

2010

Reference document





2010 Reference document



This Reference Document was filed with the Autorité des marchés financiers (AMF, the French financial market authority) on March 30, 2011, in accordance with article 212-13 of its general regulations. It may be used in support of a financial transaction if it is accompanied by an offering circular signed by the AMF. This document was prepared by the issuer and is binding on those signing it.

This is a free translation into English of the AREVA group's Reference Document for 2010, 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, the French atomic energy commission and in the alternative energies) 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 may be found at the end of this Reference Document.

Pursuant to article 28 n° 809/2004 of April 29, 2004 of the European Community regulations and article 212-11 of the general regulations issued by the Autorité des marchés financiers (AMF, the French market authority), the following items have been included for reference:

- AREVA's consolidated financial statements for the year ended December 31, 2009 and the Statutory Auditors' report on the consolidated financial statements for the year ended December 31, 2009, discussed on pages 236 to 247 and pages 234 to 235 respectively of the Reference Document filed with the Autorité des marchés financiers on March 29, 2010 under number D-10-0184, and
- 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 240 to 335 and pages 241 to 242 respectively of the Reference Document filed with the Autorité des marchés financiers on April 15, 2009 under number D.09-0253.

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.

PERSON RESPONSIBLE

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→ 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 2010 AREVA Reference Document

"I hereby attest, having taken 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 document has been covered in reports by the Statutory Auditors, which contain observations.

Without qualifying the Statutory Auditors' findings on the financial statements, their report on the consolidated financial statements for the year ended December 31, 2010 on page 200 of this Reference Document contains observations on:

- note 1 which describes the changes in accounting methods relating to the application of the following new standards: IFRS 3 revised *Business combinations* and IAS 27 revised *Consolidated and separate financial statements*, adopted by the European Union and for which application is mandatory as of January 1, 2010;
- notes 1.1, 1.13.1, 1.18 and 13 which describe the procedures for measuring end-of-life cycle assets and liabilities. This assessment, which is based on Management's best estimate, is sensitive to assumptions adopted with regard to cost estimates, timing of cash outflows and discount rates;

- notes 1.1, 1.8 and 24 which describe the performance conditions of the OL3 contract and the sensitivity of the profit and loss to completion on this contract to contractual risks, the effective implementation of agreed upon procedures for piping installation and inspection operations as well as the testing and commissioning phases including the Instrumentation and Control systems;
- notes 1.1, 1.19.1 and 25 which describe 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, 2010 for the corresponding financial liability.

The reports on the consolidated financial statements for the years ended December 31, 2008 and December 31, 2009 are incorporated by reference and appear on page 241 of the 2008 Reference Document and on page 233 of the 2009 Reference Document.”

Paris, March 28, 2011

Mrs. Anne Lauvergeon
Chief Executive Officer of AREVA

Statutory Auditors

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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 Pascal Colin

- 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.

Selected financial information

→ Summary data

<i>(in millions of euros)</i>	2010	2009	2009/2010 change	2008
Income				
Reported revenue	9,104	8,529	+ 6.7%	8,089
Gross margin	1,326	1,082	+ 22.6%	896
<i>Percentage of reported revenue</i>	14.6%	12.7%	+ 1.9 pt.	11.1%
EBITDA	703	584	+ 20.2%	593
<i>Percentage of reported revenue</i>	7.7%	6.9%	+ 0.8 pt.	7.3%
Operating income	(423)	97	- 520	(143)
<i>Percentage of reported revenue</i>	(4.6)%	1.1%	- 5.7 pt.	(1.8)%
Net financial income	(314)	187	501	6
Share in net income of associates	153	(152)	+ 305	156
Net income from discontinued operations	1,236	267	+ 969	371
Net income attributable to equity owners of the parent	883	552	+ 331	589
<i>Percentage of reported revenue</i>	9.7%	6.5%	+ 3.2 pts.	7.3%
Comprehensive income	1,408	341	+ 1,067	(308)
Cash flow				
Net cash from operating activities	588	160	+ 428	(55)
Net cash used in investing activities	(621)	(379)	+ 63.6%	(956)
Net cash from financing activities	(531)	1,116	- 1,647	1,405
<i>including dividends paid</i>	(313)	(309)	+ 1.3%	(315)
Net cash from (used in) operations held for sale	2,243	(219)	+ 2,462	(61)
Increase (decrease) in net cash	1,683	603	+ 1,080	357
Miscellaneous				
Backlog	44,204	43,302	+ 2.0%	42,531
Net cash (debt)	(3,672)	(6,193)	- 40.7%	(5,499)
Equity attributable to owners of the parent	8,664	6,648	+ 30.3%	6,547
Capital employed, excluding T&D	10,388	9,017	+ 15.2%	7,680
Workforce at year end	47,851	47,817	+ 0.1%	45,448
Dividend per share	-	€7.05*	-	€6.77

* For an average of 35,442,701 AREVA shares and investment certificates.

Risk factors

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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 operations.

All identified 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 operations. The proactive risk management policy revolves around procedures, analyses, checks and coverage when that is appropriate, presented by each type of risk in this chapter. 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 the Finance department to which it reports, aims to prevent certain potential events and reduce their impacts on the group's earnings and on the achievement of its 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 group's different entities 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 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 groups and the business units as well as to 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 includes a process of industrial safety tours to evaluate facility operating conditions. The objective is to manage 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 risk entails:

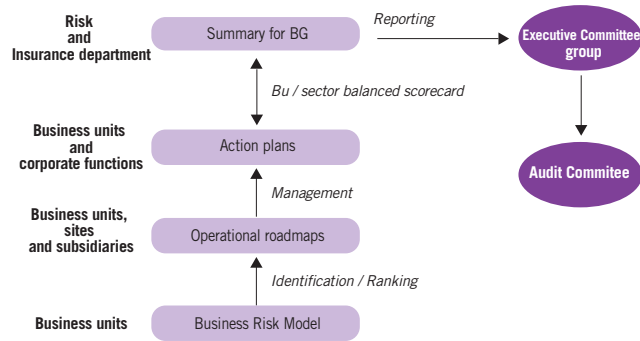
- an ongoing documented process of risk identification, analysis, ranking, optimization, financing and monitoring;
- a broad scope covering all of the group's activities, both operational (construction, manufacturing, sales, projects, services, etc.) and functional (finance, legal, contractual, organizational,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

RISK FACTORS

4.1. Risk management and coverage

4.1.2. Risk coverage and insurance

→ 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 or 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 business group's risk management coordinator, each in his or her area of expertise, provides their management with a cross-business picture of risks and how the business units are managing them. 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 other risk factors as part of the group's risk management procedures and these are reviewed during the "risk mapping" process carried out each year (see Section 4.1.1. *Risk management*). 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. OTHER WORLDWIDE GROUP INSURANCE PROGRAMS**Directors and Officers Liability**

The purpose of directors and officers liability insurance 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 financial consequences resulting from damages associated with intellectual services performed by 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.

Insurance for facilities and construction sites

In 2010, the group split the AREVA multiline policy into two separate policies, one for property and business interruption coverage, the other for all-risk installation and testing coverage.

Except for the mines and the nuclear operations, the group's facilities are covered worldwide by a Property and Business Interruption policy.

The risks related to equipment and installation projects at customer sites are covered by an All-risk Installation and Testing policy.

The policy limits for these two policies vary from 50 million euros to 300 million euros, 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 euros, with coverage limited to 50 million euros 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 and Taishan in China), beyond a certain deductible and within the limits of coverage.

For a description of Other Provisions, see Section 20, note 24.

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 2011

The policies will be renewed in April 2011. Considering its low level of losses, the group anticipates stable premiums. The cost of coverage for all non-nuclear operations should remain stable.

→ 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 in the case 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 French Nuclear Safety and Transparency Law of June 13, 2006 ("TSN Law") requires a periodic reassessment of safety conditions. This could translate into considerable expense to bring the nuclear facilities into compliance, but this would bolster their nuclear 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, such as 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 list of regulated nuclear facilities (INB, see Glossary) and related facilities of the AREVA group is provided in the table in Section 4.3.1.6. *Nuclear safety in the AREVA group.*

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 the TSN law and under 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 TSN Law 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 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 French Nuclear Safety and Transparency Law of June 13, 2006 ("TSN Law"), 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, R. 1333-1 through R. 1333-36 and R. 1333-70 through R. 1333-78 of the French Defense Code;
- the transportation of radioactive materials, the Dangerous Goods Transport order of May 29, 2009, referred to as TMD (see Glossary);
- the control of cross-border shipments of radioactive waste, Euratom of November 20, 2006 on the supervision and control of shipments of radioactive waste and spent fuel; see also the section entitled *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-lifecycle operations

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

The accounting treatment of end-of-lifecycle operations is explained in Section 20.2. *Notes to the consolidated financial statements for the year ended December 31, 2010, Note 13, End-of-lifecycle operations.*

Regulations governing dismantling

The legal framework governing dismantling operations performed in France primarily derives from the TSN Law. 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 shutdown 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 1 nuclear defense facility (INBS).

The level of dismantling depends, in particular, on how the site that hosts the regulated nuclear facility 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

In France, the waste generated by nuclear operations or by the dismantling of regulated nuclear facilities falls under articles L. 542-1 to L. 542-14 of the Environmental Code. 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.

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 for 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 BUSINESS 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.

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.

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 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.

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.

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

→ 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 this section. 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 (UF₆). 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 into the environment, weather conditions and the speed of implementation of remedial action.

4.3.1. NUCLEAR RISK

4.3.1.1. RISK OF NUCLEAR ORIGIN

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

Radioactive material dispersion that can result in contamination

Uncontained radioactive materials (solid, liquid or gaseous) can disperse and lead to human and environmental contamination.

Controlling this risk consists above all in preventing the dispersion of those substances in all operating conditions (normal or accidental).

Facilities are designed with containment systems that prevent the dispersion of radioactive materials. The radioactive materials are thus surrounded with a series of static barriers (containment systems) and dynamic barriers (ventilation systems) to ensure their containment. The dynamic containment system is adjusted and verified before operations begin and routinely monitored to maintain its efficiency. The dynamic containment system is important to safety and is redundant.

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.

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.

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 during the design stage, 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 applicable regulations;
- 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 Section 17.2.3. *Historical health data*) testify to the good level of radiation protection control in the group, thanks to the abovementioned practices.

Criticality

The risk of a criticality accident corresponds to 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 prevention of this risk is based on limiting the factors leading to uncontrolled chain reactions or "criticality control modes". This limitation is factored into the design (equipment geometry) or into operating requirements (mass limitations, etc.).

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 corresponds to the decomposition of a hydrogenated compound (especially water) when exposed to radiation, leading to the release of 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. Prevention is based on factoring their causes into the design or into operating instructions and on limiting the potential consequences.

Handling

Handling equipment consists of lifting, transportation and positioning equipment.

The leading failures are load drop, collision with an obstacle, or derailling of a transfer component.

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 potential failure modes for process equipment used to transfer loads containing radioactive materials and for handling equipment used in maintenance. It also involves providing safety systems (load limiters, secure drive trains, etc.) and establishing stringent rules to prevent risk (preventive maintenance, inspections, operator certification, etc.).

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 may 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 internal explosion is due to the presence of a combustible (reagents, etc.) mixed with a combusive (e.g. air) in proportions conducive to an explosion when an ignition or heat source is present. Such an explosion could result in the deterioration of the primary containment system, causing a breach in the system and the dispersion of radioactive products outside of it. 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.

Other risks, such as those related to parallel activities and to human and organizational factors, are also taken into account. Prior coordination of activities and the parties involved and the establishment of a suitable organization combined with personnel training contributed to the limitation of these risks.

4.3.1.3. EXTERNAL RISKS 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 consequences, such as radiological consequences.

Earthquake

Earthquakes can cause damage that could disable nuclear safety systems.

The risk of an earthquake as relates to facilities in which nuclear materials are handled is factored into the design of equipment, systems and facilities, based in particular on the safe shutdown earthquake and the design basis for civil engineering; risk analysis in that case consists of demonstrating that no damage that would compromise nuclear safety in the facility is likely to occur. 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 (rain, river flooding, breach of levies) are factored into the design of the facilities and into operating measures. The risk of a thousand-year flood is taken into account, in particular by locating facilities above the thousand-year flood plain.

Other risks, such as the loss of power supply or utilities (water, steam, compressed air, etc.) are also addressed through redundant or independent backup systems.

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, property 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.

On a regulatory level, the cask must ensure materials containment, subcriticality conditions (in the case of fissile materials), control of radiation intensity, and protection from heat damage by the materials shipped under normal conditions and, if the radioactivity involved in the shipment exceeds a regulatory threshold, under accidental conditions. The related regulatory requirements cover cask design, fabrication, operation and maintenance. AREVA's objective is to ensure an optimum level of safety and security during transportation. 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.

In addition, insurance is taken out for shipments in accordance with the conditions described in Section 4.3.1.7. *Special coverage relating to nuclear facility operations.*

Non-proliferation and protection of nuclear materials

Proliferation is the diversion of nuclear materials by a State 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 and from the office of the Senior Defense Official.

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.

AREVA prepares reports requested by the French regulatory authorities, 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-LIFECYCLE 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.

4.3. Industrial and environmental risk

4.3.1. Nuclear risk

Future expenses relating to end-of-lifecycle 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-lifecycle operations, which represent 5.815 billion euros on a discounted basis, including a third party share of 252 million euros, are presented in Section 20.2. *Notes to the consolidated financial statements for the year ended December 31, 2010*, in Notes 13, *Financial assets*, to 18, *Provisions for end-of-lifecycle operations* (see also Section 9.4.5. *Assets and provisions for end-of-lifecycle operations*). The sensitivity of the discount rate for end-of-lifecycle provisions is discussed in Section 20.2. *Notes to the consolidated financial statements for the year ended December 31, 2010*, Note 13.

As part of this program, the group considers that it has recorded provisions for all expenses relating to the end-of-lifecycle operations of its nuclear facilities and for reclamation of its industrial sites as could reasonably be estimated at December 31, 2010.

The provisions set up to cover these expenses 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, 2010*, Note 13, *End-of-lifecycle 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, 2010*, Note 13, *End-of-lifecycle 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'Énergie 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 Commissariat à l'énergie atomique, 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 2010 (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-lifecycle operations.

To meet its future end-of-lifecycle obligations, the group had financial assets totaling 5.572 billion euros at December 31, 2010, including 1.261 billion euros in third party receivables and the balance in the portfolio of financial instruments (equities, equity funds and bond funds).

At the end of 2010, the portfolio of financial assets consisted of 67% bonds and 33% 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-lifecycle 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.

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	(182)
+100 basis points on rates	(26)
TOTAL	(208)
Base case (December 31, 2010)	
	5,572
Assumption: rising equity markets and rising interest rates	
+10% on equities	+182
-100 basis points on rates	+26
TOTAL	+208

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, shut down 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 is available on 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 director 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*).

→ NUCLEAR FACILITIES WHERE AN AREVA ENTITY IS THE LICENSED OPERATOR

The main nuclear facilities, whether ranked as regulated nuclear facilities in France or their corollaries in other countries, are listed below.

Location	Business unit	Legal entity holding the license	Description
Mining-Front End BG			
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
Tricastin, France	Enrichment	Socatri	Plant for uranium cleanup 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 & Services BG			
Maubeuge, France	Equipment	Somanu	Nuclear maintenance workshop
Back End BG			
Veurey, France	Nuclear Site Value Development	SICN	Fuel fabrication plant (undergoing dismantling)
	Recycling		
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	MELOX SA ⁽¹⁾	MELOX MOX fuel fabrication plant

(1) MELOX SA was licensed to operate this facility in lieu of AREVA NC by the French decree no. 2010-1052 of September 3, 2010 which took effect by a decision of the ASN on December 7, 2010 (published in the Bulletin officiel of December 9, 2010).

Action principles

Nuclear safety applies to every stage in the plant lifecycle, 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 1 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, Security and Environment department (D3SE) 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:

- a corps of inspectors with previous operating responsibilities monitors the facilities independently of the operator. They can ask that a facility be shut down. They report to the Executive Board;
- a corps of 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 causes the damage is solely responsible. This is known as the liability channeling principle. Its liability is objective ("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. In addition, the TSN Law contains provisions which amend the French 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.

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 of 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 Assuratomie 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 be up to 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 MANAGEMENT

4.3.2.1. SEVESO REGULATIONS

The group operates 11 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 is regulated as both a nuclear and a high-threshold Seveso site due to its storage of hydrofluoric acid.

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 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. IMPLEMENTATION OF REACH 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 the European Chemicals Agency for approval. A preliminary list of substances covered by this procedure was published in October 2008 and updated in January 2009 and June 2010.

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, the 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. Eleven applications for registration, including three as “lead registrant”, were filed before the first deadline of November 30, 2010.

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 Chapter 17, Human Resources report, Section 17.2.3. *Historical health data*, and Section 4.3.1. *Nuclear risk*). However, by definition, the risk of occupational disease cannot be excluded. 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. Operational 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 deadlines 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

RISK FACTORS

4.4. Operational risk

4.4.2. Risk of default by suppliers, subcontractors, partners and customers

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 RELATED TO ECONOMIC CONDITIONS AND NO LONGER BE IN A POSITION TO PERFORM CONTRACTS ENTERED INTO 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. While global economic conditions improved perceptibly in

2010, the economic situation could, depending on the geographical area, have a negative impact on the group's suppliers, subcontractors, partners and customers, whether for their access to sources of funds or for their ability to meet their obligations in the group's regard. 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 OF 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. At December 31, 2010, EDF France represented about 25% of the group's revenue. The group's 10 biggest customers, including the EDF group, represented about half of its revenue at December 31, 2010. AREVA 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 addition, the conditions for shutting down the Georges Besse I enrichment plant by the end of 2012 were the subject of mediation by the State. The mediation is helping to specify the conditions for industrial operation of the plant during this period.

In its operating segments, these contracts give AREVA operating visibility that goes beyond 2020, with the regular signature of multiannual contracts.

4.4.4. RISK RELATED TO THE INFORMATION SYSTEM

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 the 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.

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. *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, 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 EPRTM power plant (OL3) illustrate this risk. The provision for losses to completion recognized by the group was supplemented in the first half of 2010 to take into account the consequences of new cost estimates and a revised assessment of risk resulting from the contract performance conditions.

For additional information on the OL3 project, see Section 20.2. *Notes to the consolidated financial statements for the year ended December 31, 2010*, Note 24, and Section 20.7. *Legal and arbitration proceedings*.

4.5.2. AREVA INDUSTRIAL PROJECTS

THE GROUP CANNOT ENSURE THAT INDUSTRIAL PROJECTS SUCH AS THE GEORGES BESSE II PROJECT, THE COMURHEX II PROJECT OR THE MINING PROJECTS CAN BE IMPLEMENTED WITHIN THE PLANNED 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 shut-down 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 exposure to foreign exchange, commodity, rate and liquidity risks.

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 and accounting, ensuring the separation of functions, and has 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.

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. The report is sent to the senior management of the AREVA group and to the Finance, Legal and Strategy 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, 2010, Note 31.

4.6.1. LIQUIDITY RISK

The group's Treasury Management department centralizes management of liquidity risk. The Treasury Management department ensures that it has sufficient financial resources available at all times to fund current operations and the investments needed for its future growth, and to cope with any exceptional event. The goal of liquidity management is to seek resources at the best cost and to ensure that they may be secured at any time. These aspects are discussed in more detail in Section 20.2. Notes to the consolidated financial statements for the year ended December 31, 2010, Note 31.

In addition, the group's liquidity risk, including stress scenarios, is regularly monitored.

In 2010, the group:

- sold its Transmission & Distribution business (T&D), generating cash of 3.1 billion euros;

- reimbursed the entire balance of the three-year syndicated loan amounting to a total of 2.5 billion US dollars, of which 600 million US dollars had been repaid in November 2008, taken out to refinance the acquisition of UraMin Inc. (now AREVA Resources Southern Africa);
- raised 750 million euros through a 10-year bond issue maturing on March 22, 2021, at a rate of 3.5%; and
- sold the majority of its equity interest in Safran on the financial market and reclassified the balance to its earmarked fund, generating cash of 636 million euros.

On December 15, 2010, the credit rating agency Standard & Poor's issued a negative credit watch for AREVA's long-term credit rating (BBB+).

4.6.2. 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.

The value of the euro compared with the US dollar decreased by an average of 5% in 2010 compared with 2009. In 2010, the impact of foreign exchange variations on the group's operating income was -20 million euros, compared with +4 million euros in 2009.

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.

The principal factors that may influence the group's exposure to currency risk, by business group, are:

- Mining-Front End business group : these business groups' facilities are located around the globe and their 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, these business groups have 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 according to a gradual scale for a duration based on the likelihood of the risk, generally not to exceed five years;

- Reactors & Services business group: 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 business group: This business group's exposure to foreign exchange risk is minimal. Most sales outside the euro zone are denominated in euros.

As provided by group policies, each operating entity responsible for identifying foreign exchange risk must hedge the 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.

For more information, please refer to Section 20.2. Notes to the consolidated financial statements for the year ended December 31, 2010, Note 31, Market risk management.

4.6.3. INTEREST RATE RISK MANAGEMENT

The group's exposure to fluctuating interest rates encompasses two types of risk:

- a risk of change in the value of fixed-rate financial assets and liabilities; and
- a risk of change in cash flows related to floating-rate financial assets and liabilities.

The group uses several types of derivatives to control the split of its external borrowings between fixed rates and floating rates, depending on market conditions.

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. In particular, the system sets authorized limits for portfolio sensitivity, derivatives authorized to manage financial risk, and subsequent positions that may be taken.

For more information, please refer to Section 20.2. Notes to the consolidated financial statements for the year ended December 31, 2010, Note 31, Market risk management.

4.6.4. RISK FROM EQUITY INVESTMENTS

THE GROUP HOLDS A SIGNIFICANT AMOUNT OF PUBLICLY TRADED SHARES AND IS THUS EXPOSED TO CHANGES IN THE FINANCIAL MARKETS.

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

At December 31, 2010, these holdings were of three types:

- investments in associates: these primarily concern Eramet (see Section 20.2. Notes to the consolidated financial statements for the year ended December 31, 2010, Note 14, Investments in associates);

- equities held in the portfolio of financial assets earmarked for future end-of-lifecycle operations (see Section 20.2. Notes to the consolidated financial statements for the year ended December 31, 2010, Note 13, End-of-lifecycle operations);
- other long-term investments: : this concerns AREVA's 1.41% equity interest in Suez Environnement and interests in other publicly traded companies, including Alcatel and Japan Steel Works (see Section 20.2. Notes to the consolidated financial statements for the year ended December 31, 2010, Note 15, Other non-current financial assets).

It should be noted that most of the equity interest in Safran was sold in the financial markets during the year.

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-lifecycle 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, 2010, notes 13, 14 and 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. Most of the group's exposure is concentrated in the Reactors & Services and Mining-Front End business groups.

Each business group 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 Treasury Management department using derivatives, including options and firm contracts (forwards and swaps). The Treasury Management department 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, 2010, 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.

When conditions warrant (rising counterparty risk, longer term transactions, etc.), market transactions are managed by margin calls that reduce the group's counterparty risk to a predetermined threshold: the Credit Support Annex for trades documented under an ISDA master agreement, or the Collateral Annex for trades documented under a French Banking Federation (FBF) master agreement.

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 be led to modify these estimates if there is a change in evaluation methods or geological assumptions, and/or a change in economic conditions (see Section 6.4.1.1. Mines).

Estimates of uranium resources and reserves are updated annually to produce data for the Reference Document for the year ended. Radiometry campaigns were carried out or are in progress, particularly at the Mongolian, Central African, South African and Namibian sites. Analysis of the radiometric measurements must be corroborated by chemical measurements taken according to a pre-determined schedule, consistent with the mining operations plan. Analytical results are expected in the near and medium terms, particularly for the Central African and Namibian deposits. The results could prompt the group to reclassify a significant share of its measured or indicated resources as inferred resources.

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 FLUCTUATIONS

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.

→ 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 a change in energy policy by some States cannot be excluded and could have a significant negative impact on the group's financial position. The debates that have begun or will come in various countries on the future of nuclear power could evolve in a manner that is unfavorable to the group's operations, particularly as influenced by pressure groups or following events that give the public a negative image of nuclear power (e.g. accidents or incidents, violations of non-proliferation rules, diplomatic crises). For example, the events occurring in Japan in March 2011 could have an impact on the positions of some States as concerns nuclear-generated power.

For example, they could lead to:

- new reviews of the share of nuclear power and renewable energies in the energy mix;
- requests to audit existing nuclear facilities;
- the slowdown or freezing of investment in new nuclear construction projects;
- the reassessment of programs to extend the lifecycle of existing power plants.

POLITICAL RISK SPECIFIC TO CERTAIN COUNTRIES IN WHICH THE GROUP DOES BUSINESS COULD AFFECT ITS OPERATIONS AND THEIR FINANCIAL EQUILIBRIUM (E.G. POLITICAL INSTABILITY, ACTS OF TERRORISM).

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. Acts of terrorism can also generate socio-political turmoil or impair the physical safety of the group's personnel and/or facilities.

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.

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 in the relevant 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 is involved in a variety of acquisitions, strategic alliances and joint ventures with partner companies. 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, nearly 87% of AREVA's issued shares and more than 93% 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 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). 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 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.

Information about the issuer

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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.

5.1.2. PLACE OF REGISTRATION OF THE ISSUER AND REGISTRATION NUMBER

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

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*, the former corporate name of AREVA.

AREVA was registered on November 12, 1971. The statutory term of the company is 99 years from its date of registration, unless extended or the company is dissolved beforehand.

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.

REGISTERED OFFICE

The registered office of AREVA is located at 33, rue La Fayette, 75009 Paris, France, telephone number: + 33 1 34 96 00 00.

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 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 production department operations: mining, uranium enrichment and used fuel treatment; and
- Framatome, established in 1958, one of the world's leading companies in the design and construction of nuclear reactors, in nuclear fuel and in the supply of services relating to those operations. In 2001, Framatome established Framatome ANP as a joint company of Framatome until March 2011 (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 to CEA-Industrie, which adopted the trade name "AREVA".

AREVA was thus formed from the corporate structure of CEA Industries. It kept the Euronext Paris listing of 4% of its share capital in the form of investment certificates.

MILESTONES SINCE AREVA'S ESTABLISHMENT IN 2001

2002

January 31, 2002: Acquisition of Duke Engineering & Services, a US nuclear engineering and services company.

2003

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

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

2004

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

April 28, 2004: AREVA acquires a controlling interest in 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 the joint venture UniStar Nuclear 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: FCI, the connectors subsidiary, is sold.

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 becomes AREVA NC, Framatome ANP becomes AREVA NP, and Technicatome becomes AREVA TA. AREVA is now the sole brand for all communication activities.

5.1. History and development of the issuer

5.1.5. Important events in the development of the issuer's business

May 2, 2006: The Annual General Meeting of Shareholders renews the terms of the Supervisory Board members. 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 finalizing AREVA's acquisition of Starsteel, 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 enter into a cooperative agreement under which AREVA will maintain its shareholding in REpower and will have 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.

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

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

2008

January 17, 2008: AREVA announces 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 hold 30% of the share capital.

March 20, 2008: SGN, a subsidiary of AREVA, and Technip form a joint venture called TSU Projects to augment engineering teams specialized in managing major mining projects. The group's plans call in particular for stepping up the Imouraren project in Niger and the Trekkopje project in Namibia.

April 3, 2008: AREVA strengthens 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 seal 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 sells its 29.95% interest in the wind turbine manufacturer REpower to Suzlon. More than 350 million euros in value was created by this transaction.

September 25, 2008: AREVA and Duke Energy announce the establishment of the joint venture ADAGE™, which will develop biomass power plants in the United States. AREVA will design and build the plants, while Duke Energy will operate them.

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) sign an agreement that secures the supply chain for large forgings for AREVA 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, as per its agreement with JSW's management.

2009

January 5, 2009: The operating permit is granted for the Imouraren site in Niger and the mining agreement is 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%) and the State of Niger (33.35%), with the remaining 10% going to the South Korean consortium of Korea Electric Power Corporation (Kepco) and Korea Hydro & Nuclear Power (KHNP) pursuant to the agreement between AREVA and Kepco signed in late December 2009.

January 26, 2009: Siemens informs AREVA of its decision to exercise the put option on shares of AREVA NP, of which Siemens owns 34%. Discussions have begun pursuant to the shareholders agreement of January 30, 2001. A court-ordered independent appraisal is in progress to define the terms for the transfer of shares.

February 17, 2009: AREVA, Mitsubishi Heavy Industries, Ltd (MHI), Mitsubishi Materials Corporation (MMC) and Mitsubishi Corporation (MC) sign an agreement for the design, fabrication and sale of fuel in Japan. AREVA has 30% of the share capital, while MHI has 35%, MMC has 30% and MC has 5%. The new company, "New MNF", is established on April 1, 2009.

In March 2009: AREVA TA raises its equity ownership of Corys Tess from 33% to 66%, with the EDF group maintaining a minority share. Corys Tess is a European leader in simulators for the energy field.

AREVA sign 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 Société d'Enrichissement du Tricastin (SET), the holding company that operates the Georges Besse II enrichment plant.

April 30, 2009: During the meeting of the Supervisory Board, Jean-Cyril Spinetta is elected Chairman of AREVA's Supervisory Board to replace Frédéric Lemoine and Chairman of the Strategy Committee and of the Compensation and Nominating Committee.

June 30, 2009: The rating agency Standard & Poor's confirms its A-1 rating for AREVA's short-term debt and issues an A rating for its long-term debt, with a stable outlook. This follows the group's decisions to issue new shares, primarily through a capital increase of 15%, and to sell its Transmission & Distribution business and dispose of assets and

equity interests in industrial and financial assets, all with the Supervisory Board's approval.

August 12, 2009: AREVA acquires PN Rotor, a German manufacturer of high-tech blades, enhancing its ability to bring value to customers in the particularly dynamic offshore wind market.

September 10, 2009: CEZUS acquires a 33% interest in the Japanese tube manufacturer Zircoproducts. Through this alliance, AREVA will be able to strengthen its market share in Japan considerably while expanding the industrial synergies with its European plants.

September 11, 2009: Following the Supervisory Board's approval on August 31 to establish a Euro Medium-Term Note program (EMTN) in the amount of 5 billion euros and to implement 3 billion euros of it for a period of one year, AREVA launches a first-time bond issue in the total amount of 2.25 billion euros. The success of this first issue is evidenced by the closing of the order books in less than 10 minutes after nearly 17 billion euros were booked. This is followed by a first-time issue of 750 million euros on October 23, 2009.

November 30, 2009: Following the competitive bidding process held in connection with the sale of the Transmission & Distribution business, the Supervisory Board asks that the Executive Board enter into exclusive negotiations with Alstom/Schneider.

December 21, 2009: AREVA and Mitsubishi Corporation agree on the terms of a partnership in Mongolia. AREVA invites 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.

2010

January 20, 2010: AREVA signs an agreement with Alstom and Schneider Electric for the sale of the Transmission & Distribution business.

February 4, 2010: AREVA and Kepco enter into a partnership to develop the Imouraren mine, and plan to expand their cooperation. Under the terms of the agreement, Kepco will acquire an indirect interest of 10% in Imouraren SA, an operating company held jointly by AREVA and the State of Niger. Kepco could take 10% of the production over the life of the mine, which will be used exclusively in fuel for South Korean reactors.

February 8, 2010: AREVA announces the acquisition of 100% of Ausra. Based in Mountain View, California, Ausra offers process steam and power generation solutions based on concentrated solar energy. The acquisition expands AREVA's portfolio of renewable energy solutions to make it a major player in the concentrated solar power market.

February 21, 2010: AREVA and JAEC sign a historic mining agreement. Under the terms of the agreement, AREVA is granted the right to mine the deposit in Jordan for a period of 25 years.

May 31, 2010: AREVA announces its purchase of the remaining 49% of Multibrud, a German wind turbine manufacturer, which becomes

AREVA Wind, a wholly-owned subsidiary of the group. The acquisition will enable it to ramp-up production capacity in response to the growth of this burgeoning industry. This new platform will also include the rotor blade manufacturing division, PN Rotor.

June 7, 2010: The AREVA group finalizes the sale of its Transmission & Distribution operations to Alstom and Schneider Electric, pursuant to the competition authorities' approval of the decree issued on the recommendation of the French Commission des participations et des transferts, and conclusion of the information and consultation process carried out with the various work councils involved.

September 8, 2010: AREVA prices and launches a 750-million euro bond issue maturing in 10 years, on March 22, 2021, with an annual coupon of 3.5%.

October 12, 2010: AREVA launches the sale of a maximum of 15,362,094 Safran shares, representing 3.65% of that company's share capital, in connection with a private placement via the accelerated building of an order book reserved for institutional investors.

October 27, 2010: AREVA and Kazatomprom sign an agreement to establish a fuel fabrication joint venture. The new company, owned 51% by Kazatomprom and 49% by AREVA, is to build a new fuel fabrication line based on the AREVA design for the Ulba facility in the eastern Kazakhstan. Operation of the new 400-ton per year unit is slated for 2014. Ifastar, the joint venture formed in 2009 by AREVA (51%) and Kazatomprom (49%), will market the production.

November 4, 2010: The Japanese utilities Kyushu Electric Power and Tohoku Electric Power each acquire a 1% stake in Société d'Enrichissement du Tricastin (SET), the holding company and operator of AREVA's Georges Besse II enrichment plant.

December 6, 2010: In India, AREVA signs a framework agreement specifying the contractual terms and early studies for an integrated offer combining the construction of two EPR™ reactors and the supply of uranium, fuel assemblies and related services.

December 11, 2010: AREVA's Supervisory Board examines and approves the launch of a reserved capital increase in the amount of 900 million euros, representing 7.2% of the share capital at the conclusion of the transaction, subscribed by the Kuwait Investment Authority (KIA) acting for and in the name of the State of Kuwait in the amount of 600 million euros and by the French State in the amount of 300 million euros.

December 16, 2010: The Fonds stratégique d'investissement (the strategic investment fund, FSI) makes a firm offer to take over AREVA's equity interest in STMicroelectronics. FSI's offer values the STMicroelectronics share at 7 euros, putting the total amount at 695 million euros for a 10.9% equity interest in STMicroelectronics.

December 23, 2010: AREVA wins a 400-million euro contract from Trianel, an association of German utilities, to deliver forty 5MW M5000 turbines to the Borkum West II offshore wind farm in the North Sea.

→ 5.2. Additions

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 assets in the current context of a nuclear renaissance. With this program, the group expects to achieve its market share and profitability objectives for 2012.

2010

Gross capital expenditure (Capex) in the Nuclear and Renewable operations rose to 2.176 billion euros in 2010 (2.013 billion euros net of disposals), compared with 1.808 billion euros in 2009 (1.294 billion

euros net of disposals). The Capex program, which concerns all of the business groups, mainly relates to continued capital spending under programs begun in previous years.

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), primarily reflecting the deployment of investment programs in

Mining (mining development at Trekkopje in Namibia, Somaïr in Niger and Katco in Kazakhstan), Enrichment (construction of the Georges Besse II enrichment plant) and Equipment (investments in manufacturing capacity).

2008

The group's acquisitions in 2008 include:

- the British company RM Consultants Ltd (RMC), a consulting firm specialized in nuclear safety, 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; and

- 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-light energy.

→ 5.3 Outlook

The AREVA group plans to limit the amount of its capital expenditure to less than 2 billion euros per year in 2011 and 2012.

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.

In Front End operations, capital spending in the Mining business is expected to concentrate on increasing uranium production capacity. That target will be adjusted based on conditions in the uranium market. In the Chemistry and Enrichment businesses, most of the investment should be devoted to the Comurhex II and Georges Besse II projects.

In the Reactors & Services business group, capital spending in connection with the EPR™ certification program with regulatory authorities will continue. Investment in plant capacity increases or in production optimization is also slated for the Equipment business unit.

In the Back End business group, the group will continue to invest in facility replacement and site maintenance, particularly at the La Hague and MELOX plants.

In Renewable Energies, AREVA plans to invest in boosting production capacity in offshore wind and in expanding its portfolio of technologies by 2012.

Business overview

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Given the nature of the recent events in Japan, their potential impact is touched on in Chapters 4, 9 and 12.

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

Balancing the need for economic development with social, societal and environmental needs is one of the greatest challenges of 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. If the share of fossil fuels in the global energy mix is to be reduced from its current level of more than 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 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 in the steam supply system, called the reactor.

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.

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. That 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.

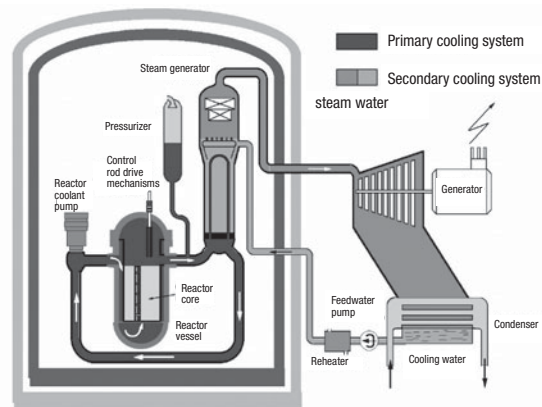
Reactors called “thermal neutron” or “slow” reactors take advantage of this property, which reduces the uranium-235 enrichment level required for the chain reaction. In light water reactors, water is the slowing medium, or moderator, as well as the heat removal medium, or coolant.

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.

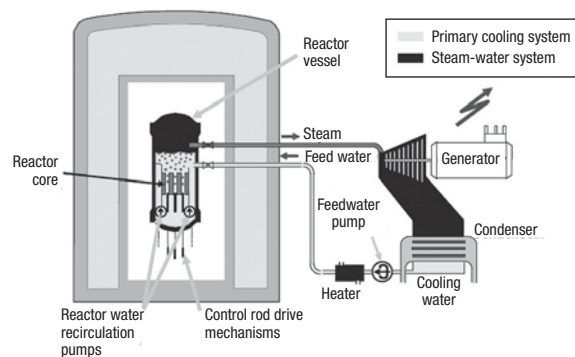
The reactor core is flooded with pressurized water from the primary cooling system. The fission reaction heats the water. The heat is transferred via heat exchangers to water in a secondary cooling system, converting it to steam. The nuclear steam supply system consists of the reactor core and the steam 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. All of the reactors in the French nuclear power program are PWRs, which represent the majority of reactors in service around the world.



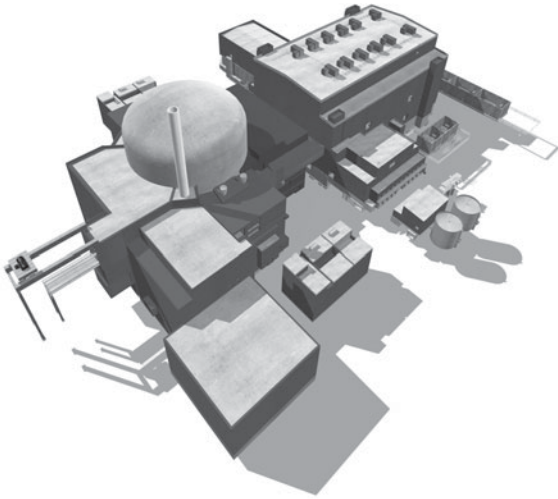
Source: Areva.

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. This causes the water to vaporize in the vessel containing the core, consisting of fuel assemblies. The heat from the core is released to the water flowing through it. The resulting 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.

The group is involved in both of these reactor technologies, which represent the majority of reactors in service worldwide.



Source: Areva.

AREVA's generation III+ reactor offer

AREVA's line of reactors includes the EPR™ reactor and ATMEA1™, both of which are pressurized water reactors, and the Kerena™ boiling water reactor. All of them are generation III+ reactors that feature simplified operating systems and offer significant breakthroughs in terms of competitiveness, safety, and reduced environmental impacts. AREVA's reactors capitalize on proven technologies while integrating innovative systems. They 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. By reducing long-lived radioactive waste production by 15%, the design offers an even better response to environmental concerns. The EPR™ reactor is the most powerful PWR marketed by AREVA. It uses 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 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. The ATMEA1™ reactor became marketable 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, KERENA's™ electrical output is 1,250 MWe. This reactor also provides operators with a high level of safety and flexibility.

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 a mid-range technical infrastructure.

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

- wind energy: energy harnessed directly from the wind by high-powered (5 MWe) offshore wind turbines;
- bioenergy: energy from the combustion of organic materials such as wood or agricultural waste;
- solar power: concentrated solar power produced by compact plants using Fresnel reflectors;
- hydrogen and energy storage: hydrogen production using water electrolysis and power generation.

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

→ 6.1. The markets for nuclear power and renewable energies

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

6.1.1.1. CHALLENGES FOR THE POWER GENERATION SECTOR

Strong growth in demand for electricity

After the economic slump of recent years, the global economy improved in 2010, with a tandem increase in demand, particularly in western countries. Although several macroeconomic indicators imply that the worst of the crisis is behind us, ups and downs in the recovery are still possible.

Nonetheless, under the combined pressures of world population growth, more widespread access to energy and long-term economic growth, world demand for energy is set to increase over the longer term.

In its "New Policies Scenario"⁽¹⁾, the *World Energy Outlook* published by the International Energy Agency (IEA) in November 2010 expects global primary energy consumption to grow from 12.3 Gtoe in 2008 to 16.7 Gtoe in 2035, giving average annual growth of 1.2%. 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 central scenario, world power generation for 2035 is estimated at 30,300 TWh, compared with 16,819 TWh in 2008, for an average annual increase of 2.2%, compared with growth in energy demand of 1.2% over the same period. Most of the growth originates in non-member countries of the Organization for Economic Cooperation and Development (OECD). In China, for instance, electricity consumption is set to triple by 2035.

On the supply side, oil, gas and coal continue to be the preferred energy sources. Energy policies being implemented now are expected to reverse 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, develop new energy technologies and diversify energy sources geographically. A growing number of countries are currently considering the possibility of using nuclear power and renewable energies or increasing their contributions to bolster their security of energy supply, enhance competitiveness and cost predictability, and reduce CO₂ emissions for sustainable economic growth.

Energy and global warming

Current energy policies, if left as they are, together with strong growth in energy demand would have disastrous impacts on the climate since, according to the IEA, they would be accompanied by a 50% increase in greenhouse gas emissions from the energy sector by 2030, recognizing that that sector accounts for two thirds of total emissions today. 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 has set a goal of cutting emissions by 20% by 2020, compared with a 1990 baseline. In 2005, the European Union set up a system to cap CO₂ emissions by establishing the European Trading System, which recognizes the economic value of emissions reductions.

Federal laws in the United States, such as the Energy Independence and Security Act, the Energy Improvement and Extension Act, and the American Recovery and Reinvestment Act, provide financial support to companies that invest in the carbon-free energy sector or local sources of energy with high added value. Three voluntary carbon emission permits trading exchanges – the Regional Greenhouse Gas Initiative, the Midwestern Greenhouse Gas Accord and the Western Climate Initiative – are being established in 55 States and Provinces in the United States, Mexico and Canada.

China, India and other emerging countries are also becoming key players in the climate change fight. Their recent commitments to growth with less fossil energy are indicative of a new understanding of the risks associated with growing emissions. China in particular announced its decision to invest 738 billion dollars in carbon-free energies over the 2011-2020 period. It has set up seven pilot carbon credit exchanges in Beijing, Shanghai, Tianjin, Wuhan, Kunming, Changsha and Shenzhen, and is pursuing a 40% reduction in carbon intensity by 2020 compared with 2005. India has launched an ambitious program to develop solar and nuclear energy with a goal of 40 GW of new capacity in service by 2020, together with a 20% reduction in carbon intensity by 2020 compared with 2005. Several countries in Africa and the Middle East have set similar goals.

Today, power generation accounts for 41% of the GHG emissions from the energy sector, ahead of transportation (23%) and manufacturing (17%), and the potential for emissions reduction is greater there. It

(1) The IEA considers that additional efforts will be required beyond those identified in the New Policies Scenario in order to limit the temperature increase from climate change to 2°C. The 450 scenario in the report confirms that new nuclear and renewable energy facilities would be required to meet this goal.

6.1. The markets for nuclear power and renewable energies

6.1.1. Nuclear power and renewable energies in the global energy landscape

is therefore vital to seek a carbon-light energy mix, which 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.

Anticipating the depletion of fossil energy resources

The gradual depletion of hydrocarbon resources is a major threat to global energy supply. According to the IEA New Policies scenario, conventional oil production peaked in 2006 and the average price per barrel should reach 113 dollars by 2035 (in 2009 US dollars).

It is true, however, that “peak oil”, the actual level of hydrocarbon reserves, and future prices for hydrocarbons are not set in concrete. That 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.

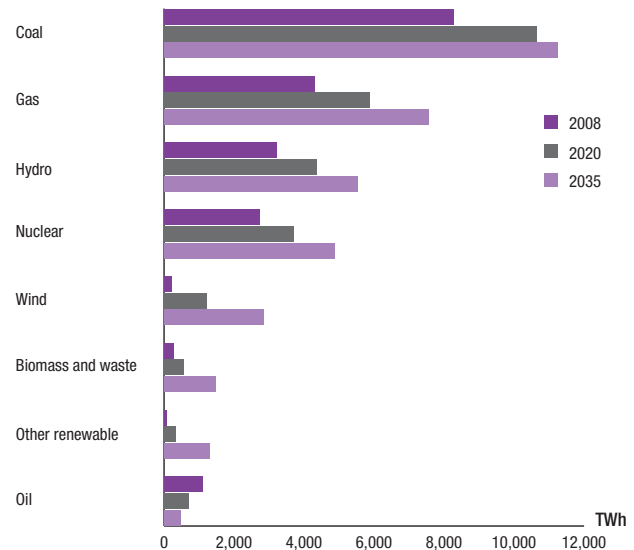
Investing to improve the global power generation mix

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.

The IEA's *World Energy Outlook 2010* includes a New Policies Scenario that takes into consideration firm or planned policy commitments in countries around the globe. This central scenario measures the impacts of these decisions on the energy sector, compared with the two scenarios used previously: the “Current Policies Scenario” (previously known as the Reference Scenario), which assumes no major change in energy policy compared with the situation at mid-2010, and the “450 Scenario” designed to limit concentrations of greenhouse gases in the atmosphere to 450 ppm⁽¹⁾ (in CO₂ equivalent), thereby limiting the temperature increase on the planet to 2°C.

Nuclear generating capacity would climb 80% by 2035 in the central scenario, when a significant share of the existing reactor fleet would have to be replaced. Wind energy would increase more than twelvefold by 2035.

→ GLOBAL ELECTRICITY MIX IN THE IEA'S NEW POLICIES SCENARIO



Sources: IEA, *World Energy Outlook 2010*.

6.1.1.2. NUCLEAR POWER SOLUTIONS FOR GLOBAL ENERGY CHALLENGES

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

- it helps combat climate change;
- it creates significant value locally and creates a large number of highly qualified jobs that cannot be delocalized;
- 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 offers stable production costs with less uncertainty concerning electric rates;
- it ensures 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 heightened operational and safety performance, particularly with the new generation III+ reactors developed by AREVA, including the EPR™ reactor, the KERENA™ reactor and the ATMEA1™ reactor⁽²⁾.

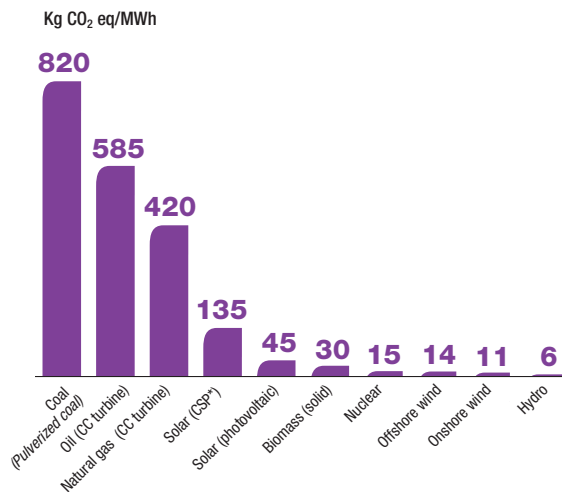
(1) ppm: parts per million.

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

Nuclear power helps combat climate change

Nuclear power is already making a strong contribution to the fight against climate change. The chart below shows that GHG emissions from nuclear power are as low as those from renewable energies.

→ GREENHOUSE GAS EMISSIONS (GHG) BY POWER GENERATION SOURCE ACROSS THE ENTIRE LIFECYCLE



* CSP: Concentrated Solar Power.
 Sources: European Commission 2009.

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 according to *World Economic Outlook 2009*.

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.

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 competitive

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 the electricity generated in thermal power plants fueled with coal, and the situation is even worse for gas. The price of carbon is also 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 in 2010. Today, the trend is up again. Prices have not returned to 2008 levels yet because of a slow and uncertain economic recovery, but the consensus is that the trend will rise in the medium term due to increasing demand, the shift from coal to natural gas and the depletion of conventional 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. Coal prices have risen due to increased demand in Asia (China and India) combined with export restrictions in certain producing countries (Indonesia and Vietnam) and a spike in maritime freight costs. The price has remained above 100 euros per metric ton since October 2010⁽¹⁾, the highest it has been since November 2008. The global coal price will be driven by long-term demand in Asia but also by the predictable drop in Australian production in 2011 in the aftermath of catastrophic flooding in that country.

Carbon prices remained relatively stable in Europe in 2010, although generally higher than in 2009. 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.

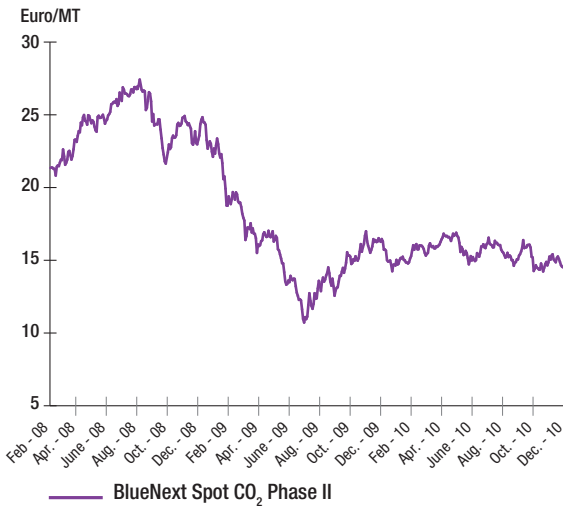
The cost of gas- or coal-based electricity is also difficult to predict, considering the historical volatility of commodity prices and the uncertainty surrounding the price of carbon.

(1) CIF ARA (Cost, Insurance, Freight - Amsterdam-Rotterdam-Antwerp).

BUSINESS OVERVIEW

6.1. The markets for nuclear power and renewable energies
 6.1.1. Nuclear power and renewable energies in the global energy landscape

→ RECENT CO₂ PRICES IN EUROPE

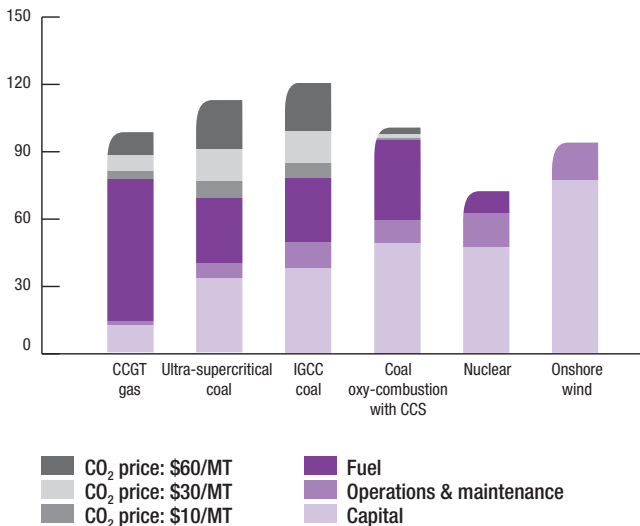


Source: CDC Climate Research in partnership with BlueNext.

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

US dollars (2008) per MWh



Sources: IEA, WEO 2009.

Nuclear power improves national security of electricity supply

Another major advantage of nuclear power is the security of supply it promises. Unlike hydrocarbon reserves, which are concentrated in certain regions, uranium resources are well distributed around the world. 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 the equivalent of 200 times the current global demand (OECD Red Book, 2007).

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

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:

- nuclear safety: designs that drastically reduce the possibility of a serious accident and ensure 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;
- environmental protection: reduction in the quantity of used fuel and final waste.

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.

In addition, renewable energies offer several advantages on the environmental, economic, strategic and operational levels:

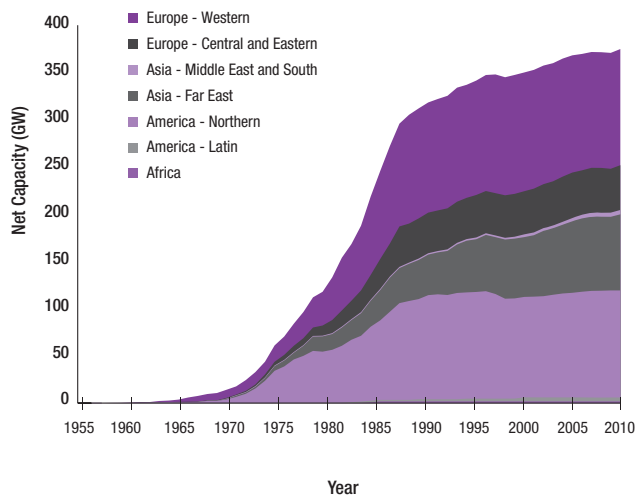
- they contribute to the fight against global warming by reducing carbon accumulation in the atmosphere;
- they bring significant value to the local communities and create many highly qualified jobs that cannot be outsourced abroad;
- they are becoming competitive with fossil fuels used to generate baseload electricity, especially with fuel and carbon prices rising;

- they are available locally and well distributed geographically, thus offering security of supply, 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
- they offer enhanced operational performance, as demonstrated by AREVA Wind's powerful, single-bearing M5000 offshore wind turbine and AREVA Solar's compact solar fields.

6.1.2. NUCLEAR ENERGY MARKETS

The first commercial nuclear power programs were launched in the mid-1960s in the United States and in the early 70s 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 INSTALLED NUCLEAR GENERATING CAPACITY (IN GW)

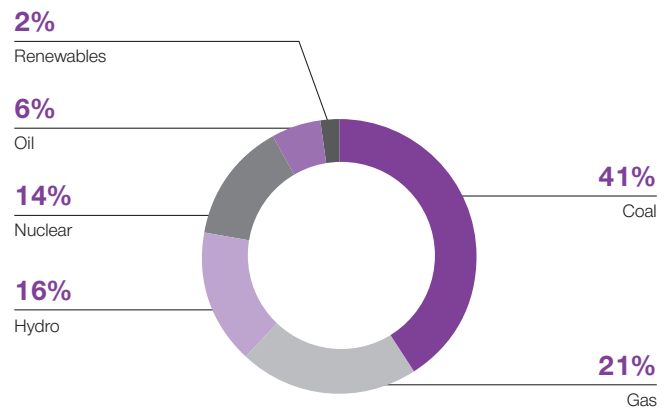


Sources: IAEA, Power Reactor Information System.

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 18% over the 1990 to 2010 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. Global installed nuclear generating capacity is estimated at 375 GWe in 2010, slightly up from 2009 (371 GWe). The chart below shows the breakdown of electric power generation.

→ WORLD ELECTRICITY GENERATION BY SOURCE

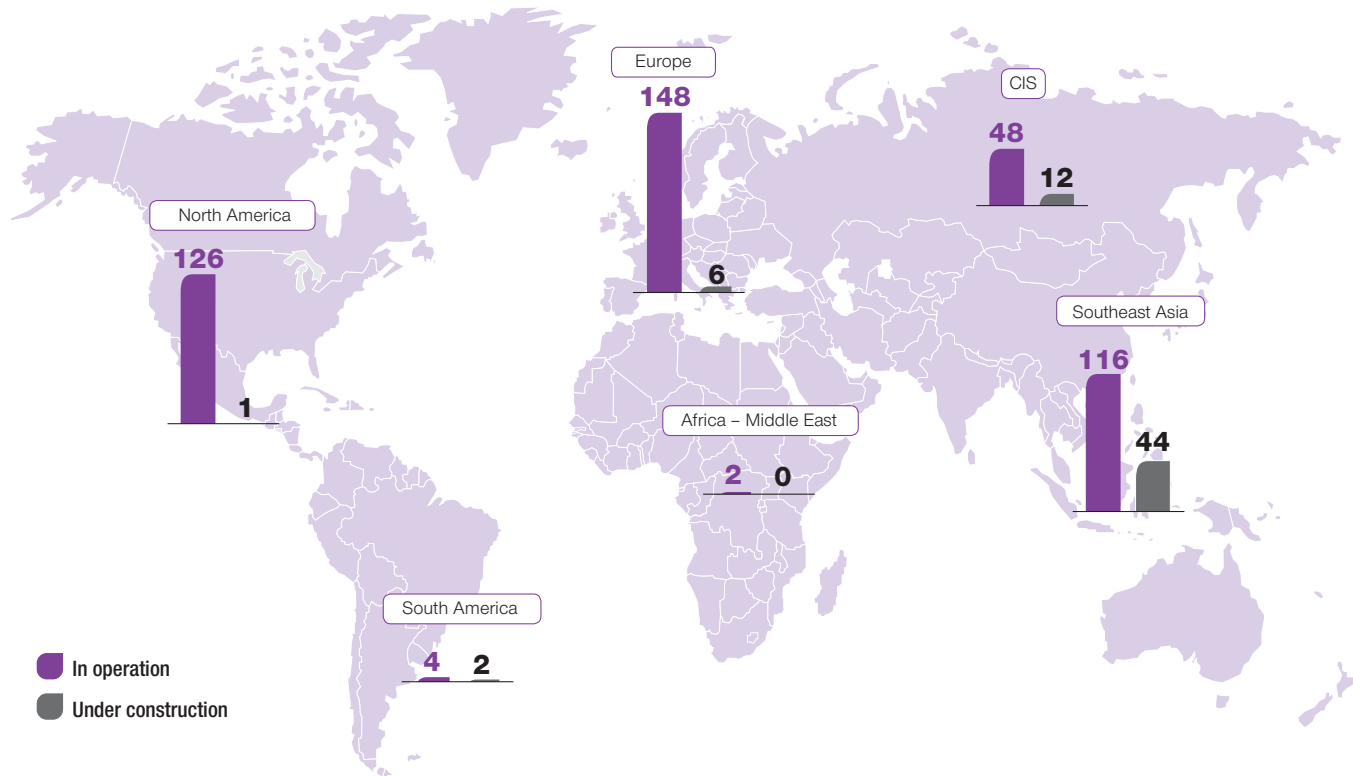


Sources: IEA, WEO 2010.

A total of 444 reactors representing 396 GWe (377 GWe net) were connected to the grid in 31 countries in the world's largest power consuming regions as of December 31, 2010.

With about 44% 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 more than 28% of global capacity. Through 2015, most of the medium-term growth potential for nuclear power is located in Asia (China, South Korea, India and Japan) 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 2010



Sources: WNA, adjusted by AREVA.

According to the IAEA and the World Nuclear Association (WNA), 65 reactors were under construction worldwide at year-end 2010, compared with 55 at year-end 2009; 154 reactors were either on order or planned, compared with 137 at year-end 2009, 109 at year-end 2008 and 91 at year-end 2007; and more than 300 reactors are planned for the coming years.

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 361 of these reactors are connected to the grid, including 52 VVER reactors (PWR) based on Russian technology;
- there were 48 Canadian-designed heavy water Candu reactors connected to the grid in 2010;
- 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.

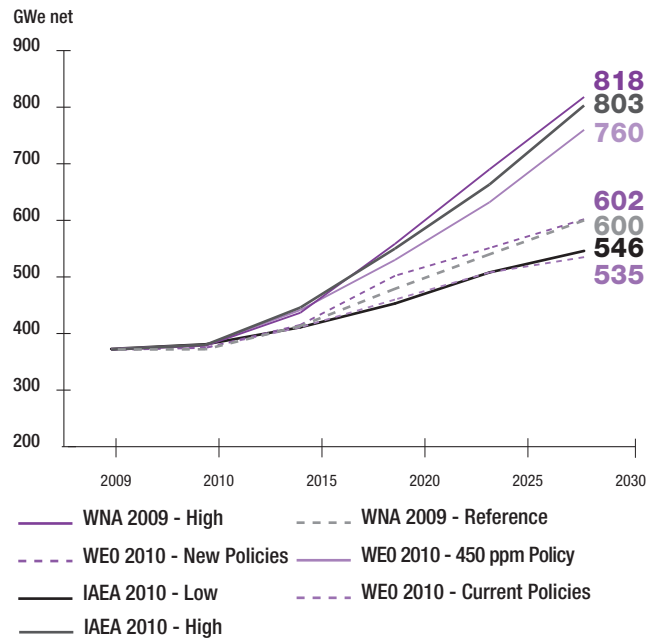
OUTLOOK FOR INSTALLED NUCLEAR GENERATING CAPACITY

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 lifecycle extended to increase available capacity. This should also lead to new reactor construction to replace and expand installed generating capacity worldwide, and it 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 2009 and 2010, 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, WNA, IEA, US Department of Energy.

At year-end 2010, nuclear reactors connected to the grid represented about 377 GWe net (about 396 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 lifecycle 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.

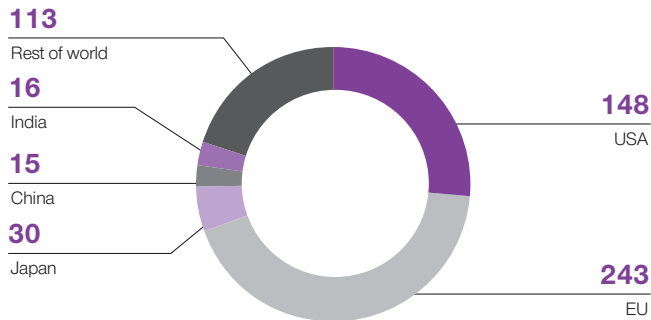
- 6.1. The markets for nuclear power and renewable energies
 6.1.3. Renewable energies market

6.1.3. RENEWABLE ENERGIES MARKET

Each year since 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. Whereas renewable energies, not including hydropower, accounted for less than 3% of the electric power 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 2008.

→ ELECTRIC POWER GENERATION FROM RENEWABLE SOURCES BY REGION* (TWH)



* Excluding hydropower.

Sources: IEA, WEO 2010.

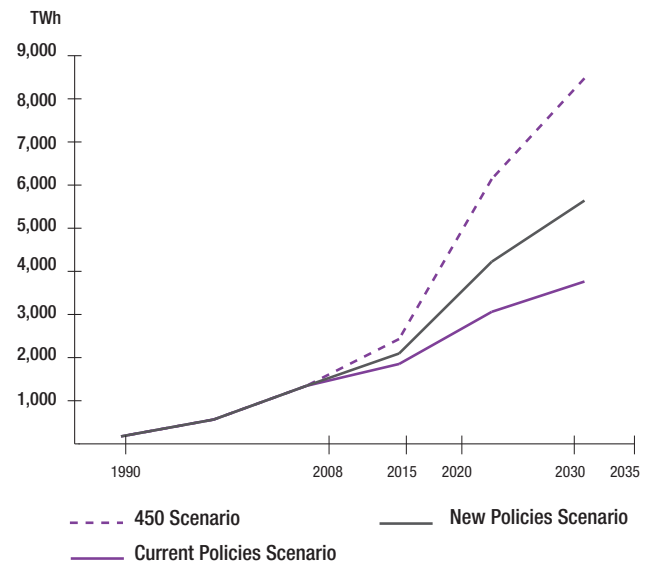
Europe is particularly dynamic when it comes to developing renewable energies. For example, the European Union has set a goal of a 20% share of the energy mix for renewable energies by 2020.

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. Three markets are being established in the US to trade carbon emission permits under a voluntary scheme.

China, India and other emerging countries, which are setting goals for energy efficiency and reduced carbon intensity, are new potential markets for renewable energies. China has set up seven pilot exchanges to trade carbon credits. In addition to low construction costs, these countries often have low-cost primary energy resources, such as biomass in Brazil and India or strong solar radiation in the Sahara region.

The central scenario in the IEA's *World Energy Outlook 2010* foresees very strong worldwide growth in power generation from renewable sources, for a combined total excluding hydropower of 4,223 TWh per year by 2030.

→ RENEWABLE POWER GENERATION* (TWH)



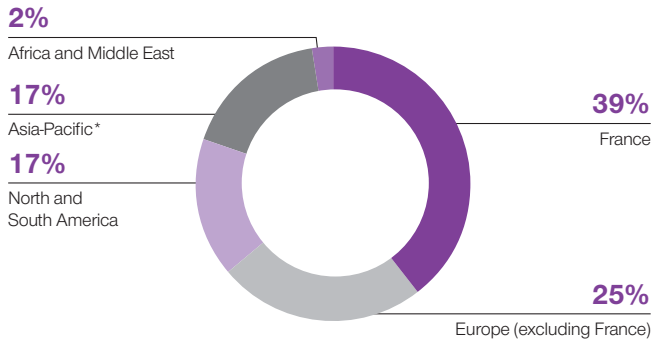
* Excluding hydropower.

Sources: WEO 2010.

→ 6.2. AREVA Customers and Suppliers

6.2.1. CUSTOMERS

→ REGIONAL DISTRIBUTION OF CUSTOMERS BY REVENUE



* Including Japan: 7% of the group's consolidated revenue.

Source: AREVA.

The majority of AREVA's customers are large electric utilities, public entities such as agencies in charge of the back end of the nuclear cycle, 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 markets such as India, Brazil and the Middle East.

The EDF group is the group's key customer, representing about 25% of its revenue. The group's 10 biggest customers, including the EDF group, represented about half of its revenue in 2010.

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 and Marketing department is responsible for recommending commercial strategy to AREVA's senior management and coordinating its implementation, backed in particular by a major projects management team, an international sales network, key account managers, the AREVA group marketing staff and a proposal control process.

Major proposals are also subject to approval by the group's senior management.

NUCLEAR

There are a limited number of customers in Nuclear operations, with the group's 10 largest customers representing about half of its revenue. The contracts are usually large, and can amount to several billion euros. In addition to the EDF group, AREVA's main customers are major utilities such as Duke Energy in the United States, GDF Suez and E.On in Europe, CGNPC in China 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 several businesses, such as in Chemistry and Enrichment, where contracts with some 30 utilities around the world average 5 to 8 years, in the Recycling business unit, where AREVA has a multiyear agreement with the EDF group, and in the Mining business group, which has bolstered its medium- to long-term backlog through partnerships.

The Reactors & Services business group responds to calls for bids or negotiates on a sole source basis for installed base services and equipment replacement contracts as well as for the supply of new reactors.

With its ability to cover every aspect of the nuclear business in an integrated manner, AREVA is able to enter into very large long-term contracts encompassing both reactors and services as well as front end products and related services, as in the case of the contract with the Chinese utility CGNPC for nearly 8 billion euros. AREVA is competing on several other large new build projects in Europe, the United States and India.

In addition to contracts with utilities, AREVA has significant contracts with governmental and para-governmental entities such as the Commissariat à l'énergie atomique (CEA, the French atomic energy commission), the United States Department of Energy, the Nuclear Decommissioning Authority of Great Britain, the French naval shipyards DCNS and the Direction générale de l'armement (France defense procurement agency), among others.

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 9.4.7, Off-balance sheet commitments, and 4.3, Risk.

RENEWABLES

AREVA consolidated its presence and expanded its commercial offer in the Renewable Energies field in 2010.

In offshore wind, AREVA bought the remaining 49% of Multibrid, now called AREVA Wind, a German manufacturer of high-powered offshore wind turbines (5 MW). This has positioned the group to meet demand for offshore wind from European utilities such as Global Tech in 2009 and Trianel in 2010. For example, the group won a 400-million euro contract in 2010 from Trianel, an association of German utilities, to manufacture, deliver and maintain 40 M5000 turbines (5 MW each) for the Borkum West II offshore wind farm in the North Sea.

AREVA is also present in the market for the design of biomass power plants and is continuing its expansion in several countries. That is the case in Brazil in particular, where the group won contracts in 2010 through its subsidiary AREVA Koblitiz for the modernization of cogeneration plants at sugarcane factories, teamed with the independent utility Hidrotérmica, and for the delivery of a turnkey power plant with 70 MWe of capacity, teamed with Rhodia Energy Services.

In addition, following the acquisition of Ausra in February 2010, AREVA is now present in the concentrated solar power field (CSP) through its subsidiary AREVA Solar.

6.2.2. SUPPLIERS

The volume of 2010 outsourced procurement neared 4.4 billion Euros, of which 1.1 were non-production purchases (information technology, telecommunications, intellectual and general services). The production purchases are distributed among the following categories:

- Civil engineering and finishings;
- Raw materials and semi-finished products;
- Forgings, boilers, piping and welding;
- Mechanical accessories, components and equipments;
- Electricity, electronics and instrumentation;
- Logistics, handling and storage;
- Production services.

Apart from the supply of nuclear materials and the EDF electricity contract for enrichment, in 2010, the top ten suppliers approximately represented 11% of our consolidated procurement volume.

The Purchasing Department continued the AREVA Certified suppliers process, as initiated in 2009. As yet, 567 European and American suppliers received it. It displays the recognition of shared views upon sustainable development and quality, cost and timely performance. It is granted following a 25-standard comprehensive analysis and represents the supplier's capability to partner AREVA's growth.

6.2.3. DEPENDENCY OF THE ISSUER

Please refer to Section 4.2.2, Contractual and commercial risks.

For the EDF group, see also Sections 6.2.1, Customers, and 6.2.2, Suppliers.

→ 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 9.104 billion euros in 2010 and consolidated net income of 883 million euros. The group employs 47,851 people in the Nuclear and Renewable Energies businesses. AREVA's strategy is built on developing carbon-light energies by expanding 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-light 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 an 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 that field. This market vision prompted AREVA to develop, before its competitors, a comprehensive

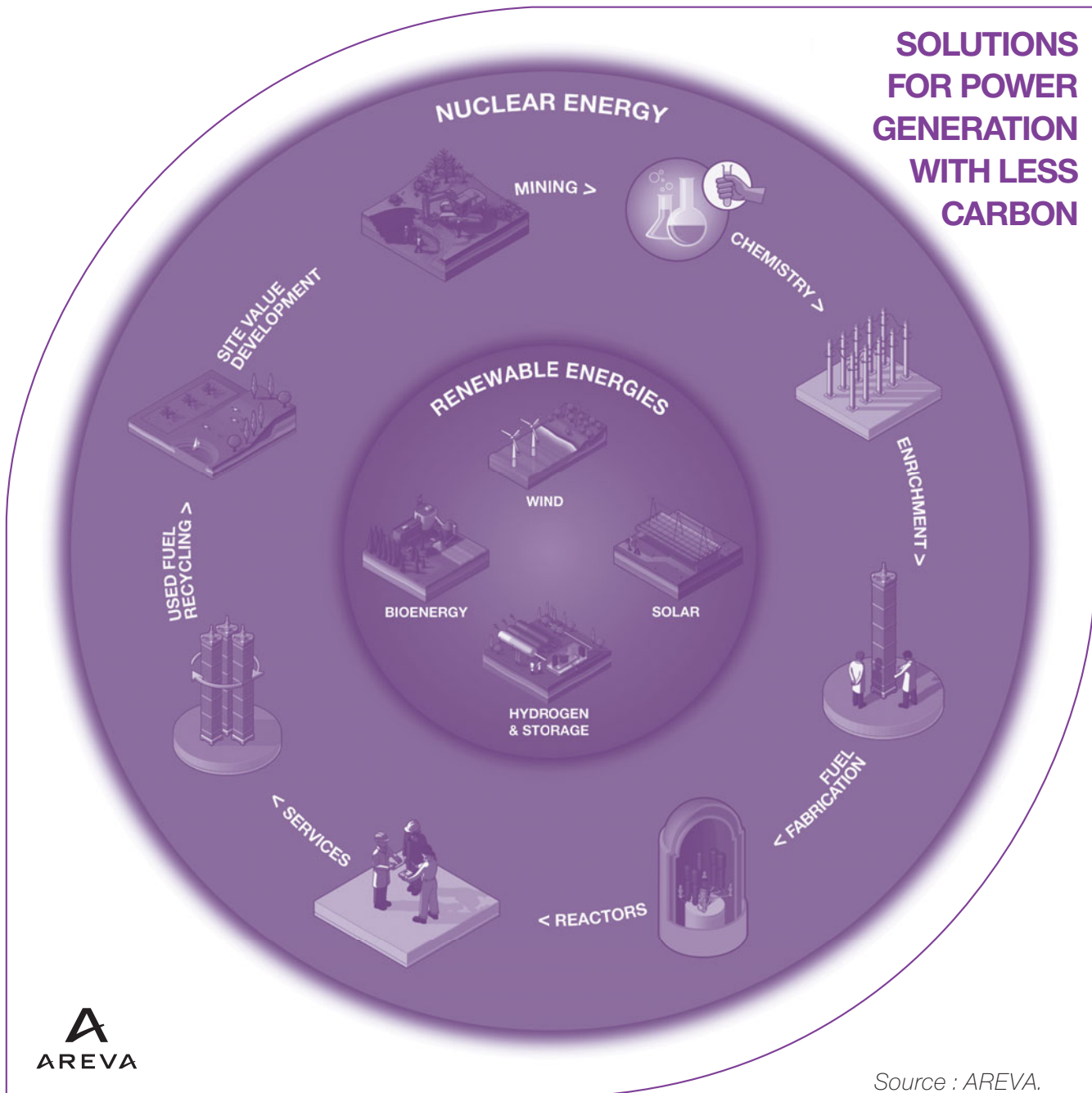
strategy for meeting market demand. AREVA is capitalizing on this strength through innovative, multiproduct, multiservice offers that meet the new expectations of its customers. In keeping with this strategy, AREVA is developing clean energy parks offering a balanced mix of carbon-light energies such as nuclear power and renewables. The first clean energy park is planned in Ohio in partnership with Duke Energy. AREVA is working on similar developments in Fresno, California, in partnership with FNEG, and near the Point Lepreau nuclear site in New Brunswick, Canada, in partnership with the Province of New Brunswick and New Brunswick Power.

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 stood at nearly 44.204 billion euros at year-end 2010. The backlog has risen regularly in 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 Reactors & Services business group as well as the Mining-Front End and Back End business groups, confirming the relevancy of the group's integrated business model.

AREVA thus has all the resources needed to take full advantage of energy market growth. With its international presence and recognized expertise and technologies, the group is able and ready to respond to the key challenges facing its customers: to produce energy safely and at a competitive cost while reducing their greenhouse gas emissions.

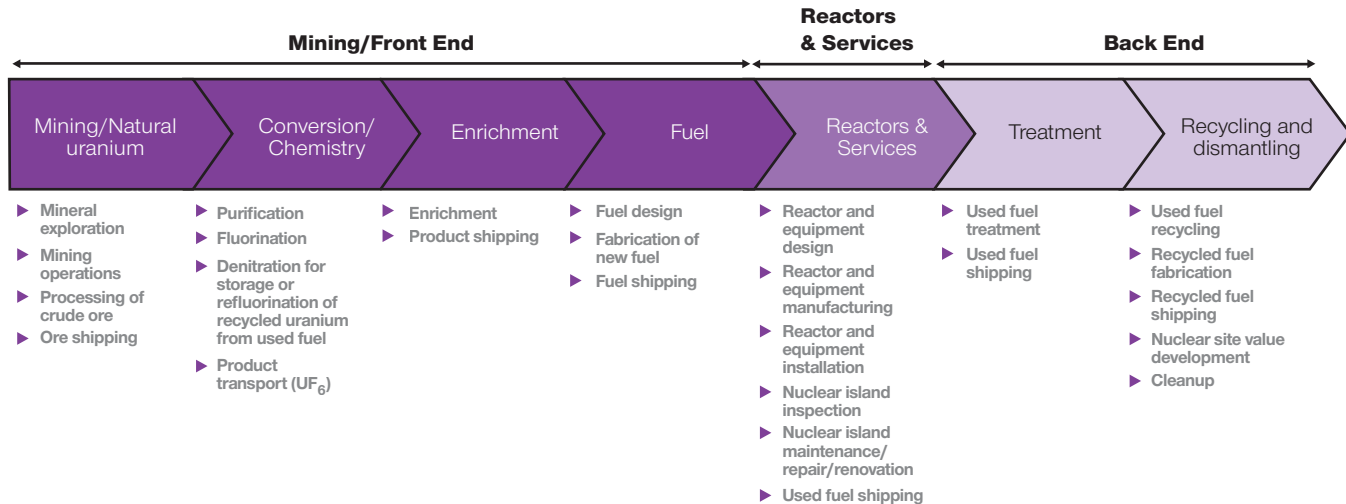
→ THE GROUP'S BUSINESSES

**Nuclear businesses**

The group is a global leader in solutions for nuclear power generation and is integrated across 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 (operations and maintenance) representing about 80% of

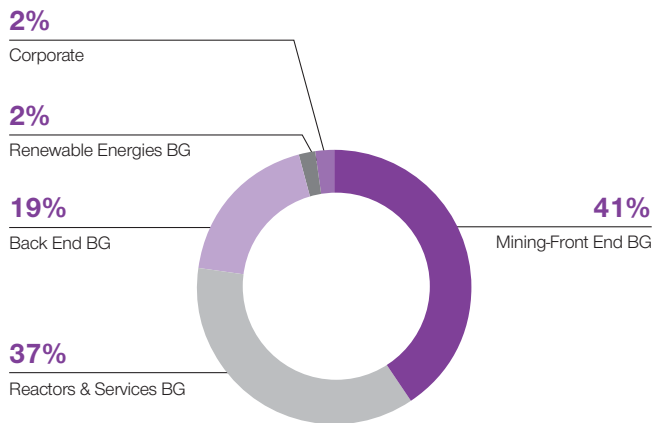
the group's revenue today. These long-term activities provide a stable base for less regular "new builds" business. It is largely due to the strength of recurring installed base services and fuel supply to the installed base that AREVA was able to absorb the pitfalls of first-of-a-kind construction, such as the Olkiluoto 3 project. The diversity of the group's businesses makes it very attractive in the employment market, where nuclear expertise is scarce.

The group's nuclear power operations consist of three main business segments:



Source: AREVA.

→ AREVA'S 2010 REVENUE BY BUSINESS GROUP



The Mining-Front End business group represented 41% of AREVA's consolidated revenue in 2010, or 3.704 billion euros. The business group combines operations in uranium exploration and mining, uranium conversion and enrichment, and 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 outstanding industrial facilities, primarily in Europe and North America.

The Reactors & Services business group represented 38% of AREVA's consolidated revenue in 2010, or 3.384 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 business group 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 Back End business group represented 19% of AREVA's consolidated revenue in 2010, or 1.709 billion euros. It offers efficient management solutions for the back end of the nuclear fuel cycle. AREVA is the world leader in the back end of the nuclear fuel cycle. It offers solutions consisting primarily of the recycling of used power reactor fuel and nuclear site cleanup and value development. 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. The business group is also active in site and facility value development after production is discontinued.

AREVA developed a portfolio of renewable energies that have been combined in a dedicated business group (BG) since 2010. **The Renewable Energies business group** represented 2% of AREVA's consolidated revenue in 2010, or 150 million euros. The business group operates in four areas: offshore wind, biomass, concentrated solar power, and hydrogen and energy storage.

Like nuclear power, renewable energies are an essential component of tomorrow's energy mix and are integral to the carbon-light solutions for power generation offered by AREVA.

AREVA intends to boost its growth in this market segment by capitalizing on the many synergies between the two businesses, both in marketing terms ("one-stop shop") and in technologies (such as the management and production of high-temperature steam from solar power).

In addition, the dual offering of nuclear projects and renewable energy projects allows AREVA to maintain a continuous presence in several countries.

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-light 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 defines 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 for commercial nuclear power by 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 involves several lines of action:

- The group’s objective is to secure the fuel cycle supply chain for its existing and future customers in light of anticipated growth in the number of reactors connected to the grid 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 centrifuge enrichment plants, one in France and one in the United States. These investments are financed in part by the group’s customers through minority interests in some projects or by reserving capacity and, in the United States, with the support of a loan guarantee provided by the US Department of Energy.
- In the New Builds market, the group’s EPR™ nuclear power plants currently under construction give it a head start over its competitors. Its objective is to build one third of the new nuclear capacity in accessible markets⁽¹⁾. AREVA 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 in the AREVA business model; by investing heavily 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.
- Services to the installed base (operations and maintenance) are a major component of the group’s operations due to their recurring nature and the visibility they afford. Continued expansion of AREVA’s engineering teams, which have been shared across business lines since 2010, will contribute to the development of integrated offers.
- In addition, sustainable development in the nuclear industry means technologically mature, long-term solutions for used fuel management that contribute to non-proliferation. AREVA is far ahead of the competition, having developed a technology to recycle 96% of the materials contained in used fuel into fresh fuel. A growing number of nuclear countries have expressed interest in recycling, fortifying AREVA’s intention of further 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 might be harvested between existing and emerging technologies. The sector’s leading players are building their strategies on a similar model of a “portfolio of solutions for renewable energy production”.

AREVA has the credibility, the technical expertise and the customer base necessary to become the French leader in renewable energies.

In addition, AREVA will capitalize on its technology and expertise in the nuclear businesses to win renewable energy projects from existing customers.

To achieve these strategic goals on the nuclear and renewable energy markets, the group is devoting considerable resources to three key areas:

- human capital: employee recruitment, integration and training are top priorities to prepare for expected growth;
- Research and Development: R&D projects are oriented towards supporting existing operations and businesses, and developing new business applications. The group’s total R&D spending represents more than 10% of revenue;
- industrial investment: major investments are required to meet demand and expand our geographic footprint.

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. Partnerships are part of the group’s culture. Partners include:

- industrial groups such as Cameco, Japan Steel Works, Northrop Grumman, Mitsubishi, Urenco, Kepco, Astonfied and Siemens;
- engineering groups such as Amec, Aveng, Bechtel, Bouygues, URS-Washington Group, Shaw and Technip;

(1) For political reasons or due to the current presence of dominant local players, AREVA does not plan to acquire a position in part of the market.

- power producers such as Duke, EDF, E.On, RWE, Kansai, Sojitz, KHNP, Kyushu, Tohoku and GDF Suez;
- governments and government-owned companies such as Kazatomprom, the State of Niger, CNNC and CGNPC of China, the Office Chérifien des phosphates of Morocco, and the Jordan Atomic Energy Commission.

Aware of the contribution that nuclear power and renewable energies are making to 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 stated 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 must adopt objectives that are in line with the group's commitments. 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 2010", available from the group on request or 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 those operations are conducted, without exception (see Appendix 6). Written in the main languages used in the group, it may be downloaded from the group's website (www.aveva.com) and is updated regularly to reflect lessons learned and advances 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".

Thus, through dialogue initiatives and by listening to the concerns and expectations of its stakeholders, the group continually enriches its action plans in the spirit of continuous improvement.

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

Consensus-building at the corporate level

In 2004, the group entrusted Comité 21, a leading authority on sustainable development in France, with the design and leadership of a consensus-building program with a panel of external stakeholders, mainly associations for environmental protection, North-South development, solidarity, human rights and consumer groups.

Periodically renewed, this panel has gradually become more international. To ensure the credibility and effectiveness of the program, the AREVA group and its stakeholders accepted a methodological framework designed by Comité 21. Held every 18 months, these meetings aim to strike a better balance between the group's sustainable development strategy and the expectations of civil society. They also provide an opportunity for AREVA to report to stakeholders on actions and directions taken, to enrich critical assessment of strategy by actively listening to stakeholders, and to update its perception of the challenges.

The most recent session, the fourth of its kind since 2004, took place on May 19 and 20, 2010 in Paris.

After each consensus-building session, Comité 21 drafts a summary that is available on our website, www.aveva.com.

According to Comité 21, this latest dialogue session was interesting, credible and constructive. It also recognized the company's efforts in matters of openness and transparency. The stakeholders unanimously expressed willingness to continue the consensus-building process. The AREVA group plans to continue the program, with the recommendations of Comité 21 as a basis.

Also in 2010, for the second year in a row, AREVA organized a regional stakeholders' session in the United States through its subsidiary AREVA Inc. The leadership of this one-day session was once again entrusted to Business for Social Responsibility (BSR). The discussions with stakeholders were constructive. A summary prepared by BSR is available on the group's website.

AREVA will continue to organize consensus-building sessions in 2011, on both a global and a regional scale. In addition to the stakeholders' session held in the US, the group is considering holding a regional session in another of its geographic locations.

Mapping of local stakeholders

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

The purpose is to compare internal and external perceptions of the challenges at a given site and to assess the quality of its relations with external stakeholders through independent third-party interviews of associations, residents, local elected representatives, government agencies, the media, etc. The results provided by the independent third party are used by site managers to identify priorities and areas for improvement in future local actions.

The mapping exercise itself is tangible evidence of the group's commitment to dialogue.

At the end of 2010, 42 mapping initiatives (excluding T&D sites) had been completed in seven countries: France, Belgium, Great Britain, Germany, Canada, the United States and India. The sites involved in these exercises are now rolling out action plans to continue, reinforce, reorient or develop the performance improvement actions deemed most suitable. The mapping exercises will be repeated approximately every three years.

AREVA's patronage program

Since its establishment, AREVA has been carrying out an ambitious patronage program in countries in which it is based on the themes of North-South development, energy, climate change and culture.

In 2007, the group took this societal commitment a step further with the creation of an independent entity, AREVA Foundation. The Foundation

supports solidarity initiatives carried out by local organizations in the fields of health and knowledge-sharing. It focuses in particular on fighting illiteracy and providing support to people living with Aids.

The AREVA group's patronage program is a concrete expression of the group's policy of dialogue, both in France and overseas. More than 30 projects are carried out each year in nearly 15 countries.

6.3.3. OPERATING ORGANIZATION

On January 20, 2010, AREVA signed an agreement to sell the AREVA T&D company to the Alstom/Schneider consortium. Accordingly, IFRS 5 related to discontinued operations applies to financial information for the year ended December 31, 2009 (chapters 9 and 20). The other chapters generally contain information on continuing operations (Nuclear and Renewables), unless otherwise explicitly stated. On June 7, 2010, pursuant to the approval of the competition authorities, the decree issued on the recommendation of the French Commission des participations et des transferts, and the conclusion of the information and consultation process carried out with the different work councils, the AREVA group finalized the sale of its Transmission & Distribution operations to Alstom and Schneider Electric. The sale price came to 4.09 billion euros in enterprise value, with the sale price for T&D shares being set at 2.254 billion euros (less selling expenses). Accordingly, the 2010 Reference Document does not report on the Transmission & Distribution business.

The AREVA company ("AREVA" or the "Company" and all of its subsidiaries and consolidated shareholdings, the "group") is a global leader in solutions for carbon-light power generation and a major player in solutions for nuclear power generation. Its ambition is to also become a leading player on the renewable energies market.

On January 28, 2010, AREVA announced a major change in the organization of its Nuclear and Renewables operations. The new organization strengthens the synergies between all of the group's businesses as well as its ability to respond fully to customer expectations.

AREVA's operating organization is aligned with the group's strategy, the better to support the nuclear renaissance and the development of renewables. Built on four business groups (BG) – Mining-Front End, Reactors & Services, Back End and Renewable Energies – 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.

Summary description of the four business groups:

Mining-Front End: The Mining-Front End business group combines operations related to uranium exploration and mining, uranium conversion and enrichment, and 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, primarily in Europe and North America.

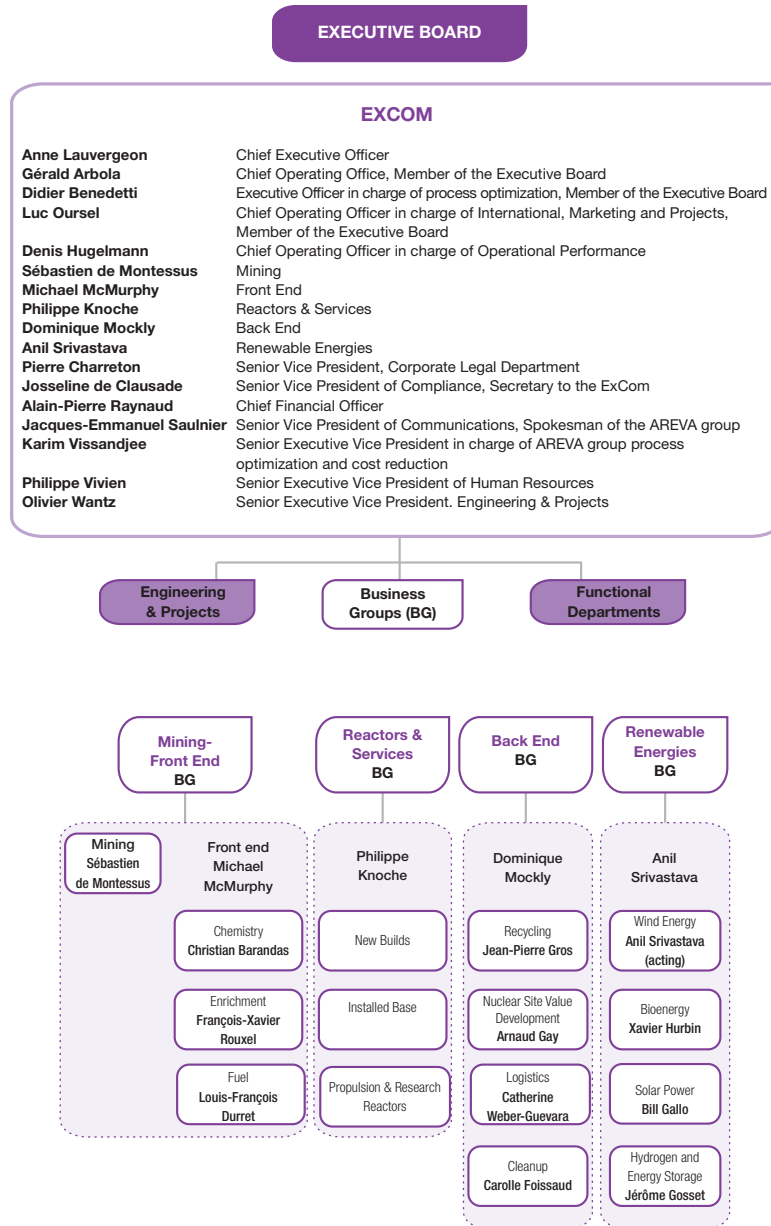
Reactors & Services: The Reactors & Services business group designs and builds nuclear power plants, naval propulsion reactors and research reactors, and manufactures related equipment. It also offers products and services for the operation, maintenance, renovation and uprating of existing nuclear power plants. In addition, it develops tools for radioactivity detection and measurement.

Back End: The Back End business group manages all operations in the back end of the nuclear cycle, from used nuclear fuel recycling to the dismantling and value development of nuclear facilities. It also offers transportation solutions for each stage of the cycle. The Back End business group has operating bases in Europe, the United States and Japan. It offers technologies that help the group meet its sustainable development commitments.

Renewable Energies: The Renewable Energies business group supplements AREVA's solutions for carbon-light energy production, with a portfolio of operations revolving around four renewable energies: wind energy, bioenergy, solar power, and hydrogen and energy storage. This offering responds to customer requirements for a diversified energy mix. Through its ongoing innovations and selective acquisitions, this entity embodies the group's intention of being a major player in these fields.

The business group's 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 AREVA group’s management organization is aligned with the markets to which it provides products and services, as shown below*.



* This overview is as of February 1, 2011.

AREVA's new organization also includes a global **Engineering & Projects organization**. The crosscutting Engineering & Projects organization is tasked with executing projects for AREVA's nuclear business groups. The objective is to increase synergies in engineering and project execution in order to continually improve how the group responds to customer needs and to ensure project profitability. Management plans the engineering and project workload on a global basis. It allocates internal resources and external resources provided by partnerships, joint ventures and subcontractors. One of the goals is to protect the group's key skills while remaining flexible and competitive. In doing so, AREVA is leveraging the experience acquired by the group's engineering units and improving quality and performance in proposal preparation and project execution. The Engineering & Projects organization is sized to compete effectively on the international nuclear market.

The new organization also includes:

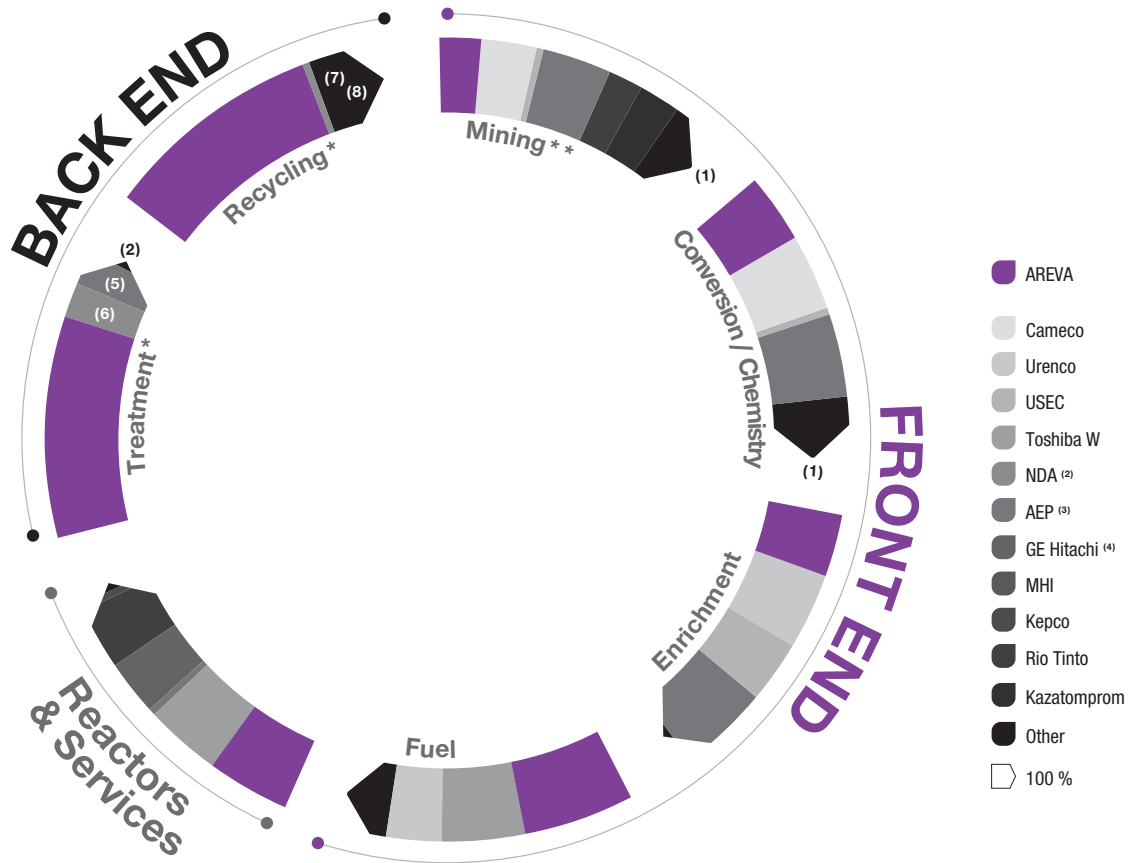
- a joint commercial department for major projects, created to lead the group's offers for major projects and to optimize the deployment of its international marketing and sales activities;
- an International Committee whose members include the members of the ExCom and the regional directors, which is tasked with monitoring the group's international operations by country;
- an Operational Coordination Committee made up of the members of the ExCom, the business unit directors and the directors of the major industrial sites.

Newly created committees also include the Proposals Committee, the Investments Committee, the Major Projects Oversight Committee and the Engineering Monitoring Committee, all of which support the Executive Board in its decisions.

