Press Release

Paris, October 15, 2002

1st half results 2002

- **Nuclear** **Improved operating income in Nuclear business**
- **Connectors** **In a difficult context, connectors business operating loss decreases from 2nd half 2001**
- **Increased synergies within the Group**

Paris, October 15, 2002 – AREVA group's Supervisory Board, chaired by Pascal Colombani, reviewed the accounts for the first half of 2002 presented by Anne Lauvergeon, Chairman of the Executive Board, on October 15, 2002. Commenting on these results, she noted:

"*AREVA group's results are in progress. In Nuclear Energy's three business lines, operating income has improved over the previous six months, consistent with the objectives set at the beginning of the year for double-digit growth. Since January 2002, the group has announced a large number of contracts in the US, as well as in Switzerland, Germany and the UK, illustrating the effectiveness of our sales force.*

In Connectors, operating losses were reduced by nearly two-thirds from the 2nd half of 2001, largely as a result of intense and ongoing restructuring since September 2001. However, we are still faced with a huge task, given the continuing slump in the Connectors / Telecom market. In line with the strategy defined with the Supervisory Board, the return to profitability remains the major objective.

I would also like to emphasize the strength of our balance sheet, reflecting our capacity to meet dismantling commitments and our strong positive net cash position. For the full year, we forecast significant growth in operating income based on a strong performance from Nuclear and on cost reductions throughout the group."

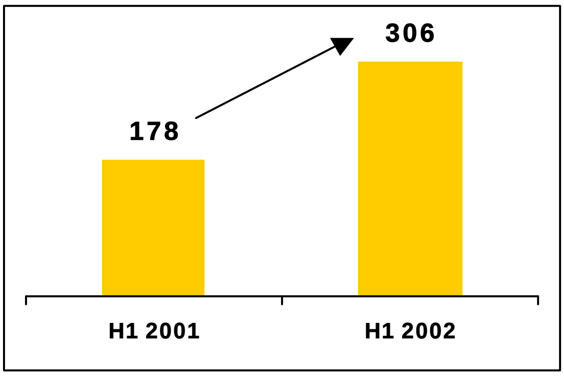
In millions of euros	**H1 2002**	**H1 2001**	**Change in %**
Sales revenues	3,982	4,251	-6.3%
Operating income	**168**	**163**	**+3.1%**
Financial income/ (expense)	(1)	57	n.s
Extraordinary income	76	295	- 74.2%
Net income - Group share	**104**	**208**	**-50.0 %**

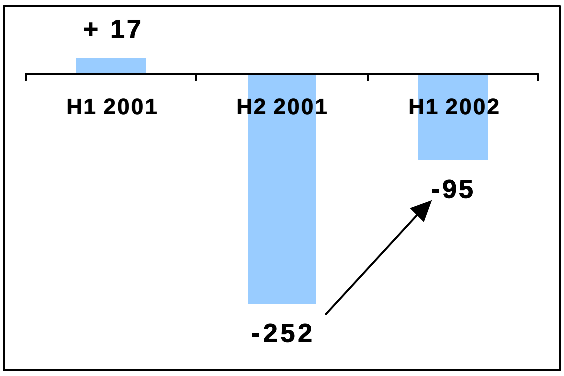
Group sales revenues for the period came in at 3,982 million euros, down 6.3% from 4,251 million euros in first half 2001. This reflected an improvement in Nuclear sales of 2.3% offset by sharply lower Connectors sales, which declined 29% from 2001 following a collapse in the telecom equipment market. [*A detailed review of sales is given in the press release of August 5, 2002* www.arevagroup.com].

Group operating income edged up to 168 million euros from 163 million euros for the same period in 2001. These earnings reflect a surge in operating income for the Nuclear sector to 306 million euros from 178 million euros in the first half of 2001. The Connectors division posted an operating loss of 95 million euros for the period, down from a profit of 17 million euros in the first half of 2001, which was still buoyed by strong demand in telecom. However, this loss marks an improvement over the second half of 2001, for a comparable level of sales.

Trend in Connectors operating income (€m)

Graph: Operating income by business (€m)





Net income - Group share amounted to 104 million euros in the first half of 2002, down from 208 million euros in the first half of 2001 due to lower extraordinary income. In the first half of 2001, extraordinary income was boosted by a dilution gain connected with Siemens' purchase of a stake in Framatome ANP for 303 million euros. In first half 2002, extraordinary income largely consists of a capital gain of 77 million euros on the sale of the real estate company Sovaklé. Financial income declined from one half to the next following lower capital gains on asset sales and reduced dividends from financial securities.

