the Republic of Korea and AECL in Canada, and a multitude of other specialized companies in every country with nuclear power plants. Competition is very fierce in some market segments, particularly for non-destructive inspections and general maintenance, and is becoming even fiercer in markets such as France and the United States, where the group must often compete against local companies. The trend is towards consolidation of Nuclear Services companies and increasingly fierce global competition.

Relations with customers and suppliers

Customers

The Nuclear Services business unit’s customers are utilities in Europe (France, Germany, Belgium, Great Britain, Spain, Sweden, Switzerland and Slovenia), Asia (China, South Korea, Japan and Taiwan), North and South America (the United States, Canada and Brazil), and South Africa. The business unit routinely provides services in a total of 30 countries. The EDF group is the leading customer, at about one third of the business unit’s activity, while US utilities together represent another third of the business unit’s activity.

Deregulation pressures are pushing the market towards global solutions to achieve performance objectives, lower costs and extend power plant service life, all while improving safety levels. These new requirements are leading operators to combine services under integrated maintenance services umbrellas, or under multiyear “Alliancing” or contracts with power plant “performance incentives”, or else contracts that combine component supply, engineering services, modifications and maintenance services, and even fuel supply.

These new business models are good news for integrated service providers with a global reach such as AREVA.

Suppliers

Purchases represent more than 30% of the revenue from services. More than 50% of the business unit’s procurement is for services. The services business is a highly seasonal one, dictated by reactor outage schedules and optimization of regional electricity supply. Also, the trend is towards reducing reactor outages by concentrating a maximum number of operations into a minimum amount of time.

The business unit must therefore adapt to extreme variations in workload every year. To achieve this, the business unit has entered into numerous partnership agreements with different suppliers to accommodate exceptionally heavy workloads as well as requests for specific crafts. These suppliers and service providers are certified in terms of nuclear safety, occupational safety, quality and technical ability to ensure compliance with the basic requirements for this type

of work. As the nuclear renaissance takes shape and nuclear services evolve, these agreements are also helping to secure access to external resources, in terms of volume, skills, cost and responsiveness. This is true for activities involving existing nuclear power plants, but also for construction and preparation of new builds, particularly in operator services and related local assistance. AREVA harvests synergies to the greatest extent possible among its French, German and American teams to optimize internal purchases while coordinating purchases from companies outside the group.

The field of purchases is changing not only in terms of volume, but also in terms of the regulatory environment, with the entry into force of new European directives and regulations on accounting relations with suppliers. AREVA pays close attention to its suppliers’ occupational safety performance.

Operations and highlights

See section 6.4.2. Reactors & Services divisions.

Sustainable development

On the whole, the business unit’s operations have little direct impact on the environment. Nonetheless, a network of specialists monitors the business unit’s environmental impact and implements improvement initiatives.

All Nuclear Services business unit facilities have ISO 14001 certification since the end of 2005.

The Nuclear Services business unit monitors and limits its employees’ radiation exposure in all circumstances, particularly during servicing operations in customer facilities. The goals are:

- to adhere to AREVA’s 20 mSv limit over any consecutive 12 months, a goal that has already been achieved; and
- to gradually reduce the number of employees who receive a dose exceeding 14 mSv by optimizing individual dose management and adhering to the ALARA principle (“as low as reasonably achievable”) to minimize exposure.

Outlook and development goals

New types of services are set to emerge in 2010, through innovative service offers such as “Global Offers”, “Alliance”, “Outage Optimization” and “Asset Management” in response to substantial market change, and through the development of operations related to the design and construction of new reactors by the Plants business unit.

While developing these innovative offers on a contractual and technical level (including information systems support), the Nuclear Services business unit will continue to strengthen its positions in national and export markets by developing its existing local platforms and through increased proposal activity at the end of 2009. Additional strategic joint ventures, acquisitions and partnerships will be considered, based on strategic objectives for each country.

The Nuclear Services business unit will also strengthen its technology leadership and ability to innovate over the medium and long term.

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To achieve this goal, the business unit will capitalize on its R&D centers, particularly the Netec technical center for non-destructive testing. It will also hire specialists in all business segments. All of these actions will be key success factors in a highly competitive market.

6.4.2.4. AREVA TA BUSINESS UNIT

Key data

<i>(in millions of euros)</i>	2009	2008	2007
Revenue	408	363	308
	2,763	2,420	2,103
Workforce at year end	employees	employees	employees

Businesses

The AREVA TA business unit offers its employees' expertise to customers in three main segments, described below:

- power supply systems for naval propulsion;
- engineering of complex facilities, including research reactors, scientific research facilities, industrial facilities and fuel cycle facilities;
- design of electronic and instrumentation and control systems with a high level of safety and availability.

Power supply systems for naval propulsion

The original business of the AREVA TA business unit is designing, manufacturing and maintaining nuclear reactors for naval propulsion for the French Navy, and providing services, fuel and related equipment. This business meets stringent safety, reliability and availability requirements. It is a strategic activity for France's nuclear deterrence.

The market concerned is nuclear powered vessels and related industrial and test facilities. It requires mastery of key methodologies and technologies, such as systems architecture, project management, digital safety technology, safety analysis, thermohydraulics and neutronics, acoustics and vibration, and integrated logistical support. Nuclear reactors designed by AREVA TA have powered the French Navy's submarines and aircraft carriers during all of the fleet's operating missions for more than 35 years.

AREVA TA also provides propulsion-related services and systems, including reactor control systems, monitoring systems, and acoustic discretion for facilities, systems and components. AREVA TA has unique experience as a designer and facilities operator for the CEA. In addition to its reactor design and related fuel design and fabrication activities, the business unit provides support to the operator of

onboard submarines and aircraft carrier reactors in the form of services, maintenance and training. This includes in-service support and operation of qualification, training and test reactors, whose role is to prevent technological and human risks at several levels (validation of onboard reactors before sea duty, full-scale testing of innovations, endurance tests, predictive maintenance, and operator training).

Engineering of complex facilities, including research reactors, scientific research facilities, industrial facilities and fuel cycle facilities

The AREVA TA business unit offers engineering solutions for the design, construction and startup of complex industrial and/or research facilities to customers in the defense, nuclear and manufacturing industries.

For example:

- **for major scientific research instrumentation and facilities:**

AREVA TA took charge of project management and definition and design studies for the new Jules Horowitz experimental reactor (JHR) for the CEA,

A design study contract was awarded to AREVA TA to constitute the safety and regulatory documentation needed for authorization to build the ITER facility;

- **for nuclear facilities:**

AREVA TA is working with AREVA NC and SGN on the UP1 plant at Marcoule, where it is providing dismantling scenario designs incorporating cost, schedule, dosimetry and waste volume data; preparing safety documentation; and supporting the operator to secure the necessary permits from the French nuclear safety authority. The EDF group awarded a turnkey contract to AREVA TA to design and build the solid waste processing system for the Flamanville EPR™ reactor;

- **for industrial facilities:**

AREVA TA was the lead company in the industrial team that designed and built the final assembly line of the A380 aircraft for Airbus Industrie in Toulouse. The cooperation with Airbus was expanded in 2009 to include final assembly lines (FAL) for the A350.

Design of electronic and instrumentation and control systems with a high level of safety and availability

In the rail transportation market, AREVA TA offers customers the design and fabrication of highly safe onboard and ground equipment and systems ensuring passenger comfort and safety while offering a high level of availability. AREVA TA has secured its place in this market, which demands performance levels approaching those of the nuclear industry in terms of safety and availability.

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Manufacturing and human resources

The business unit has five main manufacturing and engineering locations in France:

- Saclay: support functions and marketing and project operations;
- Aix-en-Provence: engineering projects;
- Cadarache: focused on in-service reactor support and operations;
- Lyon: development and marketing of acoustic, vibration and condition-based maintenance solutions for industry and municipalities;
- Toulouse: electronic equipment and engineering projects for the aeronautical industry.

It is also present in several countries, principally the United Kingdom, the United States, Brazil and China.

Market and competitive position

AREVA TA works primarily in France in the defense sector, in scientific and research programs, in guided transport and in aerospace. For national security reasons, there are very few international business opportunities in naval nuclear propulsion. However, environmental concerns may lead some French shipping companies to consider the use of nuclear propulsion for merchant ships in the medium term.

Its engineering activities concerning complex industrial facilities have enabled AREVA TA to develop business in conjunction with other entities of the AREVA group in the United States and the United Kingdom, where it provides expertise and solutions in its core businesses, including mechanics, structural design and safety analysis. Its competitors in these fields are systems and technology engineering firms.

The AREVA TA business unit is present in China, in particular through its Corys T.E.S.S. subsidiary, which is expanding its operations in the transportation and energy simulation markets.

Relations with customers and suppliers

AREVA TA's main customers are the CEA, French defense procurement agency DGA, and French shipbuilder DCNS. In the markets for nuclear power, transportation and manufacturing, the CEA, EADS and the Paris transit authority, RATP, account for the largest percentage of the business unit's revenue.

Operations and highlights

See section 6.4.2. Reactors & Services divisions.

Research and development

The business unit's research and development plan confirmed the strategic orientation, with special emphasis on continued research on new reactor concepts for naval propulsion. New safety instrumentation and control systems developed over the past few years were deployed in 2009 in a range of products using communication based train control technology (CBTC), marketed under the Pegasus™ brand. R&D efforts also focus on digital applications for nuclear research reactor instrumentation and control systems.

Outlook and development goals

The nuclear renaissance and the emergence of new countries interested in developing a nuclear power program offer real opportunities to the AREVA TA business unit. Already, the business unit has been awarded contracts to supply components for EPR™ reactors in China.

The business unit will focus on the nuclear business for its development, particularly international activities related to research reactors and medical isotope production. These markets call on all of the business unit's areas of expertise: reactor and ancillary nuclear facility design, development of instrumentation and control systems and simulation models to ensure facility safety, the supply of mechanical components and special services, condition-based maintenance, and training.

Meanwhile, new boiler concepts that use less energy and thus help reduce carbon emissions must be developed in the nuclear propulsion business, both on the defense side and on the commercial side.

6.4.2.5. NUCLEAR MEASUREMENT BUSINESS UNIT

Key data

<i>(in millions of euros)</i>	2009	2008	2007
Revenue*	174	167	159
Workforce at year end	1,100 employees	1,082 employees	1,053 employees

* Contribution to consolidated revenue.

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Businesses

The Nuclear Measurement business unit designs, manufactures and markets equipment and systems to detect and measure radioactivity, monitor industrial nuclear facilities, characterize waste and for radiation protection. It also provides related services. Its products and services meet customer requirements for nuclear safety, occupational safety and monitoring of their customers' production operations. In this respect, the Nuclear Measurement business unit plays an important role in the central issue of sustainable development for the AREVA group and its main customers (including nuclear operators, research laboratories and government services) in the areas of nuclear and occupational safety.

Manufacturing and human resources

The business unit covers the global market with eight major sites (integrating engineering, manufacturing, services and distribution) in the United States, France, the United Kingdom, Belgium and Canada and five sales and services offices in Germany, Belgium, Japan, Sweden and Russia, and a network of 33 sales representatives located throughout the world. Managers and engineers account for more than 400 of the business unit's 1,100 employees, which also include 275 supervisors and technical staff and 425 blue collar or administrative workers.

Market and competitive position

The world market for nuclear measurements is estimated at close to 500 million euros per year. The Nuclear Measurement business unit, which uses the Canberra brand, is a world leader with a market share of around 35%. Its market share in France is about 30%.

Revenues for 2009 were up slightly compared with 2008, reflecting strong resistance to the economic crisis despite a downturn on the North American defense and homeland security markets, which are not part of the business unit's core business.

The backlog remained solid in the business unit's two core markets, Laboratories and Fuel Cycle (LFC) and Nuclear Power Plants (NPP), where growth is anticipated in the coming years.

In 2009, 48% of the business unit's sales came from North America, the world's largest market, while 30% came from Europe (excluding France), 12% came from France, 9% from Asia and 1% from the rest of the world.

Its principal competitors are Thermo Electron, Synodis (MGP) and Ametek/Ortec, which together control 40% of the market. The remaining market (25%) is divided among a hundred small companies. The business unit's competitors operate on specific market segments: Thermo and Synodis are focused on radiation protection and radiation monitoring systems (RMS), while Ametek/Ortec is mostly active in laboratory equipment and applied systems markets. The Nuclear Measurement business unit operates on all market segments.

Relations with customers and suppliers

Customers

Traditionally, nuclear measurement market customers are industrial operators in the power generation and nuclear fuel cycle industry: nuclear power stations, fuel fabrication and recycling facilities, and waste management facilities. Other important segments that are also customers of the business unit include radiochemistry and environmental laboratories, the laboratories of national and international safeguards and regulatory agencies, scientific research laboratories, emergency intervention units and armed forces, and finally the medical sector.

Suppliers

The Nuclear Measurement business unit buys from local and international suppliers. Depending on the raw materials or the equipment involved, purchase contracts are awarded to regional or national suppliers, including low-cost countries for standard supplies. The business unit calls on local suppliers when international suppliers are unavailable, usually due to volume, expertise or deadline considerations.

Operations and highlights

See section 6.4.2. Reactors & Services divisions.

Research and development

The Nuclear Measurement business unit has received four new awards for its patents since the beginning of 2009. The business unit is aggressively involved in the development of new, innovative technologies. Its intellectual property portfolio is one of the most extensive of all AREVA group companies.

For instance, the business unit recently developed an innovative approach to developing new products by using a "building block" concept to reuse existing components or functions. In spectrometry, the R&D department designed integrated modules and detectors requiring little energy. It also designed innovative radiation measurement systems that have become essential for commercial nuclear facilities. This latest technology is used to improve and optimize fuel fabrication monitoring processes as well as maintenance and repair work carried out in nuclear power plants. Moreover, the technology contributes to non-proliferation. The ability of detectors to measure and more precisely characterize the type of radiation was also improved, thus increasing the performance and application of these instruments.

The business unit has also initiated the development of a new radiation monitoring system for overall monitoring of the reactor core, and is currently conducting studies to improve exploration techniques, instruments and extraction processes in support of the Mining business unit.

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Sustainable development

Sustainable development, quality, safety and environmental policies (QSE) are part of the vision and governance of the business unit. They are also an important component of its certification processes.

The objective of the business unit's quality policy is to make Canberra the leading brand for quality Nuclear Measurement products and services, consistent with customer expectations, technical specifications and regulations, while achieving the best results in terms of cost and on-time delivery.

The objectives of the business unit's health, safety and security policy are primarily the protection of employees and subcontractors by improving their environmental and working conditions, the continued reduction of employee exposure to radiation in keeping with the ALARA principle ("As Low As Reasonably Achievable") and an integrated approach to risk management and, lastly, zero accidents.

The objectives of the business unit's environmental plan are prevention of chemical, biological and radiological hazards, and strict compliance with regulations. The plan also aims to reduce the business unit's environmental footprint by controlling and limiting the consumption of natural resources and materials, reducing emissions, and more generally limiting impacts associated with the business unit's production and manufacturing processes.

Outlook and development goals

For the coming years, the business unit aims to successfully transform from a high-tech niche business into a global company capable of meeting the needs of its customers around the world by focusing on its core business sectors: nuclear power plants, fuel cycle facilities and laboratories.

6.4.2.6. CONSULTING AND INFORMATION SYSTEMS BUSINESS UNIT

Key data

<i>(in millions of euros)</i>	2009	2008	2007
Revenue*	141	149	157
Workforce at year end	2,209 employees	2,208 employees	2,163 employees

* Contribution to consolidated revenue. Intra-group sales represent a large share of the business unit's revenue.

Businesses

The Consulting and Information Systems business unit, under the trade names of Euriware and PEA Consulting, is active in three fields:

- consulting, representing about 4% of the business unit's revenue. PEA Consulting performs missions focused on operating

performance, organizational management, and information system governance. Euriware provides assistance to project owners and prime contractors in its areas of specialization;

- systems integration, representing about 42% of the business unit's revenue. Euriware designs, develops and maintains IT solutions for industrial and technical systems and enterprise systems (ERP); its teams have the know-how and expertise necessary to comply with extremely strict safety and security requirements;
- IT outsourcing, representing about 54% of the business unit's revenue. Euriware manages all or part of its customers' information systems, including hardware, software, production information systems and office applications.

In addition to the contribution to revenue mentioned above, the business unit provides support to the group in its three business lines:

Manufacturing and human resources

With approximately 2,209 employees, the Consulting and Information Systems business unit deploys teams primarily in France (95%), Russia and the United States.

In France, personnel are organized into business lines specialized by business. Shared centers provide cross-business expertise while meeting the strictest service quality and productivity requirements:

- the IT outsourcing production center has data centers and resources to ensure service quality and continuous improvement of IT outsourcing, drawing on proven ITIL⁽¹⁾ practices;
- the software applications management center has software platforms capable of taking over maintenance and ensuring that customer software is in perfect operating condition;
- the third shared center provides computer infrastructure and security services. It provides expertise to the IT Outsourcing and Systems Integration businesses.

In Russia, the business unit operates an expertise center providing offshore information system services for scientific, technical and industrial applications, based on free software.

It also provides facility management services in Tunisia, in partnership with Nearshore.

Market and competitive position

The business unit stands out on the IT services market thanks to a strong industrial culture, acquired year after year during missions performed for large customers in the energy, industry and engineering sectors, especially the AREVA group. The projects are often implemented on international markets.

With its ability to respond proactively to the needs of operators and engineering teams in a very tightly organized and regulated framework (safety, security and environmental constraints), the business unit is able to provide project management for large-scale integration of information systems in the fields of technology and production while capitalizing on critical knowledge.

(1) Information Technology Infrastructure Library, which draws on best practices.

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The business unit expanded the scope of its facilities management business, developed initially for the AREVA group. Customers such as IFP, Ineos and MPO have renewed or increased the scope of their contracts.

Ranked 17th among IT services companies by *Logiciel et Services* magazine, the business unit has a strong position on the French market. With its valuable contribution to the energy sector, the business unit was more resilient during the crisis of 2009 than its competitors in the software and services sector. It has buttressed this strategic position, which is to provide support to the AREVA group for about 50% of its business, while developing business solutions for the energy sector and industrializing its services.

Management consulting, however, was strongly impacted by the crisis in 2009, with a reduction in the size of the missions and the deferral of certain projects.

Relations with customers and suppliers

Customers

The AREVA group is the business unit's main customer. The business unit implements a number of projects for the group, to which it also provides facility and application management services. First, the business unit provides support to AREVA for its own information system optimization and for the design of production systems related to the group's capital projects. Secondly, the business unit provides assistance to AREVA group customers, whether directly or by developing integrated offers with other business units.

Customers outside the group operate in the energy and manufacturing sectors. They include CEA, Cenexi, Daher, DCNS, the EDF group, GDF Suez, IFP, Renault, Safran, Sanofi-Aventis, Technip, Total and Veolia, and others.

Suppliers

The business unit's suppliers include mainly software publishers and computer hardware companies, including Aveva, Dassault, EMC, HP, IBM, Microsoft, Osisoft, Oslo, PTC, SAP, Siemens and Ventyx.

The business unit also concludes partnership agreements enabling it to offer high added-value solutions, for instance with software publisher Ferranti (ERP software package for the energy sector).

The business unit also uses subcontractors when needed or to supplement its offer.

Operations and highlights

See section 6.4.2. Reactors & Services division.

Outlook and development goals

In 2010, the business unit will continue its development based on offers focused on industrial performance and the optimization of information systems, in order to become the leading IT services company for industrial and technology applications in the energy and industry sectors, and especially for the AREVA group.

Meanwhile, it will continue to strengthen the industrialization of its services by pooling resources, establishing repositories of best practices and expanding its production of offshore services.

International operations developed to support the ARSEVA group on its markets should continue to grow in the energy sector, particularly in North America.

6.4.2.7. RENEWABLE ENERGIES BUSINESS UNIT

Key data

(in millions of euros)	2009	2008	2007
Revenue*	168	147	35
	995	892	195
Workforce at year end	employees	employees	employees

* Contribution to consolidated revenue.

Segments

The Renewable Energies business unit offers a portfolio of three renewable energy technologies: wind energy, bioenergy, and hydrogen and energy storage. This portfolio and its commercial development build on the AREVA group's expertise and financial strength. AREVA is also one of the few industrial groups to offer services that help customers secure carbon credits. The group supplies a global offer for developing carbon assets throughout the life of the project, from the feasibility study to the acquisition and sale of credits.

Wind energy

Multibrid, the business unit's German subsidiary, designs, builds, assembles and commissions high-efficiency 5 MW wind turbines specifically designed for the offshore market. In November 2009, the business unit acquired 100% of PN Rotor GmbH, a German manufacturer of blades for offshore wind turbines, previously owned by Prokon Nord Energiesysteme. With this acquisition, the group is able to create value for customers that operate offshore wind turbines by offering a broader range of critical components. The business unit also offers maintenance services for periods of 5 to 10 years to ensure the optimum performance of all components.

Bioenergies

The business unit provides integrated solutions for the design and turnkey construction of carbon-neutral bioenergy power plants for customers in Europe, South America and Southeast Asia. These plants convert organic waste such as wood, sugar cane bagasse, straw and industrial effluents into energy. The business unit offers project financing solutions and a broad range of services, from consulting to commissioning, in areas such as engineering, procurement and construction (EPC).

Hydrogen as an energy carrier and storage solutions

Through its subsidiary Hélión, the business unit is developing hydrogen production solutions based on water electrolysis, and power generation solutions using fuel cells. Fuel cells combine hydrogen and oxygen through a membrane, thus simultaneously generating water, heat and electricity. The reverse process is used in electrolysis. The business unit conducts cutting-edge research in hydrogen technologies to be in a position to offer customers reliable, carbon-free power generating systems from alternative sources. Hydrogen systems are likely to be a viable and sustainable alternative to meeting the growing demand for energy around the world. With their environmental advantages, efficiency and storage capacity, fuel cells represent an essential solution for producing sustainable energy and an attractive alternative to petrochemical applications based on fossil fuel.

Solar energy

In early 2010, AREVA acquired Ausra, a company specialized in concentrating solar power technologies. This technology gives the group the means to become a major player in this field and to offer its utility customers the most cost-effective and efficient solar power plants.

Manufacturing and human resources

The business unit shapes its geographic presence to tap into all market opportunities. With more than 1,000 employees worldwide, the business unit operates in Europe, North and South America and Asia.

Wind energy

Multibríd is based in Bremerhaven, Germany, while PN Rotor is based in Stade, in northern Germany.

Bioenergies

The production units, each endowed with its own center of competence, are located in Europe (France and Germany), North and South America, and Asia (India and China). Koblitz, an AREVA subsidiary, is the largest bioenergy production unit, employing more than 700 people at its three sites in Recife, Sao Paulo and Sao Jose do Rio Preto, Brazil, near agricultural areas rich in sugar cane. Its core business is the turnkey supply of services for the construction of small hydroelectric plants and power plants fueled with bagasse.

Hydrogen as an energy carrier and storage solutions

Hélión is based in France's leading technology center devoted to the environment, the Mediterranean Europôle at Arbois d'Aix-en-Provence.

Market and competitive position

Renewable energies market

The renewable energies sector is changing very rapidly. In 2008, for the first time in history, the share of supplemental electric power from renewable sources exceeded that from fossil energy sources in the United States and Europe, with more than 40 GWe of installed capacity. While approximately 4% of all energy came from renewable resources in that same year, not including hydropower, governments the world over have set the goal of 15% to 20% by 2020. The *World Energy Outlook* published by the International Energy Agency (IEA) in 2008 anticipates a dramatic change in the energy mix by 2030, with the share of nuclear and renewable energies expected to reach 40%, compared with less than 20% in 2006. Renewable energies should represent about half of all capital spending on power generation over the 2008 to 2030 period. On average, 130 billion dollars per year would be required to finance the new capacity to be installed from 2008 to 2030.

Pursuant to the Kyoto Protocol, most countries have defined renewable energy standards that legally commit them to reducing their CO₂ emissions. Governments are putting pressure on public service companies to increase the share of renewable energies in their portfolios. But power companies need partners to reach their goals.

Europe remains the leader in the development of the renewable energies market. To prepare for the publication of the European Commission's vision in 2010, the Union of the Electric Industry-Eurelectric published a report entitled *Power choices: pathways to carbon-neutrality*. In this analysis of the 2050 scenario, total power generation would increase from 3,100 TWh to 4,800 TWh, while CO₂ emissions would drop by 90%. All technologies that help to reduce CO₂ emissions will be needed to reach these targets, and renewable energies – 12% of which would come from onshore wind energy and 9% from offshore wind – would account for 38% of the decrease.

In the United States, legislation passed in more than half of the states calls for renewable energy sources to contribute at least 12% to total power generation by 2020. This quota, known as the Renewable Portfolio Standard (RPS), requires public service companies and other power generators to search for new sources of renewable energies. More and more, public service companies are trying to subcontract this type of power generation. The RPS requires utilities to diversify their generating capabilities using renewable resources. It is driving the growth of renewable energies in the United States, which is already the leading onshore wind market and should become a major player in the solar market, with more than 50% of existing capacity.

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Strategy of the Renewable Energies business unit

The strategy of the Renewable Energies business unit is to create an international leadership model for the renewable energies market and to supply grid parity solutions, meaning solutions that meet base as well as peak demand. As of the end of 2009, the business unit had tripled its backlog in one year to 1 billion euros.

Wind energy

Market

Globally, wind energy is a 30 billion euro market that is growing by 30% to 35% each year. Europe continues to be the market leader, with 60% of the world's installed capacity. Offshore wind turbines represent 1.5 GWe in installed capacity. Numerous offshore projects are expected to raise total capacity to 37 GWe in Europe alone. Germany and the United Kingdom are two of the most promising markets. Annual growth is set to reach 3 to 5 GWe by 2015.

The economic crisis hindered the development of some projects, but business picked up in the second half of the year. The initial postponement of the Borkum West 2 offshore project in the North Sea due to insufficient project financing ended with the signature in September 2009 of a contract reserving 40 wind turbines. France's first offshore wind farm, off the Alabaster Coast of Normandy, is still awaiting financing.

Nonetheless, the delay is not a threat to the use of wind energy for green power generation in the medium term, particularly offshore.

Position

AREVA became a global supplier of advanced offshore wind turbines when it acquired two pioneering companies, Multibrif and PN Rotor. The goal is now to expand their presence to the global market.

AREVA installed its first turnkey offshore wind farm, Alpha Ventus, in the North Sea of Germany. This important project is demonstrating the technical feasibility of AREVA's M5000 wind turbines, confirming the effectiveness of the organization set up by the group to lead the project.

AREVA took full EPC responsibility for Alpha Ventus, the first German offshore wind farm in the North Sea. The business unit demonstrated the technical performance of its M5000 offshore turbine, including in terms of production monitoring and maintenance services.

Bioenergies

Market

The latest report by the International Energy Agency, *Energy Technology Perspectives: Scenarios and Strategies to 2050*, forecasts

that world power generation from biomass will rise from 1.3% in 2003 to 2% to 5% in 2050. Installed generating capacity from biomass of about 62 GWe today is expected to grow by 6% to 9% over the next five years.

Based on proven technologies, the biomass market is the principal global market for renewable energies, although it remains fragmented by a proliferation of players and the diversity of biomass types.

Considering the abundance of resources, development will probably be concentrated mainly in developing countries, supporting rural development in some areas. Emerging countries – India, China, Brazil and the countries of Southeast Asia – are the main regions for growth.

In the United States, the leading market is wood-based, representing 6,000 MWe in installed generating capacity. Based on forecasts from the International Energy Agency (IEA) and other experts, there could be twice as much capacity 10 years from now.

In Brazil, sugar cane residues are the principal market. The market is expected to grow despite new environmental laws limiting the growth of sugar cane agriculture. Some 80% of the sugar mills will have to acquire a new power generating process to improve their productivity. Other resources will also contribute to growth, such as wood residue and household waste. In all, production capacity is estimated at about 70 GWe. The market suffered as credit tightened in 2009, delaying projects in the sugar industry. Prospects improved significantly towards the end of the year as the Brazilian economy began recovering.

Position

AREVA is a trailblazer in the development of commercial bioenergy technologies. The group is the world leader in turnkey solutions in the bioenergy sector, with more than 100 power plants built in Europe, Latin America and Asia, for combined installed generating capacity of more than 3,000 MWe.

In the United States, ADAGE™, a joint venture between AREVA and Duke Energy, is currently promoting the development of a fleet of twelve 50 MWe bioenergy power plants fueled with wood scraps. ADAGE™ is the leading partner in this sector. Under the umbrella of this agreement, AREVA will design and build each unit, which will be operated by Duke Energy Generation Services (DEGS), a division of Duke Energy specializing in renewable energy production. ADAGE™ has unveiled a site in Florida where its first bioenergy power plant could be sited.

AREVA and Duke Energy have adopted an innovative business model. Together, the partners will build standardized 50 MWe power plants and provide a contractual guarantee to supply the fuel and another to sell the green electricity. ADAGE™ will thus supply an integrated, end-to-end solution to the biomass industry.

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In Asia, AREVA formed a strategic partnership with Astonfield Renewable Resources Limited to install biomass power plants with a total generating capacity of 100 MWe in India, at an estimated cost of about 100 million euros. The agreement provides that AREVA's bioenergy center in Chennai (India) shall be in charge of the plant's design, construction and commissioning.

AREVA is also about to conclude a partnership with TPS, a private Indian promoter, for the construction of a fleet of power plants in India with a combined capacity of 110 MWe. The program will be carried out from 2010 to 2013.

Hydrogen as an energy carrier and storage solutions

Market

Until now, hydrogen has been used as an industrial gas for various applications, including petrochemicals, fertilizers, metals and glass. The market is growing steadily and currently represents about 55 million metric tons, or 120 billion euros, per year. Prospects for the medium and long term are particularly promising in view of growing demand from the petroleum industry (fuel and synthetic fuel refining).

Hydrogen is also an eco-friendly energy carrier when combined with a fuel cell. It can be used in many fields, from stationary applications (generators, backup generators, cogeneration, etc.) to transportation (automobiles and mass transit).

These new markets offer very attractive growth potential. Solutions based on hydrogen and fuel cells combine performance (efficiency, autonomy, design), environmental benefits (no greenhouse gas emissions from the user site, carbon neutral when the power source is nuclear or renewable, quiet) and local development (possibility of decentralizing generation and consumption).

Position

Through its subsidiary Hélion, AREVA is a key player in several major programs:

- the H-PAC program on front end development of the French national research agency (Agence nationale de la recherche française, ANR);
- the H₂E (Horizon Hydrogène Énergie) program of OSEO to industrialize and demonstrate hydrogen and fuel cell technologies for stationary applications; and
- the Myrte hydrogen program of Corsica, a key renewable energies project coupled with full-scale experimentation.

Hélion, which continued its technology development efforts, achieving very high levels of performance and durability (> 2 W/cm² for fuel cells), and performed propulsion demonstrations for an extended-range AUV and a switching locomotive in cooperation with users.

Hélion received excellent return on experience from the operation of the fuel cell for backup power supply applications, with more than 150 startups without loss of power. The company has begun industrializing a fuel cell for 100 kVA backup generators.

Hélion has already delivered a fuel cell training platform for research and higher education, called Bahia, to 15 schools, universities and research centers.

Relations with customers and suppliers

Customers

The business unit's customers include public service companies and independent power producers (IPP), who must expand their renewable energy production and reduce their carbon footprint. To create value for its customers, the renewable energies business unit uses local expertise and draws on AREVA's vast experience in the nuclear business.

The business model is constantly adjusted to respond to the growing and changing needs of the business unit's customers. The offering includes assistance to customers in search of financing and efforts to enlist co-investors. In 2009, the business unit expanded the range of its wind energy offering to include offshore services and maintenance and supplied all EPC services for the installation of six wind turbines at the Alpha Ventus offshore wind farm in the North Sea. In addition, AREVA helps customers take full advantage of carbon credits, offering in particular to purchase voluntary carbon credits generated by the project, thereby contributing to the group's carbon neutrality.

Suppliers

Procurement represents about 75% of the business unit's revenue, 10% of which is for non-production procurement.

Production procurement covers several main categories:

- equipment, components and mechanical systems (mechanical subsystems, heavy metal frames);
- electricity, electronics and instrumentation (low and medium voltage switchgear, generators, electric energy converters, transformers);
- forgings, sheet metal and piping (heavy castings and pipes);
- construction and civil engineering.

The purchasing department contributes to the profitable development of the business unit by targeting three strategic performance objectives:

- securing the supply chain for the wind energy business through multi-sourcing and long term contracts with suppliers;
- reducing procurement costs by renegotiating terms with suppliers, improvement plans, and procurement from countries offering sourcing opportunities;
- developing global sourcing policies for all segments, in particular bioenergy.

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Research and development

AREVA established a partnership with Sway, a Norwegian renewable energy company, to develop a floating wind turbine.

In high temperature water electrolysis (HTE), the business unit received the results of the first phase of the ELHYPSE research program. The feasibility of HTE was demonstrated at the laboratory scale and promising cell stack concepts were identified. These results were included in the definition of the second phase of the program, which will assess how to reduce hydrogen production costs.

All other programs concerning the hydrogen and storage product line, or related to fuel cells and proton exchange membrane (PEM) electrolysis, progressed according to schedule, in general in cooperation with external partners.

Sustainable development

AREVA's investment in developing renewable energies complements the group's range of low carbon solutions. Bioenergy is carbon neutral in the sense that the CO₂ released during combustion was captured by the plant during its growth. It also prevents the production of methane associated with the decomposition of the organic matter. With bioenergy, natural animal and plant waste can be converted into energy, creating new, sustainable solutions.

The business unit supplies a global offer to develop carbon assets throughout the life of a bioenergy project, from the feasibility study to the acquisition and sale of credits.

Consistent with its sustainable development and continuous improvement objectives, the business unit launched several initiatives in the fields of health and safety, and in quality control.

In line with the AREVA Way initiative, safety action plans were instituted to meet the group's objectives in terms of accident frequency and accident severity rates. Significant progress was achieved in 2009 and will be strengthened in the coming years. The company's objective is to achieve zero accidents at the work place.

Regarding quality control, the renewable energies business unit began to apply ISO 9001 standards in all units, particularly for bioenergy in Brazil and the wind sector in Germany. This paid off quickly: Multibrid and Hélión received ISO 9001 certification in 2009 and AREVA Koblitz was certified early in 2010. Hélión is already certified under ISO 14001 and as an environmentally regulated facility (ICPE). Continuous reduction of environmental impacts took the form of the installation of a closed-loop cooling system (without water consumption) for a pilot plant. The system includes an innovative solution for storing intermittent heat in phase transformation materials.

Outlook and development goals

The Renewable Energies business unit is building a diversified portfolio combining different types of renewable energy generating systems to respond to its customers' requirements for base and peak power generation.

Wind energy

AREVA intends to capitalize on the first offshore wind farm in the North Sea, Alpha Ventus, to market its proprietary offshore wind turbine model. It will focus on developing a high efficiency commercial model by optimizing performance and increasing equipment availability while offering customers a complete logistical assistance package. The group plans to develop its manufacturing capacity in Northern Germany and in the United Kingdom. The business unit also started discussions with Jiangsu Province in China for cooperation and joint development. One of China's most economically developed provinces, Jiangsu Province began developing equipment and technologies for clean power generation a few years ago, with emphasis on offshore wind turbines. According to the national plan, Jiangsu will build an offshore wind farm with a total capacity of more than 10 MWe, the first of its kind in China.

AREVA plans to become a major player in the offshore wind energy sector by industrializing the M5000 wind turbine technology, with a focus on reliability and standardization, in order to capture a 25% market share in Europe by 2012.

Bioenergies

AREVA anticipates rapid growth in biomass projects, driven by the gradual implementation of government tax and rate incentives. The group is concentrating on high potential markets for power generation, such as wood biomass in the United States, bagasse and wood in Brazil, and industrial waste in Southeast Asia.

To maintain its leading position as a biomass power plant engineering, procurement and construction (EPC) company, the business unit aims to win a market share of more than 20% in North and South America and in Asia. In response to market demand, it offers innovative financing plans for large scale projects.

Hydrogen as an energy carrier and storage solutions

AREVA is pursuing its program to develop and qualify innovative solutions for the fast growing hydrogen production market, with the objective of becoming a leading player by 2012. The group is also involved in projects to demonstrate and deploy fuel cell-based solutions for applications such as backup generators and coupling with renewable energies.

AREVA's goals are to bolster its presence on precursor markets for fuel cells, become a major player in carbon neutral hydrogen production equipment using electrolysis, and provide efficient solutions for grid stabilization and the storage of intermittent energy.

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Operations and highlights

Wind energy

The economic crisis hindered the development of some projects, but business picked up in the second half of the year. The initial postponement of the Borkum West 2 offshore project in the North Sea due to insufficient project financing, ended with the signature in September 2009 of a contract reserving 40 wind turbines. France's first offshore wind farm, off the Alabaster Coast of Normandy, is still awaiting financing.

In November 2009, AREVA acquired 100% of PN Rotor GmbH, a German manufacturer of rotor blades for offshore wind turbines previously owned by Prokon Nord Energiesysteme. With this acquisition, AREVA is able to offer a broader range of essential components and increases its ability to create value for offshore wind turbine operators.

These solutions are forerunners for energy storage in isolated areas and regions where connection to the grid is poor, such as islands and fast growing countries such as India.

Bioenergies

In the United States, ADAGE™ unveiled the site selected in Florida for its first bioenergy power plant. However, the joint venture will wait for the results and decisions on the climate change initiative, anticipated in early 2010, before deciding to launch the construction of its first units.

In Brazil, the market suffered from the tightening of credit, with the postponement of projects in the sugar industry. Prospects improved significantly towards the end of the year as the Brazilian economy began recovering. AREVA Koblitz signed a 220 million euro contract for the construction of 11 biomass power plants for Bertin Group, a sugar industry and meat processing specialist.

In Southeast Asia and India, AREVA formed a strategic partnership with Astonfield Renewable Resources Limited to build biomass power plants in India with a total generating capacity of 100 MWe and an estimated cost of about 100 million euros. The agreement provides for the design, construction and commissioning of the power plant by AREVA's bioenergy entity, located in Chennai.

AREVA is also about to conclude a partnership with TPS, a private Indian promoter, for the construction of several power plants in India, representing 110 MWe in total capacity. The program will be carried out from 2010 to 2013.

Hydrogen as an energy carrier and storage solutions

Through its subsidiary Hélicon, AREVA continued its research programs in this area in 2009.

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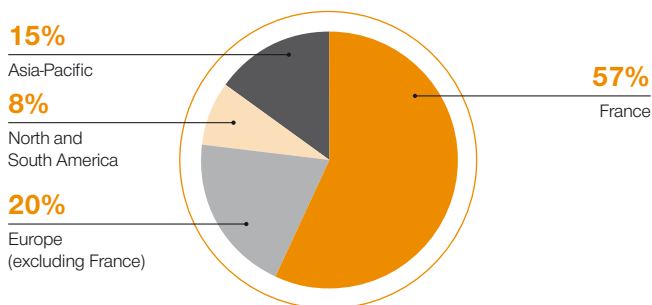
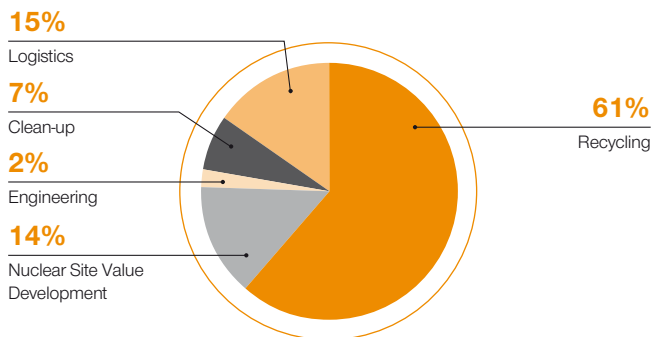
6.4.3. BACK END DIVISION

KEY DATA

(in millions of euros)	2009	2008	2007
Revenue*	1,637	1,692	1,738
Operating income	235	261	203
	11,082	10,906	10,638
Workforce at year end	employees	employees	employees

* Contribution to consolidated revenue.

→ 2009 REVENUE BY BUSINESS UNIT AND GEOGRAPHICAL AREA



OVERVIEW

The Back End division contributed 19% to AREVA's consolidated revenue from Nuclear and Renewables operations. It offers efficient, sustainable solutions for managing the back end of the nuclear cycle. It is organized into five business units: Recycling, Logistics, Nuclear Site Value Development at the end of production, Clean-up and Engineering.

Whereas the Front End division prepares fresh fuel for nuclear power plants, the Back End division's main activity is to recycle fuel that has already been used in the reactors for future reuse and to clean up and develop value for nuclear facilities at the end of the lifecycle. The division thus plays a key role in reducing the Nuclear operations' environmental footprint and in increasing public acceptance.

The Back End's technology advances and commercial lead give the group a particularly important competitive advantage in the current context of nuclear renaissance, enabling it to take the lead in the worldwide market for the closed fuel cycle.

Value of recycling used fuel

Power companies can manage their used fuel in one of two ways:

- one way is direct disposal ("open cycle"), in which used fuel is considered to be a non-reusable waste. When the used fuel is unloaded from the reactor, it is stored temporarily in pools or in dry storage sites at locations designated for that purpose. The storage solutions available on the market allow utilities to manage used fuel volumes over periods lasting several decades. However, storage is not a lasting solution and must be followed by final disposal. For the medium term, final disposal solutions are being assessed as a component of national nuclear waste management policies. However, these solutions are not available today on an industrial scale;
- the other way to manage used fuel is recycling ("closed cycle"), in which the used fuel is considered to contain a large amount of reusable materials still capable of producing a large amount of energy. In fact, 96% of the material – 95% uranium and 1% plutonium – is recyclable. When the used fuel is unloaded from the reactor, it is treated to separate the reusable uranium and plutonium materials from the final waste (4%). The recovered uranium and plutonium are recycled into fresh fuel for nuclear power plants in the form of MOX (a mixture of plutonium and depleted uranium) or as enriched reprocessed uranium (ERU).

With the nuclear renaissance gaining momentum, accompanied by pressures on prices of commodities, the closed fuel cycle is gaining growing interest. In fact, used fuel recycling helps conserve natural uranium resources. Moreover, it facilitates radioactive waste management by significantly reducing waste volumes and radiotoxicity and by containing it in specially designed universal canisters to trap the radioactivity for very long periods of time. Recycling increases the stability and sustainability of nuclear power. Several countries seeking to deploy large-scale nuclear power programs are turning to recycling technology, which is an important factor in energy self-sufficiency and public acceptance. Some of them even want to acquire their own facilities when justified by their power program.

Recycling is also a response to non-proliferation issues. AREVA can offer utilities global services consisting of taking the used fuel from the power plant to produce the corresponding recycled fuel, returning only final waste not subject to International Atomic Energy Agency (IAEA) safeguards to the client country.

In addition, recycling allows utilities to constitute reserves of nuclear materials that could be used in future generation IV reactors.

The processes developed and implemented by the group in the “closed” cycle are fully demonstrated, and production maturity has been achieved. AREVA is able to offer competitive terms, with end-of-life-cycle costs backed by firm contracts.

There are strong barriers to market entry, given the technical complexity of the closed fuel cycle and the long duration of the decision-making process. Enormous investment in research and development is required, in addition to dedicated production facilities.

Position of the business units

The **Recycling business unit** uses processes to retrieve new energy resources representing 96% of the content of used fuel and to safely package and stabilize the remaining 4%, considered to be final waste.

The Recycling business unit encompasses the production platforms of La Hague and MELOX, where reusable material contained in used fuel is separated and recycled into MOX fuel, and where final nuclear waste is packaged. The business unit also produces uranyl nitrate, which is stored or recycled into uranium fuel in front end facilities.

Nuclear power is recyclable energy, thanks to the technologies used at La Hague and MELOX.

AREVA is the global leader in recycling solutions. The group is organized to design and build new treatment and recycling plants in partnership with foreign countries seeking to acquire their own production capability.

The **Logistics business unit** operates in two main areas:

- the design and fabrication of casks and other specialized equipment for the transportation and/or storage of nuclear materials from the front end and back end of the cycle; and
- the organization of nuclear materials transportation and, as needed, management of the related equipment.

It also oversees all of Front End and Back End transportation operations of the AREVA group.

The business unit’s main customers are European, American and Japanese utilities. It also serves nuclear fuel fabricators, research reactor constructors and laboratories.

The **Nuclear Site Value Development business unit** designs and supervises facility dismantling operations and nuclear site rehabilitation once production operations have ceased, for purposes of their reuse. While the Nuclear Site Value Development business unit takes over where the industrial use of these facilities leaves off, dismantling operations generally constitutes a new life for the sites.

At each stage in the dismantling phase, the business unit brings know-how to optimize management of the waste resulting from these operations. Materials are recovered following the clean-up process and are processed and packaged so as to ensure the recycling of reusable materials to the greatest extent possible.

The business unit works primarily for the AREVA group, as well as for the French atomic energy commission (Commissariat à l’Énergie Atomique, CEA).

The **Clean-up business unit** provides project support operations in the nuclear field. It also acts as industrial operator for waste management.

This business unit works mainly in France and is present at virtually all of the French nuclear sites. It performs its services directly at its customers’ sites and in its environmentally regulated Triade facility, where it:

- maintains machinery and equipment used in controlled areas;
- recertifies equipment; and
- processes low level waste for its customers and on the group’s behalf.

The **Engineering business unit** consists of two subsidiaries:

- SGN, which specializes in nuclear engineering and designs and builds new nuclear facilities and optimizes existing facilities;
- Mécachimie, a designer and original equipment manufacturer and integrator of mechanical systems for industrial nuclear facilities.

STRATEGY AND OUTLOOK

Over the short term, the Back End division does not expect to be impacted by the economic and financial crisis, since recycling is one of the key components of a long-term nuclear power plan. Provisions to cover end-of-life-cycle expenses are usually stable and predictable, since they are dictated by national policy.

Over the longer term, the renaissance of nuclear power is expected to drive the markets targeted by the Back End division, with rising quantities of used fuel in storage. Moreover, recycling is increasingly viewed as a key component of a clean energy policy. Thus, the Back End division is expected to benefit from the current debate on the future of the closed cycle.

The Back End division’s goal is to consolidate its world leadership position. Its strategy is six-fold:

- strengthen used fuel treatment and recycling operations.

The group is working to strengthen and extend its backlog with French and foreign utilities;

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- capitalize on closed cycle technologies in markets worldwide.

The group plans to develop recycling facilities by working closely with authorities in countries seeking to develop recycling facilities of their own. Already, this strategy is being illustrated by projects in several key countries:

- In Japan, the group has had a major technical assistance program with its Japanese partner customers since 1987. The partnership developed in this field has culminated in the construction of a used fuel treatment plant by Japan Nuclear Fuel Limited (JNFL), with AREVA's support, at the Rokkasho Mura site in Japan. This is a "sister plant" of the La Hague plant. The plant can treat some 800 metric tons of used fuel per year.
- In the United States, the group's recycling technologies form the basis of the US Plutonium Disposition Program, which involves building a MOX fuel fabrication facility in the United States for the US Department of Energy (DOE) to recycle US defense plutonium. AREVA is contributing the technology and engineering to the project.
- In the United Kingdom, AREVA and its British and American partners AMEC and URS were the successful bidders on the management and operation of the Sellafield site in November 2008, including the recycling and high level waste management facilities.

The division's development prospects in this strategic area are favorable:

- China has decided to recycle the used fuel generated in its nuclear power plants. The country is also planning to build a high-capacity recycling facility. The bilateral agreement on the back end of the cycle signed in November 2007 between France and China, followed in 2009 by joint statements by the governments of both countries, was a significant step forward. AREVA is now working to achieve concrete results,
- in the United States, the administration had opted for the open fuel cycle ("once-through") at the end of the 1970s as a response to the risk of proliferation. Following the enactment of the Energy Bill in August 2005, and concurrent with pressures on energy supplies, interest in the long-term development of nuclear power has revived. Beyond the serious difficulties encountered by the direct disposal project at Yucca Mountain, Nevada, which is currently on hold, recycling and its advanced technologies are increasingly viewed as a desirable waste management solution;
- develop products and services related to the transportation of fuel and nuclear materials.

The Logistics business unit must oversee and ensure the safety of all of the group's nuclear materials transportation, both for the front end and the back end of the cycle. The goal of the business unit is also to develop business with non-group customers;

- strengthen its leadership position in the used fuel storage market.

This objective concerns the operations of the Logistics business unit in the United States in particular, where the focus is on strengthening the group's current positions while preparing for the anticipated revival of used fuel transportation markets, particularly with the development of new dual-purpose casks for storage and transportation;

- ensuring facility dismantling and clean-up for AREVA group facilities and external customers.

The group has built up expertise related to nuclear site cleanup and dismantling at the end of the lifecycle for more than 20 years. Backed by this experience, AREVA is now leading projects in France as well as abroad. AREVA has organized to be a major player in this business in light of its strong growth potential;

- provide the engineering for the group's new projects.

On this backdrop of nuclear renaissance, the group wants to renew and develop its industrial capabilities in all of its core activities, but it also wants to increase the number of projects in which it is the architect engineer/prime contractor for the construction of customer fuel cycle facilities and reactors. Participating in this growth is a strategic objective for the Engineering business unit.

HIGHLIGHTS OF THE PERIOD

Recycling

AREVA confirmed its world leadership position in the MOX market in 2009, with 1,572 metric tons fabricated since startup of the MELOX plant, bringing the total number of assemblies delivered to the group's customers to more than 5,900. MOX, a recycled fuel, has been used by European utilities since 1972.

The fabrication of MOX parity fuel ramped up in 2009, with the objective being to ensure the parity of MOX fuel performance with that of UO₂ fuel (same burnups and cycle times).

Beginning in 2009, all MOX fuel fabricated by MELOX for the EDF group will gradually be MOX parity fuel. This was a decisive move for the future of MOX, and the MELOX plant and Fuel business unit were equal to the challenge. The authorization was a critical milestone for the EDF group, a customer that has worked hard alongside AREVA to secure MOX/UO₂ parity for its reactor fleet.

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AREVA and the EDF group are still finalizing contract terms for implementation of agreements signed in December 2008 on recycling used fuel over the 2008 to 2040 period. This agreement defines the principles of the parties' long-term cooperation in used fuel transportation and recycling, with two reciprocal commitments: AREVA will operate the La Hague plant near Cherbourg and the MELOX plant at the Marcoule site through at least 2040; the EDF group will use these facilities for its needs through that same date. Annual MOX fuel production for the power plants of the EDF group will be raised from 100 metric tons to 120 metric tons beginning in 2010. Production at AREVA La Hague is scheduled to rise to 1,050 metric tons. The agreement provides long term visibility to both the EDF group and AREVA in their relations pertaining to recycling.

MOX fuel was delivered to Japan in May 2009. In October 2009, the first MOX fuel assemblies for the Japanese utility Kyushu were loaded into Unit 3 of the Genkai nuclear power plant, followed in November by a series of production tests and ramp-up to full power on December 2, 2009. This was the first time that MOX fuel was used to generate electricity in Japan. The use of MOX fuel in Japan is the culmination of more than 30 years of fruitful collaboration between AREVA and the Japanese utilities.

In 2009, two contracts were signed with two Japanese utilities. The EPDC contract signed in April in connection with the restart of the Japanese MOX program is symbolic. Ultimately, the goal is to supply MOX fuel to the first 100% moxidized Japanese boiling water reactor (ABWR). Japan is now AREVA's second largest customer for recycling solutions, immediately behind the EDF group. In September, a contract to supply 40 MOX assemblies was also signed with the utility Chugoku. Seven Japanese utilities now have MOX fuel fabrication contracts.

At the end of 2009, a dozen AREVA employees were deployed to the Sellafield nuclear site under the site management and operations contract, won with AREVA partners URS Washington Division and AMEC plc. The AREVA engineers will contribute expertise in production, maintenance and quality processes.

Construction of the MOX Fuel Fabrication Facility (MFFF) launched in August 2007 is continuing, meeting all cost, schedule and safety commitments. The Shaw AREVA MOX Services team (SAMOX) is building the facility for the US department of Energy (DOE).

Logistics

In transportation, one of the key events in 2009 was the development of the Logistics business unit's activities in the front end of the cycle. The business unit established an office in Niamey and developed new equipment and processes to ensure the safety of shipments of uranium concentrates from Niger.

In January 2009, TN International and KKL signed a contract whereby TN will supply TN Nova casks for the storage of used fuel at the Leibstadt nuclear power plant in Switzerland. TN International will supply 15 casks to KKL, which has an option to acquire additional casks every ten years. The contract will continue for the life of the

nuclear power plant, until all used fuel has been removed from the site. This work will continue through 2049.

The Logistics business unit develops products and services for the reactor market. In December 2009, it signed a contract to supply neutron shielding resins for EPR™ reactors. Storage racks are also part of the business unit's offering. In 2009, Mecagest joined the business unit as part of the latter's industrial strategy and to meet its specific requirements for cask manufacturing. Mecagest was formerly part of AREVA's Recycling business unit.

Clean-up

In 2009, the Clean-up business unit was able to maintain its positions in all business lines.

Nuclear Site Value Development business unit

The business unit expanded its activities at the end of 2009. Two new projects were added to the business unit's portfolio: clean-up of the Miramas site and the start of preliminary evaluations to dismantle the Georges Besse plant. The business unit has become the leader for management of the group's dismantling projects.

At Cadarache, the year 2009 was marked by ramp-up of activities performed by subcontractors, who are now handling a significant share of the dismantling work at the site.

Activity dropped during a two-month period at AREVA's Cadarache site when the French safety authority ASN decided to suspend clean-up and dismantling operations at the ATPu shop on October 14, 2009. This decision followed an ASN decision to reclassify an improper assessment of materials during clean-up and dismantling operations at the ATPu shop as a level 2 event. The site put considerable effort into demonstrating the safety of its operations, and operations were able to restart gradually. The project should be back on track in early 2010.

Engineering

The Engineering business unit supports the AREVA group's international development, particularly in connection with technology transfer agreements in Europe, Asia and North America.

Japan: as requested by JNFL, discussions are ongoing to provide operational feedback on the vitrification technology used at La Hague plant to the Rokkasho Mura plant.

Russia: since 2007, the Engineering business unit has been carrying out a contract to build a depleted uranium defluorination plant in association with the Chemistry business unit. The production tests were performed in 2009, and AREVA received the corresponding acceptance certificate.

United Kingdom: The Engineering business unit joined with the Recycling business unit to supply vitrification equipment, testing and training for personnel from British Nuclear Group's plant at Sellafield. The contract was fully completed in 2009 to the customer's entire satisfaction.

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Africa: Through TSU Projects, a joint subsidiary with Technip, the business unit continued preliminary project studies in 2009 for development and construction of the Imouraren mining complex in Niger by the AREVA group and for the uranium ore processing facilities at the Trekkopje mining project in Namibia. A subsidiary called TSU Niger was established in 2009 to provide local services to the Imouraren project.

France:

For the AREVA group:

- the Engineering business unit is the prime contractor for construction of the Georges-Besse II uranium centrifuge enrichment plant at the Tricastin site. The first cascade of centrifuges was installed in the first quarter of 2009. The testing phase came to an end in the last quarter of the year, with spin-up of the first cascade occurring on December 9, 2009;
- the business unit is in charge of project management for construction of new uranium Chemistry facilities at Tricastin and Malvési, known as the Comurhex II project. The construction permits have been received and civil works began in 2009.

The Engineering business units operations related to facility dismantling at treatment sites also continues, with programs for final shut-down of the UP2-400 plant at La Hague and related waste retrieval operations, in association with the Nuclear Site Value Development business unit, and ongoing operations as part of the short-term joint venture consisting of AREVA NC, AREVA TA and SGN set up to carry out cleanup operations at the UP1 plant at Marcoule for the CEA.

In the **United States**, the Engineering business unit is participating in studies related to the construction of an enrichment plant at Eagle Rock, Idaho, known as the EREF project.

6.4.3.1. RECYCLING BUSINESS UNIT

Key data

(in millions of euros)	2009	2008**	2007
Revenue*	1,006	1,068	1,363
	4,478	4,467	5,751
Workforce at year end	employees	employees	employees

* Contribution to consolidated revenue.

** In 2008, treatment and recycling operations were redefined to bring the production operations of the La Hague and MELOX plants together under the umbrella of a Recycling business unit and to combine operations associated with the dismantling of the group's and the CEA's sites in a Nuclear Site Value Development business unit.

Businesses

AREVA is the world leader in the used fuel recycling market, with more than 30 years of experience in the back end of the nuclear cycle. The group uses processes to extract reusable energy materials contained in used nuclear fuel.

After fuel has been used in a light water reactor, 96% of its content consists of recyclable materials: 1% is plutonium and 95% is uranium.

Fuel recycling consists initially of separating these reusable materials from final waste, which is packaged for disposal. Most of the radioactivity in used fuel is contained in this final waste. The waste is packaged in "universal waste canisters" for safe storage and transportation. The final waste package is also designed for high integrity during subsequent final disposal, in terms of both containment and durability.

Following the treatment stage, the reusable materials are recovered for recycling. Depending on the utility's strategy, reprocessed uranium from the treatment of used fuel (RepU) may be re-enriched and recycled as enriched reprocessed uranium (ERU), or stored in stable form, constituting the equivalent of a uranium stockpile. The plutonium is used to fabricate another type of fuel: MOX, a mixture of uranium and plutonium oxides. AREVA is the world's leading producer of MOX.

Manufacturing and human resources

Recycling

Most of the Recycling business unit's operations are conducted at two plant sites, the La Hague site in northern France and the MELOX site in southern France.

AREVA LA HAGUE

The AREVA La Hague site is in charge of the first step in recycling: separating recyclable materials and waste in used fuel from French and foreign power plants and research reactors, and packaging those materials and final waste.

The La Hague plant has two production lines, UP2-800 and UP3, which currently have a combined capacity corresponding to the generation of 450 TWh/yr of electricity, *i.e.* 1,700 metric tons of used fuel per year. At the beginning of 2009, the public enquiry commission issued a favorable opinion on AREVA's application for the shutdown and dismantling of the regulated nuclear facility INB 80 (HAO ⁽¹⁾ facilities). The French decree authorizing the final shutdown and dismantling of the facility was signed on July 31, 2009 and published in the *Journal Officiel* on August 4, 2009. La Hague may launch dismantling operations at INB 80 in the coming months. The decree stipulates completion of the project by 2033.

A permit application for final shutdown and dismantling of all other facilities in the former UP2-400 plant was submitted last year. Another public enquiry will be carried out in the coming years.

In the meantime, the business unit continues its studies and operations to retrieve and package legacy waste stored at these regulated nuclear facilities.

In 2009, the AREVA La Hague plant recorded production of 929 metric tons, in accordance with production estimates, of which 79 metric tons were Italian fuel. At the beginning of the year, AREVA La Hague processed the 20,000th metric ton of uranium oxide fuel.

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A total of 839 canisters of vitrified waste and 1,467 containers of compacted metal waste were also produced. More than 80% of the vitrified waste from foreign fuel was returned to the country of origin. The first drums of compacted metal waste were returned in 2009.

More than 3,000 AREVA employees work at the site.

MELOX SA

MELOX, an AREVA subsidiary, is the world leader in the recycled nuclear fuel (MOX) fabrication market.

To promote the development of its markets, MELOX, with a nominal production capacity of 195 metric tons per year, launched a three-year investment plan at the end of 2009 to increase its production capacity, and in particular to fabricate special “multidesign multiclient” fuel.

MOX fuel is now used in 21 nuclear power reactors in France, generating approximately 10% of the country’s electricity. The EDF group wants to produce 20% of its electricity from recycled MOX and ERU fuel in 2010.

MELOX had fabricated the last MOX assembly for Japanese clients in 2001. In 2008, the AREVA MELOX facility in southern France completed its MOX fuel fabrication campaigns under contracts signed in 2006 with the Japanese power companies Kyushu, Shikoku and Chubu. One third of the capacity of MELOX was used for international

contracts. In 2009, MOX fuel fabricated at MELOX was used to generate electricity in Japan for the first time. The use of MOX fuel in Japan is the culmination of more than 30 years of fruitful collaboration between AREVA and the Japanese utilities.

More than 800 employees work at the site.

Market and competitive position

The world market for used fuel recycling is extremely concentrated and highly controlled by stringent technical and regulatory requirements. The market’s main features are:

- a concentrated industry with a limited number of suppliers of recycling services;
- the very high level of technological expertise required;
- capital-intensive operations;
- stringent emissions and environmental impact requirements; and
- services are performed under long-term contracts.

The installed capacity of the La Hague and MELOX plants along with AREVA’s vast experience rank the group number one worldwide in recycling.

Worldwide treatment capacities in 2009

→ **USED FUEL TREATMENT**

	Installed capacity <i>(MTIHM/year)**</i>	2009*	Cumulative production* <i>(MTIHM/year)</i>
La Hague (France)	1,700	929	25,470
Sellafield-Thorp (United Kingdom)	900	10	4,010
Chelyabinsk East (Russia)	400	100	4,200
Subtotal for 2009	3,000	1,050	32,750
Rokkasho Mura (Japan)***	800	120	420
TOTAL 2009	3,800	1,170	33,170

* Treatment of used LWR fuel: rounded figures.

** MTIHM/year = metric tons initial heavy metal/year.

*** Production figures for the Rokkasho Mura plant (91 metric tons in 2006, 150 metric tons in 2008) relate to the active testing phase preparatory to commercial startup.

Sources: AREVA, World Nuclear Association, IAEA, NDA, JNFL.

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In 2009, about 139 metric tons of MOX were produced worldwide, including 134 MTHM at the MELOX plant. This corresponds to a market share for the AREVA group of approximately 95%.

As in 2008, 2009 was characterized for MELOX by continued design and customer diversification, leading to numerous certification phases to plan production for 2010.

Worldwide recycling and production capacities in 2009

<i>(in metric tons/yr)</i>	Installed capacity	2007 production	2008 production	Cumulative production
AREVA-MELOX France ⁽¹⁾	195 MTHM	126	134	1,572 ⁽⁴⁾
Sellafield Limited, United Kingdom ⁽²⁾	120 MTHM	5	5	40
Total in 2009	315 MTHM	131	139	2,621 ⁽³⁾
TOTAL	445 MTHM	-	-	-

(1) MELOX plant: licensed capacity of 195 MTHM per year since April 2007.

(2) AREVA estimates based on data reported by the NDA.

(3) Total including cumulative production of the AREVA Cadarache plant, shut down in 2003 (345 MTHM), and the Belgonucléaire-Dessel plant, shut down in 2006 (664 MTHM).

(4) Cumulative AREVA production fabricated or delivered, excluding AREVA Cadarache production, shut down in 2003.

Research and Development

Under the umbrella of the agreement between AREVA and the CEA, and following testing, the cold crucible, a new generation of melter for the vitrification facility, was installed in a facility of the AREVA La Hague plant. The new melter will broaden the range of vitrification applications to include more waste types. Production is slated to begin in 2010.

In addition, construction work to expand storage capacity for French vitrified waste at the AREVA La Hague site began with earthworks in 2009. These storage buildings will be used to store French vitrified waste pending operation of the disposal center, slated for around 2025.

Several AREVA entities collaborated to develop the 100% MOX EPR™ project in 2009. In this innovative concept, all-MOX fuel would be recycled and managed. It is easier to fabricate, offers better performance and requires only minor adjustments to the reactor core. A 100% MOX core also means enhanced safety. Four patent applications have been submitted. Discussions are ongoing with safety authorities and with utilities interested in the product, particularly in Europe.

This new concept will contribute to the sustainable development of recycling while facilitating the transition to generation III reactors before deployment of generation IV units. The 100% MOX EPR™ reactor will enhance the economic performance of recycling for utilities with a large number of reactors. It is also an optimum solution for managing plutonium of UK origin while promoting the nuclear power option.

Sustainable development

Recycling

AREVA LA HAGUE/MELOX SA

The trio of quality, health & safety, and environmental certifications was renewed at the AREVA La Hague plant.

The radiological impact of AREVA's La Hague plant remained very low, approximately one one-hundredth of that of natural radioactivity, and thus had no impact on health.

AREVA La Hague also reduced CO₂ emissions by 50% in relation to 2007 by conserving energy and increasing the use of electric boilers.

As part of its continuous improvement initiative, MELOX received ISO 9001, ISO 14001 and OHSAS 18001 certification, thus validating the plant's integrated approach for triple certification (health and occupational safety, quality, and the environment). These certifications were renewed in 2009, and the site also received ISO 27001 certification (information security management).

Both sites set up the Total Productive Management initiative (TPM) for continuous performance improvement of plant resources to support its performance goals. TPM relies on visual management, a performance improvement tool deployed in most of the site's sectors. This initiative will be continued and expanded over the coming years.

This initiative corresponds to management based on continuous performance improvement in various fields – product quality improvement, schedule compliance and flexibility, visual management, industrial and financial performance, etc. – through a total enterprise plan. One of MELOX's objectives in strengthening the TPM initiative, aside from the robustness of the La Hague-MELOX industrial process, is to capture the JIPM award by 2012. This award is proof of quality, particularly for Japanese customers.

Operations and highlights

See Section 6.4.3. Back End division.

Outlook and development goals

With the nuclear renaissance gaining momentum and the resulting increase in nuclear fuel usage, utilities are reassessing their used fuel management strategies and show growing interest in recycling.

In 2010, the Recycling business unit plans to continue to promote recycling technology abroad by:

- participating in the establishment of appropriate infrastructure in partner countries;
- promoting French uranium recycling technology;
- offering services using its own industrial assets; and
- combining recycling with AREVA's EPR™ reactor and ATMEA1™ reactor bids.

6.4.3.2. NUCLEAR SITE VALUE DEVELOPMENT BUSINESS UNIT

Key data

(in millions of euros)	2009	2008**	2007
Revenue*	229	241	0
Workforce at year end	1,297 employees	1,346 employees	0

* Contribution to consolidated revenue.

** In 2008, treatment and recycling operations were redefined to bring the production operations of the La Hague and MELOX plants together under the umbrella of a Recycling business unit and to combine operations associated with the dismantling of the group's and the CEA's sites in a Nuclear Site Value Development business unit.

Businesses

Nuclear power plants built in the 1950s and 1960s are coming to the end of their service lives at the very moment that nuclear power programs are reviving. Dismantling of older units and site restoration is a major challenge, one that must produce sufficient results to enable new projects to be located at the sites. The Nuclear Site Value Development business unit, created in 2008, combines the range of expertise needed to achieve this goal. The business unit operates as project owner for AREVA projects. It is in charge both as an operator and as a project manager. The business unit also acts as project owner for some CEA projects. It leads and coordinates the activities of all partners and subcontractors to deliver on-time, in-budget performance while maintaining high levels of safety and security.

An initiative was rolled out in 2009 to identify the professions associated with the dismantling business. Fifteen professions and 41 areas of expertise were identified. This inventory was coupled with the "Tellement +" initiative, to help identify areas for improvement while establishing action plans for each employee. The initiative has three objectives:

- to pass on and share knowledge so as to ensure project success;
- to recognize the business unit's professions and expand the business unit's expertise; and
- to capitalize on this know-how in commercial projects involving non-group customers.

Manufacturing and human resources

The Nuclear Site Value Development business unit is active at six of the group's plant sites in France, where it performs clean-up and dismantling operations.

The La Hague site

Operation of UP2-400, the first plant at the AREVA La Hague site, began in 1966. UP2-400 recycled fuel from natural uranium gas graphite (NUGG) reactors, light water reactors (LWR) and research reactors. The UP2-400 recycling facilities were shut down at the end of 2003 after commissioning of the new UP2-800 and UP3 plants. The facilities will be dismantled by 2035 and the waste will be retrieved and packaged for storage. Four public enquiries will be required to fully dismantle the UP2-400 facilities. A first decommissioning license was obtained last August with the publication of a decree authorizing the dismantling of a first shop in the plant (the INB 80 facility).

At AREVA La Hague, the Site Value Development department now has 175 employees.

The Cadarache site

The AREVA Cadarache plant, a former MOX fuel fabrication plant, ceased commercial production on July 16, 2003. Since that time, AREVA performs two different types of operations there:

- repackaging and removing reusable materials from legacy fabrication operations for recycling. This task was completed on June 2008, as required in the license issued by the ASN;
- as project owner, project management for clean-up and dismantling operations at the site's two facilities: the plutonium shop (ATPu) and the chemical purification shop (LPC). After completion of these operations, the facilities will be transferred to the CEA for final decommissioning.

The site has been conducting clean-up and equipment dismantling since 2003 to prepare for the start of dismantling operations begun in the second half of 2008 and set to continue to the end of 2012. By the end of 2009, more than one third of the facilities had been dismantled.

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The operating experience from these operations is being applied to technical modifications to the MELOX plant and will be used to optimize future MOX fuel fabrication plants elsewhere in the world.

Approximately 100 AREVA Cadarache employees and 150 subcontractor employees were working at the site at the end of 2009.

The Marcoule site

At the Marcoule site, AREVA is cleaning up and dismantling nuclear facilities that have ceased production, and operates various industrial units to support dismantling. This is the first dismantling project for a fuel recycling plant previously involved in defense activities and for the gas graphite technology. Since 2005, the Marcoule site is responsible for managing and implementing clean-up activities for the CEA under a multiyear agreement set to expire in 2015. The first phase of the contract (2005-2011) is nearing completion. Contract negotiations are under way for the second period (2011 through 2015).

Approximately 1,000 employees are involved in these projects.

The SICN sites at Annecy and Veurey

These two sites were created in the 1950s to design and fabricate natural uranium fuel. The Nuclear Site Value Development business unit is now in the process of cleaning up and dismantling the two sites to release them for new industrial uses. Later in their lifecycle, the two sites were used to produce uranium metal parts.

The clean-up projects are not particularly complicated from a technical perspective. Equipment contamination is limited and the machines have been disassembled. The buildings have been cleaned and shut down. The resulting waste has been shipped to licensed disposal facilities. Today, the challenge is to release these sites for general, non-nuclear use.

A partnership has been established with stakeholders and local government officials in Annecy and Veurey. The objective is to preserve existing activities and bring in new activities to maintain jobs at these sites, which will be released in 2011 after a public enquiry.

The Miramas site

Since the end of 2009, the Nuclear Site Value Development business unit is responsible for soil clean-up in this former AREVA chemical plant involved in the isotopic separation of lithium for lithium product manufacturing. The objective is to clean 100% of the soil at the site (approximately 100,000 m³) while minimizing waste production. The process used is a technical first for a clean-up mission of this scale. Approximately 50 people are working on the project, which began in November 2009 and should end in 2014.

Market and competitive position

More than 100 nuclear reactors are connected to the grid around the world. Nuclear installations also include dozens of research facilities, in addition to fuel fabrication and recycling plants. The market for value development of these sites is entirely open and a major business opportunity. Value development is part of the lifecycle of all nuclear facilities: design, construction, operation, shutdown, and site value development. Many foreign sites and nuclear power plants will also be dismantled.

In France, the net present value of provisions for end-of-life-cycle obligations recognized by the three main project owners – the CEA, AREVA and the EDF group – comes to approximately 30 billion euros. Some dismantling projects have already begun. The market will grow significantly in the coming years, driven by the ramp-up of decommissioning programs undertaken by these three large operators. The business unit is a major player in this effort.

Many foreign sites and nuclear power plants are also being dismantled. The market is accessible in large industrial countries such as the United States, the United Kingdom and Germany.

Naturally, the business unit will assess these markets to establish a position consistent with its expertise and know-how.

Relations with customers and suppliers

Customers

The French market for dismantling is loosely organized: some players perform large, multiyear contracts while others work on small, fragmented projects. In 2009, AREVA, as lead industrial partner for the CEA, continued to operate as prime contractor for clean-up and dismantling activities and as prime contractor at nuclear and non-nuclear industrial facilities while providing services such as waste packaging, effluent processing, laboratories, water, gas and electricity supply, etc. The Nuclear Site Value Development business unit capitalizes on its industrial partnership with CEA, which provides good visibility on the level of activity for the medium term.

Suppliers

To improve the cost performance of its projects, the Nuclear Site Value Development business unit has set up a process of dialogue with a dozen of its leading suppliers aimed at improving their workload over the short and medium terms and working on improving certain aspects of their performance.

Research and development

To sustain its growth, the business unit has partnered in research and development on key themes, including improving work performance through remotely operated equipment, new processes to retrieve sludge and package waste, and decontamination techniques for engineered structures.

In addition to its mid-range objectives, short-term projects were identified to develop industrial applications.

Sustainable development

The Nuclear Site Value Development business unit is an important contributor to sustainable development. The business unit designs programs to reclaim former sites and develop them for other uses. These programs are a tangible demonstration of the reversibility of nuclear use. Buildings located in former facilities at Marcoule, Annecy and Veurey can now be reused for other activities. Hundreds of millions of euros are being invested on these projects, which can last for decades. Thousands of people are employed in the projects, contributing to job retention in the community after production operations have been discontinued and until new industrial projects

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are developed on site. Thus, Nuclear Site Value Development plays an essential role in preserving the local industrial fabric.

The Marcoule site

At the Marcoule site, AREVA is developing the industrial plan for the site, "Marcoule 2006/2015", which calls for it to continue in its role as the leading industrial partner to the CEA at this site and to demonstrate to stakeholders of the nuclear industry that the back end of the cycle is under control on the technical, economic and social levels.

In this regard, the Marcoule site continued to pursue its sustainable development initiative in 2009, in particular by maintaining all three certifications – for quality (ISO 9001), environmental management (ISO 14001) and occupational health and safety (OHSAS 18001) – following the first follow-up audit in February 2008.

The Cadarache site

The AREVA Cadarache site was audited in 2009 in connection with its application for renewal of its triple certification (ISO 9001, ISO 14001 and OHSAS 18001).

The certification was renewed for a three-year period. This step confirms the site's determination to implement its continuous improvement initiative without interruption.

The AREVA Cadarache site's rigorous, proactive occupational safety plan has yielded results: no AREVA employee has been hurt in a work-related accident with lost time for more than three years and only one day of lost time has been recorded for subcontractor personnel in more than two years.

Operations and highlights

See Section 6.4.2. *Back End division*.

Outlook and development goals

The Nuclear Site Value Development business unit's strategic objective is to bolster its leadership position in the management of dismantling projects. In addition to technical expertise, the business unit will demonstrate its ability to offer the best project management scenario.

The renewal of contracts with the CEA for the 2010-2015 period is a major commercial win. The business unit intends to win additional business through proactive partnerships that are open to dialogue.

In addition, the business unit will soon assess future commercial opportunities in foreign markets.

To achieve its goals, the Nuclear Site Value Development can rely on a dynamic market and a flexible organization offering technical expertise backed by a real commitment to performance.

6.4.3.3. LOGISTICS BUSINESS UNIT

Key data

(in millions of euros)	2009	2008	2007
Revenue*	246	234	218
	1,171	876	874
Workforce at year end	employees	employees	employees

* Contribution to consolidated revenue.

Businesses

The Logistics business unit operates in two main areas:

- design and management of fabrication of casks and specialized equipment to transport and/or store radioactive materials;
- organization of radioactive materials transportation and supply chain management as needed, including that of the related equipment.

The Logistics business unit operates both in the front end and the back end of the nuclear cycle for commercial customers as well as for research reactors and laboratories.

The business unit was also tasked with the supervision of transportation for the AREVA group to ensure that operations are carried out in a safe and secure manner.

Manufacturing and human resources

Given the international nature of its business, the Logistics business unit has locations in three of the world's regions:

- in Europe, where the business unit's leading entity, TN International, has expertise in every aspect of logistics, possesses a large fleet of shipping casks, and carries out radioactive materials transportation, in particular through its subsidiaries LMC and Mainco. In France, the business unit has more than 1,000 employees, in areas including engineering, transportation, logistics and manufacturing;
- in the United States, where Transnuclear Inc. designs and sells storage casks to US nuclear utilities. Transnuclear Inc. operates out of Columbia, Maryland, in the Washington, DC metropolitan area, and Aiken, South Carolina. It has 90 employees;
- in Japan, where its subsidiary Transnuclear Ltd specializes in engineering, transportation management, and the maintenance and sale of reactor fuel casks. Almost 30 employees work in the company's Tokyo office.

The logistics business unit owns transportation equipment and operates road, rail and sea terminals. It may call on subcontractors that have been certified to performed specific tasks. The Logistics business unit acquired Mecagest in 2009 to supplement its manufacturing capacities for nuclear materials transportation and storage casks.

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To discharge its mission in supervising transportation activities in the AREVA group, the Logistics business unit has established an organization to analyze risks, develop and implement action plans and manage emergencies around the globe. Its monitoring center is able to obtain in real time all necessary information on shipments under its supervision.

Market and competitive position

The business of nuclear materials transportation and of the design of transportation and storage casks for nuclear materials is characterized by:

- the wide variety of materials involved;
- the competitive and global nature of the market;
- the existence of a stringent, ever-changing regulatory framework specific to each transport mode and to each country.

The business unit's sales in 2009 were divided as follows: 30% in North America, 22% in France, 19% in Asia, 7% in Germany, and 21% in the rest of Europe.

The market in which the Logistics business unit operates centers on the needs of electric utilities that operate nuclear reactors and on those of nuclear industries, such as mining, enrichment or recycling. To a lesser extent, it includes the special needs of nuclear research centers/laboratories and research/test reactors.

The Logistics business unit launched the design of new casks to meet demand for transportation and storage in the European market. The Logistics business unit also developed its offer of integrated management of the logistical chain. New contracts signed with AREVA group entities strengthened the business unit's position as a key player in securing supplies to the nuclear sites.

Activities related to the front end of the fuel cycle are deployed around the globe. In 2009, the business unit increased its share of the front end market with transportation organized for the Mining business unit and AREVA's fuel fabrication facilities.

For operations in the back end of the cycle, storage capacity requirements and the type and volume of materials transported vary from one country to the next, depending on installed nuclear generating capacity, the availability of fuel cycle facilities, and the option chosen by the utilities for the back end of the cycle:

- in Europe, the EDF group is the leading shipper of used fuel to the AREVA La Hague treatment plant. Italian operators and some research reactors ship used fuel to AREVA La Hague plant. Political decisions concerning the recycling of used fuel have created a large market for used fuel storage. The Logistics business unit is well positioned in this market, particularly in Belgium, Switzerland and Germany. The Logistics business unit established new logistical bases in France to meet the needs of its customers. These bases are located on-site in customer facilities or in new geographic areas, for instance in Void Vacon in the Meuse region (Eastern France), where the business unit contributes to the group's industrial

development initiative. The business unit organized 192 used fuel shipments from France and Italy to the La Hague site. The first drums of compacted metal waste were returned to the country of origin in 2009. The first shipments were made to the Netherlands and Switzerland;

- in the United States, where the fuel cycle is "open" or "once-through", the Logistics business unit is the market leader for dry storage of used fuel. It is also positioned in the transportation and supply chain market, both in the field of nuclear research and on AREVA group projects, such as the Eagle Rock enrichment plant.
- in Asia, AREVA's strongest presence is in Japan, which currently uses plants located in France and Great Britain to recycle its used fuel. Recycled fuel (MOX) and waste from used fuel treatment must therefore be shipped from Europe to Japan. To supplement recycling capacities currently being brought on line in Japan, used fuel storage capacities will be needed. This creates a market in which the Logistics business unit is aiming for a significant share. The business unit organized a sea shipment of MOX fuel from France to Japan on behalf of several Japanese utilities. This project marked the first electricity generated by recycled fuel in Japan. The Logistics business unit is also positioned on the Chinese market for storage racks for nuclear reactors.

The Logistics business unit is the world leader in both of its businesses and the only commercial entity to operate in every stage of the nuclear fuel cycle on an international level. It has a dozen key competitors in the various segments of the market – transportation, brokerage, transportation systems, casks and equipment, licensing – in the three leading regions of Europe, the United States and Japan.

In addition, the business unit strengthened its transportation supervision operations for the AREVA group in France and around the globe. New tools to analyze and manage the risk associated with transportation are being deployed. The business unit is now the setting the standard for all group entities in this field.

Relations with customers and suppliers

Customers

The Logistics business unit's customers are nuclear operators seeking solutions for radioactive materials transportation in both the front end and the back end of the fuel cycle, as well as for materials storage and management of their supply chain.

Through its entities, the business unit counts as its customers the majority of the world's utilities, research reactor operators, fuel cycle companies and institutes, and nuclear research centers and laboratories.

Suppliers

The Logistics business unit conducts three types of procurement: cask fabrication, maintenance and transportation services. For cask fabrication, the Logistics business unit selects suppliers in the

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steel-making, boiler making and machining industries. Strong and continually rising demand for mechanical construction makes it necessary to monitor worldwide production capacities closely. The equipment is maintained almost exclusively in the AREVA plants at La Hague and Marcoule. The Logistics business unit uses suppliers of all modes of transportation (rail, road, sea, air).

Operations and highlights

See Section 6.4.2. *Back End division*.

Outlook and development goals

The Logistics business unit is pursuing three major objectives:

- to support the strategy of AREVA's Back End division for the development of used fuel recycling;
- to supervise AREVA group shipments all over the world;
- to bolster its world leadership position in transportation and storage for the front end and back end of the nuclear fuel cycle.

The Logistics business unit intends to become a cross-business entity serving all sectors of the nuclear business. It wants to improve its commercial and operating performance by using proven project management and innovative management techniques. The business unit implements a proactive R&D policy. This growing budget is used to consolidate the business unit's expertise and develop areas such as radiolysis, thermal exchange or code calculations. For this purpose, the business unit developed partnerships with the CEA, CNRS and French and German universities.

In the area of sustainable development, the business unit strengthened its links with stakeholders at the local, national and international levels. In transportation and cask manufacturing, the business unit assesses the environmental impact of solutions proposed to customers in all instances. The equipment it acquires is always in full compliance with environmental regulations.

In Europe, the business unit is asserting its already solid position in the storage market and expanding its shipping services for the front end of the cycle and for research/test reactors.

In North America, the business unit plans to maintain its leadership position in storage and to capture a significant share of the transportation market.

In Asia, the objectives are to conquer significant market share in storage and to expand to the intercontinental transportation market for the front end.

The business unit also continues to develop new products for the EPR™ reactor, such as fuel storage racks, where the business unit offers expertise.

6.4.3.4. CLEAN-UP BUSINESS UNIT

Key data

<i>(in millions of euros)</i>	2009	2008	2007
Revenue*	115	104	98
Workforce at year end	2,317 employees	2,304 employees	2,376 employees

* Contribution to consolidated revenue.

Businesses

The Clean-up business unit provides global services and solutions to nuclear facility operators that are organized into five business lines:

- industrial operator;
- global on-site services;
- specialized maintenance;
- radiation protection and measurement;
- training.

These offerings encompass the following activities:

- outsourced operation of nuclear waste treatment facilities;
- clean-up and dismantling of shutdown facilities, in association with other AREVA business units, with operations ranging from scenario analyses to actual dismantling work;
- management and execution of jobsite logistics and/or support services at nuclear facilities and sites so that contractors can perform their work in compliance with all applicable nuclear safety, industrial safety and radiation protection regulations;
- special maintenance services, mechanical services, nuclear equipment and systems handling, and radioactive clean-up;
- consulting and/or project management services to nuclear operators concerning the selection of proven operations and maintenance solutions and for the design and execution of innovative operations;
- radiation protection and nuclear measurement services, including on-site technical assistance, verification of sources and radiation protection instruments, verification of ventilation and filtration systems, and consulting and support services;
- turnkey operation of laboratories dedicated to physical-chemical and radiological analyses;
- training for operations in a nuclear environment and skills management support to contractors.

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Manufacturing and human resources

The business unit provides services to almost all French nuclear sites. The majority of these services involve workers who are deployed at customer sites throughout the country.

The Clean-up business unit employs approximately 2,300 employees in six different companies, including STMI (800 employees), Polinorsud (700 employees), GADS (350 employees), ESI (220 employees), MSIS Assistance (200 employees) and Trihom (50 employees).

The business unit has expertise in the vast majority of techniques for low and medium level effluent and waste processing, volume reduction and safe packaging. Backed by its experience and its ability to innovate, the business unit is able to offer its customers cost-effective, demonstrated solutions.

The business unit has operated the environmentally regulated, AFAQ ISO 14001-certified Triade facility since 1994. There, it maintains machinery and equipment used in controlled areas, recertifies equipment, processes waste and dismantles tooling, both for its own account and for its customers. The business unit also makes facilities available to customers so that they may maintain their equipment in a secure environment.

The business unit invests heavily in employee training, with each employing receiving an average of 36 hours of training per year.

Market and competitive position

The Clean-up business unit operates almost exclusively in the French market, which represents about 660 million a year with 5% annual growth. Less than 2% of the business unit's sales come from the export market. The French market is driven by:

- new customer requirements, including greater reliance on outsourcing of operations and delegation of more responsibility to the service provider;
- the development of the Studies, Radiation protection safety and Measurement product lines, linked to new dismantling projects (EDF reactors in decommissioning mode, dismantling of the UP1 and APM facilities at Marcoule, dismantling of the UP2-400 plant at La Hague, denuclearization of the CEA site at Fontenay-aux-Roses).

The Clean-up business unit is the leader in France, with a market share of close to 25%. Its main competitor is the Onet group, followed by the nuclear divisions of the GDF Suez, Spie, Vinci and Bouygues groups.

Stiff competition and strong price pressures have prompted the Clean-up business unit to reconsider its commercial position, and it is now evolving towards global, higher value-added services that capitalize on the experience and skills of its six companies while joining with new partners.

Relations with customers and suppliers

Customers

Most of the Clean-up business unit's customers are nuclear energy companies: utilities, fuel cycle companies, and companies that work with nuclear waste, such as Andra, the CEA and the EDF group. It also operates in Belgium for Electrabel, more specifically at the Tihange site.

The business unit has taken into account comments received during the customer satisfaction survey carried out by AREVA in 2008 and deployed an improvement plan focused on the following themes in 2009:

- improving communications addressing the business unit's product and service innovations;
- improving the negotiating process to improve marketing efficiency, while providing more flexibility to the sales team;
- presenting the case for and improving the transparency of the business unit's pricing policy, by disclosing more clearly its positioning, which tends to be in the upper range compared with competitors. On the other hand, compared with most competitors, the business unit is recognized for excellence in many areas.

Suppliers

In line with the master plan of the AREVA group's Purchasing department, the Clean-up business unit is rolling out its long-term partnership-based subcontracting plan, with activities under way concerning OMS, Ortec and Aris. This outsourcing plan is geared towards optimizing and retaining the existing supplier list so that the Clean-up business unit can offer customers global, integrated services.

Sustainable development

In 2009, the Clean-up business unit maintained its ISO 9001 quality certification and OHSAS 18001 occupational health and safety certification in all four business lines: Industrial Operations, Global Site Support Services, Analysis-Radiation Protection-Measurement, and Specialized Maintenance.

The Clean-up business unit is the first in the group to be certified for all of its industrial operations as a business unit rather than company by company.

The accident frequency rate improved considerably. The Clean-up business unit achieved major progress in the last five years, bringing the frequency rate from 20 in 2004 to 4.5 at end 2009.

The Clean-up business unit will deploy all the resources necessary to achieve zero accidents.

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Operations and highlights

See Section 6.4.2. *Back End division.*

Outlook and development goals

The business unit has been growing at a rate of more than 5% per year for several years.

The Clean-up business unit will grow by expanding its activities while widening the scope of its offering to include high value-added services.

Underpinning the business unit's global offering will be its in-house skills and the development of partnerships for operations where it is less competitive.

In radiation protection, the business unit will focus on developing the Studies, Radiation protection safety and Measurement product lines, in the framework of major dismantling projects at CEA and AREVA sites.

The Clean-up business unit is strengthening its expertise in order to expand its Specialized Maintenance product lines focused on valve maintenance, non-destructive testing (in partnership with the Plants and Nuclear Services business units) and the maintenance of rotating machines.

6.4.3.5. ENGINEERING BUSINESS UNIT

Key data

<i>(in millions of euros)</i>	2009	2008	2007
Revenue*	41	45	59
Workforce at year end**	1,567 employees	1,454 employees	1,393 employees

* Contribution to consolidated revenue. Sales to the AREVA group represent nearly all of the business unit's revenue.

** In 2007, the workforce includes the engineering operations of AREVA NC Inc., which have been included in the Recycling business unit since 2008.

Businesses

Engineering business unit operations include:

- nuclear fuel cycle engineering; and
- mechanical systems integration.

The Engineering business unit provides new facility design and construction services to worldwide nuclear operators as well as modifications to and optimization of existing facilities. It also provides operating support in areas such as safety analysis, modeling and equipment maintenance.

The business unit operates primarily in the front end and back end of the nuclear fuel cycle. Its engineering services encompass every stage in the plant life cycle:

- process development;
- design and installation of special equipment;
- project implementation, including project management, procurement, construction, testing and startup;
- operating support; and
- facility dismantling and site rehabilitation programs.

The Engineering business unit's almost 50 years of expertise and process development for nuclear fuel cycle facilities translate into high added value and unique operating experience for its customers.

Through its operating units in France and the United States, the Engineering business unit is active in every country with a nuclear power program. The Engineering business unit is a partner for commercial nuclear facility operators, directly or indirectly, in France and internationally.

Manufacturing and human resources

The business unit's personnel provide:

- engineering services, including design, procurement, construction management and testing;
- fabrication and assembly services as a mechanical systems integrator; and
- construction and onsite testing.

The business unit also has a development and testing laboratory in northern France.

In France, the business unit has three regional offices in Saint-Quentin-en-Yvelines, in northwestern France near the La Hague plant, and in southeastern France near the Marcoule and Pierrelatte sites.

In light of its rising workload and project diversification, the business unit is engaged in a proactive, sustained recruitment program aimed at augmenting skills in its core business and rejuvenating the age pyramid. Approximately 220 new employees were hired in 2008 and 174 were hired in 2009 under this recruitment policy. Two thirds of the new employees were beginners or had only one previous professional experience; the others were experienced engineers and experts.

Market and competitive position

The Engineering business unit is a major player in nuclear fuel cycle engineering at the international level. The highly competitive market is spread out over several geographical areas and divided between different stages of the fuel cycle. The business unit is the world leader in the fields of uranium defluorination, used fuel treatment and recycling of reusable materials.

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The renaissance of nuclear power throughout the world has created an upsurge in demand for engineering services as new design and construction projects are launched, particularly in the front end of the cycle, with project management services for the group's mining projects, construction of the Georges Besse II enrichment plant, new construction in uranium chemistry at the Tricastin and Malvési sites, and construction of a defluorination plant in Russia. Excluding the group's facilities, the business unit's activities in the back end of the cycle primarily involve optimization of existing plants and extension of their service life, as in the case of British Nuclear Group's Waste Vitrification Plant at Sellafield, and international projects in China and the United States for the design, licensing and commissioning of recycling plants.

Relations with customers and suppliers

Customers

The Engineering business unit's main customers in France are:

- AREVA group business units involved in the nuclear fuel cycle: the Engineering business unit provides field services to the nuclear operators of the La Hague, Pierrelatte and Marcoule sites and is involved in all capital projects to improve production plant performance or increase plant capacity. It also supports the group's mining projects via TSU Projects, a joint subsidiary with Technip established in 2008;
- CEA and the EDF group for decommissioning, effluent retrieval and processing, and waste management;
- French radioactive waste management ANDRA for studies related to waste management and disposal.

Internationally, the business unit's main customers are:

- the DOE in the United States for MOX fuel and waste management;
- the Nuclear Decommissioning Agency (NDA) in Great Britain; and
- JNFL in Japan for the supply of equipment and startup assistance for the Rokkasho Mura used fuel treatment plant.

Suppliers

The Engineering business unit seeks out synergies with other AREVA group companies to satisfy the procurement requirements of its customers or for its own account. In France, outside the group, it uses a regularly audited selection panel set up for each specialty. Internationally, it searches for suppliers and partners locally based on project requirements.

Operations and highlights

See Section 6.4.3. *Back End division*.

Research & Development and Innovation

The Engineering business unit contributes to the AREVA group's R&D effort, particularly in the back end, by producing preliminary designs or submitting innovative proposals. The business unit's Beaumont-La Hague equipment development and testing facility employs more than 30 engineers and technicians specialized in chemical and mechanical engineering. The business unit's technical department is comprised of 20 experts who serve as consultants both for AREVA group entities and for external customers.

Sustainable development

Going beyond recurrent continuous improvement initiatives, such as the AREVA Way self-assessment, the Engineering business unit has launched a multiyear program to support AREVA group industrial projects. The program's goals are:

- to improve the economic performance of projects (for instance cost optimization using a systematic "design-to-cost" approach);
- to integrate environmental objectives (development of eco-design approaches: eco-design of facilities to include the complete life cycle of the facilities, "green projects", etc.); and
- to integrate the social and societal dimension of the projects (intensive program to improve on-site safety for instance).

This effort will continue in 2010 with an initiative on ergonomics and the visual impact of facilities.

Outlook and development goals

The Engineering business unit's workload grew by more than 30% from 2007 to 2009. This growth stems chiefly from new construction, but also from life cycle extension and optimization of the AREVA group's production plants. This level of workload is expected to continue over the short term, paralleling the group's major construction programs. In particular, the Engineering business unit will deploy the necessary resources to provide project management support for the Mining business unit's uranium production capacity development projects in Africa.

At the same time, the business unit plans to pursue international business in support of AREVA's development projects, particularly in China, the United States and the United Kingdom.

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→ 6.5. Discontinued operations: AREVA Transmission & Distribution (T&D)

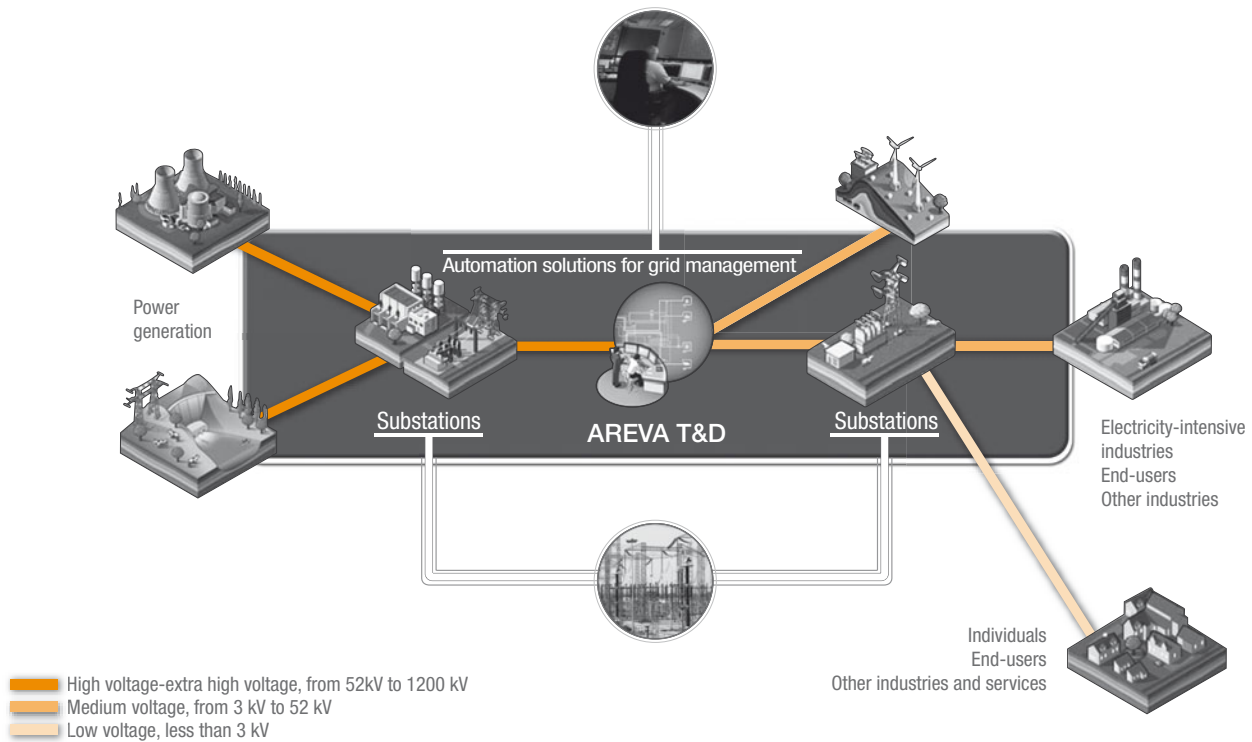
6.5.1. OVERVIEW

6.5.1.1. A FEW FUNDAMENTAL CONCEPTS FOR AN UNDERSTANDING OF THE TRANSMISSION AND DISTRIBUTION BUSINESS

The electric power supply system consists of transmission lines and their connections to power plants and substations. Electricity is generated at a relatively low voltage (10,000 to 25,000 volts). The voltage is increased before electricity is transmitted over high voltage lines (230 kV to 765 kV) to reduce power losses due to excessive heat. With high voltage, electricity can be transmitted over long distances at low cost.

The electricity then enters a medium voltage distribution system via a substation, which reduces the voltage to 120 or 240 volts for use by the consumer.

The deregulation of electricity markets and the need to transmit electricity across borders require the development of new interconnections between power systems operated by different companies.



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BUSINESS OVERVIEW

Discontinued operations: AREVA Transmission & Distribution (T&D)

6.5.1.2. TRANSMISSION AND DISTRIBUTION MARKET OVERVIEW

The power transmission and distribution market includes three main activities:

- the design and construction of electrical system hubs, i.e. substations;
- the supply of equipment used in these substations, including transformers, disconnectors, circuit breakers, measurement instruments and protection relays; and
- the supply of software to manage these systems.

Drivers for demand

The underlying factors in demand for transmission and distribution system equipment are structural in nature and linked to favorable long term trends.

Rising global electricity consumption: Population growth, access to better standards of living for a growing number of people and rising industrial production all require that more electricity be produced and delivered to end users. Power grids must be expanded and strengthened to accommodate those needs. Demand is particularly strong in large countries undergoing intensive development, such as India and China.

Greater awareness of environmental issues: the search for higher yields from renewable energies and the growing use of distributed energy sources mean that huge investments must be made to ease grid evolution. These initiatives are a source of opportunity for the sale of products and systems integrating power electronics and the most advanced grid management innovations, which increasingly rely on digital technology.

The need to increase the reliability of supply: Capital spending projects are driven to a large extent by the development of interconnections between power systems, not at the national level, but on the continental scale, and by the need to replace existing equipment or increase its reliability.

Market trends: Deregulation and the development of competitive markets are stimulating capital investment in power systems, as long as this investment can be covered by reasonably clear and stable rate regulations.

Obsolescence of electrical systems in developed countries: Many existing components are nearing the end of their life cycles in North America, Europe and Australia. A growing number of blackouts and other dysfunctions may be anticipated as a result.

Smart grids: Smart grids are energy efficient and limit greenhouse gas emissions. The need for stable electric power supply systems and the development of renewable energies will fuel demand while generating new challenges. These trends will be supported by the

development of high voltage direct current (HVDC) connections, the shift in demand towards eco-products, and the development of new products to match supply and demand on the grid, manage information and improve distribution systems.

Market segmentation

The T&D market includes four market segments:

- transmission, which involves transporting electricity from the power plant over long distances and at high voltages ranging from 110,000 volts to 8,000,000 volts. The demand for transmission is almost entirely from integrated power generating companies and power transmission utilities. Some industrial sites that use large quantities of electricity, such as aluminum producers, may be connected directly to the transmission system;
- distribution, which involves delivering medium voltage power (generally less than 100,000 volts) to local low voltage power distribution systems;
- power generation (wind, hydro, thermal, solar and nuclear); and
- industry:
 - oil and gas,
 - mining and metals, and
 - railroads and airports.

Market trends

With solid and stable growth of almost 6% per year over the past ten years, the transmission and distribution market is more resilient in down cycles than other markets.

Still, the market sagged by about 7% during the economic downturn of 2009, mostly because of declining prices. The impact of the crisis varies by country and by market segment:

- the real estate crisis had a strong impact on the distribution segment, which was also impacted by a significant drop in industrial Capex, particularly in the Mining and metals sector;
- the transmission segment resisted well, thanks to opportunities created by government stimulus plans.

In spite of the crisis, the T&D market will enjoy sustainable growth driven by the modernization of distribution systems, new interconnections, the need to connect new power generating facilities (sometimes over long distances), the emergence of renewable energies and the quest for energy efficiency. Each of these factors will contribute to long-term growth on the T&D market. As the third largest player in the transmission and distribution market, AREVA T&D is ideally positioned to capitalize on these trends. The weighted average annual growth rate of AREVA T&D operations rose by 11.5% over the 2004 to 2009 period. Market recovery is expected, starting in 2010.

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Competitive position

Three main players dominate the global transmission and distribution market: ABB (21% market share), Siemens (19% market share, including VA Tech) and AREVA T&D (11% market share). Other competitors – Schneider, GE, XD Group, etc. – have a global market share of less than 5%. The combined market share of the top three companies rose from 35% in 2003 to 51% in 2009.

AREVA's offering meets all requirements on the T&D market, be it for products, services, power grid management systems or turnkey facilities. In 2009, the T&D division confirmed its return to the high voltage direct current market (HVDC) and consolidated its position as a trailblazer in smart grids.

Year after year, AREVA T&D strengthened its position as a market leader in six main sectors: HVDC, shielded equipment, energy production solutions, instrument transformers, disconnectors, and energy management systems. Since 2006, AREVA T&D has the largest installed base in ultra high voltage alternating current.

6.5.1.3. OVERVIEW OF OPERATIONS

The Transmission & Distribution operations design and manufacture products and systems to manage power grids and transmit and distribute electricity from the power plant to the end-user. It installs complete systems and supplies services for every market segment: transmission, distribution and power-intensive industries. Solutions offered by the division are used to operate power grids reliably, consistently and in an environmentally friendly manner. These solutions help reduce greenhouse gas emissions while maximizing energy efficiency. They also facilitate interactions with users for improved electricity market management.

To meet and exceed customer requirements and expectations, the Transmission & Distribution division organized its offering to serve four major market segments, as described in the section on market segmentation: transmission, distribution, power generation and industry.

AREVA T&D generated 5.474 billion euros in revenue in 2009. The third largest player on the electricity transmission and distribution market, the division offers a unique integrated model.

Recognized for its technology, particularly high voltage systems, AREVA has 31,627 employees around the globe. It operates 76 manufacturing sites in 36 countries and manages an international sales force active in more than 100 countries. The division's international sales network consists of nine regions. Key account teams are responsible for the four main accounts.

AREVA T&D business units

The division consists of three business units: Products, Systems and Automation, and one product line: Services:

- the Products business unit designs and manufactures products for electricity transmission and distribution systems. It offers a complete range of high and medium voltage products to transport electricity from the power plant to the end user;
- the Systems business unit designs and builds turnkey substation projects and power electronic equipment for the electricity transmission and distribution market;
- the Automation business unit manufactures and installs solutions for real-time power grid control and operation;
- the Services product line provides services to customers to support AREVA T&D products and systems throughout their lifecycle (installation, maintenance, repairs, training and expertise).

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BUSINESS OVERVIEW

Discontinued operations: AREVA Transmission & Distribution (T&D)

	Products	Systems	Automation	Services	
Overview	<ul style="list-style-type: none"> High voltage and medium voltage electricity transmission: shielded equipment and substations, circuit breakers, power transformers and instrument transformers, and disconnectors. Primary and secondary medium voltage electricity distribution: compact transformer substations, distribution transformers, circuit breakers, distribution switchboards and instruments. 	<ul style="list-style-type: none"> Turnkey substation projects: integration of high and medium voltage products such as transformers, supervisory control and protection systems, but also telecommunication systems and services. Power electronics. 	<ul style="list-style-type: none"> Essential solutions for transmission, distribution and industries using large quantities of energy. 	<ul style="list-style-type: none"> Renovation of substations and equipment, training, repairs and maintenance, including global solutions for long term facility maintenance. 	
Main offering	<ul style="list-style-type: none"> Shielded instruments Disconnectors Instrument transformers Generator circuit breakers Circuit breakers Power transformers Distribution products 	<ul style="list-style-type: none"> High voltage direct current (HVDC) Specialty power systems Flexible alternating current transmission systems (FACTS) 	<ul style="list-style-type: none"> Power grid management systems: energy management systems, electricity market management solutions and electricity distribution management systems. Substation automation solutions for supervisory control systems and protection relays. 	<ul style="list-style-type: none"> Installation and startup Spare parts On-site services Maintenance Warranty Repairs, renovations and upgrades Consulting 	
2009 orders <i>(in millions of euros)</i>		3,092	2,017	493	306
2009 revenue <i>(in millions of euros)</i>		3,009	1,660	505	299

Geographic footprint and redeployment of the industrial base

AREVA T&D has initiated a program to locate its manufacturing facilities near customers, depending on the type of demand. Approximately 70% of the division's production came from Europe in 2004. As a result, many regions were not served by local facilities, such as China. This percentage dropped to slightly below 56% in 2009, with Asia contributing 24% compared with 15% five years earlier. This redeployment yielded many commercial and financial benefits. AREVA T&D invested heavily to strengthen its presence in large emerging markets while modernizing existing manufacturing facilities and increasing productivity, particularly in Europe.

Europe and North America account for less than 30% of the global market, while China, India, the Middle East and other emerging

markets now represent more than two-thirds of demand and the strongest growth. These emerging markets form the most important market for long-term investment in power generation. China currently represents 24% of all new orders on the global market, while the Middle East represents 12% and Latin America and India 6% each.

The division leapfrogged the competition in India and is ranked second in Europe and Africa. Its market share decreased slightly in the Near and Middle East, where it was market leader in 2007. The division ranks third in all other regions except Brazil, where it ranks second.

India, China and Brazil represent a growing share of the transmission and distribution business, with a 27% combined share of the backlog compared with 9% in 2004.

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6.5.2. REPOSITIONING SINCE 2004

In January 2004, AREVA acquired Alstom's Transmission & Distribution division and renamed it AREVA T&D. Since then, AREVA T&D management has successfully steered the company's turnaround and made it a market leader.

The three-year improvement plans implemented by AREVA T&D management since 2004 were instrumental in turning the company around. For example, operating margin came to 7.4% in 2009 compared with -3.2% in 2004. The division's return on capital employed increased significantly as well.

This financial performance is the product of several initiatives undertaken after a thorough analysis of the company and its competitive position by country and by market segment. The company's operating structure and corporate governance were also reorganized to streamline the division's operations. The eight marketing segments existing in 2004 were combined into four collaborating business units. This reorganization yielded many benefits:

- improved visibility across the division's product offering;
- improved efficiency in reporting and internal controls;
- optimized marketing by market segment and by country.