6.3.4. COMPETITIVE POSITIONS

Having built up know-how that places it in the lead worldwide, the AREVA group has adopted an industrial organization that is consistent with its different business segments. AREVA is one of the world's leaders in commercial nuclear power, as illustrated in the chart 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 Thorp Reprocessing Plant at Sellafield restarted 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 construction phase.
 (8) These volumes include Belgonucléaire's production at Dessel, which ceased operations in mid-2006.

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

Source: AREVA.

→ 6.4. Activities

Effective January 1, 2010, the workforce data hereunder for the business groups and business units no longer include staff from the corporate functions.

6.4.1. MINING-FRONT END BG

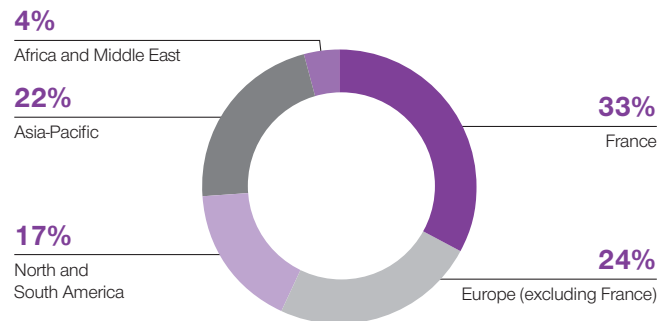
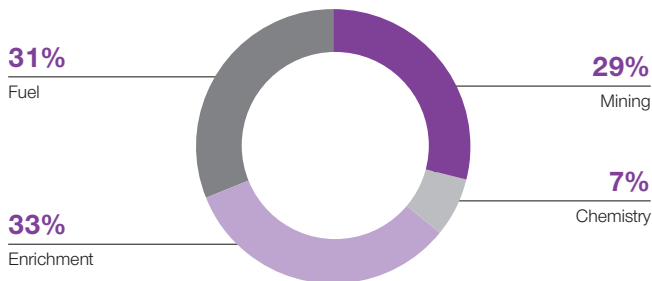
KEY FIGURES

(in millions of euros, IFRS)

	2010	2009	2008
Revenue*	3,704	3,471	3,363
Operating income	(137)	659	453
Workforce at year end	14,029	14,763	14,240

* Contribution to consolidated revenue.

→ 2010 REVENUE BY BUSINESS AND GEOGRAPHICAL AREA



OVERVIEW

The **Mining-Front End business group represented 41% of the AREVA group's revenue in 2010**. It combines all of the 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 business group's business model is characterized by large long-term investments and the ability to offer all the products and services needed by customers to fuel their nuclear power plants.

The business group's customers are primarily operators of nuclear power plants and research reactors. Customers retain ownership of the materials used in all these operations. They buy uranium concentrates from AREVA, as well as industrial processing of the material, 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 supply chain.

The **Mining** business manages a broad portfolio of projects in varying stages of development, from exploration to production, including reclamation of closed production sites. While uranium represents the vast majority of its revenue, the Mining business also holds gold mines through its subsidiary La Mancha.

The **Chemistry** business is in charge of uranium conversion, which involves purifying mining concentrates followed by conversion of the uranium into hexafluoride. The Chemistry business also supplies services to other segments of the fuel cycle: it converts depleted uranium hexafluoride into oxide, recycles uranium recovered through used fuel treatment and sells technology.

The **Enrichment** business provides enrichment services, which involve increasing the uranium-235 content of natural uranium from 0.7% to 3-5%, depending on the type of reactor in which the fuel will be loaded and how the fuel core will be managed.

The **Fuel** business designs, fabricates and markets nuclear fuel assemblies for pressurized water reactors (PWR), boiling water reactors (BWR) and research reactors. It fabricates the entire assembly, from the fuel rods for any type of fuel (enriched uranium oxide, MOX or enriched recycled uranium), to the structural components and zirconium parts.

STRATEGY AND OUTLOOK

The nuclear renaissance is gaining momentum worldwide, benefiting the business group directly. Every year, it takes around 66,000 metric tons of natural uranium and 50 million separative work units (SWU - see Glossary) to meet global demand for enriched uranium. In the fuel business, the business group 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 business group's strategic objective is to secure the supply of fuel and related materials for existing customers as well as customers acquiring new reactors. AREVA intends not only to support market growth in the Front End, but also to expand its business, in particular with its integrated services offer.

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

Increasing AREVA's mineral resources and production

For more than 10 years, the market for natural uranium has suffered from a severe imbalance between demand for uranium and primary production.

This imbalance is offset by the use of so-called secondary resources, which come from strategic inventories stockpiled by the utilities in the 1980s and, beginning in the late 1990s, from the arrival of inventories from the former Soviet bloc. They can also be traced to the arrival on the civilian market of 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 was the first non-proliferation agreement providing for the commercial reuse of such materials. Over a 20-year period through 2013, Russia agreed to convert 500 metric tons of HEU into low-enriched uranium for civilian use. Each year, AREVA markets an average of about 2,600 metric tons of natural uranium in the form of uranium hexafluoride (UF_6) under this agreement.

Mining production has increased in recent years, allowing for supply and demand to be brought back into balance. Still, secondary resources are set to diminish with the end of the HEU agreement in 2013. This factor, combined with the expected increase in uranium demand, requires continued development of mining capacities.

Fueled by the renaissance of nuclear power, uranium demand tied to new reactor sales is expected to increase without respite beginning in the middle of the decade. The group's ability to meet that demand over the long haul is a decisive advantage.

In response to these challenges, AREVA undertook a massive program to increase its uranium production and renew its resources over the long term. This involves developing projects currently in the pipeline and increasing exploration.

AREVA's diversified portfolio of mining assets and resources is an important factor in security of supply for the utilities, which want long-term guarantees of uranium deliveries.

Optimizing existing production capabilities and building new capacity

The conversion and enrichment markets are structured around a small number of international players, mainly 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 renovating and replacing its facilities.

To prepare for rising demand for fuel made with natural uranium, AREVA decided in 2007 to replace the conversion facilities of its subsidiary Comurhex by building new production units and by extending the lifecycle of certain existing facilities, both at the Malvési site in southern France and at the Tricastin site in the Rhone Valley. Operation of some of the units of the new conversion plant is slated to be phased in starting in 2013. Full production capacity, with a baseline of 15,000 metric tons per year, is scheduled for 2015. Production could subsequently be stepped up to 21,000 metric tons of uranium per year if market conditions warrant.

In addition, the group's Georges Besse gaseous diffusion enrichment plant now in operation will be replaced by a new plant 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, the principal component of current production costs. This translates into an investment of nearly 3 billion euros to produce at least 7.5 million separative work units (SWU) per year starting in 2016. Spin-up of the first centrifuge cascade took place in 2009 and the first container of uranium feed material was delivered to the plant in 2010.

AREVA also has plans for growth in the United States, particularly with the Eagle Rock Enrichment Facility in Idaho, which will serve the largest enrichment market in the world. 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.

In France, the business group completed the renovation of the Romans fuel fabrication plant in 2010, a program that began in 2004 and cost 100 million euros. The renovation allows the plant to meet the most recent and more stringent nuclear safety, occupational safety and radiation protection standards. The modern, highly efficient Romans plant also implements best practices from AREVA's other fuel plants. With its three de-conversion lines to turn uranium hexafluoride (UF_6) into uranium oxide, the Romans plant now has a production capacity of 1,800 metric tons of uranium oxide powder. Two totally renovated pellet and fuel rod fabrication lines bring the plant's capacity to 1,400 metric tons of fuel assemblies. In 2011, the Romans plant will continue its program to increase the reliability of new fabrication processes and to ramp up the pellet fabrication lines. Its ambition is to set the standard for fuel fabrication facilities.

Strengthening the integrated fuel offer

Most 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 stage of the fuel cycle and to develop innovative integrated offers that harvest internal synergies.

Operations and highlights

AREVA produced 8,341 metric tons of uranium in 2010.

In November 2010, the group signed a 10-year contract for 20,000 metric tons of uranium with the Chinese utility China Guangdong Nuclear Power Corp. (CGNPC). The contract is valued at about 3.5 billion dollars.

In Enrichment, AREVA received a 2-billion dollar loan guarantee from the US Department of Energy to finance the Eagle Rock plant. This guarantee is a real sign of the US federal government's support, but it will remain conditional until all of the necessary permits and licenses for the project have been received.

The Georges Besse II enrichment plant was inaugurated on December 14, 2010, with a large number of AREVA customers and government officials attending. The new plant will gradually replace the original Georges Besse plant, scheduled for shut down at the end of 2012, as provided in the December 3, 2010 agreement between AREVA and EDF extending the operation of the plant. This agreement is another example of the strategic partnership between AREVA and EDF.

The Fuel business signed several strategic agreements aimed at expanding its operations in Asia and playing a major role there at a time of strong growth in the nuclear industry:

- Agreement with Kazatomprom to establish a fuel fabrication joint venture: The new company, which is owned 51% by Kazatomprom and 49% by AREVA, is to build a new fuel fabrication line based on the AREVA design at the Ulba facility in eastern Kazakhstan. Operation of the new 400-ton per year unit is slated for 2014. Ifastar, the joint venture formed by the partners in 2009, will market its production to Asian power companies.
- Agreement between AREVA and China National Nuclear Corporation (CNNC) to establish a 50/50 joint venture: CNNC AREVA Shanghai Tubing Co. (CAST) will produce and market zirconium tubing for nuclear fuel assembly fabrication at its plant in Shanghai, to be operational at the end of 2012.
- Agreement to supply equipment and technical assistance services to the Yibin fuel fabrication plant of China Jianzhong Nuclear Fuel (CJNF): Signed in mid-October, the agreement will support CJNF's project to expand plant production capacity by 400 metric tons to meet growing demand for nuclear fuel in China.

6.4.1.1. MINING

Key figures

(in millions of euros)	2010	2009
Revenue*	1,092	861
Workforce at year end	5,221	5,129

* Contribution to consolidated revenue.

Businesses

The four main business lines of the Mining business are:

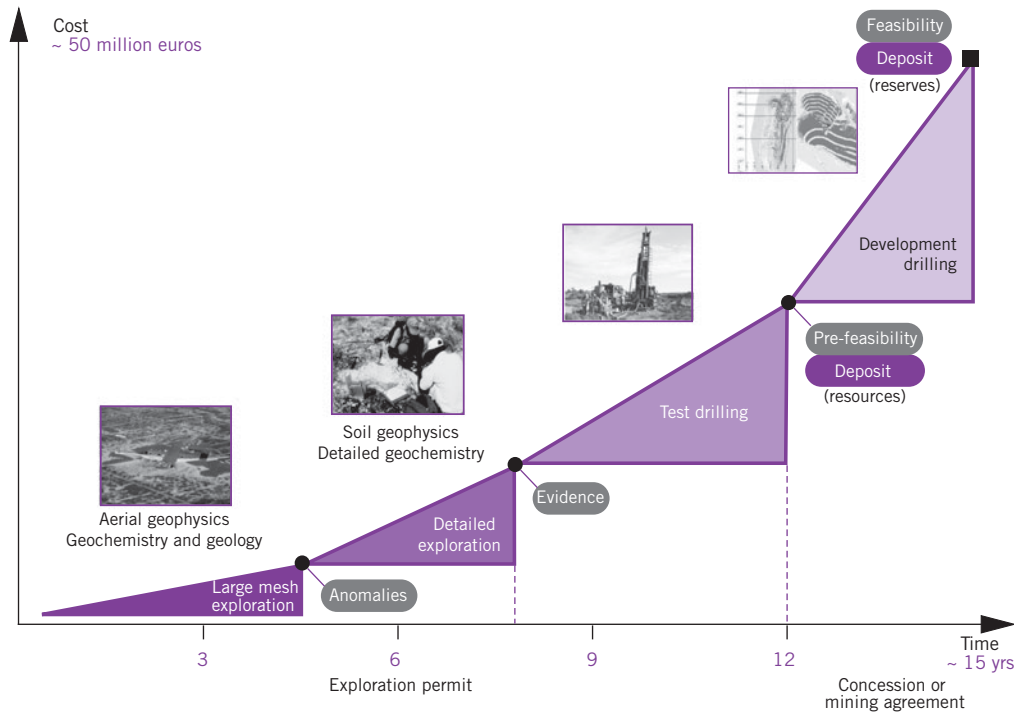
- mineral exploration: seeking new deposits for the future;
- mining operations: uranium ore extraction using various mining methods;
- ore processing: chemical concentration of the natural uranium;
- site reclamation after mining: reclamation of mine sites in accordance with applicable environmental standards.

The group's mining operations primarily concern uranium. A relatively abundant metal that is evenly distributed in the earth's crust, natural uranium contains two main isotopes: more than 99% is non-fissile uranium-238 (U^{238}), while 0.7% is fissile uranium-235 (U^{235}).

AREVA also produces gold through La Mancha, a subsidiary established on September 28, 2006, when the group's gold assets were combined with those of the Canadian company La Mancha Resources Inc. The 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 substantial capital expenditure over several years before the operations themselves begin, i.e. when the first deliveries of uranium are made and the first income received. Then cash flow increases before once again falling off in the final years of operation, followed by site reclamation.

→ BUSINESS MODEL OF A URANIUM DEPOSIT, FROM EXPLORATION TO MINING FEASIBILITY*



Source: AREVA.

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

The first phase of exploration in areas chosen by AREVA for their promising geological history consists of detecting surface or subterranean indicators using aerial or ground geophysics (gravimetry, electromagnetism and radiometry) and surface geological surveys. 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 economic feasibility of mining has been demonstrated, the uranium ore is mined either as an open pit or underground mining operation, or by in situ recovery (see Glossary), depending on the characteristics of the deposit.

Ore extracted from open pit and underground mines is transported to a processing plant. There, it is milled and the ore is leached, 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 uranium concentrate called "yellowcake". This product is packaged and shipped to the conversion plant of the customer's choice.

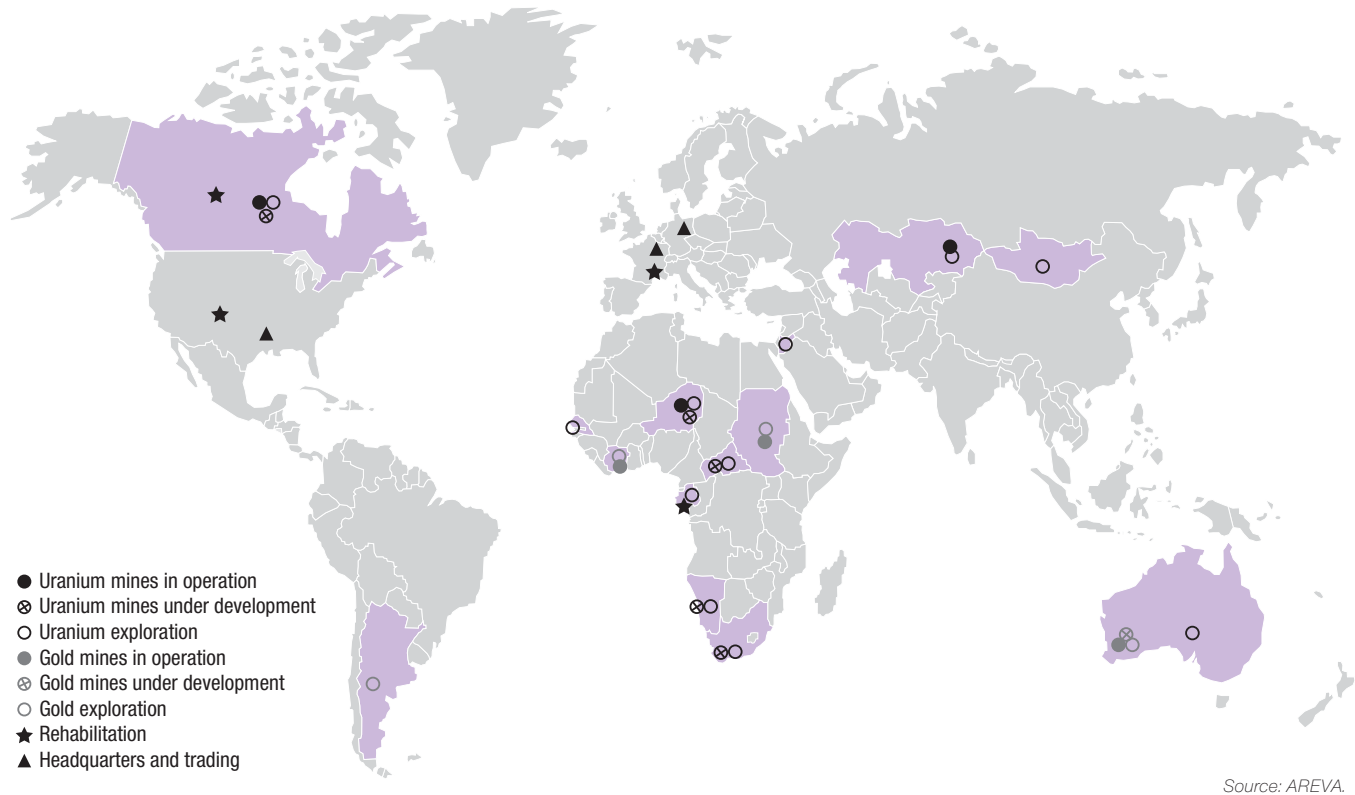
Most often, the uranium in very low- to low-grade deposits is recovered with in situ techniques. In situ leaching can often be implemented quickly. It consists of injecting an oxidizing solution into the ore bed to dissolve the uranium selectively. The solution is then pumped to the surface and processed 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 has staff on six continents. The uranium production sites are located in three countries: Canada, Niger and Kazakhstan.

→ LEADING PRODUCTION SITES OF THE MINING BUSINESS



Source: AREVA.

Canada

AREVA has two production 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 slated to enter production in the coming years. All of these sites are located approximately 600 kilometers north of Saskatoon in Saskatchewan Province.

At all of its sites and for all operations, the group deploys environmental management systems that comply with the international ISO 14001 standard. The McClean Lake site, the Cluff Lake site (shut down six years ago) and the exploration operations were certified for ISO 14001 in 2000 and 2004.

AREVA is conducting a major exploration program in this uranium-rich province, where it also holds majority interests in two deposits: Midwest (69.16% interest), now on standby for economic reasons, and Shea Creek (51% interest), whose development is tied to technical assessments of the project's feasibility.

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. Mining was discontinued in early 2009. The ore was processed in the Jeb mill, commissioned less than 10 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.

Ore processing at the Jeb mill stopped in June 2010. The mill was put on standby until the start of mining operations at Cigar Lake. Jeb is the only mill in the world capable of processing very high-grade undiluted ore (> 15%), and will process a significant share of the ore produced at Cigar Lake.

MCARTHUR RIVER

McArthur River is operated by Cameco Corporation, which holds a 69.8% interest (AREVA owns 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 holds 16.7%). This joint venture employs about 310 people. McArthur and Key Lake have a licensed capacity of 7,200 metric tons (18.7 million pounds of U_3O_8), but the regulatory authorities have granted permission to increase that amount to 7,850 metric tons to offset a deficit in past production.

CIGAR LAKE

Cigar Lake is owned 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 helped develop the mining method. Located 450 meters below the surface in fractured, water-saturated rock, the deposit cannot be mined with conventional methods. Sophisticated technology is used to freeze and harden the ground. The ore will be removed with the jet boring method involving high-pressure water jets. 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.

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.

Production was postponed due to flooding in 2006 and 2008. The mine was dewatered in 2010 and underground development work restarted.

The mine operator, Cameco, expects production to begin in 2013.

Niger

Exploration teams from the Commissariat à l'énergie atomique (CEA, the French atomic energy commission) 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. Two companies, Somaïr and Cominak, were established to operate the mines, located 1,200 kilometers north of Niamey by road. Mine development led to the creation of two new cities, Arlit and Akokan.

More than 2,000 people work at these sites in addition to the employees based in the country's capital city, Niamey. Along with providing jobs, the operating companies offer health, social and educational services to the local communities in this isolated area.

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.

Exploration work is ongoing in other permitted areas.

SOMAÏR

Société des mines de l'Air (Somaïr, the mining company of the Air) was established in 1968. The company is operated by AREVA, which owns 63.4% of the share capital; the remaining 36.6% is held through Société du patrimoine des mines du Niger (Sopamin, the Niger mining assets company).

Somaïr has operated several uranium deposits near the town of Arlit since 1971. The ore is extracted in open pit mines and processed in an on-site mill with an initial capacity of 2,000 metric tons of uranium per year (5.2 million pounds of U_3O_8). Mill capacity is being increased to 3,000 metric tons of uranium per year, in particular by developing a heap leaching process.

COMINAK

Compagnie minière d'Akouta (Cominak) was established in 1974. AREVA is the operator of the company and owns 34% of its shares. Other shareholders are Sopamin of Niger (31%), Overseas Uranium Development Company of Japan (Ourd, 25%), and Enusa Industrias Avanzadas SA of Spain (10%).

Since 1978, Cominak has mined two main deposits, Akouta and Akola, near the town of Akokan. The ore is extracted underground. The ore is processed in the on-site mill, which has a capacity of 2,000 metric tons of uranium per year (5.2 million pounds of U_3O_8).

IMOURAREN PROJECT

The Imouraren deposit, located 80 kilometers south of Arlit, was discovered in 1966. Mining operations were deferred until market conditions warranted. 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 NC Expansion (85% AREVA, 15% Kepco) holding a 66.65% interest and Sopamin of Niger holding the remaining 33.35%.

Kazakhstan

Katco, a company headquartered in Almaty, was established in 1997 to develop and mine the Muyunkum and Tortkuduk deposits in southern Kazakhstan, approximately 250 kilometers north of Simkent.

Shareholders include AREVA (51%) and the Kazakh company Kazatomprom (49%), the national natural uranium producer of Kazakhstan.

Commercial development of the two sites, located about a hundred 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 recover the uranium; this process uses a chemical solution injected directly 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 U_3O_8) for the two deposits combined. This objective was reached in 2008 when Katco produced 1,356 metric tons of uranium.

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 to 4,000 metric tons beginning in 2012. Katco produced 3,354 metric tons of uranium in 2010. It is now the largest in situ recovery producer in the world and the leading production site for AREVA.

Namibia

Capital spending on the Trekkopje project continues. On April 16, 2010, AREVA inaugurated a desalination plant that will supply all of the Trekkopje project's requirements for water, making it unnecessary to pump groundwater and preserving the country's resources. The plant will produce 20 million cubic meters of drinking water per year at full capacity. Some of the plant's processing capacity will be devoted to supplying water to the local community. In addition, the project schedule was adjusted in consideration of the results of the industrial pilot phase, begun in late 2010.

Central African Republic

Some mining work has begun at the Bakouma project while the development of the resource continues.

Mining reclamation

Since the start of the group's mining operations, a total of several hundred million euros have been spent on facility dismantling and site reclamation at 13 mining districts in France, Gabon, the United States and Canada. The purpose of reclamation is to ensure that the site's residual environmental impacts are as low as reasonably achievable. The sites are continuously monitored after reclamation, particularly to check air, surface water and groundwater quality, bio-indicators and the food chain. The duration of monitoring, provided under 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 characteristics as well as to local stakeholder expectations. Experience to date indicates that this period is generally 10 years or more. For sites located in emerging countries and/or countries where there are strong expectations of local economic support, AREVA also leads societal initiatives designed to generate income and create jobs for communities affected by mine closures.

In France, the group continued to implement the action plan defined in the July 22, 2009 circular from the Ministry of Environment and the Autorité de sûreté nucléaire (ASN, the nuclear safety authority), including:

- performance assessments for sites located in the Creuse, Corrèze, Saône-et-Loire, Nièvre, Aveyron, Puy de Dôme, Allier and Haute Loire departments of France (leaving 10 others to be performed by 2012);
- an inventory of areas where mine tailings were reused in the public domain through helicopter surveys in former mining regions (approximately 3,000 square kilometers to be surveyed, entirely at AREVA's expense);
- greater participation in the Comités locaux d'information et de suivi (CLIS, public information and follow-up committees). AREVA already participates in 15 CLIS and 18 more are planned in 2011.

In September 2010, pursuant to article 35 of the Euratom Treaty, the European Commission conducted a verification visit near former mine sites in Bessines, in the Limousin region of France. The three inspectors appointed by the European Commission concluded that the systems implemented in the vicinity of the reclaimed mine sites comply fully with the requirements of article 35.

In 2010, the Groupe d'expertise pluraliste du Limousin (multidisciplinary group of experts of the Limousin region) submitted a report to the French Minister of Environment, Energy and Sustainable Development, and studies continued on the long-term impact of ore processing residue storage under France's national plan for the management of radioactive waste and materials (PNG-MDR).

Market and competitive position**Market**

Global nuclear power programs consumed about 66,000 metric tons of uranium in 2010 ("gross" demand, expressed in natural uranium equivalent).

In terms of volume, demand has risen slightly over the past five years, from 0.5% to 1% per year, reflecting increasing load factors, the commissioning of a few new reactors, and a growing number of power upratings at existing reactors. In addition, some utilities, seeking to build strategic inventories in line with their investments in new capacity, particularly in Asia, have contributed to rising demand in recent years.

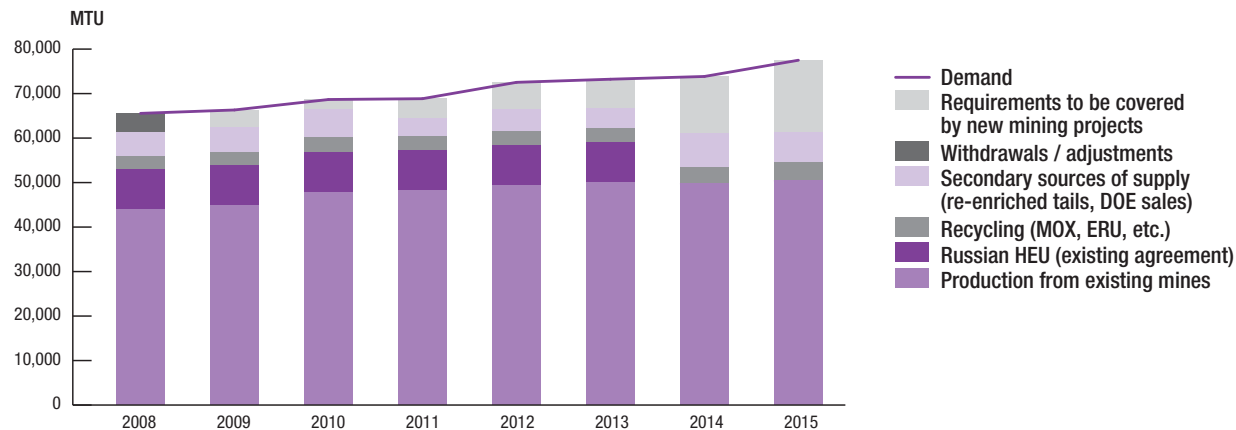
Global production continued to rise in 2010, reaching 53,000 metric tons of uranium. Like last year, Kazakhstan led production, with 4,000 metric tons of uranium. Excluding Kazakhstan, increased production at the Langer Heinrich mine in Namibia and the Somair mine in Niger, together with the startup of new mines such as the Kayelekera mine in Malawi and the Honeymoon mine in Australia, was offset by discontinued production at McClean/JEB and decreasing production at the Ranger and Rössing mines for technical reasons, as well as the temporary work stoppage at the Olympic Dam mine.

World production covers about three-fourths of uranium consumption; the balance is met with secondary resources, including the disposal of excess inventories by the DOE, material from diluted high-enriched uranium (HEU), the use of MOX fuel, recycled uranium and 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 mainly result from the development of new mining projects, offsetting production decreases and planned mine closures.

The hundreds of junior mining companies are not expected to make a significant contribution to production for some ten years.

→ WORLD URANIUM SUPPLY AND DEMAND



Source : According to WNA 2009

Estimated world production in 2010

URANIUM PRODUCTION IN 2010

→ TOP TEN URANIUM-PRODUCING COUNTRIES

Rank	Producer	Production (MTU)	%
1	Kazakhstan	17,900	34%
2	Canada	9,742	18%
3	Australia	6,100	12%
4	Namibia	4,494	8%
5	Niger	4,198	8%
6	Russia	3,610	7%
7	Uzbekistan	2,400	5%
8	United States	1,690	3%
9	China	850	2%
10	Ukraine	850	2%
Total top ten		51,834	98%
Other		1,166	2%
Worldwide production		53,000	100%

Source: AREVA.

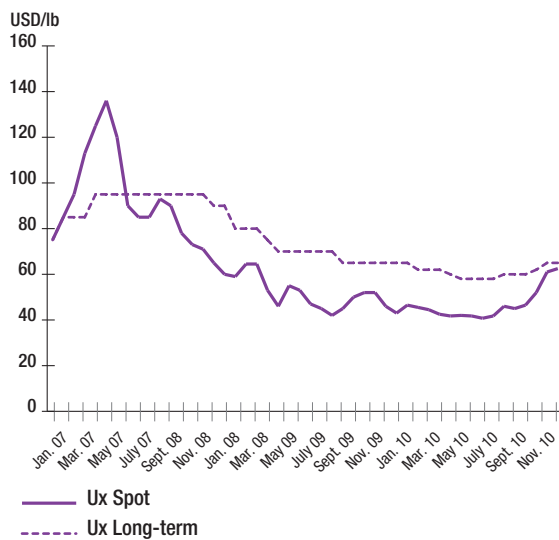
→ TOP TEN URANIUM PRODUCERS

Rank	Producer	Accessible share of production (MTU)	%
1	Cameco	8,758	16.5%
2	AREVA	8,341	15.7%
3	Kazatomprom	7,675	14.5%
4	U1/ARMZ	7,092	13.4%
5	Rio Tinto	6,388	12.1%
6	Navoi	2,400	4.5%
7	BHP Billiton	2,347	4.4%
8	Paladin	2,088	3.9%
9	Sopamin	1,465	2.8%
10	CGNPC	1,000	1.9%
Total top ten		47,563	89.7%
Other		5,445	10.3%
Worldwide production		53,000	100%

Source: AREVA.

In 2010, AREVA produced 8,341 metric tons of uranium (in share of production available to the group). Unlike 2009, the group did not include the material sold by Somair to Sopamin, the national mining company of Niger (36.6% of production). As of 2010, Sopamin markets its own share of production directly to final customers. On a comparable basis with 2009, the group's production was thus up 5% in 2010, despite the discontinued production at the McClean mine in the middle of the year.

→ URANIUM PRICE INDICATORS 2007-2010 (IN CURRENT US DOLLARS)



Source: UxC.

In the past two years, the UxC spot indicator remained in a tunnel of \$40 to \$60 per pound. After hitting bottom at about \$40 per pound, the spot price rose to \$65 per pound at the end of 2010. In the second half of the year, supply pressures attributable to technical problems at the Ranger, Rössing and Olympic Dam mines, along with strong demand, particularly in Asia, had a favorable impact on the spot price. The events in Japan in March 2011 caused the UxC spot price to fall abruptly to around \$50 per pound on March 17. Since then, it appears that purchases by some producers with a shortfall of supplies helped raise the spot price to \$60 per pound on March 22, 2011.

The spot market represents 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. The long-term indicator is therefore much more stable. It rose to \$65 per pound at the end of 2010 and was more than \$70 per pound in January 2011.

Resources, reserves and production sites

Uranium

Mineral reserves in deposits accessible to the group come to 201,503 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 with "Russian HEU" agreements to reuse the uranium from Russia's dismantled nuclear weapons.

As in 2009, the 2010 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 medium term (measured and indicated resources) is 132,518 metric tons. The volume of inferred resources accessible to AREVA is 162,718 metric tons.

For the longer term, the group had 49,465 metric tons of potential mineral resources in the ground at year-end 2010.

The group's resources and reserves at year-end 2010, together with its uranium production in 2010, 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 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.

Exploration campaigns, including radiometric surveys, have been carried out or are in progress. These campaigns are supplemented by chemical analyses performed according to a schedule that is consistent with the mining plan. The results of exploration campaigns carried out to assess the potential of deposits, particularly in South Africa (Rystkuil) and Namibia (Trekkopje), along with changes in economic conditions, are likely to have an impact on resource estimates and quality.

→ AREVA'S EQUITY INTERESTS IN URANIUM PROJECTS

Country	Site	Type*	Operator	AREVA share		
				Share in JV (%)	Available to AREVA** (%)	Financial consolidation*** (%)
South Africa	Ryst Kuil Project	n.d.	AREVA NC	74.00%	74.00%	100.00%
Australia	Koongarra	n.d.	AREVA NC	100.00%	100.00%	100.00%
Canada	Cigar Lake	UG	Cameco	37.10%	37.10%	37.10%
Canada	Dawn Lake	n.d.	Cameco	23.09%	23.09%	23.09%
Canada	Key Lake	OP	Cameco	16.67%	16.67%	16.67%
Canada	Kiggavik-Sissons Schultz	OP	AREVA NC	64.80%	64.80%	64.80%
Canada	McArthur	UG	Cameco	30.20%	30.20%	30.20%
Canada	McClellan	OP	AREVA NC	70.00%	70.00%	70.00%
Canada	Midwest	OP	AREVA NC	69.16%	69.16%	69.16%
Canada	Millennium	UG	Cameco	27.94%	27.94%	27.94%
United States	Pathfinder	OP	AREVA NC	100.00%	100.00%	100.00%
France	AREVA NC France	n.d.	AREVA NC	100.00%	100.00%	100.00%
Kazakhstan	Katco	ISR	AREVA NC	51.00%	100.00%	100.00%
Mongolia	Dulaan UUL	n.d.	AREVA NC	100.00%	100.00%	100.00%
Namibia	Trekopje Project	OP	AREVA NC	100.00%	100.00%	100.00%
Niger	Arlit Concession	n.d.	AREVA NC	100.00%	100.00%	100.00%
Niger	Cominak	UG	AREVA NC	34.00%	34.00%	34.00%
Niger	Imouraren	OP	AREVA NC	66.65%	56.65%	100.00%
Niger	Somair	OP	AREVA NC	63.40%	63.40%	100.00%
Central African Republic	Bakouma	n.d.	AREVA NC	100.00%	88.00%	100.00%

* 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.

*** Share of production consolidated in AREVA's financial statements.

Source: AREVA.

→ 2010 PRODUCTIONS IN METRIC TONS OF URANIUM (MTU)

Country	Site	Share in JV 2010 MTU	Available share* 2010 MTU	Financial consolidation 2010** MTU	Type
Canada	McArthur	2,308	2,308	2,308	Mill
Canada	McClellan	466	466	466	Mill
Total	Canada	2,773	2,773	2,773	
France	Hérault Mining Division	7	7	7	Mill
Total	France	7	7	7	
Kazakhstan	Katco	1,710	3,354	3,354	ISR
Total	Kazakhstan	1,710	3,354	3,354	
Niger	Cominak	526	526	526	Mill
Niger	Somaïr	1,680	1,680	2,650	Mill
Total	Niger	2,206	2,206	3,176	
TOTAL		6,697	8,341	9,311	

* 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 mine and mill recovery.

** Share of the production consolidated in AREVA's financial statements.

Source: AREVA.

→ MINERAL RESERVES IN THE GROUND IN METRIC TONS OF URANIUM (MTU) – YEAR-END 2010 ESTIMATES

Country	Site	Proven			Probable			Total Reserves			AREVA share		
		Mineral KT	Grade %U	Metal MTU	Mineral KT	Grade %U	Metal MTU	Mineral KT	Grade %U	Metal MTU	Reco- very %	Share in JV (*) MTU	Avai- lable 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	98.70%	45	45
Canada	McArthur	459	146.62	67,228	540	114.43	61,813	999	129.20	129,040	98.70%	38,457	38,457
Canada	McClellan	93	3.00	280	0	0.00	0	93	3.00	280	96.00%	188	188
Canada	Total	744	129.13	96,123	967	117.85	113,959	1,711	122.75	210,082	98.62%	68,104	68,104
Kazakhstan	Katco	0	0.00	0	25,141	0.78	19,574	25,141	0.78	19,574	79.04%	7,891	15,472
Kazakhstan	Total	0	0.00	0	25,141	0.78	19,574	25,141	0.78	19,574	79.04%	7,891	15,472
Niger	Cominak	2,009	3.41	6,853	4,813	3.37	16,210	6,822	3.38	23,063	92.00%	7,214	7,214
Niger	Imouraren	120,160	0.69	82,885	185,888	0.70	130,837	306,048	0.70	213,722	81.51%	116,101	98,682
Niger	Somaïr	6,241	2.13	13,275	3,036	2.25	6,840	9,277	2.17	20,115	94.34%	12,031	12,031
Niger	Total	128,410	0.80	103,013	193,737	0.79	153,887	322,147	0.80	256,900	83.45%	135,347	117,927
TOTAL		129,155	1.54	199,136	219,845	1.31	287,421	349,000	1.39	486,556		211,030	201,191

* 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.

→ MINERAL RESOURCES IN THE GROUND IN METRIC TONS OF URANIUM (MTU) – YEAR-END 2010 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	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	0	0.00	0	10,418	4.70	48,953	10,418	4.70	48,953
Canada	Mc Arthur	86	53.29	4,578	22	86.73	1,922	108	60.15	6,500
Canada	Mc Clean	28	51.93	1,454	195	15.91	3,103	223	20.43	4,557
Canada	Midwest	0	0.00	0	463	4.81	2,227	463	4.81	2,227
Canada	Millennium	0	0.00	0	508	38.54	19,578	508	38.54	19,578
Canada	Total	122	50.53	6,180	11,806	7.03	82,980	11,928	7.47	89,160
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
Namibia	Trekkopje	6,004	0.11	656	327,854	0.13	41,472	333,858	0.13	42,128
Namibia	Total	6,004	0.11	656	327,854	0.13	41,472	333,858	0.13	42,128
Total	Arlit Concession	0	0.00	0	0	0.00	0	0	0.00	0
Total	Cominak	0	0.00	0	163	3.93	639	163	3.93	639
Total	Imouraren	15,159	0.54	8,139	93,509	0.58	54,445	108,668	0.58	62,584
Total	Somair	12,060	0.86	10,345	3,685	1.08	3,970	15,745	0.91	14,314
Total	Niger	27,219	0.68	18,484	97,357	0.61	59,054	124,576	0.62	77,537
Total	Bakouma	0	0.00	0	0	0.00	0	0	0.00	0
Total	CAR	0	0.00	0	0	0.00	0	0	0.00	0
TOTAL		33,345	0.76	25,319	437,016	0.42	183,506	470,362	0.44	208,825

* 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 in 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 %U	Metal MTU	Inferred Share in JV* MTU	Inferred Available to AREVA* 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
31,722	31,722	731	2.82	2,059	1,334	1,334
1,963	1,963	506	114.15	57,767	17,443	17,443
3,190	3,190	26	24.58	639	447	447
1,540	1,540	9	180.65	1,662	1,149	1,149
5,469	5,469	218	18.00	3,923	1,096	1,096
45,643	45,643	2,016	58.42	117,792	40,612	40,612
0	0	19,359	0.75	14,510	7,400	14,510
0	0	19,359	0.75	14,510	7,400	14,510
42,128	42,128	28,968	0.11	3,099	3,099	3,099
42,128	42,128	28,968	0.11	3,099	3,099	3,099
0	0	12,845	1.59	20,403	20,403	20,403
217	217	9,422	2.68	25,223	8,576	8,576
41,712	35,454	4,394	0.66	2,879	1,919	1,631
9,075	9,075	10,796	1.73	18,624	11,808	11,808
51,005	44,746	37,458	1.79	67,129	42,705	42,417
0	0	12,300	2.62	32,224	32,224	28,357
0	0	12,300	2.62	32,224	32,224	28,357
138,776	132,518	109,195	2.22	242,487	131,762	134,718

→ OTHER MINERAL RESOURCES IN THE GROUND IN METRIC TONS OF URANIUM (MTU) – YEAR-END 2010 ESTIMATES

Country	Site	Measured			Indicated			Measured + Indicated		
		Mineral KT	Grade %U	Metal MTU	Mineral KT	Grade %U	Metal MTU	Mineral KT	Grade %U	Metal MTU
Australia	Koongarra	624	10.55	6,585	0	0.00	0	624	10.55	6,585
Australia	Total	624	10.55	6,585	0	0.00	0	624	10.55	6,585
Canada	Midwest	0	0.00	0	640	22.05	14,113	640	22.05	14,113
Canada	Total	0	0.00	0	640	22.05	14,113	640	22.05	14,113
United States	Pathfinder	0	0.00	0	1,156	2.89	3,346	1,156	2.89	3,346
United States	Total	0	0.00	0	1,156	2.89	3,346	1,156	2.89	3,346
France	Total	143	1.20	172	6,249	1.81	11,279	6,392	1.79	11,451
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
Niger	Cominak	926	3.57	3,306	1,281	2.63	3,367	2,207	3.02	6,673
Niger	Somair	9,998	0.68	6,807	408	2.44	996	10,406	0.75	7,803
Niger	Total	10,924	0.93	10,113	1,689	2.58	4,363	12,613	1.15	14,476
	TOTAL	11,692	1.44	16,869	9,734	3.40	33,101	21,425	2.33	49,971

* 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 %U	Metal MTU	Inferred Share in JV* MTU	Inferred Available to AREVA* MTU	
6,585	6,585	0	0.00	0	0	0	
6,585	6,585	0	0.00	0	0	0	
9,761	9,761	0	0.00	0	0	0	
9,761	9,761	0	0.00	0	0	0	
3,346	3,346	1,385	0.78	1,080	1,080	1,080	
3,346	3,346	1,385	0.78	1,080	1,080	1,080	
11,451	11,451	287	0.48	139	139	139	
0	0	59,044	0.17	9,888	9,888	9,888	
0	0	59,044	0.17	9,888	9,888	9,888	
2,269	2,269	0	0.00	0	0	0	
4,947	4,947	0	0.00	0	0	0	
7,216	7,216	0	0.00	0	0	0	
38,358	38,358	60,716	0.18	11,107	11,107	11,107	

Gold

La Mancha, an AREVA subsidiary, is a diversified international gold producer that operates two gold mines in Africa and two in Australia. La Mancha is developing several projects in Australia, Sudan, Côte d'Ivoire and Argentina.

At December 31, 2010, the gold mines and 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

→ 2010 PRODUCTION IN KILOGRAMS OF GOLD (KG)

Country	Total 2010 kg	Share in JV 2010 kg	Available share 2010 kg
Australia	2,431	1,539	1,539
Côte d'Ivoire	1,155	336	336
Sudan	2,129	540	540
TOTAL	5,714	2,416	2,416

→ 2010 RESERVES IN KILOGRAMS OF GOLD (KG)

	Proven			Probable			Total reserves			AREVA share (after application of yields)	
	Mineral KT	Grade g/MT	Metal KT	Mineral KT	Grade g/MT	Metal KT	Mineral KT	Grade g/MT	Metal KT	Share in JV * kg	Available to AREVA * kg
TOTAL	2,169	5.03	10,913	6,660	4.24	28,242	8,829	4.43	39,155	10,569	10,569

→ 2010 RESOURCES IN KILOGRAMS OF GOLD (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	Measured + indicated share in JV* kg	Measured + indicated share in available to AREVA* kg	Mineral KT	Grade g/MT	Metal kg	Inferred share in JV* kg	Inferred available to AREVA* kg
TOTAL	3,764	2.67	10,046	24,420	2.63	64,168	28,184	2.63	74,214	26,536	26,536	69,604	1.53	10,677	30,080	30,080

* 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 exclude 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.

Relations with customers and suppliers

Customers

The contract portfolio shows a slight trend towards longer term contracts as utilities strive to ensure security of supply 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.

Trading and Partnerships

The group sold 12,329 metric tons of uranium in 2010, including trading activities, compared with 11,923 metric tons in 2009. In 2010, the group signed a contract valued at about 3.5 billion dollars to supply 20,000 metric tons of uranium to the Chinese utility CGNPC over a 10-year period. One of the biggest uranium sales contracts in recent history, it shows that customers are tending towards multiyear contracts rather than spot purchases, particularly in Asia.

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 end of production in 2002.

AREVA Med LLC is a US subsidiary of AREVA based in Bethesda, Maryland. It has two main objectives: 1) develop innovative means of extracting Lead-212 (Pb^{212}) from thorium found in former uranorianite mines (thorium and uranium ore), and 2) participate in the development of new Pb^{212} radioimmunotherapy treatments for cancers for which the therapeutic arsenal is still limited today, in partnership with renowned international organizations. The Bessines-sur-Gartempe site in France's Haute-Vienne department has hosted research and development work on processes to extract Radium-224 and Lead-212 since 2006. To carry on from a pre-industrial pilot currently in service in Bessines, and subject to the results of a public enquiry scheduled for the first quarter of 2011, a laboratory to produce Radium-224 and Lead-212 will be commissioned in 2013 at the site, about 30 kilometers north of Limoges. There is no other facility of this kind anywhere in the world. On the scientific aspects of the project, AREVA Med signed partnership agreements with the National Cancer Institute of the United States in 2008, with the University of Alabama-Birmingham in 2009, with the University of Cincinnati in 2010 and with the Institut national de la santé et de la recherche médicale (Inserm, the French national institute for health and medical research) in early 2011. On January 21, 2011, the US Food and Drug Administration (FDA) authorized AREVA Med to begin phase I human clinical trials, setting a precedent. www.arevamed.com

Suppliers

Except for the special supply contract for uranium obtained by diluting highly enriched uranium (HEU) from the dismantling of Russian nuclear weapons, the Mining business offers its customers uranium from the mineral resources of companies with which it is involved or is bought on the market by its trading subsidiary UranGesellschaft (UG).

Research and development

Mineral exploration and outlook

Unlike most uranium mining companies, AREVA never interrupted its mineral exploration program over the past 20 years. Approximately 5% of its revenue is allocated to this program today. 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 in the neighborhood of 50 million euros in 2010, AREVA will deploy an ambitious exploration program over the coming years.

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 Canada (particularly the Athabasca basin) and Niger, two historical uranium producing regions that are still among the most promising, AREVA is pursuing exploration programs in a dozen countries. Development work is focusing on Kazakhstan, Namibia, the Central African Republic and Mongolia, while exploration campaigns are being conducted in Jordan, Mongolia and Gabon.

MEDIUM- AND LONG-TERM OUTLOOK

Teams of geologists, mining engineers, chemists and economists are now working on selecting, developing and carrying out emerging and previously identified projects, particularly in Africa (including the Ryst Kuil project in South Africa), North America, Central Asia and Australia. These projects will be launched when the technical, economic and strategic conditions are right. In Canada, a conceptual study for Shea Creek and a prefeasibility study for the Kiggavik project are in progress, while a prefeasibility study for the McClean Underground project and a feasibility study for the Midwest project have been completed. In Mongolia, the project is moving forward, with in situ recovery tests being carried out in conjunction with an ongoing exploration program.

Research

AREVA is also performing research and studies to develop its techniques in estimating, mining, ore milling in the plant as well as heap leaching, with direct applications in Niger, at Trekkopje in Namibia and at Bakouma in the Central African Republic. The Mining business also carries out research programs in partnership with other companies to assess the technical feasibility of extracting uranium from so-called "non-conventional" resources, such as complex ores or phosphates.

Activities

Production

The McClean mill was shut down in 2010 after producing only 665 metric tons of uranium, including 466 metric tons of uranium for AREVA. The mill will be kept in a care and maintenance mode until production begins at Cigar Lake. The McArthur River / Key Lake site produced 7,643 metric tons of uranium in 2010, with AREVA's share amounting to 2,308 metric tons of uranium.

The French Ministry of Foreign and European Affairs asked AREVA to remove its expatriates from sites near Arlit, Niger, after several people were abducted on September 16, 2010. Safety measures were subsequently strengthened in coordination with the French and Nigerien authorities, which ultimately will allow expatriates to return to the sites. Additional protection measures were also set up in Niamey. Nonetheless, Somaïr and Cominak maintained their production levels, in line with current objectives. Heap leaching proved successful at Somaïr, supporting production of 2,650 metric tons of uranium in 2010, while Cominak produced 1,548 metric tons of uranium.

Katco continued to increase production, which came to 3,354 metric tons of uranium in 2010. As mentioned previously, Katco's production should reach 4,000 metric tons of uranium per year in 2012.

Outlook and development goals

The Mining business is a leading player on its market, with a strong backlog and a well-diversified portfolio comprised of high-quality mines and projects.

The uranium price recovery in the second half of 2010 confirms the market's fundamental upward trend. The continuation of this trend is necessary to be able to sustain the development of new projects around the world, which in turn will support the nuclear renaissance and meet rising demand for uranium.

Against this backdrop, uranium is once again a strategic resource and AREVA has therefore decided to heighten its position as a leading supplier. The group plans to increase production at existing mines, bring developing projects to maturity quickly, expand its partnerships and acquisitions, and discover new deposits by investing in exploration.

Production capacities at Katco in Kazakhstan and Somaïr 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. In addition, the Mining business's specialists are studying the technical feasibility of new projects in Canada, Africa and Mongolia in parallel with exploration work to expand existing resources.

Having gathered together the necessary technical, human and financial resources to increase its production and marketing capabilities, AREVA intends to secure a strong position on the uranium market.

6.4.1.2. CHEMISTRY

Key figures

(in millions of euros)	2010	2009
Revenue*	267	242
Workforce at year-end	1,605	1,630

* Contribution to consolidated revenue.

Businesses

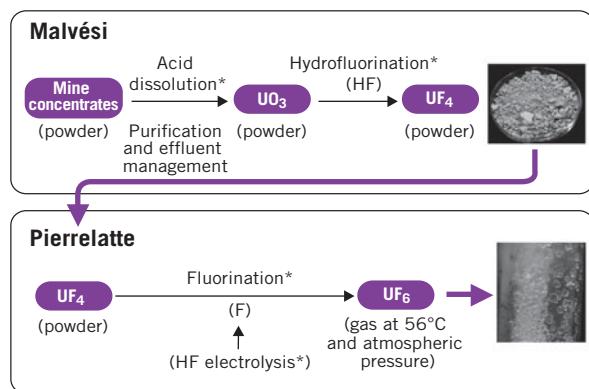
Conversion of natural uranium (U_3O_8) into uranium hexafluoride (UF_6)

The Chemistry business' primary activity is to convert natural uranium (U_3O_8) into uranium hexafluoride (UF_6). Uranium enrichment, the stage that follows conversion in the nuclear fuel cycle, requires uranium in the chemical form of UF_6 as feed material for practically all types of enrichment processes.

Uranium concentrates shipped from the mine for conversion are owned by the electric utility customer. They are converted in a two-stage process. In the first stage, the uranium is converted into uranium tetrafluoride (UF_4). This involves dissolving the mine concentrates with acid, then purifying, precipitating and calcining them to produce UO_3 powder. The UO_3 powder is then hydrofluorinated with hydrofluoric acid, which converts it into UF_4 . These operations are carried out at the Malvési plant of Comurhex, an AREVA subsidiary, near Narbonne in southern France. In the second stage, the UF_4 is converted into uranium hexafluoride (UF_6) through fluorination. One of the chemical characteristics of UF_6 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 customer demand, AREVA converted 12,850 metric tons of U_3O_8 into UF_6 in 2010, compared with 12,300 metric tons in 2009.

The following diagram summarizes the chemical process for uranium conversion.



* Purely chemical operations (no change to the uranium's isotopic composition).

Source: AREVA.

Conversion of depleted uranium hexafluoride into an oxide

The uranium enrichment process (see Section 6.4.1.3, *Enrichment*) generates uranium hexafluoride (UF_6) depleted in the U^{235} isotope. This depleted uranium is converted into stable, insoluble, non-corrosive uranium oxide that can be safely stored pending reuse, either in its depleted state or after a new enrichment stage. Very few defluorination facilities in the world are able to convert depleted uranium hexafluoride into oxide on a production scale. In France, AREVA's defluorination plant is located at the Tricastin site in Pierrelatte.

The conversion of depleted uranium hexafluoride into an oxide generates an ultra-pure 70% hydrofluoric acid, a marketable by-product.

Defluorination operations produced 12,100 metric tons in 2010, compared with production of 12,000 metric tons in 2009.

Recycling of uranium from used fuel treatment

After nearly four years in the reactor, used nuclear fuel still contains about 95% uranium. The uranium is recovered through treatment operations performed at the AREVA La Hague plant (see Section 6.4.3.1, *Recycling business unit*) and is shipped in the form of liquid uranyl nitrate to the Tricastin site (Chemistry business) for conversion into a stable oxide powder through denitration, followed by storage pending later reuse as fuel in a nuclear reactor. Uranium from used fuel treatment (RepU) may also be reconverted into uranium hexafluoride and re-enriched for reuse, in which case it is called enriched recycled uranium (ERU).

Some European reactors – in Switzerland, Germany, the Netherlands and France – are loaded with fuel made with recycled uranium.

Other fluorine derivatives

AREVA's conversion know-how, particularly in the field of uranium fluorination, has helped it to diversify outside the nuclear field. Comurhex has developed an entire range of fluorine-based products:

- fluorine-nitrogen products are used in the automotive industry to treat plastic materials and seal gasoline tanks;
- chlorine trifluoride is 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 sold a plant with two defluorination lines for depleted UF_6 to Tenex for the latter's Zelenogorsk site in Siberia. This defluorination facility was placed in service at the end of 2009.

AREVA employees remained 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 operates at several industrial sites in France:

- the Comurhex Malvési plant produces UF_4 in five furnaces, operating concurrently;
- the Comurhex Pierrelatte plant produces UF_6 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;
- the AREVA Miramas plant, previously used to recycle lithium, is now being dismantled.

The business unit has an annual production capacity of some 14,000 metric tons for UF_6 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's facilities, particularly those of the Tricastin site, to the facilities of the Enrichment business is a real asset to customers as it reduces UF_6 transportation costs to Eurodif Production's Georges Besse plant or to the Georges Besse II enrichment plant, while enhancing safety.

The facilities' personnel are certified for work involving the use of hazardous chemicals and for the special aspects of uranium work.

Market and competitive position

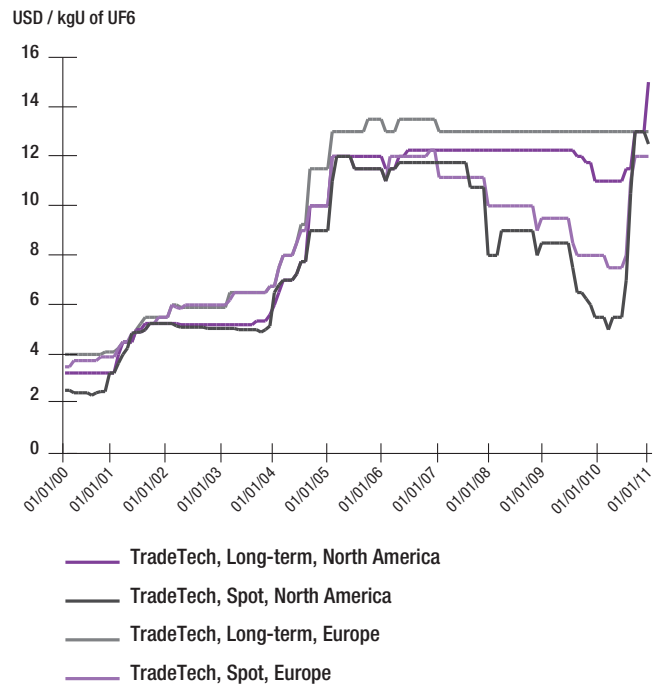
Annual global demand for conversion was around 58,500 metric tons of uranium concentrates in 2010, including 17,550 metric tons in Western and Central Europe, 5,500 metric tons in Eastern and Southeastern Europe, 19,500 metric tons in North America, and 14,950 metric tons in Asia.

With 12,850 metric tons of UF₆ produced in 2010, AREVA is a major global player in uranium conversion services. Its main competitors are AtomEnergoProm (AEP) in Russia, Converdyn in the United States and Cameco in Canada. Russia has a large amount of conversion capacity at its AtomEnergoProm plants, estimated at around 20,000 metric tons per year. Converdyn and Cameco have nominal conversion capacities comparable to those of AREVA, at 13,500 metric tons per year and 12,500 metric tons per year respectively.

After remaining stable at approximately \$6 per kilogram of uranium in 2002 and 2003, conversion price indicators rose to \$12-13 in early 2005 under the combined effect of the draw-down of UF₆ inventories available on the market and multiple interruptions of production at conversion plants in North America. The conversion price stopped climbing and stabilized when BNFL announced its decision to continue its operations in this field.

The price remained stable until the first half of 2009 for long-term indicators and only until mid-2007 for the spot indicator. Under the impact of the financial crisis in particular and the arrival of large quantities of material in the form of UF₆, the spot indicator continued to sag until early 2010, despite the prolonged production stoppage by a major conversion services provider. In mid-2009, the long-term US index weakened slightly as utilities adjusted their procurement policies. In mid-2010, a North American converter experienced equipment failure and suspended deliveries for force majeure. This caused a very sharp increase in both long-term and spot indicators, which reached \$15 and \$12 per kilogram of uranium respectively. The long-term indicator thus reached its highest historical level.

→ 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 2010, Comurhex delivered to more than 25 utility customers across the globe. Most of the Chemistry business's customers are located in Europe, Asia and the United States.

Suppliers

The Chemistry business limits its exposure to supply interruptions of the chemical reagents needed for its production operations by contracting with suppliers based in Europe and in the rest of the world.

Operations and highlights

See Section 6.4.1, *Mining-Front End business group*.

Outlook and development goals

The Chemistry business'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 in a new conversion plant at the Narbonne and Pierrelatte sites to replace existing uranium conversion production capabilities. This is known as the Comurhex II project. Phased startup of the new conversion plant is slated to begin in 2013. Full production capacity, with a baseline of 15,000 metric tons per year, is expected to come on line in 2015. The production capacity may be raised to 21,000 metric tons per year if market conditions warrant.

Civil works for the future conversion plants began in August 2009 at the Tricastin site and in November 2009 at the Malvési site following public inquiries (a required administrative procedure) and receipt of the necessary permits.

Construction continued at both sites on schedule in 2010. In July 2010, the Prefect for France's Drôme department issued the operating license for the future Tricastin conversion plant. A similar license for the Malvési site is expected in the first quarter of 2011.

With regard to the recycling of uranium from used fuel treatment, the group is studying a project to revamp the conversion and recycled uranium treatment operations at the Tricastin site. This is known as the Epicure project. Together with enrichment at the new Georges Besse II plant, this project should ultimately give AREVA a unique means of recycling uranium from used fuel treatment (RepU).

Technical studies begun in 2009 to ensure the long-term continuity of industrial operations and the replacement of the Chemistry business's facilities continued in 2010. The main objectives of these studies are:

- to use the best technologies in new conversion facilities for natural uranium and uranium from used fuel treatment (RepU);
- to increase productivity in existing facilities; and
- to reduce environmental impacts.

The projects now in progress will provide the conversion capacity necessary to meet market demand. All are consistent with AREVA's sustainable development approach. The Chemistry business's goal is to reduce its environmental impacts and to improve facility safety continually. Steps were taken at each site to achieve this, and particularly to strengthen the environmental management system, to optimize waste disposal, and to reduce the quantity of water taken from the environment.

6.4.1.3. ENRICHMENT

Key figures

(in millions of euros)	2010	2009
Revenue*	1,181	1,197
Workforce at year-end	2,697	2,598

* Contribution to consolidated revenue.

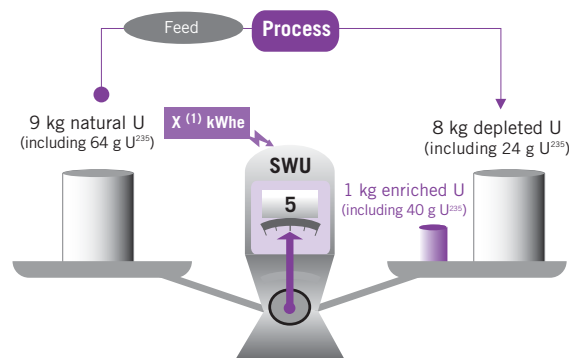
Businesses

The Enrichment business consists of the isotopic separation of natural uranium. This operation is performed with 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 fuel for light water reactors. Enrichment is the process by which the 0.7% content of U²³⁵ in the natural UF₆ is raised from 3 to 5% to achieve a level of fuel reactivity suitable for reactor requirements. That is the purpose of enrichment.

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 a standard international unit of measurement 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.

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 France.

However, the agreement finalized with Urenco and its shareholders in July 2006 gives AREVA access to the centrifugation technology that will be used at the new Georges Besse II plant, slated to reach full production capacity in 2016. On December 14, 2010, the new plant was inaugurated by AREVA CEO Anne Lauvergeon, with more than a hundred customers attending.

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 enrichment business is very capital intensive. It also has a strong political dimension. Historically, major nuclear nations have sought to secure their own production capabilities to ensure energy self-sufficiency. The political dimension is also linked to non-proliferation considerations. This aspect is vital to an understanding of decisions by key market players.

Manufacturing and human resources

The Enrichment business is based at the Tricastin nuclear site, which straddles the Drôme and Vaucluse departments of France.

The Enrichment business 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, while the remaining 40.34% is held by foreign partners⁽¹⁾.

The Socatri plant, a wholly-owned subsidiary of Eurodif at the same site, maintains the equipment of the Georges Besse plant and processes uranium-bearing liquid effluents, among other activities.

The Georges Besse plant and Socatri received ISO 9001, ISO 14001 and OHSAS 18001 certification for their integrated management systems in 2004 and 2006. Since finalizing the agreement on centrifugation in 2006, the Enrichment business's workforce includes 50% of the ETC⁽²⁾ workforce.

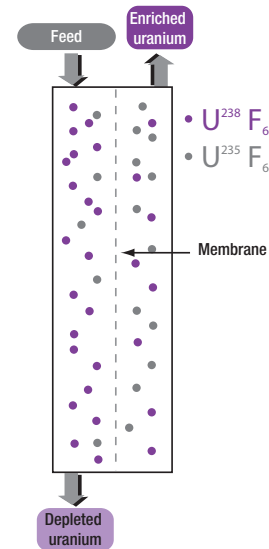
Excluding ETC, some 85% of the Enrichment business's employees work at the Georges Besse plant and at the Socatri plant.

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 those 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 lightest ones – those of the U^{235} isotope – are also the fastest and thus strike the wall 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 stages 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 as much electricity as the greater Paris area, when operating at full capacity, or an average of 3 to 4% of France's entire generation of electricity.

Société d'enrichissement du Tricastin (SET) will operate the Georges Besse II plant, which will use the centrifuge enrichment technology developed by ETC.

AREVA is the majority owner of SET. GDF Suez acquired a 5% interest in the company in 2008, followed by the Japanese utility Kansai with Sojitz (2.5% combined interest acquired in June 2009) and the South Korean utility Korea Hydro & Nuclear Power Co. Ltd (KHNP, 2.5% interest acquired in 2009). Other partnership agreements were signed in 2010 with the Japanese utilities Kyushu Electric Power and Tohoku Electric Power, each of which acquired a 1% interest in SET Holding's share capital.

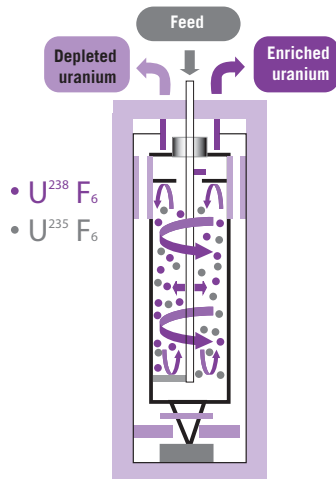
The agreements with these six partners, representing 12% of SET's share capital at year-end 2010, reflect the interest that the Enrichment business's utility customers have in participating in this major project and in securing their enriched uranium supplies.

As in gaseous diffusion, the centrifuge enrichment process uses the difference in atomic weight between U^{235} and U^{238} to separate those two isotopes in the UF_6 , although the technology is different.

(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.

→ CENTRIFUGATION 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 HEU from Russian weapons (see Section 6.4.1, *Mining-Front End business group, 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
Rosatom (Russia)	17 million SWU/year	Centrifugation
Urenco (UK, Germany, Netherlands)	12.2 million SWU/year	Centrifugation
CNNC (China)	1.3 million SWU/year	Centrifugation
Other (Japan, Brazil)	0.1 million SWU/year	Centrifugation
TOTAL	51.9 MILLION SWU/YEAR	

Source: AREVA.

The AREVA group thus has approximately 21% of the world's total production capacity.

In Europe, AREVA, Urenco and Rosatom are the three major operators on the enrichment market. In the Commonwealth of Independent States, demand is entirely met by Rosatom, for historical reasons.

In the United States, more than a third of the market is supplied with enriched uranium from diluted HEU from Russia. The American enrichment company USEC uses Russian HEU to supplement its domestic production and obtain material for exports. US utility requirements are primarily supplied by AREVA and Urenco.

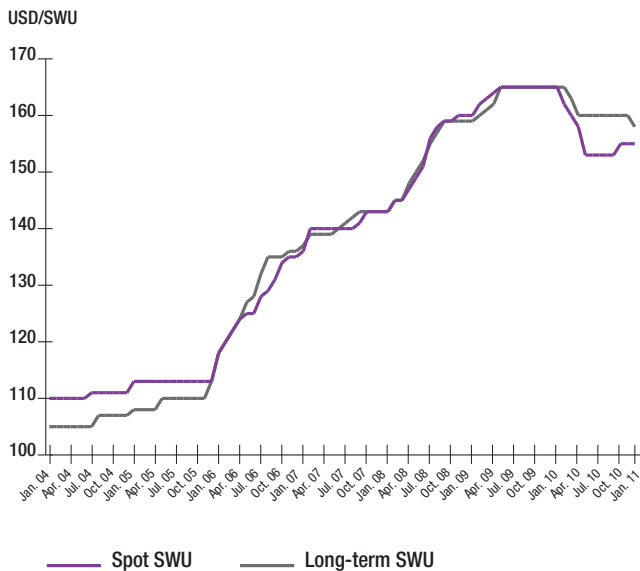
In 2010, AREVA and Urenco became market leaders in Asia, overtaking USEC's position. JNFL of Japan and CNNC of China supply marginal quantities.

Excess capacity characterized the 1995-2000 period, mainly due to the use of HEU, which caused prices to fall. This downturn was amplified by USEC's commercial strategy in the face of growing competition from other enrichers at a time when the US dollar was very strong against the euro. Prices began to rise significantly in 2004, although they sagged slightly this year: the spot price went from 110 US dollars per SWU in 2004 to 154 US dollars by the end of 2010, as indicated on the chart below.

This global price increase reflects market pressures from new reactors connected to the grid, mainly in Asia, a decrease in the tails assays 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, particularly when older gaseous diffusion enrichment plants are shut down and some existing centrifuge capacity becomes obsolete. However, price indicators are published in US dollars and a relatively large share of the transactions are concluded in that currency. Thus, the price increase in US dollars is significantly lessened by the drop in the US dollar/euro exchange rate over the period.

(1) Taking into account agreements limiting Russian sales in the European Union and the United States.

→ SWU SPOT PRICES FROM 2004 TO THE END OF 2010 (IN CURRENT US DOLLARS)



Source: Average SWU values published monthly by Nuexco / Trade Tech.

Market growth continues to be limited in volume but relatively steady, essentially driven by Asia, where nuclear power programs are growing faster than in the other three major regions of the world. The growth is also due to the widespread increase in nuclear power plant load factors, burnups requiring higher enrichment assays, new projects, and the policy of increasing inventories of some utilities, 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 has agreed not to deliver any more enrichment services to the United States, but the situation is about to change. The US Congress amended the Suspension Agreement in 2008, allowing Rosatom to supply up to 20% of the US utilities' requirements starting in 2014.

Rosatom's competitors are still unable to access the Russian uranium enrichment market.

Relations with customers and suppliers

Customers

The enrichment market is structured around multiyear commitments. In addition to the EDF group, its biggest customer, the Enrichment business has close to 35 utility customers in the United States, Europe and Asia, corresponding to the supply of a hundred reactors worldwide.

(1) In constant 2001 euros

Suppliers

As long as the gaseous diffusion process remains in service, electricity will remain the largest procurement for the Enrichment business.

Operations and highlights

Please refer to Section 6.4.1, *Mining-Front End business group*.

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 renaissance 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 the centrifuge technology developed by ETC. It will provide enrichment services to nuclear power plant operators in the United States.

A major step was taken at the beginning of 2009 when the license application was filed with the Nuclear Regulatory Commission (NRC). This application is necessary to secure the license to build and operate uranium enrichment facilities at the Eagle Rock site. A 2-billion dollar loan guarantee was received in May 2010 (see *Operations and highlights*), contributing to the Enrichment business's goal of starting construction of the future plant in 2011, subject to receipt of the necessary permits. 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 enrichment plant and have already reserved production capacity for several years, underpinning the project's financial feasibility. The plant will have an annual capacity of 3.2 million SWU for a capital investment of more than 2 billion dollars. It is expected to begin production in 2014.

For the coming years, the Enrichment business's goal is to transition smoothly from the gaseous diffusion process to the centrifugation process, with the Georges Besse plant being shut down at the end of 2012 and the Georges Besse II plant producing at full capacity in 2016, two years ahead of the initial schedule.

This new plant, built at a cost of 3 billion euros⁽¹⁾ over the 2006-2016 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 plant to the Georges Besse II plant is a major project for which AREVA and the Enrichment business have been preparing for many years.

6.4.1.4. FUEL

Key figures

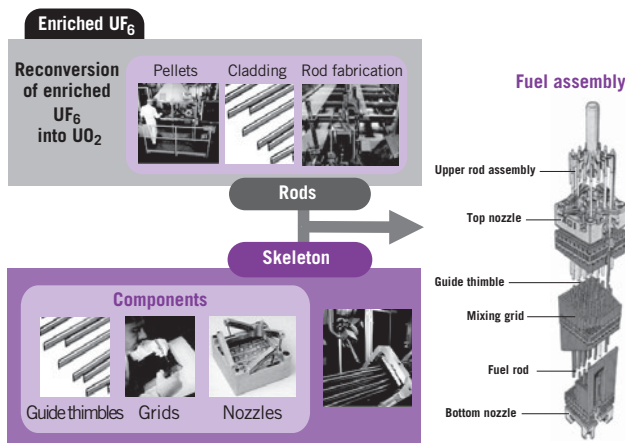
(in millions of euros)	2010	2009
Revenue*	1,164	1,171
Workforce at year end	4,506	5,155

* Contribution to consolidated revenue.

Businesses

The Fuel business designs, fabricates and markets nuclear fuel assemblies and provides fuel-related services for power generating stations using light water reactors, generally pressurized water reactors (PWR) or boiling water reactors (BWR), and for research reactors. In addition to conventional enriched uranium oxide fuel (UO₂), the Fuel business markets MOX fuel (a mix of uranium and plutonium oxides) and enriched recycled uranium fuel (ERU – see *Glossary*) containing fissile materials from the used fuel recycling process. The Back End business group’s Recycling business unit fabricates the MOX fuel (see Section 6.4.3, Back end BU).

→ PRINCIPAL STAGES IN LIGHT WATER REACTOR FUEL ASSEMBLY FABRICATION



Source: AREVA, PWR fuel.

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 containment for the fissile materials and fission products. 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 and recycling when the closed fuel cycle has been chosen.

The number of assemblies periodically replaced simultaneously (every 12 to 24 months) constitutes a fuel reload.

The Fuel business 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. A large number of high-level scientific and technical skills are needed to achieve flawless fuel design and fabrication quality, an absolute requirement. The Fuel business has expertise in three key areas:

- Fuel design: This brings into play neutronic, thermohydraulic 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 national and international 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 physico-chemical analyses.

The Fuel business also manufactures and markets finished and semi-finished zirconium products. As a result, several of the business’s competitors in fuel fabrication are also its customers. Similarly, the Fuel business provides fuel-related engineering services and onsite services.

Manufacturing capabilities

The Fuel business is organized into six business lines with a global reach, with facilities in Europe and the United States:

- Fuel Design;
- Contracts and Services;
- Supply Chain;
- Products & Technologies;
- Zirconium, encompassing the full range of manufacturing processes, from the zircon ore to the finished product, with five plants in France and one in Germany as well as two joint ventures in Japan and China, each plant specializing in one aspect of zirconium metallurgy or forming;
- Fuel Fabrication, organized into eight production sites, three in the United States and five in Europe, which mainly supply US and

European utilities. The Japanese market is served by a joint venture production site in Japan.

CERCA is also part of the Fuel business's organization. With facilities in Romans and Pierrelatte, France, CERCA is mainly active in the fabrication and sale of fuel elements for research reactors. It also fabricates and sells low-enriched uranium fuel targets (LEU), which are irradiated to produce a molybdenum radioisotope used in medical applications.

Market and competitive position

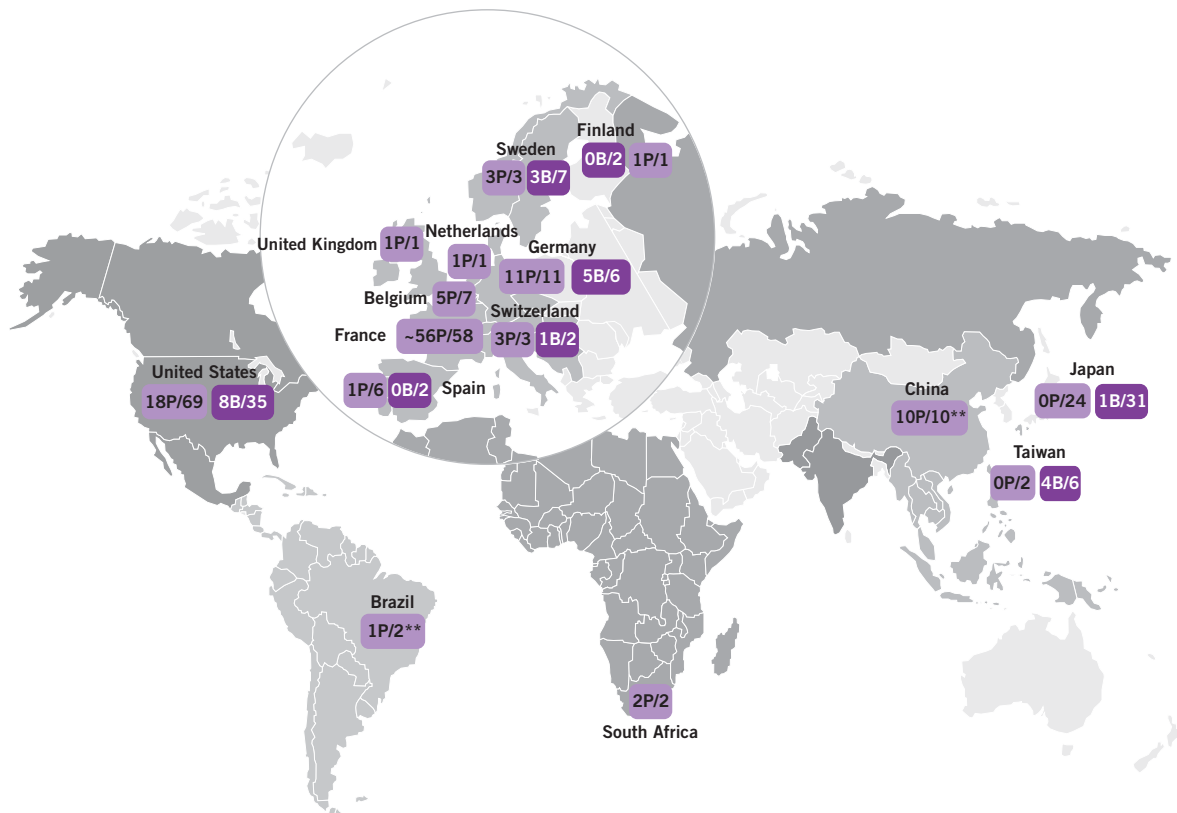
The Fuel business's target is the light water reactor fuel market (except for CERCA, which specializes in the research reactor fuel market). In

the light water reactor segment, AREVA's overall market share is stable at approximately 35%.

The United States accounts for 35% of the market, while Europe and Asia represent 35% and 30% respectively.

The fuel industry has reorganized several times over the past few years, leaving three leading groups to meet more than 85% of the demand for fuel: AREVA, Toshiba-Westinghouse⁽¹⁾ and Global Nuclear Fuel (GNF)⁽²⁾. Over the years, the AREVA group has supplied more than 203,000 fuel assemblies to its customers, 64% for PWRs and 36% for BWRs. Today, 135 of the world's 318 PWRs and BWRs in operation at the end of 2010 routinely use AREVA fuel, as shown on the map below.

→ WORLD MAP OF LIGHT WATER REACTORS THAT USED AREVA FUEL IN 2010



* Including reactors partially loaded with MOX fuel.

** Local fabricator using AREVA technology.

Note 1: P = pressurized water reactor, B = boiling water reactor.

(-/-) = number of reactors supplied with fuel by AREVA / total number of reactors in service.

Note 2: In addition to the PWRs and BWRs in operation worldwide shown on this map, there are also PWRs and BWRs that do not use AREVA fuel, located in Mexico (2B), Slovenia (1P), South Korea (16P), India (2B) and Pakistan (1P).

Source: Nuclear Assurance Corporation (Fuel Trac October 2010); values based on fresh fuel reloads.

(1) Westinghouse-Toshiba including NFI and the share of fuel subcontracted to Enusa in Europe.

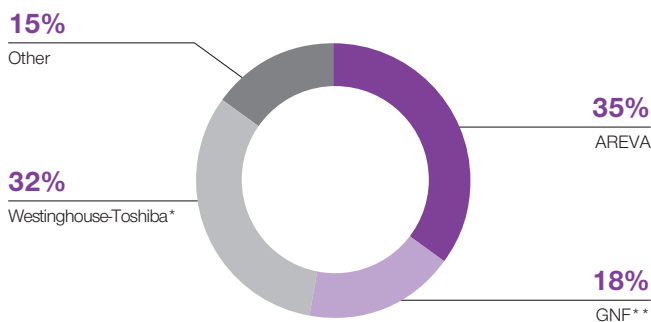
(2) GNF including GNF-A (USA), GNF-J (Japan) and the share of fuel subcontracted to Genusa in Europe.

Of the 135 reactors supplied with fuel by AREVA:

- two thirds are reactors designed by AREVA, demonstrating the synergies between the Fuel business and the Reactors & Services business group, which account for 90% of AREVA's installed base; and
- the other third represents slightly more than 20% of AREVA's competitors' installed base.

As the following chart shows, the AREVA group continues to be the European leader and the key challenger in the US market. It should be noted that AREVA does not serve the VVER fuel market segment.

→ MARKET SHARE OF FUEL SUPPLIERS FOR LIGHT WATER REACTORS IN 2010 (EXCLUDING VVER)



* Westinghouse-Toshiba including NFI and the share of fuel subcontracted to Enusa (Europe).

** GNF including GNF-A (USA), GNF-J (Japan) and the share of fuel subcontracted to Genusa (Europe).

Source: Nuclear Assurance Corporation (Fuel Trac, October 2010); average values for 2010 +/- 1 year based on annual fresh fuel loadings.

Given the stability in the number of the world's power plants to be supplied with fuel until 2012, the fuel market will remain generally flat in terms of volume at approximately 7,000 metric tons of heavy metal (uranium or plutonium contained in the fuel). 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.

Relations with customers and suppliers

Customers

AREVA operates mainly under multiyear contracts covering one or more reactors for the same utility. These contracts usually include services such as shipping and handling, technical support for fuel loading and unloading operations, fuel inspection during scheduled outages, and even in-core repair of damaged fuel rods or assemblies at the utility's reactor site. Given their importance for the customer's operations, the contracts normally include warranties. Warranties are provided for:

- fuel integrity under normal operating conditions and up to the contractual burnup (see Glossary);

- satisfactory fuel performance in the reactor at nominal power;
- compatibility with fuel assemblies already in the reactor, recognizing that the reactor core is refueled in sections; and
- fuel transportability and the ability to store the fuel safely after irradiation.

Suppliers

After stabilizing in the second half of 2008, raw material prices began climbing again in the second half of 2010.

The price of the zirconium needed to fabricate most of the Fuel business's products is affected by pressures in the zircon market, due to the recovery in the Chinese construction market: zircon, the basic commodity from which metallic zirconium is extracted at the Jarrie plant, is also used in ceramics and in building paint. These pressures will push prices up continuously throughout 2011. The price of nickel, used in our alloys, has also been on an upward trend since mid-2010. The price of another base product, carbon black, continued to fluctuate along with the price of the barrel of oil, to which it is pegged, with a 2% increase in 2008, a 7.5% hike in 2009, and a 12.6% jump in 2010. Our magnesium supplies are secured under a multiyear contract. Rates for electricity (including the contract between EDF and AREVA in France) have been climbing steadily since 2007, triggering an automatic increase in the rates paid for industrial gases (argon, helium, hydrogen and nitrogen).

Subcontracted fabrication services primarily relate to the stamping of spacer grids, 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. Lastly, manufacturing of the BWR fuel channel boxes will be secured as of 2011 through a multiyear contract with Kobe Steel.

Operations and highlights

- Several very important orders were received in 2010, including:
 - the renewal of the reload contract with Tennessee Valley Authority (TVA) for Sequoyah 1 & 2 in the United States (eight reloads); the new contract provides for a transition to a standard fuel design (HTP), consistent with the Fuel business's product strategy of design convergence,
 - the finalization of prices for deliveries of MOX fuel to EDF through 2012,
 - four reloads for Teollisuuden Voima Oyj (TVO) for Unit 1 of its Olkiluoto power plant in Finland, with the customer also agreeing to test the next-generation ATRIUM™11 BWR fuel in its reactor,

- extension of the contract with British Energy to supply enriched recycled uranium reloads to the Sizewell power plant in the United Kingdom;
- extension of sales agreements for components needed to fabricate fuel assemblies locally for customers in China (CNNC) and Brazil (INB);
- in addition, AREVA signed several strategic agreements aimed at expanding its operations in Asia and playing a major role there as momentum grows in the nuclear business (see Section 6.4.1, Mining-Front End business group);
- in the US fabrication business, the Lynchburg fuel plant operations were gradually transferred to the Richland site in 2010. The Richland plant fabricated and delivered the first PWR fuel assemblies of the type fabricated previously in Lynchburg. All transfers should be completed as scheduled in 2011;
- in research reactor fuel, CERCA's activities returned to a satisfactory level in 2010 after a lull in 2009 due to prolonged maintenance outages at some reactors. Also, strong pressures on the medical applications market supported a sharp increase in the demand for radioactive sources made with enriched uranium, used to diagnose cancers.

The first, uranium-molybdenum fuels fabricated by CERCA were irradiated in 2010. Eventually, the most powerful research reactors will transition to this type of low-enriched uranium fuel.

Outlook and development goals

Fuel reliability remains the primary objective of the Fuel business, and all of its employees are mobilized to ensure product quality and performance.

Beyond this major requirement, the Fuel business is pursuing efforts to improve its operating performance, whether in design and fabrication or in terms of nuclear safety, occupational safety and environmental impacts, with excellence as its objective.

The streamlining of its production facilities and the development of partnerships in Asia, combined with a very complete range of services, should enable the Fuel business to optimize its position in an evolving market and to secure its global market share while expanding its commercial positions in the United States and Asia.

Especially in Asia, AREVA will continue to expand by forming joint ventures such as the one in Japan in 2009 to create Mitsubishi Nuclear Fuel (a four-party agreement among AREVA, Mitsubishi Heavy Industries, Ltd, Mitsubishi Material Corporation and Mitsubishi Corporation), or with acquisitions such as CEZUS's acquisition of an interest in Zircoproducts, the largest Japanese manufacturer of zirconium tubes for nuclear fuel cladding. This strategy continued in 2010 with the signature of an agreement with Kazatomprom for the creation of a 49/51 fuel fabrication joint venture with Kazatomprom in Kazakhstan and the creation in China of the CAST Company, a 50/50 zirconium tube manufacturing joint venture between AREVA and CNNC.

Further growth prospects will be found in the development of a new generation of PWR and BWR fuel assemblies offering enhanced performance. The initial test results are very promising for these assemblies, which will be loaded in reactors as lead assemblies in the next five years.

CERCA's growth opportunities mainly involve securing multiyear contracts to supply fuel to existing research reactors in Europe and Japan. Other avenues for future development include the manufacturing of radioactive sources for the medical industry and primary neutron sources for new reactors.

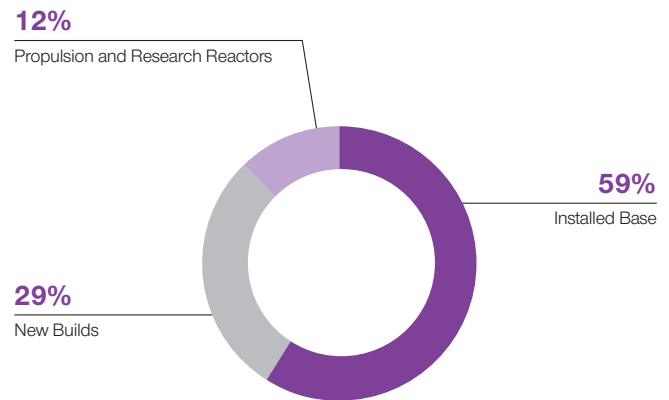
6.4.2. REACTORS & SERVICES BG*

Key figures

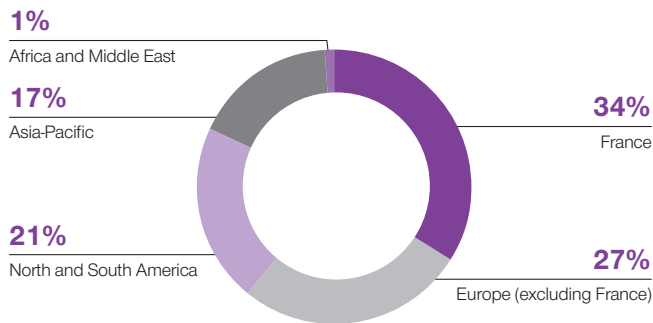
(in millions of euros)	2010	2009	2008
Revenue**	3,384	3,109	2,740
Operating income	(251)	(573)	(680)
Workforce at year end	16,985	17,799	16,377

** Contribution to consolidated revenue.

→ 2010 REVENUE BY MARKET SEGMENT AND GEOGRAPHICAL AREA



*This overview is as of January 1, 2011.



OVERVIEW

The Reactors & Services business group, which represents 38% of the AREVA group's revenue, 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 reactors. It also offers products and services for the modernization, inspection and servicing of all types of nuclear reactors.

The business group is organized into three market segments supported by technical units for product standardization design and certification and equipment production units for the nuclear steam supply system (NSSS):

- the New Builds market segment: proposals for new nuclear reactors and the execution of construction projects;
- the Installed Base market segment: solutions and products for existing and future nuclear reactor fleets, including the design and manufacture of radioactivity detection and measurement systems;
- the Propulsion and Research Reactors market segment: naval propulsion, research reactors and vital instrumentation and control systems for transportation.

Compared with its competitors, AREVA has supplied the largest share (in terms of installed capacity) of the pressurized water reactor fleet (PWR). PWRs represent nearly two-thirds of the world's nuclear generating capacity. 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, Northern Europe, Spain and Switzerland.

STRATEGY AND OUTLOOK

The Reactors & Services business group aims to assert its world leadership in nuclear power by achieving profitable growth built on the construction of new power plants added to a solid recurring base and by promoting the nuclear option throughout the world as an alternative to fossil fuels.

To achieve this objective, the Reactors & Services business group is building new reactors in Finland, France and China. AREVA is building the world's first generation III+ reactors, where its unique advance positions it favorably on all markets.

In Europe, the group traditionally has very strong positions in France and Germany. It has also developed close ties with major operators in other countries. In particular, AREVA plans to win a large share of the market for 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 business group. The group is a leader in the services sector in that country and has acquired a considerable market share in heavy equipment replacement at operating reactors as well as in instrumentation and control system modernization and plant lifecycle extension. AREVA has several strategic partners in the United States, including Bechtel Power Corporation and UniStar Nuclear Energy for the design of the US EPR™ reactor, and several utilities seeking to build EPR™ reactors.

In Asia, China and India are the leading accessible markets.

The AREVA group has been in China for 20 years, where it won a contract in late 2007 and is building the first two EPR™ nuclear islands in Guangdong province. In India, AREVA signed major framework agreements concerning the construction of two EPR™ reactors.

To achieve its development goals, the Reactors & Services business group 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 its line of PWRs by developing the ATMEA1™ reactor, a 1,100 MWe PWR, in partnership with Mitsubishi Heavy Industries;
- expand the product portfolio by developing the KERENA™ reactor, a 1,250 MWe BWR (formerly the SWR 1,000), in partnership with E.On;
- strengthen and structure nuclear engineering resources at the international level to meet an expected sharp increase in demand over the coming years. A major worldwide recruitment effort has been under way since 2004 and 2005, and the group plans to continue its policy of selective acquisitions and alliances in this field;
- secure the supply chain for reactor construction, both by investing and by forming the necessary partnerships;

- 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 on 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, the United States and Germany.

OPERATIONS AND HIGHLIGHTS

Reactors under construction

China

In 2010, construction of Taishan units 1 and 2 made significant progress. The third and fourth shells of the containment liner for unit 1 were installed in the reactor building in July and September. The first concrete was poured at unit 2 in April, two and a half months ahead of schedule. On September 1, construction began on the concrete foundations of the turbogenerator. As of the end of November, more than 1,500 people were working on the project at AREVA and more than 6,000 people had been mobilized at the site by the customer. Manufacturing of the primary cooling system components continues. The next significant stage of the Taishan project will be the placement of the dome at unit 1.

Finland

In Finland, the AREVA-Siemens consortium is delivering a turnkey EPR™ reactor to the operator of the Olkiluoto site, TVO (the OL3 project). The OL3 EPR™ reactor is the first generation III+ nuclear reactor under construction in the world.

Heavy construction of the OL3 project was completed in 2010 and all electromechanical installation activities ramped up quickly during the year, most notably with the installation of the piping, ventilation and electrical installations. In the reactor building, the installation of reactor coolant system components continued following the introduction of the reactor vessel on June 18. Three of the four steam generators had been installed by the end of December, in addition to the pressurizer. The fourth steam generator was installed in January 2011. Concerning the instrumentation and control system, following acceptance of its architecture by the Finnish safety authority STUK, its qualification program must now be finalized and a large number of documents must be produced to supplement the operating license application, which TVO must submit no later than August 2011. The consortium reached its peak workforce at the end of 2010, with more than 4,000 employees and 55 nationalities present at the site, including 350 AREVA employees.

France

The design and safety studies for the EPR™ reactor at Flamanville have progressed to the point that the initial version of the request for an operating license was submitted to the Autorité de sûreté nucléaire

(ASN, the French nuclear safety authority). Documentation will continue to be submitted through July 2012. The technical documentation on the operating instrumentation and control systems for Flamanville 3 was submitted on schedule. Additional proofs of the platform's qualification are being developed to supplement the application and secure the upcoming decision.

Manufacturing of the key components in the nuclear steam supply system (reactor vessel, steam generator, pressurizer) continued. The reactor vessel body has been completed. Prefabrication of the piping of the auxiliary systems has begun.

AREVA delivered the first electromechanical components of the nuclear island to the Flamanville site for assembly and installation by AREVA and its subcontractors.

EDF announced that the Flamanville 3 reactor's first commercial production will occur in 2014. This means that AREVA will have to postpone full mobilization of its installation and testing personnel.

New Build projects

United States

In March 2008, the US Nuclear Regulatory Commission (NRC) agreed to review AREVA's license application for the EPR™ reactor design. AREVA maintains open, transparent communications with the NRC and keeps it informed of the status of its ongoing work.

In April 2010, AREVA and Fresno Nuclear Energy Group (FNEG) announced the signature of a memorandum of understanding to develop a clean energy park near Fresno, California, using the most advanced technologies. This project will generate power from both nuclear and renewable energies. Work on the park's "solar farm" will begin as soon as the site has been selected.

France

EDF wants to begin developing the nuclear steam supply systems for the Penly and Hinkley Point projects in France and the United Kingdom under a joint design contract. AREVA submitted a proposal in response to EDF's request on October 11, 2010, and negotiations are in progress with a view to signing a design contract for both projects in 2011.

India

On October 13, 2010, AREVA submitted a revised offer to Nuclear Power Corporation of India Limited (NPCIL) for the construction of two EPR™ reactors at the Jaitapur site in India. On December 6, major agreements were signed concerning that construction and establishing:

- the contract terms;
- the industrial organization for carrying out the project;
- the split of roles and responsibilities, with AREVA supplying the nuclear islands and related services; and
- the creation of several partnerships between AREVA and the Indian nuclear industry.

However, the signature of the final contract is subject to an agreement on the terms of a decree related to India's law on nuclear liability.

United Kingdom

The Generic Design Assessment (GDA) of the British EPR™ reactor undertaken by Great Britain's regulatory authorities, the Health and Safety Executive (HSE) and the Environment Agency (EA), entered the convergence phase in November following intensive assessment throughout the year. In a letter addressed jointly to AREVA and EDF in November, the HSE indicated that the two companies had "responded in a satisfactory manner" to its concerns about the EPR™ reactor's instrumentation and control systems.

The EA conducted a public consultation from June to October, which ended without major comments. The progress made on the Generic Design Assessment prompted the investors to launch site-specific projects. For example, offers were submitted to EDF and Horizon Nuclear Power for the Hinkley Point and Wylfa sites.

Canada

In July 2010, AREVA, the province of New Brunswick and the utility New Brunswick Power signed a letter of intent to develop a clean energy park near the Point Lepreau nuclear power plant. The project includes power generation from both nuclear and renewable energies.

Installed base services

Germany

The German government presented its program to extend the lifecycle of the country's 17 nuclear reactors, whereby the oldest reactors will remain in operation for another 8 years and the most recent reactors for 14 years. Accompanying this plan is the institution of other modernization measures, a new tax on the reactor fuel, and a mandatory payment by utilities into a renewable energies fund, in return for the economic advantage they gain from nuclear power generation. The German Bundestag passed the laws on this subject, but they may be brought before the Federal Constitutional Court. In view of these new laws, the utilities are currently performing an economic assessment of their power plants and future modernization projects. The probable implementation of the lifecycle extension gives AREVA additional opportunities to offer its know-how to customers.

In this regard, AREVA provided support to German power plant operators through several projects involving design studies, project management and other activities. For example, AREVA provided unit outage optimization services to various German power plants, to the customers' complete satisfaction.

Brazil

The utility ETN accelerated activities concerning the completion of the Angra 3 reactor, with the first concrete pour and work related to the concrete slabs of the turbine room and reactor building.

Contracts between ETN and AREVA for the delivery of supplies and services are in the finalization phase.

Bulgaria

After numerous preparatory studies, the project to complete the Russian-designed, Russian-built Belene power plant entered the delicate phase of definition of the main contract. AREVA is involved in specific fields of technology.

China

AREVA signed five contracts with China Guangdong Nuclear Power Company (CGNPC) and China National Nuclear Corporation (CNNC) for in-core instrumentation systems for ten units at the Hong Yan He, Changjiang, Fuqing, Tianwan and Yangjiang power plants.

The in-core instrumentation system records and measures the neutron flux distribution in the reactor core and the related temperature, two variables that play a vital role in the reactor's safety performance.

In addition, AREVA and China Nuclear Power Technology Research Institute (CNPRI) formed a joint venture in late August 2010 on in-core instrumentation for future CPR 1000 power plants in China.

United States

In early July, experienced personnel from AREVA rapidly and successfully modified the control rod drive nozzles at the Davis Besse nuclear power station in Oak Harbor, Ohio. The power plant restarted operations shortly thereafter.

On July 19, AREVA successfully delivered the second replacement vessel head to Pacific Gas and Electric Company's Diablo Canyon power plant. The replacement head was manufactured in the United States using AREVA technology and under AREVA's management.

