AREVA

CONSOLIDATED FINANCIAL STATEMENTS

2010

Consolidated statement of income

(in millions of euros)	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

(in millions of euros)	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)

Consolidated statement of financial position

ASSETS

(in millions of euros)	Note	Dec. 31, 2010	Dec. 31, 2009
Non-current assets		**22 870**	**21 875**
Goodwill on 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

(in millions of euros)	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**

Consolidated statement of cash flows

(in millions of euros)	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.

Consolidated statement of changes in equity

(in millions of euros)	*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.

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

(in millions of euros)	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

(in millions of euros, except workforce data)	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

(in millions of euros)	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

(in millions of euros except workforce data)	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

(in millions of euros)	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:

(in millions of euros)	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		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				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:

(in millions of euros)	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	286
Total	**1 387**	**248**	**153**	**26**	**65**	**1 879**

2009

Contribution to consolidated revenue by business segment and customer location

(in millions of euros)	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

(in millions of euros)	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

(in millions of euros)	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**

Notes to the consolidated financial statements for the year ended December 31, 2010

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;

- o income from cash and cash equivalents;
- o 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;
- o 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.

  - o 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 at which AREVA acquires effective control.

Restructuring and other costs incurred by the acquired company as a result of the business combination are included in the liabilities acquired, as long as IAS 37 criteria for provisions are met at the date of acquisition. Costs incurred after the date of acquisition are recognized in operating income during the year in which such costs are incurred or when 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 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-LIFE-CYCLE OPERATIONS

This heading includes all investments dedicated by AREVA to the funding of its operations for future end-of-life-cycle operations in the Nuclear business, including facility dismantling and waste retrieval and packaging. The portfolio includes directly-held publicly traded shares, dedicated equity mutual funds, dedicated bond and money market funds, and cash.

It also includes receivables resulting from agreements with third parties liable for a share of the financing of end-of-life-cycle 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-life-cycle 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-LIFE-CYCLE OPERATIONS AND OTHER AVAILABLE-FOR-SALE SECURITIES*

Lasting impairment is recognized in the event of a significant or lasting drop in the price or liquidation value of a line of securities below their initial value. The impairment is calculated as the difference between the price traded on the stock market or the liquidation value of the securities on the last day of the period and the initial value of the securities, corresponding to their acquisition cost at inception.

AREVA determines the significant or lasting nature of a drop in the price or liquidation value of a line of securities using several criteria, depending on:

- the type of investments used, where the level of volatility and risk may vary substantially: money market funds, bond or equity funds; bonds or equities held directly;
- whether the assets are earmarked or not to finance end-of-life-cycle operations: assets earmarked for end-of-life-cycle 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
o Assets earmarked for end-of-life-cycle 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
o 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 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-LIFE-CYCLE OPERATIONS

Provisions for end-of-life-cycle 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-life-cycle operations corresponding to funding expected from third parties is recognized in a non-current asset account, "end-of-life-cycle asset – third party share", which is discounted in exactly the same way as the related provisions.

The AREVA group's share of provisions for end-of-life-cycle operations is valued at the date that the corresponding nuclear facilities are placed in service and is an integral component of the cost basis of those facilities; it is recognized in property, plant and equipment (see note 1.9.4), except for provisions for waste retrieval and packaging, which are recognized as operating expenses 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-life-cycle asset (share of provisions for end-of-life-cycle operations to be borne by the group) is amortized over the same period as the depreciation of the facilities to which it relates.
The corresponding amortization expense is not considered 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-life-cycle operations

Inflation and discount rates used to discount end-of-life-cycle operations are determined as follows:

The inflation rate reflects the long-term objectives of the European Central Bank.
The discount rate is determined taking into account:

- the sliding four-year average of 30-year, constant maturity French treasury bonds (OATs); and
- the average of sliding four-year averages of spreads applicable to 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-life-cycle assets, whether for AREVA's share or the third party share, are adjusted in the same amount as the provision;
- AREVA's share of the end-of-life-cycle asset is amortized over the residual useful life of the facility;
- if the facility is no longer in operation, the impact is recognized in income in the year of the change; the impact of changes in cost estimates is recognized under operating income, while the impact of changes in discount rates and disbursement schedules is recognized under net financial income.