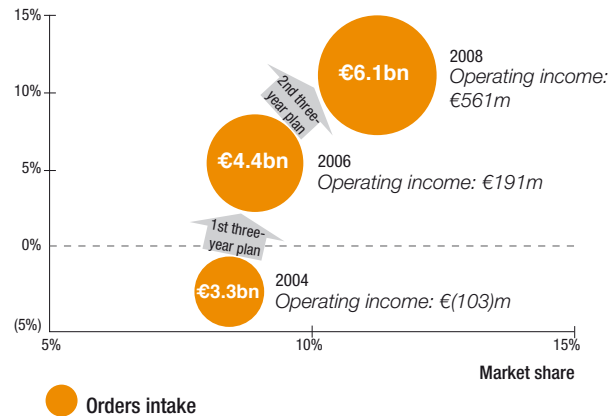
The initial three-year plan launched in 2004 focused on restructuring the division to improve financial performance rapidly. AREVA T&D reduced costs by 400 million euros between 2005 and 2007, the equivalent of 12.5% of 2005 revenues.

After successful completion of the first improvement plan, AREVA T&D decided to launch a second three-year plan for the 2007 to 2009 period. The second plan focused on profitable external growth to expand the company's global reach while improving its competitive position in the most attractive regions. For example, AREVA T&D developed a series of partnerships and joint ventures in emerging markets such as India and China while deploying an ambitious external growth strategy. In all, the division acquired 17 businesses during the 2006 to 2009 period. The division's success story in India, where it became the market leader in 2008, is a good illustration of the deployment of this growth strategy.

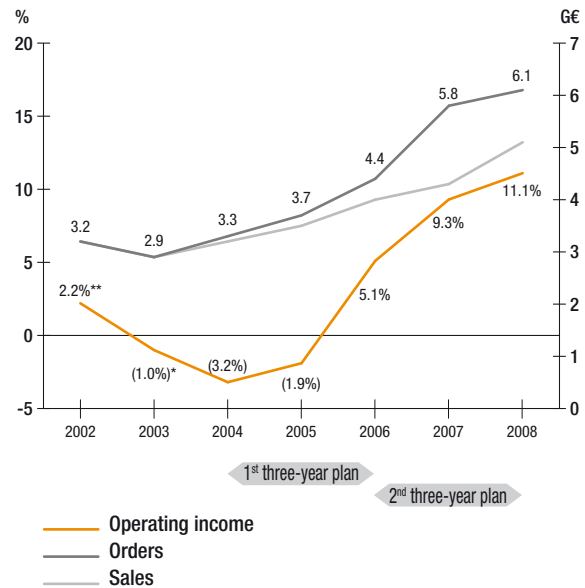
The division's second improvement plan yielded almost 388 million euros in total savings for the duration of the plan, significantly outperforming the company's initial goals.

6.5.2.1 DRIVERS FOR TURNAROUND, 2004-2008

Profitability (Operating excellence)



Source : 2002-2003 : Alstom, 2004-2008 : AREVA T&D.



Source: 2002-2003: Alstom, 2004-2008: AREVA T&D.

* Pro forma balance, adjusted at opening.

** Source: Exane.

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BUSINESS OVERVIEW

Discontinued operations: AREVA Transmission & Distribution (T&D)

The three-year improvement plans rest on five major initiative areas:

- governance;
- redeployment of the industrial base;
- competitiveness;
- innovation;
- external growth.

Action plans deployed over the period yielded 400 million euros in additional profitability.

Governance

AREVA T&D implemented its improvement plans in a disciplined manner while monitoring results to ensure sustainable improvement.

The division adheres to the AREVA group's continuous improvement process, which is based on ten commitments, including governance. AREVA T&D is committed to managing its activities responsibly and in compliance with the AREVA group's values, with a fair assessment of its performance and accurate reporting to shareholders and all stakeholders.

The division also developed specific processes and tools such as T&D performance indicators, audits, compliance letters, a business risk model, financial audit reviews market assessments, strategic planning, assessment and knowledge, proposal review committees, project management methods, a Lean Six Sigma program and employee satisfaction surveys.

Redeployment of the industrial base

AREVA T&D launched a program to locate its industrial facilities near customers.

Approximately 70% of the division's production was located in Europe in 2004. Thus, many regions were not served by local facilities, such as China.

To strengthen its presence in large emerging markets, AREVA T&D implemented a major capital program including acquisitions and industrial Capex totaling 567 million euros over the 2005-2008 period.

A third of these investments focused on China and India, which are becoming increasingly important to the company's strategy. The capital program was also used to modernize existing production facilities and improve productivity, particularly in Europe.

Competitiveness

Process efficiency

Since 2004, AREVA T&D has been implementing an action plan to reduce costs and improve productivity. AREVA T&D launched a major initiative to restructure its manufacturing processes. The goals are to standardize the technology, improve manufacturing processes, simplify product design, reorganize project management and improve cost efficiency. Initiatives targeting the supply chain and lean manufacturing were implemented in most production units. The goals were better schedule performance and reduced lead times, identification of potential cost savings, and reduced accident frequency rates.

The deployment of lean manufacturing at AREVA T&D sites, the creation of new sites and the expansion of existing sites yielded significant results across the division's 76 industrial sites.

Health, safety and the environment are an absolute priority for AREVA T&D. Consistent with AREVA's sustainable development policy, AREVA T&D is committed to improving its performance in risk prevention and protection of the environment.

For example, the number of work-related accidents dropped from 405 for more than 24,000 employees in 2003 to 139 for approximately 30,000 employees, while the accident frequency rate (number of accidents with lost time per million hours worked) dropped from 11.8 in 2003 to 2.9 in 2008.

Portfolio optimization

AREVA T&D also placed innovation and R&D at the forefront of its optimization plan. Approximately 600 million euros were invested over the 2004-2008 period to bolster the company's competitive position.

The division also focused on decreasing its manufacturing costs using optimized product design methods.

Optimization of sourcing

The optimization of sourcing was identified as an essential tool for improving competitiveness. AREVA's main objective in relocating sourcing to low-cost countries was to transfer technologies while ensuring compliance with international standards of testing and quality excellence.

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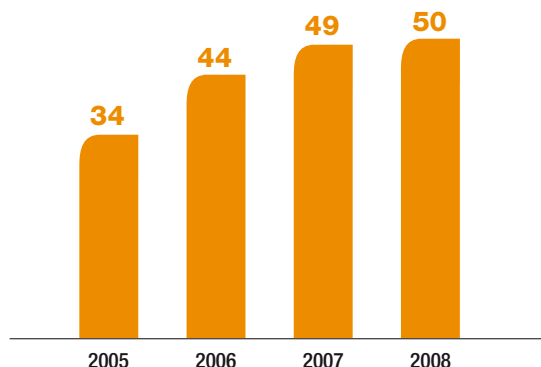
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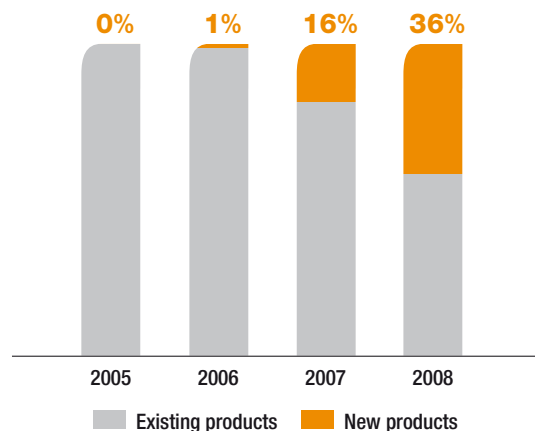
Innovation

Innovation played a major role in developing the T&D product portfolio. New products were launched to strengthen AREVA T&D's competitive position and meet new challenges (energy efficiency, noise standards, etc.), while maintaining or improving profit margins.

→ **GROWING NUMBER OF NEW PRODUCT LAUNCHES**



→ **RISING SHARE OF BUSINESS RELATED TO NEW PRODUCTS**



AREVA T&D increased its R&D spending considerably over the past few years while strengthening its internal development processes. The growing number of software licenses granted and patents registered by the company illustrates the success of this R&D policy. AREVA T&D holds 1,802 patents in 33 countries, including 500 original patents.

External growth

Strategic acquisitions in selected markets have been one of AREVA T&D's key drivers for growth. The division implemented an ambitious external growth program in the past few years, including strategic alliances, joint ventures and acquisitions targeting international leaders specialized in selected products.

→ **SELECTED AREVA T&D ACQUISITIONS, PARTNERSHIPS AND JOINT VENTURES (2006-2008)**

Date	Target/joint venture	Activity
2006	Ritz (High voltage business)	Manufacturer of HV instrument transformers (United States) – €50 m in revenue
2007	Passoni & Villa	Manufacturer of HV bushings (Italy) – €26 m in revenue
2007	VEI (Distribution business)	Manufacturer of power distribution equipment (Italy) – €46 m in revenue
2007	Joint venture with Sunten Electric Co	Chinese leader for dry-type transformers
2007	Joint venture with United Company Rusal	Supplier of electrical equipment and services for turnkey projects in Russia
2007	Nokian Capacitor	Manufacturer of reactive power compensation systems (Finland) – c. €55 m in revenue
2008	Joint venture with Wuxi Hengchi	Disconnectors
2008	Waltec Equipamentos	Manufacturer of dry-type transformers and low and medium voltage switchgear (Brazil) – c. €32 m sales
2008	Strategic alliance with General Electric Consumer & Industrial	Turnkey electrical solutions in power generation, metal mining, mineral processing and material handling
2008	Joint venture with Xiamen Huadian	Equipment
2008	Joint venture with Lee Keen	Disconnectors/Primary distribution
2008	Joint venture with Beijing Yuli Lian'Ou	Disconnectors
2008	Joint venture with Juangsu Jinxin	Equipment
2008	Strategic alliance with Shanghai Electric Group (SEC)	Two new JVs in transformers – approvals pending

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BUSINESS OVERVIEW

Discontinued operations: AREVA Transmission & Distribution (T&D)

6.5.2.2. STRATEGY IMPLEMENTED IN 2009

In 2009, AREVA T&D focused on five key priorities:

- to be Chinese in China: AREVA invested in R&D and developed local production capacities to expand in China, which represents 24% of the global T&D market;
- to be a global leader in technology: AREVA is pursuing an innovation strategy to set industry standards;
- to be a trusted partner for T&D customers: as an advisor to its customers, AREVA helps them define their equipment needs and manage their industrial assets efficiently;
- to be an industry solutions provider: AREVA is expanding its offering for industrial customers;
- to be the employer of choice in T&D: AREVA wants to attract and retain the best talent and experts in high-growth market segments and regions.

To be Chinese in China

China is expected to become the most attractive T&D market, in the short term as in the long term. Bolstered by substantial government stimulus programs and other structurally favorable factors over the medium term, China's T&D market is expected to experience 5% annual growth over the 2010 to 2015 period.

Several initiatives launched in recent years were confirmed in 2009:

- local manufacturing footprint: AREVA T&D invested close to 150 million euros, corresponding to 30% of the division's total Capex over the 2006-2009 period, to build a strong manufacturing platform: 13 of the division's 19 manufacturing plants were built during the 2006-2009 period;
- local partnerships: since 2007, AREVA T&D has established several partnerships and joint ventures with reputable local manufacturers (see sections 6.5.2.1. and 6.5.2.2.2.). This policy has produced many benefits:
 - development of the customer base and leveraging of the sales network (e.g. Xiamen Huadian in primary distribution),
 - increased manufacturing capacity for select products,
 - increased security of supply for essential components and expansion of local sourcing,
 - development of new technologies;
- innovation: in 2009, AREVA T&D continued to develop its local R&D platform to rapidly achieve "Invented in China" capabilities to complement the "Made in China" model. For example, AREVA T&D launched the construction of the state-of-the-art China Technology Center (CTC) in Shanghai.

To be a technology leader

AREVA T&D's objective for 2009 was to increase awareness of the company as a technology leader through continuing innovation, the development of industry standards and game-changing technologies, including ultra high voltage and smart grid solutions.

AREVA T&D customers, including power system operators and industrial clients, are facing growing challenges requiring high-tech solutions to:

- improve the reliability and stability of interconnected power distribution systems against a backdrop of strong growth in renewable energies requiring integration;
- address environmental issues, particularly to reduce carbon emissions and deploy renewable energies;
- improve the energy efficiency of power distribution systems as resources become scarcer and more expensive;
- allow operators to manage deregulated energy markets more efficiently while allowing end users to manage their use of energy more actively.

In 2009, AREVA T&D focused on R&D and strategic partnerships with leading universities around the globe to further develop its R&D activities and capitalize on academic expertise.

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To be a trusted partner for T&D equipment and solutions

The division's key priority for 2009 was to become a partner for its main customers in the management of their equipment and the development of solutions, in the framework of a relation based on consulting. This objective is particularly relevant in the current changing environment defined by:

- growing demand for network optimization, driven by the need to improve quality, reliability and efficiency;
- the rise of distributed power generation (emergence of alternative energies, new power generation players) and the rapid progress of smart grid technologies, triggering new requirements for grid design and grid management systems;
- lack of visibility on future price trends and the increasing difficulty of evaluating investment yields on expensive assets.

To effectively assist its customers with the management of their T&D equipment and solutions, AREVA T&D has defined a number of initiatives, summarized as follows:

- reinforce the division's Key Account management program, expanding it to the 200 largest customers (close to 60% of total sales);
- deploy the division's network consulting activities before new projects. For instance, a good understanding by the customer of available solutions (e.g. value added from the implementation of FACTS solutions) is likely to be beneficial and generate additional

revenues in the near to longer term. In this respect, AREVA T&D developed a comprehensive offering including consultancy on network expansion, network technical performance improvement, stability and security improvement and network components life-time and performance optimization;

- develop the division's range of services throughout the product lifecycle, from installation, startup and maintenance to retrofit and Ecofit (environmental and economic efficiency improvements). AREVA T&D has started to develop a dense network of local service centers distributed across ten regions to enhance customer proximity and efficiently deploy the services offering. In this respect, the division recently announced two acquisitions in geographic areas where it did not have the required service presence: Powermann to strengthen its high voltage presence in the UK, and RB Watkins to reinforce its installation, maintenance and repair capabilities for power transformers in the US.

To be an industry solutions provider

In order to become a global industry solutions provider, AREVA T&D's objective for 2009 was to enhance its position in industrial markets, establishing the division as a reference supplier with comprehensive and high value-added solutions delivered to industrial customers. AREVA T&D's objective was also to grow its presence in the railway industry and the electricity-intensive industries, such as Oil and Gas or Mining and Metals.

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BUSINESS OVERVIEW

Discontinued operations: AREVA Transmission & Distribution (T&D)

To be the employer of choice in the T&D sector

One of AREVA T&D's key priorities in 2009 was to attract and retain the best talent and experts in high growth-market segments and regions. Several HR initiatives were implemented to identify, attract and retain qualified resources, including initiatives to:

- develop strategic partnerships with leading universities, for instance in the framework of research programs;
- increase access to specific programs such as Campus Management, Fresh Graduates and Fast Track programs, and deployment of HR professionals;

- develop AREVA T&D's "value proposal" for potential recruits (high performance, inspiring mission, pay for performance, flexibility);
- develop career management through continuous training programs (e.g. excellence in leadership, fellowship) and a dedicated People Development and Career Management center;
- reinforce staffing centers and create training hubs (India, China) for accelerated training.

6.5.3. 2009 HIGHLIGHTS AND PERFORMANCE

Against a backdrop of economic slowdown, the T&D market shrank by about 7% in 2009, mainly due to price erosion. The crisis is affecting countries and market segments differently.

- The distribution segment is strongly impacted by the real estate crisis and a significant drop in industrial investment, particularly in the Mining and Metals sector.
- The transmission segment held up well, driven by opportunities related to government stimulus plans.

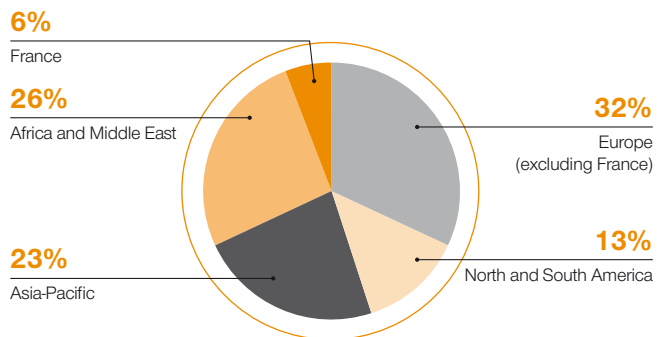
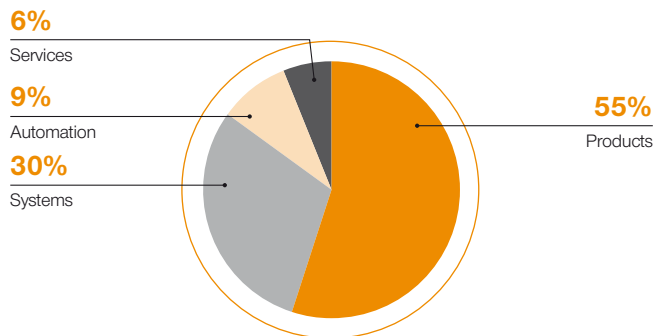
6.5.3.1. KEY DATA

(in millions of euros)	2009	2008**	2007**
Revenue*	5,474	5,065	4,335
Operating income	405	561	397
Workforce at year-end	31,627 employees	29,966 employees	25,248 employees

* Contribution to consolidated revenue.

** 2008 and 2007 are restated for the contribution of the bioenergy business held by AREVA T&D's Indian subsidiary, AREVA T&D India Limited, which was previously recognized by the Reactors & Services division.

→ 2009 REVENUE BY BUSINESS UNIT ⁽¹⁾ AND REGION



(1) Sales of the Products BU, Services BU and Automation BU made by the Systems BU are recognized as Systems BU revenue

6.5.3.2. MAJOR CONTRACTS IN 2009

Major contracts valued at more than 20 million euros per contract signed by AREVA T&D in 2009 are as follows:

- **Indonesia:** The Indonesian power company PLN awarded AREVA T&D a contract of more than 70 million euros for three packages for the construction and startup of 15 150kV turnkey air insulated substations (AIS) and gas insulated substations (GIS) for the Java power grid;
- **India:**
 - AREVA T&D won a contract worth almost 40 million euros with Hindalco Industries, India's main aluminum producer, for the supply of a 220 kV conversion substation for aluminum smelters in Rengali and Mahan. AREVA T&D will design, supply, build and start up five 100kA, 1650V direct current rectifier substations,
 - AREVA T&D won a contract worth more than 25 million euros with India utility Lanco Infratech Limited for the supply of 765kV turnkey substation additions for the Anpara 600 MW thermal power station;
- **South Korea:** AREVA T&D won a contract worth more than 80 million euros with South Korean utility Kepco to supply rectifier stations for a 400 MW High Voltage Direct Current (HVDC) link between South Korea's Jeju Island and the mainland;
- **Germany:** Vattenfall awarded a contract worth more than 35 million euros to AREVA T&D for the construction and startup of the Mooburg power plant exit substation;
- **Bahrain:** As part of its 2007-2011 development plan, the Electricity and Water Authority (EWA) awarded 3 contracts to AREVA T&D for a total amount of more than 150 million euros for the supply of 220kV power transformers and distribution transformers and for the construction and startup of 29 66kV substations, including 6 GIS with F35-3 bays;
- **Canada:** AREVA T&D won an engineering and procurement contract worth almost 60 million euros to supply an air insulated substation to Manitoba Hydro for the Riel power plant east of Winnipeg. The project is part of Manitoba Hydro's Riel Reliability Improvement Initiative, which aims at improving the reliability of electrical transmission to Winnipeg and Southern Manitoba;

- **Switzerland:** AREVA T&D won a contract worth almost 30 million euros with Forces Motrices de Mauvoisin SA to deliver a 245kV turnkey substation for the hydroelectric power station of Riddes;
- **Brazil:** AREVA T&D won the Rio Madeira project, worth almost 300 million euros. This project has two components:
 - 2 HVDC substations to be installed in Porto Velho (State of Rondônia) and Araraquara (State of San Paulo),
 - 28 HVDC power transformers;
- **United Arab Emirates:** Dubai Electricity and Water Authority (DEWA) awarded to AREVA T&D a contract worth almost 200 million euros for eleven 132/11kV substations;
- **Australia:** Chevron, a large industrial power user, awarded AREVA T&D a contract worth 150 million euros for the Gorgon project in Australia. The project includes two components:
 - the supply of primary & secondary distribution equipment including 33kV switchgear, compact substations and distribution transformers,
 - the supply of a 132/33kV turnkey substation, power transformers and a primary distribution switchgear.

6.5.3.3. ACQUISITIONS AND PARTNERSHIPS IN 2009

AREVA T&D completed several acquisitions to complement its offering and strengthen its market position:

- RB Watkins Inc. of the United States was acquired to boost the ability of the Services product line to provide transformer maintenance and repair services;
- NxtPhase, also in the United States, holds breakthrough technology for optical sensors. This acquisition will strengthen AREVA's leadership position in the instrument transformer business, with new technology including optronics and digital sub-stations;
- Megatran of Canada was acquired to establish an industrial base for power transformers in North America. The company, which has a long-term contract with Hydro-Quebec, will be a strong platform for future expansion in the hemisphere;

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BUSINESS OVERVIEW

Discontinued operations: AREVA Transmission & Distribution (T&D)

- Powermann (United Kingdom) is a services company specialized in the high voltage market segment. It will strengthen the division's offering in Europe;
- Vamp (Finland) will join the substation automation solutions product line.

AREVA T&D concluded several alliances to expand its partnership portfolio:

- with CSR Times Electric in China, for thyristors used in high voltage direct current applications;
- with IBM, Utility Integration Solutions (UISOL), Microsoft and Cisco, as well as with PJM Interconnection and A-Eberle, to develop new demand management and smart metering solutions.

The division also concluded partnerships to develop a smart meter. It also offers solutions to improve energy efficiency in partnership with PJM in the United States or other smart grid players like Microsoft or Cisco.

6.5.3.4. RESEARCH, DEVELOPMENT AND CAPITAL SPENDING IN 2009

R&D expenses rose by 17.4% in 2009 compared with 2008, coming to 175 million euros or 3.2% of revenues. The majority of spending was directed at improving the performance of electric power systems and equipment, developing digital controls and information systems to monitor power systems, and ultra high voltage.

Capex came to 278 million euros in 2009, mostly for the development of new production facilities. AREVA T&D inaugurated new facilities in India and China and launched the construction of the Chinese Technology Center (CTC), its research and development facility in China. This CTC will be fully equipped to test very high voltage products (up to 1200 kV AC and 1000 kV DC). It will become the largest R&D center in the division.

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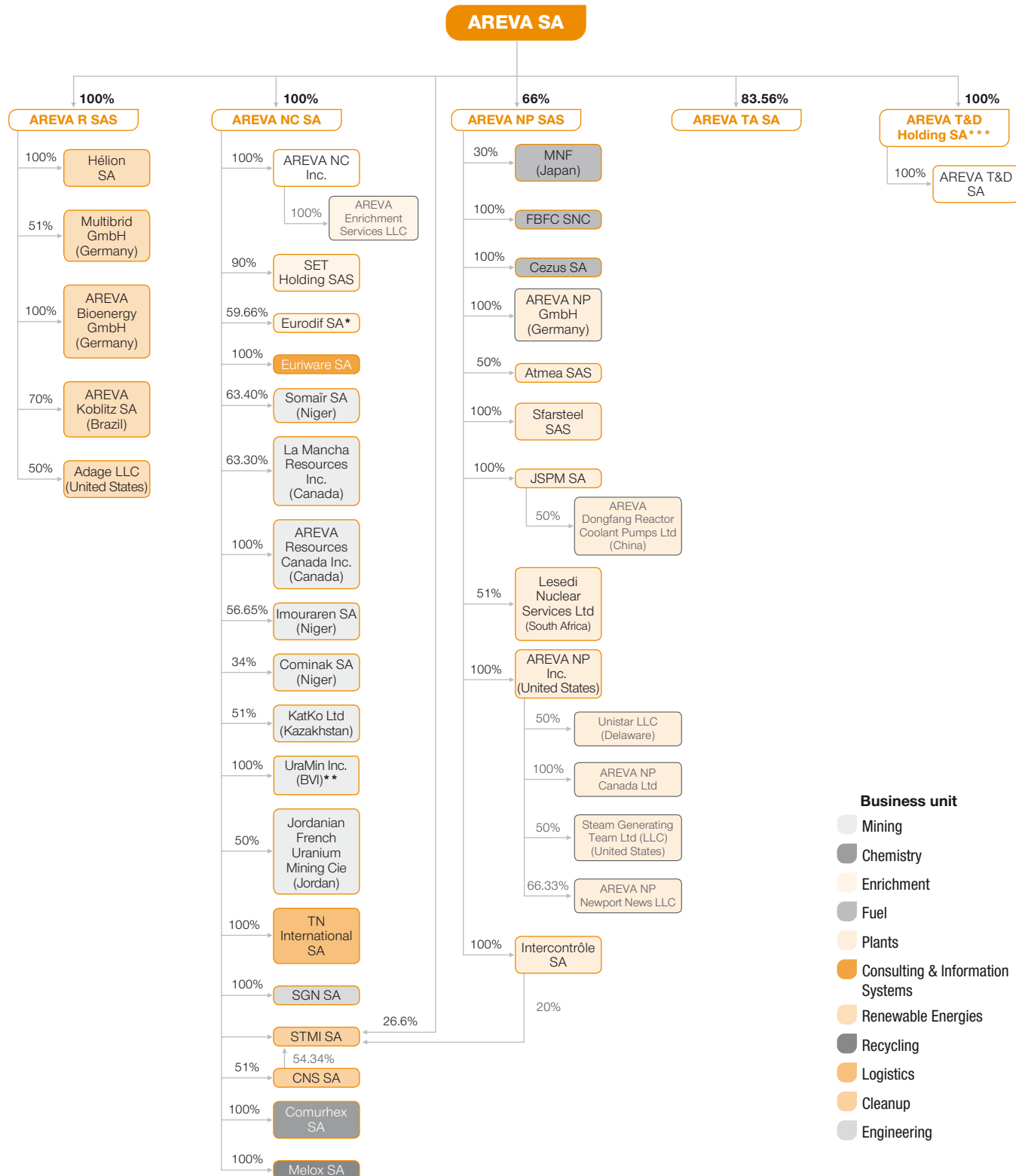
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Organizational structure

ORGANIZATION CHART OF THE AREVA GROUP

Simplified organization chart of the AREVA group as of December 31, 2009.



* Eurodif SA: direct and indirect shareholding via Sofidif.
 ** Trade name: AREVA Resources Southern Africa.
 *** Discontinued operations.

Property, plant and equipment*

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→ 8.1. Principal sites of the AREVA group

Pursuant to Appendix I, point 8 of European Commission regulation no. 809/2004 of April 29, 2004, information is provided hereunder on the group's property, plant and equipment.

The group uses a certain number of premises and plant sites in connection with its operations, of which it is either owner or lessor.

The group's principal worldwide plant sites are listed below. The primary criterion for listing sites is the size of the operation conducted there. The principal office sites are shown on the map below.

Regulations applicable to the group's nuclear operations likely to have an impact on the use of its sites are described in Section 4.14.2. hereunder.

The group operates at some 60 principle plant sites. These sites are distributed geographically as follows:

- 30 in France;
- 15 in Europe (excluding France);
- 8 in North and South America;
- 7 in Asia; and
- 2 in Africa and the Middle East.

Several different operations are conducted at some of these sites.

* Nuclear, Renewables and Transmission & Distribution operations.

8.1.1. OFFICES



8.1.2. CORPORATE

Location	Type of asset	Lease/Full ownership	Existence of encumbrances on the real estate	Surface area
Tour AREVA – La Défense (92) France	Offices	Lease	No	78,538 m ²
33, rue La Fayette Paris 9 – France	Offices Registered office	Lease	No	27,419 m ²
1-5 rue du Débarcadère Colombes (92) – France	Offices	Lease	No	26,910 m ²

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PROPERTY, PLANT AND EQUIPMENT

Principal sites of the AREVA group

8.1.3. FRONT END DIVISION

In all, 16 industrial sites have been identified as principal sites and are listed below.

Of the 16 sites listed, 8 are located in France and 8 are abroad in 6 different countries.

8.1.3.1. MINING BUSINESS UNIT

Location	Type of asset	Lease/Full ownership	Existence of encumbrances on the real estate	Surface area	Products manufactured
Arlit (Niger)	Offices and production and storage facilities	Long-term concession	No	721,000 m ²	Uranium concentrates
Akokan (Niger)	Offices and production and storage facilities	Long-term concession	No	499,000 m ²	Uranium concentrates
McClellan (Canada)	Mill and base camp	JV / 70%	No	42,140 m ²	Uranium concentrates
Muyunkum (Kazakhstan)	Offices and production and storage facilities	Full ownership	No	25,750 m ²	Eluates
Torkuduk (Kazakhstan)	Offices and production and storage facilities	Full ownership	No	36,975 m ²	Eluates and uranium concentrates

8.1.3.2. CHEMISTRY BUSINESS UNIT

Location	Type of asset	Lease/Full ownership	Existence of encumbrances on the real estate	Surface area	Products manufactured
Pierrelatte (26) (France) (nuclear regulated, security regulated, environmentally regulated facility)	Plant and outlying areas	Full ownership	No	Land: 300.69 hectares	RepU denitration (TU5) Defluorination Denitration (TU2) and depleted UO ₂ Storage UF ₆
Miramis (13) (France) (environmentally regulated facility)	Plant	Full ownership	No	Land: 37 hectares Buildings: 15,000 m ²	Lithium
Malvésí (11) (France) (environmentally regulated facility)	Plant	Full ownership	No	Land: 59.43 hectares	UF ₄

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8.1.3.3. ENRICHMENT BUSINESS UNIT

Location	Type of asset	Lease/Full ownership	Existence of encumbrances on the real estate	Surface area	Products manufactured
Pierrelatte (26) Saint-Paul-Trois-Châteaux (26) Bollène (84) (France) (regulated nuclear facility)	Plant	Full ownership of land	No	Land: 300.69 hectares	Enrichment services Effluent treatment Equipment maintenance
Pierrelatte (26) Saint-Paul-Trois-Châteaux (26) Bollène (84) (France) (regulated nuclear facility)	Plant under construction	Full ownership	No	Land: 40.30 hectares	Enrichment services (in future)

8.1.3.4. FUEL BUSINESS UNIT

Location	Type of asset	Lease/Full ownership	Existence of encumbrances on the real estate	Surface area	Products manufactured
Romans-sur-Isère (26) (France) (regulated nuclear facility)	Plant	Full ownership	No	Land: 320,648 m ² Buildings: 28,366 m ²	Fuel assemblies for PWRs and various components Research reactor fuel and nuclear instrumentation
Paimbœuf (44) (France) (environmentally regulated facility)	Plant	Full ownership	No	Land: 64,366 m ² Buildings: 17,201 m ²	Zirconium tubes for fuel assemblies
Jarrie (38) (France) (environmentally regulated facility)	Plant	Lease	No	Land: 97,088 m ² Buildings: 32,502 m ²	Zirconium sponge
Rugles (27) (France) (environmentally regulated facility)	Plant	Full ownership	No	Land: 73,491 m ² Buildings: 14,638 m ²	Flat products in zirconium
Ugine (73) (France) (environmentally regulated facility)	Plant	Full ownership	No	Land: 56,764 m ² Buildings: 25,385 m ²	Intermediate products in zirconium and titanium Plug rods
Dessel (Belgium) (nuclear facility)	Plant	Full ownership	No	Land: 96,300 m ² Buildings: 15,600 m ²	PWR fuel assemblies (UO ₂ and MOX)
Richland (Washington, United States) (nuclear facility)	Plant	Full ownership	No	Land: 1,344,204 m ² Buildings: 36,790 m ²	Powder and pellet production (UO ₂ , Gad & BLEU), assemblies and various components
Lingen (Germany) (nuclear facility)	Plant	Full ownership	No	Land: 493,301 m ² Buildings: 17,600 m ²	PWR and BWR fuel assemblies

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PROPERTY, PLANT AND EQUIPMENT

Principal sites of the AREVA group

8.1.4. REACTORS & SERVICES DIVISION

In all, 21 industrial sites have been identified as principal sites and are listed below.

Of the 21 sites listed, 10 are located in France and 11 are abroad in 7 different countries.

8.1.4.1. EQUIPMENT BUSINESS UNIT

Location	Type of asset	Lease/Full ownership	Existence of encumbrances on the real estate	Surface area	Products manufactured
Saint-Marcel (71) (France) (environmentally regulated facility)	Plant	Full ownership	No	Buildings: 52,600 m ² 40,000 m ² (facilities) + 12,600 m ² (offices) Land: 19 hectares	Heavy components (reactor vessel, vessel head, steam generator, pressurizer)
Jeumont (59) (France) (environmentally regulated facility)	Plant	Full ownership	No	Buildings 30,000 m ² (developed) Land: 5 hectares	Reactor coolant pump sets, control rod drive mechanisms
Maubeuge (59) (France) (regulated nuclear facility)	Plant	Full ownership	No	Buildings: 7,100 m ² facilities + 700 m ² offices Land: 4.5 hectares	Services related to contaminated component maintenance: reactor coolant pumps
Le Creusot (71) (France) (environmentally regulated facility)	Plant	Full ownership / Lease	No	Land: 6.4 hectares Buildings: 42,500 m ²	Large forgings for the nuclear and petrochemicals industries Machining of large components
Montchanin (71) (France) (environmentally regulated facility)	Plant	Full ownership/ Lease	No	Land: 6.5 hectares Buildings: 29,600 m ²	Mechanized welding boilermaking
Montchanin (71) (France) (environmentally regulated facility)	Plant	Lease	No	Land: 2.7 hectares Buildings: 8,220 m ²	Machining of mechanical parts
Deyang (Sichuan, China)	Plant	Co-ownership by 50/50 JSPM / Dongfang Electric Machinery joint venture	No	37,400 m ² (facilities) + 1,800 m ² (offices) Land: 4.6 hectares	Reactor coolant pump sets

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8.1.4.2. NUCLEAR SERVICES BUSINESS UNIT

Location	Type of asset	Lease/Full ownership	Existence of encumbrances on the real estate	Surface area (developed)	Products manufactured
Chalon-sur-Saône (71) (France) (environmentally regulated facility)	Offices, CEDEM development center, CEMO hot facility CETIC training center (50/50 with EDF)	Full ownership	Information not available	Buildings: 55,400 m ² (hot facility: 400 m ² ; CETIC: 5,323 m ²) Land: 222,801 m ²	Robotics / tooling / decontamination / storage of tooling (contaminated / decontaminated)
Lynchburg (United States) (nuclear facility)	Offices, hot facilities Training center	Full ownership	No	Buildings: 34,118 m ²	Decontamination Hot maintenance facility
Erlangen (Germany)	Offices, facilities	Lease	Information not available	Buildings: 43,000 m ²	Robotics / tooling

8.1.4.3. AREVA TA BUSINESS UNIT

Location	Type of asset	Lease/Full ownership	Existence of encumbrances on the real estate	Surface area	Products manufactured
Cadarache (13) (France)	Production plant / Offices	CEA host site	No	Land: 14.5 hectares Buildings: 53,726 m ²	Nuclear fuel

8.1.4.4. NUCLEAR MEASUREMENT BUSINESS UNIT

Location	Type of asset	Lease/Full ownership	Existence of encumbrances on the real estate	Surface area	Products manufactured
Meriden CT (United States)	Production and services site	Full ownership	No	16,200 m ²	Standard products / Systems
Albuquerque (United States)	Production and services site	Lease	NA	2,120 m ²	Standard products
Loches (37) (France) (environmentally regulated facility)	Production and services site	Full ownership	No	4,800 m ²	Standard products
Olen (Belgium)	Production and services site	Full ownership	No	1,500 m ²	Standard detectors
Lingolsheim (67) (France) (environmentally regulated facility)	Production and services site	Lease	NA	2,053 m ²	Specialty detectors
TN, Oak Ridge (United States)	Production and services site	Full ownership	No	3,160 m ²	Crystal growth
Concord (Ontario, Canada)	Production and services site	Lease	No	2,746 m ²	Standard products
Harwell (United Kingdom)	Production and services site	Lease	NA	1,880 m ²	Standard products / Systems

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PROPERTY, PLANT AND EQUIPMENT

Principal sites of the AREVA group

8.1.4.5. RENEWABLE ENERGIES BUSINESS UNIT

Location	Type of asset	Lease/Full ownership	Existence of encumbrances on the real estate	Surface area	Products manufactured
Recife (Brazil)	Offices Plant	Full ownership	NA	Constructed surface area: 7,042 m ² Land: 7,624 m ²	Turnkey power plant construction and manufacturing of electrical panels
Bremerhaven (Germany)	Offices Plant	Lease	NA	Constructed surface area: 6,917 m ² Land: 18,678 m ²	5 MWe wind turbines
Aix-en-Provence (France)	Offices Plant	Lease	NA	Constructed surface area: 835 m ² Land: 2,212 m ²	Fuel cells

8.1.5. BACK END DIVISION

In all, 8 industrial sites have been identified as principal sites and are listed below.

All of the 8 sites listed are located in France.

8.1.5.1. RECYCLING BUSINESS UNIT

Location	Type of asset	Lease/Full ownership	Existence of encumbrances on the real estate	Surface area	Products manufactured
La Hague (50) (France) (regulated nuclear facility)	Plant site Excluding outlying areas and land holdings	Full ownership Full ownership Not full ownership	No No	Plant land: 240 hectares Land excluding site: 119.2 hectares 26.4 hectares	Used fuel treatment
MELOX Marcoule (30) (France) (regulated nuclear facility)	Plants and offices	Full ownership	No	Land: approximately 5 hectares	MOX fuel fabrication + packaging of scrap and waste Mechanical facility (fabrication of parts for MELOX) Transportation logistics

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8.1.5.2. NUCLEAR SITE VALUE DEVELOPMENT BUSINESS UNIT

Location	Type of asset	Lease/Full ownership	Existence of encumbrances on the real estate	Surface area	Products manufactured
Cadarache (13) (France) (regulated nuclear facility)	Plant and offices	Lease	No	27,100 m ²	MOX fuel production shut down in July 2003 (Eurofab production in 2004) Site undergoing dismantling

8.1.5.3. LOGISTICS BUSINESS UNIT

Location	Type of asset	Lease/Full ownership	Existence of encumbrances on the real estate	Surface area	Products manufactured
Valognes (50) (France)	Rail/road terminal	Full ownership	No	7 hectares	NA
Tourlaville (50) (France)	Warehouse	Full ownership	No	9,800 m ²	NA
Pont-Saint-Esprit (50) (France)	Warehouse	Full ownership	No	2,000 m ²	NA

8.1.5.4. CLEAN-UP BUSINESS UNIT

Location	Type of asset	Lease/Full ownership	Existence of encumbrances on the real estate	Surface area	Products manufactured
Bollène (84) (France) (environmentally regulated facility)	Plant	Lease	No	9,644 m ²	Machine maintenance, waste processing, equipment recertification

8.1.5.5. ENGINEERING BUSINESS UNIT

Location	Type of asset	Lease/Full ownership	Existence of encumbrances on the real estate	Surface area	Products manufactured
Beaumont Hague (50) (France)	Testing and integration facility	Full ownership	No	4,860 m ²	Applied R&D, equipment assembly and testing before installation at customer sites

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PROPERTY, PLANT AND EQUIPMENT

Principal sites of the AREVA group

8.1.6. TRANSMISSION & DISTRIBUTION DIVISION*

Transmission & Distribution operations are carried out at some 66 industrial sites in 35 countries.

In all, 17 industrial sites have been identified as principal sites and are listed below.

Of the 17 sites listed, 4 are located in France and 13 are abroad in 6 different countries.

8.1.6.1. PRODUCTS BUSINESS UNIT

Location	Type of asset	Lease/Full ownership	Existence of encumbrances on the real estate	Surface area	Products manufactured
Aix-les-Bains (73) (France)	Plant	Ownership	No	40,000 m ²	High voltage (HV) products
Mâcon (71) (France)	Plant	Ownership	No	41,500 m ²	Medium voltage (MV) circuit breakers
Villeurbanne (69) (France)	Plant	Ownership	No	56,000 m ²	HV products
Kassel (Germany)	Plant	Ownership	No	36,800 m ²	HV products
Mönchengladbach (Germany)	Plant	Ownership	No	13,600 m ²	Power and distribution transformers
Regensburg (Germany)	Plant	Ownership	No	28,100 m ²	Medium voltage (MV) circuit breakers
Stafford (United Kingdom)	Plant	Ownership	No	20,000 m ²	Power transformers
Suzhou (China)	Plant	Ownership	No	32,800 m ²	MV and HV products
Naini (India)	Plant	Ownership	No	32,200 m ²	Power and distribution transformers
Gebze (Turkey)	Plant	Ownership	No	46,600 m ²	Power and distribution transformers

8.1.6.2. SYSTEMS BUSINESS UNIT

Location	Type of asset	Lease/Full ownership	Existence of encumbrances on the real estate	Surface area	Products manufactured
Stafford (United Kingdom)	High voltage testing platform for power electronics	Lease	No	3,000 m ²	NA

* Discontinued operations.

PROPERTY, PLANT AND EQUIPMENT

Environmental issues that may affect the issuer’s use of property, plant and equipment

8.1.6.3. SERVICES PRODUCT LINE

Location	Type of asset	Lease/Full ownership	Existence of encumbrances on the real estate	Surface area	Products manufactured
Stafford (United Kingdom)	Warehouse and offices	Lease	No	3,000 m ²	NA
Warrington (United Kingdom)	Warehouse and offices	Lease	No	2,000 m ²	NA
Villeurbanne (69) (France)	Workshop, warehouse and offices	Ownership	No	5,200 m ²	Renovation of circuit breaker parts
Regensburg (Germany)	Workshop, warehouse and offices	Ownership	No	1,297 m ²	Circuit breaker repair and rehabilitation
Mâcon (France)	Plant	Ownership	No	2,306 m ²	Medium voltage cells
Linz (Austria)	Warehouse and offices	Ownership	No	2,765 m ²	Circuit breaker and substation equipment

8.1.6.4. AUTOMATION BUSINESS UNIT

Location	Type of asset	Lease/Full ownership	Existence of encumbrances on the real estate	Surface area	Products manufactured
Pallavaram (India)	Plant	Lease	No	22,000 m ²	MiCOM relays
Shanghai (China)	Plant (50% offices, 50% production)	Lease	No	4,000 m ²	MiCOM relays
Stafford (United Kingdom)	Plant (80% offices / 20% production)	Lease	No	10,200 m ²	MiCOM relays

8.1.7. SCHEDULED INVESTMENTS

Please refer to Section 5.2. *Investments*, and to the appropriate sections in Chapter 6. *Business overview*, for more detailed information on scheduled investments by division.

→ 8.2. Environmental issues that may affect the issuer’s use of property, plant and equipment

See Section 4 *Risks*.

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Analysis of and comments on the group's financial position and performance

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→ 9.1. Overview

The following comments are based on financial information for fiscal years 2009 and 2008 and must be read in conjunction with AREVA's consolidated financial statements for the years ended December 31, 2009 and December 31, 2008. These comments were drafted

based on the group's consolidated financial statements, prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union on December 31, 2009.

9.1.1. BUSINESS TRENDS

The AREVA group is a global leader in solutions for CO₂-free power generation, ranked first in nuclear power generation solutions and a major player on the Renewable Energies market. The group's customers include some of the world's largest utilities, with which AREVA does a large share of its business under medium- and long-term contracts.

As contemplated in its development plan, announced on June 30, 2009, AREVA put its Transmission & Distribution business up for sale. On January 20, 2010, AREVA signed a sales agreement with the Alstom/Schneider consortium that values the business at more than four times the price paid for it in 2004 and that provides major commitments to T&D employees. In accordance with IFRS 5, the income generated by the Transmission & Distribution business is not included in net income from continuing operations for the years 2009, 2008 and 2007, but is presented on a separate line, "net income from discontinued operations". The data are also restated in the statement of cash flows for 2009, 2008 and 2007, and in the statement of financial position at December 31, 2009. Accordingly, the backlog, revenue, operating income and net income from continuing operations include only the contributions of the Front End, Reactors and Services (including Renewable Energies) and Back End divisions, along with the Corporate functions.

The group reported 2009 revenue for the Nuclear and Renewable Energies businesses of 8.529 billion euros, up from 8.089 billion euros in 2008, representing 5.4% growth in terms of reported data. Like-for-like growth was 4.6% (at constant consolidation scope and foreign exchange rates). The Front End division accounted for 41% of revenue in 2009, while 40% came from the Reactors and Services division and 19 % from the Back End division.

The group is present in every region with an attractive growth potential. In 2009, 62% of the group's revenue came from outside France, with 18% coming from North America, where the group is present in every aspect of the energy business. Group contracts produced a large backlog totaling more than 43 billion euros at the end of 2009, including several multiyear contracts. The magnitude of the backlog demonstrates the repeat nature of business and the visibility the group enjoys across these businesses.

Excluding the additional provision of 550 million euros recognized in the first half of 2009 on the OL3 contract in Finland, operating income totaled 647 million euros in 2009, giving operating margin of 7.6%, unchanged from 2008*. For the full year, the group reported operating income of 97 million euros compared with a loss of 143 million euros in 2008, reflecting an increase in the contributions of the Front End and Reactors and Services divisions.

Net income attributable to equity holders of the parent is 552 million euros in 2009, compared with 589 million euros in 2008.

Free operating cash flow before tax generated by Nuclear and Renewable Energies operations was stable compared with 2008, at -919 million euros in 2009. The favorable change in working capital requirement offset the net increase in capital expenditure.

Based on the valuation of Siemens' put in 2007 and 2008, i.e. 2.049 billion euros, the group's total net debt comes to 6.193 billion euros, compared with 5.499 billion euros at December 31, 2008. This change is primarily due to the impact of negative free operating cash flow, the payment of dividends, and the increase in net debt from discontinued operations (T&D), offset by the cash generated by the disposal of interests in GDF Suez and Total.

* Excluding additional provision on the OL3 project for 749 million euros.

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9.1.2. KEY CHARACTERISTICS OF AREVA'S BUSINESS MODEL

AREVA's business model is characterized by the specific features of the different businesses constituting the stages of the nuclear cycle and the offering in renewable energies.

The group's operations are carried out by three divisions: Front End, Reactors and Services (including the Renewable Energies business), and Back End. Each of the divisions consists of several business units.

The Front End division operates under long-term contracts equivalent to an average backlog of more than 5 years, and sometimes more than 15 years in the case of the Mining and Enrichment business units. These contracts contain standard price escalation clauses. Consequently, rising natural uranium prices for long-term contracts observed over the past 5 years have gradually had a positive impact on average contract sales prices.

The Front End division's businesses have substantial capital requirements due to heavy investments, but these support operations over very long periods of time. Investments in uranium exploration and development and in production plant replacement or upgrades are scheduled for the 2010-2012 period.

The Reactors and Services division typically has installed base business (services and engineering) carried out under long-term or regularly renewed contracts, representing nearly 80% of the division's total business. In these businesses, the division conducts a significant share of its operations in North America and as such is sensitive to fluctuations in the euro-US dollar exchange rate.

The division has attractive prospects with regard to non-recurring business, linked in particular to nuclear power plant upgrades and construction, with independent organizations such as the International Atomic Energy Agency (IAEA) and the World Nuclear Association (WNA) forecasting increases in installed capacity by 2030. The group gives warranties in significant amounts due to the types of products and services sold by the main business units of the Reactors and Services division.

The Reactors and Services division includes the Renewable Energies business. While it represents only 5% of the division's revenue today, it is one of the group's strategic areas for development. In the biomass segment, where the technology is mature and the market fragmented, the group offers turnkey solutions and support for the financing and technical execution of biomass projects. In the offshore wind segment, the group supplies equipment combined with long-term maintenance services contracts.

The Back End division operates under long-term contracts with a limited number of customers. The Back End division had negative working capital requirements (WCR), and thus a level of capital employed similar to that of a services business, due to customer advances received under old contracts to fund capital expenditures. The use of these customer advances impacts operating cash flows (in particular via changes in working capital requirements) as and when the corresponding revenue is recognized.

9.1.3. HIGHLIGHTS OF THE PERIOD

Information provided in this section concerns the AREVA group as a whole. Highlights concerning specific operations are presented in the review of the business divisions in Section 1.1.2.7.

CONCERNING BUSINESS STRATEGY AND CAPITAL EXPENDITURES

- The Supervisory Board of AREVA appointed Jean-Cyril Spinetta as its Chairman on April 30, 2009 to replace Frédéric Lemoine, who had resigned.
- AREVA announced its decision to offer to strategic and industrial partners the opportunity to become AREVA shareholders, mainly through a capital increase for up to 15% of its share capital. The capital increase will be open to investment certificate holders. The group also launched an initiative to expand the employee share ownership plan.
- The AREVA Supervisory Board asked the Executive Board to put the group's Transmission & Distribution division (T&D) up for sale. On January 20, 2010, the group signed an agreement on the

legal and financial terms for the disposal of the AREVA group's Transmission & Distribution business.

- AREVA is also considering selling its interests in STMicroelectronics and Eramet. These interests will in any event remain government controlled entities, considering their strategic nature.
- Siemens informed AREVA of its decision to exercise the put option on shares of AREVA NP, of which Siemens owns 34%. In accordance with the shareholders' agreement of January 30, 2001, this notice will take effect on or before January 30, 2012. The shareholders' agreement establishes a process to set the price of the shares to be sold.
- Siemens announced the signature of an agreement to create a joint venture with Rosatom in the nuclear field. On March 25, 2009, AREVA gave notice to Siemens that the announced joint venture constitutes a breach of Siemens' contractual obligations, with all the consequences provided in the shareholders' agreement.
- Standard & Poor's rated AREVA's long-term debt "A with stable outlook" and confirmed its A1 rating for short-term debt.

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ANALYSIS OF AND COMMENTS ON THE GROUP'S FINANCIAL POSITION AND PERFORMANCE

Overview

- AREVA launched its first bond issue in the total amount of 3 billion euros, including a 7-year tranche for 1.25 billion euros maturing in September 2016 with an annual coupon of 3.875%, a 10-year tranche for 750 million euros maturing on November 6, 2019 with an annual coupon of 4.375%, and a 15-year tranche for 1 billion euros maturing in September 2024 with an annual coupon of 4.875%.
- AREVA signed a mining agreement with the government of Niger giving it the operating permit for the Imouraren ore deposit. The agreement provides for a capital split in the company established to mine the deposit of 66.65% for AREVA and 33.35% for the State of Niger.
- AREVA and Korea Electric Power Corporation (Kepco) signed a partnership agreement regarding the Imouraren mining company in Niger. It allows Kepco to acquire an indirect interest of 10% in Imouraren SA, the mining company.
- AREVA signed a cooperation agreement with the Democratic Republic of Congo for exploration and future mining of uranium deposits.
- AREVA signed an industrial agreement with the Republic of Namibia to create a mining joint venture dedicated to future uranium operations.
- AREVA and Mitsubishi Corporation agreed on the terms of a partnership in Mongolia. AREVA invited Mitsubishi Corporation to participate in the development of its uranium prospecting business in Mongolia, including a possible acquisition of 34% of the shares of AREVA Mongol.
- AREVA signed an agreement with Kansai and Sogitz by which the two Japanese companies acquire a 2.5% interest in the share capital of Société d'Enrichissement du Tricastin (SET), which operates the Georges Besse II enrichment plant.
- AREVA and the South Korean utility KHNP sealed an agreement by which KHNP acquires a 2.5% share in Société d'Enrichissement du Tricastin (SET), which operates the Georges Besse II enrichment plant.
- AREVA and USEC signed an agreement to settle their seven-year long dispute on the supply of enrichment services from France to US customers and on claims of alleged dumping filed by USEC.
- Mitsubishi Heavy Industries (MHI), AREVA, Mitsubishi Materials Corporation (MMC) and Mitsubishi Corporation (MC) signed a shareholders' agreement to establish their joint venture dedicated to nuclear fuel fabrication and marketing.
- Zirco Products, the largest Japanese manufacturer of zirconium cladding for nuclear fuel signed an agreement with Compagnie Européenne du Zirconium (Cezus), an AREVA subsidiary, whereby Cezus acquires a 33.3% interest in the Japanese company's share capital.
- AREVA and Kazatomprom created Ifastar (51% AREVA, 49% Kazatomprom), a joint venture dedicated to the nuclear fuel market.
- AREVA and Nuclear Power Corporation of India Limited (NPCIL) signed a memorandum of understanding to initiate technical cooperation between NPCIL and AREVA for subsequent work on siting two to six EPR™ reactors in Jaitapur. It also provides for the supply of fuel throughout the service life of these reactors. To expand its operations in India, AREVA also signed an alliance with Bharat Forge for the construction of a forging plant and an agreement with Tata for engineering services.
- The President of France announced the construction of France's second EPR™ reactor. The new reactor, whose construction is slated to begin in 2012, will be the fifth in the world to enter construction, after Olkiluoto 3 in Finland, Flamanville 3 in France, and Taishan 1 and 2 in China.
- The utilities ENEL and EDF announced their intention of jointly developing a fleet of at least four EPR™ reactors in Italy.
- In the United States, AREVA, Duke Energy and UniStar Nuclear Energy are involved in negotiations to develop an EPR™ reactor in Ohio.
- AREVA reached a major milestone in the construction of the Olkiluoto 3 EPR™ reactor in Finland with the installation of the dome on the reactor building. The heavy components of the reactor containment, including four steam generators and the pressurizer, were delivered to the Olkiluoto 3 power plant.
- The British nuclear safety authority (HSE) published the third volume of the Generic Design Assessment report (GDA) on the EPR™ reactor. HSE reaffirmed its confidence in the technology proposed by AREVA for potential construction of EPR™ reactors on designated sites in the United Kingdom.
- The nuclear safety authorities of Finland (STUK), France (ASN) and the UK (HSE) raised shared questions in connection with the certification of the instrumentation and control system for the EPR™ reactor in those countries. This continuing dialogue between reactor builders, plant operators and the safety authorities is an integral part of the certification and construction process for new reactors. The safety of the EPR™ reactor was not called into question and AREVA is working with the safety authorities of each country to adapt the system to meet local requirements.
- In China, AREVA and CGNPC signed an agreement on new nuclear power plant engineering and development. Under the terms of the agreement, AREVA and CGNPC will create Wecan, a joint venture in which CGNPC holds 55% of the share capital and AREVA holds 45%. Based in Shenzhen, Wecan will employ more than 2,000 people. It will perform engineering design studies and handle procurement for the nuclear islands of the new power plants that CGNPC and AREVA will build in China.
- In the United States, AREVA and Fresno Nuclear Energy Group (FNEG) signed a letter of intent marking the start of their cooperation to develop one or two EPR™ reactors in California's Central Valley.
- In Russia, AREVA and VNI AES signed a cooperative agreement in the field of safety instrumentation and control.

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- In India, AREVA entered into a strategic partnership with Astonfield Renewables Resources for the construction of biomass power plants with a total production capacity of 100 MW. A total of close to 100 million euros will be invested in the plants. Construction of the first power plant began in the fourth quarter of 2009 in Western Bengal.
- In Germany, AREVA signed an agreement with Prokon Nord Energiesysteme GmbH to acquire PN Rotor GmbH, a German manufacturer of high-tech blades for offshore wind turbines.

IN THE INDUSTRIAL ARENA

- The President of the Republic of Niger and Anne Lauvergeon laid the cornerstone of the Imouraren mining complex.
- AREVA announced the centrifuge spin-up in the first cascade of the Georges Besse II uranium enrichment plant, inaugurated in May 2009.
- To sustain its strong international growth, AREVA announced that it will expand the production capacity of its Chalon/Saint-Marcel plant in France. The new capital program to be deployed in the coming years will expand the plant's annual production capacity

→ 9.2. Financial position

All amounts are expressed in millions of euros unless otherwise indicated. Due to rounding adjustments, some totals may not be strictly accurate. Financial indicators are defined in Chapter 6, Financial glossary/Appendix 6.

As contemplated in its development plan, announced on June 30, 2009, AREVA put its Transmission & Distribution business up for sale. On January 20, 2010, AREVA signed a sales agreement with the Alstom/Schneider consortium that values the business at more than four times the price paid for it in 2004 and that provides major commitments to T&D employees. It will become effective once the competition authorities have approved it and a decree has been issued on the recommendation of the French Commission des Participations et des Transferts (the administration in charge of approving sales of government-owned assets).

As a result, the IFRS 5 accounting standard on discontinued operations applies at December 31, 2009.

The assets and liabilities of the operations held for sale are reported under specific headings of the balance sheet, excluding the receivables and payables between these operations and other consolidated entities of the group, which are still eliminated on consolidation, as provided in IAS 27. For this reason, the net value of assets and liabilities of discontinued operations reported in the statement of financial position at December 31, 2009 is not representative of AREVA T&D equity at that date.

from the equivalent of 1.7 EPR™ reactors today to an average of 2.7 units in the future.

- Via its Multibrid subsidiary in Germany, AREVA successfully installed and started up the first six M5000 wind turbines for the Alpha Ventus project, the first offshore wind farm in the North Sea, 45 kilometers off Borkum Island.
- The Genkai power plant operated by Kyushu Electric Power Company on Kyushu Island in Japan has been producing electricity at full power since December 2, 2009 from MOX fuel supplied by AREVA.

The assets and liabilities of operations held for sale are included in total current assets and total current liabilities respectively.

Net income after tax from discontinued operations or from operations held for sale meeting the criteria of IFRS 5 is presented under a separate heading in the statement of income. It includes net income from these operations during the year up to the date of their disposal, and net income from the disposal itself. Income statements for previous years submitted for comparison are restated in the same manner.

Net cash flows from discontinued operations, which include cash flows from these operations until the date of disposal and the net cash flow after tax on the disposal itself, are reported on a separate line in the statement of cash flows. Statements of cash flow for previous years submitted for comparison are restated in the same manner.

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9.2.1. SUMMARY DATA – NUCLEAR AND RENEWABLES

<i>(in millions of euros)</i>	2009	2008	2009 / 2008 change	2007
Income statement				
Reported revenue	8,529	8,089	+5.4%	7,589
Gross margin	1,082	896	+20.8%	1,659
<i>Percentage of reported revenue</i>	12.7%	11.1%	+1.6 pts	21.9%
EBITDA	584	593	-1.4%	909
<i>Percentage of reported revenue</i>	6.9%	7.3%	-0.4 pt	12.0%
Operating income	97	(143)	+240	353
<i>Percentage of reported revenue</i>	1.1%	-1.8%	+2.9 pts	4.7%
Net financial income	187	6	+181	118
Share in net income of associates	(152)	156	+308	148
Net income from operations held for sale	267	371	-28.0%	231
Net income attributable to owners of the parent	552	589	-6.3%	743
<i>Percentage of reported revenue</i>	6.5%	7.3%	-0.9 pt	9.8%
Comprehensive income	341	(308)	+649	711
Cash flow				
Net cash from operating activities	160	(55)	+215	417
Net cash used in investing activities	(379)	(956)	+60.4%	(2,612)
Net cash from financing activities	1,116	1,405	-20.6%	1,528
<i>including dividends paid</i>	(309)	(315)	-1.9 %	(342)
Net cash from (used in) operations held for sale	(219)	(61)	-158	117
Increase (decrease) in net cash	603	357	+68.9%	(381)
Miscellaneous				
Backlog	43,302	42,531	+1.8%	34,922
Net cash (debt)	(6,193)	(5,499)	+12.6%	(4,003)
Equity attributable to owners of the parent	6,648	6,547	+1.5%	6,994
Capital employed, excluding T&D	9,017	7,680	+17.4%	5,014
Workforce at year end*	79,444	75,414	+5.3%	65,583
Dividend per share	€7.05	€6.77	+4.1%	€8.46

* The total workforce at the end of the period includes the workforce of operations held for sale.

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9.2.2. SUMMARY DATA BY DIVISION

2009

<i>(in millions of euros, except workforce)</i>	Front End	Reactors and Services	Back End	Corporate	Operations held for sale (T&D)	Total
Contribution to consolidated revenue	3,471	3,418	1,637	4		8,529
Operating income	659	(626)	235	(171)		97
<i>Percentage of contribution to consolidated revenue</i>	19.0%	-18.3%	14.4%	-		1.1%
Cash flow						
EBITDA	917	(538)	367	(162)		584
<i>Percentage of contribution to consolidated revenue</i>	26.4%	-15.7%	22.4%	-		6.8%
Change in operating WCR	(185)	210	49	31		105
Net operating Capex	(738)	(402)	(128)	(26)		(1,294)
Free operating cash flow before tax	(315)	(736)	288	(157)		(919)
Miscellaneous						
Property, plant & equipment and intangible assets (including goodwill)	6,481	1,892	1,959	2,613		12,944
Capital employed	7,125	477	(1,005)	2,419		9,017
Workforce at year end	14,763	21,003	11,082	969	31,627	79,444

2008

<i>(in millions of euros, except workforce)</i>	Front End	Reactors and Services	Back End	Corporate	Operations held for sale (T&D)	Total
Contribution to consolidated revenue	3,363	3,031	1,692	3	-	8,089
Operating income	453	(688)	261	(170)	-	(143)
<i>Percentage of contribution to consolidated revenue</i>	13.5%	-22.7%	15.4%	-	-	-1.8%
Cash flow						
EBITDA	780	(350)	320	(158)	-	593
<i>Percentage of contribution to consolidated revenue</i>	23.2%	-11.5%	18.9%	-	-	7.3%
Change in operating WCR	(533)	126	190	44	-	(173)
Net operating Capex	(664)	(365)	(88)	(13)	-	(1,130)
Free operating cash flow before tax	(609)	(589)	422	(124)	-	(900)
Miscellaneous						
Property, plant & equipment and intangible assets (including goodwill)	5,583	1,436	1,942	2,539	1,052	12,805
Capital employed	6,091	159	(905)	2,336	1,356	9,036
Workforce at year end	14,240	19,477	10,906	825	29,966	75,414

ANALYSIS OF AND COMMENTS ON THE GROUP'S FINANCIAL POSITION AND PERFORMANCE

Financial position

2007

<i>(in millions of euros, except workforce)</i>	Front End	Reactors and Services	Back End	Corporate	Operations held for sale (T&D)	Total
Contribution to consolidated revenue	3,140	2,710	1,738	1	-	7,589
Operating income	496	(180)	203	(166)	-	353
<i>Percentage of contribution to consolidated revenue</i>	15.8%	-6.6%	11.7%	-	-	4.7%
Cash flow						
EBITDA	731	(125)	440	(137)	-	909
<i>Percentage of contribution to consolidated revenue</i>	23.3%	-4.6%	25.3%	-	-	12.0%
Change in operating WCR	(139)	(83)	(186)	(20)	-	(429)
Net operating Capex	(2,260)	(322)	(81)	(33)	-	2,696
Free operating cash flow before tax	(1,672)	(529)	172	(190)	-	(2,219)
Miscellaneous						
Property, plant & equipment and intangible assets (including goodwill)	4,889	1,141	1,896	2,332	1,052	11,310
Capital employed	5,135	178	(644)	345	816	5,826
Workforce at year end	12,577	16,500	10,638	620	25,248	65,583

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SUMMARY OF REVENUE BY REGION AND BUSINESS DIVISION

<i>(in millions of euros)</i>	2009	2008	2009 / 2008 change	2007
France	3,266	3,274	-0.2%	2,965
Front End division	1,169	1,159	+0.9%	1,018
Reactors and Services division	1,156	1,135	+1.9%	946
Back End division	938	977	-4.0%	1,000
Corporate and other operations	4	3	-	1
Europe (excluding France)	2,168	2,132	+1.7%	1,934
Front End division	901	921	-2.2%	779
Reactors and Services division	939	849	+10.6%	814
Back End division	328	362	-9.4%	341
Corporate and other operations	0	0	-	
North and South America	1,694	1,285	+31.8%	1,402
Front End division	786	475	+65.5%	678
Reactors and Services division	785	696	+12.8%	638
Back End division	123	114	+7.9%	86
Corporate and other operations	0	0	-	0
Asia-Pacific	1,263	1,261	+0.2%	1,172
Front End division	525	731	-28.2%	631
Reactors and Services division	493	293	+68.3%	231
Back End division	244	237	+3.0%	310
Corporate and other operations	0	0	-	0
Africa and Middle East	138	136	+1.5%	116
Front End division	90	77	+16.9%	34
Reactors and Services division	46	58	-20.7%	81
Back End division	3	1	-	1
Corporate and other operations	0	0	-	0
Other countries	0	0	-	0
TOTAL	8,529	8,089	+5.4%	7,589

The breakdown of the group's workforce by geographical area is given in Section 1.2., Human resources report 2009.

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9.2.3. COMPARABILITY OF FINANCIAL STATEMENTS

GENERAL PRINCIPLES

In addition to the discussion and analysis of results reported in the consolidated financial statements, the group also presents revenue information on a comparable basis over consecutive periods, excluding the impact of changes in:

- consolidation scope;
- exchange rates; and
- accounting standards and methods.

The group provides this additional information to assess changes in the organic growth of its operations. However, this information does not constitute a method of assessing operations under the international accounting standards (IAS) and international financial reporting standards (IFRS). Excluding exceptions (e.g. material inability to reconstitute figures), changes in comparable revenue figures are calculated as follows: the consolidation scope, exchange rates and accounting methods and standards of the prior year are adjusted to reflect the consolidation scope, exchange rates and accounting methods and standards of the current year.

For example:

- to compare 2009 revenue to 2008 revenue, the group calculates what 2008 revenue from the different businesses would have been when average exchange rates for 2009 are applied;
- the resulting revenue is then adjusted for the consolidation effect, and the group calculates what 2008 revenue of the different businesses would have been based on the applicable consolidation scope at fiscal year-end 2009.

FACTORS POTENTIALLY IMPACTING THE COMPARABILITY OF THE FINANCIAL STATEMENTS

Changes in the consolidation scope

The group's consolidated financial statements for the years ended December 31, 2009, December 31, 2008 and December 31, 2007 were materially impacted by the acquisitions and disposals described below.

The main changes in consolidation scope with an impact on revenue in 2009, 2008 and 2007 are as follows:

Operations held for sale

In accordance with IFRS 5, the Transmission & Distribution operations are considered to be "discontinued operations" in 2007, 2008 and 2009 (see the introduction to Section 1.1.2., *Financial position*).

Changes in foreign exchange rates

The group's foreign exchange policy is presented in Chapter 4.

The group generated 45% of its revenue outside the euro area in 2009. From 2008 to 2009, the average value of the euro increased by 5.74% compared with the US dollar.

Changes in exchange rates had a positive impact (currency translation adjustment) of 67 million euros on the group's revenue in 2009, compared with a negative impact of 224 million euros in 2008 (-103 million euros excluding Transmission & Distribution).

Exposure to other currencies is negligible.

Estimated impact of changes in consolidation scope, exchange rate and accounting methods and standards on revenue for fiscal years 2009 and 2008

The table below presents the estimated impact of changes in exchange rate, the group's consolidation scope, and valuation methods for 2009 compared with 2008.

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ANALYSIS OF AND COMMENTS ON THE GROUP'S FINANCIAL POSITION AND PERFORMANCE

Financial position

<i>(in millions of euros)</i>	2008 reported revenue	Adjusted* 2008 revenue	Exchange rate impact	Consolidation scope impact	Changes in valuation method	Recalculated 2008 revenue	2009 reported revenue
Front End division	3,363	3,363	32	(45)		3,350	3,471
Reactors and Services division	3,037	3,031	29	40		3,100	3,418
Back End division	1,692	1,692	7	-		1,699	1,637
Transmission & Distribution division	5,065	-					
Corporate and other operations	3	3				3	4
Total continuing operations	13,160	8,089	67	(6)		8,151	8,529
Discontinued operations	-	5,070					

* In application of IFRS 5.

9.2.4. BACKLOG

<i>(in millions of euros)</i>	2009	2008	2009 / 2008 change	2007
Backlog	43,302	42,531	+1.8%	34,922
Front End division	27,715	26,897	+3.0%	21,085
Reactors and Services division	8,910	7,850	+13.5%	7,633
Back End division	6,685	7,784	-14.1%	6,202

The backlog for Nuclear and Renewable Energies operations came to 43.3 billion euros at December 31, 2009, an increase of 1.8% compared with December 31, 2008.

In Nuclear operations, new orders in the amount of some 9.5 billion euros were booked, confirming the strength of AREVA's installed base business:

- in the Front End, AREVA signed major multiyear contracts with Asian, American and European utilities, including natural uranium for KHNP of South Korea, enrichment services for CEZ of the Czech Republic and Duke Power of the United States, and fuel for E.On of Germany and Central Nuclear de Trillo of Spain;

- in Reactors and Services, new orders were booked for 12 replacement steam generators for TVA of the United States, KHNP of South Korea, and EDF of France, in addition to an order for 60 primary pumps for CNPEC of China. AREVA also signed a multiyear framework agreement with EDF for engineering services;
- in the Back End, the group signed several contracts to supply MOX fuel to Japanese utilities.

In Renewable Energies, the group was awarded a contract of more than 800 million euros in the offshore wind market, bringing AREVA's total backlog in this segment to more than 1 billion euros at December 31, 2009.

9.2.5. STATEMENT OF INCOME

REVENUE*

Revenue from Nuclear and Renewable Energies operations was stable in France in 2009 compared with 2008. International sales were up 9.3% year-on-year to 5.264 billion euros, or 62% of revenue. Revenue in the Reactors and Services division was up by 12.8%,

making it the group's leading engine for revenue growth in 2009. Revenue for the Front End and Back End divisions was stable on the whole compared with 2008. Foreign exchange had a positive impact of 67 million euros. The impact from changes in consolidation scope was negligible.

* Revenue from Nuclear and Renewables operations came to 8.529 billion euros, for an increase of 5.4% on a reported basis and of 4.6% like for like.

ANALYSIS OF AND COMMENTS ON THE GROUP'S FINANCIAL POSITION AND PERFORMANCE

Financial position

<i>(in millions of euros)</i>	2009	2008	2009 / 2008 change	2007
Revenue from continuing operations	8,529	8,089	+5.4%	7,589
Front End division	3,471	3,363	+3.2%	3,140
Reactors and Services division	3,418	3,031	+12.8%	2,710
Back End division	1,637	1,692	-3.3%	1,738
Corporate and other operations	4	3	-	1

GROSS MARGIN

The group's gross margin for 2009 was 1.082 billion euros, or 12.7% of revenue, compared with 896 million euros in 2008, or 11.1% of revenue.

This change reflects an increase in gross margin in all of the group's divisions: Front End, Reactors & Services, and Back End.

<i>(in millions of euros)</i>	2009	2008	2009 / 2008 change	2007
Gross margin from continuing operations	1,082	896	+20.8%	1,659
<i>% contribution to consolidated revenue</i>	<i>12.7%</i>	<i>11.1%</i>	<i>+1.6 pts</i>	<i>21.9%</i>

This change reflects an increase in gross margin in all of the group's divisions: Front End, Reactors and Services, and Back End.

customers or for joint projects in which AREVA has the commercial rights to the results are recorded in the cost of sales. All research and development costs, whether capitalized or expensed during the period, are combined to determine the group's total R&D expenditure.

RESEARCH AND DEVELOPMENT

Research and development expenses are capitalized if they meet criteria established by IAS 38 and expensed if they do not. Research and development expenses not eligible for capitalization are reported below gross margin in the statement of income if solely funded by the group. Expenses for programs that are partially or fully funded by

The group's research and development expenses for the Nuclear and Renewable Energies businesses came to 346 million euros in 2009, representing 4.1% of the revenue contributed for the period. This figure indicates 14.1% growth in research and development expenses compared with 2008, when spending was 303 million euros and the ratio to revenue was 3.7%.

<i>(in millions of euros)</i>	2009	In percentage of revenue	2008	In percentage of revenue	2007	In percentage of revenue
Research and development expenses recognized in gross margin	346	4.1%	303	3.7%	285	3.8%
R&D costs capitalized on the balance sheet ⁽¹⁾	321	3.8%	449	5.6%	276	3.6%
Other	148	-	153	-	123	-
Total R&D expenditure	816	9.6%	905	11.2%	684	9.0%
Number of registered patents	85	-	90	-	82	-

(1) Capitalized R&D costs include development expenses for the period capitalized in intangible assets, R&D for the period included in PP&E, and capitalized mineral exploration expenses for the period.

Taking into account all costs incurred for research and development, the group's total R&D expenditure was 816 million euros in 2009, or 9.6% of revenue for the period, for a decrease of 10% in relation to 2008 (11.2% of revenue).

The change in total R&D expenditure between the two periods reflects the continued long-term increase in mineral exploration expenses and continued long-term projects, including:

- development and modernization of production capabilities in the front end of the cycle;
- additions to the light water reactor line, and in particular the ATMEA1™ pressurized water reactor and the Kerena™ boiling water reactor;
- development of fast neutron reactors;
- performance improvement in Equipment;

- preliminary design of future treatment and recycling plants;
- renewal of expertise;
- synthetic oils and hydrogen.

GENERAL AND ADMINISTRATIVE, MARKETING AND SALES EXPENSES

The group's marketing, sales, general and administrative expenses totaled 906 million euros in 2009, compared with 893 million euros in 2008. In relation to revenue for the year, these expenses were practically stable in comparison with those of the previous year. This is indicative of efforts to control expenses while boosting marketing and sales activities.

OTHER OPERATING INCOME AND EXPENSES

Other operating income and expenses represent net income of 266 million euros in 2009, compared with a net expense of 157 million euros in 2008. This improvement reflects the impact of the sale of

NET FINANCIAL INCOME

<i>(in millions of euros)</i>	2009	2008	2007
Net borrowing costs [(expense) / income]	(113)	(69)	(33)
Other financial income and expenses	301	75	152
Share related to end-of-life-cycle operations	10	(57)	107
Income from the financial portfolio earmarked for end-of-life-cycle operations	62	87	175
Income from non-portfolio assets (including receivables from dismantling)	122	183	113
Discount reversal expenses on end-of-life-cycle operations and impact of schedule revisions	(174)	(327)	(181)
Share not related to end-of-life-cycle operations	291	132	45
Income from disposals of securities and change in value of securities held for trading	381	347	3
Dividends received	51	92	60
Impairment of financial assets	(1)	(36)	(45)
Interest on prepayments	(31)	(49)	(50)
Pensions and other employee benefits	(79)	(60)	(45)
Other	(31)	(161)	123
NET FINANCIAL INCOME	187	6	118

The net financial income for 2009 totaled 187 million euros, compared with net financial income of 6 million euros in 2008.

- The net borrowing cost went from -69 million euros in 2008 to -113 million euros in 2009, as a result of the increase in total borrowings and the recognition in 2009 of interest on the debt to Siemens for the acquisition of Siemens' interest in AREVA NP.
- The net financial income linked to end-of-life-cycle operations was 10 million euros in 2009, compared with a net financial expense of 57 million euros in 2008.

* Excluding additional provision on the OL3 project for 749 million euros.

minority interests in the group's subsidiaries, particularly in Société d'Enrichissement du Tricastin (SET), which operates the Georges Besse II enrichment plant, and in the Imouraren mining company.

OPERATING INCOME

Excluding the additional provision of 550 million euros recognized in the first half of 2009 on the OL3 contract in Finland, operating income totaled 647 million euros in 2009, giving operating margin of 7.6%, unchanged from 2008*.

The group reported operating income of 97 million euros for the full year, compared with a loss of 143 million euros in 2008. This improvement is due in particular to the growth in income from mining operations and from installed base business, and to operating dilution gains from disposals of minority interests in certain industrial assets.

- Financial income not related to end-of-life-cycle operations totaled 291 million euros in 2009, an increase of 159 million euros compared with 2008, reflecting gains on sales of the group's interests in Total and GDF Suez (2008, this included a gain on the sale of REpower shares).
- In 2008, other financial expenses not related to end-of-life-cycle operations included the cancellation of income recognized in 2007 on the put option held by the group on REpower.

INCOME TAX

The group recognized 138 million euros in tax income for 2009, an increase of 29 million euros, on net income before tax of 422 million euros.

SHARE IN NET INCOME OF ASSOCIATES

<i>(in millions of euros)</i>	2009	2008	2007
STMicroelectronics	(112)	(46)	(25)
Eramet group	(39)	187	153
Other	(1)	15	21
TOTAL	(152)	156	148

The group may record net income from STMicroelectronics and Eramet that differs from the income reported by those companies:

- STMicroelectronics' financial statements are prepared according to US Generally Accepted Accounting Principles (GAAP) and are in US dollars. The group converts them into euros and adjusts them for IFRS. STMicroelectronics' IFRS financial statements are made available after AREVA publishes its own financial statements. The IFRS adjustments included in AREVA's 2009 consolidated financial statements are therefore not yet audited;
- with regard to Eramet, income is calculated based on preliminary results.

Any differences between Eramet's preliminary and final financial statements are recorded in the following period.

NET INCOME FROM DISCONTINUED OPERATIONS

Net income from operations held for sale (Transmission & Distribution) comes to 267 million euros, compared with 371 million euros in 2008. Operating income came to 405 million euros, for operating margin

<i>(in millions of euros)</i>	2009	2008	2007
Minority interests in the Nuclear and Renewable Energies businesses	(59)	(123)	116
Siemens' 34% interest in AREVA NP	(165)	(186)	(17)
Minority shareholders' 40% interest in Eurodif	68	34	105
Other	38	29	28
Minority interests in discontinued operations	44	32	23
TOTAL	(15)	(91)	139

NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT

Net income attributable to owners of the parent is 552 million euros in 2009, compared with 589 million euros in 2008. The change is due mostly to the decrease in net income from associates and from discontinued operations, offset by an increase in operating income and financial income. Net earnings per share come to €15.59 in 2009, compared with €16.62 in 2008.

of 7.4%, compared with 561 million euros in 2008, representing operating margin of 11.1%. This change is a reflection of the economic crisis, with markets down, price erosion in some regions, order cancellations and postponed deliveries; this is offset in part by the reinforced cost reduction plan deployed during the year.

MINORITY INTERESTS

Minority interests in the group's net income are -15 million euros in 2009, compared with -91 million euros in 2008. This change is primarily the result of two developments:

- the improvement in AREVA NP income, which was less affected by the additional provision recognized on the OL3 project in the first half of 2009;
- increased income at Eurodif.

COMPREHENSIVE INCOME

The group's comprehensive income is 341 million euros in 2009, compared with -308 million euros in 2008. This improvement primarily reflects the change in value of financial assets available for sale, net of tax, in the amount of -159 million euros in 2009, compared with -822 million euros in 2008.

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→ 9.3. Cash flow

9.3.1. COMPARATIVE TABLE OF OPERATING CASH FLOWS AND CONSOLIDATED CASH FLOWS

The group analyzes cash flows from operating activities separately from flows relating to end-of-life-cycle operations and other cash flows.

RECONCILIATION OF OPERATING CASH FLOWS AND CONSOLIDATED CASH FLOWS

The following table distinguishes operating cash flows from the other cash flows presented in the consolidated statement of cash flows for 2009.

<i>(in millions of euros)</i>	Operating	End-of-life-cycle operations ⁽¹⁾	Other ⁽²⁾	Total
EBITDA (i)	584			584
Net gain on the sale of non-current operating assets and other non-cash items (ii)	(314)			(314)
Cash flow from operations after interest and taxes (i+ii)	270	(172)	18	117
Change in working capital requirement (iii)	105	0	(62)	43
Net cash flow from operating activities (i+ii+iii)	375	(172)	(44)	160
Cash from (used in) investing activities, net of disposals (iv)	(1,294)	48	868	(379)
Net cash from (used in) financing activities (v)	0	0	1,116	1,116
Impact of foreign exchange variations (vi)	0	0	(75)	(75)
Net cash from (used in) operations held for sale (vii)			(219)	(219)
Cash flow (i+ii+iii+iv+v+vi)	(919)	(124)	1,646	603

(1) Includes expenses for end-of-life-cycle operations incurred on-site and for final waste disposal, flows relating to the financial asset portfolio earmarked for end-of-life-cycle operations, and flows resulting from the signature of agreements with third parties for the funding by such parties of a share of end-of-life-cycle operations.

(2) That is, non-operating flows not relating to end-of-life-cycle operations and primarily corresponding to financing flows, including exceptional flows relating to external growth operations, dividends paid, and tax flows.

For the full year, the impact from the negative free operating cash flow of -919 million euros attributable to operating Capex was offset by cash generated by the sale of interests in GDF Suez and Total in the amount of 1.01 billion euros.

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9.3.2. OPERATING CASH FLOW

2009 and 2008

<i>(in millions of euros)</i>	EBITDA		Change in operating WCR		Net operating Capex		Free operating cash flow before tax	
	2009	2008	2009	2008	2009	2008	2009	2008
Front End	917	780	(185)	(533)	(738)	(664)	(315)	(609)
Reactors and Services	(538)	(350)	210	126	(402)	(365)	(736)	(589)
Back End	367	320	49	190	(128)	(88)	288	422
Corporate	(162)	(158)	31	44	(26)	(13)	(157)	(124)
TOTAL GROUP	584	593	105	(173)	(1,294)	(1,130)	(919)	(900)

2007

<i>(in millions of euros)</i>	EBITDA	Change in operating WCR	Net operating Capex	Free operating cash flow before tax
Front End	731	(139)	(2,260)	(1,672)
Reactors and Services	(126)	(81)	(322)	(529)
Back End	440	(186)	(81)	172
Corporate	(137)	(20)	(33)	(190)
TOTAL GROUP	908	(427)	(2,696)	(2,219)

EARNINGS BEFORE INCOME TAX, DEPRECIATION AND AMORTIZATION (EBITDA)

The group's EBITDA for 2009 was essentially unchanged from 2008, at a total of 584 million euros.

This change reflects the following items:

- the 17.6% increase in EBITDA for the Front End division, which rose to 917 million euros in 2009, mainly due to the gain on the sale of an interest in the Imouraren mining company to KEPCO/KHNP;
- in the Reactors and Services division, EBITDA was -538 million euros, compared with -350 million euros in 2008, mainly due to expenses related to the OL3 project;
- EBITDA for the Back End division was 367 million euros in 2009, compared with 320 million euros reported in 2008.

CHANGE IN OPERATING WORKING CAPITAL REQUIREMENT (OPERATING WCR)

The change in operating working capital requirement contributed 105 million euros in 2009 compared with -173 million euros in 2008. Cash provided by customer advances in the Reactors and Services division was offset in part by the increase in inventory in the Front End division, reflecting in particular the transition from the GBI enrichment plant to the GBII plant.

NET OPERATING CAPEX

The group's net operating Capex totaled 1.294 billion euros in 2009, compared with 1.13 billion euros in 2008. The change reflects an increase in gross Capex, which went from 1.404 billion euros in 2008 to 1.808 billion euros in 2009, chiefly in Mining, Enrichment and Equipment, partially offset by an increase in cash from asset sales in the Front End division.

FREE OPERATING CASH FLOW

Pre-tax free operating cash flow generated by the group's Nuclear and Renewable Energies businesses in 2009 was -919 million euros, essentially unchanged from 2008 (-900 million euros). The favorable change in working capital requirement offset the net increase in capital expenditure.

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9.3.3. CASH FLOWS FOR END-OF-LIFE-CYCLE OPERATIONS

Cash flows for end-of-life-cycle operations totaled -124 million euros in 2009, compared with -115 million euros in 2008.

9.3.4. CONSOLIDATED STATEMENT OF CASH FLOWS

The simplified consolidated statement of cash flows is presented below.

<i>(in millions of euros)</i>	2009	2008	2009 / 2008 change	2007
Cash flow from operations	132	334	-60.5 %	873
Interest expense and taxes paid	(15)	(207)	+192	(51)
Cash flow from operations after interest and taxes	117	128	-8.6 %	822
Change in working capital requirement	43	(183)	+226	(405)
Cash from operating activities	160	(55)	+215	417
Cash used in investing activities	(379)	(956)	+577	(2,612)
Cash from (used in) financing activities	1,116	1,405	-289	1,528
Decrease (increase) in marketable securities maturing in more than 3 months	(77)	42	-119	178
Change in consolidated group, foreign exchange adjustments, etc.	3	(17)	+20	(9)
Cash from discontinued operations	(219)	(61)	-158	117
Increase (decrease) in net cash	603	357	+68.9 %	(381)
Cash at the beginning of the year	877	520	+357	901
Cash at the end of the year	1,481	877	+68.9 %	520

CASH FLOW FROM OPERATING ACTIVITIES

Cash flow from operating activities went from -55 million euros in 2008 to 160 million euros in 2009. Cash flow provided by operations was offset by a reduction in income tax payments and a favorable change in the working capital requirement.

CASH USED IN INVESTING ACTIVITIES

Cash used in investing activities, net of disposals, totaled -379 million euros in 2009, compared with -956 million in 2008, for a decrease in net investment of 577 million euros in 2009. This drop reflects in particular the cash generated by the sale of GDF Suez and Total securities.

CASH PROVIDED BY FINANCING ACTIVITIES

Cash provided by financing activities came to 1.116 billion euros in 2009, down by 1.405 billion euros from 2008.

CASH FROM DISCONTINUED OPERATIONS

Cash from discontinued operations refers to the Transmission & Distribution business. It was down compared with 2008, to -219 million euros.

INCREASE (DECREASE) IN NET CASH

Based on the foregoing, the group had an increase in net cash of 603 million euros in 2009, compared with an increase of 357 million euros in 2008. The group thus had a closing cash position for 2009 of 1.481 billion euros, up from 877 million euros in 2008.

→ 9.4. Statement of financial position

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in millions of euros)	December 31, 2009	December 31, 2008	December 31, 2007
Assets			
Net goodwill	4,366	4,803	4,377
Property, plant and equipment and intangible assets	8,576	8,002	6,933
End-of-life-cycle assets (third party share)	275	270	2,491
Assets earmarked for end-of-life-cycle operations	5,351	4,954	2,873
Investments in associates	1,635	1,757	1,558
Other non-current financial assets	860	2,152	2,588
Deferred taxes (assets – liabilities)	150	140	(673)
Working capital requirement (WCR)	(62)	656	368
Assets of operations held for sale	5,649	-	-
Other	-	1	-
Shareholders' equity and liabilities			
Equity	6,648	6,547	6,994
Minority interests	926	745	470
Provisions for end-of-life-cycle operations (third party share)	275	270	2,491
Provisions for end-of-life-cycle operations (AREVA share)	5,385	5,404	2,584
Other current and non-current provisions	2,911	3,472	3,119
Borrowings	6,193	5,499	4,002
Liabilities of operations held for sale	3,685	-	-
Other assets and liabilities	777	797	855
TOTAL OF THE SUMMARY STATEMENT OF FINANCIAL POSITION	26,800	22,734	20,515

Nota bene: Working capital assets and liabilities are reported on a net basis in the summary balance sheet. Deferred tax assets are also offset against deferred tax liabilities. Assets and liabilities are not offset in the detailed balance sheet.

Except for intercompany receivables and liabilities, which are still eliminated as provided in IAS 27, assets and liabilities associated with discontinued operations are reported on separate lines in the consolidated statement of financial position at December 31, 2009, without restatement of prior periods.

For this reason, the net value of assets and liabilities of discontinued operations reported in the statement of financial position at December 31, 2009 is not representative of AREVA T&D equity at that date.

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9.4.1. NON-CURRENT ASSETS

NET GOODWILL

Net goodwill went from 4.803 billion euros at December 31, 2008 to 4.366 billion euros at December 31, 2009, for a net decrease of 437 million euros. This is related to the reclassification of goodwill from the Transmission & Distribution business to net assets of operations held for sale, partially offset by an increase in goodwill related to the purchase of Siemens' interest in AREVA NP.

PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Property, plant and equipment (PP&E) and intangible assets went from 8.002 billion euros at December 31, 2008 to 8.576 billion at December 31, 2009, for a net increase of 574 million euros. This relates to acquisitions of PP&E and intangible assets, in particular in the Front End division, partially offset by the reclassification of assets linked to the Transmission & Distribution business to discontinued operations.

9.4.2. WORKING CAPITAL REQUIREMENT (WCR)

The group's working capital requirement was negative (resource), at -62 million euros at December 31, 2009, compared with +656 million euros a year earlier. This change is attributable to the reclassification

INVESTMENTS IN ASSOCIATES

STMicroelectronics and Eramet represent the bulk of the investments in associates. The total decreased from 1.757 billion euros at December 31, 2008 to 1.635 billion euros at December 31, 2009, for a drop of 122 million euros due primarily to the group's share of the income of these two companies.

OTHER NON-CURRENT FINANCIAL ASSETS

Other non-current financial assets went from 2.152 billion euros to 860 million euros due to the disposal of GDF Suez and Total securities during the year.

9.4.3. NET CASH (DEBT)

Net cash (debt) is defined as the sum of cash and cash equivalents plus other current financial assets minus current and non-current borrowings. Current and non-current borrowings include the present value of the put held by Siemens.

Based on the valuation of Siemens' put at 2.049 billion euros, unchanged from 2007, plus interest, consolidated net debt comes to 6.193 billion euros, compared with 5.499 billion euros at December 31, 2008. This change is primarily due to the impact of negative free operating cash flow, the payment of dividends, and the increase in net debt from discontinued operations (T&D), offset by the cash generated by the disposal of interests in GDF Suez and Total.

of the WCR of the Transmission & Distribution business to assets and liabilities of operations held for sale.

On a pro forma basis (including cash to be received from the sale of T&D), the group's net debt came to 3.022 billion euros.

These amounts should be compared with equity of 7.574 billion euros at December 31, 2009 (including 990 million euros in equity contribution from the T&D division before elimination of the shares), compared with 7.292 billion euros at year-end 2008.

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ANALYSIS OF AND COMMENTS ON THE GROUP'S FINANCIAL POSITION AND PERFORMANCE

Statement of financial position

RECONCILIATION BETWEEN NET CASH REPORTED IN THE STATEMENT OF CASH FLOWS AND NET CASH (DEBT) REPORTED IN THE STATEMENT OF FINANCIAL POSITION

<i>(in millions of euros)</i>	2009	2008	2009 / 2008 change	2007
Net cash per statement of cash flows	1,481	877	+68.9%	520
Short-term bank facilities and non-trade current accounts (credit balances)	129	172	-25.0%	113
Securities held for trading maturing in more than 3 months	88	6	+82	69
Other current financial assets and derivatives on financing activities	51	107	+56	210
Net cash from (used in) operations held for sale	(200)			
Cash position per the balance sheet	1,548	1,163	+33.1%	913
Borrowings	(7,741)	(6,662)	+16.2%	4,915
NET CASH (DEBT)	(6,193)	(5,499)	+12.6%	4,002

SCHEDULE OF BORROWINGS

<i>(in millions of euros)</i>	2009	2008	2009 / 2008 change	2007
Put options of minority shareholders	17	2,068	-	2,049
Debt to Siemens	2,080*			
Interest-bearing advances	81	727	-88.9%	652
Loans from financial institutions	2,274	3,582	-36.5%	2,009
Bond issues	3,006	-		-
Short-term bank facilities and other credit balances	129	172	-25.0%	113
Financial instruments	56	54	-3.7%	27
Miscellaneous debt	99	59	-67.8%	65
TOTAL BORROWINGS	7,741	6,662	+16.2%	4,915

* Including capitalized interest on the Siemens put.

9.4.4. EQUITY – INCLUDING TRANSMISSION & DISTRIBUTION OPERATIONS

Equity totaled 6.648 billion euros at December 31, 2009 (including 990 million euros related to the Transmission & Distribution business), compared with 6.547 billion euros at December 31, 2008.

This change primarily reflects the share of comprehensive income attributable to owners of the parent in 2009 of 390 million euros and the payment of dividends in the amount of 250 million euros.

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9.4.5. ASSETS AND PROVISIONS FOR END-OF-LIFE-CYCLE OPERATIONS

The change in the balance sheet from December 31, 2008 to December 31, 2009 with regard to assets and liabilities for end-of-life-cycle operations is summarized in the table below.

<i>(in millions of euros)</i>	December 31, 2009	December 31, 2008	December 31, 2007
Assets			
End-of-life-cycle assets	422	459	2,665
AREVA share (to be amortized in future years)	147	189	174
third-party share	275	270	2,491
Assets earmarked for end-of-life-cycle operations	5,351	4,954	2,873
Shareholders' equity and liabilities			
Provisions for end-of-life-cycle operations	5,660	5,674	5,075
provisions to be funded by AREVA	5,385	5,404	2,584
provisions to be funded by third parties	275	270	2,491

The net amount of end-of-life-cycle assets came to 422 million euros at December 31, 2009, compared with 459 million euros at December 31, 2008.

The reduction in the third-party share between 2007 and 2008 is the result of the signature in December 2008 of a memorandum of understanding with EDF on principles applicable to Back End contracts for the post-2007 period.

For end-of-life-cycle operations, this memorandum of understanding mainly provides that EDF shall pay a lump sum settlement to AREVA for the final shutdown and dismantling of the La Hague plants and for the retrieval and packaging of legacy waste.

The schedule for the payment of this settlement was defined in an agreement signed by AREVA and EDF in July 2009.

The 2008 memorandum of understanding was recognized as follows:

- the existing third-party share of liabilities was reduced, while the full and final settlement to be paid by EDF was recognized as a receivable on end-of-life-cycle operations;
- the prepayment received from EDF remains on the balance sheet under borrowings pending contract signature (see Note 25, *Borrowings*).

The agreement signed in July 2009 allowed AREVA to liquidate the advance received from EDF by offsetting the first scheduled payment against the advance.

The third-party share remaining in end-of-life-cycle assets corresponds mainly to the funding expected from the Commissariat à l'Énergie Atomique (CEA, French atomic energy commission) for its share of the commitment for the Pierrelatte site. This heading increases based on discounting reversals and decreases based on work performed.

The increase in provisions for end-of-life-cycle operations in 2008 comes principally from the recognition of a waste retrieval and packaging provision corresponding to the CEA's share of financing of legacy waste retrieval and packaging operations at La Hague's UP2-400 plant.

At the same time, the lump sum settlement to be paid by the CEA to AREVA was recognized as a receivable on end-of-life-cycle operations. The CEA share was previously treated as a contract. After a review of the French law of June 28, 2006 on the sustainable management of nuclear materials and radioactive waste, the implementing decree of February 23, 2007, and the administrative order of March 21, 2007 on collateralization of nuclear cleanup funding, and of the comments on their application made in 2008 by the regulator, the group decided to recognize this settlement as a receivable and the resulting commitment in provisions for waste retrieval and packaging.

9.4.6. OTHER PROVISIONS

Other provisions consist mainly of provisions for employee benefits, non-current provisions other than those related to end-of-life-cycle operations, and current provisions.

These provisions decreased by 561 million euros in 2009, going from 3.473 billion euros at December 31, 2008 to 2.912 billion euros at December 31, 2009.

This decrease is due mainly to the reclassification of provisions associated with the Transmission and Distribution business (provisions for employee benefits for 208 million euros and current provisions for 399 million euros) to liabilities of discontinued operations.

9.4.7. CAPITAL EMPLOYED AND RETURN ON AVERAGE CAPITAL EMPLOYED (ROACE)

CAPITAL EMPLOYED

The following table shows the determination of average capital employed by year:

<i>(in millions of euros)</i>	December 31, 2009	December 31, 2008 excluding T&D	December 31, 2008	2007
Net intangible assets	3,282	3,016	3,089	2,729
Goodwill used in ROACE calculation	4,349	4,123	4,748	2,521
Net PP&E	5,294	4,306	4,914	4,204
Prepayments and borrowings funding non-current assets	(955)	(932)	(941)	(907)
Operating working capital requirements, excluding advances to fund non-current assets	(62)	12	656	368
Provisions for contingencies and losses	(2,891)	(2,845)	(3,430)	(3,088)
Total capital employed	9,017	7,680	9,036	5,826⁽¹⁾
AVERAGE CAPITAL EMPLOYED OVER THE PERIOD	8,348⁽²⁾	-	8,341⁽²⁾	4,264

Nota bene: The method used takes into account a definition of capital employed after deduction of all provisions for contingencies and losses.

(1) This amount does not include the goodwill allocated to Siemens' put option. Including this item, the total comes to 7.646 billion euros.

(2) Average capital employed used to calculate ROACE in 2009 is based on total capital employed, including goodwill allocated to Siemens' put in 2009, 2008 and 2007.

ROACE

The following table presents changes in the group's ROACE by year:

December 31 <i>(in millions of euros)</i>	Average capital employed	Net operating income	ROACE
2009	8,348	136	1.6%
2008	8,341 ⁽¹⁾	328	3.9%
2007	4,264	583	13.7%

(1) Average capital employed used to calculate ROACE in 2009 is based on total capital employed, including goodwill allocated to Siemens' put in 2009, 2008 and 2007.

In 2009, the ROACE of continuing operations was 1.6%. Average capital employed and net operating income for 2008 and 2007 included the contribution from Transmission & Distribution operations.

In 2009, average capital employed and net operating income exclude T&D (after adjustment of total capital employed for 2008).

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9.4.8. OFF-BALANCE SHEET COMMITMENTS

<i>(in millions of euros)</i>	Dec. 31, 2007	Dec. 31, 2008	Dec. 31, 2009	Maturity < 1 year	Maturity 1 – 5 years	Maturity > 5 years
Commitments given	3,502	3,933	2,260	456	1,427	377
Operating commitments given	3,185	3,368	1,604	399	900	305
Commitments given on financing	30	71	30	20	5	5
Other commitments given	287	494	626	37	522	67
Commitments received	1,191	855	852	246	306	300
Operating commitments given	675	545	593	242	302	49
Commitments given on financing	6	2	1	1	0	0
Other commitments received	510	308	258	3	4	251
Reciprocal commitments	2,932	3,036	5,775	1,565	3,951	259

A detailed table of off-balance sheet commitments is presented in Section 20.2, Notes to the consolidated financial statements for the year ended December 31, 2009, Note 33, Commitments given or received.

The group's off-balance sheet commitments are presented by economic purpose: operating commitments, commitments related to financing, and other types of commitments. Reciprocal commitments correspond to commitments given by the group in consideration for a warranty from a third party.

Commitments at December 31, 2009 presented above do not include commitments related to discontinued operations.

The amounts above only include commitments that the group considers valid as of the date of closing. Accordingly, these commitments do not include construction contracts currently under negotiation.

COMMITMENTS GIVEN

Operating commitments represent 71% of all commitments given. The majority of these commitments consist of performance guarantees.

The group gave a parent company guarantee to TVO for the full value of the contract for construction of an EPR™ reactor in Finland. The group received a counter-guarantee from Siemens corresponding to that supplier's share of the TVO contract. The net commitment given by the group is in the range of 1.5 billion euros to 2 billion euros. This amount is not included in the summary table.

AREVA gave a specific guarantee in respect of ownership of FCI shares sold to Bain Capital. This amount, which is capped at the sale price of 582 million euros, is not included in the summary table.

COMMITMENTS RECEIVED

Commitments received as of December 31, 2009 include the maximum value of environmental warranties received from Alstom in connection with the group's acquisition of the Transmission & Distribution division in 2004.

RECIPROCAL COMMITMENTS

In February 2007, the group established a 2 billion euro revolving line of credit available in euros and US dollars over a seven year period. As of year-end 2009, this line had not been used.

Confirmed banking lines of credit in the amount of 1.3 billion euros were set up in the second half of 2009. These lines had not been used at December 31, 2009. They mature in July 2010 (1.15 billion euros) and in December 2010 (0.15 million euros).

Orders for property, plant and equipment increased by nearly 420 million euros in the Front End division.

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9.4.9. REVIEW BY DIVISION

FRONT END DIVISION

<i>(in millions of euros)</i>	2009	2008	2009 / 2008 change	2009 / 2008 change LFL*	2007
Backlog	27,715	26,897	+3.0%	-	21,085
Contribution to consolidated revenue	3,471	3,363	+3.2%	+3.6%	3,140
Mining	861	770	+11.9%	+11.5%	728
Chemistry	242	253	-4.3%	-4.3%	229
Enrichment	1,197	1,093	+9.6%	+7.9%	1,059
Fuel	1,171	1,248	-6.2%	-3.6%	1,124
Operating income	659	453	+45.4%	-	496
<i>Percentage of contribution to consolidated revenue</i>	19.0%	13.5%	+5.5 pts	-	15.8%

* At constant exchange rate and consolidation scope.

2009 performance

In the Front End division, the backlog as of December 31, 2009 was 27.715 billion euros, compared with 26.897 billion euros as of December 31, 2008, representing an increase of 3.0%. Contracts won in the Front End include the following:

- large multiyear uranium supply contracts with power companies in Asia, Europe and the United States, including KHNP of South Korea;
- contracts for enrichment services signed with CEZ of the Czech Republic and Duke Power of the United States;
- contracts for fuel signed with E.On of Germany and Central Nuclear de Trillo of Spain.

The Front End division reported revenue of 3.471 billion euros for the full year of 2009, up 3.2% in reported data and up 3.6% like-for-like. Foreign exchange had a positive impact of 32 million euros. The change in consolidation scope relating to a change in consolidation method for a fuel subsidiary in the United States, had a negative impact of 45 million euros.

- In Mining, sales were up in 2009 by nearly 5% on rising average sales prices for uranium, which went from 36.90 dollars per pound in 2008 to 38.60 dollars per pound in 2009.
- In Enrichment, revenue growth was fueled by rising volumes, notably in France, after particularly strong deliveries to foreign customers in 2008.
- In Fuel, the volume delivered in Europe was down from 2008, which had been a particularly strong year. This impact was partially offset by an increase in deliveries in the United States.

Operating income for the Front End division totaled 659 million euros (19.0% of revenue), compared with 453 million in 2008 (13.5% of revenue). This performance is attributable in particular to the increase in the average price of uranium sold by AREVA, the positive impact of optimization plans in the Mining business unit, which reduced average production costs, and new minority interests in the Imouraren project. The positive contribution of sales of minority interests in the Georges Besse II enrichment plant is similar to that of 2008, at 191 million euros.

Free operating cash flow before tax in the Front End was -315 million euros in 2009, compared with -609 million euros in 2008, due in particular to:

- an increase in EBITDA in line with the increase in operating income (including gains on sales of assets);
- a decrease in cash used in operating activities compared with 2008, although AREVA continued to build up strategic inventories for the transition from GBI to GBII;
- an increase in cash generated by asset sales;
- an increase in gross Capex, chiefly in Mining and Enrichment.

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REACTORS AND SERVICES DIVISION

<i>(in millions of euros)</i>	2009	2008	2009 / 2008 change	2009 / 2008 change LFL*	2007
Backlog	8,910	7,850	+13.5%	-	7,634
Contribution to consolidated revenue	3,418	3,031	+12.8%	+10.3%	2,710
Plants	1,386	1,171	+18.3%	+16.7%	1,053
Nuclear Services	835	779	+7.1%	+5.9%	791
Equipment	306	260	+17.8%	+16.8%	215
AREVA TA	408	363	+12.5%	+1.1%	307
Nuclear Measurement	174	167	+4.0%	-5.2%	159
Consulting and Information Systems	141	149	-5.2%	+1.6%	157
Renewable Energies	168	142	+18.8%	+21.2%	28
Operating income	(626)	(688)	+62	-	(180)
<i>Percentage of contribution to consolidated revenue</i>	<i>-18.3%</i>	<i>-22.7%</i>	<i>+4.4 pts</i>	-	<i>-6.6%</i>

* At constant exchange rate and consolidation scope.

Concerning the OL3 project

Significant physical progress was achieved in 2009 on the OL3 project, including the installation of the reactor dome in September. More than 93% of the orders and contracts have been committed and civil engineering work is nearing completion.

However, piping installation was penalized in the fourth quarter of 2009 when discussions with the customer, particularly on the scope and implementation of inspection procedures, proved necessary. As a result, ramp-up of this work has been delayed in terms of the initial schedule. Measures were taken to offset the schedule impact going forward.

The total of 2.3 billion euros in provisions recognized is identical to that of June 30, 2009.

The schedule for facility startup will depend on the practical implementation by TVO of agreed-upon procedures concerning piping installation and inspection, and then on the validation and effective implementation of the procedures related to the testing and startup phases and to the instrumentation and control system.

2009 performance

In the Reactors and Services division, the backlog as of December 31, 2009 stood at 8.91 billion euros, compared with 7.85 billion euros as of December 31, 2008, representing an increase of 13.5%. Among the most significant contracts won during the year are:

- 12 steam generators for TVA in the United States, KHNP in South Korea and EDF in France;
- the order for 60 reactor coolant pumps from CNPEC of China;
- a 58 million euro contract to renovate the automated operation of the Lyon metro from the *Syndicat Mixte des Transports pour le Rhône et l'agglomération lyonnaise* (transit authority of greater Lyon);

- a multiyear standing agreement for engineering services to be provided to EDF;
- contracts totaling more than 800 million euros with Wetfeet Offshore Windenergy to supply 80 M5000 wind turbines and related services to the Global Tech 1 offshore wind farm;
- a contract for the design of a low and medium level waste disposal facility at the Ignalina nuclear power plant site in Lithuania.

Revenue for the Reactors and Services division rose 12.8% in 2009 to 3.418 billion euros (+10.3% like-for-like). Foreign exchange had a positive impact of 29 million euros. The change in consolidation scope, reflecting acquisitions made in 2008 and 2009 by AREVA TA, had a positive impact of 40 million euros.

- In Plants, revenue growth was fueled by the rising contribution from major reactor projects and by an increase in installed base business, particularly in the field of instrumentation and control systems.
- In Nuclear Services, after the slowdown in the first nine months of the year, the anticipated catch-up effect in the fall translated into very strong fourth quarter 2009 performance in outage services in the United States, including the replacement of several steam generators in 2009.
- In Renewable Energies, offshore wind turbine projects ramped up and Biomass business grew, particularly in Europe.

Excluding OL3 provisions recorded in the first half of the year, the Reactors and Services division, which includes the Renewable Energies business, reported operating income of -76 million euros, down from +61 million euros in 2008. This change mainly reflects the reorganization and restructuring of some projects (including measures related to the default of an industrial partner in Renewable Energies), a significant level of spending on research and development, and ongoing support for major projects.

ANALYSIS OF AND COMMENTS ON THE GROUP'S FINANCIAL POSITION AND PERFORMANCE

Statement of financial position

The division's free operating cash flow came to -736 million euros in 2009, down from -589 million euros in 2008, reflecting the decrease in EBITDA associated with spending on the OL3 project and an

increase in net Capex, particularly in Equipment. These impacts were partially offset by an improvement in operating WCR, contributing 210 million euros.

BACK END DIVISION

<i>(in millions of euros)</i>	2009	2008	2009 / 2008 change	2009 / 2008 change LFL *	2007
Backlog	6,685	7,784	-14.1%	-	6,202
Contribution to consolidated revenue	1,637	1,692	-3.3%	-3.7%	1,738
Recycling	1,006	1,068	-5.8%	-5.9%	1,363**
Nuclear Site Value Development	229	241	-4.8%	-4.8%	0
Logistics	246	234	+4.8%	+2.5%	218
Engineering	41	45	-9.2%	-9.2%	59
Cleanup	115	104	+10.7%	+10.7%	98
Operating income	235	261	-10.1%	-	203
<i>Percentage of contribution to consolidated revenue</i>	<i>14.4%</i>	<i>15.4%</i>	<i>-1.0 pt</i>	-	<i>11.7%</i>

* At constant exchange rate and consolidation scope.