In the fall, Tennessee Valley Authority (TVA) awarded an engineering and development contract to AREVA for completion of unit 1 of the Bellefonte nuclear power plant in northern Alabama. TVA determined that it would complete the integrated resource planning phase before making a decision on the completion of the Bellefonte unit. AREVA will lead the design of the power plant's nuclear island and work on a new digital instrumentation and control system and a modern control room.

France

EDF gave AREVA orders for integrated reactor vessel services for an average of 13 unit outages per year over a period of 7 years, including firm orders for 4 years.

As part of the integrated services, AREVA is in charge of vessel openings and closings, maintenance and repair of internal vessel threads, televisual inspections of the fuel and vessel, services for the startup and maintenance of the fuel handling system, and services for the startup and maintenance of handling systems in the reactor building.

In addition, EDF chose AREVA to replace steam generators in eight units (with two as options) at four 900 MW power plants in France following the renewal of its contract after a competitive bidding process launched in January 2009.

The contract calls for a two-year phase of planning and analysis, with the first replacement to start in 2012. All work involving the three steam generators at each of the eight units is expected to run through 2016. More than 500 people will be mobilized via a joint venture set up with AREVA's partners, with AREVA in the lead.

Chalon/St-Marcel manufactured the six replacement steam generators for the Bugey plant's two nuclear reactors in France, which were delivered to the plant site in April.

In March 2010, after a call for bids, EDF awarded an order to AREVA for the manufacture and installation of a 900-MW replacement steam generator triplet and an option for another triplet.

AREVA and the Commissariat à l'énergie atomique (CEA, the French atomic energy commission) signed a cooperative agreement on initial design studies for a prototype of the generation IV ASTRID reactor (Advanced Sodium Technological Reactor for Industrial Demonstration). AREVA is responsible for the design of the nuclear steam supply system, the auxiliary nuclear systems and the instrumentation and control systems. This generation IV sodium-cooled fast reactor, to be used for technology and industrial demonstrations, will support a French government decision in 2017 on whether to go ahead with the construction of this demonstration facility.

United Kingdom

Following the detection of an abnormally high level of moisture in the Sizewell reactor building due to the defective penetration of a pressurizer heater, the power plant went into forced shutdown.

Following a competitive bidding process with seven international companies responding, EDF Energy selected AREVA's proposal. AREVA's teams successfully implemented a pioneering solution consisting of removing the heaters from inside the pressurizer. The customer expressed complete satisfaction, and the Sizewell B reactor was reconnected to the grid on September 30.

Russia

VNIIAES, a Russian integrator of instrumentation and control systems, awarded contracts for safety instrumentation and control system projects in Russia.

In 2010, the safety system of the Kola 3 plant was successfully modernized using AREVA's TELEPERM™ XS (TXS) technology. The unit was reconnected to the grid on schedule. This is an important stage for projects to modernize VVER reactor instrumentation and control systems. Similar modernization work is expected at Kola 4.

Slovakia

In March 2010, after carrying out design studies, AREVA won the main contract to supply operating and safety instrumentation and control systems to units 3 and 4 of the Mochovce VVER plant, which are nearing completion.

Sweden

The Reactors & Services business group is participating in two projects:

- the PLEX project to upgrade and uprate unit 2 of the Oskarshamn power plant; and
- the FREJ project, the world's largest PWR modernization project, which includes replacement of the steam generators and the pressurizer. Supported by AREVA's Engineering & Projects organization, which is performing the safety studies, the group is supplying the equipment for the primary cooling system and carrying out the replacement work.

Propulsion and Research Reactors

Some of the highlights of 2010 are as follows:

- the end of an important project for the Propulsion and Research Reactors market segment, part of the SNLE-NG 4 Le Terrible program: the Direction générale de l'armement (DGA, the French defense procurement agency) formally accepted and received delivery of the fourth and last nuclear steam supply system for the next-generation device-launching nuclear submarine Le Terrible;
- major operations continued as part of the Barracuda program, most notably with the transfer from the Cherbourg site to the DCNS Indret site of the support structure module for the nuclear steam supply system of the nuclear attack submarine Le Suffren, the first of a kind for the Barracuda class of submarines;
- achievement of a significant milestone in the RES test reactor program at Cadarache, which supports the next generation of naval nuclear propulsion reactors: the Propulsion and Research Reactors market segment successfully placed the steam generator on the reactor vessel, the next important step after integration of the reactor module (construction part of the facility) into the RES facility, which previously consisted of the pool module (in operation since 2005), thus joining the two modules that will constitute the entire facility when completed.

6.4.2.1. NEW BUILDS

Key figures

(in millions of euros)	2010	2009**
Revenue*	979	807
Workforce at year end	3,075	3,242

* Contribution to consolidated revenue, technical and production units included.

** Estimated figures based on 2009 workload adjusted for 2010 new organization.

Businesses

The missions of the New Builds market segment are to:

- submit structured, comprehensive offers for new reactor projects in support of the marketing and sales teams;
- assume responsibility for the execution of new reactor projects, including engineering, procurement, construction and commissioning;
- manage procurement and supply for New Builds as well as for major Installed Base projects (previously designated NR, NL);
- provide project services (standard PMO planning, cost estimating, contract management, risks and opportunities, industrial and operational plan) to the proposal and project teams; and
- continuously improve the competitiveness of new reactor projects, in terms of both costs and schedule, particularly by optimizing execution planning.

Manufacturing and human resources

The New Builds market segment is primarily based in:

- France (38% of the workforce)
- Germany (46% of the workforce) and
- the United States (16% of the workforce).

There was significant proposal activity, with personnel mobilized for proposals in several countries, including India, the United Kingdom, France, China, Sweden and Finland. Most of these proposals concerned the EPR™ reactor.

Market and competitive position

In new reactor construction, AREVA is the first nuclear reactor constructor in the Western world to have received new reactor orders since 1999. Its competitors are Westinghouse, which was sold by BNFL to Toshiba of Japan in 2006, General Electric of the United States, FAE of Russia, AECL of Canada and KHNP of South Korea.

The market for reactor construction has considerable growth prospects. More than 500 GWe is expected to be generated by new power plants by 2030. Please refer to Section 6.1.2 for a discussion of the nuclear power market.

(1) For political reasons or due to the current presence of dominant local players, AREVA does not plan to acquire a position in part of the market.

Relations with customers and suppliers

The market segment's customers are utilities from all over the world, whether established companies or newcomers to the market.

The market segment offers reactor solutions that are synergistic with the group's other activities, such as the Fuel and Installed Base. The New Builds market segment also works closely with the Mining-Front End and Back End business groups to offer integrated solutions.

Operations and highlights

Please refer to Section 6.4.2 on the Reactors & Services business group.

Outlook and development goals

The group has set a goal of building one third of the new nuclear capacity in the accessible market⁽¹⁾. This means taking advantage of the opportunities offered by the acceleration of the nuclear power program of China, by US and European utility initiatives, and by the decisions taking shape in several countries to restart nuclear programs.

6.4.2.2. INSTALLED BASE

Key figures

(in millions of euros)	2010	2009**
Revenue*	2,007	1,861
Workforce at year end	7,669	8,186

* Contribution to consolidated revenue, technical and production units included.

** Estimated figures based on 2009 workload adjusted for 2010 new organization.

Businesses

The Installed Base market segment has several important missions:

- to supply products and services for the maintenance, modernization and lifecycle extension of existing reactors;
- to offer engineering, procurement and construction services for reactor completion;
- to support new power plant construction and commissioning by the New Builds market segment;
- to design, manufacture and market instrumentation and systems to detect and measure radioactivity, used to monitor nuclear industry facilities, characterize waste and for radiation protection, along with related services.

Manufacturing and human resources

Its global strategy calls for the market segment's teams to be regionally-based to assure customers of local, continuous, personalized service and to facilitate compliance with local codes, standards and regulations. Synergies between regions are harvested and cooperation developed by exchanging personnel and resources to optimize the offering to customers. These regional bases also have foreign operations: AREVA NP Uddcomb in Sweden (subsidiary), AREVA NP Services Spain (subsidiary), AREVA NP Ltd in Canada (subsidiary), Shenzhen Nuclear Engineering in China (joint venture) and Lesedi Nuclear Services in South Africa (subsidiary). As part of its business outsourcing policy, the market segment supplements its internal resources with external resources through partnerships and outsourcing.

To stay on the cutting edge of technology, this services entity has large research and development centers to develop its new products and services, in particular Netec, a global technical center for non-destructive examination (NDE) created in 2007. Netec reinforces AREVA's technology leadership in this field and increases the integration of international NDE development resources to improve the product offering even further.

In addition, the market segment has hot workshops in Europe and the United States for offsite maintenance and three facilities dedicated to personnel training and education, one in France co-owned by the EDF group and AREVA (Cetic), one in Germany and one in the United States.

The specific Nuclear Measurements unit spans the global market through eight major sites in the United States, France, the United Kingdom, Belgium and Canada, which employ some 1,100 people in engineering, manufacturing, services and distribution to their local markets.

Market and competitive position

Market

The potential market in which AREVA operates in connection with its installed base services consists, among other things, of PWRs and BWRs built by AREVA and, to a lesser extent, pressurized heavy water reactors (PHWR) for which AREVA is not the original equipment manufacturer (OEM). In the PWR category, the market segment has relatively little access to the market consisting of Russian-designed VVERs.

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. Capital spending programs to maintain or improve reactor performance and extend the operating lifecycle are also carried out at this time.

Each unit outage generates a market of several million euros in recurring maintenance and inspection services. For non-recurring services, corresponding to capital spending programs for heavy repairs or modifications related to performance or the lifecycle, an outage may represent a market of several tens of millions of euros.

AREVA estimates the global installed base services market at around 5 billion euros per year.

In the case of recurring operations, the market is growing, primarily driven by the aging of the world's reactors, new reactor construction, increasingly stringent safety and regulatory requirements, and the tendency towards greater outsourcing by some operators. Offsetting this trend are deregulation of the power generation market, greater competition, price pressures and the fact that many components, such as steam generators and reactor vessel heads, have already been replaced, limiting the opportunities for inspection and repair.

More noticeable growth is expected in modernization and heavy modifications related to lifecycle extension or power uprating, due to the greater return on investment they represent in terms of generating capacity.

Being an original equipment manufacturer is as much an advantage in the area of engineering services and performance improvement as it is for primary cooling system component services. On the other hand, the highly technological nature of all operations requires heavy investment in research and development and in personnel training and qualification. Nonetheless, differing regulations can make access to certain domestic markets more complicated.

The global market for the Nuclear Measurements unit is estimated at 500 million euros per year. Under the Canberra brand, it is one of the market leaders, with a market share of around 35%. Its market share in France is about 30%.

AREVA and Toshiba-Westinghouse are the leading players in the installed base field, followed by Mitsubishi Heavy Industries of Japan and the team formed by General Electric of the United States and Hitachi of Japan.

The rest of the market is divided among powerful local companies such as KPS in South Korea and AECL in Canada, and a multitude of other specialized companies in every country with nuclear power plants. Competition is quite fierce in some market segments, most notably in non-destructive examinations and general maintenance, and is becoming even more so, particularly in France and the United States, whether with local companies or with global ones. The trend is towards consolidation of nuclear services companies and increasingly intense global competition.

Relations with customers and suppliers

Customers

The Installed Base market segment'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 market segment routinely works in more than 30 countries. The EDF group is its leading customer.

Deregulation pressures are pushing the market towards global solutions to achieve performance objectives, lower costs and extend power plant lifecycles, all while improving safety levels. These new circumstances are leading operators to combine services under integrated maintenance services umbrellas, under multiyear performance-based "Alliancing" contracts based on power plant performance, or under contracts that combine component supply, engineering, modifications, maintenance services and even fuel supply.

These new business models favor service providers with a global reach and cutting-edge technologies that are market- and R&D-oriented, like AREVA.

The Nuclear Measurements unit's traditional customers are divided among a large number of diversified segments: nuclear fuel fabricators, nuclear power generators, radiochemical laboratories, environmental monitoring laboratories, laboratories of national and international agencies for oversight and regulation, the medical sector and so on.

Suppliers

Procurement represents more than 40% of the Installed Based market segment's revenue, primarily due to the strong seasonality of service operations, themselves due to the timing of unit outages and optimization of regional demand for electricity. Also, the trend is towards reducing the duration of unit outages by concentrating a maximum number of operations into a minimum amount of time. New business in upgrades and modernization of operating power plants prompted the market segment to add new suppliers in 2010, shared mainly with the New Builds market segment. Instrumentation and control systems represent a large share of procurement.

Operations and highlights

Please refer to Section 6.4.2 on the Reactors & Services business group.

Outlook and development goals

In light of the utilities' determination to optimize reactor reliability and availability, extend unit lifecycles, and enhance reactor performance, the outlook for the Installed Base market segment is good. The market segment's objective is to secure and expand its operations, in particular by adapting its offer to new customer requirements, improving its work tools and methods, and harvesting the synergies among its products and resources to be even more competitive.

The year 2010 saw the emergence and confirmation of new services, partly through innovative service offers such as "Global Offers" and "Alliance" as well as unit modernization and the completion of unfinished units (Angra 3 and Bellefonte), corresponding to a strong shift in the market, and partly through the development of installation activities related to the construction of new reactors by the New Builds market segment. These two areas will be further expanded in 2011 and in the coming years.

Also with a view to future growth, the Installed Base market segment will build on its technology innovations and expertise to win business in its strategic markets and in new segments, and will internationally promote the sale of products and services that have proven their effectiveness in their home base.

Over the medium and long terms, the market segment will continue to fortify its technology leadership and ability to innovate by building on its research and development centers, particularly Netec, engaging in dialogue with centers of excellence (universities and other institutes) and continuing to hire and train all of the personnel needed to support its growth, particularly specialists in each of its disciplines. Together, these constitute key success factors in a highly competitive market.

6.4.2.3. PROPULSION AND RESEARCH REACTORS

Key figures

<i>(in millions of euros)</i>	2010	2009
Revenue*	397	408
Workforce at year end	2,748	2,763

* Contribution to consolidated revenue.

Businesses

The Propulsion and Research Reactors market segment combines the operations, disciplines and markets of AREVA TA (formerly Technicatome). The market segment offers experience 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; and
- design of electronic and instrumentation and control systems for non-nuclear industrial applications.

Power supply systems for naval propulsion

The core business of the Propulsion and Research Reactors market segment is to design, manufacture and maintain naval nuclear propulsion reactors for the French Navy and to provide related equipment, fuel and services. This business must meet stringent safety, reliability and availability requirements. It is a strategic activity for France's nuclear deterrence.

The market consists of nuclear-powered vessels and related testing and production facilities. It requires mastery of key methodologies and technologies, such as systems architecture, project management, digital safety systems, safety analysis, thermohydraulics and neutronics, acoustics and vibration, and integrated logistical support. Nuclear reactors designed by the Propulsion and Research Reactors market segment have powered the French Navy's submarines and aircraft carriers during all of the fleet's operating missions for nearly 40 years.

The Propulsion and Research Reactors market segment must also meet requirements related to propulsion, including control systems, monitoring systems, and acoustic discretion of systems and facilities and their components. The market segment has unique experience as a designer and facilities operator for the Commissariat à l'énergie atomique (CEA, the French atomic energy commission). In addition to reactor design and related fuel design and fabrication, the market segment provides support to the operator of onboard reactors (submarines and aircraft carriers) in the form of services, maintenance and training. This includes in-service support and the 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 Propulsion and Research Reactors market segment 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.

These include:

● **Major scientific research instruments and facilities:**

On behalf of the CEA, the business unit is in charge of the definition and design of the Jules Horowitz research reactor (RJH) currently under construction.

A design study contract was awarded to the Propulsion and Research Reactors market segment to constitute the safety and regulatory documentation needed for authorization to build the ITER facility.

● **Nuclear facilities:**

As part of a team of companies, the Propulsion and Research Reactors market segment is responsible for the design of the low- and medium-level waste disposal facility for the Ignalina nuclear power plant in Lithuania and for providing on-site construction support.

● **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 and 2010 to include the final assembly lines (FAL) of the A350.

Design of electronic and instrumentation and control systems with a high level of safety and availability

In the rail transportation sector, the market segment designs and builds highly safe onboard and ground electronic equipment and systems ensuring passenger comfort and safety while offering a high level of reliability and availability. The market segment has secured its place in this sector, which demands performance levels approaching those of the nuclear industry in terms of safety and availability.

Manufacturing and human resources

The market segment has five main manufacturing and engineering locations in France:

- Saclay: support functions and marketing and project operations;
- Aix-en-Provence: engineering projects;
- Cadarache: operating 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 also has operations in several countries, principally the United Kingdom, the United States, Brazil and China.

Market and competitive position

The Propulsion and Research Reactors market segment works primarily in France in the defense, major scientific instruments, guided transport and manufacturing sectors. For national security reasons, there are very few international business opportunities in naval nuclear propulsion.

Its engineering of complex industrial facilities has enabled the Propulsion and Research Reactors market segment to grow alongside the AREVA group's other entities 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 market segment is also present in China, most notably in the energy and transportation simulation field, through its subsidiary Corys T.E.S.S. In particular, following an international call for bids to which the world's largest simulator suppliers responded, China Nuclear Power Engineering Corporation (CNPEC) awarded a contract to Corys and its subsidiary in China Corys Simulation Technology for the design and production of the full-scale replica simulator for the Taishan EPR™ power plant.

Relations with customers and suppliers

The market segment's leading customers are the CEA, the Direction générale de l'armement (DGA, the French defense procurement agency), and the French shipbuilder DCNS. In the nuclear power, transportation and manufacturing sectors, the CEA, EADS, the Paris transit authority RATP and Sytral account for the largest percentage of the market segment's revenue.

Operations and highlights

Please refer to Section 6.4.2 on the Reactors & Services business group.

Outlook and development goals

The nuclear renaissance and the emergence of new countries interested in developing nuclear power programs offer real opportunities to the Propulsion and Research Reactors market segment. Already, the market segment has been awarded contracts to supply equipment for the EPRTM reactors in France and China. For example, the market segment won a contract for the design, manufacture and turnkey supply of equipment (filters, grids, spouts and retention baskets) for the in-containment refueling water storage tank for the EPR™ reactor building under construction at the Taishan site in China.

The market segment’s long-term growth opportunities will thus be concentrated in nuclear operations, particularly in low- and medium-power civilian reactors and in research or isotope production reactors for therapeutic uses, on global markets. These markets call for all of the market segment’s expertise in reactor and related nuclear facility design, the development of instrumentation and control system and simulation concepts to ensure facility safety, the supply of mechanical equipment and special services, condition-based maintenance and training.

At the same time, new boiler concepts that use less energy and reduce carbon emissions must be developed in the nuclear propulsion business, both on the defense side and on the commercial side.

6.4.2.4. PRODUCTION UNITS

Key figures

<i>(in millions of euros)</i>	2010	2009
Workforce at year end	2,345	2,456

Businesses

The production units mainly supply:

- 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 support structures, which are the main components required to build a nuclear steam supply system; and
- mobile components: reactor coolant pump sets (pump, motor and seal) for the primary cooling system and control rod drive mechanisms that regulate the reaction in the reactor core.

Market

The production units’ primary mission concerns pressurized water reactors (PWRs) of all types, but also boiling water reactors (BWRs). The nuclear equipment market consists of two segments: the component maintenance and replacement market, 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 North and South America, Europe and China, and prospects for the development of new markets, as in India.

This development coincides with more demanding customers, more stringent regulatory oversight, stiffer competition and price pressures accentuated by our opponents’ strong competitiveness in the dollar zone.

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 in the Western world. 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.

During the 1990s and 2000s, the market for large nuclear forgings consisted of replacement steam generators and vessel heads. Today, the demand also includes new reactor construction projects, thanks in particular to growing demand in China and the nuclear renaissance in Europe. In China, where there is a very large market for forgings, the Chinese steelmaking companies have every intention of supplying the domestic market by themselves. Their nuclear parts qualification programs are making progress, which may be expected to make the market gradually less accessible to other steelmakers.

Large forgings can also be used in other sectors, mainly petrochemicals. However, this market has slowed considerably since mid-2008 as a result of the financial crisis. A gradual recovery is expected beginning in 2011, but the competition has risen considerably in recent years.

Heavy components

The market is characterized by substantial international competition made up of six leading companies: Westinghouse/Toshiba, Doosan, MHI,⁽¹⁾ 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 exist, particularly in China, but are not yet active outside their domestic markets.

AREVA is one of the leaders in the French market, where the EDF group has completely opened up the competition for the manufacture of replacement steam generators. Since that market was opened in late 2004, AREVA has won contracts to replace 9 steam generator triplets and an option for another triplet from the EDF group.

Competition is rising internationally, exerting strong pressures on prices. It will be challenging to maintain the leadership position acquired over the past five years in the Americas, where its market share averages 30%, without siting part of its production there, especially in the dollar zone. That is why AREVA decided to form AREVA Newport News, a joint company with Northrop Grumman Shipbuilding.

The Chinese market is very buoyant, particularly for new reactor construction.

(1) Mitsubishi Heavy Industries.

Mobile components

The market for mobile components is on an upward trend, supported by new reactor construction. JSPM's leading competitors in this segment are Toshiba/Westinghouse, MHI, Curtis Wright and, in China, KSB.

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. As a result, JSPM's operations in the market for reactor coolant pump replacement parts and services for existing power plants are expected to grow substantially in the coming years. The market for replacement control rod drive mechanisms and the installation of replacement reactor vessel heads is in a slower phase, since these replacements have already been performed at most reactors.

Suppliers

The two main categories of suppliers are 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, it was decided to sign long-term, multiyear contracts with Valinox Nucléaire and Sandvik, who are investing to meet global demand. If new requirements should appear, agreements with Sumitomo are foreseeable; the Procurement department maintains regular contact with that company.

There are also very few steelmakers capable of meeting the quality standards demanded by the nuclear industry. The Procurement department has established an agreement with JSW, the global market leader, securing the group's supply chain. There are potential competitors, especially in China, Japan, South Korea and Europe. All of these suppliers are watched closely.

Manufacturing and human resources

Manufacturing capacity for machined parts and forgings is located at the Creusot Forge, Creusot Mécanique, Sfar and Civad⁽¹⁾ sites in the Saône-et-Loire department of central France. These sites' production resources consist mainly of machining facilities and a steelmaking plant equipped with two presses (7,500 metric tons and 11,300 metric tons). AREVA has invested in recent years to increase its production capacity at Creusot Forge and Creusot Mécanique, which manufacture and

machine large forgings and castings necessary to produce heavy components for the nuclear island. At the same time, the capital spending program deployed at the Industeel steel works (ArcelorMittal group) was completed in February 2010, enabling Creusot Forge's dedicated supplier to manufacture larger and better quality ingots in a shorter time.

The Chalon/St-Marcel plant near Chalon-sur-Saône, France, is dedicated to the manufacturing of heavy nuclear equipment. The main building covers a surface area of 39,000 m² and has a lifting capacity of 1,000 metric tons. In 2008, AREVA and Northrop Grumman Shipbuilding teamed up to create a new component manufacturing site in Newport News, Virginia, to serve the needs of the US nuclear market in particular. AREVA Newport News LLC,⁽²⁾ the joint venture resulting from this agreement, launched construction of the new plant in July 2009. Work progressed in 2010, with the pilings in place and the start of concrete pouring. This project has since slowed down, given the market situation in the United States.

The JSPM⁽³⁾ plant in Jeumont, in northern France, manufactures mobile components 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 reactor coolant pumps and control rod drive mechanisms, as well as the replacement parts for that equipment. Component installation and maintenance services also represent a significant share of its operations. A highlight of 2010 was the commissioning of JSPM's new test center for reactor coolant pumps, inaugurated on November 23, 2010. The test loop is a world first: it is the only one in the world capable of testing reactor coolant pumps of the size used in the EPR™ reactor at full power in terms of pressure, temperature and flowrate.

AREVA also operates in China through the AREVA Dongfang Joint Venture (ADJV)⁽⁴⁾ 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 facilities' current production capacity of seven reactor coolant pump sets per year is in progress.

In addition, JSPM's subsidiary Somanu,⁽⁵⁾ based in Maubeuge, France, has focused on 3 main areas for more than 20 years: it provides containment rooms, performs equipment maintenance which may include removal, decontamination, machining, revamping, reinstallation and testing, and provides equipment storage before maintenance or shipment to a nuclear site.

(1) Companies forming the Sfarsteel group, 100% owned by the AREVA group since September 2006.

(2) AREVA 67%, Northrop Grumman 33%.

(3) Jeumont systèmes pour pompes et mécanismes.

(4) JSPM 50% / DFEM (DongFang Electrical Machinery) 50%.

(5) Société de maintenance nucléaire (nuclear maintenance company).

Outlook and development goals

In France and internationally, AREVA 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. With regard to forgings and heavy components, manufacturing business is assured for the replacement market and for the new builds market. On this latter market segment, business growth cannot be dissociated from the growth of nuclear power programs. In that regard, the recent postponements of several EPR™ projects will impact workload for the production units in the short term.

The principal challenges for the production units are the optimization of industrial performance at all of their sites and increased production by JSPM at the ADJV site in China. For the business group as a whole, the challenge remains to deliver the primary cooling system components on time, at the lowest possible cost, and with the requisite level of quality. Efforts in favor of nuclear safety will also continue. Lastly, maintaining skills and know-how remains a constant priority.

6.4.2.5. TECHNICAL UNITS

Key figures

<i>(in millions of euros)</i>	2010	2009*
Workforce at year end	1,149	1,153

* Estimated figures based on 2009 workload adjusted for 2010 new organisation.

Businesses

The technical units support the operations of the Reactors & Services business group through the technical performance and certification of its products and by supplying advanced products and technologies offering high performance levels.

The organization follows four lines: Research and Development, Design Authority for the Reactors & Services business group, Technical Center, and Instrumentation and Control and Electrical Products.

Research and Development

With regard to research and development activities at the Reactors & Services business group, the research and development entity is responsible for key technologies for pressurized water reactors and boiling water reactors. That entity is also responsible for the development of new systems and technologies for next-generation reactors, particularly the ATMEA1™ and KERENA™ reactors, as well as high-temperature fast neutron reactors.

In 2010, the basic design phase of the nuclear island was finalized for ATMEA1™, the new reactor designed by AREVA and Mitsubishi.

The success of this development illustrates the strong spirit of partnership between the European and Japanese teams working on the design. It also points to the leading role that the ATMEA1™ reactor plays in the portfolio of generation III+ products offered by AREVA. The Autorité de sûreté nucléaire (ASN, the French nuclear safety authority) continued its design assessment to ensure that the ATMEA1™ reactor's safety options comply with applicable regulations in France.

In the meantime, AREVA will complete the basic design of KERENATM in 2011. This mid-range boiling water reactor was developed with the support and participation of the German utility E.ON based on reactors in service in Germany. AREVA continues to pursue a vast testing program for large-scale validation of the principal improvements to this type of reactor.

The technical units are also in charge of AREVA's participation in the Next Generation Nuclear Plant project (NGNP) initiated by the US Department of Energy. The goal of this project is to design a commercial high-temperature reactor to be used for the co-generation of industrial process heat and electricity. Lastly, the technical units are working to keep AREVA on track in terms of its commitments in European high-temperature reactor projects.

Design Authority

These units are the group's design authority for reactors and services. They are tasked with managing product design for the Reactors & Services business group, ensuring that required performance levels are met, standardizing solutions and providing certification.

The Design Authority is working on instrumentation and control system architecture with a new cross-market segment to define instrumentation and control models and to recommend a strategy. Another of its missions is to secure the Design Acceptance Certificate for the EPR™ reactor in the United Kingdom, the first key milestone in that country's nuclear renaissance.

The development of the EPR™ reactor is primarily based on lessons learned from projects conducted in Finland, France and China and the institution of the corresponding optimization initiatives.

Technical Center

The Technical Center brings a wide range of skills, test facilities and laboratories to the development and testing of advanced solutions and methods. It makes its production capabilities available to its customers, particularly for core instrumentation and diagnostics and monitoring product portfolios. This entity's mission is to maintain existing technologies on the cutting edge of progress and to develop new technologies.

The Technical Center's facilities are located in Erlangen and Karlstein, Germany and in Creusot and Chalons/St-Marcel in France.

Instrumentation and Control and Electrical Products

Working cooperatively with the Reactors & Services business group's stakeholders and the Engineering & Projects organization, the Instrumentation and Control and Electrical Products entity develops concepts and technologies in the field of electrical systems and safety instrumentation and control. It handles their qualification and their lifecycle as well as delivery logistics.

The development of this business, led jointly with Siemens, will not be called into question by the latter's withdrawal as a shareholder.

Manufacturing and human resources

The technical units are comprised of international teams and have manufacturing and engineering facilities in France (Paris, Chalon, Le Creusot and Montpellier), Germany (Erlangen, Offenbach and Karlstein) and the United States (Lynchburg and Charlotte).

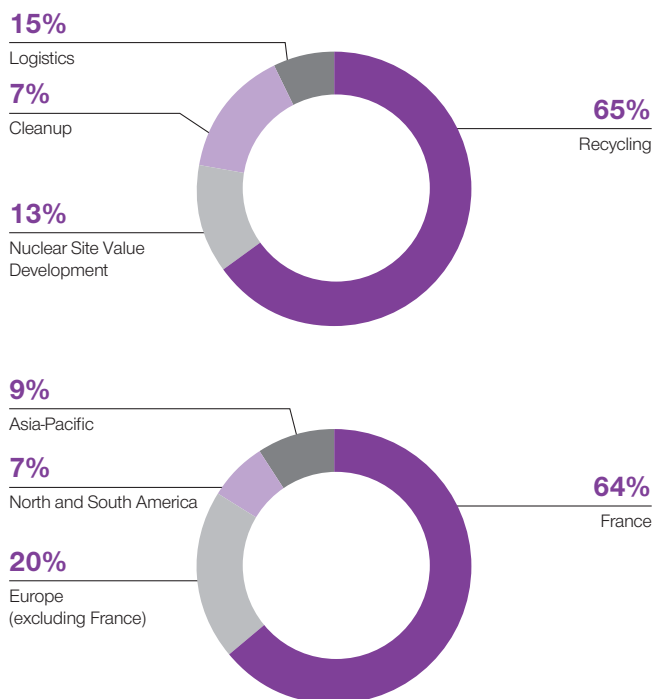
6.4.3. BACK END BG

Key figures

(in millions of euros)	2010	2009	2008
Revenue*	1,709	1,637	1,692
Operating income	280	235	261
Workforce at year end	10,931	11,082	10,906

* Contribution to consolidated revenue.

→ 2010 REVENUE BY BUSINESS UNIT AND GEOGRAPHICAL AREA



Overview

The Back End business group represents 19% of the AREVA group's revenue. It offers efficient, sustainable solutions for managing the back end of the nuclear cycle. It is organized into four business units: Recycling, Logistics, Nuclear Site Value Development and Cleanup.

The main missions of the Back End business group are to recycle used fuel for reuse in reactors, to organize and supervise fuel transportation, and to clean up nuclear facilities and return them to productive use at the end of their lifecycle. The business group plays a key role in reducing the nuclear industry's environmental footprint and in increasing public acceptance.

The Back End business group has taken the technological and industrial lead in global markets for the back end of the nuclear cycle.

Value of used fuel recycling

Power companies can manage their used fuel in one of two ways:

- direct storage ("once-through cycle"): When the used fuel is unloaded from the reactor, it is stored temporarily in pools or at dry storage sites. However, storage is not a lasting solution and must be followed by final disposal. For the medium term, final disposal solutions for used fuel are being assessed as a component of national nuclear waste management policies. However, these solutions are not available today on an industrial scale. The direct disposal policy is currently being implemented in two countries: Sweden and Finland;
- the other way to manage used fuel is recycling, considering the fact that the used fuel contains a significant quantity of reusable material still capable of producing a large amount of energy. Uranium and plutonium, which represent 96% of the used fuel, can be recycled into fresh fuel in the form of MOX (containing a mixture of plutonium and depleted uranium) and enriched recycled uranium fuel (ERU).

With the nuclear renaissance gaining momentum even as commodity prices are trending up, fuel recycling is gaining in interest. Recycling conserves natural uranium resources and facilitates radioactive waste management by significantly reducing waste volumes and radiotoxicity and by packaging waste in standardized containers specifically designed to trap the radioactivity for very long periods of time.

In nuclear power, sustainable development requires the implementation of a used fuel management policy that is accepted by all stakeholders. In the current environment, many countries plan to recycle their used fuel or are interested in doing so. 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 warranted by their power programs.

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, and returning to the client country only final waste that does not contain materials subject to International Atomic Energy Agency (IAEA) safeguards.

In addition, recycling allows utilities to constitute reserves of nuclear materials that could be used in future generation IV reactors.

Position of the business units

The **Recycling business unit** uses processes to retrieve reusable resources, representing 96% of the content of used nuclear fuel, and to safely package and stabilize the remaining 4%, which is final waste, in standardized containers.

The group is also organized to design and build new 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 and supervision of nuclear materials transportation and, as needed, management of the related equipment fleets.

It also oversees all transportation operations involving class 7 radioactive materials for AREVA.

The business unit's main customers are European, American and Japanese utilities and nuclear fuel cycle operators serving nuclear power plants and research reactors: mining companies, uranium converters, enrichers and fuel fabricators.

The **Nuclear Site Value Development business unit** designs and supervises nuclear site dismantling and rehabilitation after production has been discontinued, for purposes of their reuse. The Nuclear Site Value Development business unit takes over where the industrial use of these facilities leaves off; its dismantling operations thus constitute a second life for the sites.

The business unit works primarily for the AREVA group, but also for the Commissariat à l'énergie atomique (CEA, the French atomic energy commission).

The **Cleanup business unit** offers a complete range of nuclear services: it operates waste treatment and decontamination facilities, provides logistics for maintenance at nuclear power plants and performs specialized maintenance. It designs and carries out complex dismantling projects, provides radiation protection and nuclear measurement services, and offers training programs for work in nuclear environments.

Strategy and outlook

Choosing to recycle is fundamentally a national energy policy decision with long-term impacts.

The Back End business group's goal is to consolidate its world leadership position. Its strategy is four-fold:

- strengthen used fuel recycling operations;
- capitalize on recycling technologies at the global level.

The group is already involved in projects in several key countries:

- China has revised its nuclear power program upwards and confirmed its intention of supporting its development with a high-capacity treatment and recycling plant. In November 2010, AREVA signed an industrial agreement with China National Nuclear Corporation (CNNC) for cooperation in the field of used fuel treatment and recycling. This document constitutes the final stage prior to a commercial contract. The authorities of both countries issued a joint statement in December 2009 authorizing CNNC and AREVA to enter into detailed negotiations pursuant to the bilateral agreement of 2007;
- in Japan, the group has had a major technical assistance program with its Japanese partner customers since 1987. The partnerships developed in this field 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 the United States, the administration had opted for the direct storage strategy at the end of the 1970s in response to the risk of proliferation. In 2009, the Obama administration decided to terminate the direct storage project under construction at Yucca Mountain and, in February 2010, established a blue ribbon commission to study alternatives to Yucca Mountain. The recycling option assessed by the commission, with its advanced technologies, is increasingly viewed as a viable solution for the management of the back end of the cycle;

Already, 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 technology and engineering to this project.

- in the United Kingdom, AREVA and its British and American partners AMEC and URS were the successful bidders for the management and operation of the Sellafield site in November 2008, including recycling and high-level waste management facilities;
- develop products and services related to fuel and nuclear material transportation while confirming our position as a major player in the market for dry used fuel storage,
- manage facility cleanup and dismantling operations for the group and for its external customers.

Highlights of the period

Recycling

In August 2010, the group signed an important contract with EDF on treatment and recycling for the 2008-2010 period. This agreement follows on the heels of the agreement signed in February 2010 spelling out the terms for implementation of the framework agreement of December 19, 2008, which established the basis for long-term cooperation on used fuel treatment and recycling and on MOX fuel fabrication. The August 2010 agreement provides multiyear visibility to both EDF and AREVA in their relations on recycling.

In March, AREVA signed a contract to supply MOX fuel assemblies to unit 3 of the Tomari nuclear power plant in Japan operated by Hokkaido Electric Power Company, in partnership with Mitsubishi Nuclear Fuel as service provider. Also in Japan, two deliveries of MOX fuel were made in June 2010 to Kansai Electric Power Company for the Takahama power plant and to Kyushu Electric Power Company for the Genkai power plant.

Since 2009, a dozen AREVA employees have been assigned to the Sellafield nuclear site in the United Kingdom under the site management and operations contract, in partnership with URS' Washington Division and AMEC plc, AREVA's partners in NMP. In July 2010, AREVA signed a contract with Sellafield Limited, the nuclear recycling center in West Cumbria, United Kingdom, to design, supply, install and provide operating procedures for a new fuel rod fabrication line duplicating the MELOX processes at the Sellafield MOX Plant (SMP).

Construction of the MOX Fuel Fabrication Facility (MFFF), begun in August 2007 at the Savannah River site near Aiken, South Carolina, is continuing, meeting all cost, schedule and safety commitments. The Shaw AREVA MOX Services consortium (SAMOX) is building the facility for the US Department of Energy (DOE). In 2010, AREVA was selected to set up a training program. AREVA will train 93 MFFF employees at the MELOX and La Hague sites in France starting in 2013. Preparations for the training program have now begun in France.

Logistics

The main event for 2010 was the ramp-up of the business unit's operations in the storage rack market. These racks are used to optimize underwater storage of used or new fuel in nuclear reactor pools.

The Logistics business unit signed several contracts for in-pool storage, including the supply of storage racks for new and used fuel storage at the two Taishan EPR™ reactors and for the pool of the Watts Bar power plant operated by TVA in the United States.

The business unit also signed a contract to supply 11 TN24 casks to the Japanese utility Tepco.

In the transportation business, the Logistics business unit carried out a sea shipment of MOX fuel from France to Japan on behalf of Kansai Electric Power Company and Kyushu Electric Power Company in 2010, thus playing a part in the first generation of power with recycled fuel in Japan.

Cleanup

In 2010, the Cleanup business unit continued to implement the action plan launched in 2009 to boost performance by capturing new markets, increasing its economic and operational performance, strengthening its presence near customers and adding to its skills.

In January 2010, MSIS and Gamma Assistance merged to form MSIS Assistance. This combination helps strengthen the business unit's development in inspections, radiation measurements, design and radiation protection support.

The Cleanup business unit was awarded significant contracts during the year, including:

- specialized maintenance: a service contract to open and close tanks and steam generators during unit outages at EDF power plants in partnership with the Equipment business unit and the Ponticelli maintenance company;
- contracts to operate solid and liquid waste treatment facilities at the CEA's Cadarache site and the new Agate effluent treatment station;
- dismantling: a contract to retrieve operating waste at EDF's Bugey 1 nuclear power plant;
- total on-site assistance services: logistics operations for Electrabel's Tihange power plant in partnership with Technobel.

Nuclear Site Value Development

The Nuclear Site Value Development business unit expanded its scope of operations in 2010, in particular when it joined the cleanup project for the Miramas site (see section 6.4.3.2). Since the beginning of 2010, the Nuclear Site Value Development business unit has also been involved in studies to prepare for the dismantling of the Georges Besse enrichment plant. Its position as leader of the group's dismantling programs was confirmed.

Major events in 2010 include the restart of dismantling work at the Cadarache plutonium shop (ATPu), where the Autorité de sûreté nucléaire (ASN, the French nuclear safety authority) had stopped certain operations for several months after a discrepancy was discovered in estimates of the volume of plutonium in equipment undergoing dismantling in October 2009.

Negotiations are ongoing with the CEA to define AREVA's mission for the 2011-2015 program at the Marcoule site.

Lastly, as regards the dismantling of the UP2-400 plant at La Hague, a decree authorizing the start of dismantling work at the regulated nuclear facility INB 80 was signed in August 2010.

6.4.3.1. RECYCLING

Key figures

(in millions of euros)	2010	2009
Revenue*	1,110	1,006
Workforce at year end	5,695	4,478

* Contribution to consolidated revenue.

Businesses

After nuclear fuel has been used in a light water reactor, 96% of its content consists of recyclable materials: 1% is plutonium and 95% is uranium. The first step in fuel recycling is to separate these reusable materials from the final waste. The waste is packaged in universal waste canisters for safe storage and transportation. The 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, the recycled uranium from used fuel treatment, also called RepU, may be re-enriched and recycled in the form of enriched recycled uranium fuel (ERU), or stored in stable form, constituting 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

Most of the Recycling business unit's operations are conducted at two recycling sites, the La Hague site in northern France and the MELOX site in southern France.

AREVA La Hague

The first stage of recycling is performed at the AREVA La Hague plant: recyclable materials and waste in used fuel from French and foreign power plants and research reactors are separated, and the materials and final waste are packaged.

The plant has two production lines, UP2-800 and UP3, which currently have a combined capacity of 1,700 metric tons of used fuel per year, corresponding to the generation of 450 TWh per year of electricity.

In 2010, the AREVA La Hague plant treated 1,048 metric tons of heavy metal (MTHM) as scheduled. More than 4,000 AREVA employees work at the site.

MELOX SA

The MELOX plant, an AREVA subsidiary, is the world leader in the market for the fabrication of recycled nuclear fuel (MOX).

To support business development, the MELOX plant, with a nominal production capacity of 195 metric tons per year, launched a three-year investment plan at the end of 2009 to increase production capacity and flexibility, in particular to meet demand for "multi-design/multi-customer" fuel fabrication.

Approximately 850 employees work at the site, in addition to nearly 400 indirect jobs. The workforce is expected to rise to 900 employees by 2015.

Market and competitive position

The world market for used fuel recycling is extremely concentrated and highly restricted 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 performed under multiyear contracts.

In 2010, the MELOX plant produced 128 MTHM of MOX, corresponding to a market share of around 95% for the AREVA group.

The installed capacity of the La Hague and MELOX plants along with AREVA's cumulative experience rank the group number one worldwide in recycling.

Research and development

Under the umbrella of the agreement between AREVA and the CEA, the cold crucible, a new generation melter for the vitrification facility, was installed at the AREVA La Hague plant. The cold crucible will broaden the range of vitrification applications to include more waste types. Production began in April 2010 and 39 canisters of vitrified waste have already been produced with this new equipment.

In November 2010, AREVA and the CEA inaugurated a joint laboratory in Marcoule that will employ 135 people by 2014 to develop and consolidate operational excellence and scientific and technology research in support of vitrification and to secure the laboratory's global leadership.

The 100% MOX EPR™ project continued in 2010. This concept is to recycle and manage a fuel core comprised solely of MOX, which is easier to manufacture and heightens performance. Four patent applications have been submitted. Discussions are intensifying with safety authorities and with interested utilities in Europe.

Operations and highlights

Please refer to Section 6.4.3, *Back End business group*.

Outlook and development goals

In 2011, the Recycling business unit plans to continue to promote recycling technology abroad by:

- participating in the establishment of appropriate infrastructure in partner countries;
- expanding French uranium recycling operations;
- offering services using its own industrial assets; and
- offering recycling services to customers of AREVA's EPR™ reactor and ATMEA1™ reactors.

6.4.3.2. NUCLEAR SITE VALUE DEVELOPMENT

Key figures

<i>(in millions of euros)</i>	2010	2009
Revenue*	225	229
Workforce at year end	1,719	1,297

* Contribution to consolidated revenue.

Businesses

Many nuclear facilities built in the 1950s and 1960s are coming to the end of their lifecycles at the very moment that the nuclear industry is entering a new phase of growth. Their dismantling and the rehabilitation of the sites that host them is a major industrial challenge, especially to allow new projects, whether nuclear or conventional, to be located at these sites.

The Nuclear Site Value Development business unit operates as project authority for AREVA projects. It is in charge both as an operator and as a project manager. The business unit also acts as prime contractor for some CEA projects. It leads and coordinates all partners and subcontractors to deliver on-time, in-budget performance while maintaining high levels of nuclear and occupational safety. In addition, to optimize the management and good governance of end-of-lifecycle provisions, the Nuclear Site Value Development business unit is responsible for these provisions from the time the facilities are shut down until the end of dismantling, under the oversight of the Nuclear Assets department, which is in charge of monitoring end-of-lifecycle provisions within the AREVA group.

Manufacturing and human resources

The Nuclear Site Value Development business unit manages six site dismantling programs in France.

AREVA La Hague site

The old UP2-400 recycling plant commissioned in 1966 was shut down at the end of 2003. The decree authorizing the start of dismantling of regulated nuclear facility INB 80 was signed in August 2010. Public inquiries regarding the dismantling of three other regulated nuclear facilities were carried out in September and October. Administrative proceedings leading to the receipt of decrees authorizing the dismantling of these facilities are in progress. Some 350 AREVA employees are involved in this project.

Cadarache site

Production was discontinued at the MOX fuel fabrication plant in Cadarache in 2003. Repackaging operations and the removal of recyclable materials were completed in June 2008. The Nuclear Site Value Development business unit is now operating as project authority and prime contractor for cleanup and dismantling operations at the site's plutonium shop (ATPu) and at the chemical purification laboratory. After completion of these operations, the facilities will be transferred to the CEA for final decommissioning. Approximately 100 AREVA employees and 200 subcontractor personnel were working at the site at the end of 2010.

Marcoule site

Since 2005, the Marcoule site has been carrying out cleanup and dismantling operations as project authority and prime contractor for the CEA under a multiyear industrial partnership agreement set to expire in 2015. AREVA also operates various industrial units that support the dismantling program. This is the first time that a recycling plant that treated used fuel from the defense sector and natural uranium-gas graphite reactors is being dismantled. Approximately 1,000 employees are involved in these projects.

SICN's Annecy and Veurey sites

The Annecy and Veurey plant sites were established in the mid-1950s to fabricate natural uranium fuel and to machine parts made of uranium metal. AREVA is in the process of cleaning up and dismantling the two sites to release them for new industrial uses. Both projects are now in their final phase.

A partnership was formed with the government and local stakeholders in Annecy and Veurey with a view to continuing existing operations or bringing in new activities to retain jobs at these sites, which will be decommissioned in 2011 after a public inquiry.

Miramas site

The Nuclear Site Value Development business unit is responsible for soil cleanup at this former AREVA chemical plant involved in the isotopic separation of lithium and lithium product manufacturing. One of the project's objectives is to minimize waste production. Some 50 people are working on the project, which began in late 2009 and should last about five years.

Market and competitive position

More than a hundred of the world's nuclear power plants have reached the end of their operation. Nuclear installations also include dozens of research facilities, in addition to fuel fabrication and recycling plants. The value development of these shut-down sites adds up to a big market.

In France, the net present value of provisions for end-of-lifecycle operations recognized by the three main project owners—CEA, AREVA and EDF—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 the three operators. AREVA's Nuclear Site Value Development business unit has a major role to play in that effort.

Relations with customers and suppliers

In 2010, as the CEA's leading industrial partner, AREVA continued to provide project management services for cleanup and dismantling operations at the Marcoule site. Plans for business development with customers outside the AREVA group are under review.

To improve the cost-competitiveness of its projects, the business unit is engaged in dialogue with a dozen of its leading suppliers to improve their visibility on the future workload over the short and medium terms and to work on improving performance.

Research and development

To support its growth, the business unit has established a research and innovation plan with partners in key areas, including performance improvement for work in progress by developing remotely-operated equipment, research on new processes to retrieve sludge and package waste, and decontamination techniques for engineered structures.

Operations and highlights

Please refer to Section 6.4.3, *Back End business group*.

Outlook and development goals

The Nuclear Site Value Development business unit's strategic objective is to consolidate its position as a major player in the management of dismantling projects and the development of solutions for its customers' dismantling projects.

Negotiations to renew contracts with the CEA for the 2011-2015 period are in progress and represent a major commercial challenge for the business unit.

The business unit is also assessing potential development opportunities in the dismantling market of the United Kingdom.

6.4.3.3. LOGISTICS BUSINESS UNIT

Key figures

(in millions of euros)	2010	2009
Revenue*	257	246
Workforce at year end	1,242	1,171

* Contribution to consolidated revenue.

Businesses

The Logistics business unit operates in two main areas:

- the design of casks and specialized equipment for the shipment and/or storage of radioactive materials, and management of their manufacture;
- the organization and execution of radioactive materials shipments and supply chain management, as needed, including that of the related equipment fleet.

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.

In addition, the Logistics business unit offers rack storage solutions for used fuel storage at power plants.

Manufacturing and human resources

The Logistics business unit is based in three regions of the world:

- 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, Mainco and Mécagest;
- in the United States, where Transnuclear Inc. designs and sells storage casks to US nuclear utilities. Transnuclear Inc. operates out of Columbia, Maryland, and Aiken, South Carolina;
- in Japan, where its subsidiary Transnuclear Ltd provides engineering, transportation and the maintenance and sale of reactor fuel casks.

The Logistics business unit has manufacturing resources for shipping and storage casks. It also owns transportation equipment and operates road, rail and sea terminals.

To accomplish its mission of supervising the AREVA group's transportation operations, the Logistics business unit has an organization that analyzes risks, establishes action plans and manages emergencies around the globe. Its real-time transportation tracking center provides it with a continuous stream of information.

Market and competitive position

The business of nuclear materials transportation and the design of nuclear materials storage and shipping casks are characterized by the diversity of materials involved, the international and competitive nature of the market and the strict and changing regulatory framework, which differs according to each transportation mode and each country.

In 2010, the business unit's sales were evenly distributed among France, Europe, Asia and North America.

The Logistics business unit offers comprehensive management of the logistics chain and has strengthened its position in securing supplies to nuclear sites.

Activities related to the front end of the fuel cycle are deployed around the globe. In 2010, the business unit increased its share of this market with shipments organized for AREVA's uranium mines and fuel fabrication plants.

In the back end of the fuel cycle:

- in Europe, EDF continues to be the leading shipper of used fuel to the AREVA La Hague recycling plant, followed by Italian operators and certain research reactors. The Logistics business unit has created new logistics bases to meet its customers' needs, such as in Void Vacon in the Meuse region of eastern France, where the business unit is contributing to the group's industrial development initiative;
- in the United States, the Logistics business unit is number one in dry storage of used fuel. It is also positioned in the transportation and supply chain market, both for nuclear research and for the AREVA group's projects, such as the Eagle Rock enrichment plant. In addition, the business unit is developing its storage rack business and has signed a contract with US utility TVA;
- in Asia, AREVA is mainly present in Japan, where it carries out fuel and waste shipments between Europe and Japan. The Logistics business unit is also continuing to expand its storage rack business in China for nuclear reactors.

The Logistics business unit is the world leader in both of its main businesses and is active in every stage of the nuclear fuel cycle on an international level.

Relations with customers and suppliers

The Logistics business unit's customers are nuclear operators seeking solutions for radioactive materials transportation and for materials storage and supply chain management. Through its entities, the business unit's customers are the majority of the world's utilities, research reactor operators, fuel cycle companies and research centers, institutes and laboratories.

The Logistics business unit has its own manufacturing capabilities for casks and transportation equipment through its subsidiaries Mécagest and LMC.

Operations and highlights

Please refer to Section 6.4.3, *Back End business group*.

Outlook and development goals

The Logistics business unit is pursuing three major objectives:

- to support the strategy of AREVA's Back End business group for the development of used fuel recycling;
- to supervise AREVA group shipments all over the world;
- to bolster its global position in transportation and storage for both the front end and back end of the nuclear fuel cycle.

In Europe, the business unit is asserting its already solid position in the storage market and is expanding its offering in transportation services for the front end of the cycle and for research 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 into the intercontinental transportation market for the front end of the cycle.

The business unit also continues to develop new products for the EPR™ reactor, such as fuel storage racks, where the Logistics business unit is a recognized expert.

6.4.3.4. CLEANUP

Key figures

<i>(in millions of euros)</i>	2010	2009
Revenue*	117	115
Workforce at year end	2,275	2,317

* Contribution to consolidated revenue.

Businesses

The Cleanup business unit provides global services and solutions to nuclear facility operators to ensure clean and safe operation of their nuclear sites and facilities.

This offer encompasses the following activities:

- outsourced operation of nuclear waste treatment facilities;
- cleanup and dismantling of closed facilities, in association with other AREVA business units, with operations ranging from scenario analyses to actual dismantling work;
- management and execution of project logistics and support services at nuclear sites and facilities;
- special maintenance operations, mechanical maintenance and repair, and nuclear equipment and systems handling;
- consulting and/or project management services to nuclear operators concerning the selection of proven operations and maintenance solutions and the design and execution of innovative operations;
- radiation protection and nuclear measurement services and the operation of laboratories dedicated to physical-chemical and radiological analyses;

- training for operations in a nuclear environment and skills management support to contractors.

Manufacturing and human resources

The business unit provides services to almost all of the French nuclear sites. The majority of these services involve workers who are deployed to customer sites throughout the country.

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 Triade facility since 1994. There, it maintains machinery and equipment used in controlled areas, recertifies equipment, processes waste and dismantles tooling. It also makes facilities available to customers so that they may maintain their equipment in a secure environment.

The Cleanup business unit employs close to 2,300 people.

Market and competitive position

The Cleanup business unit's market is located almost exclusively in France. It is bolstered by new requirements from customers who are increasingly outsourcing their operations.

The Cleanup business unit is a major player in France, with a market share of close to 25%.

Relations with customers and suppliers

Most of the Cleanup business unit's customers are in the French nuclear industry: utilities, nuclear cycle companies, and companies that handle nuclear waste, such as Andra, the CEA and the EDF group. The business unit also operates in Belgium for Electrabel, in particular at the Tihange site.

In line with the general policy of the AREVA group's Purchasing department, the Cleanup business unit continues to deploy its subcontracting plan based on multiyear partnerships.

Operations and highlights

Please refer to Section 6.4.3, *Back End business group*.

Outlook and development goals

The Cleanup business unit will grow by continuing to expand its offer based on operations underpinned by in-house expertise, while widening the scope of its offer through partnerships where the business unit's competitive position is weaker.

The Cleanup business unit's development efforts encompass all product lines:

- maintenance, including the maintenance of heavy components, valves and fittings, rotating machinery, etc.;
- dismantling, in particular for the Nuclear Site Value Development business unit, the CEA and EDF CIDEN (EDF's engineering center for deconstruction and the environment);
- environmental radiation protection and nuclear measurement, in the context of major projects at AREVA and CEA sites.

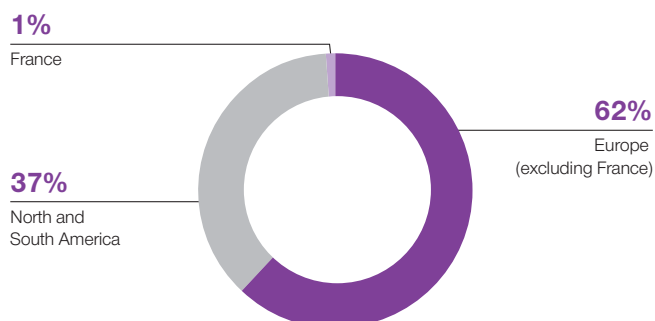
6.4.4. RENEWABLE ENERGIES BG

→ KEY DATA

(in millions of euros)	2010	2009	2008
Revenue*	150	168	147
Operating income	(123)	(60)	(16)
Workforce at year end	1,176	995	892

* Contribution to consolidated revenue.

→ 2010 REVENUE BY GEOGRAPHICAL AREA



6.4.4.1 OVERVIEW

The Renewable Energies business group represented 2% of the AREVA group's revenue in 2010, and its backlog rose by more 70% to 1.843 billion euros. The Renewable Energies business group offers a portfolio of four technologies: offshore wind, bioenergy, concentrated solar power (CSP), and hydrogen as energy carrier and storage solution. This diversified 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 obtain carbon credits. The group has a global offer for developing carbon assets throughout the life of a project, from the feasibility study to the acquisition and sale of credits.

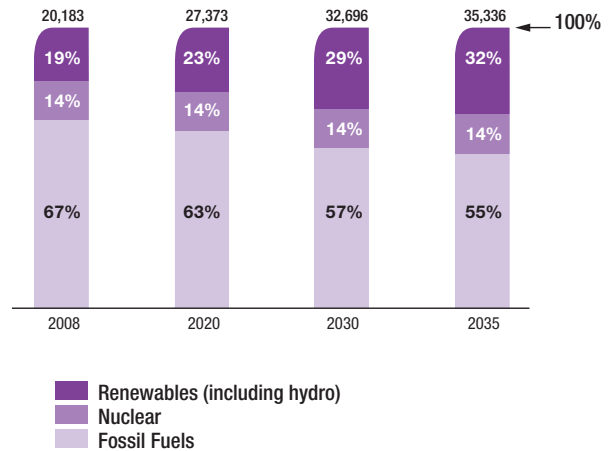
Strategy and outlook

The Renewable Energies business group has the ambition to become a leading player in the international renewable energies market, supplying solutions for baseload as well as peak demand. To this end, the short-term strategy is to enhance the competitiveness and efficiency of the business group's solutions. AREVA's renewable portfolio comprises available, diversified, synergistic and industrial-scale technologies, deployable today.

Market and competitive position

The core scenario of the *World Energy Outlook* published by the International Energy Agency (IEA) in November 2010—the "New Policies Scenario"⁽¹⁾—anticipates a dramatic change in the electricity mix by 2035, with renewable energies' share expected to rise from 19% in 2008 to about 32%. Furthermore, this significant relative growth is expected to occur in the context of a significant increase of global demand for electricity of more than 75% over the same period.

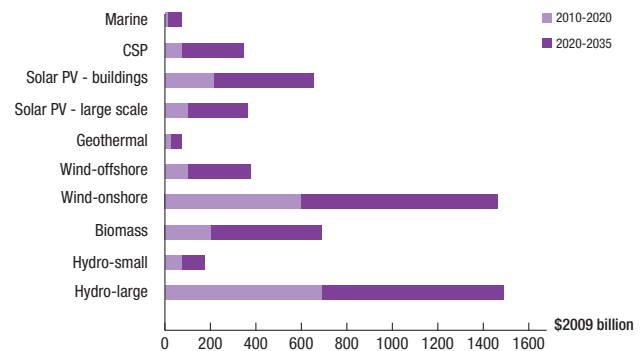
→ GLOBAL ELECTRICITY MIX - NEW POLICIES SCENARIO (TWh)



Source: IEA, World Energy Outlook 2010.

Renewable energies are expected to represent more than half of all capital spending in power generation over the 2010 to 2035 period. On average, close to 220 billion dollars per year would be required to finance the new capacity to be installed from 2010 to 2035, the bulk of it in China, India, Europe and the United States.

→ INVESTMENT IN RENEWABLE BASED ELECTRICITY GENERATION BY TECHNOLOGY-NEW POLICIES SCENARIO

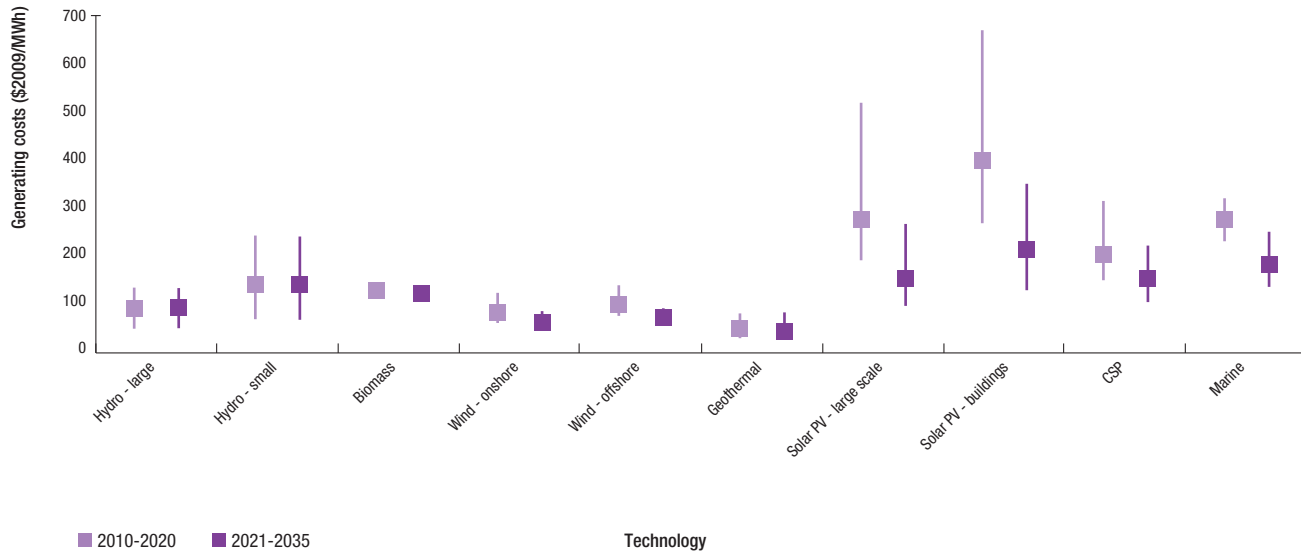


Source: IEA, World Energy Outlook 2010.

(1) According to the IEA, further efforts would need to be undertaken beyond those highlighted in the New Policies Scenario to limit the impact of global climate change to a temperature increase of less than 2 °C. As detailed in its 450 Scenario, such efforts would imply the implementation of additional nuclear and renewable energy capacities around the world.

To back this investment effort, governments would have to increase their support renewable-based power generation from 37 billion dollars per year in 2009 to 140 billion dollars per year in 2035. Despite that growing figure, production costs are expected to decrease for key technologies such as offshore wind and concentrated solar power (CSP).

➔ GENERATING COSTS FOR RENEWABLE ENERGIES BY TECHNOLOGY - NEW POLICIES SCENARIO

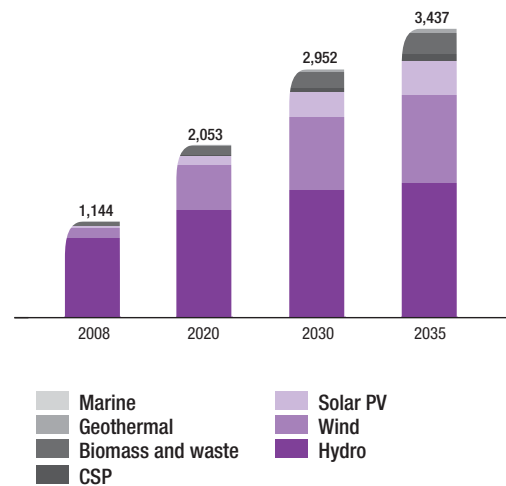


Source : IEA, World Energy Outlook 2010.

As highlighted in Chapter 6.1.1, utilities are increasingly being pressured by governments worldwide to increase the share of renewable energies in their portfolios. Power generators need strong partners and suppliers to reach their targets in the most efficient way. In that sense, the Renewable Energies business group is well positioned, thanks to the expertise and footprint of the AREVA group and thanks to its diversified and synergistic offer, which allows each customer to choose the most appropriate manner for reducing its CO₂ emissions.

The central scenario of the *World Energy Outlook* foresees strong growth of every power generation segment in which the Renewable Energies business group is a player. Global biomass capacity is set to quintuple from 2008 to 2035, while offshore wind and CSP capacities are each expected to grow more than fiftyfold. It appears that the business group is well positioned to respond to growing demand from both markets.

➔ GENERATING CAPACITY FROM RENEWABLE ENERGIES – NEW POLICIES SCENARIO (GWh)



Source: IEA, World Energy Outlook 2010.

The *World Energy Outlook* also stresses that, to deal with the variability of some renewable power generation technologies (mostly solar photovoltaic and onshore wind), energy storage is bound to be one of the key low-carbon intermittency mitigation technologies for grid stability. That means that the hydrogen and energy storage operations of the Renewable Energies business group are ideally positioned to benefit from the growth of this market, linked to the development of renewables.

Relations with customers and suppliers

Customers

The business group's customers are developers, independent power producers (IPPs), industry and major utilities, all of which have an obligation to reduce their carbon footprint by expanding their use of renewable energies.

The business group's portfolio is evolving to meet the growing and changing needs of its customers, most of whom are constantly adapting to a shifting regulatory context. In addition, the business group offers customers assistance in getting the most out of carbon credits, including an offer to buy back voluntary carbon credits generated by the project.

Suppliers

External purchases represent some 75% of the business group's revenue; 20% of these are non-production purchases.

The leading categories of production procurement are:

- equipment, components and mechanical systems (mechanical subsystems, heavy steel frames, steel structures and assemblies, large bearings and steam turbines);
- electricity, electronics and instrumentation (medium- and low-voltage switchgear, generators, converters and transformers);
- forgings, boilers and piping (large castings and pipes);
- raw materials and semi-finished products (steel, glass and carbon fiber, mirror glass); and
- construction and civil engineering.

The Purchasing department supports the business group's profitable development by focusing on the following strategic areas:

- securing the offshore wind supply chain through long-term supplier agreements and multi-sourcing;
- establishing a comprehensive and global solar power supply chain in target countries in line with project execution;
- implementing a strong supplier quality management process to select and develop best-in-class suppliers;

- reducing procurement costs by renegotiating terms and conditions with suppliers and purchasing from Sourcing Opportunity Countries, and through redesign activities; and
- developing comprehensive sourcing policies at the global level for all business segments, especially solar and bioenergy.

Highlights of the period

2010 was a very busy year in terms of recruitment for the Renewable Energies business group, with really 200 positions filled worldwide.

Solar

The main highlight of the year was the expansion of AREVA's renewables portfolio with the acquisition of US-based Ausra, Inc., a provider of large-scale concentrated solar power solutions for power generation, solar steam injection in power plants, and industrial steam production. Renamed AREVA Solar, this business unit serves as a platform for building AREVA's global concentrated solar power business.

AREVA Solar was selected to enter into negotiations for the installation of a 44 MWe solar steam generator to increase production at a coal-fired power plant owned by CS Energy, an Australian public utility. This "solar boost" project, sponsored by the Australian and Queensland governments, will be the world's largest project for solar power augmentation of a coal-fired power plant and will incorporate the superheated solar steam generator technology demonstrated at the AREVA site of Kimberlina, California. The proposed solar augmentation project will be co-located next to the Kogan Creek coal-fired station in Queensland.

In 2010, the business unit was chosen from among the four teams pre-selected for the concentrated solar power technology to take part in the Australian government's 1.5-billion Australian dollar Solar Flagship program. Wind Prospect CWP Pty Ltd teamed with AREVA Solar, CS Energy and others to develop, build and operate a stand-alone 250 MW solar thermal/natural gas hybrid power plant at CS Energy's Kogan Creek coal-fired plant in Queensland. Plans call for this power plant to incorporate AREVA Solar's solar steam generators, based on compact linear Fresnel collector technology (CFLR).

Offshore wind

AREVA also confirmed its commitment to the offshore wind industry with the purchase of the remaining 49% of Multibrid, which has become the AREVA Wind business unit.

Also this year, AREVA Wind expanded its offer to provide an optimized installation and maintenance solution for large-scale offshore wind farms. This cost-effective offer is based on the use of a purpose-built jack-up vessel designed to operate in harsh weather conditions and at great depth. During the construction phase, economies of scale will be achieved for the customer by shipping multiple sets of foundations and wind turbines on a single ship.

Following the detection of gear box overheating related to the use of sub-standard materials in one of the nacelle sliding bearings of two of the six M5000 turbines installed at Alpha Ventus, the German pilot offshore wind farm, AREVA and its customer-Deutsche Offshore Testfeld und Infrastrukturgesellschaft (DOTI, held by E.On, Vattenfall and EWE)-decided to replace them all as a preventive measure to guarantee their continued performance. The six nacelles were successfully replaced and rapidly returned to service, achieving a 96% availability rate since then.

In December, AREVA Wind won a contract valued at some 400 million euros from Trianel, an association of German utilities, to deliver forty 5 MW turbines to the Borkum West II offshore wind farm located in the North Sea, with an option for forty more.

Bioenergy

The Bioenergy business unit, AREVA Bioenergies, was awarded a turnkey contract by Coriance, an energy services company, to provide engineering, procurement and construction (EPC) for a cogeneration plant using biomass near the Tricastin nuclear site in France. Fueled with wood chips, the plant will generate 12 MW of electricity for the local grid and produce 15 MWth of heat to feed the urban heating network of the city of Pierrelatte and nearby facilities. The plant is scheduled to be commissioned in the fourth quarter of 2012.

In 2010, AREVA Koblitz and Bolognesi Participacoes, through its subsidiary Hidrotérmica, an independent power generator in Brazil, signed a memorandum of agreement to modernize cogeneration plants at 10 sugarcane factories, located primarily in northeastern Brazil. Under the terms of the agreement, AREVA Koblitz will supply turnkey services to the facilities, representing 330 MWe in combined capacity earmarked for the Brazilian grid. During the year, the business unit built biomass and hydroelectric plants totaling more than 800 MWe of power and managed nearly 30 projects simultaneously.

Hydrogen and Energy Storage

The Hydrogen and Energy Storage business unit, Helion, completed development of a next-generation electrolyzer stack, a major subsystem of its Green Energy Box™.

Research and development

The business group created a renewable energies research and innovation center in Aix-en-Provence, France, as a first step towards a global research and development organization capable of capitalizing on AREVA's technology expertise, as well as on external resources. The research and development center supports the operations of the Renewable Energies business group's four business units as well as AREVA's Research and Innovation department.

Wind Energy

AREVA Wind is in the process of adapting the technology platform for the M5000 turbine by optimizing its rotor blades to cater to markets with lower wind speeds. This will expand the market reach of the M5000 turbine even further.

The business unit is participating in the RAVE project (Research Alpha Ventus) coordinated by the Fraunhofer Institute, which is carrying out research on optimization in the majority of the fields linked to deep offshore wind farm development. AREVA Wind is also involved in floating wind turbine development projects, alongside major engineering partners.

Bioenergy

In 2010, AREVA's bioenergy operations focused on the completion of its boiler grate manufacturing plant in Chennai, India. Acquired from the Danish company KEM, the new grate technology is a key differentiator in the Asian market. It will ensure that AREVA's bioenergy plants efficiently burn biomass, while allowing greater flexibility in the fuel mix.

Solar Power

In 2010, the group signed an agreement with the Indian Institute of Technology Rajasthan (IITR) in Jodhpur for cooperation in research and development to support the development of concentrated solar power (CSP) in India.

AREVA Renewables is one of the 23 founding members of Medgrid, a company established in December 2010 to develop the interconnection system for the future pan-Mediterranean power grid.

AREVA Solar significantly advanced its compact linear Fresnel reflector technology (CLFR) in 2010 by demonstrating the high thermal performance of its new solar steam generator. AREVA is presently the only CLFR technology supplier to achieve sustained superheated solar steam production, which boosts production efficiency and consequently lowers production costs for the customer.

Hydrogen and Energy Storage

Helion, the Hydrogen and Energy Storage business unit, continued to develop its Green Energy Box™ product, and achieved some important milestones. Among them was the start of construction of a non-integrated hydrogen-based energy management system as part of the Myrte project in Corsica, which will demonstrate the future functionalities of the Green Energy Box™.

The business unit is also involved in two major research and development projects:

- the H-PAC program of the Agence nationale de la recherche (ANR, the French national research agency) for upstream development; and
- the Horizon Hydrogen Energy program (H2E) for Oseo the industrialization and technology demonstration of hydrogen and fuel cells for stationary applications.

Sustainable development

In line with its objectives for sustainable development and continuous improvement, the business group launched several health and safety management actions, in particular as concerns suppliers, as well as its quality control through self-audits. Key achievements for the year included an accident frequency rate of 1.1 and an accident severity rate of 0.07 over three 2010 quarters, compared with 2.21 and 0.28 respectively for the same period in 2009.

Concerning quality management, the business group deployed the ISO 9001 certification process in all units. AREVA Wind received ISO 18002 OHSAS certification for its occupational health and safety system. Since the purchase of the remaining 49% of AREVA Wind, the business group has implemented a quality assurance system to safeguard against any quality issues. With the support of Bremerhavener Gesellschaft für Investitionsförderung und Stadtentwicklung (BIS), the entity invested in the construction of a test bed for full-power testing of the nacelles before delivery to the offshore sites.

AREVA Solar is currently the first and only solar steam boiler manufacturer to hold the American Society of Mechanical Engineers (ASME) "S" stamp, which is recognized in more than 100 countries as meeting government safety regulations and complying with all safety laws and regulations in the United States and Canada. AREVA Solar commissioned its first "S" stamp solar steam generator in 2010. The business unit also received the NB Certificate of Authorization from the National Board of Boiler and Pressure Vessel Inspectors for registration of its solar boilers.

6.4.4.2. WIND ENERGY

Key data

(in millions of euros)	2010	2009
Revenue*	88	76
Workforce at year end	345	262

* Contribution to consolidated revenue

Businesses

The Wind Energy business unit, via AREVA Wind, based in northern Germany, designs, builds, assembles and commissions high-efficiency 5 MW wind turbines designed specifically for the offshore market. It also offers installation services and short- to long-term service plans to ensure the optimum performance of power generation assets.

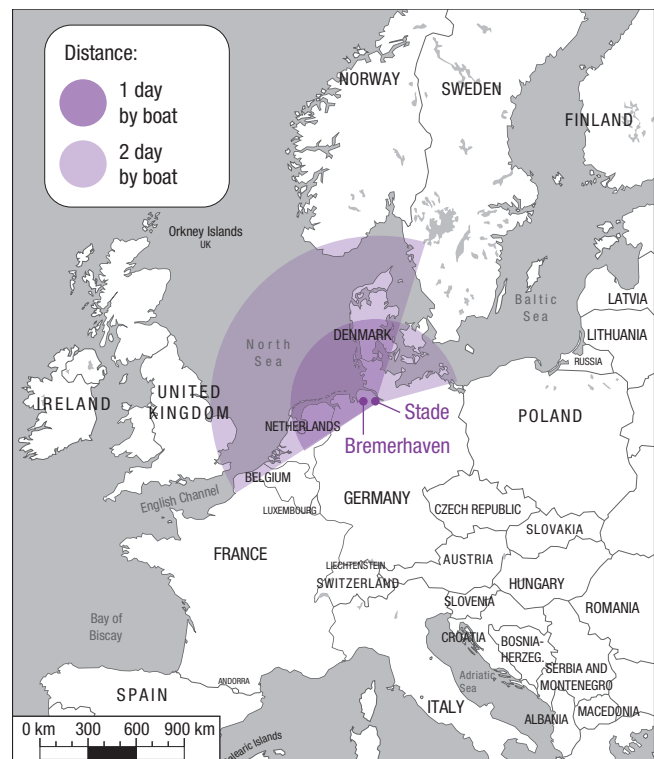
Manufacturing and human resources

AREVA Wind's main production plant is in Bremerhaven, in northern Germany, where it has a workforce of 261 people. The plant manufactures the M5000 wind turbine nacelles and hubs, which are delivered directly to quayside. All the conditions are thus in place for shipment to offshore wind farms. The in-house team of experienced technicians installs all of the nacelle and hub components, including the sensitive drive train components.

The maritime environment of Bremerhaven offer the best conditions for installation, service and maintenance on the high seas, both in German waters and in those of neighboring countries, due to its central location in Europe's northern waters.

The rotor blade factory is located in Stade, close to Bremerhaven, and has a workforce of 62 people. Acquired in 2009, this production site is located at the mouth of the Elbe estuary in the vicinity of the port of Hamburg, and thus serves the waters of Northern Europe directly.

→ AREVA WIND PLANTS IN GERMANY AND DISTANCES FROM THE LEADING EUROPEAN MARKETS FOR OFFSHORE WIND



Market and competitive position

Market

Offshore wind power is expected to rise to more than 40 GW of installed capacity in Europe by 2020, as highlighted in the national renewable energy action plans submitted by the member states to the European Commission. With most of the world's installed capacity, Europe continues to set the pace. Offshore wind turbines represented close to 3 GW of installed capacity at the end of 2010, according to the European Wind Energy Association (EWEA). Germany and the United Kingdom are two of Europe's most promising markets.

→ PROJECTED WIND POWER ELECTRIC CAPACITY

	2005 (MW)	2010 (MW)	2005 (MW)	2010 (MW)
Austria	-	-	-	-
Belgium	n.a.	n.a.	n.a.	n.a.
Bulgaria	-	-	-	-
Cyprus	n.a.	n.a.	n.a.	n.a.
Czech Republic	n.a.	n.a.	n.a.	n.a.
Denmark	423	661	1,251	1,339
Estonia	n.a.	n.a.	n.a.	250
Finland	-	n.a.	n.a.	n.a.
France	-	-	2,667	6,000
Germany	-	150	3,000	10,000
Greece	n.a.	n.a.	n.a.	300
Hungary	n.a.	n.a.	n.a.	n.a.
Ireland	25	36	252	555
Italy	-	-	168	680
Latvia	n.a.	n.a.	n.a.	180
Lithuania	-	-	-	-
Luxembourg	-	-	-	-
Malta	n.a.	-	-	95
Netherlands	-	228	1,178	5,178
Poland	-	-	-	500
Portugal	-	-	25	75
Romania	-	-	-	-
Spain	-	-	150	3,000
Slovenia	-	-	-	-
Sweden	23	76	129	182
United Kingdom	214	1,390	5,500	12,990
ALL MEMBER STATES (TOTAL)	685	2,541	14,320	41,324

Source: http://ec.europa.eu/energy/renewables/index_en.htm

According to the British Wind Energy Association (BWEA), 1.3 GW of wind power were in operation in December 2010 and 1.2 GW were under construction. The development of offshore wind farms goes through a series of stages administered by the Crown Estate, which owns the seabed surrounding the United Kingdom.

In 2010, a third tranche for 25 GW was awarded to major utilities and developers, and the British government presented its objective of 13 GW of wind power in operation by 2020 to the European Commission.

In August 2010, the German federal government approved the national action plan for renewable energies and submitted it to the European Commission in Brussels. The plan calls for 10 GW of installed offshore wind capacity in the North Sea and Baltic Sea off Germany as early as 2020. An additional 10 to 15 GW of capacity is targeted by the country's political institutions from 2025 to 2030. To date, the national maritime authority and the federal states have licensed 24 projects for an overall capacity of about 9 GW.

Other European countries have their sights set on commissioning offshore wind capacity of more than 1 GW by 2020, including France (6 GW), Spain (3 GW) and Belgium (about 2 GW already awarded). In early 2011, the French government announced that it was issuing an international call for bids for the installation of a total of 3 GW of offshore wind capacity. Five areas have been selected: Le Tréport (Seine-Maritime department, maximum of 750 MW), Fécamp (Seine-Maritime department, 500 MW), Courseulles-sur-Mer (Calvados department, 500 MW), Saint-Brieuc (Côtes-d'Armor department, 500 MW) and Saint-Nazaire (Loire-Atlantique department, 750 MW). The call for bids will be issued in the second quarter of 2011. These first offshore wind projects, at an estimated 10 billion euros, will create thousands of jobs. The winning bids will be announced in 2012 and the first wind farms are to be operational in 2015. Several other calls for bids are expected in the coming years, as the government wishes to raise offshore wind generating capacity to 6 GW by 2020. In connection with the European directive on renewable energy, France is planning to cover 23% of its total energy demand with renewable energies by 2020. France is a country with good wind energy development prospects in many respects. Bordered on two sides by the Atlantic Ocean and the English Channel, France has extensive coastal potential and its geography is thus particularly conducive to offshore wind energy.

Meanwhile, the offshore wind sector is emerging in the United States as the next region of opportunity, starting with the East Coast and the Great Lakes region (the West Coast is too deep for currently available technologies). In 2010, important measures were taken to bring the first offshore wind facilities into being in the United States. After nearly a decade of red tape, Interior Secretary Ken Salazar gave the go-ahead in April to the first offshore wind project in the United States. In October, at the North American Offshore Wind Conference and Exhibition, Ken Salazar and Cape Wind Associates, LLC, signed the nation's first lease for commercial offshore wind energy development on the Outer Continental Shelf. Demonstrating its growing interest in offshore wind energy in the United States, the American Wind Energy Association (AWEA) announced the formation of the Offshore Wind Development Coalition (OffshoreWindDC) to promote offshore wind development through advocacy and education. Outstanding progress has also been made in the area of transmission, including an announcement by Google, Marubeni and Good Energies that they will invest in a 5-billion dollar transmission backbone off the Atlantic Coast, stretching 32 kilometers from Virginia to New Jersey, to be built by 2016.

In Asia, offshore wind is also bound for strong growth, with China and South Korea both aiming for speedy development. In 2010, China commissioned a 100 MW pilot offshore wind farm near Shanghai, and four offshore wind farm projects with a combined capacity of 1 GW are the subject of a bidding process in Jiangsu province. In the near to long terms, China's installed offshore wind capacity may reach 5 GW in 2015 and 30 GW in 2020, according to a planning and research institute affiliated with the Ministry of Water Resources, which is responsible for the planning and design of China's hydropower and wind power projects. In 2010, the South Korean government also announced the phased development of a 2.5 GW offshore wind farm with 5 MW wind turbines, to be operational by 2020.

Position

The year 2010 saw an acceleration of the wind energy business, supported by AREVA's acquisition of the remaining 49% of Multibrid. That acquisition will enable rapid ramp-up of production capacity and skills transfers between the group's different business units to address the growth expected in this industry. The new platform includes the rotor blade manufacturing division, formerly PN Rotor, which is now fully integrated into the business unit.

AREVA's partnership with Beluga Hochtief, a joint venture in marine construction and shipping services, will secure installation and maintenance capabilities for large-scale offshore wind farms on the high seas for its customers. Through this partnership, AREVA Wind has two of the most hard-to-find resources for offshore wind farm construction: ships and qualified crews for installation.

The business unit is in the process of optimizing its offshore wind offer to meet its objective of providing full lifecycle management with simplified key interfaces in the value chain: foundation installation, turbine design and manufacture, commissioning and maintenance services.

AREVA Wind currently has a total of 600 MW of capacity on order for major projects, confirming the market's confidence in its M5000 offshore technology, as well as the confidence of its financial investors: 11 leading banks financed the Borkum West II project.

Relations with customers and suppliers

Please refer to Section 6.4.4.1, *Renewable Energies business group*.

Operations and highlights

Please refer to Section 6.4.4.1, *Renewable Energies business group*.

Outlook and development goals

AREVA intends to leverage its special offshore wind turbine design by capitalizing on the lessons learned at Alpha Ventus, the first offshore wind farm in the German North Sea. The focus will be on strengthening a "bankable" business model, optimizing performance and increasing availability, while providing full logistics support to customers. The group will expand its manufacturing capacity based on market demand.

By industrializing the M5000 wind turbine technology, with a focus on reliability and standardization, AREVA plans to play a major role in the European offshore wind sector by 2012.

6.4.4.3. BIOENERGY

Key data

<i>(in millions of euros)</i>	2010	2009
Revenue*	61	92
Workforce at year end	629	679

* Contribution to consolidated revenue

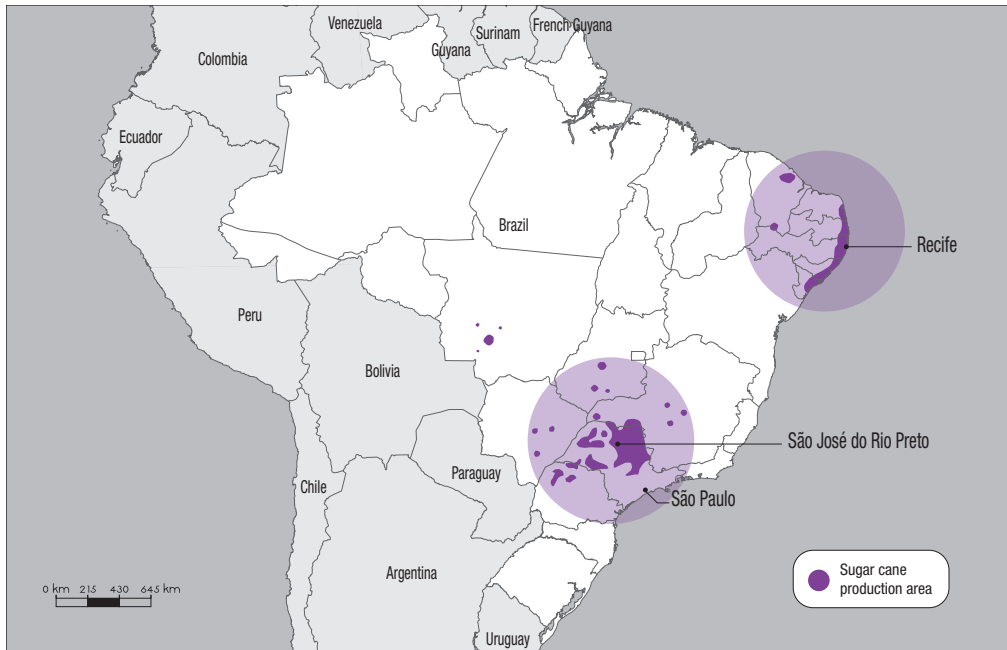
Businesses

The business unit offers integrated solutions for the turnkey design and construction of carbon-neutral bioenergy power plants for customers in Europe, North America, South America and Southeast Asia. These plants convert organic residues such as wood, sugarcane bagasse, straw and industrial effluents into energy. The business unit offers a broad range of services, from consulting through commissioning, including engineering, procurement and construction (EPC).

Manufacturing and human resources

The production units, each endowed with its own center of competence, are located in Europe (France and Germany), in South America, and in Asia (India and China). Koblitz, an AREVA subsidiary in Brazil, is the largest bioenergy production unit, employing more than 529 employees at three sites in Recife, Sao Paulo and Rio Preto, close to agricultural areas with an abundance of sugarcane. Its core business is the turnkey supply of services for the construction of bagasse-fueled power plants and small hydroelectric plants.

→ AREVA'S BIOENERGY SITES IN BRAZIL AND LEADING SUGARCANE PRODUCTION AREAS

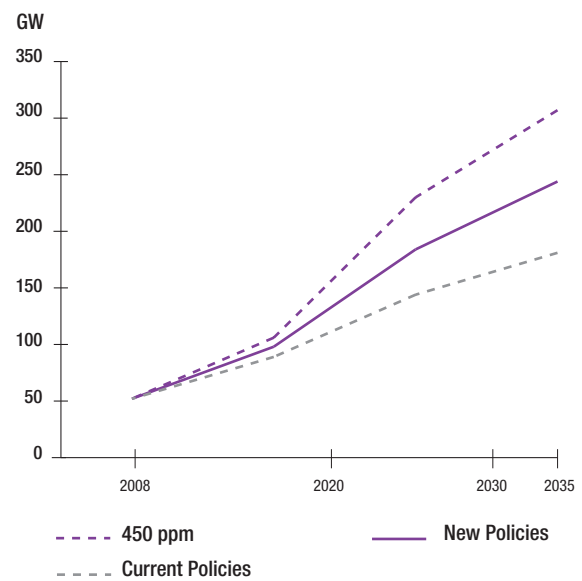


Market and competitive position

Market

The central scenario of the 2010 edition of the *World Energy Outlook* published by the International Energy Agency predicts that electricity from biomass and waste will double from 2008 to 2020, and quadruple by 2030.

→ GLOBAL INSTALLED GENERATING CAPACITY FROM BIOMASS AND WASTE



Source: IEA, *World Energy Outlook 2010*.

Based on proven technologies, the biomass market remains the world's largest in terms of renewable energies, but it is also fragmented due to the proliferation of players and the different types of biomass.

In view of the abundance of resources, development is expected to be concentrated mainly in developing countries, where it will support rural development in some regions. Emerging countries constitute key growth areas, especially Brazil, the leading market for bioenergy, and countries in Southeast Asia.

In the United States, the leading source of biomass is wood waste from sustainable forestry operations, which represent 6,000 MW of installed generating capacity. According to forecasts by the International Energy Agency (IEA) and other experts, that capacity could double ten years from now.

Position

The business unit is an industry forerunner in bioenergy technology development. AREVA is No. 1 in turnkey solutions for bioenergy, with more than 100 power plants built in Europe, South America and Asia, for a total of 3,000 MW of installed electric generating capacity. The business unit aims to maintain its rank as a leader in bioenergy power plant engineering, procurement and construction (EPC).

In Brazil, AREVA has a 40% market share in the biomass segment, which represents 600 million tons of sugarcane bagasse. That production is likely to double, despite government restrictions on sugarcane growing under new environmental laws. About 80% of the sugar mills need to acquire a power generation process to improve their overall economic efficiency. Other resources will also contribute to this growth, such as wood waste.

In Asia, Thai utility Buasommai Electricity Generating Co. awarded a new contract to the business unit for the turnkey construction of two 10 MWe biomass power plants fueled by rice husks in northeastern Thailand. AREVA had previously built two units in Thailand in 2009, which are now fully operational.

Relations with customers and suppliers

Please refer to Section 6.4.4.1, *Renewable Energies business group*.

Operations and highlights

Please refer to Section 6.4.4.1, *Renewable Energies business group*.

Outlook and development goals

As governments increasingly implement new tax incentives and special aid mechanisms, AREVA expects to see a rapid rise in biomass power plant projects. The group is concentrating on markets with local

potential for biomass power generation, such as wood in the United States, bagasse and wood in Brazil.

AREVA's goals are to maintain its rank of leader in engineering, procurement and construction (EPC) and to pursue growth in key markets including the United States, Brazil, Asia and Europe.

6.4.4.4. SOLAR POWER

Key data

<i>(in millions of euros)</i>	2010	2009
Revenue*	1	0
Workforce at year end	92	0

* Contribution to consolidated revenue

Businesses

In March 2010, AREVA acquired 100% of Ausra, Inc., a leading supplier of concentrated solar power solutions (CSP) for power generation and industrial steam production, which was renamed AREVA Solar.

With this acquisition, the business group advances the global deployment of CSP energy solutions using compact linear Fresnel reflector technology (CLFR). The CLFR technology uses slightly curved modular mirrors to concentrate the sun's rays on long, centrally-positioned receivers placed high up and consisting of a series of tubes in which water flows. The rays heat the water, converting it into high pressure steam that will be used to generate electricity or steam for industrial applications.

AREVA's CSP systems are suited to a wide variety of power generation applications, from 50 MW to several hundred MW, supported by turnkey project delivery and commissioning services. Solar steam generators can also supply steam augmentation for natural gas-fired and coal-fired power plants, enabling customers to boost their power generation at peak periods while reducing plant emissions. This application can also be used to extend the plant lifecycle for biomass or geothermal facilities.

Manufacturing and human resources

AREVA Solar is headquartered in Mountain View, California, and has a highly automated manufacturing plant for mirrors and tubes in Las Vegas, Nevada, and in Singleton, Australia. The manufacturing capacity of the Las Vegas plant corresponds to 700 MW per year.

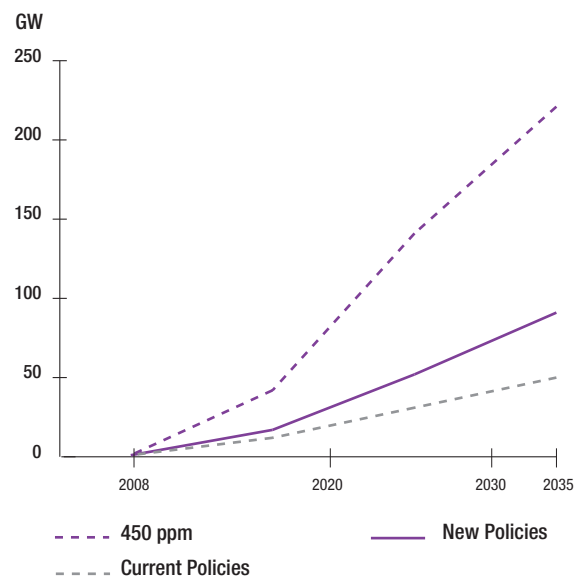
Since the beginning of 2010, AREVA Solar increased its workforce from 70 to 92 employees.

MARKET AND COMPETITIVE POSITION

Market

Supported by government incentives, the concentrated solar power (CSP) market is set to experience one of the strongest growths of all the renewable energy segments over the coming decades. With average annual growth of 20%, CSP should reach an estimated installed capacity of more than 17 GW by 2020.

→ GLOBAL INSTALLED GENERATING CAPACITY FROM CONCENTRATED SOLAR POWER



Source: IEA, World Energy Outlook 2010.

Today, three of the fastest-growing markets for CSP are in the United States, India and South Africa. Other regions with high growth potential are the Mediterranean region, the Middle East, China and Australia.

With nearly 4 GW of projects fully permitted, the United States has the potential to become the largest CSP market in the world by 2015, surpassing Spain. Long-term high-growth forecasts put annual additions of CSP-generated energy at an average of 800 MW through 2020 in the United States.

In India, the government launched an initiative at the end of 2009 to develop solar power generation across the country as part of the Jawaharlal Nehru National Solar Mission (JNNSM). The Mission has set a target of 20,000 MW at the end of the 13th Plan (2022) and stipulates implementation and achievement of the target in three phases for various components, including grid-connected solar power.

Launched in 2010, the mission calls for an initial installed capacity of 1 GW by 2013, including 600 MW in CSP projects and 400 MW in photovoltaic projects.

South Africa is another booming CSP market. The government announced plans to develop a 5 GW solar power park in the northwestern region of the country, and public utility Eskom is developing a 100 MW CSP project. South Africa's large coal-fired power plant market also offers opportunities for solar power augmentation projects.

In Australia, the government launched its 1.5 billion US dollar (about 1.1 billion euros) Solar Flagship Program in 2009 to support the construction and demonstration of four large-scale solar power plants in Australia using solar thermal and photovoltaic (PV) technologies. The program aims to develop 1 GW of installed solar capacity, with the first round of the program limited to the funding of one solar thermal project and one photovoltaic project, for a target of 400 MW of combined generating capacity.

Emerging markets

Major plans have been laid out in different regions, such as the Mediterranean Solar Plan, which accounts for more than 3 GW of the generating capacity associated with CSP projects and targets 20 GW in 2020, or the Desertec initiative in the Middle East and North Africa, another large-scale international CSP project.

Position

Of all the renewable energy technologies, CSP technology has the most direct synergies with the nuclear field:

- nuclear power generation uses the heat released by the nuclear reaction to produce steam, which is used by a turbine to generate electricity;
- power generation from concentrated solar power follows the same logic, except that the sun is the heat source, with the heat concentrated many times to reach a very high temperature. This heat is used to produce steam at a temperature of 482°C (900°F), which in turn generates electricity via a turbine.

Consequently, the nuclear and CSP fields use a common set of expertise, making AREVA a preferred contributor to the accelerated development of CSP technology to grid-parity costs.

In the solar energy field, whether for concentrated solar power or photovoltaic solar power, AREVA is the clear choice.

With this acquisition, the group should capture a leading position in this attractive and growing market over the medium term.

Located in Bakersfield, California, the business unit owns and operates the Kimberlina Solar Thermal Energy Plant, the first solar thermal energy project to be built and commissioned in California in nearly 20 years. The business unit installed a fourth solar steam generator at Kimberlina dedicated to superheated steam production. Fully operational since November 2010, the superheated solar steam generator has demonstrated optical, thermal and control system advances relative to the previous version.

Concentrated solar power (CSP)

Customer synergies with nuclear operations	<ul style="list-style-type: none"> Major power plants Mostly utility customers, i.e. AREVA's current clientele
Expertise shared with nuclear power	<ul style="list-style-type: none"> Applicability of AREVA's traditional expertise in thermal technologies, fluid mechanics, thermal transmission, etc.

Photovoltaic energy (PV)

<ul style="list-style-type: none"> Small capacity projects despite increased average project capacity Intermittency dissuades some utilities in light of storage required by some power system regulators, a source of cost increases
<ul style="list-style-type: none"> Limited expertise in semi-conducting systems and refined silicon production Absence or weak presence in semi-conductor value chain

Prior to Kimberlina, the business unit, operating as Ausra, had installed a CLFR solar steam generator prototype in Australia, where the technology was first pioneered. That demonstration project is the world's first solar augmentation installation at a coal-fired power plant.