1. Results by division

In millions of euros	1st half 2002			1st half 2001			Change	
	Sales revenues	Operating income		Sales revenues	Operating income		Sales revenues (%)	Op. Income (%)
Front-End	1,300	238	18.3%	1,127	130	11.5%	+15.4%	+83.1%
Reactors and Services	840	11	1.3%	830	6	0.7%	+1.2%	+83.3%
Back-End	983	57	5.8%	1,094	43	3.9%	-10.1%	+32.5%
Sub-Total Nuclear	**3,123**	**306**	**9.8%**	**3,051**	**179**	**5.9%**	**+2.3%**	**+71.9%**
Connectors	**813**	**(95)**	**-11.7%**	**1,149**	**17**	**1.5%**	**-29.3%**	**n.s**
Unallocated items	46	(43)	n.s	51	(33)	n.s	-9.8%	n.s
Total	**3,982**	**168**	**4.2%**	**4,251**	**163**	**3.8%**	**-6,3%**	**+3,1%**

Front-End Division

The **Front-End** division posted operating income of 238 million euros in the first half of 2002, up 83% from 130 million euros in the first half of 2001. This improvement is principally a result of the following factors:

- Increase in operating income in *Mining*, boosted by a 20% jump in sales (volume and price) and an excellent performance from the Canadian mines;
- Improved margins in *Enrichment* following a significant rise in export sales;
- A strong performance from the *Fuel* business, due to shipments delivered in the first half of 2002 which had been scheduled for the second half;
- A positive impact of 38 million euros from consolidating Siemens' nuclear business (KWU) over the full six months, whereas only four months were consolidated in the first half of 2001.

Since the latter two items above are not expected to be reproduced in the second half of 2002, the operating margin of the Front-End division for the full year 2002 is forecast to be comparable to that achieved in 2001.

Following a court challenge from a local association against the Canadian nuclear safety commission, the Canadian Federal Court has recently ordered the cancellation of the group's operating license for the site producing McClean's uranium concentrates. This decision is currently subject to appeal and an application for stay of execution. The 2002 results will not be affected. Since this facility accounts for approximately 20% of group production, management considers there are adequate inventories elsewhere in the group and the capacity to shift production in order to service all existing contracts.

Reactors & Services Division

Operating income of the ***Reactors & Services*** division amounted to 11 million euros in the first half of 2002, up from 6 million euros in the first half of 2001. This improvement is largely due to the following:

- Margin improvements on contracts and major efforts to boost productivity and reduce costs in the *Engineering*, *Equipment* and *Nuclear Services* business units;
- Changes in consolidation (acquisition of Siemens during the first half of 2001 and Duke Engineering & Services in May 2002) which had a positive impact of 3 million euros over the period.

Operating income for the other units declined marginally, in particular the *Mechanical Systems* business unit which launched a restructuring program at the end of May 2002 that will be implemented over the second half of 2002.

Given the restructuring in the *Mechanical Systems* business and the lack of orders for new power stations, the *Reactors and Services* division is forecast to post a similar level of operating income for fiscal year 2002 as in 2001 (45 million euros).

Back-End Division

Operating income of the **Back-End** division rose to 57 million euros in the first half of 2002 from 43 million euros in the first half of 2001.

The *Reprocessing* business posted improved operating income following increased production volumes to a normal level of activity, compared to the beginning of 2001 when production suffered from technical outages and scheduled maintenance for the UP3 unit. The La Hague plant processed 477 tons of spent fuel, up from 302 tons in the first half of 2001. Under a Japanese contract to provide assistance for the start-up of the *Rokkasho-Mura* fuel processing plant, two training campaigns were run during the period, also contributing to this improvement.

Consequently, operating income came in above that achieved in the first half of 2001, even though last year it included the remaining balance of revenues from the 1995-2000 contract for storage of EDF spent fuel.

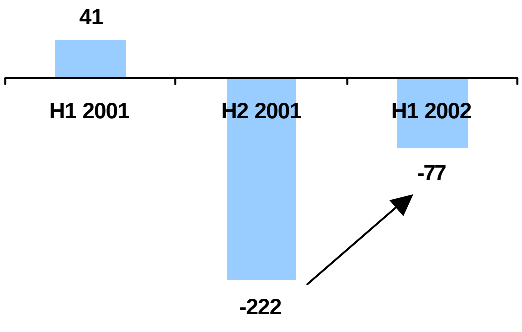
The *Recycling* business saw a small temporary reduction in the production of MOX fuels in the first half of 2002 due to maintenance of the Melox factory, which will not impact the end of the year production rates.

Operating margins of the division are forecast to improve significantly throughout 2002 compared to 2001 which were hit by a write-down of the Melox factory, partially offset by the positive impact of the final revenues from the EDF contract mentioned above.