Provisions for waste retrieval and packaging funded by the group have no corresponding end-of-life-cycle asset. Consequently, changes in assumptions concerning the group's share of these provisions are recognized immediately in the 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)

(number of companies)	**2010**		**2009**	
Consolidation method	Foreign	French	Foreign	French
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 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 Multibrid, held 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:

(in millions of euros)	**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

(in millions of euros, except workforce)	**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

(in millions of euros)	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	-	-

(in millions of euros)	2010	2009
Provisions, net of reversals	155	227

NOTE 6. OTHER OPERATING INCOME AND EXPENSES

Other operating expenses

(in millions of euros)	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

(in millions of euros)	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

(in millions of euros)	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-life-cycle operations	***(98)***	***10***
Income from disposals of securities earmarked for end-of-life-cycle 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-life-cycle operations	(254)	(176)
Share not related to end-of-life-cycle 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-life-cycle 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-life-cycle 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-life-cycle 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

(in millions of euros)	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

(in millions of euros)	**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

(in percent)	**2010**	**2009**
Tax rate	34.43	34.43

Permanent differences

(in millions of euros)	**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

(in millions of euros)	**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

(in millions of euros)	**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

(in millions of euros)	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-life-cycle 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

(in millions of euros)	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

(in millions of euros)	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

(in millions of euros)	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-life-cycle 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

(in millions of euros)	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

(in millions of euros)	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:

(in millions of euros)	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:

(in millions of euros)	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:

(in millions of euros)	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:

(in millions of euros)	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:

(in millions of euros)	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:

	After tax discount rate	Growth rate of pro forma year	Number of years of forecast data
December 31, 2010			
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

(in millions of euros)	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**

(in millions of euros)	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 (Trekkopje), 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 Trekkopje, 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 Trekkopje) 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

(in millions of euros)	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)

(in millions of euros)	2010	2009
Uranium	48	40
Gold	5	3
Total	**53**	**43**

NOTE 12. PROPERTY, PLANT AND EQUIPMENT

2010

(in millions of euros)	Land	Buildings	Plant, equipment and tooling	End-of-life-cycle assets – AREVA share	Other	In process	Total
Gross amount at December 31, 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					
	Gross	Amortization	Net	Third party share	**Dec. 31, 2010**	**Dec. 31, 2009**
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	Decreases	Increases in and reversals of amortization and provisions	Discounting reversals	Other changes	**Net carrying amount at Dec. 31, 2010**
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 asset 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

(in millions of euros)	**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:

(in millions of euros)	**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;
- 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.

Provisions for end-of-lifecycle operations, before discounting

Provisions for end-lifecycle operations before discounting (subject to escalation from the date of closing):

(in millions of euros)	**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:

(in millions of euros)	**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**

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:

(in millions of euros)	**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 1.010 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 *(in millions of euros)*	% of control	Share in net income of associates	Investment in associates, excluding goodwill	Goodwill	Investment in associates, including goodwill
STMicroelectronics	14.27	(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

(in millions of euros)	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

(in millions of euros)	**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

(in millions of euros)	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

(in millions of euros)	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:

(in millions of euros)	
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:

(in millions of euros)	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

(in millions of euros)	**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 realisable value	412	413
	2 599	2 699

NOTE 17. TRADE ACCOUNTS RECEIVABLE AND RELATED ACCOUNTS

(in millions of euros)	**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)*

(in millions of euros)	Gross	Maturing in the future	Impaired and past due	Including Not impaired and past due					
Accounts receivable and related accounts				Less than 1 month	1 to 2 months	2 to 3 months	3 to 6 months	6 months to 1 year	More than 1 year
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

(in millions of euros)	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

(in millions of euros)	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

(in millions of euros)	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

(in millions of euros)	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

(in millions of euros)	2010			2009		
	Before tax	**Incom e tax**	**After tax**	**Before tax**	**Incom e 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:

(in millions of euros)	**Dec. 31, 2010**	**Dec. 31, 2009**
Eurodif	179	221
STMicroelectronics	-	170
SET Holding	156	133
Katco	151	68
Imouraren	56	60
Uramin	50	57
Somaïr	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

(in millions of euros)	**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	Mortality tables
- Lump sum payments	INSEE 2000-2002 Men/Women	INSEE 2000-2002 Men/Women
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 *(in millions of euros)*	Retirement bonuses	Supplemental retirement benefits		Early retirement benefits		Medical benefits	Job-related awards	Total	**Total**	**Total**
	Out-sourced	Outsourced	In-house manage-ment	Outsourced	In-house manage-ment	In-house manage-ment	In-house management	Outsourced	In-house management	
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 (in millions of euros)	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)*		
Cumulative 2004 to 2009	Benefit obligations	133
	Plan assets	186
	Total	**319**
2010	Benefit obligations	40
	Plan assets	4
	Total	**44**

Total expense for the year

2010 *(in millions of euros)*	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 *(in millions of euros)*	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

(in millions of euros)	**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

(in millions of euros)	**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

(in millions of euros)	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 is complete 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, the 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

(in millions of euros)	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**
** : Including leasing obligations*	*18*	*10*	*28*	*28*

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:

(in millions of euros)	**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**

(in millions of euros)	**Dec. 31, 2010**
Euro	5 112
US dollar	1 730
Canadian dollar	266
Other	133
Total	**7 240**

(in millions of euros)	**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 payments by maturity at December 31, 2010

(in millions of euros)	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 payments by maturity at December 31, 2009

(in millions of euros)	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

(in millions of euros) **Issue date**	**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 3.750 billion euros.
Of this amount, 1.050 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 Somaïr 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

(in millions of euros)	Dec. 31, 2010	Dec. 31, 2009
Advances and prepayments on orders	3108	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

(in millions of euros)	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

(in millions of euros)	Dec. 31, 2010	Dec. 31, 2009
Total	**73**	**53**

NOTE 28. CASH FROM OPERATING ACTIVITIES

Change in working capital requirement

(in millions of euros)	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:

(in millions of euros)	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

(in thousands of euros)	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 CO_2 allowances received by AREVA group companies for 2010, actual emissions during the year, and allowances sold on the Powernext market.

(in metric tons of CO_2)	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:

		2011	2012	2013	2014	2015	Maturity > 5 years	TOTAL	Market value
Forwards		*(Notional amounts by maturity date at December 31, 2010)*							
	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:

(in millions of euros)	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.

(in millions of euros)	Notional amount	Nominal amounts of hedges of future cash flows at Dec. 31, 2010						Market value
		2011	2012	2013	2014	2015	Maturity > 5 years	
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
	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:

(in millions of euros)	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, 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:

		Notional amounts by maturity date at December 31, 2010						
(in millions of euros)	**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 *(in millions of euros)*	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	**1050**		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 of 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 *(in millions of euros)*	**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 *(in millions of euros)*	**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 *(in millions of euros)*	**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 *(in millions of euros)*	**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
(in millions of euros)

	Balance sheet value	Including: 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 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

(in millions of euros)

	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**

LIABILITIES AND EQUITY
(in millions of euros)

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 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

(in millions of euros)

	Balance sheet value	Including: 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

(in millions of euros)	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**

LIABILITIES AND EQUITY
(in millions of euros)

		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 liabilities
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

(in millions of euros)	Interest income and dividends	Other income (expenses)	Subsequent valuation: Changes in fair value and foreign exchange impact	Subsequent valuation: Impairment	Gain (loss) from disposal
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

(in millions of euros)	Interest income and dividends	Other income (expenses)	Subsequent valuation: Changes in fair value and foreign exchange impact	Subsequent valuation: Impairment	Gain (loss) from disposal
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

(in millions of euros)	**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

(in millions of euros)	**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 (CDC)	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

FC: full consolidation
PC: proportionate consolidation
EM: equity method

Name of unit or controlling entity	Country	Business reg. no.	Dec. 31, 2010		Dec. 31, 2009	
Company name, legal form, corporate office		**(Siren no.)**	**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