** Including Nuclear Site Value Development.

2009 performance

In the Back End division, the backlog as of December 31, 2009 was 6.685 billion euros, compared with 7.784 billion euros as of December 31, 2008, representing an increase of 14.1%. Among the most significant contracts won in 2009 are:

- contracts to supply MOX fuel to Japanese utilities, including Electric Power and Chugoku EPCo;
- a long-term contract to supply used nuclear fuel storage casks to KKL for the Leibstadt power plant in Switzerland.

The Back End division reported revenue of 1.637 billion euros in 2009, essentially unchanged from 2008, for a decrease of 3.3% in reported data and of 3.7% like-for-like.

The Back End division reported operating income of 235 million euros, with an essentially stable operating margin of 14.4%, compared with 15.4% in 2008.

The Back End division's free operating cash flow before tax was 288 million euros in 2009, compared with 422 million euros in 2008. This drop is primarily due to a reduction in operating cash flow compared with 2008 and to an increase in net capital expenditure.

CORPORATE AND OTHER OPERATIONS

<i>(in millions of euros)</i>	2009	2008	2009 / 2008 change	2009 / 2008 change LFL *	2007
Contribution to consolidated revenue	4	3	-	-	1
Operating income	(171)	(170)	+0.6%	-	(166)

* At constant exchange rate and consolidation scope.

Corporate and other operations reported a total charge to operating income of 171 million euros in 2009, practically unchanged from the total charge of 170 million euros in 2008.

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→ 9.5. Events subsequent to year-end closing for 2009

- AREVA signed an agreement setting forth the legal and financial terms of the sale of the Transportation & Distribution business to the Alstom / Schneider consortium.
- AREVA announced the establishment of a new organization for its Nuclear and Renewable Energies operations. The new organization strengthens the synergies between the group's businesses, enabling it to fully respond to customer expectations.
- AREVA signed a contract to supply conversion services to Industrias Nucleares do Brazil (INB) for the fuel to be used over the next five years at the Angra nuclear complex in Brazil (units 1 and 2, and soon unit 3).
- AREVA signed a contract with VNIIAES1, a subsidiary of the Russian state-owned nuclear group Rosatom, to deliver TELEPERM XS™ safety instrumentation and control systems for one of two new 1200 MWe reactors to be built at the Novovoronezh site south of Moscow. This contract falls within the framework of the general agreement on cooperation concluded in May 2009.
- The US Nuclear Regulatory Commission (NRC) has just authorized the installation of AREVA's digital safety instrumentation and control system at a US reactor. AREVA's TELEPERM XS™ system is currently the only digital safety instrumentation and control system approved by the NRC.
- AREVA and EDF reached agreement on the transportation, treatment and recycling of used nuclear fuel. The two companies will sign a contract before the end of the first quarter of 2010. The agreement spells out the terms for application of the framework agreement of December 19, 2008, which establishes principles of long-term cooperation on used fuel treatment and recycling and on MOX fuel fabrication. The agreement provides long term visibility to both EDF and AREVA in their relations pertaining to recycling. Under the agreement, EDF will increase the annual quantity of used fuel sent to La Hague for treatment from 850 metric tons to 1,050 metric tons starting in 2010 and the annual quantity of MOX fuel fabricated at the MELOX plant from 100 metric tons to 120 metric tons. In addition, AREVA and EDF will make their best efforts to quickly seal an agreement for the enrichment of EDF uranium at AREVA's Eurodif plant.
- AREVA won three contracts totaling 260 million euros in the bioenergy field in Brazil and Thailand.
- AREVA announced the acquisition of 100% of Ausra. Based in Mountain View, California, Ausra offers process steam and power generation solutions produced with concentrated solar energy. With this acquisition, AREVA expands its portfolio of renewable energy solutions to become a major player in the concentrated solar energy market.

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Capital resources

For information on cash flow and equity, please refer to Section 9.3. *Cash flow*, and Section 9.4. *Balance sheet data*.

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Research and Development Programs, patents and licenses*

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→ 11.1. Research and Development

11.1.1. KEY DATA

Research and Development expenses are capitalized if they meet criteria established by IAS 38 and expensed if they do not. Research and Development expenses not eligible for capitalization are reported below gross margin in the income statement if solely funded by the group. Expenses for programs that are partially or fully funded by customers or for joint projects in which AREVA has the commercial rights to the results are recorded in the cost of sales. All Research and Development costs, whether capitalized or expensed during the period, are combined to determine the group's total R&D expenditure.

The group's Research and Development expenses in the Nuclear and Renewables operations came to 346 million euros in 2009, representing 4.1% of consolidated revenue for the period. This figure indicates 14.1% growth in Research and Development expenses compared with 2008, when spending was 303 million euros and the ratio to revenue was 3.7%.

<i>(in millions of euros)</i>	2009	In percentage of revenue	2008	In percentage of revenue	2007	In percentage of revenue
Research and Development expenses recognized as expenses under gross margin	346	4.1%	303	3.7%	285	3.8%
R&D costs capitalized in the balance sheet ⁽¹⁾	321	3.8%	449	5.6%	276	3.6%
Other	148	-	153	-	123	-
Total R&D expenditure	816	9.6%	905	11.2%	684	9.0%
Number of registered patents	85	-	90	-	82	-

(1) Capitalized R&D costs include development expenses for the period capitalized in intangible assets, R&D for the period included in PP&E, and capitalized mineral exploration expenses for the period.

* Nuclear, Renewables and Transmission & Distribution operations

Taking into account all costs incurred for Research and Development, the group's total R&D expenditure was 816 million euros in 2009, or 9.6% of revenue for the period, for a decrease of 10% compared with 2008 (11.2% of revenue).

In 2009, Research and Development expenditure reflects continuing expenses in mineral exploration and long-term projects, including:

- development and modernization of production capabilities in the front end of the cycle;

- additions to the light water reactor line, and in particular the ATMEA1™ pressurized water reactor and the KERENA™ boiling water reactor;
- development of fast neutron reactors;
- performance improvement in Equipment;
- preliminary design of future treatment and recycling plants;
- reinvigorating of expertise; and
- synthetic oils and hydrogen.

11.1.2. OVERALL ORGANIZATION OF RESEARCH AND DEVELOPMENT

The AREVA group sets the pace for the global competition in terms of technology, with dynamic programs to harness advanced technologies and integrate them into its products and services. Ever since the first industrial applications of nuclear energy were developed, the group has worked continuously to build up major intellectual assets, maintain its strong technological lead and bolster its international positions. AREVA has pooled Research and Innovation functions as a group to tap into the synergies resulting from its establishment and to protect and multiply its technology assets. By functioning in integrated mode, the group is able to share best practices among all entities and boost R&D effectiveness in areas as wide-ranging as technology management, knowledge and expertise management, intellectual asset protection, innovation, and leadership for a portfolio of Research and Development projects. It also helps initiate and,

when the time is right, manage and fund projects at the corporate level when they serve several group subsidiaries or are longer-term.

The program to stimulate innovation launched in 2005 and fully deployed in 2006 translated into some 20 new key projects, most led by the business units, although some – usually cross-business or longer term – were launched by the Research and Innovation function itself. Management and the Research and Innovation function jointly review these projects at regular intervals. This plan was supplemented in 2009 by setting up, even before the project is launched, a preliminary design process to promote more systematic exploration of topics likely to lead to innovations.

11.1.3. PARTNERSHIPS

Thirty years of technological achievement and commercial successes have positioned AREVA as a global leader in the nuclear industry. Today, the group has a solid base of operations on three continents. Scientific and technical partnerships reflecting the group's international dimension will be a cornerstone of its continued growth.

AREVA already has a broad network of partnerships with the world's leading research laboratories, In particular:

- in France: the CEA at Saclay, Cadarache, Grenoble and Marcoule; EDF's Research and Design Laboratories; the French National Scientific Research Center (CNRS); and major engineering schools and universities such as the École de Chimie in Paris and Montpellier University;
- in Germany: the University of Zittau and the Karlsruhe, Rossendorf and Julich research centers;
- in the United States: Massachusetts Institute of Technology (MIT), the Universities of Florida, Idaho, Texas and Virginia, and the Sandia and Idaho National Laboratories;
- in China: the Tsinghua-Beijing and Xi'An Universities;

- in Russia: the Kurchatov, VNIINM and Khlopin research institutes;
- in Australia: the Ian Wark Research Institute and the University of South Australia.

AREVA is a participant, *via* the CEA representing the French parties, in the Generation IV International Forum (GIF), a US initiative. The multilateral agreement was signed by several countries in 2005, providing a framework for international collaboration on R&D dedicated to generation IV nuclear reactor concepts. AREVA is keenly interested in this initiative, alongside its French, European and international partners, especially as concerns fast spectrum reactors, which push the envelope of resource conservation.

Agreements and partnerships of note include:

- the tripartite agreement between AREVA NP, the CEA and the EDF group, renewed in 2007, which coordinates the three parties' R&D efforts and resources to improve the performance of existing reactors and related fuels and plan for long-range development of key technologies for future generations of reactors; and

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- the 10-year cooperative agreement between AREVA NC and the CEA in the nuclear fuel cycle field, which has the same purpose and objectives as the tripartite agreement, and under which work began on January 1, 2004.

11.1.4. FUTURE DIRECTIONS IN TECHNOLOGY

The AREVA group's Research and Development programs are anchored in meeting customer requirements. They focus on enhancing safety, reducing costs, minimizing final waste volumes, conserving natural resources and preparing future generations of nuclear systems.

DEVELOPMENT AND MODERNIZATION OF PRODUCTION TOOLS IN THE FRONT END OF THE FUEL CYCLE

The revival of nuclear programs in many countries will generate increased demand for uranium, especially as highly enriched uranium (HEU) inventories near depletion.

The stepped-up mineral exploration of recent years continued in 2009. In addition to studies on uranium geochemistry and to improve geophysical prospecting methods, efforts concentrated mainly on the exploration of new areas. Following the acquisition of UraMin Inc., projects are also being conducted on the recovery of uranium from ores that may be very different from those mined up to now. R&D spending incorporates sustainable development criteria, namely the impacts on the environment, society and the economy.

In response to growing demand for conversion services, studies are under way to modernize facilities and increase production capacity. These studies will serve to validate investment decisions when the time comes.

OPTIMIZING THE ECONOMIC PERFORMANCE OF REACTORS AND FUEL

Boosting nuclear fuel performance

AREVA is conducting far-reaching research and innovation programs to boost thermo-hydraulic, mechanical and burn-up performance while enhancing fuel reliability.

These programs involve:

- adapting to changes in operating conditions, whether for cladding materials (new alloys for better corrosion resistance and enhanced mechanical properties) or fuel (advanced microstructures to reduce the release of fission gases at high burn-ups);

For partnerships with the CEA, the allocation of ownership and utilization rights (industrial and commercial use, or use exclusively for research) is a function of each party's financial share.

- the development of new fuel rod, spacer grid and assembly designs.

Substantial development programs are in progress to prepare for future generations of PWR and BWR fuel assemblies.

Enhancing design tools for fuel and reactors

AREVA puts considerable effort into its modeling tools and design codes, whether for its own account or in cooperation with the CEA. Developments focus on advanced physical models that take advantage of growing computer modeling capabilities, expanding their validated domains, establishing modular application architectures, and developing ergonomic graphical interfaces. These developments are helping to improve code forecasting accuracy, reduce design schedules and improve design quality. They are being used to design and validate fuel and reactors delivering even better performance.

Understanding and anticipating aging phenomena

AREVA is conducting important research and development programs with the CEA and the EDF group, with the objective of gaining a better understanding of and control over materials aging in the reactor environment (radiation, pressure, temperature, mechanical loads). This in turn will strengthen the ability to predict and demonstrate structural and equipment life spans and to offer solutions for extending the service life of reactors and their components to meet utility requirements.

Supplying modern digital instrumentation and control systems

Instrumentation and control system products and programs offering a high level of safety are being integrated into AREVA-supplied reactors, including the EPR™ reactor, and offered as upgrades to existing reactors to replace older systems.

These advanced instrumentation and control systems are helping to improve reactor operations and availability, lower their maintenance costs, and increase their power as needed.

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DEVELOPING ENHANCED SOLUTIONS FOR THE BACK END OF THE FUEL CYCLE

The 30 years of industrial Research and Development at the La Hague plant site have set the standard for used fuel treatment today. The design and operating experience from this plant are helping to guide our main research programs.

Production plant support

This involves optimizing current plant operations over the long term and adapting to market trends to be in a position to treat new fuels (high burn-up UOX fuel, MOX fuel, research reactor fuel, etc.). In addition, programs continue to minimize the La Hague plant's environmental impacts.

Optimizing fuel treatment and reducing final waste volumes

A far-reaching development program is under way to renovate the vitrification facility for increased productivity and capacity. The program involves installing the cold crucible technology, developed jointly with the CEA, which is capable of processing a wider range of feed solutions, including effluent from the rinsing of facilities scheduled for dismantling and legacy solutions with a high molybdenum content from the treatment of gas graphite fuels. The process was qualified in a full-scale vitrification pilot plant at the CEA Marcoule site. The cold crucible is in the process of being installed on a production line at La Hague. This research program should also enable AREVA to expand its offering to include the treatment of new products.

Improving used fuel transport and storage

The Back End division is developing new materials – resins, radiation shielding and impact limiters – for the design of innovative shipping casks and even more efficient integrated storage solutions that accommodate the changing and ever more demanding characteristics of used fuels.

WIDENING THE RANGE OF LIGHT WATER REACTORS AND SUPPORTING THEIR DEPLOYMENT

The EPR™ reactor

The EPR™ reactor project team formed in the United States in 2005 prepared a design certification application which it submitted to the US Nuclear Regulatory Commission (NRC) at the end of 2007. The certification review, involving AREVA-NRC interaction, is in progress. The design certification application review of the EPR™ reactor in the United Kingdom was launched in 2007 in partnership with the EDF group and is ongoing. In late November, the application successfully entered the third and final stage of the Generic Design Assessment.

The R&D teams also actively support the OL3 project at Olkiuoto, Finland and the FA3 project at the Flamanville site in France, most notably for experimental validation of certain components.

The ATMEA1™ reactor

Within the framework of ATMEA, a joint company established in 2007 by AREVA and Mitsubishi Heavy Industries (MHI), AREVA is developing ATMEA1™, a 1,100 MWe pressurized water reactor in which the know-how of both partner companies is pooled. ATMEA1™ is designed for medium capacity power grids.

KERENA™

AREVA is developing a boiling water reactor with around 1,250 MWe of power: the KERENA™ reactor. The basic design, carried out with support from E.ON, is nearing completion. At the same time, AREVA is conducting the Inka experimental program to support qualification of safety codes, verification of safety systems design, and simulation of accidental transients.

The KERENA™ reactor is designed to meet the needs of utilities seeking BWRs with intermediate level power ratings. It was designed to be economically competitive and to take advantage of optimized passive and active safety and operating systems.

Research reactor

AREVA, with support from operators at the CEA, revisited the design bases of a research reactor in the 2 to 10 MWth range capable of meeting the needs of newcomers to nuclear power.

PLANNING FOR NEXT-GENERATION REACTORS AND RELATED FUEL CYCLE PLANTS

This involves long-term research – the key to maintaining technological leadership – that looks at the total reactor/fuel cycle system to optimize sustainable development criteria, i.e. an economic system that conserves natural resources and minimizes environmental impacts while addressing societal issues.

A discussion of some of the key areas for research follows.

Relaunching development of sodium-cooled fast neutron reactors

In connection with the international Generation IV reactor initiative, and with sustainable development objectives in mind, AREVA initiated an innovation phase in 2006 designed to overcome the technological hurdles concerning sodium-cooled fast neutron reactors. The innovation phase is being carried out as part of a cooperative program with the CEA and the EDF group and will focus initially on core safety issues and in-service inspection and repairs.

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RESEARCH AND DEVELOPMENT PROGRAMS, PATENTS AND LICENSES

Intellectual property and brands

Solutions for the future of naval propulsion

AREVA launched two initiatives in 2008, one to increase reactor compactness and performance by developing a new type of steam generator, the other focusing on design concepts for an onboard nuclear steam supply system for merchant ships.

Designing the next generation of fuel cycle plants and responding to legislative issues concerning radioactive waste management

Development of a new generation of treatment and recycling plants continues. In this field, AREVA worked with the CEA to develop the COEX™ process for co-extracting uranium and plutonium. The individual steps in the process have been mastered.

AREVA is also participating in the research component of the French law of June 28, 2006 on radioactive waste management, as it did with the previous law.

Programs concerning new plants and radioactive waste management are targeting:

- reduction of the volumes of waste packages;
- definition of packaging solutions for waste from legacy nuclear facilities under the best possible safety conditions; and
- support to Andra to update waste package assessment documents for disposal facility design.

EMERGING TECHNOLOGIES AND RENEWABLE ENERGIES

The medium term Research and Development plan for offshore wind power has been defined. It includes short-term activities to improve the M5000 wind turbine and reduce its cost, and long-term activities to define new products, particularly for non-European markets.

The group's commitment to applying skills from other sectors to innovation led to the recruitment of a number of top experts from the aerospace, nanotechnology and applied mathematics fields in late 2008. The addition of these new skills to the group is turning out to be particularly fruitful and has already given rise to several patent applications.

For the past two years, AREVA has been studying the use of nuclear energy in applications other than power generation. This study indicates that large-scale hydrogen production by electrolysis is a promising lead. A research and development program on high-temperature electrolysis called ELHYPSE is under way.

Ongoing Research and Development concerning massive production of hydrogen by electrolysis has helped identify the recycling of carbonaceous matter into high value added molecules as an important area for exploration where the nuclear industry can make an important contribution to reducing CO₂ emission levels in the chemical and petrochemical industries as well as in the transportation sector.

→ 11.2. Intellectual property and brands

Intellectual property, licenses, patents, trademarks and technical expertise in general play an important part in the group's daily operations and thus in the production and protection of AREVA products, services and technology. Protecting the group's knowledge and unique know-how requires a comprehensive system for

developing and managing AREVA's intellectual assets. This is also the key to negotiating successful technology transfer and process license agreements, now standard practice for large-scale international projects.

11.2.1. PATENTS AND KNOW-HOW

Several years ago, the AREVA group set the goal of building a portfolio of patent rights consistent with its strategies and right-sized in terms of both quality and quantity, in keeping with the group's Research and Development efforts.

Today, the AREVA group has a portfolio of some 8,000 patents derived from more than 1,900 inventions pertaining to the nuclear fuel cycle, nuclear reactors, renewable energies and related services.

In 2009, the AREVA group registered 85 patents, in its Nuclear and Renewables operations.

Consistent with the main strategic directions set for the group's R&D effort, patent portfolios were initiated, developed or strengthened in several areas in 2009: cold crucible vitrification and the COEX™ technology in the Back End division; designs for new generations of PWR and BWR fuel assemblies, advanced design tools and related services in the Front End division; equipment manufacturing and

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services in the Reactors & Services division; and massive production of hydrogen by electrolysis in the Renewable Energies business unit. These efforts will continue in the years to come.

In addition to the patent portfolios, the AREVA group has elected to maintain the confidentiality of some of its technology innovations.

Accordingly, the group owns and uses valuable know-how recognized for its technical excellence that contributes to AREVA's leadership in its businesses and bolsters the group's technical and commercial offering.

11.2.2. LEGAL ACTIVITIES

In 2009, the AREVA group concluded several R&D and partnership agreements on international markets for which balanced and profitable intellectual property strategies were devised in the interests of the group as well as its partners.

The AREVA group endeavors to protect its intellectual property rights in all agreements with third parties, particularly license agreements and technology transfer contracts, to optimize the management of its intellectual property and prevent unauthorized use.

11.2.3. IN 2010

The AREVA group intends to continue, strengthen and organize its intellectual property initiative to support the growth of its R&D effort and the development of new partnerships, in keeping with the group's industrial and marketing strategies, and with the goal of making intellectual property a fundamental tool of the group's strategy.

The AREVA group has set the following goals in this regard:

- to make AREVA's Industrial Property identifiable and visible, both internally and externally, and to use it in support of AREVA's industrial and commercial strategy;

- to ensure that the AREVA group is free to design and operate its present and future products;
- to identify the potential for "per se" valuation of AREVA's intangible assets.

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→ 12.1. Current situation

See Section 6.1. *The markets for nuclear power and renewable energies*, which deals with the current economic situation and the way it affects the groups operations.

→ 12.2. Financial objectives

As indicated in the general comments at the beginning of this Reference Document, this section contains information on the objectives, outlook and development directions of the AREVA group and its markets. This information should not be interpreted as a guarantee that events and data set forth herein are assured or that objectives will be met. Neither AREVA nor the AREVA group is committing to updating forward-looking statements or information contained in this section. In addition, the unexpected occurrence of some of the risks described in chapter 4 is likely to have consequences on the group's ability to achieve its objectives.

The AREVA group sees solid growth prospects for the coming years.

For 2010, the group anticipates:

- significant growth in revenue and backlog;
- growth in operating margin; and
- a sharp increase in net income attributable to owners of the parent.

In 2012, the group expects:

- revenue of 12 billion euros;
- double digit operating margin; and
- significant positive free operating cash flow.

Profit forecasts or estimates

Not applicable.

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Administrative, management and supervisory bodies and senior management

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→ 14.1. Composition of the Executive Board

The Executive Board consists of at least two members and at most five members named by the Supervisory Board, which appoints the Chairman of the Executive Board from among its members. When AREVA shares are publicly traded in a regulated market, the Executive Board may be increased to seven members.

The members of the Executive Board must be natural persons. They need not be shareholders and may be AREVA employees. Any Supervisory Board member designated as an Executive Board member shall cease to be a member of the Supervisory Board upon assuming his or her new position.

The Executive Board is appointed for a term of five years expiring at the first meeting of the Supervisory Board held after the fifth anniversary of that appointment. The Supervisory Board may appoint a new member to the Executive Board during its term.

The decision to increase the number of Executive Board members above the number set at its appointment is subject to the approval of the Executive Board Chairman.

Executive Board member terms are renewable.

As of December 31, 2009, the members of the Executive Board were as follows:

ANNE LAUVERGEON (AGE 50)

Chief Executive Officer of AREVA since the Supervisory Board appointed her on July 3, 2001. Mrs. Lauvergeon's term was renewed at the Supervisory Board meeting held on June 29, 2006 and will expire at the first meeting of the Supervisory Board held after June 29, 2011.

Mrs. Lauvergeon holds the rank of *Ingénieur en chef* in the Corps des Mines, is a graduate of École Normale Supérieure and holds a doctorate in Physical Sciences.

She held several positions before joining AREVA. In 1984, she was in charge of studying chemical safety issues in Europe for the French Atomic Energy Commission (CEA). In 1985, she managed underground resources in the Ile-de-France region. In 1988, she also became deputy to the Department Head of the *Conseil Général des Mines*. In 1990, Mrs. Lauvergeon became a special assistant for international economics and trade to the President of the French Republic, for whom she also served as Deputy Secretary General responsible for the organization of the G7 summits in 1991. In 1995, Mrs. Lauvergeon became a General Partner at Lazard Frères & Cie, and in 1997 she was Executive Vice-President of Alcatel Télécom.

Other offices held:

- CEO of AREVA NC;
- Director of AREVA Enterprises, Inc.;
- Director of AREVA T&D Holding;
- Director of GDF Suez, Total and Vodafone Group Plc.

Other offices held during the past five years:

- Permanent representative of AREVA to the Board of Directors of FCI (until November 2005);
- Vice Chairman of the Supervisory Board of Safran until February 2009.

GÉRALD ARBOLA (AGE 61)

Member of the AREVA Executive Board since the Supervisory Board appointed him on July 3, 2001. Mr. Arbola's term was renewed at the Supervisory Board meeting held on June 29, 2006 and will expire at the first meeting of the Supervisory Board held after June 29, 2011. Mr. Arbola has been Chief Operating Officer since the Board appointed him on June 29, 2006.

Mr. Arbola is a graduate of the Institut d'Études Politiques of Paris. He also holds an advanced degree in economics.

Mr. Arbola held several positions in the Cogema group (now AREVA NC) before joining AREVA in 2001 as Chief Financial Officer and member of the Executive Board.

He joined the Cogema group in 1982 as director of Planning and Strategy for SGN, where he also served as Chief Financial Officer from 1985 to 1989 and as Executive Vice President in 1988. He became Chief Financial Officer of Cogema in 1992 and a member of its Executive Committee in 1999, while also serving as Chairman of SGN in 1997 and 1998.

Other offices held:

- CEO of FT1CI;
- Director of Suez Environnement since July 2008;
- Vice Chairman of the Supervisory Board of STMicroelectronics NV since May 2008;
- Chairman of the AREVA Enterprise Foundation;
- Director of AREVA NC and AREVA T&D holding;
- Member of the Management Committee of AREVA NP;
- Director of the CEA since July 2009.

Other offices held during the past five years:

- Chairman and member of the Supervisory Board of STMicroelectronics Holding NV until November 2006;
- Chairman of AREVA Finance/Gestion until June 2007;
- Chairman of Cogemap until December 2007;
- Chairman of the Supervisory Board of STMicroelectronics NV until May 2008.

DIDIER BENEDETTI (AGE 57)

Member of the AREVA Executive Board since the Supervisory Board appointed him on October 15, 2002. Mr. Benedetti's term was renewed at the Supervisory Board meeting held on June 29, 2006 and will expire at the first meeting of the Supervisory Board held after June 29, 2011.

Mr. Benedetti holds an engineering degree from the École Supérieure d'Informatique, d'Électronique et d'Automatique (Esiea) and is a graduate of the Institut d'Administration des Entreprises (IAE) of Paris.

Mr. Benedetti held several positions with Schlumberger, Thomson and Fiat before joining AREVA. In particular, he served as Executive Vice President of Thomson Brandt Armement, Vice Chairman of Thomson Consumer Electronic, and President of all Magneti Marelli passenger compartment divisions (Fiat group).

Other offices held:

- Chief Operating Officer and director of AREVA NC;
- Director of AREVA NC Inc. and member of the Supervisory Board of Eurodif SA;
- Standing member of the Strategy Committee of SET holding company;
- Director of Canberra Industries Inc.

Other offices held during the past five years:

- Member of the Strategy Committee of Société d'Enrichissement du Tricastin SAS (SET) until March 2008;
- Director of Multiservices et Enseignements Pratiques;
- Chairman of AREVA EC (SAS) until May 2007;
- Director of Compagnie Nucléaire de Services (CNS) until February 2009.

LUC OURSEL (AGE 50)

Member of the AREVA Executive Board since the Supervisory Board appointed him on March 22, 2007. Mr. Oursel's term will expire at the first meeting of the Supervisory Board held after June 29, 2011.

Mr. Oursel is a graduate of the École Nationale Supérieure des Mines of Paris and holds the rank of *Ingénieur en chef* in the Corps des Mines.

Before joining AREVA, Mr. Oursel was a senior civil servant until 1993 with the Ministry of Industry and then with the cabinet of the Minister of Defense, where he served as technical advisor in charge of industrial affairs, armament programs and research. Beginning in 1993, he held various positions with the Schneider, Sidel and Geodis groups. In particular, he was President of Schneider Shanghai Industrial Control, CEO of Schneider Electric Italia, Executive Vice President of Sidel and President of Geodis.

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Other offices held:

- Chief Executive Officer of AREVA NP SAS;
- Permanent representative of AREVA to the Supervisory Board of Safran;
- Member of the Supervisory Committee of Souriau Technologies Holding SAS.

Other offices held during the past 5 years:

- None.

The members of AREVA's Executive Board may be contacted at the company's corporate office at 33, rue La Fayette, 75009 Paris, France.

→ 14.2. Composition of the Supervisory Board

The information concerning the composition of the Supervisory Board appears in Section 3.2. *Report of the Supervisory Board Chairman on*

the preparation and organization of the Board's activities and internal control procedures (Appendix 1 of this Reference Document).

→ 14.3. Legal information, conflicts of interest and service contracts

As of the date of this Reference Document and to the best of AREVA's knowledge:

- the members of the Supervisory Board and the members of the Executive Board are not subject to potential conflicts of interest between their duties as members and their private interests;
- there are no family relationships between members of the Supervisory Board and members of the Executive Board of AREVA;
- no member of the Supervisory Board or the Executive Board has been convicted for fraud over the past five years. None of these members participated in any bankruptcy, receivership or liquidation proceeding in an executive capacity during the past five years, and none was indicted and/or officially sanctioned by a statutory or

regulatory authority, including professional organizations officially appointed. Over the past five years, no court has barred any of these members from becoming a member of an administrative, executive or supervisory body of a securities issuer, nor from participating in the management or business operations of an issuer;

- no member of the Executive Board or the Supervisory Board has been retained as a corporate officer or board member of a major shareholder, customer or supplier pursuant to an arrangement or an agreement; and
- no service agreement contemplating any benefit has been concluded between AREVA or any of its subsidiaries and any member of the Supervisory Board or the Executive Board.

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→ 15.1. Directors' and officers' compensation

As provided in the French decree no. 53-707 of August 9, 1953, amended, the relevant French government ministries set the compensation for AREVA's officers, including the compensation for the Chairman and members of the Executive Board and the compensation for the Chairman and members of the Supervisory Board, who receive directors' fees, based on a proposal from the group's Compensation and Nominating Committee and following the approval of the Supervisory Board.

The fixed component is adjusted for inflation as determined for government-owned company executives by the Ministry of the Budget; it was 1.5% for 2009. The maximum rate for variable compensation, expressed as a percentage of fixed compensation, is defined for each member of the Executive Board in accordance with the terms of the previous paragraph and may evolve from year to year based on their functions and/or market conditions. The maximum rate for 2009 is 100% for Anne Lauvergeon, 80% for Gérald Arbola, 60% for Didier Benedetti, and 70% for Luc Oursel (see tables in Section 15.1.1. below).

Variable compensation is subject to quantitative and qualitative objectives, set at 60% and 40% respectively for 2009, as in 2008.

Objectives for each member of the Executive Board are defined each year and recommended to the Supervisory Board by the Compensation and Nominating Committee. For 2009, the quantitative objectives to be achieved at the group level and at the AREVA NC and AREVA NP subsidiary level are a function of revenue (20%), operating income (20%) and operating cash flow before capital expenditure and disposals (20%), as budgeted. The 2009 quantitative objectives for Anne Lauvergeon and Gérald Arbola are calculated entirely on the group's objectives, as in 2008. The 2009 quantitative objectives

for Didier Benedetti and Luc Oursel are calculated as in 2008, with half based on the group's objectives and half on the objectives of the subsidiaries they directed in 2009, i.e. AREVA NC for Didier Benedetti and AREVA NP for Luc Oursel

The Compensation and Nominating Committee approves these objectives for the following year and recommends the percentage of the bonus to be paid to the members of the Executive Board, which is reviewed by the Supervisory Board and approved by the Ministry of Finance by virtue of the French decree n°53-707 of August 9, 1953.

Members of the Executive Board do not receive directors' fees.

Members of the Supervisory Board receive directors' fees for their terms of duty, subject to certain exceptions (see table 15.1.5 below).

AREVA does not have any share-based compensation plan or any stock option or stock purchase plan, be it for employees or for officers.

In addition, as mentioned in Section 16.5. and in Appendix 1 of this Reference Document, the AREVA group has adopted the AFEP-MEDEF recommendations of October 6, 2008 on executive officer compensation in companies whose shares are traded on a regulated market. More generally, the AREVA group defers to the AFEP-MEDEF Code of Corporate Governance for publicly traded companies of December 2008, with certain adjustments explained in the abovementioned report from the Chairman of the Supervisory Board.

In accordance with applicable regulations, the tables below set forth the compensation and benefits of any kind paid to each officer (members of the Executive Board and members of the Supervisory Board) in 2007, 2008 and 2009 by AREVA, the companies it controls, namely AREVA NP and AREVA NC, or the company by which it is controlled, namely the CEA.

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COMPENSATION AND BENEFITS

Directors' and officers' compensation

15.1.1. COMPENSATION PAID TO THE MEMBERS OF THE EXECUTIVE BOARD

15.1.1.1. SUMMARY OF COMPENSATION OF EXECUTIVE BOARD MEMBERS

(in euros)

AREVA officers	Compensation paid for the year		
	2007	2008	2009
Anne Lauvergeon	685,959	918,608	925,666
Gérald Arbola	526,860	699,830	660,227
Didier Benedetti	532,361	592,246	615,686
Luc Oursel	372,887	544,286	573,218

Per AFEP-MEDEF, this table should include compensation plus the value of options and shares allocated to each officer. In this respect, it should be noted that the members of the Executive Board do not receive any options or shares, as the group has not set up a stock option plan.

15.1.1.2. SUMMARY OF COMPENSATION PAID DURING THE YEAR TO EACH EXECUTIVE BOARD MEMBER (FIXED COMPONENT CALCULATED BASED ON THE PREVIOUS YEAR, VARIABLE COMPONENT AND BENEFITS IN KIND)

Summary of compensation for Anne Lauvergeon

(in euros)

AREVA Officers	2007		2008		2009	
	Accrued	Paid	Accrued	Paid	Accrued	Paid
Fixed compensation	500,000	500,000	550,000	550,000	558,250	558,250
Percentage of variable component based on the previous year	Maximum 60% Maximum amount: 264,564	41%	Maximum 80% Maximum amount: 400,000	73%	Maximum 100% Maximum amount: 550,000	66%
Variable compensation based on the previous year	178,927	181,453 (2,526 in 2006)	362,800	362,800	363,000	363,000
Benefits in kind (company car)	7,032	7,032	5,808	5,808	4,416	4,416
TOTAL	685,959	688,485	918,608	918,608	925,666	925,666

Summary of compensation for Gérald Arbola

(in euros)

AREVA officers	2007		2008		2009	
	Accrued	Paid	Accrued	Paid	Accrued	Paid
Fixed compensation	380,000	380,000	425,000	425,000	431,375	431,375
Percentage of variable component based on the previous year	Maximum 60% Maximum amount: 210,528	41%	Maximum 80% Maximum amount: 304,000	71%	Maximum 80% Maximum amount: 340,000	53%
Variable compensation based on the previous year	142,612	145,759 (3,147 in 2006)	270,558	270,558	224,400	224,400
Benefits in kind (company car)	4,248	4,248	4,272	4,272	4,452	4,452
TOTAL	526,860	530,007	699,830	699,830	660,227	660,227

Summary of compensation for Didier Benedetti

<i>(in euros)</i> AREVA officers	2007		2008		2009	
	Accrued	Paid	Accrued	Paid	Accrued	Paid
Fixed compensation	370,000	370,000	410,000	410,000	416,150	416,150
Percentage of variable component based on the previous year	Maximum 50% Maximum amount: 175,806	45%	Maximum 50% Maximum amount: 185,000	48%	Maximum 60% Maximum amount: 246,000	47%
Variable compensation based on the previous year	157,345	161,740 (4,395 in 2006)	177,231	177,231	194,340	194,340
Benefits in kind (company car)	5,016	5,016	5,016	5,016	5,196	5,196
TOTAL	532,361	536,756	592,246	592,246	615,686	615,686

Summary of compensation for Luc Oursel

<i>(in euros)</i> AREVA officers	2007		2008		2009	
	Accrued	Paid	Accrued	Paid	Accrued	Paid
Fixed compensation	370,000	370,000	410,000	410,000	416,150	416,150
Percentage of variable component based on the previous year	N/A	N/A	Maximum 50% Maximum amount: 185,000	35%	Maximum 60% Maximum amount: 246,000	37%
Variable compensation based on the previous year	N/A	N/A	130,000	130,000	152,520	152,520
Benefits in kind (company car)	2,887	2,887	4,286	4,286	4,548	4,548
TOTAL	372,887	372,887	544,286	544,286	573,218	573,218

15.1.1.3. SEVERANCE PAY

On a recommendation of the Compensation and Nominating Committee, the Supervisory Board of AREVA, meeting on October 16, 2008, decided to bring commitments made by AREVA on executive severance pay into compliance with France's TEPA law.

For example, the members of AREVA's Executive Board – Mrs. Anne Lauvergeon, Chairman, and Messrs. Gérald Arbola, Didier Benedetti and Luc Oursel – were, in the past, each granted the benefit of severance pay representing twice the combined total of the latest fixed amount of their annual compensation on the date of termination of their employment and the average annual amount of their variable compensation of the past three years.

The Supervisory Board adopted the following new rules:

- in the event of the dismissal of a member of the Executive Board by the shareholders, of the resignation of a member of the Executive Board at the request of the Supervisory Board, or of the non-renewal of the term of a member of the Executive Board by the doing of the Supervisory Board (and not because the member of the Executive Board declines renewal), the payment of severance

compensation to that executive pursuant to his or her employment contract and approved by the Supervisory Board and the Ministry of the Economy and Finance, shall be contingent on the following condition:

having received over 60% of the maximum variable compensation due in respect of two of the last three years, where this variable compensation is based on both quantitative and qualitative objectives;

- severance compensation shall not be paid if less than 50% of the maximum amount of the variable component of compensation has been paid for two of the last three years;
- the Supervisory Board, at its entire discretion, shall decide whether or not to grant all or part of the severance pay if less than 60% of the maximum amount of the variable component has been paid for two of the last three years and 50% to 60% of the maximum amount of the variable component has been paid for at least one year.

The Annual General Meeting of Shareholders, meeting on April 30, 2009, approved these commitments by voting unanimously in favor of the sixth resolution, without prejudice to the latest regulatory provisions

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COMPENSATION AND BENEFITS

Directors' and officers' compensation

of the French decree no. 2009-348 of March 30, 2009 concerning the compensation of executives of government-owned companies. By virtue of this decree, whose provisions apply through December 31, 2010, executive severance pay shall be set at an amount not to exceed two years of compensation.

In addition, no non-competition clause applies to AREVA officers, who are therefore not entitled to any compensation in this respect under any circumstances.

Among the officers, Mrs. Anne Lauvergeon, Chairman of the Executive Board, and Mr. Luc Oursel, member of the Executive Board, are not bound by an employment agreement with AREVA. AREVA's employment agreements with Messrs. Gérald Arbola and Didier Benedetti are suspended during their service as members of the Executive Board.

15.1.1.4. PENSIONS AND RETIREMENT BENEFITS

There is no pension or similar commitment for Anne Lauvergeon, Didier Benedetti or Luc Oursel.

A provision for pension in the amount of 55,809 euros for Gérald Arbola was recorded in 2009.

For Gérald Arbola, this commitment is for a defined benefit retirement plan meeting the criteria of the retirement plans mentioned in article L. 137-11 of the French Social Security Code. This retirement benefit is not subject to the French TEPA law (article L. 225-90-1 of the French Commercial Code) and is therefore not subject to a performance condition.

This commitment was made when Mr. Arbola was a Cogema employee and was maintained when he became an AREVA officer.

Defined benefit retirement plan shall be understood to be a supplemental retirement benefit limited to 60% of base compensation, after deduction of all retirement benefits acquired from pension plans during the period of employment with the group.

The supplemental retirement benefit thus defined shall under no circumstances exceed 14% of base compensation (average gross compensation for the 36 months preceding retirement), capped at twice the ceiling provided in the French national bargaining agreement for executives of March 14, 1947.

The following conditions must be met as of the date of retirement:

- the retiree must have reached the age 60;
- employment with the company must have ended;
- all retirement benefits, both mandatory and optional, must have been simultaneously liquidated; and
- the retiree must have at least 10 years of seniority in the group.

15.1.1.5. DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The purpose of D&O coverage is threefold: firstly, it provides liability coverage for financial risk incurred by group directors and officers due to damage suffered by third parties as a result of professional errors or misconduct in the course of business.

Secondly, it reimburses group companies that are legally allowed to indemnify directors and officers for claims submitted against these individuals. Thirdly, it covers civil or criminal defense expenses incurred by officers and directors as a result of claims based on professional errors or misconduct.

The policies exclude coverage of claims based on intentional misconduct by a director or an officer, or on personal gain (financial or otherwise) to which a director or officer was not entitled. Fines and penalties levied against directors and officers are also excluded, as well as claims for losses due to pollution, asbestos or toxic mold. Additionally, directors' and officers' liability insurance policies exclude claims based on the purchase of securities or assets of a company at an inadequate price.

15.1.2. COMPENSATION PAID TO THE MEMBERS OF THE SUPERVISORY BOARD

15.1.2.1. SUMMARY OF DIRECTORS' FEES PAID DURING THE YEAR

Members of the Supervisory Board	2007	2008	2009
Patrick Buffet	27,667	-	-
François David	-	36,500	45,500
Thierry Desmarest	23,333	37,500	37,500
Oscar Fanjul	44,333	50,500	47,500
Christophe Gegout	-	-	37,500
Olivier Pagezy	52,833	56,500	15,333
Philippe Pradel	42,833	44,500	48,500
Guylaine Saucier	49,833	61,500	88,000
Jean-Claude Bertrand	50,333	56,500	54,500
Gérard Melet	45,333	44,500	47,000
Alain Vivier-Merle	40,833	40,000	42,500
TOTAL	377,331	428,000	463,833

Determination and payment of directors' fees

The Chairman of the Supervisory Board, the Vice Chairman and the four members designated by ministerial order and representing the French State, do not receive directors' fees.

The global amount of directors' fees for the year in progress is set each year by the Annual General Meeting of Shareholders convened to approve the financial statements for year ending. The total amount is first reviewed by the Compensation and Nominating Committee, which submits its recommendations to the Supervisory Board based on estimated requirements and the anticipated number of meetings of the Supervisory Board and its four committees. These recommendations are submitted to the Supervisory Board for approval and to the Ministry of Finance for consent.

The Supervisory Board allocates the directors' fees among its members. The Supervisory Board may modify the rules of allocation of directors' fees on the recommendation of the Compensation and Nominating Committee. These rules are currently as follows:

- payment of a flat fee of 10,000 euros (annual fixed component), which was raised to 20,000 euros in 2008 for the duties associated with membership on the Supervisory Board; the payment may be withheld if the member is systematically absent;

- payment of a fee of 2,500 euros per meeting of the Board, provided the member is in attendance;
- payment of a fee of 2,000 euros per meeting of a specialized Committee for the Committee chairmen, provided they are in attendance;
- payment of a fee of 1,500 euros per meeting of a specialized Committee for the Committee members, provided they are in attendance.

In 2009, on a recommendation of the Compensation and Nominating Committee to compensate the members of the Supervisory Board for the time spent in travel and to facilitate the recruitment of directors abroad in the future, the Supervisory Board increased the compensation of directors residing outside of Europe as follows: 5,000 euros per meeting of the Supervisory Board, 4,000 euros per meeting to the Chairman of a specialized Committee, and 3,000 euros for each Committee member in attendance.

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COMPENSATION AND BENEFITS

Directors' and officers' compensation

15.1.2.2. SUMMARY OF COMPENSATION PAID TO THE MEMBERS OF THE SUPERVISORY BOARD DURING THE YEAR (GROSS COMPENSATION AND DIRECTORS' FEES)

Supervisory Board	2007			2008			2009		
	Gross compensation	Directors' fees	Total gross compensation	Gross compensation	Directors' fees	Total gross compensation	Gross compensation	Directors' fees	Total gross compensation
	(a)	(b)	(c = a+b)	(a)	(b)	(c = a+b)	(a)	(b)	(c = a+b)
Frédéric Lemoine	170,993	-	170,993	173,729	-	173,729	48,892	-	48,892
Jean-Cyril Spinetta	-	-	-	-	-	-	115,819	-	115,819
Bernard Bigot	-	-	-	-	-	-	185,499	-	185,499
Alain Bugat	182,957	-	182,957	196,980	-	196,980	49,968	-	49,968
Patrick Buffet	-	27,667	27,667	-	-	-	-	-	-
François David	-	-	-	-	36,500	36,500	-	45,500	45,500
Thierry Desmarest	-	23,333	23,333	-	37,500	37,500	-	37,500	37,500
Oscar Fanjul	-	44,333	44,333	-	50,500	50,500	-	47,500	47,500
Christophe Gegout	-	-	-	-	-	-	94,500	37,500	132,000
Olivier Pagezy	161,716	52,833	214,549	167,621	56,500	224,121	102,334	15,333	117,667
Philippe Pradel	194,471	42,833	237,304	200,369	44,500	244,869	203,479	48,500	251,979
Guylaine Saucier	-	49,833	49,833	-	61,500	61,500	-	88,000	88,000
Jean-Claude Bertrand	57,002	50,333	107,335	75,659	56,500	132,159	74,687	54,500	129,187
Gérard Melet	39,972	45,333	85,305	59,640	44,500	104,140	62,428	47,000	109,428
Alain Vivier-Merle	85,782	40,833	126,615	88,107	40,000	128,107	95,695	42,500	138,195

In application of applicable regulations, the following information is provided:

- the total gross compensation paid to Frédéric Lemoine and Jean-Cyril Spinetta by AREVA corresponds to their annual compensation as Chairman of the Supervisory Board, prorated for the year. Neither of them received directors' fees;
- the total gross compensation paid to Alain Bugat, Bernard Bigot, Christophe Gegout, Olivier Pagezy and Philippe Pradel (CEA) corresponds to their compensation (including bonus and exceptional payments) paid by the CEA on a prorated basis for their services with the CEA, which controls AREVA, and to the directors' fees paid by AREVA for their services as members of the Supervisory Board. However, AREVA pays no compensation to Alain Bugat or Bernard Bigot for their duties as Vice-Chairman of the Supervisory Board; in particular, they do not receive directors' fees;

- the total gross compensation paid to Jean-Claude Bertrand and Gérard Melet of AREVA NC and to Alain Vivier-Merle of AREVA NP, members of the Supervisory Board elected by company personnel, corresponds to the compensation paid by the AREVA subsidiary that employs them (including incentive remuneration) and to the directors' fees paid for their duties as members of the Supervisory Board. At their request, their directors' fees may be paid to the labor organization to which they belong.

→ 15.2. Directors' and officers' shares of share capital

Members of the AREVA Supervisory Board appointed by the Annual General Meeting of Shareholders each own one share of stock, except for the CEA, which holds 78.96% of the share capital and 82.99% of the voting rights.

Members of the Executive Board do not own any shares or investment certificates in the company.

→ 15.3. Audit fees

The fees listed in the table below include the fees related to discontinued operations and exclude the fees related to companies consolidated using the proportionate consolidation method. As such, they are not directly comparable to the expenses for audits and other reviews and services presented in Section 20.2. *Notes to the consolidated financial statements for the year ended December 31, 2009, Note 4.*

(in thousands of euros)	2009 Fees				2008 Fees				2007 Fees			
	Deloitte	Mazars	Other	Total	Deloitte	Mazars	Other	Total	Deloitte	Mazars	Other	Total
Audit												
Issuer	514	509		1,023	611	557	-	1,168	437	300	300	1 037
Subsidiaries	6,152	4,833	1,721	12,706	5,398	3,888	1,310	10,596	4,696	2,995	1,363	9,054
Other reviews and services directly linked to the Statutory Auditors' mission												
Issuer	159	139	0	298					31	20	22	73
Subsidiaries	2,097	2,111	191	4,399	82	81		163	85	184		269
Sub-total	8,922	7,592	1,912	18,426	6,091	4,526	1,310	11,927	5,249	3,499	1,685	10,433
Other services rendered by the networks to fully consolidated subsidiaries												
Legal, tax, labor	1,292	101	348	1,741	940	161		1,101	880	2	98	980
Other	72	0	3,500	3,572								
Sub-total	1,364	101	3,848	5,313	940	161		1,101	880	2	98	980
TOTAL	10,286	7,693	5,760	23,739	7,031	4,687	1,310	13,029	6,129	3,501	1,783	11,413
<i>Audit fees related to T&D</i>	<i>5,478</i>	<i>4,809</i>	<i>3,525</i>	<i>13,812</i>	<i>2,703</i>	<i>2,402</i>		<i>5,105</i>	<i>2,094</i>	<i>1,910</i>		<i>4,004</i>

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Functioning of corporate bodies

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→ 16.1. Functioning of the Executive Board

Full authority is vested in the Executive Board to act on behalf of AREVA in all circumstances with regard to third parties, except when authority is expressly attributed by law or the by-laws to the Supervisory Board or to the shareholders. Minutes of Executive Board meetings are recorded in a written report.

The Executive Board convenes Annual General Meetings of Shareholders and Voting Right Certificate Holders, and Special Meetings of Investment Certificate Holders.

The Executive Board meets whenever AREVA's interests so require. Meetings are held at the corporate headquarters or any other place indicated in the notice of meeting. The Executive Board met 12 times in 2009 with an attendance rate of 98%.

For the decisions of the Executive Board to be valid, at least half of the members must be present. Decisions are made on a majority vote

of members present or represented. Executive Board decisions are recorded in minutes.

Management duties may be distributed among the members of the Executive Board on a recommendation of the Chairman of the Executive Board and with the authorization of the Supervisory Board. On June 29, 2006, the Supervisory Board renewed the terms of Mrs. Anne Lauvergeon, Chief Executive Officer, Mr. Gérald Arbola, Chief Operating Officer, and Messrs. Didier Benedetti and Vincent Maurel, members of the Executive Board, for five years. In addition, the Supervisory Board approved the following distribution of duties among members of the Executive Board: Anne Lauvergeon and Gérald Arbola are specifically in charge of the group's general management; Didier Benedetti is specifically in charge of R&D for the group; and Vincent Maurel was specifically in charge of information systems for the group until he

FUNCTIONING OF CORPORATE BODIES

Information on the four committees established by the Supervisory Board

resigned on December 28, 2006. Luc Oursel was appointed member of the Executive Board by the Supervisory Board on March 22, 2007. He replaces Vincent Maurel.

The Supervisory Board may, on a recommendation of the Chief Executive Officer, appoint one or more general managers from among the members of the Executive Board with the authority to represent the company with regard to third parties. On June 29, 2006, on the recommendation of the Chairman of the Executive Board, the Supervisory Board named Gérald Arbola Chief Operating Officer.

The Chief Executive Officer and the Chief Operating Officer represent AREVA with regard to third parties.

The Executive Board, meeting on December 10, 2008, updated its rules of procedure, which specify:

- the distribution of duties among the members;
- the order of meetings of the Executive Board; and
- conditions for the Executive Board to delegate its authority to an Executive Board member.

The Chairman of the Executive Board presented a project to the Supervisory Board, meeting on June 30, 2009, for a new operating organization for the group's Nuclear and Renewables operations to be phased in starting January 1, 2010. Within this new operating organization, based on six Business Groups – Mining, Front End, Reactors and Services, Back End, Renewable Energies, and T&D (in the process of being sold to Alstom/Schneider) – and on an Engineering and Projects Organization across all nuclear operations (in the process of being created), Anne Lauvergeon, as Chief Executive Officer, and Gérald Arbola, as Chief Operating Officer, will remain in charge of matters falling under the responsibility of the group's general management. Didier Benedetti and Luc Oursel will each be Executive Vice Presidents in charge of process improvement and nuclear operations respectively. A press release dated January 28, 2010, confirmed the establishment of this new organization.

→ 16.2. Functioning of the Supervisory Board

Information concerning the operation and 2009 activities of the Supervisory Board appear in Section 3.1. and Section 3.3. respectively of the report of the Supervisory Board Chairman on the preparation and organization of the Board's activities and internal control procedures (Appendix 1. of this Reference Document).

→ 16.3. Information on the four committees established by the Supervisory Board

Information concerning the operation and 2009 activities of the four committees established by the Supervisory Board – the Strategy Committee, Audit Committee, Compensation and Nominating Committee and End-of-Life-Cycle Obligations Monitoring Committee – appear in Section 3.4. of the report of the Supervisory Board Chairman on the preparation and organization of the Board's activities and internal control procedures (Appendix 1. of this Reference Document).

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FUNCTIONING OF CORPORATE BODIES

Observations by the Supervisory Board on the Executive Board's management report and on the 2009 financial statements

→ 16.4. Observations by the Supervisory Board on the Executive Board's management report and on the 2009 financial statements

After reviewing and auditing the corporate and consolidated financial statements for 2008, and pursuant to article L. 225-68, paragraph 6 of the French Commercial Code, the Supervisory Board had no observations to make on these accounts or on the Executive Board's related management report, as presented during the Supervisory Board meeting of March 4, 2010.

For the Supervisory Board,

The Chairman,
Jean-Cyril Spinetta

→ 16.5. Report of the Supervisory Board Chairman on the preparation and organization of the Board's activities and internal control procedures

Under the provisions of article L. 225-68 of the French Commercial Code, amended by the law of July 3, 2008, "in publicly traded companies, the Chairman of the Supervisory Board shall report on [...] the composition of the Board, on the preparation and organization of the activities of the Board, and on internal control and risk management procedures established by the company, describing in particular those procedures relating to the preparation and treatment of accounting and financial data used to prepare corporate financial statements and, when applicable, consolidated financial statements."

The report by the Chairman of the Supervisory Board may be found in Appendix 1. *Report of the Supervisory Board Chairman* on the preparation and organization of the Board's activities and internal control procedures.

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→ **16.6. Statutory Auditors' report, prepared in accordance with article L. 225-235 of the French Commercial Code, on the report prepared by the Chairman of the Supervisory Board of AREVA with respect to internal control procedures related to the preparation and treatment of financial and accounting information**

Article L. 225-235 of the French Commercial Code provides, among other things, that the Statutory Auditors shall present their observations on the Chairman of the Supervisory Board's report on internal control procedures.

These observations may be found in Appendix 2. *Reports of the Statutory Auditors.*

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→ 17.1. A dynamic human resources policy

Buttressed by the global renaissance of nuclear power, AREVA's business has grown significantly all over the world in the last four years. Since 2005, the group has hired more than 53,700 new employees for the needs of its new projects.

This makes AREVA one of the biggest recruiters in the global nuclear industry. The goals of AREVA's HR plan, called Talent Building, are to increase the group's collective performance while developing each individual's skills and talents in a spirit of transparency, equity and diversity.

AREVA capitalized on its strong HR policy to establish its employer brand in the recruitment world. In fact, the group has risen in the rankings of international employers by meeting three commitments towards its employees: innovation and excellence, social and environmental responsibility, and the promise of career advancement in an international environment.

* Nuclear, Renewables and Transmission & Distribution operations.

17.1.1. ANTICIPATING REQUIREMENTS

17.1.1.1. THE PROFESSIONS OBSERVATORY

On January 28, 2005, AREVA created a Professions Observatory for France, an "organization for forward thinking, discussion and information, and a premier tool for anticipating future job trends". This initiative confirms the group's commitment to providing its employees with the means needed to manage their careers.

The Professions Observatory has identified seven technical professions where more than 200 people will be hired during the 2009 to

2011 period: engineering, production, information technology and consulting, project and business management, site services, research and development, and administrative management.

Engineering, production and project management will account for 50% of all new hires in France in the next three years.

AREVA wants to deploy a similar initiative in Germany in 2010 to bolster the group's HR outlook.

17.1.1.2. WORKFORCE IN 2009

KEY DATA

	2009	2008	2007
1. THE WORKFORCE AT YEAR-END IS CONSISTENT WITH THE CONSOLIDATION SCOPE			
By division			
Front End	14,763	14,240	12,577
Reactors and Services	21,003	19,477	16,500
Back End	11,082	10,906	10,638
Transmission & Distribution	31,627	29,966	25,248
Corporate and other operations	969	825	620
Total	79,444	75,414	65,583
By geographical area			
France	35,630	34,328	32,224
<i>including AREVA T&D</i>	5,605	5,555	5,118
Europe (excluding France)	18,654	16,520	14,556
<i>including AREVA T&D</i>	10,355	10,205	8,959
North and South America	10,256	9,966	8,717
<i>including AREVA T&D</i>	3,936	3,831	3,063
Africa and Middle East	4,013	3,914	2,638
<i>including AREVA T&D</i>	1,229	1,132	856
Asia-Pacific	10,891	10,686	7,448
<i>including AREVA T&D</i>	10,502	9,243	7,252
Total	79,444	75,414	65,583
<i>including AREVA T&D</i>	31,627	29,966	25,248
By category			
Engineers and management staff	42%	40%	38%
Technical and administrative personnel	36%	35%	36%
Skilled workers	22%	25%	26%

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	2009	2008	2007
2. LABOR DATA			
Women in executive positions	9%	9.2%	8.7%
Women in management positions	18.37%	18.10%	16.72%
Women in non-management positions	19.25%	19.65%	18.42%
Number of hours of training per employee per year	NA	29.59	25.8
People with disabilities in France	3.44%	3.33%	2.93%
Absenteeism rate	NA	NA	0.04
Number of hours worked	132,822,497	123,007,094	110,601,352*
Number of overtime hours paid	5,144,700	4,990,999	4,305,491
3. OCCUPATIONAL SAFETY AND RADIATION PROTECTION DATA			
Average employee dose from radiation exposure (mSv)	1.04	1.22	1.19
Total individual external dose to AREVA group employees over 12 consecutive months (man-millisievert)	16,583	19,463	18,760
Total individual internal dose to AREVA group employees over 12 consecutive months (man-millisievert)	6,119	5,837	5,341
Average subcontractor dose from radiation exposure (mSv)	0.39	0.50	0.49
Accident frequency rate with lost time (excluding commuting accidents)	2.04	3.19	3.55
Accident severity rate (excluding commuting accidents)	0.08	0.1	0.11
Number of fatal accidents	7	6	6

* Change of consolidation scope resulting in a change in hours calculated in relation to those published in the Reference Document of 2007.

The AREVA group had 79,444 employees at the end of December 2009, compared with 75,414 employees at the end of December 2008, for an increase of 5.34%. The group's workforce rose by 12,675 employees in 2009.

The percentage of engineers and managers in the workforce rose by 2 points to 42% in 2009. The percentage of technical and administrative personnel rose one point from 2008 to 36% of the workforce. The percentage of workers was down 3 points in 2009, to 22% of the workforce.

The percentage of employees based in Europe remained stable at 68%. North and South America were up by one half point, going from 12.7% in 2008 to 13.2% in 2009. Africa and the Middle East employed about 4.4% of the workforce, compared with 5.2% in 2008, while the Asia-Pacific region rose 2 points to 16%, compared with 14.2% in 2008.

17.1.1.3. A POOL OF TALENT

AREVA's work/study program constitutes a recruitment pool for the group, which must meet growing requirements for expertise and keep pace with attrition. This particular program focuses on engineering and production jobs. The group will continue to ramp up its recruitment efforts in these areas in the coming years.

In 2010 and 2011, AREVA's goal is to hire more than 30% of its new employees in the group's core business from among work/study program participants.

For the group as a whole, fixed-term jobs represent 7.17% of the workforce, 33% of which are filled by participants in the work/study program, *i.e.* 1,821 employees. Interim jobs are up 2.47% from 2008; most of these jobs are in France (72%), Germany (15%) and India (6.4%).

17.1.1.4. PROVIDING THE RESOURCES VITAL TO SUCCESSFUL PROJECTS

A dedicated HR organization has been set up for some projects. For example, one HR team is devoted to major mining projects, including Trekkopje in Namibia, Imouraren in Niger and Katcocatmi in Kazakhstan. This approach to HR gives the operating departments a horizontal view of related activities.

This organization facilitates the early identification of requirements and the management of human resources aspects such as recruitment, training, medical fitness, internal rules and integration.

17.1.2. SUPPORTING THE BUSINESS IN AN AGILE, FLEXIBLE WAY

The schedules for the group’s major projects are subject to fairly complex political, commercial and economic unknowns. To support them, AREVA established a flexible human resources management organization to ensure access to skilled resources whenever needed.

Pooling skills within the group, fostering cooperation among the entities and stressing a partnership approach are all priorities for the group.

In the United States for instance, AREVA established seven types of employment contracts to align business requirements with employee desires for a balance between their private lives and their jobs. Each of these contracts corresponds to a specific way of organizing work that addresses the needs of employees as parents, the seasonal nature of work in the services businesses, etc.

The group adapts its HR organizations to their environment to reflect the specific needs of the business they serve. For its mining projects, for example, AREVA adopted a field organization with activities

divided among four geographic areas. The heads of the subsidiaries are located near the project sites, facilitating decision-making and sharing of governance challenges. Following this same approach, HR managers were specifically assigned to each of the Mining business unit’s major projects, including Trekkopje in Namibia, Imouraren in Niger and Katcocatmi in Kazakhstan, so that each manager can monitor ongoing activities in person.

For several years, the group’s Clean-up business unit has been evolving towards new, high value-added activities. To support this effort, the Human Resources department decided to focus on technical expertise and management positions. This translated into AREVA’s Comet program, which provides support to employees as they learn their way around these new jobs, boost their skills and acquire appropriate training.

→ **17.2. Embracing diversity**

AREVA believes that a company should reflect the society in which it operates. Diversity is a key performance driver that broadens understanding, brings different skills and visions into contact with each other, and fuels innovation.

AREVA focuses on four main areas: professional equality between men and women, employment for people with disabilities, ethnic and cultural diversity, and the program for people nearing retirement age. The group’s approach is to enter into agreements with its labor

partners at the European level so as to organize the initiative. The Human Resources department ensures roll-out of this diversity policy; the goal is to increase employee awareness of the group’s commitments so that they may become proactive, share, understand and act together to make equal opportunity a reality in the AREVA group.

17.2.1. DIVERSITY IN ACTION

In 2009, the group expanded programs set up in 2008 concerning the group’s commitments in favor of diversity.

17.2.1.1. DIVERSITY IN RECRUITMENT

The group developed a plan to diversify hiring profiles. In addition to hiring engineers, AREVA decided to increase the number of university graduates, undergraduates and technicians hired in apprentice programs to support their migration to engineering positions.

17.2.1.2. WOMEN IN SENIOR MANAGEMENT POSITIONS

The group is targeting the composition of its management committees, 20% of whose members should be women by the end of 2010. In 2008, 14.6% of the Management Committee members were women in Europe. In that same vein, the group aims to examine career opportunities for women during its people reviews, using the same assessment criteria as are used to evaluate men.

The group also held its first European Day on gender diversity, accompanied by a hundred awareness activities at its European sites.

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17.2.1.3. BALANCING PERSONAL LIFE WITH WORK

AREVA is mindful of its employees' need for balance between work and personal life. Some of the group's sites offer day-care centers and parenting support, including an interview guide for managers before and after parental leave, a guide for young parents, etc. The main goal of these programs is to help employees reconcile the demands of their careers with their roles as parents.

It is in that spirit that AREVA became a member of the *Observatoire de la parentalité* in France (Observatory on Parenting), a place for exchanging information and good practices.

17.2.1.4. WE NETWORK – EQUAL OPPORTUNITIES FOR MEN AND WOMEN

The group supports the WE network, an initiative of employees launched two years ago to promote discussion of gender equity. The network is some 400 members strong this year in Europe and expanded to include Germany, Great Britain, the United States and India. In Germany, the WE network worked on a wide range of projects, such as flexible time for managers to balance careers with personal life, and support to sick children.

In India, the network launched the “women on stage” training program as part of the “Leadership for women” initiative.

→ 17.3. Sustaining growth through recruitment

17.3.1. ATTRACTING

When AREVA announced that it would recruit 12,000 new employees in 2009, it made the headlines. And the objective was met, demonstrating the group's appeal on the worldwide labor market and the quality of its human resources plan.

To achieve its goals, AREVA rolled out its “employer brand” in its main recruiting regions of France, Germany, North America, China, India and the Middle East. The promotional campaign helped to increase AREVA's attractiveness as an employer. In 2009, the group recruited 1 person every 45 minutes around the globe.

This effort strengthened the group's image. The group's ranking as an employer of choice has significantly improved in the student population since 2008. AREVA moved up 23 notches in the “Universum China” ranking and up 20 notches in Germany's “Manager Magazine”. In France, AREVA is the fourth most desirable employer among engineering students. Its recruitment campaign received Top Employer awards in China and Germany.

AREVA's increasingly positive image is due, among other things, to an active presence on the campuses of top engineering schools and universities, where the group can reach the best candidates directly. In 2009, supported by 150 “ambassadors” in charge of promoting AREVA with their alma maters, a network of campus managers carried out more than 250 actions in every country in the group's footprint to build partnerships and see that AREVA participates in campus job fairs.

Campus management operations are up sharply abroad as well, supporting the group's objectives. In India, for example, the number of students hired tripled in 2009.

17.3.2. HIRING

In 2009, 12,675 new employees joined the group. Of these, 69% were hired in France, India, Germany, China and the United States. It is worth noting that more hires were made in China than in the United States. New hires by subsidiary were as follows:

- AREVA T&D 5,412
- AREVA NC 3,440
- AREVA NP 3,126

- AREVA and Corporate subsidiaries 381, including 181 in the Renewable Energies business unit
- AREVA TA 316

Changes in the consolidated group played a limited role in the growth of the workforce: only 425 employees joined the group as a result of acquisitions, including the 256 employees of Corys TESS.

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While the distribution of employees among the five regions of the world in which the group operates remained essentially unchanged from December 2008 to December 2009, hiring was stronger in some countries than in others. The most notable examples concern the following:

- in the Europe and Central Asia region: Hungary +17% and Kazakhstan +75%;
- in the Africa and Middle East region: Namibia +106% and Niger +51%;
- in the North America region: United States +9.6%;
- in the Asia-Pacific region: China +38%.

In China, the strong growth in the number of new hires is due to the continued expansion of AREVA T&D in the Chinese market, with the creation of new manufacturing plants and joint ventures and the launch of an ambitious Advanced Technology Center in Shanghai.

Of the 8,312 employees hired for full-time positions worldwide in 2009, 1,456 were women, for 17.5% of the total. Of these, 16.66% were recruited as managers. In France, 574 women were recruited during the year, i.e. 23.71% of all new hires in that country.

At year-end 2009, women represented 18.37% of the group's management personnel worldwide (22.82% in France) and 19.25% of its non-management personnel (19.91% in France).

In Germany, AREVA holds "Recruitment Days" every three months to counter very aggressive competition for the hiring of engineers. A large number of candidates, in particular electrical engineers, are invited to attend the sessions in order to maximize the group's chances of hiring the best candidates. In 2009, some 800 positions were filled in this manner.

In France, "Meet your Future" events are held, mainly for the engineering professions. Almost 100 people were hired after the fourth edition of this event, mostly in engineering (mechanical systems, safety, and neutron physics).

In India and China, AREVA T&D needed to recruit a large number of new graduates. Despite strong competition, it was able to hire 255 people by July 2009. AREVA T&D set up an integration plan to retain this new talent, including the creation of a network of people hired during the last six months of their academic training and a mentoring program to nurture the relationship with AREVA and facilitate integration.

17.3.2.1. IMPROVING RECRUITMENT PROCESSES

One of the objectives of the Human Resources department is to professionalize the recruitment process. In the e-Talent area, AREVA crossed a new threshold with its HR information system, used to manage job openings and applications. A team was formed to oversee use of the software internationally and to provide training to users. The e-Talent software has thus become an employment management tool.

In the same vein, the Human Resources department developed a professional training program for its recruiters in France; 100 people have been trained in job interviewing techniques. Those who have been trained are now passing these good practices along to managers at their entities.

In the United States, AREVA follows the Six Sigma Black Belt method for its recruitment. The goal is to reduce the length of time it takes to recruit experienced engineers. This initiative helped accelerate the first day at work of newly-hired engineers by one month. In all, 75 engineers were involved in the process.

→ 17.4. Integrating new employees and building skills

17.4.1. INTEGRATING NEW EMPLOYEES

The integration of new talent is a matter to which AREVA pays careful attention. The group wants to help new employees in their careers while ensuring adherence to the group's values, compliance with AREVA's commitments and networking within the company.

Programs are often established to guide new employees during their first weeks in the company, including site tours, integration seminars and mentoring. Everything is done to ensure that new employees are integrated quickly and efficiently in the group.

Starting in 2009, AREVA offers professional training to 2,500 recently hired engineers and managers in Europe. The program will be provided by AREVA University at a new training campus in Aix-en-Provence, France. The program draws on the most modern educational techniques – workshops, case studies and educational games – and includes tours of AREVA's nuclear sites and facilities in the region.

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Special programs were developed in the group's different entities to strengthen integration and give it a local dimension.

Along these same lines, newly hired engineers were able to attend introductory sessions on reactor operations in Aix-en-Provence, France, Karlstein, Germany, and Charlotte, North Carolina in the United States. More than 1,500 people attended the program, which provides a common base of technical knowledge in the group's core business.

17.4.2. BUILDING SKILLS

Developing employee skills is a priority for AREVA, as it is vital to retaining employees over the long term.

The three main objectives of the group's skills development plan are to:

- empower each employee to manage his or her career;
- strengthen and facilitate management's active role in developing their team members; and
- identify skills and provide professional training at every level of the organization.

To reach these goals, the HR development plan relies on an organization, tools and two key processes: the annual interview and the people review, both deployed at all levels of the organization. The idea is to find the best possible match between the employee's goals and skills and the group's business challenges.

AREVA intends to develop all talent, whether for new hires or existing personnel, by implementing and monitoring individual development plans and providing support for mobility.

17.4.2.1. THE AGORA TALENT MANAGEMENT TOOL

AREVA's new Agora management tool optimizes talent management. Agora covers all career management processes, including annual performance reviews, people reviews and career development plans.

Agora guides employees in their career management decisions, facilitates the job of managers in developing their team members, and promotes equal opportunity by using a common set of skill definitions.

Agora was used by more than 10,000 of the group's employees in 2009. AREVA will continue to roll it out to reach 13,000 employees in 2010 and 18,000 employees by the end of 2011.

17.4.2.2. AN AMBITIOUS PROFESSIONAL TRAINING POLICY

For AREVA, professional training is a major area for development. The group's training programs are updated regularly to meet the needs of the entities. The group offers new professional training programs and new training methods, such as e-learning.

The Mining College, an in-house training center, offers professional training covering the latest technology developments for new engineers in the Mining business unit with less than three years of experience. In 2009, the Mining College held 36 sessions in France, Niger, Namibia and Canada for more than 300 participants, 30% of whom were new hires. Other countries, such as Mongolia and South Africa, are also concerned by these integration measures.

The number of hours of training per employee per year was up sharply in the group's international operations. AREVA dispensed an average of 33 hours of training per employee in France in 2008, for an increase of nearly 18% compared with 2007 (28 hours). The number of employees trained in France continued to increase: 21,774 employees in 2006, 24,655 employees in 2007, and 29,698 employees in 2008.

Training is a key component of career development and individual mobility, which is why AREVA created the Training department in May 2008. Its mission is to create an international program for AREVA employees as well as external attendees.

Training programs are designed to complement training offered by the business units. They include technical training through the Professional Training Institute and management training via AREVA University, which collaborates with the Harvard Business School and Stanford University in the United States and the HEC business school in France.

Today, the group currently has 27 technical training centers in Europe, the United States, India and China. Each year, AREVA University offers 70 different programs and 200 sessions to more than 4,000 participants.

AREVA is also deploying a number of professional training programs with the long-term skills mix in mind. The programs are designed to strengthen the know-how and skills of employees in certain professions and support functions. The occupations targeted are analyst, decommissioning and cleanup, assistant, manufacturing QA, electro-mechanical engineer, assembly specialist, forging, geology and mining, project management, maintenance, mechanical systems, manufacturing worker, and control room operator. This program is supplemented by the "so much more" initiative launched by the Nuclear Site Value Development business unit aimed at structuring and professionalizing jobs in the dismantling segment.

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17.4.2.3. CULTIVATING AND DEVELOPING TALENT

Planning ahead is essential in the nuclear industry. For that reason, AREVA has established a reservoir of experts who will provide technical, management and project management leadership in the years ahead.

As part of this initiative, the group has a nine-month integration program for directors of major reactor projects. The idea is to make optimal use of their time before the start of the project by allowing them to discover the group’s inner workings and the challenges related to their future assignment.

In the United States, a few key technical leaders are invited to take part in the Voyager Program, designed to allow newly hired engineers learn about a different operating segment each year over a three-year period. This gives them the opportunity to share experience, to become Six Sigma Green Belts, and to become familiar with responsibilities with an international dimension.

The Gap Expert program recruits and trains young researchers to strengthen the group’s expertise over the longer term and maintain its technology lead. Program participants are chosen for their technical expertise, their inquisitive minds, their bent towards innovation and the diversity of their backgrounds. They are then assigned to a business unit for a period of up to three years. Once they join the group’s R&D teams, they are responsible for technology development. A mentor is assigned to each participant, giving them the support necessary to become key experts for the group.

AREVA’s goal is to recruit 20 PhDs each year through this program. This initiative is also designed to transfer crucial knowledge from one generation to the next.

To strengthen its pool of future operating managers, AREVA created the “Resources” program, which consists of recruiting young graduates of all nationalities with strong potential and interesting international experience (humanitarian activities, international enterprise volunteers, junior enterprise leaders). The program looks for people with special experience and unique personalities. The careers of these young people are followed for two years at the corporate level using a wide range of tools, including mentoring, first

impression reports, interviews, tours of plant sites, training plans and individual career development plans. More than 120 people have already participated in the program in the past five years.

17.4.2.4. IMPROVING MANAGEMENT PRACTICES

The human factor is one of the group’s key areas of concern. It is therefore important to attract and train skilled managers able to anticipate trends, share their vision, understand the practical impact of change and motivate people.

The group’s Leadership Model is used to develop manager skills and strengthen their leadership potential by working on attitudes and behaviors at all levels of the organization.

The Leadership Model is implemented through several HR processes:

- in the hiring process, the eight key talents of the Leadership Model are taken into account during the interview;
- during the annual performance assessment, managers are invited to evaluate their degree of control using a well-defined skills chart. This self-assessment helps define individual development activities;
- the training programs offered at the group level by AREVA University and in the management training offered in the entities – the Leadership Center in the United States, or the Manager Passport program in the Back End business – are designed to strengthen the key talents of the Leadership Model.

The group developed the 360° interview based on the Leadership Model and uses it to develop its managers’ capabilities. AREVA T&D, for example, uses the 360° interview, supported by external coaches, to develop management skills. The 60 members of the extended Executive Committee participated in this effort in 2008. In 2009, 318 top managers participated in the program. An individual development plan was then defined to capitalize on lessons learned from the 360° interview. An e-learning module was also established for rapid regional deployment of the initiative.

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EMPLOYEES

Motivating employee performance

17.4.3. MANAGING EXPERTISE AND TRANSFERRING KNOWLEDGE

The transfer of knowledge has two main thrusts: removing barriers between work units and transferring knowledge from one generation to the next.

17.4.3.1. EXPANDING EXPERTISE AND EXPERT NETWORKS

AREVA has had a policy in place to manage technical and scientific expertise since 2003. A campaign is conducted every other year to nominate experts to supplement the network, which currently consists of some 900 people. This community is coordinated through crosscutting networks of AREVA experts, through seminars and meetings, and through training provided by AREVA University.

An important part of the expertise policy launched in 2003 consists of mentoring and knowledge transfer, where each AREVA expert has a role to play.

Expertise networks are in place to stimulate innovation and the exchange of information in five fields: neutronics, materials, welding,

criticality and structural analysis. These networks include experts with varying levels of expertise and serve as a place for apprenticeship and professional development for employees in technical professions.

In the United States, the group deployed the Prime-time Club, a special program designed to encourage employees aged 50 and above to share their skills and knowledge in the company. The Prime-time Club recognizes and rewards these employees for their technical expertise. The employees are clearly and objectively identified and are tasked with transferring their knowledge to younger personnel through a mentoring action plan that is reviewed each year by mentor and mentee to identify progress that has been achieved.

Optimizing exchanges and cooperation within and among group entities is a critical challenge. That is why AREVA established special programs to reforge the links between people and help them network so that they can understand and appreciate the needs and constraints of all. This year, AREVA established the ACTION network (AREVA Collaborative Talent in Organized Networks) to promote collaborative work methods through support provided to community coordinators.

→ 17.5. Motivating employee performance

17.5.1. INDIVIDUAL PERFORMANCE AND COMPENSATION

AREVA has chosen to strengthen the individual compensation approach to reward expertise and initiative and to encourage innovation. The concept is a simple one: predetermined objectives are used to evaluate the employee's performance and adjust his or her compensation accordingly.

The general compensation plan for the group's managers includes fixed components based on external market criteria and internal fairness, and variable components based on individual performance. A special performance-based compensation plan applies to some engineers and managers. Part of their compensation is variable. Their performance is assessed transparently and jointly with the employee as part of a performance improvement process that defines individual performance objectives and measures the extent to which they are met, along with the group's and their business unit's strategic objectives. The goals defined through this process must be consistent with the AREVA group's Values Charter.

To illustrate this approach, the Mining business unit conducted a thorough review of all its compensation and benefit plans for North

America, Southern Africa (South Africa and Namibia) and Central Asia: base compensation, variable compensation, benefits and retirement were all examined.

In the United States, the HR team focused on adjusting the base compensation of 350 engineers, identified after detailed analyses performed in cooperation with each department, to correct an imbalance between the compensation of newly hired engineers and the compensation of those hired many years ago, which had fallen below market. The group invested three million dollars per year to make these adjustments in order to retain the employees involved.

In the same spirit, the Core Awards Programs allow managers to set aside 1% of their organization's base compensation for "spot awards" to employees for exceptional performance in product innovation, process improvement and collateral missions.

In addition, the Renewable Energies business unit organized its compensation plan around a grading system in its main entities.

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17.5.2. PROFIT SHARING AND EMPLOYEE SAVINGS PLANS

17.5.2.1. INCENTIVE REMUNERATION AND PROFIT-SHARING PLANS

Various incentive remuneration and profit sharing agreements are in effect in the companies of the AREVA group in France. The aim is to involve the group's employees in collective performance while enabling them to take advantage of the plans' favorable income tax and social security tax treatment.

In 2009, the group distributed a total of more than 111 million euros in respect of performance for 2008. Employees elected to invest 63% of the incentive remuneration and 68% of the profit-sharing paid in 2009 in the Group Savings Plan.

Profit sharing

Employee profit sharing regulations, pursuant to articles L. 3322-2 *et seq.* of the French Labor Code, provide for employees to receive a portion of the company's net taxable income, determined according to a legally mandated formula incorporated in almost all profit sharing agreements signed by group entities.

Since passage of the French law of December 3, 2008, amounts allocated under the profit sharing plan may, at the employee's discretion, be paid directly or invested for five years in the group savings plan.

Incentive remuneration

Incentive remuneration, regulated under articles L. 3312-2 *et seq.* of the French Labor Code, allows a company to provide financial incentives to its employees based on financial and qualitative objectives. Incentive remuneration agreements are concluded for periods of three years. The agreements in effect within the group expire on dates specific to each group entity involved.

Amounts allocated under the incentive remuneration plan may, at the beneficiary's discretion, be paid directly or invested in the group savings plan. In the latter case, the amounts are eligible for preferred tax treatment, but may not be withdrawn before the end of a five-year period.

Corporate savings plans and investment vehicles

In February 2005, to harmonize and unify the various savings plans in the French subsidiaries and following in-depth initiatives with its social partners, AREVA established a Group Savings Plan (GSP) that is common to all of the group's companies.

Account reporting for all assets held by French employees has been subcontracted to Creelia, a subsidiary of Crédit Agricole Asset Management. Centralizing account reporting allows each employee to receive complete information, available online, on all of his or her assets in the various funds. Employees can move shares between funds at any time and without charge. Centralized reporting also facilitates the redemption of shares by employees. The group pays all account and fund management expenses.

The AREVA GSP offers a complete range of funds covering all asset categories. It includes a money market fund, a bond fund, an equity fund, a socially responsible fund and three diversified funds. A diversified pool of fund managers was selected to optimize investor returns.

The funds managed in the AREVA GSP totaled more than 672 million euros at December 31, 2009. All of the funds held in the GSP have had positive performance since inception of the plan in April 2005 until December 31, 2009.

AREVA continued to make fundamental changes to the GSP in 2008 and 2009, including improvements in the process for swaps between funds, providing information to fund holders on trading deadlines, and improved services (e-services, elimination of the toll phone line, etc.). At December 31, 2009, more than 4,500 fund holders had chosen the free "e-services" option, which allows them to receive statements and notices by email or text message.

The funds' Supervisory Boards met in May and November 2009 and reviewed the performance of each fund manager. A half-day training session was organized for all employee and employer representatives before the November board meetings.

As provided in the February 9, 2005 agreement on AREVA group savings plans, a GSP Monitoring Committee met in May 2009 with the group's labor organizations coordinators and the fund chairmen.

17.5.2.2. ARRANGEMENTS FOR INVOLVING EMPLOYEES IN THE CAPITAL OF THE ISSUER

Stock options allowing subscription or acquisition of shares for no consideration

The AREVA group does not presently have a stock option plan. No issue of shares for no consideration was undertaken or authorized.

Employee shareholding

Framatome shares held by employees through the Framépargne fund were exchanged for AREVA shares when the AREVA group was created in September 2001. The AREVA shares are now held in the Framépargne fund, a non-publicly traded employee shareholding fund reserved exclusively for employees of AREVA NP and its subsidiaries and of AREVA SA/FG.

In accordance with the French law of December 30, 2006, AREVA is now the direct guarantor of fund liquidity. To comply with rules applicable to "simplified" plans (quarterly fund valuation, restrictions on exchanges, etc.), AREVA and the Framépargne Supervisory Board paid particular attention to the content of information provided to Framépargne shareholders.

As of December 31, 2009, employee shareholders through Framépargne represented 0.42% of AREVA's share capital.

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→ 17.6. An innovative and responsible labor policy

17.6.1. DRIVING CHANGE THROUGH DIALOGUE WITH LABOR

17.6.1.1. ENGAGING IN CONSTRUCTIVE DIALOGUE WITH LABOR

Building a solid foundation for contractual agreements with labor requires close cooperation among labor partners, managers and HR managers. The goal is to cover every aspect of labor plan through constructive dialogue with labor at every level of the group, whether HR specialist or line manager.

The French law of August 20, 2008, defines new rules that modify the representation system for labor organizations. To comply with these new rules, the group initiated negotiations to organize and expand dialogue with labor in France.

Labor organizations are now invited to the annual briefing by the Jobs Observatory on employment strategy and employment trends within the group. At La Hague and MELOX, full-day meetings between management and labor were held to discuss the strategy and challenges of the recycling business. AREVA thus makes every effort to share with labor its strategic vision of employment trends in the group's different businesses and related markets.

17.6.1.2. DEVELOPING A NEGOTIATED AGREEMENT PLAN FOR FRANCE AND EUROPE

The AREVA group has adopted a responsible and rigorous approach to its relations with labor through agreements negotiated for the entire group. Several agreements have already been signed in France and Europe. These agreements are designed for very practical

implementation of AREVA's commitments, taking into account specific circumstances at the national and local levels.

On July 10, 2009, AREVA signed a national agreement with the French labor unions CFDT, CFE-CGC, CFTC and SPAEN to define the method for providing information, discussing and implementing the planned new organization in Nuclear operations. A consensus-building and negotiating group created for that purpose will monitor implementation of the plan until June 2010.

At the European level, the European Work Council is a key player in dialogue with labor throughout the group in Europe. This year, the EWC was closely involved in plans for the sale of the AREVA T&D business and in the new organization plan for Nuclear operations. Six plenary sessions and six meetings of the EWC Executive Committee were held in 2009 to maintain constructive, regular dialogue with management.

In line with its European commitments concerning equal opportunity and the Odeo initiative (Open Dialogue through Equal Opportunities) launched in 2008, AREVA continued to innovate by holding its first full-day European Day on gender equity in the workplace on September 29, 2009 and, on November 17, 2009, its first European Day on the employment of people with disabilities at all of its sites in Europe. These commitments reflect the active participation of employee networks, employee representatives and AREVA's management, who have been working together for three years to promote equal opportunity and diversity in the group.

17.6.2. DEVELOPING A GROUP EMPLOYMENT PACT

17.6.2.1. EMPLOYEE BENEFIT PROGRAMS

Employee benefits are one of the key components of the group's employer brand, regardless of the subsidiary or the country. They are the social dimension of the group's sustainable development plan and represent a form of solidarity in the management of the workforce as a whole.

The convergence of benefit systems in the United States is a good illustration of AREVA's policy of offering an equivalent employment pact to all employees in the group.

For the first time in AREVA's history, the group merged benefits offered to employees in all US subsidiaries in the AREVA One Plan. Today, all AREVA employees in the United States, regardless of the subsidiary for which they work, have the same benefits.

In a similar approach, the Renewable Energies business unit has begun to redefine benefit programs for its Brazilian employees.

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17.6.2.2. HEALTH

AREVA continued to roll out its health plan in 2009:

- occupational health improvement with a directive on carcinogenic, mutagenic and reprotoxic substances (CMR) and noise;
- public health initiatives:
 - continuing HIV/AIDS prevention program, particularly in Niger,
 - deployment of health observatories near the mining sites in Gabon and Niger, and preliminary studies in Canada and Kazakhstan;
- initiatives to improve quality of life in the workplace:
 - employment continuity and equal opportunity for people with disabilities as part of the diversity initiative,
 - prevention of psychosocial disorders, with deployment of a first pilot phase focused on listening and support at 16 sites and an evaluation of working conditions at 3 sites.

A major change planned for 2010 will be the implementation of an integrated health and safety plan in association with the new organization at the Safety, Health, Security and Environment department (D3SE).

Targeted activities are:

- the construction sites;
- subcontractor management;
- continued deployment of the plan to prevent psychosocial disorders; and
- continued protection from CMR products.

17.6.2.3. CHANGES IN HEALTH DATA

Maintaining a high level of radiation protection

The average AREVA employee exposure to radiation dropped this year. It had risen from 1.19 mSv in 2007 to 1.22 mSv in 2008, then fell back down to 1.04 mSv in 2009. The Nuclear Services, Clean-up and Mining business units had the group’s highest levels of employee exposure, as their employees are more in contact with nuclear materials.

The average dose from radiation exposure to subcontractor personnel at AREVA sites is much lower. After remaining stable in 2008, at 0.50 mSv compared with 0.49 mSv in 2007, it dropped to 0.39 mSv in 2009. This time, the Mining, Recycling and Nuclear Site Value Development business units had the group’s highest levels of subcontractor exposure.

Consistent with the group’s objective, no AREVA employee received an individual dose of more than 20 mSv. The highest dose received was 16.01 mSv. More than 83% of the group’s employees and 93% of the subcontractors working at AREVA’s plant sites received individual doses of less than 2 mSv over 12 consecutive months. It should be

noted that, in France, annual exposure to naturally occurring radiation is approximately 2.5 mSv. Although these are encouraging results for the future, the group will continue working to meet and exceed this performance.

As is the case every year, the group’s radiation protection managers met twice in 2009, once in France and the second at the international level. The meetings were an opportunity to talk about good practices and to coordinate horizontal initiatives. Revision of the group’s directive on radiation protection was postponed to 2010.

Priority to the health and safety of group and subcontractor personnel

The protection of employees and subcontractor personnel is an absolute priority for the AREVA group.

Because occupational safety is integral to the group’s businesses, it is factored into the design of facilities and ensured throughout their operating life and up to their dismantling. Safety is also a criterion in the selection of the group’s subcontractors. AREVA strengthened its subcontractor selection process by adopting a “Directive on subcontractor occupational safety management” in early 2009.

In 2006, the group revised and strengthened its health and safety plan and redefined intermediate objectives for 2010: a work-related accident frequency rate of less than three and a work-related accident severity rate of less than 0.15. However, no changes were made to the plan’s four fundamental commitments:

- define a clear and specific safety organization;
- make safety an integral part of the business;
- establish an accident prevention program and a continuous improvement initiative; and
- formalize an occupational safety management system.

Zero accidents are the sole objective of the plan.

To help all of its personnel achieve this objective, the group continued to roll out support tools and measures:

- training for managers and safety engineers;
- meetings to talk about occupation safety management on major projects and share experience with the group’s biggest customers;
- support to group entities for their performance improvement plans.

AREVA continued to make progress on the road to zero accidents in 2009 and has already surpassed its 2010 objective of a frequency rate of less than three. For example, the group ended the year with an average accident frequency rate that was down compared with 2008, at 2.04, or three times lower than that of 2003 and well below French industry’s average rate of 24.2 (source: Social Security Administration for salaried workers/CNAMTS, 2008). The severity rate for work-related accidents, at 0.08, is well below the average in French industry, where the recorded severity rate was 1.09 (source: CNAMTS, 2008). The goal for 2010 is a rate of less than 0.15.

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Although the general trend is on a positive heading, two deaths were recorded in 2009 among AREVA employees, and five among subcontractors. AREVA strengthened its occupational safety system, including the directive on occupational safety, particularly in Asia, where the majority of these accidents occurred. Improvement initiatives focused on training in the local language and awareness of health, safety and the environment among subcontractor personnel.

To continue to make progress towards an optimum level of performance and to improve the effectiveness of its management system, in 2009 AREVA continued to implement its program on attitudes, launched in 2008. The program revolves around a "Human and Organizational Factors" initiative, deployed in the entities with the support of the Safety, Environment, Quality and Continuous Improvement functions. The program gives management additional

leverage to drive sustainable and lasting progress towards the group's objectives while meeting all of the group's other operating goals.

In 2009, AREVA consolidated its existing policies and adapted the HR organization to the group's operational requirements.

HR projects implemented across the globe have gained in strategic consistency and distinctiveness through deployment of the AREVA employer brand.

This year, AREVA's HR organization continued to consolidate its activities to accompany major change within the group and to support the success of its future projects.

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Principal shareholders

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→ 18.1. Shareholders and voting rights

The company's share capital as of December 31, 2008 is as follows:

- 34,013,593 ordinary shares;
- 1,429,108 investment certificates (IC); and
- 1,429,108 voting right certificates.

In addition to ordinary shares, AREVA has investment certificates and voting right certificates. An original share is reestablished with full rights and privileges when a voting right certificate and an investment certificate are reunited.

The CEA owns all of the voting right certificates. The investment certificates are quoted on Compartment B of Euronext Paris and are held by the public.

With the exception of investment certificates, which by definition are devoid of voting rights, all AREVA securities carry a single voting right. There is no other type of voting right.

Each member of the AREVA Supervisory Board, including members of the Board representing salaried personnel, but excluding members representing the French State, holds one share of stock. Members of the Executive Board do not own stock in the company.

To AREVA's knowledge, no person that is not a member of an executive or supervisory body of the issuer holds, directly or indirectly, a percentage of the issuer's share capital or voting rights that would be subject to disclosure in accordance with the national law to which AREVA is subject.

The table below shows the percentages of share capital and voting rights owned by all shareholders, holders of investment certificates, and holders of voting right certificates as of December 31, 2009:

Dec. 31, 2009	CEA	French State ****	Caisse des Dépôts et Consignations	EDF Group	Framépargne (employees)	Calyon	Total group	IC holders (public)	Supervisory Board members ***	AREVA Treasury shares	Total
% capital	78.96	8.39	3.59	2.42	0.42**	0.96**	1.02	4.03	n.s.	0.20	100
% voting rights	83.16*	8.41	3.59	2.42	0.43**	0.96**	1.02	-	n.s.	-	100

* The reason for the difference in the percentage of share capital and percentage of voting rights held by the CEA in AREVA is that the CEA owns all of the voting right certificates.

** Calyon entered into a liquidity guarantee with Framépargne under which it agreed to acquire, in the event of insufficient liquidity, AREVA shares held by Framépargne that the latter would have to sell to meet share repurchase requirements. Pursuant to this guarantee, Calyon purchased some AREVA shares beginning in July 2002. Since the passage of the French law of December 30, 2006 and its implementing order of October 24, 2007, AREVA itself may provide this liquidity guarantee.

*** Each member of the Supervisory Board holds 1 share of stock.

**** It should be noted that, since the AREVA group's establishment, ERAP held 3.21% of AREVA's share capital and 3.21% of its voting rights. In 2009, ERAP transferred its AREVA shares to the French State.

PRINCIPAL SHAREHOLDERS

Control of the issuer

→ 18.2. Control of the issuer

The French decree no. 2004-963 of September 9, 2004 creating the national service *Agence des Participations de l'État* (APE) stipulates that AREVA is one of the entities that falls within the scope of the APE.

For more information on the control exercised by the issuer, see Section 21.2.2. *Establishing Decree*.

→ 18.3. Agreement known to the issuer that could, if implemented, result in a change in control of the issuer

There is no agreement known to the issuer that could, if implemented, result in a change in control of the issuer.

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In this section, significant transactions with related parties are described. This information is also the subject of Section 20.2. *Notes to the consolidated financial statements for the year ended December 31, 2009, Note 29. Related party transactions.*

→ 19.1. Relations with the French State

As of December 31, 2009, the French State holds, directly or indirectly, more than 90% of the shares issued by AREVA and more than 94% of its voting rights.

In practice, the French State makes the decisions submitted to the Annual General Meeting of Shareholders, including the appointment of members of the Supervisory Board, where the French State and the CEA are largely represented.

Of the 15 members of the Supervisory Board, 4 are appointed by ministerial order and represent the French State, including the Director of the agency in charge of managing the government's equity interests. The CEA also has a seat on the Supervisory Board, as does its Chairman and the Chairman's Deputy Director in charge of international development in the nuclear energy field.

Within the Supervisory Board, a person responsible for the general economic and financial control of the AREVA group ensures control on behalf of the French government and is designated by ministerial order.

For more information, please refer to Section 4.3. *Risk factors*, Section 5. *Information about the issuer*, and Section 14. *Administrative, management and supervisory bodies and senior management*.

AREVA is also subject to the control of the French Cour des Comptes, which examines the quality and consistency of its financial statements and of its management practices, as provided in articles L.133-1 and L.133-2 of the French Code of the Financial Courts.

TRANSACTIONS WITH RELATED PARTIES

Relations with the CEA

→ 19.2. Relations with the CEA

The CEA held 78.96% of the share capital of AREVA and almost 83.16% of the voting rights as of December 31, 2009. The description of transactions between the AREVA group and the CEA may be found in Section 20.2. *Notes to the consolidated financial statements*, Note 29. *Related party transactions* (including executive

compensation). In addition to the capital ties with AREVA, the CEA and AREVA are partners in research and development for nuclear operations. For more information, see Chapter 11. *Research and development programs*.

→ 19.3. Relations with the EDF group

The nature of the relations with the EDF group and the transactions concluded between the two groups are explained in Section 4.4. *Customer and supplier risks*, in Section 20.2. *Notes to the consolidated*

financial statements for the year ended December 31, 2009, Note 29. *Related party transactions*, Section 6. *Business overview*, and Chapter 22. *Major contracts*.

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→ 20.1. Consolidated financial statements 2009

20.1.1. STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in the French language and is provided solely for the convenience of English speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether qualified or not. This information is presented below the opinion on the consolidated financial statements and includes explanatory paragraphs discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were made for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements. This report should be read in conjunction, and construed in accordance, with French law and professional auditing standards applicable in France.

To the Shareholders,

In accordance with our appointment as statutory auditors at your Annual General Meeting, we hereby report to you for the year ended December 31, 2009 on:

- the audit of the accompanying consolidated financial statements of AREVA;
- the justification of our assessments;
- the specific procedures required by law.

The consolidated financial statements have been approved by the Executive Board. Our role is to express an opinion on these financial statements, based on our audit.

I. OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have conducted our audit in accordance with professional standards applicable 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 verifying, using sample testing techniques or other selection methods, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made, as well as evaluating the overall financial statement presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as of December 31, 2009 and of the results of its operations for the year then ended in accordance with the international financial reporting standards (IFRS), as adopted by the European Union.

Without qualifying the above opinion, we draw your attention to the following notes to the consolidated financial statements:

- note 1 in which are described the changes in accounting methods resulting from the application of the new standards Revised IAS 1 Presentation of Financial Statements, Revised IAS 23 Borrowings Costs and IFRS 8 Operating Segments endorsed by the European Union and for which application is mandatory as of January 1, 2009;
- notes 1.1, 1.13.1, 1.18 and 13 in which the procedures for measuring end-of-life-cycle assets and liabilities are described. This assessment, which is based on Management's best estimates, is sensitive to assumptions adopted with regard to cost estimates, timing of cash outflows and discount rates;
- notes 1.1, 1.8 and 24 in which are described the performance conditions of the OL3 contract, the methods for determining its result at completion related to estimates made by the project teams and the sensitivity of the result at completion on this contract to contractual risks, the effective implementation in accordance with the agreed operating methods for piping installation and inspection operations as well as potential difficulties during the commissioning including the Instrumentation and Control;
- notes 1.1, 1.19.1 and 25 in which are described the procedure for determining the acquisition price of AREVA NP's shares held by Siemens and the uncertainty relating to this procedure as well as the accounting treatment adopted as of December 31, 2009 for the corresponding financial liability.

II. JUSTIFICATION OF OUR ASSESSMENTS

In accordance with Article L. 823-9 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matters:

- provisions for end-of-life cycle operations were measured in accordance with the methods disclosed in note 1.18 to the consolidated financial statements. During the course of our procedures, we reviewed the implementation of these accounting methods, the assumptions adopted and the estimates obtained. Against these provisions the Group recognizes:
 - end-of-life cycle assets to be financed by third parties and receivables related to end-of-life cycle operations which we reviewed taking into accounts the agreements signed with EDF in December 2008, July 2009 and February 2010;
 - financial assets earmarked for end-of-life cycle operations, including a dedicated portfolio comprising shares held directly and units in equity investment funds. The management objectives and the measurement principles of this portfolio are described in notes 13, 1.13.1 and 1.13.3 to the consolidated financial statements. As part of our procedures we assessed the appropriateness of the methods adopted and the measurement of permanent impairments;
- other non-current financial assets comprise available-for-sale securities measured in accordance with the methods detailed in notes 1.1, 1.13.2, 1.13.3 and 15 to the consolidated financial statements. In the course of our procedures we assessed the appropriateness of the methods adopted and the measurement of permanent impairments;
- goodwill and intangible assets were tested for impairment in accordance with the principles set out in notes 1.10 and 10 to the consolidated financial statements. We reviewed the procedures applied for the performance of these tests, assessed the consistency of the assumptions adopted with the forecast data resulting from the strategic plan of the Group and verified that appropriate disclosures are presented in notes 1.10 and 10 to the consolidated financial statements;
- accounting principles relating to employee benefits are outlined in notes 1.1, 1.16 and 23 to the consolidated financial statements. As part of our procedures we assessed the appropriateness of the methods adopted and reviewed the marking-to-market of hedging assets;
- AREVA Group recognizes income from long-term contracts in accordance with the accounting methods described in notes 1.8 and 24 to the consolidated financial statements. Our procedures, generally and specifically for the OL3 contract, consisted in assessing the data and assumptions made by Management used as a basis to estimate profits and losses at completion on contract and changes therein and reviewing the calculations performed and Management’s procedures for approving these estimates;
- with respect to risks, litigation and contingent liabilities, we assessed the procedures currently used by the Group to identify, assess and record such risks, litigation and contingent liabilities in the accounts. We also ascertained that the main litigations identified by the procedures implemented by the Group were described appropriately in the consolidated financial statements and specifically in notes 24 and 34;

These assessments were performed as part of our audit approach for the consolidated financial statements taken as a whole and contributed to the expression of our opinion in the first part of this report.

III. SPECIFIC PROCEDURE

In accordance with professional standards applicable in France, we have also performed the specific verifications provided for by law regarding the information given in the Group’s management report.

We have no comment to make as to the fair presentation of this information or its consistency with the consolidated financial statements.

Neuilly-sur-Seine and Paris-La Défense, March 5, 2010

The Statutory Auditors

Deloitte & Associés

Mazars

Patrice Choquet

Etienne Jacquemin

Jean-Luc Barlet

Juliette Decoux

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**FINANCIAL INFORMATION CONCERNING ASSETS,
FINANCIAL POSITIONS AND FINANCIAL PERFORMANCE**

Consolidated financial statements 2009

20.1.2. CONSOLIDATED STATEMENT OF INCOME

<i>(in millions of euros)</i>	Note	2009	2008 *	2007 *
REVENUE	3	8,529	8,089	7,589
Other income from operations		61	28	16
Cost of sales		(7,508)	(7,221)	(5,946)
Gross margin		1,082	896	1,659
Research and development expenses		(346)	(303)	(285)
Marketing and sales expenses		(286)	(258)	(229)
General and administrative expenses		(620)	(635)	(617)
Other operating expenses	6	(157)	(166)	(194)
Other operating income	6	423	323	19
OPERATING INCOME		97	(143)	353
Income from cash and cash equivalents		14	36	36
Gross borrowing costs		(128)	(105)	(69)
Net borrowing costs		(113)	(69)	(33)
Other financial expenses		(362)	(687)	(390)
Other financial income		662	762	542
Other financial income and expenses		301	75	152
NET FINANCIAL INCOME	7	187	6	118
Income tax	8	138	109	32
NET INCOME OF CONSOLIDATED BUSINESSES		422	(28)	503
Share in net income of associates	14	(152)	156	148
NET INCOME FROM CONTINUING OPERATIONS		270	127	651
Net income from discontinued operations	9	267	371	231
NET INCOME FOR THE PERIOD		537	498	882
Including				
Group:				
Net income from continuing operations		329	250	535
Net income from discontinued operations		223	339	207
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT		552	589	743
Minority interests:				
Net income from continuing operations		(59)	(123)	116
Net income from discontinued operations		44	32	23
NET INCOME ATTRIBUTABLE TO MINORITY INTERESTS		(15)	(91)	139
Average number of shares outstanding		35,442,701	35,442,701	35,442,701
Average number of treasury shares		52,921	-	-
Average number of shares outstanding excluding treasury shares		35,389,780	35,442,701	35,442,701
Earnings per share from continuing operations		9.29	7.06	15.10
Basic earnings per share		15.59	16.62	20.95
Diluted earnings per share ⁽¹⁾		15.59	16.62	20.95

(1) AREVA has not issued any instruments with a dilutive impact on share capital.

* In accordance with IFRS 5, net income after tax from discontinued operations is presented on a separate line in the statement of income. The statements of income for 2008 and 2007 were restated for data published in previous years (see Notes 2 and 9).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>(in millions of euros)</i>	Note	2009	2008	2007
Net income		537	498	882
Other comprehensive income items	21			
Currency translation adjustments on consolidated companies		(2)	(13)	(29)
Change in value of available-for-sale financial assets		(111)	(1,398)	49
Change in value of cash flow hedges		(12)	(15)	(1)
Income tax related to these items		(68)	612	(96)
Other comprehensive income items from discontinued operations		52	(41)	(13)
Share in other net comprehensive income items from associates		(55)	49	(81)
Total other comprehensive income items (net of income tax)		(196)	(806)	(171)
COMPREHENSIVE INCOME		341	(308)	711
• Comprehensive income attributable to owners of the parent		390	(208)	587
• Minority interests		(49)	(100)	124

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20.1.3. CONSOLIDATED STATEMENT OF FINANCIAL POSITION
ASSETS

<i>(in millions of euros)</i>	Note	December 31, 2009	December 31, 2008	December 31, 2007
Non-current assets		21,875	22,841	21,425
Goodwill on consolidated companies	10	4,366	4,803	4,377
Intangible assets	11	3,282	3,089	2,729
Property, plant and equipment	12	5,294	4,913	4,204
End-of-life-cycle assets (third-party share)	13	275	270	2,491
Assets earmarked for end-of-life-cycle operations	13	5,351	4,954	2,873
Investments in associates	14	1,635	1,757	1,558
Other non-current financial assets	15	860	2,152	2,588
Pension fund assets		0	1	-
Deferred tax assets	8	811	900	604
Current assets		14,175	11,804	9,251
Inventories and work-in-process	16	2,699	3,403	2,817
Trade accounts receivable and related accounts	17	2,161	4,486	3,884
Other operating receivables	18	1,838	2,434	1,402
Current tax assets	8	121	164	94
Other non-operating receivables		158	154	141
Cash and cash equivalents	19	1,409	1,050	634
Other current financial assets	20	139	113	279
Assets of operations held for sale	9	5,649	-	-
TOTAL ASSETS		36,050	34,644	30,676

LIABILITIES AND EQUITY

<i>(in millions of euros)</i>	Note	December 31, 2009	December 31, 2008	December 31, 2007
Equity and minority interests		7,574	7,292	7,464
Share capital	21	1,347	1,347	1,347
Consolidated premiums and reserves		4,749	4,455	3,925
Deferred unrealized gains and losses on financial instruments		155	287	1,117
Currency translation reserves		(155)	(131)	(138)
Net income attributable to owners of the parent		552	589	743
Minority interests	22	926	745	470
Non-current liabilities		13,408	11,795	11,951
Employee benefits	23	1,121	1,268	1,175
Provisions for end-of-life-cycle operations	13	5,660	5,674	5,075
Other non-current provisions	24	94	123	121
Long-term borrowings	25	5,872	3,969	4,302
Deferred tax liabilities	8	661	760	1,277
Current liabilities		15,068	15,558	11,261
Current provisions	24	1,696	2,081	1,823
Short-term borrowings	25	1,869	2,693	613
Advances and prepayments received	26	3,893	4,752	4,172
Trade accounts payable and related accounts		1,567	2,991	2,565
Other operating liabilities	27	2,270	2,884	1,921
Current tax liabilities	8	35	104	127
Other non-operating liabilities	27	53	53	41
Liabilities of operations held for sale	9	3,685	-	-
TOTAL LIABILITIES AND EQUITY		36,050	34,644	30,676

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**FINANCIAL INFORMATION CONCERNING ASSETS,
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20.1.4. CONSOLIDATED STATEMENT OF CASH FLOWS

<i>(in millions of euros)</i>	Note	2009	2008 *	2007 *
Net income before minority interests		537	498	882
Less: income from discontinued operations		(267)	(371)	(231)
Net income from continuing operations		270	127	651
Share in net income of associates		152	(156)	(148)
Net amortization, depreciation and impairment of property, plant and equipment (PP&E), intangible assets and marketable securities maturing in more than 3 months		504	479	477
Goodwill impairment losses		-	-	-
Net increase in (reversal of) provisions		(228)	328	56
Net effect of reverse discounting of assets and provisions		255	260	137
Income tax expense (current and deferred)		(138)	(109)	(31)
Net interest included in borrowing costs		117	66	21
Loss (gain) on disposals of fixed assets and marketable securities maturing in more than 3 months; change in fair value		(436)	(317)	(161)
Other non-cash items		(364)	(345)	(130)
Cash flow from operations before interest and taxes		132	334	873
Net interest received (paid)		(15)	(41)	8
Income tax paid		0	(166)	(59)
Cash flow from operations after interest and tax		117	128	822
Change in working capital requirement	28	43	(183)	(405)
NET CASH FROM OPERATING ACTIVITIES		160	(55)	417
Investment in PP&E and intangible assets		(1,780)	(1,341)	(963)
Loans granted and acquisitions of non-current financial assets		(1,039)	(1,637)	(1,126)
Acquisitions of shares of consolidated companies, net of acquired cash		(162)	(63)	(1,791)
Disposals of PP&E and intangible assets		83	14	22
Loan repayments and disposals of non-current financial assets		2,200	1,495	1,195
Disposals of shares of consolidated companies, net of disposed cash		265	495	-
Dividends from equity associates		56	80	52
NET CASH USED IN INVESTING ACTIVITIES		(379)	(956)	(2,612)
Share issues subscribed by minority shareholders in consolidated subsidiaries		178	263	4
Dividends paid to shareholders of the parent company		(250)	(240)	(300)
Dividends paid to minority shareholders of consolidated companies		(59)	(75)	(42)
Increase in borrowings		1,246	1,457	1,866
NET CASH USED IN FINANCING ACTIVITIES		1,116	1,405	1,528
Increase (decrease) in securities recognized at fair value in profit or loss		(77)	42	178
Impact of foreign exchange movements		3	(17)	(9)
NET CASH FLOW FROM DISCONTINUED OPERATIONS	28	(219)	(61)	117
INCREASE (DECREASE) IN NET CASH		603	357	(381)
NET CASH AT THE BEGINNING OF THE YEAR		877	520	901
Cash at the end of the year	19	1,409	1,050	634
Less: short-term bank facilities and non-trade current accounts (credit balances)	25	(129)	(172)	(113)
Net cash from discontinued operations		200		
NET CASH AT THE END OF THE YEAR		1,481	877	520

* In accordance with IFRS 5, the change in net cash from discontinued operations is presented on a separate line in the statement of cash flows. The statements of cash flows for 2008 and 2007 were restated for data published in previous years (see Notes 2 and 28).