Connectors division

The **Connectors** division posted an operating loss of 95 million euros in the first half of 2002, down from a profit of 17 million euros over the first half of 2001, on lower sales revenues, which were down 29%. This decline is a function of the collapse in the telecommunications equipment market that was the dominant feature of 2001.
However, the operating loss before restructuring costs of 77 million euros was still sharply lower than the 222 million euro loss incurred in the first half of 2001, on stable sales revenues. This performance results from cost reductions and adjustments to production systems launched during the fourth quarter 2001.

Graph: Trend in the Connectors division operating income before restructuring costs (€m)



The *Communication Data Consumer* business unit posted an operating loss for the period, albeit an improvement on the second half of 2001. During the second quarter 2002, the closures of the Katrineholm (Sweden) and Queenslie (Scotland) sites were completed. In the US, the closure of the Clearfield site was announced in April and finalized in September. In Europe, the closures of the Hertogenbosch (Netherlands) and Mechelen (Belgium) sites were submitted to the European Group Committee. Restructuring measures will continue throughout the second half of 2002.

The other **Connectors** division business units posted positive operating results during the first half of 2002. Particularly noteworthy were:

- An improvement in the *Automotive* business both in sales revenues and operating income between the first half of 2002 and the first half of 2001;
- An improvement in the *Electrical Power Interconnect* business, which turned a loss during the second half 2001 into a satisfactory level of profit in the first half 2002.

The sale of the *Military Aerospace Industry* business, announced in June 2002, is continuing. *Axa Private Equity*, associated with the management, has been appointed exclusive negotiator for this sale until the end of October 2002.

Over the full year 2002, the group plans to reduce the **Connectors** operating loss before restructuring costs compared to 2001.

2. Cash Flow and Balance Sheet items

Cash flow

Group operating cash flow amounted to 535 million euros in the first half of 2002. The Connectors business posted a slightly negative operating cash outflow of -25 million euros over the period while Nuclear generated positive operating cash flow of 508 million euros.

Working capital rose by 120 million euros during the period largely due to seasonal effects. Net operating capital expenditure came to 178 million euros in the first half 2002 including a sharp reduction in the Connectors division capital expenditure.

Before financial investments, the group posted net free cash flow of 181 million euros in the first half of 2002. Net financial investments amounted to 164 million euros in the first half of 2002, comprising principally the acquisition of Duke Engineering & Services in the US in February 2002.

Net Debt

The group's net book debt stood at 709 million euros as of June 30, 2002, down from 729 million euros as of June 30, 2001, representing 14% of consolidated shareholders' equity, a stable ratio compared to December 2001. Including the post-tax market value of financial investments, other than those for dismantling, (TotalFinaElf, Société Générale, Alcatel), the group's net cash amounted to 1,158 million euros as of June 30, 2002 up from 1,052 million euros as of December 31, 2001.

Dismantling funds

The post-tax market value of the investments set aside for expenditures for ensuring the safety of sites and dismantling industrial plants operated by AREVA amounted to 2.3 billion euros at June 30, 2002, compared to 2.4 billion euros as of December 31, 2001. Based on the September 30, 2002 valuation of 1.8 billion euros, the group estimates the future long-term yield of these investments to meet its future dismantling liabilities at 3.7% per annum. This remains a highly satisfactory level, providing an excellent safety margin to cover the group's commitments to dismantle its industrial plants.

3. Integration and implementation of synergies

Since it was founded, the AREVA group has implemented several programs to boost productivity, cut costs and optimize its organization.

- An **international network** of corporate and commercial "AREVA" entities has been set up in each of the major customer countries of the group to establish a mutual commercial approach.
- A large number of **cost reduction programs** have been launched in the subsidiaries: e.g. CAP 2000 (COGEMA), FIT2WIN (Framatome), PROGRESS DRIVE (FCI).
- A **corporate AREVA** approach has been developed involving all the management functions of the group: Finance, Strategy, Human Resources, Communication, Sales and Marketing, Research and Development. These departments are defining, harmonizing and, implementing with the subsidiaries the various operating policies of the group.
- **Functions** are being **redefined** and **optimized** throughout the group, allocating roles between the group, subsidiaries and Business Units: several workshops are in progress, notably "LET'S GO" involving the redefinition of support functions.
- An **Organization and Development** department has been set up to co-ordinate all programs and to develop synergies throughout the group.
- A **Joint Purchasing** department has been created for all group entities to promote best practices and additional economies of scale.
- **Information and management systems** are being redesigned to create a standard system throughout the group.
- A **CATS program** has been set up to offer early retirement to staff over 55 years old.

All these programs have already led to significant improvements in our performance and will be pursued in the coming years to enable all group entities to benefit from economies of scale and to optimize the efficiency of the group's strategic, commercial and industrial organization.

4. 2002 Outlook

For the full year 2002, the AREVA group is expected to see a dip in sales revenues given the weak market faced by the Connectors division in the telecom sector. In the nuclear business, sales revenues are forecast to grow marginally.