Relations with customers and suppliers

Please refer to Section 6.4.4.1, Renewable Energies business group.

Operations and highlights

Please refer to Section 6.4.4.1, Renewable Energies business group.

Outlook and development goals

AREVA Solar brings a comprehensive and integrated solution to the market that combines the most reliable, cost-effective, water-conserving and land-efficient concentrated solar power technology (CSP) with full engineering, procurement and construction support and comprehensive equipment lifecycle services for long-term facility operations and maintenance.

Building on these assets, the business unit plans to become a major player in a high-growth industry.

6.4.4.5. HYDROGEN AND ENERGY STORAGE**Key data**

<i>(in millions of euros)</i>	2010	2009
Revenue*	0	0
Workforce at year end	59	54

* Contribution to consolidated revenue

Businesses

Through its subsidiary Helion, 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, simultaneously generating water, heat and electricity. The reverse process is used in electrolysis. The business unit conducts cutting-edge research in hydrogen-based technologies to be able to offer customers reliable, carbon-free systems for hydrogen production, energy storage and power generation.

Manufacturing and human resources

Helion is based in France's leading environmental technology park, the Europôle méditerranéen de l'Arbois in Aix-en-Provence, where it employs 54 people.

Market and competitive position

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 now represents 135 billion euros per year, corresponding to an annual production of about 55 metric tons. The medium- and long-term outlook is particularly promising in light of the growing demand from the oil industry (fuel refining and synthetic fuels).

Hydrogen is also an environmentally-friendly energy vector when combined with a fuel cell; it can be used in many fields, from stationary applications (backup power, power generators, cogeneration, petrochemical processes, etc.) to transportation applications (automotive, public transport, naval and aeronautics).

These new markets offer very attractive growth potential. Solutions based on hydrogen and fuel cells combine the advantages of performance (efficiency, autonomy, design) with those of a low carbon footprint (no greenhouse gas emissions from the site, carbon-neutral when the electricity is nuclear-generated or from renewable sources, silence) and local development (decentralized power generation for off-grid applications).

Hydrogen is viewed as a new way to store energy. Energy storage is a growing priority faced with the intermittency of some renewable energy sources, the weakness or absence of power distribution networks, and the high energy for demand in developing countries.

By shifting energy availability over time, energy storage systems allow low-cost energy to be stored during low-demand hours and delivered during peak demand, when energy is most expensive. Energy storage systems enhance grid flexibility by temporarily and at least partially uncoupling fluctuating energy supply from demand.

Position

Helion operates in three segments which has strong synergies:

- the production of hydrogen (and oxygen) by water electrolysis to supply an alternative to natural gas reforming, thereby offering a zero carbon solution when the power consumed is itself carbon-free (nuclear or renewable). The objective is a market share of 15% in 2015 on an accessible equipment market estimated at 500 million euros ;
- energy storage and continuous power generation from intermittent renewable sources (solar and wind power) by using the hydrogen

energy chain (production, long-term storage, electrical conversion) wholly or in part: The first markets for storage are isolated sites and sites with poor grid connections, such as islands and regions in high-growth countries such as India. Depending on the product and the geographic area, a market share of 10 to 30% is expected from these applications out of a global energy storage market estimated at more than 7 billion euros per year in 2015 ;

- power generation combining hydrogen and fuel cells: AREVA markets backup systems and training systems and develops very high-efficiency embedded systems.

Helion continues to supply its Bahia product, an educational test bed equipped with a fuel cell, to engineering schools, universities and research centers for purposes of higher education and research.

Relations with customers and suppliers

Please refer to Section 6.4.4.1, Renewable Energies business group.

Operations and highlights

Please refer to Section 6.4.4.1, Renewable Energies business group.

Outlook and development goals

Helion is pursuing its program to develop and qualify innovative solutions for the rapidly growing hydrogen production market to secure a strong foothold in this segment in 2012. The group is also involved in projects to demonstrate and deploy fuel cell-based solutions as backup systems or peak-shaving or intermittency mitigation solutions when coupled with renewable energy sources.

The business unit also plans to strengthen its presence in early fuel cell markets, to be a major player in the field of carbon-free hydrogen production equipment using electrolysis, and to supply efficient solutions for intermittent energy storage and grid stabilization.

Hydrogen systems are likely to become a viable and sustainable alternative for meeting the growing demand for energy around the world. With their environmental advantages, efficiency and storage capacity, fuel cells represent a reliable and sustainable energy solution and an attractive alternative to petrochemical applications based on fossil fuels.

6.4.5. OTHER

The **Consulting and Information Systems business unit**, which is part of the Information Systems and Services department, represented 1.5% of AREVA's revenue. The Consulting and Information Systems business unit is active in three fields, operating under the trade names Euriware and PEA Consulting:

- **Management Consulting:** PEA Consulting provides expertise related to operating performance, organizational management and information system governance. Euriware provides assistance to project owners and prime contractors in its areas of specialization ;
- **Systems Integration:** 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 ;
- **Facilities Management:** Euriware manages all or part of its customers' information systems, including hardware, software, production information systems and office applications.

The AREVA group is the business unit's leading customer. The business unit carries out a number of projects for the group, to which it also provides facilities management and applications management services, for the group's own requirements for management and control systems and for the design and development of business systems for the group's plants; it also develops joint offers and services with the group's other business units for external customers.

The business unit's other customers come from a variety of sectors, including energy, manufacturing, defense and engineering: the International Atomic Energy Agency (IAEA), the Commissariat à l'énergie atomique (CEA, the French atomic energy agency), Cenexi, Daher, the French naval shipyards (DCNS), the US Department of Energy (DOE), the EDF group, Exeltium, GDF Suez, IFP Energies Nouvelles, the French Ministry of Defense, RTE, Safran, Technip, Regaz, Total and others. In 2010, the business unit had non-group revenue of 140 million euros.

The business unit is triply certified ISO 9001 for quality, ISO 14001 for environmental management, and OHSAS 18001 for occupational health and safety, as confirmed by a Veritas audit in 2010 and has been certified for radiation protection management by CEFRI (Comité français de certification des entreprises).

The business unit's workforce of 2,127 people is primarily located in France (95%), Russia and the United States, organized into specialized centers of competence and pooled service centers to meet industrialization and service quality requirements. With project work regularly performed internationally, it offers services based on offshore production capacities, depending on the customer's situation.

Operations and highlights

With economic recovery gradually taking hold in the IT services market (about +0.5% in 2010, according to Syntec), the business unit won market share and posted growth of 2.3% by successfully focusing on its know-how and commercial offer, whether for the AREVA group or for the external market.

Several contracts were won with customers outside the AREVA group, the most important of which are described below.

- The first contract with a local energy distribution company was won from the Regaz-Gas group of Bordeaux, which is setting up a new information system to manage all of its business processes (customer relations, maintenance management, work management, etc.) in the context of energy market deregulation.
- A contract was awarded for the supervision of the instrumentation and control system of the megajoule laser (control of 264 cameras and some 5,600 motors designed to make the laser's 176 laser beams converge) for the Commissariat à l'énergie atomique et aux énergies alternatives (CEA, the French atomic energy and alternative energies commission).
- Implementation of the new Product Lifecycle Management system (PLM) for ship engineering and service operations of French naval shipyards DCNS.
- A systems building project for the network central recorders of EDF's engineering center for the operating nuclear fleet, including a system for continuous measurement acquisition, processing and display. Application of the system to all 900 and 1,300 MW units.
- In facilities management, signature of a contract to manage infrastructure changes and maintain it in operating condition for IFP Energies Nouvelles. Several contracts were renewed, including the contract with Arkopharma for its SAP infrastructure, the contract with Cryostar, including highly critical servers for its strategic engineering operations, and the contract with CG13 for expansion of facilities management.

Outlook and development goals

In 2011, the business unit will pursue development through offers oriented towards industrial performance and information systems optimization in response to customer requirements, from instrumentation to production management systems, asset management and recovery of the energy produced throughout the value chain, with a focus on operating safety and economic optimization.

In the energy field, its development will focus on the French market for instrumentation and control systems and information systems for operating nuclear, hydro and fossil fuel generating plants and on the requirements generated by the AREVA group's capital spending programs; internationally, it will target requirements for instrumentation and control systems and information systems related to capital spending for new nuclear power plants and nuclear fuel cycle plants.

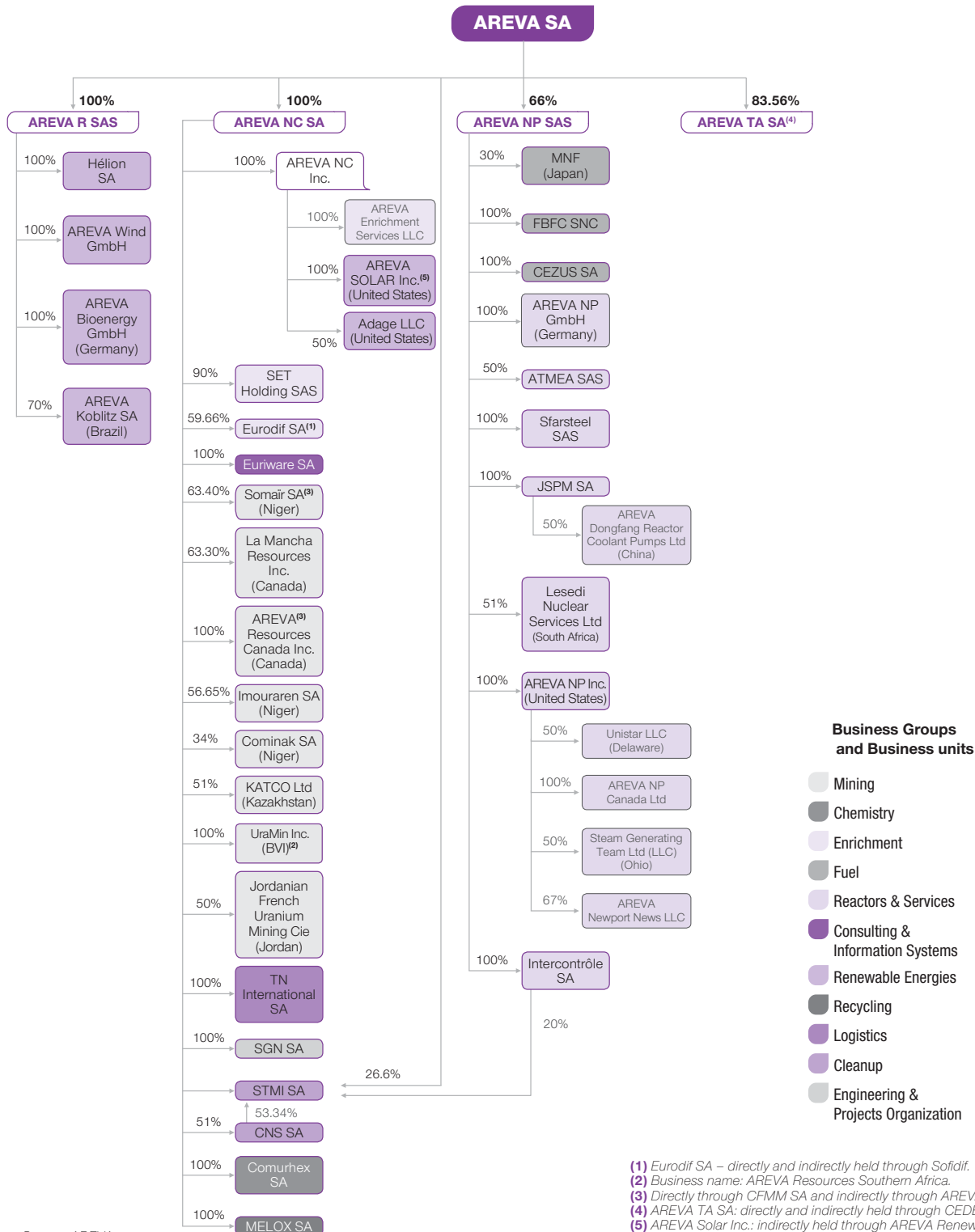
The business unit will also continue to be proactive in response to new requirements in the sector that can be met by innovative technologies in simulation, virtual reality, cybersecurity and others.

In addition, it will continue to reinforce the industrialization of its facilities management services for critical systems and business applications.

Organizational structure

ORGANIZATION CHART OF THE AREVA GROUP

Simplified organization chart of the AREVA group as of December 31, 2010.



Source: AREVA.

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 real estate properties and rentals used by the group in connection with its operations.

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 group operates at some 44 principle plant sites. These sites are distributed geographically as follows:

- 25 in France;
- 8 in Europe (excluding France);
- 8 in North and South America;
- 1 in Asia; and
- 2 in Africa.

Several different operations are conducted at some of these sites.

8.1.1. CORPORATE

Location	Type of asset	Lease/ Full ownership	Existence of encumbrances on the real estate	Surface area
Tour AREVA - Paris La Défense France	Offices	Lease	No	89,646 m ²
33, rue La Fayette - Paris France	Offices (registered office)	Lease	No	27,419 m ²
1-5, rue du Débarcadère - Colombes France	Offices	Lease	No	26,910 m ²

8.1.2. MINING-FRONT END BG

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.

8.1.2.1. MINING OPERATIONS

Location	Type of asset	Lease/ Full ownership	Existence of encumbrances on the real estate	Surface area	Products manufactured
Arlit Niger	Offices + production and storage facilities	Long-term concession	No	721,000 m ²	Uranium concentrates
Akokan Niger	Offices + production and storage facilities	Long-term concession	No	499,000 m ²	Uranium concentrates
McClellan Canada	Mill + base camp	Long-term concession	No	4,600 ha	Uranium concentrates
Muyunkum Kazakhstan	Offices + production and storage facilities	Full ownership	No	495,360 m ²	Eluates
Torkuduk Kazakhstan	Offices + production and storage facilities	Full ownership	No	103.43 ha	Eluates + uranium concentrates

8.1.2.2. CHEMISTRY OPERATIONS

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 (nuclear regulated, security regulated, environmentally regulated facility)	Plant and storage area	Full ownership	No	Land: 350.25 ha Building: 586,142 m ²	RepU denitration (TU5) Defluorination, denitration (TU2) and depleted UO ₂ UF ₆ storage
Miramas (13) France (environmentally regulated facility)	Plant	Full ownership	No	Land: 37.01 ha Building: 21,440 m ²	Lithium
Malvési (11) France (environmentally regulated facility)	Plant	Full ownership	No	Land: 59.43 ha Building: 31,102 m ²	UF ₄

8.1.2.3. ENRICHMENT OPERATIONS

Location	Type of asset	Lease/ Full ownership	Existence of encumbrances on the real estate	Surface area	Products manufactured
Pierrelatte (26) - Saint-Paul-Trois-Châteaux - Bollène France (regulated nuclear facility) (84)	Plant	Full ownership	No	Land: 259.81 ha Building: 137,018 m ²	Enrichment services Effluent treatment Equipment maintenance
Pierrelatte (26) - Bollène (84) France (regulated nuclear facility)	Plant under construction	Full ownership	No	Land: 41.27 ha	Enrichment services (pending)

8.1.2.4. FUEL OPERATIONS

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: 308,185 m ² Building: 59,117 m ²	Fuel assemblies and various components for PWRs Research reactor fuel and nuclear instrumentation
Paimbœuf (44) France (environmentally regulated facility)	Plant	Full ownership	No	Land: 64,366 m ² Building: 17,872 m ²	Zirconium tubes for fuel assemblies
Jarrie (38) France (environmentally regulated facility)	Plant	Lease	No	Land: 96,685 m ² Building: 41,813 m ²	Zirconium sponge
Rugles (27) France (environmentally regulated facility)	Plant	Full ownership	No	Land: 73,491 m ² Building: 14,638 m ²	Flat products in zirconium
Ugine (73) France (environmentally regulated facility)	Plant	Full ownership	No	Land: 56,455 m ² Building: 33,500 m ²	Intermediate products in zirconium and titanium; plug rods
Dessel Belgium (nuclear facility)	Plant	Full ownership	No	Land: 103,867 m ² Building: 18,573 m ²	PWR fuel assemblies (UO ₂ and MOX)
Richland Washington – USA (nuclear facility)	Plant	Full ownership	No	Land: 134.42 ha Building: 36,900 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 Building: 14,260 m ²	Fuel assemblies for BWRs and PWRs

8.1.3. REACTORS & SERVICES BG

In all, 18 industrial sites have been identified as principal sites and are listed below.

Of the 18 sites listed, 9 are located in France and 9 are abroad in 6 different countries.

8.1.3.1. 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	Land: 185,423 m ² Building: 55,687 m ²	Heavy components (reactor vessel, vessel head, steam generator, pressurizer)
Jeumont (59) France (environmentally regulated facility)	Plant	Full ownership	No	Land: 90,627 m ² Building: 45,206 m ²	Reactor coolant pump sets, control rod drive mechanisms Services related to contaminated component maintenance: reactor coolant pumps
Maubeuge (59) France (regulated nuclear facility)	Plant	Full ownership	No	Land: 45,000 m ² Building: 7,800 m ²	Large forgings for the nuclear and petrochemical industries. Machining of large parts
Le Creusot (71) France (environmentally regulated facility)	Plant	Full ownership / Lease	No	Land: 79,571 m ² Building: 51,051 m ²	Mechanized welding boilermaking
Montchanin (71) France (environmentally regulated facility)	Plant	Full ownership/ Lease	No	Land: 64,945 m ² Building: 31,057 m ²	Machining of mechanical parts
Montchanin (71) France (environmentally regulated facility)	Plant	Lease	No	Land: 20,717 m ² Building: 6,482 m ²	Machining of mechanical parts
Deyang Sichuan - China	Plant	50/50 joint venture between JSPM and Dongfang Electric Machinery	No	Land: 36,729 m ² Building: 19,689 m ²	Reactor coolant pumps

8.1.3.2. INSTALLED BASE BUSINESS UNIT

Location	Type of asset	Lease/ Full ownership	Existence of encumbrances on the real estate	Surface area	Products manufactured
Chalon-sur-Saône (71) France (environmentally regulated facility)	Offices, CEDEM, CEMO, CETIC (50/50 JV with EDF)	Full ownership	Information not available	Land: 254,050 m ² Building: 33,627 m ²	Robotics, tooling, decontamination, storage of tooling (contaminated / decontaminated)
Lynchburg Virginia – USA (nuclear facility)	Offices, hot facilities, training center	Full ownership	No	Land: 99,636 m ² Building: 23,172 m ²	Decontamination, hot maintenance facility
Erlangen Germany	Offices, facilities	Lease	Information not available	Building: 16,290 m ²	Robotics / tooling

8.1.3.3. PROPULSION & RESEARCH REACTORS 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)	Production plant, offices	CEA host site	No	Land: 145,000 m ² Building: 52,889 m ²	Nuclear fuel

8.1.3.4. NUCLEAR MEASUREMENTS BUSINESS UNIT

Location	Type of asset	Lease/ Full ownership	Existence of encumbrances on the real estate	Surface area	Products manufactured
Meriden Connecticut - USA	Production and services site	Full ownership	No	Building: 16,200 m ²	Standard products, systems
Albuquerque New Mexico - USA	Production and services site	Lease	Information not available	Building: 1,000 m ²	Standard products
Loches (37) France (environmentally regulated facility)	Production and services site	Full ownership	No	Land: 16,844 m ² Building: 4,800 m ²	Standard products
Olen Belgium	Production and services site	Full ownership	No	Land: 9,400 m ² Building: 1,450 m ²	Standard detectors
Lingolsheim (67) France (environmentally regulated facility)	Production and services site	Lease	Information not available	Building: 2,053 m ²	Specialty detectors
Canberra Oak Ridge Tennessee - USA	Production and services site	Full ownership	No	Land: 9,915 m ² Building: 3,160 m ²	Crystal growth
Concord Ontario - Canada	Production and services site	Lease	No	Building: 2,694 m ²	Standard products
Harwell United Kingdom	Production and services site	Lease	Information not available	Building: 1,880 m ²	Standard products, systems

8.1.3.5. PRODUCTS & TECHNOLOGY BUSINESS UNIT

Location	Type of asset	Lease/ Full ownership	Existence of encumbrances on the real estate	Surface area	Products manufactured
Le Creusot (71) France (environmentally regulated facility)	Offices, facility	Full ownership	No	Land: 44,000 m ² Building: 5,809 m ²	Technical center - testing
Erlangen Germany	Offices, facility	Lease	No	Building: 3,804 m ²	Technical center - testing

8.1.4. BACK END BG

In all, 7 industrial sites have been identified as principal sites and are listed below.

All of the 7 sites listed are located in France.

8.1.4.1. 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	Full ownership	No	Land: 186.74 ha Building: 199.28 ha	Used fuel treatment MOX fuel fabrication, packaging of scrap and waste, mechanical facility (manufacture of parts for MELOX)
Marcoule (30) France (regulated nuclear facility)	Plants, offices	Full ownership	No	Land: 108,580 m ² Building: 55,895 m ²	Transportation logistics

8.1.4.2. 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)	Plants, offices	Full ownership	No	Building: 4,995 m ²	Site undergoing dismantling

8.1.4.3. 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	Land: 70,000 m ² Building: 5,287 m ²	-
Tourlaville (50) France	Warehouse	Full ownership	No	Land: 28,201 m ² Building: 9,800 m ²	-
Pont-Saint-Esprit (30) France	Warehouse	Full ownership	No	Land: 5,472 m ² Building: 3,380 m ²	-

8.1.4.4. CLEANUP 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	Land: 19,483 m ² Building: 9,644 m ²	Machine maintenance, waste processing, equipment recertification

8.1.5. RENEWABLE ENERGIES BG

In all, 3 industrial sites have been identified as principal sites and are listed below.

Of the 3 sites listed, 1 is located in France and 2 are abroad in 2 different countries.

Location	Type of asset	Lease/ Full ownership	Existence of encumbrances on the real estate	Surface area	Products manufactured
Recife Brazil	Offices, plant	Full ownership	Information not available	Land: 9,410 m ² Building: 4,191 m ²	Turnkey power plant construction and manufacturing of electrical panels
Bremerhaven Germany	Offices, plant	Lease	Information not available	Land: 18,678 m ² Building: 4,191 m ²	5 MW wind turbines
Aix-en-Provence (13) France	Offices, plant	Lease	Information not available	Land: 1,761 m ²	Fuel cells

8.1.6. 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 business group.

→ 8.2. Environmental issues that may affect the issuer's use of property, plant and equipment

Please refer to Section 4. *Risk factors*.

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 2010 and must be read in conjunction with AREVA's consolidated financial statements for the years ended December 31, 2009 and December 31, 2010. 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, 2010.

9.1.1. BUSINESS TRENDS

Strategic positioning and changes in the scope of consolidation

The AREVA group is a global leader in solutions for carbon-free power generation and a major player in solutions for nuclear power generation, and aims to become a leading player in 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.

AREVA has strategically refocused on carbon-light solutions for power generation by selling its Transmission & Distribution business, as contemplated in the development plan announced on June 30, 2009. The transaction closed on June 7, 2010. Going forward, the backlog, revenue, operating income and net income from continuing operations include only AREVA's Nuclear and Renewable Energies businesses. Accordingly, pursuant to IFRS 5, the income generated by the Transmission & Distribution business is not included in the group's net income from continuing operations for the years 2009 and 2010, but is presented on a separate line, "net income from discontinued operations." This business is also the subject of a restatement in the statement of cash flows for 2009 and 2010 and in the statement of financial position on December 31, 2009.

In addition, AREVA expanded its renewable energies operations by acquiring the US firm Ausra, enabling AREVA to become a world leader in the concentrated solar power market.

Geographic positioning

AREVA continued to bolster its presence in its principal markets in 2010. AREVA's footprint grew throughout Asia with the signature of major contracts and the implementation of strategic partnerships. In November 2010, the group signed a contract with the Chinese utilities CGNPC and CNNC for the supply of 20,000 metric tons of uranium over a 10-year period and an industrial cooperation agreement (the last step before a commercial agreement) in the field of used fuel treatment

and recycling. In Kazakhstan, the partnership with Kazatomprom to establish a fuel fabrication joint venture was strengthened in November 2010. Moreover, agreements were signed in Mongolia and Jordan framing AREVA's mining operations. In India, a framework agreement with NPCIL concerning the delivery of two EPR™ reactors and fuel supply for 25 years was signed at the end of the year.

In Europe, AREVA was very active both in reactor sales and in the fuel cycle. For instance, the group was qualified to respond to a request for proposals for a reactor in the Czech Republic. In the United Kingdom, the group continues to negotiate for the construction of EPR™ reactors. AREVA is also actively marketing new reactors, most notably in Italy, Finland, and central and Eastern Europe.

In the United States, the group expanded its operations in all segments of the fuel cycle business. In October 2010, the Reactors & Services BG was awarded an engineering contract for completion of the Bellefonte 1 reactor in the United States. Projects to build the Eagle Rock Enrichment plant and the MOX fuel fabrication facility in Savannah River are ongoing, with operations slated to begin in 2014 and 2016 respectively.

AREVA's business in the rest of the world is growing as well. In Brazil, AREVA is strengthening its presence both in renewable energies, with the signature of an umbrella agreement with a local power company, and in the fuel cycle business, with the signature in February 2010 of a uranium conversion contract with INB.

Market trends

AREVA is backed by recurring business representing 80% of its revenue, mainly in reactor services and in the fuel cycle.

In the uranium market, the spot price stayed above 40 dollars per pound and was very volatile due to insufficient supply. Long-term price forecasts are still robust, as market fundamentals continue to be favorable. AREVA's average sales price, for example, continues to rise despite difficult current market conditions, and it signed multiannual contracts at prices above the current price forecasts.

9.1. Overview

9.1.2. Key features of AREVA's business model

The remaining 20% relates to the construction of new nuclear power plants and renewable energy production units. These two businesses have very specific market dynamics.

Compared with previous estimates, the latest forecasts for the global reactor market shows a slight increase in the installed base by 2030.

The market for renewables is very buoyant, with renewable energies share of the global electricity mix expected to rise from 4% in 2008 to 11% in 2030 (source: WEO 2010, New Policies Scenario). In terms

of installed capacity, that amounts to an average of approximately 175 billion dollars in capital spending over the period (in constant 2009 dollars). Moreover, the market receives considerable stimulus from government programs, particularly in the United States, Germany, the United Kingdom, India and China.

Rising fossil fuel prices, the consensus against global warming and the quest for national energy independence will sustain the market over the long term.

9.1.2. KEY FEATURES OF AREVA'S BUSINESS MODEL

The group's continuing operations are represented by four business groups (BGs): Mining-Front End, Reactors & Services, Back End, and Renewable Energies. Each of the BGs consists of several business units.

The **Mining-Front End BG** operates under multiannual 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 businesses. 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 Mining-Front End BG's businesses have substantial capital requirements due to heavy investments, but the latter support operations over very long periods of time.

The **Reactors & Services BG** is characterized by recurring business (services and engineering) based on multiannual or frequently renewed contracts, representing nearly 80% of the BG's total operations. In these businesses, the BG conducts a large share of its operations in North America and is consequently sensitive to fluctuations in the euro/US dollar exchange rate. In addition, the BG has attractive prospects with regard to non-recurring business, linked in particular to nuclear power plant 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 & Services BG.

The **Back End BG** is characterized by multiannual contracts with a limited number of customers. The Back End BG had a negative working capital requirement (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 the change in working capital requirement) as and when the corresponding revenue is posted.

The **Renewable Energies BG** is also part of the AREVA group. Currently representing 2% of the group's revenue today, it is one of AREVA'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 accompanied by long-term maintenance services contracts. In the solar power segment, AREVA provides turnkey solutions for concentrated solar power plants.

9.1.3. HIGHLIGHTS OF THE PERIOD

The information provided in this section concerns the AREVA group as a whole. Highlights concerning the commercial arena are presented in the business review in Section 6.4.

Concerning business strategy and corporate transactions

- AREVA established a new organization for its Nuclear and Renewable energies operations. The new organization strengthens the synergies between the group's businesses and will enable it to respond fully to customer expectations.
- AREVA signed the agreement on the legal and financial terms of the sale of the AREVA group's Transmission & Distribution operations. It became effective on June 7, 2010, following the approval of the

competition authorities and the issuance of the decree on the recommendation of the French Commission des participations et des transferts (the administration in charge of approving sales of government-owned assets).

- The Supervisory Board of the AREVA group appointed Christophe Behar as a member of the Supervisory Board to replace Philippe Pradel, who had stepped down. It also appointed René Ricol to replace Thierry Desmarest, who also stepped down. In addition, René Ricol was appointed Co-Chairman of the Audit Committee together with Guylaine Saucier, who was appointed Chairman of the End-of-Lifecycle Obligations Monitoring Committee, where she replaced François David.

- AREVA and JAEC signed an agreement pertaining to the mining of uranium resources in Central Jordan. This announcement follows the agreement signed by AREVA and JAEC in October 2008 for joint exploration of the area.
- AREVA and Korea Electric Power Corporation (KEPCO) signed an agreement giving the Korean group an equity position in the Imouraren mine in Niger.
- AREVA launched a 10-year, 750-million euro bond issue maturing on March 22, 2021 with an annual coupon of 3.5%.
- Five employees of Satom, a subsidiary of the Vinci group, and one AREVA employee and his wife were abducted in Arlit in northern Niger during the night of September 15-16, 2010.
- AREVA completed the disposal of 73% of its interests in Safran's capital and transferred the balance to the fund dedicated to end-of-lifecycle operations.
- AREVA signed major agreements with two strategic partners, China Guangdong Nuclear Power Corp. (CGNPC) and China National Nuclear Corporation (CNNC).
- AREVA and Nuclear Power Corporation of India Limited (NPCIL) signed major framework agreements covering the construction of two EPR™ reactors, the first in a series of six such reactors in Jaitapur, Maharashtra State, along with the supply of fuel for 25 years.
- The Eramet shareholders' agreement concluded between Sorame-CEIR and AREVA was renewed for a further six months, starting January 1, 2011.
- On December 15, 2010, AREVA's Supervisory Board examined the firm offer submitted by the Fonds stratégique d'investissement (FSI, the strategic investment fund) for the acquisition of AREVA's indirect interest in STMicroelectronics, and it decided to give an exclusive right to FSI to purchase that interest for a total price of 695 million euros. The sale will be actual in the first half of 2011.
- On December 28, 2010, AREVA announced the completion of a share capital issue subscribed by the Kuwait Investment Authority (KIA), acting in the name and on behalf of the State of Kuwait, and by the French State, for a total price of approximately 900 million euros, representing 27,692,307 ordinary shares issued at the price of 32.50 euros per share, after a ten-for-one split of ordinary shares and investment certificates on December 27, 2010.
- AREVA, the province of New Brunswick and the utility New Brunswick Power, signed a letter of intent to develop a clean energy park near the Point Lepreau nuclear power plant in Canada. The project represents the third clean energy park in the world that would be developed by AREVA.
- The US Department of Energy granted AREVA a loan guarantee of 2 billion dollars to facilitate the financing of the uranium enrichment plant near Idaho Falls.
- AREVA and Kazatomprom signed an agreement to establish a fuel fabrication joint venture. This new agreement emphasizes the determination of both companies to reinforce their strategic partnership in the front end of the cycle.
- The Japanese utilities Kyushu Electric Power and Tohoku Electric Power have each acquired a 1% stake in the holding company Société d'enrichissement du Tricastin (SET), the future operator of the Georges Besse II enrichment plant.
- AREVA and EDF reached an agreement extending the operation of the Eurodif enrichment plant until the autumn of 2012 and establishing conditions for its operation during the 2011-2012 period.
- At the Franco-Italian bilateral summit chaired by French President Nicolas Sarkozy and Italian Prime Minister Silvio Berlusconi, AREVA signed three nuclear cooperation agreements with its industrial and academic partners in the nuclear power field.
- The US Nuclear Regulatory Commission (NRC) authorized the installation of AREVA's digital safety instrumentation and control system at a US nuclear reactor. AREVA's TELEPERM XS™ system is currently the only digital safety instrumentation and control system approved by the NRC.
- ATMEA™ signed an agreement with the *Autorité de sûreté nucléaire* (ANS, the French nuclear safety authority) for a review of the safety options of ATMEA1™, the 1,100 MWe pressurized water reactor that it is developing.
- AREVA signed an "early work agreement" with Horizon Nuclear Power, a joint venture between E.ON and RWE, for the EPR™ reactor that the two German utilities are planning to build in the United Kingdom. The group will carry out feasibility studies related to the siting of two EPR™ reactors at the Wylfa site on the Isle of Anglesey in Wales.
- In a letter addressed to AREVA and EDF, the British Health and Safety Executive (HSE) stated that the solutions proposed by the two companies concerning the EPR™ reactor's digital instrument and control system are "satisfactory." The letter was issued as part of the Generic Design Assessment process (GDA).
- AREVA acquired 100% of Ausra, which was renamed AREVA Solar. 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.
- AREVA acquired the remaining 49% of Multibrid, a German wind turbine manufacturer and established AREVA Wind, a wholly-owned subsidiary of the group. This acquisition will enable it to ramp-up production capacity in response to the growth of this burgeoning industry. This new platform will also include the rotor blade manufacturing division, PN Rotor.
- AREVA is joining forces with Beluga Hochtief Offshore, a joint venture created to supply sea transport and construction services that offers customers one-stop, quick installation and maintenance solutions for large-scale offshore wind parks.

In the industrial arena

- AREVA inaugurated the first seawater desalination plant in Namibia, 30 kilometers north of Swakopmund on the Atlantic coast. The inauguration marks the beginning of drinking water production at the plant and is a major breakthrough in the development of AREVA's mining project in Namibia.
- The AREVA-Siemens Consortium submitted the calendar and milestones for the Olkiluoto 3 reactor (OL3), from the final phase of construction to reactor fuel loading in late 2012, to its Finnish customer TVO, the future operator of the generation III reactor.
- Construction of the Olkiluoto 3 (OL3) EPR™ power plant in Finland crossed a symbolic threshold in June 2010 with the installation of the reactor pressure vessel in the reactor building.
- The first concrete was poured for the second EPR™ reactor under construction at the Taishan site in Guangdong province (southern China) by the Chinese utility CGNPC.
- Following spin-up of the first centrifuge cascade in the south unit in December 2009, AREVA's Georges Besse II plant reached another important milestone with the delivery of the centrifuge assembly building in the north unit. AREVA inaugurated the group's new enrichment plant, Georges Besse II, in December 2010.

→ 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 the financial glossary.

9.2.1. SUMMARY OF KEY DATA

<i>(in millions of euros)</i>	2010	2009	2010/2009 change	2008
Income statement				
Reported revenue	9,104	8,529	+ 6.7%	8,089
Gross margin	1,326	1,082	+ 22.6%	896
<i>Percentage of reported revenue</i>	<i>14.6%</i>	<i>12.7%</i>	<i>+ 1.9 pt.</i>	<i>11.1%</i>
Earnings before interest, tax, depreciation and amortization (EBITDA)	703	584	+ 20.2%	593
<i>Percentage of reported revenue</i>	<i>7.7%</i>	<i>6.9%</i>	<i>+ 0.8 pt.</i>	<i>7.3%</i>
Operating income	(423)	97	- 520	(143)
<i>Percentage of reported revenue</i>	<i>(4.6)%</i>	<i>1.1%</i>	<i>- 5.7 pts.</i>	<i>(1.8)%</i>
Net financial income	(314)	187	- 501	6
Share in net income of associates	153	(152)	+ 305	156
Net income from discontinued operations	1,236	267	+ 969	371
Net income attributable to owners of the parent	883	552	+ 331	589
<i>Percentage of reported revenue</i>	<i>9.7%</i>	<i>6.5%</i>	<i>+ 3.2 pts.</i>	<i>7.3%</i>
Comprehensive income	1,408	341	+ 1,067	(308)
Cash flow				
Net cash from operating activities	588	160	+ 428	(55)
Net cash used in investing activities	(621)	(379)	+ 63.6%	(956)
Net cash from financing activities	(531)	1,116	- 1,647	1,405
<i>Including dividends paid</i>	<i>(313)</i>	<i>(309)</i>	<i>+ 1.3%</i>	<i>(315)</i>
Net cash from discontinued operations	2,243	(219)	+ 2462	(61)
Increase (decrease) in net cash	1,683	603	+ 1,080	357
Miscellaneous				
Backlog	44,204	43,302	+ 2.0%	42,531
Net cash (debt)	(3,672)	(6,193)	- 40.7%	(5,499)
Equity attributable to owners of the parent	8,664	6,648	+ 30.3%	6,547
Capital employed ⁽¹⁾	10,388	9,017	+ 15.2%	7,680
Workforce at year end ⁽¹⁾	47,851	47,817	+ 0.1%	45,448
Dividend per share	-	€7.05*	-	€6.77

(1) Excluding T&D.

* For an average of 35,442,701 AREVA shares and investment certificates.

9.2.2. SUMMARY DATA BY SEGMENT**2010**

<i>(in millions of euros, except workforce)</i>	Mining - Front End	Reactors & Services	Back End	Renewable Energies	Corporate and other operations	Total
Contribution to consolidated revenue	3,704	3,384	1,709	150	157	9,104
Operating income	(137)	(251)	280	(123)	(192)	(423)
<i>Percentage of contribution to consolidated revenue</i>	<i>(3.7)%</i>	<i>(7.4)%</i>	<i>16.3%</i>	<i>(81)%</i>	-	<i>(4.6)%</i>
Cash flow						
EBITDA	773	(218)	446	(83)	(216)	703
<i>Percentage of contribution to consolidated revenue</i>	<i>20.9%</i>	<i>(6.4)%</i>	<i>26.1%</i>	<i>(55.3)%</i>	-	<i>7.7%</i>
Change in operating WCR	330	(187)	112	18	(35)	239
Net operating Capex	(1,340)	(232)	(142)	(244)	(55)	(2,013)
Free operating cash flow before tax	(252)	(639)	414	(309)	(305)	(1,090)
Miscellaneous						
Property, plant & equipment and intangible assets (including goodwill)	8,626	2,962	2,246	474	216	14,525
Capital employed	9,952	1,956	(743)	445	(222)	10,388
Workforce at year end	14,029	16,985	10,931	1,176	4,730	47,851

2009

<i>(in millions of euros, except workforce)</i>	Mining - Front End	Reactors & Services	Back End	Renewable Energies	Corporate and other operations	Total
Contribution to consolidated revenue	3,471	3,108	1,637	168	145	8,529
Operating income	659	(575)	238	(60)	(165)	97
<i>Percentage of contribution to consolidated revenue</i>	<i>19.0%</i>	<i>(18.5)%</i>	<i>14.5 %</i>	<i>(35.7)%</i>	-	<i>1.1%</i>
Cash flow						
EBITDA	917	(509)	367	(49)	(142)	584
<i>Percentage of contribution to consolidated revenue</i>	<i>26.4%</i>	<i>- 16.4%</i>	<i>22.4%</i>	<i>(29.2)%</i>	-	<i>6.8%</i>
Change in operating WCR	(185)	211	49	(8)	37	105
Net operating Capex	(738)	(360)	(128)	(34)	(34)	(1,294)
Free operating cash flow before tax	(315)	(662)	288	(91)	(139)	(919)
Miscellaneous						
Property, plant & equipment and intangible assets (including goodwill)	7,566	2,698	2,182	214	282	12,942
Capital employed	8,188	1,411	(789)	212	(47)	9,017
Workforce at year end	14,763	17,799	11,082	995	3,178	47,817

Summary of revenue by region and business group

2010

<i>(in millions of euros)</i>	2010	2009	2010/2009 change
France	3,571	3,266	+ 9.3%
Mining-Front End BG	1,209	1,169	+ 3.4%
Reactors & Services BG	1,129	1,021	+ 10.6%
Back End BG	1,083	938	+ 15.5%
Renewable Energies BG	2	-	-
Corporate and other operations	147	138	ns
Europe (excluding France)	2,240	2,168	+ 3.3%
Mining-Front End BG	895	901	- 0.7%
Reactors & Services BG	920	841	+ 9.4%
Back End BG	330	328	+ 0.6%
Renewable Energies BG	92	95	- 3.2%
Corporate and other operations	3	2	ns
North and South America	1,539	1,694	- 9.1%
Mining-Front End BG	632	786	- 19.6%
Reactors & Services BG	718	708	+ 1.4%
Back End BG	128	123	+ 4.1%
Renewable Energies BG	55	73	- 24.7%
Corporate and other operations	6	4	ns
Asia-Pacific	1,547	1,263	+ 22.5%
Mining-Front End BG	809	525	+ 54.1%
Reactors & Services BG	575	493	+ 16.6%
Back End BG	162	244	- 33.6%
Renewable Energies BG	-	-	-
Corporate and other operations	1	-	-
Africa and Middle East	207	138	+ 50%
Mining-Front End BG	159	90	+ 76.7%
Reactors & Services BG	43	45	- 4.4%
Back End BG	5	3	+ 66.7%
Renewable Energies BG	-	-	-
Corporate and other operations	-	-	-
Other countries	-	-	-
TOTAL	9,104	8,529	+ 6.7%

The breakdown of the group's workforce by geographical area is given in Section 1.2, Human Resources report 2010.

9.2.3. COMPARABILITY OF FINANCIAL STATEMENTS

9.2.3.1. 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 and 2010 revenue, the group calculates what the 2009 revenue would have been from the different businesses when average exchange rates for 2010 are applied;
- the resulting revenue is then adjusted for consolidation, and the group calculates what the 2009 revenue of the different businesses would have been based on the applicable consolidation scope for the year ended December 31, 2010.

9.2.3.2. FACTORS POTENTIALLY IMPACTING THE COMPARABILITY OF THE FINANCIAL STATEMENTS

Changes in consolidation scope

The group's consolidated financial statements for the years ended December 31, 2009 and December 31, 2010 were materially impacted by the acquisitions and divestments described below.

The main changes in consolidation scope with an impact on revenue in 2009 and 2010 are as follows:

Discontinued operations

The Transmission & Distribution business was sold on June 7, 2010. In accordance with IFRS 5, the Transmission & Distribution division was considered to be a "discontinued operation" at year-end 2009. Accordingly, this business has no impact on the 2009-2010 comparability of continuing operations.

Changes in foreign exchange rates

The group's foreign exchange policy is presented in Chapter 4.

The group generated 45.1% of its revenue outside the euro zone in 2010. From 2009 to 2010, the average value of the euro increased by 4.7% compared with the US dollar.

Changes in foreign exchange rates had a positive impact (currency translation adjustment) of 141 million euros on the group's revenue in 2010, compared with an impact of 67 million euros in 2009.

Exposure to other currencies is negligible.

AREVA's participating interest in STMicroelectronics, previously reported on the balance sheet under the heading "Investment in associates" was reclassified as "Non-current assets held for sale" at December 15, 2010 (see notes 2, 7, 9 and 14 of the consolidated financial statements).

Estimated impact of changes in consolidation scope, in foreign exchange rates and in accounting methods and standards on revenue for fiscal years 2009 and 2010

The table below presents the estimated impact of changes in foreign exchange rates, in the group's consolidation scope, and in valuation methods for 2010 compared with 2009.

<i>(in millions of euros)</i>	2009 reported revenue	Exchange rate impact	Consolidation scope impact	Changes in valuation method	Recalculated 2009 revenue	2010 reported revenue
Mining-Front End BG	3,471	84	-	-	3,555	3,704
Reactors & Services BG	3,109	39	(7)	-	3,140	3,384
Back End BG	1,637	6	-	-	1,642	1,709
Renewable Energies BG	168	12	-	-	180	150
Corporate and other operations	145	-	-	-	145	157
TOTAL CONTINUING OPERATIONS	8,529	141	(7)	-	8,663	9,104

9.2.4. BACKLOG

<i>(in millions of euros)</i>	2010	2009	2010/2009 change
Backlog	44,204	43,302	+ 2.0%
Mining-Front End BG	28,902	27,715	+ 4.3%
Reactors & Services BG	7,290	7,700	- 5.3%
Back End BG	6,056	6,685	- 9.4%
Renewable Energies BG	1,843	1,086	+ 69.7%

The group's backlog came to 44.2 billion euros at December 31, 2010, up 2.0% in relation to December 31, 2009. The backlog grew in the Mining-Front End and Renewable Energies BGs. Installed Base Services operations held up well, replenishing the backlog for the Reactors & Services BG. The agreement with the Indian utility NPCIL concerning the construction of two EPR™ reactors and fuel cycle supply

for 25 years was not recorded in the backlog at December 31, 2010. The change in the Back End BG's backlog reflects the performance of contracts signed in previous years.

Nearly one billion euros in letters of intent signed in 2010 with US utilities, corresponding to pre-sold production from the future enrichment plant, were not included in the Mining-Front End BG's backlog.

9.2.5. STATEMENT OF INCOME

9.2.5.1. REVENUE

In 2010, AREVA's consolidated revenue rose 6.7% to 9.104 billion euros (+ 5.1% growth like-for-like) compared with 2009. The Mining-Front

End business group and the Reactors & Services business group were the leading growth engines, with revenue growth of 6.7% and 8.9% respectively. Foreign exchange had a positive impact of 141 million euros and the scope of consolidation remained stable over the period.

<i>(in millions of euros)</i>	2010	2009	2010/2009 change
Revenue from continuing operations	9,104	8,529	+ 6.7%
Mining-Front End BG	3,704	3,471	+ 6.7%
Reactors & Services BG	3,384	3,109	+ 8.9%
Back End BG	1,709	1,637	+ 4.4%
Renewable Energies BG	150	168	- 10.9%
Corporate and other operations	157	145	-

9.2.5.2. GROSS MARGIN

The group's gross margin for 2010 came to 1.326 billion euros, or 14.6% of revenue, compared with 1.082 billion euros in 2009, or 12.7% of revenue.

This change is attributable to improved gross margin in all of the nuclear businesses.

<i>(in millions of euros)</i>	2010	2009	2010/2009 change
Gross margin from continuing operations	1,326	1,082	+ 22.6%
<i>% contribution to consolidated revenue</i>	<i>14.6%</i>	<i>12.7%</i>	<i>+1.9 pt.</i>

9.2.5.3. RESEARCH AND DEVELOPMENT

Research and development expenses are capitalized if they meet the criteria established by IAS 38 and are 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 customers or for joint projects in which AREVA has the commercial rights to the results are recorded under 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 for the Nuclear and Renewable Energies businesses came to 354 million euros in 2010, representing 3.9% of the revenue contributed for the period. This figure indicates 2.3% growth in research and development expenses compared with 2009, when spending was 346 million euros and the ratio to revenue was 4.1%.

<i>(in millions of euros)</i>	2010	In percentage of revenue	2009	In percentage of revenue
Research and development expenses recognized in gross margin	354	3.9%	346	4.1%
R&D costs capitalized on the balance sheet ⁽¹⁾	438	4.8%	321	3.8%
Other	136	-	148	-
Total R&D expenditure	928	10.2%	816	9.6%
Number of registered patents	91	-	85	-

(1) Capitalized R&D costs include development expenses for the period capitalized as intangible assets, R&D for the period included in property, plant and equipment, and capitalized mineral exploration expenses for the period.

Taking into account all costs incurred for research and development, the group's total research and development expenditure was 928 million euros in 2010, or 10.2% of revenue for the period, for an increase of 13.7% in relation to 2009 (9.6% of revenue).

The change in total research and development expenditure between 2009 and 2010 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, 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.

9.2.5.4. GENERAL AND ADMINISTRATIVE, MARKETING AND SALES EXPENSES

Group marketing, sales, general and administrative expenses totaled 784 million euros in 2010, compared with 906 million euros in 2009. In relation to revenue for the year, these expenses were down from those of the previous year (8.6% in 2010, compared with 10.6% in 2009). The change reflects the success of the cost reduction program deployed throughout the group.

9.2.5.5. OTHER OPERATING INCOME AND EXPENSES

Other operating income and expenses represent a net expense of 612 million euros in 2010, compared with a net expense of 266 million euros in 2009. This change is related primarily to asset impairments recognized in the Mining-Front End BG. In 2009, the group had recognized gains on disposals of assets and dilution gains when minority shareholders acquired equity positions in the Mining-Front End BG's subsidiaries. As a result of a change in the accounting rules, the gains on disposals of assets and dilution gains related to minority shareholders acquisition of equity interests do not impact income after January 1, 2010.

9.2.5.6. OPERATING INCOME

Excluding particular items, operating income rose by 1.9 points, going from 3.9% in 2009 to 5.8% in 2010, giving operating income of 532 million euros (331 million euros in 2009).

The main particular items recognized in the second half of 2010 are as follows:

- the financial impact of the agreement reached following mediation by the French State on the conditions for closing the Georges Besse plant, in the amount of -121 million euros in 2010. The production level of the plant in 2011 and 2012 will not be sufficient to cover the fixed costs for the end of the plant lifecycle;
- the non-cash reversible impairment of -126 million euros to reflect the rescheduling of the Capex plan for some mining projects.

As a reminder, the main particular items recognized in the first half of 2010 were as follows:

- the non-cash reversible impairment of certain mining assets in the amount of -300 million euros;
- additional provisions for the revision of the loss at completion of projects in the Reactors & Services business group, in the amount of -417 million euros (including -367 million euros for the OL3 construction project in Finland).

After recognition of the particular items, consolidated operating income is -423 million euros, compared with 97 million euros in 2009.

9.2.5.7. NET FINANCIAL INCOME

Net financial income came to -314 million euros in 2010, compared with 187 million euros in 2009, which benefitted from the gain on the disposal of Total and GDF-Suez shares. It was impacted in 2010 by the loss of 101 million euros recognized on the disposal of STMicroelectronics shares.

<i>(in millions of euros)</i>	2010	2009
Net borrowing costs (expense / income)	(158)	(113)
Other financial income and expenses	(156)	301
Share related to end-of-lifecycle operations	(98)	10
Income from the financial portfolio earmarked for end-of-lifecycle operations	80	62
Income from non-portfolio assets (including receivables from dismantling)	81	122
Discount reversal expenses on end-of-lifecycle operations and impact of schedule revisions	(259)	(174)
Share not related to end-of-lifecycle operations	(58)	291
Income from disposals of securities and change in value of securities held for trading	214	381
Dividends received	20	51
Impairment of financial assets	(10)	(1)
Interest on prepayments	(45)	(31)
Pensions and other employee benefits	(73)	(79)
Losses on equity interest in STMicroelectronics	(101)	-
Other	(63)	(31)
NET FINANCIAL INCOME	(314)	187

9.2.5.8. INCOME TAX

Tax income rose to 334 million euros in 2010, compared with 138 million euros in 2009.

9.2.5.9. SHARE IN NET INCOME OF ASSOCIATES

The share in net income of associates rose to 153 million euros in 2010, compared with -152 million euros in 2009, reflecting the significant improvement in STMicroelectronics' and Eramet's results.

<i>(in millions of euros)</i>	2010	2009
STMicroelectronics	69	(112)
Eramet group	83	(39)
New MNF	(3)	(2)
Other	4	1
TOTAL	153	(152)

9.2.5.10. NET INCOME FROM DISCONTINUED OPERATIONS

Net income from discontinued operations (Transmission & Distribution) came to 1.236 billion euros in 2010. This includes the gain recognized on the disposal of the T&D business.

9.2.5.11. MINORITY INTERESTS

In 2010, minority interests in the group's net income came to 103 million euros, compared with -15 million euros in 2009.

9.2.5.12. NET INCOME ATTRIBUTABLE TO EQUITY OWNERS OF THE PARENT

Net income attributable to equity owners of the parent came to 883 million euros in 2010, an increase of 331 million euros compared with 2009.

9.2.5.13. COMPREHENSIVE INCOME ATTRIBUTABLE TO EQUITY OWNERS OF THE PARENT

Comprehensive income attributable to owners of the parent totaled 1.278 billion euros in 2010, compared with 390 million euros in 2009. In addition to the increase in net income described above, this improvement primarily reflects the change in value of the financial assets available for sale in the amount of 218 million euros in 2010, compared with -111 million euros in 2009.

→ 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-lifecycle 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 2010.

<i>(in millions of euros)</i>	Operating	End-of-lifecycle operations ⁽¹⁾	Other ⁽²⁾	Total
EBITDA (i)	703			703
Net gain on the sale of non-current operating assets and other non-cash items (ii)	(19)			(19)
Cash flow from operations after interest and taxes (i+ii)	684	(155)	(175)	354
Change in working capital requirement (iii)	239	0	(5)	234
Net cash flow from operating activities (i+ii+iii)	923	(155)	(180)	588
Cash from (used in) investing activities, net of disposals (iv)	(2,088)	52	1415	(621)
Net cash from (used in) financing activities (v)	75	0	(606)	(531)
Impact of changes in consolidation scope (vi)	0	0	4	4
Net cash from (used in) operations held for sale (vii)			2,243	2,243
CASH FLOW (I+II+III+IV+V+VI)	(1,090)	(103)	2,876	1,683

(1) Includes expenses for end-of-lifecycle operations incurred on-site and for final waste disposal, flows relating to the financial asset portfolio earmarked for end-of-lifecycle operations, and flows resulting from the signature of agreements with third parties for the funding by such parties of a share of end-of-lifecycle operations.

(2) That is, non-operating flows not relating to end-of-lifecycle operations and primarily corresponding to financing flows, including exceptional flows relating to external growth operations, dividends paid, and tax flows.

The negative free operating cash flow for 2010 of -1.090 billion euros was more than offset by the cash generated by asset disposals and financial transaction.

9.3.2. OPERATING CASH FLOW

2010 AND 2009

<i>(in millions of euros)</i>	EBITDA		Change in operating WCR		Net operating Capex		Free operating cash flow before tax	
	2010	2009	2010	2009	2010	2009	2010	2009
Mining-Front End	773	917	330	(185)	(1,340)	(737)	(252)	(315)
Reactors & Services	(218)	(509)	(187)	211	(232)	(360)	(639)	(662)
Back End	446	367	112	49	(142)	(128)	414	288
Renewable Energies	(83)	(49)	18	(8)	(244)	(34)	(309)	(91)
Corporate	(215)	(142)	(35)	37	(55)	(34)	(305)	(139)
TOTAL GROUP	703	584	239	105	(2,013)	(1,294)	(1,090)	(919)

EARNINGS BEFORE INCOME TAX, DEPRECIATION AND AMORTIZATION (EBITDA)

EBITDA went from 584 million euros in 2009 to 703 million euros in 2010. Excluding particular items, it was up 481 million euros compared with 2009 on improved operational performance. Gains on disposals and dilution gains related to new minority equity partners in the companies of the Mining-Front End BG contributed 19 million euros in 2010, compared with 382 million euros in 2009.

CHANGE IN OPERATING WORKING CAPITAL REQUIREMENT (OPERATING WCR)

The change in operating working capital requirement contributed 239 million euros in 2010, compared with 105 million euros in 2009. The cash generated from customer advances in the Mining-Front and Back End BGs and by inventory optimization in the Mining-Front End BG largely offset the use of customer advances in the Reactors & Services BG. The operating working capital on the balance sheet is + 92 million euros.

NET OPERATING CAPEX

The change in gross Capex (excluding acquisitions) from 1.780 billion euros in 2009 to 1.966 billion euros in 2010 is due to the ramp-up of construction programs, particularly in Enrichment.

In 2010, almost 60% of the group's capital spending was on sites in France.

The acquisitions made in Renewable Energies in 2010 in the amount of 210 million euros (100% of Ausra and the remaining 49% of Multibrid) bring total gross Capex to 2.176 billion euros, compared with 1.808 billion euros in 2009.

Net Capex came to 2.013 million euros in 2010, compared with 1.294 billion euros in 2009, reflecting asset disposals of 163 million euros in 2010 (mainly from the sale of 2% of the Georges Besse II plant), compared with 514 million euros in 2009.

OPERATING CASH FLOW

Operating cash flow before Capex was 923 million euros, an increase of 548 million euros compared with 2009, when it was 375 million euros, due to the visible improvement in EBITDA and working capital requirement.

9.3.3. CASH FLOWS FOR END-OF-LIFECYCLE OPERATIONS

Cash flows for end-of-lifecycle operations totaled -103 million euros in 2010, compared with -124 million euros in 2009.

9.3.4. CONSOLIDATED STATEMENT OF CASH FLOWS

The simplified consolidated statement of cash flows is presented below.

<i>(in millions of euros)</i>	2010	2009	2010/2009 change
Cash flow from operations before interest and taxes	538	132	+ 406
Interest expense and taxes paid	(184)	(15)	+ 168
Cash flow from operations after interest and taxes	354	117	+ 237
Change in working capital requirement	234	43	+ 191
Cash from operating activities	588	160	+ 428
Cash used in investing activities	(621)	(379)	- 242
Cash from (used in) financing activities	(531)	1,116	- 1,647
Decrease (increase) in marketable securities maturing in more than 3 months	(8)	(77)	+ 69
Change in consolidated group, foreign exchange adjustments, etc.	12	3	+ 9
Cash from discontinued operations	2,243	(219)	+ 2,462
Increase (decrease) in net cash	1,683	603	+ 1,080
Cash at the beginning of the year	1,481	877	+ 604
CASH AT THE END OF THE YEAR	3,164	1,481	+ 1,683

CASH FLOW FROM OPERATING ACTIVITIES

Cash flow from operating activities went from 160 million euros in 2009 to 588 million euros in 2010. This change reflects an improvement in the cash provided by operations and a favorable change in the working capital requirement.

CASH USED IN INVESTING ACTIVITIES

Cash used in investing activities, net of disposals, totaled -621 million euros in 2010, compared with -379 million in 2009, for a net increase in investment of 241 million euros in 2010.

CASH PROVIDED BY FINANCING ACTIVITIES

Cash from financing activities came to -531 million euros in 2010, down sharply from 2009 (1.116 billion euros), primarily due to the repayment of UraMin's debt in June 2010, offset in part by the capital increase completed in December 2010.

CASH FROM DISCONTINUED OPERATIONS

Cash from discontinued operations comes to 2.243 billion euros in 2010, compared with -219 million euros in 2009. This increase reflects the cash generated by the sale of the AREVA T&D shares.

INCREASE (DECREASE) IN NET CASH

Based on the foregoing, the group had an increase in net cash of 1.683 billion euros in 2010, compared with an increase of 603 million euros in 2009. The group thus had a closing cash position for 2010 of 3.164 billion euros, up from 1.481 billion euros in 2009.

→ 9.4. Statement of financial position

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>(in millions of euros)</i>	December 31, 2010	December 31, 2009
Assets		
Net goodwill	4,625	4,366
Property, plant and equipment and intangible assets	9,901	8,576
End-of-lifecycle assets (third party share)	252	275
Assets earmarked for end-of-lifecycle operations	5,582	5,351
Investments in associates	988	1,635
Other non-current financial assets	477	860
Deferred taxes (assets – liabilities)	474	150
Working capital requirement (WCR)	(92)	(62)
Non-current assets and assets related to discontinued operations	832	5,649
Shareholders' equity and liabilities		
Equity attributable to owners of the parent	8,664	6,648
Minority interests	915	926
Provisions for end-of-lifecycle operations (third party share)	252	275
Provisions for end-of-lifecycle operations (AREVA share)	5,563	5,385
Other current and non-current provisions	3,064	2,911
Net borrowings	3,672	6,193
Liabilities of operations held for sale	-	3,685
Other assets and liabilities	909	777
TOTAL OF THE SUMMARY STATEMENT OF FINANCIAL POSITION	23,039	26,800

Note: Working capital assets and liabilities are reported on a net basis in the summary balance sheet. Net borrowings and deferred tax assets are also offset against deferred tax liabilities. Assets and liabilities are not offset in the detailed balance sheet.

9.4.1. NON-CURRENT ASSETS

NET GOODWILL

Net goodwill went from 4,366 million euros at December 31, 2009 to 4,625 million euros at December 31, 2010, for a net increase of 259 million euros, due mainly to AREVA's acquisition of Ausra (for the Renewable Energy BG).

PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

PP&E and intangible assets went from 8.576 billion euros at December 31, 2009 to 9.901 billion euros at December 31, 2010, for a net increase of 1.325 billion euros.

INVESTMENTS IN ASSOCIATES

Eramet represents the bulk of the investments in associates. The total decreased from 1.635 billion euros at December 31, 2009 to 988 million euros at December 31, 2010, representing a decrease of 647 million related mostly to the reclassification of AREVA's participating interest in STMicroelectronics to "non-current assets held for sale."

OTHER NON-CURRENT FINANCIAL ASSETS

Other non-current financial assets went from 860 million euros in 2009 to 477 million euros in 2010, mainly due to the disposal of Safran securities during the year.

9.4.2. WORKING CAPITAL REQUIREMENT (WCR)

The group's working capital requirement was negative (resource), at -92 million euros at December 31, 2010, compared with -62 million euros a year earlier.

9.4.3. NET CASH (DEBT)

The group's net financial debt comes to 3.672 billion euros at December 31, 2010 (based on the 2007 valuation of the debt to Siemens, i.e. 2.049 billion euros, plus accrued interest) compared with 6.193 billion euros at December 31, 2009. The 2.521-billion euro reduction is due to the cash generated by the disposal of the Transmission & Distribution business (3.124 billion euros), by the transactions on Safran securities in the amount of 636 million euros, by the 900-million euro capital increase, which helped largely offset the free operating cash flow described above, as well as by the payment of dividends for 2009 to AREVA SA shareholders in the amount of 250 million euros.

These amounts should be compared with equity of 9.578 billion euros at December 31, 2010, compared with 7.574 billion at year-end 2009.

The group's gearing thus went from 45% in 2009 to 28% in 2010, illustrating the notable strengthening of the group's balance sheet. As part of this process, AREVA's Supervisory Board will not propose to the Annual General Meeting of Shareholders the payment of a dividend for 2010.

In addition, the group's liquidity was reinforced in 2010 by a fourth bond issue of 750 million euros. Excluding the debt to Siemens, the group has no major reimbursement due before 2016.

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>	2010	2009	2010/2009 change
Net cash per statement of cash flows	3,164	1,481	+ 1,683
Short-term bank facilities and non-trade current accounts (credit balances)	194	129	+ 50.4%
Securities held for trading maturing in more than 3 months	84	88	- 4
Other current financial assets and derivatives on financing activities	126	51	+ 75
Net cash from (used in) operations held for sale	0	(200)	
Cash and other current financial assets	3,568	1,548	+ 2,020
Borrowings	(7,240)	(7,741)	+ 501
NET CASH (DEBT)	(3,672)	(6,193)	+ 2,521

SCHEDULE OF BORROWINGS

<i>(in millions of euros)</i>	2010	2009	2010/2009 change
Put options of minority shareholders	60	17	-
Debt to Siemens	2,117 ⁽¹⁾	2,080 ⁽¹⁾	
Interest-bearing advances	83	81	+ 2.5%
Loans from financial institutions	753	2,274	- 66.9%
Bond issues	3,803	3,006	
Short-term bank facilities and other credit balances	194	129	+50.4%
Financial instruments	139	56	+ 83
Miscellaneous debt	91	99	- 8.1%
TOTAL BORROWINGS	7,240	7,741	- 6.5%

(1) Including capitalized interest on the Siemens put.

9.4.4. EQUITY

Equity attributable to owners of the parent increased from 6.648 billion euros at December 31, 2009 to 8.664 billion euros at December 31, 2010. This change mainly reflects the share of comprehensive income attributable to equity owners of the parent

for 2010 in the amount of 1.278 billion euros, the capital increase implemented in December 2010 in the amount of 900 million euros and the payment of dividends to shareholders of the parent company in the amount of 250 million euros.

9.4.5. ASSETS AND PROVISIONS FOR END-OF-LIFECYCLE OPERATIONS

The change in the balance sheet from December 31, 2009 to December 31, 2010 with regard to assets and liabilities for end-of-lifecycle operations is summarized in the table below.

<i>(in millions of euros)</i>	December 31, 2010	December 31, 2009
Assets		
End-of-lifecycle assets	395	422
AREVA share (to be amortized in future years) ⁽¹⁾	143	147
Third-party share ⁽²⁾	252	275
Assets earmarked for end-of-lifecycle operations⁽³⁾	5,590	5,351
Shareholders' equity and liabilities		
Provisions for end-of-lifecycle operations	5,815	5,660
Provisions to be funded by AREVA	5,563	5,385
Provisions to be funded by third parties	252	275

(1) Amount of the 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.

The change in assets and provisions related to end-of-lifecycle operations is described in note 13 of the consolidated financial statements.

9.4.6. 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, 2010	December 31, 2009
Net intangible assets	3,652	3,282
Goodwill	4,625	4,349
Net property, plant and equipment	6,249	5,294
Prepayments and borrowings funding non-current assets	(1,005)	(955)
Operating working capital requirements, excluding advances to fund non-current assets	(92)	(62)
Provisions for contingencies and expenses	(3,040)	(2,891)
Total capital employed	10,388	9,017
AVERAGE CAPITAL EMPLOYED OVER THE PERIOD	9,702	8,348

Note: The method used takes into account a definition of capital employed after deduction of all provisions for contingencies and losses.

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
2010	9,702	(236)	NA
2009	8,348	136	1.6%

9.4.7. OFF-BALANCE-SHEET COMMITMENTS

<i>(in millions of euros)</i>	12/31/09	12/31/10	Maturity < 1 year	Maturity 1 – 5 years	Maturity > 5 years
Commitments given	2,260	2,663	450	1,207	1,006
Operating commitments given	1,604	2,229	426	830	973
Commitments given on financing	30	17	4	7	6
Other commitments given	626	417	20	370	27
Commitments received	852	690	233	383	74
Operating commitments given	593	648	215	377	56
Commitments given on financing	1	1	0	1	0
Other commitments received	258	41	18	5	18
Reciprocal commitments	5,775	4,430	352	3,705	373

Off-balance-sheet commitments are described in note 33 of the consolidated financial statements.

9.4.8. BUSINESS GROUPS REVIEW**MINING-FRONT END BUSINESS GROUP**

<i>(in millions of euros)</i>	2010	2009	2010/2009 change	2010/2009 change LFL *
Backlog	28,902	27,715	+ 4.3%	-
Contribution to consolidated revenue	3,704	3,471	+ 6.7%	+ 4.2%
Mining	1,092	861	+ 26.8%	+ 17.8%
Chemistry	267	242	+ 10.5%	+ 10.5%
Enrichment	1,181	1,197	- 1.4%	- 2.1%
Fuel	1,164	1,171	- 0.6%	- 1.4%
Operating income	(137)	659	- 796	-
<i>Percentage of contribution to consolidated revenue</i>	<i>(3.7)%</i>	<i>19.0%</i>	<i>- 22.7 pts.</i>	<i>-</i>

* At constant exchange rate and consolidation scope.

2010 performance

The backlog of the Mining-Front End BG came to 28.902 billion euros at December 31, 2010, up 4% compared with the end of 2009. Contracts won in 2010 include:

- the 10-year uranium supply contract with CGNPC valued at approximately 3.5 billion dollars;
- the 5-year conversion services supply contract with INB;
- the contract to supply MOX fuel to Hokkaido Electric.

For the full year of 2010, the Mining-Front End BG recognized revenue of 3.704 billion euros, an increase of 6.7% on a reported basis and of 4.2% LFL. Foreign exchange had a positive impact of 84 million euros.

- In Mining, revenue continued to benefit from the increase in AREVA's average uranium sales prices (+5%) and in the quantities delivered. In addition, gold revenue was up more than 80% compared with 2009.
- In Enrichment, revenue was stable compared with 2009.
- In Fuel, the drop in volumes due to the postponement of deliveries in France was offset by a greater increase in related revenue (components and services) than in 2009.

Operating income excluding particular items for the Mining-Front End business group came to 391 million euros (10.5% of revenue), compared with 278 million euros in 2009 (8.0% of revenue). This noticeable increase is due in particular to the increase in AREVA's average uranium sales price and volumes sold and to the drop in the average cost of mine production (-6% for the year). Performance improved in the Fuel business after restructuring in the United States. Overhead cost optimization plans in the European industrial base in Fuel and Enrichment had a positive impact on profitability levels for the entire Business Group.

The Mining-Front End business group reported -252 million euros in free operating cash flow before tax, compared with -315 million euros in 2009. This improvement is due in particular to increased operational performance and a positive contribution from the change in working capital requirement of 330 million euros (inventory optimization plans and receipt of customer advances), largely offsetting the increase in gross Capex and the decrease in cash generated by the disposal of minority interests in certain assets of the BG.

REACTORS & SERVICES BUSINESS GROUP

<i>(in millions of euros)</i>	2010	2009	2010/2009 change	2010/2009 change LFL*
Backlog	7,290	7,700	- 5.3%	-
Contribution to consolidated revenue	3,384	3,109	+ 8.9%	+ 7.8%
New Builds	890	766	+ 16.2%	+ 15.2%
Installed Base	1,748	1,565	+ 11.6%	+ 9.8%
Equipment	313	306	+ 2.4%	+ 2.5%
Products and Technology	36	31	+ 17.6%	+ 17.6%
Propulsion and Research Reactors	397	408	- 2.6%	- 2.4%
Operating income	(251)	(573)	+ 322	-
<i>Percentage of contribution to consolidated revenue</i>	<i>(7.4)%</i>	<i>(18.4)%</i>	<i>+ 11.0 pts.</i>	<i>-</i>

* At constant exchange rate and consolidation scope.

2010 performance

The backlog for the Reactors & Services BG came to 7.290 billion euros at December 31, 2010. The main new orders in 2010 were as follows:

- an engineering contract from US utility Tennessee Valley Authority to study conditions for completion of unit 1 of the Bellefonte power plant in northern Alabama;
- industrial prototype design studies for the CEA for the Generation IV ASTRID reactor;

- the start of design, engineering and safety studies for the Indian utility NPCIL under an agreement concerning the construction of two EPR™ reactors at the Jaitapur site and fuel supply for 25 years, with commercial negotiations expected to be brought to a successful conclusion in 2011 (see 1.1.2.4. Backlog);

- the contract with VNIIAES to supply nuclear reactor safety systems.

Revenue for the Reactors & Services BG rose 8.9% in 2010 to 3.384 billion euros (+7.8% like-for-like). Foreign exchange had a positive impact of 39 million euros.

- the New Builds business was up due to significant progress on major reactor construction projects;
- installed Base Services were up sharply due to buoyant business in component replacement, an increase in power plant modernization and uprating operations in Europe, and the large amount of work performed in the United States on unit outages.

The Reactors & Services business group reported operating income of 176 million euros (5.2% of revenue) excluding particular items,

compared with 42 million euros in 2009. This strong increase is due to a higher business volume in Installed Base services and by lower overhead costs and spending control in research and development.

The Reactors & Services business group reported free operating cash flow before tax of -639 million euros, essentially unchanged from 2009 (-662 million euros). The improvement in EBITDA and the slight decrease in Capex were offset by deterioration of the working capital requirement due to the receipt of customer advances in 2009 which were not repeated in 2010.

BACK END BUSINESS GROUP

<i>(in millions of euros)</i>	2010	2009	2010/2009 change	2010/2009 change LFL*
Backlog	6,056	6,685	- 9.4%	-
Contribution to consolidated revenue	1,709	1,637	+ 4.4%	+ 4.0%
Recycling	1,110	1,006	+ 10.3%	+ 10.0%
Site Value Development	225	229	- 1.8%	- 1.8%
Logistics	257	246	+ 4.4%	+ 3.0%
Cleanup	117	115	+ 2.1%	+ 2.1%
Operating income	280	235	+ 19.1%	-
<i>Percentage of contribution to consolidated revenue</i>	<i>16.4%</i>	<i>14.4%</i>	<i>+ 2.0 pts.</i>	<i>-</i>

* At constant exchange rate and consolidation scope.

2010 performance

The backlog for the Back End BG came to 6.056 billion euros at December 31, 2010. The BG continued to pursue its international development over the year. In particular, it signed:

- MOX fuel fabrication contracts;
- a contract with the US Department of Energy to train the future operators of the MOX Fuel Fabrication Facility at Savannah River, South Carolina;
- a contract to modernize the MOX plant in the United Kingdom and to build a storage facility at Sellafield.

Revenue for the Back End BG totaled 1.709 billion euros in 2010, up 4.4% compared with the same period in 2009 (+4.0% LFL), due to a higher level of business at the La Hague plant than in 2009.

The Back End business group recognized operating income of 280 million euros, for an operating margin of 16.4%, up 2 points from that of 2009 (14.4%). This is attributable to the increase in volumes treated at La Hague and good profitability of the cold crucible operations.

The Back End business group reported free operating cash flow before taxes of 414 million euros, an increase compared with 2009 (288 million euros), thanks to EBITDA growth and the contribution from the change in working capital requirement.

RENEWABLE ENERGIES BUSINESS GROUP

<i>(in millions of euros)</i>	2010	2009	2010/2009 change	2010/2009 change LFL*
Backlog	1,843	1,086	+ 69.7%	-
Contribution to consolidated revenue	150	168	- 10.9%	- 16.9%
Bioenergies	61	92	- 33.6%	- 41.4%
Wind Power	88	76	+ 15.6%	15.6%
Energy Storage and Transport	0	1	ns	ns
Concentrated Solar Power (CSP)	1	0	ns	ns
Operating income	(123)	(60)	- 63	-
<i>Percentage of contribution to consolidated revenue</i>	<i>(81.7)%</i>	<i>(35.8)%</i>	<i>- 45.9 pts.</i>	<i>-</i>

* At constant exchange rate and consolidation scope.

2010 performance

The backlog for the Renewable Energies BG came to 1.843 billion euros at December 31, 2010. The most significant contract wins during the year were:

- a 400-million euro contract from Trianel, an association of German utilities, to deliver forty 5 MW M5000 turbines for the Borkum West II offshore wind farm;
- a contract concerning the modernization of cogeneration units in sugar cane plants in Brazil with the independent power company Hidrotermica;
- three contracts totaling 260 million euros in the bioenergy field in Brazil and Thailand.

The Renewable Energies BG reported revenue of 150 million euros for the full year of 2010, down 10.9% on a reported basis compared

with 2009 (-16.9% LFL). The downturn in the biomass business in Brazil and Europe was partially offset by rising offshore wind business during the period. The fourth quarter 2010 recovery in the Biomass business was confirmed with the signature of significant contracts, particularly in Brazil.

Operating income in the **Renewable Energies business group** was -123 million euros in 2010, compared with -60 million euros in 2009. The change is due to the resources deployed to resolve the technical difficulties encountered by the Alpha Ventus offshore wind farm—which now operates with 96% availability—and the development costs of the solar business following the takeover of the Californian company Ausra in March 2010.

Free operating cash flow before tax of the **Renewable Energies business group** went from -91 million euros in 2009 to -309 million euros in 2010 due to acquisitions made in 2010 (Ausra and minority interests in Multibrid).

CORPORATE AND OTHER OPERATIONS

<i>(in millions of euros)</i>	2010	2009	2010/2009 change	2010/2009 change LFL*
Contribution to consolidated revenue	157	145	8.7%	8.6%
Operating income	(192)	(163)	- 29	-

* At constant exchange rate and consolidation scope.

Corporate and other operations reported a total charge to operating income of -192 million euros in 2010, down from the total charge of -163 million euros in 2009.

→ 9.5. Events subsequent to year-end closing for 2010

- AREVA carried out a capital increase reserved for investment certificate (IC) holders in the total amount of 35 million euros. Subscription began on January 3, 2011 and closed on January 14. This transaction follows a capital increase reserved for the Kuwait Investment Authority (KIA) and the French State, which occurred on December 28, 2010. With these two transactions, the group raised a combined total of 935 million euros.
- The construction by AREVA of the Olkiluoto 3 (OL3) EPR™ reactor in Finland met another important milestone with the successful installation of the four steam generators in the reactor building.
- On February 25, 2011, it was with great joy that the AREVA group learned that Françoise Larribe, spouse of AREVA employee, Daniel Larribe, and Jean-Claude Rakotorilalao and Alex Awando, both employees of VINCI subsidiary, SATOM, have been liberated. They were abducted on September 16, 2010, in the north of Niger by Al Qaeda in the Islamic Maghreb. All the company's thoughts are with Daniel Larribe and the three VINCI group employees who remain in captivity and for whom everyone wishes the same positive outcome as soon as possible.
- On January 27, 2009, Siemens announced its decision to exercise its option to sell its 34% share in AREVA NP to AREVA. The two companies mandated an independent expert to put a value on Siemens' minority shareholding, in line with the procedure drawn up under the shareholders' agreement signed by AREVA and Siemens on January 30, 2001. On March 15, 2001, in his report, the independent expert puts the value of Siemens' 34% share in AREVA NP as of the first quarter of 2009 at 1.62 billion euros. AREVA paid Siemens on March 18, 2011.
- On March 11, 2011, Japan was hit by a magnitude 9 earthquake on the Richter scale whose epicenter was 130 kilometers east of Sendai. In the following hours, the earthquake triggered a tsunami that caused a serious nuclear accident at the Fukushima power plant operated by Tepco. As of the publication of this Reference Document, it is too soon to draw conclusions on this accident's repercussions on the global nuclear industry.

Capital resources

For information on cash flow and equity, please refer to Section 9.3, *Cash flow*, and Section 9.4, *Balance sheet data*.

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 the criteria established by IAS 38 and are 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 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 for the Nuclear and Renewable Energies businesses came to 354 million euros in 2010, representing 3.9% of the revenue contributed for the period. This figure indicates 2.3% growth in research and development expenses compared with 2009, when spending was 346 million euros and the ratio to revenue was 4.1%.

<i>(in millions of euros)</i>	2010	As a percentage of revenue	2009	As a percentage of revenue
Research and development expenses recognized in gross margin	354	3.9%	346	4.1%
R&D costs capitalized on the balance sheet ⁽¹⁾	438	4.8%	321	3.8%
Other	136	-	148	-
Total R&D expenditure	928	10.2%	816	9.6%
Number of registered patents	91	-	85	-

(1) Capitalized R&D costs include development expenses for the period capitalized as intangible assets, R&D for the period included in property, plant and equipment, and capitalized mineral exploration expenses for the period.

Taking into account all costs incurred for research and development, the group's total research and development expenditure was 928 million euros in 2010, or 10.2% of revenue for the period, an increase of 13.7% in relation to 2009, when the expenditure was 9.6% of revenue.

The change in total R&D expenditure between 2009 and 2010 reflects the continued long-term increase in mineral exploration expenses and continuation of long-term projects, including:

- development and modernization of production capabilities in the front end of the cycle;

- additions to the light water reactor line, 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;
- renewable energies: solar and offshore wind;
- renewal 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 its research and innovation functions to tap into the synergies inherent in the group and to protect and multiply its technology assets. By functioning in an integrated mode, the group is able to share best practices among all entities and boost the effectiveness of research and development 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 policy was supplemented in 2009 by the creation of a pre-project process for potential key projects designed to promote more systematic exploration of themes likely to result in innovations. Tools and methods were acquired in 2010 to apply this process and launch the first preliminary innovation projects.

11.1.3. PARTNERSHIPS

On the strength of 30 years of commercial as well as technology successes, AREVA is positioned as an international group and one of the world leaders 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 of Paris and Montpellier University;
- in Germany: the University of Zittau and the Karlsruhe, Rossendorf and Julich research centers;
- in the United States: the Massachusetts Institute of Technology (MIT), the Universities of Florida, Idaho, Texas and Virginia, and the Sandia and Idaho National Laboratories;
- in China: Tsinghua University in Beijing and Xi'An Jiaotong University;
- 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 signed by several countries in 2005 provides 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 their fuels and to plan for long-range development of key technologies for future generations of reactors; and
- 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. Research and development

11.1.4. Future directions in technology

Following its successful performance in vitrification, most notably with the startup of the cold crucible at La Hague, AREVA and the CEA

sought to increase their cooperation by establishing a joint laboratory in that field. The laboratory was inaugurated on October 19, 2010.

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 operating 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.

Mineral exploration efforts were again stepped up in 2010, as in previous years. 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 impacts on the environment, society and the economy.

In response to growing demand for conversion services, studies are underway 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 thermohydraulic, mechanical and burnup 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 burnups); and
- 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 lifecycles 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 the reactors that AREVA delivers, including the EPR™ reactor, and are 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 in some cases boost power.

DEVELOPING ENHANCED SOLUTIONS FOR THE BACK END OF THE FUEL CYCLE

The La Hague industrial platform is the culmination of more than 30 years of industrial research and development, and it sets the standard as a treatment plant. Studies on the design and operating experience of this plant are helping to guide key 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 burnup UOX fuel, MOX fuel, research reactor fuel, etc.). In addition, programs to minimize the La Hague plant's environmental impacts continue.

Optimizing fuel treatment and reducing final waste volumes

A far-reaching development program is in progress to boost the capacity and productivity of the vitrification facility by installing the cold crucible technology developed jointly with the CEA.

A major milestone was met in 2010 with the startup of the cold crucible at the La Hague plant, the culmination of an ambitious development program to renovate the vitrification facility and boost productivity and capacity, which was conducted jointly with the CEA. Cold crucible technology can process a broader range of solutions, including effluents from the cleaning of legacy facilities slated to be dismantled and legacy solutions with a high concentration of molybdenum from the treatment of gas graphite fuel. Ultimately, this technology will enable AREVA to expand its commercial offering to include the treatment of new products.

Improving used fuel shipping and storage

The Back End BG is developing new materials and products—resins, radiation shielding and impact limiters—for innovative shipping cask designs 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

EPR™ reactor

The EPR™ reactor project team formed in the United States in 2005 submitted a design certification application to the US Nuclear Regulatory Commission (NRC) at the end of 2007. The certification review by the NRC is in progress. The NRC is expected to issue its final review report in June 2012. The Generic Design Assessment (GDA) of the EPR™ reactor launched in the United Kingdom in 2007 in partnership with the EDF group continues. The last phase of the process is in progress. Issuance of the Design Acceptance Confirmation (DAC) is expected in June 2011.

The Research and development teams are also actively supporting the Olkiluoto 3 project in Finland, which AREVA is building for TVO, and the Flamanville 3 project in France, for which AREVA is supplying reactor to EDF, particularly as concerns experimental validation of certain components.

ATMEA1™ reactor

Within the framework of ATMEA, a joint venture established in 2007 by AREVA and Mitsubishi Heavy Industries (MHI), AREVA is developing the ATMEA1™ reactor, 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™ reactor

AREVA is developing a boiling water reactor with about 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 the 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 medium-power BWRs. It aims to be economically competitive and to take advantage of optimized safety and operating systems, both passive and active.

Research reactor

With support from CEA operators, AREVA revisited the design bases of a research reactor in the 2-10 MWth range that can meet the needs of budding nuclear power programs.

PLANNING FOR NEXT-GENERATION REACTORS AND RELATED FUEL CYCLE PLANTS

This involves long-term research—the key to maintaining technology leadership—that looks at the total reactor/fuel cycle system to optimize sustainable development criteria, in other words, 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 launched an innovation phase in 2006 designed to overcome the technology hurdles presented by 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. In the fall of 2010, AREVA and the CEA signed a cooperation agreement for part of the design studies for the generation IV prototype, the Advanced Sodium Technological Reactor for Industrial Demonstration (ASTRID).

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 vessels.

Designing new generations of fuel cycle plants and responding to legislative issues concerning radioactive waste management

Development of a new generation of treatment and recycling plants continues. AREVA worked with the CEA to develop the COEX™ process, involving the co-extraction of uranium and plutonium. The individual steps in the process have been mastered.

AREVA will participate in the research component of the Law of June 28, 2006 on radioactive waste management, as it did with the previous law.

The new treatment and recycling plant and radioactive waste management programs focus primarily on:

- reducing waste volumes;
- defining packaging solutions for legacy waste under optimum safety conditions; and
- helping Andra to update waste documentation for waste disposal facility design.

EMERGING TECHNOLOGIES AND RENEWABLE ENERGIES

Significant progress has been made in the offshore wind field since the end of 2009. The medium- and long-range research and development plan continues along the previously defined lines. In particular, it includes short-term performance improvement actions for the M5000 wind turbine (5 MW, a pioneer in the market for high-output wind turbines), including cost reduction, and longer-term actions to define future generations of products: optimization of productibility for a given wind category and continued technology advances in deep wind turbines for AREVA Wind, based on suitable solutions and the strongest capacities.

The recent acquisition of a compact linear Fresnel reflector (CLFR) technology in the concentrated solar power field rounds out AREVA's portfolio with a promising carbon-free solution for power generation. This technology has greater technical and thermodynamic synergies with AREVA's portfolio of solutions. Innovation goes hand in hand with its industrial development, as evidenced by the short- and medium-term research and innovation plan already launched to boost the performance of CLFR technology and to develop future generations of products in response to emerging customer requirements.

In addition, skills developed in business sectors other than those of the group were introduced two years ago. The group now has several experts in the fields of aeronautics, nanotechnologies, hardened electronics, man-machine interfaces and applied mathematics. That move has proven particularly fruitful, with several new innovation programs already on track, such as in the field of instrumentation, and several patents registered.

For the past three 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 that goes by the name of Elhypse is nearing an end, having opened up paths for research into electrolysis at low and medium temperatures.

Work on producing massive amounts of hydrogen by electrolysis has identified the recycling of carbonated materials, including CO₂, into high added-value molecules as an important area for research in which the nuclear industry can play a major role in reducing CO₂ levels in the chemical and petrochemical industries as well as in the transportation field.

AREVA has also begun to look into the field of energy storage, where research has started.

→ 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. The AREVA group registered 91 new patents in 2010.

In 2010, as part of its key strategic directions for R&D, the group's patents were expanded in number and strengthened in the fields of cold crucible vitrification and the COEX™ process for the Back End BG, in

the design of new generations of PWR and BWR fuel assemblies and of advanced design tools and related services for the Mining activities, in equipment manufacture and services for the Reactors & Services BG, and in offshore wind power, concentrated solar power and compact, modular, hydrogen-based solutions for electric energy production and storage for the Renewable Energies BG. 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 2010, the AREVA group entered into several R&D and partnership agreements in 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 to prevent unauthorized use.

11.2.3. IN 2011

The AREVA group intends to pursue, strengthen and organize its intellectual property initiative to support the growth of its research and development efforts 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.

Trend information

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→ 12.1. Current situation

Please refer to Section 6.1, *The markets for nuclear power and renewable energies*, which deals with the current economic situation and how it affects the group's operations.

On March 11, 2011, Japan was hit by a magnitude 9 earthquake on the Richter scale whose epicenter was 130 kilometers east of Sendai.

In the following hours, the earthquake triggered a tsunami that caused a serious nuclear accident at the Fukushima power plant operated by Tepco. As of the publication of this Reference document, it is too soon to draw conclusions on this accident's repercussions on the global nuclear industry.

→ 12.2. Financial objectives

On March 3, 2011, during the publication of its 2010 annual results, AREVA communicated the following financial outlook:

For 2011:

- Significant backlog growth,
- Rising revenue,
- An operating margin of more than 5%.

For 2012:

- Revenue of 12 billion euros,
- Double-digit operating margin,
- Significantly positive free operating cash flow.

The events in Japan profoundly changed the environment in which this financial outlook was established, which was communicated during the annual results for 2010, making it no longer relevant. Accordingly, AREVA has undertaken to review the impact of these events on its operations, and consequently on that outlook.

Profit forecasts or estimates

Not applicable.

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, 2010, the members of the Executive Board were as follows:

ANNE LAUVERGEON (AGE 51)

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 the *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 Commissariat à l'énergie atomique (CEA, the French atomic energy commission). 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 GDF Suez, Total and Vodafone Group Plc.

Other offices held during the past five years:

- Director of AREVA T&D Holding until June 7, 2010;
- Vice Chairman of the Supervisory Board of Safran until February 2009;
- Permanent representative of AREVA to the Board of Directors of FCI until November 2005.

GÉRALD ARBOLA (AGE 62)

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 AREVA NC group (formerly Cogema) in 1982 as Director of Planning and Strategy for SGN and served as Chief Financial Officer of SGN from 1985 to 1989 and as Executive Vice President in 1988. He became the Chief Financial Officer of Cogema in 1992 and a member of its Executive Committee in 1999, while also serving as Chairman of the Board of SGN in 1997 and 1998.

Other offices held:

- CEO of FT1CI;
- Director of Suez Environnement;
- Chairman of the AREVA Corporate Foundation;
- Director of AREVA NC;
- Member of the Board of Directors of AREVA NP;
- Director of the Commissariat à l'énergie atomique;
- Member of the Supervisory Board of Eurodif SA.

Other offices held during the past five years:

- Vice Chairman of the Supervisory Board of STMicroelectronics NV until May 3, 2010;
- Director of AREVA T&D Holding until June 7, 2010 and Chairman of the Board of Directors from March 5 to June 7, 2010;
- Chairman of the Supervisory Board of STMicroelectronics NV until May 2008;
- Chairman of AREVA Finance/Gestion until June 2007;
- Chairman of Cogera until December 2007;
- Chairman and member of the Supervisory Board of STMicroelectronics Holding NV until November 2006.

DIDIER BENEDETTI (AGE 58)

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. As part of the new organization established in January 2010, Mr. Benedetti was named AREVA Executive Officer in charge of process optimization. As such, he oversees the simplification of

the group's operating modes, the effectiveness of procedures and the pooling of resources.

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.;
- Director of Canberra Industries Inc.

Other offices held during the past five years:

- Member of the Supervisory Board of Eurodif SA until May 2010;
- Permanent member of the Strategy Committee of SET Holding until April 2010;
- Director of Compagnie Nucléaire de Services (CNS) until February 2009;
- 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.

LUC OURSEL (AGE 51)

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. As part of the new organization established in January 2010, Mr. Oursel was named Senior Executive Vice President of AREVA in charge of nuclear operations. In that capacity, he oversees the execution of major projects, the group's industrial excellence and performance improvement plans. He also monitors the Engineering & Projects organization. In addition, Mr. Oursel was named Chief Operating Officer in charge of International, Marketing and Projects, effective January 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.

Other offices held:

- Chairman and Member of the Board of Directors of AREVA NP SAS;
- Chairman of the Board of AREVA NP USA Inc.;
- Chairman of the Board of AREVA NP Inc.;
- Director of AREVA NP GmbH;
- Member of the Board of Directors of ATMEA;
- 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 five 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.

NOTE

In application of the measure taken by the Council of Ministers on August 3, 2010, an ad hoc committee was constituted to anticipate the designation process at the end of the second term of Anne Lauvergeon. Chaired by Jean-Cyril Spinetta, Chairman of the AREVA Supervisory Board, and consisting of Messrs. Ricol and David as well, the committee's mission is to prepare a list of potential candidates for the position of Chief Executive Officer of AREVA. The renewal of the terms of three other members of the Executive Board (Messrs. Arbola, Benedetti and Oursel) will be examined within the framework of the Compensation and Nominating Committee in advance of the Supervisory Board meeting that will decide on this matter.

→ 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 Boards' 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 of the Executive Board has been convicted of fraud over the past five years. None of these members participated in any bankruptcy, receivership or liquidation proceedings in an executive capacity during the past five years, and none was indicted and/or officially sanctioned by a statutory or regulatory authority, including officially appointed professional organizations. 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 of 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 Executive Board.

Compensation and benefits

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→ 15.1. Compensation of directors and officers

In accordance with French decree no. 53-707 of August 9, 1953, amended, the cognizant ministers set the compensation for AREVA's directors and officers (the CEO and members of the Executive Board; the Chairman of the Supervisory Board; the members of the Supervisory Board who receive directors fees), based on a proposal from the Supervisory Board's Compensation and Nominating Committee, as approved by the Supervisory Board.

The compensation of the members of the Executive Board includes a fixed component and a variable component (see table in Section 15.1.1. below). For 2010, the change in the fixed share of compensation is dependent upon the representative inflation rate, as valued by the French Ministry of the Budget for heads of public companies (1.2% in 2010). 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 2010 is 100% for Anne Lauvergeon, 80% for Gérald Arbola, 60% for Didier Benedetti, and 70% for Luc Oursel.

The variable share of compensation is subject to quantitative and qualitative objectives set at 60% and 40% respectively for 2010, as in 2009.

The objectives of each member of the Executive Board are defined each year and recommended to the Supervisory Board by the Compensation and Nominating Committee. For 2010, the quantitative objectives to be achieved are a function of the backlog (15%), revenue (15%), operating income (15%) and cash flow before capital expenses (15%).

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 French ministries concerned pursuant to decree no. 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 tables in Section 15.1.2. 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 indicated in the report by the Chairman of the Supervisory Board on internal controls in Appendix 1, the AREVA group subscribed to the recommendations made on October 6, 2008 by the AFEP-MEDEF on the compensation of executive officers of publicly traded companies. More generally, the AREVA group defers to the AFEP-MEDEF Code of Corporate Governance for publicly traded companies of April 2010, 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 2008, 2009 and 2010 by AREVA, the companies it controls, namely AREVA NP and AREVA NC, or the company by which it is controlled, namely the Commissariat à l'énergie atomique.

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 directors and officers	Compensation paid during the fiscal year		
	2008	2009	2010
Anne Lauvergeon	918,608	925,666	1,070,036
Gérald Arbola	699,830	660,227	782,413
Didier Benedetti	592,246	615,686	606,077
Luc Oursel	544,286	573,218	603,132

The AFEP-MEDEF recommends indicating the compensation and the value of the options and shares allocated to each officer on this summary table. 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 TO EACH MEMBER OF THE EXECUTIVE BOARD DURING THE YEAR (FIXED COMPENSATION, VARIABLE COMPENSATION [BASED ON THE PREVIOUS YEAR] AND NON-CASH BENEFITS)

Pursuant to the decision of the Supervisory Board on February 25, 2009, and as noted above, the total bonus to members of the Executive Board is based on a percentage of fixed compensation, i.e. 100% for Mrs. Lauvergeon, 80% for Mr. Arbola, 60% for Mr. Benedetti and 70% for Mr. Oursel. The bonuses are subject to quantitative and qualitative objectives, set at 60% and 40% respectively.

In accordance with these principles, the Compensation and Nominating Committee recommended on February 11, March 3 and June 15, 2010, that the following bonuses be paid in 2010 for 2009:

- 56% for Mrs. Lauvergeon and Mr. Arbola;
- 61% for Mr. Oursel; and
- 72% for Mr. Benedetti.

In addition, a bonus representing four months of fixed compensation was paid to Mrs. Lauvergeon and Mr. Arbola in recognition of the perfect implementation of the sale of the T&D subsidiary three months ahead of the established deadline.

The format of the following tables was revised to provide a better illustration of the difference existing between variable compensation due for a year N and paid in year N+1.

This format shows that variable compensation due for 2010 has not yet been filled in insofar as it will not be known and paid until 2011. However, the amounts paid in 2010 include the variable share of compensation for 2009 paid in 2010 and all of the payments foreseen during the year.

(in euros)

Summary of compensation for Anne Lauvergeon

AREVA directors and officers	2008		2009		2010	
	Amount due	Amount paid	Amount due	Amount paid	Amount due	Amount paid
Fixed compensation	550,000	550,000	558,250	558,250	564,960	564,960
Percentage of variable compensation based on the previous year	Capped at 80% Maximum compensation: 400,000	73%	Capped at 100% Maximum compensation: 550,000	66%	Capped at 100% Maximum compensation: 558,250	56%
Variable compensation based on the previous year	363,000	362,800	312,620	363,000		312,620
Exceptional bonus					188,316	188,316
Non-cash benefits (company car)	5,808	5,808	4,416	4,416	4,140	4,140
TOTAL	918,808	918,608	875,286	925,666	757,416*	1,070,036

* Excluding variable component for the year in progress.

(in euros)

Summary of compensation for Gérald Arbola

AREVA directors and officers	2008		2009		2010	
	Amount due	Amount paid	Amount due	Amount paid	Amount due	Amount paid
Fixed compensation	425,000	425,000	431,375	431,375	436,560	436,560
Percentage of variable compensation based on the previous year	Capped at 80% Maximum compensation: 304,000	71%	Capped at 80% Maximum compensation: 340,000	53%	Capped at 80% Maximum compensation: 345,100	44.8%
Variable compensation calculated on the previous year	224,400	270,558	193,256	224,400		193,256
Exceptional bonus					145,517	145,517
Non-cash benefits (company car)	4,272	4,272	4,452	4,452	7,080	7,080
TOTAL	653,672	699,830	629,083	660,227	589,157*	782,413

* Excluding variable component for the year in progress.