Net cash taken into account in establishing the statement of cash flows consists of:

- cash and cash equivalents (see Note 19), which includes:
 - cash balances and non-trade current accounts, and
 - risk-free marketable securities initially maturing in less than three months, and money market funds;

- after deduction of short-term bank facilities and non-trade current accounts included in short-term borrowings (see Note 25);
- the 2 preceding items from operations held for sale.

20.1.5. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<i>(in millions of euros)</i>	Number of shares and investment certificates	Share capital	Premiums and consolidated reserves	Currency translation reserves	Deferred unrealized gains and losses on financial instruments	Equity attributable to owners of the parent	Minority interests	Total equity
DECEMBER 31, 2007	35,442,701	1,347	4,668	(138)	1,117	6,994	470	7,464
Net income for 2008			589			589	(91)	498
Other comprehensive income items			26	7	(830)	(797)	(9)	(806)
Comprehensive income			615	7	(830)	(208)	(100)	(308)
Dividends paid *			(240)			(240)	(85)	(325)
Other transactions with shareholders			1			1	460	461
DECEMBER 31, 2008	35,442,701	1,347	5,044	(131)	287	6,547	745	7,292
Net income for 2009			552			552	(15)	537
Other comprehensive income items			(6)	(24)	(132)	(162)	(34)	(196)
Comprehensive income			546	(24)	(132)	390	(49)	341
Dividends paid *			(250)			(250)	(82)	(332)
Treasury shares acquired	(70,170)		(43)			(43)		(43)
Other transactions with shareholders			4			4	312	316
DECEMBER 31, 2009	35,372,531	1,347	5,301	(155)	155	6,648	926	7,574
<i>*Dividend paid per share (in euros):</i>								
● in 2008 from 2007 net income			6.77					
● in 2009 from 2008 net income			7.05					

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20.1.6. SEGMENT REPORTING
BY DIVISION
2009

Pursuant to the pending sale of the Transmission & Distribution business, IFRS 5 related to discontinued operations applies at December 31, 2009.

For all reporting periods, net income from these operations is presented on a separate line in the statement of income, "Net income from discontinued operations", and the statement of cash flows is restated accordingly.

Assets and liabilities associated with discontinued operations are reported on separate lines on the statement of consolidated financial position at December 31, 2009, without restatement of prior periods, except for the receivables and liabilities of those operations with the group's other entities, which continue to be eliminated in accordance with IAS 27.

Statement of income

<i>(in millions of euros)</i>	Front End	Reactors & Services	Back End	Corporate	Eliminations	Total group
GROSS REVENUE	3,502	3,610	1,972	185	(740)	8,529
Inter-company sales *	(31)	(193)	(335)	(181)	740	0
Contribution to consolidated revenue	3,471	3,418	1,637	4	0	8,529
OPERATING INCOME	659	(626)	238	(171)	(3)	97
Percentage of gross revenue	18.8%	(17.3)%	12.1%	(92.3)%	0.4%	1.1%
Depreciation and amortization of PP&E and intangible assets	(266)	(129)	(93)	(16)		(505)
Impairment of PP&E and intangible assets	(1)	(6)	0	0		(7)
Reversals of provisions	27	38	157	6		227
Gain on asset disposals recognized in operating income (see Note 6)	364	5	0	0		369

* Transfer prices used in inter-company transactions are recorded at arm's length.

Statement of financial position

<i>(in millions of euros, except workforce data)</i>	Front End	Reactors & Services	Back End	Corporate *	Eliminations	Total group
PP&E and intangible assets (including goodwill)	6,561	1,699	1,967	2,748	(33)	12,942
Assets earmarked for end-of-life-cycle operations	864	44	4,717			5,626
Other non-current assets				3,307		3,307
Subtotal: Non-current assets	7,426	1,743	6,684	6,055	(33)	21,875
Inventories and receivables (excluding tax receivables)	3,083	2,188	1,402	661	(478)	6,856
Other current assets				7,319		7,319
Subtotal: Current assets	3,083	2,188	1,402	7,980	(478)	14,175
TOTAL ASSETS	10,509	3,931	8,086	14,034	(510)	36,050
Workforce	14,763	21,003	11,082	969		47,817

* At December 31, 2009, assets from discontinued operations are reported under other current assets of the Corporate division in the amount of 5.649 billion euros.

More than 10% of consolidated revenue is received from a specific customer.

2008

(The statement of income excludes operations that were discontinued in 2009; the statement of financial position includes the assets and liabilities of those operations)

Statement of income

<i>(in millions of euros)</i>	Front End	Reactors & Services	Back End	Transmission & Distribution	Corporate	Eliminations	Total group
GROSS REVENUE	3,411	3,214	1,987		303	(825)	8,089
Inter-company sales *	(48)	(183)	(295)		(300)	825	0
Contribution to consolidated revenue	3,363	3,031	1,692		3	0	8,089
OPERATING INCOME	453	(688)	270		(170)	(9)	(143)
Percentage of gross revenue	13.3%	(21.4)%	13.6%		NA		(1.8)%
Depreciation and amortization of PP&E and intangible assets	(215)	(133)	(133)		(12)		(493)
Impairment of PP&E and intangible assets	0	0	91		0		91
Reversal (increase) in provisions	(108)	(210)	(10)		(1)		(328)
Gain (loss) on asset disposals recognized in operating income (see Note 6)	189	1	1		(3)		187

* Transfer prices used in inter-company transactions are recorded at arm's length.

Statement of financial position

<i>(in millions of euros, except workforce data)</i>	Front End	Reactors & Services	Back End	Transmission & Distribution	Corporate	Eliminations	Total group
PP&E and intangible assets (including goodwill)	5,595	1,436	1,947	1,308	2,539	(19)	12,806
Assets earmarked for end-of-life-cycle operations	718	38	4,468				5,224
Other non-current assets					4,810		4,810
Subtotal: Non-current assets	6,313	1,474	6,415	1,308	7,350	(19)	22,841
Inventories and receivables (excluding tax receivables)	3,055	2,015	1,708	3,709	665	(674)	10,477
Other current assets					1,327		1,327
Subtotal: Current assets	3,055	2,015	1,708	3,709	1,992	(674)	11,804
TOTAL ASSETS	9,368	3,488	8,123	5,017	9,332	(694)	34,644
Workforce	14,240	19,477	10,906	29,966	825		75,414

More than 10% of consolidated revenue is received from a specific customer.

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2007

(The statement of income excludes operations that were discontinued in 2009; the statement of financial position includes the assets and liabilities of those operations)

Statement of income

<i>(in millions of euros)</i>	Front End	Reactors & Services	Back End	Transmission & Distribution	Corporate	Eliminations	Total group
GROSS REVENUE	3,181	2,862	1,978		280	(714)	7,589
Inter-company sales *	(42)	(152)	(240)		(280)	714	0
Contribution to consolidated revenue	3,140	2,710	1,738		1	0	7,589
OPERATING INCOME	496	(178)	207		(166)	(6)	353
Percentage of gross revenue	15.6%	(6.2)%	10.5%		NA		4.7%
Depreciation and amortization of PP&E and intangible assets	(191)	(88)	(143)		(4)		(426)
Impairment of PP&E and intangible assets	-	-	-		-		0
Reversal (increase) in provisions	(41)	29	(22)		(25)		(60)
Gain (loss) on asset disposals recognized in operating income	3	0	1		-		4

* Transfer prices used in inter-company transactions are recorded at arm's length.

Statement of financial position

<i>(in millions of euros, except workforce data)</i>	Front End	Reactors & Services	Back End	Transmission & Distribution	Corporate	Eliminations	Total group
PP&E and intangible assets (including goodwill)	4,894	1,141	1,897	1,053	2,332	(7)	11,310
Assets earmarked for end-of-life-cycle operations	697	46	4,621				5,365
Other non-current assets					4,750		4,750
Subtotal: Non-current assets	5,591	1,187	6,518	1,053	7,082	(7)	21,425
Inventories and receivables (excluding tax receivables)	2,308	1,687	1,383	2,909	419	(461)	8,244
Other current assets					1,007		1,007
Subtotal: Current assets	2,308	1,687	1,383	2,909	1,426	(461)	9,251
TOTAL ASSETS	7,899	2,874	7,900	3,961	8,508	(468)	30,676
Workforce	12,577	16,500	10,638	25,248	620		65,583

BY GEOGRAPHICAL AREA

2009

Contribution to consolidated revenue by business division and customer location

<i>(in millions of euros)</i>	Front End	Reactors & Services	Back End	Corporate	Total group
France	1,169	1,156	938	3	3,266
Europe (excluding France)	901	939	328	-	2,168
North & South America	786	785	123	-	1,694
Asia-Pacific	525	493	244	-	1,263
Africa and Middle East	90	46	3	0	138
TOTAL	3,471	3,418	1,637	4	8,529

Closing balances of property, plant and equipment and intangible net assets (excluding goodwill) at December 31, 2009 by geographical area and by division

<i>(in millions of euros)</i>	Front End	Reactors & Services	Back End	Corporate	Total group
France	1,790	692	1,953	119	4,555
Europe (excluding France)	399	204	0	26	630
North & South America	970	247	11	29	1,257
Asia-Pacific	37	4	0	1	42
Africa and Middle East	2091	1	0	0	2,093
TOTAL	5,288	1,148	1,964	175	8,576

Acquisitions of property, plant and equipment and intangible net assets (excluding goodwill) at December 31, 2009 by geographical area and by division

<i>(in millions of euros)</i>	Front End	Reactors & Services	Back End	Corporate	Total group
France	555	241	138	5	940
Europe (excluding France)	138	86	0	0	225
North & South America	133	79	2	1	215
Asia-Pacific	10	0	0	0	11
Africa and Middle East	427	0	0	0	427
TOTAL	1,264	407	141	7	1,818

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2008***Contribution to consolidated revenue by business division and customer location (excluding discontinued operations)***

<i>(in millions of euros)</i>	Front End	Reactors & Services	Back End	Corporate	Total group
France	1,159	1,135	977	3	3,274
Europe (excluding France)	921	849	362		2,132
North & South America	475	696	114		1,285
Asia-Pacific	731	293	237		1,261
Africa and Middle East	77	58	1		136
TOTAL	3,363	3,031	1,692	3	8,089

Closing balances of property, plant and equipment and intangible net assets (excluding goodwill) at December 31, 2008 by geographical area and by division

<i>(in millions of euros)</i>	Front End	Reactors & Services	Back End	Transmission & Distribution	Corporate	Total group
France	1,460	487	1,934	158	102	4,142
Europe (excluding France)	377	229		237	9	852
North & South America	790	196	11	65	32	1,095
Asia-Pacific	22	4		220	1	247
Africa and Middle East	1,665	1		2		1,668
TOTAL	4,314	917	1,945	683	143	8,003

Acquisitions of property, plant and equipment and intangible net assets (excluding goodwill) at December 31, 2008 by geographical area and by division (excluding discontinued operations)

<i>(in millions of euros)</i>	Front End	Reactors & Services	Back End	Corporate	Total group
France	416	191	103	27	737
Europe (excluding France)	110	66			176
North & South America	135	73	2	1	211
Asia-Pacific	9	1			10
Africa and Middle East	287	1			288
TOTAL	958	331	105	27	1,421

2007

Contribution to consolidated revenue by business division and customer location (excluding discontinued operations)

<i>(in millions of euros)</i>	Front End	Reactors & Services	Back End	Corporate	Total group
France	1,018	946	1,000	1	2,965
Europe (excluding France)	779	814	341		1,934
North & South America	678	638	86		1,402
Asia-Pacific	631	231	310		1,172
Africa and Middle East	34	81	1		116
TOTAL	3,140	2,710	1,738	1	7,589

Closing balances of property, plant and equipment and intangible net assets (excluding goodwill) at December 31, 2007 by geographical area and by division

<i>(in millions of euros)</i>	Front End	Reactors & Services	Back End	Transmission & Distribution	Corporate	Total group
France	1,154	351	1,880	131	82	3,598
Europe (excluding France)	295	156	0	186	7	644
North & South America	824	157	10	63	32	1,086
Asia-Pacific	17	3	0	124	1	146
Africa and Middle East	1,458	0	0	1	0	1,460
TOTAL	3,748	667	1,890	505	122	6,933

Acquisitions of property, plant and equipment and intangible net assets (excluding goodwill) at December 31, 2007 by geographical area and by division (excluding discontinued operations)

<i>(in millions of euros)</i>	Front End	Reactors & Services	Back End	Corporate	Total group
France	303	127	99	36	565
Europe (excluding France)	81	55	0	0	136
North & South America	128	82	3	0	213
Asia-Pacific	10	2	0	0	12
Africa and Middle East	64	0	0	0	64
TOTAL	586	266	102	36	990

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→ 20.2. Notes to the consolidated financial statements for the year ended December 31, 2009

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All amounts are presented in millions of euros unless otherwise indicated. Certain totals may include rounding differences.

INTRODUCTION

AREVA's consolidated financial statements for the period January 1, 2009 through December 31, 2009 were approved by the Executive Board on February 19, 2010 and reviewed by the Supervisory Board on March 4, 2010. The financial statements will be presented to the

Annual General Meeting of Shareholders for approval on April 29, 2010.

The AREVA group is fully consolidated by the *Commissariat à l'Énergie Atomique* (see Note 21).

NOTE 1. ACCOUNTING PRINCIPLES

Pursuant to European Regulation 1606/2002 of July 19, 2002, AREVA's consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union as from December 31, 2009. They reflect International Accounting Standards (IAS) and IFRS standards and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and the former Standing Interpretation Committee (SIC).

A new IFRS standard and several revised IAS standards were adopted by the European Union, effective January 1, 2009:

- IFRS 8, Operating Segments, which replaces IAS 14: under this new standard, information on operating segments is reported in accordance with management's vision, and no longer based on homogeneous risk and profitability criteria. Moreover, data reported for each segment may be published according to rules other than IFRS if this is consistent with the methods used by management to evaluate performance. If that is the case, a global reconciliation with consolidated data must be provided. Implementation of this standard had no material impact on AREVA's segment reporting at December 31, 2009;
- IAS 1 revised, Presentation of Financial Statements: the main change in this revised standard is an option either:
 - to recognize in profit or loss all items of income and expense that were previously recognized outside profit or loss in accordance with other standards (currency translation adjustments, changes in fair value of financial assets available for sale, changes in fair value of cash flow hedges), or
 - to present these items in a new statement entitled statement of comprehensive income immediately after the statement of income.

AREVA chose the second option and has therefore included a statement of comprehensive income in its consolidated financial statements for the year ended December 31, 2009;

- IAS 23 revised, Borrowing Costs: in accordance with this standard, borrowing costs must be included in the cost of property, plant and equipment and intangible assets. This pertains to the interest expense incurred during the construction or development phase of an asset, until it is placed in service. The standard applies prospectively to new projects launched after January 1, 2009, excluding projects and contracts for which costs had already been incurred before that date. Implementation of this standard had no material impact on the 2009 financial statements (see Note 12);

- IAS 11, Construction Contracts: this standard was amended as from the date of issue of IAS 23 revised. This amendment removes the option of not recognizing financial expenses in the cost of contracts recognized under the percentage of completion method when the project generates a cash deficit. The amendment applies to new contracts for which expenses were incurred for the first time after January 1, 2009. It had no impact on the 2009 financial statements.

In 2009, the European Union also adopted IFRS 3 revised, Business Combinations, and IAS 27 revised, Consolidated and Separate Financial Statements, which are mandatory for accounting years beginning on or after July 1, 2009. AREVA did not elect early adoption of these revised standards in 2009, and will thus apply them as from January 1, 2010. Among others, the revised standards, which apply prospectively, will have the following consequences:

- changes in the accounting rules for business combinations:
 - expenses associated with these transactions shall no longer be included in the acquisition cost, but shall be recognized as expenses in operating profit or loss,
 - contingent price clauses ("earn-outs") shall be valued within 12 months of the date of acquisition, and subsequent adjustments shall be recognized in profit or loss;
- changes in the rules for recognition of acquisitions and sales of minority interests in fully consolidated subsidiaries: These

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transactions are deemed to be transactions between the shareholders of the subsidiaries and are recognized outside profit or loss, either as equity attributable to owners of the parent or as minority interests. As a result:

- acquisitions of minority interests will no longer generate additional goodwill, but will result in a reduction of equity attributable to owners of the parent, and
- sales of minority interests or stock issued to minority shareholders in consolidated subsidiaries will no longer generate a capital gain or a dilution gain in operating income, but shall be translated into an increase in equity attributable to owners of the parent;
- changes in the rules regarding the recognition of put options held by minority interests in fully consolidated subsidiaries: For options granted as from January 1, 2010, the difference between the option value at inception and the corresponding minority interests shall no longer be recognized as goodwill but as a decrease in equity attributable to owners of the parent. Subsequent changes in the fair value of these options shall also be recognized against equity attributable to owners of the parent. However, the accounting treatment for options granted before January 1, 2010 shall not be modified; changes in the value of these options shall continued to be recognized against goodwill, without time limitation.

The European Union also approved several interpretations of the International Financial Reporting Interpretations Committee (IFRIC), which apply as from the 2009 accounting year. Several of those interpretations do not concern the operations of the AREVA group:

- IFRIC 12, Service Concession Arrangements;
- IFRIC 13, Customer Loyalty Programs;
- IFRIC 15, Agreements for the Construction of Real Estate;
- IFRIC 17, Distributions of Non-cash Assets to Owners; and
- IFRIC 18, Transfers of Assets from Customers.

The IFRIC 14 interpretation of IAS 19, The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction, clarifies the conditions for an entity to recognize an asset in its statement of financial position when pension assets exceed the present value of future benefits, and the circumstances in which it must recognize a liability if the minimum applicable financing requirement in the country of the plan is not met. This interpretation has no impact on the consolidated financial statements of AREVA for the year ended December 31, 2009.

The IFRIC 16, Hedges of a Net Investment in a Foreign Operation, clarifies the nature of the risk hedged and the amount of the hedged item creating a hedge relationship, as well as the level at which the hedge instrument may be held in the group. This interpretation has no impact on the consolidated financial statements of AREVA for the year ended December 31, 2009.

1.1. ESTIMATES AND ASSUMPTIONS

To prepare its financial statements, AREVA must make estimates, assumptions and judgments impacting the net carrying amount of certain assets and liabilities, income and expense items, or information provided in some notes to the financial statements. AREVA updates its estimates and judgments on a regular basis to take into account past experience and other factors deemed relevant, based on business circumstances.

Depending on changes in these assumptions or in circumstances, the group's future financial statements may or may not be consistent with current estimates, particularly in the following areas:

- operating margins on contracts recognized according to the percentage of completion method (see Notes 1.8 and 24), which are estimated by the project teams in accordance with the group's procedures;
- anticipated cash flows, discount rates and growth assumptions used in impairment tests for goodwill and other plant, property and equipment and intangible assets (see Notes 1.10 and 10);
- anticipated cash flows, discount rates and growth assumptions used to assess the value of put options held by minority shareholders of fully consolidated subsidiaries (see Notes 1.19 and 25);
- all assumptions used to assess the value of pension commitments and other employee benefits, including future payroll escalation and discount rates, retirement age, employee turnover and the expected return on plan assets (see Notes 1.16 and 23);
- all assumptions used to calculate provisions for end-of-life-cycle operations and the assets corresponding to the third-party share, including:
 - the estimated costs of these operations,
 - inflation and discount rates,
 - the schedule of future disbursements,
 - the operating life of the facilities (see Notes 1.18 and 13), and
 - the procedures for final shutdown of the facilities;
- estimates and judgments regarding the outcome of ongoing litigation and, more generally, estimates regarding all provisions and contingent liabilities of the AREVA group (see Notes 1.17, 24 and 33);
- the price to be paid by AREVA to buy back Siemens' minority interest in its subsidiary AREVA NP; following Siemens' announcement on January 27, 2009 of its decision to exercise its put option for this interest and given the uncertainty concerning the price to be paid for that option, which will be decided according to the procedure provided in the shareholders' agreement, and the uncertainty of the outcome of the arbitration proceedings in progress (see Note 34), AREVA decided to maintain the same amount in its statement of financial position at December 31, 2009 as at December 31, 2007 and at December 31, 2008 (see Note 25);
- estimates and judgments regarding the recoverable amount of trade accounts receivable and other accounts receivable (see Notes 1.12 and 1.13.3);

FINANCIAL INFORMATION CONCERNING ASSETS, FINANCIAL POSITIONS AND FINANCIAL PERFORMANCE

Notes to the consolidated financial statements for the year ended December 31, 2009

- estimates and judgments regarding the material or lasting nature of the impairment of available-for-sale financial assets (see Notes 1.13, 13 and 15);
- estimates of future taxable income used to calculate deferred tax assets (see Notes 1.22 and 8); and
- the share in equity and net income of associates that had not yet published their year-end financial statements at the date of year-end closing of AREVA's financial statements.

1.2. PRESENTATION OF THE FINANCIAL STATEMENTS

AREVA's financial statements are presented in accordance with IAS 1.

1.2.1. Operations held for sale and discontinued operations

As provided in IFRS 5, operations held for sale correspond to separate, leading business segments within the group for which management has initiated a disposal plan and an active search for buyers, and whose sale is highly probable within a maximum of 12 months from the end of the accounting year. At December 31, 2009, operations held for sale are those of the Transmission & Distribution division (see Note 2.2)

The assets and liabilities of the operations held for sale are reported under separate headings of the statement of financial position, excluding the receivables and payables between those operations and other consolidated entities of the group, which are still eliminated on consolidation, as per IAS 27.

The assets and liabilities of operations held for sale are included in total current assets and total current liabilities respectively.

Net income from discontinued operations meeting the criteria of IFRS 5 is presented under a separate heading in the statement of income. It includes net income from those operations during the year up to the date of their disposal, and net income from the disposal itself. Statements of income for previous years submitted for comparison are restated in the same manner.

Net cash flows from discontinued operations, which include cash flows from those operations until the date of their disposal and the net cash flow after tax on the disposal itself, are also reported on a separate line in the statement of cash flows.

1.2.2. Presentation of the statement of financial position

The statement of financial position makes a distinction between current and non-current assets, and current and non-current liabilities, in accordance with IAS 1.

Current assets and liabilities include assets held for sale or for use in connection with the operating cycle, or that are expected to be sold or settled within 12 months of the statement of financial position date.

Financial liabilities are reported as current or non-current liabilities based on their residual maturity at year-end.

To simplify the presentation of the statement of financial position, AREVA presents all headings relating to end-of-life-cycle operations, as defined in Note 13, on separate lines under non-current assets or liabilities in their full amount. Thus, provisions for end-of-life-cycle operations are presented as non-current liabilities; the end-of-life-cycle asset corresponding to the share of third parties in the financing of these operations is presented under non-current assets. Financial assets earmarked to cover these operations are presented in a separate heading under non-current assets, including all equities and shares of equity and bond funds held in the portfolio, together with cash held on a short-term basis.

Provisions for employee benefits are also presented under non-current liabilities in their full amount.

Deferred tax assets and liabilities are reported as non-current.

1.2.3. Presentation of the statement of income

In the absence of detailed guidance in IAS 1, the statement of income is presented in accordance with recommendation 2004-R.02 of the *Conseil National de la Comptabilité* (CNC, French national accounting board).

- Operating expenses are presented by function, split among the following categories:
 - the cost of sales;
 - research and development expenses;
 - marketing and sales expenses;
 - general and administrative expenses;
 - the costs of restructuring and early employee retirement plans;
 - other operating income, mainly comprising:
 - gains/losses from disposals or dilutions of new or increased minority interests in the share capital of fully consolidated subsidiaries,
 - gains/losses on disposals of property, plant and equipment and intangible assets,
 - income from the deconsolidation of subsidiaries (except when qualified as discontinued operations in accordance with IFRS 5, in which case they are presented on a separate line in the statement of income), and
 - reversals of impairment of property, plant and equipment and intangible assets;
 - other operating expenses, mainly comprising:
 - goodwill impairment,
 - impairment of and losses on disposals of plant, property and equipment and intangible assets, and
 - losses from the deconsolidation of subsidiaries (except when they are qualified as discontinued operations in accordance with IFRS 5).

- Net financial income comprises:
 - gross borrowing costs;
 - income from cash and cash equivalents;
 - other financial expenses, most notably:
 - lasting impairment and gains or losses on sales of available-for-sale securities,
 - negative changes in value and losses on disposals of securities held for trading, and
 - reverse discounting of provisions for end-of-life-cycle operations and employee benefits;
 - other financial income, most notably:
 - dividends received and other income from financial assets other than cash and cash equivalents,
 - gains on disposals of available-for-sale securities,
 - positive changes in value and gains on disposals of securities held for trading,
 - reverse discounting of end-of-life-cycle assets (third-party share), and
 - returns on pension plan assets and other employee benefits.

1.2.4. Presentation of the statement of comprehensive income

The statement of comprehensive income is a reconciliation between net income and presented in the statement of income and comprehensive income, in accordance with the election made by AREVA to apply IAS 1 revised.

Other comprehensive income items include:

- currency translation adjustments on consolidated entities;
- changes in the value of available-for-sale financial assets; and
- changes in the value of cash flow hedging instruments.

Each item is presented before tax. The total tax impact of these items is presented on a separate line of the statement of comprehensive income.

Shares of other comprehensive income items related to associates and discontinued operations are presented on separate lines in their total amount after tax.

1.2.5. Presentation of the statement of cash flows

The statement of cash flows is presented in accordance with IAS 7. AREVA has adopted the indirect method of presentation, which starts with consolidated net income for the period.

Cash flows from operating activities include income taxes paid, interest paid or received, and dividends received, except for dividends received from associates, which are reported in cash flows from investing activities.

Cash flow from operations is presented before income tax, dividends and interest.

1.3. CONSOLIDATION METHODS

The consolidated statements combine the financial statements for the year ended December 31, 2009 of AREVA and the subsidiaries which it controls or in which it exercises either joint control or a significant influence over financial policy and management.

- The companies controlled by AREVA are fully consolidated (including special purpose entities). Control is defined as the direct or indirect power to govern a company's financial and operating policies in order to benefit from its activities. Control is assumed when more than 50% of the voting rights are held, directly or indirectly. Determination of control takes into account the existence and effect of potential voting rights that may be exercised or converted immediately.
- The companies in which AREVA exercises joint control are consolidated using the proportionate consolidation method.
- The companies in which AREVA exercises a significant influence over financial policy and management ("associates") are accounted for using the equity method. Significant influence is deemed to exist if the group's investment is 20% or higher.

Minority interests in consolidated subsidiaries with negative equity are borne in full by the group for accounting purposes, unless there is an explicit agreement for such minority shareholders to bear their share of the deficit.

Intercompany transactions are eliminated.

1.4. TRANSLATION OF FINANCIAL STATEMENTS OF FOREIGN COMPANIES

The AREVA group's financial statements are presented in euros.

The functional currency of an entity is the currency of the economic environment in which that entity primarily operates. The functional currency of foreign subsidiaries and associates is generally the local currency. However, another currency may be designated for this purpose when most of a company's transactions are in another currency.

The financial statements of foreign companies belonging to the AREVA group are prepared in the local functional currency and translated into euros for consolidation purposes in accordance with the following principles:

- statement of financial position items (including goodwill) are translated at the rates applicable at the end of the period, with the exception of equity components, which are kept at their historic rates;
- statement of income transactions, and statements of cash flows, are translated at average annual rates;
- the group's share of currency translation differences impacting the statement of income and equity is recognized outside profit or loss under currency translation reserves; when a foreign company is sold, currency translation differences in respect of the company recognized in equity after January 1, 2004 (date of first-time adoption of IFRS) are recognized in income.

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FINANCIAL INFORMATION CONCERNING ASSETS, FINANCIAL POSITIONS AND FINANCIAL PERFORMANCE

Notes to the consolidated financial statements for the year ended December 31, 2009

1.5. OPERATING SEGMENTS

The first implementation of IFRS 8 in 2009 did not have a material impact on the presentation of the group's operating segments:

- information by business segment, corresponding to the group's operating divisions: Front End, Reactors and Services, and Back End.

Information by business segment relates only to operating data included in the statement of income and the statement of financial position (revenue, operating income, goodwill, non-current property, plant and equipment and intangible assets, and other operating assets) and to the workforce. Financial assets and liabilities and the group's tax position are managed at the corporate level; the corresponding items in the statement of income and statement of financial position are not allocated to the operating divisions.

In addition, AREVA reports data by geographical area: AREVA's consolidated revenue is allocated among 5 geographical areas based on the destination of goods and services, as follows:

- France;
- Europe (excluding France);
- North and South America;
- Asia-Pacific; and
- Africa and the Middle East.

In accordance with IFRS 5, information concerning the statement of income excludes data related to the operations of the Transmission & Distribution division for the three years presented, i.e. 2007, 2008 and 2009. Information on assets related to T&D operations are included line by line in the statement of financial position for the years 2007 and 2008; the data is combined on a single line under current assets in 2009.

1.6. BUSINESS COMBINATIONS – GOODWILL

Acquisitions of companies and operations are recorded at cost, as provided in IFRS 3 for business combinations subsequent to January 1, 2004. In accordance with the option provided under IFRS 1 for first-time adoption of IFRS, business combinations prior to that date were not restated.

Under the acquisition cost method, the acquired company's assets, liabilities and contingent liabilities meeting the definition of identifiable assets and liabilities are recognized at fair value on the date of acquisition, except for business segments of the acquired entity that are held for sale, as provided in IFRS 5, which are recognized at the lower of fair value less costs to sell and the net carrying amount of the corresponding assets. For consolidation purposes, the date of

consolidation of the acquired company is the date at which AREVA acquires effective control.

Restructuring and other costs incurred by the acquired company as a result of the business combination are included in the liabilities acquired, as long as IAS 37 criteria for provisions are met at the date of acquisition. Costs incurred after the date of acquisition are recognized in operating income during the year in which such costs are incurred or when they meet IAS 37 criteria.

The acquired company's contingent liabilities are recognized as identifiable liabilities and recorded at fair value on the date of acquisition. These liabilities reflect a potential obligation whose existence will only be confirmed if one or several uncertain future events that are not completely under the company's control were to occur.

The difference, on the acquisition date, between the acquisition cost of a company's securities and the fair value of the corresponding assets, liabilities and contingent liabilities is recognized in goodwill when positive and in the statement of income for the year of acquisition when negative.

Minority interests are recognized initially based on the fair value of assets, liabilities and contingent liabilities on the date of acquisition, prorated for the percentage interest held by minority shareholders.

The valuation of the acquired company's assets, liabilities and contingent liabilities may be adjusted within 12 months of the date of acquisition. After the expiration of this period, the goodwill may only be adjusted under very specific circumstances: price adjustment, correction of errors, or subsequent recognition of a deferred tax asset that did not meet the criteria for recognition at the date of acquisition (this last exception will be discontinued as from January 1, 2010).

Goodwill is not amortized. It is subject to impairment tests that are systematically performed at least once a year or more often if there are signs of impairment. Impairment is recognized if the outcome of these tests indicates that it is necessary. Significant loss of market share, loss of administrative permits or licenses required to operate a business, or significant financial losses are examples of signs of impairment.

To perform impairment tests, all goodwill is allocated to cash-generating units (CGUs) reflecting the group's structure. CGUs and the methodology used for impairment tests are described in Note 1.10.

When the recoverable value of the cash-generating unit is less than the net carrying amount of its assets, the impairment is allocated first to goodwill and then to other non-current assets of the CGU (property, plant and equipment and intangible assets), prorated based on their net carrying amount. The recoverable value of a CGU is the higher

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of (1) its value in use, measured in accordance with the discounted cash flow method, or (2) its fair value less disposal costs.

Impairment allocated to goodwill cannot be reversed.

Upon the sale of a consolidated unit, goodwill allocated to the unit is included in its net carrying amount and taken into account in determining the gain or loss on disposal.

1.7. REVENUE RECOGNITION

Revenue is recognized at the fair value of the consideration received or to be received. It is recognized net of rebates and sales taxes. Revenue is recognized during the transfer to the buyer of the main risks and rewards of ownership, which generally coincides with the transfer of title or the performance of the service.

Revenue includes:

- revenue recognized according to the percentage of completion method (see Note 1.8 below);
- revenue other than according to the percentage of completion method, including:
 - sales of goods (products and merchandise), and
 - services performed.

Revenue in respect of transactions where the unit only acts as broker, without bearing the risks and rewards attached to the goods, consists of the margin obtained by the unit. The same is true for commodity trading activities, which primarily concern uranium trading.

No revenue is recognized when materials or products are exchanged for materials or products of a similar nature and value.

1.8 REVENUE RECOGNIZED ACCORDING TO THE PERCENTAGE OF COMPLETION METHOD

Revenue and margins on construction contracts and certain services are recognized according to the percentage of completion method (PCM), as provided in IAS 11 for construction contracts and in IAS 18 for services. In accordance with this method, revenue and income from long-term contracts are recognized over the period of performance of the contract.

- Under the cost-based PCM formula, the percentage of completion is equal to the ratio of costs incurred (i.e. the costs of work or services performed and confirmed as of the end of the accounting period) to the total anticipated cost of the contract. This ratio may not exceed the percentage of physical or technical completion as of the end of the accounting period.
- Under the physical completion PCM formula, a predetermined percentage of completion is assigned to each stage of completion of the contract. The revenue and costs recognized at the end of the accounting period are equal to the percentage of anticipated revenue and anticipated costs for the stage of completion achieved at that date.

When contract terms generate significant cash surpluses during all or part of the contract's performance, the resulting financial income is included in contract revenue and recognized in revenue based on the percentage of completion.

AREVA had elected not to include financial expenses in the cost of contracts generating a cash loss, as previously allowed under IAS 11. This option is no longer available for new contracts for which costs were incurred for the first time after January 1, 2009: financial expenses generated by these contracts are included in the determination of the anticipated result on completion of the project.

When the gain or loss at completion cannot be estimated reliably, the costs are recorded as expenses for the period in which they are incurred and the revenue recognized may not exceed the costs incurred and recoverable. The net margin recognized is therefore nil.

When a contract is expected to generate a loss at completion, the total projected loss is recorded immediately, after deduction of any already recognized partial loss, and a provision is set up accordingly.

1.9. VALUATION OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

1.9.1. Initial recognition

Property, plant and equipment and intangible assets are recognized at amortized cost. AREVA did not elect to recognize certain property, plant and equipment and intangible assets at fair value, as allowed under IFRS 1 for first-time adoption of IFRS on January 1, 2004.

1.9.2. Borrowing costs

Borrowing costs are not included in the valuation of property, plant and equipment and intangible assets:

- placed in service before January 1, 2009; or
- placed in service after that date but for which expenses had been incurred and recognized as assets in progress at December 31, 2008.

In accordance with the accounting standard IAS 23 revised, effective as from January 1, 2009, the borrowing costs related to investments in property, plant and equipment and intangible assets for projects initiated after that date and for which the period of construction or development is more than one year are included in the costs of these assets.

1.9.3. Intangible assets

Research and development expenses

Research and development expenses incurred by AREVA for its own account are expensed as they are incurred.

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FINANCIAL INFORMATION CONCERNING ASSETS, FINANCIAL POSITIONS AND FINANCIAL PERFORMANCE

Notes to the consolidated financial statements for the year ended December 31, 2009

Research and development expenses funded by customers under contracts are included in the production cost of these contracts and recorded under cost of sales when the corresponding revenue is recognized in income.

As provided in IAS 38, expenses relating to development projects are recorded as intangible assets if the project meets the following six criteria:

- technically feasible;
- intention of completing, using or selling the asset;
- ability to use or sell the asset;
- generation of future economic benefits (existence of a market or internal use);
- availability of adequate financial resources for completion; and
- reliability of measurement of costs attributable to the asset.

Capitalized development costs are then amortized over the expected life of the intangible asset, from the commissioning date. They are depreciated on a straight-line basis over a minimum period of time.

Costs expensed in a year prior to the decision to capitalize may not be capitalized subsequently.

Mineral exploration

Exploration and geological work are assessed in accordance with the following rules:

- exploration expenses incurred to identify new mineral resources and expenses related to studies and pre-development work to evaluate a deposit before project profitability is confirmed are recognized as research and development expenses in profit or loss for the period;
- mining pre-development expenses relating to a mining project that has a strong probability of profitable development at year-end are capitalized. Indirect costs, excluding overhead expenses, are included in the valuation of these costs. Capitalized pre-mining expenses are amortized in proportion to the number of tons mined from the reserves they helped identify.

Greenhouse gas emissions allowances

Following the withdrawal by the IASB of IFRIC 3, and pending a decision by regulators on accounting for greenhouse gas emissions allowances, AREVA does not record an asset or provision as long as the group's emissions are lower than the allowances it has received. AREVA does not trade speculatively on emissions allowance markets. The group's only transactions in 2008 and 2009 were sales of rights corresponding to allowances allocated to it in excess of its actual carbon dioxide emissions. Proceeds from these sales are recognized in profit or loss under other operating income.

Other intangible assets

An intangible asset is recorded when it is likely that future economic benefits therefrom will accrue to the company and if the cost of this asset can be estimated reliably, based on reasonable and documented assumptions. Intangible assets are recorded at acquisition or production cost. Goodwill and trademarks produced internally are not capitalized.

Amortization of intangible assets is calculated using the most appropriate method for the asset category, starting on the date of commissioning and over the shorter of their probable period of use and, when applicable, the length of their legal protection. Intangible assets whose useful life is not defined, such as brands, are not amortized, but are subject to impairment tests (see Note 1.10).

1.9.4. Property, plant and equipment

Property, plant and equipment are recognized at acquisition or production cost, including startup expenses, less cumulative depreciation and impairment. The cost of nuclear facilities includes the AREVA group's share of provisions for end-of-life-cycle operations, estimated at the date they are placed in service (see Note 1.18).

They are depreciated based on the approach most representative of the loss of economic value of each component, with each component depreciated based on its own useful life.

Mining land is depreciated over the life of the deposit; site layout and preparation expenses are depreciated over 10 years; buildings over 10 to 45 years; production facilities, equipment and tooling other than nuclear facilities over 5 to 10 years; general facilities and miscellaneous fixtures over 10 to 20 years; and transportation equipment, office equipment, computer equipment and furniture over 3 to 10 years.

Assets financed under leasing arrangements, which transfer, in substance, nearly all the risks and rewards inherent in ownership of the asset to AREVA, are recognized in the statement of financial position as property, plant and equipment assets and depreciated as indicated above. Assets financed by customers are depreciated over the term of the corresponding contracts.

The group's nuclear facilities are depreciated on a straight line over their useful lives based on firm contracts to be performed by these facilities, including reasonable expectations for contract renewals. Depreciation periods are revised if the group's backlog changes significantly.

1.10. IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND GOODWILL

Goodwill and intangible assets with an indefinite useful life

Impairment tests are performed systematically at least once a year for goodwill and intangible assets with indefinite useful lives. These tests are performed at the level of the cash generating units (CGU) to which such goodwill and intangible assets belong.

A CGU is the smallest identifiable group of assets generating cash inflows that are largely independent of the cash inflows from the group's other assets or groups of assets.

Impairment is recognized when the recoverable amount of a CGU is less than the net carrying amount of all assets belonging to it. The recoverable amount of a CGU is the higher of:

- its fair value, net of disposal expenses;
- its value in use, equal to the present value of the estimated future cash flows it generates, as projected in the budget and the Strategic Action Plans approved by the Supervisory Board, plus, if applicable, its residual value at the end of its projected service life.

To determine an asset's useful value, cash flows are discounted based on a discount rate consistent with a current assessment of the time value of money and the specific risk of the asset or the CGU.

For goodwill impairment tests, the AREVA group's CGUs generally represent business units. A business unit is comprised of a set of entities managed by a single operating manager. The business unit is the elementary unit of the group's management structure.

However, a CGU may include several interdependent business units.

Other property, plant and equipment and intangible assets

Impairment tests are performed as soon as there is an indication that property, plant and equipment or intangible assets with finite useful lives may be impaired.

When no estimate of an individual asset's recoverable amount may be established, the group determines the recoverable amount of the cash-generating unit (CGU) to which the asset belongs.

1.11. INVENTORIES AND WORK-IN-PROCESS

Inventories and work-in-process are valued at production cost in the case of goods produced by the group and at acquisition cost in the case of goods acquired for consideration. Items are valued according to the first-in first-out method (FIFO) or at weighted average cost, depending on the type of inventory or work-in-process.

Impairment is recognized when the likely recoverable amount of inventory or work-in-process is less than its net carrying amount.

Financial expenses and research and development costs funded by AREVA are not taken into account in the valuation of inventories and work-in-process. However, the cost of research and development programs funded by customers is recognized in inventories and work-in-process.

1.12. ACCOUNTS RECEIVABLE

Accounts receivable, generally due in less than one year, are recognized at book value at amortized cost.

An impairment charge is recognized to reflect the likely recovery value when collection is not assured.

1.13. FINANCIAL ASSETS

Financial assets consist of:

- assets earmarked for end-of-life-cycle operations;
- other available-for-sale securities;
- loans, advances and deposits;
- securities held for trading;
- put and call options on securities;
- derivatives used for hedging (see Note 1.21); and
- cash and cash equivalents.

They are valued in accordance with IAS 39.

Regular purchases and sales of financial assets are recognized on the date of transaction.

1.13.1. Assets earmarked for end-of-life-cycle operations

This heading includes all investments earmarked by AREVA to fund its future end-of-life-cycle operations in the nuclear business, including facility dismantling and waste retrieval and packaging. The portfolio includes directly-held publicly traded shares, dedicated equity mutual funds, dedicated bond and money market funds, and cash.

It also includes receivables resulting from agreements with third parties liable for a share of the funding of end-of-life-cycle operations. These receivables are recognized at face value at amortized cost.

- Publicly traded shares and dedicated mutual funds are classified as available-for-sale securities, as defined in IAS 39. They are recognized at fair value, corresponding to the last traded price of the year or the liquidation value at year-end. Changes in value are recognized outside profit or loss under deferred unrealized gains and losses on an after-tax basis, except for lasting impairment, which is recognized in financial expenses for the year.
- AREVA does not consolidate its dedicated mutual funds on an individual basis, since the company is not involved in their management, which is the responsibility of first-rate, independent

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FINANCIAL INFORMATION CONCERNING ASSETS, FINANCIAL POSITIONS AND FINANCIAL PERFORMANCE

Notes to the consolidated financial statements for the year ended December 31, 2009

management firms. These mutual funds are benchmarked to the MSCI index of large European capitalizations, with strict limits on risk. The funds are regulated by the *Autorité des Marchés Financiers* (AMF, French stock market authority) and therefore subject to regulations governing investment and concentration of risk. Moreover, AREVA complies with the conditions mentioned in the August 2005 interim report of the French national accounting board CNC regarding accounting for dedicated mutual fund investments. These conditions were adopted at December 31, 2007, December 31, 2008, and December 31, 2009, pending the issuance of an opinion by IFRIC on the CNC's report. In addition:

- AREVA does not control the mutual fund management firms;
- AREVA does not hold voting rights in the mutual funds;
- the funds do not trade directly or indirectly in financial instruments issued by AREVA;
- none of the financial investments made by the funds are strategic to AREVA;
- AREVA receives no benefit and bears no risk other than that normally associated with investments in mutual funds and in proportion to its holding; and
- the funds have no debt or liabilities other than those resulting from normal trading.

Accordingly, the dedicated mutual funds are recognized in the statement of financial position under a single heading corresponding to AREVA's share of their net asset value at the end of the year.

Considering their long-term investment objective, the funds earmarked for end-of-life-cycle operations are classified as available-for-sale securities. Accordingly, the accounting treatment of changes in fair value and the methods for measuring and recognizing impairment are identical to those applicable to directly held traded shares.

1.13.2. Other available-for-sale securities

This heading includes all shares held by AREVA in publicly traded companies, except for shares in associates and shares held for trading. These shares are valued in the same manner as shares held in the earmarked portfolio:

- fair value equal to the last traded price of the year;
- changes in fair value recognized outside profit or loss, except for lasting impairment, which is recognized in profit or loss under net financial income.

This heading also includes the group's investments in the share capital of unconsolidated companies, either because AREVA does not have control and has no significant influence over them, or because of immateriality.

These securities are valued at cost when the fair value cannot be estimated reliably, which is particularly the case for privately held companies.

1.13.3. Lasting impairment of assets earmarked for end-of-life-cycle operations and other available-for-sale securities

Lasting impairment is recognized in the event of a significant or lasting drop in the price or liquidation value of a line of securities below their initial value. The impairment is calculated as the difference between the price traded on the stock market or the liquidation value of the securities on the last day of the period, and the initial value of the securities, corresponding to their acquisition cost at inception.

AREVA determines the significant or lasting nature of a drop in the price or liquidation value of a line of securities using several criteria, depending on:

- the type of investments used, where the level of volatility and risk may vary substantially, including money market funds, bond or equity funds, and directly-held bonds or equities;
- whether or not the assets are earmarked for end-of-life-cycle operations; assets earmarked for end-of-life-cycle operations must be held for very long periods of time, with covered expenses occurring after 2050.

AREVA has therefore established thresholds beyond which it considers that a drop in the price or liquidation value of a line of securities is significant or lasting and requires a provision for lasting impairment. The impairment is measured for significance by comparing the drop in the price or liquidation value of the line of securities with the historical acquisition cost. The lasting nature of impairment is measured by observing the length of time during which the price or liquidation value of the line of securities remained consistently lower than the acquisition cost at inception.

The drop in value is always considered significant or lasting if it exceeds the following thresholds, which are objective indicators of impairment:

	Significant	Lasting
Assets earmarked for end-of-life-cycle operations		
● Money market funds	5%	1 year
● Bond funds and bonds held directly	25%	2 years
● Equity mutual funds	50%	3 years
● Equities held directly	50%	3 years
Other available-for-sale securities		
● Equities held directly	50%	2 years

Securities that have dropped below these thresholds are not subject to lasting impairment unless other information on the issuer indicates that the drop is probably irreversible. In that case, AREVA uses its own judgment to determine whether lasting impairment should be recognized.

In addition, because 2008 and 2009 were marked by the financial crisis and the exceptionally high levels of volatility in market prices and interest rates, these thresholds may be revised over time based on changes in the economic and financial environment.

Impairment of available-for-sale securities is irreversible and may only be reclassified from equity to profit or loss upon the sale of the securities. An increase in market prices or liquidation value subsequent to recognition of impairment is recorded as a change in fair value and is recognized outside profit or loss under deferred unrealized gains and losses. Any additional loss of value affecting a line of previously impaired securities is recognized as additional impairment in net financial income for the year.

1.13.4. Loans, advances and deposits

This heading mainly includes loans related to unconsolidated equity interests, advances for acquisitions of equity interests, and security deposits.

These assets are valued at amortized cost. Impairment is recognized when the recoverable amount is less than the net carrying amount.

1.13.5. Securities held for trading

This heading includes investments in equities, bonds and shares of funds held to generate a profit based on market opportunities.

These assets are recognized at fair value based on their stock market price or net asset value at the end of the period. Changes in fair value are recognized under financial income for the period.

1.13.6. Put/call options on securities

Put and call options on traded securities are recognized at fair value on the date of closing using the Black-Scholes pricing model; changes in value are recorded under net financial income for the year.

The price of an option consists of intrinsic value and time value. Intrinsic value is the difference between the strike price of an option and the market price of the underlying security. Time value is based on the security's volatility and the date on which the option may be exercised.

1.13.7. Cash and cash equivalents

Cash includes bank balances and non-trade current accounts with unconsolidated entities.

Cash and cash equivalents include risk-free marketable securities with an initial maturity of three months or less, or which may be converted into cash almost immediately. In particular, these assets include marketable debt instruments and shares of money market funds in euros, valued at amortized cost.

1.14. TREASURY SHARES

Treasury shares are not recognized in the statement of financial position but deducted from equity, at cost.

Accordingly, treasury shares held by associates are deducted from the equity taken into account by AREVA when recognizing these companies under the equity method.

1.15. OPERATIONS HELD FOR SALE AND INCOME FROM DISCONTINUED OPERATIONS

As provided in IFRS 5, operations held for sale correspond to separate, leading business segments within the group for which management has initiated a plan to sell and an active search for buyers, and whose sale is highly probable within a maximum of 12 months from the end of the accounting year.

Assets from discontinued operations are recognized at the lower of their net carrying amount before reclassification and their fair value, minus costs to sell. They are presented under a specific heading of the statement of financial position and depreciation is discontinued upon transfer to this category.

Net income from discontinued operations, which includes net income from these operations until the date of their disposal and the net gain after tax on the disposal itself, is reported on a separate line in the statement of income.

Net cash flows from discontinued operations, which include cash flows from these operations until the date of their disposal and the net cash flow after tax on the disposal itself, are reported on a separate line in the statement of cash flows.

1.16. EMPLOYEE BENEFITS

The group recognizes the total amount of its commitments for retirement, early retirement, severance pay, medical insurance, long-service medals, accident and disability insurance, and other related commitments, whether for active personnel or for retired personnel, net of plan assets and unrecognized gains, as provided in IAS 19 (actuarial gains and losses, group plans and disclosures).

For defined contribution plans, the group's payments are recognized as expenses for the period to which they relate.

In the case of defined benefit plans, benefit costs are estimated using the projected unit credit method. Under this method, accrued pension benefits are allocated to service periods based on the plan vesting formula. If services in subsequent years result in accrued benefit levels that are substantially higher than those of previous years, the company must allocate the accrued benefits on a straight-line basis.

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FINANCIAL INFORMATION CONCERNING ASSETS, FINANCIAL POSITIONS AND FINANCIAL PERFORMANCE

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The amount of future benefit payments to employees is determined based on salary trend assumptions, retirement age and probability of payment. The net present value of future payments is calculated using a discount rate specific to each geographic and currency area, based on:

- the interest rate of bonds issued by prime corporate borrowers for a duration equivalent to that of AREVA's liability; or
- the interest rate of government bonds issued for the same duration and with a risk premium similar to that observed for bonds issued by prime commercial and industrial corporate borrowers.

However, since very few bonds were issued during the second half of 2008 and in 2009 for a duration equivalent to the duration of AREVA's benefit liabilities, discount rates used at December 31, 2008 and December 31, 2009 were determined using data observed for bond issues with different maturities.

Actuarial gains and losses (change in the valuation of the commitment due to changes in assumptions and experience differences) are spread out over the average expected remaining working life of personnel taking part in these plans for the portion exceeding the largest of the following values by more than 10%:

- the present value of the defined benefit obligation at the balance sheet date;
- the fair value of plan assets at the balance sheet opening date.

The costs of plan changes are allocated over the vesting period.

In accordance with the option provided under IFRS 1 for first-time adoption of IFRS, AREVA elected to record in equity at January 1, 2004 all actuarial gains and losses not recognized in the balance sheet at December 31, 2003.

Costs relating to employee benefits (pensions and other similar benefits) are split into three categories:

- the discount reversal of the provision, net of returns on plan assets, is recognized in net financial expenses;
- the current service cost and the amortization of past services are split between the different operating expense items by destination: cost of sales, research and development expenses, marketing and sales expenses, and general and administrative expenses; and
- the amortization of actuarial gains and losses is recognized in operating income under other operating income and expenses.

French social security laws for 2008 and 2009 have modified retirement eligibility criteria in France as follows:

- effective January 1, 2010, employers may no longer require employees to retire before the age of 65; and
- retirement severance pay is subject to a 25% tax in 2008 and to a 50% tax thereafter.

The financial impact of the new laws was estimated and included into the financial statements as follows:

- if the rate schedule applicable to involuntary retirement severance pay is the same as the rate schedule applicable to voluntary retirement severance pay, the impact is considered an actuarial gain or loss;
- if not, it is considered a cost for past services.

1.17. PROVISIONS

As provided in IAS 37, a provision is recognized when the group has an obligation towards a third-party at the end of the period, whether legally, contractually or implicitly, and it is probable that a net outflow of resources will be required after the end of the period to settle this obligation, without receiving consideration at least equal to the outflow. A reasonably reliable estimate of net outflow must be determined to recognize a provision.

Provisions for restructuring are recognized when the restructuring has been announced and a detailed plan has been presented or the restructuring has begun.

When the outflow of resources is expected to occur in more than two years, provisions are discounted to net present value if the impact of discounting is material.

1.18. PROVISIONS FOR END-OF-LIFE-CYCLE OPERATIONS

Provisions for end-of-life-cycle operations are discounted by applying an inflation rate and a discount rate – determined based on economic conditions in the country in which the particular facility is located – to estimated future cash flows by maturity.

The share of provisions for end-of-life-cycle operations corresponding to funding expected from third parties is recognized in a non-current asset account, “end-of-life-cycle asset – third-party share”, which is discounted in exactly the same way as the related provisions.

The AREVA group's share of provisions for end-of-life-cycle operations is valued at the date that the corresponding nuclear facilities are placed in service and is an integral component of the cost basis of those facilities; it is recognized in property, plant and equipment (see Note 1.9.4), except for provisions for waste retrieval and packaging, which are recognized as operating expenses in profit or loss.

Treatment of income and expenses from discounting reversals

The discounting of the provision is partially reversed at the end of each period. The discounting reversal corresponds to the increase in the provision due to the passage of time. This increase is recorded as a financial expense.

Similarly, the discounting of the provision corresponding to the third-party share is partially reversed rather than amortized.

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The resulting increase in the third-party share is recognized as financial income. The share financed by third parties is reduced in the amount of work done on their behalf, with recognition of a receivable from these third parties in the same amount.

Treatment of amortization

AREVA's share of each end-of-life-cycle asset (share of provisions for end-of-life-cycle operations to be borne by the group) is amortized over the same period as the depreciation of the facilities to which it relates.

The corresponding amortization expense is not considered to be part of the cost of inventories or the cost of contracts, and is not taken into account in the calculation of their percentage of completion. However, it is included in the statement of income under cost of sales and thus deducted from gross margin.

Inflation and discount rates used to discount end-of-life-cycle operations

Inflation and discount rates used to discount end-of-life-cycle operations are determined as follows:

The inflation rate reflects the long-term objectives of the European Central Bank.

The discount rate is determined taking into account:

- the sliding four-year average of 30-year, constant maturity French treasury bonds (OATs); and
- the average of sliding four-year averages of spreads applicable to corporate borrowers rated AA, A and BBB.

For facilities in France, AREVA adopted an inflation rate of 2% and a discount rate of 5% at December 31, 2007, at December 31, 2008, and at December 31, 2009.

Treatment of changes in assumptions

Changes in assumptions relate to changes in cost estimates, discount rates and disbursement schedules.

As provided in IFRS, the group uses the prospective method:

- end-of-life-cycle assets, whether for AREVA's share or the third-party share, are adjusted in the same amount as the provision;
- AREVA's share of the end-of-life-cycle asset is amortized over the residual useful life of the facility;
- if the facility is no longer in operation, the impact is recognized in income in the year of the change; the impact of changes in cost estimates is recognized under operating income, while the impact of changes in discount rates and disbursement schedules is recognized under net financial income.

Provisions for waste retrieval and packaging funded by the group have no corresponding end-of-life-cycle asset. Consequently, changes in assumptions concerning the group's share of these provisions are recognized immediately in the statement of income. The impact of changes in cost estimates is recognized under operating income; the impact of changes in discount rates and disbursement schedules is recognized under financial income.

1.19. BORROWINGS

Borrowings include:

- put options held by minority shareholders of AREVA group subsidiaries;
- obligations under finance leases; and
- other interest-bearing debt.

1.19.1. Put options held by minority shareholders of group subsidiaries

As provided in IAS 32, unconditional put options held by minority shareholders of AREVA group subsidiaries are recognized as borrowings.

If the agreements establishing those options stipulate that their exercise price shall be equal to the fair value of the minority interest in question at the exercise date, the amount recognized in AREVA's statement of financial position corresponds to the fair value of those minority interests at the end of the reporting period, calculated in accordance with the discounted cash flow method. This value is revised annually.

However, following Siemens' announcement on January 27, 2009 of its decision to exercise its option to sell its stake in AREVA NP, the procedure to determine the exercise price for that option was set in motion in early February 2009, as provided in the shareholders' agreement signed by AREVA and Siemens on January 30, 2001 (see Note 25). As the parties have not reached an agreement, the exercise price for the option must be determined by an independent expert. In view of the uncertainties regarding the exercise price that will result from the expert's valuation and regarding the outcome of the arbitration proceedings in progress (see Note 34), AREVA decided to maintain the same amount for the option in its statement of financial position at December 31, 2008 and at December 31, 2009 as the amount at December 31, 2007.

The difference between the amount recognized in borrowings and the amount of minority interests corresponds to the difference between the fair value of those interests and their net carrying amount. Accordingly, considering the lack of guidance from regulators on accounting for options of this kind, AREVA has decided to report these options as borrowings through the following offsetting entries:

- first, the corresponding minority interests are canceled;
- secondly, the excess above the value of the minority interests is treated as an increase in the goodwill of the companies involved.

Minority interests are allocated their share of income in the statement of income. In the statement of financial position, the share of income allocated to minority interests reduces the amount of goodwill, or increases it in the case of a loss.

Dividends paid to minority interest holders translate into an increase in goodwill.

Subsequent changes in the fair value of those options are also recognized in goodwill.

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The difference between the exercise price of Siemens' put option to be determined by the expert and the amount of the liability appearing on AREVA's statement of financial position at the end of the reporting period will be treated in the same way as indicated above for changes in the value of options; it will be recognized against goodwill on the date that the expert's findings are delivered.

1.19.2. Obligations under finance leases

As provided in IAS 17, leasing arrangements are considered finance leases when all of the risks and rewards inherent in ownership are, in substance, transferred to the lessee. At inception, finance leases are recognized as a debt offsetting an asset in the identical amount, corresponding to the lower of the fair value of the property and the discounted net present value (NPV) of future minimum payments due under the contract.

Lease payments made subsequently are treated as debt service and allocated to repayment of the principal and interest, based on the rate stipulated in the contract or the discount rate used to value the debt.

1.19.3. Other interest-bearing debt

This heading includes:

- interest-bearing advances from customers, which are accounted for as borrowings, while non interest-bearing advances are considered operating liabilities;
- loans from financial institutions;
- bonds issued by AREVA; and
- short-term bank facilities.

Interest-bearing debt is recognized at amortized cost based on the effective interest rate method.

Bond issues hedged with a rate swap (fixed rate/variable rate swap) qualified as a fair value hedge are revalued in the same amount as the hedging derivative.

1.20. TRANSLATION OF FOREIGN CURRENCY DENOMINATED TRANSACTIONS

Foreign currency denominated transactions are translated by group companies into their functional currency at the exchange rate prevailing at the transaction date.

Monetary assets and liabilities denominated in foreign currencies are revalued at the exchange rate prevailing on the last day of the reporting period. Foreign exchange gains and losses are then recognized:

- in operating income when related to operating activities (trade accounts receivable, trade accounts payable, etc.);
- in financial income when related to loans or borrowings.

However, currency translation differences relating to the long-term financing of foreign subsidiaries are not recognized in income, but rather directly in translation reserves in consolidated equity until the subsidiary concerned is divested.

1.21. DERIVATIVES AND HEDGE ACCOUNTING

1.21.1. Risks hedged and financial instruments

The AREVA group uses derivatives to hedge foreign exchange risks, interest rate risks and the price of commodities. The derivatives used are mainly forward exchange contracts, currency and interest rate swaps, currency options and commodity options.

The risks hedged relate to receivables, borrowings and firm commitments in foreign currencies, planned transactions in foreign currencies, and planned sales and purchases of commodities.

1.21.2. Recognition of derivatives

As provided in IAS 39, derivatives are initially recognized at fair value and subsequently revalued at the end of each accounting period until settled.

Accounting methods for derivatives vary, depending on whether the derivatives are designated as fair value hedging items, cash flow hedging items, hedges of net investments in foreign operations, or do not qualify as hedging items.

Fair value hedges (FVH)

This designation concerns hedges of firm commitments in foreign currencies: purchases, sales, receivables and debt. The hedged item and the derivative are revalued simultaneously in profit or loss.

Cash flow hedges (CVH)

This designation covers hedges of probable future cash flows: planned purchases and sales in foreign currencies, planned purchases of commodities, etc.

The highly probable hedged item is not valued in the statement of financial position. Only the hedging derivative is revalued at the end of each reporting period. The component of the gain or loss considered effective is recognized outside profit or loss under "deferred unrealized gains and losses" in its net amount after tax. Only the ineffective component of the hedge impacts income for the period.

The amount accumulated in equity is reclassified from equity to profit or loss when the hedged item impacts the statement of income, i.e. when the hedged transaction is recognized in the financial statements.

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Hedges of net investments in foreign operations (NIH)

This heading relates to borrowings in a foreign currency and to borrowings in euros when the euro has been swapped into a foreign currency to finance the acquisition of a subsidiary using the same functional currency. Exchange gains and losses related to these borrowings are recognized outside profit or loss under “currency translation adjustments” in their net amount after tax. Only the ineffective component of the hedge is recognized in profit or loss. The amount accumulated in equity is reclassified from equity to profit or loss when the subsidiary is sold.

Derivatives not qualifying as hedges

When derivatives do not qualify as hedging instruments, fair value gains and losses are recognized immediately in the income statement.

1.21.3. Presentation of derivatives in the statement of financial position and income statement

Presentation in the statement of financial position

Derivatives used to hedge risks related to market transactions are reported under operating receivables and liabilities in the statement of financial position. Derivatives used to hedge risks related to loans, borrowings and current accounts are reported under financial assets or borrowings.

Presentation in the statement of income

The spot component of fair value gains and losses on derivatives and hedged items relating to market transactions affecting the income statement is recognized under other operating income and expenses; the discount or premium component is recognized in financial income.

For loans and borrowings denominated in foreign currencies, fair value gains and losses on financial instruments and hedged items are recognized in financial income.

1.22. INCOME TAX

Since January 1, 1983, AREVA has had regulatory approval to submit a consolidated tax return under article 209 *quinquies* of the French Tax Code. The consolidated tax amount is recognized under “income tax”, whether it is a tax expense or a tax credit (except for tax related to discontinued operations). AREVA did not request renewal of this approval, which expired on December 31, 2007.

The income tax related to operations of the Transmission & Distribution division is reported under net income from discontinued operations in the income statement.

As provided in IAS 12, deferred taxes are determined according to the liability method. The current tax rate or the rate known at the end of

the reporting period, as applicable at the time of anticipated reversal of temporary differences between the net carrying amount and the tax basis of assets and liabilities, is applied to all such differences. Deferred taxes are not discounted to net present value.

Temporary taxable differences generate a deferred tax liability. Temporary deductible differences, tax loss carry-forwards, and unused tax credits generate a deferred tax asset equal to the probable amounts recoverable in the future. Deferred tax assets are analyzed case by case, based on income projections for the next five years. Deferred tax assets and liabilities are netted for each taxable entity if the entity is allowed to offset its current tax receivables against its current tax liabilities.

Deferred tax liabilities are recorded for all taxable temporary differences of subsidiaries, associates and partnerships, unless AREVA is in a position to control the timing of reversal of the temporary differences and it is probable that such reversal will not take place in the foreseeable future. Tax accounts are reviewed at the end of each reporting period, in particular to take into account changes in tax laws and the likelihood that amounts recognized will be recovered.

Deferred taxes are recognized in profit or loss, unless they concern items recognized outside profit or loss, i.e. changes in the value of available-for-sale securities and derivatives considered to be cash flow hedges, or currency translation adjustments on borrowings considered to be hedges of net investments in foreign operations. Deferred taxes related to these items are also recognized outside profit or loss.

AREVA has elected to recognize the *contribution sur la valeur ajoutée des entreprises* (CVAE, or value added business tax). As of 2010, all of its French subsidiaries are subject to this tax at the rate of 1.5%. AREVA considers that the base for calculation of the CVAE is a net amount rather than a gross amount, since the value added of its largest French subsidiaries represents a relatively small percentage of their revenue, bringing the value added business tax into the scope of accounting standard IAS 12, Income Taxes. This position is consistent with Italy’s position on recognition of a tax similar to the CVAE. As provided in IAS 12, this election requires recognition of deferred taxes at the rate of 1.5% at December 31, 2009 on temporary differences for:

- assets that produce economic benefits subject to the CVAE tax that cannot be deducted from the value added; this corresponds to the net carrying amount at December 31, 2009 of property, plant and equipment and intangible assets eligible for depreciation;
- asset impairments and provisions that may not be deducted from the CVAE, but that relate to expenses that will be deducted from the value added at a later date.

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Notes to the consolidated financial statements for the year ended December 31, 2009

Since the CVAE tax is deductible for income tax purposes, deferred taxes are recognized at the standard rate (34.4%) on deferred tax assets and liabilities recognized for the CVAE, as described in the previous paragraph.

Because this is a change in the regulations (French finance law of 2010, published on December 31, 2009), deferred taxes for the CVAE are recognized in profit or loss. The impact on the financial statements for the year ended December 31, 2009 was a net tax expense of 23 million euros (see Note 8).

NOTE 2. CONSOLIDATION SCOPE
2.1. CONSOLIDATED COMPANIES (FRENCH/FOREIGN)

(number of companies)	2009		2008		2007	
	Foreign	French	Foreign	French	Foreign	French
Full consolidation	165	82	150	88	134	83
Equity method (associates)	6	7	3	8	4	8
Proportionate consolidation	23	4	21	3	19	2
Sub-total	194	93	174	99	157	93
TOTAL	287		273		250	

Note 36 provides a list of the main consolidated companies.

2.2. 2009 TRANSACTIONS

Goodwill recognized for 2009 acquisitions is provisional and may be adjusted in 2010.

Sale of the Transmission & Distribution business

On June 30, 2009, in connection with AREVA's development plan, the group's Supervisory Board asked the Executive Board to put the Transmission & Distribution business up for sale.

At the close of the competitive bidding process organized for this purpose, AREVA received three firm offers from the Alstom/Schneider Electric consortium, from General Electric and from Toshiba/INCJ. The three bids are close in terms of value and all are more than four times the purchase price paid for this business five years ago. On November 30, 2009, the AREVA Supervisory Board asked the Executive Board to enter into exclusive negotiations with the Alstom/Schneider consortium based on the latter's bid, which comes to 2.29 billion euros in equity value, corresponding to an enterprise value of 4.09 billion euros, and which does not request a seller's warranty. The agreement concerning the legal and financial terms of the sale of the AREVA group's Transmission & Distribution business to Alstom and Schneider was signed on January 20, 2010; it will become effective after receiving the consent of the competition authorities and the French decree approved by the French *Commission des Participations et des Transferts* (French government shareholding agency).

Accordingly, the IFRS 5 accounting standard on discontinued operations applies at December 31, 2009. For all reporting periods, net income from these operations is presented on a separate line in the income statement, "Net income from discontinued operations". The statement of cash flows is restated accordingly. The assets and liabilities associated with discontinued operations are reported on separate lines on the consolidated statement of financial position at December 31, 2009, without restatement of prior periods, except for the receivables and payables between those operations and the group's other entities, which are still eliminated in accordance with IAS 27. For this reason, the net value of the assets and liabilities of discontinued operations reported on the statement of financial position at December 31, 2009 is not representative of AREVA T&D equity at that date, which totals 990 million euros before elimination of the shares (see Note 9).

The other main changes in the scope of consolidation in 2009 were as follows:

AREVA NP

On January 27, 2009, Siemens sent notice of its decision to exercise the put option for its 34% stake in AREVA NP. On March 25, 2009, AREVA sent a notice to Siemens of termination for breach after Siemens announced that it had signed a memorandum of understanding with Rosatom to establish a partnership in the nuclear field, which AREVA considers to be contrary to the non-competition clause contained in the shareholders' agreement. Consequently, AREVA initiated arbitration proceedings against Siemens on April 14, 2009.

Following receipt of the consent of the European Commission and the competition authorities of the various countries involved on October 15, 2009, all net income from AREVA NP is allocated to the owners of AREVA as from October 16, 2009.

Georges Besse II plant

In 2009, AREVA signed agreements with two Japanese companies, Kansai and Sojitz, and with the South Korean company KHNP concerning their acquisition of 5% of the share capital of Société d'Enrichissement du Tricastin (SET), the holding company that will operate the Georges Besse II enrichment plant.

The Georges Besse II plant, located at the Tricastin nuclear site in the Rhône Valley, will have a production capacity of 7.5 million separative work units (SWU) per year. The plant will use centrifugation technology, considered to be the most efficient available.

Imouraren

In January 2009, AREVA and the government of Niger signed a mining agreement in Niamey giving AREVA the operating permit for the Imouraren mine deposit. The agreement provides for a capital split of 66.65% for AREVA and 33.35% for the State of Niger in the company established to mine the deposit.

In December 2009, AREVA signed a partnership agreement with Korean Electric Power Corp (KEPCO) concerning the latter's acquisition of an indirect interest of 10% in the Imouraren mining company, which reduces AREVA's interest to 56.65%.

Future production is estimated at 5,000 metric tons per year for more than 35 years, for an initial investment of more than 1.2 billion euros (800 billion CFA francs). The Imouraren deposit will create nearly 1,400 direct jobs.

MNF

AREVA, Mitsubishi Heavy Industries, Ltd. (MHI), Mitsubishi Material Corporation (MMC) and Mitsubishi Corporation (MC) signed a quadripartite agreement in Tokyo on December 22, 2008, to become effective in April 2009, to establish a joint venture specialized in nuclear fuel called MNF. MNF will develop, design, fabricate and market nuclear fuel.

The share capital is distributed as follows: MHI 35%, MMC 30%, AREVA 30% and MC 5%. The company is expected to employ 550 people and to generate 50 billion yens in revenue by 2020.

AREVA has a significant influence over the joint venture, which is consolidated under the equity method.

Powermann

On January 28, 2009, AREVA T&D acquired Powermann Limited, based in Poole (Dorset), United Kingdom, to strengthen the high-voltage segment of the Services business in the region, especially in power generators and with major utilities.

The company employs 78 people and posted revenue of 14 million euros in 2008.

2.3. 2008 TRANSACTIONS

Goodwill recognized on 2008 transactions was adjusted in 2009 insofar as more accurate estimates of the assets and liabilities acquired were obtained within a year of the acquisition (see Note 10).

The main changes in the scope of consolidation in 2008 are described hereunder:

Koblitz

In early January 2008, AREVA acquired 70% of Koblitz, a Brazilian supplier of integrated solutions for power generation and heat/electricity cogeneration from renewable sources. Koblitz employs 575 people and had 2007 revenue of 52 million euros.

This transaction generated goodwill of 30 million euros, based on an acquisition price of 40 million euros.

Nokian

AREVA's Transmission & Distribution division (T&D) entered into an agreement to acquire the Finnish company Nokian Capacitors Ltd. This strategic acquisition allows AREVA to strengthen its position on the booming ultra high voltage market.

Nokian Capacitors Ltd. brings 50 years of experience in the design and manufacture of components for power grids, particularly capacitors. Koblitz employs 290 people and had 2007 revenue of 61 million euros. It is represented in 70 countries.

This transaction generated goodwill of 29 million euros, based on an acquisition price of 35 million euros.

STMicroelectronics

In March 2008, the *Commissariat à l'Énergie Atomique* (CEA, the French atomic energy commission) acquired a 2.9% share of STMicroelectronics through FT1CI, the holding company for AREVA's indirect interest in STMicroelectronics.

The CEA thus became a minority shareholder in FT1CI. AREVA's interest in STMicroelectronics did not change as a result of this transaction.

Georges Besse II plant

In early June 2008, the Suez group acquired a 5% interest in SET Holding, which owns the Georges Besse II enrichment plant.

REpower

AREVA sold its 29.95% interest in REpower to Suzlon in early June 2008.

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Waltec

In early October, AREVA T&D acquired Waltec Equipamentos Electricos Ltda, a Brazilian company specialized in medium voltage switchgear and dry-type transformers.

Waltec employs 450 employees and generates 32.5 million euros in revenue.

This transaction generated goodwill of 30 million euros, based on an acquisition price of 42 million euros.

2.4. 2007 TRANSACTIONS

Goodwill recognized on 2007 transactions was adjusted in 2008 insofar as more accurate estimates of the assets and liabilities acquired were obtained within a year of the acquisition (see Note 10).

Location	Country	Discount rate	Discounted value of future cash flows (100%)	Discounted value of future cash flows (AREVA share)	Deferred taxes
Trekopje	Namibia	8%	932	932	350
Bakouma	Central African Republic	10%	97	88	26
Ryst Kuil	South Africa	8%	409	303	98
TOTAL			1,437	1,323	474

No other items were identified for purchase price allocation during the evaluation of the company's assets and liabilities.

VALUE BY PROJECT (AREVA SHARE)

Location	Country	Discount rate	2007 estimates		2008 value	
			Mineral rights	Deferred taxes	Mineral rights	Deferred taxes
Trekopje	Namibia	8%	932	350	650	244
Bakouma	Central African Republic	10%	88	26	297	89
Ryst Kuil	South Africa	8%	303	98	246	80
TOTAL			1,323	474	1,193	413

Residual goodwill amounts to 806 million euros.

Passoni & Villa

AREVA's Transmission & Distribution division (T&D) signed an agreement with Passoni & Villa of Italy concerning the legal and financial terms for the acquisition of its operations.

Passoni & Villa is one of the world's leading manufacturers of high voltage bushings, which are used to connect power transformer coils to high voltage lines. The company employed about 150 people and posted revenue of 26 million euros in 2006.

Passoni & Villa is active in more than 60 countries. With this acquisition, AREVA T&D greatly increases its bushings manufacturing capacity

The main changes in the scope of consolidation during the year were as follows:

UraMin

Following a friendly takeover bid on June 25, 2007, AREVA acquired control of UraMin, a junior mining company, on July 31, 2007 for a total purchase price of 1.742 billion euros (2.4 billion US dollars).

Cash acquired in connection with the transaction amounted to 148 million euros.

Of the initial goodwill of 1.564 billion euros (net of equity acquired), 1.323 billion euros were allocated to exploration and mining permits held by UraMin using the discounted cash flow method:

Work performed in 2008 to allocate the purchase price of UraMin resulted in the following changes, mainly regarding mineral rights:

and becomes the world's third largest player on this market segment. The transaction is consistent with AREVA T&D's acquisition strategy, which aims to broaden its offering and strengthen its market position.

The transaction generated goodwill of 17 million euros, based on an acquisition price of 19 million euros.

VEI Power Distribution S.p.A.

AREVA's Transmission & Distribution division concluded an agreement with VEI Power Distribution S.p.A. to acquire its operations in Italy and Malaysia.

VEI has 216 employees and generated 46 million euros in revenue in 2006. The company manufactures medium voltage equipment. Its

product lines supplement AREVA T&D's offering and broaden the division's customer base. With this acquisition, AREVA T&D increases its international presence on the distribution market and becomes one of the leaders of this segment in Italy and Malaysia.

VEI's ability to innovate will also allow AREVA T&D to offer even more advanced solutions meeting the specific needs of its customers. Every year, VEI patents a number of innovations, such as its tri-function equipment integrating a circuit-breaker, a disconnecting switch and a ground disconnecter.

The transaction generated goodwill of 14 million euros, based on an acquisition price of 12 million euros.

Multibrid

In September 2007, AREVA acquired 51% of Multibrid, a wind turbine designer and manufacturer based in Germany that specializes in large capacity offshore turbines. In doing so, AREVA becomes a joint venture partner of Prokon Nord, a German company that develops wind farms and biomass projects and is the current owner of Multibrid. This transaction generated initial goodwill of 79 million euros, based

on an acquisition price of 76 million euros. The fair value assessment of Multibrid's assets and liabilities was completed in 2008.

East Asia Mineral

On September 21, 2007, AREVA acquired all of the share capital of East Asia Mineral, the Mongolian subsidiary of a junior Canadian company based in Ontario. East Asia Mineral's portfolio includes uranium mining permits in the Sainshand area. The acquisition price was set at 83 million Canadian dollars, of which 60 million euros were recognized as goodwill.

AREVA Est Canada/Uranor/AREVA Quebec

In June 2007, AREVA Est Canada, a subsidiary of CFMM, acquired the remaining shares of the Canadian firm Uranor, which holds mining permits and 100% of Omegalpa (now AREVA Quebec), which operates the mining permits. AREVA has conducted exploration in this region of Quebec since 1998. The deposits in question are in the exploration phase. A total of 34 million euros was recognized as goodwill.

NOTE 3. REVENUE

<i>(in millions of euros)</i>	2009	2008	2007
Contracts accounted for according to the percentage of completion method	3,458	3,106	2,811
Other sales of products and services			
Sales of goods	2,113	1,842	1,774
Sales of services	2,958	3,141	3,004
TOTAL	8,529	8,089	7,589

Revenue for 2009, 2008 and 2007 does not include any significant revenue from exchanges of goods or services for current or future consideration other than cash.

The table below presents data on contracts recognized according to the percentage of completion method that were in progress as of December 31, 2009, December 31, 2008, and December 31, 2007:

<i>(in millions of euros)</i>	2009	2008	2007
Amount of costs incurred and profits recognized, net of losses recognized, through December 31	21,531	19,516	17,895
Customer advances	3,713	3,116	3,017
Amounts withheld by customers	5	7	21

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The group has elected to present its income statement based on the destination of income and expense items. Additional information is provided in Notes 4 and 5 below.

NOTE 4. ADDITIONAL INFORMATION BY TYPE OF EXPENSE

<i>(in millions of euros, except workforce)</i>	2009	2008	2007
Payroll expenses	(3,353)	(2,988)	(2,623)
Employees at the end of the year	47,817	45,448	40,315
Operating leases	(165)	(147)	(120)

Payroll expenses include salaries and related social security contributions, excluding retirement benefits.

<i>(in thousands of euros)</i>	2009	2008	2007
Audit fees	(8,554)	(7,100)	(6,356)
Deloitte	(3,870)	(3,536)	(3,124)
Mazars	(2,816)	(2,254)	(1,569)
Other	(1,869)	(1,310)	(1,663)
Other reviews and services directly linked to the Statutory Auditors' mission	(2,702)	(49)	(73)
Deloitte	(525)	(18)	(31)
Mazars	(213)	(31)	(20)
Other	(1,964)	-	(22)
TOTAL COST OF AUDITS AND OTHER REVIEWS AND SERVICES	(11,256)	(7,149)	(6,429)

NOTE 5. DEPRECIATION, AMORTIZATION AND IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS, AND PROVISIONS IMPACTING OPERATING INCOME

<i>(in millions of euros)</i>	2009	2008	2007
Net amortization of intangible assets	(133)	(133)	(88)
Net depreciation of property, plant and equipment	(372)	(360)	(339)
Net impairment of intangible assets	(2)	-	-
Net impairment of property, plant and equipment	(5)	91	-
Impairment of goodwill	-	-	-

<i>(in millions of euros)</i>	2009	2008	2007
Provisions, net of reversals	227	(328)	(59)

The Back End division reversed 91 million euros in impairment at December 31, 2008.

NOTE 6. OTHER OPERATING INCOME AND EXPENSES

OTHER OPERATING EXPENSES

<i>(in millions of euros)</i>	2009	2008	2007
Restructuring and early retirement costs	(18)	(27)	(26)
Goodwill impairment losses	-	-	-
Impairment of other assets	(7)	-	-
Other operating expenses	(132)	(138)	(168)
TOTAL OTHER OPERATING EXPENSES	(157)	(166)	(194)

OTHER OPERATING INCOME

<i>(in millions of euros)</i>	2009	2008	2007
Dilution income and gains on disposals of assets other than financial assets	369	187	4
Other operating income	55	136	15
TOTAL OTHER OPERATING INCOME	423	323	19

For the years ended December 31, 2009 and December 31, 2008, “dilution income and gains on disposals of assets other than financial

assets” includes in particular income from acquisitions by minority interests of share capital in the group’s consolidated companies.

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NOTE 7. NET FINANCIAL INCOME

<i>(in millions of euros)</i>	2009 *	2008 *	2007 *
Net borrowing costs	(113)	(69)	(33)
Income from cash and cash equivalents	14	36	36
Gross borrowing costs	(128)	(105)	(69)
Other financial income and expenses	301	75	152
Share related to end-of-life-cycle operations	10	(57)	107
Income from disposals of securities earmarked for end-of-life-cycle operations	20	96	154
Dividends received	42	26	21
Income from receivables related to dismantling and from discount reversal on earmarked assets	122	183	113
Impairment of securities	-	(35)	-
Impact of revised schedules	2		38
Discounting reversal expenses on end-of-life-cycle operations	(176)	(327)	(219)
Share not related to end-of-life-cycle operations	291	132	45
Foreign exchange gain (loss)	14	3	2
Income from disposals of securities and change in value of securities held for trading	381	347	3
Dividends received	51	92	60
Impairment of financial assets	(1)	(36)	(45)
Interest income on prepayments received (Back End contracts)	(31)	(49)	(50)
Other financial expenses	(74)	(178)	(31)
Other financial income	29	14	152
Financial income from pensions and other employee benefits	(79)	(60)	(45)
NET FINANCIAL INCOME	187	6	118

* Since 2008, the discount/premium is classified in other financial expenses. It was classified in gross borrowings in 2007.

For the year ended December 31, 2009, income from disposals of securities not related to end-of-life-cycle operations primarily consists of gains on disposals of Total and GDF Suez securities.

For the year ended December 31, 2009, the net gain on sales of securities included in the share related to end-of-life-cycle operations includes 46 million euros corresponding to the recapture of lasting impairment of securities sold, compared with 41 million euros as of December 31, 2008 and 17 million euros as of December 31, 2007.

As of December 31, 2008, income from disposals of securities not related to end-of-life-cycle operations includes the gain on the disposal of REpower securities. Other financial expenses include -121 million euros from the reversal of the gain recognized in 2007 on the put option held by the group on REpower securities.

The GDF Suez merger had no impact on the group's net financial income for 2008.

NOTE 8. INCOME TAXES

ANALYSIS OF TAX INCOME

<i>(in millions of euros)</i>	2009	2008	2007
Current taxes (France)	8	(11)	(22)
Current taxes (other countries)	(59)	(70)	(110)
Total current taxes	(51)	(81)	(132)
Deferred taxes	188	190	163
TOTAL TAX INCOME	138	109	32

RECONCILIATION OF TAX INCOME AND INCOME BEFORE TAXES

<i>(in millions of euros)</i>	2009	2008	2007
Net income attributable to owners of the parent	552	589	743
Less: income from discontinued operations	(267)	(371)	(231)
Minority interests	(15)	(91)	139
Share in net income of associates	152	(156)	(148)
Tax expense (income)	(138)	(109)	(32)
Income before tax	285	(138)	472
Theoretical tax income (expense)	(98)	48	(163)
Reconciliation:			
Impact of tax consolidation	85	33	108
Transactions taxed at a reduced rate	243	122	83
Permanent differences	(93)	(94)	4
EFFECTIVE TAX INCOME (EXPENSE)	138	109	32

TAX RATES USED IN FRANCE

<i>(in percent)</i>	2009	2008	2007
Tax rate	34.43	34.43	34.43

Permanent differences

<i>(in millions of euros)</i>	2009	2008	2007
Parent/subsidiary tax treatment and inter-company dividends	3	(1)	(1)
Impact of permanent differences for tax purposes	10	23	43
Impact of internal transactions and transactions with shareholders	113	66	
Other permanent differences ⁽¹⁾	(219)	(182)	(38)
TOTAL PERMANENT DIFFERENCES	(93)	(94)	4

(1) Other permanent differences in 2009 include, among others, -23 million euros for deferred taxes on the CVAE tax.

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EFFECTIVE TAX RATE

<i>(in millions of euros)</i>	2009	2008	2007
Operating income	97	(143)	353
Net financial income	187	5	118
Other income	-	-	-
TOTAL INCOME SUBJECT TO TAX	284	(138)	471
Tax income (expense)	138	109	32
Effective tax rate	NA	NA	NA

DEFERRED TAX ASSETS AND LIABILITIES

<i>(in millions of euros)</i>	December 31, 2009	December 31, 2008	December 31, 2007
Deferred tax assets	811	900	604
Deferred tax liabilities	661	760	1,277
NET DEFERRED TAX ASSETS AND LIABILITIES	150	140	(673)

MAIN CATEGORIES OF DEFERRED TAX ASSETS AND LIABILITIES

<i>(in millions of euros)</i>	December 31, 2009	December 31, 2008	December 31, 2007
Tax impact of temporary differences related to:			
Property, plant and equipment, intangible assets and non-current financial assets	(399)	(399)	(1,015)
Working capital assets	149	8	61
Employee benefits	312	311	268
Provisions for restructuring	8	23	27
Tax-driven provisions	(354)	(355)	(354)
Provisions for end-of-life-cycle operations	60	39	58
Impact of loss carry-forwards and deferred taxes	327	340	126
Other temporary differences	47	173	156
NET DEFERRED TAX ASSETS AND LIABILITIES	150	140	(673)

REVERSAL SCHEDULE FOR DEFERRED TAX ASSETS AND LIABILITIES

<i>(in millions of euros)</i>	December 31, 2009	December 31, 2008	December 31, 2007
Reversal in more than 12 months	(100)	(68)	(963)
Reversal in 12 months or less	250	207	290

CHANGE IN CONSOLIDATED DEFERRED TAX ASSETS AND LIABILITIES

<i>(in millions of euros)</i>	2009	2008
AT JANUARY 1	140	(673)
Tax on continuing operations, recognized in profit or loss	188	190
Tax on discontinued operations	(135)	(25)
Tax recognized outside profit or loss	(69)	623
Change in consolidated group	1	11
Currency translation adjustments	25	(46)
Other		59
AT DECEMBER 31	150	140

CONSOLIDATED DEFERRED TAX INCOME AND EXPENSES BY CATEGORY OF TEMPORARY DIFFERENCE

<i>(in millions of euros)</i>	2009	2008
Tax impact of temporary differences related to:		
Property, plant and equipment, intangible assets and non-current financial assets	(4)	6
Working capital assets	54	(22)
Employee benefits	37	39
Provisions for restructuring	(14)	50
Tax-driven provisions	(4)	
Provisions for end-of-life-cycle operations	26	10
Net loss carry-forwards and deferred taxes	262	(9)
Other temporary differences	(169)	117
NET DEFERRED TAX INCOME (EXPENSES)	188	190

DEFERRED TAXES RECOGNIZED OUTSIDE PROFIT OR LOSS

<i>(in millions of euros)</i>	2009	2008	2007
IAS 32-39 impacts: change in value of available-for-sale assets, cash flow hedges and hedges of a net investment	(71)	623	(92)
Other	3		
NET DEFERRED TAXES RECOGNIZED OUTSIDE PROFIT OR LOSS	(68)	623	(92)

DEFERRED TAX ASSETS NOT RECOGNIZED

<i>(in millions of euros)</i>	2009	2008	2007
Tax credits			-
Tax losses	386	194	53
Other temporary differences	78	100	57
TOTAL DEFERRED TAX ASSETS NOT RECOGNIZED	464	294	110

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NOTE 9. NET INCOME AND ASSETS AND LIABILITIES FROM DISCONTINUED OPERATIONS

The contribution to consolidated net income of the Transmission & Distribution business in 2009, 2008 and 2007 is as follows:

<i>(in millions of euros)</i>	2009	2008	2007
Revenue	5,474	5,070	4,335
Operating income	405	561	398
Net financial income	(47)	(35)	(54)
Income tax	(90)	(155)	(113)
Net income for the period	267	371	231
Minority interests	(44)	(32)	(23)
Net income attributable to owners of the parent	223	339	207

The 2009, 2008 and 2007 income data for the T&D business include certain expenses billed by AREVA SA (rents, licenses and service fees, and financial expenses) totaling 72 million euros in 2009.

Assets and liabilities of operations held for sale are as follows:

<i>(in millions of euros)</i>	2009
Non-current assets	1,734
Goodwill on consolidated companies	656
Property, plant and equipment and intangible assets	870
Other non-current financial assets	31
Pension fund assets	2
Deferred tax assets	175
Current assets	3,915
Inventories and work-in-process	814
Trade receivables and other operating receivables	2,806
Current tax assets	46
Other non-operating receivables	7
Cash and cash equivalents	238
Other current financial assets	4
TOTAL ASSETS OF OPERATIONS HELD FOR SALE	5,649

<i>(in millions of euros)</i>	2009
Non-current liabilities	284
Employee benefits	208
Other non-current provisions	39
Long-term borrowings	12
Deferred tax liabilities	26
Current liabilities	3,402
Current provisions	329
Short-term borrowings	223
Trade payables and other operating liabilities	2,778
Current tax liabilities	70
Other non-operating liabilities	2
TOTAL LIABILITIES OF OPERATIONS HELD FOR SALE	3,686

The contribution to equity of the T&D business before elimination of securities comes to 990 million euros at December 31, 2009.

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NOTE 10. GOODWILL

The change in goodwill from December 31, 2008 to December 31, 2009 was as follows:

<i>(in millions of euros)</i>	December 31, 2008	Acquisitions	Disposals	Discontinued operations	Minority interest put options	Currency translation adjustments and other	December 31, 2009
Nuclear and Renewable Energies divisions	4,178	37	(3)		174	(20)	4,366
Front End	1,252	7				(25)	1,234
Reactors & Services	527	30	(3)		(4)	5	555
Back End							
Other nuclear – AREVA	2,398				178		2,576
Transmission & Distribution division	625			(625)			0
TOTAL	4,803	37	(3)	(625)	174	(20)	4,366

The heading “Other nuclear – AREVA” corresponds to goodwill recognized when AREVA was established in 2001 (394 million euros) and to the difference between the value of put options held by minority interests in AREVA NP and the value of the corresponding minority interests (2.183 billion euros – see Note 25).

As provided in IFRS 3, the fair value of identifiable assets and liabilities acquired during business combinations may be adjusted during a 12-month period following the date of acquisition. Consequently, goodwill recognized on 2009 acquisitions is provisional and may be adjusted in 2010.

The change in goodwill from December 31, 2007 to December 31, 2008 was as follows:

<i>(in millions of euros)</i>	December 31, 2007	Additions	Disposals	Minority interest put options	Currency translation adjustments and other	December 31, 2008
Nuclear divisions	3,830	47		203	98	4,178
Front End	1,135				118	1,252
Reactors & Services	482	47		18	(20)	527
Back End	-					
Other nuclear – AREVA	2,213			185		2,398
Transmission & Distribution division	547	80			(2)	625
TOTAL	4,377	126		203	96	4,803

The increase in goodwill is mainly as follows:

- in the Nuclear divisions:

- Front End segment: the impact of the change in goodwill for UraMin after correction of the purchase price allocation in the amount of 83 million euros,
- Reactors & Services segment: the acquisition of Koblitz (Renewable Energies business unit), reflecting 30 million euros for the difference between the acquisition price and the adjusted amount, and 18 million euros for the put option held

by minority shareholders; in addition, the goodwill from Multibrid was reduced by 15 million euros pursuant to the purchase price allocation,

- recognition of an additional 185 million euros in goodwill to reflect the valuation of put options held by minority shareholders in AREVA NP at December 31, 2008 (see Note 25);
- in the Transmission & Distribution division: the acquisitions of Nokian (29 million euros) and Waltec (30 million euros).

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The heading “Other nuclear – AREVA” corresponds to goodwill recognized when AREVA was established in 2001 (394 million euros) and to the difference between the value of put options held by minority interests in AREVA NP and the value of the corresponding minority interests (2.005 billion euros – see Note 25).

As provided in IFRS 3, the fair value of identifiable assets and liabilities acquired during business combinations may be adjusted during a 12-month period following the date of acquisition. Consequently, goodwill recognized on 2008 acquisitions is provisional and may be adjusted in 2009.

GOODWILL IMPAIRMENT TESTS

The group performed goodwill impairment tests at December 31, 2009, December 31, 2008 and December 31, 2007 for all cash-generating units with goodwill balances, except for:

- goodwill resulting from the recognition of put options held by minority shareholders of AREVA NP, since the options themselves are valued based on the recoverable value of the company; and

- goodwill from acquisitions completed in 2009, for which the purchase price allocation was not completed at year-end and the corresponding goodwill was therefore not final at December 31, 2009.

As indicated in Note 1.10, these tests compare the net carrying amount of cash generating unit (CGU) assets with their recoverable amount, determined using the discounted cash flow method (value in use).

The discount rates used for these tests are based on the calculation of the average cost of capital for each business segment. They are calculated using observed market data and evaluations prepared by specialized firms (10-year risk-free rates, risk premiums on equity markets, volatility indices, credit spreads and debt ratios of comparable businesses in each segment). However, in view of the global financial crisis that began in mid-2008 and the extreme volatility of indices that it caused, discount rates used for impairment tests at December 31, 2008 and December 31, 2009, were based on data evaluated over a longer period of time than in previous years.

The following assumptions were used to determine the net present value of the cash flows to be generated by the CGUs:

	After tax discount rate	Growth rate of pro forma year	Number of years of forecast data
December 31, 2009			
Front End division			
● Mining	10.5%	NA	10 to 37
● Enrichment, Fuel	8.25%	2%	10 to 11
Reactors & Services division	9.5%	2%	5 to 11
Back End division	7%	2%	10
Renewable Energies	10%	2%	5
December 31, 2008			
Front End division:			
● Mining	10.5%	NA	10 to 24
● Enrichment, Fuel	8.5%	2%	10 to 12
Reactors & Services division	9.75%	2 to 2.5%	5 to 12
Back End division	7.5%	2%	10
Transmission & Distribution division	9.25%	2%	4
Renewable Energies	11%	2%	5
December 31, 2007			
Front End division:			
● Mining	10%	NA	9
● Enrichment, Fuel	8.75%	2%	10
Reactors & Services division	9.5%	2 to 2.5%	5 to 10
Back End division	7.75%	2%	10
Transmission & Distribution division	9.75%	2%	3

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Impairment tests for mining operations are based on forecast data for the entire period, from mining at existing mines to marketing of the corresponding products (i.e. through 2019 for gold mining and through 2046 for uranium mining), rather than on a pro forma year.

These tests did not result in the recognition of impairment. In addition, sensitivity analyses showed that a discount rate of 1% higher or a growth rate for the pro forma year of 1% lower than the abovementioned rates would not have led to the recognition of impairment, since the recoverable value of the cash generating units is appreciably greater than the net carrying amount of their assets in all instances.

NOTE 11. INTANGIBLE ASSETS

<i>(in millions of euros)</i>	December 31, 2009			December 31, 2008	December 31, 2007
	Gross	Amortization and impairment	Net	Net	Net
Pre-mining expenses	1,183	(343)	840	765	565
Research and development expenses	534	(99)	435	343	253
Mineral rights	1,313	(12)	1,302	1,296	1,346
Other	1,245	(539)	706	685	564
TOTAL	4,276	(994)	3,282	3,089	2,729

2009

<i>(in millions of euros)</i>	Pre-mining expenses	R&D expenses	Mineral rights	Other	Total
Gross amount at December 31, 2008	1,021	444	1,307	1,312	4,083
Internally generated assets	18	68	0	6	92
Acquired assets	182	40	50	114	387
Disposals	(1)	0	0	(21)	(22)
Discontinued operations	0	(13)	0	(187)	(200)
Currency translation adjustments	57	(8)	(44)	0	6
Change in consolidated group	0	(1)	0	9	8
Other changes	(94)	5	0	11	(78)
Gross amount at December 31, 2009	1,183	534	1,313	1,245	4,276
Depreciation, depletion, amortization and provisions at December 31, 2008	(256)	(101)	(11)	(627)	(995)
Net increase in depreciation/impairment ⁽¹⁾	(60)	(23)	0	(45)	(127)
Disposals	0	0	0	8	8
Discontinued operations	0	2	0	122	124
Currency translation adjustments	(28)	2	0	(1)	(27)
Change in consolidated group	0	0	0	0	0
Other changes	0	20	0	3	23
Depreciation, depletion, amortization and provisions at December 31, 2009	(343)	(99)	(12)	(539)	(994)
NET CARRYING AMOUNT AT DECEMBER 31, 2008	765	343	1,296	685	3,089
NET CARRYING AMOUNT AT DECEMBER 31, 2009	840	435	1,302	706	3,282

(1) Impairment of intangible assets in the amount of 2 million euros was recognized at December 31, 2009.

Increases in intangible assets in 2009 primarily concern pre-mining expenses at sites in development (Imouraren, Trekkopje) or in

operation (AREVA Resources Canada, Katco), and development expenses for EPR™ projects in China and the United States.

2008

(in millions of euros)

	Pre-mining expenses	R&D expenses	Mineral rights	Other	Total
Gross amount at December 31, 2007	830	298	1,358	1,138	3,624
Internally generated assets	60	101	0	59	220
Acquired assets	225	35	0	45	305
Disposals	(15)	0	0	(15)	(29)
Currency translation adjustments	(91)	9	80	(3)	(4)
Change in consolidated group	0	1	0	0	1
Other changes	11	0	(131)	87	(34)
Gross amount at December 31, 2008	1,021	444	1,307	1,312	4,083
Depreciation, depletion, amortization and provisions at December 31, 2007	(265)	(45)	(12)	(574)	(896)
Net increase in depreciation/impairment ⁽¹⁾	(42)	(53)	0	(64)	(159)
Disposals	15	0	0	13	27
Currency translation adjustments	37	(2)	0	2	36
Change in consolidated group	0	(1)	0	(1)	(1)
Other changes	0	0	1	(2)	(2)
Depreciation, depletion, amortization and provisions at December 31, 2008	(256)	(101)	(11)	(627)	(995)
NET CARRYING AMOUNT AT DECEMBER 31, 2007	565	253	1,346	564	2,729
NET CARRYING AMOUNT AT DECEMBER 31, 2008	765	343	1,296	685	3,089

(1) A reversal in impairment of intangible assets in the amount of 1 million euros was recognized at December 31, 2008.

At December 31, 2008, mineral rights linked to UraMin entities were adjusted in connection with the purchase price allocation. Assets were reduced by 158 million euros. However, the agreement with the government of the Central African Republic in connection with the UraMin acquisition led to the recognition of 27 million euros in additional assets.

Other changes for the year mainly include capitalized development costs for future EPR™ projects in China and in the United States, for 105 million euros.

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CAPITALIZED PRE-MINING EXPENSES

<i>(in millions of euros)</i>	Net carrying amount at December 31, 2008	Additions	Disposals	Discontinued operations	Amortization/Impairment	Currency translation adjustments	Other changes	Net carrying amount at December 31, 2009
Uranium	742	193	0	-	(57)	25	(94)	809
Gold	23	7	0	-	(3)	5	0	31
TOTAL	765	200	0	-	(60)	29	(94)	840

<i>(in millions of euros)</i>	Net carrying amount at December 31, 2007	Additions	Disposals	Amortization/Impairment	Currency translation adjustments	Other changes	Net carrying amount at December 31, 2008
Uranium	540	278	0	(40)	(50)	14	742
Gold	25	7	0	(1)	(4)	(4)	23
TOTAL	565	285	0	(42)	(54)	11	765

EXPLORATION EXPENSES (INCLUDED IN RESEARCH AND DEVELOPMENT EXPENSES IN THE INCOME STATEMENT)

<i>(in millions of euros)</i>	2009	2008	2007
Uranium	40	56	43
Gold	3	4	4
TOTAL	43	60	47

NOTE 12. PROPERTY, PLANT AND EQUIPMENT

2009 <i>(in millions of euros)</i>	Land	Buildings	Plant, equipment and tooling	End-of-life-cycle assets – AREVA share	Other	In process	Total
Gross amount at December 31, 2008	233	1,976	16,413	716	931	1,141	21,410
Additions	2	175	141	0	53	966	1,336
Disposals	(1)	(18)	(86)	0	(56)	(7)	(168)
Discontinued operations	(79)	(330)	(513)	0	(150)	(133)	(1,204)
Currency translation adjustments	2	(11)	10	(1)	(2)	5	3
Change in consolidated group	(0)	(8)	0	(0)	3	0	(4)
Other changes	12	225	339	(20)	41	(515)	84
Gross amount at December 31, 2009	170	2,008	16,305	696	821	1,457	21,457
Depreciation, depletion, amortization and provisions at December 31, 2008	(76)	(1,156)	(14,122)	(526)	(614)	(2)	(16,496)
Net increase in depreciation/impairment ⁽¹⁾	(2)	(48)	(221)	(24)	(71)	(6)	(372)
Disposals	0	16	75	0	43	0	134
Discontinued operations	1	147	341	0	108	0	597
Currency translation adjustments	(0)	(1)	(2)	0	1	0	(3)
Change in consolidated group	0	3	(0)	0	(1)	0	3
Other changes	1	(4)	(28)	0	(2)	6	(27)
Depreciation and provisions at December 31, 2009	(76)	(1,043)	(13,957)	(549)	(537)	(2)	(16,163)
Net carrying amount at December 31, 2008	157	819	2,291	190	317	1,139	4,913
Net carrying amount at December 31, 2009	94	965	2,348	147	284	1,456	5,294

(1) Impairment of property, plant and equipment in the amount of 5 million euros was recognized at December 31, 2009.

In 2009, the net value of capitalized finance lease contracts was 31 million euros (37 million euros in 2008, including 12 million related to T&D operations).

Interest expenses capitalized in the cost of property, plant and equipment come to 739 thousand euros at December 31, 2009.

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2008
(in millions of euros)

	Land	Buildings	Plant, equipment and tooling	End-of-life-cycle assets – AREVA share	Other	In process	Total
Gross amount at December 31, 2007	217	1,851	16,333	675	856	722	20,652
Additions	21	77	154	0	73	834	1,159
Disposals	(10)	(23)	(189)	0	(59)	(7)	(345)
Currency translation adjustments	(8)	(15)	(45)	1	(7)	(15)	(89)
Change in consolidated group	1	7	10	0	2	1	22
Other changes	13	80	149	41	67	(394)	11
Gross amount at December 31, 2008	233	1,976	16,413	716	931	1,141	21,410
Depreciation and provisions at December 31, 2007	(75)	(1,113)	(14,161)	(501)	(595)	(4)	(16,447)
Net increase in depreciation/impairment ⁽¹⁾	(2)	(63)	(254)	(25)	(75)	0	(419)
Disposals	1	17	183	0	51	0	253
Currency translation adjustments	1	6	20	0	4	0	30
Change in consolidated group	0	(1)	(5)	0	(1)	0	(7)
Other changes	0	(2)	94	0	1	2	95
Depreciation and provisions at December 31, 2008	(76)	(1,156)	(14,122)	(526)	(614)	(2)	(16,496)
Net carrying amount at December 31, 2007	142	737	2,172	174	261	718	4,204
Net carrying amount at December 31, 2008	157	819	2,291	190	317	1,139	4,913

(1) A reversal in impairment of property, plant and equipment in the amount of 91 million euros was recognized at December 31, 2008.

In 2008, the net value of capitalized finance lease contracts was 37 million euros (40 million euros in 2007).

NOTE 13. END-OF-LIFE-CYCLE OPERATIONS

The table below summarizes the AREVA accounts affected by the treatment of end-of-life-cycle operations and their financing.

ASSETS <i>(in millions of euros)</i>	December 31, 2009	December 31, 2008	December 31, 2007	LIABILITIES	December 31, 2009	December 31, 2008	December 31, 2007
End-of-life-cycle assets – AREVA share ⁽¹⁾	147	189	174				
Assets earmarked for end-of-life-cycle operations	5,626	5,224	5,364	Provisions for end-of-life-cycle operations	5,660	5,674	5,075
• end-of-life-cycle assets – third-party share ⁽²⁾	275	270	2,491	• funded by third parties ⁽²⁾	275	270	2,491
• assets earmarked for end-of-life-cycle operations ⁽³⁾	5,351	4,954	2,873	• funded by AREVA	5,385	5,404	2,584

(1) Amount of total provision to be funded by AREVA still subject to amortization.

(2) Amount of the provision to be funded by third parties.

(3) Portfolio of financial assets and receivables earmarked to fund AREVA's share of the total provision.

END-OF-LIFE-CYCLE ASSET

In addition to the value of its property, plant and equipment, AREVA recognizes the deferred portion of the group's share of end-of-life-cycle operations, such as nuclear facility dismantling, decontamination, etc. The group's share of this adjustment account asset is amortized according to the same schedule as the underlying property, plant and

equipment. An adjustment account asset is also recognized for the third-party share of end-of-life-cycle operations, corresponding to the share of dismantling, waste retrieval and waste packaging operations to be funded by third parties. Conversely, a provision is recorded to cover its total estimated end-of-life-cycle costs as soon as a facility starts up, including any share funded by third parties.

<i>(in millions of euros)</i>	AREVA share				December 31, 2009	December 31, 2008	December 31, 2007
	Gross	Amortization	Net	Third-party share			
Dismantling	696	(549)	147	275	422	459	2,186
Waste retrieval and packaging				-	-	-	479
TOTAL	696	(549)	147	275	422	459	2,665

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2009 <i>(in millions of euros)</i>	Net carrying amount at December 31, 2008	Increases	Decreases	Increases in and reversals of amortization and provisions	Discounting reversals	Other changes	Net carrying amount at December 31, 2009
AREVA share	189	9	(27)	(24)		(1)	147
Third-party share	270		(4)		9		275
TOTAL	459	9	(31)	(24)	9	(1)	422

2008 <i>(in millions of euros)</i>	Net carrying amount at December 31, 2007	Increases	Decreases	Increases in and reversals of amortization and provisions	Discounting reversals	Other changes	Net carrying amount at December 31, 2008
AREVA share	174	79	(40)	(25)		1	189
Third-party share	2,491		(2,366)		145		270
TOTAL	2,665	79	(2,406)	(25)	145	1	459

The net end-of-life-cycle asset represented 422 million euros at December 31, 2009, compared with 459 million euros at December 31, 2008.