In 2002, the group reaffirms its double-digit growth target for operating income in the Nuclear business. In Connectors, the group forecasts another significant operating loss in 2002, albeit lower, before restructuring costs, than in 2001, following the impact of restructuring actions taken since the fourth quarter 2001. With regard to prospects for the Connectors business, the group will conduct impairment tests on its long-term assets for the 2002 year-end accounts.

For the full year 2002, the AREVA group should enjoy a strong rise in operating income.

Upcoming date: Third quarter sales revenues: November 5, 2002 (provisional date)

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Exhibits

Exhibit 1: Consolidated Income Statement

In millions of euros	H1 2002	H1 2001	2001
SALES REVENUES	3,982	4,250	8,902
Cost of products sold	(2,977)	(3,185)	(6,956)
GROSS MARGIN	**1,005**	**1,065**	**1,946**
Research and development expenses	(164)	(199)	(377)
Sales expenses	(203)	(185)	(471)
General and administrative expenses	(306)	(374)	(571)
Other operating revenues and expenses	(164)	(144)	(405)
OPERATING INCOME	**168**	**163**	**122**
Financial income/ (expense)	(1)	57	199
Extraordinary income	76	295	319
Income tax	(51)	(88)	(120)
Income from securities accounted for by the equity method	31	84	102
NET INCOME BEFORE GOODWILL AMORTIZATION	**223**	**511**	**622**
Amortization of goodwill	(75)	(96)	(989)
CONSOLIDATED NET INCOME	**148**	**415**	**(367)**
Minority interests	(44)	(207)	(220)
NET INCOME - GROUP SHARE	**104**	**208**	**(587)**
Earnings per share	2.93	7.07	(18.65)

Exhibits

Exhibit 2: Consolidated Balance Sheet

ASSETS In millions of euros	**June 30, 2002**	**Dec. 31, 2001**
FIXED ASSETS		
Net intangible fixed assets	2,527	2,729
Net tangible fixed assets	5,033	5,321
Investments in equity affiliates	1,617	1,674
Other long-term investments	3,322	3,206
TOTAL	**12,499**	**12,930**
CURRENT ASSETS		
Inventories and work in progress	2,241	2,119
Trade receivables	2,458	2,509
Other receivables	1,269	1,286
Cash	1,701	1,715
TOTAL CURRENT ASSETS	**7,669**	**7,629**
TOTAL ASSETS	**20,168**	**20,558**

LIABILITIES In millions of euros	**June 30, 2002**	**Dec. 31, 2001**
Common stock	1,347	1,347
Consolidated reserves and premiums	2,357	3,156
Currency reserve	128	271
Net income for fiscal year – Group share	104	(587)
TOTAL SHAREHOLDERS' EQUITY	**3,936**	**4,187**
OTHER SHAREHOLDERS' EQUITY	**216**	**216**
MINORITY INTERESTS	**982**	**1,004**
Pensions and similar benefits	492	467
Provisions for risks and contingencies	5,171	5,116
Borrowings	2,410	2,444
Prepayments and payments on account	3,553	3,576
Trade payables	970	1,163
Other operating liabilities	2,438	2,385
TOTAL LIABILITIES	**20,168**	**20,558**

Exhibits

Exhibit 3: Statement of Cash Flows

In millions of euros	H1 2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES		
NET INCOME –GROUP SHARE	104	(587)
Minority interests	44	220
Consolidated net income	148	(367)
Loss (income) from equity affiliates net of dividends received	(5)	(93)
Net depreciation of fixed assets	406	1 868
Net provision charges for risks and contingencies	120	309
Capital losses (gains) on disposal of assets	(144)	(51)
Other non-cash items	10	(305)*
Change in working capital	(120)	(157)
CASH FLOW FROM OPERATING ACTIVITIES	**415**	**1,204**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible and intangible assets	(191)	(560)
Purchase of long-term investments	(454)	(678)
Change in customer prepayments to finance capital expenditure	(56)	(515)
Sale of tangible and intangible fixed assets	13	1
Sale of long-term investments	290	446
CASH FLOWS FROM INVESTING ACTIVITIES	**(398)**	**(1,306)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital contributions	18	133
Dividends paid	(38)	(1,225)
Increase (decrease) in borrowings	(25)	279
CASH FLOWS FROM FINANCING ACTIVITIES	**(45)**	**(813)**
Impact of changes in exchange rates	(13)	10
TOTAL INCREASE (DECREASE) IN CASH	**(41)**	**(903)**
Cash at beginning of year	1,715	2,949
Less bank credit balances	(216)	(547)
NET CASH AT BEGINNING OF YEAR	**1,499**	**2,402**
Cash at year end	1,701	1,715
Less bank credit balances	(243)	(216)
NET CASH AT YEAR END	**1,458**	**1,499**

* including 303 million euros for dilution capital gain