(in euros)

Summary of compensation for Didier Benedetti

AREVA directors and officers	2008		2009		2010	
	Amount due	Amount paid	Amount due	Amount paid	Amount due	Amount paid
Fixed compensation	410,000	410,000	416,150	416,150	421,152	421,152
Percentage of variable compensation based on the previous year	Capped at 50% Maximum compensation: 185,000	48%	Capped at 60% Maximum compensation: 246,000	47%	Capped at 60% Maximum compensation: 249,690	43.2%
Variable compensation based on the previous year	194,340	177,231	179,777	194,340		179,777
Non-cash benefits (company car)	5,016	5,016	5,196	5,196	5,148	5,148
TOTAL	609,356	592,246	601,123	615,686	426,300*	606,077

* Excluding variable component for the year in progress.

(in euros)

Summary of compensation for Luc Oursel

AREVA directors and officers	2008		2009		2010	
	Amount due	Amount paid	Amount due	Amount paid	Amount due	Amount paid
Fixed compensation	410,000	410,000	416,150	416,150	421,152	421,152
Percentage of variable compensation calculated on the previous year	Capped at 50% Maximum compensation: 185,000	35%	Capped at 60% Maximum compensation: 246,000	37%	Capped at 70% Maximum compensation: 291,305	42.7%
Variable compensation calculated on the previous year	152,520	130,000	177,696	152,520		177,696
Non-cash benefits (company car)	4,286	4,286	4,548	4,548	4,284	4,284
TOTAL	566,806	544,286	598,394	573,218	425,436*	603,132

* Excluding variable component for the year in progress.

15.1. Compensation of directors and officers

15.1.1. Compensation paid to the members of the Executive Board

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 competent ministries 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 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 of 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 60,566 euros for Gérald Arbola was recorded in 2010.

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 TEPA law (article L. 225-90-1 of the French Commerce 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 of 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 directors and officers liability insurance is threefold: firstly, it provides liability coverage for financial risk incurred by group directors and officers due to damages 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 MEMBERS OF THE SUPERVISORY BOARD

15.1.2.1. SUMMARY OF DIRECTORS' FEES

<i>Members of the Supervisory Board</i>	2008	2009	2010*
Christophe Béhar	-	-	30,000
François David	36,500	45,500	40,000
Thierry Desmarest	37,500	37,500	10,000
Oscar Fanjul	50,500	47,500	46,000
Christophe Gegout	-	37,500	52,500
Olivier Pagezy	56,500	15,333	-
Philippe Pradel	44,500	48,500	10,000
Guylaine Saucier	61,500	88,000	92,500
Jean-Claude Bertrand	56,500	54,500	55,000
Gérard Melet	44,500	47,000	39,000
Alain Vivier-Merle	40,000	42,500	40,000
TOTAL	428,000	463,833	415,000

* Directors' fees paid from January 1 to November 30, 2010; the balance for December will be paid in 2011.

Determination and payment of directors' fees

It should be noted that Messrs. Spinetta and Bigot, respectively Chairman and Vice Chairman of the Supervisory Board, Messrs. Chevet, Comolli, Rousseau and Sellal, Supervisory Board members representing the French State appointed by ministerial order, and Mr. Ricol do not receive directors' fees.

The global amount of directors' fee for the year in progress is set each year by the General Meeting of Shareholders convened to approve the financial statements for the year ended. 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 relevant ministers for consent.

The Supervisory Board allocates the directors' fees among its members. The Supervisory Board may modify the rules for allocation of the directors' fees on the recommendation of the Compensation and Nominating Committee. These rules are currently as follows:

- a flat fee of 10,000 euros (raised to 20,000 euros in 2008) paid annually for their duties, which 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, based on a recommendation by 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.

The terms of payment were unchanged in 2010.

COMPENSATION AND BENEFITS

15.1. Compensation of directors and officers

15.1.2. Compensation paid to members of the Supervisory Board

**15.1.2.2. SUMMARY OF COMPENSATION OF THE MEMBERS OF THE SUPERVISORY BOARD
(GROSS COMPENSATION AND DIRECTORS' FEES)**

Supervisory Board	2008			2009			2010		
	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	173,729	-	173,729	48,892	-	48,892	-	-	-
Jean-Cyril Spinetta	-	-	-	115,819	-	115,819	225,000	-	225,000
Bernard Bigot	-	-	-	185,499	-	185,499	215,232	-	215,232
Alain Bugat	196,980	-	196,980	49,968	-	49,968	-	-	-
Christophe Béhar	-	-	-	-	-	-	84,936	30,000	114,936
François David	-	36,500	36,500	-	45,500	45,500	-	40,000	40,000
Thierry Desmarest	-	37,500	37,500	-	37,500	37,500	-	10,000	10,000
Oscar Fanjul	-	50,500	50,500	-	47,500	47,500	-	46,000	46,000
Christophe Gegout	-	-	-	94,500	37,500	132,000	143,778	52,500	196,278
Olivier Pagezy	167,621	56,500	224,121	102,334	15,333	117,667	-	-	-
Philippe Pradel	200,369	44,500	244,869	203,479	48,500	251,979	54,515	10,000	64,515
Guylaine Saucier	-	61,500	61,500	-	88,000	88,000	-	92,500	92,500
Jean-Claude Bertrand	75,659	56,500	132,159	74,687	54,500	129,187	78,440	55,000	133,440
Gérard Melet	59,640	44,500	104,140	62,428	47,000	109,428	71,840	39,000	110,840
Alain Vivier-Merle	88,107	40,000	128,107	95,695	42,500	138,195	102,260	40,000	142,260

* Directors' fees paid from January 1 to November 30, 2010; the balance for December will be paid in 2011.

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 Béhar, Christophe Gegout, Olivier Pagézy and Philippe Pradel (Commissariat à l'énergie atomique) corresponds to their compensation (including bonuses and exceptional payments) paid by the Commissariat à l'énergie atomique on a prorated basis for their services with the Commissariat à l'énergie atomique, 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

Following the decision of the Combined General Meeting of Shareholders of December 23 pertaining to the ten-for-one stock split, the members of AREVA's Supervisory Board appointed by the Annual General Meeting of Shareholders, who had one share each, now have

ten shares each, except for the CEA, which holds 73.24% of the share capital and 77.15% 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.

(in thousands of euros)	2010 Fees				2009 Fees				2008 Fees			
	Deloitte	Mazars	Other	Total	Deloitte	Mazars	Other	Total	Deloitte	Mazars	Other	Total
Audit												
Issuer	414	408	-	822	514	509	-	1,023	611	557	-	1,168
Subsidiaries	2,916	1,998	1,123	6,037	6,152	4,833	1,721	12,706	5,398	3,888	1,310	10,596
Other reviews and services directly linked to the Statutory Auditors' mission												
Issuer	251	243	-	494	159	139	-	298	-	-	-	-
Subsidiaries	-	19	10	29	2,097	2,111	191	4,399	82	81	-	163
Sub-total	3,581	2,668	1,133	7,382	8,922	7,592	1,912	18,426	6,091	4,526	1,310	11,927
Other services rendered by the networks to fully consolidated subsidiaries												
Legal, tax, labor	313	104	1,634	2,051	1,292	101	348	1,741	940	161	-	1,101
Other	-	-	-	-	72	-	3,500	3,572	-	-	-	-
Sub-total	313	104	1,634	2,051	1,364	101	3,848	5,313	940	161	-	1,101
TOTAL	3,894	2,772	2,767	9,433	10,286	7,693	5,760	23,739	7,031	4,687	1,310	13,029
<i>Including fees related to T&D</i>	/	/	/	/	5,478	4,809	3,525	13,812	2,703	2,402	-	5,105

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 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. In 2010, the Executive Board met nine times with an attendance rate of 89%.

For the decisions of the Executive Board to be valid, at least half of the members must be present. Decisions are made based on a majority

vote of the members present or represented. Executive Board decisions are recorded in the minutes.

Management duties may be distributed among the members of the Executive Board upon recommendation by 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 Anne Lauvergeon, Chief Executive Officer, Gérald Arbola, Chief Operating Officer, and Didier Benedetti and Vincent Maurel, members of the Executive Board, for five years. Luc Oursel was appointed member of the Executive Board by the Supervisory Board on March 22, 2007. He replaces Vincent Maurel.

Following the initial distribution of duties among the members of the Executive Board, approved by the abovementioned Supervisory Board meeting of June 29, this was replaced by a new organization submitted to the Supervisory Board on June 30, 2009, which took

effect in January 2010: Anne Lauvergeon and Gérald Arbola continue to be in charge of matters that are the responsibility of the group's Senior Management and represent AREVA in its relations with third parties. Didier Benedetti, previously in charge of the group's research and development activities, is henceforth AREVA's Executive Officer in charge of process improvement, in which capacity he shall focus on the simplification of the group's processes, the effectiveness of procedures and the pooling of resources. Luc Oursel, who was in charge of the group's information systems, became AREVA's Chief Operating Officer in charge of nuclear operations. He oversees the execution of major projects, the group's industrial excellence and

performance improvement plans. He also monitors the Engineering & Projects organization.

In addition, the Supervisory Board meeting on December 17, 2010 was advised of an adjustment to the organization whereby Mr. Oursel is appointed Chief Operating Officer, Marketing, International and Projects as from the month of January 2011. In this regard, Mr. Oursel is taking leadership of the group's marketing and sales organization, the performance of the sales organization, the preparation and negotiation of proposals for major projects and integrated solutions, the execution of major internal and external projects, and the development of the group's engineering skills.

→ 16.2. Functioning of the Supervisory Board

Information concerning the functioning and activities of the Supervisory Board in 2010 appears in Sections 3.1. and 3.3. respectively of the report by 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. Functioning of the four Committees established by the Supervisory Board

Information on the functioning and work in 2010 of the four committees instituted by the Supervisory Board—the Strategy Committee, the Audit Committee, the Compensation and Nominating Committee, and the End-of-Lifecycle Obligations Monitoring Committee—is presented in Section 3.4. of the report by the Supervisory Board Chairman on the preparation and organization of the Board's activities and internal control procedures (Appendix 1. of this Reference Document).

→ 16.4. Observations by the Supervisory Board on the Executive Board's management report and on the 2010 financial statements

After verifying and auditing the corporate and consolidated financial statements for 2010, and in accordance with article L. 225-68 of the French Commercial Code, the Supervisory Board has no observation to make on these accounts or on the Executive Board's related management report, as presented to it during its meeting of March 3, 2011.

In 2010, AREVA fully discharged its commitments under the development plan decided by the Supervisory Board on June 30, 2009, several provisions of which had been confirmed by the Conseil de politique nucléaire (the French nuclear policy council) on July 27, 2010. Several major strategic transactions with an impact on capital structure were carried out in this respect:

- closing of the sale of the transmission and distribution subsidiary on June 7, 2010, with a concomitant strategic refocusing on carbon-light power generation solutions in the nuclear and renewables businesses and a capital gain of more than 1.1 billion euros;
- new minority partners in strategic assets, with the South Korean group Kepco acquiring an interest in the Imouraren mine and the Japanese utilities Kyushu and Tohoku acquiring an interest in the company that operates the GBII enrichment plant;
- completion of a share issue reserved for the French State and the Kuwait Investment Authority (KIA) and of a share issue reserved for investment certificate holders, who subscribed more than 91% of the shares offered, both transactions raising a total of 935 million euros;
- sale of financial interests in Safran, with AREVA also entering into exclusive negotiations with FSI for the sale of its holdings in STMicroelectronics based on a share price of 7 euros pursuant to the decision of the Supervisory Board on December 15, 2010.

In the mining business, AREVA's leading position in 2009 and 2010 in terms of global production fully confirms the credibility of capital spending undertaken by the group to develop mining assets, with the objective of ensuring uranium supply to its customers in a manner consistent with the integrated cycle strategy. AREVA was thus in a position to sign major contracts in 2010 with CGNPC of China to supply 20,000 metric tons of uranium and framework agreements with NPCIL of India to supply fuel over a 25-year period.

In terms of industrial footprint, the AREVA group inaugurated the GBII centrifuge enrichment plant in 2010, a project that had been approved by the Supervisory Board and that allows France to maintain its uranium enrichment capacity while securing the best conditions thanks to the centrifuge technology. The group also strengthened its position in 2010 in the United States, the largest nuclear market in the world and a key region for the French nuclear industry.

In the enrichment business, for example, the US Department of Energy (DOE) granted a 2-billion dollar loan guarantee to AREVA to enable it to secure financing for the Eagle Rock enrichment plant. This guarantee,

the first ever granted by the DOE to a foreign company, is an important sign of the US administration's confidence in AREVA.

AREVA is thus planning to strengthen its already strong presence in the United States, where the group currently generates 2.5 billion dollars in revenue a five-fold increase in ten years and has become the market leader for services to the installed base, comprised of 104 reactors. With this strategy, which was fully approved by the Supervisory Board after examination by its Strategy Committee, the group is very well positioned to build new generation III reactors and to contribute to President Obama's priority objective of rebuilding the US nuclear industry in every phase of the cycle.

In renewables, the Supervisory Board devoted two meetings to a review of AREVA's strategy. The group continued efforts to refocus on carbon-light energies while strengthening its portfolio of operations. For example, AREVA acquired 100% of Ausra, a US company specializing in concentrated solar power (CSP). AREVA also acquired the remaining 49% of Multibrid, a German wind turbine manufacturer.

Similarly, the Executive Board presented an in-depth review of the group's range of reactors (EPR™, Atmea™ and Kerena™) to the Supervisory Board at its request. As part of this review, AREVA reaffirmed the strategic importance of expanding the range of reactors, the better to serve its customers' different needs. The group also emphasized that it is important, as part of this expanded range, to promote generation III reactors offering the highest level of safety. Regulatory authorities in France, in Europe and in the United States, as well as the wider public, will not accept anything less. The Supervisory Board is in full agreement with this position, which is consistent with the conclusions drawn by the Conseil de politique nucléaire (French nuclear policy council) on July 27, 2010, with the latter indicating that it was necessary to expand the range of reactors, that "excellence in reactor safety constitutes a decisive advantage for the French nuclear industry" and that in this regard "the EPR™ reactor has very strong potential on international markets". Nuclear Power Corporation of India Limited (NPCIL), for one, recently demonstrated its confidence in this reactor by signing a General Frame Agreement with AREVA concerning the construction of two EPR™ reactors, the first in a series of six such reactors. In China, the smooth progression of construction at Taishan 1 and 2 should increase the market appeal of the EPR™ reactor around the world.

By implementing its development plan and continuing its cost reduction efforts, the AREVA group has developed the means to make the capital expenditure vital to continued profitable growth and consolidation of its position as a major player in carbon-light power generation solutions.

For the Supervisory Board,
The Chairman,
Jean-Cyril Spinetta

- 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

→ 16.5. Report by the Supervisory Board Chairman on the preparation and organization of the Board's activities and internal control procedures

In accordance with article L. 225-68 of the French Commercial Code, "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 the internal control and risk management procedures established by the company, describing in particular those procedures relating to the preparation and treatment of the accounting and financial information used to prepare the corporate financial statements and, if applicable, the consolidated financial statements."

This report by the Chairman of the Supervisory Board may be found in Appendix 1. *Report by the Supervisory Board Chairman on the preparation and organization of the Board's activities and internal control procedures.*

→ 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 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.*

Employees

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On January 28, 2010, AREVA announced a major change in the organization of its Nuclear and Renewables operations. The new organization strengthens the synergies between all of the group's businesses and its ability to respond fully to customer expectations. AREVA'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 four business groups (BGs)—Mining-Front End, Reactors & Services, Back End and Renewable Energies—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. Against this backdrop of organizational change,

the role of the Human Resources teams was to help management implement the changes to make them quickly operational and effective.

Supporting change means rallying the group around strong values integral to its identity. The creation of the department of Diversity and Equal Opportunity within the department of Human Resources illustrates this approach. After several years of intensive recruitment (53,000 people hired around the world from 2005 to 2009), AREVA focused its efforts on providing support to the group's talents in terms of integration and professional development, while the HR teams continued to recruit, adjusting their efforts to match the group's new challenges.

→ 17.1. Adapting the HR organizations to the group's new organization

The first major change came with the sale of the group's Transmission & Distribution division. The first half of 2010 was largely devoted to providing HR assistance for the migration of the Transmission & Distribution BG, which was sold to Alstom and Schneider Electric. To prepare for the sale, a temporary committee for dialogue and monitoring of the integration of AREVA T&D operations was created within the Alstom and Schneider Electric groups. The temporary committee was the subject of an agreement signed by the management of AREVA, Alstom and Schneider, by their respective European work councils and by the European Metalworkers' Federation. Meanwhile, the sale of T&D was reviewed on several occasions by AREVA's European Work Council and the Council's management, resulting in an official document signed by all three companies (AREVA, Alstom and Schneider Electric) documenting the social commitments made to AREVA T&D employees.

Independent of the sale, the HR teams modified their organizations and their units to meet the group's present and future challenges. Some organizations were simplified or merged with others to create more synergies. The creation of the Engineering & Projects organization is an excellent example of this.

Established in January 2010 from the combination of several entities, the Engineering & Projects organization is crosscutting and project management-oriented. It combines the centers of competence, to which most of the employees are assigned, the project entities, endowed with temporary resources, and the support functions. The Engineering & Projects HR teams played an important part in establishing this new structure by listening and engaging in dialogue with the employees in order to finalize the organization.

There are many other examples of organizational change within the group with HR repercussions; the objective is to develop integrated offers to capitalize on growth opportunities. In the Mining-Front End BG, for instance, the sales force, previously divided among the Chemistry, Enrichment and Fuel business units, was merged into a single team in January 2010. All 44 sales specialists participated in a training program established in cooperation with the International and Marketing department.

The Back End BG absorbed the Nuclear Cleanup BU to capitalize on synergies in its field with the BG's other business units (*cf.* Chapter 6).

The Reactors & Services BG immediately identified the integration of its business units as a major goal to develop synergies among business units and become a leading global player. Among other things, HR integration means developing team spirit among the 12,000 people from different legal entities and different countries (3,000 employees in the United States and 2,000 in Germany). To give more freedom of action to the HR teams involved in this project, the BG decided that HR teams would report directly to Corporate Human Resources rather than to the business entities.

The Renewable Energies BG was established by merging the Bioenergy and Corporate Renewables teams in Paris into the AREVA Renewables entity. The goals of this combination were to align the legal organization with the business organization, to ensure equal treatment for all employees and to simplify HR management processes.

17.1.1. 2010 WORKFORCE

KEY FIGURES

Data for 2009 include the Nuclear, Renewables and Transmission & Distribution operations. Data for 2010 include the Nuclear and Renewables operations.

	2010	2009
1. WORKFORCE AT YEAR-END AS PER CONSOLIDATION SCOPE		
Mining-Front End	14,029	14,763
Reactors & Services	16,985	17,799
Back End	10,931	11,082
Corporate & Support	4,730	3,178
Renewable Energies	1,176	995
AREVA T&D	-	31,627
Total	47,851	79,444
<i>including AREVA T&D</i>	-	31,627
By geographical area		
France	26,823	35,630
<i>including AREVA T&D</i>	-	5,605
Europe (excluding France)	10,448	18,654
<i>including AREVA T&D</i>	-	10,355
North and South America	7,134	10,256
<i>including AREVA T&D</i>	-	3,936
Africa and Middle East	2,980	4,013
<i>including AREVA T&D</i>	-	1,229
Asia-Pacific	466	10,891
<i>including AREVA T&D</i>	-	10,502
Total	47,851	79,444
<i>including AREVA T&D</i>	-	31,627
By category		
Engineers and management staff	33%	42%
Technical and administrative personnel	49%	36%
Skilled workers	18%	22%
2. LABOR DATA		
Women in executive positions	13%	9%
Women in management positions	20.27%	18.37%
Women in non-management positions	20.01%	19.25%
Number of hours of training per employee per year	NA	35 hrs.
Disabled employees in France	NA	3.44%
Number of hours worked	81,684,577	132,822,497
Number of overtime hours paid	2,305,414	5,144,700

The AREVA group had 47,851 employees at year-end 2010, versus 47,817 employees at year-end 2009, for a stable number of employees year-on-year. The five most important countries for the group represent 90% of the workforce: France, Germany, the United States, Niger and Kazakhstan.

Engineers and managers represent one third of the workforce, while technical and administrative personnel account for half. Blue collar workers currently represent 18% of the workforce. At year-end 2010, 20% of the group's management personnel were women, an increase of two points compared with the previous year.

AREVA recruited more than 5,000 employees in 2010, nearly half of whom were recruited in France. The remaining employees were hired in Niger (11%), the United States (10%), Germany (9%) and Kazakhstan (5%).

Of the 2,677 employees hired worldwide for full-time positions in 2010, 442 were women (17% of the total). This percentage is stable compared with 2009. Of these, 40% of the women were recruited as managers.

The Mining-Front End (32%), Reactors & Services (30%) and Back End (21%) Business Groups were the most representative in terms of hiring. In most cases, the majority of new employees were hired to replace departing workers. With an employee turnover rate of less than 5% on a global scale, AREVA is retaining its talent and securing its know-how. The Reactors & Services BG had the largest number of new hires (+370 net), while the support functions/Corporate had a negative balance (-100 net).

17.1.2. ADAPTING HR TOOLS AND PROCESSES

As a direct consequence of an operations-oriented organization, the HR teams revised their processes to give managers the means to bring the new organizations to life. Changes were made in areas including compensation, integration and career development.

In compensation and benefits, a standard reporting system was established to better share information and to provide monthly summary data to the Executive Committee. In the United States, benefits meetings are held twice a year to improve coordination between the corporate and local HR teams. Regular meetings are held with all countries to monitor the projects on a global scale.

To harmonize all employee development processes and ensure their consistency (annual interview, people reviews, and related standards), the HR Development department organized a special network encompassing all HR departments in the BGs and country organizations.

HR schedules were brought into alignment in all BGs and countries. The annual performance interview takes place before any individual decision involving a bonus or a raise. People reviews are conducted

to formalize career development plans for the group's managers in a collegial, crosscutting manner.

Harmonization of the annual performance interview and people review processes is done through the Agora HR management information system devoted to HR development, with more than 15,000 managers covered in 2010 out of a target of 17,500. Agora has been deployed throughout the group. Several changes were made in 2010. Access to the internet was a problem at some sites, such as in Niger. The concepts used by Agora were translated and adapted locally. Culturally, support was provided for deployment, since management methods vary from country to country. For instance, the annual performance interview is practiced by everyone.

In France, the group decided to recognize and develop the potential of technicians and supervisors by giving them access to management positions in a uniform and equitable manner. The work of harmonization was led by the HR Development department together with the BGs before turning it over to Corporate HR in France for operational deployment.

→ 17.2. Uniting the group around core values

The AREVA group has made strong commitments in terms of social, environmental and moral responsibility (see Appendix 6 "Values Charter"). AREVA allocates significant resources to act effectively in areas such as employee diversity, community involvement, local employment and site redevelopment. The work in local communities by the group's employees is monitored by its business ethics advisor to ensure that strict moral and ethical standards are upheld. AREVA wants to ensure that its employees all over the world are treated according to an equitable standard.

This commitment takes many forms. In Namibia, the water desalination plant on the Atlantic coast was inaugurated in April 2010. The inauguration marks the beginning of drinking water production at the plant and is a major breakthrough in the development of AREVA's mining project in Namibia. Ultimately, the plant is expected to produce 20 million cubic meters of drinking water per year, enough to supply the Trekkopje uranium mine without tapping groundwater, with the surplus going to local communities and activities.

17.2.1. DIVERSITY, A MAJOR OBJECTIVE FOR THE GROUP

AREVA considers diversity to be a key performance driver.

On January 1, 2010, HR France established a department of Diversity and Equal Opportunity. This was an opportunity to bring together all of the group's diversity departments. The new department gives AREVA the means to promote diversity and equal opportunity and to fight discrimination in the group.

The department's activities are built on four foundations: gender balance in the workplace; job opportunities for people with disabilities; social, ethnic and cultural diversity; and age diversity and employment for seniors.

This policy was recognized by being awarded the diversity label. On March 3, 2010, AREVA became the first group in France to receive

the label for its global diversity program in all entities. The label was bestowed by the *Association française de normalization* (AFNOR, the French standards association) in recognition of the group's socially responsible initiatives.

As for all certifications, the initiative developed with AFNOR helped structure and formalize the group's diversity policy and gave rise to an action plan accompanied by performance objectives and performance indicators. Seven projects were identified encompassing the organization of the department, employee grievance management, performance measures, the professionalization of tools and methods, and employee awareness.

Ten sites will be audited in 2011 to ensure that the measures are implemented properly.

17.2.2. INVOLVING EMPLOYEE REPRESENTATIVES

Going beyond specific illustrations of diversity, the AREVA group has rolled out an ambitious social policy to promote dialogue in its European operations. On average, nearly two agreements are signed each week with its labor partners. For AREVA, good social dialogue makes change possible. Accordingly, negotiations at the group level are given precedence over negotiations by the company.

Other activities have involved labor partners in defining the optimized, operations-oriented organization for the group.

This type of dialogue is also practiced in Germany. For example, the HR teams negotiated several new projects related to evaluation processes, setting performance objectives, short-term performance-based pay and people reviews.

The Tricastin round table in the Mining-Front End BG illustrates this type of approach. The stakeholders met to discuss how to improve economic competitiveness and social dialogue at the Tricastin site. There are currently around 3,000 people working at the Tricastin site in France. This is one of the group's largest industrial sites.

The site's organization is complex, with 8 legal entities, 3 business units (Chemistry, Fuel and Enrichment) and a platform for pooled support functions. In all, 80 people – management, HR personnel, labor partners and employees – reflected on these issues to offer practical and sustainable solutions and to improve all stakeholders' understanding of the site's development.

The group wants employee representatives to be closely involved in major social change within the group. The theme of diversity is ideally suited for this type of dialogue, and several activities were carried out in the ODEO spirit ("Open Dialogue through Equal Opportunities"): ensuring the sustainability of the ODEO initiative with an amendment to the 2006 agreement that renews the agreement on workers with disabilities, organizing the second ODEO European Days on gender balance and disabilities, negotiating and deploying the action plan for seniors, and the signature of an agreement on equal opportunity in the workplace.

17.2.3. SUPPORTING EMPLOYEE CAREER DEVELOPMENT

A variety of programs were established in the group to support employees in their career development.

In Germany, an HR management intranet was created to put all HR information for employees in one location, including information on compensation, vacation time and people reviews.

In the Back End BG, in addition to the group's program for employees aged 50 and above, all engineers and managers aged 55 or more with 5 years of seniority in their current position receive personal follow-up. This program is implemented and monitored jointly by the BG's management and HR department.

In the Mining-Front End BG, a "Women First" program was set up during the people reviews. Twenty women were identified for sponsorship by a member of the Executive Committee under a personalized career monitoring program.

BROADENING THE SOCIAL SAFETY NET

In line with its objective of equitable personnel management, one of the AREVA group's key projects is to harmonize plans in France. Training

labor partners began in 2010 so that they can negotiate effectively when discussions begin in 2011.

For the first time, an individual benefit assessment was prepared for more than 90% of the group's employees in France to give each of them a global view of all their benefits and commitments.

MAINTAINING A HIGH LEVEL OF PHYSICAL SAFETY

Occupational health and safety

The group's objective is to reduce accidents to zero. The safety policy was strengthened to focus on three areas: safety certification, subcontractors and services operations, and management training.

Deployment of the group's occupational health and safety policies continued, capitalizing on management responsibility, personal involvement, and continuous improvement.

Occupational safety and radiation protection data	2010	2009	2008
Average employee dose from radiation exposure (mSv)	1.08	1.04	1.22
Total individual external dose to AREVA group employees over 12 consecutive months (man-mSv)	18,176	16,583	19,463
Total individual internal dose to AREVA group employees over 12 consecutive months (man-mSv)	5,840	6,119	5,837
Average subcontractor dose from radiation exposure (mSv)	0.46	0.39	0.50
Accident frequency rate with lost time (excluding commuting accidents)	2.03	2.04	3.19
Accident severity rate (excluding commuting accidents)	0.08	0.08	0.1
Number of fatal accidents	2	7	6

Deployment was supported by the MasterWay manual of Environmental, Health and Safety standards, which consolidates synergies in these three areas.

Concerning the health policy, 85% of the sites comply with the objectives of identifying and eradicating asbestos and carcinogenic, mutagenic and reprotoxic agents (CMR).

These proactive initiatives will continue in 2011. They will focus on the group's priority challenges: developing an exemplary culture of health and safety, further improving the quality of working conditions, and monitoring the impact of the group's operations on the health of neighboring populations.

Historical health data

The risks associated with radiation and AREVA's proactive radiation protection policy are outlined in Section 4.3.1 on nuclear risk of AREVA's 2010 Reference Document.

The average radiation exposure of AREVA employees remained very low in 2010, comparable to the maximum dose to the general public. It went from 1.22 mSv in 2008 to 1.04 mSv in 2009 and 1.08 mSv in 2010. The Mining-Front End BG and the Nuclear Services and Cleanup BUs had the group's highest levels of employee exposure, as their employees come into contact with nuclear materials more often.

The average dose from radiation exposure to subcontractor personnel at AREVA sites is much lower. It is now essentially stable at 0.50 mSv in 2008, 0.39 mSv in 2009 and 0.46 mSv in 2010.

Consistent with the group's objective, no AREVA employee received an individual dose of more than 20 mSv. The highest dose received was 19.53 mSv. In 2010, 64.3% of AREVA's employees and 75.3% of its

subcontractors' personnel received a dose of zero to 2 mSv. Similarly, 53.9% of AREVA's employees and 64.8% of subcontractor personnel received a dose lower than the regulatory reporting requirement. It should be noted that, in France, annual exposure to naturally occurring radiation is approximately 2.4 mSv. Although these are encouraging results for the future, the group will continue working to meet and exceed this performance.

IMPROVING THE QUALITY OF WORKING CONDITIONS

Since 2007, improving the quality of working conditions has shaped the group's labor policy. In 2010, negotiations on improving the quality of working conditions were initiated with the labor partners. They are supported by the results of discussions in five multidisciplinary working groups led jointly by management and labor at Tricastin, in the Cleanup business unit, in the Consulting and Information Systems business unit, at La Hague and at the Paris sites. The Equipment business unit will be the subject of the latest workshop, formed in the Burgundy region of France. This partnership initiative involves gathering local information on best practices, pilot programs and relevant indicators that could be implemented throughout the group in the framework of a future Observatory of the Quality of Working Conditions. The initiative included discussions on work organization, personal development and achievement, relations with management and colleagues, and changes at the workplace.

Initiatives implemented since 2007 to prevent psycho-social disorders are a major component in these discussions.

This program is led jointly by the Safety, Health and Security department and the Human Resources department. It has three parallel thrusts:

listening and providing support to employees, assessing working conditions, and training managers.

A little more than 60% of the group's workforce in France benefits from the initiative based on listening and providing support to employees. Approximately 75% of the group's employees in France will be covered by mid-2011. Working conditions were assessed on several occasions

in 2010. Almost 25% of the group's employees at the Lyon, Melox, Marcoule, La Hague, JSPM and other sites gave their assessment of working conditions during a diagnostics phase. The initiative will continue in 2011 to reach 70% of the workforce in France. A program to train managers is also being finalized. It will be deployed in 2011, beginning with the group's top management and later expanded to include all levels of the organization.

→ 17.3. Strengthening existing skills and developing new ones

One of the major objectives of AREVA's HR policy was to maintain an excellent level of expertise through training and to manage the first assignments given to recently hired employees in order to optimize the distribution of skills throughout the group.

17.3.1. TRAINING AREVA EMPLOYEES

The Training department endeavored to build well-balanced training programs revolving around in-house training, technical training to meet local requirements, and business training to meet specific needs in certain business groups. This comprehensive approach helps develop personnel while optimizing training expenses.

By centralizing its training programs, AREVA is able to harmonize content and messages. More than 600 training programs organized into different topics (technical, integration, management, professional efficiency, quality and operating performance, health, safety and environmental management, etc.) form the backbone of the training offer available to AREVA group employees.

The integration program for newly-hired engineers and managers was revised in May 2010, a year and a half after its launch. It includes a five-day training program at the AREVA Campus in Aix-en-Provence (France), an e-learning program and an industrial plant tour. Since its inception, more than 800 people with 40 nationalities, 26% of whom are women, have already been trained in Europe and Asia through this program for newly hired employees.

In addition, several local training initiatives are contributing to the technical development of employees and will help accelerate the initiative.

In China, the HR team established an in-house training platform for AREVA employees. The goal is to develop local talent, since many of the key positions are staffed with expatriates.

In France, an important project was carried out in Tricastin, which led to the creation of the "Maison des métiers". In this vocational training center, 30,000 hours of training were provided to blue collar workers and non-management employees working at the site.

Several training programs were also created to meet the needs of the business groups or the support functions. Two modules were offered in sales negotiations: a module to acquire technical skills needed for all sales negotiations, and a second module to handle negotiations in a competitive international environment. Similarly, two new training modules for managers were put in place at the end of 2010: a management program for managers in charge of a team for the first time, and a program for experienced managers.

17.3.2. CAPITALIZING ON THE GROUP'S EXPERTISE

In addition to activities benefitting the group's employees, the Training department developed programs for customers and external partners that capitalize on AREVA's technical expertise. The programs, offered in cooperation with the group's ten training centers in Europe and the United States, cover every stage of a nuclear project, including project management, design, operation and maintenance of nuclear facilities, nuclear safety, quality and technology. Training solutions offered to AREVA customers also include the nuclear project management and leadership modules. The solutions include traditional classroom presentations, e-learning modules and hands-on simulations for nuclear power plant operators. The programs are supplemented with site tours.

Several training programs have already been given to the group's customers, suppliers and partners in different nuclear disciplines. They are for both French and international professionals interested in expanding their activities in the nuclear field and to professionals in the nuclear industry seeking to acquire or strengthen knowledge in a specific field. One of the objectives of training programs organized for AREVA suppliers is to help them comply with AREVA's standards for quality, safety and project management and to ensure their excellence in performance.

17.3.3. INTERNAL AND INTERNATIONAL MOBILITY

Mobility is a way to meet requirements related to AREVA's operations. The increase in the number of major international projects requires new skills.

AREVA established a global policy for international mobility to harmonize processes and practices. Several countries are involved. France and Germany send many employees abroad, while more than 100 of them work in China. In fact, international mobility plays an essential role in the Taishan project in China.

Mobility is also an integral part of the HR tools used to develop and retain the group's employees. It is also a good way to maintain and spread a group culture facilitating exchanges and transversality.

Internal mobility for managers is also based on the annual performance interviews facilitated by the Agora talent-building tool. Significant work

was done with middle-level managers to help managers at different levels monitor the performance of their team members. Assistance is also provided to lower level managers to help them identify talent in their teams.

Some entities have even set up special programs to support mobility among certain categories of personnel: Germany introduced career advisors and offers training seminars for recent graduates. In France, the Agora tool tracks interviews with seniors as part of the "age diversity and management of seniors" policy launched in October 2010.

An internal mobility program was also deployed for the support functions in September 2010. The "AREVA Métiers" ("AREVA professionals") program gives French employees in the support functions greater mobility by giving them access to operational positions, with training resulting in certifications or a degree.

→ 17.4. Fine-tuning recruitment

The group focused its recruitment efforts on experts to achieve its capacity development goals, and dedicated teams developed processes to meet the new challenges.

17.4.1. FORMALIZING PROCESSES

The three recruitment platforms in France, Germany and the United States strengthened their expertise while formalizing their operating modes. In France, for example, the concept of diversity and non-discrimination is integrated into the hiring process and the leadership model, along with a system to share best practices.

Formalization also involves training on hiring practices and use of the group's employment applications management tool. The training programs on hiring practices are for HR personnel in the recruitment function as well as managers involved in hiring members of their teams.

Formalization allows all stakeholders involved in recruitment to share a common set of standards, including diversity. Nearly 170 HR personnel and almost 150 managers have been trained since 2009.

Training on how to use the group's employment applications management tool, e-Talent, is required for all new recruiters. The goal is to maximize use of the tool for optimum follow-up of the applications process. Eighty new users were trained in 2010.

The French recruitment team is leading efforts to secure ISO 9001 certification as part of the formalization process.

17.4.2. INNOVATING TO DIVERSIFY TALENT

On the international scene, the recruitment teams continued to hire talent representing diverse cultures and experiences, for all types of positions in the AREVA group. The Resources program established in 2008 is a good example, as it facilitates the integration of international profiles throughout the group.

Launched in 2008, the Expert Gap program supports the recruitment of PhDs and experts to strengthen the pool of future experts. In March 2010, more than 80 people attended the Scientific and Technical Days held in Paris by the Expert Gap program. The goal was to bring together part of the community of group experts, to promote cooperation among the business groups and business units, and to

enable program participants to improve their research projects by exchanging ideas with the other participants.

The French recruitment team innovated in its search for talent diversity by recruiting without requesting a formal *résumé*, in partnership with APEC (the French agency for the outplacement of managers). The candidate fills in a questionnaire on skills, and the recruiter uses it to help reorient his or her career. The goal is to gain access to more diverse talents. This process resulted in the recruitment of people whose *résumés* would have been rejected if they had been submitted in the usual way.

17.4.3. ATTRACTING TALENT BY REMAINING ATTRACTIVE

To remain an employer of choice, the group builds relations with partner colleges and universities in its three main regions of operation – Asia, Europe and the United States.

In Germany and the United States, the HR teams developed their own network comprised of some 50 “ambassadors” and conduct targeted programs in selected academic institutions. Local academic relations teams organized 15 site tours in Germany and 10 in the United States to strengthen the local connection between the AREVA group and the student bodies.

AREVA also offers interesting internships and work-study opportunities as a way to develop close relations with colleges and universities. In Germany, for example, 270 students from 17 universities were in an intern program as of the end of 2010, in addition to 180 participants in work-study programs covering 23 professions. An “Energy Camp” was held for the second year in a row, in order to forge links within the group of young people taking part in the work-study program. During the event, the 150 participants built a houseboat, which they then donated to a local charity.

In China, it is AREVA employees who make presentations during energy conferences. As a result, the group’s employer brand remains visible despite the declining number of recruitments among younger applicants.

In France, the teams in charge of campus management and the teams in charge of hiring merged in 2010 for better coordination of relations with colleges and universities while ensuring consistency with the group’s hiring needs.

They led 150 projects throughout the year in 2010, all over the world, including specific partnerships (such as that with the Paris École des Mines for a master’s degree in renewable energy), ongoing partnerships such as annual forums or classes (Georgia Tech in the United States or Université Pierre et Marie Curie in France), coaching for interviews and *résumés* (Politecnico di Torino in Italy and INSA in Lyons, France), speeches and lectures by AREVA group employees (Manchester University in Great Britain and ENSTA in France), are but a few examples. Thirty-five site tours were also organized (RWTH Aachen University in Germany and École Centrale in Paris, France). Technical partnerships were also encouraged by hosting PhD students from the United States (MIT), Great Britain (Oxford University) and France (ESTP).

To implement these activities and monitor the impact of AREVA’s programs in colleges and universities, the teams in charge of relations with academic institutions created a network of ambassadors who serve as the group’s points of contact in institutions of higher learning.

All of these activities, which are coordinated at a global level, increase awareness of the group and its appeal. The CRF Institute gave AREVA its “Top Employer in France” and “Top Employer in Germany” labels.

→ 17.5. Basing compensation on performance

Employee compensation in the AREVA group is based on individual and collective performance.

17.5.1. PERFORMANCE AND INDIVIDUAL COMPENSATION

Individual compensation includes fixed components and variable components based on general principles: the responsibilities associated with the position and overall performance, transparency and fairness, local market practices, variable components (bonuses and incentives related to the position), benefits and employee savings plans.

The AREVA group has decided to use a grading policy to ensure consistency with the new organization based on business groups and

to supplement its compensation principles. This system to assess each position will be deployed in 2011.

Workshops with the labor partners were set up in 2010 to harmonize the benefits plan offered to all of the group's employees in areas such as retirement and health insurance. Negotiations are scheduled for 2011.

17.5.2. DIRECTORS' AND OFFICERS' SHARES OF STOCK AND STOCK OPTIONS

The company's officers do not own shares in the company. Regarding the members of AREVA's Supervisory Board, please refer to Section 4.4. of this document, Directors' and Officers' shares of stock. In addition, no member of the company's executive or supervisory bodies holds any option on the group's shares.

17.5.3. EMPLOYEE SAVINGS PLANS AND COMPENSATION BASED ON COLLECTIVE PERFORMANCE

Wherever possible, AREVA seeks to ensure that its employees benefit from the group's financial performance.

In France, compensation based on collective performance takes the form of performance-based plans and of profit-sharing plans applicable to AREVA group companies. These plans allow employees to share the fruits of collective performance and take advantage of the plans' favorable income tax and social security tax treatment, with a view to preparing for retirement.

In 2010, the group distributed a total of more than 119 million euros in respect of performance for 2009. Employees elected to invest 66% of the performance-based payment and 72% of the profit-sharing paid in 2010 in the group savings plan.

PROFIT-SHARING

In France, employee profit-sharing regulations set forth in articles L. 3322-2 *et seq.* of the French Labor Code give employees access to a portion of the company's taxable income based on a legally mandated formula incorporated into almost all of the profit-sharing agreements signed by the group's entities. Since the French law of December 3, 2008 passed, the 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.

The AREVA group does not have a stock option plan. No bonus issue of shares was undertaken or authorized.

PERFORMANCE-BASED PAYMENTS

In France, performance-based payments regulated under articles L. 3312-2 *et seq.* of the French Labor Code allow a company to provide financial incentives to employees based on quantitative and qualitative objectives. A performance-based payment agreement is applicable for a period of three years. The agreements in effect within the group expire on different dates, depending on the entity. Amounts allocated under the performance-based payment 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, in order to harmonize and unify the employee savings plans of the French subsidiaries, and following in-depth initiatives with its social partners, AREVA established a Group Savings Plan (GSP) which is common to all of the group's companies.

Account reporting for all assets held by French employees was subcontracted to Creelia, a subsidiary of Crédit Agricole Asset Management. Centralized 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 between funds at any time and without charge. Centralized reporting also simplifies the redemption of shares by employees. The group pays all account and fund management expenses.

The AREVA GSP consists of 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 sought to optimize investor returns.

On December 31, 2010, the funds managed in the AREVA GSP represented more than 735 million euros. As of that date, all of the funds held in the GSP have performed positively since inception of the plan in April 2005.

AREVA continued to make fundamental changes to the GSP in 2010 by improving the process for swaps between funds, providing information to fund holders on trading deadlines, and improving dedicated services (e-services, elimination of the toll phone line, etc.). At December 31, 2010, more than 5,600 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 2010 and reviewed the performance of each fund manager. A half-day training session was held for all employee and employer board members before the November meetings.

As provided in the February 9, 2005 agreement on the AREVA group's employee savings plans, an employee savings plan monitoring committee met in April and October with the group's labor organization coordinators and the fund chairmen.

→ 17.6. Conclusion

As in other departments, the new organization of the Human Resources department revealed the need to harmonize HR practices in the group's various entities. Harmonization was carried out in 2010 and has yielded synergies and gains in efficiency. In 2011, the integration with the business entities will continue to increase harmonization and efficiency even further.

PRINCIPAL SHAREHOLDERS

→ 18.1.	DISTRIBUTION OF CAPITAL AND VOTING RIGHTS	195
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→ 18.3.	AGREEMENT KNOWN TO THE ISSUER THAT COULD, IF IMPLEMENTED, RESULT IN A CHANGE IN CONTROL OF THE ISSUER	196

→ 18.1. Distribution of capital and voting rights

On December 23, 2010, the Special General Meeting of Shareholders decided to divide the par value of the AREVA ordinary share and investment certificate by 10, thereby reducing it from 38 euros to 3.80 euros. The company's by-laws were amended accordingly, and the changes were approved by the decree no. 2010-1613 of December 23, 2010.

The Commissariat à l'énergie atomique possesses all of the voting right certificates. The investment certificates are quoted on Compartment B of NYSE Euronext Paris and are held by the public. An original share is reestablished with full rights and privileges when a voting right certificate and an investment certificate are reunited. With the exception of investment certificates, which by definition are devoid of voting rights, all AREVA securities carry a single voting right. There are no double voting rights.

To AREVA's knowledge, no person who is not a member of a management or supervisory body holds, directly or indirectly, a percentage of the share capital or voting rights of the Company who must be notified by virtue of the national legislation applicable to AREVA.

To finance its multi-year development plan, the AREVA group has decided to offer to strategic and industrial partners, the opportunity to become shareholders mainly by increasing capital, for up to 15%. With that outlook, the Special General Meeting of AREVA shareholders of December 23, 2010 authorized the Executive Board to increase AREVA's share capital by the amount of 70,153,844.40 euros by issuing 18,461,538 ordinary shares in favor of Kuwait Investment Authority (KIA) and the amount of 35,076,922.20 euros by issuing 9,230,769 ordinary

shares in favor of the French State, representing a total of 7.2% of AREVA's share capital. Kuwait Investment Authority does not have a seat on AREVA's Supervisory Board.

Pursuant to article L. 228-34 of the French Commercial Code, when capital is issued for cash, the bearers of investment certificates have the right to subscribe to a capital increase that is reserved for them by the issue of non-voting preferred shares (NVPS) in a number such that the ratio existing between the ordinary shares and investment certificates before the capital increase shall be maintained after the capital increase, taking into account the new non-voting preferred shares, and assuming that the capital increase is subscribed in full. Accordingly, the Special General Meeting of AREVA Shareholders of December 23, 2010 also authorized the Executive Board to increase AREVA's share capital by a maximum of 4,525,511.20 euros by issuing a maximum of 1,190,924 non-voting preferred shares, with the preemptive subscription right maintained for investment certificate holders. This capital increase was closed when investment certificate holders subscribed to 1,085,535 non-voting preferred shares on January 25, 2011.

Consequently, the company's share capital as of the date of this Reference Document is as follows:

- 367,828,237 ordinary shares;
- 14,291,080 investment certificates;
- 14,291,080 voting right certificates; and
- 1,085,535 non-voting preferred shares.

The table below shows the percentages of share capital and voting rights owned by all shareholders, holders of investment certificates, holders of voting right certificates and holders of non-voting preferred shares, as of January 25, 2011:

	CEA	French State	KIA	CDC ****	EDF Group	Framépargne (employees)	CA CIB *****	Total group	Public	Members of the Supervisory Board ***	AREVA Treasury shares	Total
% capital	73.03	10.17	4.82	3.32	2.24	0.35**	0.89**	0.95	4.01	ns***	0.22	100
% voting rights	77.15*	10.23	4.84	3.33	2.25	0.36**	0.89**	0.95	-	-	-	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 10 shares.

**** Caisse des Dépôts et Consignations

***** Crédit Agricole Corporate and Investment Bank

→ 18.2. Control of the issuer

The French decree no. 2004-963 of September 9, 2004 creating the Agence des participations de l'État (APE, the agency that holds the government's equity interests) 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

On October 19, 2010, the French State and the Commissariat à l'énergie atomique (CEA, the French atomic energy commission) signed a master agreement aimed at defining the State's financial contribution to the fund earmarked for the dismantling of the CEA's nuclear facilities through a budget allocation and/or by purchasing AREVA shares from the CEA. The latter mode of financing through reclassification of AREVA shares

would be implemented based on financial conditions established within the framework of triennial agreements to be concluded. The decree no. 83-1116 of December 21, 1983 provides that the CEA shall keep more than half of AREVA's share capital.

Please refer to chapter 21.

Transactions with related parties

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In this section, significant transactions with related parties are described. This information is also the subject of Note 29. *Related party transactions*, of Chapter 20.

→ 19.1. Relations with the French State

As of December 31, 2010, following operations to increase share capital, the French State held close to 90% of the outstanding AREVA shares, directly and indirectly, and nearly 93% of the 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 Commissioner of the State's equity interests. The CEA, the CEA's Chairman and the CEA's Director of Nuclear Energy are also members of the Supervisory Board.

Within the Supervisory Board, a person responsible for the general economic and financial control of the AREVA group ensures control on behalf of the State and is designated by ministerial order.

For more information, please refer to Chapter 4. *Risk*, Chapter 5. *Information about the issuer*, and Chapter 14. *Administrative, management and supervisory bodies and senior management*.

AREVA is also subject to the control of the French Cour des Comptes (government accounting office), 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.

→ 19.2. Relations with the CEA

The CEA held 73.24% of the share capital of AREVA and 77.15% of the voting rights as of December 31, 2010. The transactions between the AREVA group and the CEA are described in Section 20.2. *Notes to the consolidated financial statements*, Note 29. *Related party transactions* (including compensation of executive officers). The CEA

and AREVA also have a partnership relationship concerning research and development in the Nuclear operations. For more information, please refer to Chapter 11. *Research and development programs, patents and licenses* and Chapter 18. *Principal shareholders*.

→ 19.3. Relations with government-owned companies

A description of relations with the EDF group and the transactions concluded between the two groups appears in Chapter 4, Section 4.4, *Operating risk*, in Section 20.2, *Notes to the consolidated financial statements for the year ended December 31, 2010*, Note 29,

Transactions with related parties, in Chapter 6, *Business overview*, and in Chapter 22, *Major contracts*. Those with the Fonds stratégique d'investissement (FSI, the French strategic investment fund) appear in Chapter 20, Note 29, *Transactions with related parties*.

Financial information concerning assets, financial positions and financial performance

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→ 20.1. Consolidated financial statement 2010

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 modified 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, 2010 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 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 examining, 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, 2010 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 matters disclosed in the notes to the consolidated financial statements:

- note 1 which describes the changes in accounting methods relating to the application of the following new standards: IFRS 3 revised Business combinations and IAS 27 revised Consolidated and separate financial statements, adopted by the European Union and for which application is mandatory as of January 1, 2010;
- notes 1.1, 1.13.1, 1.18 and 13 which describe the procedures for measuring end-of-life-cycle assets and liabilities. This assessment, which is based on Management's best estimate, is sensitive to assumptions adopted with regard to cost estimates, timing of cash outflows and discount rates;
- notes 1.1, 1.8 and 24 which describe the performance conditions of the OL3 contract and the sensitivity of the profit and loss to completion on this contract to contractual risks, the effective implementation of agreed upon procedures for piping installation and inspection operations as well as the testing and commissioning phases including the Instrumentation and Control systems;
- notes 1.1, 1.19.1 and 25 which describe 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, 2010 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 impairment;
- Impairment tests in relation to goodwill and intangible assets were performed in accordance with the principles set out in Notes 1.10, 10 and 11 to the consolidated financial statements. We reviewed the conditions under which these tests were performed and assessed the consistency of the assumptions adopted with the forecast data resulting from the strategic plan of the Group and, in particular for mining rights, assumptions used for planning, production, capital expenditures and selling prices as well as the resource quantities for certain mining projects (Rystkuil and Trekkopje). We also verified that the appropriate disclosures are presented in Notes 1.10, 10 and 11 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;
- The 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 contracts 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, litigations 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 the opinion in the first part of this report.

III. SPECIFIC VERIFICATION

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 3, 2011

The Statutory Auditors

MAZARS

Juliette DECOUX

Jean-Luc BARLET

DELOITTE & ASSOCIES

Patrice CHOQUET

Pascal COLIN

20.1.2. CONSOLIDATED STATEMENT OF INCOME

<i>(in millions of euros)</i>	Note	2010	2009
REVENUE	3	9,104	8,529
Other income from operations		45	61
Cost of sales		(7,824)	(7,508)
Gross margin		1,326	1,082
Research and development expenses		(354)	(346)
Marketing and sales expenses		(253)	(286)
General and administrative expenses		(530)	(620)
Other operating expenses	6	(714)	(157)
Other operating income	6	102	423
OPERATING INCOME		(423)	97
Income from cash and cash equivalents		37	14
Gross borrowing costs		(195)	(128)
Net borrowing costs		(158)	(113)
Other financial expenses		(348)	(362)
Other financial income		192	662
Other financial income and expenses		(156)	301
NET FINANCIAL INCOME	7	(314)	187
Income tax	8	334	138
NET INCOME OF CONSOLIDATED BUSINESSES		(403)	422
Share in net income of associates	14	153	(152)
NET INCOME FROM CONTINUING OPERATIONS		(250)	270
Net income from discontinued operations	9	1,236	267
NET INCOME FOR THE PERIOD		986	537
Including			
Group:			
Net income from continuing operations		(343)	329
Net income from discontinued operations		1,226	223
NET INCOME ATTRIBUTABLE TO EQUITY OWNERS OF THE PARENT		883	552
Minority interests:			
Net income from continuing operations		92	(59)
Net income from discontinued operations		10	44
NET INCOME ATTRIBUTABLE TO MINORITY INTERESTS		103	(15)
Number of AREVA shares and investment certificates outstanding*		382,119,317	354,427,010
Average number of AREVA shares and investment certificates outstanding*		354,655,243	354,427,010
Average number of treasury shares*		764,713	529,210
Average number of AREVA shares and investment certificates outstanding, excluding treasury shares*		353,890,531	353,897,800
Earnings per share from continuing operations*		-0.97	0.93
Basic earnings per share*		2.49	1.56
Diluted earnings per share* ⁽¹⁾		2.49	1.56

* The number of shares and the earnings per share for 2009 were restated for purposes of comparison in order to show the ten-for-one split of the par value of the AREVA share that occurred at the end of 2010.

(1) AREVA has not issued any instruments with a dilutive impact on share capital.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>(in millions of euros)</i>	Note	2010	2009
Net income		986	537
Other comprehensive income items	21		
Currency translation adjustments on consolidated companies and other		100	(2)
Change in value of available-for-sale financial assets		218	(111)
Change in value of cash flow hedges		73	(12)
Income tax related to these items		(52)	(68)
Other comprehensive income items from discontinued operations		1	52
Share in other net comprehensive income items from associates		75	(55)
Non-current assets held for sale		8	-
Total other comprehensive income items (net of income tax)		423	(196)
COMPREHENSIVE INCOME		1,408	341
• Comprehensive income attributable to equity owners of the parent		1,278	390
• Minority interests		130	(49)

20.1.3. CONSOLIDATED STATEMENT OF FINANCIAL POSITION**ASSETS**

<i>(in millions of euros)</i>	Note	Dec. 31, 2010	Dec. 31, 2009
Non-current assets		22,870	21,875
Goodwill of consolidated companies	10	4,625	4,366
Intangible assets	11	3,652	3,282
Property, plant and equipment	12	6,249	5,294
End-of-lifecycle assets (third party share)	13	252	275
Assets earmarked for end-of-lifecycle operations	13	5,582	5,351
Investments in associates	14	988	1,635
Other non-current financial assets	15	477	860
Pension fund assets		2	0
Deferred tax assets	8	1,044	811
Current assets		11,667	14,175
Inventories and work-in-process	16	2,599	2,699
Trade accounts receivable and related accounts	17	2,267	2,161
Other operating receivables	18	2,165	1,838
Current tax assets	8	64	121
Other non-operating receivables		172	158
Cash and cash equivalents	19	3,358	1,409
Other current financial assets	20	210	139
Non-current assets held for sale and assets from discontinued operations	9	832	5,649
TOTAL ASSETS		34,538	36,050

LIABILITIES AND EQUITY

<i>(in millions of euros)</i>	Note	Dec. 31, 2010	Dec. 31, 2009
Equity and minority interests		9,578	7,574
Share capital	21	1,452	1,347
Consolidated premiums and reserves		5,937	4,749
Deferred unrealized gains and losses on financial instruments		346	155
Currency translation reserves		45	(155)
Net income attributable to equity owners of the parent		883	552
Minority interests	22	915	926
Non-current liabilities		14,210	13,408
Employee benefits	23	1,171	1,121
Provisions for end-of-lifecycle operations	13	5,815	5,660
Other non-current provisions	24	116	94
Long-term borrowings	25	6,537	5,872
Deferred tax liabilities	8	570	661
Current liabilities		10,749	15,068
Current provisions	24	1,777	1,696
Short-term borrowings	25	703	1,869
Advances and prepayments received	26	3,923	3,893
Trade accounts payable and related accounts		1,641	1,567
Other operating liabilities	27	2,581	2,270
Current tax liabilities	8	52	35
Other non-operating liabilities	27	73	53
Liabilities of operations held for sale	9	-	3,685
TOTAL LIABILITIES AND EQUITY		34,538	36,050

20.1.4. CONSOLIDATED STATEMENT OF CASH FLOWS

<i>(in millions of euros)</i>	Note	2010	2009
Net income for the period		986	537
Less: income from discontinued operations		(1,236)	(267)
Net income from continuing operations		(250)	270
Share in net income of associates		(153)	152
Net amortization, depreciation and impairment of PP&E and intangible assets and marketable securities maturing in more than 3 months		1,085	504
Goodwill impairment losses		-	-
Net increase in (reversal of) provisions		(155)	(228)
Net effect of reverse discounting of assets and provisions		340	255
Income tax expense (current and deferred)		(334)	(138)
Net interest included in borrowing costs		170	117
Loss (gain) on disposals of fixed assets and marketable securities maturing in more than 3 months; change in fair value		(135)	(436)
Other non-cash items		(30)	(364)
Cash flow from operations before interest and taxes		538	132
Net interest received (paid)		(121)	(15)
Income tax paid*		(63)	0
Cash flow from operations after interest and tax		354	117
Change in working capital requirement	28	234	43
NET CASH FROM OPERATING ACTIVITIES		588	160
Investment in PP&E and intangible assets		(1,966)	(1,780)
Loans granted and acquisitions of non-current financial assets		(524)	(1,039)
Acquisitions of shares of consolidated companies, net of acquired cash		(195)	(162)
Disposals of PP&E and intangible assets		32	83
Loan repayments and disposals of non-current financial assets		1,961	2,200
Disposals of shares of consolidated companies, net of disposed cash		39	265
Dividends from equity associates		33	56
NET CASH USED IN INVESTING ACTIVITIES		(621)	(379)
Share issues in the parent company and share issues subscribed by minority shareholders in consolidated subsidiaries		895	178
Transactions with minority interests		75	-
Dividends paid to shareholders of the parent company		(250)	(250)
Dividends paid to minority shareholders of consolidated companies		(63)	(59)
Increase in borrowings		(1,188)	1,246
NET CASH USED IN FINANCING ACTIVITIES		(531)	1,116
Increase (decrease) in securities recognized at fair value through profit and loss		(8)	(77)
Impact of foreign exchange movements		12	3
NET CASH FLOW FROM DISCONTINUED OPERATIONS	9	2,243	(219)
INCREASE (DECREASE) IN NET CASH		1,683	603
NET CASH AT THE BEGINNING OF THE YEAR		1,481	877
Cash at the end of the year	19	3,358	1,409
Less: short-term bank facilities and non-trade current accounts (credit balances)	25	(194)	(129)
Net cash from discontinued operations		-	200
NET CASH AT THE END OF THE YEAR		3,164	1,481

* : Beginning with fiscal year 2010, income tax paid will no longer include reimbursements under the research tax credit (credit impôt recherché, CIR).
By way of information, the income tax paid line included, at December 31, 2009, more than 60 million euros in reimbursements under the CIR.

Net Cash taken into account in establishing the cash flow statement 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 two 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 equity owners of the parent	Minority interests	Total equity
DECEMBER 31, 2008	354,427,010	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	(701,700)		(43)	-	-	(43)	-	(43)
Other transactions with shareholders			4	-	-	4	312	316
DECEMBER 31, 2009	353,725,310	1,347	5,301	(155)	155	6,648	926	7,574
Net income for 2010			883	-	-	883	103	986
Other comprehensive income items			3	201	191	395	28	423
Comprehensive income			886	201	191	1,278	130	1,408
Dividends paid*			(250)	-	-	(250)	(101)	(351)
Treasury shares acquired	(152,190)		(7)	-	-	(7)	-	(7)
Capital increase	27,692,307	105	792	-	-	897	-	897
Other transactions with shareholders			98	-	-	98	(40)	57
DECEMBER 31, 2010	381,265,427	1,452	6,820	46	346	8,664	915	9,578

*Dividend paid per share (in euros):

- in 2009 from 2008 net income 7.05
- in 2010 from 2009 net income 7.06

** The number of shares and the earnings per share for 2009 and 2008 were restated for purposes of comparison in order to show the ten-for-one split of the par value of the AREVA share that occurred at the end of 2010.

20.1.6. OPERATING SEGMENTS

On January 28, 2010, AREVA announced the establishment of a new organization for its Nuclear and Renewables operations. The group's operating organization is based on four business groups (not including discontinued operations): Mining-Front End, Reactors & Services, Back End, and Renewable Energies.

Segment reporting for 2010 is consistent with the new organization. The periods used for comparison were restated to match the new organization.

For all reporting periods, income data from discontinued operations are reported on a separate line of the income statement, "Net income from discontinued operations". Accordingly, data from discontinued operations do not appear in the business segment information below.

BY BUSINESS SEGMENT

2010

Pursuant to the pending sale of the Transmission & Distribution business, IFRS 5 related to discontinued operations applies at December 31, 2010 and 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", and the cash flow statement is restated accordingly.

Assets held for sale and the assets and liabilities of the discontinued operations are reported on separate lines on the consolidated statement of financial position at December 31, 2009 and December 31, 2010, 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.

Income

<i>(in millions of euros)</i>	Mining-Front End	Reactors & Services	Back End	Renewable Energies	Other and eliminations	Total group
GROSS REVENUE	3,730	3,433	1,943	152	(153)	9,104
Inter-segment sales*	(26)	(49)	(234)	(2)	310	0
Contribution to consolidated revenue	3,704	3,384	1,709	150	157	9,104
OPERATING INCOME	(137)	(251)	278	(122)	(191)	(423)
Percentage of gross revenue	-3.7%	-7.3%	14.3%	-80.0%	124.9%	-4.6%
Depreciation and amortization of PP&E and intangible assets	(283)	(96)	(98)	(11)	(45)	(534)
Impairment of PP&E and intangible assets	(546)	-	-	-	(1)	(547)
Reversal (increase) in provisions	(71)	58	127	(29)	71	156
Gain (loss) on asset disposals recognized in operating income (see note 6)	16	2	0	1	(1)	17

(*) Transfer prices used in inter-segment transactions are recorded at arm's length.

Balance sheet

<i>(in millions of euros, except workforce data)</i>	Mining-Front End	Reactors & Services	Back End	Renewable Energies	Other and eliminations*	Total group
PP&E and intangible assets (including goodwill)	8,628	2,962	2,246	474	216	14,525
Assets earmarked for end-of-lifecycle operations	950	45	4,839	0	0	5,833
Other non-current assets	-	-	-	-	2,512	2,512
Subtotal: Non-current assets	9,578	3,006	7,084	474	2,727	22,870
Inventories and receivables (excluding tax receivables)	3,134	2,247	1,045	290	487	7,203
Other current assets	-	-	-	-	4,465	4,465
Subtotal: Current assets	3,134	2,247	1,045	290	4,951	11,667
TOTAL ASSETS	12,712	5,253	8,129	764	7,679	34,538
Workforce	14,029	16,985	10,931	1,176	4,730	47,851

* At December 31, 2010, assets held for sale in the amount of 832 million euros are reported in "Other current assets" in the "Other and eliminations" column.

The "Other and eliminations" column includes Corporate and Consulting & Information Systems operations.

More than 10% of consolidated revenue is received from a specific customer.

2009

Income

<i>(in millions of euros)</i>	Mining- Front End	Reactors & Services	Back End	Renewable Energies	Other and eliminations	Total group
GROSS REVENUE	3,502	3,288	1,972	174	(407)	8,529
Inter-segment sales*	(31)	(180)	(335)	(6)	552	0
Contribution to consolidated revenue	3,471	3,108	1,637	168	145	8,529
OPERATING INCOME	659	(575)	238	(60)	(165)	97
Percentage of gross revenue	18.8%	(17.5)%	12.1%	(34.7)%	40.6%	1.1%
Depreciation and amortization of PP&E and intangible assets	(266)	(110)	(93)	(8)	(26)	(505)
Impairment of PP&E and intangible assets	(1)	(6)	0	0	0	(7)
Reversal (increase) in provisions	27	42	157	(3)	5	227
Gain (loss) on asset disposals recognized in operating income (see note 6)	364	5	0	0	0	369

(*) Transfer prices used in inter-segment transactions are recorded at arm's length.

Balance sheet

<i>(in millions of euros, except workforce data)</i>	Mining- Front End	Reactors & Services	Back End	Renewable Energies	Other and eliminations*	Total group
PP&E and intangible assets (including goodwill)	7,566	2,698	2,182	214	282	12,942
Assets earmarked for end-of-lifecycle operations	864	44	4,717			5,626
Other non-current assets					3,307	3,307
Subtotal: Non-current assets	8,430	2,742	6,900	214	3,589	21,875
Inventories and receivables (excluding tax receivables)	3,083	1,915	1,402	155	218	6,856
Other current assets					7,319	7,319
Subtotal: Current assets	3,083	1,915	1,402	155	7,537	14,175
TOTAL ASSETS	11,514	4,657	8,302	369	11,126	36,050
Workforce	14,763	17,799	11,082	995	3,178	47,817

* At December 31, 2009, assets from discontinued operations in the amount of 5.649 billion euros are reported under "Other current assets" in the "Other and eliminations" column.

The "Other and eliminations" column includes Corporate and Consulting & Information Systems operations.

More than 10% of consolidated revenue is received from a specific customer.

BY GEOGRAPHICAL AREA

2010

Contribution to consolidated revenue by business segment and customer location

<i>(in millions of euros)</i>	Mining- Front End	Reactors & Services	Back End	Renewable Energies	Other	Total group
France	1,209	1,129	1,083	2	147	3,571
Europe (excluding France)	895	920	330	92	3	2,240
North & South America	632	718	128	55	6	1,539
Asia-Pacific	809	575	162	0	1	1,547
Africa and Middle East	159	43	5	0	0	207
TOTAL	3,704	3,384	1,709	150	157	9,104

*Closing balances of property, plant and equipment and intangible net assets (excluding goodwill) at December 31, 2010
by geographical area and by business segment*

<i>(in millions of euros)</i>	Mining- Front End	Reactors & Services	Back End	Renewable Energies	Other	Total group
France	2,372	733	2,135	7	15	5,262
Europe (excluding France)	470	102	0	94	63	728
North & South America	1,227	300	25	68	43	1,662
Asia-Pacific	42	6	0	29	1	78
Africa and Middle East	2,170	1	0	0	0	2,171
TOTAL	6,280	1,141	2,159	197	122	9,900

*Acquisitions of property, plant and equipment and intangible net assets (excluding goodwill) at December 31, 2010
by geographical area and by business segment*

<i>(in millions of euros)</i>	Mining- Front End	Reactors & Services	Back End	Renewable Energies	Other	Total group
France	765	146	137	6	39	1,093
Europe (excluding France)	146	34	0	18	20	218
North & South America	178	65	16	1	6	266
Asia-Pacific	13	2	0	1	0	15
Africa and Middle East	286	0	0	0	0	286
TOTAL	1,387	248	153	26	65	1,879

2009

Contribution to consolidated revenue by business segment and customer location

<i>(in millions of euros)</i>	Mining- Front End	Reactors & Services	Back End	Renewable Energies	Other	Total group
France	1,169	1,021	938	-	138	3,266
Europe (excluding France)	901	841	328	95	2	2,168
North & South America	786	708	123	73	4	1,694
Asia-Pacific	525	493	244	-	-	1,263
Africa and Middle East	90	45	3	-	-	138
TOTAL	3,471	3,109	1,637	168	145	8,529

***Closing balances of property, plant and equipment and intangible net assets (excluding goodwill) at December 31, 2009
by geographical area and by business segment***

<i>(in millions of euros)</i>	Mining- Front End	Reactors & Services	Back End	Renewable Energies	Other	Total group
France	1,790	662	1,953	2	147	4,555
Europe (excluding France)	399	123	0	82	26	630
North & South America	970	241	11	6	29	1,257
Asia-Pacific	37	4	-	-	1	42
Africa and Middle East	2,091	1	-	-	-	2,093
TOTAL	5,288	1,030	1,964	90	203	8,576

***Acquisitions of property, plant and equipment and intangible net assets (excluding goodwill) at December 31, 2009
by geographical area and by business segment***

<i>(in millions of euros)</i>	Mining- Front End	Reactors & Services	Back End	Renewable Energies	Other	Total group
France	555	232	138	1	14	940
Europe (excluding France)	138	61	0	25	0	225
North & South America	133	77	2	1	1	215
Asia-Pacific	10	0	0	0	-	11
Africa and Middle East	427	0	0	0	-	427
TOTAL	1,264	372	141	27	15	1,818

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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, 2010 through December 31, 2010 were approved by the Executive Board on February 16, 2011 and reviewed by the Supervisory Board on March 3, 2011. The financial statements will be presented to the Annual General Meeting of Shareholders for approval on April 27, 2011.

The AREVA group is fully consolidated by the Commissariat à l'énergie atomique (see note 21).

Information related to 2008, reported in the 2009 Reference Document filed with the Autorité des marchés financiers (AMF) on March 29, 2010, are incorporated by reference.

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 of December 31, 2010. They reflect International Accounting Standards (IAS) and IFRS standards and interpretations issued by the IFRS Interpretations Committee and the former Standing Interpretation Committee (SIC). These financial statements are also consistent with IFRS rules established by the International Accounting Standards Board (IASB) to the extent that the mandatory date of implementation of the standards published by the IASB and not yet adopted by the European Union as of December 31, 2010 is later than said date.

● Amended IFRS 3, "Business combinations", and amended IAS 27, "Consolidated financial statements", came into effect on January 1, 2010. These standards, which apply prospectively, have the following consequences:

- Changes in the accounting rules for business combinations:
 - expenses associated with these transactions are no longer included in the acquisition cost, but are recognized as expenses through operating profit and loss;
 - contingent price clauses ("earn-outs") must be valued within 12 months of the date of acquisition; subsequent adjustments shall be recognized through profit and loss.
- Two methods to value goodwill are available when less than 100% of a company has been acquired:
 - the partial goodwill method – the only method allowed under the previous IFRS 3 rule – sets goodwill at the level of the percentage acquired;
 - the full goodwill method sets goodwill at 100% of the fair value of minority interests.

The choice of method is made transaction by transaction.

- Changes in the rules for recognition of acquisitions and sales of minority interests in fully consolidated subsidiaries: These 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 no longer generate additional goodwill, but result in a reduction of equity attributable to owners of the parent;
- sales of minority interests or stock issued to minority shareholders in consolidated subsidiaries no longer generate a capital gain or a dilution gain in operating income, but translate into an increase in equity attributable to owners of the parent.

- Changes in the rules regarding the recognition of sale 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 is no longer recognized as goodwill but as a decrease in equity attributable to owners of the parent. The accounting treatment for subsequent changes in the value of these options (recognized through profit and loss or in equity) must be determined by the IFRS Interpretations Committee at a future date. However, the accounting treatment for put options granted before January 1, 2010 is not modified; changes in the value of these options continue to be recognized against goodwill, without time limitation.

- The share attributable to minority shareholders in companies with negative shareholders' equity is no longer borne by the group, even if there is no explicit agreement for such minority shareholders to bear their share of the deficiency.

The impacts of amended IFRS 3 and amended IAS 27 on AREVA's consolidated financial statements for the year ended December 31, 2010 are as follows:

- costs associated with the acquisition of new subsidiaries in 2010 were recognized in expenses in the amount of 3 million euros;
- acquisitions of minority interests in 2010 resulted in a reduction in equity attributable to owners of the parent in the amount of 42 million euros;
- disposals of minority interests in 2010 resulted in an increase in equity attributable to owners of the parent in the amount of 76 million euros.

- Amendments to IAS 39, “Financial Instruments – Eligible Hedged Items”, also became effective on January 1, 2010. These amendments provide clarification on the application of hedge accounting to the inflation component of financial instruments and option contracts used as a hedge. They had no significant impact on AREVA’s consolidated financial statements.
- In 2010, the European Union also adopted the IFRIC 19 interpretation, “Extinguishing Financial Liabilities with Equity Instruments”, and an amendment to the IFRIC 14 interpretation, “The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction”, which are not applicable to AREVA group operations in 2010.

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, 10 and 11);
- 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-lifecycle 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),
 - the procedures for final shut-down 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 shareholding 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 current arbitration proceedings (see note 34), AREVA decided to maintain the same amount in its statement of financial position at December 31, 2010 as at December 31, 2007, December 31, 2008 and December 31, 2009 (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);
- estimates and judgments regarding the material or durable 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);
- the share in equity and net income of equity associates that had not yet published their year-end financial statements as of 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. Discontinued operations and non-current assets held for sale

Discontinued operations and non-current assets held for sale are presented in the financial statements in accordance with 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.
 - The assets and liabilities of the operations held for sale are reported under specific headings of the statement of financial position, 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.
 - The assets and liabilities of operations held for sale are included in total current assets and total current liabilities respectively. At December 31, 2009, discontinued operations are those of the Transmission & Distribution segment, which were in fact sold on June 2010 (see note 2.2).

- Net income from discontinued operations meeting the criteria of IFRS 5 is presented under a separate heading in the income statement. 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 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.
- Non-current assets or groups of assets are considered held for sale if they are available for immediate sale in their current condition and their sale is highly probable during the 12-month period following the end of the accounting year. They are presented under a specific heading of the balance sheet for an amount included in total current assets. At December 31, 2010, this heading included the group's equity holding in STMicroelectronics. On December 15, 2010, AREVA's Supervisory Board authorized AREVA to give an exclusive right to the Fonds stratégique d'investissement (FSI, the strategic investment fund) for the sale of that holding.

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-lifecycle operations, as defined in note 13, on separate lines under non-current assets or liabilities, for their full amount. Thus, provisions for end-of-lifecycle operations are presented as non-current liabilities; the end-of-lifecycle 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 for 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 income statement is presented in accordance with recommendation 2009-R0.03 of the Conseil national de la comptabilité (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 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 income statement),
 - 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,
 - 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,
 - reverse discounting of provisions for end-of-lifecycle 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-lifecycle assets (third party share),
 - 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 the net income presented in the income statement 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;
- 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.

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 equity 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 ending December 31, 2010 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.
 - in accordance with IAS 28, accounting for an associate under the equity method is discontinued when the investment in the associate is recognized under "non-current assets held for sale" (see section 1.2.1 above). The associate is then valued at the lowest of its carrying value or the probable net realizable value.

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;
- income statement transactions and statements of cash flows are translated at average annual rates;
- the group's share of currency translation differences impacting the income statement 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 recorded in equity after January 1, 2004 (date of first-time adoption of IFRS) are recognized in income.

1.5. OPERATING SEGMENTS

The reorganization of the group at the beginning of 2010 led to changes in the presentation of reporting on the group's business segments, with information by business segment corresponding to the group's operating business groups: Mining-Front End, Reactors & Services, Back End and Renewable Energies.

Information by business segment relates only to operating data included in the income statement 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 income statement and statement of financial position are not allocated to the operating segments.

In addition, AREVA reports data by geographical area: AREVA's consolidated revenue is allocated among five geographical areas based on the destination of goods and services, as follows:

- France,
- Europe (excluding France),
- North and South America,
- Asia-Pacific,
- Africa and Middle East.

In accordance with IFRS 5, information concerning the income statement excludes data related to the operations of the Transmission & Distribution segment for the years 2009 and 2010.

Information concerning the assets on the balance sheet of T&D is aggregated under a single heading, "Current assets", at December 31, 2009. The equity holding in STMicroelectronics is reported under that same heading at December 31, 2010.

1.6. BUSINESS COMBINATIONS – GOODWILL

Acquisitions of companies and operations are recognized at cost based on the "acquisition cost" method, as provided in IFRS 3 for business combinations subsequent to January 1, 2004 and prior to December 31, 2009, and in IFRS 3 revised for operations subsequent to January 1, 2010. In accordance with the option provided under IFRS 1 for the first-time adoption of IFRS, business combinations prior to December 31, 2003 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 on 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 meeting 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 which are not completely under the company's control were to occur.

The difference, on the acquisition date, between the acquisition price of the business or of the company's securities and the fair value of the corresponding assets, liabilities and contingent liabilities is recognized in goodwill when positive, and in the income statement for the year of acquisition when negative.

Minority interests are initially valued based on the fair value of assets, liabilities and contingent liabilities recognized on the date of acquisition, prorated for the percentage of interest held by minority shareholders based on the "partial goodwill" method. AREVA did not apply the "total goodwill" method authorized by amended IFRS 3 for acquisitions subsequent to January 1, 2010.

The valuation of the acquired company's assets, liabilities and contingent liabilities may be adjusted within 12 months of the date of acquisition; this also applies to the valuation of the acquisition price if the contract contains conditional price adjustment clauses.

The amount of goodwill may not be adjusted after the expiration of that period.

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 (the definition of a CGU 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 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 consideration to determine 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.

As required by 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 (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 applicable to new contracts, for which costs were incurred for the first time after January 1, 2009: the financial expenses generated by these contracts are included in the determination of the estimated income 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 the 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.

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 through profit and loss for the period.
- Mining pre-development expenses relating to a project that has a strong probability of profitable mining development at year-end closing 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 emission allowances

Following the withdrawal by the IASB of IFRIC 3, and pending a decision by regulators on accounting for greenhouse gas emission 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 emission allowance markets. The group's only transactions in 2009 and 2010 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-lifecycle 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 which 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-lifecycle 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);
- cash and cash equivalents.

They are valued in accordance with IAS 39.

Regular purchases and sales of financial assets are recognized at the date of transaction.

1.13.1. Assets earmarked for end-of-lifecycle operations

This heading includes all investments dedicated by AREVA to the funding of its operations for future end-of-lifecycle 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 financing of end-of-lifecycle operations. These receivables are recognized at face value at amortized cost.

- Publicly traded shares 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. Changes in value are recognized in a shareholders' equity account, "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 under the responsibility of first-rate management firms that are independent from the group. These mutual funds are benchmarked to the MSCI index of large European capitalizations, with strict limits on risk. The funds are regulated by the French stock market authority and therefore subject to regulations governing investment and concentration

of risk. AREVA also complies with the conditions mentioned in the August 2005 interim report of the Conseil national de la comptabilité (French accounting board) on the recognition of dedicated mutual funds; this frame of reference was selected on December 31 2009 and December 31, 2010. 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;
- 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 as of the end of the year.

Considering their long-term investment objective, the funds dedicated to financing end-of-lifecycle operations are classified as "available-for-sale securities". Accordingly, the accounting treatment of changes in fair value and the impairment measurement and recognition methods are identical to those applicable to traded shares held directly.

- As an exception to the rules described above, certain dedicated mutual funds created beginning in 2010 and consisting exclusively of bonds held to maturity are recognized under "Securities held to maturity" and valued at amortized cost.

1.13.2. Other available-for-sale securities

This heading includes all shares held by AREVA in publicly traded companies, except shares in equity associates and shares held for trading.

These shares are valued in the same manner as shares held in the dedicated 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 through profit and loss in 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 their acquisition cost when the fair value cannot be estimated reliably. This is particularly the case for privately held companies.

1.13.3. Lasting impairment of assets earmarked for end-of-lifecycle 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: money market funds, bond or equity funds; bonds or equities held directly;
- whether the assets are earmarked or not to finance end-of-lifecycle operations: assets earmarked for end-of-lifecycle operations must be held for very long periods of time, with expenses covered 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 the recognition of 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-lifecycle operations		
• Money market funds	5%	1 year
• Bond funds and bonds held directly	25%	2 years
• Equity 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 to 2010 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 released to the income statement on sale of the securities. An increase in market prices or liquidation value subsequent to recognition of impairment is recorded as a change of 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 their 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 are deducted from equity, at their acquisition 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 income statement.

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.

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, determined 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 have been issued since the second half of 2008 for a duration equivalent to the duration of AREVA's benefit liabilities, discount rates used at December 31, 2009 and December 31, 2010 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 statement of financial position date;
- the fair value of plan assets at the statement of financial position 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 statement of financial position at December 31, 2003.

The 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;
- 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 70;
- retirement severance payments are subject to a 50% tax in France.

The financial impact of the new laws was estimated and integrated 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.

The French law of November 10, 2010 on reform of the French retirement system, which raises the retirement age by stages from age 60 to age 62, has the effect of increasing the cost of the commitments made by the group's entities that had granted early retirement programs to certain categories of employees. AREVA elected to consider the law as a change in the regulations. Accordingly, the resulting increase in commitments is spread over the residual period of service of employees eligible for the early retirement programs.

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 in order 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-LIFECYCLE OPERATIONS

Provisions for end-of-lifecycle operations are discounted by applying an inflation rate and a discount rate (determined based on the economic situation of the country in which the particular facility is located) to estimated future cash flows by maturity.

The share of provisions for end-of-lifecycle operations corresponding to funding expected from third parties is recognized in a non-current asset account, "end-of-lifecycle 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-lifecycle 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 through profit and 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.

The resulting increase in the third party share is recognized as financial income.

The share financed by third parties is reduced for the value 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-lifecycle asset (share of provisions for end-of-lifecycle 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 as 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 income statement under cost of sales and thus deducted from gross margin.

Inflation and discount rates used to discount end-of-lifecycle operations

Inflation and discount rates used to discount end-of-lifecycle 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 AA, A and BBB rated corporate borrowers.

For facilities in France, AREVA adopted an inflation rate of 2% and a discount rate of 5% at December 31, 2009 and December 31, 2010.

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-lifecycle 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-lifecycle 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-lifecycle asset. Consequently, changes in assumptions concerning the group's share of these provisions are recognized immediately in the income statement. Impacts from changes in cost estimates are recognized under operating income. Impacts from changes in discount rates and disbursement schedules are recognized under financial income.

1.19. BORROWINGS

Borrowings include:

- put options held by minority shareholders of AREVA group subsidiaries;
- obligations under finance leases;
- 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.

In the event that the agreements establishing these 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 on AREVA's statement of financial position corresponds to the fair value of those minority interests at the statement of financial position date, 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 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 (see note 34), AREVA decided to maintain the same amount for the option in its statements of financial position at December 31, 2009 and at December 31, 2010 as the amount at December 31, 2007.

The difference between the amount recognized in borrowings and the amount of minority interests correspond to the difference between the fair value of these interests and their net carrying amount. Put options granted before December 31, 2009 are recognized in borrowings and offset as follows:

- 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 income statement. 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 these options are also recognized in goodwill.

The difference between the exercise price of Siemens' put option that will be determined by the expert and the amount of the liability appearing on AREVA's statement of financial position at December 31, 2009 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 delivers his findings.

Since AREVA did not grant new put options to minority shareholders in the group's subsidiaries after January 1, 2010, the accounting rules applicable to such operations, described in the first paragraph of note 1 on accounting principles, remained without effect during the year.

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: interest-bearing advances from customers are accounted for as borrowings, while non-interest-bearing advances are considered operating liabilities;
- loans from financial institutions;
- bonds issued by AREVA;
- 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 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

This designation concerns hedges of firm commitments in foreign currencies: purchases, sales, receivables and debt. The hedged item and the derivative are revalued simultaneously through the income statement.

Cash flow hedges

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 accounting 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 released to income when the hedged item impacts the income statement, i.e. when the hedged transaction is recognized in the financial statements.

Hedges of net investments in foreign operations

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 head is recognized through profit and loss.

The amount accumulated in equity is released to profit and 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 income statement

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/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

As provided in IAS 12, deferred taxes are determined according to the liability method. The current tax rate or the rate known at the statement of financial position date 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 accounting year, in particular to take into account changes in tax laws and the likelihood that amounts recognized will be recovered.

Deferred taxes are recognized through profit and loss, unless they concern items recognized outside profit or loss, i.e. changes in the value of available-for-sale securities and derivatives considered as cash flow hedges, or currency translation adjustments on borrowings considered as hedges of net investments in foreign operations. Deferred taxes related to these items are also recognized outside profit or loss.

The income tax related to operations of the Transmission & Distribution segment is reported under net income from discontinued operations in the income statement.

AREVA elected to recognize the value added business tax (*contribution sur la valeur ajoutée des entreprises*, CVAE); 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 and at December 31, 2010 on temporary differences for:

- assets that produce economic benefits subject to the CVAE tax that cannot be deducted from the value added. At December 31, 2009, the basis selected for temporary differences corresponds

to the net carrying amount of property, plant and equipment and intangible assets eligible for depreciation. Beginning in 2010, no deferred tax liability is recognized on asset acquisitions other than business combinations, in application of the exemption provided by IAS 12 for initial recognition of an asset or a liability;

- 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.

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 through profit and loss. The impact on the financial statements for 2009 was a net tax expense of 23 million euros; the impact for 2010 was a net tax gain of 3 million euros (see note 8).

NOTE 2. CONSOLIDATION SCOPE

2.1. CONSOLIDATED COMPANIES (FRENCH / FOREIGN)

<i>(number of companies)</i>	2010		2009	
	Foreign	French	Foreign	French
Consolidation method				
Full consolidation	89	71	165	82
Equity method (associates)	4	7	6	7
Proportionate consolidation	21	4	23	4
Sub-total	114	82	194	93
TOTAL		196		287

Note 36 provides a list of the main consolidated companies.

2.2. 2010 TRANSACTIONS

Goodwill recognized for 2010 acquisitions is provisional and may be adjusted in 2011.

Sale of the Transmission & Distribution business

On January 20, 2010, the group signed the agreement on the legal and financial terms for the disposal of the AREVA group's Transmission & Distribution business. It became effective on June 7, 2010, following the approval of the competition authorities and the issuance of the decree on the recommendation of the French Commission des participations et des transferts (the administration in charge of approving sales of government-owned assets).

Accordingly, the IFRS 5 accounting standard on discontinued operations applies at December 31, 2009 and December 31, 2010.

For all reporting periods, net income from these operations is presented on a separate line in the income statement, "Net income from discontinued operations", and the cash flow statement is restated accordingly.

Assets and liabilities associated with discontinued operations are reported on separate lines on the consolidated balance sheet 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. 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 as of that date, which totals 990 million euros before elimination of the shares (see note 9).

The disposal gain comes to 1.266 billion euros, with 3.370 billion euros in cash received.

Firm offer to purchase AREVA's equity interest in STMicroelectronics

On December 15, 2010, AREVA's Supervisory Board examined the firm offer from the Fonds stratégique d'investissement (FSI, the strategic investment fund) to acquire AREVA's indirect equity interest

in STMicroelectronics and decided to give FSI an exclusive right to purchase that interest for a unit price of 7 euros per STMicroelectronics share, giving a total price of 695 million euros. Acceptance of FSI's offer is subject to information and consultation of AREVA's employee representative bodies and to approval by the cognizant competition authorities. The sale will close in the first half of 2011.

AREVA's equity interest in STMicroelectronics, previously reported on the balance sheet under the heading "Investment in associates", was reclassified to "Non-current assets held for sale" as from December 15, 2010 (see notes 7, 9 and 14).

The other main changes in the scope of consolidation in 2010 were as follows:

AREVA SOLAR

In March 2010, AREVA acquired Ausra, a US company based in Mountain View, California. The company's name was changed to AREVA Solar. AREVA Solar offers concentrated solutions for power generation and industrial steam production based on concentrated solar power. With this acquisition, AREVA expands its portfolio of renewable energy solutions to become a major player in the concentrated solar energy market.

AREVA Solar had 70 employees in 2009. The final purchase price came to 243 million dollars, including a contingent price of 75 million dollars paid on December 31, 2010. Provisional goodwill after allocation of the purchase price came to 165 million dollars.

MULTIBRID

In April 2010, AREVA acquired the remaining 49% of the share capital of the German wind turbine manufacturer Multibruid, held entirely by minority interests, for 27 million euros.

COMIN USA

In January 2010, AREVA finalized the sale of its Comin mining company to Uranium One for 27 million dollars. The decision to sell Comin is consistent with the group's strategy of optimizing its mining portfolio.

The gain on the sale came to 20 million euros before tax.

GEORGES BESSE II

In November 2010, AREVA signed agreements with the Japanese utilities Kyushu Electric Power and Tohoku Electric Power, whereby each acquired a 1% interest in the share capital of the holding

company Société d'enrichissement du Tricastin (SET), the future operator of the Georges Besse II enrichment plant. The sale price came to 103 million euros.

2.3. 2009 TRANSACTIONS

Goodwill recognized on 2009 transactions was adjusted in 2010 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 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 starting 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 is 7.5 million Separative Work Units (SWU) per year. The plant will use centrifugation technology, considered to be the most effective 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%.

With production ultimately 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, to be 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.

NOTE 3. REVENUE

(in millions of euros)

	2010	2009
Contracts accounted for according to the percentage of completion method	4,231	3,458
Other sales of products and services		
Sales of goods	2,245	2,113
Sales of services	2,628	2,958
TOTAL	9,104	8,529

Revenue for 2009 and 2010 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, 2010 and December 31, 2009:

<i>(in millions of euros)</i>	2010	2009
Amount of costs incurred and profits recognized, net of losses recognized, through December 31	25,028	21,531
Customer advances	4,984	3,713
Amounts withheld by customers	1	5

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>	2010	2009
Payroll expenses	(3,566)	(3,353)
Employees at the end of the year	47,851	47,817
Operating leases	(181)	(165)

Payroll expenses include salaries and related social security contributions, excluding retirement benefits.

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>	2010	2009
Net amortization of intangible assets	(139)	(133)
Net depreciation of property, plant and equipment	(396)	(372)
Impairment of intangible assets, net of reversals	(426)	(2)
Impairment of property, plant and equipment, net of reversals	(121)	(5)
Impairment of goodwill	-	-

<i>(in millions of euros)</i>	2010	2009
Provisions, net of reversals	155	227

NOTE 6. OTHER OPERATING INCOME AND EXPENSES

OTHER OPERATING EXPENSES

<i>(in millions of euros)</i>	2010	2009
Restructuring and early retirement costs	(2)	(18)
Goodwill impairment losses	-	-
Impairment of property, plant and equipment and intangible assets, net of reversals	(548)	(7)
Other operating expenses	(164)	(132)
TOTAL OTHER OPERATING EXPENSES	(714)	(157)

OTHER OPERATING INCOME

<i>(in millions of euros)</i>	2010	2009
Dilution income and gains on disposals of assets other than financial assets	17	369
Other operating income	85	55
TOTAL OTHER OPERATING INCOME	102	423

Impairments of intangible assets and property, plant and equipment are described in notes 11 and 12 respectively.

For the year ended December 31, 2009, "dilution income and gains on disposals of assets other than financial assets" includes, in particular, income from acquisitions of share capital in the group's consolidated companies by minority interests.

NOTE 7. NET FINANCIAL INCOME

<i>(in millions of euros)</i>	2010	2009
Net borrowing costs	(158)	(113)
Income from cash and cash equivalents	37	14
Gross borrowing costs	(195)	(128)
Other financial income and expenses	(156)	301
Share related to end-of-lifecycle operations	(98)	10
Income from disposals of securities earmarked for end-of-lifecycle operations	29	20
Dividends received	51	42
Income from receivables related to dismantling and from discount reversal on earmarked assets	81	122
Impairment of securities	-	-
Impact of revised schedules	(5)	2
Discounting reversal expenses on end-of-lifecycle operations	(254)	(176)
Share not related to end-of-lifecycle operations	(58)	291
Foreign exchange gain (loss)	36	14
Income from disposals of securities and change in value of securities held for trading	214	381
Loss on disposal of interest in STMicroelectronics	(101)	-
Dividends received	20	51
Impairment of financial assets	(10)	(1)
Interest income on prepayments received (Back End contracts)	(45)	(31)
Other financial expenses	(109)	(74)
Other financial income	11	29
Financial income from pensions and other employee benefits	(73)	(79)
NET FINANCIAL INCOME	(314)	187

At December 31, 2010, income from disposals of securities not related to end-of-lifecycle operations primarily consist of gains on the disposal of Safran securities.

The loss on the disposal of STMicroelectronics shares came to 101 million euros. It consists of:

a) 45 million euros corresponding to the difference between the carrying value of AREVA's indirect equity interest in STMicroelectronics at December 15, 2010 and its disposal price of 695 million euros (see note 2), and

b) 57 million euros corresponding to the recognition through profit and loss, upon closing of the sale, of comprehensive income items associated with the equity interest, in particular currency translation reserves.

At December 31, 2009, income from disposals of securities not related to end-of-lifecycle operations primarily consisted of gains on disposals of Total and GDF Suez securities.

At December 31, 2010, the net gain on sales of securities included in the share related to end-of-lifecycle operations includes 4 million euros corresponding to the recapture of lasting impairment of securities sold, compared with 46 million euros at December 31, 2009.

NOTE 8. INCOME TAXES

ANALYSIS OF TAX INCOME

<i>(in millions of euros)</i>	2010	2009
Current taxes (France)	(21)	8
Current taxes (other countries)	(87)	(59)
Total current taxes	(108)	(51)
Deferred taxes	442	188
TOTAL TAX INCOME	334	138

RECONCILIATION OF TAX INCOME AND INCOME BEFORE TAXES

<i>(in millions of euros)</i>	2010	2009
Net income attributable to equity owners of the parent	883	552
Less: income from discontinued operations	(1,236)	(267)
Minority interests	103	(15)
Share in net income of equity associates	(153)	152
Tax expense (income)	(334)	(138)
Income before tax	(737)	285
Theoretical tax income (expense)	254	(98)
Reconciliation		
Impact of tax consolidation	4	85
Transactions taxed at a reduced rate	29	243
Permanent differences	47	(93)
EFFECTIVE TAX INCOME (EXPENSE)	334	138

TAX RATES USED IN FRANCE

<i>(in percent)</i>	2010	2009
Tax rate	34.43	34.43

PERMANENT DIFFERENCES

<i>(in millions of euros)</i>	2010	2009
Parent / subsidiary tax treatment and inter-company dividends	3	3
Impact of permanent differences for tax purposes	18	10
Impact of internal transactions and transactions with shareholders		113
Other permanent differences ⁽¹⁾	26	(219)
TOTAL PERMANENT DIFFERENCES	47	(93)

(1) Other permanent differences include income taxes associated with the value added business tax (cotisation sur la valeur ajoutée des entreprises, CVAE):

- in 2009, -23 million euros were recognized in deferred taxes for the CVAE;
- in 2010, the net CVAE tax expense came to -25 million euros.