The reduction in the third-party share from 2007 to 2008 is the result of the signature in December 2008 of a memorandum of understanding with *Électricité de France* (EDF) on principles applicable to Back End contracts for the post-2007 period.

For end-of-life-cycle operations, this memorandum of understanding mainly provides that EDF shall pay a lump sum settlement to AREVA for the final shutdown and dismantling of the La Hague plants and for the retrieval and packaging of legacy waste.

The terms for the payment of this settlement were defined in an agreement signed by AREVA and EDF in July 2009.

For accounting purposes, the 2008 memorandum of understanding was recognized as follows:

- the existing third-party share of liabilities was reduced, while the full and final settlement to be paid by EDF was recognized as a receivable on end-of-life-cycle operations;
- the prepayment received from EDF remains under borrowings pending contract signature (see Note 25, *Borrowings*).

The agreement signed in July 2009 allows AREVA to liquidate the advance received from EDF. Thus, the first scheduled payment was offset against the advance.

The third-party share remaining in the end-of-life-cycle assets mainly corresponds to the funding expected from CEA for its share of funding for the Pierrelatte site. This heading increases based on discounting reversals and decreases based on work performed.

PROVISIONS FOR END-OF-LIFE-CYCLE OPERATIONS

<i>(in millions of euros)</i>	December 31, 2009	December 31, 2008	December 31, 2007
Dismantling of nuclear facilities	4,092	4,068	3,881
Waste retrieval and packaging	1,568	1,606	1,194
Provisions for end-of-life-cycle operations	5,660	5,674	5,075

<i>(in millions of euros)</i>	Net carrying amount at December 31, 2008	Reversals (when risk has materialized): expenses covered by a provision	Discounting reversals	Change in assumptions, budgets, etc.	Net carrying amount at December 31, 2009
Dismantling provision	4,068	(132)	129	27	4,092
Provision for waste retrieval and packaging	1,606	(76)	47	(9)	1,568
TOTAL	5,674	(208)	176	18	5,660

<i>(in millions of euros)</i>	Net carrying amount at December 31, 2007	Reversals (when risk has materialized): expenses covered by a provision	Discounting reversals	Change in assumptions, budgets, etc.	Net carrying amount at December 31, 2008
Dismantling provision	3,881	(96)	235	48	4,068
Provision for waste retrieval and packaging	1,194	(31)	91	352	1,606
TOTAL	5,075	(127)	326	400	5,674

The increase in provisions for end-of-life-cycle operations in 2008 comes principally from the recognition of a waste retrieval and packaging provision corresponding to the CEA's share of funding for legacy waste retrieval and packaging operations at La Hague's UP2-400 plant.

At the same time, the lump sum settlement to be paid by the CEA to AREVA was recognized as a receivable on end-of-life-cycle operations. The CEA share was previously treated as a contract.

After a review of the French law of June 28, 2006 on the sustainable management of nuclear materials and radioactive waste, the implementing decree of February 23, 2007, and the administrative order of March 21, 2007 on collateralization of nuclear cleanup funding, and of the comments on their application made in 2008 by the regulator, the group decided to recognize this settlement as a receivable and the resulting commitment in provisions for waste retrieval and packaging.

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Provisions for end-of-life-cycle operations of facilities covered by the French law of June 28, 2006 pertaining to the sustainable

management of nuclear materials and nuclear waste were as follows at December 31, 2009, December 31, 2008 and December 31, 2007:

<i>(in millions of euros)</i>	December 31, 2009	December 31, 2008	December 31, 2007
Dismantling of regulated nuclear facilities, excluding long-term radioactive waste management	3,526	3,464	3,321
Dismantling of used fuel, excluding long-term radioactive waste management	-	-	-
Retrieval and packaging of legacy waste, excluding long-term radioactive waste management	1,031	1,102	730
Long-term radioactive waste management	714	727	689
Post-closure disposal center monitoring costs	37	37	36
TOTAL PROVISIONS FOR END-OF-LIFE-CYCLE OPERATIONS OF FACILITIES COVERED BY THE FRENCH LAW OF JUNE 28, 2006	5,308	5,330	4,776
Provisions for end-of-life-cycle operations of facilities not covered by the French law of June 28, 2006	352	344	299
TOTAL PROVISIONS FOR END-OF-LIFE-CYCLE OPERATIONS	5,660	5,674	5,075

At December 31, 2009, the use of a discount rate of 0.5% higher or 0.5% lower than the rate actually used changes the value of end-of-life-cycle provisions falling within the scope of the French law of June 28, 2006 by -428 million euros or +503 million euros respectively.

Nature of the commitments

As a nuclear facility operator, the group has a legal obligation to secure and dismantle its production facilities when they are shut down permanently, in whole or in part. The group must also retrieve and package waste produced by operating activities, in accordance with prevailing standards, that could not be processed as it was produced. Group facilities subject to these obligations include facilities in the front end of the fuel cycle, in particular the Pierrelatte plants and the fuel fabrication facilities, but they are predominantly facilities in the back end of the fuel cycle, including the treatment plants at La Hague and the MELOX and Cadarache plants for MOX fuel fabrication.

In December 2004, the CEA, EDF and AREVA NC signed an agreement concerning the Marcoule plant that transfers the responsibilities of site owner-operator to the CEA, which will be responsible for funding the site cleanup effort. This agreement does not cover final disposal costs for long-lived high- and medium-level waste. Accordingly, provisions for the Marcoule site include only AREVA NC's share of waste removal and final waste disposal costs.

Determination of provisions for end-of-life-cycle operations

Dismantling and waste retrieval and packaging

Estimated dismantling obligations are calculated facility by facility as follows:

The group's dismantling standards correspond to the following final condition: buildings are decontaminated where they stand and all nuclear waste areas are decommissioned to conventional waste status.

Detailed dismantling and waste management cost estimates for back-end facilities were prepared by SGN. As prime contractor for the construction of the majority of the group's treatment and recycling facilities, this engineering firm was judged to be the most qualified to select methods for the dismantling of these facilities. To do so, SGN developed software to estimate dismantling operations to be performed at the back-end plants of AREVA and the CEA. This software was certified by Veritas. Eurodif prepared the dismantling cost estimates for the Enrichment business.

The estimates are revised annually to take inflation into account. The expenses are allocated by year, adjusted for inflation and discounted to present value, as explained in Note 1.18. A provision is then recognized based on the present value. The discounting reversal is recognized in net financial expense.

For the periods ending December 31, 2009, December 31, 2008 and December 31, 2007, the following estimated rates applied to facilities located in France:

- inflation rate: 2%;
- discount rate: 5%.

Cost estimates will be updated if applicable regulations change or substantial technological developments are anticipated. As required by French program law no. 2006-739 of June 28, 2006 on the sustainable management of radioactive materials and waste, the group will submit a report every three years on cost estimates and calculation methods for provisions, in addition to an annual report update.

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Some waste from fuel treatment operations performed in France under older contracts could not be processed as it was produced, as packaging facilities were not yet in service at that time. This waste must now be retrieved and packaged with methods and technologies approved by the French safety authorities.

Final waste shipment and disposal

AREVA recognizes a provision for radioactive waste expenses for which the group is responsible.

These expenses include:

- the group's share of the cost of monitoring disposal facilities in the Manche and Aube regions of France, where low-level, short-lived waste is or will be disposed of;
- the shipment and underground disposal of low-level, long-lived waste (graphite) owned by the group; and
- the shipment and disposal of medium- and high-level waste covered by the French law of December 30, 1991 (now included in articles L. 542-1 *et seq.* of the French Environmental Code); in this case, the provision is based on the assumption that a deep geological repository will be built.

A working group established in 2004 at the request of the Ministry of Industry's Department of Energy and the Climate (DGEC) issued its findings concerning this last item in the second half of 2005. AREVA reviewed the report of the working group and adopted a reasonable total cost estimate of 14.1 billion euros (based on 2003 costs) for the deep geologic repository, including allowances for contingencies. Pursuant to the French law of June 28, 2006, the DGEC designated a working group to perform a new cost assessment for deep geologic disposal. The working group, led by the DGEC, includes representatives from Andra, AREVA, the CEA, EDF and the French nuclear safety authority ASN. When the working group has completed its work, the Minister of Environment, Energy, Sustainable Development and Regional Development may establish and make public the cost of deep retrievable disposal.

Provisions for end-of-life-cycle operations, before discounting

Provisions for end-life-cycle operations before discounting (subject to escalation from the date of closing):

<i>(in millions of euros)</i>	December 31, 2009	December 31, 2008	December 31, 2007
Dismantling of nuclear facilities	8,248	8,372	7,990
Waste retrieval and packaging	2,504	2,573	2,075
TOTAL	10,753	10,945	10,065

ASSETS EARMARKED FOR END-OF-LIFE-CYCLE OPERATIONS

This heading consists of the following:

<i>(in millions of euros)</i>	December 31, 2009	December 31, 2008	December 31, 2007
Receivables related to end-of-life-cycle operations	1,830	2,991	119
Earmarked assets	3,521	1,964	2,755
TOTAL	5,351	4,954	2,873

Receivables related to end-of-life-cycle operations correspond chiefly to (i) receivables from the CEA resulting from the signature of an agreement in December 2004 confirming the CEA's responsibility for a share of the costs to dismantle the La Hague and Cadarache plants and of the costs to retrieve and package waste from the UP2-400 plant, and (ii) a receivable from EDF resulting from the signature in December 2008 of the memorandum of understanding between EDF and AREVA on the principles governing back-end contracts for the post-2007 period. The terms of payment for the amount due by EDF were defined in an agreement signed by AREVA and EDF in July 2009. EDF has made a partial payment in accordance with this agreement and will pay the balance in 2010 and 2011. AREVA will invest these funds in the portfolio of assets earmarked for end-of-life-cycle operations.

Purpose of earmarked portfolio

To meet its share of end-of-life-cycle obligations, the group has voluntarily constituted a segregated portfolio over the past 15 years to cover future facility dismantling and waste management expenses. This is now an obligation for all nuclear operators in France since promulgation of law no. 2006-739 of June 28, 2006 and the implementing decree no. 2007-243 of February 23, 2007. AREVA's portfolio is based on a schedule of disbursements. These operations are scheduled to take place, for the most part, during the 2025-2060 timeframe. Accordingly, the portfolio is managed with long-term objectives. The portfolio is comprised of financial assets covering all of the group's commitments, whether related to obligations imposed by the French law of June 28, 2006 for regulated nuclear facilities located in France, or related to other end-of-life-cycle commitments for facilities located in France or abroad.

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FINANCIAL INFORMATION CONCERNING ASSETS, FINANCIAL POSITIONS AND FINANCIAL PERFORMANCE

Notes to the consolidated financial statements for the year ended December 31, 2009

The group relies on independent consultants to study strategic target asset allocations that optimize long-term portfolio risks and returns and to advise AREVA on the choice of asset classes and portfolio managers. These recommendations are submitted to the Clean-Up and Decommissioning Fund Monitoring Committee. Long-term asset allocations indicate the target percentage of assets to cover liabilities (bonds and money market investments, including receivables from third parties) and the diversification of assets (shares of stock, etc.), subject to limitations stated in the French decree of February 23, 2007, both in terms of the control and spread of risks, and in terms of the type of investments. Having performed a review, the group revised the portfolio's structure and the funds' management over the past three years.

In doing so, AREVA ensured that all AREVA NC and AREVA NP funds are held, registered and valued by a single custodian capable of performing the necessary control and valuation procedures independently, as required by the implementing order.

The portfolio of assets earmarked to fund end-of-life-cycle expenses includes the following:

<i>(in millions of euros)</i>	December 31, 2009	December 31, 2008	December 31, 2007
At market value			
Publicly traded shares	690	479	846
Equity mutual funds	720	548	946
Bond and money market mutual funds	2,111	937	963
TOTAL	3,521	1,964	2,755
By region			
Euro zone	2,846	1,753	2,358
Non-euro Europe	675	211	394
Other	-	-	3
TOTAL	3,521	1,964	2,755

Management mandate for publicly traded equities

Composition

The mandate was established at the beginning of 2007 with the contribution of three equity investments: Michelin, Saint-Gobain and Schneider. The manager's objective is to rotate the initial investments over time to diversify the portfolio over some 30 euro zone equities to produce long-term gains, with a slow rotation of assets.

At December 31, 2009, the mandate includes 29 companies with a market value of 690 million euros, with 51% of the value concentrated in the three initial investments, compared with 63% at the end of 2008.

Risk assessment

Although it is not a management guideline, the mandate will be assessed over the long term by reference to the MSCI EMU index, net dividends reinvested. The nature of the long-term mandate is not compatible with an evaluation against a benchmark.

The equity component of the portfolio, which was initially invested in European equities via a limited number of direct interests in publicly traded French companies and via independently managed mutual funds, was reorganized in 2007 and is now wholly independent. It consists of:

- a mandate for the management of euro zone equities, with long term objectives and a slow rotation of assets;
- European equity mutual funds corresponding to three management categories and styles:
 - indexed management for large-cap securities,
 - active quant management for large-cap securities, and
 - small and mid-cap securities.

The fixed component, comprising bond funds and money market funds, remains unchanged.

Dedicated equity funds (indexed management, active quant, small caps)

Composition

Other equity securities are invested in mutual funds dedicated to AREVA with a net asset value of 720 million euros at December 31, 2009.

Three management strategies were chosen for three specific investment universes:

- to duplicate the performance of the benchmarks, indexed management based on large euro zone capitalizations (EMU + UK) is the foundation of the dedicated equity funds;
- active quant management is the second component of the equity portfolio, with investments chosen in the universe of MSCI EMU + UK companies. The manager's objective is to outperform the benchmark with a limited tracking error;
- the third universe of the portfolio consists of actively managed small- and mid-caps chosen exclusively from among companies in the MSCI Europe Small-Cap universe.

Risk assessment

The managers must follow strict rules of exposure, depending on the objectives of the fund involved, including limits on the amounts invested per issuer or in percentage of the net value of the portfolio, limits on exposures in currencies other than the euro, tracking error (relative risk compared with the benchmark), and limits on exposures to certain types of instruments. Together, these limits are designed to comply with investment rules established in the implementing decree of the French law of June 28, 2006.

A single custodian was selected for all of the funds to verify that the managers apply the rules at all times and to perform independent valuations of the funds.

Derivatives

Derivatives may be used for hedging or to acquire a limited exposure. They are subject to specific investment guidelines prohibiting leverage. Sales of puts and calls must be fully covered by underlying assets and are prohibited on assets not included in the portfolio.

Fund valuation

The funds are valued based on their net asset value, corresponding to the market value of the securities held by each fund on the last day of the period.

Dedicated bond funds

Composition

At least 80% of the bond funds held by AREVA NC consist of interest rate instruments in euros; no more than 20% of the managed funds may be comprised of interest rate instruments denominated in US dollars or in non-euro zone European Union currencies, in which case the foreign exchange risk must be hedged. No equities may be held by bond mutual funds.

The funds' performance is measured against a composite FTSE benchmark of euro zone government bonds.

Mandates and bond funds matching disbursement flows exactly have been established specifically for Eurodif, an AREVA NC subsidiary.

Risk assessment

Excluding Eurodif's mandates and bond funds, whose sensitivity essentially matches liabilities, the sensitivity of each fund to interest rate fluctuations is currently between a minimum of zero and a maximum of five.

The securities selected must be rated by Moody's and/or Standard & Poor's in accordance with the table below:

	Moody's	S&P
0 – 1 year	P1	A1
1 – 4 years	Aa3	AA-
4 – 7 years	Aa1	AA+
> 7 years	Aaa	AAA

Derivatives

The sole purpose of derivatives is to hedge existing positions. Total nominal commitments may not exceed the fund's net assets.

Fund valuation

The bond funds' net asset value is determined by valuing the securities held by each fund at market value on the last day of the period.

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FINANCIAL INFORMATION CONCERNING ASSETS, FINANCIAL POSITIONS AND FINANCIAL PERFORMANCE

Notes to the consolidated financial statements for the year ended December 31, 2009

Performance of various asset classes (excluding receivables) used to cover liabilities pursuant to the French law of June 28, 2006 and its implementing order no. 2007-243 of February 23, 2007

	2009	2008	2007
AREVA NC			
I. 3° Euro zone equities	+30.5%	-43.4%	9.3%
AREVA NC			
I. 4° EU equity funds *	+30.5%	-45.6%	2.4%
I. 4° Euro bond funds *	+4.3%	7.1%	3.2%
I. 4° Money market funds	+0.7%	4.2%	4.0%
AREVA NP			
I. 4° Money market and equity funds	+13.3%	-13.9%	4.1%
Eurodif			
I. 4° Money market, equity and bond funds and mandates	+5.6%	-6.1%	3.0%

* Performance reported for these asset classes includes that of mutual funds earmarked for end-of-life-cycle operations of regulated French and foreign nuclear facilities not subject to the French law of June 28, 2006.

Performance of all earmarked assets

Financial assets held as securities or mutual funds represent 66% of all earmarked assets at December 31, 2009. Earmarked assets at year-end 2009 were allocated as follows: 26% equities, 40% bonds, 34% receivables. If interest on receivables is used to determine the performance of rate instruments, the overall performance of all earmarked assets would be approximately +9.7% for the 2009 calendar year.

Risk assessment and management of the earmarked portfolio

The risks underlying the portfolios and funds holding assets under the management mandate for end-of-life-cycle operations are assessed every month. For each fund or earmarked asset, this assessment provides an estimate of the maximum total loss with a 95% confidence level for different maturities of the portfolios, using the VaR method and volatility estimates. A second estimate is done using deterministic scenarios: an impact of 100 basis points on the rate curve and a 20% drop in the value of the equities.

Impacts related to the valuation of earmarked assets are presented in Note 32.

NOTE 14. INVESTMENTS IN ASSOCIATES

INVESTMENTS IN ASSOCIATES (BY ASSOCIATE)

December 31, 2009 <i>(in millions of euros)</i>	Percentage of control	Share in net income of associates	Investment in associates, excluding goodwill	Goodwill	Investment in associates, including goodwill
STMicroelectronics	14.27	(112)	805	-	805
Eramet	25.71	(39)	627	35	662
New MNF	30.00	(2)	45	64	109
Other associates		1	55	4	59
TOTAL		(152)	1,532	103	1,635

December 31, 2008 <i>(in millions of euros)</i>	Percentage of control	Share in net income of associates	Investment in associates, excluding goodwill	Goodwill	Investment in associates, including goodwill
STMicroelectronics	14.34	(46)	897	43	940
Eramet	26.17	187	717	35	752
REpower	-	1	-	-	-
Other associates		14	65		65
TOTAL		156	1,679	78	1,757

December 31, 2007 <i>(in millions of euros)</i>	Percentage of control	Share in net income of associates	Investment in associates, excluding goodwill	Goodwill	Investment in associates, including goodwill
STMicroelectronics	11.04	(25)	748	43	791
Eramet	26.24	153	552	35	587
REpower	29.95	7	97	26	123
Other associates		14	57		57
TOTAL		148	1,454	104	1,558

The shareholders' agreement among AREVA, FT1C1 and Finmeccanica, renewed on March 17, 2008 for a three-year period, establishes the rules governing relations between the parties and

seeks to improve the liquidity of their indirect interests in the company and to maintain a stable and balanced shareholders' base. It provides AREVA with significant influence over STMicroelectronics.

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**FINANCIAL INFORMATION CONCERNING ASSETS,
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Notes to the consolidated financial statements for the year ended December 31, 2009

CHANGE IN INVESTMENTS IN ASSOCIATES

<i>(in millions of euros)</i>	2009	2008
Investments in associates at January 1	1,757	1,558
Share in net income of associates	(152)	156
Dividends	(56)	(79)
Currency translation adjustments	(49)	23
Acquisitions	135	
Disposals		(125)
Other changes		225
INVESTMENTS IN ASSOCIATES AT DECEMBER 31	1,635	1,757

SUMMARY DATA ON ASSOCIATES

<i>(in millions of euros)</i>	STMicroelectronics *	Eramet *
Total assets	10,772	5,969
Total liabilities	4,137	2,237
Equity	6,634	3,732
Revenue	6,690	4,346
Net income	(354)	694

* Information reported in accordance with IFRS (December 31, 2008).

MARKET VALUE OF INVESTMENTS IN PUBLICLY TRADED ASSOCIATES

<i>(in millions of euros)</i>	December 31, 2009			December 31, 2008			December 31, 2007		
	% of control	Investment in associates	Market value	% of control	Investment in associates	Market value	% of control	Investment in associates	Market value
STMicroelectronics	14.27	805	638	14.34	940	475	11.04	791	973
Eramet	25.71	662	1,492	26.17	752	932	26.24	587	2,365
REpower	-	-	-	-	-	-	29.95	123	336
TOTAL		1,467	2,130		1,692	1,407		1,501	3,674

NOTE 15. OTHER NON-CURRENT FINANCIAL ASSETS

<i>(in millions of euros)</i>	December 31, 2009	December 31, 2008	December 31, 2007
Available-for-sale securities	682	1,744	2,269
Loans to equity associates	82	87	28
Other non-current financial assets	83	232	262
Derivatives on financing activities	13	89	29
TOTAL	860	2,152	2,588

AVAILABLE-FOR-SALE SECURITIES

Changes during the year were as follows:

<i>(in millions of euros)</i>	December 31, 2008
December 31, 2008	1,744
Acquisitions	26
Disposals	(1,224)
Discontinued operations	(18)
Lasting impairment	(2)
Changes in fair value recognized outside profit or loss	164
Change in consolidation scope, currency translation and miscellaneous	(8)
DECEMBER 31, 2009	682

Available-for-sale securities are as follows:

<i>(in millions of euros)</i>	Number of shares at December 31, 2009		December 31, 2008	December 31, 2007
Publicly traded shares (at market value)				
• Total	0	0	286	418
• Alcatel	2,597,435	6	4	13
• GDF Suez	0	0	932	1,287
• Suez Environnement	6,906,750	111	83	
• Safran (formerly Sagem)	30,772,945	421	296	432
• Summit	21,108,268	30	18	38
• Japan Steel	4,830,000	43	47	
• Other publicly traded shares	-	15	10	4
Investment in privately held companies		56	68	77
TOTAL		682	1,744	2,269

All interests in Total and GDF Suez were sold in 2009.

In 2008, AREVA acquired shares in Japan Steel.

The changes in Safran securities correspond solely to changes in their market price; no transactions were made on these securities.

At December 31, 2009, "investments in privately held companies" consists in particular of interests in companies with shares in mineral deposits.

The impact on the valuation of available-for-sale securities is presented in Note 32.

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**FINANCIAL INFORMATION CONCERNING ASSETS,
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Notes to the consolidated financial statements for the year ended December 31, 2009

OTHER NON-CURRENT FINANCIAL ASSETS

At December 31, 2008, this heading consisted primarily of deposits with the US Customs Service in connection with the USEC dispute in the amount of 153 million euros (compared with 145 million euros in 2007).

Most of these deposits were reimbursed in 2009 pursuant to an agreement signed in that same year between AREVA and USEC (see Note 34).

NOTE 16. INVENTORIES AND WORK IN PROCESS

<i>(in millions of euros)</i>	December 31, 2009			December 31, 2008			December 31, 2007		
	Gross	Impairment	Net	Gross	Impairment	Net	Gross	Impairment	Net
Raw materials and other supplies	660	(110)	550	923	(165)	758	855	(163)	691
Goods in process	329	(4)	325	791	(25)	765	711	(26)	685
Services in process	570	(17)	553	733	(31)	702	692	(110)	581
Intermediate and finished products	1,294	(22)	1,272	1,208	(30)	1,178	889	(29)	860
TOTAL	2,853	(153)	2,699	3,655	(251)	3,404	3,146	(329)	2,817
Inventories and work-in-process									
• at cost			2,287			2,981			2,465
• at fair value net of disposal expenses			413			423			353
			2,699			3,404			2,817

NOTE 17. TRADE ACCOUNTS RECEIVABLE AND RELATED ACCOUNTS

<i>(in millions of euros)</i>	December 31, 2009	December 31, 2008	December 31, 2007
Gross amount	2,185	4,532	3,932
Impairment	(24)	(46)	(48)
NET CARRYING AMOUNT	2,161	4,486	3,884

CHANGE IN IMPAIRMENT OF TRADE ACCOUNTS RECEIVABLE AND RELATED ACCOUNTS

JANUARY 1, 2009	(46)
Change in consolidation scope	0
Discontinued operations	27
Charge	(9)
Reversal (when risk has materialized)	3
Reversal (when risk has not materialized)	1
Other (currency translation adjustments)	0
DECEMBER 31, 2009	(24)

The gross amount of trade accounts receivable and related accounts includes 59 million euros in receivables maturing in more than one year.

At December 31, 2009, trade accounts receivable and related accounts include receivables in the amount of 503 million euros on contracts recognized according to the percentage of completion

method (compared with 1.437 billion euros at December 31, 2008 and 1.121 billion euros at December 31, 2007, including T&D).

TRADE ACCOUNTS RECEIVABLE AND RELATED ACCOUNTS (GROSS) *

(in millions of euros)

Accounts receivable and related accounts	Gross	Maturing in the future	Impaired and past due	Including not impaired, maturing in the future					
				Less than 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	More than 1 year
At December 31, 2009	1,681	1,284	19	180	129	26	8	16	17
At December 31, 2008	3,095	2,531	40	130	58	40	45	173	78
At December 31, 2007	2,812	2,480	38	114	78	29	31	30	12

* Excluding accounts receivable on contracts recognized according to the percentage of completion method.

NOTE 18. OTHER OPERATING RECEIVABLES

(in millions of euros)

	December 31, 2009	December 31, 2008	December 31, 2007
French State	420	508	426
Advances and down-payments to suppliers	573	596	340
Miscellaneous accounts receivable	645	994	456
Financial instruments	184	306	153
Other	15	30	27
TOTAL	1,838	2,434	1,402

"Miscellaneous accounts receivable" includes receivables from employees and benefit management organizations.

At December 31, 2009, other operating receivables included 341 million euros in receivables maturing in more than one year.

Financial instruments include the fair value of derivatives hedging market transactions and the fair value of the firm commitments hedged.

NOTE 19. CASH AND CASH EQUIVALENTS

(in millions of euros)

	December 31, 2009	December 31, 2008	December 31, 2007
Cash equivalents	1,265	632	346
Cash and current accounts	144	418	288
NET VALUE	1,409	1,050	634

Cash equivalents consist chiefly of short-term mutual funds and short-term marketable securities.

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FINANCIAL INFORMATION CONCERNING ASSETS, FINANCIAL POSITIONS AND FINANCIAL PERFORMANCE

Notes to the consolidated financial statements for the year ended December 31, 2009

NOTE 20. OTHER CURRENT FINANCIAL ASSETS

<i>(in millions of euros)</i>	December 31, 2009	December 31, 2008	December 31, 2007
Securities held for trading	88	6	69
Puts and calls	4	-	124
Other current financial assets and derivatives on financing activities	47	107	86
TOTAL	139	113	279

Securities held for trading include top-rated bonds and balanced equity/bond funds.

Other current financial assets at December 31, 2009 include 28 million euros for the Framépargne liquidity guarantee (see Note 31), compared with 53 million euros at December 31, 2008.

At December 31, 2007, equity options mainly included a put option on REpower shares in the amount of 121 million euros.

NOTE 21. SHARE CAPITAL

SHARE CAPITAL

At December 31, AREVA's share ownership was as follows:

At December 31	2009	2008	2007
CEA	78.9%	78.9%	78.9%
French State	8.4%	5.2%	5.2%
Caisse des dépôts et consignations	3.6%	3.6%	3.6%
Erap	-	3.2%	3.2%
Total	1.0%	1.0%	1.0%
Calyon and employee shareholders	1.4%	1.6%	1.6%
EDF	2.5%	2.5%	2.5%
Treasury shares	0.2%	-	-
Shareholders with voting rights	96.0%	96.0%	96.0%
Investment certificate holders	4.0%	4.0%	4.0%
TOTAL	100.0%	100.0%	100.0%

The par value of the AREVA SA share and of the investment certificate is 38.00 euros.

CURRENCY TRANSLATION RESERVES

Currency translation reserves totaled -155 million euros in 2009, -131 million euros in 2008, and -138 million euros in 2007. This decrease reflects changes in the US dollar exchange rate for the most part.

DILUTIVE INSTRUMENTS

The group does not have a stock option plan and has not issued any instrument convertible into equity.

EARNINGS PER SHARE

The average number of shares and investment certificates used to calculate earnings per share in 2009 was 35,389,780 shares and investments certificates.

OTHER COMPREHENSIVE INCOME ITEMS

<i>(in millions of euros)</i>	2009	2008	2007
Currency translation adjustments on consolidated companies			
• Unrealized gains (losses) for the period	(2)	(13)	(29)
• Less gains (losses) recognized in profit or loss		-	
Change in value of available-for-sale financial assets			
• Unrealized gains (losses) for the period	472	(1,308)	128
• Less gains (losses) recognized in profit or loss	(583)	(90)	(79)
Change in value of cash flow hedges			
• Unrealized gains (losses) for the period	12	(17)	6
• Less gains (losses) recognized in profit or loss	(24)	2	(7)
Income tax related to these items	(68)	612	(96)
Other comprehensive income items from discontinued operations	52	(41)	(13)
Share in comprehensive income of associates (net of income tax)	(55)	49	(81)
TOTAL OTHER COMPREHENSIVE INCOME ITEMS (NET OF INCOME TAX)	(196)	(806)	(171)

Tax impact of other comprehensive income items

<i>(in millions of euros)</i>	2009			2008			2007		
	Before tax	Income tax	After tax	Before tax	Income tax	After tax	Before tax	Income tax	After tax
Currency translation adjustments on consolidated companies	(2)	(21)	(23)	(13)	32	19	(29)	(42)	(71)
Change in value of available-for-sale financial assets	(111)	(48)	(159)	(1,398)	576	(822)	49	(53)	(4)
Change in value of cash flow hedges	(12)	1	(11)	(15)	4	(11)	(1)	(1)	(2)
Share in comprehensive income of associates (net of income tax)	(55)		(55)	49	-	49	(81)		(81)
Other comprehensive income items from discontinued operations	68	(16)	52	(50)	9	(41)	(17)	4	(13)
TOTAL OTHER COMPREHENSIVE INCOME ITEMS (NET OF INCOME TAX)	(112)	(84)	(196)	(1,427)	621	(806)	(79)	(92)	(171)

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FINANCIAL INFORMATION CONCERNING ASSETS, FINANCIAL POSITIONS AND FINANCIAL PERFORMANCE

Notes to the consolidated financial statements for the year ended December 31, 2009

NOTE 22. MINORITY INTERESTS

The largest minority interests were as follows:

<i>(in millions of euros)</i>	December 31, 2009	December 31, 2008	December 31, 2007
STMicroelectronics	170	194	
Eurodif	221	187	233
SET Holding	133	70	
UraMin	57	57	70
Katco	68	31	12
Minority interests in discontinued operations	128	105	75
Other	149	101	80
TOTAL	926	745	470

As provided in IAS 32 and mentioned in Note 1.19.1., put options held by Siemens on its investment in AREVA NP are recognized as borrowings (see Note 25) and the corresponding minority interests

are canceled. The difference between the value of the options and the minority interests canceled is recognized in goodwill (see Note 10).

NOTE 23. EMPLOYEE BENEFITS

Depending on the prevailing laws and practices of each country, the group's companies may pay retirement bonuses to their retiring employees based on their compensation and seniority. Long-service jubilee payments and early retirement pensions are sometimes due in France and in Germany, while supplemental pensions may contractually guarantee a given level of income to certain employees. Some of the group's companies also grant other post-retirement benefits, such as the reimbursement of medical expenses.

These "defined benefit" plans are recognized in accordance with the accounting principles defined in Note 1.16.

The group calls on independent actuaries for a valuation of its commitments each year.

In some companies, these obligations are covered in whole or in part by contracts with insurance companies or pension funds. In such cases, the obligations and the covering assets are valued independently. The difference between the obligation and the assets is either a funding surplus or a deficit. A provision is recognized in the event of a deficit and an asset is recognized in the event of a surplus, subject to specific conditions.

PROVISIONS RECOGNIZED ON THE STATEMENT OF FINANCIAL POSITION

<i>(in millions of euros)</i>	December 31, 2009	December 31, 2008	December 31, 2007
TOTAL PROVISIONS FOR PENSION OBLIGATIONS AND OTHER EMPLOYEE BENEFITS	1,121	1,268	1,175
Less pension plan assets	(0)	(1)	(0)
Less local pension plan assets	(2)	(8)	(24)
TOTAL PLANS REVIEWED BY THE GROUP'S ACTUARIES	1,119	1,259	1,151
Retirement benefits	247	256	207
Supplemental retirement benefits	31	165	179
Early retirement benefits	578	575	543
Medical expenses and accident/disability insurance	243	235	194
Job-related awards	20	28	28

At December 31, 2009 the amounts do not include discontinued operations.

The information below concerns plans reviewed by the group's actuaries.

CATS, CASA and CASAIC plans are included in early retirement plans.

The main actuarial assumptions used in determining the group's obligations are as follows:

	2009	2008
Inflation	2%	2%
Discount rate		
• Euro zone	5.00%	5.50%
• US dollar zone	5.50%	6.00%
Expected average return on plan assets		
• Euro zone	5 to 6.25%	5 to 6.25%
• US dollar zone	7.5%	7.5%
Pension benefit increases		
• Euro zone	1.94%	1.95%
• US dollar zone	0%	0%
Annual social security ceiling increase (before inflation)	+0.5%	+0.5%

• Mortality tables:

	2009	2008
France		
• annuities	Mortality tables	Mortality tables
• lump sum payments	INSEE 2000-2002 Men/Women	INSEE 2000-2002 Men/Women
Germany	Heubeck 2005	Heubeck 2005
United States	RP-2000	IRS 2008

• Retirement age in France: 63 for management personnel, 61 for non-management personnel.

• Average attrition is assumed to occur among employees in each company at a declining rate reflecting age brackets.

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Notes to the consolidated financial statements for the year ended December 31, 2009

- Salary increases are assumed to be net of inflation (weighted average based on the number of employees in each company).

France	Management personnel		Non-management personnel	
	2009	2008	2009	2008
< 30 years	2.07%	2.16%	1.61%	1.35%
30-39 years	1.87%	1.82%	1.52%	1.31%
40-49 years	1.53%	1.36%	1.25%	1.08%
50-54 years	1.11%	0.92%	1.10%	0.95%
55 years and above	0.86%	0.65%	0.79%	0.68%

Germany	2009	2008
< 35 years	1.50%	1.61%
> 35 years	1.50%	1.23%

United States	2009	2008
	1.75%	1.75%

Assumed rate of salary increases including changes in consolidation scope.

- Assumed rate of increase in medical expenses in the United States:

Year	
2009	8%
2010	7.5%
2011	7%
2012	6.5%
2013	6%
2014	6.5%
2015+	5%

Contributions/benefits anticipated for defined benefit plans in 2010.

The costs to be borne by the company for baseline contributions and benefits are estimated at 127 million euros;

The minimum mandated coverage in some countries – principally Germany and the United States – requires the group to make additional contributions of approximately 13 million euros in 2009.

PLAN ASSETS

Europe

Type of asset	2009	2008
Cash	6%	10%
Bonds	65%	65%
Equities	25%	21%
Real estate	4%	4%

United States

Type of asset	2009	2008
Cash	1%	3%
Bonds	42%	47%
Equities	57%	50%
Real estate	0%	0%

Effective return on plan assets	2009	2008
Europe	12.97%	-7.70%
United States	22.99%	-22.80%

The returns expected on assets are calculated taking into account:

- plan asset allocations by type of investment; and
- assumptions of average future returns by category of asset.

The group's pension assets do not include financial instruments of the AREVA group. The pension plans' real estate assets do not include real property owned by AREVA.

NET CARRYING AMOUNT OF BENEFIT OBLIGATIONS

At December 31, 2009	Retire- ment bonuses	Supplemental re- tirement benefits	Early retirement benefits		Medical benefits	Job- related awards	Total	Total		
	Outsour- ced	Outsour- ced	In-house mana- gement	Out- sour- ced	In- house mana- gement	In-house mana- gement	In-house mana- gement	Out- sour- ced	In- house mana- gement	Total
<i>(in millions of euros)</i>										
Benefit obligation	402	659	25	829	295	242	20	1,890	582	2,472
Fair value of plan assets	(35)	(531)	-	(328)	-	-	-	(894)	-	(894)
Unrecognized actuarial gains and losses	(112)	(119)	(2)	(81)	(36)	(2)	-	(312)	(40)	(352)
Unrecognized past service cost	(8)	(1)	-	(73)	(28)	3	-	(82)	(25)	(107)
Plan assets recognition limit	-	-	-	-	-	-	-	-	-	-
TOTAL BENEFIT OBLIGATION	247	8	23	347	231	243	20	602	517	1,119

Sensitivity of the actuarial value of the obligation to changes in discount rates

An across-the-board increase in the discount rate of 0.5% decreases benefit obligations by 4.4%.

Historical data <i>(in millions of euros)</i>	December 31, 2008	December 31, 2007	December 31, 2006	December 31, 2005
Benefit obligation	2,672	2,610	2,517	2,364
Fair value of plan assets	(999)	(1,161)	(978)	(875)
Unrecognized actuarial gains and losses	(308)	(222)	(331)	(309)
Unrecognized past service cost	(106)	(110)	(114)	(127)
Plan assets recognition limit	-	34	-	-
TOTAL BENEFIT OBLIGATION	1,259	1,151	1,094	1,053

Experience differences since IFRS adoption

Actuarial (gains) losses by year *(in millions of euros)*

	Benefit obligations	97
	Plan assets	246
Cumulative 2004 to 2008	TOTAL	343
	Benefit obligations	36
	Plan assets	(60)
2009	TOTAL	(24)

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TOTAL EXPENSE FOR THE YEAR

2009 <i>(in millions of euros)</i>	Retirement bonuses	Supplemental retirement benefits	Early retirement benefits	Medical benefits	Job- related awards	Total	2008
Current service cost	17	11	29	4	1	62	72
Interest on obligation	21	35	57	11	1	125	133
Expected return on plan assets	(2)	(28)	(15)	-	-	(45)	(66)
Actuarial gains or losses recognized in the year	5	5	9	(2)	1	18	25
Past service cost	4	1	13	4	1	23	44
Plan curtailment or termination	-	-	-	-	-	-	(1)
Impact of limit on recognition of assets	-	-	-	-	-	-	-
TOTAL EXPENSE FOR THE YEAR	45	24	93	17	4	183	207

CHANGE IN THE DEFINED BENEFIT OBLIGATION

At December 31, 2009 <i>(in millions of euros)</i>	Retirement bonuses	Supplemental retirement benefits	Early retirement benefits	Medical benefits	Job- related awards	Total	2008
DBO at December 31, 2008	398	939	1,093	214	28	2,672	2,610
Current service cost	17	11	29	4	1	62	72
Cost escalation	21	35	57	11	1	125	133
Employee contributions	-	5	-	-	-	5	14
Past service cost	9	-	2	10	1	22	41
Acquisitions and disposals	-	-	-	-	-	-	-
Change in consolidation scope	-	-	-	-	-	-	18
Curtailments/terminations	-	-	-	-	-	-	-
DBO of operations held for sale	(47)	(320)	(41)	-	(11)	(419)	-
Benefits paid during the year	(20)	(26)	(78)	(7)	(1)	(132)	(148)
Actuarial gains and losses	24	47	62	11	1	145	(82)
Exchange gains and losses	-	(7)	-	(1)	-	(8)	14
DBO AT DECEMBER 31, 2009	402	684	1,124	242	20	2,472	2,672

CHANGES IN PLAN ASSETS

<i>(in millions of euros)</i>	2009	2008
Changes in asset values		
Opening balance	999	1,161
Expected return	45	66
Actuarial gains and losses	60	(225)
Employer contributions	113	118
Employee contributions	5	14
Benefits paid	(132)	(148)
Acquisitions and disposals	-	-
Assets of operations held for sale	(192)	-
Change in consolidation scope	-	-
Exchange gains and losses	(4)	13
NET CARRYING VALUE AT DECEMBER 31	894	999

CHANGE IN PROVISION ESTIMATED BY THE GROUP'S ACTUARIES

<i>(in millions of euros)</i>	2009	2008
Change in the provision		
Opening balance	1,259	1,151
Exchange gains and losses	(2)	1
Change in consolidation scope	(208)	18
Total expense	183	207
Contributions collected/benefits paid	(113)	(118)
BENEFIT OBLIGATION AT DECEMBER 31	1,119	1,259

Changes in consolidation scope in 2009 relate mainly to operations held for sale.

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NOTE 24. OTHER PROVISIONS

<i>(in millions of euros)</i>	January 1, 2009	Charge *	Reversal (when risk has mate- rialized)	Reversal (when risk has not materia- lized)	Discon- tinued operations	Reclassi- fications, changes in consolidation scope/curren- cy translation adjustments	December 31, 2009
Restoration of mining sites and mill decommissioning	76	24	(13)	-	-	6	93
Provisions for site clean-up and reconstruction of other industrial sites	47	-	-	(1)	(44)	-	1
Other non-current provisions	123	24	(13)	(1)	(44)	6	94
Restructuring and layoff plans	62	11	(3)	(1)	(42)	-	27
Provisions for ongoing clean-up	97	8	(7)	-	-	-	97
Provisions for customer warranties	252	40	(18)	(26)	(163)	-	86
Provisions for losses to completion	792	637	(671)	(5)	(26)	(2)	726
Accrued costs	523	105	(67)	(9)	-	-	552
Other	356	80	(74)	(30)	(124)	(1)	208
Current provisions	2,081	882	(839)	(70)	(355)	(3)	1,696
TOTAL PROVISION	2,205	906	(852)	(71)	(399)	3	1,791

* Including a discount reversal of 11 million euros at December 31, 2009.

<i>(in millions of euros)</i>	January 1, 2008	Charge *	Reversal (when risk has materialized)	Reversal (when risk has not materialized)	Reclassifica- tions, changes in consolida- tion scope/ currency translation adjustments	December 31, 2008
Restoration of mining sites and mill decommissioning	71	9	(10)	0	7	76
Provisions for site clean-up and reconstruction of other industrial sites	50	9	(4)	(9)	0	47
Other non-current provisions	121	18	(14)	(9)	7	123
Restructuring and layoff plans	81	24	(32)	(10)	(1)	62
Provisions for ongoing clean-up	91	11	(6)	(1)	1	97
Provisions for customer warranties	241	124	(58)	(49)	(6)	252
Provisions for losses to completion	579	814	(594)	(7)	(1)	792
Accrued costs	497	113	(74)	(13)	0	523
Other	334	147	(74)	(65)	14	356
Current provisions	1,823	1,234	(839)	(145)	7	2,081
TOTAL PROVISION	1,943	1,252	(852)	(154)	14	2,205

* Including a discount reversal of 19 million euros at December 31, 2008.

At December 31, 2009, other provisions were as follows:

	2009	2008	2007
Contingencies on contracts	8	16	16
Provisions for litigation	17	25	41
Provisions for tax risk	21	41	31
Provisions for fines and penalties	7	39	49
Other loss provisions	100	105	114
Other contingency provisions	55	129	84
TOTAL	208	356	334

PROVISIONS FOR RESTRUCTURING AND LAYOFF PLANS

Provisions for restructuring total 27 million euros in 2009. They include 18 million euros for layoff plans and 10 million euros for site closures and related costs.

These provisions, along with the layoff plan disbursement schedule and workforce estimates, are indicated below.

<i>(in millions of euros)</i> Division	Site closure and related costs	Layoff plan	Layoff plan disbursement schedule		
			2010	2011	2012
Front End division	9	5	1	2	2
Reactors & Services division	1	2	1	-	-
Back End division	-	11	4	3	5
Corporate division	-	-	-	-	-
TOTAL	10	18	6	5	7

Layoff provisions are generally recognized when plans are presented to employee representatives. They primarily concern total or gradual activity terminations, changes in employee assignments and, to a lesser extent, negotiated departures.

PROVISIONS FOR LOSSES TO COMPLETION

This heading primarily includes losses to completion related to the OL3 EPR™ reactor construction contract.

Contract for construction of the Olkiluoto 3 EPR™ reactor

The civil engineering work is now nearing completion. An important project milestone was met when the reactor dome was installed in early September 2009. This marks the start of the piping and electromechanical equipment installation phases.

More than 93% of the orders and contracts have been committed. Most of the heavy components, such as the reactor vessel, steam generators and pressurizer, are now on site, and testing has begun on the polar crane to be used for their installation in 2010.

However, piping installation was penalized in the fourth quarter of 2009 when discussions with the customer proved necessary, particularly on the scope and implementation of inspection procedures.

As a result, ramp-up of this work has been delayed in terms of the initial schedule. Measures were taken to offset the schedule impact of this phase of work going forward.

In the same vein, the customer and the CFS consortium worked on completing rules for transferring systems at the end of construction to the testing and startup teams, with the objective now being rapid formalization of agreed-upon operating methods in an agreement so that the first electrical power distribution tests may start in the second half of the year.

The final architecture of the instrumentation and control system was proposed to the customer and to the safety authorities at the end of the year.

Considering the normal progress of all other activities in the second half of 2009, AREVA did not recognize a provision at the end of December 2009 to supplement the 550 million euros recorded on June 30, 2009. A total of 2.3 billion euros in provisions have been recognized at December 31, 2009.

The schedule for facility startup will depend on the effective implementation by TVO and STUK of agreed-upon procedures concerning piping installation and inspection, and then on the validation and effective implementation of procedures related to the testing and startup phases and to the instrumentation and control system.

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To exercise its rights, the AREVA-Siemens consortium initiated a claim in 2006 concerning the extension of time and compensation of costs borne by the consortium through the fault of TVO, amounting to one billion euros for the 2004-2006 period alone. This figure is being updated for the subsequent period. No agreement was reached, and the consortium started arbitration proceedings on December 5, 2008. These proceedings are in progress and could last several years.

TVO, meanwhile, made known its position in 2007, formally disagreeing with the consortium's 2006 claim and presenting its own claim. The initial amount of the counterclaim against the AREVA-Siemens consortium of 2.3 billion euros was revised in April 2009 to 1.4 billion euros. The consortium and its counsel consider that the allegations made in the counterclaim remain unfounded and without merit under Finnish law. Consequently, no provision was constituted in this regard.

The remaining uncertainties regarding estimated income at completion of the project therefore relate, among others, to the contract risks, the customer's effective implementation of piping installation and inspection operations in accordance with the agreed-upon procedures, as well as the potential difficulties during the testing and startup phases, including the instrumentation and control system.

PROVISIONS FOR CONTRACT COMPLETION

Provisions for contract completion totaled 552 million euros at December 31, 2009. These expenses relate to ancillary tasks yet to be performed, such as waste treatment and storage.

NOTE 25. BORROWINGS

<i>(in millions of euros)</i>	Long-term borrowings	Short-term borrowings	December 31, 2009	December 31, 2008	December 31, 2007
Put options of minority shareholders	17		17	2,068	2,049
Debt to Siemens on exercise of the put option	2,080		2,080		
Interest-bearing advances **	81		81	727	652
Loans from financial institutions	641	1,633	2,274	3,582	2,009
Bond issues	2,974	32	3,006	-	-
Short-term bank facilities and non-trade current accounts (credit balances)		129	129	172	113
Financial instruments		56	56	54	27
Miscellaneous debt *	79	20	99	59	65
TOTAL BORROWINGS	5,872	1,869	7,741	6,662	4,915
<i>*Including leasing obligations</i>	20	8	28	43	48

** Including 620 million euros in interest-bearing EDF advances at economic conditions set in 2007 for 2007 and 2008.

DEBT TO SIEMENS ON EXERCISE OF ITS PUT OPTION

The shareholders' agreement signed in 2001 between Framatome SA (taken over by AREVA in 2001) and Siemens provided for the exercise of a put option by Siemens for the shares it holds in AREVA NP, representing 34% of the share capital, and a call option by AREVA for the shares Siemens holds in AREVA NP, under certain conditions, for a period of 11 years. At the end of this period, i.e. beginning

January 2012, the parties had the possibility of exercising the put or the call unconditionally with 3 years advance notice.

Commitments to purchase minority interests held by Siemens in AREVA NP SAS are included in borrowings at the put option exercise price, valued using the net present value of future cash flows. This value is adjusted on December 31 of each year.

The following assumptions had been used to value the option held by Siemens at 2.049 billion euros at December 31, 2007:

	After tax discount rate	Growth rate of pro forma year	Number of years of forecast data
Fuel segment	8.50%	2%	13
Reactors & Services segment	9.75%	2%	13

This valuation had been done based on the forecast data included in the Strategic Action Plan for the period 2008-2020.

Following Siemens' decision to exercise its put option, the amount of the corresponding liability and related interest at December 31, 2009 is presented under a separate heading entitled "debt to Siemens on exercise of the put option".

In accordance with the terms of the shareholders' agreement, and failing an agreement between the parties on the exercise price for the option, an expert was designated by the Institute of Chartered Accountants in England and Wales to determine the price to be paid by AREVA to Siemens for exercise of the option no later than January 30, 2012.

This obligation bears interest from the date of the notice of termination for breach given by AREVA to Siemens (see Note 2.2) at a variable rate equal to the 3-month Euribor +1% until the date of final determination

of the price for the option by the expert, and then at a fixed rate until the date of actual payment by AREVA.

In view of the uncertainties regarding the price for exercise of the option that will result from the expert report and regarding the outcome of the arbitration proceedings in progress (see Notes 2.2 and 34), AREVA decided to maintain the same amount in its statements of financial position at December 31, 2008 and at December 31, 2009 as at December 31, 2007, i.e. 2.049 billion euros. Accrued interest in the amount of 31 million euros was recognized on that basis at December 31, 2009.

In addition, AREVA agreed to reimburse 51 million euros corresponding to Siemens' contribution to the capital increase of AREVA NP SAS in March 2009. This liability, which bears interest at 5.5%, is included in borrowings under "Miscellaneous debt".

Borrowings by maturity, currency and type of interest rate are as follows:

<i>(in millions of euros)</i>	December 31, 2009
Maturing in one year or less	1,869
Maturity 1-2 years	255
Maturity 2-3 years	2,142
Maturity 3-4 years	7
Maturity 4-5 years	4
Maturing in more than five years	3,464
TOTAL	7,741

<i>(in millions of euros)</i>	December 31, 2009
Euro	5,733
US dollar	1,729
Canadian dollar	234
Other	44
TOTAL	7,741

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<i>(in millions of euros)</i>	December 31, 2009
Fixed rate borrowings	2,245
Floating rate borrowings	5,351
TOTAL	7,595
Put options held by minority shareholders	17
Other non interest-bearing debt	73
Financial instruments	56
TOTAL	7,741

The maturities of the group's financial assets and borrowings at December 31, 2009 are presented in Note 31.

PAYMENT SCHEDULE AT DECEMBER 31, 2009

<i>(in millions of euros)</i>	Balance sheet value	Total payment flows	Maturity					More than 5 years
			Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	
Put options of minority shareholders	17	17		17				
Debt to Siemens	2,080	2,080			2,080			
Interest-bearing advances	81	81						81
Loans from financial institutions	2,274	2,274	1,633	233	4	3	2	400
Bond issues	3,006	3,006	32					2,974
Short-term bank facilities and non-trade current accounts (credit balances)	129	129	129					
Miscellaneous debt	99	99	20	5	58	4	2	9
Future interest on financial liabilities		1,828	145	141	509	137	137	758
Total borrowings (excluding derivatives)	7,685	9,512	1,957	397	2,651	144	141	4,222
Derivatives – assets	(13)	(13)						
Derivatives – liabilities	56	56						
Total net derivatives	43	43	16	7	5	5	5	6
TOTAL	7,728	9,555	1,973	403	2,656	149	146	4,228

PAYMENT SCHEDULE AT DECEMBER 31, 2008

<i>(in millions of euros)</i>	Balance sheet value	Total payment flows	Maturity					More than 5 years
			Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	
Put options of minority shareholders	2,068	2,068			19	2,049		
Interest-bearing advances	727	727	649					78
Loans from financial institutions	3,582	3,582	1,805	1,371	206			200
Short-term bank facilities and non-trade current accounts (credit balances)	172	172	172					
Miscellaneous debt	59	59	12	12	8	6	5	16
Future interest on financial liabilities		195	92	37	13	7	8	38
Total borrowings (excluding derivatives)	6,608	6,803	2,730	1,419	247	2,062	13	332
Derivatives – assets	378	378						
Derivatives – liabilities	(328)	(328)						
Total net derivatives	50	50	48	(5)	5	(2)	2	3
TOTAL	6,658	6,853	2,778	1,414	252	2,060	15	335

PAYMENT SCHEDULE AT DECEMBER 31, 2007

<i>(in millions of euros)</i>	Balance sheet value	Total payment flows	Maturity					More than 5 years
			Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	
Put options of minority shareholders	2,049	2,049	-	-	-	-	2,049	-
Interest-bearing advances	652	652	1	605	-	-	-	46
Loans from financial institutions	2,009	2,009	467	14	1,291	237	-	-
Short-term bank facilities and non-trade current accounts (credit balances)	113	113	113	-	-	-	-	-
Miscellaneous debt	65	65	5	15	8	7	5	25
Future interest on financial liabilities		278	115	82	65	12	1	3
Total borrowings (excluding derivatives)	4,888	5,166	701	716	1,364	256	2,055	74
Derivatives – assets	(318)							
Derivatives – liabilities	80							
Total net derivatives	(238)	(238)	(209)	(24)	(5)	-	-	-
TOTAL	4,650	4,928	492	692	1,359	256	2,055	74

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BOND ISSUES AFTER HEDGING

<i>(in millions of euros)</i> Issue date	Nominal amount	Balance sheet value	Currency	Nominal interest rate	Maturity
September 23, 2009	1,250	1,244	EUR	3.875%	2016
September 23, 2009	1,000	982	EUR	4.875%	2024
November 06, 2009	750	748	EUR	4.375%	2019
TOTAL	3,000	2,974			

The AREVA group made three bond issues in 2009 for a nominal amount of three billion euros, including 1.050 billion euros swapped for a variable rate in euros and 410 million euros swapped for a variable rate in US dollars.

GUARANTEES AND COVENANTS

No assets have been pledged to secure borrowings or debt, except for assets financed under leasing arrangements.

COVENANTS

There are no significant financial commitments with financial covenants at December 31, 2009.

NOTE 26. ADVANCES AND PREPAYMENTS RECEIVED

<i>(in millions of euros)</i>	December 31, 2009	December 31, 2008	December 31, 2007
Advances and prepayments on orders	3,066	3,930	3,311
Customer advances and prepayments invested in non-current assets	827	822	861
TOTAL	3,893	4,752	4,172

This account corresponds to non interest-bearing Capex and operating advances received from customers pursuant to contractual commitments. These advances and prepayments are reimbursed through a debit to revenue cleared under the relevant contracts, which primarily concern sales of fuel, used fuel treatment and recycling services, and reactors (in addition to AREVA T&D's Systems operations in 2007 and 2008). Interest-bearing advances are recognized in borrowings.

Only advances and prepayments effectively collected are recognized as a liability.

Trade advances and prepayments on orders correspond to amounts received from customers under contracts that do not finance

significant non-current assets. In the case of long-term contracts, the amount recognized in the statement of financial position represents the net balance of advances and prepayments received and sales invoiced or recognized on a percentage of completion basis; it also includes interest income calculated on cash surpluses generated by these advances and prepayments, the amount of which is determined on an individual contract basis.

Customer advances and prepayments invested in non-current assets comprise amounts received from customers and used to finance capital expenditures for the performance of long-term contracts to which they have subscribed.

NOTE 27. OTHER LIABILITIES

OPERATING LIABILITIES

<i>(in millions of euros)</i>	December 31, 2009	December 31, 2008	December 31, 2007
Taxes and social security liabilities (excluding income tax)	1,449	1,788	1,131
Financial instruments	143	367	156
Other operating liabilities	678	729	635
TOTAL	2,270	2,884	1,921

Financial instruments include the fair value of derivatives hedging market transactions and the fair value of the firm commitments hedged.

At December 31, 2009, operating liabilities by maturity were as follows:

- Maturity < 1 year: 2.057 billion euros;
- Maturity 1 to 5 years: 136 million euros;
- Maturity > 5 years: 77 million euros.

NON-OPERATING LIABILITIES

<i>(in millions of euros)</i>	December 31, 2009	December 31, 2008	December 31, 2007
TOTAL	53	53	41

NOTE 28. CASH FLOW FROM OPERATING ACTIVITIES AND NET CASH FLOW FROM DISCONTINUED OPERATIONS

CHANGE IN WORKING CAPITAL REQUIREMENT

<i>(in millions of euros)</i>	2009	2008	2007
Change in inventories and work-in-process	(264)	(483)	(428)
Change in accounts receivable and other receivables	265	(739)	(121)
Change in accounts payable and other liabilities	157	867	526
Change in customer advances and prepayments received	(17)	368	(297)
Change in advances and prepayments made	(91)	(210)	(56)
Change in Forex hedge of WCR	(8)	14	(29)
TOTAL	43	(183)	(405)

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**FINANCIAL INFORMATION CONCERNING ASSETS,
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Notes to the consolidated financial statements for the year ended December 31, 2009

NET CASH FROM DISCONTINUED OPERATIONS

<i>(in millions of euros)</i>	2009	2008	2007
Net cash from operating activities	101	135	312
Net cash used in investing activities	(312)	(303)	(183)
Net cash used in financing activities	(11)	112	(14)
Other changes	3	(6)	2
INCREASE (DECREASE) IN NET CASH	(219)	(61)	117

NOTE 29. TRANSACTIONS WITH RELATED PARTIES

Transactions between the parent company and its subsidiaries, which are related parties, were eliminated on consolidation and are not presented in this note.

The CEA is the principal related party of the group and is also AREVA's main shareholder.

Transactions between the group and the CEA are as follows:

<i>(in millions of euros)</i>	CEA		
	December 31, 2009	December 31, 2008	December 31, 2007
Sales	650	604	609
Purchases	106	111	86
Loans to/receivables from related parties	860	761	346
Borrowings from related parties	134	119	103
Guarantees given to related parties	-	-	-
Guarantees received from related parties	-	-	-

There were no material transactions between the group and associates.

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RELATIONS WITH GOVERNMENT-OWNED COMPANIES

The group routinely conducts business with government-owned companies, mainly EDF. Transactions with EDF include sales of uranium, enrichment services and nuclear fuel, maintenance and sales of equipment for nuclear reactors, and used fuel transportation, storage, treatment and recycling services.

On December 19, 2008, AREVA and EDF signed an umbrella agreement for long-term industrial cooperation (through 2040) relating to the removal of all EDF used fuel. The agreement addresses the technical and financial terms for fuel transportation, treatment and recycling over the 2008-2012 period and the amount of the lump sum settlement for dismantling AREVA's La Hague plant.

COMPENSATION OF KEY EXECUTIVES

<i>(in thousands of euros)</i>	2009	2008	2007
Short-term benefits	4,272	4,145	3,539
Termination benefits	-	-	847
Post-employment benefits	56	48	44
Other long-term benefits	-	-	-
TOTAL	4,328	4,193	4,431

Key executives include members of the Executive Board and the Supervisory Board. Short-term benefits and termination benefits include compensation paid for the year by the group and by the CEA (636 thousand euros in 2009, compared with 565 thousand euros in 2008 and 539 thousand euros in 2007).

NOTE 30. GREENHOUSE GAS EMISSIONS ALLOWANCES

The table below shows the CO₂ allowances received by AREVA group companies for 2009, actual emissions during the year, and allowances sold on the Powernext market.

<i>(in metric tons of CO₂)</i>	2009	2008	2007
Allowances received by AREVA	91,978	91,978	128,440
Actual emissions	40,118	53,610	92,877
Excess of allowances over emissions	51,860	38,368	35,563
Allowances sold on the Powernext market	50,768	29,978	10,000

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NOTE 31. MARKET RISK MANAGEMENT

GENERAL OBJECTIVES

The group has an organization dedicated to implementing market risk management policies approved by the Executive Committee for centralized management of its exposure to foreign exchange, commodity, rate and liquidity risks (see Section 4.5. on liquidity risk).

In the Finance department, the department of Financial Operations and Treasury Management makes transactions on financial markets and acts as a central desk that provides services and manages the group's financial exposure. This department is organized with a front, middle and back office, ensuring the separation of functions, and has all the human, technical, and information system resources necessary to accomplish its mission. Transactions cover foreign exchange and commodities trading, interest rates, centralized cash management, internal and external financing, borrowings and investments, and asset management.

To report on financial risk and exposure limits, the department of Financial Operations and Treasury Management prepares a monthly report presenting the group's positions and the performance of its financial transactions. This report is submitted once a month to the Treasury Management Committee, which is composed of the group's CFO, the Financial Directors of the main subsidiaries, and the Legal and Treasury Management departments. The reporting system also includes weekly reports submitted to the group's CFO, including a valuation of all positions and their market value. Together, these reports and reviews are used to monitor the group's counterparty risk.

FOREIGN EXCHANGE RISK MANAGEMENT

The drop in value of the US dollar against the euro may affect the group's income in the medium term.

In view of the geographic diversity of its locations and operations, the group is exposed to fluctuations in exchange rates, particularly the dollar-euro exchange rate. The volatility of exchange rates may impact the group's currency translation adjustments, equity and income.

Currency translation risk: The group is exposed to the risk of translation into euros of financial statements of subsidiaries using a local currency. Only dividends expected from subsidiaries for the following year are hedged as soon as the amount is known.

The value of the euro in relation to the US dollar increased by an average of 5% in 2009 compared with 2008. In 2009, the impact of foreign exchange variations on the group's operating income was a gain of 4 million euros, compared with a loss of 3 million euros in 2008.

Balance sheet risk: The group finances its subsidiaries in their accounting currencies to minimize the balance sheet foreign exchange

risk from financial assets and liabilities. Loans and advances granted to subsidiaries by the department of Treasury Management, which centralizes financing, are then systematically converted into euros through currency swaps.

To limit the currency risk for long-term investments generating future cash flows in foreign currencies, the group uses a liability in the same currency to offset the asset. For example, the 2.5 billion US dollar loan subscribed in 2007 to finance the acquisition of UraMin Inc., now called AREVA Resources Southern Africa, was qualified as a net investment hedge according to IFRS criteria.

Trade exposure: The principal foreign exchange exposure concerns fluctuations in the euro-US dollar exchange rate. As a uranium producer in Canada, the group is also exposed to fluctuations in the Canadian dollar against the US dollar, in which uranium prices are denominated. Exposure to other currencies (pound sterling, Swiss franc, yen and South American and Middle Eastern currencies), mainly connected with the Transmission & Distribution division, is of secondary importance.

The group's policy, which was approved by the Executive Committee, is to hedge all foreign exchange risk generated by sales transactions, whether certain or potential (during the proposals) so as to minimize the impact of exchange rate fluctuations on consolidated net income.

The AREVA group acquires derivatives (principally currency futures) or special insurance contracts issued by Coface to hedge its foreign exchange exposure from trade, including accounts receivable and payable, confirmed off-balance sheet commitments (orders received from customers or placed with suppliers), highly probable future cash flows (budgeted sales or purchases, anticipated margins on contracts) and proposals made in foreign currencies. These hedges are backed by underlying transactions in identical amounts and maturities and, generally, are documented and eligible for hedge accounting (except for hedges of proposals submitted in foreign currencies).

In accordance with the group's policies, each operating entity responsible for identifying foreign exchange risk must hedge exposure to currencies other than its own accounting currency by initiating a transaction exclusively with the group's trading desk, except as otherwise required by specific circumstances or regulations. The department of Financial Operations and Treasury Management centralizes the exposure of all entities and hedges the net position directly with banking counterparties. A system of strict limits, particularly concerning results, marked to market, and foreign exchange positions that may be taken by the trading desk, is monitored daily by specialized teams that are also charged with valuation of the transactions. In addition, analyses of sensitivity to changes in exchange rates are periodically performed.

At December 31, 2009, derivatives used by the group to manage foreign exchange risk were as follows:

Foreign exchange instruments	Notional amounts by maturity date at December 31, 2009, at par value						Total	Market value
	2010	2011	2012	2013	2014	> 5 years		
<i>(in millions of euros)</i>								
Forward transactions								
USD/EUR	821	276	66	26	15	14	1,217	10
SEK/EUR	15	9	37	38	243	-	343	20
GBP/EUR	194	30	5	0	-	-	228	0
JPY/EUR	34	57	17	30	38	4	180	13
CHF/EUR	100	26	3	-	0	-	130	1
IDR/EUR	125	1	1	-	-	-	127	(1)
Other	622	98	35	6	1	0	763	8
Total	1,912	496	164	100	297	18	2,987	51
Currency swaps								
USD/EUR	1,755	114	49	46	19	16	1,999	(3)
CAD/EUR	396	-	-	-	-	-	396	(10)
GBP/EUR	209	9	-	-	-	-	218	(5)
JPY/EUR	31	-	26	50	41	19	166	(2)
CHF/EUR	156	5	-	-	-	-	161	1
QAR/EUR	95	19	4	-	-	-	118	(2)
Other	799	4	-	2	-	-	805	0
Total	3,442	151	78	98	60	35	3,863	(21)
Currency options								
USD/ZAR	184						184	1
JPY/EUR	-	-	7	26	38		72	0
USD/AUD	24	4					28	0
Total	209	4	7	26	38	-	284	2
Cross currency swaps								
USD/EUR *						416	416	(5)
CAD/EUR	155						155	8
Total	155	-	-	-	-	416	571	3
GRAND TOTAL	5,717	651	250	225	395	469	7,706	35

* Cross currency swap related to bonds. Only the foreign exchange component of the result is indicated. The interest rate component is presented in the borrowings appendix.

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Derivatives used to hedge foreign currency exposure were as follows at December 31, 2009, December 31, 2008, and December 31, 2007:

<i>(in millions of euros)</i>	2009		2008		2007	
	Notional amounts at par value	Market value	Notional amounts at par value	Market value	Notional amounts at par value	Market value
Derivatives related to fair value hedging strategies (FVH)	4,874	18	5,053	121	3,490	74
Currency swaps	2,956	(20)	2,287	20	1,271	9
Forward transactions	1,764	30	2,470	53	1,730	42
Cross currency swaps	155	8	296	48	489	24
Derivatives related to net investment hedging strategies (NIH)	416	(5)				
Currency swaps						
Forwards						
Cross currency swaps	416	(5)				
Derivatives related to cash flow hedging strategies (CFH)	1,032	21	714	(12)	317	7
Currency swaps	304	1	256	(17)	34	1
Forward transactions	516	18	383	6	121	4
Options	213	1	75	(1)	162	2
Derivatives not eligible for hedge accounting	1,383	2	1,233	2	834	10
Currency swaps	604	(1)	576	6	448	7
Forward transactions	708	3	567	(5)	386	3
Options	72	0	91	1	0	0
GRAND TOTAL	7,706	35	7,000	111	4,641	91

A significant share of undocumented financial instruments in 2008, 2007 and 2006 relates to derivatives used to hedge foreign exchange risk on short-term financial assets and liabilities. Financial instruments transacted to hedge calls for tenders in foreign currencies comprise the bulk of the hedge positions reported as “not formally documented”, in accordance with IFRS.

Based on market data at the date of closing, the impact of undocumented currency hedging derivatives on consolidated income at year-end 2009 would be +19 million euros in the case of a 5% instantaneous increase in exchange rates against the euro, or -21 million euros in the case of a 5% decrease in exchange rates. Using these same assumptions, the impact would have been +10 million euros and -11 million euros at year-end 2008.

Based on market data at the date of closing, the impact on the group's consolidated equity at year-end 2009 related to currency derivatives qualified as cash flow hedges would be +2 million euros in the case of a +5% instantaneous increase in exchange rates against the euro, or -2 million euros in the case of a 5% decrease in exchange rates. Using these same assumptions, the impacts would have been +2 million euros and -2 million euros at year-end 2008.

In addition, AREVA's exposure to the following elements is taken into consideration at year-end 2009 and 2008:

- financial assets and liabilities recognized on the balance sheet in a currency other than the functional currency of the entity holding

such assets or liabilities, or assets or liabilities that are not hedged according to the criteria of IAS 39; and

- currency derivatives that do not qualify as hedges according to the criteria of IAS 39.

The sensitivity of consolidated income from continuing operations before tax to a +5% or -5% change in the exchange rates of the main foreign currencies to which AREVA is exposed against the euro is as follows:

- at December 31, 2009:
 - US dollar: -9 million euros and +9 million euros,
 - Australian dollar: +4 million euros and -4 million euros,
 - Swiss franc: +2 million euros and -2 million euros,
 - UK pound sterling: -5 million euros and +5 million euros;
- at December 31, 2008:
 - US dollar: +6 million euros and -6 million euros,
 - Australian dollar: +1 million euros and -1 million euros,
 - Swiss franc: +3 million euros and -3 million euros,
 - UK pound sterling: -2 million euros and +2 million euros;
- at December 31, 2007:
 - US dollar: +1 million euros and -1 million euros,
 - Australian dollar: +2 million euros and -2 million euros,
 - Swiss franc: +2 million euros and -2 million euros,
 - UK pound sterling: -2 million euros and +2 million euros.

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COMMODITY RISK

The group is exposed to long-term and short-term changes in the prices of commodities used in its production processes, either as a result of the procurement of finished products or, more directly, when buying commodities pegged to the trading price on a commodity market.

In addition to energy, commodities that may have a significant impact on the group's production costs primarily include copper and nickel, with aluminum and silver playing a lesser role. Most of the group's exposure is concentrated in the Transmission & Distribution division and in the Reactors & Services division.

Each division implements policies to manage exposure to commodity risks that aim to limit the impact of price changes on consolidated net income by identifying and neutralizing the risk as soon as possible, in some instances as early as the proposal phase.

Hedges may be initiated based on a global budget with graduated coverage as a function of the highly probable nature of the exposure, or based on long-term contracts after a specific analysis of the commodities risk (Reactors & Services division).

As for currency exposure, commodity risk management is initiated by the operating entities and centralized with the group's department of Treasury Management using derivatives, including options and firm contracts (forwards and swaps). The department of Treasury Management hedges the subsidiaries' position with market counterparties without taking any speculative position.

The majority of commodity hedges are eligible for accounting as cash flow hedges. Accordingly, any change in the value of derivatives impacts the group's equity.

Except for energy and aluminum hedges and a single copper hedge valued at one million euros, commodity hedges are eligible for accounting as cash flow hedges at December 31, 2009. Accordingly, changes in the value of derivatives impact the group's equity.

Except for aluminum hedges, all commodity hedges were eligible for accounting as cash flow hedges at December 31, 2008.

At December 31, 2009, December 31, 2008, and December 31, 2007, derivatives used by the group to hedge future cash flows from commodities were as follows:

<i>(in millions of euros)</i>	2009		2008		2007	
	Nominal amounts at par value	Market value	Nominal amounts at par value	Market value	Nominal amounts at par value	Market value
Nickel						
Forward transactions – Buyer	4	(1)	12	(7)	2	0
Forward transactions – Buyer	11	3	14	8		
Silver						
Forward transactions – Buyer	1	0	1	0	1	0
Aluminum						
Forward transactions – Buyer	3	0	11	(4)	18	(1)
Copper						
Forward transactions – Buyer	50	13	78	(40)	81	(11)
Forward transactions – Seller	4	(1)	3	1	3	0
Energy						
Forward transactions – Buyer	0	0				
Gold						
Option – Buyer	20	1				
Option – Seller	29	(1)				
TOTAL	124	15	119	(42)	105	(12)

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Based on market data at the date of closing, the impact on consolidated equity of commodity derivatives qualified as cash flow hedges at year-end 2009 would be +10 million euros in the case of a +20% instantaneous increase in the price of commodities, or -10 million euros in the case of a 20% decrease. The simulation of a change of +/-20% at the end of 2008 indicated an impact of + or -8 million euros on equity.

INTEREST RATE RISK MANAGEMENT

Rate risk management is entirely centralized in the department of Financial Operations and Treasury Management, which consolidates the subsidiaries' current and stable cash surpluses or requirements and arranges external financing as appropriate, except as otherwise required by regulations or specific circumstances.

At December 31, 2009, the following financial instruments were used to hedge interest rate exposure:

Notional amounts of the transactions by maturity date at December 31, 2009

Interest rate instruments (in millions of euros)	Notional amount	Maturity					Market value
		2010	2011	2012	2013	2014	
Interest rate swaps – fixed receiver							
USD - variable lender	528	528					(15)
Interest rate swaps – fixed lender							
EUR - variable borrower	1,350	300				1,050	11
Interest rate swaps – fixed lender							
USD – variable borrower	416					416	(4)
GRAND TOTAL	2,294	827				1,466	(7)

At December 31, 2009, the group used the following derivatives to hedge interest rate exposure:

Interest rate instruments (in millions of euros)	Nominal amount of contract	Market value of contracts ⁽¹⁾			Total
		Cash flow hedges (CFH)	Fair value hedges (FVH)	Not formally documented (Trading)	
Interest rate swaps – fixed receiver					
USD variable lender – standard	389	(11)			(11)
USD variable lender – cancellable	139			(4)	(4)
Interest rate swaps – fixed lender					
EUR variable borrower – standard	1,350		11	0	11
USD variable borrower	416		(4)		(4)
GRAND TOTAL	2,294	(11)	8	(4)	(7)

(1) Gain/(loss).

The group uses several types of derivatives, based on market conditions, to allocate its external borrowings and investments between fixed rates and floating rates, with the goal being primarily to reduce its financing costs while optimizing the management of its cash surpluses.

At December 31, 2009, interest rate swaps were the main financial instruments used in the management of external debt.

The amount of the commitments and the sensitivity of the positions taken by the trading desk in the framework of AREVA's rate management policy are subject to limits based on the type of transaction involved.

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Based on market data at the date of closing, the impact on consolidated equity of interest rate derivatives qualified as cash flow hedges at year-end 2009 would be +1 million euros in the case of a +1% instantaneous increase in interest rates, or -1 million euros in the case of a 1% decrease.

Based on market data at the date of closing, the impact of undocumented interest rate derivatives (swaps) on the group's financial income at year-end 2009 would be +0.3 million euros in the

case of a +1% instantaneous increase in interest rates, or -1 million euros in the case of a 1% decrease.

The following tables summarize the group's net rate risk exposure, before and after rate management transactions, at the end of 2009 and 2008.

Based on the breakdown of fixed and floating rates at year-end 2009, the group is mainly exposed to the risk of a change in future cash flows related to floating rate borrowings.

Maturities of financial assets and borrowings at December 31, 2009⁽¹⁾

	Less than 1 year	1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 years	More than 5 years	Total
Financial assets⁽²⁾	1,494	0	0	0	0	54	1,548
<i>including fixed rate assets</i>	0	0	0	0	0	0	0
<i>including floating rate assets⁽³⁾</i>	1,487	0	0	0	0	54	1,540
<i>including non interest-bearing assets</i>	8	0	0	0	0	0	8
Borrowings	(1,869)	(255)	(2,142)	(7)	(4)	(3,464)	(7,741)
<i>including fixed rate borrowings</i>	(337)	(8)	(60)	(6)	(3)	(3,063)	(3,478)
<i>including floating rate borrowings</i>	(1,437)	(230)	(2,049)	(1)	(1)	(400)	(4,118)
<i>including non interest-bearing borrowings</i>	(94)	(17)	(33)	0	0	(1)	(145)
Net exposure before hedging	(375)	(255)	(2,142)	(7)	(4)	(3,410)	(6,193)
<i>share exposed to fixed rates</i>	(338)	(8)	(60)	(6)	(3)	(3,063)	(3,478)
<i>share exposed to floating rates</i>	49	(230)	(2,049)	(1)	(1)	(346)	(2,577)
<i>non interest-bearing share</i>	(87)	(17)	(33)	0	0	(1)	(138)
Off-balance sheet hedging	0	0	0	0	0	0	0
<i>on borrowings: fixed rate swaps</i>	(228)	0	0	0	0	1,461	1,233
<i>on borrowings: floating rate swaps</i>	228	0	0	0	0	(1,461)	(1,233)
Exposure after hedging	(375)	(255)	(2,142)	(7)	(4)	(3,410)	(6,193)
<i>share exposed to fixed rates</i>	(566)	(8)	(60)	(6)	(3)	(1,602)	(2,244)
<i>share exposed to floating rates</i>	277	(230)	(2,049)	(1)	(1)	(1,807)	(3,811)
<i>non interest-bearing share</i>	(87)	(17)	(33)	0	0	(1)	(138)

(1) Nominal amounts converted into euros.

(2) Cash and other current financial assets.

(3) Maturities of less than 3 months are considered floating rate.

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Maturities of financial assets and borrowings at December 31, 2008 ⁽¹⁾

	Less than 1 year	1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 years	More than 5 years	Total
Financial assets ⁽²⁾	1,163	0	0	0	0	0	1,163
<i>including fixed rate assets</i>	12	0	0	0	0	0	12
<i>including floating rate assets ⁽³⁾</i>	1,145	0	0	0	0	0	1,145
<i>including non interest-bearing assets</i>	6	0	0	0	0	0	6
(Borrowings)	(2,693)	(1,381)	(233)	(2,055)	(5)	(294)	(6,662)
<i>including fixed rate borrowings</i>	(919)	(14)	(8)	(5)	(3)	(90)	(1,040)
<i>including floating rate borrowings</i>	(1,774)	(1,367)	(206)	(1)	(2)	(205)	(3,554)
<i>including non interest-bearing borrowings</i>	0	0	(19)	(2,049)	0	0	(2,068)
Net exposure before hedging	(1,530)	(1,381)	(233)	(2,055)	(5)	(294)	(5,499)
<i>share exposed to fixed rates</i>	(908)	(14)	(8)	(5)	(3)	(90)	(1,028)
<i>share exposed to floating rates</i>	(629)	(1,367)	(206)	(1)	(2)	(205)	(2,409)
<i>non interest-bearing share</i>	6	0	(19)	(2,049)	0	0	(2,062)
Off-balance sheet hedging	0	0	0	0	0	0	0
<i>on borrowings: fixed rate swaps</i>	(804)	510	0	0	0	0	(294)
<i>on borrowings: floating rate swaps</i>	804	(510)	0	0	0	0	294
Exposure after hedging	(1,530)	(1,381)	(214)	(2,055)	(5)	(294)	(5,499)
<i>share exposed to fixed rates</i>	(104)	(524)	(8)	(5)	(3)	(90)	(734)
<i>share exposed to floating rates</i>	(1,433)	(857)	(206)	(1)	(2)	(205)	(2,703)
<i>non interest-bearing share</i>	6	0	(19)	(2,049)	0	0	(2,062)

(1) Nominal amounts converted into euros.

(2) Cash and other current financial assets.

(3) Maturities of less than 3 months are considered floating rate.

Based on the group's exposure at year-end 2009, it is estimated that a 1% increase in interest rates would have a negative impact of 38 million euros on borrowing costs on a full-year basis and, therefore, on the group's consolidated income. The negative impact of a similar increase was 27 million euros at year-end 2008.

At December 31, 2009, the group had limited exposure related to fixed rate financial assets or liabilities recognized at fair value in profit or loss. Accordingly, it is estimated that the impact of a change in interest rates on the fair value of financial assets and liabilities would not result in a material change in financial income.

RISK FROM EQUITY INVESTMENTS

The group holds a significant number of publicly traded shares and is exposed to changes in the financial markets.

Publicly traded shares held by the AREVA group are exposed to the volatility inherent in equity markets.

These holdings fall into three categories:

- investments in associates: these primarily concern STMicroelectronics and Eramet (see Note 14, *Investments in associates*);

- equities held in the portfolio of financial assets earmarked for end-of-life-cycle operations (see Note 13, *End-of-life-cycle operations*); and
- other long-term investments: these concern AREVA's 7.38% equity interest in Safran and equity interests in other publicly traded companies, including Alcatel (see Note 15, *Other non-current financial assets*).

All shares in Total and GDF Suez were sold on the market in 2009.

The risk of a decrease in the price of shares of associates and other non-current financial assets is not specifically hedged.

The risk on shares held in the portfolio of assets earmarked to fund end-of-life-cycle operations is an integral component of AREVA's asset management program, which includes equities in addition to bonds to increase long-term returns (see Note 14, *Investment in associates*). Exposure to European equities is managed by various management companies, either through a mandate given to an investment firm or through several dedicated mutual funds, with management guidelines limiting the tracking error.

The sensitivity of the value of equity investments to variations in the equity markets and/or interest rates is as follows:

Upper scenario (+10% increase in the value of equities)

December 31, 2009 <i>(in millions of euros)</i>	Available-for-sale securities	Securities recognized at fair value in profit or loss
Balance sheet position	2,036	8
Income statement impact		1
Impact on shareholders' equity	204	

Lower scenario (10% decrease in the value of equities)

December 31, 2009 <i>(in millions of euros)</i>	Available-for-sale securities	Securities recognized at fair value in profit or loss
Balance sheet position	2,036	8
Income statement impact	(2)	(1)
Impact on shareholders' equity	(204)	

Upper scenario (+10% increase in the value of equities)

December 31, 2008 <i>(in millions of euros)</i>	Available-for-sale securities	Securities recognized at fair value in profit or loss
Balance sheet position	2,703	6
Income statement impact		1
Impact on shareholders' equity	270	

Lower scenario (10% decrease in the value of equities)

December 31, 2008 <i>(in millions of euros)</i>	Available-for-sale securities	Securities recognized at fair value in profit or loss
Balance sheet position	2,703	6
Income statement impact	(2)	(1)
Impact on shareholders' equity	(268)	

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COUNTERPARTY RISK

The group is exposed to the credit risk of counterparties linked to its use of derivatives to cover its risks.

The group uses different types of financial instruments to manage its exposure to foreign exchange and interest rate risks, and its exposure to risks on commodities and publicly traded equities. The group primarily uses forward buy/sell currency and commodity contracts and rate derivative products such as swaps, futures or options to cover these types of risk. These transactions involve exposure to counterparty risk when the contracts are concluded over the counter.

To minimize this risk, the group's trading desk deals only with diversified, top quality counterparties rated A1/P1 or higher in the Standard & Poor's and Moody's rating systems for short-term maturities or A/A2 for long-term maturities. A legal framework agreement is always signed with the counterparties.

The limits allowed for each counterparty are determined based on its rating and the type and maturity of the instruments traded. Assuming the rating of the counterparty is not downgraded earlier, the limits are reviewed at least once a year and approved by the CFO. The limits are verified in a specific report produced by the internal control team of the department of Treasury Management. During periods of significant financial instability that may involve an increased risk of bank default, which may be underestimated by ratings agencies, the group monitors advanced indicators such as the value of the credit default swaps (CDS) of the eligible counterparties to determine if the limits should be adjusted.

LIQUIDITY RISK

The group's department of Financial Operations is in charge of liquidity risk management and provides the subsidiaries with appropriate long-term and short-term financing resources.

Cash management optimization is based on a centralized system to provide liquidity and manage the cash surpluses of the subsidiaries, regardless of AREVA's equity stake. Management is provided by the group's department of Financial Operations, chiefly through cash pooling agreements and inter-company loans, subject to local regulations. The group's consolidated cash surpluses are managed to optimize financial returns while ensuring that the financial instruments used are liquid.

Borrowings are centralized by the department of Treasury Management to optimize borrowing costs and facilitate access to the banking system.

The group set up two confirmed syndicated lines of credit in 2007:

- a seven-year syndicated credit facility for a total amount of two billion euros, which may be drawn in euros or in US dollars. This credit facility represents a significant liquidity reserve; and
- a three-year syndicated loan for a total of 2.5 billion US dollars, including 600 million US dollars repaid in November 2008, to finance the acquisition of UraMin Inc.

It was fully drawn at the end of December 2009.

In 2008, the group set up:

- a commercial paper program for two billion euros rated A1 by Standard & Poor's, which strengthens the group's financial flexibility and offers a competitive alternative to bank financing; and
- a seven-year line of credit with the European Investment Bank (EIB) for 400 million euros, 200 million euros of which had been drawn as of the end of 2008.

In 2009, the group:

- drew an additional 200 million euros from the EIB for seven years; and
- established a Euro Medium-Term Note program for five billion euros, when the group's Standard & Poor's rating (A) was published; three billion euros were drawn in the second half of the year in three different bond issues:
 - - 1.25 billion euros for 7 years (maturing on September 23, 2016) at 3.875%;
 - - 0.75 billion euros for 10 years (maturing on November 6, 2019) at 4.375%; and
 - - 1 billion euros for 15 years (maturing on September 23, 2024) at 4.875%.

This restructuring of long-term debt allowed the group to reduce its use of short-term credit and to replenish the liquidity capacity afforded by its back-up line of credit and the commercial paper program.

External financing arrangements are not subject to covenants. However, certain loan agreements include change of control clauses stipulating that the group should maintain control over the AREVA subsidiary that concluded the agreement, or that the French State should maintain control over AREVA. The concept of control is understood either under the meaning of article L. 233-3 of the French Commercial Code or in relation to the percentage of share capital ownership, which should remain higher than 51%. Under certain circumstances, the debt may become due immediately if AREVA ceases to control the subsidiary, or if the French State ceases to control AREVA.

CREDIT RISK

AREVA's only exposure to credit risk relates to investments of cash surpluses in marketable securities. Investment in these securities is subject to limits of exposure based on the issuer's rating (short-term rating of at least A1 for Standard & Poor's and of P1 for Moody's). The Executive Committee approves these limits. The group does not invest cash surpluses in mutual funds or money market funds.

MARKET VALUE OF FINANCIAL INSTRUMENTS

The market value of financial instruments for currency, rate and commodity transactions was calculated based on market data as of the closing date, on discounted future cash flows, or on prices provided by financial institutions. The use of different market assumptions could have a significant impact on estimated market values.

FRAMÉPARGNE LIQUIDITY GUARANTEE

The Framépargne mutual fund included in the AREVA group savings plan held 150,781 shares of the company at December 31, 2009. These shares are not publicly traded. An independent financial institution provided a guarantee of liquidity to Framépargne until December 31, 2008, as provided by the French law on employee savings plans. To allow this commitment to take effect, AREVA gave a value guarantee to the financial institution. At December 31, 2009, this guarantee covers 339,824 shares sold by Framépargne to the financial institution.

As authorized by the French law of December 30, 2006 (article 23) and the decree of October 26, 2007, AREVA substituted for the financial institution as guarantor of the mutual fund invested in non-traded shares of the company effective January 1, 2009, having received authorization to purchase its own shares from the Annual General Meeting of Shareholders held on December 18, 2008 and approval of the change in the by-laws of the Framépargne fund from the French market authority AMF on January 23, 2009.

The guarantee of value given to the financial institution for the 339,824 AREVA shares it holds remains in effect.

In accordance with IAS 32 and 39 on financial instruments, this commitment is treated as a derivative on treasury shares and revalued to fair value at the balance sheet date. A financial asset of 28 million euros was recognized for this purpose under other current financial assets in the consolidated financial statements for the year ended December 31, 2009. Since this derivative does not qualify for hedge accounting, changes in value are recognized in profit or loss. This financial asset is equal to the difference between the average revalued purchase price of the shares acquired by the independent financial institution and the sale price, estimated based on the latest available market price determined by the expert, less 10% to account for market conditions.

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**FINANCIAL INFORMATION CONCERNING ASSETS,
FINANCIAL POSITIONS AND FINANCIAL PERFORMANCE**

Notes to the consolidated financial statements for the year ended December 31, 2009

NOTE 32. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS
FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

2009 Assets <i>(in millions of euros)</i>	Balance sheet value	Including					Assets available for sale	Derivatives	Fair value
		Non- financial assets and liabilities	Loans and recei- vables	Liabilities at amortized cost	Fair value recognized in profit or loss				
Non-current assets	21,875	15,680	1,979			4,203	13	6,195	
Goodwill on consolidated companies	4,366	4,366							
Intangible assets	3,282	3,282							
Property, plant and equipment	5,294	5,294							
End-of-life-cycle assets (third-party share)	275	275							
Assets earmarked for end-of-life-cycle operations	5,351		1,830			3,521		5,351	
Investments in associates	1,635	1,635							
Other non-current financial assets	860	16	150			682	13	844	
Pension fund assets									
Deferred tax assets	811	811							
Current assets	14,175	10,169	3,021		781		205	4,006	
Inventories and work-in-process	2,699	2,699							
Trade accounts receivable and related accounts	2,161	501	1,660					1,660	
Other operating receivables	1,838	1,089	576				173	749	
Current tax assets	121	121							
Other non-operating receivables	158	108	50					50	
Cash and cash equivalents	1,409		720			689		1,409	
Other current financial assets	139		16			91	32	139	
Assets of operations held for sale	5,649	5,649							
TOTAL ASSETS	36,050	25,848	5,000		781	4,203	217	10,202	

Financial instruments at fair value recognized in profit or loss or outside profit or loss, depending on:

- Level 1: valuation based on quoted market prices in an active market;
- Level 2: if a market for a financial instrument is not active, valuation based on readily observed market inputs;
- Level 3: valuation based on criteria that cannot be readily observed.

	Level 1	Level 2	Level 3	Total
Non-current assets	4,147	13	56	4,216
Assets earmarked for end-of-life-cycle operations	3,521			3,521
Other non-current financial assets	626	13	56	695
Current assets	781	177	28	986
Other operating receivables		173		173
Cash and cash equivalents	689			689
Other current financial assets	91	4	28	123
TOTAL ASSETS	4,928	189	84	5,202

<i>Liabilities and equity</i> <i>(in millions of euros)</i>	Including							Fair value
	Balance sheet value	Non-financial assets and liabilities	Loans and receivables	Liabilities at amortized cost	Fair value recognized in profit or loss	Assets available for sale	Derivatives	
Equity and minority interests	7,574	7,574						
Share capital	1,347	1,347						
Consolidated premiums and reserves	4,749	4,749						
Deferred unrealized gains and losses on financial instruments	155	155						
Currency translation reserves	(155)	(155)						
Net income attributable to owners of the parent	552	552						
Minority interests	926	926						
Non-current liabilities	13,408	7,536		5,872				5,863
Employee benefits	1,121	1,121						
Provisions for end-of-life-cycle operations	5,660	5,660						
Other non-current provisions	94	94						
Long-term borrowings	5,872			5,872				5,863
Deferred tax liabilities	661	661						
Current liabilities	15,068	10,466		4,452			150	4,603
Current provisions	1,696	1,696						
Short-term borrowings	1,869			1,814			55	1,869
Advances and prepayments received	3,893	3,893						
Trade accounts payable and related accounts	1,567	17		1,550				1,550
Other operating liabilities	2,270	1,132		1,043			95	1,138
Current tax liabilities	35	35						
Other non-operating liabilities	53	7		46				46
Liabilities of operations held for sale	3,686	3,686						
TOTAL LIABILITIES AND EQUITY	36,050	25,575		10,325			150	10,466

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**FINANCIAL INFORMATION CONCERNING ASSETS,
FINANCIAL POSITIONS AND FINANCIAL PERFORMANCE**

Notes to the consolidated financial statements for the year ended December 31, 2009

2008 Assets <i>(in millions of euros)</i>	Balance sheet value	Including				Assets available for sale	Derivatives	Fair value
		Non financial assets and liabilities	Loans and receivables	Liabilities at amortized cost	Fair value recognized in profit or loss			
Non-current assets	22,841	15,737	3,307			3,707	89	7,103
Goodwill on consolidated companies	4,803	4,803						
Intangible assets	3,089	3,089						
Property, plant and equipment	4,914	4,914						
End-of-life-cycle assets (third-party share)	270	270						
Assets earmarked for end-of-life-cycle operations	4,954		2,991			1,963		4,954
Investments in associates	1,757	1,757						
Other non-current financial assets	2,152	3	315			1,744	89	2,149
Pension fund assets	1	1						
Deferred tax assets	900	900						
Current assets	11,804	6,443	5,032		60		269	5,361
Inventories and work-in-process	3,403	3,403						
Trade accounts receivable and related accounts	4,486	1,437	3,049					3,049
Other operating receivables	2,434	1,336	894				204	1,099
Current tax assets	164	164						
Other non-operating receivables	154	103	50					50
Cash and cash equivalents	1,050		996		53			1,050
Other current financial assets	113		43		6		64	113
Assets of operations held for sale								
TOTAL ASSETS	34,644	22,180	8,339		60	3,707	358	12,464

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<i>Liabilities and equity</i> <i>(in millions of euros)</i>	Balance sheet value	Non financial assets and liabilities	Including					Fair value
			Loans and receivables	Liabilities at amortized cost	Fair value recognized in profit or loss	Assets available for sale	Derivatives	
Equity and minority interests	7,292	7,292						
Share capital	1,347	1,347						
Consolidated premiums and reserves	4,455	4,455						
Deferred unrealized gains and losses on financial instruments	287	287						
Currency translation reserves	(131)	(131)						
Net income attributable to owners of the parent	589	589						
Minority interests	745	745						
Non-current liabilities	11,795	7,826		3,969				3,981
Employee benefits	1,268	1,268						
Provisions for end-of-life-cycle operations	5,674	5,674						
Other non-current provisions	123	123						
Long-term borrowings	3,969			3,969				3,981
Deferred tax liabilities	760	760						
Current liabilities	15,558	8,997		6,268			293	6,561
Current provisions	2,081	2,081						
Short-term borrowings	2,693			2,634			59	2,693
Advances and prepayments received	4,752	4,752						
Trade accounts payable and related accounts	2,991	685		2,307				2,307
Other operating liabilities	2,884	1,366		1,284			234	1,518
Current tax liabilities	104	104						
Other non-operating liabilities	53	10		43				43
Liabilities of operations held for sale								
TOTAL LIABILITIES AND EQUITY	34,644	24,114		10,237			293	10,542

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**FINANCIAL INFORMATION CONCERNING ASSETS,
FINANCIAL POSITIONS AND FINANCIAL PERFORMANCE**

Notes to the consolidated financial statements for the year ended December 31, 2009

Assets <i>(in millions of euros)</i>	Balance sheet value	Including						Fair value
		Non financial assets and liabilities	Loans and receivables	Liabilities at amortized cost	Fair value in profit or loss	Assets available for sale	Derivatives	
Non-current assets	21,425	15,975	397			5,023	29	5,450
Goodwill on consolidated companies	4,377	4,377						
Intangible assets	2,729	2,729						
Property, plant and equipment	4,204	4,204						
End-of-life-cycle assets (third-party share)	2,491	2,491						
Assets earmarked for end-of-life-cycle operations	2,873		119			2,755		2,873
Investments in associates	1,558	1,558						
Other non-current financial assets	2,588	11	278			2,269	29	2,576
Pension fund assets	-							
Deferred tax assets	604	604						
Current assets	9,251	5,065	3,792		105		289	4,186
Inventories and work-in-process	2,817	2,817						
Trade accounts receivable and related accounts	3,884	1,121	2,764					2,764
Other operating receivables	1,402	920	356				126	482
Current tax assets	94	94						
Other non-operating receivables	141	110	31					31
Cash and cash equivalents	634	4	594		36			630
Other current financial assets	279		48		69		162	279
Assets of operations held for sale	-							
TOTAL ASSETS	30,676	21,041	4,189		105	5,023	318	9,635

<u>Liabilities and equity</u> <i>(in millions of euros)</i>	Including							Fair value
	Balance sheet value	Non financial assets and liabilities	Loans and receivables	Liabilities at amortized cost	Fair value recognized in profit or loss	Assets available for sale	Derivatives	
Equity and minority interests	7,464	7,464						
Share capital	1,347	1,347						
Consolidated premiums and reserves	3,925	3,925						
Deferred unrealized gains and losses on financial instruments	1,117	1,117						
Currency translation reserves	(138)	(138)						
Net income attributable to owners of the parent	743	743						
Minority interests	470	470						
Non-current liabilities	11,951	7,648		4,302				4,305
Employee benefits	1,175	1,175						
Provisions for end-of-life-cycle operations	5,075	5,075						
Other non-current provisions	121	121						
Long-term borrowings	4,302			4,302				4,305
Deferred tax liabilities	1,277	1,277						
Current liabilities	11,261	7,419		3,762			80	3,842
Current provisions	1,823	1,823						
Short-term borrowings	613			589			24	613
Advances and prepayments received	4,172	4,172						
Trade accounts payable and related accounts	2,565	522		2,043				2,043
Other operating liabilities	1,921	769		1,096			56	1,152
Current tax liabilities	127	127						
Other non-operating liabilities	41	7		34				34
Liabilities of operations held for sale								
TOTAL LIABILITIES AND EQUITY	30,676	22,542		8,064			80	8,147

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**FINANCIAL INFORMATION CONCERNING ASSETS,
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Notes to the consolidated financial statements for the year ended December 31, 2009

NET GAINS AND LOSSES ON FINANCIAL INSTRUMENTS
Available-for-sale securities

2009 <i>(in millions of euros)</i>	Interest income and dividends	Other income and expenses	Subsequent valuation		Gain (loss) from disposal
			Changes in fair value and foreign exchange impact	Impairment	
Shareholders' equity *			472		(583)
Net income	92			(2)	394
TOTAL	92		472	(2)	(189)

* excluding tax impact.

At December 31, 2009, the net change in fair value of available-for-sale securities recognized outside profit or loss represented an unrealized gain of 181 million euros.

2008 <i>(in millions of euros)</i>	Interest income and dividends	Other income and expenses	Subsequent valuation		Gain (loss) from disposal
			Changes in fair value and foreign exchange impact	Impairment	
Shareholders' equity *			(1,307)		(90)
Net income	118			(73)	96
TOTAL	118		(1,307)	(73)	6

* excluding tax impact.

At December 31, 2008, the net change in fair value of available-for-sale securities recognized outside profit or loss represented an unrealized gain of 290 million euros.

2007 <i>(in millions of euros)</i>	Interest income and dividends	Other income and expenses	Subsequent valuation		Gain (loss) from disposal
			Changes in fair value and foreign exchange impact	Impairment	
Shareholders' equity *			128		(79)
Net income	81	3		(44)	157
TOTAL	81	3	128	(44)	78

* excluding tax impact.

Loans and receivables

2009

(in millions of euros)

	Interest	Impairment	Debt forgiveness
Net income	117	(2)	(3)

2008

(in millions of euros)

	Interest	Impairment	Debt forgiveness
Net income	59	5	1

2007

(in millions of euros)

	Interest	Impairment	Debt forgiveness
Net income	38	(2)	(1)

Financial assets and liabilities at fair value recognized in profit or loss

Income from financial assets and liabilities recognized at fair value in profit or loss at December 31, 2009 was +6 million euros, compared with -5 million euros at December 31, 2008 and +3 million euros at December 31, 2007.

Financial liabilities at amortized cost

2009

(in millions of euros)

	Interest expense and commissions	Other income and expenses
Net income	(122)	

2008

(in millions of euros)

	Interest expense and commissions	Other income and expenses
Net income	(92)	1

2007

(in millions of euros)

	Interest expense and commissions	Other income and expenses
Net income	(90)	1

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FINANCIAL INFORMATION CONCERNING ASSETS, FINANCIAL POSITIONS AND FINANCIAL PERFORMANCE

Notes to the consolidated financial statements for the year ended December 31, 2009

Derivatives used for hedging

At December 31, 2009, the ineffective share of derivatives used for hedging recognized in profit or loss is as follows:

● Cash flow hedge:	-10 million euros
● Fair value hedge:	+11 million euros
● Net investment hedge:	-
Total:	+1 million euros

CASH FLOW HEDGES

<i>(in millions of euros)</i>	Value before tax at December 31, 2008	Value before tax: T&D at December 31, 2008	Value before tax, excluding T&D, at December 31, 2008	New transactions	Change in value	Recognized in profit or loss	Value before tax at December 31, 2009
Cash flow hedging instruments	(37)	(39)	1	9	5	(24)	(9)

<i>(in millions of euros)</i>	Value before tax at December 31, 2007	New transactions	Change in value	Recognized in profit or loss	Value before tax at December 31, 2008
Cash flow hedging instruments	3	(45)	(14)	19	(37)

NOTE 33. COMMITMENTS GIVEN OR RECEIVED

<i>(in millions of euros)</i>	December 31, 2009	Less than 1 year	1 to 5 years	More than 5 years	December 31, 2008	December 31, 2007
Commitments given	2,260	456	1,427	377	3,933	3,502
Operating commitments given	1,604	399	900	305	3,368	3,185
Contract guarantees given	1,264	280	773	211	3,153	2,864
Other operating guarantees	340	119	127	94	215	321
Commitments given on financing	30	20	5	5	71	30
Other commitments given	626	37	522	67	494	287
Commitments received	852	246	306	300	855	1,191
Operating commitments received	593	242	302	49	545	675
Commitments received on collateral	1	1	0	0	2	6
Other commitments received	258	3	4	251	308	510
Reciprocal commitments	5,775	1,565	3,951	259	3,036	2,932

The AREVA group's off-balance sheet commitments are presented by economic purpose: operating commitments, commitments on financing, and other types of commitments. Reciprocal commitments correspond to commitments given by the group in consideration for a warranty from a third-party in the same amount.

The commitments at December 31, 2009, presented above, do not include commitments related to discontinued operations.

The amounts above only include commitments that the group considers valid as of the date of closing. Accordingly, these commitments do not include construction contracts currently under negotiation.

COMMITMENTS GIVEN

Operating commitments represent 71% of all commitments given. The majority of these commitments consist of performance guarantees.

The group gave a parent company guarantee to TVO in the full amount of the contract for construction of an EPR™ reactor in Finland. The group received a counter-guarantee from Siemens corresponding to its share of the TVO contract. The net commitment given by the group is in the range of 1.5 billion euros to 2 billion euros. This amount is not included in the summary table.

AREVA gave a specific guarantee in respect of ownership of FCI shares sold to Bain Capital. This amount, which is capped at the sale price of 582 million euros, is not included in the summary table.

COMMITMENTS RECEIVED

Commitments received at December 31, 2009 include the maximum value of environmental warranties received from Alstom in connection with the group’s acquisition of the Transmission & Distribution division.

RECIPROCAL COMMITMENTS

In February 2007, the group established a 2 billion euro revolving line of credit available in euros and US dollars over a seven year period. This line was unused at year-end 2009.

Outstanding orders for property, plant and equipment increased by almost 420 million euros in the Front End division.

Reciprocal commitments at December 31, 2009 include future minimum payments to be made on operating leases, as follows:

(in millions of euros)

December 31, 2009	Less than 1 year	1 to 5 years	More than 5 years	December 31, 2008	December 31, 2007
624	80	324	220	598	551

NOTE 34. DISPUTES AND CONTINGENT LIABILITIES

USEC LITIGATION

In 2001, the US Department of Commerce (DOC) ordered that countervailing duties (CVD) be levied on European enrichers for imports into the United States from France, Germany, the Netherlands and the United Kingdom. This action followed complaints filed in December 2000 by the United States Enrichment Corporation (USEC) against Eurodif and URENCO for dumping and illegal subsidies (which trigger countervailing duties). The countervailing duties applied to Eurodif exports to the United States since the beginning of the proceedings resulted in a deposit of 213 million US dollars with the US Customs Service (cumulative total at year-end 2008).

AREVA challenged the validity of the two customs decisions before the US courts.

The US Court of International Trade (CIT) ruled in favor of AREVA in the first instance. The Court of Appeals for the Federal Circuit confirmed the decision in appeal and the countervailing duties order for illegal

subsidies was rescinded *ab initio* on May 25, 2007, thus triggering the procedure for refund of the countervailing duties deposits (62 million dollars plus interest).

However, USEC and the DOC appealed the anti-dumping decision before the Supreme Court of the United States. On January 26, 2009, the Supreme Court ruled that the DOC could impose anti-dumping measures on sales of enrichment services.

Following the Supreme Court decision, AREVA and USEC reached an agreement to settle their dispute.

Under this agreement, AREVA and USEC requested and were granted the termination of all administrative and judicial proceedings in process on this matter. As a result, a significant portion of the provisional customs duties paid by the group in the United States was refunded to AREVA.

The anti-dumping order will remain in effect until the next review by the US administration in 2012.

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SIEMENS' WITHDRAWAL FROM AREVA NP

In January 2009, Siemens notified AREVA of its wish to end its 34% interest in the corporate joint venture AREVA NP by exercising its put for convenience.

In the weeks that followed, Siemens announced that it had entered into negotiations with Russia's state atomic energy corporation, Rosatom, to create a new corporate joint venture active in the construction of nuclear power plants throughout the world. In March 2009, AREVA notified Siemens that it was exercising its call for breach based on breach of Siemens' contractual obligations, most notably of the non-competition clause stipulated in the shareholders' agreement between the two parties. On April 14, 2009, AREVA supplemented its notice by initiating arbitration proceedings before the International Chamber of Commerce, requesting that Siemens' breach of its

contractual obligations be recognized, this breach of contract having caused a discount from par in the purchase price of the shares held by Siemens in AREVA NP, as provided in the shareholders' agreement, and damages in an amount as yet to be determined. In May and June 2009, Siemens re-qualified the exercise of its put option as a put for breach and submitted an argument rejecting AREVA's requests aimed at receiving the premium on the sale price of its shares provided under the contract for such an instance.

On November 17, 2009, the court of arbitration responded favorably to the request filed by AREVA for conservatory measures to impose emergency restrictions on Siemens in its negotiations with Rosatom until such time as the court has pronounced its judgment.

NOTE 35. EVENTS SUBSEQUENT TO YEAR END

On February 5, 2010, AREVA and EDF reached an agreement on the transportation, treatment and recycling of used nuclear fuel. The two companies will sign a contract before the end of the first quarter of 2010.

The agreement specifies the terms of the framework agreement of December 19, 2008 establishing the principles of long-term cooperation on the treatment and recycling of used fuel and the fabrication of MOX fuel. It ensures long-term visibility to both parties in

their relations pertaining to recycling. Under the agreement, EDF will increase the annual quantity of used fuel treated at La Hague from 850 metric tons to 1,050 metric tons per year starting in 2010 and the annual quantity of MOX fuel fabricated at the MELOX plant from 100 metric tons to 120 metric tons.

In addition, AREVA and EDF will make their best efforts for rapid conclusion of an agreement on the enrichment of EDF uranium at AREVA's Eurodif site.

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NOTE 36. MAIN CONSOLIDATED COMPANIES

Name of unit or controlling entity Company name, legal form, corporate office	Country	Business reg. no. (Siren no.)	December 31, 2009		December 31, 2008	
			Method	Percentage of interest	Method	Percentage of interest
NUCLEAR						
AREVA NC SA	France	305,207,169	FC	100	FC	100
AREVA NP SAS – 92400 Courbevoie	France	428,764,500	FC	100	FC	66
AREVA NP GMBH – 91058 Erlangen	Germany		FC	100	FC	66
AREVA NP, Inc. - Corporate	United States		FC	100	FC	66
AREVA TA SA – 91190 Gif-sur-Yvette	France	772,045,879	FC	83.58	FC	83.58
CEZUS SA – 92400 Courbevoie	France	71,500,763	FC	100	FC	66
Euriware SA	France	320,585,110	FC	100	FC	100
Eurodif SA – 75442 Paris	France	723,001,889	FC	59.65	FC	59.65
FBFC SNC – 92400 Courbevoie	France	300,521,754	FC	100	FC	66
MELOX – 30200 Chusclan	France	378,783,237	FC	100	FC	100
AREVA Resources Southern Africa	British Virgin Islands		FC	100	FC	100
TRANSMISSION & DISTRIBUTION						
AREVA T&D de Energia Ltda	Brazil		FC	100	FC	100
AREVA T&D Energietechnik GmbH	Germany		FC	100	FC	100
AREVA T&D Enerji Endustrisi A.S.	Turkey		FC	99.97	FC	100
AREVA T&D, Inc.	United States		FC	100	FC	100
AREVA T&D India Ltd	India		FC	72.18	FC	72.18
AREVA T&D SA	France	389,191,800	FC	100	FC	100
AREVA T&D AG	Switzerland		FC	100	FC	100
AREVA T&D UK Ltd	United Kingdom		FC	100	FC	100
HOLDING COMPANY AND OTHER INVESTMENTS						
AREVA SA – 75009 Paris	France	712,054,923	FC	100	FC	100
Eramet	France	632,045,381	EM	25.71	EM	26.17
STMicroelectronics	Netherlands		EM	11.31	EM	11.36

FC: full consolidation

PC: proportionate consolidation

EM: equity method

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→ 20.3. AREVA SA financial statements 2009

20.3.1. STATUTORY AUDITORS' REPORT ON THE ANNUAL FINANCIAL STATEMENTS

This is a free translation into English of the statutory auditors' report issued in French and is provided solely for the convenience of English speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether qualified or not. This information is presented below the opinion on the company financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the company financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the company financial statements. This report should be read in conjunction, and construed in accordance, with French law and professional auditing standards applicable in France.

To the Shareholders,

In accordance with our appointment as statutory auditors at your Annual General Meeting, we hereby report to you for the year ended December 31, 2009 on:

- the audit of the accompanying financial statements of AREVA,
- the justification of our assessments;
- the specific procedures and disclosures required by law.

These financial statements have been approved by the Executive Board. Our role is to express an opinion on these financial statements, based on our audit.

I. OPINION ON THE FINANCIAL STATEMENTS

We have conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes verifying, using sample testing techniques or other selection methods, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made, as well as evaluating the overall financial statement presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the financial position and the assets and liabilities of the company as of December 31, 2009 and the results of its operations for the year then ended in accordance with the rules and accounting principles generally accepted in France.

Without qualifying the opinion expressed above, we draw your attention to the note 6.5 to the annual financial statements that describes the procedure for determining the acquisition price of AREVA NP's shares held by Siemens, the uncertainty relating to this procedure and the accounting treatment adopted as of December 31, 2009 for the related off-balance sheet commitment.

II. JUSTIFICATION OF OUR ASSESSMENTS

In accordance with Article L. 823.9 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matters:

- participating interests were valued in accordance with the accounting methods described in the note 3.1 to the financial statements entitled "Accounting policies, rules and methods – Long-term investments". As part of our procedures, we reviewed the appropriateness of these accounting methods and the reasonableness of the assumptions adopted.
- with respect to risks, litigation and contingent liabilities, we assessed the procedures currently used by your Company to identify, assess and record such risks, litigation and contingent liabilities in the accounts. We also ascertained that the main litigations identified by the procedures implemented by your Company are described appropriately in the financial statements and specifically in the note 6.8.

These assessments were performed as part of our audit approach for the financial statements taken as a whole and contributed to the expression of the opinion in the first part of this report.

III. SPECIFIC PROCEDURES AND DISCLOSURES

In accordance with professional standards applicable in France, we have also performed the specific verifications provided for by law.

We have no comment to make as to the fair presentation and consistency with the financial statements of the information given in the Executive Board's report and in the documents addressed to shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of Article L. 225-102-1 of the French Commercial Code relating to remuneration and benefits received by the Directors and officers and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company, from companies controlling your Company or controlled by it. Based on this work, we attest that such information is accurate and fair.

Pursuant to French law, we ensured that various disclosures relating to shareholding, controlling and reciprocal interests and the identity of holders of share capital and voting rights have been disclosed in the management report.

Neuilly-sur-Seine and Paris-La Défense, March 5, 2010

The Statutory Auditors

Deloitte & Associés

Mazars

Patrice Choquet

Etienne Jacquemin

Jean-Luc Barlet

Juliette Decoux

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**FINANCIAL INFORMATION CONCERNING ASSETS,
FINANCIAL POSITIONS AND FINANCIAL PERFORMANCE**

AREVA SA financial statements 2009

20.3.2. STATEMENT OF FINANCIAL POSITION

	2009			2008
	Gross	Depreciation, amortization and provisions	Net	Net
Assets				
<i>(in thousands of euros)</i>				
Subscribed capital not issued				
Non-current assets				
Intangible assets				
Start-up costs				
Research and development expenses				
Concessions, patents, licenses, software and similar rights	17,675	7,544	10,131	1,469
Leasehold				
Intangible assets in progress				
Advances and prepayments on intangible assets				
Property, plant and equipment				
Land	208	4	204	204
Buildings	3,261	2,965	296	347
Plant, equipment and tooling	281	258	22	10
Other PP&E	64,729	17,084	47,645	45,107
PP&E in progress	3,598		3,598	16,754
Advances and prepayments				
Long-term investments				
Equity method investments				
Equity associates	2,353,411	4,297	2,349,115	3,385,747
Loans to equity associates	4,381,436		4,381,436	3,187,954
Other long-term securities	53,630	6,670	46,960	48,754
Loans	5		5	5
Other long-term investments	61,850		61,850	18,349
Total non-current assets	6,940,084	38,822	6,901,262	6,704,700
Current assets				
Inventories and work-in-process				
Raw materials and other supplies				
Goods in process				
Services in process				
Intermediate and finished products				
Goods				
Advances and prepayments on orders	887		887	
Accounts receivable				
Trade accounts receivable and related accounts	84,029		84,029	74,675
Other accounts receivable	185,096	908	184,187	236,984
Subscribed capital – issued and not paid				
Marketable securities				
Treasury shares				
Other securities	1,250,886		1,250,886	715,736
Cash instruments	9,058		9,058	1,463
Cash and cash equivalents	3,928,711	2,984	3,925,727	2,885,892
Prepaid expenses	34,692		34,692	17,131
Total current assets	5,493,360	3,892	5,489,467	3,931,879
Deferred charges	9,960		9,960	
Bond redemption premiums	15,134		15,134	
Unrealized foreign exchange losses				319
GRAND TOTAL	12,458,537	42,714	12,415,823	10,636,899

	2009	2008
<u>Equity and liabilities</u>	Net	Net
<i>(in thousands of euros)</i>		
Share capital (including capital issued and paid: 1,346,823)	1,346,823	1,346,823
Additional paid-in capital, merger premiums, share premiums	328,289	328,289
Revaluation adjustments (including equity method adjustment)		
Revaluation adjustments		
Equity method adjustment		
Reserves:		
• Legal reserve	134,682	134,682
• Reserves provided in the by-laws or by contract		
• Regulated reserves	3,304	3,304
• Other reserves	6,403	6,403
Retained earnings	1,435,810	649,678
Net income for the year	(138,672)	1,036,002
Investment subsidies	2,875	2,700
Tax-driven provisions	87	494
Total shareholders' equity	3,119,600	3,508,375
Other shareholders' equity		
Proceeds from issues of equity securities		
Advances subject to covenants		
Total other shareholders' equity		
Provisions for contingencies and losses		
Provisions for contingencies	8,577	12,390
Provisions for losses	198,751	104,589
Total provisions for contingencies and losses	207,328	116,979
Liabilities		
Convertible bond issues		
Other bond issues	3,031,661	
Bank borrowings	1,760,129	2,616,695
Miscellaneous loans and borrowings	4,029,409	4,192,874
Trade advances and prepayments on orders in progress		
Trade accounts payable and related accounts	132,111	112,185
Taxes and employee-related liabilities	33,955	26,614
Accounts payable on non-current assets and related accounts	1,979	13,556
Other liabilities	90,015	41,563
Cash instruments	9,636	6,859
Unearned income		
Total liabilities	9,088,895	7,010,345
Unrealized foreign exchange gains		1,199
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	12,415,823	10,636,899

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**FINANCIAL INFORMATION CONCERNING ASSETS,
FINANCIAL POSITIONS AND FINANCIAL PERFORMANCE**

AREVA SA financial statements 2009

20.3.3. STATEMENT OF INCOME

<i>(in thousands of euros)</i>	2009			2008
	France	Export	Total	Total
Operating income				
Sales of goods				
Sales of products				
Sales of services	197,889	33,029	230,919	174,309
Net sales	197,889	33,029	230,919	174,309
Production in inventory				
Self-constructed assets				
Operating subsidies				
Reversal of provisions and transfer of expenses			34 167	8 204
Other income			5,411	3,491
Total operating income			270,496	186,004
Operating expenses				
Purchases of goods (including customs duties)				
Change in inventory (goods)				
Purchases of raw materials and other supplies (including customs duties)			(261)	(114)
Change in inventory (raw materials and supplies)				
Other purchases and expenses			380,199	320,039
Taxes and related expenses			6,171	7,007
Salaries and other compensation			30,337	21,338
Social security taxes			12,391	13,062
Amortization, depreciation and provisions				
On non-current assets: amortization			11,384	7,269
On non-current assets: impairment				
On current assets: impairment				
For contingencies and losses: charge to provisions			3,061	211
Other expenses			2,105	1,034
Total operating expenses			445,387	369,846
Current operating income (loss)			(174,891)	(183,842)
Share of net income from joint operations				
Profit allocated or loss transferred				142
Loss allocated or profit transferred				93
Financial income				
From equity associates			375,374	314,193
From other marketable securities and capitalized receivables			603	75,443
Other interest and related income			76,819	220,210
Reversal of provisions and transfer of expenses			880	2,672
Foreign exchange gains			665,214	1,490,661
Net income from disposals of marketable securities			138,892	
Total financial income			1,257,781	2,103,179
Financial expenses				
Amortization and provisions			37,333	2 539
Interest and related expenses			137,108	334,519
Foreign exchange losses			657,104	1,487,432
Net loss on disposal of marketable securities				
Total financial expenses			831,545	1,824,490
NET FINANCIAL INCOME			426,236	278,690
INCOME BEFORE EXCEPTIONAL ITEMS AND TAX			251,345	94,848

STATEMENT OF INCOME (CONTINUED)

<i>(in thousands of euros)</i>	2009			2008
	France	Export	Total	Total
Exceptional items				
From financial management transactions			560	3,807
From capital or non-current asset transactions			749,664	1,631,286
Reversal of provisions and transfer of expenses			8,568	9,051
Total exceptional items			758,792	1,644,144
Exceptional expenses				
From financial management transactions			2,561	2,316
From capital or non-current asset transactions			1,157,781	701,878
Amortization, depreciation and provisions			60,826	52,363
Total exceptional expenses			1,221,169	756,556
Exceptional items			(462,377)	887,588
Employee profit-sharing				
Income tax			(72,360)	(53,518)
Total income			2,287,069	3,933,469
Total expenses			2,425,741	2,897,467
NET INCOME			(138,672)	1,036,002

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20.3.4. STATEMENT OF CASH FLOWS

<i>(in millions of euros)</i>	2009	2008
Cash flow from operating activities		
Net income for the year	(139)	1,036
Net depreciation and amortization	11	6
Net provisions	92	36
Gain on disposals of non-current assets and investment securities	270	(928)
Non-deductible interest on perpetual subordinated bonds		
Change in trade advances and prepayments	1	
Change in trade accounts receivable and other receivables	33	79
Change in trade accounts payable and other operating liabilities	(64)	89
Other		
Total cash flow from operating activities (I)	204	318
Cash flow from investing activities		
Investment in PP&E and intangible assets	(10)	(23)
Investment in long-term notes and investments	(13,934)	(6,303)
Repayment of loans to equity associates	12,686	4,593
Security deposits		
Disposals of PP&E and intangible assets		8
Disposals and reduction of long-term investments	888	1,628
Net change in non-current asset receivables and debt		
Other		3
Total cash flow used in investing activities (II)	(370)	(93)
Net cash from financing activities		
Dividends paid by AREVA	(250)	(240)
Change in borrowings	2,109	1,545
Total cash flow from financing activities (III)	1,859	1,305
Change in investment securities	282	
Change in net cash (I + II + III)	1,975	1,530
Net cash at the beginning of the year (A)	(94)	(1,624)
Net cash at the end of the year (B)	1,881	(94)
Change in net cash (B - A)	1,975	1,530
Change in investment securities		
Net change in cash position	1,975	1,530

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→ 20.4. Notes to the parent company financial statements

The notes hereunder supplement the statement of financial position, before appropriation of earnings for the year ended December 31, 2009, showing total assets of 12,415,823 thousand euros, and the statement of income, showing a net loss of 138,672 thousand euros. These statements are for the 12-month period beginning January 1 and ending December 31, 2009.

These notes include highlights of the year and:

- accounting policies, rules and methods

- notes to the balance sheet
- notes to the income statement; and
- additional information.

These notes and tables are an integral component of the financial statements approved by AREVA's Supervisory Board.

20.4.1. SCOPE OF BUSINESS

AREVA is a services and financial holding company. Services provided include centralized cash management and consulting and support services for the group.

20.4.2. HIGHLIGHTS FOR THE YEAR

20.4.2.1. DISPOSAL OF TOTAL AND GDF SUEZ SECURITIES

AREVA sold its interests in GDF Suez and Total on the market for 1.031 billion euros.

20.4.2.2. BOND ISSUES

AREVA established a Euro Medium-Term Note program (EMTN) for 5 billion euros; its Standard & Poor's rating (A) was published in connection with this program. Three billion euros were drawn in the second half of 2009 in the form of three different bond issues.

20.4.2.3. SALE OF THE TRANSMISSION & DISTRIBUTION BUSINESS

On June 30, 2009, in connection with AREVA's development plan, the group's Supervisory Board asked the Executive Board to put the Transmission and Distribution business up for sale.

At the close of the competitive bidding process organized for this purpose, AREVA received three firm offers from the Alstom/Schneider Electric consortium, from General Electric and from Toshiba/INCJ. The three bids are close in terms of value and all are more than four times the purchase price paid for this business five years ago.

On November 30, 2009, the AREVA Supervisory Board asked the Executive Board to enter into exclusive negotiations with the Alstom/Schneider consortium based on the latter's proposal, which comes to 2.29 billion euros in equity value, corresponding to an enterprise value of 4.09 billion euros, and which does not ask for a seller's warranty. The agreement concerning the legal and financial terms of the sale of the AREVA group's Transmission & Distribution business to Alstom and Schneider was signed on January 20, 2010; it will become effective after receiving the consent of the competition authorities and the French decree approved by the French *Commission des Participations et des Transferts* (French government shareholding agency).

The costs incurred in connection with the sale have been capitalized on the balance sheet. They will be recognized in profit or loss in 2010 as a reduction of the gain on disposal of the shares.

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20.4.3. ACCOUNTING POLICIES, RULES AND METHODS

20.4.3.1. RULES AND METHODS CONCERNING BALANCE SHEET ACCOUNTS

The financial statements of AREVA SA for the year ended December 31, 2009 were prepared in accordance with French accounting standards as defined and amended by regulation 99-03 of April 29, 1999 published by the French accounting board.

Property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets appear on the balance sheet at cost, in accordance with regulation 2004-06 of the French accounting board.

These assets are depreciated based on the method considered the most appropriate.

The maximum depreciation periods are as follows:

- 3 years for off-the-shelf software;
- 25 years for buildings;
- 10 years for building improvements and office furniture; and
- 5 years for office equipment, computers and transportation equipment.

A provision may be recorded when a specific asset's book value exceeds its net carrying amount.

Long-term investments

Long-term investments are recognized on the balance sheet at cost on the day of contribution or acquisition. The acquisition cost includes the purchase price plus costs directly related to the purchase, such as commissions paid to acquire securities.

A provision for impairment of equity associates is recorded when their original cost exceeds their value in use, determined security by security.

Impairment is computed based on the group's interest in each associate's equity (or consolidated equity for first-tier companies of the group) at year-end. However, this valuation also takes into account events or positions subsequent to year end, when they are known before closing, as well as each subsidiary's estimated profitability or market value.

Loans to equity associates are recorded at face value. A provision for impairment is recognized if necessary to reflect the actual value at year-end.

Receivables and borrowings

Receivables and debt are recorded at nominal value. Receivables may be written down to reflect potential collection difficulties based on information available at closing.

Receivables and borrowings in foreign currencies are translated and recorded in euros based on exchange rates in effect at year-end. Unrealized gains and losses are recorded on the balance sheet as currency translation differences. Receivables and liabilities in foreign currencies whose exchange rates have been hedged are recorded in euros based on the hedged rate. Unrealized foreign exchange losses are recognized through a contingency provision.

Marketable securities

Marketable securities are valued at the lower of their acquisition cost or period-end value. A provision for impairment is recorded when the valuation at the end of the period shows an overall loss by class of securities. The current value is equal to the average closing market price of the securities for the last month of the period.

A provision for impairment of other cash investments, such as debt instruments that are not publicly traded, is recorded separately when warranted.

Bond issues

Bond debt is recognized as borrowings, as provided in generally accepted accounting principles in France (*Plan comptable général*).

Redemption premiums and deferred charges related to bond issues are amortized in a straight line over the term of the issue.

Provisions for contingencies and losses

AREVA SA records provisions for contingencies and losses, for instance to cover restructuring or litigation expenses.

Contingent liabilities represent obligations that are neither probable nor certain at the date of closing, or obligations that are probable but where no resource is likely to be expended. Contingent liabilities are not recognized in provisions, but rather disclosed in the notes (see Section 20.4.4.4.).

AREVA recorded a provision for deferred tax liability to recognize the expected use of tax losses that the French subsidiaries are entitled to apply against future profits, as provided under French tax consolidation rules (see Section 20.4.3.4.).

AREVA's provisions for contingencies and losses are consistent with French accounting board rules on liabilities dated December 7, 2000 (CRC 2000-06).

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Pension commitments

In the case of defined contribution plans, the group's payments are recognized as expenses for the period to which they relate.

The financial statements also reflect all of AREVA's pension, retirement and related benefit commitments, both for active personnel and for retirees, net of any plan assets and unrecognized gains covering the liabilities.

For defined benefit plans, benefit costs are estimated using the projected credit unit method. Under this method, accrued pension benefits are allocated among service periods based on the plan vesting formula. If services in subsequent years result in accrued benefit levels that are substantially higher than those of previous years, the company must allocate the accrued benefits on a straight-line basis. The amount of future benefit payments to employees is determined based on salary trend assumptions, retirement age and mortality, discounted to present value based on interest rates for long-term bonds from AAA issuers.

Actuarial gains and losses are spread out over the average expected remaining working life of personnel taking part in these plans for the portion exceeding the largest of the following values by more than 10%:

- the present value of the defined benefit obligation at the balance sheet opening date;
- the fair value of plan assets at the balance sheet opening date.

The costs of plan changes are allocated over the vesting period.

20.4.3.2. FINANCIAL INSTRUMENTS

AREVA SA uses derivative instruments to hedge foreign exchange risks, interest rate risks and the price of commodities, both for its own account and for transactions carried out by its subsidiaries. The derivatives used are mainly forward exchange contracts, currency and interest rate swaps, currency options and commodity futures.

The risks hedged relate to receivables, borrowings and firm commitments in foreign currencies, planned transactions in foreign currencies, and planned sales and purchases of commodities. Derivative instruments traded to hedge subsidiaries' exposure are issued by banking counterparties. Thus, AREVA SA's exposure to its subsidiaries is strictly offset by AREVA SA's positions with the banks.

Accounting principles:

- Gains and losses on derivatives traded to hedge the subsidiaries' exposure are recognized through profit and loss at maturity, thus matching the gains and losses recognized on the symmetrical derivative transactions between AREVA SA and the banks;
- Interest rate derivatives traded by AREVA SA are qualified as hedging instruments. Interest is recognized as accrued.

20.4.3.3. CASH FLOW STATEMENT

AREVA has adopted the indirect method of presentation, which starts with net income for the period. Cash consists of the following items: cash and cash equivalents, bank debit balances, short-term investments with initial maturities of less than three months, non-trade current accounts, and short-term non-trade receivables or liabilities.

20.4.3.4. TAX DATA

AREVA SA had opted for the global consolidated tax regime, which was approved for the 2005-2007 fiscal years. This option was not renewed and 2007 was therefore the last year of application of the consolidated tax regime.

As provided in article 223A of the French Tax Code, AREVA SA opted to be solely responsible for income tax due on the combined income of the group consisting of AREVA SA and the subsidiaries in which it holds at least 95% of the share capital. This regime remains in effect for the year ended December 31, 2009.

The relations between AREVA SA and its integrated subsidiaries are governed by a tax integration agreement based on the principle of tax neutrality. This agreement defines in particular the conditions for distributing tax liabilities among integrated companies and the rules applicable upon termination of the integration.

As provided in article 39-1-2 of the French Tax Code, depreciation is deductible for tax purposes only if properly recognized in the company's accounting records. To encourage capital spending, tax law may allow companies to recognize amortization that would not otherwise be required under reporting standards. Due to discrepancies between tax and accounting rules, AREVA recognizes accelerated depreciation in a manner that is consistent with accounting rules providing for minimum cumulative straight-line amortization (see Section 20.4.4.9.).

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**FINANCIAL INFORMATION CONCERNING ASSETS,
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Notes to the parent company financial statements

20.4.4. NOTES TO THE BALANCE SHEET
20.4.4.1. NON-CURRENT ASSETS

BOX A		Gross value at the beginning of the year	Increases	
			Revaluations	Additions
Intangible assets				
	Start-up costs and R&D expenses	Total I		
	Other intangible assets	Total II	4,976	12,699
Property, plant and equipment				
	Land		208	
	Buildings erected on owned land		1,716	
	Buildings erected on third-party land			
	Building facilities, fixtures and improvements		1,556	
	Plant, equipment and tooling		260	20
	Miscellaneous facilities, fixtures and improvements		42,410	7,545
	Transportation equipment		125	
	Office equipment, computer equipment and furniture		12,624	2,108
	Recyclable packaging and miscellaneous			
	PP&E in progress		16,754	9,217
	Advances and prepayments			
		Total III	75,652	18,891
Long-term investments				
	Equity method investments			
	Equity associates		3,390,167	120,942
	Other long-term securities		53,465	165
	Loans and other long-term investments		3,206,308	1,236,983
		Total IV	6,649,940	1,358,089
GRAND TOTAL	(I + II + III + IV)		6,730,568	1,389,680

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BOX B	Decreases		Gross at year end
	Reclassifications	Disposals	
Intangible assets			
Start-up costs and R&D expenses	Total I		
Other intangible assets	Total II		17,675
Property, plant and equipment			
Land			208
Buildings erected on owned land			1,716
Buildings erected on third-party land			
Building facilities, fixtures and improvements		11	1,545
Plant, equipment and tooling			281
Miscellaneous facilities, fixtures and improvements		83	49,871
Transportation equipment			125
Office equipment, computer equipment and furniture			14,732
Recyclable packaging and miscellaneous			
PP&E in progress	22,373		3,598
Advances and prepayments			
	Total III	22,373	94
Long-term investments			
Equity method investments			
Equity associates		1,157,697	2,353,411
Other long-term securities			53,630
Loans and other long-term investments			4,443,291
	Total IV	1,157,697	6,850,332
GRAND TOTAL	(I + II + III + IV)	22,373	1,157,791
			6,940,084

Property, plant and equipment and intangible assets

The increase in intangible assets is mainly related to the capitalization of new management software.

The increase in property, plant and equipment primarily reflects the establishment of corporate offices at rue La Fayette in central Paris, at the AREVA Tower in Paris-La Défense, and in Colombes.

Long-term investments

Equity associates in the amount of 2,353,411 thousand euros It primarily comprises the following securities:

- AREVA NC 703,929 thousand euros;
- AREVA T&D Holding 500,000 thousand euros;
- Eramet 291,693 thousand euros;
- AREVA NP 376,638 thousand euros;
- CERÉ 251,541 thousand euros.

- In 2009, AREVA sold its interest in GDF Suez, which was recognized at a book value of 1.136 billion euros at December 31, 2008.

- AREVA's interest in AREVA NP increased by 99,000 thousand euros after subscription to a share issue.

"Loans and other long-term investments" mainly includes loans to equity associates in the amount of 4,381,436 thousand euros concerning medium-term loans made to group companies. At December 31, 2009, these companies were mainly:

- AREVA T&D Holding 501,339 thousand euros;
- AREVA NC Inc. Corporate (61,500 thousand USD); 42,691 thousand euros
- UG Allemagne (449,960 thousand USD); 312,342 thousand euros
- AREVA Resources Canada Inc (706,679 thousand CAD); 467,133 thousand euros
- AREVA T&D UK 35,479 thousand euros (31,509 thousand GBP);

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**FINANCIAL INFORMATION CONCERNING ASSETS,
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Notes to the parent company financial statements

● AREVA Renouvelable	118,645 thousand euros;	● ETC	90,000 thousand euros;
● CFMM (35,800 thousand CAD);	23,665 thousand euros	● URAMIN Namibia (393,353 thousand USD);	273,048 thousand euros
● COGEMA DEVELOPPEMENT1 (2,470,094 thousand USD);	1,714,628 thousand euros	● Société Enrichissement Tricastin	304,000 thousand euros.

Other long-term investments were as follows:

	At December 31, 2008	Increases	Decreases	At December 31, 2009
Other long-term securities	53,465	165		53,630
Loans	5			5
Other long-term investments	18,349	43,668	167	61,850

“Other long-term securities” chiefly include Japan Steel securities in the amount of 43,305 thousand euros.

“Other long-term notes and investments” mainly include:

- security deposits related to regular leases for the AREVA Tower in Courbevoie and the rue La Fayette offices in central Paris representing 12,076 thousand euros at December 31, 2009;

- AREVA's equity interest in European Liability Insurance for the Nuclear Industry (Elini), a mutual insurance company, representing 6,741 thousand euros at December 31, 2009; and
- treasury shares acquired from the Framépargne fund under a liquidity agreement.

20.4.4.2. DEPRECIATION AND AMORTIZATION

		Gross value at the beginning of the year	Increases	Decreases	Gross value at the end of the year
Depreciable assets					
Intangible assets					
Start-up costs and R&D expenses	Total I				
Other intangible assets	Total II	3,507	4,037		7,544
Property, plant and equipment					
Land		4			4
Buildings erected on owned land		1,606	16		1,622
Buildings erected on third-party land					
Building facilities, fixtures and improvements		1,319	33	9	1,343
Plant, equipment and tooling		250	8		258
Miscellaneous facilities, fixtures and improvements		6,339	4,731	1	11,069
Transportation equipment		97	10		108
Office equipment, computer equipment and furniture		3,615	2,292		5,907
Recyclable packaging and miscellaneous					
	Total III	13,230	7,091	10	20,311
GRAND TOTAL	(I + II + III)	16,737	11,128	10	27,855

20.4.4.3. CASH AND MARKETABLE SECURITIES

	At December 31, 2009	At December 31, 2008
Investment securities – equities (gross book value)	200	143,275
Investment securities – equities (impairment)		
Other marketable securities (gross book value)	1,250,686	572,461
Other marketable securities (impairment)		
Cash instruments	9,058	1,463
Cash and cash equivalents	3,928,711	2,885,892
TOTAL	5,188,656	3,603,090

Investment securities came to 200 thousand euros at December 31, 2009, after disposal of all Total securities during the year.

Other marketable securities consist primarily of certificates of deposit in the amount of 570,394 thousand euros and money market funds in the amount of 680,109 thousand euros.

“Cash and cash equivalents” consist of non-trade current accounts in the amount of 3,891,853 thousand euros and bank balances and cash in the amount of 36,858 thousand euros.

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20.4.4.4. PROVISIONS RECORDED ON THE BALANCE SHEET

	Gross value at the beginning of the year	Increases	Decrease (utilized)	Decrease (not utilized)	Amount at year-end	
Tax-driven provisions						
Provisions for capital investment						
Accelerated depreciation subject to favored tax status	494			407	87	
Other tax-driven provisions						
Total I	494			407	87	
Provisions for contingencies and losses						
Provisions for litigation	267			267		
Provisions for foreign exchange losses	319	1,755		319	1,755	
Provisions for pension and similar benefits	1,965	269	53		2,181	
Provisions for taxes	102,624	50,226			152,850	
Other provisions for contingencies and losses	11,804	46,632	2,522	5,372	50,542	
Total II	116,979	98,882	2,575	5,958	207,328	
Provisions for impairment						
Intangible assets						
Property, plant and equipment						
Equity investments						
Equity associates	4,419	352		475	4,297	
Other long-term investments	4,711	1,959			6,670	
Inventories and work-in-process						
Trade accounts receivable						
Other provisions for impairment	4,297			405	3,892	
Total III	13,427	2,311		880	14,859	
GRAND TOTAL	(I + II + III)	130,901	101,193	2,575	7,245	222,274
Including charges / reversals:						
• Operating		3,061	53			
• Financial		37,305		1,199		
• Exceptional		60,827	2,522	6,046		

Provisions for contingencies and losses

The provisions include mostly a deferred liability related to AREVA's use of certain of its subsidiaries' tax losses in the consolidated tax return. At December 31, 2009, this provision was increased to 152,850 thousand euros after a provision of 50,226 thousand euros for deferred tax.

Other provisions for contingencies and losses primarily include 33,119 thousand euros related to accrued interests at December 31, 2009 on the price to be paid by AREVA for the exercise of Siemens' option.

20.4.4.5. STATEMENT OF RECEIVABLES AND LIABILITIES

	Gross amount	Maturing in < 1 year	Maturing in > 1 year	
Non-current assets				
Loans to equity associates	4,381,436	367,043	4,014,394	
Loans	5		5	
Other long-term investments	61,850	42,954	18,895	
Current assets				
Doubtful trade accounts				
Other trade accounts receivable	84,029	84,029		
Loans of securities				
Accounts payable to employees and related accounts	6	6		
Social security administration and other social institutions	68	68		
French State, local governments: income tax	27,069	27,069		
French State, local governments: value added tax	72,135	72,135		
French State, local governments: other taxes and similar payments	109	109		
French State, local governments: miscellaneous	11,905	11,905		
Associates				
Miscellaneous accounts receivable	73,805	73,805		
Accruals	59,785	37,057	22,728	
TOTAL	4,772,202	716,180	4,056,022	
LIABILITIES				
	Gross amount	Maturing in < 1 year	Maturing in 1 to 5 years	Maturing in > 5 years
Convertible bond issues				
Other bond issues	3,031,661	31,661		3,000,000
Bank borrowings, maturity at inception: one year or less	47,439	47,439		
Bank borrowings, maturity at inception: more than one year	1,722,326	1,322,326		400,000
Miscellaneous loans and borrowings	668,472	659,546	8,427	500
Associates	3,360,937	3,360,937		
Trade accounts payable and related accounts	132,111	132,111		
Other operating liabilities				
Accounts payable to employees and related accounts	14,358	14,358		
Social security administration and other social institutions	5,211	5,211		
Value added tax	11,573	11,573		
Covered bonds				
Other taxes and similar payments	2,357	2,357		
Other liabilities	90,015	90,015		
Miscellaneous liabilities				
Accounts payable on non-current assets and related accounts	1,979	1,979		
Income tax	457	457		
Unearned income				
TOTAL	9,088,895	5,679,969	8,427	3,400,500
Borrowings during the year	3,689,999			
Borrowings repaid during the year	1,533,074			

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Bond issues*(in millions of euros)*

Issue date	Par value	Currency	Nominal rate	Maturing in
September 23, 2009	1,250	EUR	3.875%	2016
September 23, 2009	1,000	EUR	4.875%	2024
November 06, 2009	750	EUR	4.375%	2019
TOTAL	3,000			

The AREVA group made three bond issues in 2009 for a nominal amount of 3 billion euros, including 1.05 billion euros swapped for a variable rate in euros and 410 million euros swapped for a variable rate in US dollars.

- two syndicated credit facilities from the European Investment Bank (EIB) for 400 million dollars, maturing in more than five years;
- commercial paper in the amount of 300 million euros; and
- debt related to associates in the amount of 358,836 thousand euros.

Loans and borrowings

Loans and borrowings came to 2,428,601 thousand euros at December 31, mainly including:

- bank account credit balances of 47,439 thousand euros;
- a syndicated credit facility of 1.9 billion US dollars;

Group and associates

At December 31, this heading mainly includes intercompany non-trade accounts in the amount of 3,360,937 thousand euros.

20.4.4.6. ACCRUED INCOME

(French decree 83-1020 of November 29, 1983, article 23)

	At December 31, 2009	At December 31, 2008
Loans to equity associates	3,486	8,715
Trade accounts receivable and related accounts	10,240	10,595
Other accounts receivable	38,648	124,971
<i>French State – other accounts receivable</i>	11,538	38,212
Marketable securities	5	450
TOTAL	52,379	144,731

20.4.4.7. ACCRUED EXPENSES

(French decree 83-1020 of November 29, 1983, article 23)

	At December 31, 2009	At December 31, 2008
Other bond issues	31,661	
Bank borrowings	661	92
Miscellaneous loans and borrowings	58	307
Trade accounts payable and related accounts	112,953	99,571
Taxes and employee-related liabilities	19,475	14,376
Accounts payable on non-current assets and related accounts	1,822	13,269
Other liabilities	35,903	15,042
TOTAL	202,533	142,657

20.4.4.8. SHARE CAPITAL

(French decree 83-1020 of November 29, 1983, article 24-12)

Class of security	Par value	Beginning of year	Number of shares		At year end
			Issued during the year	Redeemed during the year	
Shares	38 euros	34,013,593	0	0	34,013,593
Investment certificates	38 euros	1,429,108	0	0	1,429,108

The share capital of AREVA SA at December 31, 2009 was as follows:

At December 31	2009	2008	2007
CEA	78.9%	78.9%	78.9%
French State	8.4%	5.2%	5.2%
Caisse des dépôts et consignations	3.6%	3.6%	3.6%
Erap	-	3.2%	3.2%
Total	1.0%	1.0%	1.0%
Calyon and employee shareholders	1.4%	1.6%	1.6%
EDF	2.5%	2.5%	2.5%
Treasury shares	0.2%	-	-
Shareholders with voting rights	96.0%	96.0%	96.0%
Investment certificate holders	4.0%	4.0%	4.0%
TOTAL	100.0%	100.0%	100.0%

20.4.4.9. SHAREHOLDERS' EQUITY EXCLUDING SHARE CAPITAL

	At December 31, 2008	Appropriation of earnings	Net income for the year	Change for the year	At December 31, 2009
Issue premiums	184,357				184,357
Revaluation adjustments	0				0
Consolidation goodwill	143,932				143,932
Legal reserve	134,682				134,682
Regulated reserves	2				2
Blocked reserves	3,302				3,302
Other reserves	6,403				6,403
Retained earnings	649,678	786,131			1,435,810
Net income for the year	1,036,002	(1,036,002)	(138,672)		(138,672)
Investment subsidies	2,700			175	2,875
Tax-driven provisions	494			(407)	87
TOTAL EQUITY EXCLUDING SHARE CAPITAL	2,161,553	(249,871)	(138,672)	(232)	1,772,777

On April 30, 2009, the Annual General Meeting of Shareholders decided to distribute dividends in the amount of 249,871 thousand euros out of 2008 net income.

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20.4.4.10. DATA ON RELATED PARTIES

(French decree 83-1020 of November 29, 1983 – articles 24-15)

Balance sheet account

	Net amount concerning related parties	
	in which the company has an equity interest	Debt or receivables evidenced by an instrument
Long-term investments		
Equity associates	1,990,211	
Loans to equity associates	4,290,477	
Loans	1	
Other long-term securities		
Other long-term investments	192	
TOTAL LONG-TERM INVESTMENTS	6,280,881	
Accounts receivable		
Accounts receivable and related accounts	80,857	
Other accounts receivable	6,448	
TOTAL ACCOUNTS RECEIVABLE	87,305	
Cash and marketable securities		
Marketable securities		
Non-trade current accounts	3,950,256	
TOTAL CASH AND MARKETABLE SECURITIES	3,950,256	
Liabilities		
Non-trade current accounts	3,352,548	
Trade accounts payable and related accounts	66,209	
Other liabilities	21,747	
TOTAL LIABILITIES	3,440,504	

Income statement account

	Net amount concerning related parties	
	in which the company has an equity interest	Debt or receivables evidenced by an instrument
Financial income		
Financial income	368,753	
Financial expenses		
Financial expenses	176,554	
NET FINANCIAL INCOME	192,199	

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20.4.4.11 FIVE-YEAR FINANCIAL SUMMARY

Income and other items characterizing performance over the past five years

<i>(in thousands of euros)</i>	2005	2006	2007	2008	2009
Share capital at year-end					
Share capital	1,346,823	1,346,823	1,346,823	1,346,823	1,346,823
Number of ordinary shares outstanding <i>(in thousands)</i>	34,013,593	34,013,593	34,013,593	34,013,593	34,013,593
Number of shares with preferred dividend rights <i>(in thousands)</i>	1,429,108	1,429,108	1,429,108	1,429,108	1,429,108
Operations and income for the year					
Revenue before tax	97,983	114,423	143,647	174,309	230,919
Income before tax, employee profit-sharing and amortization, depreciation and provisions (including reversals)	(1,952,579)	298,559	368,091	1,026,182	(107,929)
Income tax	(97,489)	92,816	476,333	53,518	72,360
Employee profit-sharing for the year					
Income after tax, employee profit-sharing and amortization, depreciation and provisions (increases-decreases)	347,951	280,209	726,612	1,036,002	(138,672)
Net income distributed	349,819	299,845	239,947	249,871	249,730 *
Earnings per share <i>(in euros)</i>					
Income after tax and employee profit-sharing and before amortization, depreciation and provisions (increases-decreases)	(53)	9	17	30	(5.00)
Income after tax, employee profit-sharing and amortization, depreciation and provisions (increases-decreases)	10	8	21	29	(4.00)
Dividend per share (rounded to one eurocent)	10	8.5	6.8	7.05	7.06 *
Personnel					
Average number of salaried employees during the year	184	144	139	128	128
Total compensation for the year	17,751	17,715	19,922	17,792	23,269
Payroll taxes and other benefit expenses	9,073	8,172	9,718	8,939	11,231

* Preliminary data pending approval by the Annual General Meeting of Shareholders.

20.4.5. NOTES TO THE INCOME STATEMENT

20.4.5.1. CURRENT OPERATING INCOME (LOSS)

Reported revenue includes:

- charge allocations to subsidiaries, corresponding to shared services and the right to use a trademark, for a total of 104,874 thousand euros;
- the trademark license fee is charged to all group entities at the rate of 0.5% of contributions to consolidated revenue. The shared services fee is charged only to French consolidated entities, at the rate of 0.6% of contributions to consolidated revenue;
- proceeds from real estate operations (59,365 thousand euros);
- charge allocation for personnel expenses (3,581 thousand euros);
- charge allocations for computer services (35,449 thousand euros).

Operating expenses reflect holding company activities and services provided to subsidiaries. The operating loss thus came to 174,891 thousand euros.

20.4.5.2. NET FINANCIAL INCOME

Net financial income includes, in particular:

- dividends from equity interests 278,202 thousand euros;
- dividends from other securities (including Suez) 37,523 thousand euros;
- investment income 2,437 thousand euros;
- gain on sales of securities 138,921 thousand euros;
- net income on non-trade accounts and loans to equity associates 71,346 thousand euros;
- interest expense on borrowings - 76,047 thousand euros;
- foreign exchange gain 8,110 thousand euros;
- net provisions - 36,452 thousand euros.

In the income statement, "Financial income from equity interests" (375.4 million euros) includes dividends of 315.1 million euros and financial income on receivables from equity interests.

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**FINANCIAL INFORMATION CONCERNING ASSETS,
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Notes to the parent company financial statements

20.4.5.3. EXCEPTIONAL ITEMS

Exceptional items primarily include:

- the loss on disposal of GDF Suez shares; and
- the increase in provision for deferred taxes.

20.4.5.4. INCOME TAX

As provided in article 223A of the French Tax Code, AREVA SA opted to be solely responsible for income tax due on combined income recognized by the integrated group.

In 2009, AREVA SA and its integrated subsidiaries generated a combined tax loss of 418,111 thousand euros.

The tax income recognized for 2009 of 73,954 thousand euros corresponds primarily to tax savings under the tax integration regime. This income accrues to AREVA SA as the integrating parent company.

The tax income for the year breaks down as follows:

- Tax due to AREVA SA by integrated subsidiaries producing taxable income: 70,881 thousand euros;
- Adjustment to the tax expense for previous years: 3,073 thousand euros.

The net impact of corporate income tax related events is a net profit of 25,789 thousand euros, after recognition of 50,226 thousand euros in net provision for deferred tax and the reversal of a provision for tax audit on previously sold FCI subsidiaries in the amount of 2,061 thousand euros.

20.4.6. ADDITIONAL INFORMATION
20.4.6.1 EMPLOYEES

The company employed 128 people on December 31, 2009, as indicated in the following table:

	2009	2008	2007	2006
Management	98	97	100	102
Supervisors	30	31	35	38
Support staff	0	0	4	4
TOTAL	128	128	139	144

**20.4.6.2. PENSIONS AND OTHER EMPLOYEE
BENEFITS**

AREVA SA pays retirement bonuses to its retiring employees, based on their compensation and seniority.

This defined benefit plan is recognized in accordance with the accounting principles defined in Note 20.4.3.1.

Each year, independent actuaries determine AREVA's commitments at year end.

Balance sheet reconciliation

(in thousands of euros)

	2009	2008	2007
Total provisions for pension obligations and other employee benefits	2,181	1,965	1,944

The main actuarial assumptions used in determining the group's obligations are as follows:

	2009	2008	2007
Inflation	2.00%	2.00%	2.00%
Discount rate	5.00%	5.50%	5.00%

- Mortality tables used: INSEE 2000-2002 Men/Women
- Retirement age: 63 for management personnel, 61 for non-management personnel.
- Average attrition

- Assumed rate of salary increase, net of inflation.

	Management	Non-management personnel
< 30 years	1.60%	1.60%
30-39	1.60%	1.60%
40-49	1.60%	1.60%
50-54	1.60%	1.60%
55 and above	0.00%	0.00%

	Management	Non-management personnel
< 30 years	1.50%	0.50%
30-39	1.50%	0.50%
40-49	1.50%	0.50%
50-54	1.50%	0.50%
55 and above	1.50%	0.50%

Net carrying amount of benefit obligations

<i>(in thousands of euros)</i>	2009	2008	2007
Benefit obligation	2,865	2,026	2,465
Fair value of plan assets			
Unrecognized actuarial losses	(830)	(222)	(697)
Unrecognized past service gains	146	161	176
TOTAL BENEFIT OBLIGATION	2,181	1,965	1,944

Change in the provision

<i>(in thousands of euros)</i>	2009	2008	2007
Change in the provision:			
Restated opening balance	1,965	1,944	1,617
Total expense	269	338	333
Contributions collected/benefits paid	(53)	(317)	(6)
BENEFIT OBLIGATION AT DECEMBER 31	2,181	1,965	1,944

Total expense for the year

<i>(in thousands of euros)</i>	2009	2008	2007
Current service cost	162	188	194
Interest expense	120	127	104
Expected return on plan assets			
Amortization of actuarial gains or losses	2	38	50
Past service cost	(15)	(15)	(15)
Plan creation, curtailment or liquidation			
TOTAL EXPENSE FOR THE YEAR	269	338	333

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20.4.6.3. INFORMATION ON LEASE ARRANGEMENTS

No lease arrangements were recorded in 2009.

20.4.6.4. COMPANY EXPOSURE TO MARKET RISK

General objectives

The group has an organization dedicated to implementing market risk management policies approved by the Executive Committee for centralized management of exposure to foreign exchange, commodity, rate and liquidity risks.

In the Finance department, the department of Financial Operations and Treasury Management makes transactions on financial markets and acts as a central desk that provides services and manages the group's financial exposure. This department is organized with a front, middle and back office, ensuring the separation of functions, and has access to all the human, technical, and information system resources necessary to accomplish its mission. Transactions cover foreign exchange and commodities trading, interest rates, centralized cash management, internal and external financing, borrowings and investments, and asset management.

To report on financial risk and exposure limits, the department of Financial Operations and Treasury Management prepares a monthly report presenting the group's positions and the performance of its financial transactions. This report is submitted once a month to the Treasury Management Committee, which is composed of the group's CFO, the financial directors of the main subsidiaries, and the Legal and Treasury Management departments. The reporting system also includes weekly reports submitted to the group's CFO, including a valuation of all positions and their market value. Together, these reports and reviews are used to monitor the group's counterparty risk.

Foreign exchange risk management

The drop in value of the US dollar against the euro may affect the group's income in the medium term.

In view of the geographic diversity of its locations and operations, the group is exposed to fluctuations in exchange rates, particularly the dollar-euro exchange rate. The volatility of exchange rates may impact the group's currency translation adjustments, equity and income.

Balance sheet risk: The group finances its subsidiaries in their accounting currencies to minimize the balance sheet foreign exchange risk from financial assets and liabilities. Loans and advances granted

to subsidiaries by the department of Treasury Management, which centralizes financing, are then systematically converted into euros through currency swaps.

To limit the currency risk for long-term investments generating future cash flows in foreign currencies, the group uses a liability in the same currency to offset the asset.

Trade exposure: The principal foreign exchange exposure concerns fluctuations in the euro/US dollar exchange rate. As a uranium producer in Canada, the group is also exposed to fluctuations in the Canadian dollar against the US dollar, in which uranium prices are denominated. Exposure to other currencies (pound sterling, Swiss franc, yen and South American and Middle Eastern currencies), mainly connected with the Transmission & Distribution division, is of secondary importance.

The group's policy, which was approved by the Executive Committee, is to hedge all foreign exchange risk generated by sales transactions, whether certain or potential (during the proposals) so as to minimize the impact of exchange rate fluctuations on consolidated net income.

The AREVA group acquires derivatives (principally currency futures) or special insurance contracts issued by Coface to hedge its foreign exchange exposure from trade, including accounts receivable and payable, confirmed off-balance sheet commitments (orders received from customers or placed with suppliers), highly probable future cash flows (budgeted sales or purchases, anticipated margins on contracts) and proposals made in foreign currencies. These hedges are backed by underlying transactions for identical amounts and maturities and, generally, are documented and eligible for hedge accounting (except for hedges of proposals submitted in foreign currencies).

As provided by group policies, each operating entity responsible for identifying foreign exchange risk must hedge exposure to currencies other than its own accounting currency by initiating a transaction exclusively with the group's trading desk, except as otherwise required by specific circumstances or regulations. The department of Financial Operations and Treasury Management centralizes the exposure of all entities and hedges the net position directly with banking counterparties. A system of strict limits, particularly concerning results, marked to market, and foreign exchange positions that may be taken by the trading desk, is monitored daily by specialized teams that are also charged with valuation of the transactions. In addition, analyses of sensitivity to changes in exchange rates are periodically performed.

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At December 31, 2009, derivatives used by the group to manage foreign exchange risk were as follows:

Foreign exchange instruments <i>(in millions of euros)</i>	Notional amounts by maturity date at December 31, 2009, at par value						Maturity > 5 years	TOTAL	Market value
	2010	2011	2012	2013	2014	2014			
Forwards									
USD/EUR	1,357	420	160	110	48	44	2,138	(2)	
SEK/EUR	31	19	75	76	486	0	687	0	
JPY/EUR	80	114	81	89	126	18	507	2	
GBP/EUR	201	31	5	0	0	0	236	0	
USD/CAD	178	41	0	0	0	0	219	(2)	
AUD/EUR	147	3	0	0	0	0	150	(0)	
OTHER	787	111	51	10	2	0	961	2	
Total	2,779	738	372	284	661	62	4,897	1	
Currency swaps									
USD/EUR	2,095	114	49	46	19	16	2,339	(2)	
CAD/EUR	397	0	0	0	0	0	397	(10)	
GBP/EUR	209	9	0	0	0	0	218	(5)	
JPY/EUR	31	0	26	50	41	19	167	(2)	
CHF/EUR	156	5	0	0	0	0	161	1	
QAR/EUR	95	19	4	0	0	0	118	(2)	
OTHER	801	4	0	2	0	0	807	0	
Total	3,785	151	78	98	60	35	4,207	(20)	
Options									
USD/ZAR	369						369	0	
JPY/EUR			15	53	76		144	0	
USD/AUD	48	8					56	0	
Total	417	8	15	53	76	0	569	0	
Cross currency swaps									
USD/EUR *						416	416	(5)	
CAD/EUR	155						155	8	
Total	155					416	571	3	
GRAND TOTAL	7,137	897	465	435	798	513	10,244	(15)	

Interest rate risk management

The group is exposed to the fluctuations of interest rates on its external floating rate borrowings and, to a lesser extent, on its financial investments. Rate risk management is entirely centralized in the department of Financial Operations and Treasury Management, which consolidates the subsidiaries' current or stable cash surpluses or requirements and arranges external financing as appropriate, except as otherwise required by regulations or specific circumstances.

The group uses several types of derivative instruments, as required by market conditions, to allocate its borrowings between fixed rates and floating rates and to manage its investment portfolio, with the

goal being mainly to reduce its borrowing costs while optimizing the management of its cash surpluses.

At December 31, 2009, the interest rate swaps used were primarily rate swaps to adjust exposure to fixed and floating rates (see Section 20.2. *Notes to the consolidated financial statements for the year ended December 31, 2009, Note 31. Market risk management*).

The amount of the commitments and the sensitivity of the positions taken by the trading desk in the framework of AREVA's rate management policy are subject to limits based on the type of transaction involved.

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At December 31, 2009, the following financial instruments were used to hedge interest rate exposure:

Interest rate instruments

<i>(in millions of euros)</i>	Notional amount	Notional amounts of the contracts by maturity date at December 31, 2009						Market value
		2010	2011	2012	2013	2014	Maturity > 5 years	
Interest rate swaps – fixed receiver								
USD - variable lender	528	528						(15)
Interest rate swaps – fixed lender								
EUR - variable borrower	1,350	300					1,050	11
Interest rate swaps – fixed lender								
USD – variable borrower	416						416	(4)
GRAND TOTAL	2,294	828					1,466	(7)

Commodity risk

The group is exposed to long-term and short-term changes in the prices of commodities used in its production processes, either as a result of the procurement of finished products or, more directly, when buying commodities pegged to the trading price on a commodity market.

Aside from energy, commodities that may have a significant impact on the group's production costs primarily include copper and nickel; aluminum and silver play a lesser role. Most of the group's exposure is concentrated in the Transmission & Distribution and Reactors and Services divisions.

Each division implements policies to manage exposure to commodity risks which aim to limit the impact of price changes on consolidated net income by identifying and neutralizing the risk as soon as possible, in some instances as early as the proposal phase.

Hedges may be initiated based on a global budget (T&D division) with graduated coverage reflecting the highly probable nature of the exposure, or based on long-term sales contracts after a specific analysis of the commodities risk (Reactors and Services division).

As for currency exposure, commodity risk management is initiated by the operating entities and centralized with the group's department of Treasury Management using derivatives, including options and firm contracts (forwards and swaps). The department of Treasury Management hedges the subsidiaries' position with market counterparties without taking any speculative position.

The majority of commodity hedges are eligible for accounting as cash flow hedges. Accordingly, any change in the value of derivatives impacts the group's equity.

At December 31, 2009, derivative financial instruments used by the group to hedge future cash flows from commodities were as follows:

Commodity risk management

<i>(in millions of euros)</i>	Notional amount	Notional amounts of cash flow hedges by maturity date at December 31, 2009 (at par value)					Market value
		2010	2011	2012	2013	2014	
Nickel							
Forward transactions – Buyer	16	11	4	0			(5)
Forward transactions – Seller	16	11	4	0			5
Silver							
Forward transactions – Buyer	1	1					0
Forward transactions – Seller	1	1					(0)
Aluminum							
Forward transactions – Buyer	3	3					0
Copper							
Forward transactions – Buyer	53	44	6	2			14
Forward transactions – Seller	4	2	1	1			(1)
Energy							
Forward transactions – Buyer	0	0					0
Forward transactions – Seller	0	0					(0)
Gold							
Option - Buyer	49	43	6				1
Option - Seller	49	43	6				(1)
TOTAL	193	162	27	3	-	-	13

Equity risk

To manage its long-term investment positions, the group may elect to use puts and calls backed by portfolio equities. No such transaction was pending as of the end of the year.

Counterparty risk

The group is exposed to the credit risk of counterparties linked to its use of financial derivatives to cover its risks.

The group uses different types of financial instruments to manage its exposure to foreign exchange and interest rate risks, and its exposure to risks on commodities and publicly traded equities. The group primarily uses forward buy/sell currency and commodity contracts and rate derivative products such as swaps, futures or options to cover these types of risk. These transactions involve exposure to counterparty risk when the contracts are concluded over the counter.

To minimize this risk, the group's trading desk deals only with diversified, top quality counterparties rated A1/P1 or higher in the Standard & Poor's and Moody's rating systems for short-term maturities or A/A2 for long-term maturities. A legal framework agreement is always signed with the counterparties.

The limits allowed for each counterparty are determined based on its rating and the type and maturity of the instruments traded. Assuming the rating of the counterparty is not downgraded earlier, the limits are reviewed at least once a year and approved by the Chief Financial Officer. The limits are verified in a specific report produced by the internal control team of the department of Treasury Management. During periods of significant financial instability that may involve an increased risk of bank default, which may be underestimated by ratings agencies, the group monitors advanced indicators such as the value of the credit default swaps (CDS) of the eligible counterparties to determine if limits should be adjusted.

Market value of financial instruments

The market value of financial instruments pertaining to currency, rate and commodity transactions was calculated based on market data as of the closing date, on discounted future cash flows, or on prices provided by financial institutions. The use of different market assumptions could have a significant impact on estimated market values.

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20.4.6.5. OFF-BALANCE SHEET COMMITMENTS, EXCLUDING LEASES

The group has established a procedure to identify and confirm off-balance sheet items disclosed in these notes. This procedure includes a definition of the main categories of commitments and their valuation

methods. It also includes a method to collect and control the data, relying largely on confirmations from third parties.

<i>(in thousands of euros)</i>	Total	< 1 year	1 to 5 years	Maturity > 5 years
Commitments given				
Bid guarantees	-	-	-	-
Performance warranties	300	300	-	-
Down payment guarantees	-	-	-	-
After-sales warranties	-	-	-	-
Other contract guarantees	-	-	-	-
Guarantees for waivers of warranty retentions	-	-	-	-
Environmental guarantees	-	-	-	-
Total operating commitments given	300	300	-	-
Guarantees and surety	2,361,953	1,231,935	1,014,742	115,276
Total commitments and collateral given on financing	2,361,953	1,231,935	1,014,742	115,276
Guarantees of assets and liabilities	582,823	582,823	-	-
Guarantees pertaining to rental obligations	2,859	-	-	2,859
Other commitments given	9,231	9,231	-	-
Total other commitments given	594,913	592,054	-	2,859
TOTAL	2,957,166	1,824,289	1,014,742	118,135
Commitments received				
Vendor warranties received	250,000	-	-	250,000
Other commitments received	677	677	-	-
TOTAL	250,677	677	-	250,000
Reciprocal commitments				
Unused lines of credit	3,300,000	1,300,000	2,000,000	-
Siemens put option	2,100,000	2,100,000	-	-
Other reciprocal commitments	5,000	5,000	-	-
TOTAL	5,405,000	3,405,000	2,000,000	-

Commitments given

The group gave a parent company guarantee to TVO for the full value of the contract for construction of an EPR™ reactor in Finland. The group received a counter-guarantee from Siemens corresponding to that supplier's share of the TVO contract. The net commitment given by the group is in the range of 1.5 billion euros to 2 billion euros. This amount is not included in the summary table.

AREVA gave a guarantee in respect of ownership of FCI shares sold to Bain Capital. This amount, which is capped at the sale price of 582 million euros, is not included in the summary table.

Commitments received

Commitments received correspond mainly to the capped amount of vendor warranties received from Alstom pursuant to acquisition of the Transmission & Distribution division.

Reciprocal commitments

Unused lines of credit

In February 2007, the group established a two billion euro syndicated line of credit available in euros and US dollars over a seven year period. At year-end 2009, this line had not been used.

Confirmed banking lines of credit in the amount of 1.3 billion euros were set up in the second half of 2009. These lines had not been used at December 31, 2009. They mature in July 2010 (1.15 billion euros) and in December 2010 (150 million euros).

Commitment related to the acquisition of AREVA NP shares held by Siemens

The shareholders' agreement signed in 2001 between Framatome SA (absorbed by AREVA in 2001) and Siemens provided for the exercise of a put option by Siemens in respect of shares it holds in AREVA NP, representing 34% of the share capital, and a call option by AREVA in respect of AREVA NP shares held by Siemens, under the following terms and conditions:

On January 27, 2009, Siemens announced its decision to exercise the option to sell its stake in AREVA NP. The procedure to determine the exercise price was set in motion in early February 2009, as provided in the shareholders' agreement.

In accordance with the terms of the shareholders' agreement, in the absence of an agreement between the parties on the exercise price for the option, an expert was designated by the Institute of Chartered Accountants in England and Wales to determine the price to be paid by AREVA to Siemens for exercise of the option no later than January 30, 2012.

This obligation bears interest from the date of the notice of exercise of the option at a variable rate equal to the 3-month Euribor + 1% until the date of final determination of the price for the option by the expert, and then at a fixed rate until the date of actual payment by AREVA.

In view of the uncertainty regarding the exercise price that will result from the expert's valuation and the uncertainty on the outcome of the arbitration proceedings in progress, AREVA decided to maintain the amount of 2.049 billion euros in its off-balance sheet commitments at December 31, 2009. In addition, AREVA agreed to reimburse 51 million euros corresponding to Siemens' contribution to the capital increase of AREVA NP SAS in March 2009. This liability, which bears interest at 5.5%, is included in off-balance sheet commitments. Accrued interest on this 2.1 billion euro liability at December 31, 2009 was recognized as a provision for contingency in the amount of 33 million euros.

20.4.6.6. EXECUTIVE COMPENSATION

Total compensation and benefits in kind paid to executive officers (members of the Executive and Supervisory Boards) during the year by the company and companies under its control (as defined under article L. 225-102-1 of the French Commercial Code, introduced by the New Economic Regulations law of May 15, 2001 and amended by the Financial Security act of August 1, 2003) totaled 2,779 thousand euros.

20.4.6.7. EVENTS SUBSEQUENT TO YEAR END

No significant event with a potential impact on AREVA SA's financial position has occurred since January 1, 2010.

20.4.6.8. DISPUTES AND POTENTIAL LIABILITIES

Siemens' withdrawal from AREVA NP

In January 2009, Siemens notified AREVA of its wish to end its 34% interest in the corporate joint venture AREVA NP by exercising its put for convenience.

In the weeks that followed, Siemens announced that it had entered into negotiations with Russia's state atomic energy corporation Rosatom to create a new corporate joint venture active in the construction of nuclear power plants throughout the world. In March 2009, AREVA notified Siemens that it was exercising its call for breach based on breach of Siemens' contractual obligations, most notably of the non-competition clause stipulated in the shareholders' agreement binding the two parties. On April 14, 2009, AREVA supplemented its notice by initiating arbitration proceedings before the International Chamber of Commerce, requesting that Siemens' breach of its contractual obligations be recognized, that breach of contract having caused a discount from par in the purchase price for the shares held by Siemens in AREVA NP, as provided in the shareholders' agreement, and damages in an amount as yet to be determined. In May and June 2009, Siemens re-qualified the exercise of its put option as a put for breach, supplemented by its response aimed at rejecting AREVA's requests and at receiving the premium on the sale price of its shares provided in this case under the contract.

On November 17, 2009, the court of arbitration responded favorably to the request filed by AREVA for conservatory measures aimed at imposing emergency restrictions on Siemens in its negotiations with Rosatom until such time as the court has pronounced its judgment.

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20.4.6.9. DETAILED FINANCIAL INFORMATION ON SUBSIDIARIES AND ASSOCIATES
Financial information

(in thousands of euros unless other indicated)

Subsidiaries and associates	Share capital	Premiums, reserves and retained earnings	Interest held in share capital (in %)	Gross carrying amount of shares held	Net carrying amount of shares held	Unpaid loans and advances	Revenue (before tax) of last fiscal year	Income (loss) from last accounting period	Dividends received in fiscal year 2009
A - Detailed financial information on subsidiaries and associates (net carrying amount exceeds 1% of AREVA's share capital)									
1 - Subsidiaries (AREVA holds more than 50% of the share capital)									
Cédec									
33, rue La Fayette - 75009 Paris - France	36,532	4,241	90,14	33,466	33,466			5,230	8,254
Compagnie d'Etude et de Recherche pour l'Energie (CERE)									
33, rue La Fayette - 75009 Paris - France	247,500	14,979	100,00	251,541	251,541			(6,940)	
AREVA NC									
33, rue La Fayette - 75009 Paris - France	100,259	1,066,754	100,00	703,929	703,929		2,796,471	(60,467)	100,259
AREVA NP s.a.s.									
Tour AREVA - 92084 Paris La Défense Cedex - France	400,000	(181,126)	100,00	376,638	376,638		1,930,001	(151,872)	
FT1CI									
33, rue La Fayette - 75009 Paris - France	68,163	828,714	100,00	54,889	54,889			(121,660)	25,347
AREVA Insurance et Réassurance (AREVA IR)									
33, rue La Fayette - 75009 Paris - France	6,375	81,055	100,00	30,940	30,940			3,738	
AREVA T&D Holding									
33, rue La Fayette - 75009 Paris - France	500,037	73,032	100,00	500,000	500,000	500,354		174,996	100,007
2 - Associates (AREVA holds 10% to 50% of the share capital)									
Eramet	81,000	2,629,440	26,17	291,693	291,693			(275,000)	35,476
Technicatome (AREVA TA)	20,000	57,179	24,89	14,042	14,042		298,965	23,541	1,992
B. - Summary information on other subsidiaries and associates									
1 - Subsidiaries not included in Section A above									
a) French subsidiaries (combined)				16,946	16,225	118,650			
b) Foreign subsidiaries (combined)				6,597	5,619	2,063			
2 - Associates not included in Section A above									
a) French companies (combined)				71,264	68,803				43,785
b) Foreign companies (combined)				1,466	1,329				

→ 20.5. Accounts payable to suppliers

Accounts payable to suppliers at year end, in accordance with articles L. 441-6-1 (1) and D. 441-4 of the French Commercial Code, by maturity dates:

(in thousands of euros)

Matured	10,165
0 to 30 days	7,027
31 to 45 days	1,888
More than 45 days	58
TOTAL	19,138

→ 20.6. Dividends

20.6.1. DIVIDENDS – EXCERPT FROM THE MANAGEMENT REPORT OF FEBRUARY 18, 2010

20.6.1.1. DIVIDEND PAYMENT (ARTICLE 49 OF THE BY-LAWS)

Dividends are paid annually on the date and place set by the Annual General Meeting of Shareholders or, in the absence of such a

decision, within nine months of the fiscal year-end on the date and place set by the Executive Board.

Dividends properly received are not subject to recovery. Dividends that have not been collected within five years from the date set for distribution are forfeited to the French State.

20.6.1.2. DIVIDEND DATA

(in euros)	Dividend	Tax credit	Gross dividend
2000	22.85	11.42	34.27
2001	6.20	3.10	9.30
2001 (exceptional dividend)	12.28	6.14	18.48
2002	6.20	3.10	9.30
2003	6.20	3.10	9.30
2004	9.59	-	9.59
2005	9.87	-	9.87
2006	8.46	-	8.46
2007	6.77	-	6.77
2008	7.05	-	7.05
2009 *	7.06	-	7.06

* Proposé à l'Assemblée Générale du 29 Avril 2010

20.6.1.3. DIVIDEND POLICY

On June 30, 2009, the Supervisory Board approved a dividend policy supported by the French State as shareholder and incorporated into the group's development plan. Thus, starting with the dividend paid in 2011 based on the financial statements for the year ended December 31, 2010, and for a three-year period, the distribution rate for dividends will be equal to 25% of the net income attributable to owners of the parent.

The annual dividend amount is set with representatives of the French State and the CEA, which together hold a majority of the group's share capital. The Supervisory Board will submit a proposal to the Annual General Meeting of Shareholders of April 29, 2010 to distribute a dividend of 7.06 euros per share or investment certificate for 2009, compared with 7.05 euros for the previous year.

The dividend of 7.06 euros corresponds to a distribution rate of 45% of 2009 consolidated net income and will be paid on June 30, 2010. The distribution rates for 2004, 2005, 2006, 2007 and 2008 were,

respectively, 80%, 33.3%, 46%, 32.3% and 42% of consolidated net income for those years. These distribution rates are not an indication of the company's future dividend policy.

→ 20.7. Legal and arbitration proceedings

The group is involved in a number of disputes with a potentially significant negative impact on its operations and financial position (see Section 20.2. *Notes to the consolidated financial statements, Note 34. Disputes and potential liabilities*).

Appropriate provisions are recorded to cover expenses that could result from these disputes, based on case-by-case analysis. At December 31, 2009, the provisions for disputes, excluding other provisions for contingencies, totaled 25 million euros. Some of the subjects discussed in this Section are not subject to formal litigation *per se* and the corresponding provisions are recognized in

provisions for contract performance (see Note 24. *Other provisions in Section 20.2. Notes to the consolidated financial statements*).

In addition, some disputes concerning damages or injury are covered under group insurance policies or other forms of guarantee.

Except as described below, and to the knowledge of the group, there is no other governmental, legal or arbitration proceeding, including any proceeding known to the company, pending or threatened, that could have or that had a significant impact on the financial position or profitability of the company and/or the group in the last twelve months.

SIEMENS' WITHDRAWAL FROM AREVA NP (DISPUTE CONCERNING AREVA SA)

In January 2009, Siemens notified AREVA of its wish to end its 34% interest in the corporate joint venture AREVA NP by exercising its put for convenience (see Section 25.2.2). In the weeks that followed, Siemens announced that it had entered into negotiations with Russia's state atomic energy corporation Rosatom to create a new corporate joint venture active in the construction of nuclear power plants throughout the world. In March 2009, AREVA notified Siemens that it was exercising its call for breach based on breach of Siemens' contractual obligations, most notably of the non-competition clause stipulated in the shareholders' agreement binding the two parties. On April 14, 2009, AREVA supplemented its notice by initiating arbitration proceedings before the International Chamber of Commerce, requesting that

Siemens' breach of its contractual obligations be recognized, that breach of contract having caused a discount from par in the purchase price for the shares held by Siemens in AREVA NP, as provided in the shareholders' agreement, and damages in an amount as yet to be determined. In May and June 2009, Siemens re-qualified the exercise of its put option as a put for breach, supplemented by its response aimed at rejecting AREVA's requests and at receiving the premium on the sale price of its shares provided in this case under the contract. On November 17, 2009, the court of arbitration responded favorably to the request filed by AREVA for conservatory measures aimed at imposing emergency restrictions on Siemens in its negotiations with Rosatom until such time as the court has pronounced its judgment.

USEC (DISPUTE CONCERNING AREVA NC)

In 2001, the US Department of Commerce (DOC) ordered that countervailing duties (CVD) be levied on uranium enriched in France, Germany, the Netherlands and the United Kingdom and exported to the United States. This action followed complaints filed in December 2000 by the United States Enrichment Corporation (USEC) against Eurodif and URENCO for alleged dumping and illegal subsidies. The level of countervailing duties applied to Eurodif exports

to the United States led to a deposit of 213 million US dollars with the US Customs Service at the end of 2008.

To defend the case, Eurodif filed an administrative appeal before the US Department of Commerce and judicial proceedings in the US Court of International Trade (CIT), with a subsequent appeal to the Court of Appeals for the Federal Circuit (CAFC).

The CAFC ruled in favor of Eurodif in March 2005, September 2005 and February 2007. The CIT ordered the DOC to comply with the CAFC decisions, which it did.

The CVD order (subsidies) was rescinded on May 25, 2007. After the decision, Eurodif received reimbursement of almost all of the CVD deposits, plus interest, in the amount of 52 million US dollars from the DOC, the CIT and the US Customs Administration.

USEC and the DOC lodged an appeal on the anti-dumping ruling with the US Supreme Court. The Supreme Court reversed the CAFC decision in January 2009 and ruled that the anti-dumping procedure was legal.

In May 2009, AREVA and USEC reached an agreement to settle the administrative and court proceedings regarding the anti-dumping order.

Under the settlement, AREVA recovered the anti-dumping deposits made previously, except for 70 million dollars awarded to USEC and 10 million dollars that remain with the US Treasury.

Both parties dropped the ongoing proceedings (appeals and counter-appeals on the determination of rights, damages, etc.), but the anti-dumping order remains in effect.

OLKILUOTO 3 EPR™ REACTOR (OL3) (DISPUTE CONCERNING AREVA NP)

On December 5, 2008, the AREVA/Siemens consortium initiated arbitration proceedings with the ICC on account of delays and disruptions suffered in the performance of the contract and the resulting additional costs incurred (“D&D Claim”).

The customer, TVO, filed a counterclaim against the consortium. This claim, based on allegations which the consortium and its counsel

consider to be unfounded and without merit under the contract terms and Finnish law, will be adjudicated as part of the D&D Claim.

The consortium and/or the customer could initiate a certain number of other arbitration proceedings on specific matters related to contract performance.

AREVA NC / ENVIRONMENTAL ASSOCIATION (TRANSPORTATION)

An environmental association asked to be provided a copy of contracts between AREVA NC and its customers, covering in particular several shipments of used fuel from abroad for treatment at La Hague.

CONCERNING THE SHIPMENT FROM THE NETHERLANDS

On March 3, 2006, the presiding judge of the Court of First Instance of Cherbourg (*tribunal de grande instance*, a civil court) ordered AREVA NC to provide the association with certified copies of the fuel reprocessing agreements between AREVA NC and its customer, together with a detailed schedule for the return of the waste separated during fuel treatment. The Court of Appeals of Caen confirmed this order on September 4, 2007.

At the same time, the association continued the proceeding on the merits by pleading that the used fuel should be qualified as waste under the meaning of the law of December 30, 1991 related to research on radioactive waste management and is seeking 200,000 euros as compensation for alleged non-material damage. The case is still pending before the Court of First Instance of Cherbourg.

CONCERNING THE SHIPMENT FROM GERMANY

On April 24, 2007, the President of the Court of First Instance of Cherbourg denied the motion of the association requesting a copy of the treatment contracts between AREVA NC and its German customers, ruling that the law of December 30, 1991 does not apply to contracts signed before the law came into effect.

On July 9, 2009, the Court of Appeals upheld the ruling of the Court of First Instance of Cherbourg, rejecting the association’s appeal. The association did not appeal this decision before the Court of Cassation.

CONCERNING THE TRANSPORTATION OF PLUTONIUM BETWEEN GREAT BRITAIN AND LA HAGUE

By an order dated May 19, 2008, the Court of First Instance of Cherbourg granted AREVA’s request for an injunction prohibiting an association from preventing and disrupting a plutonium shipment, subject to damages. The association appealed the injunction with the Court of Appeals of Caen and filed a counterclaim to receive a copy of all contracts and documents related to the shipments.

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CHALLENGES TO LICENSES AND PERMITS

Third parties may file appeals with administrative courts to challenge certain licenses and permits issued to the group. These challenges are routine and reflect the specific nature of the group's businesses. One permit authorizing changes to an ore tailing storage facility is currently under review by the administrative judge.

This appeal is still in the preparatory stage. If the permit were to be canceled, the previous operating license would once again apply and the facility could operate on that basis.

SOCATRI INCIDENT

During the night of July 7 to July 8, 2008, uranium-bearing effluents from the Socatri plant at Tricastin spilled into the Gaffière stream. A neighboring township requested that the court intervene by

designating a court expert to determine the event's consequences. A court-ordered assessment is in progress.

DISPUTES CONCERNING AREVA T&D – DISCONTINUED OPERATION

ONGOING INVESTIGATIONS

In January 2004, under the acquisition contract for the T&D sector, Alstom gave AREVA a vendor warranty comprising specific warranties, in particular for disputes listed in the acquisition contract and for environmental aspects. Subsequently, and based on this vendor warranty, AREVA served a certain number of claims against Alstom.

On January 24, 2007, the European Commission ordered 11 companies to pay more than 750 million euros in fines pursuant to an EU investigation of anti-competitive practices in the gas insulated switchgear market. Alstom and AREVA were jointly fined 54 million euros. Both companies appealed the decision before the European Commission. This investigation triggered other enquiries from competition authorities that are still active in Brazil and the Czech Republic. Other investigations in Slovakia, South Africa and New Zealand have been settled or were dropped by the local competition authorities. In Slovakia, the competition authorities held several subsidiaries jointly liable; the latter have lodged an appeal. The Slovak authority issued its final decision on August 14, 2009, reducing the amount of the fine against the group's companies from 1.5 million euros in first instance to 265,300 euros. AREVA decided not to appeal this decision, in view of the substantial decrease in the amount of the fines, which are now final. In the Czech Republic, a June 25, 2008 ruling had reversed the February and April 2007 decisions against several of the group's subsidiaries. AREVA received 5.7 million euros in refunds. The Czech competition authorities appealed the decision and, on April 10, 2009, the Supreme Court ruled in their favor. The case was remanded to the Court of Brno. However, AREVA was not ordered to return the amounts refunded in 2007. In the meantime, Alstom appealed the decision with the Supreme Court, which would

benefit all companies involved in the proceedings in the event of a positive outcome. In South Africa and in New Zealand, where investigations had been initiated, the competition authorities ultimately ruled in AREVA's favor and these cases are now closed.

Other claims for damages were filed against AREVA and/or its subsidiaries pursuant to the abovementioned decision of the European Commission. The first claim was filed in December 2007 in Israel by an individual who requested class action status and seeking nearly 600 million euros in damages from the defendants collectively. The claimant withdrew his claim in December 2008, thus ending the proceeding.

In addition, the company National Grid filed a claim on November 17, 2008 with the High Court of Justice of London against the companies involved in the European Commission's GIS case, in particular AREVA T&D UK Ltd, AREVA T&D Holding SA and AREVA SA. In a decision dated June 12, 2009, AREVA T&D UK Ltd was exonerated and a stay was granted to the group's other companies until the expiration of appeals on the decision of the European Commission in the GIS case. An initial stage of document disclosure must take place by the first quarter of 2010.

The European Commission launched an investigation into the power transformer sector and communicated its grievances to several companies in that sector on November 24, 2008, including AREVA T&D SAS. The European Commission issued its decision on October 7, 2009. It levied a fine in the amount of 16.5 million euros on Alstom for violation of article 81 of the EC treaty and article 53 of the EEA Agreement, AREVA T&D SA being held jointly and severally liable for 13.53 million euros. AREVA and Alstom have lodged an appeal to void the Commission's decision.

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FINANCIAL INFORMATION CONCERNING ASSETS, FINANCIAL POSITIONS AND FINANCIAL PERFORMANCE

Significant change in the issuer's financial or trading position

By letter dated November 30, 2009, Alstom confirmed that this case is covered under section A4 of the transaction dated April 12, 2007. This means that AREVA is liable for 10% of the fine, i.e. 1.35 million euros. A provision for this amount was recognized in AREVA's financial statements at December 31, 2009.

In April 2007, Alstom and AREVA entered into an agreement related to warranty obligations and in particular to the assumption by Alstom of the majority of the financial consequences of proceedings for anti-competitive practices. This agreement puts an end to certain warranty commitments and to a series of claims brought by AREVA against Alstom. At this stage, this agreement does not have a significant financial impact on the group. However, the warranties of the acquisition contract continue to apply in matters of the environment (for a period of 10 years from the date of the acquisition, with a cap of 250 million euros, a 12-million euro deductible and expenses split 80/20 between Alstom and AREVA), occupational disease (for a period of 20 years from the date of the acquisition, with no cap concerning asbestos-related diseases), and taxation.

ADMINISTRATIVE SANCTIONS AGAINST A MEXICAN SUBSIDIARY OF AREVA T&D

Pursuant to a decision on August 23, 2007, the Secretaria de la Funcion Publica (SFP) ordered a sanction against AREVA T&D SA de CV in September 2007 prohibiting the company from participating

in calls for tender in the public sector for a period of one year, eleven months and thirteen days, and levying a fine of 310,050 Mexican pesos. Despite various legal proceedings, AREVA T&D SA de CV had to refrain from taking part in public tenders in Mexico until October 14, 2009, when AREVA T&D SA de CV quickly resumed its full participation in public tenders in Mexico.

DISPUTE BETWEEN CFE/SAN NICOLAS AND AREVA T&D'S MEXICAN SUBSIDIARY

Following a fire on March 19, 1998 in the San Nicolas substation owned by CFE, a government-owned Mexican power company, CFE and AREVA T&D SA de CV are involved in two court cases to determine the parties liable for this incident and its alleged financial consequences. AREVA T&D expects a ruling in its favor in one of the cases in 2010, with reimbursement of the interest due by the CFE. In the second case, the Federal Civil Court made a ruling in favor of CFE on June 18, 2008. AREVA T&D was ordered to pay approximately 58 million Mexican pesos* to CFE, before interest. AREVA T&D appealed this decision. The Second Superior Court issued a final decision on June 30, 2009, annulling the decision of the Federal Civil Court and ruling in favor of AREVA T&D SA de CV. However, the CFE filed a constitutional appeal, which is still pending, and therefore the existing ruling cannot be considered to be final. A decision is expected in the first half of 2010. The final decision is still difficult to predict.

→ **20.8. Significant change in the issuer's financial or trading position**

Significant events between year end closing for 2009 (December 31, 2009) and the date of this Reference Document are mentioned in Section 20.2. *Notes to the consolidated financial statements for the year ended December 31, 2009, Note 35.*

Events subsequent to year-end closing for events occurring before March 4, 2010, which is the date the Supervisory Board approved the financial statements, and in Section 9.5. *Events subsequent to year-end closing for 2009* of this Reference Document for events subsequent to March 4, 2010.

* i.e. 4.5 million US dollars at December 31, 2009.

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→ 21.1. Share capital

21.1.1. AMOUNT OF SUBSCRIBED CAPITAL

The company's share capital is fully paid up and stands at 1,346,822,638 euros, divided into 34,013,593 shares with a par value of 38 euros per share, and 1,429,108 investment certificates with a par value 38 euros per certificate, and 1,429,108 voting rights certificates.

There is only one class of shares.

The investment certificates are quoted on Compartment B of Euronext Paris, under Euroclear code 004540972 and ISIN code FR 0004275832.

Custodian and transfer services are provided by:

CACEIS CT

Investor Relations Department

14, rue Rouget de Lisle

92130 Issy-les-Moulineaux - Cedex 09 – France

Tel: +33 (0)1 57 78 34 44

Fax: +33 (0)1 57 78 34 00

e-mail: actionnariat.ge@caceis.com

From April 2010, Custodian and transfer services are provided by:

Société Générale Securities Services
 Investor Relation Department
 32 rue du Champ de Tir BP 81236
 44312 Nantes Cedex 3
 France
 Tel. : +33 (0)2 51 85 67 89
 www.nominet.socgen.com
 www.sg-securities-services.com

21.1.2. SHARES NOT REPRESENTATIVE OF CAPITAL

None.

21.1.3. TREASURY SHARES

As of December 31, 2008, AREVA does not own any treasury shares, whether directly, in its own name, or through its subsidiaries.

The Annual General Meeting of Shareholders of December 18, 2008, authorized AREVA to purchase its own shares to provide liquidity to the Framépargne employee savings plan. Pursuant to the authorization of the Annual General Meeting of Shareholders of December 18,

2008, AREVA purchased some its own shares to provide liquidity to the Framépargne employee savings plan. No voting right attaches to the shares bought under this program. AREVA held 70,170 treasury shares as of December 31, 2009.

21.1.4. CONVERTIBLE SECURITIES AND WARRANTS

None.

21.1.5. INFORMATION ON THE TERMS OF ANY ACQUISITION RIGHTS AND/OR OBLIGATIONS ATTACHED TO CAPITAL SUBSCRIBED BUT NOT PAID, OR ANY PROJECT TO INCREASE THE SHARE CAPITAL

The Supervisory Board met on June 30, 2009 and agreed upon the methods for funding AREVA's multiyear development plan. On the proposal of the Executive Board, the Supervisory Board decided to offer strategic and industrial partners the opportunity to become

AREVA shareholders, mainly through a capital increase, for up to 15% of its share capital. The capital increase will be open to investment certificate holders.

21.1.6. INFORMATION ON THE CAPITAL OF ANY MEMBER OF THE GROUP WHICH IS UNDER OPTION OR SUBJECT TO A FIRM OR CONTINGENT AGREEMENT CONTEMPLATING AN OPTION

For more information, see Section 20.2, Notes 10 and 25.

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ADDITIONAL INFORMATION

Certificate of incorporation and by-laws

21.1.7. HISTORY OF THE SHARE CAPITAL

CHANGES IN SHARE CAPITAL FOR THE PERIOD COVERED IN THE FINANCIAL STATEMENTS

Transaction date	Transaction	Number of capital securities issued/canceled			Nominal amount of increase/decrease in capital *	Total premium stock issue/asset contribution *	Cumulative amount	Number of capital securities after transaction			Nominal amount *		
		Shares	Investment certificates	Total				Shares	Investment certificates	Total	Shares	Investment certificates	Amount of share capital after transaction *
September 3, 2001	Capital increase (for payment of transfer of Cogema shares)	748,645	0	748,645	28,448,510	143,931,861	172,380,371	34,013,593	1,429,108	35,442,701	38	38	1,346,822,638

* In French francs until June 23, 2000, in euros thereafter.

There have been no changes in share capital since September 3, 2001.

21.1.8. LIENS

There are no liens on AREVA's share capital as of this date.

→ 21.2. Certificate of incorporation and by-laws

21.2.1. CORPORATE PURPOSE

Article 3 of AREVA's by-laws defines the corporate purpose of the company as follows, in France and abroad:

- to manage any industrial or commercial operation, especially in the nuclear, renewable energies, and electricity transmission and distribution fields, and to this end:
 - to examine projects concerning the creation, development or reorganization of any industrial enterprise,
 - to implement any such project or contribute to its implementation by any appropriate means, particularly by acquiring equity or interests in any existing or proposed business venture,
 - to provide financial resources to industrial enterprises, especially by acquiring equity interests and through loan subscriptions;
- to acquire direct or indirect equity and interests, in whatever form, in any French or foreign company or enterprise involved in financial, commercial, industrial, real estate or securities operations;
- to purchase, sell, exchange, subscribe to or manage any equity shares and investment securities;
- to provide any type of service, particularly services supporting the operations of all of the group's companies; and
- more generally, to undertake any industrial, commercial, financial, real estate or securities operation, in France or abroad, that is directly or indirectly related to the above in furtherance of its purpose or supporting that purpose's achievement and development.

21.2.2. ESTABLISHING DECREE

The French decree no. 83-1116 of December 21, 1983 establishes the Société des Participations du Commissariat à l'Énergie Atomique. This decree was amended, mainly by decree no. 2001-342 of April 19, 2001, then by decree no. 2003-94 of February 4, 2003. It provides the following:

- changes to company by-laws are approved by decree; however, capital increases are subject to joint approval by the Minister of Industry and the Minister of the Economy (article 2, paragraphs 2 and 3);

- the CEA shall retain the majority of the company's capital (article 2, paragraph 1);
- the sale or exchange of AREVA shares held by the CEA is subject to the same conditions as for capital increases (article 2, paragraph 2).

French decree no. 2007-1140 of July 27, 2007 authorized certain modifications to the by-laws, including changing the company's legal name to AREVA, relocating the corporate office and making changes necessary to ensure compliance with the French law of July 26, 2005 (the "Breton law").

21.2.3. RESTRICTIONS ON SALES OF AREVA SHARES

1. Possession of a share, an investment certificate or a voting-right certificate automatically signifies acceptance of the company's by-laws and of the resolutions duly adopted in any Annual General Meeting of Shareholders.

The rights and obligations attached to any share, investment certificate or voting right certificate remain attached to the securities, regardless of owner.

The French atomic energy commission (CEA), as AREVA's principal shareholder, does not hold specific rights attached to the shares or voting right certificates it holds.

2. The sale to a third party of company shares not listed for trading on a regulated market, for whatever reason, even when the sale

is limited to bare ownership or usufruct of such shares, is subject to the prior approval of the Supervisory Board. The approval procedure is described in article 12 of the by-laws.

3. Investment certificates may be sold freely. A voting right certificate may be sold only in combination with an investment certificate, unless the buyer already owns an investment certificate, in which case the transaction shall result in the permanent re-creation of a share.

See also Section 18.1.

21.2.4. INFORMATION ON ANNUAL GENERAL MEETINGS OF SHAREHOLDERS AND VOTING RIGHT CERTIFICATE HOLDERS

21.2.5.1. PROVISIONS COMMON TO ALL MEETINGS

Notices of meetings

Meetings are convened as provided by law.

Admission to meetings – Custody of the shares

1. Any shareholder or holder of a voting right certificates may participate in person or by proxy in Annual General Meetings of Shareholders, as provided by law, by offering proof of his or her identity and of his or her ownership of the shares or voting right certificates, either by registering the shares or certificates with the company at least three days before the Annual General Meeting of Shareholders or, in the case of bearer shares (when such shall exist), by delivering a certificate of ownership through an authorized account representative confirming the registration of the shares in the bearer share accounts.

2. In the event of the subdivision of share or certificate ownership, only the voting right holder may participate in or be represented at the General Meeting.

3. Joint owners of undivided shares and/or voting right certificates are represented at the General Meeting by one of the joint owners or by a single proxy who shall be designated, in the event of disagreement, by order of the President of the Commercial Court in an urgent ruling at the request of any of the joint owners.

4. Any shareholder or voting right certificate holder who owns securities of a given class may participate in any Special Meeting of the Shareholders for that particular class of securities.

5. The Company Work Council shall designate two of its members to attend Annual General Meetings of Shareholders, one from among the company's managers, technicians and supervisors, and the other from among its administrative/clerical personnel and craft/manual workers. Alternatively, the persons mentioned in article L. 432-6 of the French Labor Code may participate in the meetings.

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ADDITIONAL INFORMATION

Certificate of incorporation and by-laws

21.2.5.2. RULES GOVERNING ANNUAL GENERAL MEETINGS OF SHAREHOLDERS

Quorum and majority

The Annual General Meeting of Shareholders may deliberate validly after the first notice of meeting only if the shareholders and/or voting right certificate holders present in person, represented by proxy or voting by mail, or attending *via* videoconference or a telecommunications medium allowing them to be identified, possess at least one-fifth of the shares and certificates entitled to a vote. No quorum is required for a meeting held after a second notice of meeting has been given.

The Annual General Meeting of Shareholders adopts resolutions by a majority vote of the shareowners or voting right certificate holders present in person, represented by proxy or voting by mail, or attending the Annual General Meeting of Shareholders via videoconference or a telecommunications medium allowing them to be identified.

21.2.5.3. RULES GOVERNING EXTRAORDINARY GENERAL MEETINGS OF SHAREHOLDERS

Quorum and majority

Unless otherwise provided by law, the Extraordinary General Meeting of Shareholders may deliberate validly after the first notice of meeting only if one fourth of the shareholders and voting right certificate holders are present in person, represented by proxy or voting by mail, or attending the meeting *via* videoconference or a telecommunications medium allowing them to be identified, in accordance with applicable laws and regulations. The quorum required after the second notice of meeting is one fifth of all shares and voting right certificates entitled to vote.

If no quorum has been reached for the second notice of meeting, the second meeting may be postponed for two months after the date for which it had been called.

21.2.6. PROVISION HAVING THE EFFECT OF DELAYING, DEFERRING OR PREVENTING A CHANGE OF CONTROL OF AREVA

The French decree no. 83-1116 of December 21, 1983, which establishes AREVA, provides as follows:

- the CEA shall retain the majority of the company's capital (article 2, paragraph 1);

Unless otherwise provided by law, resolutions of the Extraordinary General Meeting are adopted by a two-thirds majority of the voting rights of the shareholders or voting right certificate holders present in person, represented by proxy, voting by mail, or participating *via* videoconference or a telecommunications medium allowing them to be identified, in accordance with applicable laws and regulations.

21.2.5.4. RULES GOVERNING SPECIAL MEETINGS OF INVESTMENT CERTIFICATE HOLDERS

All investment certificate holders may participate in the Special Meeting.

The Special Meeting has the authority, in instances provided by law, to waive the preemptive subscription right held by investment certificate holders.

The Special Meeting is called at the same time and in the same form as Annual General Meetings of Shareholders called to decide on a proposed capital increase, convertible bond issue, or bond issue with stock purchase warrants.

Investment certificate holders are admitted to the meeting in accordance with the same procedures as those applicable to the shareholders.

The Special Meeting of Investment Certificate Holders may deliberate validly after the first notice of a meeting only if one third of the certificate holders are present in person, represented by proxy or voting by mail, or attending the meeting *via* videoconference or a telecommunications medium allowing them to be identified, in accordance with applicable laws and regulations. The quorum required after the second notice of meeting is one fifth of all certificate holders entitled to vote.

The Special Meeting of Shareholders adopts resolutions according to the rules applicable to the Extraordinary General Meeting of Shareholders.

- the sale or exchange of AREVA shares held by the Commissariat à l'Énergie Atomique (CEA) is subject to the same conditions as for capital increases (article 2, paragraph 2).

21.2.7. BREACHING SHAREHOLDING THRESHOLDS

On the date this Reference Document was filed, there were no statutory thresholds which, if breached, would give rise to any reporting obligation, other than those prescribed by law.

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21.2.8. CHANGE IN SHARE CAPITAL

See Section 21.2.2.

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Major contracts

Except for the contracts described in Section 6 of this Reference Document, and in particular those presented below, AREVA did not conclude major contracts in 2008 and 2009 other than those that are concluded in the normal conduct of business:

- Agreement concerning the acquisition of Koblitz in January 2008, described in Section 6.3.1.
- Joint venture agreement concluded with the American utility Duke Power, described in 6.3.1.
- Supply contract with the Chinese utility CNPEC, described in Section 6.4.2.
- Contract for the sale of a defluorination plant with Tenex, described in Section 6.4.1.
- Enrichment services contract of more than five billion euros with the EDF group, described in Section 6.4.1.
- Memorandum of understanding with Nuclear Power Corporation of India Limited contemplating the supply of several reactors, described in Section 6.4.2.
- Contract with the Globaltech consortium, described in Section 6.2.1.

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Third party information, statements by experts and declarations of interest

Not applicable.

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→ 24.1. Availability of documents

The following documents, or copies thereof, may be viewed at AREVA's corporate office, 33 rue La Fayette, 75009 Paris, France, during the period of validity of this Reference Document:

- the establishing decree no. 83-1116 of December 21, 1983 and its amendments, the decree no. 2007-1140 of July 27, 2007 published in the *Journal Officiel* on July 28, 2007, and the by-laws of AREVA;
- all reports, correspondence and other documents, historical financial data, assessments and statements given by an expert at AREVA's request, some of which are included or referred to in this document; and

- historical financial data of AREVA and its consolidated subsidiaries for each of the two fiscal years preceding the date of registration of this reference document.

Appendix 6 of this Reference Document includes all of the information published by AREVA over the past 12 months, pursuant to article 222-7 of the General Regulations of the AMF.

→ 24.2. Persons responsible for financial information

The persons responsible for financial information are:

- Alain-Pierre Raynaud, Chief Financial Officer and member of the Executive Committee
Address: 33 rue La Fayette – 75009 Paris – France
E-mail: alain-pierre.raynaud@areva.com
- Isabelle Coupey, Financial Communications and Investor Relations Director
Address: 33 rue La Fayette – 75009 Paris – France
E-mail: isabelle.coupey@areva.com

The team is also composed of:

- Grégoire Bourgue, Research, Analysis and Benchmarking Manager
Address: 33 rue La Fayette – 75009 Paris – France
E-mail: gregoire.bourgue@areva.com
- Angélique Charlin Marketing and Retail Shareholding Manager
Address: 33, rue La Fayette – 75009 Paris – France
E-mail: angelique.charlin@areva.com
- Marie de Scorbiac, Financial Information and Analysis Manager
Address: 33 rue La Fayette – 75009 Paris – France
E-mail: marie.descorbiac@areva.com

The Shareholders department can be reached at our toll-free number (calls in France only), 0810 699 756, or by e-mail to: actionnaires@areva.com

→ 24.3. Financial information programs

It is the Executive Board's objective to report on the group's operations to shareholders and investment certificate holders. Accordingly, AREVA has had a financial communications program in place since it was formed. The goals of this program are to build strong relations with our shareholders and investment certificate holders and to develop the group's presence on the financial markets by providing more information on our operations.

Information of a financial, commercial, organizational or strategic nature that may be of interest to the financial community is provided to the national and international media and to press agencies via press releases. All information provided to the financial markets (press releases, audio and video presentations of a financial or strategic nature) is available in the "Finance" section of the group's website at www.areva.com.

Individuals wishing to receive press releases by e-mail may register on the group's website, which also features a schedule of upcoming events and announcements.

AREVA publishes half-year and annual results and makes quarterly sales announcements in accordance with French legislation. It should be noted that, in the nuclear business, comparisons of quarterly data from one year to that of the preceding year may show significant variances that may not be a good indicator of the expected trend for the year as a whole.

At least twice a year, the group organizes information meetings to comment on its business and financial performance. These meetings are broadcast live on the Internet.

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DOCUMENTS ON DISPLAY

Tentative financial communications schedule

→ 24.4. Tentative financial communications schedule

A tentative schedule of upcoming events and announcements is provided below. It is regularly updated on the AREVA website.

Date	Event
April 29, 2010	First quarter 2010 revenue and related information
April 29, 2010	Annual General Meeting of Shareholders (not open to investment certificate holders)
June 30, 2010	Dividend payment for 2009
July 30, 2010	First half 2010 revenue
July 30, 2010	First half 2010 income
October 27, 2010	Third quarter 2010 revenue and related information
January 2011	2010 revenue
February/March 2011	2010 income

→ 24.5. Technical information on the group's businesses

The AREVA group organized a series of presentations and site tours to enhance the financial community's understanding of the group's operations from a technical as well as an economic point of view.

Six sessions of the AREVA Technical Days program to introduce the group's businesses and technologies have been held since the program was launched in 2002, each time with 100 to 150 people attending, including analysts, investors, journalists and investment

advisors. At the sixth session, held in India in April 2007 and devoted to the Transmission & Distribution division, the energy challenges facing India were presented.

In addition, analysts and investors are invited to learn about the group's operations throughout the year by touring the plant sites. Three plants tours were conducted in 2008.

Information on holdings

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→ 25.1. Significant equity interests of the AREVA group

ERAMET

- Percentage owned: 25.63% of the share capital and 30.60% of the voting rights.
- Business: Eramet is a mining and metallurgy group that produces non-ferrous metals, high-performance specialty steels and alloys. Eramet's revenue as of December 31, 2009 was 2.689 billion euros.
- History of the AREVA group's involvement: a reorganization of the French State's equity interest in Eramet was decided when the State reorganized its equity interests in mining. This reorganization was implemented, in particular, by exchanging the Eramet shares held by Erap, representing 22.5% of Eramet's capital, for AREVA NC shares. In addition, AREVA NC bought back the Eramet shares held by BRGM, representing 1.5% of Eramet's share capital. AREVA NC contributed its equity interests to an entity set up for that purpose, Biorisys, whose share capital was taken over by merger with AREVA, effective September 4, 2001.

AREVA announced the tacit renewal of the shareholders' agreement with Sorame and Ceir (see Section 25.2.), representing the Duval family shareholders of Eramet, for a period of six months beginning on January 1, 2010. This renewal has no impact on AREVA's intent to sell its interest in the Eramet mining and metals group, as provided in the AREVA financing plan.

- Consolidation: Equity method.
- Trading exchange: Compartment A of Euronext Paris.
- Market capitalization as of December 31, 2009: 5.8 billion euros.

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INFORMATION ON HOLDINGS

Significant equity interests of the AREVA group

STMICROELECTRONICS NV

- Percentage owned indirectly via holding companies: 10.91%.
- Business: STMicroelectronics (STM) is one of the world's largest semiconductor companies. In 2009, it had revenue of 8.51 billion US dollars.
- History of the AREVA group's involvement: STMicroelectronics, which received fresh capital in 1993 from a French vehicle, FT1CI, jointly set up by CEA-Industrie (subsequently AREVA) and France Télécom (which has not been a shareholder of FT1CI since August 2005). FT1CI owns its interest in STMicroelectronics through holding companies jointly held with Italian partners, STMicroelectronics Holding NV (STH) and STMicroelectronics Holding II BV. STMicroelectronics Holding II BV was the majority shareholder in the past and remains the leading shareholder in STMicroelectronics today, with 28.68% of its share capital. FT1CI and Finmeccanica concluded an agreement providing that FT1CI shall acquire part of Finmeccanica's indirect equity interest in STM (*i.e.* 3.86% of STM's share capital) to equalize the indirect equity interests held in STM by FT1CI on the one hand, and by

Finmeccanica and Cassa Depositi e Prestiti on the other. This acquisition was financed by the Commissariat à l'Énergie Atomique (CEA), which thus became a minority shareholder of FT1CI by a decision of the Board of Directors of March 25, 2009. The CEA also became a party to the STM shareholders' agreement. Finmeccanica sold its remaining interest in STM, *i.e.* 33,770,436 STM shares, to Cassa Depositi e Prestiti on December 22, 2009. The share capital of STH is now held in equal proportion between CDP and FT1CI and represents about 28% of STM's share capital.

- Consolidation: Equity method (the group carries its total interest held indirectly by FT1CI, *i.e.* 14.34%, under the equity method).
- Stock exchanges: Compartment A of Euronext Paris, the New York Stock Exchange, and Milan.
- Market capitalization as of December 31, 2009: approximately 5.8 billion euros.

SAFRAN

- Percentage owned: Through its subsidiaries AREVA NC and Cogepap, AREVA holds 7.38% of the share capital and 11.05% of the voting rights as of December 31, 2009. This results from the double voting rights acquired by the French State, which brought the AREVA group's holding to 9.42% of the voting rights. The French State subsequently converted shares to bearer shares, thus losing the corresponding double voting rights. This increased AREVA's share of voting rights to 10.73%.
- Business: Safran is a high-tech group with two operating branches, telecommunications and defense. It is ranked second in France in telecommunications and third in Europe in defense and security electronics. Safran had 2009 revenue of 10.448 billion euros.
- History of the AREVA group's involvement: AREVA NC formerly owned a 5.1% equity interest in Sagem. The AREVA group's equity position in Safran increased automatically to 17.4% in

December 2003 as a result of Safran's takeover-merger of Coficem, in which the group had purchased a 20% interest in 2002. The AREVA group's equity interest was then diluted during the takeover-merger of Snecma by Sagem, which gave birth to Safran in May 2005.

- Consolidation: This equity share is not subject to consolidation and appeared at market value on the balance sheet as of December 31, 2009 as "Available-for-sale securities" under "Other non-current financial assets".
- Trading exchange: Compartment A of Euronext Paris.
- Market capitalization as of December 31, 2009: 5.709 billion euros.

GDF SUEZ

- Percentage owned: 1.2% of the share capital and 1.23% of the voting rights as of December 31, 2008.
- Business: Suez, an international manufacturing and services group, designs sustainable and innovative solutions for public services management as a partner to municipalities, companies

and individuals in electricity, gas, energy services, water and clean-up. Suez had 2009 revenue of 79.908 billion euros.

- To finance its capital program, AREVA decided in 2009 to sell its shares in GDF Suez. On September 8, 2009, AREVA sold its entire interest in GDF Suez.

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SUEZ ENVIRONNEMENT

- Percentage owned: 1.41% of the share capital and voting rights as of December 31, 2009.
- Business: Suez Environnement supplies equipment and services that are essential for life and to environmental protection: production and distribution of drinking water, collection and treatment of waste water, and waste disposal and recycling. Suez Environnement can meet all of the requirements of local communities and industry. Suez Environnement had 2009 revenue of 12.296 billion euros.
- History of the AREVA group's involvement: AREVA became a shareholder in Suez Environnement as a result of the merger between Gaz de France and Suez on July 22, 2008. Before the merger, Suez contributed all of the operations of its environmental services division to Suez Environnement and distributed 65% of the Suez Environnement shares to all Suez shareholders. Pursuant

to these transactions, AREVA held 1.41% of the share capital and voting rights of Suez Environnement.

- AREVA and the principal shareholders of Suez Environnement (see Section 25.2.2. *Main shareholders' agreements*) agreed with the French tax administration not to sell their shares for a period of three years starting July 22, 2008.
- Consolidation: The equity share is not subject to consolidation and appeared at market value on the balance sheet as of December 31, 2009 as "Available-for-sale securities" under "Other non-current financial assets".
- Stock exchanges: Euronext Paris and Euronext Brussels.
- Market capitalization: 7.896 billion euros.

→ 25.2. Shareholders' agreements

25.2.1. SHAREHOLDERS' AGREEMENTS CONCERNING AREVA SHARES

Except for agreements described hereunder, there is, to AREVA's knowledge, no agreement containing rights of first refusal concerning the investment certificates or at least 0.5% of AREVA's share capital or voting rights.

SHAREHOLDERS' AGREEMENT BETWEEN THE CAISSE DES DÉPÔTS ET CONSIGNATIONS (CDC) AND THE COMMISSARIAT À L'ÉNERGIE ATOMIQUE (CEA)

Under the terms of an agreement between the CDC and the CEA dated December 20, 2001, the parties agreed in particular that, in the event that AREVA shares are admitted for public trading on a regulated market through the sale of AREVA shares owned by the CEA, CDC may, if it chooses, sell as many AREVA shares in the public offering as those offered for sale by the CEA. The CEA further agreed to undertake its best efforts to allow CDC to sell its shares in the event that the latter wishes to relinquish all of its AREVA shares under certain specific circumstances, and particularly in the event that (i) the shares of a company in which AREVA holds more than half of the share capital and voting rights (other than FCI, which AREVA sold on November 3, 2005) were to be admitted for public trading in France, (ii) the CEA should no longer hold a majority interest in the share capital or voting rights of AREVA. CDC did not choose to dispose of its equity interest in AREVA, and continues to hold 3.59% of the company's share capital.

MEMORANDUM OF UNDERSTANDING BETWEEN TOTAL CHIMIE, TOTAL NUCLÉAIRE, AREVA AND AREVA NC

Under the terms of separate memoranda of agreement dated June 27, 2001, Total Chimie and Total Nucléaire agreed to sell five-sixths of their equity interest in AREVA NC to the CEA and to contribute the remaining shares to AREVA prior to the split-up and merger decided by the Combined Annual and Extraordinary General Meeting of Shareholders, which were completed in September 2001.

This memorandum of agreement also provides that Total Chimie and Total Nucléaire agree to retain their AREVA shares received in exchange for their contributions until such time as AREVA shares are publicly traded on a regulated market. If admission to a regulated market does not take place by September 30, 2004 at the latest, and assuming that Total Chimie or Total Nucléaire wish to sell all of their AREVA shares, then Total Chimie, Total Nucléaire and AREVA agreed to make their best efforts to ensure that the sale of the equity interest of Total Chimie or Total Nucléaire is carried out promptly and under mutually acceptable terms and conditions for all parties. To date, neither Total Chimie nor Total Nucléaire has chosen to dispose of their AREVA shares.

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25.2.2. MAIN SHAREHOLDERS' AGREEMENTS CONCERNING AREVA'S EQUITY INTERESTS

AREVA NP

In July 2000, Framatome SA (subsequently taken over by AREVA) and Siemens AG reached an agreement to combine their nuclear operations in AREVA NP. Siemens AG's asset contribution to AREVA NP was implemented in two phases: the German operations were contributed on January 30, 2001, and the US operations were contributed on March 19, 2001.

These contributions were supplemented with a cash contribution from Siemens AG to AREVA NP, giving Siemens AG 34% of the share capital of AREVA NP. Siemens' nuclear operations were divided equally between AREVA's Front End and Reactors & Services divisions in 2001.

AREVA NP is a French *société par action simplifiée* (simplified corporation) managed by a President chosen by a six-person Board of Directors designated for a five-year term by the shareholders on a simple majority vote.

Under AREVA NP's by-laws, the company's shares cannot be transferred to a third party for a ten-year period starting January 30, 2001, unless the shareholders unanimously approve the transfer. After this period of non-transferability, any sale of shares by one of the shareholders to a third party will be subject to a preemptive subscription right and prior approval by the company's other shareholders.

The shareholders' agreement concluded on January 30, 2001 between Siemens AG and Framatome SA, now taken over by AREVA, includes a put and call clause establishing sell and buy options. Under this clause, Siemens AG may exercise a sell option, thus obliging AREVA to buy all of the AREVA NP shares held by Siemens AG. Similarly, AREVA may exercise a buy option, thus obliging Siemens AG to sell all of its shares in AREVA NP to AREVA. These options may be exercised by the parties under the following circumstances:

- in the event of a confirmed and final disagreement between the parties over certain decisions vested in the Board of Directors, in particular, the approval of new company shareholders or the appointment of the company President;
- in the event of a confirmed and final disagreement regarding a change in AREVA NP's by-laws or the shareholders' agreement;
- in the event that Siemens AG does not approve the company's business plan or its company financial statements for two consecutive years and there is no agreement with AREVA.

These options may also be exercised if one of the parties is taken over by a competitor, or if there is a significant drop in AREVA NP's market value after a change in control with respect to one of the parties.

In addition, the shareholders' agreement of AREVA NP grants puts and calls (*i.e.* options to sell or buy shares) under specific circumstances as follows:

- in the event of a material breach by one of the parties:
 - if AREVA has committed a material breach, Siemens has the right to exercise an option to sell its shares of AREVA NP at a price equal to 140% of their fair market value,
 - if Siemens has committed a material breach, AREVA has the right to buy Siemens' shares of AREVA NP at a price equal to 60% of their fair market value;
- in the event of termination for convenience:
 - After a waiting period of 11 years after the date of the agreement, *i.e.* beginning January 30, 2012, and each year thereafter on the same anniversary date:
 - Siemens may exercise a put option to sell its shares of AREVA NP, and
 - AREVA may exercise a call option to purchase those same shares.

Each party must notify the other of its intention to exercise the put (in the case of Siemens) or the call (in the case of AREVA) at least three years before each anniversary date (*i.e.* on January 30, 2009 at the earliest).

In the event of termination for convenience, the price of the puts and calls is determined in relation to the fair market value of AREVA NP.

In cases 1 and 2 above, the fair market value of AREVA NP is determined using valuation methods based on the future cash flows of AREVA NP, such as the discounted cash flow method. If the parties are unable to reach an agreement on the price, each party shall designate an investment bank to establish the value. If the valuations are not identical, the parties shall negotiate with a view to reaching an agreement on the amount. If an agreement cannot be reached, the parties shall designate the Institute of Chartered Accountants in England and Wales as an expert to determine the final fair market value, taking into account the valuations submitted by the two banks.