EFFECTIVE TAX RATE

<i>(in millions of euros)</i>	2010	2009
Operating income	(423)	97
Net financial income	(314)	187
Other income	-	-
TOTAL INCOME SUBJECT TO TAX	(737)	284
Tax income (expense)	334	138
Effective tax rate	NA	NA

DEFERRED TAX ASSETS AND LIABILITIES

<i>(in millions of euros)</i>	December 31, 2010	December 31, 2009
Deferred tax assets	1,044	811
Deferred tax liabilities	570	661
NET DEFERRED TAX ASSETS AND LIABILITIES	474	150

MAIN CATEGORIES OF DEFERRED TAX ASSETS AND LIABILITIES

<i>(in millions of euros)</i>	December 31, 2010	December 31, 2009
Tax impact of temporary differences related to:		
Property, plant and equipment, intangible assets and non-current financial assets	(401)	(399)
Working capital assets	98	149
Employee benefits	332	312
Provisions for restructuring	7	8
Tax-driven provisions	(307)	(354)
Provisions for end-of-lifecycle operations	108	60
Impact of loss carry-forwards and deferred taxes	568	327
Other temporary differences	69	47
NET DEFERRED TAX ASSETS AND LIABILITIES	474	150

REVERSAL SCHEDULE FOR DEFERRED TAX ASSETS AND LIABILITIES

<i>(in millions of euros)</i>	December 31, 2010	December 31, 2009
Reversal in more than 12 months	336	(100)
Reversal in 12 months or less	139	250

CHANGE IN CONSOLIDATED DEFERRED TAX ASSETS AND LIABILITIES

<i>(in millions of euros)</i>	2010	2009
AT JANUARY 1	150	140
Tax on continuing operations, recognized in profit or loss	442	188
Tax on discontinued operations	(25)	(135)
Tax recognized outside profit or loss	(50)	(69)
Change in consolidated group	(21)	1
Currency translation adjustments	(22)	25
Other	-	-
AT DECEMBER 31	474	150

CONSOLIDATED DEFERRED TAX INCOME AND EXPENSES BY CATEGORY OF TEMPORARY DIFFERENCE

<i>(in millions of euros)</i>	2010	2009
Tax impact of temporary differences related to:		
Property, plant and equipment, intangible assets and non-current financial assets	85	(4)
Working capital assets	46	54
Employee benefits	2	37
Provisions for restructuring	(11)	(14)
Tax-driven provisions	48	(4)
Provisions for end-of-lifecycle operations	14	26
Net loss carry-forwards and deferred taxes	292	262
Other temporary differences	(34)	(169)
NET DEFERRED TAX INCOME (EXPENSES)	442	188

DEFERRED TAXES RECOGNIZED OUTSIDE PROFIT OR LOSS

<i>(in millions of euros)</i>	2010	2009
IAS 32-39 impacts: change in value of available-for-sale assets, cash flow hedges and hedges of a net investment	(65)	(71)
Other	15	3
NET DEFERRED TAXES RECOGNIZED OUTSIDE PROFIT OR LOSS	(50)	(68)

DEFERRED TAX ASSETS NOT RECOGNIZED

<i>(in millions of euros)</i>	2010	2009
Tax credits	-	-
Tax losses	442	386
Other temporary differences	54	78
TOTAL DEFERRED TAX ASSETS NOT RECOGNIZED	496	464

**NOTE 9. ITEMS RELATED TO NON-CURRENT ASSETS HELD FOR SALE
AND TO DISCONTINUED OPERATIONS**

For 2010, net income before tax from discontinued operations corresponds to the following items:

<i>(in millions of euros)</i>	2010
Net income from discontinued operations (T&D) from January 1 to June 7, 2010	(30)
Net gain on disposals*	1,266
NET INCOME FROM DISCONTINUED OPERATIONS	1,236

*: Including the release to income of currency translation reserves and deferred unrealized gains and losses

Contribution to consolidated net income from the Transmission & Distribution business in 2010 (up to the date of disposal) and 2009:

<i>(in millions of euros)</i>	January 1, 2010 to date of disposal*	2009
Revenue	2,008	5,474
Operating income	(24)	405
Net financial income	(24)	(47)
Income tax	18	(90)
Net income for the period	(30)	267
Minority interests	10	44
Net income attributable to owners of the parent	(41)	223

* : see note 2

The 2010 and 2009 income data for the T&D business include certain expenses billed by AREVA SA (rents, licenses and service fees, and

financial expenses), which totaled 72 million euros in 2009. For 2010, these expenses came to 36 million euros at the date of disposal.

NET CASH FROM DISCONTINUED OPERATIONS

For 2010, this item includes:

<i>(in millions of euros)</i>	2010
Sales price for T&D securities, net of disposal expenses	2,245
Contribution to the opening cash position upon disposal of T&D	(2)
NET	2,243

In addition to the purchase of the T&D shares on June 8, 2010, the group was reimbursed for the liabilities and financial debt owed to it by T&D. These items are mainly included under "Loan repayments and disposals of non-current financial assets" in the statement of cash flows.

The contribution of T&D operations to the consolidated statement of cash flows for 2010 and 2009 is as follows:

<i>(in millions of euros)</i>	2010	2009
Net cash from operating activities	22	101
Net cash used in investing activities	(115)	(312)
Net cash used in financing activities	109	(11)
Other changes	(18)	3
INCREASE (DECREASE) IN NET CASH	(2)	(219)

NON-CURRENT ASSETS HELD FOR SALE

Non-current assets held for sale at December 31, 2010 include:

- CEA's indirect equity interest in STMicroelectronics in the amount of 194 million euros;

- AREVA's indirect equity interest in STMicroelectronics, corresponding to the value of its carrying value of 740 million euros at December 15, 2010, minus: a) a provision in the amount of 45 million euros to bring the carrying value of the equity interest to its sale price of 695 million euros, and b) a provision in the amount of 57 million euros to offset the recognition through profit and loss, upon closing of the sale, of comprehensive income items associated with the equity interest (see note 7).

NOTE 10. GOODWILL

The change in goodwill from December 31, 2009 to December 31, 2010 was as follows:

<i>(in millions of euros)</i>	December 31, 2009	Additions	Disposals	Discontinued operations	Minority interest put options	Currency translation adjustments and other	December 31, 2010
Mining-Front End	2,235	-	-	-	-	73	2,308
Reactors & Services	1,787	-	-	-	25	8	1,820
Back End	216	-	-	-	-	-	216
Renewable Energies	124	121	-	-	25	7	277
Corporate and other operations	4	-	-	-	-	-	4
TOTAL	4,366	121			50	88	4,625

Following the establishment of the new organization of the AREVA group into business groups, certain items of goodwill previously appearing under "Other nuclear – AREVA" were allocated to the Mining-Front End, Reactors & Services and Back End business groups. This concerns:

- goodwill resulting from the creation of the AREVA group in 2001 in the amount of 394 million euros, which was allocated to the Mining-Front End BG (178 million euros) and to the Back End BG (216 million euros);
- goodwill corresponding to the difference between the value of put options held by minority shareholders in AREVA NP and the value of minority interests (2.183 billion euros – see note 25), which was allocated to the Mining-Front End BG (929 million euros) and to the Reactors & Services BG (1.254 billion euros).

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 2010 acquisitions is provisional and may be adjusted in 2011.

The 2010 increase of 121 million euros for the Renewable Energies segment corresponds to the acquisition of Ausra.

GOODWILL IMPAIRMENT TESTS

The group performed goodwill impairment tests for all cash generating units to which goodwill had been allocated, except for goodwill resulting from acquisitions completed in 2010 for which the acquisition cost allocation had not been completed at December 31, 2010, with the result that goodwill had therefore not been finalized at that date.

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).

The following assumptions were used to determine the net present value of the cash flows to be generated by the CGUs:

December 31, 2010	After tax discount rate	Growth rate of pro forma year	Number of years of forecast data
Mining	10.5%	Not applicable	7 to 36
Front End	8%	2%	10
Reactors & Services	9.25%	2%	5 to 10
Back End	6%	2%	10
Renewable Energies	9.75%	2%	5

December 31, 2009

Mining	10.5%	Not applicable	10 to 37
Front End	8.25%	2%	10 to 11
Reactors & Services	9.5%	2%	5 to 11
Back End	7%	2%	10
Renewable Energies	10%	2%	5

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 (through 2019 for gold mining and 2046 for uranium mining), rather than on a pro forma year.

These tests did not lead to 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, 2010			December 31, 2009
	Gross	Amortization and impairment	Net	Net
Pre-mining expenses	1,534	(426)	1,108	840
Research and development expenses	717	(126)	591	435
Mineral rights	1,422	(434)	988	1,302
Other	1,569	(603)	965	706
TOTAL	5,241	(1,588)	3,652	3,282

2010

<i>(in millions of euros)</i>	Pre-mining expenses	R&D expenses	Mineral rights	Other	Total
Gross amount at December 31, 2009	1,183	534	1,313	1,245	4,276
Internally generated assets	36	50	-	81	167
Acquired assets	215	116	10	98	439
Disposals	(22)	(3)	-	(22)	(46)
Discontinued operations	-	-	-	-	-
Currency translation adjustments	128	20	98	7	253
Change in consolidated group	(4)	-	-	26	22
Other changes	(2)	-	-	132	129
Gross amount at December 31, 2010	1,534	717	1,422	1,569	5,241
Depreciation and provisions at December 31, 2009	(343)	(99)	(12)	(539)	(994)
Net increase in depreciation / impairment ⁽¹⁾	(64)	(23)	(426)	(49)	(563)
Disposals	20	-	-	6	26
Discontinued operations	-	-	-	-	-
Currency translation adjustments	(42)	(4)	3	(2)	(46)
Change in consolidated group	4	-	-	-	4
Other changes	-	-	0	(19)	(19)
Depreciation and provisions at December 31, 2010	(426)	(126)	(434)	(603)	(1,588)
NET CARRYING AMOUNT AT DECEMBER 31, 2009	840	435	1,302	706	3,282
NET CARRYING AMOUNT AT DECEMBER 31, 2010	1,108	591	988	965	3,652

(1) Impairment of intangible assets in the amount of -426 million euros was recognized at December 31, 2010.

As indicated in notes 1.1, "Estimates and assumptions" and 1.10, "Impairment of property, plant and equipment, intangible assets and goodwill", the group performs asset impairment tests based on its best estimate of projected cash flows resulting from the budget, the strategic action plan and the assumptions they contain.

For the mineral rights, this estimate is highly dependent on assumptions used in mining business plans, particularly estimates of resources and production, the uranium price, project schedules and related capital plans, and changes in production costs, particularly for deposits where production is not scheduled to begin for several years.

As AREVA indicated in the updated 2009 Reference Document filed with the Autorité des marchés financiers (AMF, the French financial market authority) on December 27, 2010, exploration campaigns, including radiometric surveys, have been carried out or are in progress. These campaigns are supplemented by chemical analyses performed according to a schedule that is consistent with the mining plan.

The results of exploration campaigns carried out to assess the potential of deposits, particularly in South Africa (Rystkuil) and Namibia (Trekopje), along with changes in economic conditions, are likely to have an impact on resource estimates and consequently on the production levels to be taken into consideration for impairment tests.

More specifically in the case of Trekopje, the low correlation level identified between radiometric measurement and uranium content in

the ore assessed by chemical measurement creates uncertainty about the deposit's actual resources and the quantities that might ultimately be produced.

For these reasons, the 300 million euro asset impairment recognized at June 30, 2010 was maintained at December 31, 2010, taking into account more favorable short- and medium-term uranium market conditions (though unchanged over the long term) as well as the abovementioned uncertainties on the quality and level of actual resources.

Moreover, additional impairment of 126 million euros was recognized on December 31, 2010 to reflect the restructuring of the capital plan for certain mining projects.

These impairments are subject to reversal since the assets in question are eligible for depreciation. Over the long term, the group maintains its assessment of the value of its mining portfolio, which it considers to be a strategic asset.

Increases in intangible assets in 2010 primarily concern pre-mining expenses at sites under development (Imouraren and Trekopje) or in operation (AREVA Resources Canada, Katco), and development expenses for EPR™ reactor projects and for a uranium enrichment plant in the United States.

CAPITALIZED PRE-MINING EXPENSES

<i>(in millions of euros)</i>	Net carrying amount at 12/31/09	Additions	Disposals	Amortization / Impairment	Currency translation adjustments	Other changes	Net carrying amount at 12/31/10
Uranium	809	241	(2)	(52)	80	(2)	1,075
Gold	31	9	0	(12)	5		34
TOTAL	840	250	(2)	(64)	86	(2)	1,108

EXPLORATION EXPENSES (INCLUDED IN RESEARCH AND DEVELOPMENT EXPENSES IN THE INCOME STATEMENT)

<i>(in millions of euros)</i>	2010	2009
Uranium	48	40
Gold	5	3
TOTAL	53	43

NOTE 12. PROPERTY, PLANT AND EQUIPMENT

2010

<i>(in millions of euros)</i>	Land	Buildings	Plant, equipment and tooling	End-of- lifecycle assets – AREVA share	Other	In process	Total
Gross amount at December 31, 2009	170	2,008	16,305	696	821	1,457	21,457
Additions	8	132	124	0	112	983	1,358
Disposals	(1)	(18)	(88)	0	(30)	(7)	(143)
Discontinued operations	0	0	0	0	0	0	0
Currency translation adjustments	3	48	57	1	12	22	142
Change in consolidated group	0	(5)	(2)	0	(1)	7	(1)
Other changes	(2)	(168)	280	142	302	(497)	57
Gross amount at December 31, 2010	178	1,997	16,677	839	1,215	1,965	22,870
Depreciation and provisions at December 31, 2009	(76)	(1,043)	(13,957)	(549)	(537)	(2)	(16,163)
Net increase in depreciation / impairment ⁽¹⁾	(2)	(53)	(258)	(121)	(72)	(10)	(517)
Disposals	0	17	60	0	27	0	104
Discontinued operations	0	0	0	0	0	0	0
Currency translation adjustments	0	(10)	(23)	0	(7)	0	(41)
Change in consolidated group	0	4	2	0	1	0	7
Other changes	0	(1)	0	(26)	16	0	(12)
Depreciation and provisions at December 31, 2010	(78)	(1,087)	(14,176)	(696)	(573)	(12)	(16,622)
Net carrying amount at December 31, 2009	94	965	2,348	147	284	1,456	5,294
Net carrying amount at December 31, 2010	99	910	2,501	143	642	1,953	6,249

(1) Impairment of property, plant and equipment in the amount of -121 million euros was recognized at December 31, 2010.

On December 3, 2010, AREVA and EDF sealed an agreement to extend the operation of the Georges Besse I enrichment plant until the end of 2012. This agreement, which falls within the strategic partnership between AREVA and EDF, helped set the principal conditions for plant operations for the 2011 to 2012 period.

A negative impact of 120 million euros was recognized for 2010 corresponding to depreciation of plant assets.

In 2010, the net value of capitalized finance lease contracts was 30 million euros (31 million euros in 2009).

Interest expenses capitalized in the cost of property, plant and equipment were not significant at December 31, 2010.

NOTE 13. END-OF-LIFECYCLE OPERATIONS

The table below summarizes the AREVA accounts affected by the treatment of end-of-lifecycle operations and their financing.

Assets (in millions of euros)	Dec. 31, 2010	Dec. 31, 2009	Liabilities	Dec. 31, 2010	Dec. 31, 2009
End-of-lifecycle assets – AREVA share ⁽¹⁾	143	147			
Assets earmarked for end-of-lifecycle operations	5,842	5,626	Provisions for end-of-lifecycle operations	5,815	5,660
• End-of-lifecycle assets – third party share ⁽²⁾	252	275	• funded by third parties ⁽²⁾	252	275
• Assets earmarked for end-of-lifecycle operations ⁽³⁾	5,590	5,351	• funded by AREVA	5,563	5,385

(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-LIFECYCLE 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-lifecycle 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-lifecycle operations, corresponding to the share of dismantling, waste retrieval and waste packaging operations to be financed by third parties. Conversely, a provision is recorded to cover its total estimated end-of-lifecycle costs as soon as a facility starts up, including any share funded by third parties.

(in millions of euros)	AREVA share				Dec. 31, 2010	Dec. 31, 2009
	Gross	Amortization	Net	Third party share		
Dismantling	839	(696)	143	252	395	422
Waste retrieval and packaging	-	-	-	-	-	-
TOTAL	839	(696)	143	252	395	422

2010 (in millions of euros)	Net carrying amount at Dec. 31, 2009		Increases in and reversals of amortization and provisions		Discounting reversals	Other changes	Net carrying amount at Dec. 31, 2010
	Increases	Decreases	Increases	Decreases	Other changes		
AREVA share	147	117	(1)	(121)	-	1	143
Third party share	275	2	(36)	-	11	-	252
TOTAL	422	119	(37)	(121)	11	1	395

The net end-of-lifecycle assets represented 395 million euros at December 31, 2010, compared with 422 million euros at December 31, 2009.

The third party share remaining in the end-of-lifecycle 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-LIFECYCLE OPERATIONS

<i>(in millions of euros)</i>	Net carrying amount at Dec. 31, 2009	Reversals (when risk has materialized): expenses covered by a provision	Discounting reversals	Change in assumptions, budgets, etc.	Net carrying amount at Dec. 31, 2010
Provision for nuclear facility dismantling	4,092	(123)	186	57	4,212
Provision for waste retrieval and packaging	1,568	(78)	68	45	1,603
Provisions for end-of-lifecycle operations	5,660	(201)	254	102	5,815

Provisions for end-of-lifecycle operations of facilities covered by the Law of June 28, 2006 pertaining to the sustainable management of nuclear materials and nuclear waste were as follows at December 31, 2010 and December 31, 2009:

<i>(in millions of euros)</i>	Dec. 31, 2010	Dec. 31, 2009
Dismantling of regulated nuclear facilities, excluding long-term radioactive waste management	3,629	3,526
Dismantling of used fuel, excluding long-term radioactive waste management	-	-
Retrieval and packaging of legacy waste, excluding long-term radioactive waste management	1,200	1,031
Long-term radioactive waste management	589	714
Post-closure disposal center monitoring costs	38	37
TOTAL PROVISIONS FOR END-OF-LIFECYCLE OPERATIONS OF FACILITIES COVERED BY THE FRENCH LAW OF JUNE 28, 2006	5,456	5,308
Provisions for end-of-lifecycle operations of facilities not covered by the French law of June 28, 2006	359	352
TOTAL PROVISIONS FOR END-OF-LIFECYCLE OPERATIONS	5,815	5,660

At December 31, 2010, 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-lifecycle provisions falling within the scope of the French law of June 28, 2006 by -420 million euros or 491 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, in accordance with prevailing standards, the waste from operating activities 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-lifecycle 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.

The Nuclear Site Value Development business unit prepares detailed estimates for dismantling and waste retrieval and packaging operations for plants in the back end of the fuel cycle. Dismantling costs are calculated using the ETE EVAL software application certified by Bureau Veritas. Waste retrieval and packaging costs are valued based on operational cost estimates developed with tools designed for these specific operations.

Eurodif prepared the dismantling cost estimates for the enrichment business.

The estimates are revised annually to take inflation into account. These expenses are then 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".

As of December 31, 2010 and December 31, 2009, the estimated rates applied to facilities located in France were the following:

- 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 submits a report every three years on cost estimates and calculation methods for provisions, in addition to an annual report update.

Some waste from fuel treatment operations performed under older contracts could not be processed as it was produced, as packaging facilities were not yet in service at that time. This waste will be retrieved and packaged following a scenario and using technical methods approved by the regulatory authority.

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, which received or will receive low-level, short-lived waste;

Provisions for end-of-lifecycle operations, before discounting

Provisions for end-lifecycle operations before discounting (subject to escalation from the date of closing):

<i>(in millions of euros)</i>	Dec. 31, 2010	Dec. 31, 2009
Dismantling of nuclear facilities	8,456	8,248
Waste retrieval and packaging	2,261	2,504
TOTAL	10,717	10,753

ASSETS EARMARKED FOR END-OF-LIFECYCLE OPERATIONS

This heading consists of the following:

<i>(in millions of euros)</i>	Dec. 31, 2010	Dec. 31, 2009
Receivables related to end-of-lifecycle operations	1,262	1,830
Earmarked assets	4,320	3,521
TOTAL	5,582	5,351

- the shipment and underground disposal of low-level, long-lived waste (graphite) owned by the group;
- 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). The provision is based on the assumption that a deep geological repository will be built.

Concerning this last heading, 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 in the second half of 2005. Extrapolating items from the report of the working group, AREVA adopted a reasonable total cost estimate of 14.1 billion euros (based on costs in 2003) for the deep geologic repository, including both the cost of retrievability and allowances for contingencies.

As provided in 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 reversible disposal.

Receivables related to end-of-lifecycle 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 of dismantling 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 for the payment of the amount due by EDF were defined in an agreement signed by AREVA and EDF in July 2009. The payment was divided in four installments. EDF had paid three of the installments by year-end 2010. The balance is due in 2011.

Purpose of earmarked portfolio

To meet its end-of-lifecycle obligations, the group voluntarily built up a special portfolio earmarked for the payment of its future facility dismantling and waste management expenses. This obligation has applied to all nuclear operators in France since the French law no. 2006-739 of June 28, 2006 and the implementing decree no. 2007-243 of February 23, 2007 came into force. This portfolio was constructed based on a budget 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-lifecycle commitments for facilities located in France or abroad.

The group relies on independent consultants to study strategic target asset allocations to optimize the risk/return of the portfolio over the long term and to advise AREVA on the choice of asset classes and

portfolio managers. These recommendations are submitted to the Cleanup 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 type of investments.

After 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 equity component of the portfolio, which was initially invested in European equities through a limited number of direct interests in publicly traded French companies and through 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 equities 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.

The portfolio of assets earmarked to fund end-of-lifecycle expenses includes the following:

<i>(in millions of euros)</i>	Dec. 31, 2010	Dec. 31, 2009
At market value		
Publicly traded shares	1,010	690
Equity mutual funds	766	720
Bond and money market mutual funds	2,544	2,111
TOTAL	4,320	3,521
By region		
Euro zone	3,648	2,846
Non-euro Europe	672	675
Other	-	-
TOTAL	4,320	3,521

Management mandate for publicly traded equities

Composition

The mandate was established at the beginning of 2007 and includes some thirty securities from the euro zone. The securities are held in order to generate gains over the long term.

The mandate portfolio held 32 companies with a market value of 1.01 billion euros at December 31, 2010.

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.

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 774 million euros at December 31, 2010.

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) forms the base of 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 0 and a maximum of 5.

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.

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

	2010	2009
AREVA NC		
I. 3° Euro zone equities	+18%	+30.5%
AREVA NC		
I. 4° EU equity funds(#)	+13.1%	+30.5%
I. 4° Euro bond funds(#)	+1.7%	+4.3%
I. 4° Money market funds	+0.6%	+0.7%
AREVA NP		
I. 4° Money market and equity funds	+3.8%	+13.3%
Eurodif		
I. 4° Money market, equity and bond funds and mandates	+3.2%	+5.6%

(#) Performance reported for these asset classes includes that of mutual funds earmarked for end-of-lifecycle 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 77% of all earmarked assets at December 31, 2010. Earmarked assets at year-end 2010 were allocated as follows: 32% equities, 45% bonds, 23% receivables. If interest on receivables is used to determine the performance of rate instruments, the overall performance of all earmarked assets would be approximately +6 % for the 2010 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-lifecycle 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)

Dec. 31, 2010 (in millions of euros)	% of control	Share in net income of associates	Investment in associates, excluding goodwill	Goodwill	Investment in associates, including goodwill
STMicroelectronics	14.22	69	-	-	-
Eramet	25.79	83	761	35	796
New MNF	30.00	(3)	52	79	131
Other associates		4	56	5	61
TOTAL		153	869	119	988

AREVA's equity interest in STMicroelectronics is reported under "Non-current assets held for sale" in view of its pending disposal (see notes 2 and 9).

Dec. 31, 2009 <i>(in millions of euros)</i>	% 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

CHANGE IN INVESTMENTS IN ASSOCIATES

<i>(in millions of euros)</i>	2010
Investments in associates at January 1	1,635
Share in net income of associates	153
Dividends	(45)
Currency translation adjustments	97
Acquisitions	-
Disposals	(9)
Reclassification of STMicroelectronics securities to "Non-current assets held for sale"	(934)
Other changes	91
INVESTMENTS IN ASSOCIATES AT DECEMBER 31	988

SUMMARY DATA ON ASSOCIATES

<i>(in millions of euros)</i>	Eramet*
Total assets	5,270
Total liabilities	2,735
Equity	2,535
Revenue	2,689
Net income	(265)

* : Information reported in accordance with IFRS (12/31/09).

MARKET VALUE OF INVESTMENTS IN PUBLICLY TRADED ASSOCIATES

<i>(in millions of euros)</i>	Dec. 31, 2010			Dec. 31, 2009		
	% of control	Investment in associates	Market value	% of control	Investment in associates	Market value
STMicroelectronics	-	-	-	14.27	805	638
Eramet	25.79	796	1,747	25.71	662	1,492
TOTAL		796	1,747		1,467	2,130

NOTE 15. OTHER NON-CURRENT FINANCIAL ASSETS

<i>(in millions of euros)</i>	Dec. 31, 2010	Dec. 31, 2009
Available-for-sale securities	293	682
Loans to equity associates	3	82
Other non-current financial assets	81	83
Derivatives on financing activities	92	13
TOTAL	469	860

AVAILABLE-FOR-SALE SECURITIES

Changes during the year were as follows:

<i>(in millions of euros)</i>	
December 31, 2009	682
Additions	11
Disposals	(285)
Lasting impairment	(2)
Changes in fair value recognized outside profit or loss	23
Change in consolidation scope, currency translation, reclassifications and miscellaneous	(137)
December 31, 2010	293

Available-for-sale securities are as follows:

<i>(in millions of euros)</i>	Number of shares at Dec. 31, 2010	Dec. 31, 2010	Dec. 31, 2009
Publicly traded shares (at market value)			
• Alcatel	2,597,435	6	6
• Suez Environnement	6,906,750	107	111
• Safran	0	0	421
• Summit	21,879,518	61	30
• Japan Steel	4,830,000	38	43
• Other publicly traded shares	-	23	15
Investment in privately held companies	-	58	56
TOTAL		293	682

The bulk of AREVA's holding in Safran was sold on the market in 2010 and the balance was transferred to the fund earmarked for end-of-lifecycle obligations, generating 636 million euros in cash.

All interests in Total and GDF Suez were sold in 2009.

At December 31, 2010 and 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.

NOTE 16. INVENTORIES AND WORK IN PROCESS

<i>(in millions of euros)</i>	Dec. 31, 2010			Dec. 31, 2009		
	Gross	Impairment	Net	Gross	Impairment	Net
Raw materials and other supplies	627	(114)	513	660	(110)	550
Goods in process	537	(10)	528	329	(4)	325
Services in process	334	(16)	318	570	(17)	553
Intermediate and finished products	1,263	(23)	1,240	1,294	(22)	1,272
TOTAL	2,762	(162)	2,599	2,853	(153)	2,699
Inventories and work-in-process						
• at cost			2,187			2,287
• at net realizable value			412			413
			2,599			2,699

NOTE 17. TRADE ACCOUNTS RECEIVABLE AND RELATED ACCOUNTS

<i>(in millions of euros)</i>	Dec. 31, 2010	Dec. 31, 2009
Gross amount	2,288	2,185
Impairment	(21)	(24)
NET CARRYING AMOUNT	2,267	2,161

CHANGE IN IMPAIRMENT OF TRADE ACCOUNTS RECEIVABLE AND RELATED ACCOUNTS

	JANUARY 1, 2010	(24)
Change in consolidated group		
Discontinued operations		
Charge		(7)
Reversal (when risk has materialized)		10
Reversal (when risk has not materialized)		1
Other (currency translation adjustments)		0
DECEMBER 31, 2010		(21)

The gross amount of trade accounts receivable and related accounts includes 94 million euros in receivables maturing in more than one year.

At December 31, 2010, "Trade accounts receivable and related accounts" include receivables in the amount of 724 million euros on contracts recognized according to the percentage of completion method (compared with 503 million euros at December 31, 2009).

TRADE ACCOUNTS RECEIVABLE AND RELATED ACCOUNTS (GROSS)*

**Accounts receivable
and related accounts**

<i>(in millions of euros)</i>	Gross	Maturing in the future	Impaired and past due	Including not impaired and past due					
				Less than 1 month	1 to 2 months	2 to 3 months	3 to 6 months to 1 year	More than 1 year	
December 31, 2010	1,564	1,330	18	143	19	15	10	14	14
December 31, 2009	1,681	1,284	19	180	129	26	8	16	17

*Excluding accounts receivable on contracts recognized according to the percentage of completion method.

NOTE 18. OTHER OPERATING RECEIVABLES

<i>(in millions of euros)</i>	Dec. 31, 2010	Dec. 31, 2009
French State	593	420
Advances and down payments to suppliers	667	573
Miscellaneous accounts receivable	593	645
Financial instruments	294	184
Other	18	15
TOTAL	2,165	1,838

“Miscellaneous accounts receivable” includes receivables from employees and social security and unemployment administrations.

At December 31, 2010, other operating receivables include 539 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

<i>(in millions of euros)</i>	Dec. 31, 2010	Dec. 31, 2009
Cash equivalents	3,029	1,265
Cash and current accounts	329	144
NET	3,358	1,409

Cash equivalents consist chiefly of short-term mutual funds and short-term marketable securities.

NOTE 20. OTHER CURRENT FINANCIAL ASSETS

<i>(in millions of euros)</i>	Dec. 31, 2010	Dec. 31, 2009
Securities held for trading	84	88
Puts and calls	0	4
Other current financial assets and derivatives on financing activities	126	47
TOTAL	210	139

Securities held for trading include top-rated bonds and balanced equity/bond funds.

Other current financial assets at December 31, 2010 include 4 million euros for the Framépargne liquidity guarantee (see note 31), compared with 28 million euros at December 31, 2009.

NOTE 21. SHARE CAPITAL**SHARE CAPITAL**

At December 31	2010	2009
CEA	73.2%	78.9%
French State	10.2%	8.4%
Kuwait Investment Authority	4.8%	-
Caisse des dépôts et consignations	3.3%	3.6%
Total	1.0%	1.0%
Crédit Agricole CIB and employee shareholders	1.3%	1.4%
EDF	2.3%	2.5%
Treasury shares	0.2%	0.2%
Shareholders with voting rights	96.3%	96.0%
Investment certificate holders	3.7%	4.0%
TOTAL	100.0%	100.0%

The table above does not reflect share issues reserved for investment certificate holders made in January 2011.

The par value of the AREVA SA share and of the investment certificate is 3.80 euros after the ten-to-one stock split.

CAPITAL INCREASE

AREVA undertook a capital increase reserved for the Kuwait Investment Authority, acting in the name and on behalf of the State of Kuwait, and for the French State in the total amount of around 900 million euros by issuing 27,692,307 ordinary shares at the price of 32.50 euros per share following a ten-for-one split of the ordinary share and investment certificates on December 27, 2010. The par value of the share is 3.80 euros. The issue premium is 32.17 euros per share.

CURRENCY TRANSLATION RESERVES

Currency translation reserves came to 46 million euros in 2010; they were -155 million euros in 2009. The change primarily reflects the change in the US dollar exchange rate.

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 2010 was 353,890,531 shares and investments certificates.

OTHER COMPREHENSIVE INCOME ITEMS

<i>(in millions of euros)</i>	2010	2009
Currency translation adjustments on consolidated companies and other		
• Unrealized gains (losses) for the period	101	(2)
• Less gains (losses) recognized in profit and loss	(1)	
Change in value of available-for-sale financial assets		
• Unrealized gains (losses) for the period	290	472
• Less gains (losses) recognized in profit and loss	(71)	(583)
Change in value of cash flow hedges		
• Unrealized gains (losses) for the period	80	12
• Less gains (losses) recognized in profit and loss	(7)	(24)
Income tax related to these items	(52)	(68)
Other comprehensive income items from discontinued operations	1	52
Share in comprehensive income of associates (net of income tax)	75	(55)
Non-current assets held for sale	8	
TOTAL OTHER COMPREHENSIVE INCOME ITEMS (NET OF INCOME TAX)	423	(196)

TAX IMPACT OF OTHER COMPREHENSIVE INCOME ITEMS

<i>(in millions of euros)</i>	2010			2009		
	Before tax	Income tax	After tax	Before tax	Income tax	After tax
Currency translation adjustments on consolidated companies and other	100	49	149	(2)	(21)	(23)
Change in value of available-for-sale financial assets	218	(81)	137	(111)	(48)	(159)
Change in value of cash flow hedges	73	(20)	53	(12)	1	(11)
Share in comprehensive income of associates (net of income tax)	75		75	(55)		(55)
Other comprehensive income items from discontinued operations	(3)	4	1	68	(16)	52
Non-current assets held for sale	8		8			
TOTAL OTHER COMPREHENSIVE INCOME ITEMS (NET OF INCOME TAX)	471	(48)	423	(112)	(84)	(196)

NOTE 22. MINORITY INTERESTS

The largest minority interests were as follows:

<i>(in millions of euros)</i>	Dec. 31, 2010	Dec. 31, 2009
Eurodif	179	221
STMicroelectronics	-	170
SET Holding	156	133
Katco	151	68
Imouraren	56	60
UraMin	50	57
Somair	42	34
La Mancha	37	28
Minority interests related to non-current assets held for sale and discontinued operations	199	128
Other	45	27
TOTAL	915	926

“Minority interests related to non-current assets held for sale and discontinued operations” includes:

- at December 31, 2010: minority interests in STMicroelectronics in the amount of 199 million euros;
- at December 31, 2009: minority interests in AREVA T&D in the amount of 128 million euros.

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.

The impact of the 2010 retirement reforms is taken into account for the early retirement plans in France, pending renegotiation of the terms of these plans in 2011. The impact on other benefits is considered minor; the retirement age assumptions taken into account for their valuation will be adjusted in 2011.

PROVISIONS RECOGNIZED ON THE STATEMENT OF FINANCIAL POSITION

<i>(in millions of euros)</i>	Dec. 31, 2010	Dec. 31, 2009
PROVISION FOR PENSION OBLIGATIONS AND OTHER EMPLOYEE BENEFITS	1,171	1,121
Less pension plan assets	(2)	(0)
Less local pension plan assets	(4)	(2)
TOTAL PLANS REVIEWED BY THE GROUP'S ACTUARIES	1,165	1,119
Retirement benefits	269	247
Supplemental retirement benefits	20	31
Early retirement benefits	597	578
Medical expenses and accident/disability insurance	259	243
Job-related awards	20	20

The amounts at December 31, 2009 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:

	2010	2009
Inflation	2%	2%
Discount rate		
• Euro zone	5.00%	5.00%
• US dollar zone	5.25%	5.50%
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	1.95%	1.94%
• US dollar zone	0%	0%
Annual social security ceiling increase (before inflation)	+0.5%	+0.5%

• Mortality tables

	2010	2009
France		
• Annuities	Mortality tables INSEE 2000-2002 Men/Women	Mortality tables INSEE 2000-2002 Men/Women
• Lump sum payments		
Germany	Heubeck 2005	Heubeck 2005
United States	RP-2000	RP-2000

• Retirement age in France: 63 for management personnel, 61 for non-management personnel. These age assumptions will be adjusted in 2011 to reflect French retirement reforms enacted in 2010.

• Average attrition is assumed to occur among employees in each company at a declining rate reflecting age brackets.

• 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	
	2010	2009	2010	2009
< 30 years	2.10%	2.07%	1.60%	1.61%
30-39 years	1.90%	1.87%	1.50%	1.52%
40-49 years	1.55%	1.53%	1.23%	1.25%
50-54 years	1.13%	1.11%	1.08%	1.10%
55 years and above	0.87%	0.86%	0.77%	0.79%

Germany	2010	2009
< 35 years	1.50%	1.50%
Maturity > 35 years	1.50%	1.50%

United States	2010	2009
	1.75%	1.75%

- Assumed rate of increase in medical expenses in the United States

Year	
2010	7.5%
2011	7%
2012	6.5%
2013	6%
2014	6.5%
2015+	5%

- Contributions / benefits anticipated for defined benefit plans in 2011.
 - The costs to be borne by the company for baseline contributions/ benefits are estimated at 54 million euros.
 - Estimated contributions to qualified US retirement plans are estimated at 21 million euros.

FINANCIAL ASSETS

Europe

Type of asset	2010	2009
Cash	5%	6%
Bonds	69%	65%
Shares	22%	25%
Real estate	4%	4%

United States

Type of asset	2010	2009
Cash	2%	1%
Bonds	40%	42%
Shares	58%	57%
Real estate	0%	0%

Effective return on plan assets	2010	2009
Europe	1.75%	12.97%
United States	11.73%	22.99%

The returns expected on assets are calculated taking into account:

- plan asset allocations by type of investment;
- 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

December 31, 2010	Retire- ment bonuses	Supplemental retirement benefits	Early retirement benefits	Medical benefits	Job- related awards	Total	Total	Total		
<i>(in millions of euros)</i>	Out- sourced	Out- sourced	In-house manage- ment	Out- sourced	In-house manage- ment	In-house manage- ment	In-house manage- ment	Out- sourced	In-house manage- ment	Total
Benefit obligation	464	708	28	1,006	323	261	20	2,178	632	2,810
Fair value of plan assets	(35)	(602)	-	(335)	-	-	-	(972)	-	(972)
Unrecognized actuarial gains and losses	(136)	(109)	(4)	(105)	(39)	(4)	-	(350)	(47)	(397)
Unrecognized past service cost	(24)	-	(1)	(204)	(49)	2	-	(228)	(48)	(276)
Plan assets recognition limit										-
TOTAL BENEFIT OBLIGATION	269	(3)	23	362	235	259	20	628	537	1,165

Sensitivity of the actuarial value of the obligation to changes in discount rates

An across-the-board decrease in the discount rate of 0.5% would increase the actuarial obligation by 3.9%.

Historical data <i>(in millions of euros)</i>	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006	Dec. 31, 2005
Benefit obligation	2,472	2,672	2,610	2,517	2,364
Fair value of plan assets	(894)	(999)	(1,161)	(978)	(875)
Unrecognized actuarial gains and losses	(352)	(308)	(222)	(331)	(309)
Unrecognized past service cost	(107)	(106)	(110)	(114)	(127)
Plan assets recognition limit	-	-	34	-	-
TOTAL BENEFIT OBLIGATION	1,119	1,259	1,151	1,094	1,053

Experience differences since IFRS adoption
Actuarial (gains) losses by year *(in millions of euros)*

	Benefit obligations	133
	Plan assets	186
Cumulative 2004 to 2009	TOTAL	319
	Benefit obligations	40
	Plan assets	4
2010	TOTAL	44

TOTAL EXPENSE FOR THE YEAR

2010 <i>(in millions of euros)</i>	Retirement bonuses	Supplemental retirement benefits	Early retirement benefits	Medical benefits	Job- related awards	Total	2009
Current service cost	19	13	30	6	1	69	62
Interest expense	20	36	56	13	1	126	125
Expected return on plan assets	(2)	(35)	(17)	-	-	(54)	(45)
Amortization of actuarial gains or losses	6	6	5	(2)	-	15	18
Past service cost	1	3	29	3	-	36	23
Plan curtailment or termination	(5)	(4)	-	(1)	-	(10)	-
Impact of limit on recognition of assets							-
TOTAL EXPENSE FOR THE YEAR	39	19	103	19	2	182	183

CHANGE IN THE DEFINED BENEFIT OBLIGATION

December 31, 2010 <i>(in millions of euros)</i>	Retirement bonuses	Supplemental retirement benefits	Early retirement benefits	Medical benefits	Job- related awards	Total	2009
Defined benefit obligation at December 31, 2009	402	684	1,124	242	20	2,472	2,672
Current service cost	19	13	30	6	1	69	62
Cost escalation	20	36	56	13	1	126	125
Employee contributions	-	5	-	-	-	5	5
Past service cost	17	3	182	4	-	206	22
Acquisitions and disposals	(1)	5	-	-	-	4	-
Change in consolidation scope						-	-
Curtailments/terminations	(7)	(5)	-	(1)	-	(13)	-
Defined benefit obligation of operations held for sale							(419)
Benefits paid during the year	(16)	(33)	(75)	(8)	(2)	(134)	(132)
Actuarial gains and losses	30	10	12	3	-	55	145
Exchange gains and losses	-	18	-	2	-	20	(8)
DEFINED BENEFIT OBLIGATION AT DECEMBER 31, 2010	464	736	1,329	261	20	2,810	2,472

CHANGES IN PLAN ASSETS

<i>(in millions of euros)</i>	2010
Changes in asset values	
Opening balance	894
Expected return	54
Actuarial gains and losses	(4)
Employer contributions	145
Employee contributions	5
Benefits paid	(134)
Acquisitions and disposals	1
Assets of operations held for sale	-
Change in consolidation scope	-
Exchange gains and losses	10
NET CARRYING VALUE AT DECEMBER 31	971

CHANGE IN PROVISION ESTIMATED BY THE GROUP'S ACTUARIES

<i>(in millions of euros)</i>	2010
Change in the provision	
Opening balance	1,119
Exchange gains and losses	7
Change in consolidation scope	2
Total expense	182
Contributions collected/benefits paid	(145)
BENEFIT OBLIGATION AT DECEMBER 31	1,165

NOTE 24. OTHER PROVISIONS

<i>(in millions of euros)</i>	Jan. 1, 2010	Charge*	Reversal (when risk has materialized)	Reversal (when risk has not materialized)	Discontinued operations	Reclassifications, changes in consolidation scope/currency translation adjustments	Dec. 31, 2010
Restoration of mining sites and mill decommissioning	93	28	(14)	-	-	8	115
Provisions for site clean-up and reconstruction of other industrial sites	1	-	-	-	-	-	1
Other non-current provisions	94	28	(14)	-	-	8	116
Restructuring and layoff plans	27	1	(5)	(3)	-	-	20
Provisions for ongoing cleanup	97	5	(3)	(1)	-	-	99
Provisions for customer warranties	86	42	(18)	(7)	-	-	103
Provisions for losses to completion	726	474	(559)	(9)	-	4	636
Accrued costs	552	202	(110)	(15)	-	(2)	638
Other	208	150	(34)	(44)	-	1	281
Current provisions	1,696	874	(719)	(79)	-	5	1,777
TOTAL PROVISION	1,791	903	(733)	(79)	-	13	1,894

* : including 18 million euros in discounting reversals in 2010

At December 31, 2010 and December 31, 2009, other provisions were as follows:

	2010	2009
Contingencies on contracts	5	8
Provisions for litigation	30	17
Provisions for tax risk	22	21
Provisions for fines and penalties	4	7
Other loss provisions	106	100
Other contingency provisions	112	55
TOTAL	281	208

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

Heavy construction of the OL3 project was completed in 2010, except for the external dome. All electro-mechanical installation activities ramped up quickly during the year. In the reactor building, the installation of reactor coolant system components continued following introduction of the reactor vessel on June 18. Three of the four steam generators had been installed by the end of December, in addition to the pressurizer. The fourth steam generator was installed in January 2011.

The critical path for the OL3 project is underpinned by piping work and plant commissioning activities.

Construction was more than 52% complete at year-end, in line with the overall project schedule. Piping activities for all work packages combined was 33% complete, consistent with the following phases of installation work involving hydraulic testing throughout 2011. The first tests were performed in December 2010.

In terms of commissioning, the rules for the turnover of construction and testing were finally agreed upon after a lengthy period of restatement that began in April and several exchanges of a contractual nature.

Concerning the instrumentation and control system, following acceptance of its architecture by the Finnish safety authority STUK, its qualification program must now be finalized and a large number of documents must be produced to supplement the operating license application, which TVO must submit no later than August 2011.

Progress is satisfactory on the testing documentation, with 134 of a total of 158 reports completed and 100 of them already accepted by TVO. The preparation of the testing phase, an integral component of the commissioning process, and the first mechanical and electrical system turnovers show that the consortium has crossed a major threshold in the process leading to fuel loading, now scheduled for December 2012.

From that date on, TVO will be responsible for the nuclear operations, startup and power rampup that will follow reactor divergence. Discussions are already underway with TVO on the respective responsibilities of the consortium and the operator during these phases.

An additional provision in the amount of 367 million euros was recorded on June 30, 2010. This estimate proved accurate as the project progressed during the second half of 2010. The estimated loss to completion of the project comes to 2.6 billion euros at December 31, 2010.

Concerning the arbitration proceedings begun in December 2008, the consortium continues to assert its rights by claiming compensation in the amount of 1 billion euros for schedule extension and increased costs borne by the consortium because of TVO. No revenue was recognized in respect of this claim.

In April 2009, TVO filed a counterclaim against the consortium for 1.4 billion euros. No provision has been constituted in this regard, as the consortium and its counsel still consider the allegations made in the counterclaim to be unfounded and without merit under Finnish law.

The remaining uncertainties related to the estimated loss to completion concern, among others, the contract risks, compliance with agreed-upon operating procedures for piping installation and inspection operations, and the testing and startup phases, including the instrumentation and control system.

PROVISIONS FOR CONTRACT COMPLETION

Provisions for contract completion totaled 638 million euros at December 31, 2010. 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	Dec. 31, 2010	Dec. 31, 2009
Put options of minority shareholders	24	36	60	17
Debt to Siemens on exercise of the put option	2,117		2,117	2,080
Interest-bearing advances	83		83	81
Loans from financial institutions	469	284	753	2,274
Bond issues	3,764	39	3,803	3,006
Short-term bank facilities and non-trade current accounts (credit balances)		194	194	129
Financial instruments		139	139	56
Miscellaneous debt*	80	11	91	99
TOTAL BORROWINGS	6,537	703	7,240	7,741
<i>* : Including leasing obligations</i>	<i>18</i>	<i>10</i>	<i>28</i>	<i>28</i>

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, beginning January 2012,

the parties had the possibility of exercising the put or the call unconditionally with three 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 a method which takes into account 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 December 31, 2007 at 2.049 billion euros:

	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 is presented at December 31, 2010 under a separate heading entitled "debt to Siemens on exercise of the put option".

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 termination for breach given by AREVA to Siemens (see note 2.2) at a variable rate equal to the 3-month Libor + 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. This debt is likely to be repaid before maturity, once the expert shall have made a final determination on the exercise price for the option.

In view of the uncertainty regarding the price for exercise of the option that will result from the expert report and the uncertainty on 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, 2009 and at December 31, 2010 as at December 31, 2007, i.e. 2.049 billion euros. Accrued interest in the amount of 68 million euros was recognized on that basis at December 31, 2010.

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>	Dec. 31, 2010
Maturing in one year or less	703
Maturity 1-2 years	2,196
Maturity 2-3 years	15
Maturity 2-3 years	13
Maturity 4-3 years	236
Maturing in more than one year	4,078
TOTAL	7,240

<i>(in millions of euros)</i>	Dec. 31, 2010
Euro	5,112
US dollar	1,730
Canadian dollar	266
Other	133
TOTAL	7,240

<i>(in millions of euros)</i>	Dec. 31, 2010
Fixed rate borrowings	2,548
Floating rate borrowings	4,362
TOTAL	6,910
Put options held by minority shareholders	60
Other non-interest-bearing debt	118
Financial instruments	152
TOTAL	7,240

The maturities of the group's financial assets and borrowings at December 31, 2010 are presented in note 31.

CONTRACTUAL PAYMENT BY MATURITY AT DECEMBER 31, 2010

<i>(in millions of euros)</i>	Balance sheet value	Total payment flows	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years
Put options of minority shareholders	60	60	36	-	-	-	24	-
Debt to Siemens	2,117	2,117	-	2,117	-	-	-	-
Interest-bearing advances	83	83	-	-	-	-	-	83
Loans from financial institutions	752	752	284	11	12	11	210	225
Bond issues	3,803	3,803	39	-	-	-	-	3,764
Short-term bank facilities and non-trade current accounts (credit balances)	194	194	194	-	-	-	-	-
Miscellaneous debt	91	91	11	68	4	2	1	6
Future interest on financial liabilities	-	1,793	168	385	166	165	164	743
Total borrowings (excluding derivatives)	7,101	8,894	732	2,581	182	178	400	4,821
Derivatives–assets	(95)	-	-	-	-	-	-	-
Derivatives–liabilities	139	-	-	-	-	-	-	-
Total net derivatives	44	44	48	9	11	20	(6)	(38)
TOTAL	7,145	8,938	780	2,590	193	198	394	4,783

CONTRACTUAL PAYMENT BY MATURITY AT DECEMBER 31, 2009

<i>(in millions of euros)</i>	Balance sheet value	Total payment flows	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 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

BOND ISSUES AFTER HEDGING

<i>(in millions of euros)</i>	Par value	Balance sheet value	Currency	Nominal rate	Maturity
September 23, 2009	1,250	1,266	EUR	3.875%	2016
September 23, 2009	1,000	998	EUR	4.875%	2024
November 6, 2009	750	756	EUR	4.375%	2019
September 22, 2010	750	745	EUR	3.5%	2021
TOTAL	3,750	3,764			

The AREVA group raised 750 million euros with a bond issue in 2010; combined with the three bond issues made in 2009, the total raised comes to 3.75 billion euros.

Of this amount, 1.05 billion euros were hedged through variable rate swaps in euros and 1.701 billion euros were hedged through cross currency swaps or foreign exchange swaps in US dollars.

GUARANTEES AND COVENANTS

With the exception of the loan to Somair in the amount of 37.5 billion CFA (equivalent to 57 million euros), for which assets have been pledged, 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, 2010.

NOTE 26. ADVANCES AND PREPAYMENTS RECEIVED

<i>(in millions of euros)</i>	Dec. 31, 2010	Dec. 31, 2009
Advances and prepayments on orders	3,108	3,066
Customer advances and prepayments invested in non-current assets	815	827
TOTAL	3,923	3,893

This account corresponds to non-interest-bearing Capex and operating advances received from customers pursuant to contractual commitments. The advances are reimbursed by deduction from sales invoiced under these contracts, which primarily concern sales of fuel, used fuel treatment and recycling services, and reactors. 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 balance sheet 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>	Dec. 31, 2010	Dec. 31, 2009
Taxes and social security liabilities (excluding income tax)	1,397	1,449
Financial instruments	194	143
Other operating liabilities	990	678
TOTAL	2,581	2,270

Financial instruments include the fair value of derivatives hedging market transactions and the fair value of the firm commitments hedged.

At December 31, 2010, operating liabilities by maturity were as follows:

- Maturity < 1 year: 2,303 billion euros
- Maturity 1 to 5 years: 192 million euros
- Maturity > 5 years: 86 million euros

NON-OPERATING LIABILITIES

<i>(in millions of euros)</i>	Dec. 31, 2010	Dec. 31, 2009
TOTAL	73	53

NOTE 28. CASH FROM OPERATING ACTIVITIES**CHANGE IN WORKING CAPITAL REQUIREMENT**

<i>(in millions of euros)</i>	2010	2009
Change in inventories and work-in-process	161	(264)
Change in accounts receivable and other receivables	(138)	265
Change in accounts payable and other liabilities	100	157
Change in customer advances and prepayments received	221	(17)
Change in advances and prepayments made	(97)	(91)
Change in Forex hedge of WCR	(13)	(8)
TOTAL	234	43

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	
	Dec. 31, 2010	Dec. 31, 2009
Sales	630	650
Purchases	116	106
Loans to/receivables from related parties	900	860
Borrowings from related parties	106	134
Guarantees given to related parties	-	-
Guarantees received from related parties	-	-

There were no material transactions between the group and associates.

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.

In 2010, AREVA and EDF signed the treatment-recycling contract for the 2008 to 2012 period and an agreement on the terms for the operation of the Georges Besse I enrichment plant during the 2011 to 2012 period (see note 12).

FIRM OFFER BY FSI TO PURCHASE AREVA'S EQUITY INTEREST IN STMICROELECTRONICS

On December 15, 2010, AREVA's Supervisory Board examined the firm offer submitted by the Fonds stratégique d'investissement (FSI, the strategic investment fund) to acquire AREVA's indirect equity interest in STMicroelectronics and decided to give FSI an exclusive right to purchase that interest (see notes 2, 7, 9 and 14).

COMPENSATION OF KEY EXECUTIVES

<i>(in thousands of euros)</i>	2010	2009
Short term benefits	4,453	4,272
Termination benefits	-	-
Post-employment benefits	61	56
Other long-term benefits	-	-
TOTAL	4,513	4,328

Key executives include members of the Executive Board and the Supervisory Board. Short-term benefits and termination allowances include compensation paid for the year by the group and by the CEA (498 thousand euros in 2010, compared with 636 thousand euros in 2009).

NOTE 30. GREENHOUSE GAS EMISSIONS ALLOWANCES

The table below shows the CO₂ allowances received by AREVA group companies for 2010, actual emissions during the year, and allowances sold on the Powernext market.

<i>(in metric tons of CO₂)</i>	2010	2009
Allowances received by AREVA	91,978	91,978
Actual emissions	40,919	40,118
Excess of allowances over emissions	51,059	51,860
Allowances sold on the Powernext market	51,000	50,768

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 exposure to foreign exchange, commodity, rate and liquidity risks.

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 and accounting, ensuring the separation of functions, and has 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.

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. The report is sent to the senior management of the AREVA group and to the Finance, Legal and Strategy 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 compared with the US dollar decreased by an average of 5% in 2010 compared with 2009. In 2010, the impact of foreign exchange variations on the group's operating income was -20 million euros, compared with +4 million euros in 2009.

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 foreign exchange swaps or cross 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 portion of the bond issue swapped in US dollars in the amount of 2.2 billion US dollars to fund the acquisition of UraMin Inc., now called AREVA Resources Southern Africa, was qualified as a hedge of a net investment hedge in a foreign operation 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.

The group's policy, which was approved by the Executive Committee, is to systematically hedge foreign exchange risk generated by sales transactions; it recommends hedging potential risks during the proposal phase, to the extent possible, 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.

At December 31, 2010, derivatives used by the group to manage foreign exchange risk were as follows:

<i>(Notional amounts by maturity date at December 31, 2010)</i>	2011	2012	2013	2014	2015	Maturity > 5 years	Total	Market value
Forwards								
USD/EUR	507	211	39	19	37	5	819	(7)
SEK/EUR	17	42	43	278	-	-	381	53
JPY/EUR	82	34	43	51	5	-	215	36
USD/CAD	96	22	16	6	-	-	141	7
RMB/EUR	38	18	3	-	-	-	60	(4)
CAD/EUR	42	-	-	-	-	-	43	0
OTHER	159	28	7	1	-	-	196	1
Total	941	355	151	355	42	5	1,855	86
Currency swaps								
USD/EUR	2,100	107	130	47	14	9	2,407	(16)
CAD/EUR	589	-	-	-	-	-	590	(30)
USD/JPY	376	-	-	-	-	-	376	0
JPY/EUR	51	33	63	50	23	-	220	23
USD/CAD	76	-	-	-	-	-	76	1
SEK/EUR	12	15	-	-	-	-	28	(1)
OTHER	55	5	-	-	-	-	60	(1)
Total	3,259	160	193	97	37	9	3,757	(24)
Currency options								
USD/ZAR	169	-	-	-	-	-	169	9
JPY/EUR	-	9	32	47	-	-	88	0
USD/EUR	-	30	-	-	-	-	30	0
USD/JPY	5	-	-	-	-	-	5	0
Total	174	39	32	47	-	-	292	9
Cross currency swaps								
USD/EUR*	-	-	1	-	102	1,348	1,451	47
INR/EUR*	-	-	1	-	-	-	1	0
Total	-	-	1	-	102	1,348	1,451	47
GRAND TOTAL	4,374	554	377	499	181	1,362	7,355	118

* Cross currency swap relating to the bond issue: only the foreign exchange component with an impact on income is presented. The interest rate component is presented in the borrowings appendix.

Derivatives used to hedge foreign currency exposure were as follows at December 31, 2010 and December 31, 2009:

<i>(in millions of euros)</i>	2010		2009	
	Notional amounts at par value	Market value	Notional amounts at par value	Market value
Derivatives related to fair value hedging strategies (FVH) ⁽¹⁾	3,509	22	4,874	18
Currency swaps	2,599	(47)	2,956	(20)
Forward transactions	808	61	1,764	30
Cross currency swaps	102	8	155	8
Derivatives related to net investment hedging strategies (NIH) ⁽²⁾	1,348	38	416	(5)
Currency swaps				
Forward transactions				
Cross currency swaps	1,348	38	416	(5)
Derivatives related to cash flow hedging strategies (CFH) ⁽³⁾	1,367	63	1,032	21
Currency swaps	536	24	304	1
Forward transactions	642	30	516	18
Options	189	9	213	1
Derivatives not eligible for hedge accounting	1,131	(5)	1,383	2
Currency swaps	621	(1)	604	(1)
Forward transactions	407	(5)	708	3
Options	103	0	72	0
Cross currency swaps	1	()		
GRAND TOTAL	7,355	118	7,706	35

(1) FVH = Fair Value Hedge

(2) NIH = Net Investment Hedge

(3) CFH = Cash flow hedge

A significant share of undocumented financial instruments in 2010 and 2009 relates to derivatives used to hedge foreign exchange risk on short-term financial assets and liabilities, which constitutes a natural hedge. Financial instruments reported as "Not formally documented" in accordance with IAS 39 also include derivative transactions to hedge requests for proposals in foreign currencies.

Based on market data at the date of closing, the impact of undocumented currency hedging derivatives on consolidated income at year-end 2010 would be +7 million euros in the case of a 5% instantaneous increase in exchange rates against the euro, or -8 million euros in the case of a 5% decrease in exchange rates. Using these same assumptions, the impact would have been +19 million euros and -21 million euros at year-end 2009.

Based on market data at the date of closing, the impact on the group's consolidated equity at year-end 2010 related to currency derivatives qualified as cash flow hedges would be +14 million euros in the case of a +5% instantaneous increase in exchange rates against the euro, or -15 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 2009.

In addition, taking into consideration AREVA's exposure to the following elements at year-end 2010 and 2009:

- 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
- secondly, currency derivatives that do not qualify as hedges according to the criteria provided under 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, 2010:
 - US dollar: -5 million euros and +5 million euros.
 - Australian dollar: +4 million euros and -4 million euros;
 - Japanese yen: -5 million euros and +5 million euros;
 - Canadian dollar: +2 million euros and -2 million euros;
- 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.

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 could have a significant impact on production costs primarily include gold and, to a lesser extent, nickel and copper. Most of the group's exposure is concentrated in the Mining and Reactors & Services BGs.

Each BG 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 (Reactors & Services BG).

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 hedges and one transaction on nickel, commodity hedges are eligible for accounting as cash flow hedges at December 31, 2010. Accordingly, changes in the value of derivatives impact the group's equity.

Nominal amounts of hedges of future cash flows at Dec. 31, 2010

<i>(in millions of euros)</i>	Notional amount	2011	2012	2013	2014	2015	Maturity > 5 years	Market value
Gold								
Option - Buyer	20	20	-	-	-	-	-	0
Option - Seller	29	29	-	-	-	-	-	0
Other								
Other forward transactions – Buyer	2	2	-	-	-	-	-	0
Other forward transactions – Seller	6	5	1	-	-	-	-	-1
TOTAL	57	56	1	-	-	-	-	-1

At December 31, 2010 and December 31, 2009, derivative financial instruments used by the group to hedge future cash flows from commodities were as follows:

<i>(in millions of euros)</i>	2010		2009	
	Nominal amounts at par value	Market value	Nominal amounts at par value	Market value
Gold				
Option - Buyer	20	0	20	1
Option - Seller	29	0	29	(1)
Other				
Other forward transactions – Buyer	2	0	6	(1)
Other forward transactions – Seller	6	(1)	14	3
TOTAL	57	(1)	68	2

Based on market data at the date of closing, the impact of commodity derivatives qualified as cash flow hedges on the group's consolidated equity at year-end 2010 would be +1 million euros in the case of a +20%

instantaneous increase in the price of commodities, or -2 million euros in the case of a 20% decrease. The simulation of a change of +/-20% at the end of 2009 indicated an impact of + or -10 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.

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, 2010, the following financial instruments were used to hedge interest rate exposure:

Notional amounts by maturity date at December 31, 2010

<i>(in millions of euros)</i>	Total	2011	2012	2013	2014	2015	Maturity > 5 years	Market value
Interest rate swaps – variable lender								
EUR - variable borrower	936	-	-	-	-	-	936	0
Interest rate swaps – fixed lender								
EUR - variable borrower	1,050	-	-	-	-	-	1,050	30
Interest rate swaps – fixed lender								
USD – variable borrower	513	-	-	-	-	102	411	12
Inflation rate swaps – USD – fixed lender								
USD – variable borrower	30	-	-	-	-	-	30	(1)
Inflation rate swaps – fixed lender								
INR – variable borrower	1	-	-	1	-	-	-	0
GRAND TOTAL	2,530	-	-	1	-	102	2,428	41

At December 31, 2010, the group used the following derivatives to hedge interest rate exposure:

Market value of contracts ⁽¹⁾

Rate instruments <i>(in millions of euros)</i>	Nominal amount of contract	Cash flow hedges (CFH)	Fair value hedges (FVH)	Not formally documented (Trading)	Total
Interest rate swaps – variable lender					
EUR - variable borrower	936	-	-	0	0
Interest rate swaps – fixed lender					
EUR variable borrower – standard	1,050	-	30	-	30
USD – variable borrower	513	-	12	-	12
Inflation rate swaps – USD – fixed lender					
USD – variable borrower	30	-	-	(1)	(1)
Inflation rate swaps – fixed lender					
INR – variable borrower	1	-	-	0	0
GRAND TOTAL	2,530	-	42	(1)	41

(1) Gain (loss)

The following tables summarize the group's net rate risk exposure, before and after rate management transactions, at the end of 2010 and 2009.

Maturities of the group's financial assets and borrowings at December 31, 2010 ^(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
Financial assets ^(II)	3,494	0	0	0	0	74	3,568
including fixed rate assets	0	0	0	0	0	0	0
including floating rate assets ^(III)	3,449	0	0	0	0	74	3,523
including non-interest-bearing assets	45	0	0	0	0	0	45
Borrowings	(703)	(2,195)	(15)	(13)	(236)	(4,078)	(7,240)
including fixed rate borrowings	(38)	(71)	(15)	(13)	(11)	(3,861)	(4,009)
including floating rate borrowings	(447)	(2,050)	0	0	(200)	(202)	(2,901)
including non-interest-bearing borrowings	(218)	(74)	0	0	(24)	(14)	(330)
Net exposure before hedging	2,791	(2,195)	(15)	(13)	(236)	(4,003)	(3,672)
share exposed to fixed rates	(39)	(71)	(15)	(13)	(11)	(3,861)	(4,010)
share exposed to floating rates	3,002	(2,050)	0	0	(200)	(128)	623
non-interest-bearing share	(172)	(74)	0	0	(24)	(14)	(285)
Off-balance sheet hedging	0	0	0	0	0	0	0
on borrowings: fixed rate swaps	0	0	0	0	0	1,461	1,461
on borrowings: floating rate swaps	0	0	0	0	0	(1,461)	(1,461)
Exposure after hedging	2,791	(2,195)	(15)	(13)	(236)	(4,003)	(3,672)
share exposed to fixed rates	(39)	(71)	(15)	(13)	(11)	(2,400)	(2,548)
share exposed to floating rates	3,002	(2,050)	0	0	(200)	(1,589)	(839)
non-interest-bearing share	(172)	(74)	0	0	(24)	(14)	(285)

(I) Nominal amounts converted into euros.

(II) Cash and other current financial assets.

(III) Maturities of less than 3 months are considered floating rate

Maturities of the group's financial assets and borrowings at 12/31/09 ^(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
Financial assets ^(II)	1,494	0	0	0	0	54	1,548
including fixed rate assets	0	0	0	0	0	0	0
including floating rate assets ^(III)	1,487	0	0	0	0	54	1,540
including non-interest-bearing assets	8	0	0	0	0	0	8
Borrowings	(1,869)	(255)	(2,142)	(7)	(4)	(3,464)	(7,741)
including fixed rate borrowings	(337)	(8)	(60)	(6)	(3)	(3,063)	(3,478)
including floating rate borrowings	(1,437)	(230)	(2,049)	(1)	(1)	(400)	(4,118)
including non-interest-bearing borrowings	(94)	(17)	(33)	0	0	(1)	(145)
Net exposure before hedging	(375)	(255)	(2,142)	(7)	(4)	(3,410)	(6,193)
share exposed to fixed rates	(338)	(8)	(60)	(6)	(3)	(3,063)	(3,478)
share exposed to floating rates	49	(230)	(2,049)	(1)	(1)	(346)	(2,577)
non-interest-bearing share	(87)	(17)	(33)	0	0	(1)	(138)
Off-balance sheet hedging	0	0	0	0	0	0	0
on borrowings: fixed rate swaps	(228)	0	0	0	0	1,461	1,233
on borrowings: floating rate swaps	228	0	0	0	0	(1,461)	(1,233)
Exposure after hedging	(375)	(255)	(2,142)	(7)	(4)	(3,410)	(6,193)
share exposed to fixed rates	(566)	(8)	(60)	(6)	(3)	(1,602)	(2,244)
share exposed to floating rates	277	(230)	(2,049)	(1)	(1)	(1,807)	(3,811)
non-interest-bearing share	(87)	(17)	(33)	0	0	(1)	(138)

(I) Nominal amounts converted into euros.

(II) Cash and other current financial assets.

(III) Maturities of less than 3 months are considered floating rate.

Based on the group's exposure at December 31, 2010, it is estimated that a 1% increase in interest rates would have a negative impact of -8 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 38 million euros at year-end 2009.

RISK FROM EQUITY INVESTMENTS

The group holds publicly traded shares in a significant amount 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 are of three types:

- Investments in associates: these primarily concern Eramet (see note 14, *Investments in associates*);
- Equities held in the portfolio of financial assets earmarked for end-of-lifecycle operations (see note 13, *End-of-lifecycle operations*); and

- Other long-term investments: this concerns AREVA's 1.41% equity interest in Suez Environnement and equity interests in other publicly traded companies, including Alcatel and Japan Steel Works (see note 15, *Other non-current financial assets*).

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-lifecycle 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 note 13, "End-of-lifecycle operations"). 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, 2010 <i>(in millions of euros)</i>	Available-for-sale securities	Securities recognized at fair value in profit or loss
Balance sheet position	2,010	7
Income statement impact		1
Impact on shareholders' equity	201	

Lower scenario (10% decrease in the value of equities)

December 31, 2010 <i>(in millions of euros)</i>	Available-for-sale securities	Securities recognized at fair value in profit or loss
Balance sheet position	2,010	7
Income statement impact		(1)
Impact on shareholders' equity	(201)	

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)	

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.

When conditions warrant (rising counterparty risk, longer term transactions, etc.), market transactions are managed by margin calls that reduce the group's counterparty risk to a predetermined threshold: the Credit Support Annex for trades documented under an ISDA master agreement, or the Collateral Annex for trades documented under a French Banking Federation (FBF) master agreement.

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.

In 2009, the group:

- drew an additional 200 million euros from the EIB for 7 years;
- established a Euro Medium-Term Note program for 5 billion euros; the group's Standard & Poor's rating was published in connection with this program. Three billion euros were drawn in the second half in three different bond issues:
 - 1.250 billion euros for 7 years (maturing on September 23, 2016) at 3.875%
 - 0.750 billion euros for 10 years (maturing on November 6, 2019) at 4.375%
 - 1 billion euros for 15 years (maturing on September 23, 2024) at 4.875%

In 2010, the group:

- reimbursed the entire balance on the three-year syndicated loan for a total of 2.5 billion US dollars, of which 600 million US dollars had been repaid in November 2008, to refinance the acquisition of UraMin Inc. (now AREVA Resources Southern Africa).
- raised 0.750 billion euros through a 10-year bond issue maturing on March 22, 2021, at a rate of 3.5%.

This reorganization of the 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 specific 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 and mutual funds or money market funds. Investment in these marketable 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. As regards money market funds and monetary SICAV (open-ended mutual funds), the group invests its cash surpluses only subject to limits of exposure based on the issuer's rating (under criteria as described above) and in investment vehicles with an average duration of less than 3 months.

MARKET VALUE OF FINANCIAL INSTRUMENTS

The market value of financial instruments pertaining to currency, rate and commodity transactions were 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 1,353,620 shares of the company at December 31, 2010. 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, 2010, this guarantee covers 3,398,240 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 General Meeting of Shareholders held on December 18, 2008 and approval of the change in the bylaws 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 3,398,240 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 4 million euros was recognized for this purpose under other current financial assets in the consolidated financial statements for the year ended December 31, 2010. 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 13% to account for market conditions.

NOTE 32. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS

FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

2010

Assets <i>(in millions of euros)</i>	Including								
	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	Assets held to maturity	Derivatives	Fair value of financial assets
Non-current assets	22,870	16,823	1,342			4,488	125	92	6,047
Goodwill on consolidated companies	4,625	4,625							
Intangible assets	3,652	3,652							
Property, plant and equipment	6,249	6,249							
End-of-lifecycle assets (third party share)	252	252							
Assets earmarked for end-of-lifecycle operations	5,582		1,261			4,195	125		5,582
Investments in associates	988	988							
Other non-current financial assets	477	12	81			293		92	466
Pension fund assets	2	2							
Deferred tax assets	1,044	1,044							
Current assets	11,667	5,741	3,749		1,863			314	5,927
Inventories and work-in-process	2,599	2,599							
Trade accounts receivable and related accounts	2,267	724	1,543						1,543
Other operating receivables	2,165	1,424	475					266	741
Current tax assets	64	64							
Other non-operating receivables	172	98	74						74
Cash and cash equivalents	3,358		1,579		1,779				3,358
Other current financial assets	210		77		84			49	210
Assets of operations held for sale	832	832							
TOTAL ASSETS	34,538	22,564	5,092		1,863	4,488	125	406	11,974

Financial instruments at fair value are 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

<i>(in millions of euros)</i>	Level 1	Level 2	Level 3	Total
Non-current assets	4,555	92	58	4,705
Assets earmarked for end-of-lifecycle operations	4,320			4,320
Other non-current financial assets	234	92	58	385
Current assets	1,863	310	4	2,177
Other operating receivables		266		266
Cash and cash equivalents	1,779			1,779
Other current financial assets	84	45	4	133
TOTAL ASSETS	6,418	402	63	6,882

<i>Liabilities and equity</i> <i>(in millions of euros)</i>	Including						
	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	Fair value Derivatives of financial liabilities
Equity and minority interests	9,578	9,578					
Share capital	1,452	1,452					
Consolidated premiums and reserves	5,937	5,937					
Deferred unrealized gains and losses on financial instruments	346	346					
Currency translation reserves	46	46					
Net income attributable to equity owners of the parent	883	883					
Minority interests	915	915					
Non-current liabilities	14,210	7,673		6,537			6,335
Employee benefits	1,171	1,171					
Provisions for end-of-lifecycle operations	5,815	5,815					
Other non-current provisions	116	116					
Long-term borrowings	6,537			6,537			6,335
Deferred tax liabilities	570	570					
Current liabilities	10,749	7,047		3,469		234	3,702
Current provisions	1,777	1,777					
Short-term borrowings	703			564		139	703
Advances and prepayments received	3,923	3,923					
Trade accounts payable and related accounts	1,641	18		1,623			1,623
Other operating liabilities	2,581	1,271		1,215		95	1,310
Current tax liabilities	52	52					
Other non-operating liabilities	73	6		67			67
Liabilities of operations held for sale							
TOTAL LIABILITIES AND EQUITY	34,538	24,298		10,006		234	10,037

2009

Assets <i>(in millions of euros)</i>	Including							
	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	Fair value of financial assets
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-lifecycle assets (third party share)	275	275						
Assets earmarked for end-of-lifecycle 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

<i>(in millions of euros)</i>	Level 1	Level 2	Level 3	TOTAL
Non-current assets	4,147	13	56	4,216
Assets earmarked for end-of-lifecycle 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

**FINANCIAL INFORMATION CONCERNING ASSETS,
FINANCIAL POSITIONS AND FINANCIAL PERFORMANCE**

20.2. Notes to the consolidated financial statements for the year ended December 31, 2010

<i>Liabilities and equity</i> <i>(in millions of euros)</i>	Including							Fair value of financial liabilities
	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 equity 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-lifecycle 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

NET GAINS AND LOSSES ON FINANCIAL INSTRUMENTS
Available-for-sale securities

2010 <i>(in millions of euros)</i>	Interest income and dividends	Other income (expenses)	Subsequent valuation		Gain (loss) from disposal
			Changes in fair value and foreign exchange impact	Impairment	
Shareholders' equity *			290		(71)
Net income	70			(2)	248
TOTAL	70		290	(2)	177

* excluding tax impact

At December 31, 2010, the net change in fair value of available-for-sale securities recognized outside profit or loss represented an unrealized gain of 397 million euros.

2009 <i>(in millions of euros)</i>	Interest income and dividends	Other income (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.

Loans and receivables**2010***(in millions of euros)*

	Interest	Impairment	Debt forgiveness
Net income	100	(4)	(2)

2009*(in millions of euros)*

	Interest	Impairment	Debt forgiveness
Net income	117	(2)	(3)

Financial assets and liabilities at fair value recognized in profit or loss

Income from financial assets and liabilities at fair value recognized through profit and loss at December 31, 2010 was 5 million euros, compared with 6 million euros at December 31, 2009.

Financial liabilities at amortized cost**2010***(in millions of euros)*

	Interest expense and commissions	Other income (expenses)
Net income	(199)	1

2009*(in millions of euros)*

	Interest expense and commissions	Other income (expenses)
Net income	(122)	

Derivatives used for hedging

At December 31, 2010, the ineffective share of derivatives used for hedging recognized in profit or loss is as follows:

● Cash flow hedge:	2 million euros
● Fair value hedge:	-3 million euros
● Net investment hedge:	-
Total	-1 million euros

CASH FLOW HEDGES

<i>(in millions of euros)</i>	Value before tax at Dec. 31, 2009	New transactions	Change in value	Recognition through profit and loss	Value before tax at Dec. 31, 2010
Cash flow hedging instruments	(9)	26	38	26	81

NOTE 33. COMMITMENTS GIVEN OR RECEIVED

<i>(in millions of euros)</i>	Dec. 31, 2010	Less than 1 year	1 to 5 years	> 5 years	Dec. 31, 2009
Commitments given	2,663	450	1,207	1,006	2,260
Operating commitments given	2,229	426	830	973	1,604
Contract guarantees given	1,869	244	764	861	1,264
Other operating guarantees	360	182	66	112	340
Commitments given on financing	17	4	7	6	30
Other commitments given	417	20	370	27	626
Commitments received	690	233	383	74	852
Operating commitments received	648	215	377	56	593
Commitments received on collateral	1	0	1	0	1
Other commitments received	41	18	5	18	258
Reciprocal commitments	4,430	352	3,705	373	5,775

The AREVA 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 in the same amount.

Commitments at December 31, 2010 and 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 84% 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.

AREVA did not give a vendor's warranty in connection with the sale of its Transportation & Distribution business to Alstom and Schneider.

RECIPROCAL COMMITMENTS

In February 2007, the group established a 2 billion euro syndicated line of credit available in euros and US dollars over a seven year period. At year-end 2010, this line had not been used.

Reciprocal commitments at December 31, 2010 include the future minimum payments to be made on operating leases, as follows:

(in millions of euros)

Dec. 31, 2010	Less than 1 year	1 to 5 years	> 5 years	Dec. 31, 2009
799	102	329	368	624

NOTE 34. DISPUTES AND CONTINGENT 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 ("Rosatom") to create a new joint venture company 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 a breach of Siemens' contractual obligations, most notably 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, that 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, supplemented by its response aimed at rejecting AREVA's requests and 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 process of negotiation with Rosatom until such time as the court has pronounced its judgment, which is expected in the first half of 2011.

In parallel, in May 2010, the European Commission announced the official start of proceedings against AREVA and Siemens concerning the existence of various contractual restrictions between the parties in the civilian nuclear field, in particular a non-competition clause. The start of these proceedings does not mean that the non-competition clause is illegal, but simply that the Commission is examining it more closely. The Commission's investigation is still ongoing.

NOTE 35. EVENTS SUBSEQUENT TO YEAR END

In January 2011, AREVA undertook a capital increase reserved for investment certificate holders in the amount of 35 million euros by issuing 1,085,535 new shares (ADPCI).

Pursuant to the capital increase, 383,204,852 AREVA equity instruments (shares, investment certificates and non-voting preferred shares) are in issue. The distribution of capital is as follows:

At December 31	Jan. 31, 2011	Dec. 31, 2010	Dec. 31, 2009
CEA	73.0%	73.2%	78.9%
French State	10.2%	10.2%	8.4%
Kuwait Investment Authority	4.8%	4.8%	-
Caisse des dépôts et consignations	3.3%	3.3%	3.6%
Total	1.0%	1.0%	1.0%
Crédit Agricole CIB and employee shareholders	1.3%	1.3%	1.4%
EDF	2.3%	2.3%	2.5%
Treasury shares	0.2%	0.2%	0.2%
Shareholders with voting rights	96.0%	96.3%	96.0%
Holders of investment certificates and non-voting preferred shares	4.0%	3.7%	4.0%
TOTAL	100.0%	100.0%	100.0%

NOTE 36. MAIN CONSOLIDATED COMPANIES

Name of unit or controlling entity Company name, legal form, corporate office	Country	Business reg. no. Siren no.	Dec. 31, 2010		Dec. 31, 2009	
			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	100
AREVA NP GMBH – 91058 Erlangen	Germany		FC	100	FC	100
AREVA NP, Inc. - Corporate	United States		FC	100	FC	100
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	100
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	100
MELOX – 30200 Chusclan	France	378 783 237	FC	100	FC	100
AREVA Resources Southern Africa	British Virgin Islands		FC	100	FC	100
AREVA Resources Canada	Canada		FC	100	FC	100
Katco	Kazakhstan		FC	51	FC	51
Cominak	Niger		PC	34	PC	34
Comurhex	France	712 007 962	FC	100	FC	100
SET	France	440 252 666	FC	88	FC	90
JSPM	France	341 805 836	FC	100	FC	100
Renewable energies						
Koblitz	Brazil		FC	70	FC	70
AREVA Solar Inc.	United States		FC	100	-	-
AREVA Wind GmbH	Germany		FC	100	FC	51
Transmission & distribution						
AREVA T&D de Energia Ltda	Brazil		Sold		FC	100
AREVA T&D Energietechnik GmbH	Germany		Sold		FC	100
AREVA T&D Enerji Endustrisi A.S.	Turkey		Sold		FC	99.97
AREVA T&D Inc.	United States		Sold		FC	100
AREVA T&D India Ltd	India		Sold		FC	72.18
AREVA T&D SA	France	389 191 800	Sold		FC	100
AREVA T&D AG	Switzerland		Sold		FC	100
AREVA T&D UK Ltd	United Kingdom		Sold		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	25.79	EM	25.71
STMicroelectronics	Netherlands		Deconsolidated		EM	11.31

FC: full consolidation

PC: proportionate consolidation

EM: equity method

→ 20.3. AREVA SA financial statements 2010

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, 2010 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, 2010 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 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 resulting from this procedure and the accounting treatment adopted as of December 31, 2010 for the related off-balance sheet commitment.

II. JUSTIFICATION OF 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 assessed the assumptions adopted;
- with respect to risks, litigations 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 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.

20.3. AREVA SA financial statements 2010

20.3.1. *Statutory auditors' report on the annual financial statements***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 3, 2011

The Statutory Auditors

MAZARS

Juliette DECOUX

Jean-Luc BARLET

DELOITTE & ASSOCIES

Patrice CHOQUET

Pascal COLIN

20.3.2. STATEMENT OF FINANCIAL POSITION

	2010			2009
	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	30,399	12,787	17,612	10,131
Leasehold	-	-	-	-
Intangible assets in progress	17	-	17	-
Advances and prepayments on intangible assets				
Property, plant and equipment				
Land	206	2	204	204
Buildings	396	224	172	296
Plant, equipment and tooling	285	265	20	22
Other property, plant and equipment	69,326	24,636	44,690	47,645
Plant, property and equipment in progress	9,597		9,597	3,598
Advances and prepayments				
Long-term investments				
Equity method investments	-	-	-	-
Equity associates	2,037,354	6,851	2,030,503	2,349,115
Loans to equity associates	4,323,352		4,323,352	4,381,436
Other long-term securities	53,753	12,373	41,380	46,960
Loans	5		5	5
Other long-term investments	68,571		68,571	61,850
Total non-current assets	6,593,261	57,139	6,536,122	6,901,262
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	1,140		1,140	887
Accounts receivable				
Trade accounts receivable and related accounts	71,689		71,689	84,029
Other accounts receivable	554,042	749	553,293	184,187
Subscribed capital – issued and not paid	-	-	-	-
Marketable securities				
Treasury shares				
Other securities	2,991,062	-	2,991,062	1,250,886
Cash instruments	66,356	-	66,356	9,058
Cash and cash equivalents	2,625,067	3,681	2,621,386	3,925,727
Prepaid expenses	27,109	-	27,109	34,692
Total current assets	6,336,465	4,430	6,332,035	5,489,467
Deferred charges	10,584		10,584	9,960
Bond redemption premiums	17,172		17,172	15,134
Unrealized foreign exchange gains	9		9	
GRAND TOTAL	12,957,492	61,570	12,895,922	12,415,823

**FINANCIAL INFORMATION CONCERNING ASSETS,
FINANCIAL POSITIONS AND FINANCIAL PERFORMANCE**

20.3. AREVA SA financial statements 2010

20.3.2. Statement of financial position

Equity and liabilities	2010	2009
<i>(in thousands of euros)</i>	Net	Net
Share capital (including capital issued and paid: 1,452,053)	1,452,053	1,346,823
Additional paid-in capital, merger premiums, share premiums	1,119,769	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	1,047,408	1,435,810
Net income for the year	1,615,734	- 138,672
Investment subsidies	2,509	2,875
Tax-driven provisions	13	87
Total shareholders' equity	5,381,876	3,119,600
Other shareholders' equity		
Proceeds from issues of equity securities		
Advances subject to covenants		
Total other shareholders' equity		
Provisions for contingencies and expenses		
Provisions for contingencies	112,816	8,577
Provisions for losses	142,602	198,751
Total provisions for contingencies and losses	255,419	207,328
Liabilities		
Convertible bond issues		
Other bond issues	3,788,497	3,031,661
Bank borrowings	456,657	1,760,129
Miscellaneous loans and borrowings	2,248,779	4,029,409
Trade advances and prepayments on orders in progress		
Trade accounts payable and related accounts	240,949	132,111
Taxes and employee-related liabilities	45,760	33,955
Accounts payable on non-current assets and related accounts	1,486	1,979
Other liabilities	465,585	90,015
Cash instruments	10,915	9,636
Unearned income		
Total liabilities	7,258,628	9,088,895
Unrealized foreign exchange losses		
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	12,895,922	12,415,823

20.3.3. STATEMENT OF INCOME

<i>(in thousands of euros)</i>	2010			2009
	France	Export	Total	Total
Operating income				
Sales of goods				
Sales of products				
Sales of services	357,878	37,291	395,168	230,919
Net sales	357,878	37,291	395,168	230,919
Production in inventory				
Self-constructed assets				
Operating subsidies				
Reversal of provisions and transfer of expenses			15,155	34,167
Other income			1,799	5,411
Total operating income			412,122	270,496
Operating expenses				
Purchases of goods (including customs duties)				
Change in inventory (goods)				
Purchases of raw materials and other supplies (including customs duties)			- 760	- 261
Change in inventory (raw materials and supplies)				
Other purchases and expenses			559,899	380,199
Taxes and related expenses			5,234	6,171
Salaries and other compensation			26,801	30,337
Social security taxes			14,984	12,391
Amortization, depreciation and provisions				
On non-current assets: amortization			14,056	11,384
On non-current assets: impairment				
On current assets: impairment				
Charges to provisions			224	3,061
Other expenses			2,371	2,105
Total operating expenses			622,810	445,387
Current operating income			- 210,688	- 174,891
Share of net income from joint operations				
Profit allocated or loss transferred				
Loss allocated or profit transferred				
Financial income				
From equity associates			176,141	375,374
From other marketable securities and capitalized receivables			833	603
Other interest and related income			245,850	76,819
Reversal of provisions and transfer of expenses			2,397	880
Foreign exchange gains			1,988,166	665,214
Net income from disposals of marketable securities			2,704	138,892
Total financial income			2,416,091	1,257,781
Financial expenses				
Amortization and provisions			161,789	37,333
Interest and related expenses			356,032	137,108
Foreign exchange losses			1,987,157	657,104
Net loss on disposals of marketable securities				
Total financial expenses			2,504,979	831,545
NET FINANCIAL INCOME			- 88,888	426,236
INCOME BEFORE EXCEPTIONAL ITEMS AND TAX			-299,576	251,345

STATEMENT OF INCOME (CONTINUED)

<i>(in thousands of euros)</i>	2010			2009
	France	Export	Total	Total
Exceptional items				
From financial management transactions			158	560
From capital or non-current asset transactions			2,299,436	749,664
Reversal of provisions and transfer of expenses			98,123	8,568
Total exceptional items			2,397,716	758,792
Exceptional expenses				
From financial management transactions			18,846	2,561
From capital or non-current asset transactions			503,294	1,157,781
Amortization, depreciation and provisions			4	60,826
Total exceptional expenses			522,144	1,221,169
Exceptional items			1,875,572	- 462,377
Employee profit-sharing				
Income tax			- 39,737	- 72,360
Total income			5,225,929	2,287,069
Total expenses			3,610,195	2,425,741
NET INCOME			1,615,734	- 138,672

20.3.4. STATEMENT OF CASH FLOWS

<i>(in millions of euros)</i>	2010	2009
Net cash from operating activities		
Net income for the year	1,616	- 139
Net depreciation and amortization	16	11
Net provisions	56	92
Gain on disposals of non-current assets and investment securities	- 1,796	270
Change in trade advances and prepayments	0	1
Change in trade accounts receivable and other receivables	- 324	33
Change in trade accounts payable and other operating liabilities	497	- 64
Other		
Total cash flow from operating activities (I)	65	204
Cash flow from investing activities		
Investment in PP&E and intangible assets	- 21	- 10
Investment in long-term notes and investments	- 1,594	- 13,934
Repayment of loans to equity associates	1,529	12,686
Security deposits		
Disposals of PP&E and intangible assets	1	
Disposals and reduction of long-term investments	2,298	888
Net change in non-current asset receivables and debt		
Other		
Total cash flow used in investing activities (II)	2,213	-370
Net cash from financing activities		
Dividends paid by AREVA	- 250	- 250
Capital increase in cash	900	0
Change in borrowings	- 1,142	2,109
Total cash flow from financing activities (III)	- 492	1,859
Change in investment securities	0	282
Change in net cash (I + II + III)	1,786	1,975
Net cash at the beginning of the year (a)	1,881	- 94
Net cash at the end of the year (b)	3,667	1,881
Change in net cash (b - a)	1,786	1,975
Change in investment securities		
Net change in cash position	1,786	1,975

→ 20.4. Notes to the parent company financial statements

The notes hereunder supplement the balance sheet, before appropriation of earnings for the year ended December 31, 2010, showing total assets of 12,895,922 thousand euros, and the income statement, showing net income of 1,615,734 thousand euros. These statements are for the 12-month period beginning January 1 and ending December 31, 2010.

The 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 Executive 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. SALE OF AREVA T&D SHARES

AREVA sold its interest in AREVA Transmission & Distribution to Alstom and Schneider Electric for 2.29 billion euros.

20.4.2.2. BOND ISSUES

AREVA launched a 10-year, 750-million euro bond issue maturing on March 22, 2021 with an annual coupon of 3.5%.

This bond issue comes in addition to the first issues, with maturities of 7 and 15 years, launched on September 11, 2009 and the 10-year issue launched on October 23, 2009, for a total of 3 billion euros.

20.4.2.3. CAPITAL INCREASE

AREVA undertook a capital increase reserved for the Kuwait Investment Authority, acting in the name and on behalf of the State of Kuwait, and for the French State in the total amount of around 900 million euros by issuing 27,692,307 ordinary shares at the price of 32.50 euros per share following a ten-for-one split of the ordinary share and investment certificates on December 27, 2010. The par value of the share is 3.80 euros. The issue premium is 32.17 euros per share.

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, 2010 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 expenses

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).

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 20.3.4).

AREVA's provisions for contingencies and losses are consistent with French accounting board rules on liabilities dated December 7, 2000 (CRC 2000-06).

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. Notes to the parent company financial statements

20.4.3. *Accounting policies, rules and methods*

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, 2010.

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 20.4.9).

20.4.4. NOTES TO THE BALANCE SHEET

20.4.4.1 NON-CURRENT ASSETS

Box A		Gross value at beginning of year	Increases	
			Revaluations	Additions
Intangible assets				
	Start-up costs and R&D expenses	Total I		
	Other intangible assets	Total II	17,675	12,741
Property, plant and equipment				
	Land		208	
	Buildings erected on owned land		1,716	
	Buildings erected on third party land			
	Building facilities, fixtures and improvements		1,545	
	Plant, equipment and tooling		281	7
	Miscellaneous facilities, fixtures and improvements		49,871	4,018
	Transportation equipment		125	
	Office equipment, computer equipment and furniture		14,732	913
	Recyclable packaging and miscellaneous			
	Plant, property and equipment in progress		3,598	23,661
	Advances and prepayments			
		Total III	72,076	28,600
Long-term investments				
	Equity method investments			
	Equity associates		2,253,411	188,165
	Other long-term securities		53,630	123
	Loans and other long-term investments		4,443,291	1,412,185
		Total IV	6,850,332	1,600,473
GRAND TOTAL		(I + II + III + IV)	6,940,084	1,641,814

Box B	Decreases		Gross value at year end
	Reclassifications	Disposals	
Intangible assets			
Start-up costs and R&D expenses	Total I		
Other intangible assets	Total II		30,416
Property, plant and equipment			
Land		2	206
Buildings erected on owned land		1,602	114
Buildings erected on third party land			
Building facilities, fixtures and improvements		1,263	282
Plant, equipment and tooling		3	285
Miscellaneous facilities, fixtures and improvements		300	53,590
Transportation equipment		34	91
Office equipment, computer equipment and furniture			15,646
Recyclable packaging and miscellaneous			
Plant, property and equipment in progress	17,663		9,597
Advances and prepayments			
	Total III	17,663	79,810
Long-term investments			
Equity method investments			
Equity associates	1,168	503,055	2,037,354
Other long-term securities			53,753
Loans and other long-term investments		1,463,548	4,391,928
	Total IV	1,168	6,483,035
GRAND TOTAL	(I + II + III + IV)	18,831	6,593,261

Property, plant and equipment and intangible assets

The increase in intangible assets is mainly related to the capitalization of management software and applications.

The increase in property, plant and equipment is mainly related to improvements and fixtures installed at the Paris sites. The decrease is due to the disposal of assets at the Creusot site.

Long-term investments

The equity associates investment in was 2,037,354 thousand euros and primarily comprises the following securities:

● AREVA NC	703,929 thousand euros
● AREVA NP	376,638 thousand euros
● ERAMET	303,856 thousand euros
● CERE	251,541 thousand euros
● AREVA RENOUVELABLES	188,234 thousand euros

● In 2010, AREVA sold its interest in AREVA T&D, whose shares were recognized at the value of 500,000 thousand euros at December 31, 2009.

● AREVA's interest in AREVA Renewables increased by 176,000 thousand euros after subscription to a share issue.

"Loans and other long-term investments" mainly includes loans to equity associates in the amount of 4,323,352 thousand euros concerning medium-term loans made to group companies. At December 31, 2010, these companies were mainly:

● URAMIN HOLDING SAS	1,854,421 thousand euros (2,191,858 thousand USD + 214,254 thousand EUR)
● AREVA RESSOURCES CANADA INC.	550,598 thousand euros (733,506 thousand CAD)
● AREVA PROCESSING NAMIBIA	362,894 thousand euros (484,899 thousand USD)
● URANGESELLSCHAFT FRANKFURT	311,440 thousand euros (416,146 thousand USD)

● SOCIETE ENRICHISSEMENT TRICASTIN	304,450 thousand euros	● AREVA RENEWABLE Inc. (202,916 thousand USD)	151,861 thousand euros
● URAMIN NAMIBIA (249,792 thousand USD)	186,942 thousand euros	● ETC	120,178 thousand euros
● SET HOLDING	170,059 thousand euros		

Other long-term investments were as follows:

	Dec. 31, 2009	Increases	Decreases	Dec. 31, 2010
Other long-term securities	53,630	123		53,753
Loans	5			5
Other long-term investments	61,850	6,780	59	68,571

“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 12,021 thousand euros at December 31, 2010;

- 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, 2010; and

- treasury shares acquired from the Framépargne fund under a liquidity agreement, including 6,754 thousand euros for acquisitions in 2010.

20.4.4.2 AMORTIZATION

		Gross value at beginning of year	Increases	Decreases	Gross value at end of year
Depreciable assets					
Intangible assets					
Start-up costs and R&D expenses	Total I				
Other intangible assets	Total II	7,544	5,243		12,787
Property, plant and equipment					
Land		4		1	2
Buildings erected on owned land		1,622	10	1,519	114
Buildings erected on third party land					
Building facilities, fixtures and improvements		1,343	30	1,263	110
Plant, equipment and tooling		258	9	3	265
Miscellaneous facilities, fixtures and improvements		11,069	5,266	145	16,189
Transportation equipment		108	10	34	84
Office equipment, computer equipment and furniture		5,907	2,456		8,363
Recyclable packaging and miscellaneous					
	Total III	20,311	7,781	2,965	25,128
GRAND TOTAL	(I + II + III)	27,855	13,025	2,965	37,915

20.4. Notes to the parent company financial statements

20.4.4. Notes to the balance sheet

20.4.4.3 CASH AND MARKETABLE SECURITIES

	Dec. 31, 2010	Dec. 31, 2009
Investment securities – equities (gross book value)	200	200
Investment securities – equities (impairment)		
Other marketable securities (gross book value)	2,990,862	1,250,686
Other marketable securities (impairment)		
Cash instruments	66,356	9,058
Cash and cash equivalents	2,625,067	3,928,711
TOTAL	5,682,484	5,188,656

Other marketable securities consist primarily of certificates of deposit in the amount of 1,250,000 thousand euros and money market funds in the amount of 1,740,839 thousand euros.

“Cash and cash equivalents” consist of non-trade current accounts in the amount of 2,558,376 thousand euros and bank balances and cash in the amount of 66,691 thousand euros.

20.4.4.4 PROVISIONS RECORDED ON THE BALANCE SHEET

	Gross value at beginning of year	Increase	Decrease (utilized)	Decrease (not utilized)	Gross value at year end
Tax-driven provisions					
Provisions for capital investment					
Accelerated depreciation subject to favored tax status	87			73	13
Other tax-driven provisions					
Total I	87			73	13
Provisions for contingencies and expenses					
Provisions for litigation					
Provisions for foreign exchange losses	1,755	9		1755	9
Provisions for pension and similar benefits	2,181	372	264		2,289
Provisions for taxes	152,850			94,173	58,678
Other provisions for contingencies and losses	50,542	150,532	5,703	927	194,443
Total II	207,328	150,912	5,967	96,854	255,419
Provisions for impairment					
Intangible assets					
Property, plant and equipment					
Equity investments					
Equity associates	4,297	2,791		237	6,851
Other long-term investments	6,670	6,202		499	12,373
Inventories and work-in-process					
Trade accounts receivable					
Other provisions for impairment	3,892	697	159		4,430
Total III	14,859	9,689	159	735	23,654
GRAND TOTAL	(I + II + III)	222,274	160,602	6,126	279,086
Including charges / reversals:					
• Operating		224	3,176		
• Financial		160,378		2,397	
• Exceptional			2,950	95,173	

Provisions for contingencies and losses

The provisions for charges primarily include the provision for potential tax related to AREVA's advance use of certain of its subsidiaries' tax losses in the consolidated tax return. At December 31, 2010, this provision came to 58,678 thousand euros, for a provision reversal of 94,173 thousand euros for potential tax.

Other provisions for contingencies and losses primarily include 39,968 thousand euros related to accrued interests at December 31, 2010 on the price to be paid by AREVA for the exercise of Siemens' option and 110,000 thousand euros related to UraMin Holding SAS.

The increase in the provisions for equity securities corresponds in particular to the impairment of Cilas securities in the amount of 2,571 thousand euros.

The difference between the provision reversals on the balance sheet and the reversals through profit and loss corresponds to the impact of the transfer of all of the assets and liabilities of the following companies during the year: AREVACOQ 2, AREVACOQ 3, AREVACOQ 4, AREVACOQ 5 and AREVA CHALLENGES.

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	4,323,352	1,255,594	3,067,758	
Loans ⁽¹⁾	5		5	
Other long-term investments	68,571	255	68,316	
Current assets				
Doubtful trade accounts				
Other trade accounts receivable	71,689	71,689		
Loans of securities				
Accounts payable to employees and related accounts	257	257		
Social security administration and other social institutions	77	77		
French State, local governments: Income tax	19,433	19,433		
French State, local governments: Value added tax	100,645	100,645		
French State, local governments: Other taxes and similar payments	148	148		
French State, local governments: Miscellaneous	5,872	5,872		
Group and associates	1,641	1,641		
Miscellaneous accounts receivable	425,969	425,969		
Accruals	54,866	29,955	24,911	
TOTAL	5,072,525	1,911,535	3,160,990	
	Gross amount	Maturing in < 1 year	Maturing in 1 to 5 years	Maturing in > 5 years
Convertible bond issues				
Other bond issues	3,788,497	38,497		3,750,000
Bank borrowings, maturity at inception: one year or less	56,084	56,084		
Bank borrowings, maturity at inception: more than one year	400,573	573	200,000	200,000
Miscellaneous loans and borrowings	299,349	88,025	210,828	496
Group and associates	1,949,430	1,949,430		
Trade accounts payable and related accounts	240,949	240,949		
Other operating liabilities				
Accounts payable to employees and related accounts	10,245	10,245		
Social security administration and other social institutions	5,378	5,378		
Value added tax	26,649	26,649		
Covered bonds				
Other taxes and similar payments	3,290	3,290		
Other liabilities	465,585	465,585		
Miscellaneous liabilities				
Accounts payable on non-current assets and related accounts	1,486	1,486		
Income tax	198	198		
Unearned income				
TOTAL	7,247,713	2,886,389	410,828	3,950,496

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 6, 2009	750	EUR	4.375%	2019
September 22, 2010	750	EUR	3.500%	2021
TOTAL	3,750			

The AREVA group made one bond issue in 2010 in the nominal amount of 750 million euros, maturing in 2021.

The total drawn on the bond issues comes to 3.75 billion euros in nominal value. Of this total, 1.05 billion euros was hedged against a variable rate in euros with rate swaps, and 1.347 billion euros was hedged in US dollars using cross currency swaps or foreign exchange swaps.

- two European Investment Bank facilities for 400 million euros;
- debt related to associates in the amount of 298,850 thousand euros.

Group and associates

At December 31, 2010, this heading mainly includes intercompany non-trade accounts in the amount of 1,949,430 thousand euros.

Loans and borrowings

Loans and borrowings came to 756,006 thousand euros at December 31, 2010, mainly including:

- bank account credit balances of 54,756 thousand euros;

20.4.4.6 ACCRUED INCOME

(French decree 83-1020 of November 29, 1983, article 23)

	Dec. 31, 2010	Dec. 31, 2009
Loans to equity associates	6,321	3,486
Accounts receivable and related accounts	7,227	10,240
Other accounts receivable	405,600	38,648
<i>French State – other accounts receivable</i>	5,654	11,538
Marketable securities	23	5
TOTAL	419,171	52,379

20.4.4.7 ACCRUED EXPENSES

(French decree 83-1020 of November 29, 1983, article 23)

	Dec. 31, 2010	Dec. 31, 2009
Other bond issues	38,497	31,661
Bank borrowings	676	661
Miscellaneous loans and borrowings	576	58
Trade accounts payable and related accounts	181,137	112,953
Taxes and employee-related liabilities	15,579	19,475
Accounts payable on non-current assets and related accounts	1,343	1,822
Other liabilities	400,332	35,903
TOTAL	638,140	202,533

20.4.4.8 SHARE CAPITAL

(French decree 83-1020 of November 29, 1983, article 24-12)

Class of security	Nominal amount	Beginning of year	Number of shares		At year end
			Issued during the year	Redeemed during the year	
Shares	3.8 euros	34,013,593	333,814,644	0	367,828,237
Investment certificates	3.8 euros	1,429,108	12,861,972	0	14,291,080

The share capital of AREVA SA at December 31, 2010 was as follows:

At December 31	2010	2009	2008
CEA	73.2%	78.9%	78.9%
French State	10.2%	8.4%	5.2%
Kuwait Investment Authority (KIA)	4.8%	-	-
Caisse des dépôts et consignations	3.3%	3.6%	3.6%
Erap	-	-	3.2%
Total	1.0%	1.0%	1.0%
Calyon and employee shareholders	1.3%	1.4%	1.6%
EDF	2.3%	2.5%	2.5%
Treasury shares	0.2%	0.2%	-
Shareholders with voting rights	96.3%	96.0%	96.0%
Investment certificate holders	3.7%	4.0%	4.0%
TOTAL	100.0%	100.0%	100.0%

The table above does not reflect share issues reserved for investment certificate holders made in January 2011.

The par value of the AREVA SA share and of the investment certificate is 3.80 euros after the ten-to-one stock split.

20.4.4.9 SHAREHOLDERS' EQUITY EXCLUDING SHARE CAPITAL

	Dec. 31, 2009	Appropriation of earnings	Net income for the year	Change for the year	Dec. 31, 2010
Issue premiums	184,357			791,480	975,837
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	1,435,810	- 388,402			1,047,408
Net income for the year	- 138,672	138,672	1,615,734		1,615,734
Investment subsidies	2,875			- 366	2,509
Tax-driven provisions	87			- 73	13
TOTAL EQUITY EXCLUDING SHARE CAPITAL	1,772,777	-249,730	1,615,734	791,041	3,929,822

On April 29, 2010, the Annual General Meeting of Shareholders decided to distribute dividends in the amount of 249,730 thousand euros out of 2009 net income.

20.4.4.10 DATA ON RELATED PARTIES

(French decree 83 - 1020 of November 29, 1983 – articles 24-15)

Balance sheet account	Net transactions with		Debt or receivables evidenced by an instrument
	associates	equity associates	
Long-term investments			
Equity associates	1,973,779		
Loans to equity associates	4,322,491		
Loans			
Other long-term securities			
Other long-term investments	192		
TOTAL LONG-TERM INVESTMENTS	6,296,461		
Accounts receivable			
Accounts receivable and related accounts	63,149		
Other accounts receivable	43,797		
TOTAL ACCOUNTS RECEIVABLE	106,945		
Cash and marketable securities			
Marketable securities			
Non-trade current accounts	2,548,011		
TOTAL CASH AND MARKETABLE SECURITIES	2,548,011		
Miscellaneous loans and borrowings			
Loans to equity associates	298,850		
Non-trade current accounts	1,946,976		
TOTAL MISCELLANEOUS LOANS AND BORROWINGS	2,245,826		
Liabilities			
Trade accounts payable and related accounts	138,952		
Other liabilities	218,897		
TOTAL LIABILITIES	357,849		

Income statement account	Net transactions with		Debt or receivables evidenced by an instrument
	associates	equity associates	
Financial income			
Financial income	1,054,189		
Financial expenses			
Financial expenses	741,961		
NET FINANCIAL INCOME	312,228		

20.4. Notes to the parent company financial statements

20.4.5. Notes to the income statement

20.4.4.11. TRANSACTIONS WITH RELATED PARTIES

(French decree no. 2009-267 of March 9, 2009)

The transactions with related parties listed in this paragraph are considered significant and were not concluded at normal market conditions based on the criteria indicated below.

A transaction is deemed significant if a lack of disclosure or an erroneous disclosure may have an influence on economic decisions by third parties who rely on the financial statements. Whether a transaction is significant or not depends on the nature and/or the amount of the transaction.

Conditions may be considered "normal" when they are customarily employed by the company in its dealings with third parties, such that the beneficiary of the transaction does not receive a more favorable

treatment than other third parties dealing with the company, taking into account the practices of other companies in the same sector.

On December 15, 2010, AREVA's Supervisory Board examined the firm offer from the Fonds stratégique d'investissement (FSI, the strategic investment fund) to acquire AREVA's indirect equity interest in STMicroelectronics and decided to give FSI an exclusive right to purchase that interest at a unit price of 7 euros per STMicroelectronics share, for a total price of 695 million euros.

In consequence of the decision it made during the meeting of December 15, 2010, the Supervisory Board, meeting on December 23, 2010, authorized the signature of the contract between AREVA and the Fonds stratégique d'investissement to dispose of and acquire FT1CI shares according to the terms approved by the Supervisory Board at that same meeting of December 15, 2010.

20.4.5. NOTES TO THE INCOME STATEMENT

20.4.5.1. CURRENT OPERATING INCOME

Reported revenue includes:

- charge allocations to subsidiaries, corresponding to shared services and the right to use a trademark, for a total of 306,920 thousand euros.
- The trademark license fee is charged to all group entities at the rate of 0.9% of contributions to consolidated revenue.
- proceeds from real estate operations for a total of 64,492 thousand euros;
- charge allocation for personnel expenses for a total of 7,014 thousand euros;

Operating expenses reflect holding company activities and services provided to subsidiaries. The operating loss thus came to 210,688 thousand euros.

20.4.5.2. NET FINANCIAL INCOME

Net financial income includes, in particular:

● dividends from equity interests	129,103 thousand euros
● dividends from other securities (including Suez)	5,322 thousand euros
● investment income	849 thousand euros
● net income on non-trade accounts and loans to equity associates	64,485 thousand euros
● interest expense on borrowings	- 146,733 thousand euros
● foreign exchange gain	1,009 thousand euros
● net provisions	- 159,392 thousand euros
● a net gain from disposals of securities	2,704 thousand euros

20.4.5.3. EXCEPTIONAL ITEMS

Exceptional items primarily include:

- the gain on the disposal of AREVA Transmission & Distribution shares
- the recapture of the provision for potential tax.

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 2010, AREVA SA and its integrated subsidiaries generated a combined tax loss of 105,487 thousand euros.

The tax income recognized for 2010 came to 133,501 thousand euros as follows:

- Tax savings generated by the tax integration regime: 34,161 thousand euros;
- Change in provision for potential tax: 94,173 thousand euros;
- Tax credits: 675 thousand euros, including 623 thousand euros generated by the research tax credit;
- Other adjustments: 4,493 thousand euros corresponding to an additional refund requested under the tax consolidation regime.

20.4.6. ADDITIONAL INFORMATION

20.4.6.1. EMPLOYEES

The company employed 121 people on December 31, 2010, as indicated in the following table:

	2010	2009	2008	2007
Management personnel	94	98	97	100
Supervisors	27	30	31	35
Support staff	0	0	0	4
TOTAL	121	128	128	139

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 20.3.1.

Each year, independent actuaries determine AREVA's commitments at year end.

The impact of the 2010 retirement reforms is taken into account for the early retirement plans in France, pending renegotiation of the terms of these plans in 2011. The impact on other benefits is considered minor; the retirement age assumptions taken into account for their valuation will be adjusted in 2011.

<i>Balance sheet reconciliation (in thousands of euros)</i>	2010	2009	2008
TOTAL PROVISIONS FOR PENSION OBLIGATIONS AND OTHER EMPLOYEE BENEFITS	2,289	2,181	1,965

The main actuarial assumptions used in determining the group's obligations are as follows:

	2010	2009	2008
Inflation	2.00%	2.00%	2.00%
Discount rate	5.00%	5.00%	5.50%

- 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 personnel	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 personnel	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>	2010	2009	2008
Benefit obligation	2,525	2,865	2,026
Fair value of plan assets			
Unrecognized actuarial losses	- 142	- 830	- 222
Unrecognized past service gains	- 94	146	161
TOTAL BENEFIT OBLIGATION	2,289	2,181	1,965

Change in the provision

<i>(in thousands of euros)</i>	2010	2009	2008
Change in the provision:			
Restated opening balance	2,181	1,965	1,944
Total expense	372	269	338
Contributions collected/benefits paid	- 264	- 53	- 317
BENEFIT OBLIGATION AT DECEMBER 31	2,289	2,181	1,965

Total expense for the year

<i>(in thousands of euros)</i>	2010	2009	2008
Current service cost	194	162	188
Interest expense	148	120	127
Expected return on plan assets			
Amortization of actuarial gains or losses	45	2	38
Past service cost	-15	-15	-15
Plan creation, curtailment or liquidation			
TOTAL EXPENSE FOR THE YEAR	372	269	338

20.4.6.3. INFORMATION ON LEASE ARRANGEMENTS

No lease arrangements were recorded in 2010.

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 (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 and accounting, ensuring the separation of functions, and has 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.

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. The report is sent to the senior management of the AREVA group and to the Finance, Legal and Strategy 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.

The group's policy, which was approved by the Executive Committee, is to systematically hedge foreign exchange risk generated by sales transactions; it recommends hedging potential risks during the proposal

phase, to the extent possible, 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.

**FINANCIAL INFORMATION CONCERNING ASSETS,
FINANCIAL POSITIONS AND FINANCIAL PERFORMANCE**

20.4. Notes to the parent company financial statements

20.4.6. Additional information

At December 31, 2010, derivatives used by the group to manage foreign exchange risk were as follows:

Foreign exchange instruments (in millions of euros)		(Notional amounts by maturity date at December 31, 2010, at par value)						Total	Market value
		2011	2012	2013	2014	Maturity 2015 > 5 years			
Forwards									
	USD/ZAR	4	-	-	-	-	-	4	(1)
	JPY/EUR	187	125	122	164	22	-	620	(19)
	USD/EUR	1,093	506	227	87	88	19	2,021	6
	USD/JPY	2	1	-	-	-	-	3	0
	CAD/EUR	51	1	-	1	-	-	53	()
	USD/CAD	229	45	33	12	-	-	319	1
	OTHER	216	120	101	557	-	-	994	3
Total		1,782	798	483	820	110	19	4,013	(11)
Currency swaps									
	USD/ZAR	4	-	-	-	-	-	4	1
	JPY/EUR	51	33	63	50	23	-	220	23
	USD/EUR	2,253	107	130	47	14	9	2,560	(17)
	USD/JPY	376	-	-	-	-	-	376	0
	CAD/EUR	589	-	-	-	-	-	590	(30)
	USD/CAD	76	-	-	-	-	-	76	2
	OTHER	69	25	-	-	-	-	94	(2)
Total		3,419	165	193	97	37	9	3,920	(24)
Options									
	USD/ZAR	677	-	-	-	-	-	677	0
	JPY/EUR	-	18	64	94	-	-	176	0
	USD/EUR	-	60	-	-	-	-	60	0
	USD/JPY	10	-	-	-	-	-	10	0
Total		686	78	64	94	-	-	923	0
Cross currency swaps									
	USD/EUR	-	-	-	-	102	1,348	1,450	46
Total		-	-	-	-	102	1,348	1,450	46
GRAND TOTAL		5,888	1,042	740	1,011	248	1,376	10,305	11

Interest rate risk management

The group is exposed to the fluctuations of interest rates on its external floating rate borrowings and 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, 2010, 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.

At December 31, 2010, the following financial instruments were used to hedge interest rate exposure:

Interest rate instruments <i>(in millions of euros)</i>	Total	Notional amounts of the contracts by maturity date at December 31, 2010						Market value
		2011	2012	2013	2014	2015	> 5 years	
Interest rate swaps – variable lender								
EUR - variable borrower	936	-	-	-	-	-	936	0
Interest rate swaps – fixed lender								
EUR - variable borrower	1,050	-	-	-	-	-	1,050	30
Interest rate swaps – fixed lender								
USD – variable borrower	513	-	-	-	-	102	411	12
Inflation rate swaps – USD – fixed lender								
USD – variable borrower	-	-	-	-	-	-	-	0
GRAND TOTAL	2,500	-	-	-	-	102	2,398	41

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, nickel and gold. Most of the group's exposure is concentrated in the Mining and Reactors & Services BGs.

Each BG 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 (Reactors & Services BG).

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, 2010, 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
		2011	2012	2013	2014	2015	> 5 years	
Nickel								
Forward transactions – Buyer	5	4	-	-	-	-	-	0
Forward transactions – Seller	5	4	-	-	-	-	-	0
Copper								
Forward transactions – Buyer	1	1	1	-	-	-	-	1
Forward transactions – Seller	1	1	1	-	-	-	-	(1)
Gold								
Option - Buyer	49	49	-	-	-	-	-	1
Option - Seller	49	49	-	-	-	-	-	(1)
Energy								
Forward transactions – Buyer	2	2						0
Forward transactions – Seller	2	2						0
TOTAL	115	112	2	-	-	-	-	0

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 at 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.

When conditions warrant (rising counterparty risk, longer term transactions, etc.), market transactions are managed by margin calls that reduce the group's counterparty risk to a predetermined threshold: the Credit Support Annex for trades documented under an ISDA master agreement, or the Collateral Annex for trades documented under a French Banking Federation (FBF) master agreement.

Market value of financial instruments

The market value of financial instruments pertaining to currency, rate and commodity transactions was calculated based on market data at 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.

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	> 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	762,189	388,280	321,545	52,364
Total commitments and collateral given on financing	762,189	388,280	321,545	52,364
Guarantees of assets and liabilities	-	-	-	-
Guarantees pertaining to rental obligations	2,859	-	-	2,859
Other commitments given	-	-	-	-
Total other commitments given	2,859	-	-	2,859
TOTAL	765,348	388,580	321,545	55,223
Commitments received				
Vendor warranties received	-	-	-	-
Other commitments received	677	677	-	-
TOTAL	677	677	-	-
Reciprocal commitments				
Unused lines of credit	2,000,000	-	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.

Reciprocal commitments

Unused lines of credit

In February 2007, the group established a 2 billion euro syndicated line of credit available in euros and US dollars over a seven year period. At year-end 2010, this line had not been used.

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, 2010. 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, 2010 was recognized as a provision for contingency in the amount of 39 million euros for the year and of 73 million euros on a cumulative basis.

20.4.6.6. COMPENSATION OF DIRECTORS AND OFFICERS

Total compensation and benefits in kind paid to executive officers (members of the Executive and Supervisory Boards) during the year

Pursuant to the capital increase, 383,204,852 AREVA equity instruments (shares, investment certificates and non-voting preferred shares) are in issue. The distribution of capital is as follows:

at January 31	Jan. 1, 2011	Dec. 31, 2010	Dec. 31, 2009
CEA	73.0%	73.2%	78.9%
French State	10.2%	10.2%	8.4%
Kuwait Investment Authority (KIA)	4.8%	4.8%	-
CDC	3.3%	3.3%	3.6%
Total	1.0%	1.0%	1.0%
Calyon and employee shareholders	1.3%	1.3%	1.4%
EDF	2.3%	2.3%	2.5%
Treasury shares	0.2%	0.2%	0.2%
Shareholders with voting rights	96.0%	96.3%	96.0%
Holders of investment certificates and non-voting preferred shares	4.0%	3.7%	4.0%
TOTAL	100.0%	100.0%	100.0%

On December 15, 2010, AREVA's Supervisory Board examined the firm offer from the Fonds stratégique d'investissement (FSI, the strategic investment fund) to acquire AREVA's indirect equity interest in STMicroelectronics and decided to give FSI an exclusive right to purchase that interest at a unit price of 7 euros per STMicroelectronics share, for a total price of 695 million euros. Acceptance of FSI's offer is subject to informing and consulting with AREVA's employee representative bodies and to the approval of the cognizant competition authorities. The sale will close in the first half of 2011.

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 ("Rosatom") to create a new joint venture company 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 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, supplemented by its response aimed at rejecting AREVA's requests and receiving the premium on the sale price of its shares provided in this case under the contract.

20.4.6.7. EVENTS SUBSEQUENT TO YEAR END

In January 2011, AREVA undertook a capital increase reserved for investment certificate holders in the amount of 35 million euros by issuing 1,085,535 new shares (ADPCI).

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 process of negotiation with Rosatom until such time as the court has pronounced its judgment, normally during the first half of 2011.

In parallel, in May 2010, the European Commission announced the official start of proceedings against AREVA and Siemens concerning the existence of various contractual restrictions between the parties in the civilian nuclear field, in particular a non-competition clause. The start of these proceedings does not mean that the non-competition clause is illegal, but simply that the Commission is examining it more closely. The Commission's investigation is still ongoing.

20.4.6.9. SUBSIDIARIES AND EQUITY INTERESTS

(in thousands of euros unless other indicated)

Subsidiaries and associates Financial information	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 2010
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	4,550	90.14	33,466	33,466	-	-	6,420	4,435
Compagnie d'Etude et de Recherche pour l'Energie (CERE)									
33, rue la Fayette - 75009 Paris - France	247,500	8,036	100.00	251,541	251,541	-	-	632	-
AREVA NC									
33, rue la Fayette - 75009 Paris - France	100,259	492,315	100.00	703,929	703,929	-	3,041,329	83,145	100,259
AREVA NP s.a.s.									
Tour AREVA - 92084 Paris La Défense Cedex - France	400,000	-333,001	100.00	376,638	376,638	-	1,922,174	-174,431	-
FT1CI									
33, rue la Fayette - 75009 Paris - France	68,163	695,693	79.23	54,889	54,889	-	-	197,630	9,001
AREVA Insurance et Réassurance (AREVA IR)									
33, rue la Fayette - 75009 Paris - France	6,375	84,793	100.00	30,940	30,940	-	-	9,361	-
AREVA Renouvelables									
Tour AREVA - 92084 Paris La Défense Cedex - France	188,081	- 18,256	100.00	188,234	188,234	-	5,192	- 24,636	-
2 - Associates (AREVA holds 10% to 50% of the share capital)									
Eramet	80,000	2,539,692	25.71	303,856	303,856	-	-	330,000	12,163
B. - Summary information on other subsidiaries and associates									
1 - Subsidiaries not included in section A above									
a) French subsidiaries (combined)				17,586	16,828	-	-	-	-
b) Foreign subsidiaries (combined)				6,599	5,627	3,357	-	-	-
2 - Associates not included in section A above									
a) French companies (combined)				68,209	63,177	-	-	-	7,734
b) Foreign companies (combined)				1,466	1,377	-	-	-	-

→ 20.5 Five-year financial summary

<i>(in thousands of euros)</i>	2006	2007	2008	2009	2010
I - Share capital at year end					
(a) Share capital	1,346,823	1,346,823	1,346,823	1,346,823	1,452,053
(b) Number of ordinary shares outstanding (in thousands)	34,013,593	34,013,593	34,013,593	34,013,593	367,828,237
(c) Number of shares with preferred dividend rights (in thousands)	1,429,108	1,429,108	1,429,108	1,429,108	14,291,080
II - Operations and income for the year					
(a) Revenue before tax	114,423	143,647	174,309	230,919	395,168
(b) Income before tax, employee profit-sharing and amortization, depreciation and provisions (including reversals)	298,559	368,091	1,026,182	- 107,930	1,648,375
(c) Income tax	92,816	476,333	53,518	72,360	39,737
(d) Employee profit-sharing for the year	0	0	0	0	0
(e) Income after tax, employee profit-sharing and amortization, depreciation and provisions (increases-decreases)	280,209	726,612	1,036,002	- 138,672	1,615,734
(f) Net income distributed	299,845	239,947	249,871	249,730	0 ^(*)
III - Earnings per share (in euros)					
(a) Income after tax and employee profit-sharing but before increases to depreciation, depletion, amortization and provisions	9	17	30	- 5	4
(b) Income after tax, employee profit-sharing and amortization, depreciation and provisions (increases-decreases)	8	21	29	- 4	4
(c) Dividend per share (rounded to one eurocent)	8.5	6.8	7.05	7.06	0 ^(*)
IV - Personnel					
(a) Average number of salaried employees during the year	144	139	128	128	123
(b) Total payroll for the year	17,715	19,922	17,792	23,269	28,496
(c) Payroll taxes and other benefit expenses (social security, etc.)	8,172	9,718	8,939	11,231	11,119

(*) Preliminary data pending approval by the Annual General Meeting of Shareholders

→ 20.6. Summary of accounts payable to AREVA SA 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:

<i>(in thousands of euros)</i>	2010	2009
Matured	17,743	10,165
0 to 30 days	40,400	7,027
31 to 45 days	1,600	1,888
More than 45 days	42	58
TOTAL	59,785	19,138

→ 20.7. Dividends

20.7.1. DIVIDENDS – EXCERPT FROM THE MANAGEMENT REPORT OF FEBRUARY 10, 2011

20.7.1.1. DIVIDEND PAYMENT (ARTICLE 48 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.

20.7.1.2. DIVIDEND DATA

<i>(in euros)</i>	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
2010	-	-	-

20.7.1.3. 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 limited to 25% of the net income attributable to owners of the parent. In line with the strategy of strengthening AREVA's shareholders' equity, the Supervisory Board of AREVA will not propose to the Annual General Meeting of Shareholders the payment of a dividend for 2010.

→ 20.8. Legal and arbitration proceedings

The group is involved in a number of disputes that could have a significant negative impact on AREVA's operations and financial position.

Appropriate provisions are recorded to cover expenses that could result from these disputes, based on case-by-case analysis. For the year ended December 31, 2010, provisions for disputes came to a total of 30 million euros, excluding other provisions for contingencies. Some of the matters 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 involving 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 pending or threatened proceedings known to the company, that had or could have a significant impact on the financial position or profitability of the company and/or the group in the last twelve months.

SIEMENS' WITHDRAWAL AS AREVA NP SHAREHOLDER (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 of the 2009 Reference Document). 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 joint venture company 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 a breach of Siemens' contractual obligations, most notably 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, that 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, supplemented by its response aimed at rejecting AREVA's requests and 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 process of negotiation with Rosatom until such time as the court has pronounced its judgment, normally during the first half of 2011.

In parallel, in May 2010, the European Commission announced the official start of proceedings against AREVA and Siemens concerning the existence of various contractual restrictions between the parties in the civilian nuclear field, in particular a non-competition clause. The start of these proceedings does not mean that the non-competition clause is illegal, but simply that the Commission is examining it more closely. The Commission's investigation is still ongoing.

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 31, 2012. On March 14, 2011, the independent expert delivered his report, which puts the value of Siemens' 34% shareholding in AREVA NP at 1.62 billion euros as of the first quarter of 2009.

CATTENOM 3 POWER PLANT (AREVA NP)

In September 2009, EDF filed a notice of motion against AREVA NP with the Commercial Court of Nanterre requesting an urgent expert opinion following a minor incident (leak in the seal of a control rod drive mechanism) at unit 3 of the Cattenom power plant in eastern France in the first quarter of 2009. The court ordered an expert opinion, although the source of the incident had been repaired and the French

nuclear safety authority ASN had authorized the restart of the unit in question. In July 2010, as the expert opinion was being prepared, EDF submitted a financial claim for its losses, which it estimates at approximately 26 million euros. The court-ordered expert opinion is in progress. AREVA NP lodged an appeal of the summary order with the Court of Appeals of Versailles.

WOLKILUOTO EPR™ POWER PLANT (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 with 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.

SHIPMENT OF USED FUEL 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.

SHIPMENT 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.

SOCATRI

During the night of July 7 to July 8, 2008, uranium-bearing effluents from the Socatri plant at the Tricastin site spilled into the Gaffière stream. A neighboring town requested that the court intervene by appointing a court expert to determine the event's consequences. A court-ordered appraisal is in progress.

The Criminal Court of Carpentras in the Vaucluse department returned its decision on October 14, 2010. Concerning the criminal charges, the Court ruled in favor of Socatri on the accusation of water pollution. The Court specified that "the case does not carry any indication of damages of any kind to the health of individuals or to the condition of plants or animals," thus exonerating Socatri as a corporate entity in

the accusation of water pollution under article L. 216.6 of the French Environmental Code. However, Socatri was ordered to pay a fine in the amount of 40,000 euros for late reporting of the incident under article 54 of the Transparency and Nuclear Security law. Regarding civil damages, the Court ordered the payment of 8,000 euros to only two associations, CRIIRAD and Réseau Sortir du Nucléaire. Non-pecuniary damages were also granted to certain individuals who had filed a claim as plaintiffs (1,000 euros per plaintiff, for a total of 19,000 euros). The public prosecutor and all of the plaintiffs (associations and individuals) have appealed the decision. The case will be heard by the Court of Appeal of Nîmes in the coming months.

DISPUTES INVOLVING AREVA SA RELATED TO THE T&D BUSINESS, SOLD ON JUNE 7, 2010

ONGOING INVESTIGATIONS

In January 2004, as part of the acquisition contract for the T&D business, Alstom's representations and warranties to AREVA included specific warranties, in particular for disputes listed in the acquisition contract and for the environmental aspects. Subsequently, and based on these representations and warranties, AREVA served a certain number of claims against Alstom.

Pursuant to the closing of the sale of AREVA's T&D operations to Alstom and Schneider on June 7, 2010, all investigations and/or actions by national competition authorities in which only AREVA T&D companies are parties were transferred to Alstom/Schneider, without any warranties on AREVA's part; these concern Brazil, the Czech and Slovak republics, and the European Union antitrust proceedings related to the power transformer cartel.

Thus, the only cases remaining are those that involve AREVA SA by name as the parent company of AREVA T&D entities involved in the proceedings at the time, as indicated below.

On January 24, 2007, the European Commission ordered 11 companies to pay more than 750 million euros in fines pursuant to a European Commission investigation of anti-competitive practices in the gas-insulated switchgear (GIS) market. Alstom and AREVA were jointly fined 54 million euros and both companies initiated an appeal against the European Commission's decision with the Court of First Instance in Luxembourg, where the case is still pending. Ultimately, the Court's decision may be appealed with the Court of Justice of the European Union.

Other claims for damages were filed jointly against AREVA SA and all of the defendant companies before the court, pursuant to the abovementioned decision of the European Commission on gas-insulated switchgear.

For example, National Grid filed a claim on November 17, 2008 with the High Court of Justice of London against the companies named in the European Commission's decision, in particular AREVA SA. In a decision dated June 12, 2009, a stay was granted to the defendant companies until the expiration of appeals of the decision of the European Commission in the GIS case pending an initial stage of document disclosure, now being finalized.

On June 8, 2010, a second claim for damages on the same grounds was filed in England by EDF Energy Networks (LPN) PLC, EDF Energy Networks (EPN) PLC and EDF Energy Networks (SPN) PLC. AREVA SA presented its defense to the High Court of Justice of London on September 10, 2010. The plaintiffs have not yet asserted the amount of their claims.

Lastly, AREVA SA was served notice on October 5, 2010 of a third claim for damages filed in the Netherlands by TenneT TSO BV. A preliminary hearing on procedure was scheduled for December 1, 2010.

All of these proceedings are still covered by the warranties in the agreement entered into by Alstom and AREVA in April 2007, which provides in particular for the assumption by Alstom of the majority of the financial consequences of proceedings for anti-competitive practices initiated by national or European Community competition authorities and/or third parties.

→ 20.9. Significant change in the issuer's financial or trading position

Significant events between year-end 2010 (December 31, 2010) 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, 2010, Note 35.*

Events subsequent to year-end for events occurring before March 3, 2011, which is the date the Supervisory Board approved the financial statements, and in Section 9.5. *Events subsequent to year-end 2010 of this Reference Document for events subsequent to March 3, 2011.*

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→ 21.1. Share capital

21.1.1. AMOUNT OF SUBSCRIBED CAPITAL

At January 25, 2011, the share capital is fully paid and comes to the amount of 1,456,178,437.60 euros, divided into 367,828,237 shares with a par value of 3.80 euros, 14,291,080 investment certificates (IC) with a par value of 3.80 euros, 14,291,080 voting right certificates and 1,085,535 non-voting preferred shares (NVPS).

The investment certificates are quoted on Compartment B of NYSE Euronext Paris under Euroclear code 004540972 and ISIN code FR 0004275832, as are the NVPS under Euroclear code CEIAP and ISN code FR 0010986190.

Custodian and transfer services are provided by:

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ADDITIONAL INFORMATION**21.1. Share capital****21.1.2. Shares not representative of capital****21.1.2. SHARES NOT REPRESENTATIVE OF CAPITAL**

None.

21.1.3. TREASURY SHARES

In application of the authorization of the General Meeting of Shareholders of April 29, 2010, AREVA purchased some of its own shares with a view to ensuring the liquidity of shares held by the Framépargne FUND. No voting rights are attached to the shares bought

under this program; these shares come in addition to the shares already purchased by AREVA in 2009. AREVA held 853,890 of its own shares at December 31, 2010.

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

None.

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

The French State, the Commissariat à l'énergie atomique and the Kuwait Investment Authority* (KIA) concluded a ten-year shareholders' agreement dating from the completion of the reserved capital increase, whose key provisions are as follows:

- stability of KIA's equity stake for a period of 18 months (ban on selling or acquiring shares in the Company, except in limited cases);
- commitment of the French State and the Commissariat à l'énergie atomique not to sell AREVA shares at a price lower than Kuwait Investment Authority's subscription price for a period of 18 months, except for sales of shares on the market and sales to a government-owned institution or a subsidiary held in its entirety by the French State;
- commitment of the French State to ensure that AREVA does not issue securities for a period of 18 months at a price lower than Kuwait Investment Authority's subscription price (except for capital increases reserved for AREVA group employees and issues of non-

voting preferred shares to investment certificate holders), except in connection with a capital increase made necessary by exceptional economic or financial conditions, with the shareholders' preemptive right upheld and fully underwritten by the French State;

- at the expiration of the period of inalienability, the French State has a preemptive right in the event that Kuwait Investment Authority sells all or part of its equity interest, except for sales of shares made on the market;
- Kuwait Investment Authority has an anti-dilution right in the event of a capital increase with cancellation of the preemptive right (except for capital increases reserved for employees of the AREVA group);
- Kuwait Investment Authority has a full exit right in the event of a change of control of AREVA, under the meaning of article L. 233-3 of the French Commercial Code, and a proportional exit right in the event that AREVA shares are sold by the French State in connection with an admission to trading of AREVA shares.

* *Kuwait Investment Authority is an autonomous government institution in charge of the management and administration of the general reserve fund and the fund's assets for future generations of Kuwaitis, and of any other funds conveyed by the Ministry of Finance of Kuwait in the name and for the account of the State of Kuwait. KIA was created in 1953. With 203 billion dollars of assets under management, it is the seventh largest fund in the world in terms of managed assets at year-end 2009.*

In addition, as part of the reserved capital increase, the French State has agreed with the Kuwait Investment Authority to make its best effort to ensure that AREVA's ordinary shares are listed on NYSE Euronext in Paris in the first half of 2011. If they are not listed before June 30, 2011, Kuwait Investment Authority may, if it so wishes, sell its equity interest in AREVA to the French State. This sale option must be exercised before September 30, 2011. The exercise price for the put option will be based on the average weighted closing price of the investment certificates during the 90 trading days preceding the date of exercise of the option (or shall be equal to the subscription price of AREVA shares by Kuwait Investment Authority if the latter is higher).

In addition, the French State granted a put option to the Kuwait Investment Authority and the Kuwait Investment Authority granted a purchase option to the French State in the event of a breach of certain of their commitments under the shareholders' agreement. Thus, the French State shall have an option to purchase if KIA breaches

its commitment regarding the stability of its shareholding or the preemptive right, and KIA shall have an option to sell if the French State or Commissariat à l'énergie atomique breach their commitments not to sell AREVA shares at a price lower than KIA's subscription price or to ensure that AREVA does not issue shares at a price lower than that price. The exercise price for the put option or the purchase option shall be calculated based on the average weighted closing price of AREVA shares during the 90 trading days preceding the date of exercise of the option. If AREVA shares are not admitted for public trading on a regulated market, the exercise price shall be determined based on the average weighted closing price of the investment certificates during that same period, provided that, in the event that the put option is exercised, the price shall not be less than the subscription price of AREVA shares by Kuwait Investment Authority.

Please refer to Section 18.3.

For more information, see Section 20.2, Notes 10 and 25.

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				Number of capital securities after transaction				Nominal amount*		
		Shares	IC	NVPS	Total	Shares	IC	NVPS	Total	Shares	IC	Amount of share capital after transaction*
Sept. 3, 2001	Capital increase (for payment of transfer of Cogema shares)	748,645	0	0	748,645	34,013,593	1,429,108	0	35,442,701	38	38	1,346,822,638
Dec. 28, 2010	Capital increase reserved for KIA and the French State	27,692,307	0	0	27,692,307	367,828,237	14,291,080	0	382,119,317	3.8	3.8	1,452,053,404.60
Jan. 25, 2011	Capital increase reserved for IC holders	0	0	1,085,535	1,085,535	367,828,237	14,291,080	1,085,535	383,204,852	3.8	3.8	1,456,178,437.60

* In French francs until June 23; 2000, in euros thereafter.

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 operations, especially in the nuclear, renewable energies, electricity transmission and distribution, information technology and electronics 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 DECREES

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 the 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 Commissariat à l'énergie atomique (CEA) shall retain the majority of the share capital (article 2, paragraph 1);
- the sale or exchange of any AREVA shares held by the Commissariat à l'énergie atomique is subject to the same conditions as for capital increases (article 2, paragraph 2).

Decree no. 2007-1140 of July 27, 2007 authorized certain modifications to the by-laws, in particular the change of the Company's legal name to AREVA, the relocation of the corporate office, and changes necessary to ensure compliance with the French law of July 26, 2005 (the "Breton Law").

The decree no. 2010-1613 of December 23, 2010 approved the modifications to the by-laws proposed by the General Meeting of Shareholders of December 23, 2010, in particular those aimed at introducing into the by-laws, first, the split of the par value of the shares and investment certificates and, second, the issuance of non-voting preferred shares.

21.2.3. RESTRICTIONS ON SALES OF AREVA SHARES

1. Possession of a share, an investment certificate, a voting-right certificate or a non-voting preferred share automatically signifies acceptance of the company's by-laws and of the resolutions duly adopted in any General Meeting of Shareholders.

The rights and obligations attached to any share, investment certificate, voting right certificate or non-voting preferred share remain attached to the securities, regardless of owner.

The Commissariat à l'énergie atomique (CEA, the French atomic energy commission), 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.

21.2. Certificate of incorporation and by-laws

21.2.4. Conditions for convening general meetings of shareholders and voting right certificate holders

4. As provided by law, non-voting preferred shares issued to the bearers of investment certificates pursuant to the authority granted by the Special General Meeting of Shareholders of December 23, 2010 carry the same rights as the investment certificates, except for the anti-dilution right. These shares also confer the same rights as the ordinary share, except for the right to cast a vote in General Meetings

of the Shareholders, which does not attach to these shares. The shares also confer the right, under conditions set by law and the Company's by-laws, to attend General Meetings of Shareholders and to attend and cast a vote in special meetings of holders of non-voting preferred shares.

See also Section 18.1. of the 2009 Reference Document.

21.2.4. CONDITIONS FOR CONVENING GENERAL MEETINGS OF SHAREHOLDERS AND VOTING RIGHT CERTIFICATE HOLDERS

21.2.4.1. PROVISIONS COMMON TO ALL MEETINGS

Notices of meetings

Meetings are convened as provided by law.

Admission to meetings – custody of the shares

1. Any holder of ordinary shares, voting right certificates or non-voting preferred shares may, as applicable, attend General Meetings of shareholders, in person or by proxy, as provided by law and the by-laws, 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 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 attend 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 holder of ordinary shares, voting right certificates or non-voting preferred shares, as the case may be, who owns securities of a given class may attend special meetings of the holders of that particular class of securities.
5. The Company Works Council shall designate two of its members to attend 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 articles L. 2323-64 and L. 2323-65 of the French Labor Code may attend the General Meetings.
6. The by-laws of the Company provide that holders of non-voting preferred shares shall not be entitled to cast a vote in the General Meetings of shareholders.

21.2.4.2. 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 via videoconference or a telecommunications medium allowing them to be identified.

21.2.4.3. 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.

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.

ADDITIONAL INFORMATION**21.2. Certificate of incorporation and by-laws**

21.2.5. *Provision having the effect of delaying, deferring or preventing a change of control of AREVA*

21.2.4.4. RULES GOVERNING SPECIAL MEETINGS OF INVESTMENT CERTIFICATE HOLDERS

The Special Meeting consists of all investment certificate holders.

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 convened at the same time and in the same form as General Meetings of shareholders called to decide on a capital increase or an issue of securities giving access to the share capital. Investment certificate holders are admitted to the Meeting under the same conditions as those applicable to the shareholders.

The Special Meeting of investment certificate holders may deliberate validly after the first notice of meeting only if one third of the certificate holders are present in person, represented by proxy or voting by mail. The quorum required after the second notice of meeting is one fifth of all certificate holders entitled to vote.

The Special Meeting adopts resolutions according to the rules applicable to the Special General Meeting of Shareholders.

21.2.4.5. RULES GOVERNING SPECIAL MEETINGS OF NON-VOTING PREFERRED SHARE HOLDERS

The Special Meeting of holders of non-voting preferred shares is composed of all holders of non-voting preferred shares.

The Special Meeting of holders of non-voting preferred shares deliberates validly under the same conditions as the Special Meetings of the holders of investment certificates.

The Special Meeting of Shareholders adopts resolutions according to the rules applicable to the Extraordinary General Meeting of Shareholders.

Joint decisions that are within the competence of the Ordinary General Meeting or the Special General Meeting of Shareholders are not subject to the approval of special meetings of holders of non-voting preferred shares.

However, in accordance with the provisions of article L. 225-99 of the French Commercial Code, joint decisions within the competence of the General Meeting of Shareholders that modify specific rights attached to the non-voting preferred shares shall be final only after approval by the Special Meeting of holders of non-voting preferred shares deliberating on or before the same day as the General Meeting of Shareholders.

It should be pointed out that the following shall not be subject to the approval of the Special Meeting of holders of non-voting preferred shares, although this list is not exhaustive:

- amortization of or changes to the share capital, including capital increases, whether a preemptive subscription right is maintained or not;
- the conversion of non-voting preferred shares into ordinary shares under the terms provided in the Company by-laws

21.2.5. 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);

- 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).

21.2.6. BREACHING SHAREHOLDING THRESHOLDS

On the date that 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.

21.2.7. CHANGE IN SHARE CAPITAL

Please refer to Section 21.2.2.

Major contracts

Except for the contracts described in Chapters 6 and 9 of this Reference Document and in the 2009 Reference Document, AREVA did not enter into important contracts in 2009 and 2010 other than those entered into in the normal framework of its business.

Third party information, statements by experts and declarations of interest

Not applicable.

Documents on display

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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, the decree no. 2010-1613 of December 23, 2010 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 French market authority 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
- Marie de Scorbiac, Financial Communications and Investor Relations Director
Address: 33, rue La Fayette – 75009 Paris – France
e-mail: marie.descorbiac@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 6 99 756, 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 quarterly data of the previous year may show significant variations, which 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.

→ 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 27, 2011	Annual General Meeting of Shareholders
May 2, 2011	First quarter 2011 revenue and related information
July 27, 2011	First half 2011 revenue
July 27, 2011	First half 2011 income
October 27, 2011	Third quarter 2011 revenue and related information
January 2012	2011 revenue
February/March 2012	2011 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.

In addition, analysts and investors are invited to learn about the group's operations throughout the year by touring the plant sites. Three plant tours were conducted in 2010.

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.
 - Head office: 33, avenue du Maine, Tour Maine-Montparnasse, 75015 Paris, France.
 - Business: Eramet is a mining and metallurgy group that produces non-ferrous metals, high-performance specialty steels and alloys.
 - Share capital outstanding: 80,824,322.90 euros.
 - Trading exchange: Compartment A of Euronext Paris.
- For more information about Eramet, see Section 20.4.6.9.

STMICROELECTRONICS NV

- Percentage owned indirectly through holding companies: 10.91%.
- Head office: 210-212, Weena, 3012 NJ Rotterdam, Netherlands.
- Business: STMicroelectronics (STM) is a semiconductor company.
- Share capital outstanding: 644,668,196 euros.
- Trading exchanges: Compartment A of Euronext Paris, the New York Stock Exchange, and Milan.
- On December 23, 2010, the Supervisory Board of AREVA authorized the signature of a Share Purchase Agreement between AREVA and the Fonds Stratégique d'Investissement (FSI) for the purchase of AREVA's indirect interest in STMicroelectronics. The Share Purchase Agreement was signed on February 8, 2011. The final execution of this disposal remains subject to the approval of European Community competition authorities.
- In addition, the Cassa Depositi et Prestiti sold its equity interest in STM to the Italian Ministry of Economy and Finance on December 21, 2010.

SAFRAN

- Percentage owned: AREVA, through AREVA NC, holds 1.99% of Safran's share capital. Previously, AREVA held 7.38% of the share capital of Safran indirectly and 11.05% of the voting rights. AREVA sold 22,472,925 Safran shares on October 12, 2010.
- Head office: 2, boulevard du Général-Martial-Valin, 75015 Paris, France.
- Business: Safran is a high-tech group with two operating branches: telecommunications and defense.
- Share capital outstanding: 83,405,917 euros.
- Trading exchange: Compartment A of Euronext Paris.

SUEZ ENVIRONNEMENT

- Percentage owned: 1.41% of the share of capital and voting rights.
- Head office: 1, rue d'Astorg, 75008 Paris, France.
- 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.
- AREVA and the principal shareholders of Suez Environnement agreed with the French tax administration not to sell their shares for a period of three years starting July 22, 2008.
- Share capital outstanding: 1,958,796,240 euros.
- Trading exchanges: Euronext Paris and Euronext Brussels.

→ 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.

AGREEMENT BETWEEN THE FRENCH STATE, THE CEA AND KIA

The French State, the Commissariat à l'énergie atomique and Kuwait Investment Authority* (KIA) concluded a ten-year shareholders' agreement dating from the completion of the reserved capital increase, whose key provisions are as follows:

- stability of KIA's equity stake for a period of 18 months (ban on selling or acquiring shares in the Company, except in limited cases);
- commitment of the French State and the Commissariat à l'énergie atomique not to sell AREVA shares at a price lower than Kuwait Investment Authority's subscription price for a period of 18 months, except for sales of shares on the market and sales to a government-owned institution or a subsidiary held in its entirety by the French State;
- commitment of the French State to ensure that AREVA does not issue securities for a period of 18 months at a price lower than Kuwait Investment Authority's subscription price (except for capital increases reserved for AREVA group employees and issues of non-voting preferred shares to investment certificate holders), except in connection with a capital increase made necessary by exceptional economic or financial conditions, with the shareholders' preemptive right upheld and fully underwritten by the French State;
- at the expiration of the period of inalienability, the French State has a preemptive right in the event that the Kuwait Investment Authority sells all or part of its equity interest, except for sales of shares made on the market;
- Kuwait Investment Authority has an anti-dilution right in the event of a capital increase with cancellation of the preemptive right (except for capital increases reserved for employees of the AREVA group);
- Kuwait Investment Authority has a full exit right in the event of a change of control of AREVA, under the meaning of article L. 233-3 of the French Commercial Code, and a proportional exit right in the event that AREVA shares are sold by the French State in connection with an admission to trading of AREVA shares.

* Kuwait Investment Authority is an autonomous government institution in charge of the management and administration of the general reserve fund and the fund's assets for future generations of Kuwaitis, and of any other funds conveyed by the Ministry of Finance of Kuwait in the name and for the account of the State of Kuwait. KIA was created in 1953. With 203 billion dollars of assets under management, it is the seventh largest fund in the world in terms of managed assets at year-end 2009.

25.2. Shareholders' agreements

25.2.2. Main shareholders' agreements concerning AREVA's equity interests

In addition, as part of the reserved capital increase, the French State has agreed with the Kuwait Investment Authority to make its best effort to ensure that AREVA's ordinary shares are listed on NYSE Euronext in Paris in the first half of 2011. If they are not listed before June 30, 2011, the Kuwait Investment Authority may, if it so wishes, sell its equity interest in AREVA to the French State. This sale option must be exercised before September 30, 2011. The exercise price for the put option will be based on the average weighted closing price of the investment certificates during the 90 trading days preceding the date of exercise of the option (or shall be equal to the subscription price of AREVA shares by the Kuwait Investment Authority if the latter is higher).

In addition, the French State granted a put option to the Kuwait Investment Authority and the Kuwait Investment Authority granted a purchase option to the French State in the event of a breach of certain of their commitments under the shareholders agreement. Thus, the French State shall have an option to purchase if KIA breaches its commitment regarding the stability of its shareholding or the preemptive right, and KIA shall have an option to sell if the French State or the Commissariat à l'énergie atomique breach their commitments not to sell AREVA shares at a price lower than KIA's subscription price or to ensure that AREVA does not issue shares at a price lower than that price. The exercise price for the put option or the purchase option shall be calculated based on the average weighted closing price of AREVA shares during the 90 trading days preceding the date of exercise of the option. If AREVA shares are not admitted for public trading on a regulated market, the exercise price shall be determined based on the average weighted closing price of the investment certificates during that same period, provided that, in the event that the put option is exercised, the price shall not be less than the subscription price of AREVA shares by the Kuwait Investment Authority.

MEMORANDUM OF UNDERSTANDING 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 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 memorandums 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.

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. Taking into consideration the different capital contributions made, Siemens AG held 34% of AREVA NP's share capital.

The shareholders' agreement concluded on January 30, 2001 between Siemens AG and Framatome SA 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 (options to sell or buy shares) under specific circumstances as follows:

- in the event of a material breach of the shareholders' agreement 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, 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 (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.

On January 26, 2009, Siemens informed AREVA of its intention to exercise the put option in connection with a termination for convenience.

In the absence of an agreement between the parties on the exercise price of the put option and in accordance with the provisions of the shareholders' agreement, an independent expert was designated to determine the final fair market value of Siemens' shareholding in AREVA NP. On March 14, 2011, in his report, that expert puts the value of Siemens' shareholding as of the first quarter of 2009 at 1.62 billion euros. On that basis, AREVA carried out the buyback on March 18, 2011, thus putting an end to the shareholders' agreement between the parties.

EURODIF

AREVA NC holds, directly or indirectly through Sofidif, 60% of Eurodif's capital at present.

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, 2008, 2009 and 2010 dividends were not paid to AEOI. 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%.

25.2. Shareholders' agreements

25.2.2. Main shareholders' agreements concerning AREVA's equity interests

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, 5 of whom are elected by the employees, with the remaining directors appointed on the recommendation of Cedec (6 directors), AREVA (3 directors), and EDF (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 hold less than 51% of AREVA, the CEA would buy the Cedec or AREVA TA shares held by AREVA.

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 and construction of equipment and facilities for uranium centrifuge enrichment, as well related research and development activities.

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.

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 equity 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 tacit renewal thereafter for one-year periods. 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 fifteen seats of the Board of Directors of Eramet, with AREVA being allowed to designate five directors.

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 an 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 French market authority AMF (decision no. 208C1042 of May 30, 2008).

STMICROELECTRONICS

STMicroelectronics (STM) is subject to a shareholders' agreement among AREVA, France Télécom, FT1CI (French parties) and Finmeccanica (Italian party), which are indirect shareholders through 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 period of four years, until March 17, 2008. It was renewed for another period of three years, until March 17, 2011.

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. In addition, the Commissariat à l'énergie atomique (CEA, the French atomic energy commission) became a minority shareholder of FT1CI and a party to the shareholders agreement on March 19, 2009. In addition, the Cassa Depositi e Prestiti sold its equity interest in STMicroelectronics to the Italian Ministry of Economy and Finance on December 21, 2010.

(1) STMicroelectronics Holding NV holds 100% of the share capital of STMicroelectronics Holding II BV, which holds 27.86% of the share capital of STMicroelectronics.

The main provisions of the shareholders' agreement 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.

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.

On December 15, 2010, AREVA's Supervisory Board examined the firm offer submitted by the *Fonds stratégique d'investissement* (FSI, the strategic investment fund) for the acquisition of AREVA's indirect holding in STMicroelectronics. Further, the Board gave an exclusive right to FSI to purchase this holding for a total amount of 695 million euros.

The Cassa Depositi e Prestiti sold its interest in STM to the Italian Ministry of Economy and Finance on December 21, 2010.

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 STH.

On December 23, 2010, the Supervisory Board of AREVA authorized the signature of a Share Purchase Agreement between AREVA and the Fonds Stratégique d'Investissement (FSI) for the purchase of AREVA's indirect interest in STMicroelectronics. The Share Purchase Agreement was signed on February 8, 2011.

The final execution of this disposal remains subject to the approval of European Community competition authorities.

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); (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 an opinion by the *Autorité des marchés financiers* (AMF) on June 20, 2008 (decision no. 208C1189).

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

In accordance with article L. 225-68 of the French Commercial Code, "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."

AREVA defers to the AFEP-MEDEF Code of Corporate Governance under the conditions mentioned in paragraph 1.2 hereunder;

- *"The [abovementioned] report shall also specify particular methods related to the participation of the shareholders in the Annual General Meeting or refer to the provisions of by-laws setting forth 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 Chapter 21 of the Reference Document;

- *"Moreover, the [abovementioned] report presents the principles and rules decided upon by the Supervisory Board to determine compensation and benefits of any kind granted to corporate officers."*

This information appears in Chapter 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 3, 2011, in accordance with the abovementioned provisions.

Concerning the organization and functioning of the Audit Committee set up by the Supervisory Board, the AREVA group already relies heavily on the principles and provisions of French governmental order no. 2008-1278 of December 8, 2008 transposing the European Community directive 2006/43/EC of May 17, 2006 concerning 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 AREVA GROUP'S STANDARD ⁽¹⁾

As mentioned above, the AREVA group defers to the AFEP-MEDEF Code of Corporate Governance for publicly traded companies of April 2010, with certain adjustments.

The adjustments to the AFEP-MEDEF Code of Corporate Governance are warranted by the distribution of the company's share capital. Given the very strong concentration of share ownership, 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.

Concerning the recommendation of April 2010 on the representation of women in Boards of Directors, AREVA will endeavor to comply, particularly during renewals of terms of service scheduled to expire in 2011.

In doing so, the group will also anticipate implementation of the provisions of the French law of January 27, 2011 on the balanced representation of men and women in Boards of Directors and Supervisory Boards and on equal access to employment, which will require members of each sex to be members of the boards in a proportion equal to or greater than 20% starting January 1, 2014 and 40% starting January 1, 2017.

Regarding the terms 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 the long business cycles of the nuclear industry. This 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 to the Chairman of the Supervisory Board by the Executive Board and the functional departments it coordinates in connection with the annual review of internal control procedures and various meetings of the Supervisory Board and its committees.

The Chairman of the Supervisory Board received the comments of the Internal Audit and the Joint Statutory Auditors on internal controls and asked Management to implement the corresponding action plans.

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).

3. Preparation and organization of the Supervisory Board's activities
 3.1. Functioning of the Supervisory Board

→ 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 the 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 Chairman and members 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 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 comments on the Executive Board's report 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. Supervisory Board approval is required for annual budgets and multiyear plans for AREVA, its direct subsidiaries and the group, and for any transaction at the subsidiary level contemplated by article 22-2 of the by-laws.

Pursuant to article 22-2 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) the issuance of 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 the creation of an establishment or a direct or indirect subsidiary), or by acquiring an equity interest; similar approval is required for decisions to close such establishments;
 - (iii) significant operations that may affect the group's 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 by the Executive Board for allocations of earnings for the year 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; and
 - 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 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 three members elected by company personnel, as described below, and representatives of the French State designated pursuant to article 51 of French 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 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, 2010, the Supervisory Board consists of 15 members, including 5 – Mr. Jean-Cyril Spinetta, Mr. René Ricol, 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 67)

Mr. Jean-Cyril Spinetta was appointed to the Supervisory Board and appointed Chairman of the Supervisory Board by the Board at its meeting of April 30, 2009 to replace Mr. Frédéric Lemoine, who had resigned. His appointment was confirmed by the Annual General Meeting of Shareholders of April 29, 2010. His term will expire at

the Annual General Meeting of Shareholders convened in 2011 to approve the financial statements for the year ended 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);
- Member of the Advisory Board of Paris Europlace;
- Member of the Board of Governors of the International Air Transport Association (IATA) (Canada).

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;
- CEO of Air France-KLM and of Air France until December 2008;
- Director of Unilever (United Kingdom) until July 2007;
- Director of Alitalia (Italy) until January 2007.

Bernard Bigot (age 60)

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 ended December 31, 2010.

Bernard Bigot is Administrator General and Chairman of the Board of Directors of the Commissariat à l'énergie atomique. He is a graduate of École normale supérieure de Saint Cloud, holder of the *agrégation* in physical sciences and PhD in chemistry.

Other offices held

- Director representing the French State, on behalf of the minister of Industry, to the Board of Directors of AREVA NC;
- Chairman of the Board of Directors of the Institut national de la recherche pédagogique;
- Chairman of the Fondation de la Maison de la Chimie ;
- Vice Chairman of the Fondation Jean Dausset – CEPH.

Other offices held during the past five years

- None.

REPORT OF THE SUPERVISORY BOARD CHAIRMAN ON THE PREPARATION AND ORGANIZATION OF THE BOARD'S ACTIVITIES AND INTERNAL CONTROL PROCEDURES

3. Preparation and organization of the Supervisory Board's activities
 3.2. Composition of the Supervisory Board

Christophe Béhar (age 53)

Mr. Christophe Béhar was appointed to the Supervisory Board at the latter's meeting of April 29, 2010, to replace Mr. Pradel, who had stepped down. His appointment was ratified by the General Meeting of Shareholders of December 23, 2010 and his term will end at the Annual General Meeting of Shareholders convened in 2011 to approve the financial statements for the year ended December 31, 2010.

Christophe Béhar is Director of Nuclear Energy at the Commissariat à l'énergie atomique. He is a graduate of École Centrale de Paris and holds the rank of *ingénieur*.

Other offices held

- Permanent representative of the Commissariat à l'énergie atomique to the Board of Grand équipement national de calcul intensif (GENCI) and of AREVA TA;
- Director of Société des techniques en milieu ionisant (STMI) ;
- Representative of France to the Joint Research Centre (European Commission).

Commissariat à l'énergie atomique et aux énergies alternatives (CEA), represented by Christophe Gegout

The Commissariat à l'énergie atomique was appointed to the Supervisory Board by the 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 ended December 31, 2010.

The Commissariat à l'énergie atomique is represented by Mr. Christophe Gegout (age 34), who is a graduate of Institut d'Études Politiques de Paris and an alumnus of École polytechnique and of 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 Commissariat à l'énergie atomique.

Other offices held by the CEA

- Director of CEA Investissement, of AREVA TA, of La Route des Lasers and of Minatéc.

Other offices held during the past five years

- None.

Other offices held by Mr. Gegout

- Chairman and Director of CEA Investissement;
- Director of Co-Courtage Nucléaire (CCN);
- Permanent representative of the Commissariat à l'énergie atomique to the Board of Directors of FT1CI, of GIP DFT Minatéc, and of GIP Sources HA.

Other offices held during the past five years

- Member of the Supervisory Board of Emertec Gestion and of Avenium Consulting until February 2010.

François David (age 69)

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 ended December 31, 2012.

Mr. François David is a graduate of Institut d'études politiques de Paris and École nationale d'administration. His duties as Chairman of Coface were renewed in 2007.

Other offices held

- Member of the Supervisory Board of Lagardère SCA;
- Director of Vinci and of Rexel;
- Member of the Council of the Legion of Honor.

Other offices held during the past five years

- Director of EADS until April 2007.

Oscar Fanjul (age 61)

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 ended December 31, 2010.

Oscar Fanjul holds a PhD in economics. He is Vice Chairman and President of Omega Capital.

Other offices held

- Vice Chairman of the Board of Directors of Lafarge;
- Director of Marsh & McLennan Companies, of Acerinox and of Cibeles et Partex; Trustee of the International Accounting Standards Committee Foundation (IASC).

Other offices held during the past five years

- Director of the London Stock Exchange until July 2010;
- Director of Inmobiliaria Colonial until December 2007;
- Director of Unilever Plc until May 2006;
- Director of Tecnicas Reunidas until June 2005.

René Ricol (age 60)

Mr. René Ricol was appointed as an independent member to the Supervisory Board at the latter's meeting of April 29, 2010, to replace Mr. Desmaret, who had stepped down. His appointment was ratified by the General Meeting of Shareholders of December 23, 2010 and his term will end at the Annual General Meeting of Shareholders convened in 2011 to approve the financial statements for the year ended December 31, 2010.

Mr. Ricol is a chartered accountant and registered auditor. He is also the current Commissioner General of Investment in charge of overseeing the execution of the national government investment plan (*grand emprunt national*), reporting to the Prime Minister of France.

Other offices held

- None.

Other offices held during the past five years

- None.

Guylaine Saucier (age 64)

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 ended 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, of the Bank of Montreal and of Wendel;
- Director of AREVA Canada Inc.

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.

MEMBERS REPRESENTING THE FRENCH STATE, APPOINTED BY MINISTERIAL ORDER

Jean-Dominique Comolli (age 62)

Mr. Jean-Dominique Comolli was appointed to the AREVA Supervisory Board by ministerial order of September 15, 2010 in the capacity of State representative (*Journal Officiel* of September 22, 2010) to replace Mr. Bruno Bezar for the remainder of the latter's term. The Supervisory Board acknowledged Mr. Comolli's appointment on September 22, 2010.

Jean-Dominique Comolli, Commissioner with the *Agence des participations de l'état*, is a graduate of École nationale d'administration.

Other offices held

- Member of the Boards of Directors, representing the French State, of Air France-KLM, of EDF, of France Télécom, of the *Fonds stratégique d'investissement* and of SNCF.

Other offices held during the past five years

- Chairman of the Board of Directors of Altadis until August 2010;
- Chairman of the Supervisory Board of Altadis Maroc until September 2010;
- Director of Calyon (now Crédit Agricole Corporate & Investment Bank) until August 2010;
- Director of Casino until September 2010;
- Vice Chairman of Imperial Tobacco until September 2010;
- Director of Pernod Ricard until September 2010;
- Chairman of the Board of Directors of Seitia until September 2010;
- Director of Logista until October 2008;
- Director of Aldeasa until April 2008.

Pierre-Franck Chevet (age 49)

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 ended 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 Climate reporting to the Ministry of Sustainable Development, Transport and Housing and the Ministry of the Economy, Finance and Industry.

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 *Commission de régulation de l'énergie* (French 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 of the *Comité de l'énergie atomique* (French atomic energy board).

Other offices held during the past five years

- None.

Luc Rousseau (age 53)

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

REPORT OF THE SUPERVISORY BOARD CHAIRMAN ON THE PREPARATION AND ORGANIZATION OF THE BOARD'S ACTIVITIES AND INTERNAL CONTROL PROCEDURES

3. Preparation and organization of the Supervisory Board's activities
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of April 26, 2006, published in the *Journal Officiel* on May 11, 2006. His term will expire at the Annual General Meeting of Shareholders convened in 2011 to approve the financial statements for the year ended 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 *Comité de l'énergie atomique* (French atomic energy board);
- Government Commissioner to La Poste and FT1CI;
- Representative of the French State to the Boards of Directors of the public institution OSEO, of the Palais de la Découverte, of the Cité des Sciences et de l'Industrie, and of the *Agence française des investissements internationaux* (Invest in France Agency);
- Director of the *Agence nationale de la recherche* (French National Research Agency), of the *Fonds stratégique d'investissement* (French strategic investment fund) and of Renault.

Other offices held during the past five years

- Government Commissioner to Oseo Innovation until April 2009;
- Government Commissioner to the Supervisory Board of the *Agence de l'innovation industrielle* (French industrial innovation agency) until December 2007.

Pierre Sellal (age 58)

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 ended 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 Védrine and currently Secretary General of the French Ministry of Foreign Affairs and European Affairs.

Other offices held

- Director of EDF, of École nationale d'administration, of *l'Audiotvisuel extérieur* de la France (Audiovisual Outside France), of Cultures France, of the *Agence nationale des titres sécurisés* (French national agency of secure shares), of the *Commission de Récolement des dépôts d'œuvres d'art* (commission of verification of registered works of art), and of the *Établissement de préparation et de réponse aux urgences sanitaires* (institution of planning and response to health emergencies);
- Member of the *Comité de l'énergie atomique* (French atomic energy board);

- Member of the Board of the *l'Institut du monde arabe* (Arab World Institute).

Other offices held during the past five years

- None.

MEMBERS ELECTED BY AND REPRESENTING THE EMPLOYEES

Jean-Claude Bertrand (age 59)

Elected by the electoral college consisting of employees on May 28, 2002 in elections validated by the *Comité d'entreprise* (work council) 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 officer with the management team of the Tricastin site.

Other offices held

- None.

Other offices held during the past five years

- Member of the Board of Directors of Alexis junior high school in Montélimar until September 2010.

Gérard Melet (age 53)

Elected by the electoral college consisting of employees on May 28, 2002 in elections validated by the *Comité d'entreprise* (work council) 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 a program officer with the local economic development management team of AREVA NC.

Other offices held

- None.

Other offices held during the past five years

- None.

Alain Vivier-Merle (age 62)

Elected by the electoral college consisting of engineers and managers on June 20, 2002 in elections validated by the *Comité d'entreprise* (work council) on July 12, 2002. He took office at the Supervisory Board meeting held on July 25, 2002.

Mr. Vivier-Merle is a marketing program officer for AREVA NP in Lyon.

Other offices held

- Chairman of the Supervisory Board of the Framépargne balanced fund;
- Member of the Supervisory Board of the AREVA diversified balanced fund;

- Member of the Supervisory Board of the AREVA socially responsible balanced fund.

Other offices held during the past five years

- None.

In 2010, Mr. Marcel Otterbein, representing AREVA's *Comité d'entreprise* (work council), attended the meetings of the Supervisory Board in an advisory capacity.

Economic and Financial 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.

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, serves as 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.

3.3. ACTIVITIES OF THE SUPERVISORY BOARD

In 2010, the Supervisory Board met 12 times (attendance rate: 89%). During these meetings, the Supervisory Board voted on the matters described below:

- **January 14, 2010:** Consistent with AREVA's growth strategy for renewables and to examine acquisition opportunities, the Board, pursuant to article 23 of the by-laws, on the proposal of the Executive Board, authorized the acquisition of Ausra, a company specialized in concentrated thermal solar power;
- **March 4, 2010:** Following the Executive Board's presentation of the financial results for 2009 and of the company financial statements and the consolidated financial statements, and pursuant to article 23.3-2 of the by-laws, the Supervisory Board approved the proposed profit allocation and the proposal to distribute a dividend of 7.06 euros per share and per investment certificate. In addition, the Board examined the Executive Board's management report and, pursuant to article L. 225-68 of the French Commercial Code and on the favorable opinion of its Audit Committee, approved the report of the Chairman of the Supervisory Board on the Board's activities and internal control procedures. The Board was also given a presentation on the ongoing work of the Compensation and Nominating Committee, and in particular the proposals for payment in 2010 of the 2009 bonuses of the members of the Executive Board. Lastly, in connection with the disposal of AREVA T&D and the separation agreements to be implemented, the Supervisory Board authorized the Executive Board to enter into a memorandum of agreement between AREVA and AREVA T&D Holding SA to formalize their relations as regards proceedings or actions by third parties in progress or to occur after the disposal of T&D; this agreement is subject to the provisions of article L. 225-86 *et seq.* of the French Commercial Code;
- **April 29, 2010:** Messrs. Christophe Behar and René Ricol were appointed to the Supervisory Board to replace Messrs. Pradel and Desmarest respectively, who have resigned. In parallel, Mr. Behar was

appointed to the End-of-Lifecycle Obligations Monitoring Committee and Mr. Ricol was named co-Chairman of the Audit Committee together with Mrs. Guylaine Saucier. Mrs. Saucier was also named Chairman of the End-of-Lifecycle Obligations Monitoring Committee, replacing Mr. François David, who has resigned from that position. In addition, the Supervisory Board received all necessary information on the Executive Board's quarterly report, on perceptions of the group's 2009 performance by market analysts and fund managers, and on the status of the financing plan decided by the Board on June 30, 2009, and in particular the planned issue of shares to new shareholders. The Board also received information on the work of the Audit Committee, in particular on the status of the OL3 project, on the quarterly Major Projects report, on the profitability of AREVA's integrated model, and on the risk map, as well as the reports by the Statutory Auditors and the Internal Audit department on internal controls. Lastly, the Board authorized AREVA NC and those of its subsidiaries and lower tier subsidiaries concerned to invest as necessary to continue the Imouraren project and bring the mine into production, and to continue the Katco project and increase its total production capacity;

- **June 23, 2010:** The Board received a progress report on capital transactions and disposals of equity interests, on revision 1 of the budget, and on the status of nuclear safety and radiation protection, which was presented in the 2009 annual report of the General Inspectorate. The Board was also informed of the stage of development of the project to build an enrichment plant in the United States using the same technology as the Georges Besse II plant in France, and the recent approval of a 2-billion US dollar loan guarantee from the US Department of Energy (DOE). Lastly, the Board was informed of the work of the Audit Committee, the Compensation and Nominating Committee, and the End-of-Lifecycle Obligations Monitoring Committee. In this regard, the Board approved Appendix 1 of the triennial "Report on Internal Controls"

REPORT OF THE SUPERVISORY BOARD CHAIRMAN ON THE PREPARATION AND ORGANIZATION OF THE BOARD'S ACTIVITIES AND INTERNAL CONTROL PROCEDURES

3. Preparation and organization of the Supervisory Board's activities
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prepared pursuant to article 7 of the decree of February 23, 2007 on securement of funding for nuclear expenses. The Board also approved the recommendations of the Compensation and Nominating Committee on bonuses to be paid for 2009 and the principles for setting the 2010 compensation of the members of the Executive Board. That compensation is, moreover, subject to approval by the relevant ministers, pursuant to the decree no. 53-707 of August 9, 1953;

- **July 30, 2010:** The Board heard a presentation on the social policy and quality of working life in the group, the sustainable development policy, the group's activity report for the second quarter of 2010, and the consolidated financial statements for the period ending June 30, 2010, including comments thereon by the Audit Committee. The Board also approved a bond issue for a maximum amount of 2 billion euros and the sale by AREVA NC of a percentage of its interest in the Georges Besse II plant to the Japanese utilities Tohoku Electric Power Co., Inc. and Kyushu Electric Power Co., Inc. Lastly, in the wind energy business, the Board heard a presentation on the status of two sets of contracts, one to supply wind turbines and the other to provide maintenance and services. The Board did not raise any objection to AREVA's co-signature of these contracts with its subsidiary AREVA Wind;
- **September 22, 2010:** The Board convened for a special meeting following the abduction of an AREVA employee, his spouse and five employees of Sogea-Satom, a Vinci group subsidiary, from the Arlit site in Niger. The Board was informed of the emergency measures taken immediately to deal with this situation;
- **October 21, 2010:** The Executive Board submitted its report on the group's third quarter operations. The Supervisory Board also received a detailed presentation on the current status of Taishan construction as well as updates on the plan for a capital increase and on the strategic partnership between AREVA and EDF. Lastly, the

Board was informed of the work of the Audit Committee, particularly as regards the risk map and the group's 2009 business ethics report;

- **November 25, 2010:** The Board held a meeting to receive an update on potential minority partnerships in certain mining projects;
- **December 11, 2010:** The Supervisory Board convened for a special meeting to validate the offers from the French State and the Kuwait Investment Authority for subscription to the reserved capital increase. The Board validated those offers;
- **December 15, 2010:** The Supervisory Board convened in a special meeting to deliberate on AREVA's sale of its equity interest in STMicroelectronics at the request of the State and under the conditions posed by the *Fonds stratégique d'investissement*. That sale was validated;
- **December 17, 2010:** The Supervisory Board heard a review of the ATMEA™ reactor situation, revision 2 of the 2010 budget accompanied by a meeting report on the work of the Audit Committee, a summary of the work of the End-of-Lifecycle Obligations Monitoring Committee and a meeting report on the work of the Strategy Committee relating to AREVA's strategy in the United States. Pursuant to article L. 225-68 of the French Commercial Code, the Board also authorized the Executive Board to provide surety, endorsements and guarantees through December 31, 2010 and, pursuant to article 23-2 of the by-laws, to set up bilateral lines of medium-term credit to fund the group's general requirements. The Board postponed the final review of the proposed 2011 budget to February 2011;
- **December 23, 2010:** The Supervisory Board authorized the Executive Board to launch the capital increase operations approved by the General Meeting of Shareholders of that date and authorized the signature of the contract between AREVA and the *Fonds stratégique d'investissement* for the disposal and acquisition of FT1CI shares.

3.4. ACTIVITIES OF THE FOUR COMMITTEES OF THE SUPERVISORY BOARD

Pursuant to article 22 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 additional information enabling the Board to make decisions on matters subject to its oversight. 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 the Strategy Committee, the Audit Committee, the Compensation and Nominating Committee (formed when the AREVA group was established in 2001), and the End-of-Lifecycle Obligations Monitoring Committee, formerly called the Cleanup and Decommissioning Fund Monitoring Committee (formed in 2002). Each committee met throughout 2010 to delve deeper into the matters reviewed hereunder.

3.4.1. STRATEGY COMMITTEE

As of December 31, 2010, the Strategy Committee had five members, chosen from among the members of the Supervisory Board: Jean-Cyril Spinetta ⁽¹⁾, Chairman, Bernard Bigot, Jean-Dominique Comolli, Oscar Fanjul ⁽¹⁾ and Luc Rousseau. Josseline de Clausade serves as secretary to the 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. 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.

The Strategy Committee met once in 2010, with an attendance rate of 100%.

- **November 25, 2010:** The Strategy Committee met to review AREVA's strategy in the United States.

(1) Independent members of the Supervisory Board.

3. Preparation and organization of the Supervisory Board's activities
3.4. Activities of the four Committees of the Supervisory Board

3.4.2. AUDIT COMMITTEE

As of December 31, 2010, the Audit Committee had five members, chosen from among the members of the Supervisory Board: Guylaine Saucier and René Ricol⁽¹⁾, co-Chairmen, Jean-Dominique Comolli, Jean-Claude Bertrand and Christophe Gegout. Jean-Pierre Kaminski serves as secretary to the Committee.

The Committee meets at least once per quarter 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 hears 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 as it deems necessary.

Upon the expiration of the terms of the Statutory Auditors, the Audit Committee considers competitive offers and makes recommendations to the Supervisory Board to renew the terms of the current auditors or to appoint a new firm.

The Audit Committee establishes an annual schedule of work in fulfillment of its duties.

The Audit Committee met 11 times in 2010, with an attendance rate of 87%.

- **January 27, 2010:** The Committee met by teleconference to review and finalize the press release on the group's revenue for 2009.
- **February 22, 2010:** The Committee examined the status of the OL3 project, both in terms of the general progress of technical operations at the site and in financial terms. Then the Committee examined the financial statements for the year ended December 31, 2009, heard the Statutory Auditors' observations and findings, and reviewed the draft press release. The Committee also reviewed the Supervisory Board Chairman's report on internal controls. Lastly, the Committee was briefed on the group's financial position and on the status of its major projects.
- **April 28, 2010:** After reviewing the draft press release on financial information for the first quarter of 2010, the Committee meeting was largely devoted to examining the status of the OL3 project, the quarterly report on the group's major projects, and the profitability of

AREVA's integrated model. The Committee also heard presentations on the risk map and cash forecasts, and on the reports of the Statutory Auditors and the Internal Audit department on the group's internal controls. Lastly, the Committee reviewed the fees of the Statutory Auditors and examined the annual work schedule proposed for the Committee.

- **May 21, May 28 and June 21, 2010:** The Committee, with the Statutory Auditors attending, examined all aspects of the dispute between Eurodif and EDF, and in particular the compromise proposed by the French Administration. The Committee also reviewed developments in the OL3 project and the amount of the additional provision to be set up. The Committee then re-examined impairment tests performed on the mining portfolio for the year ended December 31, 2009, particularly in light of the recent trend in uranium prices, the quantity of ore mined and mine production costs. Lastly, the Committee was briefed on developments in the Global Tech 1 offshore wind project, revision 1 of the 2010 budget, the valuation of Siemens' put, and the proposed disposal of AREVA's interest in STMicroelectronics.
- **July 28, 2010:** The Committee, with the Statutory Auditors attending, examined the quarterly report on the group's major projects and, in light of developments in the OL3 project and the additional explanations provided, finalized its review of the additional provision to be included in the half-year financial statements, which had been presented to the Committee. The Committee also examined the group's cash position, the half-year report on the execution of the internal audit plan, and the draft press release. Lastly, the Committee received complete and useful information on Britain's new anti-corruption law and on changes in accounting standards.
- **October 18, 2010:** The Committee heard presentations on the group's major projects, an updated cash forecast and the risk map. In addition, the Committee examined the group's tax situation and the business ethics report.
- **October 25, 2010:** The Committee met by teleconference to review and finalize the press release on the group's third quarter 2010 revenue.
- **November 15, 2010:** The Audit Committee examined the group's financial position and in particular the cash forecasts for 2010 to 2012.
- **December 13, 2010:** The Committee heard presentations on revision 2 of the 2010 budget, the internal audit plan for 2011 and the fees to the Statutory Auditors.

3.4.3. COMPENSATION AND NOMINATING COMMITTEE

As of December 31, 2010, the Compensation and Nominating Committee was composed of three members, chosen from among the members of the Supervisory Board; Jean-Cyril Spinetta⁽¹⁾, Chairman, Jean-Dominique Comolli and Oscar Fanjul⁽¹⁾. Josseline de Clausade serves as secretary to the 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.

(1) Independent members of the Supervisory Board.

4. System of internal controls
4.1. Introduction

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 the candidates for positions on 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.

The Compensation and Nominating Committee met three times in 2010, with an attendance rate of 100%:

- **February 11, March 3 and June 15, 2010:** The Committee recommended the amount of bonuses for 2009 to be paid to the members of the Executive Board in 2010:

- 56% for Mrs. Lauvergeon and Mr. Arbola,
- 61% for Mr. Oursel, and
- 72% for Mr. Benedetti.

In addition, the Committee recommended the payment of a bonus representing four months of fixed compensation to Mrs. LAUVERGEON and Mr. ARBOLA in recognition of the flawless implementation of the disposal of the T&D subsidiary, three months ahead of the deadline;

- lastly, the Committee considered bonuses for Executive Board members for 2010 and recommended that the quantitative component of the bonus for each member be kept at 60%, based on:
 - backlog (15%),
 - revenue (15%),
 - operating income (15%), and
 - cash flow before capital expenditures (15%).

3.4.4. END-OF-LIFECYCLE OBLIGATIONS MONITORING COMMITTEE

As of December 31, 2010, the End-of-Lifecycle Obligations Monitoring Committee was composed of four members, chosen from among the members of the Supervisory Board: Guylaine Saucier ⁽¹⁾, Chairman, Christophe Béhar, Pierre-Franck Chevet and Gérard Melet. Patrick Herbin-Leduc serves as secretary to the 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 helping to monitor the asset portfolio set up by AREVA subsidiaries to cover their future cleanup and dismantling expenses. In this capacity, and based on pertinent documentation submitted by AREVA, including a management charter, the Committee reviews the multiyear schedule of future cleanup and dismantling expenses for affected companies of the AREVA group; the criteria for establishing, managing and controlling the funds earmarked to cover expenses by those 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 hear financial consulting firms chosen by the fund management companies.

The End-of-Lifecycle Obligations Monitoring Committee met twice in 2010, with an attendance rate of 88%.

- **June 22, 2010:** The Committee examined the report related to article 20 of the French law of June 28, 2006 as well as the status of managed dismantling assets and liabilities at year-end 2009; the coverage ratio is slightly above 100%.
- **December 16, 2010:** The Committee reviewed the management of earmarked assets and the coverage ratio for dismantling liabilities.

→ 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* (French stock market authority AMF) in January 2007.

The scope of internal controls 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 other things, the scope of internal controls, the roles and responsibilities of different players, and the tools available in the group contributing to the effectiveness of the system of internal controls.

(1) Independent members of the Supervisory Board.

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 those concerning 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 defers 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 from 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 by themselves 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, particularly as regards the Values and Sustainable Development Charter.

4.2. ORGANIZATION, GOVERNANCE, 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 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.

On January 28, 2010, AREVA announced an important evolution in the organization of its nuclear and renewables operations that enables it to enter a new phase in the alignment of its operational organization with its strategy and aimed at strengthening its efficiency even further.

This evolution is being carried out in compliance with the group's values and culture and is consistent with its action principles: adherence and coherence, subsidiarity, transparency and economy.

4. System of internal controls
4.2. Organization, governance, resources, information system and operating procedures

The evolution in the group's organization focuses in particular on supporting three objectives:

- finalizing the organization's alignment with the group's strategy;
- providing better support to the nuclear renaissance and the development of renewables; and
- reinforcing the group's commercial efficiency and facilitating the development of commercial offers.

The evolution is being implemented through four major organizational changes described in detail in the group's organizational memoranda, duly updated:

- organization of the group into four business groups: Mining-Front End, Reactors & Services, Back End and Renewable Energies, which bring together all of the business units belonging to the group's large subsidiaries, in the legal sense of the word;
- strengthening of the ties between the Mining and Front End operations;
- strengthening of the marketing and sales function, particularly in the major customer projects and in the deployment of commercial operations internationally; and
- creation of an Engineering & Projects organization across the nuclear operations that brings together existing design, project management, project procurement, inspection, construction and startup skills. The Engineering & Projects organization is a department of resources.

As part of this new organization, the Executive Committee (ExCom) backs the Executive Board, defining the group's objectives and providing operational management under the oversight of the Supervisory Board. The ExCom validates any matter involving a significant financial commitment or having a strong strategic or commercial dimension.

The business groups, Engineering & Projects organization and functional departments report to the Executive Board.

The ExCom members are:

- the members of the Executive Board;
- the Chief Operating Officer of Operational Performance;
- the Senior Executive Vice Presidents of the Business Groups;
- the Senior Executive Vice President of Engineering & Projects;
- the Chief Financial Officer;
- the Senior Executive Vice President of Human Resources;
- the Executive Officer in charge of process optimization and cost reduction;
- the Senior Vice President of Communications;
- the Senior Vice President of the Corporate Legal department;
- the Senior Vice President of Compliance, who is also Secretary to the ExCom.

The Senior Vice President of Strategy, Mergers and Acquisitions attends meetings of the ExCom.

Also created were:

- an International Committee tasked with monitoring the group's international operations by country and including the members of the ExCom and the regional directors of Germany, the United States, Brazil, China, India, Japan, the United Kingdom, Russia, Italy and Africa; and
- an Operational Coordination Committee including the members of the ExCom, the Business Unit directors and the directors of the major industrial sites, with the Chief Operating Officer of Operational Performance acting as Secretary.

Other committees created were the Proposals Committee, the Investments Committee, the Major Projects Oversight Committee and the Engineering Management Committee, which support the Executive Board in its decisions.

4.2.2. DEFINITION OF RESPONSIBILITIES AND AUTHORITY

The group's frame of reference clearly defines responsibilities and authorities in accordance with the organizational changes implemented in January 2010, and is based on the following:

- formal and duly signed organizational memoranda describing duties and responsibilities in the group, the business groups, the Engineering & Projects organization and the functional departments;
- formal delegations of authority in the procedure "Delegation of Authority – Thresholds and Decision Channels", which defines internal rules for authorization and decision for the leading operational processes; and
- delegations of authority and signature authority throughout and at each level of the group to conduct business as appropriate and in a manner consistent with applicable laws and regulations.

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.

4.2.3. HUMAN RESOURCES MANAGEMENT POLICY

The Executive Committee (ExCom) approves the group's Human Resources management policy, which is implemented by the corporate Human Resources department in agreement with the other departments involved. The policy has four major thrusts:

- to strengthen the group's culture by sharing core values and common practices;
- to facilitate recruitment, mobility and talent development, particularly through training, so as to increase the group's market leadership;
- to develop an innovative, responsible social policy that promotes diversity; and
- to develop tools for human resources management performance.

4.2.4. INFORMATION SYSTEMS

The mission of the Information and Management Systems Security 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:

- to orient the information system towards services to the group's businesses, in alignment with the organization of the group's business processes; and
- to 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 customer-oriented approach to supporting the group's businesses and 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 and the functional departments, and in particular 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 systems into charters and policies.

The charters establish 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 to ensure that requirements are met throughout the facility lifecycle;
- the Audit Charter, which describes the purpose, missions, roles, responsibilities and applicable procedures of 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 policies define the operating principles and procedures that are a step above specific business procedures. In particular, the group has established the following policies:

- the procurement policy and the guide to ethics in procurement, which set rules, objectives and best practices in procurement and business ethics;
- the payment security policy, which defines the group's policy for secure payment methods and the means to be used to limit the risk of fraud;

- the personnel protection policy, designed to give all group employees an equal level of protection, whether they are traveling on business or live in France or abroad;
- the occupational safety and environmental policies, which establish rules of conduct for continuing risk reduction; and
- the human resources policy, otherwise known as the "Talent Builder", which aims to increase the company's collective performance by developing each individual's skills and talents in a spirit of transparency, equity and diversity.

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.

Overall organization of risk management

Information is collected and processed at two operational levels: the operating entities (level 1 information production) and the business unit (base unit for management and performance analysis throughout the group), subsequently consolidated by business 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 the 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 crosscutting 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 business groups). This system:

- documents the processes while acting as an interface for applicable group procedures;
- ensures appropriate control of the processes, including identification of the persons involved, the risks and the related control systems; and
- identifies areas for performance improvement and process optimization.

The processes modeled can be consulted on a dedicated intranet page.

Financial communications revolve around the four business groups – Mining-Front End, Reactors & Services, Back End, and Renewable Energies – and are based on data in the consolidated financial statements, thus ensuring broad consistency.

4. System of internal controls
4.3. Dissemination of information

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 business groups, 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.

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.

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; and

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 management process for access secure by ensuring that user roles are defined according to best practices for the 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 in 2010.

4.2.7. PRACTICES

Internal control relies on all of these elements as well as on the practices of 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.

- 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;
- top-down information:
 - the relevant departments and the group's entities are informed of resolutions by the corporate decision-making bodies; and
 - the group monitors laws and regulations on safety, security, health, the environment, accounting and tax, and disseminates this information throughout the group as appropriate, with organizational memoranda, rules, standards and procedures disseminated in accordance with established organizational standards and procedures.

Communications with stakeholders follow 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 operating 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 mitigation 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 Chapter 4, *Risk factors*). In particular, matters pertaining to nuclear and industrial safety, which are an absolute priority for 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 risks associated with each heading of the balance sheet, income statement and off-balance sheet information are identified as a minimum by one of the group's tools, 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 those projects.

4.4.2. SETTING OBJECTIVES

Risk management is useful to the process of setting the group's objectives, supplemented by the AREVA Way initiative supporting continuous improvement (see Chapter 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 multiyear action plans at each level of the organization (business group, business unit and region). The resulting Strategic Action Plan (SAP) is approved by the Supervisory Board.

In addition, the group has set up a "Cap 2012" program whose objectives are to optimize crosscutting processes and to develop and deploy a series of short- and medium-term actions that will enable the group to achieve its goal of reducing general, administrative, marketing and sales costs by the end of 2012.

Short-term objectives are defined in the framework of the budget process, consistent with the Strategic Action Plan. The ExCom 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 their policies. 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.

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. System of internal controls

4.6. *Continuous oversight of the internal control system*

4.6. CONTINUOUS OVERSIGHT OF THE INTERNAL CONTROL SYSTEM

The AREVA group continually optimizes its internal control systems 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, senior executive vice presidents of the business groups, directors of the business units, regional directors and senior vice presidents of the group's functional departments, 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 and maintained in 2010 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.

Lastly, the Audit Director presents his internal controls review report to the Executive Committee and to the Audit Committee;

- in addition to audits scheduled in the audit plan, the group's entities have performed a self-assessment of their internal controls every year since 2007 following a standard questionnaire, duly validated by their operational management, that complies with the "Implementing guidelines for internal controls of accounting and financial information" of the frame of reference published by the AMF. The questionnaire, reviewed by the college of Statutory Auditors, was deployed in 2010 across the entire consolidation scope of the group, representing 120 entities in some 20 countries. For each entity, it covered some 350 control points divided into 16 business cycles, and it ensured that continuous improvement applied to internal controls as well, particularly by the entities' development and gradual deployment of action plans addressing the weaknesses brought to light (13% of the control points tested had not been implemented or were carried out without being formalized, and opportunities for improvement in the management of information systems were identified).

The entities' results from this questionnaire, reviewed by the Audit Department to ensure oversight of the overall system, were presented to the relevant organizational levels (business units, business groups and functional departments), and the key findings were included in the Audit Director's annual internal controls review report;

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 7, 2010 report on corporate governance and internal controls.

The Chairman of the Supervisory Board
Jean-Cyril Spinetta

→ 5. Business addresses of members of AREVA's Supervisory Board

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Chairman, Commissariat à l'énergie atomique
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MEDDTL
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5. Business addresses of members of AREVA's Supervisory Board
Directors Continuous oversight of the internal control system

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OTHER PARTICIPANTS**ASSISTANT TO THE BOARD IN AN ADVISORY CAPACITY ONLY****Mr. Toni CAVATORTA**

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Mr. Marcel OTTERBEIN

Representative of the Employee Work Council to the Supervisory Board
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Appendix 2

Statutory Auditors' reports

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→ 1. Statutory Auditor's report prepared in accordance with article L. 225-235 of the French Commercial Code on the reports 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 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, 2010.

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.

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 3, 2011
The Statutory Auditors

MAZARS

Juliette DECOUX

Jean-Luc BARLET

DELOITTE & ASSOCIES

Patrice CHOQUET

Pascal COLIN

2. Statutory Auditor's special report on regulated agreements and commitments
Directors Continuous oversight of the internal control system

→ 2. Statutory Auditor's 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 accordance, 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.

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.

Our role is also to provide you with the information stipulated in article R225-58 of the French Commercial Code relating to the agreements and commitments previously approved by the Shareholders' Meeting, and having continuing effects during the year, if any.

We conducted the procedures we deemed 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.

Agreements and commitments authorized during the year

Pursuant to article L225-88 of the French Commercial Code, the following agreements, which were previously authorized by the Supervisory Board, have been brought to our attention.

SALE OF FT1CI SHARES TO THE STRATEGIC INVESTMENT FUND (SIF)

Following its decision during the meeting of December 15, 2010, the Supervisory Board meeting of December 23, 2010 authorized the signature of an agreement for the sale and acquisition of FT1CI shares between AREVA and the SIF under the terms and conditions validated by the Supervisory Board meeting of December 15, 2010, which is to say based on an STMicroelectronics share price of €7.

Joint directors: MM Comolli and Rousseau, members of the AREVA Supervisory Board and the SIF Board of Directors.

AGREEMENT BETWEEN AREVA AND AREVA T&D HOLDING SA

The Supervisory Board meeting of March 4, 2010 authorized the signature of an agreement to formalize relations between AREVA and AREVA T&D Holding SA with respect to third-party procedures or actions that are ongoing or which will follow the sale of AREVA T&D.

Person concerned: Gérald Arbola, Director of AREVA T&D Holding SA until the effective date of sale of this company (June 7, 2010) and member of the AREVA Executive Board.

Agreements and commitments authorized in previous years and having continuing effect during the year

Pursuant to article R225-57 of the French Commercial Code, we have been informed that the following agreements and commitments authorized by the shareholders 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 2010 in respect of the fiscal year totaled €80,000.

AREVA COMMITMENTS 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 MM 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.

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.

Neuilly-sur-Seine and Paris-La Défense, March 3, 2011

The Statutory Auditors

MAZARS

DELOITTE & ASSOCIES

Juliette DECOUX

Jean-Luc BARLET

Patrice CHOQUET

Pascal COLIN

Appendix 3

Environmental report

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In 2010, the Safety, Health and Security department and Environment department were merged into a new Safety, Health, Security and Environment department (3SE) with two sub-departments:

- the Nuclear Safety department (DSN);
- the Environment, Health and Safety department (EHS):

→ 1. Environmental policy

AREVA's environmental plan was updated in 2007 for the 2008 to 2011 period. It 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**

Incorporate environmental impact reduction throughout the lifecycle into the design of products, services, processes and infrastructure.

- **Preventing risk**

Expand and harmonize environmental monitoring, and deploy assessment procedures to prevent environmental hazards in the chemical, radiological and biological fields.

- **Preventing environmental liabilities**

Prevent liabilities by preserving biodiversity and being concerned about 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 impacts of releases into the atmosphere and aquatic environments; and
- hazardous and non-hazardous conventional waste.

- **Measuring and reporting**

Promote transparency and dialogue with stakeholders by extending the environmental reporting process to include all sites with significant environmental aspects (SEA)⁽¹⁾.

This policy 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 group's environmental policy and relations with stakeholders supplement the provisions specific to nuclear risk management and prevention. 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.

It applies to all of the group's entities, both in France and abroad (SEA sites and office building sites). In 2010, the group had a total of 45 SEA sites, including 13 regulated nuclear facilities (*installations nucléaires de base*, INB), 5 high-threshold Seveso sites, 6 low-threshold Seveso sites, and 10 uranium mining complexes.

The operating entities implement the policy through actions plans.

The action plans revolve around three key projects:

- **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 conventional waste reclamation.

AREVA's Environment Committee, which meets several times a year, tracks performance improvement using:

- a balanced scorecard prepared quarterly and annually to report on the group's safety, health, security and environmental performance;
- an environmental review program carried out each year to help the operating entities improve their performance in safety, health, security and the environment (108 environmental reviews were conducted in 2010 at the SEA sites).

(1) 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.

1.1. ENVIRONMENTAL MANAGEMENT AT THE SITES

ENVIRONMENTAL MANAGEMENT SYSTEMS

AREVA's objective is to deploy environmental management systems (EMS) at all sites and to secure ISO 14001 or equivalent certification for the nuclear sites and the other sites with significant environmental aspects 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 2010, all of the sites had maintained their certificates, bringing the total number of certified sites to 36.

As of the end of 2010, 80% 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.

STATUS OF CERTIFICATIONS FOR 2010

	Mining	Front End	Reactors & Services	Back End	Renewables	E&P	Total
Number of SEA sites ⁽¹⁾	10	18	8	7	1	1	45
Number of certified SEA sites	4	17	6	7	1	1	36
Percent of certified SEA sites	40%	94%	75%	100%	100%	100%	80%
including number of certified nuclear sites		9	3	3			
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 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.

TRAINING AND AWARENESS

One of the goals of AREVA's environmental policy 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 "The Environment: Risks and Opportunities" with the goal of creating a uniform environmental culture throughout the group based on fundamentals of the environmental profession and on risk management and prevention.

In 2010, the Environment, Health and Safety department continued to offer the training, and a session was held in France. More than 250 people had been trained as of the end of 2010. 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.

REGULATORY INTELLIGENCE

In 2006, a tool called the regulatory intelligence area (RIA) was deployed at all of AREVA's 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 gather regulatory intelligence and 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 from previous regulatory intelligence are also factored into the program.

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. The amount spent in France in 2010 came to 227.7 million euros, down 39.9 million euros from 2009.

PROVISIONS AND GUARANTEES RELATED TO THE GROUP'S END-OF-LIFE-CYCLE OBLIGATIONS AND ENVIRONMENTAL HAZARDS

Provisions totaling 6.035 billion euros had been set aside at December 31, 2010 for environmental hazards, including mine reclamation and mill dismantling, nuclear facility dismantling, radioactive waste retrieval and packaging, final waste disposal, routine cleanup, and cleanup and reclamation of mines and plant sites. Nuclear facility dismantling and waste retrieval and packaging accounted for 5.815 billion euros of this amount, 5.563 billion euros of which are borne by AREVA (see in particular Note 13, *End-of-life cycle operations* in the Notes to the consolidated financial statements).

1.2. TOWARDS ENVIRONMENTALLY FRIENDLY PRODUCTS WITH 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.

During the review of the environmental policy, considerable effort was expended to improve the roll-out of eco-design initiatives throughout the group. In particular, objectives and a systematic plan for deployment activities were developed based on self-assessments performed by the entities based on the two eco-design criteria included in the AREVA Way model.

In this regard, the Mining-Front End and Back End BGs completed eco-design studies on several capital investment projects with assistance from the group's engineering companies. The group is also performing lifecycle analyses of technologies marketed by the group, to determine the environmental impact of the production of one kWh of electricity.

As part of the roll-out of the environmental policy, a steering committee began to work on defining a common environmental management initiative for the group's nuclear engineering activities and for its leading projects.