On January 26, 2009, Siemens informed AREVA of its intention to exercise the put option in connection with a termination for convenience. As provided in the 2001 shareholders' agreement, Siemens' interest in AREVA NP will be transferred to AREVA no later than January 30, 2012.

EURODIF

Agreement governing the establishment of Eurodif

Under the terms of a memorandum of agreement dated October 9, 1973 between the CEA, Comitato Nazionale per l'Energia Nucleare and AGIP Nucleare of Italy, Empresa Nacional del Uranio (ENUSA) of Spain, AB Atomenergi of Sweden and Synatom and the Centre d'Étude de l'Énergie Nucléaire of Belgium, it was decided to establish a jointly owned company in the form of a French *société anonyme à Directoire et Conseil de Surveillance* (corporation with an Executive Board and a Supervisory Board), called Eurodif, to conduct studies and research in the field of gaseous diffusion enrichment, to build and operate plants, and to market enriched uranium.

The CEA owned the majority of Eurodif's capital, with the other shareholders being minority shareholders. The CEA's equity interest was transferred to AREVA NC when AREVA NC was established in 1976. AREVA NC holds, directly and indirectly through Sofidif, 60% of Eurodif's capital at present.

The current shareholders of Eurodif are:

- AREVA NC: 44.65%;
- Sofidif: 25%;
- Synatom: 11.11%;
- Enusa: 11.11%;
- Enea: 8.13%.

Agreements relating to the establishment of Sofidif

As part of a bilateral agreement for cooperation in the field of enrichment, France and Iran signed an agreement in 1974.

This agreement led to the establishment of Sofidif.

Under the agreements in force, the Iranian shareholder, the Atomic Energy Organization of Iran (AEOI), holds 40% of Sofidif's share capital. AREVA NC holds the remaining 60% of the company's share capital.

Sofidif's sole asset is a 25% equity interest in Eurodif. Sofidif's business is limited to taking part in meetings of Eurodif's Supervisory Board, collecting its share of Eurodif's dividends and redistributing those dividends to its own shareholders.

Due to national and international sanctions, the 2007 and 2008 dividends were not paid to AEIO. One of the Iranian directors was subject to these provisions.

AREVA TA

Agreement of December 28, 1993 relating to Cedec

On December 28, 1993, CEA-Industrie, which later became AREVA, entered into an agreement with DCN International (DCN-I) to create a joint company called Cedec for the purpose of holding a 65.1% equity interest in AREVA TA.

AREVA currently controls 90.14% of Cedec's share capital, while DCN-I holds a 9.86% share.

The agreement of December 28, 1993 contemplates, in particular, that each party shall have a preemptive subscription right to acquire the other party's shares if those shares are sold. If this preemptive right is not exercised, any sale of shares to a third party shall be subject to prior approval by the Board of Directors, voting with a two-thirds majority. The agreement also stipulates that Cedec's Board of Directors shall consist of seven members, of which four shall be appointed on AREVA's recommendation, and three on DCN-I's recommendation.

Agreement of March 12, 1993, relating to AREVA TA

AREVA holds a 24.89% interest in AREVA TA, while Cedec holds a 65.01% interest and the EDF group holds the remaining shares, *i.e.* 10.1%.

A memorandum of agreement on changes in the share ownership of AREVA TA was reached between CEA-Industrie (AREVA), Framatome (subsequently an AREVA subsidiary) and DCN-I on March 12, 1993. This agreement was amended by letter in March 1993 and by an amendment signed by Cedec (assuming the rights and obligations of DCN-I) and AREVA NP on October 5, 2000.

The memorandum of agreement stipulates, in particular, that AREVA TA's Board of Directors shall consist of 15 directors, of whom 5 are elected by the employees in accordance with the law of July 26, 1983 on the democratization of the public sector, with the remaining directors appointed by Cedec (6 directors), AREVA (3 directors), and the EDF group (1 director). The Chairman of the Board is appointed by the Board of Directors after consultation with the various parties and on the recommendation of Cedec, subject to AREVA's approval. Some board decisions require a two-thirds majority vote, most notably approval of the annual financial statements, capital increases or reductions, amendments to the by-laws, the acquisition or disposal of equity interests, approval of new shareholders, authorization of regulated agreements, capital investments exceeding 1.5 million euros, etc. In addition, the explicit agreement of the directors nominated by Cedec and AREVA on these decisions must be obtained beforehand.

In the event that EDF wishes to sell all or part of its equity interest in AREVA TA, AREVA has priority over the other parties (Cedec) to acquire the shares on mutually acceptable terms.

If either Cedec or AREVA contemplates the sale of all or part of its shares or rights in AREVA TA, Cedec and AREVA have a reciprocal and irrevocable agreement under which each would first offer the shares for sale to the other party (unless AREVA were to sell the shares to the CEA).

It is also stipulated that if the CEA were to own less than 51% of AREVA, the CEA would buy the Cedec or AREVA TA shares held by AREVA, representing 90.14% of Cedec's share capital, or 83.56% of AREVA TA's share capital.

ETC

With a view to cooperation in the field of uranium centrifuge enrichment, AREVA signed an agreement on November 24, 2003 with URENCO and its shareholders under which AREVA acquires 50% of the share capital of Enrichment Technology Company Ltd (ETC), which combines all of URENCO's activities in the design

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INFORMATION ON HOLDINGS

Shareholders' agreements

and construction of equipment and facilities for uranium centrifuge enrichment, as well related research and development activities.

This acquisition was submitted to the European anti-trust authorities, which gave their official approval on October 6, 2004. The quadripartite treaty among Germany, the Netherlands, the United Kingdom and France was ratified on July 3, 2006, allowing this acquisition to take place.

On that same day, AREVA NC replaced AREVA in the share capital of ETC. As a joint company, ETC is the exclusive vehicle for uranium centrifuge enrichment technology for URENCO and AREVA NC.

A shareholders' agreement defines the relations between AREVA NC and URENCO in ETC, in particular concerning the composition of the Board of Directors, decisions requiring a unanimous vote by the directors present, and restrictions on selling ETC shares.

ERAMET

AREVA's equity interest in Eramet is subject to a shareholders' agreement dated June 17, 1999, originally concluded by Sorame, Ceir, Erap and the shareholders in Sorame. Erap's interest in Eramet was transferred to AREVA NC on December 1, 1999 and then to AREVA on September 4, 2001, substituting for AREVA NC by amendment dated July 27, 2001. The initial term of this shareholders' agreement was set to expire on June 30, 2006, with automatic renewal thereafter for one-year periods, unless previously terminated one month before the end of the current period. It was amended on May 29, 2008 and is now renewable in periods of six months.

The shareholders' agreement specifies in particular the allocation of the 15 seats of the Board of Directors of Eramet. AREVA may request the appointment of 5 directors, including 2 natural persons recommended in consideration of their expertise and their independence.

The amendment of May 29, 2008 modifies the reciprocal right of first refusal, which applies henceforth to: (i) on-exchange sales of shares to unidentified third parties, either occasionally or through accelerated book building or a fully marketed offering; (ii) sales of a block of shares to identified third parties, on the exchange or off-market; and (iii) an exchange for shares issued by the recipient company.

Under the terms of this shareholders' agreement, AREVA, Sorame and Ceir act jointly and jointly control Eramet. The parties agreed to maintain the current hierarchy of shareholdings, with Sorame/CEIR agreeing to remain the main shareholder as long as AREVA does not increase its equity interest in Eramet by more than 2%, unless sales of Eramet shares (including Eramet shares sold since May 29, 2008, if any) represent at least 80% of its equity interest in Eramet.

This agreement has been the subject of several decisions by the Financial Market Board (*Conseil des marchés financiers*, CMF, decisions no. 199C1045 of August 3, 1999, no. 199C2064 of December 29, 1999, no. 201C0921 of July 25, 2001, and no. 201C1140 of September 12, 2001) and by the *Autorité des Marchés Financiers* (AMF, decision no. 208C1042 of May 30, 2008).

FT1CI

AREVA became the sole shareholder of FT1CI following France Télécom's disposal of its shares in STMicroelectronics in August 2005 and in FT1CI in September 2005. FT1CI holds a 39.6% equity interest in STMicroelectronics Holding NV (STH), with the remaining 60.4% held by Finmeccanica and Cassa Depositi e Prestiti. STH holds 100% of STMicroelectronics Holding II BV (STH II), which holds 27.86% of STMicroelectronics.

On February 26, 2008, FT1CI acquired part of Finmeccanica's indirect equity interest in STM (*i.e.* 2.86% of STM's share capital), thus ensuring the equality of the indirect equity interests held in STM by FT1CI, on the one hand, and by Finmeccanica and Cassa Depositi et Prestiti, on the other hand. This acquisition was financed by the Commissariat à l'Énergie Atomique (CEA), which thus became a minority shareholder of FT1CI by decision of the Board of Directors on March 19, 2009, following a decision by the Annual General Meeting of Shareholders of March 17, 2008, giving FT1CI the authority to increase its capital. The CEA also became a party to the STM shareholders' agreement.

STMICROELECTRONICS

STMicroelectronics (STM) is subject to a shareholders' agreement among AREVA, France Télécom, FT1CI and Finmeccanica, which are indirect shareholders *via* STMicroelectronics Holding NV and STMicroelectronics Holding II BV (hereinafter known collectively as "STH")⁽¹⁾. The shareholders' agreement was renewed on March 17, 2004 for a renewable period of four years, *i.e.* until March 17, 2008. It was renewed for another period of three years, *i.e.* until March 17, 2011. It is intended to improve the liquidity of their indirect holdings in the company and to maintain a stable and balanced shareholding structure to support the company's growth and autonomy. The agreement provides for the preservation of equal Franco-Italian control, independent of economic interests in STH resulting from sales of shares.

In December 2004, Finmeccanica sold part of its indirect interest in STM to Cassa Depositi e Prestiti, which signed the above-mentioned shareholders' agreement on December 23, 2004. France Télécom has not been a party to this agreement since August 2005.

The shareholders' agreement also contains provisions for defensive measures against a takeover bid, allowing the issuance of preferred shares to a foundation rather than to STM.

Its main provisions are:

- continued Franco-Italian governance with equal representation of both parties on the Supervisory Board, subject to retention of minimum equity interests with STM voting rights;
- simplification of disposals of the parties' indirect shareholdings in STM;
- the possibility of acquiring additional STM shares under certain circumstances.

1. STMicroelectronics Holding NV is the sole shareholder of STMicroelectronics Holding II BV, which holds 27.86% of the share capital of STMicroelectronics.

SUEZ ENVIRONNEMENT

AREVA's shareholding interest in Suez Environnement is governed by a shareholders' agreement signed June 5, 2008, among Suez (whose rights and obligations were transferred in their entirety to GDF Suez as a result of the merger between Gaz de France and Suez), AREVA, Caisse des Dépôts et Consignations, CNP Assurances, Groupe Bruxelles Lambert, and Sofina, for a five-year period renewed by tacit agreement.

The shareholders' agreement forms a cooperation among the parties in which GDF Suez plays a dominant role and has operating control over the company.

The shareholders' agreement stipulates, in particular, (i) the composition of the Board of Directors (18 members, including one appointed by AREVA), with the Chairman casting the deciding vote in the event of a tie; (ii) a reciprocal right of first refusal; (iii) the prohibition to acquire shares if such action involves the obligation for the shareholders acting jointly to submit a public offer or to guarantee the share price of Suez Environnement; and (iv) a right to sell shares jointly with GDF Suez, should the latter decide to sell more than half of its equity interest in Suez Environnement.

This shareholders' agreement was the subject of a decision by the *Autorité des Marchés Financiers* (AMF) on June 20, 2008 (decision no. 208C1189).

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Appendix 1

Report of the Supervisory Board Chairman on the preparation and organization of the Board’s activities and internal control procedures

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→ 1. Legislative and regulatory framework

1.1. LEGAL FRAMEWORK

Under the provisions of article L. 225-68 of the French Commercial Code, amended by the law of July 3, 2008, “in publicly traded companies, the Chairman of the Supervisory Board shall submit a report on [...] the composition of the Board, the preparation and organization of the activities of the Board, and internal control and risk management procedures established by the company, describing in particular those procedures relating to the preparation and treatment of accounting and financial information used to prepare the corporate financial statements and, if applicable, the consolidated financial statements.”

Article L. 225-68 of the French Commercial Code further provides as follows:

- “when a company defers voluntarily to a code of corporate governance drawn up by recognized business federations, the [abovementioned] report shall also indicate which provisions were set aside and for what reason. The report shall also specify the place where the code of governance may be reviewed”;

- “the [abovementioned] report shall also specify particular methods related to the participation of the shareholders in the General Meeting or refer to the provisions of statutes that provide for those methods.”
The by-laws of AREVA do not contain any particular provision such as double voting rights or statutory limits on the voting rights of shareholders. Shareholder rights at AREVA are therefore exercised according to common law, as noted in section 21 of the reference document;
- “moreover, the [abovementioned] report presents the principles and rules decided by the supervisory board to determine compensation and benefits of any kind granted to corporate officers.”
This information appears in section 15 of the reference document;

- “the [abovementioned] report shall be approved by the Supervisory Board and made public.”

At the request of the Chairman of the Supervisory Board, this report was submitted to the Audit Committee for an opinion and to the Supervisory Board for approval on March 4, 2010, in accordance with the abovementioned provisions.

Concerning the organization and functioning of the Audit Committee constituted by the Supervisory Board, the AREVA group already relies heavily on the principles and provisions of order no. 2008-1278 of December 8, 2008 transposing the directive 2006/43/CE of May 17, 2006 related to statutory auditors, which order shall be fully applicable in the particular case of AREVA beginning in fiscal year 2012, in accordance with the provisions of article 21 of said order.

1.2. THE AFEP-MEDEF CODE OF CORPORATE GOVERNANCE: THE STANDARD FOR THE AREVA GROUP ⁽¹⁾

The AREVA group has adopted the AFEP-MEDEF recommendations of October 6, 2008 on executive officer compensation in companies whose shares are traded on a regulated market. More generally, the AREVA group defers to the AFEP-MEDEF Code of Corporate Governance for publicly traded companies, with certain adjustments.

The adjustments to the AFEP-MEDEF Code of Corporate Governance are warranted by the distribution of the company's share capital. The current number of independent Supervisory Board members (4 out of 15) is sufficient to represent the diversity of interests, considering the very strong concentration of the company's share capital.

For this same reason, the Supervisory Board has not yet performed a self-assessment. Likewise, the provision pertaining to members of the Supervisory Board holding “a significant number of shares” is irrelevant in this case.

Regarding the length of service of the directors, the five-year terms for directors elected by the Annual General Meeting of Shareholders and by the company's employees ensure greater stability of directors, as is fitting for long-cycle activities such as nuclear power. This term is consistent with the maximum term of six years under the law.

→ 2. Reviews performed to prepare this report

This report was prepared based solely on information provided by the Executive Board and the functional departments it coordinates to the Chairman of the Supervisory Board in connection with the annual review of internal control procedures and various meetings of the Supervisory Board and its committees.

The work and reviews related to the preparation of this report were submitted to the council of statutory auditors.

⁽¹⁾ The Code is available on the Medef website (www.medef.fr).

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→ 3. Preparation and organization of the Supervisory Board's activities

3.1. FUNCTIONING OF THE SUPERVISORY BOARD

The Supervisory Board, whose functioning is specified in rules of procedure⁽¹⁾, exercises ongoing control of the Executive Board's management of AREVA. The Executive Board regularly informs the Supervisory Board of the business and operations of AREVA and the AREVA group through quarterly reports. The Supervisory Board performs such verifications and procedures as it deems necessary.

The Supervisory Board appoints the members and the Chairman of the Executive Board. The Supervisory Board may recommend the dismissal of Executive Board members to the Annual General Meeting of Shareholders. The Supervisory Board may call meetings of the Annual General Meeting of Shareholders.

The Supervisory Board meets at least once quarterly at the corporate office or any other place indicated in the notice of meeting issued by the Chairman, or by the Vice Chairman in the absence of the former, to review the Executive Board's report.

For decisions of the Supervisory Board to be valid, at least half of the members must be present. Decisions are made on a majority vote of the members present or represented. In the event of a tie vote, the Chairman of the meeting casts the deciding vote.

The Supervisory Board submits its remarks on the report of the Executive Board and on the financial statements to the Annual General Meeting of Shareholders.

The Supervisory Board is not limited to a supervisory function; it also delegates authority to the Executive Board to conduct transactions that the Executive Board cannot accomplish without such authorization. It reviews the overall strategy for AREVA and for the group. Annual budgets and multi-year plans for AREVA, its direct subsidiaries and the group are subject to Supervisory Board approval, as well as any transaction at the subsidiary level contemplated by article 23-2 of the by-laws.

Pursuant to article 23-2 of the by-laws, the following Executive Board decisions are subject to prior approval by the Supervisory Board when they involve an amount exceeding 80 million euros:

- (i) issuing securities, regardless of type, that may have an impact on share capital;
- (ii) significant decisions on opening establishments in France and abroad, either directly, through creation of a branch, or by establishing a direct or indirect subsidiary, or by acquiring an equity stake; similar approval is required for decisions to close such establishments;

- (iii) significant operations that may affect the group strategy and modify its financial structure or scope of business;
- (iv) acquisitions, increases or sales of equity interests in any company, existing or to be established;
- (v) exchanges of goods, securities or assets, with or without cash payment, excluding cash management operations;
- (vi) acquisitions of real estate;
- (vii) settlements, agreements or transactions relating to disputes;
- (viii) decisions pertaining to loans, borrowings, credit and advances; and
- (ix) acquisitions and disposals of any receivables by any means.

In addition, proposals for allocations of earnings for the year presented by the Executive Board are subject to the prior approval of the Supervisory Board.

On July 3, 2001, the Supervisory Board authorized the Executive Board to carry out certain transactions, up to the following amounts:

- disposals of real property up to 30 million euros;
- provision of collateral to secure corporate commitments, up to 80 million euros per year in the aggregate, provided that no single commitment exceeds 30 million euros.

The Supervisory Board regularly updates its rules of procedure, which stipulate in particular:

- the establishment and functioning of the four committees described below;
- rules for preparing Supervisory Board deliberations;
- conditions for establishing the schedule of Supervisory Board meetings;
- resources at the disposal of Supervisory Board members elected by the employees.

(1) The rules of procedure of the Supervisory Board may be reviewed at the company's corporate office at 33, rue La Fayette 75009 Paris, France.

3.2. COMPOSITION OF THE SUPERVISORY BOARD

The members of the Supervisory Board are appointed by the shareholders and by holders of voting right certificates, except for employee-elected members of the Board and representatives of the French State.

The Supervisory Board consists of at least 10 and no more than 18 members, including 3 members elected by company personnel, as described below, and representatives of the French State designated pursuant to article 51 of law no. 96-314 of April 12, 1996. The three members representing company personnel are elected by an electoral college consisting of engineers and managers (one member) and by an electoral college consisting of the other employees (two members).

The members of the Supervisory Board serve for a term of five years. The duties of a member of the Supervisory Board not elected by company personnel expire at the end of the Annual General Meeting of Shareholders held during the year of expiration of his or her term, convened to approve the financial statements of the previous year.

The Annual General Meeting of Shareholders may dismiss members of the Supervisory Board, other than members representing the French State and members elected by company personnel. The duties of a member elected by company personnel expire upon announcement of the results of elections, which AREVA must organize according to the by-laws, or upon the end of said member's employment contract or his or her dismissal, as provided by laws or regulations in effect at the time of the dismissal.

Only natural persons may be elected by company employees to serve as members of the Supervisory Board. Members of the Supervisory Board not elected by company employees may be natural persons or corporate entities.

Except as provided by French law, each member of the Supervisory Board must own at least one share of the company.

The Supervisory Board elects a Chairman and a Vice Chairman from among its members who are charged with convening the Board and conducting meetings, with the Vice Chairman fulfilling these functions in the event of the Chairman's absence or inability to do so. The Chairman and Vice Chairman are natural persons.

As of December 31, 2009, the Supervisory Board consists of 15 members, including four – Mr. Jean-Cyril Spinetta, Mrs. Guylaine Saucier, Mr. François David and Mr. Oscar Fanjul – who are considered independent by the Supervisory Board.

MEMBERS APPOINTED BY THE SHAREHOLDERS

Jean-Cyril Spinetta (age 66)

Mr. Jean-Cyril Spinetta was appointed to the Supervisory Board and appointed Chairman of the Supervisory Board by the Board in its meeting of April 30, 2009 to replace Mr. Frédéric Lemoine, who had resigned. His appointment will be confirmed by the next Annual General Meeting of Shareholders. His term will expire at the Annual General Meeting of Shareholders convened in 2011 to approve the financial statements for the year ending December 31, 2010.

Jean-Cyril Spinetta, Chairman of the Board of Directors of Air France-KLM and Air France, holds an advanced degree in public law and is a graduate of Institut d'Études Politiques de Paris. He is an alumnus of the École Nationale d'Administration.

Other offices held

- Director of Alcatel Lucent;
- Director of Saint Gobain;
- Director of Alitalia CAI (Italy).

Other offices held during the past five years

- Director (representing the French State) of GDF Suez until November 2009;
- Director (representing the French State) of La Poste until April 2009;
- Chairman and CEO of Air France-KLM and Air France until December 2008;
- Director of Unilever (United Kingdom) until July 2007;
- Director of Alitalia (Italy) until January 2007.

Bernard Bigot (age 59)

Mr. Bernard Bigot was appointed member and Vice Chairman of the Supervisory Board on February 5, 2009 to replace Mr. Alain Bugat, who had resigned. The Annual General Meeting of Shareholders ratified his appointment on April 30, 2009. His term will expire at the Annual General Meeting of Shareholders convened in 2011 to approve the financial statements for the year ending December 31, 2010.

Other offices held

- Administrator General and Chairman of the Board of Directors of the CEA;
- Director representing the French State on behalf of the Minister of Industry to the Board of Directors of AREVA NC.

Other offices held during the past five years

None.

François David (age 68)

Mr. François David was appointed to the Supervisory Board by the Annual General Meeting of Shareholders on April 17, 2008. His term will expire at the end of the Annual General Meeting of Shareholders convened in 2013 to approve the financial statements for the year ending December 31, 2012.

Mr. François David is a graduate of *Institut d'Études Politiques* of Paris and *École Nationale d'Administration*. His duties as Chairman of Coface were renewed in 2007.

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APPENDIX 1 REPORT OF THE SUPERVISORY BOARD CHAIRMAN ON THE PREPARATION AND ORGANIZATION OF THE BOARD'S ACTIVITIES AND INTERNAL CONTROL PROCEDURES

Preparation and organization of the Supervisory Board's activities

Other offices held

- Member of the Supervisory Board of Lagardère SCA;
- Director of Vinci and Rexel.

Other offices held during the past five years

- Director of EADS until April 2007.

Thierry Desmarest (age 64)

Mr. Thierry Desmarest was appointed to the Supervisory Board by the Annual General Meeting of Shareholders on June 18, 2001. His term expired at the end of the Annual General Meeting of Shareholders convened to approve the financial statements for the year ended December 31, 2005 and was renewed by the Annual General Meeting of Shareholders held on May 2, 2006. His term will expire at the Annual General Meeting of Shareholders convened in 2011 to approve the financial statements for the year ending December 31, 2010.

Thierry Desmarest is a graduate of École Polytechnique and holds the rank of *Ingénieur en chef* in the *Corps des Mines*. He became Chairman of the Board of Total SA on February 14, 2007, after serving as CEO of that company for ten years.

Other offices held

- Director of Renault SA and of Renault SAS, of Air Liquide, of Sanofi-Aventis, of Bombardier Inc. (since January 2009), of the Association Française des Entreprises Privées (AFEP), of Ecole Polytechnique and of the Musée du Louvre.

Other offices held during the past five years

- CEO of Elf Aquitaine until May 2007;
- President of Total SA until February 2007.

Oscar Fanjul (age 60)

Mr. Oscar Fanjul was appointed to the Supervisory Board by the Annual General Meeting of Shareholders on May 2, 2006. His term will expire at the Annual General Meeting of Shareholders convened in 2011 to approve the financial statements for the year ending December 31, 2010.

Oscar Fanjul holds a Ph.D. in economics. He is Vice Chairman and President of Omega Capital.

Other offices held

- Vice Chairman of the Board of Directors of Lafarge;
- Member of the Boards of Directors of the London Stock Exchange, Marsh & McLennan Companies, Acerinox and Cibeles. Trustee of the International Accounting Standards Committee Foundation (IASC).

Other offices held during the past five years

- Director of Inmobiliaria Colonial until December 2007;
- Director of Unilever Plc until May 2006;
- Director of Tecnicas Reunidas until June 2005.

Philippe Pradel (age 53)

Mr. Philippe Pradel was appointed to the Supervisory Board by the Annual General Meeting of Shareholders on May 2, 2006. His term will expire at the Annual General Meeting of Shareholders convened in 2011 to approve the financial statements for the year ending December 31, 2010.

Philippe Pradel is a graduate of École Polytechnique and École Nationale Supérieure des Techniques Avancées (ENSTA). He is assistant director in charge of international development in the nuclear energy field, reporting to the Chairman of the CEA.

Other offices held

- Representative of France to the Joint Research Center;
- Chairman of the technology platform for sustainable nuclear energy.

Other offices held during the past five years

- Permanent representative of the CEA to the Board of Directors of AREVA TA until May 2009;
- Director of Andra until May 2009;
- Representative of the CEA to GENCI (Grand Équipement National de Calcul Intensif) until May 2009;
- Director of AREVA NC Inc. until February 2005;
- Director of Comurhex until February 2005;
- Permanent representative of AREVA NC to the Board of Directors of MELOX SA until February 2005;
- Permanent representative of AREVA NC to the Board of Directors of Socodei until February 2005;
- Director of EMA until February 2005;
- Director of AREVA NC Deutschland until February 2005;
- Director of SGN until February 2005;
- Permanent representative of AREVA NC to the Board of Directors of TN International until February 2005;
- Chairman of the Management Board and Director of Commax GIE until February 2005.

Guylaine Saucier (age 63)

Mrs. Guylaine Saucier was appointed to the Supervisory Board by the Annual General Meeting of Shareholders on May 2, 2006. Her term will expire at the Annual General Meeting of Shareholders convened in 2011 to approve the financial statements for the year ending December 31, 2010.

Guylaine Saucier is a Chartered Accountant and a graduate of HEC Montreal.

Other offices held

- Director of the Danone group, of Axa Canada and of the Bank of Montreal;
- Director of AREVA Canada Inc.

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Other offices held during the past five years

- Director of Petro-Canada until 2009;
- Director of CHC Helicopter Corp. until 2008;
- Director of Altran Technologies until February 2007;
- Director of Nortel Networks until 2005;
- Director of Tembec Inc. until 2005.

Commissariat à l'Énergie Atomique (CEA), represented by Christophe Gegout

The CEA was appointed to the Supervisory Board by the Annual General Meeting of Shareholders on September 3, 2001. Its term expired at the end of the Annual General Meeting of Shareholders convened to approve the financial statements for the year ended December 31, 2005 and was renewed by the Annual General Meeting of Shareholders held on May 2, 2006. Its term will expire at the Annual General Meeting of Shareholders convened in 2011 to approve the financial statements for the year ending December 31, 2010.

The CEA is represented by Mr. Christophe Gegout (age 33), who is a graduate of Institut d'Études Politiques de Paris and an alumnus of *École polytechnique* and *École Nationale de la Statistique et de l'Administration*. He is Chief Financial Officer and head of the Management Control and Information Systems division of the CEA.

Other offices held by Mr. Gegout

- Director of CEA Investissement and of Co-Courtage Nucléaire SA;
- Permanent representative of the CEA to the Board of Directors of FT1CI and GIP DFT Minatec;
- Member of the supervisory boards of Emertec Gestion, Avenium Consulting and GIP Sources HA.

Other offices held by the CEA

- Director of CEA Investissement, AREVA TA, La Route des Lasers and Minatec.

Other offices held during the past five years

None.

MEMBERS REPRESENTING THE FRENCH STATE, APPOINTED BY MINISTERIAL ORDER

Luc Rousseau (age 52)

Mr. Luc Rousseau was appointed representative of the French State to the Supervisory Board by ministerial order of March 11, 2005, published in the *Journal Officiel* on March 25, 2005. He replaces Mr. Jean-Pierre Falque-Pierrotin. His term expired after the Annual General Meeting of Shareholders convened to approve the financial statements for the year ended December 31, 2005 and was renewed by ministerial order of April 26, 2006 published in the *Journal Officiel* on May 11, 2006. His term will expire at the end of the Annual General Meeting of Shareholders convened in 2011 to approve the financial statements for the year ending December 31, 2010.

Luc Rousseau is a graduate of *École Polytechnique* and holds the rank of *Ingénieur* in the *Corps des Mines*.

Mr. Rousseau is Director General of Competitiveness, Industry and Services at the Ministry of the Economy, Industry and Employment.

Other offices held

- Member of the French Atomic Energy Board;
- Government commissioner to La Poste and FT1CI;
- Representative of the French State to the Board of Directors of OSEO;
- Director of the French National Research Agency (*Agence nationale de la recherche, ANR*), of the Strategic Investment Fund, of the City of Science and Industry, and of the Invest in France Agency (AFII).

Other offices held during the past five years

- Government commissioner to Oseo Innovation until April 2009;
- Government commissioner to the Supervisory Board of the Industrial Innovation Agency (All) until December 2007.

Pierre-Franck Chevet (age 48)

Mr. Pierre-Franck Chevet was appointed representative of the French State to the Supervisory Board by ministerial order of March 1, 2007, published in the *Journal Officiel* on March 3, 2007. He replaces Mr. Dominique Maillard. His term will expire at the Annual General Meeting of Shareholders convened in 2011 to approve the financial statements for the year ending December 31, 2010.

Pierre-Franck Chevet is a graduate of *École polytechnique* and of the Paris Graduate School of Economics, Statistics and Finance (ENSAE), and holds the rank of *Ingénieur général* in the *Corps des Mines*. He is Director General of Energy and the Climate at the Ministry of Environment, Energy, Sustainable Development and the Sea in charge of green technologies and climate negotiations.

Other offices held

- Director representing the French State to the Boards of Directors of GDF Suez, La Poste and the Institut Français du Pétrole;
- Government commissioner to the Energy Regulation Commission;
- Government commissioner to AREVA NC;
- Government commissioner to ANDRA;
- Director of the French Environment and Energy Management Agency (ADEME);
- Member of the Steering Committee of the International Energy Agency (IEA) and the French Atomic Energy Board.

Other offices held during the past five years

None.

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Pierre Sellal (age 57)

Mr. Pierre Sellal, Ambassador of France, was appointed representative of the French State to the Supervisory Board by ministerial order of April 10, 2009, published in the *Journal Officiel* on April 28, 2009. He replaces Mr. Gérard Errera. His term will expire at the Annual General Meeting of Shareholders convened in 2011 to approve the financial statements for the year ending December 31, 2010.

Pierre Sellal is a graduate in law and an alumnus of the *École Nationale d'Administration*. He is a former ambassador, former permanent representative of France to the European Union in Brussels, former Chief of Staff of Mr. Hubert Vedrine and currently Secretary General of the French Ministry of Foreign Affairs and European Affairs.

Other offices held

- Director of EDF, *École Nationale d'Administration*, Audiovisual Outside France, Cultures France, the National Agency of Secure Shares (Agence Nationale des Titres Sécurisés), the Commission of Verification of Registered Works of Art, and the Institution of Planning and Response to Health Emergencies (Établissement de Préparation et de Réponse aux Urgences Sanitaires);
- Member of the French Atomic Energy Board;
- Member of the Board of the Arab World Institute (IMA).

Other offices held during the past five years

None.

Bruno Bézard (age 46)

Mr. Bruno Bézard was appointed representative of the French State to the Supervisory Board by ministerial order of July 22, 2002, published in the *Journal Officiel* on July 26, 2002. He replaced Mr. Nicolas Jachiet. His term expired after the Annual General Meeting of Shareholders convened to approve the financial statements for the year ended December 31, 2005 and was renewed by ministerial order of April 26, 2006, published in the *Journal Officiel* on May 11, 2006. His term will expire at the end of the Annual General Meeting of Shareholders convened to approve the financial statements for the year ending December 31, 2010.

Bruno Bézard is *Inspecteur général des finances*, a graduate of *École Polytechnique* and an alumnus of *École Nationale d'Administration*. On February 26, 2007, he was appointed Director General of the agency in charge of the French government's equity interests (*Agence des Participations de l'État*) at the Department of the Treasury and Economic Policy, Ministry of the Economy, Industry and Employment, by ministerial order published in the *Journal Officiel* on February 27, 2007.

Other offices held

- Director of EDF, France Télécom, La Poste, Air France-KLM, the Marseilles Seaport and the Strategic Investment Fund.

Other offices held during the past five years

- Director of Dexia until November 2009;
- Director of Thalès until September 2009;

- Director of SNCF until April 2007;
- Director of France Télévisions until April 2007.

MEMBERS ELECTED BY AND REPRESENTING THE EMPLOYEES

Jean-Claude Bertrand (age 58)

Mr. Bertrand was elected by the electoral college consisting of employees on May 28, 2002 in elections validated by the Work Council (*comité d'entreprise*) on July 12, 2002. He took office at the Supervisory Board meeting held on July 25, 2002. His term was renewed following elections held on May 24, 2007 and will expire following elections to be held in 2012.

Mr. Bertrand is a program manager with the management team of the Tricastin site.

Other offices held

- Director of Alexis Junior High School in Montélimar.

Other offices held during the past five years

None.

Gérard Melet (age 52)

Mr. Melet was elected by the electoral college consisting of employees on May 28, 2002 in elections validated by the Work Council (Comité d'Entreprise) on July 12, 2002. He took office at the Supervisory Board meeting held on July 25, 2002. His term was renewed following elections held on May 24, 2007 and will expire following elections to be held in 2012.

Mr. Melet is Chief Buyer at the Procurement department of AREVA NC at La Hague.

Other offices held

None.

Other offices held during the past five years

None.

Alain Vivier-Merle (age 61)

Mr. Vivier-Merle was elected by the electoral college consisting of engineers and managers on June 20, 2002 in elections validated by the Work Council (*comité d'entreprise*) on July 12, 2002. He took office at the Supervisory Board Meeting held on July 25, 2002.

Mr. Vivier-Merle is a manager of marketing programs for AREVA NP in Lyon.

Other offices held

- Chairman of the Supervisory Board of the Framépargne employee savings plan;
- Member of the Supervisory Board of the Framépargne balanced mutual fund.

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Other offices held during the past five years

- Chairman of the Supervisory Board of Sogepan A until 2004;
- Member of the Supervisory Board of the AREVA employee savings plan's money market fund until 2004.

In addition, Mr. Marcel Otterbein replaced Mr. Patrick Germain as representative of the AREVA Work Council on February 21, 2007. He participated in the meetings of the Supervisory Board in an advisory capacity in 2008.

Comptroller General

Mr. Bruno Rossi was appointed acting manager of the Atomic Energy control mission of the general economic and financial control department by the June 24, 2008 decision of the Ministry of the Economy, Industry and Employment. Mr. Rossi is represented by **Mr. Toni Cavatorta**, who reports to him on his control of AREVA SA and attends meetings of the Supervisory Board and of its specialized committees.

3.3. ACTIVITIES OF THE SUPERVISORY BOARD

In 2009, the Supervisory Board met eight times (attendance rate: 91%). During these meetings, the Supervisory Board voted on the matters described below:

- **February 5, 2009:** Following the resignation of Mr. Alain Bugat from his duties as Vice Chairman and member of the Supervisory Board, and on the favorable opinion of its Compensation and Nominating Committee, the Board appointed Mr. Bernard Bigot as a member of the Board and elected him Vice Chairman for the remainder of the term of Mr. Bugat (or until the Annual General Meeting of Shareholders convened in 2011 to approve the financial statements for the year ending December 31, 2010), that appointment and that election being subject to ratification by the Annual General Meeting of Shareholders of April 30; the Board also designated Mr. Bigot as a member of its Strategy Committee. On a favorable opinion from its Audit Committee, the Board also approved the operating budget for 2009, pursuant to article 23-1 of the by-laws. In addition, following the announcement made by Siemens of its decision to sell its equity interest in AREVA NP, the Board received all of the necessary information on this matter;
- **February 25, 2009:** The Supervisory Board approved the 2009 capital expenditure budget and, pursuant to article 23-3 of the by-laws, the Executive Board's recommendations concerning the profit allocation and the distribution of a dividend of €7.05 per share and per investment certificate. In addition, the Board examined the management report from the Executive Board and, pursuant to article L. 225-68 of the French Commercial Code, amended by the French law of July 3, 2008, and on the favorable opinion of its Audit Committee, approved the report from the Chairman of the Supervisory Board on the Board's activities and internal control procedures. During this Board meeting, the establishment of a joint venture company specialized in nuclear fuel fabrication by AREVA and MHI and the recapitalization of AREVA NP were approved.

Censors

AREVA's by-laws authorize the Supervisory Board to appoint one or several censors, whose mission is to assist the Supervisory Board in its oversight functions. They attend the meetings of the Supervisory Board without the right to vote.

No censor had been designated as of the filing of this reference document.

Secretary of the Board

Mrs. Josseline de Clausade, Senior Vice President of Compliance of the AREVA group, is the Secretary of the Supervisory Board.

The members of the Supervisory Board may be contacted at the company's corporate office at 33, rue La Fayette, 75009 Paris, France.

In addition, having reviewed the proposals of its Compensation and Nominating Committee, the Board made proposals related to the compensation and objectives of the members of the Executive Board for 2009 (subject to the consent of the Ministry of Economy and Finance) and examined the amount of directors' fees to be submitted for approval to the next Annual General Meeting of Shareholders;

- **April 30, 2009:** Following the resignation of Mr. Frédéric Lemoine from his duties as Chairman and member of the Supervisory Board, the Board appointed Mr. Jean-Cyril Spinetta as a member of the Board and elected him Chairman for the remainder of the term of Mr. Lemoine (or until the Annual General Meeting of Shareholders convened in 2011 to approve the financial statements for the year ending December 31, 2010), that appointment and that election being subject to ratification by the Annual General Meeting of Shareholders of 2010; the Board also designated Mr. Spinetta as Chairman of its Strategy Committee and of its Compensation and Nominating Committee and Mr. Christophe Gegout, permanent representative of the CEA to the Supervisory Board, as a member of its Audit Committee to replace Mr. Pagezy, who had resigned. On a favorable opinion of its End-of-Life-Cycle Obligations Monitoring Committee, the Board also approved the report on internal controls in line with article 7 of the French decree of February 23, 2007 related to the securement of funding for nuclear expenses. In addition, the Board received all of the necessary explanations on the Executive Board's quarterly report and on the group's requirements and development outlook;
- **June 30, 2009:** Following the resignation of Mr. Bernard de Gouttes from his duties as secretary to the Supervisory Board, the Board approved the appointment of Mrs. Josseline de Causade to those duties for an indefinite period. The Board also approved the proposals of its Compensation and Nominating Committee concerning

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APPENDIX 1 REPORT OF THE SUPERVISORY BOARD CHAIRMAN ON THE PREPARATION AND ORGANIZATION OF THE BOARD'S ACTIVITIES AND INTERNAL CONTROL PROCEDURES

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bonuses to be paid to the members of the Executive Board for 2008 and the compensation for the Chairman of the Supervisory Board. The Board also approved the group's development plan, directed the Executive Board to implement it, and authorized the latter to set up short term bank financing to fund the group's general requirements. In addition, the Board was particularly informed of the status of relations with Siemens, of revision 1 of the budget, and of the development outlook for the group;

- **August 31, 2009:** The Board received all necessary explanations, in particular on the Executive Board's quarterly report, on the 2008 annual report of the General Inspectorate pertaining to the status of nuclear safety and radiation protection, and on the group's half-year financial statements, on which the Audit Committee made comments. In addition, in connection with more global information on the development of operations related to financing, the Board approved the establishment of a Euro Medium-Term Note program (EMTN) and the related bond issues;
- **October 22, 2009:** The Board received all necessary explanations about the Executive Board's quarterly report and about operations related to AREVA's financing, in particular the share float, the AREVA T&D sale, and the sale of interests in GDF Suez, Eramet and STMicroelectronics. The Board was also informed of the Audit Committee's activities, in particular on the business ethics report and on the effectiveness of control systems and risk management. Lastly, the Board was informed of the End-of-Life-Cycle Obligations Monitoring Committee's activities on covering dismantling liabilities and on the strategy for the allocation of earmarked assets;

- **November 30, 2009:** In connection with the addition of minority investors for the development of Imouraren mining project in Niger, and pursuant to article 23 of the by-laws and on the proposal of the Executive Board, the Supervisory Board authorized AREVA NC, its subsidiary CFMM and its lower tier subsidiary AREVA NC Expansion to proceed with the capital increase of AREVA NC in the amount of 15%. Following a presentation of the offers to purchase AREVA T&D, and pursuant to article 23 of the by-laws, the Board also asked the Executive Board to enter into exclusive negotiations with Alstom/Schneider so as to finalize the terms of that transaction;
- **December 17, 2009:** The Board received all necessary explanations concerning the Executive Board's quarterly report, revision 2 of the budget, the proposed budget for 2010, and the meeting report of the Strategy Committee related to AREVA's strategy in renewables and examination of acquisition opportunities. Having heard the conclusions of the Audit Committee, and pursuant to article 23-1 of the by-laws, the Board also approved the proposed budget for 2010. Pursuant to article 68 of the by-laws, the Board also authorized the Executive Board to provide surety, endorsements and guarantees through December 31, 2010 and to issue a parent company guarantee to Wetfeet to guarantee Multibrid's obligations resulting from the Wetfeet Global Tech 1 project. Lastly, on the favorable opinion of the Compensation and Nominating Committee, the Board decided to submit the total amount of directors' fees to the next Annual General Meeting of Shareholders for the year 2010.

3.4. ACTIVITIES OF THE FOUR COMMITTEES OF THE SUPERVISORY BOARD

Pursuant to article 23 of the by-laws and chapter I of the Rules of Procedure of AREVA's Supervisory Board, the Board formed four committees whose role is to provide it with additional information enabling decision-making on matters submitted to it for control. Therefore, each meeting of the Board may be preceded by in-depth work by the specialized committees, whose report is systematically sent to the members of the Board.

The four committees are as follows: the Strategy Committee, the Audit Committee, the Compensation and Nominating Committee (formed upon the establishment of the AREVA group in 2001), and the End-of-Life-Cycle Obligations Monitoring Committee, formerly called the Clean-up and Decommissioning Fund Monitoring Committee (formed in 2002). Throughout 2009, each committee had to meet to go deeper into the matters reviewed hereunder.

3.4.1. STRATEGY COMMITTEE

As of December 31, 2009, the Strategy Committee had five members, chosen from among the members of the Supervisory Board: Jean-Cyril Spinetta⁽¹⁾, Chairman, Bruno Bézard, Bernard Bigot, Oscar Fanjul⁽¹⁾ and Luc Rousseau. Josseline de Clausade serves as secretary of this Committee.

⁽¹⁾ Independent members of the Supervisory Board.

The Committee meets at least once per six-month period and as often as necessary to fulfill its duties. It is convened by its Chairman or at least two of its members. It is responsible for advising the Supervisory Board on the strategic objectives of AREVA and of its main subsidiaries and for assessing the risks and merits of major strategic decisions proposed by the Executive Board to the Supervisory Board. It ensures application of AREVA's strategic plan and its implementation at the subsidiary level.

In 2009, the Supervisory Board met twice, with an attendance rate of 90%:

- **April 14, 2009:** The Committee was informed, in particular, of (i) developments in relations with Siemens, (ii) the proposal to simplify the group's organization, (iii) the plan to optimize internal resources and (iv) resources for funding capital expenditure including, at the request of the French State, review of the sale of AREVA T&D and of the admission of industrial or financial partners to buttress the industrial strategy and gain financial resources;
- **December 10, 2009:** The Committee examined AREVA's strategy in renewables and acquisition opportunities in this field of business.

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Preparation and organization of the Supervisory Board's activities

3.4.2. AUDIT COMMITTEE

As of December 31, 2009, the Audit Committee had four members, chosen from among the members of the Supervisory Board: Guylaine Saucier⁽¹⁾, Chairman, Bruno Bézard, Jean-Claude Bertrand and Christophe Gegout. Jean-Pierre Kaminski serves as secretary of this Committee.

The Committee meets at least once quarterly and as often as necessary to fulfill its duties. It is convened by its Chairman or at least two of its members.

The role of the Committee, which has no formal authority, is to assist the Supervisory Board in exercising its authority and attributions in the following fields: the integrity of the financial data published by the company, internal controls, the execution of the internal audit function, the independence and performance of the Statutory Auditors, risk management, financial planning, monitoring of major projects, and business ethics standards.

The Supervisory Board may also expand the scope of work of the Audit Committee by entrusting other fields to it as necessary. To discharge its duties, the Audit Committee may review specific points on its own initiative as it deems relevant to its mission.

In particular, the Audit Committee reviews the draft financial statements, draft budgets, internal and external audit plans, risk maps, internal control plans, the Values Charter and other relevant reports. It interviews the members of the Executive Board and its CEO, the Statutory Auditors, the head of internal audit, and the business ethics advisor. The Committee makes recommendations to the Supervisory Board based on its findings and may suggest modifications or additional investigations that it deems necessary.

The Audit Committee examines a call for bids upon expiration of the term of the Statutory Auditors and recommends that the Supervisory Board renew the term of current auditors or appoint a new firm.

The Audit Committee prepares a work schedule each year to plan its mission.

In 2009, the Audit Committee met seven times, with an attendance rate of 93%:

- **January 28, 2009:** the Committee reviewed the draft press release on 2008 revenue for the AREVA group and gave a favorable opinion on the proposed operating budget for 2009;
- **February 23, 2009:** the Committee examined the financial statements for the year ended December 31, 2008, the proposed capital expenditure in the 2009 budget, and the draft press release. The Committee also reviewed the report on internal controls from the Chairman of the Supervisory Board and recommended its approval. In addition, the Committee received an update specifically on developments in the OL3 project. The comments and conclusions of the Statutory Auditors were heard during this committee meeting;
- **April 22, 2009:** the committee meeting was largely devoted to the Statutory Auditors' presentation on internal controls and the group's initiative to strengthen them. A document concerning

the status of mining reserves and resources at January 1, 2009 was also presented to the Committee. In addition, the Committee examined the financial reporting for the first quarter of 2009 and received the draft press release on quarterly financial information;

- **June 22, 2009:** revision 1 of the 2009 budget and a detailed status report on progress at the OL3 project were presented to the Committee. The Committee also received all necessary information on the new accounting standards applicable in 2009, and on major projects. In addition, the fees for the Statutory Auditors were reviewed;
- **August 27, 2009:** the Committee devoted this session, attended by the statutory auditors, to a new, in-depth review of developments in the OL3 project and their consequences in terms of accounting provisions, and to examining the half-year financial statements and the draft press release. The status of execution of the audit plan for 2009 was also presented to the Committee;
- **October 21, 2009:** application of the group's business ethics standards, risk mapping, and cash forecasts, among others, were presented to the Committee. The Committee also reviewed the draft press release on revenue at September 30, 2009 and items enabling an assessment of the group's performance and financial position;
- **December 14, 2009:** revision 2 of the 2009 budget, the proposed budget for 2010, and a status report on the situation at the OL3 project were presented to the Committee, with the Statutory Auditors in attendance. The internal audit plan for 2010, the audit plan of the statutory auditors for the year ending December 31, 2009, and the latter's fees were also presented to the Committee.

3.4.3. COMPENSATION AND NOMINATING COMMITTEE

As of December 31, 2009, the Compensation and Nominating Committee was composed of three members, chosen from among the members of the Supervisory Board; Jean-Cyril Spinetta⁽¹⁾, Chairman, Bruno Bézard and Oscar Fanjul⁽¹⁾. Josseline de Clausade serves as secretary of this Committee.

The Committee meets at least once per six-month period and as often as necessary to fulfill its duties. It is convened by its Chairman or at least two of its members.

With respect to compensation, the Committee is responsible for recommending to the Supervisory Board executive compensation levels, retirement and insurance programs, and in-kind benefits for executive officers of AREVA based on comparable factors in the market and on individual performance assessments.

With respect to nominations, the Committee reviews the files of individuals selected to serve as members of the Executive Board and conveys its opinion to the Supervisory Board. The Committee also gives the Supervisory Board its opinion on executive appointments for first-tier companies of the AREVA group.

⁽¹⁾ Independent members of the Supervisory Board.

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In 2009, the Compensation and Nominating Committee met six times, with an attendance rate of 89%:

- **February 3, 2009:** the Committee discussed the Executive Board's potential compensation for 2009, potential objectives for 2009 and directors' fees. The Committee was also informed of Alain Bugat's resignation and gave a favorable opinion on the appointment of Bernard Bigot as a member of the Supervisory Board and of the Strategy Committee and his election as Vice Chairman;
- **March 12, 2009:** the Committee examined the matter of setting the variable component of the compensation of members of the Executive Board for 2008 and postponed the date of its recommendations to the Supervisory Board;
- **April 14, 2009:** on the occasion of the effective or announced arrival of new members to the Supervisory Board, the Committee discussed the powers devolving upon the Supervisory Board in matters of appointment/cooptation. A particular review of the French decree of March 30, 2009 regulating executive compensation in the public sector was also presented to the Committee;
- **April 30, 2009:** the Committee rendered a favorable opinion on the appointment of Jean-Cyril Spinetta as member of the Supervisory Board, on his election as Chairman of that Board, and his designation as Chairman of the Strategy Committee and of the Compensation and Nominating Committee. The Committee also rendered a favorable opinion on the appointment of Christophe Gegout as member of the Audit Committee;
- **June 28, 2009:** the Committee made proposals on the variable share of compensation of members of the Executive Board for 2008 and on the compensation of the Chairman of the Supervisory Board;
- **December 9, 2009:** the Committee began to examine the fixed and variable shares of Executive Board member compensation for 2010. The Committee also rendered a favorable opinion to renew the amount and distribution of 2009 directors' fees in 2010.

3.4.4. END-OF-LIFE-CYCLE OBLIGATIONS MONITORING COMMITTEE

As of December 31, 2009, the End-of-Life-Cycle Obligations Monitoring Committee was composed of four members, chosen from among the members of the Supervisory Board: François David ⁽¹⁾, Chairman, Pierre-Franck Chevet, Gérard Melet and Philippe Pradel. Patrick Herbin-Leduc serves as secretary of this Committee.

The Committee meets at least once per six-month period and as often as necessary to fulfill its duties. It is convened by its Chairman or at least two of its members. The Committee is charged with contributing to the monitoring of the asset portfolio set up by AREVA subsidiaries to cover their future clean-up and dismantling expenses. In this capacity, and based on pertinent documentation submitted by AREVA, including a management charter, the Committee reviews the multi-year schedule of future clean-up and dismantling expenses for affected companies of the AREVA group; the criteria for establishing, managing and controlling the funds earmarked to cover expenses by these companies; and the investment management strategy for the related assets. The Committee provides the Supervisory Board with opinions and recommendations on these topics.

The Committee may give audience to financial consulting firms chosen by the fund management companies.

The End-of-Life-Cycle Obligations Monitoring Committee met three times in 2009, with an attendance rate of 93%:

- **March 19, 2009:** the Committee examined the status of end-of-life-cycle liabilities and the rate of coverage of dismantling liabilities at year end 2008.
- **June 9, 2009:** the Committee examined the annual report update in connection with article 20 of the French law of June 28, 2006 and the status of dismantling liabilities and assets earmarked to cover those liabilities.
- **September 29, 2009:** the Committee reviewed the coverage rate for dismantling liabilities at June 30, 2009 and the allocation policy for earmarked assets.

(1) Independent members of the Supervisory Board.

→ 4. System of internal controls

4.1. INTRODUCTION

This section is organized according to the frame of reference for internal controls published by the *Autorité des marchés financiers* (AMF), the French stock market authority, in January 2007.

The scope of internal control described below applies to AREVA as the parent company as well as to all of the companies it controls, regardless of their legal form of business.

The group's Compliance department published a detailed memorandum on the AREVA intranet describing the "System of Internal Controls of the AREVA group", whose purpose is to make all of the group's employees aware of the key components of this system by specifying, among others, the scope, roles and responsibilities of different players, and tools available in the group to contribute to the effectiveness of the internal control system.

4.1.1. AREVA GROUP COMMITMENTS

The AREVA group defined and implements a number of fundamental commitments regarding the conduct and development of its operations. The environment for internal controls is based on these commitments, among other things.

The **Values Charter** is the reflection of the group's business culture and the expression of its commitments, in particular in favor of sustainable development. The AREVA group's values are integrity, an acute sense of professionalism, responsibility, sincerity, partnership, profitability and customer satisfaction. The Values Charter sets forth values, action principles and rules of conduct that apply to all of the group's executives and employees as well as to the members of the Supervisory Board.

Sustainable Development is central to the AREVA group strategy, which rests on profitable growth, social responsibility, and respect for the environment. This translates into 10 commitments: Governance, Continuous improvement, Environmental protection, Financial performance, Risk management and prevention, Innovation, Commitment to employees, Community involvement, Dialogue and consensus building, and Customer satisfaction.

To implement these 10 commitments, the group adopted the AREVA Way initiative as an essential component of its budgetary and strategic processes. Under this initiative and in connection with sustainable development, all entities and functional departments assess their practices, organize processes for setting objectives, and carry out continuous improvement activities.

4.1.2. INTERNAL CONTROL STANDARDS

The AREVA group refers to the AMF's **definition of internal control**. According to the AMF's "frame of reference for internal control", the internal control system is characterized by:

- an organization with a clear definition of responsibilities, sufficient resources and expertise, and appropriate information systems, procedures, tools and practices;
- the internal dissemination of relevant and reliable information enabling each person to discharge his or her responsibilities;
- a system to identify, analyze and manage risk;
- control activities designed to reduce this risk; and
- continuous monitoring of the internal control system.

The group ensured that the approach taken is consistent with the standards of the AMF. In particular, it verified the consistency between:

- the "implementing guidelines for the internal control of accounting and financial data reported by issuers" included in the AMF frame of reference, and
- the system for self-assessment of internal controls within the group (Self Audit), which was carried out to ensure that all the standards are met (see appendix 1, section 4.6. *Continuous oversight of the internal control system*).

4.1.3. INTERNAL CONTROL OBJECTIVES

Internal controls contribute to operational control, in terms of effectiveness, the protection of assets, compliance with legislation and regulations, the reliability and quality of information produced and reported, and implementation of instructions and guidance set by the Executive Board.

They provide reasonable assurance that the group's objectives will be met. However, no matter how well designed and implemented, internal control mechanisms are not sufficient to guarantee with certainty that these objectives will be met.

AREVA's internal control system is fully consistent with the group's commitments regarding the conduct and development of its operations.

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4.2. ORGANIZATION, RESOURCES, INFORMATION SYSTEM AND OPERATING PROCEDURES

Internal controls are implemented throughout the group by all employees under the overall responsibility of the Executive Board and management.

4.2.1. ORGANIZATION OF THE AREVA GROUP

In matters of corporate governance, AREVA has opted for an organization that ensures the separation and balance of authority. Executive and management authority is vested in the Executive Board, while approval and control authority is vested in the Supervisory Board and the Annual General Meeting of Shareholders.

AREVA's Executive Board and Executive Committee (ExCom), both comprised of executive officers of first-tier subsidiaries in particular, design and oversee the internal control systems.

Operational management is based on delegations of authority and signature ensuring that the decision-making process complies with the principles of corporate governance.

A Nuclear Executive Committee, whose members consist primarily of key managers in the nuclear sector in France, Germany and the United States, is consulted on all matters involving a significant financial commitment or of substantial strategic or marketing importance.

The group's operations are organized into four business divisions: Front End, Reactors & Services, Back End, and Transmission & Distribution. There are 20 business units within these divisions, each belonging to the group's various subsidiaries, in the legal sense of the word.

4.2.2. DEFINITION OF RESPONSIBILITIES AND AUTHORITY

Organizational procedures and function definitions describe the roles and responsibilities of the various management levels and key managers of the organization.

Authority to conduct business is delegated at every level of the group as appropriate and in a manner consistent with applicable laws and regulations.

In addition, the various functional departments – Purchasing, Finance, International & Marketing, Strategy, etc. – have established their own delegations of authority and signature regarding spending commitments (procurement and Capex), financial transactions, and proposals and contracts.

The organization and delegations of authority are defined to comply with the principle of the separation of duties. In particular, governance and internal control principles applicable to delegations of authority set financial limits by type of transaction, for which information must be provided to or authorization received from the competent authority.

The Industrial department, created in 2008 to monitor the functioning of the AREVA group's industrial sites and supervise the Sustainable Development and Continuous Improvement department, strengthens the internal control monitoring system.

The combining of matters pertaining to Safety, Health, Security and the Environment into a single D3SE department strengthened risk management in these areas even further.

4.2.3. HUMAN RESOURCES MANAGEMENT PLAN

The Executive Committee (ExCom) approves the group's human resources management plan, which is implemented by the Human Resources department in agreement with the other departments involved. The plan has four major thrusts:

- strengthen the group's culture by sharing core values and common practices;
- facilitate recruitment, mobility and talent development – in particular through training – to increase the group's market leadership;
- develop an innovative and responsible labor plan; and
- develop tools for human resources management performance.

4.2.4. INFORMATION SYSTEMS

The mission of the Information Systems department is to ensure the availability of high-performance, cost-effective and secure information systems and to oversee the overall consistency of the group's information systems. To accomplish this, the department is organized to meet two major goals:

- orient the information system towards services to the businesses in alignment with the organization of the group's business processes; and
- standardize, streamline and consolidate the technical and functional infrastructure to ensure its performance and reliability, taking into account both economic and geographic considerations.

The department follows a client-oriented approach to supporting the businesses and the group's economic objectives by offering technology solutions that meet the needs of the group and its customers.

4.2.5. OPERATING PROCEDURES

4.2.5.1. General internal control procedures

Since its establishment, AREVA has worked continuously to strengthen its organization and its internal control procedures.

Its internal control procedures consist of rules, directives and operating procedures defined by the Executive Board, the functional departments and the Compliance department, which is responsible for business ethics, the internal audit, internal controls and AREVA group archives.

The preparation, distribution and implementation of these internal control procedures are a component of the group's action principles.

Supplementing this, the businesses have translated their Internal Control system into charters and plans.

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The charters set rules of governance and principles for internal controls, particularly in the following areas:

- the Nuclear Safety Charter, which spells out the group's commitments in the field of nuclear safety and radiation protection, so as to ensure this requirement throughout the facility life cycle;
- the Audit Charter, which describes the purpose, missions, roles and responsibilities and applicable procedures in the group's Internal Audit; and
- the Network Security Charter, which defines the basic principles of the AREVAnet computer information network and the rules to be followed to access various services.

The plans define general operating procedures and principles upstream from specific business procedures. In particular, the group has set up the following policies:

- the procurement plan and the guide to ethics in procurement, which set rules, objectives and best practices in procurement and business ethics;
- the payment security plan, which defines the group's plan for the security of payments and the means to be used to limit the risk of fraud;
- the personnel protection plan, which aims to give all group employees an equal level of protection, whether they live in France or abroad or are on a business trip; and
- the security plan and environmental plan, which establish rules of conduct to reduce risks continually.

Consistent with the principle of subsidiarity and to ensure the assimilation of these principles, the heads of the group's main subsidiaries adapt the procedures to their specific circumstances prior to implementation within their entities.

4.2.5.2. Accounting and financial reporting procedures

In addition to the role of the Audit Committee and the group's other governance bodies, internal control procedures comply with the principles hereunder.

General organization

Information is collected and processed at two operational levels: the operating entity (level 1 of information production) and the business unit (base unit for management and performance analysis throughout the group).

Instructions for consolidation are issued by the group's Financial Control department for all half-year and annual financial statements. These instructions set forth:

- the schedule for preparing accounting and financial information for reporting purposes;
- the process for validating this information;

- items requiring particular attention, such as complex issues, changes in legal environment and new internal procedures; and
- the coordinators for consolidation at the corporate level, who are responsible for validating consolidation operations for a portfolio of entities and for preparing cross-cutting analyses for the entire group (corresponding to the notes to the consolidated financial statements).

The group's Finance department launched an initiative to model the group's main financial processes and establish a complete, up-to-date database shared by all stakeholders involved in these processes (corporate departments and subsidiaries). This system:

- documents the processes while acting as an interface to applicable group procedures;
- ensures appropriate control of the processes, including identification of the persons involved, the risks and related control systems; and
- identifies areas for performance improvement and process optimization.

The processes modeled may be found on a dedicated intranet page.

Financial communications revolve around the four divisions – Front End, Reactors & Services, Back End, and Transmission & Distribution – and are based on corporate financial data, thus ensuring broad consistency.

Implementation and control of accounting principles

The reporting entities' financial statements are prepared in accordance with the group's accounting and financial principles, which cover the main headings of the group's financial statements. These rules apply to all entities included in the group's consolidation scope. These principles include:

- a glossary that defines the main headings of the financial statements and the group's performance indicators;
- an annotated chart of accounts; and
- accounting procedures issued by the Financial Controls department.

These principles are supplemented by procedures and instructions issued and reviewed on a regular basis by the other units of the Finance department (Financial Operations and Cash Management department, Financial Communications department, Tax department) and by the subsidiaries, and include procedures and instructions dealing specifically with internal controls and fraud.

The standards and procedures function of the Financial Controls department defines and distributes information relating to implementation of the financial and accounting standards, procedures, principles and rules. It also monitors changes in regulations to ensure that the financial statements are prepared in accordance with IFRS rules adopted by the European Union.

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APPENDIX 1 REPORT OF THE SUPERVISORY BOARD CHAIRMAN ON THE PREPARATION AND ORGANIZATION OF THE BOARD'S ACTIVITIES AND INTERNAL CONTROL PROCEDURES

System of internal controls

4.2.6. SOFTWARE

In addition to office equipment used by employees, the group has specific software customized for the management of its operations.

A wide variety of tools are used, including facility control systems, integrated management systems, methods and scorecards, and contribute to the operational control of each business.

In particular, the group has established a single, secure reporting and consolidation tool shared throughout the group under the authority of the Finance department.

In addition, organizational memoranda and standards and procedures applicable to the entire group are distributed using a dedicated software application.

AREVA rolled out the AREVA Segregation of Tasks & Roles Optimization project (ASTRO) to strengthen internal controls and streamline access to information systems. The main objective of this project is to make the access management process secure by ensuring that user roles are defined according to best practices for separation of duties and by automating their management with the SAP Governance, Risk and Compliance suite (SAP GRC). Following a pilot phase completed in July 2008, ASTRO was deployed in all of the group's core SAP systems in 2009 as new SAP applications were started up in the entities. It will be completely operational beginning in 2010.

4.3. DISSEMINATION OF INFORMATION

Bottom-up and top-down information channels have been established to communicate relevant and reliable information in a timely manner. Examples are provided below:

- bottom-up information:
 - accounting and financial information is processed and reported in accordance with specific procedures using shared tools to record and control the data (*i.e.* a single, secure reporting and consolidation software program shared by the entire group and supervised by the Finance department),
 - AREVA Way assessments and sustainable development indicators, particularly for environmental, social and societal aspects, are established using a common tool and rolled up to the relevant corporate departments,
 - a common software program is used to measure the progress of action plans, indicative of the achievement of strategic objectives, and serves as an additional channel for bottom-up reporting.

4.2.7. PRACTICES

Internal control relies on all of these elements as well as on practices implemented by all employees, which are themselves based on the group's commitments (sustainable development, Values Charter, etc.). "Best practices" are identified to facilitate their dissemination and sharing so as to ensure effective continuous improvement in matters of internal controls.

AREVA University is an important vehicle for interaction in this regard. Through its activities, it aims to develop AREVA's values and business culture, to facilitate the exchange of best practices, and to involve all employees in implementing the group's strategy.

With the creation of an "accounting and finance internal control" function, the group now has an organization charged with disseminating a culture of internal controls in accounting and finance, ensuring the in-house sharing of best practices, and monitoring external developments in regulations and best practices.

- top-down information:

- the relevant departments and the group's entities are informed of resolutions by the corporate decision-making bodies,
- the group monitors laws and regulations regarding safety, security, health, the environment, accounting and tax. This information is disseminated throughout the group in an appropriate manner. Organizational memoranda, rules, standards and procedures are disseminated in accordance with established organizational standards and procedures.

Communications to stakeholders are subject to appropriate processes to ensure the quality of the information provided.

4.4. MANAGING RISK AND SETTING OBJECTIVES

4.4.1. RISK IDENTIFICATION, ANALYSIS AND MANAGEMENT

The group drew up a risk map when it was established to take into account the potential impact of events on the achievement of the group's operational objectives. Working with the entities, AREVA's Risk Management and Insurance department updates the risk map on an annual basis. The risk map is submitted to the Supervisory Board's Audit Committee, with the Audit Director attending. In particular:

- the management teams of the business units have approved the assessment of risk in their operations. For example, the group's entities have collected, analyzed and measured the risk factors of their respective operations. They have also prepared remediation plans and management procedures to minimize the risk and have designated the people in charge and the schedule for completion;
- the main risk factors and the procedures for managing risk are identified and described in the Reference Document in the section regarding risk management and insurance (see section 4. *Risk factors*). In particular, matters pertaining to nuclear and industrial safety, which are an absolute priority in the group, are discussed in that section.

In addition, the Industrial department is tasked with supervising industrial risk management and, on a practical level, working with the relevant business units to ensure the implementation and effectiveness of action plans used to control and ultimately reduce risk.

Moreover, the risk associated with each heading of the balance sheet, income statement and off-balance sheet information is at least identified by one of the group's tools, i.e. the self-assessment questionnaire (see appendix 1, section 4.6. *Continuous monitoring of the internal control system*).

This identification, along with the group's tools and procedures, is used to manage the risk by implementing the corresponding action plans. The Finance department matches the group's tools to the risk associated with each balance sheet item.

The Finance department regularly reports to the Audit Committee on the group's major investment and commercial projects. This report is used to monitor projected profitability and changes in the risks associated with these projects.

4.4.2. SETTING OBJECTIVES

Risk management is a facet of the process to set the group's objectives, which supplements the AREVA Way initiative supporting continuous improvement (see section 4. *Risk factors and AREVA Way*; see appendix 1, section 4.1.1. *AREVA group commitments*).

Medium- and long-term objectives are set, broken down, estimated and tracked every year in multi-year action plans at each level of the organization (division, business unit and region). The resulting Strategic Action Plan (SAP) is approved by the Supervisory Board.

The group has established the Bridge the Gap program (BTG), whose objectives are (i) to secure the resources the group needs to meet the needs of its existing customers and to participate in new market opportunities, and (ii) to adapt production resources and operating processes by anticipating the group's needs, widely instituting a project-based mode of operation, and strengthening cooperation across the group.

Short-term objectives are defined in the framework of the budget process, which is consistent with the Strategic Action Plan. The Executive Committee reviews and approves the budgets of the business units and functional departments.

4.5. CONTROL ACTIVITIES

The functional departments are responsible to the Executive Committee for the correct implementation of plans. In particular, the departments in charge of financial control define and ensure the application of management control rules document accounting and financial management processes, and ensure compliance with rules on delegations of authority pertaining to financial commitments.

Each functional and operational level establishes appropriate controls to ensure that the objectives are met. Reporting and budget revisions are used to monitor budget progress and performance in terms of achieving the objectives.

By definition, each organization is responsible for its own internal controls. These controls rely on the mobilization of human, physical

and financial resources, the organization of these resources, the deployment of specific objectives within the organization, and the implementation of controls for prevention or detection.

Preventive controls are performed according to specific procedures, whether manual or computerized, involving validations at appropriate levels of the organization, among other things. Detection controls consist of after-the-fact verifications connected with specific supervision of the work performed and analysis of variances or anomalies. Information systems, performance indicators, etc. are used to facilitate this supervision.

In addition, auditing and expert bodies are charged with controlling the most significant issues in relation to the group's specific goals.

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APPENDIX 1 REPORT OF THE SUPERVISORY BOARD CHAIRMAN ON THE PREPARATION AND ORGANIZATION OF THE BOARD'S ACTIVITIES AND INTERNAL CONTROL PROCEDURES

System of internal controls

In particular, as regards accounting and financial reporting:

- each entity has set up a system of controls before transactions are recorded;
- controls are performed at the different stages of the consolidation process:
 - either automatically by the consolidation software (control of debit/credit balances, data traceability, data integrity, access control), or
 - manually by the consolidation department, financial controllers and business analysts; and
- the group's Tax department performs tax reviews of the group's main companies.

4.6. CONTINUOUS OVERSIGHT OF THE INTERNAL CONTROL SYSTEM

The AREVA group optimizes its internal control systems on a continuous basis under the supervision of the Executive Board and the Executive Committee and with the oversight of the Supervisory Board's Audit Committee.

The Compliance department is responsible, among other things, for ensuring the following internal control processes:

- an annual compliance letter process that applies to all senior executives of the subsidiaries, business unit directors and corporate directors of the group, confirming compliance with the principles of the group's Values Charter and protecting the identity of whistleblowers to prevent any subsequent retribution or discrimination in their regard;
- the Internal Audit department, which, in performing its duties, verifies compliance with internal controls and the effectiveness of established internal control procedures within the group. Audit missions are implemented in accordance with an annual audit plan approved by the Executive Board and reviewed by the Audit Committee. The plan is based on an independent assessment of risk performed by the Audit department. In particular, this assessment takes into account the risks identified using the full range of the group's tools (risk map of the Risk and Insurance department, but also the risk identification carried out by the Environment department, the Safety, Health and Security department, and others).

The Audit department may intervene in any area related to internal controls. Its activities are carried out in accordance with an audit charter according to the standards of the profession defined by the Institute of Internal Auditors (*Institut français de l'audit et du contrôle interne*, IIA-IFACI – IFACI certification renewed in 2009 without any indication of non-compliance of any sort) and a code of business ethics.

The resulting recommendations give rise to performance improvement plans, which are monitored in liaison with the managers involved;

- in addition to audits scheduled in the audit plan, the group's entities have performed a self-audit of their internal controls each year since 2007 following a standard questionnaire that complies with the "Implementing guidelines for internal controls of accounting and financial data" of the frame of reference published by the AMF. The questionnaire, reviewed by the council of statutory auditors, was deployed in all 328 of the consolidated group's entities in 50 countries. It covers eight macro-processes – Development/ New Markets, Management/Organization, Operations, Sales Administration, Finance/Management, Human Resources, Asset Security, and Information Systems – and helps ensure that internal controls are part of the continuous improvement process. The self-audit findings provided by the group's entities are reviewed by the Audit department and contribute to oversight of the overall system.

The "Internal accounting and financial controls" function and the deployment of new tools and processes in group projects are important drivers for strengthening internal accounting and financial controls.

No serious internal control dysfunctions or inadequacies have been discovered in this system that might have a major impact on the group's operations or financial statements.

This year's report does not contain an analytical section. This is consistent with practices in France and the recommendations of the *Autorité des Marchés Financiers*, as described in its December 8, 2009 report on corporate governance and internal controls.

The Chairman of the Supervisory Board
Jean-Cyril Spinetta

Appendix 2

Statutory auditors' reports

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→ 1. Statutory auditors' report prepared in accordance with Article L. 225-235 of the French Commercial Code on the report prepared by the Chairman of the Supervisory Board

This is a free translation into English of the statutory auditors' report issued in French prepared in accordance with Article L. 225-235 of the French Commercial Code on the report prepared by the Chairman of the Supervisory Board of on the internal control procedures relating to the preparation and processing of accounting and financial information issued in French and is provided solely for the convenience of English speaking users.

This report should be read in conjunction, and construed in accordance, with French law and the relevant professional standards applicable in France.

To the Shareholders,

In our capacity as statutory auditors of AREVA, and in accordance with Article L.225-235 of the French Commercial Code (*Code de commerce*), we hereby present our report on the report prepared by the Chairman of the Supervisory Board of your Company in accordance with Article L. 225-68 of the French Commercial Code for the year ended December 31, 2009.

It is the Chairman's responsibility to prepare, and submit to the Supervisory Board for approval, a report on the internal control and risk management procedures implemented by the Company and containing the other disclosures required by Article L.225-68 of the French Commercial Code, particularly in terms of corporate governance.

It is our responsibility:

- to report to you our observations on the information contained in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of financial and accounting information; and
- to attest that the report contains the other disclosures required by Article L. 225-68 of the French Commercial Code, it being specified that we are not responsible for verifying the fairness of these disclosures.

We conducted our work in accordance with professional standards applicable in France.

APPENDIX 2 STATUTORY AUDITORS' REPORTS

Statutory auditors' report prepared in accordance with Article L. 225-235 of the French Commercial Code on the report prepared by the Chairman of the Supervisory Board

INFORMATION CONCERNING THE INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES RELATING TO THE PREPARATION AND PROCESSING OF FINANCIAL AND ACCOUNTING INFORMATION

The professional standards require that we perform procedures to assess the fairness of the information provided in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the financial and accounting information. These procedures mainly consisted in:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the financial and accounting information on which the information presented in the Chairman's report is based and of the existing documentation;
- obtaining an understanding of the work that enabled the preparation of this information and the existing documentation;
- determining if any major deficiencies in the internal control procedures relating to the preparation and processing of the financial and accounting information that we would have noted in the course of our engagement are properly disclosed in the Chairman's report.

On the basis of these procedures, we have nothing to report on the information in respect of the Company's internal control and risk management procedures relating to the preparation and processing of the financial and accounting information contained in the report prepared by the Chairman of the Supervisory Board in accordance with Article L. 225-68 of the French Commercial Code.

OTHER INFORMATION

We hereby attest that the Chairman of the Supervisory Board's report includes the other disclosures required by Article L. 225-68 of the French Commercial Code.

Neuilly-sur-Seine and Paris-La Défense, March 5, 2010

The Statutory Auditors

Deloitte & Associés

Mazars

Patrice Choquet

Etienne Jacquemin

Jean-Luc Barlet

Juliette Decoux

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→ 2. Statutory auditors' special report on regulated agreements and commitments

This is a free translation into English of the statutory auditors' special report on regulated agreements and commitments that is issued in the French language and is provided solely for the convenience of English speaking readers. This report on regulated agreements and commitments should be read in conjunction, and construed in accordanc, with French law and professional auditing standards applicable in France. It should be understood that the agreements reported on are only those provided by the French Commercial Code and that the report does not apply to those related party transactions described in IAS 24 or other equivalent accounting standards.

To the Shareholders,

As statutory auditors of your company, we hereby report to you on regulated agreements and commitments with related parties.

It is not our responsibility to identify such agreements and commitments, if any, but to communicate to you, on the basis of the information provided to us, the principal terms and conditions of those agreements and commitments brought to our attention, without expressing an opinion on their usefulness and appropriateness. It is your responsibility, pursuant to Article R. 225-58 of the French Commercial Code (*Code de Commerce*), to assess the interest attached to the conclusion of these agreements and commitments for the purpose of authorizing them.

I - AGREEMENTS AND COMMITMENTS AUTHORIZED DURING THE YEAR

We hereby inform you that we have not been advised of any agreement or commitment entered into during the year to which Article L.225-86 of the French Commercial Code would be applicable.

II - AGREEMENTS AND COMMITMENTS AUTHORIZED IN PREVIOUS YEARS AND HAVING CONTINUING EFFECT DURING THE YEAR

Pursuant to the French Commercial Code, we were informed that the following agreements and commitments authorized in previous years have had continuing effect during the year.

WITH AREVA NC

On July 8, 2004, the Supervisory Board authorized the signature of an agency agreement under which AREVA NC gave AREVA authority to manage or organize and control, in the name of AREVA NC and on its behalf, assets earmarked to fund end-of-life-cycle and radioactive waste management expenses. This agreement has no set expiration date. It may be terminated by either party subject to three months notice. Services billed in 2009 in respect of the fiscal year totaled 78,922 euros.

WITH AREVA NP

The vendor warranties granted by AREVA to AREVA NP in connection with the sale of Intercontrole continued in effect during the fiscal year. No amount was paid by AREVA in 2009 in respect of these warranties.

AREVA commitment under Article L. 225-90-1 of the French Commercial Code

On October 16, 2008, the Supervisory Board, at the recommendation of the Compensation and Nominating Committee, decided to bring the commitments given by AREVA with regard to executive management severance pay into compliance with the French TEPA Law.

The members of the AREVA Executive Board, Mrs. Anne Lauvergeon, Chairperson, and Messrs Gérald Arbola, Didier Benedetti and Luc Oursel, were each granted entitlement to severance pay equal to twice the total of their most recent fixed annual compensation at the date of termination of their duties, plus the average variable annual compensation paid in respect of the last three years.

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APPENDIX 2 STATUTORY AUDITORS' REPORTS

Statutory auditors' special report on regulated agreements and commitments

The Supervisory Board adopted the following new rules:

- In the event of removal of a member of the Executive Board by Annual Shareholders' Meeting, the resignation of a member of the Executive Board at the request of the Supervisory Board or the non-renewal of the term of office of a member of the Executive Board at the request of the Supervisory Board (and not because the member refuses this renewal), the payment to this member of the severance pay provided in the terms and conditions of employment and approved by the Supervisory Board and the Minister for the Economy and Finance, shall be contingent on the following condition: having received over 60% of the maximum variable compensation due in respect of two of the last three years, where this variable compensation is based on both quantitative and qualitative objectives;
- Conversely, if less than 50% of the maximum variable compensation was received in two of the last three years, the severance pay shall not be paid;
- If less than 60% of the maximum variable compensation was received in two of the last three years, but this percentage was between 50% and 60% for at least one year, the decision to pay all or part of the severance pay shall be made by the Supervisory Board, without any automatic entitlement to this indemnity;

The Shareholders' Meeting of April 30, 2009 approved these commitments by unanimously adopting the sixth resolution that should not interfere with the most recent regulatory provisions of the March 30, 2009 decree concerning the compensation of executive officers of state controlled enterprises. Pursuant to the provisions which are applicable until December 31, 2010, the amount of severance pay of executive officers shall be less than two years of compensation.

We have performed the procedures that we considered necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie nationale des Commissaires aux comptes*) relating to this engagement. These procedures consisted in agreeing the information provided to us with the relevant source documents.

Neuilly-sur-Seine and Paris-La Défense, March 5, 2010

The Statutory Auditors

Deloitte & Associés

Mazars

Patrice Choquet

Etienne Jacquemin

Jean-Luc Barlet

Juliette Decoux

Appendix 3

Environmental report*

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Managing risk associated with the nuclear operations is a major objective of the group's programs. In extent and specifics, risk management merits its own organization, methods and resources.

The group's environmental plan and relations with stakeholders supplement the provisions specific to nuclear risk prevention and

management. Environmental issues encompassing the group's diverse businesses and cultures, as well as the regulations of the countries in which AREVA has sites, are taken into account to the greatest extent possible in this plan.

* Nuclear, Renewables and Transmission & Distribution operations

→ 1. Environmental policy

AREVA's environmental plan was updated in 2007 for the 2008 to 2011 period. It applies to all of the group's entities, both in France and abroad. The plan is based on six commitments:

- Managing

Ensure compliance with regulatory requirements and with the group's standards by performing periodic environmental reviews and deploying Environmental Management Systems (EMS) at all sites.

- Innovating

Include environmental impact reduction in the lifecycle design of products, services, processes and infrastructure.

- Preventing risk

Expand and harmonize environmental monitoring, and develop assessment procedures to prevent environmental hazards in the chemical, radiological and biological fields.

- Preventing environmental liabilities

Prevent liabilities by preserving biodiversity and the future use of the environment.

- Minimizing the environmental footprint

Improve environmental performance at constant revenue by reducing:

- the use of resources in the natural environment and the consumption of energy and materials,
- the impact of releases to the atmosphere and to aquatic environments, and
- hazardous and non-hazardous conventional waste.

- Measuring and reporting

Promote dialogue with stakeholders by extending the environmental reporting process to include all sites with **significant environmental aspects (SEA)** ⁽¹⁾.

The plan is implemented through quantified objectives that are updated annually based on risk mapping efforts, stakeholder expectations, good internal and external practices, environmental reporting, an external benchmark, and dialogue with the operating entities.

The corresponding action plans are commensurate with the site's risk. The group had a total of 87 SEA sites in 2009, including 13 regulated nuclear facilities (*installations nucléaires de base*, INB), 5 high-threshold Seveso sites, 6 low-threshold Seveso sites, and 5 uranium mining complexes.

The action plans revolve around three key undertakings:

- Environmental management:

- of the sites, with ISO 14001 certification of sites with significant environmental aspects, and
- of products and services, through eco-design.

- Risk prevention:

- of chronic risks, including polluted soils and environmental health risks, and
- of man-made chemical hazards.

- Performance improvement:

- by reducing water use,
- by conserving energy,
- by reducing emissions and releases, in particular direct emissions of greenhouse gases, and
- by reducing conventional waste volumes.

AREVA's Environment Committee, which meets monthly, tracks performance improvement using:

- the quarterly balanced scorecard, which reports on the progress of deployment of AREVA's environmental plan;
- analysis of entity performance objectives charts and action plans in terms of Principle 6, Environmental Protection, of the AREVA Way continuous improvement process;
- analysis of environmental data and performance indicators from the sustainable development reporting system, which are defined in a measurement protocol that was revised in 2009 to eliminate or simplify some of the indicators; and
- analysis of topical environmental reviews, 116 of which were conducted at SEA sites in 2009.

(1) In AREVA's frame of reference, sites with significant environmental aspects include nuclear sites, sites with facilities representing major man-made risks per Seveso regulations, mine sites, plants with facilities subject to public inquiry, and industrial or office building sites that make a significant contribution to the group's environmental performance.

1.1. ENVIRONMENTAL MANAGEMENT AT THE SITES

ENVIRONMENTAL MANAGEMENT SYSTEMS

AREVA's objective of implementing Environmental Management Systems (EMS) at all sites and securing ISO 14001 or equivalent certification for the nuclear sites before the end of 2005 has been achieved. For other sites with significant environmental aspects, the EMS are to be completed before the end of 2011, or within a period of three years after their acquisition by the group. All of the nuclear sites have ISO 14001 certification.

In 2009, the certified sites maintained their ISO 14001 certification and 13 new sites were certified, bringing the total to 126 certified sites.

As of the end of 2009, 78% of the sites with significant environmental aspects had been certified under ISO 14001. Of these sites, all of the AREVA group's nuclear SEA sites and low- and high-threshold Seveso sites were ISO 14001-certified. New sites that have been acquired and that meet the criteria for classification as SEA sites must be certified within a period of three years.

SITES WITH ISO 14001 CERTIFICATION AS OF 31 DECEMBER 2009

	Front End	Reactors and Services	Back End	Transmission & Distribution	Total
Number of SEA sites ⁽¹⁾	27	9	4	48	88
Number of certified SEA sites	22	5	3	39	69
Percent of certified SEA sites	81%	56%	75%	81%	78%
including number of certified nuclear sites	9	2	2	-	13
Percent of certified nuclear sites	100%	100%	100%	-	100%

(1) In AREVA's frame of reference, sites with significant environmental aspects include nuclear sites, sites with facilities representing major man-made risks per Seveso regulations, mine sites, plants with facilities subject to public inquiry, and industrial or office building sites that make a significant contribution to the group's environmental performance.

TRAINING AND AWARENESS

One of the goals of AREVA's environmental plan, which was updated in 2007, is to strengthen efforts to raise awareness and train the environmental network in responsible environmental practices. The group worked with AREVA University to develop a training program entitled "Environmental Risks and Opportunities", with the goal being to create a unified environmental culture throughout the group based on fundamentals of the environmental profession and on risk prevention and management.

The Environment department continued to roll out the training program in 2009. Three sessions were held, including two in France and one in Turkey, specifically designed for members of AREVA's Environment network. More than 200 people had been trained as of the end of 2009. The training program is part of a wider professionalization initiative that aims to advance the environmental profession, identify skills, and pool experience and good practices. This initiative was launched in 2007.

To raise employee awareness of environmental issues, eco-efficiency awareness posters were prepared and distributed to all AREVA sites. The posters exist in eight languages – French, English, German, Spanish, Portuguese, Chinese, Indonesian and Turkish – and are

available to all employees on the intranet of the Safety, Health, Security and Environment (D3SE) department. The posters highlight the "eco-attitude" that should be adopted for environmentally responsible behavior.

Procedures for managing certain types of environmental challenges are spelled out in the group's standards and directives. More than 7,000 copies of the AREVA group's *Green Way* guidelines, published in French, English and Spanish, have been distributed. The guidelines are being updated to include health and occupational safety aspects. This publication will be distributed to line personnel in 2010.

REGULATORY INTELLIGENCE

In 2006, a tool called the Regulatory Intelligence Area (RIA) was deployed at all plant sites in France. RIA is a repository for regulatory intelligence designed to help secure ISO 14001 and OSHAS 18001 certifications and renewals. It will be used to demonstrate that each plant site complies with the regulations and accepts the concept of the legal liability of plant managers and their representatives. The sites were given a new, more user-friendly version of the program, with faster response times, in 2009. Lessons learned at the sites are also factored into the program.

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APPENDIX 3 ENVIRONMENTAL REPORT

Environmental policy

ENVIRONMENTAL SPENDING

This indicator was added in 2004 to sustainable development and continuous improvement reporting requirements for France. It is based in part on the definition of environmental spending in the annual statistical survey put out by SESSI, the department in charge of industrial studies and statistics at the French Ministry of the Economy, Finance and Industry. In 2009, 187.8 million euros were spent on the environment in France, 9.6 million euros less than in 2008. There are considerable differences between the larger sites attributable to the timing of licensing documentation: spending fell 8.2 million euros at Romans and plunged 45.3 million euros at La Hague once applications for dismantling permits had been finalized. This was offset by an increase of 47.8 million euros for the Chemistry business unit's main sites as the Comurhex II project ramped up.

1.2. TOWARDS ENVIRONMENTALLY FRIENDLY PRODUCTS THROUGH ECO-DESIGN

By understanding the environmental impacts generated by a product at each stage in its life cycle, its design can be optimized to reduce those impacts at the source. That is what eco-design approaches try to achieve.

Each year, the group's entities perform self-assessments on the two eco-design criteria added to the AREVA Way self-assessment model, one concerning eco-design organization and the other relating to eco-design practices. The results helped group entities determine both their current and target levels of eco-design so that the latter could be added to the performance objectives charts of the operating entities and translated into performance improvement plans.

During the review of the environmental plan, considerable effort was expended to improve the roll-out of eco-design initiatives throughout the group. Objectives were spelled out, and a systematic schedule for roll-out activities is being drawn up based on the entities' self-assessments.

PROVISIONS AND GUARANTEES RELATED TO THE GROUP'S END-OF-LIFE-CYCLE OBLIGATIONS AND ENVIRONMENTAL HAZARDS

Provisions for environmental hazards totaled 585 million euros at December 31, 2009. These hazards relate to mine reclamation and mill dismantling, nuclear facility dismantling, radioactive waste retrieval and packaging, final waste disposal, routine clean-up and clean-up and reclamation of mines and plant sites. Nuclear facility dismantling and waste retrieval and packaging accounted for 5.66 billion euros of that amount, 5.385 billion euros of which are borne by AREVA (see in particular Section 20.2. *Notes to the consolidated financial statements*, Note 13. *End-of-life-cycle operations*).

The Front End and Back End divisions completed eco-design studies on several capital investment projects with assistance from the group's engineering companies.

As part of the roll-out of the environmental strategy, a task force began to work on defining a common environmental management initiative for the group's nuclear engineering activities.

The Transmission & Distribution division's program in this field has already made good progress. New training and awareness sessions were held, and the eco-design intranet is kept current for all users. R&D is focusing on limiting the use of hazardous substances, on defining and documenting end-of-life-cycle and recycling procedures, and on reducing SF₆ emissions.

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→ 2. Environmental risk management and prevention

2.1. MAINTAINING A HIGH LEVEL OF SAFETY AND MANAGING RISK

The mission of the group's General Inspectorate and Nuclear Safety department is to:

- define, spearhead and coordinate nuclear safety and radiation protection programs throughout the group;
- recommend and implement an annual inspection program for nuclear facilities;
- ensure that skills are retained and developed throughout the AREVA group and coordinate the network of experts;
- report on accomplishments, good practices and events, and make sure they are shared throughout the group;
- coordinate regulatory intelligence in the fields of nuclear safety and radiation protection; and
- provide leadership for the network of experts in these fields.

The department reports as required directly to the CEO of AREVA.

The General Inspectorate performed 39 inspections in 2009 on the handling of anomalies and the return on experience (ROI), analysis preparatory to change, radiation protection, fires and internal controls.

Above and beyond a mere review of facility compliance with applicable requirements, the General Inspectorate analyzes existing safety systems and their mode of operation, and the work processes of the operating and functional units. The analysis serves to identify potential shortfalls and to recognize and promote good practices.

These inspections give rise to recommendations requiring action by the sites.

On the whole, the plants' systems for handling deviations are good, although some functionalities, such as trend and recurrence analysis, are still not sufficiently developed. Weak signal identification and analysis of human and organizational factors are two areas for improvement.

Analyses preparatory to change are sufficiently broad and detailed to ensure that the risks arising from the changes will be identified. The result is expressed in a set of requirements that are followed up as the changes are made. Other areas for improvement are accuracy in describing and managing interfaces between players in the change process.

In 2010, the General Inspectorate will also take responsibility for all environmental monitoring operations, including environmental compliance inspections.

In March 2009, the Safety, Health, Security and Environment (D3SE) department set up a team to coordinate return on experience at the group level. In particular, the team is tasked with developing and promoting the group's human and organizational factors plan, organizing and coordinating the harvesting of lessons learned from operations at the corporate level, and sharing those lessons group-wide. A return on experience committee was set up at the D3SE departmental level. A call for bids was launched in 2009 to develop a database to share event-related experience. The software will be implemented throughout the AREVA group in 2010 and will be used to reinforce ROI assessments and to define performance improvement plans at every level of the group. Supplementing this is a visual management tool for line personnel that has been in place since the end of 2009. Experience was harvested across the group following internal and external events in 2009, and this will continue in 2010: workstation ergonomics during facility retrofits, reliabilization of transfer operations, fire hazard control, radiological cleanliness, etc.

In 2009, two events were classified Level 2 on the International Nuclear and Radiological Event Scale (INES). The events occurred at the MELOX plant and at AREVA NC Cadarache, which is operated by the French atomic energy agency CEA. Proposals to rank both events at INES Level 1 were rejected by the French nuclear safety authority ASN, which reclassified them. Before these events, the last Level 2 event occurred in November 2006 at the Cadarache ATPu plutonium facility when the mass limit for nuclear materials was exceeded at a workstation. The Level 2 event at MELOX in March was reported following a failure to observe a technical requirement linked to criticality risk prevention. The October event reported at Cadarache was pursuant to the discovery of a larger quantity of nuclear material than expected in glove boxes that were being dismantled. Return on experience from facilities operated by AREVA was gathered in late 2009 to assess residual masses of plutonium at workstations. For the AREVA facilities involved, the data used to assess and prevent the criticality risk associated with the buildup of fissile material in the workstations were examined and handed over to the ASN at its request.

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APPENDIX 3 ENVIRONMENTAL REPORT

Environmental risk management and prevention

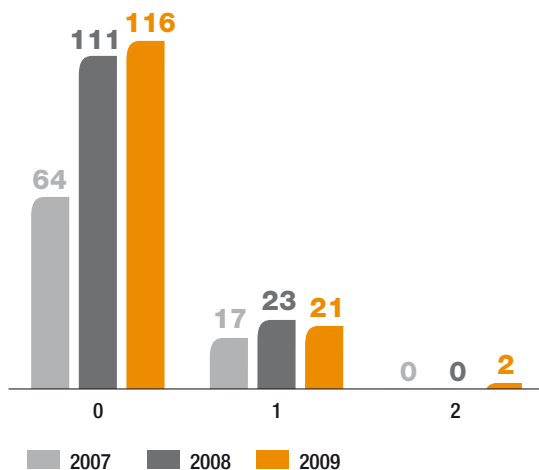
In addition, a significant environmental event occurred at the Comurhex Malvési site in late August 2009 following an unintentional release of fluorine and ammonium into the environment. The release was triggered by the failure of a steam heater and made possible by inappropriate responses on the part of the operators, who used the facility's alarms and automatic systems incorrectly. The event prompted an immediate inspection by the French government's regional department for industry, research and the environment (DRIRE) and, on September 17th, the Prefect of the Aude department gave Comhurex formal notice to comply with the prefectorial order for the site.

On the whole, the rising number of events observed in 2008 was confirmed from the start of 2009. The increase is due mainly to INES Level 0 events, which are deviations with no safety significance, but that constitute "weak signals" which must be resolved in the framework of a group-wide performance improvement plan for risk management.

A more thorough analysis of the events occurring in 2009 shows that:

- the number of Level 1 events is roughly the same as in 2008, but there were two Level 2 events, including one reported by the CEA in its capacity as nuclear operator;
- the number of INES Level 0 events is also about the same as in 2008.

→ NUMBER OF INES EVENTS IN 2009 IN THE AREVA GROUP'S NUCLEAR ENTITIES (OWNERS, OPERATORS, SERVICE PROVIDERS) OR DURING THE TRANSPORTATION OF RADIOACTIVE MATERIALS



Since 2008, the ASN has been more meticulous about recording events occurring in the group's facilities and classifying them on the INES scale. Events that previously were called to ASN's attention for information purposes must now be officially reported. This led to two observations in 2009:

- 1) the nuclear entities are reporting more Level 0 events, indicating a willingness to look for "weak signs"; and
- 2) the safety authorities are systematically asking operators to report past events retroactively, leading to an increase in events prior to 2009 that are attributable to non-compliance with periodic testing and inspections or with general operating rules.

As in past years, most events stem from human and organizational factors.

2.2. MONITORING RELEASES AND THE ENVIRONMENT

AREVA devotes considerable resources to monitoring releases and to environmental monitoring, irrespective of monitoring performed by French government agencies.

The resources deployed by AREVA to monitor releases take into account regulatory reporting requirements for the European Pollutant Emission Register (EPER), reduction of greenhouse gas emissions with the preparation of the second National Quota Allocation Plan for the 2008 to 2012 period, and the renewal of release permits for the nuclear facilities.

The M60-3 Committee of the nuclear equipment standards organization BNEN (Bureau de Normalisation des Équipements Nucléaires) set up a standardization program for measurements of effluent radioactivity in 2007. AREVA is very involved in this program and has appointed a representative from each of its major nuclear sites to participate. A draft of a preliminary standard (document issue) on radioactive effluent sampling and measurement was drawn up and will be subject to peer review in 2010. Two working groups were created to draft standards on the measurement of gaseous tritium and carbon 14 releases and on liquid effluent sampling.

As in 2008, the past year has been devoted to preparations for the establishment of the French national environmental radioactivity measurement network (RNME). The AREVA group is an active member of the network. The group's six laboratories – AREVA NC La Hague, AREVA NC Pierrelatte, Eurodif Production, FBFC Romans, SEPA Bessines and Comurhex Malvési – have been certified by ASN for the analyses they carry out. The operators have acquired the tools they need to manage and submit required data. The required data for 2009 were sent to the RNME database, which is managed by the French radiological protection and nuclear safety institute IRSN (Institut de Radioprotection et de Sécurité Nucléaire). The ASN and IRSN plan to post all of the measurements on the Internet in early 2010.

Work continued on developing inter-operator sampling guidelines, a robust repository of information that will benefit all operators. The “Water” guidelines were completed and the “Air” guidelines are being validated. All these guidelines are slated to become normative documents.

As part of its environmental radioactivity monitoring program, the AREVA group performs some 100,000 measurements annually on samples taken at 1,000 locations.

2.3. RADIOLOGICAL IMPACT OF THE SITES

The radiological impacts of nuclear sites on the most exposed members of adjacent populations (reference groups) are measured by an exposure indicator, the additional effective dose, expressed in millisieverts per year (mSv/yr). Radiological impacts are calculated for each nuclear site based on radioactive liquids and gases released from the site and on an analysis of potential exposure pathways to the affected public.

Following the recommendations of the Nord-Cotentin Radioecology Group GRNC (Groupe de Radio-Écologie Nord-Cotentin), the La Hague site performs sensitivity analyses each year. AREVA NC La Hague calculates the radiological impacts on five townships around the site in which radiological monitoring stations are located. If the calculated impacts on one of the townships are greater than the impacts on the reference populations, this is made public in the plant's environmental report.

The radiological impact assessment model for La Hague was the subject of collaborative efforts by French and international experts and associations, under the umbrella of the GRNC. This highly complex assessment model factors in the various types of radiation (alpha, beta and gamma), the three potential pathways (external exposure, ingestion and inhalation), and the specific behavior of each radionuclide in the human body. Independent experts conducted epidemiological studies to supplement the model and directly assess the health effects of radioactive releases on exposed members of the public. All of the studies conducted over the past 20 years have

concluded that the site has very little impact, with the total annual impact (additional effective dose) for one year being equivalent to approximately one day of exposure to naturally occurring radiation in the Nord-Cotentin region of France.

Through its websites and monthly publications, AREVA provides regular and completely transparent results of environmental sampling and analysis performed under the oversight of the French nuclear safety authorities. In France, the Local Information Commissions (*Commissions locales d'information*, CLI) set up by the government in the vicinity of major energy facilities, including nuclear sites, facilitate direct interaction with the local community. AREVA provides them with any information they may require.

As part of its continuous improvement initiative, the group also set a goal of continuing to monitor its radiological impacts and standardize its radiological impact assessment models at all sites with radioactive releases. The methodology used at La Hague was extended to the group's other major nuclear sites, adapted for local conditions, such as life styles and consumption patterns. The impacts there are also very low, at less than 0.01 mSv.

The group had set a goal of implementing and maintaining measures to limit the impacts of external radiation at the site boundary to 1 mSv/yr. This corresponds to an extreme theoretical scenario in which an individual stays at the site boundary for an entire year without interruption, *i.e.* 8,760 hours. If acceptable solutions in the spirit of

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the ALARA principle (as low as reasonably achievable, taking into account economic and social factors) are not found, compliance with the 1 mSv/yr limit must be demonstrated using more realistic exposure scenarios.

All of the sites met this objective in 2009. To refine the assessment when required and verify the sustainability of the system, the sites implemented heightened exposure monitoring measures following the example set by Comurhex Malvési, where the search for a solution for sustainable storage continues.

2.4. PREVENTING ENVIRONMENTAL HEALTH RISKS

In 2009, the group continued to perform or update chemical health risk assessments as part of its environmental plan. Each site identified as having significant environmental aspects (SEA) must, by the end of 2011, complete or update a health risk assessment (HRA) proportionate to the risk involved. The method uses the calculated health hazard index to characterize potential health effects that could arise in the neighboring population chronically exposed to chemical releases. The scenarios used for these assessments are based on normal facility operations. HRAs are also completed for sites abroad.

Health risk assessments have also been performed or revised in connection with the group's industrial projects (operating license, upgrades). Whether or not the regulatory authorities request them, these assessments are systematically included in license proceedings.

Feedback on the application of the asbestos directive at the sites showed the need for updates in order to:

- clarify the requirements;
- factor in new scientific knowledge and future regulations; and
- underscore the need to implement an asbestos risk management process.

One of the aims of the new directive is to stress the fundamental importance of taking measurements, both in the environment and at the workstation, and of tracking employee exposure.

Topical meetings were held in the entities to explain the directive's new requirements. Topical health reviews will be scheduled in 2010 to assess site compliance, most notably with the asbestos directive.

Since September 2008, the carcinogenic, mutagenic and reprotoxic substances directive (CMR) has applied to all sites where the group is the principal operator. Of the two sections in the directive, one deals with managing workstation risk, while the other addresses environmental risk management. The goals of the directive are 1) to identify and, where technically and economically feasible, eliminate all Class 1 and 2 CMR; and 2) to ensure the traceability of employee exposure through measurement and follow-up. The results of compliance reviews on this subject at some sites have shown that the sites have identified their Class 1 and 2 CMR and are in the process of replacing them. Action plans have been set up in this regard to comply with the directive.

Vigilance in the prevention of Legionnaire's disease is still a priority for the entities concerned. Several days were devoted to the promotion of best risk management practices. In 2007, two diagnostic audits were performed of risk-prone facilities at mining sites abroad, and were extended to other sites in 2009. The audits were an opportunity to test new measuring methods suited to different operating configurations.

The French agency for environmental and occupational health safety, AFSSET, called on AREVA in a matter before it concerning the risks linked to the use of nanomaterials and manufactured nanoparticles. According to available consolidated data, the group's processes do not currently use nanomaterials or manufactured nanoparticles. Nevertheless, given the potential issues surrounding this type of material, an institutional watch has been established and research and development projects are being conducted in partnership with research organizations and academic institutions.

2.5. PREVENTION PLAN FOR RISKS OF MANMADE AND NATURAL ORIGIN

The implementing regulations of the French law of July 30, 2003 on preventing risks of manmade and natural origin and compensation for damages introduced a new tool to control urban development around the four high-threshold Seveso sites in France (AREVA NC facility at Pierrelatte, Comurhex's Pierrelatte and Malvési sites, Jarrie's Cezus site); the Technology Risk Prevention Plan (TRPP). Such plans serve to:

- reduce risk;
- deal with real-life situations and plan for the future; and
- stimulate dialogue among stakeholders, including local governments.

Progress at the four group sites concerned by these plans varies, depending on the priority level set by the French Ministry of the Environment and Sustainable Development. The TRPP requirements for Comurhex Malvési, the group's only Priority 1 site, were issued in April 2009. The site received additional requirements in March 2009. The hazards study for the Comurhex II Malvési project is currently being assessed by a third party expert. For the Cezus Jarrie site, the prescriptive process for the three Isère platforms has been postponed until 2010. At the Tricastin platform, the AREVA NC and Comurhex Pierrelatte hazards studies have been assessed by a third-party expert

and the TRPP requirements should therefore be finalized in early 2010.

Outside France, the group continued to roll out its international risk analysis guidelines, with finalization of the Somair site's hazards study and the start of hazards studies for the Cominak site in Niger and the McClean site in Canada.

In the field of emergency management, the group continues to make use of the emergency response agreement with the CASU, an emergency response support unit of the French national institute for the industrial environment and risk (INERIS), which was renewed in 2009. For example, an unscheduled internal emergency response drill was conducted at the Comurhex Pierrelatte site.

The Environment, Health and Occupational Safety department, working with the environment network, carried out or participated in 116 environmental reviews, including more than 40 compliance reviews related to risks, 14 reviews related to environmental liabilities, 30 follow-up reviews of major actions, and 5 reviews on REACH regulations (registration, evaluation and authorization of chemicals). Some of these reviews were conducted jointly with the Audit department, the Risk and Insurance department, and the General Inspectorate and Nuclear Safety department. There will be follow-up on the action plans for major non-conformities.

2.6. SOIL MANAGEMENT

With regard to soil management, the environmental plan sets a goal of completing soil diagnostics before the end of 2011, updating available documentation, and instituting a monitoring and long-term management plan for environmental liabilities as appropriate. This goal should be pursued at plant sites with significant environmental aspects (SEA), including regulated nuclear facilities (INB) and mine sites. The plan was launched in early 2007 for the AREVA NC, AREVA NP and AREVA T&D subsidiaries and was actively pursued in 2008 and 2009.

AREVA T&D started updating soil characterization studies for sites considered to have the most significant environmental aspects. The groundwater clean-up operations started at the Saint-Ouen site in the spring of 2008 were continued in 2009 and should be completed in early 2010. At the Aix-les-Bains site, clean-up of PCB-contaminated soils started in October 2008.

For AREVA NP, groundwater monitoring is in place at sites requiring it.

Detailed diagnostics of soil and groundwater quality were completed at the Romans site. Additional groundwater rehabilitation and quality control were recommended by the French nuclear safety authority ASN in November 2009.

In the Mining business unit, action plans defined during environmental reviews by the Environment, Health and Safety department (DEHS) were followed up by operations to measure uranium in the soil at the

Somair and Cominak mine sites in Niger. Reclamation of the clean-up lagoons is under way to limit nitrate infiltration into the water table.

In the Chemistry business unit, the AREVA NC Miramas site continued soil rehabilitation operations in 2009, along with the dismantling of some of its facilities. An application for an operating license was submitted to the Prefecture and accepted. The prefectorial authorization to treat soils containing mercury is expected in early 2010. AREVA NC's Nuclear Site Value Development business unit is in charge of completely dismantling and cleaning up the site.

AREVA is pursuing a number of actions as part of the ongoing environmental action plan at the Tricastin site. These actions are periodically followed up by the operating units, with support from specialists in the corporate Safety, Health, Security and Environment department (D3SE). Additional soil and groundwater characterizations conducted in 2009, specifically at the Eurodif site and in the northern part of the Tricastin site, added detail to previously completed mapping efforts. An action plan was drawn up to minimize the impact of chlorinated solvents found in the groundwater beneath the Eurodif plant, and a consultation procedure was initiated so that work could begin in 2010.

On November 20, 2009, several plans for treating environmental liabilities – removal of the gaseous diffusion units temporarily stored in the "hill" and treatment of chromium marking in soil and concrete at

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Socatri's old surface facilities – were presented to the Tricastin Local Information Commission.

At the Comurhex Malvési site, the regulation pond, originally an open-pit mine pond, has been monitored since it was shut down. Final reclamation of the pond will be included in AREVA's action plan for managing the settling and evaporating ponds. Additional studies are

being completed to streamline management of process effluents stored at the Malvési site. These studies, which supplement the Comurhex II plant modernization project, include a hydrogeological assessment of the entire site and its environment, and a study on improved solutions for storing sludge from site operations.

2.7. PROTECTING AND RESTORING ECOSYSTEMS

Monitoring and preserving biodiversity is of special concern to AREVA. The study of plant and animal life at the site begins in the design phase and continues throughout facility operations and into site rehabilitation. Special care is devoted to native species and to how species introduced or reintroduced during reclamation adapt to the local biotope (plant and animal habitat).

In 2006, an "AREVA and biodiversity" study was carried out to identify biodiversity objectives for each of the group's business units. It was updated in 2008 to take major industrial and mining projects (Imouraren and Trekkopje) into account.

The later study stressed the need for AREVA to set up a system to assess the interaction between its operations and biodiversity. This tool, which was developed internally based on previously identified issues, has three parts:

- 1) Part 1 is educational, explaining the concept of biodiversity and reviewing the current situation, in particular with respect to erosion;
- 2) Part 2 characterizes and classifies the ways in which industrial operations, whether existing or planned, interact with the surrounding ecosystem. It is in the form of a two-part questionnaire:
 - the benefits accruing to AREVA's operations from biodiversity as a function of supply, regulation, structural services and cultural services,

- the impact of the group's operations on biodiversity, classified according to five erosion mechanisms: land use, climate change, introduction of invasive species, overexploitation of resources, and the generation of pollution and environmental nuisances;

- 3) Part 3 contains some 200 solutions to help sites set up action plans when necessary, as a function of the topics dealt with in Parts 1 and 2.