→ 2. Environmental risk management and prevention

2.1. MAINTAINING A HIGH LEVEL OF SAFETY AND MANAGING RISK

Within the Safety, Health, Security and Environment department, the department in charge of Nuclear Safety and the General Inspectorate defines, leads and coordinates the group's nuclear safety and radiation protection policy, carries out annual inspections of nuclear facilities, ensures that skills are developed in terms of safety and manages a group of experts. It reports on performance, best practices and events, and it ensures that lessons learned are shared throughout the group.

The department reports directly to the CEO of AREVA as necessary.

In 2010, the General Inspectorate carried out 47 inspections relating to safety (preliminary reviews before changes, control of fire hazards, 10-year reviews, skills and qualifications, etc.) and to different aspects related to security and the environment. In addition to the facilities' compliance reviews, the General Inspectorate analyzes the processes of the functional and operating units, the systems in place and their functioning, in order to identify potential deficiencies. It makes recommendations to which the sites must respond. In particular, site operators were asked in 2010 to improve the consistency between safety management and the organizational changes related to changes in operations and to facility modifications.

On the whole, the sites' systems for handling anomalies are good, although some functionalities, such as trend and recurrence analysis, are still not sufficiently developed. The depth of analyses of human and organizational factors (HOF) improved significantly over the past few years.

Since March 2009, a team is charged with leading efforts to reap the benefits of lessons learned throughout the group. It supervises

the collection of lessons learned from events and ensures that the information is shared throughout the group. It develops and promotes the policy on human and organizational factors (HOF). A lessons-learned committee (*retour d'expérience*, REX) decides on cross-business actions to be taken for each event. Moreover, lessons-learned coordinators designated by the management of the operating entities exchange their knowledge during meetings organized by the Safety, Health, Security and Environment department (3SE). Three meetings were held in 2010.

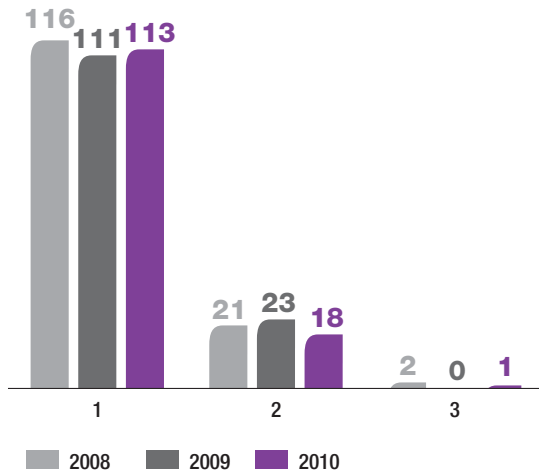
Since the end of 2010, a new IT tool to share lessons learned was deployed. Available to all operating entities, this tool is used to pool more information on events and draw relevant conclusions (events relating to safety, radiation protection, health, security, the environment and transportation). Visual management materials for operating managers throughout the group have been published periodically since 2009. It encourages everyone to question his/her own practices based on internal and external events.

Overall, the number of events reported is on a downward trend since the beginning of 2010. A more thorough analysis of events occurring in 2010 shows that:

- the number of level 1 events is significantly lower than in 2008 and 2009;
- the number of level 0 events on the INES scale is 15% lower than in 2009.

Specific actions will be taken to gain a better understanding of the causes for these differences.

→ **NUMBER OF INES EVENTS IN THE AREVA GROUP'S NUCLEAR ENTITIES (OWNER-OPERATORS, CONTRACT OPERATORS, SERVICE PROVIDERS) OR DURING THE TRANSPORTATION OF RADIOACTIVE MATERIALS IN 2010**



Since 2008, the French nuclear safety authority (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 prompts two observations:

- 1) the nuclear entities are reporting more level 0 events, indicating a willingness to focus attention on "weak signs"; and
- 2) the safety authorities are more systematic about asking operators to report past events 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. This confirms the soundness of improvement initiatives implemented in the group's operations, particularly as regards 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 National Quota Allocation Plan for the 2008 to 2012 period, and the renewal of release permits for the nuclear facilities.

Regarding radioactive releases, AREVA is strongly committed to the standardization program for measurements of effluent radioactivity established in 2007 by the M60-3 Committee of the *Bureau de normalisation des équipements nucléaires* (BNEN, the French nuclear equipment standards organization) and has designated a representative from each major nuclear site to participate in this effort. A first draft of a general normative document (information document FD M60-821) related to sampling and analysis of radioactive effluents was published in August 2010. Two working groups are developing standards on the measurement of gaseous tritium and carbon 14 releases and on liquid effluent sampling. Work is now beginning on the topic of rare gases.

The *Réseau national de mesures de la radioactivité de l'environnement* (RNME, the national network for the measurement of radioactivity in the environment) launched its website in February 2010. The general public can now go to www.measure-radioactivite.fr to access all of the environmental radioactivity measurements made by operators

in the framework of monitoring programs required by regulation in the vicinity of their sites. The operators have acquired the necessary tools to manage and transmit the required data; the AREVA group is participating actively by providing measurement results. The group's six laboratories – AREVA NC La Hague, AREVA NC Pierrelatte, Eurodif Production, FBFC Romans, SEPA Bessines and Comurhex Malvési – were issued licenses by ASN for the analyses they carry out.

ASN has begun to inspect the laboratories and the transmission of data to the network, with a first inspection at the SEPA lab in Bessines-sur-Gartempe in September 2010.

In September 2010, pursuant to article 35 of the Euratom Treaty, the European Commission verified compliance near former mining sites in Bessines (Limousin region). The three inspectors appointed by the European Commission concluded that the systems implemented in the vicinity of reclaimed mine sites comply fully with the requirements of article 35.

A guide to water sampling for the various operators is now available and led to the creation of a solid database in this field. The guide was submitted to the BNEN in 2010. A guide on air sampling and a guide on bio-indicators are being finalized.

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 estimated in terms of added 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 an analysis of the potential exposure pathways to the affected public.

This highly complex radiological impact assessment model factors in the various types of radiation (alpha, beta and gamma), the three potential exposure pathways (external exposure, ingestion and inhalation), and the specific behavior of each radionuclide in the human body. The radiological impact assessment model is the result of collaborative efforts by French and international experts and associations under the umbrella of the *Groupe Radioécologie Nord-Cotentin* (GRNC, the Nord-Cotentin radio-ecology group). Following the recommendations of the GRNC, the site performs sensitivity analyses each year. The radiological impacts are calculated for five nearby villages, where radiological monitoring stations are located. If the impacts on one of the villages are greater than on the reference populations, this is made public through the site's environmental report. Independent experts conducted epidemiological studies to assess the direct 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 few impacts, with the total annual added effective dose being equivalent to about one day of exposure to naturally occurring radioactivity in the Nord-Cotentin region of France.

The group has set a goal of optimizing its control of radiological impacts and standardizing its radiological impact assessment models at all sites with radioactive releases, taking into account local circumstances related to the lifestyle and eating habits of the population. The impacts there are also very low, at around 0.01 mSv or less.

In France, AREVA provides all of the necessary information to the Local Information Commissions (CLI) set up by the government in the vicinity of major energy facilities to foster dialogue with local populations.

The group is also implementing measures to limit as much as possible 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. More realistic exposure scenarios are taken into consideration when acceptable solutions on an economic and employment level cannot be found. To ensure the continuity of the program, the sites have when necessary bolstered dosimetry-based monitoring systems.

2.4. PREVENTING ENVIRONMENTAL HEALTH RISKS

In 2010, the group continued to perform or update chemical health risk assessments as part of its environmental policy. Each site identified as having significant environmental aspects (SEA) must complete or update a health risk assessment (HRA) proportionate to the risk involved before the end of 2011. 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.

Asbestos reviews and site self-assessments were scheduled for 2010 after the asbestos directive was updated in 2009. This initiative had three objectives:

- to ensure that medical data provided by the sites complies with the group's directive;
- to identify sites with a significant asbestos aspect;
- to schedule specific asbestos reviews for the end of 2010 and 2011, in order to challenge sites with a significant asbestos aspect.

By the end of November, these activities enabled us to prepare a comprehensive assessment of the sites in terms of the asbestos hazard.

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 developed 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.

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, we have established an institutional watch and are working with research organizations and academic institutions on research and development projects.

2.5. PREVENTION PLAN FOR RISKS OF MANMADE AND NATURAL ORIGIN

The French law of July 30, 2003 on the prevention of risks of manmade and natural origin and compensation for damages, together with its implementing regulations, introduced a new tool to control urban development around 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 existing 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 Comurhex Malvési site (the group's only Priority 1 site) received a government notice requiring specific measures in March 2009. In mid-2010, discussions began with the stakeholders on draft regulations establishing allowable uses in areas exposed to a risk. The TRPP for the Cezus Jarrie site was received in June 2010. Independent experts reviewed the risk assessment studies prepared by AREVA NC and Comurhex Pierrelatte for the Tricastin site. Government authorities postponed the date of issuance of the TRPP to the first quarter of 2011.

Outside France, AREVA continued to deploy the guide on performing risk analyses in international operations. Hazard analyses for Cominak (Niger) and McClean (Canada) are being finalized.

In addition, in the field of emergency management, the group continues to use 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 at the end of 2009. For example, after an incident involving a fluorine-nitrogen mixture at Comurhex Pierrelatte in May 2010, a dispersion model was prepared for this mixture to confirm that the release would have no impact.

In addition, the Environment, Health and Safety department (DEHS) carried out 16 environmental compliance inspections and carried out or participated in 92 EHS reviews, including 6 Masterway EHS reviews, 13 reviews of environmental liabilities, 20 reviews to monitor major actions and 4 reviews pertaining to REACH regulations. Some of these reviews were conducted in association with the Risk and Insurance department, the Research and Innovation department, and the Quality and Performance department. Action plans for major nonconformities are followed up.

2.6. SOIL MANAGEMENT

In the field of soil management, the environmental policy 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 is to be pursued at all plant sites with significant environmental aspects (SEA), including regulated nuclear facilities (INB) and mine sites. This initiative, launched in early 2007, was completed in 2010.

In the Mining-Front End BG, the AREVA NC Miramas site continued soil rehabilitation operations in 2010, along with the dismantling of its facilities. The site preparation work was completed in accordance with the prefectural order. The treatment of mercury-contaminated soil will start at the beginning of 2011.

The site took a number of actions as part of the environmental action plan for the Tricastin site. For 2010, these actions mainly concerned:

- technical evaluations and regulatory filings to create two hydraulic barriers to shield the Gaffière creek from contamination by markers present in the groundwater;
- the pilot treatment of chromium markers in soil and concrete at former Socatri surface treatment facilities;

- ongoing in-depth characterization of materials buried in the so-called "mound" to retrieve discarded diffusion barriers and to cover the mound.

In the Fuel business, the Karlstein site carried out soil diagnostics in December 2010. Only two sites were not able to complete their soil mapping projects, namely the ANF sites of Duisburg and Lingen. Both sites have scheduled the diagnostics for 2011.

In Romans, France, the FBFC site rehabilitation project began as contemplated in the action plan defined with the nuclear safety authority ASN in 2009. Activities include the rebuilding of the site's underground networks.

In the Mining business, ANTEA is conducting an environmental study at the Cominak site in Niger in accordance with the action plans defined during environmental reviews undertaken by AREVA's Safety, Health, Security and Environment department (3SE) and in compliance with the Mining business's objectives. A site assessment is also under way at the Somair site in Niger.

In the Nuclear Site Value Development BU (Back End BG), SICN's Veurey and Annecy sites are continuing their cleanup programs, scheduled for completion in 2011.

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).

For example, as early as 2006, AREVA began an in-depth reflection on interactions between its operations and biodiversity. In 2008, this first initiative was followed by a second study, "AREVA and biodiversity". These initial evaluations confirmed that the group's operations do in fact have an impact on biodiversity, for several reasons:

- the group's sites use land;
- the group's industrial operations use all of the ecosystems contributing to biodiversity (natural resources, climate regulation, regulation of effluents, etc.);
- it contributes to the erosion of diversity due to its production of waste and greenhouse gases, the use of natural resources, and the splitting up of existing ecosystems.

AREVA integrated these impacts in its environmental policy for 2008-2011 with the goal of limiting and offsetting the impact of its operations on biodiversity.

A comprehensive mapping project showed that the main impacts on biodiversity from the group's operations relate to mining operations and certain sites with significant environmental aspects. After extensive work in cooperation with international biodiversity experts, AREVA developed a tool to assess interactions between the group's operations and biodiversity. This program was made available to each site. It includes materials to increase employee awareness, methods for biodiversity impact assessments, and a guide for setting up action plans.

→ 3. Environmental performance improvement

→ KEY FIGURES

	2010	2009*	2008*
Consumption			
Quantity of energy consumed (MWh), excluding Eurodif ⁽¹³⁾	2,945,453.01	3,119,705	3,021,467
Total quantity of water taken for site requirements (m ³) ⁽¹¹⁾	38,659,001.53	38,950,065	39,170,551
Quantity of water consumed (m ³) excluding Eurodif cooling water	17,407,560.53	18,659,080	16,265,921
Consumption of hazardous chemicals			
Chlorinated solvents (MT)	139.19	144	211
Conventional waste			
Total tonnage of conventional waste (normal and exceptional operations)	65,464	177,550	146,560
Quantity of hazardous waste (MT) related to normal operations ⁽¹⁾	8,143	15,852	12,613
Quantity of non-hazardous waste (MT) related to normal operations ⁽¹⁾	28,724	63,616	62,678
Recycled share in % of hazardous waste related to normal operations ⁽²⁾	55 ⁽²⁾	41 ^(3 and 8)	55 ^(3 and 6)
Recycled share in % of non-hazardous waste related to normal operations ⁽²⁾	77 ⁽²⁾	78 ^(3 and 9)	74 ^(3 and 7)
Process sludge (MT)	75,295	63,106	51,635
Sludge from cooling water treatment (MT)	18,659	16,198	14,402
Releases			
Total nitrogen releases into aquatic environments (MT)	145.03 ⁽¹⁰⁾	716.9	870.2
Aqueous releases of copper (kg)	- ⁽¹²⁾	10.0 ⁽⁴⁾	10.6
Aqueous releases of chromium (kg)	- ⁽¹²⁾	34.4 ⁽¹⁰⁾	16.4
Aqueous releases of lead (kg)	- ⁽¹²⁾	22.6 ⁽⁴⁾	0.52
Aqueous releases of uranium (kg)	514.85 ⁽⁴⁾	407.8	726.8
Direct greenhouse gases (MT CO ₂)	712,480.78 ⁽¹⁴⁾	757,966	771,648
CO ₂ emissions from facilities subject to the National Quota Allocation Plan (MT CO ₂)	40,918.97	40,117	53,611
Toxic gas releases: volatile organic compounds (kg VOC)	1,512,549.04	1,603,089	1,188,973
Releases of acid-forming gases: SO _x (MT)	2,062.83	1,490	379
Releases of acid-forming gases: NO _x (MT)	1,837.19	1,884	487
Releases of acid-forming gases: NH ₃ (MT)	44.62	57	208
Releases of ozone-depleting gases (kg CFC-111e)	505.47	474	1,127
Nuclear Risks			
Dose impact from the La Hague site (mSv)	-	0.0075	0.007 ⁽⁵⁾
		Level 0: 116	Level 0: 111
		Level 1: 21	Level 1: 23
		Level 2: 2	Level 2: 0
Number of INES events			

* Nuclear, Renewables, Transmission and Distribution operations.

(1) In 2010, a change was made to the reporting protocol: for each type of waste treatment, the breakdown between normal operations and exceptional operations is provided. The focus is now on waste related to normal operations.

(2) Because of the breakdown between tons of conventional waste from normal operations processed and tons of conventional waste from exceptional operations processed, it is now possible to calculate the recycling percentage for waste from normal operations for 2010.

(3) In 2008 and 2009, the recycling percentage takes into account normal and exceptional operations with the adjustment rate specified for each year.

(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.

(11) Volume of water consumed (excluding Eurodif cooling water, geothermics and water re-injected into groundwater)

(12) Substances monitored by the sites but not subject to group reporting since 2010

(13) The fuel used for transportation by AREVA's vehicles is included in 2010

(14) In 2010, this figure includes direct emissions due to the transportation of 21,921 tons of CO₂ equivalent. Therefore the 2010 figure for direct emissions excluding transport amounts to 690,559 tons of CO₂ equivalent.

3.1. ENERGY CONSERVATION

In 2010, the Mining business was the group's largest energy consumer, representing 30% of total consumption. Energy consumption for the Mining business increased by more than 20%, notably due to an increase in Somair operations and the ramp-up of Katco and UraMin Inc.

Other noteworthy developments are:

- the La Hague site is the leading consumer, at 23.6% of consumption, and consumed 4% more than in 2009.

Total energy consumption does not include the Eurodif process. It came to 2,945,453 MWh in 2010, an increase of 2.5% compared with 2009. Adjusting the raw data for constant operations based on revenue gives a 15% decrease for the 2004 to 2010 period.

An action plan for the 2010-2011 period is being implemented to stabilize and ultimately reduce the group's energy consumption; the goal is for the group's largest users to undertake an energy efficiency study and to invest in energy conservation.

3.2. WATER USAGE

The total quantity of water consumed, excluding geothermal uses and cooling water for the Tricastin site (Eurodif), was 17.4 million cubic meters in 2010, compared with 18.7 million cubic meters in 2009. The change from 2004 to 2010, at constant revenue, is a decrease of 45%.

Several sites saw an increase in water consumption, usually associated with an increase in operations:

- the Mining business started up new projects, including the Imouraren site in Niger and the Trekkopje site in Namibia, and ramped up operations and staff at the Katco site in Kazakhstan and the Somair site in Niger;
- Socatri's industrial water consumption rose by 74,591 cubic meters compared with 2009, mainly due to the installation of pumps in 2008 and 2009 for groundwater treatment following the incident of the summer of 2008.

For sites with lower water consumption in 2010, highlights include:

- leaks from the water system at the AREVA NC Pierrelatte site were repaired and the volume of dilution water from the STEC fell, leading to a 357,652-cubic meter decrease in water consumption;

- the closed loop cooling system at the Comurhex Malvési site (Chemistry business), 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;

- the reliability of the closed loop at the Creusot Forge facility was improved. The piping networks and the valves were improved, the water consumption was monitored and dry seals were installed on the new furnaces, leading to a 1,167,514-cubic meter decrease in water consumption.

Some sites are using innovative systems to reduce their water consumption:

- a reverse osmosis process was installed at the FBFC Romans site, saving approximately 5,000 cubic meters of water compared with 2008;
- a program to phase in a closed water loop at the Cezus Rugles site was initiated in 2004, saving 177,750 cubic meters of water compared with the volume used in 2004.

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 kg in 2004 to 21.89 kg in 2010. This amounts to 1,032 metric tons of A4/US letter paper purchased in 2010, compared with 1,479 metric tons in 2009. The change from 2004 to 2010, at constant revenue, is a 49% reduction.

3.4. WASTE

CONVENTIONAL WASTE

A total of 65,464 metric tons of conventional waste was produced in 2010, in raw data, as follows:

- 11,155 metric tons of hazardous waste, 73.0% of which came from routine operations; and
- 54,309 metric tons of non-hazardous waste, 52.9% of which came from routine operations.

In 2010, ongoing construction work at Comurhex Pierrelatte and at the Georges Besse II plant, and new construction at Creusot Forge, Socatri and Eurodif resulted in the exceptional production of a large volume of hazardous and non-hazardous waste. However, these waste volumes were down from the previous years.

In 2010, a change was also made to the reporting protocol: for each type of waste treatment, the breakdown between normal operations and exceptional operations is now possible. For example, the share of waste related to normal operations recycled in 2010 is as follows:

- 55% for hazardous waste; and
- 77% for non-hazardous waste.

The recycling rate rose from:

- 32% in 2004 to 55% in 2010 (41% in 2009) for hazardous waste;
- 44% in 2004 to 77% in 2010 (78% in 2009) for non-hazardous waste.

In all, this represents an improvement in the recycling rate for all conventional waste of more than 74.7% for the 2004 to 2010 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.

Some examples of performance improvement actions follow.

The Cezus Jarrie site decided to send part of its hazardous waste to cement factories for recycling rather than to disposal sites, thus increasing the recycling rate of hazardous waste from normal operations to 33.1% in 2010, compared with 8.2% in 2009.

The Cezus Paimboeuf site optimized a process and reduced its production of hazardous waste from normal operations by more than 20% compared with 2009.

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 the decree of February 26, 2003.

In 2010, 72 transformers containing these substances and included in AREVA's PCB elimination plan had been eradicated in France. All transformers and capacitors containing more than 500 ppm of PCBs had been eliminated as of December 31, 2010.

RADIOACTIVE WASTE

Radioactive waste is produced mainly during operations, dismantling and cleanup of nuclear facilities. It is characterized based on its radiological activity (very low-level, low-level, medium-level or high-level) and by the half-life of the radioelements it contains (very short-lived, short-lived or long-lived waste). 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 followed by conventional disposal	Very Low-Level Waste Surface Disposal Center (Aube department)	
Low-Level Waste (LLW)		Each type of waste requires a specific management method, as shown in the table below.	Research carried out under French program law of June 28, 2006 (near-surface disposal)
Medium-Level Waste (MLW)		Research carried out under the French law of June 28, 2006 (disposal in deep geological formation)	
High-Level Waste (HLW)			

This waste is managed in compliance with the principles deriving from French legislation on waste management ⁽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 transportation (limiting volumes and distances);
- value creation to the extent possible (reuse or recycling);
- information to the public on the environmental and public health effects of long-term waste disposal operations.

In France, Andra operates two disposal sites for low- and medium-level waste (L/MLW) and very low-level waste in Northeastern France (Soulaines and Morvilliers respectively).

The safety of radioactive waste management in France is governed mainly by the legal and institutional framework given in the French 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 established three areas for research on the long-term management of radioactive waste. The sustainable management of radioactive materials and waste must obey the following principles:

- protection of human health and safety and the environment;
- prevention or minimization of the burden to be borne by future generations; and
- the polluter pays principle.

The law of June 28, 2006 addresses three major subjects: (i) definition of a radioactive materials and waste management policy, (ii) greater transparency and democratic oversight, and (iii) economic support and financial measures. article 6 of the law defines the objectives of the national radioactive materials and waste management plan:

- establish an inventory of existing management methods;
- identify foreseeable needs for storage and disposal facilities and specify the required capacities and storage durations; and
- set 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 and sets deadlines for implementing new management methods and creating or modifying facilities.

The law specifies that the PNGMDR shall be put out every three years and that a decree shall establish the resulting regulatory requirements. The 2010-2012 edition was published in June 2010.

In France, radioactive waste from regulated nuclear facilities is defined in the order of December 31, 1999 establishing general technical regulations designed to prevent and limit the external risks and hazards resulting from the operation of regulated nuclear 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. It requires a study indicating all of the waste management methods to be used.

The waste produced by AREVA in the course of its industrial operations (process and technological waste) and the waste from dismantling and cleanup 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. Through the group's efforts, the volume of waste it produces was reduced even further. Very low and low-level waste that may be transferred to surface facilities for disposal, when possible, is shipped "just in time" and is stored only in limited quantities at the group's plant sites.

Quantitative indicators of performance improvement are consolidated and summarized by the AREVA group. The use of indicators related to dismantling and nuclear waste management was optimized and streamlined following a special assessment.

The initiative to identify and record all legacy waste and materials requiring treatment at the group's different sites has been completed. Operating resources were deployed to optimize their management, particularly by reducing the quantities of waste in storage. In 2010, legacy waste was removed from several sites: AREVA NC Pierrelatte, Socatri, Eurodif and AREVA NC La Hague.

In France, AREVA contributed actively to the 2010 national inventory spearheaded by the Agence nationale pour la gestion des déchets radioactifs (Andra, the national radioactive waste management agency). The inventory gives data for waste and materials as of the end of 2007, along with forecasts through 2020 and 2030, and for end of the lifecycle of existing or licensed facilities. It also gives:

- the storage capacity for HLW, LL-MLW and long-lived low-level tritium and radiferous waste;
- storage requirements for HLW and LL-MLW destined for deep disposal;
- the quantities of radioactive materials, sites that are contaminated by radioactivity, and information on mine tailings storage sites.

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 (LL/HLW). This waste belongs to AREVA's utility customers and will be returned to them as soon as technically feasible, as provided by the law of June 28, 2006.

The services AREVA provides to EDF 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 law of June 28, 2006. Up until then, the EDF group is the sole owner 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.

(1) Chapter I of Title IV of Book V of the French Environmental Code, law no. 75-633 of July 15, 1975.

The following examples further illustrate these improvement initiatives:

At AREVA NC Pierrelatte, the retrieval of very low-level legacy waste was completed in 2010 with the shipment of the waste to the CSTFA disposal site. At the same site, the department in charge of facility dismantling and cleanup started preliminary work to dismantle and clean up the TU2 and TU3 facilities, which are shut down.

The La Hague plant commissioned a new vitrification process in the R7 facility which uses a cold crucible to vitrify fission products containing molybdenum (legacy waste generated at La Hague).

Comurhex Pierrelatte initiated the technical organization to prepare for the dismantling of licensed nuclear facility 105.

At Eurodif's Georges Besse plant, the department in charge of organizing the plant's dismantling program continued its work to characterize the process equipment for dismantling and to design and develop the processes to treat, recycle and package the waste and materials from activities prior to dismantling (PRISME). In addition, the organization and units needed to develop the proposed scenarios were outlined in terms of operations.

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 2010, only releases for which the measured concentrations were over the detection thresholds were reported.

The decrease in nitrogen releases (145.03 metric tons in 2010, 180.8* metric tons in 2009 and 263.5* metric tons in 2008) is related to the shutdown of the TU2 facility at AREVA NC Pierrelatte.

Uranium releases into the aquatic environment from the group's combined plant sites totaled 514.85 kg in 2010, compared with 388.2* kg in 2009 and 726.8 kg in 2008 (708 kg excluding AREVA NC La Hague). The changes are mostly observed at former mine sites, where uranium releases are directly related to rainfall volumes. 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 nitrogenous releases (N₂O) from operations related to the treatment of uranium oxide that use nitric acid;
- indirect emissions of greenhouse gases associated with the use of electricity and thermal power; and
- gaseous releases such as volatile organic compounds (VOC), acid-forming gases, or ozone-depleting gases.

GREENHOUSE GASES

The AREVA group's direct greenhouse gas emissions amounted to 712,480** metric tons of CO₂ equivalent in 2010. At constant revenue, these emissions have fallen 52% since 2004. These emissions are attributable to fossil fuels (51%), to nitrous oxide (N₂O,

42%) and to emissions of refrigerants and CO₂ (7%) associated with on-site waste incineration.

An installation on the precipitation facility's ventilation system to decompose N₂O into oxygen and nitrogen has been eliminating these emissions since the end of 2010.

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 increase 11.6% in 2010 compared with 2009, whereas its energy consumption increased by 4%.

To achieve carbon neutrality, AREVA is mobilizing internally 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 reduce emissions, 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

* Excluding AREVA NC La Hague.

** In 2010, this figure includes direct emissions due to the transportation of 21,921 tons of CO₂ equivalent. Therefore the 2010 figure for direct emissions excluding transport amounts to 690,559 tons of CO₂ equivalent.

entered into a partnership with Eco-Act, a company that develops economic development projects that protect the environment and communities.

3.7. RADIOACTIVE RELEASES

Radioactive releases have fallen sharply in the past 30 years. For example, the radiological impact from La Hague has been divided by five, and the impact on the reference group has stabilized at around 10 μ Sv, down from about 70 μ Sv in 1985. These efforts paved the way for compliance with more stringent regulatory standards in the European Union, which were transposed into French law, and which set the maximum added effective dose to the public at 1 mSv per year, compared with 2.4 mSv per year for natural exposure in France and 1 mSv per year to 10 mSv per year in the rest of the world.

VOLATILE ORGANIC COMPOUNDS

In 2010, 1,512 metric tons of VOC were measured, compared with 1,419 metric tons in 2009 (excluding T&D), a 7% increase. This increase is primarily due to the start of operations of the solvent unit 1 and the start of the uranium leaching project in July 2009 at the Somair site in Niger.

Nevertheless, AREVA is continuing its research on the feasibility of reducing radioactive releases from the La Hague plant even further, particularly in connection with the plant's release permit.

Since 1995, the group's French nuclear sites have published annual environmental reports in which radioactive releases and trends are described in detail. Measurements of these releases are subject to independent verification and unannounced inspections by the French nuclear safety authority ASN.

→ I. Reporting methodology

The indicators published in this report are used to measure the main impacts and sustainable development challenges associated with the operations of the AREVA group.

These indicators were developed by a group of experts representing our different businesses and departments, and reflect, in particular, GRI version 3⁽¹⁾ and WBCSD⁽²⁾ recommendations as well as applicable legislation, such as the French law on New Economic Regulations. The AREVA group was established in September 2001 and began instituting performance indicators in 2002, its first full year of operation.

The indicators presented in this report concern the data for fiscal years 2008 to 2010. Our reporting period is the calendar year (January 1 to December 31). Indicators for dosimetry data are collected per 6-month period and concern a reference period of 12 consecutive months, taking into account a lag of six months related to the acquisition of the dosimetry data. The data collected during the annual campaign performed in January 2011, for example, concern the period from July 2009 to June 2010.

SCOPE

All of the group's worldwide operations are covered in this report. By "group", we mean AREVA, its subsidiaries and all of the operational and functional entities in which AREVA's interest is 50% or more as of December 31, 2010. Some minority-owned subsidiaries are included in the reporting procedure on an exceptional basis, along with the majority-owned subsidiaries, due to the group's operational involvement (see "Comment" paragraph).

The full consolidation method is used (data from majority-owned subsidiaries are fully consolidated). By "operations", we mean the operations of all industrial sites and office building sites with a surface area of more than 1,000 m².

Newly acquired entities are not consolidated in the year of their acquisition so that systems for collecting and inputting data can be set up and data reliability ensured.

(1) Global Reporting Initiative (www.globalreporting.org).

(2) GHG protocol is developed by WBCSD (World Business Council for Sustainable Development, www.wbcsd.org) and WRZ (World Resources Institute).

The main changes in the consolidated group in 2010 were as follows:

- the subsidiary AREVA T&D was removed from the scope of consolidation;
- the Principia site in France and the Canberra Aquila site in the United States were removed from the scope of consolidation;
- the divisions were discontinued and the group was reorganized into business groups;
- the Corys T.E.S.S. site in France, the AREVA Wind site in Germany, the Canberra Dover site in the United States and the Perspective Défense site in France were added to the scope of consolidation; and
- MSIS merged with Gamma Assistance, Sud Mécanique merged with Technoplus Industries, and SMP merged with Elta.

METHODOLOGY

The measurement methods used for environmental, social and safety indicators and the related reporting criteria are documented in an "AREVA sustainable development and continuous improvement measurement and reporting procedure". This procedure, which is updated in the first quarter of each year, is provided to anyone, at any level, involved in developing and reporting data; it may be consulted on the group's website, www.aveva.com.

In 2010, the reporting procedure was streamlined. As a result, the scope of reporting was modified, some formulas were eliminated and the definition of some indicators was changed.

These changes reflect the decision to focus reporting on the most pertinent challenges of the AREVA group's operations.

The quantities of water from mine drainage or dewatering are included in the indicator "volume of water taken from the water table"; they are not included in the indicator "total water consumption (excluding Eurodif cooling water and geothermal)", except for the share used at the site in question. In fact, these quantities (minus the share used) are considered to have been returned to the natural environment, which may not be the initial environment.

Fossil energy consumption by subcontractors working at AREVA sites is not included in the scope of reporting when AREVA rebills it to the latter.

In line with the definition of scope 1 of ISO 14064, direct greenhouse gas emissions (GHG) were supplemented by recognizing the emissions resulting from energy consumption related to the fuel used by AREVA

owned vehicles to transport persons and goods; three new indicators – for diesel fuel, gasoline and kerosene consumption – were created for that purpose. Direct GHG emissions related to those three indicators are now calculated and included in the AREVA group's total direct GHG emissions. The Statutory Auditors' review of direct GHG emissions does not cover those from transportation.

The calculation of internal and external doses is based on methods developed by AREVA in accordance with applicable regulations. Practical measurement methods may differ by site; those concerning external doses are currently the subject of comparative analyses aimed at gradually bringing them into alignment based on local regulatory requirements.

The mean internal and external dose calculation includes all monitored personnel, including personnel that received a non-detectable dose or no dose at all.

The internal doses used to calculate the mean dose to the group's employees from occupational exposure to radiation were not reviewed by the Statutory Auditors for reasons of confidentiality. For this indicator, the review is therefore limited to the sum of individual external doses resulting from occupational exposure to radiation by the group's employees.

In 2010, the scope for indicators relating to the employment of women was expanded to include employees with fixed-term employment contracts, whereas only employees with open-ended contracts were included in previous years.

INDEPENDENT VERIFICATION

The Statutory Auditors Deloitte & Associés and Mazars provided independent verification of reporting criteria for selected key environmental, social and safety indicators for 2010. These indicators are presented in the table of indicators on page 376.

COMMENT

Units whose sale was in progress and irreversible in 2010 were not included in the scope of reporting. An additional criterion was used for mining operations: the group's operational involvement⁽¹⁾. As a result, the environmental, health and safety indicators related to the group include data from minority-owned subsidiaries such as Cominak in Niger and AMC in the Sudan. In addition, with respect to the mineral exploration operations, only the social indicators (related to the workforce and to occupational safety) are reported for 2010. A study of the issues involved in those operations was carried out on that basis, and the AREVA group decided to extend the reporting of environmental indicators to mining operations in 2011. The environmental reporting already includes mine site rehabilitation operations.

For 2010, work in progress at AREVA sites is included in the environmental reporting, except for the work in progress at Comurhex Malvési II. Also in this year, the work in progress at customer sites is not included in the environmental reporting, except for the work in progress at OL3, for which all of the environmental indicators, except for waste, are consolidated.

Office buildings with a total surface area of less than 1,000 m² must as a minimum report indicators in the fields of occupational safety, health, employment and dosimetry (if applicable) and, if possible, the other fields of the reporting procedure if the issue is a major one. The objective is to cover the entire group, which is not always possible, particularly at small sites with limited administrative resources.

2010 DATA VERIFIED AT THE SITES* BY THE STATUTORY AUDITORS DELOITTE & ASSOCIÉS AND MAZARS

	Unit	Assurance*	2010	2009	2008
Number of sites with ISO 14001 certification	Number	✓	70	126	117
Energy consumed (excluding Eurodif)	MWh	✓	2,945,453	3,119,705	3,021,467
Volume of water consumed (excluding Eurodif cooling water)**	m ³	✓	17,407,561	18,659,080	16,265,921
Total tonnage of conventional waste (normal and exceptional operations)	MT	✓	65,464	177,550	146,560
Direct greenhouse gas emissions (GH _g), excluding transport	MT CO ₂ eq	✓✓	690,559	757,966	771,648
Emissions of volatile organic compounds (VOC)	kg VOC	✓	1,512,549	1,603,089	1,188,973
Total individual external doses to AREVA group employees over 12 consecutive months	man-mSv	✓	18,176	16,583	19,463
Frequency rate for work-related accidents with lost time for group employees	Number of accidents with lost time/ million hours worked	✓	2.03	2.04	3.19
Severity rate for work-related accidents with sick leave for group employees	Number of days lost/ thousand hours worked	✓	0.08	0.08	0.1
Number of work-related accidents with sick leave for subcontractor personnel working at a group site	Number	✓	185	285	242
Percentage of women engineers and managers	%	✓	20.27%	18.36%	18.10%
Percentage of women in non-management positions	%	✓	20.01%	19.25%	19.65%

✓ : Moderate assurance.

✓✓ : Reasonable assurance.

* The Statutory Auditors' opinion on pages 374-375 relates only to selected entities, listed on page 374.

** The fuel used for transportation by AREVA's vehicles is included in 2010.

(1) An entity has operational control of the source of an impact when it has decision-making authority for the operating procedures which cause those impacts or emissions, i.e. when the responsibility for the impacts is explicitly mentioned in the contract terms and conditions governing the right to operate the source involved and/or it has a permit to operate that source from the administration (or its equivalent outside France).

→ II. Statutory Auditors' report on selected environmental, social and safety performance indicators

At the request of the AREVA group (the "group") and in our capacity as the group's Statutory Auditors, we performed a review with the aim of providing assurance on certain environmental, social and safety performance indicators selected by the group.

These data, which are the responsibility of the Sustainable Development and Continuous Improvement department, were prepared in accordance with internal procedures for measuring and reporting sustainable development and continuous improvement indicators (hereinafter "reporting criteria") available for consultation at the Sustainable Development and Continuous Improvement department, and under the responsibility of the group Human Resources department.

The note on reporting methodology on page 369 of the 2010 Reference Document explains the data collection methodologies used to calculate the published indicators.

It is our responsibility, based on the work performed, to express a conclusion on the selected indicators, as defined below. The conclusions formulated in our report relate to these indicators alone and not to all of the environmental, social and occupational safety data appearing in the 2010 Reference Document, and therefore not to all of the information in the 2010 Reference Document.

SCOPE, NATURE AND FIELD OF WORK

We conducted our procedures in accordance with the applicable professional guidelines.

INDICATORS SUBJECT TO PROCEDURES TO PROVIDE MODERATE ASSURANCE

We conducted the following procedures in order to provide moderate assurance for the ten selected entities⁽¹⁾ that the indicators identified by the symbol on page 376 of the 2010 Reference Document do not contain any material anomalies for the selected entities, based in particular on the significance of their contribution to the indicators and also to reflect the group's diversity. A higher level of assurance or a conclusion on the group's consolidated indicators would have required more extensive work.

- In accordance with the professional guidelines, we have assessed the reporting criteria with respect to their relevance, reliability, objectivity, clarity and completeness;
- Interviews were carried out with the persons responsible for the application of the reporting criteria at the Sustainable Development and Continuous Improvement department, the Environment, Health and Safety department, the Nuclear Safety department and the Human Resources department as well as in the eight business units⁽²⁾ concerned by the selected entities;
- We performed tests on the application of the reporting criteria at the selected entities. We verified the data reporting process at these entities and examined, on a sampling basis, the calculations at different consolidation levels.

The contribution of the selected entities to the group's data is as follows:

→ ENVIRONMENTAL INDICATORS

Number of sites with ISO 14001 certification (number)	29%
Energy consumed (excluding Eurodif) (TWh)	36%
Volume of water consumed (excluding Eurodif cooling water) (millions of m ³)	13%
Total tonnage of conventional waste (normal and exceptional operations) (KT)	43%
Emissions of volatile organic compounds (VOC) (Kg)	39%

→ SAFETY-RELATED INDICATORS

Number of work-related accidents with lost time involving subcontractor personnel working at a group site	58%
Total individual external doses to AREVA group employees over 12 consecutive months (thousands of man-mSv)	14%
Frequency rate for work-related accidents with lost time for group employees	18%*
Severity rate for work-related accidents with sick leave for group employees	18% ⁽¹⁾

* For these indicators, the contribution of the selected entities to the group's data is calculated based on the number of hours worked.

(1) AREVA NC La Hague, Comurhex Malvésí, Duisburg ANF, Eurodif Production, Eurisure group, Katco, OL3, TA Cadarache and MELOX for all data identified by the symbol and Cominak, solely for VOC emissions.

(2) Chemistry, Fuel, Consulting and Information Systems, Enrichment, Mining, Propulsion and Research Reactors, Plants, Recycling.

→ **SOCIAL INDICATOR**

Percentage of women engineers and managers and percentage of women in non-management positions	15% ⁽¹⁾
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(1) For these indicators, the contribution of the selected entities to the group's data is calculated based on the workforce.

INDICATORS SUBJECT TO PROCEDURES TO PROVIDE REASONABLE ASSURANCE

For the indicator "Direct emissions of greenhouse gases, excluding transportation" identified by the symbol on page 376 of the 2010 Reference Document, the degree of precision applied to the

measurement and the more extensive nature of our work than that used for moderate assurance, particularly in terms of the number of samplings, enable us to express reasonable assurance on the group's data. The contribution of the selected entities to this consolidated indicator, at the group level, is 57%.

To form our conclusions of moderate assurance and of reasonable assurance, we also relied on the results of work carried out over the past five years by the joint Statutory Auditors at the group's significant sites and on the performance improvement actions implemented by AREVA in accordance with its continuous improvement policy.

To assist us in conducting our work, we referred to the environmental and sustainable development experts of our firms.

CONCLUSION**MODERATE ASSURANCE**

Based on our work, we did not identify any material anomalies likely to call into question the fact that the data identified by the symbol were prepared, for the selected entities, in accordance with the reporting criteria.

REASONABLE ASSURANCE

In our opinion, the indicator "Direct emissions of greenhouse gases, excluding transportation" identified by the symbol , was prepared, in all material respects, in accordance with the reporting criteria.

Without qualifying the conclusions of our work expressed above, we draw your attention to the following points:

- the "comment" paragraph in the note on reporting methodology on page 376 in which the AREVA group explains its intention, as from 2011, to extend the reporting of environmental indicators to the mineral exploration operations. For these operations, only the social indicators were reported for the year ended December 31, 2010 and previously;
- the fact that, as indicated in that same note on methodology, work in progress at AREVA sites is included in environmental reporting, except for the work in progress at Comurhex/Malvési II. On the contrary, work in progress at customers' sites is not included in that reporting, except for the OL3 work in progress, for which all of the environmental indicators except for waste are consolidated. A standardization of the rules for including in the reporting process environmental data related to work in progress will contribute to the continuous improvement by AREVA of its reporting criteria and to the uniformity of the data presented.

La Défense and Neuilly-sur-Seine, March 17, 2011

The Statutory Auditors

Deloitte & Associés

Mazars

Patrice Choquet

Pascal Colin

Jean-Luc Barlet

Juliette Decoux

Appendix 4

Annual General Meeting of Shareholders

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→ 1.1. Combined General Meeting of Shareholders of December 23, 2010

Information related to the Combined General Meeting of Shareholders of December 23, 2010, including that contained in the press releases of December 23 and 26, 2010, is available at www.aveva.com.

→ 1.2. Annual Combined General Meeting of Shareholders of April 27, 2011

1.2.1. ORDER OF BUSINESS

DELIBERATING AS AN ORDINARY GENERAL MEETING

1. Reading of the Executive Board's management report for the year ended December 31, 2010 (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).
2. 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 2010; (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.
3. Reading of the report on the corporate financial statements and of the report on the consolidated financial statements for the year ended December 31, 2010 from the Statutory Auditors.
4. 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.
5. 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, 2010).
6. Approval of regulated agreements and commitments pursuant to articles L. 225-86 and L. 225-90-1 of the French Commercial Code.
7. Discharge for the members of the Executive Board, the Supervisory Board and the Statutory Auditors.
8. Allocation of net income for the year.
9. Setting of directors' fees allocated to the Supervisory Board for 2011.

10. 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.
11. Appointment and renewal of terms of Supervisory Board members.

1.2.2. DRAFT RESOLUTIONS

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 work and on the internal control procedures put 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, of the Supervisory Board and of the Chairman of the Supervisory Board, as well as the corporate and consolidated financial statements for the year ended December 31, 2010, 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 year ended.

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, approve the contract between AREVA and the Fonds stratégique d'investissement (FSI) for the sale of FT1CI shares by AREVA to FSI, under the conditions decided by the Supervisory Board on December 15, 2010.

THIRD 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, approve the agreements and commitments concluded in 2010, other than the agreement referred to in the second resolution, and agreements and commitments whose execution continued in 2010.

DELIBERATING AS A SPECIAL GENERAL MEETING

12. Listing of AREVA's share: offer to exchange securities between the Commissariat à l'énergie atomique and investment certificate holders.
13. Granting of authority to execute formalities.

FOURTH RESOLUTION

The Shareholders, taking into consideration net income for the year of 1,615,733,753.69 euros, decide to allocate distributable net income, in accordance with the law, as follows:

- | | |
|---|------------------------|
| ● Net income for the year | 1,615,733,753.69 euros |
| ● Allocation to the legal reserve
(10% of share capital) | (10,523,076.66) euros |
| ● Retained earnings for the year | 1,047,407,699.24 euros |

Total distributable earnings
(article L. 232-11 of the
French Commercial Code) of

2,652,618,376.27 euros

which is fully allocated to retained earnings.

FIFTH RESOLUTION

The Shareholders set the total amount of annual directors' fees allocated to the Supervisory Board for the year in progress at 500,000 euros.

SIXTH RESOLUTION

The Shareholders, having heard the Executive Board's report, authorize the Executive Board, which may delegate authority under the conditions provided by 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 acquire pursuant to this authorization may not exceed 1,353,620 shares for a maximum amount of 60,000,000 euros, it being understood that the Company may not hold more than 10% of its own share capital at any given time;
- these buybacks may be made 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 delegate all authority to the Executive Board to decide to implement this authorization and to determine the means for doing so, in particular to adjust the maximum number of shares indicated above in the event that the Company's share capital is modified, in particular by capitalization of reserves, bonus issues, share split or share consolidation, to reflect 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 related companies, for the purposes set forth in articles L.3332-1 et seq. of the French Labor Code.

These shares may be acquired by any means, in one or several installments.

These transactions may be carried out at any time in compliance with the regulations in effect on the date of the transactions considered.

This authorization voids the authorization granted under the terms of the sixth resolution of the Annual General Meeting of Shareholders of April 29, 2010, to the extent not already used. It is granted for a period of 18 months as from the date of this General Meeting.

This authorization 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, 2011, and in any event no later than the sooner of (i) October 27, 2012 or (ii) the first day that the ordinary share is listed for trading on the regulated NYSE Euronext market in Paris.

The Shareholders give full authority to the Executive Board, with power to delegate, to enter into all agreements, prepare all documents, perform all formalities, including the allocation and reallocation of shares acquired for different purposes, to provide all necessary information to all agencies and, generally, to do whatever is necessary to implement this resolution.

SEVENTH RESOLUTION

Authorization for the Company to buy and sell its own shares

Subject to the execution of the condition precedent of the listing of the Company's ordinary shares for trading on the regulated market of Euronext Paris, the Shareholders, deliberating as an ordinary general meeting with the requisite quorum and majority, having taken cognizance of the Executive Board's report and in accordance with the general regulations of the Autorité des marchés financiers and articles L.225-209 et seq. of the French Commercial Code:

- Authorize the Executive Board, with the power to sub-delegate as provided by law, to purchase, in one or more transactions and at the times it shall deem appropriate, ordinary shares of the Company within the limit of 10% of the total number of shares forming the share capital on the date that these purchases are made, or 5% of the total number of shares forming the share capital if the shares are acquired by the Company to be held and subsequently transferred in payment or in exchange in connection with a corporate merger, spinoff or asset contribution.

The number of shares that the Company shall hold at any time shall not exceed 10% of the equity securities forming the share capital of the Company on the date considered. These percentages apply to a number of equity securities and shares adjusted, as applicable,

based on transactions that may impact the share capital subsequent to this General Meeting;

- Decide that the acquisition, disposal or transfer of these ordinary shares may occur on one or more occasions, by any means authorized by applicable regulations, in particular on the market, off-market or off-board, including by acquisition or disposal of blocks of shares, through derivatives or by setting up options strategies, under the conditions stipulated by the market authority, in particular with a view to:

(i) allocating or selling them to the employees or former employees or corporate officers or former corporate officers of the Company and/or present or future related companies under the conditions and according to the methods stipulated by applicable regulations, in particular in connection with Company stock option plans, in accordance with the provisions of articles L.225-177 et seq. of the French Commercial Code or any similar plan, bonus issues pursuant to articles L. 225-197-1 et seq. of the French Commercial Code, or the implementation of any employee savings plan under the conditions provided for by law, in particular articles L.3332-1 et seq. of the French Labor Code; or

(ii) retaining them and delivering them at a later date (for purposes of exchange, payment or other) in connection with transactions for external growth, corporate merger, spinoff or asset contribution, within the limit of 5% of the Company's share capital and in compliance with the market practice accepted by the Autorité des marchés financiers, or in the event of a public offer on the Company's securities in compliance with article 232-15 of the general regulations of the Autorité des marchés financiers and in a period of takeover bid or exchange offer initiated by the Company in compliance with legal and regulatory requirements and, in particular, the provisions of articles 231-1 et seq. of the general regulations of the Autorité des marchés financiers;

- Decide that the maximum purchase price per share shall be 45 euros, excluding acquisition costs, provided, however, that the Executive Board may adjust the aforesaid maximum purchase price in the event of transactions concerning the Company's share capital, in particular modification of the par value of the share, increase in share capital by capitalization of reserves followed by the creation and issuance of bonus shares, share split or a reverse split of shares.
- Decide that the total amount that the Company may devote to this share buyback program may not exceed 1,724,421,825 euros, corresponding to 38,320,485 ordinary shares acquired at the maximum unit price of 45 euros, as decided above;
- Grant complete authority to the Executive Board, with the power to subdelegate as provided by law, to decide on and implement this authorization and to set the methods for doing so, to carry out the buyback program as per the law and the conditions of this resolution and, in particular, to adjust the aforesaid purchase price in the event of transactions modifying equity, share capital or the par value of the shares, to place all orders on the stock market, to sign all documents, to conclude all agreements, to accomplish all formalities and make all statements, in particular with the Autorité des marchés financiers and, more generally, to do all that is necessary.

This authorization is granted for a period of 18 months as from the date of this General Meeting.

EIGHTH RESOLUTION

The Shareholders note that the following terms have expired:

- Term of Mr. SPINETTA,
- Term of Mr. BIGOT,
- Term of Mr. RICOL,
- Term of Mr. FANJUL,
- Term of Mr. BEHAR,
- Term of Mrs. SAUCIER,
- Term of the CEA, represented by Mr. GEGOUT.

NINTH RESOLUTION

The Shareholders appoint/renew the term of [] as a member of the Supervisory Board for a term of five years ending at the Annual General Meeting of Shareholders convened in 2016 to approve the financial statements for the year ending December 31, 2015.

TENTH RESOLUTION

The Shareholders appoint/renew the term of [] as a member of the Supervisory Board for a term of five years ending at the Annual General Meeting of Shareholders convened in 2016 to approve the financial statements for the year ending December 31, 2015.

ELEVENTH RESOLUTION

The Shareholders appoint/renew the term of [] as a member of the Supervisory Board for a term of five years ending at the Annual General Meeting of Shareholders convened in 2016 to approve the financial statements for the year ending December 31, 2015.

TWELFTH RESOLUTION

The Shareholders appoint/renew the term of [] as a member of the Supervisory Board for a term of five years ending at the Annual General Meeting of Shareholders convened in 2016 to approve the financial statements for the year ending December 31, 2015.

THIRTEENTH RESOLUTION

The Shareholders appoint/renew the term of [] as a member of the Supervisory Board for a term of five years ending at the Annual General Meeting of Shareholders convened in 2016 to approve the financial statements for the year ending December 31, 2015.

FOURTEENTH RESOLUTION

The Shareholders appoint/renew the term of [] as a member of the Supervisory Board for a term of five years ending at the Annual General Meeting of Shareholders convened in 2016 to approve the financial statements for the year ending December 31, 2015.

FIFTEENTH RESOLUTION

The Shareholders appoint/renew the term of [] as a member of the Supervisory Board for a term of five years ending at the Annual General Meeting of Shareholders convened in 2016 to approve the financial statements for the year ending December 31, 2015.

DELIBERATING AS A SPECIAL GENERAL MEETING:

SIXTEENTH RESOLUTION

Recombination into ordinary shares of investment certificates and voting right certificates in issue at the end of the simplified public exchange offer initiated by the CEA

The Shareholders, deliberating as a special general meeting with the requisite quorum and majority, having taken cognizance of the Executive Board's report and the report of Mr. Jean-Pierre Colle, commissioner of special benefits, and of the approval of the special meeting of voting right certificate holders per the conditions of article L.228-31 of the French Commercial Code, i.e. with a majority of 95% of the holders present in person or by proxy, of the plan (i) for recombination of investment certificates remaining in issue following the public exchange offer initiated by the CEA in ordinary shares, and (ii) for a corresponding buyback of voting right certificates by the Company at the price of €0.325 per voting right certificate;

- Decide that subject to the approval of the seventeenth resolution hereunder and in accordance with article L.228-31 of the French Commercial Code, with the condition precedent that investment certificates remaining in issue after settlement and delivery of the simplified public exchange offer initiated by the CEA on the investment certificates shall represent at most 1% of the share capital to carry out the recombination of said investment certificates remaining in issue and of the corresponding voting right certificates into ordinary shares;
- Decide in consequence to carry out the buyback of the corresponding voting right certificates remaining in issue, with the price of the buyback rounded up to the next eurocent as necessary, and to allocate, without monetary consideration, said voting right certificates thus acquired to the investment certificate holders of record as of the date of the settlement and delivery of shares of the Company allocated in connection with the public exchange offer initiated by the CEA, thereby recombining into shares investment certificates remaining in issue as of that date, which shall be fully equivalent to other ordinary shares, including as regards their vesting date;

- Decide to grant to the Executive Board, under the conditions of this resolution, all authority, with the power to subdelegate:
 - to implement this resolution, and in particular to carry out the purchase and allocation without monetary consideration of voting right certificates to investment certificate holders;
 - to conclude all contracts and all agreements, in particular with financial intermediaries, and to execute all documents and take all useful measures to ensure that the ordinary shares thus reconstitute are listed for trading on the regulated NYSE Euronext market in Paris, to carry out all transactions and perform all formalities necessary for the recombination of investment certificates and voting right certificates into ordinary shares and, more generally, do all that shall be necessary.

SEVENTEENTH RESOLUTION

Approval of special benefits

The Shareholders, deliberating as a special general meeting with the requisite quorum and majority, per the conditions of articles L.225-10 and L.225-147 of the French Commercial Code, having cognizance of the Executive Board's report and the report of Mr. Jean-Pierre Colle, commissioner for special benefits, approve the purchase price of €0.325 per voting right certificate remaining in issue after settlement and delivery of the simplified public exchange offer to be initiated by the CEA on the investment certificates, and approve the conclusions of the report submitted by Mr. Jean-Pierre Colle, commissioner for special benefits and the special benefits that result therefrom.

EIGHTEENTH RESOLUTION

Conversion of non-voting preferred shares into ordinary shares in consequence of the recombination of investment certificates and voting right certificates

- The Shareholders, deliberating as a special general meeting with the requisite quorum and majority, having cognizance of:
 - the approval of the sixteenth and seventeenth resolutions above;
 - article 14.2, paragraph 2 of the by-laws, under which in the event of a public exchange offer for the benefit of investment certificate holders receiving ordinary shares, holders of non-voting preferred shares shall be offered, at the same price and/or terms of exchange, a right to convert non-voting preferred shares into ordinary shares;
 - the takeover bid circular pertaining to the simplified exchange offer, for which the Autorité des marchés financiers issued a notice of compliance, by which the CEA shall offer to each investment certificate holder to exchange one investment certificate for one ordinary share from April 19 to May 11, 2011;
- of the Executive Board's decision of March 28, 2011 that, in consequence of the public exchange offer initiated by the CEA for the benefit of investment certificate holders and in accordance with the authority granted by the General Meeting of Shareholders of December 23, 2010 in its fifth resolution, holders of non-voting preferred shares shall have the right to convert non-voting preferred shares into ordinary shares under identical terms and conditions, i.e. each non-voting preferred share may be converted into an ordinary share at any time from the beginning to the conclusion of the simplified public exchange offer period, i.e. in principle from April 19 to May 11, 2011;
- of the Executive Board's report and the Statutory Auditors' special report as per article R.228-18 of the French Commercial Code;
- of article 14.2, paragraph 3 of the by-laws, which provides that non-voting preferred shares shall regain the right to vote and shall be simultaneously converted into ordinary shares, provided that all investment certificates and voting right certificates are recombined into ordinary shares pursuant to article L.228-31 of the French Commercial Code.
- Acknowledge and decide, to the extent necessary:
 - that non-voting preferred shares will be converted into ordinary shares for holders who will have requested their conversion as indicated above; that voting rights attached to the ordinary shares shall vest as of the date of settlement and delivery of the shares of the Company allocated for the public exchange offer launched by the CEA; and that the new shares shall be fully equivalent to other ordinary shares, including as regards their vesting date;
 - that, subject to completion of the condition precedent mentioned in the sixteenth resolution and the corresponding recombination of remaining investment certificates and voting right certificates, the non-voting preferred shares remaining in issue will be converted into ordinary shares in accordance with article 14.2, paragraph 3 of the by-laws on the same date as the recombination of investment certificates into ordinary shares in accordance with the sixteenth and seventeenth resolutions, and that these shares will have the right to vote and will be fully equivalent to the other ordinary shares, including as regards their vesting date;
- Consequently, grants full authority to the Executive Board, with the power to subdelegate such authority, to conclude all contracts and all agreements, including with financial intermediaries; to execute all documents and take all useful measures to ensure that the ordinary shares resulting from the conversion are listed for trading on the regulated NYSE Euronext market in Paris; to undertake all transactions and perform all formalities necessary to implement this resolution and, more generally, to do all that is warranted.

NINETEENTH RESOLUTION

Corresponding modification of the by-laws to remove any reference to investment certificates, voting right certificates and non-voting preferred shares and to include customary provisions applicable to companies whose shares are listed for trading on a regulated market

Subject to the execution of the condition precedent of the listing of the Company's ordinary shares for trading on the regulated market of NYSE Euronext in Paris, the Shareholders, deliberating as a special general meeting with the requisite quorum and majority, having cognizance of the report submitted by the Executive Board and the adoption of the preceding resolutions:

- Decide, subject to the execution of the condition precedent mentioned in the sixteenth resolution and to the adoption of the eighteenth resolution, to modify the by-laws to (i) remove any reference to the investment certificates, voting right certificates and non-voting preferred shares, and (ii) include the customary by-law provisions applicable to a Company whose shares are listed for trading on a regulated market, such as the statutory threshold obligation and electronic voting in Shareholder meetings, as provided in the new by-laws appended hereto, which, together with this resolution, form an indivisible whole, it being stipulated that these amendments to the by-laws shall become effective on the date of recombination of all investment certificates into ordinary shares and of conversion of all non-voting preferred shares into ordinary shares.
- Acknowledge that in application of article 2 of the decree no. 83-1116 of December 21, 1983 related to the Société des participations du CEA, the amendments to the by-laws that are the subject of this resolution shall become final only after their approval by decree;
- Give full authority to the Executive Board, with the power to sub-delegate said authority as provided by law, to accomplish all legal formalities, take all necessary measures, and file all documents to implement the abovementioned amendments to the by-laws.

TWENTIETH RESOLUTION

Delegation of authority to the Executive Board for the purpose of increasing the share capital by issuing ordinary shares reserved for the participants of a Company savings plan of the Company or its group

The Shareholders, deliberating as a special general meeting with the requisite quorum and majority, having taken cognizance of the Executive Board's report and having taken cognizance of the adoption of the preceding resolutions:

- Delegate authority to the Executive Board, subject to the prior authorization of the Supervisory Board in accordance with article 22 of the by-laws, for the purpose of increasing the Company's share capital in one or more stages, and on its sole decision, at such times and according to such procedures as it shall determine, by issuing ordinary shares of the Company reserved for directors and officers, employees and former employees participating in a Company savings plan of the Company and, as applicable, of French or foreign companies related to it under the conditions of article L.225-180 of the French Commercial Code and article L.3344-1 of the French Labor Code, or by the bonus issue of existing or future ordinary shares of the Company, in particular by capitalization of reserves, profits or issue premiums, within the limits of the law and regulations;
- Decide that the capital increases that may be carried out under this resolution shall not exceed 22,990,000 euros in par value;
- Decide that if the subscriptions have not absorbed an entire share issue, the capital increase shall be carried out only for the amount of the equity securities subscribed;
- Decide to remove the preemptive right to ordinary shares that might be issued as bonus shares by virtue of this resolution for said participants of a Company savings plan;

- Decide, insofar as this delegation of authority is implemented only after the Company's ordinary shares are listed for trading on the regulated market of NYSE Euronext in Paris, that the price of the ordinary shares shall, in accordance with the provisions of articles L.3332-19 of the French Labor Code, be determined by reference to the average trading price of the ordinary share in the twenty market sessions preceding the day of the decision setting the date of subscription opening.
- As provided in articles L.3332-19 et seq. of the French Labor Code, the maximum discount from either the listing price or the average trading price for the twenty trading days, as the case may be, shall be capped at 20% or 30%, depending on whether the shares thus subscribed, directly or indirectly, correspond to assets that shall remain unavailable for a period of less than 10 years or equal to or greater than 10 years, as provided in the plan in application of articles L.3332-25 and L.3332-26 of the French Labor Code. However, the Shareholders expressly authorize the Executive Board to cancel or reduce the abovementioned discount as it deems appropriate, in particular to take into account, inter alia, locally applicable legal, accounting, tax and social systems;
- Authorize the Executive Board to allocate ordinary shares of the Company, whether existing or to be issued, for no monetary consideration as part of a matching contribution or a discount, as the case may be, provided that the transaction is within legal or regulatory limits, considering the value of these shares at the subscription price;
- Acknowledge that, in application of article 2 of the decree no. 83-1116 of December 21, 1983 concerning the Société des participations du CEA, the capital increase(s) decided pursuant to this resolution shall become final only after its/(their) joint approval by the French minister of Industry and the French minister of the Economy;
- Decide that this delegation of authority is granted to the Executive Board for a maximum period of 18 months as from the date of this General Meeting;
- Give full authority to the Executive Board to implement this resolution, subject to the prior authorization of the Supervisory Board in accordance with article 22 of the by-laws, and in particular to:
 - set the terms and conditions for the transactions and decide on the dates and procedures for the issues and free allocations of ordinary shares to be carried out by virtue of this delegation of authority;
 - set the dates for subscription openings and closings, the vesting dates, and the procedures for paying up ordinary shares of the Company;
 - agree on the schedule for paying up ordinary shares;
 - determine whether the shares may be issued directly in favor of the beneficiaries or through collective organizations;
 - decide, in accordance with the law, on the list of companies or groups w employees and former employees may subscribe to the ordinary shares and receive the free allocation of ordinary shares, if applicable;
 - set the seniority conditions that must be met by the beneficiaries of the ordinary shares that are the subject of each free allocation;
 - determine, as necessary, the terms and conditions for free allocations of shares;
 - record the execution of capital increases up to the amount actually subscribed for ordinary shares of the Company;
 - determine, if necessary, the amounts to be capitalized within the limit established above and the equity item(s) from which they will be taken;
 - enter into any agreements, complete any transactions and formalities linked to the increases in share capital, directly or through third parties, and amend the by-laws in relation to those capital increases;
 - more generally, take all necessary measures to execute the share issues and, as appropriate, to suspend them and, on its sole decision and as it deems necessary, to charge the costs of capital increases to the premiums pertaining to those increases and to take from this amount the sums necessary to bring the legal reserve to one tenth of the new share capital following each increase.

TWENTY-FIRST RESOLUTION**Granting of authority to execute formalities**

The General Meeting of Shareholders, deliberating both as an ordinary and as a special general meeting with the requisite quorum and majority, grants full authority to the bearer of an original, an excerpt or a copy of the meeting report for this general meeting, for purposes of filing, publishing and recording the same, and more generally to do all that is warranted.

Appendix 5

Information made public by the AREVA group over the past 12 months

→ 1.	INFORMATION PUBLISHED BY AREVA AND AVAILABLE UNDER THE HEADING “REGULATED INFORMATION” ON THE WWW.AREVA.COM WEBSITE AND/OR ON THE WEBSITE OF THE AUTORITÉ DES MARCHÉS FINANCIERS, WWW.AMF-FRANCE.ORG	387
→ 2.	INFORMATION FILED BY AREVA WITH THE COURT REGISTRAR OF THE PARIS COMMERCIAL COURT	390
→ 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	390
→ 4.	FINANCIAL ADVERTISING	390

This annual information document is drawn up in accordance with article 222-7 of the General Regulations of the *Autorité des marchés financiers* (AMF, the French financial market authority). In accordance with these regulations, the tables below list the information made public by AREVA since January 1, 2010 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 “Regulated Information” on the www.areva.com website and/or on the website of the *Autorité des marchés financiers*, www.amf-france.org

Date	Information
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	United States: AREVA welcomes President Obama’s support of nuclear energy
January 28, 2010	Publication of 2009 revenue

APPENDIX 5 INFORMATION MADE PUBLIC BY THE AREVA GROUP OVER THE PAST 12 MONTHS

1. Information published by AREVA and available under the heading "Regulated Information" on the www.areva.com website* and/or on the website of the Autorité des marchés financiers, www.amf-france.org

Date	Information
February 1, 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 acquires the US solar company Ausra
February 21, 2010	Jordan: AREVA and JAEC sign historical mining agreement
March 4, 2010	Annual results 2009
March 9, 2010	Patronage: AREVA awarded 2009 Creators Without Borders trophy
March 10, 2010	Anticancer treatments: AREVA to build isotope production facility
March 11, 2010	Transmission and Distribution: AREVA wins Extra High-Voltage substation order in India
March 29, 2010	Japan: AREVA signs a contract for the supply of MOX fuel to Hokkaido Electric
March 29, 2010	Niger: AREVA deplores lack of transparency on the part of Greenpeace
April 9, 2010	AREVA signs three major agreements with partners in Italy
April 15, 2010	Equal Opportunities: AREVA to pursue ODEO initiative in the long-term
April 16, 2010	Namibia: AREVA inaugurates first seawater desalination plant in Southern Africa
April 20, 2010	AREVA wins an award for its diversity policy
April 22, 2010	China: First concrete poured for second Taishan EPR™ reactor
April 26, 2010	AREVA and Siemens consortium to supply digital supervision, protection and control systems for nuclear power plant in Slovakia
April 28, 2010	United States: AREVA and FNEG sign MOU for clean energy park project in California
April 29, 2010	Revenue growth in the first quarter of 2010: 8.4% like-for-like, i.e. 1.936 billion euros
April 30, 2010	Supervisory Board appoints two new members
May 6, 2010	Benoit Bazire appointed CEO of AREVA TA
May 21, 2010	AREVA awarded DOE loan guarantee for Idaho enrichment facility
May 31, 2010	AREVA confirms its commitment to the offshore wind industry
June 7, 2010	AREVA finalizes sale of Transmission and Distribution activity
June 7, 2010	Olkiluoto 3 project: nuclear operation to start end of 2012
June 8, 2010	The French nuclear safety authority is launching the safety option's review of the ATMEA1™ reactor
June 15, 2010	ERAMET: SORAME-CEIR and AREVA renew their shareholders' pact
June 15, 2010	Over 400 European partners given "AREVA Certified Supplier"
June 21, 2010	Olkiluoto 3: AREVA installs the reactor pressure vessel
June 23, 2010	Update on income outlook
July 1, 2010	Recycling: AREVA to upgrade MOX plant in the UK
July 2, 2010	AREVA and partners awarded contract for highly active liquid effluent facility project at Sellafield
July 8, 2010	AREVA signs agreement for third clean energy park project
July 26, 2010	Appointment within the AREVA group
July 30, 2010	First half 2010 financial results
August 2, 2010	EPR™: AREVA and Horizon Nuclear Power sign Early Work Agreement in the United Kingdom
August 3, 2010	Bioenergy: AREVA strengthens its presence in Brazil
September 8, 2010	AREVA launches a new ten-year bond issue of 750 million euros
September 16, 2010	Niger: VINCI and AREVA deplore the kidnapping of seven employees
September 21, 2010	Security in Niger: regular coordination meetings between AREVA and the Nigerien authorities
October 6, 2010	United States: AREVA awarded contract for engineering and development of Bellefonte Unit 1 Nuclear Plant
October 11, 2010	AREVA launches sale of Safran shares
October 12, 2010	AREVA announces the completion of the private placement of a block of 3.65% of the share capital of Safran
October 12, 2010	Wind: AREVA to provide new optimum solution for installation and services of offshore wind parks
October 12, 2010	Enrichment: further progress in the construction of AREVA's Georges Besse II plant

APPENDIX 5 INFORMATION MADE PUBLIC BY THE AREVA GROUP OVER THE PAST 12 MONTHS

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1. Information published by AREVA and available under the heading "Regulated Information" on the www.areva.com website* and/or on the website of the Autorité des marchés financiers, www.amf-france.org

Date	Information
October 19, 2010	Mining operations: Health Observatory launched in Gabon
October 27, 2010	AREVA and Kazatomprom strengthen their partnership in the front-end nuclear cycle
October 27, 2010	Third quarter 2010 results
November 4, 2010	Enrichment: Kyushu and Tohoku acquire a stake in AREVA's Georges Besse II plant
November 4, 2010	China: AREVA signs major agreements with CGNPC and CNNC
November 9, 2010	CEA and AREVA sign an agreement to collaborate on the design of the Advanced Sodium Technological Reactor for Industrial Demonstration (ASTRID)
November 16, 2010	I&C: AREVA responds satisfactorily to British regulator
November 29, 2010	Olkiluoto 3: Nuclear operation confirmed for end of 2012
December 3, 2010	Agreement between AREVA and EDF on Eurodif
December 6, 2010	India: Agreements between AREVA and NPCIL for the supply of two EPR reactors and fuel for 25 years
December 11, 2010	Capital increase of AREVA
December 14, 2010	Enrichment: Inauguration of the Georges Besse II plant
December 15, 2010	ERAMET: SORAME-CEIR and AREVA renew their shareholders' pact
December 16, 2010	AREVA receives a binding offer from the French Strategic Investment Fund (FSI) to purchase the group's stake in STMicroelectronics
December 23, 2010	Offshore wind: AREVA wins contract worth 400 million euros in Germany
December 23, 2010	AREVA Combined General Meeting of Shareholders
December 28, 2010	The capital increase reserved for Kuwait Investment Authority and the French State is carried out A capital increase reserved for investment certificate holders is launched
January 4, 2011	AREVA launches a new advertising campaign: "Energy. One powerful story"
January 6, 2011	Communication from the Chairman of the Supervisory Board of the AREVA group
January 7, 2011	Appointments within the AREVA group
January 11, 2011	Cancer treatments: AREVA and Inserm sign a research agreement
January 25, 2011	Successful completion of AREVA's capital increase reserved for Investments Certificates holders
January 27, 2011	At December 31, 2010: Revenue rises to euros 9.104bn: + 6.7% And Backlog rises to euros 44.2bn: + 2.0%
February 1, 2011	Appointment within the AREVA group
February 7, 2011	Olkiluoto 3 EPR™: All Four Steam Generators Successfully Installed
February 25, 2011	Niger: three hostages have been freed
March 02, 2011	South Africa: AREVA and Necsa strengthen their partnership
March 03, 2011	2010 annual results
March 08, 2011	Appointment within the AREVA group
March 15, 2011	SIEMENS' share in AREVA NP valued at 1,620 million euros
March 16, 2011	AREVA is mobilized for Japan

→ 2. Information filed by AREVA with the Court Registrar of the Paris Commercial Court

Date	Information
May 25, 2010	<p>2009 Annual Report, including:</p> <ul style="list-style-type: none"> • the 2009 consolidated financial statements and Statutory Auditors' report; • the 2009 corporate financial statements and Statutory Auditors' report; • the Executive Board's management report, presented to the Annual General Meeting of Shareholders of April 29, 2010; • 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 29, 2010; • 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

Article R. 232-11 of the French Commercial Code requires publication of the financial statements within 45 days of their approval by the Annual General Meeting of Shareholders for companies admitted for trading, in whole or in part, on a regulated market.

Insofar as the AREVA share was not publicly traded at December 31, 2010, it is not subject to that obligation.

This same reasoning applies to the obligation to publish a notice of meeting of the Annual General Meeting of Shareholders as per article R. 225-73 of the French Commercial Code.

→ 4. Financial advertising

March 5, 2010	<i>Les Échos</i>	Annual results 2009
August 2, 2010	<i>Les Échos</i>	Half-year 2009 financial results
March 4, 2011	<i>Les Échos</i>	Annual results 2010

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

→ 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 wider public, 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.

→ 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.

→ 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;

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.

- 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 the 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; any 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 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.

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 Ten 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 ten 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.

→ Our values

- Customer satisfaction
- Profitability
- Responsibility
- Integrity
- Acute sense of professionalism
- Sincerity
- Partnership

Appendix 7

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Glossary

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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.

> Agence nationale pour la gestion des déchets radioactifs (ANDRA)

The French national radioactive waste management agency, established by the French law of December 30, 1991, 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 Commissariat à l'énergie atomique (CEA); and
- an information mission, in particular through the development of a register of all radioactive waste on French territory.

> Air treatment system

The purpose of air treatment systems is generally to reduce emissions of pollutants released to the atmosphere (CO, dust, NOx, SOx, HCl, dioxins, etc.).

They may also be used to maintain an atmosphere that is favorable to machinery placed in a corrosive environment, such as offshore wind turbines, where the natural humidity and salinity of the air can cause rapid deterioration of the equipment.

> ALARA

Acronym for "as low as reasonably achievable". This concept is used to keep personnel exposure to 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.

> Anaerobic

Anaerobic fermentation is the biological degradation of fermentable organic matter by microorganisms in the absence of oxygen.

> ARIA scale

European severity scale for industrial accidents made official in 1994 by the Committee of Competent Authorities of the Member States, which implements 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.

> 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 1,600 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 forming matter. The atom consists of a nucleus containing positively charged or neutral particles (protons and neutrons), which account for almost all of its mass, around which negatively charged particles (electrons) spin.

> Autorité de sûreté nucléaire (ASN)

The ASN is an independent administrative authority charged by the French State to regulate nuclear safety and radiation protection and to keep the public informed of these subjects.

> Becquerel (Bq)

See unit of measurement.

> Biofuel

Solid, gas or liquid fuel made from organic (plant or animal) materials (biomass), which include wood and forestry byproducts, spent sulfite liquors, agricultural waste, tires, fish oils, tall oil, sludge, waste alcohol, municipal solid waste, landfill gases and other organic waste. Biofuels are used to generate electricity/heat and for transportation fuels.

> Biogas

Biogas is a gas composed primarily of CH₄ and CO₂, but also of N₂, O₂, H₂O, H₂S and NH₃. It is currently produced from treatment plant sludge, household refuse, agricultural waste and waste from the agri-food industry.

> Biogas power plant

A biogas power plant produces biogas from wet biomass to generate heat and/or electricity. The main components of the power plant are the fermenter, which converts wet biomass into biogas, biogas storage, a biogas treatment system, digester sludge storage, and a gas turbine or engine to produce energy.

> Boiling water reactor (BWR)

Nuclear reactor moderated and cooled by light water brought to the boiling point in the reactor core under normal operating conditions.

> Biomass

Biomass is any organic matter of plant, animal or human origin. It can be classified by origin, chemical composition or its use for energy. When used to produce energy, solid biomass from forestry, agriculture and agri-food activities, wet biomass such as waste, effluents, or treatment plant sludge, and other biomass may be chosen, in addition to energy crops, which are plants cultivated exclusively for energy production (algae, corn silage, soybeans, etc.).

> Biomass burner

Component of a biomass power plant in which a solid biomass fuel is burned. The heat released by combustion is used to raise the temperature and/or pressure of a heat transfer fluid (typically water) for different types of applications.

> Biomass power plant

Typically, a biomass power plant generates heat and/or electricity from the combustion of a solid biomass fuel. The main components of the power plant are a fuel handling system including a storage silo, a system to feed the fuel into the burner, the burner itself (including the fixed or fluidized bed combustion technology and the dog leg system), a steam turbine-generator combination, and combustion fumes to reduce the emission of pollutants into the atmosphere.

> 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.

> Carbon credits

Allowances allocated to project carriers that generate reductions in greenhouse gas emissions, which they may then trade to help finance their project. They are generally calculated as metric tons of "CO₂ equivalent" (a carbon credit represents a reduction of one ton of CO₂). They can be used to offset emissions of greenhouse gases from the use of fossil fuels, whether in the manufacturing, transportation or residential sector.

Countries that have signed the Kyoto Protocol use carbon credits to achieve their emissions 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.

> 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.

> Cleanup

The cleanup of a nuclear facility covers all of the operations carried out to eliminate risks related to the radioactivity remaining after the final shutdown of production. It consists of decontaminating the structures, equipment, floors and walls of the buildings.

> Cogeneration

Combined production of heat and electricity in the same power plant. One or more fuels may be used, including biomass, biogas (methane), natural gas, coal and fuel oil.

> Commissariat à l'énergie atomique et aux énergies alternatives (CEA)

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.

> Compact linear Fresnel reflector (CLFR)

The technology of the compact linear Fresnel reflector (CLFR) uses rows of flat or very slightly curved mirrors to concentrate the sun's rays towards a fixed horizontal linear receptor consisting of a tube or a bundle of tubes in which the heat transfer fluid flows. The operating fluid is heated by the incident rays of the sun. When the fluid is water, it is referred to as direct steam generation technology (DSG). The luminous energy is converted into thermal energy; the water is heated and converted into steam, and may subsequently be superheated. The steam can then be used directly as process steam for industrial applications or sent to a turbine to generate electricity.

> Concentrated solar power (CSP)

Concentrated solar power is one way to use solar radiation directly. The technology consists of concentrating solar radiation to heat a fluid to a high temperature and then generate electricity using a turbine, or provide process steam or heat to industry.

> Concentrated solar power plant

A concentrated solar power plant (or solar thermal energy plant) is a plant whose heat source is a solar field. A solar field consists of mirrors that concentrate the sun's rays on a fluid, raising its temperature, so that luminous energy can be converted to thermal energy. The thermal energy is then converted into mechanical energy and finally into electrical energy via a turbine.

> 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 engineered 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).

> 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.

> Controlled areas

Areas where access and conditions for residence time are restricted for reasons of radiation protection.

> Conversion

Any chemical conversion of uranium ore leading to its enrichment and its ultimate use to fabricate nuclear fuel.

> Coolant, heat transfer fluid

Fluid flowing in the core of a nuclear reactor (coolant) or in the recipient of a solar steam generator (heat transfer fluid) to transfer 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 a person or equipment, or in a facility or open area.

> 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.

> 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 in France is 2.4 mSv/person.

> Dosimeter

The instrument for measuring doses received by an individual, or by that individual's organs, or by the environment (site dosimetry).

> Electrolyzer

An electrolyzer is an electrochemical system (energy receptor) in which liquid water is separated into oxygen and hydrogen by an electrical current that passes between two electrodes. The ions produced by the oxidation-reduction reactions flow freely from one electrode to the other. The two electrodes (cathode: reduction reaction; anode: oxidation reaction) are linked by the electrolyte and the 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-lifecycle obligations

End-of-lifecycle obligations include all of the obligations for shutting down and dismantling nuclear facilities and managing radioactive waste.

> Enriched uranium, depleted uranium

Before it is used to fabricate fuel elements, natural uranium is enriched in U^{235} to a concentration of 3-5%. 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 3-4% to make it usable in a pressurized water reactor.

> Environmental management system (EMS)

Part of the overall management system, which includes the organizational structure, planning activities, responsibilities, practices, procedures, processes and resources to develop, implement, carry out and maintain the environmental policy.

> Environmentally-regulated facility

“Environmentally-regulated facilities” (*Installation classée pour la protection de l’environnement*, ICPE) 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.”

> 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 recycled 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, possibly followed by a series of disintegrations.

> Final radioactive waste

Radioactive waste that can no longer be treated, in particular by extracting its reusable content, under current technical and economic 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 – generally after absorption of 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 that process. These fission fragments and their decay products are collectively referred to as “fission products”.

> Fuel cell

A fuel cell is an electrochemical system that converts the chemical energy of the oxidation reaction of a fuel directly into electrical energy.

In its simplest form, a fuel cell consists of two electrodes (anode and cathode) and is powered with oxidation-reduction couples likely to achieve a balance with the ions contained in the electrolyte. The oxidant in the fuel cells is either pure oxygen or the oxygen in air. The most

commonly used reducing agents are gaseous (hydrogen or methanol), liquid (hydrocarbons or methanol) or solid (zinc, aluminum, etc.).

Unlike accumulators, whose energy is dependent on the active matter incorporated into the electrodes, a fuel cell uses reactive chemical species from an external source (outside the cell), and the species formed are constantly eliminated, theoretically ensuring continuous operation.

> 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 to fabricate new fuel, and radioactive waste management. The cycle is said to be “open” when it does not include the recycling of the used fuel, considered as waste to be sent directly to disposal following use in the reactor. Conversely, the fuel cycle is said to be “closed” when it includes used fuel treatment and recycling of fissile materials recovered by such treatment. Several countries have chosen the closed fuel cycle: France, the United Kingdom, the Netherlands, Russia and Japan.

> Fuel rod

Metal tube made of a zirconium-based alloy measuring about 4 meters long (about 13 feet) and 1 centimeter 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

These rules (*règles fondamentales de sûreté*, RFS) apply to regulated nuclear facilities and stipulate 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 those molecules, due to their different mass, and thus the different rates at which they pass through a semi-permeable membrane. The uranium hexafluorides UF_6 and UF_6 can be separated in this way, causing enrichment in U^{235} , the fissile isotope of uranium, for nuclear fuel.

> Gear box

The operating concept of wind turbines involves converting the kinetic energy produced by the rotor at slow rotations of around 5 to 15 RPM into electrical energy that is directly supplied to the grid at a frequency of 50 Hz.

The conventional design of wind turbines is based on the use of proven quadrupole electrical generators and requires an input speed of 1,500 RPM. A gear box is necessary to adapt the rotor rotation speed

to the generator while transmitting energy. A gear box consisting of one or more simple or epicycloidal gear trains is needed to transmit effort while adapting rotation speed.

Hybrid transmission wind turbines such as the Multibrid M5000 are based on a multipolar generator (some 40 poles) requiring much lower reduction ratios which are affordable and thus allow the use of much more compact gear boxes.

Direct transmission wind turbines use heavily multipolar generators that are more costly but eliminate the gear box stage completely.

> General operating rules

Document describing the operating rules (*règles générales d'exploitation*, RGE) 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 containing rules (*règles générales de radioprotection*, RGR) describing the combination of measures taken to protect people and prevent the risk of exposure to radiation.

> Generation IV reactor

An innovative reactor system or reactor type that could go on line 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. The 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.

> 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 leak-proof manner to openings in the wall of the enclosure. The enclosure is generally kept at slightly negative pressure to contain radioactive materials.

> Health and Safety Executive Nuclear Safety Directorate (HSE)

Counterpart of the *Autorité de sûreté nucléaire* (French nuclear safety authority, ASN) in the United Kingdom.

Field of jurisdiction: nuclear safety and radiation protection.

> 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 CO₂ emissions.

> Heavy metal

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).

> 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.

> 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, thus dissolving it.

> 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.

> Intergovernmental Panel on Climate Change (IPCC)

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.

> Internal operation plan

An internal operation plan (*plan d'opération interne*, POI) describes the organizational procedures and resources available at an industrial site to minimize the consequences of a potentially major disaster for people, property and the environment. It may be required by regulation, pursuant to article R. 512-29 of the French Environmental Code (environmentally-regulated facility with AS classification, any other facility following a prefectural decision, and certain special facilities such as storage depots of more than 50,000 m²).

> International Atomic Energy Agency (IAEA)

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.

> International Nuclear and Radiological Event Scale (INES)

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).

> International Thermonuclear Experimental Reactor (ITER)

ITER is a research initiative born out of the collaboration in the international scientific community. Its objective is to build a controlled fusion demonstrator to validate the potential of nuclear fusion energy.

> Institut de radioprotection et de sûreté nucléaire (IRSN) (See also Autorité 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.

> 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 management plan

The internal emergency management plan (*plan d'urgence interne*, PUI) describes the organization, response methods and resources to cope with emergency situations (incident or accident) to protect personnel, the public and the environment from radiation, and to maintain the safety of the facility.

> Ionizing radiation

Flux of electromagnetic waves (radio waves, light waves, ultraviolet or X rays, cosmic rays, etc.), of particles of matter (electrons, protons, neutrons), 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.

> Irradiation

Exposure of an organism or an organ to radiation when the radiation source is outside the organism.

> 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 the 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: U²³⁴ (92 protons, 92 electrons, 142 neutrons), U²³⁵ (92 protons, 92 electrons, 143 neutrons) and U²³⁸ (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 those 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.

> Jack-up barge

A jack-up barge is a flat-bottom boat used to install and maintain offshore wind turbines. The barge deploys four pedestals that come to rest at the bottom of the sea to jack it up above sea level so that the foundations, tower, nacelle and rotor can be installed or positioned.

The barges used by AREVA were specifically designed for this purpose and can carry several sets of foundations and turbines to minimize the duration of work at sea.

> Leaching, in situ leaching, 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.

> Light water

Water consisting of hydrogen and oxygen, as opposed to heavy water, which is a combination of oxygen and deuterium. It is used in some reactors both to cool the fuel and recover the energy produced, and to slow neutrons to trigger fission.

> 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 the 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 easily understood 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. Their radioactivity is very low, comparable to that of the surrounding natural granite.

> Mission de sûreté nucléaire et de radioprotection (MSNR)

The nuclear safety and radiation protection mission (MSNR) reports to the French Ministries of the Environment and Economy; it participates in government missions concerning nuclear safety and radiation protection. In particular, in liaison with the *Autorité de sûreté nucléaire* (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.

> 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.

> Nacelle

The nacelle is installed at the top of the wind tower and generally houses the mechanical, pneumatic, electrical and electronic components needed for the operation of the wind turbine (directional system, gear box, generators, converters, instrumentation and control system, etc.).

Almost all horizontal axis wind turbines use forced direction. They are therefore equipped with a system that uses electrical motors and gear boxes to make sure that the rotor – and thus the nacelle – is always oriented in the direction of the wind.

> National radioactive waste and materials plan

The national radioactive waste and materials plan (*plan national de gestion des matières et des déchets radioactifs*, PNGMDR) 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, sets objectives. The current version is the 2010-2012 edition.

> 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

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.

> 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.

> Nuclear Energy Agency (NEA)

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.

> 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 for uranium and plutonium, for example, which contain fissile isotopes.

> Nuclear materials safeguards

Safeguards are of two kinds:

- 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 the State (in France, the Senior Official for Defense and Security) 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 Regulatory Commission (NRC)

Counterpart of France's Autorité de sûreté nucléaire (ASN) in the United States.

Field of jurisdiction: nuclear safety and radiation protection.

> Nuclear safety

Nuclear safety encompasses all of the technical provisions and organizational measures pertinent to the design, construction, operation, shut-down and dismantling of regulated nuclear facilities, and to the transportation of radioactive materials, and is 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.

> OHSAS 18001 standard

The OHSAS 18001 standard is an occupational health and safety management system specification designed to prevent risk in the workplace. The objective is to provide interested companies with a tool for assessing and certifying their occupational health and safety management systems which is compatible with international management system standards such as ISO 9001 for quality, ISO 14001 for the environment and ILO-OSH 2001 for occupational safety and health.

> 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 in the vitrification process, then poured into completely leak-proof stainless steel canisters.

> Plutonium

Chemical element with the atomic number 94 and conventional symbol Pu. Plutonium has many isotopes, the most common of which go from 238 to 242. 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.

> Pressurized water reactor (PWR)

Nuclear reactor moderated and cooled by light water maintained in the liquid state in the core through appropriate pressurization under normal operating conditions.

> Pressurizer

Equipment used to create and maintain pressure in the reactor cooling system at a level designed to prevent the primary cooling water from reaching the boiling point.

> Pyrolysis

Thermal degradation of a solid fuel (biomass, coal, etc.) in the absence of oxygen.

> Radiferous material

Material containing daughter products of uranium, including solid radium and radon, which is released in gaseous form.

> Radioactive decay

Spontaneous transformation of a radionuclide into another nuclide, accompanied by particle emission.

> Radioactive half-life

The time necessary for half of the nuclei of a radionuclide to decay. Its radioactivity 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 material is a radioactive substance 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.

> Radiation

Also referred to as “ionizing radiation”, designates a release and transmission of energy in luminous, electromagnetic or corpuscular form.

> Radiation protection, radiological protection

Set of rules, procedures, and means of prevention and monitoring directed at preventing or reducing the harmful effects, both direct and indirect, of ionizing radiation on people, including those resulting from environmental damage.

> Radioactive substance

Substance containing natural or manmade radionuclides whose activity level or concentration warrants radiation protection monitoring.

> Radioactive waste disposal

In France, 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 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 (manmade). 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 coolant pump group

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, 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 system

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.

> Recycling of used nuclear fuel

After a reactor residence time of three to four years, the used nuclear fuel must be unloaded. At that time, 96% of the fuel materials are reusable (95% uranium and 1% plutonium), while 4% are fission products and minor actinides (final waste). Treatment and recycling consists of separating the reusable radioactive materials from the final waste contained in the used fuel, thus conserving natural resources and isolating the waste by packaging it for disposal.

> Regulated nuclear facilities

In France, an *installation nucléaire de base* (INB) is 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 Nuclear Safety and Transparency Law of June 13, 2006 and to its implementing regulations. Monitoring of regulated nuclear facilities is carried out by the inspectors of the *Autorité de sûreté nucléaire* (French nuclear safety authority ASN). By way of example, a nuclear reactor, an enrichment plant, a fuel fabrication plant and a used fuel treatment plant are all regulated nuclear facilities in the abovementioned nomenclature.

> Renewable Energy

Energy produced from renewable, non-fossil sources that can be replaced within a human generation.

> RepU

Recycled uranium from used fuel treatment.

> 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.

> 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.

> Rotor

The rotor consists of several blades (usually three) attached to a central hub, while the rotor itself is attached to the nacelle.

The rotor converts kinetic energy into mechanical energy (torque), which is then transmitted directly or indirectly by means of a gear box to an alternator, where the mechanical energy is converted into electrical energy.

> Rotor blades

Wind turbine rotor blades capture kinetic energy from the wind and convert it into mechanical energy in the form of thrust perpendicular to the main axis of the blade.

As they are assembled as a rotor by means of a central hub, this linear thrust can be converted into more easily exploitable torque load.

> Safety analysis reports

Reports describing the design of regulated 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 *Autorité de sûreté* (ASN);
- a safety analysis report (SAR) and general operating rules (*règles générales d'exploitation*, RGE) or general monitoring and servicing rules (*règles générales de surveillance et d'entretien*, RGSE);
- a waste management study for the facility stating the goals for minimizing the volume and toxicity of the waste produced therein;
- an internal emergency management plan (*plan d'urgence interne*, PUI), which may include sections that are common to the entire nuclear site in which the facility is located.

> Separative work unit (SWU)

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.

> Senior Committee for Transparency and Information on Nuclear Safety

The committee (*Haut Comité pour la transparence et l'information sur la sécurité nucléaire*, HCTISN) is a body for information, consultation and discussion of the risks related to nuclear operations and their impact on public 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.

> Senior Defense and Security Official

In France, this government official (*Haut fonctionnaire de défense et de sécurité*, HFDS) is appointed by decree on the recommendation of the minister of Economy, Finance and Employment and of the minister of Budget, Public Accounts and Civil Service. He or she reports to both of

them. The Senior Official's duties fall within the framework of the French Defense Code, particularly as concerns the ministers' responsibilities in the areas of defense, the protection of business sectors of vital importance, and economic defense. He or she provides oversight for and protection of nuclear facilities, nuclear and sensitive materials, and their transportation.

> Shielding, biological shielding, biological protection

Protective shielding from radiation used in nuclear facilities to limit personnel exposure.

> 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 manmade risk per Seveso regulations, operating mine sites, plant sites with facilities subject to public inquiry, and industrial or office building sites which make a significant contribution to the group's environmental accounting in terms of consumption, releases or hazards.

> Specific burnup

See burnup.

> Specific response plan

The specific response plan (*plan particulier d'intervention*, PPI) describes the emergency response organization set up by government agencies in the event of an accident in a nuclear facility with potential off-site consequences. The mobilization and coordination of necessary resources, tailored to the circumstances, are placed under the authority of the Prefect.

> Stator

Static component of the electric motor of the reactor coolant pump set.

> 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.

> Storage

Operation consisting of temporarily placing radioactive waste and materials in a specially designed surface or near-surface facility pending future retrieval.

> STUK

The Finnish radiation and nuclear safety authority.

Counterpart to the Autorité de sûreté nucléaire (French nuclear safety authority ASN).

Field of jurisdiction: nuclear safety and radiation protection.

> TDG order

French modal order of May 29, 2009 on the transport of dangerous goods (TDG) by land ("TDG order").

The order applies to the national or international carriage of dangerous goods by road, rail and inland navigation in France, including loading and unloading operations, intermodal transfers and halts required by transportation circumstances.

The order stems from international and European Community laws and applies in particular to the carriage of radioactive materials (class 7 carriage).

> Ten-year inspections

Every ten years, nuclear reactors are inspected thoroughly. The reactor's overall condition is assessed through detailed inspection of its principal components: 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 not directly connected to the group's mining operations, in the form of the purchase, sale, exchange, lease or loan of uranium.

> Transportation emergency response and management plan

This plan (*plan d'urgence et d'intervention transport*, 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 (characteristic of 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.

> Turbine

Device used to convert the energy contained in a fluid (water, steam, gas, etc.) into a rotary motion.

> 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, whereby 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.

> 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.

> Uraniferous material

Material containing uranium.

> Uranium

Chemical element with atomic number 92 and atomic symbol U, with three natural isotopes: U²³⁸ (99.28% fertile), U²³⁵ (0.71% fissile) 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.

> Uranium tailing

Depleted uranium with a U²³⁵ content of about 0.3%.

> 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 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 on the organ in question, which are a function of the type of radiation. The millisievert (mSv) is used more frequently; it corresponds to one one-thousandth of a sievert.

> 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.

> Vitrification

Process used to incorporate concentrated solutions of final radioactive waste (fission products and minor actinides), which have been chemically separated from the used fuel, into a glass structure by mixing it with a glass matrix at high temperature.

> Wind tower

Tower used to place the rotor at a sufficient height for it to turn and to capture stronger wind speeds so that it can extract much more energy potential. The more rugged the conditions, the greater the advantage of a large wind tower. The tower houses certain electrical and electronic components, such as the air treatment system, the transformer station and the converter.

> 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 make the alloy used 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.

→ 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 that particular contract. Accordingly, the backlog takes into account escalation and price revision assumptions used by the group to determine the projected revenue at completion.

> Cash flows from end-of-lifecycle operations

This indicator encompasses all of the cash flows linked to end-of-lifecycle 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-lifecycle operations;
- full and final payments received for facility dismantling;
- minus full and final payments made for facility dismantling.

> Comprehensive income attributable to equity owners of the parent

Comprehensive income is the change in equity over a period of time resulting from transactions and events other than changes resulting from transactions with shareholders.

- comprehensive income includes all of the components of “income” and of «other items of comprehensive income».
- “other comprehensive income items” include:
 - (a) profits and losses resulting from the conversion of the financial statements of foreign operations;
 - (b) profits and losses related to the evaluation of financial assets available for sale; and
 - (c) the effective share of profits and losses on hedging instruments used for a cash flow hedge.

> 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 to exclude the cost of end-of-lifecycle operations for nuclear facilities (dismantling, waste retrieval and packaging) 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-lifecycle operations are presented separately.

> 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-lifecycle 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 property, plant and equipment and intangible assets, net of changes in accounts payable related to fixed assets;
- plus sales of property, plant and equipment 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.

> 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.

> Operating working capital requirement (OWCR)

OWCR represents all of the current assets and liabilities directly related 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);
- less: trade accounts payable and related accounts, trade advances and prepayments received (excluding interest-bearing advances), other operating liabilities, accrued expenses, and deferred income;

Note: 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.

> Return on average capital employed (ROACE)

Return on average capital employed (ROACE) is an internal and external indicator used 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.

- Net operating income is equal to operating income less the corresponding pro forma income tax derived by applying the nominal tax rate applicable to the operating income of each subsidiary of the group.
- Capital employed comprises the following:
 - net property, plant and equipment 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 at December 31, 2008 therefore includes the goodwill 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-lifecycle operations and provisions for tax risk.

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