Sites at risk in terms of the classification of areas protected for biodiversity were mapped for France in 2008. The aim is to resituate each French industrial site in its natural local context (Natura 2000 network, natural areas with important ecological and wildlife or ornithological aspects, etc.). The inventories for AREVA NP sites were supplemented in 2009 by information sheets on each protected area, including a description and purpose of the site and the animal and plant species found there.

In 2009, the Tricastin platform launched a study of its ecosystems to assess the impact of site operations on plants and animals.

As part of a proposed mine opening at the Bakouma site in the Central African Republic, AREVA commissioned an inventory of the species there. This study constitutes a comprehensive survey of plants and animals at the site.

→ 3. Environmental performance improvement

→ KEY FIGURES

	2009	2008	2007
Consumption			
Quantity of energy consumed (MWh), excluding Eurodif	3,119,705	3,021,467	2,925,200
Total quantity of water tapped for site requirements (m ³)	38,950,065 ⁽¹²⁾	39,170,551	38,355,220
Quantity of water consumed (m ³), excluding cooling water at Eurodif and Marcoule	18,659,080	16,265,921	19,438,368
Consumption of hazardous chemicals:			
Nitric acid (MT)	⁽¹¹⁾	17,264	17,204
Sulfuric acid (MT)	⁽¹¹⁾	187,704	168,106
Hydrofluoric acid (MT)	⁽¹¹⁾	5,707	7,461
Ammonia (MT)	⁽¹¹⁾	4,497	5,390
Chlorine (MT)	⁽¹¹⁾	7,358	7,879
Chlorinated solvents (MT)	144	211	158
Hydrochloric acid (MT)	⁽¹¹⁾	410	401
Sodium hydroxide (MT)	⁽¹¹⁾	9,982	9,760
Oil (MT)	⁽¹¹⁾	20,375	20,146
Waste			
Quantity of hazardous waste (MT) ⁽¹⁾	17,185 ⁽⁸⁾	18,110 ⁽⁶⁾	13,835 ⁽²⁾
Quantity of non-hazardous waste (MT) ⁽¹⁾	76,225 ⁽⁹⁾	70,997 ⁽⁷⁾	63,910 ⁽³⁾
Hazardous waste: percentage recycled ⁽¹⁾	41 ⁽⁸⁾	55% ⁽⁶⁾	45% ⁽²⁾
Non-hazardous waste: percentage recycled ⁽¹⁾	78 ⁽⁹⁾	74% ⁽⁷⁾	69% ⁽³⁾
Process sludge (MT)	63,106	51,635	57,760
Sludge from cooling water treatment (MT)	16,198	14,402	3,392
Releases			
Total nitrogen releases into aquatic environments (MT)	180,8 ⁽⁶⁾	870,2	779,7
Aqueous releases of copper (kg)	10,0 ⁽⁴⁾	10,6	18,1
Aqueous releases of chromium (kg)	34,4 ⁽¹⁰⁾	16,4	6,5
Aqueous releases of lead (kg)	22,6 ⁽⁴⁾	0,52	0,42
Aqueous releases of uranium (kg)	388,2 ⁽⁴⁾	726,8	698,3
Direct greenhouse gases (MT CO ₂)	757,966	771,648	990,836
CO ₂ emissions from facilities subject to the National Quota Allocation Plan (MT CO ₂)	40,117	53,611	92,877
Toxic gas releases: volatile organic compounds (kg VOC)	1,603,089	1,188,973	1,173,128
Releases of acid-forming gases, SO _x (MT)	1490	379	583
Releases of acid-forming gases, NO _x (MT)	1884	487	549
Releases of acid-forming gases, NH ₃ (MT)	57	208	169
Releases of ozone-depleting gases (kg CFC 111)	474	1,127	1,635
Nuclear Risks			
Dose impact from the La Hague site (mSv)	0.0075 Level 0: 116 Level 1: 21 Level 2: 2	0.007 ⁽⁵⁾ Level 0: 111 Level 1: 23 Level 2: 0	0.007 ⁽⁵⁾ Level 0: 64 Level 1: 17 Level 2: 00
Number of INES events			

(1) After a review performed in 2006, the reporting protocol changed, with the three categories of hazardous industrial waste (HIW), ordinary industrial waste (OIW) and inert waste (IW) replaced by two new categories: hazardous waste (formerly HIW) and non-hazardous waste (which combines the former OIW and IW categories). The data for 2004 and 2005 were recalculated in accordance with these new definitions.
 (2) Excluding exceptional waste from Somair, AREVA NC Pierrelatte and AREVA NC Miramas.
 (3) Excluding exceptional waste from Georges Besse II and AREVA NC Miramas.
 (4) Excluding AREVA NC La Hague: data not available as of the writing of this report.
 (5) Final data not available as of the writing of this report.

(6) Excluding exceptional waste from T&D Aix-les-Bains.
 (7) Excluding exceptional waste from Comurhex Pierrelatte and AREVA NC Miramas.
 (8) Excluding exceptional waste from Canoas, Aix-les-Bains and Somair.
 (9) Excluding exceptional waste from Comurhex Pierrelatte, AREVA TA Cadarache, CRI USA and AREVA NC Miramas.
 (10) Excluding AREVA NC La Hague and Cezus Ugine: data not available as of the writing of this report. Source: AREVA.
 (11) Change in the measurement protocol following a reassessment: elimination of indicators.
 (12) Water consumption (excluding Eurodif cooling water and geothermics).

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Environmental performance improvement

3.1. ENERGY CONSERVATION

In 2009, the Mining business unit was the group's largest energy consumer, representing 29% of total consumption. Energy consumption for the Mining business unit increased by more than 8%, in particular due to an increase in Somair operations and ramp-up of Katco and UraMin Inc. operations in Namibia.

Other noteworthy developments:

- the La Hague site is the leading consumer, at 21% of consumption, and consumed 2.9% more than in 2008;
- energy consumption dropped 8% at the Equipment business unit's Saint Marcel and Creusot Forge sites;
- power consumption at the OL3 site rose due to increased construction activity.

3.2. WATER USAGE

In 2009, the water consumed by the Cominak and Somair mining towns was no longer counted as mine site consumption, but as exported water.

The total quantity of water consumed, excluding geothermal uses and cooling water for the Tricastin site (Eurodif), was 18.7 million cubic meters in 2009, compared with 16.3 million cubic meters in 2008. The change from 2004 to 2009, at constant revenue, is a decrease of 46%.

Several sites saw an increase in consumption, usually associated with an increase in operations:

- the Mining business unit started up new projects, including the Imouraren site in Niger and the Trekkopje site in Namibia, and ramped up operations at the Katco site in Kazakhstan. In Niger, the water consumed by the Cominak and Somair mining towns is now counted as exported water;
- Socatri's industrial water consumption rose by 932,113 cubic meters compared with 2008, mainly due to the installation of pumps for groundwater treatment following the incident in the summer of 2008;
- stepped up operations at Creusot Forge and the larger workforce at the OL3 site generated an increase in consumption of 210,162 cubic meters and 3,585 cubic meters respectively compared with 2008;
- at the Georges Besse II site, consumption of industrial water used in soil treatment rose, as did drinking water consumption, generating a combined increase of around 114,000 cubic meters compared with 2008;

Total energy consumption, excluding Eurodif, in 2009 came to 3,120 MWh, for an increase of 3.2% in relation to 2008, without adjustment of raw data by business. Adjusting the raw data for constant operations based on revenue gives a 25% decrease for the 2004 to 2009 period.

The largest consumers are implementing action plans based on the findings of energy efficiency studies, with the goal of stabilizing and ultimately reducing the group's energy consumption.

All of AREVA's methods and tools – including the eco-efficiency awareness kit, good practice guidelines, best available technologies, and energy news – are available to all of the group's employees.

- the AREVA NC Pierrelatte site had an increased level of activity with the ramp-up of the new cold water units, leading to an increase in water consumption of 324,255 cubic meters.

For sites with lower water consumption in 2009, highlights include:

- at the Villeurbanne site, a closed loop cooling system using groundwater instead of municipal water for some equipment was set up in early 2009, saving 71,433 cubic meters of water;
- the closed loop cooling system at the Chemistry business unit's Comurhex Malvési site, which started up in August 2007, saved approximately 1.34 million cubic meters of water per year and reduced the site's water consumption by more than 80% compared with 2006, when the site was the group's seventh largest water consumer;
- AREVA NC La Hague site reduced water consumption from the water plant by 52,306 cubic meters.

AREVA has thus successfully improved its management of the water cycle, particularly at the production sites, so that less water is tapped from the natural environment. This requires in-depth knowledge of water consumption patterns and of the actual costs associated with managing the water cycle, as well as a concerted effort by site personnel and subcontractors.

These efforts are translating into:

- improved management of water systems and processes, with several campaigns conducted to identify leaks (both at plant sites and in office buildings), equipment modifications (sometimes resulting in the elimination of wasteful processes), and changes in technology, as well as ongoing projects in this area;
- greater awareness and more of the eco-attitude among personnel and subcontractors in promoting water recycling and reuse and

preventing unnecessarily excessive consumption, which has been particularly effective at the office buildings; and

- continuation of several initiatives already in progress.

An example of a performance improvement activity:

- in the leak reduction program, the Comurhex Pierrelatte site has been able to conserve 107,999 cubic meters of water since 2008 by repairing leaks in the industrial water system and installing a closed loop for the compressors.

Some sites are using innovative systems to reduce their water consumption:

- a reverse osmosis process was installed at the FBFC Romans site, saving 10,911 cubic meters of water compared with 2008;
- quench operations at the Cezus Rugles site were placed on a closed loop system and problems with the FRE cooling system were resolved, conserving 24,346 cubic meters of water.

3.3. CONSUMPTION OF MATERIALS

AREVA has been tracking paper consumption throughout the group since 2004.

It distributed a list of 20 good practices to all units. The updated eco-efficiency posters address paper consumption, among other things, and paper reduction programs are being implemented at the site level.

Group-wide, paper consumption per employee dropped from 32.5 kilograms in 2004 to 20.57 kilograms in 2009. This amounts to 1,479 metric tons of A4 or US letter paper purchased in 2009, compared with 1,456 metric tons in 2008. At constant revenue, consumption dropped 48.67% from 2004 to 2009.

3.4. WASTE

Following changes made in 2006, the 2009 reporting protocol for conventional waste focused on the following two categories:

- hazardous waste; and
- non-hazardous waste (including common industrial waste and inert waste).

CONVENTIONAL WASTE

A total of 177,550 metric tons of conventional waste was produced in 2009, in raw data terms, as follows:

- 19,719 metric tons of hazardous waste, 80.4% of which came from routine operations; and
- 157,830 metric tons of non-hazardous waste, 40.3% of which came from routine operations.

In 2009, ongoing construction projects at Comurhex Pierrelatte, AREVA NC Miramas and AREVA T&D Aix-les-Bains, and work performed at the Canoas, Somair, TA Cadarache and CRI USA sites generated an exceptionally high level of hazardous and non-hazardous waste that impacted the total tonnage of conventional waste produced.

Correcting the data for these unusual events gives production of 17,185 metric tons of hazardous waste and 76,225 metric tons of non-hazardous waste.

For the areas corresponding to this data, the percentages of recycled material are:

- 41% for hazardous waste; and
- 78% for non-hazardous waste.

The recycling rate rose from:

- 32% in 2004 to 41% in 2009 (55% in 2008) for hazardous waste;
- 44% in 2004 to 78% in 2009 (74% in 2008) for non-hazardous waste.

In all, this represents an improvement in the recycling rate for all conventional waste of more than 73.9% for the 2004 to 2009 period.

Programs for improving final waste reduction are ongoing in all of the group's facilities to:

- minimize and control waste generation at the source;
- promote sorting by providing bins for separate waste collection or by creating in-house waste sorting centers;
- recycle and reuse waste by selecting the most suitable processing methods; and
- improve the processing and packaging of non-reusable waste.

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APPENDIX 3 ENVIRONMENTAL REPORT

Environmental performance improvement

Examples of performance improvement actions:

- The AREVA T&D Saint Soupplets site reduced its non-hazardous waste disposal rate from 57% in 2008 to less than 10% in 2009 by setting up a recycling system for its concrete waste.
- The Canberra Oak Ridge site set up a recycling program in 2009 that enabled it to boost its recycling rate from about 2% in 2008 to 27% in 2009. The FBFC Pierrelatte site also set up a recycling program, increasing its rate from 34% to 79%.
- By improving its separation at the source, the AREVA T&D Fabrègues site reduced its disposal rate for non-hazardous waste from 20.3% in 2008 to 8.5% in 2009.
- The Lyon site targeted the packaging of incoming products, reducing its total tonnage of non-hazardous waste by about 11%.

PCBS AND PCTS

PCBs (polychlorinated biphenyls) and PCTs (polychlorinated terphenyls) are toxic chemicals that were formerly used to manufacture and operate electrical distribution equipment. AREVA's subsidiaries

began to eradicate them several years before the 2010 date set for their elimination by European directive 96/59 of September 16, 1996, and AREVA has made a commitment to phasing out the remaining equipment under a plan approved by the French Ministry of Ecology and Sustainable Development and included in the national plan approved by decree on February 26, 2003.

In 2009, 56 transformers containing these substances were eliminated in France, compared with the 50 announced in the elimination plan sent to the Ministry. By December 31, 2009, the country had only 69 transformers and 1 circuit breaker left to eliminate.

RADIOACTIVE WASTE

In the nuclear industry, waste is generated by the operation, dismantling and clean-up of nuclear facilities. The waste is characterized by its activity level (very low, low, medium or high), and by the half-life of the radioelements it contains (very short-lived, short-lived or long-lived).

Each type of waste requires a specific management method, as shown in the table below.

	Very short-lived (half-life < 100 days)	Short-lived (half-life ≤ 31 years)	Long-lived (half-life > 31 years)
Very Low Level Waste (VLLW)	Management through radioactive decay at the production site	Very Low Level Waste Surface Disposal Center (Aube department)	
Low Level Waste (LLW)	followed by conventional disposal	Low and Medium Level Waste Surface Disposal Center (Aube department)	Research carried out under French program law of June 28, 2006 (near-surface disposal)
Medium Level Waste (MLW)			
High Level Waste (HLW)		Research carried out under French program law of June 28, 2006 (disposal in deep geological repository)	

The following general principles applicable to radioactive waste management are based on waste management laws in France ⁽¹⁾:

- prevention and reduction of waste volumes and toxicity at the source, to the extent that this is reasonably achievable, through the use of appropriate sorting and segregation;
- strategy of containment and concentration, unless otherwise justified;
- optimization of waste transportation with limits on volume and distance;
- beneficiation of waste through reuse or recycling; and
- information to the public on the environmental and public health effects of long-term waste disposal.

There are two disposal centers in operation in France, one for low and medium level waste at Soulaines in the Aube department, the other for very low level waste at Morvilliers, also in the Aube department. Both centers are operated by Andra.

In France, the safety of radioactive waste management is governed mainly by the legal and institutional framework laid down in the French program law of June 28, 2006 on the sustainable management of radioactive materials and waste. This law continues the process set in motion by the Bataille law of December 30, 1991, which establishes three areas for research on the long-term management of radioactive waste in France.

Under the terms of the French program law of June 28, 2006, the sustainable management of radioactive materials and waste must comply with the following principles:

- protection of human health, safety and the environment;
- prevention or minimization of the burden to be borne by future generations; and
- the polluter pays.

The law addresses three main subjects: (i) definition of a radioactive materials and waste management plan, (ii) greater transparency

(1) Book V, Title IV, Chapter I of the French Environmental Code, French law no. 75-633 of July 15, 1975.

and democratic oversight, and (iii) economic support and financial measures.

Article 6 of the French program law of June 28, 2006 defines the goals of the national radioactive materials and waste management plan (PNGMDR):

- report on existing radioactive materials and waste management methods;
- identify foreseeable needs for storage and disposal facilities and specify the required capacities and storage durations; and
- determine objectives for the management of radioactive waste for which no final disposal method is yet available; in particular, the plan structures research and studies to be carried out on radioactive waste management and sets deadlines for implementing new management methods and creating or retrofitting facilities.

The law specifies that the PNGMDR shall be put out every three years and that a decree shall establish the resulting regulatory requirements.

In France, the management of radioactive waste from regulated nuclear facilities is based on a regulatory framework specified in the administrative order of December 31, 1999, which sets forth the general technical regulations aimed at preventing and minimizing environmental nuisances and external risks arising from the operation of such facilities.

The order specifies that the operator must make every effort to ensure that facility design and operation provide the best possible management of the waste produced, taking into account in particular subsequent disposal methods.

The order of December 31, 1999 also requires that a report be drafted that lays down waste management procedures in regulated nuclear facilities.

The waste produced by AREVA in the course of its industrial operations (process and technological waste) and the waste from dismantling and clean-up operations represent only a small fraction – just a few percent – of the radioactivity contained in all of the waste generated by the nuclear power industry.

Continuing efforts to reduce waste volumes have paid off. This performance improvement stands out in the indicators used in the tracking software, which provides a consolidated summary-level view of these items for the AREVA group.

In 2009, the group continued to identify and manage all legacy waste and materials located at its sites using the following means:

- systematic use of computer software and identification of pooling opportunities;
- start of the waste retrieval and packaging program; and
- management planning for waste from facility dismantling operations, including the creation of the Nuclear Site Value Development business unit to oversee operations.

The 2009 national waste and materials inventory gives data for volumes as of the end of 2007, along with forecasts through 2020 and 2030, and for end of the lifecycle of existing or licensed facilities. The inventory also gives the interim storage capacities for radium-bearing and tritiated long-lived low, medium and high level waste, as well as the interim storage requirements for long-lived medium and high level waste destined for deep disposal. The inventory also indicates the quantities of radioactive materials, sites that are contaminated by radioactivity, and information on mine tailings storage sites. AREVA took an active role in compiling the inventory, which is updated and published every three years by the French radioactive waste management agency Andra.

AREVA contributes to the responsible management of radioactive waste generated by the nuclear power industry by offering power companies solutions for safely storing, processing, packaging and, if necessary, shipping their waste. The waste “held” – rather than produced – by the group under the meaning of article L. 541-2 of the French Environmental Code is primarily long-lived high level radioactive waste. This waste is the property of the group’s power company customers and is returned to them once the used fuel has been treated.

The services AREVA provides to the EDF group also include the interim storage of radioactive waste in specially designed facilities pending the availability of the deep geological repository, as defined in the French program law of June 28, 2006. During this time, the EDF group retains full ownership of the waste. However, AREVA assumes liability for holding it, within the liability limits provided in the French Nuclear Safety and Transparency Act of June 13, 2006.

Insofar as it is feasible, very low and low level waste destined for disposal in surface disposal centers is shipped “just in time” and does not accumulate at the group’s industrial sites.

Waste from the treatment of used fuel belonging to foreign customers is returned to those customers as soon as it is technically feasible to do so, in accordance with the French law of June 28, 2006.

The following examples illustrate implementation of the efforts outlined above:

In 2009, SICN carried out some 400 removal operations at the Veury and Annecy sites, where dismantling and clean-up are under way, shipping 7,000 metric tons (7,600 cubic meters) of very low level waste to the Andra disposal center at Morvilliers. The shipments represent about 20% of the disposal center’s annual receipts and removed 70% of the waste from dismantling and clean-up from the two sites.

The AREVA NC Pierrelatte site completed the retrieval of legacy very low level waste in 2009, which will be shipped to the Morvilliers disposal center in the first six months of 2010. At the same site, also in 2009, the department in charge of dismantling and clean-up finished removing auxiliaries and boiler equipment from the dismantling of gaseous diffusion Enrichment units.

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APPENDIX 3 ENVIRONMENTAL REPORT

Environmental performance improvement

In the R7 facility at La Hague, AREVA NC conducted full-scale testing of a new vitrification process in late 2009. The process uses a cold crucible to vitrify molybdenum fission products (La Hague legacy waste) and is slated to be industrialized in 2010. Significant performance improvement actions are also be carried out on technological waste (dry active waste) with the treatment of neon from nuclear waste areas and the removal of the treatment waste to Andra's very low level disposal center. The first lead waste was also shipped to the Marcoule site in 2009 for recycling in the nuclear industry.

Comurhex finished characterizing the B1 and B2 ponds and their environment at Malvési in connection with their reclassification as part of a regulated nuclear facility. These studies will provide a basis

for further research to define ways of reducing the environmental impacts of interim storage.

At Eurodif's Georges Besse plant, the department in charge of preparing the plant's dismantling program is favoring a scenario in which metals from the main process equipment are melted and recycled in the nuclear industry. This industrial approach has been adopted as a requirement for Andra and the major waste producers – the CEA, the EDF group and AREVA – in the 2010 and 2012 update of the national radioactive materials and waste management plan.

3.5. RELEASES IN WATER

The nuclear fuel cycle typically processes small quantities of materials. Small quantities of reagents are used for uranium mining and chemistry and for used fuel treatment.

In 2009, only releases for which the measured concentrations were over the detection thresholds were reported.

The decrease in nitrogen releases (180.8 metric tons in 2009*, compared with 263.5 metric tons in 2008*) is linked to the shutdown of a facility that contributed to these releases at the AREVA NC Pierrelatte site.

The increases in chromium and lead releases relate to the Cezus Jarrie site, where there was a drop in productivity at the treatment

stations, and to the Creusot Forge site, where this type of release had not been previously counted.

Uranium releases into the aquatic environment from the group's combined industrial sites totaled 388.2 kilograms in 2009*, compared with 726.8 kilograms in 2008, or 708 kilograms excluding AREVA NC La Hague. The decrease relates mainly to the volume of water treated at the former mine sites, which is a function of rainfall. By way of comparison, the Rhone River alone carries along around 70 metric tons of natural uranium each year (source: environmental report of the Tricastin site).

3.6. ATMOSPHERIC RELEASES

The group's operations release certain gases which, though limited, contribute to global warming, depletion of the ozone layer and atmospheric pollution. These are primarily:

- direct emissions of greenhouse gases (GHG) associated with the burning of fossil fuels (CO₂) and with fluorinated emissions (SF₆) from the operations of the transmission and distribution subsidiary, and nitrogenous releases (N₂O) from operations related to the treatment of uranium oxide and that use nitric acid;
- indirect greenhouse gas emissions associated with the consumption of electricity and thermal power; and
- gaseous releases such as volatile organic compounds (VOC), acid-forming gases, or ozone-depleting gases.

GREENHOUSE GASES

In 2009, the AREVA group's direct greenhouse gas emissions amounted to 757,966 metric tons of CO₂ equivalent, a 1.8% drop from 2008. At constant revenue, these emissions dropped -60% from 2004 to 2009. Of these emissions, 46% are linked to fossil fuels, 21% to sulfur hexafluoride (SF₆) and 26% to nitrous oxide (N₂O).

There was a 26% decrease in SF₆ emissions in 2009 compared with 2008, at constant operations.

Since normal operations were resumed, N₂O emissions at the Malvési site have jumped by 24% compared with 2008.

An installation on the precipitation facility's ventilation system to decompose N₂O into oxygen and nitrogen will enable the elimination of these emissions by mid-2010.

* Excluding AREVA NC La Hague.

The La Hague site, whose boilers were the group's only facilities subject to the national quota allocation plan (PNAQ), saw its greenhouse gas emissions drop 24% in 2009 compared with 2008, whereas its energy consumption increased by 2.9% from 2008 on a comparable basis. In 2009, the goals at the La Hague site were to cut its CO₂ emissions by 20% compared with 2008. This was made possible by using the electric heaters rather than fuel oil boilers to produce steam.

In 2009, AREVA extended its environmental reporting on indirect greenhouse gas emissions from freight and passenger transport to include:

- outbound shipments of freight from the nuclear and non-nuclear industrial sites;
- business trips (air travel);
- short-term rentals;
- long-term rentals; and
- passenger transportation services, including bus and air services to and from the mines.

The group's direct and indirect greenhouse gas emissions from transportation (both outbound freight transport and passengers) came to 214,713 metric tons of CO₂ equivalent (MTCO₂e), of which 14% are direct emissions.

3.7. RADIOACTIVE RELEASES

Through concerted effort, radioactive releases have dropped sharply over the past 30 years. For example, the radiological impact from La Hague has been divided by five, going from a dose to the reference group of around 70 µSv in 1985 to around 10 µSv in 2006. The dose remains relatively constant from one year to the next. This has paved the way for compliance with the more stringent regulatory standards in the European Union, which were transposed into French law, and which currently set the maximum additional effective dose to members of the public at 1 mSv/yr. That level is less than the average exposure to naturally occurring radiation in France of 2.4 mSv/yr, as well as in other countries around the world, where it ranges from 1 to 10 mSv/yr, according to the United Nations Scientific Committee on the Effects of Atomic Radiation (UNSCEAR).

To achieve carbon neutrality, AREVA is mobilizing to minimize its own emissions. The goal is a 50% reduction from 2004 levels by the end of 2011. To achieve this, the group is improving its industrial processes to use energy wisely, making carbon light substitutions and promoting more eco-efficient attitudes internally.

AREVA opted for carbon compensation to neutralize its direct residual emissions. It finances external sustainable development projects that lead to emission reductions, and as a priority in countries in which the group operates. To be sure of the high quality of these projects (auditable reductions, application of quality-assured standards, etc.), the group entered into a partnership with Eco-Act, a company that conducts economic development projects that protect the environment and communities.

VOLATILE ORGANIC COMPOUNDS

Measured VOC emissions were 1,603 metric tons in 2009, compared with 1,189 metric tons in 2008. The 35% increase from 2008 to 2009 is due almost entirely to the increase in mining operations at Somair. Other significant changes were observed, but cancel each other out. The increases are due to improvements in emission measuring methods.

Nevertheless, the group is continuing its research into the feasibility of further reducing radioactive releases from the La Hague plant, particularly in connection with the plant's release permit.

Since 1995, the group's French nuclear sites have published and publicly distributed annual environmental reports in which radioactive releases and trends are described in detail. These releases are subject to verification monitoring and unannounced inspections by the French nuclear safety authority, ASN.

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Appendix 4

Annual Combined General Meeting of Shareholders of April 29, 2010

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→ 1.1. Order of business

1.1.1. DELIBERATING AS AN ORDINARY GENERAL MEETING

- Reading of the Executive Board's management report for the year ended December 31, 2009 (including information on the social and environmental consequences of the company's operations, as required by article L. 225-102-1 of the French Commercial Code).
- Reading of (i) the Supervisory Board's observations on the Executive Board's report, on the corporate financial statements and on the consolidated financial statements for the year ended 2009; (ii) the report of the Chairman of the Supervisory Board on the preparation and organization of the Board's activities and internal control procedures; and (iii) observations from the Statutory Auditors pursuant to articles L. 225-68 and L. 225-235 of the French Commercial Code.
- Reading of the report on the corporate financial statements and of the report on the consolidated financial statements for the year ended December 31, 2009 from the Statutory Auditors.
- Reading of the Statutory Auditors' special report on regulated agreements and commitments pursuant to articles L. 225-86 and L. 225-90-1 of the French Commercial Code.
- Approval of the corporate financial statements and of the consolidated financial statements of the company (balance sheet, income statement and notes for the year ended December 31, 2009).
- Approval of regulated agreements and commitments pursuant to articles L. 225-86 and L. 225-90-1 of the French Commercial Code.
- Discharge for the members of the Executive Board, the Supervisory Board and the Statutory Auditors.
- Allocation of net income for the year.
- Setting of directors' fees allocated to the Supervisory Board for 2010.
- Ratification of the cooptation of one or several new member(s) of the Supervisory Board.
- Renewal of the authorization to buy back shares to ensure the liquidity of the shares held by the Framépargne employee savings plan, as provided in article L.225-209 et seq. of the French Commercial Code.

1.1.2. DELIBERATING AS AN EXTRAORDINARY GENERAL MEETING

- Capital increase reserved for employees, in accordance with articles L. 225-129-6 (2) and L. 225-138-1 of the French Commercial Code and articles L.3332-18 through L.3332-24 (revised) of the French Labor Code.

1.1.3. GRANTING OF AUTHORITY TO EXECUTE FORMALITIES

→ 1.2. Proposed resolutions

1.2.1. DELIBERATING AS AN ORDINARY GENERAL MEETING

FIRST RESOLUTION

The shareholders, having heard the Executive Board's management report, the Supervisory Board's observations on this report, the Chairman of the Supervisory Board's report on the conditions for the preparation and organization of the Supervisory Board's activities and on the internal control procedures in place, the reading of the Statutory Auditors' Reports, and the additional explanations provided verbally, approve in their entirety the reports of the Executive Board, the Supervisory Board and the Chairman of the Supervisory Board, as well as the balance sheet, the income statement and the notes to the corporate financial statements and to the consolidated financial statements for the year ended December 31, 2009, as presented.

Consequently, the shareholders approve the management actions taken and accounted for by the Executive Board, and discharge the members of the Executive Board and of the Supervisory Board as well as the Statutory Auditors of their duties for the past fiscal year.

SECOND RESOLUTION

The shareholders, having heard the reading of the Statutory Auditors' special report on the regulated agreements and commitments pursuant to articles L. 225-86 and L. 225-90-1 of the French Commercial Code, hereby approve all of the agreements and commitments concluded or in effect during fiscal year 2009.

THIRD RESOLUTION

The shareholders, taking into consideration a loss for the year of 138,671,841.40 euros, hereby decide to allocate distributable net income, in accordance with French law, as follows:

Loss for the year	138,671,841.40 euros
Legal reserve (fully accrued)	
Retained earnings	1,435,809,609.50 euros
Distributable net income (article L. 232-11, French Commercial Code)	1,297,137,768.10 euros
Dividend to shareholders and investment certificate holders	249,730,068.86 euros

Subsequent to this allocation, retained earnings amount to 1,047,407,699.24 euros. The net dividend per share and per investment certificate is set at €7.06. Dividend distributions to natural persons are subject to a 40% tax exemption. Dividends will be paid on June 30, 2010.

The shareholders note that the amount of dividends distributed for the three previous fiscal years was as follows:

Year (in euros)	Dividend
2006	8.46
2007	6.77
2008	7.05
2009	7.06

FOURTH RESOLUTION

The shareholders set the total amount of annual directors' fees allocated to the Supervisory Board at 500,000 euros.

This decision applies to the current year and shall remain in effect until modified.

FIFTH RESOLUTION

On the recommendation of the Supervisory Board, the shareholders ratify the cooptation of Mr. Jean-Cyril Spinetta as a member of the Supervisory Board, carried out by the Supervisory Board on April 30, 2009 to replace Mr. Frédéric Lemoine, who has resigned, for the remainder of his predecessor's term, *i.e.* until the Annual General Meeting convened in 2011 to approve the financial statements for the year ending December 31, 2010.

SIXTH RESOLUTION

The shareholders authorize the Executive Board, which may delegate its authority in accordance with the law, to acquire shares of the company in accordance with articles L. 225-209 *et seq.* of the French Commercial Code, under the following conditions:

- the number of shares that the company may purchase under this authority may not exceed 150,581 shares for a maximum amount of 75,000,000 euros, it being understood that the company may not own more than 10% of its own share capital at any given time;
- the shares may be purchased to ensure the liquidity of the shares held by the Framépargne employee savings plan, in accordance with the provisions of article L. 3332-17 (2) of the French Labor Code.

The shareholders, deliberating as an Ordinary General Meeting, delegate their authority to the Executive Board to implement this resolution and to determine the means for doing so, and in particular to adjust the maximum number of shares indicated above in the event that the company share capital is modified, in particular by aggregating reserves or distributing free shares, or in the event of a

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stock split or reverse split, in order to take into account the impact of these transactions on the value of the shares.

The shares acquired to ensure liquidity may be held and/or allocated in whole or in part for:

- any use allowed by applicable regulations as of the date of the transactions considered;
- the allocation or sale of shares to employees and officers of the company and of associates of its group, for the purposes listed in articles L. 3332-1 *et seq.* of the French Labor Code.

These shares may be acquired by all means and in one or several installments.

These transactions may be concluded at any time as allowed by applicable regulations on the date of the transactions considered.

This authority voids the authority granted by the Annual General Meeting of Shareholders of December 18, 2008, to the extent not

already utilized. It is granted for a period of 18 months as from the date of this General Meeting.

This authority shall remain in effect until the date of the next Annual General Meeting of Shareholders convened to approve the financial statements for the year ending December 31, 2010, and no later than October 29, 2011. It supersedes and replaces the unused portion and remaining period of the first resolution of the Annual General Meeting of Shareholders of December 18, 2008.

The General Meeting gives full authority to the Executive Board, with power to delegate, to enter into such agreements, prepare all documents, perform all formalities, including to allocate and reallocate the shares acquired for different purposes, and to provide all necessary information to all agencies and, generally, to do whatever is necessary for the implementation of this resolution.

1.2.2. DELIBERATING AS AN EXTRAORDINARY GENERAL MEETING

SEVENTH RESOLUTION

The shareholders, deliberating as an Extraordinary General Meeting, having read the Executive Board's report, the Supervisory Board's report and the Statutory Auditors' Special Report, and in accordance with the provisions of articles L. 225-129-6 (2) and L. 225-138-1 of the French Commercial Code and articles L. 3332-18 through L. 3332-24 (revised) of the French Labor Code:

- grant full authority to the Executive Board to increase the share capital, on one or more occasions, up to a maximum par value amount of 1,000,000 euros by issuing new shares for cash, reserving the subscription of such shares for employees and former employees who are members of a company or a group savings plan under the meaning of article L. 233-16 of the French Commercial Code;
- cancel, in favor of those employees and former employees, preferential subscription rights of shareholders and investment certificate holders with respect to the new shares to be issued for cash, as provided under this resolution.

This authority is granted for a period of 18 months as from the date of this General Meeting.

The shareholders, deliberating as an Extraordinary General Meeting, grant full authority to the Executive Board to implement this resolution as required under laws and regulations, and in particular to:

- decide whether the shares should be issued directly to the beneficiaries or through mutual funds;
- determine the terms and conditions for each issue;
- set the subscription price of shares issued for cash in accordance with articles L. 3332-18 through L. 3332-24 (revised) of the French Labor Code;
- set the timetable for payment of the subscription price and, if deemed appropriate, the seniority required for employees to participate in the issue, subject to legal requirements;
- record the amount of the subscriptions and, consequently, the amount of the corresponding share capital increase;
- make appropriate amendments to the by-laws and, generally, do all that shall be necessary.

1.2.3. GRANTING OF AUTHORITY TO EXECUTE FORMALITIES

EIGHTH RESOLUTION

The shareholders grant full authority to the bearer of an original, an excerpt or a copy of this meeting report for purposes of filing, publishing and recording same, and for other purposes as he shall decide.

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Appendix 5

Information made public by the AREVA group over the past 12 months

→ 1. INFORMATION PUBLISHED BY AREVA AND AVAILABLE UNDER THE HEADING “INFORMATIONS RÉGLEMENTÉES” OF THE www.areva.com WEBSITE AND OR ON THE WEBSITE OF THE AMF, www.amf-france.org	427
→ 2. INFORMATION FILED BY AREVA WITH THE COURT REGISTRAR OF THE PARIS COMMERCIAL COURT	430
→ 3. INFORMATION PUBLISHED BY AREVA IN THE <i>BULLETIN DES ANNONCES LÉGALES OBLIGATOIRES</i> (BALO), AVAILABLE ON THE BALO WEBSITE (www.balo.journal-officiel.gouv.fr)	431
→ 4. FINANCIAL ADVERTISING	431

Annual information document drawn up in accordance with article 222–7 of the General Regulations of the French financial market authority AMF (*Autorité des Marchés Financiers*). In accordance with these regulations, the tables below list the information made public by AREVA since January 1, 2009 to satisfy legal or regulatory obligations concerning financial instruments, financial instrument issuers, and financial instrument markets.

→ 1. Information published by AREVA and available under the heading “*Informations réglementées*” of the www.areva.com website and/or on the website of the AMF, www.amf-france.org

Date	Information
January 5, 2009	Niger: AREVA to mine the Imouraren deposit
January 15, 2009	ODEO (<i>Open Dialogue through Equal Opportunities</i>) – Innovative and constructive social dialogue to deploy equal opportunity in 13 European countries
January 27, 2009	Transportation: SYTRAL awarded a €58 million contract to AREVA for the renovation of Lyon automated subway
January 27, 2009	SIEMENS to withdraw as AREVA NP shareholder
January 28, 2009	Conversion: AREVA wins long-term EDF contract worth several hundred million euros
January 29, 2009	Revenue for the year
January 30, 2009	AREVA pleased with the announcement of the construction of France's second EPR™
January 30, 2009	Switzerland: AREVA and KKL sign a long-term contract to manage spent nuclear fuel from the Leibstadt power plant

APPENDIX 5 INFORMATION MADE PUBLIC BY THE AREVA GROUP OVER THE PAST 12 MONTHS

Information published by AREVA and available under the heading "Informations réglementées" of the www.areva.com website and/or on the website of the AMF, www.amf-france.org

Date	Information
February 3, 2009	Enrichment: AREVA wins €5+ billion EDF contract
February 4, 2009	India: AREVA and NPCIL sign a Memorandum of Understanding to supply 2 to 6 EPR™ reactors
February 12, 2009	Correction concerning AREVA's management of legacy uranium mines in France
February 18, 2009	Mitsubishi Heavy Industries, Ltd. (MHI), AREVA, Mitsubishi Materials Corporation (MMC) and Mitsubishi Corporation (MC) create a Joint Venture of Full-fledged Nuclear Fuel Fabrication Business
February 19, 2009	ADAGE™, Energy Northwest to Pursue Development of New Biomass Plants
February 24, 2009	EPR™ projects in Italy: AREVA is pleased with its customers' confidence
February 25, 2009	AREVA 2008 results: yet another year of growth for AREVA
February 27, 2009	AREVA becomes the title sponsor of the Golden League of Paris Saint-Denis athletics meeting
March 4, 2009	Siemens release: AREVA asserts its rights
March 26, 2009	AREVA signs mining partnership agreement with Democratic Republic of Congo
March 30, 2009	Enrichment: Kansai and Sojitz acquire an equity stake in AREVA's Georges Besse II plant
March 30, 2009	Transmission and Distribution: AREVA inaugurates eight factories to meet India's growing demand for energy
March 31, 2009	Renewables: AREVA signed a Memorandum of Understanding for 80 offshore wind turbines worth more than €700 million
April 2, 2009	AREVA launches the Chalon 1300 plan
April 3, 2009	Recycling: AREVA signs an agreement to supply MOX fuel to Japanese utility Electric Power Development
April 8, 2009	Over 100 partner companies given the title "AREVA Certified Supplier"
April 16, 2009	China: AREVA wins two CNPEC contracts worth over 150 million euros
April 23, 2009	First quarter 2009 revenue up 8.5% to 3.003 billion euros
April 28, 2009	AREVA sponsors Track & Field
April 30, 2009	Jean-Cyril Spinetta appointed Chairman of AREVA's Supervisory Board
May 4, 2009	Niger: cornerstone laid at the Imouraren mine site
May 5, 2009	Mining: AREVA and Namibia strengthen their strategic cooperation
May 6, 2009	Transmission and Distribution: AREVA awarded major interconnection contract in China
May 13, 2009	Finland: Works proceeding as usual at Olkiluoto 3
May 14, 2009	Recruitment: AREVA is launching its new communications campaign
May 18, 2009	Uranium Enrichment: AREVA and USEC sign amicable settlement
May 19, 2009	Enrichment: AREVA inaugurates the first cascade at its Georges Besse II plant
May 20, 2009	AREVA ranked fourth by engineering school students
May 27, 2009	AREVA and Russian company VNIAES pen cooperative agreement in the field of safety instrumentation and control.
May 28, 2009	Transmission and Distribution: AREVA awarded 80 million euro contract in South Korea
June 8, 2009	Transmission and Distribution: AREVA consolidates its leadership in extra high voltage in India
June 15, 2009	Enrichment: AREVA and KHNP sign an agreement which sees KHNP take a stake in the Georges Besse II plant
June 15, 2009	ERAMET: SORAME/CEIR and AREVA renew their shareholders' agreement
June 16, 2009	South Korea: AREVA wins steam generator replacement contract
June 18, 2009	United States: AREVA, Duke Energy and UniStar Nuclear Energy start negotiations to develop an EPR™ reactor in Ohio
June 19, 2009	Mining sites: AREVA and Sherpa set up a health observatory
June 24, 2009	Plan for employees nearing retirement: first survey in the AREVA group
June 25, 2009	Track & Field the focus of AREVA's new advertising campaign
June 30, 2009	AREVA to open up its capital to employees and new strategic partners. The group set to sell its Transmission and Distribution operations.
July 1, 2009	Transmission and Distribution: AREVA wins major contract in Indonesia
July 3, 2009	AREVA inaugurates Aix-en-Provence campus
July 10, 2009	AREVA continues business development in India
July 24, 2009	India: AREVA signs strategic partnership with Astonfield in biomass

APPENDIX 5 INFORMATION MADE PUBLIC BY THE AREVA GROUP OVER THE PAST 12 MONTHS

Information published by AREVA and available under the heading “Informations réglementées” of the www.areva.com website and/or on the website of the AMF, www.amf-france.org

Date	Information
July 30, 2009	Revenue up 6% in the first half of 2009
August 3, 2009	Spain: AREVA wins contract to supply nuclear
August 12, 2009	Renewables: AREVA acquires PN Rotor
August 31, 2009	First half 2009 results
September 6, 2009	Olkiluoto 3: EPR™ reactor dome installed
September 8, 2009	China: AREVA T&D begins construction of its Technology Center dedicated to R&D support for the local power industry
September 10, 2009	AREVA Chalons/Saint-Marcel recognized by the American Nuclear Society
September 10, 2009	Nuclear fuel: CEZUS acquires interest in Zirco Products in response to growing demand in global nuclear markets
September 11, 2009	Successful launch of AREVA's first bond issue
September 16, 2009	Japan: AREVA signs contract to supply MOX fuel to Chugoku
September 24, 2009	AREVA nuclear medicine efforts recognized by the Clinton Global Initiative
September 29, 2009	AREVA holds the first European Day on Gender Equality in the Workplace
September 29, 2009	Enrichment: testing at Georges Besse II enters final phase
September 29, 2009	Information on the sale of AREVA T&D
October 2, 2009	Appointment within the AREVA group
October 6, 2009	AREVA and Kazatomprom sign fuel marketing joint venture agreement
October 21, 2009	Transmission & Distribution: AREVA signs 130 million euro alliance agreement to provide 36 substations in India
October 22, 2009	Backlog sharply up from September 30, 2008, by 22.3%
	Strong third quarter revenue 2009 growth of 7.8% on nine-month sales of 9.7 billion euros, an increase of 6.4%
October 23, 2009	Successful launch of AREVA's new 10-year maturity bond issue totaling 750 million euros
October 29, 2009	AREVA TA wins contract to design a low and medium level waste disposal center in Lithuania
November 2, 2009	Communication from nuclear safety authorities: AREVA clarification
November 9, 2009	Sale of Transmission and Distribution division: AREVA receives three binding offers
November 16, 2009	Attempts to board ship: Greenpeace misses the target
November 16, 2009	AREVA supports jobs for disabled initiative
November 17, 2009	Enrichment: AREVA signs long-term contract with CEZ
November 24, 2009	Finland: heavy components for OL3 EPR™ arrived on site
November 27, 2009	United Kingdom: Regulators reiterate confidence in EPR™ Technology
November 30, 2009	Sale of the Transmission & Distribution business: AREVA's Supervisory Board decides to enter into exclusive negotiations with Alstom/Schneider
December 3, 2009	Japan: MOX fuel provides electricity for the first time
December 9, 2009	Enrichment: rotation of first Georges Besse II centrifuge cascade
December 10, 2009	AREVA and KEPCO to cooperate in the development of the Imouraren uranium mine in Niger
December 16, 2009	Wind: AREVA commissions first offshore project in Germany
December 17, 2009	Transmission and Distribution: AREVA awarded US\$400 million contract in Brazil for world's longest HVDC transmission link
December 21, 2009	Transmission and Distribution: AREVA awarded major contract by Dubai utility
December 21, 2009	AREVA and Mitsubishi Corporation sign an agreement in uranium exploration
December 21, 2009	China: AREVA signs agreements covering reactor design and the supply of nuclear components
December 21, 2009	Transmission and Distribution: AREVA awarded major contract by Dubai utility
December 29, 2009	United States: Fresno Nuclear Energy Group envisions building EPR™ reactors
January 14, 2010	Bioenergies: contracts worth 260 million euros
January 20, 2010	AREVA signs agreement with Alstom and Schneider Electric for sale of the Transmission and Distribution business
January 25, 2010	Russia: AREVA signs contract for reactor safety systems with VNIIAES, a Rosatom subsidiary
January 28, 2010	AREVA introduces new organization to increase its lead on the nuclear market
January 28, 2010	Publication of 2009 revenue

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APPENDIX 5 INFORMATION MADE PUBLIC BY THE AREVA GROUP OVER THE PAST 12 MONTHS

Information filed by AREVA with the Court Registrar of the Paris Commercial Court

Date	Information
February 21, 2010	Conversion: INB and AREVA sign a 5-year conversion services contract
February 2, 2010	United States: AREVA receives NRC approval for safety-related digital I&C system
February 4, 2010	AREVA, KEPCO sign partnership to develop Imouraren mine, plan to extend cooperation
February 5, 2010	Transmission and Distribution: AREVA awarded two major extra high voltage contracts by Power Grid Corporation of India
February 5, 2010	AREVA and EDF reach agreement on used nuclear fuel management
February 8, 2010	AREVA to acquire the US solar company Ausra
February 21, 2010	Jordan: AREVA and JAEC sign historical mining agreement
March 4, 2010	Annual results 2009
March 10, 2010	Anticancer treatments: AREVA to build isotope production facility
March 11, 2010	Transmission & Distribution: AREVA wins Extra High-Voltage substation order in India

→ 2. Information filed by AREVA with the Court Registrar of the Paris Commercial Court

Date	Information
May 20, 2009	<p>2008 annual report, including:</p> <ul style="list-style-type: none"> the 2008 consolidated financial statements and Statutory Auditors' report; the 2008 corporate financial statements and Statutory Auditors' report; the Executive Board's management report, presented to the Annual General Meeting of Shareholders of April 30, 2009; the report of the Chairman of the Supervisory Board and the Statutory Auditors' report on internal control procedures; the resolutions proposed to the Annual General Meeting of Shareholders of April 30, 2009. Originals of the Statutory Auditors' reports on the consolidated and corporate financial statements. Recommendation for allocation of earnings.

→ **3. Information published by AREVA in the *Bulletin des Annonces Légales Obligatoires* (BALO), available on the BALO website (www.balo.journal-officiel.gouv.fr)**

Date	Information
November 12, 2008	Notice of Meeting of the Annual General Meeting of Shareholders of December 18, 2008
March 23, 2009	Notice of Meeting of the Annual General Meeting of Shareholders of April 30, 2009
May 29, 2009	Financial statements for 2008: consolidated statements, parent company statements, allocation of earnings and reports of the Statutory Auditors

→ **4. Financial advertising**

February 26, 2009	<i>Les Échos</i>	2008 financial results
February 26, 2009	<i>La Tribune</i>	2008 financial results
February 26, 2009	<i>Le Figaro</i>	2008 financial results
February 28, 2009	<i>Investir</i>	2008 financial results
February 28, 2009	<i>Le Journal des Finances</i>	2008 financial results
September 1, 2009	<i>Les Échos</i>	Half-year 2009 financial results
September 2, 2009	<i>Le Figaro</i>	Half-year 2009 financial results
September 5, 2009	<i>Investir</i>	Half-year 2009 financial results
March 5, 2010	<i>Les Échos</i>	2009 financial results

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Appendix 6

Values Charter

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→ Values Charter

Sir, Madam and Colleague,

Together, in just a few years time, we have turned AREVA into an industrial group with a global reach, a participant in the great economic, social and environmental challenges of our time.

We are right to be proud of this position. But it also confers special responsibilities upon us, calling for behavior that is above reproach in all circumstances. Our rules of conduct are set forth in "Our Values at AREVA". These values are rooted in the conviction that rigorous business ethics are integral to strong financial performance.

The product of teamwork, this Charter is both the reflection of our corporate culture and the expression of our commitment to sustainable development. These values must govern our business decisions and activities every day.

I am counting on every one of you, regardless of your duties, affiliate or country, to put "Our Values at AREVA" into practice, to defend them, and to promote them.

Anne LAUVERGEON
Chief Executive Officer of AREVA

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→ 1. Preamble

A shared and responsible vision

As a commercial company in a competitive market, we offer technological solutions for nuclear power generation and electricity transmission and distribution. Our goal is to achieve the greatest possible returns and performance by designing, marketing and supplying products and services that are competitive, safe and harmless to the environment and that help improve standards of living for our planet's inhabitants. We expect every one of our employees to work towards this goal. The AREVA employee complies with the laws of the country in which he or she works and, universally, has the utmost respect for human rights.

Energy is a basic requirement for worldwide economic development, particularly in less developed countries, but the greenhouse effect depends to a great extent on how that energy is produced. AREVA feels a strong sense of responsibility towards our neighbors on this planet

and towards the generations that will succeed us. We endorse the U.N. Global Compact, and sustainable development and continuous improvement form the core of AREVA's industrial strategy. We also comply with the OECD Guidelines for Multinational Enterprises and with the Extractive Industries Transparency Initiative (EITI).

In a complex, multicultural and changing world, Our Values at AREVA, the group's Values Charter, offers guidance to our employees. Not only will they find in them a clear explanation of their rights and responsibilities with regard to AREVA and all of our stakeholders, they will also find values with which they can identify, values worth defending.

AREVA's values express the responsibility of the group to our customers, our employees, our shareowners and all of the communities in which we play a role, directly or indirectly.

→ 2. Our values at AREVA

Our values at AREVA are all about the best possible economic performance as a company while respecting human rights, the environment in the broadest sense of the term, and the laws that protect them. In a word, these values seek to satisfy stakeholder requirements, in the present and over the long term.

Customer satisfaction

Our growth and sustainability as a group, and thus our ability to meet our commitments to our stakeholders, are conditioned on customer satisfaction. AREVA will apply all of its skills and resources to achieving customer satisfaction.

Profitability

We have a duty to achieve and maintain high returns for our shareowners, our employees and all of our stakeholders.

Responsibility

As a major player in the energy market, we have a special responsibility not only to our direct stakeholders, but to the public- at large, which will ultimately benefit from our products and services.

Integrity

Honesty, integrity and loyalty govern all our actions and practices. We comply scrupulously with the laws and regulations of every country in which we operate.

Acute sense of professionalism

The very nature of our businesses demands an acute sense of professionalism. This means superior know-how and constant vigilance in matters of safety, security, environmental protection and quality assurance. AREVA fosters team spirit and creates working conditions that are conducive to professional fulfillment.

Sincerity

Sincere communications and openness to dialog are hallmarks of our communication programs. Our goal is to provide reliable and pertinent information enabling an objective assessment of our environmental, financial, social and societal performance.

Partnership

AREVA seeks to build frank and constructive relationships with all stakeholders. To meet their needs, we cultivate a spirit of partnership based on mutual responsibility, receptiveness and dialog. Our approach is to become involved in every one of the communities in which we do business. It is based on respect for local customs and on understanding the communities' wishes.

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→ 3. Principles of action

With regard to AREVA's stakeholders

Customers

AREVA's goal is to offer products, services and expertise enabling our electric utility and manufacturing customers to grow while meeting their responsibilities with regard to their own stakeholders.

AREVA's ears are always open to our customers. We try to anticipate as well as meet their needs. We deliver what we promise and we don't promise more than we can deliver.

At AREVA, we respect our customers' culture and work to protect their image and their interests.

Our technologies and services are designed, supplied and marketed in accordance with the highest safety, security, environmental protection and quality standards.

We protect the confidentiality of the data and know-how that our customers and partners entrust to us with the same degree of care as if they were our own, to the fullest extent of the law and regulatory requirements.

Shareowners

AREVA is guided by principles of corporate governance, particularly in its pursuit of shareowner returns and growth of their invested capital.

Our shareowners deserve accurate and pertinent financial information, and we, at AREVA, make every effort to ensure that they receive it.

We believe that all shareowners should be treated equally, and we go beyond the minimum requirements set by stock market regulators to ensure that we do so.

Employees

AREVA's commitments to its employees

AREVA's workforce is constituted without discrimination as to, in particular, race, color, religion, age, gender, sexual orientation, political opinions, national extraction or social origin. We believe that management should increasingly mirror this diversity.

We are committed to creating good working conditions and providing our employees with the resources they need to achieve professional fulfillment.

We trust our employees and are committed to honest, frank, two-way dialog with them and the organizations that represent them.

We wish to help employees maintain and increase their know-how in every aspect of their job, and we offer training programs for that purpose.

At AREVA, we respect the privacy of our employees. AREVA remains neutral regarding political opinions, philosophical beliefs and religious faiths. We expect our employees to respect the beliefs of others and to refrain from any proselytizing.

Employee commitments to AREVA

Employees are expected to comply with the AREVA Values Charter. They are the owners and the defenders of these values, individually and as a group.

The same is expected of temporary personnel.

AREVA employees are customer-oriented. They demonstrate an acute sense of professionalism, skill, precision and rigor, and obey laws and regulations.

They shall keep a formal trace of all the operations they perform, as well as of those that they have had subcontracted to others.

Alerting management to a malfunction or a legal or regulatory non-compliance is both a reflex and a duty. When it comes to AREVA's proper operation, there shall be no internal hierarchical barrier to the transmittal of the alert.

AREVA employees take pride in achieving and maintaining excellence in product and service quality. They impart knowledge to each other to ensure that everyone does the same. Lessons learned shall be systematically put into practice.

Suppliers and subcontractors

AREVA seeks, through a competitive process, lasting partnerships with its suppliers and subcontractors as a means of offering its customers the best possible level of service.

AREVA shall do its utmost to ensure that regular suppliers to its core businesses, subcontractors, financial partners, consultants and commercial intermediaries (distributors, agents, etc.) subscribe to this Charter.

Their own regular suppliers and subcontractors and AREVA's manufacturing partners are also urged to subscribe to it, at least for those activities directly relating to AREVA.

We are committed to frank, fair, unbiased and mutually respectful relations with all of our suppliers, subcontractors and partners from the very beginning of the procurement process.

We will protect their image and confidential data with the same degree of care as if they were our own.

We reserve the right to verify that supplier and subcontractor practices are consistent with AREVA's values at any time and at any point in the supply chain for goods and services.

When our subsidiaries serve as suppliers, they are treated with the same fairness and respect as other suppliers.

The public, the planet

Our pledge to the community, the public and the planet is to respect the environment and nature wherever we conduct business and to conserve natural resources, especially through recycling.

At AREVA, we are committed to openness and involvement in public forums, and we shall use our information and communication resources ethically. We shall make every effort to provide

straightforward information on our business strategy, our technologies and our performance to decision-makers and citizens alike.

→ 4. Rules of conduct

International treaties

In the nuclear business, we supply products, services and technologies only to nations and companies from those nations that comply with international provisions in force relative to non-proliferation, IAEA safeguards and export controls. This is an absolute condition. We also comply with the governmental export policies, laws and regulations of the nations in which AREVA is located.

Conflicts of interest

All employees shall show loyalty to AREVA. Any situation in which their personal interests or those of their relations might conflict with the business interests of the AREVA group should be immediately called to the attention of their immediate supervisor. Such conflicts include relationships with suppliers, customers, known competitors or any organization or person associated with AREVA or that seeks such association.

Employees shall not intentionally place themselves in a conflict of interest situation and may not participate in any evaluation, meeting or decision relative to subjects in which they or their relations have a personal interest.

To avoid any ambiguity or appearance of favoritism, a spouse, child or other relation of the employee may only be hired or given any kind of assignment with the permission of the employee's supervisor, following the same conflict of interest rules, and only based on objective criteria. The employee in question may not participate in the selection of his or her relation.

Conflicts of interest called to the attention of a supervisor are reviewed case by case by both the supervisor and the supervisor's supervisor. They shall settle the conflict in accordance with the law and regulations in effect. It is not possible to list every conceivable conflict of interest situation. The following potential conflicts of interest shall in particular be declared by employees:

- a manager or a relation holding personal interests in a company that is a customer, supplier (including consultants, financial partners and others) or competitor of the group;
- an employee sitting on the Board of Directors or who is an executive of an outside company associated with the group;
- an employee or a relation who is a consultant or occupies a management position or is a member of the marketing and sales or purchasing department of another company associated with the group or that seeks such association;

- an employee or a relation who provides premises, equipment or personal property to the group for a fee.

Insider trading

Business confidential information is identified to management and employees and it is their duty to maintain the confidentiality of such information with regard to others, including their relations. They have received a copy of the Executive Board memorandum dated January 31, 2002 on the prevention of insider trading.

Managers shall agree not to acquire or to sell, directly or indirectly, shares or securities in subsidiary companies, whether publicly listed or not, as provided by law, except as provided in an AREVA group procedure relative to the protection of inside information. They shall further agree to inform the appropriate management control body of their company immediately if any such acquisition or sale is made.

Corruption, gifts and improper advantage

General practice

Relations between group employees and the group's customers, suppliers and partners, and public services shall be handled with objectivity and integrity. Management shall be notified forthwith of any known cases of corruption, be it active or passive, and of any attempts to corrupt third parties, and shall immediately take the measures it sees fit to determine the veracity of the situation, notably by performing the appropriate audits, and to put an end to this unlawful behavior should it be proven.

AREVA prohibits corruption in any form whatsoever, public and private, active and passive. AREVA shall refrain from giving, proposing, promising or soliciting, either directly or indirectly, all payment or supply of services, gifts or leisure activities from or to a government official or private agent, in order to illegally obtain or conserve a market or a competitive advantage.

Employees shall avoid all situations in which they might find themselves beholden to a third party, however temporarily, as well as all ambiguous situations and all situations in which misunderstanding is possible.

Gifts

AREVA is perfectly aware that exchanging small gifts or invitations of nominal value can, on occasions, make a legitimate contribution to good business relations. However, in both the public and private sectors, gifts or invitations shall be offered and received by employees

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APPENDIX 6 VALUES CHARTER

Rules of conduct

in strict compliance with all applicable laws and regulations, and in a totally transparent manner. Gifts or invitations should never influence decisions, or be seen as having an influence on those giving and receiving them.

In this respect, employees must demonstrate sound judgement and a heightened sense of responsibility.

If an employee is obliged to accept or give a gift or invitation of considerable value to comply with local custom, protocol and other circumstances, he/she shall refer the matter to the appropriate managerial level where a decision will be taken as quickly as possible in accordance with all applicable laws and regulations.

Gifts between AREVA business units or subsidiaries and any other internal marketing expenses are not allowed.

Payments

All AREVA entities and all managers must be able to justify the actual source and use of any sum at all times. This also applies to interim project accounting.

All sums, whether paid or received, must be completely and exactly described in a contract and recorded as such in the corporate accounts.

Payment methods that intentionally or unintentionally hide the identity of a payer or a beneficiary are forbidden.

Any contract with a commercial intermediary must be approved in advance by the legal and financial management of the main reporting subsidiary.

Political financing

No AREVA group company shall provide funds or services to a political party, a holder of a public office, or a candidate for such office.

However, in member nations of the OECD, where corporate contributions of this kind are legal, electoral campaign funding that complies with the legislation in effect in those nations is allowed. These contributions are subject to the prior written approval of the senior executive of the subsidiary in question, who shall endeavor to keep them to a minimum.

The amount of the funding and the recipients shall be listed in the summary report attached to the annual compliance letter prepared by the senior executive of the subsidiary.

Patronage, donations, humanitarian activities

AREVA's Patronage and Sponsorship Committee defines policy and establishes programs for such activities. Employee involvement in the programs is of particular interest to the Committee.

Spirit

AREVA's patronage and sponsorship activities follow the principles set forth in the Preamble to this Charter. These activities are strictly benevolent and are not contingent upon a commercial or administrative benefit to the group.

Conditions

AREVA's role in these activities is limited to sponsorship. AREVA takes no responsibility for the management or execution of the activities it sponsors and agrees to sponsor projects or activities on the express condition that the organizers take sole responsibility for them and have met all of the pertinent legal and administrative requirements and secured the necessary approvals and guarantees.

Donations to governmental agencies, local administrations or individuals are not allowed, nor are cash payments for any reason.

Competition

AREVA and its employees shall comply with all applicable French, European and international competition laws and with the laws in force in all countries in which the group does business.

AREVA and its employees shall refrain from distorting, either directly or indirectly, a free spirit of competition in all of its commercial transactions. They shall also refrain from all unfair behavior towards competitors and shall not enter into illegal competition agreements.

All information on third parties, particularly AREVA's competitors, shall be collected or used in strict compliance with all applicable laws.

Threats against persons and property

Employees shall immediately call any situation that may threaten persons or property to the attention of management.

Persons

AREVA shall ensure that operations performed at its sites comply with applicable rules and regulations and with the group's policies on health, safety and environmental protection.

We conduct our operations with the utmost respect for human dignity and will not tolerate harassment of any kind nor any violation of human and children's rights.

Any failure to meet these obligations shall be called to the attention of the appropriate level of management, which shall immediately ascertain whether such practices have occurred, call for the necessary audits to be conducted, and put a stop to such practices immediately.

Reputation and brand image

AREVA's reputation is one of its most vital assets.

Employees shall neither do nor say anything that could have a deleterious effect on AREVA's reputation, image or credibility.

Criticism, smugness, rudeness and disregard for others in an international setting are a sign of disrespect for one's host and are unacceptable behavior in our employees.

Intangible corporate assets

Employees shall ensure that confidential information, whether marked as such or not, is protected from infringement, theft, loss, deterioration, diversion, disclosure, reproduction, falsification or use for non-work-related, illicit or secret purposes, particularly on the internet and intranet.

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This relates in particular to technical and administrative data; files on customers, prospects and suppliers; software; passwords; documentation and drawings; methods and know-how; proprietary manufacturing methods, skills and parameters; intellectual and industrial property; estimates; contracts and agreements; unpublished cost and sales prices; strategic and commercial objectives; R&D information; financial and labor-related information; and the names of specialists— and experts and their contact information.

Primacy of our values at AREVA

Any employee who receives an order that is manifestly contrary to the AREVA Values Charter may legitimately refuse to comply, shall immediately report the matter to the AREVA group, and will not suffer any kind of retaliation if the facts cannot be questioned.

→ **5. The 10 Principles of the U.N. Global Compact**

The Global Compact's principles in the areas of human rights, labor and the environment enjoy universal consensus derived from:

- the Universal Declaration of Human Rights;
- the International Labor Organization's Declaration on Fundamental Principles and Rights at Work;
- the Rio Declaration on Environment and Development.

The 10 principles are:

Human Rights

Principle 1

Businesses are asked to support and respect the protection of international human rights within their spheres of influence; and

Principle 2

make sure their own corporations are not complicit in human rights abuses.

Labor

Principle 3

Businesses are asked to uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4

the elimination of all forms of forced and compulsory labor;

Principle 5

the effective abolition of child labor; and

Principle 6

the elimination of discrimination in respect of employment and occupation.

Environment

Principle 7

Businesses are asked to support a precautionary approach to environmental challenges;

Principle 8

undertake initiatives to promote greater environmental responsibility; and

Principle 9

encourage the development and diffusion of environmentally friendly technologies.

Anti-corruption

Principle 10

Businesses should work against all forms of corruption, including extortion and bribery.

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→ Our values

→ **Customer satisfaction**

→ **Profitability**

→ **Responsibility**

→ **Integrity**

→ **Acute sense of professionalism**

→ **Sincerity**

→ **Partnership**

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→ 1. Technical glossary

> Actinide

Chemical element whose nucleus contains more than 88 protons. In order, the actinides are actinium, thorium, protactinium, uranium and the transuranic elements. Neptunium, americium and curium are often called minor actinides.

> Activation

Process by which a stable atomic nucleus is transformed into a radioactive nucleus. The transformation takes place when an atomic nucleus bombarded by a neutron flux captures a neutron.

> ADNR order

French modal order of March 12, 1998, amended, pertaining to the carriage of dangerous goods *via* inland navigation. The purpose of the order is to define rules specific to the carriage of dangerous goods in France by inland navigation, whether such carriage is national or international. It refers to the technical appendices of the Regulations for Carriage of Dangerous Goods on the Rhine (ADNR) adopted by a resolution of the Central Commission for Navigation on the Rhine (CCNR) of December 1, 1993.

> ADR order

French modal order of June 1, 2001, amended, pertaining to the carriage of dangerous goods by road. This order incorporates and supplements the provisions of the European Agreement on the International Carriage of Dangerous Goods by Road of September 30, 1957 (ADR), and its appendices, and defines rules specific to the carriage of dangerous goods by road in France, whether such carriage is national or international.

> ALARA

Acronym for "as low as reasonably achievable". This concept is used to keep personnel exposure to ionizing radiation as low as reasonably achievable, taking into account social and economic factors.

> Alloy

Metallic compound consisting of a mixture of several metals.

> Americium

Americium (Am) is an artificial element that belongs to the transuranic series of heavy elements. Like all transuranic elements, it has a number of isotopes, all of which are radioactive. It is formed in nuclear reactors by neutron capture from uranium and plutonium-239. It also forms by decay of plutonium-241.

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Technical glossary

> ANDRA (Agence nationale pour la gestion des déchets radioactifs)

The French national radioactive waste management agency, established by the French law of December 30, 1991. It is in charge of the long-term management and disposal of radioactive waste.

It has three areas of responsibility:

- an industrial mission, by which the agency provides for the management, operation and monitoring of radioactive waste disposal centers, designs and builds new centers for waste that is not acceptable in existing facilities, and defines radioactive waste packaging, acceptance and disposal specifications in accordance with nuclear safety rules;
- a research mission, by which the agency participates in and contributes to research programs pertaining to the long-term management of radioactive waste, in particular in cooperation with the French atomic energy commission (CEA); and
- an information mission, in particular through the development of a register of all radioactive waste on French territory.

> ARIA scale

European severity scale for industrial accidents made official in 1994 by the Committee of competent authorities of the member states, which oversees the application of the Seveso directive. It is based on 18 technical parameters designed to objectively characterize the effects or consequences of accidents: each of these 18 parameters includes 6 levels. The highest level determines the accident's severity index.

> ASN (Autorité de sûreté nucléaire)

The ASN is an independent administrative authority that is tasked by the French government to regulate nuclear safety and radiation protection and to keep the public informed on these subjects.

> Assembly, fuel assembly

A monolithic assembly of fuel rods filled with fuel pellets (in the case of MOX fuel, made of a mixture of uranium and plutonium oxides). Depending on the reactor's generating capacity (e.g. from 900 MWe to 1600 MWe), the reactor core contains from 150 to 240 fuel assemblies. The dimensions of the assemblies and the quantity of fissile material they contain are a function of the reactor type.

> Atom

The basic component of the chemical elements that form matter. It consists of a nucleus containing positively charged or neutral particles (protons and neutrons), around which negatively charged particulars (electrons) spin.

> Becquerel (Bq)

See *Units of measurement*

> Biomass

Biomass plants are facilities in which the biodegradable products, waste and residues of organic origin are burned to recover energy. The organic matter may come from agriculture (including both plant and animal matter), from forestry and related industries, such as fishing and aquaculture, and from biodegradable industrial and municipal waste.

Biomass is present in the natural state and is neither covered nor saturated with any substance of any kind. It includes wood in the form of chips, bark, shreddings, sawdust, sandings and scraps from the wood industry, from processing, and from wood crafts.

> Burnup

Fuel depletion is estimated by its specific burnup, expressed in gigawatt days per metric ton of heavy metal (GWd/MTHM). This is the unit of measurement for the energy supplied by the fuel during its irradiation in the reactor.

> BWR

Boiling water reactor: nuclear reactor moderated and cooled by light water brought to the boiling point in the reactor core under normal operating conditions.

> Carbon credits

Allowances allocated to project carriers that generate reductions in greenhouse gas emissions, which they may then trade to help finance their project. The credits, which are generally calculated in metric tons of CO₂ equivalent, where one credit represents a CO₂ reduction of one metric ton, are used to offset greenhouse gas emissions generated by the use of fossil fuels in the industrial, transportation or housing sectors.

Countries that have signed the Kyoto Protocol use carbon credits to achieve their emission reduction objectives under the Protocol.

> Casks

A combination of components designed to safely contain the radioactive material transported. It may include a variety of special materials, such as radiation-absorbing materials or thermal insulation materials, as well as service equipment, impact limiters, and devices for handling and securing.

> CEA (Commissariat à l'énergie atomique et aux énergies alternatives)

The CEA is a public scientific, technical and industrial research organization that is in a category by itself in France.

It is active in three main areas: defense and global security, energies that do not emit greenhouse gases, and technologies for information and health. It is tasked with promoting the use of nuclear power for scientific and industrial purposes and for national defense.

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> Chemical element

Two atoms with the same number of protons in their nuclei are of the same chemical element.

> Cladding

Sealed metal tube constituting the outside of the fuel rod in which the nuclear fuel is inserted to protect it from corrosion by the coolant and prevent the dispersion of fission products. Cladding constitutes the primary safety barrier. For pressurized water reactor fuel, the cladding is made of zircaloy, an alloy of zirconium.

> Clean-up

The clean-up of a nuclear facility covers all of the operations carried out to eliminate risks related to radioactivity remaining after the final shutdown of production. It consists of decontaminating the structures, equipment, floors and walls of the buildings.

> Containment

A system of protection that consists of containing radioactive products inside a designated closed area.

> Containment area

During the construction of a facility designed to contain radioactive materials, a series of containment barriers is put up between the materials inside and the environment outside the facility as part of the engineering structures. This creates separate areas called "containment areas".

> Containment barrier

System capable of preventing or limiting the dispersion of radioactive materials.

> Contamination

Presence of an undesirable level of radioactive substances (dust or liquid) on the surface or inside any medium. Contamination in humans may be external (on the skin) or internal (via the skin or the respiratory or digestive tracts).

> Controlled areas

Areas where access and conditions for residence time are restricted for reasons of radiation protection.

> Control rods

Control rods are made of neutron-absorbing chemical elements such as boron that serve to control the chain reaction in the core of the nuclear reactor, i.e. to regulate the neutron flux in the core.

> Conversion

Any chemical conversion of uranium ore leading to its enrichment and its ultimate use to fabricate nuclear fuel.

> Coolant

Fluid circulating in a nuclear reactor core that transports heat.

> Core, reactor core

The location inside the reactor vessel where nuclear fuel is placed, arranged in such a way that the fission chain reaction can take place.

> Criticality

A medium containing a fissile nuclear material becomes critical when neutrons are produced by fission of the material at the same rate as they dissipate through absorption and/or escape to the outside. To sustain a fission chain reaction, a reactor must be maintained in a critical state. In a subcritical state, not enough neutrons are produced and the reaction stops. In a supercritical state, too many neutrons are produced and a runaway nuclear reaction occurs that can rapidly get out of control.

> Decay

Natural reduction of the activity of a radioactive substance through spontaneous disintegration.

> Decommissioning

Administrative procedure consisting of removing a facility from the list of regulated nuclear facilities. At that point, the facility is no longer subject to the legal and administrative requirements pertaining to regulated nuclear facilities.

> Decontamination

Decontamination is a physical, chemical or mechanical operation designed to eliminate or reduce the presence of radioactive or chemical materials deposited on or in a facility, open area, equipment or personnel.

> Defense in depth

A series of lines of defense designed to prevent the appearance, or limit the consequences as necessary, of human or technical failures that could lead to accidental situations.

> Dismantling

Technical and administrative procedures carried out following the final shutdown of a nuclear facility to achieve a designated final state enabling it to be decommissioned. Besides the physical dismantling of all machinery and equipment, dismantling includes decontamination and radioactive waste management.

> Dose

Measurement of the exposure of an individual to radiation. Exposure is a function of the energy received and the effects related to the type of radiation. Doses are measured in millisieverts (mSv), a subunit of the sievert (1 Sv = 1,000 mSv). The mean annual dose from exposure to natural background radiation is 2.4 mSv/person in France.

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> Dosimeter

The instrument for measuring doses received by an individual or by that individual's organs.

> Electrolysis

Water electrolysis is the electrochemical process whereby liquid water is separated into oxygen and hydrogen by an electrical current passing between two electrodes. The resulting ions must be able to circulate freely to go from one electrode to the other; the two electrodes are linked by an electrolyte and by an electric current generator. In the alkaline electrolyzer, the electrolyte is in the form of a potash solution that circulates or is immobilized in a retention matrix; in the membrane electrolyzer, the electrolyte is in the form of a proton conduction ion exchange membrane.

> End-of-life-cycle obligations

End-of-life-cycle obligations include all of the obligations for shutting down and dismantling nuclear facilities and managing radioactive waste.

> Energy Market Management System

Management software for energy markets that allows power generators and distributors to manage their commercial relations more effectively. The software provides strategic planning; deal conclusion, risk management and optimum processing; and customer account management.

> Enriched uranium, depleted uranium

Before it is used to fabricate fuel elements, natural uranium is enriched in U_{235} to a concentration ranging from 3% to 5%. Natural uranium is used to produce uranium enriched in U_{235} . The physical or chemical processes used to enrich uranium also produce uranium that has a lower concentration of U_{235} than natural uranium: this is known as depleted uranium.

> Enrichment

Process used to increase the abundance of fissile isotopes in an element. Naturally occurring uranium consists of 0.7% U_{235} (fissile isotope) and 99.3% U_{238} (non-fissile isotope). The proportion of U_{235} is increased to 3-5% to make it usable in a pressurized water reactor.

> Environmentally regulated facility (ICPE)

“Regulated facilities” means “listed facilities that may represent hazards or drawbacks, whether for the convenience of the surrounding area, for health and safety, for agriculture, for the protection of nature, the environment and the countryside, or for the preservation of sites and monuments as well aspects of an archeological nature.”

> Environmental Management System

An Environmental Management System is a systematic process for identifying and improving environmental performance that can lead to certification.

> EPR™ reactor

The EPR™ reactor is a generation III+ pressurized water reactor (PWR). It generates 1,650 MWe of electric power and features a greater level of safety than generation III reactors and simplified operations and maintenance. It also has a projected service life of 60 years, compared with an initial service life of 40 years for the reactors currently in operation around the world.

> ERU

Enriched reprocessed uranium

> EURATOM

European Atomic Energy Community Treaty signed in Rome on March 25, 1957, together with the treaty that founded the European Economic Community (EEC). It institutes the European Atomic Energy Community, which aims to establish “the conditions necessary for the formation and rapid growth of nuclear industries”. Its mission consists of contributing, through the development of nuclear energy, to the sharing of knowledge, infrastructure and financing and to ensuring the security of supply within the framework of centralized control. The 27 member states of the European Union are members.

> Exposure

Exposure of an organ or an organism to a source of radiation, characterized by the dose received.

> Fertile

Said of a nuclide that can be converted into a fissile nuclide via capture of a neutron.

> Final radioactive waste

Radioactive waste that can no longer be treated, in particular by extracting its reusable content, under current technical and economical conditions.

> Fissile

Refers to a nuclide capable of undergoing fission when hit by neutrons, even when those neutrons have low energy. Atomic fission generates several neutrons.

> Fission

The spontaneous or forced splitting of a heavy nucleus – usually upon impact with a neutron – into two or three smaller nuclei, or fission products, accompanied by the emission of neutrons and radiation and the release of a considerable amount of heat. The substantial energy released is the principle underlying nuclear power generation.

> Fission products

Fragments of heavy nuclei produced by nuclear fission or by the subsequent radioactive decay of nuclides formed during this process. These fission fragments and their decay products are collectively referred to as “fission products”.

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> Fuel cycle

The combination of industrial operations involving nuclear fuel. These operations include uranium ore mining and processing, uranium conversion and enrichment, fuel fabrication, used fuel treatment, recycling of recovered fissile materials, and radioactive waste management. The fuel cycle is said to be “closed” when it includes used fuel treatment and recycling of fissile materials recovered by such treatment. The cycle is said to be “open” when it does not include the recycling of the used fuel, considered to be waste to be sent directly to disposal following use in the reactor.

> Fuel rod

Metal tube made of a zirconium-based alloy measuring about 4 m long (about 13 feet) and 1 cm in diameter (2/5 of an inch) and filled with about 300 pellets of nuclear fuel. The tube is known as cladding.

> Fuel storage pool

Pools in which used fuel is stored for cooling after it is unloaded from a reactor. The water shields personnel from the radiation emitted by the spent fuel.

> Fundamental safety rules (RFS in French)

Rules applying to regulated nuclear facilities stipulating the requirements to be met to comply with French regulations.

> Gaseous diffusion

Process for the isotopic separation of molecular species that uses the difference in the velocity of these molecules, due to their different mass, and thus the different rates at which they pass through a semi-permeable membrane. The uranium hexafluorides $U_{235}F_6$ and $U_{238}F_6$ can be separated in this way, causing enrichment in U_{235} , the fissile isotope of uranium, for nuclear fuel.

> General operating rules (RGE in French)

Document describing the operating rules defined for the facility and identifying items important for safety. It describes measures to be taken if facility performance is outside the normal operating mode.

> General radiation protection rules

Document describing the combination of measures taken to ensure the protection of people and prevention of the risk of exposure to radiation.

> Generation IV

An innovative reactor system or reactor type that could go online by the 2040 to 2050 timeframe. These reactor systems are being designed in the framework of international cooperation known as the Generation IV International Forum, in which France is participating. These systems aim to respond to the need to reduce waste volumes, conserve resources, and ensure greater safety and reliability in the nuclear reactors of the future.

> GIS (Gas-Insulated Switchgear)

Gas-insulated switchgear. Dry, clean gas is used to insulate live conductors.

Sulfur hexafluoride (SF_6) is used as an insulation medium instead of air. This considerably reduces distances between high voltage components. Gas-insulated equipment and substations are more compact than air-insulated equipment, but they are also more costly. SF_6 is a greenhouse gas.

> Glove box

A transparent enclosure in which equipment or materials can be handled in isolation from the operator. Handling is done with gloves attached in leakproof manner to openings in the wall of the enclosure. The enclosure is generally kept at slightly negative pressure to contain radioactive materials.

> Heat recovery

Heat recovery power plants use the residual heat from industrial processes to generate electricity. The technology consists of transferring heat to a heat recovery boiler to produce more heat and electricity via a steam turbine. Heat recovery power plants can reduce demand for energy from industrial facilities and therefore reduce their CO_2 emissions.

> Heavy Metal (MTHM)

Heavy metal is the nuclear material in fuel: uranium oxide, or a mixture of uranium and plutonium oxides in the case of MOX fuel. The unit of measurement commonly used for heavy metal is the metric ton of heavy metal (MTHM).

> HSE (Health and Safety Executive Nuclear Safety Directorate)

Counterpart of the French nuclear safety authority ASN in the United Kingdom. Field of jurisdiction: nuclear safety and radiation protection.

> Hulls

Pieces of tubing about 3 centimeters long produced at the treatment plant by shearing the metal cladding (fuel rods) that had contained nuclear reactor fuel.

> IAEA (International Atomic Energy Agency)

International organization under the aegis of the United Nations whose role is to promote the peaceful use of nuclear power and to verify that nuclear materials in users' possession are not diverted to military uses.

> INES scale (International Nuclear and Radiological Event Scale)

International scale used for purposes of public communication that defines the severity of a nuclear event at a facility or during the transportation of materials. The scale ranges from level 1 (deviation with no safety significance) to level 7 (major accident with long-term off site consequences).

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GLOSSARIES

Technical glossary

> Information Commission

In France, information commissions (*Commission d'information*, CI) are set up near nuclear sites related to national defense. Their mission is to inform the public of the impact of nuclear operations on health and on the environment.

> In-service inspection

Combination of inspections performed periodically in a facility during a scheduled outage.

> In situ recovery

Mining method consisting of recovering a mineral by injecting an acidic or alkaline oxidizing solution directly into the geologic stratum containing the mineral to dissolve it.

> Instrumentation and control system

Any system used to perform measurements automatically, operate control systems, and ensure the operating safety of a nuclear power plant or any other complex industrial system.

> Internal Emergency Plan (PUI in French)

The Internal Emergency Plan (PUI) describes the organization and resources for dealing with different types of events, whether an incident or an accident, that could impact health through exposure to radiation.

> IPCC

Intergovernmental Panel on Climate Change. Consisting of experts from the United Nations, the IPCC was established in 1988 at the initiative of the G7 countries. It is now part of the World Meteorological Organization under the United Nations Environment Program (UNEP). Its role is to assess scientific, technical and socioeconomic information concerning the risk of human-induced climate change. In this regard, it publishes several reports that forecast, among other things, an average increase in global temperatures in one century.

> Irradiation

Exposure of an organism or an organ to radiation when the radiation source is outside the organism.

> IRSN (see also ASN): Institut de radioprotection et de sûreté nucléaire

The French institute for radiation protection and nuclear safety, a public industrial and commercial agency whose mission, in particular, is to conduct research and assessments in the fields of nuclear safety, protection of people and the environment from ionizing radiation, and nuclear materials safeguards. IRSN provides technical support to the ASN.

> ISO Standard

From the International Standards Organization. The ISO 9000 standards set organizational and management system requirements for quality to demonstrate the conformity of a product or service to customer requirements. The ISO 14000 standards set requirements for environmental organization and management system designed to prevent pollution and reduce the environmental effects of an activity.

> Isotopes

Nuclides whose atoms have the same number of protons in their nuclei, but a different number of neutrons. For example, three main types of uranium isotopes are found in nature: U_{234} (92 protons, 92 electrons, 142 neutrons), U_{235} (92 protons, 92 electrons, 143 neutrons), and U_{238} (92 protons, 92 electrons, 146 neutrons). All of the isotopes of a given element have the same chemical properties, but different physical properties (mass in particular).

> Isotopic assay

Ratio of the number of atoms of a given isotope of an element to the total number of atoms of that element contained in matter. Isotopic assay is expressed as a percentage.

> Isotopic separation cascade

Arrangement of separative elements ("stages"), which are interconnected to increase the separative effect of a unit element. The gaseous diffusion and centrifugation enrichment processes separate uranium-238 and uranium-235 by exploiting the difference in mass between the isotopes. Because the separative potential of these processes is low to very low, the basic step must be repeated a number of times in a cascade to achieve the desired level of enrichment. A series of these gaseous diffusion or centrifuge stages are assembled to form a cascade.

> ITER

The International Thermonuclear Experimental Reactor is a research initiative born of the collaboration of the international scientific community. Its objective is to build a controlled fusion demonstrator to validate the potential of nuclear fusion energy.

> Leaching, in situ leaching (or in situ recovery), heap leaching

Extraction of metals through selective dissolution of ore using chemical solutions, whether acidic or alkaline. Leaching may be static, in the case of ore that is placed in a heap on an impermeable pad and sprayed, dynamic, in the case of ore mixed with solutions in a processing plant, or in situ, where solutions are injected into the geologic layer containing the ore and pumped out.

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> Light water

Water consisting of hydrogen and oxygen, as opposed to heavy water, which is a combination of oxygen and deuterium. It is used both to cool the fuel and recover the energy produced, and to slow the neutrons to trigger fission in certain reactors.

> Local Information and Consultation Committee

In France, Local Information and Consultation Committees (*Comité local d'information et de consultation*, CLIC) are established near any industrial chemical facility, or Seveso site. The CLIC's mission is to create a framework for dialogue and information on action taken by operators of regulated facilities, under the oversight of government agencies, to prevent the risk of a major accident at the facilities.

> Local Information and Follow-up Committee

In France, the Local Information and Follow-up Committee established near the Bure underground research laboratory (*Comité local d'information et de suivi*, CLIS) is tasked with a general mission of follow-up, information and consultation on radioactive waste management, and in particular on the disposal of such waste in deep geological formations.

> Local Information Commission

In France, Local Information Commissions (*Commission locale d'information*, CLI) are established near a site with one or more regulated nuclear facilities. Their general mission is to provide follow-up, information and consultation in matters pertaining to nuclear safety, radiation protection and the impacts of nuclear operations on people and the environment as regards site facilities. The CLI publishes the results of its work on a large scale, in a form that is easy to access by the public.

> Local Information Commission for Major Energy Facilities of the Tricastin Site

In France, the Local Information Commission set up for the Tricastin nuclear site is known as CLIGEET (*Commission locale d'information auprès des grands équipements énergétiques du Tricastin*).

> Mine tailings

Earth, sand or rock that does not contain ore but that must be extracted to gain access to the ore itself.

> Mission de sûreté nucléaire et de radioprotection (MSNR)

The MSNR is part of the French Ministry of Ecology, Energy, Sustainable Development and the Sea; it participates in government missions concerning nuclear safety and radiation protection. In particular, in liaison with the French nuclear safety authority ASN, it recommends government policy in matters of nuclear safety and radiation protection, except for operations and facilities involving national defense and radiation protection for workers. It oversees the activities of the ASN on behalf of the ministers in charge of nuclear safety and radiation protection.

> Modal shift orders

These are French administrative orders that set rules for various transport modes (mainly road, rail and river) concerning vehicles, packages, professional driver/conductor/pilot training, and documentation to be provided for the carriage of dangerous goods. The rules stem from international and European Community laws and apply in particular to the carriage of radioactive materials (class 7 carriage).

> Moderator

Material designed to slow neutrons produced by nuclear fission.

> MOX (Mixed Oxides)

A blend of uranium and plutonium oxides used to fabricate certain types of nuclear fuel.

> National Radioactive Waste and Materials Plan (PNGMDR in French)

The National Radioactive Waste and Materials Plan (PNGMDR in French) assesses existing management methods used for radioactive waste and materials, identifies foreseeable storage and disposal facility requirements, indicates the needed capacities and duration of storage and, in the case of radioactive waste for which no final management method exists, determines the objectives to be achieved.

> NEA (Nuclear Energy Agency)

The NEA is a specialized agency of the Organization for Economic Cooperation and Development (OECD) whose mission is to assist its member countries in maintaining and further developing, through international cooperation, the scientific, technological and legal bases that are indispensable to the safe, environmentally friendly and economical use of nuclear energy for peaceful purposes.

> Neutron

Electrically neutral elementary particle that enters into the composition of the atom's nucleus, along with the protons.

> Neutron poison

Substance which, when placed or produced in a nuclear reactor, can slow or stop the fission chain reaction by absorbing neutrons.

> Non-proliferation

"Non-proliferation" designates the political and/or technical means used to prevent nuclear proliferation. Several non-proliferation treaties have been signed since 1969. They prohibit nuclear weapons countries from transferring their knowledge to other countries. The other signatory states agree not to acquire a nuclear deterrent capability.

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> Nozzle

Metal parts located at the top (top nozzle) and bottom (bottom nozzle) of a fuel assembly. The top nozzle is used for handling of the assembly.

> NRC (Nuclear Regulatory Commission)

Counterpart of ASN in the United States. Field of jurisdiction: nuclear safety and radiation protection

> Nuclear engineering

Any activity relating to the design, construction or optimization of nuclear facilities.

> Nuclear island

A system encompassing the nuclear steam supply system and the fuel-related facilities, as well as the equipment required for the system's operation and safety. A "conventional island" consists of the alternating current turbogenerator coupled to the nuclear island, along with the equipment required for its operation.

> Nuclear materials

Designates radioactive compounds that may be recycled, either immediately or in the future, for their energy potential; this is the case of uranium and plutonium, for example, which contain fissile isotopes.

> Nuclear materials safeguards

They relate to two aspects:

- any measure taken by an operator to secure the materials they hold, including monitoring and accounting, containment, surveillance, physical protection of materials and facilities, and protection during transportation;
- inspections performed by government or international agencies such as the IAEA and EURATOM to verify the effectiveness and reliability of these measures.

In both cases, the purpose of safeguards is to prevent any loss or theft of material, particularly with malicious intent.

> Nuclear safety

Nuclear safety encompasses all of the technical provisions and organizational measures pertinent to the design, construction, operation, shutdown and dismantling of regulated nuclear facilities and to the transportation of radioactive materials, and designed to prevent accidents and limit their consequences.

> Nuclear security

Nuclear security includes nuclear safety, radiation protection, prevention and control of acts of malevolence, and emergency preparedness in the event of an accident.

> Nuclear steam supply system (NSSS)

An NSSS consists of heavy components (steam generator, pressurizer and reactor vessel), mobile components (reactor coolant pump sets and control rod drive mechanisms), and the piping that connects them. All of these interconnected components circulate hot water and keep it in a liquid state inside the reactor's primary cooling system. The heat is produced by the fission of atomic nuclei contained in the fuel that is placed in the reactor core, inside the reactor vessel.

> Ore

Pure or combined rock containing one or more chemical substances that may be isolated using industrial processes.

> Packaging

Used fuel packaging: operation consisting of packaging used fuel for intermediate storage or final disposal.

Waste packaging: operation whereby waste is converted into a form suitable for transportation, storage and final disposal.

- Very low level radioactive waste (vinyl, cleaning rags, etc.) is placed in steel drums and compacted. Very low level radioactive rubble is placed loose inside special big bags.
- Low and medium level waste is first compacted to reduce its volume as much as possible, then packaged using encapsulation or grouting in a special material (concrete, bitumen or resin) to form compact solid blocks capable of withstanding environmental conditions. The grouting or coating material provides radiation protection.
- High level waste is melted with glass using the vitrification process, and then poured into completely leakproof stainless steel canisters.

> Plutonium

Chemical element with the atomic number 94 and conventional symbol Pu. Plutonium-239, a fissile isotope, is produced in nuclear reactors from uranium-238.

> Pressurized nuclear equipment

Equipment that is specially designed for nuclear applications and whose failure could give rise to radioactive releases.

Pressurized nuclear equipment is classified:

- into three levels, from N1 to N3, in particular as a function of the magnitude of radioactive releases that could result from their failure; and
- into five categories, from 0 to IV, based on risk, and in particular risk related to the temperature and pressure of the fluids they contain.

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> **Pressurizer**

Equipment used to create and maintain pressure in the primary cooling system at a level chosen to prevent the reactor cooling water from reaching the boiling point.

> **PWR**

Pressurized water reactor: nuclear reactor moderated and cooled by light water maintained in the liquid state in the core through appropriate pressurization under normal operating conditions.

> **Radiation**

Also referred to as "ionizing radiation", designates a release and transmission of energy in luminous, electromagnetic or corpuscular form.

> **Radiation, ionizing radiation**

Flux of electromagnetic waves (like radio waves, light waves, ultraviolet or X rays, cosmic rays, etc.), of particles of matter (electrons, protons, neutrons, etc.), or of a group of such particles. The flux carries energy in proportion to the wave frequency or to the particle speed. The effect of radiation on objects and living organisms is often to strip electrons from the atoms that make up their matter (whether living or inert), leaving ionized atoms in their wake, which carry electrical charges, hence the generic name of "ionizing" radiation.

> **Radiation protection, radiological protection**

Radiation (or radiological) protection is a set of rules, procedures, and means of prevention and monitoring directed at preventing or reducing the harmful effects of ionizing radiation on people, both direct and indirect, including those resulting from environmental damage.

> **Radioactive decay**

Spontaneous transformation of a radionuclide into another nuclide, accompanied by particle emission.

> **Radioactive half-life**

The time it takes for half of the atoms contained in a given quantity of radioactive substance to decay naturally. The radioactivity of the substance is thus divided in half. No external physical action is capable of modifying the half-life of a radioelement, except its "transmutation" into another radionuclide, through neutron capture, for example. Radioactive half-life varies from one radionuclide to another.

> **Radioactive materials**

A radioactive materials is a radioactive substance that emits radiation for which later use is planned or foreseen, such as after treatment.

> **Radioactive waste**

Waste consisting of radioactive substances for which there are no plans for further use.

> **Radioactive waste disposal**

The disposal of radioactive waste consists of placing radioactive substances in a specially designed facility for permanent keeping in accordance with the principles laid down in the French Environmental Code.

> **Radioactive waste disposal in a deep geological formation**

Disposal of radioactive waste in a specially designed underground facility in accordance with the principle of retrievability.

> **Radioactivity**

Phenomenon in which a nuclide is transformed, releasing radiation. Radioactivity may be natural or artificial. The radioactivity of an element gradually decreases over time as the unstable nuclei dissipate.

> **Radionuclide**

Any atom that emits radiation.

> **Radon**

Natural radioactive gas contained in the ground. It reaches the atmosphere through natural cavities and cracks in the ground and may build up in caves, cellars, homes, etc. if not vented.

> **Reactor, nuclear reactor**

Nuclear facility in which controlled nuclear reactions are conducted, producing heat that is used to make steam. The steam activates a turbine, which drives an electric generator.

> **Reactor coolant pump**

Motor-driven pump that circulates the water in the primary cooling system of a pressurized water reactor. It turns at close to 1,500 rotations per minute, pumping about 20,000 cubic meters of water per hour.

> **Reactor type**

Family of reactors presenting common general characteristics.

> **Reactor vessel**

A thick steel container enclosing the reactor core and the control systems for the fission chain reaction. The primary cooling water circulating in the reactor vessel is heated by recovering the energy produced in the form of heat.

> **Regulated nuclear facilities (INB in French)**

In France, a nuclear facility which by its nature or by the quantity or activity of any radioactive substances it contains, within the meaning of the INB nomenclature, is subject to the French law of June 13, 2006 on transparency and security as regards nuclear matters and to its implementing regulations. Monitoring of regulated nuclear facilities is carried out by the inspectors of the French nuclear safety authority, ASN (*Autorité de Sûreté Nucléaire*). A nuclear reactor is a regulated nuclear facility.

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> Renewable Energy

Energy produced from renewable, non-fossil sources that can be replaced within a human generation.

> RepU

Recycled uranium from the treatment of used fuel.

> Reserves / Resources

Reserves consist of ore inventories known with certainty that can be feasibly mined in the short term at a competitive economic cost. Resources consist of ore inventories whose existence is only presumed or estimated with a certain level of probability, and which are potentially mineable in the medium or long term at a cost that is not currently economically profitable.

> Residual power

Power released by the radioactivity of the nuclear fuel and other materials in a nuclear reactor that is shut down or in a used fuel assembly.

> RID order

French modal order of June 5, 2001, amended, pertaining to the carriage of dangerous goods by rail. The order incorporates and supplements the provisions of the regulations concerning the International Carriage of Dangerous Goods by Rail (RID) implementing the Berne Convention concerning International Carriage by Rail (COTIF), adopted May 9, 1980.

It defines rules specific to the carriage of dangerous goods by rail in France, whether such carriage is national or international.

> Rod cluster control assembly

Equipment containing the neutron-absorbing elements used to control the nuclear fission chain reaction in a nuclear reactor. The chain reaction can be slowed or stopped by introducing the rod cluster control assembly into the fuel core.

> Safety analysis reports

Reports describing the design of licensed nuclear facilities and the measures taken to ensure safety. These reports identify the risks presented by the facility and analyze the measures taken to prevent those risks as well as measures conducive to reducing the probability of accidents and their effects.

> Safety review

The safety review of a facility is used to assess the facility's status in terms of the rules applicable to it and to update the assessment of the risks and drawbacks that the facility may present, taking into account in particular the condition of the facility, the experience acquired from operations, the accumulation of knowledge, and the rules applicable to similar facilities.

> Safety system

A set of documents presenting measures taken to ensure the safety of a facility; the safety analysis report is one such document. In particular, it includes:

- a license decree (in France, if the facility was created or modified after 1963) and the license application file;
- requirements issued by the French nuclear safety authority ASN;
- a safety analysis report (SAR) and general operating rules (GOR) or general monitoring and servicing rules (RGSE);
- an Internal Emergency Plan (PUI), which may include sections that are common to the entire nuclear site in which the facility is located.

> Senior Committee for Transparency and Information on Nuclear Safety (HCTISN)

The HCTISN is a body for information, consultation and discussion of the risks related to nuclear operations and their impact on people's health, the environment and nuclear security. As such, it may issue opinions on any matter in these fields, as well as on related oversight and information. It can also examine any matter pertaining to the accessibility of information on nuclear safety and recommend any measure to ensure or improve transparency in nuclear matters.

> Shielding, biological shielding, biological protection

Protective shielding from radiation used to limit personnel exposure in nuclear facilities.

> Sites with Significant Environmental Aspects (SEA sites)

In AREVA's frame of reference, sites with Significant Environmental Aspects include: nuclear sites, sites with facilities representing major man-made risk per Seveso regulations, mine sites, plants with facilities subject to public inquiry, and industrial or office building sites which make a significant contribution to the group's environmental accounting.

> Specific burnup

See Burnup

> Specific Emergency Plan (PPI)

The Specific Emergency Plan (PPI) describes the emergency organization set up by government agencies in the event of an accident in a nuclear facility that could have off-site consequences. The call-up and coordination of resources required, depending on circumstances, are placed under the authority of the Prefect.

> Steam generator

Heat exchanger that transfers the heat from the water in the primary cooling system to the secondary system, where it is converted into steam that drives a turbine connected to an alternator to generate electricity.

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> Storage

Operation consisting of temporarily placing radioactive waste and materials in a specially designed surface or near-surface facility pending future retrieval.

> STUK (Radiation and Nuclear Safety Authority)

Finnish counterpart to the French nuclear safety authority, ASN. Field of jurisdiction: nuclear safety and radiation protection.

> SWU (separative work unit)

An enrichment plant's production is expressed in separative work units (SWU). This unit is proportionate to the quantity of uranium processed and is a measure of the work required to separate the fissile isotope.

> Ten-year inspections

Every 10 years, nuclear reactors are inspected thoroughly. The reactor's overall condition is assessed through detailed inspection of its principal components, i.e. the reactor vessel, the primary cooling system, and the reactor containment.

> Thermonuclear fusion

The energy from the stars, such as the sun, is produced by the nuclear process of fusion of light atoms, such as hydrogen. Fusion is the opposite of fission, for it corresponds to the merging (rather than the splitting) of atomic nuclei.

> Thorium

Natural radioelement that can produce the fissile uranium isotope uranium-233 through neutron capture.

> Trading

Commercial transactions in the natural uranium market in the form of the purchase, sale, exchange, lease or loan of uranium, which are not directly connected to the Group's mining operations.

> Transportation Emergency and Response Plan (PUI-T in French)

A Transportation Emergency and Response Plan (PUI-T) is instantly activated in the event of a transportation incident involving radioactive materials. A specially trained and equipped mobile response unit goes quickly to the scene of the incident and provides real-time information to the Monitoring Operations Center, the core component of the plan.

> Transuranic elements

Chemical elements in which the nucleus contains 92 protons (which characterizes the nucleus of uranium). The first transuranic elements are, in increasing order, neptunium, plutonium, americium and curium.

> Tritium

Beta ray-emitting isotope of hydrogen that is present in the natural state in the air and in effluents from light water reactors.

> UF₄

Uranium tetrafluoride.

> UF₆

Uranium hexafluoride.

> Ultracentrifugation

Uranium enrichment process that takes advantage of the difference in mass between the 235 and 238 isotopes of uranium in which a gaseous mixture of isotopes is spun at high speed and the centrifugal force is used to modify the composition of the mixture. Ultracentrifugation currently has the highest efficiency of the enrichment processes.

> Unit, nuclear unit

Unit for power generation consisting of a nuclear steam supply system, including the reactor, and a turbogenerator. Nuclear power plants generally have several units on one site.

> Units of measurement

- Becquerel (Bq): international unit of measurement of activity (1 Bq = 1 atomic particle disintegration per second). The becquerel is a very small unit. Formerly, activity was measured in curies (1 curie = 37,000,000,000 billion Bq).
- Sievert (Sv): unit of measurement for radioactive dose, i.e. the fraction of energy from radiation received by 1 kilogram of living matter, taking into account the effects related to the type of radiation on the organ in question. The millisievert (mSv) is used more frequently; it corresponds to one one-thousandth of a Sievert.

> UO₂ powder

UO₂ is the symbol for uranium oxide. Uranium oxide comes in powder or pellet form. It is the constituent component of nuclear fuel.

> Uranium

Chemical element with atomic number 92 and atomic symbol U, which has three natural isotopes: 99.28% fertile U₂₃₈; 0.71% fissile U₂₃₅ and U₂₃₄. The only naturally occurring fissile nuclide is U₂₃₅, which makes it useful as an energy source in reactors.

> Uranium concentrates

After uranium ore is mined, it is crushed and ground, then undergoes various chemical operations to produce a concentrate in the form of a yellow paste that is about 80% uranium, called yellowcake.

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> Uranium tailing

Depleted uranium with a U_{235} content of about 0.3%.

> Used nuclear fuel

Nuclear fuel is considered to be used when it has been removed permanently from the reactor core after having produced energy through nuclear fission.

> Used nuclear fuel recycling

After a reactor residence time of three to four years, the used nuclear fuel must be unloaded. At that time, 96% of the fuel's materials are reusable (95% uranium and 1% plutonium), while 4% are fission products and minor actinides (final waste).

> Vitrification

Process used to incorporate concentrated solutions of final radioactive waste (fission products and minor actinides) that are chemically separated from the used fuel into a glass structure by mixing it with a glass matrix at high temperature.

> Yellowcake

"Cakes" of about 80% uranium concentrates.

> Zircaloy

Zirconium alloy.

> Zirconium

Metal chosen for its mechanical strength and corrosion resistance in high-temperature water, combined with its very low thermal neutron absorption, to serve as the alloy based in the cladding of light water reactor fuel elements. Zirconium is highly resistant to corrosion at high temperature. It is therefore used in the form of an alloy to fabricate nuclear fuel assemblies, including spacer grids, rods, guide tubes, etc.

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→ 2. Financial glossary

> Backlog

The backlog is valued based on economic conditions at the end of the period. It includes firm orders and excludes unconfirmed options; Orders in hedged foreign currencies are valued at the rate hedged. Non-hedged orders are valued at the rate in effect on the last day of the period; The backlog reported for long-term contracts recognized under the percentage of completion method and partially performed as of the reporting date is equal to the difference between (a) the projected revenue from the contract at completion and (b) the revenue already recognized for this particular contract. Accordingly, the backlog takes into account escalation and price revision assumptions used by the group to determine the projected revenue at completion.

> Earnings before interest, taxes, depreciation and amortization (EBITDA)

EBITDA is equal to operating income plus net amortization, depreciation and operating provisions (except for provisions for impairment of working capital items). EBITDA is adjusted so as to exclude the cost of end-of-life-cycle operations for nuclear facilities (dismantling, retrieval and packaging of waste) for the period, as well as the full and final payments made or to be made to third parties for facility dismantling. It should be noted that the cash flows linked to end-of-life-cycle operations are presented separately.

> Cash flows from end-of-life-cycle operations

This indicator encompasses all of the cash flows linked to end-of-life-cycle operations and to assets earmarked to cover those operations. It is equal to the sum of the following items:

- income from the portfolio of earmarked assets;
- cash from the sale of earmarked assets;
- minus acquisitions of earmarked assets;
- minus cash spent during the year on end-of-life-cycle operations;
- and final payments received for facility dismantling;
- minus full and final payments made for facility dismantling.

> Free operating cash flow

This represents the cash flow generated by operating activities before income tax. It is equal to the sum of the following items:

- EBITDA, excluding end-of-life-cycle operations;
- plus losses or minus gains included in operating income on disposals of assets;
- plus the decrease or minus the increase in operating working capital requirement between the beginning and the end of the period (excluding reclassifications, currency translation adjustments and changes in consolidation scope);

- minus acquisitions of PP&E and intangible assets, net of changes in accounts payable related to fixed assets;
- plus sales of PP&E and intangible assets included in operating income, net of changes in receivables on the sale of fixed assets;
- plus prepayments received from customers during the period on non-current assets;
- plus acquisitions (or disposals) of consolidated companies (excluding equity associates), net of cash acquired.

> Operating working capital requirement (OWCR)

OWCR represents all of the current assets and liabilities related directly to operations and includes inventories and work-in-process; trade accounts receivable and related accounts, non interest-bearing advances; other accounts receivable, accrued income and prepaid expenses; currency hedges on operating working capital requirement (WCR); trade accounts payable and related accounts, trade advances and prepayments received (excluding interest-bearing advances), other operating liabilities, accrued expenses, and deferred income; OWCR does not include non-operating receivables and payables such as income tax liabilities, amounts receivable on the sale of non-current assets, and liabilities in respect of the purchase of non-current assets.

> Net debt

This heading includes current and non-current borrowings, including interest-bearing advances received from customers and put options by minority shareholders, less cash and cash equivalents and other current financial assets. Shares classified as "available-for-sale securities" are now excluded from the calculation of the net debt or cash position.

> ROACE (Return on Average Capital Employed)

Return on Average Capital Employed (ROACE) is an used as an internal and external indicator to measure profitability and assess the group's performance. In the group's opinion, this performance indicator measures the long-term productivity of the group's capital.

ROACE is a performance measurement indicator of capital employed by the group, as defined by management rather than by accounting standards. This should be taken into account when using ROACE to make comparisons with other companies.

The group defines ROACE as the return on average capital employed.

ROACE represents the after-tax operating profitability of capital employed by the company for its operating requirements.

ROACE is equal to the ratio of net operating income to average capital employed.

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- Net operating income is equal to operating income less the corresponding pro forma income tax derived:
 - in 2009 and 2008 by applying the nominal tax rate applicable to the operating income of each subsidiary, reflecting the termination of the global consolidated tax regime,
 - in 2007, by multiplying operating income by the tax rate applicable to the group under the global consolidated tax regime, or the specific tax rates applicable to certain subsidiaries subject to specific tax rates.
- Capital employed comprises the following:
 - net PP&E and intangible assets,
 - goodwill, other than goodwill related to equity associates and to Siemens' put option (until December 31, 2007). In fact, on January 27, 2009, during its shareholders' meeting, Siemens announced its intention of exercising the put option for its 34% stake in AREVA NP. The goodwill used in the ROACE calculation as of December 31, 2008 therefore includes that related to the Siemens put,
 - prepayments and borrowings funding non-current assets,
 - inventories, trade receivables and other operating receivables,
 - less customer advances, trade payables and other operating liabilities,
 - less employee benefits and provisions for contingencies and losses, excluding provisions for end-of-life-cycle operations and provisions for tax risk.

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All over the world, AREVA provides its customers with solutions for carbon-free power generation and electricity transmission. With its knowledge and expertise in these fields, the group has a leading role to play in meeting the world's energy needs.

Ranked first in the global nuclear power industry, AREVA's unique integrated offering covers every stage of the fuel cycle, reactor design and construction, and related services. In addition, the group is developing a portfolio of operations in renewable energies. AREVA is also a world leader in electricity transmission and distribution* and offers its customers a complete range of solutions for greater grid stability and energy efficiency.

Sustainable development is a core component of the group's industrial strategy. Its 75,000 employees work every day to make AREVA a responsible industrial player that is helping to supply ever cleaner, safer and more economical energy to the greatest number of people.

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** Discontinued operations*

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Energy is our future, don't waste it!